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1/24/11	OVERVIEWS: DNR - DIVISION OF PARKS & OUTDOOR RECREATION AND DIVISION OF COASTAL & OCEAN MANAGEMENT
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2/18/11	OVERVIEW: ALASKA OIL & GAS EXPLORER AND SUPPORT INDUSTRY
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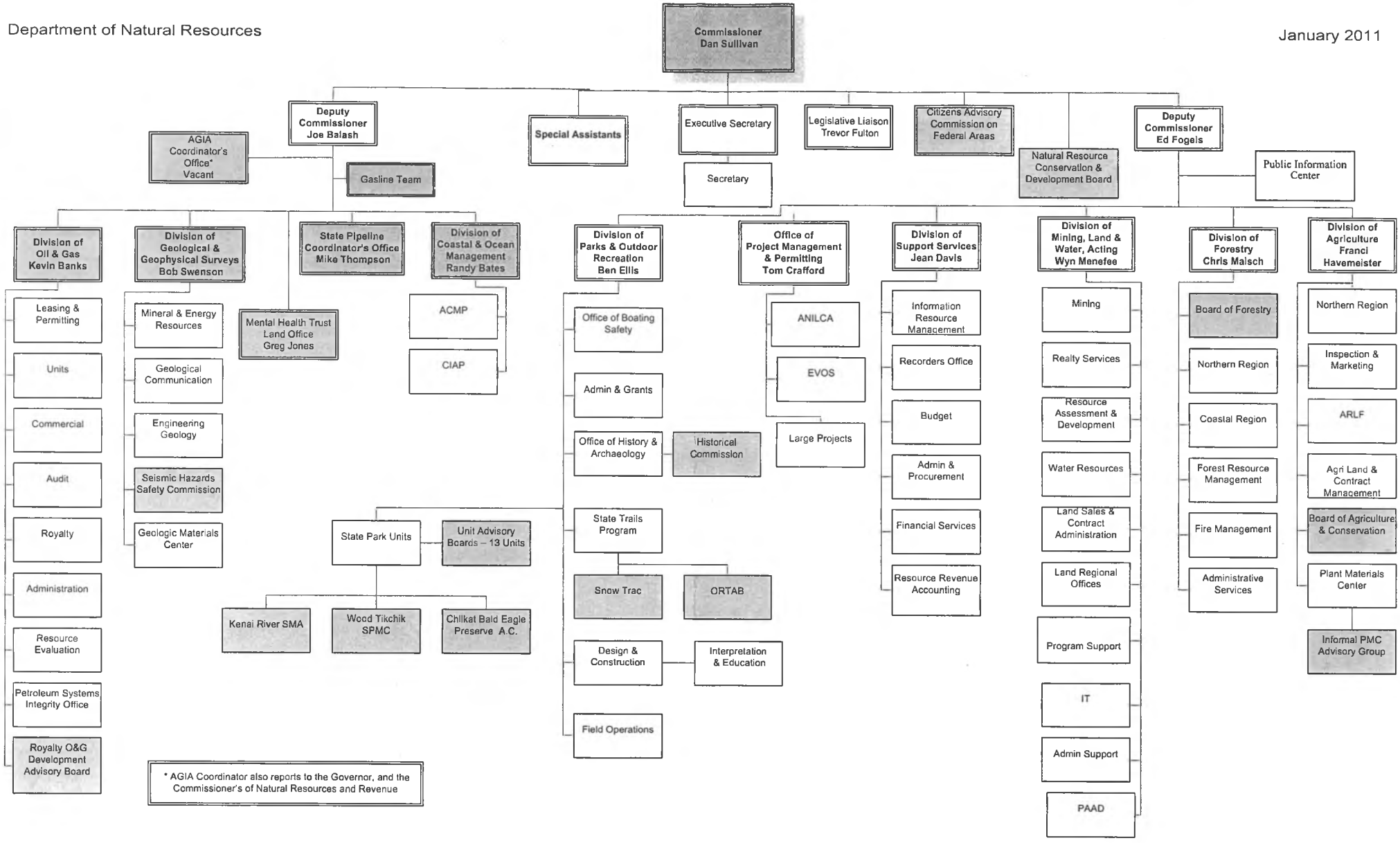
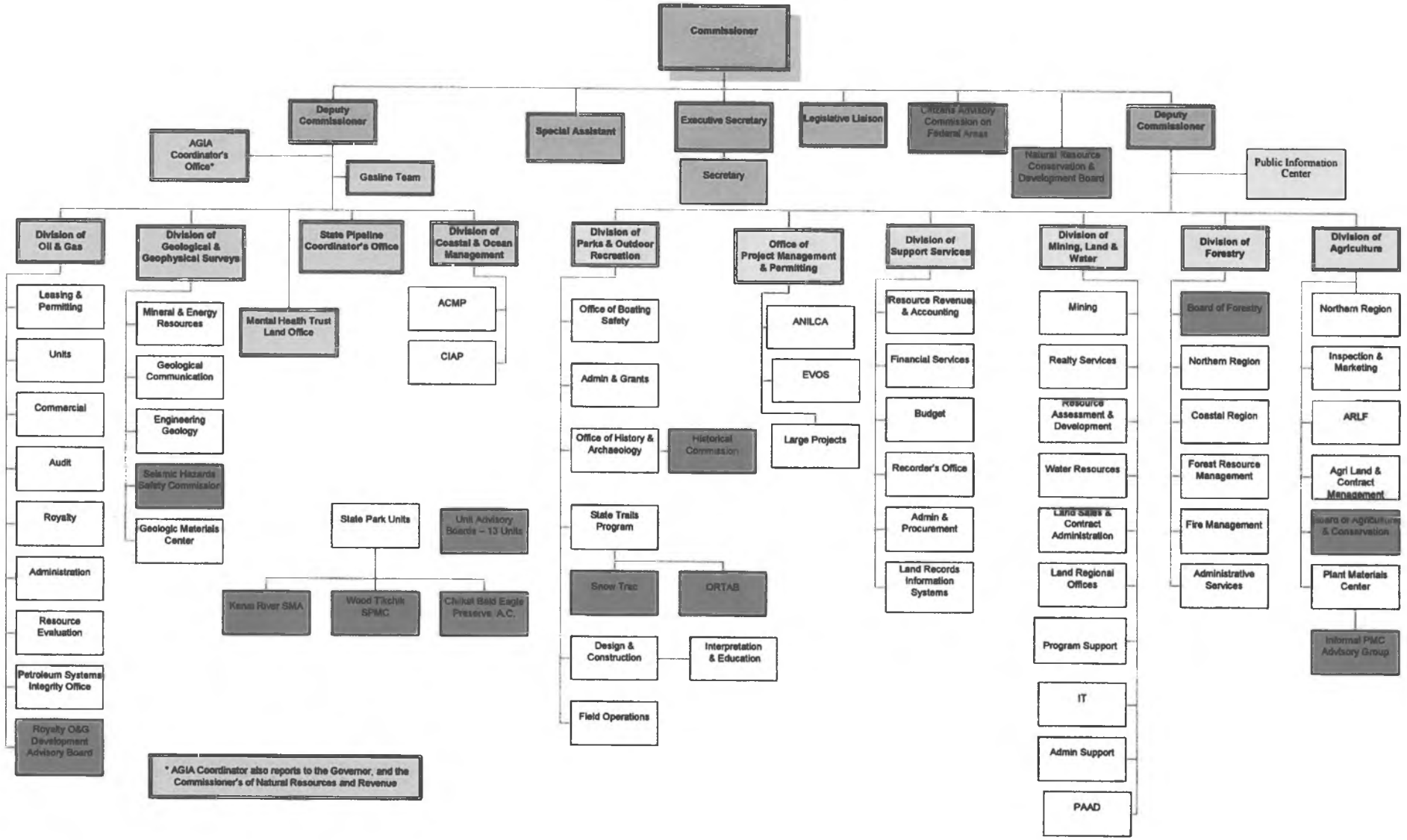
<TARGET><BILL></BILL><SUBJECT>1-19-11 OVERVIEWS DNR - COMMISSIONER'S OFFICE, DEPT. OF AGRICULTURE, DEPT. OF FORESTRY, OFFICE OF PROJECT MANAGEMENT and PERMITTING</SUBJECT><COMM>HRES27</COMM></TARGET>

Department of Natural Resources

January 2011




Commissioner
Deputy Commissioner
AGIA Coordinator's Office*
Gasline Team
Special Assistant
Executive Secretary
Secretary
Legislative Liaison
Citizens Advisory Commission on Federal Areas
Natural Resource Conservation & Development Board
Deputy Commissioner
Public Information Center
Division of Oil & Gas
Leasing & Permitting
Units
Commercial
Audit
Royalty
Administration
Resource Evaluation
Petroleum Systems Integrity Office
Royalty O&G Development Advisory Board
Division of Geological & Geophysical Surveys
Mineral & Energy Resources
Geological Communication
Engineering Geology
Seismic Hazards Safety Commission
Geologic Materials Center
Mental Health Trust Land Office
State Pipeline Coordinator's Office
Division of Coastal & Ocean Management
ACMP
CIAP
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Unit Advisory Boards – 13 Units
Kenai River SMA
Wood Tikchik SPMC
Chilkat Bald Eagle Preserve A.C.
Division of Parks & Outdoor Recreation
Office of Boating Safety
Admin & Grants
Office of History & Archaeology
Historical Commission
State Trails Program
Snow Trac
ORTAB
Design & Construction
Interpretation & Education
Field Operations
Office of Project Management & Permitting
ANILCA
EVOS
Large Projects
Division of Support Services
Resource Revenue & Accounting
Financial Services
Budget
Recorder's Office
Admin & Procurement
Land Records Information Systems
Division of Mining, Land & Water
Mining
Realty Services
Resource Assessment & Development
Water Resources
Land Sales & Contract Administration
Land Regional Offices
Program Support
IT
Admin Support
PAAD
Division of Forestry
Board of Forestry
Northern Region
Coastal Region
Forest Resource Management
Fire Management
Administrative Services
Division of Agriculture
Northern Region
Inspection & Marketing
ARLF
Agri Land & Contract Management
Board of Agriculture & Conservation
Plant Materials Center
Informal PMC Advisory Group
* AGIA Coordinator also reports to the Governor, and the Commissioner's of Natural Resources and Revenue

The Division of Agriculture



State of Alaska
Department of Natural Resources

Alaska GROWN

The Division's mission is to promote and encourage the development of an agriculture industry in the state.











Components of the Division of Agriculture

- Agriculture Development
- Agricultural Revolving Loan Fund (ARLF)
- Plant Materials Center (PMC)





Funding & Positions

FY10

- Three locations around the state
  - Main office – Palmer
  - Plant Material Center – Butte (Palmer)
  - Northern Region Office – Fairbanks
- 43 Employees
  - 34 full time positions
  - 9 seasonal
- Total budget - $6,661,300.00



Agriculture Development



1. Marketing
2. Inspection Services
3. Land Management

Marketing

Market Development

- Alaska Grown Program
- Farm to School Program
- Industry Support
- Education & Outreach
- Conference Hosting
- Farmers Market Directory

Grants

- Specialty Crop Block Grants
- Federal-State Marketing improvement program







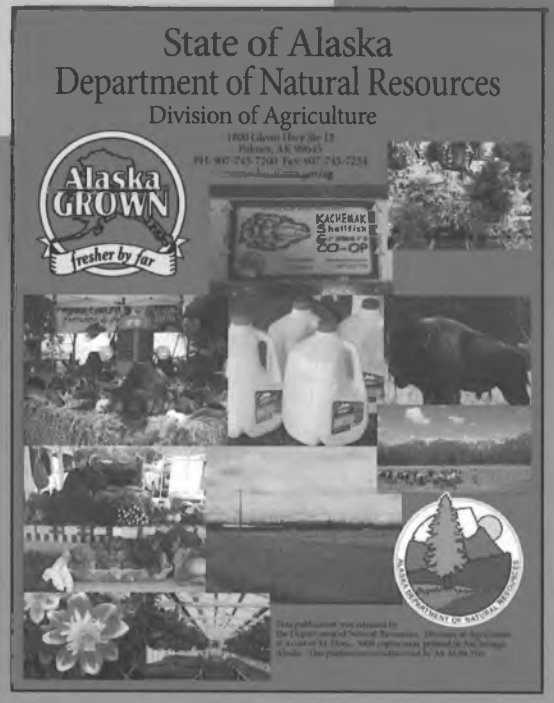


Industry Support









- Conference Facilitation
- Community outreach
- Alaska Grown Source Book
- Wholesale Newsletter
- Staff participation at conferences/events

Education & Outreach







- The Division partners with educators, agencies, and the private sector, to promote knowledge transfer within the industry.
- Support youth agriculture education programs:
  - Agriculture in the Classroom
  - FFA
  - 4-H
  - Teacher Education
  - Youth education events

Inspection Services

1. USDA Grade Inspection and Certification
2. Food Safety Audits:
    1. Good Handling Practices (GHP)
    2. Good Agricultural Practices (GAP)
3. Export Certification
   Plant Health Inspections
4. Country of Origin
   Labeling (COOL)
5. Cooperative Agricultural
   Pest Survey (CAPS)



Land Management

- Land Sales
  - 481 Acres of Ag land sold in FY 2010
- Grazing Leases
  - 8 grazing leases, covering 100,477 acres
- Agriculture Leases
  - 6 Ag leases covering 800 acres





Agricultural Revolving Loan Fund (ARLF)

➢ Statutorily established in AS 03.10.010

- Promote the more rapid development of agriculture as an industry throughout the State by means of long-term, low-interest loans.
- 57 years of continuous operation

➢ Types of Available Loans

- **Short Term** – *for annual operating expenses (fertilizer, etc.)*
  Chattel – *for purchase of equipment or livestock*
- **Farm Development** – *purchase of real property for agricultural use*
- **Irrigation** – *system purchase and installation*
- **Product Processing** – *to build and equip facilities for the processing of Alaskan agricultural products*
- **Clearing** – *for agriculture land clearing*



Northern Latitude Plant Materials Center





Mission:

To promote the use of Alaskan-produced agricultural crops for revegetation and seed production

Plant Materials Center

Primary activities of the PMC:





- Foundation Seed Program
- Certified Potato Seed Program
- Certified Seed Laboratory
- Native Plant Evaluation
- High Latitude Germplasm Research
- Invasive Species Management
- Revegetation Technology / Design
- Conservation Plant Technology
- Seed Cleaning and Conditioning
- Ethnobotany Teaching Garden
- Rural Village Seed Production
- Training, Outreach, Publications
- Web Conference Hosting Facility

Certified Seed Potato Program

- Program is Industry requested and driven
- Assures pathogen-tested seed is available to certified seed growers.
- Planting seed of known quality is essential in potato production.
- Provide field certification inspections.
  - Required for legal sale of seed potatoes







Alaska Division of Forestry Overview

We create opportunities for our state's communities and residents by staying focused on our primary mission which is...

Mission Statement: We proudly serve Alaskans through forest management and wildland fire protection.

The Division of Forestry:

- Protects water quality, fish and wildlife habitat, and other forest values through best management practices and administration of the Forest Resources and Practices Act on private, municipal and state lands;
- Manages a wildland fire program on private, municipal and state lands and on federal and native lands contracted through agreement. Works with the Bureau of Land Management, Alaska Fire Service and the U.S. Forest Service to provide interagency coordination of program activities;
- Encourages development of the timber industry and forest products markets;
- Manages three state forests; the Southern Southeast, Haines and Tanana Valley State Forests (over two million acres);
- Conducts timber sales for commercial and personal use including fuelwood;
- Administers the Community Forestry, Conservation Education, Forest Health, and Forest Stewardship programs;
- Provides technical assistance to private forest landowners including Alaska Native Corporations;
- Works as a cooperating agency with the U.S. Forest Service to implement the 2008 Tongass Land Management Plan in support of Southeast communities and the forest industry;
- Provides wildland fire training and certification of individual fire fighters, and village/urban Type II and Type I fire crews;
- Assists local government with developing a Community Wildfire Protection Plan (CWPP) and with implementation of hazard fuel risk reduction projects, while promoting use of removed woody fuels as biomass for space heating and electrical generation.

The office of State Forester is located in Fairbanks. The division also has a central office in Anchorage to provide policy and program direction, two regional offices, and eight area offices responsible for program support and field work. A nine member Board of Forestry provides leadership and advice on forest management issues and oversees the Forest Resources and Practice Act.

An annual report, strategic plan and statewide resources assessment and implementation plan are current documents that provide additional detail on programs and services of the Division and are available on the DOF website: http://forestry.alaska.gov/

The Division of Forestry is bound by the Alaska statutes and administrative code sections that directly govern forest management activities on state forest land.

Hot Topics

- **Governor's Office proposed legislation** for increasing the size of the newly established Southern Southeast state forest by approximately 23,181 acres. DOF is the lead on this legislation and is working closely with the GO to coordinate and to do public outreach. (see attached briefing paper for details)
- **2008 Tongass Land Management Plan (TLMP) implementation** effort which is centered on maintenance of an economic timber program and a viable wildlife management strategy. The state has official "Cooperating Agency" status with the U.S. Forest Service and has significant resources dedicated to this effort. The state has a Tongass Team that reaches across departments and speaks with one voice on Tongass related issues.
- **Personal use firewood** continues to be an issue in all areas of the state due to the limited access to state land. Despite this challenge, the Division continues to provide over 1,100 permits which equates to thousands of cords of wood.

Success Stories

- **Alaska Gateway School District Tok Woody Biomass Boiler** was officially dedicated on January 7, 2011. This project is the result of many partners working together to address needs of the community which included: economic opportunities for business, jobs, reduced energy costs, secure local fuel source, reduction of wildland fire risk. This project offsets 55,000 gallons of fuel oil per year and will utilize wood from 40 acres of hazard fuel treatments to heat the entire school. Stay tuned for more good news on the woody biomass front, over 30 projects statewide in either the operating, planning or design and construction phases. (see attached article for more on the Tok project)
- **New Growth, Prospectus for the Forest Products Industry of Interior Alaska** is an initiative to attract new investment to this sector of the economy. The project began in 2003 and is ongoing with our key partners: Fairbanks Economic Development Corporation, State Office of Economic Development, and Tanana Chiefs Conference, Inc. This joint effort was responsible for attracting Superior Pellets LLC to the Fairbanks area where a privately financed wood pellet mill opened this fall. The facility employs 15-20 staff. (Handout at meeting)
- **The Alaska Wildland Firefighter Academy** was jump started in 2010 by a grant from the Department of Labor and Workforce Development and support from numerous federal and native corporation partners. Academies were held in Tok and McGrath and 79 students received both basic and advanced training in a variety of wildland fire fighting skills. One of our key objectives is to bring our fire fighting jobs home. Each year we import many resources from the Lower-48 and with better training and support, more of these jobs can be filled by Alaskan's. Of particular note was the Tok academy, with many of its students fresh from high school graduation. These young men and woman lived in a field camp setting for three weeks and spent two weeks on the fire line. Of the 40 initial students, 38 graduated. Each student also received 9 credits toward an associate degree in Fire Science at UAF.

For further information contact State Forester John "Chris" Maisch, c 590-3190.

DNR Division of Forestry

Overview

House Resources Committee

January 2011

DNR's Mission

- Develop, conserve, and maximize the use of Alaska's Natural Resources consistent with the public interest.

DOF's Mission

- We proudly serve Alaskans through forest management and wildland fire protection.

FORESTRY

DOF's Role: Forest Resources



- Support jobs in timber harvesting and processing
- Manage sustainable forests on state land
- Protect water quality and fish habitat during forest operations on all non-federal land
- Provide technical forestry assistance to communities, private landowners, agencies, fire departments, and others.

DOF Budget and Staffing

- Forest Management and Development Component
- FY12 Governor's Operating Request $6,848.7 ($3,799 GF, $1,287.2 Fed, $876.4 Timber Rcpt, $885.8 Other)
- Staffing 45 Full Time, 5 Part Time and 13 Temporary

DOF's Role: Fire Management



- Provide wildland fire protection on state, private and municipal lands commensurate with values at risk
- Ensure that the Division's wildland fire suppression resources are ready to safely and cost-effectively initial attack wildland fires.
- Promote Community Wildfire Protection Planning and hazard fuel reduction projects
- Provide wildland fire training

DOF Budget and Staffing

- Statewide Fire Suppression Program RDU with two Components, FY12 Governor's Operating Budget Request
- Fire Suppression Preparedness Component $17,793.0 ($15,719.1 GF, $1,360.6 Fed, $713.3 Other)
- Fire Suppression Activity Component $13,623.7 ($6,663.3 GF, $5,460.4 Fed $1,500.0 Other
- Staffing 33 Full Time, 181 Seasonal

Forestry Programs

- Forest Resources
  - Forest Management
  - Forest Practices
  - Forest Stewardship
  - Forest Health
  - Community Forestry
- Fire Management
  - Fire Preparedness
  - Fire Suppression
  - State Fire Assistance
  - Volunteer Fire Assistance

Forest Management Program

- Manages forest resources on all forested state land (47 MM acres)
- Lead agency for planning and management of Tanana Valley, Haines and South-east State Forests (2 MM ac)



Stariski R. tributary

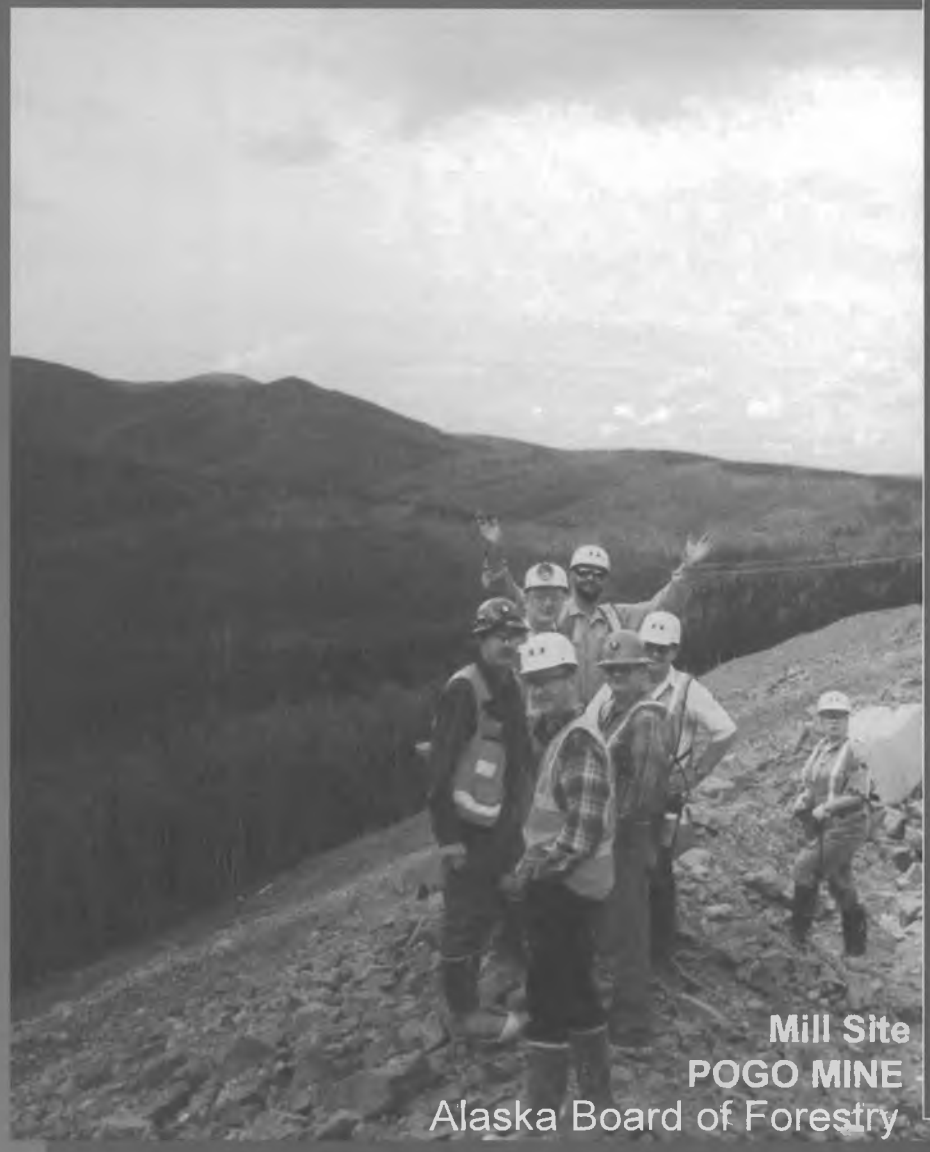
Forest Practices Program

Implements the Alaska Forest Resource & Practices Act (FRPA) on state, municipal, trust, Native corporation, and other private lands throughout Alaska.



Tyone R.

Board of Forestry



Mill Site
POGO MINE
Alaska Board of Forestry

- Governor-appointed Board
- DOF apprises the Board of key forest practices issues.
- DOF annually compiles data from all 3 agencies and reports to the Board on the effectiveness of the FRPA

Timber industry	Fishing industry
Mining industry	Native corporations
Foresters	Fish & wildlife scientists
Recreationists	Environmentalists

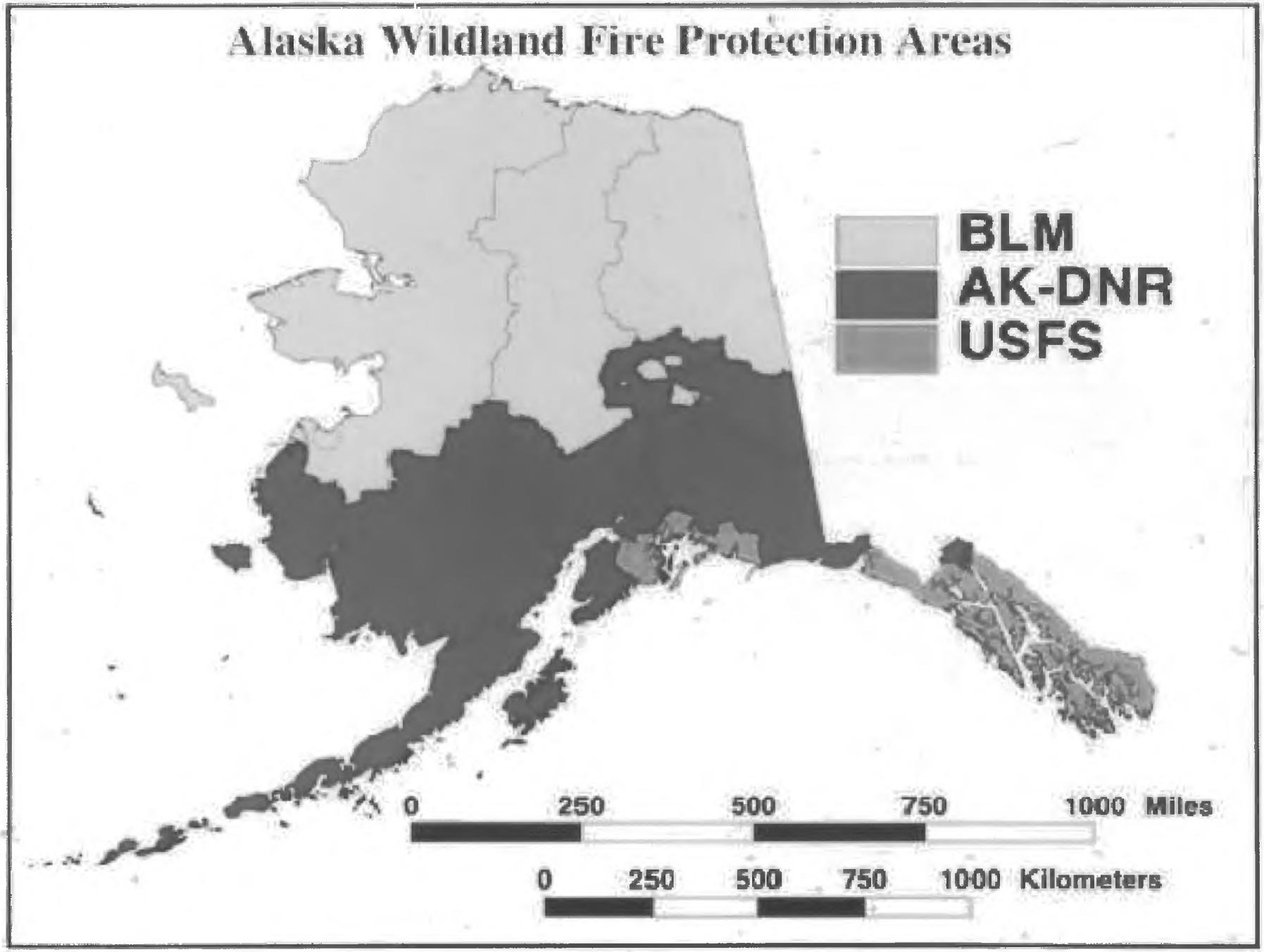
Fire Preparedness Program

- DOF protects152 Million acres -- almost all of the roaded area of the State, where most Alaskans live.
- Average annual responses to wildland fire = 488
- Average annual acreage burned = 521,693

Fire Preparedness Program

- DOF is responsible for managing wildland fire on state, private and municipal land.
- DOF cooperates with the federal Bureau of Land Management , Alaska Fire Service, U.S. Forest Service and structure fire departments




Alaska Wildland Fire Protection Areas
BLM
AK-DNR
USFS
0 250 500 750 1000 Miles
0 250 500 750 1000 Kilometers

Hot Topics

- Governor's Southern Southeast State Forest Legislation (Briefing paper handout)
- 2008 Tongass Land Management Plan Implementation Project
- Personal Use Firewood

Success Stories

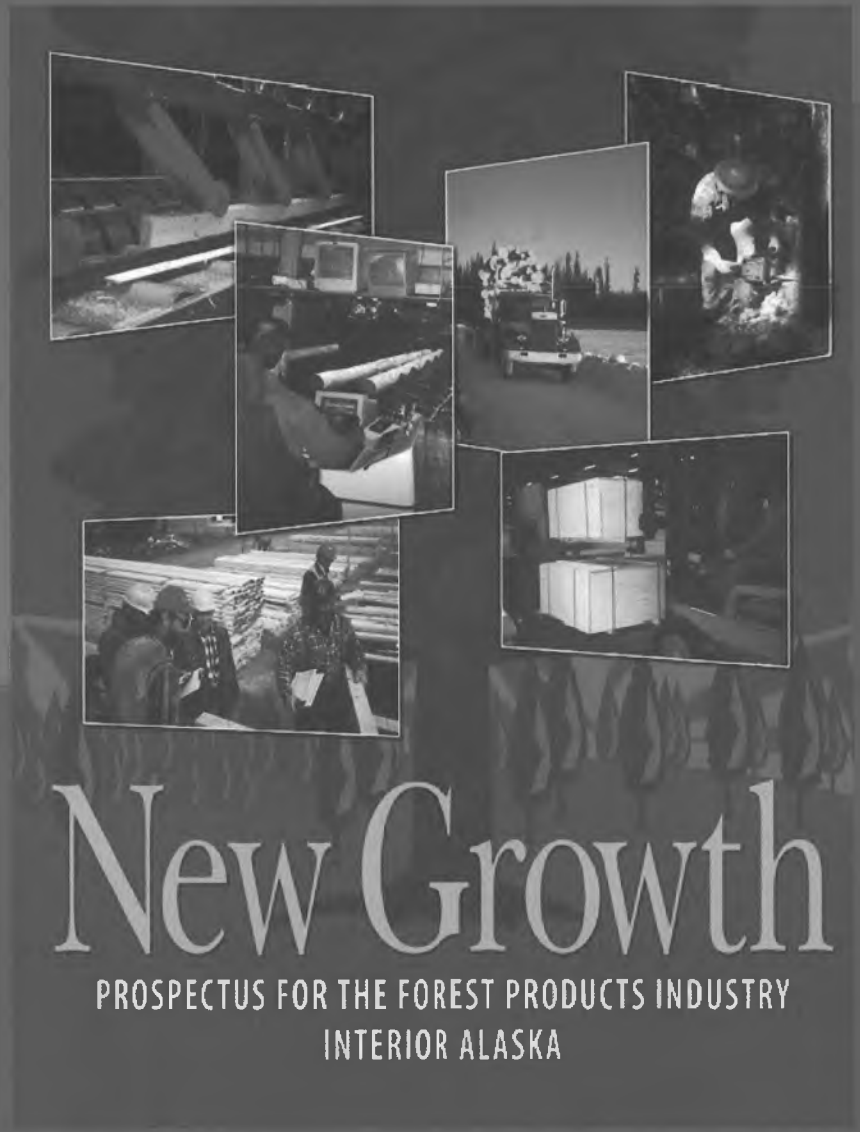


- Offsets 55,000 gallons of fuel oil per year

Alaska Gateway School District, Tok Woody Biomass Boiler



Success Stories



- Project attracted new investment to Fairbanks with construction of a wood pellet mill
- Approximately 15-20 jobs and $$7-12 million private investment

Success Stories



Alaska Wildland Fire Academy, Tok 2010



- 39 Graduates
- 9 Credits toward associate degree in Fire Science UAF

Alaskan Community to Benefit for Years to Come From Local Wood Energy Project



Students from the Tok School holding up woodchips that are used to fire the boiler. *Photo: DOF*

Alaska winter months are cold, but the children going to school in Tok are warmed by the very trees that have been removed to protect them, and wiser about the immense northern boreal forest surrounding the community.

On October 29, 2010, the woodchip-fired boiler at the Tok School was lit for the first time. Almost exactly three years after the project's conception, the boiler is an example of community determination and serves as a potential model for rural Alaska living. Its operation is also timely as temperatures drop and the days become shorter. If the school's heat wasn't coming from the woodchips, it would be coming from 65,000 gallons of fuel oil each year.

Three years ago, the price of fuel in Alaska sky-rocketed and costs for heating oil were well over $3.00/gallon. The greatest impacts were experienced in rural communities. Money that would otherwise be put towards the Kindergarten-12th grade education in Tok was being used in oil-fired boilers to provide heat and hot water at the school. The statewide economic concerns weighed heavily on Tok residents and created the momentum needed to combine large-scale community based forest management with hazard fuel reduction to create a useable product.

Alaska Division of Forestry (DOF) Area Forester, Jeff Hermanns, was living and working in Tok when state and local interests began to shift toward wood energy. The interest was accompanied by a widespread recognition of Alaska's abundance of biomass. Hermanns felt the need to pursue local wood energy options, but it was only one blade of a double-edged sword for Tok. While winter temperatures can dip to -60 Fahrenheit and the sun barely makes it over the horizon, summers are the exact opposite. Fire is at the heart of the boreal ecosystem, like few others in North America. Hot, dry temperatures and lightning busts, combined with a sea of mature white and black spruce trees, make for flammable, dangerous fire situations.

The forest does not end where the community starts; the wildlands continue through even the most developed parts of town, totaling almost 40,000 acres of continuous fuels that are ready to burn. Human-caused fires also pose a threat. Recreational fires, off-road vehicles, open burning, and a range of other human activities serve as sources of ignitions, especially in the wildland urban interface. Developing a use for the hazardous forest fuels significantly reduces the cost of fuel reduction treatments, enabling more acreage to be completed.



The road is a dividing line between a treated fuel reduction area on State land and the untreated forest on private land. *Photo: DOF*

Hazard fuel reduction efforts, carried out in many ways, have been ongoing in the Tok area and surrounding Alaska Native villages (such as Tanacross, Tetlin and Northway) for several years. The projects have been in conjunction with other agency and community partners, including the US Fish and Wildlife Service (FWS) Tetlin Wildlife



2010 Eagle Trail Fire. *Photo: Clinton Northway*

Refuge, the Bureau of Land Management, and the Bureau of Indian Affairs. Individual landowners are encouraged to create defensible space around their homes and other values. Additional agency support and guidance has been provided when necessary, including the Senior Citizens Defensible Space project. Large-scale fuel breaks have been created around Tok and Tanacross.

All of the efforts help, but are still not enough. In the past 25 years, nearly 2 million acres have burned in the area and portions of Tok have been evacuated a half a dozen times at a cost of over 60 million dollars in fire suppression activities. The 2010 season was no different, due to the Eagle Trail Fire that endangered Tok and Tanacross and required evacuations.

In 2006, a Community Wildfire Protection Plan (CWPP) was developed by DOF, FWS, the Tok Community Umbrella Corp. (a local Tok non-profit entity), the Tok Chamber of Commerce, the Tok Volunteer Fire Department and private citizens. In the CWPP, the school was identified as the community evacuation center, but it turned out to be one of the most dangerous places to send people because of the dense forest surrounding it. Nobody could grasp the full magnitude of danger bearing down on the school/evacuation center until the property was assessed for hazardous fuel removal and biomass per acre was quantified. Additionally, access was limited with only one point of entrance/exit. The School Board recognized that something had to be done and approved the thinning of 50 acres around the school. The FWS provided 55 thousand dollars to implement the project and DOF provided expertise.



Pre-thinned (left), post-thinned (right) forest. *Photos: DOF*

The double-edged sword became the motivation to slice through obstacles and set the stage for the boiler proposal to gain momentum, turning the liability into an incredible asset. Foresters knew that the woods surrounding the school were thick and fire hazard was extreme, but their knowledge of biomass availability was primarily based on models. Once they started taking measurements on the ground, they realized there was a lot more biomass than they anticipated. Inventory plots were established on the acres surrounding the school and, according to Hermanns, "the results were incredible. Our concept of how much fuel was out there was drastically off." The original estimate was that there would be about 5-6 tons/acre available for removal, however when accounting for whole tree utilization, down to the smallest diameter tree, there were 35-180 tons/acre. The University of Alaska Fairbanks (UAF) and USDA Pacific Northwest Researchers teamed up with DOF on projects in Tok to determine how much biomass is in the interior Alaska forest in the Tok area.

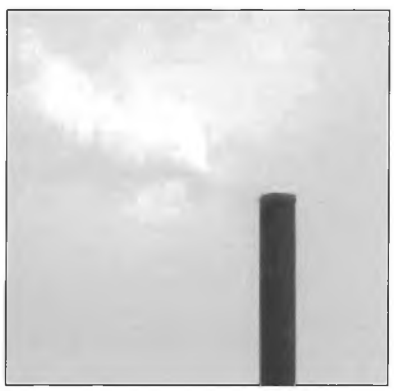
Additional groundwork needed to be completed before the woodchips would be accepted as an alternative for heating the school. Thinning around the school would provide fuel for a full year, and DOF already had several years' worth of wood stored up. However, the amount of biomass available for the long-term needed to be considered. "We identified all of the available wood that was around town that nobody had ever stopped to think about," Hermanns said. Other available sources that were identified for future use include: two local sawmills (the edgings, slabs, and other waste that is left after the milling process is enough to heat the school each year); leftovers from timber sales that otherwise have no marketable value and usually are burned on site; trees removed in land clearing that are either buried or burned; fire salvage; trees from individual landowner Firewise

projects that people bring to "the pit" at the DOF Tok Area Office where it used to be burned; and trees from large-scale future hazard fuel mitigation projects. The list goes on, and there is far more biomass available than this project will ever be able to use.

Hermanns feels strongly that "if you want to do a wood energy project, you have to go out and determine what your fuel is, and then design your project around it. Don't start by saying what boiler you want. The concept for ours was that the average tree size is only three inches in diameter. With that small of a tree, you can't handle it piece by piece, tree by tree. You have to be able to process whole trees and something like 20 at a time."

If you want to do a wood energy project, you have to go out and determine what your fuel is, and then design your project around it.
- Jeff Hermanns, DOF

The conventional wisdom at the time of the project's start was that only bole-wood could be used while limbs, bark and other debris would have to be excluded. Through research and looking at other examples in the United States where industrial-size wood-fired boilers are operating, Hermanns discovered that whole-tree utilization, including slash and green fuel, is occurring successfully. After learning more about the existing possibilities, samples of ground-up Alaskan trees were sent to CTA Architectural and Engineering to be analyzed for density, moisture content, energy value and ash content. Results showed it to be a good source of fuel.


Steam released out of the boiler facility. *Photo: DOF*

Air quality also needed to be addressed up front. A system that generates a lot of smoke would not be a viable option in an environment that has the potential for smoke from summer fires, has an estimated 40-50 local home-heating outdoor wood boilers already installed in the area, and has the ability for air to be trapped by subzero inversions in the winter. Two other large, industrial biomass boilers are also in use within 100 miles of Tok: one at Dry Creek and one at Kenny Lake. When fed and operated correctly, steam is produced and there is little smoke. Findings with the Dry Creek and Kenny Lake boilers were consistent with those in the eastern United States. Back east, biomass boilers are used to heat public facilities and the big questions have already been asked. "We were not dealing with an unknown entity," Hermanns said. The Tok system uses technology that not only helps mitigate smoke output by keeping the boiler running efficiently, but also has a component that "zaps" smoke out of the exhaust. The technology utilized, known as electrostatic precipitation, electrically charges exhaust particles and removes them from the exhaust steam.


The Rotochopper processing whole trees and depositing the woodchips into the school's hockey rink for storage. *Photo: DOF*

Once initial research was done, Hermanns worked with the Executive Director and Superintendant for the Alaska Gateway School District (Tok School), the Alaska Energy Authority, and CTA Architectural and Engineering, to submit a successful application for a 2.5 million dollar renewable energy grant from the State of Alaska. The Tok Community Umbrella Corp., through Governor Palin's Administration and the Alaska Legislature, obtained a 500 thousand dollar grant in 2008 for a Rotochopper horizontal grinder and other heavy equipment to process the trees into burnable woodchips. Most recently, the Tok School received 345 thousand dollars from Governor Parnell's Administration and the Alaska Legislature for a reciprocating steam piston engine. The piston will be powered by steam from the boiler to generate electricity to run the boiler and other processing equipment. Additional electricity will be used to help meet the school's needs and work is being done with the local utility company to establish a power purchase agreement.





Left: The building that houses the woodchip-fired boiler and its equipment- under construction. *Right:* The completed facility. *Photos: DOF*



Woodchips. *Photos: DOF*



Hermanns and the boiler. *Photos: DOF*



The boiler in action! *Photos: DOF*

The facility was designed by CTA Architectural and Engineering from Montana, while the general building contractors were from Alaska. The facility contains custom designed conveyance and control systems, supplied by Messersmith Manufacturing, that feed a Hurst, 5 million BTU, high-pressure steam boiler. The system will offset all of the heat and eventually much of the electrical demand for the school.

Now that the Hurst boiler has been lit, it will produce 4.5 million BTUs/hour. It almost completely replaces the two oil-fired boilers; however, the oil-fired boiler system is fully intact and is set to come back online if the woodchip-fired boiler goes offline. The oil-fired boilers may also be required for limited heating on some of the coldest days of the year when temperatures can reach -60 or below. The woodchip-fired boiler will displace 90-95 percent of the oil usage and the money will be used for other purposes within the school district. This year, the school will save approximately 125 thousand dollars in the difference between the fuel oil and woodchips. The biomass transportation and processing also puts money directly into the local economy. Over the thirty year plus life of the system, this adds up to be significant dollars that are saved by the Tok School and kept in the local economy.

In a town as small as Tok (population of roughly 1,500), the school is also a community center. The project has created the opportunity to further educate students and community members about Firewise concepts and fire. The school is now a visual example of defensible space. Students are also learning about community/urban forestry concepts, healthy forest management practices, and forest science. They have not only seen trees being taken out of the forest and used for heating, they have also had the opportunity to grow seedlings and plant new trees. "We have made a concerted effort over the past four years to educate kids about the science of forestry- how a forest grows, how fire plays a role in the ecosystem, what we use wood products for. There are a lot of misconceptions, and we live in the midst of one of the largest forests in the world. Fires




Left: A new tree has been added to the school grounds. *Right:* DOF Community Forestry outreach opportunities help kids learn about tree planting, care and science. *Photos: DOF*

threaten our homes regularly," Hermanns said. "Taking kids outside to put their hands in the soil and plant trees helps them to understand the process. Forests grow back, and the kids have a sense of ownership because they planted those trees."

In addition to teaching people about the forest, two US Forest Service Forest forest health grants have been awarded for studies that are ongoing to monitor the effects of Ips perturbatus (ips beetles) and Dendroctonus rufipennis (spruce bark beetles) on thinned plots. There is a lot of variability, but preliminary studies have shown that no major outbreaks have occurred thus far.

Rural subsistence is an important aspect of life in Tok. Habitat enhancement is a component of the planning and has been accounted for through the forest stand conversions. The thick, climax white and black spruce forest now contains the aspen, birch, poplar and willow that moose and grouse prefer. Short biomass rotations are being studied by DOF and UAF, with 15-20 year rotations, and are being considered in regards to maintenance of the fuel breaks. The idea is to try to maintain species that are less inclined to carry fire and instead serve as a buffer between the community and the spruce.

The woodchip-fired boiler is just the beginning of an alternative energy movement in the community. It is a model of how local resources can be utilized, costs can be reduced, and the economy can be supported. It has also paved the way for additional projects to begin. After all, who wouldn't be motivated by saving millions of dollars over the course of the next 30 years, protecting a community and its school children, employing locals in the process, and promoting healthy forest practices and management? The once dangerous liability is now the power of Tok's future.

Contact:

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Story by, Maggie Rogers, Information, Alaska Division of Forestry (11/15/10)

Project Cooperators:

Alaska Division of Forestry (Patricia Joyner, Community Forestry/Roger Burnside, Forest Health Protection)
Alaska Energy Authority (Ron Brown, Project Manager)
Alaska Gateway School District (Scott MacMannus, Project Manager/Todd Poage, Superintendent)
Owner's Representative (Rex Goolsby, Construction Administrator)
Tok Community Umbrella Corp. (Kathy Morgan, President)
Tok School (LeAnn Young, Principal)
University of Alaska Fairbanks (Dr. Jingjing Liang, Asst. Professor Forest Management/Tom Malone, Research Forester)
US Fish and Wildlife Service Tetlin Wildlife Refuge (Peter Butteri, Fire Management Officer)
USDA Forest Service PNW Research Station (Hans Andersen, Forest Inventory and Analysis)

Public Briefing:

Additional Lands to Southeast State Forest

DEPARTMENT OF NATURAL RESOURCES -- DIVISION OF FORESTRY

Alaska Department of NATURAL RESOURCES

December 20, 2010

Background. Pursuant to SCSHB 162(RES), the 25,291 acre Southeast State Forest was established in June 2010. These forest lands will be managed as an integrated unit and according to a state forest management plan. While the lands were previously available for timber harvest before the State Forest was established, the State Forest designation ensures these productive forest lands will remain in state ownership and contribute to the long term viability of the timber based economy in southeast.

An additional 23,181 acres of State lands in the southern southeast have been identified as appropriate for inclusion into the Southeast State Forest. The Department of Natural Resources manages over 159,000 acres of uplands in southern southeast Alaska. Timber management is allowed on approximately one third of this land; the State actively manages this timber base to supply wood to local processors. The remaining land is designated primarily for other uses including land sales, recreation, water resources, and fish and wildlife habitat, including over 25,000 acres of legislatively designated state parks, refuges, and public use areas.

Adding lands to the State Forest will ensure that the State's most suitable lands in Southeast remain available to contribute to timber supply through the State's ongoing timber sale program. Much of the State owned timber land in southeast Alaska was inherited from the U.S. Forest Service and is comprised of young, second-growth stands. Actively-managed second-growth stands provide more timber volume per acre on shorter rotations and can result in improved deer browse than unmanaged stands. We can increase timber yield and associated timber supply from state land by thinning these stands. Thinning is a long-term investment and is only justified if the land will continue to be available for forest management.

Purpose. This bill would add an additional 23,181 acres of State lands to the Southeast State Forest from lands currently available for timber harvest. The Division of Forestry would then be able to manage the 48,472 acres of Southeast State Forest lands for a long-term supply of timber and retain these lands in state ownership for multiple uses.

Proposed Additions to Southeast State Forest. The proposed additions to the Southeast State Forest include 23 parcels totaling approximately 23,181 acres (see chart). Approximately 21 percent of these lands are from five parcels that had previously been reserved pending legislative transfer to the University of Alaska. That legislation did not pass freeing these lands for long-term forest management in the State Forest. The legislation includes general use lands on Prince of Wales, Tuxekan, Gravina, Kosciusko, Revillagigedo, Wrangell, Suemez, Mitkof, Kuiu, Dall, and Zarembo Islands. Six of these parcels are adjacent or near existing State Forest parcels. The Division of Forestry worked with the Division of Mining, Land, and Water to identify and exclude lands that are priorities for the state land disposal program.

State Forest Management. The Southeast State Forest will be managed as part of the State Forest System under AS 41.17.200-.230. Lands in the State Forest will continue to be open for multiple uses, including wildlife habitat and harvest and recreational activities. State Forest lands will be managed consistent with the management intent under the current Prince of Wales Island Area Plan, Prince of Wales Island Are Plan Amendment, and Central/Southern Southeast Area Plan. Changes to management intent would require public and interagency review through adoption of a State Forest Management Plan under AS 41.17.230.

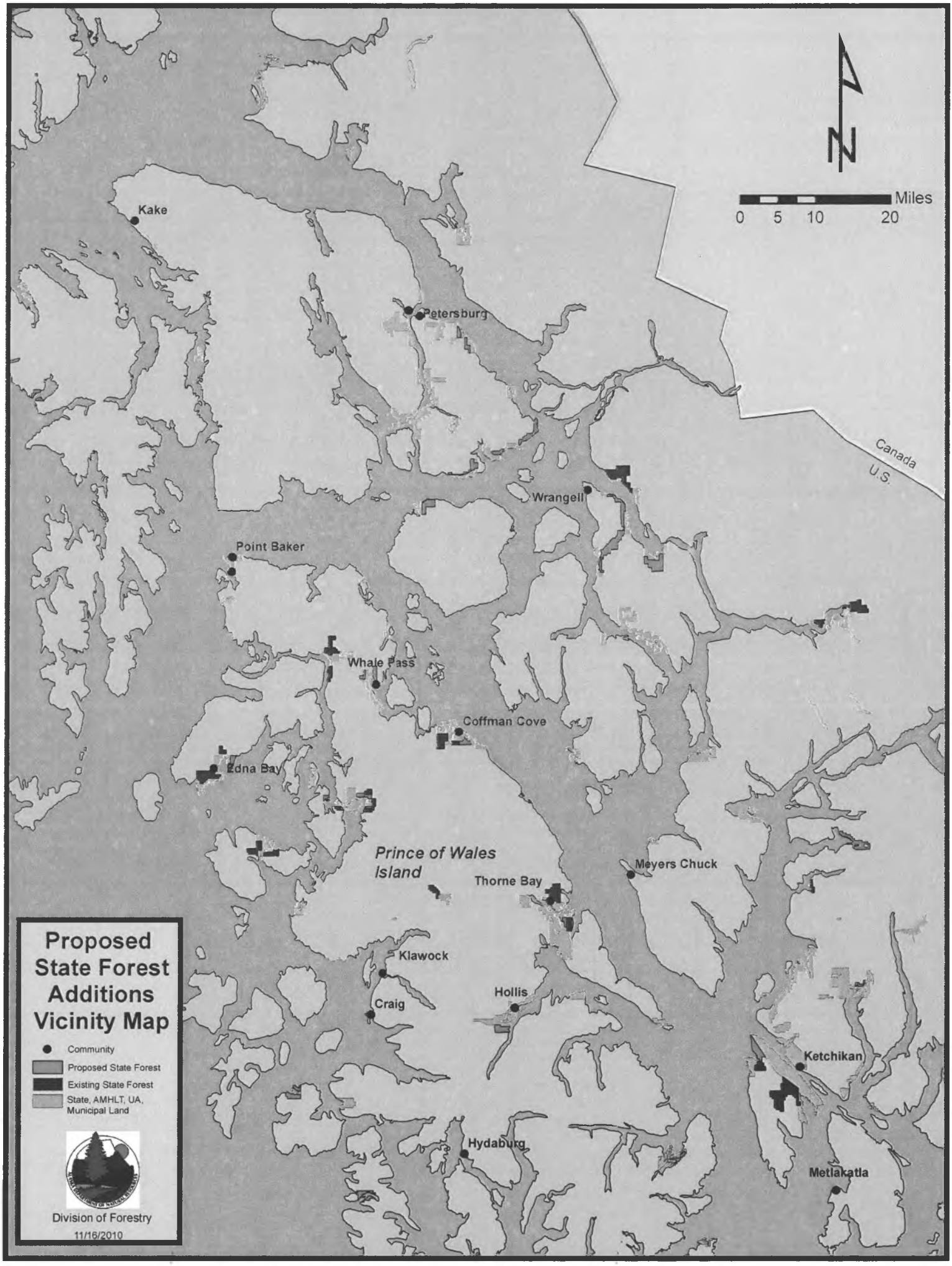
Municipal Entitlements. The City and Borough of Wrangell boundary encompasses five parcels in the proposed state forest additions (St. Johns Harbor, Eastern Passage, Pat Creek, Pat Creek Uplands and Earl

West Cove). A State Forest designation will not affect the amount or location of land the Wrangell Borough can select. That determination is based on the maximum total acreage of vacant, unappropriated, unreserved land in the borough boundaries within two years after the date of incorporation (AS 29.65.030). However, a borough would not normally be able to select land within a State Forest. To avoid conflicts with the Wrangell entitlement, the Southeast State Forest bill specifies that the Wrangell Borough may select State Forest land within the borough boundary.

If new municipalities are incorporated before June 30, 2019, lands that were vacant, unappropriated, unreserved land before establishment of the State Forest will be included in the calculation of the municipal entitlement acreage, but may not be selected.

SOUTHEAST STATE FOREST ADDITIONS			
Plan Unit	**Acreage**	**General Location**	**Island**
Prince of Wales Island Area Plan and Amendment			
8b	617	Kosciusko Island/ Edna Bay	Kosciusko
7c	786	Naukati	Prince of Wales
7b	345	Tuxekan	Tuxekan
6a	597	Coffman Cove	Prince of Wales
5a	972	Whale Pass	Prince of Wales
13b	523	Kitkun Bay	Prince of Wales
12b	1,002	Indian Creek	Prince of Wales
11c	280	Thorne Bay South	Prince of Wales
D-01	1,063	Port Delores	Suemez
D-02	985	Hook Arm	Dall Island
Central/Southern Southeast Area Plan			
K01, K02	1,885	Neets Bay	Revillagegedo
K11	332	Leask Cove	Revillagegedo
K25	1,487	North Gravina Island	Gravina
P23	1,264	Favor Peak (E Mitkoff)	Mitkoff
P25	467	South Mitkof	Mitkoff
P27	1,040	Woodpecker	Mitkoff
P28	867	Frederick Point	Mitkoff
U02	652	Rowan Bay	Kuiu
W02	1,266	St. Johns Harbor	Zarembo
W08	1,411	Eastern Passage	Wrangell Is.
W10	2,601	Pat Creek	Wrangell Is.
W12	2,320	Earl West Cove	Wrangell Is.
W27	419	Pat Creek Uplands	Wrangell Is.
TOTAL	**23,181**	**23 parcels**	

Shaded parcels are from prior University Land bill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Edna Bay
Prince of Wales Island
Meyers Chuck
Thorne Bay
Klawock
Craig
Hollis
Ketchikan
Hydaburg
Metlakatla
Proposed State Forest Additions Vicinity Map
Community
Proposed State Forest
Existing State Forest
State, AMHLT, UA, Municipal Land
Division of Forestry
11/16/2010

New Growth







Prospectus for the Forest Products Industry of Interior Alaska

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 2007

Dear Forest Products Investor:

As Governor of the great State of Alaska, I am pleased to introduce the New Growth prospectus, inviting you to examine an exciting commercial and industrial opportunity in Alaska. The vast commercial timber resources of Alaska's interior constitute a virtually untapped potential for economic development. An abundance of birch, white spruce, and quaking aspen blanket the Interior. My administration looks forward to working with companies like yours to see these resources developed for the benefit of Alaskans and to improve the health of our interior forests.

The state's Division of Forestry, the Office of Economic Development, various Native forest landowners, the Fairbanks North Star Borough, and the Fairbanks Economic Development Corporation have been working together to promote economic development opportunities in the Tanana Valley region. This prospectus reflects that cooperation and provides you with basic information to examine the possibilities for your company to invest in these opportunities. In addition to forest resource data, the prospectus includes basic market and transportation information that we hope will be useful in making a preliminary investment decision.

The State of Alaska is currently performing a stand-level inventory to further define the available timber. We stand ready to assist you in your evaluation of the prospects and develop any additional information you may need to begin making new investments in our state.

Sincerely,

Sarah Palin
Governor

The commercial forests of the Interior are composed of pure stands and mixtures of white spruce, black spruce, paper birch, quaking aspen, and balsam poplar.



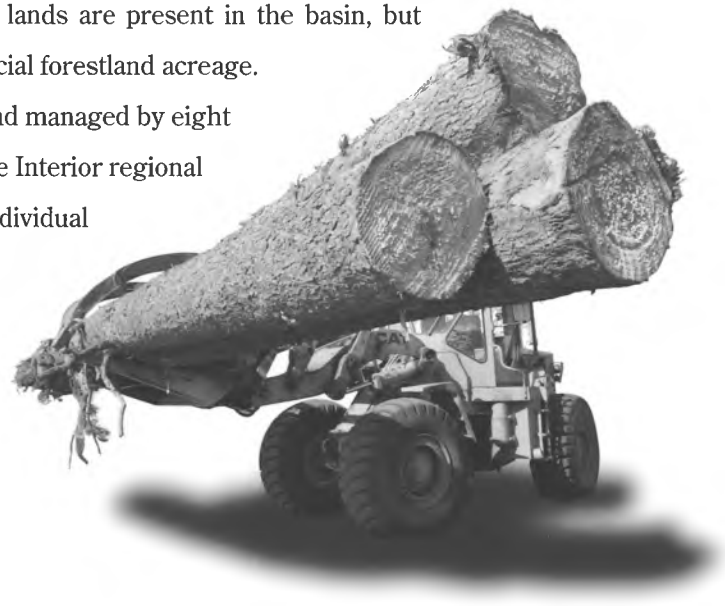
Forest and Land Ownership

Large tracts of both public and private lands occur in Interior Alaska. The Interior is a large area of Alaska that occupies the central part of the state. It extends from the Canadian border westward to the Bering Sea and lies between the Alaska and Brooks Ranges. The city of Fairbanks is considered the hub of this vast area. The Tanana Basin is located in the eastern portion of the Interior and contains forests that extend 265 miles from the Canadian border to the village of Tanana on the Yukon River. Within this area, the State of Alaska manages 2.94 million acres[1] of commercial forestlands including the Tanana Valley State Forest (TVSF). The TVSF contains 1.77 million acres[2] of commercial forestlands.

The Fairbanks North Star Borough, the University of Alaska Trust Lands, and the Mental Health Trust Lands are other tracts of public forestland in the basin. Within a 50-mile radius of Fairbanks, these three landowners have a combined acreage of 77,987 acres[3] of commercial forestland. Federal lands are present in the basin, but contribute only small amounts of commercial forestland acreage.

Private lands are chiefly owned and managed by eight individual Alaska Native Corporations. The Interior regional Native corporation, Doyon Limited, and individual village corporations own and manage approximately one-half million acres[4] of commercial forestland in the basin.

See map, p 4-5.



State and Private Commercial Forest Volumes

The Tanana Valley State Forest and lands classified for forest management under the Tanana Basin Area Plan are divided into four management jurisdictions: Kantishna, Fairbanks, Delta and Tok. Overall net standing commercial volume on these lands is 3,869 MMBF. See the annual allowable cut figures for each of the four areas in Table 1 and the net standing volume figures in Table 2.

Volume estimates for these lands are subject to change as a result of the new inventory update now under way. Forest land area to be updated includes state forest and forestry classified lands between Healy Lake and Manley. New volume numbers are scheduled to be produced by the end of 2007. The inventory will also be enhanced by the addition of new imagery and web access for timber stand viewing and querying.

Private lands, represented mainly by Alaska Native Corporations, have annual harvest levels calculated for individual ownerships. Overall net standing commercial volume on these lands is 1,786 MMBF. See the annual allowable cut figures for the individual areas in Table 3, and the net standing volume figures in Table 4.

State Land – Tanana Valley Timber

Table 1
Annual Cut

	Spruce	Birch	Aspen
Kantishna	4.6 mmcf 18.2 mmbf	4.3 mmcf 12.9 mmbf	1.6 mmcf 4.8 mmbf
Fairbanks	6.2 mmcf 24.6 mmbf	4.0 mmcf 12.0 mmbf	2.1 mmcf 6.3 mmbf
Delta	5.2 mmcf 20.6 mmbf	3.6 mmcf 10.8 mmbf	1.2 mmcf 3.7 mmbf
Tok	2.7 mmcf 10.8 mmbf	0.4 mmcf 1.2 mmbf	0.4 mmcf 1.2 mmbf
Total cf	18.6 mmcf	12.3 mmcf	5.4 mmcf
Total bf	74.3 mmbf	36.8 mmbf	16.2 mmbf

note: cut is regulated by cubic ft., spruce converted at 4 bf/cf, hardwood at 3 bf/cf; mm = million

Table 2
Net Standing Volume

	Spruce	Birch	Aspen
Kantishna	233 mmcf 729 mmbf	208 mmcf 50 mmbf	80 mmcf 14 mmbf
Fairbanks	308 mmcf 933 mmbf	193 mmcf 158 mmbf	101 mmcf 82 mmbf
Delta	399 mmcf 1,017 mmbf	227 mmcf 148 mmbf	78 mmcf 38 mmbf
Tok	250 mmcf 645 mmbf	33 mmcf 11 mmbf	36 mmcf 4 mmbf
Total cf	1,190 mmcf	622 mmcf	295 mmcf
Total bf	3,365 mmbf	367 mmbf	137 mmbf

note: Board feet by scribner rule, 16ft. logs, 10 in. minimum tree diameter Cubic feet 6 in. minimum tree diameter. mm=million

Timber Sale Options & Methods

Public Lands

The Division of Forestry can sell timber under the five methods listed in Table 5. Most sales are sold by competitive, sealed bid, but timber sales can be negotiated under certain



Alaska Native Corporation Land – Tanana Valley Timber

Table 3
Annual Cut

	Spruce	Hardwood
Dot Lake	0.2 mmcf 0.5 mmbf	0.2 mmcf 0.1 mmbf
Healy Lake	0.2 mmcf 0.6 mmbf	0.3 mmcf 0.4 mmbf
Manley	0.2 mmcf 0.4 mmbf	0.3 mmcf 0.6 mmbf
Nenana	0.1 mmcf 0.4 mmbf	0.4 mmcf 0.6 mmbf
Northway	0.1 mmcf 0.1 mmbf	0.1 mmcf 0.1 mmbf
Tanacross	0.1 mmcf 0.1 mmbf	0.1 mmcf 0.1 mmbf
Tetlin	0.5 mmcf 1.8 mmbf	0.1 mmcf 0.1 mmbf
Tanana	1.1 mmcf 3.8 mmbf	0.6 mmcf 1.1 mmbf
Doyon/Katishna River	0.2 mmcf 0.6 mmbf	0.2 mmcf 0.4 mmbf
Doyon/Upper Tanana	0.2 mmcf 0.4 mmbf	0.9 mmcf 0.6 mmbf
Total cf	2.9 mmcf	3.1 mmcf
Total bf	9.1 mmbf	3.6 mmbf

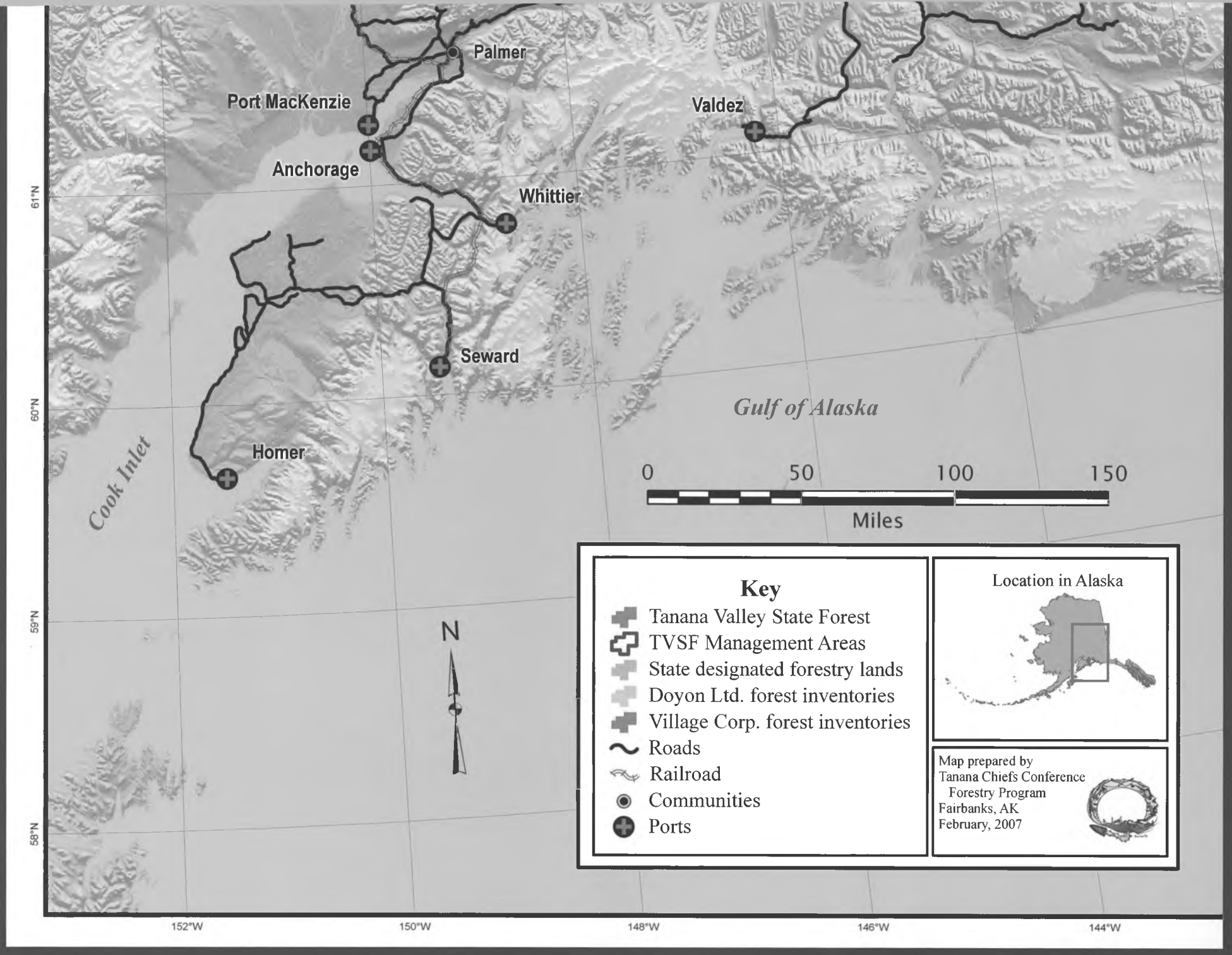
Table 4
Net Standing Volume

	Spruce	Hardwood
Dot Lake	26 mmcf 65mmbf	208 mmcf 50 mmbf
Healy Lake	39 mmcf 102 mmbf	193 mmcf 158 mmbf
Manley	24 mmcf 73 mmbf	227 mmcf 148 mmbf
Nenana	25 mmcf 81 mmbf	33 mmcf 11 mmbf
Northway	10 mmcf 19 mmbf	9 mmcf 6 mmbf
Tanacross	13 mmcf 14 mmbf	5 mmcf 3 mmbf
Tetlin	75 mmcf 265 mmbf	10 mmcf 2 mmbf
Tanana	152 mmcf 520 mmbf	68 mmcf 123 mmbf
Doyon/Katishna River	33 mmcf 88 mmbf	40 mmcf 54 mmbf
Doyon/Upper Tanana	111 mmcf 216 mmbf	90 mmcf 59 mmbf
Total cf	508 mmcf	325 mmcf
Total bf	1,443 mmbf	343 mmbf

circumstances. Larger sales can be negotiated to foster economic development. The state maintains a regular competitive sale program; most sales over 160 acres are listed in a five-year schedule of timber sales. The schedule provides basic information on the volume, location and sale dates of offerings. If not on the schedule, additional sales may be requested and the schedule can be modified based on comments and requests. The required review process ranges from one month to about eighteen months depending on whether the sale must be listed in the schedule. Current schedules are designed to meet local needs, which account for less than 10 percent of the allowable cut. All state timber harvest is subject to the Alaska Forest Resources and Practices Act (FRPA).

Other public land managers, such as the Fairbanks North Star Borough (FNSB), the University of Alaska Trust Lands, and the Mental Health Trust Lands, use competitive, sealed bid procedures that are standard for the forest products industry. A regular sale schedule is not currently utilized, but landowners respond to market conditions and offer sales during more favorable economic periods. Compliance with the FRPA is a requirement of these timber

Tanana Valley Forest Resources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Key
Tanana Valley State Forest
TVSF Management Areas
State designated forestry lands
Doyon Ltd. forest inventories
Village Corp. forest inventories
Roads
Railroad
Communities
Ports
Location in Alaska
Map prepared by
Tanana Chiefs Conference
Forestry Program
Fairbanks, AK
February, 2007

Table 5
Timber Sale Options/Methods

Sale Type	Sale Method	Maximum Volume	Maximum Term	Minimum Time Sale Review	Special Requirements
Regular Competitive	Sealed Bid	None	None	1.5 years* if > 160 acres	None
Regular Negotiated	Negotiated	500 mbf	1 year	1 month	Max 500 mbf per yr/individual
Distressed Areas	Negotiated	None	25 years	1 month	Local manufacture in areas of high unemployment unused mill capacity and unused allowable cut
Value-Added	Negotiated or Competitive Proposals	10 mmbf per year	10 years	1.5 years* if > 160 acres	Local manufacture of high value-added products
Salvage	Bid or Negotiated	None	None	3 months	None

** Sales previously listed on the Five-Year Schedule of Timber Sales may be available immediately without the need for further notice.*

sales, as well. Notification requirements are met through the submission of a Detailed Plan of Operations (DPO).

Private Lands

Private landowners also respond to market conditions and offer sales during more favorable economic periods. Timber sales on private land are reviewed for compliance with the Forest Resources and Practices Act and notification requirements are met through submission of a DPO.

Forest Stewardship

Forest Resources and Practices Act

The Forest Resources and Practices Act is designed to protect fish habitat, water quality and ensure prompt reforestation of forestland while providing for a healthy timber industry. The FRPA ensures that both the timber and commercial fishing industries can continue to provide long-term jobs.

Alaska is divided into three forest practices regions. Region I covers coastal forests from Southeast Alaska through Prince William Sound, the eastern Kenai Peninsula, the Kodiak Archipelago, and parts of the Alaska Peninsula. Region II is the boreal forest south of the Alaska Range. Region III is the boreal forest in Interior Alaska. Standards for riparian management and reforestation vary by region.

The FRPA applies to commercial timber operations on forestland, including harvesting, roading, site preparation, thinning, and slash treatment operations. Operations must comply with the FRPA if they are larger than 10 acres in Region I or larger than 40 acres in Region II. In Region III, it applies to operations larger than 40 acres for forest landowners that own more than 160 acres in total. All commercial harvest operations that encompass or border surface waters or a riparian area also must comply with the Act, regardless of their size. For more information on FRPA, visit: http://www.dnr.state.ak.us/forestry.

Sustainable Forestry Initiative®

The State of Alaska Department of Natural Resources is licensed under the Sustainable Forestry Initiative (SFI). The SFI program is based on the premise that responsible environmental behavior and sound business decisions can co-exist to the benefit of landowners, manufacturers, shareholders, customers, the people they serve, the environment, and future generations. The SFI program integrates the perpetual growing and harvesting of trees with the protection of wildlife, plants, soil, water, and air quality. Two goals of the SFI program are first, SFI program participants practice sustainable forestry on all the lands they manage and second, they influence millions of additional acres through the training of loggers and foresters in best management practices. This unique commitment to sustainable forestry recognizes that all forest landowners, not just SFI program participants, play a critical role in ensuring the long-term health and sustainability of our forests. For more information on SFI, visit: http://www.sfiprogram.org.

Physical Setting

Approximately 85 percent of the Tanana Valley State Forest is located within 20 miles of the state highway system. Eighteen communities adjacent to the State Forest total approximately 90,000 residents, with the majority located in the Fairbanks North Star Borough.

The climate of the Tanana Basin is one of the coldest and warmest areas of the state. Extreme temperatures range from minus 66 degrees to 96 degrees Fahrenheit. Mean temperature in Fairbanks for July is 62 degrees Fahrenheit while mean temperature in January is minus 13 degrees Fahrenheit. Precipitation averages 10.4 inches, with August being the wettest month (1.86 inches). Snowfall averages 65.1 inches with November and December being the months which receive the most snowfall (13.1 and 12 inches). Generally, frost-free



days occur from the first part of June to the end of August. Sunlight hours reach a maximum of 21 hours and 13 minutes on June 21st, and a minimum of 3 hours and 44 minutes on December 21st.

Harvesting activities can occur year round with winter activities focused in areas that require winter road and ice bridge infrastructure to access. These areas are generally located in river floodplains and in areas of permafrost. Upland sites can be accessed by a more traditional forest road system with main line and spur road development.

Current Industrial Development, Markets and Assets

The Tanana Basin has several regional and local sawmills in operation. Most settlements have a local, private company that produces dimensional lumber and two or three sided house logs and timbers. Often these are part-time operations that saw rough cut lumber which is air dried and sold "green." There are a few regional mills that produce graded dimensional lumber utilizing the new Alaska Spruce grade stamp developed by the Ketchikan Wood Technology Center and administered by the Western Wood Products Association. The largest mill produces approximately 4.5 million board feet of white spruce lumber annually. As of 1998, annual lumber and timber imports to the state were in the 80-90 million board foot range.[5]

Several portable band saw mills produce hardwood lumber, mainly birch, which is utilized in a number of secondary manufacturing processes. These companies are small in scope, yet important to the developing hardwood industry.



Bioenergy has become an area of interest and opportunitiy for residential and commercial pellet manufacturing for both space heating and electrical generation are possible. Local electric utilities use coal as their primary fuel and there is interest in utilizing wood chips or pellets for co-firing applications. The creation of an industry that could use the low quality and small diameter forest material would greatly enhance development opportunities in the hardwood and softwood manufacturing sector.

Transportation System and Ports

The road network in Interior Alaska connects to the seaports of Anchorage and Whittier. The port of Anchorage is 356 miles from Fairbanks via the Parks Highway. This highway is suitable for trucks utilizing tandem trailers year around. A tunnel at Portage, on the Seward Highway, also provides truck access to Whittier, about 48 miles from Anchorage. Both ports are accessed

by rail from Fairbanks with service provided by the Alaska Railroad.

In the planning stages is an extension of the Alaska Railroad from its present terminus 20 miles southeast of Fairbanks, to Delta Junction, 80 miles farther southeast. Delta Junction presently connects to these ports by highway through Fairbanks or south to the Glenn Highway and west to Anchorage, a total of 340 miles.

The port of Valdez is 366 miles from Fairbanks and is reached via the Richardson Highway. The highway is suitable for tandem trailer trucks year around and the port loading infrastructure accommodates bulk shipments. Another possibility, as an adjunct to value-added production is to move chips by truck 349 miles to Port MacKenzie (on Cook Inlet) where a chip handling facility allows for stock-piling and transfer to Far East and south-bound vessels. Also, logs can be moved up the Tanana River to a transfer point in Nenana, then either by rail or highway to a Fairbanks mill or directly to a plant in Nenana.

The Port of Whittier has roll-on, roll-off rail shipping service that travels weekly to Prince Rupert, B.C. and Tacoma, Washington. The port of Anchorage has regular service via several shipping companies which operate container and/or roll-on, roll-off services to Tacoma. Two of the principal carriers include Totem Ocean Trailer Express (TOTE) and Horizon Lines, among more than a dozen. For a complete list of carriers, visit www.alaskaforestproducts.com. It is important to note that these are virtually all back-hauls, which can have favorable impact on transportation costs to the West coast.

Wrap-Up

Around the nation, many locations offer forest product development opportunities but few can offer sustainable, high quality timber, developed transportation connections, final consumer markets and a system of industry support. With its substantial timber resources, Interior Alaska is the place to build and expand your forest products industry. Come and take a look at our Interior forest resources. We would be pleased to arrange tours, answer questions, and facilitate appropriate feasibility studies if need be.







Visit the website listings below for additional information. The following are key contacts:

President & CEO
Fairbanks Economic Development Corporation
301 Cushman St., Suite 301
Fairbanks, AK 99701
Toll free: 1-888-476-FEDC
Phone: (907) 452-2185
Fax: (907) 451-9534
Email: FEDC@ak.net
Website: www.alaskaforestproducts.com
Offering: Prospectus, infrastructure, markets

Forestry Program Director
Tanana Chiefs Conference
122 1st Ave., Suite 600
Fairbanks, AK 99701
Phone: (907) 452-8251 ext. 3373
Fax: (907) 459-3852
Email: forestryinfo@tananachiefs.org
Website: http://www.tananachiefs.org
Offering: Interactive online GIS maps: http://gis.tananachiefs.org

Northern Regional Forester
Alaska Division of Forestry
3700 Airport Way
Fairbanks, AK 99709
Phone: (907) 451-2670
Fax: (907) 451-2690
Email: mark_eliot@dnr.state.ak.us
Website: www.dnr.state.ak.us/forestry
Offering: Forest management planning, sustainable yield analysis

Forest Products Specialist
Office of Economic Development
550 W. 7th Ave., Suite 1770
Anchorage, AK 99501
Phone: (907) 269-8115
Fax: (907) 269-8125
Email: jack_phelps@commerce.state.ak.us
Website: http://www.dced.state.ak.us/oed/forest_products/forest_products.htm
Offering: Resource and market information and consulting

[1] Crimp, Peter M., Phillips, Steven J., Worum, Gordon T. 1997 Timber Resources on State Forestry Lands in the Tanana Valley.
[2] *Ibid*, p. 1.
[3] Maisch, John C. 1991 Forest Resources of the Fairbanks Area Tanana Basin.
[4] Hammond, Timothy O. 1996 Mapping Interior Alaska Forest Types with Satellite Imagery.
[5] McDowell Group. 1998 The Alaska Market for Value-Added Lumber Products

Graphic Design by Archetype Graphics, North Pole, Alaska • Forestry Photos © 2007, Lester Lefkowitz

Office of Project Management and Permitting

Core Services

- Coordinate permitting for large natural resource development projects across state and federal agencies for applicants that request and pay for this service.
- Review federal plans and actions to ensure that the state's rights are protected as per the Alaska National Interest Lands Conservation Act (ANILCA), and to ensure successful resource development, wise stewardship of state resources, and continued opportunities for access, and public uses such as recreation, hunting and fishing.

Overview

- OPMP assigns a coordinator to oversee the review and permitting of larger scale projects in the state. Because of the complexity and potential impact of these projects on multiple divisions or agencies, these projects typically benefit from a single primary point of contact.
- The project coordinator is responsible for ensuring that the project moves forward in a coordinated manner with minimum duplication of effort.
- The office deals with a diverse mix of projects including transportation, oil and gas, mining, federal grants, ANILCA implementation and coordination, and federal land use planning.
- For large resource development projects, OPMP enters into a MOU with the project proponent for the reimbursement of state agency time and travel associated with the project.
- OPMP currently manages 17 project MOUs, with a total reimbursement commitment of approximately $4.4 million.
- OPMP has 12 full time positions, and one intern position. The intern position and one full time position are currently vacant.

LIST OF PROJECTS

MINING

Greens Creek Currently Operating. Coordinating renewal of major state permits.

Pogo. Currently Operating. Coordinating renewal of major state permits

Red Dog. Currently Operating.

Fort Knox. Currently Operating. Coordinating permitting for dam modifications and an updated Reclamation and Closure Plan.

Kensington. Currently Operating.

Rock Creek. In Temporary Closure Status.

Chuitna Coal Project. Full project coordination. Currently in NEPA & permitting; Draft SEIS due out near end of 2011, permitting possibly done in 2012.

Pebble Project. Currently in pre-application phase. Agencies are working with applicant on baseline data review and exploration permitting. Applications anticipated early 2012(?).

Donlin Creek Project. Currently in pre-application phase. Agencies are working with applicant on baseline data review and gas pipeline geotechnical evaluation. Applications expected late 2011.

Livengood Project. Currently in pre-application phase. Agencies are working with applicant on baseline data collection and review.

Jumbo Dome Project. Currently in pre-application phase. Agencies are working with applicant on baseline data collection and review.

Niblack Project. Currently in pre-application phase. On-going exploration.

Nixon Fork. Past Operator, Currently in permit renewal phase.

Canadian mine projects. Agencies are monitoring Canadian mine permitting activity in watersheds that drain into Alaska.

ENERGY

Cook Inlet Gas Storage. Permitting decisions are largely complete, but finalization of some components awaits completion of negotiations between project applicant and former property owner, as well as legal challenges.

Bureau Ocean Management and Regulatory Enforcement (BOEMRE) 5 Year Leasing Plan EIS for Outer Continental Shelf (OCS) oil and gas leasing. Coordinating State cooperating agency status for the preparation of the 5 yr Leasing Plan EIS and State review and response to other BOEMRE/OCS actions.

Bureau of Land Management (BLM) National Petroleum Reserve-Alaska (NPR-A) Integrated Activity Plan (IAP) /EIS. Coordinating State cooperating agency status for the preparation of the IAP/EIS

ExxonMobil Point Thomson Gas Cycling Project. Coordinating State cooperating agency status for the preparation of the Point Thomson Project EIS and parallel state and federal permitting requirements

Shell OCS Exploration Drilling Plans For Beaufort Sea and Chukchi Sea. State ACMP/ADEC reviews complete. Awaiting federal approvals (BOEMRE permit to drill and EPA PSD Air Permit)

BP Liberty Development and Production Project. Project infrastructure/facilities complete. Awaiting completion of ultra extended reach drilling rig construction and state and federal drilling permit applications.

TRANSPORTATION

Northern Rail Extension Project. Final EIS/ROD issued. Currently processing required state permits for Phase 1

Port MacKenzie Rail Extension Project . Draft EIS issued. Awaiting Final EIS/ROD. Conducting pre-application meeting for required state and federal permits for ARRC preferred route.

King Cove/Izembek Land Exchange & Road EIS. Coordinating State cooperating agency status for the preparation of the Izembek Land Exchange EIS

and parallel state and federal permitting requirements for construction of a single lane gravel road connecting the City of King Cove with Cold Bay.

KABATA. The final Environmental Impact Statement was published in 2008, and the Record of Decision is anticipated in 2010.

OTHER

ANILCA. Lead coordinating agency for state participation in implementation of the Alaska National Interest Lands Conservation Act (ANILCA), including:

- Advocacy for oil and gas development of the Arctic Refuge Coastal Plan,
- Stemming the tide of federal wilderness initiatives,
- Protecting jurisdiction over state waterways in federal parks, refuges, and forest lands,
- Ensuring opportunities for resource development on inholdings, and
- Ensuring access to federal lands is maintained for subsistence and traditional activities, and commercial recreational activities that provide local services and benefit local economies.

ESA coordination. Providing assistance to ADFG to coordinate state comments on Endangered Species Act (ESA) actions, including listing of new ESA species and designation of critical habitat.

BLM Resource Management Plan (RMP) coordination. Coordinating state input to and reviews of Eastern Interior RMP and EIS, East Alaska/Delta River RMP Amendment and EA, Ring of Fire RMP Amendment for the Haines Block, Kobuk Seward RMP Amendment and EA focusing on the Squirrel River. Issues include:

- Release of d(1) withdrawals,
- Implementation of Secretary Salazar's Order 3310 regarding "Wild Lands,"
- Recreation, public access, and travel management
- Access to state lands and resources,
- Working to ensure fulfillment of BLM multiple use mandate,
- Consideration of ANILCA in plan development and implementation.

Given the direction provided by Secretary Order 3310, BLM may seek to revisit previously adopted RMP's focusing on SE Alaska through the Alaska Peninsula, the Bristol Bay Area, the Kobuk Seward Peninsula and the East Alaska Copper River area to address 3310's wilderness inventory requirements.

EVOS. Providing significant technical assistance to the Department of Law and the Exxon Valdez Oil Spill Restoration Office on Exxon Valdez Oil Spill Restoration program issues.

Oil Spill Natural Resource Damage Assessment and Restoration (NRDA) and Contingency Planning. Participating in two NRDA cases; the Selendang and the more recent Adak spill, as well as interagency NRDA planning efforts focusing on the Arctic and statewide coordination.

Federal grant programs. Coordinating implementation of a variety of federal grant programs focused on the protection of habitat, resource values, public access and other public interests to ensure consistency and efficiency across agencies and divisions.

Tongass coordination. Full project coordination, ever increasing inter-agency issues to be resolved.

Health Impact Assessments. Currently drafting statewide guidance document and developing HIAs in concert with DHSS staff for Chuitna, Point Thomson, Donlin Creek, MMS Arctic EIS.

CONTACT:

Tom Crafford, Director
907-269-8629
tom.crafford@alaska.gov
http://dnr.alaska.gov/commis/opmp/

1/21/11 OVERVIEWS: DNR - DIVISION OF OIL AND GAS

<TARGET><BILL></BILL><SUBJECT>1-21-11 OVERVIEWS DNR - DIVISION OF OIL AND GAS</SUBJECT><COMM>HRES27</COMM></TARGET>

State of Alaska

Division of Oil and Gas

Kevin Banks
Director

January 2011

Alaska Department of
NATURAL RESOURCES
DIVISION OF OIL & GAS

www.dog.dnr.state.ak.us/oil/

1

The Division of Oil and Gas …

manages lands for oil, gas, and geothermal exploration and development in a fair and transparent manner to maximize prudent use of resources for the greatest benefit of all Alaskans.

2

Mission Elements

Elements required to fulfill our mission under 38.05.180

- Maximize the economic and physical recovery of resources
- Maximize competition among explorers and developers
- Maximize use of Alaska's human resources in the development of the resources
- Encourage assessment of oil and gas resources and maximize the flexibility of issuing leases
    - Recognize varied geographical regions and costs of development
    - Minimize adverse impacts from exploration, development, production, and transportation activities

Elements required to fulfill our mission under 38.05.035

- Manage, inspect, and control state land, including any improvements, that belong to the state and are under the jurisdiction of the division

3

Gross Oil Volume from State Leases

FY2010

Company	Barrels of Oil
1 ConocoPhillips	82,135,010
2 BP	62,591,253
3 Exxon	43,622,534
4 State of Alaska	25,620,845
5 Chevron/Unocal	4,968,278
6 Anadarko	4,680,339
7 Pioneer	2,226,816
8 ENI	983,621
9 XTO Energy	859,743
10 PEAO	658,097
11. Small producers (6)	167,876
Total	**228,554,412**

4



The Division of Oil and Gas manages the state's oil and gas resources with a budget of $14.3 million (FY 2011) and a staff of 95, consisting of highly specialized technical experts with many years of experience in the industry. The Division works in asset teams, pulling together the experts needed from different sections, in order to manage each different task or issue.

- Petroleum Geologists
- Petroleum Geophysicists
- Petroleum Engineers
- Commercial Analysts
- Petroleum Economists
- Biologists
- Attorneys
- Accountants
- Auditors

The Petroleum Systems Integrity Office (PSIO) relies on the Division for IT and administrative support but has its own budget.

5

Achievements in 2010

- Division-wide
- Resource Evaluation
- Leasing
- Unit Administration
- Royalty Accounting
- Audit
- Commercial
- PSIO

6

Achievements in 2010

Division-Wide

- Developed Draft Strategic Plan for Division in order to streamline processes, identify areas in need of improvement, and better focus our resources and energy in a changing investment and production climate.

7

Achievements in 2010

Resource Evaluation

- Building on the 2009 preliminary Cook Inlet gas supply study and updating the integrated engineering and geological analyses, Resource Evaluation is working closely in 2010-2011 with DOG Commercial Section to complete a comprehensive analysis of the investment costs that would be required to meet southcentral Alaska's future gas needs from Cook Inlet fields.
- Provided geological, geophysical, and engineering analysis in support for the Division's leasing and exploration licensing program and the Division's oversight of producing and prospective units and participating areas.
- Worked to ensure that the State receives all data sets from exploration wells, seismic surveys, and other geological and geophysical work in exchange for exploration tax credits under AS 43.55.023 and 43.55.025.
- Working in concert with DGGS to conduct complimentary and integrated analyses of oil and gas resource potential throughout the state, with greatest current emphasis on the Cook Inlet basin and North Slope Foothills. Through a separate initiative, Resource Evaluation is contributing integrated geological-geophysical analysis of resource potential in the Umiat–Gubik area and along the route of the proposed Roads to Resources Foothills West transportation corridor.
- Substantially progressed the understanding of Alaska's CO_2 sequestration capacity; evaluating strategies for ensuring State oversight of carbon sequestration if it were to be mandated by Federal government.

8

Achievements in 2010

Leasing

- Conducted five areawide lease sales in FY 2010, resulting in $11.3 million in bonus bids
- 495,326 acres leased, with 149 bids on 134 tracts, and 21 bidding groups participating
- Administered 1,495 leases covering nearly 4.5 million acres generating more than $6.1 million in rental income
- Processed more than 740 assignments of interests in oil and gas leases

9

Achievements in 2010

Unit Administration

- Staff managed 38 units producing from 78 participating areas with six new units approved in FY10
- Considered and issued 42 unit and PA decisions in FY10, including:
  - Four new PAs
  - Two unit expansions
  - Two PA expansions/contractions
  - Two unit terminations
- Currently working on a dozen unit actions in the pre-application phase, including four new units and at least five new PAs

10

Achievements in 2010

Royalty Accounting

- Collected $2,201 million in revenue (FY2010), including:
  - $1,237 million in royalty-in-value;
  - $913 million from royalty-in-kind oil sales, and
  - $21 million in the state's share of federal rents and royalties
  - $30 million in Net Profit Share Lease Payments
- Processed more than 20,580 production, royalty and NPSL reports
- Provided royalty and NPSL filing support to 23 active lessees

11

Achievements in 2010

Audit

- Audit Staff issued 12 state and federal audits during the past 12 months resulting in the collection of $17.6 million in additional revenue
- Audit claims in the amount of $33.9 million are currently outstanding
- Audit Staff have played an important role in addressing royalty valuation issues and providing support for Royalty Settlement Agreement reopeners
- The Audit Section has begun work to isolate and document audit processes

12

Achievements in 2010

Commercial

- Royalty Settlement Agreement re-opener analysis and negotiations support.
  - Completion of a limited re-opener agreement with Conoco-Phillips;
  - Marine capital cost model of an oil major for the purposes of royalty settlement agreement.
- Gas sales analysis and support.
  - Oversaw study of preliminary economics for a bullet line;
  - Oversaw completion of study on the impact of shale gas on gas prices in the lower 48;
  - Completion of regulations package governing North Slope Gas for shippers on an AGIA-licensed pipeline.
- Analysis of Pacific Energy's properties for bankruptcy filings.
- Analysis of the value of state right-of-ways for Liberty development.
- Cook Inlet ACES model developed for public distribution.
- Development of commercial terms for the CINGS storage lease
- Cook Inlet Natural Gas Production Cost Study.

13

Achievements in 2010

Petroleum Systems Integrity Office

- Completed "Gap Analysis" project and submitted identified gaps and proposed corrective actions to Natural Resources Subcabinet
- Coordinated with state and federal agencies regarding oil and gas facilities and activities in Alaska
  - Regular liaison meetings, incident notification e-mail cache and monthly reports
  - Conducted inquiry into recent integrity events and employee concern
  - Followed up with operators regarding past corrective actions
  - Provided risk assessment training for state and federal agency personnel
- Prepared assessment process for reviewing industry's use of quality management principles – plan to implement in 2011
  - Become proactive, rather than reactive

14

Feedback/Questions



15

Appendix: Oil and Gas Revenues and Activities in the Cook Inlet Region and on the North Slope.

16

The State Revenue Pie

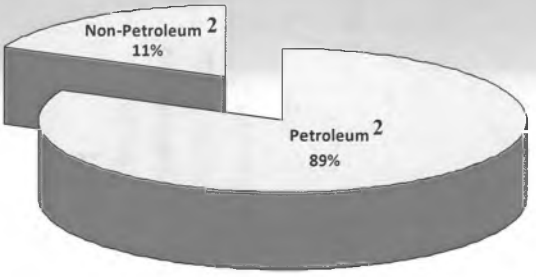
Petroleum Revenue Sources (FY 2010)

Total Royalties, Bonuses, Rents, Fees & Settlements: $2,214.90 Million

General Fund Royalties, Bonuses, Fees & Rents: [1]
$1,476.5 Million

Royalties to Permanent Fund & School Fund: [1]
$691.2 Million

FY 2010 Unrestricted Revenue



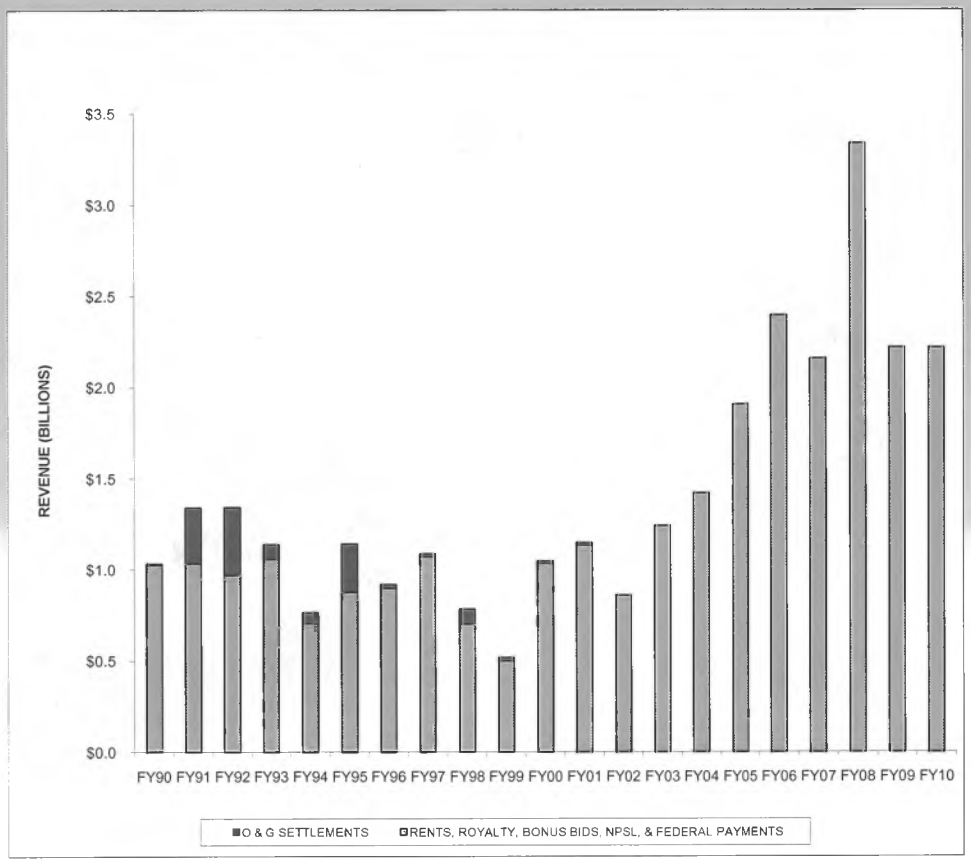
Taxes: $3,437.7 Million [2]

(Oil & Gas Property Tax + Income Tax + Severance Tax)

1 Includes Federally shared rentals + royalties
2 Source: DOR Preliminary Fall 2010 Revenue Sources Book

17

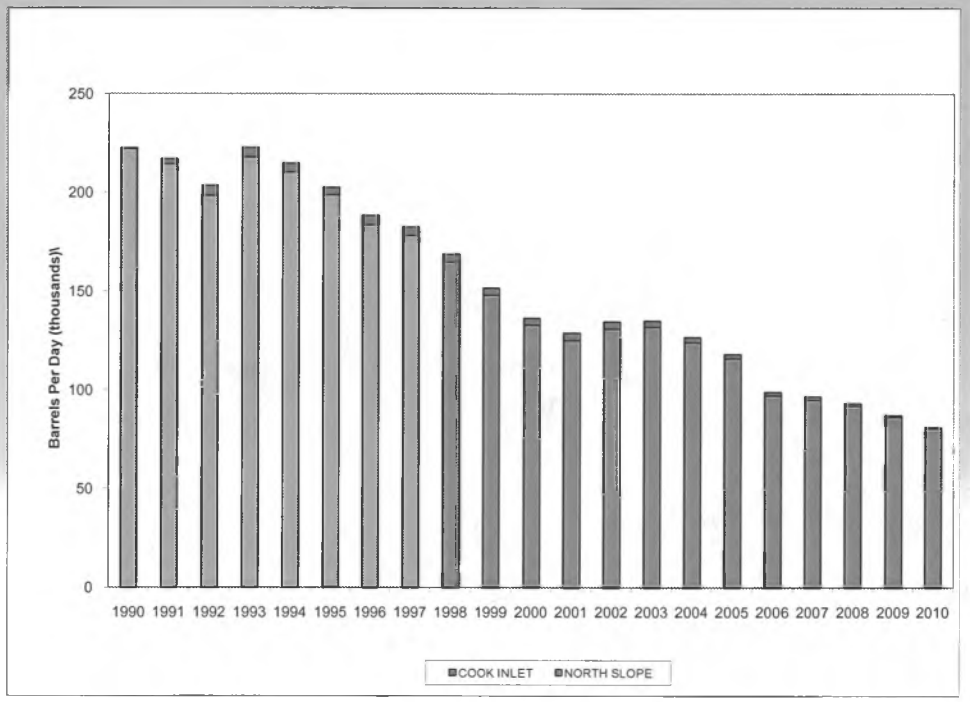
Fiscal Year Oil and Gas Revenue on State Lands



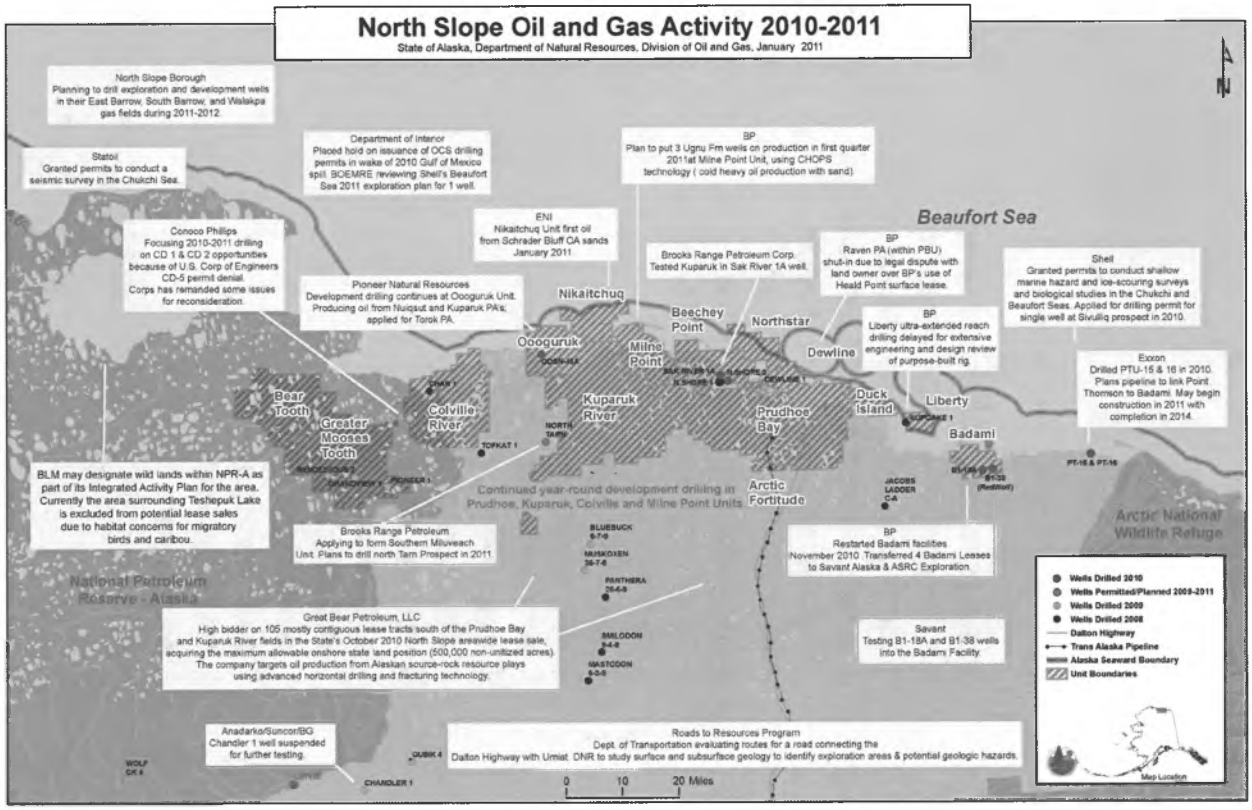
18

Annual State Oil Royalty Production

In thousands of barrels per day; fiscal years 1990 - 2010



19


North Slope Oil and Gas Activity 2010-2011
State of Alaska, Department of Natural Resources, Division of Oil and Gas, January 2011
North Slope Borough
Planning to drill exploration and development wells in their East Barrow, South Barrow, and Walakpa gas fields during 2011-2012.
Statoil
Granted permits to conduct a seismic survey in the Chukchi Sea.
Department of Interior
Placed hold on issuance of OCS drilling permits in wake of 2010 Gulf of Mexico spill. BOEMRE reviewing Shell's Beaufort Sea 2011 exploration plan for 1 well.
BP
Plan to put 3 Ugnu Frn wells on production in first quarter 2011at Milne Point Unit, using CHOPS technology (cold heavy oil production with sand)
Beaufort Sea
ENI
Nikaitchuq Unit first oil from Schrader Bluff OA sands January 2011
Conoco Phillips
Focusing 2010-2011 drilling on CD 1 & CD 2 opportunities because of U.S. Corp of Engineers CD-5 permit denial.
Corps has remanded some issues for reconsideration.
Brooks Range Petroleum Corp.
Tested Kuparuk in Sak River 1A well.
BP
Raven PA (within PBU) shut-in due to legal dispute with land owner over BP's use of Heald Point surface lease.
Shell
Granted permits to conduct shallow marine hazard and ice-scouring surveys and biological studies in the Chukchi and Beaufort Seas. Applied for drilling permit for single well at Sivulliq prospect in 2010.
Pioneer Natural Resources
Development drilling continues at Oooguruk Unit. Producing oil from Nuiqsut and Kuparuk PA's; applied for Torok PA.
Nikaitchuq
Beechey Point
Northstar
Oooguruk
Milne Point
Dewline
BP
Liberty ultra-extended reach drilling delayed for extensive engineering and design review of purpose-built rig.
Exxon
Drilled PTU-15 & 16 in 2010. Plans pipeline to link Point Thomson to Badami. May begin construction in 2011 with completion in 2014.
Bear Tooth
Greater Mooses Tooth
Colville River
Kuparuk River
Prudhoe Bay
Duck Island
Liberty
Badami
BLM may designate wild lands within NPR-A as part of its Integrated Activity Plan for the area. Currently the area surrounding Teshepuk Lake is excluded from potential lease sales due to habitat concerns for migratory birds and caribou.
Continued year-round development drilling in Prudhoe, Kuparuk, Colville and Milne Point Units
Arctic Fortitude
Arctic National Wildlife Refuge
Brooks Range Petroleum
Applying to form Southern Miluveach Unit. Plans to drill north Tarn Prospect in 2011
BP
Restarted Badami facilities November 2010. Transferred 4 Badami Leases to Savant Alaska & ASRC Exploration.
National Petroleum Reserve - Alaska
Great Bear Petroleum, LLC
High bidder on 105 mostly contiguous lease tracts south of the Prudhoe Bay and Kuparuk River fields in the State's October 2010 North Slope areawide lease sale, acquiring the maximum allowable onshore state land position (500,000 non-unitized acres). The company targets oil production from Alaskan source-rock resource plays using advanced horizontal drilling and fracturing technology.
Savant
Testing B1-18A and B1-38 wells into the Badami Facility.
Anadarko/Suncor/BG
Chandler 1 well suspended for further testing.
Roads to Resources Program
Dept. of Transportation evaluating routes for a road connecting the Dalton Highway with Umiat. DNR to study surface and subsurface geology to identify exploration areas & potential geologic hazards.
0 10 20 Miles
Wells Drilled 2010
Wells Permitted/Planned 2009-2011
Wells Drilled 2009
Wells Drilled 2008
Dalton Highway
Trans Alaska Pipeline
Alaska Seaward Boundary
Unit Boundaries
Map Location

20

North Slope Oil & Gas Activity 2010

- Badami Unit – BP/Savant
  - Savant Alaska, LLC drilled and completed 1 development well and 1 exploration well in 2010 (AOGCC). Restarted Badami facilities November 2010.
  - BP transferred 4 Badami leases to Savant Alaska & ASRC.
- Beechey Point Unit – Brooks Range Petroleum
  - Unit Formed in 2009. 2 exploration wells drilled in early 2010.
  - Tested Kuparuk Formation in Sak River#1A well.
- Colville River Unit – ConocoPhillips
  - 13 unit wells drilled and completed in 2010, 5 wells in Alpine PA and 8 wells in Fiord PA (AOGCC). 32 wells planned.
  - Increased drilling on state leases at CD1 and CD2 because of U.S. Corp of Engineers denial of CD5 (Alpine West satellite development permit. Corps has remanded some issues for reconsideration.
- Dewline Unit -- UltraStar
  - Applied for unit expansion in 2010. Second exploration well planned for 2012-2013.
- Kuparuk River Unit -- ConocoPhillips
  - Development drilling continues, 47 permitted unit wells (each lateral counts as a permitted well bore) completed in 2010 (AOGCC). 14 wells planned in 2011.
  - Kuparuk PA: 12 coiled tubing wells (44 laterals, AOGCC) completed in 2010.
  - Tarn PA: 3 grass root wells drilled and completed drilled in 2010 (AOGCC); PA expansion likely.
- Liberty (Federal Unit) – BP
  - Ultra-extended reach drilling delayed for extensive engineering and design review of purpose built rig.

North Slope Oil & Gas Activity 2010, continued

- Milne Point Unit – BP
  - 5 development sidetrack wells (7 total laterals) drilled and completed in 2010 (AOGCC). 4 wells planned in 2011, mainly in Kuparuk PA.
  - BP sanctioned the Ugnu CHOPS Pilot (Cold Heavy Oil Production with Sand); 3 wells to be put on production during first quarter 2011.

- Nikaitchuq Unit – ENI
  - Completed sealift of processing and utility modules in August, 2010.
  - AOGCC pool rules approved 2010 and PA application in progress for Schrader Bluff reservoir.
  - First production expected January 2011.
  - 2-3 wells planned in 2011.

- Oooguruk Unit – Pioneer
  - Development drilling continuing. 5 wells drilled and completed in 2010 (3 in Nuiqsut PA, 2 in Kuparuk PA), including 2 dual laterals (AOGCC).
  - Torok Formation produced 1,100 bbls/day in 2009; Pioneer applied for Torok PA in 2010, which could result in drill site expansion.
  - 3-4 wells planned in 2011.

- Prudhoe Bay Unit – BP
  - 50 permitted sidetracks and 8 grass roots wells drilled in 2010, with total of 66 laterals completed in 2010 (AOGCC).
  - 27 sidetracks and one new development well in Ivishak PA Q4 2010-2011.
  - Aurora PA: 1 producer, 1 injector wells Q4 2010.
  - Borealis PA: 4-5 wells planned for 2011-2012.
  - Polaris PA: 1 producer and 4 injectors planned for Q4 2010-2011.
  - Raven PA shut-in due to legal dispute with private landowner over BP's use of Heald Point surface lease.

North Slope Oil & Gas Activity 2010, continued

- Additional Activity – (Oil & Gas)
  - **Onshore State (and ASRC) Lands**
    - ExxonMobil drilled and tested 2 wells at Point Thomson field (PTU-15 and -16) in 2010. Plans pipeline to connect Point Thomson to Badami pipeline system; may begin construction in 2011 with completion in 2014.
    - Brooks Range Petroleum is applying for new Southern Miluveach Unit (52,000 acres) immediately west of the Kuparuk River Unit, with plans to drill North Tarn prospect in 2011.
    - Union (Chevron) relinquished or sold all but 4 of its 59 White Hills leases south of Kuparuk.
    - Great Bear Petroleum, LLC was high bidder on 105 mostly contiguous tracts south of Kuparuk and Prudhoe Bay Units in October 2010 North Slope areawide sale, acquiring the maximum allowed non-unitized land position (500,000 acre onshore limit). The company is targeting oil production from source-rock resource plays using advanced horizontal drilling and fracturing technology.
    - Teck-Cominco postponed drilling another shale gas exploration well at the Sakkan Unit in the far western North Slope. Project goal is to establish local fuel gas supply for Red Dog mine.
    - Anadarko, Suncor, and BG dropped 65 state leases in the southern North Slope Foothills , and suspended the Chandler 1 well near Gubik/East Umiat for further testing. The joint venture partnership retains a significant acreage position on state and ASRC lands in other parts of Foothills.
    - DNR (DOG and DGGS) is conducting integrated subsurface interpretation and geologic field work in the Umiat – East Umiat – Gubik area to gain better understanding of resource potential associated with DOT-led Roads to Resources Foothills West project; multi-year project started in 2010.

North Slope Oil & Gas Activity 2010, continued

- Additional Activity – (Oil & Gas)
  - **OCS**
    - Department of Interior placed a hold on issuance of OCS drilling permits in wake of 2010 Gulf of Mexico spill; State has challenged this in court as a de-facto drilling moratorium. DOI issued a decision to honor existing OCS leases in December, 2010.
    - Shell was granted permits to conduct shallow hazard surveys, ice-scour surveys, and biological studies in support of 2011 exploration plan in the Beaufort Sea OCS. Shell applied to BOEMRE for a permit to drill a single well at their Sivulliq prospect (former Hammerhead oil and gas discovery) in the eastern Beaufort Sea at Camden Bay.
    - Statoil obtained seismic permits and acquired a 3-D survey over its leases in the Chukchi Sea OCS.
  - **NPRA**
    - BLM may designate wild lands within NPR-A as part of its Integrated Activity Plan for the area. Currently the area surrounding Teshepuk Lake is excluded from potential lease sales due to habitat concerns for migratory birds and caribou.
    - Talisman/FEX relinquished 11 leases in the North Slope Foothills and 19 leases in Beaufort Sea state waters adjacent to NPRA in Harrison Bay. The company is seeking to sell its interest in its remaining Foothills and NPR-A leases, including 3 suspended exploration wells in northwestern NPRA.

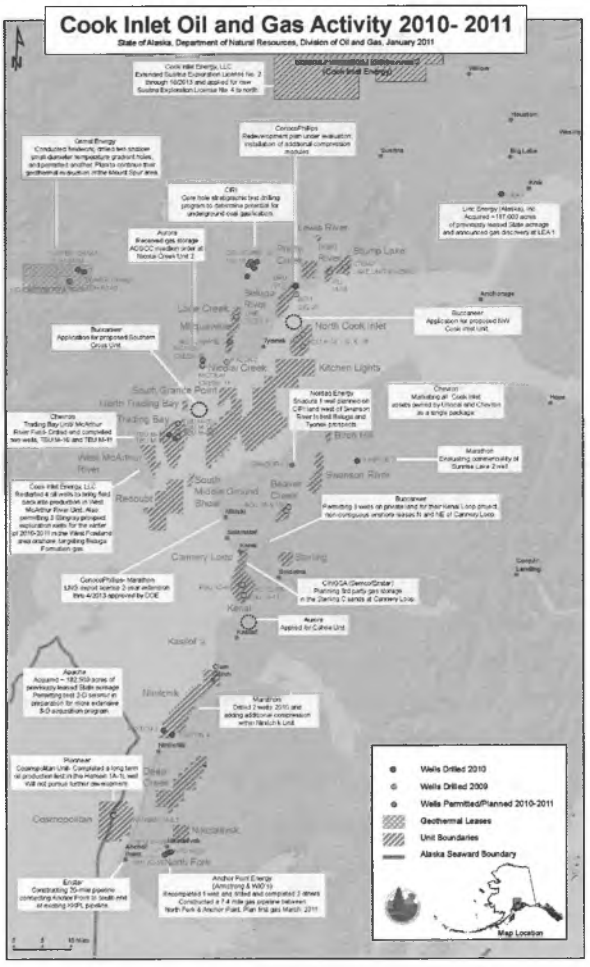
North Slope Planned Activity

Badami Unit: Two wells being tested to bring field back on line
Beechey Point Unit: Two exploration wells planned
Colville River Unit: 32 wells planned
Dewline Unit: Second Exploration well planned for 1st Quarter 2012
Kuparuk River Unit: 14 wells planned
Milne Point Unit: BP sanctioned the Ugnu Pilot "CHOPS" (Cold Heavy Oil Production with Sand); four wells planned.
Slope wide estimated heavy oil reserves (Ugnu) are 20 BBO.

Nikaitchuq Unit:	Two - three wells planned
Oooguruk Unit:	Three - four wells planned
PBU-Aurora:	Two wells planned for 4th Q 2010; one for 2011
PBU-Borealis:	Four to five wells planned 2011
PBU-Polaris:	Drill one producer and 4 injection wells in 2011
PBU-Prudhoe IPA:	2010 plan to drill 1 new development well and 27 sidetracks
Sakkan Unit:	one exploration well 2011
Northstar Unit:	NS-08 tract op Kuparuk C sand commenced Nov. 2010.

Brooks Range Petroleum - North Tarn Well

25


Cook Inlet Oil and Gas Activity 2010- 2011
State of Alaska, Department of Natural Resources, Division of Oil and Gas, January 2011
Wells Drilled 2010
Wells Drilled 2009
Wells Permitted/Planned 2010-2011
Geothermal Leases
Unit Boundaries
Alaska Seaward Boundary
Map Location
North Cook Inlet
Kitchen Lights
Trading Bay
West McArthur River
Middle Ground Shoal
Beaver Creek
Swanson River
Redoubt
Kenai
Nikiski
Cosmopolitan
Anchor Point Energy
Buccaneer
Application for proposed Southern Grove Unit
Application for proposed SW Cook Inlet Unit
Aurora
Received gas storage AOGCC injection order at Nikiski Creek Unit 2
Applied for Cahree Unit
Marathon
Extending commerciality of Sunrise Lake 2-well
Chevron
Mothballing all Cook Inlet assets owned by Unocal and Chevron as a single package
Hilcorp Energy
Endicott
Pioneer
Cosmopolitan Unit- Completed a long term oil production test in the Hemlock 1A-1L well
Will not pursue further development
Apache
Acquired ~182,500 acres of previously leased Shell acreage
Permitting one 2-D seismic in preparation for more extensive 3-D acquisition program
Marathon
Drilled 2 wells 2010 and adding additional compression at the Nikiski-A Unit
ConocoPhillips
Redevelopment plan under evaluation
Installation of additional compression
Linc Energy (Alaska), Inc.
Acquired ~117,000 acres of previously leased State acreage and announced gas discovery at LEA-1
CIRI
Core hole stratigraphic test drilling program to determine potential for underground coal gas/sequestration
General Energy
Conducted feasibility drilled two shallow small diameter temperature gradient holes on permitted acreage. Plans to continue their geothermal evaluation in the Mount Spurr area.
Cook Inlet Energy, LLC
Extended Susitna Exploration License No. 2 through 10/2013 and applied for new Susitna Exploration License No. 4 to north
Cook Inlet Energy, LLC
Redrilled 4 oil wells to test Red Sand and Tyonek reservoirs in West McArthur River Unit. Also permitting 2 Stingray pinpoint exploration wells for the winter of 2010-2011 in the West Foreland area onshore targeting Beluga Formation gas
ConocoPhillips- Marathon
LNG export license 2-year extension thru 4/2013 approved by DOE
CINGSA (Semco/Enstar)
Planning 3rd party gas storage in the Sterling C sands at Cannery Loop
Buccaneer
Permitting 3 wells on private land for their Kenai Loop project, non-contiguous onshore leases N and NE of Cannery Loop
Enstar
Constructing 70-mile pipeline connecting Anchor Point to south end of existing KRPL pipeline
Anchor Point Energy
(Armstrong & Hilcorp)
Recompleted 1 well and drilled and completed 2 others
Constructed a 7.4 mile gas pipeline between North Fork & Anchor Point. Plan first gas March, 2011

Cook Inlet Oil & Gas Activity 2010

- Beluga River Unit – ConocoPhillips (Gas)
  - Drilled and completed one well, BRU 212-24T.
  - Redevelopment plan underway – installation of pad compression
- Cannery Loop Unit – Marathon (Gas)
  - Federal oil and gas lease AA-019230 segregated; lease and unit administration waived to the State of Alaska, effective March 26, 2010, terminating joint administrative responsibilities.
  - Gas storage lease/CINGSA issuance pending full RCA approval.
- Nicolai Creek Unit – Aurora Gas (Gas)
  - Applied for gas storage in Nicolai Creek Unit 2, withdrew their application.
  - AOGCC issued a storage injection order and aquifer exemption for Nicolai Creek Unit 2.
  - Expanded Unit, formed West Beluga and West Tyonek Pas
  - Drilled and completed a new gas well to the west, Nicolai Creek 11 in late 2009, currently in production.
- Ninilchik Unit – Marathon (Gas)
  - Drilled and completed two wells, Paxton 3 and Paxton 4.
  - Installing compression on all producing pads
- North Fork Unit – Armstrong (Gas)
  - Acquired 3D seismic program over unit March 2010
  - Drilled and completed two new gas wells, North Fork Unit 14-25 and North Fork Unit 32-35.
  - Re-completed SOCAL NFU 41-35 in gas zone, drilled 34-26.
  - Constructing a 7.4-mile gas pipeline between North Fork and Anchor Point , could be ready for operation in mid_February given approval of permit applications
  - First gas sales anticipated Mar 2011
  - Testing oil horizon
- Trading Bay Unit/ McArthur River Field– Chevron (Oil & Gas)
  - Drilled and completed two wells, TBU M-10 and TBU M-11.
- West McArthur River Unit – Cook Inlet Energy (Oil & Gas)
  - Cook Inlet Energy acquired in Dec. 2009
  - Workover on three wells
  - Restarted 4 oil wells to bring field back into production.
  - Current production: 778 barrels/day (November 2010)

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Cook Inlet Oil & Gas Activity 2010 (continued)

- Additional Activity – (Oil & Gas)
  - Linc Energy Alaska, Inc. acquired Geo Petro summer 2010 and drilled LEA 1 discovery well. Announced success Oct. 2010, well results pending. Planning an exploration well in the Trading Bay area onshore
  - Marathon drilled Sunrise Prospect east of Swanson River field, Sunrise Lake 2. Encountered "zone of interest" and is evaluating results to "determine commerciality."
  - Nordaq Energy Partners planning exploration well, Shadura 1, from an ice road west of Swanson River field on CIRI acreage within the Kenai Wildlife Refuge. Targeting gas in the Beluga and the Tyonek formations.
  - ConocoPhillips and Marathon LNG export license' 2 year extension was approved by the DOE. Reauthorizes export to 4/13.
  - Enstar is extending the KKPL natural gas pipeline from Ninilchik to Anchor Point, allowing North Fork gas to reach market.
  - Chevron will open data room in 1Q 2011 for sale of all Cook Inlet assets. Target sale close by 7/1/11.

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Cook Inlet Oil & Gas Activity 2010 (continued)

- Additional Activity – (Oil & Gas)
  - Apache acquired 182,500 acres of previously leased State acreage. Permitting 2-D seismic test in preparation for more advanced exploration. DCOM is issuing joint public notice this week announcing a 17-day comment period for the project.
  - Cook Inlet Energy, LLC, a wholly owned subsidiary of Miller Petroleum Inc., permitting 3 exploration wells (Stingray) for the winter of 2010-2011 in the West Foreland area onshore. Targeting Beluga Formation gas. Permits should be issued early 2011.
  - Buccaneer Alaska LLC applied for two proposed units, Northwest North Cook Inlet Unit and Southern Cross Unit. Currently organizing financing for a jack-up rig.
    - Buccaneer acquired 44,000 acres of previously leased State acreage on the east side of the Cook Inlet. With 5,760 acres acquired during the 2010 lease sale, total acreage is approximately 49,000 acres. Buccaneer plans to drill one exploration about 15 miles east of Anchor Point, late 2011. Permits issued pending posting of bond.
    - Buccaneer acquired 5,653 acres on the west side of Cook Inlet near the Nicolai Creek Unit. Buccaneer plans to drill one well in 2011.
    - Buccaneer is in the permitting process for drilling on Mental Health Trust Lands north of Kenai airport, and expected to drill in the next few months.
  - Aurora applied for one proposed unit, Cohoe Unit. Decision pending. Lease operations permit issued in late 2010.
  - Armstrong applied for North Fork draft unit expansion. Decision pending.
  - Escopeta hopes to bring jack-up into Cook Inlet under terms of POE. Permit will be issued following selection of rig. Fresh public review may be required due to beluga whale issue.

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Additional Cook Inlet Activity 2010

- Cook Inlet Geothermal Energy and Coal Gasification
  - Ormat Energy conducted fieldwork, drilled two small diameter temperature gradient holes (Mt Spurr Lower Chakachatna River 62-02 and Mt Spurr Upper Chakachatna River 67-04). Planning to continue exploration next year.
  - CIRI drilled one stratigraphic test for coal gasification project, CIRI CC-06C-10.

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The Alaska Oil and Gas Conservation Commission

January 21, 2011 Testimony

House Resources Committee

AOGCC Chair, Dan Seamount

Outline

- Who we are and what we do
- Activity trends
- Hot topics

Who We Are and What We Do

AOGCC Staffing

- 3 commissioners: a petroleum engineer, a petroleum geologist, a public member with relevant oil & gas experience
- 5 petroleum engineers
- 2 petroleum geologists
- 6 field inspectors
- IT, admin, and clerical support staff

AOGCC Mission

- Prevent hydrocarbon waste
- Protect correlative rights
- Promote greater ultimate hydrocarbon recovery
- Protect underground fresh water from damage caused by oil and gas operations
- Protect human safety

AOGCC Jurisdiction

- Oil and gas resource development
- Geothermal resource development
- Underground storage of natural gas
- Metering accuracy for custody transfer

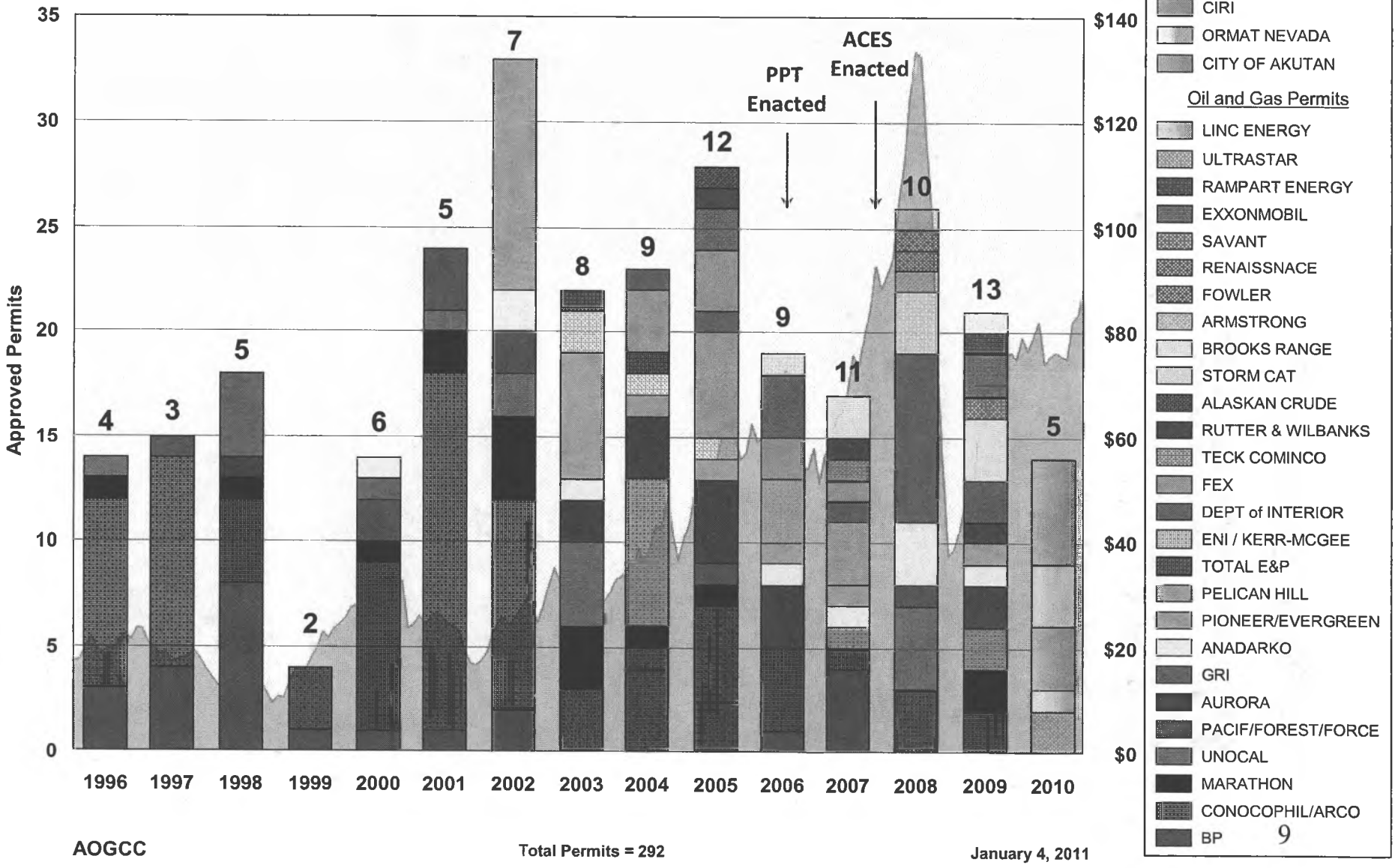
Typical AOGCC Approvals

- Drilling
- Sundry Wellwork
- Underground Injection (EOR, disposal, gas storage)
- Conservation Orders
- Other

Activity Trends

EXPLORATORY WELL PERMITS (1996 - 2010)

with West Coast Spot Price for Alaska North Slope Crude Oil (Dollars per Barrel)

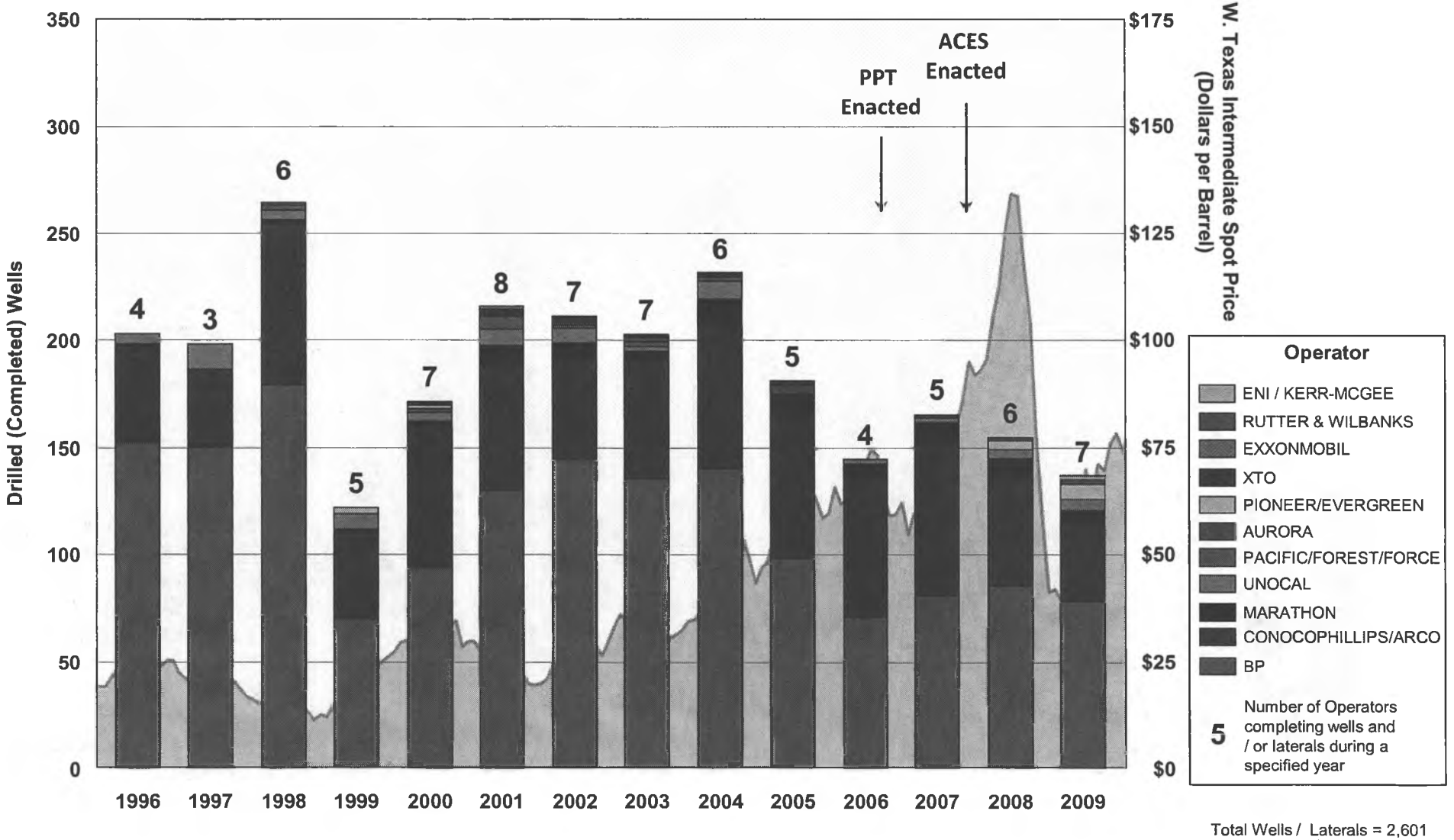


AOGCC

Total Permits = 292

January 4, 2011

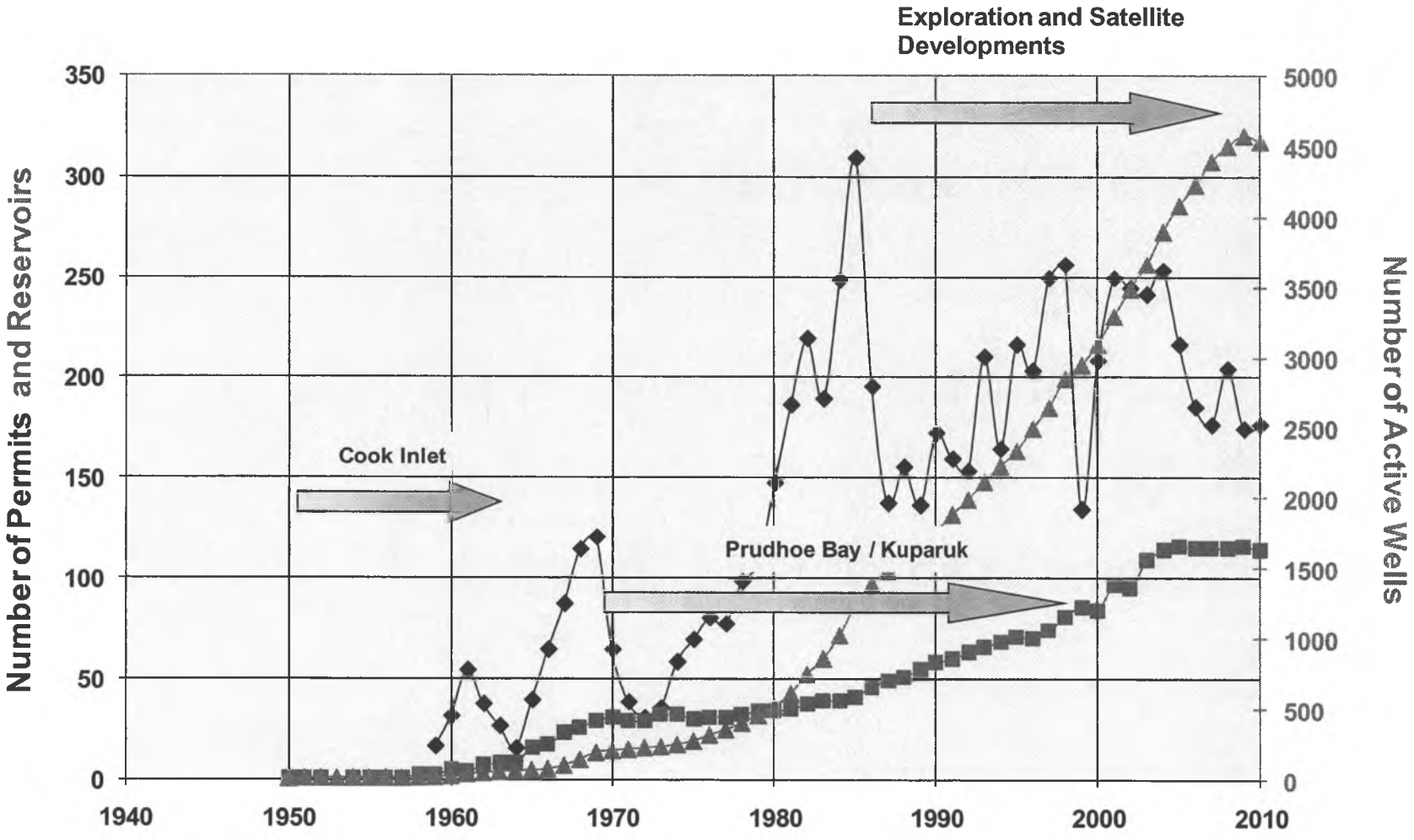
DEVELOPMENT AND SERVICE WELLS / LATERALS (1996 - 2009)



Total Wells / Laterals = 2,601

AOGCC

Alaska Oil & Gas Activity



Hot Topics

- North Slope gas sales
- Gas storage
- Geothermal and other non-traditional drilling
- Response to the GOM disaster
- Liberty
- Suspended wells

AOGCC Role in North Slope Gas Sales

- Prevent hydrocarbon waste
- Ensure greater ultimate recovery of hydrocarbons

- Prudhoe Bay study complete, will need minor updating
- Pt Thomson study nearing completion

AOGCC's Role in Gas Storage

- Ensure no hydrocarbon waste
- Ensure safe operations

- 7 storage injection orders exist in Cook Inlet
  - Swanson River (3), Pretty Creek, Kenai Gas Field, Nicolai Creek, and Cannery Loop
- CINGSA injection order issued. Request for reconsideration under review.

Non-traditional Drilling under AOGCC Jurisdiction

- Coal Bed Methane
  - No current activity

- Geothermal (under AOGCC jurisdiction since July 2010)
  - Naknek Electric
  - Ormat Mt Spurr
  - Akutan

AOGCC's role in "other" drilling:

AS 31.05.027(g)
When the commission finds sufficient likelihood of an unexpected encounter of oil, gas or other hazardous substance . . . the commission may . . .designate the area . . . subject to the regulations and requirements . . .

Recent Applications of AS 31.05.027(g)

- Naknek Electric (before July, 2010)
- CIRI's Cook Inlet UCG (underground coal gasification) project

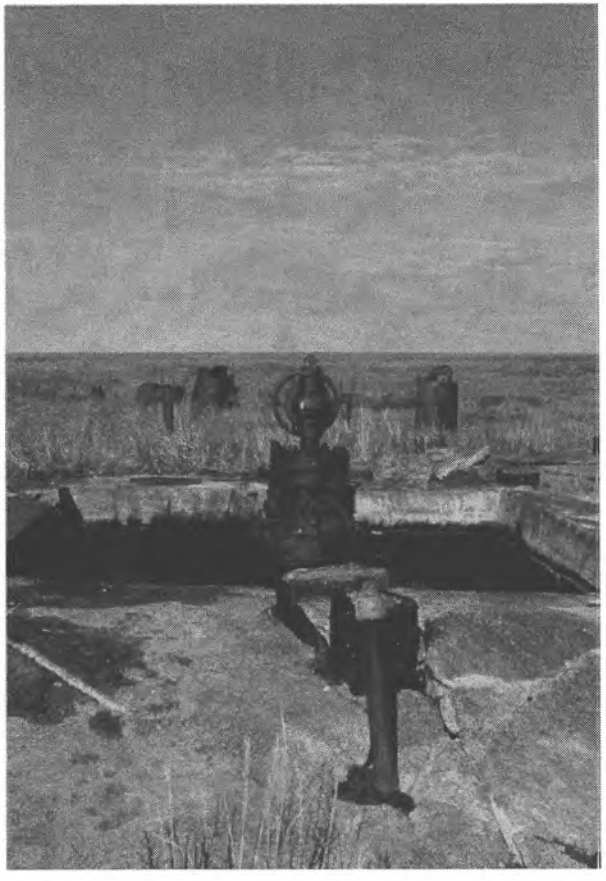
AOGCC's Response to the GOM Incident

- Increased vigilance
- Responding to local and national inquiries
- Reviewing findings from various studies
- Recruiting additional field inspectors
- Reviewing our regulations and statutes
- Holding public hearing(s) (AOGCC docket #OTH 10-16)
- Adopting or amending regulations and statutes, if need is identified

Liberty

- Some characteristics similar to the Gulf of Mexico ultra-deep well
- More stringent oversight than normal

Suspended Wells

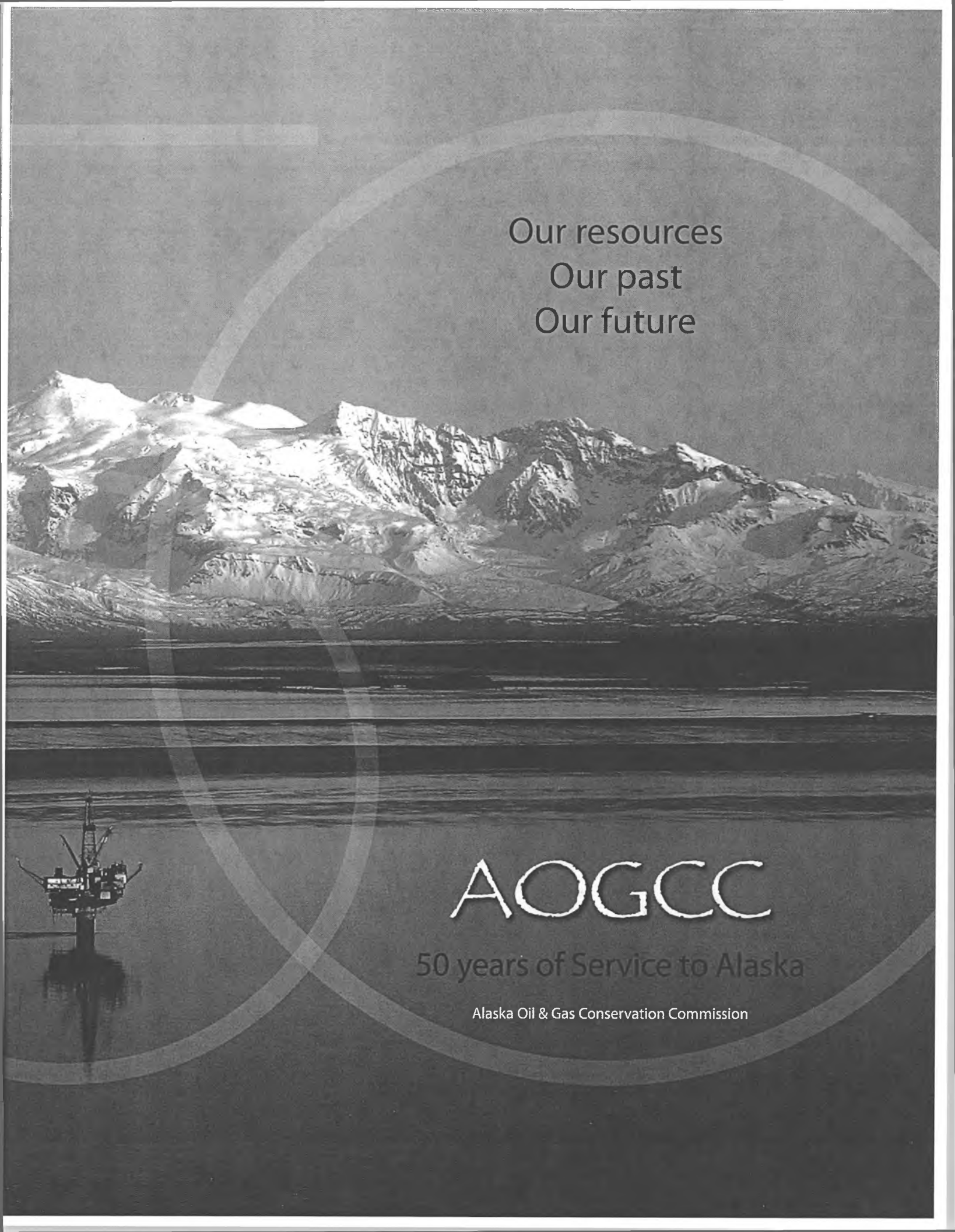


- Recently updated regulations
- Suspended wells on active pads and platforms are not a problem
- BLM legacy wells in NPR-A are not in compliance with regulations

Questions?

THE FOLLOWING PUBLICATION HAS NOT BEEN FILMED BUT IS AVAILABLE IN THE ORIGINAL FILE AND ONLINE: AOGCC - 50 YEARS OF SERVICE TO ALASKA

http://www.aogcc.alaska.gov/WhoWeAre/50th/aogcc50thBooklet.pdf


Our resources
Our past
Our future
AOGCC
50 years of Service to Alaska
Alaska Oil & Gas Conservation Commission

1/24/11 OVERVIEWS: DNR DIVISION OF PARKS & OUTDOOR RECREATION AND DIVISION OF COASTAL & OCEAN MANAGEMENT

<TARGET><BILL></BILL><SUBJECT>1-24-11 OVERVIEWS DNR - DIVISION OF PARKS and OUTDOOR RECREATION AND DIVISION OF COASTAL and OCEAN MANAGEMENT</SUBJECT><COMM>HRES27</COMM></TARGET>

START

Co-Chair Feige, vice-chair Wilson, members of the committee, for the record I am Ben Ellis, the newly appointed director of the Division of Parks and Outdoor Recreation within the Department of Natural Resources. This briefing will provide an overview of the division; areas of excellence and issues and challenges.

We manage the largest state park system in the nation, with 123 park units with more than 5 million visits last year and most of them were Alaskans. Our mission is to provide recreational opportunities and to conserve and interpret natural, cultural and historic resources for the use, enjoyment and welfare of the people. Our vision is one of an affordable and accessible system of parks that provide diverse, safe, year-round, high-quality, family-oriented outdoor recreation experiences; and statewide programs that enhance the enjoyment and stewardship of the state's outdoor recreation, natural, historic and cultural resources and a dedicated, professional staff that fully meets the needs of the public.

Overview

The Division is comprised of six statewide programs:

- Parks and Outdoor Recreation Management
- Design and Construction
- Office of History and Archaeology
- Office of Boating Safety
- Alaska Trails Office
- Administration and Grants

We have 99 full-time positions, 38 seasonal employees and some 700 park volunteers with our headquarters in Anchorage and offices in Fairbanks, Delta Junction, Wasilla, Soldotna, Seward, Homer, Haines, Sitka, Ketchikan, Kodiak and Dillingham.

Parks and Outdoor Recreation Management

The Alaska State Park system covers 3.3 million acres. The Parks and Outdoor Recreation Management program focuses on resource management and protection, public safety, facility maintenance, commercial use permits, fees and contract management of parks. We have 2,500 campsites, 37 boat launches, 128 trailheads, 700 miles of trails, 73 public use cabins, 43 scenic overlooks and 400 toilets.

Our management budget of $9.2 million is comprised of approximately $5.7 million, or 62%, State General Fund dollars, $2.5 million, or 27%, from user fees paid directly to the division and 11% from other funding sources, such as federal grants or payments from other agencies requesting our assistance in management of resources.

Last year, Alaska State Park had more than five million recreational visits and of these visitors, approximately 80 % were Alaskans. Regardless of political persuasion, economic or social status, Alaskans are passionate about experiencing the state's outdoor recreational opportunities.

We also have Alaska's largest volunteer program. For every paid hour of work in the division there are three hours of volunteer time provided.

Design and Construction

Our design and construction professionals provide department-wide services for project design, engineering and construction management which include roads, rest areas, visitor centers, trails, subdivisions, mining reclamations, bridges, boardwalks, boat launches and toilets. It is the only section outside Department of Transportation with unlimited contract authority for construction projects. The section also supports our interpretive programs, education, displays, brochures, publications and maps.

Office of History and Archaeology

The Office of History and Archaeology administers the state's federally-funded historic preservation program. The section maintains historical site records, conducts research, provides training and educational materials, protects cultural resources through project review and technical services, and provides grants to local governments and others.

Office of Boating Safety

The primarily federally-funded Office of Boating Safety is geared toward reducing boating deaths, injuries and property damage primarily through education and outreach. A keystone project of this office is the *Kids Don't Float* life jacket loaner program. This collaborative partnership with the Alaska Department of Health and Social Services, the U.S. Coast Guard, Alaska Safe Kids and local sponsors has provided 565 jacket loaner board stations in 202 communities. We are the primary supplier of life jackets for the program, with 30,892 provided to date. In addition, the *Kids Don't Float* schools program has provided educated more than 78,000 Alaskan students. At least 19 Alaskan children have survived a water emergency as a result of wearing a Kids Don't Float loaner life jacket.

Alaska Trails Office

The Alaska Trails Office oversees the Recreational Trails Program and the Alaska Trails Initiative, grant programs with combined federal funding of $2.5 million and more than 90 projects completed in the last four years. The section also manages $250,000 in snow machine registration fees through the SnowTrac program and provides education, maps and expertise on trails throughout the state.

Our Trail Inventory and Mapping Project as recorded some 700 miles of trails in Alaska State Parks, and through the Snowmobile Trail Grant Program, we fund the grooming of approximately 1,000 miles of snowmobile trails, covering multiple land ownerships

Administration and Grants

The Administration and Grants section administers grants relating to outdoor activities throughout the state. The Recreational Trails and Alaska Trails Initiative grants are federal funds for the development and maintenance of Recreational Trails, and Land and Water Conservation Funds are used by local governments to improve access to outdoor activities throughout Alaska.

The Forest Legacy and Coastal Wetland grants are used to protect and preserve working forests and secure public access to lands while protecting riparian habitats. Other grants include the Historic Preservation Fund, and SnowTrac.

A few of the grant projects under this section are:

The Nugget Falls in Juneau. This is a $198,200 Alaska Trails Initiative funds project, in which we are working cooperatively with the National Forest Service to build a trail from the visitor's center at the Mendenhall Glacier to Nugget Falls.

The Sitka Cross Trail: This is a $1.1 million Alaska Trails Initiative project in cooperation with Sitka Trails to establish a dedicated trail system in the City of Sitka.

The Girdwood Nordic Ski Trails. This is a $50,000 Recreational Trails project to develop a 5km Nordic/multi-use ski trail system.

The Ester Dome Singletrack in Fairbanks. This is a $100,000 Recreational Trails project in conjunction with the Alaska Trails.

Areas of Excellence

- Since the 1960s, there has been a shared vision among public land managers in the South Denali region that the area had potential for greater use and development for visitors. Today, we are on the cusp of making that vision into a reality with South Denali Visitor Center project. This cooperative endeavor between our division, the National Park Service, the Department of Transportation, the Mat-Su Borough and local businesses will provide year-round activities including interpretive opportunities, hiking, camping, summer trails for non-motorized use and winter trails for both motorized and non-motorized use. This project will contribute to Alaska's economy by creating hundreds of new jobs, concession opportunities and by providing an additional source of revenue for Parks Highway communities such as Trapper Creek, Talkeetna, Cantwell and Healy. An analysis of the visitor center proposal by the Institute of Social and Economic Research estimates

$7.6 million to $18.6 million in related employment income per year and $17.8 million to $44.8 million in tourism expenditures.

- Our design and construction section completes an average of $5 million to $7 million worth of projects per year, while completing 95% of their projects within three years. This beats the industry standard by approximately 5-10% for getting funding "on the ground." Efficiency, accountability and professional integrity all play a part in getting funding to the private sector for consultants and contractors.

- Alaska's recreational boating fatalities have dropped since the Office of Boating Safety was established in 1998. Boating fatalities have decreased 27.6% in the last 10 years. While any fatality is one to many, Alaska experienced 11 recreational boating deaths in 2010, the fewest in the last 40 years. Because of its trendsetting approach, the office was recognized last year with the *Meritorious Public Service Award* from the Commandant, U.S. Coast Guard , as well as the prestigious *Compass Award* from the National Association of State Boating Law Administrators for its work in cold water immersion education programs.

- The Alaska Trails Office is organizing the first biennial "Trail Rondy" this April. This three-day event will include training, discussions, hands-on demonstrations and vendors focused on the needs of Alaska's trail community. It will be an opportunity for trail enthusiasts, planners and builders to learn new skills, test the latest equipment and share ideas on how to make Alaska's trails the best in the nation.

- Last year, the Office of History and Archaeology's historical research services for the State's Navigability program enabled the state to produce comprehensive historic reports on 13 rivers in the Kuskokwim region. The state will use these reports to apply for Recordable Disclaimer of Interest with Bureau of Land Management. This clears the way for state title to these navigable waters and removes any challenge to state ownership. In addition, in 2010 this office awarded 16 historic preservation grants covering 13 communities throughout Alaska, from Ketchikan to Nome.

Issues and Challenges

- We have to do a better job in keeping our parks safe, accessible and open to all visitors. To do so will require a strategy (both short- and long-term) to address the $65.8 million we have in deferred maintenance.
- Our Office of History and Archaeology continues to be challenged by the volume, size and complexity of state and federal projects to be reviewed for impacts to cultural resources. In 2010,

more than 3,000 projects were reviewed, and since FY2000, there has been a 50% increase in project reviews.

- A significant challenge to the Alaska Trails Office is the possible removal of the Recreational Trails Program from the Federal Highway Transportation Bill, now up for reauthorization in Congress. If the program is not re-authorized it is likely that our division will see a significant increase in deferred maintenance of state park trails that traditionally were met by the federally-funded program.
- Despite progress, Alaska still has one of the highest boating fatality rates in the nation.

And finally, I sense we have an issue of image. We have hard working, dedicated professionals throughout the division — rangers, engineers, historians, trail crew, maintenance workers, administrative staff and hundreds of volunteers. They are committed to our organization's goal and mission. They put their heart and soul into their work and are passionate about providing the best outdoor recreational experience for Alaskans and our visitors. But that is not enough. We need to do a better job at being open, fair and balanced in our decisions. We need to be more consistent with our message. We need to be more responsive to the public and to this body. And, we must be creative in finding the solutions to our deferred maintenance crisis and improving our image throughout the state. We have in our stewardship the most vast and breathtaking state park system in the nation. We must not fail in this responsibility. With your guidance and support, I am confident we can improve on an already great state park system, one Alaskans are proud to say "This is MY Alaska!"

Thank you for the opportunity to testify before you. I encourage you and your colleagues to visit our state park system with me as your time allows. As today is my two-week anniversary as director, I have asked Deputy Commissioner Ed Fogels who is here today, as well as some of my leadership staff in Anchorage to be online to assist in answering any questions you may have regarding the Division of Parks & Outdoor Recreation.









5 million visit last year
mostly Alaskans






uvex



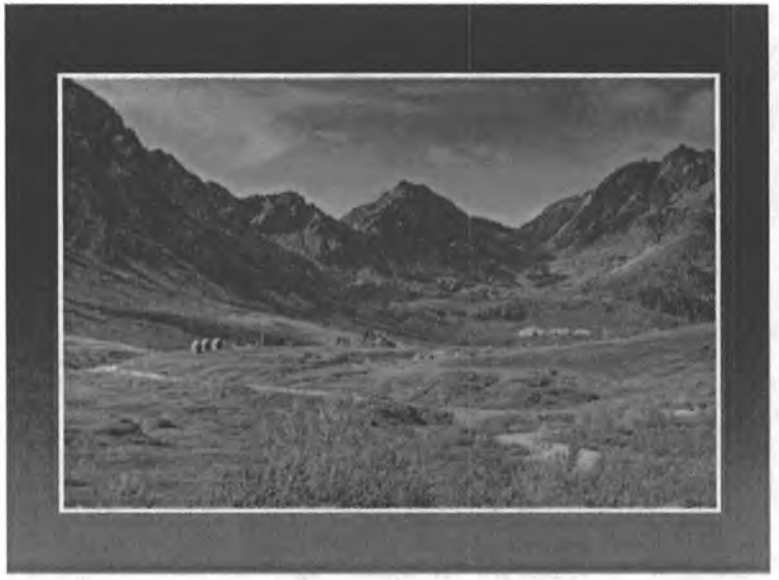








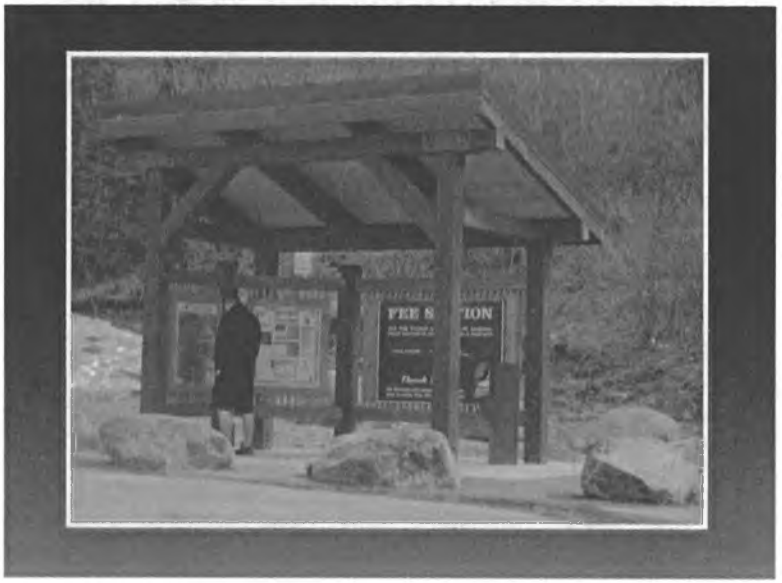






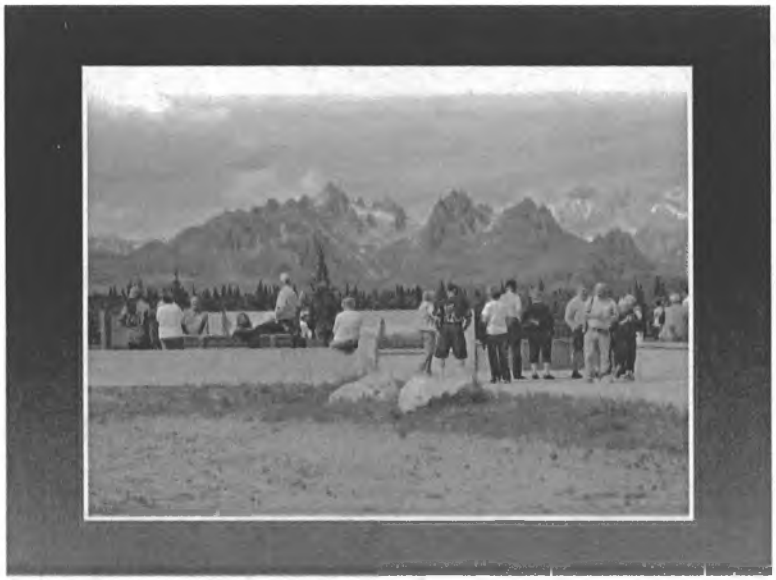














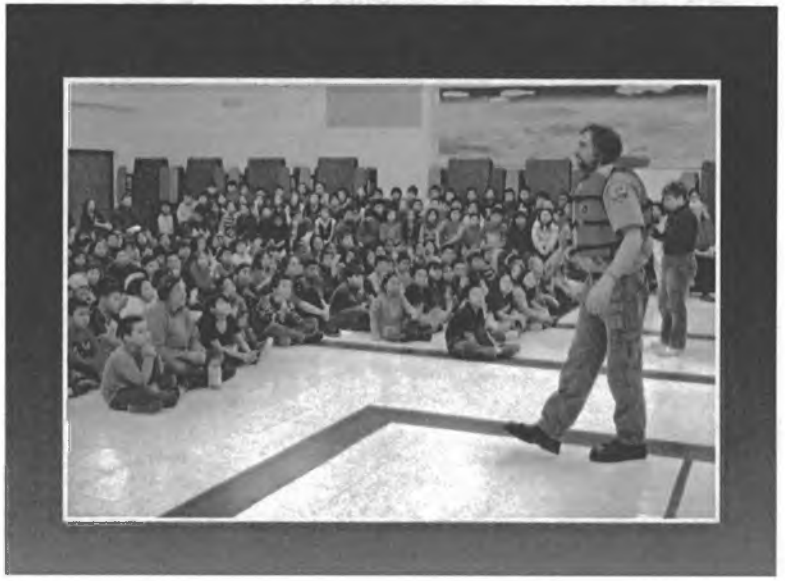




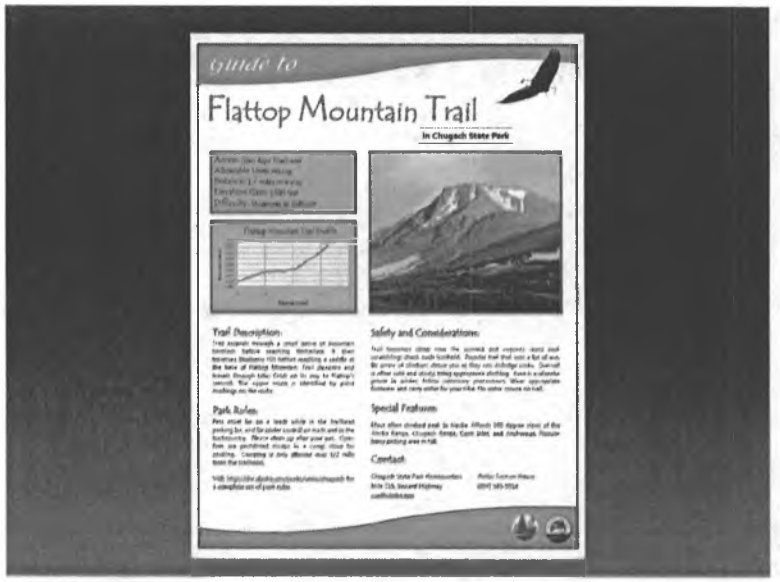


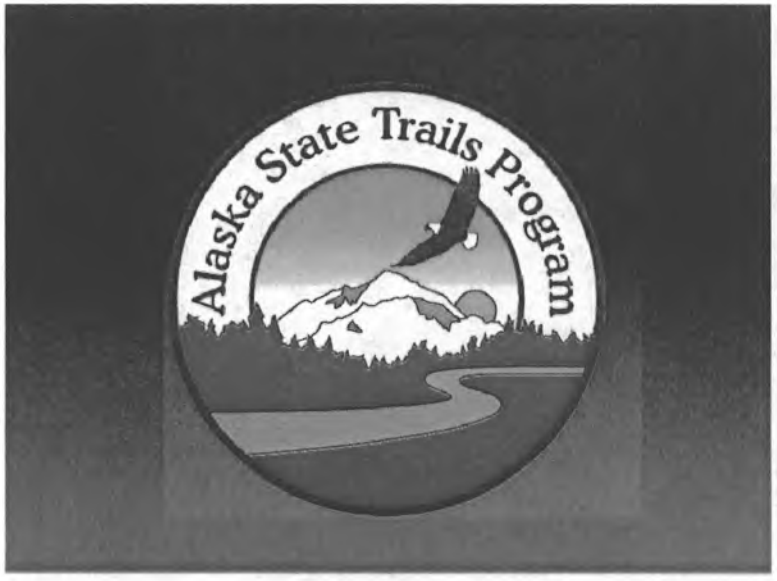









Guide to
Flattop Mountain Trail
In Chugach State Park
Trail Description:
Park Rules:
Safety and Considerations:
Special Features:
Contact:

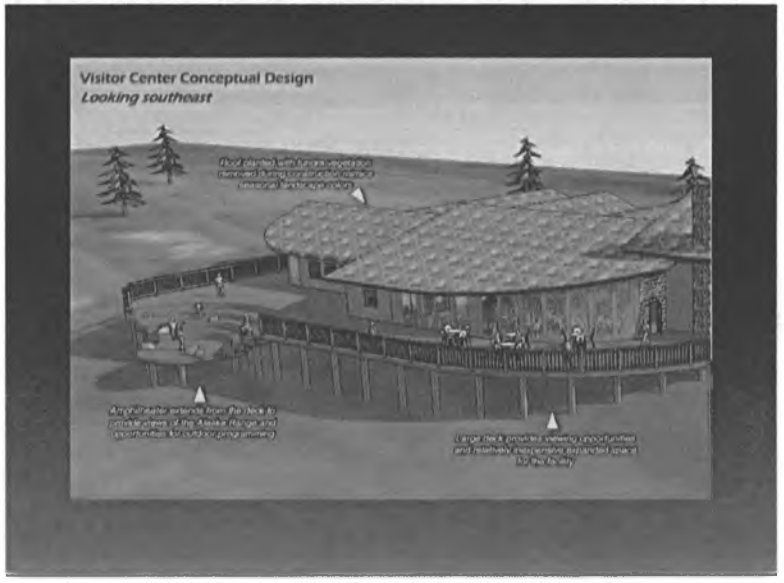

Alaska State Trails Program



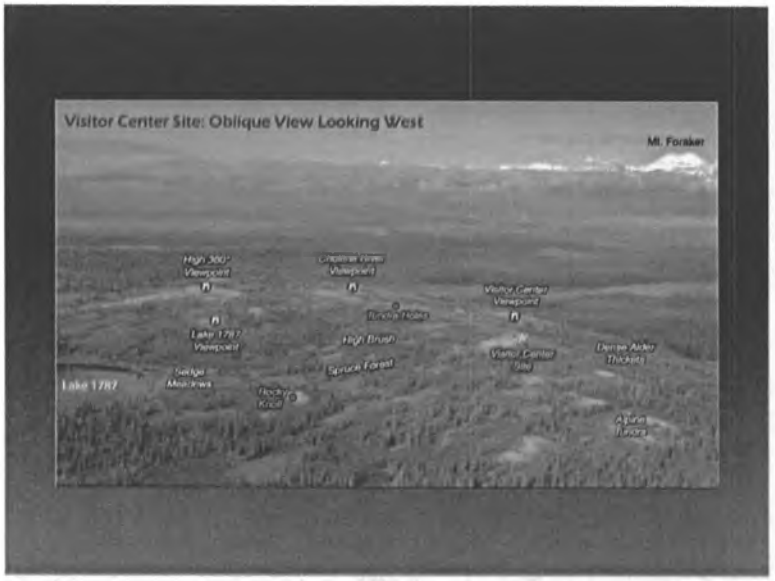





South Denali Visitor Center Complex
Interpretive Master Plan
August, 2009


Visitor Center Conceptual Design
Looking southeast




Visitor Center Site: Oblique View Looking West
Mt. Forsker
High 300' Viewpoint
Lake 1787 Viewpoint
Visitor Center Viewpoint
Visitor Center Trail
Lake 1787

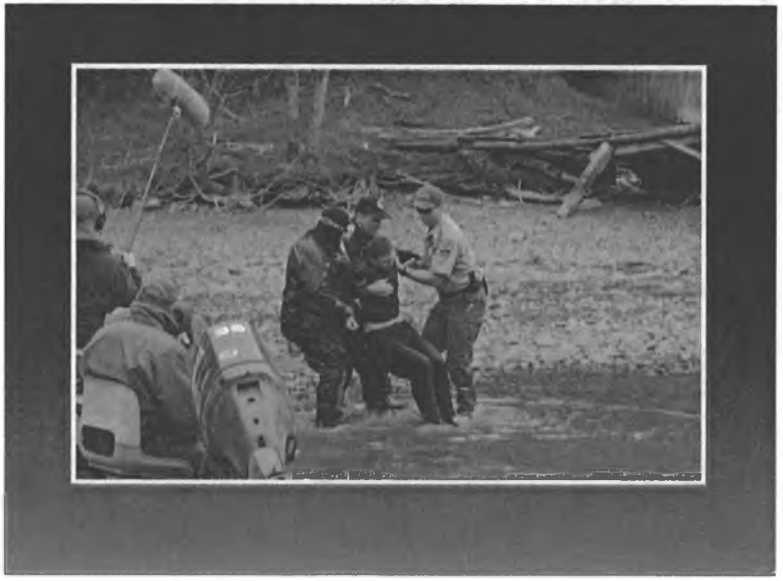












Save the Date

CALLING ALL TRAIL ENTHUSIASTS!

New / Experienced - Professional / Recreational

GOT TRAILS? USE TRAILS? WANT TRAILS?

If so, then make tracks to the

FIRST BIENNIAL TRAIL RONDY®

April 15-17, 2011

Alaska Job Corps Center

600 E. Lynn Martin Drive, Palmer

Join us for 2-3 exciting days of training, discussions, hands-on demonstrations, and vendors focused on the needs of Alaska's trail community. This will be a great opportunity for all trail enthusiasts, planners, and builders to learn new skills and techniques, test out the latest equipment, network, find opportunities for future employment, and share ideas about how we can all work together to make Alaska's trails the best they can be.

More to come on Alaska Trails WEBSITE and FACEBOOK!

www.alaska-trails.org

















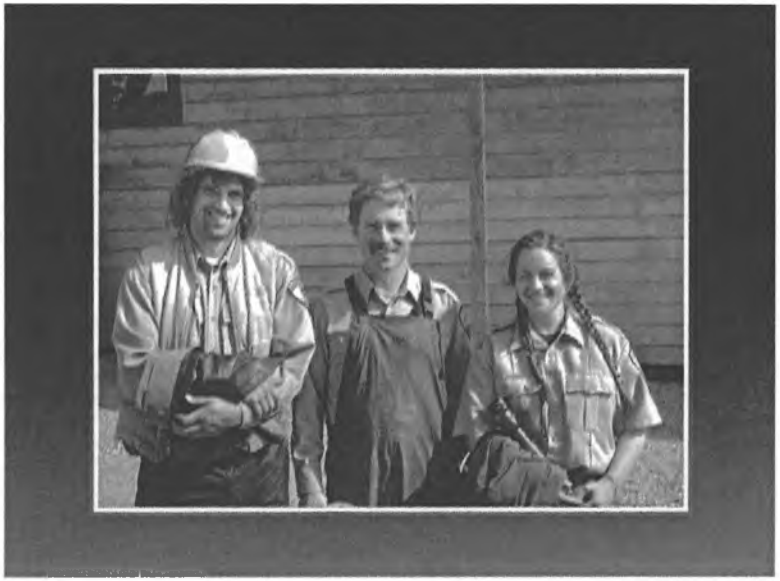


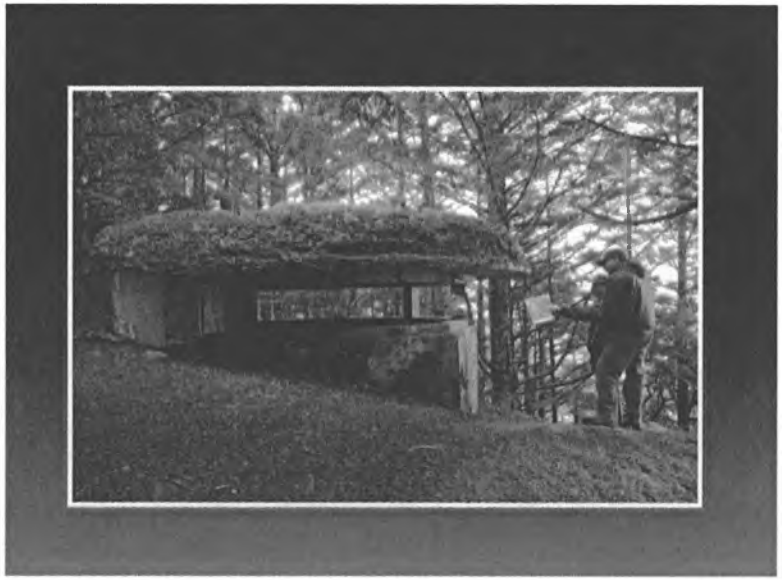













ALASKA
STATE PARKS

The Division of Coastal and Ocean Management (DCOM)

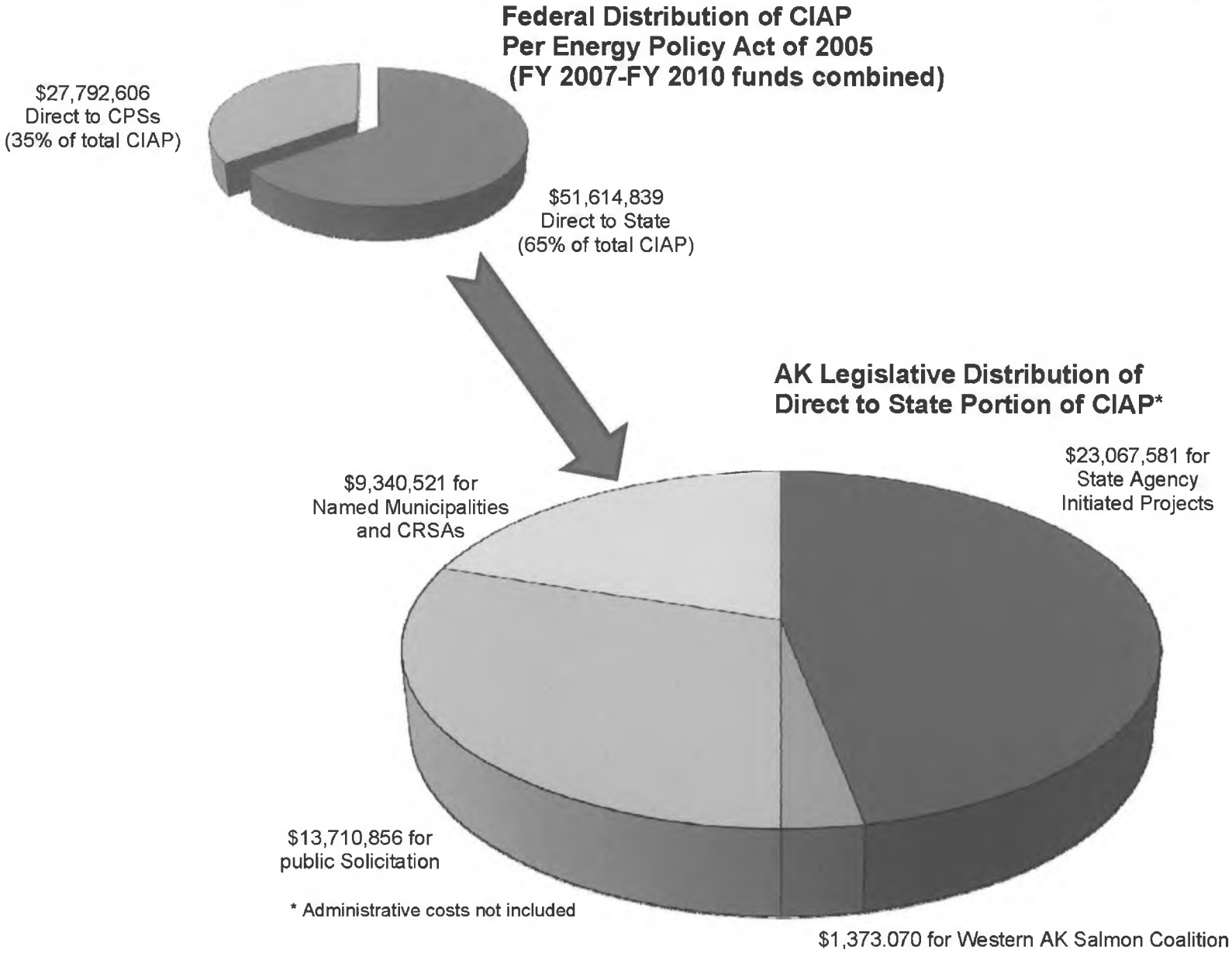
Randy Bates
DCOM Director

Alaska Coastal Management Program

Division of Coastal and Ocean Management:

- **Coastal Impact Assistance Program**
- **Alaska Coastal Management Program**
- Tracking federal coastal and ocean issues affecting Alaskan interests

ALASKA COASTAL IMPACT ASSISTANCE PROGRAM (CIAP)



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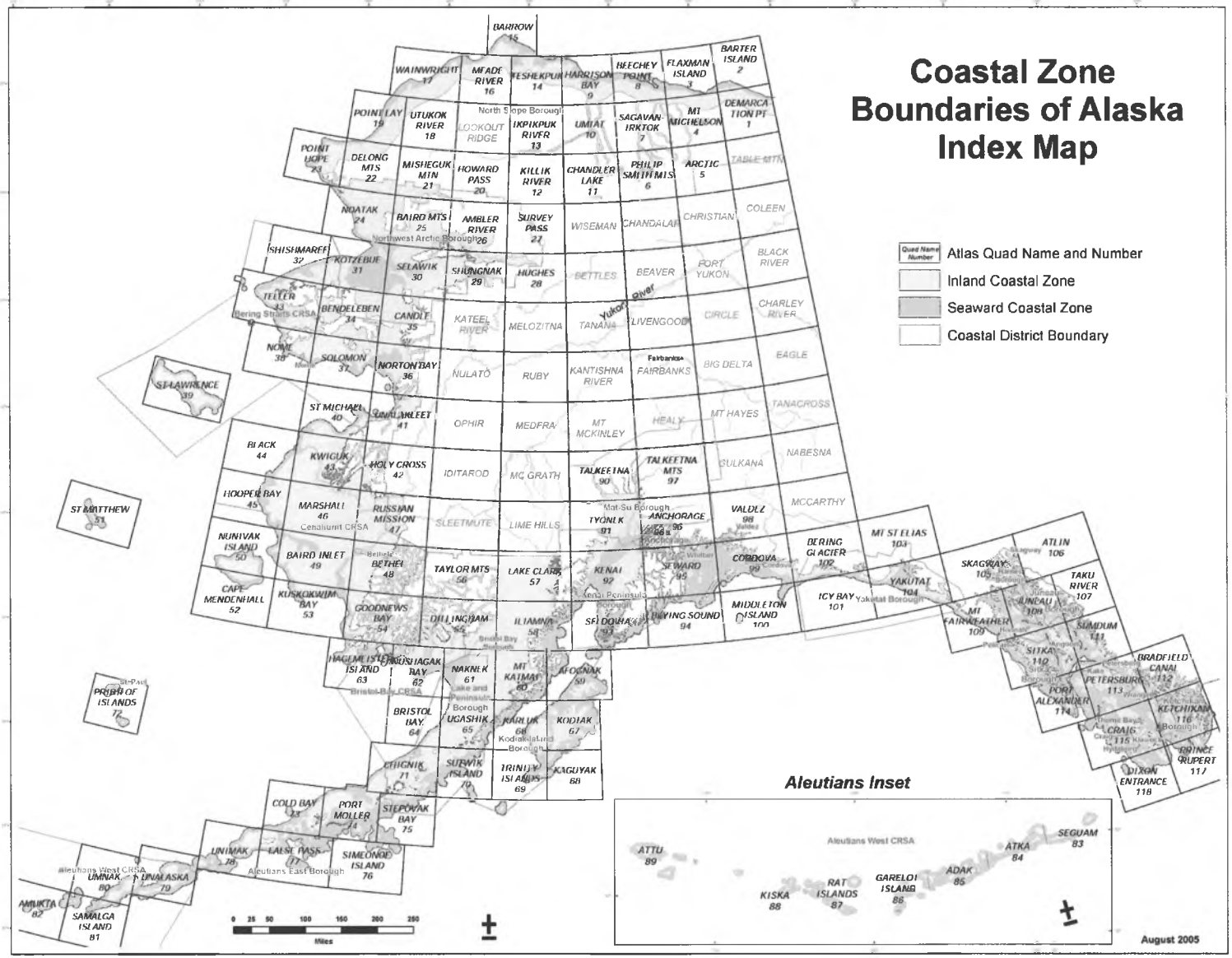
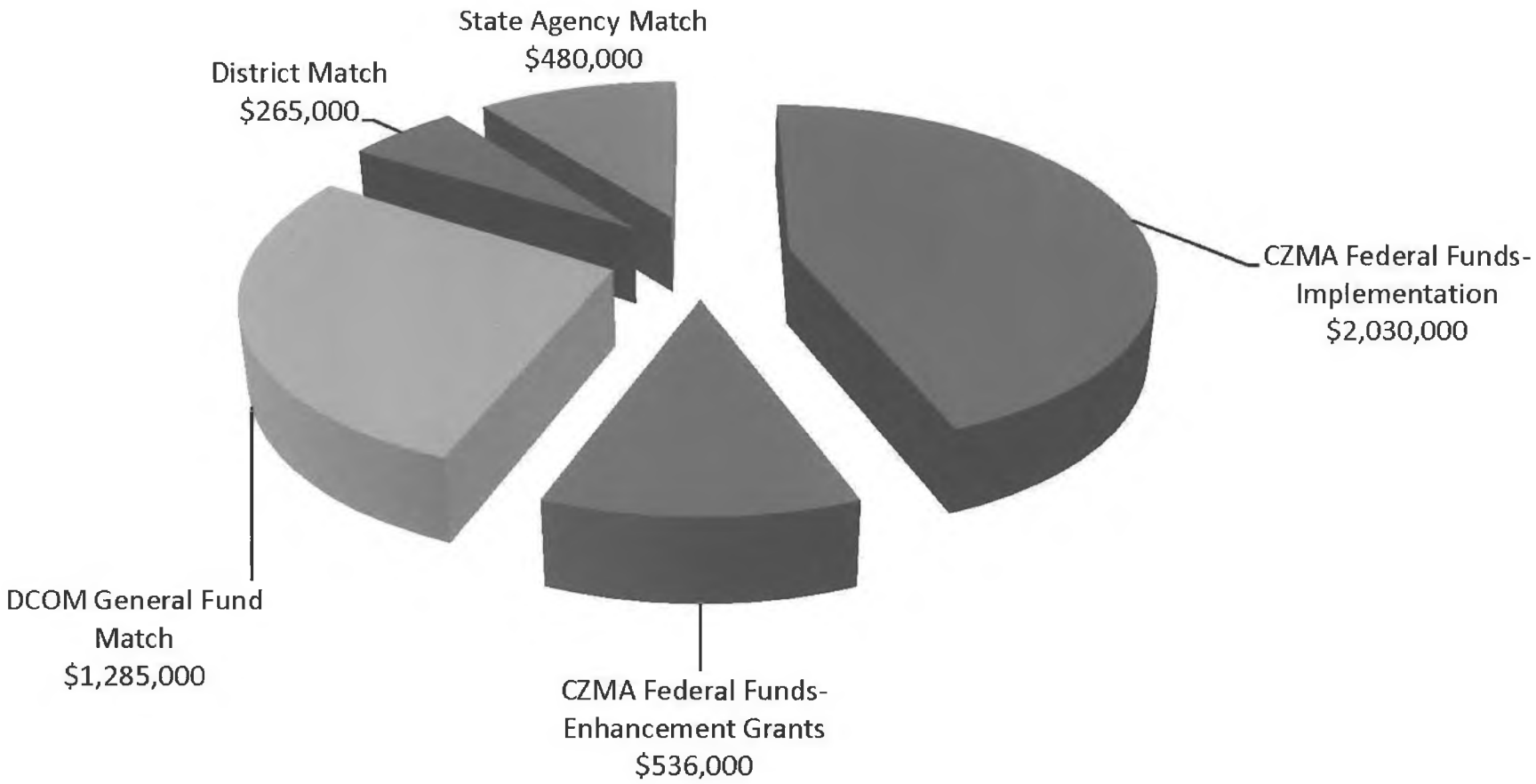
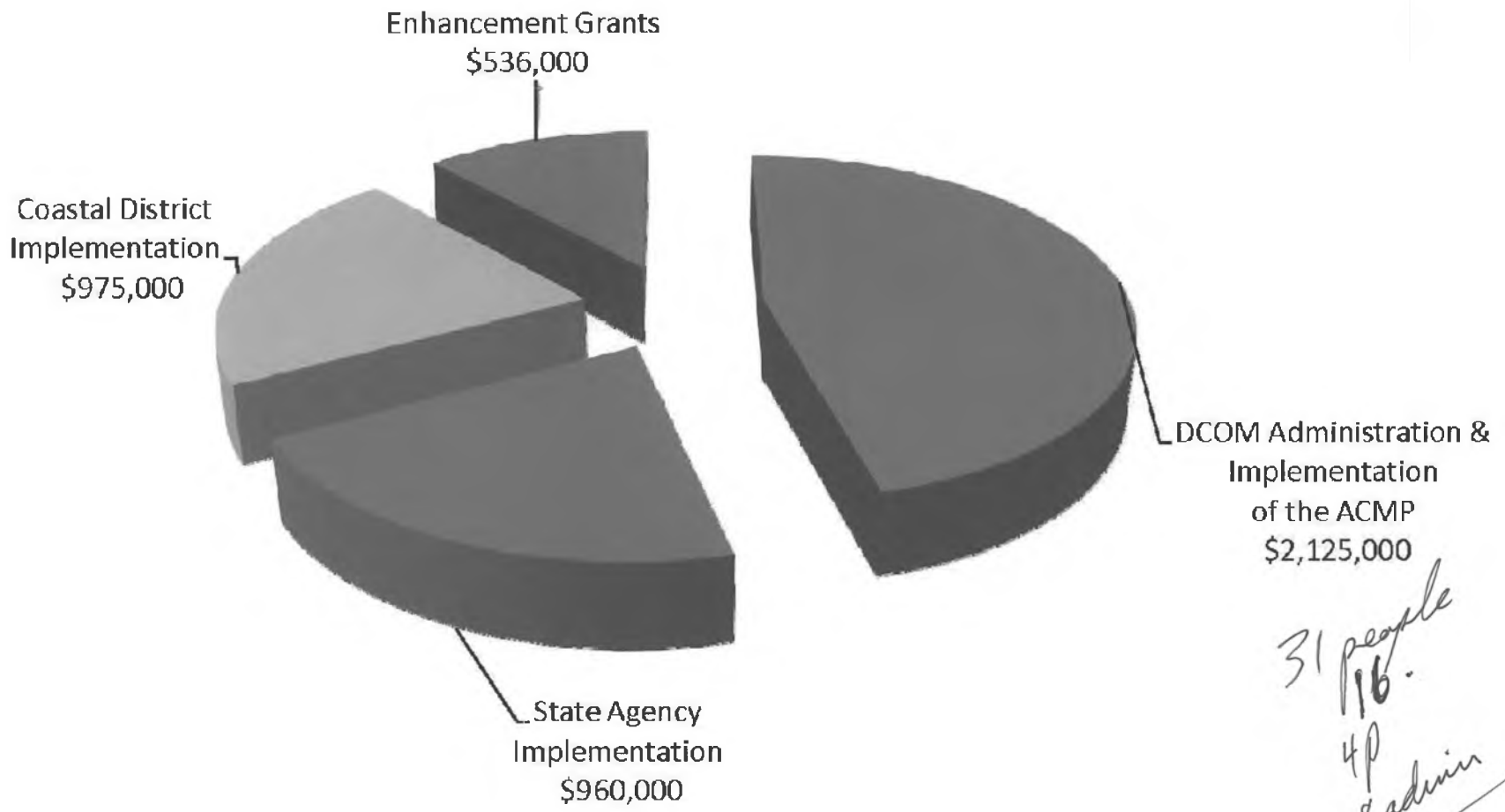


ACMP Funding



ACMP Funding Allocation



31 people
16.
4P
8 admin
33 people

Alaska Coastal Management Program

Issues:

1. **ACMP Sunset Provision – Terminates ACMP on July 1, 2011**
2. **Division of Legislative Audit – ACMP Audit**
3. **HB 106 and SB 45 – Governor bills extending ACMP** 6 years
4. **ACMP improvements**
   - **Consistency Review Regulations 11 AAC 110** streamline
   - **ABC List – expedited consistency reviews** diminemos a routine
   - **Unified Permit – partnering with MLW and others**

DNR
integrate + automate

The Division of Coastal and Ocean Management

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Division of Coastal and Ocean Management
Questions Related to 2011 Fact Sheet

Value of ACMP: Having a federally-approved coastal management program allows the State the opportunity to:

- Balance coastal economic development with protecting coastal uses and resources
  - What are some specific examples of how the ACMP does this?
- Provide project applicants with a coordinating agency for review of permit applications
  - How does the ACMP process coordinate review of agency permits?
- Represent the State when federal agencies permit activities within Alaska's coastal area or OCS
  - How does the ACMP review of OCS activities work in practice? Has DCOM's ever disagreed with any federal permit activities in the OCS?
- Act as the State's liaison to federal agencies regarding federal laws/initiatives that effect development in Alaska's coastal zone
  - Does DCOM ever review proposed federal rules for consistency with the ACMP? Last year the West Coast states reviewed a proposed rule for establishing critical habitat for the endangered leatherback turtle. Has the ACMP been used to review proposed federal rules in Alaska such as the recent beluga or polar bear habitat designations?
- Act as the department's lead on issues affecting Alaska's coastal waters
  - Is DCOM involved with the federal initiative to establish regional ocean planning bodies? How would this be implemented in Alaska?
- Apply ACMP enforceable policies to federal agency activities
  - Are there any recent examples of how enforceable policies have been applied to federal agency activities?
- Incorporate coastal district input and knowledge for reasoned decisions
  - Many coastal districts have expressed concerns about not being adequately involved in the ACMP. Can you give an example of how coastal district input has been effectively used in a recent ACMP decision?

Key FY11 Priorities

- Repeal or extend the ACMP sunset language found at AS 44.66.020
  - How does DCOM plan to address the recommendations in the recent legislative audit that DNR revisit the requirements for designated areas and the DEC carve-out?
- Re-evaluate regulations at 11 AAC 110 to strengthen the consistency review process
  - I have heard that coastal districts have not had an opportunity to review a draft of these regulations in over a year. Will DCOM provide them an opportunity to see the new language before the public review of the changes begins?
- Determine what, if any, program changes are needed to strengthen the ACMP
  - How does DCOM plan to make this determination?

Division of Coastal & Ocean Management

Alaska Coastal Management Program (ACMP)

The Division of Coastal and Ocean Management (DCOM) within the Department of Natural Resources is the lead agency for the Alaska Coastal Management Program (ACMP). Through this program, DCOM oversees the responsible development of coastal uses and resources, federal activities within the coastal zone, and activities on the Outer Continental Shelf (OCS).

ACMP Mission Statement

"The Alaska Coastal Management Program provides stewardship for Alaska's rich and diverse coastal resources to ensure a healthy and vibrant Alaskan coast that efficiently sustains long-term economic and environmental productivity."

ACMP Structure and Organization

The ACMP is a voluntary program, authorized by the Coastal Zone Management Act of 1972 (CZMA). Several state agencies participate in ACMP implementation, and several coastal municipalities and service areas (collectively known as coastal districts) also voluntarily implement the program. This networked implementation structure is designed to manage coastal uses and resources comprehensively.

The primary tool used to implement the ACMP is the consistency review process at 11 AAC 110. Through this process, proposed coastal development activities are reviewed for consistency with State standards and district enforceable policies.

Value of ACMP

Having a federally-approved coastal management program allows the State the opportunity to:

- Balance coastal economic development with protecting coastal uses and resources
- Provide project applicants with a coordinating agency for review of permit applications
- Represent the State when federal agencies permit activities within Alaska's coastal area or OCS
- Act as the State's liaison to federal agencies regarding federal laws/initiatives that effect development in Alaska's coastal zone
- Act as the department's lead on issues affecting Alaska's coastal waters
- Apply ACMP enforceable policies to federal agency activities
- Incorporate coastal district input and knowledge for reasoned decisions

Key FY11 Priorities

- Repeal or extend the ACMP sunset language found at AS 44.66.020
- Re-evaluate regulations at 11 AAC 110 to strengthen the consistency review process
- Determine what, if any, program changes are needed to strengthen the ACMP
- Participate with the NOAA and CSO to secure reauthorization of the CZMA





ACMP Originally Approved:
1979

Coastal Population in 1979:
330,960

Coastal Population in 2009:
569,307

Miles of Coastline:
44,500

FY11 CZMA Funds:
$2,566,000

FY11 State and Other Matching Funds:
$2,030,000

FY11 Total:
$4,596,000





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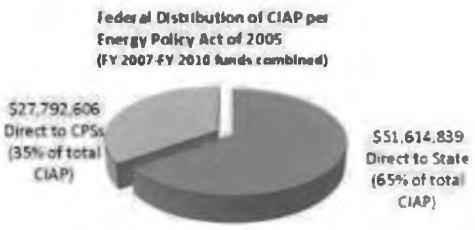
Division of Coastal & Ocean Management

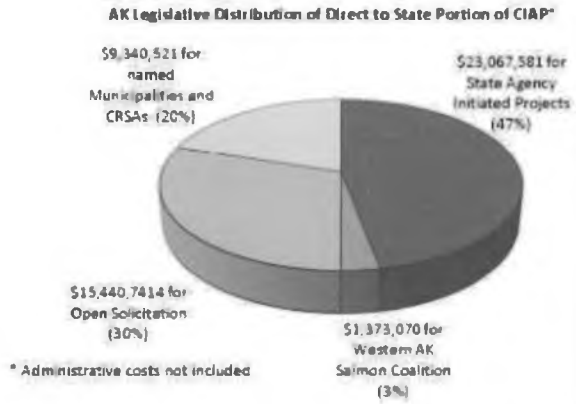
Coastal Impact Assistance Program (CIAP)

DCOM is the lead agency for the Coastal Impact Assistance Program (CIAP), which authorizes the distribution of Federal funds to Outer Continental Shelf (OCS) oil and gas producing states to mitigate the impacts of OCS activities. Alaska is allocated over $79.4 million as one of only six states to receive CIAP funding under Section 384 of the Energy Policy Act of 2005.

In March 2010 DCOM received approval of a CIAP plan including $47.5 million in projects from state agencies and coastal political subdivisions (CPSs). To date, fifteen state agency-initiated projects have received funding and are in progress. DCOM anticipates approval of the December 2010 Amendment to the Alaska CIAP Plan in early 2011. This amendment accounts for nearly all of the remaining allocation to Alaska and includes publicly-solicited projects and projects from the twelve Alaska legislatively-named municipalities and coastal resources service areas. The amendment is consistent with Senate Bill 75 passed by the Alaska legislature in 2009.

Distribution of CIAP Funds





Key FY11 Priorities and Needs

Implement CIAP and be the liaison between the federal government and the State of Alaska. Receive grant awards and initiate remaining CIAP projects.

Division of Coastal and Ocean Management (DCOM) State Contact

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State of Alaska Eligible Coastal Political Subdivisions:

Bristol Bay Borough
Kenai Peninsula Borough
Kodiak Island Borough
Lake and Peninsula Borough
Matanuska-Susitna Borough
Municipality of Anchorage
North Slope Borough
Northwest Arctic Borough

For More CIAP Information:

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1/24/11 PRESENTATION: MOUNT SPURR GEOTHERMAL PROJECT

<TARGET><BILL></BILL><SUBJECT>1-24-11 PRESENTATION MOUNT SPURR GEOTHERMAL PROJECT</SUBJECT><COMM>HRES27</COMM></TARGET>

The Mount Spurr Geothermal Project

Presentation to House and Senate Resource Committees

January 24, 2011
Juneau, Alaska

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We will not update these forward-looking statements, even though our situation will change in the future.

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Outline

0. Introduction to Ormat; Geothermal Power; Mt. Spurr project
1. Project timeline
2. Transmission needs
3. Amount of power supplied to Railbelt
4. Likelihood of completion
5. Permitting roadblocks
6. Community support
7. Sources of project financing
8. Cost of power to utilities
9. Legislative needs

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Ormat Brings Credibility

- A leader in geothermal power
- Owns and operates 538* MW worldwide
- Supplied approximately 1,300 MW to 24 countries
- Vertically integrated:
  - Explores, develops, engineers, manufactures, constructs, operates
- Employs 470 people in the U.S. ; >1,000 worldwide;

NYSE: "ORA"
Market Cap. : $1.39B**
LTM Revenues: ~$375M

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*As of December, 2010, including the 50 MW of North Brawley in California which operated at approx. 25 MW
**As of January 21 , 2011

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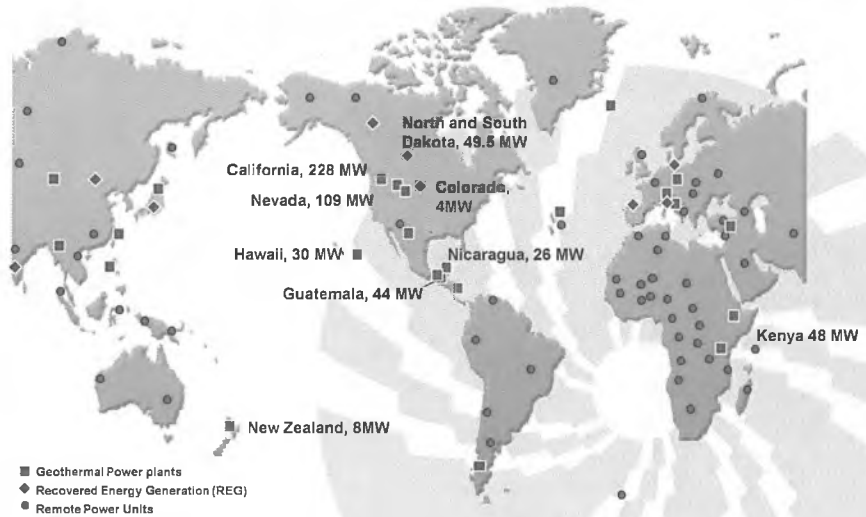
Global Presence*; 71 Countries



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*As of December, 2010

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Ormat's Commitment to Alaska

- >100 Remote Power Units
  - Serving remote gate valves
  - TransAlaska Pipeline
  - Since 1975
- First geothermal unit
  - Tested in 1979
  - University of Alaska Fairbanks
  - At Manley hot springs
- Approx. $5 million of Ormat equity invested in Mt. Spurr to date



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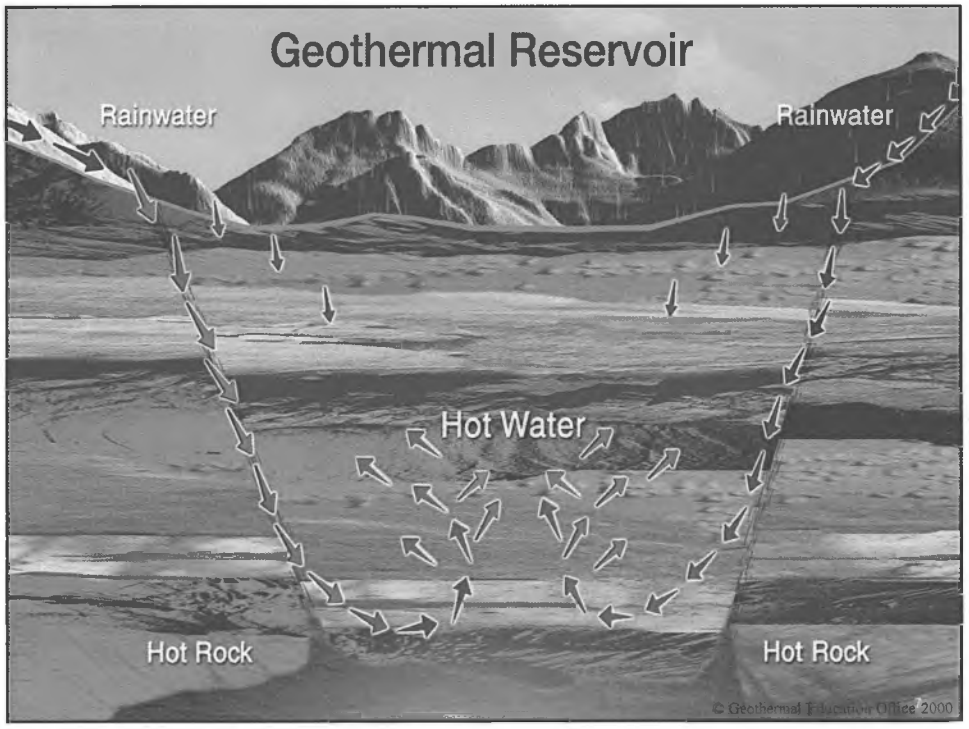
Geothermal Reservoir
Rainwater
Rainwater
Hot Water
Hot Rock
Hot Rock
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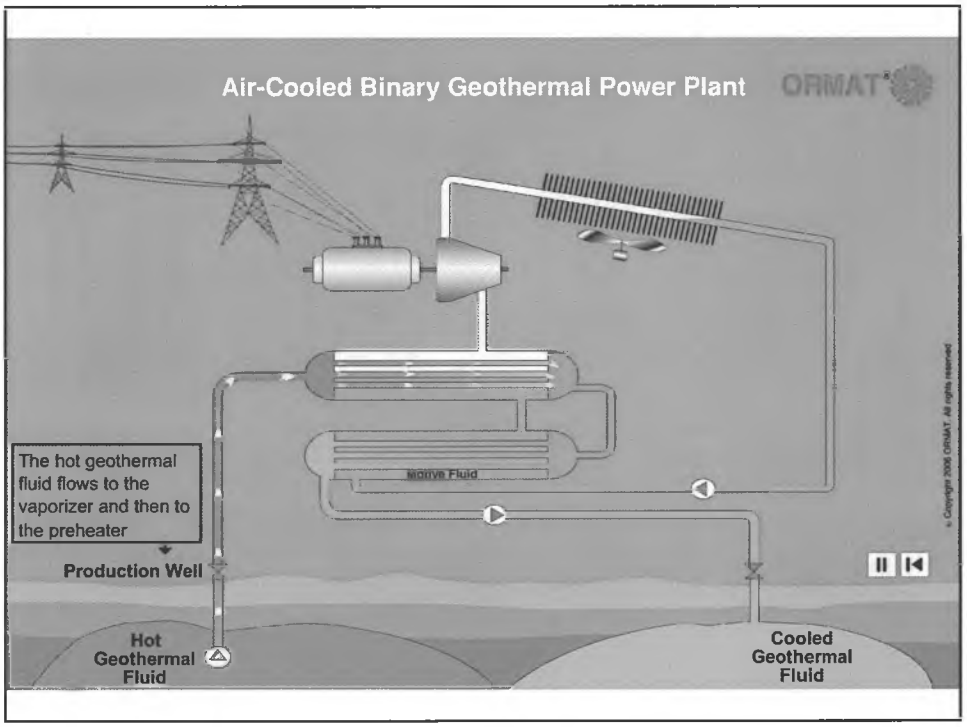
Air-Cooled Binary Geothermal Power Plant
ORMAT
The hot geothermal fluid flows to the vaporizer and then to the preheater
Production Well
Motive Fluid
Hot Geothermal Fluid
Cooled Geothermal Fluid

Geothermal – Key Attributes

- Utilities' renewable energy of choice:
  - Base-load generation
  - Cost-competitive
  - Highly reliable; >>95% availability
  - Proven technology: ~10,000 MW deployed worldwide
- No fuel cost risk; Fixed long-term pricing
- Sustainable & environmentally friendly
  - Closed loop system with near zero emissions
  - No water consumption [Mt. Spurr plant will be air-cooled]
  - Minimal surface and visual impact
- Creates long-term, high-quality jobs

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Geothermal – Development Inhibitors

- Resources are scarce
- High upfront CAPEX and risk required in order to discover and confirm the resource

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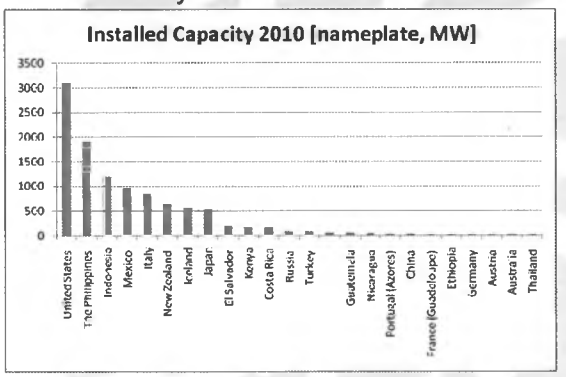
Worldwide Deployment

- Approximately 11,000 MW deployed world-wide
- 24 nations have utility-scale geothermal generation
  - US is the world leader, with plants in CA, NV, HI, UT, ID
- Supportive policies have been key to success in all nations



Source: International Geothermal Association

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Mt. Spurr Geothermal Project


Mt. Spurr Summit – 6 Aug 2009


Core drilling, September 2010

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Location



West Cook Inlet

~75 miles west of Anchorage

Source: GoogleEarth

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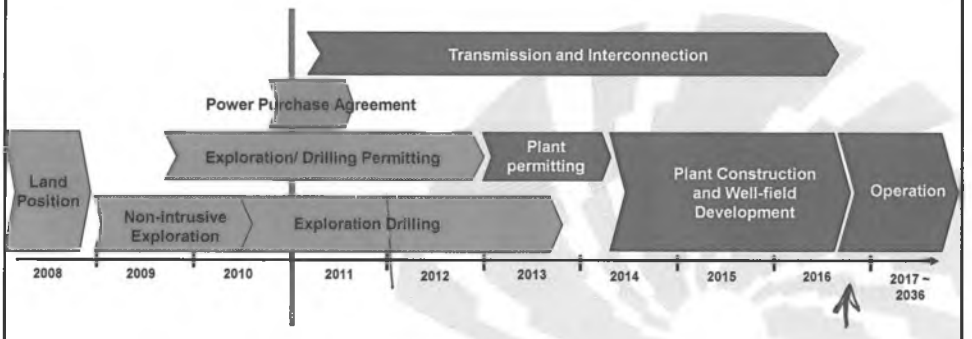
2 Alien holes

1. Mt. Spurr – Estimated Timeline



- 36,000 acres of state lands leased in October, 2008
- Non-Intrusive exploration conducted summer of 2009 and of 2010
- Two exploration core holes (~1,000 ft) drilled in September2010

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Core Drilling



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Encouraging Results to Date

- Shallow water shows mixing with hot geothermal fluids
- Evidence of multiple geologic faults that could be accommodating geothermal resources at depth
- Geochemistry indicating high temp resource at depth
- But, additional drilling is required in order to confirm the existence of a commercial geothermal resource at depth

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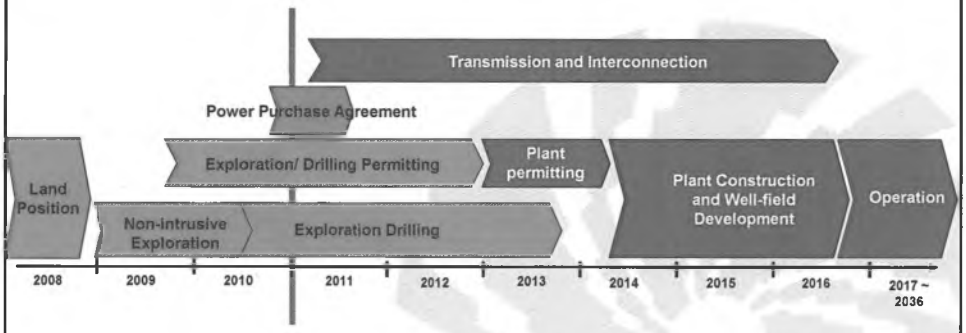
Mt. Spurr – Expected Next Steps



- Additional, deeper, (up to 4,000 ft) core holes planned for summer 2011
- First full-size production well planned for 2012

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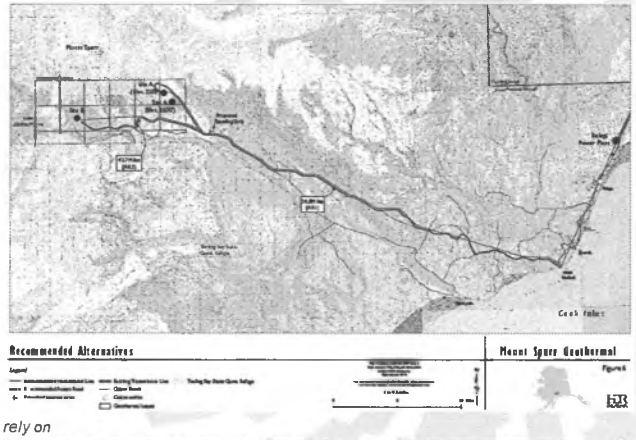
2. Infrastructure Needs

- ~40 miles of T-line to Chugach Electric's Beluga plant
  - Chugach plans to commence a detailed routing study in 2011
- ~25 miles of permanent access road
- $70 - $80m



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3. Expected Amount of Power to Railbelt

- Estimated at 50~100 MW net
- At 95% availability: 416.1 ~ 832.2 GWh / year

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4. Likelihood to Completion

- Technology-wise: Very likely
  - Practically no technology risk
  - Ormat has built dozens of plants worldwide, ~1300 MW
- Resource-wise: Likely
  - Preliminary geological analysis is encouraging; however
  - Significant exploration required to prove and size the resource
- Business-wise:
  - Need a Power Purchase Agreement
  - Need State commitment to build transmission line and access road

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5. Permitting Roadblocks

- Area was studied by DNR and findings were published as part of the leasing process
- Ormat working with all relevant agencies (DNR, ADEC, AOGCC, USF&WS, etc.)
- All permits for the 2010 exploration and drilling campaigns received on time with no major issues
- No major challenges identified looking forward
  - Little to no impact on wildlife, water sources , wetlands, etc.

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6. Project Endorsed by:

- All Railbelt utilities: ARCTEC and ML&P
- Nearest communities:
  - Tyonek
  - Kenai Peninsula Borough
  - Anchorage
- Environmental and renewable energy communities:
  - Cook Inletkeeper
  - Renewable Energy Alaska Project (REAP)
  - Homer Electric Association Members Forum (HEAMF)
  - Alaska Center for Appropriate Technology (ACAT)

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7. Ormat Brings the Cash

- Sources of capital for exploration, development and construction:
  - Mostly Ormat equity
  - Awarded $2 million from the AEA Renewable Energy Grant Fund, round III, matched by $2.1 million
  - Recommended for an additional $2 million in round IV
- Ormat typically re-finances plants using term debt

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8. Cost of Power to Utility(s)

- 12-13 c/kWh (in 2011 dollars), with 1.5% yearly escalation
- All green attributes will be conveyed to the off-taker(s)
- No additional integration costs to be incurred by utilities
- Price will be guaranteed for 25 years, regardless of fossil fuel costs

1.5% escalation

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9. Legislative needs

- SB243 (reduction in geothermal royalties on state lands) passed in 2010 removed a major inhibitor
  - Cut the power to ratepayers by close to 1 c/kWh
- Additional incentives, e.g. a 30% refundable tax credit for geothermal exploration and development, are needed in order to get the cost down to utilities' expectations and enable reaching a Power Purchase Agreement ↓ 2.5¢
- Mechanisms will be put in place to make sure that all incentives are passed through to the ratepayer

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9. Legislative needs (cont'd)

- $70-80 million direct appropriation to fund transmission line to Beluga and access road
  - This appropriation will be contingent on:
    - Ormat's success in confirming the geothermal resource
    - Signing a Power Purchase Agreement
- Additional funding to cost-share the expensive 2012 full-size drilling plan

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Thank You!



Mt. Spurr Summit – 6 Aug 2009



Core drilling, September 2010

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1/26/11 OVERVIEWS: DNR DIVISION OF MINING, LAND & WATER; DEPARTMENT OF FISH & GAME

<TARGET><BILL></BILL><SUBJECT>1-26-11 OVERVIEWS DNR - DIVISION OF MINING, LAND and WATER; DEPARTMENT OF FISH and GAME</SUBJECT><COMM>HRES27</COMM></TARGET>

Alaska Department of Natural Resources
Division of Mining, Land and Water
FY 12 Overview for House Resources
January 26, 2011

Our Mission

Acquire and manage state land, water and resources for the benefit of present and future Alaskans.

The Land We Manage

- Approximately 99 million acres of state owned uplands
- Approximately 65 million acres of state owned tidelands, submerged lands and land under navigable waters
- Equivalent acreage to size of California and Oregon combined
- Over 8 million acre increase in the past four years

Importance of Division to Alaska

- Foundational for other land management efforts
- Crucial for the development and use of state owned land
- Provides revenue to the state
- Helps provide jobs to Alaskans
- Helps insure a high quality of life for Alaskans
- Helps support many industries and programs in Alaska
  - Mining (hard rock and placer mining) (exploration, permitting, leasing)
  - Oil and Gas Exploration and Development (ice roads, material sales, easements)
  - Commercial Recreation and Tourism (docks, lodges, airstrips, roads, camps, facilities)
  - Alternative or Renewable Energy Projects (wind, biomass, hydrokinetics, tidal)
  - Transportation (material sales, easements, construction permits)
  - Private, Commercial and State Construction (material sales, permits, leases, easements, easement vacations, surveys)
  - Communications (towers, lines, access)
  - Hunting and Fishing Guide Industry
  - Aquaculture
  - Municipal Infrastructure (dumps, cemeteries, docks, easements)
  - Personal Use Infrastructure (docks, easements, utilities, land sales)
  - Other Resource Extraction (non-timbered forest products)

Six Budget Components

- Mining and Land Development
- Land Sales and Municipal Entitlements
- Land Acquisition and Title Defense
- Water Development
- RS 2477/Navigability Assertions and Litigation Support
- Director's Office

Total Budget for Division proposed for FY12: $23.6 million

Who We Are

207 Positions located in Anchorage, Fairbanks and Juneau

12 Sections or offices

- Director's Office – Wyn Menefee – Acting Director – 269-8501
  - Temporarily Vacant - Chief of Operations
  - Marty Parsons – Deputy Director
- Realty Services – Jerri Sansone
- Resource Assessment & Development – Bruce Phelps
- Mining – Rick Fredericksen
- Regional Lands Offices
  - Southcentral – Anchorage – Rick Thompson
  - Northern – Fairbanks – Chris Milles
  - Southeast – Juneau – David Kelley
- Land Sales & Contract Administration – Kathryn Young
- Appraisals – Kevin Hindmarch
- Surveys – Gerald Jennings
- Water Resources – Gary Prokosch
- Public Access Assertion and Defense Unit – Scott Ogan

What We Do

Realty Services

- Acquire land from the federal government to fulfill territorial and statehood act grants (105 million acres), including land for Mental Health Trust and University
- Serve as land agent for the state (not just the 165 million acres)
- Acquire land for public purposes through purchase, exchanges
- Defend existing state ownership interests – including navigable waters, easements (RS 2477)
- Make title determinations(title reports and navigability determinations) to support land management decisions
- Keep records of state ownership and defend state's title
- Issue deeds for lands sold to individuals and transferred to municipalities
- Review all federal ANCSA conveyances for defense of state interests
- Provide appraisal and survey services for the department

Land Planning

- Prepare and revise land use plans for state land that identify future uses on state land, including lands for sale and transfer to municipalities
  - 18 area plans
  - 22 management plans (often done for other divisions)
  - Require revisions as conditions change
  - Hatcher Pass, Susitna and Tanana Basin area plan revisions underway
- This sets the policy of how the state will manage the lands which guides authorization decisions
- Act as the unorganized borough for the state

Mining and Land Development

- Manage the land and minerals on 165 million acres of state land:
  - Not just regulatory function but act as the land owner
  - 8 million acre increase in the past four years – most obtained for development
  - Make these state lands available for public, commercial, and private uses through authorizations
    - Over 35 different types of authorizations within MLW
    - Huge diversity of activities proposed and authorized
    - Some specific programs but often driven by applicant's request
    - Varying complexity of authorizations from over the counter to full disposals of interest
    - Process and timelines vary depending on nature and location of proposed activity, permanency of facilities, potential impacts, coordination with other agencies, and risks
    - Some processes are structured by statute whereas other processes provide more latitude of discretion
    - Majority of authorizations are granted and rarely does division deny authorizations
    - Increased development programs such as with Alternative Energy, increases the number of authorizations needed
    - Substantial increasing backlog in many types of authorizations
  - Manage mineral resources on state land – administer mining claims and authorize development of mineral resources
    - Placer mine permits
    - Hardrock exploration and permitting
    - Mineral leasing
    - Increased mining activity and large mine projects due to increase in value of gold and other minerals
    - Statewide regulatory authority over reclamation of mines, financial assurances for reclamation, and permitting of coal exploration and coal mining – enables mining activity on state, private and federal lands
  - Stewardship of the state owned land and resources
    - Considerable use of state land without authorizations (both legal and illegal)
    - Needs attention to keep land in a useable state ready for development
    - Example: determining opening and closing dates of North Slope tundra
    - Example: developing new guide concession leasing program
  - Obtain a reasonable return to the state for these uses of state land
    - Not all components are revenue positive

geothermal?

coal on everyone's land

AOGCC

Land Sales and Municipal Entitlements

- Sell state land to individuals through Subdivision, Remote Recreational Cabin, over-the-counter, and preference right programs
  - Land Sales becoming more difficult with various restrictions placed on sales and increased cost of development of sale parcels
  - Sold 286 parcels in FY10
  - Offered 1,082 parcels Over-the-Counter
  - Offered 155 Remote Recreation Cabin stakings

    - Processed 10 preference right applications
- Transfer state land to municipalities – transferred over 1.2 million acres under municipal entitlements
- Conveyed over 2.2 million acres out of state ownership

Water Development

- Manage Alaska's water resources. Water, wherever it is found, is a public resource regardless of land ownership
- Manage appropriation of water – not water quality (ADEC)
- Issue water rights and temporary water uses permits for personal, commercial and industrial uses
    - Manage per the prior rights appropriation doctrine like most western states
- Issue in stream flow reservations to protect aquatic resources
- Manage conflicts over water use and misuse of water
    - Must protect aquatic resources so there often needs to be baseline data collected before authorization
    - Resolve conflicts when one use affects prior water right holder
- Approve construction of and monitor dams for safety (statewide)
- Collect and distribute hydrologic data, assist in hydrologic evaluations
    - Much of the state does not have hydrologic data collected
- Almost every development project in the state requires water authorizations unless using water from a source previously authorized

Litigation Support

- Utilize administrative solutions like the Recordable Disclaimers of Interest Program for clearing the cloud of title on navigable waters to reduce litigation
- File appeals of faulty BLM decisions with the Interior Board of Land Appeals
- Utilize legal negotiations to resolve disputes
- Work with Dept of Law to either defend the state or to take legal action against other parties when necessary (increasing number of substantial law suits)
- Provide research and data gathering to support litigation and assertions
- Defend against progressive federal intrusion in to state ownership rights
- Better to strategically litigate rather than just respond to other's law suits

IT Services

- Provide web services for all programs
- Provide and mange GIS services for division and support other statewide GIS initiatives
- Build custom applications to increase efficiencies
- Provide support to Information Resource Management on enterprise projects to improve efficiencies

Directors Office

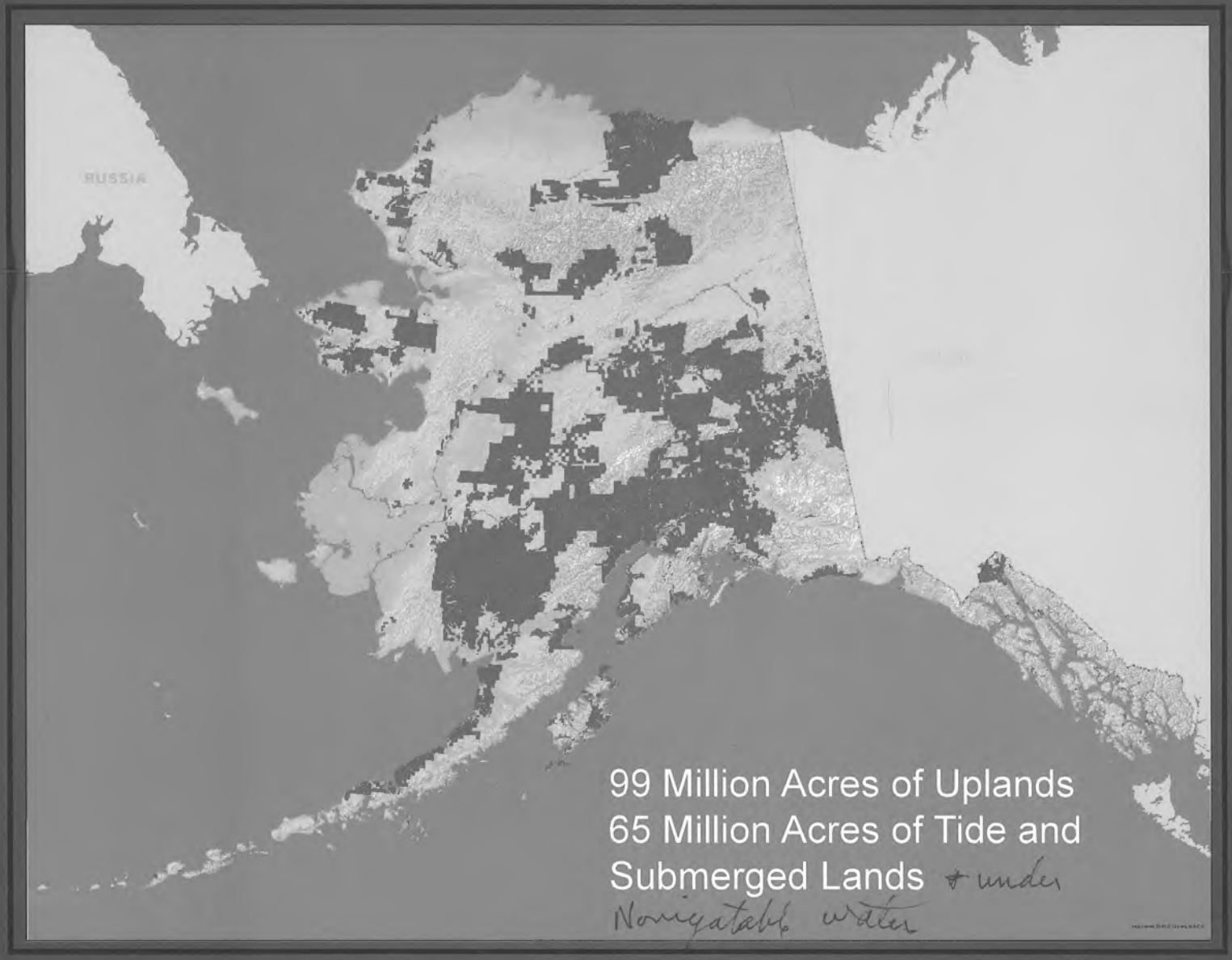
- Provides policy guidance to Division and serves as administrative, personnel and budget support for entire Division



Mission Statement:

Acquire and manage state land, water and resources for the benefit of present and future Alaskans.

State-owned lands






BEARING
TREE

Budget Components

- Mining and Land Development
- Land Sales and Municipal Entitlements
- Land Acquisition and Title Defense
- Water Development
- Public Access Assertions and Litigation Support
- Director's Office

Who we are

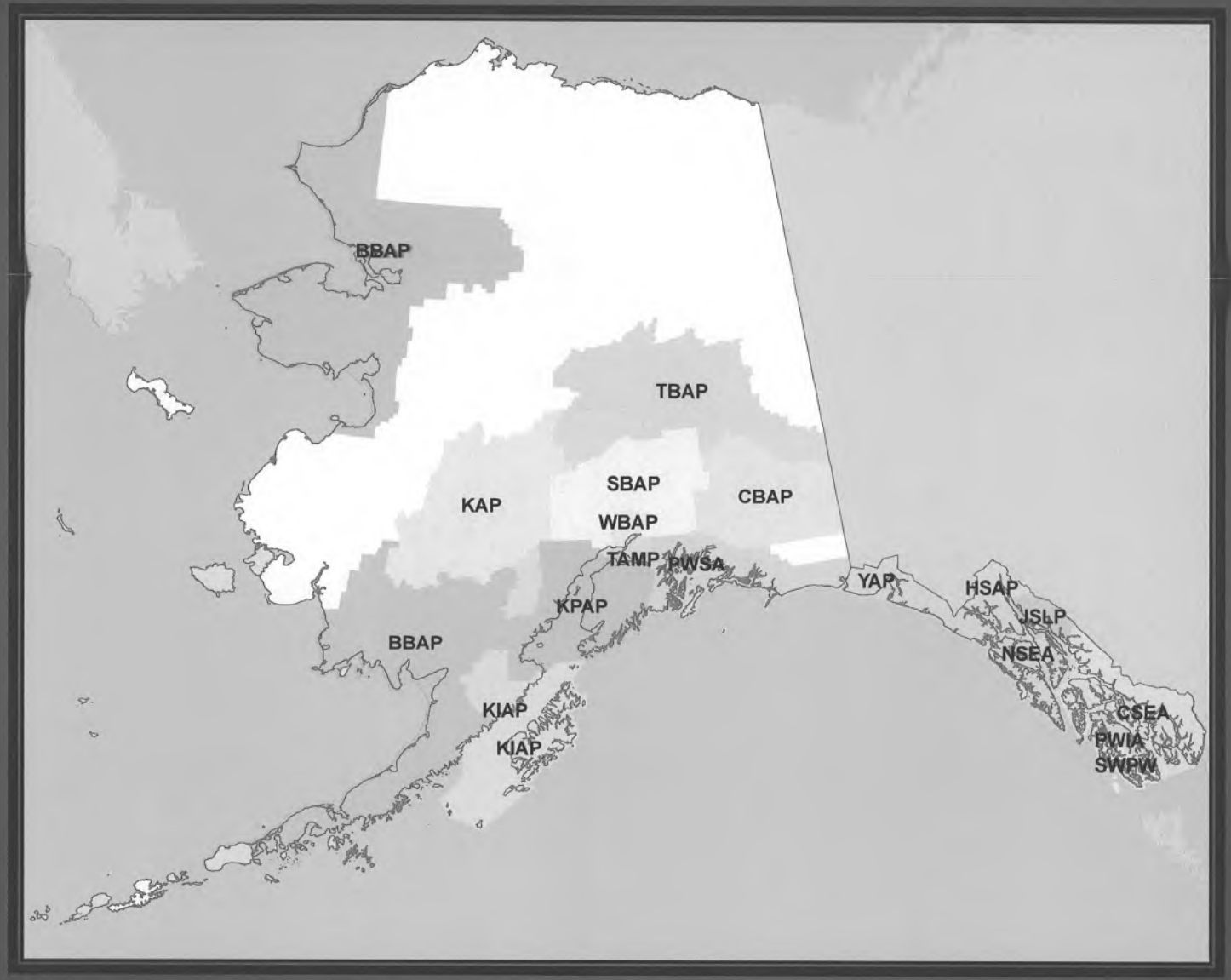


Realty Services

- Acquire Land
- State Land Agent
- Defend State Ownership
- Make Title Reports and Navigability Determinations
- Keep Records
- Issue Deeds
- Provide Survey and Appraisal Services



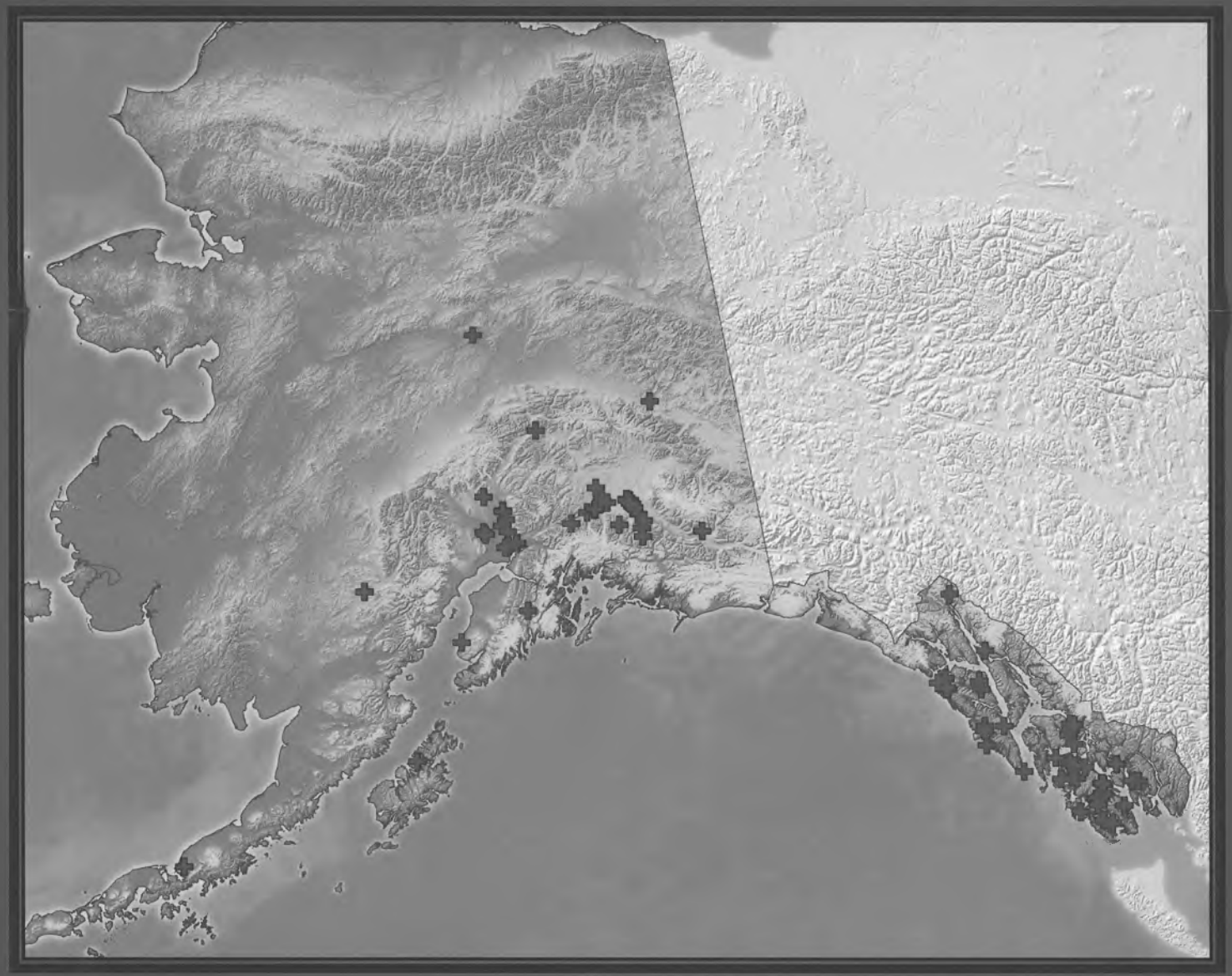
Planning


BBAP
TBAP
SBAP
KAP
CBAP
WBAP
TAMP
PWSA
YAP
HSAP
KPAP
JSLP
BBAP
NSEA
KIAP
CSEA
KIAP
PWIA
SWPW

Active Authorizations

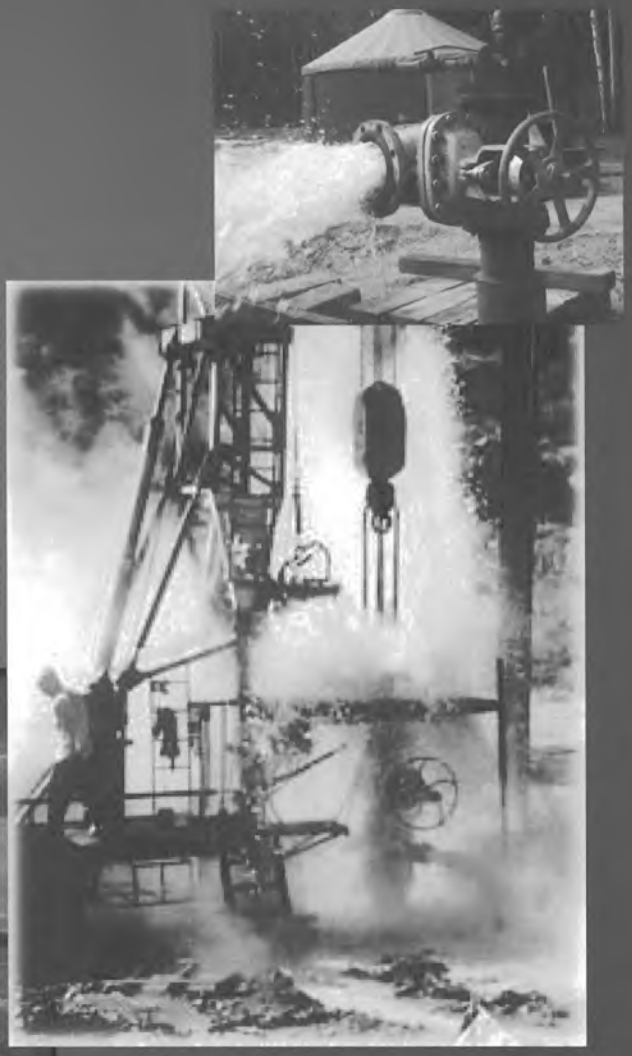


Subdivisions



Water Authorizations

- Water Rights
- Temporary Water Use
- Instream Flow Reservations
- Hydrology Assistance
- Dam Safety





Litigation

- Conveyances
- State Rights
- Decision Defense
- Access
- Federal Issues





Wyn Menefee
Acting Division Director
(907) 269-8600

Alaska Department of Natural Resources, DMLW
550 W. 7th Ave., Ste 1070
Anchorage, Alaska 99501

Alaska Department of Fish & Game Overview



House Resources Committee

January 26, 2011

Mission Statement

- Based upon the Alaska State Constitution (Article 8) and Alaska Statutes (Title 16)
  - To protect, maintain, and improve the fish, game, and aquatic plant resources of the state, and manage their uses and development in the best interest of the economy and the well-being of the people of the state, consistent with the sustained yield principle.

ADF&G Core Services

- **Harvest Management**: provide opportunity to utilize fish and wildlife resources
- **Stock Assessment**: Ensure sustainability and harvestable surplus of fish and wildlife resources
- **Customer Service**: Provide information to all customers
- **Public Involvement**: Involve the public in management of fish and wildlife resources
- **State Sovereignty**: Protect the state's sovereignty to manage fish and wildlife resources
- **Habitat Protection**: Protect important fish and wildlife habitat during permit and project review

Commissioner's Office Responsibilities

- North Pacific Fishery Management Council
- Pacific Fishery Management Council
- Pacific States Marine Fisheries Commission
- Pacific Salmon Commission
- Exxon Valdez Oil Spill Trustee Council
- Federal Subsistence Board
- Western Association of Fish and Wildlife Agencies
- Association of Fish and Wildlife Agencies
- Alaska Migratory Bird Co-Management Council
- Pacific Flyway Council
- North Slope Science Initiative
- Alaska Ocean Observing System
- North Pacific Research Board
- UAF School of Fisheries and Ocean Sciences Advisory Council
- Polar Bear Range States
- US-Russia Treaty on Polar Bears
- Fisheries Excellence Committee of the Rasmuson Foundation
- UA-F Sea Grant Advisory Council
- International Porcupine Caribou Research Board
- Bering Sea Fisheries Advisory Board

Divisions of ADF&G

Division of Commercial Fisheries

Division of Sport Fish

Division of Wildlife Conservation

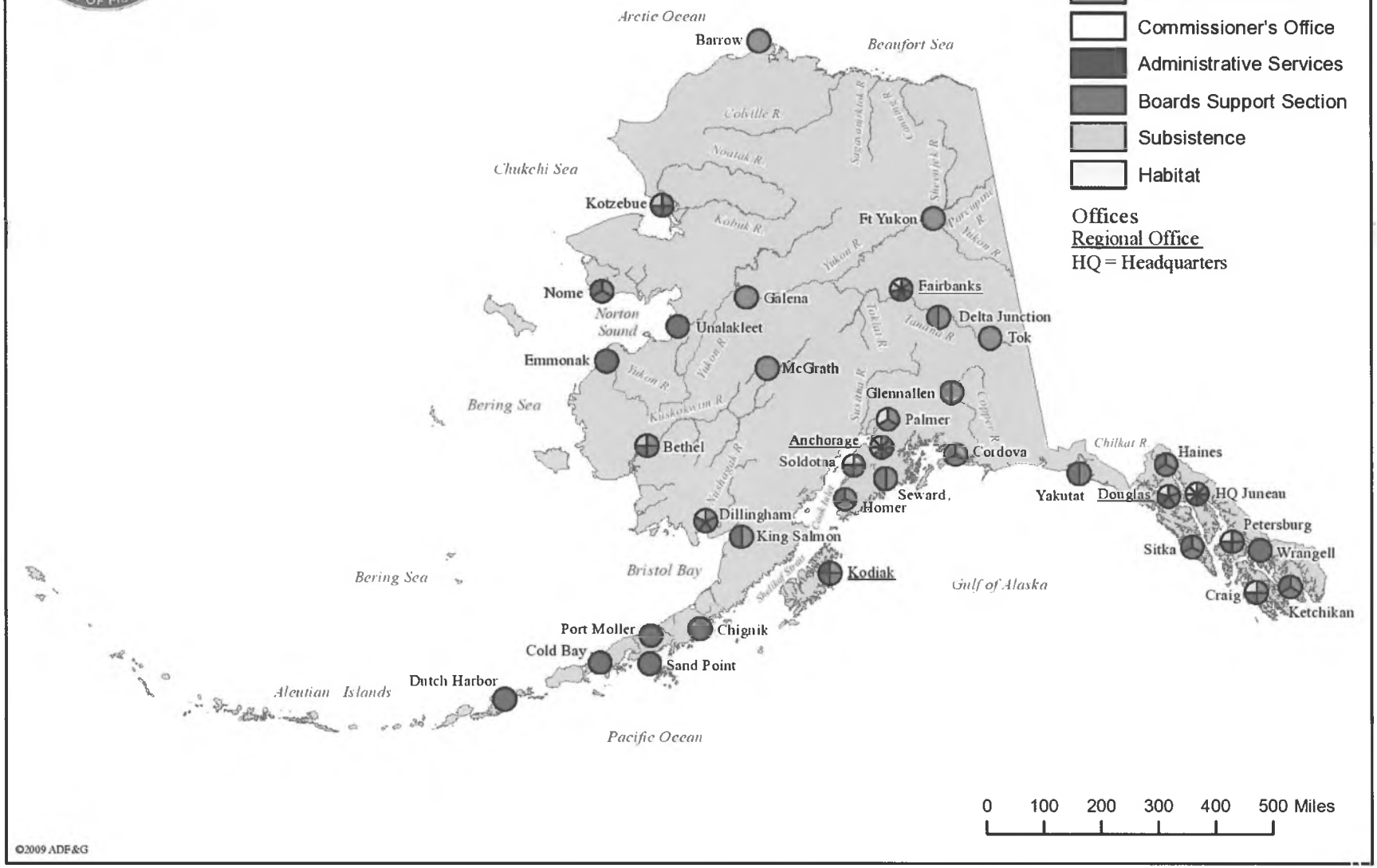
Division of Subsistence

Division of Habitat

Division of Administrative Services

Boards Support Section

Alaska Department of Fish and Game
Regional and Area Offices



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Divisions of ADF&G

Commercial Fisheries

Acting Director Sue Aspelund

To protect, maintain, and improve the fish, shellfish, and aquatic plant resources of the state, consistent with the sustained yield principle, for the maximum benefit of the economy and the people of Alaska.



Divisions of ADF&G

Sport Fish

Director Charlie Swanton

To protect and improve the state's recreational fisheries resources.



Divisions of ADF&G

Wildlife Conservation

Director Corey Rossi

To conserve and enhance Alaska's wildlife and habitats and provide for a wide range of public uses and benefits.



Divisions of ADF&G

Subsistence

Acting Director Jim Simon

To scientifically quantify, evaluate and report information about customary and traditional uses of Alaska's fish and wildlife resources.



Divisions of ADF&G

Habitat

Director Kerry Howard

To protect Alaska's valuable fish and wildlife resources and their habitats as Alaska's population and economy continue to expand.



Divisions of ADF&G

Administrative Services

Director Kevin Brooks

Provides routine administrative services for the department and coordinates development of the annual operating and capital budget.



Divisions of ADF&G

Board Support Section

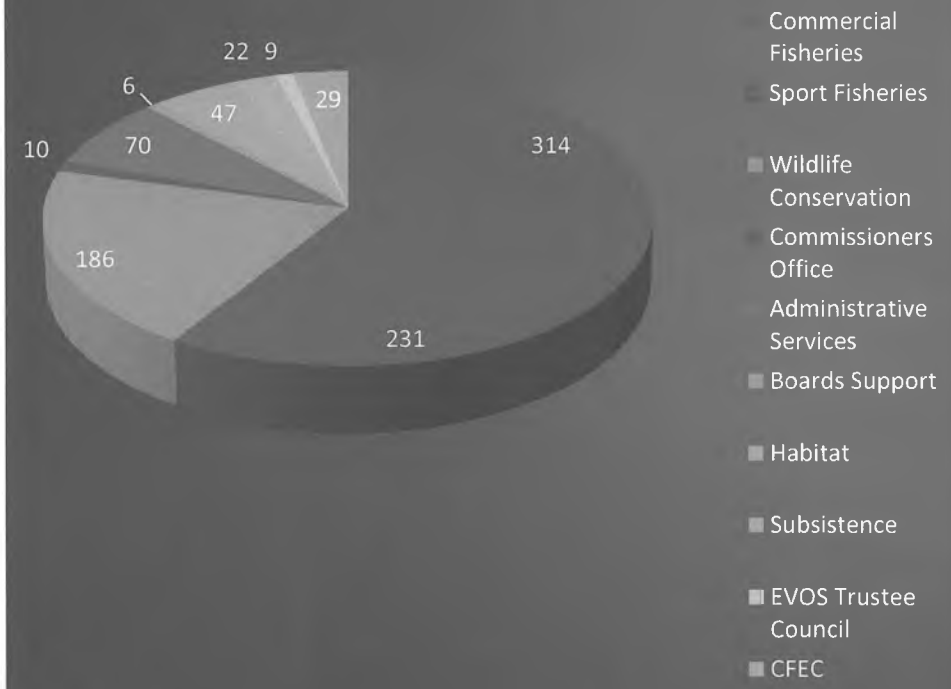
Executive Director Jim Marcotte

Ensures that the public process for the state's fish and wildlife regulatory system operates efficiently and effectively.

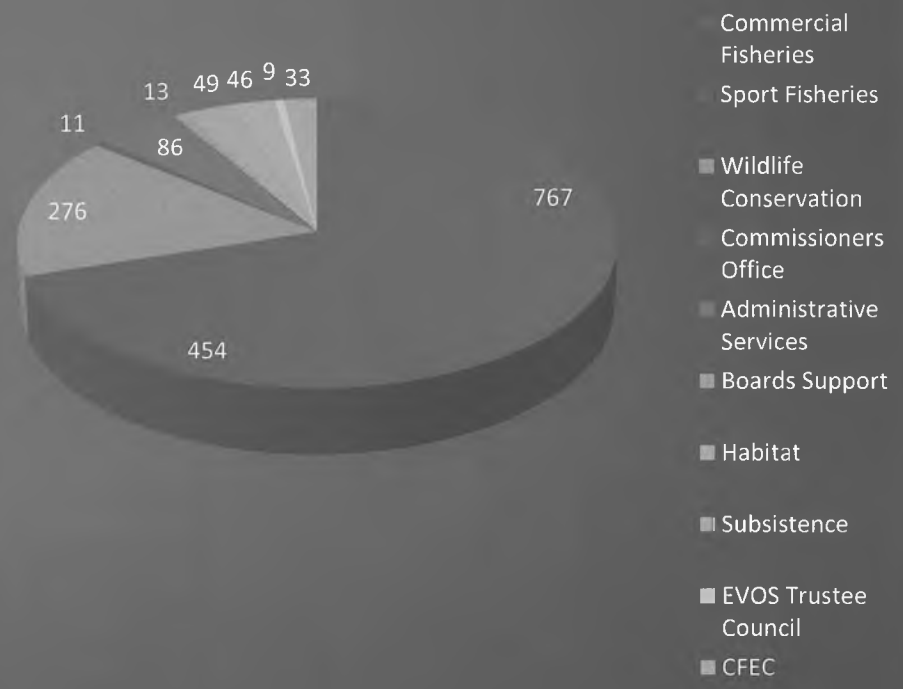


FY12 Positions

FY12 Full-Time Positions
(924)

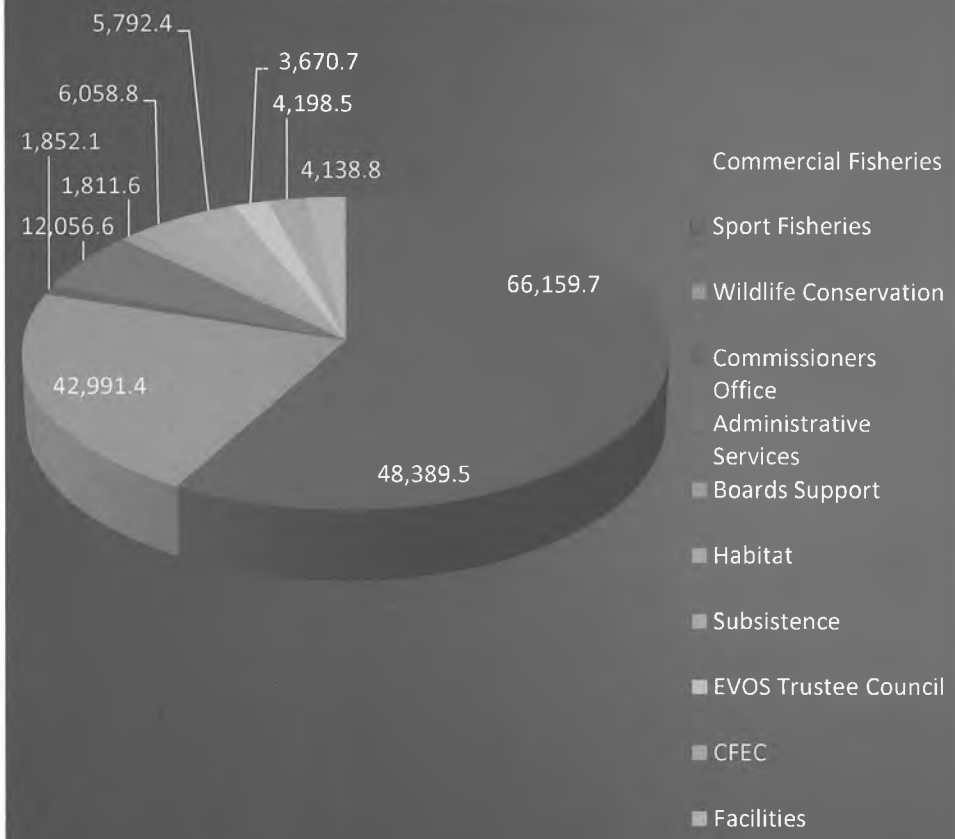


FY12 Total Positions
(1,744)

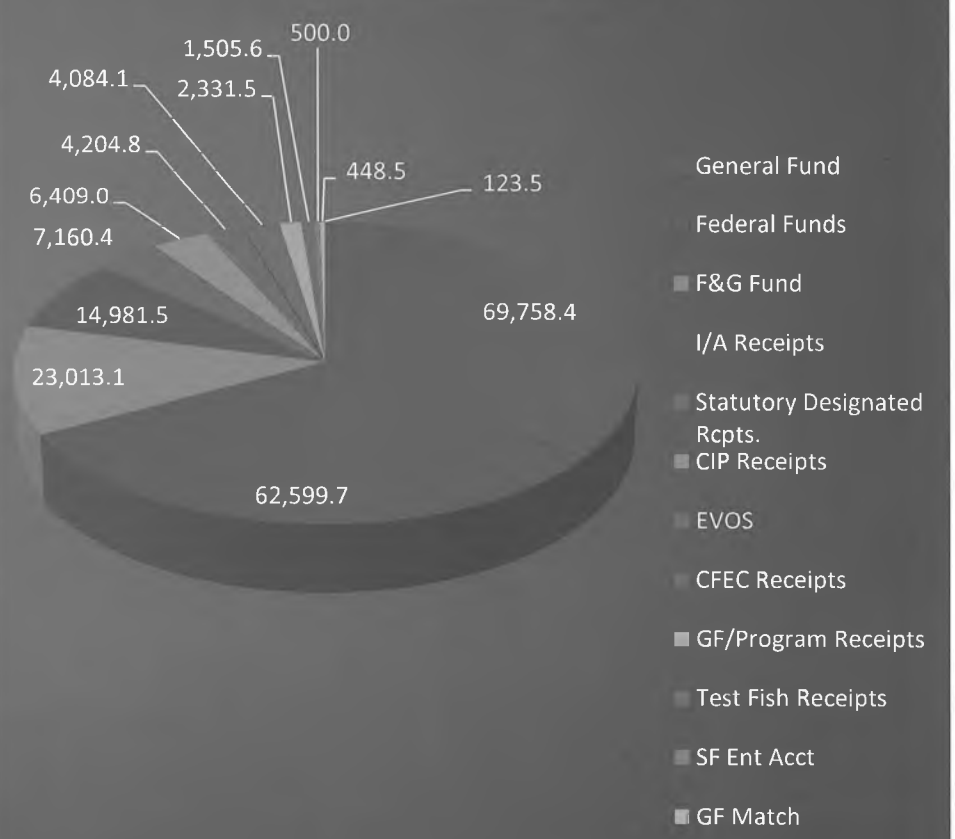


FY12 By Fund Source

FY12 Budget By Division



FY12 Budget By Fund



Contacts

Commissioner Cora Campbell

- 465-4100

Legislative Liaison Ben Mulligan

- 465-6137

Administrative Services Director Kevin Brooks

- 465-5999

Figure 2: State of Alaska Fees for Shellfish Aquatic Farm Authorizations and Operations (Initial and Years 1-10)[1]

		Year 1								Years 2-10						Years 1-10	
		DNR	DNR	DNR	DNR	DNR	ADF&G	DEC		DNR	DEC	DEC	DEC	DEC	DEC		
Type of Farm Culture Methods Used	Farm Acreage	Over-the-counter location packet Fee[2]	Application Fee[3,17]	Public Notice[13]	Annual Lease Fee[4]	Security Bond[3,5,18]	Wild Stock Survey Fee[6,7]	Sanitary Survey Initial Fee, Water Classification[8,9,12]	Total Fees Each Year[11,15] (Min/Max)	Annual Lease Fee[4,17]	Sanitary Survey, Water Reclassification Annual Reapproval Fee[12]	Shellfish Harvester Permit Annual Fee[12]	Shellfish Shipper (SS) Annual Permit Fee[12]	Shellfish Reshipper (RS) Permit Annual Fee[12,14]	Shellfish Shucker-Packer (SP) Permit Annual Fee[12,14]	Total Cost Each Year[15,16] (Min/Max)	Total Fees for All 10 Years[15,16] (Min/Max)
Suspended	1 acre	$25	$100	$1,000	$450/$875	$2,500	$0	$500	$4,575/$5,000	$450	$150	$162	$162	$162	$649	$1,259/$1,521	$18,424/$21,731
Suspended	3 acre	$25	$100	$1,000	$700/$1,125	$2,500	$0	$500	$4,825/$5,250	$450	$150	$162	$162	$162	$649	$1,259/$1,771	$18,674/$24,731
Suspended	5 or more	$25	$100	$1,000	$950/$1,375	$2,500	$0	$500	$5,075/$5,500	$450	$150	$162	$162	$162	$649	$1,259/$2,021	$18,924/$27,731
On Bottom, Intertidal	1 acre	$25	$100	$1,000	$450/$875	$2,500	$2,000	$500	$6,575/$7,000	$450	$150	$162	$162	$162	$649	$1,259/$1,521	$20,424/$23,731
On Bottom, Subtidal	1 acre	$25	$100	$1,000	$450/$875	$2,500	$5,000	$500	$9,575/$10,000	$450	$150	$162	$162	$162	$649	$1,259/$1,521	$23,424/$26,731
Fees Required		When over-the-counter location packet requested	When application submitted.	Paid to statewide or local paper after public notice.	When signed lease submitted to DNR.	When signed lease submitted to DNR.	When application submitted.	When water classification requested.		In January of each year.	When follow-up completed and before you sell product.	When you act as a harvester shellfish.	When you act as a shipper shellfish dealer.	When you act as a reshipper shellfish dealer.	When you act as a shucker-packer, shellstock shipper (or shellfish shipper), reshipper or a repacker dealer		

Note: DNR - Department of Natural Resources; ADF&G - Alaska Department of Fish and Game; DEC - Department of Environmental Conservation.

[1] Based on fee structures in Regulations: DNR AS 38.05.083 (Report No. 2522-9), ADF&G 5 AAC 41.280, and DEC 18 AAC 34.900(a) Seafood Permit Fee Schedule 2010 and 34.900(c)(1) and (2). If any discrepancies is found between this spreadsheet and the Alaska Administrative Code, The Code should be considered the final authority, unless the discrepancy is a result of a manifest error in the Code.

[2] Only required to obtain Over-the-Counter location packets and is onetime fee.

[3] Onetime fee.

[4] For an aquatic farm only, $450 for the first acre plus an additional $125 per acre. For an aquatic farm with housing facilities associated with the aquatic farm, $875 for the first acre plus $125 for each additional acre. Note: The fee schedule is adjusted every five years. If applicant does not want to use the lease fee schedule, applicant can pay for an appraisal to be done.

[5] Reduced fees if lessee can find three or more lessees to bond together for an Association bond (11 AAC63.080). The bond would be 50% of the amount individually calculated for each lease.

[6] Reduced fees if applicant can work with ADF&G to reduce travel costs and when there is more than one farmer so costs of survey can be split.

[7] Survey fee is per day per site and dependent on size of the site.

[8] Reduced fees if more than one applicant is in an area.

[9] The fee is for water sample testing at $17 a sample, and for the evaluation of results. One year's worth of dry and wet samples is required. Permittee pays for shipping costs for samples to DEC Lab in Anchorage (Approx. costs range - $2,300 - $7,000 dependent on sample plan numbers and location).

[10] Operators are required to pay for DEC staff travel and accommodations.

[11] Shoreline survey has not been included in the total.

[12] DEC permits are good for one calendar year.

[13] Applicant are required to pay up to $1,000 for public notice (required as of January 1, 2010).

[14] One permit can be used for all three types of shellfish dealers.

[15] Does not include DNR's Shucker-Packer annual fee.

[16] Does not include Department of Revenues 3% Fisheries Business Export Tax, for any business that exports product out of Alaska.

[17] $100 for individual and $200 for corporations

[18] Minimum security fee for typical aquatic farm lease, but is dependent on structures used at the site and location of the site and possible cleanup costs.

Revised: Novemberr 2010

Figure 3. State of Alaska Fees for Aquatic Farm Authorization Renewals

Type of Farm Culture Methods Used	Farm Acreage	Year 10 Renewal Fees (Paid Prior to Expiration) DNR Annual Lease Renewal Fee[3]	DNR Public Notice[13]	ADF&G Operation Permit Renewal Fee[3]	Total Cost	Years 11-20 DNR Annual Lease Fee[4,17]	DEC Water Reclassification Annual Re-Approval Fee[12]	DEC Shellfish Harvester Permit Annual Fee[12]	DEC Shellfish Shipper (SS) Annual Permit Fee[12]	DEC Shellfish Reshipper (RS) Permit Annual Fee[12,14]	DEC Shellfish Shucker-Packer (SP) Permit Annual Fee[12,14]	Years 11- 20 Total Cost Each Year[15,16] (Min /Max)	Years 11- 20 Total Fees for All 10 Years[15,16] (Min/Max)
Suspended	1 acre	$100	$1,000	$100	$200	$450/$875	$150	$162	$162	$1625	$649	$1,259/ $1,521	$14,049/$16,931
Suspended	3 acre	$100	$1,000		$200	$450/$1,125	$150	$162	$162	$162	$649	$1,259/$1,771	$14,049/$19,681
Suspended	5 or more	$100	$1,000	$100	$200	$450/$1,375	$150	$162	$162	$162	$649	$1,259/$2,021	$14,049/$22,431
On Bottom, Intertidal	1 acre	$100	$1,000	$100	$200	$450/$875	$150	$162	$162	$162	$649	$1,259/$1,521	$14,049/$16,931
On Bottom, Subtidal	1 acre	$100	$1,000	$100	$200	$450/$875	$150	$162	$162	$162	$649	$1,259/$1,521	$14,049/$16,931
When Fees Required		60 days before lease expires.	Paid to statewide or local paper after public notice.	$1,000		In January of each year.	When follow-up completed and before you sell product.	When you act as a harvester shellfish.	When you act as a shipper shellfish dealer.	When you act as a reshipper shellfish dealer.	When you act as a shucker packer, shellstock shipper (or shellfish shipper), reshipper or a repacker dealer		

Note: DNR - Department of Natural Resources; ADF&G - Alaska Department of Fish and Game; DEC - Department of Environmental Conservation.

[1] Based on Fee Structures in Regulations: DNR AS 38.05.083 (Report No. 2522-9), ADF&G 5 AAC 41.280; and DEC -18 AAC 34.900(a) Seafood Permit Fee Schedule 2010 and 34.900(c)(1) and (2). If any discrepancies are found between this spreadsheet and the Alaska Administrative Code, the Code should be considered the final authority, unless the discrepancy is a result of a manifest error in the Code.

[3] Onetime fee

[4] For an aquatic farm only, $450 for the first acre plus an additional $125 per acre. For an aquatic farm with housing facilities associated with the aquatic farm, $875 for the first acre plus $125 for each additional acre. *Note*: The fee schedule is adjusted every five years. If an applicant does not want to use the lease fee schedule, applicant can pay for an appraisal to be done.

[12] DCE permits are good for one calendar year.

[13] Applicant are required to pay up to $1,000 for public notice (required as of January 1, 2010).

[14] One permit can be used for all three types of shellfish dealers.

[15] Does not include DNR's Shucker-Packer annual fee.

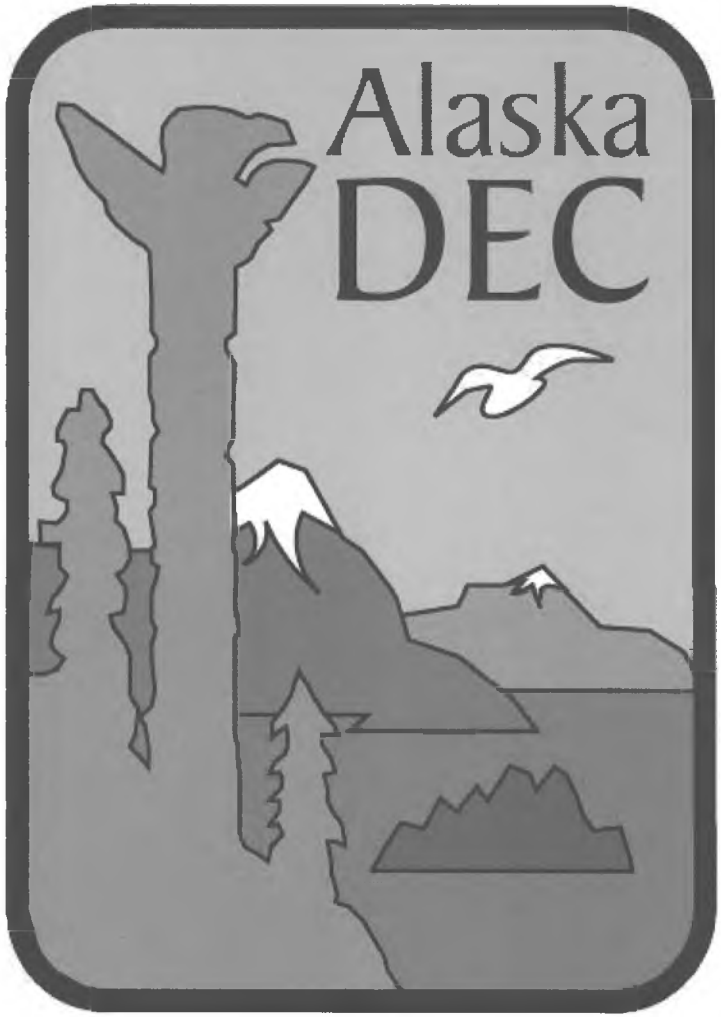
[16] Does not include Department of Revenues 3% Fisheries Business Export Tax, for aquatic farm operators that export their aquatic farm product out of Alaska.

[16] $100 for individual and $200 for corporations.

Revised November 2010

1/28/11 OVERVIEWS: DEC OFFICE OF THE COMMISSIONER, DIVISION OF ENVIRONMENTAL HEALTH, DIVISION OF AIR QUALITY

<TARGET><BILL></BILL><SUBJECT>1-28-11 OVERVIEWS DEC - OFFICE OF THE COMMISSIONER, DIVISION OF ENVIRONMENTAL HEALTH, DIVISION OF AIR QUALITY</SUBJECT><COMM>HRES27</COMM></TARGET>



Department of Environmental Conservation

House Resources Overview

Commissioner Larry Hartig

January 28, 2011

DEC's Mission

Protect human health and the environment.





Responsibilities & Functions

- Develop standards
- Issue permits
- Provide compliance and financial assistance
- Respond to spills of oil and other hazardous substances
- Safeguard the quality of food and seafood
- Operate the State Environmental Health Lab
- House the Office of the State Veterinarian
- Regulate pesticides and certain types of use
- Educate and assist the public
- Interact with our federal agency counterparts
- Investigate violations and enforce state law

Divisions

- Administration
- Environmental Health
- Air Quality
- Spill Prevention and Response
- Water Quality



Environmental Health

Department of Environmental Conservation

House Resources Overview

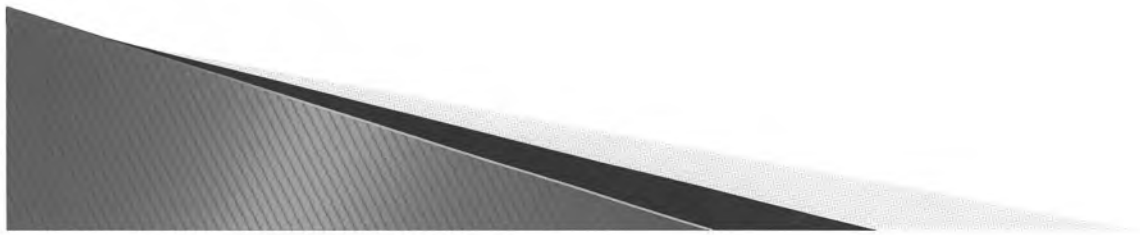
January 28, 2011

Division Mission

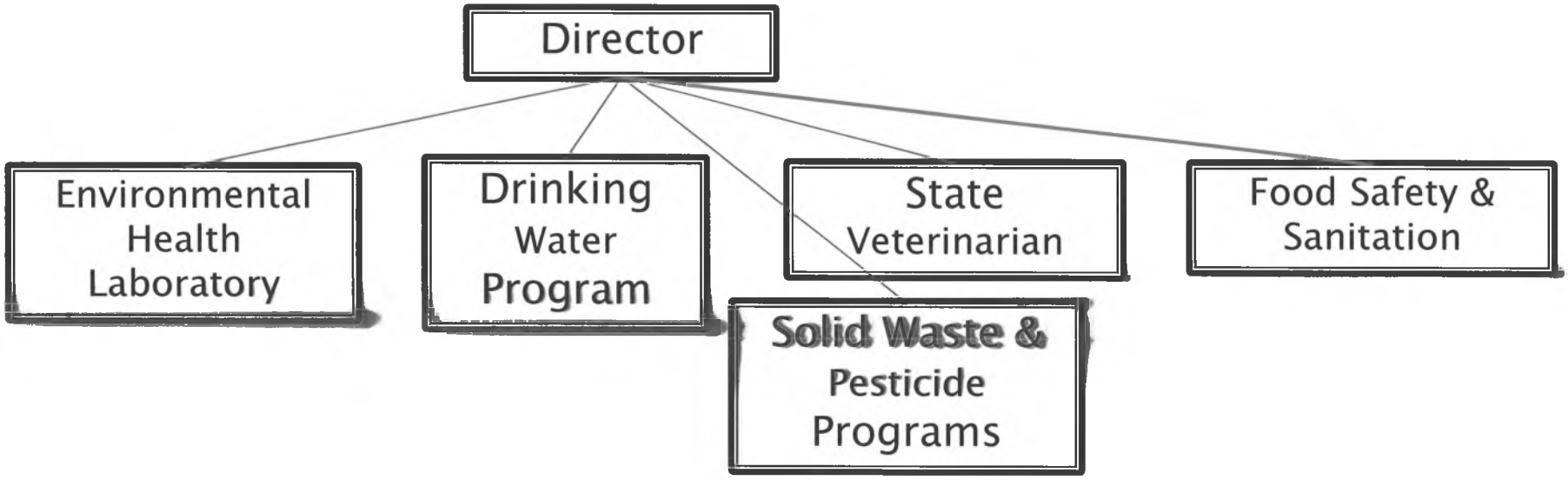
The Division of Environmental Health (EH) deals with the basics:

Safe drinking water, food, and sanitary practices.

Our goal is to provide businesses with clear standards so that they can protect our environment and provide safe food and drinking water to Alaskans.



Organization Chart



What does the Director's Office do?

- Provide direction for changes to nine regulatory chapters
- Provide clear direction to staff and timely decisions when necessary
- Manage budgets of each component so that resources are used wisely
- Ensure that statutory mandates are properly executed







Programs

- Drinking Water
- Pesticide Control
- Solid Waste Management
- Food Safety and Sanitation
- State Veterinarian
- Environmental Health Laboratory

Drinking Water and DEC
What do we do?

Maintain state primacy for regulating public drinking water systems

Enforce public water system (PWS) monitoring requirements for drinking water contaminants

Review construction, installation, and operation plans and enforce engineering standards for PWS to protect public health and meet Safe Drinking Water Act requirements



Assist PWS owners in identifying the sources of their drinking water and help them develop strategies to effectively protect those sources from contamination



Provide technical and compliance assistance to PWS owners and operators, and the public

Drinking Water and DEC
Federally-Designated

Primacy since 1978

- Executing the U.S. Safe Drinking Water Act and Amendments (currently 16, 1 pending approval, and 4 coming).
- **EPA provides over $4 million a year to** Alaska.

1,564 federally designated water systems (serve 25 people or more):

- 83% ground water
- 17% surface water
- 682 serve 25 or more persons year-round and 882 serve populations seasonally.





Drinking Water and DEC
State-Regulated

- 5,000 state regulated systems (25 people or less but larger than a private well serving a home or duplex)
- Quarterly testing and construction approval
- Serve assisted living homes, child care facilities, gas stations, office buildings, & apartments
- RSA from DHSS to work with 121 registered assisted living homes

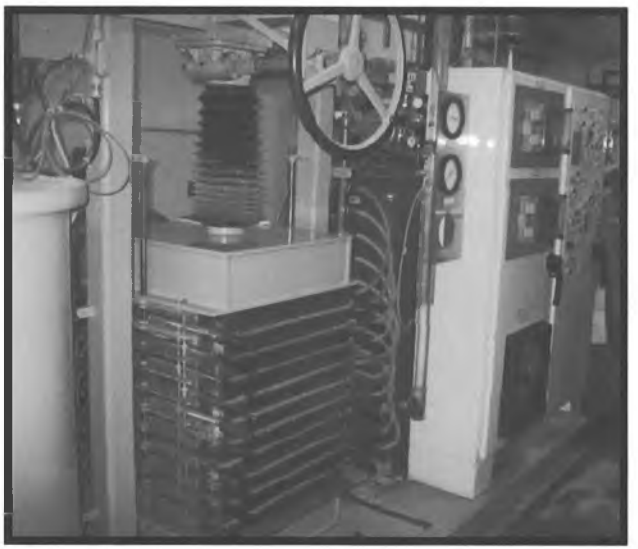




Drinking Water and DEC
Successes and Challenges

- 57 employees, 5 offices
- **Increasing complexity of federal rules**
- ***Limited to no interaction with state*** regulated systems due to lack of funding
- Finding new ways to work with water systems and help them stay in compliance:
  - Educate consulting engineers who design water treatment systems & conduct inspections
  - Partnering, case management
  - Intensive community visits









Programs

Drinking Water

» Pesticide Control

Solid Waste Management

Food Safety and Sanitation

State Veterinarian

Environmental Health Laboratory

Pesticide Control and DEC
Statutory Authority

- AS 46.03.020 (10)(F)
  - DEC may adopt regulations necessary for …the control of pesticides



- AS 46.03.320 – Regulation of pesticides and broadcast chemicals
  - Pesticide products must be registered
  - Commercial applicators must be certified
  - Spraying in public places requires notice



- AS 46.03.330 – Public pesticide programs
  - Public notice required for applications performed by state and local governments (permit)

Pesticide Control and DEC

What do we do?

- 5 employees in Mat-Su office
- Issue permits for applications on state land, over water or aerial
- Conducts inspections to make sure pesticide applications are done in accordance with the pesticide regulations and worker protection standards
- Conduct inspections of pesticide distributors
- Register and monitor the distribution, sale, use, and storage of pesticides - 5,000 registered products
- Train and certify pesticide applicators
- Review pesticides for potential risks to water.





Pesticide Control and DEC
Successes and Challenges

- Very difficult to issue permits (Railroad, DOT, Division of Agriculture)
- Issued herbicide permit to Alaska Railroad – 1st
- Increasing expectations for commercial applicators
- Product registration on-line









Programs

Drinking Water
Pesticide Control
Solid Waste Management
Food Safety and Sanitation
State Veterinarian
Environmental Health Laboratory

Solid Waste Management and DEC
What do we do?

- Review and approve solid waste permit applications including plans for design, operations, monitoring, management, construction, and closure
- Issue permits for solid waste treatment and disposal facilities; and review monitoring results
- Inspect landfills to verify compliance with permit requirements and state solid waste regulations
- Enforce violations of permit requirements and state solid waste regulations
- Monitor closed landfill sites





Solid Waste Program and DEC
Basics

- 14 staff, 3 offices
- 301 landfills
- 100% of landfills accepting 5 tons or more a day (Class I and Class II) are permitted. 23 total
- 22% of village landfills (less than 5 tons) are permitted
- 100% of industrial landfills in Alaska are permitted. 26 total





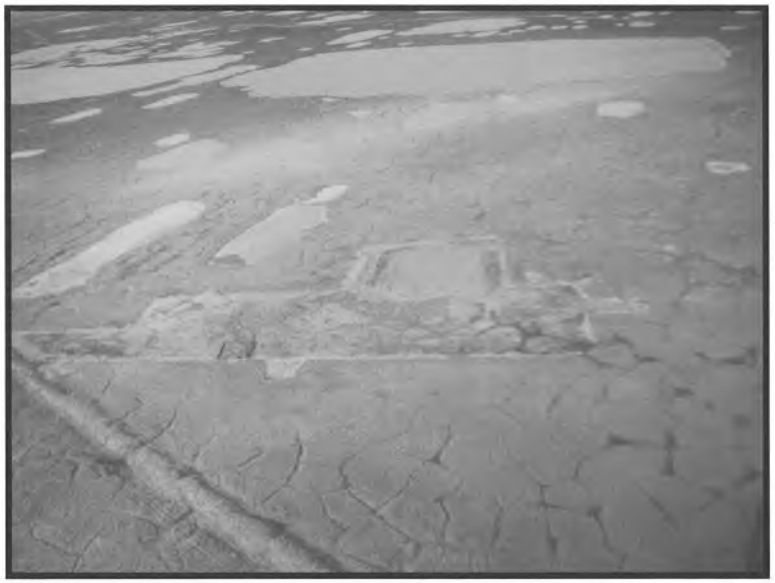
Solid Waste Program and DEC

Typical Exploration Reserve Pit Remediation

Before: Open reserve pit, drilling waste and water



After: Drilling waste removed, berms removed to tundra grade; pit backfilled with gravel; site covered to promote revegetation.



Solid Waste Program and DEC
Challenges and Successes

- Proper landfill management in small villages is difficult
- **Outreach, technical assistance,** partnering with federal agencies
- Closed 5 inactive reserve pits last year, 50 out of 600 left
- Works closely with communities to clean up after disasters – 2006 Hooper Bay fire and 2009 Eagle flooding.











Programs

- Drinking Water
- Pesticide Control
- Solid Waste Management
- Food Safety and Sanitation
- State Veterinarian
- Environmental Health Laboratory

Food Safety and Sanitation

Statutory Authority and Regulations – Food

AS 17.20 (Food, Drug, and Cosmetic Act)

- Food offered to the public or sold
- **Aquatic farms**
- **Misbranding, incorrect labels, and false advertising**
- Seafood processing

Regulatory Chapters

18 AAC 31: Food Service

18 AAC 34: Seafood Processing



Food Safety and Sanitation

Statutory Authority and Regulations – Sanitation

AS 18.35

- Public Facilities (overnight accommodations, public restrooms, smoking in public places)

AS 44.46.020

- **Prevention and control of public health nuisances**
- Regulation of sanitation and sanitary practices in the interest of public health at establishments in which lack of sanitation may create a condition that causes disease

Regulatory Chapters

18 AAC 23: hair and body art

18 AAC 30: sanitation (overnight accommodations, public toilets, laundromats, showers, pools and spas)



Food Safety and Sanitation

What do we do?

Establish standards, permit, inspect and enforce standards for food processing and food service facilities

Establish standards and inspect on a complaint basis certain public facilities for sanitation

Provide education and training on the safe handling of food





- 40 staff, 8 offices

  4,500 restaurants, markets, food processors

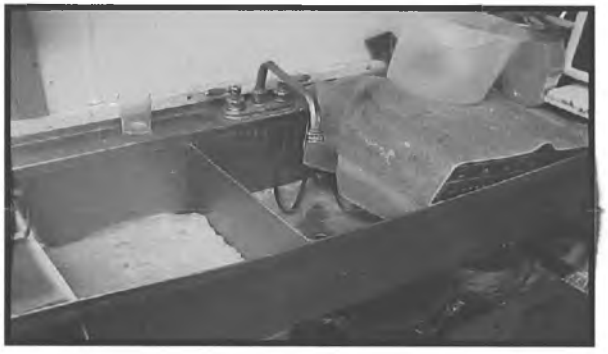
  786 seafood processors

  3,716 public facilities
  - overnight accommodations
  - public toilets, showers, and Laundromats
  - pools and spas
  - tattoo and piercing shops
  - barbers and hairdressers

Food Safety and Sanitation
Basics

Inspections

- 26% of permitted retail food establishments inspected in FY 2010
- **Average visits to retail food establishments – once every three years**
- Performs contract inspections for FDA for Alaska food processors



Notices of Violation

- 12% of inspected food establishments
- 7% of seafood processors

Food Worker Cards

- 90,000 cards in four years



Food Safety and Sanitation
Successes and Challenges

- Inadequate inspection frequencies at high risk facilities.
- Complying with variety of federal programs (e.g., shellfish, FDA and USDA)
- Knowing where to draw the line.
  - Food offered or sold to the public.



Advertized events open to the public require temporary permit.	Private events, churches, potlatches do not.

What can be sold off the farm with *no* DEC oversight?

- Raw, whole vegetables
- Eggs
- **Poultry**
- Meat (*custom processed* for animal owner)
- Jam, jelly, syrup
- herb vinegar
- dried herbs
- dried tea leaves

Why? Milk

What do you need a permit for?

Smoked fish
Cheese
Shucked peas
Bagged leafy greens

Why?

Because these products are ready-to-eat or easily harbor pathogens

Cheese

These are either cooked before eating or are too acidic to encourage pathogen growth

Food Safety and Sanitation

Are people getting sick?

Foodborne Illness Outbreaks* August 2009–August 2010
Reported from the State Section of Epidemiology, DHSS

Month	Year	Pathogen	Subspecies	Source	Setting	Village/City	Number Ill
August	2009	Salmonella	*Montivideo/Seftenberg*	Black Pepper	Home	Anchorage	2
August	**2009**	**Vibrio**	***Parahaemolyticus***	**Oysters**	**Restaurant**	**Fairbanks**	**2**
October	2009	Salmonella	*Heidelberg*	PFGE to FF chicken	Home	Petersburg/Anchorage	4
December 09-Feb 10	**2010**	**Salmonella**	***Typhimurium***	**Unknown**	**Unknown**	**Soldotna**	**3**
February	2010	Salmonella	*Montevideo*	Chicken related	Home	Ketchikan	1
April	2010	Campylobacter	*Jejuni*	Unknown	Home	Kenai Peninsula	3
April	2010	Botulism		Seal Blubber/Oil	Home	Napaskiak	2
May	2010	Salmonella	*Enteriditis*	Unknown	Unknown	Anchorage/Eagle River	4
May	**2010**	**Epi link to food**		**Fiddlehead Ferns**	**Convention Center**	**Anchorage**	**38**
May	2010	Salmonella	*Javiana*	Unknown	Travelers	Anchorage (Mexico)	1
June	2010	PSP		Cockles	Beach	Juneau	1
June	2010	PSP		Clams	Beach	Kodiak	3
June	2010	Campylobacter		Unknown	Travelers	Anchorage (Mexico)	7
June	2010	Campylobacter		Unknown	Home	Napakiak	5
August	2010	Botulism		Stinkheads	Home	Bethel	1
August	**2010**	**Salmonella**	***Thompson***	**Hollandaise sauce**	**Restaurant**	**Kenai**	**7**

*Two or more persons ill from the same source; one case of botulism, trichinosis, or PSP; or any number of ill persons linked to a multistate outbreak through PFGE.

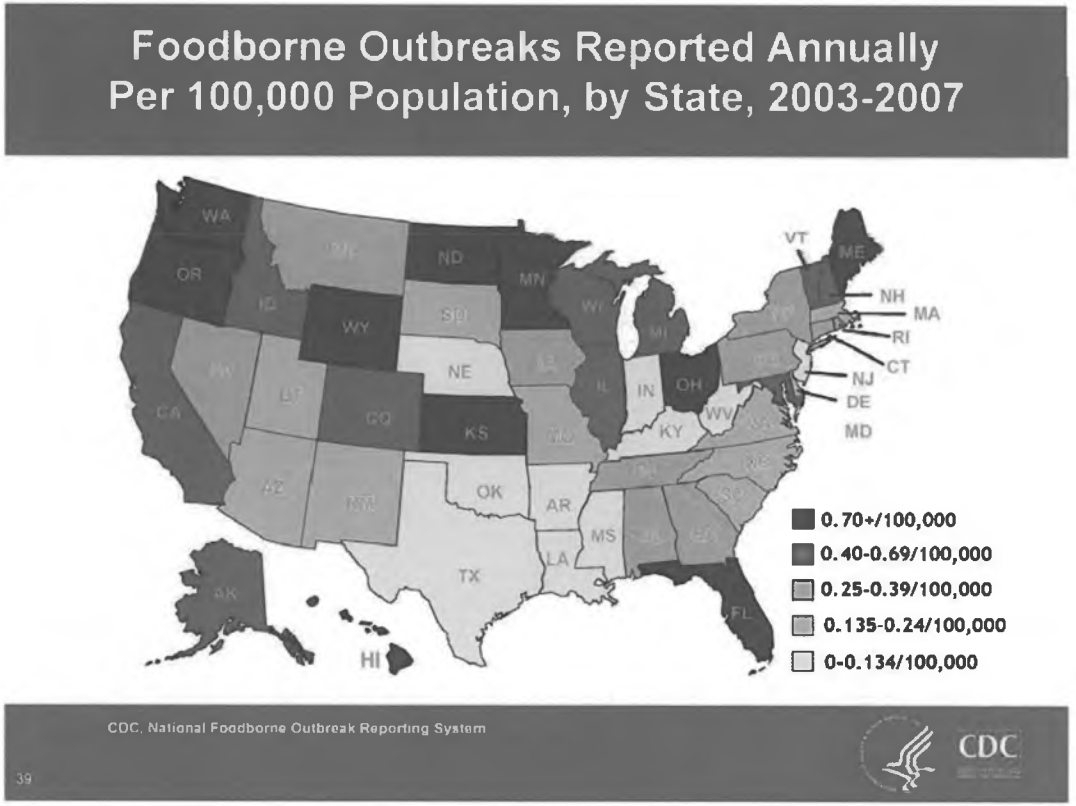
Food Safety and Sanitation

Are people getting sick?

Reported Foodborne **Outbreaks in Alaska**

Year	# ill
2004	92
2005	18
2006	76
2007	2
2008	115

(only from regulated facilities)



Includes outbreaks from unpermitted activities





Programs

- Drinking Water
- Pesticide Control
- Solid Waste Management
- Food Safety and Sanitation
- State Veterinarian
- Environmental Health Laboratory

State Veterinarian
Statutory Authority

- AS 03.05.011
  - examine, inspect, test, quarantine or embargo animals or animal products to prevent the spread of pests or contagious or infectious disease.
- AS 03.55.100
  - establish minimum standards for animal care
- AS 17.20.005
  - Grading of milk & milk products, set standards of sanitation for dairies offering or selling to the public which are equal to the minimum standards of the U.S. Pasteurized Milk Ordinance.



Regulatory Chapters:

18 AAC 32 Milk, Milk Products & Reindeer Slaughter

18 AAC 36 Animal Health

State Veterinarian
What do we do?

5 staff, two offices

Permit, inspect, monitor and provide technical **assistance to dairy and meat producers**

Permit and monitor the movement of animals and animal biological products (vaccines, etc)

Monitor and control animal diseases

Responds to animal health emergencies

Collects fish samples statewide and evaluate them for contaminants





State Veterinarian
Successes and Challenges

- Major revisions to animal health regulations overdue
- Maintaining State's disease-free status, allowing easy international and interstate animal transport; decreasing testing burden on producers
- Helping commercial and private animal owners keep animals healthy & free of disease.
- Permitted mobile slaughter facility for reindeer.
- Permitted 3 cheese production facilities.





State Veterinarian

What's going on with cheese?

State statute requires dairy products comply with the U.S. Pasteurized Milk Ordinance.

What do the regulations require?

- **Separate areas for different activities (milking, pasteurizing, aging cheese, cleaning products)**
- Testing products for antibiotics and foodborne pathogens
- IF pasteurizing, use of machine that monitors temperature. Raw milk cheese is allowed though
- Standards for cleaning
- Documenting production and cleaning
- Correct product labeling



Small batch pasteurizer

Is Alaska stricter than other States?

No. We used other state regulations as models. There are some variations but Alaska's rules are not stricter.

Programs

- Drinking Water
- Pesticide Control
- Solid Waste Management
- Food Safety and Sanitation
- State Veterinarian
- Environmental Health Laboratory







Environmental Health Laboratory

What do we do?

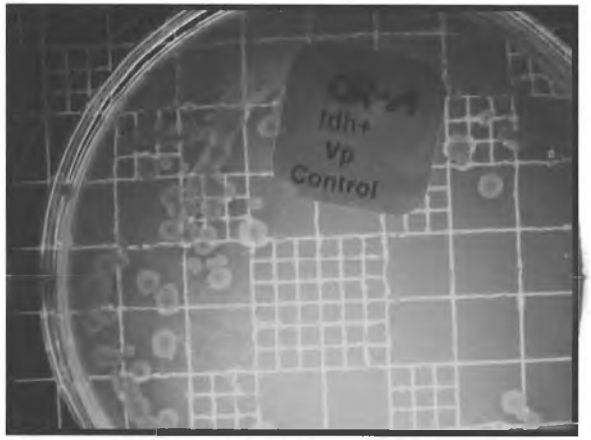
- Inspect and certify private labs
- Test environmental samples, food, water, finfish, shellfish, and domestic and wild animals
- Analyze fish tissue for chemical, microbial, and marine toxin contaminants
- Provide laboratory testing services and information for the assessment of risks to public health, welfare and the environment.
- 23 staff, one location
- Testing services
  - food safety
  - drinking water
  - animal health
  - contaminant monitoring
- Ran 67,901 tests in 2010
- Extensive certifications (EPA, FDA, USDA)





Environmental Health Laboratory
Successes and Challenges

- In-state testing avoids cost of shipping and time delays
- Offer services not provided by **private sector (some because federal law mandates gov't lab)**
- Developing new methods that are quicker (24 hour turn around compared to 5 days), labor saving and moving at the speed of commerce.
- Certification by three federal agencies requires extensive QA/QC procedures and verifies the accuracy of our results





Questions?

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Alaska Department of Environmental Conservation
Division of Air Quality
Overview

Presentation to House Resources Committee

January 28, 2011

Objectives

Alice Edwards Director

- Provide Overview of Air Quality Division
  - **Mission**
  - Core Services
  - Programs
  - Initiatives and Challenges

Mission

- *To conserve, improve, and protect Alaska's natural* ***resources and environment and control air pollution, in*** *order to enhance the health, safety, and welfare of the people of the state and their overall economic and social well being.*

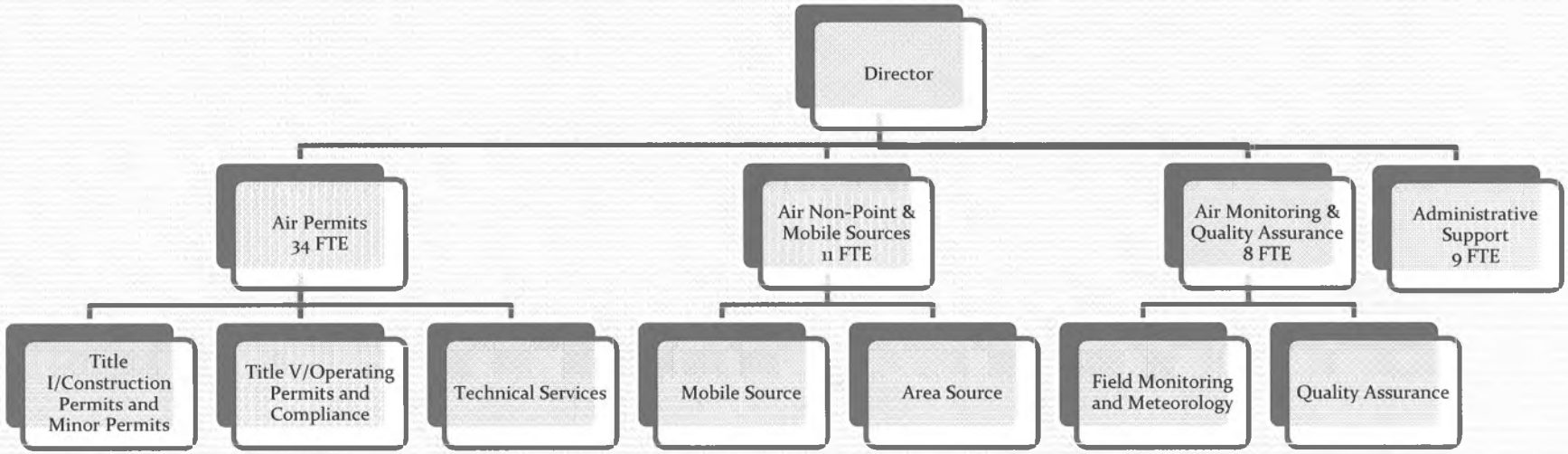
Core Services

- Issue air quality permits to facilities that release potentially harmful pollutants
- **Provide compliance assistance and enforcement** (inspections and operating report reviews)
- Community assistance to protect air quality
- Air quality assessments and monitoring
- Comment on federal air quality rulemakings with Alaska's perspective
- Develop, implement, and enforce plans to bring areas out of compliance with federal air quality standards back into compliance

Programs

- Division has three primary air quality programs and an **administrative support program**
  - Air Permits Program
  - Air Monitoring & Quality Assurance Program
  - Air Non-Point & Mobile Sources Program
  - Administrative Support Program

Air Quality Division Structure



Air Permits Program

- Ensure that air emissions from industrial operations in the state do not create unhealthy air
  - **Authorize construction of new and modified facilities** (Construction Permits and minor permits)
  - Establish compliance monitoring for existing facilities (Title V Operating Permits)
  - Conduct compliance assurance inspections and follow up on permit deviations
- Maintains an on-going process for improving consistency and timeliness of permitting
- Respond to general AQ complaints and concerns

Air Non-Point & Mobile Source Program

- Works with communities to maintain and achieve ambient air quality standards by addressing non-industrial air quality concerns and developing/implementing air quality plans
  - partners with communities to explore options and find solutions to local and regional air quality concerns
    - Fairbanks PM2.5 Planning,
    - Rural village dust pilot project,
    - Anchorage and Fairbanks carbon monoxide planning
  - focuses primarily on mobile and area sources of pollution within communities
    - motor vehicles, road dust, space heating, non-road equipment, etc.

Air Non-Point & Mobile Source Program (Cont.)

- conducts education and outreach on air quality issues to raise awareness **and encourage behaviors that improve air quality**
- ensures that community-based pollution control programs incorporated into Alaska's Air Quality Plan are implemented
  - provides oversight for the Anchorage/commuter vehicle emission inspection & maintenance program
  - provides technical and outreach assistance to the Juneau wood burning program

Air Monitoring and Quality Assurance Program

- Program operates and oversees air quality monitoring **networks throughout Alaska. These networks assess compliance with the national ambient air quality** standards.
- Provides quality assurance audits for state air monitoring network and assists with audits for local community monitoring efforts

Air Monitoring and Quality Assurance Program (Cont.)

- Conducts or oversees required field monitoring
  - Anchorage, Fairbanks, Juneau, Mat-Su Valley, Noatak
- **Assists communities with special monitoring studies**
  - Seward, Galena and others
- Issue air advisories to inform the public of hazardous air conditions, such as wildfire smoke or volcanic ash events.
- Reviews industry generated data and provides technical support to air permitting
- Provides meteorological oversight for air quality open burn approvals

Administrative Support Program

- Provides administrative support to the Division
  - **Budget development**
  - Grant management
  - Procurement and contracting assistance
  - Fee and billing assistance
  - Personnel and payroll assistance
  - Finalize divisional documents and other routine office duties

?? Arctic Haze and UV b penetration

Division of Air Quality Initiatives and Challenges

Permit Streamlining and Process Improvement
Fairbanks Fine Particulate Matter Planning
Rural Dust
Revisions to EPA National Ambient Air Quality Standards
Revisions to EPA Rules
North Slope Air Quality Assessment

Initiatives and Challenges

Ongoing Permit Streamlining and Process Improvement

- Goal – Improve consistency and timeliness of **permitting**
  - Maintain ***high quality, legally defensible permits***
  - Improve predictability by standardizing processes and permit requirements

Initiatives and Challenges
Ongoing Permit Streamlining and Process Improvement (cont.)

- Quality Management system
  - ***enhance consistency***
  - reduce disruptions from staff turnover
- Operating Permits
  - Standard conditions to improve efficiency
  - Meetings with Stakeholders
- Construction Permits
  - Pre application assistance and project scheduling
  - Use of contractor assistance to handle workload fluctuations

Initiatives and Challenges – Fairbanks Fine Particulate Matter ($PM_{2.5}$)



Initiatives and Challenges – Fairbanks $PM_{2.5}$ (Cont.)

- Fairbanks/North Pole area is exceeding the 24-hour PM2.5 ambient air quality standard
- **Air quality attainment plan is due to EPA in December 2012**
- Clean Air Act has serious consequences if fail to plan or implement a plan
- Plan and control options are controversial in community
  - Non-attainment are is large in size
  - Multiple sources of PM2.5 exist
  - Home heating sources (wood and coal) are important contributors

Initiatives and Challenges – Fairbanks $PM_{2.5}$ (Cont.)

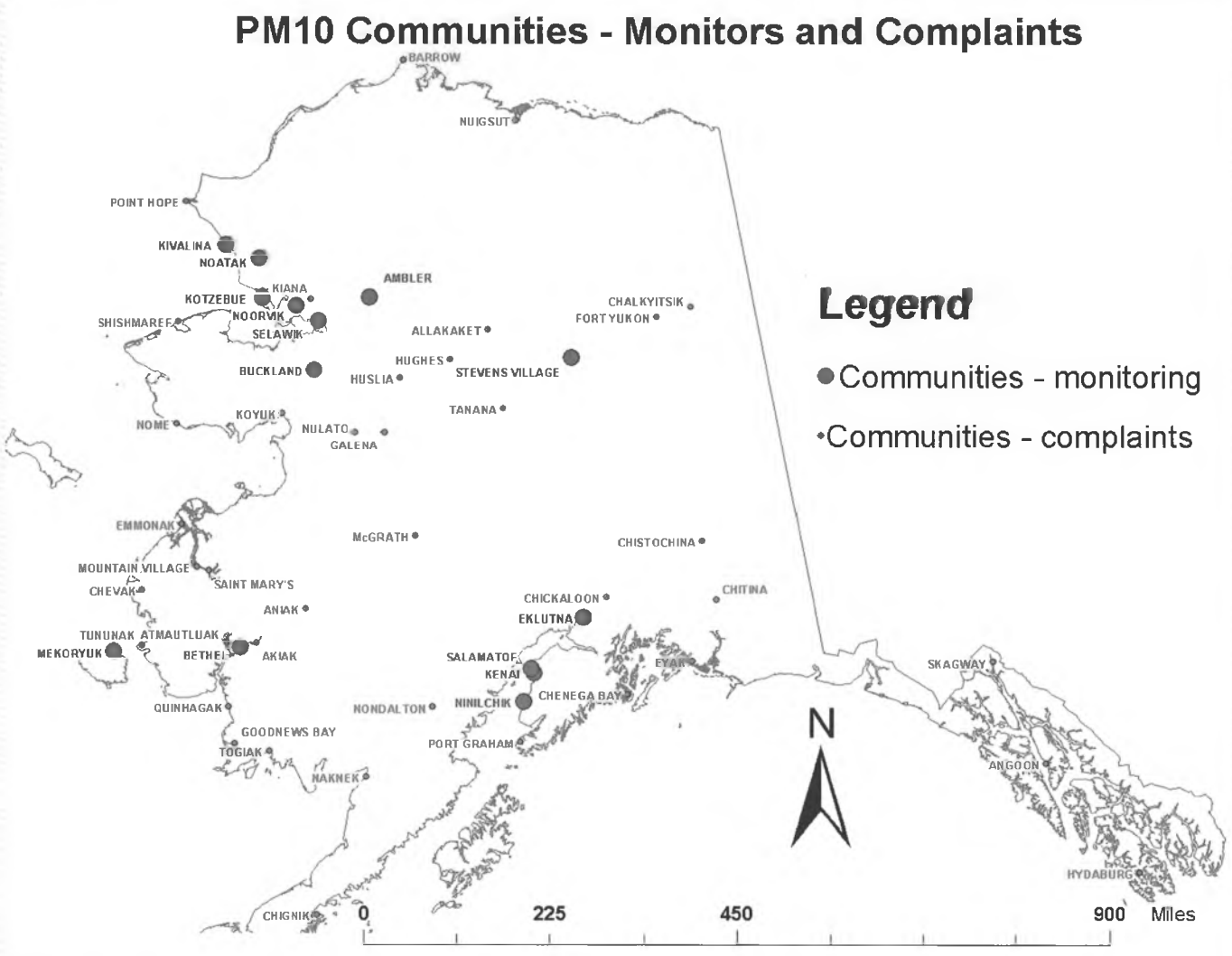
- On-going Division efforts include:
  - Coordinating planning efforts
  - **Responding to local smoke complaints**
  - Conducting public education
  - Assisting Borough on projects to characterize $PM_{2.5}$
  - Assisting with technical work for the air quality plan
  - Analyzing emissions, impacts, and controls for permitted sources (e.g. power plants)
  - Characterizing vehicle emissions at cold temperatures

Initiatives and Challenges – Dust in Rural Alaska





Airborne Dust in Alaska



Initiatives and Challenges – Rural Dust (Coarse Particulate Matter or PM10)

- Division continues to work with the Department of Transportation and other agencies to find solutions to dust impacts from rural roads and to assist villages in assessing and addressing local air pollution concerns
- Pilot project underway to look at effectiveness of watering/dust suppressants in eight communities with documented dust problems
  - Bethel, St Mary's, Kotzebue, Noatak, Ambler, Buckland, Noorvik, Kiana
- With the widespread impact of dust throughout the state, it is difficult to effectively respond to the needs of communities

Initiatives and Challenges – Revised National Ambient Air Quality Standards (NAAQS)

- Per Clean Air Act, standards to be reviewed every 5 years
- **New 1-Hour Standards for Nitrogen Dioxide (NO_2) and Sulfur Dioxide (SO_2)**
  - Will have implications for permit program implementation – modeling attainment for short term standards
- Expecting EPA to revise carbon monoxide (CO) and particulate matter (PM) standards during the coming year
  - If more stringent standards are proposed for PM10 and PM2.5, could result in additional problem areas
  - If more stringent standards for CO – Anchorage and Fairbanks air quality plans may need adjustment

Past and Possible Future $PM_{2.5}$ NAAQS (concentrations in $\mu g/m^3$)

Standards	Annual	24-Hour
1997 Standards	15	65
2006 Standards	15	35
Standards Under Consideration	11-13 / 11	35 / 30

Initiatives and Challenges – New EPA Air Quality Rules

- EPA has been issuing a lot of new and revised rules
  - **Can be difficult to keep up with the reviews of EPA proposals**
  - ***Typical focus for comments is on technical concerns and*** Alaska specific issues that arise
- Greenhouse Gas Permitting Rules
  - Federal rule tailors the permitting program for CO_2 to avoid permit requirements for many small facilities
  - Federal rule phases in and impacts facilities that typically have air quality permits already
  - State recently adopted the federal requirements
    - approval by EPA of the state regulations ensures there is no construction moratorium
    - state continues to make permit decisions, rather than EPA.

Initiatives and Challenges – New EPA Air Quality Rules (Cont.)

- Advanced Notice Regarding Potential for Regulation of Lead in Aviation Gasoline
  - State weighed in with Alaska specific concerns early in EPA process
  - Allows EPA to gather additional information and to take Alaska concerns into consideration
- Rules related to new ambient air quality standards
  - EPA coming out with rules and guidance for air permitting – 1 hour NO_2 and SO_2

Initiatives and Challenges – North Slope Air Quality Assessment

- Develop better understanding of cumulative air quality **impacts on the North Slope and address data gaps to assist *in future permit development***
- Short term goals:
  - Assess and summarize existing monitoring, emission and meteorological data
  - Determine additional data needs with focus on core information for permits and cumulative impact assessment
  - Develop technical approach for modeling regional impacts
  - Develop long term strategy for monitoring and assessing impacts

Questions:

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(907) 465-5109
alice.edwards@alaska.gov

1/31/11 OVERVIEWS: DEC DIVISION OF SPILL PREVENTION AND RESPONSE, DIVISION OF WATER

<TARGET><BILL></BILL><SUBJECT>1-31-11 OVERVIEWS DEC - DIVISION OF SPILL PREVENTION AND RESPONSE, DIVISION OF WATER</SUBJECT><COMM>HRES27</COMM></TARGET>



Alaska Department of Environmental Conservation

Division of
Spill Prevention and Response

Mission

Protect public health and the environment through prevention, preparedness and response to oil and hazardous substance releases.

Goals

Prevention

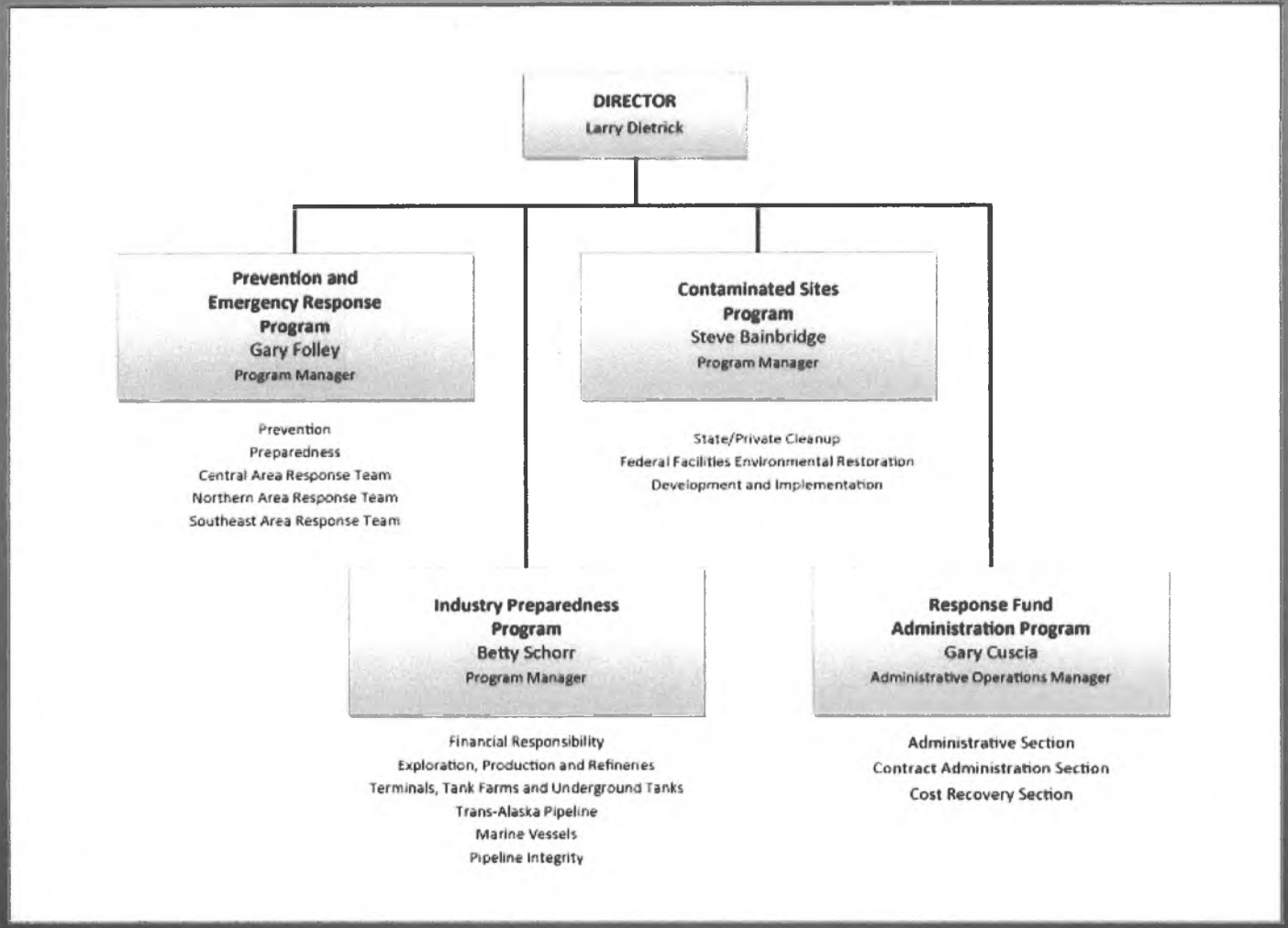
Preparedness

Response

Response Fund Management

Spill Prevention and Response

Organization



Qualifications

- Senior Leadership
  - Director
  - Four Program Managers
- Total years of experience: 156
- Average years of experience: 31
- Education: PE-Civil Engineering; MBA; BS-Environmental Management; BS-Biology; MS-Environmental Quality Sciences; BA Biology; USCG Officer Candidate
- Job classes
  - Environmental Specialists
  - Environmental Engineers
  - Environmental Technicians
  - High School and College Interns

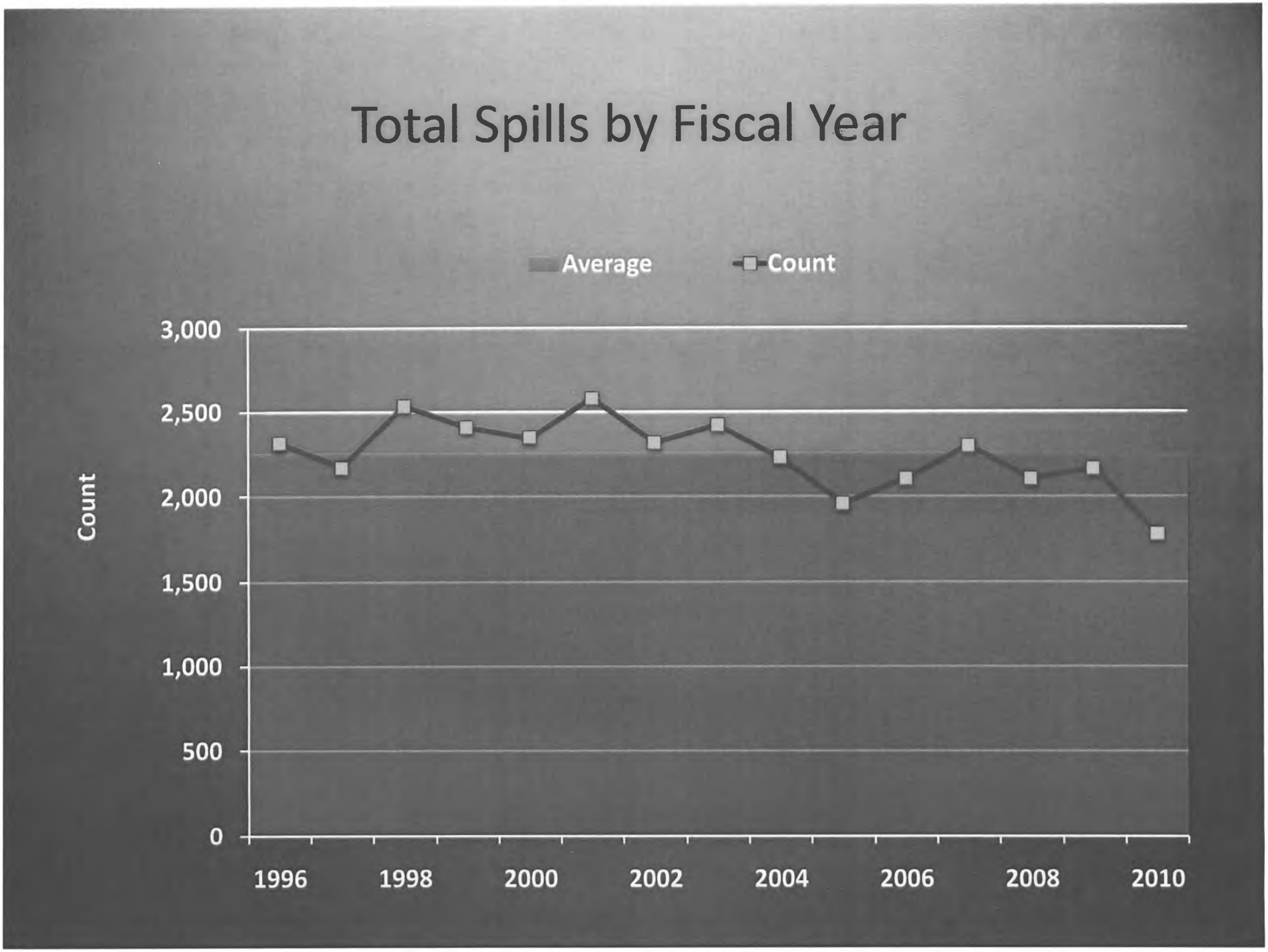
Prevention and Emergency Response



Prevention and Emergency Response

Mission

Protect public health and the environment by preventing and mitigating the effects of oil and hazardous substance releases and ensuring their cleanup through government planning and rapid response.


Total Spills by Fiscal Year
Average
Count
Count
3,000
2,500
2,000
1,500
1,000
500
0
1996
1998
2000
2002
2004
2006
2008
2010

Prevention and Emergency Response

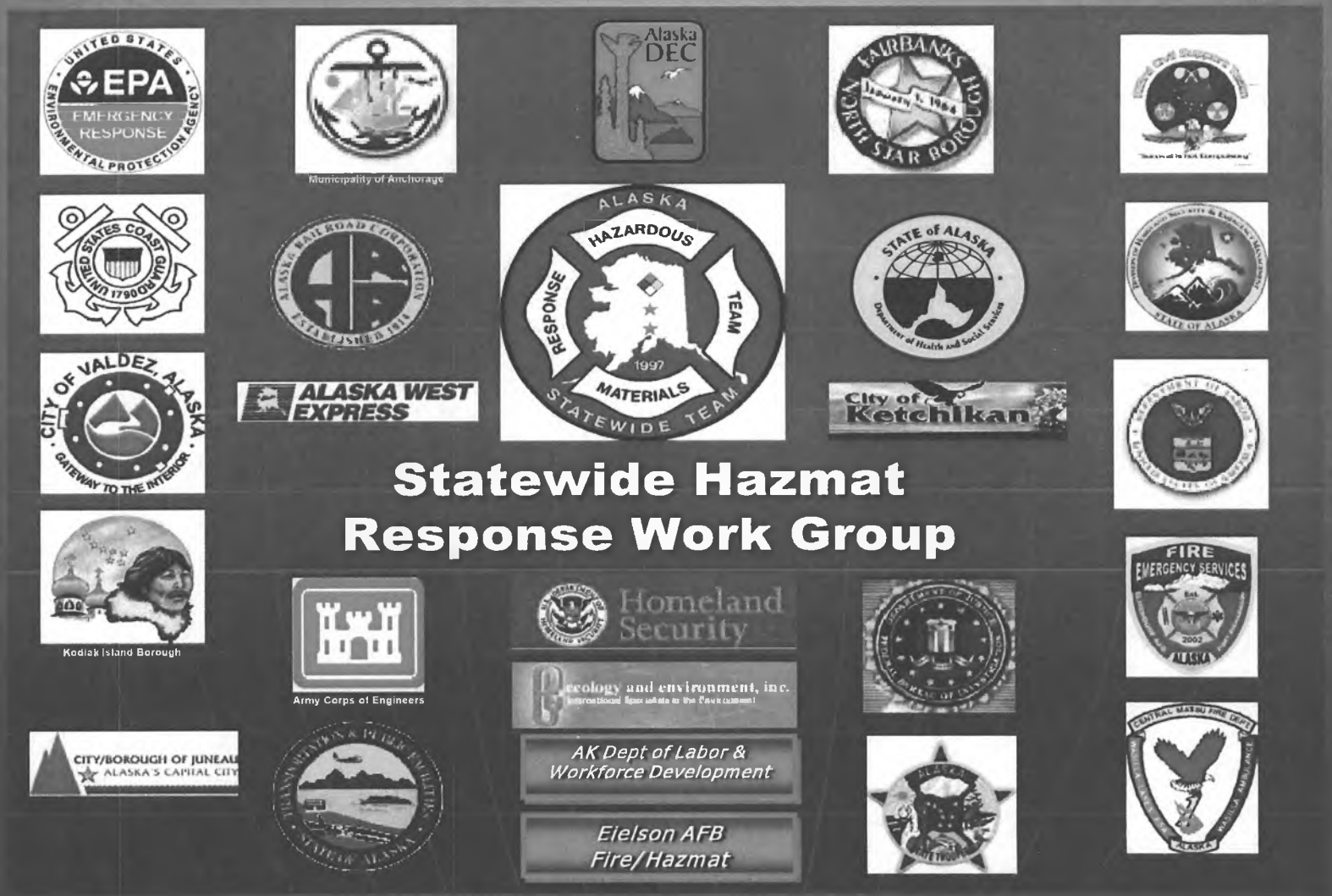
Responsibilities

- Emergency Oil Spill Response
- Statewide Hazmat Response
- Drills and Exercises
- Government Oil Spill Response Plans
- Local Spill Response Agreements
- Disaster Response Coordination

Emergency Response Team Areas



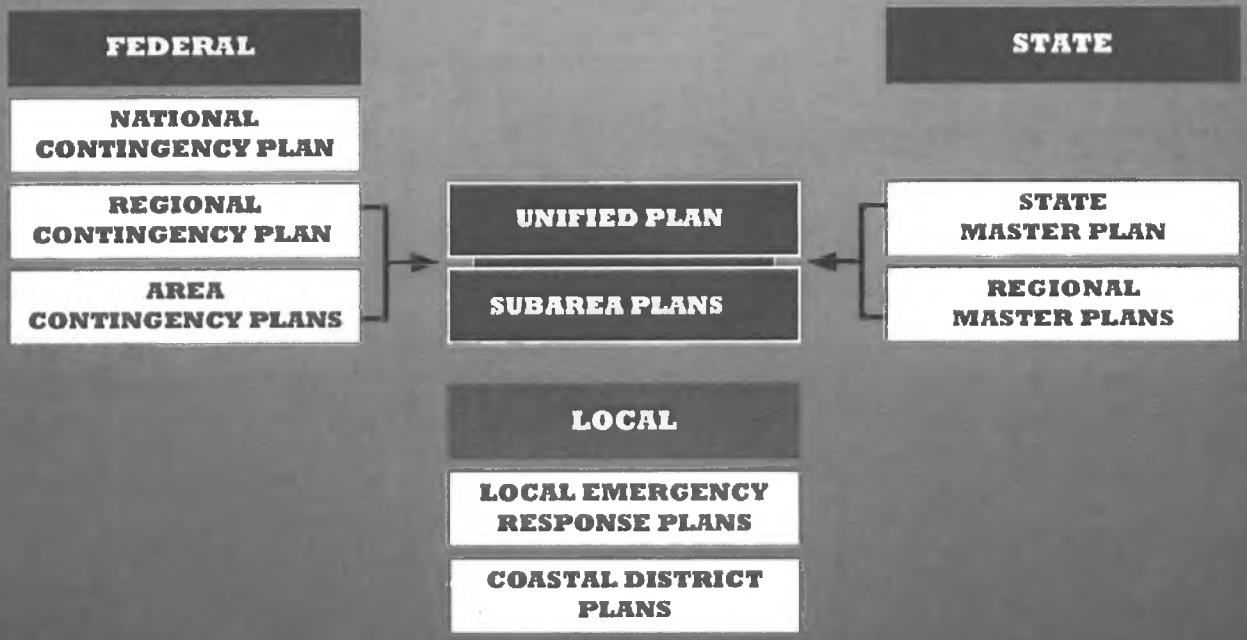
Statewide Hazmat ResponseTeams



Statewide Hazmat Response Work Group

Oil Spill Response Plans

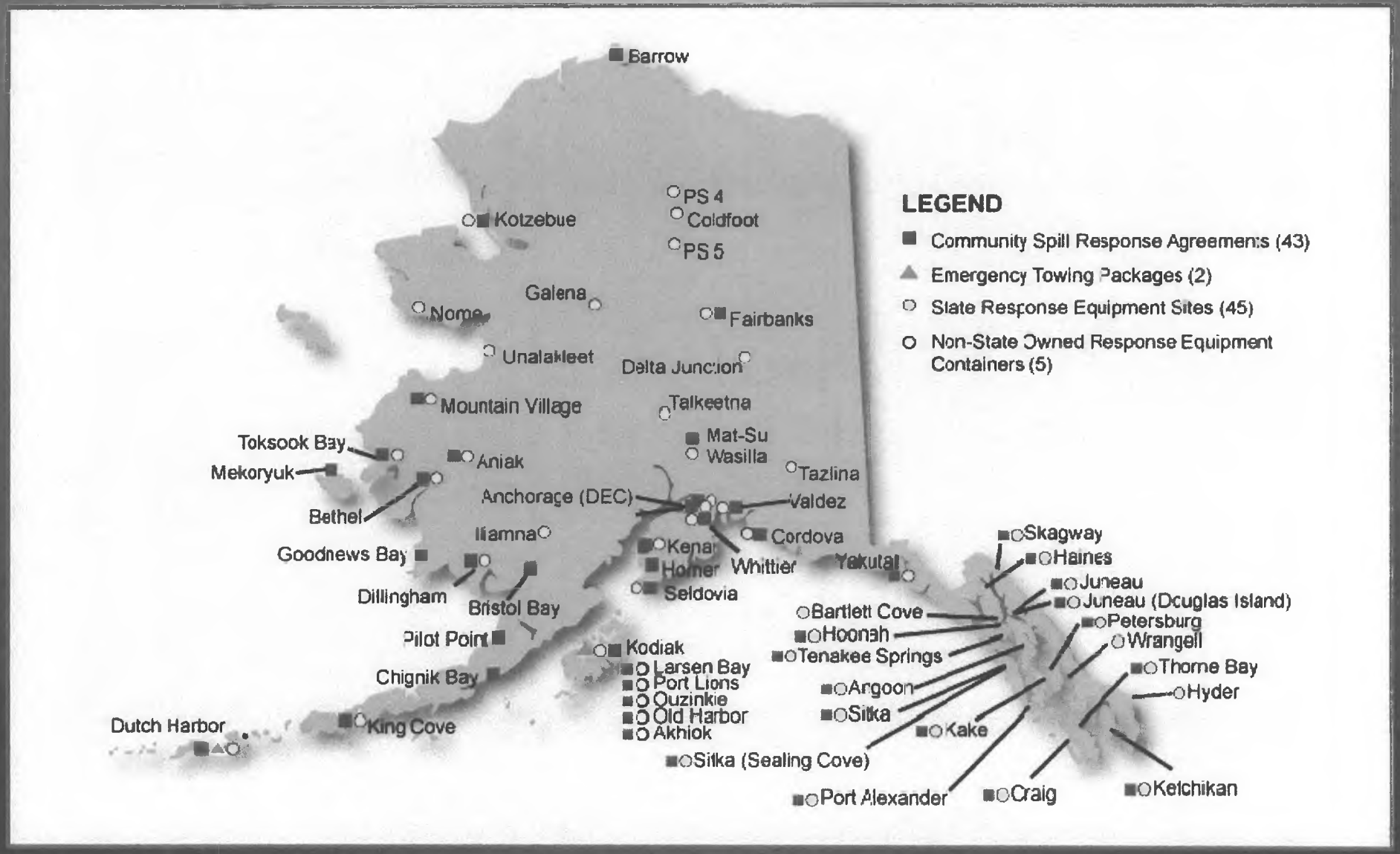
Government Spill Planning



Industry Spill Planning

- VESSEL C-PLANS
- FACILITY C-PLANS

Local Spill Response Agreements and Equipment



Prevention and Emergency Response

Activities

- 684 responses out of 1,740 reported spills.
- 24 significant oil and hazardous substance spills.
- 25 oil spill drills and exercises.
- Statewide hazardous materials commodity flow study.
- Unified and Subarea Response Plans updates.
- Vessel risk assessments for Cook Inlet and the Aleutians.

Kuroshima



Winter Cleanup





Fuel transfer operation



GC 2 Pipeline Spill



Spill delineation



Disaster Coordination

Yukon Breakup Flooding





Industry Preparedness

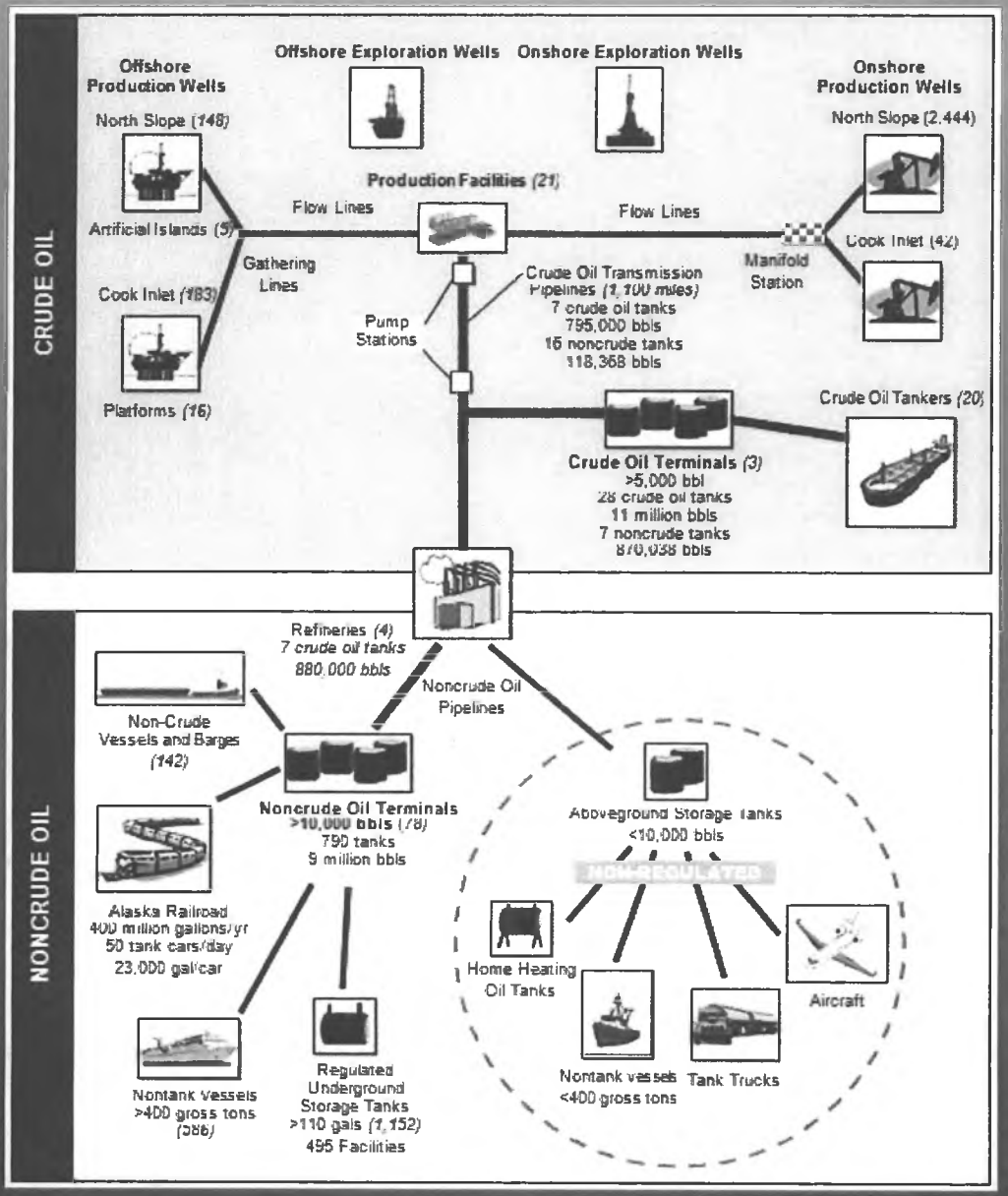


Industry Preparedness

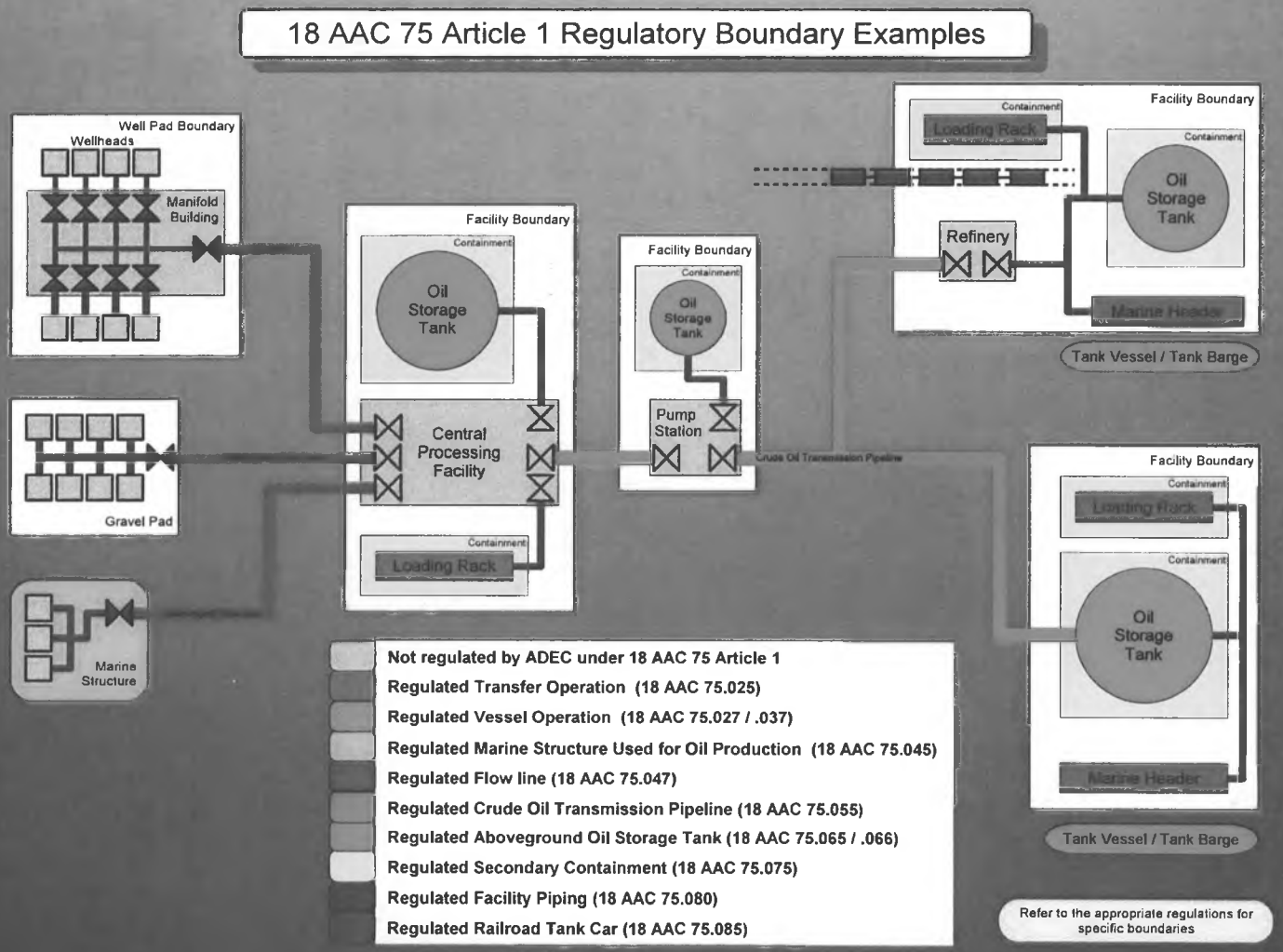
Mission

Protect public, health and the environment by ensuring that producers, transporters and distributors of crude oil and refined oil products prevent oil spills and are prepared materially and financially to respond and clean up spills.

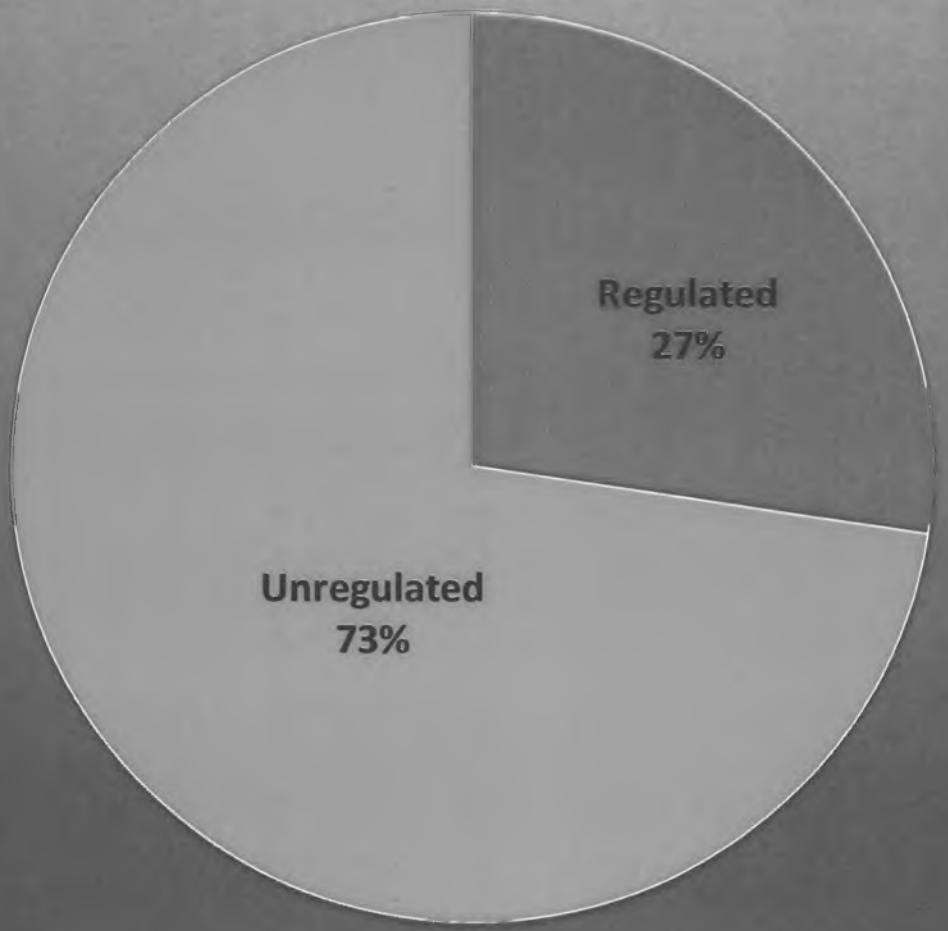
Oil Production, Storage and Transportation Infrastructure



Regulated Components



Spills at Regulated versus Unregulated Facilities



Industry Preparedness

Responsibilities

- Oil spill contingency plans
- Spill drills
- Inspections
- Financial Responsibility
- Oil spill primary response action contractors
- Best available technology

Drills



Spill Cooperatives





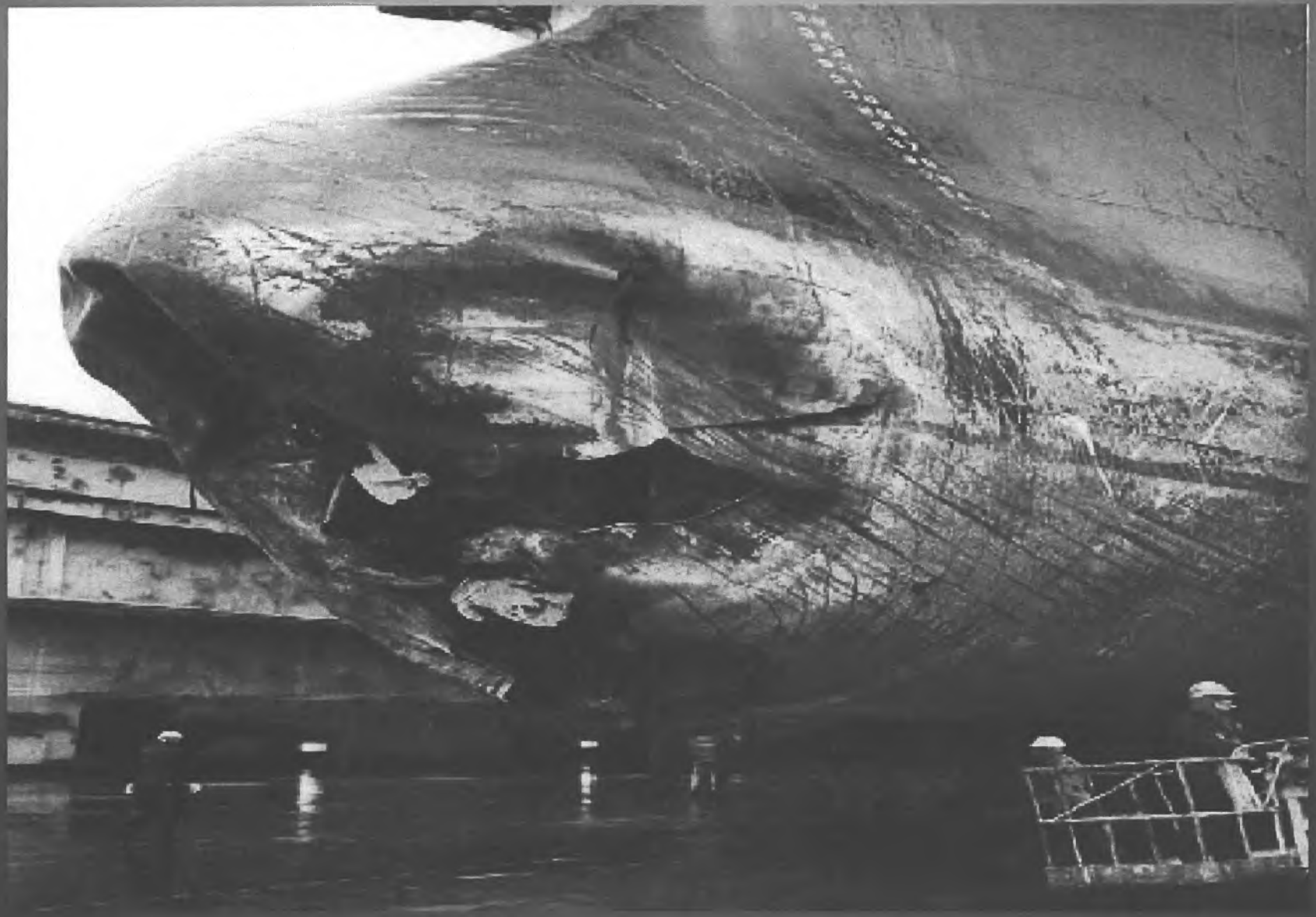








Overseas Ohio



Tanker Escort System

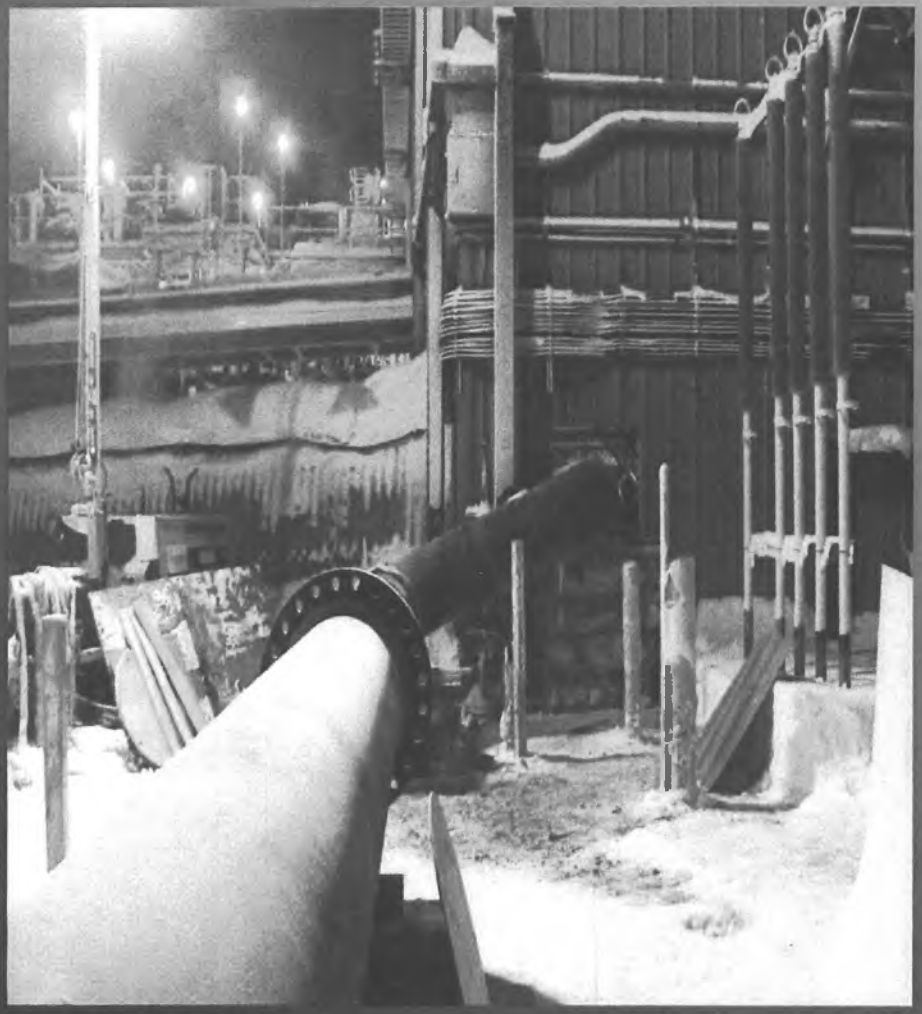


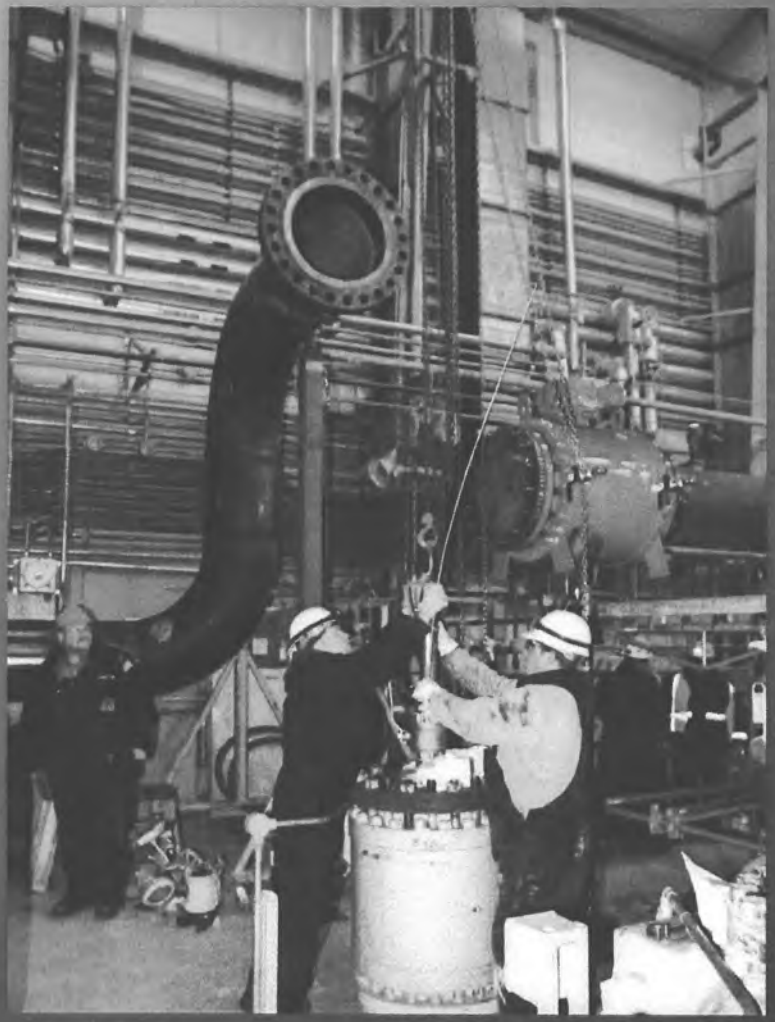
Industry Preparedness

Activities

- 588 contingency plan actions.
- 124 inspections of regulated facilities.
- 60 industry spill exercises.
- 64 underground storage tanks repairs.
- Spills analysis of north slope oil infrastructure.
- Alaska response to Deepwater Horizon spill.

Pump Station 1 Bypass

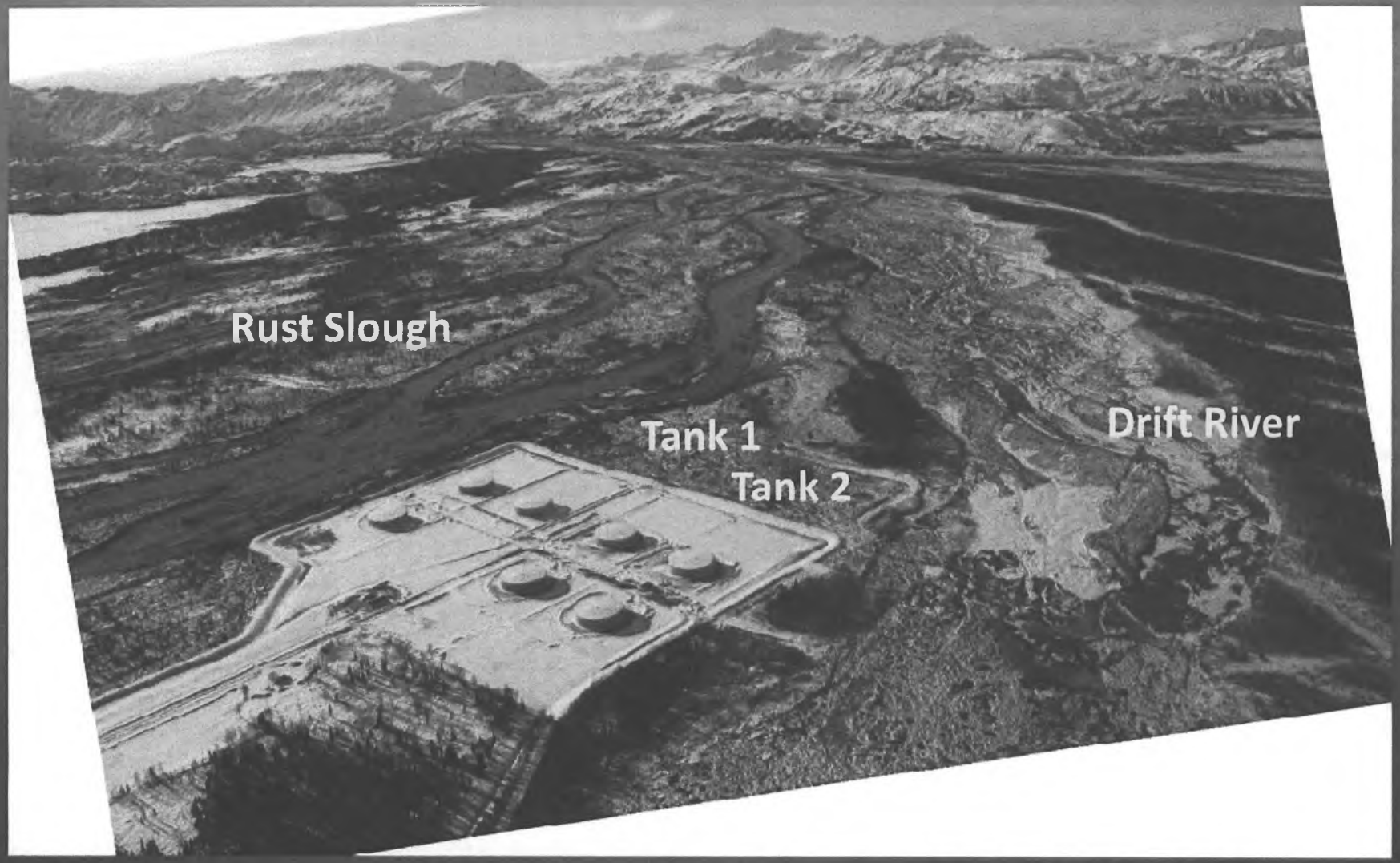




Pipeline Inspections



Drift River Oil Terminal



Lisburne Pipeline Break



Contaminated Sites



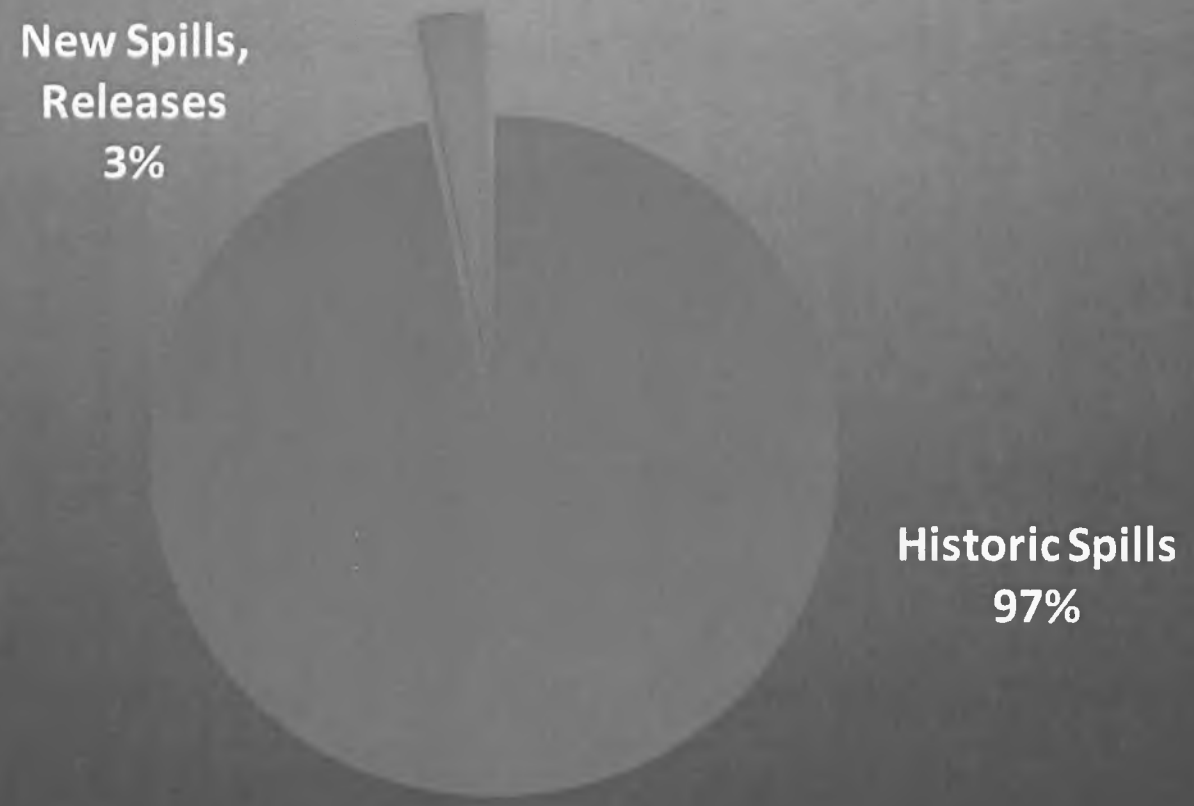
Contaminated Sites

Mission

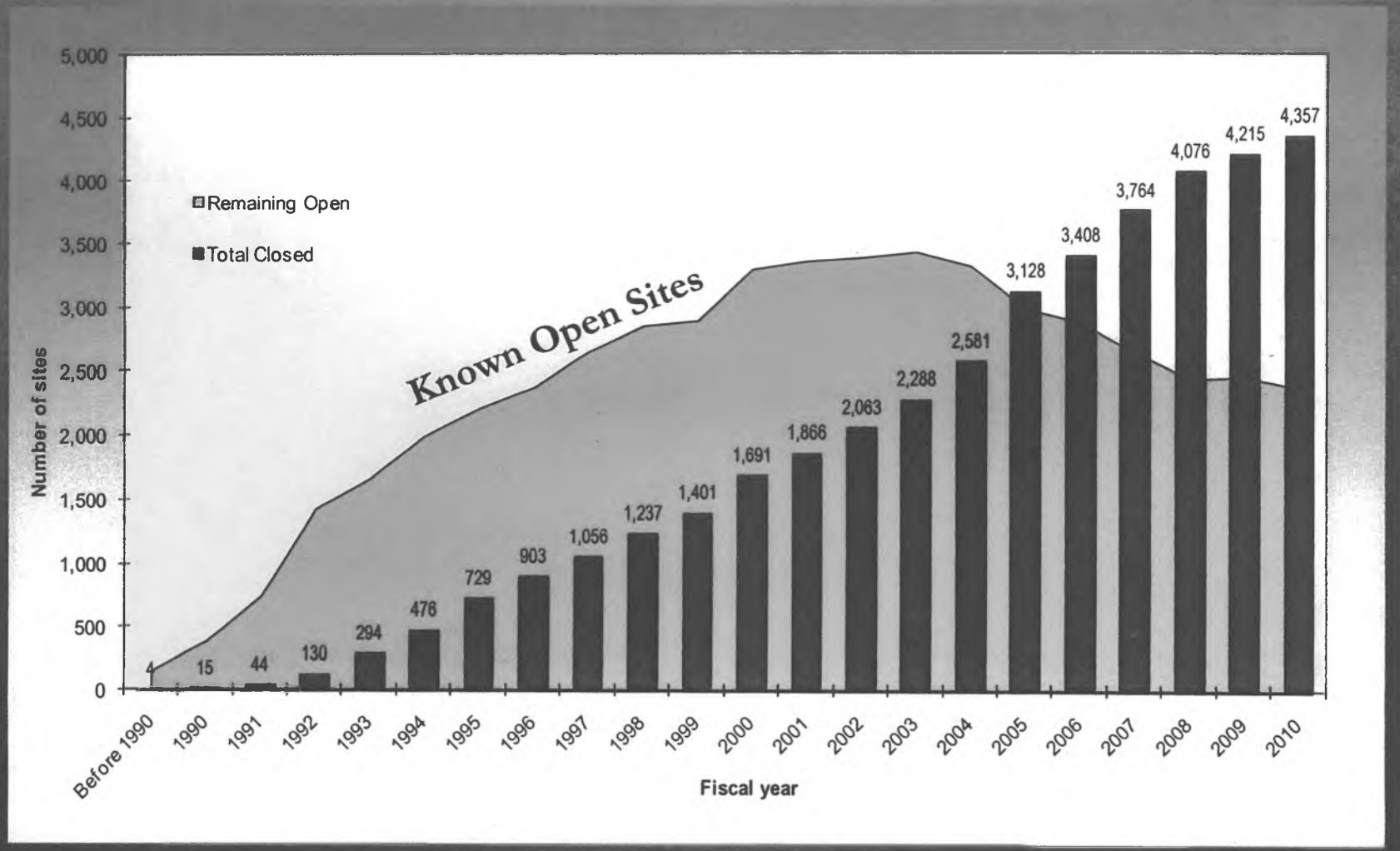
Protect public and the environment by identifying, overseeing, and conducting the cleanup, redevelopment and management of contaminated sites in Alaska.

Legacy of Contamination

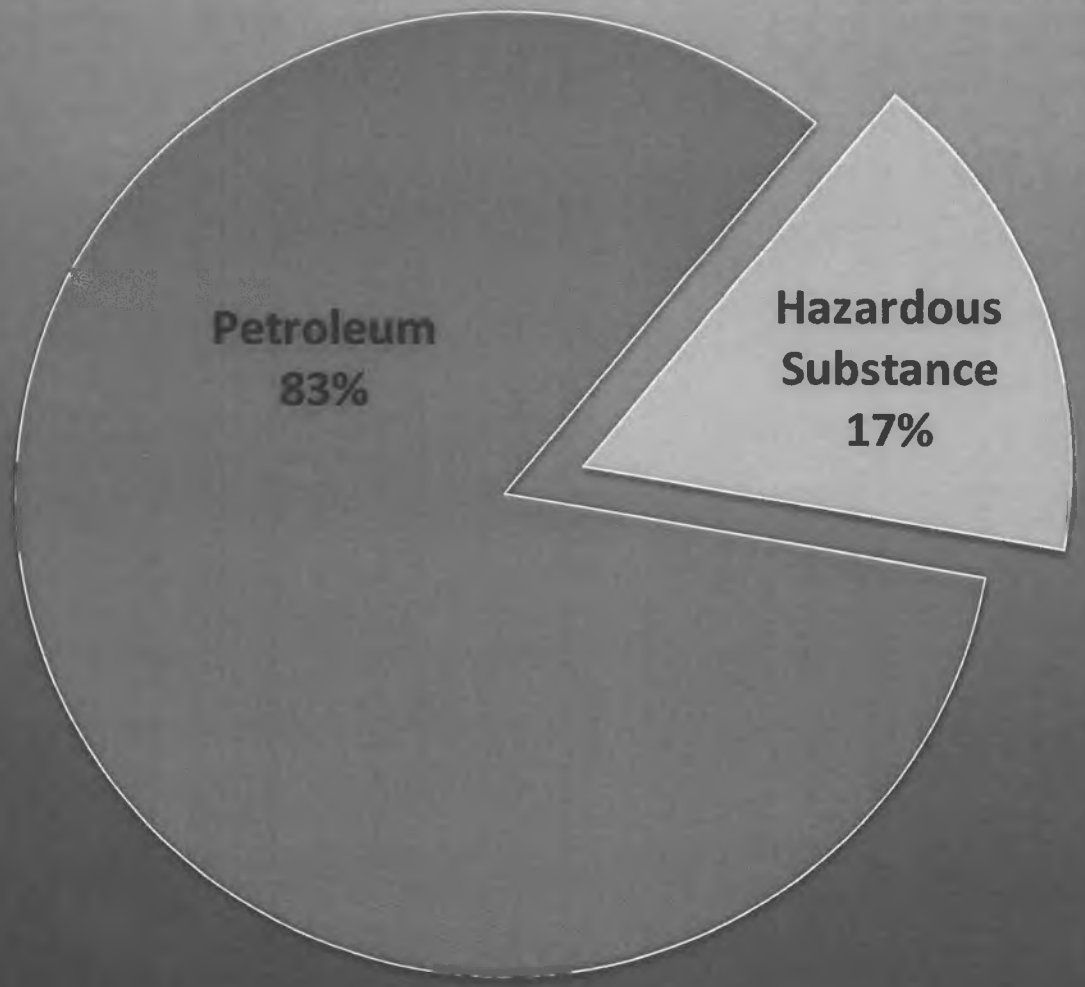
Total Sites = 6,730



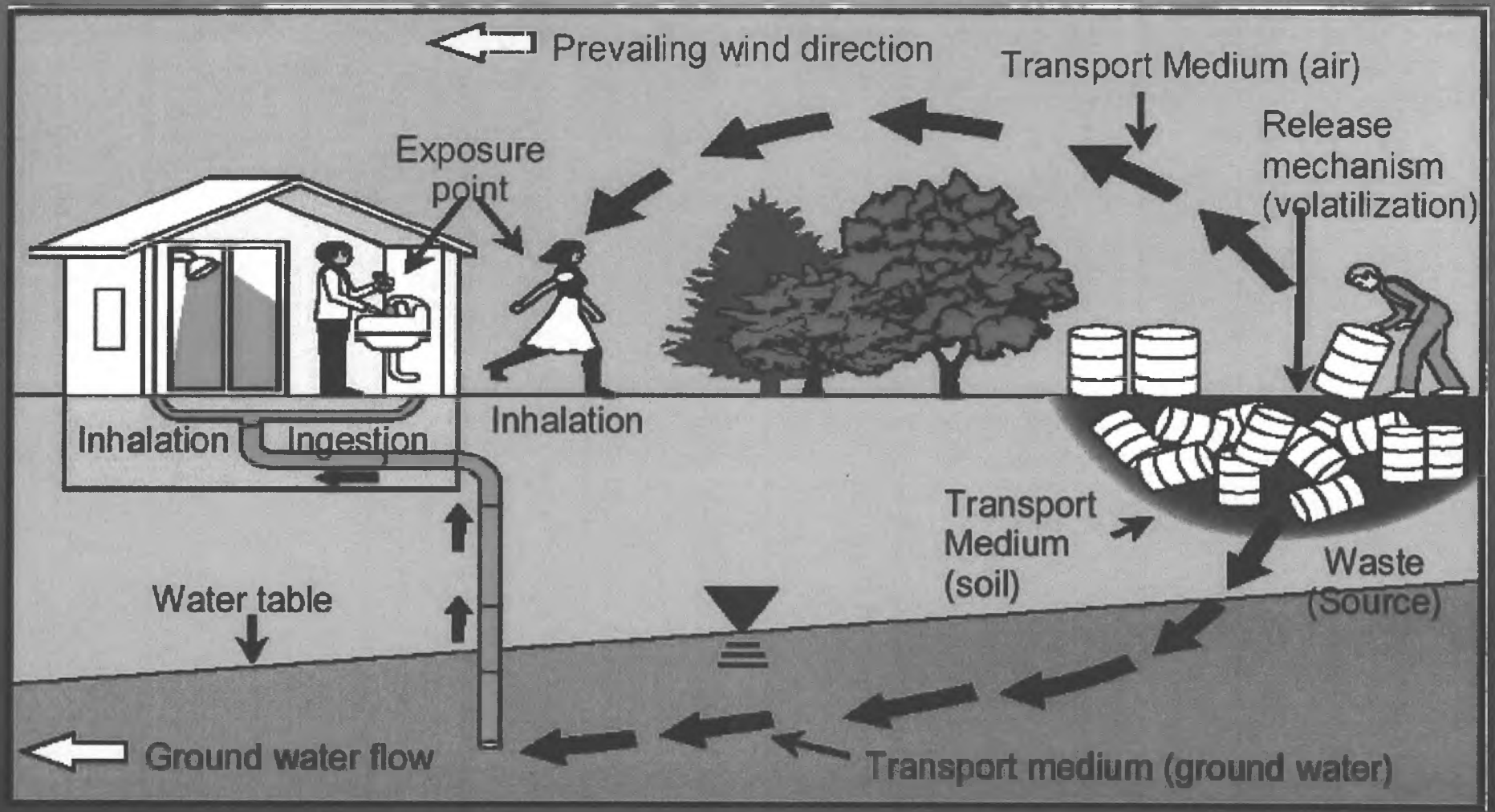
Open vs Closed Sites (cumulative)



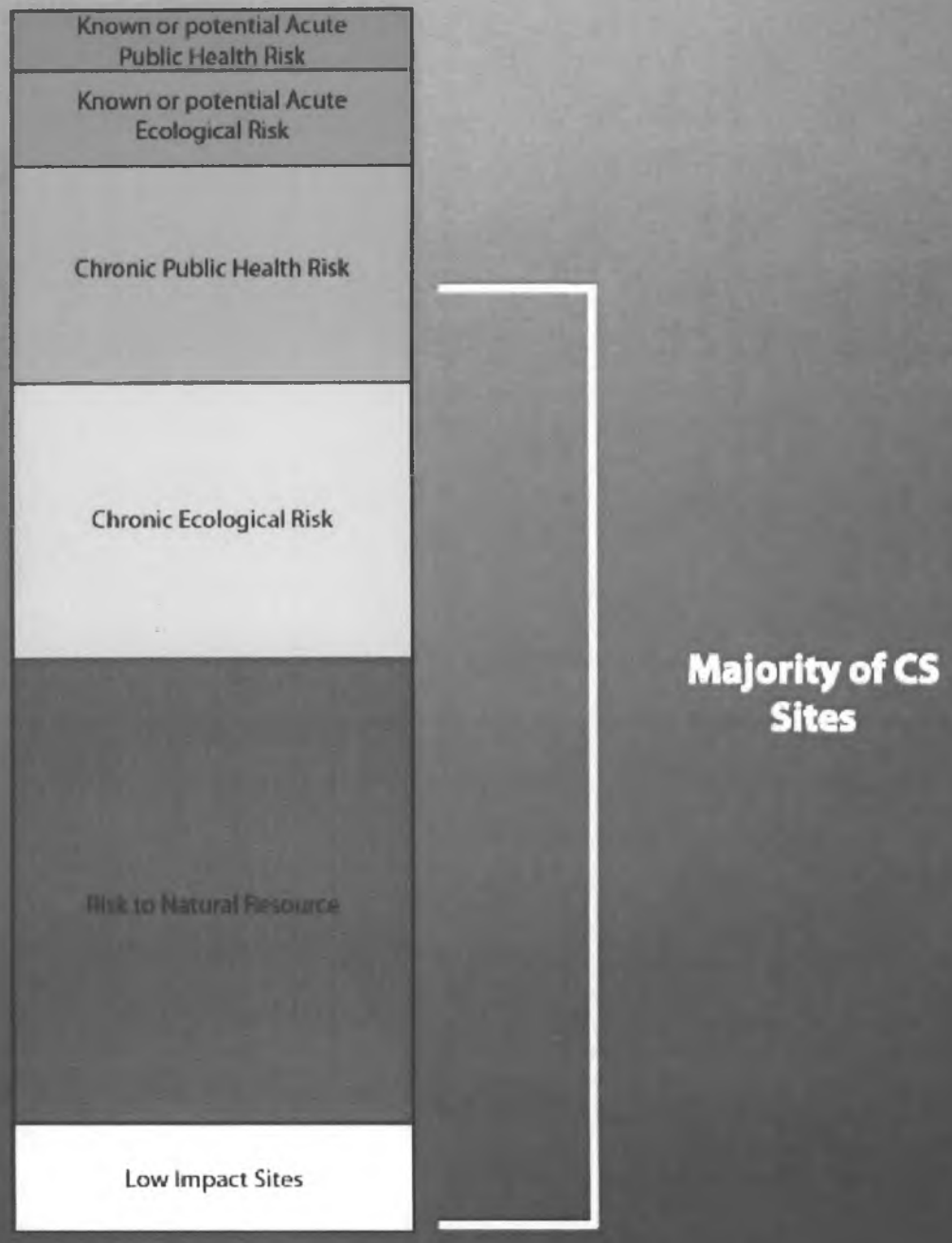
Pollutant Type



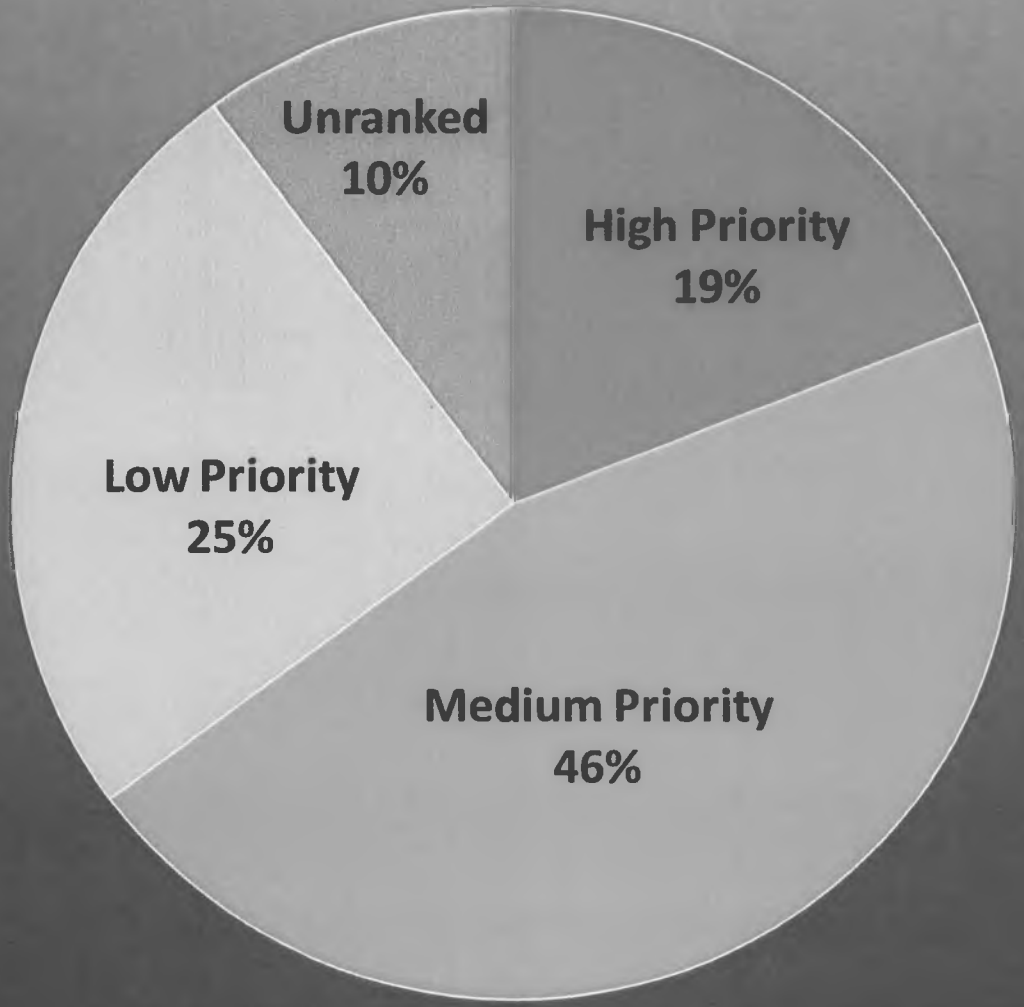
Exposure Pathways



Risk Continuum



Hazard Ranking

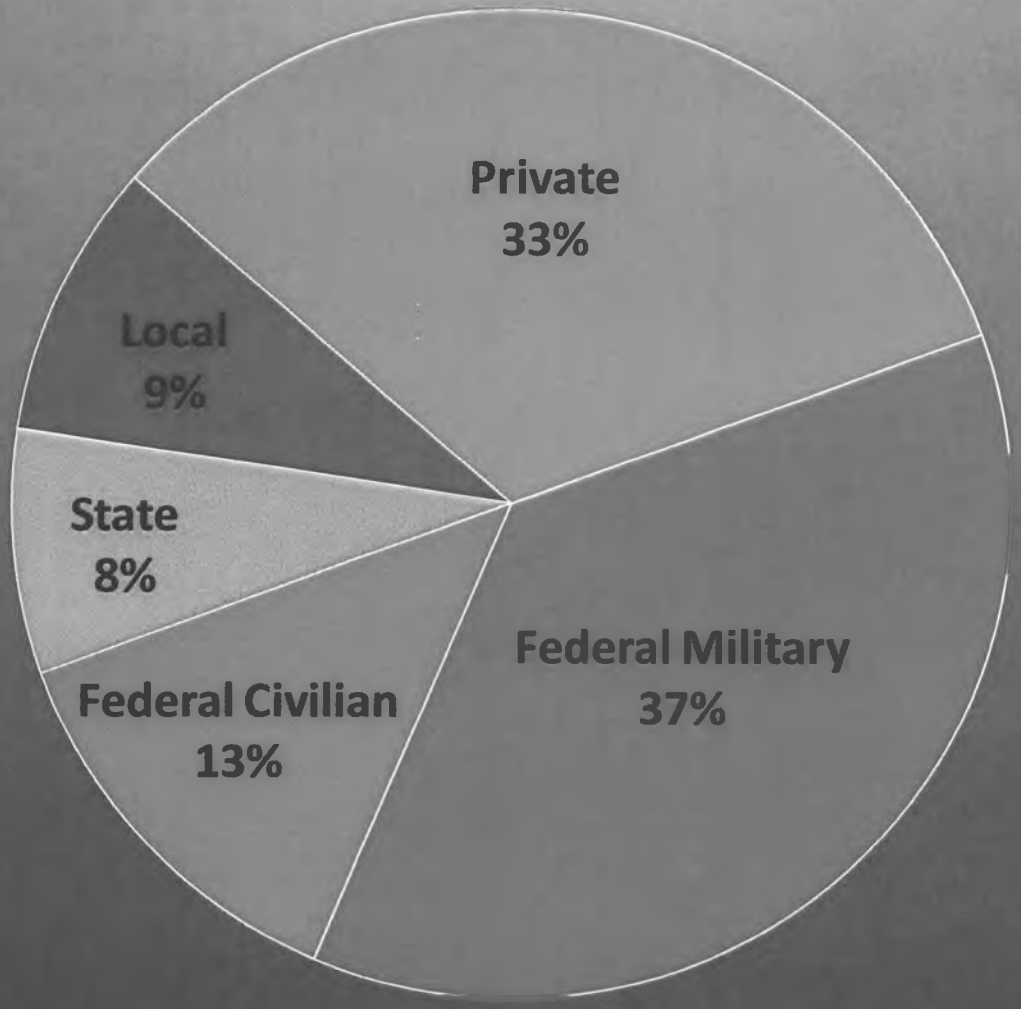


Contaminated Sites

Responsibilities

- Contaminated site management
- Cleanup of state, federal and private contaminated sites
- Areawide cleanups
- Reuse and redevelopment
- Risk-based cleanups
- Cleanup standards

Site Ownership



Contaminated Site Remediation



Contaminated Sites

Activities

- 837 sites - assessment, cleanup and monitoring.
- 135 sites with risk reduction measures implemented.
- 79 new site assessments and risk evaluations.
- 19 Brownfield assessment and cleanup projects.
- Areawide groundwater investigations.
- Targeted assessments of chlorinated solvents.

Abandoned Drums



Areawide contamination



Historical Bunker Tank



North Slope Contaminated Soil Land Farm



Response Fund Administration



Response Fund Administration

Mission

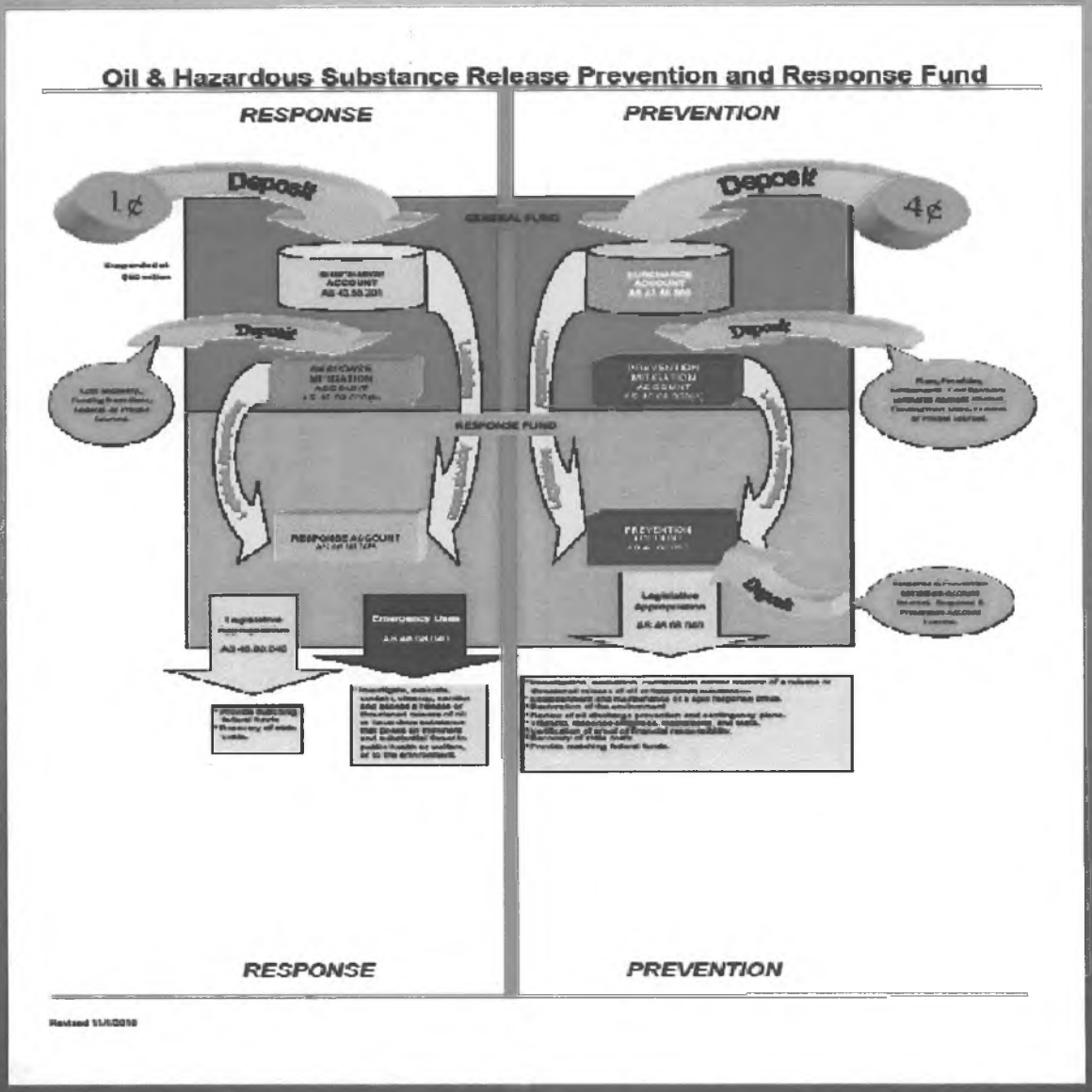
Manage and administer the Oil and Hazardous Substance Release Prevention and Response Fund as a sustainable funding source for the state's core spill prevention and response programs.

Response Fund Administration

Responsibilities

- Response Fund Management
- Cost recovery
- Contract Management
- Emergency response – Finance Section
- Biennial Response Fund Report
- Information and database management

Response Fund

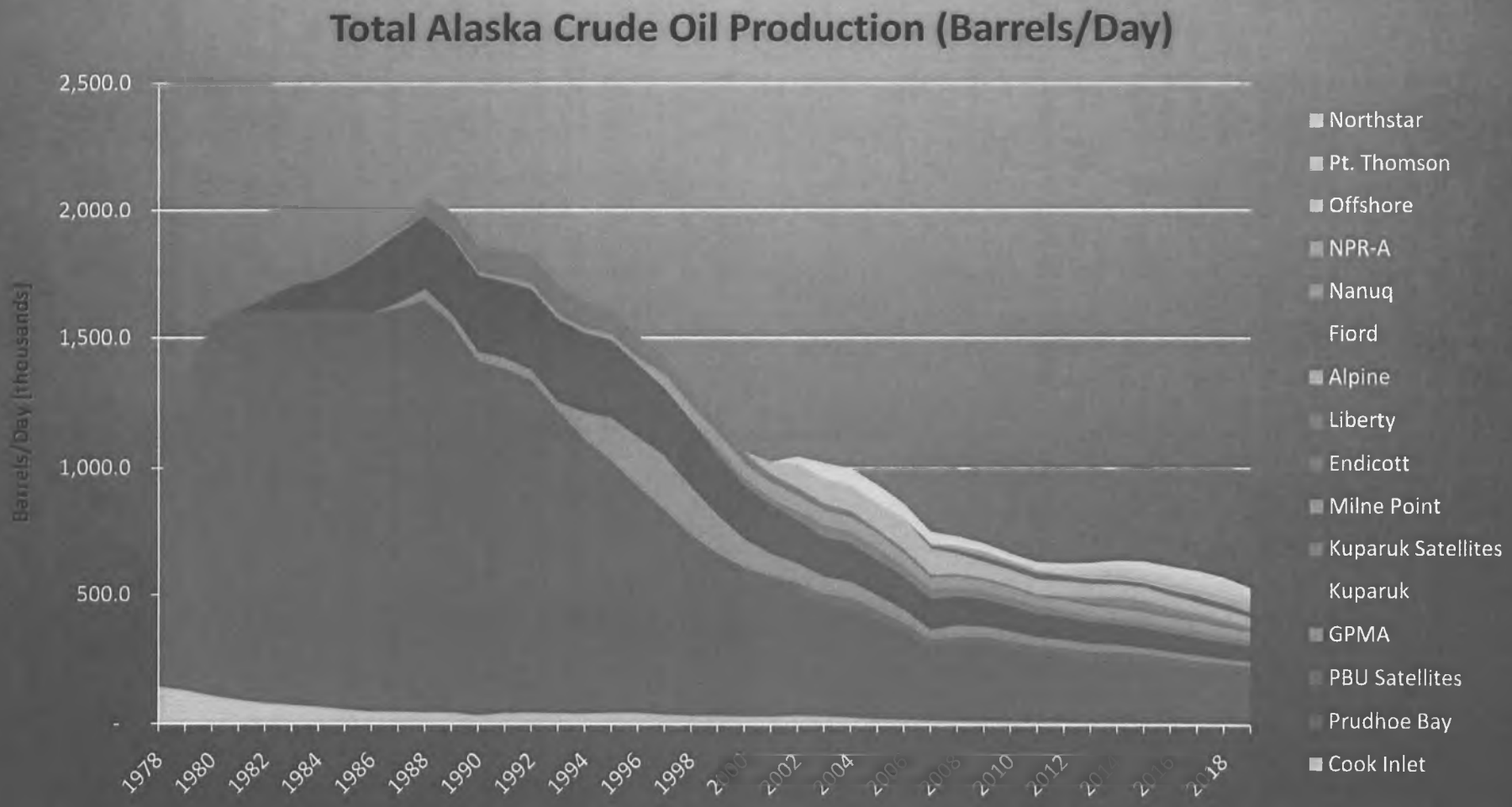


Response Fund Administration

Activities

- Oil and Hazardous Substance Release Prevention and Response Fund.
- $2.3 million recovered from 973 responsible parties.
- $6.6 million in state contracts for assessment and cleanup.
- $3.2 million in reimbursable services agreements.
- $5.7 million in 23 federal grants.
- $2.8 million in cost recovery for significant spill responses.

Response Fund Sustainable Business Model



Initiatives

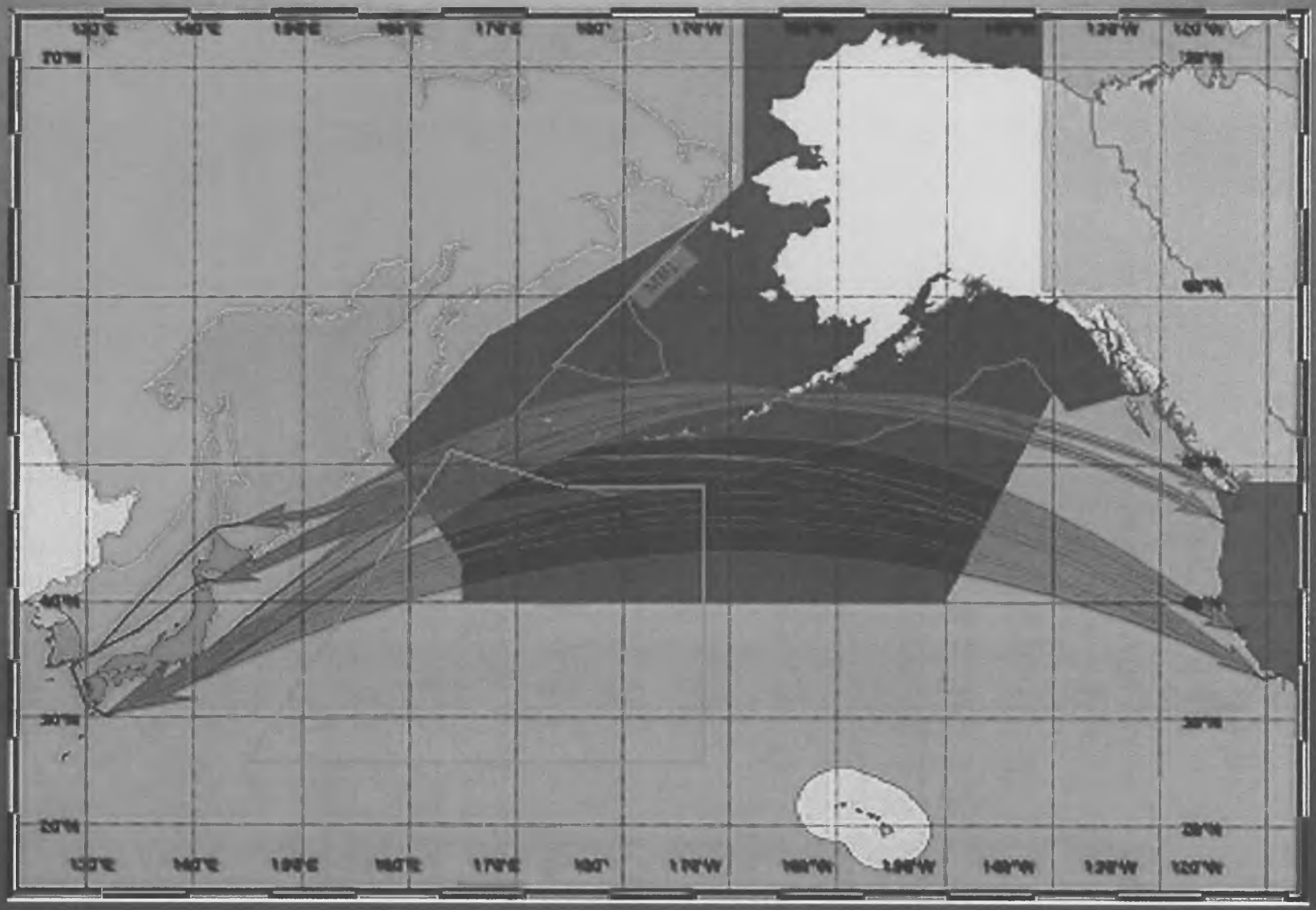
- North Slope Spills Analysis
- Emergency Towing System
- Aleutians Marine Vessel Risk Assessment
- Cook Inlet Marine Vessel Risk Assessment
- Arctic Shipping
- Deepwater Horizon Lessons Learned

Golden Seas under Tow

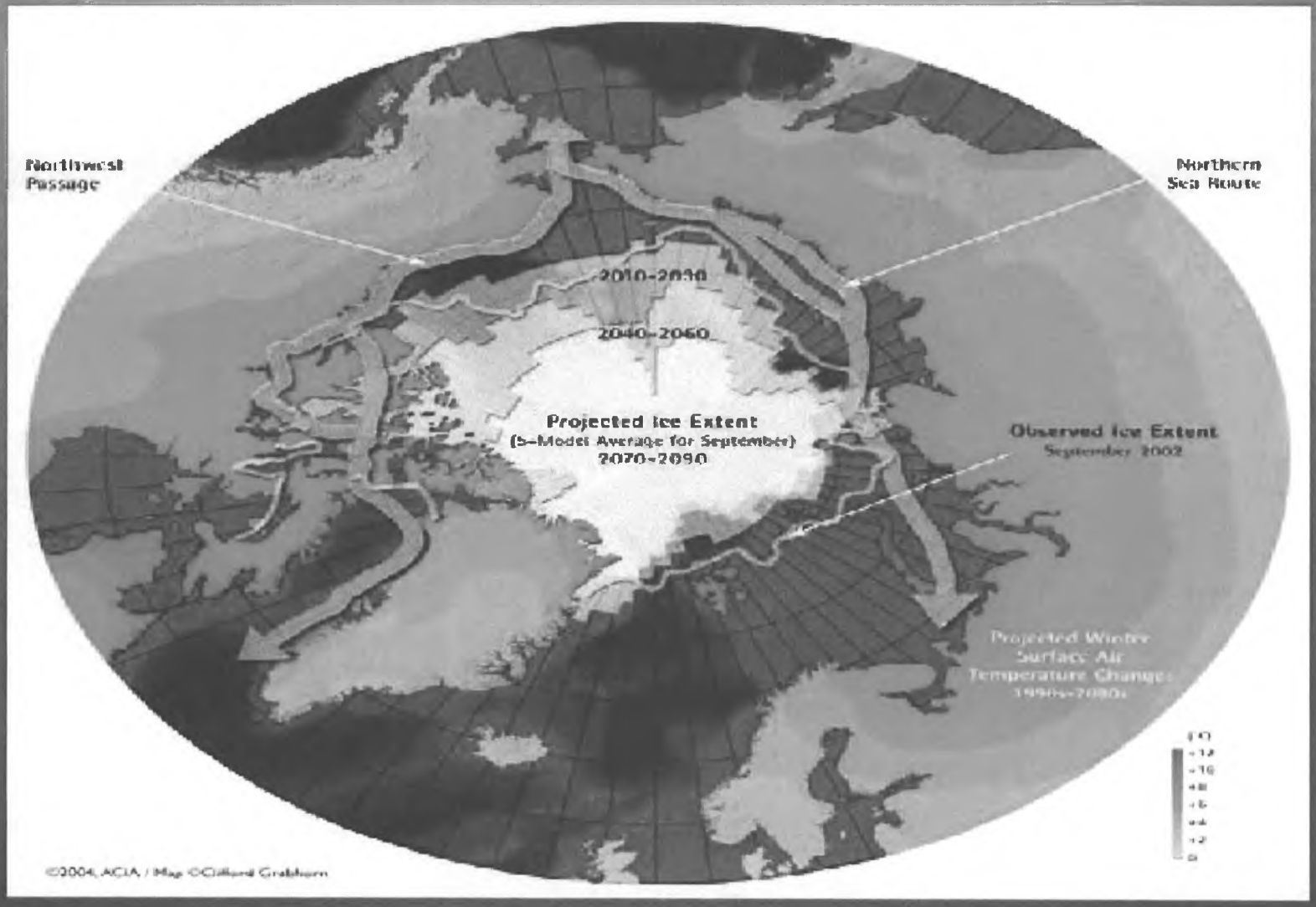




Circumpolar Shipping Routes



Arctic Shipping Routes



Deepwater Horizon Lessons Learned



Questions?

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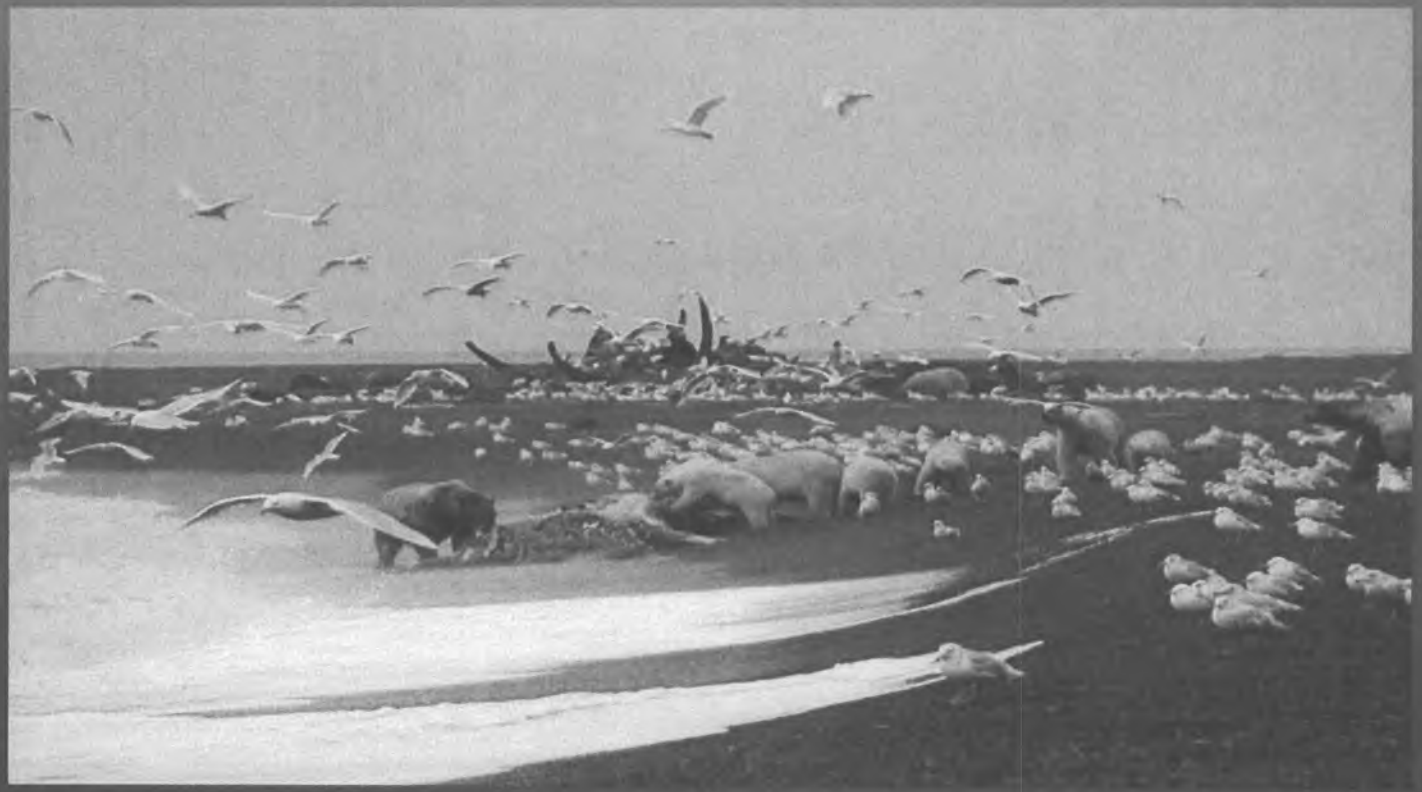
larry.dietrick@alaska.gov



Division of Water

Department of Environmental Conservation
Lynn Kent, Director

House Resources Committee, January 31, 2011

Division of Water - Mission

Protect water quality and assist communities in improving sanitation conditions

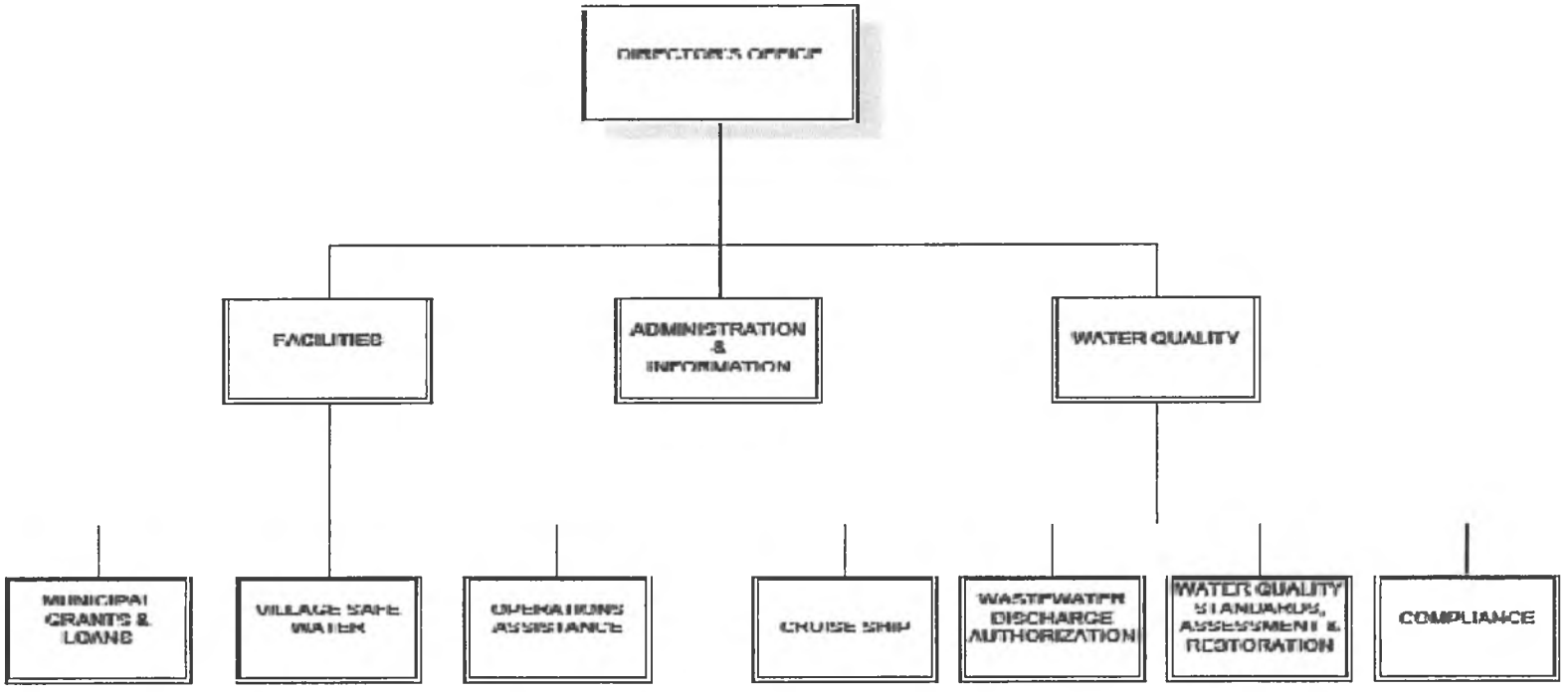


Division of Water

- All things water except:
  - Regulation of public drinking water systems - DEC, Environmental Health
  - Water quantity (water rights and in-stream flow reservations) - DNR

Division Structure

STATE OF ALASKA
ENVIRONMENTAL CONSERVATION
DIVISION OF WATER



Division of Water – Facilities

- Facilities Programs
  - Municipal Grants and Loans
  - Village Safe Water
  - Operations Assistance

- Facilities Core Services
  - Provide grants, loans and engineering assistance for drinking water, sewerage, and solid waste facilities
  - Provide training programs for and certification of water and sewerage system operators
  - Provide over-the-shoulder and emergency assistance to system operators in remote communities

Municipal Grants and Loans

- State Matching Grants (AS 46.03.030)

- Grant funded portion of projects based on population size:
  - 60% (10,000+)
  - 70% (1,000 < 10,000)
  - 85% (<1,000)

- Eligible projects:
  - DW supply, treatment, distribution and storage
  - WW collection, treatment, and discharge systems
  - Solid waste facilities
  - Water quality enhancement



Loan Programs - Financing

Clean Water Loan Fund (AS 46.03.032)

Drinking Water Loan Fund (AS 46.03.036)

- 100% of eligible project costs to any community that can afford loan
- No up front fees
- Interest only on used funds
- Low-interest
  - 1.5% for 5 - 20 year term
  - 1% for under 5 year term





Village Safe Water (VSW) Program

(AS 46.07)

- Mission
  - Work with rural communities to develop sustainable sanitation facilities

- Provide safe water and sewage disposal facilities in villages
- Provide 100% grants for planning, design and construction projects

VSW - Funding Sources

- Funding Sources
  - EPA
  - USDA-RD
  - State
- Funding Shares
  - 75% federal
  - 25% State
- $60 million/year



VSW Eligibility Criteria

- Unincorporated community between 25 and 600 people residing with a two-mile radius
- Second class city
- First class city with no more than 600 people (1992 Amendment to the VSW Act)



VSW Projects

- Planning, Design and Construction
  - Water source, treatment, storage, distribution
  - Sewage collection, treatment, and disposal
  - Washeterias
  - Solid waste management facilities



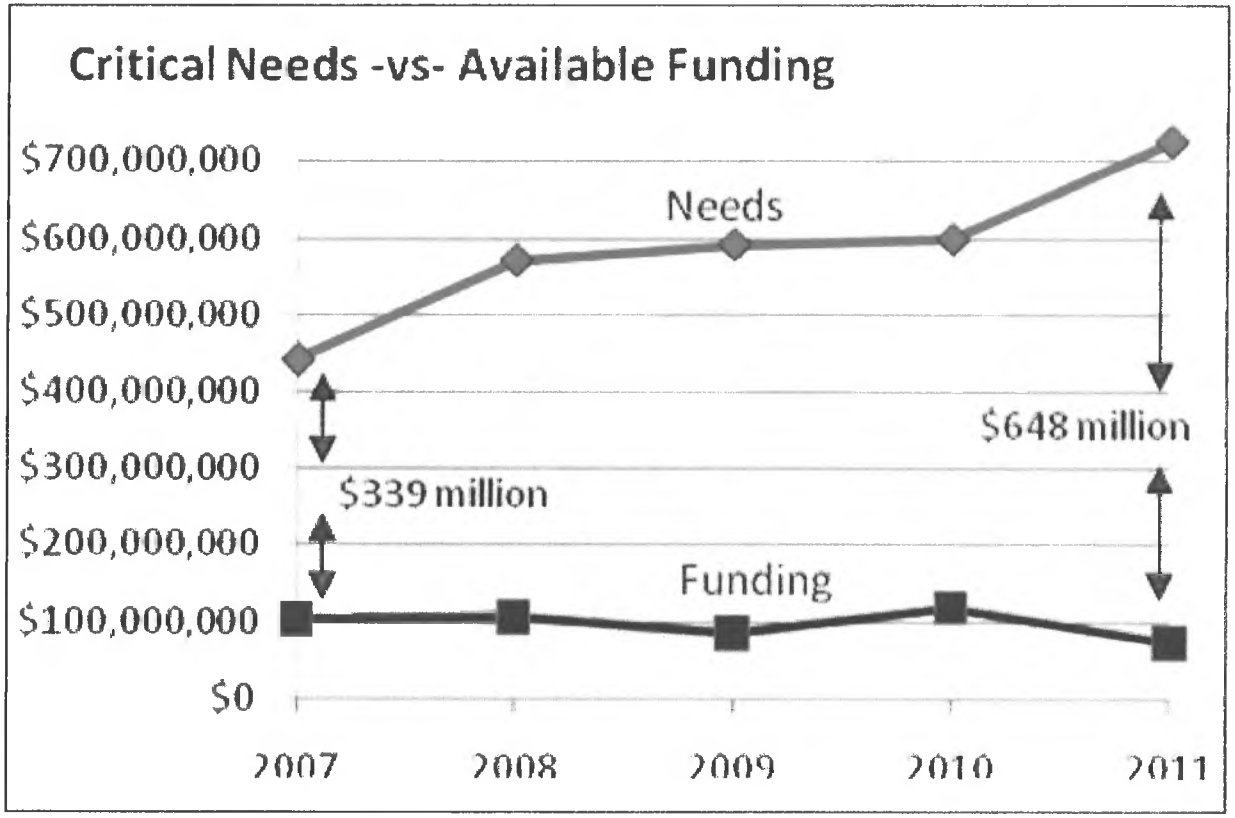
VSW – Key Issues

- Widening gap between needs and available funding

- Affordability

- Sustainability

- Operations and maintenance

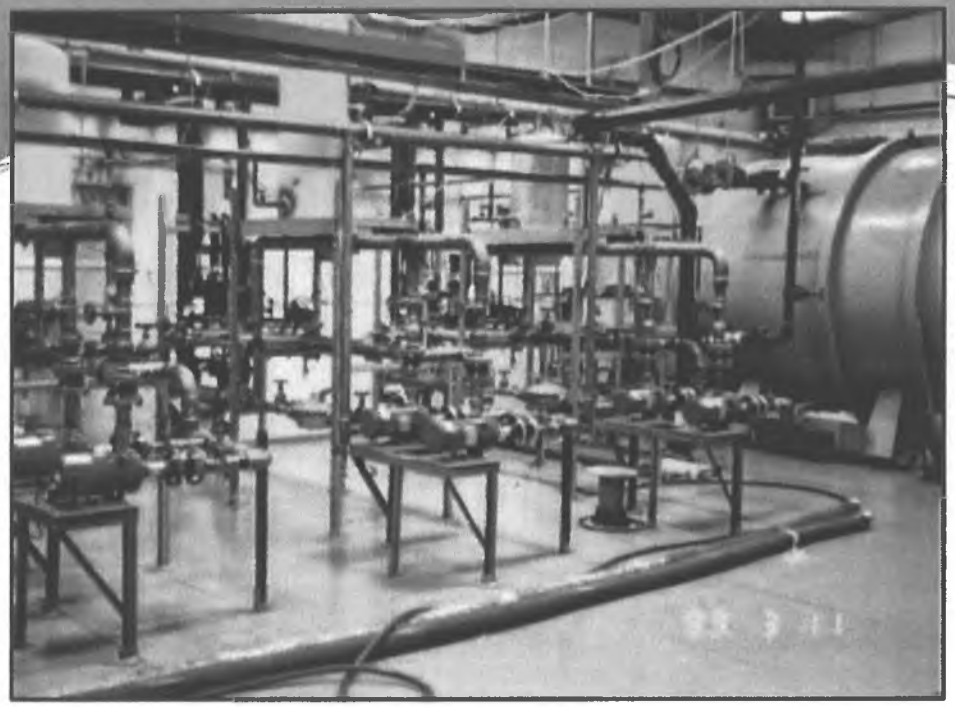


Operations Assistance

Operator Training and Certification (18 AAC 74)

- Establish certification levels for operators of water and sewer systems to ensure the correct skill set to safely operate the facilities
  - Develop and administer training programs for facility operators
  - Develop and administer examinations to test and certify and certify facility operators





Remote Maintenance Worker (RMW) Program

- Help develop the capacity of rural Alaskans to operate local water and sewer facilities, while safeguarding State and federal capital investments in utility infrastructure.

Remote Maintenance Workers (RMWs)

- 15 Remote Maintenance Workers
  - 13 working for 7 Regional Health Corporations funded by DEC grants
  - 2 DEC employees
- Routine travel to villages to provide "over-the-shoulder" assistance to facility operators
- Emergency travel to villages to provide immediate response to facility freeze up/break downs

Remote Maintenance Workers

Heroes of rural Alaska – recent emergency response to:

- Nelson Lagoon
- Adak
- Emmonak
- Quinhagak
- Toksook Bay
- Chevak
- Tuluksak
- Tununak
- Nunapitchuk
- Nunam Iqua
- Mountain Village
- Atmauthluak
- New Stoyahok
- Koliganak
- Clark's Point
- Alatna
- Birch Creek
- Stevens Village
- Savoonga
- Buckland
- Selawik

Division of Water – Water Quality

- Water Quality Programs
  - Water Quality Standards, Assessment and Restoration
  - Wastewater Discharge Permitting
  - Compliance and Enforcement
  - Cruise Ships
  - Water Quality Monitoring



Division Of Water - Water Quality

- Core Services
  - Establish protective standards for water quality
  - Improve water quality conditions where they are below public health or environmental standards
  - Issue wastewater discharge permits to facilities and operations that release potentially harmful pollutants
  - Ensure facility compliance with permit conditions
  - Provide community assistance with the protection of water quality
  - Develop user friendly public access to water quality data

Water Quality Standards

- Waters are protected for a variety of uses (established in regulation), such as water supply (drinking water), recreation, protection of aquatic life.

- Apply to the waterbody (lake, river, stream, ocean)

- Criteria (pollution limits) are set for each use:
    - Numerical criteria for each contaminant type (i.e. copper, lead, pesticides, etc.)

    - Narrative criteria (i.e. "may not cause a visible sheen on the surface of the water")



Water Quality Standards

- Alaska's water quality standards are developed by DEC and approved by EPA

- Water quality standards are used
  - by EPA and DEC to set wastewater discharge limits in permits
  - to evaluate the health of waters
  - to determine when polluted water quality has improved

Water Quality Standards – Issues

- Revisions in progress
  - Residue (public comment closed January 12)
  - Mixing Zones – updated in 2006, awaiting EPA approval

- Planned updates
  - Triennial Review
  - Anti-degradation
  - Copper criteria
  - Other?



Water Quality Standards - Copper

- Current criteria for protection of aquatic life are based upon EPA's
- 2004 scientific literature review by DEC
  - Effects of copper on aquatic life in freshwater
  - Not lethal and no growth reduction in salmon at or below current criteria
- Recent studies (2003 – present) indicate behavioral effects on salmon and very low concentrations

Wastewater Discharge Permitting

- All discharges of wastewater to water, land, or the subsurface require a discharge permit
- Permittees include
  - Timber industry
  - Mining
  - Oil and gas
  - Seafood processing
  - Construction
  - Municipal domestic wastewater treatment plants



Wastewater Discharge Permitting

- Discharges to the land or subsurface (groundwater) are permitted under State laws

- Discharges to "waters of the United States" (surface water such as lakes, river, streams, ocean) must have a of National Pollutant Discharge Elimination System (NPDES) permit under the federal Clean Water Act

- Alaska, along with 46 other states has assumed authority of the NPDES program – the Alaska Pollutant Discharge Elimination System (APDES) program

Wastewater Discharge Permitting

DEC is taking responsibility for permitting and compliance for wastewater discharges in phases:

- Phase I: October 2008 (Done)
  - Domestic wastewater, timber & seafood industries
- Phase II: October 2009 (Done)
  - Federal facilities, stormwater, pretreatment program, misc industrial
- Phase III: October 2010 (Done)
  - Mining industry
- Phase IV: October 2011 (in preparation)
  - Oil and gas
  - Munitions
  - Cooling water intakes/discharges

Wastewater Discharge Permitting – public/tribal involvement

- Annual Permit Issuance Plan – posted on web
- Required by law (18 AAC 83.115 – 18 AAC 83.120)
- Preliminary draft permit applicant review - 10 days
- Draft permit review - at least 30 days public review
- Proposed final permit applicant review– 5 days
- Email notifications via electronic mailing list

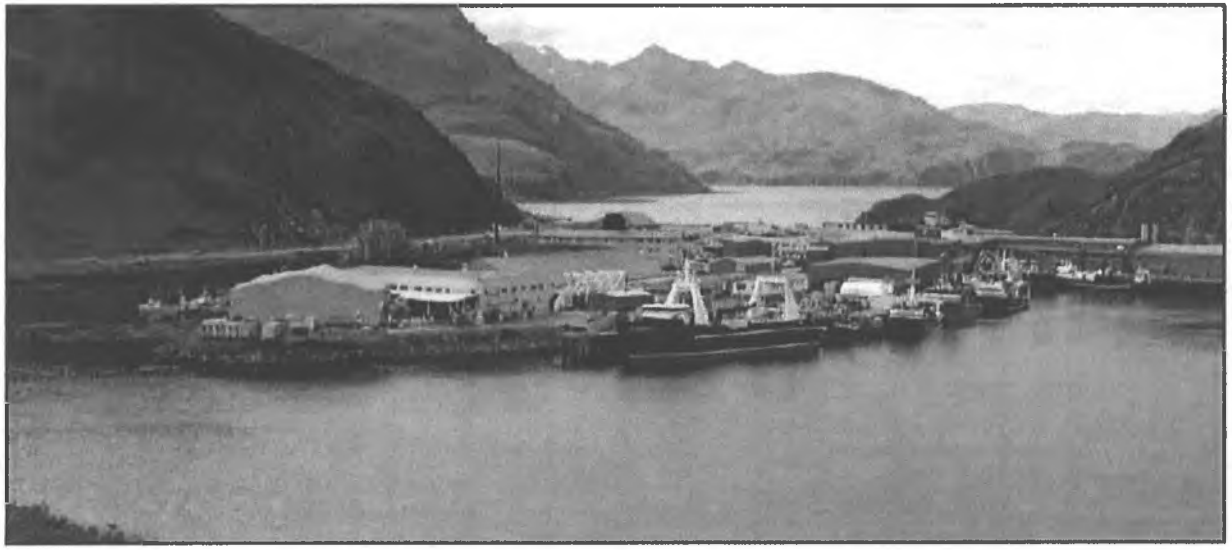
Wastewater Discharge Permitting



- Calendar 2010
  - 637 general permit authorizations
  - 4 certifications of EPA permits
  - 3 APDES individual permits
- Current status
  - 12 ADPES permits under development/internal review
  - 5 out for public review
  - 5 completed public review
  - 3 certifications under development

Compliance

- Facilities monitor discharges and receiving waters and self-report to DEC
- DEC reviews facility water quality monitoring data
- DEC inspects facilities for permit compliance and complaint response
- DEC takes enforcement actions, when warranted



Compliance Inspections

- Inspection Goals:
- All major facilities once every two years
- Non-majors once during permit cycle (5 years)
- Stormwater 5-10%/year based on facility size
- Complaint-driven inspections



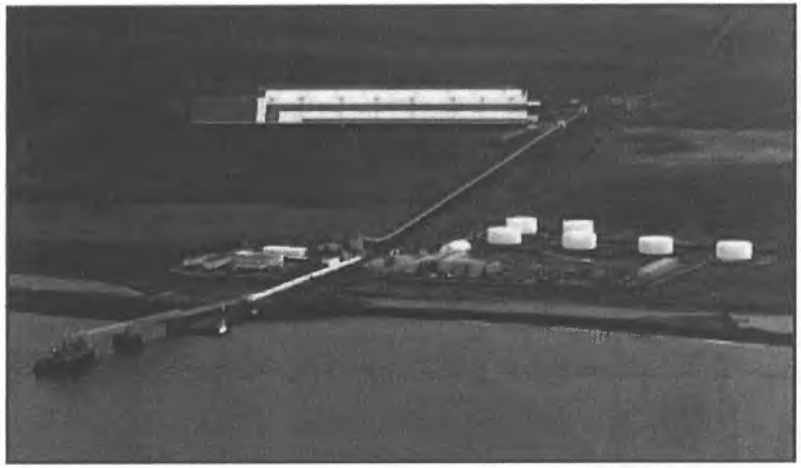
Stormwater – construction sites

DEC Inspections

- 140 DEC inspections during 2010
  - 130 inspections of APDES or NPDES-permitted facilities
  - 31 of 140 inspections based upon water-quality complaints
  - 4 inspections of state-permitted facilities
  - 6 joint inspections with EPA
- 22 Notices of Violation
- 1 Compliance Order by Consent



Compliance – Inspections 2010



Mines



Seafood



Stormwater

Cruise Ships 28

- Ocean Rangers 2006 3.6-4 mill/yr. | 90% compliance on board
- Air emissions
- Wastewater Permits
- Science Advisory Panel





Ocean Rangers (AS 46.03.476)

- Observe vessel compliance with state and federal health, safety and environmental rules
- Established 2006
- 2010:
  - Rangers on 90% of voyages
  - 10% of voyages covered with in-port visits
  - 1,884 total reports
- Five of 21 ocean rangers deployed were Alaskans



Cruise Ship Air Emissions (18 AAC 50.070)

- No permit required
- Opacity less than 20%
- Limited exemptions when maneuvering or anchoring
- Monitored by EPA Certified Method 9 readers
- 225 readings in 2010



Wastewater Discharge Permit

- General Permit >250 passengers
- Working towards WQS at point of discharge
- Typical Ship Gray Water 700 m3/day (184,800 gal)
- Typical Ship Black Water 60 m3 /day (15,840 gal)



Science Advisory Panel

- Established 2009
- With DEC, report to Legislature, 2013 and 2015
- Technologically effective, economically feasible WW treatment
- 11 multi-discipline members
- Results will be used to guide next permit



Non-point source pollution prevention

- Establish State priorities
- Community watershed planning
- Alaska Clean Water Action Grants
  - Monitoring
  - Ordinances
  - Restoration activities
  - Education projects



Green Porous Pavement

Education





Mat-Su Homebuilders



Envirothon

Water Quality Monitoring

- **Baseline water quality monitoring**
  - Marine
  - Freshwater

- **Targeted**
  - Impairment
  - Document restoration

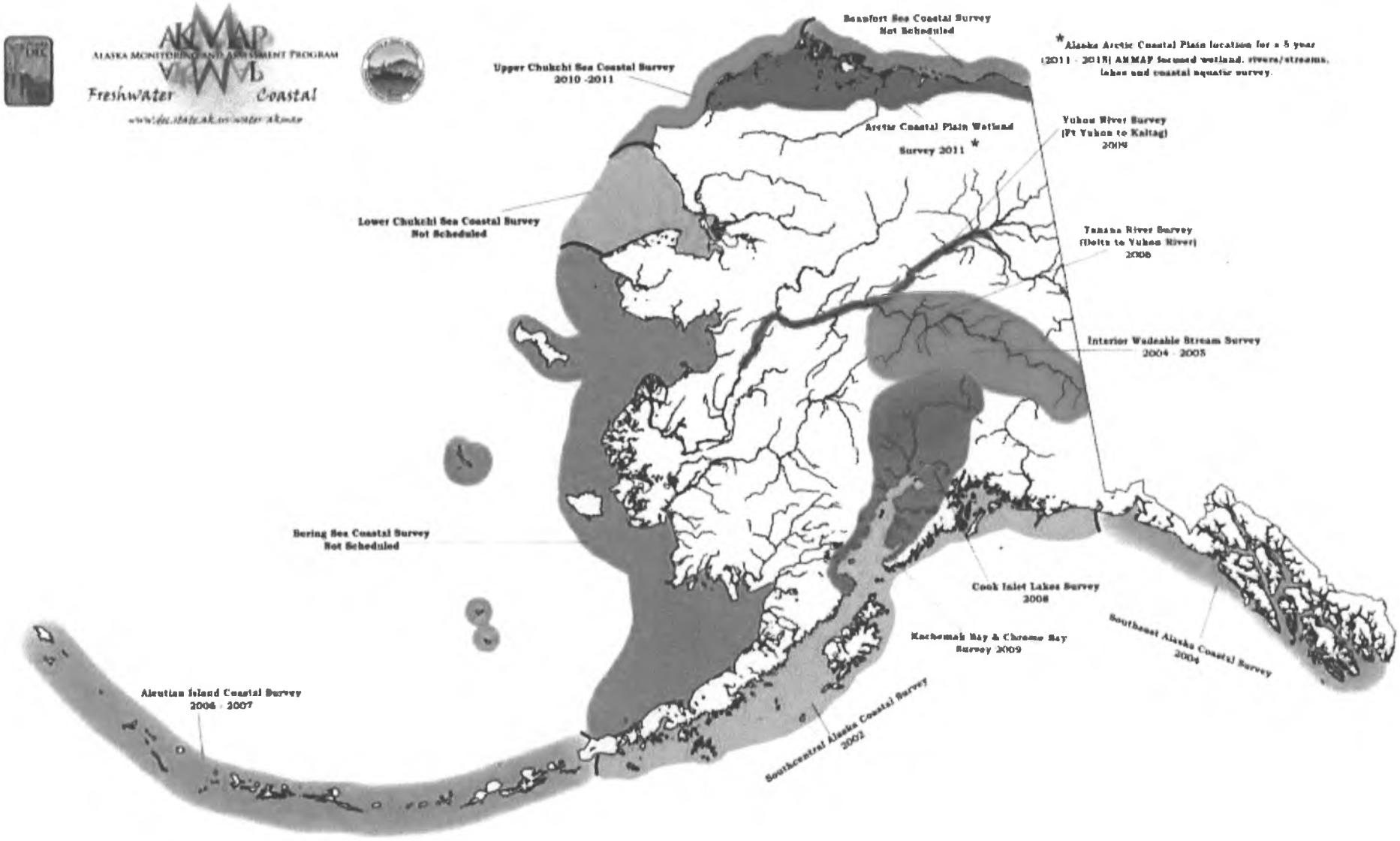


Alaska Monitoring and Assessment Program (AKMAP)

- EPA created EMAP in the mid 1990s to survey the environmental condition of the Nation's water resources
- AKMAP is part of this nationwide effort and is surveying Alaska's water resources
- This effort is now part of EPA's National Aquatic Resource Surveys (NARS)



AKMAP


ALASKA MONITORING AND ASSESSMENT PROGRAM
Freshwater
Coastal
www.dec.state.ak.us/water/akmap
Beaufort Sea Coastal Survey
Not Scheduled
*Alaska Arctic Coastal Plain location for a 5 year (2011 - 2015) AKMAP focused wetland, rivers/streams, lakes and coastal aquatic survey.
Upper Chukchi Sea Coastal Survey
2010 -2011
Arctic Coastal Plain Wetland
Survey 2011 *
Yukon River Survey
(Ft Yukon to Kaltag)
2008
Lower Chukchi Sea Coastal Survey
Not Scheduled
Yentna River Survey
(Delta to Yukon River)
2008
Interior Wadeable Stream Survey
2004 - 2005
Bering Sea Coastal Survey
Not Scheduled
Cook Inlet Lakes Survey
2008
Kachemak Bay & Chrome Bay
Survey 2009
Southeast Alaska Coastal Survey
2004
Aleutian Island Coastal Survey
2006 - 2007
Southcentral Alaska Coastal Survey
2002

Monitoring – Required elements

- **Objectives**
- **Strategy and design**
- **Indicators**
- **Quality Assurance**
- **Data management and reporting**
- **Evaluation**
- Final reports and the status of AKMAP projects are available on the DEC website at http://www.dec.state.ak.us/water/wqsar/monitoring/emap_Map.htm





Health of Alaska's Waters

- Bi-annual report on the health of Alaska's waters
  - Polluted waters
  - Recovering
  - Recovered
- Alaska's 2010 Integrated Water Quality Monitoring and Assessment report is on the Division website.



Division of Water

Department of Environmental Conservation
Lynn Kent, Director
Lynn.Kent@alaska.gov
907 269-6281



2/02/11 OVERVIEWS: ADF&G - DIV.OF SPORT FISH,DIV. OF COMMERCIAL FISHERIES; DEPT. OF PUBLIC SAFETY-AK FISH ENFORCEMENT ISSUES

<TARGET><BILL></BILL><SUBJECT>2-02-11 OVERVIEWS ADFandG - DIVISION OF SPORT FISH, DIVISION OF COMMERCIAL FISHERIES; DEPT. OF PUBLIC SAFETY - ALASKA FISHERIES ENFORCEMENT ISSUES</SUBJECT><COMM>HRES27</COMM></TARGET>

ALASKA DEPARTMENT OF FISH AND GAME
DIVISION OF SPORT FISH

FY12 Division Overview

The mission of the Division of Sport Fish is ***to protect and improve the state's recreational fisheries resources.*** Services provided are founded on this mission, and addressed in the following seven core services:

Fishery Management: The division ensures the sustained use of Alaska's recreational fisheries while optimizing social and economic benefits.

Fishery Research: The division promotes excellence in fisheries research.

Fisheries Enhancement: The division diversifies recreational fishing opportunities via supplemental production of hatchery-reared fish.

Angler Access: The division protects and improves public access to recreational fisheries resources.

Information and Education Services: The division informs and educates the public about recreational fishing with an emphasis on exceptional customer service.

Fish Habitat: The division conserves habitat to sustain recreational fisheries resources.

Workforce Support: The division provides exceptional support to our workforce to attain the division's vision and goals.

The division measures success in meeting its mission by assessing the outcome of ***"sustain recreational fishing opportunities while optimizing social and economic benefits"*** using the following targets:

- Target 1: Sell 450,000 sport fishing license annually.
- Target 2: Maintain 2.5 million angler days of recreational fishing effort annually.
- Target 3: Maintain a positive trend in sport fishing trip-related expenditures.
- Target 4: Maintain at least 75% of anglers satisfied with their sport fishing experience.

Challenges that currently impact the division's ability to achieve its mission include:

- Maintaining existing hatchery production while constructing new hatchery facilities, and identifying and securing hatchery operational funds;

- Sustaining wild fish stocks by employing stock assessment research and managing sport fishery harvests according to the Sustainable Salmon Fisheries Management Policy (5 AAC 39.222); Salmon Escapement Goal Policy (5 AAC 39.223); and the Policy For the Management Of Sustainable Wild Trout Fisheries (5 AAC 75.222);

- Continuing to refine and improve accuracy of Fish and Game and Dingell-Johnson fund projections while balancing increased project and operational costs;

- Improving resident angler satisfaction, diversity of fishing opportunities and modernize harvest data collection methods;

- Ensuring public access and minimizing impacts to recreational users as lands are conveyed or restricted by federal managers or federal subsistence regulations; and

- Improving current and/or developing new approaches to better inform and educate the public about sport fishing opportunities and regulations, and division programs and activities related to sport fishing.

The total FY12 Governor's Request for the division's RDU is **$48,389,500**, representing a decrease from FY11 Management Plan of **($858,500).** Changes from FY11 Management Plan to FY12 Governor's Request include:

FY11 OMB Correction, GGU/SU Salary Adj Overstated	($334.0)
FY12 COLA, Health, and Geographic Differential Increases	$1,191.4
Increase I/A Receipt Authority	$100.0
Reverse August FY11 Fuel Increase	($15.9)
Transfer and Decrement Excess SDPR Authority	($300.0)
Decrement Excess Fish & Game Fund Authority	($1,500.0)
	($858.5)

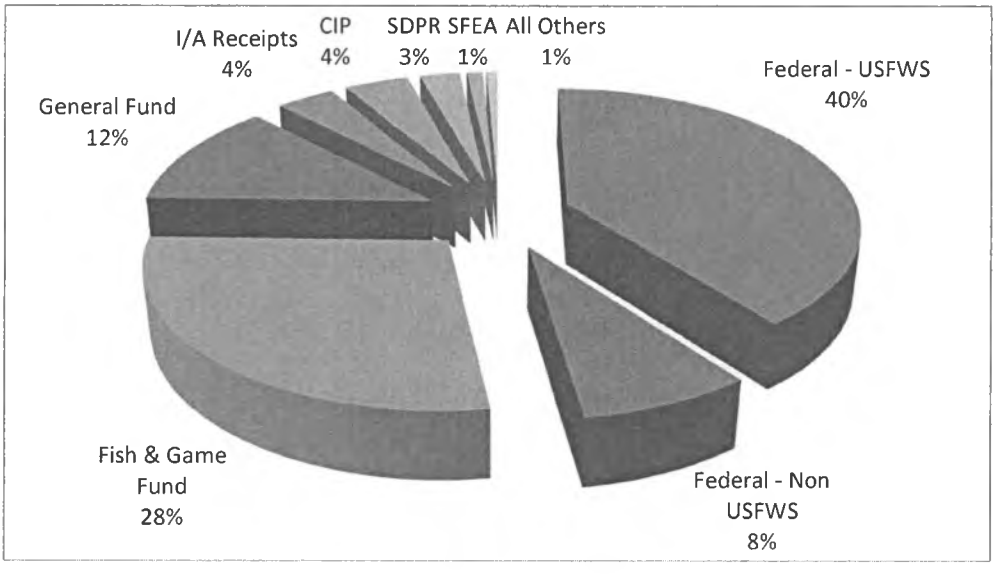
The division has one component, Sport Fisheries. The division employs 231 permanent full time positions and 204 permanent part time positions.

The division maintains a headquarters office in Juneau; regional offices in Anchorage, Douglas, and Fairbanks; and 22 management area offices, including Sitka, Ketchikan, Yakutat, Haines, Craig/Klawock, Petersburg, Palmer, Soldotna, Homer, Kodiak, Dillingham, Cordova, King Salmon, Seward, Bethel, Delta Junction, Tok, Nome, and Glennallen.

The RDU receives funding from numerous sources:

- **Federal Receipts:** from the USFWS Wildlife and Sport Fish Restoration Program.
- **Federal – Non USFWS:** comprised of Federal Subsistence, Pacific Salmon Treaty LOA, grants from NOAA, EPA, BLM, and other federal agencies.
- **Fish and Game Fund:** derived primarily from the sale of state fishing licenses, king salmon tags, and sport fishing operator and guide license fees.
- **Interagency Receipts:** comprised of Reimbursable Services Agreements from various state agencies.
- **General Funds:** state general funds.
- **CIP Receipts:** personnel costs associated with projects funded under CIP grants (such as the Alaska Sustainable Salmon Fund).
- **Statutory Designated Program Receipts:** receipts from non-governmental entities.
- **Sport Fish Enterprise Account:** derived from the surcharge on sport fishing licenses legislatively established to pay for two new hatcheries.

FY12 Governor's Budget by Funding Source



FY12 Capital Budget

Sport Fish Recreational Boating Access $3,000.0 ($2,250.0 Federal Receipts; $750.0 F&G Fund)
Federal regulations prescribe that 15% of the annual Sport Fish Restoration (Dingell-Johnson) Fund apportionment will be dedicated to projects that benefit recreational power boaters (Wallop-Breaux amendment). Projects include: boat launches, mooring floats, parking lots, restrooms, fish cleaning facilities, and other services.



ECONOMIC IMPACTS AND CONTRIBUTIONS OF SPORTFISHING IN ALASKA



2007 REPORT



A Message from the Director

CHARLIE SWANTON, DIRECTOR
ADF&G, DIVISION OF SPORT FISH

Alaska supports arguably some of the finest and most diverse sportfishing in the world. These opportunities provide Alaskans with a significant and sustainable source of food, relaxation, and social benefits. Additionally, the money spent by residents and visitors who participate in sportfishing activities produces significant economic benefits to Alaska.

The Division of Sport Fish is committed to providing an array of biological, social and economic information to fishery managers and fishery regulators who plan and evaluate fishery projects and make informed decisions about the management of fishery resources.

This report summarizes a recent effort by the Division to provide estimates of angler spending in Alaska and the contribution it makes to Alaska's economy. The results are based on an extensive statewide study of resident and nonresident anglers who went sportfishing in Alaska during 2007. The report contains estimates of the total expenditures on sportfishing by anglers and estimates of the subsequent economic effects this spending had in terms of employment, wages, salaries and tax receipts.

A key objective of this project was to establish a consistent and repeatable methodology for collecting and reporting estimates of economic contribution in Alaska such that reasonably precise estimates would be routinely available to agency personnel, fisheries decision-makers, and the public.

We hope that you find the following information useful and that it contributes to well-informed decision making.









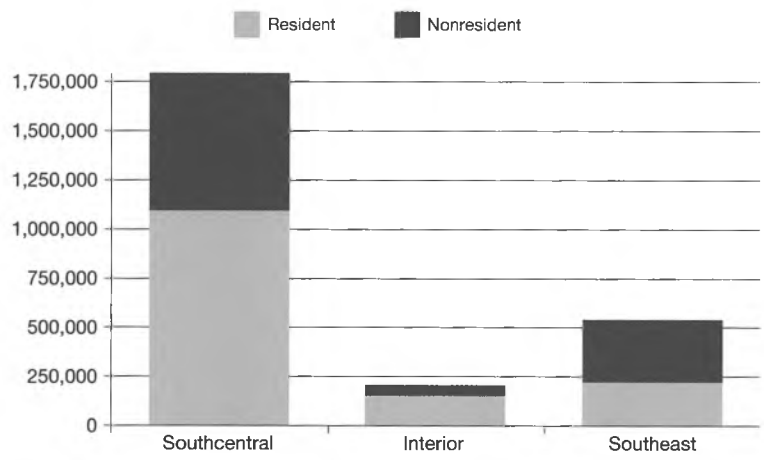
Sportfishing in ALASKA

Sportfishing is an important component of the Alaskan economy. It contributes to the well-being of Alaskans as recreation, as a source of food, and as part of the state's collective economic fabric. In 2007, 190,644 Alaska residents bought a fishing license, along with 284,890 nonresidents.

Spending a day fishing with rod and reel usually involves spending at least some money for travel, equipment, and supplies. Because a large number of anglers—both resident and nonresident—spend many days each year enjoying Alaska's diverse fishing opportunities, the annual total of that spending is substantial.

The money spent by anglers in turn helps to support thousands of Alaskan jobs in industries ranging from fishing tackle sales to hospitality and lodging to air taxi and guide services which are an important part of the economy in many of Alaska's local communities. At the same time, angler spending is also creating federal, state and local tax revenues which support local and borough governments and help pay for fisheries management in Alaska.

DAYS OF SPORTFISHING IN ALASKA BY REGIONS AND RESIDENCY, 2007

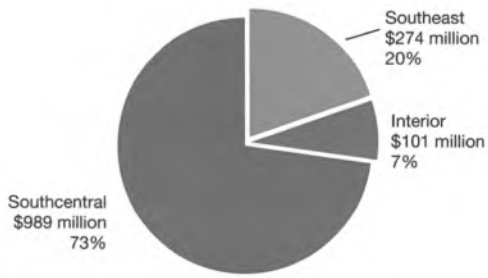


TOTAL SPORTFISHING EXPENDITURES, All ANGLERS

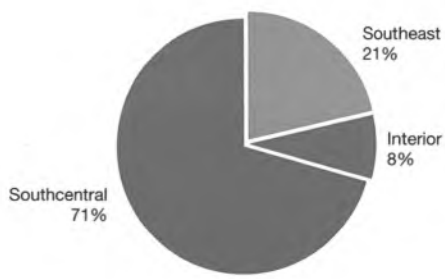
$1.4 billion



SPORTFISHING EXPENDITURES BY REGION, ALL ANGLERS



DAYS OF SPORTFISHING BY REGION, ALL ANGLERS









Economic Impact vs. Economic Contribution

This project measured and reported the economic impacts and contributions of licensed anglers to Alaska's state and regional economies. The words "impact" and "contribution" are not necessarily synonymous.

Economic impact typically refers to the effects of money being brought in from outside the state or region. It was possible to estimate the total amount of resident and nonresident spending in Alaska as a whole and within specific regions by combining the economic survey results with the ADF&G Statewide Harvest Survey results.

Economic contribution refers to in-state spending by all anglers. In theory, if the dollars spent by resident anglers were not spent on sportfishing, the same money would be spent on other things and would still stimulate economic activity. It isn't possible to accurately predict whether these local dollars would be spent in or outside of Alaska.

This study generated both economic impact estimates (non-resident spending) as well as estimates of the economic contributions of spending by Alaska anglers in 2007.

Economic IMPACTS & Contributions

The purpose of the study was to obtain current estimates of the economic contribution of sportfishing activities to the Alaska economy and to develop a consistent method for producing such estimates on a regular basis. This project provides a survey-based process that can now be updated periodically at reasonable cost.

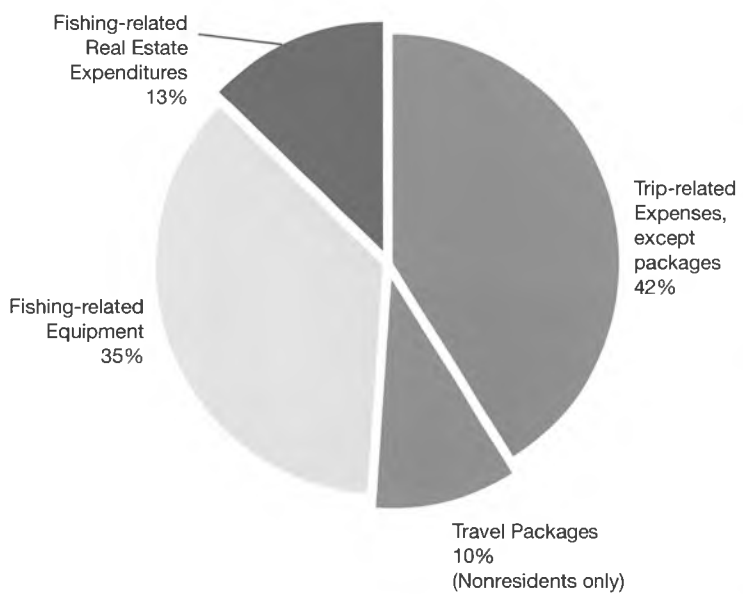
For 2007, the year covered by this report, 1,163 resident and 1,807 nonresident surveys were completed by anglers who fished in Alaska. From the survey responses collected, estimates of how much each angler spends per day of fishing and per year on fishing-related equipment were produced. These survey results were combined with the total number of licensed anglers in 2007 and the total days of fishing in Alaska as estimated by the Division's Statewide Harvest Survey. This survey, conducted every year by the Division, tracks annual sportfishing participation and harvest. By combining the economic survey results with the Statewide Harvest Survey results, it was possible to estimate the total amount of resident and nonresident spending in Alaska as a whole and within specific regions of the state.

An economic model was then used to estimate the additional economic effects that angler spending produced within each region of the state. Using the collective dollars spent by anglers, an economic model known as IMPLAN estimated the total jobs, tax revenues and other economic contributions. Regional as well as statewide totals can be determined and are summarized in the following pages. Information on the dollars associated with guided fishing trips and with nonresident fishing is also included. First, here are some statewide highlights.

Total Resident and Nonresident Sportfishing Expenditures, by Category

	Resident Anglers	Nonresident Anglers	All Anglers
Licenses and Fees	$6,627,558	$16,536,955	$23,164,513
Trip Expenditures (non-package)	$219,829,151	$347,358,999	$567,188,150
Package Expenditures	n/a	$137,519,700	$137,519,700
Equipment Expenditures	$433,693,104	$41,385,450	$475,078,554
Real Estate Expenditures	$73,139,537	$109,697,619	$182,837,156
Total Expenditures	**$733,289,349**	**$652,498,723**	**$1,385,788,072**

TOTAL ANGLER SPENDING BY CATEGORY



Average Per Day Expenditure for Trip-Related Items Only, Including Package Trips

(Lodging, fuel, food, travel packages, etc.)

	Per Day
All Alaska Fishing Combined	**$277.46**
Residents Only	$150.63
Non-Residents Only	$448.78
Saltwater	
Residents, Unguided	$162.81
Residents, Guided	$466.53
Non-Residents, Unguided	$209.40
Non-Residents, Guided	$744.03
Freshwater	
Residents, Unguided	$91.73
Residents, Guided	$509.56
Non-Residents, Unguided	$213.24
Non-Residents, Guided	$790.41

ECONOMIC ACTIVITY, OR MULTIPLIER EFFECT: SUPPORTED BY GUIDED AND UNGUIDED FISHING TRIPS

Trip-related and Package Expenditures*



JOBS: SUPPORTED BY GUIDED AND UNGUIDED FISHING TRIPS

Trip-related and Package Expenditures*



*Only trip related expenditures (food, fuel, lodging, etc.) could be divided into guided and unguided portions. It was not possible to divide equipment expenditures in such a manner.







How Economic Effects Occur

While the economic effects of sportfishing occur on a large scale statewide, it's important to note that they happen one angler at a time.

Suppose, for example, that a construction worker in downtown Anchorage decides to go fishing on his day off. He stops after work at the local tackle shop and spends $250 for a rod and reel along with some line, lures, a knife and cooler. Sandwiches, soda, and ice for the trip come from the local grocery store, and he spends still more money to fill his vehicle with gas on the way home. Very early the next morning, he starts the 150-mile drive out the Seward and Sterling highways to the Kenai River where he'll fish for king or coho salmon.

Meanwhile, the money he left behind goes to work. Some of the money he spent for fishing gear helps to pay the wages of a sales clerk, for example, who in turn spends some that evening at a local restaurant, to buy groceries, or pays his utility bill at the local light and power company. These payments, known collectively as the "multiplier effect", help to support still other jobs as the money our angler spent ripples outward in many directions through the local economy, even to those sectors not directly related to fishing. See page 11 for more definitions.

Regional Economic EFFECTS

Economic effects can be measured regionally and locally as well as statewide. Alaska has several distinct regions, each with its own characteristic sport fisheries that show different patterns in angling participation, spending, and economic effects.

STATEWIDE RESULTS

Alaska is blessed with many world-class freshwater and marine fisheries. In 2007, resident and nonresident anglers spent nearly $1.4 billion on equipment, boats, and trip-related and other items. Alaska anglers on average spent $2,914 on sportfishing trip expenses, fishing-related equipment, licenses, and other items in 2007. The actual amount spent per angler varies based on his or her preferred fishing locations, region, and more. Details are available in the technical report (see sidebar on page 8).

As anglers' expenditures exchange hands, economic contributions are generated statewide. In 2007, these contributions amounted to 15,879 jobs, $246 million in tax revenues and $545 million in income. Economic output, which is the value of all goods and services produced by businesses as a result of anglers' expenditures, was just over $1.6 billion.

SOUTHEAST (REGION I)

The so-called Panhandle area extending roughly from Yakutat south-southwest through Juneau and Ketchikan to the British Columbia border is a complex maze of islands, straits, and mountains. The saltwater salmon fishing here is outstanding, although some anglers find steelhead, along with river-resident trout, to be just as appealing.

Total spending by all anglers, resident and nonresident combined, for Southeast Alaska in 2007 was estimated to be $274 million. The total economic output came to $295 million, which supported 3,063 jobs and generated $22 million in state and local taxes.



SOUTHEAST MARINE (SUBREGION)

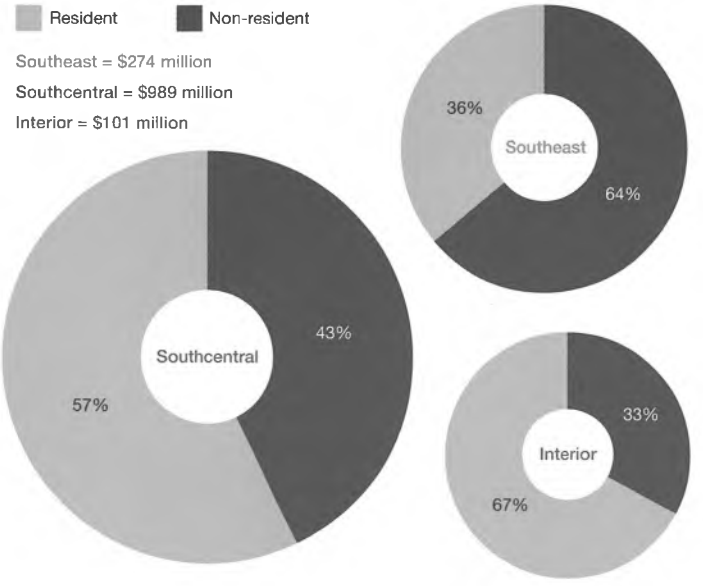
Within southeast Alaska, the popularity of salt-water fishing accounted for almost half of all angler spending. Saltwater anglers in southeast Alaska spent $132 million of the $274 million spent on sportfishing in southeast Alaska in 2007, which supported 1,897 jobs and created $14 million in state and local tax revenues.

SOUTHCENTRAL (REGION II)

This is by far the most popular angling region in Alaska as measured in total angler days. It includes Prince William Sound, Cook Inlet and the Anchorage area, as well as Kodiak Island and the Bristol Bay area to the west of Cook Inlet. All five salmon species are fished widely here in both salt- and fresh-water, along with halibut and other saltwater species. Trophy rainbow trout in the various Bristol Bay drainages are world-famous.

Anglers spent $989 million in the Southcentral region in 2007, supporting 11,535 area jobs and creating $91 million in state and local taxes.

RESIDENT AND NONRESIDENT EXPENDITURES BY REGION



Economic measures reported in this chart are based on regional IMPLAN model outputs using 2007 angler expenditures.







For More Details...

This report is a summary of a 300 page technical report available free from the Alaska Department of Fish and Game, Division of Sport Fish. The complete report presents detailed descriptions of the methods and data sources used in the study, as well as the complete results. Visit ***www.sf.adfg.state.ak.us/statewide/economics*** *to download a copy in PDF form. You may also contact the Department at (907) 267-2366, or william.romberg@alaska.gov, to request a printed copy of the report.*

Regional Economic EFFECTS *(cont.)*

COOK INLET (SUBREGION)

Notably, much of Southcentral's economic activity centers around the Cook Inlet area, partly because Anchorage and the Matanuska-Susitna valley are such large population centers with good fishing nearby. The Kenai River, for example, is an easy drive from Anchorage and is widely known among anglers as one of the world's foremost salmon rivers. In addition, there are large sport fisheries for halibut and other groundfish that are accessed from several communities that border Cook Inlet. In the Cook Inlet subregion alone (a subset of Southcentral region), anglers spent about $733 million in 2007, which supported 8,056 jobs and generated $55 million in state and local taxes.

INTERIOR (REGION III)

Among anglers, the northern two-thirds of the state could be called the road less traveled. This vast area contains many small communities and sport fisheries located off the road system with fisheries less accessible than places farther south in the state. However, the fishing is none the less exceptional, and in addition to salmon and trout there are fisheries for unique species such as sheefish, arctic char, and burbot, as well as huge northern pike found in the "flats" region of the lower Yukon River.

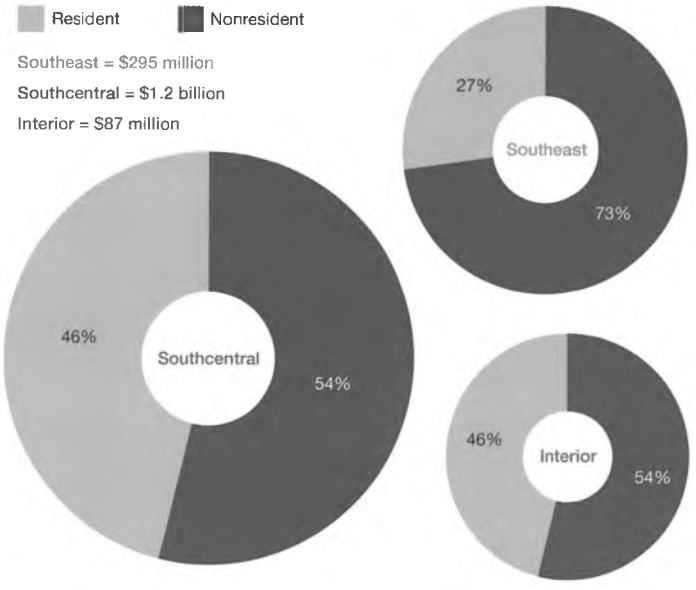
Angling traffic here is lighter than in other regions of the state but still significant. Total regional spending by all anglers in this region topped $101 million in 2007 and directly or indirectly supported 923 area jobs and $7 million in state and local taxes.



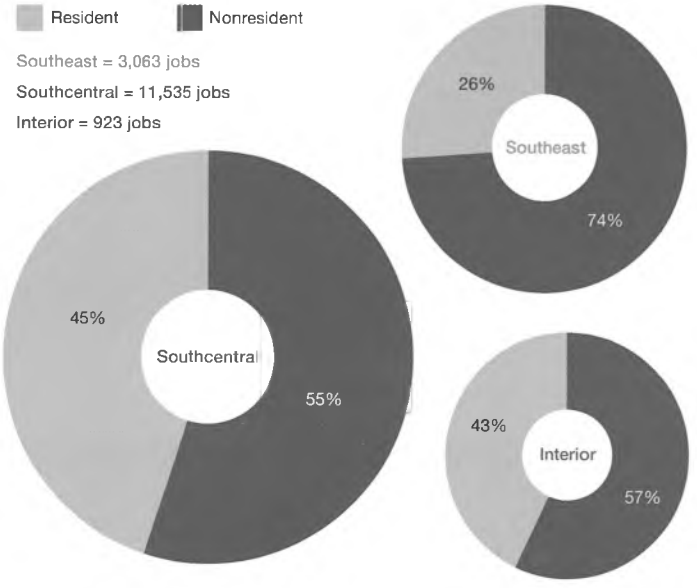
Total Angler Expenditures

$1.4 Billion

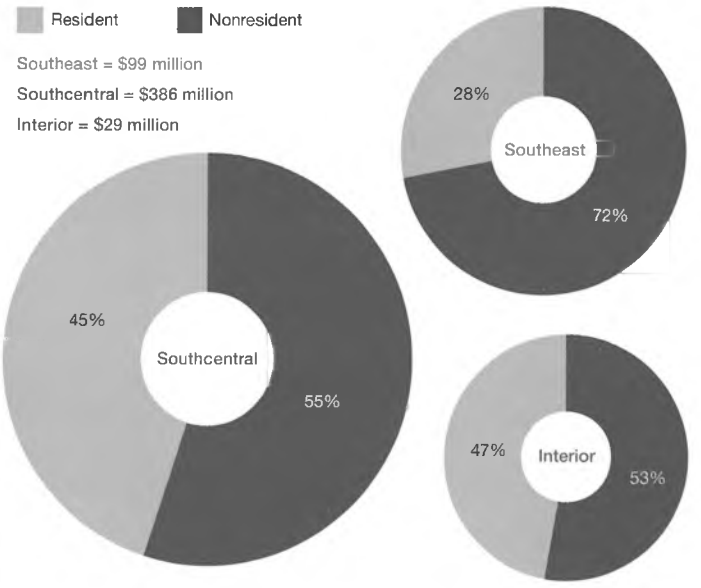
RESIDENT AND NONRESIDENT OUTPUT BY REGION



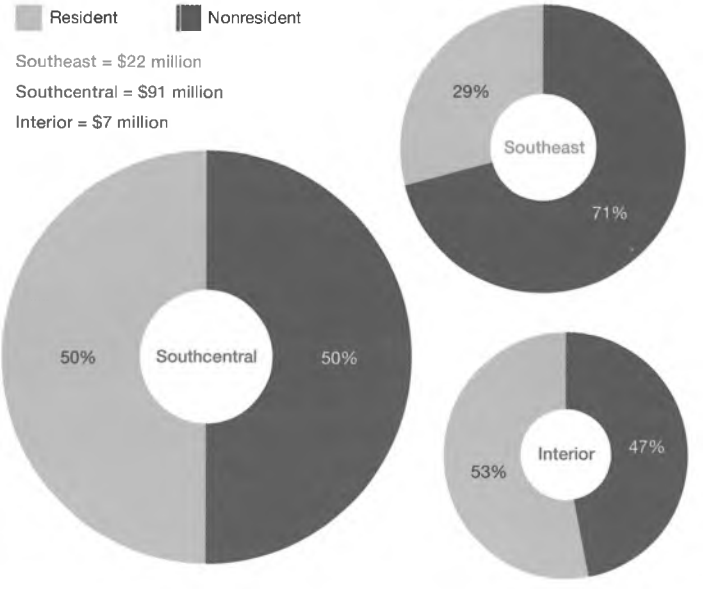
RESIDENT AND NONRESIDENT EMPLOYMENT BY REGION



RESIDENT AND NONRESIDENT INCOME BY REGION



RESIDENT AND NONRESIDENT STATE & LOCAL TAX REVENUES BY REGION



Sportfishing-related Jobs

15,879

Economic measures reported in these charts are based on regional IMPLAN model outputs using 2007 angler expenditures.

See page 11 for definitions of terms used on this page.

Economic Contributions of Sportfishing in Alaska, by Residency & Region, 2007

	Resident Anglers	Nonresident Anglers	All Anglers
ALASKA - STATEWIDE RESULTS			
Anglers' expenditures	$733,289,349	$652,498,723	$1,385,788,072
Output	$668,729,829	$938,863,856	$1,607,593,685
Income	$223,373,937	$321,882,151	$545,256,088
Jobs	6,442	9,437	15,879
Tax Revenues	$107,433,533	$138,881,701	$246,315,114
Local & State	*$56,509,573*	*$66,632,831*	*$123,142,404*
Federal	*$50,923,959*	*$72,248,870*	*$123,172,709*
SOUTHEAST REGION			
Anglers' expenditures	$98,613,993	$174,890,811	$273,504,804
Output	$79,385,025	$215,874,985	$295,260,010
Income	$27,316,008	$71,825,686	$99,141,694
Jobs	791	2,273	3,063
Tax Revenues	$12,227,368	$31,368,564	$43,595,932
Local & State	*$6,376,236*	*$15,686,783*	*$22,063,019*
Federal	*$5,851,132*	*$15,681,782*	*$21,532,913*
SOUTHCENTRAL REGION			
Anglers' expenditures	$560,955,071	$427,603,048	$988,558,119
Output	$534,838,006	$630,707,507	$1,165,545,513
Income	$174,829,996	$211,633,737	$386,463,733
Jobs	5,170	6,365	11,535
Tax Revenues	$86,563,199	$93,692,068	$180,255,267
Local & State	*$45,612,530*	*$45,187,101*	*$90,799,631*
Federal	*$40,950,668*	*$48,504,967*	*$89,455,636*
INTERIOR REGION			
Anglers' expenditures	$67,092,727	$33,467,910	$100,560,637
Output	$40,133,830	$46,578,879	$86,712,709
Income	$13,263,706	$15,300,176	$28,563,882
Jobs	399	524	923
Tax Revenues	$6,710,270	$6,708,875	$13,419,146
Local & State	*$3,825,310*	*$3,396,831*	*$7,222,141*
Federal	*$2,884,961*	*$3,312,044*	*$6,197,005*

Output = total economic activity generated by angler spending
Income = salaries, wages, employee benefits and proprietors' profits stimulated by anglers
Jobs = same as employment, these are the total number of both full-time and part-time jobs supported by angler spending
Tax Revenues = the total personal and business tax revenues earned by local, state, and federal government that are generated by angler spending

Economic Contributions of Sportfishing for Specific Subregions, 2007

	Resident Anglers	Nonresident Anglers	All Anglers
COOK INLET (A SUBREGION OF THE SOUTHCENTRAL REGION)			
Anglers' expenditures	$457,938,464	$275,030,511	$732,968,975
Output	$413,287,612	$414,602,226	$827,889,838
Income	$136,650,136	$142,124,416	$278,774,552
Employment	4,010	4,046	8,056
Tax Revenues	$67,097,024	$44,445,496	$111,542,520
Local & State	*$35,189,444*	*$20,091,926*	*$55,281,369*
Federal	*$31,907,580*	*$24,353,570*	*$56,261,150*
SOUTHEAST REGION - MARINE FISHING ONLY†			
Anglers' expenditures	$21,268,271	$110,345,177	$131,613,448
Output	$28,244,412	$138,794,141	$167,038,552
Income	$9,132,220	$44,692,671	$53,824,891
Employment	301	1,595	1,897
Tax Revenues	$4,791,024	$21,577,534	$26,368,559
Local & State	*$2,713,584*	*$11,473,357*	*$14,186,941*
Federal	*$2,077,440*	*$10,104,178*	*$12,181,618*

Output = total economic activity generated by angler spending
Income = salaries, wages, employee benefits and proprietors' profits stimulated by anglers
Jobs = same as employment, these are the total number of both full-time and part-time jobs supported by angler spending
Tax Revenues = the total personal and business tax revenues earned by local, state, and federal government that are generated by angler spending
†The contributions are for trip spending only, including travel packages. It was not possible to allocate equipment and real estate expenditures by type of water fished.

Definitions of Terms Used in this Report

Angler Expenditures: the dollars spent for the primary reason of sportfishing. Such expenditures include trip-related expenses for fishing (fuel, guide services, lodging, etc.), fishing tackle and other fishing equipment, the portion of ancillary equipment used for fishing that may have multiple uses (e.g., coolers, binoculars), and real estate maintenance and construction expenditures if used primarily for the pursuit of sportfishing.

Total Multiplier Effect (also known as Total Economic Activity): the results (measured in output, income, jobs and taxes) of the total rounds of business and consumer spending stimulated by anglers' original expenditures.

Income: generated as a result of anglers' expenditures, this includes total payroll, including salaries and wages, as well as benefits such as insurance, and retirement benefits paid to employees and business proprietors.

Employment: the total number of both full-time and part-time jobs supported as a result of anglers' expenditures.

Tax Revenues: the total tax revenues earned by local, state and federal governments as a result of anglers' expenditures. All forms of local, state and federal taxes are included.

ACKNOWLEDGEMENTS

Funding for this study was provided by the Alaska Legislature which approved a $229.800 Fish and Game Fund increment and a $200,000 General Fund increment to the Division of Sport Fish FY-2008 budget. The Division of Sport Fish would like to thank Southwick Associates for their dedicated work on this project as well as the many anglers and guide businesses who participated in this study by providing detailed information on their sportfishing-related expenditures in 2007.

Southwick Associates, based in Fernandina Beach, FL, was founded in 1989 to serve state fish and wildlife agencies and the sportfishing and hunting industries. From our north Florida offices, we continue to serve this core group, and now provide economic and business intelligence to many more.

SOUTHWICK ASSOCIATES
FISH AND WILDLIFE ECONOMICS AND STATISTICS

Citation: Economic Impacts and Contributions of Sportfishing in Alaska, Summary Report 2007. Alaska Department of Fish and Game, Division of Sport Fish. January, 2009. Anchorage, Alaska.

For more information, contact Bill Romberg, Alaska Department of Fish and Game, (907) 267-2366 or william.romberg@alaska.gov.

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STATE OF ALASKA

SEAN PARNELL, GOVERNOR

DEPARTMENT OF FISH AND GAME

DIVISION OF SPORTFISH

P.O. Box 115526
Juneau, Alaska 99811-5526
PHONE: (907) 465-4180
FAX: (907) 465-2772

February 4, 2011

The Honorable Paul Seaton
Chairman, House Resource Committee
State Capitol Room 102
Juneau, AK 99801

Dear Representative Seaton:

This is a follow-up to requests generated at the House Resource Committee hearing of Wednesday, February 2, 2011. Each request is listed below followed by the pertinent documentation needed to help answer any questions you may have:

1. Provide the past years data for our division's four targets to measure our success in meeting the outcome of "sustain recreation fishing opportunities while optimizing social and economic benefits." Please refer to the enclosed document entitled 2006-2010 Sport Fishing Trends.

2. Provide an update on the Sport Fish hatchery production. Please refer to the enclosed document titled Hatchery Construction and Facilities Update, January 2011. This document provides and overview and construction updates for both the Ruth Burnett (Fairbanks) and William Jack Hernandez (Anchorage) Hatcheries.

3. Provide information on any new federal regulations that are possibly restricting access to sport fisheries. The following four documents provide you with a few examples in dealing with federal subsistence issues and federal access intervention by staff:
    - Letter to Mr. Tim Towarak, Chairman, Federal Subsistence Management, dated January 6, 2011.
    - Request for Reconsideration of Federal Subsistence Board Actions, dated January 7, 2011.
    - Comments to the Federal Subsistence Board, dated November 30, 2008.
    - Letter to Mr. Rowan Gould, Acting Director, U.S. Fish and Wildlife Service, dated December 2, 2010.

4. Provide information regarding the Economic impacts of sport fishing. Please refer to the Economic Impacts and Contributions of Sport Fishing in Alaska 2007 Report. Additional information pertaining to this report can be found at the following website: http://www.sf.adfg.state.ak.us/Statewide/economics/

I hope this information will serve in meeting your request. If you have any further questions or require additional information, please feel free to contact me at 465-6184.

Sincerely,



Charles O. Swanton
Director

Enclosures

Cc: Ben Mulligan, ADF&G, Legislative Liaison

Alaska Department of Fish and Game
Sport Fish Division
2006-2010 Sport Fishing Trends

License Sales

- Sport fishing license sales declined 10% between 2006 and 2010
- Sport fishing license sales by nonresident anglers declined 17%
- Sport fishing license sales by resident anglers increased 2%

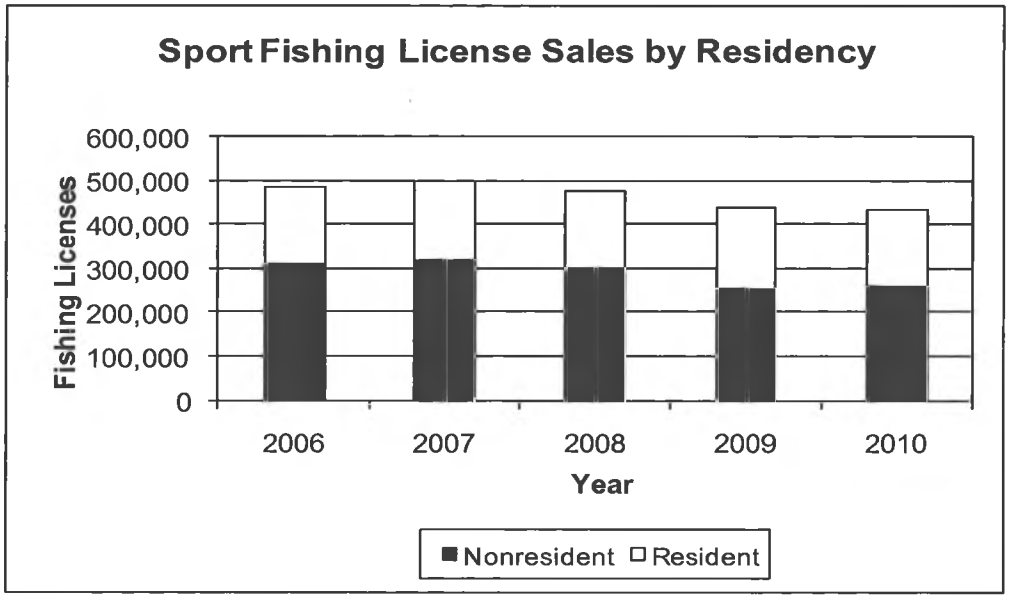


Table 1

Numbers of Sport Anglers

- Numbers of anglers fishing declined 7% between 2006 and 2009
- Numbers of nonresident anglers fishing declined 17%
- Numbers of resident anglers fishing increased 8%

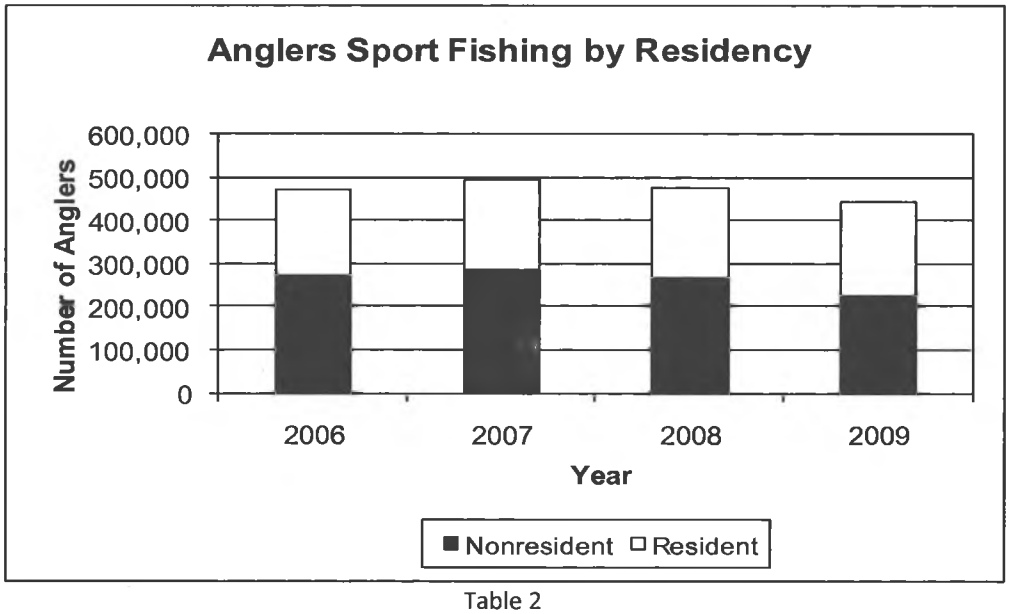


Table 2

Number of Days Sport Fished

- Numbers of days fished declined 4% between 2006 and 2009
- Numbers of nonresident days fished declined 20%
- Numbers of resident days fished increased 10%

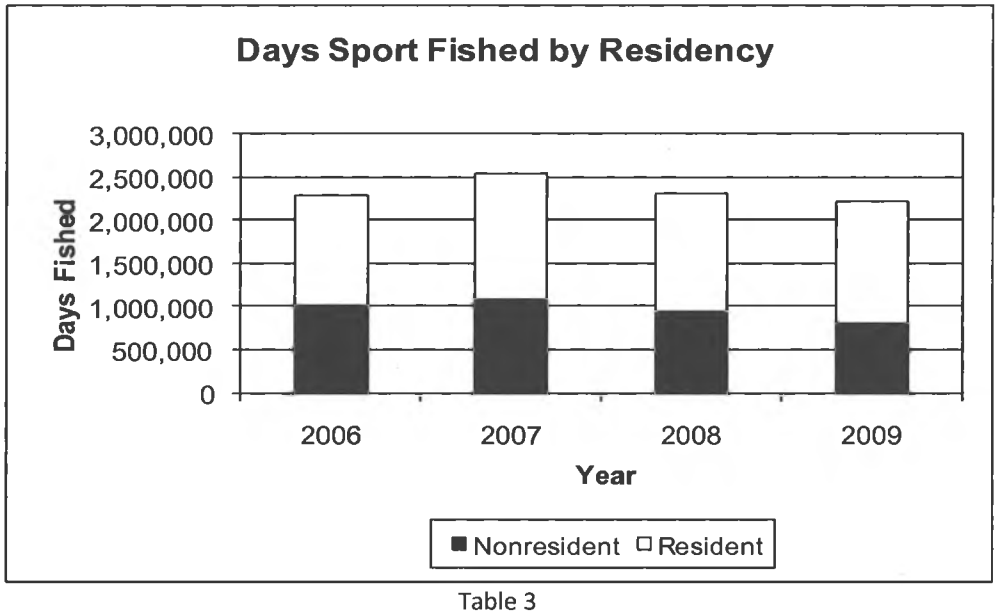


Table 3

Fish Harvested by Sport Anglers

- Harvest of fish by sport anglers increased 8% between 2006 and 2009
- Harvest of salmon by sport anglers increased 9%
- Harvest of bottomfish by sport anglers increased 4%

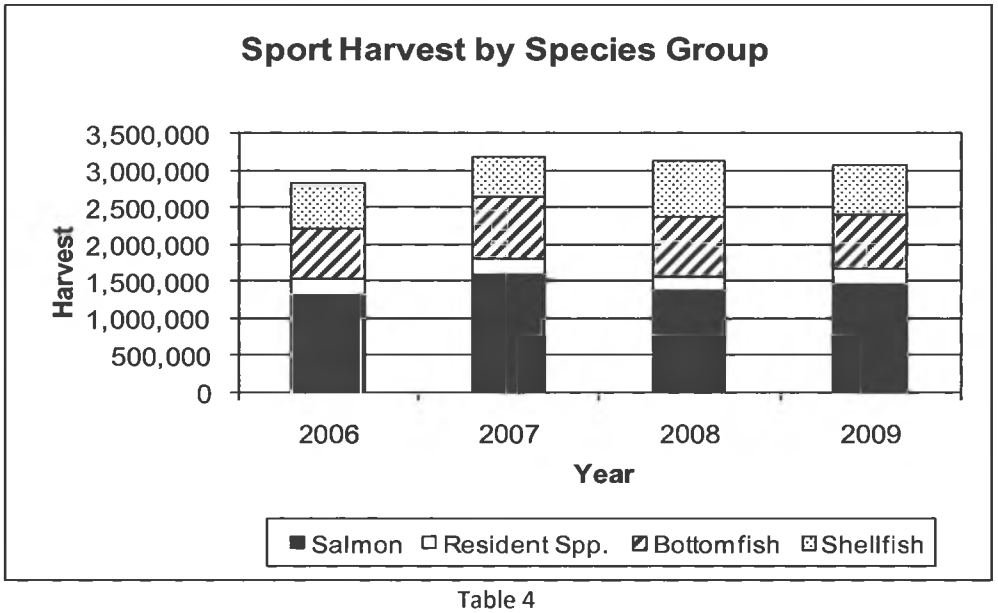


Table 4

Fish Caught by Sport Anglers

- Catch of fish by sport anglers increased 3% between 2006 and 2009
- Catch of salmon by sport anglers decreased 4%
- Catch of resident species by sport anglers increased 17%

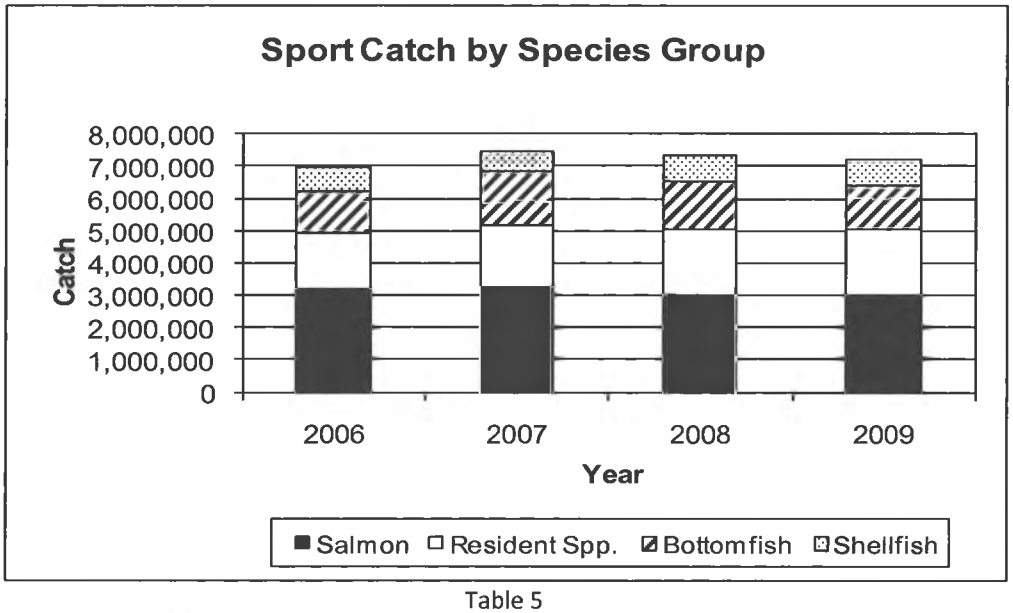


Table 5

Table 1. Number of resident and nonresident sport fishing licenses sold, 2006-2010.

Year	Resident	Nonresident	Both
2006	175,036	311,777	486,813
2007	178,152	320,058	498,210
2008	179,369	300,090	479,459
2009	185,128	255,891	441,019
2010*	177,870	259,730	437,600

* 2010 license sales data are preliminary.

Table 2. Number of resident and nonresident anglers that sport fished, 2006-2009*.

Year	Resident	Nonresident	Both
2006	201,698	271,965	473,663
2007	209,518	284,743	494,261
2008	206,798	270,483	477,281
2009	217,221	225,535	442,756

* data are derived from the Division of Sport Fish Statewide Harvest Survey.

Table 3. Number of days sport fished by resident and nonresident anglers, 2006-2009*.

Year	Resident	Nonresident	Both
2006	1,287,539	1,010,422	2,297,961
2007	1,462,686	1,080,988	2,543,674
2008	1,362,076	953,525	2,315,601
2009	1,410,198	806,247	2,216,445

* data are derived from the Division of Sport Fish Statewide Harvest Survey.

Table 4. Number of fish by species group harvested by sport anglers, 2006-2009*.

Year	Salmon	Resident Spp.	Bottomfish	Shellfish	All
2006	1,336,201	120,879	687,869	623,927	2,768,876
2007	1,590,725	130,435	845,186	539,045	3,105,391
2008	1,374,057	131,926	805,166	740,331	3,051,480
2009	1,453,652	223,378	718,211	683,507	3,078,748

* data are derived from the Division of Sport Fish Statewide Harvest Survey.

Table 5. Number of fish by species group caught (harvested plus released) by sport anglers, 2006-2009*.

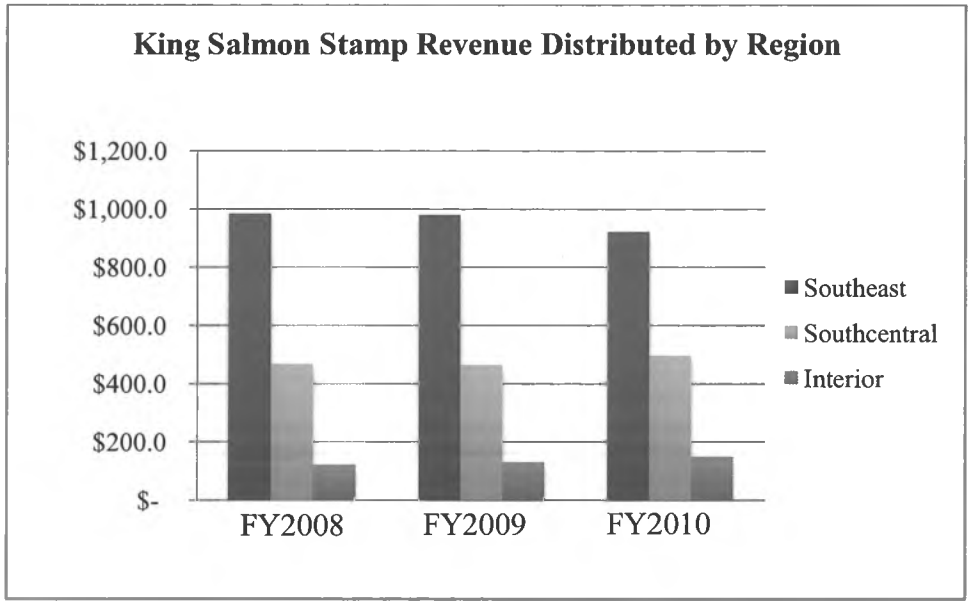
Year	Salmon	Resident Spp.	Bottomfish	Shellfish	All
2006	3,191,753	908,327	1,340,574	729,111	6,169,765
2007	3,299,354	1,035,925	1,632,507	648,905	6,616,691
2008	3,016,120	1,176,030	1,490,797	843,111	6,526,058
2009	3,049,549	2,029,617	1,329,761	803,797	7,212,724

* data are derived from the Division of Sport Fish Statewide Harvest Survey.

King Salmon Stamp Revenue

Total King Salmon Stamp Revenue Distribution

- FY2008 - $1,576.0
- FY2009 - $1,575.4
- FY2010 - $1,568.3



Alaska Department of Fish and Game
Sport Fish Division
Hatchery Construction and Facilities Update
January 2011

Overview:

- Approval of a Memorandum of Agreement was completed that will allow for CH2M Hill and the State of Alaska to enter into a Design-Build agreement to modify the water treatment and filtration system for the Ruth Burnett Sport Fish Hatchery in Fairbanks.
- Division Hatchery program staff continue to support various aspects of the construction activities in both Fairbanks and Anchorage.
- The William Jack Hernandez Sport Fish Hatchery in Anchorage is proceeding on schedule with functional testing of aquaculture systems soon to commence.
- Both hatcheries are on schedule to commence fish rearing spring, 2011.

Ruth Burnett (Fairbanks)

Construction Update:

- In Mid-summer the water filtration and treatment systems were not performing to design standards sufficient for fish rearing.
- Construction of the facility was nearly complete in November several months late. Functional system testing resulted in several minor modifications with the exception of the water filtration and treatment system.
- Various systems were modified and subsequently tested as a means to identify equipment problems or design feature issues. The primary culprits identified were differential water temperatures and poor performance of a chemical delivery system and oxygen dosing system.
- Modifications to the system were made in incremental steps and tested such that the design consultant could collect information specific to making recommendations to the State.
- In late January a Memorandum of Agreement was signed between the State of Alaska and CH2M Hill that will allow for a Design-Build contractual agreement to be prosecuted such that the water treatment system will be functioning properly in spring, 2011.
- It is anticipated that rainbow trout eggs will be moved into the system this spring and fish production will commence in earnest, approximately a year late.
- Once the systems are fully functioning to specifications, construction and budgetary close out will proceed along with any dispute settlement.



Start Tanks



Rainbow Trout Reuse System



Influent Filtration System



Visitor Center



East Entrance to Hatchery

<u>William Jack Hernandez (Anchorage)</u>

Construction Update:

- Construction of this facility continues to progress on schedule, with completion slated for Spring 2011.
- Functional testing of several of the aquaculture and treatment systems will commence in February.
- Fish rearing tanks, pluming and various other construction activities are proceeding as planned.

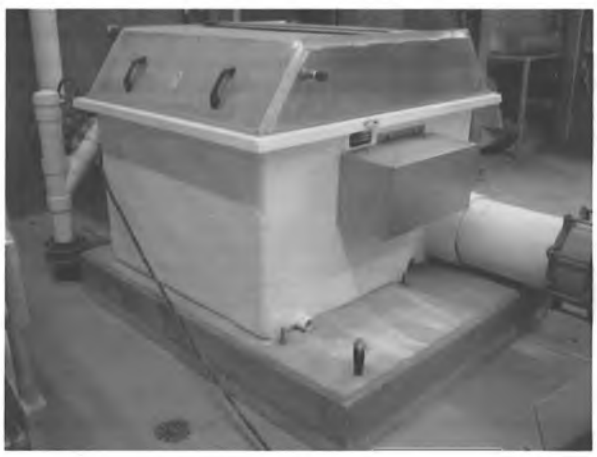
- Brood stock spawning to supply eggs for the rainbow trout program will commence in mid-April.
- Several tours have been offered to Aquaculture professionals from around the state and numerous others have been requested.



Production Floor – West End



Coho Salmon Rearing System



Drum Filters



Ozone Generators



Vertical Turbine Pumps



Reuse System Pumps



Shared Tanks



Rainbow Trout Rearing Tanks



Rainbow Trout, Char and Grayling Tanks

STATE OF ALASKA

SEAN PARNELL, GOVERNOR

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

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6 January, 2011

Mr. Tim Towarak, Chairman
Federal Subsistence Board
Office of Subsistence Management
U. S. Department of the Interior
3601 C Street, Suite 1030
Anchorage, AK 99503

RE: FRFR 09-01 and FP 09-07 Ninilchik C&T Kenai River Area fish stocks

Dear Mr. Towarak:

As provided for in Subpart B, 36 CFR §242.20 and 50 CFR §100.20, of Subsistence Management Regulations for federal public lands in Alaska, the Alaska Department of Fish and Game hereby requests that the Federal Subsistence Board reconsider and rescind its decisions of November 12, 2009, and November 9, 2010, on Fisheries Request for Reconsideration RFR 09-01 and related Fisheries Proposal FP 09-07. The Board improperly reconsidered a proper denial of FP 09-07 and improperly granted a customary and traditional use (C&T) determination to Ninilchik (including Happy Valley) to all fish including resident species in the Kenai River Area, contrary to the evidence and detrimental to subsistence by diluting the C&Ts of other communities in the area that have demonstrated evidence of C&T use of these fish stocks. These decisions will purportedly be effective upon publication in the Federal Register.

The enclosed Request for Reconsideration details the reasons for our request. The State requests an opportunity to further explain these procedural and factual errors during Board deliberations on this request. We also request that the Board act expeditiously.

Sincerely,

Kelly Hepler
Assistant Commissioner

Enclosures

REQUEST FOR RECONSIDERATION OF FEDERAL SUBSISTENCE BOARD ACTIONS ON FRFR 09-01 AND FP 09-07

The State of Alaska (State), through its Department of Fish and Game, respectfully requests that the Federal Subsistence Board (Board) reconsider, rescind, repeal, and correct its actions taken on November 12, 2009, and November 9, 2010, upon Fisheries Request for Reconsideration RFR 09-01 and related Fisheries Proposal FP 09-07.[1] As set out at 36 CFR §242.20 and 50 CFR §100.20, reconsideration is warranted because those Board actions were based on incorrect information and/or because, in taking those actions, the Board's interpretation of information, applicable law, or regulation was in error or contrary to existing law. The Board improperly reconsidered a proper denial of FP 09-07 and improperly granted a customary and traditional use (C&T) determination to Ninilchik (including Happy Valley) to all fish, including resident species, in the Kenai River Area, contrary to the evidence as described in three points below. In addition, Board action granting C&T to those who do not qualify and not based on evidence undermines ANILCA and is detrimental to subsistence by purposefully diminishing the availability of resources to those C&T users that have demonstrated evidence of customary and traditional use of these fish stocks.

First, the Board improperly accepted a request for reconsideration on November 12, 2009, contrary to the analysis and recommendation of its staff and without any basis satisfying the Board's regulation on reconsideration. A desire to re-evaluate a prior decision based on the same evidence without identifying potential error is not a valid basis for reconsideration.

Second, Board C&T action on November 9, 2010, was contrary to the Board's own regulations and unsupported by substantial evidence – for reasons set out in the transcript of Board meeting proceedings (e.g., pages 53-56 and 63-74) and in the record referenced there, including previous written and oral comments. That record includes Board proceedings on September 13, 2007, and January 14, 2009, at which the Board twice rejected that C&T proposal upon considering the evidence and analyses presented, including State papers and Board staff analysis.[2]

The Board previously determined that stocks of rainbow trout, lake trout, Dolly Varden, and other resident species within federal boundaries in the Kenai River area constitute distinct stocks which residents of Ninilchik have not customarily and traditionally taken in meaningful numbers. The only documented use of those stocks was by 0-1% of the Ninilchik community for the two years surveyed. Ninilchik's take of those distinct resident stocks has been too small and infrequent to demonstrate a consistent, long-term pattern of community use under regulations governing Board C&T determinations. These deficiencies and the different types of available information were also presented and thoroughly explained at the Board meetings on September

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[1] Board actions which are the subject of this request for reconsideration (RFR) are not yet published, and the State reserves the right to supplement this RFR. It is also the State's position that, under the circumstances presented, it does not have to make this RFR in order to exhaust administrative remedies. However, this RFR provides the Board with reasonable opportunity to address State grievances immediately and thereby resolve the matter without resort to other legal remedies available to the State.

[2] Transcripts of Board meetings are accessible on the OSM website. See especially September 13, 2007 Board Mtg. Tr. pp. 17-19, 24-28, 30-33 and January 14, 2009 Board Mtg. Tr. pp. 184-190 and 192-197.

13, 2007, and January 14, 2009, including in State papers to the Board dated March 8, 2007 (Enclosure 1) and April 30, 2007 (Enclosure 2) ignored by Board staff and the Board in their analysis and deliberations on RFR 09-01 and FP 09-07. As the recent OSM Executive Summary for RFR 09-01 reported, "There is no new information to consider for Proposal FP07-09 since it was last addressed by the Federal Subsistence Board in January 2009." The Board's reversal on November 9, 2010, is unsupported by the available evidence.

Third, the Board is dependent upon legal counsel for guidance; however, the Board action on November 9, 2010, was unfairly predisposed in its C&T action by an internal July 12, 2010, memorandum of its legal counsel that was prejudicial against the State. Counsel characterized the State as "simplistic," "plain wrong," run by hunting groups "much motivated by curly horns, very little by winter meats," and seeking to "restrict subsistence use" and "keep it . . . small"[3] by "flyspecking every jot and jiggle of the Board's determinations." (Enclosure 3, distributed during November 9, 2010, Board Mtg. Tr. Pages 81, 85)) The relatively new Board members were presented with this purportedly "legal" analysis that packaged personal biases against the State and the general recreational hunting community as legal authority instead of reviewing the regulations and previous record of evidence that persuaded their predecessors on the Board to decide in 2007 and again in 2009 that there was no evidence to support a customary and traditional use by Ninilchik.

Accordingly, the Board is respectfully requested to reconsider, rescind, repeal, and correct its improper, incorrect, and unlawful actions taken with respect to RFR 09-01 and FP 09-07.

STATE OF ALASKA
DEPARTMENT OF FISH AND GAME

DATED: 1/7/2011

KELLY HEPLER,
ASSISTANT COMMISSIONER

[3] Board counsel memorandum also asserted that "ADF&G argues often and long for the perceived necessity of more and more 'substantial evidence' – without ever specifying what it thinks such evidence is." To the contrary, the State has explained that necessary degree of evidence several times, in writing and at Board meetings, including at pages 10-11 of Enclosure 2 provided to the Board in 2007 in relation to the Ninilchik C&T proposal, but not provided to the Board revisiting that issue on November 9, 2010.

Alaska Department of Fish and Game
Comments to the Federal Subsistence Board

Deferred FP09-15: Juneau Road System – Customary and Traditional Use Determination

Introduction: Proposal FP09-15 requests that the Federal Subsistence Board demonstrate customary and traditional (C&T) findings for individual communities for fish stocks within Fisheries Districts 11 and 15 on waters crossed by roads within the current boundaries of the City and Borough of Juneau, as suggested by a member of the Federal Board on January 13, 2006. The proponent requests the eight regulatory factors concerning customary and traditional use of each specific fish stock by each community for each stream be evaluated and reviewed by the Federal Board. The Juneau non-rural area has no specific customary and traditional use determination and falls under the federal regulation category "Remainder of the Southeastern Alaska Area." Under this designation, the Juneau road system area is open to the federal subsistence harvest of Dolly Varden, trout, smelt, and eulachon by all rural residents of the Southeast Alaska and Yakutat areas, and the area is open to subsistence harvest of salmon by all rural residents of Alaska. These overly broad designations provide a federal subsistence preference for the far north rural residents of Barrow to fish for salmon on streams in a southeastern urban community over 1,000 air miles from home and provide a preference to rural residents of the southern southeast community of Hydaburg in an urban northern southeast community over 225 air miles from home.

Background: The waters subject to this determination constitute a very small portion (less than 10%) of the freshwater fisheries in Districts 11 and 15 of Southeast Alaska. They are very important to residents of the Juneau area but are not important to rural residents and are rarely used for any purpose by rural residents of any community. In acting on previous proposals, the Federal Board suggested it would be appropriate to adopt a determination of "no Federal subsistence priority."[1] In December 2007, the Federal Board rejected the State's proposal (FP08-04) requesting such a determination, without evaluating the eight regulatory factors concerning customary and traditional use of each fish stock by each community. As early as 2000, the Interagency Staff Committee informed the Federal Board that there was a lack of substantial evidence to show that communities in the region have customarily and traditionally harvested and used stocks of rainbow trout, cutthroat trout, and Dolly Varden along the Juneau road system. Because there is no substantial evidence for these arguments, it is clear that any use of Juneau road system fish stocks falls outside the regulatory definition of customary and traditional use, *see* 50 CFR §100.4.

Application of the September 23, 2008, Ninth Circuit Court opinion in *State of Alaska v. Federal Subsistence Board*, 544 F.3d 1089, makes it clear that an adequate record to support a C&T determination for fisheries on the Juneau road system has not been developed and cannot be established. As the Court held in its decision, Federal Board C&T determinations must be supported by substantial evidence of a specific rural community or area's demonstrated customary and traditional taking of a specific wildlife population or specific fish stock, not general species, within specific geographic locations. *Alaska v. Federal Subsistence Board*, at

[1] Federal Board's analysis of FP06-31 in January 2006 and threshold analysis of the Federal Board's denial of the State's Request for Reconsideration FRFR 06-05, dated August 22, 2006.

1094-99. The Board's determination must have a "substantial basis in fact." *Id.* at 1094. The Court held: "Under 50 C.F.R. §100.16, C & T determinations should 'identify the specific community's or area's use of specific fish stocks and wildlife populations,'" "and not Chistochina's use of moose in general." *Id.* at 1096. The Court added that the Federal Board's "regulations clearly tie C & T determinations to the specific locations in which wildlife populations have been taken" and "each C & T ***determination*** must be tied to a specific community or area and a specific wildlife population." *Id.* at 1097 (emphasis in original). The Court further emphasized: "Specific communities and areas and specific fish stocks and wildlife populations are, by definition, limited to specific geographic areas" and "a C & T determination is a determination that a community or area has taken a species for subsistence use ***within a specific area***." *Id.* at 1097-98 (emphasis in original).

The Ninth Circuit pointed out that six of the Federal Board's eight C&T factors refer to a "pattern of use" of "specific fish stocks or wildlife populations," and a seventh factor also imposes explicit geographic limitations by directing the Board to consider whether there is "consistent harvest and use of fish or wildlife . . . near, or reasonably accessible from the community or area." *Id.* at 1098; *see also* 50 C.F.R. 100.16(b). Available information cannot support a determination that any rural community has a "pattern of use" of any fish stock on the Juneau road system. There has been no "consistent harvest" of fish stocks on the Juneau road system by any rural community, and the Juneau road system fish stocks are not "near or reasonably accessible" to any rural community.

In *Alaska v. Federal Subsistence Board*, the Court upheld a C&T determination for Chistochina residents to take moose upon all federal lands within Game Management Unit 12 based on: (1) the assumption, which the Court thought had support in the record, that the populations of moose which had been historically taken by Chistochina residents within a 2500 square mile area were the same populations of moose on other federal lands within the Unit; and that (2) the alternate rationale, somewhat dependent on the first, that the Federal Board was justified by a "benefit to management" in designating a C&T area for Chistochina to take those moose within all 5,900 square miles of federal lands within the Board's pre-determined areas A, B, and C, rather than being required to carve out a new area for Chistochina limited to just the 2,500 square miles of that community's actual historic use. *Id.* at 1096-97, 1099-1100.

On the Juneau road system, the situation is far different from what the Ninth Circuit Court believed the situation to be for moose in GMU 12. First, salmon and trout stocks found in individual streams on the Juneau road system represent distinct stocks. Evidence of take of the same general species of fish in other districts, or even in other portions of the same districts, cannot be used to establish historic taking of the specific stocks on the Juneau road system. The Federal Board has not developed a customary and traditional use determination specific to fresh waters of Districts 11 or 15. It is extremely unlikely that any rural community would be able to provide substantial evidence of the customary and traditional use factors for any fish stock on the Juneau road system.

Second, there has been no historic customary and traditional taking of the specific fish stocks on the Juneau road system by any Southeast rural community. The Juneau stocks are different stocks of fish than those which any Southeast rural community has historically taken. Moreover,

federal and state fisheries management both benefit by utilizing a separate regulatory framework for these easily accessed high use waters where fish stocks must be managed through much more conservative regulations than are required in other areas of the districts. Separating out this nonrural area also allows the Federal Board to carry out its responsibilities of balancing the competing purposes of ANILCA and avoiding unnecessary restrictions on nonsubsistence users.

Impact on Subsistence Users: Although both Southeast Alaska general federal subsistence fishery permits and the Southeast Alaska spring steelhead permits allow fishing on the Juneau road system and require reporting of harvest by stream, no federal subsistence harvests by rural residents have been reported for the freshwaters of the road system within the City and Borough of Juneau boundaries. In fact, only two sport-caught fish were reported as having been caught by rural residents of Southeast Alaska on the Juneau road system by responders to the Statewide Sport Fish Harvest Survey from 2004 through 2006. There is no evidence of customary and traditional taking of specific fish stocks for subsistence use by any rural resident in freshwaters that cross the road system within the City and Borough of Juneau boundaries. Meaningful subsistence fishing priorities for rural residents exist in streams that are closer to their respective communities. Eligible rural residents would have to travel substantial distances by boat or airplane in order to fish on Juneau roads, and such harvest would not be cost effective. Based on the lack of documentation of any subsistence use, the Federal Board should exempt the fresh waters of the Juneau City and Borough road system area from region-wide regulations by making a negative customary and traditional finding for all communities for all fish stocks in freshwaters that cross the road system within the City and Borough of Juneau boundaries. This action would have no impact on federally qualified rural subsistence users.

Opportunity Provided by State: State regulations provide for a variety of sport fishing opportunities in freshwaters and adjacent shoreline areas, but these opportunities are more restricted than elsewhere in Southeast Alaska. Most people fish for subsistence and recreational use in marine waters. The Department's sport fisheries website for the Juneau road system lists only 15 freshwater streams and, although saltwater shoreline areas are also available for anglers to fish, fishing in saltwater for trout and Dolly Varden is more restricted and subject to lower bag limits than in other areas of Southeast Alaska. Nearly all freshwater sport fishing activity (roughly 80%) along the Juneau road system takes place in four primary streams (Cowee Creek, Montana Creek, Peterson Creek, and Fish Creek). Fish populations in these streams are relatively small. Given Juneau's relatively large human population and road access, the potential exists for over harvesting local fish resources if additional harvest opportunity is provided. Several small roadside streams are closed to sport fishing altogether, and others are closed to salmon or Dolly Varden fishing. Restrictive bag and possession limits are in effect for many species as well. Juneau roadside bag limits, possession limits, and size requirements differ in several respects from regional regulations. Bag and possession limits have been reduced for coho salmon, sockeye salmon, and Dolly Varden. In addition, cutthroat trout size limits are more conservative in the Juneau area than in other areas of Southeast Alaska. These restrictions on Dolly Varden and cutthroat trout are also effective in all salt water adjacent to the Juneau City and Borough road system to a line ¼ mile offshore.

Because Juneau is a non-rural area, residents of Juneau who historically used fish stocks in the area are ineligible to participate in the federal subsistence fishery and cannot qualify for a federal

customary and traditional use determination. The existing federal subsistence regulations could lead to even more restrictions on non-federally qualified users (e.g., Juneau residents) in the non-rural area along the Juneau road system on both state and federal lands. These further restrictions could potentially force Juneau residents to travel long distances to rural areas to participate in freshwater sport fisheries. They might also result in increased state subsistence and personal use participation in these areas. They could thus create increased competition and be detrimental to the satisfaction of subsistence needs in those rural areas. Further state restrictions along the Juneau road system would also impact opportunities for those who relocate from rural areas to Juneau and rely upon opportunity in the Juneau area to continue their fishing activities.

Conservation Issues: While conservation concerns are not a factor in the Federal Board's C&T analysis, they do provide a common sense rationale for separating the Juneau Road system and specific stocks in the area from other "remainder" areas of Southeast Alaska and for making sure that only communities with established customary and traditional use of the specific stocks in the area receive a federal subsistence priority on those stocks. The Department has continually expressed conservation issue concerns to the Federal Board about sustainability of highly accessible fisheries on the Juneau road system if these fisheries are subjected to any participation under liberal federal subsistence harvest regulations. This proposal specifically requests a Customary and Traditional determination for specific fish stocks in a specific area. Comments illustrating the Department's ongoing concerns and conservation issues were previously presented to the Federal Board for proposals FP06-31, FP08-04, the Department's Fisheries Request for Reconsideration 06-05, and FP09-04.

Jurisdiction Issues: According to the Department's Fish Distribution Database, the majority of fish habitat and documented fish observations in these streams are not located within federal lands. Some streams have relatively inaccessible headwaters on federal land, but they flow through State, private, and other land ownership and **are not within the Tongass Forest boundary prior to crossing Juneau roads to enter marine waters**. Other streams along the Juneau road system flow entirely on non-federally owned land. We request that the federal maps be corrected to accurately portray the Tongass Forest boundary, which specifically excludes a significant portion of the Juneau area. The Juneau area was an exclusion from the Tongass Forest long before statehood.

In order for rural residents to know where they can legally participate in federal subsistence fisheries, and to aid enforcement personnel in determining whether activities are legal, we request detailed land status maps depict specific boundaries of waters claimed to be within federal subsistence jurisdiction. Maps provided by the federal program are not accurate enough to ensure federal subsistence users do not inadvertently fish from lands not claimed under federal jurisdiction. Significant portions of lands surrounding the Juneau road system are bordered by state or private lands, where there either is no federal jurisdiction or where persons cannot participate in federal subsistence fisheries while standing on non-federal lands.

Recommendation: Support.

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

Sean Parnell, Governor

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ANCHORAGE, ALASKA 99501-5903
PHONE: (907)269-5100
FAX: (907)279-8644

December 2, 2010

Mr. Rowan Gould, Acting Director
U.S. Fish and Wildlife Service
Department of the Interior
1849 C Street NW
Washington, DC 20240

Re: Togiak Refuge Public Use Management Plan

Dear Mr. Gould:

As you know from your previous tenure as Regional Director of the U.S. Fish and Wildlife Service in Alaska, maintaining the balance of state and federal interests recognized by Congress in the Alaska National Interest Lands Conservation Act (ANILCA) and other federal law is a high priority for the State of Alaska. A key element of that balance is preserving state control of state-owned navigable water systems and their beds. Thus, the Service's attempt to assert jurisdiction over state-owned navigable waters and underlying lands flowing through the Togiak National Wildlife Refuge is cause for significant concern.

The Togiak Refuge Public Use Management Plan (PUMP), signed by the Regional Director on September 21, 2010, is legally flawed, as articulated below and in the State's January 18, 2008, detailed correspondence to Paul Liedberg, Refuge Manager. The PUMP's decision would impose permitting requirements for unguided use of two state-owned waterways, requirements that would substantially restrict access to these river systems. These restrictions are not authorized by ANILCA and not supported by actual conditions on the ground. Therefore, I respectfully request that you rescind the Togiak PUMP and associated Finding of No Significant Impact for the following reasons:

- The PUMP relies on use of refuge uplands as justification for effectively asserting jurisdiction over state-owned navigable waterways when, in fact, the use the Service wishes to regulate is the use of state waters, lands and resources.
- Direction in the PUMP to regulate activities on state lands and waters contravenes congressional direction in ANILCA Section 103(c) that non-federal land shall not be subject to refuge regulations.
- Even if ANILCA's Alaska-specific limits on federal regulation of state lands did not apply, the PUMP fails to show an overriding need to restrict public use of state navigable waterways, including their beds, to protect upland refuge resources.

- The PUMP also proposes restrictions on public river use and access that do not meet the criteria for federal regulation in ANILCA Section 1110(a) and its implementing regulations in 43 CFR Part 36 (i.e., only allow restriction of use detrimental to the resource values).

Background and State Authority

The Kanektok River and Goodnews River and their sources, the Kagati, Goodnews and Kukaktlim lakes, are clearly navigable for state title purposes under the standard applied by the federal courts and Department of the Interior to Alaska. *See, e.g., State of Alaska v. Ahtna, Inc. & United States*, 891 F.2d 1401 (9th Cir. 1989), *cert. denied*, 495 U.S. 919 (1990) (Gulkana River in Alaska); *Appeal of Doyon, Ltd.*, 86 Interior Dec. 692 (ANCAB 1979) (Kandik and Nation Rivers in Alaska). The Kanektok and Goodnews rivers and source lakes are undeniably used, and susceptible to use, for navigation using inflatable boats and other watercraft having a load capacity of 1000 lbs. or so of supplies or commercial recreationalists. By law, Alaska received title to these rivers and lakes when it became a state in 1959. The activities the Service intends to restrict – the staging and preparation for unguided trips downstream – occur on state-owned waterways, beaches and gravel bars below the ordinary high water line. Use of federally-owned refuge uplands, if any, is incidental.

ANILCA and Federal Non-authority

While Congress may have the power to regulate activity on adjacent non-federal land under some circumstances, the first question is whether in this instance Congress exercised that power on these state lands. There is no indication in ANILCA that it did so. To the contrary, Congress expressly limited the reach of federal authority on ANILCA's conservation system units, including the Togiak Refuge. ANILCA Section 103(c) explicitly provides:

> Only those lands within the boundaries of any conservation system unit which are public lands (as such term is defined in this Act) shall be deemed to be included as a portion of such unit. *No lands which, before, on, or after the date of enactment of this Act, are conveyed to the State, to any Native Corporation, or to any private party shall be subject to the regulations applicable solely to public lands within such units.*

(Emphasis added.) ANILCA Section 102 also excludes all "land selections of the State of Alaska which have been tentatively approved or validly selected under the Alaska Statehood Act and *lands which have been confirmed to, validly selected by, or granted to the Territory of Alaska or the State under any other provision of Federal law*" from the definition of public lands. (Emphasis added.) In ANILCA Congress thus excluded state-owned submerged, tide, and shore lands and their resources and waters from the reach of regulations promulgated for national wildlife refuges in Alaska.

Lack of Agency Justification

In addition to the lack of authority addressed above, the Service does not have sufficient justification required by Congress to impose the PUMP's intended limits on public use. In particular, those river use limitations do not meet the rigorous standard in ANILCA Section

1110(a) that such use would be detrimental to the resource values of the unit or area. Furthermore, the stringent proposed restrictions are neither reasonable nor justified by current or projected use levels.

The PUMP acknowledges that fish and wildlife populations are healthy and water quality remains high. Instead, the PUMP emphasizes protecting a "wilderness fishing experience" (PUMP p. 123), relying on information from refuge-implemented visitor surveys in 1995 and 2001 (PUMP Appendix B). The State objected to the methodology and interpretation of those two surveys. Regardless, the surveys indicated almost everyone was satisfied with their recreational experience on the rivers; and subsequent visitor use trends do not show the sort of increased use that might threaten recreational experiences in the foreseeable future. For example, on the three river systems surveyed by the Service in 2001, between 82% and 88% of the respondents reported they agreed or strongly agreed that fishing conditions were uncrowded and there were minimal conflicts with other anglers or users. Since then, most use levels have remained stable or declined. I understand that the Refuge Manager has indicated he is doubtful that unguided use limits are warranted at present low use levels.

Moreover, this fishing experience is inherently associated with use of the state-owned waterways – ***not*** the refuge uplands. While anglers boating and fishing the rivers may certainly appreciate the surrounding scenic and wilderness setting, actual use of the refuge uplands, if any, is incidental to the primary use of the navigable waterways, the fisheries, and the associated shorelands – all under the ownership and jurisdiction of the State.

The State has consistently disputed the Service's wilderness fishing justification as a basis for imposing federal restrictions on public use and access of these state waterways. If public uses or impacts were jeopardizing the waterway, the Alaska Department of Natural Resources would revise its current land use plan, just as it did simultaneously with the first refuge planning process in the 1980s. However, the low-concentration, water-based unguided use has not been shown to be harmful to upland wilderness values or even the wilderness experience of a majority of the anglers on the rivers. Once float parties begin their trips and spread out on the upper river, there are typically few upland wilderness users, if any, to even notice the river use. The guided use staging activities at the popular Kagati Lake outlet to the Kanektok River have more impact on wilderness values than the transient unguided parties, who will bear the brunt of restrictions outlined in the PUMP.

In addition, the limits on levels of use sought by the Service are unjustifiably low. The State is aware of only two other rivers in North America with comparable use limits – the Selway River in Idaho with road access and the Alsek River starting in Canada. Both of these rivers have very different access and use issues than at the Togiak Refuge. The refuge's study of encounter rates supports a level of both guided and unguided use well above the PUMP's one launch per day target. As the Service apparently knows, most up-river user conflicts, particularly at the put-in for the Kanektok, are associated with encounter rates caused when poor flying weather prevents floatplane access to the put-in lakes. When the weather breaks, the transport of backlogged parties can create a short-term spike in use at the put-in points. Since such weather events are beyond the control of both refuge managers and floaters, the PUMP provides an exception to the one-launch-per-day limit for such weather-related backlogs. Even when multiple parties launch on the same

day, they quickly disperse downriver. If the temporary, launching-point social impacts of these occasional weather-related spikes are discounted, there appears even less need for the PUMP's public use limits.

Despite the State's objections to the impending rulemaking to implement the permit system proposed by the PUMP, our resource agencies remain available to consider a cooperatively-developed monitoring program as a viable management tool. An effective monitoring program could identify legitimate indicators of emerging resource concerns or user conflicts that may need state or federal management attention in the future. Although the PUMP does intend to implement a future monitoring program, such a program should be implemented before access is limited, to determine whether the limitation is actually necessary.

Although the restrictions proposed by the Togiak PUMP apply only to the Goodnews and Kanektok rivers and their source lakes, limiting access to these rivers is a significant concern to the State of Alaska. Furthermore, the precedent that could be created by the Service's attempt to restrict access to these state-owned waterways is a matter of added concern. ANILCA reserved great portions of Alaska land for federal use and protection, but simultaneously placed clear limits on federal power over state and private lands. Maintaining ANILCA's balance is a key priority for the State of Alaska. Because the Togiak PUMP upsets that balance, I respectfully request you repeal the Togiak PUMP and associated Finding of No Significant Impact.

Sincerely,

Daniel S. Sullivan
Attorney General

cc: The Honorable Sean Parnell, Governor, State of Alaska
The Honorable Lisa Murkowski, United States Senate
The Honorable Mark Begich, United States Senate
The Honorable Don Young, United States Congress
Kim Elton, Interior Director of Alaska Affairs, United States Department of the Interior
Pat Pourchot, Special Assistant to the Secretary for Alaska Affairs, United States Department of the Interior
Geoffrey Haskett, Alaska Regional Director, United State Fish and Wildlife Service
John W. Katz, Director of State/Federal Relations and Special Counsel, Office of the Governor
Tom Irwin, Commissioner, Alaska Department of Natural Resources
Cora Campbell, Acting Commissioner, Alaska Department of Fish and Game

Overview of the Division of Commercial Fisheries

Sue Aspelund

Acting Director

Division of Commercial Fisheries Mission

Manage, protect, rehabilitate, enhance, and develop the fisheries and aquatic plant resources in the interest of the economy and general well being of the state, consistent with the sustained yield principle and subject to allocations established through public regulatory processes.

Division of Commercial Fisheries Primary Responsibilities

- Manage commercial, personal use, and subsistence fisheries within state waters.
- Manage shellfish species and some groundfish out to 200 miles.
- Conduct applied research on Alaska's aquatic resources.
- Plan and permit salmon hatcheries and mariculture operations.
- Negotiate fishing agreements subject to the Pacific Salmon Treaty and Alaska-Yukon Treaty.
- Coordinate with federal and international fisheries management agencies.

Division of Commercial Fisheries Core Services

- Harvest Management
- Stock Assessment and Applied Research
- Aquaculture Permitting
- Information Services and Public Participation

Harvest Management

- Supporting the Board of Fisheries in establishing regulations and management plans.
- Opening and closing fishing areas and setting fishing times.
- Collecting harvest and biological data.
- Writing annual management reports to synthesize information.





Harvest Management Components

- **Inseason Management**
  - Employ a cadre of fisheries managers proximate to the fisheries.
  - Managers have broad authority to open and close fisheries.
- **Applied Science**
  - To ensure that management of Alaska's fisheries is conducted consistent with the sustained yield principle.

Kuskokwim Bay Salmon Fishermen Delivering in Quinhagak



Crab Boat Setting Pots in the Bering Sea



Stock Assessment and Applied Research

- Salmon Escapement Enumeration:
  - Weirs, Towers, Sonar, Foot/Aerial Surveys
- Juvenile Salmon Estimation
- Groundfish and Shellfish Surveys
- Herring Spawn Deposition and Hydroacoustic Surveys
- Aerial Herring Surveys
- Dive Surveys
- Biological, Genetic, Coded-Wire Tag Sampling

Salmon Enumeration and Sampling









Salmon Enumeration and Sampling









And more...





Other examples of stock assessments...







And yet more...







Aquaculture Permitting



- Private Nonprofit Salmon Hatcheries 34
- Aquatic Shellfish Hatchery 1
- Aquatic Shellfish Farms

Information Services and Public Information

- Design and maintain division website
- Publish brochures and other informational materials on divisional programs
- Produce, upon request, custom reports from fish ticket and COAR databases
- Administer divisional confidentiality policies
- Develop and administer divisional publication policies and procedures

Laboratory Services

- Pathology Laboratory
- Coded Wire Tag and Otolith Aging Laboratory
- Genetic Stock Identification Laboratory



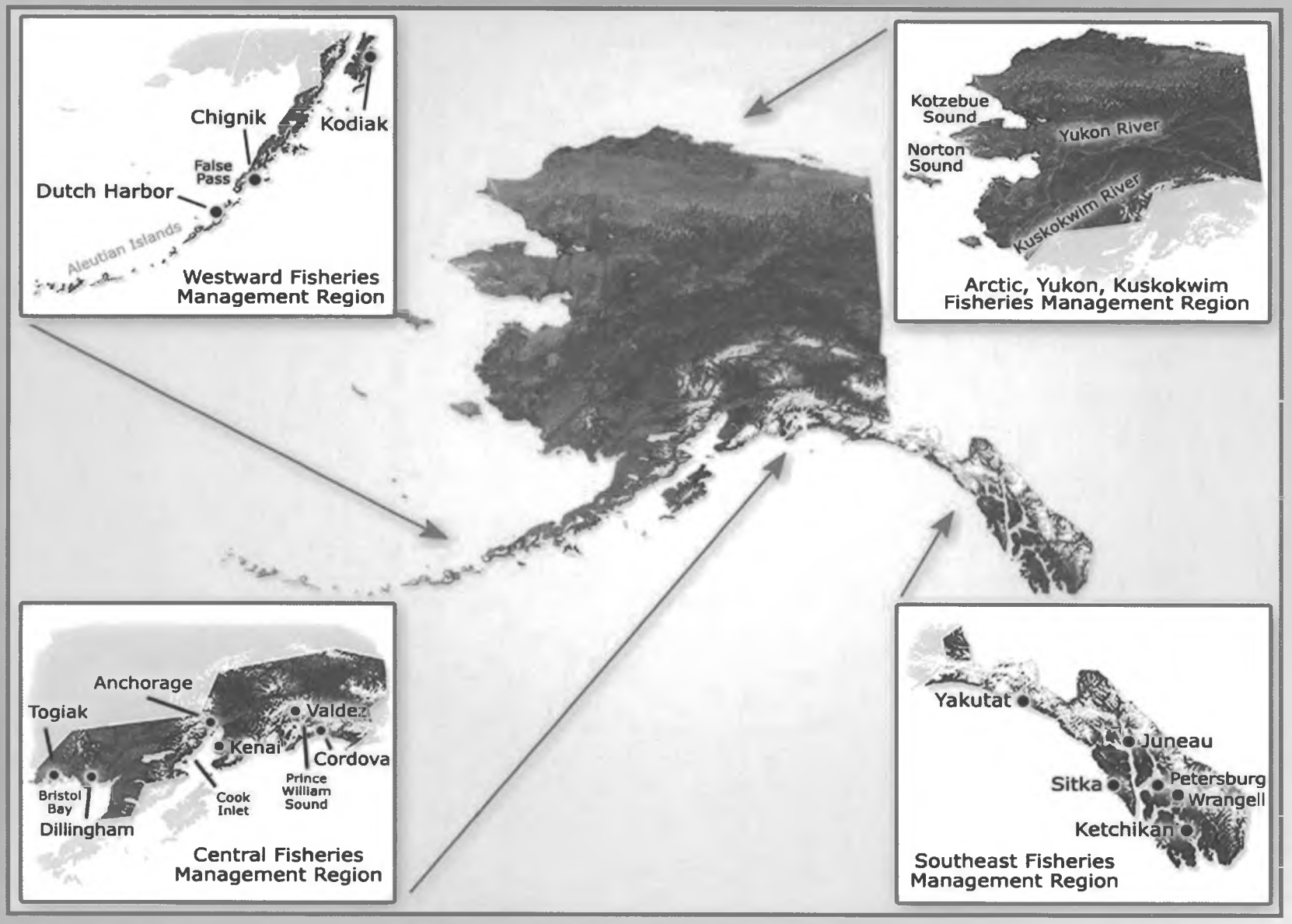
Data Processing

- Fish tickets systems
- eLanding electronic catch reporting system
- Internet-accessible inseason catch and escapement databases
- Geographical Information System databases
- Internet-accessible news release database
- Seafood processor/buyer intent to operate system
- Commercial Operator Annual Reports (COAR)
- Databases for biological data

Organization of the Division

- Southeast Fisheries Management Region - Douglas
- Central Fisheries Management Region - Anchorage
- A-Y-K Fisheries Management Region - Anchorage
- Westward Fisheries Management Region - Kodiak
- Divisional Headquarters - Juneau

Fisheries Management Regions



Permanent and Seasonal Staff



Dive crew aboard the *R/V Kestrel* in 2002.

In FY11:

- **314 permanent staff**
- **450 seasonal staff**
- **20 permanent offices**
- **84 seasonal offices/field camps**
- **6 large research vessels**

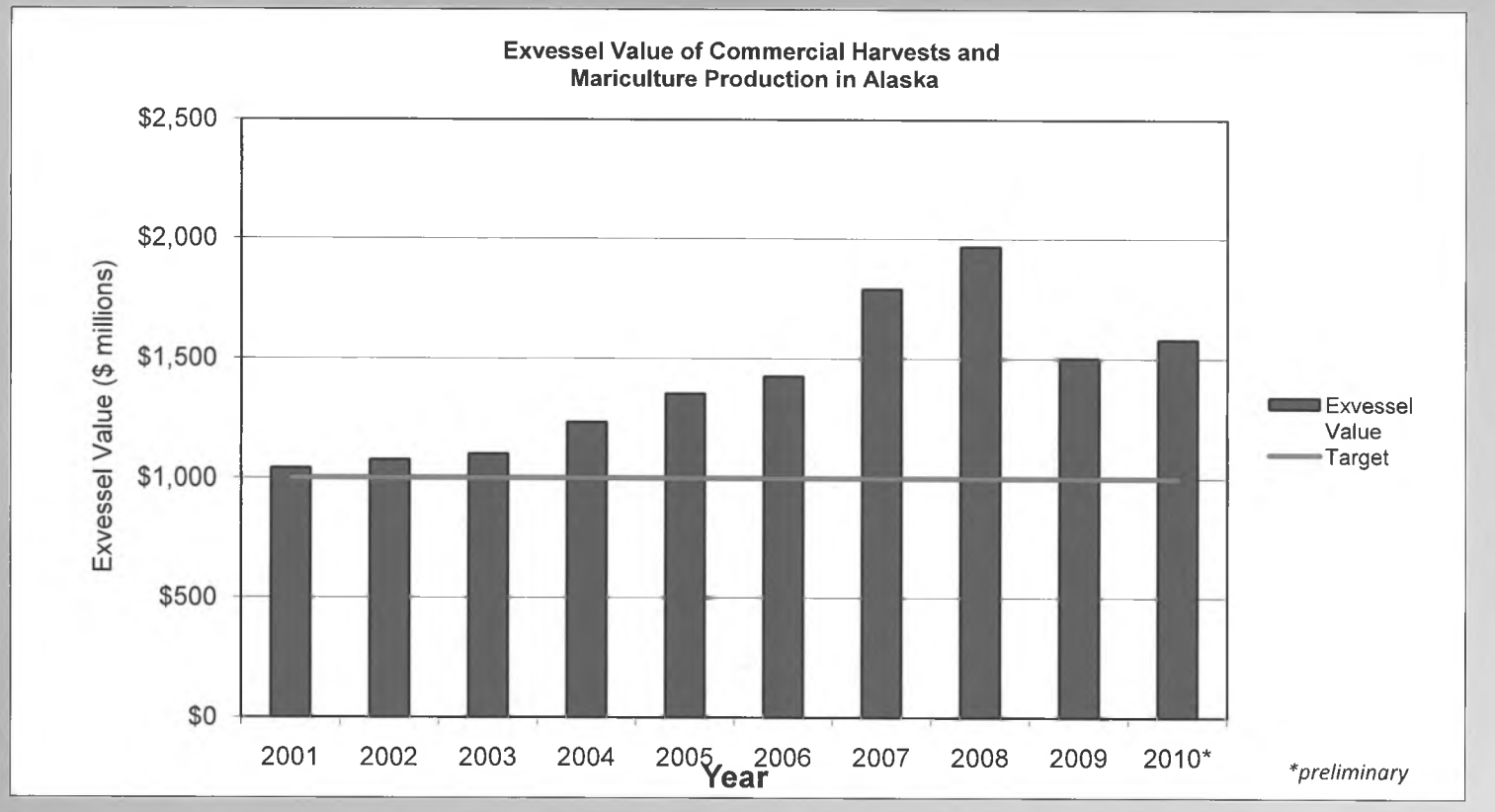
Missions and Measures

Targets

1. Exvessel value of commercial harvests and mariculture production above $1 billion.
2. Achieve salmon escapement goals in 80% of monitored streams.
3. Develop baselines of DNA-based markers for 100 Alaska salmon stocks for sockeye, chum, and Chinook salmon.
4. Ensure 100% of active aquatic farms operate under terms of current permits.

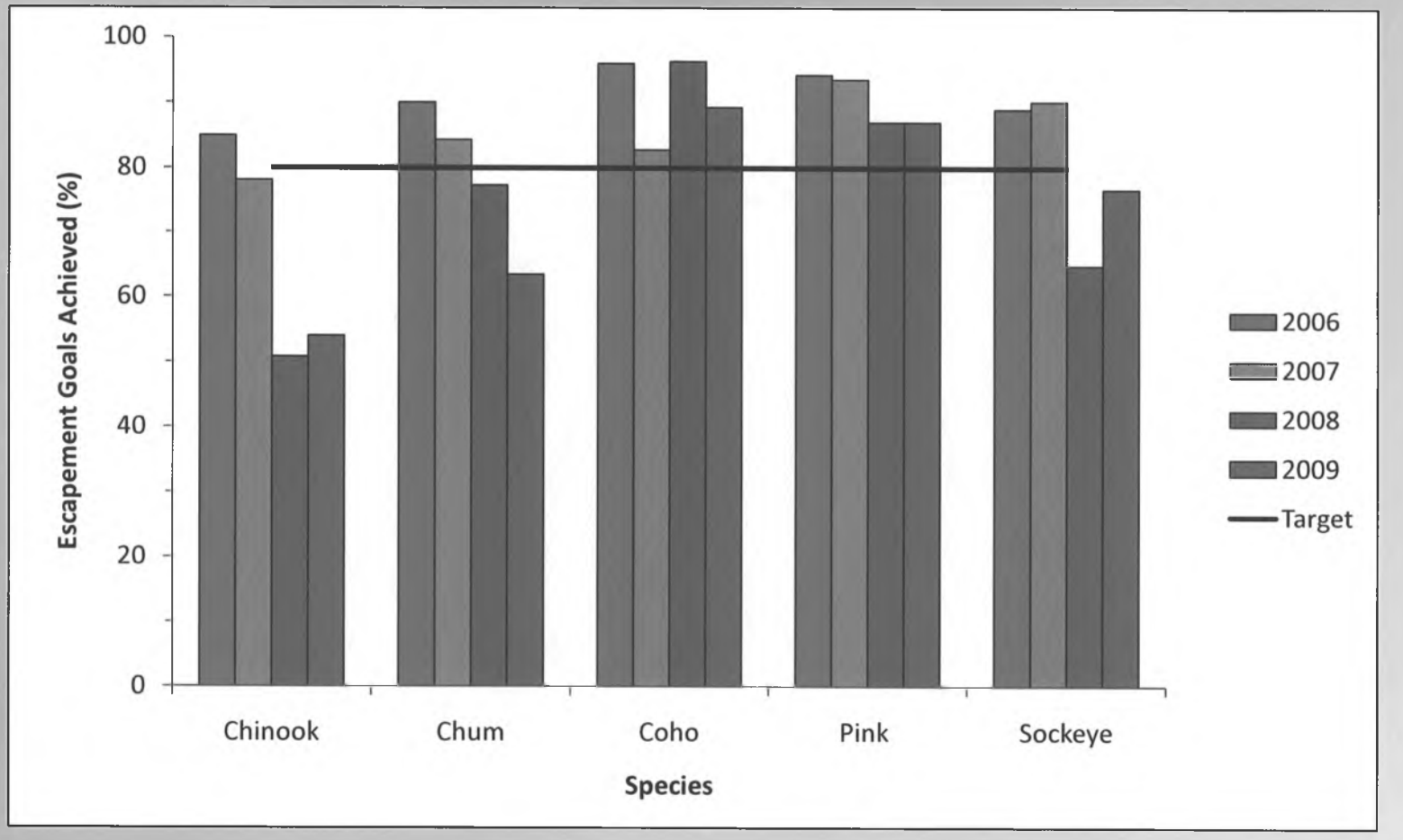
Missions and Measures

1. **Exvessel value of commercial harvests and mariculture production above $1 billion annually.**



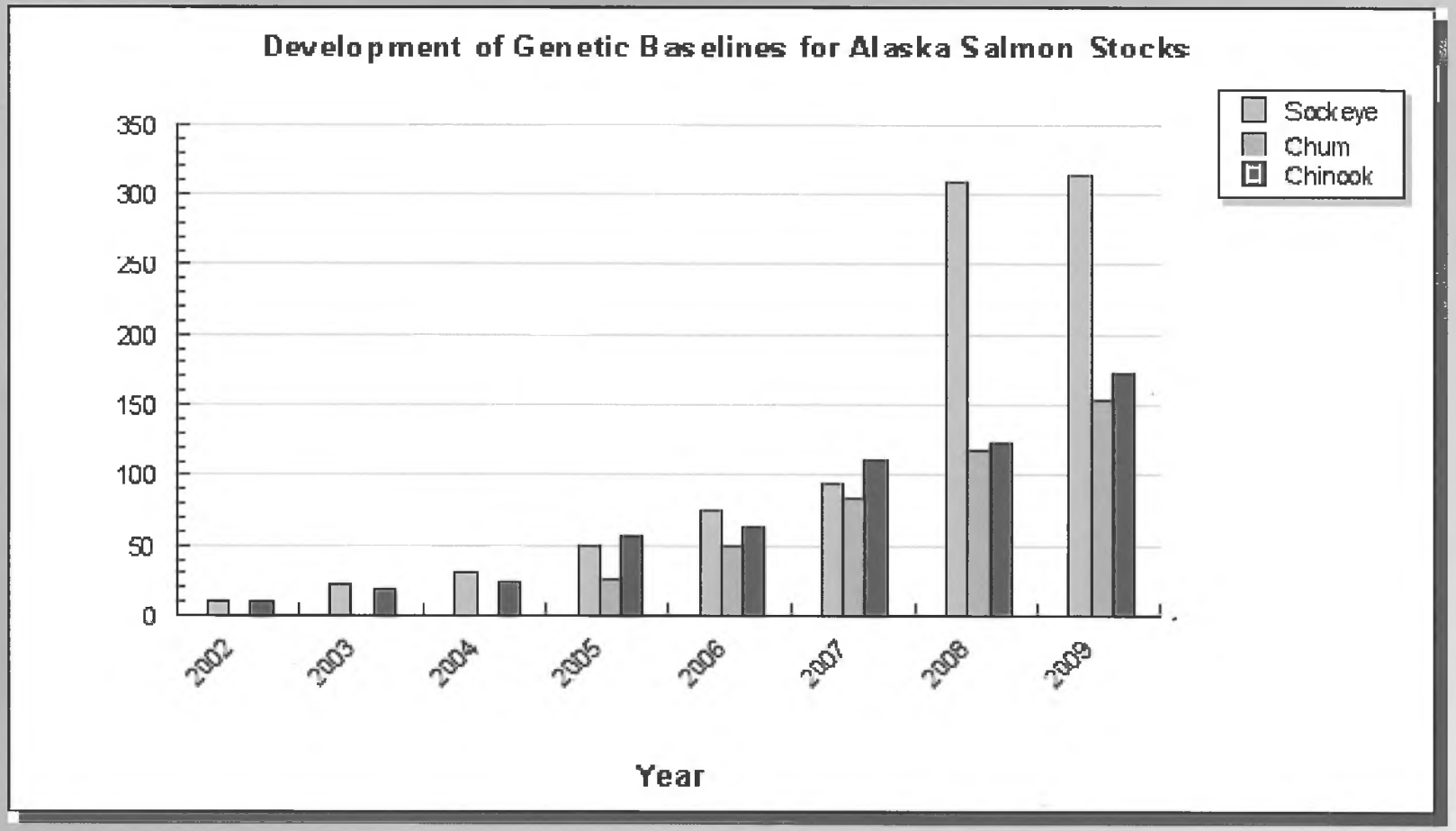
Missions and Measures

2. Achieve escapement goals for more than 80% of monitored stocks.



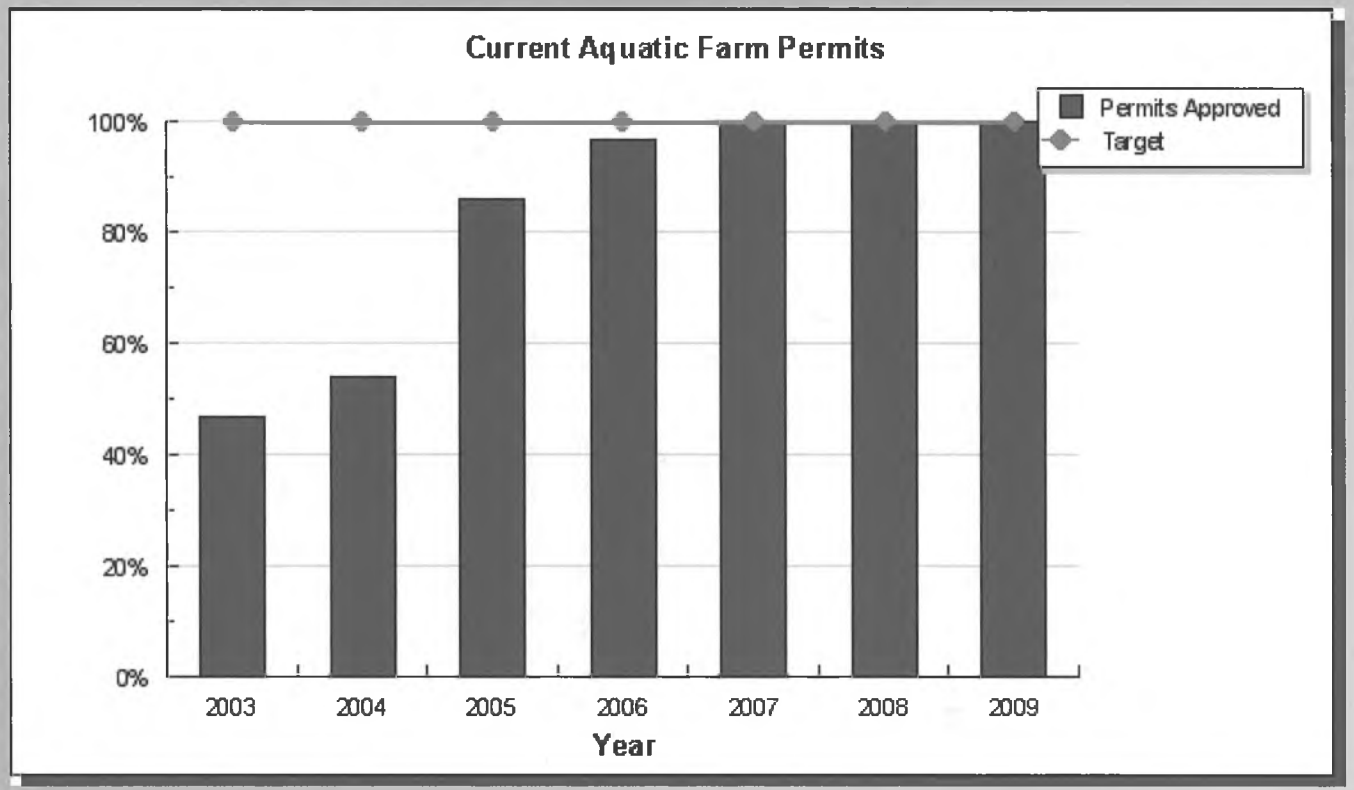
Missions and Measures

3. **Develop genetic baselines for Alaskan Chinook, chum, and sockeye stocks that will include 100 stocks in each baseline.**



Missions and Measures

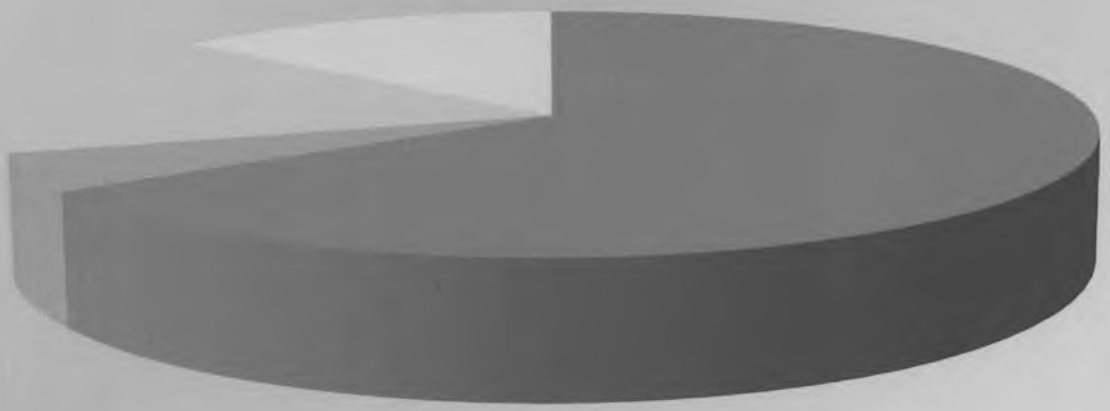
4. All aquatic farms operating with current permits.



FY12 Budget Request

Total Request = $66,159.7

(in thousands)



- Unrestricted GF (65.4%)
- Designated GF (5.0%)
- Federal (16.3%)
- Other Sources (13%)

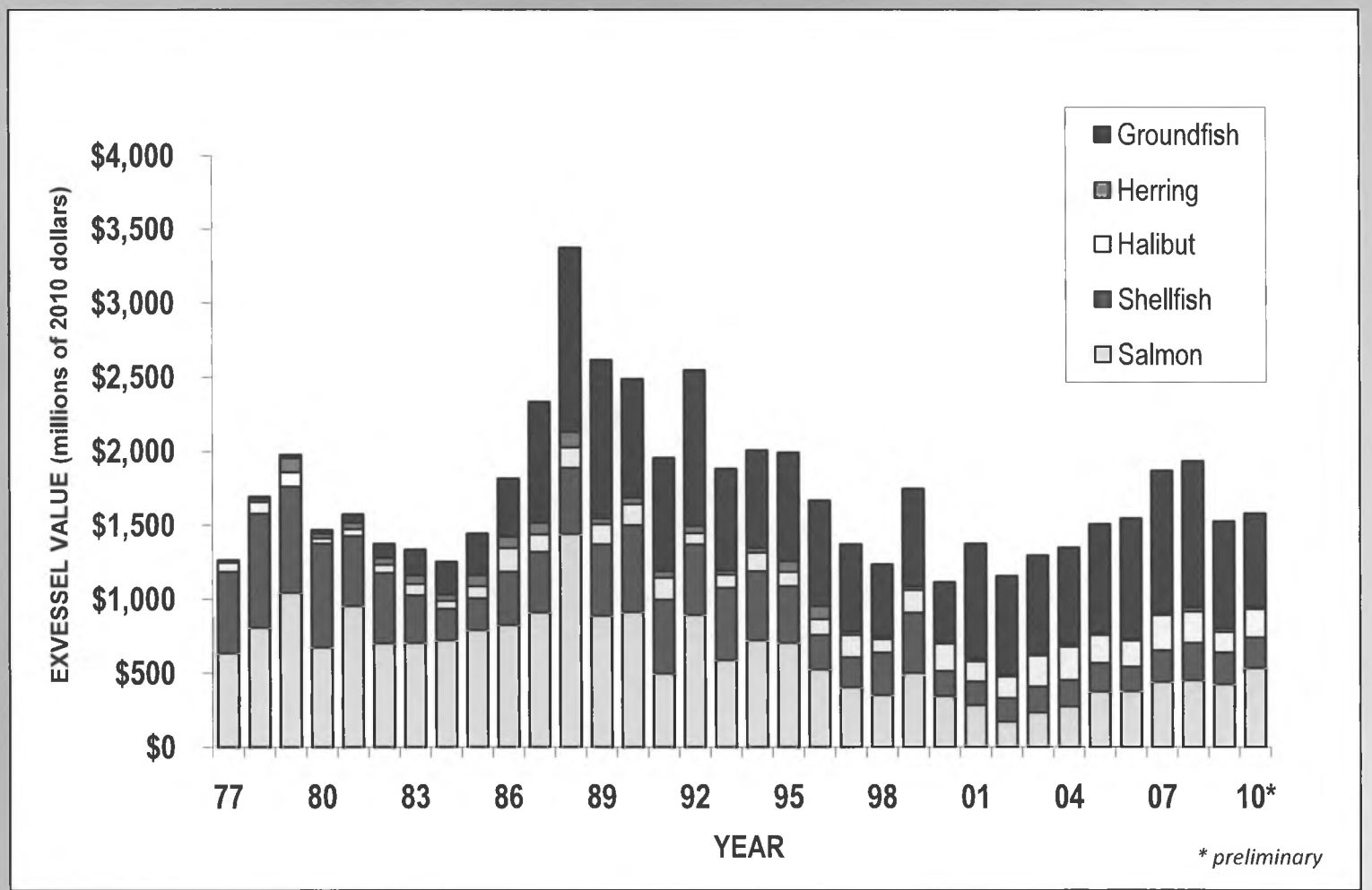
Economic Impact of Seafood Industry on Alaska's Economy in 2007

(Source: Northern Economics, Inc. 2009)

- **Generated 78,519 jobs employed in seafood harvesting, processing sectors, and support industries.**
- **Approximately 48,467 of these jobs were held by Alaskans.**
- **Generated $774.7 million in direct payments to labor with $237 million going to Alaska residents.**
- **Generated total sales of $3.6 billion within Alaska.**
- **Paid more in taxes to state general fund than any other industry except oil and gas.**

Exvessel Value of Alaska's Commercial Fisheries

(Adjusted to 2010 Dollars)




Thank you!
Questions?

State of Alaska
Department of Public Safety
Division of Alaska Wildlife Troopers

Sean Parnell, Governor
Joseph A. Masters, Commissioner

March 3, 2011

House of Representatives
House Resource Committee
Representative Paul Seaton, Co-Chair
State Capitol Room 102
Juneau, AK 99801

Honorable Representative Paul Seaton:

This letter is in response to the questions poised into why Wildlife troopers are not conducting tracking of personal use fish that leave the state via FedEx.

The clearest and most simple answer to that statement is that it's correct, Wildlife Troopers are not tracking personal use fish leaving the state or being shipped intra state via FedEx or any other shipper.

There are many reasons why it is not being tracked and the most prominent being that there is no law prohibiting the shipment of personal use fish, either in state or out of state. The law says personal use fish are to be used by the permit holder and their *immediate family.* The law does not require that the immediate family be in state, the law does not require that the fish remain in state. It does not prohibit shipping to immediate family where ever they may be nor to a third party to deliver to the family member. There is no definition of *immediate family,* so proving someone was shipping it to someone other than immediate family would be next to impossible.

Another issue is the state's residency law that allows for persons who qualify as residents to spend as much time as they want somewhere other than Alaska, as long as they established residency here previously once and never took steps to become a resident anywhere else. These seasonal residents participate in the personal use fishery and quite often ship their catch to other locations where they spend the majority of their time. This is legal under the current residency laws.

Most of the complaints we have received about personal use fish being shipped have had a common theme. Someone sees an out of state plate at a shipper unloading boxes and boxes of fish at the same time the personal use fishery is going on. When we have been able to track down the vehicle what we find is non resident sport fisherman who a day or two prior went on a halibut charter and combined with a few days worth of bank fishing they accumulated several boxes worth of frozen processed fish. This often involves a group of four or more persons who travel together. Since the fish has been processed there is no possession limit so even as one person they can legally possess boxes and boxes of fish.

A trooper has to tread lightly when looking into a case like this as one could easily out step the bounds of the law. If they were to demand to see inside the boxes or require proof of where the fish came from or even detained them for questioning it could be seen as a violation of constitutional rights. There is no reasonable suspicion to believe they have done anything wrong.

Office of the Director
5700 East Tudor Road - Anchorage, Alaska 99507 - Voice (907) 269-5509 - Facsimile (907) 269-5616

If we were to receive a credible complaint that said they saw them take the fish from the personal use site we would start to have some reasonable suspicion to ask further and depending on what is found we may have enough to get a warrant to seize the boxes or follow the shipment. Without a credible witness this would be impossible.

Further, we do not have the authority to inspect product in shipment, as many states do. There is nothing that gives us the legal authority to open packages said to contain fish for shipment and inspect their contents and once processed it is impossible to distinguish personal use fish from any other. Again, once processed possession limits mean nothing.

The Alaska Wildlife Troopers do spend enforcement time on this fishery conducting surveillance in a manner that would make it appear as though we are not there. This is often the only way to document activity and look for patterns of abuse. Sometimes we are conducting surveillance based on a tip, other times we look for evidence of suspicious behavior.

Non residents are permitted to be in the area, they can even ride in a boat that is participating in the fishery as long as they do not do anything to help. It is not uncommon for us to find "relatives" or "friends" present. Often the only way to document who is participating is through covert surveillance as they do not participate as soon as a marked unit or uniform is seen in the area.

If there were illegal shipments of personal use fish being sold and shipped the only way it would be large enough and profitable enough would be for the players to make several trips into the fishery without recording their catch. It would not be hard to accomplish this under the current level of enforcement in our opinion. The best way to control this would be to have check stations as you leave the fishery to check catch permits and catch. If the state went so far as to do this level of check then this would also be the best location to issue the permits as we often have permits issued by stores to persons who do not qualify and this makes enforcement and tracking of these persons more difficult. This would be a very time consuming effort that would not be best served by fully commissioned troopers.

When the fishery goes to 24 hours, monitoring it gets even more difficult for enforcement. At the same time, biologically, there has been enough escapement there is no worry of over harvest. So it then becomes a question of enforcement priorities and how much enforcement effort we want there, as apposed to other fisheries that may be in more jeopardy at that time.

In closing, although there may potentially be illegal activities surrounding the personal use fishery, under current regulations, we must expand enforcement efforts in ways to catch violators in the illegal act.

Sincerely,

Colonel Gary Folger
Director, Alaska Wildlife Troopers

CC: Joseph Masters, Commissioner, Department of Public Safety
Sue Stancliff, Special Assistant to the Commissioner, Department of Public Safety

Office of the Director
5700 East Tudor Road - Anchorage, Alaska 99507 - Voice (907) 269-5641 - Facsimile (907) 337-2059

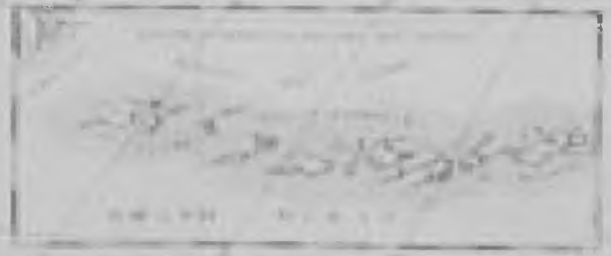
Alaska Wildlife Troopers Fisheries Enforcement

presented to

House Resource Committee

February 02, 2011

Prepared by Colonel Gary Folger



AWT MISSION STATEMENT

- **To protect Alaska's Natural Resources through Wildlife Enforcement**

Through education, presence, and enforcement action the Division is committed to the following:



- **Statewide Patrol of Commercial Big Game Services**

  Identification of Illegal Guiding and Transporter Activities

- **Statewide Commercial Fisheries**

  Reduction of Unlawful Harvest and Sales of Wild-Stocks

- **Statewide Sport Fish and Sport Fish Guiding**

  Reduction of Illegal Harvest and Sale of Sport Fish

- **Statewide Game and Trapping**

  Prevention of Waste and Illegal Harvest

- **Boating Safety**

  Reduction of Boating Related Deaths and Injuries

- **Safeguarding Habitat**

  Reduction of Watershed Damage and Non-Compliance of Environmental Permits



Division of Alaska Wildlife Troopers

- A Division within the Department of Public Safety
- Moved from ADF&G to DPS in 1972
- Currently has 97 commissioned positions of which 92 are filled.
- Divided into five Detachments
- 37 Posts throughout the state
- Broke down into Patrol and Investigations
- Manages the Marine and Aircraft Section
- Primarily funded with GF
- JEA funding is received

Division of Alaska Wildlife Troopers
Four Budgetary Components



- 1. Director's Office
  - Four Persons
  - Provides overall direction and administrative support for the division

Division of Alaska Wildlife Troopers

- 2. Enforcement/Wildlife Investigation Unit
  - Primary duty is to patrol the lands and waters of Alaska to enforce fish & game regulations, and investigate violations of those laws.
  - Investigate complex cases/covert operations
  - Patrols are conducted by land, air, and sea





Division of Alaska Wildlife Troopers

3. Marine Section

- Based in Anchorage
- Marine Vessels from 18' to 156'
- Responsible for maintenance, operation and overall safety of Divisions Vessels









Division of Alaska Wildlife Troopers

- 4. Aircraft Section
  - 42 Operational aircraft
    - 24 - Supercubs
    - 2 – Cessna 172s
    - 1 – Cessna 182
    - 6 – Cessna 185s
    - 1 – Cessna 206
    - 1 – Piper Saratoga
    - 2 – Cessna 208s
    - 1 – Beechcraft King Air 200
    - 4 - Helicopters



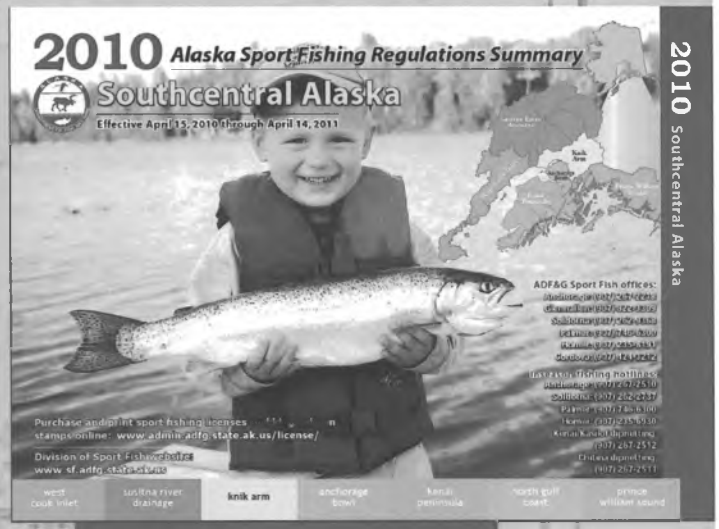


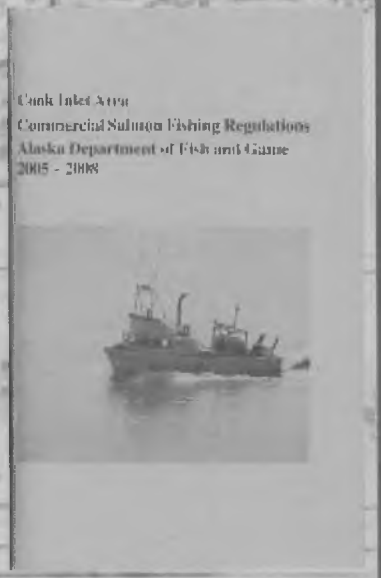




Authority

- Statutory / Regulatory citations pertaining to AWT authority
  - AS 16 Fish & Game
  - 5AAC Fish & Game
  - 20 AAC Commercial Fishing
  - AS 11 Criminal
  - AS 46 Environment
  - AS 44 State Government
  - AS 02 Aeronautics
  - AS 18 Health & Safety







Alaska Wildlife Troopers

- AUTHORITY
  - Statutory mission of the division is to protect the State's fish & game resources by enforcing statutes and regulations that protect them.





Alaska Wildlife Troopers

- AWT other duties
  - Enforce General Criminal Laws
  - SAR *** High Priority***
  - Assist AST in their Mission







AWT Goals & Objectives

- Highest standard of excellence
- Prevent violations
- Apprehend commercial violators after the fact
- Increase citizen involvement through information and education

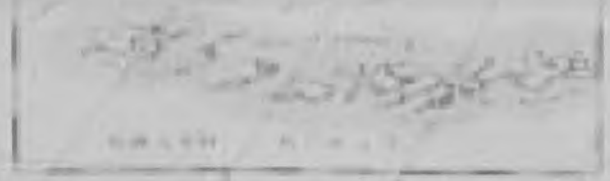






Fisheries Enforcement

- Fisheries enforcement is often described as the third leg that supports the three-legged stool of fisheries management. While a great deal of attention is paid to the legs of science and policy, enforcement is often lost in those discussions. The complexity of fisheries enforcement requires applying the intricacies of a vast array of regulations, providing a presence to deter and apprehend violators, and cooperatively litigating the cases within the court system. Enforcement also requires a great deal of public relations building in order to help deter and avoid violations. Sport, commercial, and subsistence fisheries in Alaska are a mix of overlapping (and sometimes conflicting) state and federal jurisdictions and regulations. Commercial fisheries add additional significant levels of complexity in that international relations, regulations, and treaties all play roles in developing enforcement goals, policies, and on-the-water strategies. In fact, the international complexities even extend to some Alaskan sport fisheries (halibut, for example), which are cooperatively state and federally enforced but ultimately regulated pursuant to an international treaty. This session will provide an overview of Alaska fisheries enforcement with the objective of providing a better understanding of how fisheries enforcement along with policy and scientific research support that three-legged stool of fisheries management.

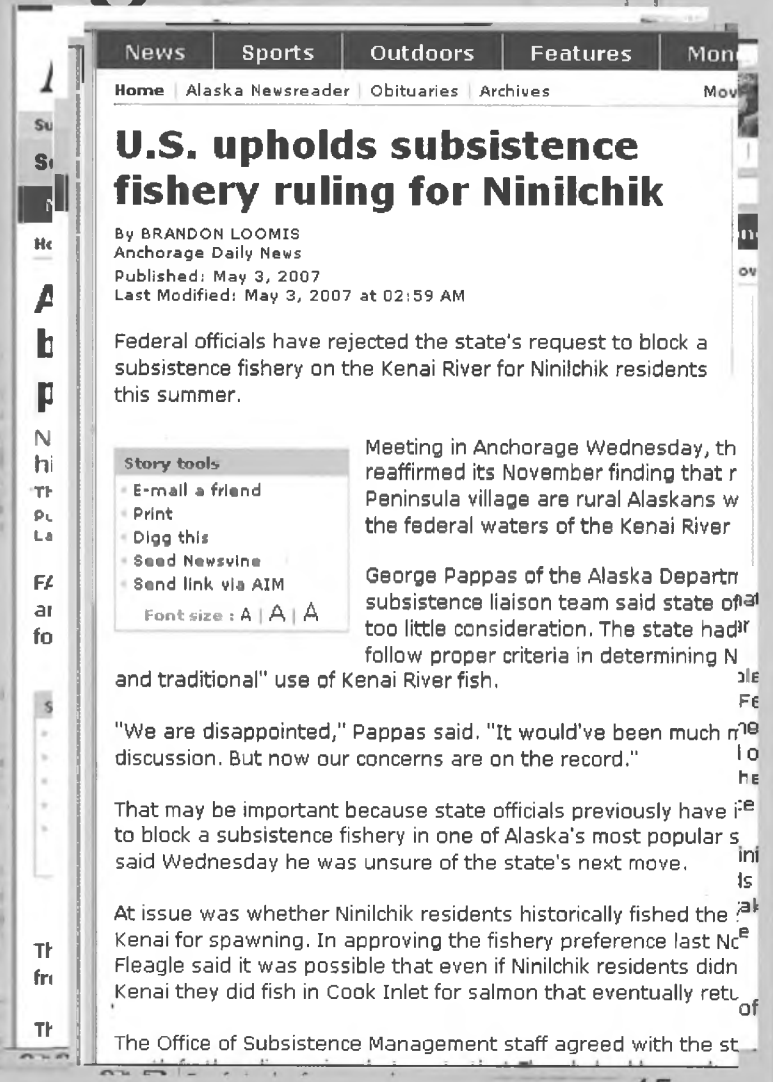


How Does AWT Conduct Patrols?

- AWT partners with the Public, ADF&G, BOF, BOG, DNR, DEC, Revenue, USFWS, NMFS, NPS, BLM, DHS, and special interest groups on a continuing bases to help steer enforcement programs.
- Priorities are established.
- Key problematic areas are targeted, program plans are adopted and implemented.
- Intensive fish areas are targeted like B/B.
- Shift personnel/equipment to cover targeted areas.
- Areas/species can be rotational i.e.... Cover for a year then skip a year.
- Priority is given to biological concerns.

AWT Challenges

- Future Challenges
  - Declining oil revenue, less funding
  - Increased demand for F&G resources
  - Increased resource users
  - Increased cost of enforcement
  - Need to justify enforcement
  - Increased urban / rural resource conflicts
  - Native sovereignty issues
  - Conflict between Federal and State management



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U.S. upholds subsistence fishery ruling for Ninilchik

By BRANDON LOOMIS
Anchorage Daily News
Published: May 3, 2007
Last Modified: May 3, 2007 at 02:59 AM

Federal officials have rejected the state's request to block a subsistence fishery on the Kenai River for Ninilchik residents this summer.

Story tools
- E-mail a friend
- Print
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- Send link via AIM

Font size : A | A | A

Meeting in Anchorage Wednesday, th reaffirmed its November finding that r Peninsula village are rural Alaskans w the federal waters of the Kenai River

George Pappas of the Alaska Departm subsistence liaison team said state of too little consideration. The state had follow proper criteria in determining N and traditional" use of Kenai River fish.

"We are disappointed," Pappas said. "It would've been much m discussion. But now our concerns are on the record."

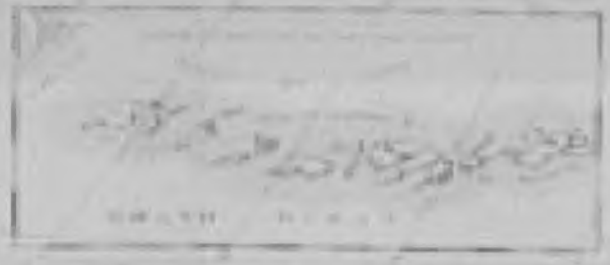
That may be important because state officials previously have to block a subsistence fishery in one of Alaska's most popular s said Wednesday he was unsure of the state's next move.

At issue was whether Ninilchik residents historically fished the Kenai for spawning. In approving the fishery preference last Nc Fleagle said it was possible that even if Ninilchik residents didn Kenai they did fish in Cook Inlet for salmon that eventually retu

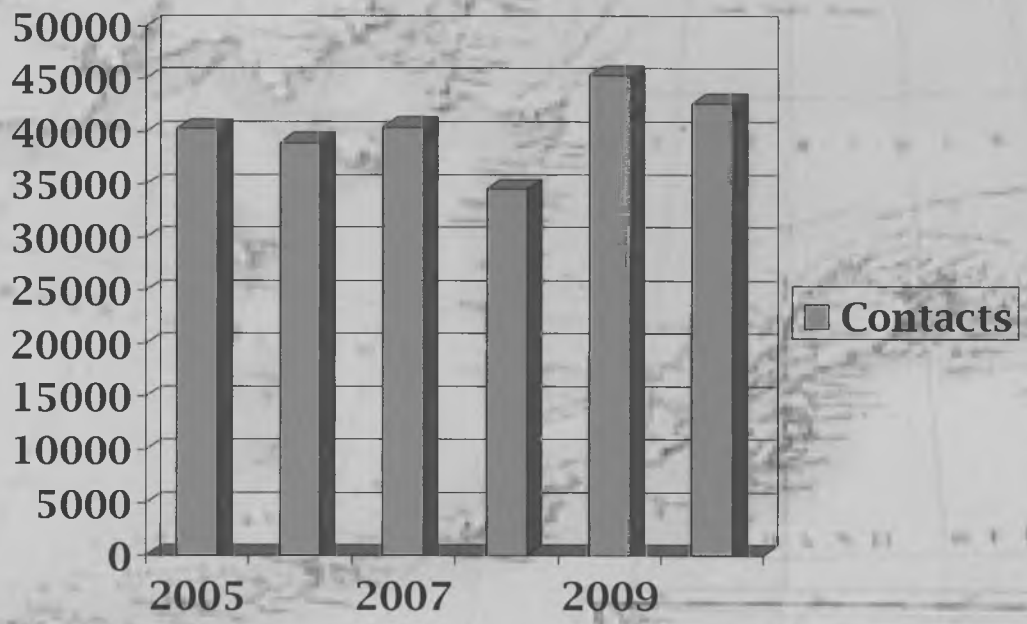
The Office of Subsistence Management staff agreed with the st

Significant Issues

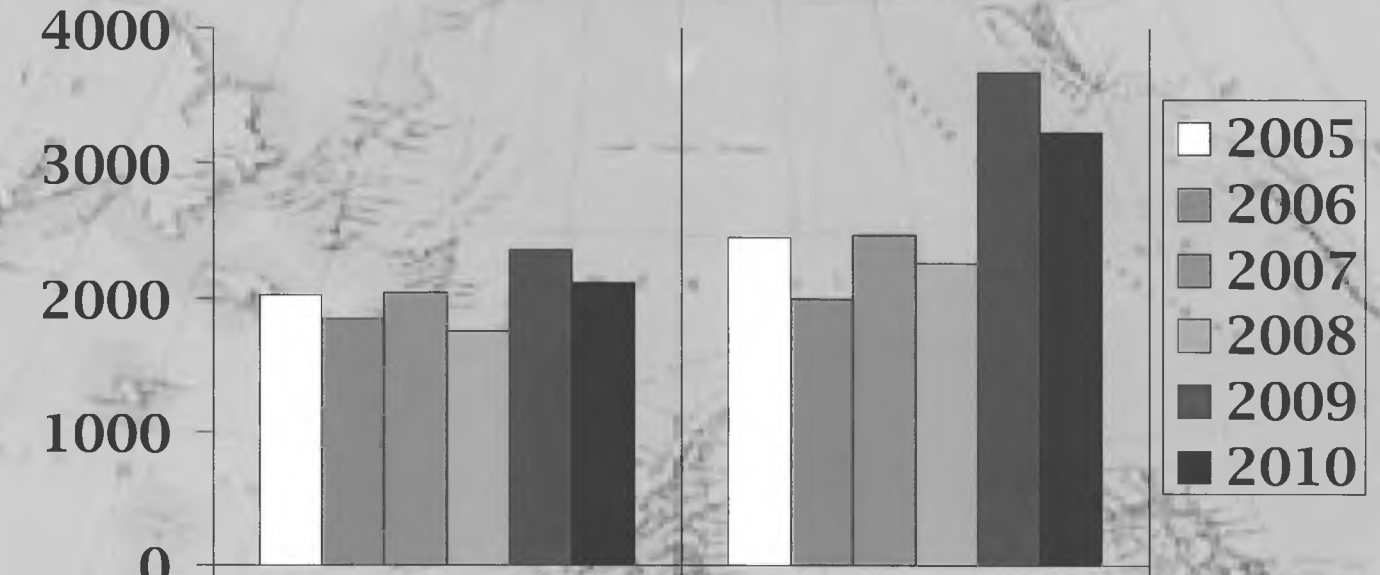
- Duel Management
- User Conflicts and Allocations
- Growth of Groundfish Fisheries
- IFQ/CDQ Rationalization
- Protected Species and/or Areas
- Court Decisions
- High Seas Fishing and Processing
- Invasive Species
- Introduced Disease
- Possible Future Fishing off Northern Alaska with Ice Pack Receding
- Road to Umiat?
- Road to Nome?
- Gas Line?



Sport/Comm Fish Data



DATA



	Citations	Warnings
2005	2021	2445
2006	1842	1991
2007	2041	2468
2008	1741	2258
2009	2360	3670
2010	2114	3229

END

- Any Questions?



2/04/11
OVERVIEW:
DNR - DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS

<TARGET><BILL></BILL><SUBJECT>2-04-11 OVERVIEW DNR - DIVISION OF GEOLOGICAL and GEOPHYSICAL SURVEYS</SUBJECT><COMM>HRES27</COMM></TARGET>

Alaska Department of Natural Resources
Division of Geological & Geophysical Surveys



DGGS Overview

Robert Swenson
State Geologist & Director
Division of Geological & Geophysical Surveys

http://www.dggs.alaska.gov
http://akgeology.info

Alaska Department of Natural Resources

Division of Geological & Geophysical Surveys

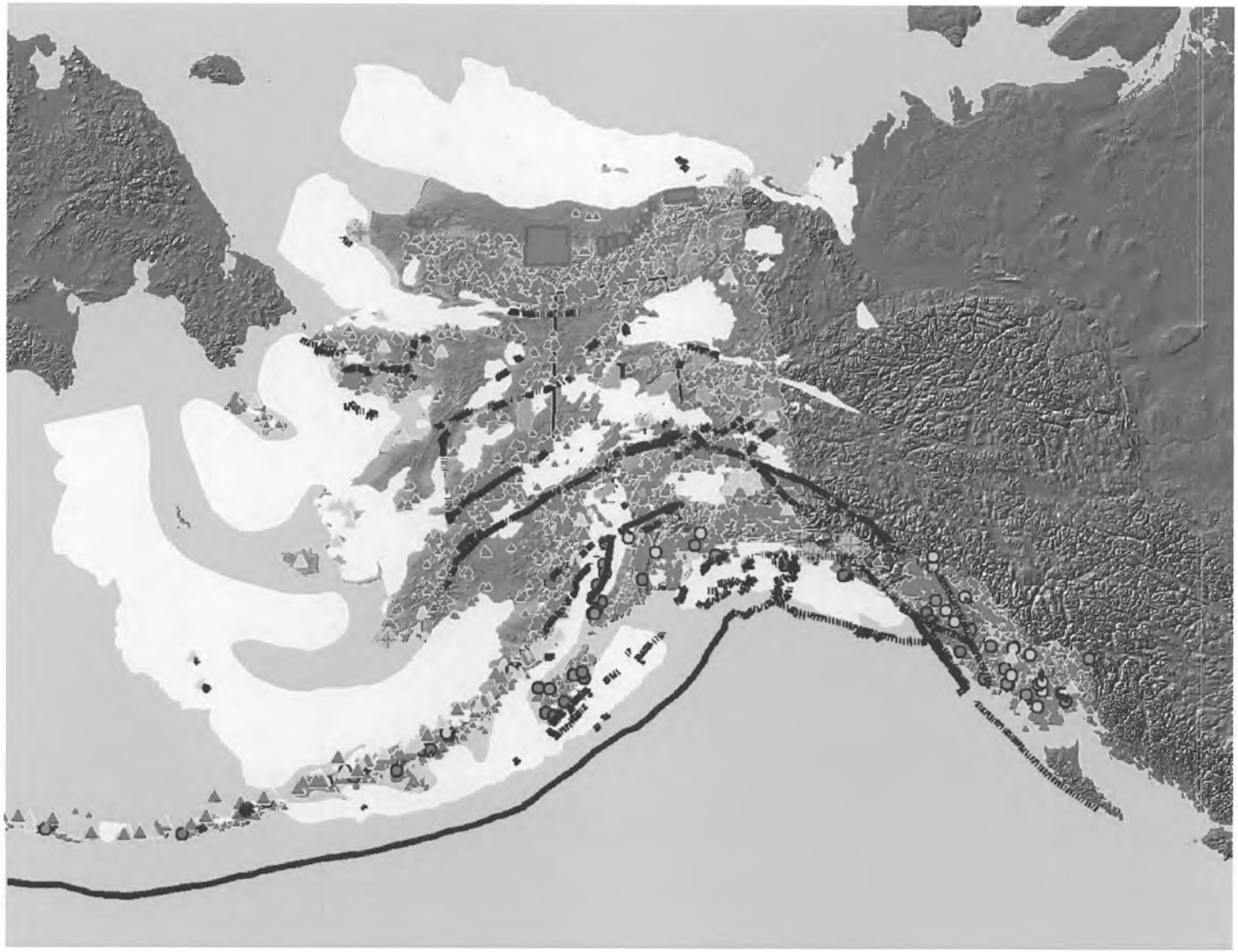
MISSION STATEMENT

Alaska Statutes 41.08.020

Conduct geological and geophysical surveys to determine the potential of Alaskan land for production of metals, minerals, fuels, and geothermal resources; the locations and supplies of groundwater and construction materials; and the potential geologic hazards to buildings, roads, bridges, and other installations and structures.

DGGS Program Overview

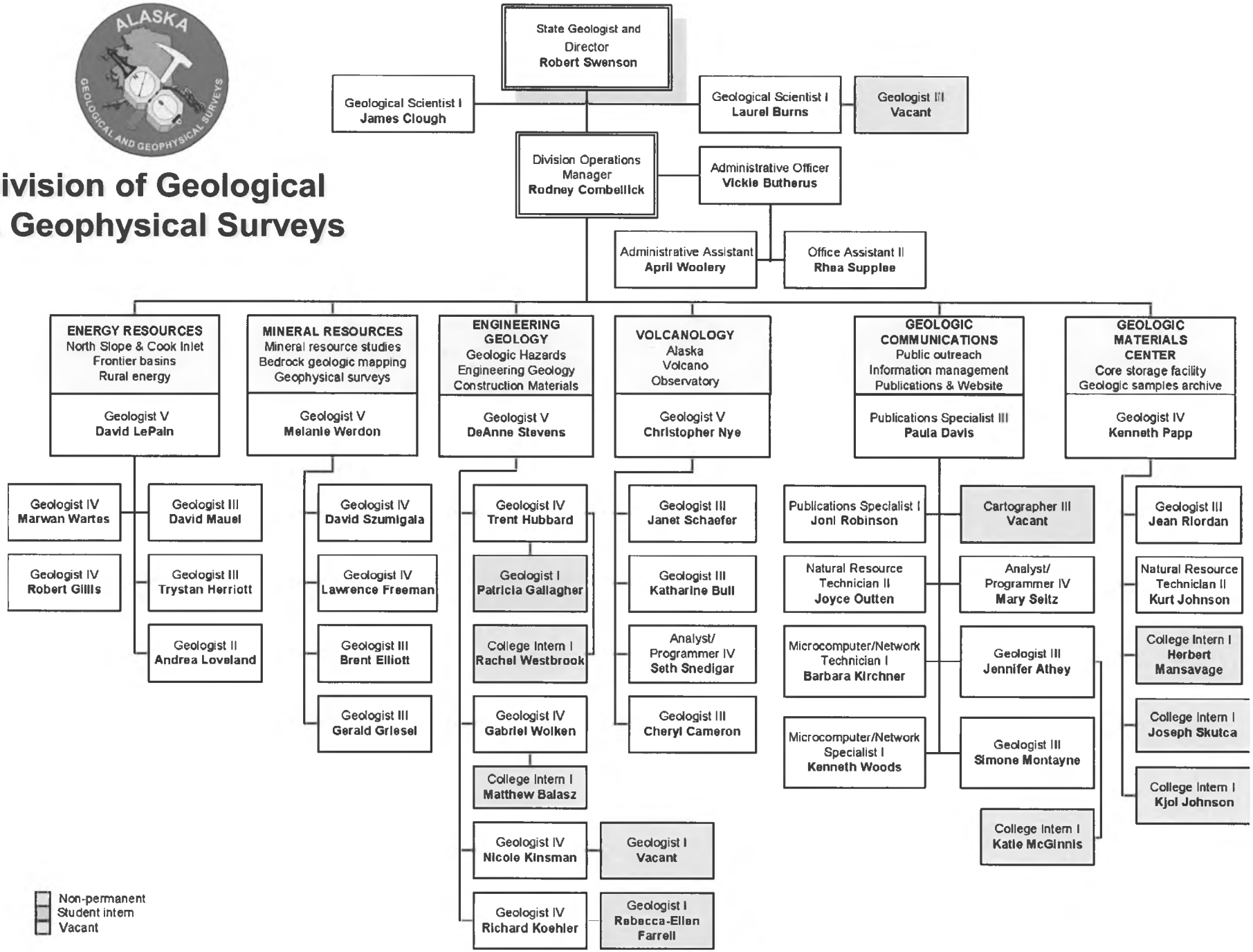
Challenge

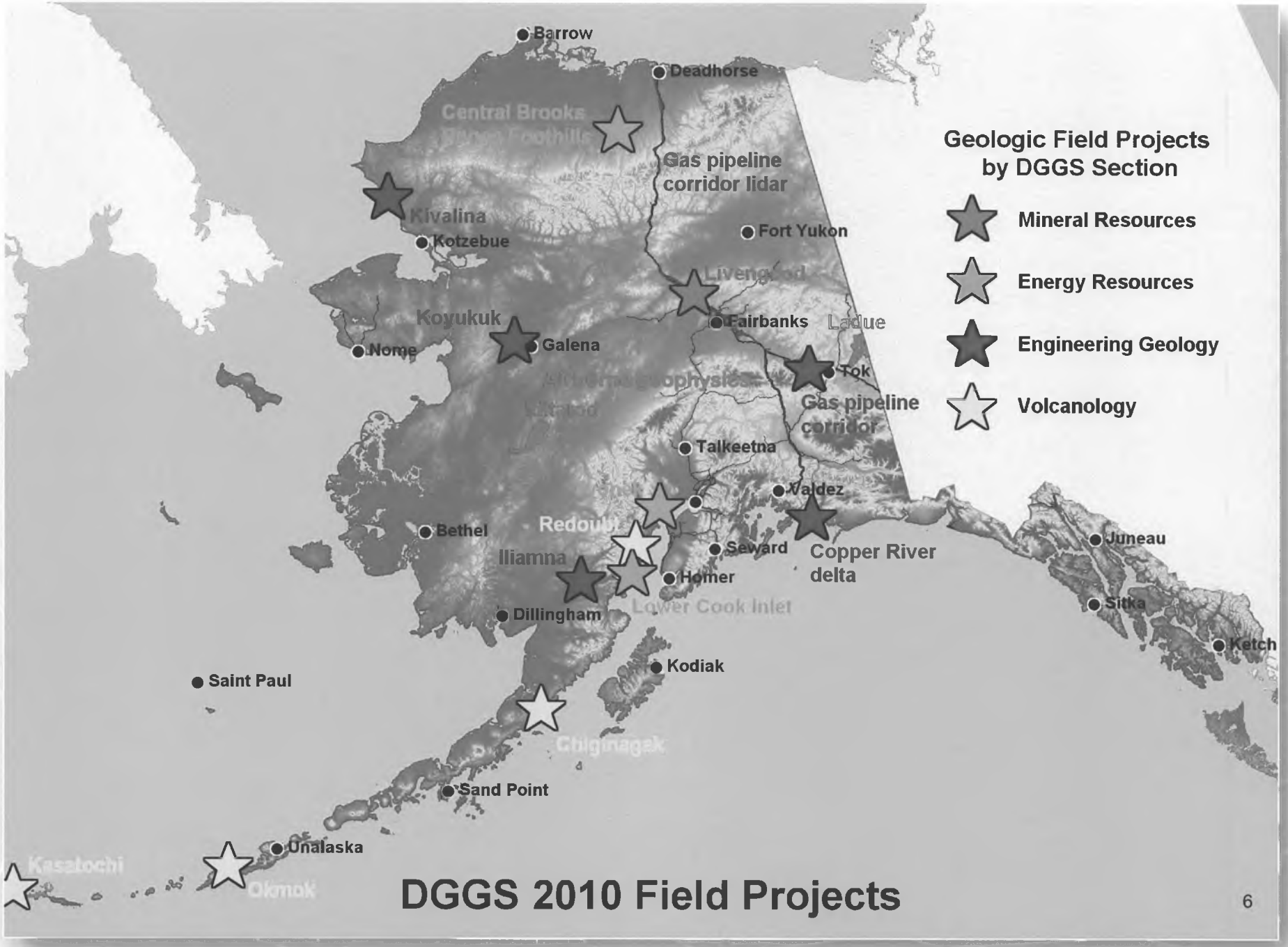


Alaska Geological Facts

- Alaska's natural resource endowment unequaled in US
- Alaska has more seismicity, volcanoes, and geologically hazardous areas than any other state in the US.
- 156,000 sq mi. (~100 mm acres) is State controlled land and is the Primary Focus of DGGS

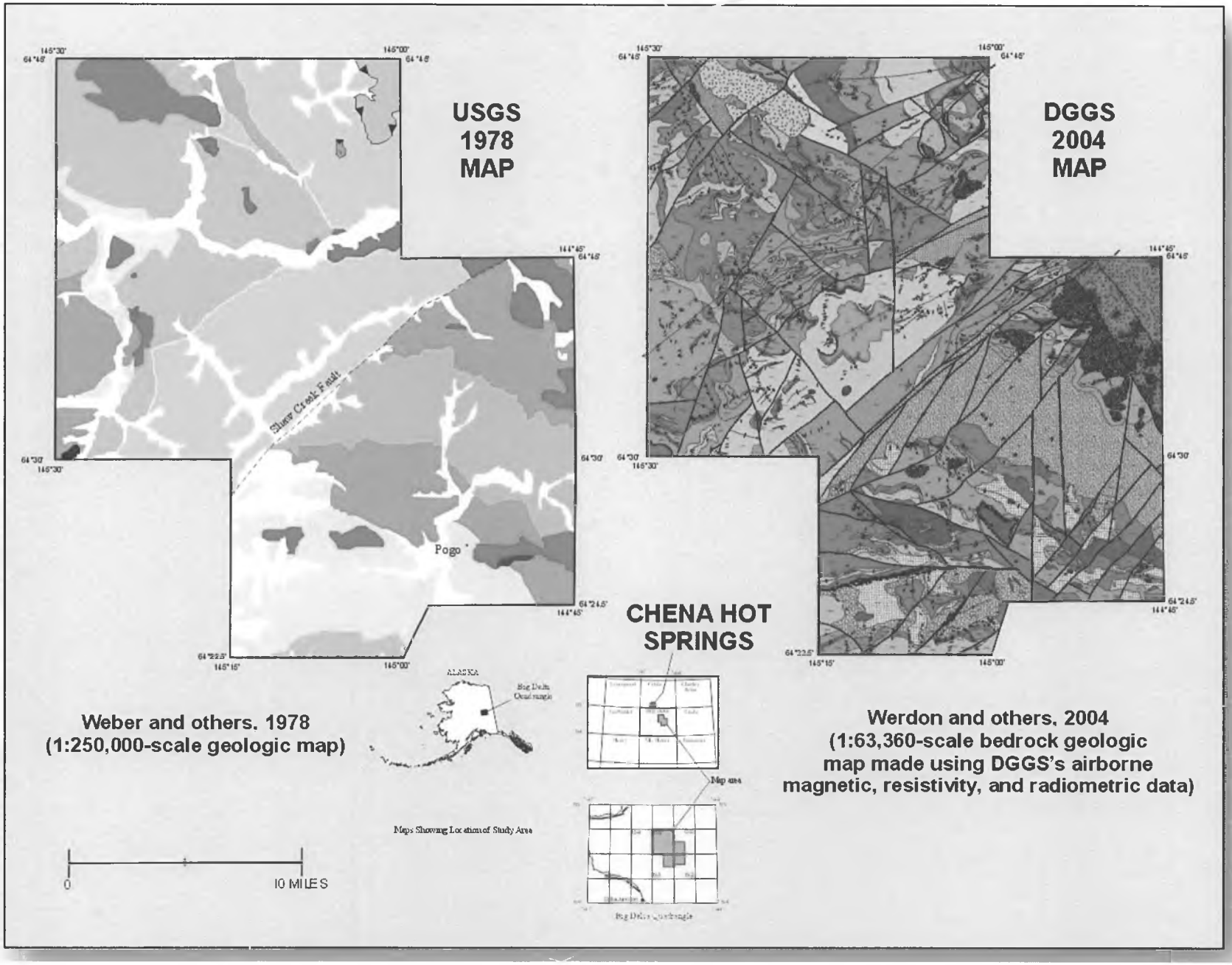
Division of Geological & Geophysical Surveys



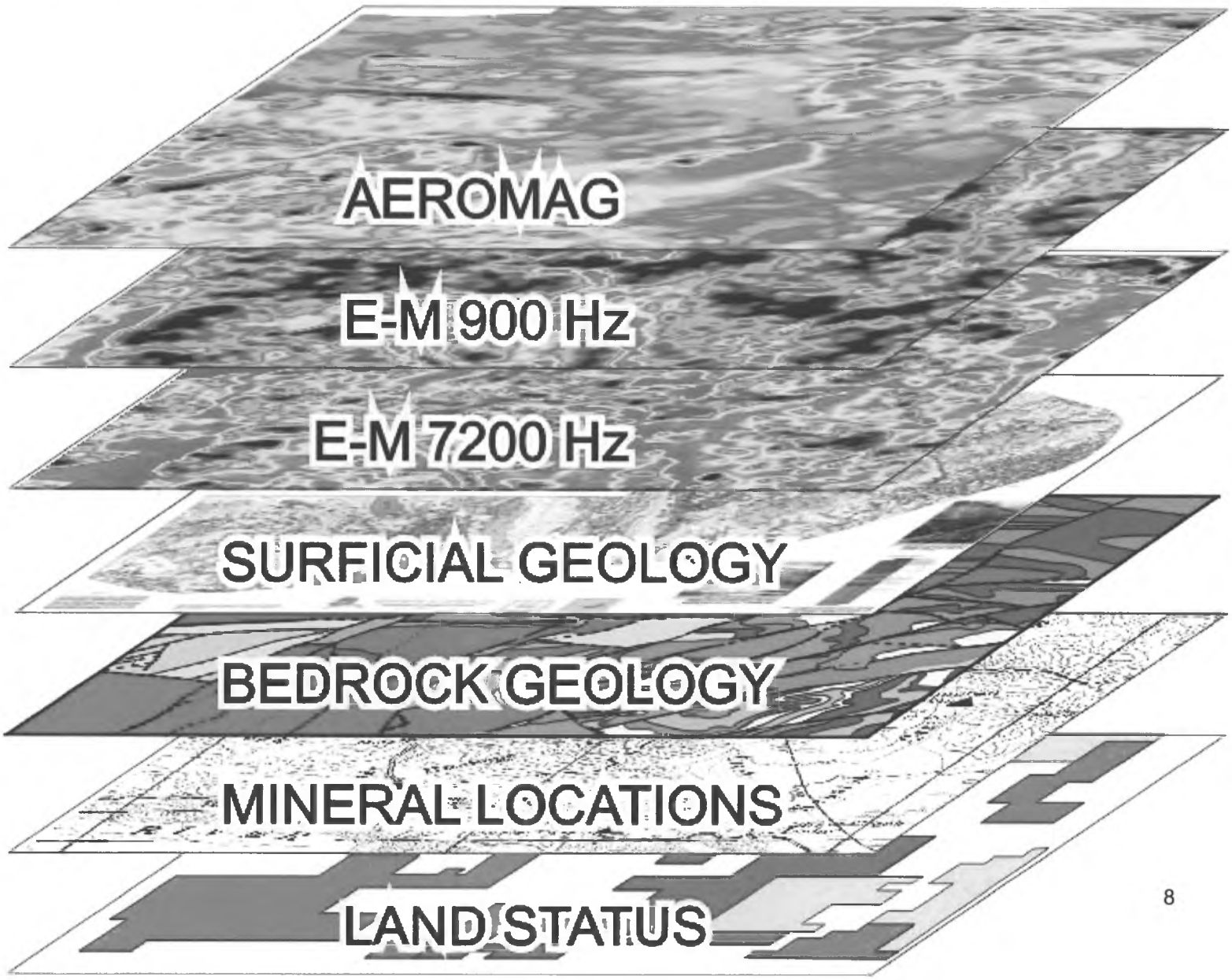


DGGS 2010 Field Projects

High Resolution Geologic mapping



DGGS Integrated Mapping Program



Report of Investigations 2008-1

BRISTOL BAY—ALASKA PENINSULA REGION, OVERVIEW OF 2004—2007 GEOLOGIC RESEARCH

Edited by
Rocky R. Reifenstuhl and Paul L. Decker



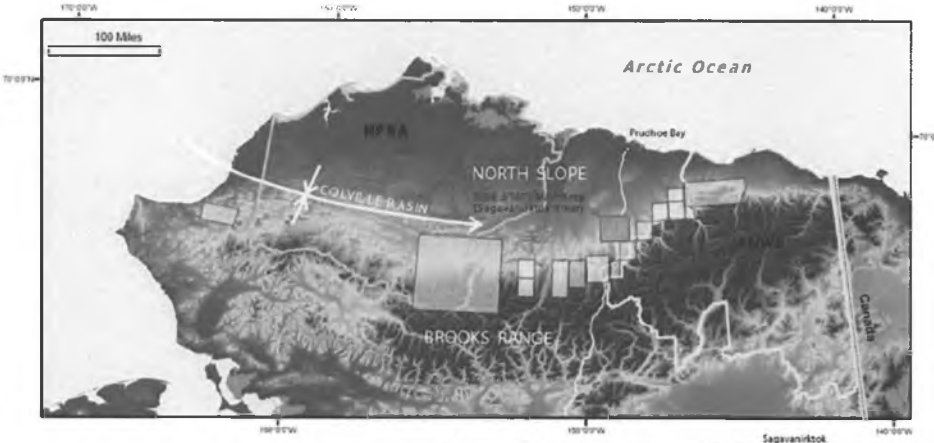
Published by

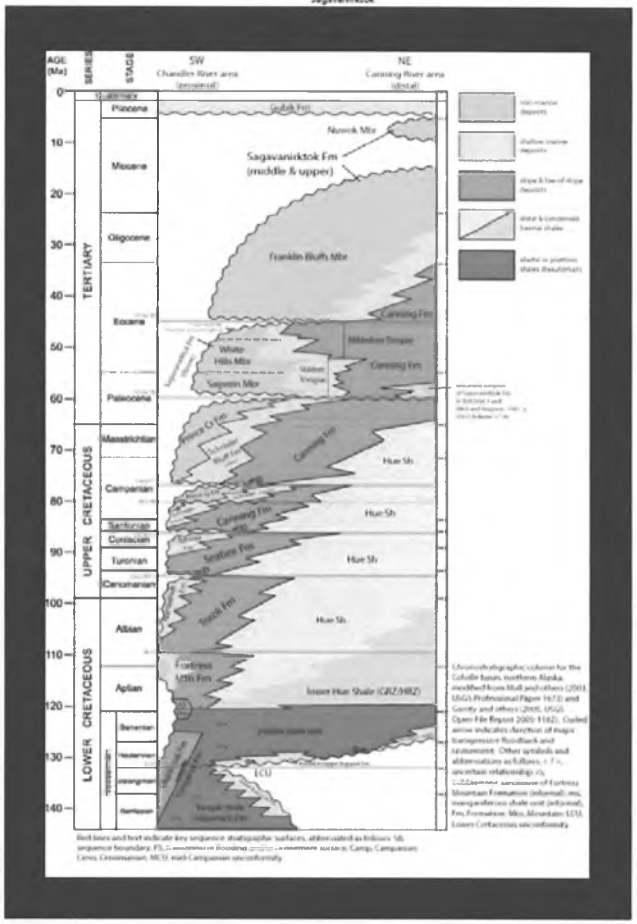
STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES

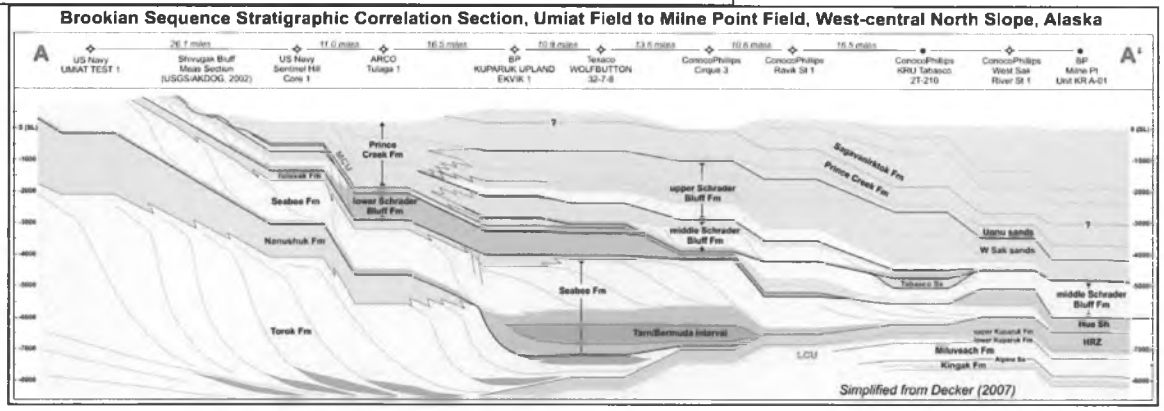
DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS

2008

Program Results







The Resource Development Chain

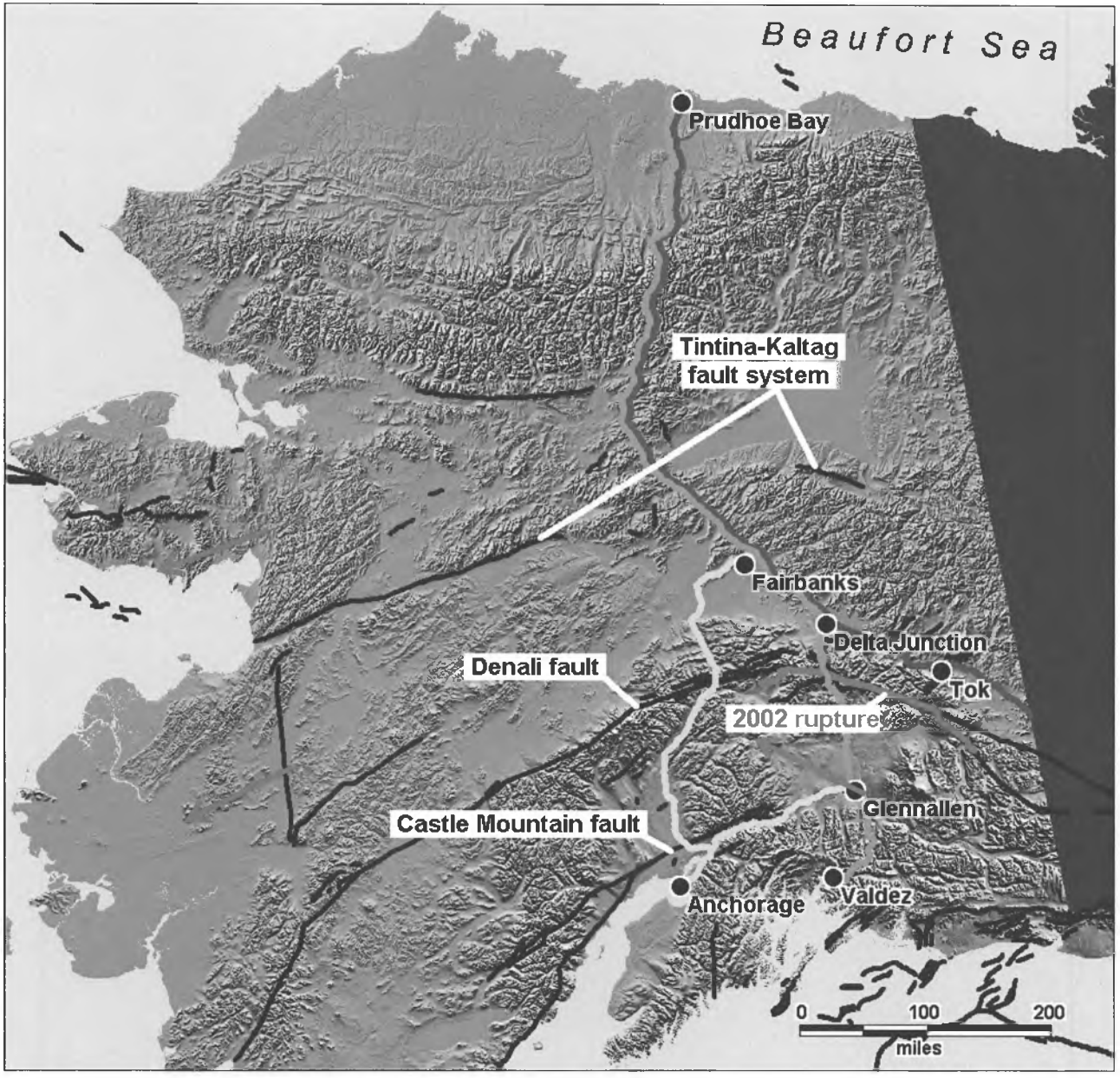


Engineering Geology Infrastructure Studies

Geologic Hazards Evaluation

- Active Faults
- Landslides
- Thermokarst
- Tsunami

- Material Sites
- Resource Potential

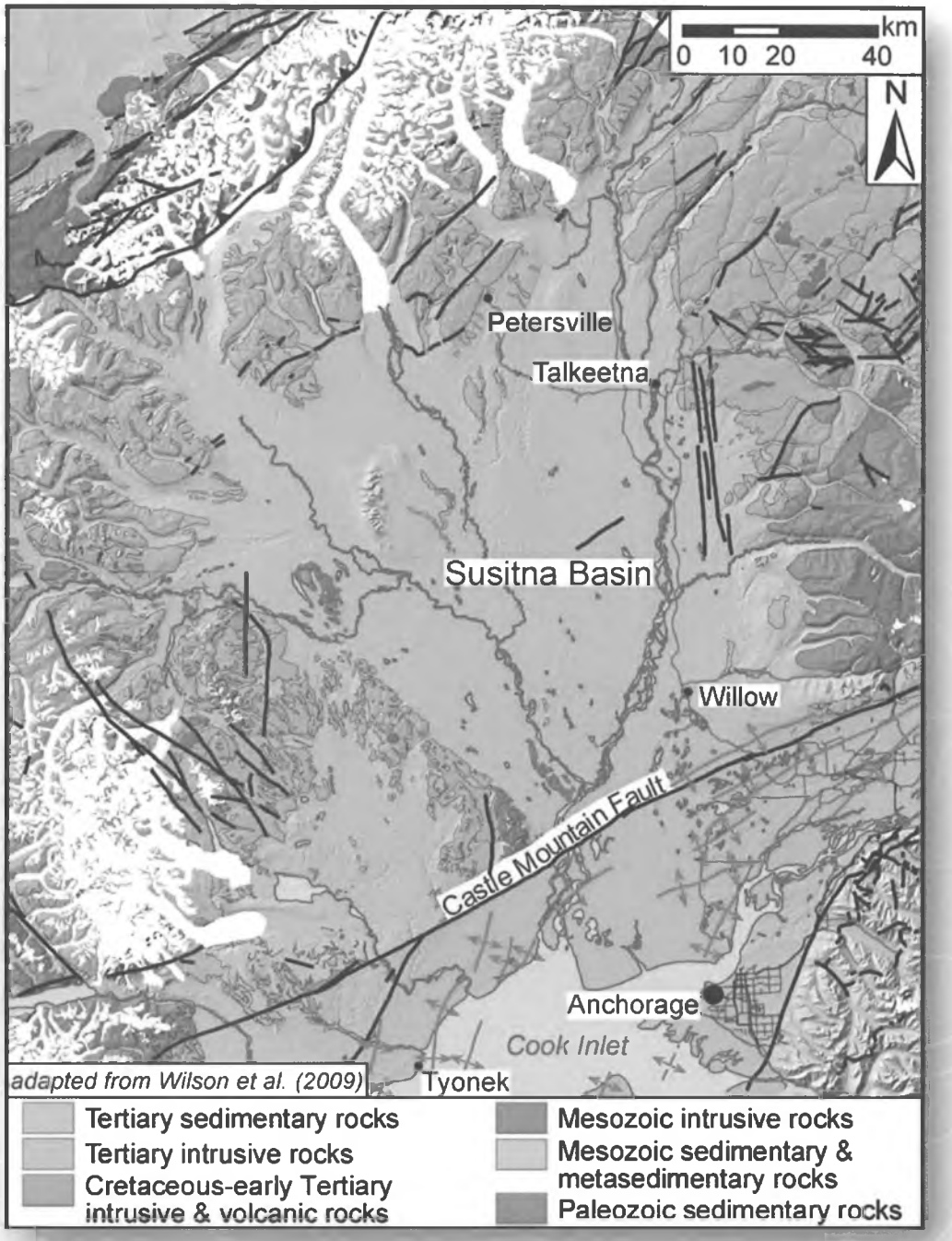


In-state Natural Gas Potential

Susitna Basin – focus of 2011 work

Other prospective basins:

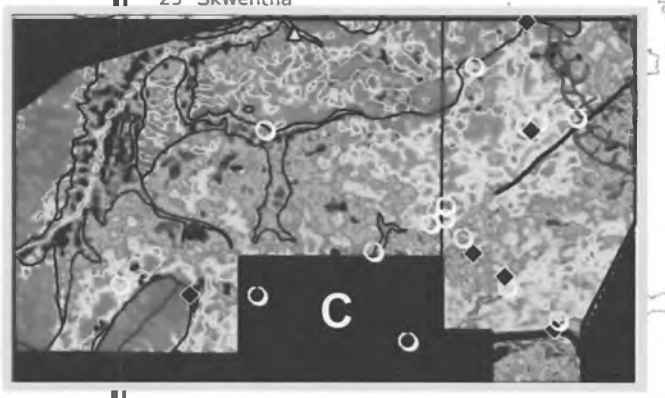
- Yukon Flats
- Middle Tanana (Nenana)
- Susitna
- Copper River
- Colville



Airborne Geophysical/Geological Mineral Inventory (AGGMI)

UNSURVEYED CANDIDATE AREAS (TRIANGLES) OF STATE, STATE-SELECTED, & NATIVE LANDS (NOT IN ORDER OF PRIORITY)

1 DeLong Mountains
2 Baird Mountains
3 Candle
4 Nome North
5 Marshall
6 Shotgun Hills
7 Sleetmute
8 Pebble area
9 Jurassic Arc
10 Arctic (Ambler schist belt)
11 Upper Kobuk River
12 Wiseman
13 Chandalar
14 W. Melozi
15 Shaw Creek/Upper Salcha
16 Delta
17 60-Mile Butte
18 Bonnifield South
19 Paxson/McLaren
20 Gold Hill
21 Farewell
22 Yentna
23 Skwentna



State interest lands shown in light blue.

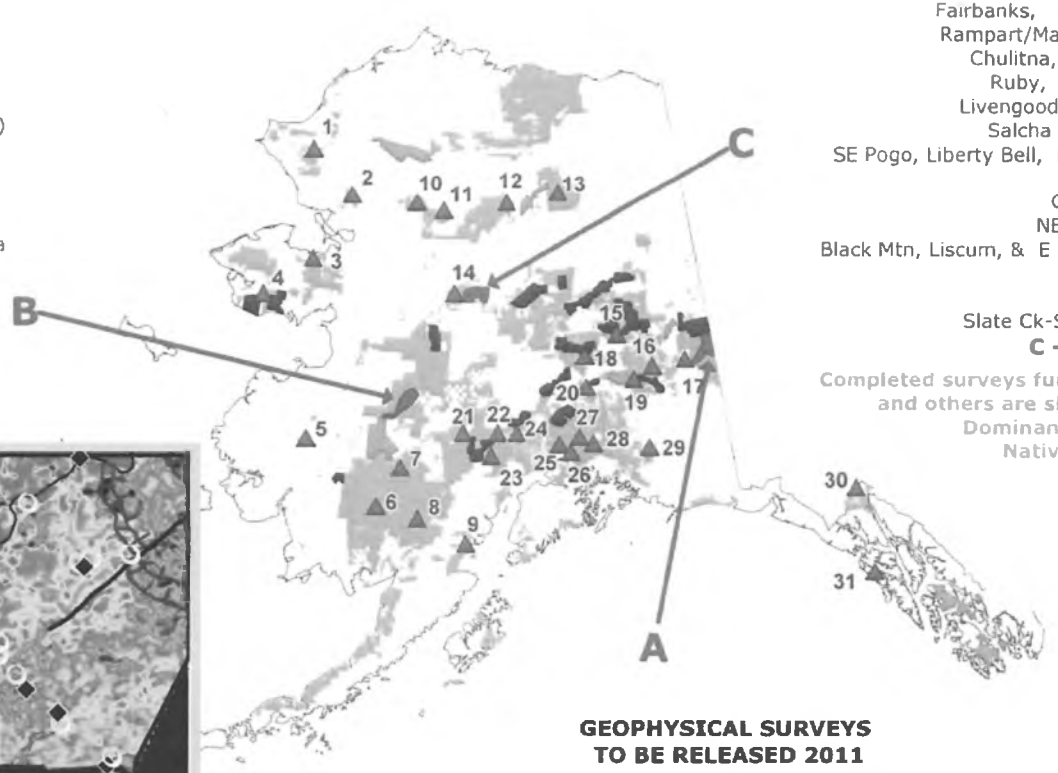
GEOPHYSICAL SURVEY TRACTS & RELEASE DATES
All surveys shown managed by Alaska Division of Geological & Geophysical Surveys (DGGS).

Completed surveys funded by Alaska State Legislature are shown in blue or magenta. Dominantly State- and Native-interest lands surveyed.

Nome west, Circle, Valdez Creek, Nyac, 1994
Fairbanks, Richardson, 1995
Rampart/Manley, 1996, 1997
Chulitna, Petersville, 1997
Ruby, Iron Creek, 1998
Livengood, Fortymile, 1999
Salcha River/Pogo 2000
SE Pogo, Liberty Bell, Broad Pass, 2002
Council, 2003
Goodpaster, 2005
NE Fairbanks, 2006
Black Mtn, Liscum, & E Richardson, 2006
Bonnifield, 2007
Styx River, 2008
Slate Ck-Slana River, 2009
C - Moran, 2010

Completed surveys funded by US BLM and others are shown in orange. Dominantly Federal- and Native-interest lands surveyed.

Stikine, 1997
Koyukuk, 1998
Ketchikan, 1999
Aniak, 2001
Sleetmute, 2003
Delta River, 2003
southern NPR-A, 2006
western Fortymile, 2008



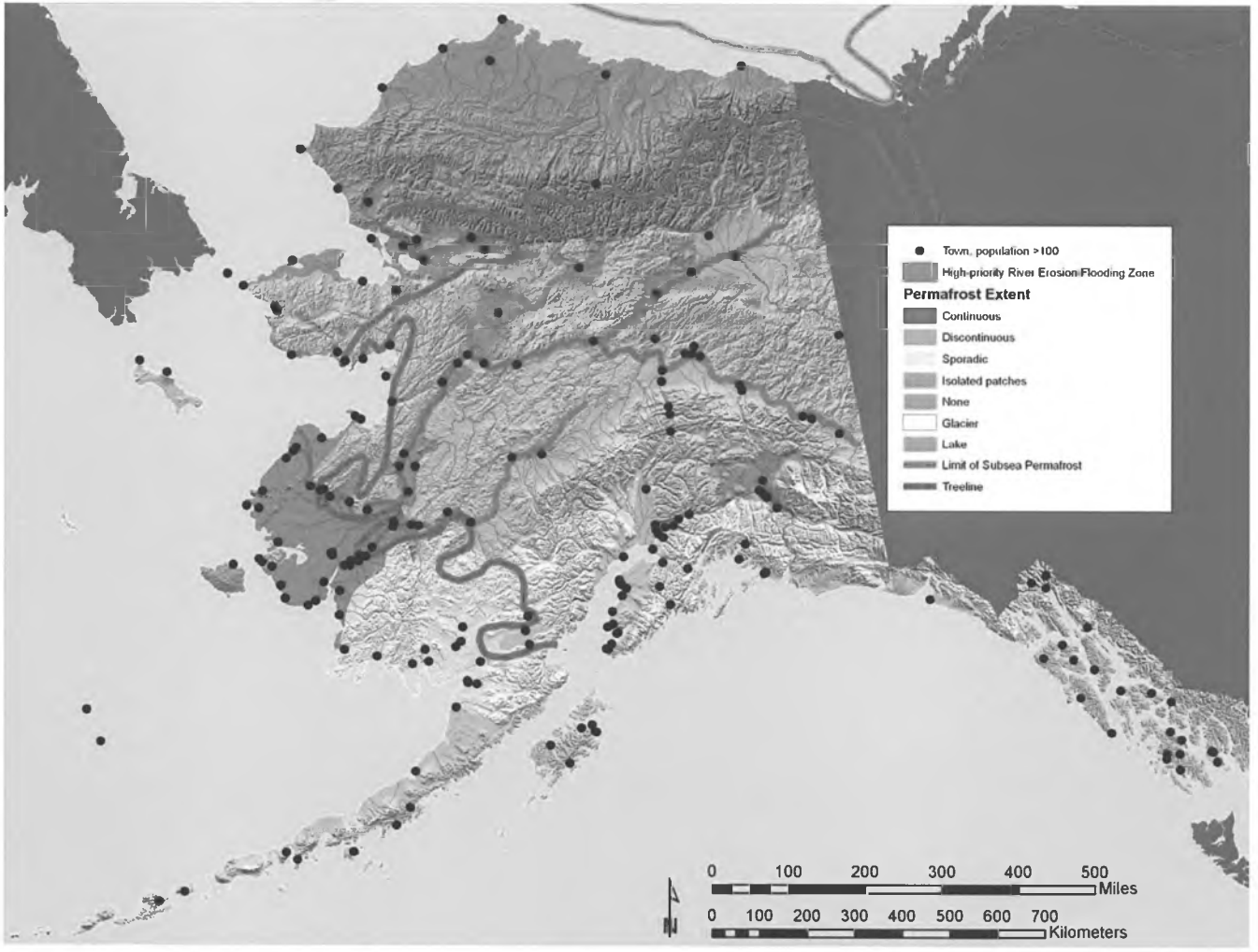
GEOPHYSICAL SURVEYS TO BE RELEASED 2011

A - Ladue area, east-central Alaska, and
B - Iditarod area, western Alaska

Both funded by the Alaska State Legislature

DGGS ALASKA AIRBORNE GEOPHYSICAL/GEOLOGICAL MINERAL INVENTORY

Geologic Hazards Related to Climate Change



New CIP Project

- Permafrost-rich ground
- Potentially unstable slopes
- Shores prone to erosion
- Areas at risk for flooding









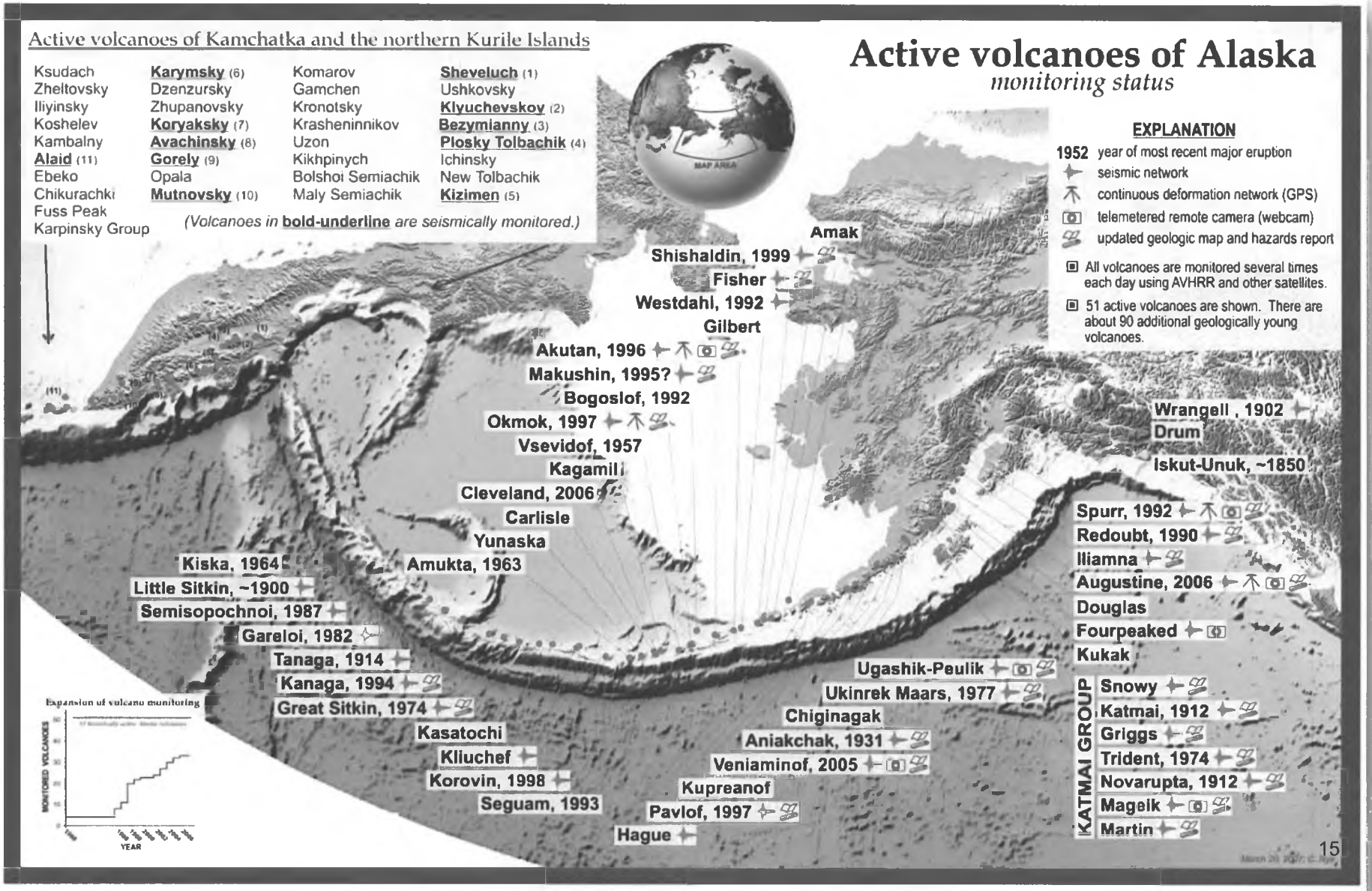






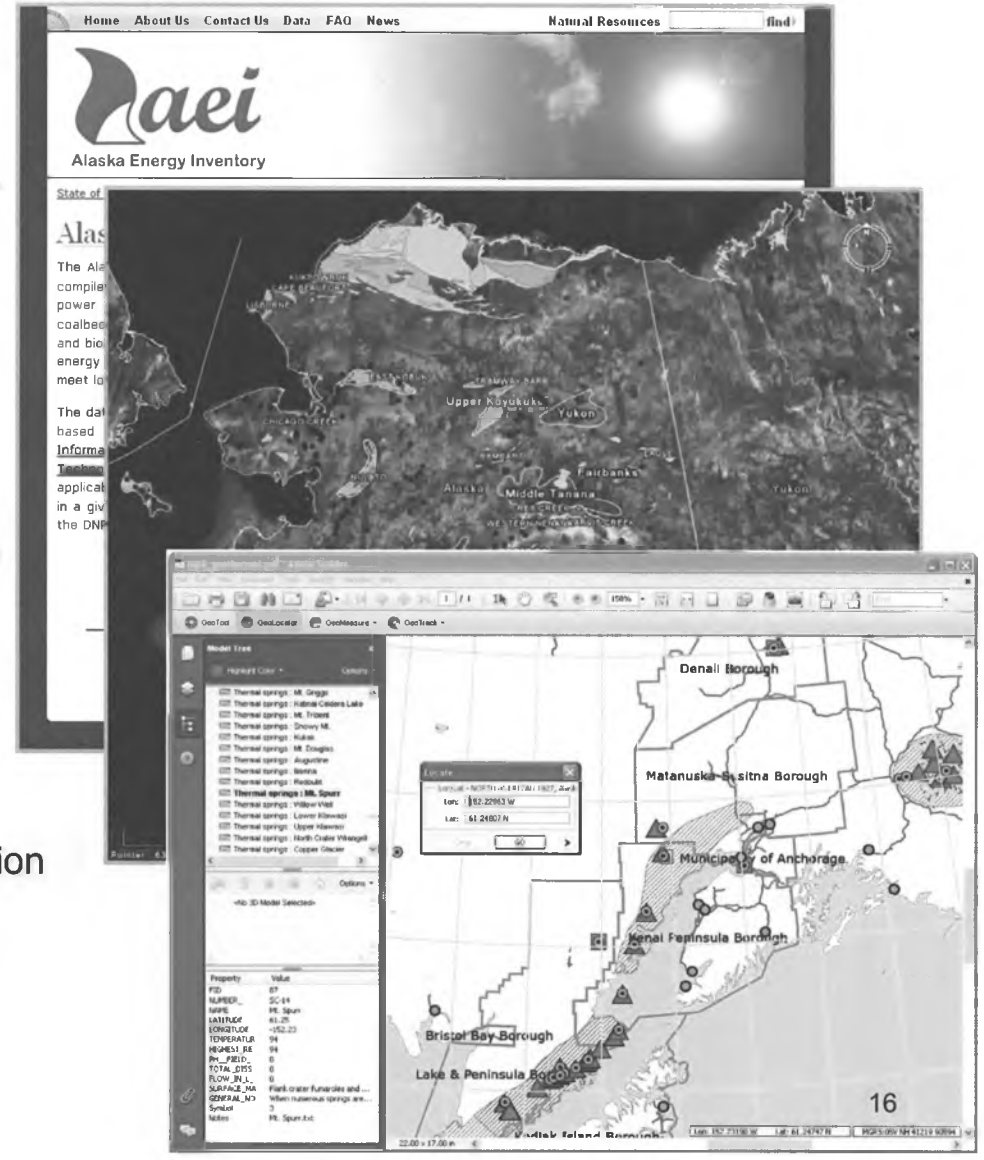
Volcano monitoring – Alaska Volcano Observatory

USGS – DGGS – UAF



Alaska Energy Data Inventory

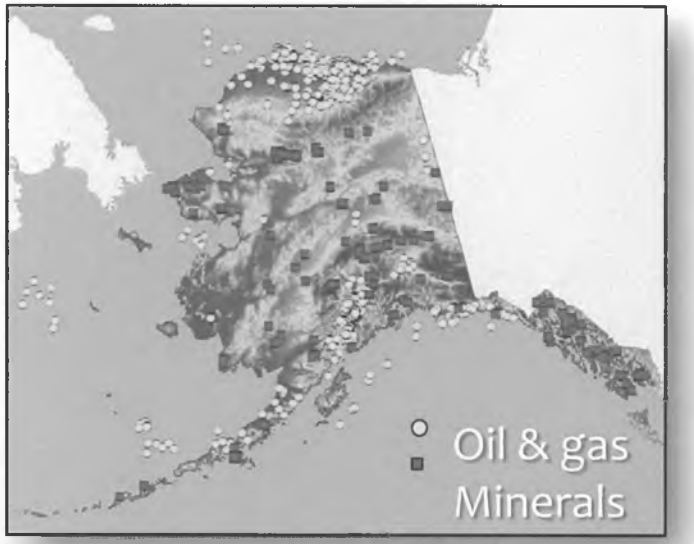
- Consolidating Alaska's energy resources data
  - Resource data suitable for electrical power generation and space heating needs
  - Natural gas, coal, coalbed and shalebed methane, gas hydrates, geothermal, wind, hydro, and biomass
  - Available energy meeting local needs?
- Making the data accessible
  - Alaska Mapper, Google Earth, and Terrago Technologies' GeoPDF format
  - http://energyinventory.alaska.gov
  - Query and download data; view data with existing infrastructure
- Involvement
  - DGGS, Alaska Energy Authority, DNR Division of Forestry, DNR LRIS, UAF/GINA
  - CCHRC, USGS, USDOE, DNR DOG, BLM, DMLW, Div. Agriculture, DEC



Alaska Geologic Materials Center

State Archive of Representative Geologic Samples

- Rock core samples and drill cuttings representing about 13 million feet of exploration and production drilling
- Samples from more than 1,600 oil & gas exploratory and production wells from nearly every major sedimentary basin in the state
- Nearly 300,000 feet of diamond-drill core samples from more than 1,100 exploratory hard-rock mineral drill holes



Moving toward a better position on the storage spectrum



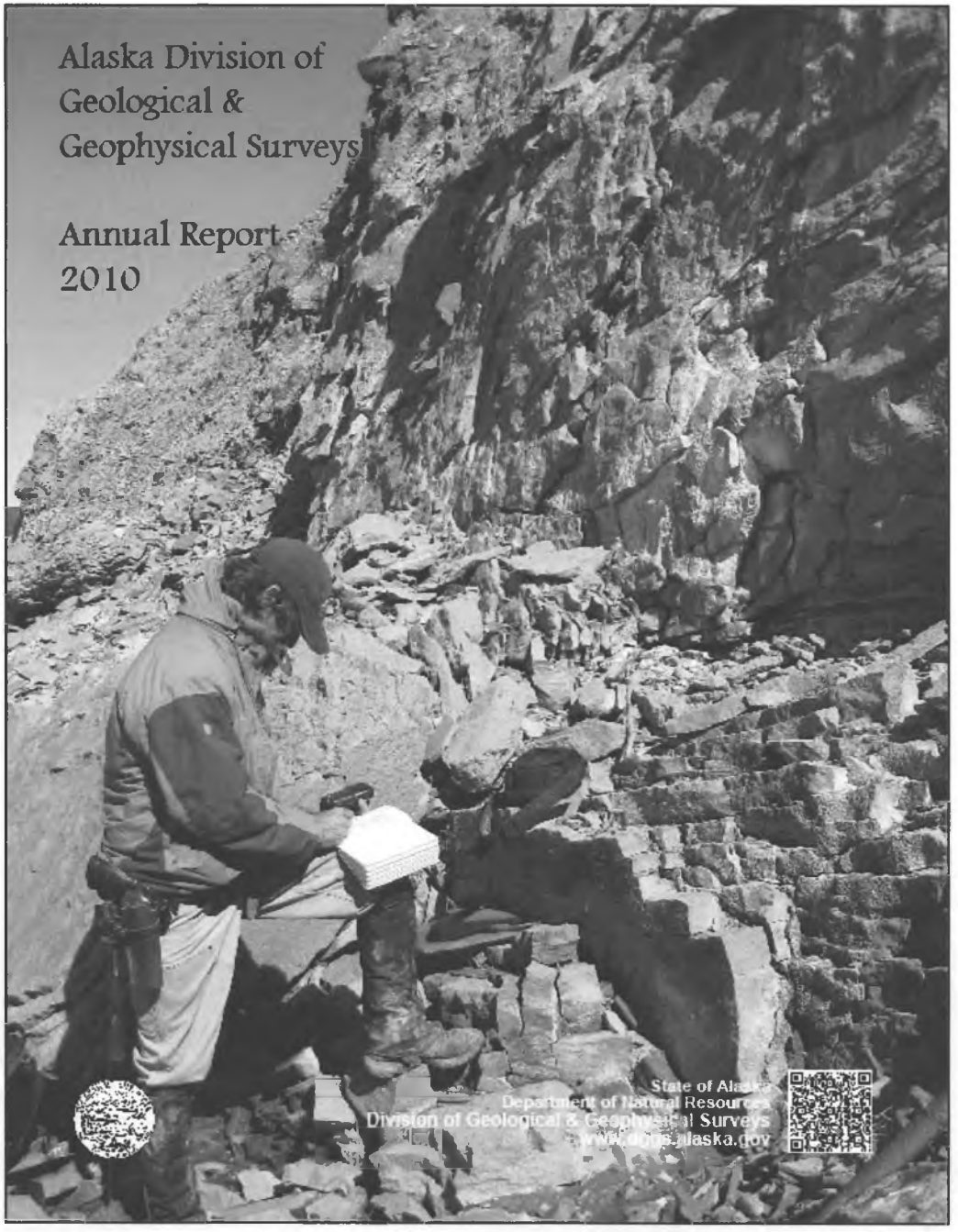
Foreign country
Unorganized and unmaintained, the valuable information once held by these core samples is lost.

Alaska
The current AGMC facility has limited workspace, is 150% over capacity, and is poorly designed for geologic sample storage.

U.S. and Canada
Modern facilities include Alberta Core Research Center (bottom), Oklahoma Geological Survey, Texas Bureau of Economic Geology (top), and U.S. Geological Survey Denver.

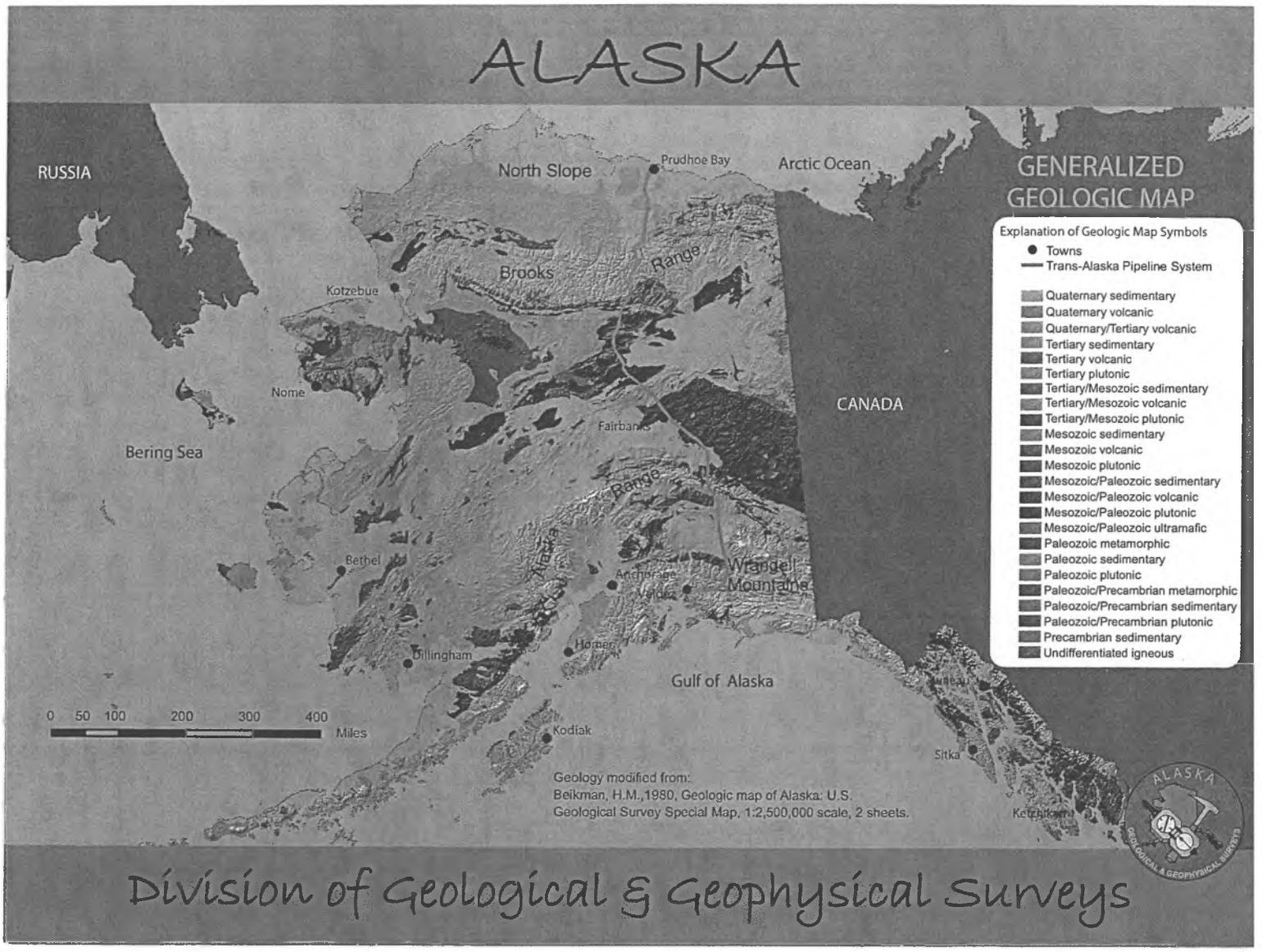
2010 Accomplishments

- Completed 1,756 square miles of geologic mapping, addressing the State's highest priority needs in **assessment of energy resources, mineral resources, and geologic hazards.**
- Released 653 square miles of airborne geophysical survey data in the Moran area west of Tanana and flew two new airborne geophysical surveys covering a total of 1,600 square miles in the Fortymile and Iditarod mining districts.
- Completed reports summarizing fossil fuel and geothermal energy resource potential for each of the 11 energy regions defined by the Alaska Energy Authority
- Completed follow-up geologic investigations of deposits resulting from the 2008-2009 eruptions of Redoubt, Kasatochi, and Okmok Volcanoes. All three were major eruptions that had unusual aspects and significant consequences for commercial aircraft or critical infrastructure.
- Initiated a $1.853 million contract to collect airborne LiDAR (Light Detection and Ranging) data over the proposed large-diameter natural-gas pipeline corridors, with funding from the state and federal Alaska Pipeline Project offices.
- Completed field geologic mapping and hazards assessment of the first two of many communities in Alaska facing severe erosion and flooding hazards and possible relocation.
- Released an online version of the Alaska Geologic Materials Center (GMC) sample inventory to the public in April. This inventory, available in Google Earth format, allows users to quickly and easily view details of the GMC's materials repository before visiting the facility.
- Distributed more than 5,000 hard-copy geologic and geophysical reports and maps to the public and recorded nearly 112 million web page views on the DGGS and Alaska Volcano Observatory websites.



DGGS Annual Report

- Available online at:
  - www.dggs.alaska.gov
- Complete Outline of Division's Mission
- Program Descriptions
- Program Products
- Access to all Alaska Geologic Data & Information Through Robust Web Database & Public Interface


ALASKA
RUSSIA
North Slope
Prudhoe Bay
Arctic Ocean
GENERALIZED
GEOLOGIC MAP
Explanation of Geologic Map Symbols
Towns
Trans-Alaska Pipeline System
Quaternary sedimentary
Quaternary volcanic
Quaternary/Tertiary volcanic
Tertiary sedimentary
Tertiary volcanic
Tertiary plutonic
Tertiary/Mesozoic sedimentary
Tertiary/Mesozoic volcanic
Tertiary/Mesozoic plutonic
Mesozoic sedimentary
Mesozoic volcanic
Mesozoic plutonic
Mesozoic/Paleozoic sedimentary
Mesozoic/Paleozoic volcanic
Mesozoic/Paleozoic plutonic
Mesozoic/Paleozoic ultramafic
Paleozoic metamorphic
Paleozoic sedimentary
Paleozoic plutonic
Paleozoic/Precambrian metamorphic
Paleozoic/Precambrian sedimentary
Paleozoic/Precambrian plutonic
Precambrian sedimentary
Undifferentiated igneous
Brooks Range
Kotzebue
Nome
Bering Sea
CANADA
Fairbanks
Alaska Range
Bethel
Anchorage
Valdez
Wrangell Mountains
Dillingham
Homer
Gulf of Alaska
Juneau
Kodiak
Sitka
Ketchikan
0 50 100 200 300 400
Miles
Geology modified from:
Beikman, H.M.,1980, Geologic map of Alaska: U.S.
Geological Survey Special Map, 1:2,500,000 scale, 2 sheets.
ALASKA
GEOLOGICAL & GEOPHYSICAL SURVEYS
Division of Geological & Geophysical Surveys

GEOLOGIC MAP OF ALASKA

Alaska is a geologically complex state with a tremendous variety of exposed rocks and sediments representing every geologic era except the Precambrian (older than 543 million years). The state is rich in energy and mineral resources and is subject to nearly every type of major geologic hazard. To learn more about the geology, resources, and hazards of Alaska, visit the following state-affiliated websites:

Alaska Division of Geological & Geophysical Surveys, http://dggs.alaska.gov
Alaska Geology, http://akgeology.info
Alaska Volcano Observatory, http://avo.alaska.edu
Alaska Earthquake Information Center, http://giseis.alaska.edu

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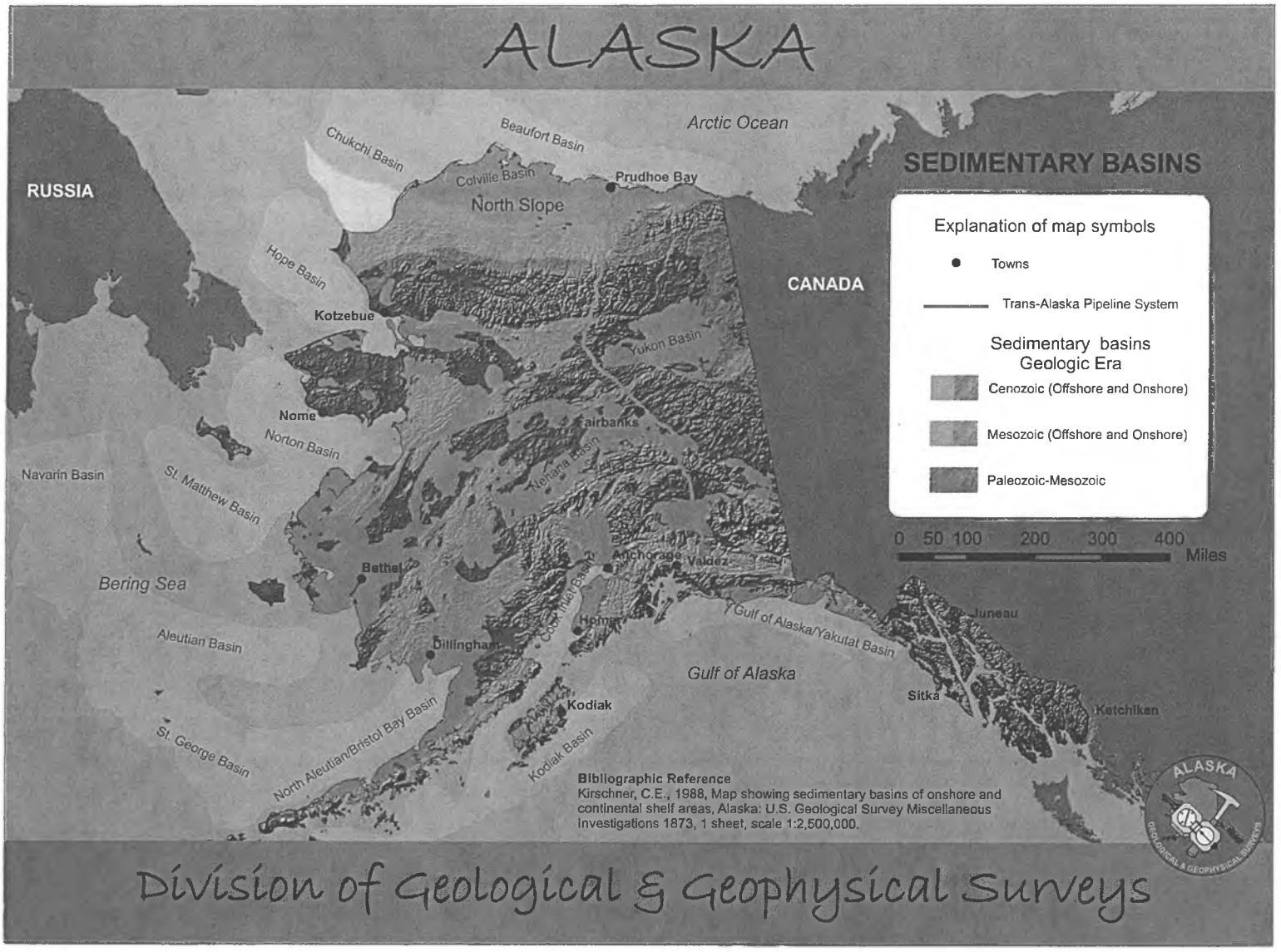
http://dggs.alaska.gov
Map and graphics by Alfred G. Sturmann, 2007

Alaska Department of NATURAL RESOURCES


ALASKA
SEDIMENTARY BASINS
Arctic Ocean
Beaufort Basin
Chukchi Basin
Colville Basin
Prudhoe Bay
North Slope
RUSSIA
CANADA
Hope Basin
Kotzebue
Yukon Basin
Nome
Fairbanks
Norton Basin
Navarin Basin
St. Matthew Basin
Nenana Basin
Anchorage
Valdez
Bethel
Bering Sea
Cook Inlet Basin
Juneau
Gulf of Alaska/Yakutat Basin
Aleutian Basin
Dillingham
Gulf of Alaska
Sitka
Kodiak
Ketchikan
St. George Basin
North Aleutian/Bristol Bay Basin
Kodiak Basin
Explanation of map symbols
Towns
Trans-Alaska Pipeline System
Sedimentary basins
Geologic Era
Cenozoic (Offshore and Onshore)
Mesozoic (Offshore and Onshore)
Paleozoic-Mesozoic
0 50 100 200 300 400
Miles
Bibliographic Reference
Kirschner, C.E., 1988, Map showing sedimentary basins of onshore and continental shelf areas, Alaska: U.S. Geological Survey Miscellaneous Investigations 1873, 1 sheet, scale 1:2,500,000.
ALASKA
GEOLOGICAL & GEOPHYSICAL SURVEYS
Division of Geological & Geophysical Surveys

SEDIMENTARY BASINS MAP OF ALASKA

Alaska's complex tectonic history has provided geologic settings for a diverse suite of sedimentary basins, including passive margins, accretionary fore-arc and back-arc, and orogenic foreland. Many of these provinces are endowed with rich source-rock intervals that have led explorers to the discovery of energy resources across the state. To learn more about the geology and energy resources of Alaska, visit the following state-affiliated websites:

Alaska Division of Geological & Geophysical Surveys, http://www.dggs.dnr.state.ak.us
Alaska Geology, http://akgeology.info
Alaska Division of Oil & Gas, http://www.dog.dnr.state.ak.us
Alaska Oil & Gas Conservation Commission, http://www.aogcc.alaska.gov/

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http://www.dggs.dnr.state.ak.us
Map and graphics by Alfred G. Sturmann, 2007

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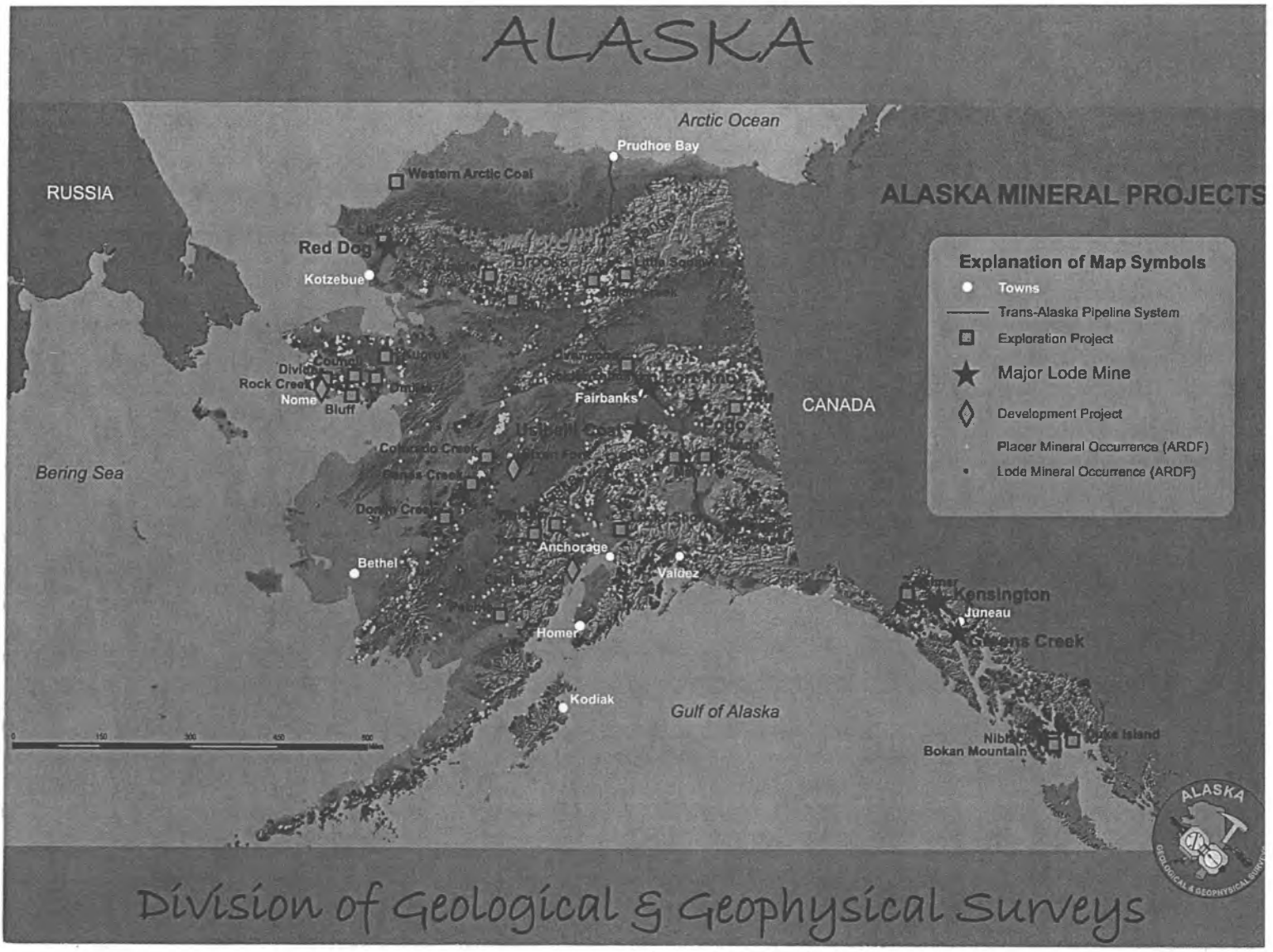
ALASKA
Arctic Ocean
Prudhoe Bay
Western Arctic Coal
RUSSIA
ALASKA MINERAL PROJECTS
Red Dog
Kotzebue
Explanation of Map Symbols
Towns
Trans-Alaska Pipeline System
Exploration Project
Major Lode Mine
Development Project
Placer Mineral Occurrence (ARDF)
Lode Mineral Occurrence (ARDF)
Rock Creek
Nome
Bluff
Fairbanks
CANADA
Bering Sea
Anchorage
Bethel
Valdez
Kensington
Juneau
Homer
Kodiak
Gulf of Alaska
Bokan Mountain
Division of Geological & Geophysical Surveys

MINERAL PROJECTS OF ALASKA

(data compiled 8/1/10)

The unmatched geologic diversity of the state of Alaska hosts a wide range of metallogenic settings and mineral commodities.

- More than 7,300 placer and lode (hardrock) metallic mineral occurrences are documented in the Alaska Resource Data Files (ARDF) database.
- Placer gold mining across Alaska has produced more than 24.5 million ounces of gold from 1880 to the present.
- Alaska's large lode (hardrock) mines produced zinc, lead, gold, silver, and coal worth in excess of $2.4 billion in 2009.

Annual mineral exploration expenditures in Alaska account for about one-third of the annual mineral exploration expenditures in the United States. Continued exploration at the Pebble (copper, gold, and molybdenum), Donlin Creek (gold), and Livengood (gold) deposits indicates that there are still mammoth mineral deposits that may be developed in Alaska. There is high likelihood that other world-class Alaska mineral deposits remain to be discovered.

The Alaska Division of Geological & Geophysical Surveys (DGGS) publishes an annual report produced in cooperation with the Alaska Department of Commerce, Community and Economic Development that details activities and accomplishments of Alaska's mineral industry. This report, along with a wealth of other information about the geology, geologic hazards, and mineral and energy resources of Alaska, are available on the DGGS website. The ARDF database is available from the U.S. Geological Survey via the akgeology.info website.

Please visit these Alaska state-affiliated websites:

- Alaska Division of Geological & Geophysical Surveys, http://dggs.alaska.gov
- Alaska Geology and Mineral Data Information, http://akgeology.info
- Alaska Department of Natural Resources Mining Resources Section, http://dnr.alaska.gov/mlw/mining/index.htm
- Alaska Department of Commerce, Community and Economic Development, http://www.commerce.alaska.gov/oed/minerals/mining.htm

STATE OF ALASKA/DEPARTMENT OF NATURAL RESOURCES
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http://dggs.alaska.gov

Map and graphics by Alfred G. Sturmann and David J. Szumigala, 2009

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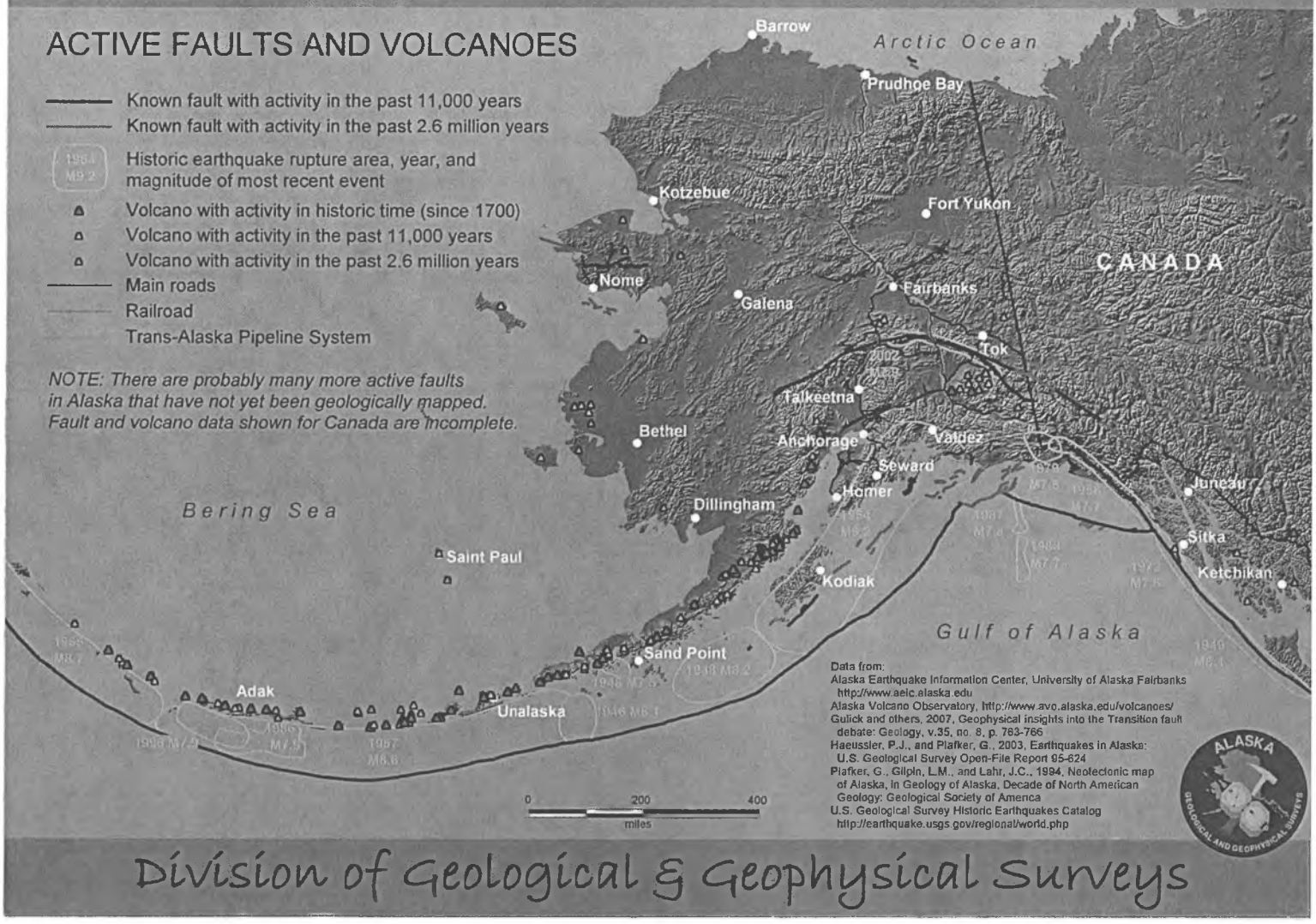
ALASKA

ACTIVE FAULTS AND VOLCANOES



Data from:
Alaska Earthquake Information Center, University of Alaska Fairbanks http://www.aeic.alaska.edu
Alaska Volcano Observatory, http://www.avo.alaska.edu/volcanoes/
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U.S. Geological Survey Historic Earthquakes Catalog http://earthquake.usgs.gov/regional/world.php

ALASKA GEOLOGICAL AND GEOPHYSICAL SURVEYS

Division of Geological & Geophysical Surveys

ACTIVE FAULTS AND VOLCANOES IN ALASKA

Eleven percent of the world's recorded earthquakes have occurred in Alaska, including seven of the ten largest in the United States and three of the ten largest in the world. About 2,000 earthquakes are recorded in Alaska every month.

Since 1900, Alaska has had an average of:

- A "great" earthquake (magnitude 8 or larger) every 13 to 15 years
- A magnitude 7 to 8 earthquake every 1 to 2 years
- About 6 magnitude 6 to 7 earthquakes per year
- About 50 magnitude 5 to 6 earthquakes per year
- About 340 magnitude 4 to 5 earthquakes per year

This map shows faults that have been active in historic time or show geologic evidence of activity during the past 11,000 years (Holocene), and faults that show evidence of activity during approximately the preceding 2.6 million years (Pleistocene). Rupture area boundaries delineate the approximate extent of the initial epicenter and aftershocks of large earthquakes recorded since 1900. Considering the high rate of seismicity in Alaska, with earthquakes occurring in most areas of the state, there are probably many more active faults that have not yet been geologically mapped.

Alaska has more than 50 volcanoes that have been active during historic time (since about 1700). These volcanoes in Alaska make up well over three-quarters of U.S. volcanoes that have erupted in the past two hundred years. An additional ~90 volcanoes in Alaska show evidence of activity during the Holocene or Pleistocene epochs.

DGGS- and University of Alaska-affiliated web sites about earthquake and volcano hazards in Alaska:

Alaska Seismic Hazards Safety Commission
http://seismic.alaska.gov

Alaska Volcano Observatory
http://avo.alaska.edu

Alaska Earthquake Information Center
http://www.aeic.alaska.edu

STATE OF ALASKA/DEPARTMENT OF NATURAL RESOURCES
DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS
3354 College Road Fairbanks, AK 99709-3707
Email: dggspubs@alaska.gov
Phone: 907-451-5000 Fax 907-451-5050
http://dggs.alaska.gov
Map and graphics by Rod Combellick, revised October 2010

Alaska Department of NATURAL RESOURCES

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State of Alaska
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DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS

Geologic maps:

Solving problems by understanding our world

Assessing Resource Endowment



Photo provided by Teck Cominco Alaska Inc.

Overview of Alaska's Red Dog Mine, the world's largest zinc producer.

Infrastructure Design and Safety



Photo courtesy of U.S. Geological Survey



Copyright © Larry Fellows, Arizona Geological Survey

Structures constructed directly on permafrost will cause the underlying ice to melt and damage to the structure. Special construction techniques, as seen in the above photos, are required.

Mitigating Effects of Climate Change



Photos courtesy of Alaska Department of Commerce and Economic Development

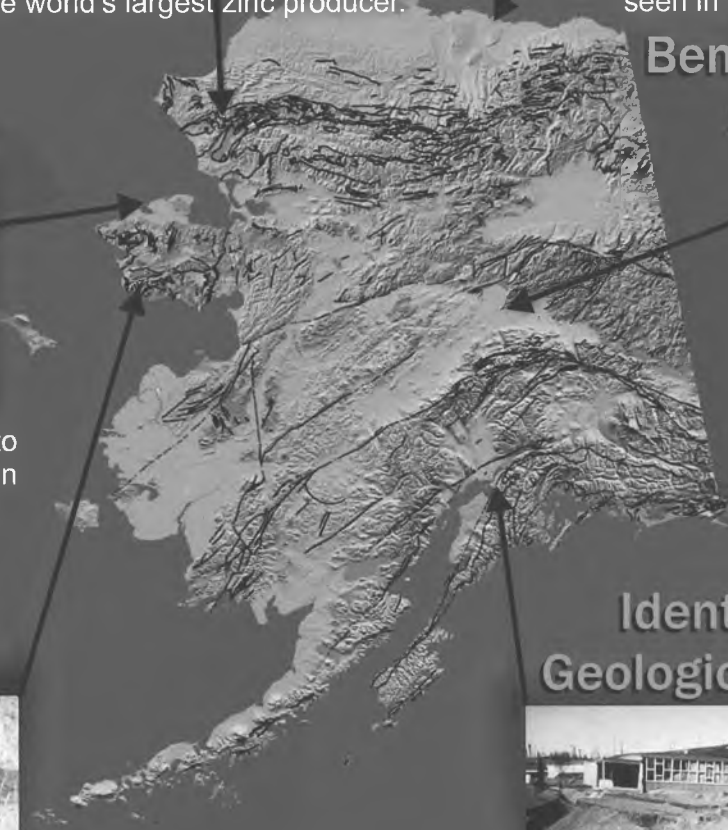


The village of Shishmaref is facing evacuation due to rising temperatures, which are causing a reduction in sea ice, thawing of permafrost along the coast, and making the shoreline more vulnerable to erosion.

Benefiting Alaskans through Scientific Knowledge



The student pointing out erosion in permafrost is learning to see his environment in a new way.



The Alaska geologic map above is a modification of the complete version with legend available at http://www.dggs.dnr.state.ak.us.

Using Integrated Science to Protect the Environment

Seward Peninsula moose tooth breakage is attributed to naturally occurring heavy metals in the bedrock. Metals are absorbed by plants and affect moose nutrition.



Identifying Geologic Hazards



Photo courtesy U.S. Geological Survey

Government Hill Elementary School torn apart by subsidence at the head of a landslide that occurred during the 1964 earthquake.

Geologic maps are our most important and complete compilation of information about the solid Earth we live on. Consequently, geologic maps are fundamental to understanding natural, earthbound processes and solving real-world environmental problems directly affecting people, plants, and other animals. The following Alaskan examples represent a sampling of the many uses of geologic maps.

Assessing Resource Endowment

Alaska, arguably the most resource-rich state, is also the most unmapped and under-explored state. Geologic mapping and related data suggest where to find a host of **necessary resources** for providing energy, building materials, and products ranging from cement to plastic to batteries.

Key Resources of Alaska

Metals.....	Gold, zinc, copper, lead, silver, tin, mercury, platinum, etc. necessary to make items such as bikes, batteries, computers, and mirrors
Energy.....	Oil, gas, coal, and geothermal for heat, electricity, and fuel, and products such as plastics, asphalt, clothing, etc.
Materials....	Riprap for erosion control, sand and gravel for roads and construction, decorative stone, limestone/marble for making cement
Minerals.....	Jade, diamonds, emeralds, soapstone, ceramics, barite, etc.
Water.....	Potable water; the most basic resource often taken for granted

Identifying Geologic Hazards

Due to its active and structurally complex geology, high relief, variable climate, and large coastal zones, Alaska is particularly prone to both large and small magnitude geologic hazards. Effective **mitigation of risk** from catastrophic geologic hazards requires knowledge and understanding of local geology and geologic processes.

Geologic mapping will help determine...

... areas at risk of river and ocean shoreline erosion – information that villages and municipalities can use to correctly manage and develop their lands.

... the eruptive history of volcanoes, leading to timely prediction of environmentally devastating events like toxic gas emissions, tsunamis, and large ash clouds

... where unstable ground could lead to landslides, road failure, building collapse, and infrastructure damage.

... the location and character of faults. Prediction of earthquake damage is possible by mapping soft sediments, which through liquefaction exacerbate the damage.

... who should install radon mitigation. Hazardous radon levels have been detected in Fairbanks area homes built on a specific Paleozoic rock unit.

by Jennifer E. Athey
DNR / Division of Geological & Geophysical Surveys
3354 College Road, Fairbanks, Alaska 99709-3707
http://www.dggs.dnr.state.ak.us

Infrastructure Planning

Development planning utilizes geologic maps to determine areas of suitable geologic and engineering character for many kinds of land use.

- Underlying rock units affect construction and stability of homes, commercial buildings, roads, dams, airports, and bridges. Erosion resistance varies dramatically by rock type, determined only through detailed geologic mapping.
- Design new transportation routes on sound bedrock with the fewest geologic hazards.
- Identify quality soils and farm land through geochemistry of decomposing rock.
- Predict well depths and water quality from local geologic knowledge.

Environmental Protection

The geology exposed at the earth's surface is a fundamental and critical component of all **ecosystems and watersheds**. Geologic knowledge is essential for resource conservation and protection, sustainable development issues, human health protection, and implementation of successful environmental regulatory programs. We use geologic mapping to:

✓ Identify areas of groundwater recharge and protect water from pollution and depletion.
✓ Determine whether hazardous chemicals are naturally occurring or human induced.
✓ Delineate ecosystems, critical wildlife habitats, and vegetation communities.

Predicting Effects of Climate Change

Alaska has been touted as the "barometer" for climate change, since the Arctic environment responds more quickly to warmer temperatures. Maps will help predict where to expect the **effects of warming**.

Shorelines – Determine future inundation due to accelerated erosion. In particular, Shishmaref is in imminent danger due to increased erosion from storms.

Permafrost areas – Interior Alaska's thawing permafrost is collapsing houses and destroying roads.

Glaciers – Retreating glaciers and weather changes will affect water quantity and quality, challenging aquatic life and subsistence fishermen.

Benefiting All Alaskans

Aside from the obvious scientific benefits for Alaska discussed above, geologic mapping brings **hidden benefits**, too.

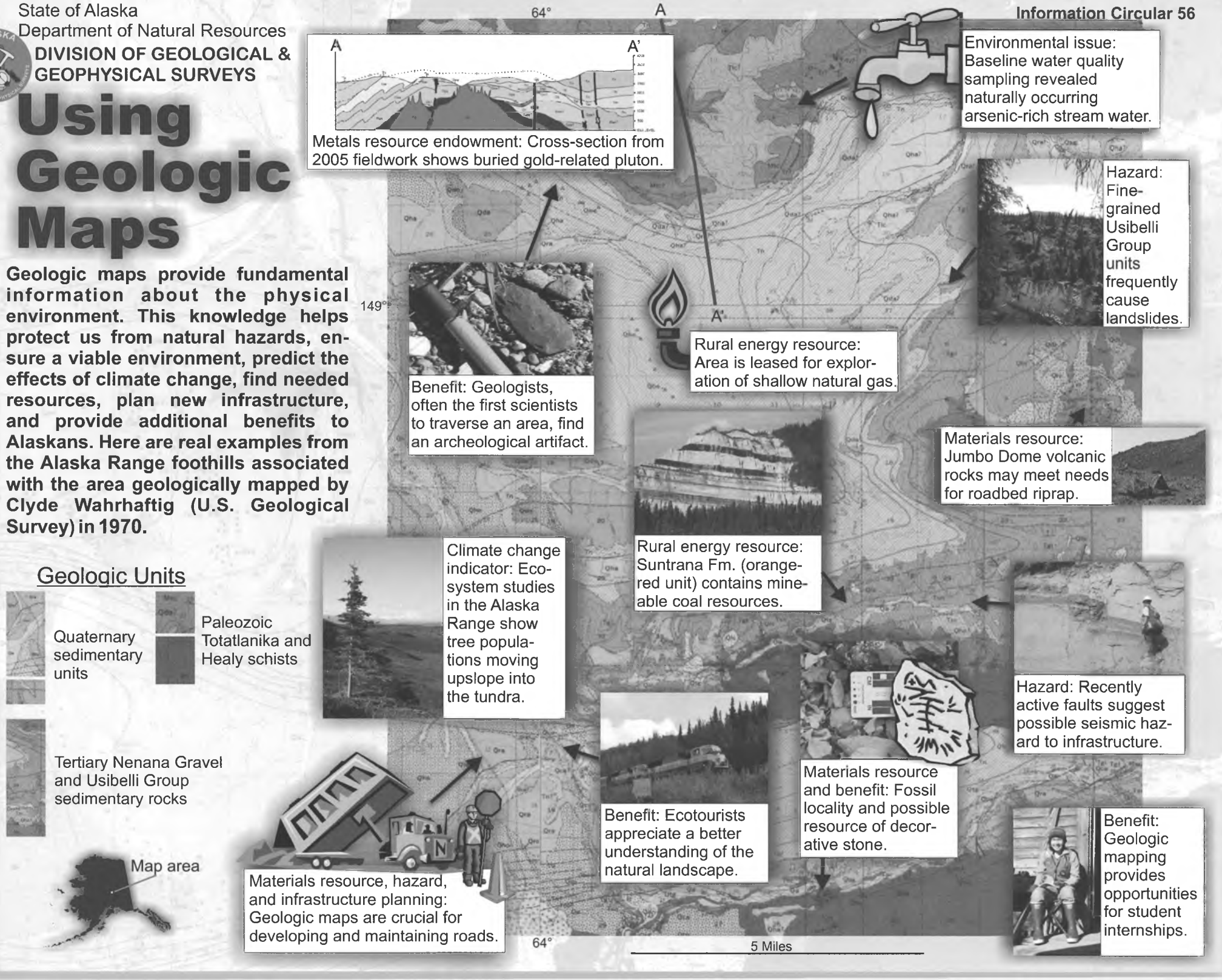
- Alaskans are empowered by understanding Alaska's wonderful natural landscapes.
- Geologic mapping promotes public connection to natural surroundings and facilitates wise development choices.
- Local hire with on-the-job training, high school and University internships, support for student research, and money into local economies frequently accompany geologic mapping projects.

State of Alaska
Department of Natural Resources
DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS

Information Circular 56

Using Geologic Maps

Geologic maps provide fundamental information about the physical environment. This knowledge helps protect us from natural hazards, ensure a viable environment, predict the effects of climate change, find needed resources, plan new infrastructure, and provide additional benefits to Alaskans. Here are real examples from the Alaska Range foothills associated with the area geologically mapped by Clyde Wahrhaftig (U.S. Geological Survey) in 1970.



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DGGS Minerals Resources Program:

A Brief Introduction and Proposed Study of Rare Earth Element Mineral Deposit Potential in Alaska

David Szumigala

Alaska Division of Geological & Geophysical Surveys

February 2, 2011

DGGS Minerals Program

The Alaska Division of Geological & Geophysical Surveys (DGGS) is tasked with determining the potential of Alaskan land for production of metals, minerals, fuels, and geothermal resources, the locations and supplies of groundwater and construction material; and the potential geologic hazards to buildings, roads, bridges, and other installations and structures (AS 41.08.020). The Mineral Resources Section at DGGS collects, analyzes, and provides information on the geological and geophysical framework of Alaska as it pertains to the state's mineral resources.

As part of our mission of evaluating the mineral resources of Alaska, DGGS is proposing to study the potential of rare earth element mineralization in Alaska. This paper will provide a brief overview of rare earth elements, their uses, current worldwide sources of production, and the need to assess the potential of rare earth element resources in Alaska.

Introduction to Rare Earth Elements

Rare earth elements and the supply and demand of these resources have been major news items and the global mining industry has ramped up exploration for mineral deposits containing rare earth elements. This paper will provide a brief overview of rare earth elements, their uses, and the potential for these metals in Alaskan mineral deposits.

Rare earth elements (REEs) are a group of seventeen chemical elements that occur together in the periodic table (Figure 1). The group consists of yttrium (Y) and the 15 lanthanide elements (lanthanum (La), cerium (Ce), praseodymium (Pr), neodymium (Nd), promethium (Pm), samarium (Sm), europium (Eu), gadolinium (Gd), terbium (Tb), dysprosium (Dy), holmium (Ho), erbium (Er), thulium (Tm), ytterbium (Yb), and lutetium (Lu)). Scandium (Sc) is found in most rare earth element deposits and is sometimes classified as a rare earth element. The rare earth elements are all metals and the group is often referred to as the "rare earth metals". These metals have many similar properties and those properties often cause them to be found together in mineral deposits.

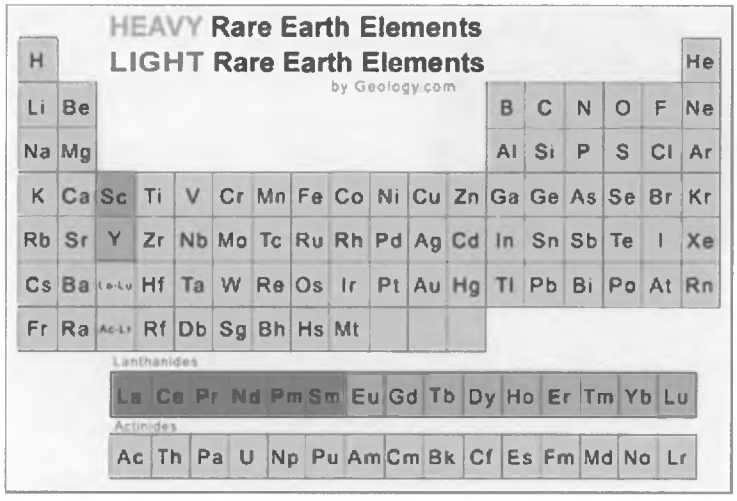


Figure 1. Periodic table with rare earth elements highlighted.

The rare earth elements are often informally subdivided into "Heavy Rare Earths" and "Light Rare Earths". Lanthanum, cerium, praseodymium, neodymium, promethium and samarium are generally referred to as the "light rare earths". Yttrium, europium, gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium, and lutetium are generally considered the

"heavy rare earths". Although yttrium is lighter than the light rare earth elements, it is included in the heavy rare earth group because of its chemical and physical associations with heavy rare earths in natural deposits.

Uses of Rare Earth Elements

Rare earth metals and alloys that contain them are used in many devices that people use every day such as: computer memory, DVD's, rechargeable batteries, cell phones, car catalytic converters, magnets, fluorescent lighting and much more. The table below lists the major categories of REE usage in the United States.

During the past twenty years there has been an explosion in demand for many items that require rare earth metals. Twenty years ago there were very few cell phones in use but the number has risen to over 5 billion in use today. The usage of computers and DVDs has grown almost as fast as cell phones.

United States REE Usage (2009 data, USGS Mineral Commodity Summaries for Rare Earths)

Use	Percent
Chemical Catalysts	22
Metallurgy & alloys	21
Petroleum refining	14
Catalytic converters	13
Glass polishing and ceramics	9
Phosphors for monitors, television, lighting	8
Permanent magnets	7
Electronics	3
Other	3

Many rechargeable batteries are made with rare earth compounds. Demand for the batteries is being driven by demand for portable electronic devices such as cell phones, readers, computers and cameras.

Several pounds of rare earth compounds are in batteries that power electric vehicles and hybrid-electric vehicles. As concerns for energy independence, climate change and other issues drive the sale of electric vehicles the demand for batteries made with rare earth compounds will climb even faster.

Rare earths are used as catalysts, phosphors and polishing compounds. These are used for air pollution control, illuminated screens on electronic devices and optical-quality glass. All of these products are expected to experience rising demand.

Other substances can be substituted for rare earth elements in their most important uses; however, these substitutes are usually much less effective and have a higher cost.

Critical Defense Uses of Rare Earth Elements

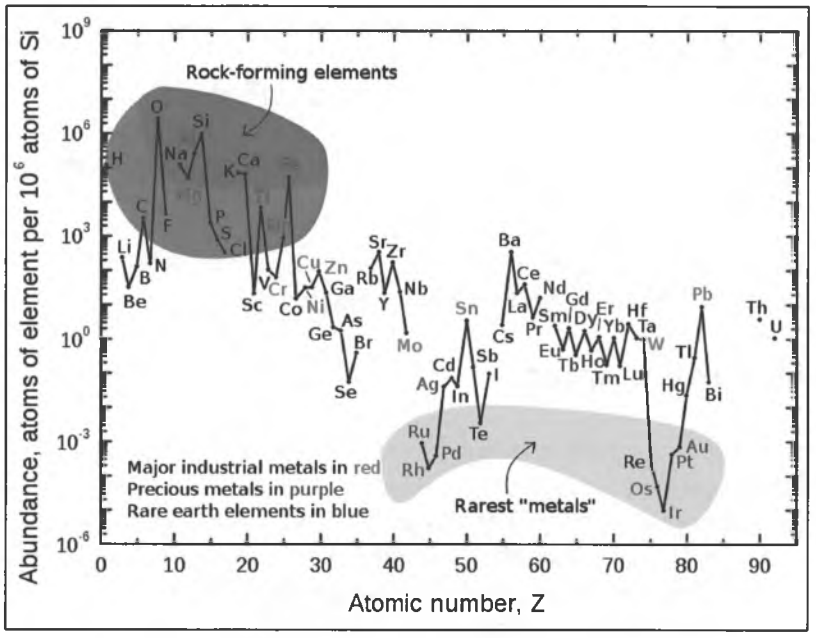
Rare earth elements play an essential role in modern national defense. Night-vision goggles, precision-guided weapons and other defense technology rely on various rare earth metals. Rare earth metals are key ingredients for making the very hard alloys used to make armored vehicles and projectiles that shatter upon impact in thousands of sharp fragments. Substitutes can be used for rare earth elements in some defense applications, however, those substitutes are not as effective and that will diminish military superiority. Several uses of rare earth elements are summarized in the table below.

Department of Defense Uses of Rare Earth Elements	
Element	Use
Lanthanum	Night-vision goggles
Neodymium	Laser range-finders, guidance systems, communications
Europium	Fluorescents and phosphors in lamps and monitors
Erbium	Amplifiers in fiber-optic data transmission
Samarium	Permanent magnets stable at high temperatures
Samarium	Precision-guided weapons
Samarium	"White noise" production in stealth technology

In 2010, the U.S. Government Accountability Office GAO) assessed the likelihood of national security risks arising from the U.S.'s nearly 100 percent dependency on non-domestic sources (primarily China) for REEs, which recently cut its exports by 72 percent. The GAO report concluded U.S. defense systems will likely continue to depend heavily upon REEs, on the basis of current technology and system designs utilizing REEs, and a lack of effective non-REE substitutes. The lack of a domestic REE supply chain presents national security concerns for the U.S., and diminishes its ability to be a world-technology leader. It is essential for the U.S. to identify domestic sources for REEs in order to reduce the nation's vulnerability to disruptions in global supply.

Are These Elements Really "Rare"?

Rare earth elements are not as "rare" as their name implies. Thulium and lutetium are the two least abundant rare earth elements - but they each have an average crustal abundance that is nearly 200 times greater than the crustal abundance of gold (Haxel et al., 2005). Figure 2 shows the relative abundance of rare earth elements to rock-forming, industrial, and precious metal elements. However, these metals are very difficult to mine because it is unusual to find them in concentrations high enough for economical extraction.



The most abundant rare earth elements are cerium, yttrium, lanthanum and neodymium (2). They have average crustal abundances that are similar to commonly used industrial metals such as chromium, nickel, zinc, molybdenum, tin, tungsten and lead (1). Again, they are rarely found in extractable concentrations.

Figure 2. Abundance of elements in the earth's crust per million of Si atoms (USGS).

The principal sources of rare earth elements are the minerals bastnäsite, monazite, and loparite and the lateritic ion-adsorption clays. Despite their high relative abundance, rare earth minerals are more difficult to mine and extract than equivalent sources of transition metals (due in part to their similar chemical properties), making the rare earth elements relatively expensive. Their industrial use was very limited until efficient separation techniques were developed, such as ion exchange, fractional crystallization and liquid-liquid extraction during the late 1950s and early 1960s.

Rare Earth Element Production

Significant amounts of rare earth elements are produced in only a few countries. China is currently the dominant producer of rare earth elements and is believed to be responsible for over 95% of the world mine production on a rare earth oxide equivalent basis (Haxel et al., 2005). Other countries with notable production in 2009 were: Brazil, India, Kyrgyzstan and Malaysia (USGS, 2011). Minor production may have occurred in Indonesia, Commonwealth of Independent States, Nigeria, North Korea and Vietnam (USGS, 2011).

China became the world's dominant producer of rare earth elements in the early 1990s, when production at the Mountain Pass mine in California began to decline (Figure 3). China's dominance increased rapidly and in 2000 China accounted for about 90% of world rare earth production. China sold rare earths at such low prices that the Mountain Pass mine and others throughout the world were unable to compete.

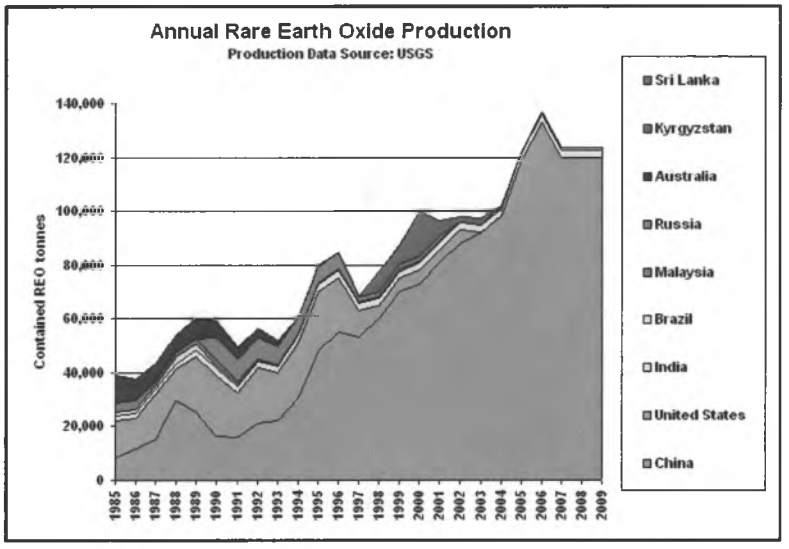


Figure 3. Worldwide production of rare earth oxides from 1987 to 2009 (USGS Minerals Yearbooks).

In early 2010 China accounted for over 95% of the world's rare earth production. China is also the dominant consumer of rare earth elements, used mainly in manufacturing electronics products for domestic and export markets. Japan and the United States are the second and third largest consumers of rare earth materials. The rare-earth separation plant at Mountain Pass, CA, resumed operation in 2007 and continued to operate throughout 2010 by processing previously mined rare-earth concentrates.

In 2010 China announced that they would significantly restrict their rare earth exports to ensure a supply for domestic manufacturing. This announcement triggered some panic buying and rare earth prices shot up to record high levels.

China's future export policies are unpredictable, but they are expected to favor China's domestic interests, needs, and economic development. Additionally, the total expected production of REEs in China is expected to be insufficient for worldwide demand.

World Rare Earth Mineral Resources

Rare earth elements are relatively abundant in the Earth's crust, but discovered minable concentrations are less common than for most other ores. U.S. and world resources are contained primarily in bastnäsite and monazite. Figure 4 shows the location of some of the most important REE occurrences and deposits. Bastnäsite deposits in China and the United States constitute the largest percentage of the world's rare-earth economic resources, while monazite deposits in Australia, Brazil, China, India, Malaysia, South Africa, Sri Lanka, Thailand, and the United States constitute the second largest segment. Apatite, cheralite, eudialyte, loparite, phosphorites, rare-earth-bearing (ion adsorption) clays, secondary monazite, spent uranium solutions, and xenotime make up most of the remaining resources. Undiscovered resources are thought to be very large relative to expected demand (U.S. Geological Survey, 2011).

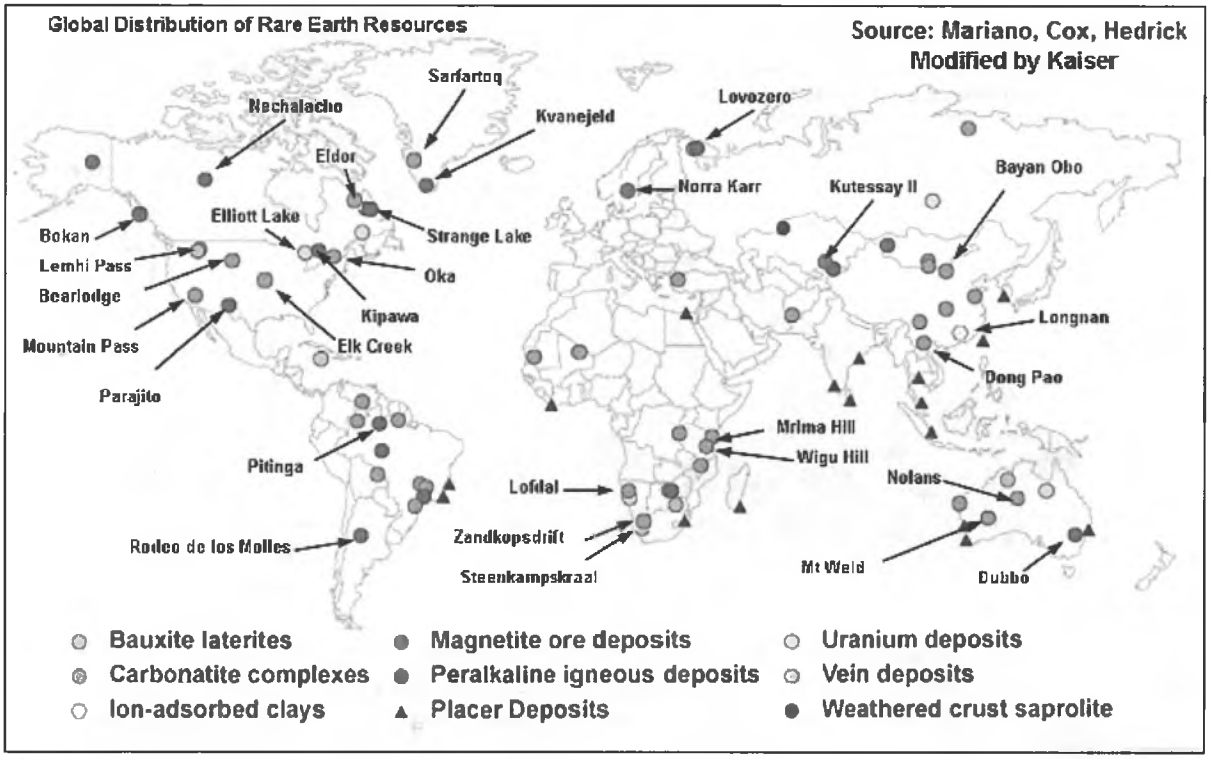


Figure 4. Global distribution of known rare earth element resources. Figure from Mariano et al., 2010, modified by Kaiser Research Online (http://www.kaiserbottomfish.com/s/Education.asp?ReportID=362761).

Exploration efforts to develop rare earth element projects surged in 2010, and investment and interest increased dramatically. Economic assessments continued in North America at Bear Lodge in Wyoming; Diamond Creek in Idaho; Elk Creek in Nebraska; Hoidas Lake in Saskatchewan, Canada; Lemhi Pass in Idaho-Montana; and Nechalacho (Thor Lake) in Northwest Territories, Canada. Other economic assessments took place in other locations around

the world, including Dubbo Zirconia in New South Wales, Australia; Kangankunde in Malawi; Mount Weld in Western Australia, Australia; and Nolans Project in Northern Territory, Australia.

Assessing Alaska's Rare Earth Element Potential

Mineral resources comprise a major part of Alaska's economic assets. Alaska is considered highly prospective with regards to strategic and critical minerals needed for domestic uses. Figure 5 shows a table of mineral commodities currently imported into the United States. Alaska produces some of these minerals, has produced some of these minerals in the past, and has the potential to produce some quantity of most of these imported mineral commodities in the future. The location and magnitude of these resources are largely unknown, yet that knowledge is key to orderly development of the State and maintenance of a stable economy. The State of Alaska cannot efficiently manage or develop assets that are unknown and not quantified. The benefits of a thorough mineral-resource information base include: 1) Enhancing community and local government economies and revenue opportunities; 2) Stimulating private-sector exploration and competitive development of Alaska's mineral resources; 3) Developing transportation corridors and infrastructures, which always requires cost justification based on prior knowledge of resources; and 4) Developing long-term decisions on management of state-interest lands.

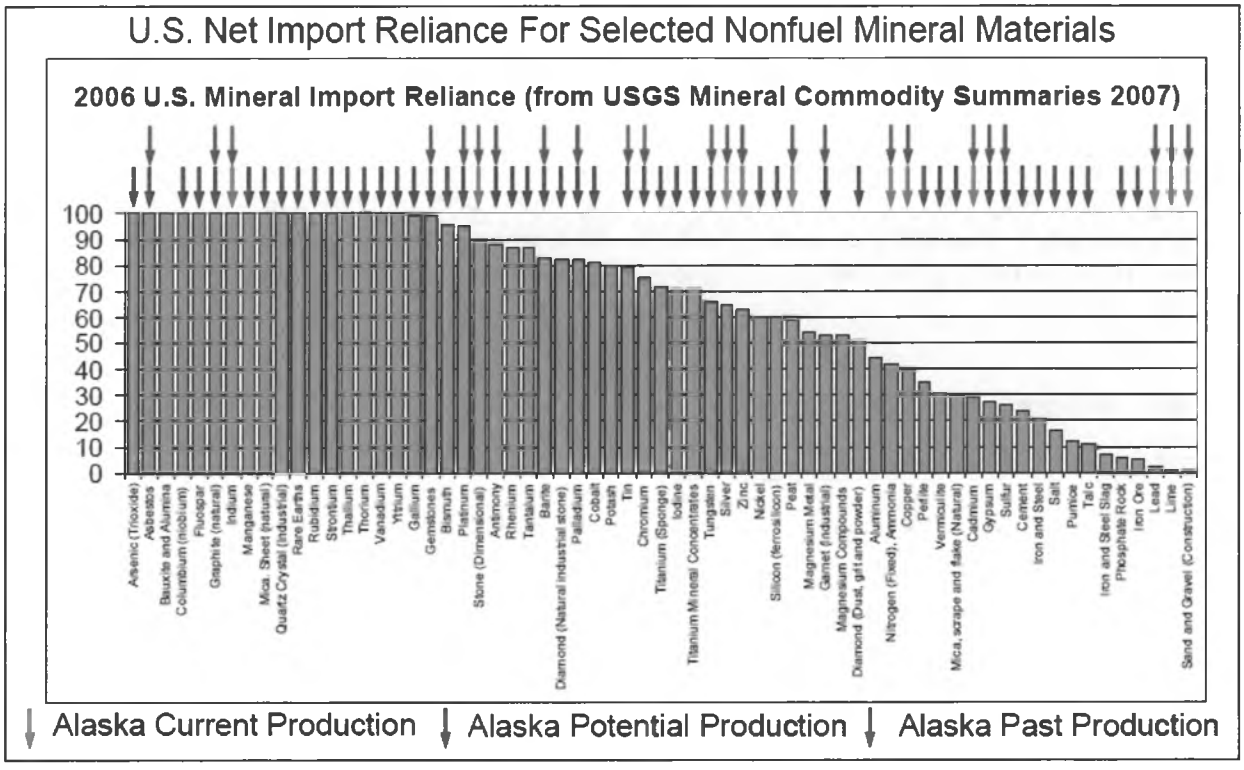


Figure 5. The United States relies on imports of critical minerals to satisfy current needs. Alaska has the potential to produce many of these minerals and materials. Alaska currently and historically has produced 24 of the 65 shown in this figure.

The Alaska Division of Geological & Geophysical Surveys (DGGS) proposed a 3-year project to provide information critical for assessing Alaska's Rare Earth Element (REE) and Strategic Minerals potential. Many areas of Alaska are geologically permissible for hosting REEs, but the lack of basic data statewide hinders evaluation of Alaska's REE potential. The most significant REE prospect in Alaska is the Bokan Mountain property, located 37 miles southwest of Ketchikan. Preliminary assessments suggest the area contains one of the largest REE deposits in North America, with significant enrichments in heavy REEs. Alaska has more than 70 additional known mineral occurrences (attached map) and millions of acres of selected or conveyed lands with the potential to contain REEs, but the mineral-resource potential of these occurrences and lands is poorly understood. There has been no systematic resource evaluation for REEs in Alaska by state government and the only known mineral industry exploration solely devoted to REEs is currently being conducted at Bokan Mountain.. The DGGS Rare Earth Element Assessment and Strategic Minerals project is specifically designed to address this data and knowledge gap.

In 2010, U.S. House and Senate bills were introduced to encourage reestablishment of domestic REE industries. The DGGS Rare Earth Element and Strategic Minerals Assessment project is in line with the Alaska Legislature's recent House Resolution (HR16) urging Congress to advance development of new REE reserves in the U.S., and continued exploration for REE deposits in Alaska. By assessing Alaska's potential for REEs, the State of Alaska will benefit from expanded mineral-industry investment in exploration and development and associated employment, better understand the natural resources of its lands for land-management purposes, and contribute to the nation's need for domestic supplies of these critically important elements. Information resulting from this REE assessment will be an important resource to help Alaska for many years into the future.

This three-year project will determine the potential of state lands for hosting REE mineral deposits by conducting geologic field work throughout Alaska, obtaining appropriate supporting analytical data, evaluating currently available and newly collected data, determining Alaska-specific REE mineral-deposit models, and publishing the results of our studies.

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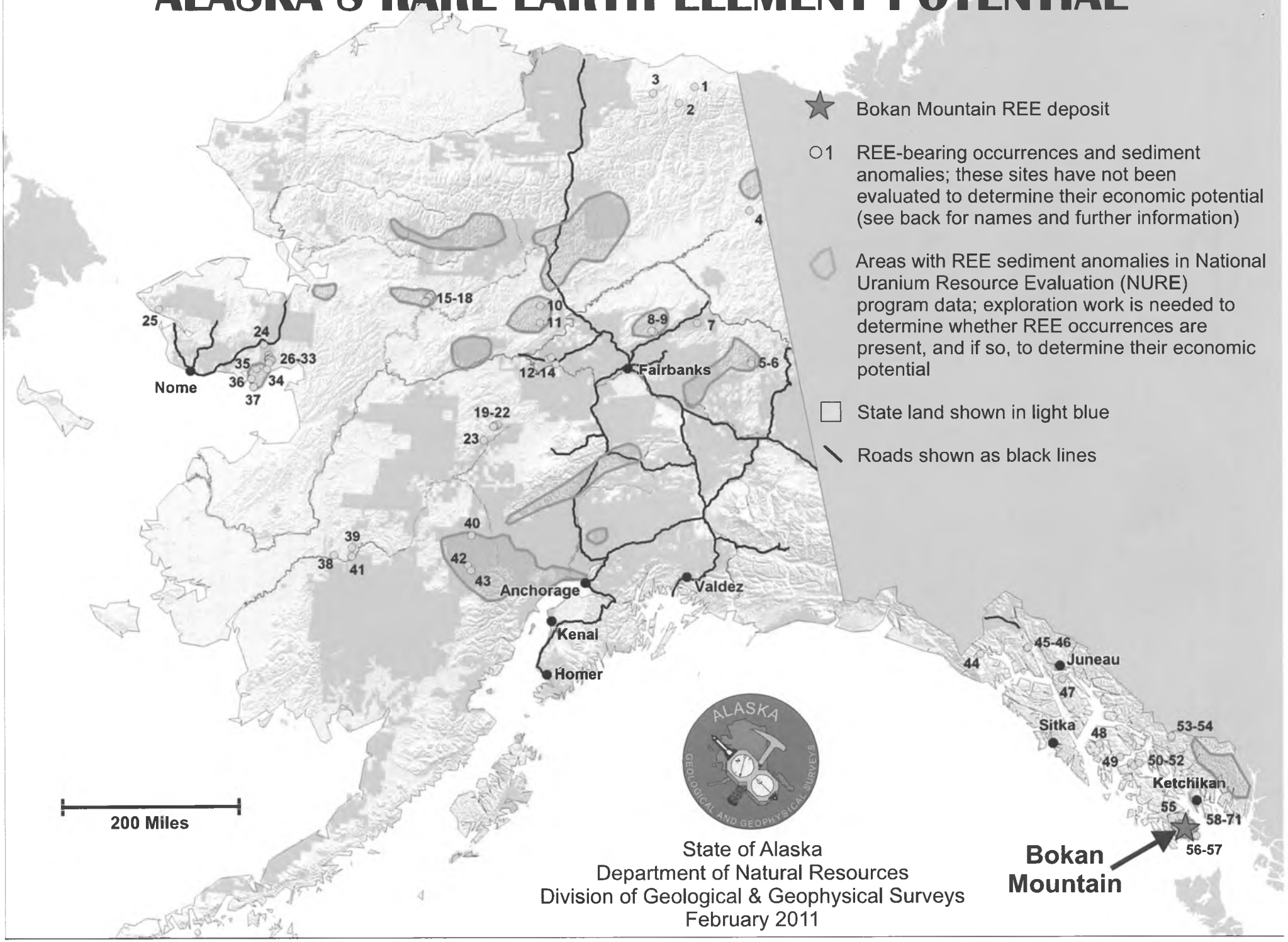
U.S. Geological Survey, 2011, Rare earths, Mineral Commodity Summaries, 2p.

ALASKA'S RARE EARTH ELEMENT POTENTIAL



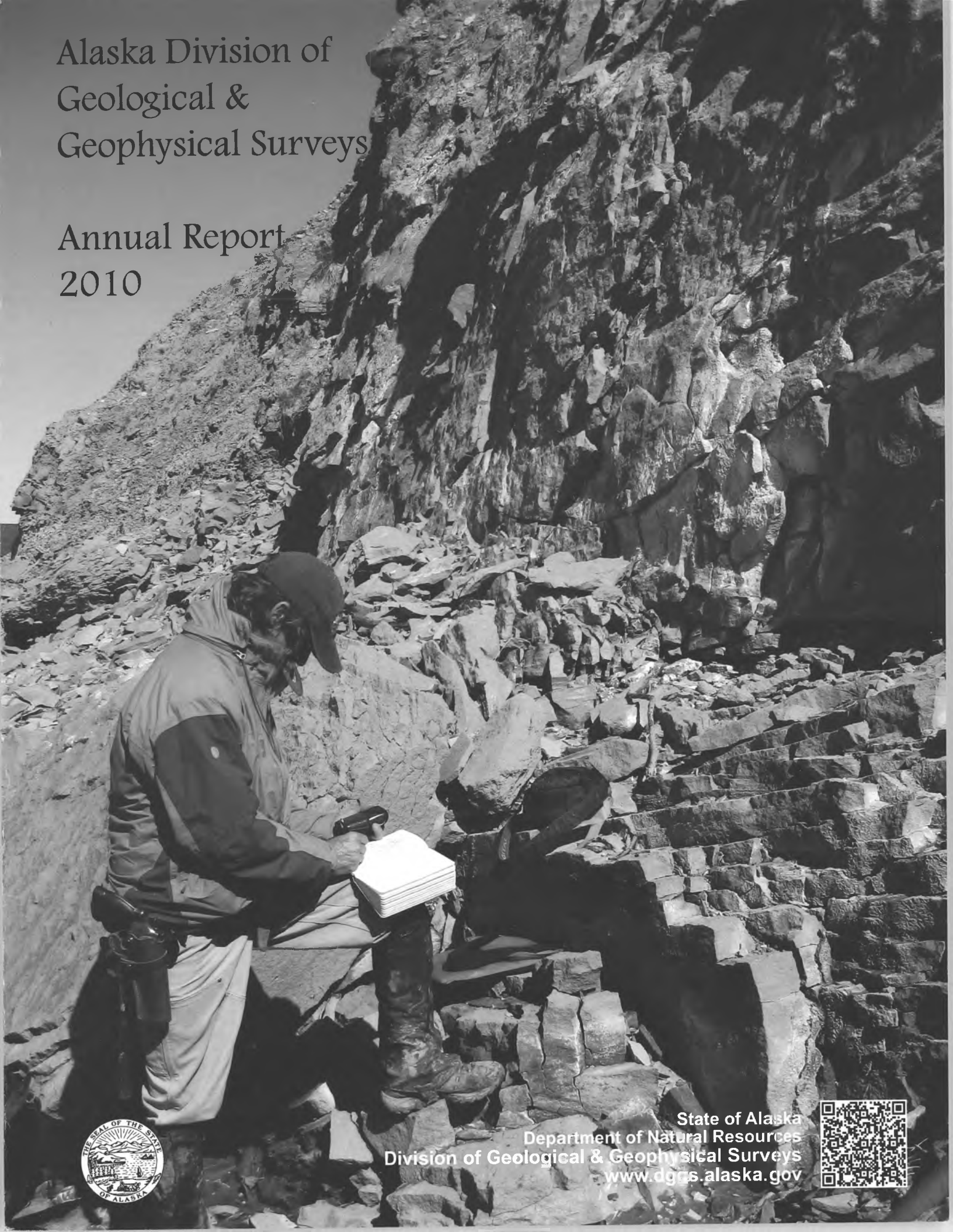
State of Alaska
Department of Natural Resources
Division of Geological & Geophysical Surveys
February 2011

Map No.	ARDF No.	Historical site name(s)	Elements (minor elements)
1	DP003	Aichilik River	Y, Yb, REE
2	ML015	Okpilak River	Mo, U (F, possibly REE)
3	ML013	Fire Creek	P (REE)
4	CO027	Unnamed	Pb, REE
5	EA037	Unnamed (on Slate Creek)	REE, Th
6	EA039	Ruby Creek	REE, Th
7	CI027	Hot Springs Creek	U?, REE, Th?, W
8	CI078	Unnamed (near head of Hope Creek)	F (Cu, Mo, Pb, REE?, Sb, W, Zn)
9	CI051	Roy Creek; Little Champion Creek	U (REE)
10	BT018	Unnamed (southeast of Sithylemenkat Lake)	Sn (As, Bi, Cs, Cu, Nb, Pb, Rb, REE, Ta, W)
11	TN009	Unnamed (Spooky Valley)	Ag, Pb, Zn (Bi, La, Mo, Sn, U, W)
12	TN083	Unnamed (upper Idaho Gulch)	Ce, Nb (Ag, REE, U)
13	TN099	Tofty Ridge	Ce, Nb, Y (Ag, REE, U)
14	TN115	Karshner Creek	REE
15	HU008	Boston Ridge	REE, Th, U
16	HU011	Unnamed (northeast ridge of Caribou Mountain)	REE, Th, U
17	HU016	Unnamed (in Zane Hills, south of upper Caribou Creek)	REE, Th, U
18	SH010	Unnamed (northeast of Solsmunket Lake)	W (REE, Th, U)
19	MD003	Unnamed	Th, U (REE)
20	MD002	Unnamed	Th, U (Ce, REE)
21	MD004	Unnamed	Nb, Th, U (Ce, REE, W)
22	MD005	Unnamed	Th, U (Ce, Rb)
23	MD012	Unnamed	Zn (Ce, Rb)
24	BN094	Windy Creek	Mo, Pb, Zn (Ag, Ba, La, Sn)
25	TE042	Unnamed (on Tin Creek, tributary to Lost River)	Be, Sn, F
26	SO044	Unnamed (on Rock Creek)	REE, U
27	SO043	Unnamed (tributary to Vulcan Creek)	REE, U
28	SO042	Unnamed (tributary to Clear Creek)	REE, U
29	SO040	Unnamed (tributary to Clear Creek)	REE, U
30	SO041	Unnamed (tributary to Clear Creek)	REE, U
31	SO039	Unnamed (tributary to Clear Creek)	REE, U
32	SO038	Unnamed (tributary to Clear Creek)	REE, Sn, U, W
33	SO037	Clear Creek	REE, U
34	SO036	Kwiniuk River	Cu, REE, W
35	SO159	Unnamed (east of Eagle Creek)	REE, Th, U
36	SO003	Golovnin Bay	REE, U, W
37	SO001	Cape Darby	REE, U, W
38	RM020	Unnamed (southern Russian Mountains)	Sb (Nd, Ta, U)
39	SM005	Unnamed (northeast of head of Getmuna Creek)	Ce, Hg, Nb, Zn (Au, Cr, Cu)
40	MG036	Eudialyte	REE, Zr (Th, U)
41	SM037	Unnamed (northeast of lower Sue Creek)	Ce, La, Sm, Th, U, W, Zr (Au, Cu, Hg, Pb)
42	LH006	Unnamed (near Swift River)	REE
43	LH007	Unnamed (near Swift River)	REE
44	MF026	Monarch No. 1 and No. 2	Au (Ag, Pb, REE)
45	JU060	William Henry	Cu, Pb, REE, Zn (Au)
46	JU057	Lucky Six; William Henry	Cu, Pb, REE, Th, U, Zn
47	JU254	Unnamed (near Salmon River)	REE (Y, Zr, Nb, Th, La, Ce, Pr, Nd)
48	PE001	Unnamed (near mouth of Port Camden)	Th, U (Ce, La)
49	PE021	Unnamed (near Totem Bay)	Th, U (Ce, La, Nd)
50	PE056	Unnamed (near Salmon Bay)	REE, Th, U (Mo)
51	PE055	Paystreak Vein; Marker Vein	U, Th, REE (Mo)
52	PE060	Unnamed (along Snow Passage)	F (Au, Ba, Ce, La)
53	BC004	Unnamed (near Cone Mountain)	U? (Ce, La, Mo, Nd, Th)
54	BC090	Unnamed (near Black Crag)	Ag, Au, Cu, Mo, Zn (Ce, La, Nd, Sm, Th, U)
55	CR172	Unnamed (at head of Dora Bay)	Nb, REE, Y
56	DE042	Unnamed (near Mallard Bay)	Au, Ce, Cu, La, U (Y, Zr)
57	DE043	Unnamed (north shore, Stone Rock Bay)	Au, Ce, Cu, La, U (Y, Zr)
		BOKAN MOUNTAIN PROPERTY (named sites listed below)	
58	DE020	Little Jim; Little Joe No. 1, Little Joe No. 2	(Nb, REE, Th, Ti, U, Zr)
59	DE030	Shore	Be, Nb, REE, Th, Ti, U, Y, Zn, Zr
60	DE028	Upper Cheri	Be, Nb, REE, Th, U, Y, Zr
61	DE029	Cheri; Cheri No. 1	Be, Nb, REE, Th, U, Y, Zr
62	DE031	Geoduck	Be, Nb, REE, Th, U, Y, Zr
63	DE015	Geiger	Nb, REE, Ta, Th, U, Y, Zr (F, Ge, Pb, Zn)
64	DE019	Wennie (Lazo Group); I and L No. 1 and 2	Nb, REE, Th, U
65	DE017	Sunday Lake	Nb, REE, Th, U, Y, Zr
66	DE027	Carol Ann; Carol Ann No. 1; Carol Ann No. 2; Carol Ann No 3; Dotson	Nb, REE, Th, U, Y
67	DE021	I,L, and M; ILM; I, L, and M Nos. 1-3	Nb, REE, Th, Y, U, Zr
68	DE022	Irene-D	Nb, REE, U, Y, Zr
69	DE023	I and L; I and L Nos. 3-5	Nb, Th, U (Ce, Dy, Er, F, Gd, Ho, La, Nd, Pb, Y, Yb, Zn, Zr)
70	DE016	Boots	REE, Th, U
71	DE025	Historic Ross-Adams mine	U (REE, Th)

Sources: modified from http://ardf.wr.usgs.gov/; NURE sediment data from http://pubs.usgs.gov/of/1997/ofr-97-0492/state/nure_ak.htm

Alaska Division of Geological & Geophysical Surveys

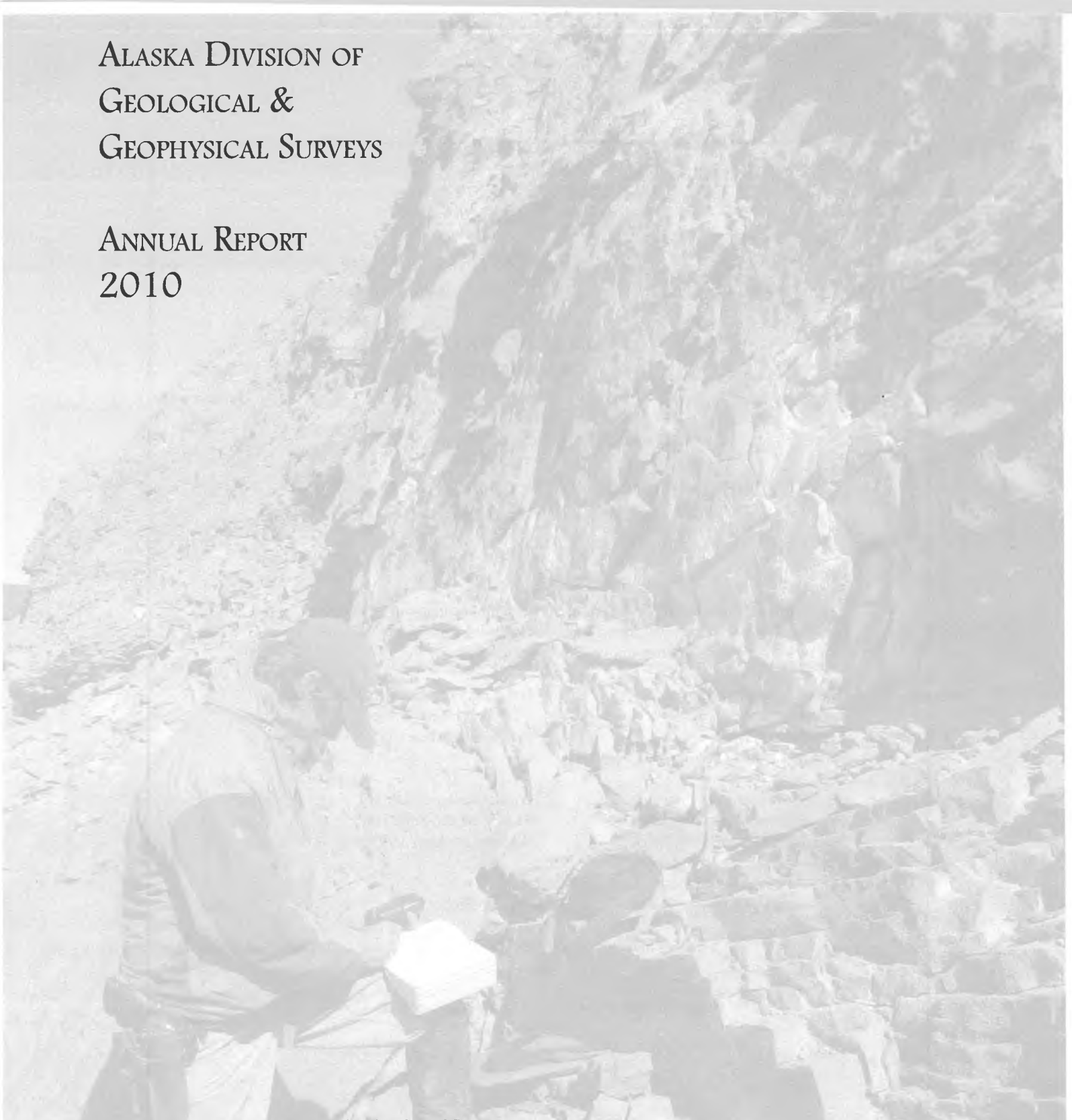
Annual Report 2010



State of Alaska
Department of Natural Resources
Division of Geological & Geophysical Surveys
www.dggs.alaska.gov

Alaska Division of Geological & Geophysical Surveys

Annual Report 2010



Front Cover: *Alaska Division of Geological & Geophysical Surveys (DGGS) geologist Bob Gillis collects structural data from the Schrader Bluff Formation along the Colville River near Umiat. Ongoing detailed stratigraphic studies and 1:63,360-scale geologic mapping of surface exposures in the Umiat area are part of a collaborative program between DGGS and the Alaska Division of Oil and Gas (DOG) to develop a better understanding of the chronostratigraphic and structural relationships, and oil and gas resource potential of rocks at depth in the region. Renewed exploration interest in the area in recent years makes outgrowths from this work particularly significant. Results will be made available in a timely manner through a series of reports for the benefit of the public, industry, and policy makers. Photo by Trystan Herriott.*

State of Alaska
Department of Natural Resources
Division of Geological & Geophysical Surveys
January 2011

STATE OF ALASKA
Sean Parnell, *Governor*

DEPARTMENT OF NATURAL RESOURCES
Daniel S. Sullivan, *Commissioner*

DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS
Robert F. Swenson, *State Geologist and Director*

Division of Geological & Geophysical Surveys publications can be inspected on the web at http://www.dggs.alaska.gov/ or at the following locations.
Address mail orders to the Fairbanks office.

Alaska Division of Geological
& Geophysical Surveys
3354 College Road
Fairbanks, Alaska 99709-3707

University of Alaska Anchorage Library
3211 Providence Drive
Anchorage, Alaska 99508

Elmer E. Rasmuson Library
University of Alaska Fairbanks
Fairbanks, Alaska 99775-1005

Alaska Resource Library
3150 C Street, Suite 100
Anchorage, Alaska 99503

Alaska State Library
State Office Building, 8th Floor
333 Willoughby Avenue
Juneau, Alaska 99811-0571

Publication of this report is required by Alaska Statute 41.08.

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FIGURE

DGGS ORGANIZATIONAL CHART 3

DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS
ANNUAL REPORT 2010

INTRODUCTION

MISSION STATEMENTS
DEPARTMENT OF NATURAL RESOURCES
Mission: Develop, conserve, and enhance natural resources for present and future Alaskans

DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS
Mission: Determine the potential of Alaskan land for production of metals, minerals, fuels, and geothermal resources, the locations and supplies of groundwater and construction material; and the potential geologic hazards to buildings, roads, bridges, and other installations and structures (AS 41.08.020)

HISTORY
The present Division of Geological & Geophysical Surveys (DGGS) evolved from Alaska's Territorial Department of Mines. That heritage is reflected in the Division's ongoing commitment to the application of geology to improve the welfare of Alaska citizens. The current name and mission of the Division were established in 1972 with the passage of Alaska Statute AS 41.08.

Territorial Department of Mines, 1959
Division of Mines and Minerals, 1959–1966
Division of Mines and Geology, 1966–1970
Division of Geological Survey, 1970–1972
Division of Geological & Geophysical Surveys, 1972–Present

LEADERSHIP
Ten qualified professional geoscientists have served as State Geologist:
Jim Williams, 1959–1971
William Fackler, 1971–1973
Donald Hartman, 1973–1975
Ross G. Schaff, 1975–1986
Robert B. Forbes, 1987–1990
Thomas E. Smith, 1991–1995
Milton A. Wiltse, 1995–2002
Rodney A. Combellick, 2003–January 2005
Mark D. Myers, February–October 2005
Robert F. Swenson, November 2005–present

By statute the State Geologist serves as the Director of the Division of Geological & Geophysical Surveys in the Department of Natural Resources (DNR) and is appointed by the DNR Commissioner. Since the early 1970s, the State Geologists have been selected from lists of candidates prepared by the geologic community and professional societies within Alaska. A department order in 2002 formalized a process whereby the Geologic Mapping Advisory Board oversees evaluation of candidates and provides a list to the Commissioner. The qualifications and responsibilities of the State Geologist and the mission of DGGS are defined by statute.

STATUTORY AUTHORITY
Alaska Statutes Sec. 41.08.010. Division of geological and geophysical surveys. There is established in the Department of Natural Resources a Division of geological and geophysical surveys under the direction of the state geologist. (1 ch 93 SLA 1972)

Sec. 41.08.015. State geologist. The commissioner of natural resources shall appoint the state geologist, who must be qualified by education and experience to direct the activities of the Division. (1 ch 93 SLA 1972)

Sec. 41.08.020. Powers and duties. (a) The state geologist shall conduct geological and geophysical surveys to determine the potential of Alaskan land for production of metals, minerals, fuels, and geothermal resources; the locations and supplies of groundwater and construction materials; the potential geologic hazards to buildings, roads, bridges and other installations and structures; and shall conduct such other surveys and investigations as will advance knowledge of the geology of Alaska. With the approval of the commissioner, the state geologist may acquire, by gift or purchase, geological and geophysical reports, surveys and similar information.

Sec. 41.08.030. Printing and distribution of reports. The state geologist shall print and publish an annual report and such other special and topical reports and maps as may be desirable for the benefit of the State, including the printing or reprinting of reports and maps made by other persons or agencies, where authorization to do so is obtained. Reports and maps may be sold and all money received from these sales shall be paid into the general fund. (1 ch 93 SLA 1972)

LOCATION

The Division's administrative headquarters and personnel moved from Anchorage to Fairbanks in 1987. The close proximity of the Division to the earth science research laboratories of the University of Alaska Fairbanks campus has a strategic benefit to the DGGS program. University faculty and students are important adjunct members of many DGGS project teams.

Current DGGS staff totals 38 permanent full-time professional and support personnel, a Director, Division Operations Manager, and six student interns.

ORGANIZATION

DGGS is one of eight divisions and five offices in the Alaska Department of Natural Resources. Under the overall administration of the Director's Office, the Division of Geological & Geophysical Surveys is organized into five sections and the Geologic Materials Center (fig. 1). The Division also administers the 11-member Alaska Seismic Hazards Safety Commission.



Division of Geological & Geophysical Surveys offices in Fairbanks



Geologic Materials Center in Eagle River



BACK L TO R: Rod Combellick, Bob Swenson
FRONT L TO R: April Woolery, Vickie Butherus, Rhea Supplee

The **Director's Office** provides strategic planning for the Division's programs to ensure that DGGS is meeting the needs of the public under the guidelines of AS 41.08.020, manages the Division's fiscal affairs, and provides personnel and clerical services. The Director acts as a liaison between the Division and local, state, federal, and private agencies; seeks out and encourages cooperative geologic programs of value to the state; and advises the Commissioner of the Department of Natural Resources about geologic issues.

DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS
CURRENT ORGANIZATIONAL CHART

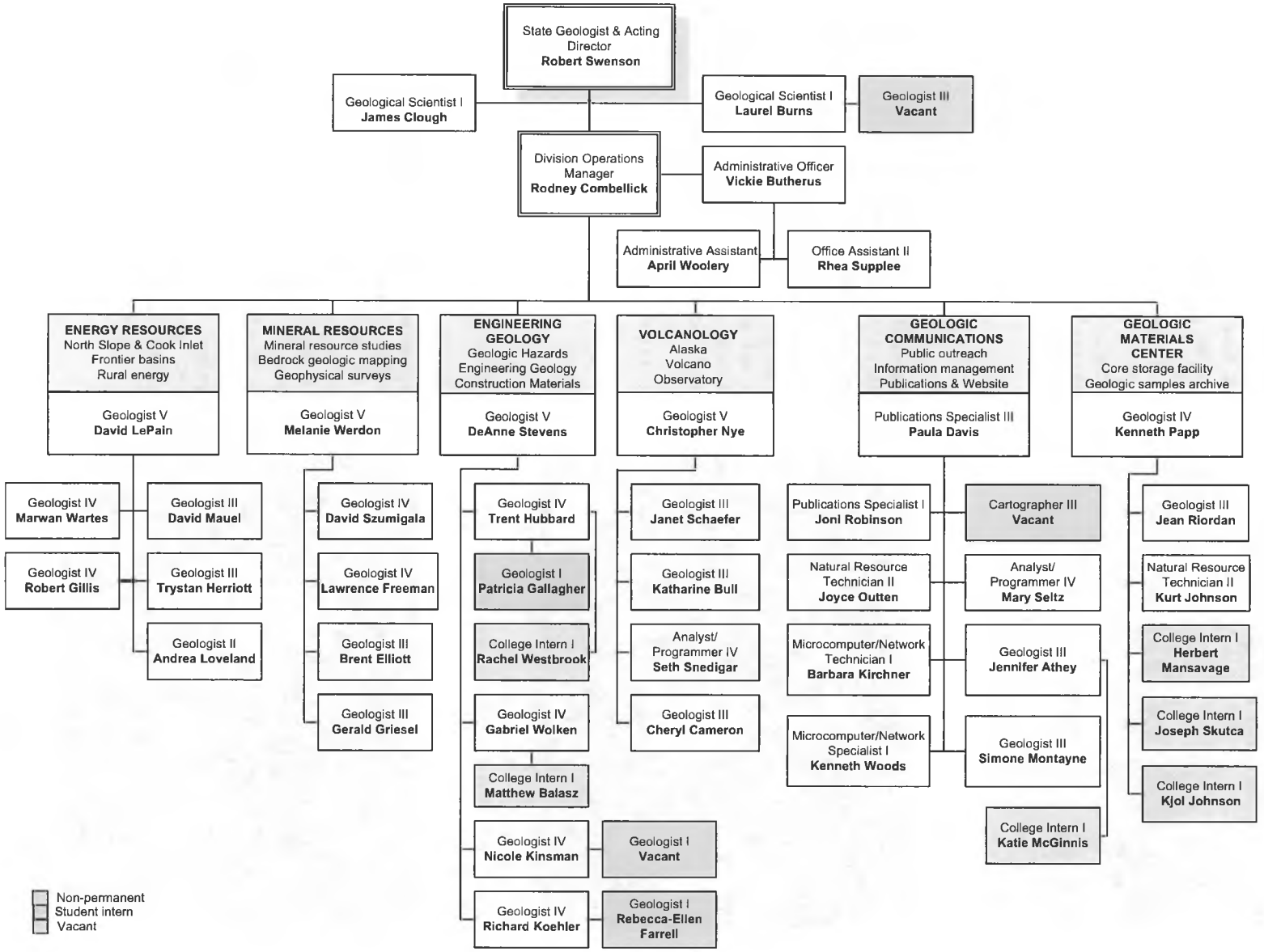


Figure 1. *Organizational chart for the Alaska Division of Geological & Geophysical Surveys.*



L TO R: Trystan Herriott, Andrea Loveland, Bob Gillis, Dave Maule, Marwan Wartes, Jim Clough, Dave LePain

The **Energy Resources Section** generates new information about the geologic framework of frontier areas that may host undiscovered oil, gas, coal, or geothermal resources. Summary maps and reports illustrate the geology of the state's prospective energy basins and provide data relating to the location, type, and potential of the state's energy resources. The Energy Resources Section seeks to improve the success of state-revenue-generating commercial oil and gas exploration and development and to identify local sources of energy for rural Alaska villages and enterprises.



BACK L TO R: Gerry Griesel, Brent Elliott, Larry Freeman
FRONT L TO R: Dave Szumigala, Melanie Werdon, Laurel Burns

The **Mineral Resources Section** collects, analyzes, and makes available information on the geological and geophysical framework of Alaska as it pertains to the mineral resources of the state. Summary maps and reports illustrate the geology of the state's prospective mineral terranes and provide data on the location, type, and potential of the state's mineral resources. These data aid in the state's management of mineral development, and help to encourage mineral exploration in Alaska, which provides employment opportunities and revenue for Alaska's citizens.



BACK L TO R: Trent Hubbard, Gabriel Wolken, Richard Koehler, Nicole Kinsman Matthew Balasz
FRONT L TO R: Rebecca-Ellen Farrell, Trish Gallagher, De Anne Stevens

The **Engineering Geology Section** collects, analyzes, and compiles geologic data useful for engineering and hazard risk-mitigation purposes. Surficial-geologic maps portray the distribution of unconsolidated surficial-geologic materials and provide information on their engineering properties and potential as sources of construction materials and placer minerals. Studies of major geologic hazards such as earthquakes, active faults, and tsunamis result in reports outlining potential hazards in susceptible areas. The section advises other DNR divisions and state agencies regarding potential hazard risks to proposed developments and land disposals.

The **Volcanology Section,** established in 2007, focuses on processes and hazards associated with the more than 50 active volcanoes in Alaska. The section is home for the DGGS participants in the Alaska Volcano Observatory (AVO), an interagency collaboration between the U.S. Geological Survey, University of Alaska Fairbanks Geophysical Institute, and DGGS. Volcanology Section staff conduct geologic studies of active volcanoes to estimate their future eruptive potential and behavior, thus aiding in mitigating volcano-hazard risks. Results of these studies are released as maps and reports. The section also creates and maintains a very large, public, web-accessible database of information on volcano history and current activity (www.avo.alaska.edu), as well as an internal website providing communication, record keeping, and data sharing within AVO. In 2008 the section became heavily involved in geothermal resource issues, providing information to other agencies and the private sector and participating in state activities leading up to the geothermal lease sale at Mt. Spurr and providing technical reviews of proposals to the Renewable Energy Fund established by HB152 in 2008.



Back L to R: Chris Nye, Janet Schaefer, Seth Snedigar
Front L to R: Kate Bull, Cheryl Cameron

The **Geologic Communications Section** publishes and delivers Division-generated geologic information to the public and maintains and improves public access to Alaska's geologic and earth science information. Advances in computer technology have resulted in faster preparation of maps and reports and a wider awareness of DGGS's available Alaska geologic resources. This section designs, implements, maintains, and improves a database for the Division's digital and map-based geological, geophysical, and geochemical data; a database for the Division's physical samples that are housed in Eagle River; and websites for the Division (www.dggs.alaska.gov) and for the Alaska Seismic Hazards Safety Commission (http:www.seismic.alaska.gov).



Back L to R: Bobby Kirchner, Joyce Outten
Middle L to R: Joni Robinson, Susan Seitz, Ken Woods
Front L to R: Jen Athey, Simone Montayne, Paula Davis

The **Geologic Materials Center** is the state's single central repository for representative geologic samples of oil- and gas-related well cores and cuttings, mineral deposit core samples, and regional geologic voucher samples. These materials are routinely used by industry to enhance the effectiveness and success of private-sector energy and mineral exploration ventures. New materials are continuously acquired; access to the materials at the GMC is free. To ensure that the value of the GMC holdings is maintained over time, any new data or processed samples generated from privately funded analyses of the geologic materials stored there must be donated to the GMC database.

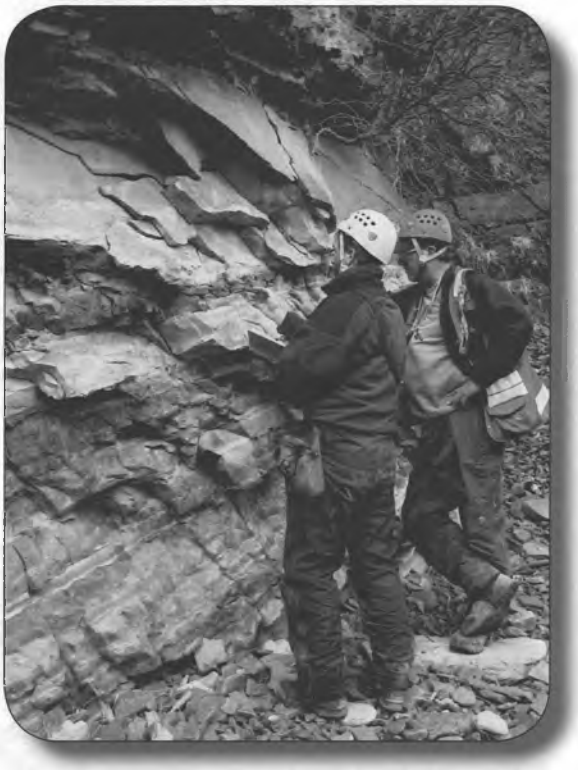


L to R: Ken Papp, Robert Ravn, Herbie Mansavage, Kjol Johnson, Jean Riordan, Don Hartman, Joseph Skutca, John Reeder, Kurt Johnson, Allison Empey

The Alaska Seismic Hazards Safety Commission is charged by statute (AS §44.37.067) to recommend goals and priorities for seismic risk mitigation to the public and private sectors and to advise the Governor and Legislature on policies to reduce the state's vulnerability to damage from earthquakes and tsunamis. The Commission is administered by DGGS and consists of 11 members appointed by the Governor from the public and private sectors for three-year terms. The Commission produces a separate annual report to the Governor and Legislature and has its own website, http:www.seismic.alaska.gov.

RELATIONSHIPS WITH OTHER STATE AGENCIES

DGGS provides other DNR agencies with routine analyses and reviews of various geologic issues such as geologic-hazards evaluations of pending oil and gas lease tracts; area plans; competitive coal leases; geologic assessments of land trades, selections, or relinquishments; mineral potential; and construction materials availability. The DGGS Energy Resources Section works closely with geologic personnel in the Division of Oil and Gas (DOG) on issues related to energy resources and in providing geologic control for the subsurface oil-related geologic analyses conducted by DOG. Each year DGGS prepares an annual report on the status of Alaska's mineral industry in cooperation with the Office of Economic Development in the Department of Commerce, Community & Economic Development. DGGS continues to collaborate with the Information Resource Management Section in the DNR Support Services Division as more geologic data are compiled and organized in digital formats amenable to merging with other land information. The Engineering Geology Section works closely with the Division of Homeland Security & Emergency Management (DHSEM) in the Department of Military and Veterans Affairs to evaluate hazards, develop scenarios for hazards events, and prepare the State Hazard Mitigation Plan. Additionally, the Engineering Geology Section participates in the Alaska Coastal Management Program to advise on geologic hazards issues and review coastal district plans and project applications. The Volcanology Section works with DHSEM and the Division of Environmental Conservation to mitigate effects of ongoing eruptions, and with the Alaska Energy Authority to provide technical expertise concerning geothermal resources. DGGS also evaluates resource potential around the state that may provide viable alternatives for energy development in rural Alaska.



Funding to support work requested by other DNR agencies mostly has been drawn from DGGS's annual general fund appropriation. However, for larger inter-division or other one-time efforts responding to special needs, the work is often supported by interagency fund transfers, Capital Improvement Project (CIP) funding, federal cooperative agreements, or private industry grants that supplement DGGS's general funds.

RELATIONSHIPS WITH LOCAL GOVERNMENTS

Most of the cooperative efforts implemented by DGGS with borough and municipal governments are conducted on a mutually beneficial but informal basis. For example, DGGS participates in a federally funded cooperative program to develop tsunami-inundation maps for coastal communities. In Kodiak, Homer, Seldovia, and Seward, communities for which inundation maps have been prepared in recent years, the city and borough governments worked closely with DGGS and other project cooperators to help design the project outputs to best benefit their needs for planning evacuation areas and routes. Similar cooperative efforts are currently underway with Whittier and Sitka for the next tsunami-inundation maps to be generated by this program. The Engineering Geology Section has worked closely with several communities to develop a field-geoscience outreach program for middle- and high-school students in rural Alaska, and has initiated a program working with coastal and river communities to help assess hazards

and alternatives for mitigating the effects of erosion, flooding, and other surface process that threaten their sustainability. Similarly, the Energy Resources Section has worked closely with rural communities to help assess potential local energy resources as alternatives to importing expensive diesel fuel.

RELATIONSHIP WITH THE UNIVERSITY OF ALASKA

DGGS has had a long and productive professional association with geoscientists and students in various departments of the University of Alaska. University



of Alaska faculty work as project team members on DGGS projects and provide special analytical skills for generating stratigraphic, structural, geochemical, and radiometric-age data. Collaborative research projects and program oversight help provide both organizations with focused work plans that complement one another. University students employed as DNR/DGGS interns also are an important part of the DGGS work force. While working on current DGGS projects, the students learn a wide variety of geology-related skills ranging from conventional geologic mapping and sample preparation techniques to modern digital database creation and geographic information systems. Some graduate students are able to apply their DGGS intern work to their thesis projects. DGGS and the University make frequent use of each other's libraries and equipment. DGGS's Volcanology Section has a long-term cooperative relationship with the UAF Geophysical Institute resulting from partnership in the Alaska Volcano Observatory. University faculty and students occasionally visit the Geological Materials Center in Eagle River to study the geology represented in cores and surface samples from around the state.

RELATIONSHIPS WITH FEDERAL AGENCIES

DGGS often has cooperative programs with the U.S. Geological Survey (USGS), the U.S. Bureau of Land Management (BLM), and the U.S. Department of Energy. Periodically in the past, DGGS has also engaged in cooperative programs with the U.S. Minerals Management Service (MMS; now the Bureau of Ocean Energy Management, Regulation and Enforcement, or BOEMRE), National Aeronautics and Space Administration (NASA), and the National Science Foundation (NSF). DGGS receives some federal funds from matching grants for which the Division must compete nationally with other organizations on a yearly basis. DGGS has been successful in securing funds to support mineral inventory mapping, surficial and earthquake hazards-related mapping, volcanic-hazards evaluations, and studies related to oil & gas and geothermal potential. Although DGGS has historically been very successful in receiving federal grants and appropriations, the process is highly competitive and these funds are therefore project-specific or complementary to state-funded programs and do not replace state General Fund money. Federal funding is pursued only for projects that are needed to advance the division's statutory mission.

Three ongoing cooperative programs with federal agencies have provided support for key elements of the DGGS mission in recent years. One is the Alaska Volcano Observatory (AVO), a partnership established in 1988 and consisting of USGS, DGGS, and the University



of Alaska Fairbanks Geophysical Institute. The USGS funds and administers the program for the purpose of providing a coordinated approach to mitigating volcano-hazard risks to the public, the state infrastructure, and air commerce. A second longstanding cooperative federal program is the STATEMAP component of the National Cooperative Geologic Mapping Program, established by Congress in 1992 and administered by USGS. STATEMAP provides matching funds for geologic-mapping projects according to priorities set by the Alaska Geologic Mapping Advisory Board (see below). A third major federal program is the Minerals Data & Information Rescue in Alaska (MDIRA) program, established by Congress in 1997. DGGS has completed numerous MDIRA projects, administered by USGS and BLM, for the purpose of recovering, indexing, archiving, and making publicly available minerals information at risk of becoming lost due to downsizing of public and private minerals-related programs. Although primary MDIRA funding for DGGS ended in early FY2010, in FY11 DGGS received a final allocation of remaining funds, which is being used to complete two ongoing MDIRA-related projects.

ALASKA GEOLOGIC MAPPING ADVISORY BOARD

The Alaska Geologic Mapping Advisory Board guides DGGS in pursuing its goal of providing earth science information to the Alaska public. A number of prominent geologists and community leaders, with a variety of backgrounds and a broad spectrum of experience in Alaska, have agreed to serve on the advisory board. The purpose of the board is multifold:

- To identify strategic geologic issues that should be addressed by the state.
- To inquire into matters of community interest relating to Alaska geology.
- To provide a forum for collection and expression of opinions and recommendations relating to geologic investigation and mapping programs for Alaska.
- To make recommendations toward identifying Alaska's diverse resources and promoting an orderly and prudent inventory of those resources.
- To increase public awareness of the importance of geology to the state's economy and to the public's health and safety.
- To promote communication among the general public, other government agencies, private corporations, and other groups that have an interest in the geology and subsurface resources of Alaska.
- To facilitate cooperative agreements between DGGS and other agencies, professional organizations, and private enterprise to develop data repositories and enhance the state's resource inventory and engineering geology programs.
- To communicate with public officials as representatives of groups interested in the acquisition of Alaska geologic information.
- To enlist public and legislative support for statewide geologic resource inventories and engineering geology programs.

The board held its first meeting in Fairbanks on October 22, 1995, and meets usually three times a year to discuss state needs, review DGGS programs, and provide recommendations to the State Geologist. The members solicit and welcome comments and suggestions from the public concerning state needs and DGGS programs throughout the year.

Current members of the board are:

Curt Freeman
Avalon Development Corporation, representing the minerals industry
Curt Freeman is President of Avalon Development Corporation, a consulting mineral exploration firm based in Fairbanks, Alaska.

Peter Haeussler
U.S. Geological Survey, representing the federal government, earthquakes hazards, and mapping interests.
Peter Haeussler is a geologist in the Anchorage office of the USGS Geologic Division, specializing in earthquake hazards, tectonics, and geologic mapping.

Tom Homza
Shell Exploration and Production, Alaska
Tom Homza is a Staff Geologist at Shell with more than ten years experience in oil and gas exploration and development in Alaska and represents the oil industry in mapping advice and structural interpretation.

Paul Layer
University of Alaska Fairbanks Department of Geology and Geophysics, representing the academic community
Dr. Paul Layer is an Associate Professor of Geophysics at the University of Alaska Fairbanks and former Head of the Department of Geology and Geophysics. He is currently Interim Dean of the College of Natural Science and Mathematics.

David Stanley
Alaska Department of Transportation & Public Facilities (DOTPF), representing state government and the engineering geology and geotechnical community
David Stanley is Chief Engineering Geologist of DOTPF, overseeing geotechnical studies in support of development and maintenance of the state's highways and airports.

FY2010 ACCOMPLISHMENTS

The Division of Geological & Geophysical Surveys (DGGS) is charged by state statute to generate new, objective, peer-reviewed information about the geology of Alaska, the potential of Alaska's land for production of minerals, fuels, and construction materials, and the potential geologic hazards to its people and infrastructure. As in past years, in FY2010 the Division successfully performed geological and geophysical mineral inventory mapping, generated new geologic data to support energy exploration, conducted hazard investigations, performed geologic and hazards studies on active volcanoes, and streamlined geologic data archival and dissemination.

MAJOR ACCOMPLISHMENTS IN FY2010

Energy Resources

- Conducted field geologic mapping, structural, and stratigraphic studies on the North Slope in collaboration with the Division of Oil & Gas and U.S. Geological Survey, collecting geologic data for evaluating the hydrocarbon potential of the Brooks Range foothills.
- Published a bedrock geologic map covering 480 square miles in the Kanayut River area south of Umiat.
- Finished editing a multi-chapter volume addressing key geologic relationships in the central Sagavanirktok Quadrangle relevant to oil and gas exploration on the North Slope.
- Published a report on the geology of potential reservoir sands in the Nanushuk Formation on the North Slope.
- Conducted field geologic mapping, structural, and stratigraphic studies in Cook Inlet in collaboration with the Division of Oil & Gas and U.S. Geological Survey, collecting data relevant to assessing the hydrocarbon potential of Cook Inlet basin.
- Completed draft reports summarizing potential fossil fuel and geothermal energy potential for each of the 11 Alaska Energy Authority energy regions.
- Published a multi-chapter volume addressing the geology of potential reservoir sands in Cook Inlet.
- Published new data on potential reservoir seal integrity for selected oil- and gas-bearing formations in Cook Inlet.
- Presented new data relevant to oil and gas exploration in the North Slope foothills and upper Cook Inlet to government and industry representatives at the annual meeting of the American Association of Petroleum Geologists.
- Presented new data relevant to the oil and gas potential of the Bristol Bay and Cook Inlet regions at the annual meeting of the Geological Society of America.
- Presented new data relevant to oil and gas exploration in the North Slope foothills and upper Cook Inlet to academic, government, and industry representatives at a two-day public meeting organized and hosted jointly by the Division of Geological & Geophysical Surveys and Division of Oil and Gas.
- Participated in multiple meetings with Apache Corporation to discuss the petroleum geology of Cook Inlet basin.
- Served on graduate student advisory committees for four University of Alaska geology students.
- Completed a short course on thermochronology laboratory methods.

Mineral Resources

- Published Alaska's Mineral Industry 2008 (Special Report 63), an authoritative annual report of statewide mining activity, in collaboration with the Alaska Department of Commerce, Community & Economic Development.
- Completed a draft bedrock geologic map of 113 square miles in the Slate Creek area, eastern Alaska Range.
- Completed a draft bedrock geologic map of 822 square miles of the Alaska Highway Corridor between Tetlin Junction, Interior Alaska, and the Canada border as part of an overall project to provide framework geologic information for the proposed natural gas pipeline route.
- Published geochemical reports for the Eastern Bonnifield and Chistochina mining districts, including new data to encourage mineral exploration and for understanding the geologic framework of Alaska.
- Initiated bedrock geologic mapping and mineral-resource assessment of 275 square miles of the Livengood–South area, Interior Alaska.
- Presented talks and posters at numerous state, national, and international conferences, to inform mineral industry and government representatives about current Alaska mineral industry activity and new DGGS Mineral Resources geologic studies, with the primary goals of disseminating geologic information and encouraging mineral industry investment in Alaska.
- Released airborne geophysical surveys of 653 square miles of the Moran area, Tanana and Melozitna quadrangles, Interior Alaska.

- Initiated airborne geophysical surveys of 750 square miles of the Ladue area, eastern-Interior Alaska.
- Initiated airborne geophysical surveys of 850 square miles of the Iditarod area, southwestern Alaska.

Engineering Geology and Hazards

- Completed draft and final maps and reports resulting from geologic mapping and hazards evaluation of 700 square miles along the Alaska Highway between Dot Lake and Tetlin Junction as the second part of a continuing study of the proposed natural gas pipeline corridor.
- Conducted fieldwork to map 800 square miles along the Alaska Highway between Tetlin Junction and the Canada border as the third segment of the proposed natural gas pipeline corridor. Publication is anticipated in fall of 2011.
- Completed fieldwork for 170 square miles in the Kivalina area in support of surficial-geologic mapping and hazards evaluations of coastal communities.
- Completed fieldwork for 255 square miles in the Koyukuk area in support of surficial-geologic mapping and hazards evaluations of communities at risk for hazards related to climate change.
- Presented new data at national professional meetings on ice-age catastrophic outburst floods in the Dot Lake–Tetlin Junction segment of the proposed gas pipeline corridor, and fault hazard studies in the Tyonek–Beluga area.
- Initiated a new program to collect high-resolution LiDAR (Light Detection and Ranging) data along the proposed natural gas export pipeline corridors in Alaska.
- Resumed collaborative efforts with the USGS to compile the Quaternary Fault and Fold Database, an online digital resource for active geologic structures in the state. The database will be completed and merged with the national database in 2011.
- Supported the Division of Homeland Security & Emergency Management's Statewide Hazards Mitigation Committee by reviewing and contributing to the updated Statewide Hazards Mitigation Plan.
- Supported the Alaska Energy Authority by reviewing alternative energy project proposals for potential geologic hazards that would need to be addressed in project implementation.
- Participated in multiple meetings and discussions as part of the Statewide Digital Mapping Initiative (SDMI), which has the primary goals of acquiring new and better digital map data for Alaska, including orthoimagery and digital elevation models, and making existing map products more readily accessible.
- Supported the Alaska Coastal Management Program (ACMP) by reviewing Coastal Project Questionnaires, advising project review coordinators on natural hazards issues, and reviewing and contributing to the ACMP Strategy and Assessment Plan.
- Completed agency reviews regarding potential geologic hazards and engineering-geologic considerations for multiple DNR land disposal and subdivision projects and for Environmental Impact Statements of the U.S. Department of the Interior's Bureau of Land Management (BLM).
- Led teacher workshops in Fairbanks as part of DGGS's ongoing involvement in MapTEACH (Mapping Technology Experiences with Alaska's Community Heritage), a geoscience education-outreach project developed by DGGS in collaboration with the University of Alaska Fairbanks and University of Wisconsin–Madison. MapTEACH is now being run by the University of Alaska Geography program, which has embraced it as its "flagship K–12 outreach program."
- Secured funding from the federal Coastal Impact Assistance Program (CIAP) to continue a major new DGGS program of coastal community geohazards evaluation and geologic mapping in support of coastal district and community planning.
- Provided administrative support for the Alaska Seismic Hazards Safety Commission. The Commission produces a separate annual report.

Volcanology

- Installed the Hazard Alert Notification System (HANS) at Cascades, Long Valley, and Yellowstone Volcano Observatories and trained personnel in its use. HANS was designed and created by DGGS/Volcanology and is now the alert notification system used exclusively at all U.S. volcano observatories.
- Processed 215 Redoubt tephra samples and created ash-fall density contour maps and volume calculations for all 19 explosive events of the 2009 eruption of Redoubt volcano. These ash-fall maps were used extensively in collaborations with ash-fall modelers to refine predictive models of ash deposition.
- Conducted annual water quality monitoring at Mother Goose Lake and the King Salmon River by collecting water samples and measuring the pH of natural acid water draining from Chiginagak volcano's crater lake. Acidification of these

drainages eliminated once-robust salmon runs between 2005 and 2009.
- Conducted field studies at Kasatochi volcano as part of an interdisciplinary, interagency team assessing the eruption and its impact on the local ecosystem. Kasatochi was one of a handful of major auklet nesting colonies, hosting several hundred thousand birds annually.
- Provided technical reviews of geothermal energy proposals to the Rural Energy Fund for the Alaska Energy Authority.
- Assisted DGGS/Geologic Communications in creating a system to deliver archived geospatial data over the web as part of the National Geological and Geophysical Data Preservation Program (NGGDPP).
- Purchased and installed three new servers and one data storage array. Two machines are taking over the AVO website and database (we now have three fully mirrored copies of the website and database), and one machine plus storage array serves and stores GIS data through ArcGIS and SQL Server. The three database servers run three-way-way replication, so a change on any one machine propagates to all other machines.
- Began writing and editing content submissions from more than 20 authors who are contributing to a summary publication of the 2009 eruption of Redoubt volcano.
- Conducted fieldwork to describe and sample the 2009 lava dome on Redoubt Volcano. Conducted further fieldwork to describe the effects of the 2009 eruption as well as the geologic history of the volcano.
- Procured and provided logistical coordination and support for interagency–AVO flight activities throughout Alaska.
- Co-wrote several chapters in USGS Professional Paper 1769 covering the 2006 eruption of Augustine Volcano. The report was published online in December 2010 (http:pubs.usgs.gov/pp/1769/).
- Scanned more than 3,000 (to date) photographic slides of volcanoes taken over the past several decades. These are important legacy images for tracking morphologic change due to eruptions.
- Responded to more than 500 emails to the Alaska Volcano Observatory.
- Continued development of GeoDIVA, the database that feeds the AVO website, by completing modal analyses of samples from the Redoubt 2009 eruption; compiling additional sample metadata, which increased the total recorded samples to 7,200 from 4,400; verifying and loading additional geochemical data, doubling the number of samples included; and updating the bibliography through 2009—now 4,500 references.
- Presented several papers at national and international geosciences meetings.
- Designed and published a deck of playing cards as a novel way to highlight Alaska's 52 historically active volcanoes. This deck helps raise the general public's consciousness of the existence of volcanoes in Alaska, an important first step in hazard risk mitigation.

Geologic Information Management and Delivery

- Edited, designed, and published 1 Annual Report, 2 Information Circulars, 1 Miscellaneous Publication, 1 Newsletter, 8 Preliminary Interpretive Reports, 3 Raw Data Files, 3 Reports of Investigation, and 1 Special Report. The division also released geophysical data for two areas, the Slate Creek–Slana River survey, and the Moran survey in the Melozitna and Tanana quadrangles.
- Distributed 5,157 DGGS reports and maps during the year and collected $7,142.20 in revenue from the sale of those reports. One of the hottest new sellers was Information Circular 59, an educational deck of playing cards with photos and other information about each of the 52 active Alaska volcanoes, for only $6.
- DGGS's website was visited 1,159,318 times during the fiscal year. The usage was highest in November and December, but dropped shortly afterward, when IT staff restricted bandwidth-intensive visits by webcrawlers such as Google.
- DGGS customers downloaded 525 free digital data packages from the publications website. These shapefiles and data tables are ready to be used in ArcGIS and other GIS programs. The most popular package was Miscellaneous Publication 133, Historically Active Volcanoes of Alaska; in second place was Miscellaneous Publication 8, Geothermal Resources of Alaska; running a close third was Special Report 37, Coal Resources of Alaska; and right behind was Information Circular 38, Volcanoes of Alaska.
- Added a complex new module to the DGGS website (www.dggs.alaska.gov) for loading and displaying geologic hazards information; this work is part of the final deliverable for an Alaska Coastal Management Program (ACMP) grant.
- The incidence of DGGS server downtime during FY2010 was virtually zero.
- Added a significant new function to the AASG website to load and display AASG Foundation information. Upgraded existing code to fulfill information requests and completed general

maintenance and content management tasks for the site. DGGS took over design and maintenance of the Association of American State Geologists website (www.stategeologists.org) as part of its membership responsibility in the organization.

- Provided training for DGGS staff on writing FGDC-compliant metadata to accompany datasets downloaded by the public. Additionally, 13 metadata files were edited to comply with DGGS digital data distribution requirements; files were loaded into the DGGS database and made available via the national geospatial one-stop website (geodata.gov).
- Presented a poster entitled "Alaska Geologic Materials Center (GMC) database: A web-based inventory" at the AASG–USGS Geoscience Data Preservation Techniques Workshop in Denver, July 14–15, 2009. Response to the presentation again showed that many other state geological surveys and federal agencies see DGGS as a model for setting up a database to accommodate vast quantities of geology-related data.
- Prepared and submitted a proposal to the U.S. Geological Survey for the FY2011 National Geologic and Geophysical Data Preservation Program (NGGDPP). The USGS awarded funding for a program to create a new online index for Alaska's energy data that might otherwise be permanently lost.
- Updated the DGGS online publications and database infrastructure to accommodate U.S. Bureau of Mines Alaska publications. These publications, which document mineral deposits identified in Alaska during past scientific research by staff of the former U.S. Bureau of Mines, continue to be sought after by industry explorationists and state and federal agencies. After the John Rishel Mineral Information Center closed in Juneau, the digital versions had disappeared. The publications are available only in printed form, in limited numbers, are irreplaceable, and very difficult to find. Scanning and posting them to the DGGS website preserves them in digital form.
- Compiled a photo inventory for the Geologic Materials Center that documents more than 18,000 DGGS surface geologic samples (60 percent of the total inventory of DGGS samples).
- The staff library received sizeable donations of valuable material: North Slope maps and reports (from retired DGGS geologist Gil Mull); gravity reports (from John Myer, DOG); Northern Latitudes Mining Reclamation Workshop proceedings; Tectonics and JGR journals and other reports (University of Colorado); rare editions of glacier reports (from retired DGGS geologist Richard Reger); DGGS and USGS reports (from NOAA Denver, University of Nevada, University of Nebraska, and an unknown Anchorage donor); an Alaska Railroad report from 1913 (from University of Nebraska); and others.
- Prepared displays for: the Alaska Miners Association November conference in Anchorage; Alaska Miners Association Biennial Conference in Fairbanks in March; the Tanana Valley State Fair for Mining Day; and the Governor's Picnic. A poster and paper were presented at the Digital Mapping Techniques (DMT) '09 conference and were posted on USGS DMT website; a presentation for GSA '09 was given on Database Best Practices and posted to the GSA website; and a "Digital Geologic Mapping" page was created for Wikipedia and accepted by ProjectGeology.
- Completely updated the DGGS cartographic manual to accommodate the many changes in the conversion from manual to digital cartography over the past decade or so. The manual provides guidance to encourage the products created by this division to have a uniform look and feel, and it provides many specifications that are helpful in making map sheets and accompanying booklets. Since the last update, the entire cartographic process has changed; the previous version was written for hand-scribed maps and now all of our products are generated digitally.
- Added a new, more powerful server to the computer resources of the division to facilitate individual backups; users were upgraded to an improved statewide mail archiving system; and the storage capacity of the division's main fileserver was increased by 15 terabytes.
- Acquired the "dggs.alaska.gov" and "seismic.aiaska.gov" domain names to facilitate the translation of our long, query-string-populated web addresses into plain English.
- Configured DGGS computer hardware so that it has consistently and successfully run backups for all of the division's servers and desktop computers. They also reconfigured local data storage for website/database to allow for automatic recovery of hard drive failures.
- Assisted with the addition of three new Alaska Volcano Observatory (AVO) servers to the State of Alaska network in April to allow for bandwidth conservation, GIS mapping tools, and database synchronization. During this fiscal year, DGGS also began sharing bandwidth for the AVO webserver with UAF, thus increasing access and resources for DGGS.

- Facilitated the addition of the Geologic Materials Center (GMC) in Eagle River to the State of Alaska Wide Area Network; through this connection, the GMC is now able to access the main fileserver in Fairbanks, the DGGS Oracle database, and the DGGS ArcGIS licenses.

Geologic Materials Center

- Hosted 424 visits to the GMC in Eagle River by industry, government, and academic personnel to examine rock samples and processed materials. Collaboration from these visits helped acquire 4,010 process slides, oil and gas material representing 78,496 feet from 37 wells, 15,180 feet of hard-rock mineral core, 2,500 pounds of surface samples, and 13 new technical data reports.
- An online version of the Alaska GMC inventory was released to the public in April 2010. This dataset, available in Google Earth format, includes oil and gas well locations, mineral prospect locations, sample types, and box-level details for more than 80 percent of the materials inventory available at the GMC. The online inventory allows users to quickly and easily view details of the GMC's materials repository before visiting the facility—the number one request from GMC users.
- Incorporated geologic formation-top picks into the GMC online inventory in October 2010. In-kind data contributions by the Alaska Oil and Gas Conservation Commission and U.S. Geological Survey were compiled by GMC staff and entered into the database. GMC users can now view all of the oil and gas well material associated with a particular geologic formation and therefore more easily identify the materials available at the GMC that represent their intervals of interest.
- Contract curator and former Alaska State Geologist Don Hartman has confirmed and detailed the material, box by box, for the State, USGS, NPR-A, Oxy, and Shell sample collections to improve the quality of the GMC inventory.
- Organized, documented, and detailed approximately 90 percent of the hard-rock material stored in more than 20 shipping containers. These efforts will improve the in-house materials database inventory, allowing staff to help users of the facility find information more quickly and pave the way for a future web interface to query the available materials at the GMC.
- The GMC now has the capability to lay out and display boxes of core for an entire well or borehole after staff reorganized and cleaned out the rear garage/lab area of the main warehouse. This area was previously occupied by equipment that was outdated, in poor working order, or potentially dangerous to use.
- The GMC is actively curating two subsets of valuable core sample collections at risk of severe material and data loss with funding in part from the National Geologic and Geophysical Data Preservation Program. The Amchitka and coalbed methane core curation projects are 50 and 10 percent complete, respectively.
- The GMC Curator visited the USGS Core Research Center in Denver, CO, the Austin Core Research Center in Austin, TX, and the GSC Calgary Geological Core and Sample Repository in Alberta, Canada, to learn about inventory management and the policies and procedures established at each facility. The knowledge gained during this trip will contribute immensely towards the design phase and planned future progress of a new core repository in Alaska and will help improve the management of the current GMC.
- The GMC reduced its natural gas consumption by nearly 40 percent, saving approximately $6,600 over a 12-month period, by making the main warehouse more energy efficient.
- Completed approximately 25 percent of the GMC inventory-mapping project. The inventory map will identify available empty shelves and provide the location and counts of specific material types, more accurate box-number and volume estimates, and unique IDs for each box. This effort will make the future transition to a new repository much more manageable.
- Continued to assist DGGS with database definitions and structure information for a future planned web-accessible sample-inventory database.

KEY ISSUES FOR FY2011-2012

Updating and Improving the Alaska Geologic Materials Center

- Our ability to develop the State's natural resources and maintain a robust economic engine is at a critical juncture. Significant investment in infrastructure will be required in the coming years to advance exploration and development efforts statewide. The Geologic Materials Center (GMC) is a key part of that resource infrastructure and is the "first stop" for oil and gas and mineral exploration companies that are attempting to prospect in the complex geology of Alaska.
- The GMC facility archives samples and rock core representing more than 13 million feet and 1,600 oil and gas exploration and development wells; 300,000 feet of mineral diamond core wells, and irreplaceable samples from geologic mapping and research done in every corner of the state.
- Although the GMC is being maintained in its current condition, the facility is more than 150 percent above its designed sample-storage capacity, and is very poorly designed to handle the frequent requests for reasonable access to the material.
- The GMC currently utilizes 60 portable containers as temporary storage facilities for recent sample acquisitions. These shipping containers are unlighted, unheated, and house thousands of feet of core, some of which will disintegrate with repeated freeze-thaw cycles. It is important to note that this collection represents hundreds of millions of dollars of acquisition and preservation costs and is in significant risk of damage or loss.
- Providing efficient and comprehensive access to these data is critically important for viable exploration programs, for both seasoned Alaska exploration companies and new companies that are trying to identify potential exploration areas.
- The core and sample observation areas are essentially unusable for confidential work and examination of more than a few feet of core length. An exploration company's ability to keep their activities confidential is critical to exploration success in a fiercely competitive environment. Often the core must be taken off site for substantial projects, creating a significant security threat to the unique core, and an expensive alternative for the exploration company. All of these factors results in a reluctance by some companies to make use of the facility because they must go through the onerous effort of transporting and unnecessarily handling the material at risk.
- A facility concept study, funded through a special federal appropriation, was completed in July 2006. The study identified the most feasible options for design and provided cost estimates for various configurations. It is the basis for our FY09 CIP-funded project to support the next phase, which is architectural and engineering design of the facility.
- **A significant challenge for DGGS in the near term will be to convince the public, lawmakers, and government officials of the importance of upgrading this facility and providing the funding necessary to keep this critical data source safe and accessible. We have initiated a multi-agency task force that will finalize the site selection and identify public funding sources to support the project.**

Renewed Focus on Natural Resource Development

- Increased activity in the natural resource exploration and development industries is good for the state on many fronts. With an increase in activity comes an expectation that the state will provide the necessary data to facilitate that development. DGGS welcomes this challenge and will be doing everything possible to meet the needs of this renewed focus.
- Our effort to provide critical geologic data to these entities will be tested as more and more end-users of our products demand quicker and more comprehensive response. The main challenge will arise from a static state budget and our ability to plan for the rapidly changing needs of the resource development community, and to gather the required field information in the face of rising operating costs.
- Spikes in the exploration cycle also create a situation where high-paying private-sector jobs become abundant, and opportunities for experienced geoscientists become commonplace. The state will need to stay diligent in order to keep our best and brightest employees.
- DGGS must continue developing and optimizing its data acquisition programs and work to discover new and more efficient ways to disseminate the information to the groups that need it.

Infrastructure Projects and Public Safety

- Development of Alaska's vast resources requires access to world markets. Providing geologic data for infrastructure maintenance and development will remain a key challenge for DGGS.

- The Alaska Gasline Inducement Act (AGIA) pipeline will require comprehensive information about construction materials and geologic hazards data to allow timely and safe design and development. DGGS is currently acquiring those data, but will need to accelerate the current pace to supply the needed maps and information.
- Large projects that will develop Alaska's huge natural resource base and sustain the State's economy require baseline data and hazards analysis so that permitting can take place in a reasonable timeframe and the environment can be properly protected. Unfortunately, most areas have only minimal data and little of the detailed geologic mapping that will be necessary to undertake these activities.
- Continued arctic warming will undoubtedly increase maintenance requirements on many of Alaska's current roads and transportation corridors. Identifying geologic hazards and areas prone to failure will be necessary to mitigate this change. Increased materials requirements will likewise strain Department of Transportation and Public Facilities' (DOT/PF) ability to address this issue. DGGS will work with other state agencies to provide modern analytical techniques for this work.
- Population continues to expand in some areas of the state, and those regions (like Wasilla) have essentially no baseline data on which to base zoning efforts and restrictions. Likewise, many areas where resource development is expanding lack the most rudimentary baseline data on things such as groundwater, geologic hazards, and resource abundance.
- **DGGS will be challenged to provide geologic information for infrastructure, human, and economic development, as well as transitioning our hydrocarbon-based economy. All construction in the state requires a complete analysis of the inherent geologic risks that are commonplace but poorly understood in most areas of Alaska.**

Changes in local energy supply and consumption

- A complete, or even partial, re-tooling of the state's domestic energy supply is not a trivial exercise. Providing the investment necessary to make changes is a first important step; however, there must also be oversight and monitoring of projects to avoid the substantial mistakes of the past. The Alaska Energy Authority has completed the first three rounds of the renewable energy grant program, which is working to develop alternate forms of energy in all corners of the state. DGGS will continue to be intimately involved in reviewing the proposals for resource existence, methodology, and data review. DNR will be tasked with the substantial job of regulating and permitting the hundreds of projects that have the real potential to significantly impact the state's natural resources.
- Sustained high energy prices and the current push to curtail carbon-based fuel use could have a significant impact on the economies of rural Alaska and threaten the viability of rural infrastructure.
- Many remote areas of the state lack sufficient geologic information on potential alternate forms of energy such as shallow natural gas, coal, geothermal, and conventional gas that will be necessary bridge fuels as the state and local governments grapple with increasing energy cost and decreasing availability.
- Misinformation about viable alternate energy sources is rampant and many expensive mistakes can be avoided by getting accurate information in the hands of the local governments and decision makers.
- **DGGS will be challenged to provide pertinent and timely data on numerous fronts, and addresse the occurrence of locally available energy sources. DGGS will continue to strive and make data available to those that need it and move Alaska toward a more secure energy future.**

Response to data needs for adaptation to a changing arctic climate

- Alaska will be a national focal point over the coming years, for indications and impacts of climate change. DGGS's ability to provide reliable, unbiased data for the development and evaluation of emerging policy and statute changes will be very important for achieving reasonable, long-range planning and mitigation. We will continue to collect geologic and hazards data needed to help mitigate and adapt to the changing environment, and make that data available to the public.
- Geologic information will be needed in a number of key climate-related mitigation efforts. Most importantly, these data will be required in areas of coastal development and critical infrastructure where ground settlement from thawing permafrost, increased erosion and landslide hazards, and changes in hydrologic systems (both surface and subsurface aquifers) will be prevalent.
- Historically, the state has relied on site-specific hazards analyses related to ongoing development or permit approval. The recognition of significant change across the arctic will require that regional

baseline data be gathered and made available. Continued population growth and development in Alaska will continue to encroach on areas with heightened geohazard risk.
- Because of the nearly ubiquitous need for modern geologic mapping and data in impacted areas of the state, DGGS will be tasked with acquiring geologic data, producing maps, and identifying risks (information that can be used in both short-term and long-term planning). In some cases it will be critical to have this data available in crisis situations.
- DGGS will work with many other agencies (with a wide range of mandates) in a coordinated effort so that the most important needs are addressed, and redundancy is minimized.
- **The key challenge will be in the prioritization of the areas, as there is much more need for data than personnel and funding to acquire it.**

DGGS FY2011 PROGRAM

PROGRAM FOCUS

DGGS develops its strategic programs and project schedule through consultation with the many users of geologic information—state and federal agencies, the Alaska State Legislature, the federal Congressional delegation, professionals in the private sector, academia, and individual Alaskans. Their input to DGGS programs comes through the Alaska Geologic Mapping Advisory Board, liaison activities of the Director, and personal contact between DGGS staff and the above groups.

The FY2011 DGGS program focuses on projects designed to foster the creation of future Alaska natural-resource jobs and revenue and to mitigate adverse effects of geologic hazards. For the foreseeable future, much of the economy will continue to depend on developing the state's natural resources. Within that future, energy and mineral resources constitute a major portion of the state's wealth. Mitigating the effects of geologic hazards helps preserve public safety and private investments by fostering sound design and construction practices. Both resource development and hazard risk mitigation depend heavily on the availability of reliable geologic information.

The role of DGGS in state revenue generation and the maintenance of Alaska's economy is strategic. DGGS provides objective geologic data and information used by in-state, national, and international mineral and energy companies, construction companies, air carriers, other DNR agencies, Department of Commerce, Community & Economic Development, Department of Transportation & Public Facilities, Division of Homeland Security & Emergency Management, and the Federal Emergency Management Agency. DGGS geologists provide geological and geophysical information to assist mineral prospectors, oil and gas explorationists, and others to explore for, discover, and develop Alaska's subsurface resources. DGGS is a central repository of information on Alaska geologic resources and a primary source of information for mitigating geologic hazard risks. To focus attention on Alaska's subsurface resource potential and geologic hazards, DGGS makes the state's geologic information available on statewide, national, and international levels. Through its Geologic Materials Center in Eagle River, DGGS also provides access to physical geologic samples collected by private companies and government agencies.

Minerals Data and Information Rescue in Alaska (MDIRA) Program

Downsizing of federal and state agencies in Alaska during the late '80s and early '90s placed at risk an extensive body of geological, geochemical, mineral, and mineral-development data that had been collected by federal, state, and private organizations over the past century. These data are archived in various locations offering various levels of storage capacity, quality, and accessibility. The budget shortfalls for federal and state archival functions created a need to develop aggressive plans for assembling, maintaining, and most importantly, creating value from this data legacy. For the purpose of this effort, "at risk data" is defined as any geologic data or voucher samples existing in substandard storage sites or in a mode in which data may be subject to irretrievable loss or degradation, or may be unavailable to meet the needs of its intended users. Beginning in 1998, a liaison committee comprising representatives from the Alaska Miners Association, Alaska Native corporations, University of Alaska, Alaska Department of Natural Resources, and independent mining industry consultants guided the implementation of the Alaska minerals data rescue efforts through a federally funded program entitled Minerals Data and Information Rescue in Alaska (MDIRA). DGGS projects supported in whole or in part by this program have been undertaken by the Mineral Resources and Geologic Communications sections. Although primary MDIRA funding for DGGS ended in early FY2010, in FY11 DGGS received a final

allocation of remaining funds, which is being used to complete four ongoing MDIRA-related projects. In the FY2011 Program Summaries that follow, these projects are indicated by an asterisk (*). Information compiled through MDIRA-supported projects is available at www.akgeology.info/.

FY2011 DIVISION EXPENSE BUDGET
(estimated expenses in thousands of dollars)

Program	General Fund	CIP	Federal	Interagency & Program Receipts	Total
Energy Resources	$858	$106	$201	$299	$1,463
Mineral Resources	$1,519	$281	$53	$5	$1,858
Engineering Geology	$356	$499	$561	$1,737	$3,154
Volcanology	$0	$0	$1,434	$11	$1,445
Geologic Communications	$929	$0	$0	$15	$944
Geologic Materials Center	$278	$119	$25	$50	$472
Administrative Services	$411	$0	$0	$2	$413
Seismic Hazards Safety Commission	$10	$0	$0	$0	$10
Total by funding source	$4,361	$1,005	$2,274	$2,119	$9,759

PROGRAM SUMMARIES

STATE GEOLOGIST/DIRECTOR

The Director's Office provides leadership and coordination for the activities of the Division through the State Geologist/Director, Division Operations Manager, and administrative staff.



OBJECTIVES

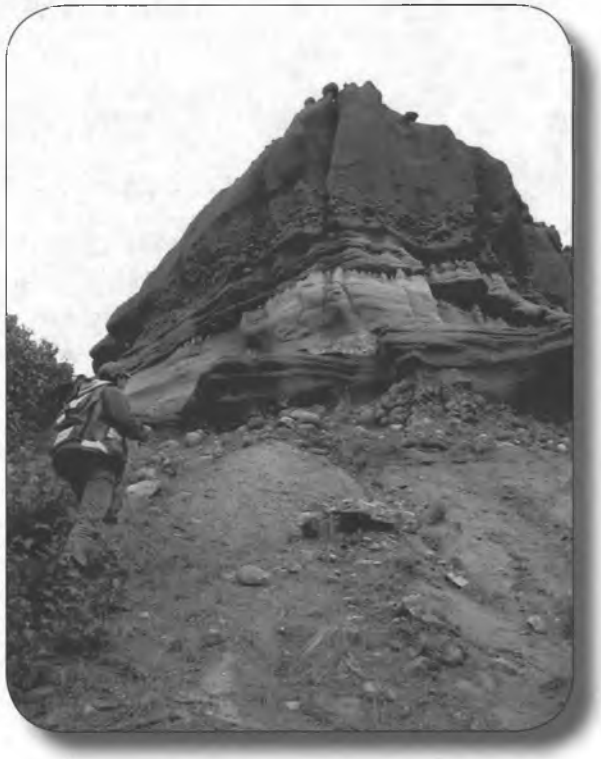
1. Provide executive leadership for the Geological Development component of DNR's program budget and act as liaison between the Division and the DNR Commissioner's Office, other state agencies, Legislature, Governor's Office, and local, federal, and private entities.
2. Stimulate exploration, discovery, and development of the geologic resources of the state through implementation of detailed geological and geophysical surveys as prescribed by AS §41.08.
3. Provide geologic information to mitigate the adverse effects of natural geologic hazards.
4. Provide secure archival storage and efficient public access to the state's growing legacy of geologic information, and energy- and minerals-related reference cores and samples.

TASKS

- Prepare annual Division funding plan including Alaska General Fund base budget, Capital Improvement Project budget, interagency programs, and federal initiatives.
- Inform Alaska state legislators, Governor's Office, Alaska Congressional delegation, and the public about the DGGS geologic program and its significance.
- Focus the Division's geologic expertise on addressing Alaska's highest priority needs for geologic information.

ENERGY RESOURCES

The Statewide Energy Resource Assessment program produces new geologic information about the state's oil, natural gas, coal, and geothermal resources. As both State and national oil and gas reserves continue to decline, and associated price volatility becomes the norm, it will become exceedingly important to identify new energy resources in the state to help offset declining conventional reserves and state income. An additional short-term need that must be addressed is identifying affordable energy resources that can be economically developed for smaller local markets. As a consequence, there is a continual need for acquisition and dissemination of fundamental geologic data using modern technology that will enable industry and local governments to better focus exploration efforts on prospective areas beyond the currently producing fields. Recent DGGS stratigraphic studies and geologic mapping in the central and eastern North Slope are stimulating exploration interest in the Brooks Range foothills. This underexplored frontier province appears to be dominantly gas-prone and has the potential to yield additional reserves for the proposed natural gas pipeline. In late FY2010, DGGS resumed stratigraphic studies in the Umiat region south and southeast of the Colville River in the Umiat Quadrangle of the central Brooks Range foothills. This area encompasses approximately 700 square miles straddling the proposed road corridor between Umiat and the Dalton Highway, and includes stratigraphic and structural elements important to understanding the oil and gas potential of Alaska's North Slope.



Predicted gas deliverability shortfalls in the south-central Alaska market have resulted in a significant increase in exploration interest in Cook Inlet Basin. With this new interest the exploration focus has shifted from permeable sandstones in structural traps to gas in tight (low porosity and permeability) sandstone formations and stratigraphic plays. To stimulate sustained exploration interest, DGGS initiated a multi-year study of this basin in FY2007, providing relevant high-quality data to help evaluate resource potential of tight formations and stratigraphic traps. This project focuses on building a robust model of the basin's stratigraphy to help predict the distribution of potential sandstone reservoirs and to provide a better understanding of parameters controlling reservoir quality and producibility. In FY2010 DGGS resumed stratigraphic and structural studies along the northwestern margin of the basin, in the Tyonek Quadrangle. This area includes some of the same rock formations that produce oil and gas in nearby fields such as Beluga, North Cook Inlet, and Granite Point. Features studied in outcrop are important for developing new techniques that will allow the productive life of these fields to be extended and help in the recognition of stratigraphic traps and reservoirs in tight formations. In late FY2010 DGGS resumed stratigraphic and structural studies on the western side of lower Cook Inlet, across from Ninilchik and Anchor Point. This area includes exposures of rocks known to be the source of most, if not all, of the oil and some gas produced from fields in upper Cook Inlet. Information obtained from these stratigraphic units provides important keys to understanding the remaining petroleum potential in the basin.

Many sedimentary basins in Alaska have geological characteristics that are conducive to hosting natural gas, including unconventional gas. However, most of these basins are so poorly known that we do not have a realistic understanding of their gas potential. For example, the geology of the Susitna basin suggests that it could host natural gas in quantities that could be produced for in-state use. In 2010 DGGS initiated a multi-year study of the natural gas potential of this basin and is currently compiling available data and planning fieldwork for the 2011 season. Information obtained from this project will add to the database of publicly available information on the petroleum geology of this basin, which will help stimulate private-sector exploration activity.

DGGS is collaborating with the Alaska Division of Oil and Gas on a study of the potential for deep rock formations to sequester carbon dioxide (CO_2). Publicly available coal data and existing coal mapping are being used to produce a derivative map showing the distribution of deep coal seams that are available for sequestration.

The Statewide Energy Resource Assessment program also is collecting new coal quality and stratigraphic data and working to implement a comprehensive statewide coal resource data file as part of an integrated DGGS geologic data management system.

DGGS is participating in a multi-agency effort to inventory Alaska's known energy resources. This project includes development of a user-friendly, web-based interactive map to display the location, type, and, where applicable, a risk-weighted quantity estimate of energy resources known to be available in a given area or at a specific site. In addition to this effort, DGGS is currently reviewing available information on potential geology-based energy resources for use by rural communities. This work will summarize available relevant information, identify areas of the state where additional information is needed to better understand the true resource potential, and will be incorporated into the web-based interactive map. The reporting function for this project was recently transferred to the Alaska Energy Authority.

The numerous elements of the Statewide Energy Resource Assessment program are financed from a mixture of sources: General Fund, Industry Receipts, Federal Receipts, and Capital Improvement Project funding.

OBJECTIVES

1. Encourage active private-sector oil and gas exploration on the North Slope outside the Prudhoe Bay–Kuparuk field areas.
2. Collect and publish new geologic data to stimulate renewed, successful exploration for hydrocarbons in the Cook Inlet Basin.
3. Collect and publish new geologic data to stimulate exploration for natural gas in the Susitna basin.
4. Provide a map showing the distribution of deep coal seams potentially available to sequester CO_2.
5. Provide DNR, other state agencies, and the public with authoritative information relating to the energy resources of the state so that rational policy and investment decisions can be made.

FY2011 ENERGY RESOURCES PROJECTS

Detailed project summaries for the following energy resources projects appear in the section Project Summaries—FY2011:

Brooks Range foothills & North Slope program – p. 34
Geologic mapping in the Gilead Creek area – p. 35
Cook Inlet geology & hydrocarbon potential – p. 36
Geologic mapping in the Tyonek–Capps Glacier area – p. 37
Geology and natural gas potential of the Susitna basin, p. 38
Refining estimates for Alaska coal seam carbon sequestration – p. 39
Alaska coal database – National Coal Resource Database System – p. 40
State Geological Survey contributions to the National Geothermal Data System - p. 41

In addition to the above projects, the Energy Resources Section performs the following tasks:

- Provide written evaluations of mineable coal potential for lease areas in response to requests from Division of Mining, Land and Water.
- Respond to verbal requests from other state agencies, federal agencies, industry, local government, and the public for information on energy-related geologic framework and oil, gas, and coal resource data.



MINERAL RESOURCES

The minerals industry has been a significant and steadfast partner in the economic well-being of Alaska since the late 1800s. In more recent times, global demand for strategic minerals is at an all-time high and Alaska's mineral reserves will play a significant role in helping to meet that rising demand. The mineral industry, however, has historically been reluctant to commit significant company resources to exploration without sufficient understanding of the geologic framework of their areas of interest. For this reason, and to support responsible stewardship of Alaska's mineral endowment, DGGS conducts geological and geophysical surveys of the most prospective Alaska lands that are open to mineral and other geologic resource development.



Alaska has an accessible state land endowment of more than 100 million acres, much of it selected under the Statehood Act because of perceived potential to host mineral wealth. Currently the overwhelming majority of these lands are not geologically or geophysically surveyed at a sufficiently detailed level, nor with the focus needed, to optimize mineral discovery and development. Recently, a DNR/DGGS program of integrated geological and geophysical mapping has been effective in attracting new private-sector mineral investment capital to Alaska. Projects of the Mineral Resources Section are designed to produce, on a prioritized schedule, the critical new surveys and reports needed to sustain Alaska's mineral industry investments and provide management agencies with information needed to formulate rational management policy.

The Mineral Resources Section also shares responsibilities with the Geologic Communications Section in the Division-wide task of continuing the implementation of a publicly accessible, comprehensive, on-line computerized Alaska geologic information database developed through the Minerals Data and Information Rescue in Alaska (MDIRA) program.

The numerous elements of the Mineral Resources Section are financed from a mixture of sources: General Fund base budget, Capital Improvements Project funding, and Federal Receipts.

OBJECTIVES

1. Catalyze increased mineral resource exploration in Alaska.
2. Provide DNR, other state agencies, and the public with unbiased, authoritative information on the geologic framework and mineral resources of the state to support rational land policy and investment decisions.
3. Provide, in cooperation with the Department of Commerce, Community and Economic Development, an accurate annual statistical and descriptive summary of the status of Alaska's mineral industry.

FY2011 MINERAL RESOURCES PROJECTS

Detailed project summaries for the following Mineral Resources projects appear in the section *Project Summaries—FY2011:*

Airborne geophysical/geological mineral inventory program: Airborne geophysical survey of the Ladue area, Fortymile mining district, eastern Alaska – p. 42

Airborne geophysical/geological mineral inventory program: Airborne geophysical survey of the Iditarod area, Iditarod, Innoko, and McGrath mining districts, western Alaska – p. 43

Airborne geophysical/geological mineral inventory program: Geologic mapping in the eastern Moran area, Tanana and Melozitna quadrangles, Alaska – p. 44

Airborne geophysical/geological mineral inventory program: Bedrock geologic mapping in the Tolovana mining district, Livengood Quadrangle, Alaska – p. 45

Airborne geophysical/geological mineral inventory program: Bedrock geologic mapping of the Slate Creek area, Mt. Hayes Quadrangle, south-central Alaska – p. 46

Airborne geophysical/geological mineral inventory program: Geologic mapping in the eastern Bonnifield mining district, Healy and Fairbanks quadrangles, Alaska – p. 47

Airborne geophysical/geological mineral inventory program: Bedrock geologic mapping of the northern Fairbanks mining district, Circle Quadrangle, Alaska – p. 48
Airborne geophysical/geological mineral inventory program: Bedrock geologic mapping in the Council–Big Hurrah–Bluff area, Seward Peninsula, Alaska – p. 49
Bedrock geology and mineral-resource assessment along the proposed Gas Pipeline Corridor from Delta Junction to the Canada border – p. 50
Annual Alaska mineral industry report – p. 51
*Alaska geological and geophysical map index – p. 52
*Geochronologic database for Alaska – p. 53

*MDIRA-supported project (see p. 16)

In addition to the above projects, the Mineral Resources Section performs the following tasks:

- DGGS Mineral Resource geologists provide timely responses to verbal and written requests for mineral information from other state and federal agencies, local government, industry, and the general public.
- Provide authoritative briefings about the status of Alaska's mineral industry, state support for mineral-resource ventures, and recently acquired geophysical and geological data at professional mineral industry conventions and trade shows, and in professional journals.

ENGINEERING GEOLOGY

The Engineering Geology program addresses major engineering-geology and geologic-hazard issues that affect the public safety and economic well-being in developing areas of Alaska. DGGS conducts engineering-geologic mapping to determine the distribution and character of surficial deposits, their suitability for foundations, susceptibility to erosion, earthquakes and landslides, and other geologic hazards. Geologic evaluations of areas subject to major hazards like floods, earthquakes, volcanic eruptions, tsunamis, and landslides help to forecast the likelihood of future major events and the severity of hazards associated with them. In addition to General Funds, some elements of the Engineering Geology program are partially or largely financed through Federal and interagency receipts.

In many areas, the state lacks the fundamental geologic data needed to guide the proper development and implementation of building codes, land-use zoning, right-of-way siting, and contingency planning for adverse natural hazard events. Loss of life and damage to infrastructure and buildings can be reduced through informed construction practices, land-use planning, building-code application, and emergency preparedness. However, economics and practicality dictate that mitigation measures be implemented first where risk is highest. Because hazards are not uniformly distributed, engineering-geologic and hazard maps become the first source of information about where damage is likely to be greatest and, therefore, where mitigation efforts should be concentrated. These maps are critical for emergency planning and the allocation of emergency-response resources prior to an adverse event.

The type of surficial-geologic mapping conducted for purposes of identifying geologic hazards and locating sources of construction materials is also of benefit for locating placer-mineral deposits. For this reason, engineering-geology personnel often participate in teams with DGGS's mineral-resources geologists to map areas of interest for minerals exploration.

A major continuing program headed by the Engineering Geology section but also involving members of the Mineral Resources section is the geologic mapping and hazards evaluation of the proposed natural gas pipeline corridor from Delta Junction to the Canada border. The purpose of this multi-year project is to provide detailed geologic information for a 12-mile-wide corridor on which to base alignment decisions, engineering design, permitting, and planning for future development along the Alaska Highway. Following acquisition of high-resolution airborne geophysical data in 2006, DGGS began collecting field data from Delta Junction eastward. Fieldwork was largely complete by 2010, with a minor amount of additional field assessment anticipated in 2011 and final reports and maps to be published in 2011 and 2012.

A significant effort of the Engineering Geology section in the past has been in support of MapTEACH (Mapping Technology Experiences with Alaska's Community Heritage), a field-based geoscience outreach program for middle- and high-school students in rural Alaska that emphasizes hands-on experience with geoscience and spatial technology in conjunction with traditional activi-

ties. The project came to the end of its original National Science Foundation funding in April 2008 and was adopted by the University of Alaska Geography program as its flagship K–12 outreach program. DGGS continues to be involved in a limited capacity with MapTEACH activities to enhance community understanding of landscape processes and natural hazards in rural Alaska, and to foster appreciation of state-of-the-art technology tools and datasets that can be applied to informed community planning and decision making.

Major new projects have been developed in response to the overwhelming need for baseline geologic mapping and natural hazards evaluations in and near communities that are being affected by severe erosion and flooding problems, some of which are likely to be exacerbated by climate change. Thawing permafrost and possible sea level changes are also a growing concern for many Alaskan communities. DGGS recognizes the importance of reliable scientific information to help the state and its communities prepare for potential emergency situations resulting from geologic hazards, including those that are affected or amplified by climate change. DGGS will perform geologic studies to identify high-risk areas where proactive mitigation efforts will be needed and useful, as well as evaluating proposed relocation sites for communities faced with the immediate need to move to a safer location. Additionally, new DGGS expertise in the field of neotectonics (active faulting) will be dedicated to identifying and understanding active faults and earthquake hazards in developing areas of the state.

OBJECTIVES

1. Help mitigate risks to public safety and health by providing information on geologic hazards as they affect human activity.
2. Provide geologic information to help lower the costs of construction design and improve planning to mitigate consequences arising from hazardous natural geologic events and conditions.
3. Provide reliable engineering-geologic data for informed land-use decisions by the government and private sector.
4. Identify sources of sand, gravel, rip-rap, stone, and other geologic construction materials required to create the infrastructure, roads, and other land-based transportation corridor improvements necessary to support expanded development of natural resources and other local economic activities in Alaska.
5. Identify potential sources of placer minerals in conjunction with minerals resources mapping projects.

FY2011 ENGINEERING GEOLOGY PROJECTS

Detailed project summaries for the following Engineering Geology projects appear in the section *Project Summaries—FY2011:*

Alaska Coastal Management Program: Natural hazards – p. 54
Assessments of geologic hazards associated with climate change – p. 55
Geohazard evaluation and geologic mapping for coastal communities – p. 56
Geologic mapping and hazards evaluation in and near Kivalina, northwestern Alaska – p. 57
Geology, geohazards, and resources along the proposed gas pipeline corridor, Alaska Highway, from Delta Junction to the Canada border – p. 58
LiDAR acquisition for geologic hazard evaluation – p. 59
MapTEACH – p. 60
Quaternary fault and fold database – p. 61
Surficial-geologic and neotectonic mapping of the Slate Creek area, Mt. Hayes Quadrangle, south-central Alaska – p. 62
Surficial-geologic and neotectonic mapping of the Tyonek area, western Cook Inlet, Alaska – p. 63
Surficial geology in the Sagavanirktok Quadrangle, North Slope, Alaska – p. 64
Surficial geology of the northern Fairbanks mining district, Circle Quadrangle, northeastern Alaska geophysical survey tract – p. 65
Tsunami inundation mapping for Alaska coastal communities – p. 66

In addition to the above projects, the Engineering Geology section performs the following tasks:

- Produce written evaluations of potential hazards in areas of oil exploration leases, land disposals, permit applications, etc., and respond to verbal



requests for information from other state agencies, local government, and the general public.

- As part of the Alaska Coastal Management Program, conduct reviews of district coastal management plans, Coastal Policy Questionnaires, and consistency applications to determine compliance with the program's natural hazards standards (11 AAC 112.210).
- When appropriate, conduct post-event hazard evaluations in response to unexpected major geologic events (for example, earthquakes and landslides), providing timely information dispersal to the public via electronic as well as traditional methods, and providing event and continuing hazard information to appropriate emergency management agencies.

VOLCANOLOGY

The Volcanology program of DGGS works as part of an interagency consortium to mitigate hazards from Alaska volcanoes. The consortium is the Alaska Volcano Observatory (AVO), formed by Memorandum of Understanding in 1988. AVO cooperators are DGGS, the U.S. Geological Survey (USGS), and the University of Alaska Fairbanks Geophysical Institute (UAF/GI). The Director established Volcanology as a separate section of DGGS in early 2007.

AVO studies volcanoes to increase understanding of hazards at particular volcanoes and how volcanoes work in general; monitors volcanoes using seismology, geodesy, satellite remote sensing, field studies, and local observers; and provides timely and accurate warning of increasing unrest and eruptions to emergency management agencies, other government entities, the private sector, and the public. The majority of Alaska's 52 historically active volcanoes are remote from human settlements, but all underlie the heavily traveled north Pacific passenger and cargo air routes between North America and Asia; thus the aviation sector is an important recipient of AVO monitoring and reporting. The vulnerability of local infrastructure to active volcanoes was illustrated by the near-flooding of the Drift River Oil Terminal by lahars (volcanic mudflows) generated on three separate occasions during the spring 2009 eruption of Redoubt volcano. In addition, important transportation hubs at Cold Bay, Unalaska/Dutch Harbor, and Adak are all downwind from nearby active volcanoes, and construction will begin this spring on a ~4,500-foot airstrip 15 miles downwind from Akutan volcano.

The three component agencies of AVO (DGGS, USGS, UAF/GI) each bring particular strengths to the observatory, while sharing general expertise in volcanology. Among these agencies, DGGS has the primary AVO mandate for baseline geologic mapping and the state's mandate for hazards studies. DGGS's administrative flexibility has allowed us to build and maintain the AVO website, serving a large database of descriptive material about volcanoes, providing a cutting-edge system for intra-observatory communication and data sharing, and providing notices of eruptions and unrest to users in public, private, and government sectors. The database and information dissemination tools built around the database have emerged as the most powerful such tool among volcano observatories worldwide, and portions of the software designed and written at DGGS are in use at other U.S. volcano observatories. Particular strengths of the USGS are the federal hazards mandate and direct ties with federal agencies. UAF/GI brings a research mandate and access to technological resources (such as satellite data downlink centers) beyond the financial capability of other AVO partners. All agencies have fundamental expertise in the many scientific and technical disciplines that comprise volcanology.

Funds for DGGS participation in AVO come from cooperative agreements with the USGS. The majority of these funds in turn come from the USGS Volcano Hazards Program base budget. In the past, the remainder has come to USGS as specially mandated congressional programs through other agencies in other departments, such as Transportation and Defense. The loss of these designated funds has negatively impacted AVO's ability to maintain volcano-monitoring networks. The continuing impact to AVO will be significant if replacement funds are not secured. The outcome of the federal budget process is unknown, and difficult to predict.

OBJECTIVES

1. Help mitigate risks to public safety and health by providing information on volcanic hazards as they affect human activity.
2. Represent the State of Alaska's interests within the multiagency Alaska Volcano Observatory.
3. Develop and maintain the Alaska Volcano Observatory website as a primary communications vehicle to deliver information about Alaska's volcanoes to the public and provide internal communications and data exchange among AVO personnel.

4. Provide comprehensive information on Alaska volcanoes, including past history and current activity, to the general public, agencies, and volcanologists worldwide.

FY2011 VOLCANOLOGY PROJECTS

Detailed project summaries for the following Volcanology projects appear in the section *Project Summaries—FY2011:*

Redoubt volcano: Edifice and 2009 dome geologic investigations – p. 67
Redoubt volcano: Tephra studies – p. 68
Kasatochi volcano: Geologic studies and ecosystem response – p. 69
Okmok volcano: Geomorphology and hydrogeology of the 2008 phreatomagmatic eruption – p. 70
Chiginagak volcano: Monitoring environmental recovery from the 2005 acid crater lake drainage – p. 71
Alaska Volcano Observatory website and database – p. 72

In addition to the above projects, the Volcanology Section performs the following tasks:

- Assist AVO in volcano monitoring. AVO monitors volcanoes using short-period seismometers, broadband seismometers, continuous telemetered GPS, satellite imagery, gas measurements, web cameras, and local observer reports. AVO maintains seismic networks on about 30 active volcanoes (up from four in the mid 1990s), and monitors more than 100 volcanoes twice daily by satellite. While not a primary DGGS activity, DGGS assists in volcano monitoring when needed during eruption events.
- Provide advanced GIS expertise to all component agencies in AVO. This includes producing base maps in areas where 1:63,360-scale topographic maps do not exist, retrieving and georegistering maps from discontinued map series, and producing a variety of other georegistered data products. DGGS also provides expertise in finalizing and troubleshooting GIS-based map publications using standard GIS techniques for numerous projects in all AVO component agencies. DGGS is currently leading the effort in AVO to make a web-accessible catalog of GIS resources.
- Provide helicopter and fixed-wing airplane logistics. DGGS manages helicopter charter procurement for all major AVO projects, and fixed-wing charter for volcanic gas measurement flights. Consolidating all the contracting in a single agency results in significant budgetary and logistic efficiencies.
- Perform geochemical data procurement and archiving, coordinating geochemical analyses, and maintaining the archive of those data. These data share rigid inter-project quality controls, making the combined dataset a major resource for researchers and adding substantially to the value of the data from individual geologic mapping projects.
- Represent DGGS to CUSVO/NVEWS. DGGS is one of the charter members of the Consortium of U.S. Volcano Observatories (CUSVO), which provides coordination among the five volcano observatories in the United States. The National Volcano Early Warning System (NVEWS) is a major emerging initiative of CUSVO; the DGGS project leader serves on the NVEWS steering committee.
- Provide information on geothermal resources to state and federal agencies, the private sector, and the public.



GEOLOGIC COMMUNICATIONS

The Geologic Communications Section provides a variety of services that make Alaska geologic and earth science information readily available to the public, private industry, government, and academia. Some team members work to publish reports and maps; some maintain and upgrade the division's Digital Geologic Database; some maintain and improve the DGGS website; and others ensure the entire division has a network and computer equipment that helps staff do their jobs.

The section's publications specialists edit, design, publish, and distribute technical and summary reports and maps generated by the Division's technical projects about Alaska's geologic resources and hazards. The maps and reports released with the help of this group are the state's primary means for widely disseminating detailed information and data relating to Alaska's subsurface mineral and energy wealth, geologic construction materials, and geologic hazards. These printed or digital-format documents and datasets focus attention on Alaska's most geologically prospective and useful lands and are the authoritative geologic basis for many of the state's resource-related land-policy decisions. They also encourage geologic exploration investment leading to resource discoveries and subsequent major capital investments. Timely availability of geologic information from DGGS is a significant factor in stimulating Alaska's economy and mitigating the adverse effects of geologic hazards.



The section's geologic information center ensures that information is delivered to the public on a wide range of topics including mineral and energy resources, prospecting, earthquakes, volcanoes, and permafrost. It assists customers in understanding geologic and geophysical maps, and manages sales and inventories of geologic reports, maps, and digital data. Additionally, the information center prepares displays and represents the division at geologic conferences and events. The section produces this annual report summarizing division activities and accomplishments; publishes twice-yearly newsletters to communicate division progress and advertise recent publications; designs, edits, and produces technical and educational geologic maps and reports in printed and digital formats; manages the DGGS library so that reports (by DGGS and other agencies) are available for geologic staff use; and participates in outreach activities such as classroom presentations, science fair judging, and helping teachers plan earth science units.

The division's digital geologic database project (Geologic & Earth Resources Information Library of Alaska – GERILA) has three primary objectives: (1) maintain this spatially referenced geologic database system in a centralized data and information architecture with networked data access for new DGGS geologic data; (2) create a functional, map-based on-line system that allows the public to find and identify the type and geographic locations of geologic data available from DGGS and then view or download the selected data along with national-standard metadata (www.dggs.alaska.gov/pubs/); and (3) cooperatively integrate DGGS data with data from other agencies through a multi-agency website (www.akgeology.info/).

The Geologic Communications section provides computer hardware and software and Geographic Information System (GIS) service and support to DGGS staff, and streamlines information delivery to the public. The section developed the division's website and began extensive use of the Internet in FY1998 to increase the availability of the Division's information and to provide state and worldwide access to the information about the geology of Alaska. These efforts developed into a major project to establish, maintain, and enhance a

state–federal, multi-agency, Internet-accessible Alaska geologic database management system. Federal funding supported an extensive effort to scan, convert to digital format, and post the entire pre-digital DGGS collection of publications on our website. The U.S. Geological Survey provided additional funds to do the same for all pre-digital Alaska-related USGS publications and make them available via the DGGS website. Recent additions to the DGGS website include the Alaska minerals-related publications of the U.S. Bureau of Land Management (formerly U.S. Bureau of Mines), and publications produced by the University of Alaska Fairbanks Mineral Industry Research Laboratory (MIRL).

The Geologic Communications Section is supported by the General Fund, Program Receipts from publication sales, and Federal Receipts.

OBJECTIVES

1. Disseminate new, accurate, unbiased, Division-generated data on Alaska's geology, as well as selected pertinent data from other sources, to DNR policy and regulatory groups, to the public at large, and to all other interested parties, within one year of its acquisition.
2. Preserve and manage the data and knowledge generated by the Division's special and ongoing projects in an organized, readily retrievable, and reproducible form consistent with pertinent professional standards and documented with national-standard metadata.
3. Enhance public awareness of Alaska's prospective mineral and energy resources and geologic hazards.

FY2011 GEOLOGIC COMMUNICATIONS PROJECTS

Detailed project summaries for the following Geologic Communications projects appear in the section *Project Summaries—FY2011:*

Digital geologic database project– p. 73
Field mapping technology project – p. 74
Website development/Online digital data distribution – p. 75
Publications and outreach project – p. 76
National Geological and Geophysical Data Preservation Program (NGGDPP) – p. 77
Information Technology (IT) infrastructure project – p. 78
*Alaska Mineral Industry Data Index (AKMIDI) – p. 79
*Alaska paleontological database migration – p. 80

*MDIRA-supported project (see p. 16)

GEOLOGIC MATERIALS CENTER

The Alaska Geologic Materials Center (GMC) in Eagle River archives and provides public access to non-proprietary oil, gas, and coal drill cores and drill-cutting samples, rock cores from mineral properties, and processed ore, oil, gas, coal, and source-rock samples. These samples are used by government and private-sector geoscientists to improve the odds of finding new oil, gas, and mineral deposits that will maintain the flow of state revenues and provide in-state employment. The Geologic Materials Center Project is supported by the General Fund budget and in-kind contributions from industry. Additional financial support is received annually from the Alaska Oil & Gas Conservation Commission. The private sector contributes the cost of delivering all new samples, sample preparation and analyses, sample logs, and data logs, and occasionally donates storage containers and/or shelving.



The holdings of the GMC are a continually growing asset that is compounding in value over time at little cost to the state. The GMC facility is staffed by two Division geologists, a Natural Resource Technician, a contract geologist, three student interns, and several volunteers. The GMC has formal cooperative agreements with the U.S. Geological Survey, the U.S. Bureau of Ocean Energy Management, Regulation and Enforcement, and U.S. Bureau of Land Management to house and control their geologic materials from Alaska. A voluntary 14-member board advises the curator and DGGS on matters pertaining to the GMC.

With federal funding and through a Reimbursable Services Agreement with the Department of Transportation & Public Facilities, DGGS recently completed a concept study for construction of a new materials center to replace the existing GMC. The sample collection long ago exceeded available warehouse space, with the overflow now occupying 60 unheated tractor-trailer type portable storage containers. Limited space and unsuitable site conditions preclude significant expansion at the existing site in Eagle River. DGGS is negotiating a proposed new site in Anchorage and is now looking for sources of funding to finance the project. The concept study report is available on the GMC web page. DGGS has begun the design and engineering for a new facility with support of state Capital Improvement Project (CIP) funds. This work is being conducted by a private engineering firm contracted by the Department of Transportation & Public Facilities.

OBJECTIVES

1. Encourage responsible resource development and in-state employment opportunities by increasing accessibility to representative geologic samples and information pertaining to oil, gas, and mineral exploration.
2. Advance the knowledge of the geology and resources in Alaska's structural basins favorable for oil or gas discovery.
3. Advance the knowledge of Alaska's mineral potential by making available representative samples of ores and drill cores from mineral deposits throughout the state.

A detailed project description for the Geologic Materials Center appears in the section Project Summaries–FY2011 (p. 81).

ADMINISTRATIVE SERVICES

The Administrative Services group provides financial control and administrative support for all other projects in the Geological Development component including: securing lowest costs for goods and services; maintaining, and when necessary, procuring vehicles for fieldwork; coordinating travel arrangements and appropriate paperwork to minimize travel expenses and field party subsistence costs; administering and monitoring grants and contracts; tracking and reporting project expenditures to ensure cost containment within budget for all projects; mail/courier services; assistance in personnel matters; and any other support necessary to increase efficiency or savings in acquiring and disseminating knowledge of the geology of Alaska.

OBJECTIVE

1. Facilitate the efficient administration of DGGS programs and projects.



TASKS

- Monitor grants and contracts (Federal, Interagency, and Program Receipts) to ensure deliverables are produced on schedule and within budget; ensure expenses are timely and properly billed against grants and contracts and receipts are collected promptly.
- Provide accurate, timely reporting of project expenditures and current balances; encourage prudent money management.
- Provide accurate, timely processing of employee timesheets, invoices, procurement records, and other documentation required by the State; ensure strict adherence to State archiving requirements.
- Minimize the cost of transportation to and from the field by coordinating personnel travel and supply shipments.
- Coordinate Division vehicle use to minimize requests for reimbursement for personal vehicle mileage.
- Make travel arrangements and complete travel authorizations to ensure use of the lowest-cost travel options.
- Assist staff with personnel matters; inform staff about changes in personnel rules or benefits and ensure that all personnel paperwork complies with applicable rules and regulations. Estimate future personnel salaries and benefits to assist management in making human resource decisions necessary to efficiently accomplish the division's mission.

EMPLOYEE HIGHLIGHTS

~~~ WELCOME ~~~

Rebecca-Ellen Farrell started working with DGGS in June 2010 as a geologist in the Engineering Geology section. She is working on the Alaska Quaternary Fault and Fold Database, which will be incorporated into the U.S. Geological Survey's national database of active faults and folds.

Originally from Pennsylvania, Rebecca-Ellen earned her B.A. in Geology from Smith College in 2004. Feeling drawn to Alaska, she moved to Juneau for two years. To continue her studies, she relocated to Vancouver, B.C., where she earned her M.S. in Geological Sciences (Volcanology) from the University of British Columbia in May 2010. Her thesis work focused on the Neogene Chilcotin basalts, located in Chasm Provincial Park, central British Columbia. Her favorite things to do while working in the Chasm canyon included stratigraphic logging, facies analysis, sampling for geochronology, traversing, and drawing cross-sections, while at the same time observing lots of California Big Horned Sheep. Using physical volcanology, she reconstructed the emplacement history by defining the volcanic facies architecture for the Chasm canyon.



Outside of the office, Rebecca-Ellen enjoys speedskating, cycling, yoga, and hiking about in the Interior.

Patricia (Trish) Gallagher joined DGGS as a Geologist in October 2010. She grew up in the foothills of Colorado and moved to Alaska to attend the University of Alaska Fairbanks. She graduated in May 2009 with a bachelor's degree in geology. From 2008 to 2009, while completing her geology degree at UAF, Trish was a student intern for the Engineering Geology section at DGGS. Her primary responsibilities were to use GIS and graphics programs to edit maps as part of the Gas Pipeline Corridor Geologic Hazards and Mapping Project. After graduating, Trish has continued working with DGGS as a non-permanent geologist, where she is involved with work on the Gas Pipeline Corridor Project .



Trish managed the field database and assisted with field logistics in addition to doing GIS and graphics work for the Gas Pipeline Corridor Geologic Hazards and Mapping Project. As a non-permanent geologist she supports multiple Mineral Resources Section projects with field operational support, computer and field data Access database management and input, post-field sample management, data analysis, and ArcGIS data-layer construction.

When not at work, Trish loves to ride horses, bake and decorate cakes, fish, spend time outdoors, and spoil her lovable husky, Aedan.

Gerry Griesel joined the Mineral Resources section at DGGS in June 2010. He was born in Calgary, Alberta, and spent his first seven years in rural southeastern British Columbia before moving to Washington state in 1985. He earned his B.S. in Geology from Western Washington University (WWU) in 2001. While at WWU he developed an affinity for doing field work in the North Cascade Mountains of Washington and British Columbia. Following his undergraduate degree he worked with Washington State Department of Natural Resources on geologic mapping projects and as a Teaching Assistant for WWU field classes. Gerry returned to WWU in 2004 to earn his Master's degree in Geology. His research focused on the complex structural evolution and tectonic history of the North Cascades.



After graduate school, Gerry worked for two years on various projects in the Basin and Range province of North America. In 2008 he worked for a small gold exploration company mapping high-angle structures related to a hot-spring-style epithermal gold system in the Albion range of southeastern Idaho. He spent the following year with AltaRock Energy, one of only a few companies in North America that are actively seeking to develop engineered geothermal systems (EGS). He was the lead geologist in charge of identifying the most suitable targets for potential EGS development across a broad area of southeastern Oregon and northern California. He had begun working with another small gold company in Nevada in early 2010 before accepting the position with DGGS.

When he is not at work, Gerry's interests include snowboarding (shout out to Mt. Baker Ski Area!), backpacking, camping, barbeque, sports (Go Seahawks! Go Mariners!), and live music. He and his wife Michelle celebrated the birth of their first child, Baker Maxwell Griesel, who arrived December 10, 2010. They are both new to Alaska, and are looking forward to learning some new hobbies, such as canoeing, fishing, shooting, and cross-country skiing.

Nicole Kinsman is making a gradual transition into her position as the new coastal geologist with the Engineering Geology Section of DGGS. She arrived in Fairbanks in June 2010 and stepped right into the field, investigating coastal hazards in and around Kivalina. Nicole expects to return to DGGS in January 2011 upon wrapping up her Ph.D. in Earth Sciences at the University of California, Santa Cruz.



Nicole hails from upstate New York, where her initial exposure to coastal erosion arose maintaining a cement seawall with her grandfather on the glacial till bluffs of Lake Ontario. She attended Colgate University and received her B.A. in Geology with a thesis on the stable isotope geochemistry of metamorphic fluids. Thanks to a coastal geomorphology class at the University of Wollongong, Australia, Nicole reconciled her long-standing interests in both ocean science and geology and moved to California to pursue a career in the coastal sciences.

In California, Nicole worked closely with the Department of Boating and Waterways to improve regional coastal management by inventorying coastal engineering structures (for example, groins) and documenting local knowledge of the shoreline's response to anthropogenic modification. Her doctoral research is focused on the influence of engineered littoral barriers on sandy beaches,

and coastal cliff morphology. She has also been contracted by the U.S. Geological Survey to conduct coastal sediment transport and shoreline change studies in southern California. Nicole's research interests encompass a wide range of topics from coastal landform evolution to human-induced coastal modifications and coastal hazards.

Nicole is very excited about relocating to Alaska and cannot wait to explore the state's impressive geology, both at work and in her free time. When she is not hiking or counting sand grains, Nicole enjoys canoeing, sewing, carpentry, and aviation.

David Mauel began working as geologist with the Energy Resources Section's bedrock mapping team in June 2010 and was out doing fieldwork on the North Slope by his fourth day on the job. Dave was born and raised in the small town of Oconomowoc, Wisconsin. After high school, he attended the University of Wisconsin Oshkosh and earned his B.S. in Geology. He then left his fellow cheeseheads and moved to the desert southwest, where he worked as a geologist for ASARCO at the Ray Mine, a large porphyry copper deposit in east-central Arizona.



Following a downturn in the mineral industry, Dave returned to school, where he focused on the study of basin analysis and sedimentary tectonics. In 2008 he earned his master's degree from New Mexico State University. His graduate research utilized stratigraphy, sedimentology, geochronology, and structural analysis to improve understanding of a Late Jurassic rift basin in Sonora, Mexico, which underwent its greatest subsidence concurrently with the initial opening of the Gulf of Mexico and breakup of Pangean supercontinent. While attending New Mexico State, Dave also taught in middle school science classrooms several days a week for two years as a National Science Foundation GK-12 Fellow. As part of this program, he designed and implemented inquiry-based modules intended to foster critical thinking skills in the students.

Although Dave's geological interests lie primarily in basin analysis and tectonics, he remains interested in Alaska's mineral deposits. It was while working on various copper, gold, and nickel explorations programs in the minerals industry from 2005 to 2010 that Dave was introduced to Alaska's geology and natural wonders. As a result, he remains interested in learning more about the geology of Alaska's many deposit types, in addition to its rich mining history.

Dave is looking forward to his first Fairbanks winter, particularly the opportunity to try out the local cross-country skiing trails. In his spare time, he enjoys hiking, reading, playing guitar, and traveling.

~~~ GOODBYE ~~~

ALFRED (FRED) STURMANN retired from his position as DGGS's Geographic Information System (GIS) Manager and Cartographer at the end of August 2010. In his career at DGGS, which spanned nearly 30 years, "state-of-the-art mapmaking" evolved from a painstaking, hand-scribed method that frequently involved years of handwork to produce one geologic map sheet, to lightning-speed digital production of maps, from start to finish in possibly a month or less. Fred won one national and 12 statewide awards for cartographic design over the years.

In one of his final projects before retirement, Fred rewrote the DGGS Geologic Cartography Manual, addressing the digital process and incorporating the tips and suggestions he had so that all future mapmakers at the survey could benefit from it.



Fred and Erna like to sail their small sailboat on Alaska's lakes or ocean or go on extended kayaking tours. They like to hike and ski, and enjoy camping in the mountains. Alfred enjoys making furniture of the Arts & Crafts period.

We wish the best for Fred and his family as he works on completing his new house and plans a trip to Austria to visit family there.

Happy Sailing, Fred and Erna!

PROJECT SUMMARIES—FY2011

Alaska faces the challenge of growing a healthy economy from its natural resources while protecting an environmental legacy that is the envy of many. The Department of Natural Resources' Division of Geological & Geophysical Surveys is an integral partner in the team of state agencies that strive to meet this challenge. The output from our projects provides the fundamental earth-science information required to guide critical policy decisions, encourage exploration investment, mitigate the effects of geologic hazards, and improve the quality of life for all Alaskans.

The overviews of the following 48 projects that DGGS is pursuing in FY2011 span the scope of our legislative mission statement.

Each of these projects is making a positive difference for Alaska. Many are implemented through various cooperative agreements with other state and federal agencies, universities, in-house project teams, and contracts. We leverage state General Funds through these arrange-ments so that the Division's work provides the greatest possible benefit from the public's investment.

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Geologic Materials Center 81

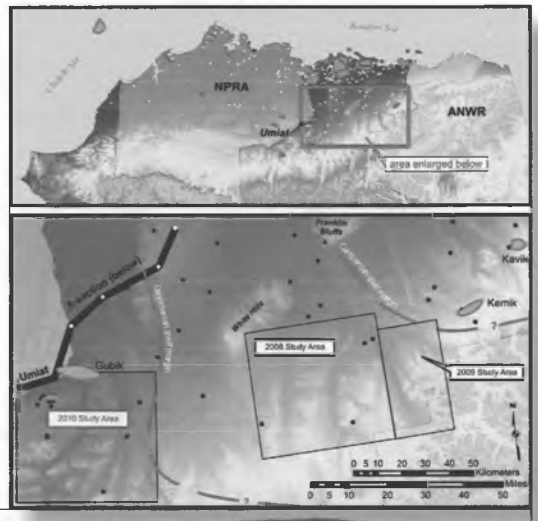
**MDIRA-supported project (see p. 16)*

BROOKS RANGE FOOTHILLS & NORTH SLOPE PROGRAM

Alaska's North Slope remains one of the most promising onshore oil and gas provinces in all of North America. The Division of Geological & Geophysical Surveys (DGGS) continues its leadership role in furthering the geologic understanding of this petroleum system, primarily through investigations of rocks exposed in the foothills of the northern Brooks Range. This program was developed in response to the need for high quality, publicly available geologic data to stimulate exploration for hydrocarbons in northern Alaska. The cost of this program is shared by major and independent oil and gas companies. While directed by DGGS, this research effort is a multi-agency collaboration that includes the Alaska Division of Oil & Gas (DOG), the United States Geological Survey (USGS), the University of Alaska, and others.

Our work over the last several years has focused on State lands in the central North Slope where we can tie surface geologic observations with the higher density and quality of subsurface data (wells and seismic). During the 2010 field season, the program shifted westward to the Umiat area (fig. 1), a region that has undergone significant exploration activity in recent years. We conducted reconnaissance mapping in anticipation of a multi-year project in the area. In addition we continued our emphasis on key reservoir and source rock intervals, providing new constraints on the depositional history and correlation of units. Our stratigraphic work focused particularly on potential reservoir rocks of the Tuluvak and Schrader Bluff Formations, and included the discovery of an oil-stained interval in the uppermost Seabee Formation. These detailed outcrop observations are being integrated with available subsurface data to arrive at an improved understanding of how this hydrocarbon-rich basin evolved.

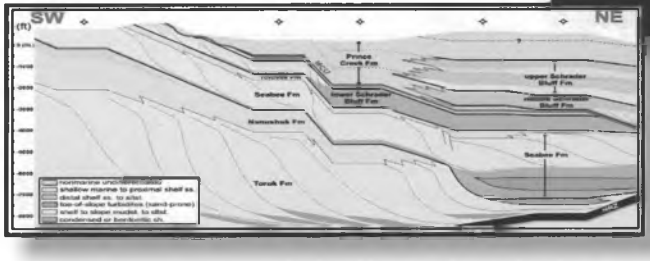
During the spring of 2010, we organized a successful two-day DNR Technical Review Meeting in Anchorage to summarize our recent work and share interim results relevant to oil and gas exploration. Much of the work presented at this meeting will be published through DGGS in the upcoming year, including several geologic maps (see p. 35) and a collection of papers summarizing topical structural and stratigraphic studies.



Location map of northern Alaska and expanded view of state lands of the east-central North Slope. Cross section is simplified from Decker (2007).



Oil-stained sandstone of the upper Seabee Formation discovered during 2010 fieldwork along the Anaktuvuk River.



Decker, P.L., 2007, Brookian sequence stratigraphic correlations, Umiat Field to Milne Point Field, west-central North Slope, Alaska: Alaska Division of Geological & Geophysical Surveys Preliminary Interpretive Report 2007-2, 19 p., 1 sheet

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GEOLOGIC MAPPING IN THE GILEAD CREEK AREA

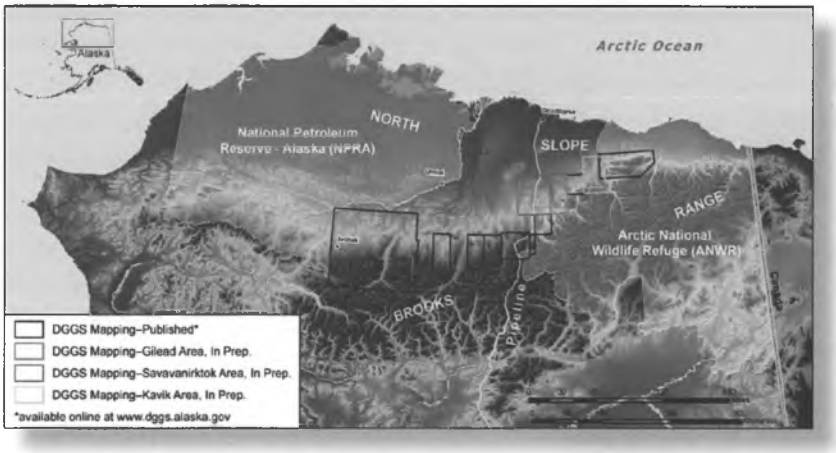
Petroleum production in northern Alaska has long contributed to the State's economic security and provides many jobs for Alaskans. However, an increasingly diminished throughput in the Trans-Alaska Pipeline System and uncertainty regarding construction of a major natural gas pipeline provide sustained impetus for the Alaska Division of Geological & Geophysical Surveys (DGGS) to continue generating publicly available geologic information. DGGS regularly conducts detailed geologic mapping in the North Slope foothills to improve our understanding of the State's energy resources and promote continued exploration investment by industry. These geologic maps are often consulted by industry in their efforts to determine oil and gas prospectivity, particularly farther north where bedrock exposures are typically obscured by an extensive mantle of Quaternary deposits and tundra.

During summer 2009, we collaborated with the Alaska Division of Oil and Gas and University of Alaska Fairbanks to map ~500 square miles in the Gilead Creek area of the east-central North Slope (see map). This map area lies immediately adjacent to other recent DGGS map projects and furthers one of our program's long-term goals of publishing exceptionally detailed, 1:63,360-scale geologic maps of the entire foothills region.

The Gilead Creek area lies in a unique structural position within the foothills, spanning the transition from thin-skinned deformation of Cretaceous–Tertiary Brookian sediments in the west to higher relief, basement involved structures in the east. This transition exposes at the surface critical stratigraphic relationships that are otherwise only known via subsurface data.

Key observations from our mapping and stratigraphic work include new insights into the mid-Cretaceous Gilead succession, a >850-meter-thick, sand-rich, locally petroliferous package of sediment gravity flow deposits—likely recording basin-axis sedimentation in a toe-of-slope environment—that may have prospective subsurface equivalents to the west (see photo; bed "a" is 3.5 meters thick). Additionally, we recognized two mappable units within the distal Upper Cretaceous Hue Shale that are regionally separated by an intervening tongue of sand-prone Seabee Formation; the latter formation—stratigraphically encased by excellent source-rock facies of the Hue Shale—commonly exhibits a strong hydrocarbon odor.





A digitally drafted geologic map of the Gilead area was prepared during winter 2009–10 and presented to industry, government, and academia participants at the Alaska Department of Natural Resources-led Technical Review Conference in Anchorage (April 2010). We anticipate the final map will be published as a Report of Investigations available through the DGGS website in 2011. This work is funded by the State of Alaska and industry receipts.

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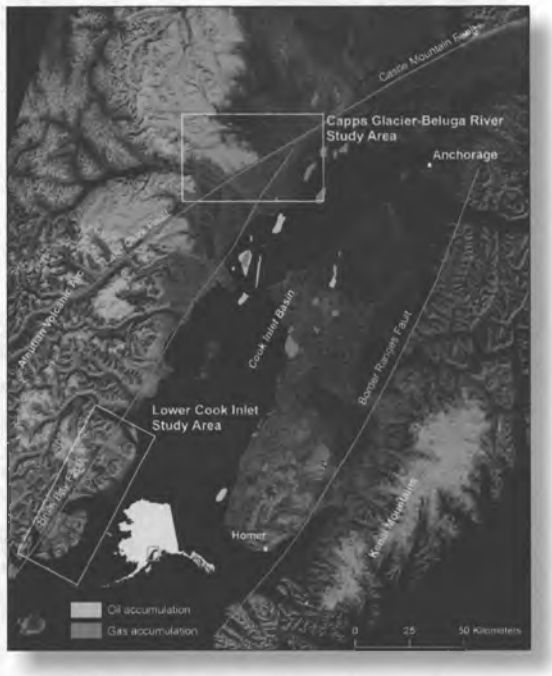
COOK INLET GEOLOGY AND HYDROCARBON POTENTIAL

Increasing demand and predicted deliverability shortfalls for Cook Inlet gas to south-central Alaska customers pose a serious threat to the region's economy. These factors make it an ideal time to promote new exploration investment in the Cook Inlet region. The Alaska Division of Geological & Geophysical Surveys (DGGS) is responding to this challenge by leading a multi-year, multi-agency program of relevant applied geologic research designed to provide high-quality data to the geologic community and public policy makers. This program is a collaborative effort between DGGS, the Alaska Division of Oil and Gas (DOG), the University of Alaska Fairbanks, and the U.S. Geological Survey.

Historically, Cook Inlet exploration has focused on the search for large fold structures with four-way closure (analogous to an inverted bowl). Now that nearly all large structures have been found and tested, the exploration focus is gradually shifting to subtle stratigraphic traps and reservoirs in low porosity and permeability formations. Successful exploration for these plays requires detailed knowledge of potential reservoir geometries, geologic factors controlling these geometries, and geologic controls on reservoir producibility. The initial goal of this program is to improve understanding of potential reservoir geometries, reservoir quality, and their geologic controls.



During 2010 DGGS and DOG continued documenting the geometry of potential reservoir sand bodies in Tertiary- and Mesozoic-age sandstones in the Capps Glacier–Beluga River region west of Anchorage and along the west side of lower Cook Inlet, due west of Anchor Point (see satellite image). Work in the former area focused on documenting alluvial fan and gravelly river deposits along the western basin margin. Detailed stratigraphic and structural studies by our group have demonstrated these rocks were deposited during a period of active faulting and volcanic activity (see inset photo), both of which dramatically affected sand body geometries and reservoir quality. Work in the latter area focused on documenting sand body geometries, reservoir quality, and petroleum source rock potential of Upper Jurassic through Lower Cretaceous age marine rocks in coastal exposures. Oil-stained Cretaceous-age sandstones were sampled for geochemical analysis. Oil extracted from these sandstones will provide valuable information on petroleum source rocks known to underlie much of the basin. Important additional components of this program include bedrock geologic mapping in the Tyonek Quadrangle (see p. 37), a study currently underway to document the subsidence history of upper Cook Inlet, and a subsurface mapping effort aimed at delineating the distribution of petroleum source rocks relative to thick accumulations of potential reservoir sandstones.



This project is funded by the State of Alaska, Apache Corporation, and the U.S. Geological Survey STATEMAP and Energy programs. Results of this work have been documented in a series of publications available from the DGGS website (www.dggs.alaska.gov). Additional publications will be released as they become available.

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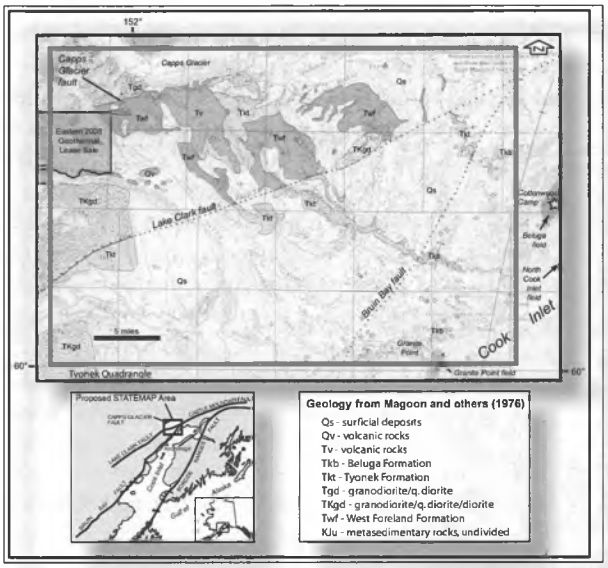
GEOLOGIC MAPPING IN THE TYONEK–CAPPS GLACIER AREA

Gas production from Cook Inlet basin has contributed significantly to Alaska's economy by providing inexpensive natural gas for industrial use, electric power generation, home heating fuel, and job creation for south-central Alaska. Rising demand, predicted deliverability shortfalls, and volatility in commodity prices underscore the need for discovery of additional gas reserves in Cook Inlet. Despite the growing need and significant remaining gas potential, exploration interest in the basin remains weak. The Division of Geological & Geophysical Surveys (DGGS) is responding by pursuing a program in the basin focused on understanding the potential for stratigraphic traps and gas reservoirs in low porosity and permeability (tight) formations (p. 36). This program includes detailed geologic mapping of areas where outcrop relations are complex, poorly understood, and important for understanding the potential for gas reservoirs in stratigraphic traps and tight formations.



During the summer of 2010, DGGS completed 1:63,360-scale geologic mapping of nearly 475 square miles in the Tyonek Quadrangle, southeast of the Lake Clark fault between Blockade Glacier and Olson Creek (inset map). This work was a continuation of similar mapping performed in 2009 of the region northwest of the Lake Clark fault. The final published product will be a new 1:63,360-scale geologic map encompassing approximately 875 square miles along the northwestern margin of Cook Inlet basin, and an accompanying report. A more thorough geologic understanding of this area is important because it includes some of the best exposures of Tertiary Cook Inlet basin strata (inset picture), some of which serve as reservoirs in the nearby Beluga, North Cook Inlet, and Granite Point fields. Available geologic mapping in the area either predates modern stratigraphic nomenclature used in the basin, or lacks structural details necessary for reconstructing the geologic history of the region. Each is critical for understanding controls on reservoir geometries and quality required to assess the potential for stratigraphic traps and reservoirs in tight formations. Our mapping has unraveled complex stratigraphic and structural relationships and represents a major step forward in understanding the geologic evolution of the northwestern margin of the basin, including formation of the previously mentioned oil and gas fields. Concurrent with bedrock mapping, new 1:63,360-scale mapping of the surficial geology has led to improved understanding of the glacial history of the region and its sand and gravel resources. Preliminary analysis of shallow-faulting related seismic hazards that represent potential threats to nearby population centers and petroleum production infrastructure has been performed as part of this project as well. Our work in this area will help spur exploration interest and investment in Cook Inlet basin.

Preliminary 2009 and 2010 mapping was completed with partial funding from the U.S. Geological Survey's STATEMAP program and a preliminary map of the entire project area will be submitted to the USGS in spring 2011. Preliminary results from related stratigraphic and structural studies will be published as DGGS reports by early 2011.



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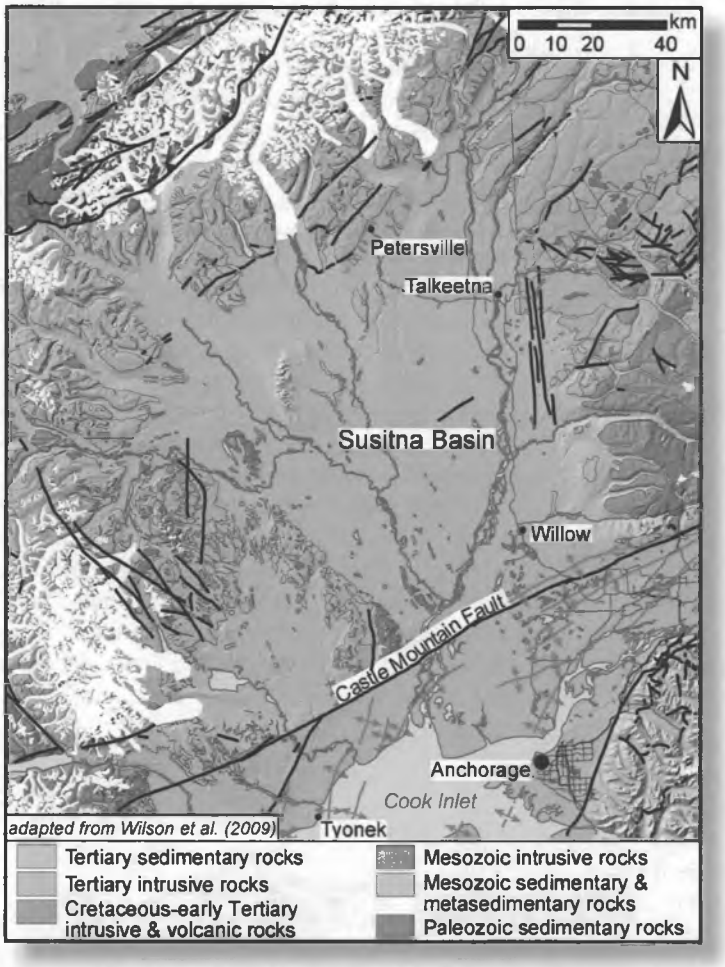
GEOLOGY AND NATURAL GAS POTENTIAL OF THE SUSITNA BASIN

The geology of the Susitna basin suggests it might include producible volumes of natural gas, but a lack of data hinders realistic assessment of this potential resource. The Division of Geological & Geophysical Surveys (DGGS) is responding to this challenge by leading a multi-agency investigation of the natural gas potential (including unconventional gas) of the basin for in-state use. Considering its proximity to the state's most populous region, the Susitna basin project is especially timely as Alaska faces significant energy challenges that threaten the state's economic future. This project, funded by the State of Alaska, will provide relevant geologic data in the public domain to help spur private-sector investment in the basin.

The Susitna basin is poorly understood even though available data suggest it has significant natural gas potential. The basin is bounded by rugged, mountainous topography on the east, west, and north sides and the Castle Mountain fault on the south side (see inset map). The Castle Mountain fault separates the basin from the geologically better known Cook Inlet basin, which includes significant proven oil and gas resources. The Susitna basin includes some of the same coal-bearing rock formations that have supplied large quantities of gas in producing Cook Inlet fields. Outcrops of the coal-bearing Tyonek and Sterling formations are known from widely scattered locations throughout the basin and a few exploration wells have also penetrated these same coal-bearing units. This information suggests the presence of large structures that could have provided the uplift required to facilitate migration of biogenic gas to porous and permeable reservoirs—a mechanism recognized as critical in the formation of Cook Inlet gas accumulations. While these stratigraphic and structural elements are present in the basin, they are so poorly known that realistic evaluation of gas potential is not possible.



DGGS is currently compiling and evaluating available data and planning fieldwork in the basin during the 2011 field season. Fieldwork will focus on developing a better understanding of gas source rocks (coal) and structures that could have resulted in uplift and desorption of gas from coal-bearing strata. Results of this work will be documented in a series of publications available from the DGGS website (www.dggs.alaska.gov).

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REFINING ESTIMATES FOR ALASKA COAL SEAM CARBON SEQUESTRATION

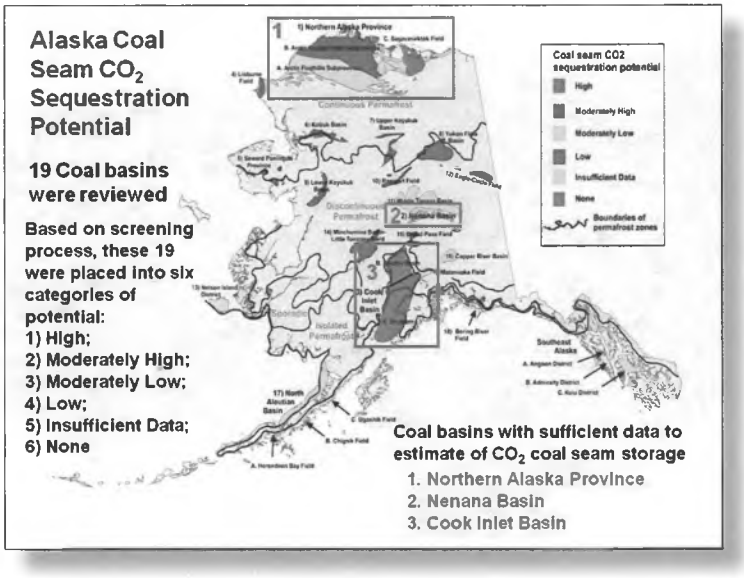
Carbon dioxide (CO_2) capture and storage technologies could play a critical role in mitigating the impact of fossil-fuel-based electricity generation on greenhouse gas buildup. Nearly one-third of the carbon emissions in the U.S. come from power plants. Geologic sequestration of CO_2 generated from fossil fuel combustion may be a viable method to reduce the amount of greenhouse gas emissions. In the subsurface, coal seams often contain gases such as methane. The gas is held in pores on the surface of the coal and in fractures in the seams. If CO_2 is injected into a coal seam it displaces the methane, and can remain stored within the seam, provided the coal is never disturbed. Tests have shown that the adsorption rate for CO_2 is approximately twice that of methane. Sequestering CO_2 in coal beds has several advantages. For example, CO_2 injection can enhance methane production from coal beds.



The West Coast Regional Carbon Sequestration Partnership (WESTCARB) is identifying and validating carbon sequestration opportunities in California, the surrounding states of Arizona, Nevada, Oregon, Washington, Alaska, and the Canada Province of British Columbia. Findings from the first phase of WESTCARB's regional characterization of geologic formations and managed land suitable for long-term CO_2 storage (known as 'sinks') indicated a lack of data in many key areas. The Alaska Division of Geological & Geophysical Surveys reviewed and refined the coal estimates for storage of CO_2 in deep, unmineable coal seams as the second task under a larger project, Alaska Geologic Carbon Sequestration Potential Estimate: Screening Saline Basins and Refining Coal Estimates, conducted by the Alaska Division of Oil & Gas.

Nineteen Alaska coal basins were reviewed and, through a screening process, were placed into six categories of potential: (1) High; (2) Moderately High; (3) Moderately Low; (4) Low; (5) Insufficient Data; and (6) None. The following main attributes were used in the screening process: • Basin Age, • Depositional Environment, • Structural Setting, • Rank of Coal, • Net Coal Thickness, • Coal Volume, • Coal Quality data, • CBM Data, • Infrastructure, • Type of Permafrost, and • Depth of Permafrost. Three coal basins were determined to have sufficient and reliable subsurface and coal-quality data to make reasonable estimates of CO_2 coal seam storage capacity and are in proximity to existing or potential future infrastructure: (1) Northern Alaska Province, (2) Nenana Basin, and (3) Cook Inlet Basin.

Our study indicates that the coal-seam CO_2 potential storage capacity of Alaska unmineable coal is about 49 gigatons (Gt), which is about 41 percent less than the preliminary estimated volume of 119 Gt CO_2 storage capacity for coal seams. The major difference between our study and the previous study is the result of assessing the presence, extent, and effect of permafrost on permeability of coal seams, and hence its storage capacity. The effective permeability of coal in permafrost is near zero. Therefore, producing methane gas from coal seams in the permafrost zone and storing CO_2 in these same seams is unlikely. Storage of CO_2 in the North Slope region can only be considered in thick coal seams beneath the base of the permafrost that can extend to depths of more than 660 m. This resulted in our much lower estimate of coal seam CO_2 storage capacity of 5.83 Gt than the 98 Gt reported in earlier estimates. Our estimate of 43 Gt CO_2 coal seam storage capacity for the Cook Inlet region was about twice the earlier estimate (21 Gt) because our review of available coal resources indicated 1,570 billion short tons of coal present and we used a CO_2:CH4 ratio of 7:1 rather than the 1,290 billion short tons of coal and 3:1 CO_2:CH_4 ratio used in the earlier study.



The final technical report on refinements to coal seam storage of CO_2 for Alaska will be submitted to WESTCARB in April 2010.

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ALASKA COAL DATABASE – NATIONAL COAL RESOURCE DATABASE SYSTEM

The long-term goal of the Alaska Division of Geological & Geophysical Surveys' (DGGS) participation in the U.S. Geological Survey's (USGS) National Coal Resource Database System (NCRDS) cooperative program is to record all known coal occurrences in Alaska and archive the information in a single, readily accessible database available at the USGS Web site, http://energy.er.usgs.gov/products/databases/USCoal/. The NCRDS program is funded by USGS through a multi-year proposal process with final reporting at the end of each funding period.

Alaska's coal resources make up about half of the United States' coal-resource base and approximately one-sixth of the total world-resource base. Total identified Alaska coal resources (all ranks) amount to only about 160 billion short tons, yet hypothetical and speculative resources are as high as 5.5 trillion short tons. During the course of gathering information to expand the NCRDS database for Alaska, we recognized the need to collect new coal samples and current stratigraphic data for previously described occurrences. Sometimes a coal occurrence described in older literature is poorly located and the description is either inaccurate or inadequate for a proper resource assessment. The most frequent problems we have encountered are unverified coal seams and coal sample locations, suspect coal quality analyses, and insufficient stratigraphic control.



"Nenana Basin"—Bonnifield project. Aerial view (toward east) of coal-bearing Usibelli Group (likely Healy Creek Formation) in Red Mountain Creek.

FY2010 was the final year of a five-year NCRDS project to collect new data for the Alaska Peninsula, North Slope, Kenai Peninsula–Cook Inlet, and the Nenana Basin as adjunct to ongoing DGGS projects in these regions. Detailed coal stratigraphic and coal quality studies are rarely conducted as part of these larger projects and the proposed work will augment the non-coal data collection, field activities, and reporting. During 2009, we augmented an ongoing oil-and-gas-related study of Cook Inlet that included coal seams in the Capps Glacier area and completed work on coal samples collected during the 2008 eastern Bonnifield Mining District mapping. Additionally, we received the data analyzed by the USGS laboratory as part of the supplementary NCRDS study examining the chemical nature (major-, minor-, and trace-element and mineralogical composition) of the feed coal, fly ash, and bottom ash at the Fairbanks, Alaska, power plant. Sample localities, coal seam characteristics, coal quality, and point-source data will be placed into the Alaska coal resource portion of the NCRDS, with a final report summarizing these data for release in spring 2011.



Cook Inlet—Capps coal bed, Capps Creek (Tyonek Formation).

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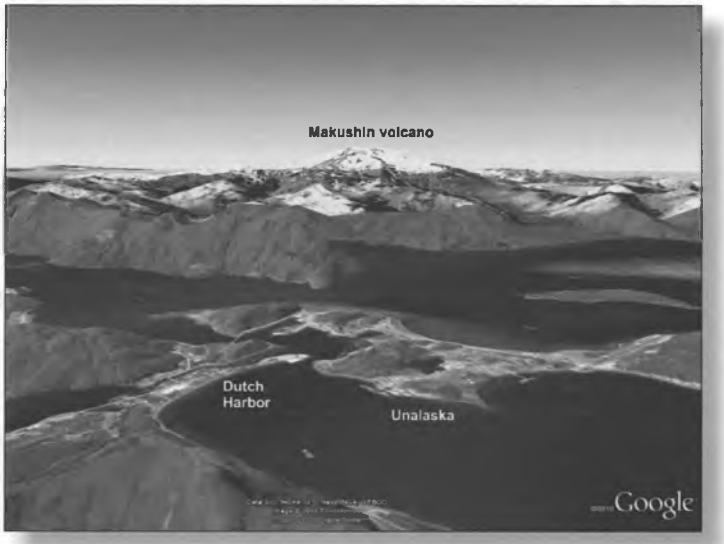
STATE GEOLOGICAL SURVEY CONTRIBUTIONS TO THE NATIONAL GEOTHERMAL DATA SYSTEM

The National Geothermal Data System (NGDS) is a U.S. Department of Energy-funded distributed national network of databases and data sites that collectively form a system for the acquisition, management, and maintenance of geothermal and related data. The NGDS website address is: www.geothermaldata.org/

Much of the risk of geothermal energy development is associated with exploring for, confirming, and characterizing the available geothermal resources. The overriding purpose of the NGDS is to help mitigate this risk by serving as a central repository for geothermal and relevant related data as well as a link to distributed data sources. By helping with the process of assessing and categorizing the nation's geothermal resources, providing strategies and tools for financial risk assessment, and by consolidating all geothermal data through a publicly accessible data system, the NGDS will support research, stimulate public interest, promote market acceptance and investment, and in turn support the growth of the geothermal industry.

The Alaska Division of Geological & Geophysical Surveys (DGGS) is contributing Alaskan geothermal data to the NGDS as part of a three-year national effort called the State Geological Survey Contributions to NGDS Data Development, Collection and Maintenance that was proposed through the Association of American State Geologists and is being administered by the Arizona Geological Survey. As part of this three-year project that began in 2010, DGGS will compile available hydrothermal, developed geothermal systems, geothermal well data, and heat flow data for input into the NGDS.



Google Earth image of Dutch Harbor—Unalaska with active Makushin volcano in the background. View toward the west.

Hydrothermal data: Digital data from 111 thermal springs and wells statewide including location, water chemistry (some sites), flow rate (some sites), and physical site description. The 111 sites are in the geothermal portion of the Alaska Energy Inventory database.

Developed Geothermal Systems: Chena Hot Springs (Interior Alaska) generates 400 kw of power from a moderate temperature geothermal ORC power plant and has drilled 18 wells to depths of 1,000 feet. Temperatures recorded are up to 80°C (176°F). Data includes water chemistry, permeability, and flow rates.

Geothermal well data: The 1980 drilling at Makushin volcano (see photo) yielded 7,585.5 feet of drill core from six exploratory geothermal wells. Associated data include alteration and fluid inclusion studies. Some of these data are in digital format, but most are not. If geothermal energy were successfully developed at Makushin, it could provide electrical power to the nearby towns of Unalaska and Dutch Harbor.

Heat flow data: There are 1,400 wells oil and gas wells statewide for which temperature logs are available. These data will be evaluated for temperature profile and formation temperatures. The data set includes bottom hole temperature (BHT) data from 278 oil and gas exploration wells that have previously been collected and corrected, from Alaska's North Slope (252 wells) and other basins (26 wells). An additional 1,800 wells from the Prudhoe Bay area and 974 wells from the Cook Inlet area remain to be compiled, data corrected for time since circulation, BHT determined, and interpreted for heat flow.

By the completion of this three-year project, the compiled Alaska geothermal data along with associated metadata will be placed into the NGDS and available for public and governmental use.

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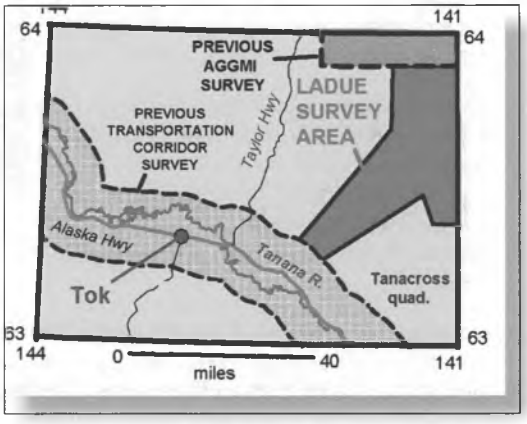
AIRBORNE GEOPHYSICAL/GEOLOGICAL MINERAL INVENTORY PROGRAM: AIRBORNE GEOPHYSICAL SURVEY OF THE LADUE AREA, FORTYMILE MINING DISTRICT, EASTERN ALASKA

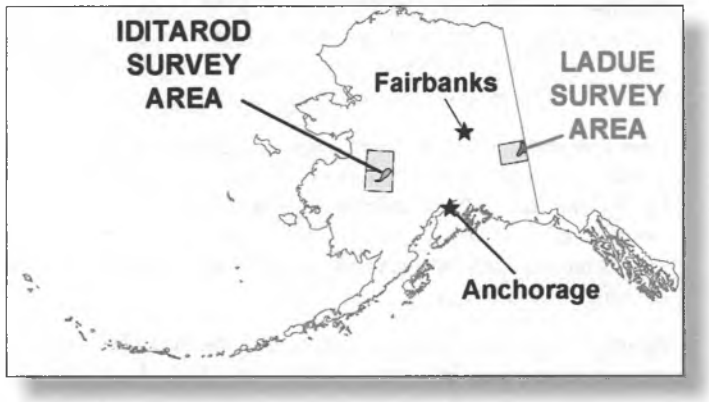
The Airborne Geophysical/Geological Mineral Inventory (AGGMI) program is a multi-year investment to expand the knowledge base of Alaska's mineral resources and catalyze private-sector mineral development. The project seeks to delineate mineral zones on Alaska state lands that: (1) have major economic value; (2) can be developed in the short term to provide high-quality jobs for Alaska; and (3) will provide economic diversification to help offset the loss of Prudhoe Bay oil revenue. Candidate lands for this project are identified based on existing geologic knowledge, land ownership, and responses to solicitations for nominations from Alaska's geologic community. Products resulting from these surveys generally include: (1) 1:63,360-scale aeromagnetic and airborne-electromagnetic maps; (2) 1:63,360-scale geologic maps; and (3) various other geological, geochemical, and geophysical data compilations. As a result of this program, millions of dollars of venture capital have been spent in the local economies of the surveyed mining districts and adjacent areas in direct response to the new geologic knowledge provided by the surveys.

Through the AGGMI program, DGGS is acquiring airborne-geophysical data for the Ladue and Iditarod areas (see p. 43) in FY11. The 730-square-mile Ladue survey tract, about 25 miles east of Tok, is all State land and is part of the Fortymile mining district, the oldest placer gold camp in Alaska. More than 500,000 ounces of placer gold have been produced from the district. Like much of the Yukon–Tanana Uplands, the Ladue survey area is underlain by Paleozoic and older (?) deformed and regionally metamorphosed rocks, and consists of quartzite, schist, gneiss, marble, greenstone, amphibolite, and orthogneiss. Cretaceous- to Tertiary-age igneous rocks of mafic, intermediate, and granitic composition intruded the metamorphosed rocks. The survey area contains large, low-grade copper–molybdenum ± gold(?) porphyry deposits, plutonic-related lode gold prospects, and prospects with anomalous lead and zinc concentrations. The survey area has the potential for hosting emerald deposits similar to the Tsa Da Glisza property in Yukon, Canada, and for metamorphic/orogenic lode gold deposits similar to those of the historic Klondike Gold District in Yukon, Canada, and the Napoleon deposit just northeast of Chicken, Alaska.

Airborne-geophysical surveys enable users to delineate regional structures, and identify metamorphic–stratigraphic lithologies and plutonic rock types based on their geophysical characteristics. Follow-up geologic mapping tests geophysical anomalies and interpretations, and provides detailed documentation of the types, locations, and spatial distribution of metamorphic and plutonic rocks and structural features. By completing an integrated geophysical–geological mineral inventory study, new zones of mineralization may be identified, and extrapolation of some of the information into surrounding areas may be appropriate.



Geophysical information being acquired for the Ladue area includes aeromagnetic and electromagnetic data. Maps and digital data will be released as DGGS Geophysical Reports in mid-winter 2011. A second publication, containing a project report, interpretation, and electromagnetic anomalies, will be released in summer 2011. DGGS believes these data will lead to a better understanding of the geologic framework of the area and will stimulate increased mineral exploration investment within the survey boundary and the surrounding area.



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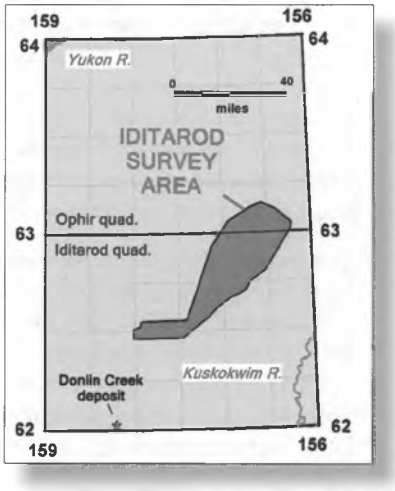
AIRBORNE GEOPHYSICAL/GEOLOGICAL MINERAL INVENTORY PROGRAM: AIRBORNE GEOPHYSICAL SURVEY OF THE IDITAROD AREA, IDITAROD, INNOKO, AND MCGRATH MINING DISTRICTS, WESTERN ALASKA

The Airborne Geophysical/Geological Mineral Inventory (AGGMI) program is a multi-year investment to expand the knowledge base of Alaska's mineral resources and catalyze private-sector mineral development. The project seeks to delineate mineral zones on Alaska state lands that: (1) have major economic value; (2) can be developed in the short term to provide high-quality jobs for Alaska; and (3) will provide economic diversification to help offset the loss of Prudhoe Bay oil revenue. Candidate lands for this project are identified based on existing geologic knowledge, land ownership, and responses to solicitations for nominations from Alaska's geologic community. Products resulting from these surveys generally include: (1) 1:63,360-scale aeromagnetic and airborne-electromagnetic maps; (2) 1:63,360-scale geologic maps; and (3) various other geological, geochemical, and geophysical data compilations. As a result of this program, millions of dollars of venture capital have been spent in the local economies of the surveyed mining districts and adjacent areas in direct response to the new geologic knowledge provided by the surveys.

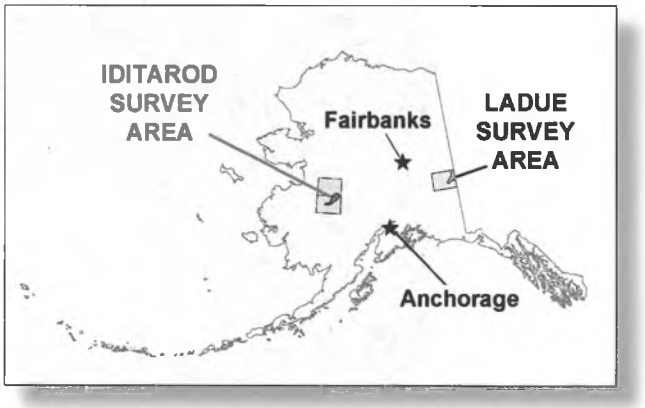
Through the AGGMI program, DGGS is acquiring airborne-geophysical data in for the Iditarod and Ladue areas (see p. 42) in FY11. The 850-square-mile Iditarod survey tract is about 20 miles west of McGrath and 240 miles northwest of Anchorage. The survey area consists primarily of State land, with a small amount of Federal and Native land. Most of the survey area is part of the Iditarod–Innoko mining districts, which have produced more than 2.3 million ounces of gold; only 3,000 ounces of this production has been from lode sources. The discovery of more than 30 million ounces of gold associated with a Late Cretaceous dike swarm at the Donlin Creek deposit, about 30 miles southwest of the survey area, has kept mining activity high in the region.

Like the Donlin Creek area, most of the survey area is composed of the Upper Cretaceous Kuskokwim Group, a flysch sequence consisting of interbedded sandstone and shale. Most plutons have quartz monzonitic to monzonitic compositions and are calc-alkaline. Mineralization is thought to be contemporaneous with plutonism at several localities in the region. Besides plutonic-related gold deposits, other lode potential in the survey area includes mesothermal and epithermal deposits that contain mercury, tungsten, silver, antimony, and tin.



Airborne-geophysical surveys enable users to delineate regional structures, and identify metamorphic–stratigraphic lithologies and plutonic rock types based on their geophysical characteristics. Follow-up geologic mapping tests geophysical anomalies and interpretations, and provides detailed documentation of the types, locations, and spatial distribution of metamorphic and plutonic rocks and structural features. By completing an integrated geophysical–geological mineral inventory study, new zones of mineralization may be identified, and extrapolation of some of the information into surrounding areas may be appropriate.

Geophysical information being acquired for the Iditarod area includes aeromagnetic and electromagnetic data. Maps and digital data will be released as DGGS Geophysical Reports in mid-winter 2011. A second publication, containing a project report, interpretation, and electromagnetic anomalies, will be released in summer 2011. DGGS believes these data will lead to a better understanding of the geologic framework of the area and will stimulate increased mineral exploration investment within the survey boundary and the surrounding area.



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AIRBORNE GEOPHYSICAL/GEOLOGICAL MINERAL INVENTORY PRGRAM: GEOLOGIC MAPPING IN THE EASTERN MORAN AREA, TANANA AND MELOZITNA QUADRANGLES, ALASKA

Historic and active placer mines in the Melozitna mining district, which encompasses the Moran area, have produced more than 12,000 ounces of gold and an undetermined amount of tin, yet little is understood about the source of the placer metals or the few gold and polymetallic lode occurrences in the area. To encourage renewed industry exploration for mineral deposits in this region, and to provide geologic data for State and local land-use management, the Alaska Division of Geological & Geophysical Surveys (DGGS) in 2010 released the 653-square-mile Moran airborne-geophysical survey (pink area, fig. 1) as part of the State-funded Airborne Geophysical/Geological Mineral Inventory program. The Moran survey area is 150 miles west of Fairbanks in the eastern Kokrines Hills, on the north side of the Yukon River. In summer 2011, DGGS will conduct fieldwork to geologically map approximately 300 square miles in the eastern Moran area (outlined in red, fig. 1). The remainder of the geophysical survey will be mapped in 2012. Interim data reports and a preliminary interpretive map will be published in 2011 and 2012. A final set of 1:63,360-scale bedrock-, surficial- and comprehensive-geologic maps of the combined map areas will be published in 2013. This mapping project will be funded primarily by State General Funds, with supplemental funding through the Federal STATEMAP program.

Currently, only reconnaissance-level, 1:250,000-scale geologic maps are available for the Moran area; DGGS's new geophysical data indicate this area is much more complex than shown on these maps. DGGS's detailed, 1:63,360-scale geologic mapping and geologic investigations in this region will: (1) field check geophysical anomalies and patterns, (2) identify the location, type, and character of bedrock and surficial geologic units, and (3) determine the location and kinematics of structural features. This detailed geologic framework will allow us to develop models for the area's gold and polymetallic lode prospects, and explain the distribution and metal content of local placer deposits. In addition, the preferred route of the Western Alaska Access Planning Study for the proposed road to Nome along the Yukon River corridor transects the eastern Moran map area (yellow-orange line, fig. 1). Current geologic mapping is insufficient to evaluate geologic-engineering challenges of infrastructure development in the area. Geologic hazards are also of concern, and include the Kaltag fault, which crosses the southern edge of the map area. Although the fault is potentially active, the recent displacement history of the fault and its associated seismic hazards have not been evaluated. As DGGS's work progresses, preliminary results will be presented in public venues, allowing timely access to the new information on the Moran area's geology, mineral resources, and geologic hazards.

The primary objective of the eastern Moran project is to map the geology in sufficient detail to inform State and local land-use decisions and to guide mineral industry exploration efforts. The timing of this project coincides with renewed mineral-industry interest in underexplored gold districts and in high-tech and strategic metals. Because economic or infrastructure development could potentially conflict with other land uses, the availability of DGGS's detailed geologic, mineral-resource, and hazard assessments is important for long-range planning. Providing this baseline geologic framework will help State and local planners balance the need for resource and infrastructure development with other land-management strategies.



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AIRBORNE GEOPHYSICAL/GEOLOGICAL MINERAL INVENTORY PROGRAM: BEDROCK GEOLOGIC MAPPING IN THE TOLOVANA MINING DISTRICT, LIVENGOOD QUADRANGLE, ALASKA

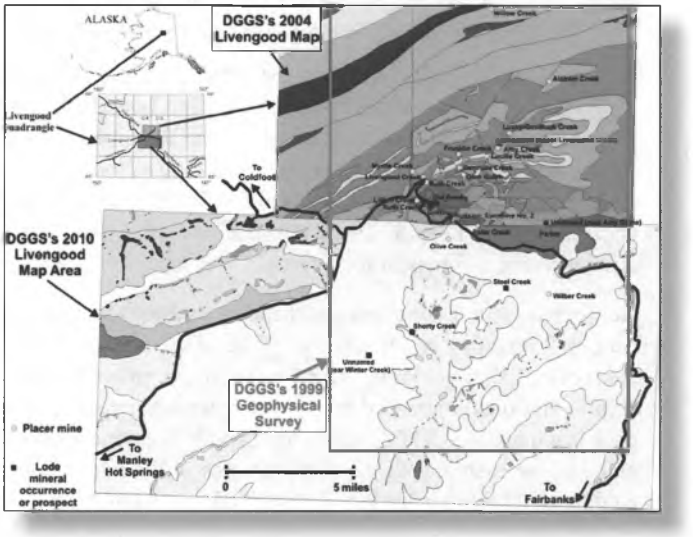
Historic and active placer mines have produced more than 500,000 ounces of placer gold in the Livengood area. To encourage renewed industry exploration for additional mineral deposits in this region, and to provide geologic data for State and local land-use management, the Alaska Division of Geological & Geophysical Surveys (DGGS) has conducted a series of geophysical and geological investigations in the area. This work is part of the Airborne Geophysical/Geological Mineral Inventory (AGGMI) program, supported by State of Alaska General Funds. DGGS released a 123-square-mile airborne-geophysical survey of the Livengood area in 1999. In 2004, DGGS published a geologic map and associated geologic report for an area that includes the northern portion of the 1999 geophysical survey (fig. 1). Subsequent mineral industry exploration in this map area resulted in the discovery of an estimated 19-million-ounce gold deposit at Money Knob. DGGS returned to the area in June 2010 to conduct geologic mapping and sampling of the southern portion of the 1999 geophysical survey and surrounding area (fig. 1). A geochemical report was published in November 2010, and a 1:50,000-scale bedrock-geologic map will be published in 2011.

The purpose of DGGS's mapping is to provide geologic context for known lode and placer deposits and occurrences, and to evaluate the area's mineral-resource potential. Wilber Creek is the only creek in the 2010 map area with known placer gold production. Its gold compositions are similar to placer gold of the Livengood area, but the area's present morphology suggests the gold is derived from the 2010 map area. The only known significant lode mineralization occurs west–northwest of Wilber Creek at the Shorty Creek prospect.

Rocks in the northern and northwestern portions of the 2010 map area belong to the Livengood Terrane and include: the Ordovician Livengood Dome Chert, overlying Amy Creek unit, Cambrian ophiolite suite, and Devonian Cascaden unit. DGGS work has refined both the location and the nature of the contacts between these units. The Lower Cretaceous Wilber Creek unit of the Manley Terrane dominates the bulk of the southern map area, and it is in fault contact with the Livengood Terrane.

Felsic igneous rocks, with variable textures and compositions, range in size from thin dikes to small plutons and are typically quite altered. DGGS studies distinguished Devonian volcanic rocks, and four groups of presumed Cretaceous intrusive rocks. Group I is compositionally variable, scattered across the map area, and not associated with mineralization. Group II comprises the Cascaden Ridge pluton, is compositionally similar compared to gold-related Money Knob dikes, and is spatially associated with Devonian volcanic rocks that act as the host rock in the Money Knob system. Group III is compositionally similar to gold-related Money Knob dikes, and mostly located in the Wilber Creek drainage. Placer gold found in Wilber Creek may be derived from these dikes. Group IV is similar in composition and age to the Tolovana Hot Springs pluton (65 Ma), and is associated with the high Ag–Bi–Sn and locally anomalous Au mineralization of the Shorty Creek lode prospect.

To fulfill the goals of this project, age information will be obtained for group II and III felsic intrusive rocks to determine if their similarity to the Money Knob dikes is temporal as well as compositional. The relative age of high-angle structures to hydrothermal alteration in the Cambrian ophiolite and Wilber Creek unit are still unknown. Faulting emplaced the Wilber Creek unit from an unknown source area, but from how far and when in relation to the Money Knob gold system? These issues will be addressed in the next year, along with conducting petrography, further geochemical analyses, and completion of the geologic map.



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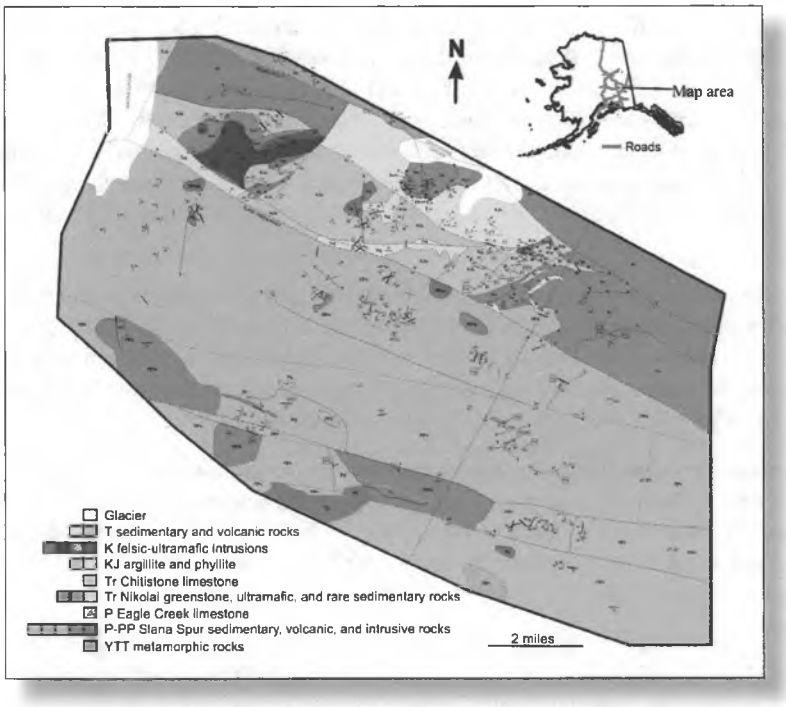
AIRBORNE GEOPHYSICAL/GEOLOGICAL MINERAL INVENTORY PROGRAM: BEDROCK GEOLOGIC MAPPING OF THE SLATE CREEK AREA, MT. HAYES QUADRANGLE, SOUTH-CENTRAL ALASKA

The Alaska Division of Geological & Geophysical Surveys (DGGS) released a 442-square-mile airborne geophysical survey, including magnetic and electromagnetic data, for the Slate Creek–Slana River area in the northern Chistochina mining district in early 2009. DGGS conducted geologic mapping of about 113 square miles in the western Slate Creek portion of the geophysical survey tract during July 2009 (fig. 1). This mapping project is funded primarily by State CIP funds, with supplementary Federal STATEMAP funding. The geophysical survey and Slate Creek mapping project are part of DGGS's Airborne Geophysical/Geological Mineral Inventory program, a special multi-year investment by the State of Alaska to expand Alaska's geologic and mineral resources knowledge base, catalyze future private-sector mineral exploration and development, and guide state planning.



The Slate Creek study area is in the southern foothills of the Alaska Range, about 140 miles southeast of Fairbanks and 20 miles east of Paxson. Approximately 183,000 ounces of placer gold have been mined from the region since 1898, with most production from the historic Slate Creek subdistrict. The map area comprises one active placer gold mine, 64 inactive placer gold occurrences and mines (with minor platinum-group metals [PGM]), and 29 metallic lode occurrences. There are no significant known lode gold occurrences to explain the extensive placers. Gold chemical data suggest the placers are sourced from transported and reworked auriferous Tertiary gravels instead of from the local gold-bearing bedrock. The Mentasta–Slana area also hosts many plutonic-related skarn, replacement, and vein–gossan occurrences as well as potential porphyry(?) copper–gold lode prospects and 'Alaska-type' PGM lode occurrences associated with Cretaceous mafic–ultramafic rocks.

A portion of the main strand of the Denali Fault System (DFS), which ruptured in 2002 (with an associated magnitude 7.9 earthquake), is included in and bounds the northern edge of the study area. DGGS is identifying, determining orientations, and characterizing the kinematics of active and inactive faults along the DFS and subsidiary faults to provide a better understanding of the regional stress regime. The results of a paleoseismic trench study across the 2002 rupture trace of the Denali fault are contained in a Preliminary Interpretive Report presently under review at DGGS. These data are necessary for subsequent assessment of earthquake hazards to critical infrastructure and population centers.

New geologic mapping and neotectonic studies, incorporating interpretations of DGGS's airborne geophysical data, will lead to a better understanding of the region's geologic framework, provide data on recent fault movement essential to geologic hazard assessments, provide geologic-resource data critical to land-use decisions, and help to stimulate increased mineral exploration investment within this belt of rocks. Products will be a series of geologic maps at 1:50,000 scale, and reports containing geological, geochemical, and geophysical data. Geologic maps of the Slate Creek–Slana River area will be completed in 2011. Surficial-geologic mapping performed in conjunction with this project is described separately (p. 62).

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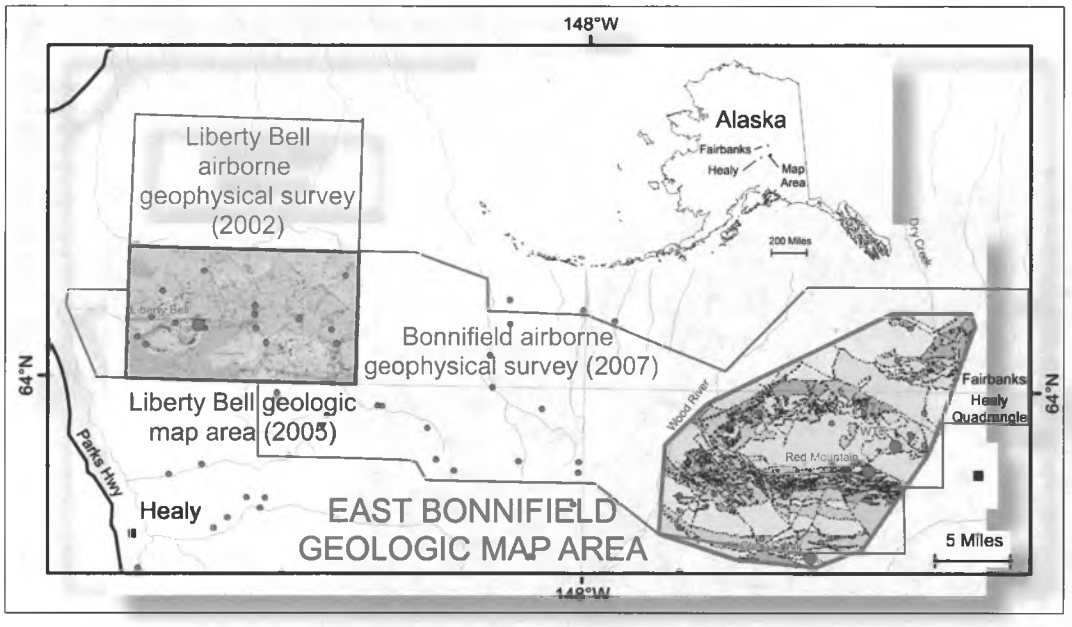
AIRBORNE GEOPHYSICAL/GEOLOGICAL MINERAL INVENTORY PROGRAM: GEOLOGIC MAPPING IN THE EASTERN BONNIFIELD MINING DISTRICT, HEALY AND FAIRBANKS QUADRANGLES, ALASKA

Historic and active placer mines in the Bonnifield mining district have produced more than 86,000 ounces of gold; the region also contains numerous significant polymetallic volcanogenic massive sulfide (VMS) and gold–polymetallic pluton-related lode occurrences. To encourage renewed industry exploration for mineral deposits in this region, and to provide geologic data for State and local land-use management, in 2007 the Alaska Division of Geological & Geophysical Surveys (DGGS) released a 613-square-mile airborne-geophysical survey for the eastern two-thirds of the area outlined in magenta (fig. 1) as part of the State-funded Airborne Geophysical/Geological Mineral Inventory program. In summer 2008, DGGS conducted fieldwork to geologically map an approximately 200-square-mile area in the eastern Bonnifield mining district (area outlined in red; fig. 1). A geochemical data report was published in 2009, and 1:50,000-scale bedrock- and comprehensive-geologic maps will be published in 2011. This project is funded primarily by State Capital Improvement Project (CIP) funds, with supplemental funding from the U.S. Geological Survey through the Federal STATEMAP program.

The eastern Bonnifield map area is 60 miles south of Fairbanks in the northern foothills of the Alaska Range. The map area contains significant mineral occurrences, most notably the WTF and Dry Creek VMS prospects, which contain drill-inferred resources of copper, lead, zinc, silver, and gold. Lithologic and structural relationships and interpretations depicted on 50-year-old published geologic maps are not supported by our summer 2008 investigations. DGGS's new geologic map incorporates interpretations of our Bonnifield airborne geophysical survey data, aerial photographs, donated industry data, and our 2008 field observations and new scientific analytical data. Our work documents many sets of newly discovered inactive faults and one potentially active fault, and presents a revised stratigraphic section based on actual lithologic units instead of grouped rock packages.

The primary objective of the eastern Bonnifield project is to map the geology of the area in sufficient detail to facilitate wise State and local land-use decisions and to guide mineral industry exploration efforts. The timing of this project coincides with renewed mineral-industry interest in exploration for volcanogenic massive sulfide deposits including those in the eastern Bonnifield mining district; exploration activity in Alaska in general is near an all-time high. Because economic development could potentially conflict with other land uses, the availability of DGGS's detailed geologic, resource, and reconnaissance hazard assessments is important for long-range planning. Providing a basic geologic framework and an inventory of potentially mineralized areas will help State and local planners balance the need for resource development with other land-management strategies. Geologic maps and data produced by this project will also serve as a framework for further scientific studies and increased regional understanding of this tectonically active area, which is 21 miles north of the Denali fault.



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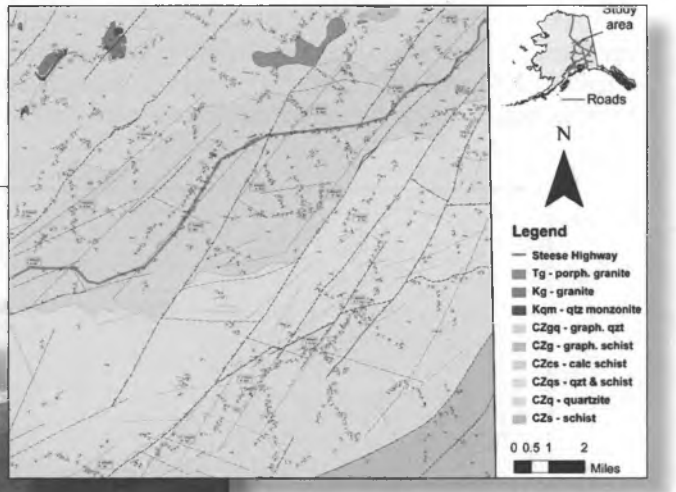
ALASKA GEOPHYSICAL/GEOLOGICAL MINERAL INVENTORY PROGRAM: BEDROCK GEOLOGIC MAPPING OF THE NORTHERN FAIRBANKS MINING DISTRICT, CIRCLE QUADRANGLE, ALASKA

In summer 2007, the Alaska Division of Geological & Geophysical Surveys (DGGS) conducted 189 square miles of geologic mapping northeast of Fairbanks, covering the central portion of DGGS's 404-square-mile northeast Fairbanks airborne magnetic and electromagnetic geophysical surveys released in January 2006. The mapping project is funded primarily by DGGS's Airborne Geophysical/Geological Mineral Inventory program, an annual investment by the State of Alaska to expand Alaska's geologic- and mineral-resources knowledge base, catalyze future private-sector mineral exploration and development, and guide state planning. Additional support is from the federal STATEMAP program.

The Steese Highway bisects the study area from highway mileposts 66 to 85. Good access from the highway, placer mining roads, and a few trails, in addition to nearby power from the high-voltage power lines of the Fort Knox gold mine 25 miles to the southwest, would facilitate possible mineral development. The map area lies in a northeast-oriented trend of plutonic-related gold mineralization between the central and southwestern Fairbanks and Circle mining districts. The Fairbanks mining district has the largest historic gold production in Alaska, with nearly 12.9 million troy ounces of gold produced as of 2007. Three placer mines (two active) and one lode gold prospect are present in the northeast Fairbanks map area. Placer gold is spatially associated with monzogranite and quartz monzonite plugs, dikes, and sills. The distribution of paystreaks within the placers and paucity of mineralization within the intrusions suggest some of the gold may be structurally controlled. In 2007, DGGS identified arsenopyrite–pyrite–quartz veins and boxworks and semi-massive stibnite–quartz veins proximal to the intrusive suite.

In addition to geologic mapping, DGGS conducted a rock and stream-sediment geochemical study instrumental in the Alaska Division of Mining, Land & Water's decision to relocate a portion of the proposed Mount Ryan Remote Recreational Cabin Sites Staking Area to an area with lower perceived mineral potential. Because land open to settlement is usually closed to mineral exploration and development, knowledge of an area's mineral potential is crucial to decisions about whether to retain that land for subsurface users. These geochemical data were published in January 2008.

DGGS's geologic mapping incorporates interpretations of our airborne geophysical data, and will provide: (1) a better understanding of the lithologic, metamorphic, and tectonic framework of Interior Alaska; (2) baseline geologic-materials and hazards data for future infrastructure and residential construction, and current maintenance of the Steese Highway; (3) geologic-resource data critical to land-use decisions; and (4) geologic knowledge that will help encourage mineral exploration investment in the northern section of the Fairbanks mining district. A series of 1:50,000-scale geologic maps and associated scientific studies for this project will be completed in 2011. Surficial-geologic mapping performed in conjunction with this project is described separately (p. 65).



Draft bedrock geologic map.



View, looking north, of the Faith Creek gold placer.

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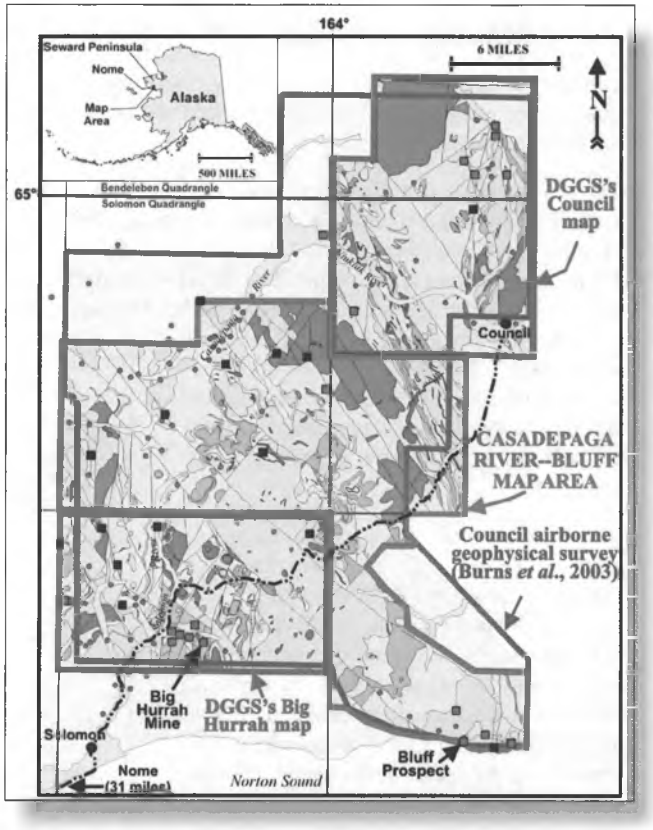
AIRBORNE GEOPHYSICAL/GEOLOGICAL MINERAL INVENTORY PROGRAM: BEDROCK GEOLOGIC MAPPING IN THE COUNCIL–BIG HURRAH–BLUFF AREA, SEWARD PENINSULA, ALASKA

More than 1 million ounces of placer gold have been extracted from the Solomon–Council area of Alaska's Seward Peninsula during the past century, but gold production has declined in recent decades. To encourage renewed industry exploration for lode gold and base-metal deposits in this region, and to provide geologic data for land-use management, in 2003 the Alaska Division of Geological & Geophysical Surveys (DGGS) released airborne-geophysical surveys for the area outlined in purple (fig. 1). These surveys are part of the Airborne Geophysical/Geological Mineral Inventory (AGGMI) program, supported by State Capital Improvement Project (CIP) funds. In 2004, DGGS conducted 1:50,000-scale geologic mapping and geochemical sampling in the Big Hurrah and Council areas (green outline, fig. 1).



In 2006, DGGS extended this mapping into the Casadepaga River–Bluff area (red outline, fig. 1), and will produce a combined map and a geologic report of the entire project area in 2011. A geochemical report for the 2006 map area was released in October 2007. This part of the project is primarily supported by the State CIP-funded AGGMI program, and was partially supported in 2007 by the Federal STATEMAP program. The purpose of DGGS's mapping is to provide geologic context for known lode gold and base-metal deposits and occurrences, and evaluate the area's mineral-resource potential. The Casadepaga River–Bluff map area contains the Bluff lode gold prospect, and covers the headwaters of the Casadepaga River, known for its rich placer gold deposits. The lode sources of this placer gold have not yet been identified.

The Casadepaga River–Bluff area is underlain by Proterozoic to Lower Paleozoic metasedimentary and metaigneous rocks of the Nome Group, including the Solomon Schist, Mixed Unit, Casadepaga Schist, and undifferentiated marble. DGGS's recent detailed geologic mapping defines the internal metamorphic stratigraphy of these rock units, and is revealing new relationships between units as well. Efforts to determine their depositional ages are in progress. Stratigraphic relationships and depositional-age data are essential for evaluating the economic potential of the Nome Group for hosting base-metal sulfide deposits.

In the Casadepaga River–Bluff area, DGGS's geologic mapping and associated studies have documented the location, geochemistry, age, distribution, orientation, and regional structural controls on the area's gold-bearing quartz vein systems. To help predict where additional veins may be located, it is important to determine the timing of gold-vein formation relative to structural features, metamorphic events, and igneous intrusions. Our preliminary work indicates that Nome Group rocks underwent high-pressure blueschist-facies metamorphism ~200 million years ago, and were later partially overprinted by a greenschist-facies mineral assemblage. Rare, extension-related alkalic intrusions of Cretaceous to Quaternary age are scattered throughout the map areas, but are not spatially associated with gold-bearing quartz veins. These veins yield 40Ar/39Ar adularia and white mica ages of ~105 to 115 Ma. Hydrothermal kaolinite, cinnabar, and adularia indicate epithermal-style mineralization on the southern Seward Peninsula, as well as the more widely distributed, gold-bearing veins of possible orogenic or extensional origin.

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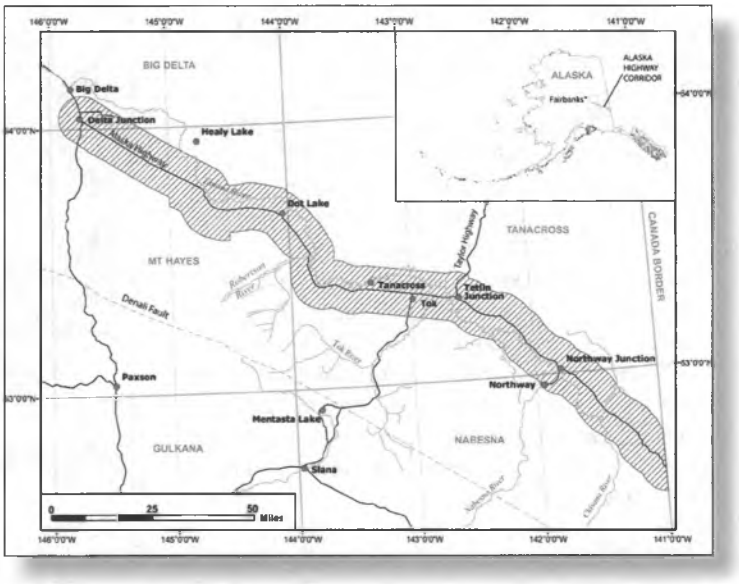
BEDROCK GEOLOGY & MINERAL-RESOURCE ASSESSMENT ALONG THE PROPOSED GAS PIPELINE CORRIDOR FROM DELTA JUNCTION TO THE CANADA BORDER

The Alaska Highway is the primary land transportation route to interior Alaska from the contiguous United States, and is likely to become the locus of increasing development, especially if the proposed natural gas pipeline or Alaska Railroad extension are constructed along this route. Despite the corridor's strategic location, relatively little geologic and geotechnical work has been published along its length. This multi-year project, primarily supported by State Capital Improvement Project (CIP) funds, will provide a framework of geologic data upon which engineering, design, and resource decisions may be evaluated for future development between Delta Junction and the Canada border. In 2006, as the first phase of this project, DGGS collected, interpreted, and published airborne geophysical data for a 16-mile-wide corridor centered on the Alaska Highway. The second phase of the project consists of mapping bedrock and surficial geology and evaluating geologic hazards and resources. The surficial-geology and geologic hazards parts of the project are described separately.

The bedrock portion of the project includes 1:63,360-scale bedrock geologic mapping and mineral-resource assessment work. In 2006 and 2007, DGGS conducted geologic fieldwork between Delta Junction and Dot Lake, in 2008 between Dot Lake and Tetlin Junction, in 2009 between Tetlin Junction and the Canada border, and in 2010 final field checking from Delta Junction to the border. The 2008 portion of the corridor is particularly significant because of its close proximity to the active Denali fault, approximately 25 miles to the southwest in the Alaska Range. DGGS determined the location and kinematics of many smaller-scale, potentially active faults related to the Denali fault system within the corridor, and this data will provide a better understanding of the history and potential impacts of these faults.



The bedrock maps incorporate interpretations of DGGS's airborne magnetic and resistivity data, field data, and various scientific analytical data. The geophysical data are particularly valuable for interpreting the geology in areas covered by surficial deposits or vegetation. Preliminary results from 2009 fieldwork show a continuation of geologic relationships determined by 2006–2008 fieldwork, along with new features and interpretations. Numerous plutonic rock suites were defined; these plutons intruded amphibolite-facies metasedimentary and metaigneous rocks similar to those elsewhere in the Yukon–Tanana Upland, as well as a suite of greenschist-facies metasedimentary rocks and metamorphosed mafic intrusions, which likely correlate with similar units directly across the border in Canada.

These rocks have undergone several ductile to brittle deformation and faulting events. High-grade contractional ductile deformation affects rock units as young as Mississippian. Normal faulting, accommodating east–west extension, affects rock units as young as Late Cretaceous. Overprinting all of this is a complex system of younger strike-slip, reverse, and oblique faults that have affected all of the rock units. These structures accommodate overall north–south contraction with a component of right-lateral slip, similar to deformation on the Denali fault. The latest structures may have been active during the Late Cenozoic, shown by their alignment with major topographic changes, and there are similar-azimuth lineations in young sedimentary units on aerial photographs and in DGGS's airborne-geophysical data. In addition, there is evidence of Quaternary-age faulting along the northern front of the Alaska Range.

DGGS is also evaluating the mineral-resource potential of bedrock units by sampling and analyzing altered rocks to provide baseline geochemical data for use by State land managers and mineral exploration companies. Geochemical analyses for 2006–2010 fieldwork will be published in 2011. Bedrock geologic maps for the 2006–2009 corridor segments will be published in 2011; funding for this planned work consists of FY2010 CIP funding and State General Funds.

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ANNUAL ALASKA MINERAL INDUSTRY REPORT



Alaska Statute 41.08 charges the Division of Geological & Geophysical Surveys (DGGS) to *"determine the potential of Alaska land for production of metals, minerals, fuels, and geothermal resources"; "conduct such other surveys and investigations as will advance knowledge of the geology of Alaska"; and "print and publish an annual report and such other special and topical reports and maps as may be desirable for the benefit of the state."* To meet part of this goal, we gather, verify, collate, and supply statistics and summary observations about Alaska's mineral industry and release this information in a timely manner to the public in the format of an annual mineral industry report, an interim summary, and public presentations. This project supplies information to the mineral industry, provides the State and the public with valuable data pertaining to the health of Alaska's mineral industry, and fosters a better understanding of the significance of the mineral industry to Alaska's private sector and government.

The annual Alaska mineral industry report is a key source of information about exploration, development, and production of Alaska's mineral resources. Statewide and international circulation of the report and its findings at professional mineral industry conventions and trade shows, at chambers of commerce and other organizations' meetings, and in professional journals informs the general public, local and international mineral industry, and local, state, federal, and international government agencies about current activities within Alaska's mineral industry. The report serves as a barometer for the mineral industry's status in any given year and provides unbiased, authoritative information compiled in a consistent format from year to year. Government personnel rely on the report as an essential tool for formulating public policy affecting resource and land management.

The 2009 Alaska mineral industry report, released in December 2010, summarizes information provided through replies to questionnaires mailed by DGGS, phone interviews, press releases, and other information sources. The 2009 cumulative value of Alaska's mineral industry, the sum of exploration, development, and production values, was $2.966 billion, $204.2 million lower than 2008's value of $3.171 billion. This was the fourth consecutive year that the cumulative value topped $2 billion and the 14th straight year that Alaska's mineral industry topped $1 billion. Exploration expenditures for 2009 were $180 million, approximately one-third of the United States total, but a 48 percent drop from the record $347.3 million expended on exploration in 2008. Development expenditures amounted to $330.8 million, down 17 percent from the $396.2 million spent in 2008; and the value of mineral production was $2,455.6 million, with production volumes of most metals increasing from 2008 amounts. Alaska's mineral industry value will likely increase in 2010 due to improving metal prices and new mines starting production in 2010.

The annual mineral industry report has been published for 28 consecutive years as a cooperative venture between the Department of Natural Resources' (DNR) Division of Geological & Geophysical Surveys, and the Office of Economic Development (OED) in the Department of Commerce, Community & Economic Development (DCED). A summary of the 2010 Alaska mineral industry activities will be released by February 2011. The 2010 Alaska mineral industry report will be released by early November 2011.

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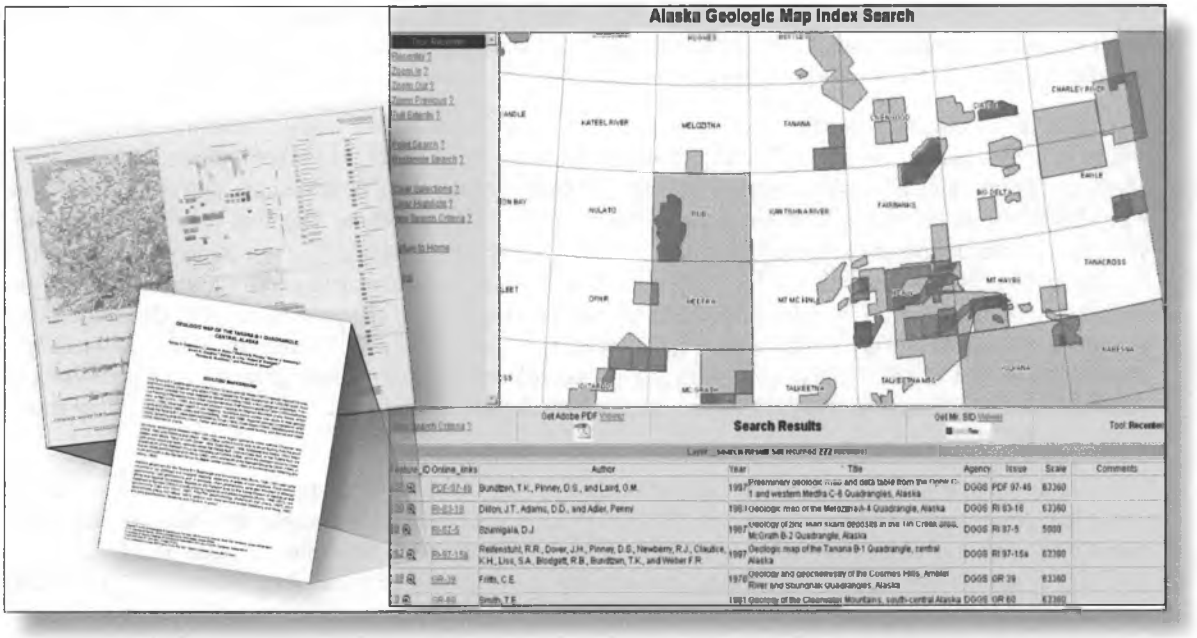
ALASKA GEOLOGICAL AND GEOPHYSICAL MAP INDEX

In 2003 the Alaska Department of Natural Resources, Division of Geological & Geophysical Surveys (DGGS) and Land Records Information Section (LRIS; now Information Resource Management) released the first version of a Web application that will ultimately provide the locations and outlines of Alaska geologic maps from all government agencies in a single, interactive, Internet-accessible location. The "Alaska Geology Map Index" site (http:maps.akgeology.info/) currently contains about 300 citations and outlines for DGGS-authored geologic maps. About 900 additional U.S. Geological Survey (USGS) and DGGS geologic map outlines and associated bibliographic references have been compiled and are being categorized and checked for errors. The 1,200 outlines will be uploaded into DGGS's central Oracle database during 2010 and 2011. DGGS intends to add outlines for remaining geologic maps by DGGS, U.S. Geological Survey (USGS), U.S. Bureau of Mines (BOM), and U.S. Bureau of Land Management (BLM), and geophysical maps by DGGS and other agencies in future years.

Currently, no up-to-date geographic index of Alaska geologic maps exists. Internet access to the current status of geological and geophysical maps of Alaska will make it easier for the public and government agencies to more quickly find the maps they need to make informed resource- and land-management decisions. The categorized database provides an effective means of searching for maps of particular interest. For example, geologic hazard-related maps will be harvested from the Map Index database to help create the comprehensive map-based interface, "Online Guide to Geologic Hazards in Alaska." This project is described separately under the Alaska Coastal Management Program.

DGGS anticipates upgrading the Map Index interface to a fully integrated map- and text-based search application based on real-time data served from DGGS's central Oracle database. The user will be able to: (1) retrieve subsets of map outlines based on map categories (bedrock geology, surficial geology, resources–metals–lode, hazards–permafrost, etc.) or metadata (scale, publishing organization, publication date, etc.); (2) view the results in an interactive map interface and listing; and (3) re-query the results by either a text search or map selection. The interface will also provide links to downloadable digital reports and maps for each citation, where available. Some of these functions are available at this time, but the capability of the interface, number of maps available, and currency of the data will be greatly improved.

The project was initiated with funding from the Federal Minerals Data and Information Rescue in Alaska (MDIRA) program and is now supported by State General Funds. The primary objective of the MDIRA program was to ensure that all available Alaska minerals-related data are preserved in a safe and readily accessible format for all potential users. DGGS is applying for additional support from the National Geological & Geophysical Data Preservation Program of USGS.



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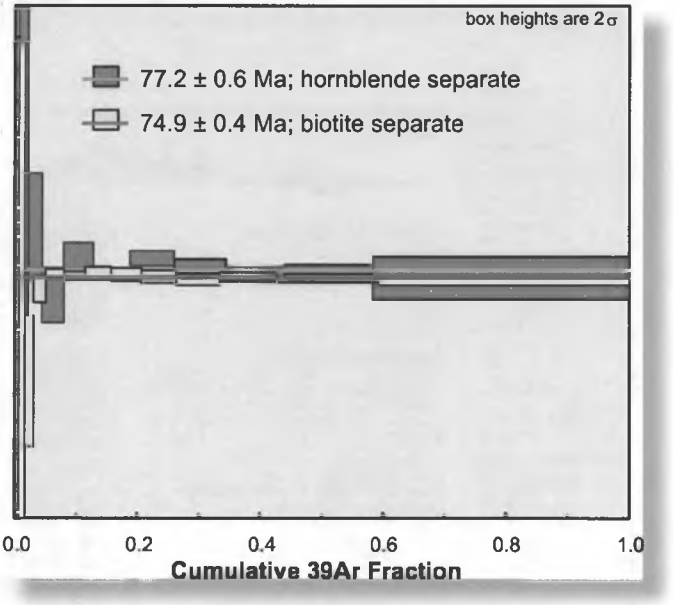
GEOCHRONOLOGIC DATABASE FOR ALASKA

In 2005, the Alaska Division of Geological & Geophysical Surveys (DGGS) initiated development of a comprehensive geochronologic database for Alaska. The geochronologic database contains summary interpretive and detailed analytical data and associated information for all available radiometric ages of rocks and minerals in Alaska. The objective of this project is to expand the most-current existing compilations of radiometric data and to make this age information widely accessible to private industry, academia, and government. This project was initially funded through the Federal Minerals Data and Information Rescue in Alaska (MDIRA) program and in 2010 was supported by State General Funds and the National Geological and Geophysical Data Preservation Program (NGGDPP). The primary objective of the MDIRA program is to ensure that all available Alaska minerals data are securely archived in perpetuity and in a format readily accessible by all potential users. Information on mineral resources is important for management policy decisions in both the public and private sectors. Increased use of high-quality data should lead to better economic, legislative, and environmental decisions.

The compilation includes information for all available U-Pb, K-Ar, $^{40}Ar/^{39}Ar$, and Rb-Sr ages of Alaska samples. Radiometric ages are compiled from both published and unpublished sources. Essential basic supporting information that is currently not easily accessible was harvested from original publications, student theses, industry records, and laboratory archives. This detailed information includes raw analytical data, standards, constants used in calculations, analytical laboratory, analyst, sample preparation and processing steps, sampling agency and geologist, and sample context and descriptions. To date, more than 4,925 age records have been compiled.

In 2009, DGGS loaded the compiled geochronologic data into its central Oracle database. In 2010, DGGS created a beta-version Web Feature Service (WFS) containing age sample locations, basic metadata, and references to the appropriate original publications that were harvested by the National Digital Catalog (http:datapreservation.usgs.gov/catalog.shtml). WFS data are served online in real time directly from DGGS's Digital Geologic Database described on p. 73 and are importable into Geographic Information Systems (GIS) software. Current efforts include documentation of data fields, creation of record-level metadata, and development of a WFS-type data release with instructions for GIS users. In 2011, DGGS anticipates upgrading the WFS with summary age data and publishing a report of all summary geochronologic data in the central database. The final stage of the geochronology project will be to make these data fully accessible via an interactive, map- and text-based search application on DGGS's website and through a link on the MDIRA website (http:akgeology.info). DGGS's central database will serve as a repository for future Alaska radiometric data and provide an authoritative, up-to-date, digital source of this important geologic information.



Age spectra plot generated from detailed $^{40}Ar/^{39}Ar$ age data stored in the geochronologic database.

Table 1. Example summary table information for an $^{40}Ar/^{39}Ar$ sample.

Analytical Method	Sample Number	Latitude	Longitude	Estimated Location Error	Age	Lithology	Dated Material	Age Interpretation	Age Type	Citation	Link
40Ar/39Ar	1999JS59A	62.3	-149.13	100	77.2 ± .6 Ma	quartz diorite	mineral separate: hornblende	igneous crystallization	plateau	PIR 2002-4	http://www.dggs.dnr.state.ak.us/pubs/pubs?reqtype=citation&ID=7144
40Ar/39Ar	1999JS59A	62.3	-149.13	100	74.9 ± .4 Ma	quartz diorite	mineral separate: biotite	igneous crystallization	plateau	PIR 2002-4	http://www.dggs.dnr.state.ak.us/pubs/pubs?reqtype=citation&ID=7144

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ALASKA COASTAL MANAGEMENT PROGRAM: NATURAL HAZARDS

DGGS provides support to Alaska Coastal Management Program (ACMP) personnel and coastal district planners regarding natural hazard issues. DGGS responsibilities include: reviewing natural hazard aspects of proposed coastal projects during the consistency review process; recommending state designation of hazard areas during consistency reviews when needed; providing support to coastal district planners in revising coastal management plans; par-ticipating in district teleconferences; and periodically reviewing regulatory and planning documents regarding natural hazards issues.

A lack of basic field data and baseline information on geologic hazards in Alaska makes it difficult for coastal districts and the State to implement the ACMP natural hazard standard (11 AAC 112.210). Coastal districts often do not have the scientific information needed to designate natural hazard areas in their district plans for the purpose of ensuring that coastal development adequately mitigates the risks of the hazards. During consistency review for a proposed project, the State can, under the standard, designate a natural hazard area so that hazards risks may be addressed in the review. DGGS assists DNR in development of the background information and formal designation of the hazard area.

The DGGS website provides access to the online "Guide to Geologic Hazards in Alaska," a bibliographic database with links to scanned maps and documents published by DGGS and the U.S. Geological Survey (USGS) that contain information relevant to hazard identification in Alaska: www.dggs.alaska.gov/geohazards . The guide is served from DGGS's publications database and is searchable by coastal district. In 2009, DGGS was awarded ACMP Enhancement Grant Program (EGP) funding to update the guide and make it more user-friendly to coastal district planners, ACMP, and project applicants. The revised online guide is facilitating delivery of new geologic hazard maps and reports planned by DGGS under the Coastal Impact Assistance Program (CIAP; described on p. 56) and recommended by the Climate Change Cabinet's Immediate Action Workgroup. DGGS has been awarded additional EGP funding in 2010 to expand this project. The upgraded Guide to Geologic Hazards in Alaska will act as a resiliency tool, providing districts centralized data that can support proposed natural hazards designations and policies, planning, and federal reporting on natural hazards. The upgrade plan includes incorporating the geographic extents of published hazards data (collected in part from the DGGS Map Index project [described on p. 52]), to develop a functional prototype of an interactive geologic-hazards bibliography map- and text-based search interface using a GoogleMaps-type application.



Figure 1. The DGGS online "Guide to Geologic Hazards in Alaska" has been updated to include relevant new published information and internet sites as well as to provide expanded information about the types of geologic hazards present in Alaska. The guide will also be enhanced by the addition of a searchable map interface that will allow users to more easily identify bibliographic resources available for their area of interest.

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ASSESSMENTS OF GEOLOGIC HAZARDS ASSOCIATED WITH CLIMATE CHANGE

Studies have shown clearly that high-latitude regions are experiencing the impacts of a sustained and amplified climate-warming trend. Alaska's high-latitude location makes it particularly sensitive to the effects of climate change, which can include the modification or enhancement of natural geomorphic processes. These modifications could increase the magnitude and frequency of some kinds of geologic hazards (such as erosion, flooding, slope instability, and thawing permafrost) and, if not properly addressed, have a direct effect on Alaska communities and infrastructure, as well as on the livelihoods and lifestyles of Alaskans (fig. 1). The State can help preserve the integrity of its infrastructure and the health and safety of Alaska's people by being prepared for potential emergency situations resulting from geologic hazards that are caused or amplified by climate change. A critical first step is to perform the necessary sound science to identify high-risk areas where proactive mitigation efforts will be needed and useful, and areas where design structure and proper, informed planning can alleviate the need for future mitigation.

The Division of Geological & Geophysical Surveys' (DGGS) Climate Change Hazards Program has been developed to rigorously assess geologic hazards associated with climate change and publish information that will be used for proactive planning, hazard mitigation, and emergency response in high-risk communities and developing areas. DGGS is accomplishing this by collecting the necessary field data to assess geologic hazards and publish peer-reviewed surficial-geologic and geologic-hazards maps and reports of high-risk communities and infrastructure in Alaska. We are completing these assessments at local and/or regional scales as needed to address specific local problems and to understand and evaluate the larger geologic context. This effort is a collaboration with relevant outside organizations including the Immediate Action Work Group of the Governor's Subcabinet on Climate Change, University of Alaska, Federal Emergency Management Agency, Alaska Division of Homeland Security & Emergency Management, Alaska Division of Coastal & Ocean Management, Alaska Department of Commerce, Community and Economic Development, U.S. Geological Survey, and U.S. Army Corps of Engineers, and will provide valuable information to allow planners and design engineers to minimize the economic impacts and public safety risks associated with geologic hazards.

DGGS scientists conducted field-based geologic hazards assessments and mapping in and around the communities of Kivalina and Koyukuk during summer 2010, and expect to complete the first products of this project in FY2011. The geologic-hazards and surficial-geologic maps will be published in digital GIS format in conformance with national standards and will delineate areas where potential natural hazards such as erosion, slope instability, flooding, and thawing permafrost should be considered at a more detailed level to fully evaluate risk for any given use. The maps will also help evaluate proposed relocation sites for communities that must move to avoid irreparable damage, and identify potential sources for construction materials. Reports describing the geology and hazards will accompany the maps.

The Climate Change Hazards Program is funded by the State of Alaska as a Capital Improvement Project (CIP).



Figure 1. Permafrost cellar near the Wulik River, northwestern Alaska. Warming temperatures and thawing permafrost can flood permafrost cellars and threaten food supplies in some villages in rural Alaska. Natural processes, such as thawing permafrost, are likely to be modified by climate change.

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GEOHAZARD EVALUATION AND GEOLOGIC MAPPING FOR COASTAL COMMUNITIES

Approximately 6,600 miles of Alaska's coastline and many low-lying areas along the state's rivers are subject to severe flooding and erosion. The United States General Accounting Office (GAO; now the U.S. Government Accountability Office) reported in 2004 that flooding and erosion affects 184 out of 213 (86 percent) Alaska Native villages, and most of these are coastal communities (fig. 1). Many of the problems are long-standing, although some studies indicate that increased flooding and erosion are being caused in part by changing climate. These findings were reinforced in 2006, when the U.S. Army Corps of Engineers determined that the coastal villages of Kivalina, Newtok, and Shishmaref have only 10–15 years left in their current locations before being irretrievably lost to erosion if countermeasures are not implemented. The Immediate Action Work Group (IAWG) of the Governor's Subcabinet on Climate Change made a series of recommendations in 2009 that represent an intensive collaborative effort undertaken in an open public forum to address the immediate needs of the state, with a specific focus on six communities in peril: Newtok, Shishmaref, Kivalina, Koyukuk, Unalakleet, and Shaktoolik (fig. 2). Four of the top six at-risk villages are located on the coast.

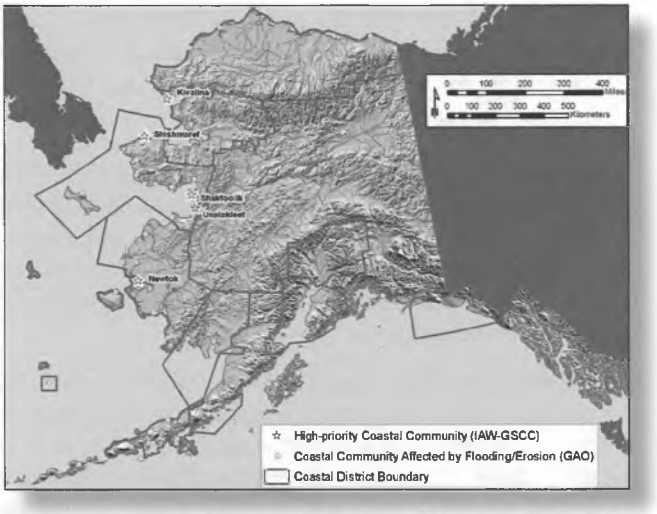

Figure 1. Map showing the distribution of Alaskan communities at risk for coastal flooding and erosion.



Figure 2. The village of Kivalina, northwestern Alaska. The engineered rock barrier is designed to help protect the town against coastal erosion.

In response to these issues, the Division of Geological & Geophysical Surveys (DGGS) has initiated a program of coastal community geohazards evaluation and geologic mapping in support of community and district planning. External support for this effort comes from the federal Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE; formerly the U.S. Minerals Management Service, MMS) as part of the Coastal Impact Assistance Program (CIAP). In 2010, DGGS hired a new staff geologist specializing in coastal hazards and began to collect the necessary field data to produce and publish surficial and engineering-geologic/hazards maps of Alaska coastal communities, prioritized in consultation with the IAWG, Alaska Division of Community and Regional Affairs, Alaska Coastal Management Program staff, U.S. Army Corps of Engineers (COE), and affected coastal districts. Kivalina was selected as the pilot community for DGGS's first mapping efforts, leveraging federal STATEMAP and state CIP funds to enhance the scope of the project. The maps produced by this program will identify local natural hazards and other geologic factors that must be considered in the siting, design, construction, and operations of development projects to ensure protection of human life, property, and the coastal environment. Maps may include proposed relocation sites in response to the severe coastal erosion problems now facing various Alaskan communities. Mapping will be completed at local and/or regional scales as needed to address specific local problems and to understand and evaluate the larger geologic context of the area. The engineering-geologic/hazards maps will be published in GIS format with standard metadata and will delineate areas where natural hazards such as erosion, slope instability, active faults, flooding, and earthquake effects should be considered at a more detailed level to fully evaluate construction risk and to ensure that the coastal areas are not damaged by planned and proposed development. Project work will be coordinated with current U.S. Geological Survey coastal studies to ensure there is no duplication of effort. DGGS expects to complete the geohazard evaluation and hazard mapping for Kivalina in FY2011 and two or more communities in each of the following three years. Target communities for FY2011 mapping are likely to include Shaktoolik and Unalakleet.

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GEOLOGIC MAPPING AND HAZARDS EVALUATION IN AND NEAR KIVALINA, NORTHWEST ALASKA

Approximately 10,600 kilometers of Alaska's coastline and many low-lying areas along the state's rivers are subject to severe flooding and erosion. The United States General Accounting Office (GAO; now the U.S. Government Accountability Office) reported in 2004 that flooding and erosion affects 184 out of 213 (86 percent of) Alaska Native villages. These findings were reinforced by subsequent studies, conducted by the U.S Army Corps of Engineers (2006) and the Immediate Action Workgroup of the Alaska Governor's Subcabinet on Climate Change (2008), that identified Kivalina as among the most imperiled communities in Alaska due to climate-change phenomena and therefore in most need of immediate actions to prevent loss of life and property.

The Alaska Division of Geological & Geophysical Surveys (DGGS) has statutory responsibility to perform the necessary sound science to identify high-risk areas where proactive mitigation efforts will be needed and useful. Alaska's Geologic Mapping Advisory Board (GMAB) endorsed DGGS's choice of Kivalina (fig. 1) as a project to be funded by the U.S. Geological Survey's STATEMAP program in order to map surficial geology and assess geologic materials and natural hazards in support of informed community planning.

The objectives of the 2010 Kivalina STATEMAP project are: (1) Map the surficial geology in sufficient detail to develop comprehensive lithologic unit descriptions and a geomorphic framework that can be used to understand the active earth processes affecting the village of Kivalina and the surrounding area, and map the bedrock geology at a reconnaissance level sufficient to evaluate the lithologies for general engineering and materials characteristics; (2) Develop information matrices and derive maps that describe the general engineering properties of bedrock and unconsolidated geologic units in the map area; and (3) Identify and map potential geologic hazards, including the coastal zone and areas of flooding, erosion, thawing permafrost, and slope instability (fig. 2).

DGGS scientists completed fieldwork in the Kivalina STATEMAP area in July 2010 and are analyzing data and generating map products. Final products will be published in 2011 and include a report and maps describing the geologic setting and natural hazards of the study area. These new data will be critical to community planners as they develop and administer their plans in the context of major undertakings ranging from construction of engineered protective structures to possible relocation of the entire village.

Federal STATEMAP funding for this project is matched by state Capital Improvement Project (CIP) funds through DGGS's Climate Change Hazards program. Supplementary funds are from the U.S. Minerals Management Service (MMS) as part of the Coastal Impact Assistance Program (CIAP).

Figure 1. Map showing location of the Kivalina study area.

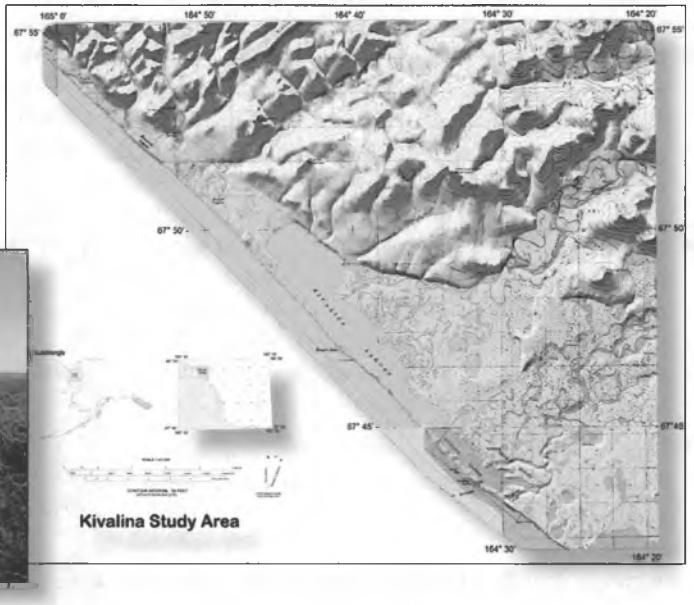



Figure 2. Thermokarst and drainage system development near Kivalina, Alaska.

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GEOLOGY, GEOHAZARDS, AND RESOURCES ALONG THE PROPOSED GAS PIPELINE CORRIDOR, ALASKA HIGHWAY, FROM DELTA JUNCTION TO THE CANADA BORDER

In preparation for the proposed Alaska natural gas pipeline, the Alaska Division of Geological & Geophysical Surveys (DGGS) is continuing work on a multi-year project to evaluate the geology, geohazards, and material resources between Delta Junction and the Canada border along a 12-mile-wide corridor centered along the Alaska Highway (fig. 1). Information obtained as a result of this study has been utilized for time-critical alignment, engineering, design and permitting decisions. Published materials from each of three segments along this route will include reports describing surficial geology, permafrost, bedrock geology, and potentially active faults. Each report, with the exception of the one describing potentially active faults, will be accompanied by 1:63,360-scale geologic maps. An engineering-geologic map and associated descriptive table will also be published as a derivative product from each surficial-geologic map. The bedrock mapping portion of this project is described separately (see p. 50). All maps are being made available as digital GIS files with accompanying metadata.

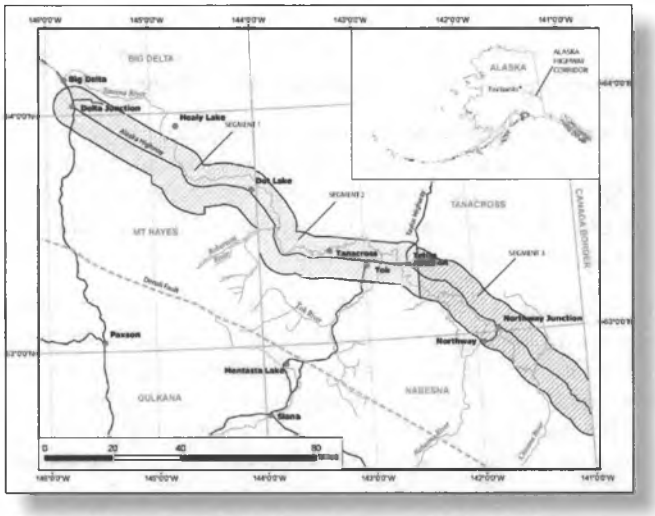

Figure 1. Location of the three segments of the study area.

For corridor Segment 2, between Dot Lake and Tetlin Junction, products in 2010 include a report on potentially active faults, a report and associated maps describing permafrost, and engineering-geologic maps with descriptive tables. DGGS is also currently engaged in report writing and map preparation for the third segment of the corridor between Tetlin Junction and the Canada border. We anticipate publication of the surficial-geologic map and report for Segment 2 in the fall of 2010 and all Segment 3 maps and reports by the fall of 2011.

DGGS personnel and contractors conducted field work during the summer and fall of 2010 to address additional questions arising from evaluation of previous years' results and to collect more data for completing a final compilation report that will include revised GIS maps for the entire corridor. Fieldwork included refining the permafrost, surficial- and engineering-geologic mapping and assessing areas along the Alaska Highway that are undergoing active slope failures (fig. 2). Additionally, we evaluated a paleoseismic trench along a lineament south of Alaska Highway milepost 1338 for evidence of recent fault activity. Information from field investigations was used in posters presented in fall 2010 at meetings of the Geological Society of America and the American Geophysical Union. During 2011, we will perform minor final fieldwork to resolve remaining geologic issues and to inspect any significant newly identified features that become apparent from high-resolution LiDAR (Light Detection and Ranging) data being collected in the entire proposed pipeline corridor (described separately; see p. xx). We anticipate completing the final compilation maps and report by winter 2012.



Figure 2. Cracking of road surface resulting from active slope movement along the Alaska Highway near milepost 1272.

The Gas Pipeline Corridor Project is funded by the State of Alaska as a Capital Improvement Project (CIP).

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LIDAR ACQUISITION FOR GEOLOGIC HAZARD EVALUATION

LiDAR (Light Detection and Ranging) has proven to be a highly useful form of remotely sensed data for identification and characterization of potentially active faults and many other surficial-geologic landforms and hazards, especially in areas of heavy vegetative cover where access may be difficult and other forms of remotely sensed data are ineffective. Because of its documented effectiveness as a tool for evaluating geology and geologic hazards, the Alaska Division of Geological & Geophysical Surveys (DGGS), with support from the Alaska Gas Pipeline Office and the Office of the Federal Coordinator, contracted Watershed Sciences, Inc. to acquire high-resolution LiDAR data (8 pulses per square meter) for an area of 1,578,504 acres beginning in the fall of 2010.

LiDAR acquisition areas (fig. 1) consist of: (1) contiguous 1-mile-width coverage over existing infrastructure along the entire length of the proposed natural gas pipeline corridor from Prudhoe Bay to the Canada border (following the Alaska Highway) and from Delta Junction to Valdez; (2) half-mile-wide coverage of existing primary pipeline-support roads where outside the main corridor; and (3) expanded areas of coverage along these corridors where data are needed for evaluation of active faults, slope instability, and other hazards.

The LiDAR data will serve multiple purposes, but will be primarily used to evaluate active faulting, slope instability, thaw settlement, erosion, and other engineering constraints along the proposed pipeline routes, and to provide a base layer for the state–federal GIS database that will be used to evaluate permit applications and construction plans.

Watershed Sciences, Inc., began work in mid September and was able to collect data for 128,221 acres, or about 22 percent of the total survey area, before the onset of snow prevented further acquisition. Data were collected for most of the targeted area between Delta Junction and the Canada border as well as between Delta Junction and Paxson. Remaining data collection will take place in the spring and summer of 2011, with anticipated completion by August 2011. Data delivery to DGGS will be staged beginning in early 2011. After quality control and analysis, data, including bare earth Digital Elevation Models (DEM's), will be made available to the public via the DGGS web page.

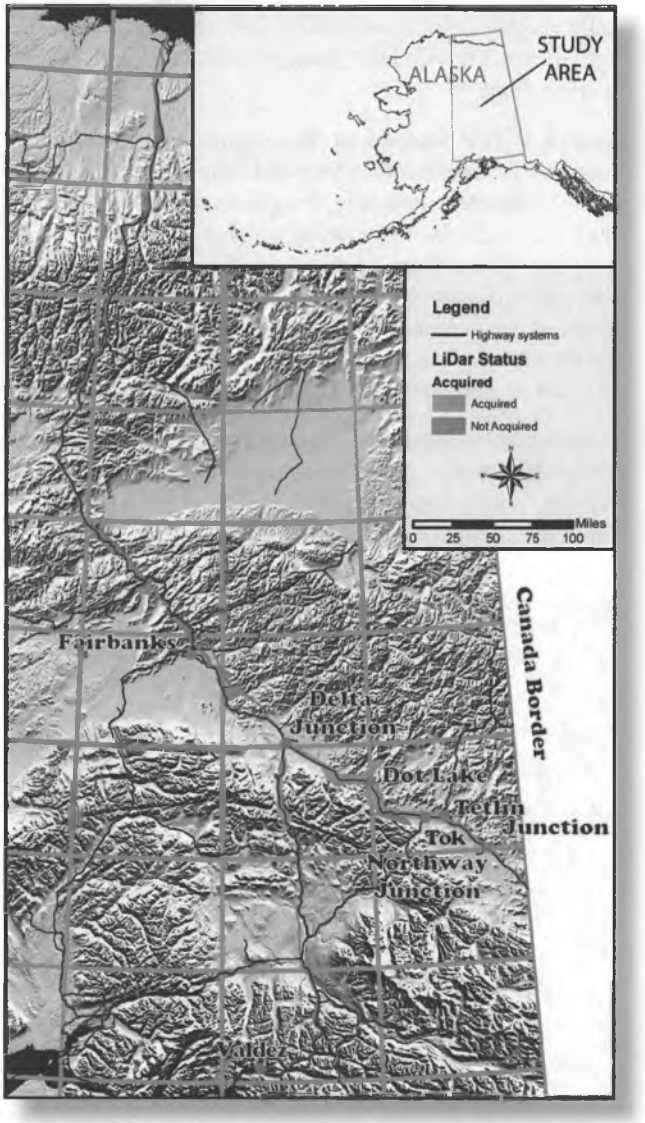

Figure 1. Map showing LiDAR acquisition areas.

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MapTEACH

The Alaska Division of Geological & Geophysical Surveys (DGGS) continues to participate in MapTEACH (Mapping Technology Experiences with Alaska's Community Heritage), an education-outreach program that targets geospatial technology skills for rural Alaska students (fig. 1). This program is a continuation of what was originally a multi-year NSF-funded collaborative project by DGGS and is now an important part of the University of Alaska Integrated Geography Program, which has embraced it as their "flagship K–12 outreach program." MapTEACH emphasizes hands-on experience with spatial technology (GPS, GIS, and remote sensing imagery in a local landscape-landform context) in conjunction with traditional activities. Working directly with geologists and local landscape experts, participants are presented with a chance to authentically emulate scientific data collection and mapping activities at a novice level, using real data in a real-world setting.



Figure 1. The MapTEACH website offers curriculum resources and other helpful information about the program to teachers wishing to explore place-based education in Alaska. The program was originally named "Mapping Technology Experiences with Alaska's Cultural Heritage," but "Cultural" has been replaced by "Community" to reflect the broader context into which MapTEACH has grown.

MapTEACH is founded on the integration of three focus areas: Geoscience, geospatial technology, and local landscape knowledge. Program materials are built on a menu-based model in which users (teachers) can select those portions of the curriculum that are most useful for their classroom objectives. When implementing the full range of MapTEACH curriculum, students and teachers interact in field settings with Native Elders, traditions-based community leaders, and professional geologists from DGGS and the University of Alaska.

Introducing students to geoscience and geospatial technology in culturally responsive and stimulating classroom and field settings will enhance community understanding of landscape processes and natural hazards in rural Alaska. It will also foster appreciation of state-of-the-art technology tools and data sets that can be applied to informed community planning and decision making.



MapTEACH is currently working with the Yukon–Koyukuk and Yukon Flats school districts to train science and geography teachers in the use of the MapTEACH curriculum (fig. 2). Class implementation projects to date have included an erosion study in Huslia, re-clearing and mapping an abandoned nature trail in Ruby, mapping Native place names in Koyukuk and Nulato, and mapping a road trip from Manley Hot Springs to Seward.

Figure 2. A Fort Yukon teacher prepares to core a tree on a MapTEACH field trip. Teacher training workshops were held in Fairbanks for teachers from the Yukon–Koyukuk and Yukon Flats school districts in which they learned about permafrost effects on landscape and vegetation , and gained experience in digital mapping using GPS units, GIS and GoogleEarth.

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QUATERNARY FAULT AND FOLD DATABASE

The Division of Geological & Geophysical Surveys (DGGS) is continuing collaborative efforts with the U.S. Geological Survey (USGS) to develop a Quaternary fault and fold database for the State of Alaska (fig. 1). Partial funding for GIS support has been provided by the Federal Office of Emergency Management (FEMA) in a grant to DGGS. The on-line resource will be of great utility to the earthquake engineering community, the insurance industry, scientific researchers, and the general public, and will contribute to the established database of active faults for the nation. Although Alaska is one of the most seismically active states, information on Quaternary tectonics is sparse. The November 3, 2002, magnitude 7.9 Denali fault earthquake and a large scarp in the vicinity of Anchorage along the Castle Mountain fault attest to the importance of information related to the location of past and future earthquakes. When completed, the database will also help identify gaps and problems in the existing information as a means of prioritizing future field investigations to identify, map, and describe Quaternary faults and folds.

DGGS is digitizing a GIS database of fault traces and fold axes (with associated attributes and in compliance with national guidelines) from 1:250,000-scale published data . In some cases, where more detailed maps are available, faults are digitized at a scale of 1:63,360. In support of the database, DGGS has completed a comprehensive literature search for published materials on Quaternary faults and folds and is in the process of creating text-based descriptions for individual structures. The descriptions summarize pertinent data such as geographic information, geomorphic expression, length, average strike, sense of movement, age of faulted surficial deposits, existing paleoseismological studies, and a list of references. The database will be incorporated into the existing USGS Quaternary fault and fold database, which provides users with a powerful user-friendly map interface linked to the available data.

We have completed digital mapping of eight major structures, including the Denali, Castle Mountain, Queen Charlotte–Fairweather, Iditarod–Nixon, Kaltag, Bendeleben, Patton Bay, and Hanning Bay faults. Fault digitizing will next concentrate on the Northern Alaska Range Foothills Fold and Thrust Belt and the southern Yakutat collision zone. Given the number of faults and lack of information on many structures, the complete dataset will take years to complete. Therefore, DGGS is concentrating efforts along structures that pose the greatest seismic hazards and/or have potential to impact planned and likely future development in the state. Our initial effort will serve as a platform up which to add additional information as new faults are discovered and future detailed studies are performed. Ultimately, the database will provide a comprehensive resource for seismic hazard assessment and regional policy planning.



Figure 1. Digital shaded relief map of Alaska showing faults already digitized as part of the DGGS/USGS Quaternary fault and fold database project.

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SURFICIAL-GEOLOGIC AND NEOTECTONIC MAPPING OF THE SLATE CREEK AREA, MT. HAYES QUADRANGLE, SOUTH-CENTRAL ALASKA

The Alaska Division of Geological & Geophysical Surveys (DGGS) conducted surficial-geologic and neotectonic mapping of about 113 square miles of the Chistochina geophysical survey tract during July 2009. This mapping project was primarily funded by State capital project funds, with supplementary Federal STATEMAP funding from the U.S. Geological Survey (USGS). The Slate Creek study area is located in the southern foothills of the Alaska Range about 140 miles southeast of Fairbanks and 20 miles east of Paxson (fig. 1). The 1,240-mile-long (2,000-kilometer-long) right-lateral Denali fault bounds the northern margin of the map area and was the source of the Mw 7.9 Denali fault earthquake on November 3, 2002, that caused significant damage to transportation corridors and many communities, as well as impacting the Trans-Alaska Pipeline. To identify and study evidence for past earthquakes along the Denali fault in this area, DGGS, in conjunction with the USGS, initiated a paleoseismic trench study as part of this project.

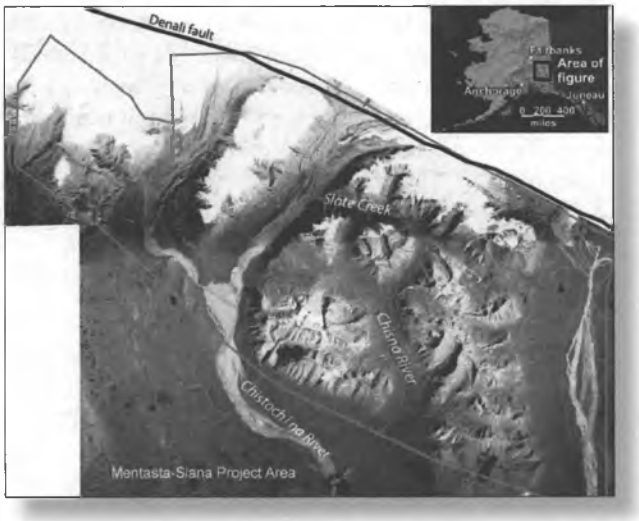

Figure 1. Location map of Slate Creek area, showing approximate trace of the Denali fault.

During Pleistocene time, the map area was inundated by ice that was part of an extensive system of alpine glaciers and ice caps of the Alaska Range that coalesced with the Cordilleran Ice Sheet and reached all the way to the Gulf of Alaska. The map area was also extensively glaciated during late Wisconsin time, with ice reaching up to 30 miles (50 kilometers) from the rangefront at its maximum extent 25,000–20,000 years ago. Glacially-oversteepened slopes and comparatively recent loss of ice buttresses, possibly combined with proximity to the Denali fault and its attendant seismicity, have resulted in numerous landslides. Three trenches were hand dug on the 2002 rupture trace of the Denali fault. Six faults were identified on one trench, all of which break the entire stratigraphic section to the surface and thus indicate rupture during the 2002 event. The other two trenches suggest the occurrence of at least two paleoearthquakes.



Figure 2. Draft surficial-geologic map of the Mentasta–Slate Creek area. Green = Pleistocene glacial deposits; purple = Holocene glacial deposits; orange = colluvial deposits; yellow = alluvial deposits; gray = bedrock.

New surficial-geologic mapping (fig. 2) will lead to a better understanding of the region's Quaternary geologic framework and provide geologic-resource and -hazards data critical to land-use decisions. Paleoearthquake chronology data developed in collaboration with our USGS colleagues are being compared to paleoseismic histories determined at other sites along the central and eastern Denali fault, and will ultimately be used to develop earthquake recurrence models for south-central Alaska. This information will also contribute to Alaska's Quaternary Fault and Fold Database (QFF project, described separately). Products of the Slate Creek project anticipated by late 2011 include a report and a geologic map (1:50,000 scale) describing surficial-geologic deposits. A Report of Investigations (RI) summarizing the results of the paleoseismic investigation has been reviewed internally by the USGS and will be finalized in Spring 2011. Bedrock mapping performed in conjunction with this project is described separately.

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SURFICIAL-GEOLOGIC AND NEOTECTONIC MAPPING OF THE TYONEK AREA, WESTERN COOK INLET, ALASKA

In conjunction with the 2010 Tyonek STATEMAP project (described separately), the Division of Geological & Geophysical Surveys (DGGS) is undertaking surficial-geologic mapping and neotectonic investigation on the western side of Cook Inlet (fig. 1). The map area straddles the northwestern margin of Cook Inlet basin and encompasses about 875 square miles (2,266 square kilometers) of State and Native corporation land. The Lake Clark fault is a right oblique reverse fault that extends ~105 miles (~170 kilometers) northeast from Lake Clark in the western Alaska Range to the northern Cook Inlet forearc basin. Post Eocene right lateral and north-side-up vertical displacements of 16 miles (26 kilometers) and 1,640–3,280 feet (500–1,000 meters), respectively, are well documented. Details about the fault's Quaternary history are limited to only a few observations.

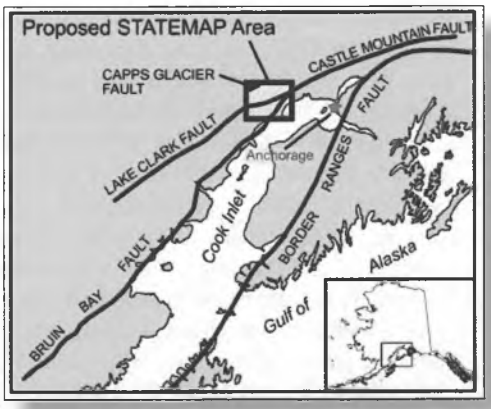

Figure 1. Location map of Tyonek area.

Glacial, volcanic, and mass-movement deposits dominate the Tyonek landscape (fig. 2). During the last major glaciation, the map area was invaded by the massive Cordilleran Ice Sheet, which spread eastward into the Cook Inlet trough from sources in the southern Alaska Range to the west and north. Following the maximum ice extent about 23,000 years ago, the glacier complex thinned and ice from individual lobes fluctuated as it deposited glacial and glacioestuarine material that is now preserved in the coastal lowland area of northwestern Cook Inlet. Volcanism centered on the Mt. Spurr complex temporarily dammed the valley of Chakachatna River, producing massive flooding in the southwestern part of the map area. Massive landslides displace bedrock and Quaternary sediments in the uplands and valley walls of incised streams, and the volcanic plateau in the northwestern map area is being dismantled by complex landslides along the eastern and western margins. Our neotectonic investigation places broad constraints on the recency of activity along the Lake Clark fault. The results indicate that the eastern part of the fault is characterized by a relatively low rate of activity and has been tectonically quiescent since at least 21,000 years ago.

New geologic mapping will lead to a better understanding of the region's geologic framework and provide geologic-resource and -hazards data critical to land-use decisions. The neotectonic data are important for seismic hazards assessments related to petroleum production infrastructure and potential future coal resource and hydroelectric power development, as well as seismic safety of the greater Anchorage metropolitan area. The results of the neotectonic study will ultimately be incorporated into the Alaska Quaternary Fault and Fold database (see p. 61). Final products of the Tyonek project will include two reports and a geologic map at 1:63,360 scale. The neotectonics report is presently in review and expected to be completed in Spring 2011. A map and report describing the surficial geology will be completed by late 2011. Bedrock geologic mapping performed in conjunction with this project is described separately.

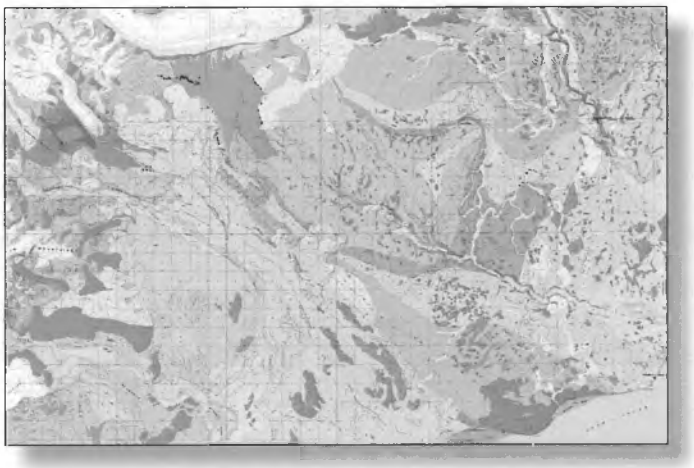

Figure 2. Draft surficial-geologic map of the Tyonek area. Green = glacial deposits; yellow = alluvial deposits; blue = glacioestuarine deposits; tan = landslides; and dark pink = volcanic deposits.

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SURFICIAL GEOLOGY IN THE SAGAVANIRKTOK QUADRANGLE, NORTH SLOPE ALASKA

In 2010 the Alaska Division of Geological & Geophysical Surveys (DGGS) continued compiling surficial-geologic maps of a 1,212-square-mile area straddling the Dalton Highway in the northern Brooks Range foothills in the Sagavanirktok B-3, B-4, B-5, A-3, A-4 and A-5 quadrangles at a scale of 1:50,000 (fig. 1). Mapping in this area will provide crucial baseline geologic data for assessing potential geologic hazards such as permafrost thawing, slope creep, and flooding, which could impact existing infrastructure in the area, including the Trans Alaska Pipeline (TAPS) and Dalton Highway, both of which are vitally important to Alaska's economy. Information from these mapping efforts can also be useful for assessing the rate and severity of landscape change, an important consideration in infrastructure development in arctic regions where such information is limited. Future development such as resource exploration and construction of a natural gas pipeline will depend on having good quality geologic and hazards data upon which to base decisions.

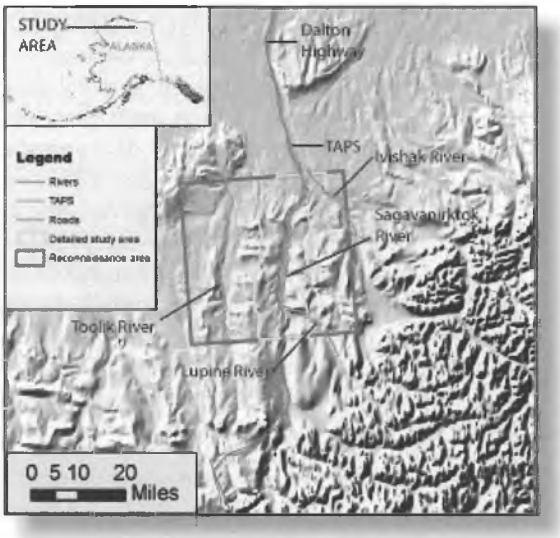

Figure 1. Area of mapping.

Many of the surficial deposits in the area are related to Itkillik (late Pleistocene), Sagavanirktok (middle Pleistocene), and Anaktuvik (early Pleistocene) glacial advances moving northward out of the Brooks Range along major drainages. Deposits from the Anaktuvuk advance have been extensively modified by colluvial and periglacial processes (fig. 2) and are characterized by broad, gently sloping surfaces. The younger Itkillik and Sagavanirktok deposits, although somewhat modified by slope processes, retain more primary glacial morphology and tend to have steeper slopes (fig. 2). In general, the northern and western portions of the study area are characterized by thermokarst and other features associated with extensive permafrost development (fig. 3).

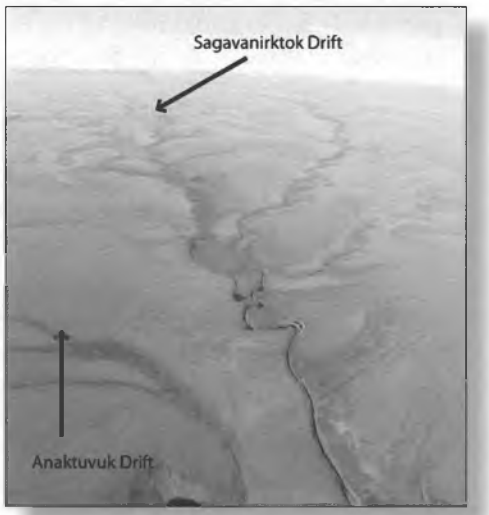

Figure 2. Oblique, south-facing photo of Sagavanirktok River and Anaktuvuk River drifts. Sagavanirktok River drift retains some primary glacial morphology, and Anaktuvuk River drift is characterized by broad, gently sloping surfaces extensively modified by colluvial and periglacial processes.

We anticipate that a reconnaissance map of the entire area and a more detailed map of 377 square miles in the central portion of the area along TAPS will be completed in 2011. This project has been conducted in conjunction with the DGGS Energy Section as part of their continuing work along the northern foothills of the Brooks Range. Preliminary results were part of a combined bedrock–surficial geologic map presented at the Alaska Geological Society Conference in 2009 and a map submitted to the U.S. Geological Survey in fulfillment of STATEMAP reporting requirements that same year.



Figure 3. Oblique photo showing polygonal ground associated with extensive permafrost development.

The Sagavanirktok mapping project is funded by State of Alaska General Funds and the Federal STATEMAP program.

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SURFICIAL GEOLOGY OF THE NORTHERN FAIRBANKS MINING DISTRICT, CIRCLE QUADRANGLE, NORTHEAST FAIRBANKS GEOPHYSICAL SURVEY TRACT

In summer 2007, the Division of Geological & Geophysical Surveys (DGGS) conducted about 189 square miles of geologic mapping straddling the Steese Highway, about 50 miles northeast of Fairbanks, covering the central portion of DGGS's 404-square-mile Northeast Fairbanks airborne magnetic and electromagnetic geophysical survey area. The mapping project was funded primarily by DGGS's Airborne Geophysical/Geological Mineral Inventory program, a special multi-year capital-project investment by the State of Alaska to expand Alaska's geologic and mineral resources knowledge base, catalyze future private-sector mineral exploration and development, and guide state planning. Other funding sources included the U.S. Geological Survey's STATEMAP program and the State's General Fund.

The Engineering Geology Section of DGGS mapped the surficial geology of the area to understand the genesis of the landscape in which placer gold deposits have accumulated (fig. 1). Glacial deposits are prominent in the northwestern portion of the field area, where large granite erratics can be traced many kilometers downvalley from sources in the high peaks of the Mt. Prindle area. Extensive gravel-capped high-level terraces are preserved along the Chatanika River, and extend upvalley into the lower reaches of major tributary streams in the western portion of the field area. Thin lags of rounded fluvial cobbles are draped on discontinuous remnants of these high-level terraces as far as 10 kilometers upstream in Faith Creek. Silt-dominated deposits characterized by numerous pingos predominate in the southern part of the study area.

The products of this project are geologic-framework maps at 1:50,000 scale, one of which describes the surficial geology of the area. The map is being revised after technical review and will be released in spring of 2011. We are using the DGGS Geographic Information System (GIS) to generate these maps, and all data for the project will ultimately be stored and made available in a geographically referenced relational database. DGGS will serve these data from its website (www.dggs.alaska.gov) upon completion of the project. Past experience has shown that a thorough understanding of the geologic framework of an area acts as a catalyst for resource development, paves the way for future exploration, and fosters improved resource management and land-use planning. We anticipate a similar result for the Northeast Fairbanks geophysical tract.

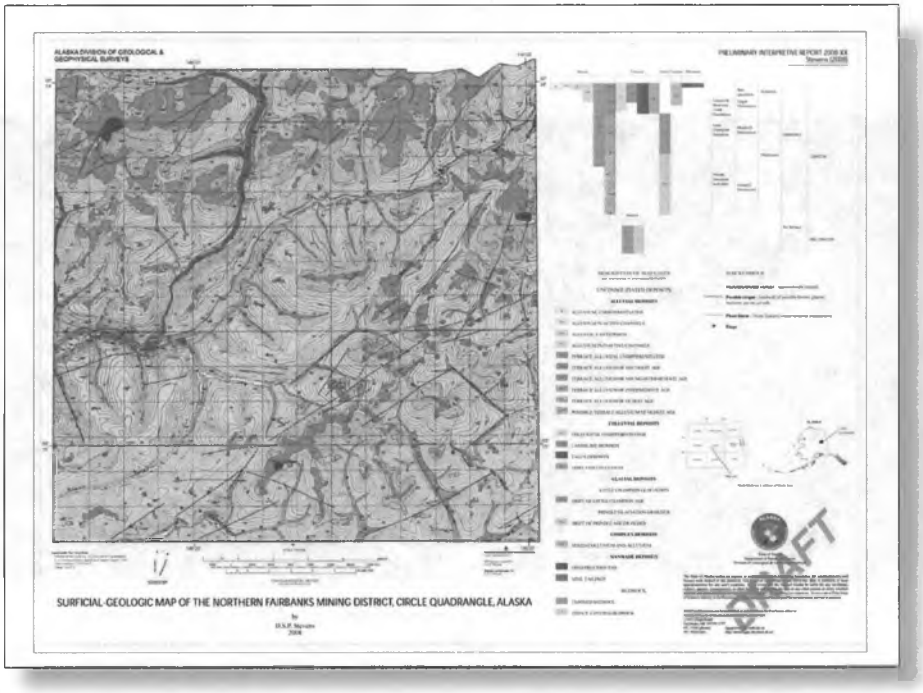

Figure 1. Draft surficial-geologic map of the northern Fairbanks mining district.

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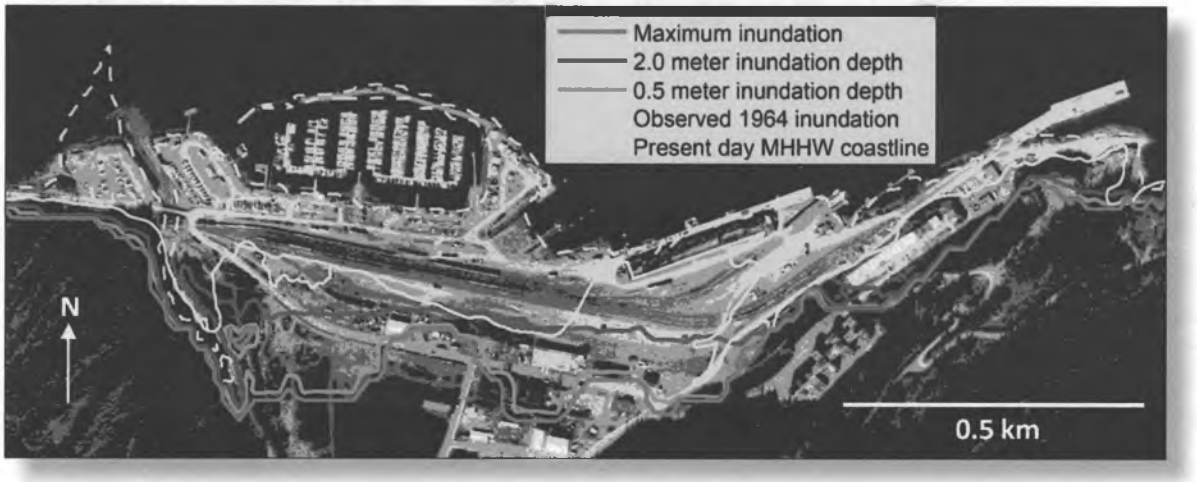
TSUNAMI INUNDATION MAPPING FOR ALASKA COASTAL COMMUNITIES

With funding from Congress, the National Oceanic & Atmospheric Administration (NOAA) initiated the National Tsunami Hazard Mitigation Program in 1997 to assist Pacific states in reducing losses and casualties from tsunamis. The program included funding for five states (Alaska, Hawaii, Washington, Oregon, and California) to address four primary issues of concern: (1) quickly confirm potentially destructive tsunamis and reduce false alarms, (2) address local tsunami mitigation and the needs of coastal residents, (3) improve coordination and exchange of information to better use existing resources, and (4) sustain support at state and local level for long-term tsunami hazard mitigation. In 2005, following the catastrophic Sumatra earthquake and tsunami, the U.S. program was expanded to include Atlantic and Gulf of Mexico states and territories.

As part of this program, the Division of Geological & Geophysical surveys (DGGS) participates in a cooperative project with the Alaska Division of Homeland Security & Emergency Management (DHSEM) and the University of Alaska Geophysical Institute (UAGI) to prepare tsunami inundation maps of selected coastal communities. Communities are selected based on tsunami risk, infrastructure, availability of bathymetric and topographic data, and willingness of the community to use results for emergency preparedness. For each community, DGGS and UAGI develop multiple hypothetical tsunami scenarios that are based on the parameters of potential underwater earthquakes and landslides. We have completed and published tsunami inundation maps for the Kodiak area, Homer, Seldovia, and Seward. A draft report and maps for Whittier are currently under review for publication in early 2010 (fig. 1). Data compilation and inundation modeling for the next community, Sitka, are underway.

To develop inundation maps, we use complex numerical modeling of tsunami waves as they move across the ocean and interact with the seafloor and shoreline configuration in shallower, nearshore water. UAGI conducts the wave modeling using facilities at the Arctic Region Supercomputing Center. DGGS, UAGI, and DHSEM meet with community leaders to communicate progress and results of the project, discuss format of resulting maps, and obtain community input regarding past tsunami effects and extent. DGGS publishes the final maps along with explanatory text, which are available in both hardcopy and digital formats. DGGS also makes the GIS files of inundation limit lines available to the local communities for use in preparing their own tsunami evacuation maps.

We have presented results of this project at international tsunami symposia in Istanbul, Turkey, Seattle, Washington, and Hania, Greece; at the Tsunami Society symposium in Honolulu, Hawaii; at the International Union of Geodesy and Geophysics Symposium in Perugia, Italy; and at the American Geophysical Union annual meetings, 2003–2007. In addition, this project has been the subject of articles in *Geotimes* and *TsuInfo Alert Newsletter.*



Draft tsunami inundation map of Whittier, Alaska, showing observed 1964 inundation, maximum estimated future inundation resulting from all considered tectonic and landslide sources, and resulting water depths.

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REDOUBT VOLCANO: EDIFICE AND 2009 DOME GEOLOGIC INVESTIGATIONS

In 2008 the Alaska Volcano Observatory (AVO), led by the Division of Geological & Geophysical Surveys (DGGS), initiated efforts to produce an updated geologic map and hazard assessment of Redoubt volcano. Those efforts were interrupted by the onset of Redoubt's eruption on March 15, 2009, following 19 years of repose. Most efforts of DGGS's Volcanology Section, as well as other AVO agencies, were redirected to eruption response. The eruption waned during the late spring of 2009, and by summer 2010 work on the map and hazard assessment could resume—coupled with work on the deposits and effects of the 2009 eruption.

Activities and Results: During the 2010 field season DGGS-AVO geologists successfully completed fieldwork on Redoubt Volcano with three goals: (1) to further completion of the geologic map of Redoubt Volcano begun in 2008; (2) to sample and study the 2009 lava dome; and (3) to further describe 2009 deposits. Fieldwork to improve the geologic map entailed detailed mapping of lava flows that had been successfully dated by collaborating researchers with the U.S. Geological Survey. Early Holocene ages of flow that were thought to be older (Pleistocene) drove a reinvestigation and reinterpretation of the morphology of those flows. Dome sampling was complicated by its altitude (~8,000 feet), active fumaroles, and the potential of instability. Yet well located samples of the dome are required for investigations of the dome building process. One sampling method utilized a small dredge towed by the helicopter (fig. 1), a technique pioneered by the USGS Cascades Volcano Observatory (CVO) as a way to sample the Mt. St. Helens dome in Washington. Other samples were collected by hand during extremely brief landings. Vesicularity studies are in progress on the retrieved samples, and further chemical analyses are pending. AVO-DGGS geologists also collaborated with researchers from Cold Regions Research & Engineering Laboratories (CRREL), U.S. Army Corps of Engineers, in an attempt to acquire high-resolution ground-based LiDAR imaging of the dome surface; ultimately weather precluded data acquisition.

Products: AVO-DGGS geologists presented the ongoing research into the growth and morphology of the 2009 Redoubt Volcano lava dome at the annual American Geophysical Union conference in San Francisco in December 2010. AVO, CVO-USGS, and University of Northern Colorado colleagues are drafting a paper on dome growth and morphologic changes as part of a special issue on the 2009 eruption of Redoubt volcano to be published in the *Journal of Volcanology and Geophysical Research.* Completion of the map awaits further geochemical and age data.



Figure 1. Photograph showing helicopter (arrow) dredge-sampling the 2009 lava dome in the crater of Redoubt volcano. (Photo by Steven Anderson, University of Northern Colorado).

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REDOUBT VOLCANO: TEPHRA STUDIES

In March 2009, after nearly 19 years of quiescence, Cook Inlet's ice-covered Redoubt volcano began erupting explosively. Over the course of three weeks, at least 19 explosions sent ash into the atmosphere to heights between 5 and 19 kilometers (17,000 to 62,000 feet) above sea level (ASL), resulting in tephra fallout throughout south-central Alaska, affecting an area of ~80,000 square kilometers. Tephra is the fragmental material of varying particle size produced by volcanic explosions; it consists of pulverized rock, glass, and crystal fragments. Volcanic ash is tephra with a particle size of less than 2 mm in diameter, and is the most significant volcanic hazard to humans, machinery, and the environment owing to its wide dispersal by wind.

In spring 2009, Division of Geological & Geophysical Surveys (DGGS) geologist Janet Schaefer, along with U.S. Geological Survey (USGS) colleague Kristi Wallace, both of the Alaska Volcano Observatory, mapped, sampled, and described the 2009 Redoubt tephra deposits. Throughout the course of the year, more than 200 samples were processed in the lab. By analyzing tephra fallout patterns using NEXRAD radar data and interpreting dozens of stratigraphic sections, the geologists constructed a contour map of tephra fall density (fig. 1). A total tephra-fall volume (dense-rock equivalent) for all 19 explosions is estimated to be 22.6 million cubic meters with a single event maximum of ~6 million cubic meters. These estimates are comparable to previous historical eruptions of Redoubt volcano and are an indication of its eruptive power and continuing widespread ash impacts.

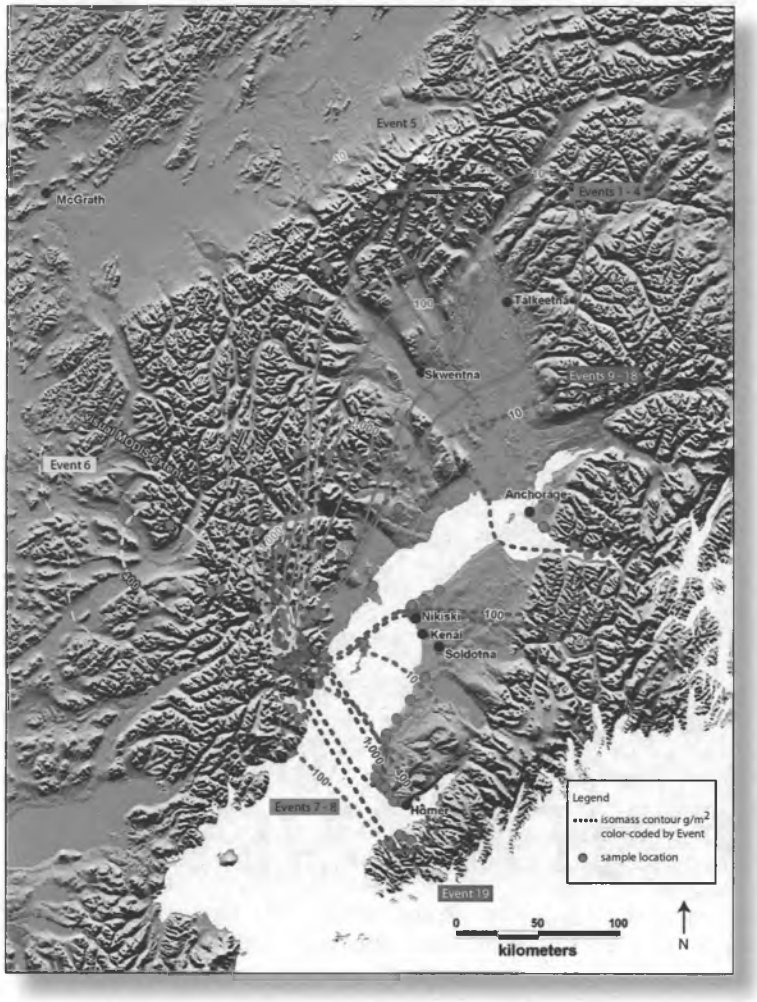

Figure 1. Map showing isomass contours of tephra-fall deposits from the 2009 eruption of Redoubt volcano. Outer contour is 10 grams per square meter, however, trace ash fall (<0.8 mm thick) extended beyond these contours, as far as Fairbanks, 550 kilometers to the north–northeast of the volcano.

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KASATOCHI VOLCANO: GEOLOGIC STUDIES AND ECOSYSTEM RESPONSE

The August 7, 2008, eruption of Kasatochi volcano, located near Adak in the Aleutian Islands, was short, powerful, and came with little warning. Over the course of about 24 hours a series of explosive eruptions produced pyroclastic flows that swept all sides of the tiny island, building new beaches some 400 meters seaward and leaving deposits more than 10 meters thick. Additionally, the explosions enlarged the 1,100-meter-diameter summit crater by more than 250 meters. Ash clouds reached the stratosphere and were carried rapidly to the east, disrupting air traffic to Alaska and along the North Pacific air route. The ash clouds ultimately circled the globe, producing vibrant sunsets in the 'Lower 48' states. The eruption was preceded by a short (36-hour), yet exceptionally intense, earthquake swarm, with more than a thousand earthquakes greater than 2 in magnitude (M), the largest of which was M 5.7. Kasatochi had not erupted for at least a century, and perhaps not during the 250 years of recorded history in Alaska.

Despite its small size—some 2.5 kilometers in diameter—Kasatochi previously supported a lush ecosystem, and that ecosystem was devastated by the eruption. Of particular concern were the auklet nesting colonies because Kasatochi was among only a dozen or so auklet nesting sites in the north Pacific, and auklets rely on existing rock crevices for nesting. Kasatochi also presented a rare opportunity to study the recovery of an island ecosystem that had been well described before the devastation. A multidisciplinary study of ecosystem recovery began in 2009, funded by the North Pacific Research Board, the USGS, and the U.S. Fish and Wildlife Service. Studies in 2009 documented that no chicks of any bird species successfully fledged, compared to ~50,000 birds that fledged in 2008; the investigations also found that, surprisingly, root mats of the pre-eruption vegetation were not all destroyed, and in some of the rare places where erosion had revealed the 2008 surface, plants now grew.

As part of the interdisciplinary project, the Division of Geological & Geophysical Surveys (DGGS) is heading efforts to produce the first geologic map of the island and to investigate the older lava and tephra units on the island. About 12 days total field time in four trips (two in 2009 and two in 2010) have resulted in identification of general stratigraphic units and a full suite of rock samples. Products of Alaska Volcano Observatory work at Kasatochi to date include numerous presentations at an American Geophysical Union special session, special editions of two major journals devoted to the eruption, and several articles in Alaska newspapers. Completion of the geologic map, anticipated in fall 2011, awaits further analytical data on sample age and composition. Support for this project (from 2010 and ongoing) is from the American Reinvestment and Recovery Act through a cooperative agreement between USGS and DGGS.



Oblique aerial photographs of Kasatochi before and after the eruption—both taken during 2008, but from different directions. Pyroclastic flows have built fans that cover previous beach bluffs and extend the shoreline up to 400 meters. In addition, the post-eruption crater is significantly larger. Both photographs are courtesy of Jerry Morris, Security Aviation

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OKMOK VOLCANO: GEOMORPHOLOGY AND HYDROGEOLOGY OF THE 2008 PHREATOMAGMATIC ERUPTION

On July 12, 2008, with less than 5 hours of precursory seismic activity, the central Aleutian volcano Okmok erupted explosively, marking the beginning of a 5-week-long eruption that dramatically changed the morphology and groundwater system in the 8-kilometer-wide caldera. The initial explosion sent an ash- and gas-rich column to 15 kilometers above sea level. Early in the eruption, heavy rain mixed with new tephra on the flanks of the volcano, generating lahars (volcanic mudflows) that traveled across the upper slopes of the volcano and down all major drainages, creating large new deltas along the shoreline. For the next 5 weeks, eruption intensity waxed and waned with explosions occurring from multiple vents on the caldera floor as rising magma interacted with shallow groundwater. One crater formed next to, and eventually captured and drained, the largest pre-existing caldera lake (total volume drained was 13.6 million cubic meters). As the eruption subsided, coalescing maar and collapse craters eventually filled with water, forming a new lake to the west of cone D (fig. 1a) and dramatically changing the morphology and volume of the old lake (fig. 1b). The longest-lived vent formed a 250–300-meter-high, ~1.5-kilometer-wide tuff cone on the western flank of pre-existing cone D. This new tuff cone, the new lakes and collapse pits, and the accumulation of many tens of meters of fine-grained tephra have significantly altered the Okmok landscape. This eruption was substantially larger than any Okmok eruption since that of 1817 (which destroyed the then-unoccupied village of Egorkovskoe on the north coast of Umnak) and far larger than the eruptions of 1945, 1958, or 1997.

Division of Geological & Geophysical Surveys (DGGS) Geologist Janet Schaefer, along with Alaska Volcano Observatory (AVO) and Northern Arizona University (NAU) scientists, visited Okmok in the summer of 2010 to investigate and document this fascinating eruption, the first phreatomagmatic event (explosive eruption caused by contact between rising magma and groundwater) to occur in the United States since the 1977 eruption of Ukinrek Maars on the Alaska Peninsula. Fieldwork focused on the stratigraphy and sedimentology of the tephra deposits from the 2008 eruption, documentation and description of vent evolution, a revision of the hazard assessment, and the creation of a post-eruptive geologic map. A summary of the stratigraphy and sedimentology of the 2008 tephra deposits was presented at the 2010 Fall meeting of the American Geophysical Union. The revised hazard map and geologic map are anticipated to be completed within 2 years.

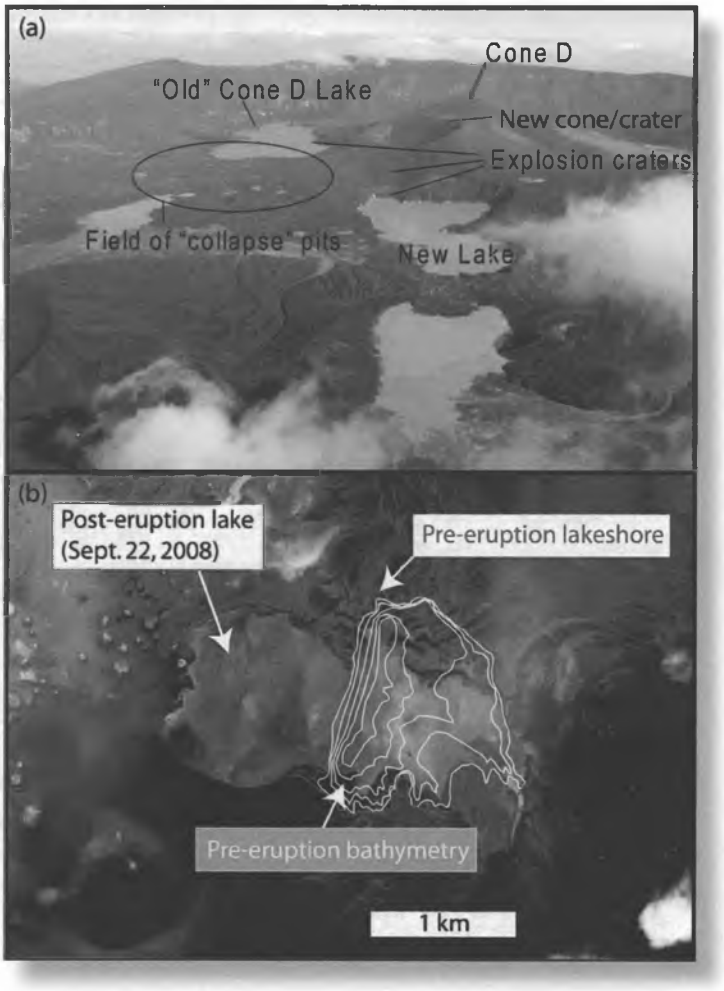

Figure 1. (a) Oblique aerial view, looking east, of Okmok caldera showing the new tuff cone, explosion craters, lakes, and a field of collapse pits adjacent to Cone D. (b) Post-eruption satellite image annotated to show the pre-eruption lakeshore (in blue) of "old" Cone D lake, the pre-eruption bathymetry (in yellow), and the expanded post-eruption lake, north of cone D. North is up.

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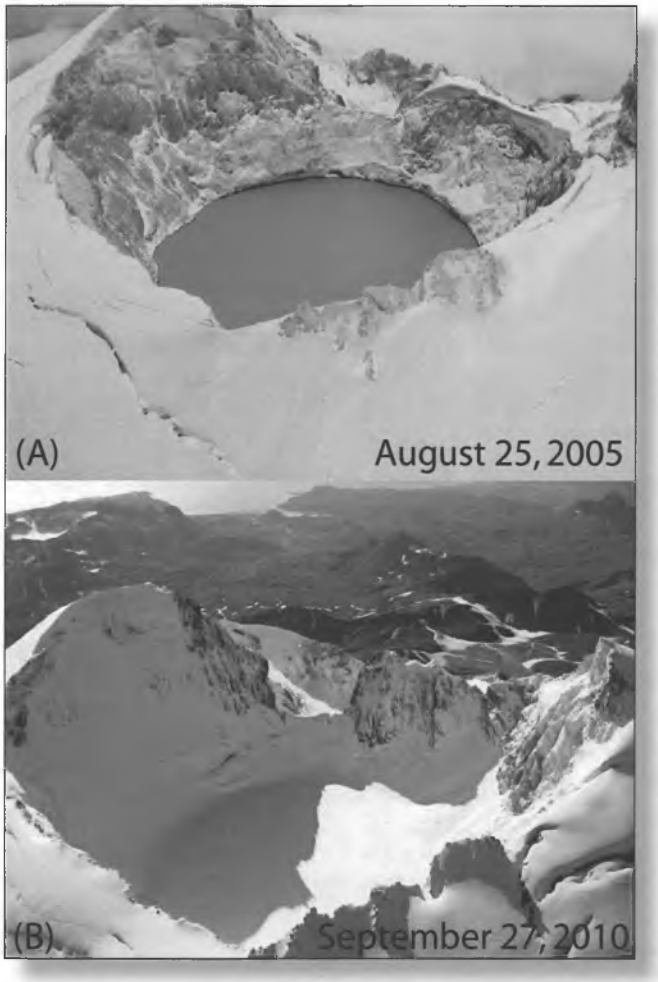
CHIGINAGAK VOLCANO: MONITORING ENVIRONMENTAL RECOVERY FROM THE 2005 ACID CRATER LAKE DRAINAGE

Mount Chiginagak is a hydrothermally active volcano on the Alaska Peninsula, approximately 170 kilometers (100 miles) south–southwest of King Salmon. Sometime between November 2004 and May 2005, a 400-meter-wide (~1,300-foot-wide), 100-meter-deep (~330-foot-deep) lake developed in the formerly snow- and-ice-filled crater of the volcano. In early May 2005, an estimated 3 million cubic meters (106 million cubic feet) of sulfurous, clay-rich debris and acidic water exited the crater through tunnels in the base of a glacier that breached the south crater rim. More than 27 kilometers (17 miles) downstream, the acidic waters of the flood reached approximately 1.3 meters (4 feet) above current water levels and inundated an important salmon spawning drainage, acidifying Mother Goose Lake from surface to depth (pH of 2.90 to 3.06) and preventing the annual salmon run in the King Salmon River. A release of caustic gas and acidic aerosols from the crater accompanied the mud flow and flood, causing widespread vegetation damage along the flow path. An interdisciplinary science team led by the Division of Geological & Geophysical Surveys (DGGS) has been monitoring the status of the remaining crater-lake water that continues to flow into Mother Goose Lake.

Beginning in 2009, an ice layer began to reform in the crater lake, indicating a cessation in the crater's fumarolic heat source (fig. 1). Despite the newly reformed ice layer, more than 1 million cubic meters (35 million cubic feet) of water remains in the crater and continues to supply acidic water to Mother Goose Lake and the King Salmon River.



In August and September 2010, DGGS conducted fieldwork with U.S. Fish & Wildlife Service (USFWS) fisheries biologists, sampling water and investigating the recovery of fish in the acidified system. Biologists found that a variety of salmon species had returned to Mother Goose Lake in 2010, and pH measurements confirmed that the acidity of the lake had declined (pH increase from 4.8 in 2009 to 5.4 in 2010) creating more habitable conditions for the fish. If the current trend continues, the pH of Mother Goose Lake should approach a normal range by the end of 2012.

Geologic Mapping and Volcano Hazard Assessment

The DGGS-led geologic mapping and hazard assessment fieldwork that began in 2004 was completed in 2008. Investigations have revealed a long history of hydrothermal activity, debris avalanches, and lava flows at the volcano. A geologic map and volcano hazard assessment are scheduled to be published by DGGS in 2011. This work has been supported by the USFWS.

Figure 1. (A) The summit crater lake at Chiginagak volcano in August 2005, ~3-1/2 months after the crater lake partially drained, and (B) September 27, 2010. Snow and ice are once again accumulating in the crater as the glacier reforms in response to the cessation of heat flow to the summit. Photos by Janet Schaefer, DGGS.

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ALASKA VOLCANO OBSERVATORY WEBSITE AND DATABASE

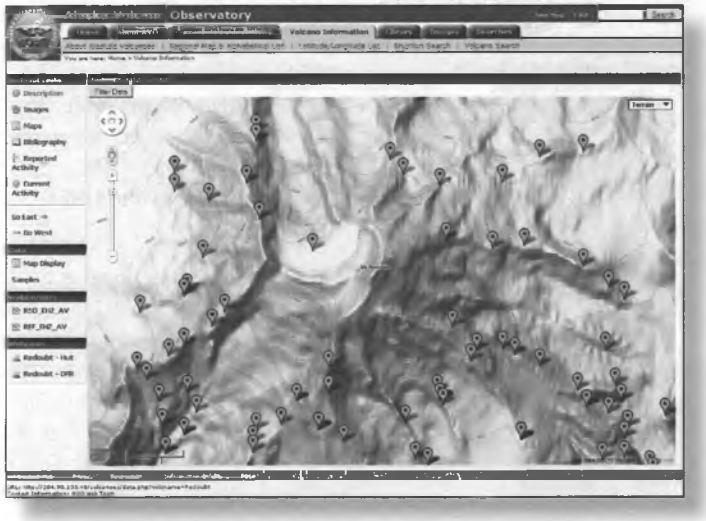
The Alaska Volcano Observatory (AVO) public website (http:www.avo.alaska.edu) serves about 2,800,000 pages and approximately 300 gigabytes of data to well over 100,000 unique visitors per month, and is among the top ten U.S. Geological Survey (USGS) and USGS-affiliated websites in the country. It continues to be the most complete single resource on Quaternary volcanism in Alaska. The Division of Geological & Geophysical Surveys (DGGS) was the original creator of the AVO website in 1994, and continues to be the site designer, builder, and manager.

During FY2010, supported by American Recovery and Reinvestment Act (ARRA) funding, three new servers were purchased and added to AVO's web-serving configuration. In the previous server configuration, one server hosted both the database and website, with a backup server doing the same. Serving both the website and database is a resource-intensive task, especially during episodes of eruptive activity. An average day's traffic generates 100,000 page views and 3,000,000 queries on the database. These numbers can expand exponentially during an eruption, made clear by how the AVO webservers were briefly unable to handle the traffic during the Redoubt unrest in January 2009. In the new configuration, the webserver and database server are separately installed on two of the new servers (in addition to the two older servers that each contain both the website and the database). The third new server will store and host GIS data about Alaska's volcanoes.

The three database servers are also configured in a multi-master replication scheme. This type of replication allows users to enter data on any database server; that data will then be available on any other server. This creates instant data redundancy; should any server fail due to load or hardware/software issues, traffic can be redirected to another server.

AVO's website content is dynamically queried from a MySQL database named GeoDIVA (Geologic Database of Information on Volcanoes in Alaska). GeoDIVA maintains complete, flexible, timely, and accurate geologic and geographic information on Pleistocene and younger Alaska volcanoes to assist scientific investigations, crisis response, and public information. GeoDIVA is currently the most comphrensive and up-to-date authoritative source for information on Alaska volcanoes. It is still under construction, in a modular format. As modules are completed, they undergo continual maintenance so that they remain timely and useful. Current modules in maintenance mode include: bibliography (4,450+ references); basic volcano information (~140 major and ~200 minor volcanic features, 52 'historically active'); eruption history (information, text, and references for more than 430 historic eruptions); images (>18,300); sample information (~7,100); hand sample storage (>15,000); and vent count (~1,200 vents). Modules in continuing development and initial data-load stages include geochemistry (~3,000 analyses, ~113,000 records); petrology (~90 1,000-point point-count analyses); GIS data, geochronology, and tephrachronology/tephra impacts. AVO now owns a dedicated server for GIS data and has licenses for geospatial software. In coming months we will work to input geospatial data and metadata into the server, and make it queryable and usable for AVO staff.

Also developed during FY2009 is the public ash-reporting database and website interface. This effort was in response to the hundreds of citizen ash reports that were phoned and emailed to AVO during the 2009 eruption of Redoubt volcano—each one requiring a staff response. The initial effort was helpful to reduce the burden of citizen ash reporting on AVO staff, but had a number of shortcomings, mostly because of the rapidity of its development. In 2010, we significantly improved and refined the database. We added a map display of samples, coded by ash present/not present and verified/not verified; created a more user-friendly interface; streamlined questions to collect the data that is most important to AVO; and incorporated suggestions from the National Weather Service and global tephra experts.



AVO is on the leading edge of web and database development for volcano observatories, and is actively sharing its expertise with other observatories in the U.S. DGGS is following new and emerging technologies that will allow further enhancement of AVO's web presence and data dissemination abilities. DGGS continually refines and enhances the applications that AVO and other observatories use on a regular basis; the focus will remain on continual incremental improvements to the site, and serving new database modules as they become available.

The Redoubt volcano data map shows locations of published samples. Each marker contains links to the sample's citation information, as well as descriptive, geochemical and petrological data if they exist.

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DIGITAL GEOLOGIC DATABASE PROJECT

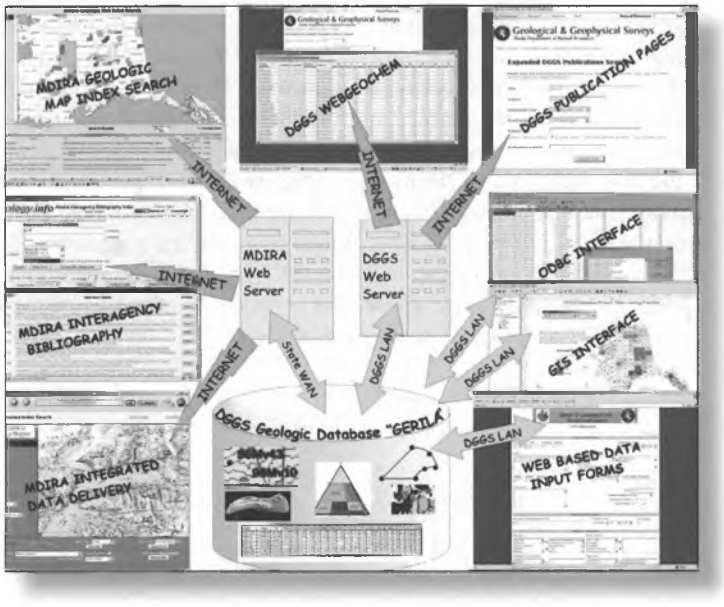
In 2000, the Alaska Division of Geological & Geophysical Surveys (DGGS) set out to develop a geologic database system to provide the architecture for consistent data input and organization. That database system now includes data identification and retrieval functions that guide and encourage users to access geologic data online at no charge. This project was initially part of the federally funded Minerals Data and Information Rescue in Alaska (MDIRA) program; ongoing data input, use, and maintenance of the database system are now part of DGGS's normal operations supported by State General Funds.

The Digital Geologic Database Project has three primary objectives. The first is to provide a spatially referenced geologic database system in a secure, centralized information architecture with networked data access for new and legacy DGGS geologic data. The second objective is to develop functional online interfaces that allow the public to find and identify geologic data available from DGGS and then view or download selected data. The third objective integrates DGGS's minerals-related data with data from other agencies through the MDIRA website akgeology.info/.

During the first 9 years, the project work group established a secure and stable enterprise database structure, started loading data into the database, and created Web-based user interfaces. As a result, the public can access Alaska-related reports and maps published by DGGS, the U.S. Geological Survey, the U.S. Bureau of Mines, and the University of Alaska Fairbanks Mineral Industry Research Laboratory. Also easily accessible are DGGS project digital GIS data through a search page on the DGGS website (www.dggs.alaska.gov/pubs), and DGGS geochemical data though a search engine (dggs.alaska.gov/webgeochem). Users can also find DGGS reports and maps, along with geology and minerals reports from other agencies, through an integrated information portal at the AKGeology.info website, akgeology.info.

During 2010, the project team continued development of various projects requiring database and application support: National Geological & Geophysical Data Preservation Program (datapreservation.usgs.gov) (p. 77), loading Alaska-related U.S. Bureau of Mines publications (p. 76), the online Guide to Geologic Hazards in Alaska (p. 54, 75), Geochronologic Database for Alaska (p. 53), Alaska Geologic Map Index (p. 52), and other ongoing maintenance of existing applications.

Additionally, DGGS secured short-term leftover funding from the MDIRA program in 2010 to ensure the maintenance of several MDIRA products on a long-term basis, both to facilitate our geologic work, and to provide public access to this geologic and mineral resource information. Two datasets compiled under MDIRA have be-come unavailable or are at risk of becoming unavailable: the Alaska Minerals Industry Data Inventory (AKMIDI) (p. 79) database and the Alaska Paleontological Database (http://alaskafossil.org/) (p.80). The databases and user interfaces for both datasets will be migrated to existing DGGS servers by the end of 2011 to ensure regular maintenance, backups, continued data expansion, and consistent public internet access.



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FIELD MAPPING TECHNOLOGY PROJECT



The Alaska Division of Geological & Geophysical Surveys (DGGS) collects, analyzes, and publishes geological and geophysical information in order to inventory and manage Alaska's natural resources and mitigate geologic-hazard risks. DGGS creates a large amount of new data each year and synthesizes the data into multiple reports and maps for publication. On average, DGGS conducts seven field projects per year, each with teams of five geologists in the field for three weeks, or 735 person-days in the field. Each geologist records detailed observations at approximately 25 locations per day in a notebook or on a paper map, which amounts to more than 18,000 multi-part parcels of data per year that must be hand recorded and then translated and parsed into digital media for analysis and eventual publication.

DGGS is committed to the timely release of data to the public and prompt fulfillment of obligations to funding sources. In 2005, DGGS began investigating the potential of digital field mapping to streamline data collection and processing. Digital mapping is defined as using a computer or personal digital assistant (PDA) to show and record information that has traditionally been recorded on paper, whether on note cards, in a notebook, or on a map. Computer technology and software are now becoming portable and powerful enough to take on some of the burden of the more mundane tasks a geologist must perform in the field, such as obtaining precise locations, plotting structural data, and color coding different physical characteristics of a rock. Additionally, computers can now perform some tasks that were formerly difficult to accomplish in the field, for example, recording text or voice digitally and annotating photographs on the spot. DGGS believes that the greatest benefit of digital mapping will be a decrease in the amount of project time necessary for data entry, thereby potentially increasing the amount and quality of information that can be recorded during a given period of time.

In 2007 and 2008, DGGS tested hand-held tablet computers and third-party field mapping software with mixed results. Ultimately, geologists decided that the mapping software setup was too different from the current work flow, and they would ideally like a customized data entry program. Also, geologists requested lighter weight, fully ruggedized, field-ready tablet computers with screens readable in bright light, the likes of which are not yet being manufactured. DGGS actively monitors technological advances in this area for likely prospects.

In order to facilitate discussion in the geologic community regarding digital field mapping technology, DGGS implemented a three-prong plan. In 2009, DGGS created a digital geologic mapping Wikipedia page (http:en.wikipedia.org/wiki/Digital_geologic_mapping). The web page was accepted into WikiProject Geology, which is an attempt to create a standardized, informative, comprehensive and easy-to-use geology resource. In 2010, DGGS created a mailing list (http://list.state.ak.us/soalists/geomapping_technology/jl.htm) that currently has 59 members in the U.S. and abroad. DGGS also surveyed the geologic community regarding their interest in digital geologic mapping and the current technology being used. With the help of the American Geological Institute, the e-mail survey went out to over 1,250 organizations (university geology departments, state and national geological surveys, and the private sector) with a ~13% response rate. Preliminary results of the survey are posted at (http://ngmdb.usgs.gov/Info/dmt/docs/DMT10_Athey.pdf). DGGS is currently compiling the final survey results for release in a U.S. Geological Survey publication.

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WEBSITE DEVELOPMENT/ONLINE DIGITAL DATA DISTRIBUTION

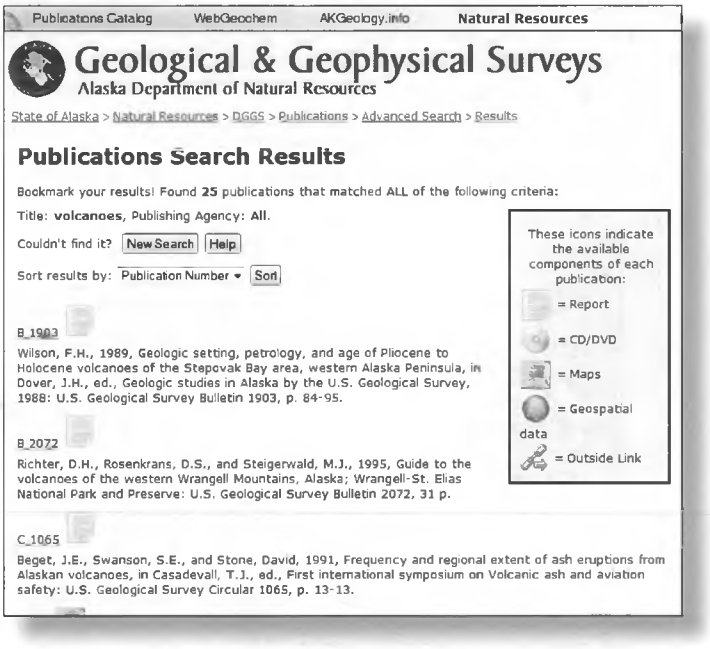
Since its creation in the late 1990s the DGGS website (www.dggs.alaska.gov) has grown from a few static HTML pages to the division's primary mechanism for distribution of geologic publications and information. As the cumulative result of a series of multi-year projects, our current website allows our online customers to search our publications catalog, download DGGS and USGS publications, view and download DGGS geochemical data, and find current information about various geologic projects and topics of interest. Users can currently select and download (at no charge) more than 7,000 text reports, 9,000 oversize sheets and more than 100 digital geospatial datasets.

The DGGS digital geospatial datasets are among the most popular items on the DGGS website. These datasets provide internal and external users with geospatial data that are organized and distributed in formats that can be readily utilized in spreadsheet programs as well as GIS and database applications. Currently, nearly all of our map and analytical publication releases are accompanied by a downloadable digital data package. Each data distribution package includes geospatial data in either CSV (comma-separated values) or ESRI shapefile format as well as an accompanying FGDC metadata file.

Developing an expedient process for generating organized and accurate metadata for digital data has required dedicated effort. One of the most significant challenges to geospatial data distribution is providing users with consistent and meaningful documentation of each dataset's entity-attribute values and relevant data-quality information. DGGS provides this documentation in the form of FGDC (Federal Geographic Data Committee) compliant metadata files. While providing FGDC metadata is an essential step in making our digital data meaningful and available to the public, DGGS scientists and publications staff have found that efficient implementation requires ongoing investment into developing GUI based data entry tools, internal standards for digital data organization, and specific staff training in how to apply the FGDC metadata standard to geologic data.

In previous years DGGS Geologic Communications staff provided authors with customized metadata editing software to facilitate data entry. During FY09 and FY10, we have continued work to facilitate data documentation by developing an in-house training program for publication authors. The training module teaches DGGS authors how to: navigate existing metadata files to find pertinent information, populate metadata fields, and use in-house tools and standards. It expedites the DGGS publication process and provides a higher quality digital data distribution product by helping authors indentify and utilize relevant preexisting data, reducing metadata compilation and editing time, and providing subsequent users with high quality data documentation.

In addition to ongoing work in expanding our selection of digital data files, DGGS has also completed an update of our online *Guide to Geologic Hazards in Alaska*. This guide provides general information about geologic hazards in Alaska, links to timely geohazard advisory information, links to pertinent DGGS and USGS publications, and geohazard publication listings grouped by Alaska Coastal Management Program (ACMP) coastal district. Work for this project is funded by the ACMP Enhancement Grants Program. Project objectives were to (1) update the information included in the online Guide to Geologic Hazards in Alaska (maps, reports, and website resources), (2) improve hazards map search capabilities by incorporating a map-based interface to allow users to graphically select specific geographic areas about which they need geologic-hazards information, and (3) maintain the currency of the delivered data.



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PUBLICATIONS AND OUTREACH PROJECT

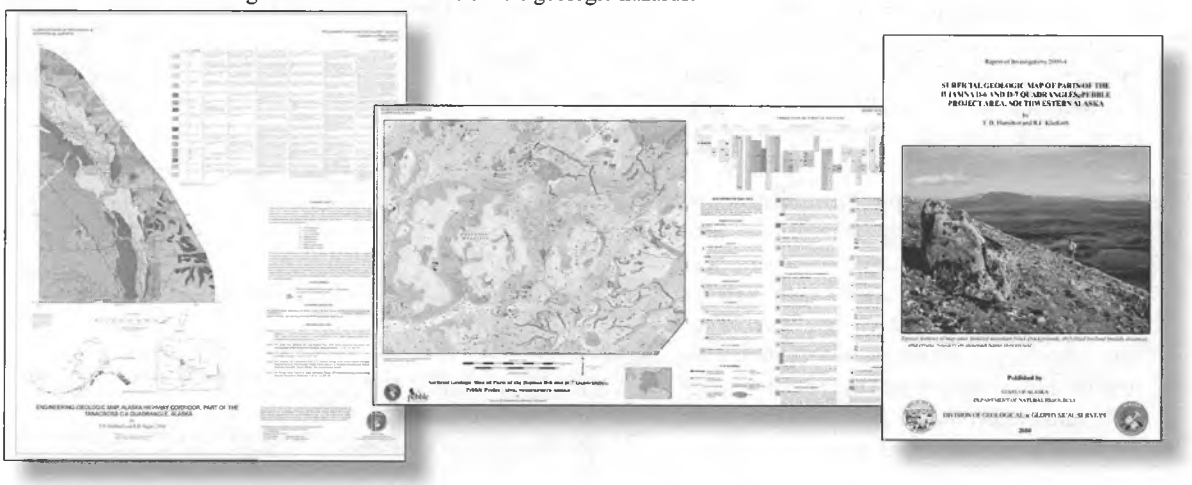
The Publications and Outreach Project publishes and distributes geologic data that has been collected, analyzed, and assembled by geologists in the Minerals, Energy, Engineering Geology, and Volcanology sections of DGGS. Some of the functions carried out under this project are:



- Design, digitally assemble, edit, and oversee final production of technical and educational geologic maps, reports, and informational publications in printed and digital formats.
- Prepare an annual report, written by division staff and required by statute, recounting DGGS activities, announcing products, and describing plans for future projects.
- Publish newsletters that summarize DGGS's progress and report new publications.
- Prepare displays and represent the division at geologic conferences and meetings by providing staff and assembling and transporting the display booth (seen at right).
- Staff geologic information center in Fairbanks, providing information about Alaska's geologic resources and hazards through DGGS's publications and other resources. Sell and distribute printed and online geologic reports, maps, and digital data.
- Review and complete metadata for each digital project and file it in its appropriate online repository. Assist DGGS staff as they prepare metadata for digital spatial data.
- Manage DGGS's reference library so that reports, maps, and other data are available and publications are on hand that geologists need to prepare geologic products.
- Maintain as complete a collection as possible of Alaska-related publications produced by the U.S. Geological Survey, the former U.S. Bureau of Mines, and the U.S. Bureau of Land Management; collect and maintain other Alaska-related publications as needed.

Publications produced and distributed by this group record and preserve geologic data such as definitive statistics for Alaska's mineral industry; detailed (1:63,360-scale) bedrock, surficial, and engineering geologic maps for specific areas in the state; sources of Alaska's geologic information; annual information about DGGS's programs and accomplishments; airborne geophysical data for areas with promising mineralization; and educational brochures and pamphlets explaining Alaska's geology or natural-science features. Some of the most recent DGGS publications include: Historically Active Volcanoes of Alaska playing cards; Tsunami-inundation Maps for Seward and northern Resurrection Bay; a Surficial Geologic map of the Pebble project area in southwestern Alaska; four technical reports on faults, floods, permafrost, and engineering-geologic information on the Alaska Highway Corridor; two geochemical reports; and 14 reports describing analyses of materials housed at the Geologic Materials Center.

Publications are available in paper format (plotted as needed and sold for the cost of printing) and as digital PDF documents and scanned, compressed maps on the DGGS web page (available for download at no charge). An increasing number of digital datasets are available on the publications pages as additional products are completed. Work continues in FY2011 to increase the availability of digital datasets from which GIS maps are produced, so that customers can manipulate data as they choose; and publishing documents in digital format first, then using the digital publication to produce a paper copy when necessary. The geological and geophysical data and reports published by DGGS encourage wise management and exploration of Alaska's natural resources and mitigation of risks from the state's geologic hazards.



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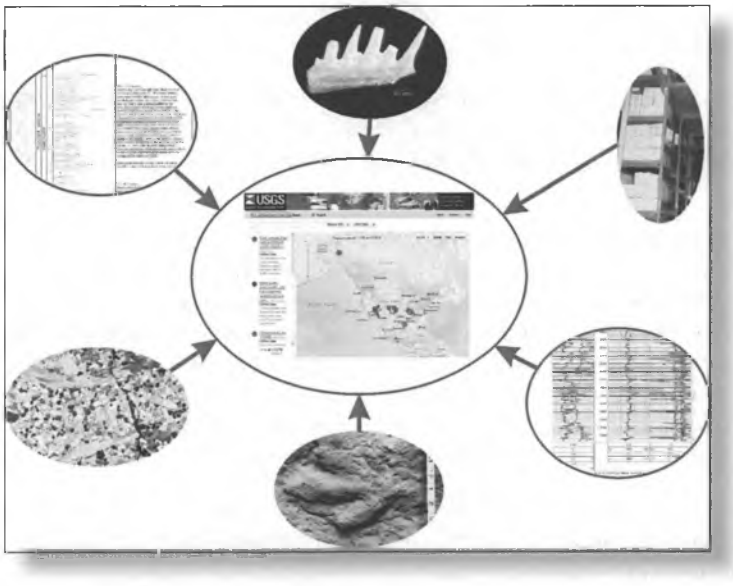
NATIONAL GEOLOGICAL & GEOPHYSICAL DATA PRESERVATION PROGRAM

The Alaska Division of Geological & Geophysical Surveys (DGGS) is statutorily charged with the responsibility for collecting, archiving, managing, and disseminating geological and geophysical data describing and inventorying the subsurface energy resources, mineral resources, and geologic hazards of the state. During the past 10 years, through the federally funded former Minerals Data and Information Rescue in Alaska (MDIRA) program, DGGS cataloged and greatly improved the condition of its geological and geophysical data archive, upgraded its data management system, and began disseminating this data through the internet.

DGGS is advancing its data preservation goals by participating in the federally funded National Geological & Geophysical Data Preservation Program (NGGDPP). This program is committed to assisting state geological surveys with four data preservation priorities: (1) inventory geological and geophysical data collections to assess their data preservation needs, (2) create site-specific metadata for individual items in those data collections, (3) create new digital infrastructure or improve the state's existing digital infrastructure for archiving and preserving these data, and (4) rescue geologic data at risk of loss through "special needs" awards. DGGS received funding for the FY2010 phase of NGGDPP to directly address the site-specific metadata priority and the "special needs" data preservation priority.



First, site-specific catalog metadata will be prepared and submitted for published data from the inventoried energy-related collection of organic geochemistry analyses of samples collected during projects involving DGGS geologists. Project team members are currently completing a collection inventory on this dataset, extracting the proper metadata profile elements and analysis data values to be loaded into DGGS's central database. The division has 30–40 publications to review as sources of published energy-related data, and approximately 20 of the publications contain organic geochemistry data.

Second, DGGS is rescuing the valuable Amchitka hard-rock mineral core and coalbed methane core samples stored in deteriorating boxes in unheated Connex containers at the Alaska Geologic Material Center (GMC) in Eagle River. NGGDPP support will prevent the loss of up to 1,600 boxes of rock material, representing approximately 10,300 feet of core. The samples are in jeopardy, as sample information recorded on severely damaged boxes is deteriorating, and samples are being further damaged from multiple freeze–thaw cycles and moisture. Project team members are currently inventorying and re-boxing these valuable samples. The updated inventory will subsequently be loaded into the DGGS central database.

The metadata records of these collections will be served out to the National Digital Catalog through DGGS's Web Feature Service (WFS) interface. The DGGS WFS is currently a beta version for internal staff to import data into Geographic Information Systems (GIS) software. However, the WFS allows the site-specific metadata records to be harvested and synchronized automatically by the National Catalog system, thus freeing DGGS staff members of the manual task of uploading data to an additional database on a regular basis. These relevant energy-related datasets will be available for harvest by National Digital Catalog by the end of FY2011. Access to these collections through the National Digital Catalog will improve their accessibility to both in-state and national users.

This project is funded by the U.S. Geological Survey as part of the National Geological & Geophysical Data Preservation Program, authorized by the National Energy Policy Act of 2005. For more information on this program, please refer to the web page: http://datapreservation.usgs.gov/.

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INFORMATION TECHNOLOGY (IT) INFRASTRUCTURE PROJECT

The major accomplishment of the Division of Geological & Geophysical Surveys' (DGGS) Information Technology group during the last year was virtually to eliminate the incidence of server downtime. Our disk-based backup sys-tem for both desktop machines and servers has performed flawlessly. While this year did not see many large up-grades to server architecture, the IT staff has still been busy. We have integrated our remote access and inventory software, LANDesk, to act as the primary tool to track DGGS's current hardware and software inventory, not only for the backup server and the Microsoft Update procedure, but also for the anti-virus server. This change ensures that no computer hardware in the division is overlooked for backups or updates. It also allows for more accurate inventory control and tracking, as well as development of life-cycle-based plans for hardware upgrades and replacements.

With the help of its IT staff, the division acquired and configured the domain name dggs.alaska.gov. We experienced a seamless transition to the new domain name, while concurrently keeping the older www.dggs.state.ak.us name active for all existing links. This will eliminate "web rot," a situation when a bookmarked link becomes non-functional and the server responds with "file not found" messages.

The IT group also set up a separate domain name and website for the Alaska Seismic Hazards Safety Commission (http://seismic.alaska.gov/). The commission now has their own web presence separate from DNR and DGGS, which will provide simpler website access, and allow them to continue their mission to reduce the state's vulnerability to earthquakes.

The Information Technology group marched ahead in efforts to find innovative ways to distribute geologic information online to the public. In addition to its website presence (with 111,765,249 views on the main DGGS and Alaska Volcano Observatory [AVO] websites in FY 2010), DGGS now hosts a Facebook "fan" page (www.facebook.com/akdggs) where users can read notifications of the most recent publications or just a random interesting geologic fact. DGGS has also added a Twitter page (www.twitter.com/akdggs). Twitter is a social networking and microblogging service that enables its users to send and read user messages. At last count, more than 300 people had signed up to read our Twitter postings. By choosing to use Facebook and Twitter as communication tools, we have another information distribution channel to interested members of the public.

This year, DGGS established a cooperative agreement with the University of Alaska Fairbanks (UAF) wherein we physically host an AVO webserver in our server room, but its Internet connectivity remains through UAF. This allows us to have 24-7 physical contact with the AVO webserver, in the unlikely event that the server needs hands-on attention. Three new AVO servers were added to the State of Alaska network in April to facilitate bandwidth conservation, GIS mapping tools, and database synchronization. As AVO is a high-traffic site that responds to hundreds of millions of data requests per year, multiple levels of built-in redundancy are required to eliminate the chance that the website will not answer.



The Geologic Materials Center (GMC) in Eagle River was finally able to join the State of Alaska network this year. This change allows staff at the GMC to not only access the main fileserver in Fairbanks, but they can now drag and drop files to the server just as if they were in the Fairbanks office, eliminating the tedious process of transferring files via e-mail or an FTP site. Also through this connection, GMC staff has access to the ArcGIS licenses in Fairbanks. In adding the GMC to the state network, we were also able to bring a strong motion instrument online for the Alaska Earthquake Information Center (AEIC), passing live earthquake data as needed back to the AEIC.

Plans in the immediate future include relocating a backup server to another DNR facility in Fairbanks, upgrading our Oracle database to the most current release, and surplusing our last Sun-based server.

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ALASKA MINERAL INDUSTRY DATA INDEX (AKMIDI)

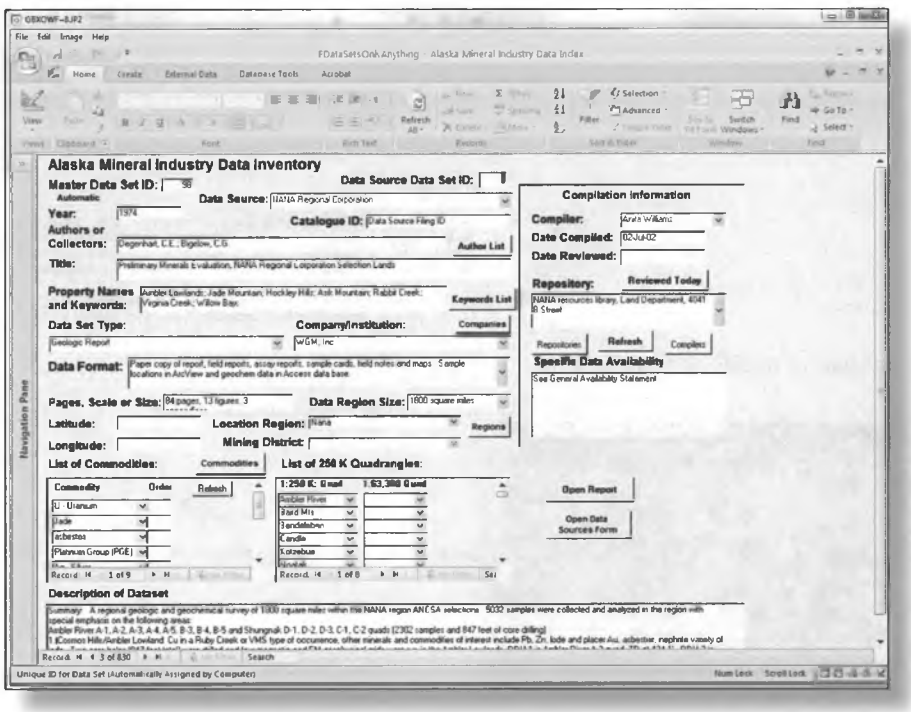


The Alaska Mineral Industry Data Index (AKMIDI) is a database of nearly 16,000 records of mineral information owned by 18 different groups around the state, including Native corporations, private companies, state libraries, and land managers. This index includes industry reports and maps, field notes, drill logs, and other archived data from the private sector. Much of the actual data may still be held and controlled by the private entities. Approximately 1,800 files and 4,300 maps from the Anaconda Collection of minerals exploration data are available through Alaska Resources Library and Information System (ARLIS). The AKMIDI web search engine was de-supported in 2009 and is currently off-line. In the interim, the original Microsoft Access database is available for download at (http:www.dggs.alaska.gov/pubs/akmidi.jsp).

This project will integrate the existing AKMIDI database into DGGS's enterprise Oracle database and convert the search- and data-management tools into Java server pages (JSP). DGGS will create an organized index of its archived project file materials, allowing for web-based public queries of the data, as well as routine, secure data maintenance. The search pages will be enhanced with a map-based search tool, and digital images, including those of the Anaconda Collection maps, will be made available for viewing online. The index will be available on DGGS's website and through a link on the website (http:akgeology.info/).

DGGS will also create a data-entry interface so the AKMIDI database holdings can be expanded in the future. As in the past, new data will be added to the database through a process of sorting, bar coding, and indexing. Digital images of maps, reports, and other data will be collected and linked to or stored in the relational database so that the public can obtain some insight about the content of a potentially useful map, figure, or photograph without having to retrieve the physical materials from the archive.

This project is funded through the federal Minerals Data and Information Rescue in Alaska (MDIRA) program. The primary objective of the MDIRA program is to ensure that all available Alaska minerals data are securely archived in perpetuity and in a format readily accessible by all potential users. Information on mineral resources is important for management policy decisions in both the public and private sectors. Increased use of high-quality data should lead to better economic, legislative, and environmental decisions.



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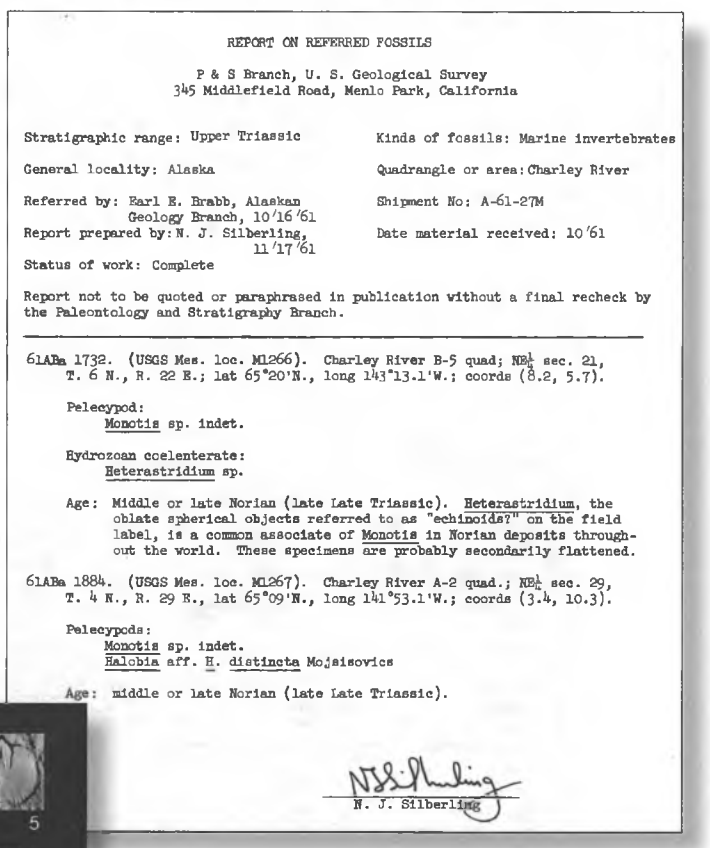
ALASKA PALEONTOLOGICAL DATABASE MIGRATION

The Alaska Paleontological Database contains detailed information on fossils and fossil localities in Alaska. The database was created by Alaska paleontologist Robert Blodgett and computer paleontologist/programmer Ning Zhang with funding from the federal Minerals Data and Information Rescue in Alaska (MDIRA) program. The primary objective of the MDIRA program is to ensure that all available Alaska minerals data are securely archived in perpetuity and in a format readily accessible by all potential users. Information on mineral resources is important for management policy decisions in both the public and private sectors. Increased use of high-quality data should lead to better economic, legislative, and environmental decisions.

Information contained in the fossil database is sourced from informal, unpublished USGS "Examine and Report" (E&R) fossil reports (fig. 1) and published literature (fig. 2), as well as released industry data. Data entry for this project is about 60 percent complete. The database's website (http://alaskafossil.org/) receives daily traffic, primarily from Alaskans, including those from bush communities, and from worldwide locations. The database most -specifically benefits the minerals community in areas with sedimentary -rock-hosted stratiform or stratabound mineral occurrences. Currently the database is hosted on a privately owned server, which is occasionally (and currently) off line.

The purpose of this MDIRA-funded project is to migrate the fossil database to DGGS's Digital Geologic Database so the database is assured ofensured regular maintenance, back-up, continued data expansion, and consistent public internet access. The existing database system and user interface are incompatible with DGGS's database and web environment. The current SQL database will be transferred to DGGS's existing enterprise Oracle database. Current ASP-based user interfaces (a data-entry form and a public-access, text-based search application) will be rebuilt into JSP-based web pages. The paleontological database will be available on DGGS's website and through a link on the MDIRA website (http:akgeology.info/).



REPORT ON REFERRED FOSSILS

P & S Branch, U. S. Geological Survey
345 Middlefield Road, Menlo Park, California

Stratigraphic range: Upper Triassic — Kinds of fossils: Marine invertebrates

General locality: Alaska — Quadrangle or area: Charley River

Referred by: Earl E. Brabb, Alaskan Geology Branch, 10/16/61 — Shipment No: A-61-27M

Report prepared by: N. J. Silberling, 11/17/61 — Date material received: 10/61

Status of work: Complete

Report not to be quoted or paraphrased in publication without a final recheck by the Paleontology and Stratigraphy Branch.

61ABa 1732. (USGS Mes. loc. M1266). Charley River B-5 quad; NE¼ sec. 21, T. 6 N., R. 22 E.; lat 65°20'N., long 143°13.1'W.; coords (8.2, 5.7).

Pelecypod:
Monotis sp. indet.

Hydrozoan coelenterate:
Heterastridium sp.

Age: Middle or late Norian (late Late Triassic). *Heterastridium*, the oblate spherical objects referred to as "echinoids?" on the field label, is a common associate of *Monotis* in Norian deposits throughout the world. These specimens are probably secondarily flattened.

61ABa 1884. (USGS Mes. loc. M1267). Charley River A-2 quad.; NE¼ sec. 29, T. 4 N., R. 29 E., lat 65°09'N., long 141°53.1'W.; coords (3.4, 10.3).

Pelecypods:
Monotis sp. indet.
Halobia aff. *H. distincta* Mojsisovics

Age: middle or late Norian (late Late Triassic).

N. J. Silberling

Figure 1. Example E&R report.

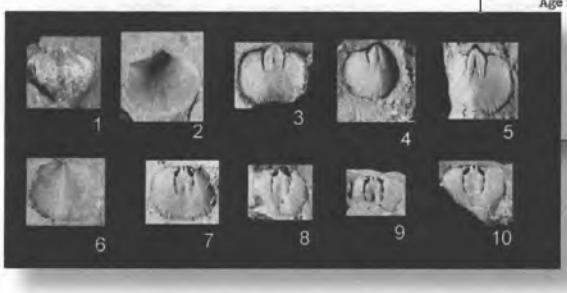


Figure 2. Photographs of fossils described in the database.

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THE ALASKA GEOLOGIC MATERIALS CENTER

The Alaska Geologic Materials Center (GMC) in Eagle River holds nonproprietary rock core and cuttings that represent nearly 13 million feet of exploration and production drilling on Federal, State, and private lands in Alaska, including the Alaska outer continental shelf. Additionally, the collection holds more than 450,000 feet of diamond-drilled hard-rock mineral core, representing nearly 1,100 exploratory boreholes; rock materials from more than 1,600 oil and gas exploratory or production wells; samples for geotechnical test wells; and numerous surface rock samples. The collection also includes extensive geochemical data, petrographic thin sections, and paleontological glass slides derived from this rock.

The GMC is operated by the Alaska Department of Natural Resources, Division of Geological & Geophysical Surveys, with support from cooperating government agencies that include the U.S. Bureau of Land Management (BLM), U.S. Geological Survey (USGS), U.S. Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE), and Alaska Oil and Gas Conservation Commission (AOGCC). The mission of the GMC is to permanently archive, index, and protect Alaska's geologic material and subsequent analytical data to advance our knowledge of natural resources. Chief users of the GMC are the oil and gas industry, although use by the minerals industry, government, engineering firms, and academic institutions is increasing.

The current staff, consisting of a Curator, two full-time staff members, a contract curator, two volunteers, and three student interns, is highly motivated and hopes to breathe new life into the aging facility. The current Curator's focus is to preserve and ensure the safety of the material stored at the facility and make the material and its derived data more accessible to the public. Despite the ongoing struggle to maintain the 26-year-old collection in a much older and deteriorating facility, many improvements have occurred at the GMC during 2009 to present.

Since arriving in May 2009, GMC staff member Kurt Johnson has led the charge to organize, document, and detail approximately 90 percent of the hard-rock material stored in more than 20 metal shipping containers as part of the GMC Database Inventory Integration project, federally funded by the former Minerals Data and Information Rescue in Alaska (MDIRA) program. Kurt and four interns, Joseph Skutca, Herbert Mansavage, Josh Stucky, and, recently, Kjol Johnson, moved, detailed, and indexed an impressive 1.5 million pounds (680 metric tons) of rock since the project began. Their efforts have vastly improved the quality and usefulness of the mineral-core inventory and resulting data, allowing staff to help users of the facility find information more quickly, whether onsite or online. The entire GMC staff was nominated for the Governor's Peak Performance Denali Award as a result of these amazing efforts.

During FY 2010, the GMC had 424 visitors; acquired 4,010 processed slides, oil and gas material representing 78,496 feet or 37 wells, 15,180 feet of hard-rock mineral core, 2,500 pounds of surface samples; and released 13 new data reports. Improving and performing quality control on the GMC's inventory requires a large amount of research, patience, and an eye for detail. Geologist Jean Riordan has been "keeping the train on track" in this respect for the past five years and is responsible for the improved quality and accuracy of the ever-growing inventory. Contract curator and former Alaska State Geologist Don Hartman has also been working hard to improve the caliber of the inventory. Don has been specifically detailing and confirming the material, box by box, for the State, USGS (Henry Bender), NPR-A, Oxy, and Shell collections.



Figure 1: Several rows of temporary tables barely hold the 30- to 40-pound boxes of 5-inch core.

The GMC is constantly acquiring additional inventory details and performing quality control on the information for hundreds of thousands of samples—a process that will take many years to complete. As a result, the GMC

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strives to find a balance between the public release of samples with more accurate data versus suppressing sample information with partial and/or inaccurate data. The GMC is biased towards greater public access to our store of geologic wealth.

In this spirit, an online version of the Alaska GMC inventory was released to the public in April 2010 and is available on the GMC Inventory web page. This dataset, created by GMC staff members Kurt Johnson and Jean Riordan and available in the popular and easy-to-use Google Earth format, includes oil and gas well locations, mineral prospect locations, sample types, and box-level details for more than 80 percent of the materials inventory available at the GMC. The online inventory allows users to quickly and easily view details of the materials repository before visiting the facility—the number one request from GMC users.

The current facility lacks sufficient space and equipment for proper sample storage, processing, layout, and viewing. Demands for heated warehouse space have long exceeded available space, and approximately 70% of the GMC inventory is stored in unheated, unlighted portable shipping containers, endangering the samples by exposing them to drastic changes in temperature and humidity. We estimate that within 3 years, potential new donated material will have to be turned away due to a lack of proper storage space.

Despite these setbacks, the GMC is making better use of existing space. The rear garage/lab area of the main warehouse was created in part by in-kind donations from the U.S. Minerals Management Service (now the Bureau of Ocean Energy Management, Regulation, and Enforcement). Sadly, much of the equipment is outdated, in poor working order, or is potentially dangerous to use. Moreover, a greater number of users have been requesting to view material for an entire well or borehole. In October 2010 GMC staff cleaned out old and unused equipment from this area and set up a dozen heavy-duty temporary tables. As a result, the facility now has the capability to lay out and display boxes of core for an entire well or borehole (fig. 1). During the week of October 4, for example, GMC staff was able to display 218 boxes of 5-inch core, top to total depth, totaling 654 feet of the well. The Curator is currently researching ways to improve the lighting conditions in this space.

More recently, the GMC incorporated geologic formation-top picks into its online inventory—another common request from frequent users. In-kind data contributions by the AOGCC (Steve Davies, pers. commun.) and USGS (David Houseknecht, pers. commun.) were compiled by GMC staff and entered into the database. Users can now view all of the oil and gas well material that is associated with a particular geologic formation and therefore more easily identify the available materials that contain potential oil- and gas-bearing rock layers.

Despite recent major improvements in organizing and providing its inventory data to the public, continuing to simply maintain the current GMC facility would likely physically jeopardize the material the State has worked so diligently to acquire and preserve. The cores and samples stored at the GMC are extremely important, as the information they provide may potentially help discover new or additional oil and gas reserves, regions of viable geothermal energy, or new mineral prospects. Although many other tools are available for natural resource exploration, the examination of rock samples and cores is the greatest single source of information, and despite the constant evolution of geological, geophysical, and engineering concepts and analytical techniques, there is a constant need to revisit and re-examine rock samples over time.

DGGS managers, working with the Alaska Department of Transportation and Public Facilities (DOTPF) and GMC staff, are developing plans for a new facility to help safeguard the future accessibility and security of the material currently stored at the GMC. Site selection and design work are currently underway for the new facility. These plans are described in a concept study report and a brochure entitled "A Vision for Responsible Stewardship," both downloadable from the GMC website.

Despite major improvements in public access to its inventory, the GMC is still in desperate need of a new repository to ensure the future safety of its physical archive of geologic materials. Although the future facility will transform the current GMC into a world-class repository, simply waiting idle in hopes of it becoming a reality is not in the best interest of the GMC's users. In the interim, the GMC is determined to use the facilities it has to provide more useful geologic information to its users and accommodate their current needs. Finally, users who haven't visited the GMC in the last several years are strongly encouraged to do so. As always, we weclome user feedback.

Contact: Kenneth Papp, 907-696-0079, kenneth.papp@alaska.gov

PUBLICATIONS RELEASED IN 2010

ANNUAL REPORTS

AR 2009. Alaska Division of Geological & Geophysical Surveys Annual Report, by DGGS Staff, 2010, 77 p. Free

GEOLOGIC MATERIALS CENTER REPORTS

GMC 370. Analyses of rare earth element and uranium mineralization in Bokan Mountain archive sample splits: Reevaluation of older data (1984-1987) with newer analytical techniques, by ActLabs, Ltd., 2010, 1 p. Analyses were completed in 2008. $2

GMC 371. The history of the Orange Hill Alaska Copper-Molybdenum Property under Northwest Explorations joint venture ownership - (1970 to 2005) and plan of operation (2006), by Northwest Explorations, 2010, 44 p. $5

GMC 372. 1928 Alaska Nebesna Corporation drill logs and assay records for the Orange Hill Property, Nabesna Quadrangle, Alaska: Drill holes No. 1 through No. 10, by Alaska Nebesna Corporation, 2010, 28 p. $3

GMC 373. 1964 Bear Creek Mining Company drill logs and assay records for the Orange Hill Property, Nabesna Quadrangle, Alaska: Drill holes OH #1 and OH #2, by Bear Creek Mining Company, 2010, 13 p. $2

GMC 374. 1968 Duval Corporation drill logs for the Orange Hill Property, Nabesna Quadrangle, Alaska: Drill holes Duval #1 and Duval #3, by Duval Corporation, 2010, 27 p. $3

GMC 375. 1970 AMEX drill logs and assays for the Orange Hill Property, Nabesna Quadrangle, Alaska: Drill holes No. 3, 6, 8, 9, 10, 11, 11A, 13, 14, 15, 16, 17, 18, 19, 20, 26, 27, 28, 29, 30A, 31, by AMEX Exploration, Inc., 2010, 38 p. $4

GMC 376. 1973 and 1974 NWE drill logs for the Orange Hill Property, Nabesna Quadrangle, Alaska: Drill holes No. 112 through No. 123, by Northwest Explorations, 2010, 97 p. $10

GMC 377. 1980 U.S. Borax assay report for the Orange Hill Property, Nabesna Quadrangle, Alaska: Technical Service Report No. TS 8009-14, by U.S. Borax, 2010, 20 p. $2

GMC 378. 1967 report on the induced polarization and resistivity survey in the Orange Hill area, Alaska for Duval Corporation, by McPhar Geophysics Limited, 2010, 17 p. $2

GMC 379. 1973 Orange Hill, Alaska project report, by McGregor, Wallace, 2010, 40 p. $4

GMC 380. 1974 control survey report for Orange Hill, Alaska, by Smith, W.H., 2010, 19 p. $2

GMC 381. 1974 summary report of exploration activities, Orange Hill, Alaska, by Trautwein, C.M., 2010, 73 p. $7

GMC 382. 1974 NWE Orange Hill, Alaska specimen index: Cross reference of specimens from skeletonized drill cores and other samples, by Northwest Explorations, 2010, 37 p. $4

GMC 383. Makushin Geothermal Project ST-1, A-1, D-2 Core 2009 re-sampling and analysis: Analytical results for anomalous precious and base metals associated with geothermal systems, by Alaska Earth Sciences, 2010, 1 p. $2

GEOPHYSICAL MAPS & REPORTS

GPR 2010-1. Line, grid, and vector data, and maps for the airborne geophysical survey of the Moran Survey Area, Melozitna and Tanana quadrangles, central Alaska, by Burns, L.E., Fugro Airborne Surveys Corp., and Stevens Exploration Management Corp., 2010, 56 sheets, scale 1:63,360, 1 disk. 2 linedata files, 19 grids, 20 GeoTIFFs and Google Earth KMZ files, 15 vector files, and 28 maps (56 sheets total) $10

INFORMATION CIRCULARS

IC 60. Alaska's mineral industry 2009: A summary, by Hughes, R.A., Szumigala, D.J., and Harbo, L.A., 2010, 15 p. Free

MISCELLANEOUS PUBLICATIONS

MP 137. Active volcanoes of Kamchatka and northern Kurile Islands, by Robbins, S.D., 2010, 3 sheets, scale 1:3,500,000. $39

MP 138. Generalized geologic map of Alaska, by Werdon, M.B., Szumigala, D.J., and Davidson, G., 2010, 2 p. Free

MP 139. Technical review of a trench across a potential fault scarp feature east of Lower Talarik Creek, Lake Iliamna area, southwestern Alaska, by Koehler, R.D., 2010, 10 p. $2

NEWSLETTER (ALASKA GEOSURVEY NEWS)

NL 2010-1. Evidence for late Wisconsinan outburst floods in the Tok-Tanacross basin, upper Tanana River valley, east-central Alaska, by Hubbard, T.D., and Reger, R.D., 2010, 9 p. Free

PRELIMINARY INTERPRETIVE REPORTS

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PIR 2009-6C. Reconnaissance interpretation of 1978-1983 permafrost, Alaska Highway Corridor, Robertson River to Tetlin Junction, Alaska, by Reger, R.D., and Hubbard, T.D., 2010, 13 p., 4 sheets, scale 1:63,360. $54

PIR 2010-1. Active and potentially active faults in or near the Alaska Highway corridor, Dot Lake to Tetlin Junction, Alaska, by Carver, G.A., Bemis, S.P., Solie, D.N., Castonguay, S.R., and Obermiller, K.E., 2010, 42 p. $4

RAW-DATA FILES

RDF 2010-1. Results of mercury-injection capillary pressure tests on outrcrop samples in the Tyonek area of Cook Inlet, by Loveland, A.M., 2010, 102 p. $10

RDF 2010-2. Major-oxide, minor-oxide, and trace-element geochemical data from rocks collected in the Chistochina mining district, Mount Hayes Quadrangle, Alaska, in 2005-2009, by Athey, J.E., Freeman, L.K., Hults, C.P., Szumigala, D.J., Werdon, M.B., Denny, C.L., and International Tower Hill Mines Ltd., 2010, 130 p. $13

RDF 2010-3. Major-oxide, minor-oxide, trace-element, and geochemical data from rocks collected in 2010 in the Tolovana mining district, Livengood B-3 and B-4 quadrangles, Alaska, by Griesel, G.A., Szumigala, D.J., Freeman, L.K., Newberry, R.J., Elliott, B.A., and Werdon, M.B., 2010, 31 p. $3

REPORTS OF INVESTIGATIONS

RI 2009-4. Surficial geologic map of parts of the Iliamna D-6 and D-7 quadrangles, Pebble project area, southwestern Alaska, by Hamilton, T.D., and Klieforth, R.F., 2010, 19 p., 1 sheet, scale 1:50,000. *This geologic investigation was commissioned and funded by the Pebble Limited Partnership; the digital GIS data belong solely to Pebble LP and have not been made available to our office. This map sheet is a graphics file that has been reformatted to conform to the editorial standards of the Division of Geological & Geophysical Surveys.* $15

RI 2010-1. Tsunami inundation maps of Seward and northern Resurrection Bay, Alaska, by Suleimani, E.N., Nicolsky, D.J., West, D.A., Combellick, R.A., and Hansen, R.A., 2010, 47 p., 3 sheets, scale 1:12,500. $44

RI 2010-2. Top Mesozoic unconformity depth map of the Cook Inlet Basin, Alaska, by Shellenbaum, D.P., Gregersen, L.S., and Delaney, P.R., 2010, 1 sheet, scale 1:500,000. $13

SPECIAL REPORTS

SR 63. Alaska's mineral industry 2008, by Szumigala, D.J., Hughes, R.A., and Harbo, L.A., 2009, 89 p.

SR 64. Alaska's mineral industry 2009, by Szumigala, D.J., Harbo, L.A., and Hughes, R.A., 2010, 81 p. Free

2/04/11 OVERVIEW: ADF&G - DIVISION OF WILDLIFE CONSERVATION

<TARGET><BILL></BILL><SUBJECT>2-04-11 OVERVIEW ADFandG - DIVISION OF WILDLIFE CONSERVATION</SUBJECT><COMM>HRES27</COMM></TARGET>

Division of Wildlife Conservation
An Overview

Corey Rossi

Director

Alaska Department of Fish and Game

Division Mission

To conserve and enhance Alaska's wildlife and habitats and provide for a wide range of public uses and benefits.

The Division's Primary Goals

Responsible for the management of Alaska's wildlife resources. The primary goals of the division are to: (1) protect, maintain, improve, and enhance the wildlife resources of Alaska; and (2) provide for their greatest use by the people, consistent with the sustained yield principle, for the well being of the people and the economy of the state.

Like many other agencies…





…we serve a wide range of users.

Organizational Overview

- One of Six Divisions Within ADF&G
- 242 authorized positions
- 178 fulltime and 64 part-time/seasonal
- Five Regions Around the State
- Regional Supervisors
- Management Coordinators
- Research Coordinators
- Area Biologists

Core Service Overview

- Surveys and Inventories of Big Game
- Harvest Assessment
- Wildlife Research
- Intensive Management
- Special Areas Program
- Education and Outreach Program
- Wildlife Diversity Program
- Wildlife Viewing Program

Wildlife Program Funding

- Pittman – Robertson (Federal)
- Fish and Game Fund (State)
- State General Fund
- State Wildlife Grant Fund (Federal)

Surveys and Inventories

- Population Estimates
- Age-sex counts
- Twinning Rates
- Habitat Inventories





Harvest Assessment

- Mandatory Reporting
- Harvest Quantity/Quality & Hunter Effort



Wildlife Research







Wildlife Research

- Established in Each Region
- Multi-year Field Studies
- Data Collection and Analysis
- Big Game, Non-game, & Marine Mammals
- Waterfowl
- Small Game

Intensive Management

- Established in Alaska Statute
- Includes Habitat and Predators
- Involves Less than 10% of the State
- Each IM Area Has a Specific Plan
- Specific Objectives/Measures
- Reevaluated Periodically

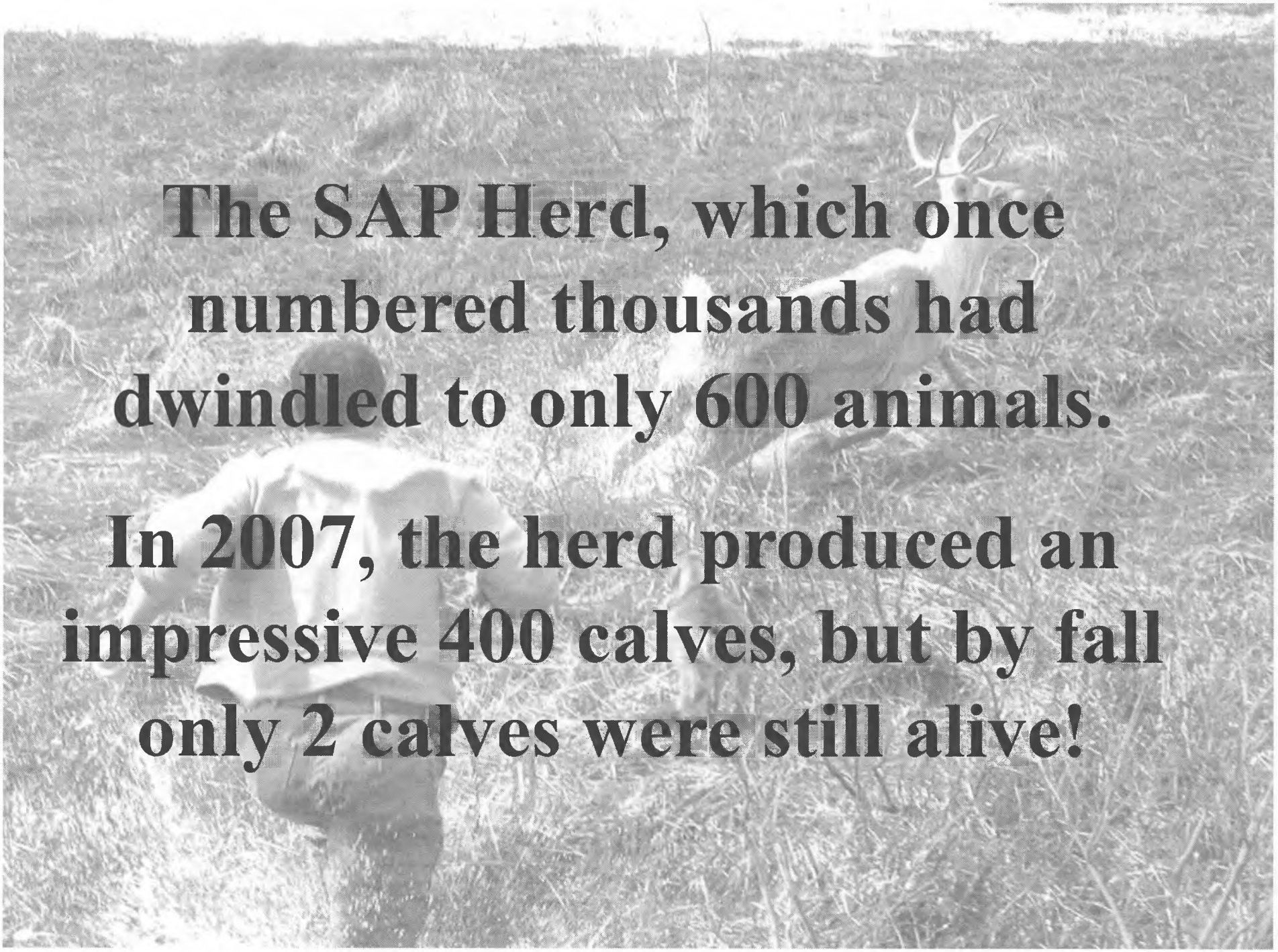
Intensive Management Law:

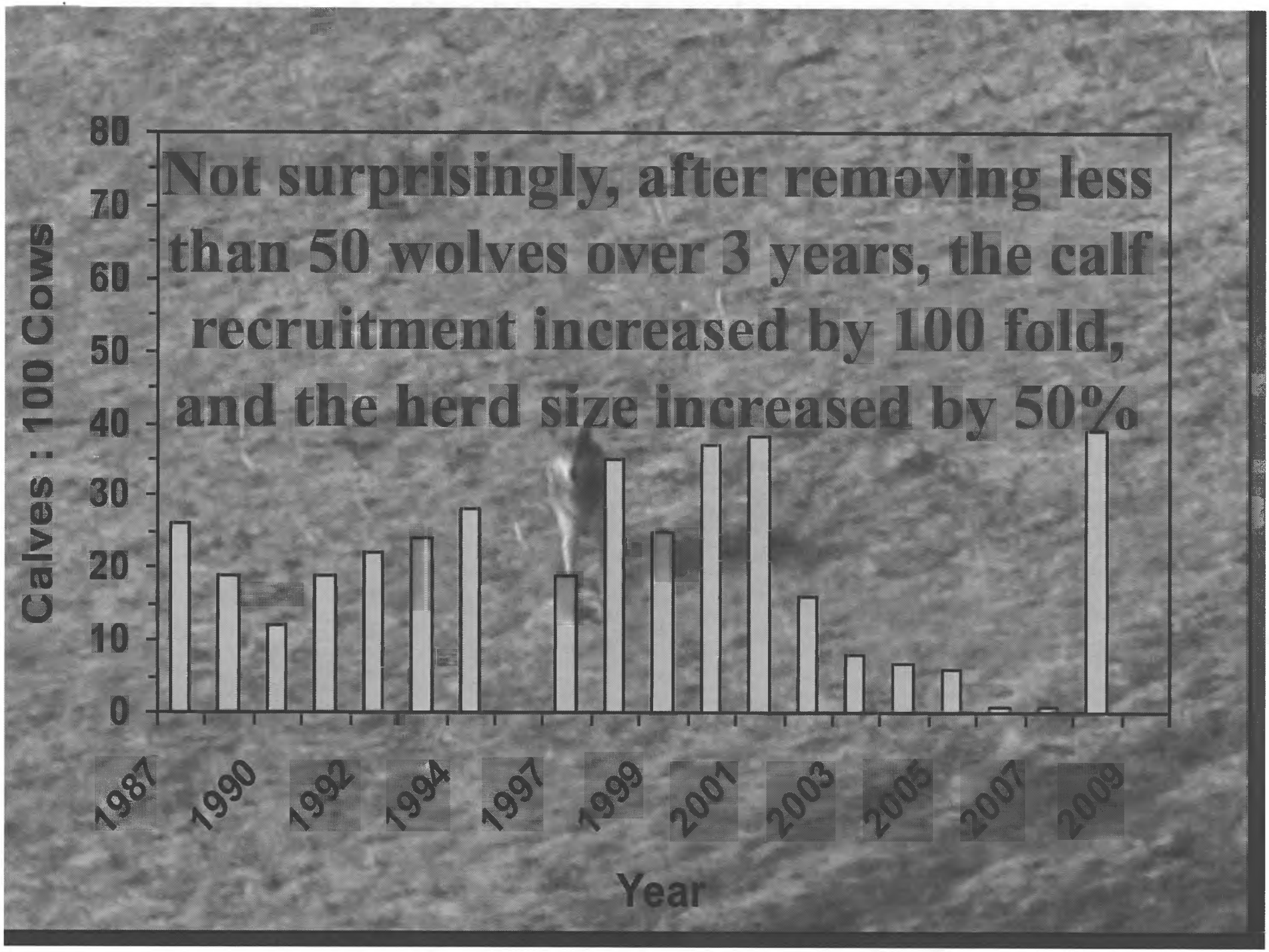
- mandates the production of human benefits from certain defined ungulate populations
- to enhance, extend, and develop the population to maintain high levels or provide for higher levels of human harvest
- to achieve a high probability of success for human harvest of the game population


Six Active Intensive Management Areas
Fortymile Caribou Program
Fairbanks
Unit 20A
Upper Yukon/Tanana
McGrath - EMMA
Nelchina Basin
Middle Kuskokwin
West Cook Inlet
Anchorage
Southern Alaska Peninsula Caribou
0
100
200
400
600 Miles

Southern Alaska Peninsula (SAP) Caribou Herd is a recent example of how effective responsible predator management can be.

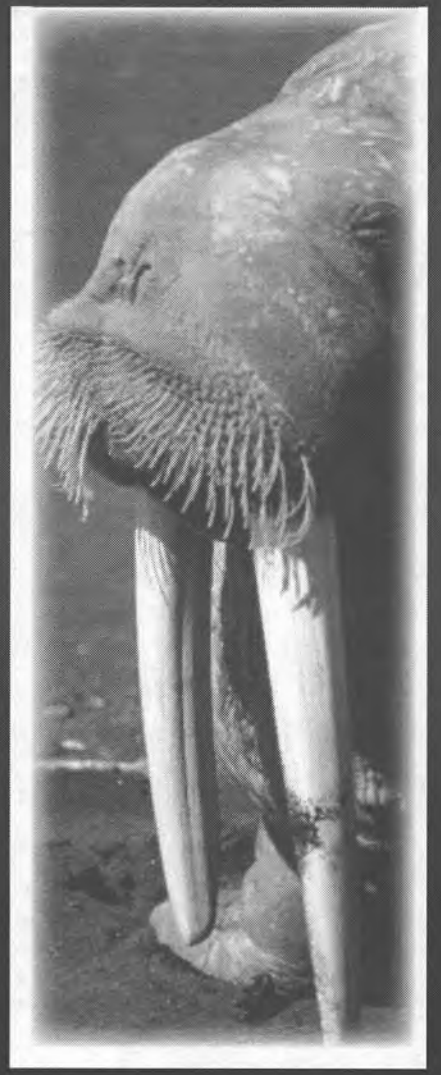



The SAP Herd, which once numbered thousands had dwindled to only 600 animals.
In 2007, the herd produced an impressive 400 calves, but by fall only 2 calves were still alive!


Not surprisingly, after removing less than 50 wolves over 3 years, the calf recruitment increased by 100 fold, and the herd size increased by 50%
Calves : 100 Cows
80
70
60
50
40
30
20
10
0
1987
1990
1992
1994
1997
1999
2001
2003
2005
2007
2009
Year

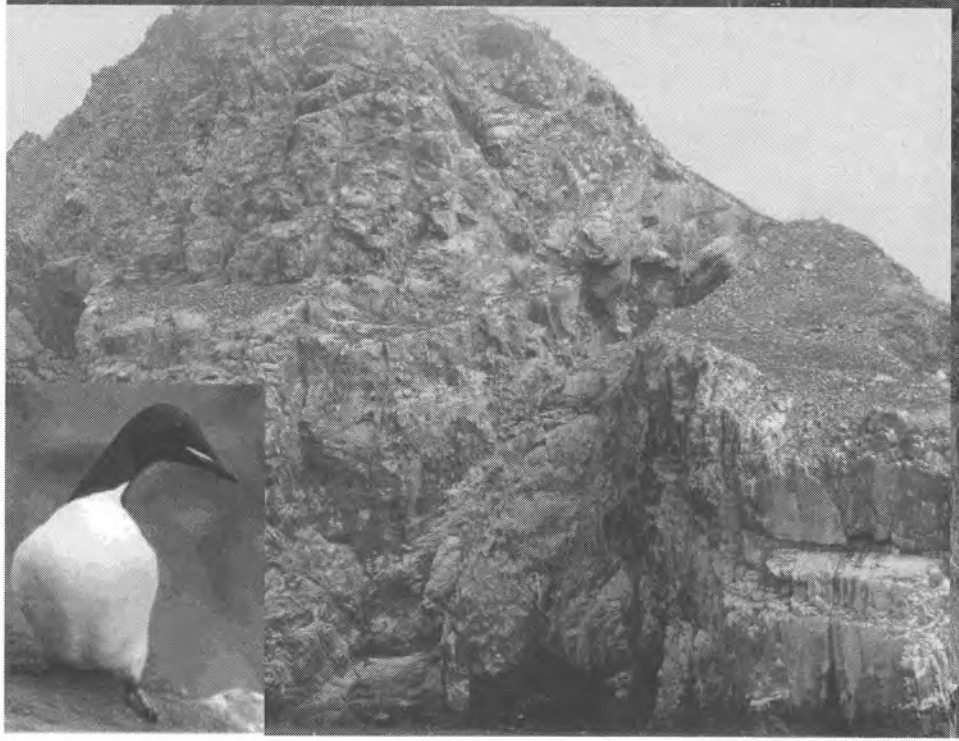
Special Areas Program

- 32 Special Areas
- 3.2 Million Acres
- Refuges
- Critical Habitat Areas
- Sanctuaries











Land Management Designations

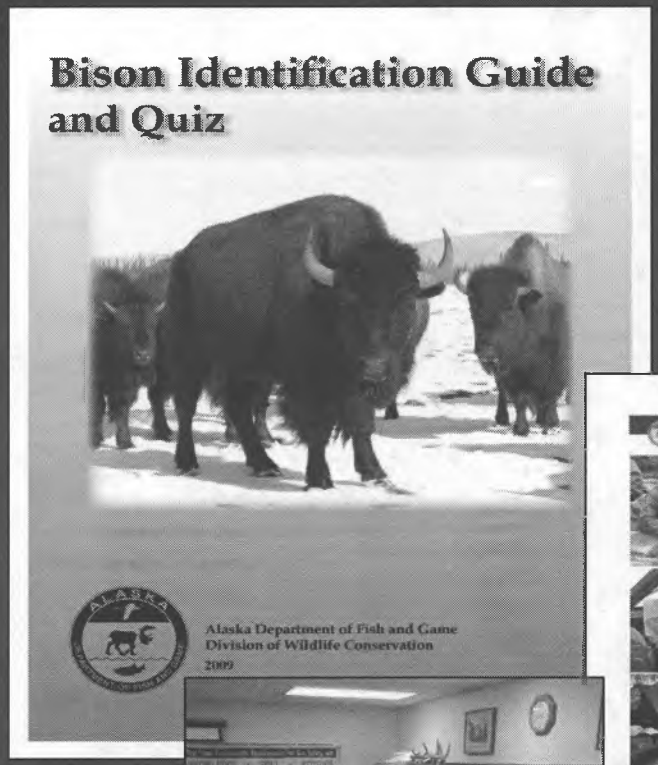
- **Refuges (12)**: to protect and preserve the natural habitat and game populations.
- **Critical Habitat Areas (17)**: to protect and preserve habitat areas especially crucial to the perpetuation of fish and wildlife, and to restrict all other uses not compatible with that primary purpose.
- **Sanctuaries (3)**: give asylum to important featured wildlife populations.

Education and Outreach

- Hunter Info, Education, and Outreach
- School-based Programs
- Outdoor Skills
- Moose and Bear Awareness
- Shooter Safety



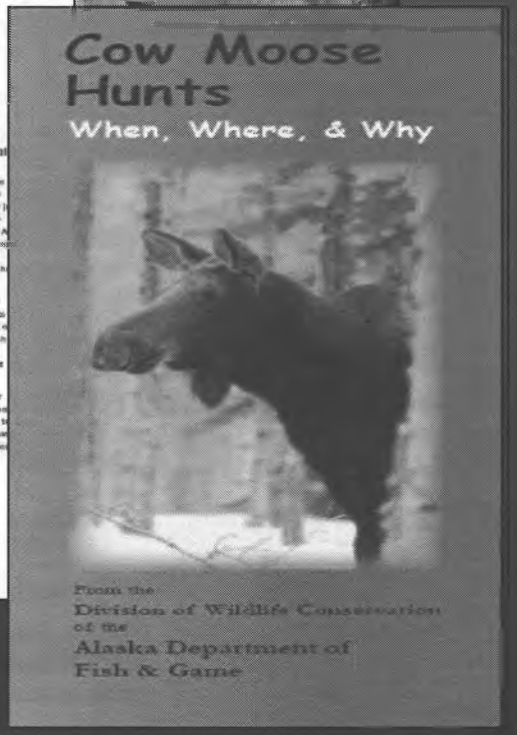
Hunter Info, Education & Training











Connecting Children With Nature



Wildlife Diversity Program

- Steadily Growing Program
- Initiated in 2002
- Implements Alaska's Wildlife Action Plan
- 3 Biologists Covering 5 Regions
- 1 Program Coordinator in HQ
- Funded by State Wildlife Grant Program

Works with Traditionally Nongame Species







Wildlife Diversity Program Goals

- Keep Common Species Common
- Recover Species at Greatest Risk (listed species)
- Conserve Habitats & Ecosystem Function
- Expand Knowledge Base for Conservation
- Engage People in Conservation
- Increase the Power of International Partnerships



Wildlife Diversity Partner Program

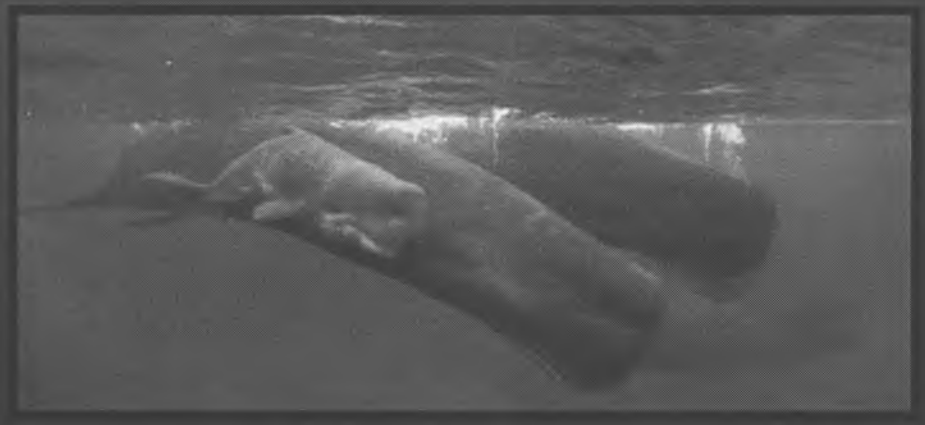
- 130 projects with partners to date
  - Federal agencies
  - Native organizations
  - Nonprofits
  - Universities
  - Corporations
- Partners provide match
- Leverage funding, expertise and resources



Alaska's Wildlife Action Plan

http://www.sf.adfg.state.ak.us/statewide/ngplan/NG_outline.cfm

- Good Summary of Existing Information
- Identifies/Captures Many Data Gaps
- Includes Climate Change
- 74 Action Plans for Species/Groups
  - Specific Goals, Measures, Actions



Wildlife Viewing Program



- Encourage safe enjoyment and learning about Alaska's wildlife in natural settings
- Create and promote opportunities for wildlife viewing in communities
- Assess current viewing sites and develop new ones
- Look for creative ways to fund program

Who watches wildlife?



- 496,000 people participated in wildlife viewing in Alaska in 2006
- 208,000 Alaskans enjoyed wildlife viewing in 2006

Wildlife watchers spent $581 million in Alaska in 2006.

(numbers from FWS 2006 survey)

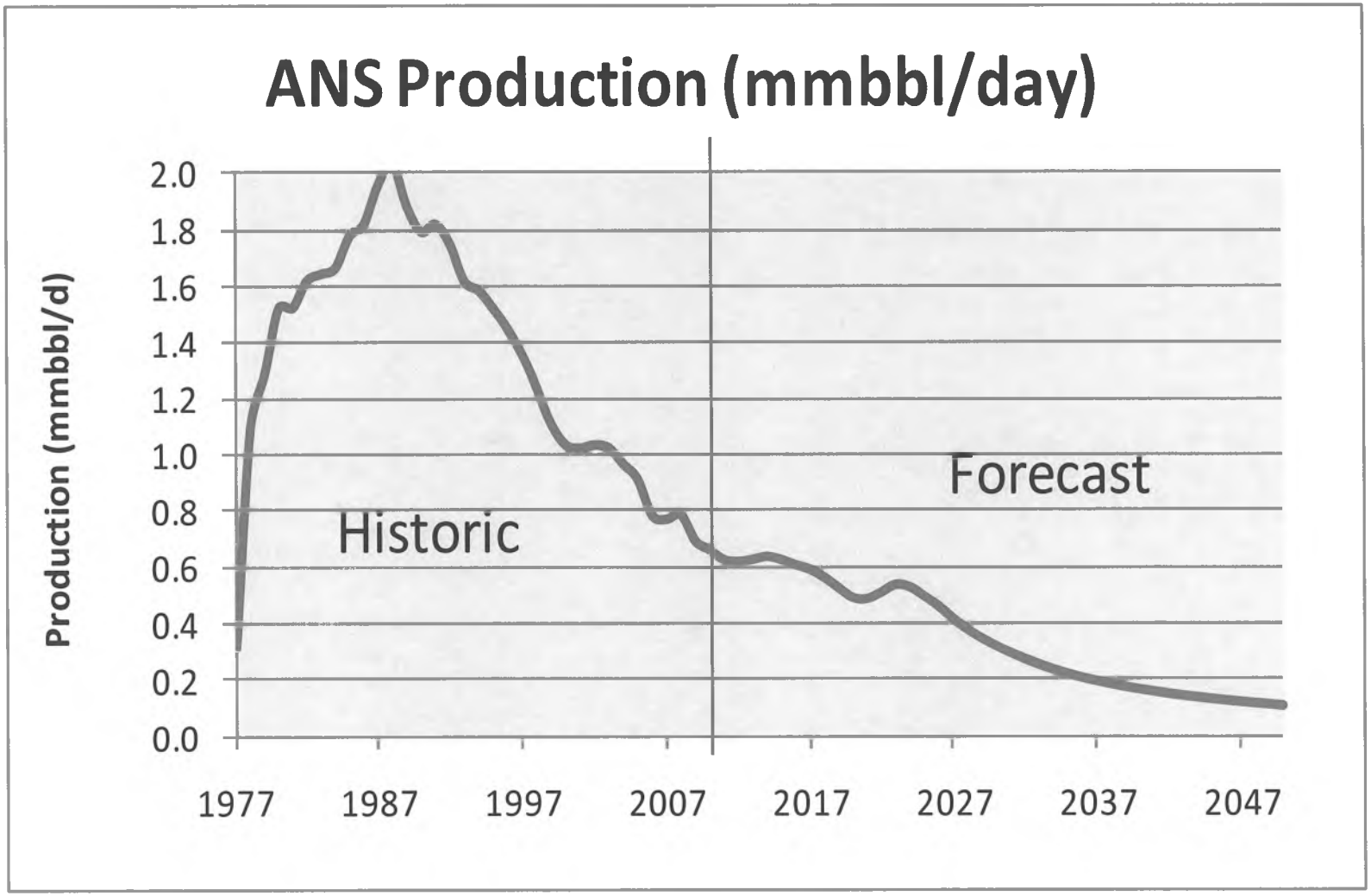

Questions???

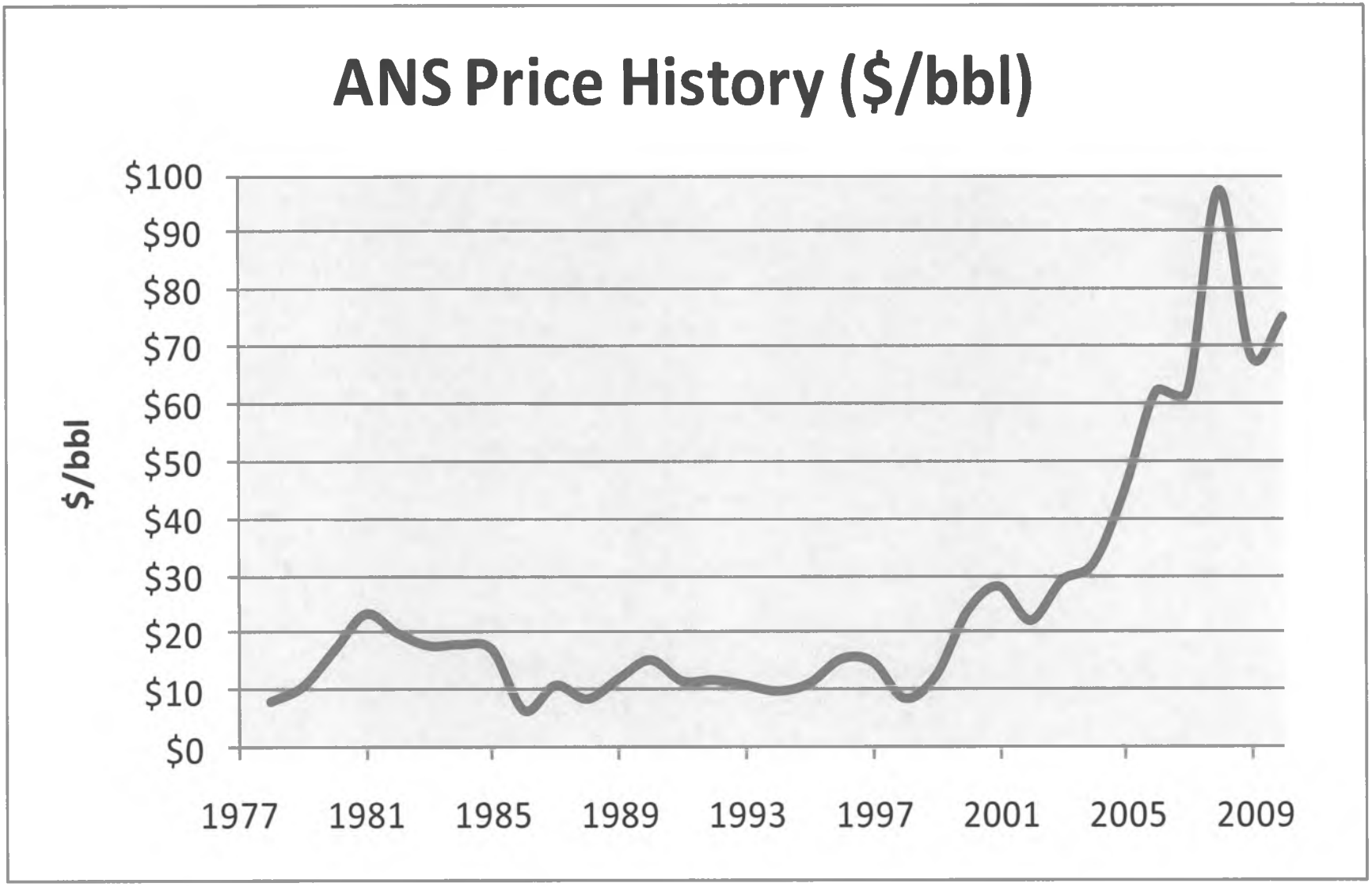
2/09/11 PRESENTATION BY ROGER MARKS: HISTORY OF ALASKA'S OIL AND GAS PRODUCTION TAX

<TARGET><BILL></BILL><SUBJECT>2-09-11 PRESENTATION BY ROGER MARKS HISTORY OF ALASKA'S OIL AND GAS PRODUCTION TAX</SUBJECT><COMM>HRES27</COMM></TARGET>

History of Alaska's Oil & Gas Production (Severance) Tax

Roger Marks
Logsdon & Associates
House Resources
February 9, 2011


ANS Production (mmbbl/day)
Production (mmbbl/d)
2.0
1.8
1.6
1.4
1.2
1.0
0.8
0.6
0.4
0.2
0.0
1977
1987
1997
2007
2017
2027
2037
2047
Historic
Forecast


ANS Price History ($/bbl)
$/bbl
$100
$90
$80
$70
$60
$50
$40
$30
$20
$10
$0
1977
1981
1985
1989
1993
1997
2001
2005
2009

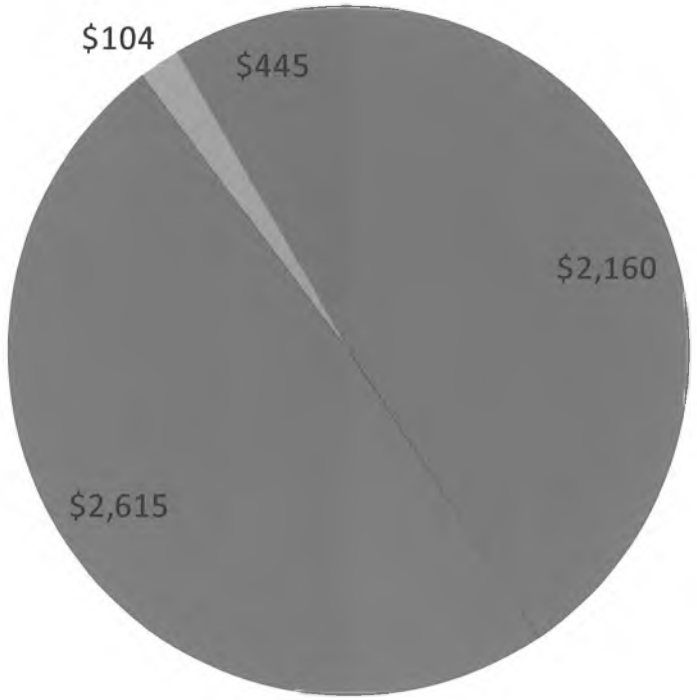
What is the Production Tax?

- A tax on producing or severing a non-renewable resource from the state
- Authorized in AS 43.55 (administered by the Dept. of Revenue)
- Applies to all production in the state (including 3 miles offshore and federal onshore acreage)
- Not payable on public (state/federal) royalty production

Petroleum Revenues

- Royalties
- Severance tax
- Property tax
  - 20 mills (2%)
  - Municipalities/boroughs retain tax on property within
- State corporate income tax
  - 9.4% of apportioned income
  - Apportions worldwide income to Alaska based on amount of property, production, and sales in Alaska relative to rest of world

Forecasted State Petroleum Revenues FY11*



* $78/bbl forecasted price

Vocabulary

- Market Price
  - Price ANS is sold for on the West Coast
- Gross (wellhead) Value
  - Market price less marine shipping and TAPS tariff
- Net Value
  - Gross value less production operating and capital costs

Example

Market Price =	$90/bbl
Less:	
Marine shipping	$2/bbl
TAPS Tariff	$4/bbl
Gross Value =	$84/bbl
Less:	
Capital production cost	$12/bbl
Operating production cost	$11/bbl
Net Value =	$61/bbl

Four Tax Regimes

- Economic Limit Factor "ELF" I (1977-1989)
- ELF II (1989-2006)
- PPT (2006-2007)
- ACES (2007-present)

Production Tax Pre-Prudhoe

Taxed on well basis

- First 300 barrels per day: higher of:
  - 5% of gross value, or
  - 17¢/bbl*
- Next 700 barrels per day: higher of:
  - 6% of gross value, or
  - 20¢/bbl*
- Anything over 1,000 barrels per day: higher of
  - 8% of gross value, or
  - 27¢/bbl*

* Subject to inflation

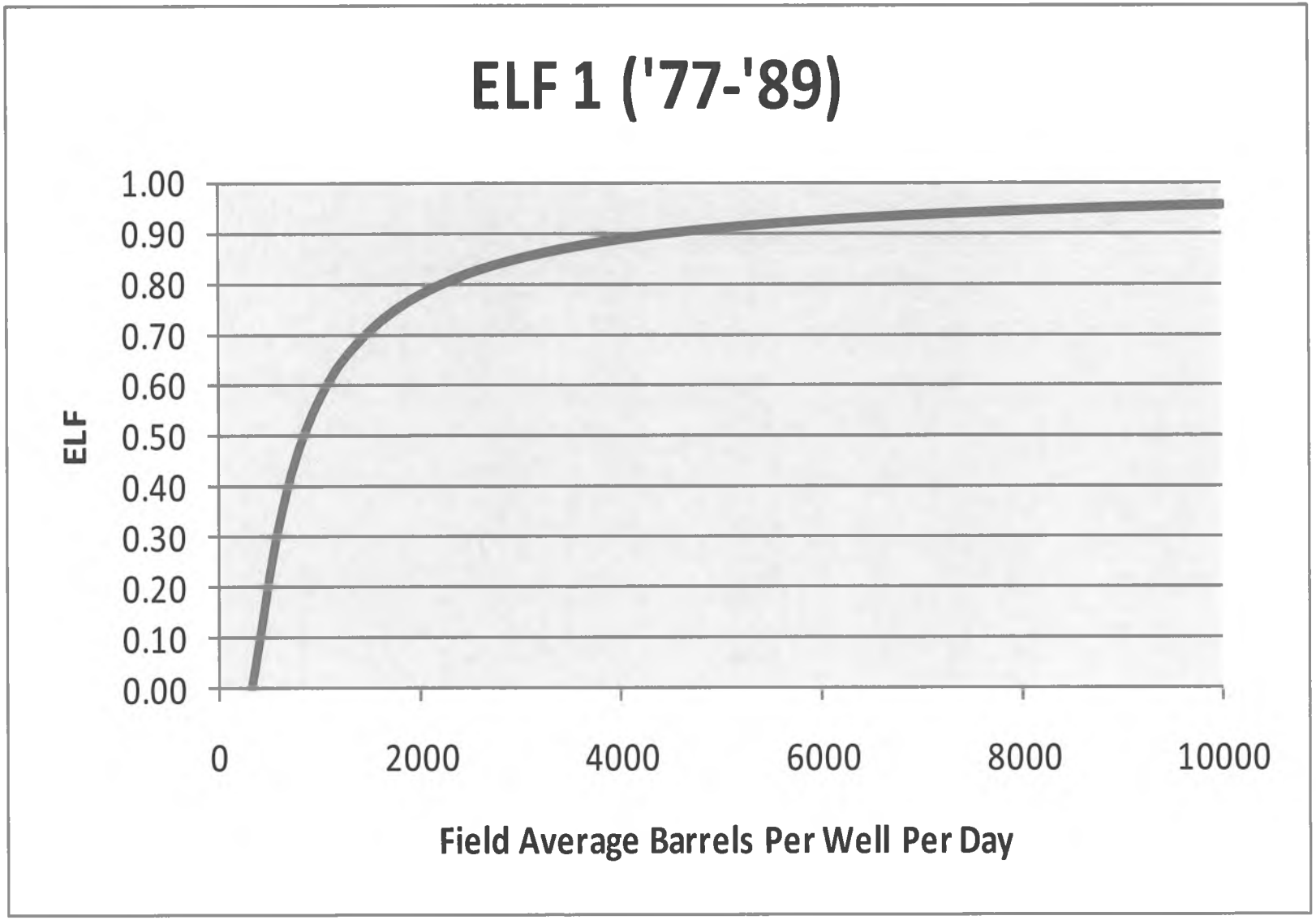
ELF I (1977-1989)

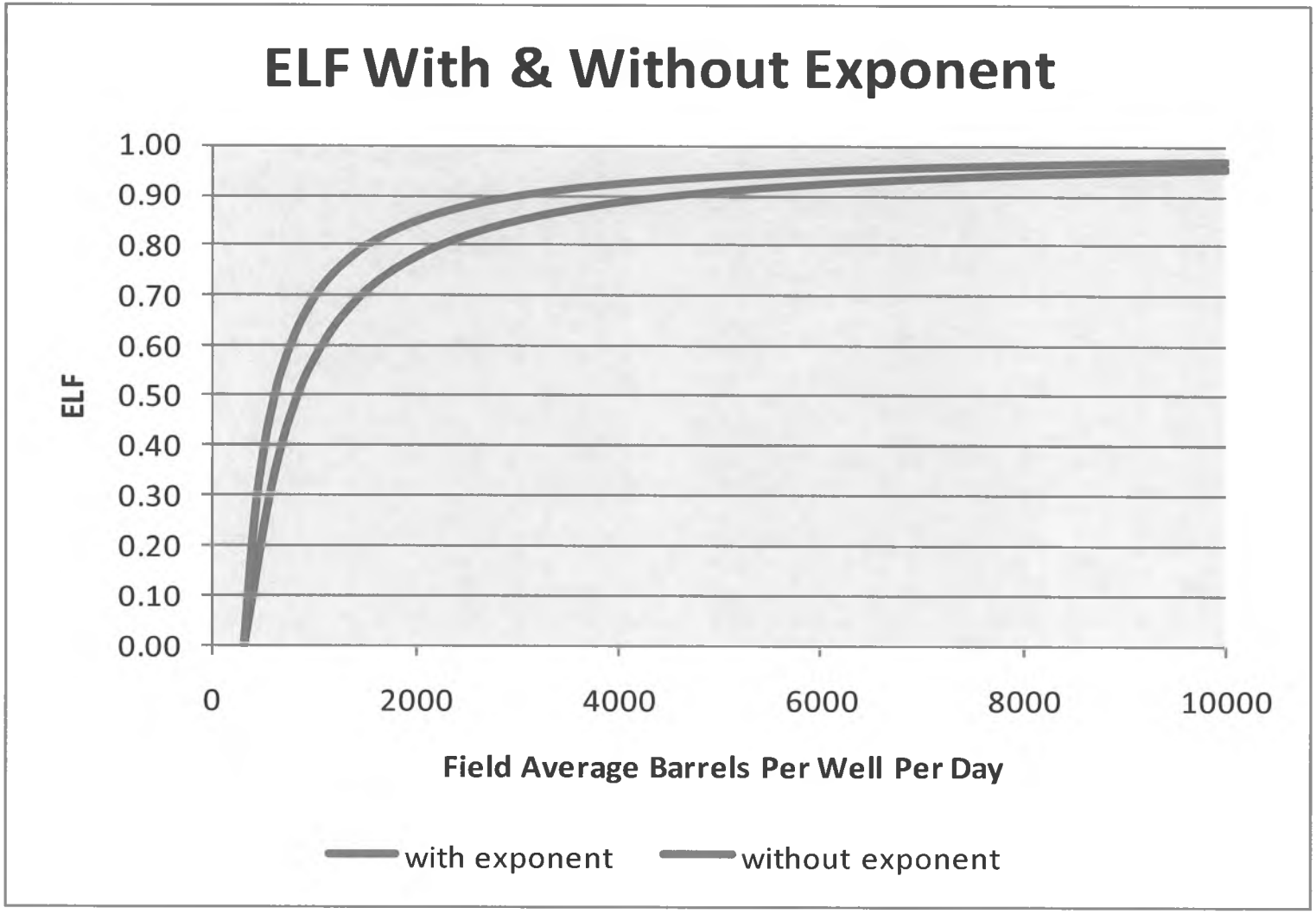
- Theory:
  - Economic Limit – the point where cost exceeds revenue
  - When a field is at its economic limit the burden of the tax should not cause the field to shut down
  - Scale down production tax as production declines toward economic limit so tax is zero at the economic limit
- Original proposal: Should not pay tax on the barrels that generate the revenue to cover operating costs at economic limit
- Statute: Each well gets 300 barrels per day tax free to cover operating costs at the economic limit

Original ELF Formula

$$(460 / 300)$$

$$[1 - (300 / \text{Field Average Daily Well Productivity})]$$


ELF 1 ('77-'89)
1.00
0.90
0.80
0.70
0.60
0.50
0.40
0.30
0.20
0.10
0.00
ELF
0
2000
4000
6000
8000
10000
Field Average Barrels Per Well Per Day


ELF With & Without Exponent
1.00
0.90
0.80
0.70
0.60
0.50
0.40
0.30
0.20
0.10
0.00
ELF
0
2000
4000
6000
8000
10000
Field Average Barrels Per Well Per Day
with exponent
without exponent

Application

- ELF: a fraction between 0 and 1
- Between 1977-1981
  - Applied to nominal tax rate of 12.25% of gross
  - For example, if the ELF was 0.5, the effective rate would be 6.125%
- Between 1981-1989 (Changes made in association with changes in state corporate income tax)
  - Applied to nominal tax rate of 12.25% of gross for first five years of a field
  - 15% of gross thereafter
  - "Rounding rule": for the first 10 years of a field, if the ELF is greater than 0.7, it gets rounded up to 1.0

Problems with ELF I

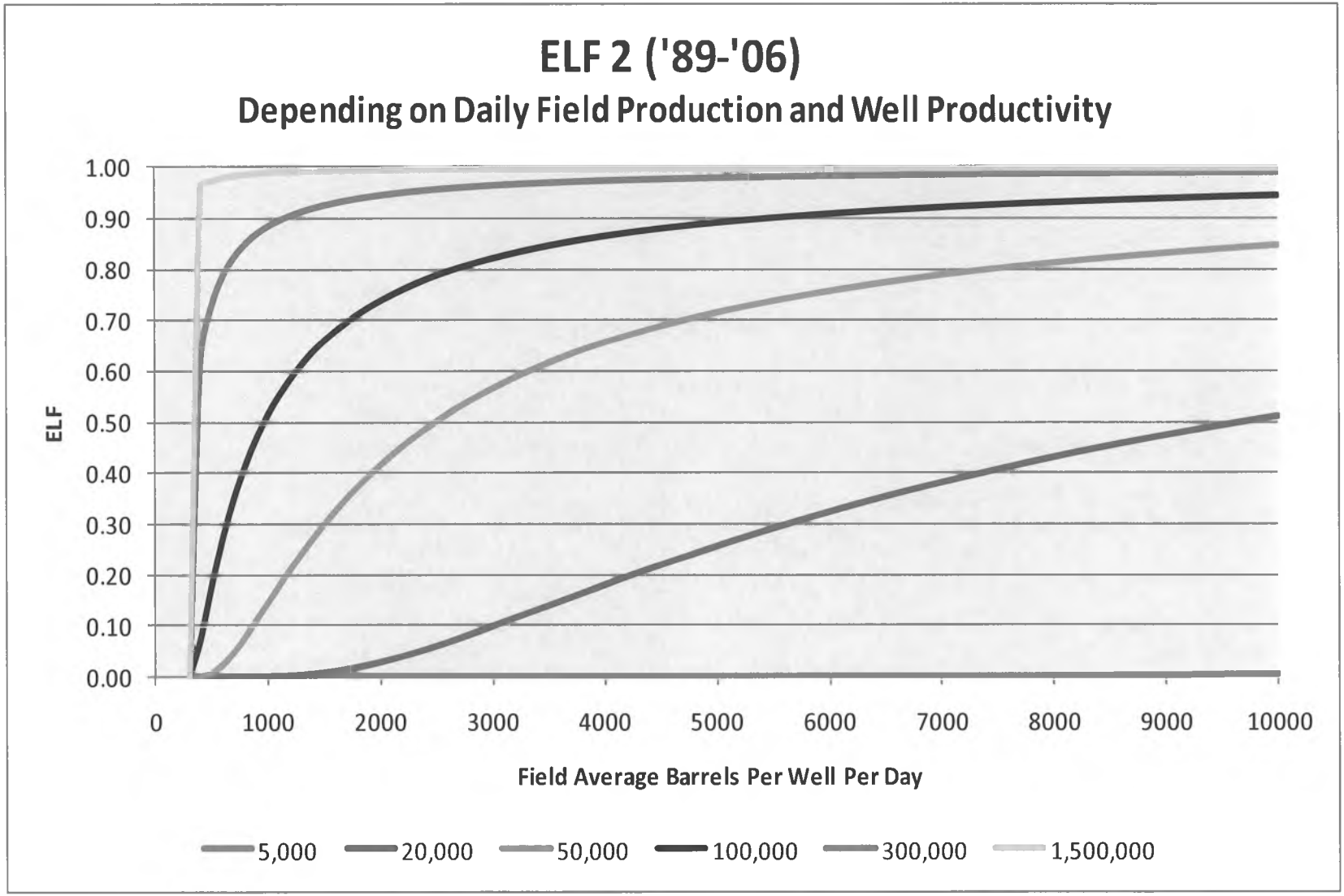
- The 300 barrels is arbitrary as far as revenue to cover operating costs
- Drilling wells reduces the tax rate
- Field decline reduces the tax rate

Late 1980s Convergence of Issues

- Oil prices crashed in 1986
- Production was declining
- ELF was declining
  - 10 year rounding rule for Prudhoe Bay goes out

ELF II (1989-2006)

$$(460/300)\ [(150{,}000/\text{Daily Field Production}^{\ }]\ [1-(300/\text{Well Productivity})^{\ }]$$


ELF 2 ('89-'06)
Depending on Daily Field Production and Well Productivity
ELF
1.00
0.90
0.80
0.70
0.60
0.50
0.40
0.30
0.20
0.10
0.00
0
1000
2000
3000
4000
5000
6000
7000
8000
9000
10000
Field Average Barrels Per Well Per Day
5,000
20,000
50,000
100,000
300,000
1,500,000

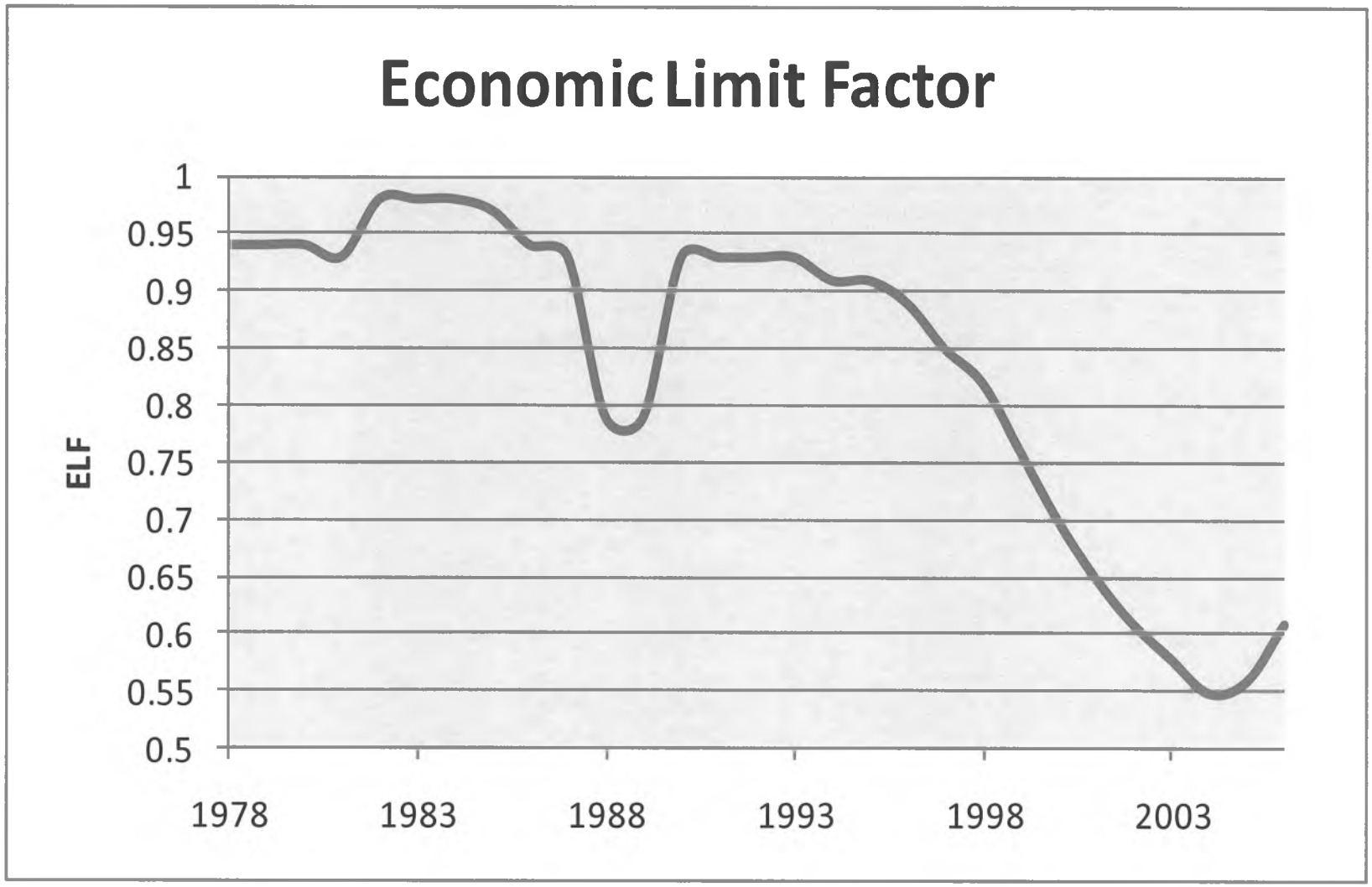
Problems with ELF II

- Same problems as ELF 1
  - Field size declines
  - Well productivity declines
  - Tax rate declines regardless of price
- Proliferation of field satellites

The Big Question:

What does "economically interdependent" mean?

- Conditions for advanced ruling not to aggregate:
  - If shared facilities reduce costs
  - If advanced ruling enhances likelihood of development
  - If oil from each field will be accurately measured
  - If shared facilities is only factor making fields interdependent
- Requests came in and Department granted some of them
  - By 2000 had not granted for Prudhoe Bay
  - Understanding of satellite development evolving
- "Economic interdependence" undefined
- Prudhoe Bay and satellites aggregated in 2005

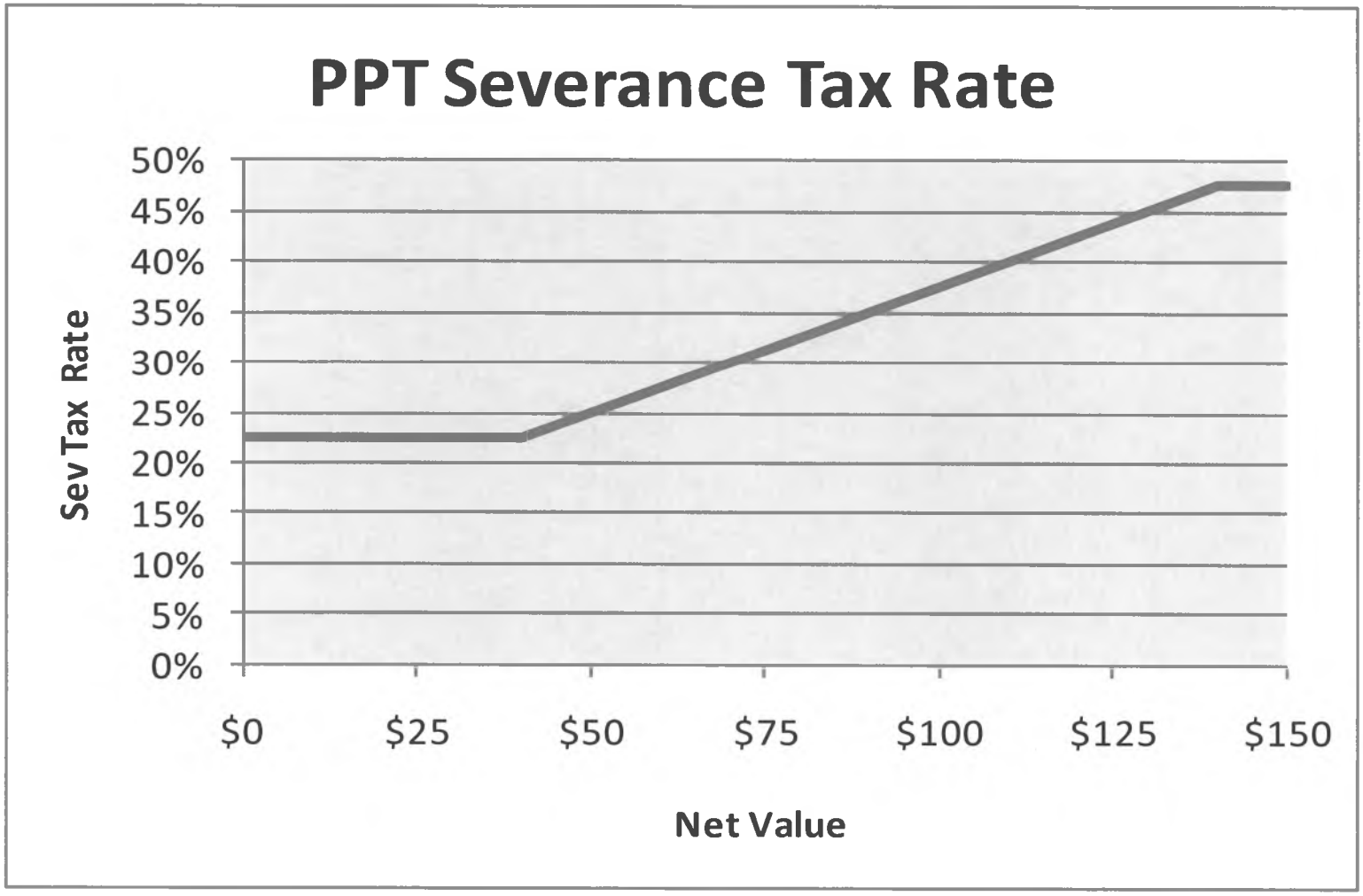

Economic Limit Factor
ELF
1
0.95
0.9
0.85
0.8
0.75
0.7
0.65
0.6
0.55
0.5
1978
1983
1988
1993
1998
2003

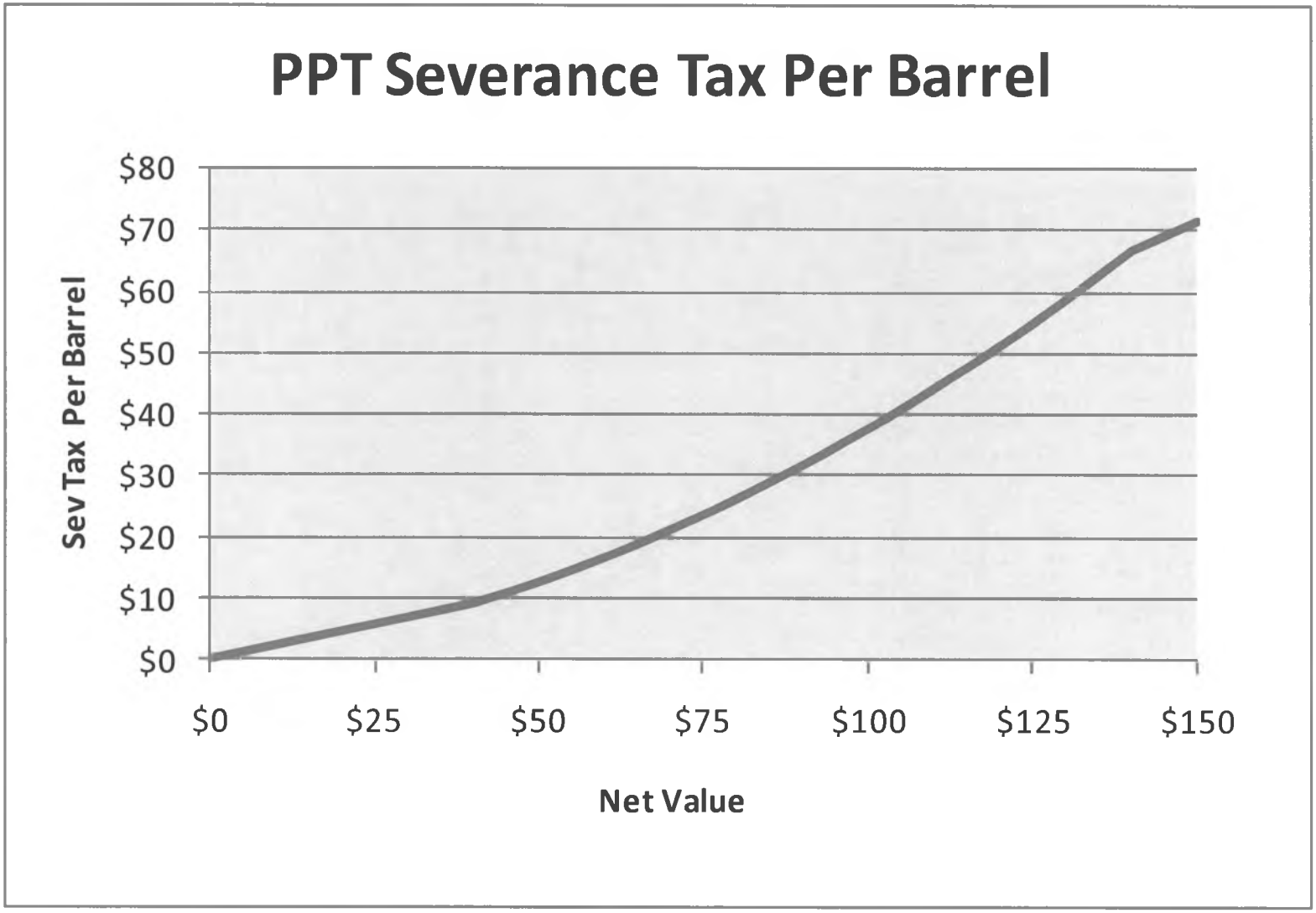
Stranded Gas Development Act (SGDA) Leads to PPT

- Producers wanted fiscal stability for oil
- SGDA did not authorize that
- Administration negotiated new oil tax system
- Administration sought to amend SGDA
- Legislature took negotiated product as starting point for amending severance tax statute

Petroleum Profits Tax ("PPT") 2006-2007

- Base rate of 22.5% of net value (after deducting all costs)
- Progressivity element when net value per barrel exceeds $40/bbl:
  - (Net value per barrel value - $40) X .0025
- So if oil price is $90/bbl:
  - Net value per barrel is about $61/bbl
  - Progressivity = ($61 - $40) X .0025 = 7.75%
  - Total tax rate = 22.5% + 5.25% = 27.75%
  - Tax is 27.75% X $61 = $16.93/bbl


PPT Severance Tax Rate
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
Sev Tax Rate
$0
$25
$50
$75
$100
$125
$150
Net Value

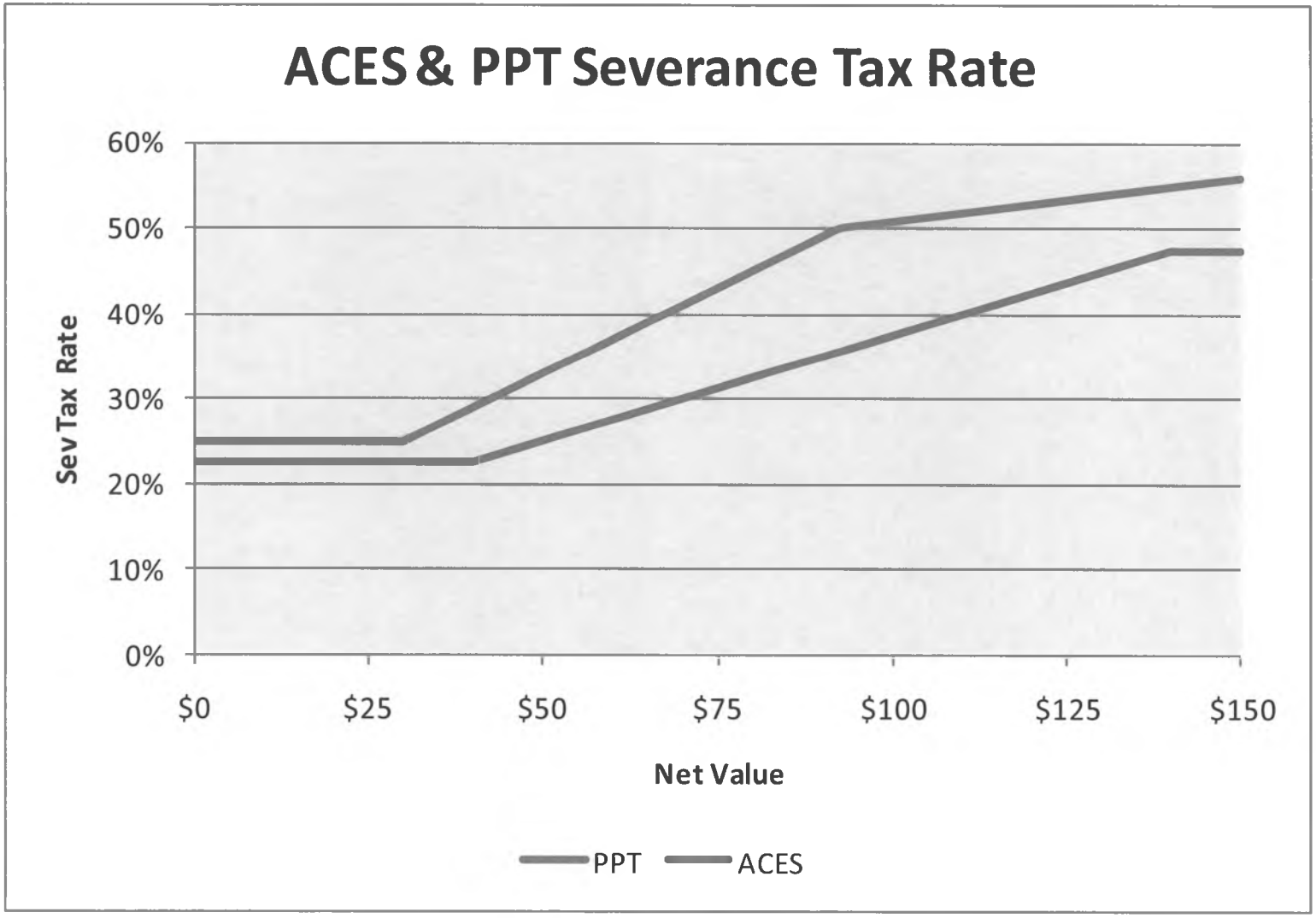

PPT Severance Tax Per Barrel
Sev Tax Per Barrel
$80
$70
$60
$50
$40
$30
$20
$10
$0
$0
$25
$50
$75
$100
$125
$150
Net Value

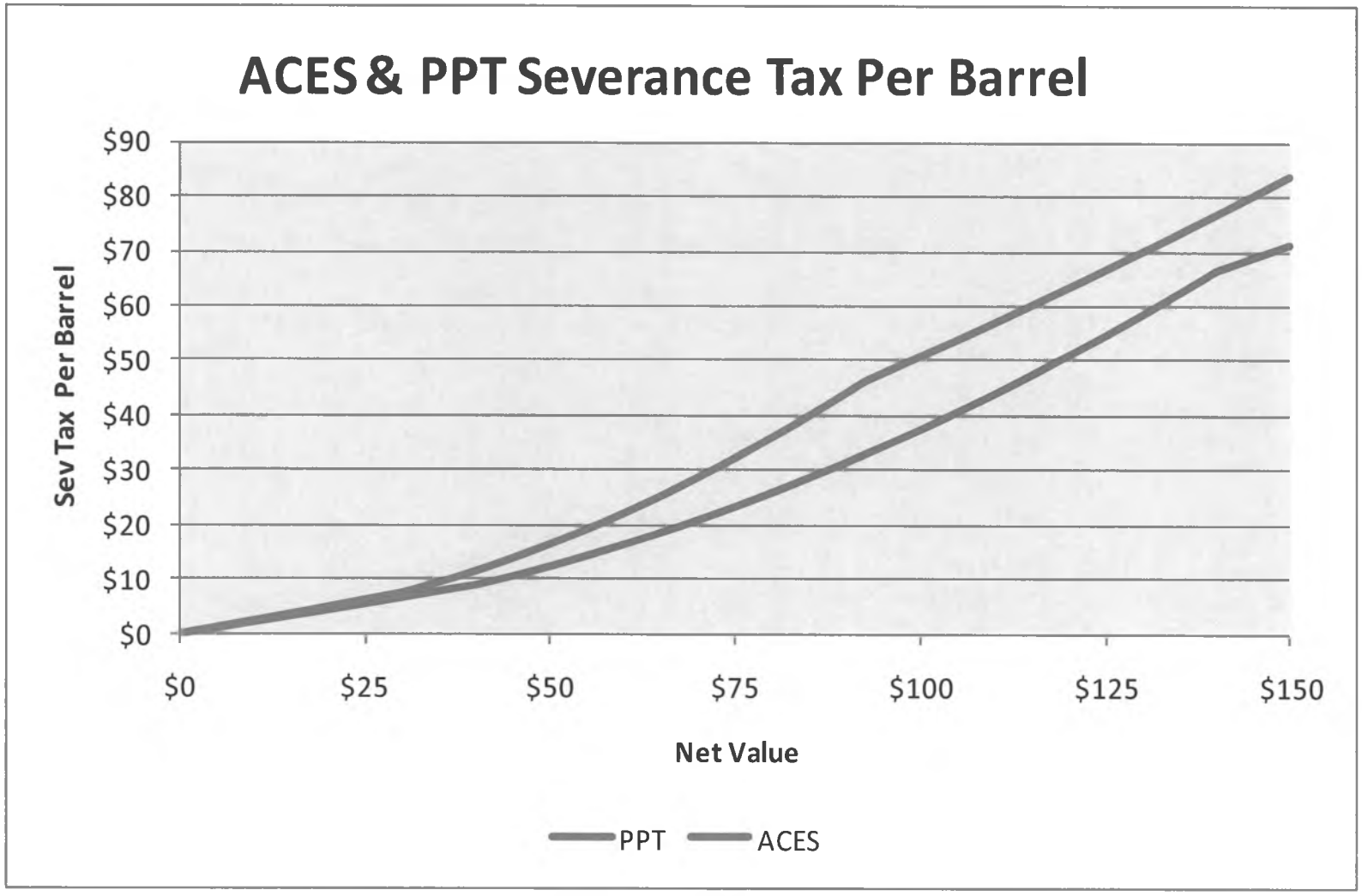
Problems with PPT

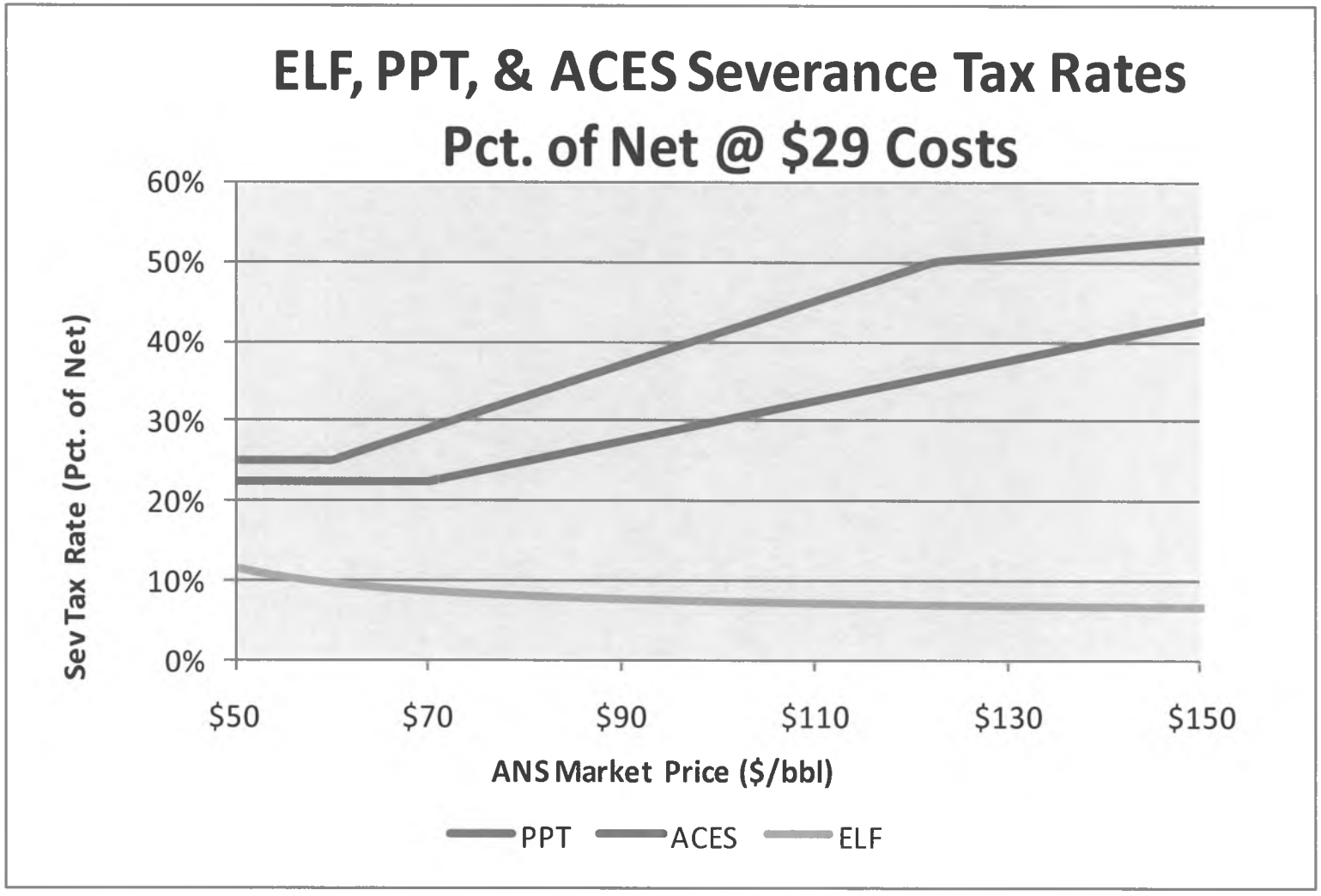
- Costs came in more than expected
- Revenues came in less than expected
- VECO taint

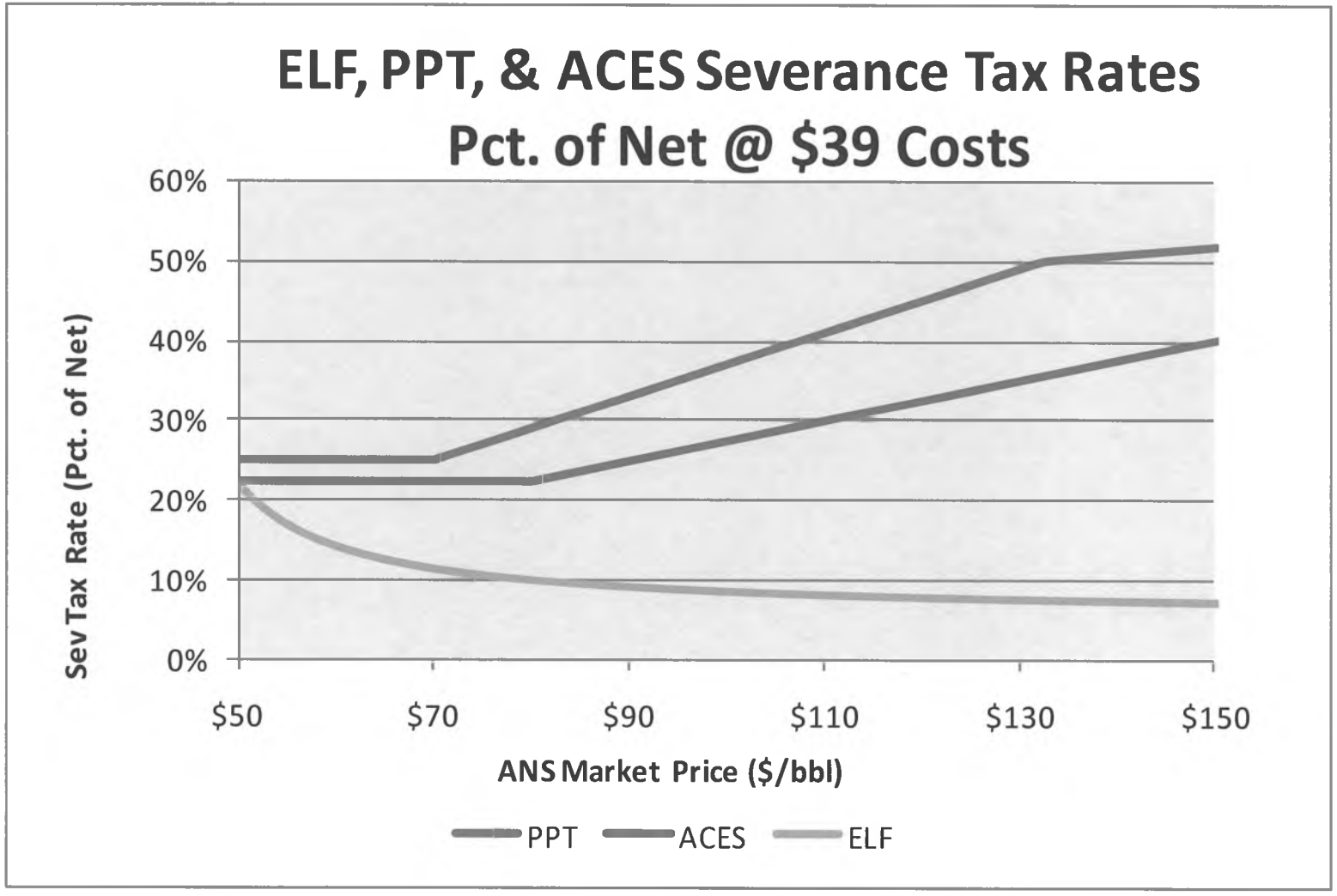
Alaska's Clear & Equitable Share ("ACES") 2007-Present

- Base rate of 25% of net value (after deducting all costs)
- Progressivity element when net value per barrel exceeds $30/bbl:
  - (Net value per barrel value - $30) X .004
- So if oil price is $90/bbl:
  - Net value per barrel is about $61/bbl
  - Progressivity = ($61 - $30) X .004 = 12.4%
  - Total tax rate = 25% + 12.4% = 37.4%
  - Tax is 37.4% X $61 = $22.81/bbl


ACES & PPT Severance Tax Rate
60%
50%
40%
30%
20%
10%
0%
Sev Tax Rate
$0
$25
$50
$75
$100
$125
$150
Net Value
PPT
ACES


ACES & PPT Severance Tax Per Barrel
Sev Tax Per Barrel
$90
$80
$70
$60
$50
$40
$30
$20
$10
$0
$0
$25
$50
$75
$100
$125
$150
Net Value
PPT
ACES


ELF, PPT, & ACES Severance Tax Rates
Pct. of Net @ $29 Costs
Sev Tax Rate (Pct. of Net)
60%
50%
40%
30%
20%
10%
0%
$50
$70
$90
$110
$130
$150
ANS Market Price ($/bbl)
PPT
ACES
ELF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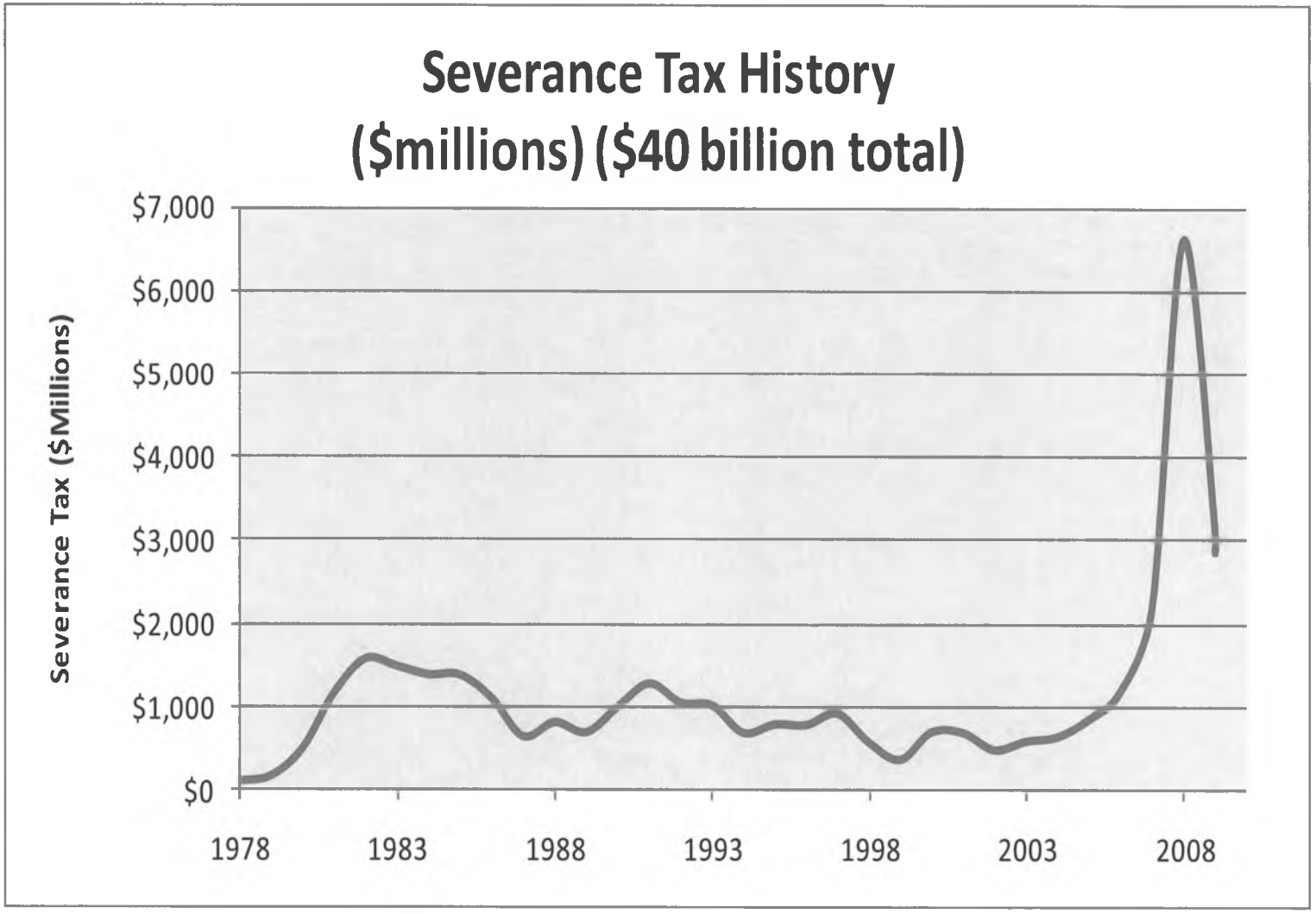
20%
10%
0%
$50
$70
$90
$110
$130
$150
ANS Market Price ($/bbl)
PPT
ACES
ELF

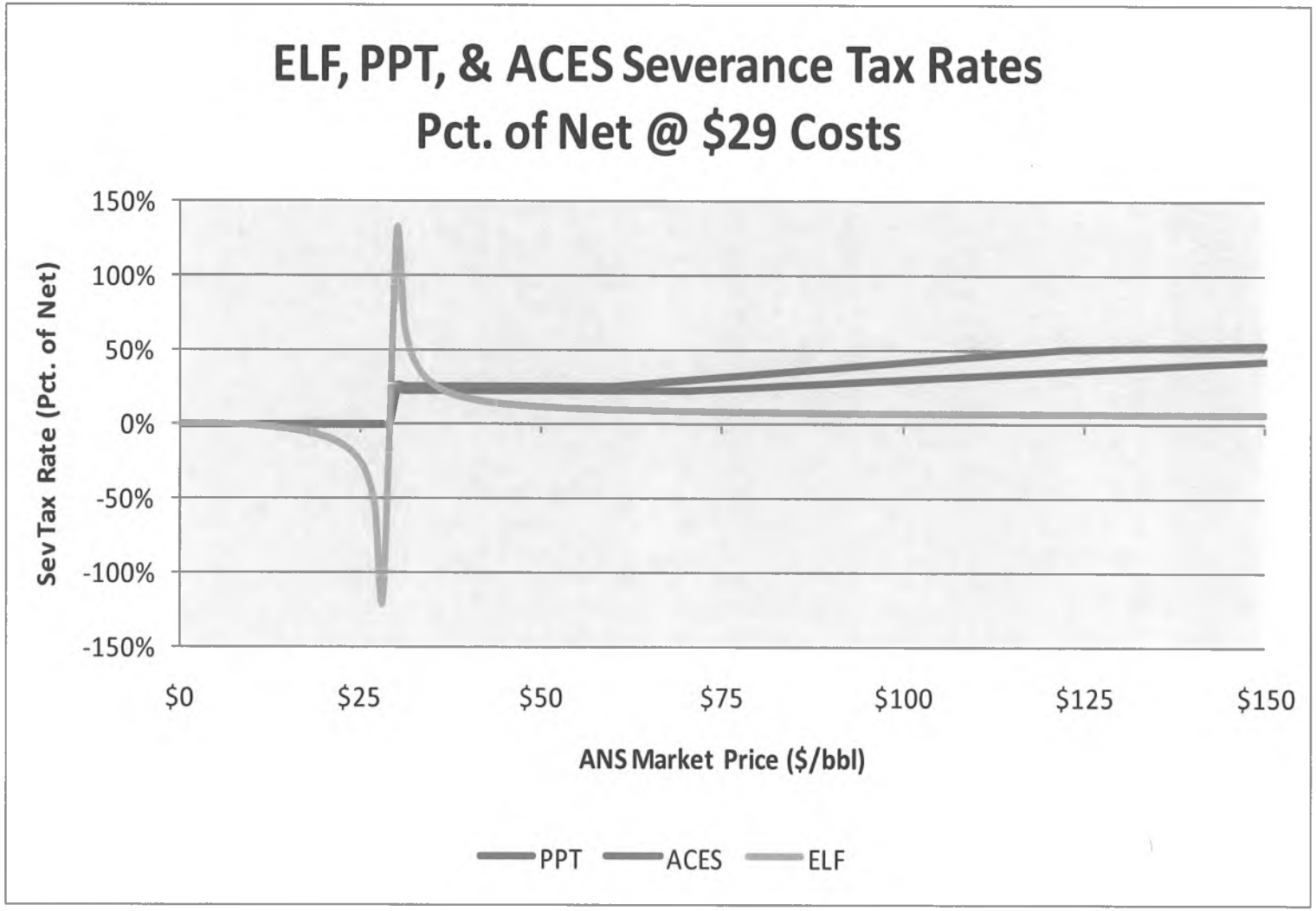
Credits Overview

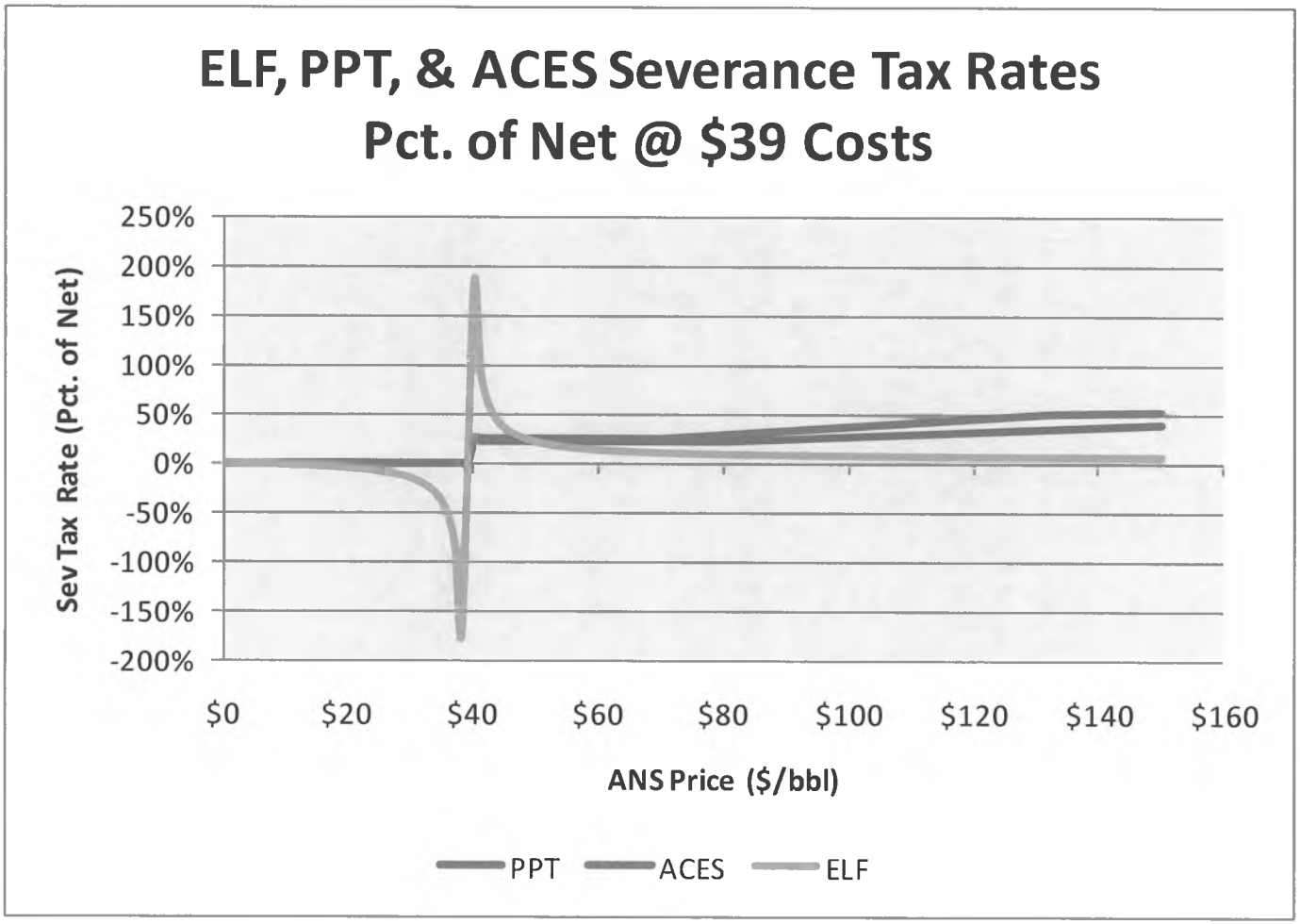
- Capital credit (20%)
- Well lease expenditure credit (excl. North Slope) (40%)
- Exploration credit (20% - 40% depending on location) (expire 2016)
- Small company credit ($12 million if sufficient offsetting income) (exp. 2016)
- Explore Cook Inlet pre-Tertiary zone w/jack-up rig
  - First: 100% up to $25.0 mm
  - Second: 90% up to $22.5 mm
  - Third: 80% up to $20.0 mm
  - 50% of credit reimbursed if commercial production
- Loss carry-forward credit of 25% of annual loss

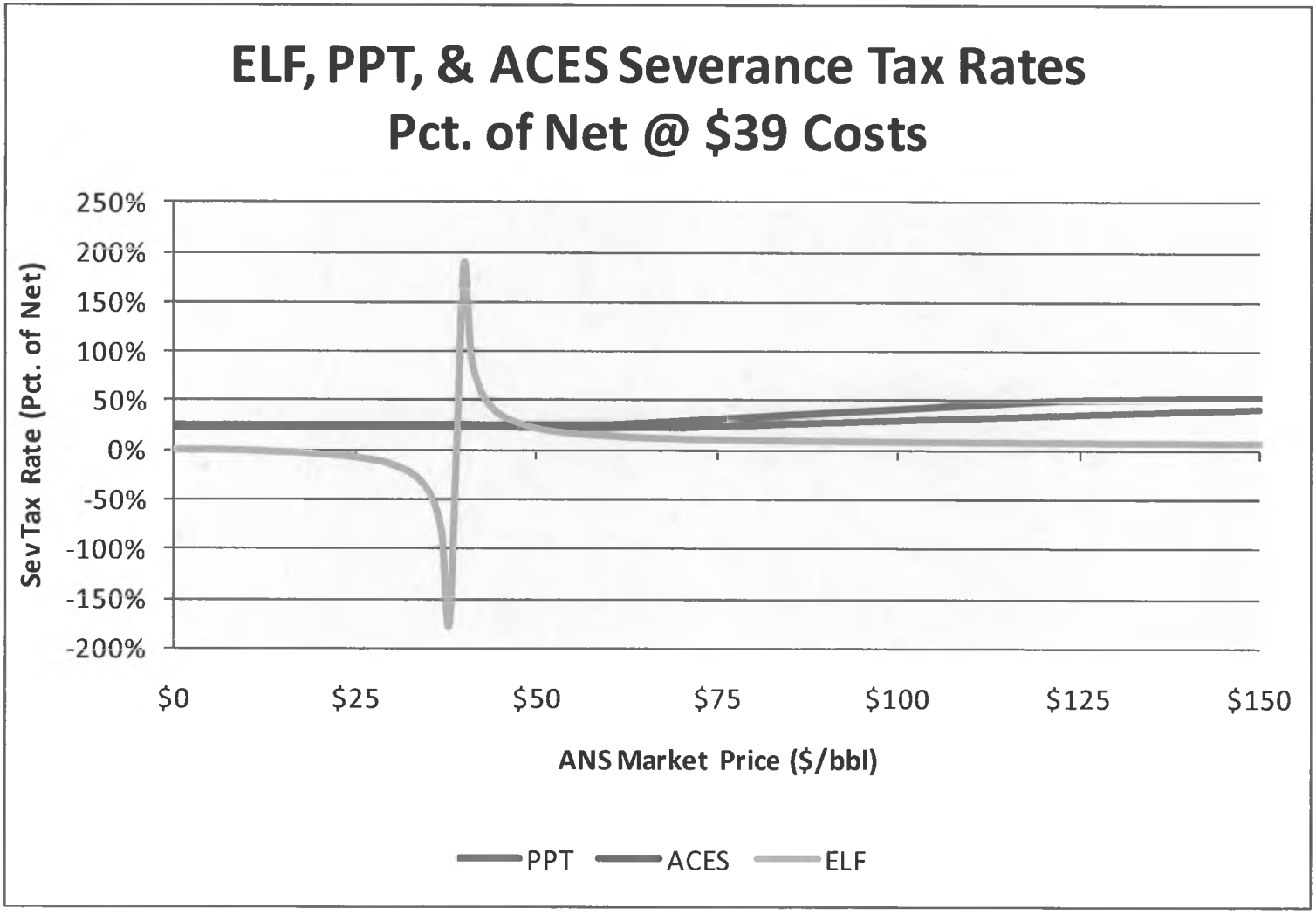
Monetizing Credits
(If insufficient offsetting income)

- Can keep until sufficient offsetting income
- Can sell credits to other taxpayers
- State buy credits if produce under 50,000 bbls/day


Severance Tax History
($millions) ($40 billion total)
Severance Tax ($Millions)
$7,000
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
1978
1983
1988
1993
1998
2003
2008


ELF, PPT, & ACES Severance Tax Rates
Pct. of Net @ $29 Costs
150%
100%
50%
0%
-50%
-100%
-150%
Sev Tax Rate (Pct. of Net)
$0
$25
$50
$75
$100
$125
$150
ANS Market Price ($/bbl)
PPT
ACES
ELF


ELF, PPT, & ACES Severance Tax Rates
Pct. of Net @ $39 Costs
Sev Tax Rate (Pct. of Net)
250%
200%
150%
100%
50%
0%
-50%
-100%
-150%
-200%
$0
$20
$40
$60
$80
$100
$120
$140
$160
ANS Price ($/bbl)
PPT
ACES
ELF


ELF, PPT, & ACES Severance Tax Rates
Pct. of Net @ $39 Costs
Sev Tax Rate (Pct. of Net)
250%
200%
150%
100%
50%
0%
-50%
-100%
-150%
-200%
$0
$25
$50
$75
$100
$125
$150
ANS Market Price ($/bbl)
PPT
ACES
ELF

2/11/11 PRESENTATION: OIL AND GAS PRODUCTION TAX STATUS REPORT

<TARGET><BILL></BILL><SUBJECT>2-11-11 PRESENTATION OIL AND GAS PRODUCTION TAX STATUS REPORT</SUBJECT><COMM>HRES27</COMM></TARGET>



Presentation to the
House Resources Committee
February 11, 2011
Alaska Department of Revenue

ACES Status Report

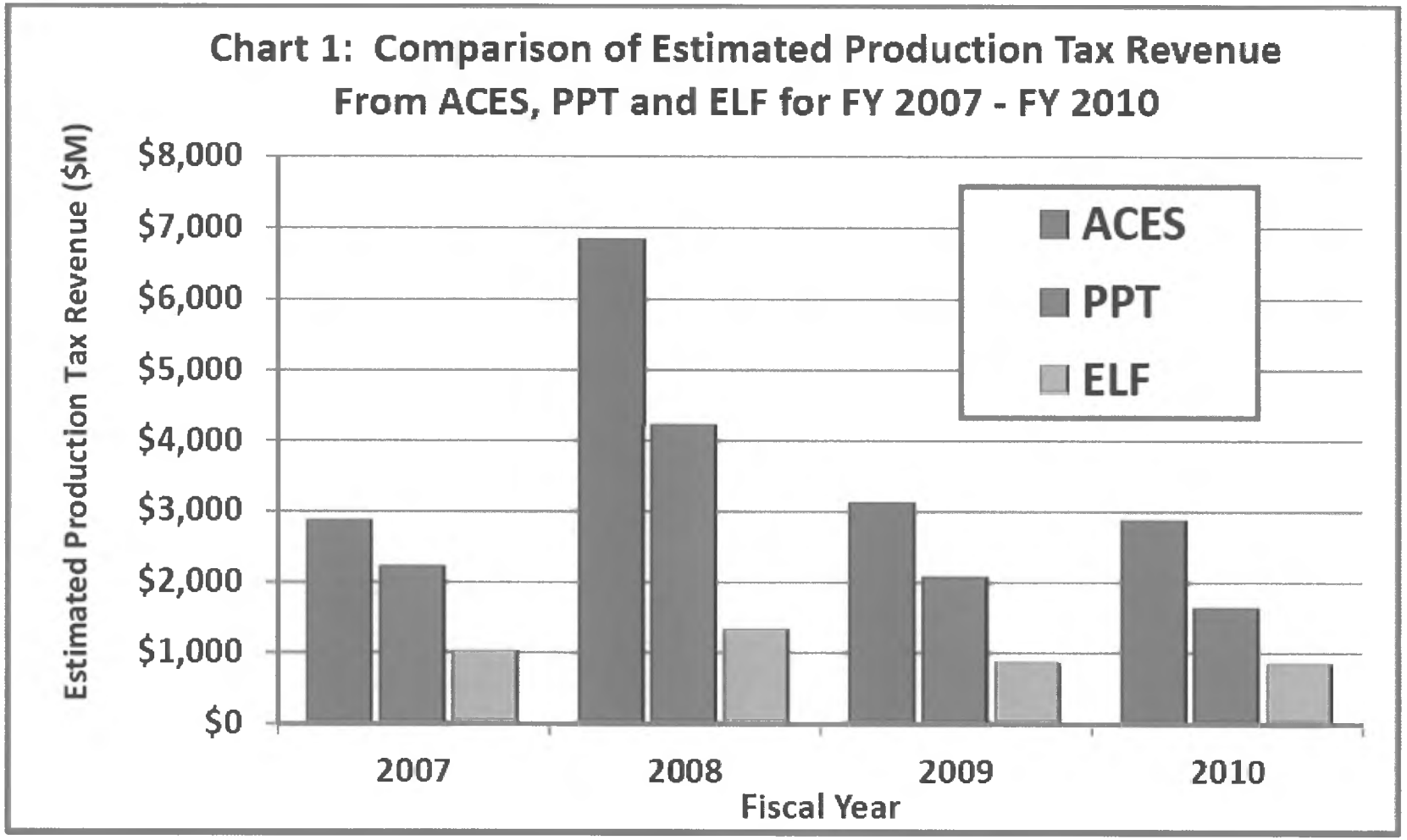
- **Overview of the Publication**
- **What We Know**

- ***Required report to the legislature under AS 43.55.180***
- ***Released January 18, 2011***

Overview of ACES Status Report

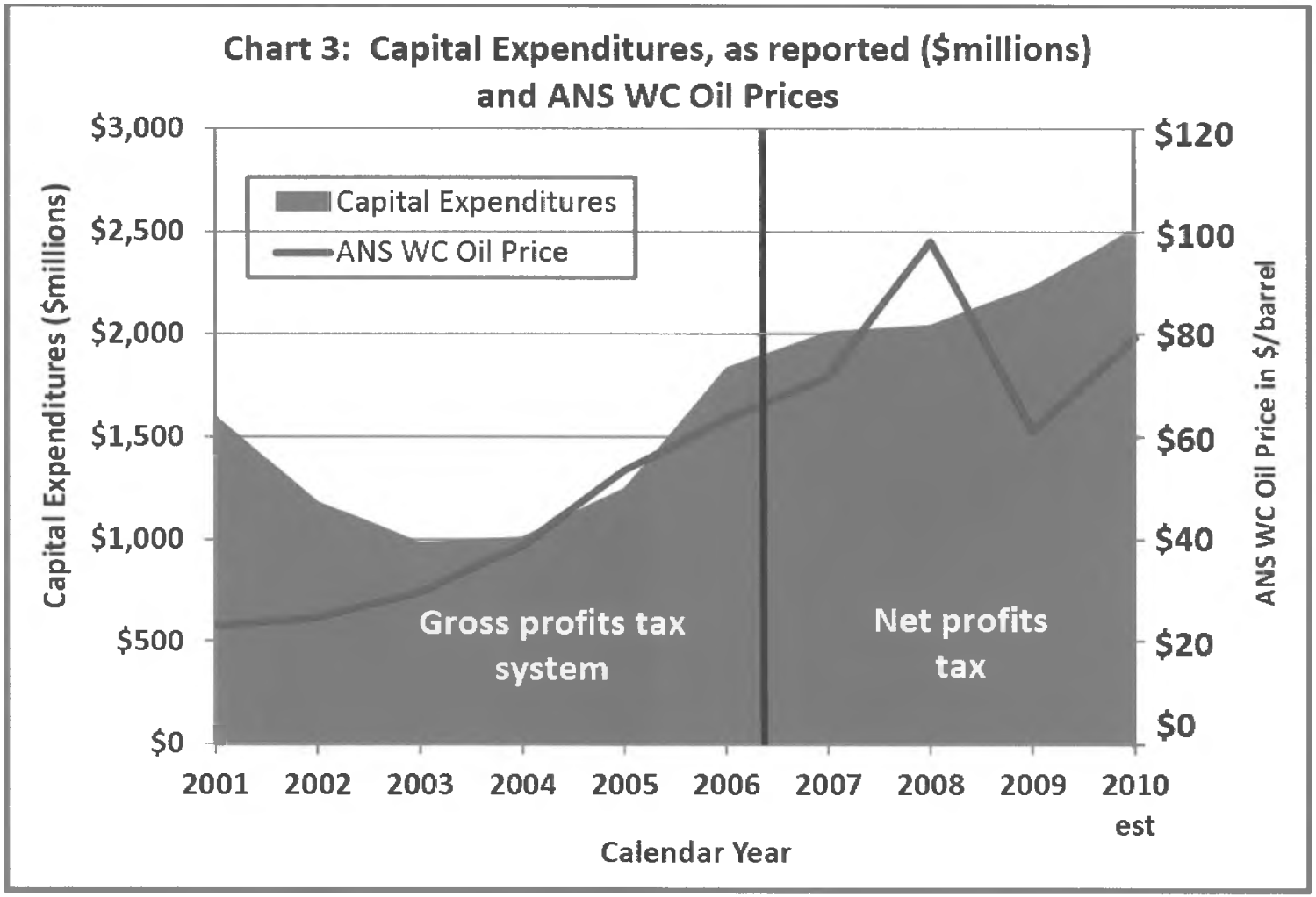
1. **Revenue Generation / Tax Rate**
2. **Industry Investment**
3. **Impact on Exploration, Development, Production**
4. **Industry Employment and New Entrants**
5. **Use and Expansion of Tax Credits**
6. **Tax Administration and Compliance**
7. **Conclusions and Recommendations**

What We Know:
State Revenue Has Increased



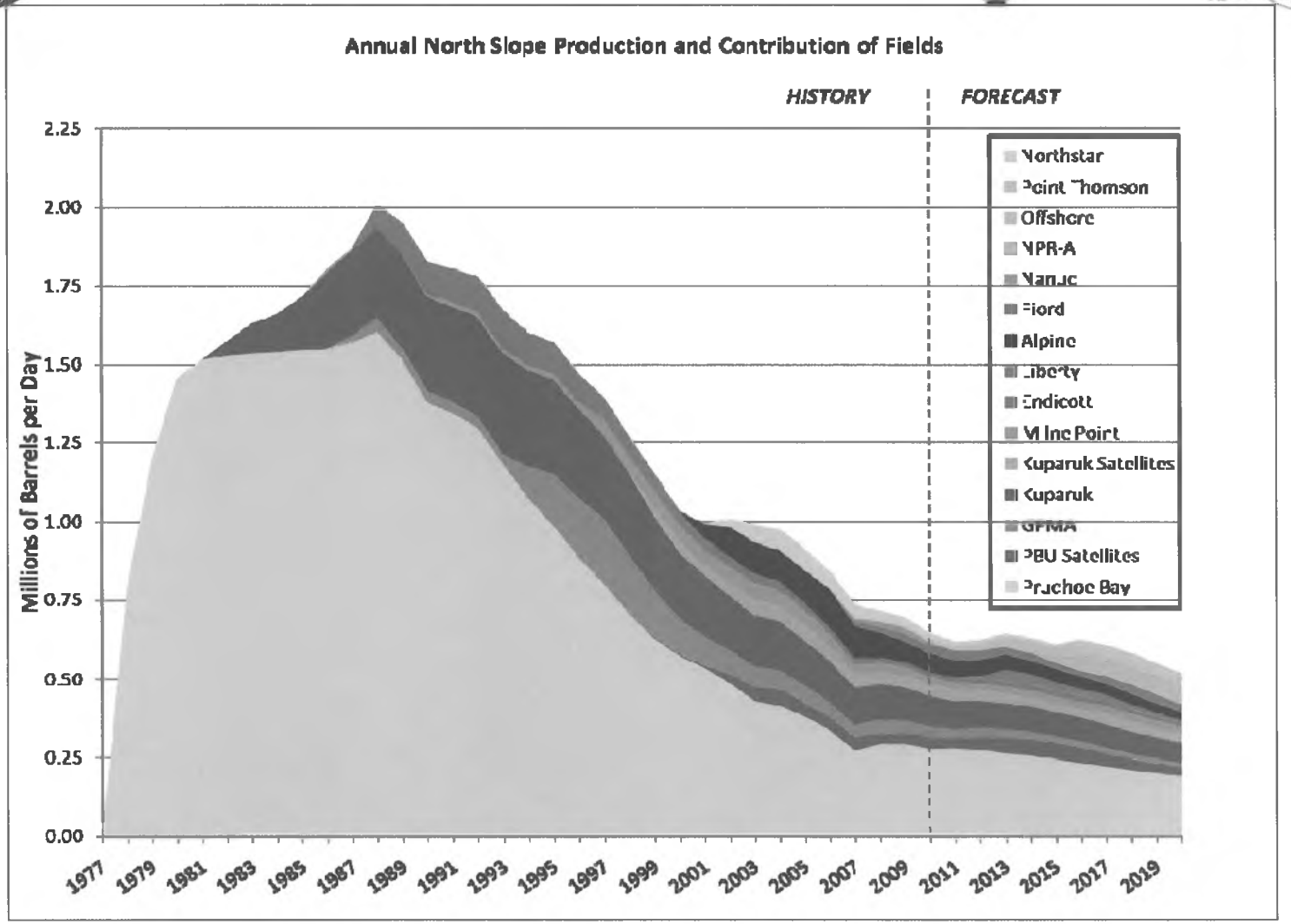
Source: Oil & Gas Tax Status Report 2011

What We Know: Companies are spending more



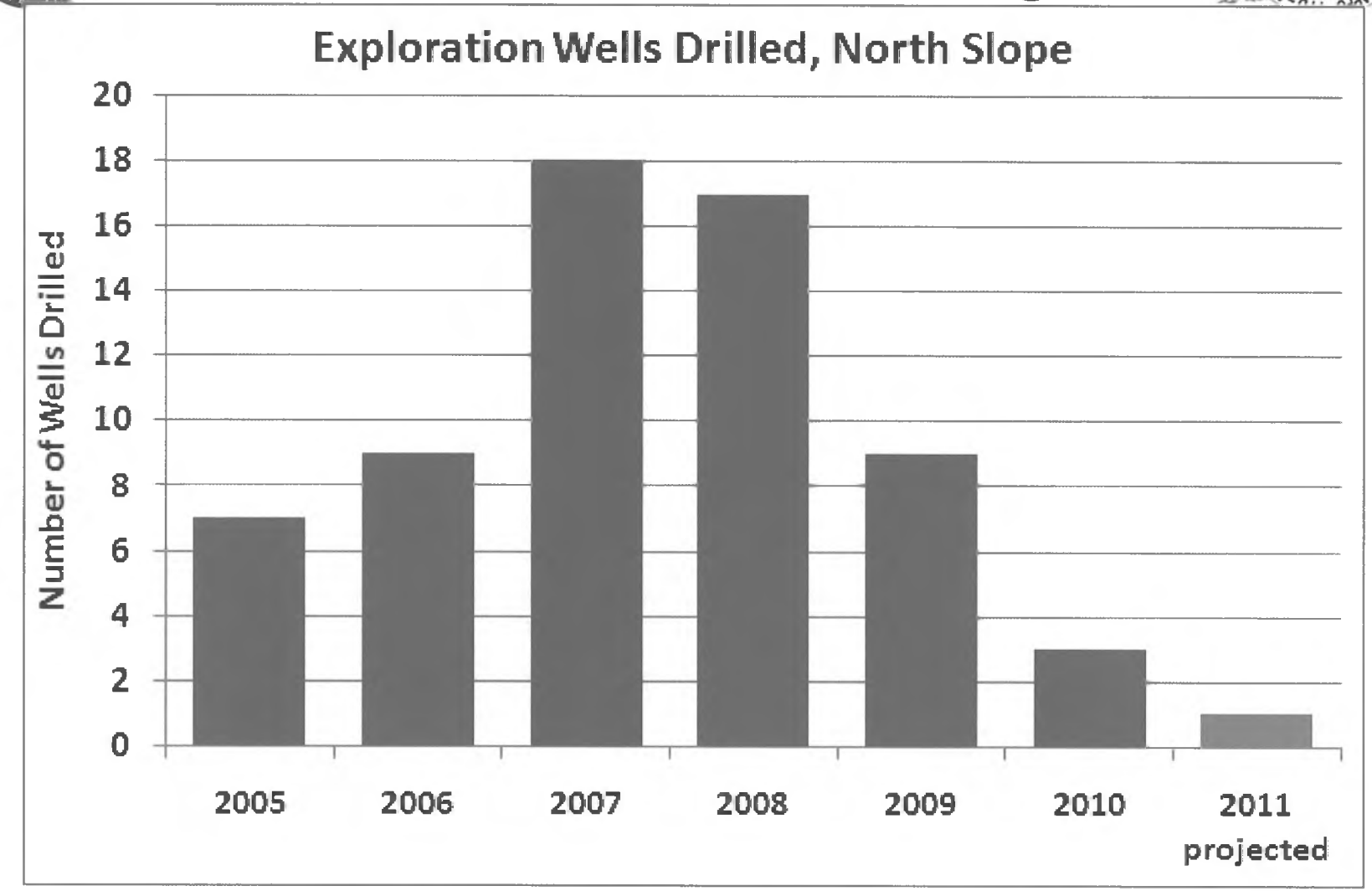
Source: Oil & Gas Tax Status Report 2011

What We Know: Production Is Declining



Source: Oil & Gas Tax Status Report 2011, and Fall 2010 Revenue Sources Book

What We Know: Exploration is Declining



Source: Alaska Oil & Gas Conservation Commission and Alaska Department of Natural Resources

Conclusion

- **Cannot conclusively identify the ACES impact compared to all the other factors in recent years**
- **We know we have more revenue in the short term**
- **We know oil production keeps declining**
- **We know there is little exploration taking place**

Fall 2010
Oil Production
Forecast

North Slope Production Decline

FY 1988: production peak → 2.01 million barrels per day (bpd).

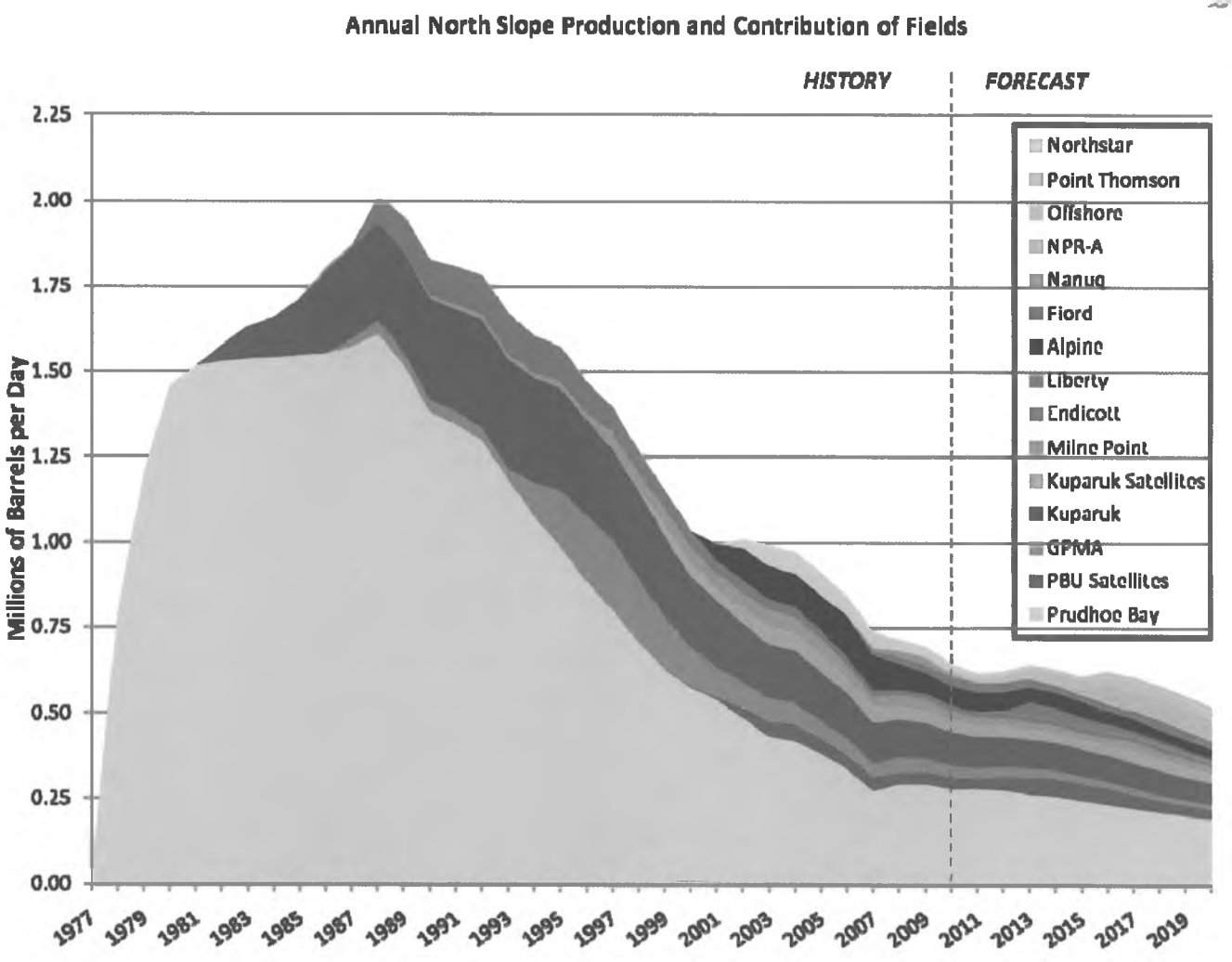
FY 2010: production → 644,000 bpd, a 68% decline since peak.

FY 1988 to date: production decline rate ~ 5% per year, on average.

Over the last 10 years, production decline rate ~ 4.2% per year, on average.

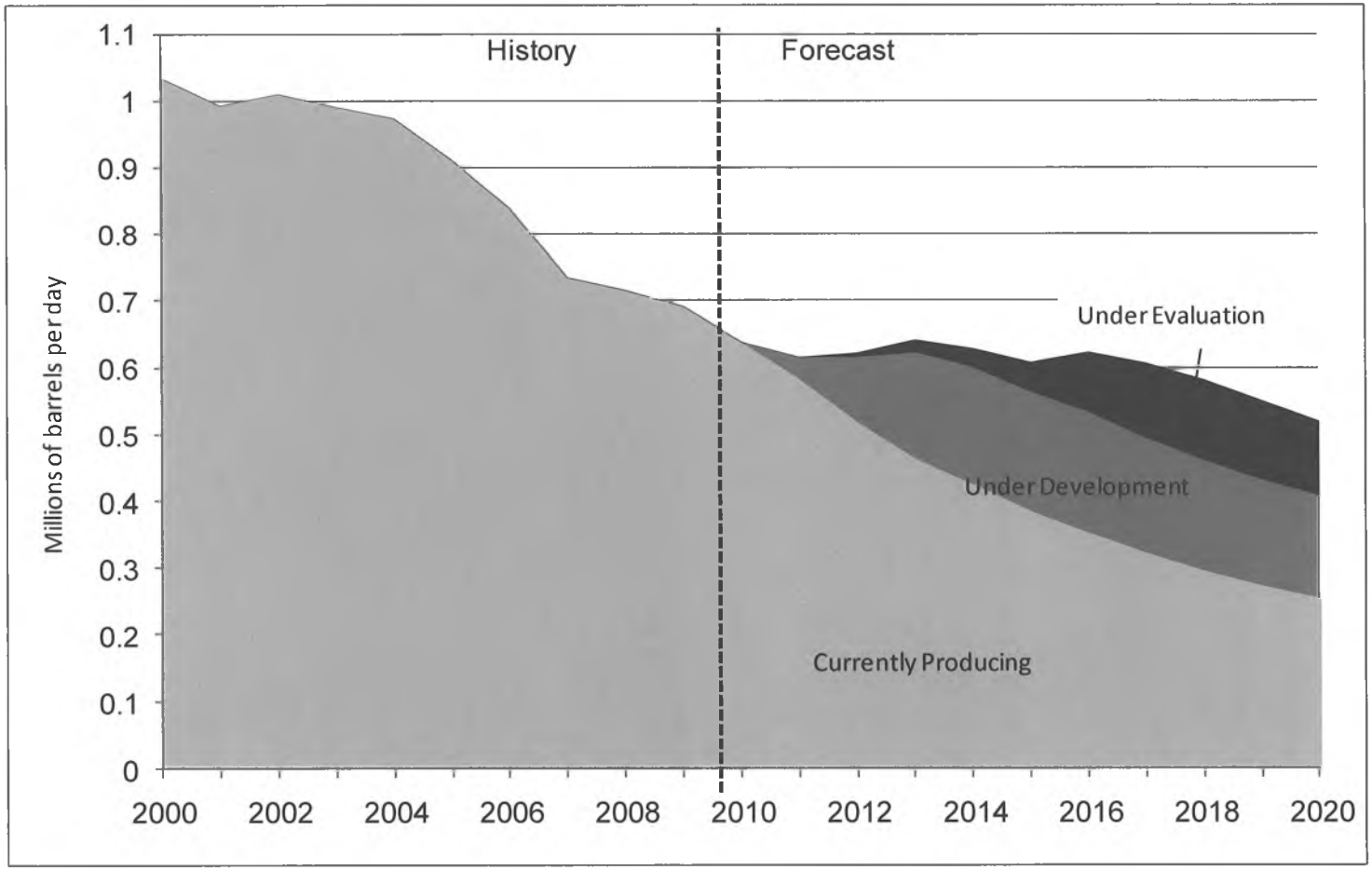
We expect the decline rate to flatten out to 3.2% per year, on average, through FY 2030.

ANS Production History & Forecast



Source: Fall 2010 Revenue Sources Book

Forecasted ANS Production
FY 2010 - 2020



Source: Fall 2010 Revenue Sources Book

GCA
Gaffney, Cline & Associates

Petroleum Fiscal System Design

House Resources Committee
February 11, 2011

TECHNICAL AND MANAGEMENT ADVISORS TO THE INTERNATIONAL PETROLEUM INDUSTRY

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Fiscal System Design

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- **2 Parts *Art* to every 1 Part *Science***
- **What works well for one state/country does not necessarily work for another**
  - ↳ Over time it may actually no longer work optimally where it once did
- **Influencing factors include (but not limited to):**
  - GDP & GDP/Capita
  - Energy as % of GDP
  - Infrastructure Availability
  - Infrastructure Capacity
  - Competition from elsewhere
  - Hydrocarbon Basin Maturity
  - Skilled Local Labor Force
  - H S & E
  - Institutional Capacity

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The "Pressure" to Change

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- Fiscal system change occurs generally because:
  a) Governments want their perceived fair share; or
  b) Attract Investment/Industry

★ *The two are not always the same or even near the same*

- Request for change justified by:
  - 'Objective' Calculations – model results based on a large number of assumptions
  - 'Subjective' Calculations – experts assessing major changes in direction or behavior

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Producer's View of Fiscal Systems

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Never met a tax they liked!

Less Tax Means More Inve$tment	More Tax Means Less Inve$tment
Illinois Low Gov't Take Limited E&P Inve$tment by Big Oil	Iraq Highest Gov't Take Huge Inve$tment by Big Oil

Always making comparisons to Lower 48 as best place to invest

"More taxes….push investment….abroad"
API 2011 in response to possible new US taxes on energy activities.

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Ranking Fiscal Systems

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Materiality, NPV, Rate of Return

Which is better?	A PSC	B PSC	C Concession
Average Govt Take	30%	50%	60%
Marginal Govt Take (highest)	45%	65%	90%
Capex Recovery Period (minimum)	7yr	5yr	1yr
Investment Credit	0%	0%	20%
Cost Oil Cap	60%	100%	100%
Unrecovered Cost Uplift	0%	5% annum	0%
Ringfenced by Field	Yes	Yes	No

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Where is Alaska today?

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1. Production declining despite unprecedented prices
2. Looming issue of TAPS mortality
   - Could be either physical limit or economic limit
3. New resources viewed by some as "Stranded"
   - Access to infrastructure
4. Long lead times to bring on new fields
5. Which path are we on?
   - If ***Harvest***, then need to get fair share
   - If ***Growth***, then need to encourage investment

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Same Item- Different Perceptions

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Level of Producer Profit	Loss	Break Even	Small	Moderate	Large
Gov't	Gov't Needs Minimum Cash Flow		About Right	More than Fair	Greedy & Outrageous
Producers	To be avoided Downside Protection	Nice but not why we exist	Only if I have more $ & people than projects	The Target	Quid Pro Quo for taking downside (loss) risk

Many times it is not the numbers or reality that drive decisions, but perceptions, "matters of principle" or fear of precedents

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Future Scenarios for Alaska

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Hard to predict the future in a nice tidy narrow range

- Requires many assumptions that leads to '*noise*' and time and focus taken away from discussing and understanding root causes and the real issues
- Lack of data transparency, that many other regimes have

What are the possible upside/downside scenarios to consider in looking to change ACES?

- Upside – Reduced taxes leads to investment in new resources that keeps TAPS flowing through 2050
- Downside – Reduced taxes, still no new fields brought on line, TAPS reaches limit in the 2020's

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State Undiscounted Cash Flow

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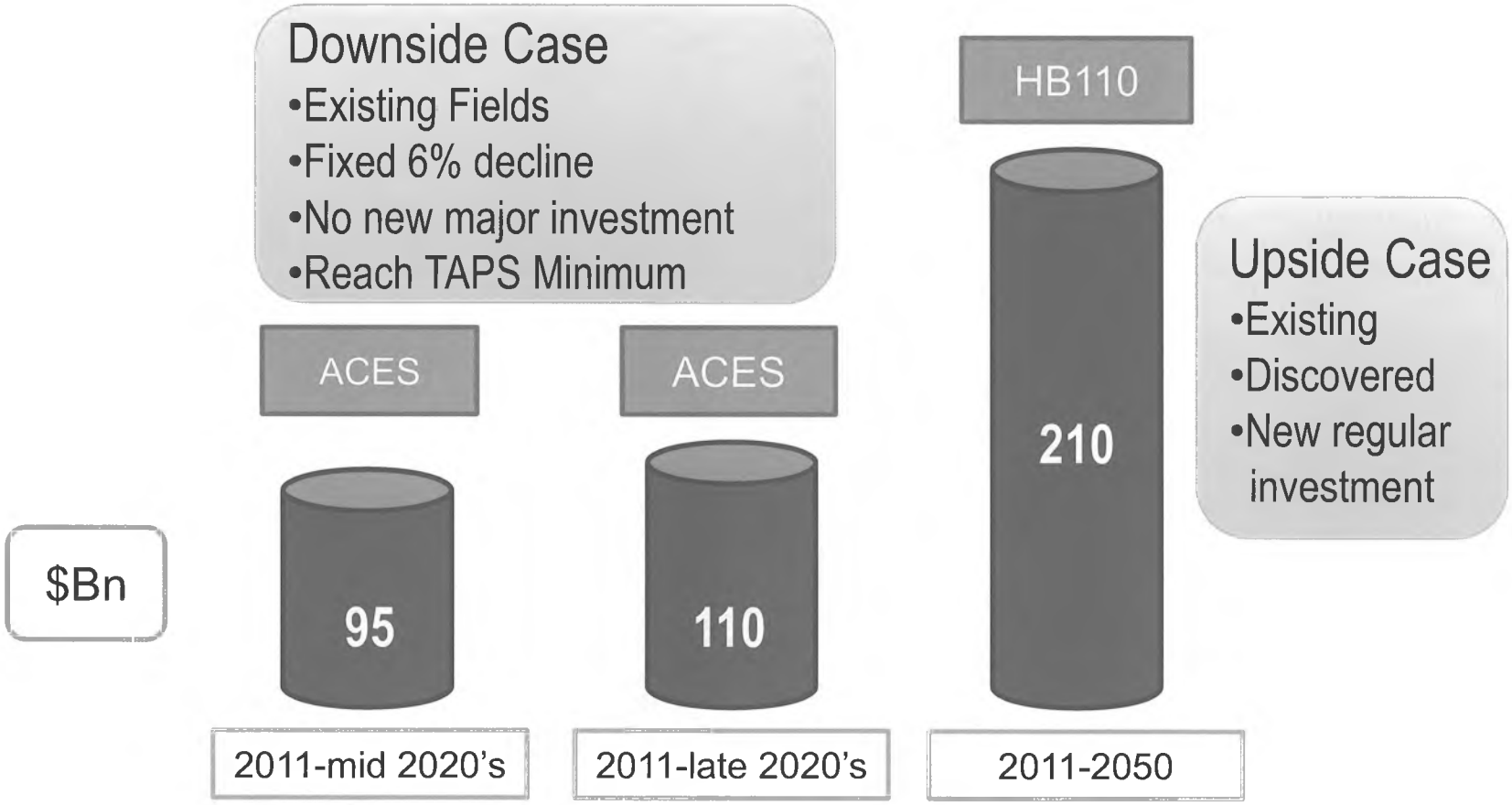

* DOR price & cost forecasts

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State Undiscounted Cash Flow

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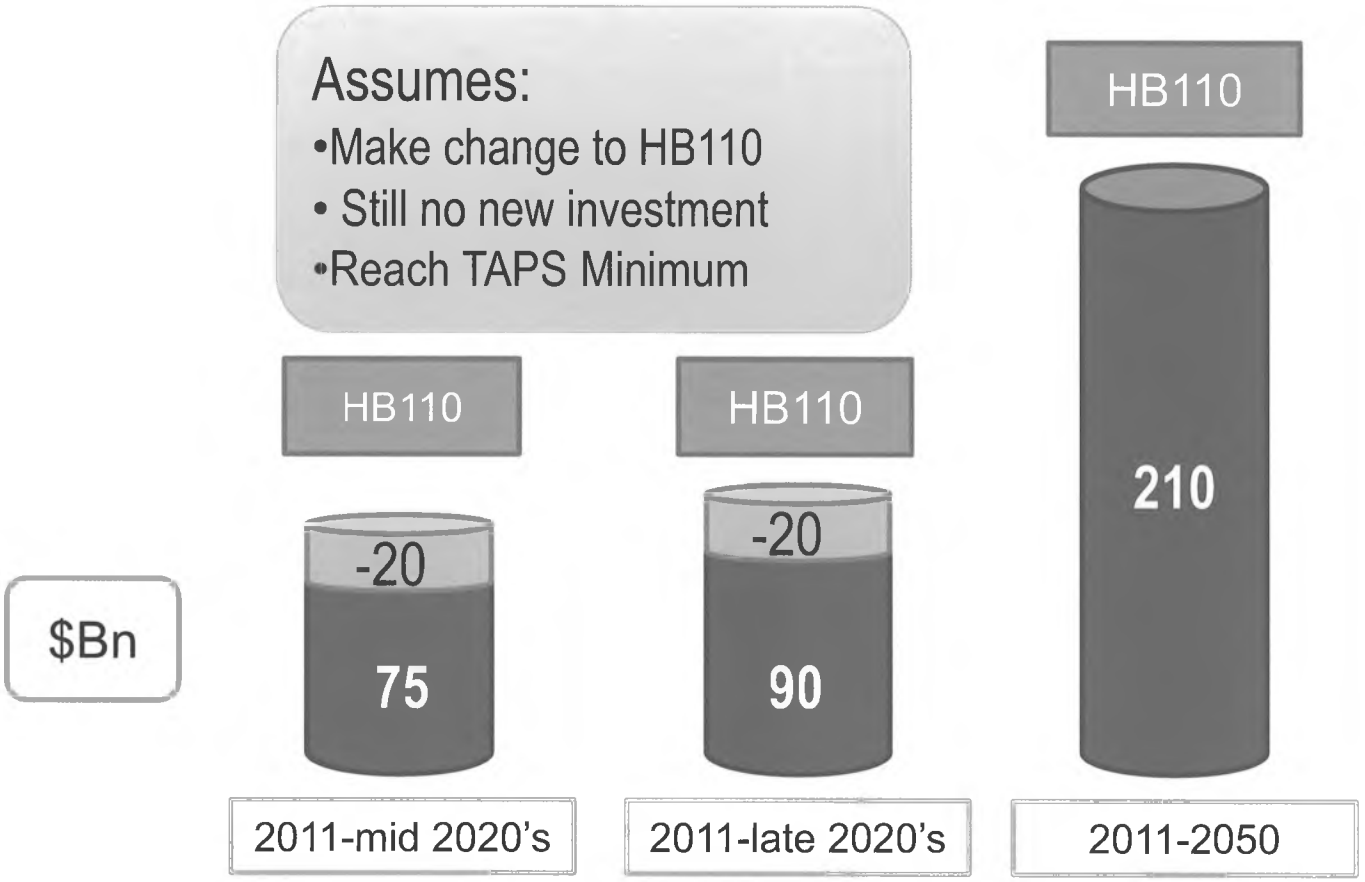
Gaffney, Cline & Associates



* DOR price & cost forecasts

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ACES vs HB110 - Risk vs Reward

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- Analyze the State's decision in similar way to Producer decision-making in looking at the probability and cost of a dry hole versus probability and value of a developed discovery

$Bn

Viewed Conservatively:

75% downside outcome	**-20 * 0.75 = -15**
25% upside outcome	**120 * 0.25 = 30**
	$+15

Viewed More Optimistically:

25% downside outcome	**-20 * 0.25 = - 5**
75% upside outcome	**120 *0.75 = 90**
	$+85

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Outsiders' View of Alaska

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	Rank*	Economic Impact
Immediate Deduction of Capex	Top 1-3	High
Investment Credits	Top ¼	Moderate-High
Amount (up to 40%)	Top 10	High
Credits to Cash	Top 1 or 2	Moderate, Big, Huge Ind.
No ringfence (Exploration/Appraisal)	Top 10	Huge
87% Marginal Rate	Bottom 5-10	Moderate (Huge Optically)
Cost per bbl	Bottom ¼	High
Environmental Costs	Bottom 10	High

*** Where Top is best Bottom is worst from Producer viewpoint**

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Data Transparency

GCA
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- **Relative to other regimes Alaska is handicapped in its decision making by the small amount of either confidential or reliable public data on energy operations**

- **Consequently, the producers are the only ones that can provide the legislators with the true picture**
  - Where is the money being spent?
  - What is the upside potential?
  - Why isn't more investment occurring?
  - With HB 110, will they now be investing for the upside ?

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State of Alaska
Department of Revenue

Commissioner Bryan Butcher

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Oil and Gas Production Tax
Status Report to the Legislature
Alaska Department of Revenue

January 18, 2011

Report Purpose

In August 2006, the 24th Alaska state legislature approved House Bill 3001, which represented a major restructuring of the state's oil and gas production tax. As part of the legislation, lawmakers asked that the Department of Revenue study the impact of the production tax changes on several criteria and produce a report on or before the first day of the 2011 legislative session on the findings of that study.[1] This report summarizes those findings.

Executive Summary

This report evaluates six elements of Alaska's production tax system since implementation of the Petroleum Profits Tax (PPT) in 2006 and Alaska's Clear and Equitable Share (ACES) in 2007. The six elements and our key findings with respect to each of them are described briefly below.

1. **Revenue Generation/Tax Rate** – State revenues under PPT and ACES exceeded the amount that would have been received under ELF for each of the four fiscal years since implementation of a net profits tax. Although the production tax rate under ACES may be as high as 75%, tax rates in each of the

[1] ***AS 43.55.180 Required Report.*** ***(a)*** *The department shall study*
(1) *the effects of the provisions of this chapter on oil and gas exploration, development, and production in the state, on investment expenditures for oil and gas exploration, development, and production in the state, on the entry of new producers into the oil and gas industry in the state, on state revenue, and on tax administration and compliance, giving particular attention to the tax rates provided under AS 43.55.011 , the tax credits provided under AS 43.55.023 - 43.55.025, and the deductions for and adjustments to lease expenditures provided under AS 43.55.160 - 43.55.170; and*
(2) *the effects of the tax rates under AS 43.55.011 (i) on state revenue and on oil and gas exploration, development, and production on private land, and the fairness of those tax rates for private landowners.*
(b) *The department shall prepare a report on or before the first day of the 2011 regular session of the legislature on the results of the study made under (a) of this section, including recommendations as to whether any changes should be made to this chapter. The department shall notify the legislature that the report prepared under this subsection is available.*

four years were much lower than the maximum rate.

The oil tax rate of 5% of the gross value at the point of production at AS 43.55.011(i) for private landowners has not raised any significant concerns that have been communicated to the Department of Revenue.

2. **Industry Investment** – Investment in the form of capital expenditures has increased in each of the four fiscal years since implementation of the net profits tax, however, it is unclear how much of the capital expenditures were drilling or well-related and how much were maintenance or facilities-related.

3. **Impact on Exploration, Development, and Production** – Exploration has generally increased from 2003, when the EIC credit was implemented, but has dropped off in 2010. Development continues in three relatively new North Slope projects, yet production continues to decline.

4. **Industry Employment and New Entrants** – Industry employment rose steadily from 2006 through 2009, but dipped slightly in 2010. The number of companies filing annual tax returns doubled between 2006 and 2009, indicating interest by companies that are either new or returning to the Alaska oil and gas industry.

5. **Use and Expansion of Tax Credits** – The amount of credits used has increased annually since 2006 and we expect the trend to continue as new credit programs were added in the 2010 legislative session.

6. **Tax Administration and Compliance** – The department continues to write regulations for the new tax system, and the first audits under the net profits tax have been completed. The department has, however, been hampered in its tax reporting and compliance efforts by the lack of a centralized database to house and manage the large volumes of oil and gas data it receives.

7. **Conclusions and Recommendations** – Based on the multiple changes to the tax laws over the past few years, drawing any conclusion about their effect on Alaska's investment climate is difficult. However, what is clear is that production continues to decline. The state should continue to monitor its competitiveness with other oil and gas jurisdictions worldwide and be prepared to change its tax structure as needed.

Overview

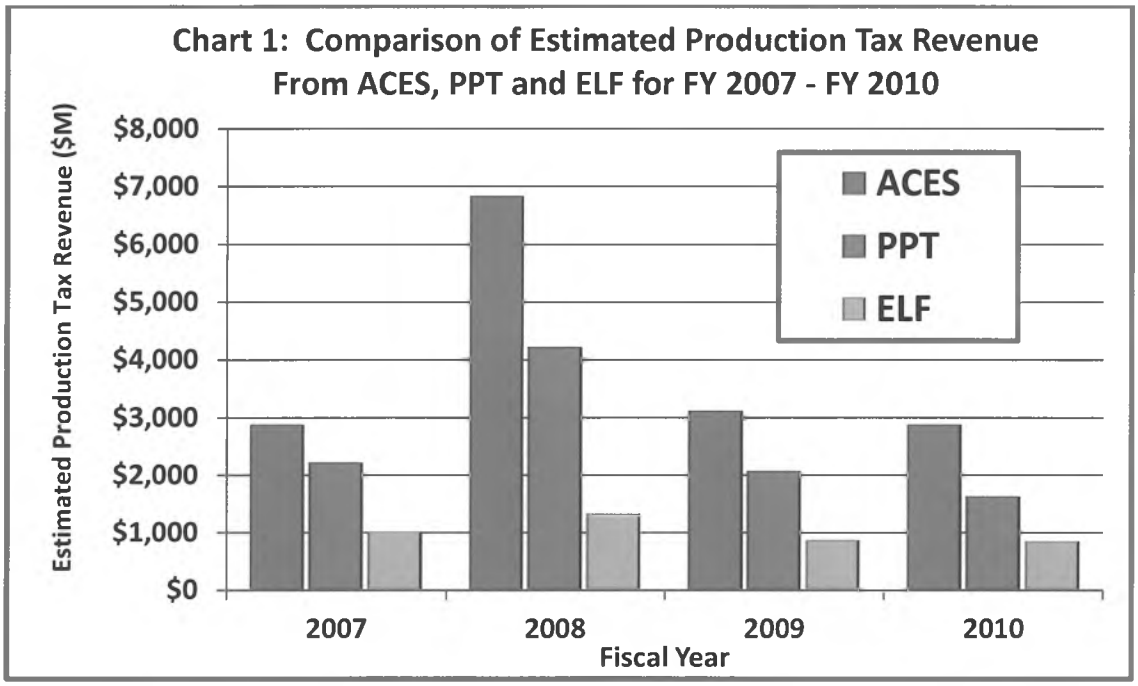
This report reviews and summarizes information gathered over the approximate five-year period since the implementation of the Petroleum Profits Tax (PPT) in 2006, and in 2007, Alaska's Clear and Equitable Share (ACES). The report covers six critical elements for evaluation and a section with conclusions and recommendations, as follows:

1. Revenue Generation/Tax Rate
2. Industry Investment
3. Impact on Exploration, Development and Production
4. Industry Employment and New Entrants
5. Use and Expansion of Tax Credits
6. Tax Administration and Compliance
7. Conclusions and Recommendations

Revenue Generation/Tax Rate

Both PPT and ACES have generated more production tax revenue for the State than would have been received under the previous production tax system, which used the Economic Limit Factor (ELF). In the one year that PPT was in place, FY 2007, the production tax totaled $2.2 billion. That year, the ANS West Coast oil price averaged $61.60 and production on the North Slope averaged 734,000 barrels per day. In contrast, the average oil price one year earlier, in FY 2006, was $62.12, production averaged 840,000 barrels per day, and the production tax under ELF totaled $1.2 billion--$1 billion, or 45% less than collected under PPT. It should be noted that PPT became effective on April 1, 2006, adding two months of tax collections to the FY 2007 total, making FY 2007 effectively a 14-month fiscal year. Regardless, the level of PPT collections above those that would have been collected under ELF, at least at moderately high prices, is significant.

In the three years that ACES has been in place, production tax revenues have increased to higher levels than under PPT. This is largely because ACES has higher base and progressivity tax rates than did PPT, and because one of the credits under PPT – the transition investment expenditure credit – was reduced substantially. The chart below shows production tax revenue collections under PPT and ACES as compared to how production tax revenue collections would have looked under two tax systems that were not in place during those years.



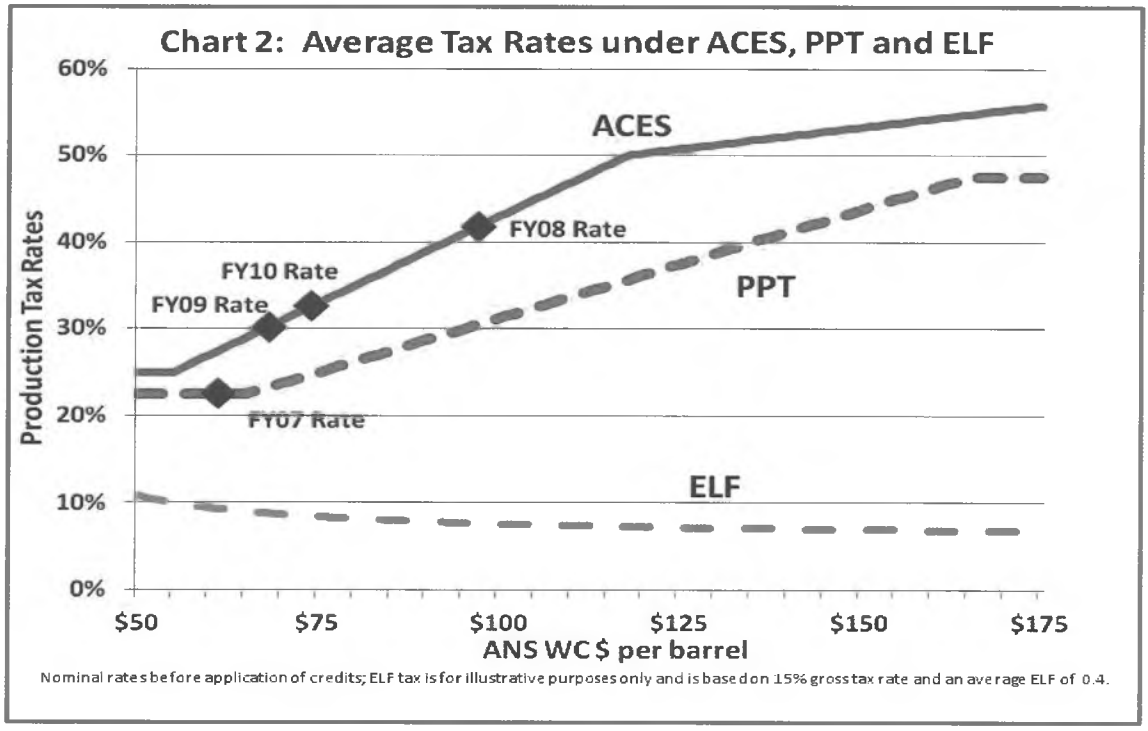
Production tax under both PPT and ACES is calculated on the net profits of oil and gas production, whereas ELF production tax was calculated on the gross profits of oil and gas production. Relative to taxes based on the gross value of production, net profit tax systems generally provide more tax revenue when oil prices are high and less tax revenue when prices are low. The progressive tax mechanism, designed to increase the total tax rate when per-barrel profit exceeds a pre-determined threshold, can increase the tax rate substantially. In addition to the progressive tax rate, the per-barrel profit level where the progressive tax is triggered is important. In the case of ACES, the progressive tax trigger is $30 net profit per barrel, whereas with PPT, the progressive tax trigger was $40 net profit per barrel.

Alaska North Slope (ANS) oil prices over the past four fiscal years were high relative to previous fiscal years. ANS crude prices over the four fiscal years of 2007 through 2010 averaged about $75 per barrel compared to $42 per barrel for the fiscal years of 2003 through 2006. Under ACES, an average price of $75 per barrel would yield an average profit of $50 per barrel, producing a combined base and progressivity tax rate of 33% (25% + [($50-$30)*.004]). The tax under this scenario before credits would be $16.50 per barrel. In contrast, the tax rate under ELF of 15% of the gross value at the point of production, even if the ELF calculated to 1, would yield a production tax of $10.50 per barrel, assuming transport costs of $5 per barrel.

When oil prices are low, however, a net profits-based tax structure would likely provide less production tax revenue than a gross profits-based tax. For example, a tax of 15% on the gross value, regardless of profit, could create a loss for companies producing oil

if profits were equal to or less than the tax. Because PPT and ACES recognize the costs of production in their calculation, a company with no profit would not pay any production tax and would likely get tax credits to offset future tax liabilities. Low oil prices experienced late in the year 2008 and early 2009 generated tax liabilities for many companies operating on the North Slope that were lower than they would have been under the ELF system.

Chart 2 below shows the average tax rates of PPT, ACES and ELF under a range of oil prices. Also shown is the average tax rate in each of the years that a net profits tax has been in place.



The department was also asked to review the tax rate for oil produced from private land of 5% of the gross value at the point of production.[2] The department is not aware of any concerns expressed on behalf of industry or private landowners as to the fairness of this tax.

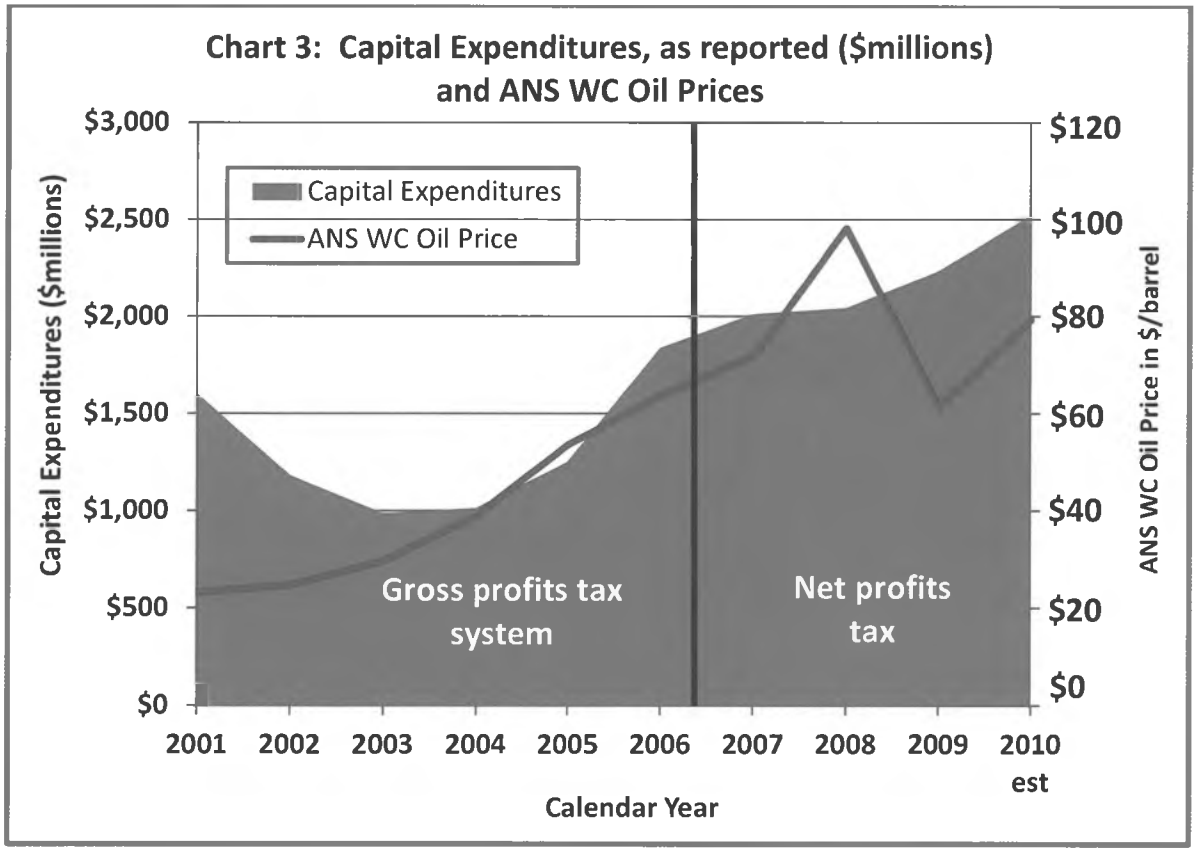
Industry Investment

Investment is an important component in Alaska's oil and gas industry. Producing oil, especially in an arctic environment, requires substantial financial outlays before, during

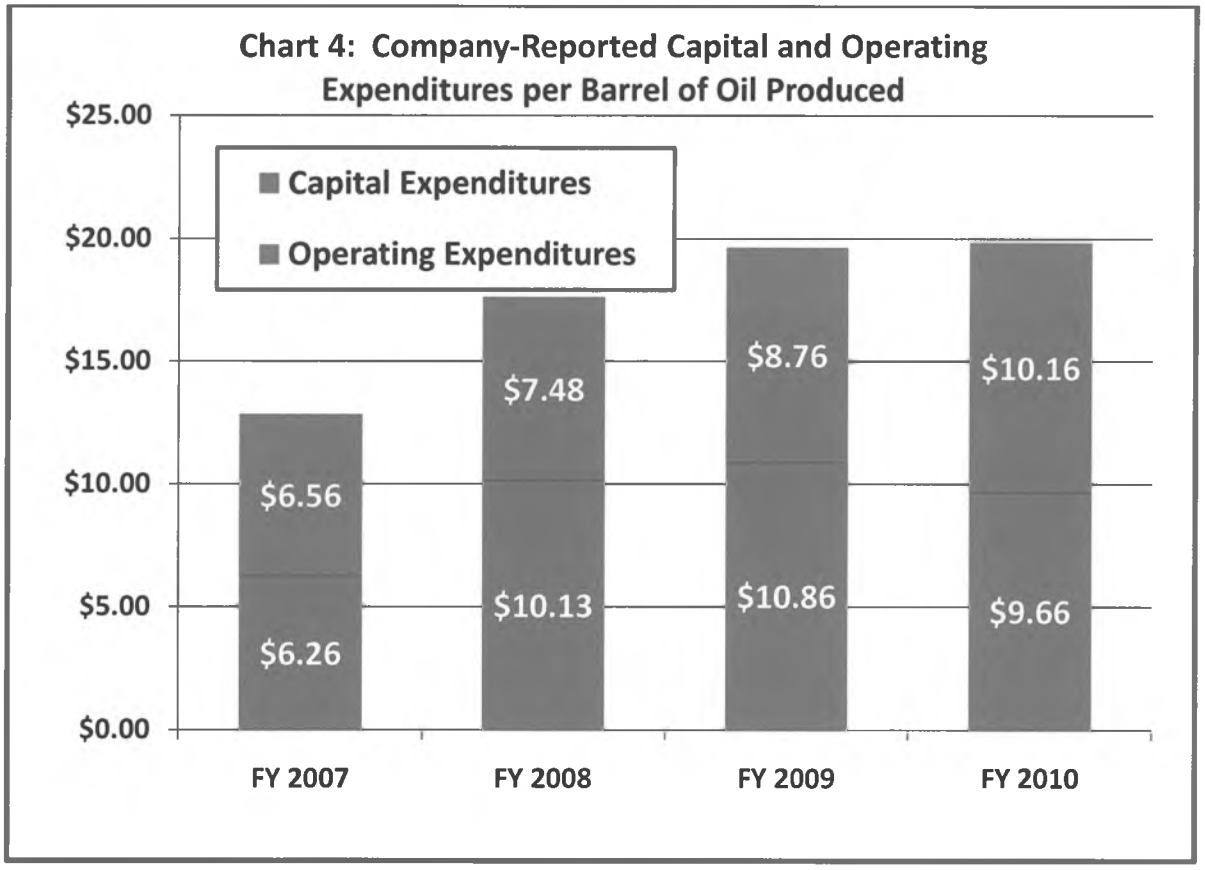
[2] AS 43.55.011(i)

and after producing the oil. In massive oil fields such as Prudhoe Bay, which has been operating for more than 30 years, maintaining and upgrading equipment and facilities is key to continued undisrupted oil production. Companies must also invest in research and new technologies in order to achieve the maximum recoverability of petroleum from the reservoirs they have developed. Because the companies that invest in petroleum projects can and do operate in areas outside of Alaska and the country, Alaska oil projects must compete with other petroleum opportunities throughout the world for those investment dollars.

Industry investment is generally reflected in capital expenditures, as opposed to operating expenditures, which are normally considered day-to-day expenditures for producing oil and gas. Alaska's fiscal system, which gives credits for capital expenditures, theoretically encourages these types of investments. Our review of the past 10 years of data appears to bear this out. Chart 3 below shows company-reported data from tax filings from calendar year 2001 through calendar 2010 (estimated). While capital expenditures over the five-year period (2006 through 2010) since the implementation of a net profits tax with credits for capital expenditures have increased each year, we have limited data as to the nature of the expenditures.

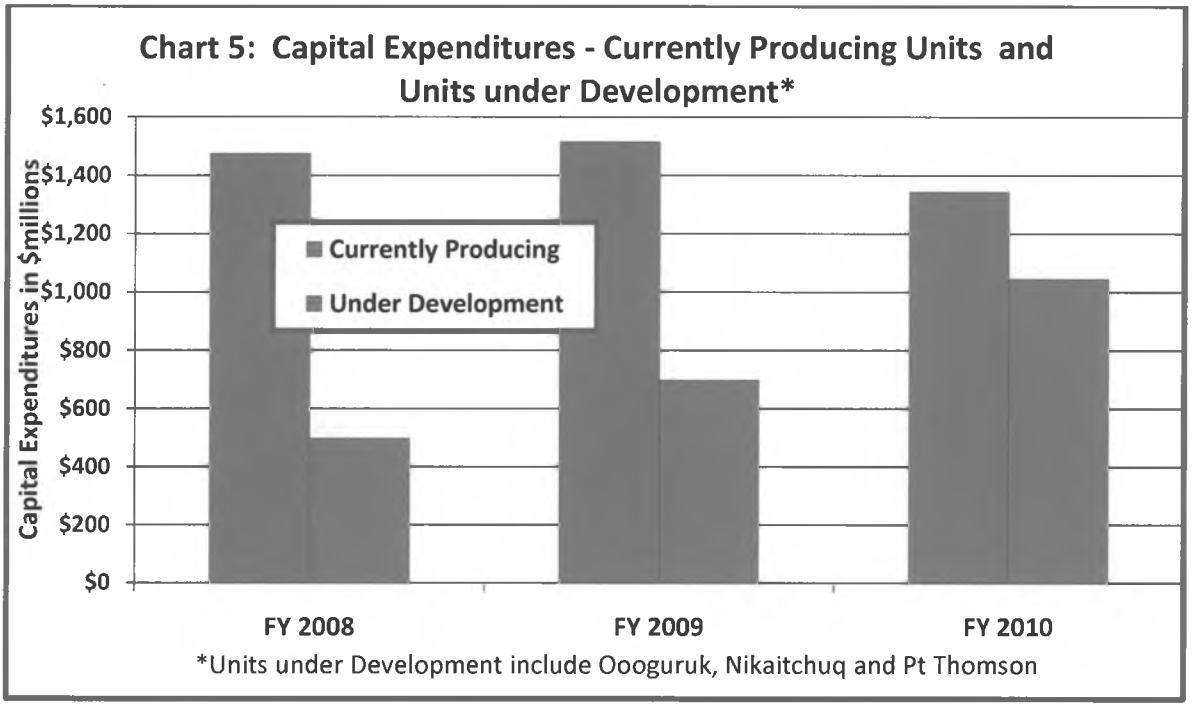


In the context of petroleum basin operations, capital expenditures are generally an indicator of expanding production or enhancing or extending the life of facilities or equipment. Expenditures for drilling wells normally fall into the category of capital expenditures as do expenditures for building housing or processing facilities. The Department of Revenue has extremely limited data from which to determine the nature of the capital expenditure increases. Given the age of North Slope facilities and infrastructure, it is quite possible that much of the capital investment in currently producing properties such as Prudhoe Bay is to extend the life of the facilities or infrastructure. Production on the North Slope continues to decrease, with a 7% decline rate between FY 2009 and FY 2010. The end result is that capital expenditures per barrel of oil produced are rising, while operating expenditures per barrel have leveled off and even decreased somewhat, as shown in Chart 4 below.[3]



[3] The slight decline in capital expenditures per barrel between FY 2007 and FY 2008 can be explained by the fact that FY 2007 included 14 months of expenditures, due to the effective date of the tax change of April 1, 2006.

One trend that has been observed in annual capital expenditures figures is that the proportion of capital spending in units under development has been increasing relative to the total capital expenditures spent on the North Slope. Chart 5 below shows expenditures by currently producing units and units under development over the past three fiscal years.

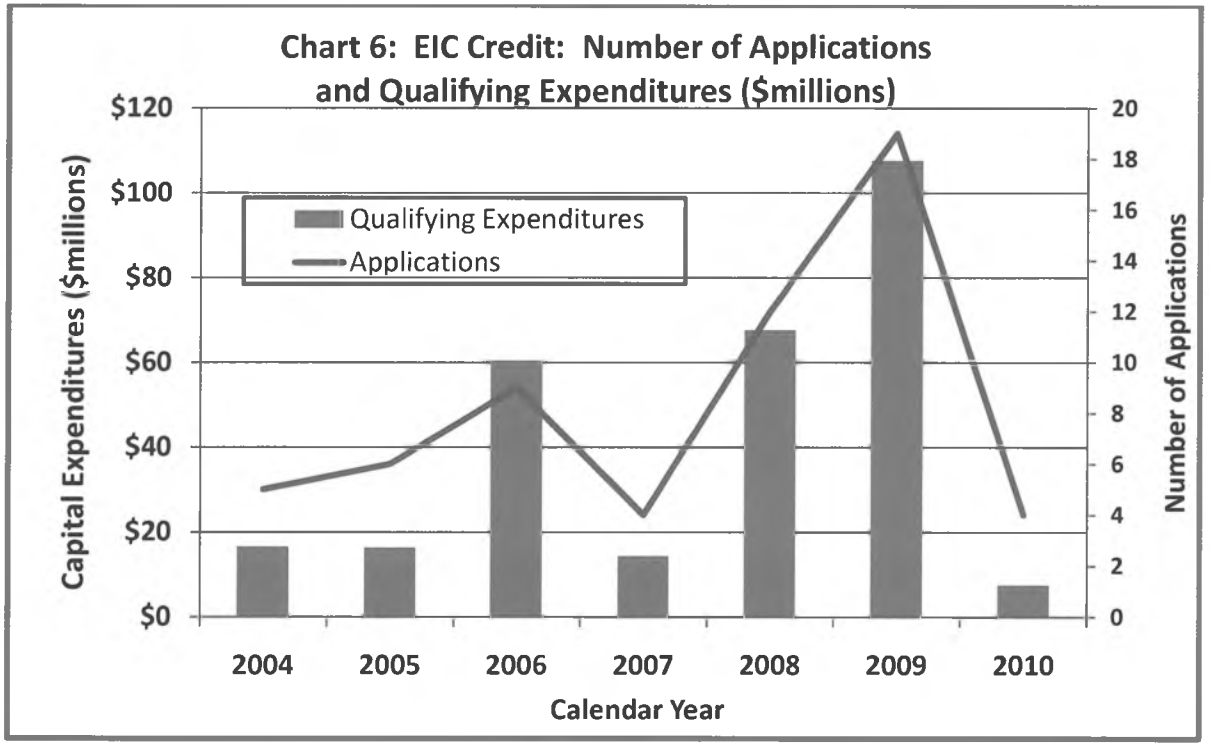


Capital expenditures also earn credits under the new production tax system. The credit system for capital expenditures on the North Slope does not distinguish between types of capital expenditures in existing units. The legislature in 2010 expanded the credit program in Cook Inlet to include an additional 20% credit (total of 40% credit) for lease expenditures related to wellwork. A credit increase of this nature may also prove beneficial to incentivize capital expenditures on drilling and increased wellwork on the North Slope.

Impact on Exploration, Development and Production

As discussed in the previous section, the net profits tax system includes credits for capital expenditures, without distinction as to the nature of the expenditure. The tax system also includes credits for exploration expenditures through its exploration incentive credit (EIC) at AS 43.55.025. This credit was implemented in 2003 and was expanded with the ACES tax changes. If a project meets certain exploration criteria, it may be eligible for 40% credit under the EIC program.

The department began receiving applications under the EIC program in 2004, and the number of applications and amount of qualifying expenditures has generally increased each year peaking in the winter of 2008/2009[4]. The number of applications for EIC credit decreased significantly in 2010, reflecting a decrease in activity for the winter of 2009/2010. Chart 6 shows the number of applications and the expenditures that qualify under the EIC program from 2004 through 2010.

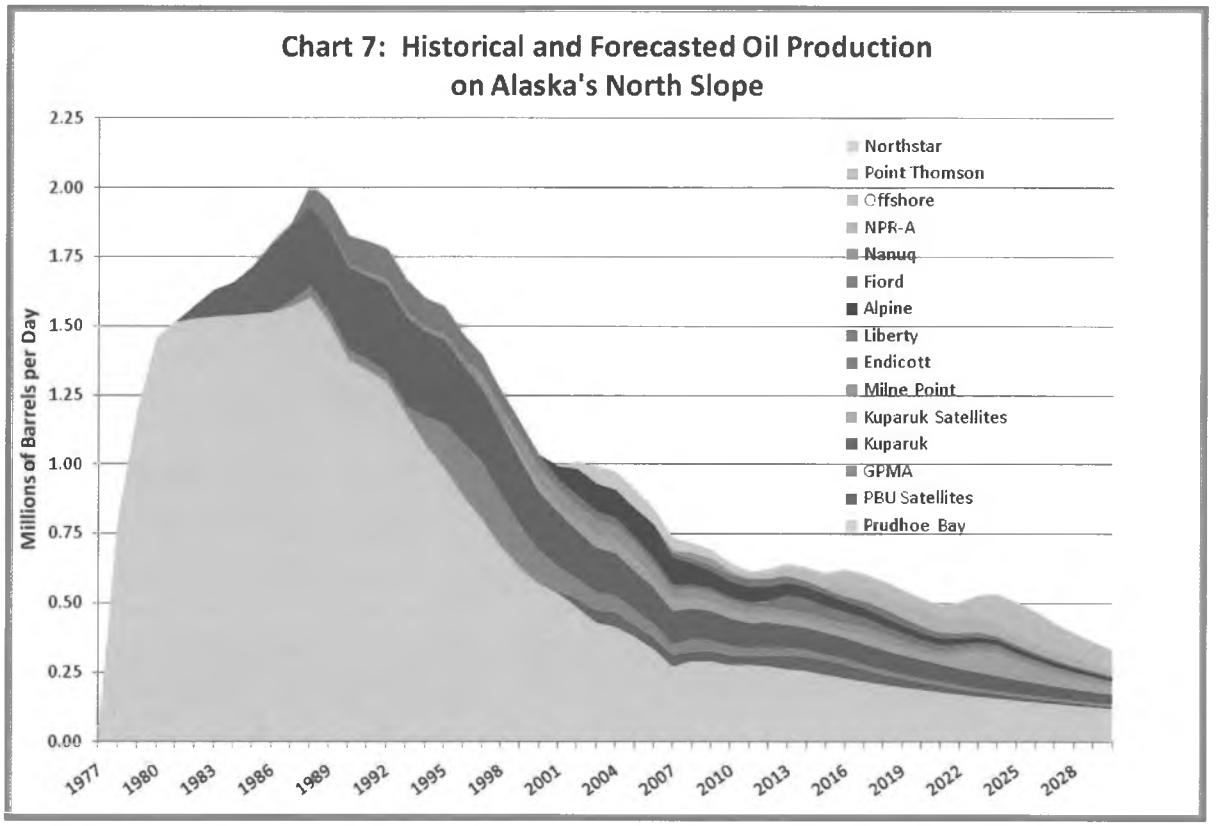


It is much more difficult to measure a tax system's impact on oil development and production from existing fields. The department's production forecasters twice annually create production profiles from limited information about an area's geology, drilling results, and other information exchanged in confidential discussions with operators. The compilation of production profiles for each North Slope field is a challenging task, employing the use of an engineering consultant, generally accepted engineering principles, and special software. The results of this compilation are subject to further revision as projects face delays that are typical in the petroleum industry such as reservoir challenges, permitting difficulties or lack of project funding.

New commercial developments on the North Slope include the Oooguruk Unit, which began production in 2009, and the Nikaitchuq Unit, which is expected to begin production in 2011. The Point Thomson Unit is also under development, expected to

[4] The sharp decrease in 2007 may be due to the tax change to the PPT, which at the time provided credit equal to the lower credit rate of the EIC program, without the reporting requirements.

begin production in 2015. Despite the addition of these developments, North Slope production continues to decline. From FY 2009 to FY 2010, oil production declined 7%; another 4% decline is projected between FY 2010 and FY 2011. Chart 7 below shows historical and projected oil production from the North Slope.

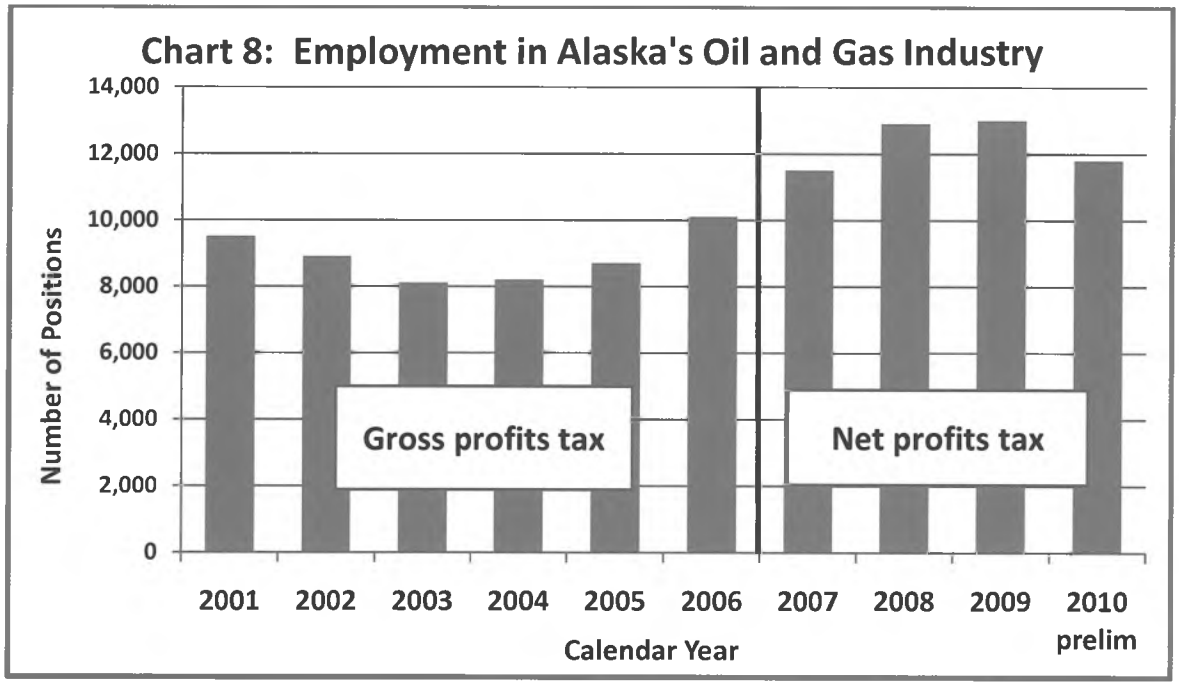


Industry Employment and New Entrants

Employment in the oil and gas sector is another important measure of the health of the oil and gas industry in Alaska. Although oil and gas employment is not the largest category in the state, it is among the most sought-after employment, due to high wages. The Alaska Department of Labor and Workforce Development (DOLWD) reports that in 2009, the average earnings for a person employed in the oil and gas extraction industry was close to $14,000 per month. These earnings are more than 3 times higher than the average earnings for all industries and government in the state of about $4,000 per month.

The department also reports number of employees by industry. Oil industry employment in the state includes jobs with duties that would fall into one of three categories: (1) oil and gas extraction; (2) drilling oil and gas wells; and (3) support activities for oil and gas operations. Officials at DOLWD acknowledge that the definition

is fairly narrow, leaving out important oil-related employment, such as jobs at Alyeska Pipeline Service Company and at refineries in the state. Employment in the oil and gas industry has increased in the years since PPT was implemented, although the department projects a slight decrease in 2010. These data are shown in Chart 8 below.



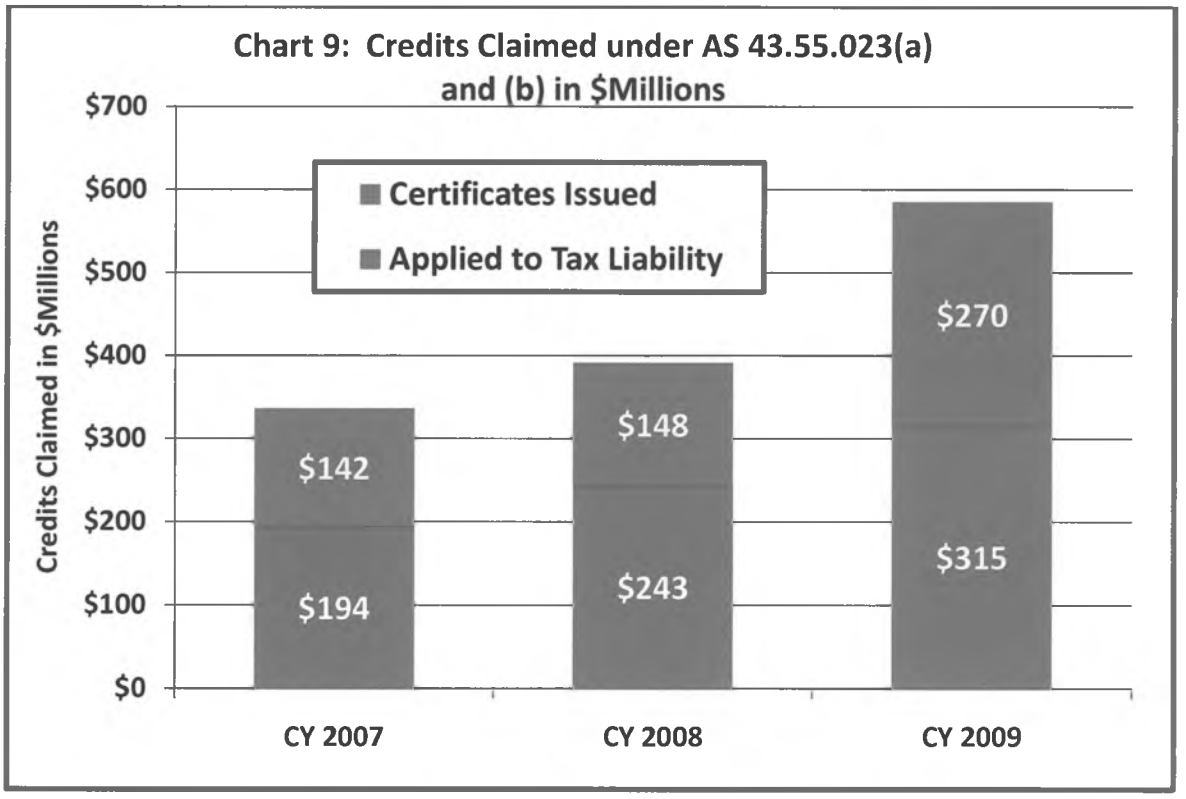
The state has seen new entrants into the Alaska oil and gas industry since the implementation of a net profits production tax. At the most recent lease sale held in October of 2010, a company new to Alaska successfully bid on over 100 tracts of oil and gas property. The steadily increasing number of production tax returns filed annually also indicates companies' new or renewed interest in Alaska's oil and gas opportunities. In 2006, the first year that filings were made under a net profits tax, there were 19 companies filing annual returns. In 2007, the number of companies filing production tax returns totaled 26, and in 2008, 36 companies filed annual production tax returns. The filing for 2009 increased only slightly from 2008, with 39 companies filing returns.

Use and Expansion of Tax Credits

Tax credits have played and continue to play an important role in the net profits production tax system. There are currently five credit programs specific to the oil and gas production tax, and each of the programs have had substantial interest, and in most cases, use from taxpayers. Alaska's tax credit programs are intended to steer spending to certain in-state activities.

The most widely used credits under the production tax system are the qualified capital expenditure credits at AS 43.55.023(a). Tax credits under this program may be applied to production tax to reduce a taxpayer's tax liability. If an oil and gas company has no tax liability, the credit may be carried forward, transferred to another company, or sold to the state. AS 43.55.023(b), credits for carried-forward net operating losses, are also widely used and may also be carried forward, transferred to another company, or sold to the state. Combined, these credits made up over 80% of the credits issued by the DOR Tax Division over the past three years.

Chart 9 below shows the total number of tax credits claimed under AS 43.55.023(a) and (b), categorized by the number of tax credits applied against a tax liability and the number of credits that were issued credit certificates for future use. We note that credits increased in each of the three years shown. The forecast for increased capital expenditures will translate to more credits applied against tax liabilities as well as more credits certificated.



Other credits include Small Producer/New Area Development credits (AS 43.55.024(a) and (c)) and Alternative Credit for Exploration (AS 43.55.025). These credits have seen less use than the credits under .023.

Credits have been expanded – both in credit rate and number of credits available – over the past year. The credit rate under the Qualified Capital Expenditure credit (AS 43.55.023) was increased for well lease expenditures relative to projects in Cook Inlet from 20% to 40%. Credit under the corporate income tax was also increased and extended (AS 43.20.043) for exploration and development of natural gas in Cook Inlet. The credit rate increased from 10% of qualified capital expenditures and qualified services to 25% of these costs and the credit program was extended from 2013 to 2016. For a complete listing of tax credits available against the production tax and other taxes, see the Fall 2010 *Revenue Sources Book*, at:
http://www.tax.alaska.gov/programs/documentviewer/viewer.aspx?2126f

Tax Administration and Compliance

The numerous changes associated with the shift from a tax on gross value to a tax on profits have been a challenge for the Department of Revenue in a few specific areas. The first order of business under a tax system with a new, different way of calculating the tax is to define the inputs. This has taken place over the past several years in the process of creating, vetting, and implementing regulations. The regulations writing process for the production tax change has been extraordinarily interactive with the taxpayers, incorporating their input in all phases of development. Although this process may have slowed the pace of development, it resulted in more clarity in a complex set of regulations. The regulations writing process continues to date.

The change to a production tax on net profits also posed challenges for the audit staff in the areas of hiring qualified auditors and training auditors for the new demands of the position. The department has had difficulties attracting qualified auditors under the state pay schedule. New and expanded credit programs have also added to their workload. Despite these challenges, the audit staff has completed most of the audits under the PPT system.

The greatest difficulties faced by the department since the implementation of a net profits production tax system are the collection, use, and storage of the huge amounts of data received monthly and annually. As an example, the department receives monthly information from each active oil and gas company regarding the amount of oil and gas produced, the amount spent in operating and capital expenditures, the amount of credits earned and used, and the payment submitted. The department also receives documents pertaining to petroleum sales and netback calculations, most of which are submitted in Adobe Acrobat pdf format, which is not a suitable format for data storage or use. Assembling this data in a useable format is time-intensive and subject to error, as the data are cut and pasted into spreadsheets manually. Further compilations and changes subject the data to additional error and distortion.

The department's access to and use of this important data would be substantially improved if the information were housed in a central database, with access provided to all users of the data. The department believes securing a database will assist in operating more efficiently and effectively as an interface with both taxpayers and the public.

Conclusions and Recommendations

A government's fiscal regime is just one element for oil and gas companies to consider when weighing options for where to invest. Many other elements, such as resource risk, political risk, environmental factors, and availability of labor and equipment, also play a part in companies' decisions about where to invest. It is very difficult to separate these factors in order to determine the extent to which a government's fiscal system influences investment choices.

While it is untenable to blame a tax system for the lack of industry investment, it is equally untenable to claim that the tax system is the reason increased activity or investment occurs. The past three years have seen dramatic swings in oil prices from a high of $134 per barrel to a low of $38 per barrel just 6 months later. An economic recession stifled investment and business activity in the United States and much of the developed world for over a year. The economic activity of the past three years may not have been the best benchmark by which to judge the impact of a tax system.

Nevertheless, it is prudent for state officials to monitor praise for and criticisms of its fiscal systems from both industry and the general population that they serve. High oil prices of recent years have swelled state bank accounts and some have suggested that the state is in the best financial position since statehood. Business periodicals and industry journals report that state is benefitting at the expense of a single industry – petroleum – and that the tax rate under ACES is too high and "takes away the upside" for the oil and gas producers. Criticism is often centered around the marginal tax rate under ACES, under which the government share of each additional dollar of profit may be as high as 93%.

State officials also make efforts to stay informed on the global oil and gas markets and opportunities in other jurisdictions, including how Alaska ranks competitively against them. Among the recent events in government taxation was the royalty modification undertaken by the Canadian province of Alberta. Studies conducted for the Alberta government showed that the royalty changes made in 2007, combined with the recession, the changes in natural gas markets, and other jurisdictions' efforts to attract investment, were making Alberta less competitive for limited petroleum investment

capital. The government responded to this information by changing its royalty structure in a way that the government's share of oil and gas profits would be lower.

The State of Alaska depends heavily on the oil industry, with more than 80% of its unrestricted revenue coming from oil taxes and royalties. State officials should continue to monitor the state's competitiveness in oil and gas opportunities, and be prepared to modify it as the need arises.

2/16/11 OVERVIEW: ALASKA OIL AND GAS PRODUCERS

<TARGET><BILL></BILL><SUBJECT>2-16-11 OVERVIEW ALASKA OIL AND GAS PRODUCERS</SUBJECT><COMM>HRES27</COMM></TARGET>

Alaska Oil & Gas Association
Testimony to the
House Resources Committee
on
House Bill 110



Marilyn Crockett
AOGA Executive Director
February 16, 2011

AOGA Member Companies





























AOGA

Looking Ahead

What is AOGA?

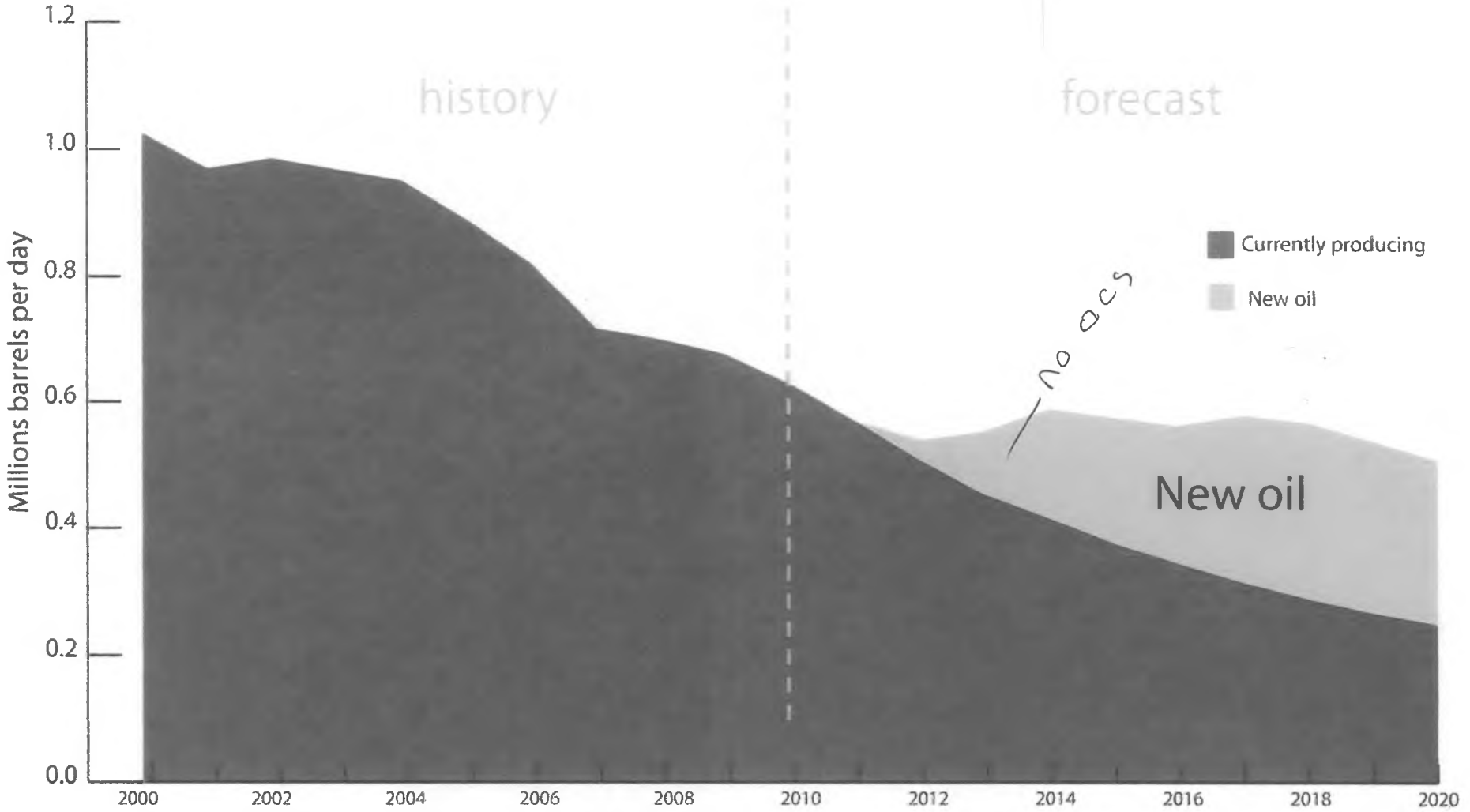
Alaska's oil and gas trade association since 1966

- Purpose
  1) Serve as a single point of contact for Alaskans on the state's oil and gas industry
  2) Provide a forum for discussion and a point of decision on issues that affect the industry
- Goal

A vital oil and gas industry that contributes to a vibrant economy for Alaska

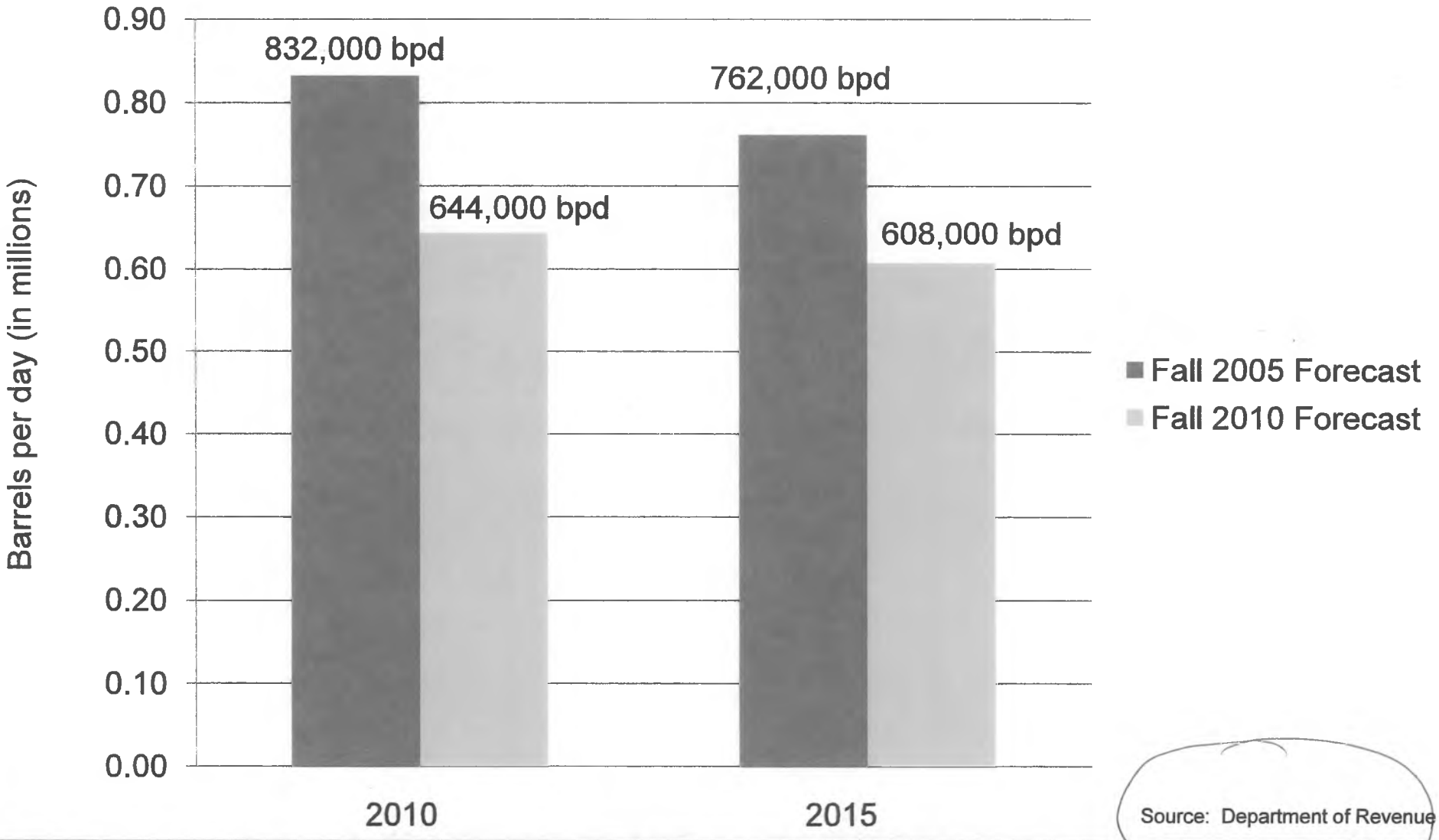
Alaska North Slope Production

FY 2000-2010 and Forecasted FY 2011-2020



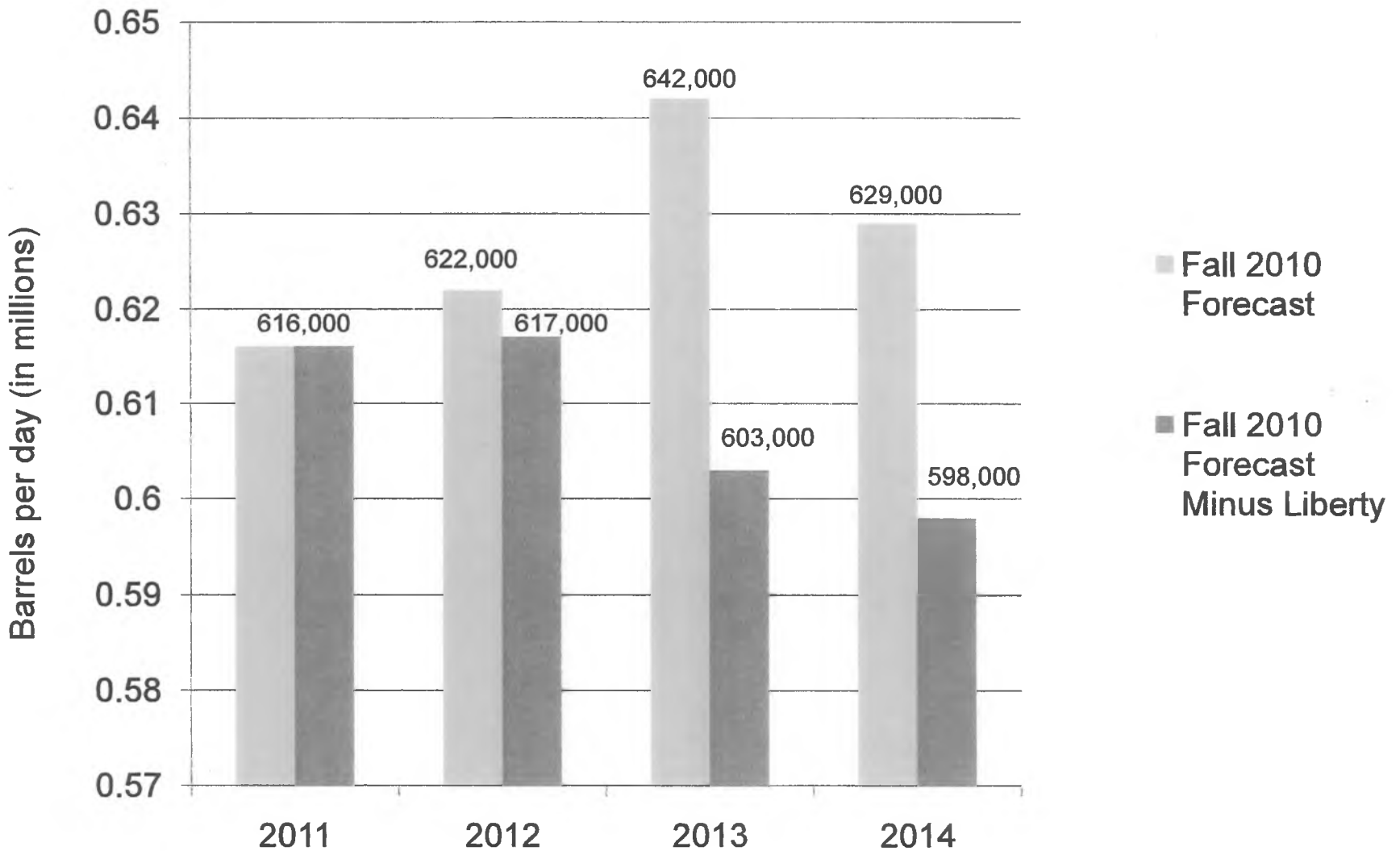
Source: Department of Revenue – Dec. 2010

Forecast is down 20% from Five Years Ago



Source: Department of Revenue

Current Forecast Will be Off



Source: Department of Revenue

Important Production Facts

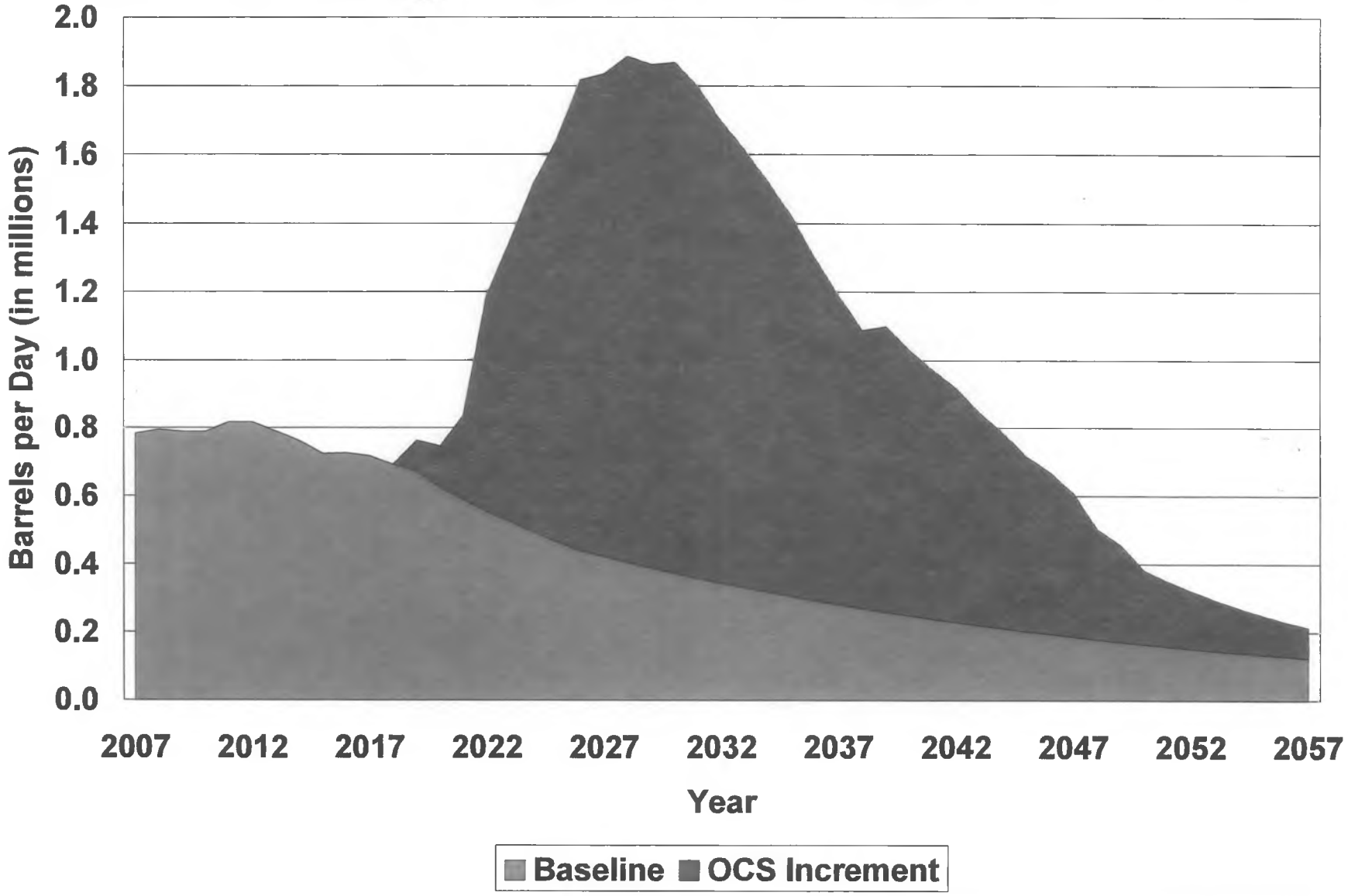
- In 10 years, the State forecasts half of Alaska's production will be from "New Oil".

- Even with this new oil, the State is forecasting production will decline by 124,000 bpd in 10 years.

- 98% of the production in 2020 will be from oilfields located in current unit boundaries.

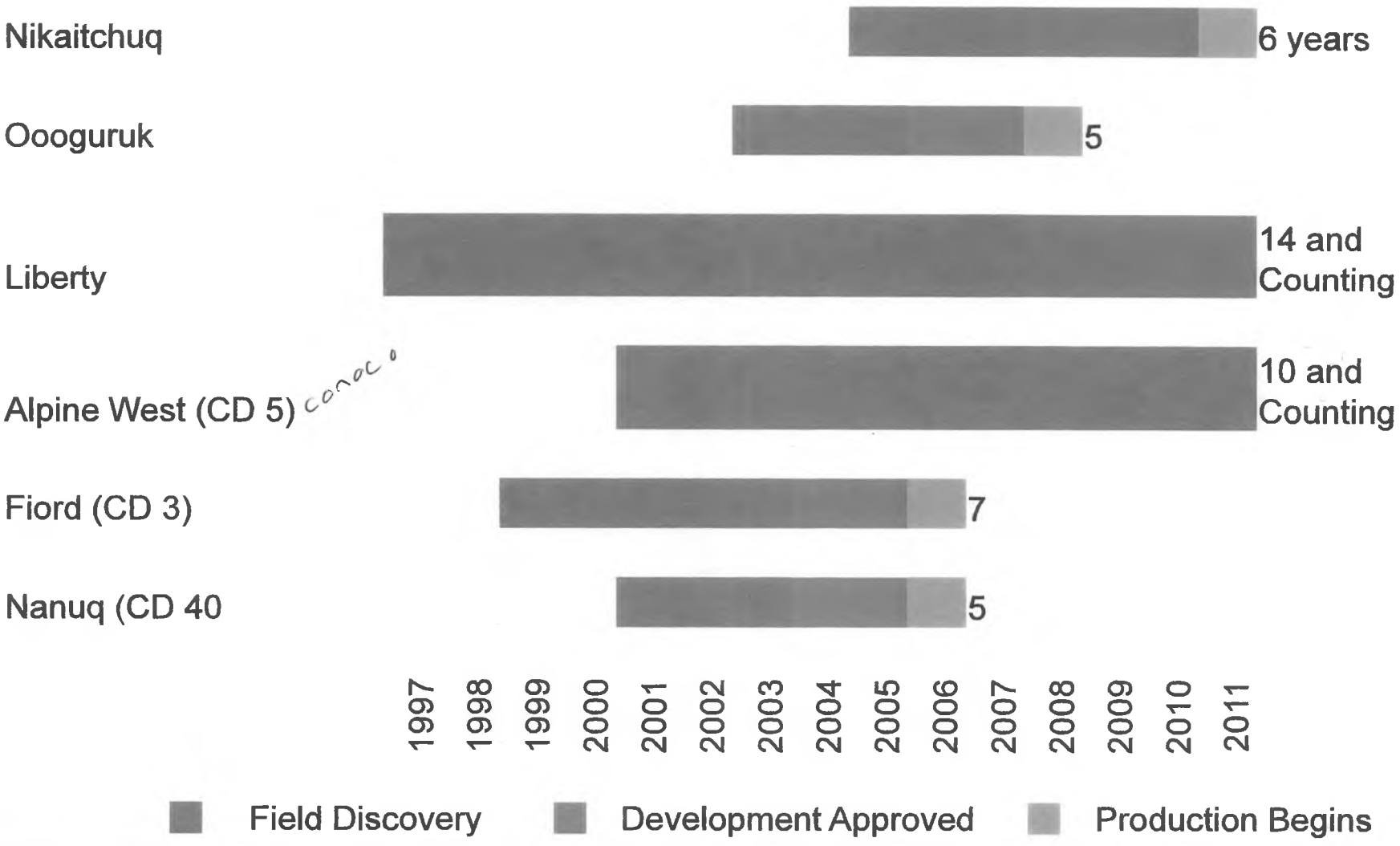
- Legacy fields continue to dominate production forecast as Prudhoe and Kuparuk will still provide 63% of production in 2020 – so new oil is forecasted to come from legacy fields too.

North Slope Oil Production With OCS

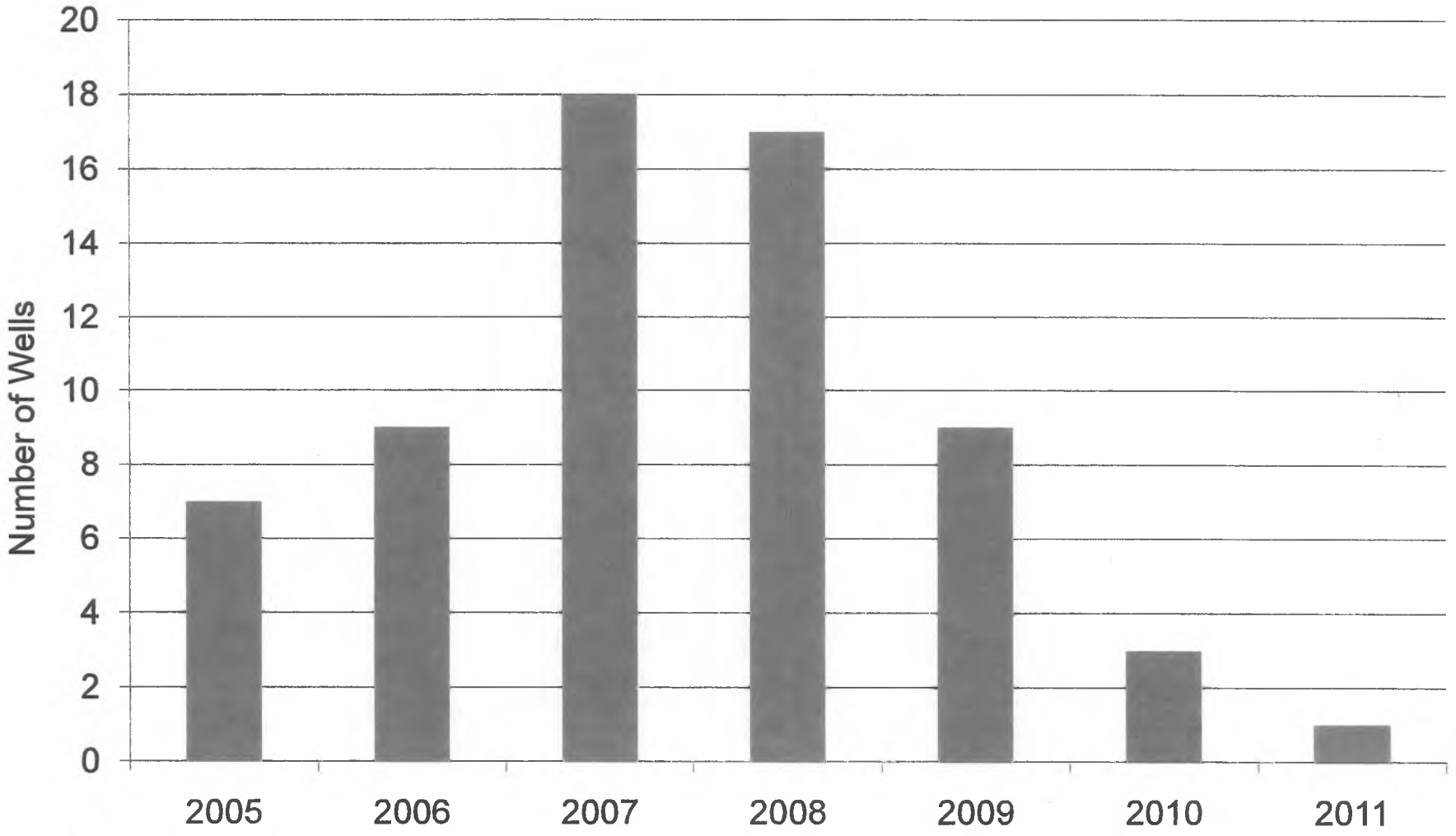


Source: Northern Economics – Baseline Production based on 2007 DOR Forecast

Development Takes Time



Exploration Wells Drilled On North Slope

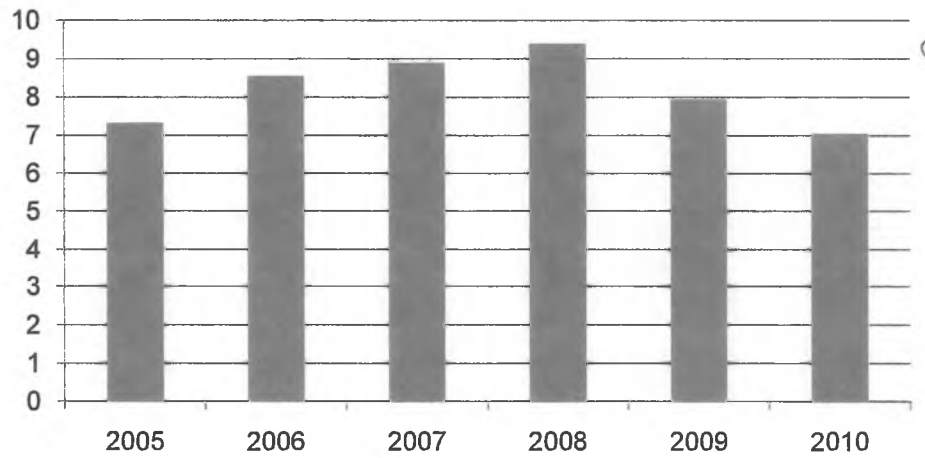


Source: Alaska Oil & Gas Conservation Commission & Department of Natural Resources

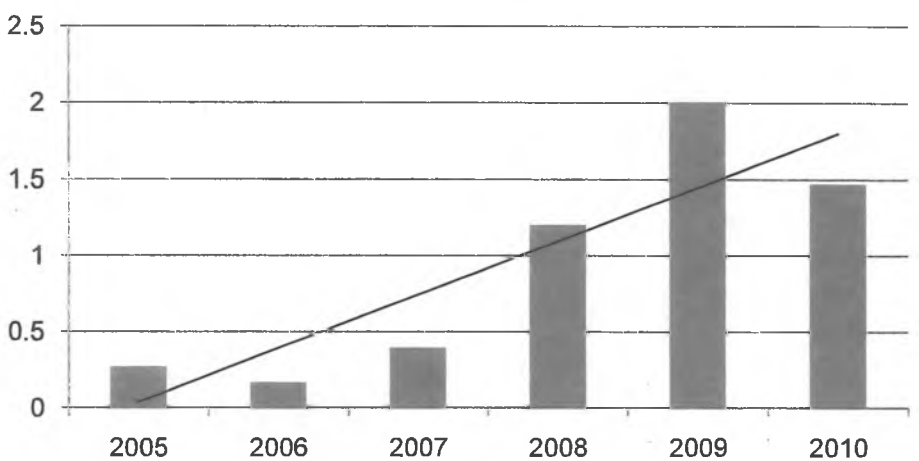
Arctic Lease Status

Source: Mapmakers Alaska - "GIS-Arctic Oil & Gas©" database

Total Acres Under Lease



Acres Relinquished



HB 110 – New Policy for Alaska

AOGA Supports HB 110 & Governor Parnell's Goals of:

Making Alaska More Competitive

Creating More Jobs

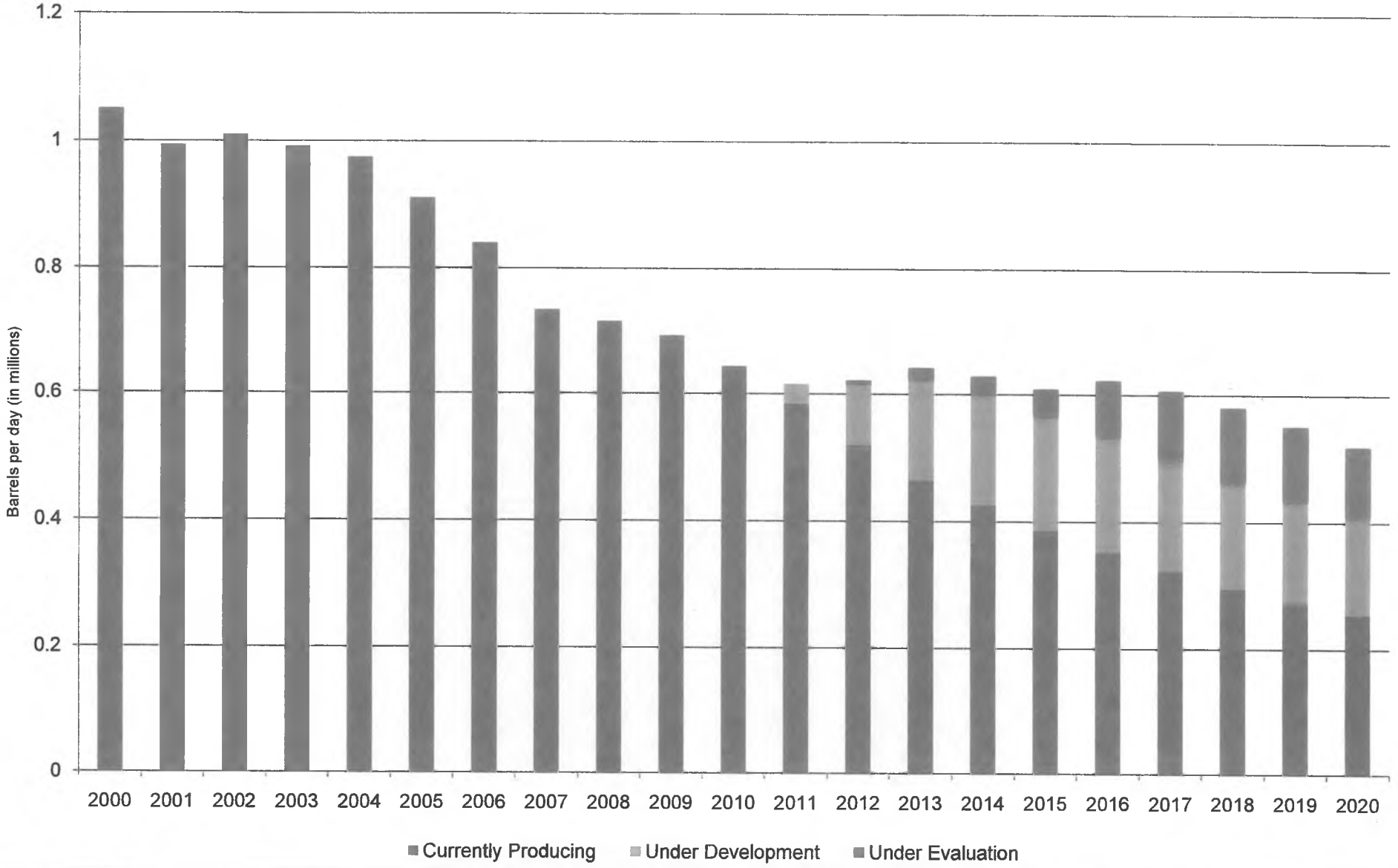
Increasing Production

AOGA's Position on Elements of HB 110

Element of HB 110	AOGA Position
Progressivity Rates/Bracketing/ Tax Cap	Support
40% Tax Credit	Support
Yearly Tax Calculation	Support
Effective Dates	Concern
New Rate for New Fields	Support/Concern
Reducing Interest Rate; Statute of Limitations	Support
Minimum Tax	Concern


www.aoga.org
AOGA
Looking Ahead

Investment is Crucial to Stem Decline



Alaska Oil and Gas Conservation Commission (AOGCC)

333 W. 7th Ave., Ste. 100
Anchorage, AK 99501
(907)279-1433
www.aogcc.alaska.gov



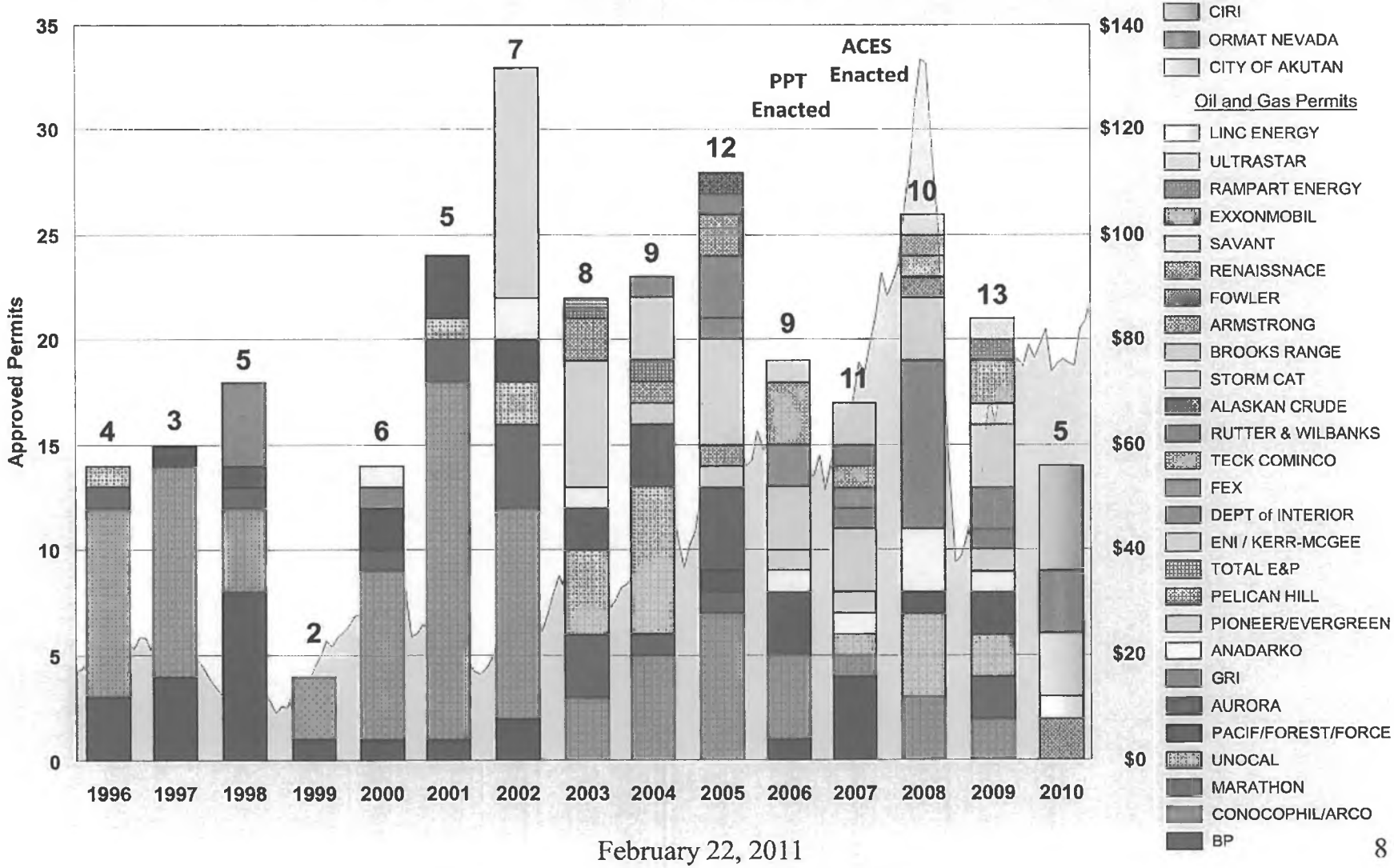
Daniel T. Seamount – Geology Commissioner, Chair
Cathy P. Foerster - Engineering Commissioner
John K. Norman – Public Member Commissioner

February 22, 2011

Activity Trends

EXPLORATORY WELL PERMITS (1996 - 2010)

with West Coast Spot Price for Alaska North Slope Crude Oil (Dollars per Barrel)

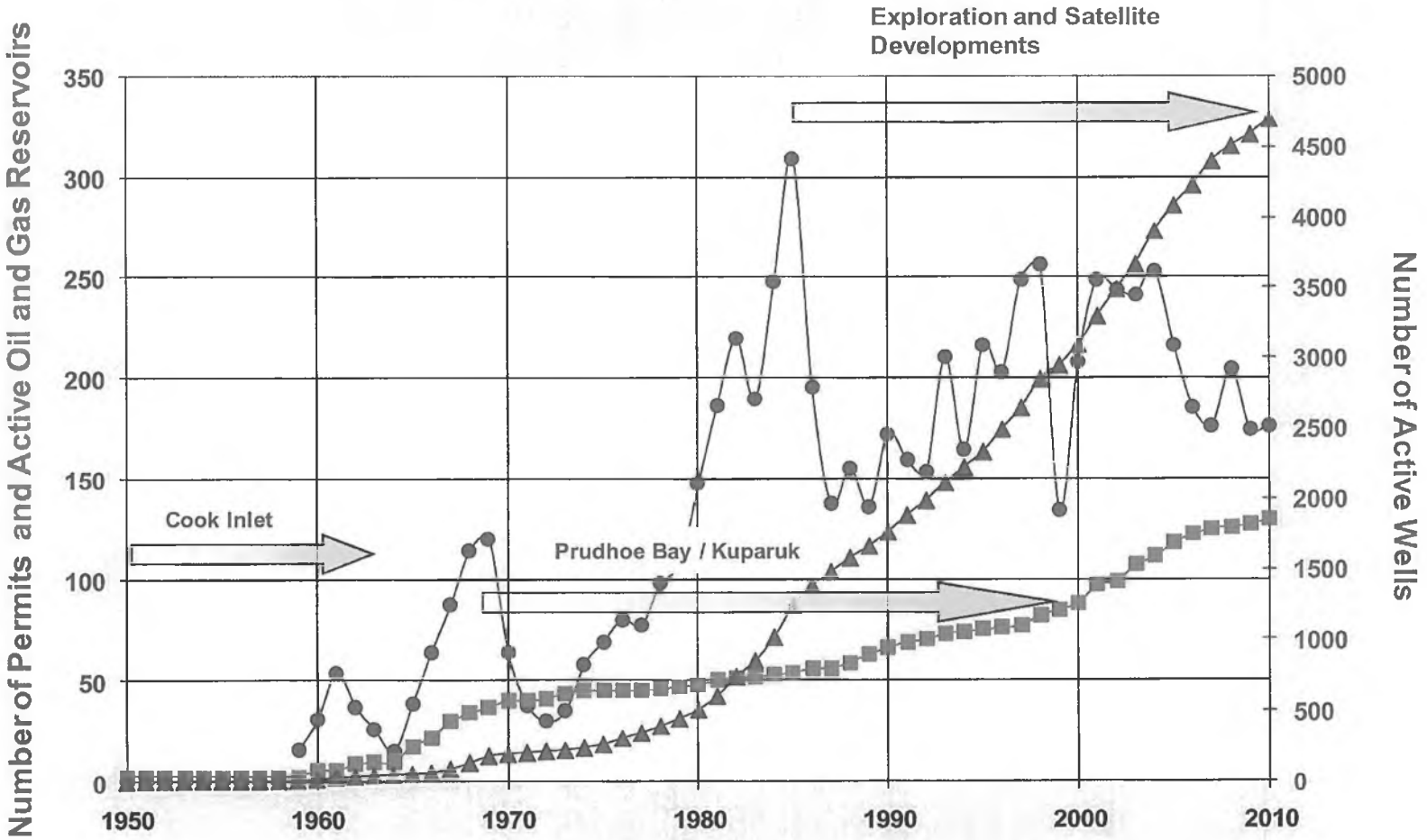


February 22, 2011

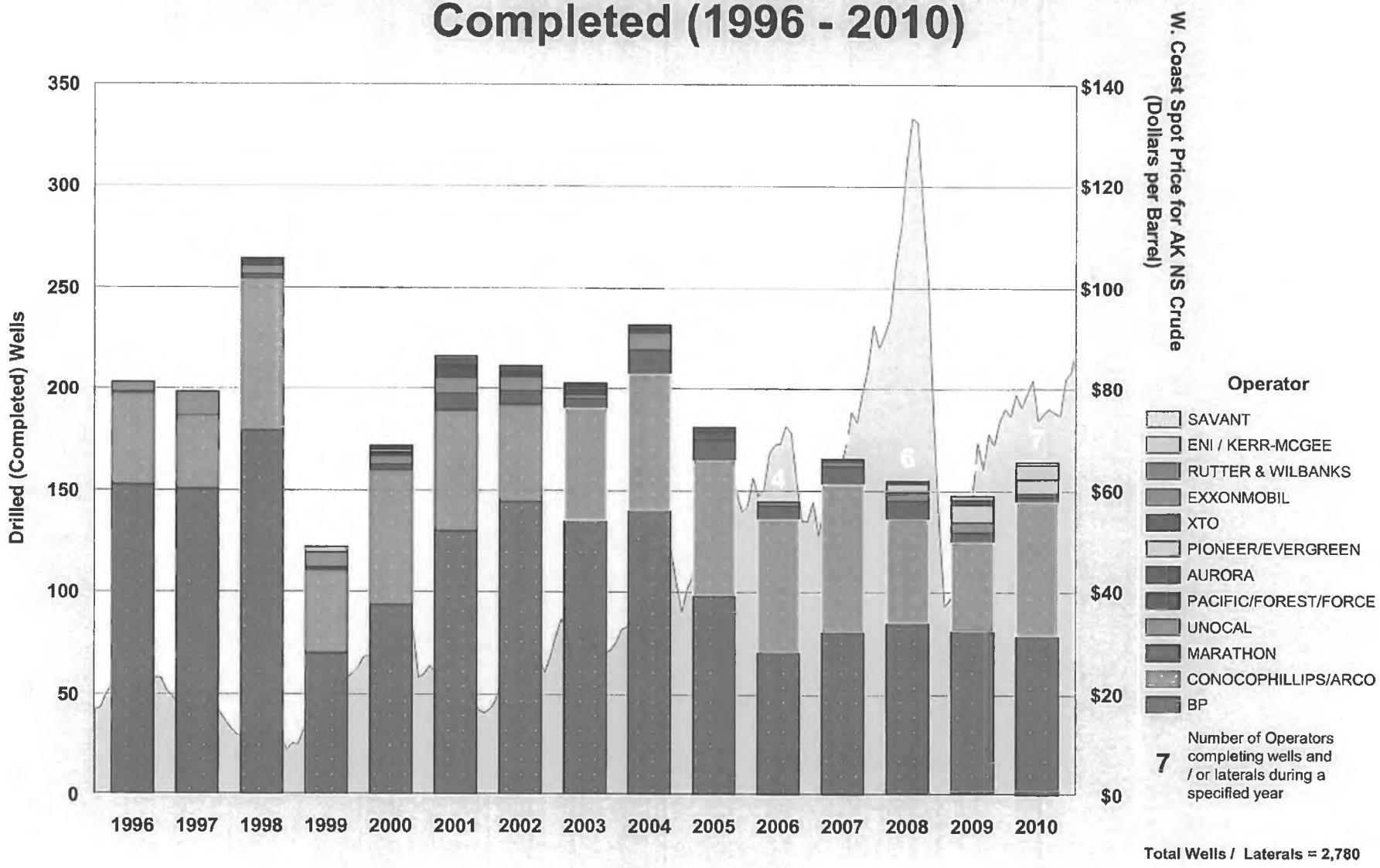
Total Permits = 292

January 4, 2011

Alaska Oil & Gas Activity



DEVELOPMENT AND SERVICE WELLS / LATERALS
Completed (1996 - 2010)



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Vol. 16, No. 6 **Week of February 06, 2011**

Providing coverage of Alaska and northern Canada's oil and gas industry

Oil prices in 2011
Our oil expert's trend outlook for next year
In Oil and Gas
wealthwire.com/Oil-Outlook

US drilling rig count up by 19 to 1,732



The number of rigs actively exploring for oil and natural gas in the U.S. increased by 19 the week ending Jan. 28 to 1,732.

Houston-based Baker Hughes Inc. reported that 913 rigs were exploring for gas and 809 for oil. Ten were listed as miscellaneous. A year ago, the count was 1,317.

Of the major oil- and gas-producing states, Pennsylvania gained 10 rigs, Louisiana gained five, New Mexico gained four, Alaska gained three, Colorado gained two and Wyoming gained one.

Arkansas and Oklahoma each lost two rigs and California, North Dakota and Texas each lost one. West Virginia was unchanged.

The rig count peaked at 4,530 in 1981, the height of the oil boom. The record low of 488 was in 1999.

—The Associated Press

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Vol. 15, No. 51 Week of December 19, 2010
Providing coverage of Alaska and northern Canada's oil and gas industry

Two more Oooguruk drill sites in the works



Pioneer's proposed Nuna project gives offshore unit onshore drilling pads, presumably to reach Torok formation in Moraine prospect

Kay Cashman

Petroleum News

Three weeks after Pioneer Natural Resources gave investors an expanded Oooguruk map that added six leases and one new onshore drill site to the south and southwest of the Beaufort Sea unit, the company delivered a proposed "Nuna" development project for the same area to the State of Alaska. But the Nuna map and fact sheet, released to the state in early December, called for two new onshore drill sites and a tie-in pad, plus associated gravel roads and pipelines.

Pioneer has made no secret of the fact it is searching for more sources of oil at Oooguruk. In an early May investor conference call, Pioneer President and CEO Tim Dove mentioned the possibility of a new onshore gravel drill site for the unit, noting that earlier in the year the Texas-based independent's Alaska subsidiary had drilled into the northern end of the Moraine prospect, a 3,000-foot well that produced from the Torok formation at initial rates of 1,100 barrels per day.

The new drill site, Dove said, would allow Pioneer to drill into the southern part of the prospect.

Oooguruk's existing drill site is a six-acre artificial gravel island about 5.7 miles

from shore.

Torok, the third producing horizon at Oooguruk, is a large stratigraphic trap of thinly laminated sands that sits about 1,000 feet above producing Kuparuk pool, which in turn overlies deeper and larger Nuiqsut.

Every Oooguruk well into the Kuparuk and the Nuiqsut has been drilled through the Moraine, so Pioneer has said it has a lot of data on the prospect.

Early production estimates from the unit, which sits in 4-5 feet of water, was close to 12,000 barrels of oil in November, up 5,000 barrels a day from its third-quarter average. Production is expected to reach 15,000-20,000 barrels per day in 2011.

Production currently comes mainly from Jurassic Nuiqsut sandstone and Kuparuk C sandstone reservoirs.

No permits filed yet

The Nuna details released to the state — permits won't be filed until sometime in early 2011 — do not mention an Oooguruk unit expansion or the Torok formation and the Moraine prospect; rather Pioneer said the two new onshore pads will allow the company to use extended reach drilling to "reach resources not accessible" from Oooguruk's existing offshore drill site.

If the Nuna project is sanctioned by Pioneer, civil construction "could commence in 2013 with first oil in 2014 or later," Pioneer said, noting that sanctioning "would not occur until completion of appraisal work and receipt of major agency approvals."

The company said "preliminary engineering" had identified a development scenario that included:

• Two drill sites on the eastern bank of the Colville River;

• A tie-in pad adjacent to KRU drill site 3S (DS-3S);

• Using existing infrastructure at the Oooguruk tie-in pad, including power generation, gas compression and camp facilities to reduce the need for additional infrastructure;

• Utility service, including water, gas and power, that would come from elevated flowlines from the Oooguruk tie-in pad to the new drill sites via DS-3S;

• Gravel roads to connect the two new drill sites to DS-3S;

• Waste streams injected into approved disposal wells at the drill sites; and

• Three-phase production that would be transported for processing to the ConocoPhillips-operated Kuparuk River unit via a flowline tie-in at DS-3S.

Standalone processing facility a possibility

Whether the Nuna development is ultimately part of a formal Oooguruk unit expansion or not, it still bodes well for increased production from the area for

Pioneer and its 30 percent partner in all the leases, Eni Petroleum. The more oil operator Pioneer can produce, the better chance it has of justifying the construction of its own processing facility.

Currently, Oooguruk oil and small amounts of gas are being processed at Kuparuk, where PN sources say Pioneer has to pay stiff back-out fees because Kuparuk has to forego processing some of its own oil, and — some say — because Kuparuk is the only game in town. Neither observation has been confirmed by Pioneer, which has only praise for its facility sharing agreement with ConocoPhillips.

Here is what Pioneer spokesman Tadd Owens recently told PN about the possibility of Pioneer building its own facility for Oooguruk: "At this time we are not planning to construct our own production processing facility. However, that option remains available to us if at some point in the project's future we determine the economics justify constructing our own processing plant."

When asked if Pioneer was planning to use its partner Eni's soon-to-be-online facilities at the adjacent Nikaitchuq unit, he said: "At this time we have no plans to use facilities at Nikaitchuq to process production from Oooguruk. Going forward we will continue to evaluate any opportunities to enhance the economics of our project."

It would require an eight-mile line to deliver Oooguruk oil to Nikaitchuq's processing facility.

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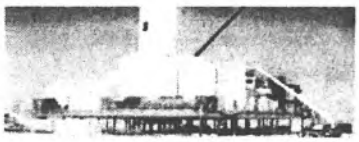

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Providing coverage of Alaska and northern Canada's oil and gas industry

Delegation urges CD-5 application action

Alaska's members of Congress have written to administration officials, expressing concern over delays in first NPR-A development

Kristen Nelson

Petroleum News

The members of Alaska's congressional delegation — Sens. Lisa Murkowski and Mark Begich and Congressman Don Young — have written to top administration officials to express concern about lack of coordination among federal agencies on ConocoPhillips Alaska's CD-5 permit application.

In February the Corps of Engineers rejected ConocoPhillips' plan to develop its lease holdings on the eastern edge of the National Petroleum Reserve-Alaska by constructing a gravel road and bridge across the Nigliq Channel of the Colville River. The corps said a pipeline buried under the Nigliq Channel would have less of an environmental impact.

ConocoPhillips appealed and in early December the corps remanded some issues for reconsideration.

In a letter to Secretary of the Interior Ken Salazar, Environmental Protection Agency Administrator Lisa Jackson and Assistant Secretary of the U.S. Army for Civil Works Jo-Ellen Darcy (Corps of Engineers), the Alaska delegation said they have "ongoing concerns and interest" in the appeal by ConocoPhillips Alaska of the denial by the corps' Alaska District of a permit for the CD-5 Alpine satellite development in NPR-A.

More wells planned at CD-1, CD-2, CD-3

ConocoPhillips Alaska is requesting approval to install additional wells at Alpine beginning this winter "because of the delays associated with the CD-5 development."

Two wells are proposed for the CD-1 pad, five wells for the CD-2 pad and eight wells for the CD-3 pad (Fiord).

The company said the number



Commenting on the decision by the corps' Alaska District, the three said the Alaska District "had insisted, despite nearly five years of environmental study and careful consultation with tribal, local, state, and federal stakeholders, that a three-phase buried pipeline — requiring exponentially increased air traffic and subject to uncertain monitoring issues over the life of the fields — would be less environmentally damaging than the proposed road."

Several of ConocoPhillips' reasons for appeal were validated, and remanded to the Alaska District.

"This may indicate the complexity of the issue, but we worry that it also speaks to a chronic and unacceptable void in communication and transparent analysis on the part of those agencies responsible for advancing this important project," the delegation said.

Not advocating specific course

The Alaska delegation said it was not advocating a specific course of action.

"We are, however, compelled to voice our serious and continued disappointment at the federal government's persistent inability to coordinate its agencies in such a way as to move this critical project forward on a reasonable timeline."

They argued that prospects in a National Petroleum Reserve should be the most "assertively pursued and permitted" of any national oil and gas prospects.

"The opposite has occurred in this case, and this is already proving needlessly costly in terms of jobs, federal leasing revenues, and the Administration's stated goal of energy independence."

Aquatic resource

On the subject of EPA's "designation of the Colville River Delta as an 'aquatic resource of national importance' for purposes of this application," the delegation said that "caused as both alarm and curiosity as regards the process and power behind this designation."

"Insofar as those who actually depend on the Colville for its aquatic resources, this designation flies in the face of their preferred method of accessing CD-5," the delegation said, and noted that this was not surprising, "since the designation requires no public input, consultation, or even notice."

They questioned whether steps to permit this and other projects in a petroleum reserve "give the applicant and the public a clear path forward and transparent public record," and said they hoped "to better understand what appears to be an opaque, unilateral process to many seasoned observers."

Whatever the outcome of ConocoPhillips' appeal, the delegation said they "expect both thoughtful and swift responses to the issues raised in this letter, and we expect those responses to occur in the form of both words and concurrent action."

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of wells at CD-2 and CD-3 exceed the proposed number of wells in the original development plans for those pads. A total of wells was never proposed for CD-1.

All wells are planned for existing gravel.

—Kristen Nelson



Alaska Department of
NATURAL RESOURCES
DIVISION OF OIL & GAS

North Slope

Drilling Activity

January, 2011

Compiled by Division of Oil and Gas

Exploration Drilling

What drives exploration?

- Economy
- Land availability
- Evolving exploration concepts
- Advances in seismic and drilling technology

What affects exploration in Alaska?

- Successful exploration (encourages more exploration)
- Available acreage
- Global economics of oil & gas
- Fiscal regime

Recent explorers on the North Slope:

- Chevron
- ConocoPhillips
- Anadarko
- FEX
- ENI
- Pioneer
- Brooks Range
- Savant
- Rampart
- UltraStar

Seismic Technology

The revolution of 3D Seismic in the 1990s changed the map by allowing exploration companies to search for more subtle stratigraphic traps than earlier technology allowed. Usually, development of an area expands from the obvious structural traps, leading to better understanding, and to further exploration. Now, exploration on the North Slope has developed past the obvious structural traps.

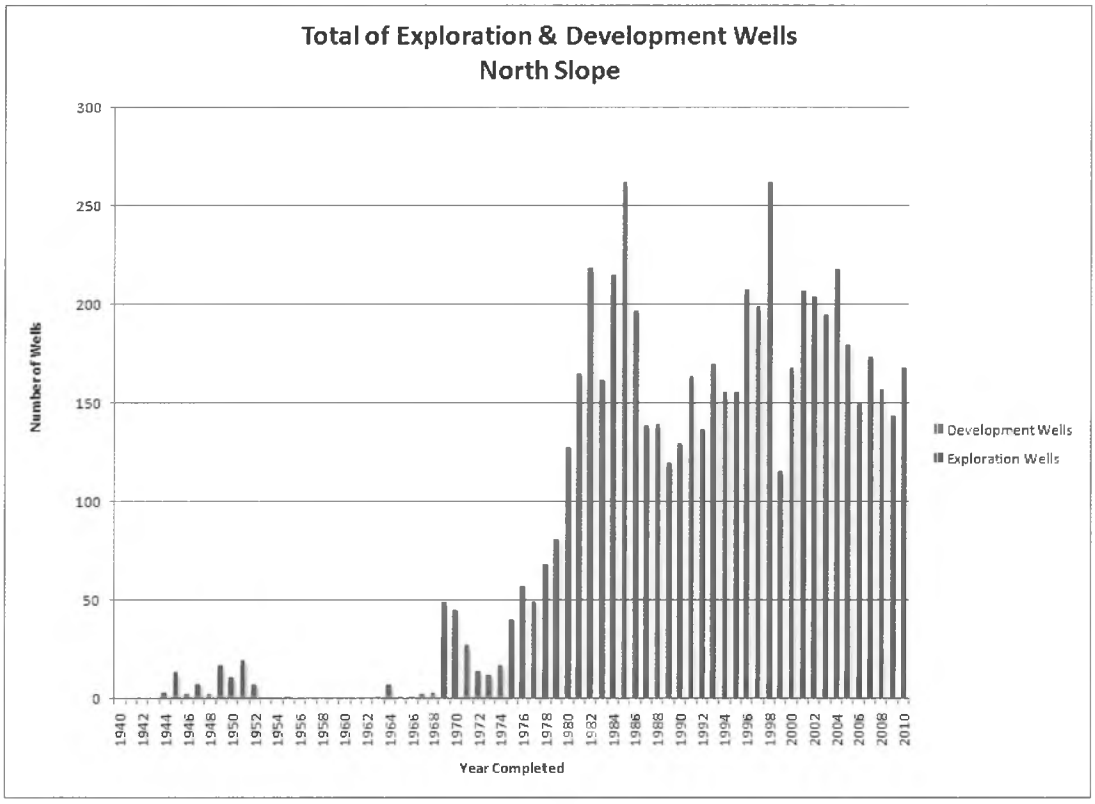
2000 to 2010:

- Primary exploration activity north of the Kuparuk field (Oooguruk and Nikaitchuq fields)
- Also activity in the vicinity of Alpine and its satellites, Fiord, Nanuq, Qannik, and NPR-A.
- ConocoPhillips, in partnerships with Anadarko and Pioneer, has operated more exploration wells in NPR-A than any other company since the renewal of BLM leasing there in 1999. The company drilled 19 NPR-A wells and multiple sidetracks between 2000 and 2009, with most of the drilling and the greatest success concentrated in northeast NPR-A. ConocoPhillips has announced discoveries of multiple hydrocarbon accumulations in Upper Jurassic Alpine-equivalent reservoir sandstones, and has gone on to form and expand the BLM-administered Greater Moose's Tooth unit encompassing those discoveries. In addition, ConocoPhillips also formed the adjacent BLM-administered Bear Tooth Exploration Unit, based on Cretaceous and Jurassic sandstone prospects. ConocoPhillips has also operated exploration wells farther west in NPR-A, including Puviaq 1 near the Ikpikpuk River and Intrepid 2 south of Barrow's Walakpa gas field.
- Other operators operating exploration wells in NPR-A since 2000 include BP (two Trailblazer wells), Total (Caribou 1), Anadarko (Altamura 1 and Wolf Creek 4 wells), and FEX (four Aklaq, Aklaqyaaq, and Amaguq wells). Several of these wells remain confidential pending lease expiration per BLM policy, but clearly the region has been explored for multiple play concepts in the last decade. The Trailblazer leases expired during 2010 and those two wells should be released to the public by February, 2011. FEX is currently in the process of

marketing their NPRA acreage, and have no further plans in NPR-A.

- Foothills oil and gas accumulations originally discovered decades ago were retested by several new wells in 2008 and 2009 in Anadarko's drilling campaign with partners Petro-Canada and BG. The partnership drilled two wells evaluating the Gubik gas accumulation (Gubik 3 and 4), and one flanking the previously discovered East Umiat gas accumulation and assessing the potential of deeper Brookian strata there (Chandler 1). Anadarko's Wolf Creek 4 was also drilled in 2009, following the same frontal structural zone of the foothills belt in southeast NPR-A. Anadarko did not drill any wells in 2010 and has no plans for 2011 drilling in the Gubik area, waiting on economic issues such as the availability of a gas pipeline before considering further delineation and development. Renaissance still has permitted drilling locations on its Umiat acreage, but future activity will depend on finding investors and the possibility of development of road access to their Umiat site (west of the Colville River).
- In addition to drilling activity, the last decade has seen significant new seismic acquisition in the foothills belt, including proprietary 3D programs in the vicinity of the Kavik gas accumulation near ANWR, and over the Umiat oil accumulation and Gubik gas accumulation near the Colville River, as well as more regional, high quality 2D surveys on state, federal, and native lands across much of the central foothills belt. DNR has maintained its program of integrated foothills field investigations and subsurface studies throughout the last decade, and is currently focused on the Umiat – Gubik area. These projects focus on clarifying the region's oil and gas potential and delivering results to a broad audience, including industry and decision makers in state and federal agencies.

Development drilling



Development drilling reflects a company's efforts to develop a discovery, satellite, or similar prospect near existing infrastructure.

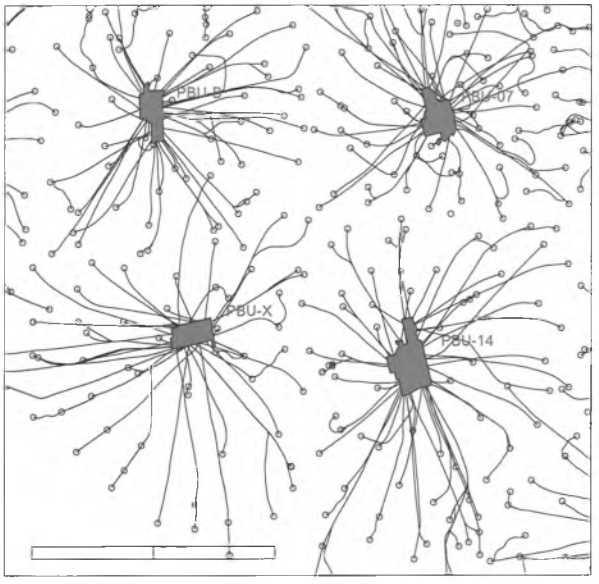
North Slope development is staying fairly strong, but the graph above shows that it is somewhat cyclic in response to industry-wide conditions: oil prices, costs, and alternative development opportunities.

Drilling activity is also affected by the timing of development programs. One year of development drilling will be followed by a year of tie-back and facility installation.

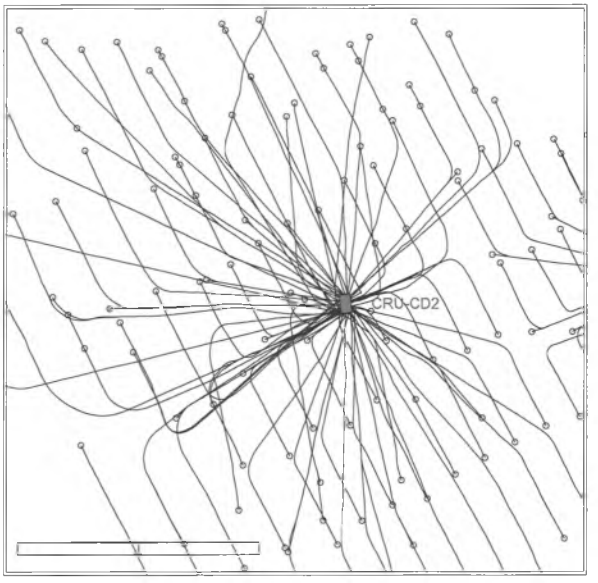
Drilling technology

Advances in drilling technology have greatly advanced the reach of modern exploration and development wells.

- The Alpine field discovered in 1994 and delineated in the late 1990's was the first North Slope field to be developed exclusively with all horizontal wells, both producers and injectors.
- The use of multi-lateral technology has improved the economics and oil recovery of the West Sak and Schrader Bluff formations (Shallow Sands)
- Horizontal and multi-lateral drilling technology represents a cost-effective method to develop remaining oil or oil located in isolated but closely stacked sandstones separated by shale.
- The use of multi-lateral wells helps to keep the numbers up. Each lateral counts as a separate well so comparing activity to a time when laterals were not common may not give an entirely accurate picture. On the other hand, extended-reach horizontal drilling also means that today, the same level of production can be achieved with a fewer number of wells.
- This means not only that more complicated stratigraphic plays can be developed, but also that any formations can be more efficiently drilled and produced with a smaller number of wells.



Prudhoe Bay



Alpine

Division of Oil and Gas, 4/2/2010

Well Count and Well Footage Drilled

Year	ALPINE WELLS	footage	KUPARUK WELLS	footage	PRUDHOE WELLS	footage	OTHER WELLS	footage	TOTAL WELLS	TOTAL Footage
1995	4	28,530	28	296,416	91	715,529	32	353,003	155	1,393,478
1996	8	59,329	42	369,416	106	745,710	51	567,516	207	1,741,971
1997	0	0	36	291,517	116	783,954	44	481,358	196	1,556,829
1998	3	28,869	70	518,764	126	783,871	62	518,764	261	1,850,268
1999	14	154,899	28	245,626	62	265,688	11	102,249	115	768,462
2000	25	313,509	45	330,972	79	363,035	18	168,845	167	1,176,361
2001	16	193,504	51	419,323	93	504,328	46	341,622	206	1,458,777
2002	21	261,815	29	224,979	112	654,919	41	327,397	203	1,469,110
2003	18	267,496	35	309,947	87	460,597	53	440,372	193	1,478,412
2004	20	273,111	47	291,536	100	546,319	50	364,245	217	1,475,211
2005	13	200,332	57	342,433	82	451,733	27	288,400	179	1,282,898
2006	17	242,138	52	404,241	68	360,278	12	100,034	149	1,106,691
2007	14	213,618	59	442,638	70	376,267	30	214,250	173	1,246,773
2008	17	209,252	33	163,326	80	424,910	26	169,595	156	967,083
2009	12	209,030	27	130,565	74	362,924	29	250,202	142	952,721
2010	15	204,422	52	231,111	73	357,506	27	247,752	167	1,040,791
total	**217**	**2,859,854**	**691**	**5,012,810**	**1419**	**8,157,568**	**559**	**4,935,604**	**2886**	**20,965,836**

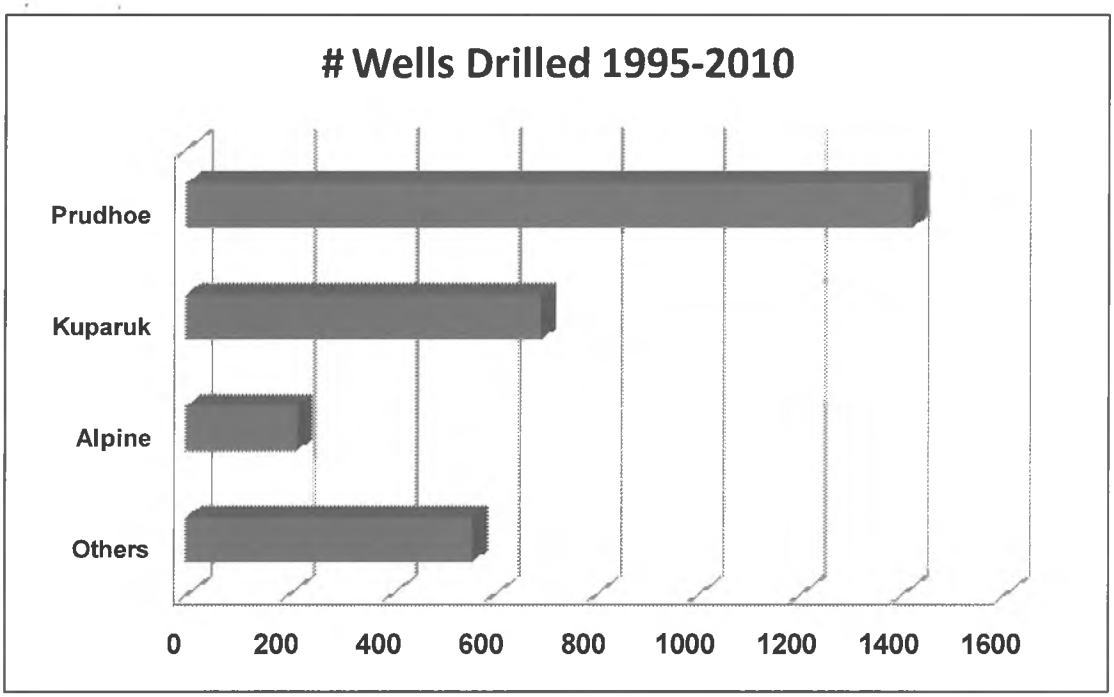
The well count above includes

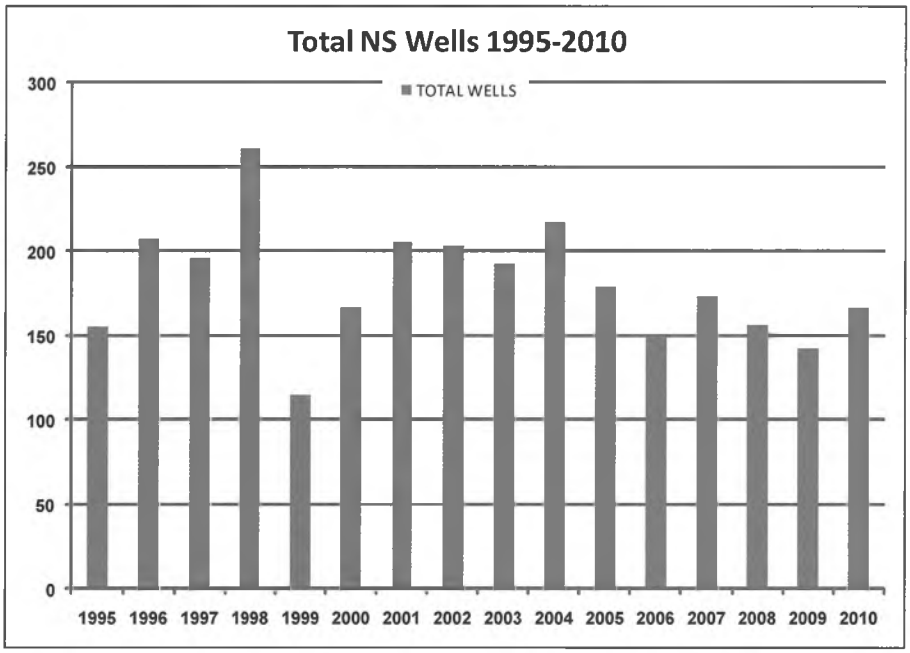
- Grass roots wells
- Side tracts
- Deepening
- Laterals

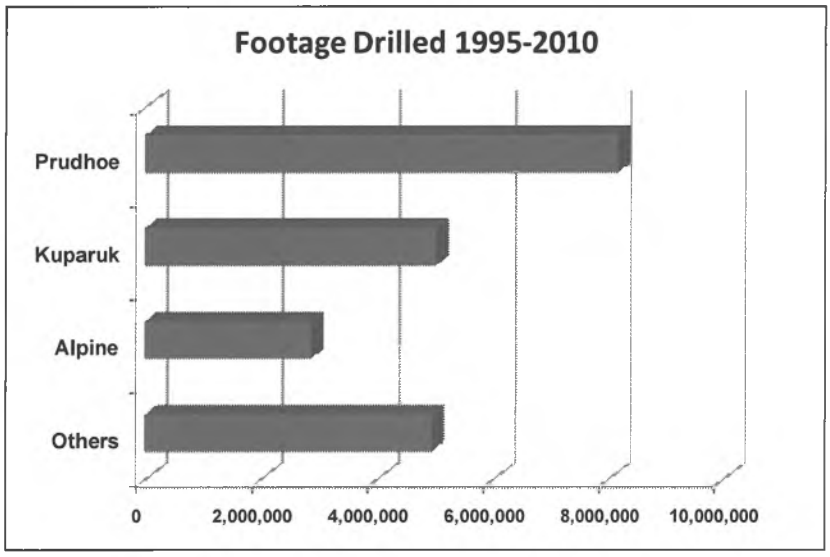
It does not count

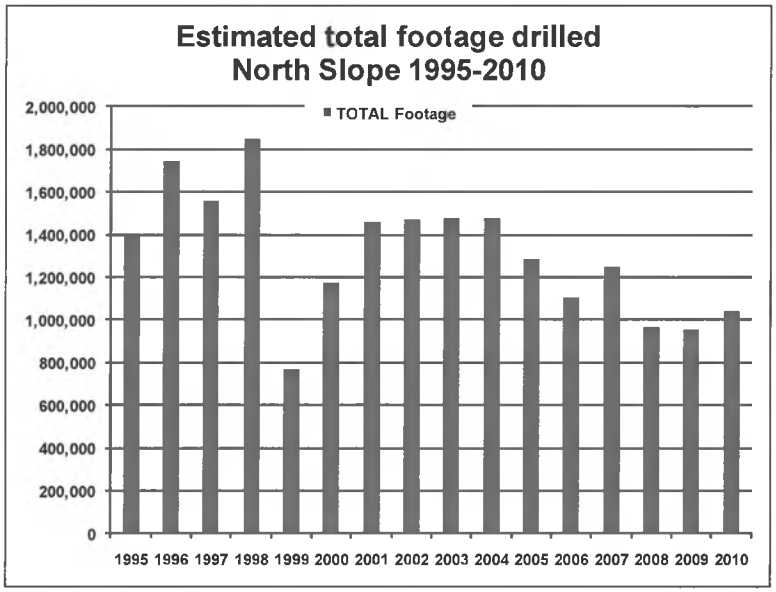
- Pilot holes
- Each leg of a multilateral (no systematic repeatable way to count)
- Mechanical sidetracks (where an explorer has a mechanical problem and has to sidetrack to get to their objective. At Oooguruk 3, Pioneer had many (6 or more) sidetracks in one straight hole.
- Where there are multiple bottom holes, targeted sidetracks are counted as separate wells. In an exploration well, the first target might be a straight hole, and the well might then be sidetracked to a new bottom hole a mile away.

AREA	# Wells	Footage
Others	559	4,935,604
Alpine	217	2,859,854
Kuparuk	691	5,012,810
Prudhoe	1419	8,157,568
Total	**2886**	**20,965,836**


Wells Drilled 1995-2010
Prudhoe
Kuparuk
Alpine
Others
0
200
400
600
800
1000
1200
1400
1600


Total NS Wells 1995-2010
TOTAL WELLS
300
250
200
150
100
50
0
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010





The number of wells, as well as the footage, drilled in any particular year is affected by a number of factors.

Stage of development:

In the early years of developing a new field, infrastructure needs to be put in place (drill pads, well housing, flowlines, etc.) and the initial wells drilled are from the surface. This means that in the early years of development, well footage drilled will be higher, as the developer hits the targeted horizon.

As development progresses, these "grassroot wells" are opened to sidetracking to either maximize production from the well, or to target non-connected pools. The sidetracked wells, going out laterally from a starting point in an initial grassroot well already drilled down, usually are shorter in length. Sidetracked wells are also less costly, given that they benefit from already existing infrastructure.

Drilling development:

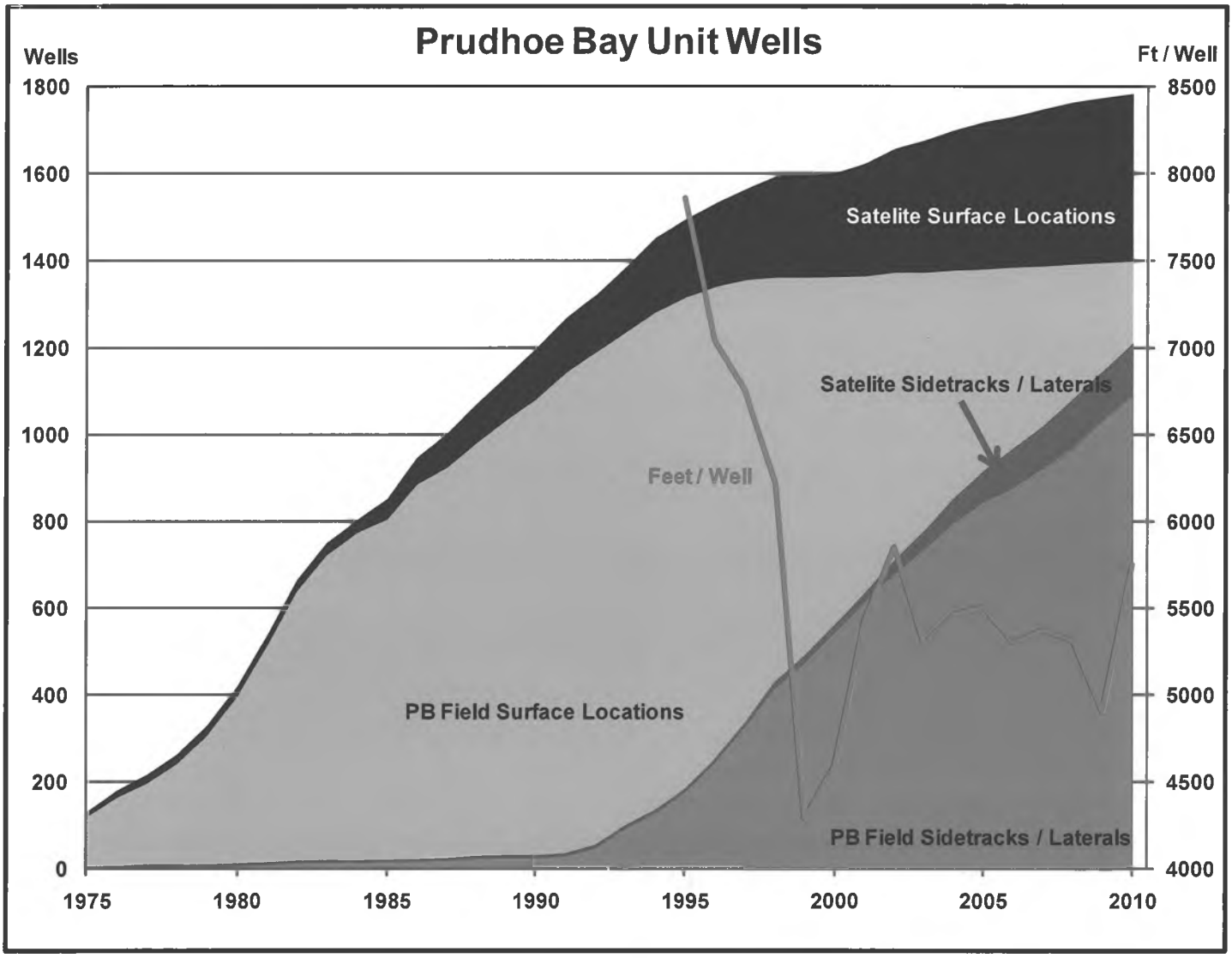
Not only can today's wells drain a larger area from a smaller "footprint" – today's wells are also more efficient than wells drilled in the infancy of Prudhoe Bay.

Equipment availability:

When a drill rig is available, you will see several wells drilled in a field in the same year. A period of drilling is then followed by well-completion and other preparation for production, which means it is normal for a period of drilling to be followed by a period of no drilling – it's all part of the development cycle.

We can see this in looking at graphic representations of the number of wells drilled over the lifespan of a field, as well as the average footage of wells drilled over the same time period.

The following graphs also show the difference in types of wells, number of wells, and footage drilled, comparing older fields (Prudhoe Bay and Kuparuk) with a newer developing field (Colville River).



This graph shows a cumulative plot.

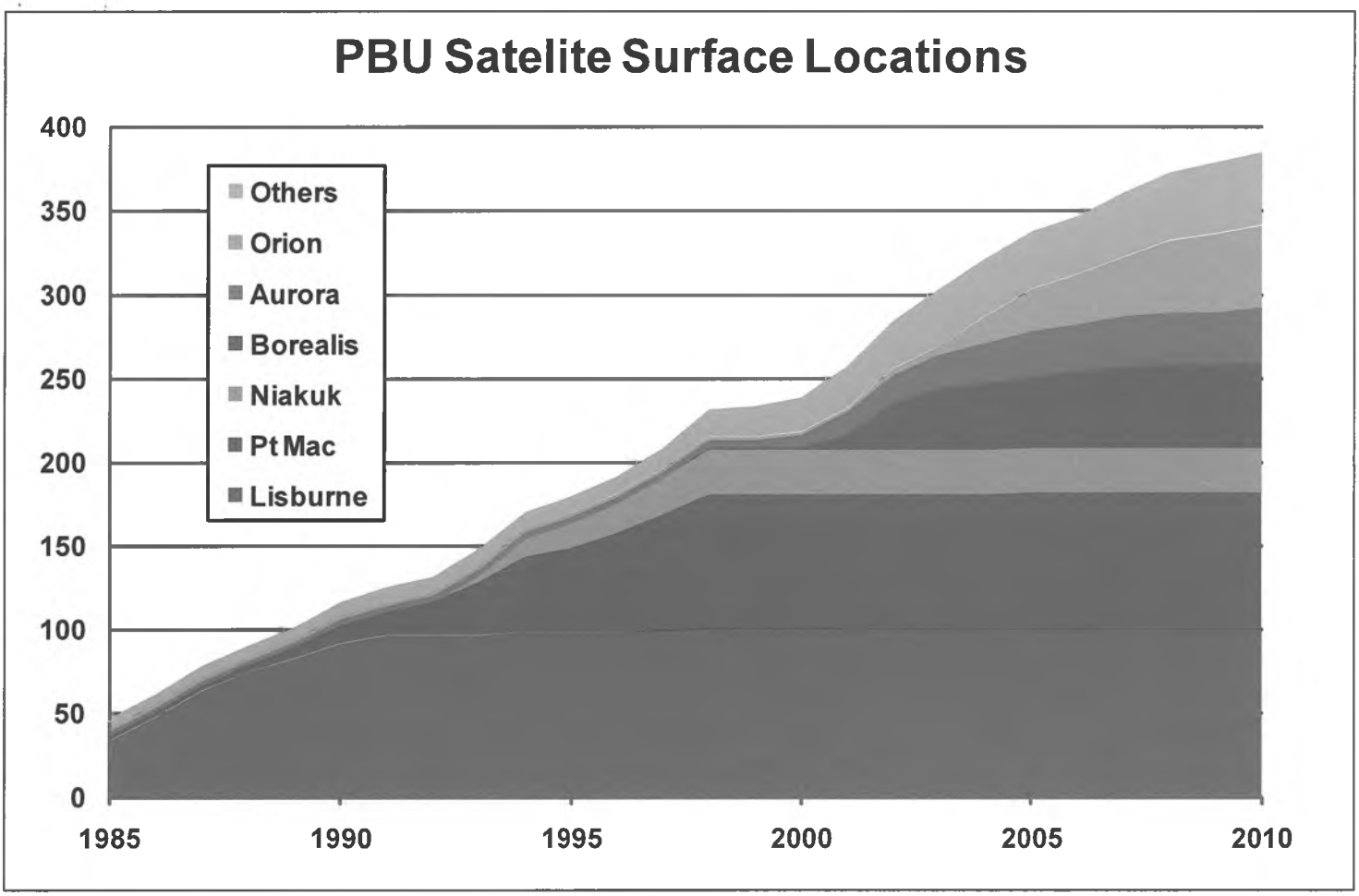
The light blue shows the Prudhoe Bay Unit grassroots wells; a total of about 1,400, drilled in the past 15 years. There is a significant stock of wells in the IPA. New wells require surface facilities (flowlines, well housing, new gravel pads, etc.)

The black shows the satellite grassroots wells. These continue to grow -- there are approximately 400 drilled to date.

Green is Prudhoe Bay IPA sidetracks -- about 1,000 to date, and growing. The last several years' Plans Of Development (POD) talk about waiting for suitable wellbores to sidetrack to target a particular accumulation. 10/14ths of the IPA wells have been sidetracked. Sidetracks require no surface facilities.

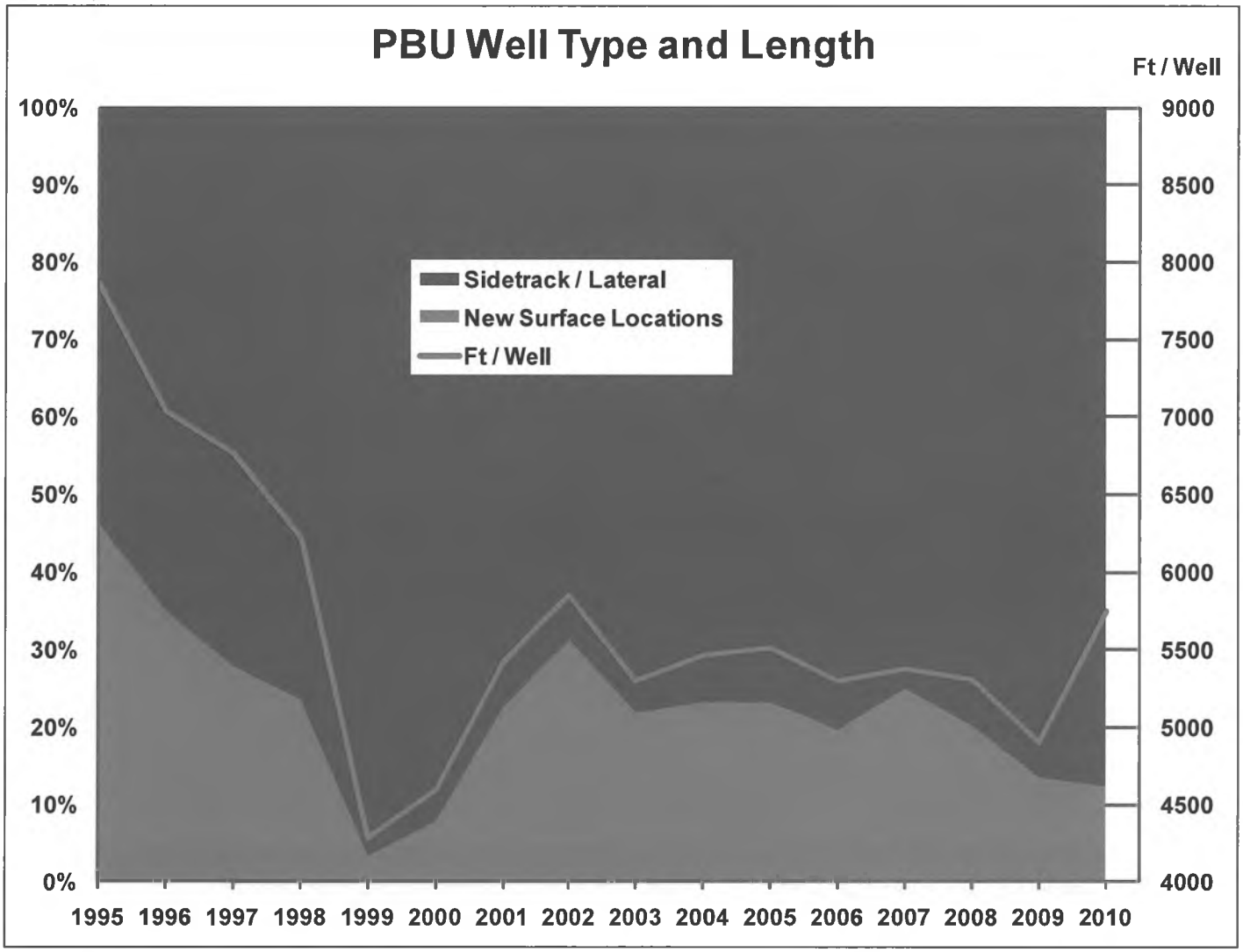
Purple shows satellite sidetracks -- 100 to date, and growing.

The red line shows the number of feet per well drilled (scale on the right side of the graph). As sidetracks increase, there is a significant drop in feet per well.



This graph expands the black wedge from the previous slide, showing only new wells. Notable here is that development of satellites start and finish. Looking, for example, at Pt. MacIntyre or Lisburne, there has been no new wells drilled in many years. This has nothing to do with the financial regime or even oil prices, but is attributable to the fact that the wells have been drilled and the project completed.

Growth here comes from new projects being added -- such as Borealis, Aurora, and Orion.

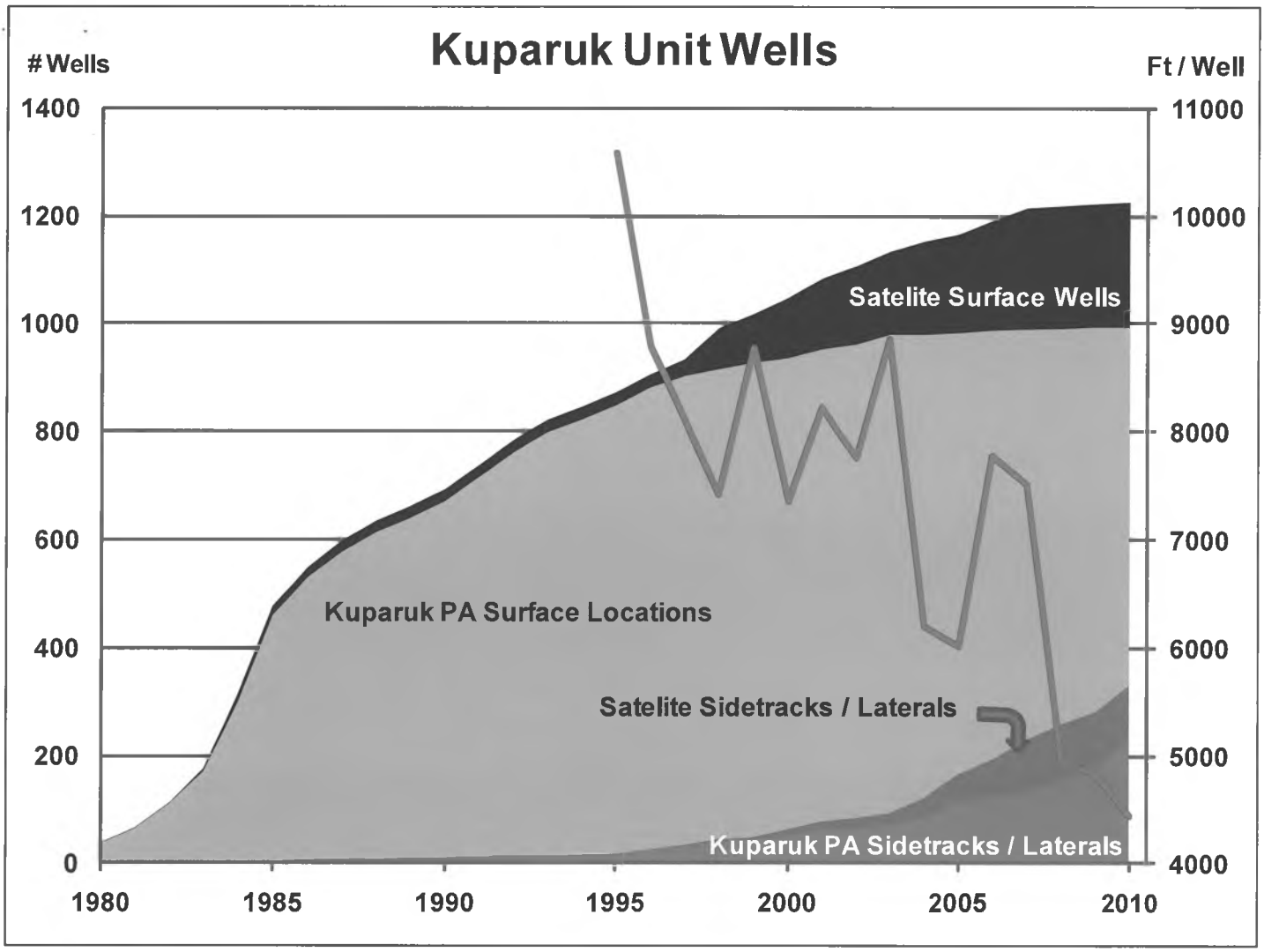


The above graph shows grassroots wells (light blue) as percentage of total wells (dark blue is sidetracks).

In the mid-1990s, about half of the wells in the Prudhoe Bay Unit were grassroots wells, with an average length of 8,000 feet.

Today, only 15 percent of the wells in the Prudhoe Bay Unit are grassroots wells. The average length of a well is 5,000 feet.

This does not point to diminished drilling, but *different drilling*. Sidetracking existing downholes means lower cost (no new facilities, no new gravel pads). Together with greater efficiency in drilling technology this all means lower associated cost for the developer).



This cumulative plot can be compared to the cumulative plot for Prudhoe Bay on page 8.

The light blue shows Kuparuk Participating Unit grassroots wells -- approximately 1,000 drilled, only about 100 of them drilled in the past 15 years.

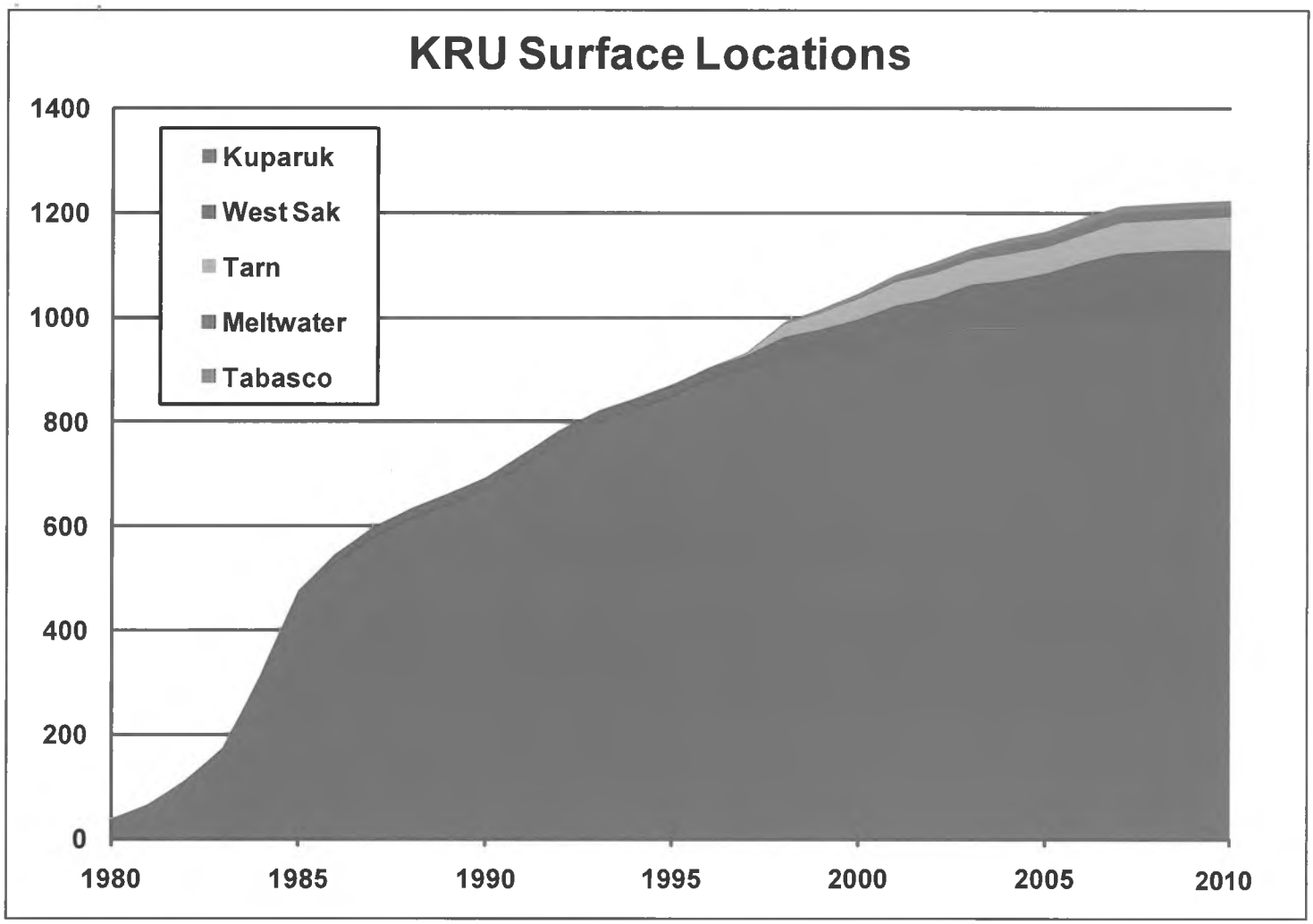
As in the case of Prudhoe Bay, the Kuparuk River Unit has a significant stock of wells.

Black shows satellite grassroots wells -- a category that continues to grow, with about 200 wells to date.

Green shows Kuparuk PA sidetracks and laterals, also approximately 200 drilled to date, and growing. About 20 percent of the Kuparuk Participating Area wells have been sidetracked.

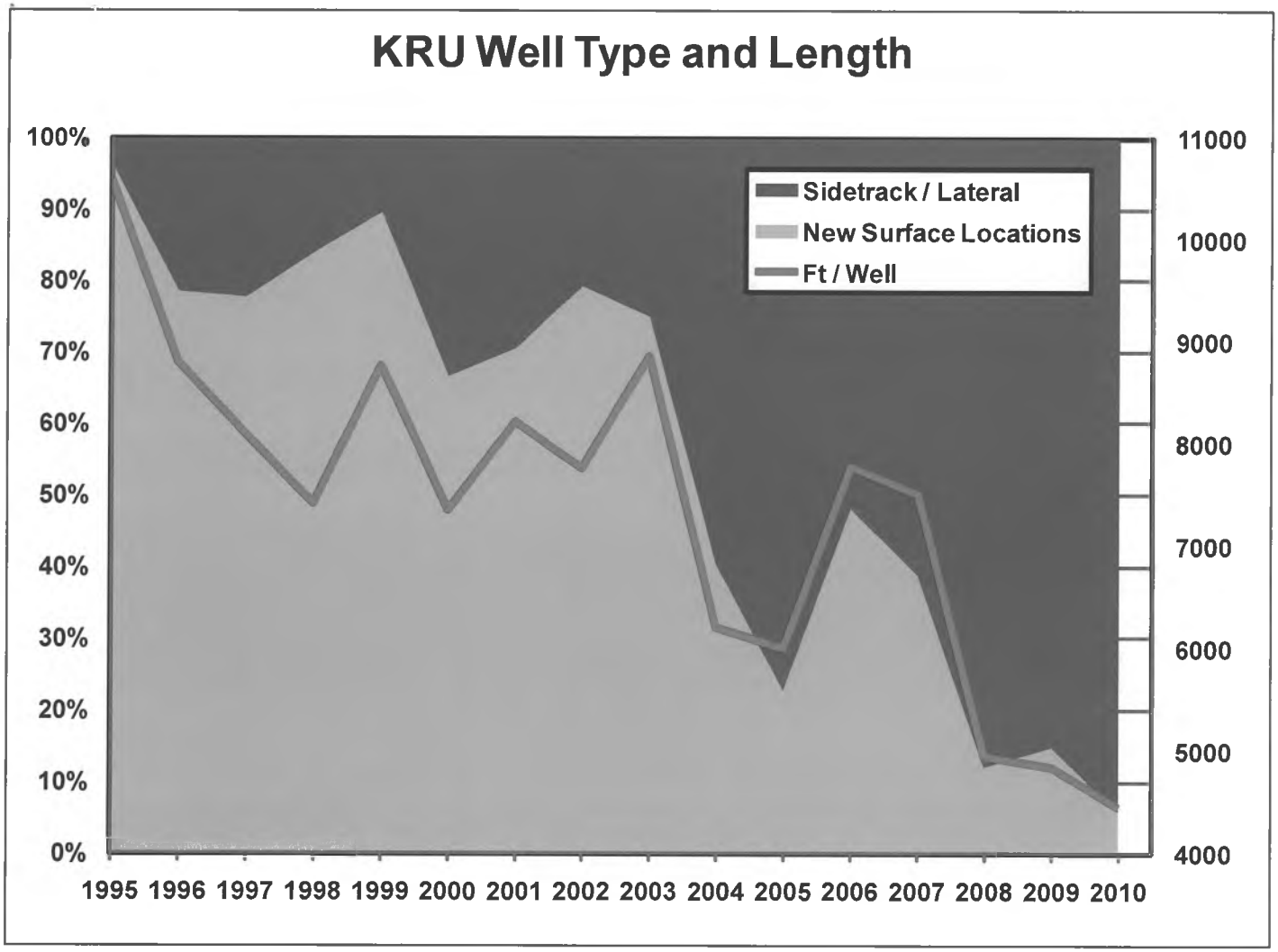
Purple shows the satellite sidetracks; 100 to date and growing.

As in the case of Prudhoe Bay, we can see how the average footage per well drops significantly as percentage of sidetracks increases.



This graph expands the black wedge from the previous slide, showing only new wells. As in the case of Prudhoe Bay, we can see how the development of satellites start and finish as wells have been drilled and the project completed.

Growth here comes from new projects being added .



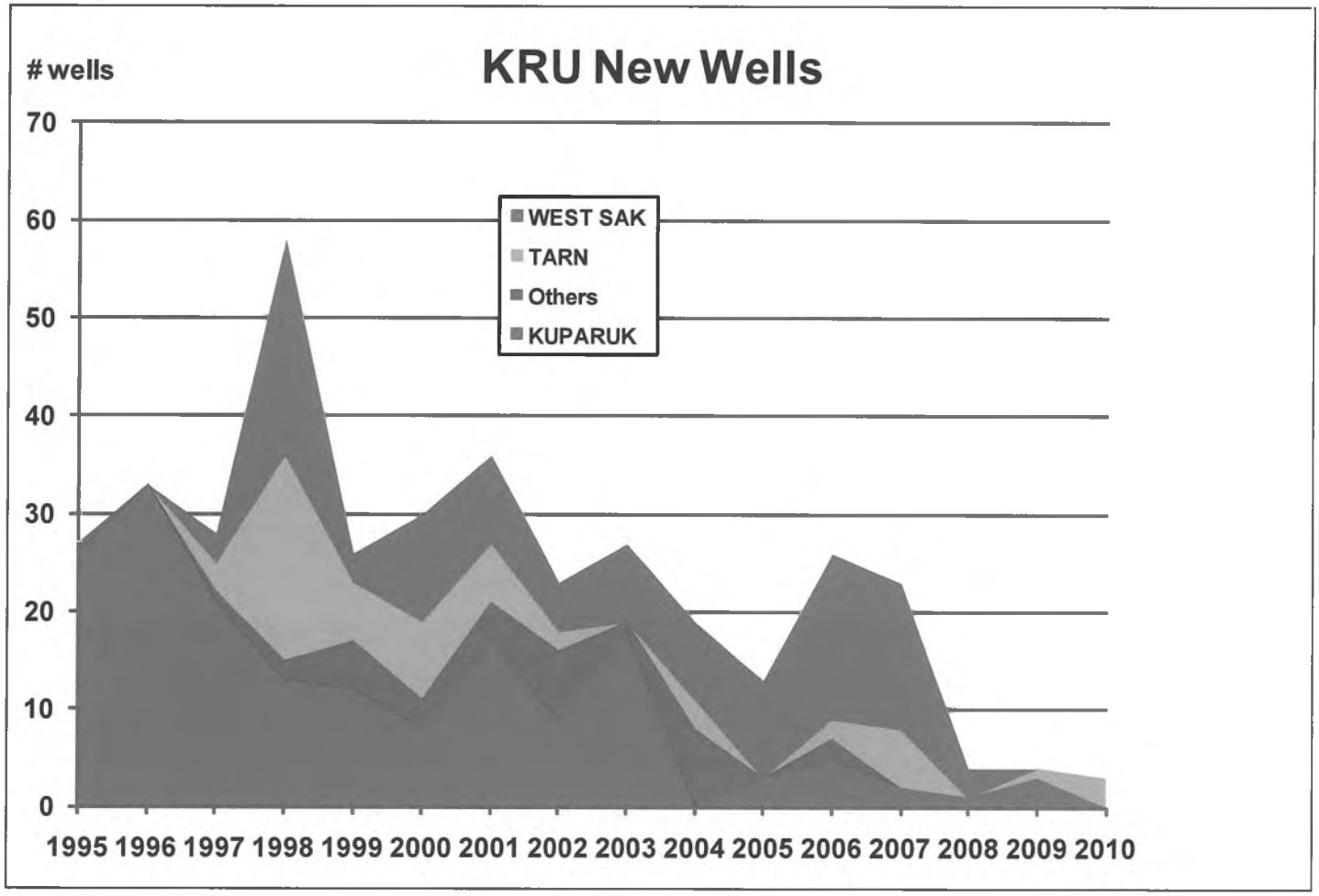
The above graph shows grassroots wells (light blue) as percentage of total wells (dark blue is sidetracks).

In the mid-1990s, about 95 percent of the wells in the Kuparuk River Unit were grassroots wells, with an average length of over 10,000 feet.

Today, only 15 percent of the wells in the Unit are grassroots wells. The average length of a well is 5,000 feet.

This does not point to diminished drilling, but *different drilling*. Sidetracking existing downholes means lower cost (no new facilities, no new gravel pads). Together with greater efficiency in drilling technology this all means lower associated cost for the developer).

As in the case of Prudhoe Bay, we can see the correspondence between sidetrack percentage and feet per well.

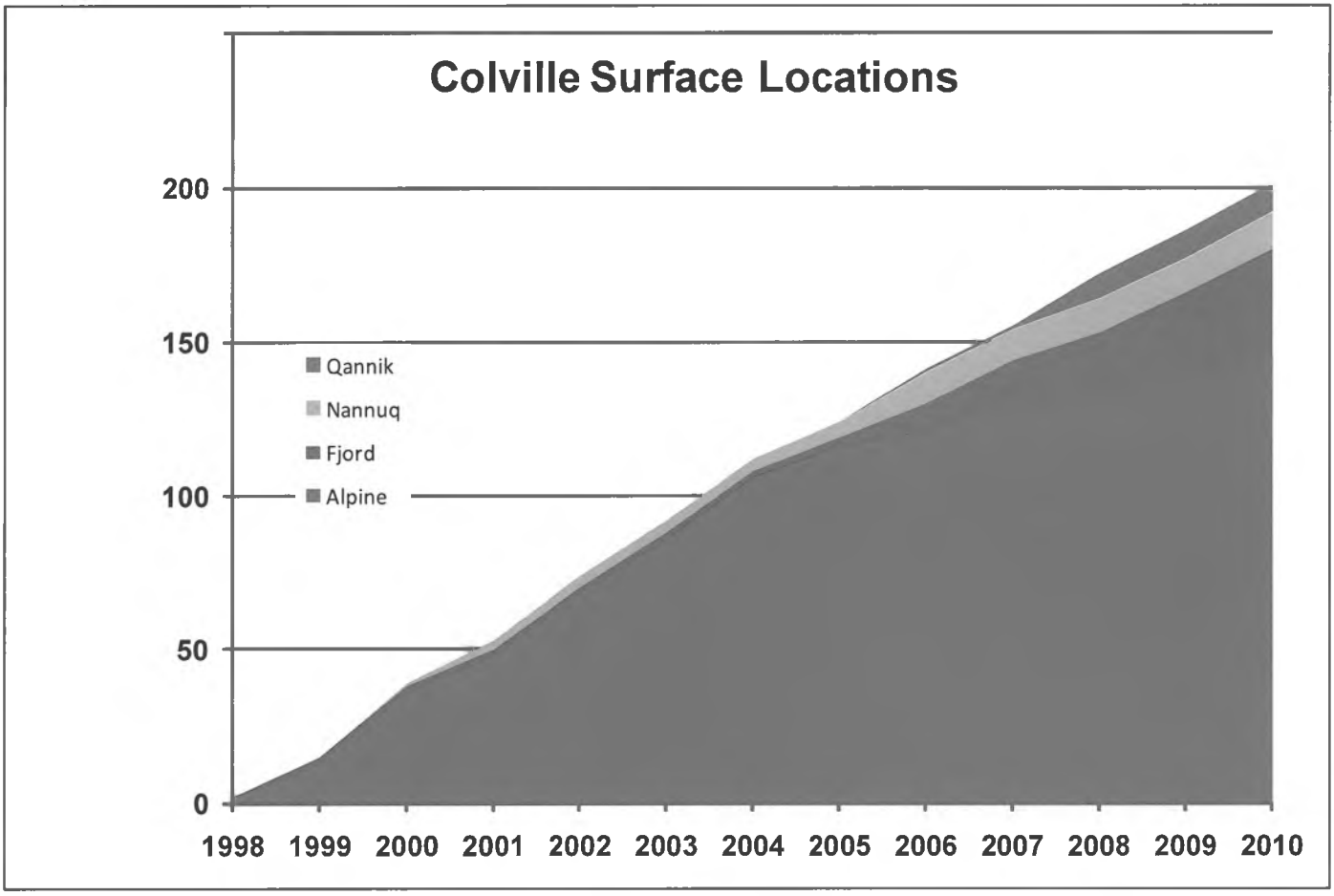


Approximately 5 new wells have been drilled per year in the Kuparuk River Participating Area since 2004. As is the case in Prudhoe Bay, most grassroots drilling has happened in the satellites.

Most satellite development has been in West Sak during this time period. West Sak reservoirs are also produced from the newly formed NEWS (North East West Sak) Participating Area (formed in 2009). Due to budget constraints, ConocoPhillips is not planning any new wells for 2009-2010.

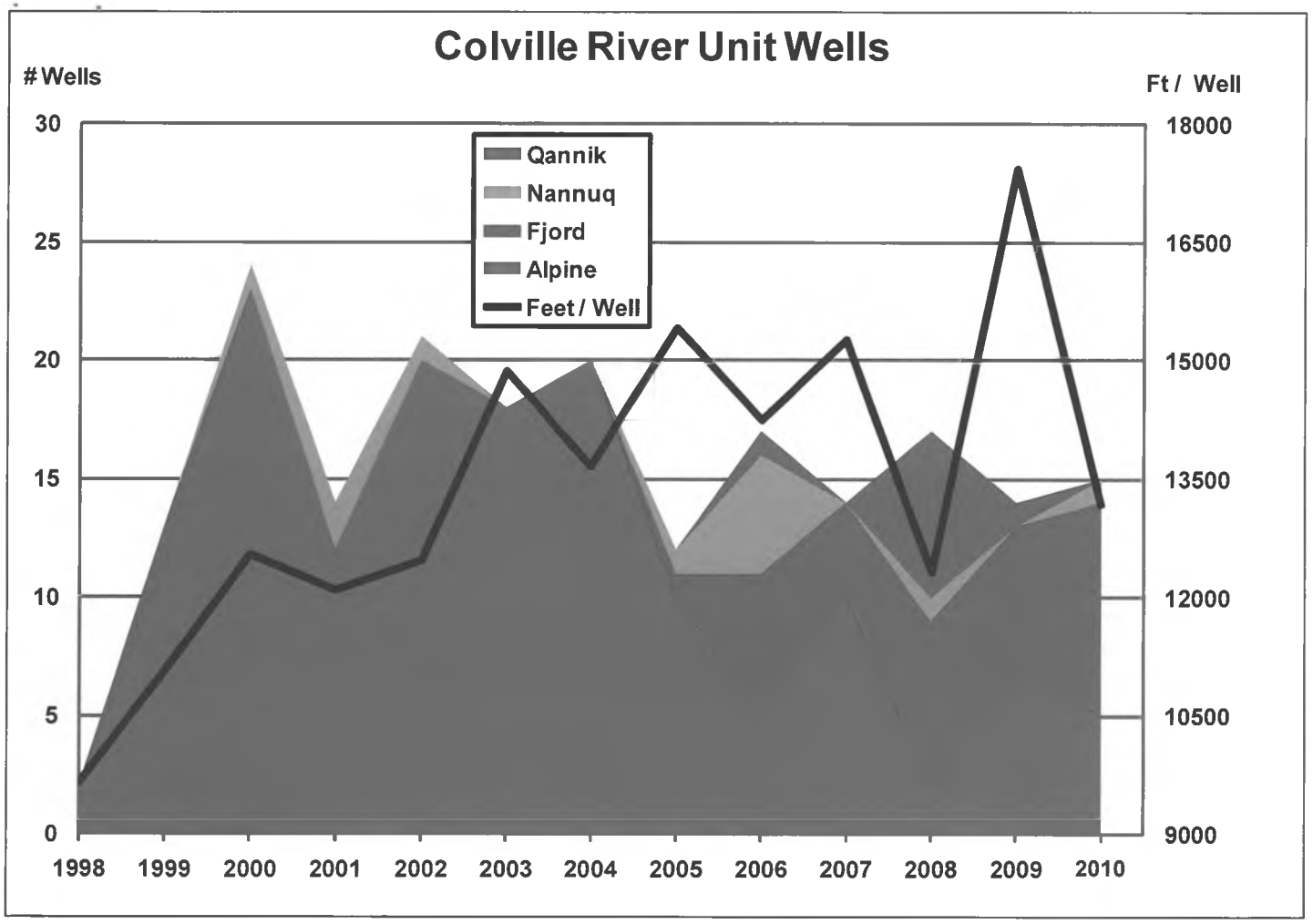
Tarn PA is planning for three new wells within the 2009-2011 timeframe.

Future development in the Kuparuk River Unit wil include horizontal, multilateral and coiled tubing drilling to access incremental reserves at reduced cost.



The Colville River Unit graphs show another part of the story -- how development of a field looks at an earlier stage, in comparison to the older fields at Prudhoe Bay and Kuparuk.

The cumulative plot shows a consistent growth in wells drilled, and also how the main area is developed before satellites are added.



Here, again, we can see how Alpine was developed first, and how most development in the past few years are for satellites. Alpine is developed, and needs new pads to the west, which will not happen without a bridge.

The black line shows feet per well increasing over time. The decline in 2008 is due to development of satellites.

Compared to Prudhoe Bay and Kuparuk, we see fewer sidetracked wells. This is due to the stage of the development (Colville River Unit being newer).

Without the bridge, we can expect fewer wells in the future, although some development to the east is possible.

2000 - 2009

- Ongoing drilling in the Prudhoe, Kuparuk, and Milne Point fields.
- Northstar came on line late in the year 2000.
- Schrader Bluff development of S-pad at Milne Point and the Polaris satellite at Prudhoe also came online during the same time frame. Continued Ivishak drilling within Prudhoe Bay,
- 2004 drilling activity reflects extensive drilling in the Orion and Polaris satellites in Prudhoe Bay
- West Sak development drilling in Kuparuk, and

- Extensive drilling in the Colville River Unit (CRU).

Drilling in all these areas continue today as companies use new technology to extract more oil out of the reservoirs, as illustrated by the below graph and table.

Drilling Activity 2000 - 2009

- 1,284 total number of wells drilled (Count includes lateral, sidetrack, and pilot hole wells)
  - 80 Exploration Wells
  - 1,204 Development Wells
- There are two categories for development wells:
  - wells = horizontal, laterals, pilot holes, and conventional (straight & deviated)
  - plugbacks

Prudhoe Bay Unit

- Initial Participating Areas (Ivishak)
  - 323 wells
  - 58 plugbacks
- Aurora Participating Area (Kuparuk formation)
  - 11 wells
  - 6 plugbacks
- Borealis Participating Area (Kuparuk formation)
  - 17 wells
  - 12 plugbacks
- Lisburne Participating Area
  - 9 wells
  - 1 plugback
- Niakuk Participating Area (Kuparuk formation)
  - 4 wells
  - 3 plugbacks
- Orion Participating Area (Schrader Bluff formation)
  - 75 wells (included in this total are 32 lateral wells)
  - 22 plugbacks
- Polaris Participating Area (Schrader Bluff formation)
  - 16 wells (included in this total are 5 lateral wells)
  - 1 plugback
- Put River Pool (Kuparuk age equivalent)
  - 1 well
  - 1 plugback
- Raven Participating Area (Sag River formation)
  - 2 wells
- Ugnu wells
  - 6 water disposal wells
- Pt McIntyre Participating Area
  - 11 wells
  - 8 plugbacks

Milne Point Unit

- 5 exploration wells
- 2 disposal wells
- Kuparuk Participating Area
  - 17 wells
  - 4 plugbacks
- Schrader Bluff Participating Area
  - 42 wells (included in this total are 16 lateral wells)
  - 9 plugbacks
- Ugnu wells
  - 4 wells

Endicott Unit

- 1 well in the Sag River formation
- 8 wells Kekiktuk

NPR-A

- 14 Exploration wells (Conoco)
- 8 exploration wells (FEX)

Colville River Unit

- 1 exploration well (Char)

- Alpine Participating Area
  - 33 wells drilled
  - 12 plugback wells
  - 8 lateral Wells
- Fiord Kuparuk
  - 7 wells drilled
  - 5 plugbacks
  - 1 lateral
- Fiord Nechelik
  - 11 wells
  - 2 lateral wells
- Nanuq Kuparuk
  - 9 wells
  - 2 plugbacks
  - 3 laterals
- Nanuq Nanuq
  - 7 wells
  - 1 plugback
- Qannik
  - 9 wells
- Nechelik Tract Operation
  - 1 well in 2009

Kuparuk River Unit

- 1 exploration well south of KRU (Antigua in 2006 – Kuparuk target)
- Kuparuk Participating Area
  - 144 wells
  - 26 plugbacks
- Meltwater PA
  - 9 wells
- Tabasco PA
  - 2 wells
  - 3 plugbacks
- Tarn PA
  - 17 wells
  - 1 plugback
- West Sak PA
  - 7 wells labeled exploration (of which 2 are plugbacks)
  - 123 wells (included in total are 72 lateral wells)
  - 75 plugbacks
- ENI drilled south of KRU
  - 3 exploration wells

Northstar Field

- 13 wells
- 4 sidetracks

Oooguruk Field

- 1 exploration well in the Torok formation
- 1 disposal well
- 4 Kuparuk wells
- 7 Nuiqsut wells

Nikaitchuq field

- 17 exploration wells (of which 7 are plugbacks)

Badami Unit

- 2 exploration wells (Kupcake and Red Wolf B1-38 Kekiktuk well
- Reentering B1-18 Badami development well

Beechey Point

- 5 exploration wells

Outside established Units

- West of Kuparuk River Unit
  - 1 exploration well (Cronus)
  - 3 exploration wells (Tofkat)

- South of Kuparuk River Unit
  - White Hills, 5 exploration wells
  - 1 hydrates testing well (Hot Ice)

- North of Prudhoe Bay Unit
  - 4 exploration wells (Sag River, North Shore)

- South of Prudhoe Bay Unit
  - 2 exploration wells (Jacob's Ladder)
  - 1 exploration well (Hailstorm)

- Foothills Area
  - 7 exploration wells

Red Dog Mine

- 6 wells to supply gas to Red Dog mine

US Government DOI
Coal Bed Methane Exploration Program

- 8 in Wainwright
- 1 in Franklin Bluffs

Alaska Oil and Gas Association

AOGA

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COMMENTS OF THE ALASKA OIL AND GAS ASSOCIATION
ON HB 110
HOUSE RESOURCES COMMITTEE
FEBRUARY 16, 2011

The Alaska Oil and Gas Association (AOGA) appreciates the opportunity to express its support for HB110, the Governor's proposed amendments to the ACES production tax. We sincerely believe these provisions, when enacted into law, will increase the competitiveness for investment dollars in Alaska, resulting in increased job opportunities and the development necessary to stem the decline in oil production currently facing Alaska.

Below are our comments on specific provisions of this legislation:

PROGRESSIVITY RATES/BRACKETING/TAX CAP

AOGA supports the provisions in HB110 which establish bracketing of the progressivity rates and caps progressivity at 25%, for a maximum rate of 50% for progressivity and the base rate combined.

Under the current form of ACES, at $30, the taxpayer pays at the 25% base rate. But as the taxable Production Tax Value (PTV) raises above $30, the progressivity feature kicks in, and instead of applying the higher tax rate to just the incremental dollar, the current tax system reaches back and taxes the entire original $30 at the higher rate. Each time the PTV per barrel increases further beyond $30, all prior dollars are taxed at the higher rate instead of just that further increase. This approach is what creates such high marginal tax rates, and creates an imbalance in the risk-reward investment environment in Alaska. Removing the upside to the degree the progressivity feature does makes it much more difficult to compete for investment dollars with other areas that are not as fiscally challenged as investments here in Alaska.

Bracketing sets tax rates for the different levels of PTV so that each level is taxed only once and at a specific rate for that bracket, moderating the impact of ACES' high rate of tax. As you have seen, the bracketing described in HB 110 generally follows the same line of progressivity as in the current version of ACES. But by not reaching back and taxing those dollars that have already added value to the project and that have had taxes paid on them and not taxing them again, HB 110 adds much needed stability and

predictability to the tax. As companies realize higher prices and greater PTV, the State likewise continues to share in those benefits.

Bracketing of income to pay taxes is a time-tested approach. There isn't a person here that doesn't have a personal interest in the concept and how it works. Just look to your personal income taxes with the IRS. The difference between what we are currently experiencing with ACES' progressivity feature and the notion of bracketing is quite compelling. Under ACES, as you've heard already from the DOR and in a number of presentations and publications over the last year, the rate is too high.

In addition, capping progressivity and the base tax at the 50% combined rate under HB 110, rather than the current 75%, also provides the impetus needed to motivate companies to undertake the high risk projects on which the future economic health of Alaska will depend. This change creates a business climate where the reward is commensurate with the risk and keeps the needs of the State and the producers in a more appropriate balance.

You will be hearing from our member companies regarding this risk/reward and the need for an adequate upside, and the challenges they face when presenting projects to their respective Boards. The competition for these dollars is real and anything to move Alaska to a more competitive position will make those arguments more palatable and possible.

ANNUAL –v- MONTHLY

Another aspect of progressivity is the monthly calculation of the progressivity rate. The inherent flaw in this and why AOGA supports moving to an annual progressivity is simple. The revenues that are used in the calculation of the progressivity are actuals, reflecting current production and current prices. They are subject to the seasonal swings in production or market pressures of price. In calculating the PTV, though, the deductible lease expenditures are the actual expenses for the whole year, with 1/12 of the annual total being allocated to each month during the year. In other words, the present version of progressivity creates a huge mismatch by using each month's *actual* gross value at the point of production (GVPP), but deducting 1/12 of the actual expenses. This result is achieved at the annual true-up on March 31st of the following year. In making estimated monthly payments, however, the mismatching is compounded because taxpayers have the actual GVPP for each month but will have to rely on a monthly figure for the *estimated* lease expenditures for the whole year, in order to calculate the PTV and the resulting progressivity rate for that month.

The monthly approach to progressivity actually taxes artificial PTV, raising the Alaska tax rates higher than reported on any graph of tax rates. None of those graphs account for mismatching in the progressivity tax on monthly PTV. The difference is solely driven by the fact that progressivity taxes the inflated, incorrect monthly PTV resulting

solely from this mismatching. We support moving from a monthly calculation of progressivity to an annual calculation to synchronize the revenues with the expenses, avoid the mismatching, and more accurately reflect the philosophy behind what a progressivity feature should look like.

TAX CREDIT INCENTIVES EXTENDED TO NORTH SLOPE

Sections 15 and 16 of HB 110 expand the existing 40 percent *well lease expenditure* tax credit currently available only to qualifying expenditures in "Middle Earth" and the Cook Inlet Sedimentary basin,[1] so it will also be available for qualified expenditures made on leases or properties north of 68 degrees North Latitude. Under HB 110, this change would be effective January 1, 2012, for expenditures after December 31, 2011.

The well lease expenditure concept was introduced and enacted into law in May 2010 in connection with chapter 16, 2010 Session Laws of Alaska (the Cook Inlet Recovery Act). Under AS 43.55.023(o) a well lease expenditure (WLE) is defined as:

> a qualified capital expenditure and an intangible drilling and development cost authorized under 26 U.S.C. (Internal Revenue Code), as amended, and 26 C.F.R. 1.612-4, regardless of the elections made under 26 U.S.C. 263(c) . . . [2]

A well lease expenditure is the subset of qualified capital expenditures (QCE) that currently define the scope of capital spending that qualifies for the 20% QCE credit under sub-section .023(a). Thus, within the QCE "bucket" are a set of costs that would be eligible for a full 40% tax credit instead of the usual 20% QCE credit. The definition of WLE as *intangible drilling and development cost* (IDC) has several advantages. First, IDC is a concept that is well-defined in oil and gas tax law. IDC is designated for

---

[1] i.e., South of 68 degrees North Latitude under AS 43.55.023 (l) and (n).

[2] The full language under subsection .023(o) reads as follows:

> (o) For the purposes of (m) and (n) of this section, a well lease expenditure incurred in the state south of 68 degrees North latitude is a lease expenditure that is
>
> (1) directly related to an exploration well, a stratigraphic test well, a producing well, or an injection well other than a disposal well, located in the state south of 68 degrees North latitude, if the expenditure is a qualified capital expenditure and an intangible drilling and development cost authorized under 26 U.S.C. (Internal Revenue Code), as amended, and 26 C.F.R. 1.612-4, regardless of the elections made under 26 U.S.C. 263(c); in this paragraph, an expenditure directly related to a well includes an expenditure for well sidetracking, well deepening, well completion or recompletion, or well workover, regardless of whether the well is or has been a producing well; or
>
> (2) an expense for seismic work conducted within the boundaries of a production or exploration unit.

special tax treatment under the U.S. Internal Revenue Code.[3] It represents the part of capital expenditures that has no physical attributes or salvage value, such as fuel, labor and rig rental. Thus it is a convenient and readily accessible accounting designation.

Second, WLE is consistent with language already existing in the PPT-ACES framework. Producers will not have to wait for the DOR to write regulations that describe what is included and not included in the WLE.

Third, IDC is focused on costs associated with drilling wells and getting more production out of both existing fields and new field development. As stated in sub-section .023(o)(1), well lease expenditures include "well sidetracking, well deepening, well completion or recompletion, or well workover expenditures" that would target new areas of the reservoir.

Lastly, since labor costs may be included in IDC, the 40% WLE credit indirectly supports hiring and job creation.

In sum, AOGA strongly endorses this special category of QCE that is targeted for the credit uplift because 1) this category of expenditure is tied directly to in-field drilling; 2) includes labor costs; and 3) is a convenient and readily accessible accounting designation. Also, this proposal has the advantage of an earlier effective date compared with other provisions in HB 110, thus potentially jump-starting production sorely needed to stem the production decline in the near-term.

EFFECTIVE DATES

AOGA is concerned about the delayed effective dates of the major components in this legislation. The only sections of this bill that become effective this year are the ones making the interest rate mirror more appropriately the current cost of money. In 2012, the amendments to the tax credit provisions become effective. The following year the progressivity provisions become effective. Finally, in 2014 the statue of limitations shifts from six years to four.

All the data you will see shows Alaska is losing on the activity and investment front when compared to the rest of the world. The delay of these effective dates, even in a staggered fashion, doesn't reflect the urgency of the need for this legislation and in fact protracts any commercial decision out over the next few years. As you know, decisions on the magnitude of these investments don't happen overnight. The competition for the available dollars is quite intense. To get final approval of the dollars, mobilize the rig, develop the kit and come to ultimate production could be three years or more.

---

[3] Intangible well costs are distinct from tangible costs such as equipment and drill pipe and are 70-100 percent deductible against federal taxable income when incurred. (See *Petroleum Accounting: Principles, Procedures, & Issues*, 5th Ed. (University of North Texas: PriceWaterhouseCoopers), p.72.

Industry believes the need to move forward is more urgent than what the bill is stating. We do not believe these staggered effective dates are an impediment to having a good bill, but without the delays it would be a better one.

LOWER TAX RATES FOR NEW FIELD DEVELOPMENT

HB110 includes provisions (under Sections 6 and 8) that would lower the base tax rate from 25% to 15% for oil and gas produced from areas outside of current fields and units or not in commercial production prior to December 31, 2010.

In addition, the progressivity surcharge for oil and gas produced from areas outside of current units would be capped at 40%, or 25% above the base tax rate. And progressivity would be subject to parallel tax-bracketing treatment, where tax rates for a particular discrete tax bracket are applied only to incremental income in that bracket. Also, the progressivity tax is levied on an annual basis instead of monthly, the same as for the fields in production. This change would be effective January 1, 2013, and apply to production after December 31, 2012. The proposed base and progressive tax rates applicable to existing and new field development are summarized in Exhibit 1, below.

Exhibit 1. Summary of Proposed Base Tax and Progressivity Surcharge for New and Existing Fields

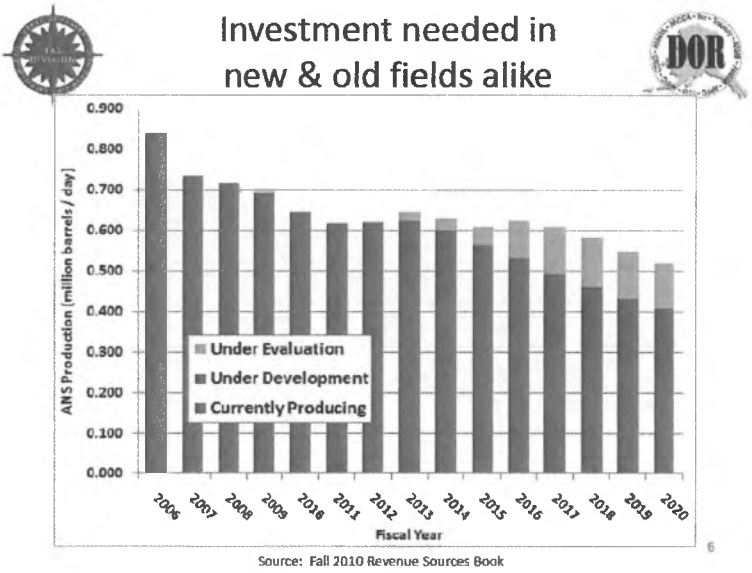
Taxable Production	Field or Unit In Production Prior to 31-Dec-2010	Field or Unit In Production After to 31-Dec-2010
Base Tax	25%	15%
Max Progressive Surcharge	25%	25%
Max Combined Tax Rate	50%	40%
Progressivity Annual instead of Monthly	Yes	Yes
Bracketing Applies	Yes	Yes
Effective Date	1-Jan-2013	1-Jan-2013

AOGA cautiously supports this proposal for new field development, which represents a significant reduction in the implied tax burden. However, it raises several questions. First, as with other provisions in HB110, the implied lag in the effective date is problematic. If, as the administration has indicated in its testimony, there is a degree of urgency with regard to the need for investment in the oil patch, then why delay? Why encourage companies to build lags into their own investment planning?

Second, the DOR *Fall Revenue Sources Book* anticipates production from new developments from state and federal lands to account for a significant portion of total ANS production over the next decade. (See Exhibits 2 and 3, below.) But almost all of these areas of potential new field development overlie existing producing fields and/or units. Would new field development from these areas qualify for the lower base tax and progressivity schedules contained in Sections 6 and 8 of HB110? Providing an answer to this question by regulations could be a drawn-out, difficult process — assuming they could be drafted in a way that provides the answer while remaining consistent with the statute.[4]

Third, the provisions in sections 6 and 8 of HB110 are silent on the treatment of lease expenditures for new field development. Since the proposed change in base tax and progressivity is driven by the PTV associated with new field development, some form of ring-fencing production, revenue and costs is implied. This in turn raises questions about the complexities of allocating joint operating and capital costs. AOGA favors addressing the matter of cost allocation in statute rather than through regulation.

Exhibit 2. DOR Commissioner's Presentation to the House Resources Committee, February 7, 2011



Source: Fall 2010 Revenue Sources Book

[4] AS 44.62.030: "a regulation adopted is not valid or effective unless consistent with the statute" that it is "implement[ing], interpret[ing], mak[ing] specific, or otherwise carry[ing] out.

Exhibit 3. Areas of New Field Development over Next Decade

1. State lands
    a. Expanded heavy/viscous oil development
        i. West Sak
        ii. Orion
        iii. Polaris
        iv. Schrader Bluff fields
    b. Continued satellite development at Alpine
        i. Fiord
        ii. Nanuq
        iii. Qannik fields),
    c. New developments
        i. Oooguruk
        ii. Nikaitchuq
    d. Point Thomson – startup in 2015
    e. Badami - Restart 4Q 2010
2. Federal lands
    a. NPR-A,
        i. Alpine West field (start up in the 2013)
        ii. Mooses Tooth unit
        iii. Umiat field.
    b. Liberty development 1Q 2012
    c. Nikaitchuq field start-up 1Q 2011

Lastly, and most importantly, AOGA reminds lawmakers that it is important to incentivize ALL new oil. This means new oil associated with new field development and from exploration, as well as new oil from existing producing fields using in-field drilling, secondary recovery, and tertiary recovery techniques. If attracting investment in the near term is the goal, then AOGA respectfully urges consideration of extending the new field incentives in sections 6 and 8 to any and all new oil development, including that arising from existing fields.

Reducing the Interest Rate on Tax Under and Over Payments and the Statute of Limitations

AOGA supports the proposed reductions to the statutory interest rate on tax under and over payments and the statute of limitations for performing tax audits. We are pleased to see the Administration and particularly the Department of Revenue recognize the need to address these two provisions and their negative impacts on Alaska's investment climate.

Currently the state's interest rate applicable on tax under or over payments is the greater of the federal funds rate plus five percentage points, or 11%, whichever is greater, compounded quarterly. Interest rates in other states are much lower.

The time period for which the Department can audit a taxpayer's tax return is three years from the date of the filing of the tax return for all taxes except for the production tax. With the enactment of ACES, the statute of limitations for auditing production tax returns was increased to six years. We never understood why that change was needed when the three-year audit period has worked successfully for all other taxes and can be extended and re-extended any number of times as appropriate and taxpayers were generally willing to do so.

The longer an audit is allowed to run, the greater the amount of interest there will be that accrues on any underpayment claimed in the audit. Under the current interest rate provisions, after three years, interest represents at least 38¢ for each dollar of additional tax claimed. But after six years the accrued interest grows to at least 92¢ for each dollar of additional tax claimed. The longer statute of limitations and high interest rates mean a greater likelihood that audit disputes will be litigated instead of settled, because the interest, which under state law cannot be compromised or abated, represents such a substantial portion of the amounts at issue even at the very beginnings of the disputes.

Reducing the interest rate provisions to the lower of the federal fund rate plus three percent or 11%, and shortening the statute of limitations from six years to four, are both clear steps in the right direction to improve Alaska's tax regime. They are long overdue. AOGA supports both proposed changes.

Minimum Tax

A provision of HB 110 which concerns AOGA is increasing the minimum tax on North Slope production.

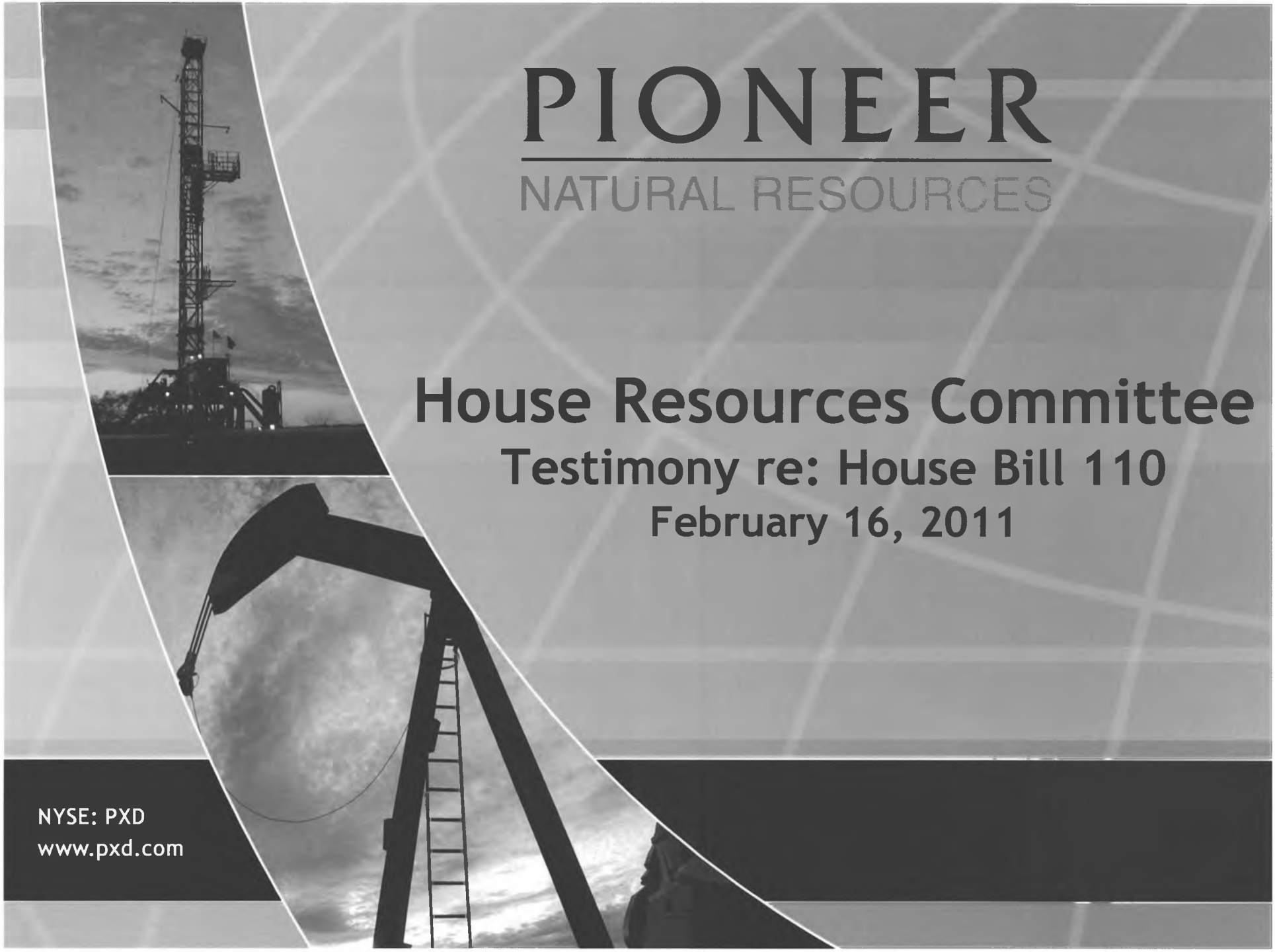
One element that increases the attractiveness of a tax system is the sharing of risk by the government with the investor, whether the risk turns out well or poorly. Even with the changes to the progressivity tax proposed in HB 110, Alaska would still take a greater share for itself of the upside for price risk. The minimum tax avoids or reduces the State's exposure on the downside of price risk, increasing the risk on investors, thereby making investments in Alaska less attractive.

Complicating this problem is the fact that the minimum tax is imposed on the gross value at the production of the oil and gas, without deductibility of any development or processing costs. Therefore, the minimum tax in essence is akin to a second regressive royalty payment as upstream costs of producing the oil or gas are ignored. The producer could be obligated to pay the tax even when losing money. This disproportionate shift of the investment and price risks to the producer or explorer could result in less investment and premature shut-in and thus lost production and state revenues.

Having a minimum tax along with the high level of progressivity tax has harmed Alaska's investment climate. Further increasing the minimum tax is a step backwards.

It will not increase Alaska's competitiveness and is inconsistent with what the rest of HB 110 is seeking to do.

Again, thank you for the opportunity to submit these comments.


PIONEER
NATURAL RESOURCES
House Resources Committee
Testimony re: House Bill 110
February 16, 2011
NYSE: PXD
www.pxd.com

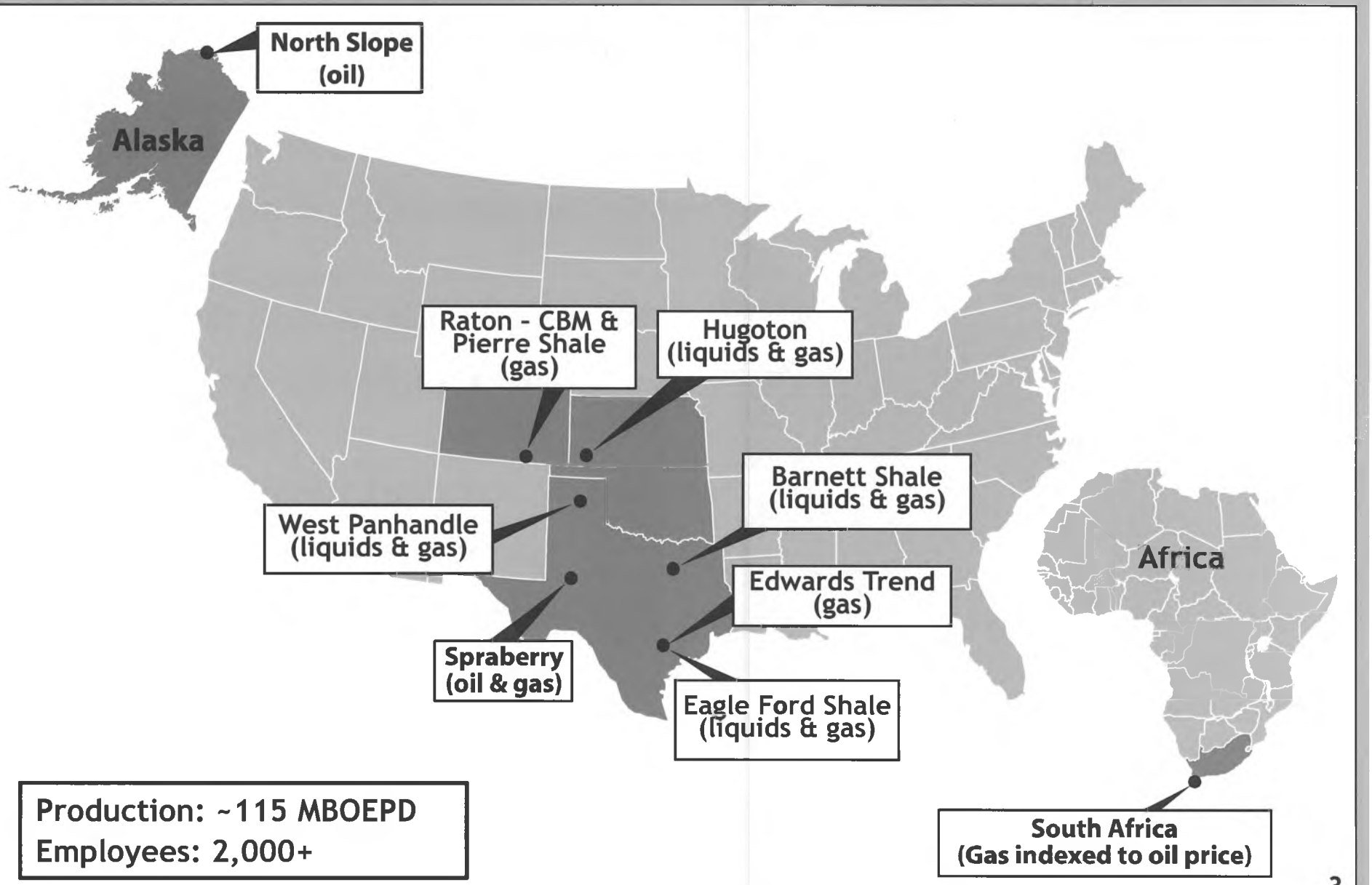
Forward Looking Statements

PIONEER NATURAL RESOURCES

Except for historical information contained herein, the statements, charts and graphs in this presentation are forward-looking statements that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements and the business prospects of Pioneer are subject to a number of risks and uncertainties that may cause Pioneer's actual results in future periods to differ materially from the forward-looking statements. These risks and uncertainties include, among other things, volatility of commodity prices, product supply and demand, competition, the ability to obtain environmental and other permits and the timing thereof, other government regulation or action, the ability to obtain approvals from third parties and negotiate agreements with third parties on mutually acceptable terms, international operations and associated international political and economic instability, litigation, the costs and results of drilling and operations, availability of equipment, services and personnel required to complete the Company's operating activities, access to and availability of transportation, processing and refining facilities, Pioneer's ability to replace reserves, implement its business plans or complete its development activities as scheduled, access to and cost of capital, the financial strength of counterparties to Pioneer's credit facility and derivative contracts and the purchasers of Pioneer's oil, NGL and gas production, uncertainties about estimates of reserves and resource potential and the ability to add proved reserves in the future, the assumptions underlying production forecasts, quality of technical data, environmental and weather risks, including the possible impacts of climate change, and acts of war or terrorism. These and other risks are described in Pioneer's 10-K and 10-Q Reports and other filings with the Securities and Exchange Commission. In addition, Pioneer may be subject to currently unforeseen risks that may have a materially adverse impact on it. Pioneer undertakes no duty to publicly update these statements except as required by law.

Pioneer Corporate Profile - 2011

PIONEER
NATURAL RESOURCES



Production: ~115 MBOEPD
Employees: 2,000+

Pioneer Alaska Profile - 2011

PIONEER
NATURAL RESOURCES

- Anchorage Headquarters
- 60+ Full-Time AK Employees
- ~ 120 AK Contract Workers
- 1st Independent Operator on the North Slope
- World class Oooguruk project
- Challenging environment (North Slope, Offshore)
- State of the art, new technologies
- Higher geologic complexity than close-by analog fields
- Solid support from the State and North Slope producers



Pioneer Natural Resources 2002 - 2003

PIONEER NATURAL RESOURCES

- US Legacy Asset Development
- Deep Water Gulf of Mexico
- World Wide Exploration Focus



Why Alaska? Scorecard 2002

PIONEER NATURAL RESOURCES

Alaska Relative to Lower 48 Resource Plays:

- Resource

Resource Report Card	Alaska	Lower 48
Resource Potential	✓	
Resource Competition	✓	
Geologic Risk		✓
Oil Bias	✓	
Regulatory Process Ease		✓
Land Acquisition	✓	

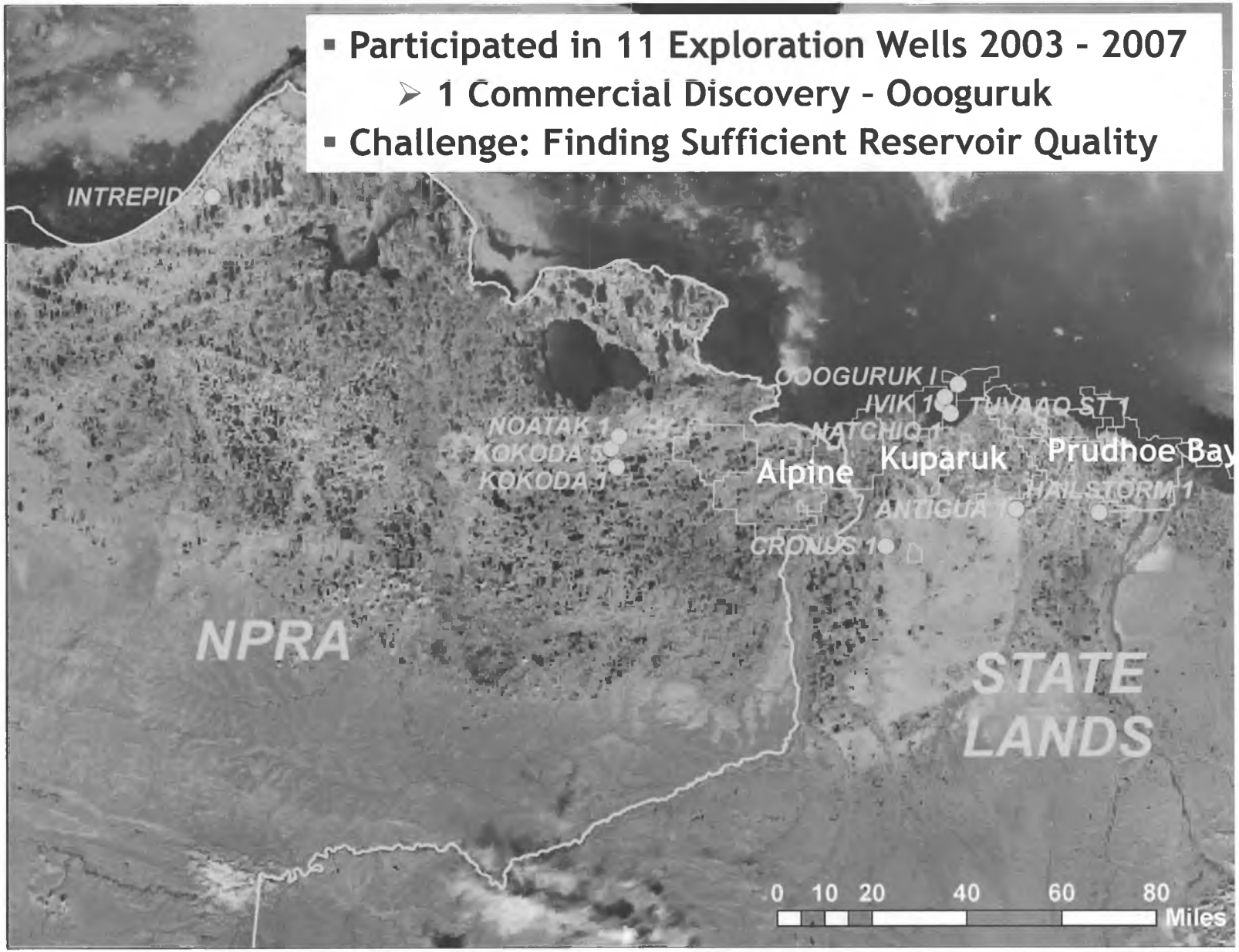
- Profitability

Profitability Report Card	Alaska	Lower 48
Cycle Times / Payback		✓
Execution Risk		✓
Capital Cost		✓
Operating Margins	✓	

North Slope Exploration History

PIONEER
NATURAL RESOURCES

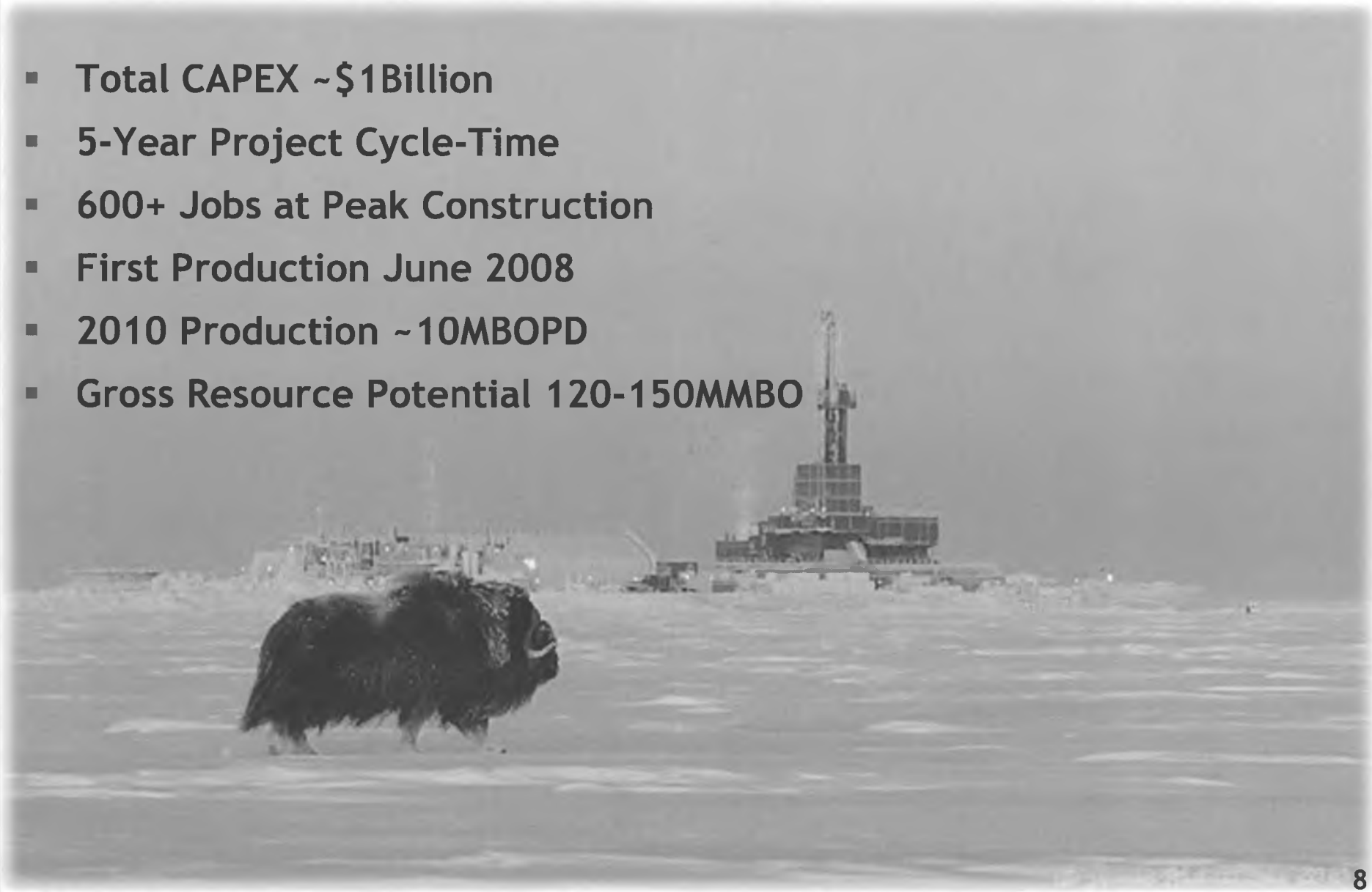
- Participated in 11 Exploration Wells 2003 - 2007
  - ➢ 1 Commercial Discovery - Oooguruk
- Challenge: Finding Sufficient Reservoir Quality



Oooguruk Profile

PIONEER
NATURAL RESOURCES

- Total CAPEX ~$1Billion
- 5-Year Project Cycle-Time
- 600+ Jobs at Peak Construction
- First Production June 2008
- 2010 Production ~10MBOPD
- Gross Resource Potential 120-150MMBO



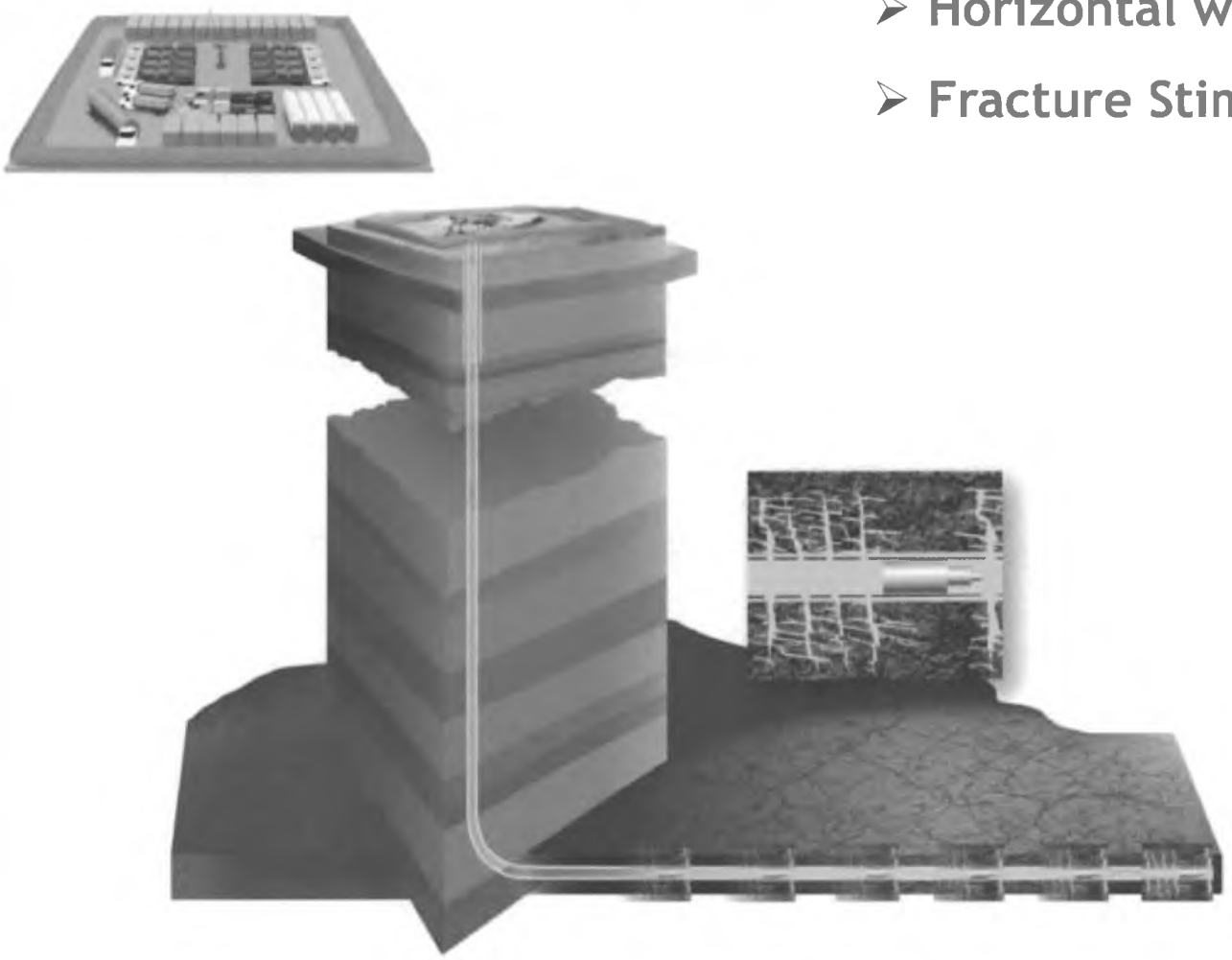
8 Years Later - What has Changed?

PIONEER
NATURAL RESOURCES

- Technology
- Oil and Gas Prices
- Resource Play Development
- Alaska's Severance Tax System

Technology

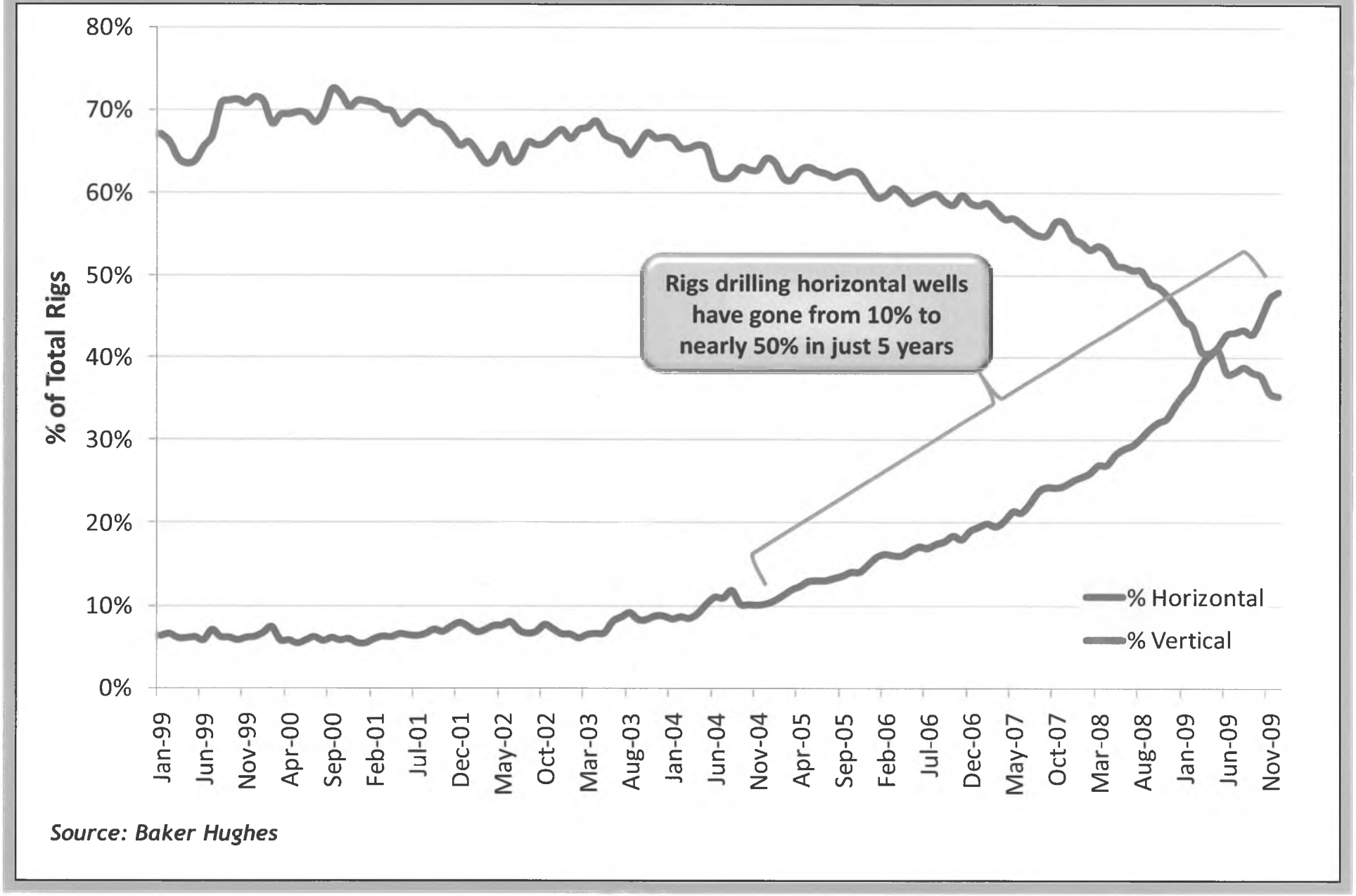
PIONEER
NATURAL RESOURCES



- Horizontal well improvements
- Fracture Stimulation

Growth in U.S. Horizontal Drilling

PIONEER
NATURAL RESOURCES



Source: Baker Hughes

Oil and Gas Price History

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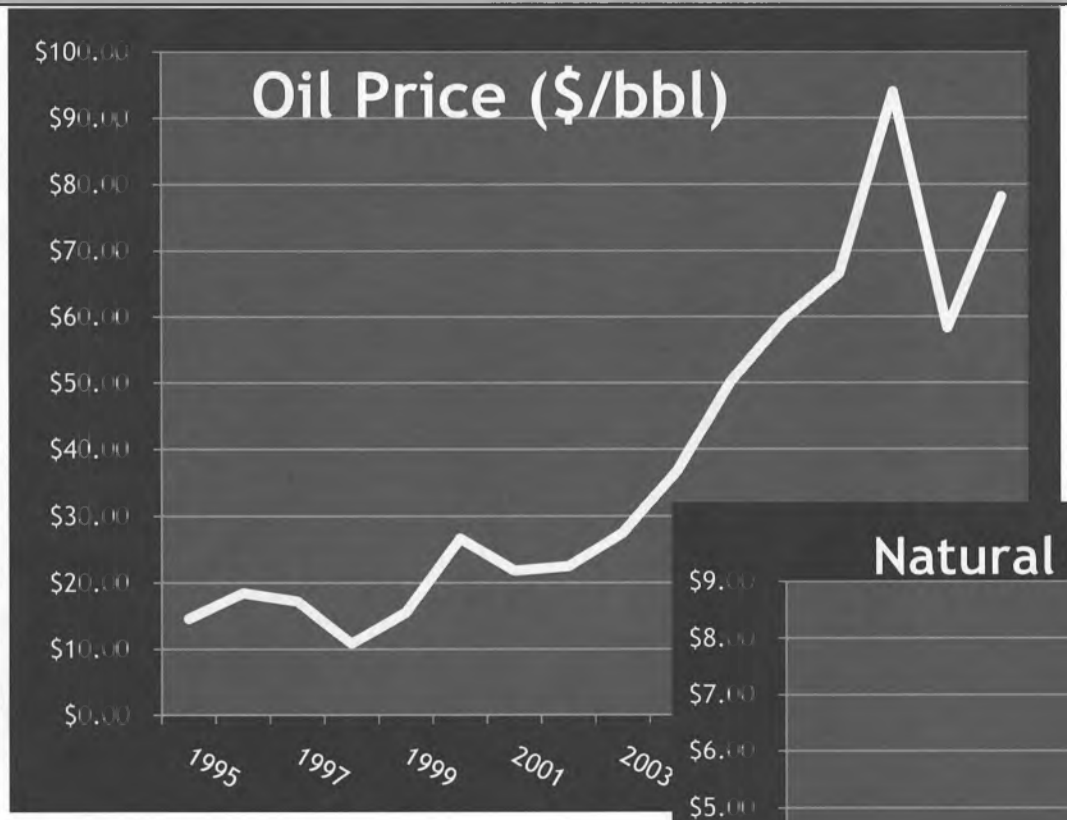
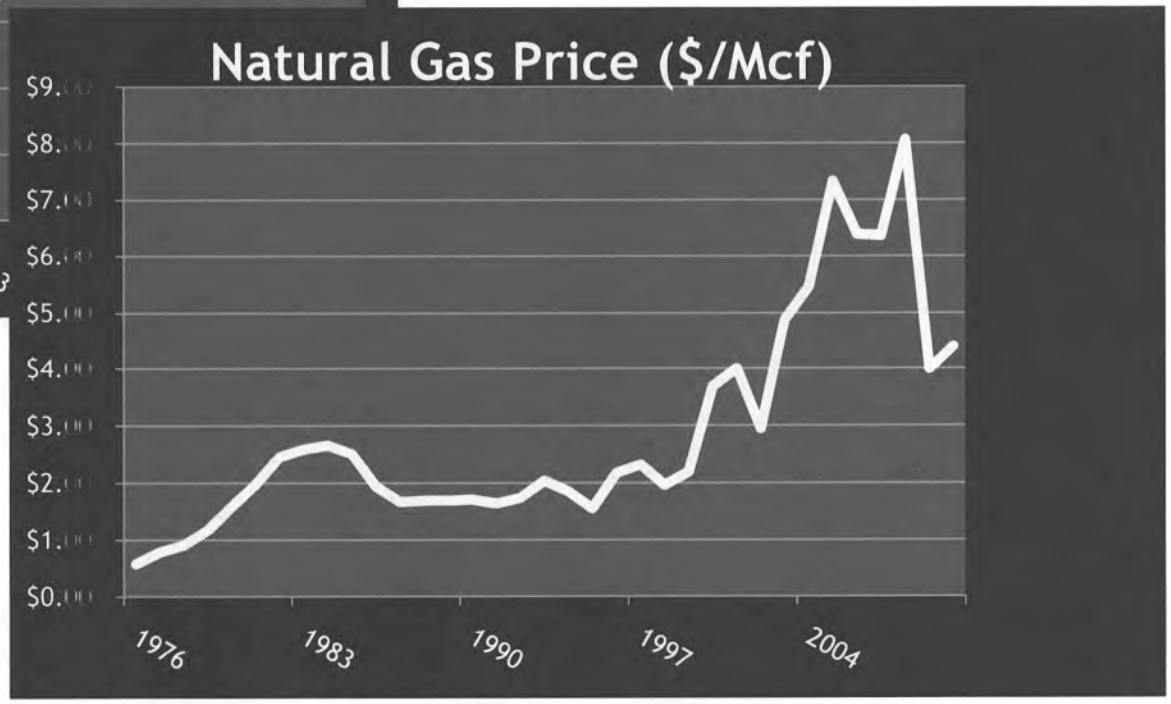
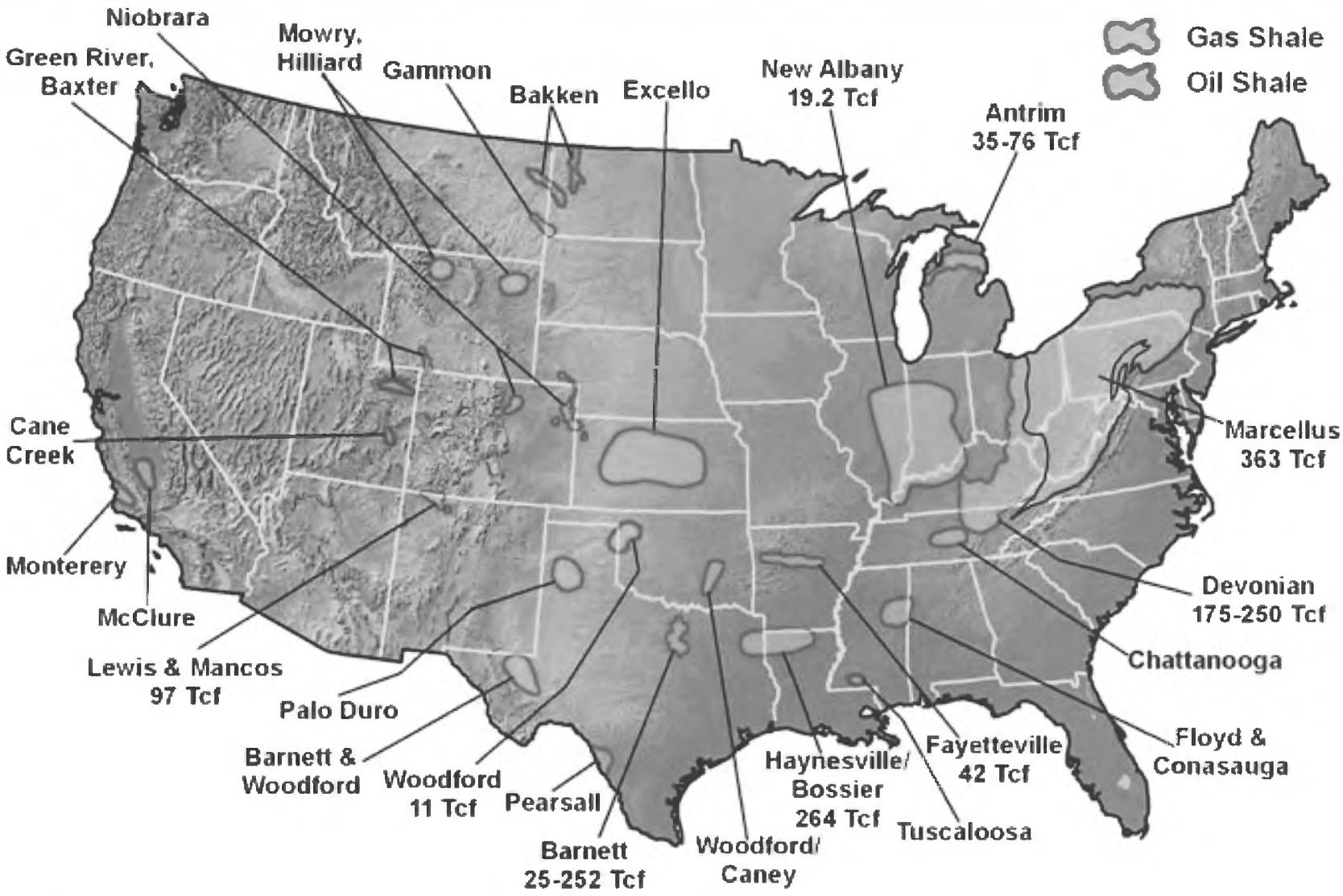
NATURAL RESOURCES





US Shale Resource Plays

PIONEER
NATURAL RESOURCES



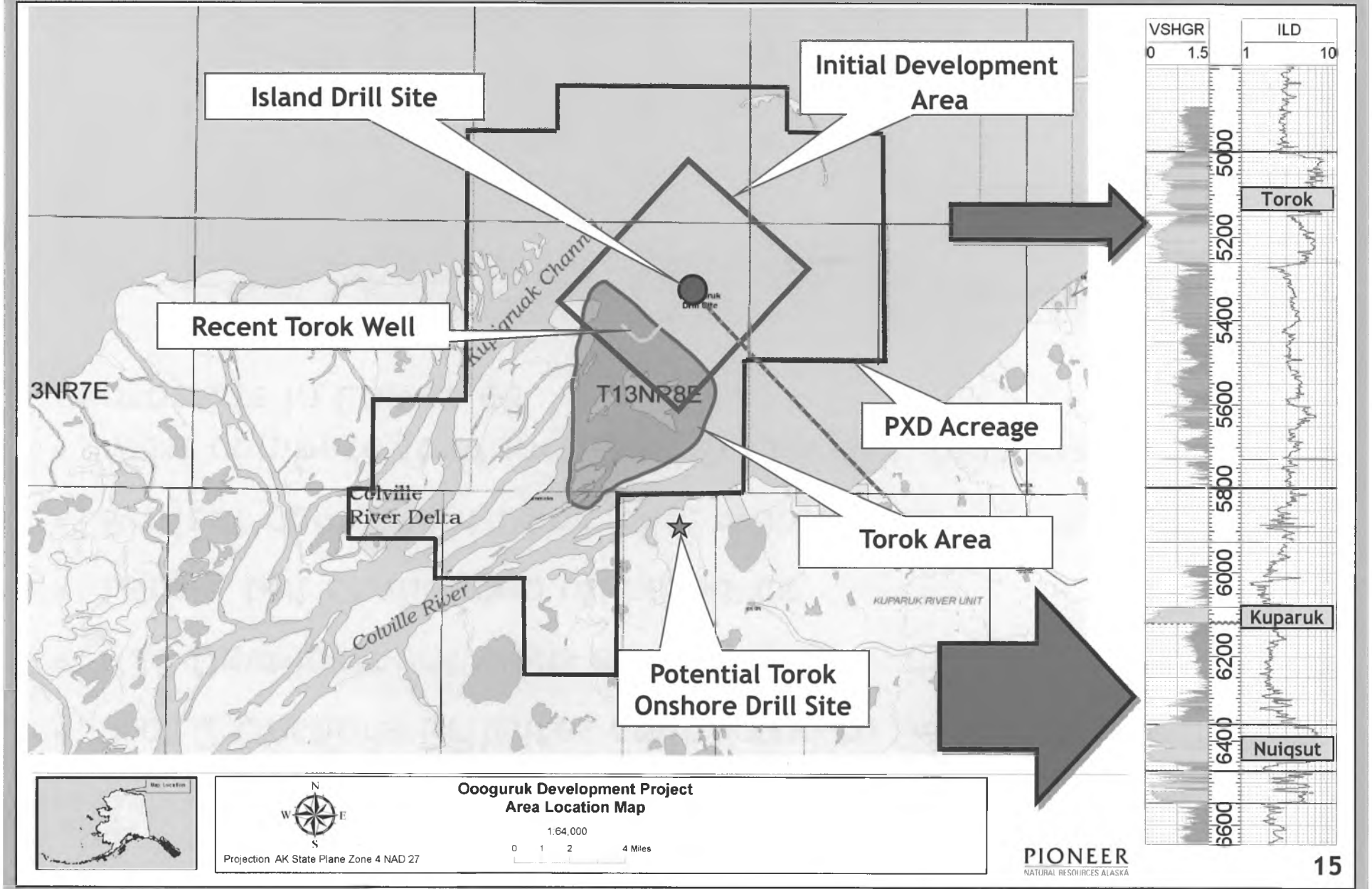
Alaska's Severance Tax

PIONEER
NATURAL RESOURCES

- **Pre 2007: ELF (Oooguruk Project Sanction)**
  - Low Rate Fields - No Severance Tax
- **2007: PPT (Oooguruk Construction)**
  - 20% Investment Tax Credit
  - 22.5% Net Profits Tax
  - No Progressivity
- **2008: ACES (Oooguruk First Production)**
  - 20% Investment Tax Credit
  - 25% Base Tax Rate
  - Aggressive Progressivity (not indexed)
  - Maximum Tax Rate 75%

What's Next? Oooguruk Expansion

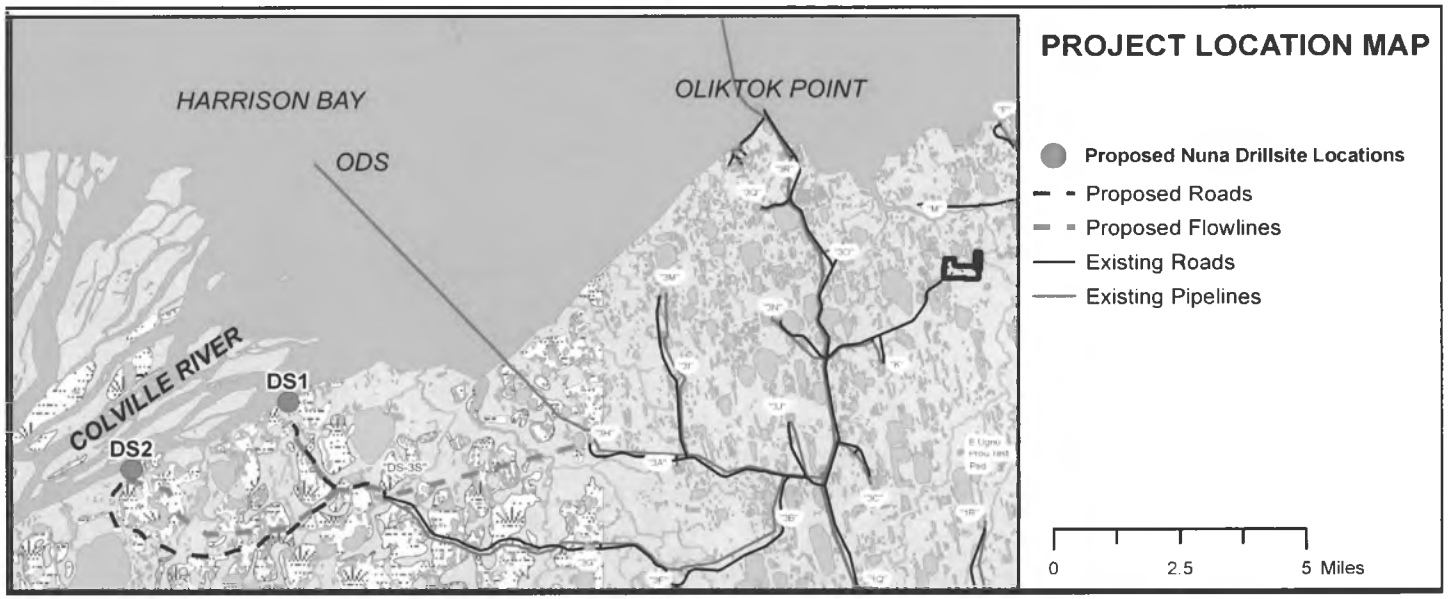
PIONEER
NATURAL RESOURCES



Expansion Project Scope

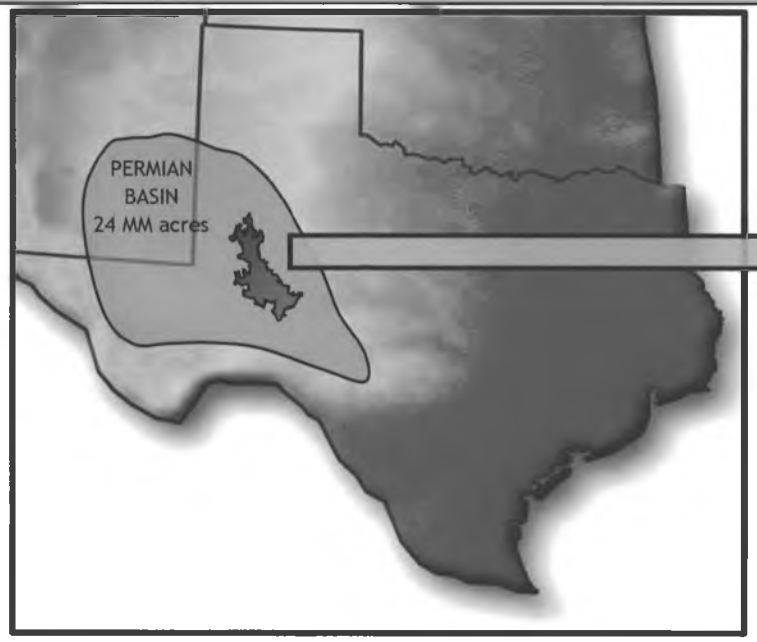
PIONEER NATURAL RESOURCES

- 1 or 2 Onshore Drillsites connected to Oooguruk Tie-In Pad
- ~25 Development wells envisioned
- Large, but challenged oil resource
- Project contingent upon pilot waterflood success
- Must compete for funding with low risk, high margin projects in Lower 48

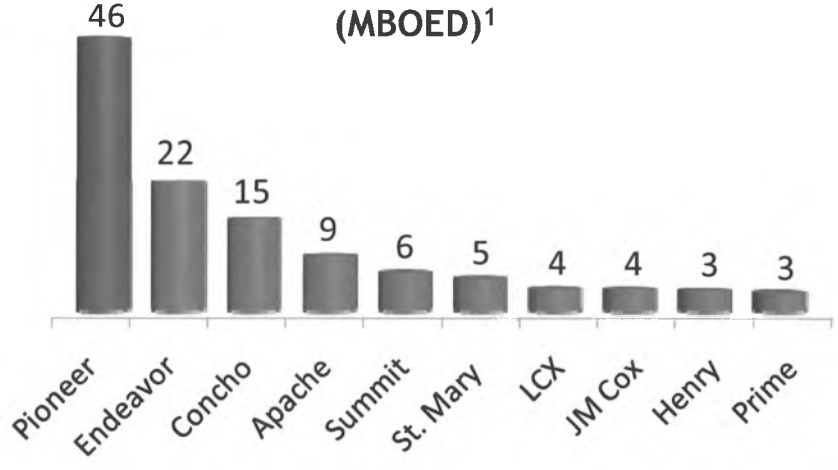


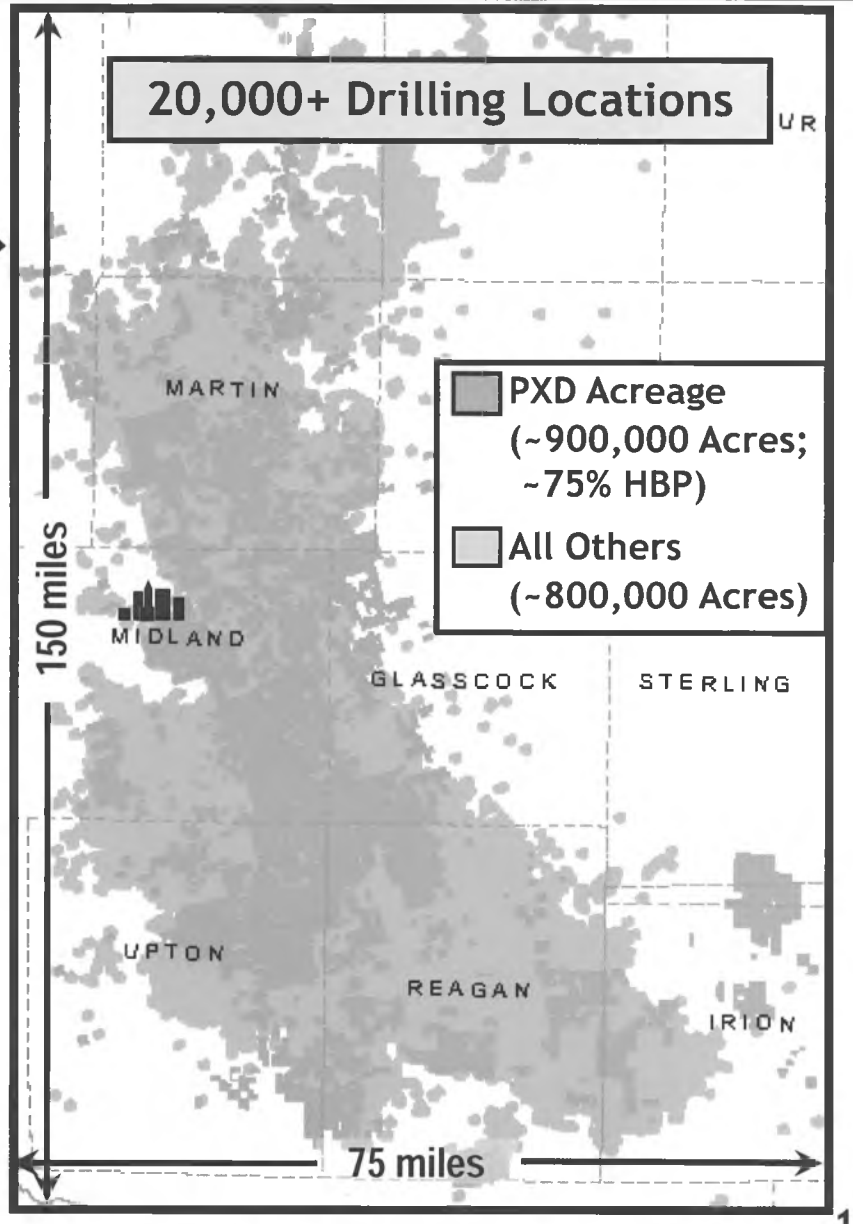
Competition - West Texas Spraberry Development

PIONEER
NATURAL RESOURCES



Spraberry Field Gross Production by Operator (MBOED)[1]





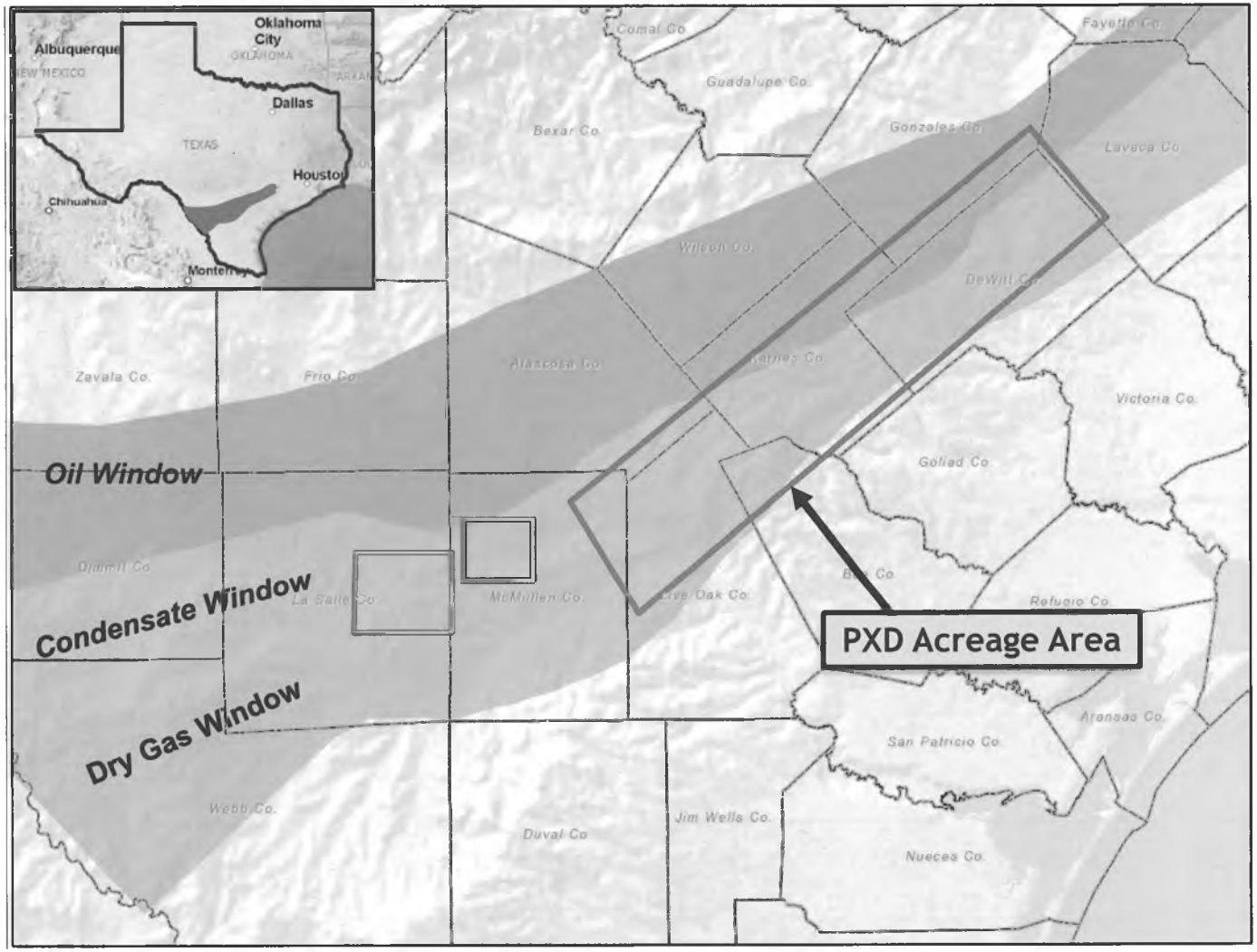
1) Based on 2009 data from Railroad Commission of Texas

Competition: Eagle Ford Shale Development

PIONEER NATURAL RESOURCES

- Gross resource potential of play: ~150 TCF[1]
- >100 rigs currently running in the play

Map source: PXD



1) Source: Tudor, Pickering, Holt & Co.

Current Alaska Scorecard

PIONEER NATURAL RESOURCES

Alaska Relative to Lower 48 Resource Plays:

- Resource

Resource Report Card	Alaska	Lower 48
Resource Potential		✓
Resource Competition	✓	
Geologic Risk		✓
Oil Bias	✓	
Regulatory Process Ease		✓
Land Acquisition	✓	

- Profitability

Profitability Report Card	Alaska	Lower 48
Cycle Times / Payback		✓
Execution Risk		✓ ✓
Capital Cost		✓
Operating Margins		✓

Closing Thoughts

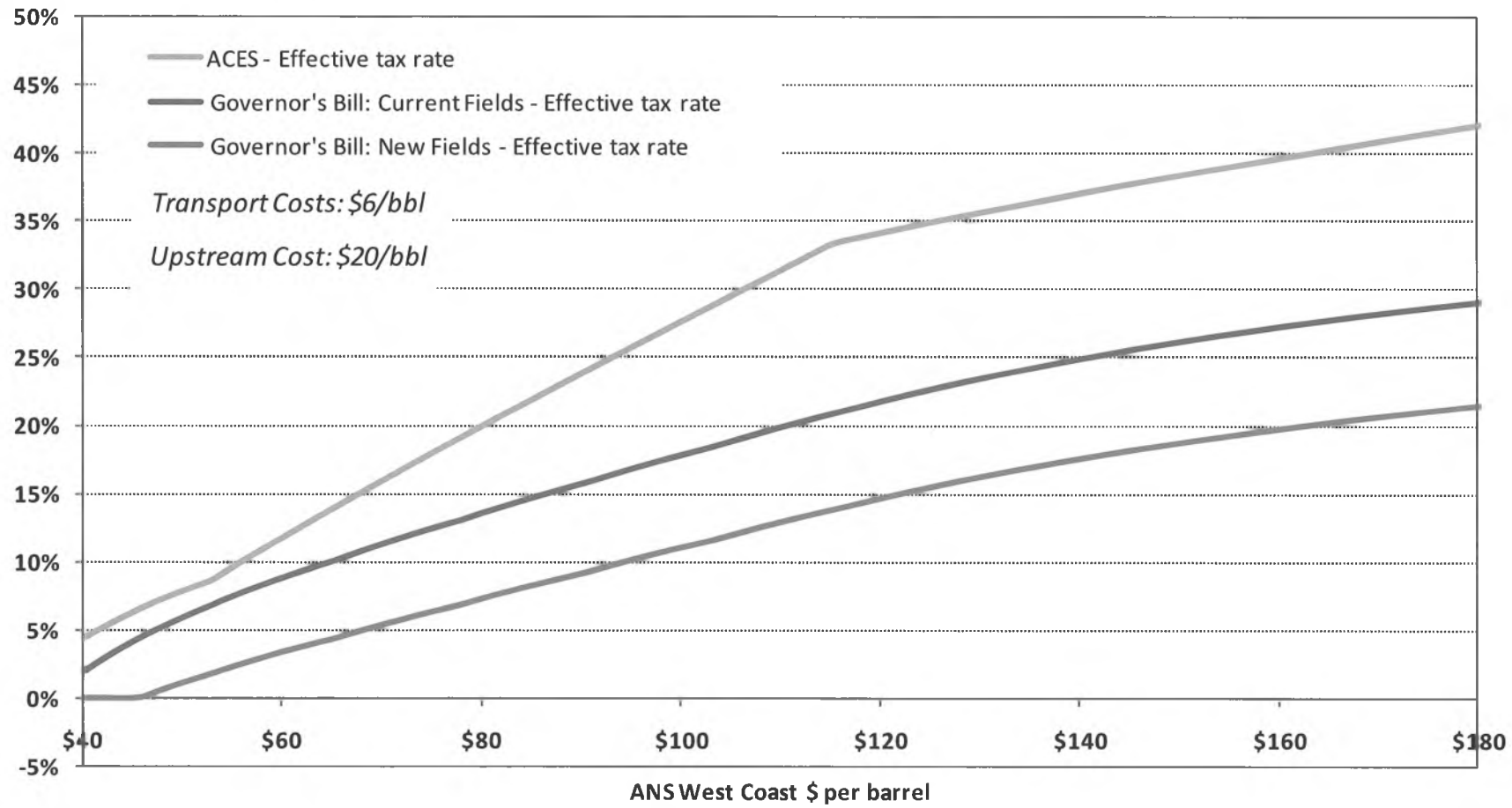
PIONEER
NATURAL RESOURCES

- **Pioneer is evaluating an Oooguruk expansion that must compete with L48 resource plays with:**
  - Large resource potential in Pioneer's back yard
  - Short project cycle times and high margins
  - Very favorable fiscal terms
  - Much lower capital cost
- **Oooguruk Expansion**
  - New project - new barrels in TAPS
  - Create ~500 construction jobs
  - Create ~100 development jobs



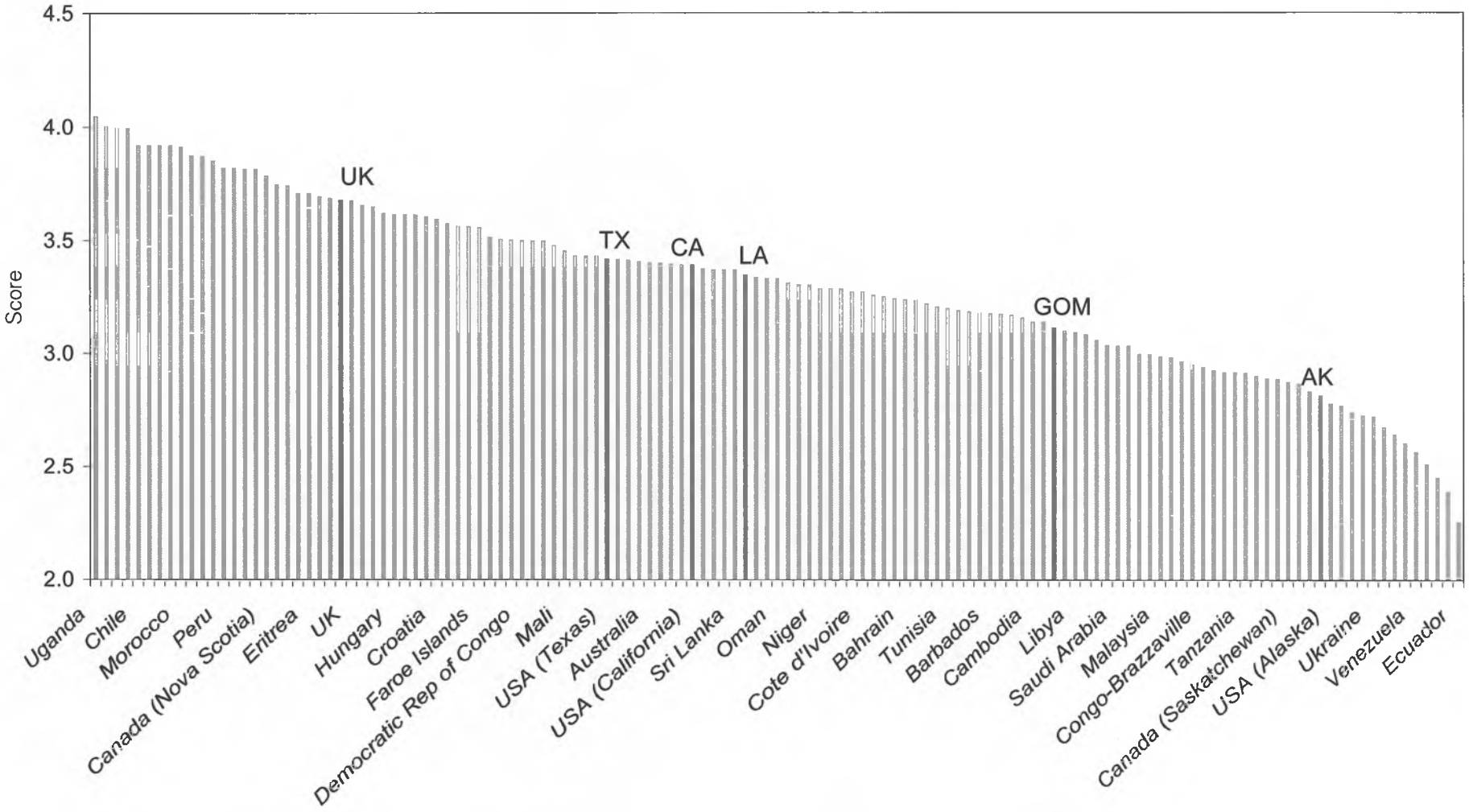
- **HB 110 will have a positive, material impact**
  - Increased investment credits for well related costs
  - Indexing of progressivity
  - Provide administrative certainty

Effective Tax Rates on Gross Current law and HB 110



House Resource Committee
BP Alaska Testimony- Claire Fitzpatrick, CFO
February 16, 2011

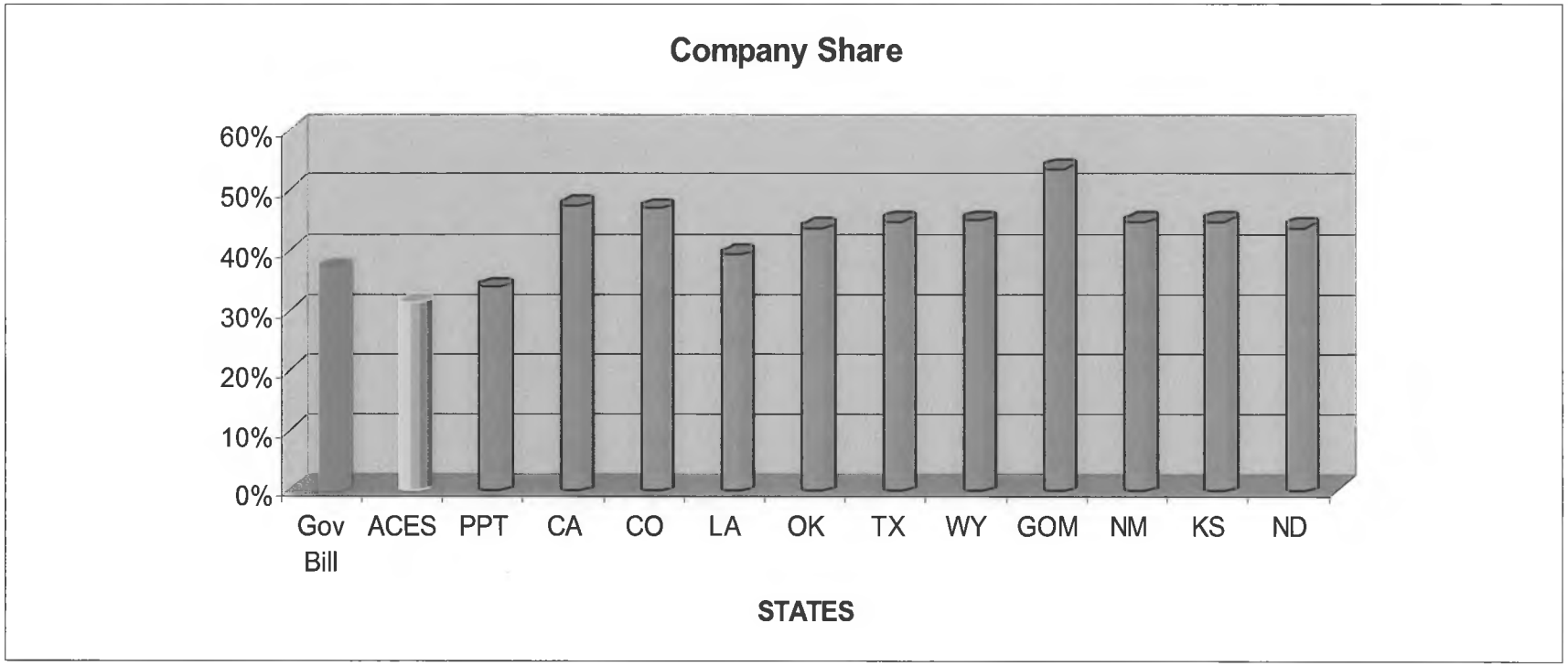
Alaska is uncompetitive



Alaska's fiscal terms rank 117 out of 129 when compared to other regions

Source: Wood Mackenzie Petroleum Fiscal index Report 2010

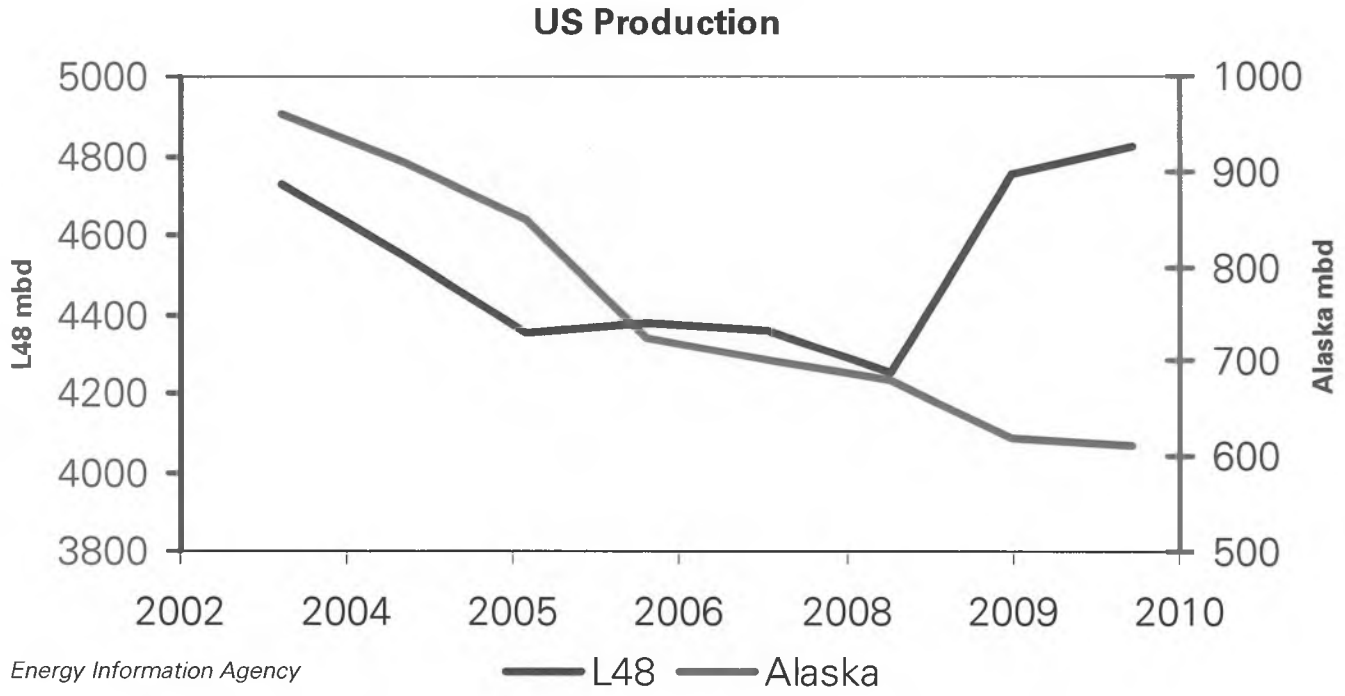
Alaska returns are uncompetitive



Source: BP Tax Department

- Companies make less in Alaska than elsewhere in the US.
- Its harder for Alaska to attract investment.

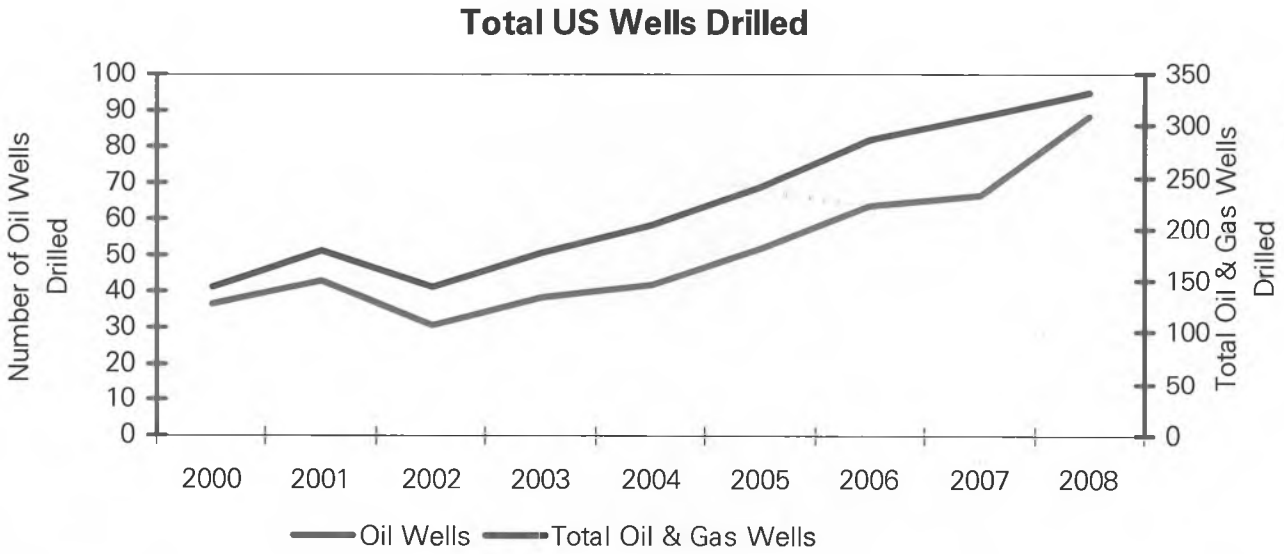
US production is growing; Alaska production isn't



Source: Energy Information Agency

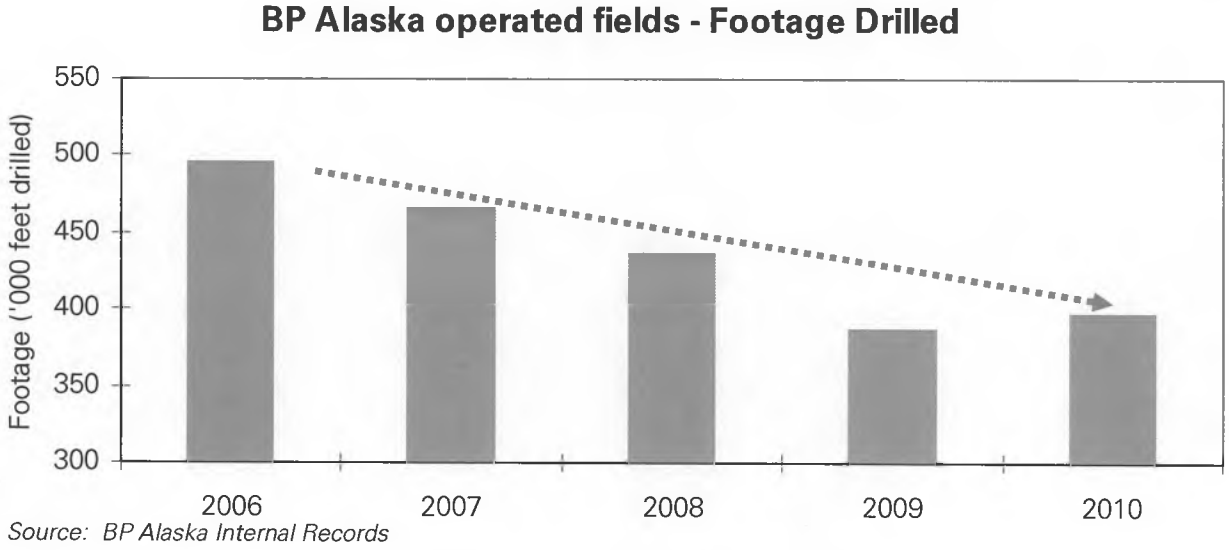
- Production in the Lower 48 has been increasing.
- Alaska production is in steady decline

Lower 48 activity is increasing; Alaska activity isn't



Source: Energy Information Agency

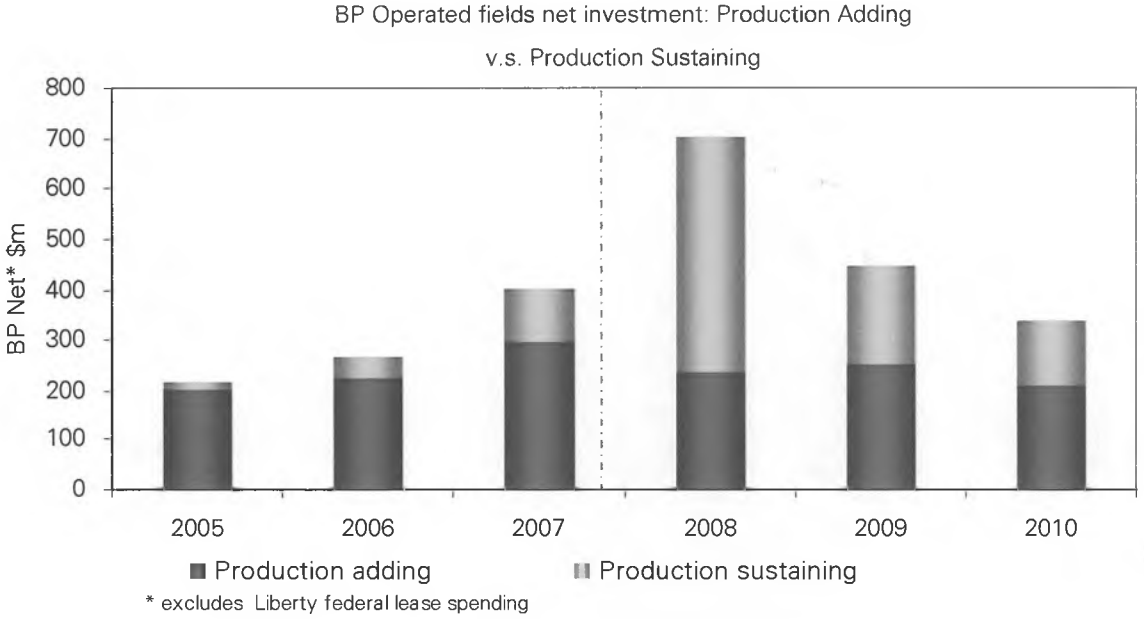
- Looking at footage Drilled, the Oil and Gas activity in the Lower 48 has been increasing over last few years.

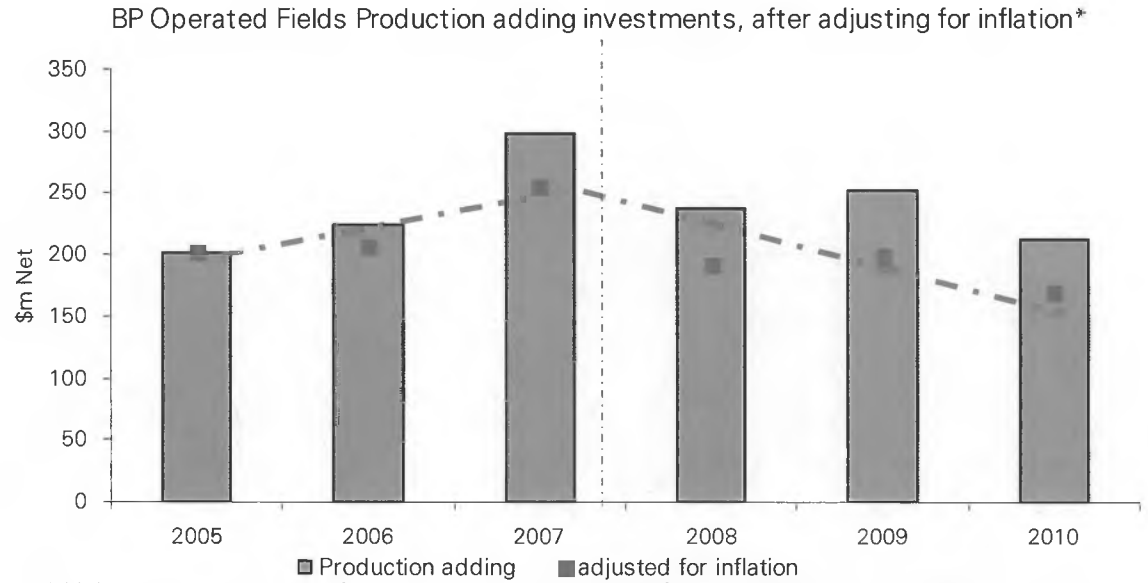


Source: BP Alaska Internal Records

- Footage Drilled by BP in its operated fields has been on a steady decline.

Less money being spent on new oil since ACES

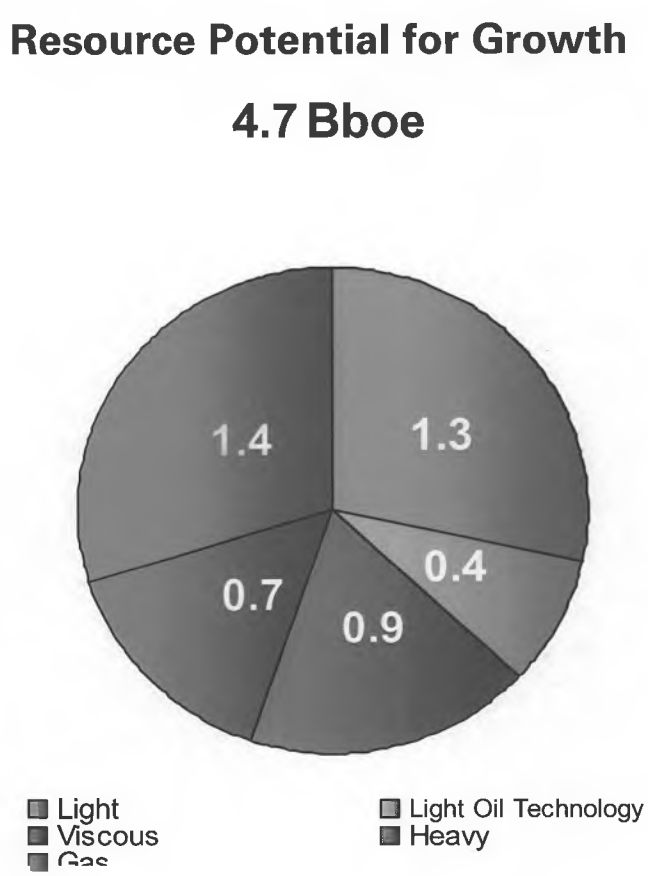




- Overall investments by BP Alaska have remained high
- Production adding activity spend has been flat to decreasing

Source: BP Alaska Data and US Department of Labor

Taxes have made Alaska uncompetitive in BP's portfolio



- What locations are attracting investment?
- BP list of 15 sanctioned large investment projects ($20bn net spend)
  - GOM (6)
  - Egypt (1)
  - North Sea (4)
  - Azerbaijan (1)
  - Canada (1)
  - North Africa (1)
  - Angola (1)
  - TNK BP (3)
- BP Alaska – no large projects

Governor's Bill (HB 110) – Necessary step in the right direction

- BP strongly supports this bill
  - Improves competitiveness and encourages investment

- What we like
  - Bracket structure for progressivity
    - ✓ Incentivizes investment
    - ✓ Rebalances risk reward
  - Additional credits for drilling investments
    - ✓ Incentivizes production adding investments
  - Reduction in statute of limitations and punitive interest rate
    - ✓ Increases certainty, removes unfair provision
  - Annual calculation of production tax rather than monthly
    - ✓ Matches costs with revenues and increases predictability

Increased investment = Alaskan jobs and production

- BP will re-evaluate the entire inventory of opportunities
  - Note: BP owns 26% of Prudhoe Bay - investments require other working interest owner approvals

- Opportunities that could become competitive if bill is passed:
  - Increased drilling, potentially adding another Rig in service
  - Increased wellwork
  - Gas Partial Processing /I - PAD
  - Evaluate 'at scale' development viscous opportunities
  - Increased R&D spending to develop heavy oil

- The sooner the bill takes affect, the sooner increased activity can happen

House Resources
HB110

ConocoPhillips Alaska
Wendy King – VP, External Affairs

February 16, 2011

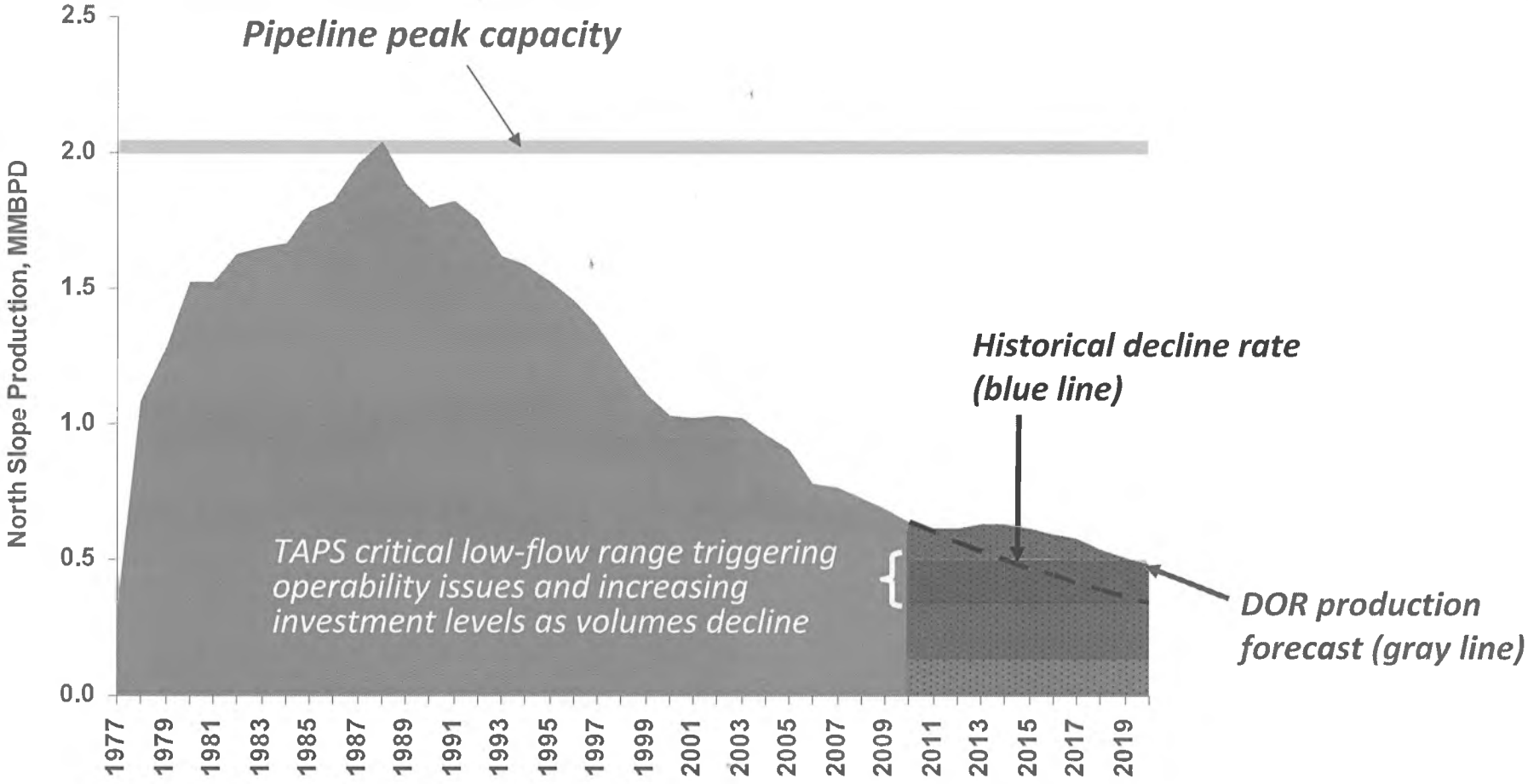


Impact of HB 110

Governor's Objectives	ConocoPhillips' View
• Be More Competitive	✓
• Create More jobs for Alaskans	✓
• Increase Production	✓

Source: DOR Presentation to House Resources, February 11, 2011

TAPS Future Relies on New Production

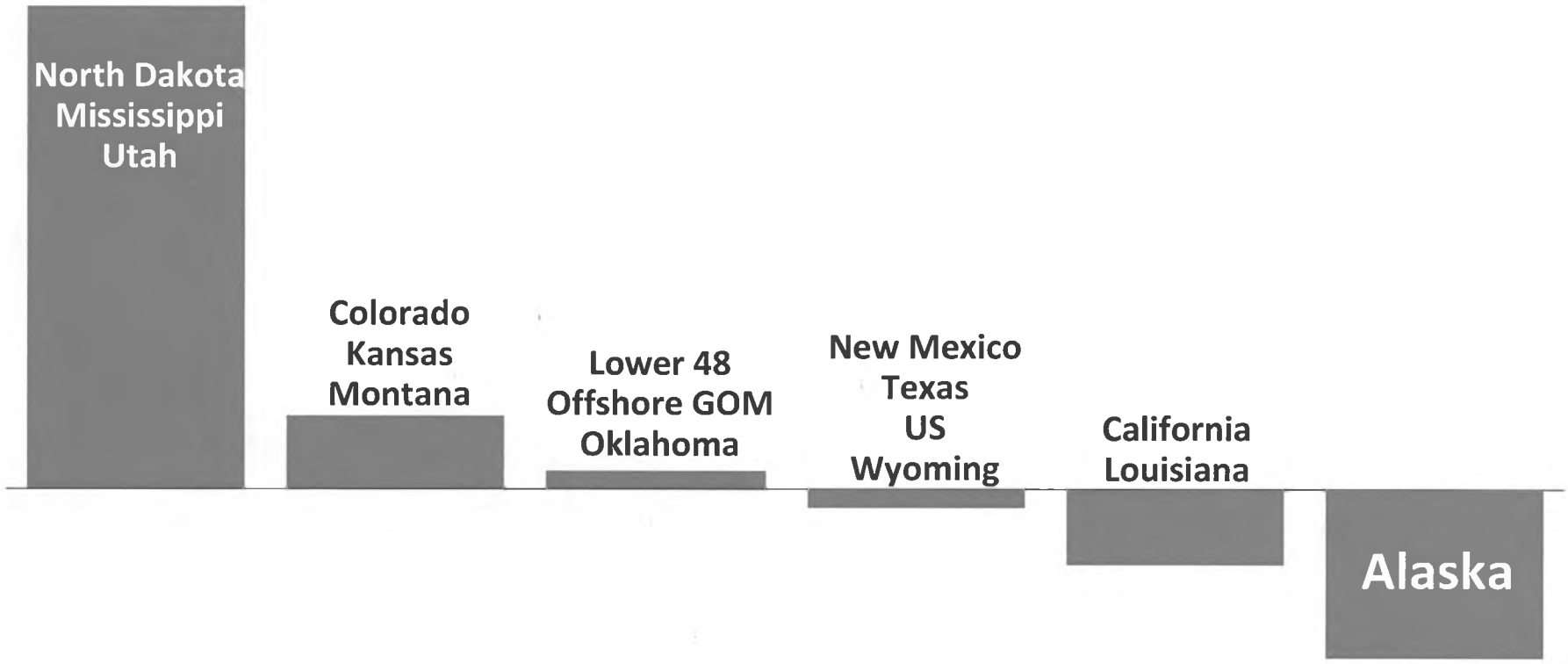


Stimulating production investment key to TAPS future

Source: Alaska Department of Natural Resources Annual Report
TAPS low flow impact study presentation – March 9, 2010

ConocoPhillips

U.S. Production Changes Since 2003

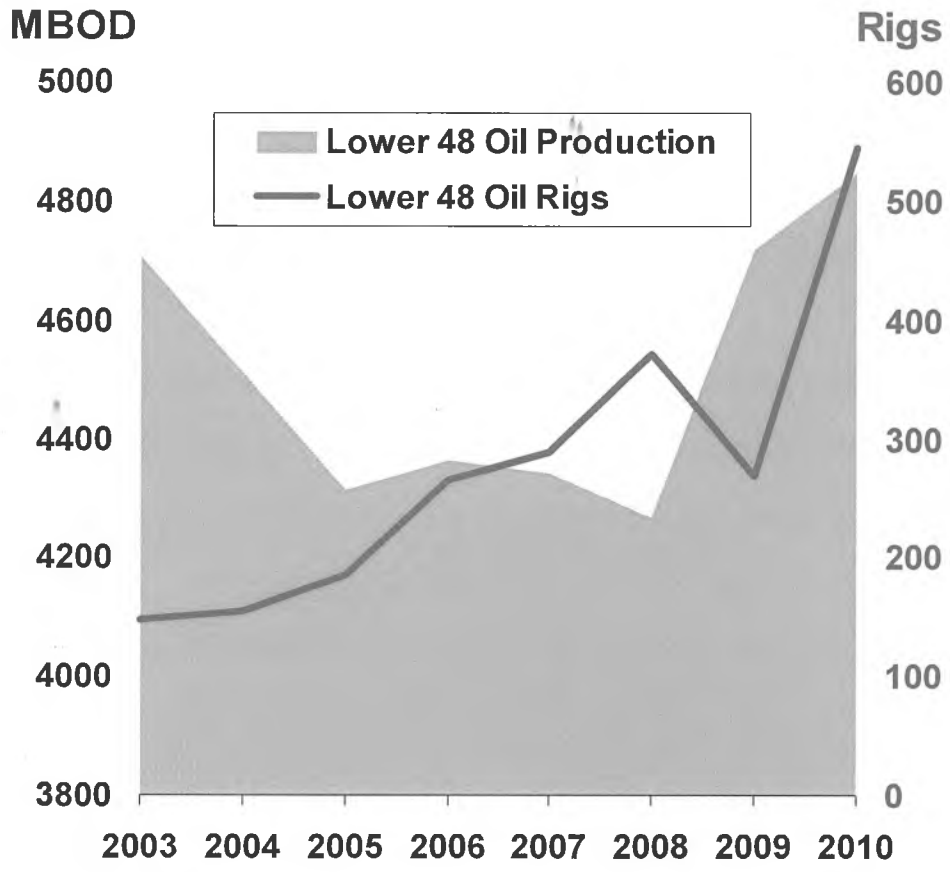


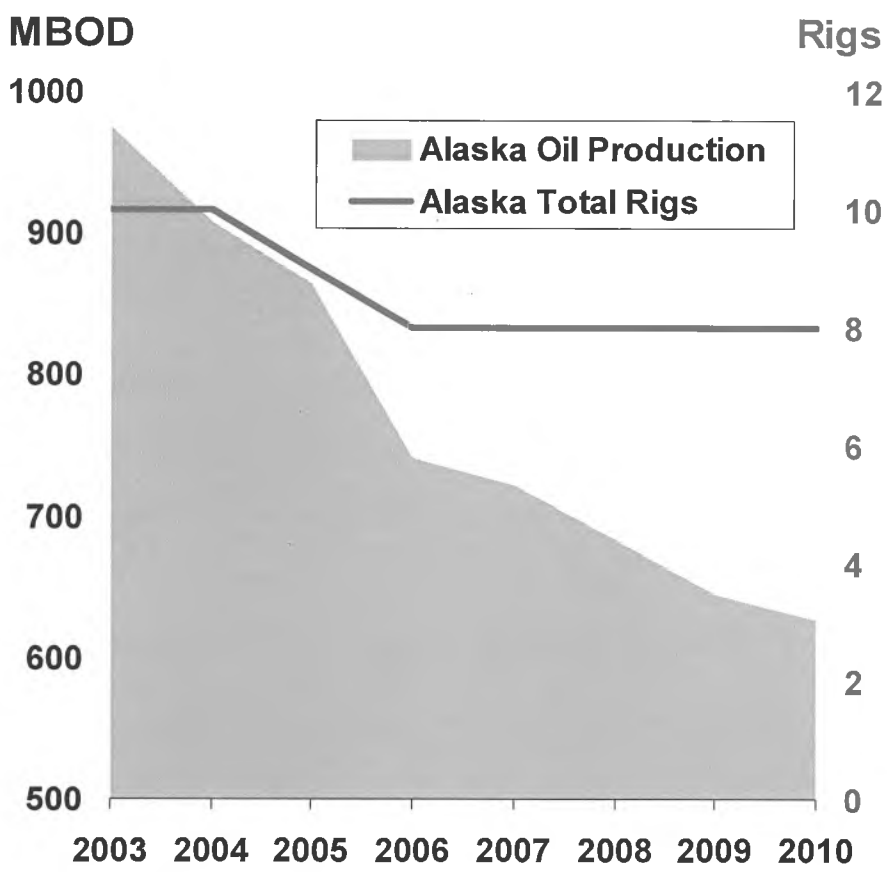
Alaska lags other states despite high prices

Source: Energy Information Administration
Regions with minimum 50,000 bopd production

ConocoPhillips

Rising L48 Rig Count Stems Oil Decline



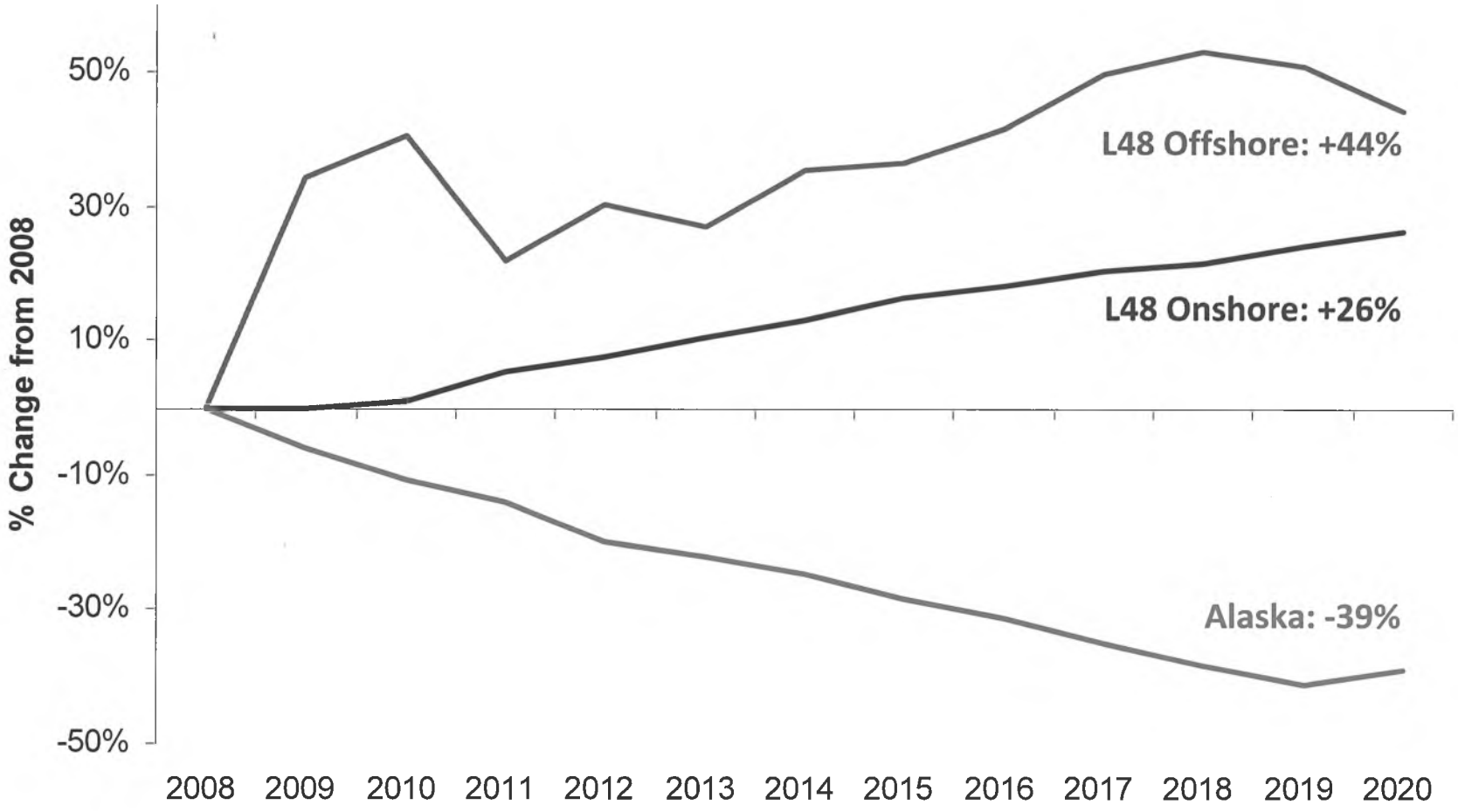


Increased production follows increased drilling

Source: Energy Information Administration & Baker Hughes

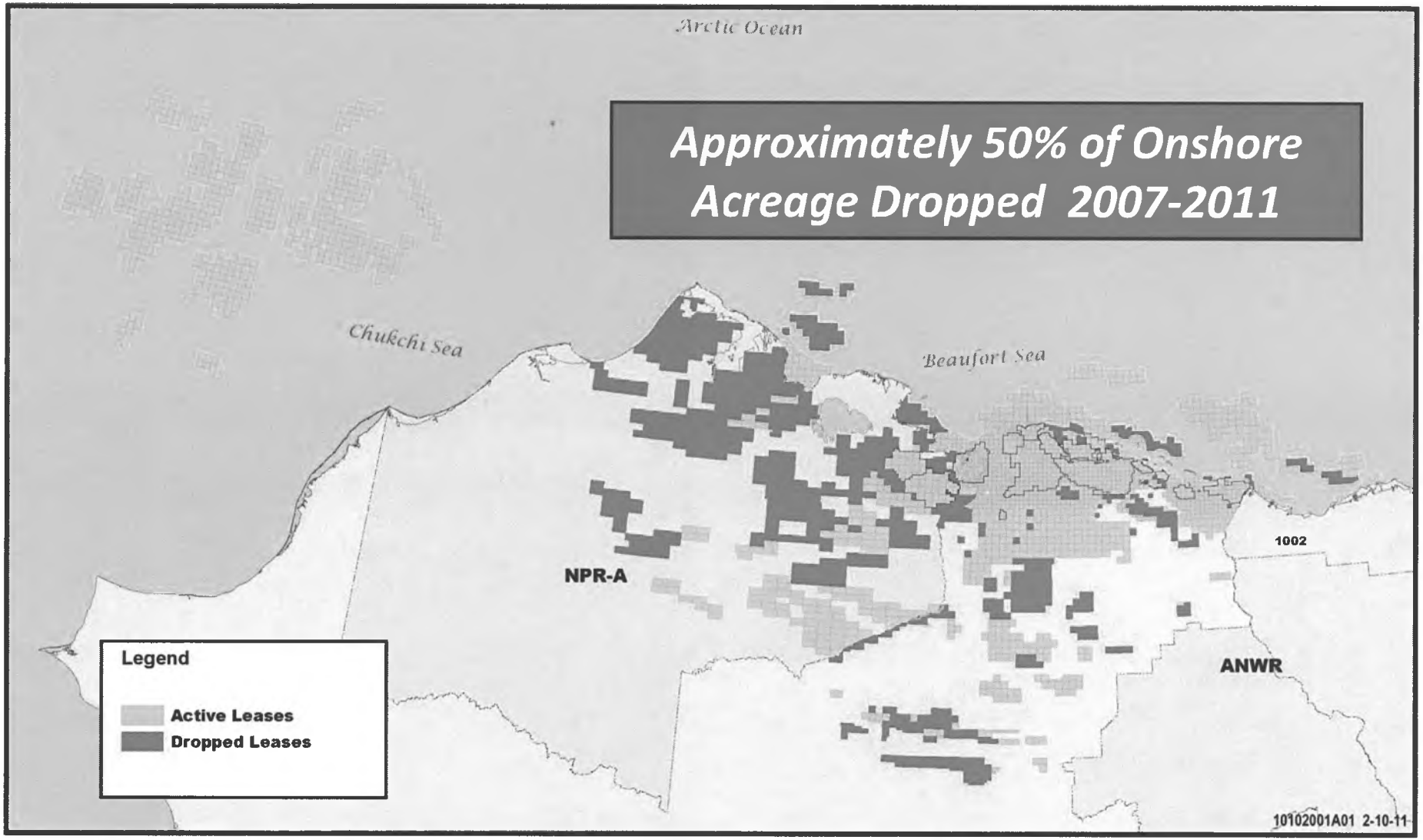
ConocoPhillips

United States Oil Production Forecast



Source: Energy Information Administration, AEO2011 Reference Case

Alaska Industry Acreage Reduction

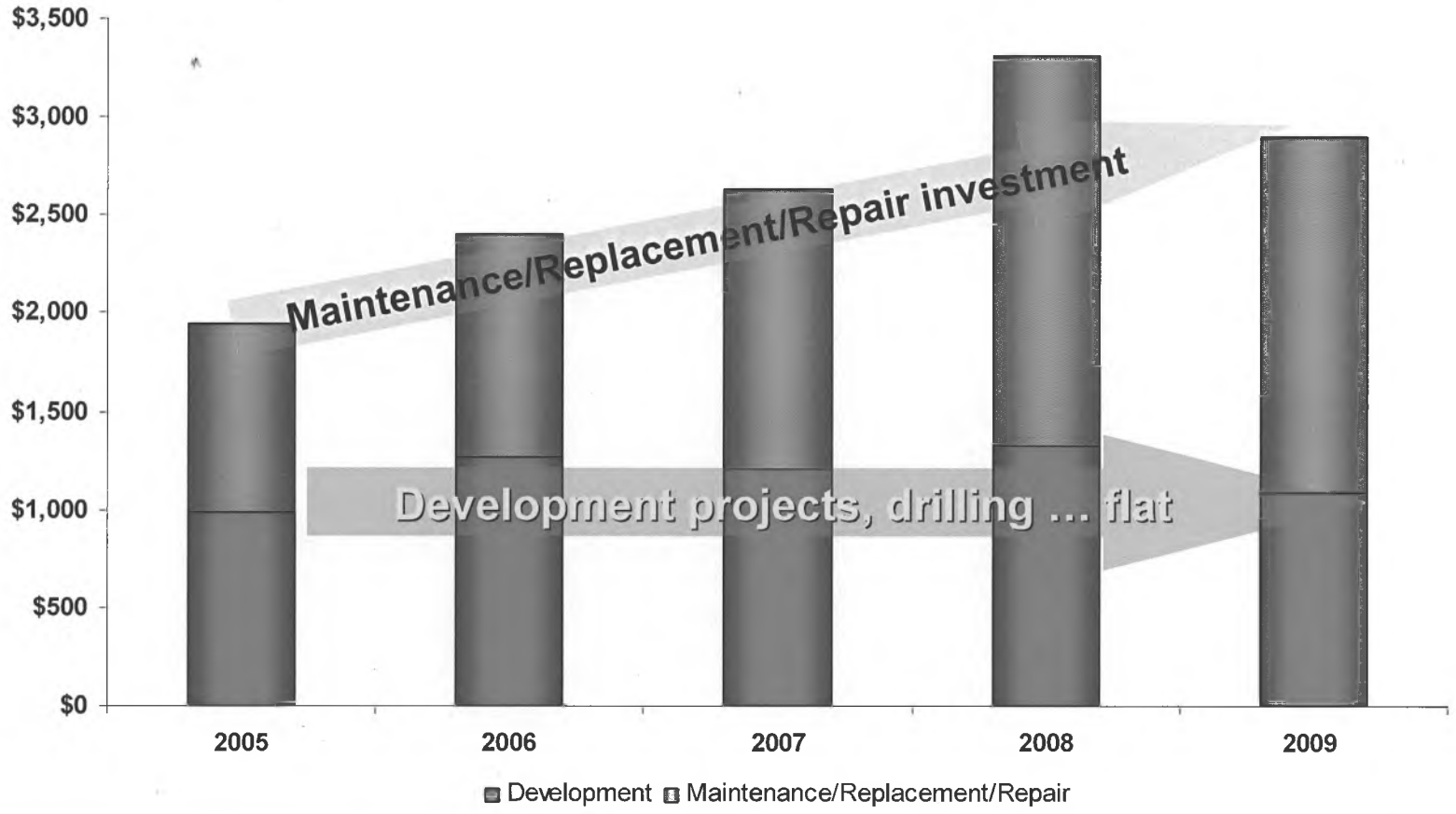


Source: COP analysis of publicly available data

ConocoPhillips

Core Field Investments Extend Field Life

Prudhoe, Kuparuk, Alpine (Core fields) gross investments include capital/operating expense, $MM



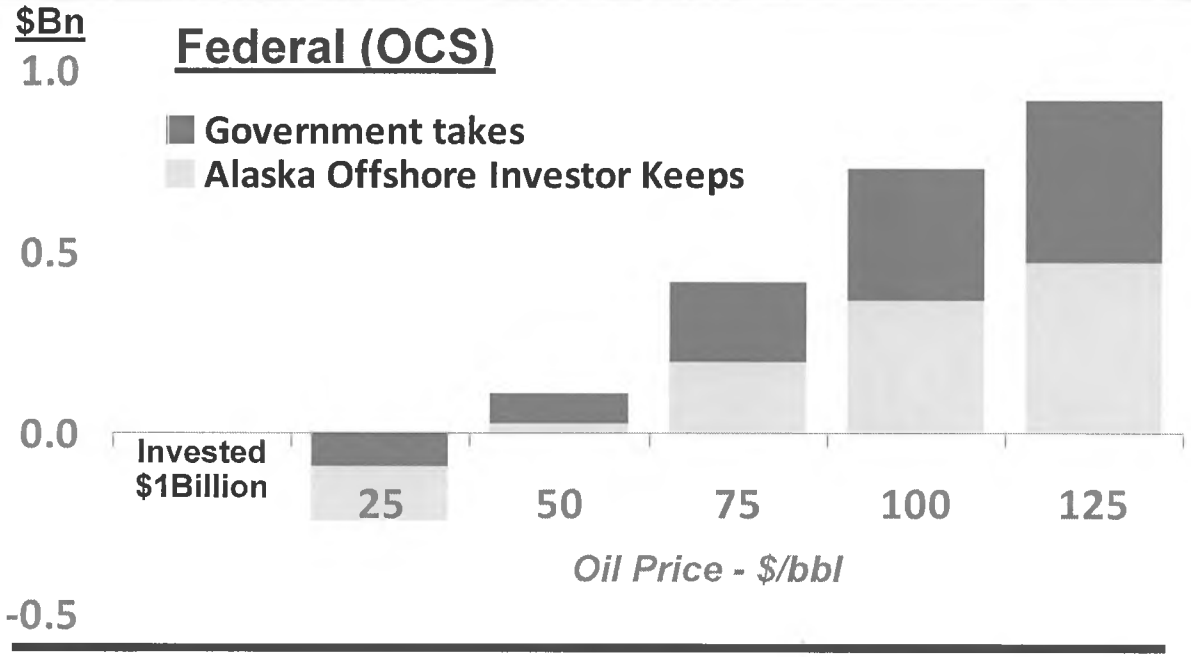
Maintenance investment essential to extending field life

Source: ConocoPhillips internal

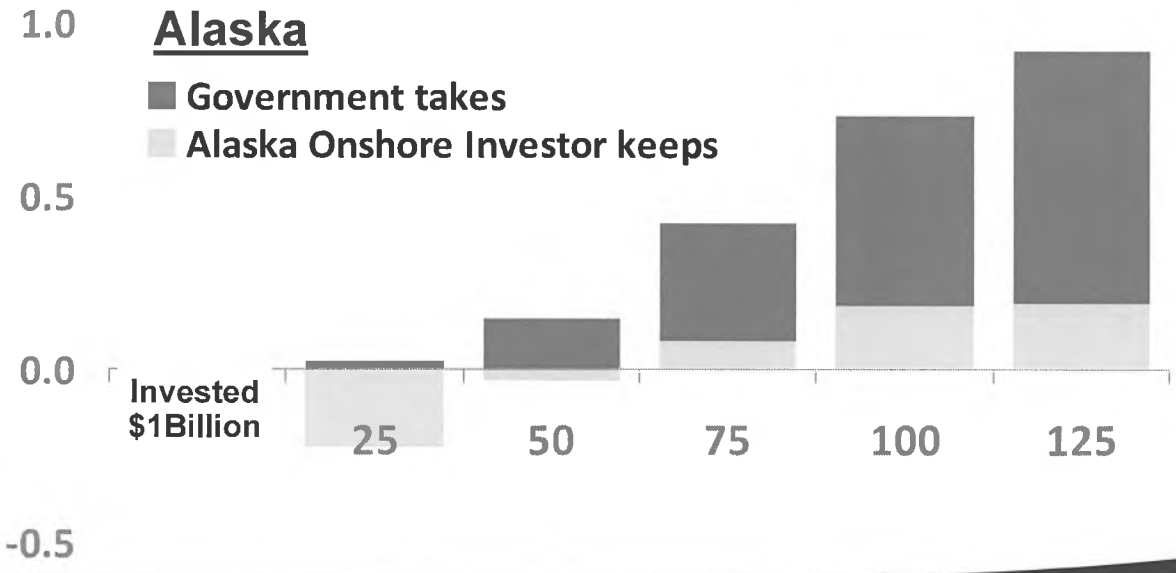
ConocoPhillips

Impact of Progressivity

Example – $1Billion capital investment



- **Adequate returns in success case justify up front investment risk**

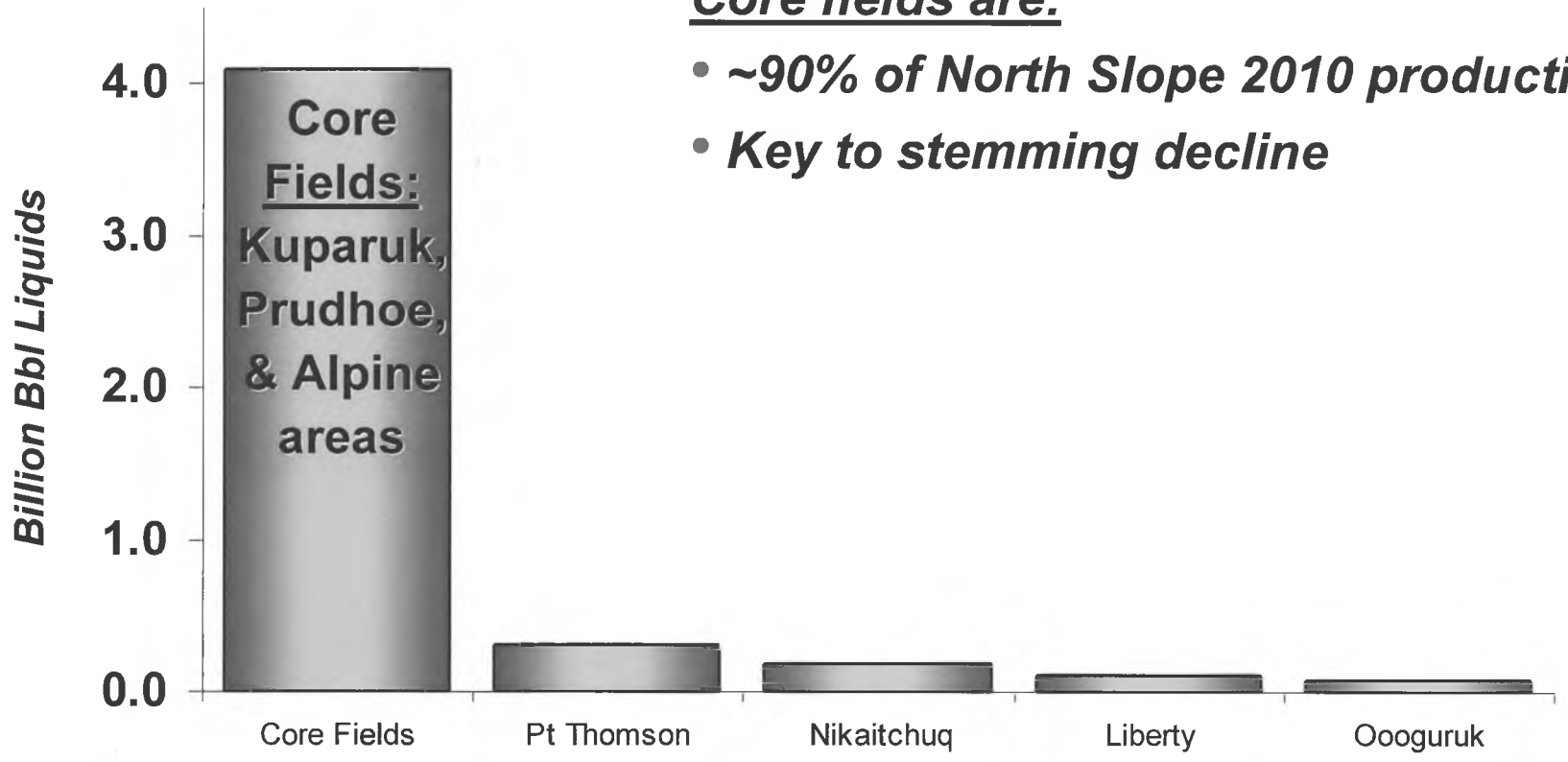


- **Alaska onshore fiscal terms: Risk / reward is out of balance**

Discounted cash flow

ConocoPhillips

North Slope Remaining Barrels



Core fields are:

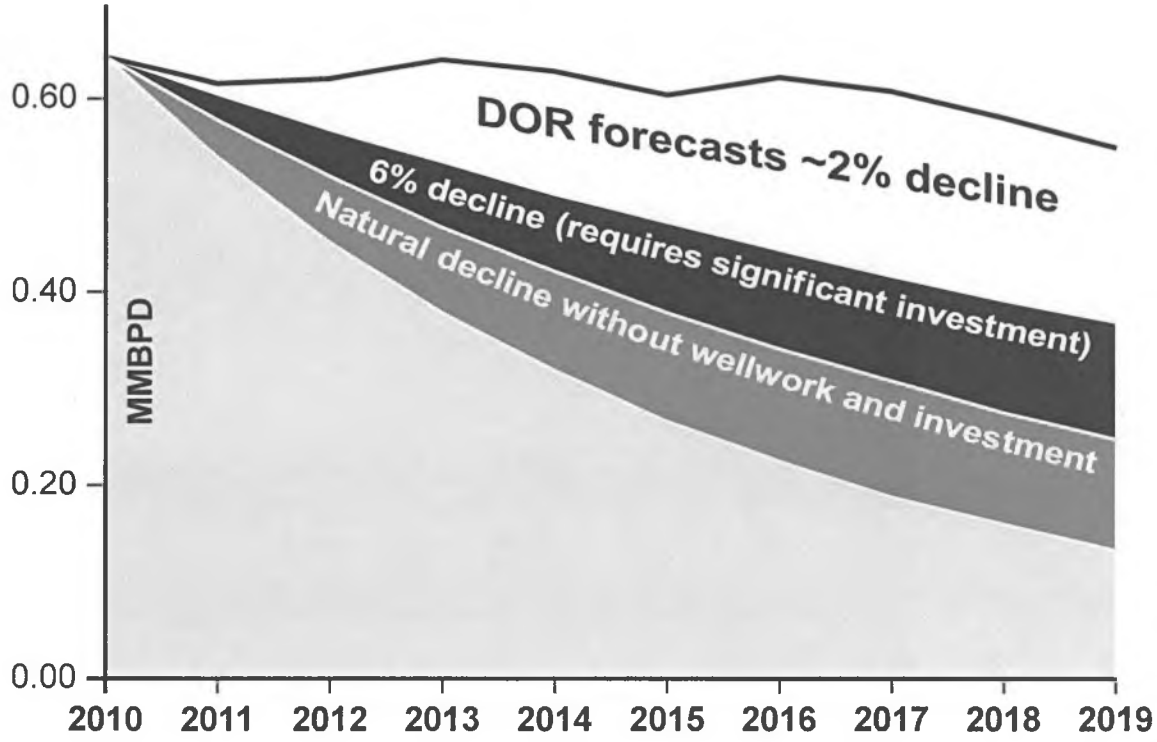
- ***~90% of North Slope 2010 production***
- ***Key to stemming decline***

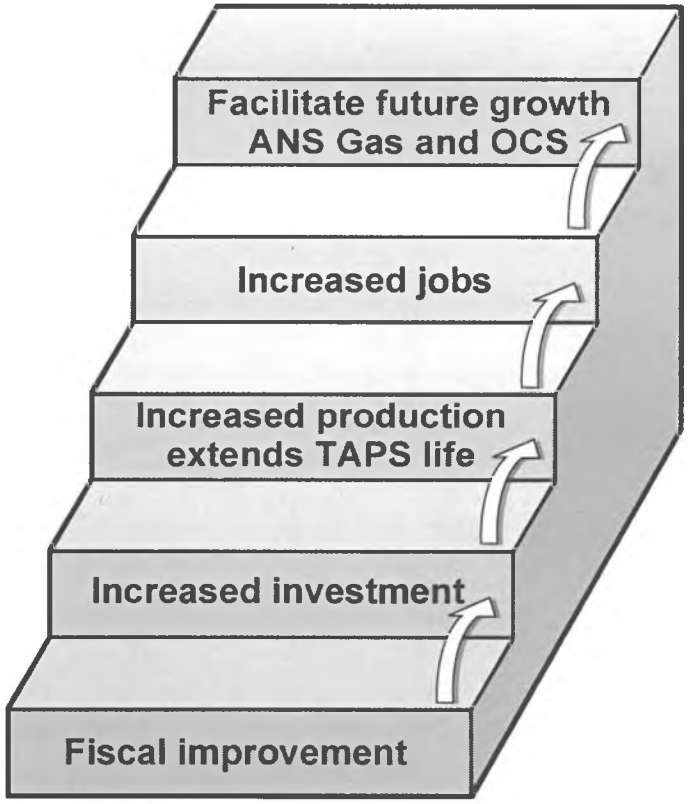
Core fields are dominant source of state production

Source: DOR 2009 production forecast 2010 – 2050 volumes

ConocoPhillips

Alaska's "Bridge" to Growth Projects





Future production dependent upon investment

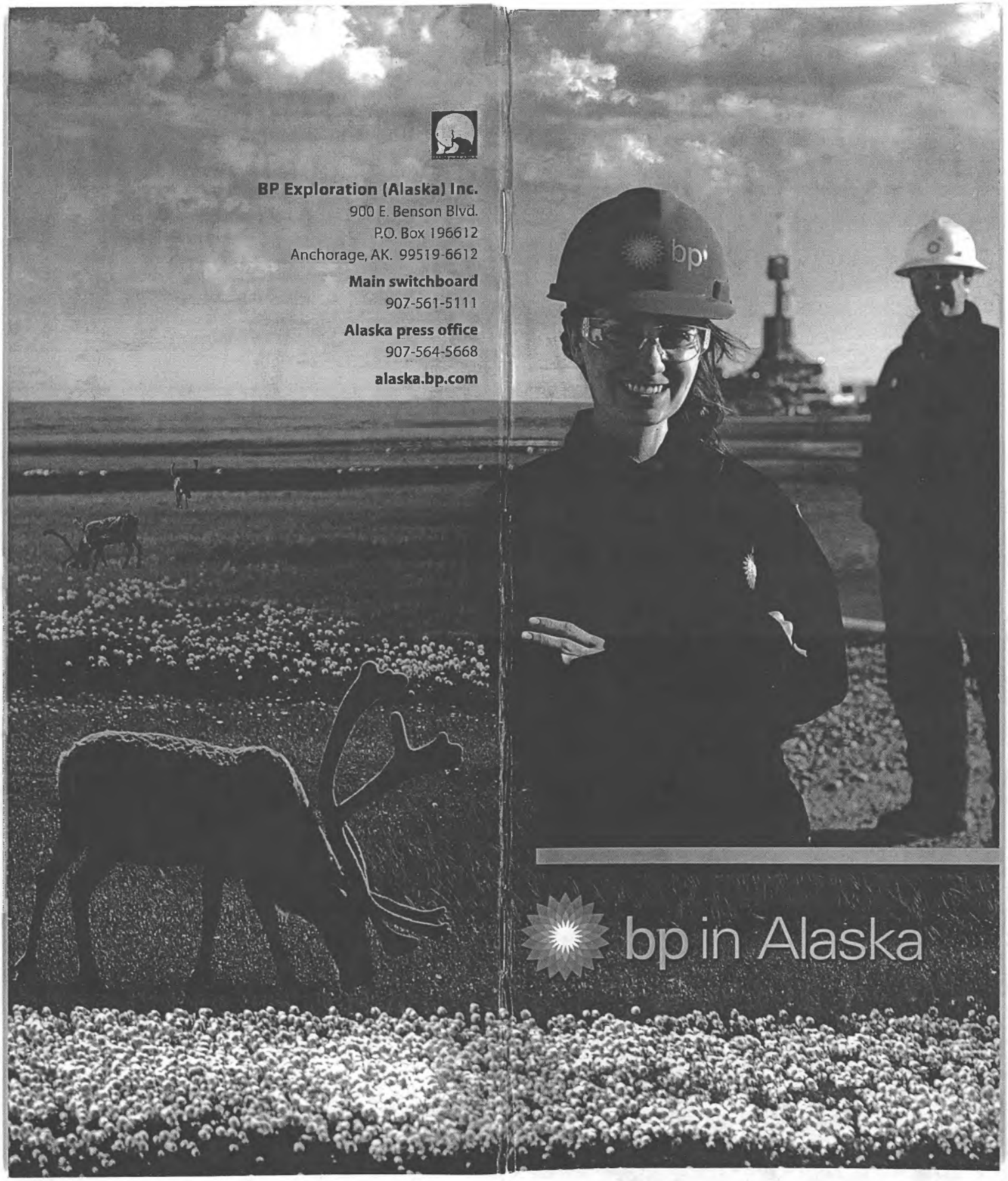
Sources: DOR North Slope production forecast and extrapolation of DOR expenditures forecast
ConocoPhillips estimates for base decline rate

ConocoPhillips

ConocoPhillips Supports HB110

- **Existing Units**
  - Bracketing Progressivity is critical component
  - Moves Alaska toward a more balanced risk/reward environment
  - Incentivizes investment in core fields and existing units
  - Supports longer term projects / longer term investment
- **Improved Well Credits**
  - Incentivizes well related activity
  - Increased drilling/workovers provide additional short-term jobs
  - Support language being clarified to include workovers
- **Administrative Improvements**
  - Audit period to 4 years – provides improved tax payment predictability
  - Interest – eliminates punitive rate for good faith tax filings
  - Monthly vs. annual progressivity – improves alignment on cost and revenue calculations
- **Effective Date**
  - COP believes effective dates should be accelerated by 1 year

HB110 Improves Alaska Investment Climate



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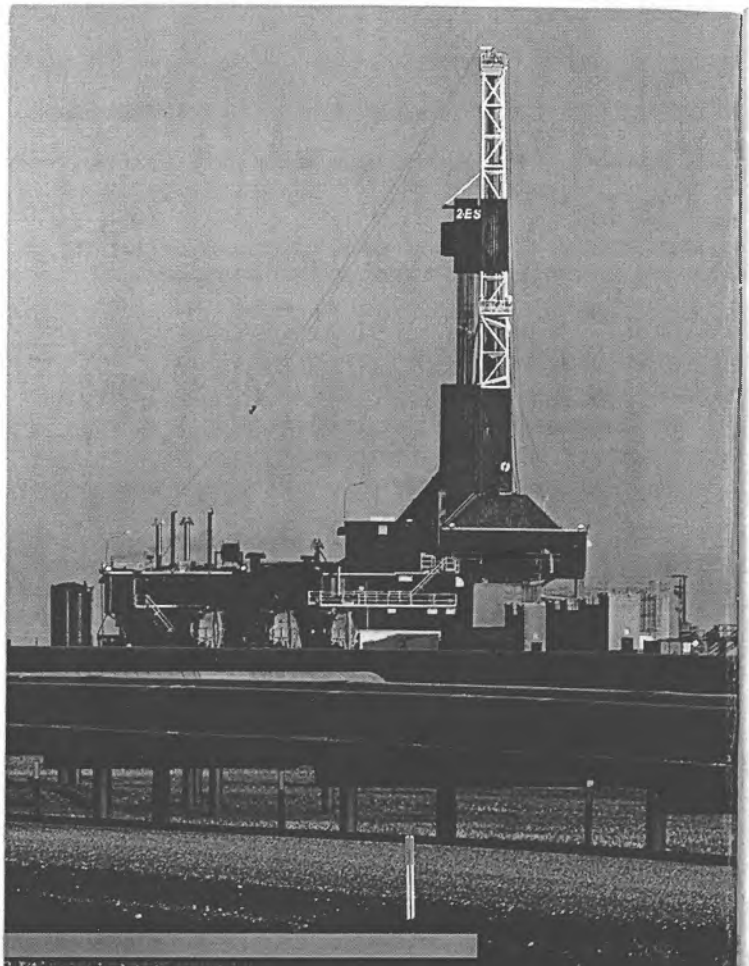

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About us

BP opened its first office in Alaska in 1959 and today operates 15 North Slope oil fields and four North Slope pipelines. It also owns a significant interest in six other producing fields and in the Trans Alaska Pipeline System (TAPS). BP Exploration Alaska is an upstream strategic performance unit of the BP Group. Globally BP ranks among the 10 largest oil companies and is the fourth largest corporation. The Alaska business is a key part of BP, and the second largest resource base for BP worldwide. Alaska North Slope gas represents the largest known, undeveloped gas resource in BP's global portfolio.

2008 Statistics

Employees
2,000
(81% Alaska residents)

Capital investment
Net capex: $1.1 billion

Operating budget
$1.3 billion

Net production rate
204,300 barrels of oil equivalent per day

Gross production rate for all BP operated fields
471,000 barrels of oil equivalent per day

North Slope wells spudded
91 wells (72 BP operated)

Taxes and royalties
$3,981 billion total payments

Community investment
$10 million+

This publication of "BP in Alaska" fact book printed July 2009. All 2008 statistical data is based on full calendar year, unless otherwise noted.

For more information go to
http://alaska.bp.com

PRESIDENT'S MESSAGE



John Mingé

The same year Alaska became the 49th state, BP opened its first Alaska office, marking the beginning of a long, successful relationship. Over the years, Alaska and BP have shared a pioneering spirit. The challenges we face today may be different from 50 years ago, but at BP we are still focused on a productive future.

Even in today's difficult economy, BP has a long-term strategy in Alaska. The elements of our plans include: using new technologies to explore for Alaska's immense known resources; renewing North Slope infrastructure; reinforcing our commitment to safe and sustainable operations; and commercializing the Alaska natural gas resource.

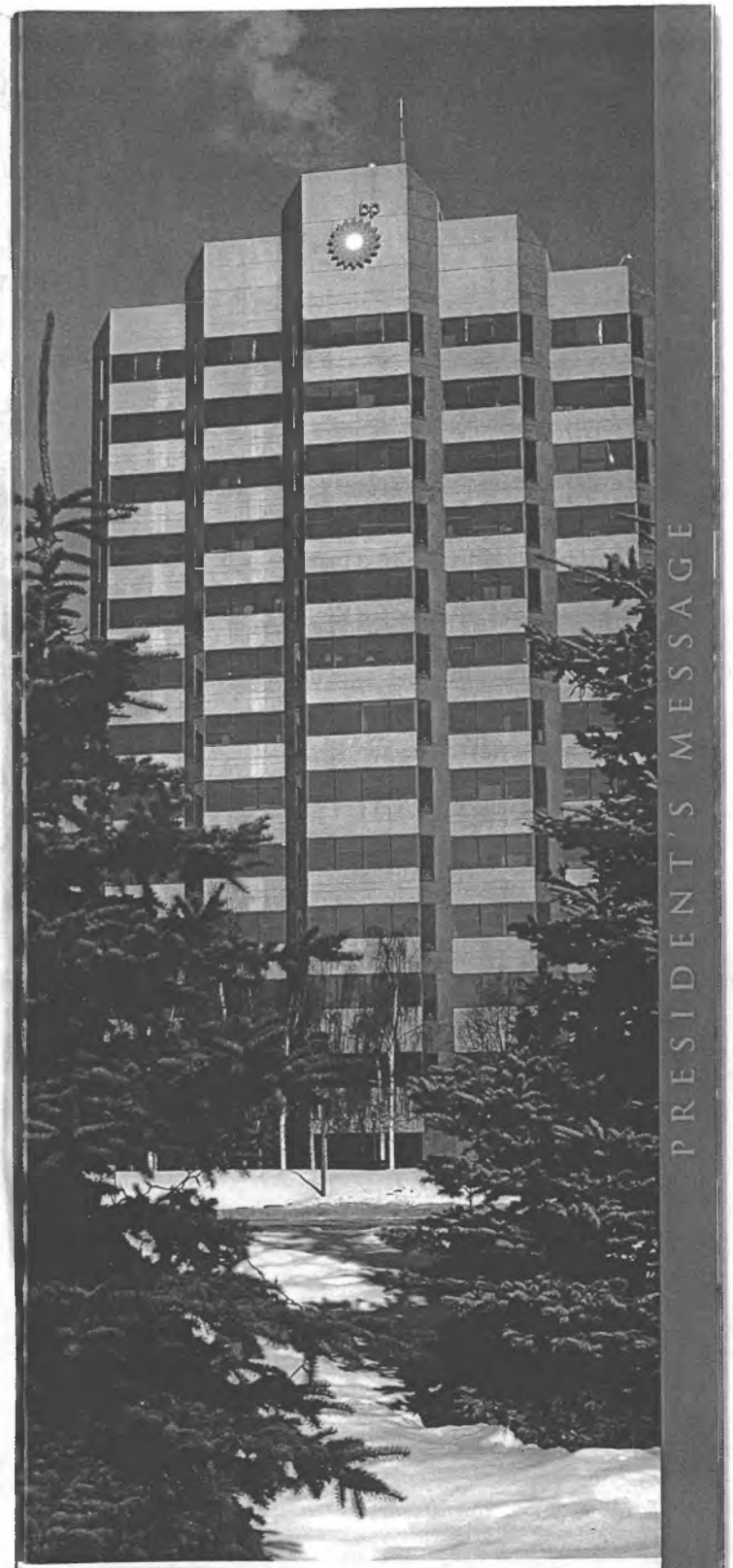
Ultimately, a large part of planning for tomorrow also includes training Alaskans to fill jobs not just today, but long into the future. BP supports Alaska hire and training programs through the University of Alaska and actively recruits interns and graduates from the Alaska Native Science and Engineering Program (ANSEP) and the Alaska Process Industries Careers Consortium (APICC).

The success of technically challenging projects like heavy oil development, the Liberty ultra-extended reach wells, and Denali - The Alaska Gas Pipeline will provide more opportunities for future generations of Alaskans.

Our objective is to build on the accomplishments of BP in Alaska and deliver a long-term, sustainable business here. This BP in Alaska brochure provides an overview of our plans, operations and production.

Sincerely,

John Mingé
President
BP Exploration (Alaska) Inc.



1959 BP opens Alaska office and acquires federal leases.

1964 BP acquires its first tracts in Prudhoe Bay area in state lease sales.

1969 BP confirms 1968 Prudhoe Bay field discovery with Put River No. 1 well.

COMMUNITY SUPPORT

BP is one of the largest private sector investors in Alaska, and our investments extend beyond our business to the communities where we operate and where our employees and their families live.

In 2008, BP contributed more than $10 million to support more than 200 nonprofit and educational organizations and programs in Alaska. BP also supports many education and workforce development programs, and provides 25 four-year scholarships annually to graduating Alaska high school seniors. In addition, BP has recognized more than 450 outstanding educators through the Teachers of Excellence program.

BP's Alaska employees also support more than 700 community and education organizations in 40 Alaska communities though the BP Fabric of America program. Under the program BP's employees are able to designate a $500 contribution from BP America to the charity of their choice.

In addition employees support 150 youth team programs across the state. In 2008, BP Alaska employees contributed more than $500,000 to United Way and other community and education organizations. They also contributed thousands of volunteer hours. The company matches employee donations, volunteer hours and fund raising efforts.



BP employees supported more than 700 community and education programs in 40 Alaska communities.



BP's innovative Energy Center opened in 2002.

BP ENERGY CENTER

The BP Energy Center was built to support the community. This facility is a training, meeting and conference center and is available without charge to nonprofits and education organizations from throughout Alaska. Since opening in 2002, more than 100,000 visitors have passed through the center.

BP has recognized more than 450 Alaska educators through the BP Teachers of Excellence program. Christine Villano teaches first grade at Denali Elementary School and was the 2008 BP Teacher of the Year in Fairbanks.



1969 BP Alaska begins Prudhoe Bay field development.

1970 BP enters agreement with Sohio and transfers its Prudhoe Bay leases in exchange for equity interest in Sohio.

1973 Congress approves the Trans Alaska Pipeline Authorization Act.

1974 Trans Alaska Pipeline construction begins.

EXPLORING THROUGH TECHNOLOGY

Today...

BP changed its focus several years ago from wildcat exploration to concentrate on exploring new ways to develop the vast North Slope resources that have already been discovered, but are not yet fully developed. It's been a good decision and we've had success adding production from heavy oil and smaller, technically challenging fields. BP is exploring technologies to unlock more barrels on Alaska's North Slope. These technologies include innovative drilling techniques, using carbon dioxide, low salinity flooding, and even bacteria. Alaska's North Slope has an extreme and challenging environment, from its unique and sensitive habitats to the Arctic weather. Yet it is also a place of incredible opportunities.

Tomorrow...

HEAVY OIL DEVELOPMENT

BP is testing new heavy oil development technology at Milne Point on the North Slope. The challenges are huge. This oil is cold, thick and sticky, and currently the most significant heavy oil is uneconomic to produce. Yet, we know that heavy oil development will be important to sustaining Alaska's oil production far into the future.

BP's heavy oil production test at Milne Point in the summer of 2008 was successful, and plans call for more wells as the project continues. BP conservatively estimates that 2 billion barrels of heavy oil may be technically recoverable using existing cold and thermal technologies, from the Schrader Bluff/West Sak and Ugnu reservoirs. The successful well used CHOPS (cold heavy oil production with sand) technology for the first time in Alaska.

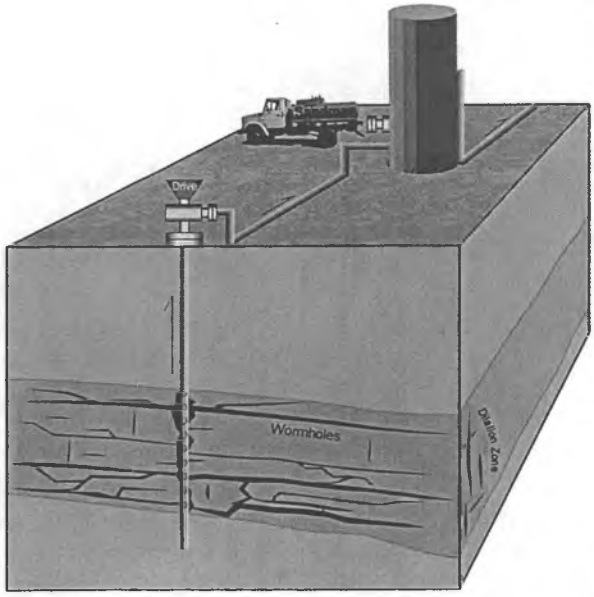
With this success, BP is moving into the next phase of the project. The company plans to build and install a permanent technology test facility, fabricating truckable modules that will be shipped to Milne Point.

In 2008, heavy (viscous) oil production on the North Slope was about 46,000 barrels per day gross. BP's net production was 20,000 barrels per day. This production came from the Kuparuk satellite fields of West Sak and Tabasco; the Prudhoe satellite fields of Polaris and Orion; and the Milne Point Schrader Bluff field.

And into the Future

RESEARCHING GAS HYDRATES

In conjunction with the Department of Energy (DOE), BP drilled a research well from Milne Point in 2007 to collect samples and gather knowledge about natural gas hydrates, a potential long-term global, unconventional gas energy resource. Gas hydrates exist all over the world, including offshore, but are especially prevalent in the Arctic. Natural gas hydrates contain from four to more than 40 times the amount of gas in place per cubic foot in comparison to other gas resources. This gas storage capacity makes gas hydrates a very attractive target. The research project recorded a number of firsts in Alaska, including the first significant gas hydrate-bearing core samples and the first delineation of a seismically-defined gas hydrate prospect. However, additional research is needed. Gas hydrates are a vast potential, though not presently commercial, source of additional natural gas.



Cold Heavy Oil Production with Sand (CHOPS)

BP's heavy oil test used the CHOPS technology for the first time in Alaska. CHOPS stands for cold heavy oil production with sand. Part of the test was to determine if the artificial lift system could pull sand in from the reservoir. That would create a network of channels or "wormholes" extending out from the well bore, to help the thick oil flow toward the well. This test was successful.

1977 Prudhoe Bay field begins production.

1981 Kuparuk field begins production.

1986 Lisburne field begins production.

1987 BP acquires remaining share of Sohio for $7.7 billion and becomes world's third-largest oil company.

Endicott field, the first Arctic offshore production in the world, begins operations.

DRILLING TECHNOLOGY

Directional drilling

This is part of a suite of advanced drilling technologies that reduce surface footprint, increase recovery and make it possible to reach parts of a reservoir once considered uneconomic. Drilling technology has advanced significantly since the start up of Prudhoe Bay. Directional drilling allows many more wells to be drilled from a surface location. Today, wells that were once spaced 120 feet apart are now as close as 10 feet, reaching a much larger subsurface area.

Horizontal drilling

This makes it possible to run long sections of horizontal casing through an oil-bearing layer as thin as six feet, draining the deposit through openings in the casing. This exposes much more of the reservoir, which results in higher production rates. A vertical well might expose 200-300 feet of oil bearing rock while the new wells can expose more than 20,000 feet.

Extended reach drilling

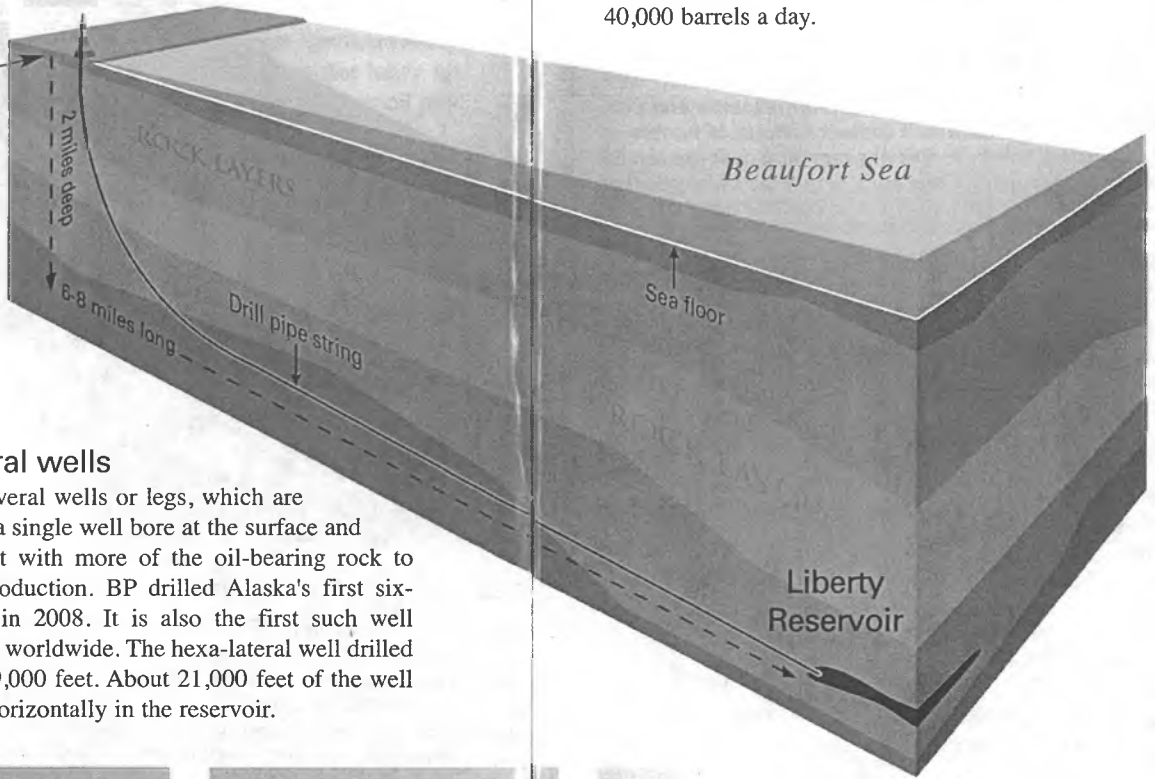
Extended reach uses down-hole directional surveying equipment and drilling motors to reach formations 10,000 feet down and up to three miles from the drilling rig. It reduces cost, lowers environmental risk and shrinks the size of an operation's footprint. Advances in the drilling tools used down hole, such as measurement while drilling and mud motors, have enabled these pioneering advances.

Ultra extended reach drilling (UERD)

This technology is key to developing Liberty, a estimated recoverable 100-million-barrel field that lies offshore in the Beaufort Sea. Advances in drilling technology make it possible to develop the field from the existing Endicott satellite drilling island. These wells will reach out six to eight miles, some of the longest wells ever drilled. This requires a sophisticated drilling rig specially built for BP to develop Liberty. Producing the oil through these long-reach wells will eliminate the need for a new drilling island and subsea oil pipeline. Initial production is expected in 2011, and by 2013 the Liberty field will yield about 40,000 barrels a day.

Liberty drilling rig

Ultra extended reach drilling (UERD)



Multilateral wells

These are several wells or legs, which are drilled from a single well bore at the surface and allow contact with more of the oil-bearing rock to maximize production. BP drilled Alaska's first six-legged well in 2008. It is also the first such well drilled by BP worldwide. The hexa-lateral well drilled more than 29,000 feet. About 21,000 feet of the well was drilled horizontally in the reservoir.

1994 BP acquires Milne Point and Northstar fields.

1994 Point McIntyre & Niakuk fields begin production.

1997 Badami field begins production.

1998 BP-Amoco merger finalized.

1999 Prudhoe Bay field produces 10-billionth barrel.

ALASKA GAS

Alaska's North Slope natural gas is one of the largest undeveloped resources in BP's global portfolio, and bringing it to market is critical to BP's future plans in Alaska. In 2008, BP and ConocoPhillips launched a new company called Denali – The Alaska Gas Pipeline LLC. The project combines the financial strength, Arctic experience and technical resources of two of the most capable and experienced companies in the world.

The project

Denali - The Alaska Gas Pipeline will be the largest private construction project in North America. This joint venture is planning for the construction of a pipeline to deliver 4 billion cubic feet of natural gas a day from the North Slope of Alaska to markets in the Lower 48, Alaska and Canada and will provide the opportunity for access to gas along the pipeline route. Denali - The Alaska Gas Pipeline will generate billions of dollars in sales, royalties and taxes; promote new oil and gas exploration; and create new jobs and business opportunities.

Hard at work producing more oil

As gas commercialization efforts have been conducted over the years, North Slope gas has been injected back into the ground to maintain reservoir pressure and produce more oil. Alaska will recover billions of barrels of additional oil thanks to this gas recycling over the last 30 years. The best part of this story is that the same gas that was reinjected to produce more oil will be used again in the gas pipeline.

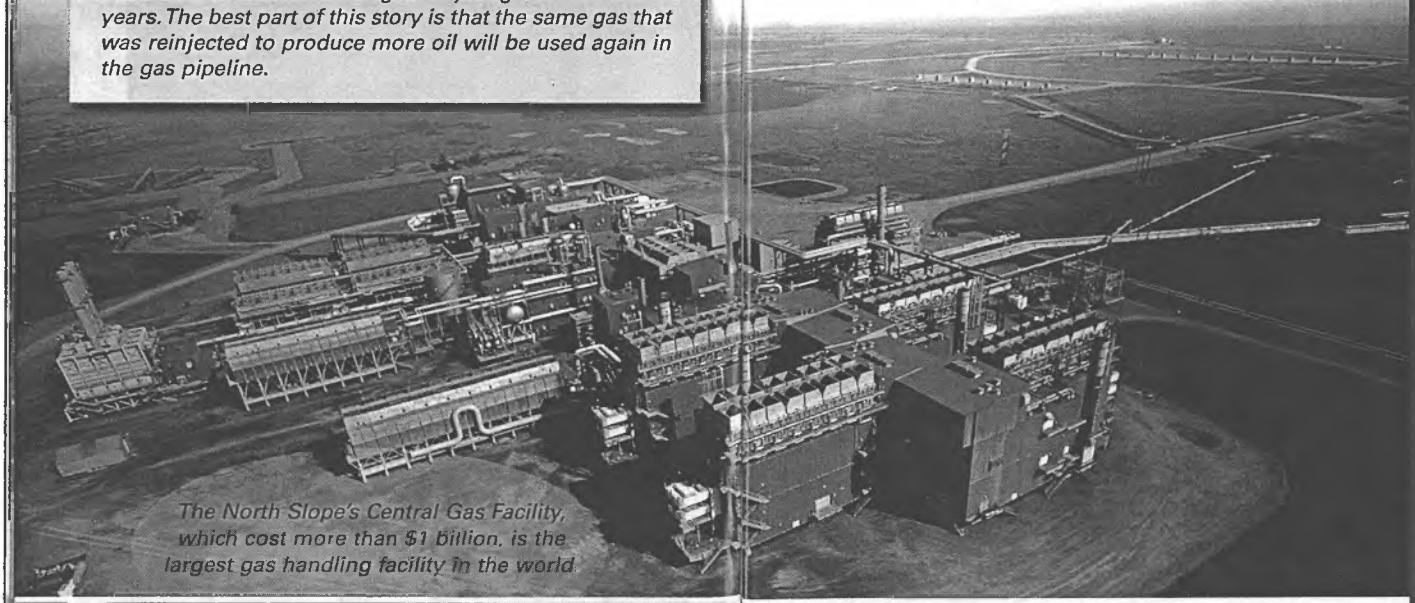
The resource

There are more than 35 trillion cubic feet of known gas resources on the North Slope and the U.S. Geological Survey (USGS) estimates there are many trillions more to be discovered. These resources can help fill North America's growing need for a long term, reliable, clean-burning source of energy. The North Slope gas resource is also vital to Alaska's future. North Slope oil production is steadily declining. The development of gas will make additional oil production feasible and help to extend the life of the North Slope oil fields for decades.

Project status

Denali – The Alaska Gas Pipeline project team completed its first season of summer field work in 2008 and established an Anchorage headquarters office. The initial major project milestone, an open season, will commence before year-end 2010. The open season is a process during which the pipeline company seeks customers to make long-term firm transportation commitments to the project.

After a successful open season, Denali – The Alaska Gas Pipeline intends to obtain Federal Energy Regulatory Commission (FERC) and National Energy Board (NEB) certification and move forward with project construction. The FERC and NEB certificates are the critical permits that provide U.S. and Canadian government authorization to construct a pipeline.



The North Slope's Central Gas Facility, which cost more than $1 billion, is the largest gas handling facility in the world

2000 ARCO acquisition and sale of ARCO Alaska assets to Phillips Petroleum, Inc. completed. Subsequent alignment of equity interest among Prudhoe Bay producers establishes BP as the sole operator of Prudhoe Bay.

2001 Northstar field begins production after sealift of largest module ever constructed in Alaska.

MOVING OIL AND GAS

Marine transportation

Four double-hulled, state-of-the-art Alaska-class tankers now transport BP's North Slope oil to refineries in Cherry Point, Washington, and Carson, California. These Alaska-class tankers set new standards for tanker technology and environmental performance. The vessels are the largest double-hulled tankers ever built in the U.S.



The ships represent an investment of more than $1 billion. National Steel & Shipbuilding Co. built the tankers at its shipyard in San Diego, California. The Alaska-class tankers are among the most environmentally friendly oil tankers ever launched, exceeding regulatory standards for new tankers.

Beyond the required double hulls, BP voluntarily incorporated additional environmental enhancements into the design, including complete redundancy in the propulsion, navigation and communication systems. With twin propellers, rudders and engine rooms, steering and propulsion can be maintained in the event one engine or rudder is taken out of service. The Alaska-class diesel electric engines reduce emissions, and some piping normally installed on the deck is located inside cargo tanks to reduce the risk of small spills. Seawater is used to cool the propeller shafts, virtually eliminating another risk of an oil release to the environment.

The Alaska Tanker Co.

The Alaska Tanker Co. (ATC) operates BP's Alaska tanker fleet. BP Oil Shipping Company USA, Keystone Alaska LLC and OSG America Operating Co., LLC own this Oregon based shipping consortium, which fully conforms to the requirements of the federal Jones Act.

The Alaska Tanker Co. has been recognized for its outstanding safety and environmental record by the states of Alaska and Washington and it has received the U.S. Coast Guard's prestigious Benkert Osprey environmental award. As of 2009, the Alaska Tanker Company has completed more than 13 million man hours without a lost time injury.

Tanker and capacity

Alaskan Legend	1,300,000 bbls
Alaskan Explorer	1,300,000 bbls
Alaskan Frontier	1,300,000 bbls
Alaskan Navigator	1,300,000 bbls

www.aktanker.com

BP's new double hull tankers exceed regulatory standards and dramatically reduce the risk to the environment.

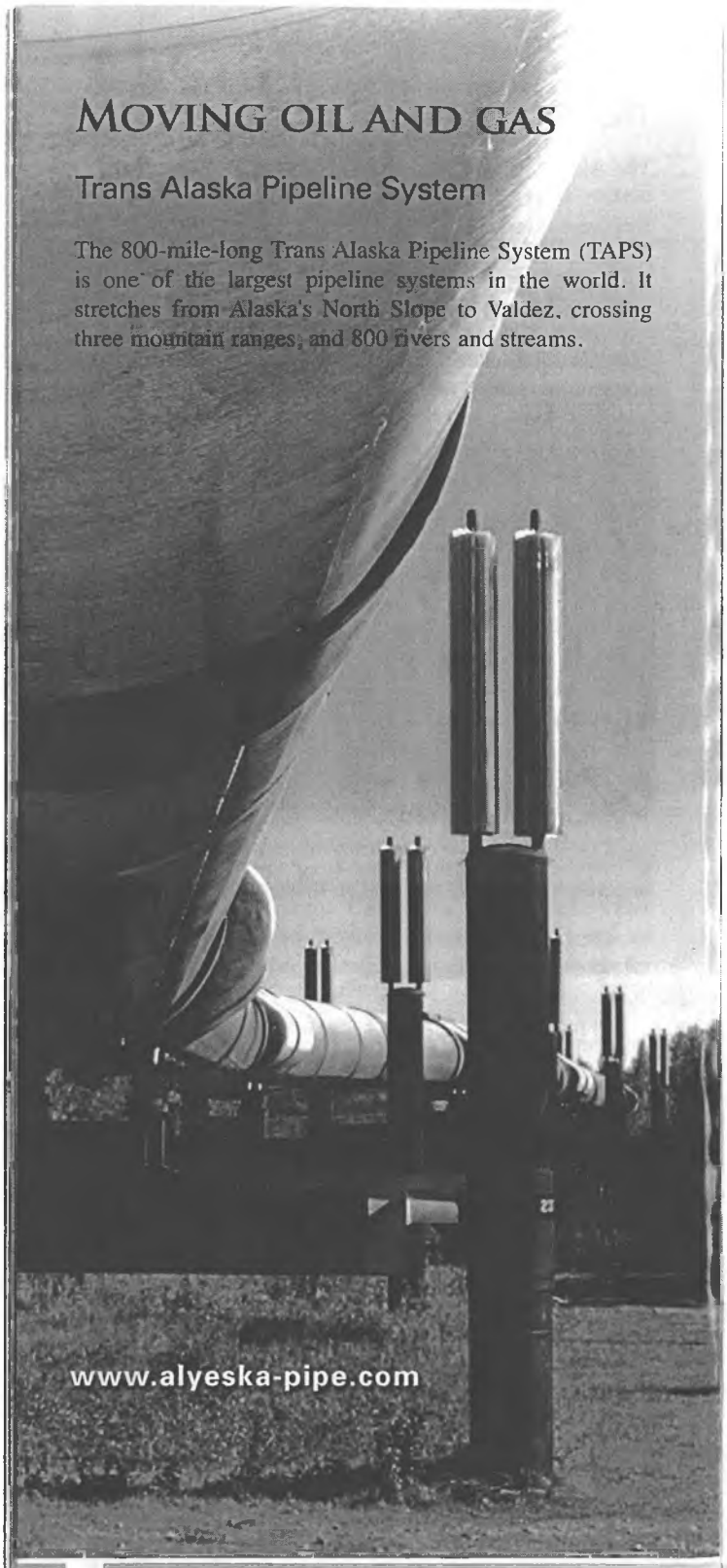


2002 TAPS right-of-way renewed for 30 more years.

2003 BP divests its North Slope exploration acreage to focus on known oil and gas resources.

Badami field is shut in due to poor reservoir performance.

2004 First of four new double-hull, "Alaska class" tankers begins service in the Alaska trade.



TAPS ownership:

Operator:

Alyeska Pipeline Service Company

Owners:

BP Pipelines (Alaska) Inc.	46.93%
ConocoPhillips Transportation Alaska, Inc.	28.29%
ExxonMobil Pipeline Company	20.34%
Koch Alaska Pipeline LLC	3.08%
Unocal Pipeline Company	1.36%

TAPS Facts:

TAPS average daily throughput (2008)

703,551 barrels/day

TAPS total throughput (2008)

257.5 million barrels

TAPS cumulative throughput since startup (1977)

15.7 billion barrels of oil equivalent

Pipeline diameter

48 inches

Construction cost

> $8 billion in 1977

Valdez Marine Terminal

Storage capacity

9.18 million barrels

Tankers loaded (thru April 2008)

19,625

Construction cost

> $1.4 billion

Other pipelines

In addition to TAPS, BP owns 38% of the Kuparuk Transportation Co., 68% of the Endicott Pipeline Co., 100% of the Milne Point Pipeline LLC, 99% of the Northstar Pipeline.

2004

Operations Support Center brings smart board technology to enhance Slope operations.

BP and ConocoPhillips sanction West Sak, largest heavy oil program on North Slope.

2005

North Slope production exceeds 15 billion BOE.

Alyeska Pipeline Service Co. begins major upgrade to extend life and improve efficiency of Trans Alaska Pipeline System.

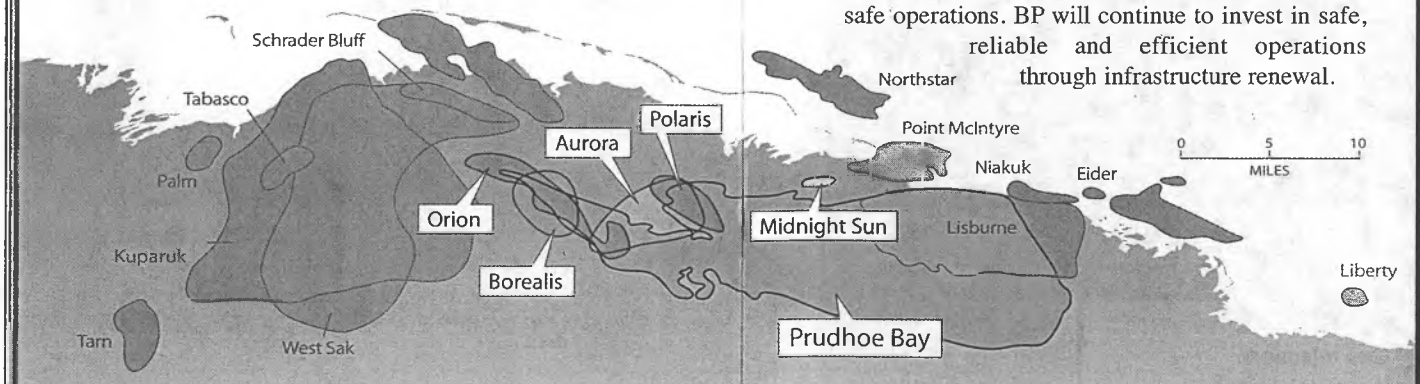
Greater Prudhoe Bay

After more than 30 years of production, Prudhoe Bay remains the largest oil field in North America and ranks among the 20 largest fields ever discovered. When production started at the Prudhoe Bay field the recovery rate of the 25 billion barrels of oil in place was expected to reach 40 percent. Today, using new technologies that estimate has increased to more than 60 percent.



The initial producing area of Prudhoe Bay field has produced more than 12 billion barrels, of which BP's net cumulative production is approximately 4.6 billion barrels of oil equivalent (BOE). Production from the Prudhoe Bay initial producing area averaged approximately 314,000 BOE per day in 2008. The Energy Information Administration estimates the field also contains an estimated recoverable 26 trillion cubic feet of natural gas in an overlying gas cap and in solution with the oil.

Prudhoe Bay produces from the Sadlerochit sandstone formation, nearly 9,000 feet below sea level. The oil bearing column is 500 feet thick in some areas. The Greater Prudhoe Bay Area, which includes the fields of Prudhoe Bay, its satellite fields and the Greater Point McIntyre Area fields, in total produce about 392,000 BOE per day. Cumulative production has exceeded 13 billion barrels; BP's net share is 4.8 billion barrels.



BP's net production from Greater Prudhoe Bay Area averages approximately 98,000 barrels of oil equivalent per day (BOED). Prudhoe Bay was discovered in 1968 and came on-stream June 20, 1977. Production averaged more than 1.5 million barrels of oil and gas liquids per day for more than a decade.

Prudhoe Bay satellites

Satellite fields are smaller accumulations of oil that can often be developed using existing infrastructure. The average daily production from Prudhoe Bay satellites is about 45,700 barrels of oil equivalent per day. BP's net share of that production is about 8,600 barrels. There are five satellite fields currently producing and the liquids are processed through the field's main facilities. Aurora and Borealis satellite fields produce from similar formations. Midnight Sun produces from a sandstone formation at 8,000 feet below sea level. Orion and Polaris fields both produce the difficult heavy oil from the Schrader Bluff formation, at depths of 4,000 to 5,000 feet below sea level. By using advanced drilling technologies we are growing this important resource. The Prudhoe Bay satellite fields have produced more than 118 million barrels of oil equivalent. BP's net cumulative production is approximately 23.4 million barrels of oil equivalent.

Prudhoe Bay renewal

BP completed replacing 16-miles of oil transit lines and put these lines into service in late 2008. The project included rebuilding the main Prudhoe Bay oil delivery system, pigging modules, corrosion inhibitor injection facilities, state-of-the-art leak detection, metering facilities and all the affiliated electrical and emergency systems. This $500 million project incorporates the best technology and materials to ensure safe operations. BP will continue to invest in safe, reliable and efficient operations through infrastructure renewal.

2006 Fourth Alaska Class tanker delivered.

2007 Prudhoe Bay and TAPS mark 30th anniversary since start up. Endicott marks 20th anniversary

2008 BP completes rebuilding 16 miles of transit lines at Prudhoe Bay. BP sanctions Liberty development.

2009 BP marks 50th anniversary in Alaska.

Oil Fields	Prudhoe Bay	Midnight Sun	Aurora
Owners	BP (Operator) ~26% ConocoPhillips ~36% ExxonMobil ~36% Chevron ~2%	BP (Operator) ~26% ConocoPhillips ~36% ExxonMobil ~36% Chevron ~2%	BP (Operator) ~26% ConocoPhillips ~36% ExxonMobil ~36% Chevron ~2%
Field Data			
Participating Field Area	213,543 acres (includes satellite fields)	3,112 acres	7,519 acres
Original Oil in Place	25 billion barrels	0.6 billion barrels	0.1 billion barrels
Original Gas in Place	45 trillion SCF	0.1 trillion SCF	0.1 trillion SCF
Cumulative Oil Production	**Gross Field**	**Gross Field**	**Gross Field**
Production (12/31/08) (millions of barrels of oil equivalent)	12,260	17.3	25.5
Current Rates (12/31/08)	**Gross Field**	**Gross Field**	**Gross Field**
Oil (thousands barrels/day)	289	2.2	8.9
Gas (millions SCF/day)	8,301		
Water (thousands bbl/day)	1,067.4		
Number of Wells			
Oil Producers	1,128	2	20
Gas Injection	34	0	0
Water Injection	88	3	11
WAG Injection	0	0	0

Oil Fields	Orion	Polaris	Borealis
Owners	BP (Operator) ~26% ConocoPhillips ~36% ExxonMobil ~36% Chevron ~2%	BP (Operator) ~26% ConocoPhillips ~36% ExxonMobil ~36% Chevron ~2%	BP (Operator) ~26% ConocoPhillips ~36% ExxonMobil ~36% Chevron ~2%
Field Data			
Participating Field Area	18,853 acres	11,681 acres	7,557 acres
Original Oil in Place	1.2 billion barrels	0.5 billion barrels	0.1 billion barrels
Cumulative Oil Production	**Gross Field**	**Gross Field**	**Gross Field**
Production (12/31/08) (millions of barrels of oil equivalent)	14.5	8.2	52.8
Current Rates (12/31/08)	**Gross Field**	**Gross Field**	**Gross Field**
Oil (thousands barrels/day)	14.5	5.2	14.9
Number of Wells			
Oil Producers	17	11	35
Gas Injection	0	0	0
Water Injection	19	8	14
WAG Injection*	0	0	1

** Water Alternating Gas Injector*

Greater Point McIntyre

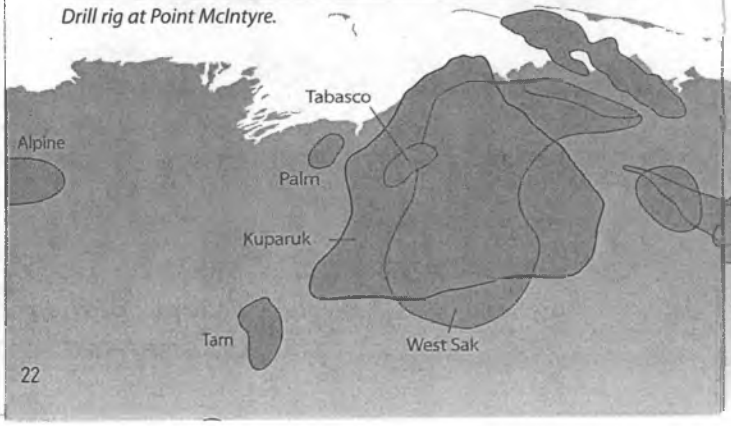
The Greater Point McIntyre Area encompasses Point McIntyre field and the nearby satellite fields of West Beach, North Prudhoe Bay, Niakuk and Western Niakuk. The Lisburne Production Center processes fluids from Point McIntyre Area fields and the Lisburne field. Production averaged about 40,900 barrels per day in 2008. Cumulative production from the Greater Point McIntyre area is 717 million barrels of oil equivalent. BP's cumulative net production is approximately 165 million barrels of oil equivalent.

Point McIntyre

Located seven miles north of Prudhoe Bay, the Point McIntyre field was discovered in 1988 and came on-line in 1993. Point McIntyre contained an estimated 900 million barrels of oil in place, of which about 500 million barrels is recoverable with existing technology. The field's production peaked in 1996 at 170,000 barrels per day. Production averaged about 27,000 barrels per day in 2008. BP produces the field from two gravel drill site pads. Production rates are maintained through drilling new wells, enhanced oil recovery methods and upgrades to facilities.



Drill rig at Point McIntyre.



Niakuk

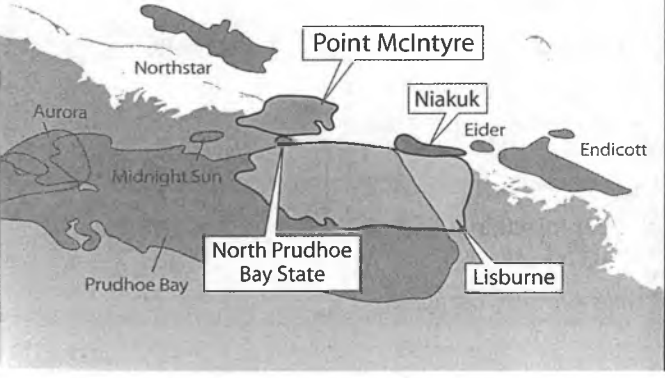
The Niakuk field lies offshore and contain about 300 million barrels of original oil in place. Production in 2008 averaged about 5,500 barrels per day from the lower Cretaceous Kuparuk River formation, a structurally and stratigraphically complex formation.



Lisburne Processing Center

Lisburne

The Lisburne field is a complex, fractured carbonate reservoir that lies underneath and adjacent to the main Ivishak reservoir at Prudhoe Bay. The field was discovered in 1968 along with the Prudhoe Bay field and came on-stream in late 1986. The field contained an estimated 1.8 billion barrels of oil in place. Production averaged about 8,400 barrels per day in 2008. Cumulative production from the Lisburne field is is nearly 189 million barrels of oil equivalent. BP's cumulative net production from the field is approximately 44 million barrels of oil equivalent. Horizontal drilling technology using coiled tubing drilling, along with geosciences techniques to identify fracture and fault locations, have increased production rates in recent years.





The Niakuk field lies offshore of the Prudhoe Bay.

Oil Fields	Point McIntyre	Niakuk	Lisburne
Owners	BP (Operator) ~26% ConocoPhillips ~36% ExxonMobil ~36% Chevron ~2%	BP (Operator) ~26% ConocoPhillips ~36% ExxonMobil ~36% Chevron ~2%	BP (Operator) ~26% ConocoPhillips ~36% ExxonMobil ~36% Chevron ~2%
Field Data			
Participating Field Area	10,834 acres	6,443 acres	79,929 acres
Original Oil in Place	0.8 billion barrels	0.2 billion barrels	1.8 billion barrels
Original Gas in Place	0.9 trillion SCF	0.1 trillion SCF	0.3 trillion SCF
Cumulative Oil Production	**Gross Field**	**Gross Field**	**Gross Field**
Production (12/31/08) (millions of barrels of oil equivalent)	434	91.3	188.5
Current Rates (12/31/08)	**Gross Field**	**Gross Field**	**Gross Field**
Oil (thousands BOE/day)	27	5.5	8.4
Number of Wells			
Oil Producers	61	18	79
Gas Injection	1	0	4
Water Injection	9	7	0
WAG Injection*	6	0	0

** Water Alternating Gas Injector*



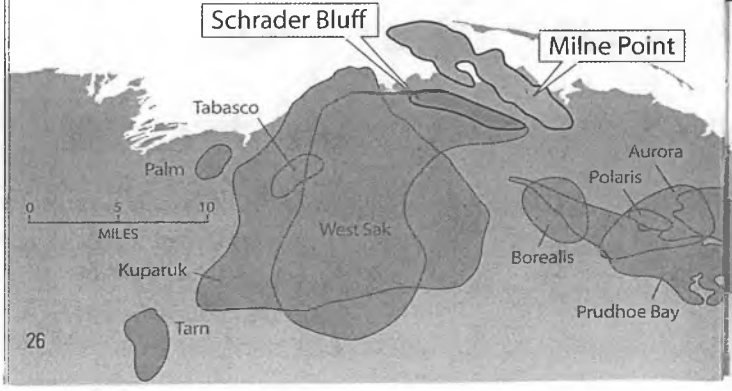
Milne Point Operations Center has accommodations for about 300 workers. Because of its isolation from other North Slope facilities, the facility is a self-contained community which includes a cafeteria, medical clinic, warehouse, waste treatment facility, fire response equipment, and recreational facilities.

MILNE POINT UNIT

Milne Point - Kuparuk Schrader Bluff*

Located about 40 miles west of Prudhoe Bay, Milne Point has become an innovator in the application of new reservoir technology to enhance oil recovery. Today the field produces about 32,200 barrels of oil equivalent per day (BOED). BP's net production is about 28,000 BOED. Cumulative oil production at Milne Point is 273 million barrels of oil and BP's net production is about 231 million barrels. Milne was discovered in 1969 by Conoco and began production in 1985. BP became operator in 1994. Milne produces from three main reservoirs.

The Kuparuk and the Sag River reservoirs are lighter oil horizons and the Schrader Bluff produces a variety of heavy oil termed heavy or viscous oil, with the consistency of cold syrup. BP has been a leader in the development of the heavy oil resource using horizontal multilateral drilling. This oil is colder and thicker than other North Slope oil. All production fluids are processed through the Milne Point Unit production facilities. BP is also evaluating the potential of even heavier fluids from shallower formations. BP will continue its Ugnu heavy oil development project at Milne. For more information on this project, go to page 8 of this publication.

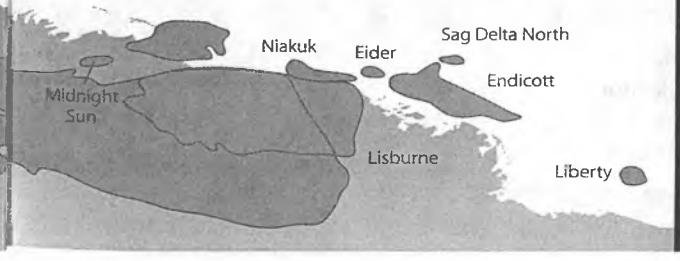


Oil Fields	Milne Point - Kuparuk Schrader Bluff*
Owners	BP (Operator) 99.4% Anadarko 0.6%
Field Data	
Participating Field Area	49,668 acres
Original Oil in Place (gross)	0.92 billion barrels
Cumulative Oil Production	**Gross Field**
Production (12/31/08) (millions of barrels of oil equivalent)	273.3
Current Rates (12/31/08)	**Gross Field**
Oil (thousands BOE/day)	32.2
Gas (thousands SCF/day)	20.4
Water (thousands bbl/day)	76
Number of Wells	
Oil Producers	149
Gas Injection	1
Water Injection	70
WAG Injection*	27

** Water Alternating Gas Injector*



Milne Point uses new reservoir technology to enhance oil recovery.
** Milne-Kuparuk is a separate and distinct unit from the large Kuparuk River Field, but produces from some of the same reservoir sands.*





The Kuparuk field is the third largest producing oil field in North America.

GREATER KUPARUK AREA

The Kuparuk field is the third largest field in North America. Discovered in 1969, Kuparuk began production in December 1981 and achieved a record average rate of 322,000 barrels per day in 1992. The producing reservoir is composed of Cretaceous-age Kuparuk sands at depths of 5,500 to 6,500 feet. The Greater Kuparuk area produced about 142,000 barrels of oil equivalent per day (BOED) in 2008. BP's net production is 48,000 BOED. Cumulative production from the Greater Kuparuk Area is 2.3 billion barrels of oil equivalent (BOE). BP's cumulative net production is approximately 800 million BOE.

BP holds major ownership in the Greater Kuparuk Area, which includes the satellite fields of Tarn, Tabasco, Meltwater and West Sak. ConocoPhillips is the field operator. The production from these fields is processed through the Kuparuk production facilities. Processed oil from Kuparuk is piped 26 miles to Pump Station 1, the beginning of the Trans Alaska Pipeline System.

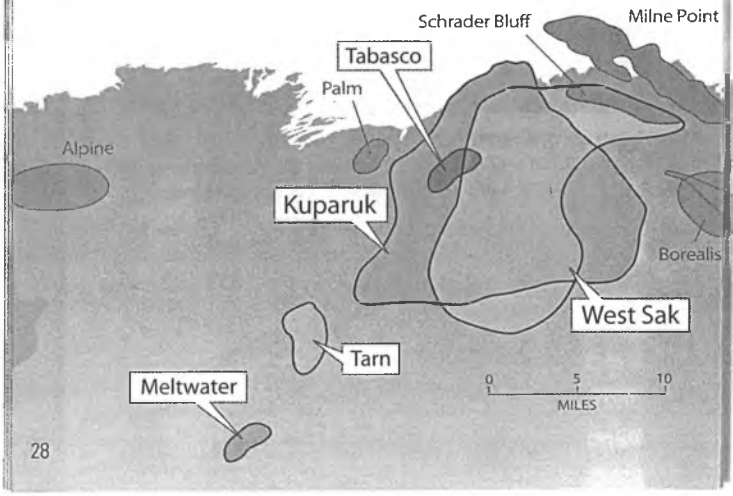
In 2008 a commercial processing agreement was reached to allow production from the Pioneer-operated Oooguruk field to be produced through the Kuparuk facilities.

Kuparuk satellite fields

The Kuparuk satellite fields include Tarn, Tabasco, Meltwater and the heavy oil West Sak field. In 2008, the combined average daily production from the satellites was 37,800 barrels of oil equivalent.

West Sak oil production in 2008 averaged 17,100 barrels per day. Since start up in 2004, the cumulative production from West Sak is about 39 million barrels of oil equivalent.

Tabasco is the second heavy oil development in the area. It began production in 1998 and is situated near the western end of the Greater Kuparuk Area. Tarn produced about 15,200 barrels per day in 2008. It began production in 1999 and is located southwest of the Kuparuk field. Located 10 miles south of Tarn, Meltwater was discovered n 2000 and produces about 2,000 barrels per day from a single drill site.





Oil Fields	Kuparuk	West Sak	Tabasco
Owners	ConocoPhillips (OP) ~55.2% BP ~39.2% Chevron ~5% ExxonMobil ~0.6%	ConocoPhillips (OP) ~52.2% BP ~37% Chevron ~5% ExxonMobil ~5.8%	ConocoPhillips (OP) ~55.3% BP ~39.3% Chevron ~5% ExxonMobil ~0.4%
Field Data			
Participating Field Area	185,000 acres	30,000 acres	4,000 acres
Original Oil in Place	5.9 billion barrels	3.0 billion barrels*	0.2 billion barrels*
Original Gas in Place	2.7 trillion SCF		
Cumulative Oil Production	**Gross Field**	**Gross Field***	**Gross Field**
Production (12/31/08) (millions of barrels of oil equivalent)	2,142	39	15
Current Rates (12/31/08)	**Gross Field**	**Gross Field**	**Gross Field**
Oil (thousands BOE/day)	104	17.1	3.2
Number of Wells			
Oil Producers	478	37	9
Gas Injection	0	0	0
Water Injection	239	35	3
WAG Injection*	163	0	0

** Excludes over 9 billion barrels of West Sak heavy oil outside the core area*

Oil Fields	Tarn	Meltwater
Owners	ConocoPhillips (OP) ~55.3% BP ~39.3% Chevron ~5% ExxonMobil ~0.4%	ConocoPhillips (OP) ~55.4% BP ~39.4% Chevron ~5% ExxonMobil ~0.2%
Field Data		
Participating Field Area	12,000 acres	7,000 acres
Original Oil in Place	0.3 billion barrels	0.1 billion barrels
Cumulative Oil Production	**Gross Field**	**Gross Field**
Production (12/31/08) (millions of barrels of oil equivalent)	91	3.1
Current Rates (12/31/08)	**Gross Field**	**Gross Field**
Oil (thousands BOE/day)	15.2	2.3
Number of Wells		
Oil Producers	32	12
Gas Injection	0	0
Water Injection	0	0
WAG Injection*	18	7

** Water Alternating Gas Injector*

ENDICOTT

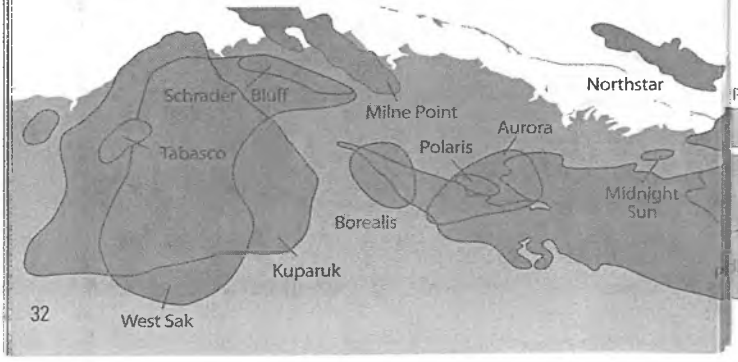
Located less than three miles offshore, Endicott is the first continuously producing offshore field in the Arctic. Average production from the Endicott field was about 14,700 barrels of oil per day in 2008. Cumulative production from the Endicott field is 448 million barrels of oil. BP's cumulative net oil production is approximately 258 million barrels.

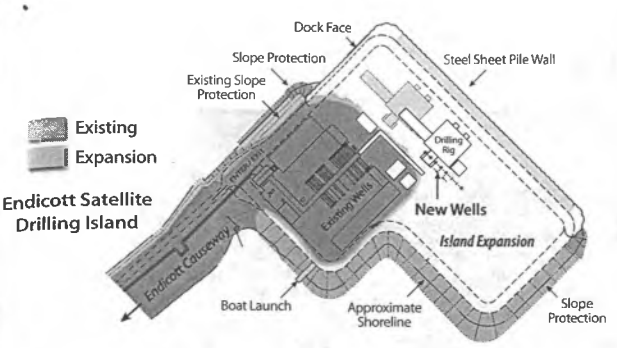
The field also set the mark for a reduced footprint development on Alaska's North Slope. Endicott's surface footprint is 70 percent smaller than the traditional North Slope development pad. Using advanced drilling techniques, the field was developed with deviated wells drilled from two artificial islands, each located in about 20 feet of water. Endicott is connected with shore by a causeway. The 45-acre Main Production Island contains the living quarters, operations center and processing facilities. Endicott's oil-bearing rocks lie in the Kekiktuk formation, a shale and sandstone formation similar to the Sadlerochit in the Prudhoe Bay field. The oil column lies about 10,000 feet beneath the surface and consists of the highest quality reservoir. Discovered in 1978, the field began production in 1987 and reached its peak production of 120,000 barrels per day in the early 90s.

Endicott is recognized for its outstanding safety record and in 2008 celebrated five years without without a day away from work case (DAFWC) incident. The facility also holds the Occupational Safety and Health Administration (OSHA) Voluntary Protection Program (VPP) star award.



Endicott is the first continuously producing off shore field in the Arctic.



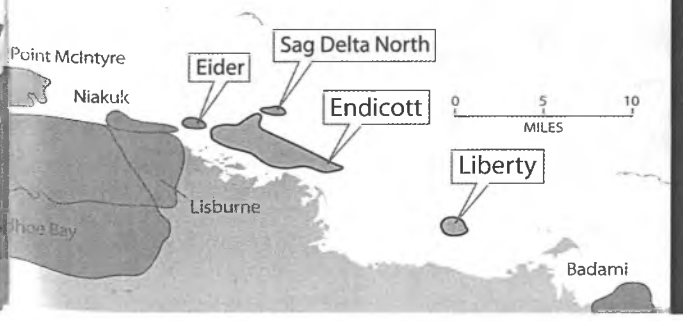


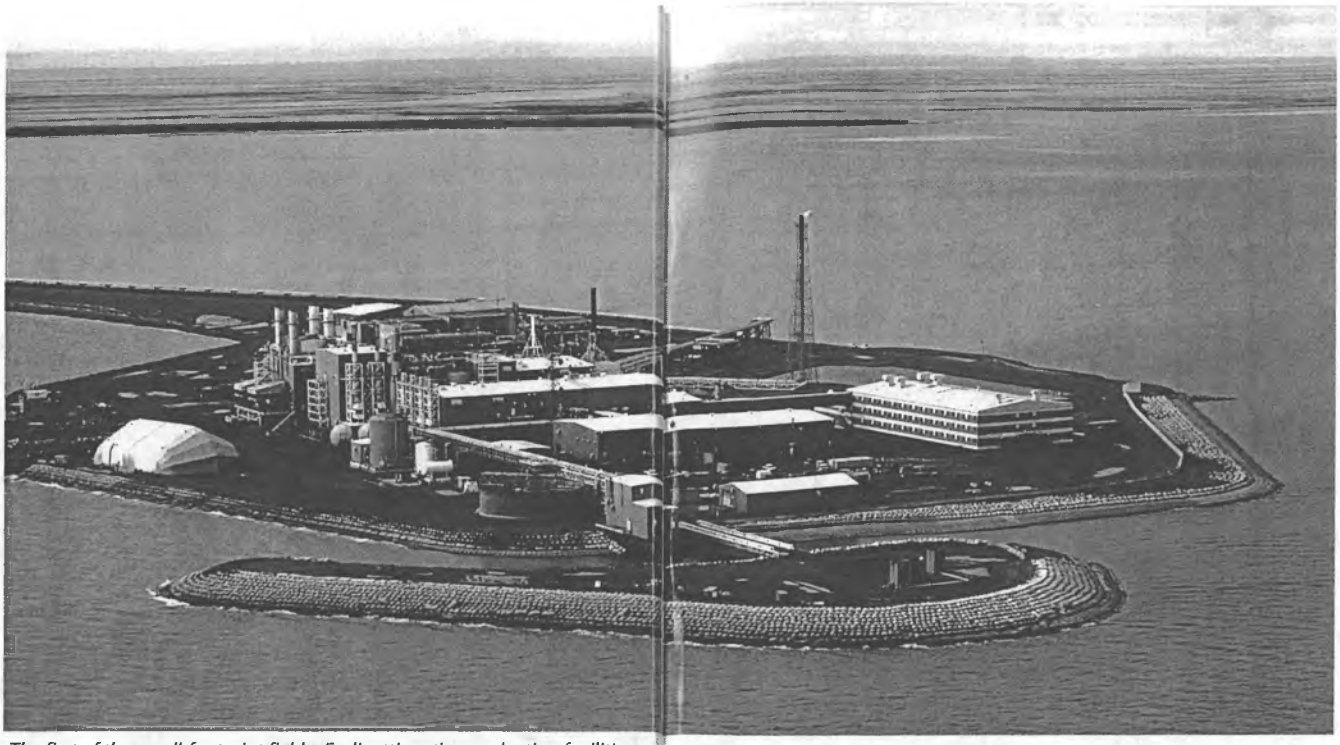
Advances in drilling technology make it possible to develop the Liberty field from the existing Endicott satellite drilling island. Producing the oil through these long-reach wells will eliminate the need for a new drilling island and subsea oil pipeline.

LIBERTY

In 2008 BP announced it was moving ahead with the Liberty development. Liberty is the first offshore project in Alaska fully located in federal waters. BP also launched construction of a specialty-built drilling rig needed to drill the ultra extended reach Liberty wells, which will reach out six to eight miles. BP anticipates Liberty drilling will begin in 2010. Oil production is expected to start up in 2011 and will ramp up to about 40,000 barrels per day. That new oil production will help offset the declining production from the mature North Slope oilfields, and keep oil flowing down the Trans Alaska Pipeline.

Field development will ultimately cost approximately $1.5 billion, with recovery of an estimated 100 million barrels of oil. Drilling will occur from an existing satellite pad that is part of the BP-operated Endicott oil field. Liberty will make use of the Endicott causeway and oil processing facility. This enhances safety, provides year-round overland access, and maximizes environmental protection while minimizing the project's footprint. This project design has eliminated the need for the construction of new processing facilities, an offshore drilling island or offshore pipeline. For more information on Liberty drilling, see page 11.

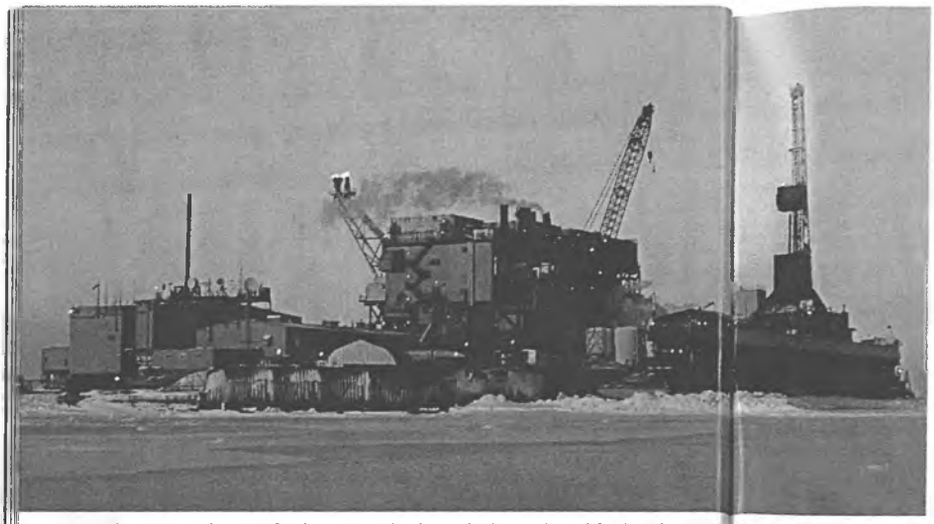




The first of the small-footprint fields, Endicott's entire production facilities and camp facilities fit onto a 45-acre island.

Oil Fields	Endicott	Eider	Sag Delta North
Owners	BP (Operator) ~67.9% ExxonMobil ~21.0% Chevron ~10.5% Others ~0.6%	BP (Operator) ~100%	BP (Operator) ~98.1% NANA ~1.4% Doyon, Ltd. ~0.5%
Field Data			
Participating Field Area	17,547 acres	690 acres	1,150 acres
Original Oil in Place	1.1 billion barrels	0.015 billion barrels	0.014 billion barrels
Original Gas in Place	1.2 trillion SCF	0.052 trillion SCF	
Cumulative Oil Production	**Gross Field**	**Gross Field**	**Gross Field**
Production (12/31/08) (millions of barrels of oil equivalent)	448	2.8	8.2
Current Rates (12/31/08)	**Gross Field**	**Gross Field**	**Gross Field**
Oil (thousands BOE/day)	14.7	0	0.234
Gas (thousands SCF/day)	373	0	0.2
Water (thousands bbl/day)			1.2
Number of Wells			
Oil Producers	58	2	2
Gas Injection	5	0	0
Water Injection	18	0	2
WAG Injection*	1	0	0

** Water Alternating Gas Injector*

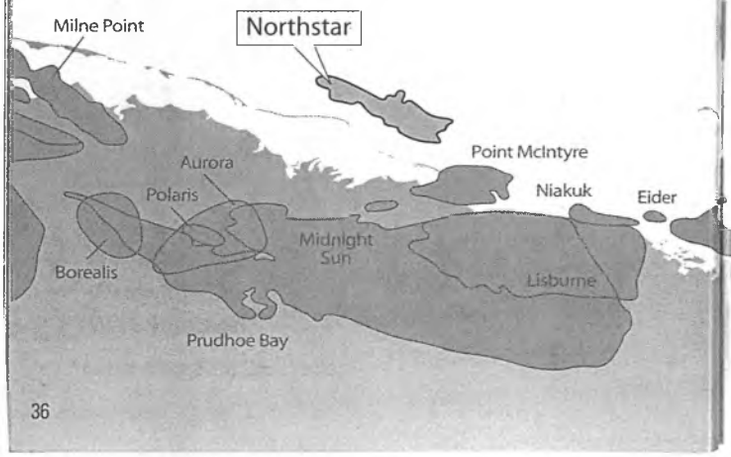


Northstar's production facilities were built in Alaska and sea lifted to the North Slope.

NORTHSTAR

Located about five miles northwest of Prudhoe Bay in about 39 feet of water, Northstar is the first Arctic offshore field connected to shore only by a subsea pipeline. Northstar was developed by BP in 1995 and started production in 2001. The unit sits in state and federal waters and in 2008 produced about 31,300 barrels of oil equivalent (BOE) per day from the Ivishak and Shublik formations. BP's net production is about 23,000 BOE per day. Cumulative production from Northstar is about 134 million BOE; BP's net share is approximately 98 million BOE.

BP designed a state-of-the-art facility that produces and processes the field's fluids from a five-acre production island that is protected from sea ice by concrete armor, a steel sheet pile wall and underwater bench and berm system. The six-mile subsea pipeline has a wall thickness triple that of typical onshore North Slope pipelines and is buried three times the depth of the deepest ice gouges surveyed. An innovative, triple-redundant leak detection system monitors the pipeline.

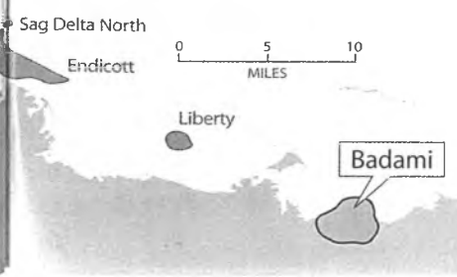


BADAMI

Badami production was suspended in late August of 2007 to allow the reservoir time to recharge. In 2008 BP reached an agreement with Savant Alaska LLC, under which Savant will drill additional exploratory and development wells at Badami. The first of these wells was spudded in March 2009. The current plan of development for the Badami Unit runs until November 2010. BP owns 100 percent of Badami.

Oil Fields	Northstar
Owners	BP (Operator) ~98.6% Murphy Oil ~1.4%
Field Data	
Participating Field Area	17,682 acres
Original Oil in Place	176 million barrels
Cumulative Oil Production	**Gross Field**
Production (12/31/08) (millions of barrels of oil equivalent)	134
Current Rates (12/31/08)	**Gross Field**
Oil (thousands BOE/day)	31.3
Gas (thousands SCF/day)	507
Water (thousands bbl/day)	15
Number of Wells	
Oil Producers	20
Gas Injection	6
Water Injection	2
WAG Injection*	0

** Water Alternating Gas Injector*



SUMMARY

BP North Slope Oil Fields		
Original Oil in Place	42.3 billion barrels	
Original Gas in Place	52.8 trillion SCF	
Cumulative Production	**BP Net**	**Gross Field**
Oil (12/31/08) (billions of barrels of oil equivalent)	6.3	15.7*
Current Rates (12/31/08)	**BP Net**	**Gross Field**
Oil (thousands BOE/day)	204.3	471

*TAPS Throughput since 1977

Field area

Unit boundaries equal about 693,484 acres.

Roads and causeways

408 miles

Distance covered

Approximately 80 miles across from the eastern edge of Badami to the western edge of Kuparuk. Approximately 30 miles from the northern edge of Northstar to the southern edge of Meltwater. (This includes open and roadless areas between facilities and open ocean around Northstar and Endicott.)



North Slope Facts

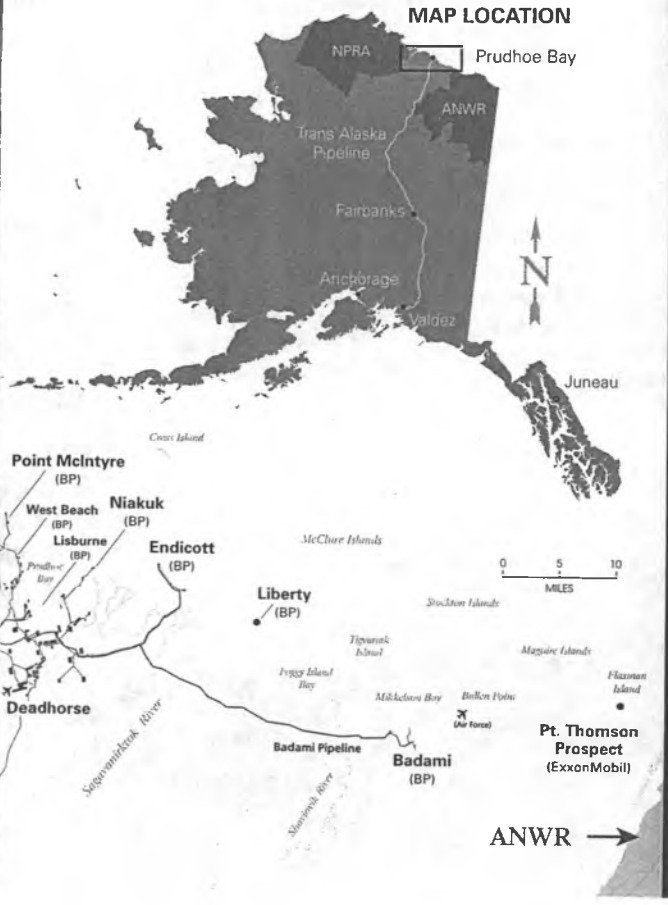
The North Slope is a flat, treeless plain, which extends 88,000 square miles, from the foothills of the Brooks Mountain Range to the Arctic Ocean and west from the Canadian border to the Chukchi Sea. The developed area of the North Slope encompasses about 312 square miles.

Location

Prudhoe Bay is about 600 air miles north of Anchorage and about 1,200 miles south of the North Pole. It is about 250 miles north of the Arctic Circle.

Weather

Winter temperatures across the North Slope frequently dip to minus 30 degrees Fahrenheit with winds to 30- 40 miles per hour, resulting in severe chill factors. The lowest recorded temperature was minus 68 degrees Fahrenheit. Temperatures can rise to 80 degrees Fahrenheit during July.



2/18/11 OVERVIEW: ALASKA OIL & GAS EXPLORER AND SUPPORT INDUSTRY

<TARGET><BILL></BILL><SUBJECT>2-18-11 OVERVIEW ALASKA OIL and GAS EXPLORER AND SUPPORT INDUSTRY</SUBJECT><COMM>HRES27</COMM></TARGET>

DOYON, LIMITED

Presentation to the House Resources Committee

February 18, 2011
Juneau Alaska



Overview

- Mission, Vision, Values, Goals 3
- Shareholders 4
- Corporate Strategies 5
- Operating Pillars 6
- Oil Field Services 7
- Land and Resource Development 8
- The Bottom Line 9

Mission, Vision, Values & Goals

Mission

...to continually enhance our position as a financially strong Native corporation in order to promote the economic and social well-being of our shareholders and future shareholders, to strengthen our Native way of life and to protect and enhance our land and resources.

Vision

Leader in All We Do

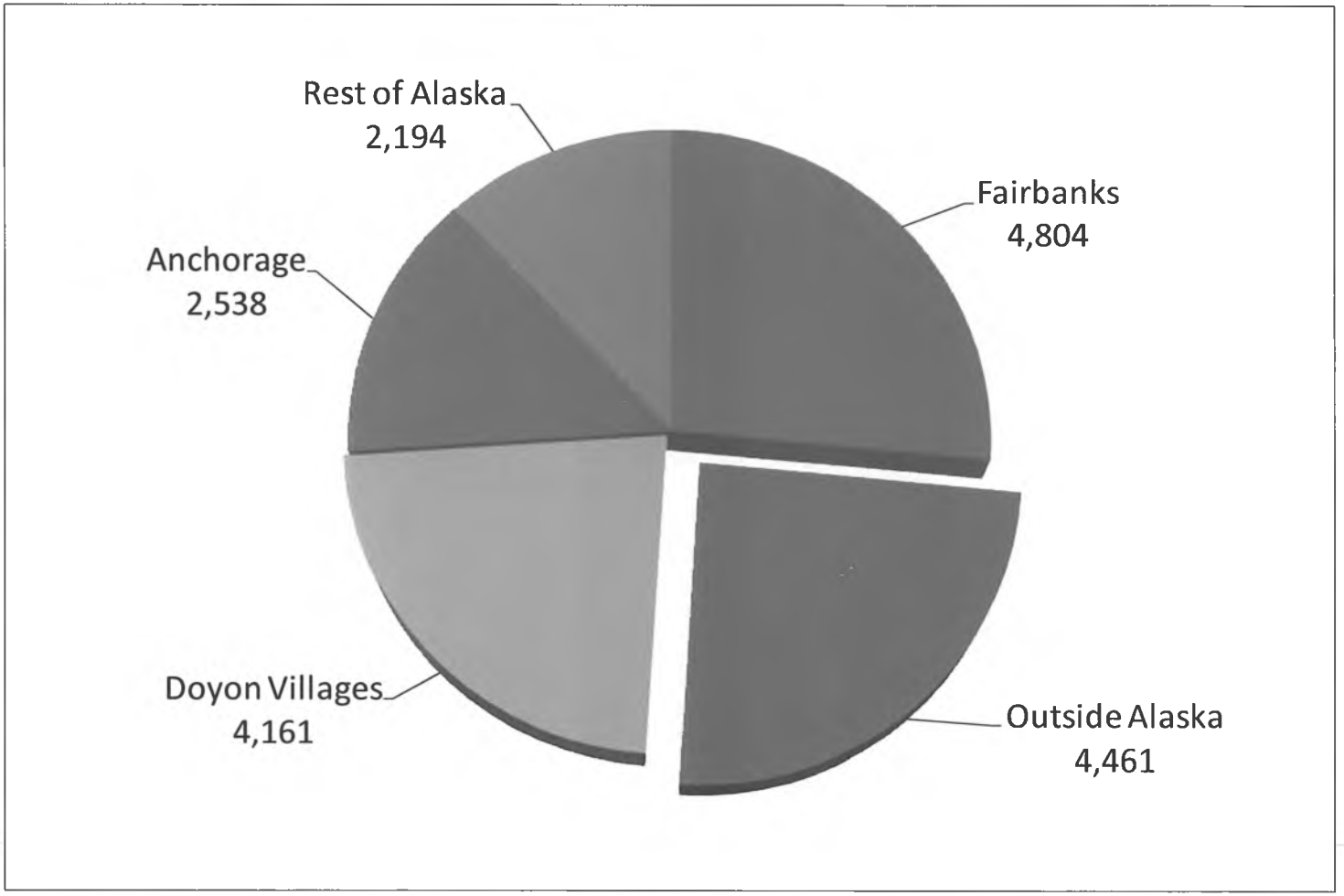
Values

Financial responsibility, pride and respect in Native ownership, social and cultural responsibility, commitment to the long-term, honesty and integrity, commitment to excellence, respect for employees

Goals

Financial and People

18,158 Shareholders
13,697 Alaskans



Corporate Strategies

Select optimal mix of operating companies to maximize earnings and provide shareholder opportunities:

- Adopt focused rationale for ownership
- Exercise discipline in acquisition and divestiture activity

Add value to those companies by providing:

- Strategic and tactical guidance and oversight
- Cost-saving operational, financial and administrative synergies

Explore Doyon and other lands for oil and gas development opportunities using:

- Funds generated through operations
- State incentives

Increase value to shareholders through:

- Support for education and training (including internships).
- Career Development (including succession and mentoring).
- Retention and training
- Dividends, donations, and scholarships

20 mil wages
6 mil dividends

Operating Pillars

- Oil Field Services
  - Drilling
  - Security
  - Engineering
  - Facilities
  - Construction
- Government Contracting
  - Military Utility Management
  - Security
  - Construction
  - Logistics
- Land and Resource Development
  - Oil and Gas
  - Hard Rock Minerals
  - Sand and Gravel

Oil Field Services

	Doyon Drilling	Doyon Universal	Doyon Emerald	Doyon Industrial/ Associated
Ownership	Doyon 100%	Doyon 50.1% Sodexo 49.9%	Doyon 100%	Doyon 50.1% Associated Pipeline 49.9%
Services	Drilling 7 rigs all working NS	Security, Facilities on North Slope and TAPS	Engineering	Construction
Primary Location	North Slope Anchorage 1 new one	North Slope Remote Sites Anchorage Fairbanks Valdez	Anchorage	North Slope Fairbanks
Current Business Outlook	Exploration activity is down, focus on work overs and managed decline, restrictive regulatory environment	Exploration activity is down, focus on work overs and managed decline, restrictive regulatory environment	Stable	Exploration activity is down, focus on work overs and managed decline, support for pipeline integrity program
Employees 2007 2008 2009 2010	 314 271 224 285	 1114 956 813 831	 34	 40 87 87

~85% are AK shareholders

Land & Resource Development

ANCSA provided 12.5 million acres. We are:

- Serving as responsible stewards of the land
- Promoting, leasing and exploring Doyon land for hard rock minerals
- Investing in oil and gas exploration in the Interior
  - Nenana – State, MHT, Doyon lands E: well ~20 mil MHT lands play ~~signed~~ seismic in 12
  - Stevens Village & Birch Creek (Yukon Flats)– Doyon lands
- Leveraging our investments through data analysis, partnerships, and incentives
  - Doyon's efforts have resulted in over $200M of investment in exploration and related activity in Interior Alaska

The Bottom Line

- Doyon is an Alaskan company that employs 1,500 Alaskans
- We must look to the future for business opportunities on behalf of our shareholders and our employees
- Vast oil and gas opportunities remain in Alaska
- Investment in oil and gas exploration and production is down
- Alaskans have lost jobs and revenues
- Our current oil tax policy inhibits investment in development, inconsistent with state constitutional requirement to maximize the benefit of our resources
- Doyon supports a state oil tax policy that fills our pipeline…producing jobs and revenue for Alaskans and Alaska

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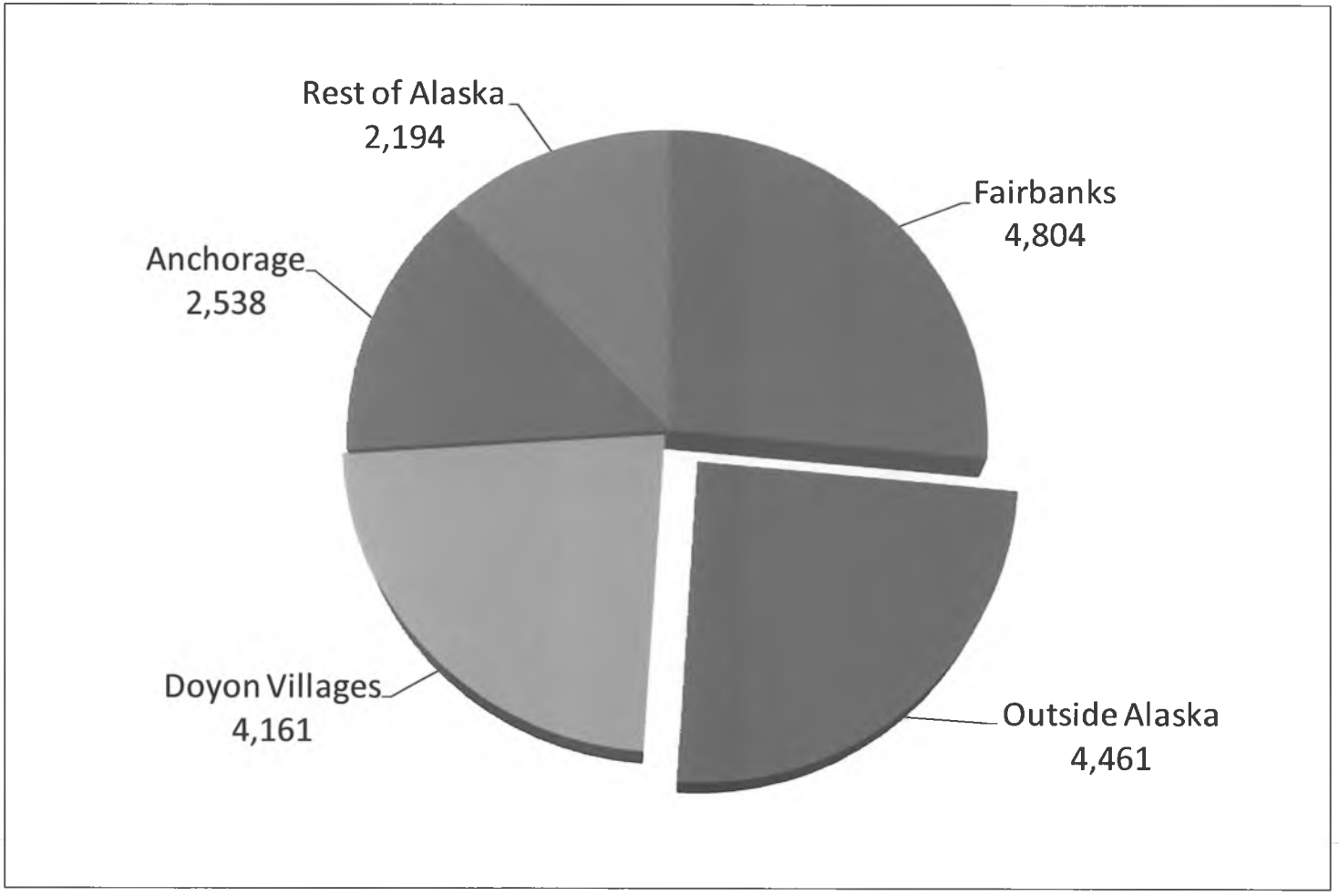

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- Oil Field Services
  - Drilling
  - Security
  - Engineering
  - Facilities
  - Construction
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  - Military Utility Management
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  - Logistics
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  - Oil and Gas
  - Hard Rock Minerals
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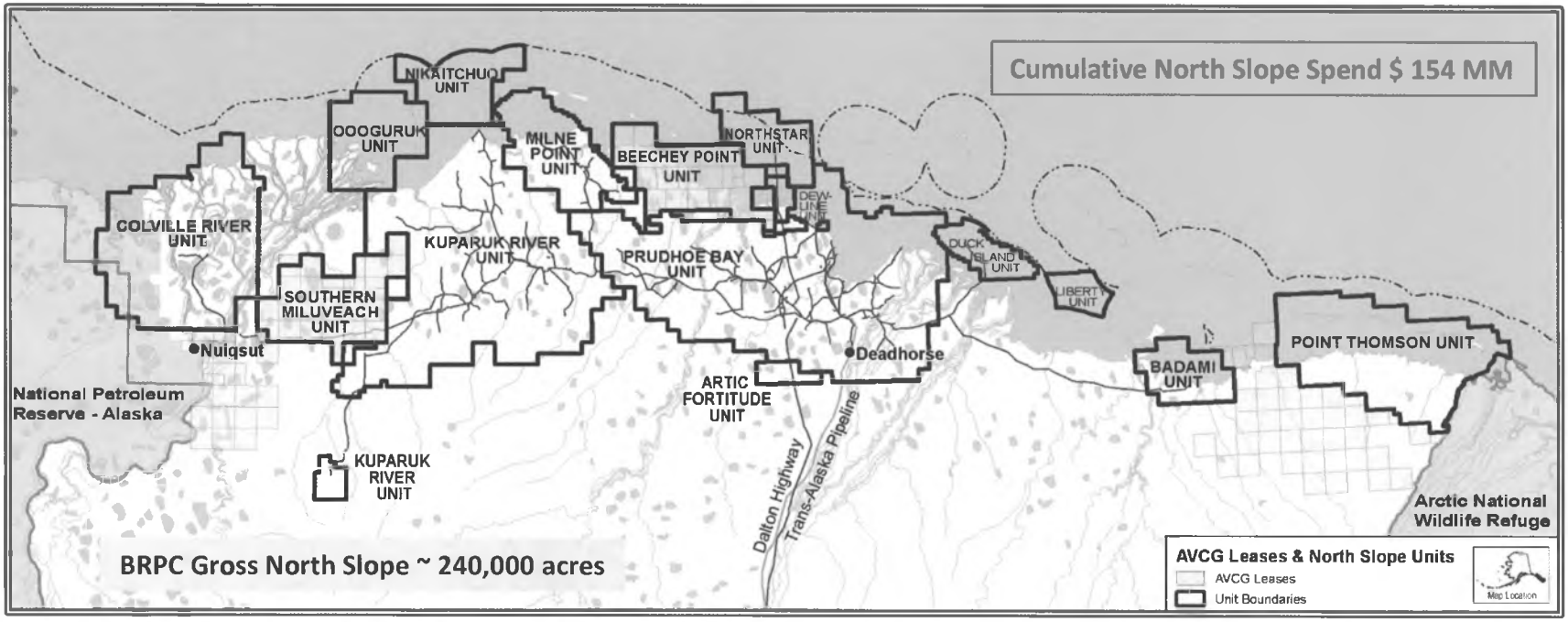
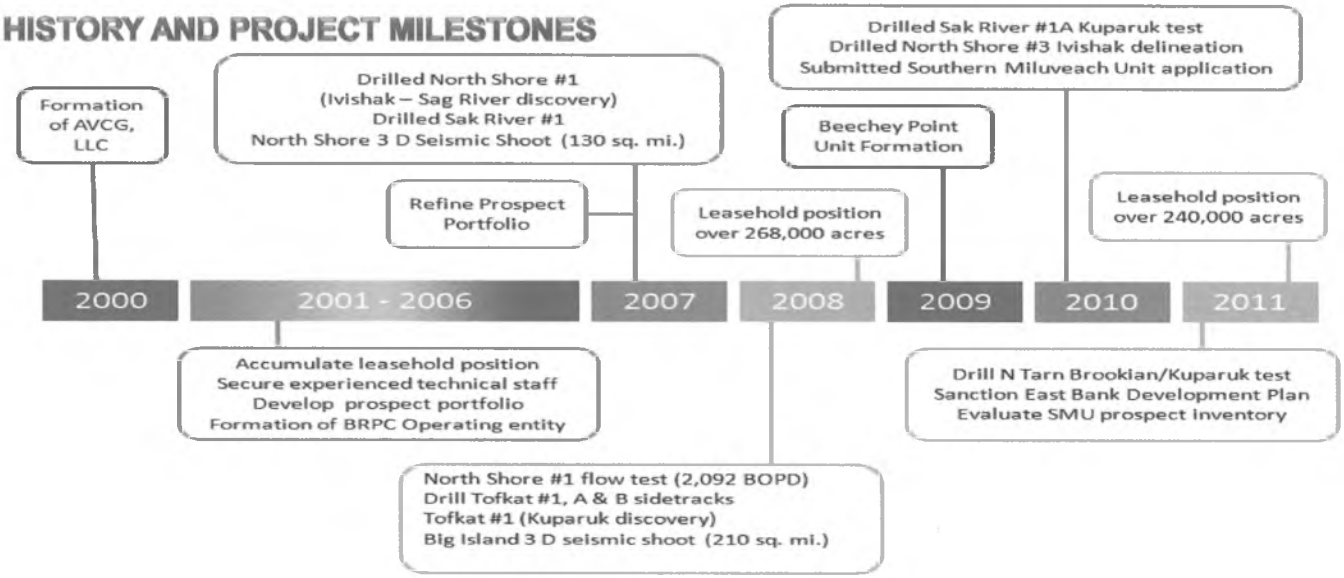


10 YEAR HISTORY AND PROJECT MILESTONES



WHY BRPC IS MOVING FORWARD IN ALASKA

- WIO's represented by BRPC are committed to Alaska and currently have a $ 154 MM investment that needs to perform
- Current business plan approved by our investors has a timeline which reflects first oil and revenues from production in mid 2013
- Each year we delay, has an adverse effect on the investments ROI and IRR
- Current economic models used by BRPC, marginally support an acceptable IRR on smaller targeted accumulations with an assumption that reserve base would expand to include other prospect potential in the project area
- An increase in tax rate and a reduction in capital credits would have a negative reaction when applied to current models most certainly moving the project to an un-economic portfolio position and would shorten our active participation on Alaska's North Slope
- Increased capital credits, lowering of the base rate and progressivity when applied to our model would assure an attractive IRR, and would foster a more aggressive prospect portfolio and in turn, provide encouragement to our WIO's for added funding for our NS projects.
- Elevate the interest level of other players with a watchful eye on Alaska

COMMON GOAL : Slow or level the decline of oil production and throughput in Alaska

Support proposed changes in HB 110 :

- ✓ Revise the progressivity surcharge to the "bracketed tax structure" with calculations made annually instead of monthly
- ✓ Cap the total tax at 50% when oil prices top $92.50/bbl
- ✓ For development of new fields outside existing production units, the base tax rate will be 15% instead of 25% and cap the total tax at 40%

A "bracketed structure with reduced base rate and cap" would support BRPC's ongoing activity level in Alaska by providing a more favorable economic structure and near term effect on our eventual ROI and IRR with respect to our pursuit of smaller and normally marginal accumulations.

- ✓ Accelerate the payment for exploration and other qualified capital investments to one year vs. two years

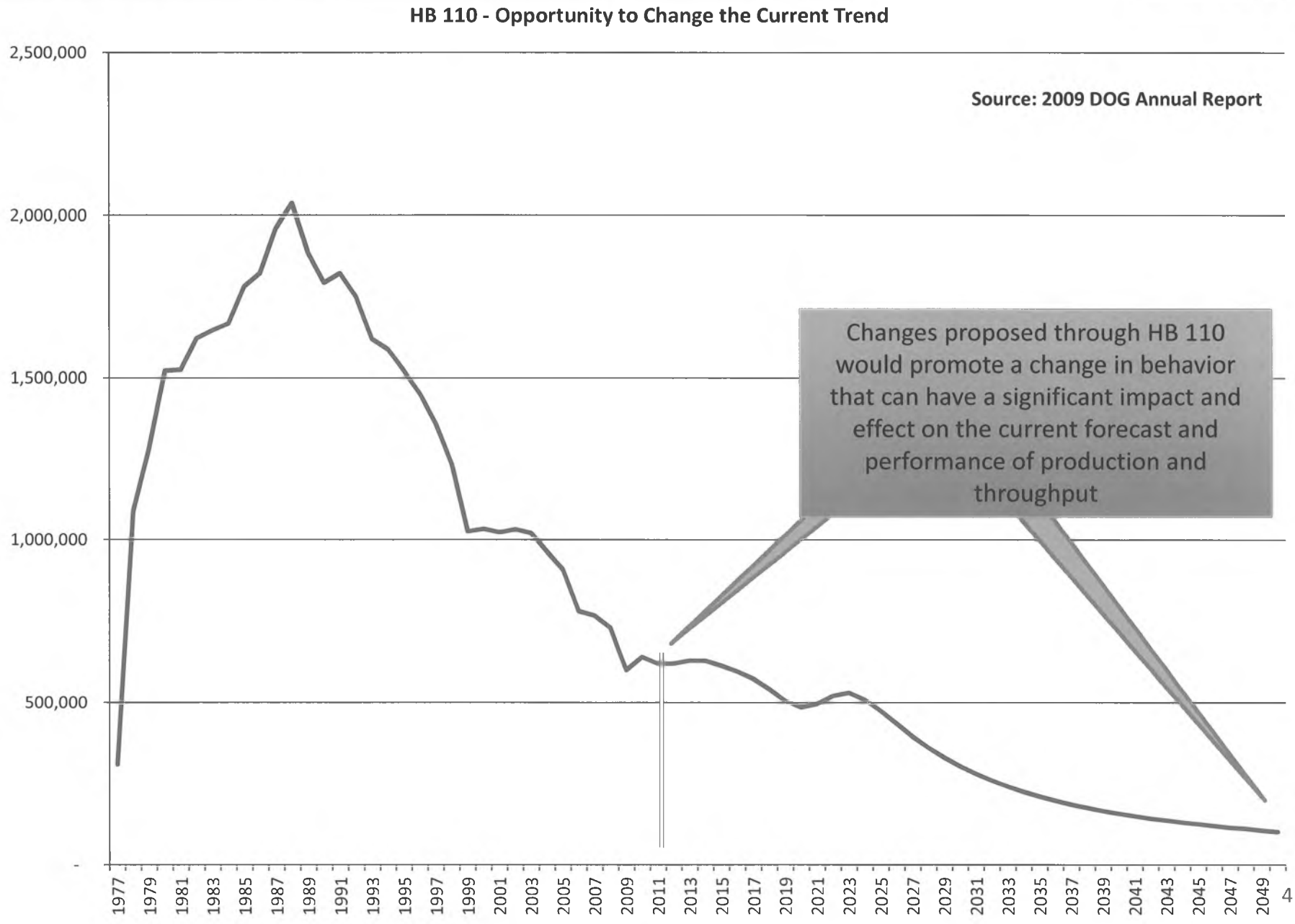
The acceleration of credit recovery payments to a one year cycle would allow for the planning and execution of an expanded work program and an increased level of activity and the associated employment base and support services required to perform relative project support

- ✓ Increase the tax credits for "qualified capital" investments from the current 20% to 40%

An increase in qualified capital credits to 40% would provide immediate impact to BRPC's project investment base and would extend our ability to encourage additional and continued capital investment from our current WIO's therefore providing more opportunities for successful discoveries and future development projects

- ✓ Extend indefinitely the "Small Producer Tax Credit" of $12MM a year from expiring on May 1, 2016 (or certainly extend another 5 years to May 1, 2021 then re-assess at that time). This is an item not currently in current bills but would be helpful in attracting new long-range development capital for BRPC and others like our company.

Currently, we have a sanctioning proposal in front of our WIO's that projects first oil and revenues in 2013, under the current sundown of the Small Producers Credit, the development would be limited to a 3 year optimization of this credit and would propose an extension through 2021 to allow our first project maximum effect


HB 110 - Opportunity to Change the Current Trend
Source: 2009 DOG Annual Report
Changes proposed through HB 110 would promote a change in behavior that can have a significant impact and effect on the current forecast and performance of production and throughput
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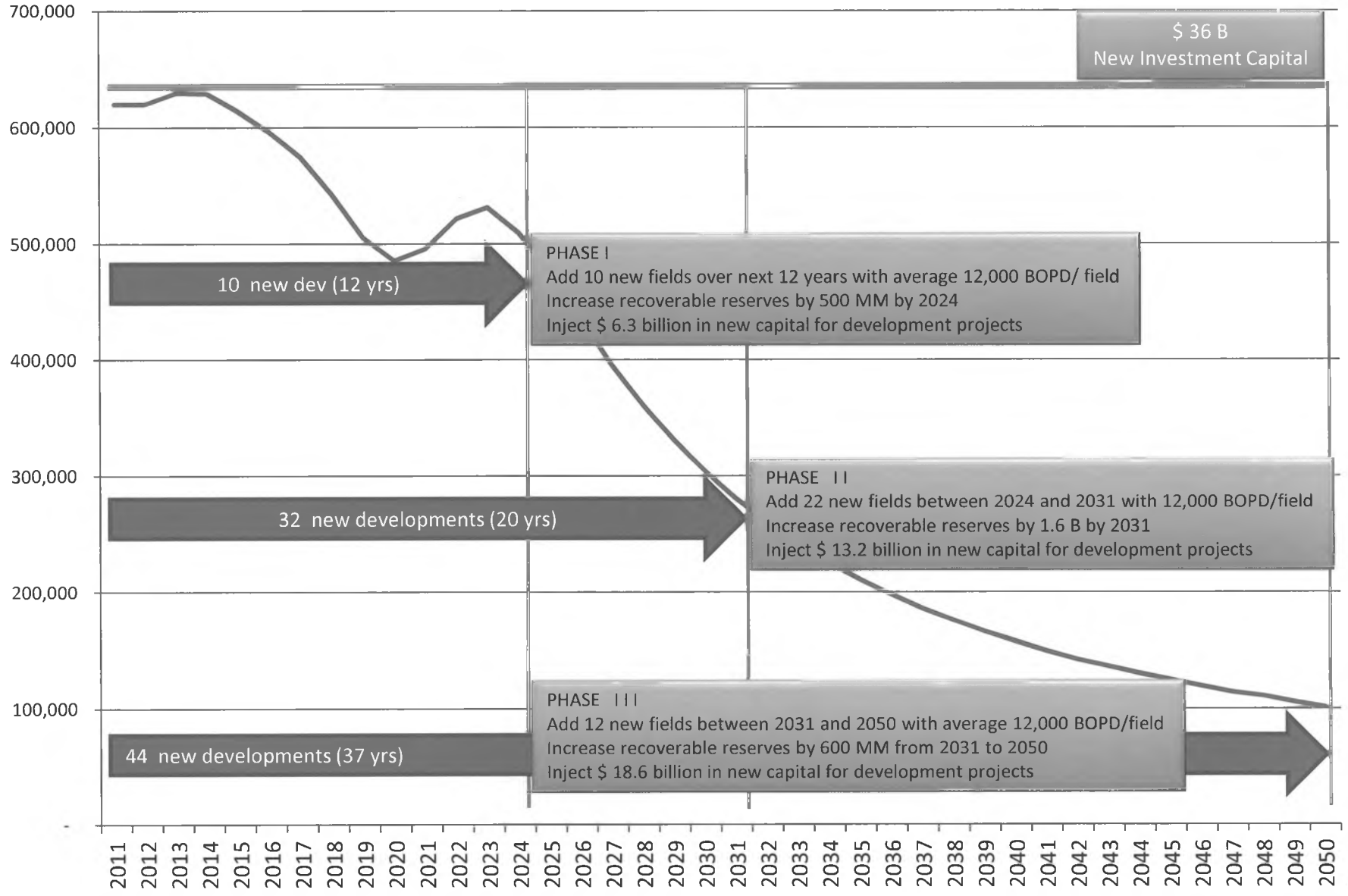
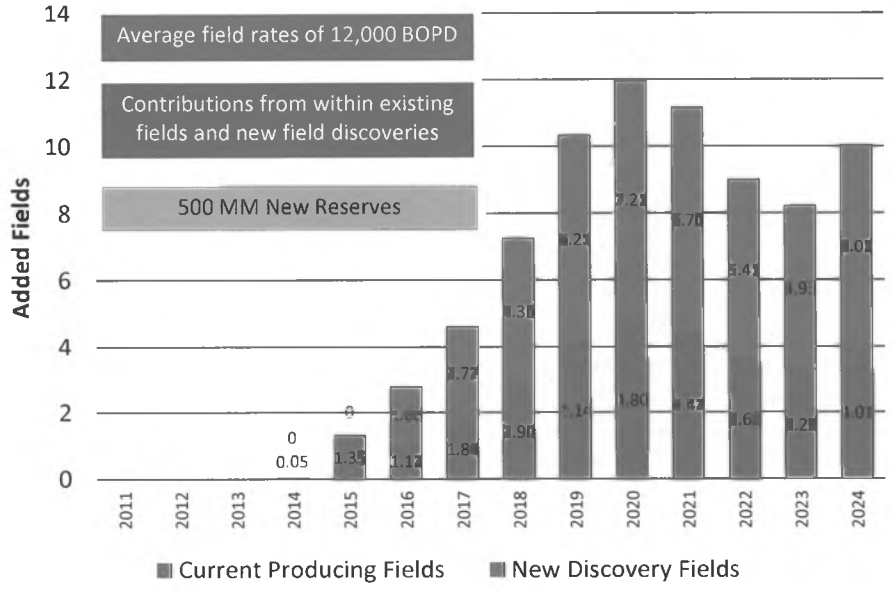
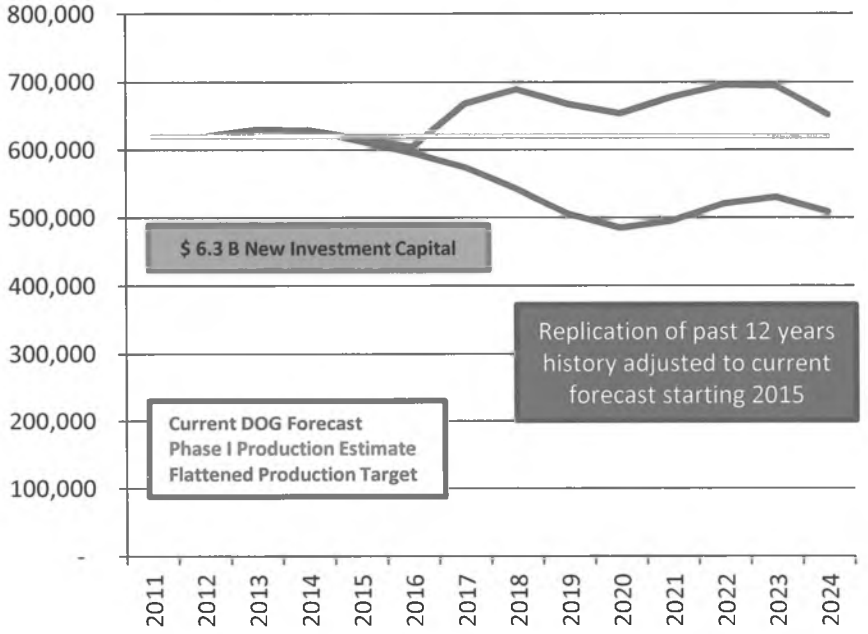
Current Forecast with Flattened Production Target



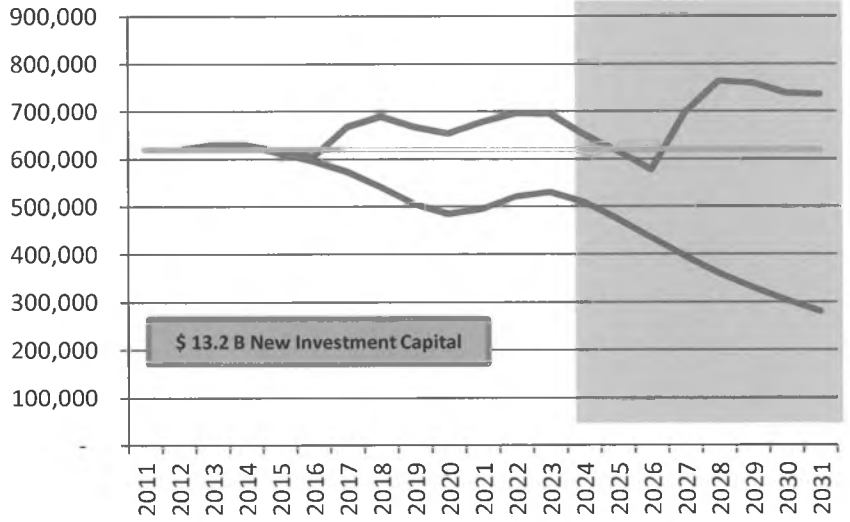
Required Field Additions to Flatten Decline



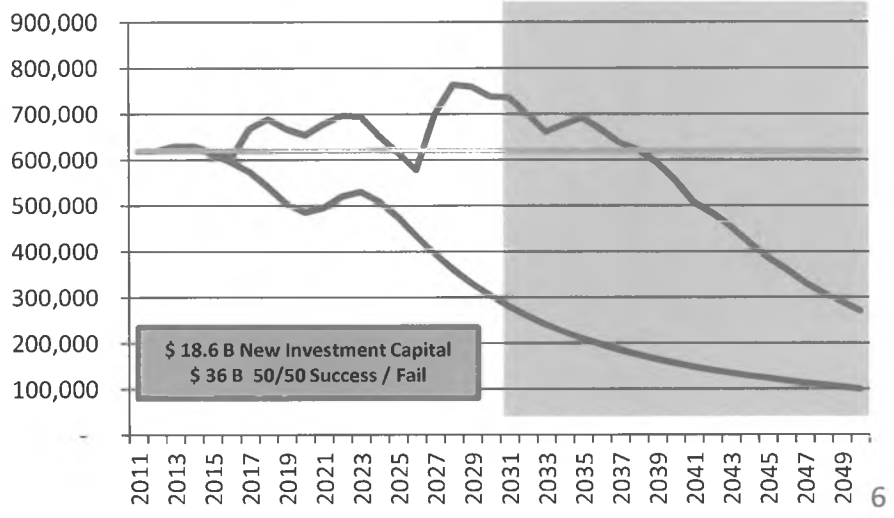
PHASE I - 10 New development projects over next 12 years



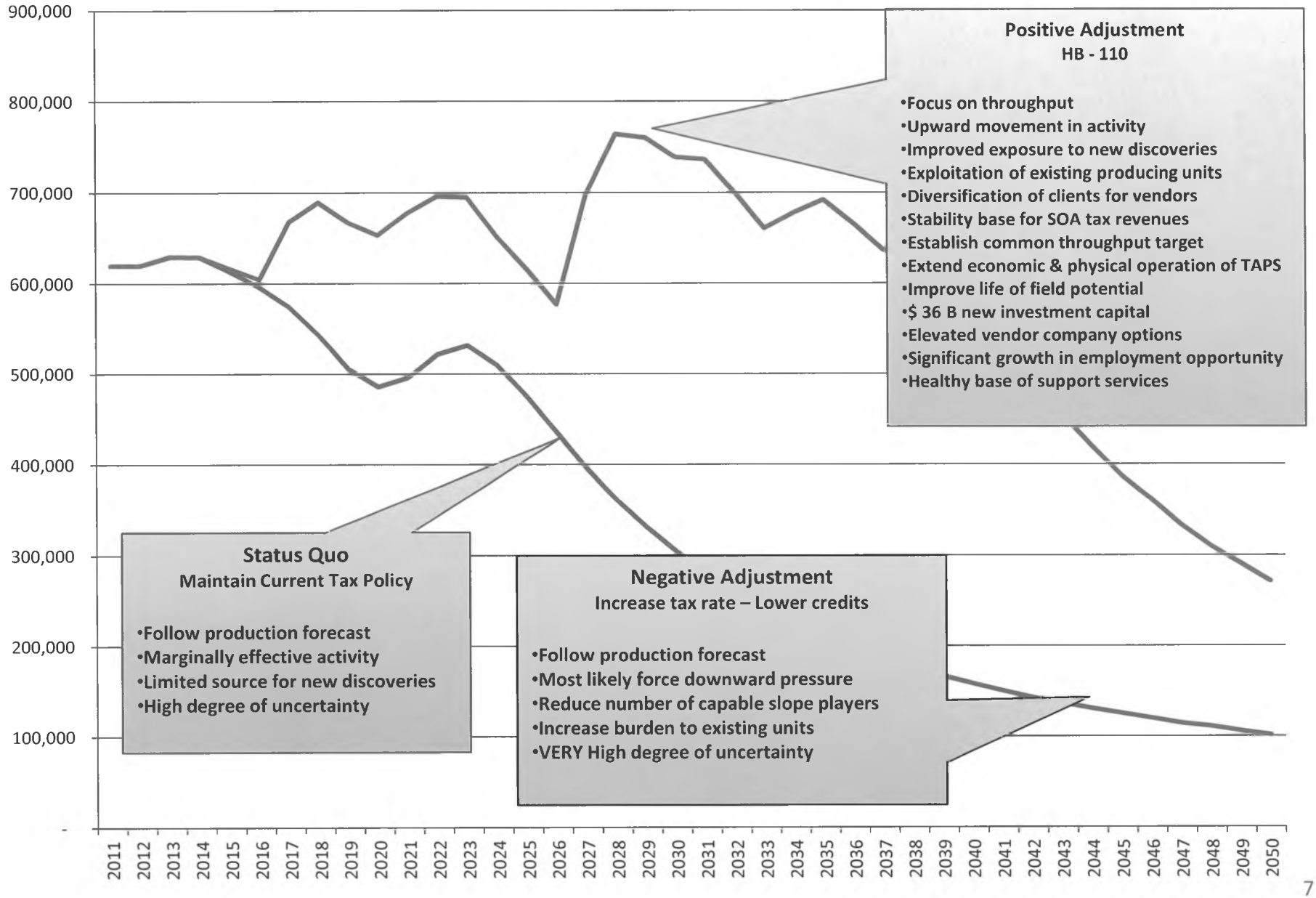
PHASE II - 22 New development projects 2024 - 2031



PHASE III - 12 New development projects 2031 - 2050



COURSE FOR ACTION



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House Bill 110
Testimony by AVCG, LLC

Ken Thompson
Managing Director of AVCG, LLC
February 18, 2011

Agenda

Purpose: Present *ideas to re-incentivize investment and increase the competitiveness of Alaska relative to other oil basins with* ***one common State & Industry Goal*** *in mind:*

LEVEL ALASKA'S OIL PRODUCTION

- Introduction to Alaska Venture Capital Group (AVCG)
- AVCG's approach to working with the State
- Fundamental improvements to ACES to attract new investors for E&P
- The **"next frontiers"** for major developments on the NS
  - ✓ **Exploration with smaller fields sharing regional processing facilities**
  - ✓ **Low-permeability sands and oil source shales**
  - o NS viscous oil
  - o NS natural gas
  - o NS offshore oil

AVCG & BRPC: Entity Comparison

AVCG LLC

Holding company

Own all leases
- Assignments
- ORRI
- Production Revenues

Manage overall direction, strategy
- BRPC budget, plan
- Staffing

Negotiation of all business deals
- **Attract new investors**

Brooks Range Petroleum Corporation

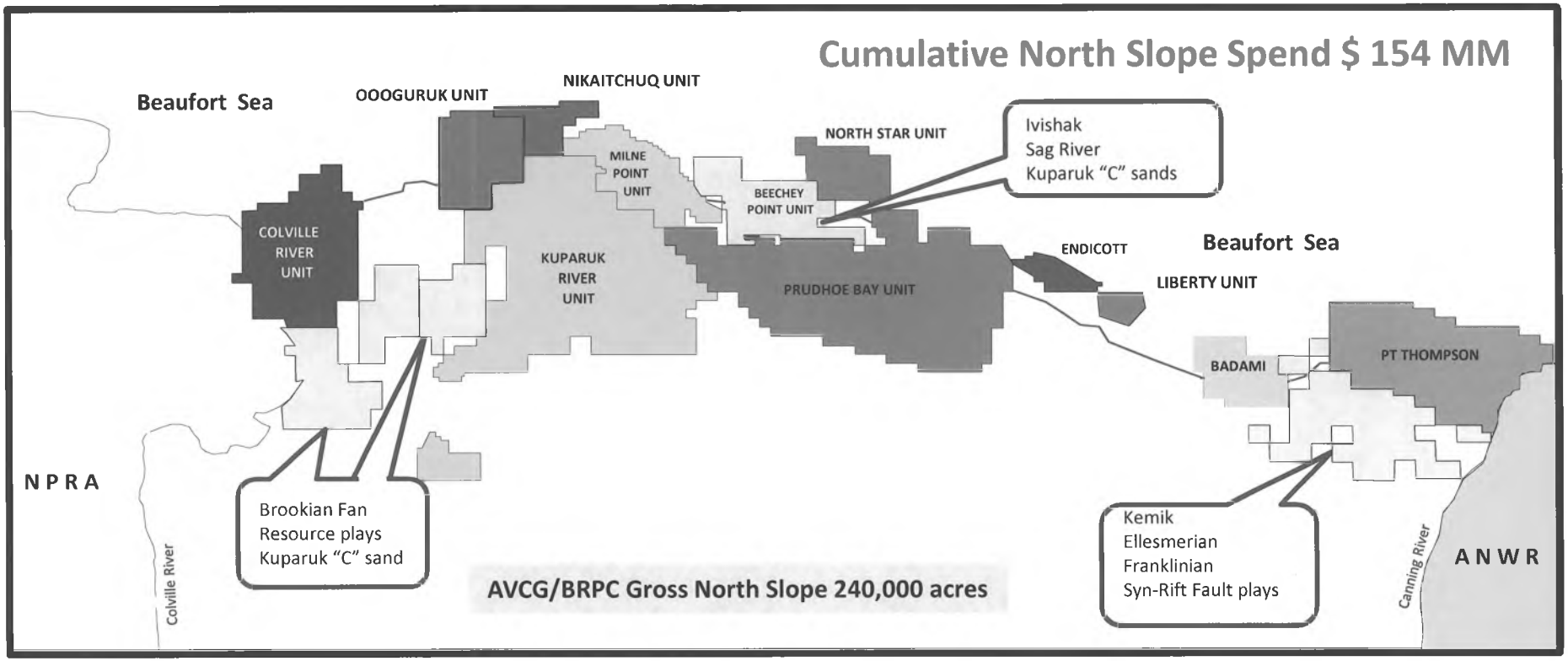
Subsidiary of AVCG, LLC

Technical services for AVCG
JV companies as needed

Manage operations
- office
- staffing
- misc. services

Administrative services
- AVCG billings
- accounting
- lease administration

AVCG JV Leasehold Portfolio



Western – 94,142 acres

Activity
220 sq. mi. new 3 – D seismic
Drilled Kuparuk test & discovery

Plan
Drill North Tarn Brookian/Kuparuk test
Progress 3D seismic and prospects
Exploit resource plays in area

Central – 52,878 acres

Activity
130 sq. mi. new 3 – D seismic
Drilled Ivishak, Sag River & Kuparuk tests
Ivishak & Sag River discoveries
Formed Beechey Point Unit
Acquired Pete's Wicked discovery

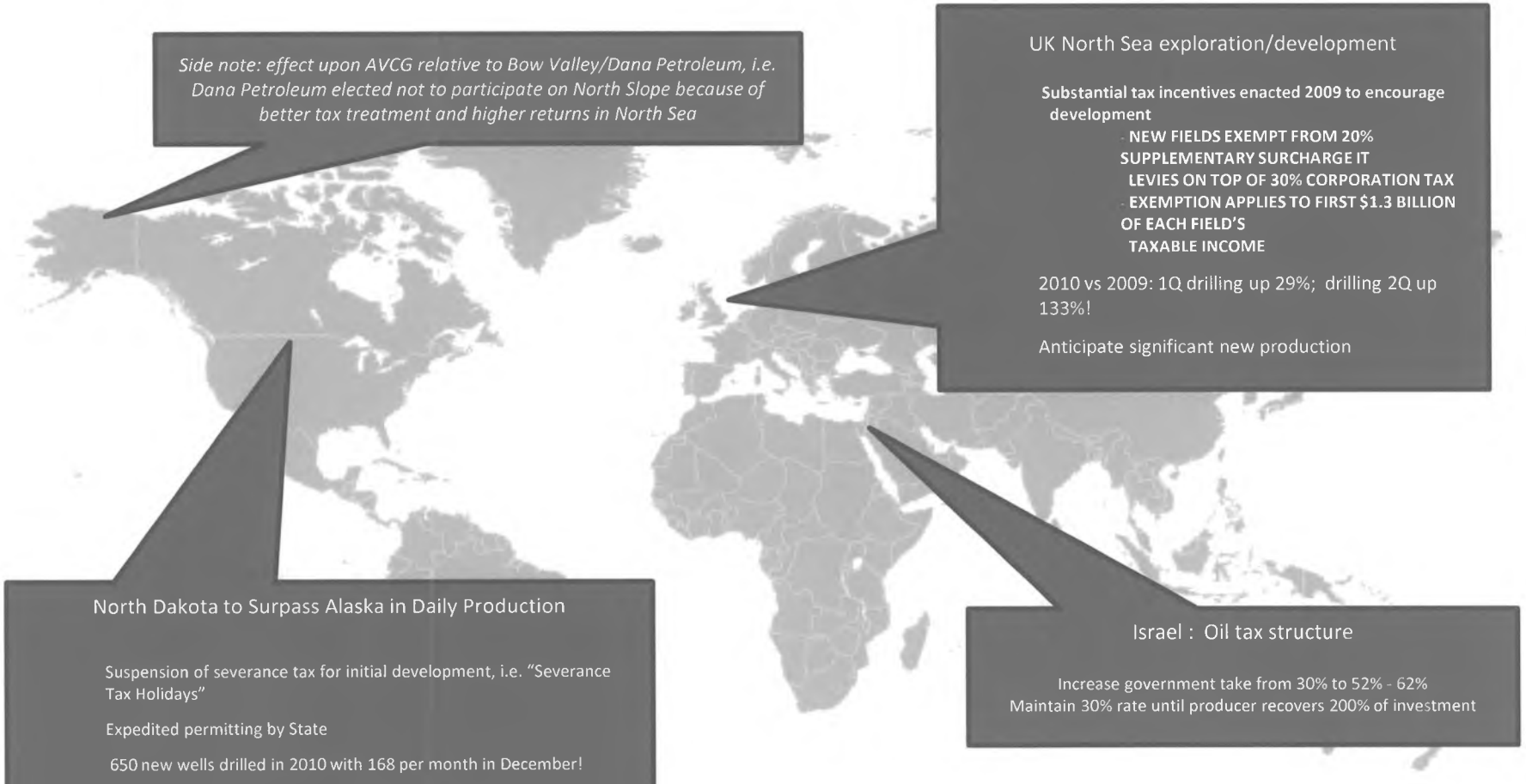
Plan
Drill East Shore Kuparuk formation test
Progress Plan of Development of known reserves
Obtain approval of development sanctioning

Eastern – 89,800 acres

Activity
Purchased area 2 – D lines

Plan
Acquire 150 sq. miles of 3D seismic
Looking for partner on Shoot-to-Earn
Continue to progress 2D data
Monitor Point Thomson activities

Attracting New Investors In The Face Of Global Competition For Capital



Side note: effect upon AVCG relative to Bow Valley/Dana Petroleum, i.e. Dana Petroleum elected not to participate on North Slope because of better tax treatment and higher returns in North Sea

UK North Sea exploration/development

Substantial tax incentives enacted 2009 to encourage development

- **NEW FIELDS EXEMPT FROM 20% SUPPLEMENTARY SURCHARGE IT LEVIES ON TOP OF 30% CORPORATION TAX**
- **EXEMPTION APPLIES TO FIRST $1.3 BILLION OF EACH FIELD'S TAXABLE INCOME**

2010 vs 2009: 1Q drilling up 29%; drilling 2Q up 133%!

Anticipate significant new production

North Dakota to Surpass Alaska in Daily Production

Suspension of severance tax for initial development, i.e. "Severance Tax Holidays"

Expedited permitting by State

650 new wells drilled in 2010 with 168 per month in December!

Reserve estimates of 5-11 billion bbls compared to Prudhoe 13 bbl

Record oil production **ON THE INCLINE** to double this decade

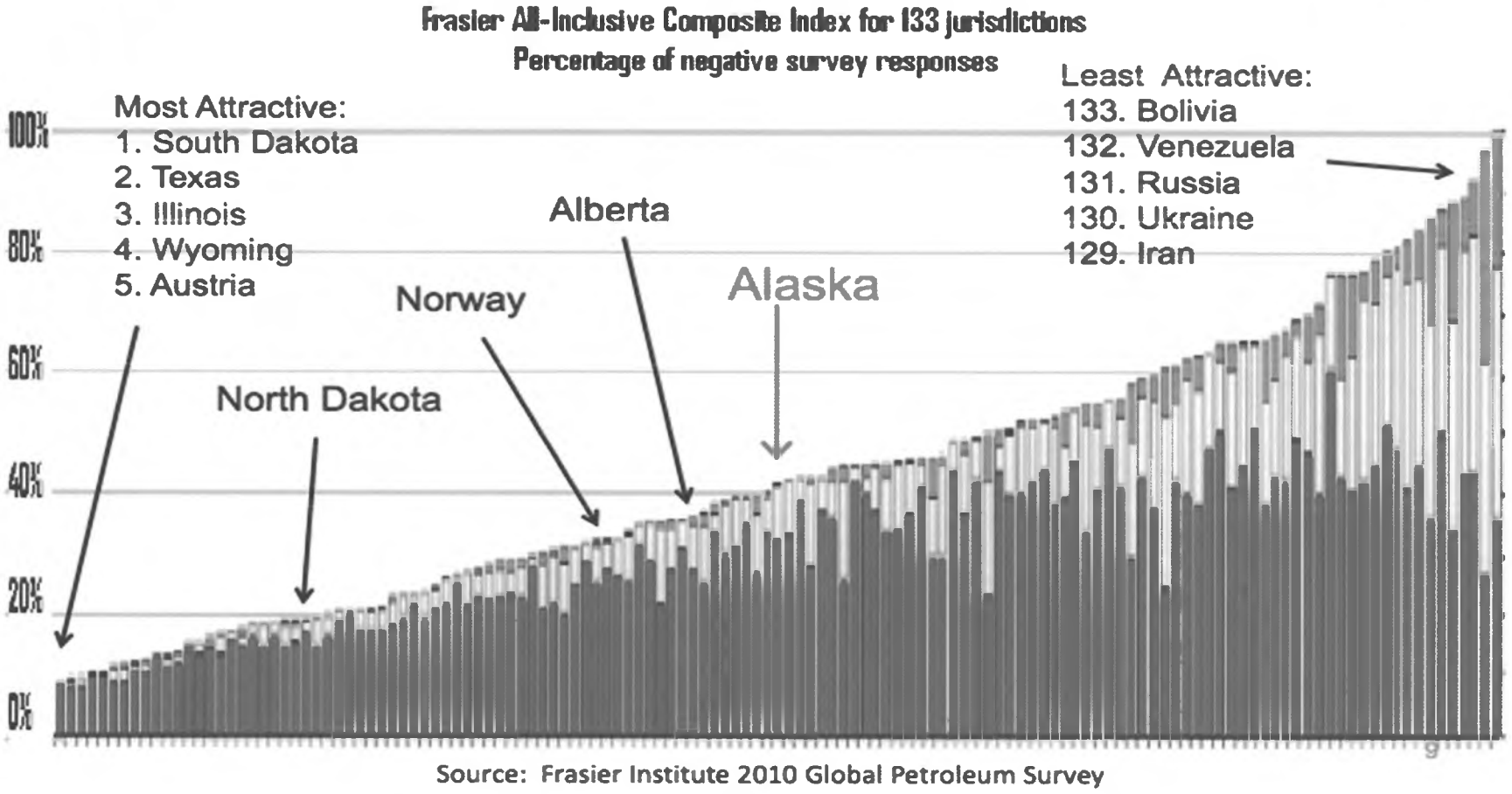
370,000 BOPD to increase to 700,000 BOPD and surpass Alaska

Israel : Oil tax structure

Increase government take from 30% to 52% - 62%
Maintain 30% rate until producer recovers 200% of investment

Attracting New Capital and/or New Investors To Alaska Are Keys To Increasing Activity That Will Level Production

Frasier: Alaska is #68 of 133 in terms of overall attractiveness

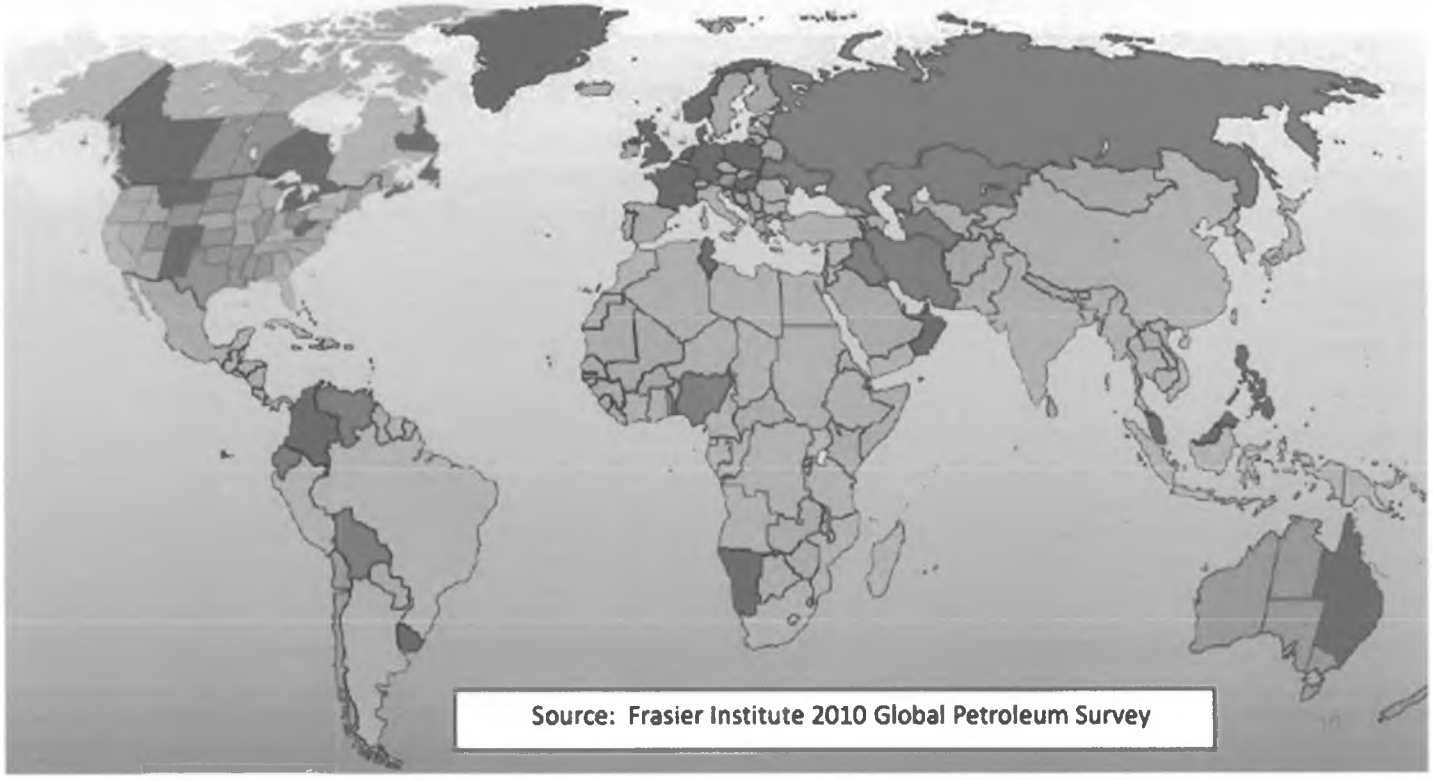


Source: Frasier Institute 2010 Global Petroleum Survey

Source: HB 110 Dept of Revenue Presentation, 2/5/2011

Frasier: Alaska's investment climate is "in the middle" globally

Most attractive | 2nd Quintile | 3rd Quintile | 4th Quintile | Least attractive | Unmeasured



Source: HB 110 Dept of Revenue Presentation, 2/5/2011

AVCG's Recommendations To Assist In Achieving The Common Goal of "No Decline"

Support proposed changes in HB 110 :

- ✓ **Revise the progressivity surcharge to the "bracketed tax structure" with calculations made annually instead of monthly**
- ✓ **Cap the total tax at 50% when oil prices top $92.50/bbl**
- ✓ **For development of new fields outside existing production units, the base tax rate will be 15% instead of 25% and cap the total tax at 40%**

A bracketed structure with reduced base rate and cap and a reduced base tax rate for new fields with a lower cap would attract more investor partners for AVCG et al to increase small field development and establishment of the North Slope's first "open access" facility sharing processing facilities.

- ✓ **Accelerate the payment for exploration and other qualified capital investments to one year vs. two years**

The acceleration of credit recovery payments to a one year cycle would allow for AVCG and its partners to consider drilling 3 exploration wells per year instead of an average of 2 per year…a chance for more discoveries sooner

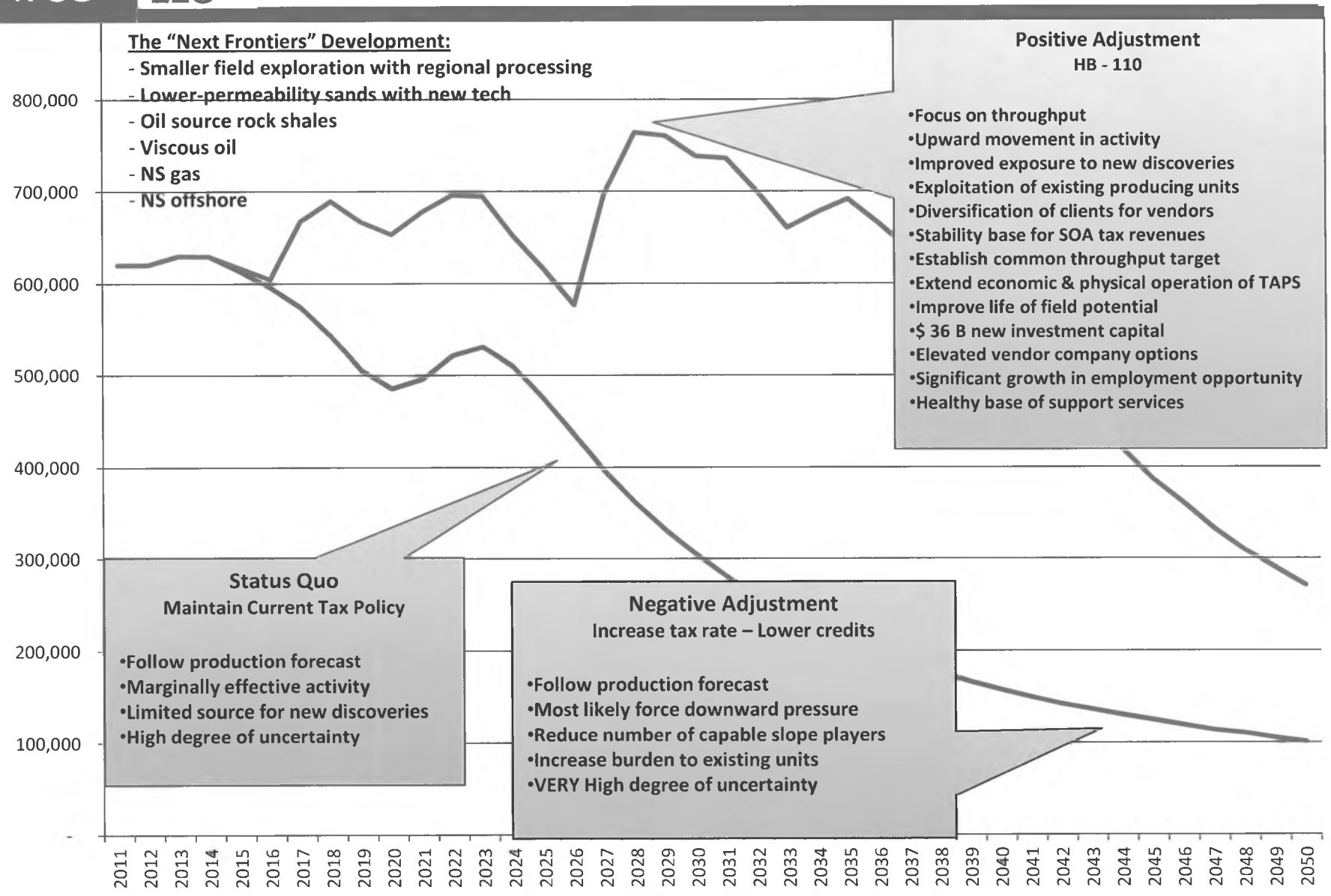
- ✓ **Increase the tax credits for "qualified capital" investments from the current 20% to 40%**

An increase in qualified capital credits to 40% would provide immediate impact to BRPC's project investment base and would extend our ability to encourage additional and continued capital investment from our current WIO's therefore providing more opportunities for successful discoveries and future development projects

- ✓ **Extend indefinitely the "Small Producer Tax Credit" of $12MM a year from expiring on May 1, 2016 (or certainly extend another 5 years to May 1, 2021 then re-assess at that time). This is an item not currently in current bills but would be helpful in attracting new long-range development capital for BRPC and others like our company.**

Currently, we have a sanctioning proposal in front of our WIO's that projects first oil and revenues in 2013. With the Small Producers Credit expiring in May 2016, the development would be limited to a 3 year use of this credit. We would propose an extension through 2021 to allow our first project the full credit to attract new investors.

AVCG LLC


The "Next Frontiers" Development:
- Smaller field exploration with regional processing
- Lower-permeability sands with new tech
- Oil source rock shales
- Viscous oil
- NS gas
- NS offshore
Positive Adjustment
HB - 110
•Focus on throughput
•Upward movement in activity
•Improved exposure to new discoveries
•Exploitation of existing producing units
•Diversification of clients for vendors
•Stability base for SOA tax revenues
•Establish common throughput target
•Extend economic & physical operation of TAPS
•Improve life of field potential
•$ 36 B new investment capital
•Elevated vendor company options
•Significant growth in employment opportunity
•Healthy base of support services
Status Quo
Maintain Current Tax Policy
•Follow production forecast
•Marginally effective activity
•Limited source for new discoveries
•High degree of uncertainty
Negative Adjustment
Increase tax rate – Lower credits
•Follow production forecast
•Most likely force downward pressure
•Reduce number of capable slope players
•Increase burden to existing units
•VERY High degree of uncertainty
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
-
2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050



Great Bear Petroleum LLC

Presentation to the House Resources Committee

18th February, 2011

Great Bear Petroleum LLC

Introducing Great Bear Petroleum





Ed Duncan

B.S., M.A., D.B.A.

President and Chief Operating Officer

- Began his career working regional exploration plays in North Alaska
- Mapped, leased and named the Kuvlum prospect in Camden Bay, planned and managed wellsite operations on the Kaktovik -1 well in the ANWR and mapped and leased the Pt McIntyre field leases
- Over 30 years of experience as a Petroleum Geoscientist and Business Development Manager involved in the evaluation of new business across many of the world's petroleum provinces
- Member of the American Association of Petroleum Geologists

Karen Bryant Duncan

BBA, J.D.

VP – Corporate, General Counsel & Secretary

- A practicing lawyer in the State of Texas since 1987
- Worked at large national law firms for most of her career, achieving partner status
- Over a decade of in-house experience working as corporate counsel for publicly traded corporations
- Karen's expertise is corporate, securities and oil and gas law

Ryan Moynagh

LLB, CFA, LIFA

VP – Finance & Chief Financial Officer

- Independent strategic and commercial advisor to oil & gas sector
- Former Investment Banker in Merrill Lynch's Energy & Power Group, based in New York, London and Singapore
- Graduated first-in class in Law and Accounting (First Class Honours), Queens University
- Wharton Business School Executive MBA graduate

Robert Rosenthal

BSc, MSc

VP – New Ventures

- Over 30 years experience in the global oil and gas industry
- Career in Alaska spans nearly 20 years
- Directly involved in discoveries of approx. 1 billion barrels of reserves as world class source rocks
- Responsible for the implementing BP's new exploration strategy in 1990
- Drilled first ever Caney/Woodford well

Mario Traviati

BSc, MSc

VP – Business Development & Investor Relations

- Former head of Energy Research Asia Pacific at Merrill Lynch
- Excellent contacts at senior levels with governments and corporates across Asia-Pacific, the Sub-Continent & the Middle East
- Formerly an Explorationist with Woodside Petroleum which discovered the vast resources of the North West Shelf

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Competition for Capital

- Capital is mobile and will source out the best risk-adjusted economic returns, regardless of geography.
- Globalization has reduced sovereign risk which used to be the major impediment to investment.
- Government policies that either support or restrict investment will be an important determinant of how companies and countries fare in securing investment capital.
- Greater accessibility of technology and operating capabilities has made deepwater and unconventional resources viable competing investment opportunities
- **In the United States, the quest for capital investment has taken the appearance of State versus State competition for the oil and gas industry's attention.**

Alaska is competing both domestically and internationally for investment capital.

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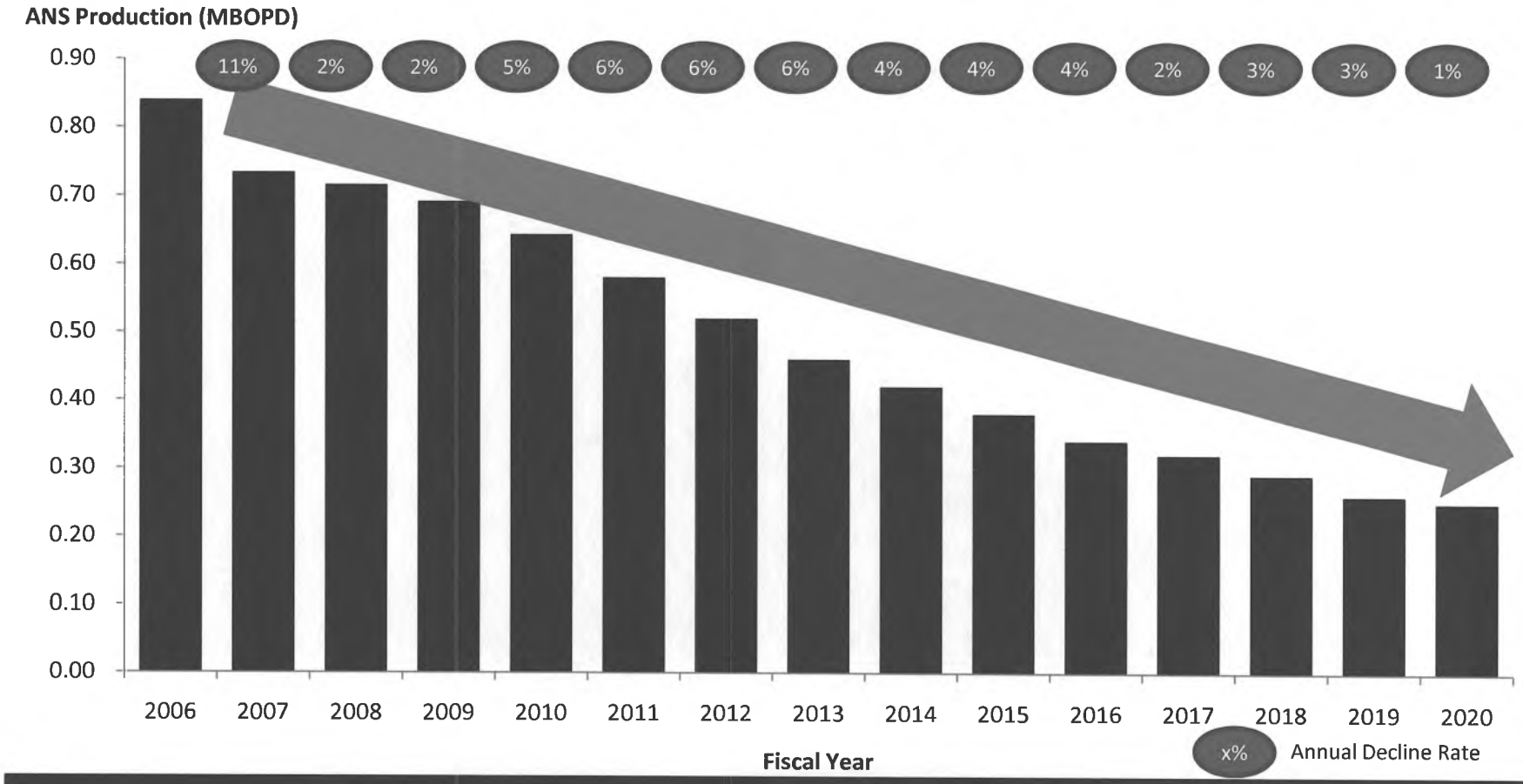
Alaskan Legislation Has Not Addressed Production Decline…



New investment in Alaska is super critical if current production declines are to be arrested or reversed.

Source: Fall 2010 Revenue Sources Book

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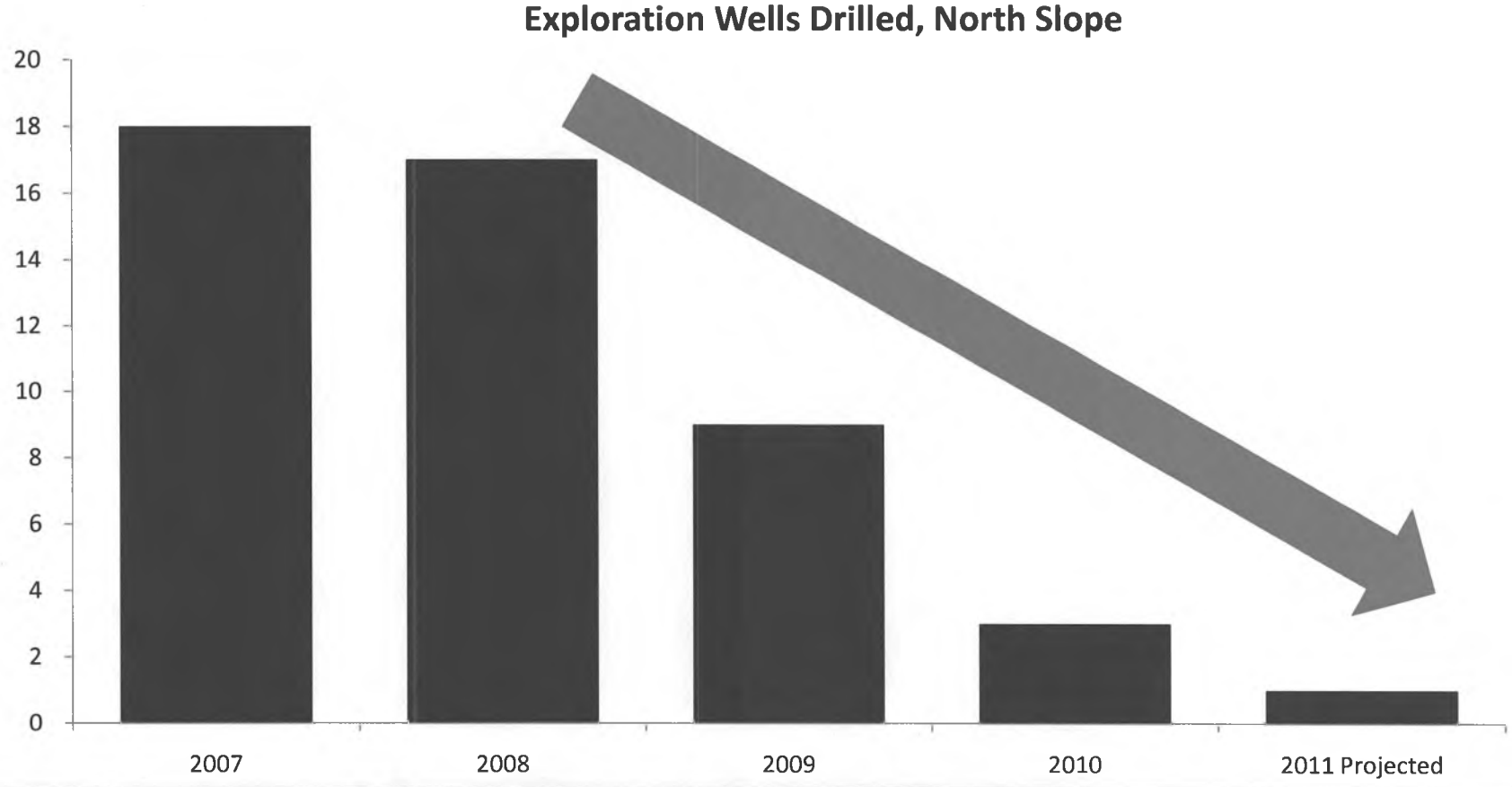
...Nor Has It Encouraged New Exploration



Exploration activity has virtually collapsed. No exploration means no possibility of new discoveries.

Source: Alaska Oil & Gas Conservation Commission and Alaska Department of Natural Resources

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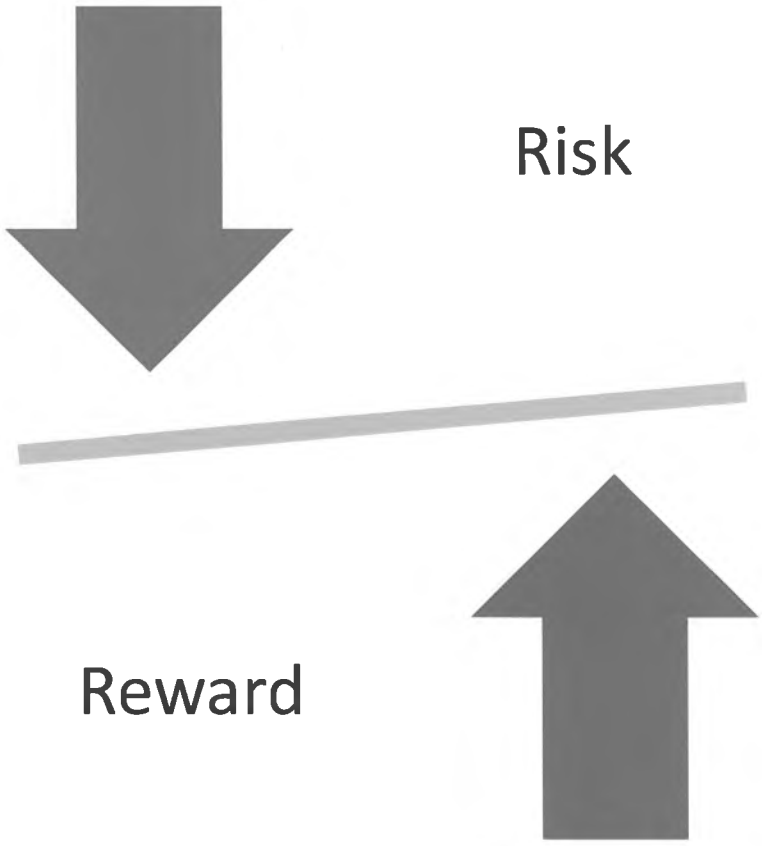
Effective Fiscal Systems Balance Both Risk & Reward

- Provide potential for a fair return to both the State and to companies, balancing risk and reward.
- Ensure a stable business environment and minimize Sovereign risk.
- Promote healthy competition and market efficiency.
- Allow enough flexibility to accommodate changes in perceived prospectivity and economic conditions.
- Avoid complexity and limit administrative burden (on both the State and the companies).
- **Ultimate test of success is activity levels post policy introduction.**



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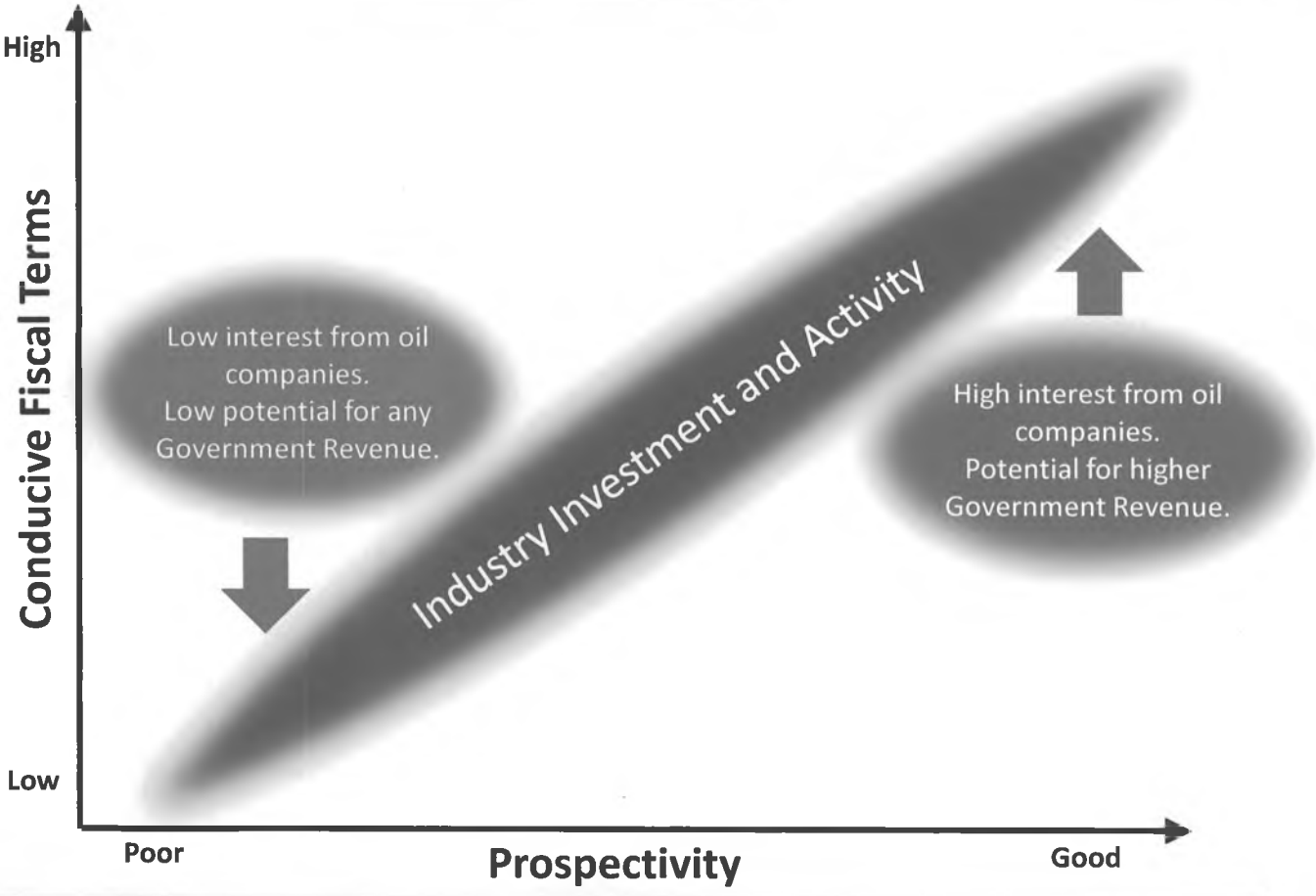
Tough Fiscal Terms Suppress Activity

- The most important factor in exploration investment is **Prospectivity**, or the likelihood of discovering oil or gas in commercial quantities. The industry will focus **where the rocks are good.**

- Effective **Conversion** from **Prospectivity** to **Commercial Production** ultimately controls the terms and the size of Government Revenue.

- Fiscal Terms will influence the **Conversion Efficiency** from Prospectivity to Commercial Production ultimately controlling Government Revenue.



Conversion from prospectivity to production can be suppressed by a non-competitive fiscal environment.

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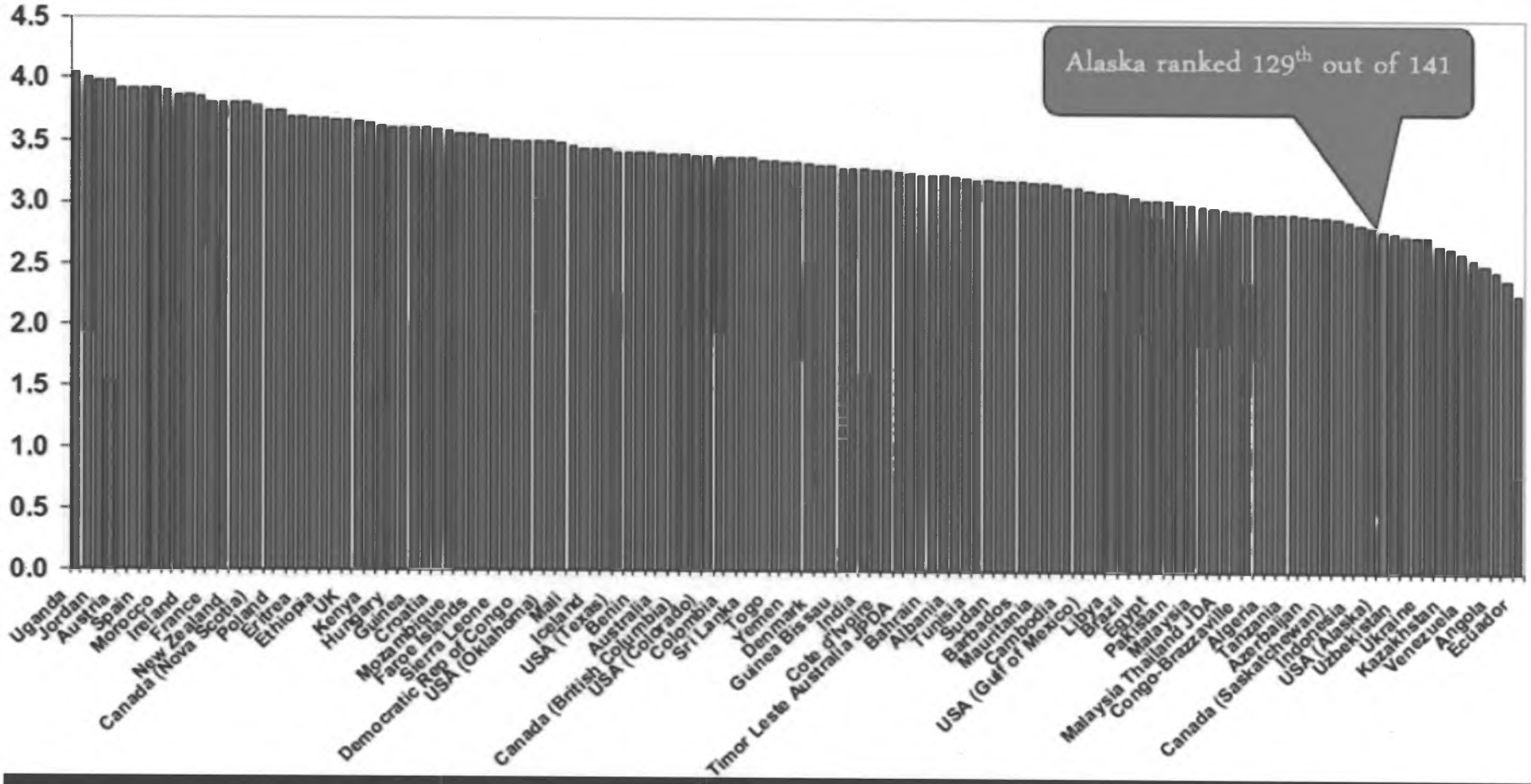
Alaska's Fiscal Terms Rank #129 of 141



Alaska's fiscal terms are in questionable company.

Source: Wood Mackenzie

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Recognition of Alaska as a Global Oil and Gas Producer has Declined

- The easy conventional oil has been found.
- Remaining large volume potential in **unconventional plays**, e.g. heavy oil, shale oil & gas, CBM.
- Costs will continue to rise on per barrel basis and economic returns will decline due to
  - Field sizes getting smaller
  - Challenging operating environment
  - Exploration for new play types becoming riskier
  - Identified plays such as "shallow heavy oil" and "oil and gas shale" are expensive
- **The ability to deliver unconventional resources to market rests primarily on commercial risk rather than technical risk factors.**
- Discovery and development of Alaska's remaining potential would be significantly enhanced by improvements in Alaska's fiscal terms such as those terms in **HB 110**.

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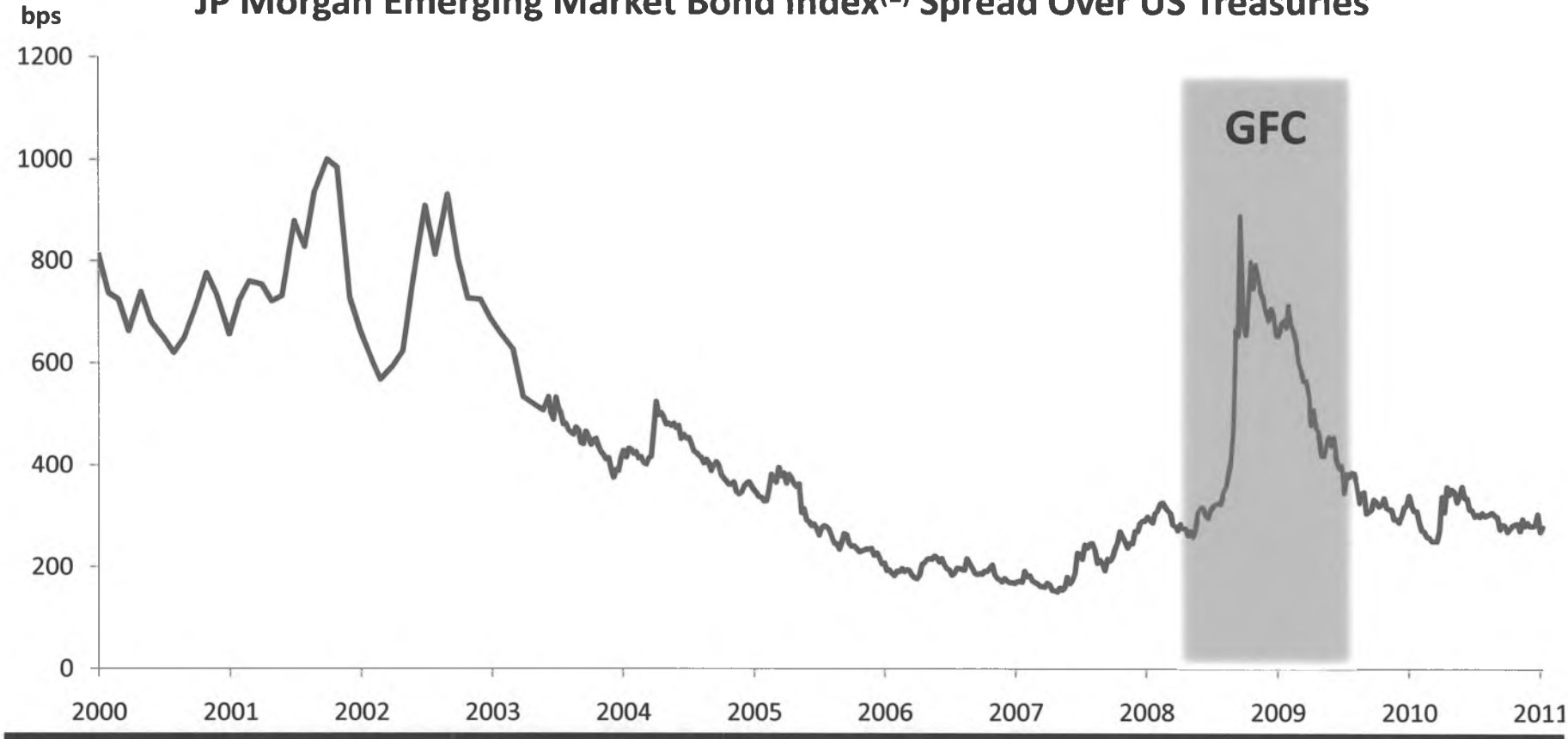
The Developing World is Increasingly Less Risky

JP Morgan Emerging Market Bond Index[(1)] Spread Over US Treasuries



Emerging market risk premiums continue to decline, as globalization moves at pace.

Source: Bloomberg
(1) A comprehensive emerging debt benchmark covering featuring US denominated securities from 27 emerging market countries

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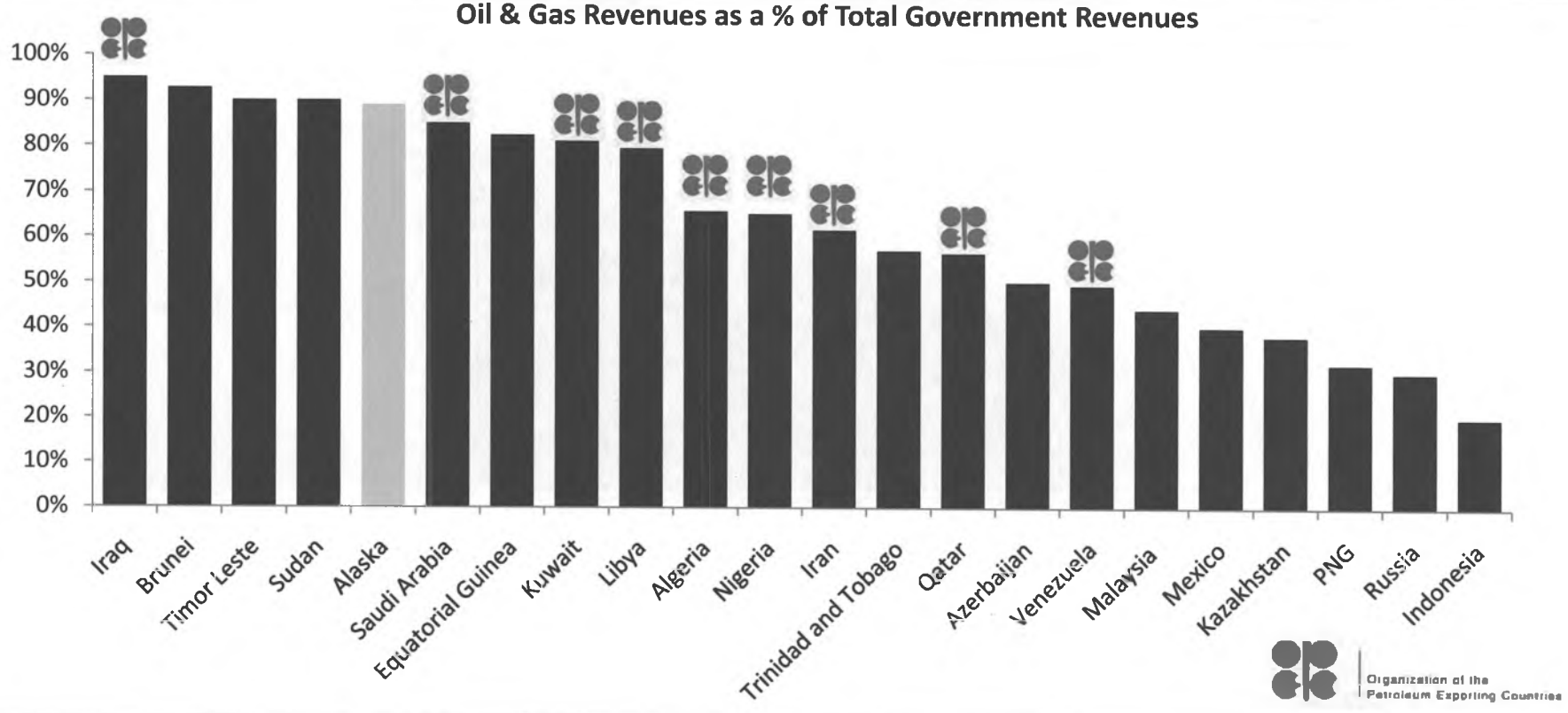
Alaska's Economy is Almost Totally Reliant on Oil

Alaska is as dependent as most OPEC nations on the health of its oil & gas industry. However Alaska does not currently have a comparable reserve base.

Oil & Gas Revenues as a % of Total Government Revenues



Alaska must promote & nurture its industry, as the implications of failing to attract new investment could be devastating.

Source: U.S. Energy Information Administration, IMF, Revenue Watch Institute, PNG Department of Treasury, Chatham House

Great Bear Petroleum LLC

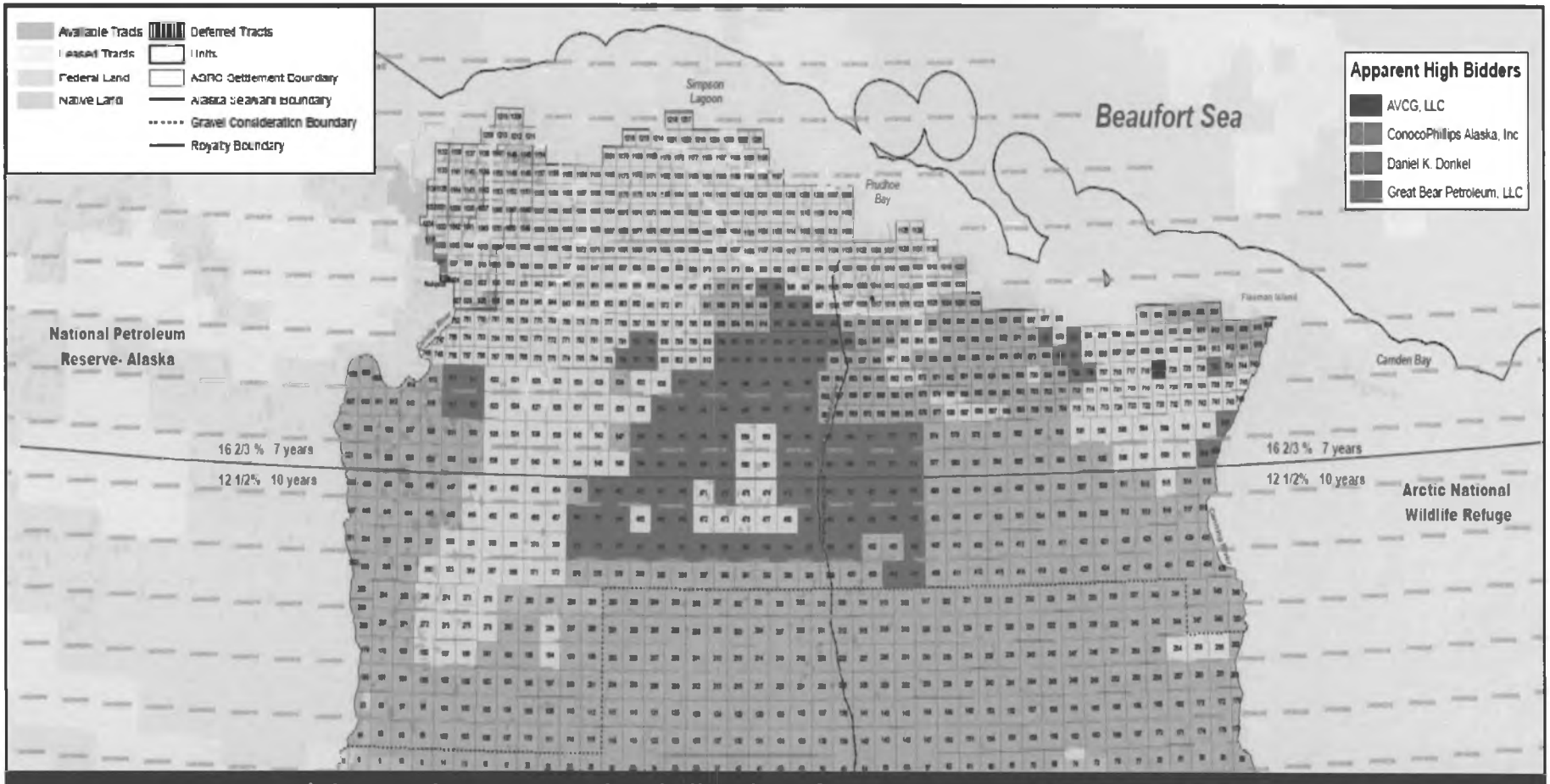
HB 110: Major Impacts on Great Bear Petroleum

- Extension of tax credits to the North Slope
- Tax credits can be claimed in a single year versus two years
- Reduction of production tax burden improves our commercial model reducing the risk to critically needed capital investment for full development

Great Bear's ability to deliver on its strategy is dependent on the commercial environment within the State of Alaska.

Great Bear Petroleum LLC

High Bidder on 537,500 Acres in the 2010 North Slope Areawide Lease Sale



Great Bear's is targeting unconventional oil and gas from the source rocks beneath the North Slope providing a long term strategy for Alaska.

Great Bear Petroleum LLC

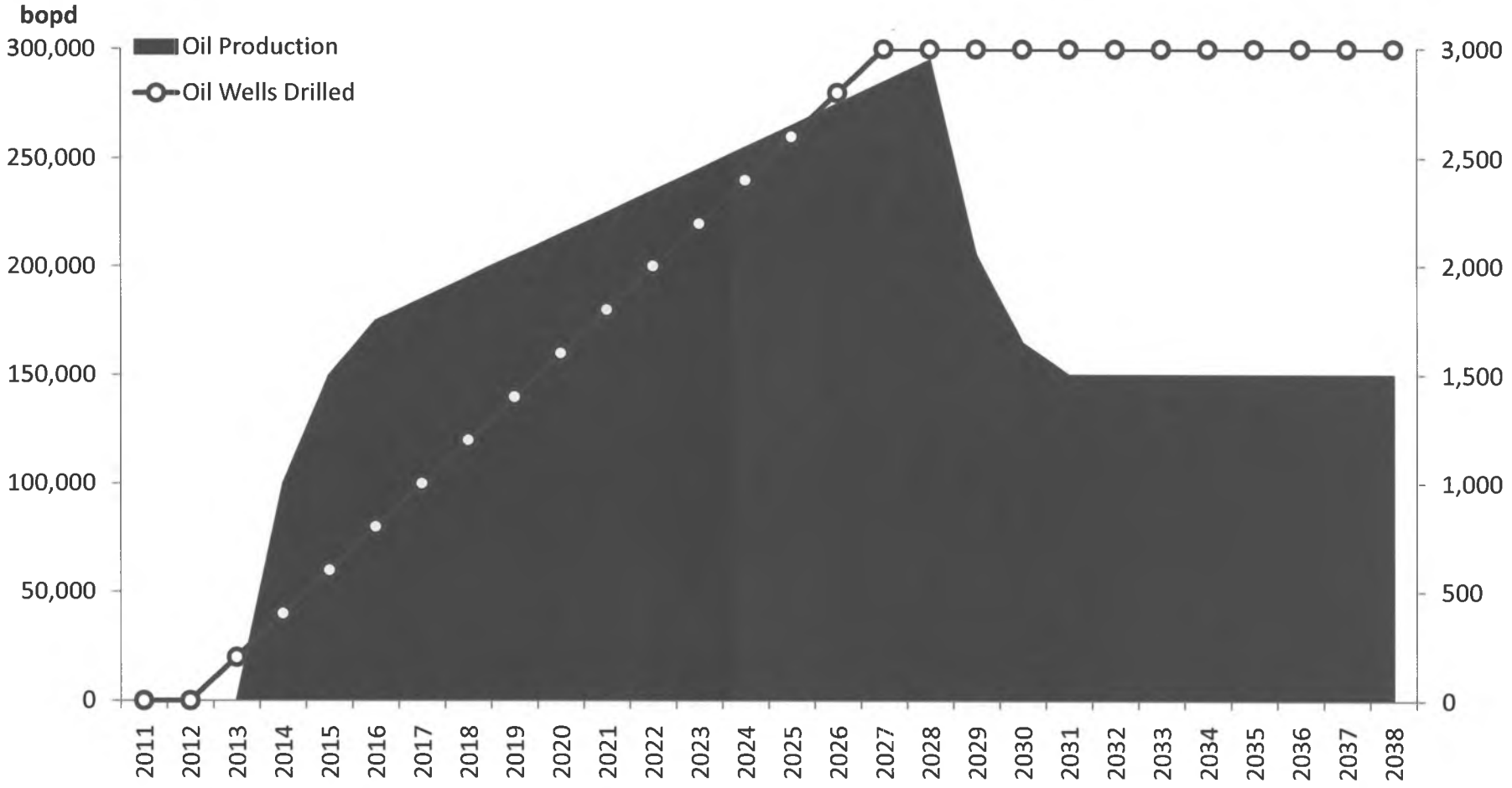
Great Bear's Vision

- Great Bear is leading the industry toward **development of unconventional oil and gas** resources from known, prolific source rocks on the North Slope.
- Development of this resource can secure the energy and economic future of Alaska for the next 50+ years.
- Great Bear is targeting near-term oil production delivery to TAPS.
- Longer term gas resource development will require a broader North Slope gas development strategy including LNG exportation.
- We will employ proven drilling and completion technologies developed in the Lower 48.
- We are committed to working with the State, the communities and our peers to shorten development timelines. We are singularly focused on the Alaska business development.
- We are committed to operating in a safe, environmentally responsible manner and desire to be recognized as a great corporate citizen by the State and the communities where we do business.
- We have an aggressive program that supports **250 wells per year for 20 years** starting 2013.
- We believe we can deliver **minimum steady state oil production of approximately 150,000 barrels of oil per day** with a significantly higher peak production rate. We believe we can reverse the States decline and grow production.

Great Bear's ability to deliver on its strategy is dependent on the commercial environment within the State of Alaska.

Great Bear Petroleum LLC

Great Bear Petroleum
Potential Oil Production Profile



Assumptions:

200 wells per year over 15 years, commencing 2013. EUR per well 700,000 bbls.
Wells average 500 bopd for year 1, 250 bopd year 2, 125 bopd year 3 then held steady at 50 bopd for 20 years.
Year round "roads to resources" access for operations

Great Bear Petroleum LLC

Conclusions

- Current policy has not addressed declining production nor reinvigorated exploration activity.
- HB 110 **focuses on encouraging increased oil production immediately** and will aid Great Bear in attracting critical capital to deliver on its stated strategy.
- HB 110 encourages and supports new exploration activity. Alaska's future lies in the **discovery and development of new, long term oil production** into TAPS and **development of globally significant gas resources**.
- HB 110 and further direct investment by the State in supporting development infrastructure, such as "roads to resources" will encourage the commitment of the required investment capital to support the development of these higher cost, higher risk but **long term resources**.
- **Great Bear believes that reasonable solutions can be agreed and implemented** providing much needed long-term stability to the State.

Fiscal Enhancement is necessary to improve Alaska's relative attractiveness as an investment jurisdiction.

Subject: FW: Invitation to House Resources Committee hearing on Friday, February 18th

From: Greg Vigil [mailto:Greg.Vigil@savantalaska.com]
Sent: Thursday, February 17, 2011 8:43 AM
To: Louie Flora
Subject: Re: Invitation to House Resources Committee hearing on Friday, February 18th

Dear Louie,

Thank you for the invitation to present an overview to the House Resources Committee on Friday, February 18th.

Savant Alaska, LLC will not be participating in the hearing in person or by phone. We are however in favor of HB 110 and believe it will encourage additional oil and gas investment in the state of Alaska. This is especially true at a marginal property like Badami, where we are producing approximately 1500 gross bopd.

Sincerely,

Greg Vigil, EVP
Savant Alaska, LLC
7501 Village Square Drive, Suite 204
Castle Rock, CO 80202
(720) 363-1041 cell

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Co-chairs Seaton and Fiege and Members of the House Resources Committee:

My name is Doug Smith and I am President and CEO of Little Red Services an Alaskan oil field service company employing just over 100 Alaskans. We operate on the North Slope providing well services with our fleet of high pressure pump trucks with fluid heating capabilities known as Hot Oil units. I also serve on the board of the Alaska Support Industry Alliance.

I appear before your committee today to express my support of House Bill 110, the Governor's bill to restructure the way taxes are levied upon the oil and gas industry in Alaska. Meaningful reform to ACES is necessary at this time to encourage additional industry investment in Alaska. Investment by the producers is critical for small companies, such as mine, with Alaskan employees who reside from Sitka to Two Rivers.

I have worked in the oil industry in Alaska for over twenty years under different oil and gas tax structures. In the past five years we have gone from a gross tax structure to a net tax structure under the PPT. The PPT was amended under ELF and then discontinued when ACES went into effect in 2007. In Alaska we need a long term predictable solution that encourages investment by producers and creates jobs for Alaskans. The oil and gas industry is already subject to the relentless ebb and flow of the marketplace and a myriad of regulatory entanglements. In order for our oil and gas resource development to thrive here, we must be granted the stability by the legislature to work in a business environment that is fiscally hospitable to responsible development.

As an Alaskan employer working in the oilfield services industry, I am confronted daily with the ramifications of the current tax structure. Due to the decline in investment and infield production related activity resulting from the tax structure currently in place, small Alaskan companies are losing revenue and our employees are losing jobs. Since 2008, Little Red Services has seen a 20% drop in demand for services realized by a reduction of over 6,000 hours of hot oil truck use. For our company this resulted in an annual revenue loss of nearly $2 million dollars and forced the layoff of 11 Alaskan employees.

"If oil is taxed at too high a rate there's a risk that crucial investments don't get made in the state's most important industry."[1] I can tell you, without question that this is the case, but those are not my words. Senator French and Representative Gara, both proponents of the current tax structure acknowledged this in their ~~AND~~ ADN compass piece this past December. They also said that "any reasonable tax relief proposal that will lead to more Alaska jobs and more Alaska oil will get serious consideration from this legislature." Through the co-chairs, members of the committee, it is clear that House Bill 110 is not meaningless pandering to the oil industry. It was developed through careful economic review after the ACES plan has been tested for three years. Yes, it is true that the State has put millions of dollars into budget reserves from taxes levied against producers. It is also true that oil and gas service industry employees struggled as investment stalled. Even among the members of this committee there is proof of that. What HB 110 aims to do, following the recommendations made by the Department of Revenue in 2010, is to evolve the current tax structure, though meaningful reform, in an effort

[1] http://www.adn.com/2010/12/04/1589367/lowering-oil-taxes-doesnt-guarantee.html

to stem the tide of job loss and encourage investment in what is universally acknowledged to be Alaska's most important industry.

Opponents of reform argue that employment is up under the ACES structure. In reality, exploration, development well, and production related jobs are down. While responsible development is a booming industry across the United States, Alaska has, as of December 2010, an 8.1% rate of unemployment behind states such as Wisconsin, Oklahoma, Wyoming, Hawaii, and the Dakotas.[2] While work camps are being built and filled with workers to meet oil and gas development needs in North Dakota, only one exploration well is planned for Alaska's North Slope this winter and development wells are down 16% from 5 years ago. Production is declining sharply in our proven fields is down and the decline is accelerating. From 2001 to 2006 the ANS production declined 163,000 bbla per day or 16% and from 2006 to 2010 he decline increased another 217,000 bbls per day or 25%. The TransAlaska Pipeline is now operating at only one-third capacity and our state's tax policy discourages efforts to slow or reverse our decline trend. In 2010, Alaska's most active explorer, ConocoPhillips, did not drill a single exploration well for the first time in 45 years.

[2] Bureau of Labor Statistics Local Area Unemployment Statistics Unemployment Rates for States December 2010 http://www.bls.gov/web/laus/laumstrk.htm

We do not come before you today asking for corporate welfare, nor do we enter this debate lightly or without careful consideration of long-term revenue for our state. The legislature is mandated however by our state's constitution to provide for resource development to the maximum benefit of Alaskans. Alaskans today are not realizing that maximum benefit in an environment where the major producers are performing NO exploration and the pipeline is running at only one third of its intended capacity.

In an environment where industry is provided competitive investment opportunities it is incumbent upon the members of that industry to hold themselves and their colleagues accountable to re-investment of profits in Alaska. This improved investment climate would serve to benefit Alaskans though continued development, increased employment, and strong civic engagement. The activity of our oil and gas industry reaches every Alaskan and many times through the nonprofit organizations. In 2010 forty-four major oil and oil support companies contributed $3.7 million dollars to United Way of Anchorage or 49% of the total raised by the private sector. My company, tiny by comparison, donated nearly $70,000 in charitable contribution in 2010.

I commend the governor for his understanding of the oil and gas industry business environment, its key role in our future and for his leadership on this reform. I am pleased today to deliver to both the Governor and the legislature a letter signed by myself and 40 XXX employees of my company urging you, as members of the legislature to support HB110.

I thank you for your time and I appreciate your service to our citizens.

Thank you.

UltraStar
EXPLORATION, LLC

January 28 2011

The Honorable Sean Parnell
Governor, State of Alaska
Alaska Capitol Building, Third Floor
P.O. Box 110001
Juneau, AK 99811-0001

Re: B No. 49 and HB No. 110

Dear Governor,

Thank you and the Administration for stepping into the lead to make Alaska a more exploration and production friendly place to do business. I have read the subject bills, but before I comment on them, I'd like to introduce UltraStar. I know you are quite familiar with the principals in UltraStar, but some of the copied recipients of this letter may not know us as well as you, so I beg your indulgence to write a paragraph about our little company.

UltraStar was formed in 2001 by Dale Lindsey of Seward, John Winther of Petersburg, and me. Dale was born and raised in Seward, and he and his widow, Carol, built a small fuel delivery service into the largest marine and land fuel distributor in the State. John was born in Fairbanks, raised in Juneau, and now lives in Petersburg, from where he manages a fleet of longliner vessels that fish cod and black cod in the Bering Sea and Gulf of Alaska. I was born and raised in the oilfields of Wyoming, and worked in project engineering, construction, and operations and executive management for ARCO for 30 years, 20 of which were spent working in various capacities on Prudhoe Bay, Kuparuk, Lisburne, Pt. McIntyre and West Sak. I moved my family to Anchorage in 1985. UltraStar's business plan is to acquire North Slope Leases close to existing infrastructure, develop projects on the leases, and prove up commercial reservoirs with the drill bit. To my knowledge, we are the only 100% Alaskan owned company that has drilled wells on the North Slope. We have another well and sidetrack planned for the first quarter of next year.

I am pleased to add UltraStar's name to the growing list of independents that support your efforts to change ACES. We firmly support both SB 49 and HB 110. Both not only lower marginal tax rates, but eliminate the requirement that credits be paid over a two year period, which goes a long way toward "leveling the playing field" for start-up companies like ours with no current production.

3111 C Street, Suite 500
Anchorage, Alaska 99503

907-258-2969
Fax: 907-258-5092

As much as we like the direction these pieces of legislation are going, we feel that if ACES is going to be re-opened, one other issue should be addressed, and that is the Small Producer Credit. This is a credit of $12 million per year for companies producing less than 50,000 barrels of oil equivalent per day, and is due to sunset in 2016. My suggestion is to recognize the lead times associated with finding, developing and producing reserves on the North Slope, and extend that sunset date. First, we must acquire leases, then seismic, then evaluate the seismic and develop drillable prospects. If the drilling finds commercial quantities of oil, then facility access terms and conditions need to be negotiated and established with the owners of the likely production facility where the oil, gas and water will be processed, and roads will likely need to be built and the well(s) need to be connected to that facility. If the commercial accumulation is large enough, stand alone facilities may be a more appropriate approach to get production on line. Finally, some how or another, production can commence, and the cash flow meter can start (hopefully) turning the other way, or at least slow down. Unfortunately, UltraStar has yet discovered commercial oil, but it has taken an average of 6 years per well to get to the point where we were drilling.

Rather than have a specific year when the Small Producer Credit provision expires, I recommend that it stay in place for each reservoir or unit until payout of the exploration, delineation and development costs necessary to get oil flowing. I believe this would be a much stronger incentive than a date certain year. New leases acquired last year have no chance of realizing this credit.

Lastly, it mystifies me why some in the Legislature want to take all the precious time in this short session having studies done to determine the competitiveness of Alaska. The major producers have had those studies done, probably by the same consultants the Legislature would use, and the answer given to the Legislature by the same consultants will be the same as the conclusions given to the major producers—Alaska is DEAD LAST in the world. I can't speak for the major producers, but my guess that any one or all of them will be willing to share the details of the studies they commissioned with any Legislator who has an interest.

Thanks again for jumping out front on this issue that is so important for jobs and stabilized oil production in the State.

Very Truly Yours,

James D. Weeks`
Managing Member

Distribution: Page 3

From: Ed Kerr [ed@armstrongoilandgas.com]
Sent: Thursday, February 17, 2011 9:13 AM
To: Louie Flora; Linda Hay
Subject: HB 110

Categories: Red Category

TO: The Honorable Paul Seaton, Co-Chair of the House Resources Committee
The Honorable Eric Feige, Co-Chair of the House Resources Committee

Dear Chairmen:

Thank you for the opportunity to address the House Resources Committee regarding HB 110 and the potential impact on our Alaska Operations. Due to prior commitments I am sorry that I cannot address the committee in person. I hope to visit with each of the committee members individually during this session to express my support for HB 110.

HB 110 will have a significant impact on our capital expenditures and future activities in Alaska. The improved fiscal terms as proposed by HB 110, particularly the portions of the bill that apply to activities outside of existing units, will give us the needed incentive to not only drill multiple new wildcat and delineation wells, but the motivation to drive certain projects to development. The future of Alaska lies in the development of its oil and gas resources that have laid dormant for too long. HB 110 will be the catalyst to bring forward the development of a vast resource base that has not been developed due to date.

Armstrong Oil & Gas, Inc. and it's affiliated companies have been one of the prime movers in generating new projects on the North Slope. The two most recent projects that have been developed on the North Slope are the Oooguruk field operated by Pioneer Natural Resources and the Nikaitchuq field operated by ENI. These projects were originated by our company. Currently, through our affiliate 70 & 148, LLC, we are one of the largest leaseholders on the North Slope.

Our project list has more than a dozen ideas outside of existing producing units that we are hoping to drill and test over the next

several years. If successful, these new projects will add much needed new oil production through TAPS as well as provide numerous significant high paying jobs for Alaskans. In many cases we know the oil is in place. The improved fiscal terms as provided in HB 110 will greatly affect whether these projects will get developed.

Please do not hesitate to contact me if you have any questions.

Ed Kerr
Vice President of Land and
Business Development
(t) 303 623-1821
(f) 303 623-3019

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2/23/11 ANNUAL MINING INDUSTRY BRIEFING

<TARGET><BILL></BILL><SUBJECT>2-23-11 ANNUAL MINING INDUSTRY BRIEFING</SUBJECT><COMM>HRES27</COMM></TARGET>

Annual Mining Industry Briefing
for
Joint House/Senate Resources Committees

February 23, 2011



Today's Agenda

• Historical context	Steve Borell
• Status of Alaska's surface mines	"
• Status of underground mines	Mike Satre
• Review of selected projects pending	Steve Borell



Historical Context

1. **From late 1800s until World War II** - mining was Alaska's largest industry with the most jobs.

2. **From World War II until 1989** - effectively no lode (versus placer) mining in Alaska!

3. **From 1989 to Present** – continued steady growth.

Today – 6 large mines in Alaska; much exploration.

The Question: Why so little mining today?



Mining History Since WW II

At Start of World War II

- Presidential order closed all gold mines
- Needed miners and equipment for war effort

After World War II

- Some placer mining resumed
- Limited lode **exploration** resumed as metal prices allowed
- **Excess base metal production capacity in world**
- **Gold price fixed - but cost of wages and supplies continued to increase**
- Prudhoe Bay, ANCSA (44m ac), ANILCA (104m ac)
- Land and regulatory uncertainty

From World War II to1989

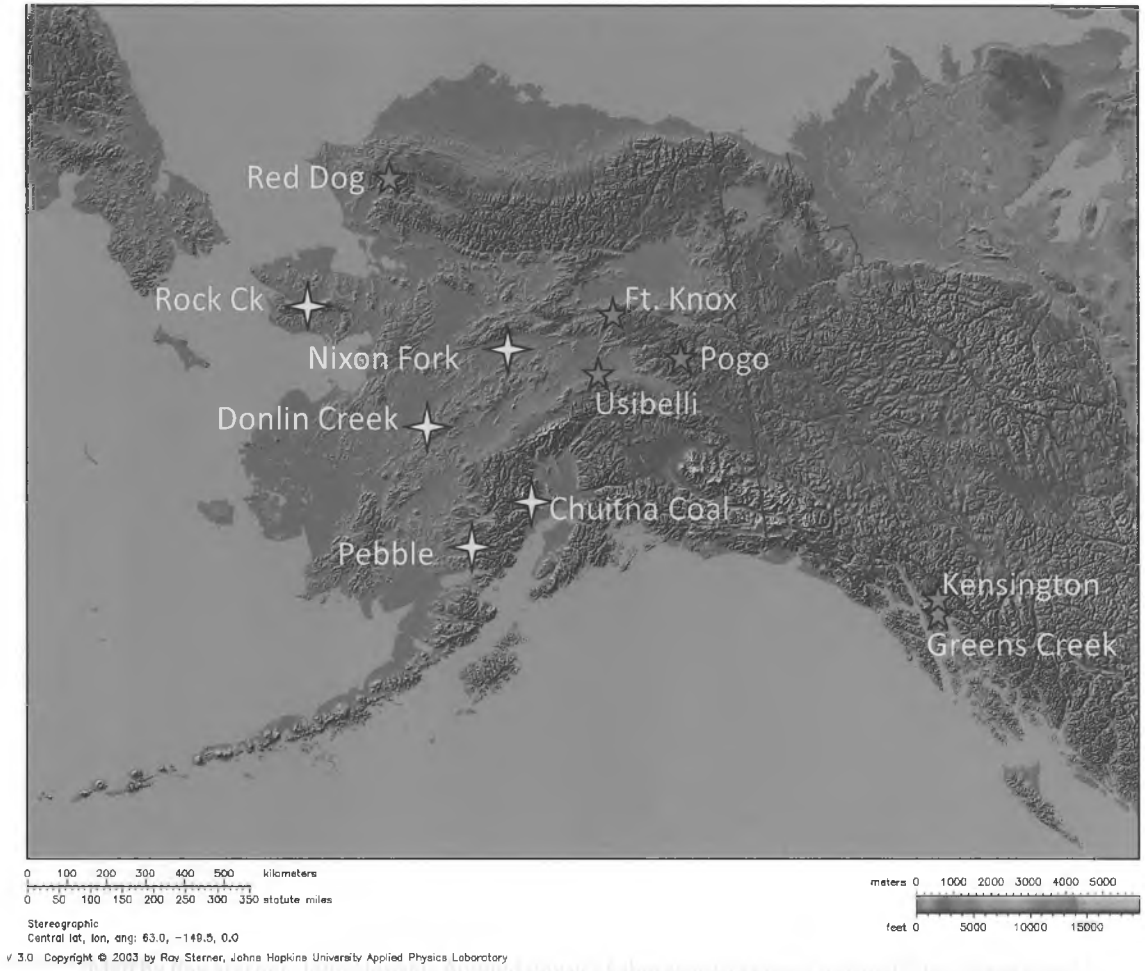
- Effectively no lode/hardrock mining, some placer mining, some coal mining
- In 1989 Greens Creek & Red Dog began operating
  - **Proved to the world that a major mine could be permitted in Alaska!**
  - **Proved that all Alaska was not in a Park!**



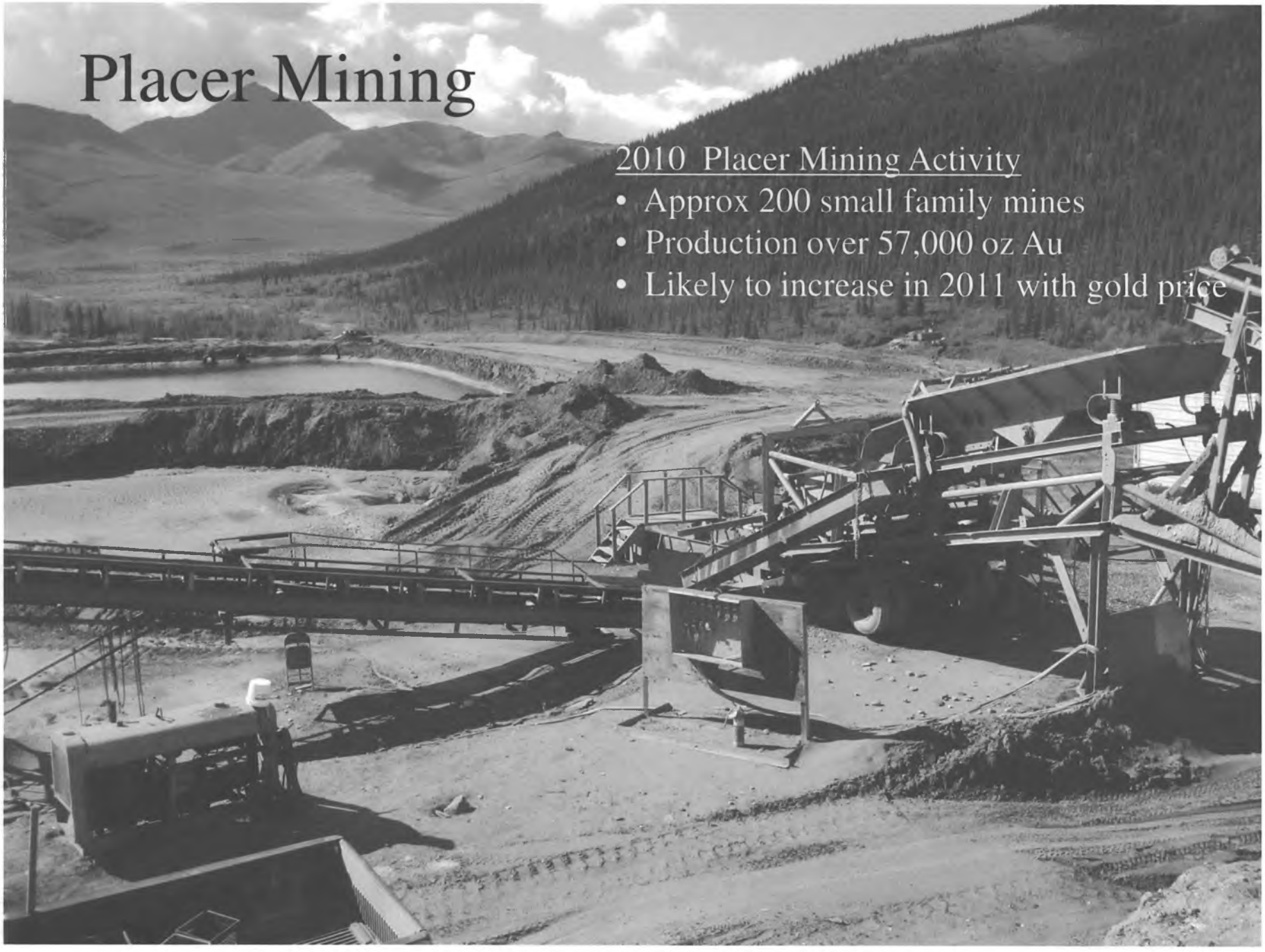
Alaska Major Mines and Projects

Producing mine

Developing and major exploration projects



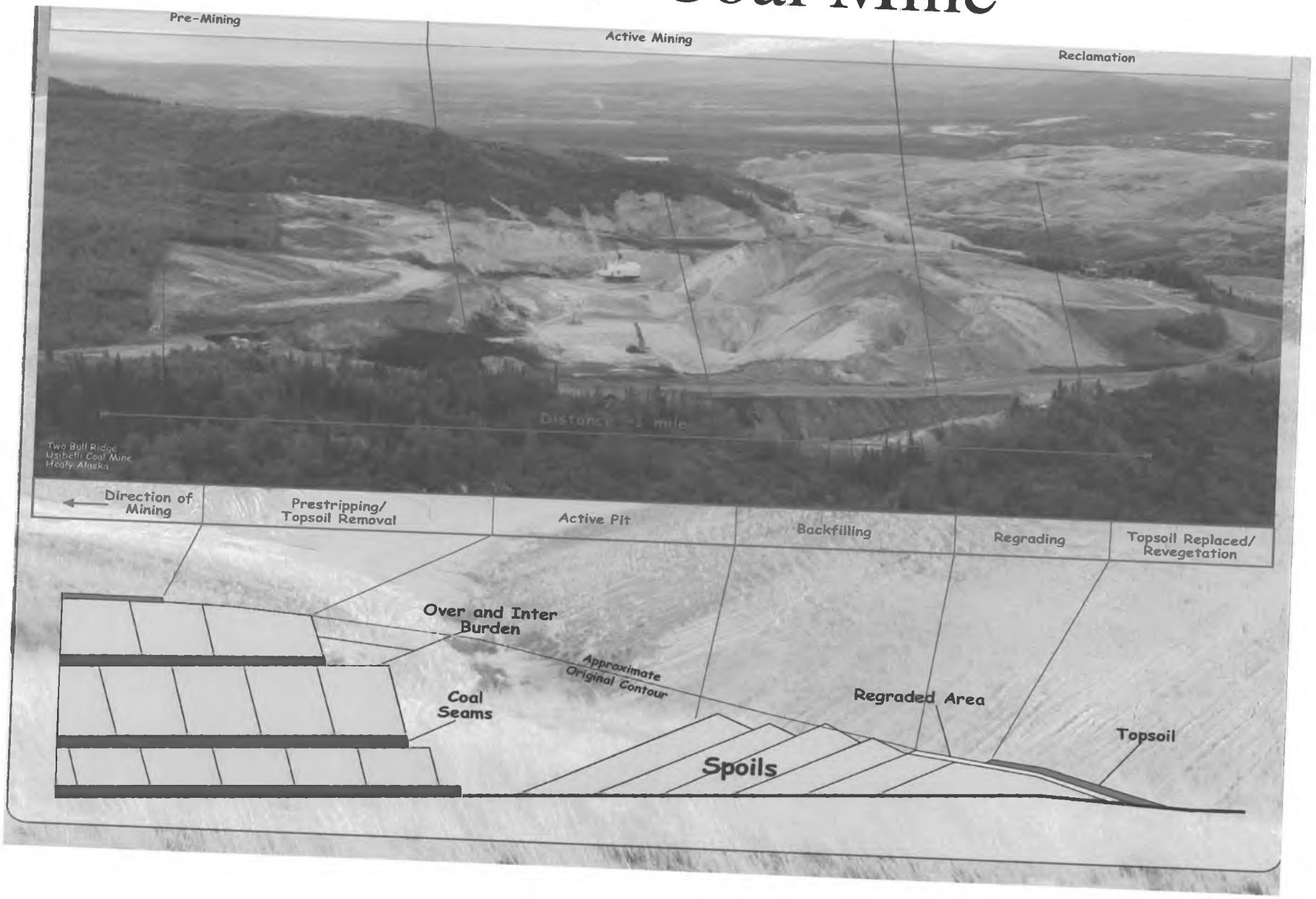
Placer Mining



2010 Placer Mining Activity

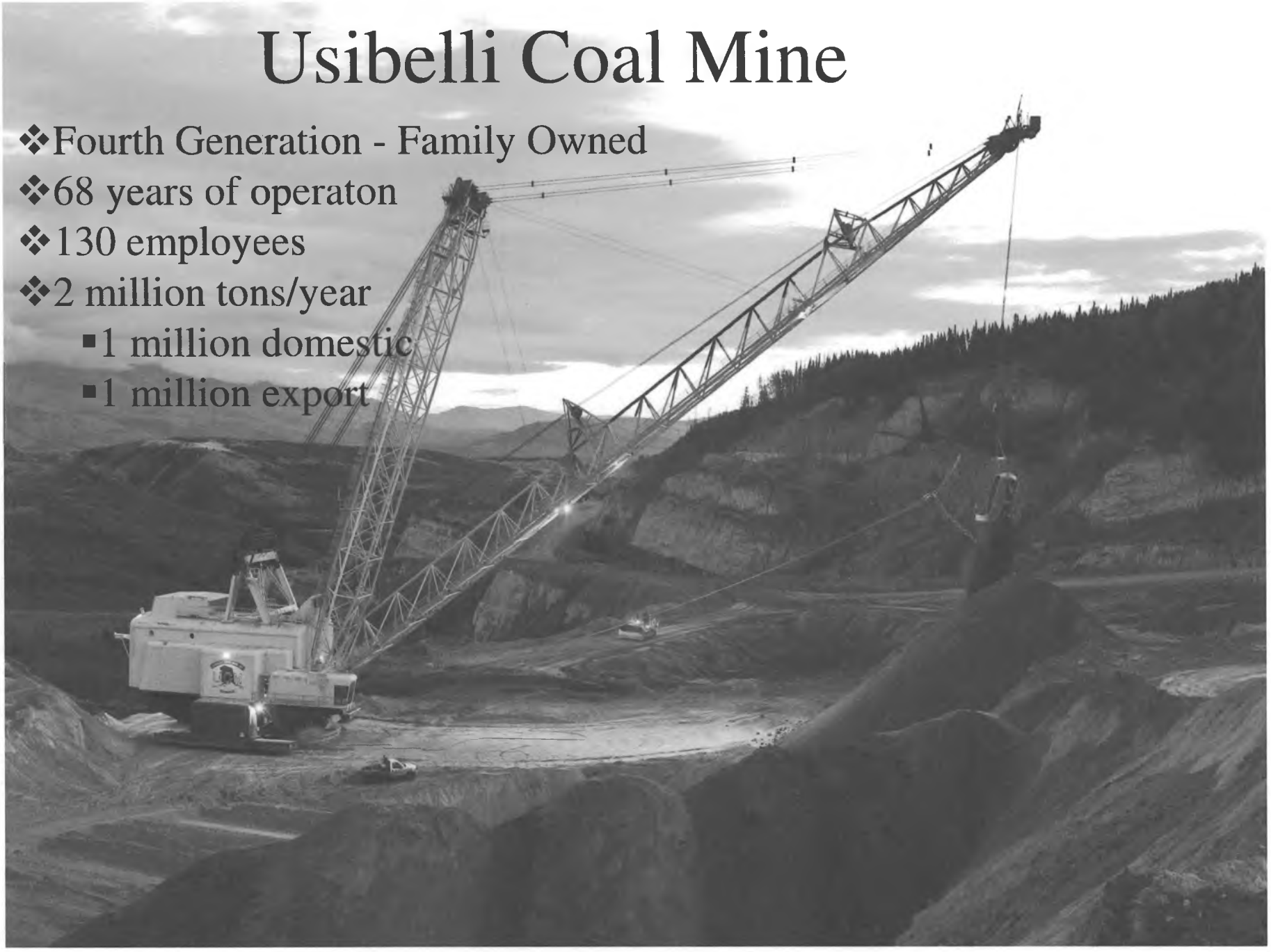
- Approx 200 small family mines
- Production over 57,000 oz Au
- Likely to increase in 2011 with gold price

Usibelli Coal Mine

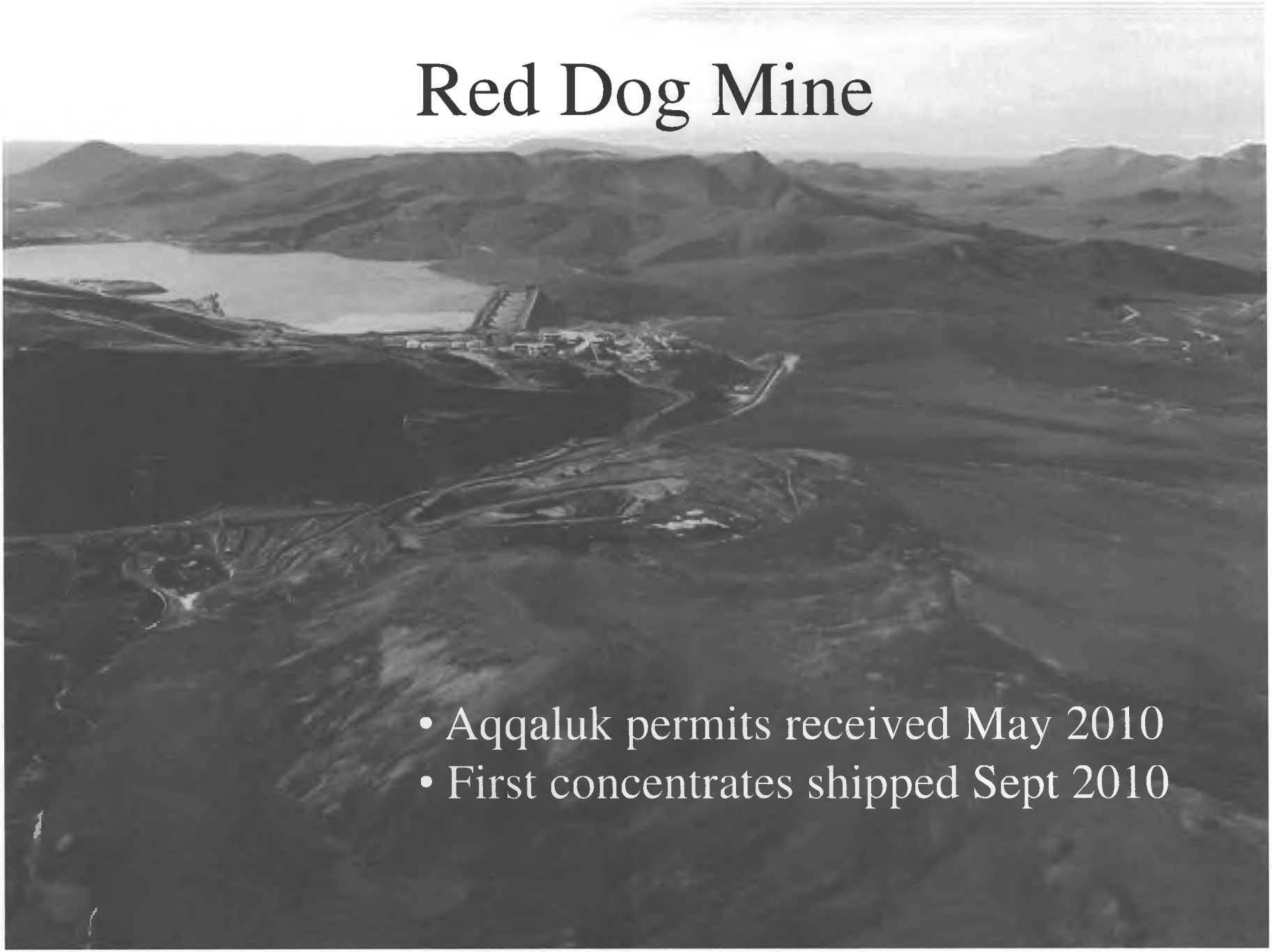


Usibelli Coal Mine

- Fourth Generation - Family Owned
- 68 years of operaton
- 130 employees
- 2 million tons/year
  - 1 million domestic
  - 1 million export



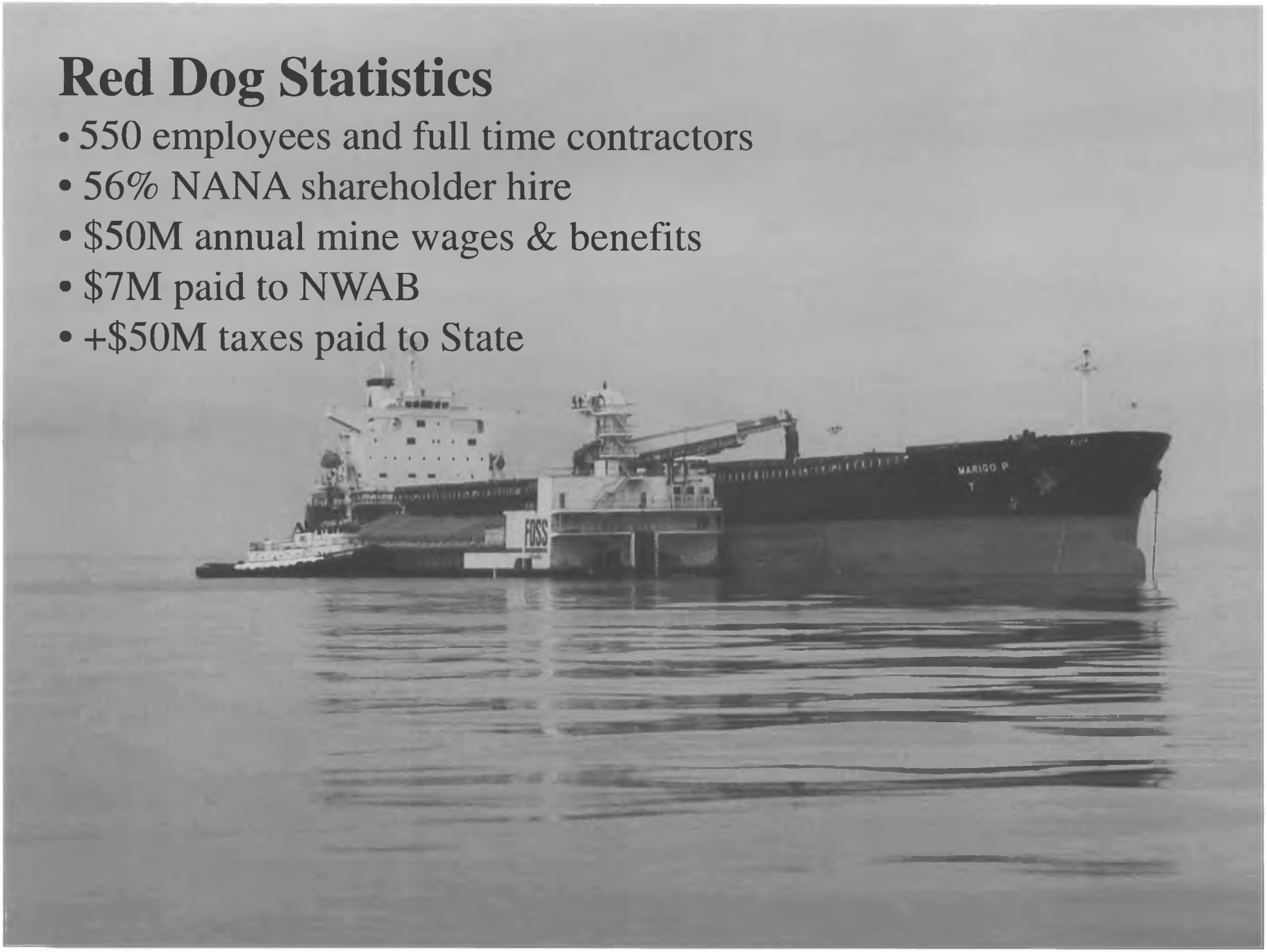
Red Dog Mine



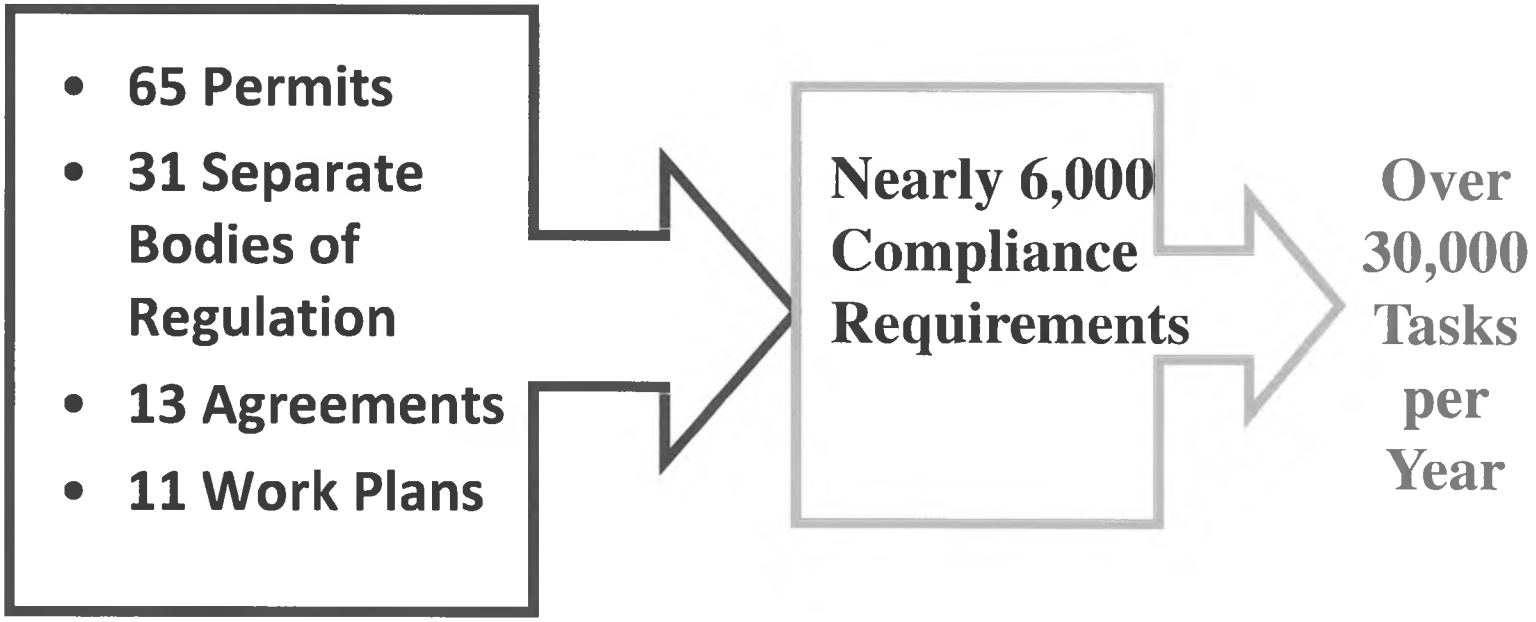
- Aqqaluk permits received May 2010
- First concentrates shipped Sept 2010

Red Dog Statistics

- 550 employees and full time contractors
- 56% NANA shareholder hire
- $50M annual mine wages & benefits
- $7M paid to NWAB
- +$50M taxes paid to State



Red Dog Legal and Other Environmental Requirements

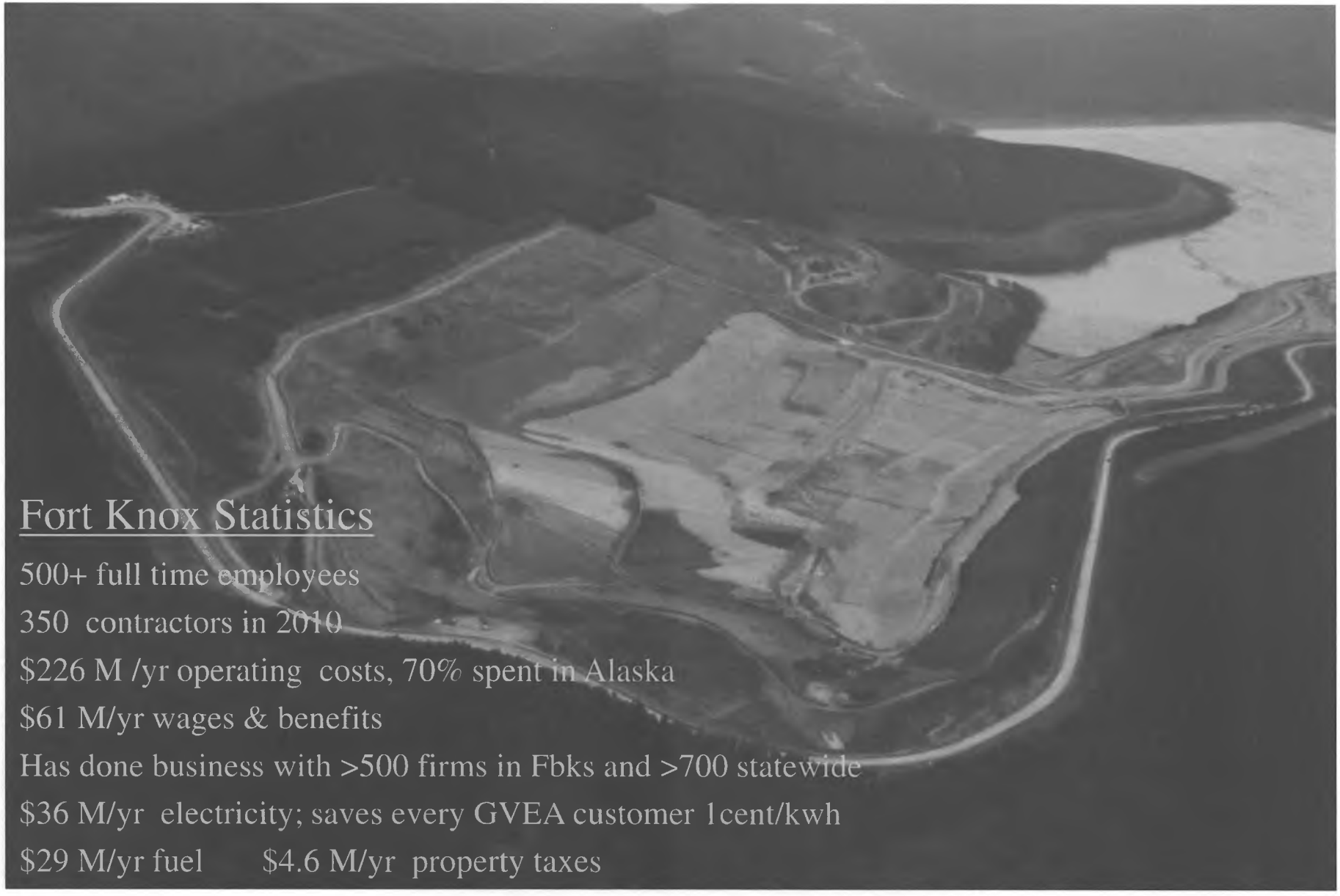






Fort Knox Mine

KINROSS Fort Knox



Fort Knox Statistics

500+ full time employees

350 contractors in 2010

$226 M /yr operating costs, 70% spent in Alaska

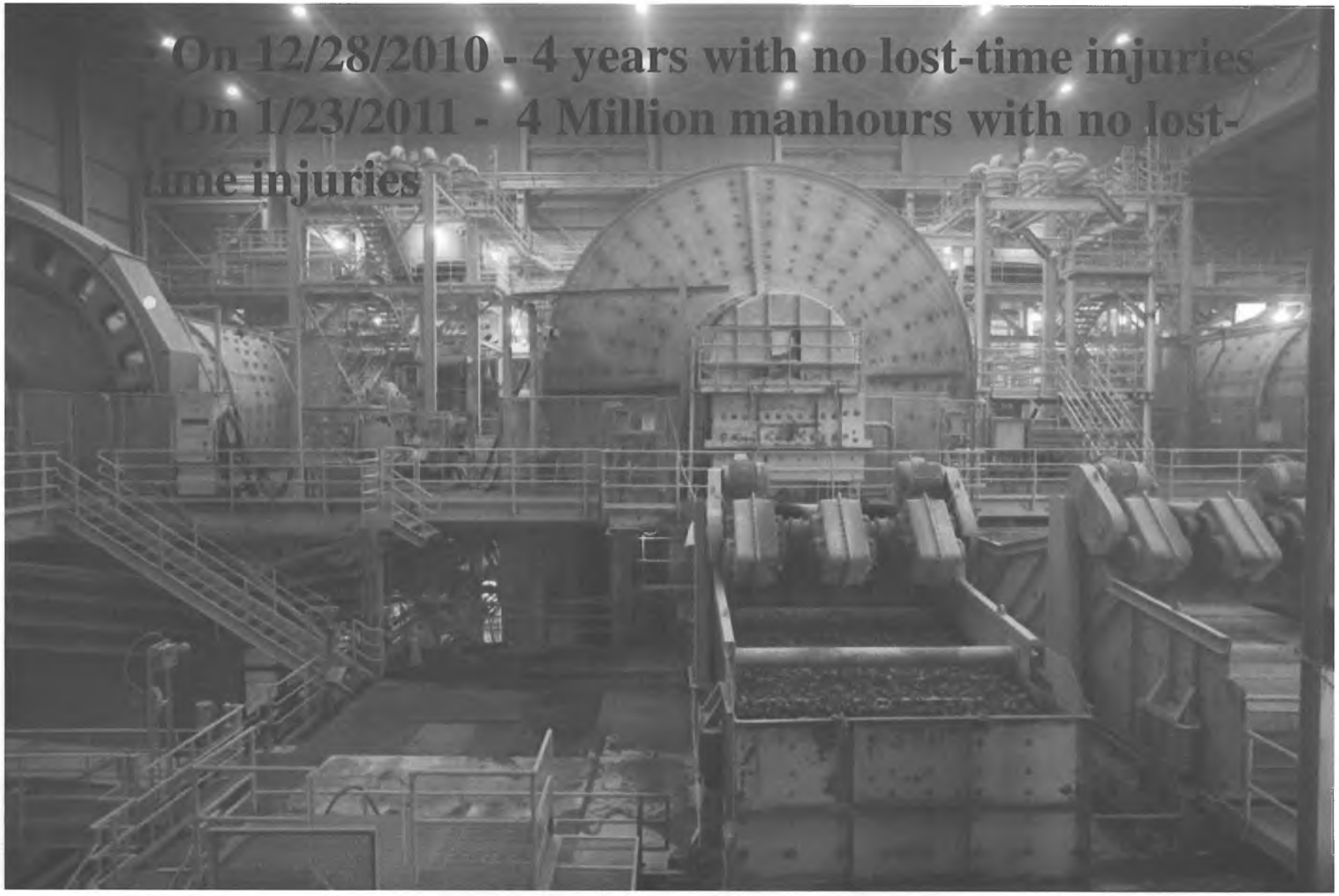
$61 M/yr wages & benefits

Has done business with >500 firms in Fbks and >700 statewide

$36 M/yr electricity; saves every GVEA customer 1cent/kwh

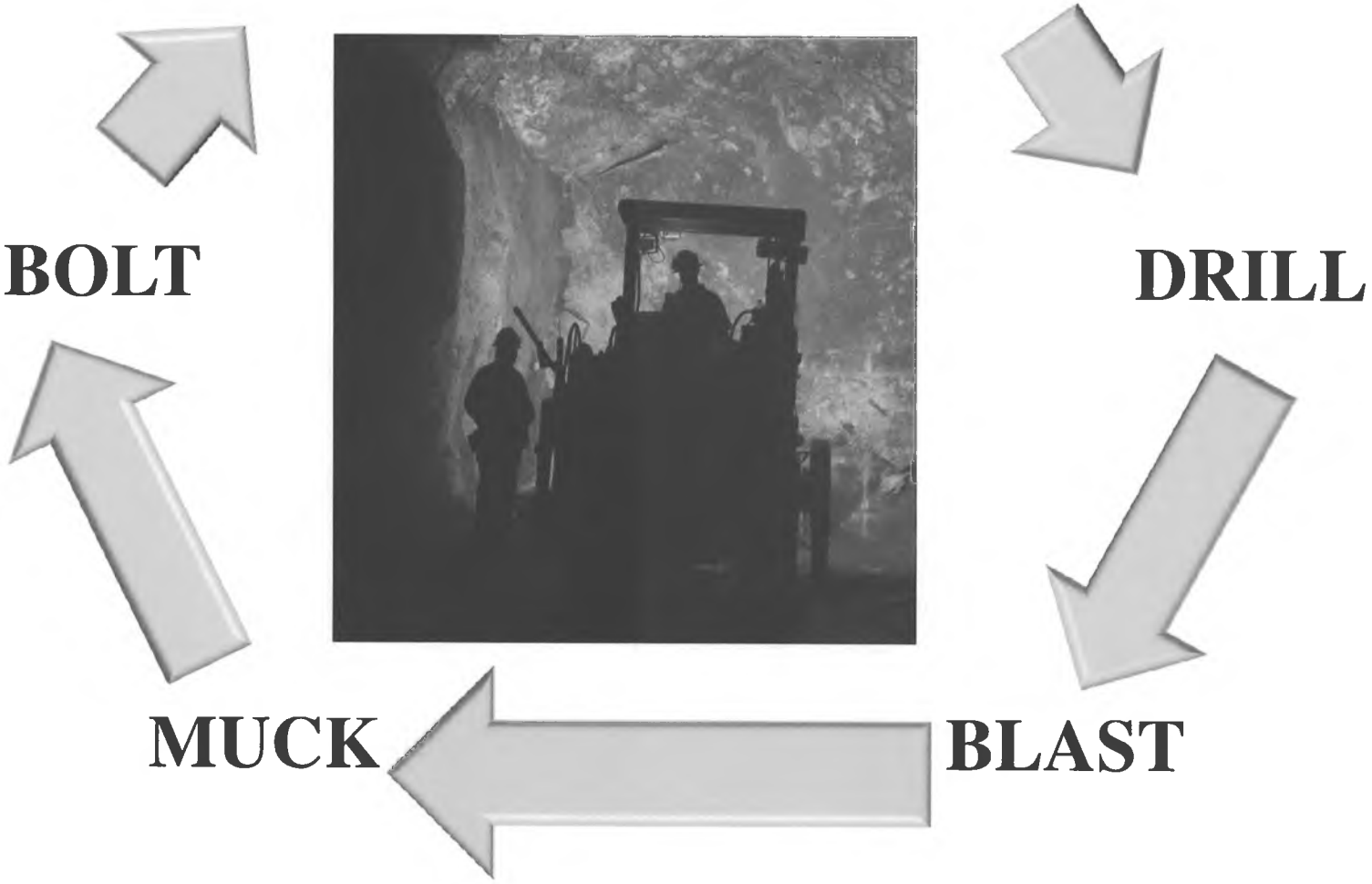
$29 M/yr fuel $4.6 M/yr property taxes

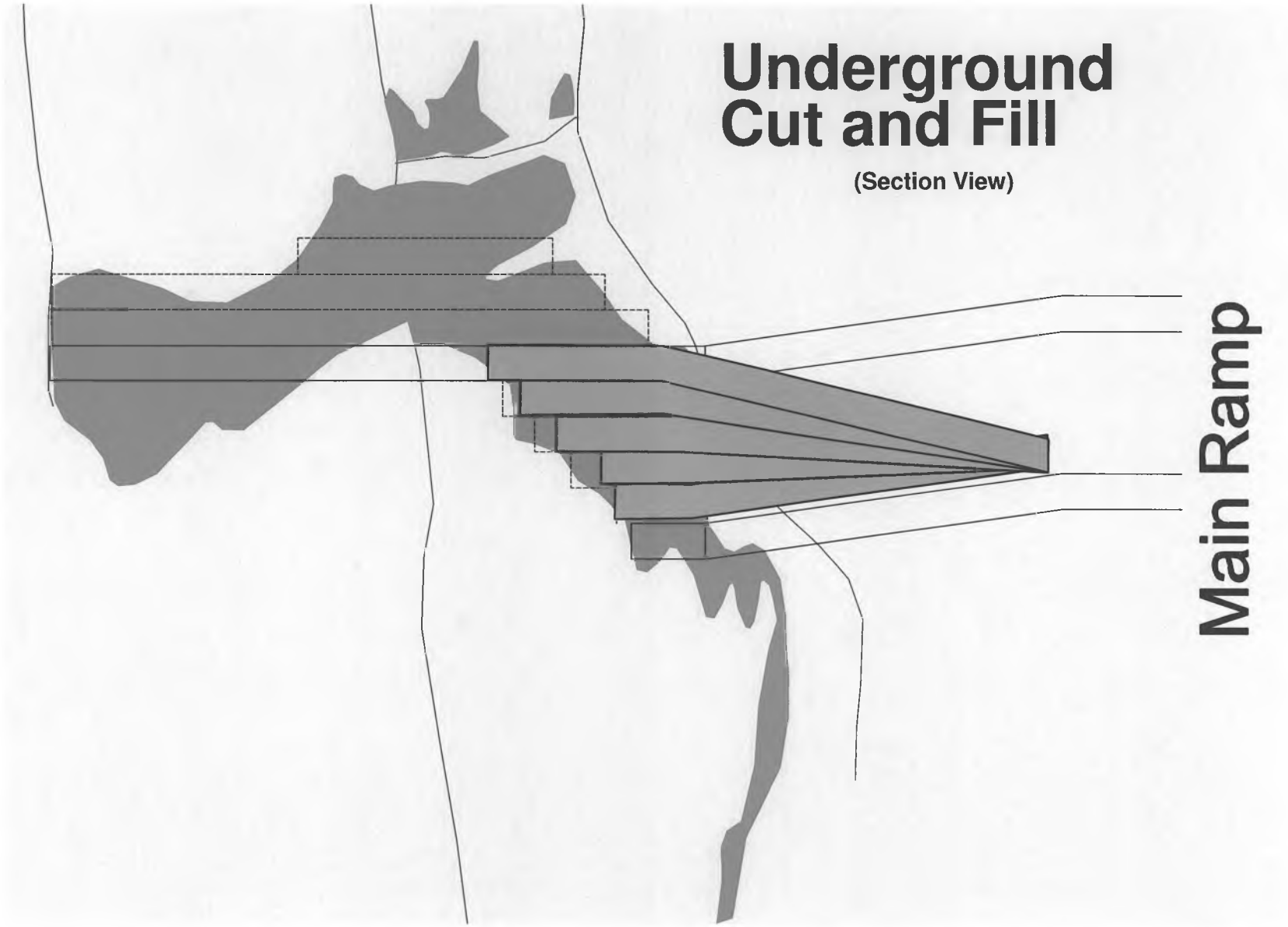
Fort Knox Safety Milestones



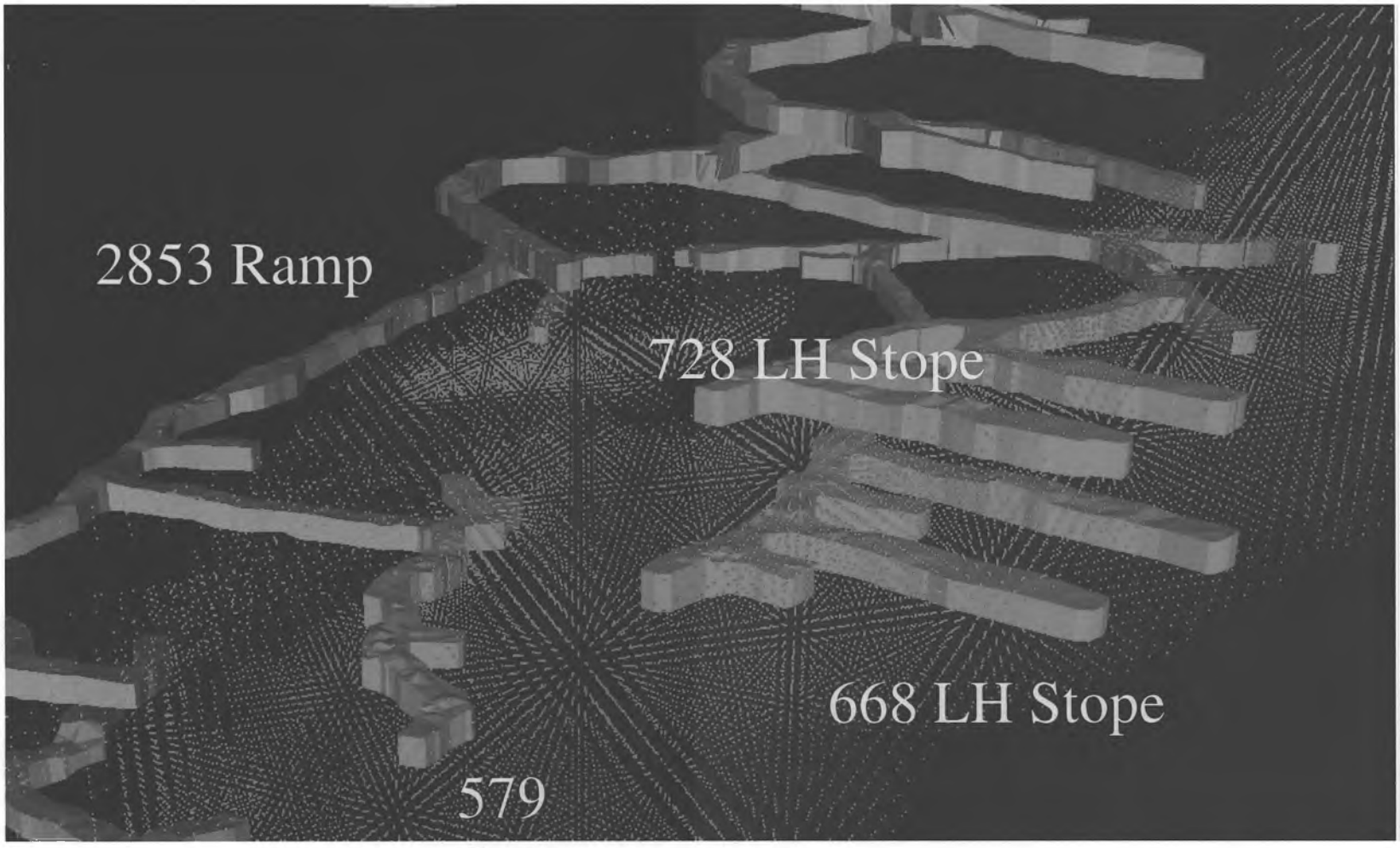
Basic Underground Mining Cycle

Geology + Engineering Control




Underground
Cut and Fill
(Section View)
Main Ramp

Underground Longhole



Hecla Greens Creek Mine

"At a Glance"

- **18 miles south of Juneau on Admiralty Island**
- **High-grade polymetallic orebody**
  - **Silver, zinc, lead and gold**
- **UG mine with surface concentrator**
  - **(2,250 tpd)**
- **Producing three concentrates + dore'**
  - **Zinc, lead and bulk**
- **20 years of production**
  - **Current 10 year mine life**





Hecla Greens Creek Mine

Economic Impact

- **340 Employees**
  - **530 total direct and in-direct jobs**
- **Largest private sector employer in Juneau**
- **>$42M in pay and benefits**





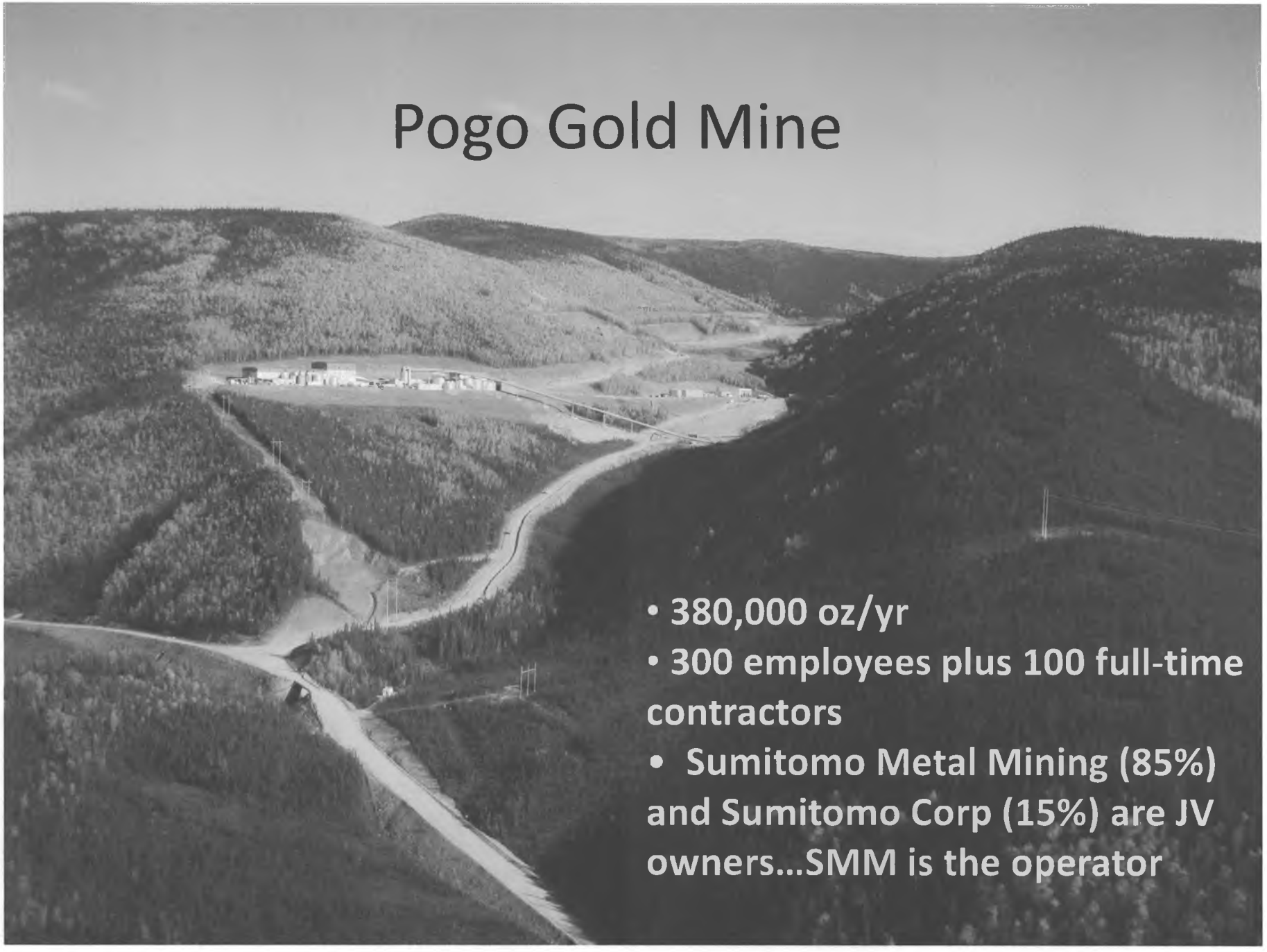
Hecla Greens Creek Mine



Tailing Expansion

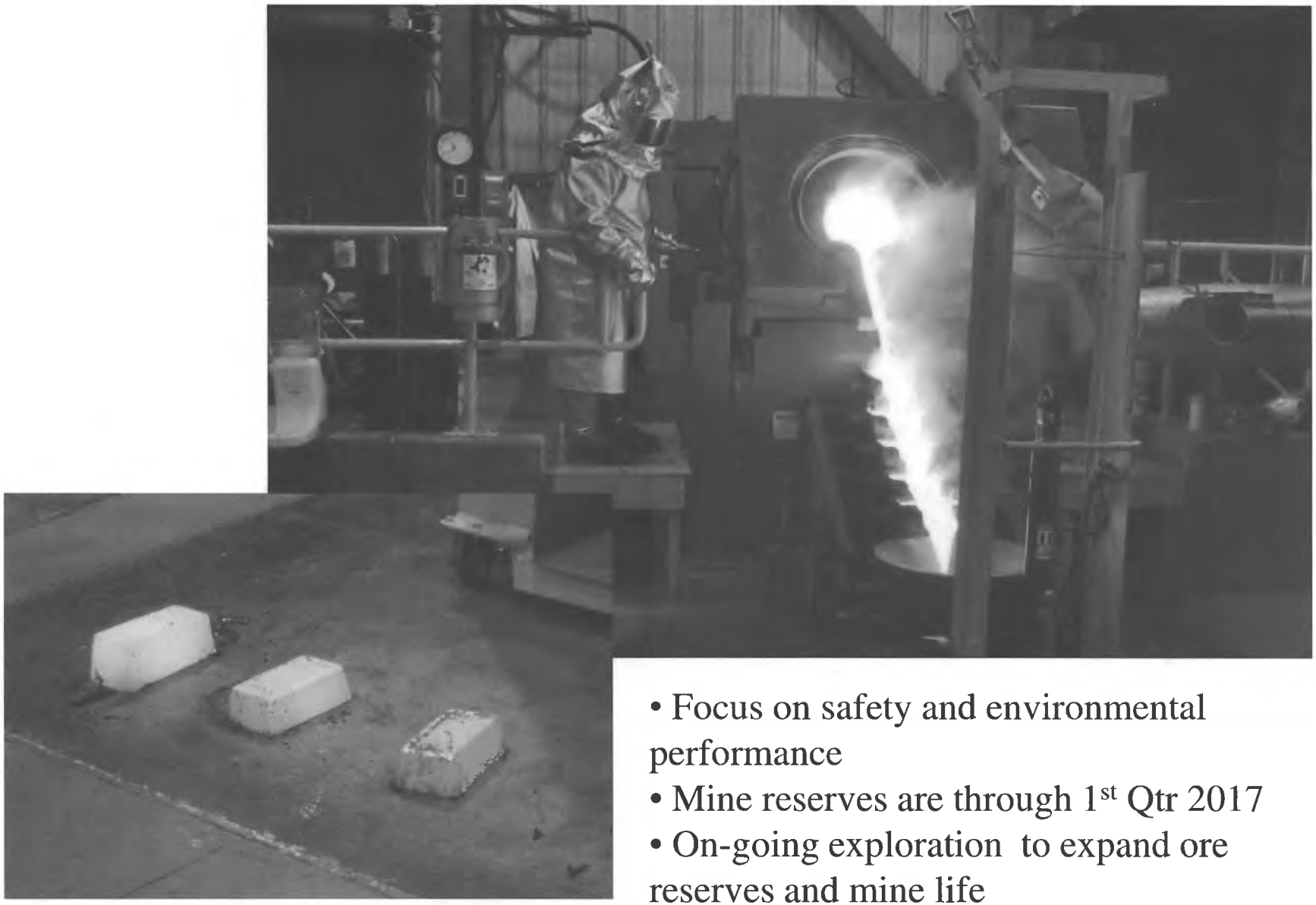
- **NEPA process initiated to add ~30-50 years of tails storage capacity**
- **Proposal will expand the site by ~200 acres**
- **Construction to start in 2012 pending favorable EIS and ROD from Forest**

Pogo Gold Mine



- 380,000 oz/yr
- 300 employees plus 100 full-time contractors
- Sumitomo Metal Mining (85%) and Sumitomo Corp (15%) are JV owners…SMM is the operator

Pogo Gold Mine



- Focus on safety and environmental performance
- Mine reserves are through 1st Qtr 2017
- On-going exploration to expand ore reserves and mine life


Kensington Mine
Surface Facilities
Dock


Kensington Gold Mine
Began operating July 2010
200 employees
125,000 oz/yr - Ongoing exploration
$25M/yr annual payroll
2nd largest Juneau employer by payroll
$9.3M/yr purchases local goods & services
Several million in local tax revenues

Limited On-site Accommodations



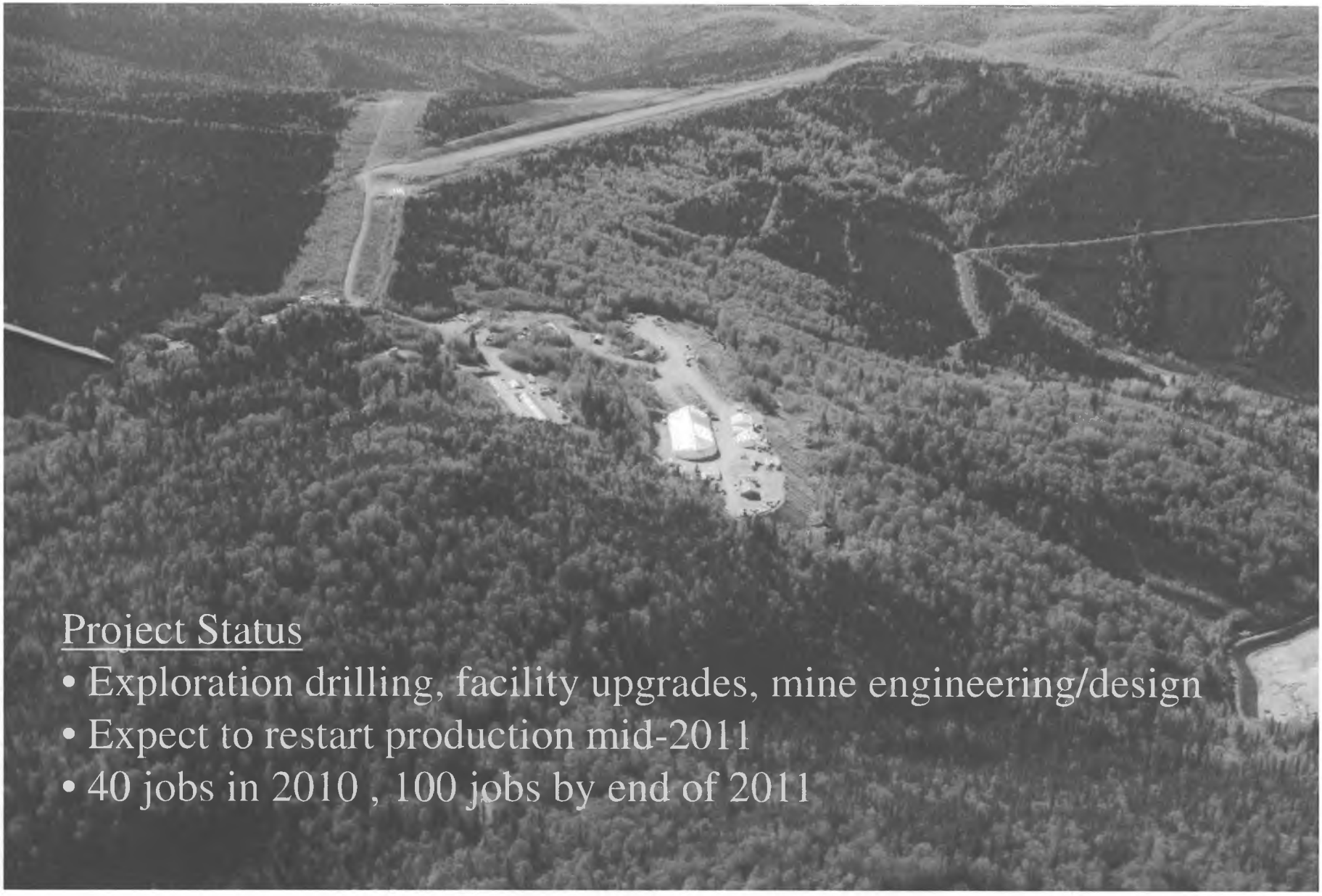


RDC Board at Lower Slate Lake

Mines in Idle Status

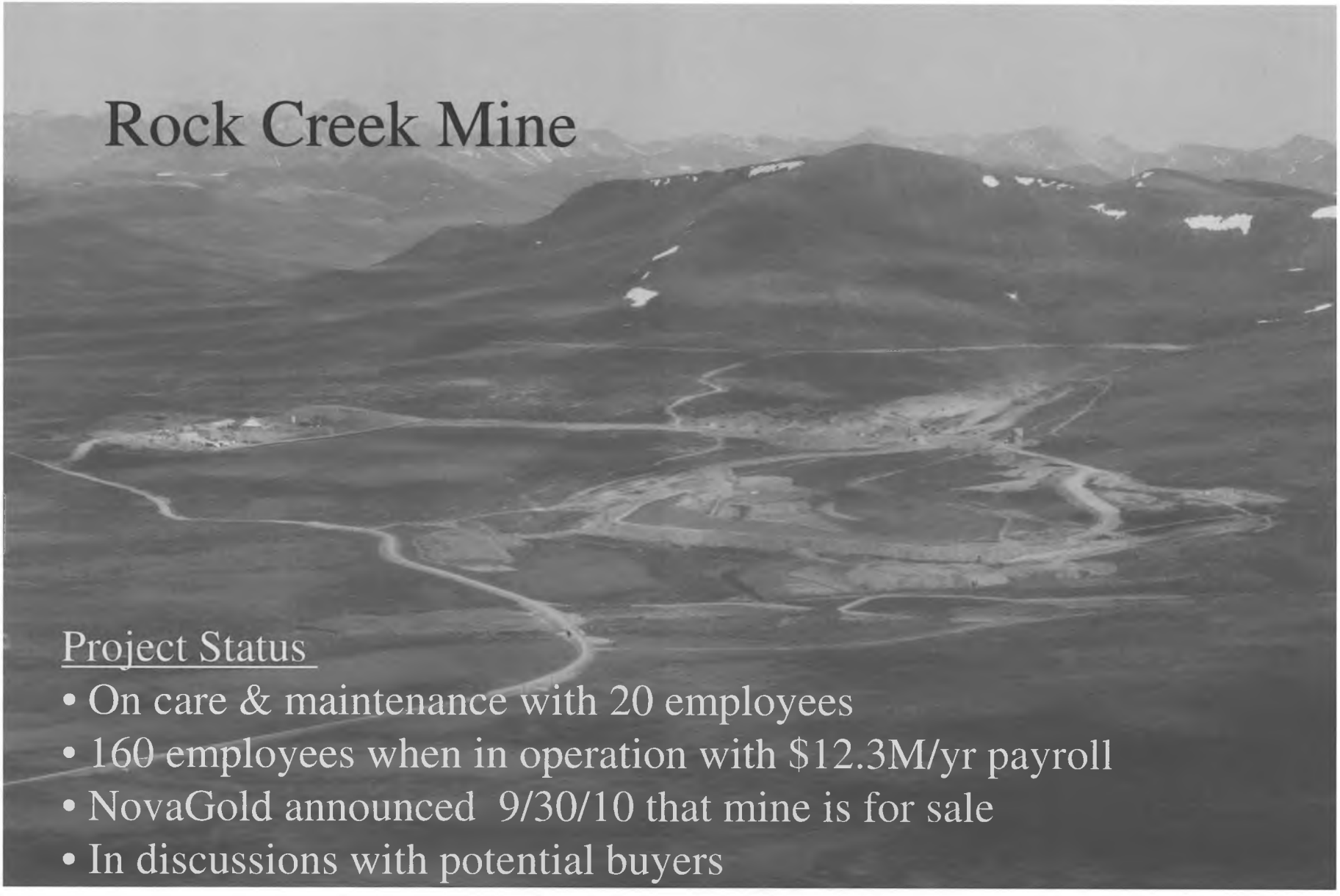
- **Nixon Fork - Fire River Gold**
- **Rock Creek - Alaska Gold/ NovaGold**

Nixon Fork Mine



Project Status

- Exploration drilling, facility upgrades, mine engineering/design
- Expect to restart production mid-2011
- 40 jobs in 2010 , 100 jobs by end of 2011


Rock Creek Mine
Project Status
• On care & maintenance with 20 employees
• 160 employees when in operation with $12.3M/yr payroll
• NovaGold announced 9/30/10 that mine is for sale
• In discussions with potential buyers

Projects in Advanced Exploration and Permitting

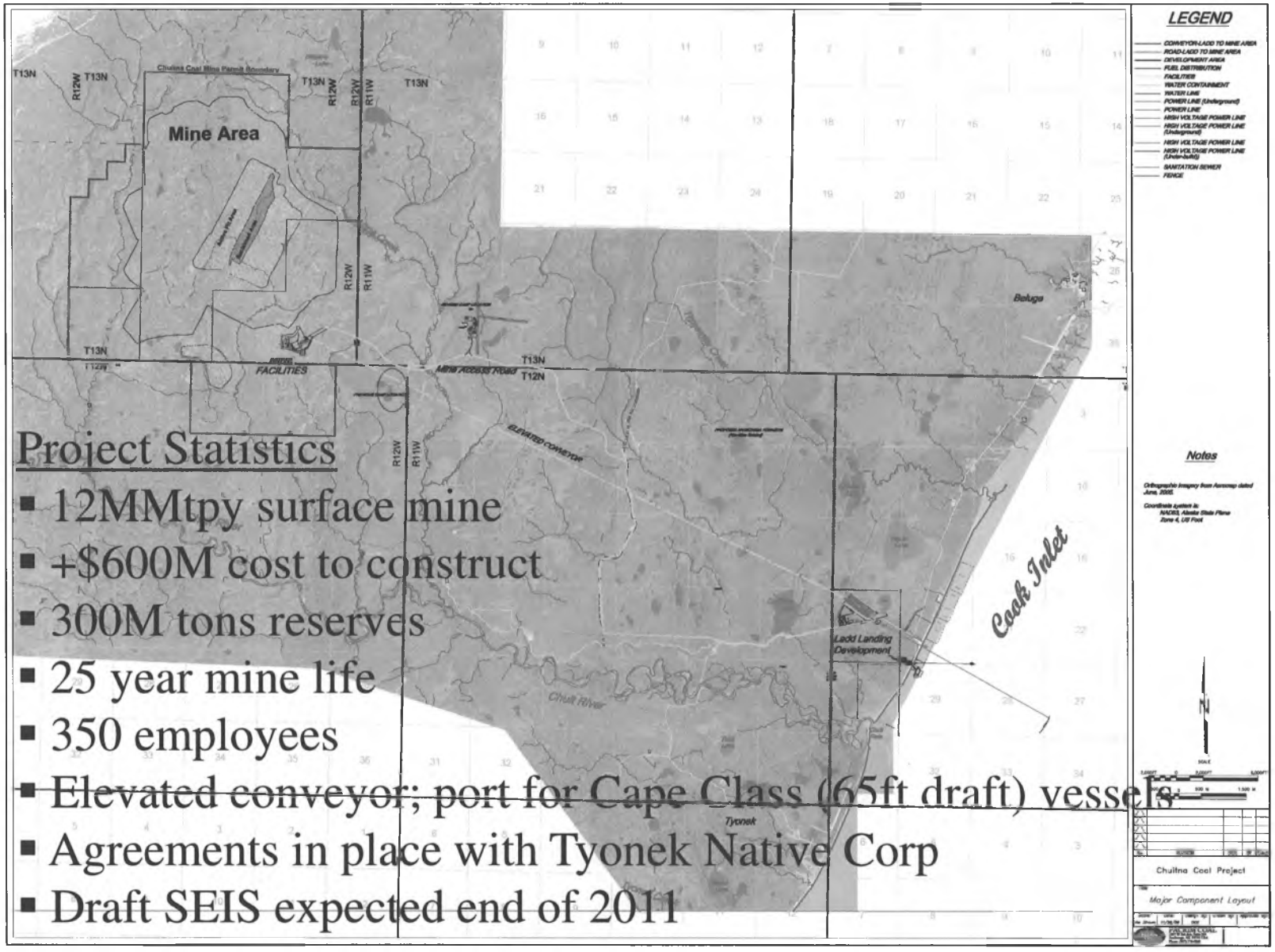
Advanced Permitting

1. Chuitna Coal PACRIM Coal

Advanced Exploration/Pre-permitting

2. Donlin Creek Barrick/NovaGold JV
3. Pebble Partnership NDM/Anglo American JV

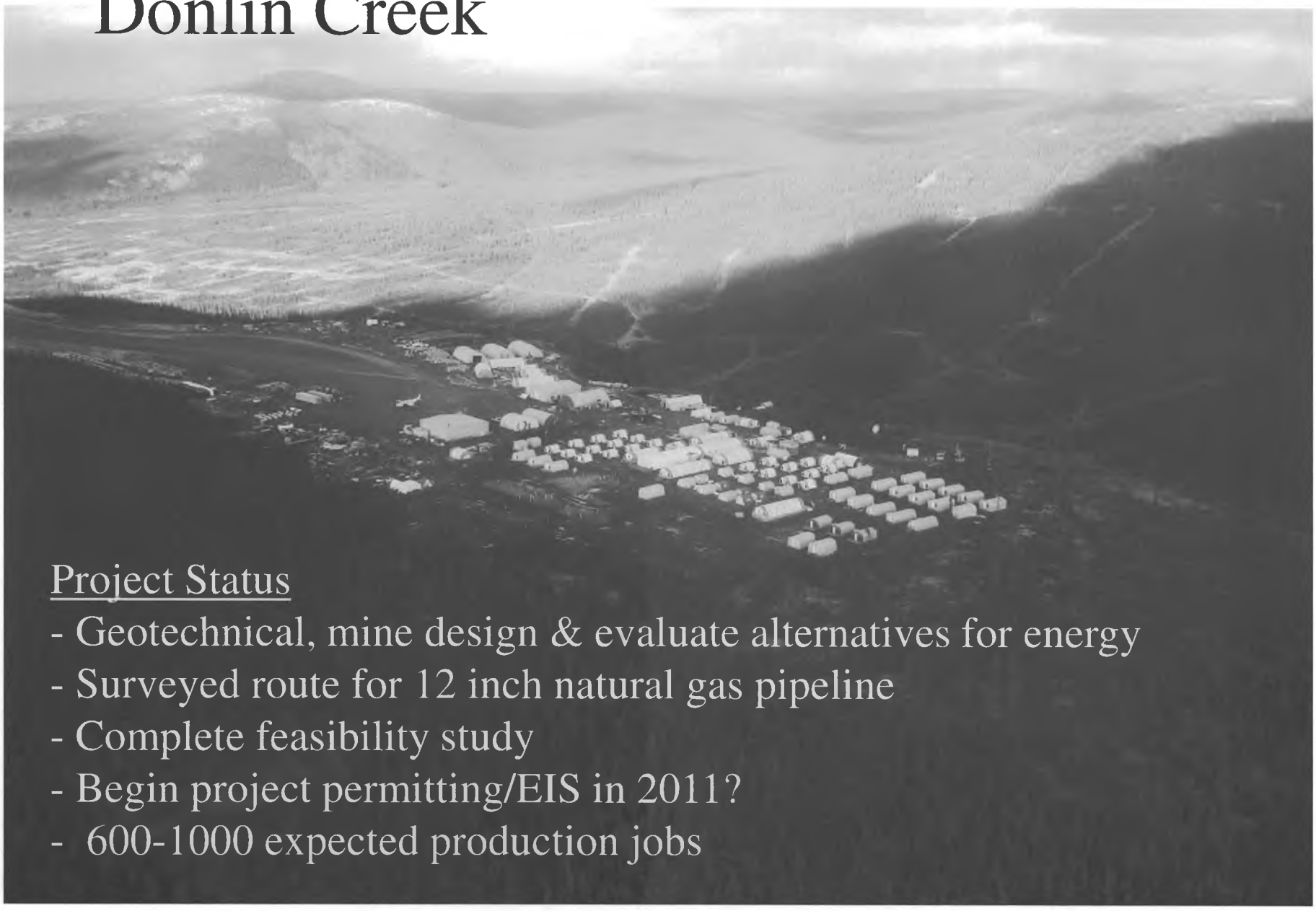
Chuitna Coal Project



Project Statistics

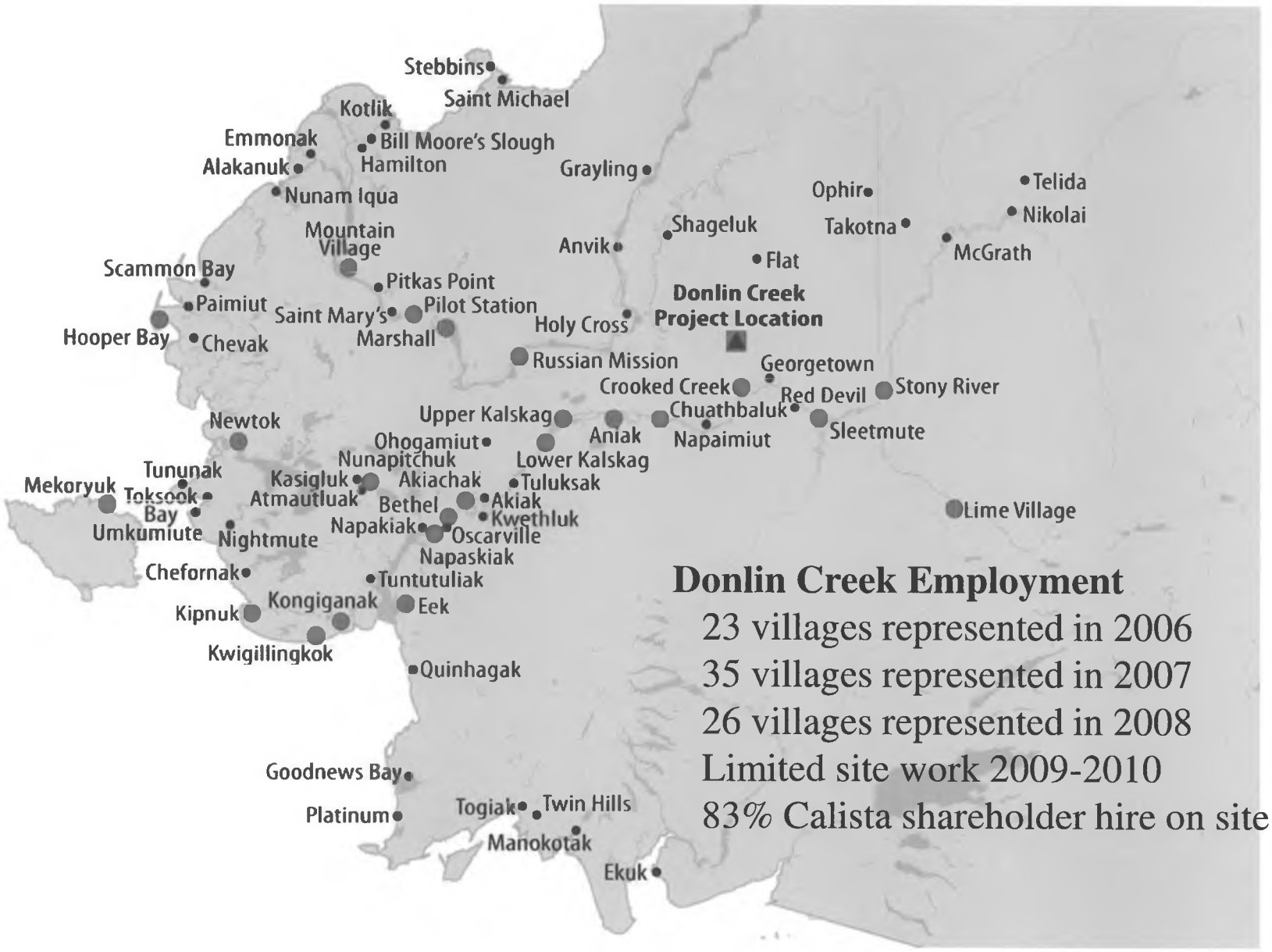
- 12MMtpy surface mine
- +$600M cost to construct
- 300M tons reserves
- 25 year mine life
- 350 employees
- ~~Elevated conveyor; port for Cape Class (65ft draft) vessels~~
- Agreements in place with Tyonek Native Corp
- Draft SEIS expected end of 2011

Donlin Creek



Project Status

- Geotechnical, mine design & evaluate alternatives for energy
- Surveyed route for 12 inch natural gas pipeline
- Complete feasibility study
- Begin project permitting/EIS in 2011?
- 600-1000 expected production jobs



Donlin Creek Employment

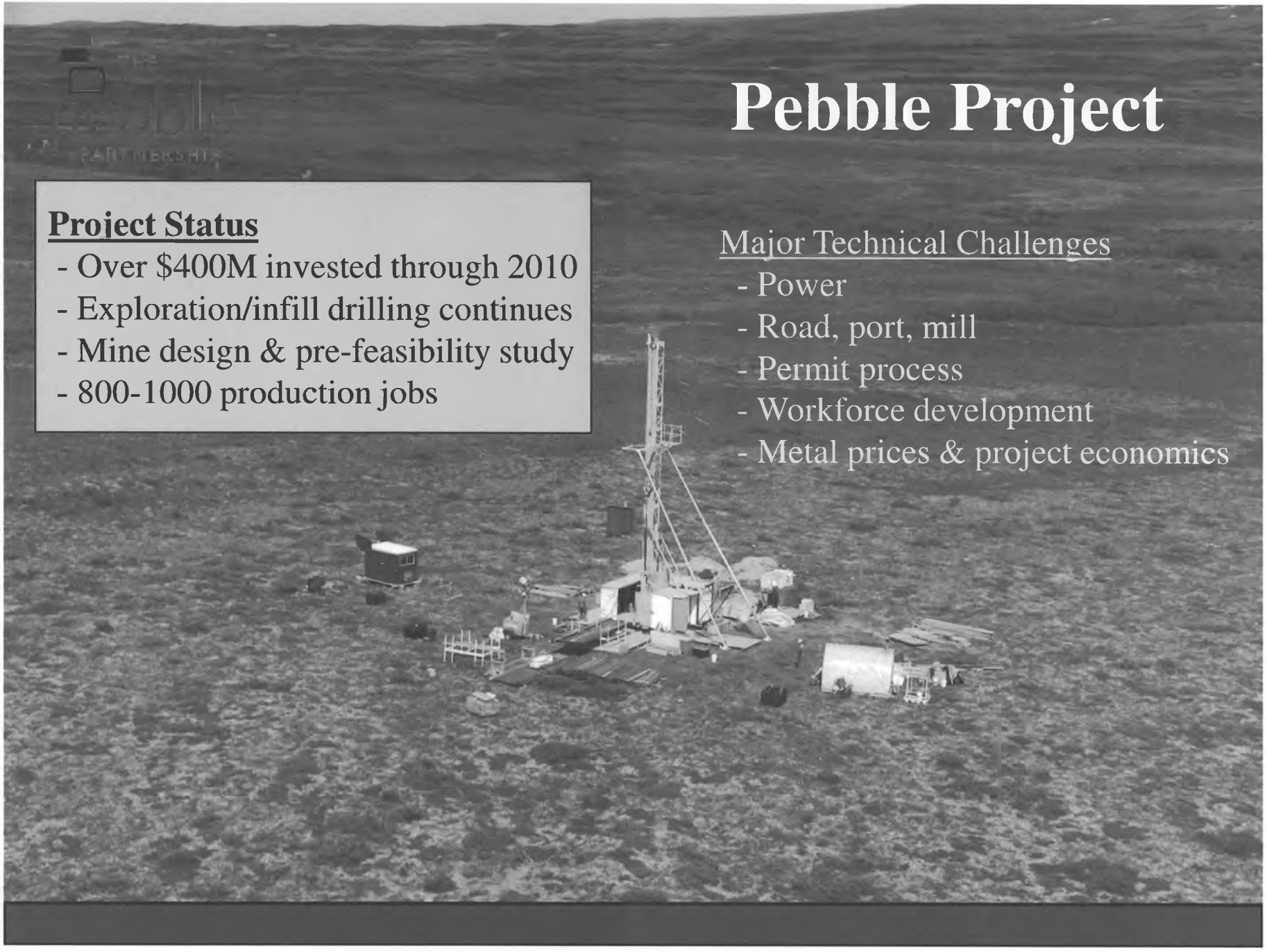
23 villages represented in 2006

35 villages represented in 2007

26 villages represented in 2008

Limited site work 2009-2010

83% Calista shareholder hire on site


Pebble Project
Project Status
- Over $400M invested through 2010
- Exploration/infill drilling continues
- Mine design & pre-feasibility study
- 800-1000 production jobs
Major Technical Challenges
- Power
- Road, port, mill
- Permit process
- Workforce development
- Metal prices & project economics

Drill Site Reclamation



After drill removed



After one year

Pebble – Environmental Baseline Studies

- Surface Water
- Water Quality
- Groundwater
- Geochemistry
- Snow Surveys
- Analytical QA/QC
- Fish & Aquatic Resources
- Macroinvertebrates
- Wetlands
- Trace Elements
- Flow Habitat Study
- Iliamna Lake Study
- Marine
- Wildlife
- Air Quality
- Noise
- Cultural Resources
- Subsistence
- Land Use
- Recreation
- Socioeconomics
- Visual Aesthetics
- Impact assessment & management
- Mine closure & reclamation

>50 independent consulting firms
>500 contractors
>$120 million expended to date



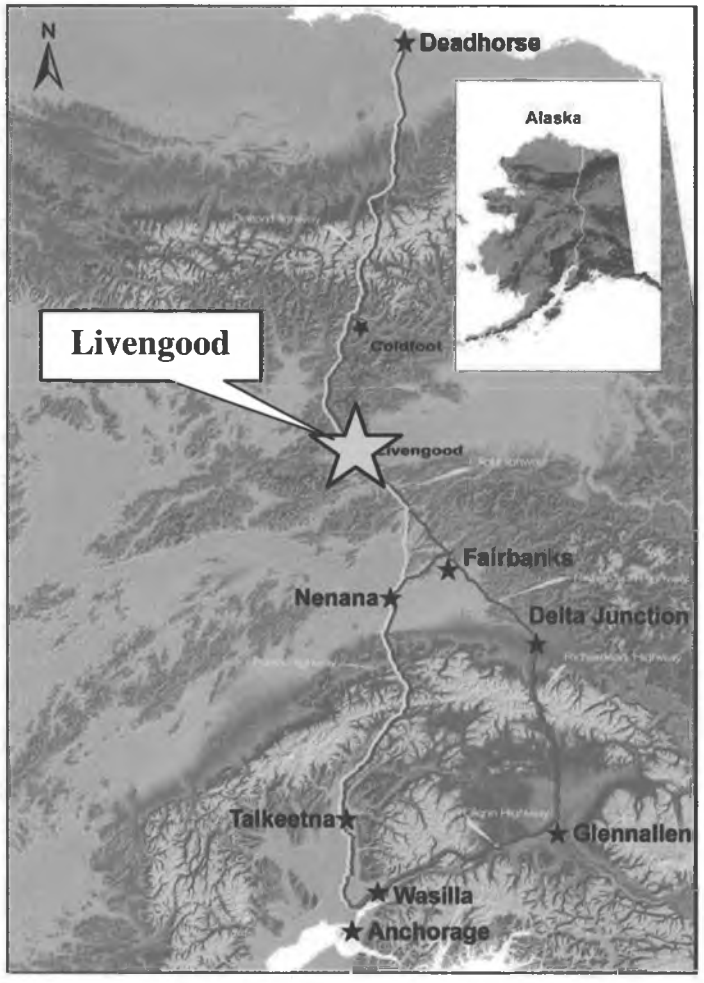
Major Exploration Projects

- 24 projects spent >$1 million each in 2010
- Expect higher number in 2011

Four Example Projects

- Livengood - International Tower Hill Mines
- Niblack - Heatherdale Resources
- Arctic – NovaGold Resources
- Palmer - Constantine Resources

Livengood Gold Project Highlights



Gold Deposit

Indicated Resources of 10.9Moz @ 0.83 g/t Au & Inferred Resources of 2.4Moz @ 0.79 g/t Au (0.5 g/t cutoff). (June 2010)

Geometry of deposit supports low-cost bulk tonnage mining

Favorable infrastructure

All weather paved highway, 70 miles north of Fairbanks

Potential natural gas pipeline - would help project

Project Status

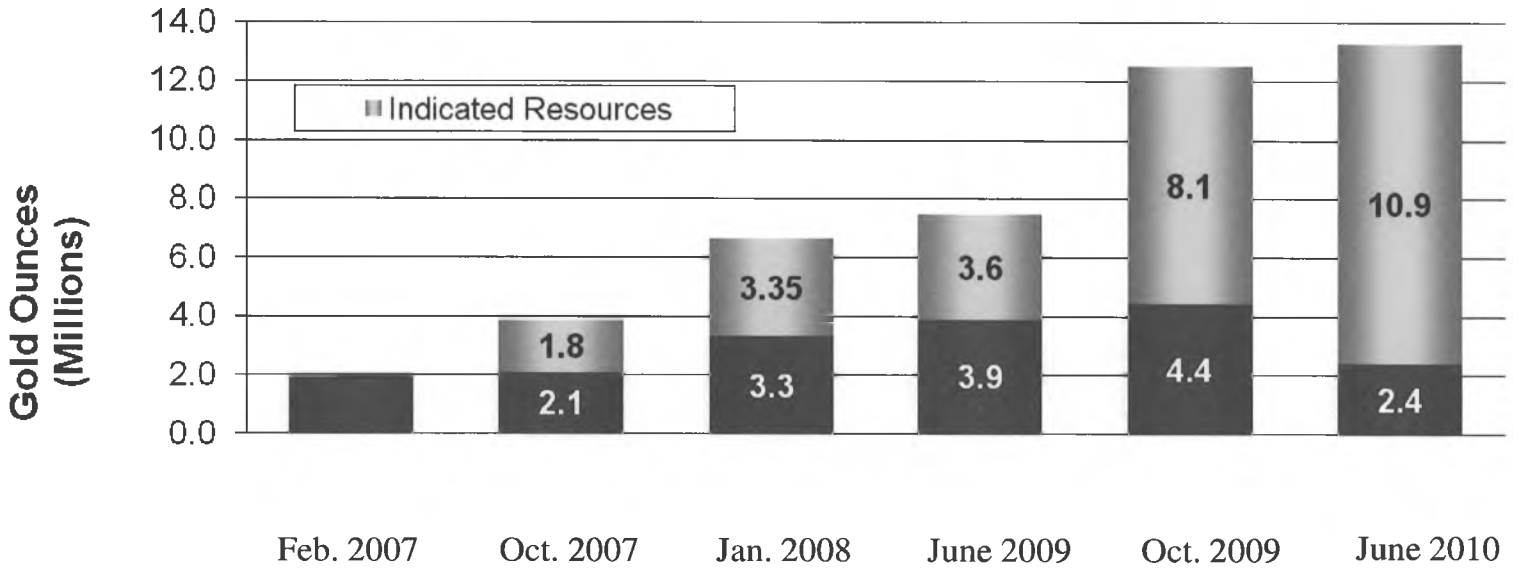
+100 persons on site for drilling, environmental, and engineering work

Over $50 million spent in past 3 years

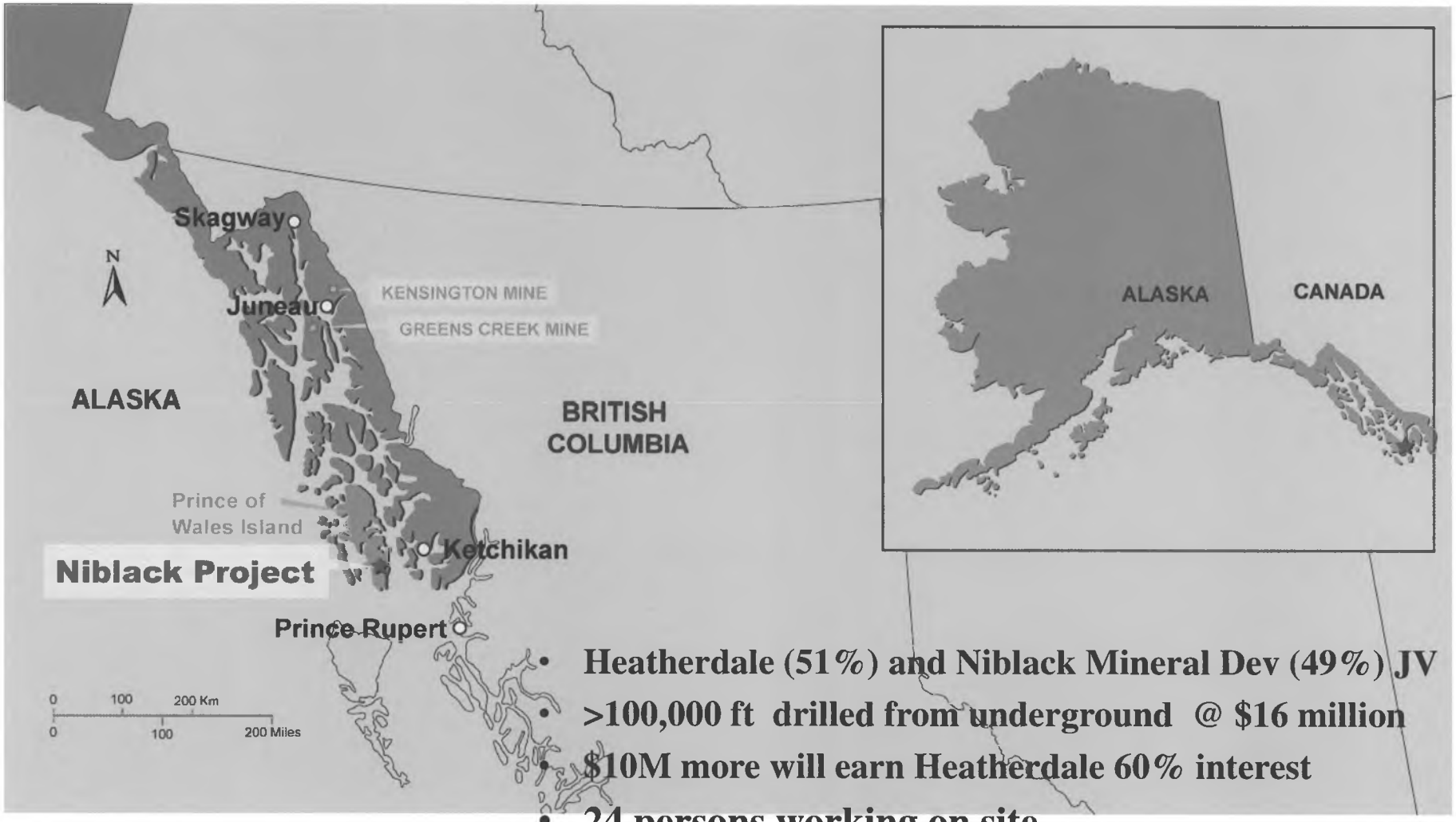
TALONGOLD Alaska Inc. A SUBSIDIARY OF ITH

INTERNATIONAL TOWER HILL MINES LTD

Livengood Resource Growth



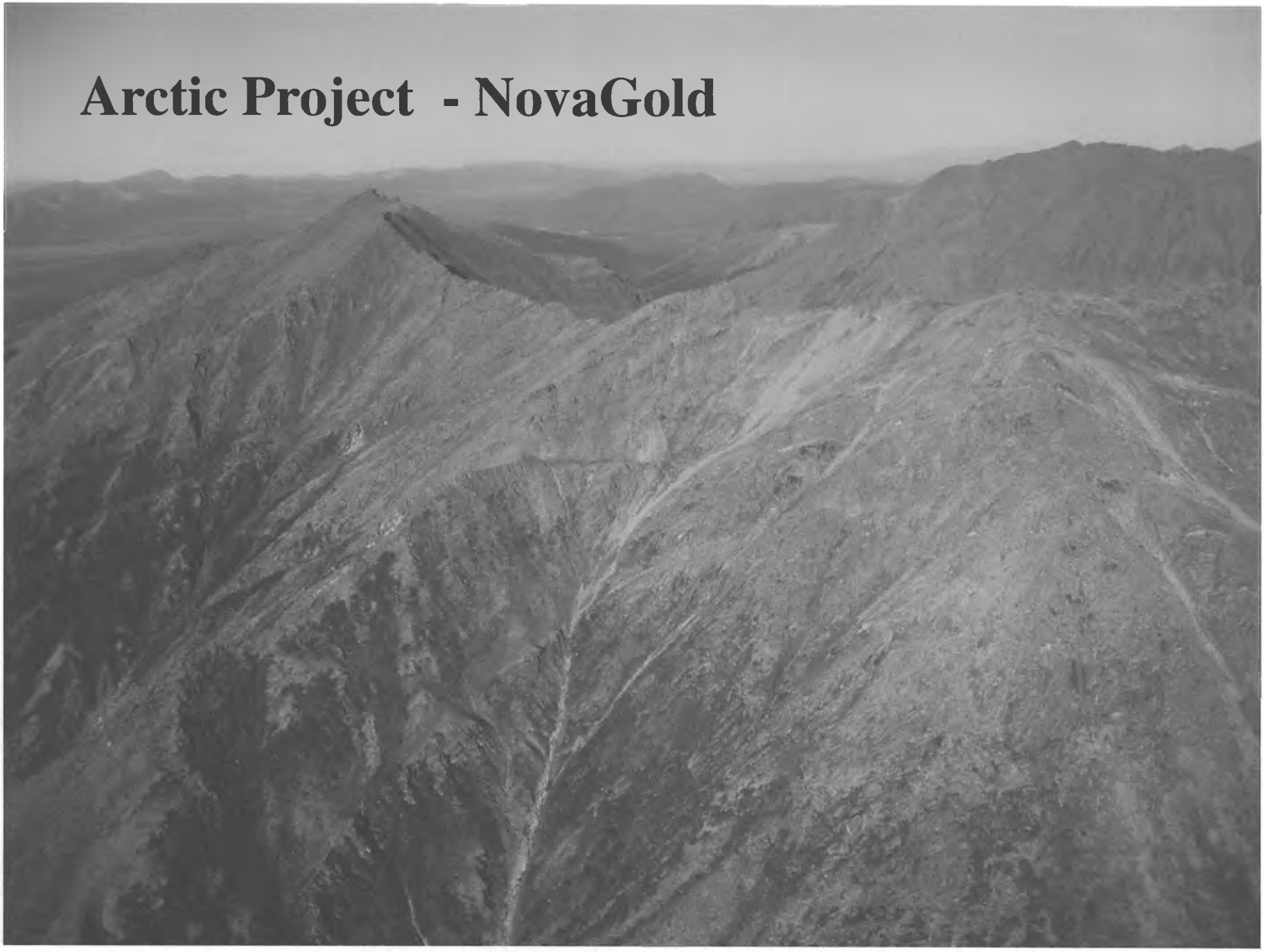
HEATHERDALE
RESOURCES LTD.



- Heatherdale (51%) and Niblack Mineral Dev (49%) JV
- >100,000 ft drilled from underground @ $16 million
- $10M more will earn Heatherdale 60% interest
- 24 persons working on site
- $50 million invested through 2010

Niblack Project




Arctic Project - NovaGold


Palmer Project at Haines – Constantine
• Copper-zinc-gold-silver VMS deposit
• Discovered by Merrill Palmer in 1969
• Explored by seven companies since then
• Constantine spent >$10M over past several years







ALASKA MINERS ASSOCIATION, INC.

Infrastructure for Mines

September 2010

By Steve Borell

Most people assume that the basic infrastructure required for Alaska mines is provided by the state or federal government. By basic infrastructure I refer to electrical power, roads, railroads, airfields, and ports.

I first researched the topic several years ago when I was asked to speak at an Alaska session in Tacoma, Washington. My assigned topic was to describe the infrastructure that the state will have to build to service various prospective mining projects. However, as I began to research the topic, I realized that most of the basic infrastructure used by Alaska's large mining operations was not built by the state or federal government but rather by the mines themselves.

Infrastructure is a major cost item wherever it occurs, and especially in remote parts of the state. Furthermore, the infrastructure is often needed long before the mine has a positive cash flow from operations because infrastructure is needed before the mine can even be built. It is needed to bring in the supplies and equipment that are used to build the mine. Infrastructure costs have a huge adverse financial impact on the project's rate of return because of the time value of money which must be spent long before there is any return.

The table titled "Infrastructure for Alaska Mines" is a list of Alaska's large mines and major projects showing how their infrastructure was funded. The six large operating mines have a total of 18 items of infrastructure. Twelve of those items, shown with an (*), were paid for entirely by the mines. Three items were existing infrastructure. Two items, indicated by (+), were paid by a government "authority" and the cost recovered by charging the mine a user fee. One item, indicated by (*+), was constructed by the mine with a partial payment by the State.

Infrastructure for Alaska Mines

Mine/Project	Power	Road	Airfield	Port
Major mines now in operation				
Usibelli Coal	On grid	On road & RR		
Greens Creek	*Diesel, now on grid	*7 mi		*Yes
Red Dog	*Diesel	+55 mi	*4500 ft	+Yes
Fort Knox	*24 mi to grid	*4 mi		
Pogo	*55 mi to grid	*55 mi	*3000 ft	
Kensington	*Diesel	*+6 mi		*Yes
Major mines now in idle status				
Nixon Fork	*Diesel		*4500 ft	
Rock Creek	*6 mi to grid	3mi by State		
New large projects in permitting or advanced exploration				
Chuitna Coal	*10 mi to grid	*13 mi	*3000 ft	*Yes
Donlin Creek	*Diesel & wind	*23 mi	*5000 ft	*Yes
Pebble	*105 mi to grid	*~80 mi		*Yes

* Constructed by the mine
\+ Reimbursed by mine based on throughput
*+ Combination of mine and State funding

The mines in idle status have a total of four items of infrastructure. Three of the four were constructed by the mines and one item, a three-mile road, was part of the "Roads to Resources" program and was constructed by the State. For the three advanced projects – if these projects can get through the permitting process, all 11 items of infrastructure required will be constructed by the mines.

To summarize the numbers – 88% (30 of 34 items) of the items of infrastructure required by the major mines and advanced projects has been paid (or will be) by the mines.

The situation is very different in other states and countries. In the lower 48 states and much of Canada, only the final few miles of road or powerline will be paid by the mine. It is a rare case where the mine is isolated from the road system or must build its own power plant, airfield, or port. Throughout Canada, the roads, railroads, and powerlines are typically built by the government.

In some countries the governments will provide much of the infrastructure. I recall hearing a few years ago that a project in Inner Mongolia of northern China was going to need a road. This need was expressed to the government officials. Within a year a 200 km road was under construction; two years later it was complete.

I often hear that the State of Alaska built the road and port facilities for the Red Dog Mine. That is correct. The Alaska Industrial Development & Export Authority (AIDEA) paid for construction of the road and port known as the Delong Mountains Transportation System (DMTS). But Red Dog makes annual payments to AIDEA based on throughput of concentrates that are shipped. If the mine does not meet a certain level of throughput each year, Red Dog must still pay a guaranteed minimum amount to AIDEA. That has not yet happened because every year since the mine began operating in 1989 the throughput has been more than the minimum. The initial construction of DMTS was $180 million with a subsequent upgrade of $85 million for a total cost of $265 million. Thus far the state has received $312 million of interest and principle on its investment. That says nothing about the jobs and other benefits to the region and the entire state.

There are numerous other roads and other infrastructure throughout Alaska that was built by the mining industry. Electrical power generation in Juneau is a case of particular note. Juneau has the lowest power cost in the state because of the mining industry. There are five hydroelectric generating plants in Juneau. Three of these were built by the mining industry and a fourth was built because of mining guarantees. The three plants built by the mines are Gold Creek (1893), Salmon Creek (1913) and Annex Creek (1915). When the A-J mine closed these plants were sold to Alaska Electric Light & Power (AEL&P). Salmon Creek was upgraded in 1984 with a new generator but the others still operate with the original equipment.

A fourth hydroelectric power plant, Dorothy Lake (2009), was built because the Greens Creek mine signed a contract guaranteeing that it would take any power not required by the city. The result was that AEL&P was able to obtain funding for the plant.

As I previously mentioned, most people assume that the basic infrastructure required for Alaska mines would be provided by the state or federal government. Those people would be wrong and the facts clearly show that the basic infrastructure requirements are most often constructed by the mines themselves.

ALASKA MINERS ASSOCIATION, INC.

Issues of Concern
for the Alaska Mining Industry for 2011

Actions needed by the Administration and/or the Legislature: January 2011

CRITICAL ITEMS: PERMITTING INTEGRITY – LITIGATION REFORM – ENERGY – INFRASTRUCTURE

Integrity of Permitting System - Ensure the integrity of the current, very rigorous, science-based state permitting process and fund it at a level that will ensure its integrity.

- Provide sufficient staff and funding for permitting functions of the Departments of Natural Resources, Fish & Game and Environmental Conservation.
- Establish public confidence in the permitting system.

Alaska Coastal Management Program (ACMP) – Ensure reforms made in 2003 are not compromised.

Litigation Reform – Support efforts to bring more accountability to the appeals and litigation processes for community and resource development projects.

Infrastructure - Advocate for and fund infrastructure that will provide access to remote areas of Alaska so natural resource projects can be developed.

- Settle on a route from the Parks Hwy to Nome and begin development of it.
- Establish an effective standard for pioneer roads.
- Fund roads between communities.

Energy - Advocate and adopt a state energy plan and fund interties, pipelines, hydroelectric, etc. to provide energy for resource development and communities.

- Ensure that Healy Plant #2 comes on line at the earliest possible date.
- Rationalize the management and control of the railbelt electrical intertie system.
- Fund and construct an intertie between the railbelt intertie and Bethel.
- Develop and implement a strategy to provide stable sources of energy to the railbelt.

PERMITTING PROCESS

Water Quality Standards - Continue to revise water quality standards to ensure standards are scientifically supportable and developed using Alaska-specific criteria. Also, ensure continued availability of mixing zones and adoption of anti-degradation regulations.

Non-Profit Foundation Money - Enact legislation to require public disclosure whenever funds from 501(c)(3) non-profit foundations are used to affect public policy; disclosure to include name of the source, amounts and purpose for which the moneys are given.

Financial Assurance - Ensure that financial assurance (bonding) requirements for environmental compliance are managed exclusively by the State. Aggressively oppose federal takeover.

Endangered Species Act/Essential Fish Habitat – Continue to aggressively oppose ESA listings in the courts to ensure decisions are based on sound science.

FISCAL ISSUES

Taxation - Maintain an equitable and stable tax structure at state and local government levels to ensure Alaska industry remains competitive.

State Fiscal Policy - Adopt a long range fiscal plan.

Annual Airborne Geophysical Mapping Program - Increase funding for the extremely effective airborne geophysical mapping program; initiate statewide baseline water quality mapping.

Mineral Education & Training - Continue to support mining engineering and geological engineering, geology, the Mining and Petroleum Training Service (MAPTS), and the Delta Mine

Training Center (DMTC) at levels that will ensure a trained workforce; continue funding the State's share of Alaska Resources Education (formerly AMEREF).

LAND MANAGEMENT ISSUES

State Authorities - Ensure development of state-owned natural resources is not compromised by municipal or borough regulations or taxation.

Land Management Philosophy - Ensure that uses of land are not mutually exclusive - resource development and recreation; mining and fish; oil and caribou; resource development and subsistence.

RS-2477 Rights-of-Way & Navigability - Continue to systematically and aggressively pursue State rights, both administratively and in the courts, to RS-2477 rights-of-way and State ownership and authority over navigable waters as granted at Statehood.

Wetlands Mitigation & Banking - Ensure that mitigation or banking are not required as long as less than 1% of Alaska's wetlands are undisturbed. ANILCA guarantees most of Alaska wetlands will never be affected.

State Lands - Ensure no net loss of multiple use lands. *Oppose* additions to any state parks, refuges, critical habitat areas, marine restricted areas, or any other restricted-use areas, *unless* an equal acreage of other lands already having the same designation is released and the new area being designated is first evaluated for mineral potential.

Land Transfers - Prior to any state land transfers to boroughs, land disposals/sales, or leases not required for resource development, require a detailed mineral evaluation, to include airborne geophysical surveys, be completed to help ensure that mineralized lands or key access routes are not transferred.

Outdated Federal Withdrawals - Pursue removal of old federal land withdrawals (where purpose for withdrawal has expired) which are blocking land transfers to the State, such as PLO 5150, the outer pipeline corridor. Encourage BLM to remove such PLOs and open the lands through its land planning process.

New Federal Withdrawals - Oppose all new federal land withdrawals, roadless initiatives, marine restricted areas, Antiquities Act designations, BLM wilderness studies, etc. and fight vigorously against additional buffers or other restrictions to multiple use of federal lands in Alaska. The Alaska National Interest Lands Conservation Act (ANILCA) provides that "no more" federal land will be withdrawn for parks, preserves, monuments, wilderness designations, wild & scenic river designations, etc.

International Heritage & Biosphere Designations - Oppose establishment of international parks, biosphere reserves, and world heritage sites, such as the so-called Beringia (over the Seward Peninsula & Bering Sea), NPRA, or ANWR. International designations would - 1) surrender partial sovereignty to the United Nations, and 2) eliminate access across the affected lands and waters.

Federal Mining Law - Continue to oppose changes to federal law and regulations that would be adverse to Alaska miners.

OTHER ISSUES

Business Climate – Address the negative perceptions identified in polls by CNBC, Forbes, etc.

NEPA - The Administration develop an MOU with the Corps of Engineers to ensure timely coordination of future Environmental Impact Statements.

Coal Development - Encourage utilization of coal liquefaction and gasification technologies for Alaska's vast coal resources.

Climate Change - Oppose all federal actions unless they are based on sound data and peer-reviewed science.

Jones Act - Because Jones Act vessels for bulk mineral shipments are not available, petition Congress to amend the Jones Act to allow use of non-Jones Act vessels for shipment of "non-petroleum bulk natural resources within or from Alaska or intra-Alaska shipments of petroleum".

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January 2011



The Economic Benefits of Alaska's Mining Industry

Mining is a growing force in Alaska's economy ...

providing jobs for thousands of Alaskans and millions of dollars of personal income throughout Alaska. Alaska's mining industry includes exploration, mine development, and mineral production. Alaska's mines produce zinc, lead, gold, silver, platinum, coal, as well as construction materials, such as sand, gravel, and rock.

In 2010, Alaska's mining industry provided:

- **3,500 direct** mining **jobs** in Alaska.
- **5,500 total** direct and indirect **jobs** attributed to Alaska mining industry.
- **$350 million** in total direct and indirect **payroll**.
- Some of Alaska's highest paying jobs with an estimated **average annual wage of $95,000**, double the state average for all sectors of the economy.
- **$13 million** in **local government revenue** through property taxes and payments in lieu of taxes.
- **$58.9 million** in **state government revenue** through rents, royalties, fees, and taxes, up 40% from 2009.
- **$145.9 million** in payments to **Alaska Native corporations**, more than triple 2009 levels.
- **Mostly year-round jobs for residents** of more than **120 communities** throughout Alaska, half of which are found in rural Alaska where few other jobs are available.

Largest Producing Mines and Selected Advanced Exploration Projects

State and Local Government Tax Obligations

	Land Status	Mining License Tax	State Royalty Payments	Local Govt. Tax Payments
Producing Mines				
Usibelli Coal	State	X	X	X
Greens Creek	Private	X		X
Red Dog	Private	X		X
Fort Knox	State/Mental Health Trust	X	X	X
Pogo	State	X	X	
Kensington	Private/Federal	X	X	X
Advanced Exploration Projects *(Projected Payments)*				
Nixon Fork	Federal	X		
Chuitna Coal Project	State/Mental Health Trust/ Private/Borough	X	X	X
Wishbone Hill	State/Mental Health Trust/ Private	X	X	X
Donlin Creek Project	Private	X		
Livengood	State/Mental Health Trust	X	X	X
Pebble Project	State	X	X	X
Niblack Project	State/Federal	X	X	

2010 Economic Benefits

estimated

Exploration

- **$225 million** spent on exploration, up 25% from 2009.
- **50 exploration projects** spending more than $100,000, of which **24 projects spent more than $1 million**.
- **$2.3 billion** spent on exploration since 1981.

Development

- **$250 million** spent on **mine construction,** down 24% from 2009, on 8 existing mines and development projects.

Production

- **$3 billion** in **gross mineral production value** from Red Dog, Greens Creek, Fort Knox, Pogo, Kensington, and Usibelli Coal mines, placer mines, and rock, sand, and gravel operations, up 24% from 2009.
- More than **200 placer mines** produced **60,000 ounces** of gold, as well as platinum.
- **$106 million in production value** from more than 120 active rock quarries, and sand and gravel operations.
- Export value of **$925 million**, or **28%** of Alaska's **total exports** (2009).







Usibelli Coal Mine

Coal

- Alaska's only operating coal mine, exporting 50% of its production in 2010
- Fuels 40% of Interior Alaska's electricity
- Producing an all-time high of 2 million tons in 2010
- Founded in 1943
- 130 employees in 2010

Greens Creek Mine

Silver, zinc, gold, and lead

- Among the top 10 silver producers in the world
- Largest Southeast Alaska for-profit employer, in terms of payroll
- Largest payer of property tax in the City & Borough of Juneau
- Discovered in 1975, producing from 1989 to 1993, and continuously since 1996
- 340 employees, plus 12 full-time contractors in 2010

Red Dog Mine

Zinc, lead, and silver

- One of the world's largest zinc concentrate producers
- Only taxpayer in the Northwest Arctic Borough
- Discovered in 1968, producing since 1989
- 550 employees (including contractors) in 2010

Fort Knox Mine

Gold

- Alaska's largest surface gold mine
- Largest property taxpayer in the Fairbanks North Star Borough
- Discovered in 1984, producing since 1996
- 500 employees, plus 350 contractors in 2010

Pogo Mine

Gold

- Discovered in 1994, producing since 2006
- Reached a production milestone of a million ounces of gold in 2009
- 300 employees, plus 100 contractors in 2010
- Paid more than $36 million in wages in 2010
- Capital spending exceeded $10 million in 2010

Kensington

Gold

- Production started July 2010
- Expected to produce 125,000 ounces of gold annually
- Will be the second largest Southeast Alaska for-profit employer, in terms of payroll
- 200 employees in 2010

Mining Activity in Alaska

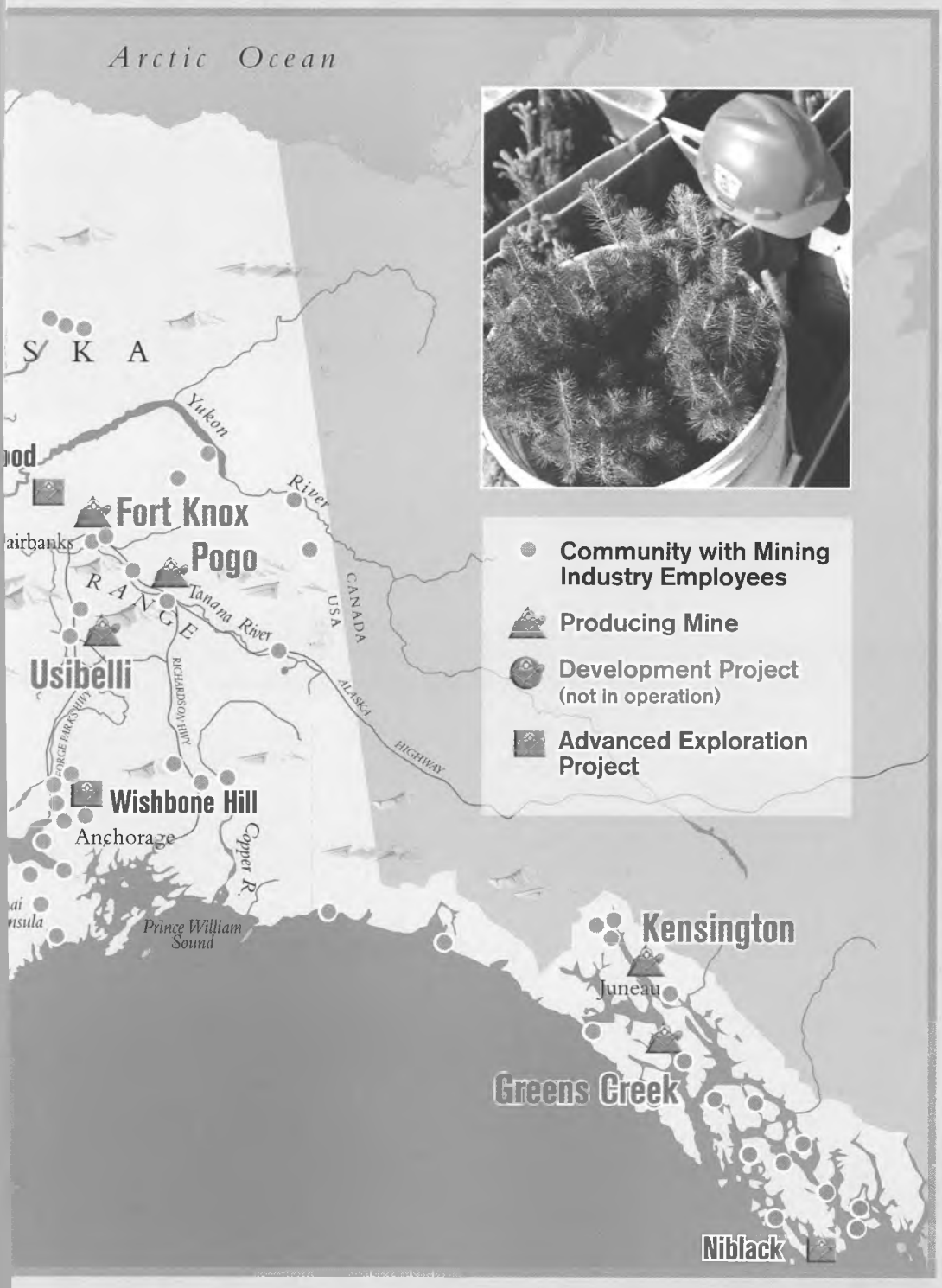


Mining companies employ Alaska residents from more than 120 Alaska communities, and purchase supplies and services from hundreds of Alaska businesses.









Rock Creek/Big Hurrah

Gold

- Started and suspended production in 2008
- 135 potential production jobs

Nixon Fork

Gold and copper

- Discovered in 1917, intermittent production since 1920s
- Production suspended in 2007
- Preliminary Economic Assessment completed in 2010
- 40 jobs in 2010

Chuitna

Coal

- Currently in the permitting process
- 300-350 expected production jobs

Wishbone Hill

Coal

- First mined in 1916
- Project feasibility study started in 2010
- 75-125 potential production jobs

Donlin Creek

Gold

- Discovered in 1988, ongoing exploration since 1995
- Project feasibility study to be completed in 2011
- 83% Calista shareholder hire on-site
- 600-1,000 expected production jobs

Livengood

Gold

- Placer mining began in 1913, lode deposit discovered in 2007
- $58 million invested through 2010
- 450-500 potential production jobs

Pebble Project

Copper, gold, and molybdenum

- Discovered in 1987, ongoing exploration and environmental studies since 2002
- Over $400 million invested through 2010
- 800-1,000 potential production jobs

Niblack

Gold, silver, copper, and zinc

- Ongoing exploration for more than 10 years
- $50 million invested through 2010

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Strengthening Local Economies and Communities

Mining companies strengthen Alaska's local economies by employing Alaska residents from more than 120 Alaska communities. The industry also purchases supplies and services from hundreds of Alaska businesses.

These mining companies are also an important source of stable revenue for local governments, as well as significant state government revenue.

In 2010, Alaska's mining industry paid an estimated total of **$13 million to local governments,** including:

- $6.7 million in payment in lieu of taxes (PILT) by Red Dog to the Northwest Arctic Borough.
- $4.6 million in property taxes paid by Fort Knox to the Fairbanks North Star Borough.
- $1.7 million in property taxes paid by Greens Creek and Kensington to the City and Borough of Juneau. Now in production, Kensington may become the largest taxpayer in Juneau.
- Tax payments to other local governments, including Denali and Matanuska-Susitna boroughs, City of Nome and others.
- Mining industry employees also pay local property and sales taxes.

Mining companies paid an estimated **$58.9 million to state government** in royalties, rents, fees, and taxes, up 40% from 2009.





The mining industry also paid over $54.5 million in other state government-related revenues, including:

- $25.2 million to the Alaska Railroad Corporation – $17.9 million for moving coal and $7.3 million for moving sand and gravel.
- $29.3 million to Alaska Industrial Development & Export Authority for the use of state-owned facilities.
- $1.0 million to the Alaska Mental Health Trust for rents and royalty payments, and construction material sales.

Partnering with Alaska Native Corporations

All Alaska Native corporations benefit from mining industry activity – in 7(i) and (j) **royalty sharing payments**, in **jobs** for shareholders, or **through business partnerships**.

- **$145.9 million in royalties** paid by Red Dog to NANA; of which $83.4 million was redistributed to other Alaska Native regional and village corporations.
- **56%** of the **550 year-round jobs** at Red Dog are filled by **NANA shareholders**, including Teck Cominco, NANA Lynden and NANA Management Services jobs.
- Calista Corporation anticipates **$2 million in royalties for mineral agreements**, including lode exploration, placer gold production, and construction material sales.
- **83%** of the **on-site jobs** at Donlin Creek filled by **Calista shareholders**.
- Coeur Alaska works with Central Council Tlinglit & Haida Indian Tribes of Alaska and the Berners Bay Consortium (Goldbelt, Inc., Kake Tribal Corporation, and Klukwan, Inc.) to provide training, employment, and contracting opportunities for Alaska Natives at Kensington.

Special thanks to Lisa Harbo, Alaska Department of Commerce, Community and Economic Development, and Dave Szumigala, Alaska Department of Natural Resources for their assistance. Other sources used in this report include: State of Alaska departments of Commerce, Community and Economic Development, Labor and Workforce Development, Natural Resources, and Revenue, Alaska Railroad Corporation, Alaska Industrial Development & Export Authority, various local and borough governments, and mining companies. Prepared by McDowell Group, Inc.

4/15/11 PRESENTATION: GIGAMETHANOL AND GAS TO GASOLINE

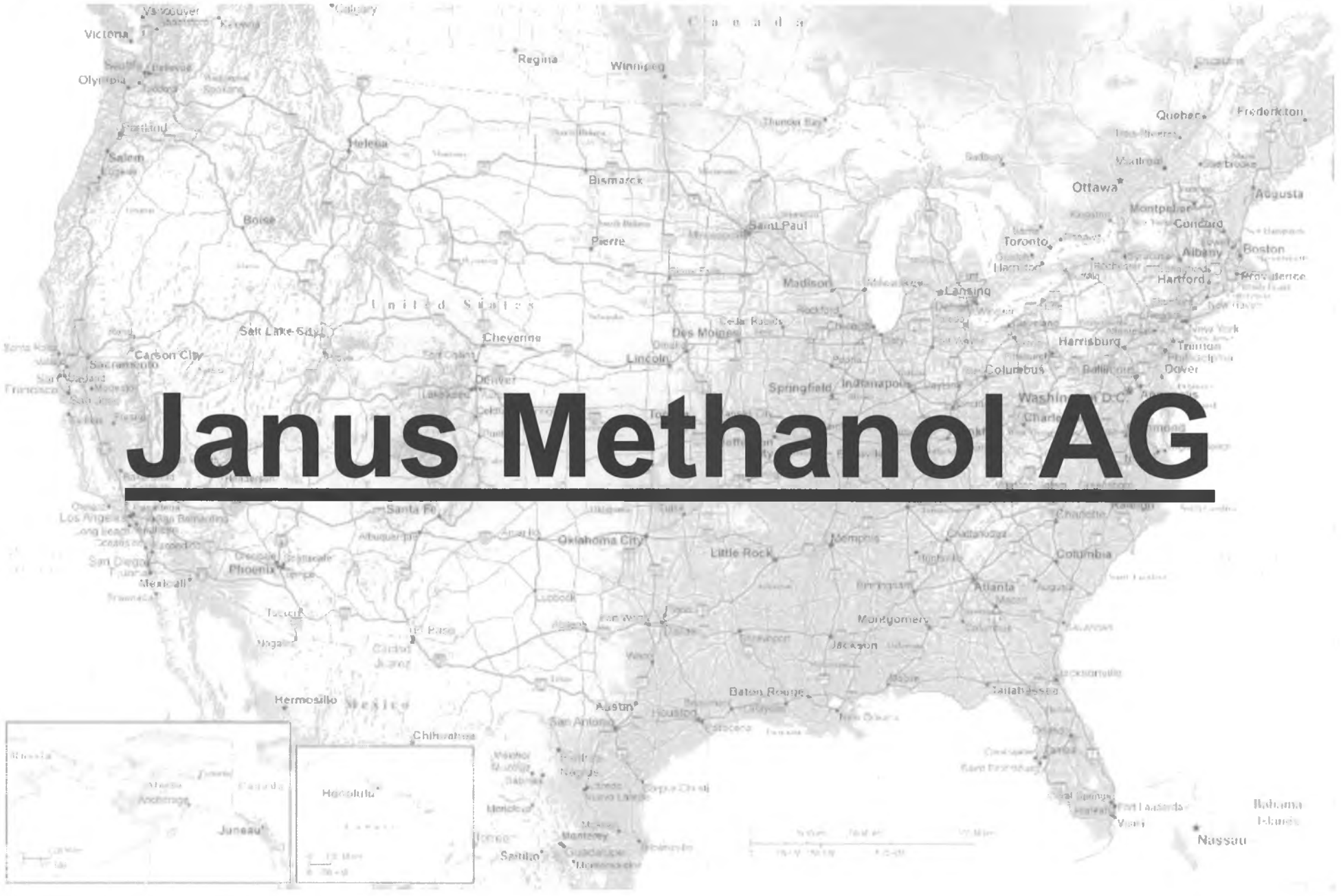
<TARGET><BILL></BILL><SUBJECT>4-15-11 PRESENTATION GIGAMETHANOL AND GAS TO GASOLINE</SUBJECT><COMM>HRES27</COMM></TARGET>



GigaMethanol and Gas to Gasoline

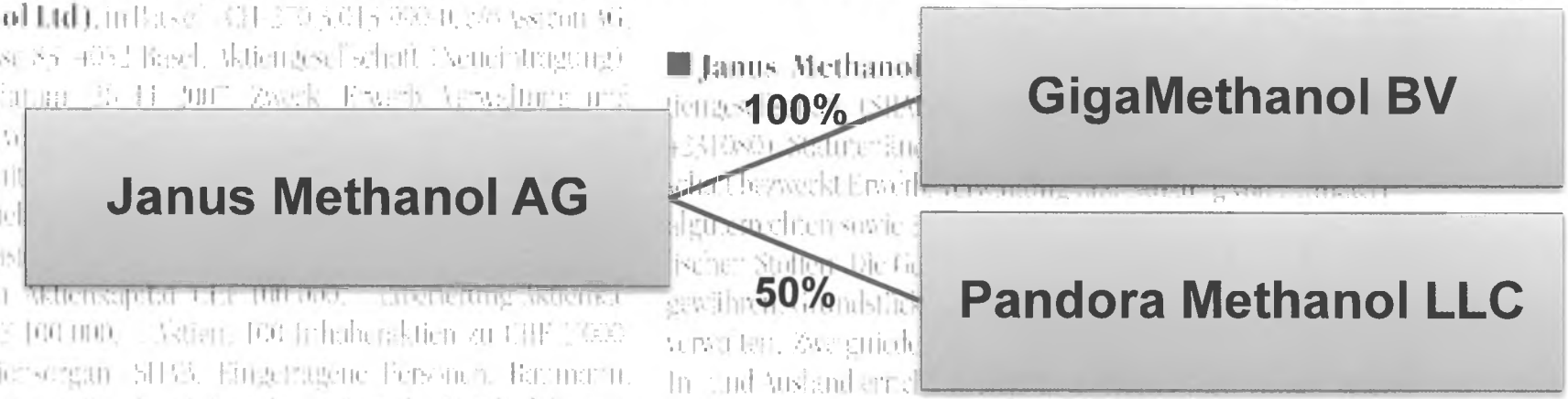
NPRA, San Antonio

March, 2011


Janus Methanol AG
Canada
United States
Mexico
Victoria
Regina
Winnipeg
Quebec
Fredericton
Ottawa
Montpelier
Concord
Augusta
Albany
Boston
Hartford
Toronto
Lansing
Madison
Saint Paul
Bismarck
Pierre
Helena
Boise
Salem
Salt Lake City
Cheyenne
Denver
Carson City
Sacramento
Lincoln
Des Moines
Harrisburg
Trenton
Dover
Columbus
Springfield
Indianapolis
Santa Fe
Oklahoma City
Little Rock
Memphis
Columbia
Atlanta
Montgomery
Jackson
Baton Rouge
Austin
San Antonio
Houston
Hermosillo
Chihuahua
Juneau
Anchorage
Honolulu
Nassau

Janus Methanol AG

- Registered In Switzerland – a methanol and chemical development and operating Company



- Janus team consists of very experienced methanol players that have developed, financed, built, operated and marketed numerous plants
- Chairman – Mr. Deo van Wijk

Janus Methanol AG

- Mr. van Wijk formed Saturn in 1994 – built Titan and Atlas in Trinidad together with BP utilising Lurgi Technology
- Janus formed in 2007 – comprising approximately 30 people
- Top 10 people have 30+ years' experience each
- Worldwide experience comes from BP, Lurgi, Ferrostaal and MG
- Strong history of large scale projects in conjunction with Lurgi

Our Experience in Trinidad &Tobago





GigaMethanol Technology

Definitions

MegaMethanol® Technology

- 5 000 ton methanol per day in a single train
- ATLAS, the 1st MegaMethanol® project, developed and implemented in conjunction with Mr. van Wijk, Dr. Balthasar and Dr. Wagner
- Successfully operated in Trinidad (ATLAS), Iran (Zagros I & II) and Malaysia (Petronas)
- Presently four plants are in operation and two plants in construction/ erection (two trains in China after coal gasification)

Definitions

GigaMethanol Technology

- 10 000 ton methanol per day in a single train configuration based on ATLAS
- Utilising Lurgi's sophisticated high-pressure ATR-technology and two stage methanol synthesis
- Economy of scale promises a significant reduction in specific investment cost compared to MegaMethanol technology

Definitions

GigaMethanol Project

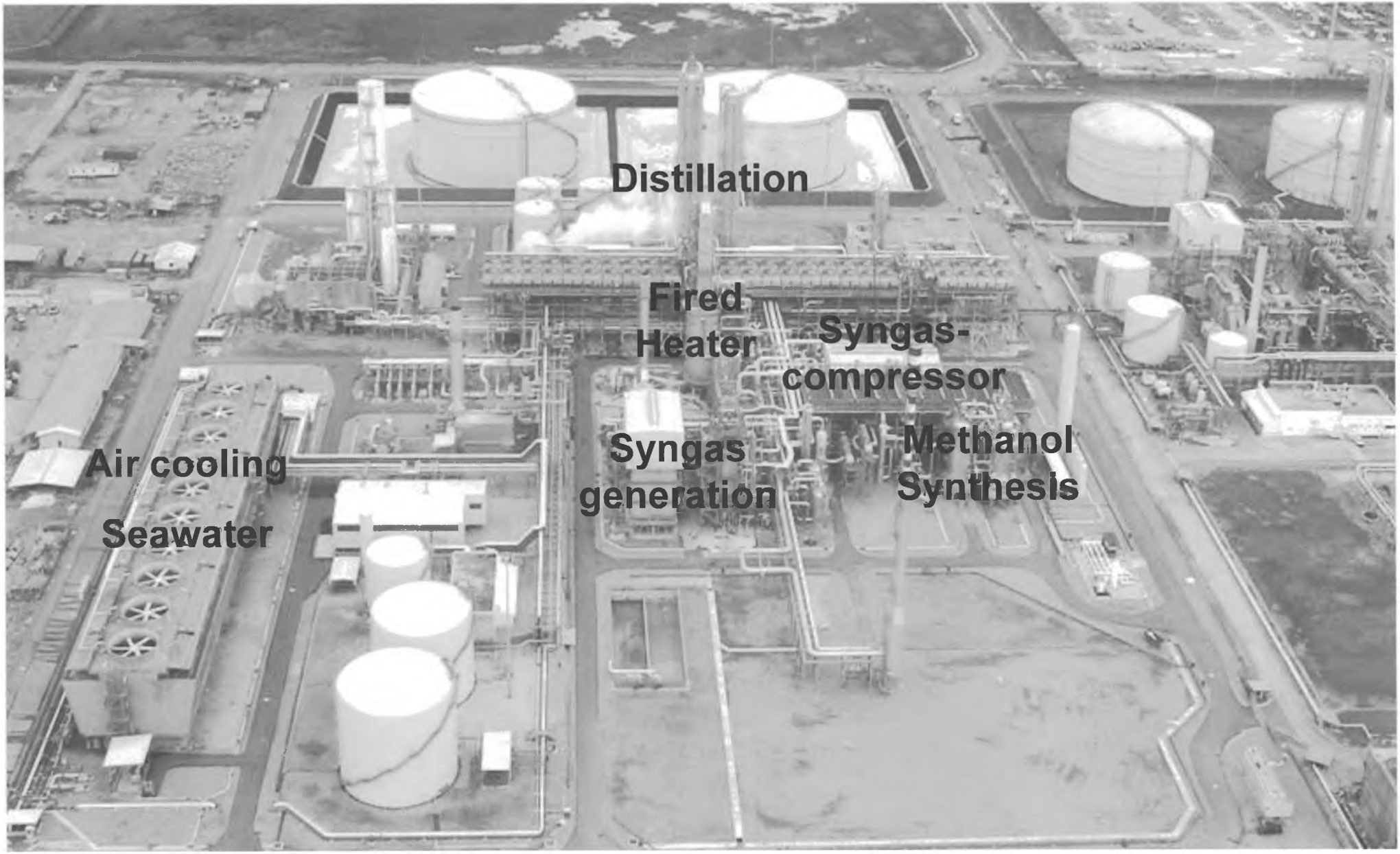
- Consisting of two trains producing 20 000 ton methanol per day
- Second train is a 100 percent copy of the first, together with common utilities resulting in expected cost savings of 30 – 40 percent for the second train
- Resulting in a yearly production of 7 million ton methanol, representing 15 percent of today's world methanol production

The ATLAS plant - the mother of MegaMethanol® and the foundation of GigaMethanol

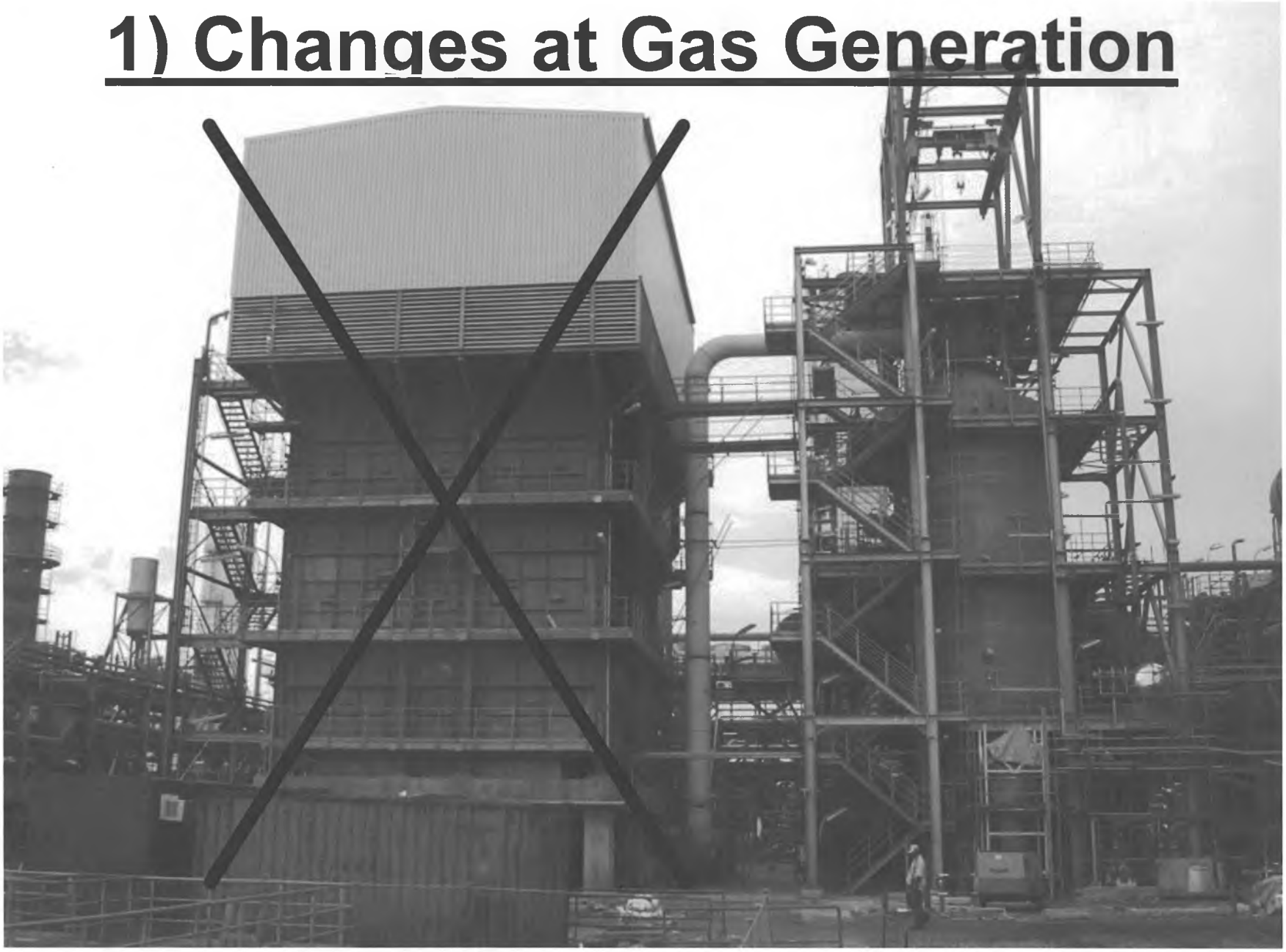


Plant located in Trinidad, one single train, design capacity: 5 000 tpd

In 2008: 360 operational days at 108% of the design capacity


Distillation
Fired Heater
Syngas-compressor
Air cooling
Seawater
Syngas generation
Methanol Synthesis

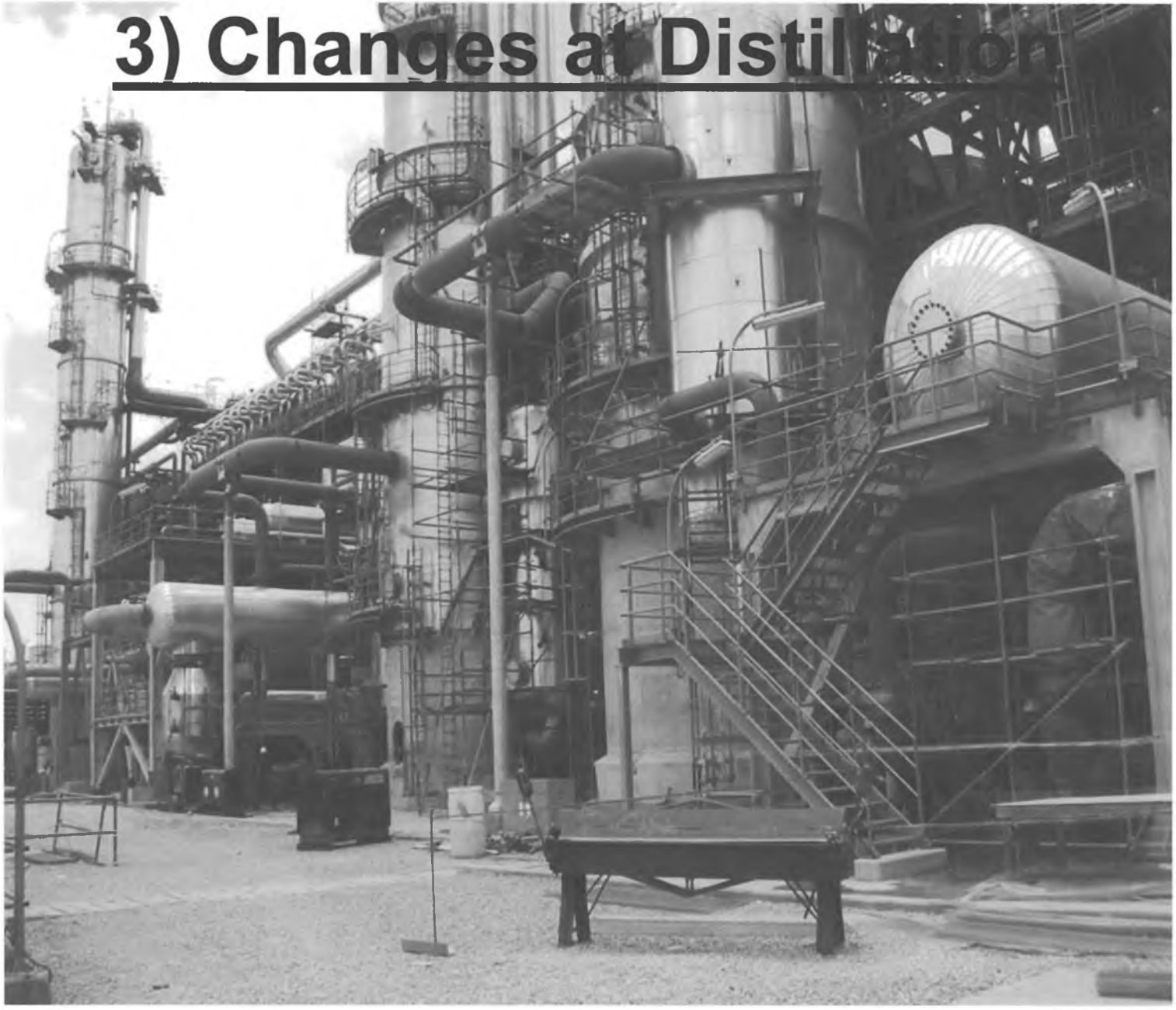
1) Changes at Gas Generation



2) Changes at Methanol Synthesis



3) Changes at Distillation



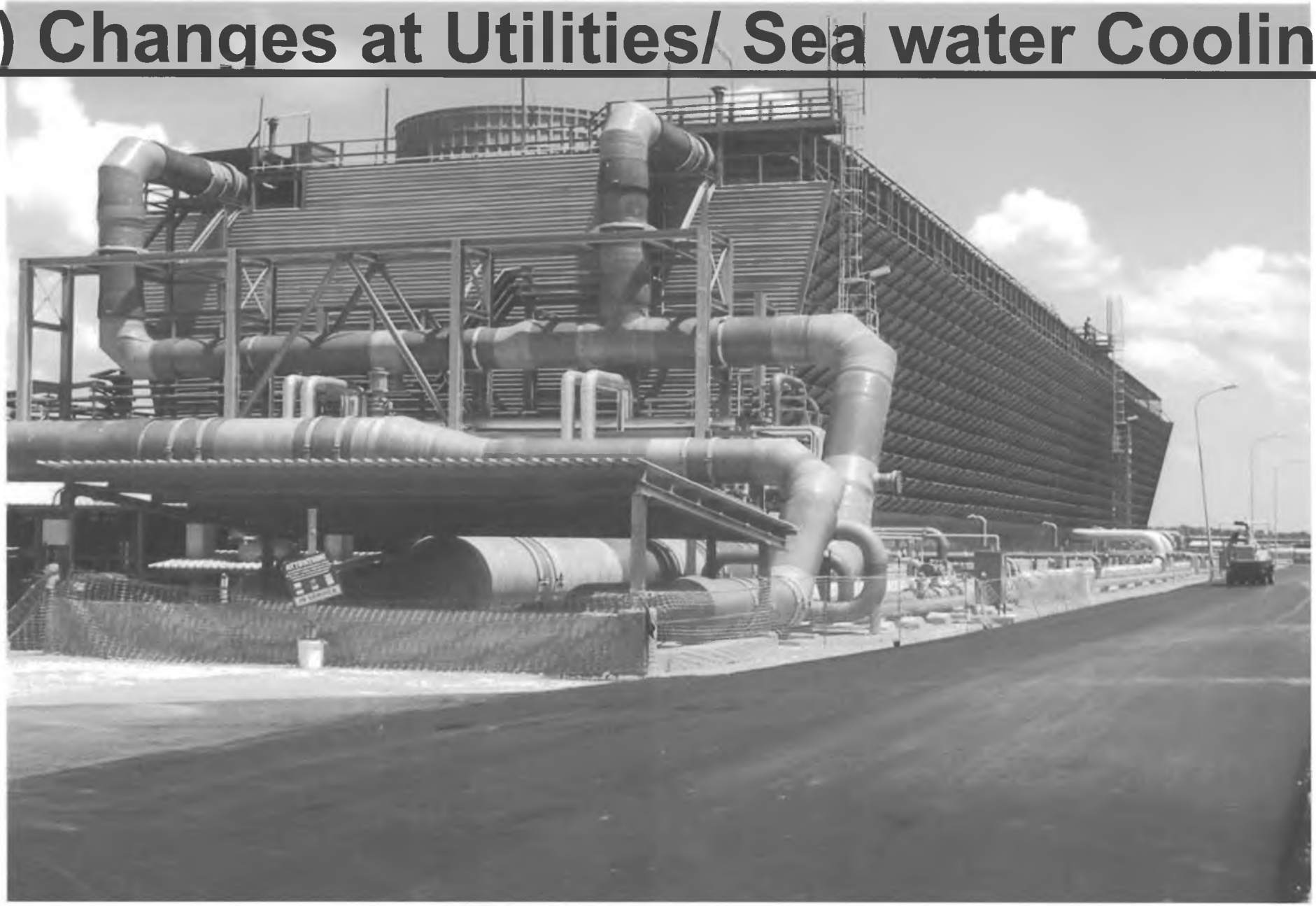
4) Changes at Syngas Compressor



5) Changes at Fired Heater



6) Changes at Utilities/ Sea water Cooling



Summary GigaMethanol technology

In the sum:

With only *acceptable increased investment cost* the production can be increased from *5 000 tpd* up to *10 000 tpd* using equipment proven and utilised in the ATLAS plant!





Technologies for the conversion of natural gas into chemicals

Conversion of Syngas into Petrochemicals

- Fischer-Tropsch

Known Methanol Conversion Technologies

- Methanol to Gasoline (MTG)
- Methanol to Propylene (MTP)
- Methanol to Olefins (MTO)

Methanol to Gasoline (MTG)

- Today the **only proven** methanol conversion technology
- Can be licensed from ExxonMobil
- Used in New Zealand in the past, improved significantly since that time
- In 2009 an optimised plant in Jincheng (China) started successfully and it is running well
- Chinese plant = reference for all MTG projects



NEW ZEALAND MTG FACILITY: NEW PLYMOUTH NZ

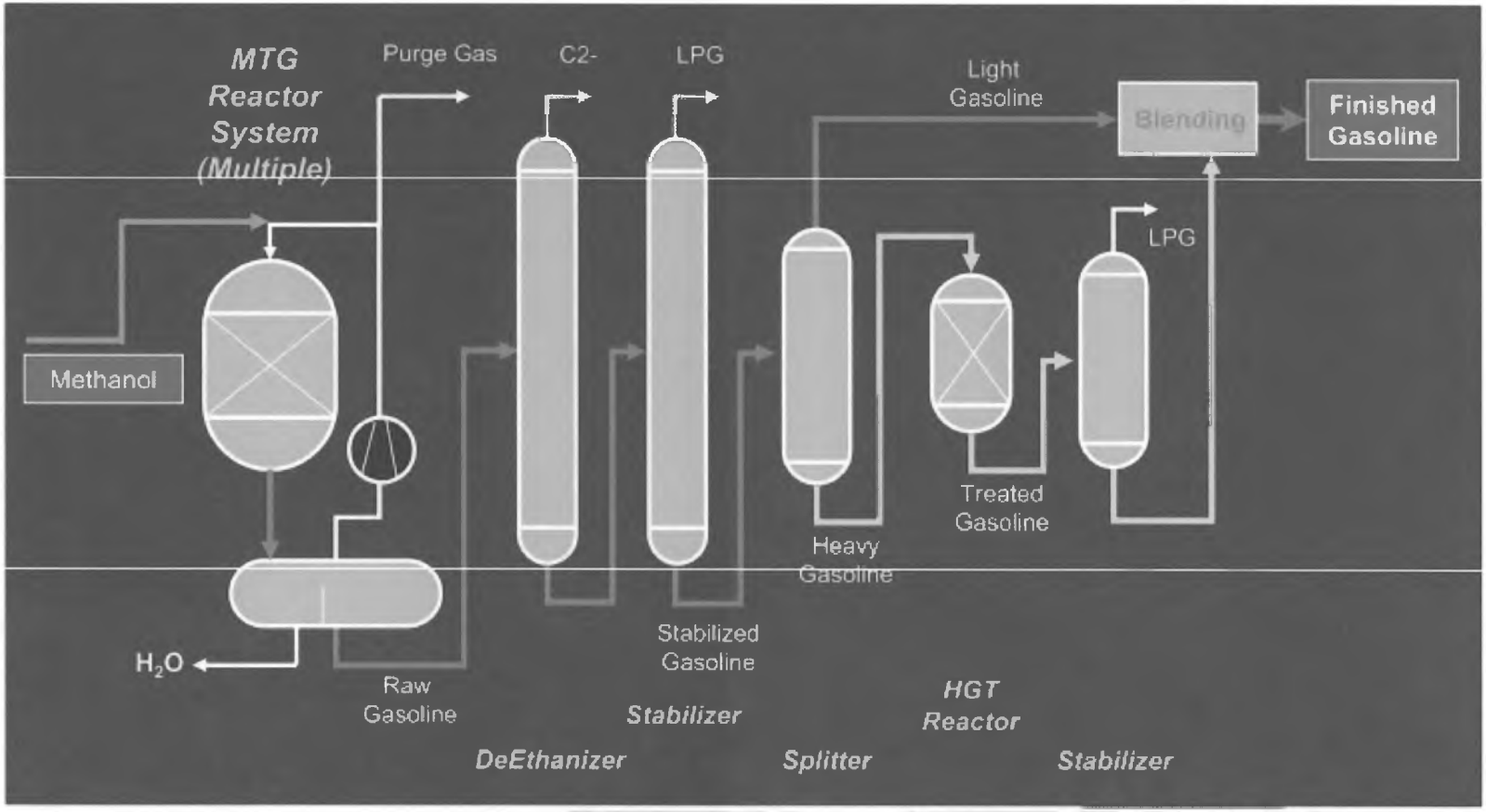


14,500 BPD plant in New Plymouth New Zealand.

Plant ownership 75% NZ Government and 25% ExxonMobil.

ExxonMobil
Research and Engineering

EMRE MTG Process Flow Diagram



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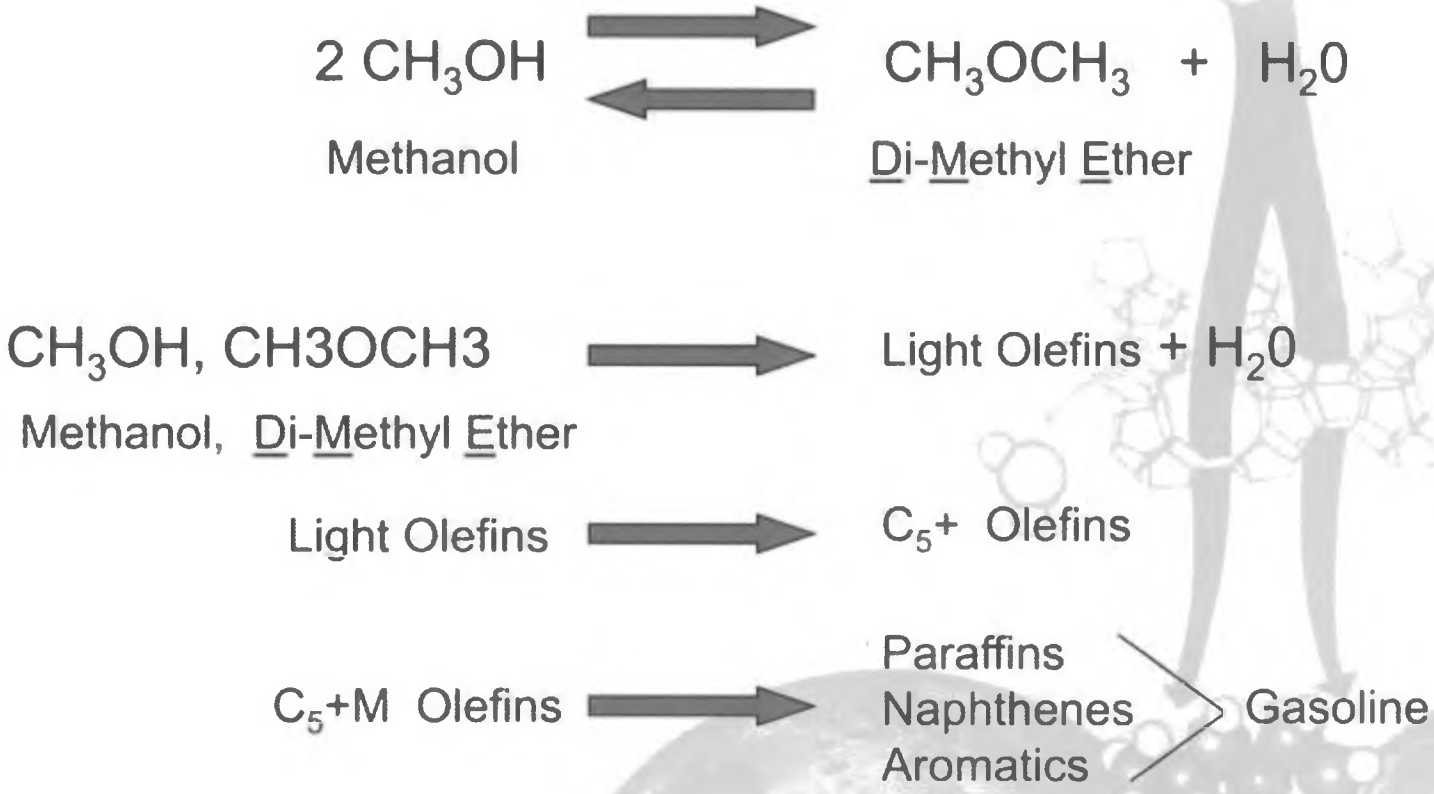
MTG REACTION PATH



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2ND GENERATION MTG TECHNOLOGY

- Second Generation Design based on 10 years learning's from New Zealand operation
- Improved heat integration
- Improved process efficiency

Reduced capital cost

Reduced operating cost



ExxonMobil is the world leader in catalyst development and manufacture



ExxonMobil Research and Engineering

World's First Coal to Liquids Plant using MGT

- **Jincheng Anthracite Mining Group (JAMG) plant in Shanxi Province China is the first 2nd generation MTG Plant**



- **The JAMG complex is demonstrating the coal to gasoline concept with Chinese gasification technologies**

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Research and Engineering

MTG YIELDS AND PROPERTIES/COMPOSITION

MTG GASOLINE YIELDS		
	Percent of Feed	Percent of Hydrocarbon Product
Gas	1%	2%
LPG	5%	11%
Gasoline	38%	87%
H_2O	56%	-

MTG GASOLINE PROPERTIES/COMPOSITION	
Octane, RON	92
Octane, MON	82
(R+M)/2	87
Paraffins, vol%	53
Olefins, vol%	12
Napthenes, vol%	9
Aromatics, vol%	26
Benzene, vol%	0.3
Sulfur	nil

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MTG Gasoline vs. U.S. Conventional Gasoline

- MTG Gasoline is completely compatible with conventional gasoline
- MTG Gasoline contains essentially no sulfur and low benzene

	2005 Summer	2005 Winter	MTG Gasoline	US Regulation
API Gravity	58.4	61.9	61.8	
Aromatics (%Vol)	27.7	24.7	26.5	
Olefins (%Vol)	12	11.6	12.6	
RVP (psi)	8.3	12.12	9	
T50 (F)	211.1	199.9	201	
T90 (F)	330.7	324.1	320	
Sulfur (PPM)	106	97	0	30
Benzene (%Vol)	1.21	1.15	0.3	1 (0.62)

ExxonMobil Research and Engineering

11

F-T & MTG Component Yields

Components	Fischer-Tropsch Co Catalyst @ 220 C	Fischer-Tropsch Fe Catalyst @ 340 C	MTG
Fuel Gas	6	15	1.1
LPG	6	23	10.0
Naphtha	19	36	
GASOLINE			**88.8**
Distillate/Diesel	22	16	
Fuel Oil/Wax	46	5	
Oxygenates	1	5	

- F-T yields depend on catalyst, temperature and specific technology
- F-T processes produce a range of hydrocarbons and oxygenates that require refining processes to convert F-T liquids to conventional fuels
- MTG produces a conventional gasoline and an LPG stream

Data Sources: Sasol 2004 publication.

ExxonMobil Research and Engineering

23

20,000 ton/day methanol

$2.6 b / 5.26 North Slope

2009 NRC STUDY: LIQUID TRANSPORTATION FUELS FROM COAL / BIOMASS

F-T & MTG ECONOMIC COMPARISON		Fischer-Tropsch No CO_2 Capture	Fischer-Tropsch With CO_2 Capture	MTG No CO_2 Capture	MTG With CO_2 Capture
INPUT	Coal, tpd (as received)	26,700	26,700	22,900	23,200
OUTPUTS	Diesel, bpd	28,700	28,700		
	Gasoline, bpd	21,290	21,290	50,000	50,000
	Total Liquid Fuel, bpd	50,000	50,000	50,000	50,000
	Electricity, MW e	427	317	145	111
THERMAL EFF. (LHV)		**49.1%**	**47.6%**	**54.2%**	**52.9%**
TOTAL PLANT COST ($M)		4,880	4,950	3,940	4,020
TOTAL PLANT COST ($K/bpd)		97.6	98.9	78.8	80.4
EST. BREAKEVEN CRUDE PRICE ($/BBL)		56	68	47	51

- The study indicated the MTG based plant had slightly higher overall efficiency and lower construction costs
- CO_2 Sequestration lowered efficiency by about 1.5% and raised costs 1.5-2%

Data Sources: Liquid Transportation Fuels from Coal and Biomass. © National Academy of Sciences, 2009. http://www.nap.edu/catalog/12620.html

ExxonMobil Research and Engineering

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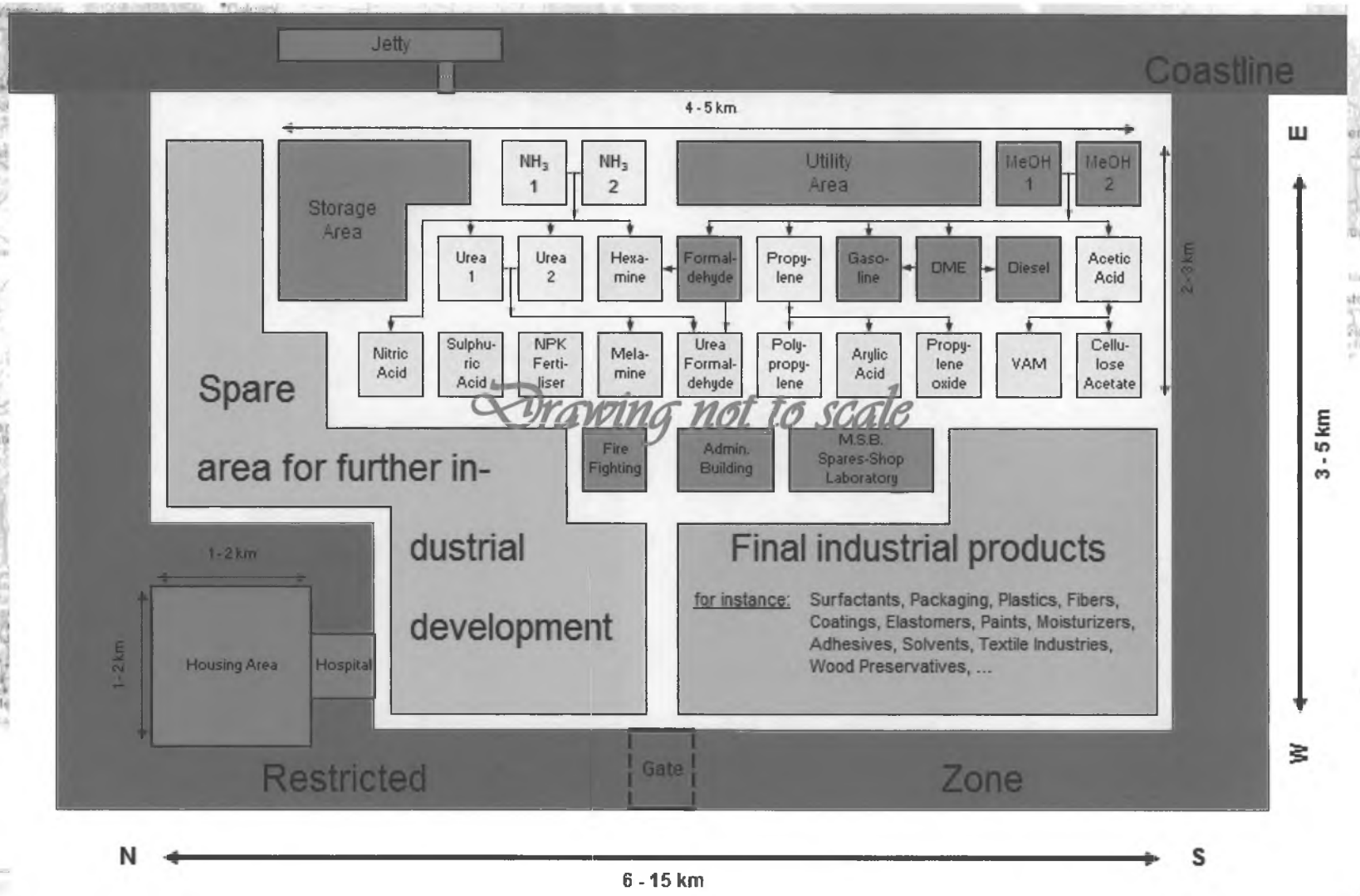
Natural Gas-Based Industrial Complex



MeOH = Methanol, 1+2 = 20,000 tpd
NH_3 = Ammonia, 1+2 = 10,000 tpd
Urea = Fertiliser, 1+2 = 6,000 to 8,000 tpd

DME = Dimethyl ether (fuel)
VAM = Vinyl acetate monomer
Utilities = Electrics, Water (drinking, raw, cooling, demin), O_2 and N_2, Instrument air

First Phase
Second Phase
Third Phase


Thank you
very much!

North Slope 100 ¢ over Gulf Coast

Investment $ 2.6 billion, producing 3.0 million ton of premium unleaded, depreciation over 15 years p/mt	$ 58.00	116.-
R.O.I. 20 % over 2.6 billion	- 173.00	347.-
Tax at 35 % ($ 173.00 times 1,54 growth up times 35 %)	- 93.00	186.-
Oxygen at $ 18.00 per ton of MeOH	- 42.00	84.-
Personal ~~400~~ 225 people at $ ~~56~~ 150,000 p.p.	- 9.00	11.25
Other Operating expenses $ 100 mio per annum	- 33.00	49.50
Catalyst (for MeOH and MTG)	- 12.00	15.25
Total	$ 420.00 p/mt	$ 810.-

$ 533

p.a $ 558.- mio

	p/mt	p/g	
Cost	$ 276	$ 0.752	
Margin	- 347	- 0.946	} $ 1.453
Tax	- 186	- 0.507	
SP	$ 810.-	$ 2.205	+ NG.

$ 810 p/mt = $ 2.21 + NG

Royalty 12½ % at $ 2.- ⇒
3 Trains ⇒ $ 87.5 mio
(350 Stream days)

We have 367 gallons in 1 mt of gasoline or gallon $ 1.144 cts per

We need 80 MM/BTU per mt of gasoline

Price for natural gas $ 2.00 MM/BTU or $ 160.00 p/mt or $ 0.436 p/g			-	1.580		2.64
"						
3.00	- 240.00	- 0.654	-	1.798	"	2.859
4.00	- 320.00	- 0.872	-	2.016	"	3.677
5.00	- 400.00	- 1.090	-	2.234	"	3.295
6.00	- 480.00	- 1.308	-	2.452	"	3.513
7.00	- 560.00	- 1.526	-	2.670	"	3.731
8.00	- 640.00	- 1.744	-	2.888	"	3.949
9.00	- 720.00	- 1.962	-	3.106	"	4.167
10.00	- 800.00	- 2.180	-	3.324	"	4.385

Of course it should be noted that we have 20 % return after tax on the investment, which amounts to $ ~~266~~ 533.00 p/mt or $ ~~0.725~~ 1.45 cts p/g. Which I believe is a healthy buffer.

minimum 640 m/day

BP in Trinidad.

15 billion cap $ in Trin

20,000 = 7 mil ton/yr.

Total world = 49 mill ton

Methanol to Gasoline 1982

Steam reformer 25% of cost
removal allows 65 bars

Sea Water max 3° intake to discharge

Atlas 600$/ton capacity
20000 $300/ton/yr. $2b. US

7 mil ton Melk ⇒ 1200 c

3 mil ton Gas 4 mt water Potable

incl.
35% of Gross Rev AK tax est.

1 mt ⇒ 367 gal meth

2.65/gal – 2.85 incl 145 margin
#1.20

80% cost is methanol portion

4.5 b cf gas ⇒ 14 plants 320,000 ⇒ 140,000
640,00
methanol ⇒ 1.2 mill bbls/day
yield 43% 450,000 gasoline/day

30% methanol won't freeze
ship to valdez ⇒ gasoline

36 months + 2 yrs prior

40 acres / train

11/01/11 OVERVIEW: IMPEDIMENTS TO FILLING THE TRANS- ALASKA PIPELINE

<TARGET><BILL></BILL><SUBJECT>11-01-11 OVERVIEW IMPEDIMENTS TO FILLING THE TRANS- ALASKA PIPELINE</SUBJECT><COMM>HRES27</COMM></TARGET>

Changing Dynamics of North Slope Development

House Resources Committee

William C. Barron, Director

Nov 1, 2011

Alaska Department of
NATURAL RESOURCES
DIVISION OF OIL & GAS

Issues Impacting North Slope Development

- Opposition by local residents and national environmental groups, remoteness, harsh conditions, technological issues
- Smaller companies new to Alaska are bidding on leases
  - little experience in permit sequencing and timeframes
  - have not allotted enough time to address public concerns, local government requirements, etc.
  - not familiar with conducting business in Alaska: logistics, not prime clients for services, etc.
- Roadless developments haven't supported adjacent lease exploration/development

Alaska Department of NATURAL RESOURCES DIVISION OF OIL & GAS

Permitting

- Permitting Task Force is undertaking a huge effort in improving permitting activities and efficiencies
  - Significant, ongoing public outreach for ideas and input
  - Hiring and efficiency improvements to address backlog
  - Post-ACMP, it is now the responsibility of the applicant to independently coordinate project with local, state, and federal agencies
  - Permitting Task Force recognizes coordination as a critical issue and is working on a coordination effort
  - Alaska Project Questionnaire in development to serve as a "road map"

Alaska Department of
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Oil & Gas Activity Authorizations

Alaska Department of Natural Resources (ADNR)

- DOG- Lease or Unit Plan of Operations Permit
- DMLW - Land Use Permit (LUP) for Ice Road
- DMLW - Temporary Water Use Permit GCD 8 and GCD 34 (TWUP)
- DMLW - Misc. Land Use Permit from for use of state-owned surface lands beyond the lease or unit boundaries
- DMLW - Tidelands lease
- DMLW - Water Right
- DMLW and/or MHTLO - Right-of-way easements
- DMLW - Surface lease
- DMLW - Material Sales Contract
- DCOM or lead agency - ACMP Consistency Determination
- SHPO - Section 106 Historic Preservation
- JPO - Pipeline Right-of-Way Lease

Alaska Department of Environmental Conservation (ADEC)

- Water Quality Register EPA NPDES North Slope General Permit (ice road)
- Spill Prevention, Control and Countermeasure (SPCC) Plan
- Oil Discharge Prevention and Contingency (C-Plan) Plan
- Temporary drilling waste storage permit (depending on NPDES Status)
- Drilling waste storage and solid waste disposal facility
- Air Quality permit for temporary or mobile drilling unit
- Air Quality Minor General Permit Surveillance Plan
- Air Quality Control (PSD) for Construction
- Title V Air Permit for Operations
- Domestic water supply
- Domestic waste water permit
- 401 wetlands certification

Alaska Department of Administration, Alaska Oil & Gas Conservation Commission (ADA, AOGCC)

- Permit to Drill
- Underground Injection Control (UIC class II)
- Injection Order

Alaska Department of Fish and Game (ADFG)

- Title 16 Fish Habitat Permit
- Polar Bear Interaction Plan – Review

Local Governments

- Local Zoning Permit
- Right-of-way easements

National Marine Fisheries Service

- Letter of Authorization (Incidental Harassment Authorization or Incidental Take Authorization)
- Essential Fish Habitat Determination
- Section 7 Endangered Species Act consultation through NEPA

US Environmental Protection Agency

- Stormwater discharge exemption permit (maybe)
- Individual NPDES authorization for muds, cuttings, and produced water discharge (in process of being transferred to ADEC)
- General NPDES authorization (in process of being transferred to ADEC)
- SWPPP Storm Water Pollution Prevention Plan
- Underground Injection Control (UIC class I, III-V)
- National Environmental Policy Act

US Army Corps of Engineers

- Rivers and Harbors Act Section 10 authorization
- Clean Water Act Section 404 placement of fill
- National Environmental Policy Act

US Coast Guard

- Vessel Security Plan for Jack-Up and Offshore Supply Vessels
- Vessel Response Plan (>400 tons)

Bureau of Ocean Energy Management, Regulation and Enforcement

- C-Plan Oil Spill Financial Responsibility Application (consider along with State C-Plan)

US Fish and Wildlife Service

- Letter of Authorization (Incidental Harassment Authorization or Incidental Take Authorization)
- Section 7 Endangered Species Act consultation through NEPA
- Migratory Bird Treaty Act and Bald and Golden Eagle Protection Act Consultation

Alaska Department of NATURAL RESOURCES
DIVISION OF OIL & GAS

Cost of Operations: Opportunities for Improvement

- Time and cost associated with permitting, appeals, and legal challenges at all governmental levels.
  - Coordination function to address all governmental levels
  - Consistency in public notice and appeals provisions and procedures
  - Industry cooperation on costs of common needs
- Explore opportunities for extending the drilling season
- Roads to Resources concept has value beyond the Foothills area
  - Roadless developments haven't been beneficial for adjacent lease exploration

Alaska Department of NATURAL RESOURCES
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Shale Oil Development on the North Slope

House Resources Committee

William C. Barron

Nov. 1, 2011

Task Force Update

- Develop SOA multi-agency team, represented by DNR, DEC, AOGCC, ADF&G, DOT, Governor's Office
- SOA is well positioned to manage shale resource play based on current statutes and regulations
- Total well count for shale could be about the same as current total NS well count, only done in a third of the time
  - Pace and magnitude of permitting and development could be significant

Resource Play Inter-Agency Task Force

- Why the Task Force?
  - Alaska has never had shale resource development
  - Interest in Alaska shale has been very strong since last lease sale
  - Successful exploration could lead to immediate development
    - The true viability of the Great Bear Petroleum acreage is not known until exploration occurs
    - Planned exploration could occur in the next year
  - The State wants to be ready

Existing Management for Shale Resource Development

State agencies currently regulate the following:

- Well design and construction
- Gas flaring and venting
- Water discharge and storage
- Air quality monitoring
- Ice road and ice pad construction
- Plans of Operation and Plans of Development
- Habitat and wildlife management
- Environmental safeguards including spill prevention and control

Future work

- Water Management - Source, Recycle, Disposal
- Hydraulic Fracturing Chemical Disclosure - FracFocus.org
- Infrastructure - common facilities such as roads, gathering lines, power, transit line to TAPS, etc.
- Gas Disposition: Use, Vent, Flare



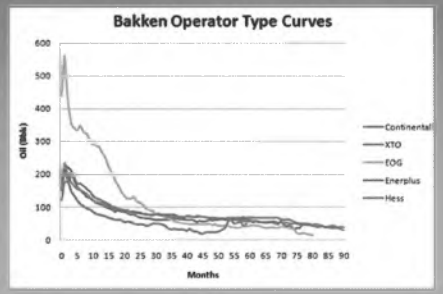
Well Facts

- Alaskan analog is thought to be Eagle Ford Shale, TX

	Bakken	Eagle Ford	Shublik	L. Kingak	Hue/GRZ
Total Organic Carbon	10% avg	2-7%	2-3% avg	5% avg	3% avg
Main Kerogen Types	I/II (oil)	I/II (oil)	I/II-S (oil)	II/III (oil-gas)	II/III (oil-gas)
Oil Gravity, °API	42°	30-50°	24-45°	40°	38°
Thickness	up to 100 ft	50-250 ft	0-600 ft	175-550 ft	100-800 ft
Thermal Maturity	Imm-Oil-Gas	Imm-Oil-Gas	Imm-Oil-Gas	Imm-Oil-Gas	Imm-Oil-Gas
Lithology & Variability	Sh-Slts-Sh	Sh-Slts-Ls	Sh-Slts-Ls	Shale	Sh-Tuff
Brittleness	Yes - Quartz	Yes - Calcite	Yes - Calcite	No ?	No ?
Natural Fractures	Yes	Locally	some zones	?	?
Overpressure	Yes	Locally	?	Probably	Locally

Well Facts

- Exhibit rapid decline with multi-year 'flat tail'



Whiting Petroleum

Well Facts

- Well drainage is limited and well to well pressure communication doesn't exist
- Requires a high number of horizontal multistage hydraulic fractured wells to maintain production and economic feasibility

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Hydraulic Fracturing

- First 'frac' in ~1903; first commercial application 1940's
- Technology routinely used throughout the industry and in Alaska to increase and restore well productivity
- 25% of wells in Alaska have been hydraulically fractured
- Per AOGCC records, earliest well in Alaska was the Gubik #1 well in 1963
- Well Design and Construction primacy of AOGCC
  - Primary focus on safety, water protection

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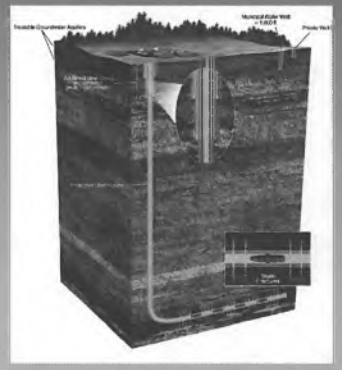
Horizontal Drilling & Hydraulic Fracturing



Graphic courtesy of Chesapeake

- Hydraulic fracturing is essential for the production from shale
- Frac fluids are approximately 98% water and sand
- Freshwater aquifers are protected by multiple layers of protective steel casing surrounded by cement; this is administered and enforced under state regulations
- Deep shale natural gas and oil formations exist many thousands of feet underground

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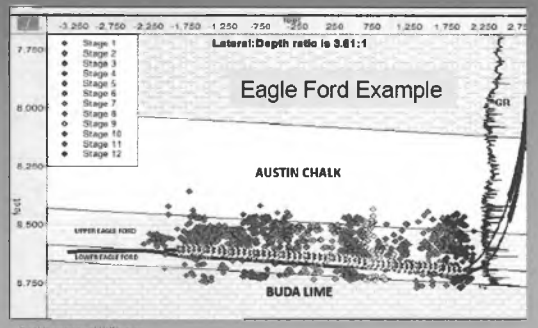
Fracturing height



Graphic courtesy of Halliburton

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Wrap-up

- Alaska's first shale test expected this winter
- Permitting required for conventional wells applicable for shale development
- SOA current permits sufficient, but pace and load on agencies needs to be addressed
- Planning and management of infrastructure important

NATURAL RESOURCES

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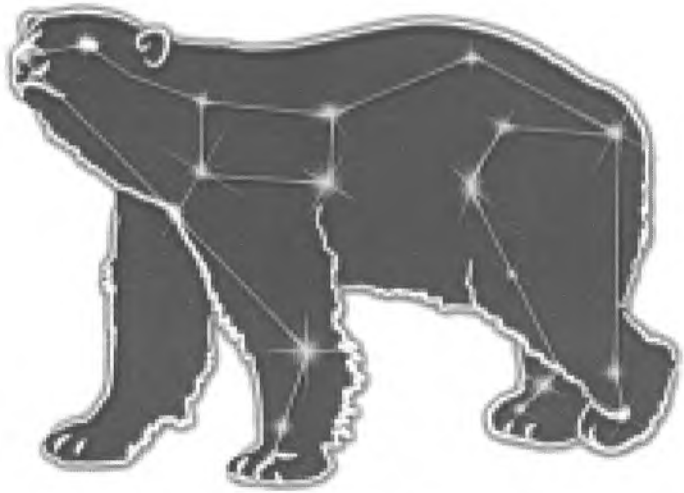


Great Bear Petroleum LLC

Great Bear Petroleum Update

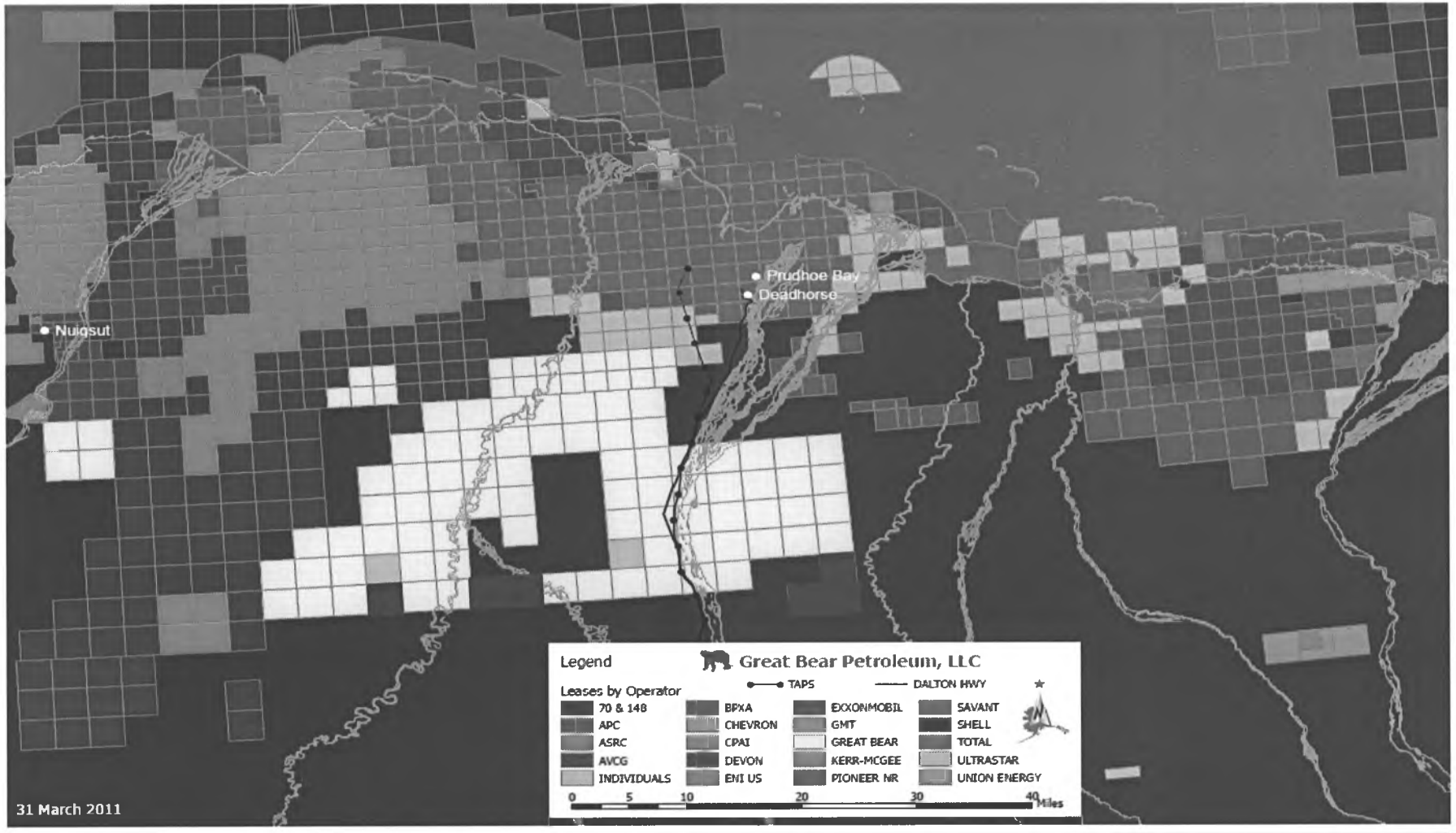
Presentation to the State of Alaska House Resources Committee

Anchorage, November 1, 2011

Great Bear Petroleum LLC

Regionally Vested Lease Holders

The Solution to Alaska's Grand Challenge Likely Lies on this Map



Great Bear Petroleum LLC

North Alaska Shale Resource Play Realization: Challenges and Business Development Opportunities

- Gravel Supply: *Regionally available*
- Water Supply: *Extensive subsurface brackish aquifer sources*
- Sand (Proppant) Supply: *Intra-State opportunity and global suppliers*
- Gathering Systems (Tanks/Trucks or Pipelines or Both): *Long term, skilled employment*
- Fluid Disposal/Recycling: *Existing and new facilities*
- Gas use/disposal in area: *Power generation, liquids and longer term gas line export*
- Surface Impacts/Dust and Emissions: *AC Rigs and multi-well development pads*
- Centralized Service Area with power source: *Modular startup transitioning to centralized*
- Power distribution – Stand alone per pad; through power lines: *"Utility" grid corridors*
- Use of Insulation and composite pads to extend ice pads and roads: *Not fit for development*
- Staging area for pipe, equipment, housing, warehousing: *Existing facilities and purpose built*
- Road and bridge requirements: *Design to minimize surface impact*
- Fuel Refining, Storage and Distribution: *Existing facilities and custom*
- Drinking Water Supply: *Multiple options identified included desalination of subsurface water*
- Sewage Treatment/Disposal: *Existing and custom in-field facilities planned*
- Trucking Impacts: *Maximize development design efficiencies*

Challenges are Opportunities that inspire and drive innovation

Great Bear Petroleum LLC

Plan of Development

A Staged Development Approach



Phase 1	Phase 2	Phase 3
Proof of Concept (Data Collection and Play Tests)	*Pilot Production (Micro-Processing Module Approach)*	*Full Development (Production Ramp-Up)*
Vertical wells with horizontal sections Vertical wells to be drilled to Shublik, cored through all 3 main shales Multistage frac tests are planned	Gravel pad (up to 24 wells) Up to 2 production modules (5,000 to 10,000 BOPD each) Facilities (drill slots, yard piping) Pipeline to PS1 Pump station tie-in Power Gas compression Tanks Water disposal Road	Create Development Corridor 8 pads (192 wells) 1 Central Processing Unit Tactical growth east and west from Development Corridor Targeting 1 new Development module per year ★ Successful regional development offers compounding benefits for Alaska

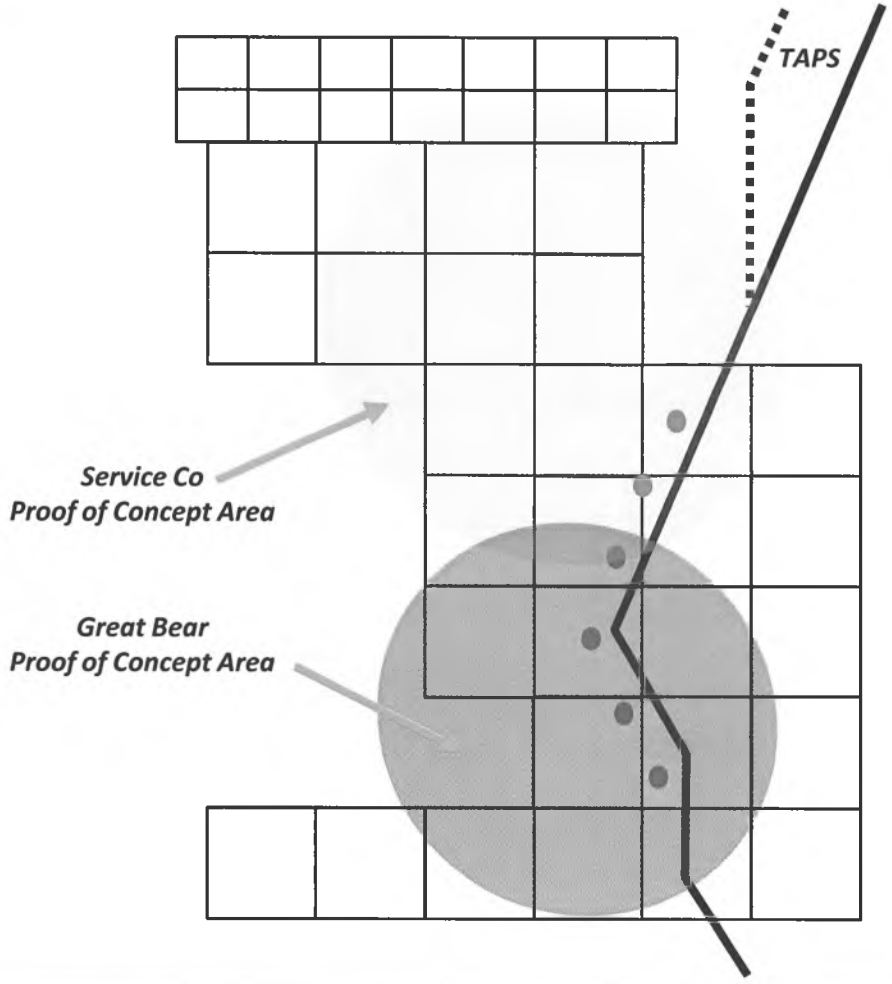
Planning for success and participating in securing Alaska's future

Great Bear Petroleum LLC

Plan of Development

Proof of Concept – Dual Multi Well Programs

- 2 "Proof of Concept" work programs occurring simultaneously
  - Service Co-led program
  - Great Bear-led program
- Ascertain the productive capacity of the formations
- Determine processing requirements for oil, water and gas
- Drilling, coring, fracture stimulation and evaluation of vertical & horizontal wells
- Utilize disturbed gravel on existing spur roads off the Dalton Highway
- Permitting underway at 6 locations
- Evaluate reservoir characteristics
- Evaluate mechanical properties from core
- Determine in-situ stress
- Well design (vertical/horizontal/multi-lateral)
- Completion design (liner/cement/stimulation)



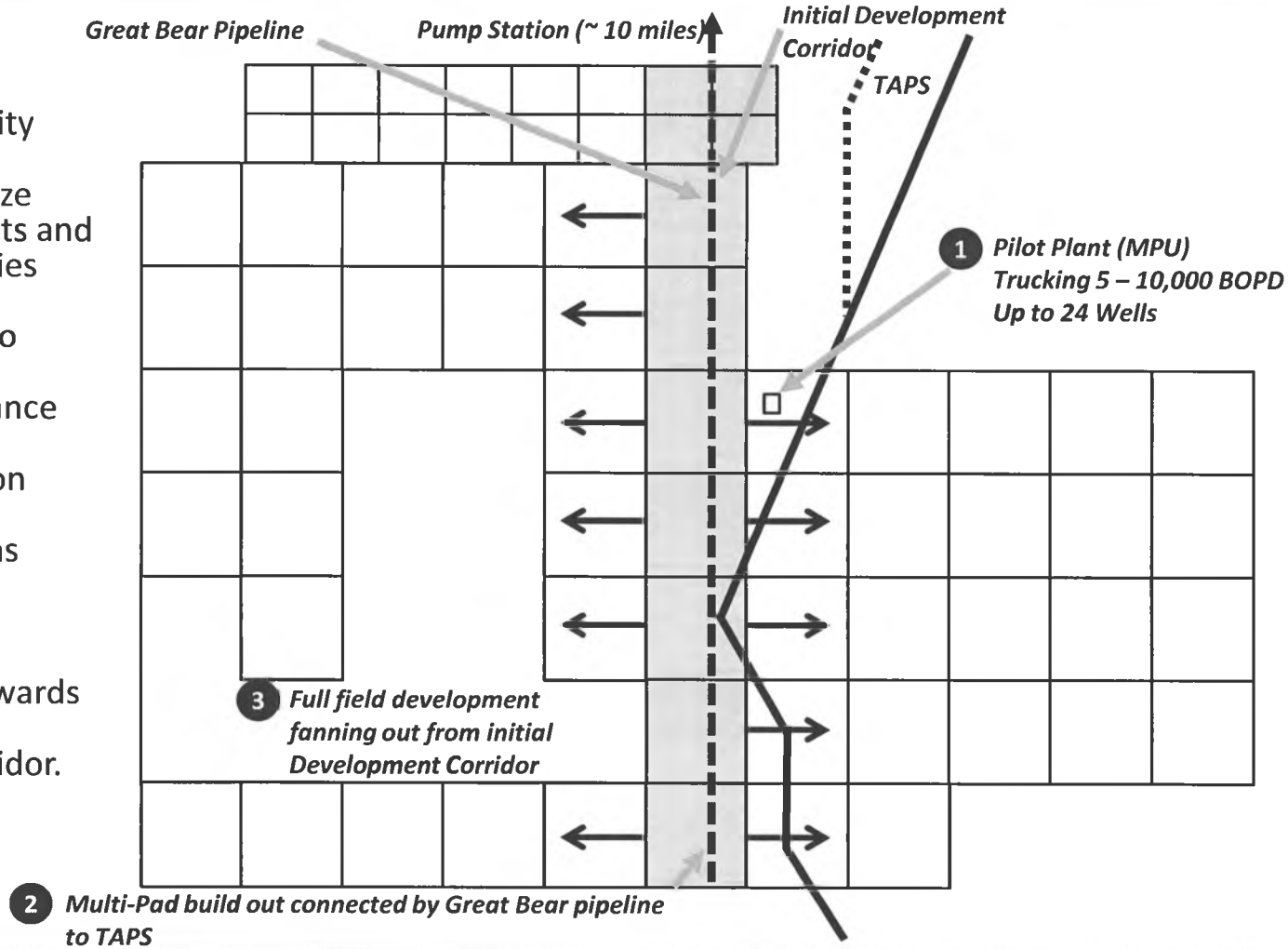
Great Bear Petroleum LLC

Plan of Development

Phased Development Approach – 3 Main Phases

Key Principles

- Initially focus activity adjacent to Dalton Highway to minimize new surface impacts and maximize efficiencies
- Phased approach to better understand reservoir performance
- Establish production potential and then optimize operations (MPU vs CPF)
- Accelerate full development eastwards and westwards of Development Corridor. F- full CPF concept

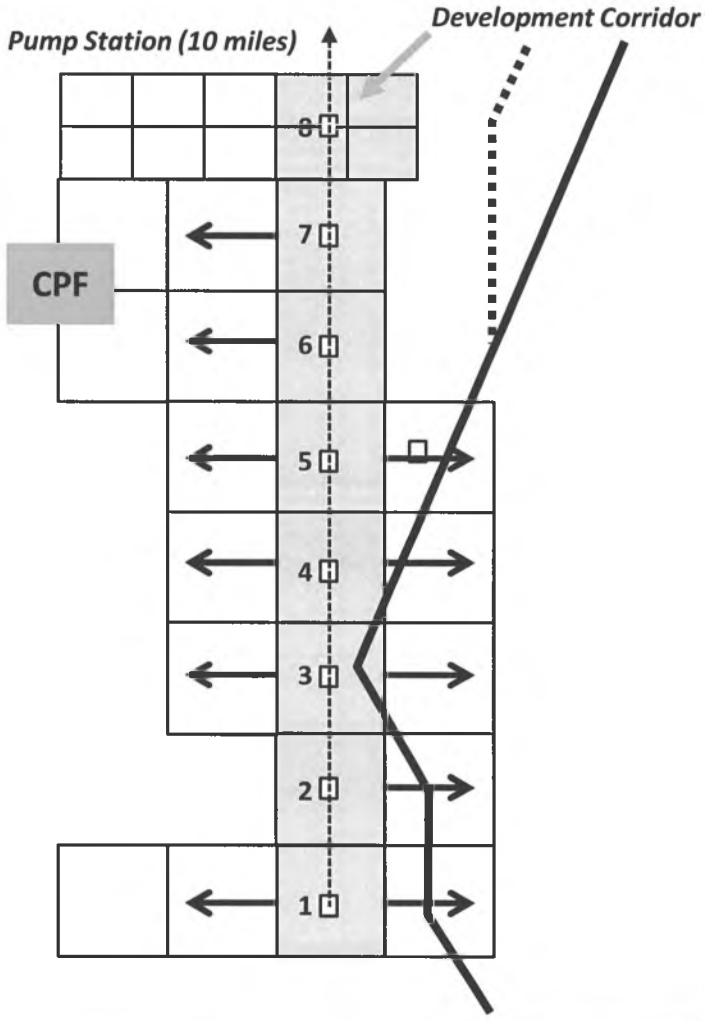


Great Bear Petroleum LLC

Development Corridor Schematic

Phased Development Fanning Out From Corridor

- Create Development Corridor away from Dalton Highway
- Move from trucking operations to pipelines to PS1
- Phase from MPU to CPF concept
- Each pad manifold building contains single well test separation facilities with associated metering and gas lift distribution
- Production piped to CPF which is combined with production from other pads
- Oil, gas, water and sediment separated at the CPF and tied into TAPS
- Water disposed down dedicated Class II liquid disposal well and produced gas compressed on site and used for power (conservative case assumes excess volume piped to Prudhoe)
- 8 pads, with 24 wells/pad = 192 wells
- Central processing facility
  - Field power generation
  - Liquid disposal
  - Major camp office/warehouse
  - Series of divert tanks
  - Infield roads/power/telcommunications
  - Gas compression
- 20 mile 12" oil pipeline
- 20 mile 4" gas line to Prudhoe Bay
- Connected PAD system
- Ultimately increase production to greater than 100,000 BOPD peak per corridor



Great Bear Petroleum LLC

Drilling and Completion Operations

Safety and Environmental

Safety

- Safety Management System in place
- Site Specific Safety Plan will be written
- All onsite workers will be certified as required
- Safety briefings will be performed before each task
- The North Slope is one of the safest working environments in the world

Environmental

- All systems will be self-contained
- The target will be zero fluid discharge
- Every fluid drop will be reported and removed for disposal
- ACS will be employed to respond to potential large spills
- Extra booms and spill cleanup equipment will be available
- All workers will be environmentally trained
- Regulatory Spill Plan has been submitted

Note: Our Safety Manager or Drilling Manager can go into as much detail as required.

We are committed to operating in a safe, environmentally responsible manner and desire to be recognized as a great corporate citizen by the State and the communities where we do business.

Alaska Oil and Gas Association

AOGA

121 W. Fireweed Lane, Suite 207
Anchorage, Alaska 99503-2035
Phone: (907) 272-1481 Fax: (907) 279-8114

November 1, 2011

Honorable Paul Seaton
Co-Chairman, House Resources Committee
State Capitol Building, Rm. 102
Juneau, AK 99801

RE: Written Comments for House Resources Hearing, November 1, 2011

Dear Representative Seaton:

Thank you for the opportunity to provide written comments for your committee hearing on the impediments to filling the Trans-Alaska Pipeline System (TAPS). The Alaska Oil and Gas Association (AOGA) is a nonprofit trade association that represents the majority of oil and gas exploration, production, transportation, refining and marketing activities in Alaska. Our member companies who currently produce oil on state land include BP, ExxonMobil, Pioneer, Chevron, Anadarko, XTO, Marathon and eni petroleum.

Our mission at AOGA is to foster the long-term viability of the oil and gas industry in Alaska. TAPS is the cornerstone of the long-term viability of Alaska's oil and gas industry. For this current fiscal year (FY 2012), the Department of Revenue (DOR) is forecasting production of 610,000 bpd, just over a 100,000 bpd decline in the last three years. In fact, in the last three years, the pipeline has operated at less capacity every day since its original startup in 1977. Additionally, according to the DOR forecast, crude throughput could decline to approximately 255,000 bpd by 2020 unless significant investment is made in projects currently under development and evaluation.

These production statistics are staggering so the topic of your hearing is incredibly important and relevant to the future of the industry and for Alaska's economy. Unfortunately, the single, largest obstacle in filling TAPS, a change in Alaska's production tax structure, is missing as a discussion topic for the November 1 hearing.

By evaluating estimates of resource potential for state land development, especially onshore, existing North Slope fields are believed to contain another 5 billion barrels of oil (bbo). And heavy/viscous oil has been estimated to reach gigantic proportions of potentially 50 bbo, almost three times larger than the almost 17 bbo produced from the North Slope to date. Development in existing fields and stimulating production from

high cost development areas such as heavy oil should be one of the most important priorities for state policy makers as production from these fields can occur in the shortest amount of time. Although the 2012 exploration season for brand new fields is encouraging, it takes at least 5-7 years to bring a new field into production, assuming the season was successful.

Changing Alaska's production tax structure, commonly referred to as "ACES", will increase the competitiveness for investment dollars in Alaska, especially for existing fields. While investment, development and production are increasing in nearly every other major oil region in the world, they continue to fall here in Alaska. To increase production in existing fields, companies need to be utilizing capital spending on activities that produce more oil, such as drilling, pad extensions, debottlenecking, etc. Lowering the tax burden for companies through HB 110 or another similar vehicle will result in increased job opportunities and will spur the development necessary in the short-term to stem the decline in oil production currently facing Alaska.

Alaska has the highest production tax in the nation. AOGA has repeatedly testified that the not only is the base rate too high, but when coupled with the windfall provision of the tax structure (progressivity), Alaska has extremely high marginal tax rates and the tax system creates an imbalance in the risk-reward investment environment in Alaska. The competition for investment dollars is real. Reforming our production tax will move Alaska to a more competitive position and make the corporate arguments to invest in Alaska more palatable and possible. Investment goes where it has the opportunity to make the best return, and since ACES, that's been somewhere other than Alaska.

One of the most onerous features of ACES is the lack of bracketing for progressivity. Each time the Production Tax Value (PTV) per barrel increases beyond $30, all prior dollars are taxed at the higher rate instead of just that further increase. Removing the upside to the degree the progressivity feature does makes it much more difficult to compete for investment dollars with other areas that are not as fiscally challenged as investments here in Alaska. Bracketing sets tax rates for the different levels of PTV so that each level is taxed only once and at a specific rate for that bracket, moderating the impact of ACES' high rate of tax.

In addition, capping progressivity and the base tax at a 50 percent combined rate as proposed by HB 110, rather than the current 75%, also provides the impetus needed to motivate companies to undertake the high risk projects on which the future economic health of Alaska will depend.

Another important aspect of HB 110 is expanding the existing 40 percent well lease expenditure tax credit currently available to properties south of the North Slope. Extending these qualified capital expenditures to all developments in Alaska will provide incentive for investment in much needed in-field drilling. These expenditures will include labor costs resulting in increased job creation. These additional credits could

potentially jump-start production sorely needed to stem the production decline in the near-term.

These proposed production tax changes would create a competitive business climate in Alaska where the reward is commensurate with the risk while keeping the needs of the State and the producers in a more appropriate balance.

There clearly is a sense of urgency with regard to the need for investment and stemming the decline in production. The most efficient and effective way to address one of the largest impediments to getting more oil into TAPS is reducing Alaska's high production tax rate.

Sincerely,

Marilyn Crockett

MARILYN CROCKETT
Executive Director

Cc: Members of House Resources Committee

UltraStar
EXPLORATION, LLC
1629 W. 11th Ave.
Anchorage, AK 99501
(907)-258-2969

22 October, 2011

Hon. Representative Paul Seaton
Co-Chairman, Alaska House Resources Committee
Room 102
State Capital Building
Juneau, AK 99801

RE: Impediments to filling TAPS--Access and other issues

Dear Representative Seaton,

Thanks to you and Mr. Louie Flora of your staff for the opportunity to comment on the two issues you intend to cover at your planned hearing on November 1, as outlined in Mr. Flora's E-mail of October 7. I won't comment on the first topic, Shale Oil Discussion, as there are others much better versed than me on this important topic. It is the second topic, the subject of this letter, that I will discuss.

There is a single phrase to describe what determines and impedes the sustaining of volumes through the TAPS as the legacy fields on the North Slope continue to decline. And that is "cost structure". The lower the State can make the cost of producing and shipping liquid hydrocarbons through TAPS, the longer the resource will last and the more oil will ultimately be produced. With lower cost structure, more new fields will be found, brought on line and last longer.

We've got to stop thinking about a world beyond petroleum, and spending significant money trying to force-fit projects of marginal significance into the energy mix. Oil has been good to and for all of the State of Alaska, and there is no reason to believe it cannot be for decades to come. We are advantaged in that we have world-class oil fields producing into a world-class pipeline. So let us stay in the game, compete fiercely for investment dollars, and extend the field lives as long as possible--through as low a cost structure as possible. What can the State do, both in the near and long term:

Lower the State take by passing HB 110 or some similar measure. The State take at current price levels is simply too high, and is siphoning off money that should be re-invested in projects to extend field life and find new fields. I know there is a contingent of Legislators with the firm belief that rig counts are up, employment is up, etc. etc. because of ACES, so everything is fine, and the State is enjoying huge windfall budget surpluses as a result of currently high oil prices and the ACES progressivity tax rates. It is like we're intoxicated on the high revenue stream, and we want it to continue.

But everything is not fine. Sure, the tax credits authorized in ACES are a tremendous incentive to companies like ours and others who are currently exploring, and we certainly hope the credits stay in place for a long time. UltraStar's last well, in 2009, would not have been drilled without them. But UltraStar and the smaller players cannot meaningfully increase TAPS throughput. We simply don't have the balance sheet nor the leasehold. The major leaseholders, BP, ConocoPhillips and ExxonMobil, who do have the balance sheets and lease positions, need to participate, but are not because of the tax structure of ACES. Sure, they receive the same tax credits we do, but to them these credits are nice, but pale compared to the huge tax bill they pay each month. They are not drilling wildcat wells, and if HB 110 were passed, would no doubt pick up the pace of development of heavy oil resources in both the Prudhoe Bay and Kuparuk River Units, overlying the primary productive zones. There is a target of 50 billion barrels of heavy oil in the West Sak/Schrader Bluff and Ugnu formations. These are known, drilled, proven resources. There is nothing speculative about them except their technical feasibility and economic viability. They are shallower, thus colder, and the reservoir rocks haven't been buried to a depth sufficient to consolidate the sandstones. Being colder, the oil is viscous, like molasses, and the sandstone formations are like beach sand. But the size of the targets cannot be ignored. Combined, they are orders of magnitude bigger than all the prospects of the current group of independents combined, with the possible exception of resource plays, which I'll discuss later. Probably the most significant challenge faced by these economically and technically challenged heavy oil resources is that production from them is subject to the very high production taxes in ACES, which is the exactly the wrong direction the State should be headed. This heavy oil already costs significantly more to develop, and on top of that they are burdened by an exorbitantly high marginal tax rate. Exactly the wrong strategy for a tax policy with filling TAPS as a goal.

In the oil business, it never fails that when a field is being developed and waterflood is being implemented, the reservoir engineers, subversive creatures that they are (I can say this because once upon a time I were one), select the best oil producers to be converted to water injectors. So oil stops coming out and water starts going in. Once this happens, of course, the immediate impact on the daily oil production rate from those converted wells drops significantly, as, depending upon the waterflood pattern, 40-50% of the total wells in a field can be injectors. This near term production loss is more than made up over the long term, as waterfloods generally increase ultimate recovery by 25-50% or so. But the near term effects on revenue are quite painful. Waterflooding is often compared to delayed gratification. It takes an adult to appreciate it.

The current situation in Alaska is analogous to waterflooding a reservoir. With his proposed ACES revisions, the Governor wants to implement a waterflood, to significantly increase ultimate recovery in the long term. Those opposed to his plan want to continue to enjoy the high brought on by the immediate gratification from the double effect of the high tax rates in ACES coupled with high oil prices. It is far better to lower taxes now on existing production, and particularly production of heavy oil, so we can enjoy the benefits of lots of new production for many years to come. It mystifies me why the State would impose one of the highest marginal tax rates in the world on one of the highest cost resources in the world, heavy oil on the North Slope. It is the only resource there that can make a significantly positive difference in the near term. It is huge, it is known to be there, and it is connected to the roads, pipelines and processing plants. So let's go after it in a frenzy.

Roads to Resources. I coined this phrase in a speech to the RDC Annual Conference almost exactly 10 years ago to this date. The phrase still exists, but unfortunately no

roads do. Thanks to the Murkowski Administration, which adopted the strategy, and the Parnell Administration, which continues pursuing it, progress has been made and continues to be made, and that is good. On the North Slope, there are two proposals: one for a road connection from the Dalton highway east to Bullen Point, and one to the west to Umiat, which is further advanced. The Governor is certainly behind "Roads to Resources", and thanks to you in the legislature these projects continue to move forward. I fear they will not get done without continued push from both the Administration and Legislature. These projects are under attack by aboriginal groups expressing concern of the impact they may have on subsistence lifestyle and the usual environmental groups, who oppose anything that may enhance the economics of resource development, and concerns about funding. I think that funding could be the Achilles heel for these needed projects, which will lower the cost of exploration and development far in excess of what anyone can now envision. I implore you and your colleagues in the Legislature to think out of the box to structure creative ways for these important projects to get done. Think of when the U.S. Congress authorized the construction of the trans-continental railroad. They did not do a lot of cost/benefit analyses, and they gave the railroads every other section of land, checkerboard style, on both sides of the right-of-way as incentive to build the tracks and terminals.

The State owns virtually all of the land these roads are proposed to pass through. Perhaps you should do something similar, or even, heaven forbid, consider investing, yes investing, a very small percentage (1-2%), of the Permanent Fund in these roads. I said investing, not spending, a small percentage. The returns will be enormous. I'll guarantee you the U.S. Congress did not do a bunch of net present value calculations when they authorized the railroad, nor the Eisenhower Interstate Highway system, both of which are extremely important to the national economy. But investing permanent fund earnings now on infrastructure projects that will pay off handsomely in the future may decrease the fund's principle and earnings and the dividend check. So the people would be risking the instant gratification they currently receive from a the annual PFD check for a greater delayed gratification from a potentially much larger future PFD check. All enabled by revenue from the resources that will be developed as a result of having lower access and extraction costs.

How about a **rail extension of the Alaska Railroad to the North Slope and points east and west?** How many times is the State going to re-build and re-repair the road and bridges on the Dalton Highway? Some will say it is too late for a railroad extension to make any sense. That it should have happened 30 years ago. I contend that the North Slope is still in its late adolescence. I was raised in an oil field in south-central Wyoming that was first drilled in the mid 1910s. It is nearly 100 years old now and is still producing, not only oil, but good paying jobs and taxes for the State of Wyoming and Sweetwater County. And it has yet to experience the shale oil boom that is expanding into the area. That boom is in the Niobrara Shale in northwest Colorado and southern Wyoming, about 50 miles south of my home town.

I wish Great Bear great success with their plans to test the viability of oil production from the known shales on the North Slope. Success here will definitely be a game changer

for Alaska and the North Slope, and Alaska should be ready with the infrastructure to make that game as competitive as possible. Every new well at Prudhoe requires 50 truckloads of freight to supply it. The pipe, mud, cement, equipment, supplies and materials that go into the ground. Because of their large horizontal components, shale oil wells will require probably twice as many truck loads per well, and much, much more fracturing and completion services. Lowering the cost of transportation to the Slope will add enormously the number of ultimate wells drilled and barrels of oil produced.

Ice Roads and Pads. A change to the current lease form by the Division of Oil and Gas could lower the cost of and speed up exploration and development of new fields that are off the current road system. As it now is, the successful bidder at a lease sale is awarded a contract to explore, develop and extract oil and gas from that lease. The contract stipulates that there will be no exploration on the lease except from approved ice roads and pads, built only when there is sufficient snow cover and frozen depth to carry the heavy loading of drilling rigs and equipment. This restricts the exploration drilling window to generally mid-January to no later than about April 15, depending upon the status of the well. So there is essentially a 90 day period in which to construct the ice road and pad and move in the rig and associated 50 truckloads of parts, plus camps, shops, generators, fuel storage tanks and other supporting facilities. This restrictive window allows for one, and certainly no more than two wells to be drilled per season. Companies like Repsol, with nearly 400,000 acres to explore and delineate, will require multiple years to prove up commercial reserves and make plans for development. So they will need to re-build the needed ice roads and pads multiple times before development decisions are made. Linc Energy faces a similar challenge at Umiat.

The State should let private industry decide the most efficient and lowest cost manner to conduct exploration. Ice roads and pads may be the best way forward for close in exploration. But for access to locations further from the road system, re-building ice roads every year for several years gets pretty expensive. The leaseholder should not be restricted from using any method, with appropriate approvals of course, to access his or her leases. If existing, or newly constructed permanent or semi-permanent gravel roads, airstrips and drilling pads would be more cost effective, they should be allowed. This could provide year round access to the leases being explored, and shorten times from lease to production by years. The ability to drill throughout the year will also significantly shave the winter peaking demand for drilling equipment, materials and manpower, thereby further reducing costs. An all-weather road to the location of the drilling also provides year round access for emergency response equipment and personnel, adding another level of safety to the already very high operating standards for humans and the environment.

Thanks for the opportunity to comment.

Very Truly Yours,

James D. Weeks
Managing Member

CC: Hon. Sean Parnell, Governor
Hon. Mead Treadwell, Lt. Governor
Commissioner Dan Sullivan, Department of Natural Resources
Deputy Commissioner Joe Balash, Department of Natural Resources
Director Bill Barren, Div. of Oil & Gas, Department of Natural Resources
Commissioner Bryan Butcher, Department of Revenue
Acting Director Johanna Bales, Tax Division, Department of Revenue
Hon. Eric Feige, Co-Chair, House Resources Committee
Hon. Bill Stoltze, Co-Chair, House Finance Committee
Hon. Anna Fairclough, Co-Chair, House Finance Committee
Hon. Lindsay Holms, Representative, House District 26
Louie Flora, House Resources Committee Aide
Hon. Thomas Wagoner, Co-Chairman, Senate Resources Committee
Hon. Joe Paskvan, Co-Chairman, Senate Resources Committee
Hon. Bert Stedman, Co-Chairman, Senate Finance Committee
Hon. Lyman Hoffman, Co-Chairman, Senate Finance Committee
Hon. Hollis French, Senator, Senate District M
Hon. Lesil McGuire, Senator, Senate District N
Mr. John Winther, UltraStar
Mrs. Carol Lindsey, UltraStar

ConocoPhillips Alaska
House Resources Committee
November 1, 2011

INTRODUCTION:

Mr. Chairman, members of the committee, for the record my name is Bob Heinrich, and I am the vice-president of finance and administration for ConocoPhillips Alaska, based in Anchorage.

As I understand it, Mr. Chairman, your intent here today is to focus on potential impediments, now from a producer's perspective, to realizing the Governor's goal of increasing North Slope production, to get TAPS back up to 1 million barrels a day over the next 10 years.

First, we would like to say that we support the Governor's goal and believe that North Slope production can grow again. It will take a concerted effort to stem the decline, progress can be made, and we believe the primary driver will be through changes to ACES.

That being said, you asked us to focus in this hearing on permitting and access issues which might stand in the way of that goal. I will make some observations on these topics and then conclude with some comments on ACES. My observations will focus on state, not federal, access and permitting - if we were speaking about federal issues, my comments would be quite different.

On the topic of PERMITTING,

As all of us who live here understand, Alaska is a unique, environmentally sensitive place. In order to minimize our impact on the environment, we hold ourselves to high standards in all aspects of our operations, particularly in the areas safety and the environment.

Working in the arctic has always made North Slope operations and development activities a challenge. In order to minimize the impact of development, there is a complex set of regulations that the oil

industry must follow and it can be difficult to strike the right balance between over-regulation and appropriate regulation.

Today, I would like to take the opportunity to express our appreciation to the current administration, particularly the work the Department of Natural Resources has done, working together with resource companies, to facilitate the permitting of development-related activities, while protecting the interests of the state and its citizens.

An example of this is the recently issued 2011 "General Permit for Generally Approved Activities in an Oil and Gas Unit in the North Slope Borough", issued by the Division of Oil & Gas for Kuparuk. This General Permit authorizes routine and common activities associated with oil and gas development on the North Slope - such as the on-pad removal and installation of well lines, bollards, thermosyphons, bull rails and guard rails which are now included in one annual permitting report.

This eliminates the need for industry to submit individual permit applications and drawings for these regularly performed tasks as they occur. This significantly reduces the amount of effort needed to get authorization for typical day-to-day maintenance and development activities.

We also appreciate other efforts that DNR has recently taken to improve the permitting process:

- The recent filling of vacant positions, some 37 referenced by Director Barron, in the Division of Mining, Land and Water and the efficiency review initiative to inventory, categorize and prioritize the current backlog of permits – which will help speed up the review and authorization of activities necessary for resource development.

- Also, plans to expand the use of general permits for routine activities, on-line permit applications, on-line data submittal, linkage of permits to other databases, and other automation efforts will further improve the permitting process.

We greatly appreciate the noticeable and ongoing effort of the administration to make the permitting process more efficient.

With that Mr. Chairman, let me turn to the topic of **ACCESS:**

In the industry, when we talk about access, we're talking about access to resources. And what is important to the industry is the regular opportunity to acquire prospective acreage in lease sales.

Since the implementation of the state's area-wide leasing program in June of 1998, ConocoPhillips has been a regular participant in the state's lease sales. We believe that area-wide sales provide the state the best opportunity to make minerals potential available to the industry for exploration and potential development. So in that regard, we do not see access to State acreage as an impediment to the governor's goal.

In SUMMARY, we support the governor's goal to grow North Slope production and boost throughput in TAPS. We believe the state's access to acreage and permitting systems are not the key hurdles to meeting that goal. As our experience shows in attempts to obtain a permit to build a roaded bridge to one of the Alpine drill sites, there are issues with federal permitting. We are not experiencing those same sorts of problems with the State of Alaska.

However, Mr. Chairman, we believe the most significant impediment to filling the pipeline is the state's fiscal system. As we have testified to this committee before, we believe ACES needs to be modified and is the most leveraging action the state can take to attract the investment needed to stem the production decline.

The passage of HB-110 was a step in the right direction. We encourage the Senate to pass the accompanying bill or similar legislation in the upcoming session. As our Chairman Jim Mulva stated earlier this year, if the business environment is improved, we will do our part to work, with our partners, to develop more of Alaska's challenged oil.

Thank you for the opportunity to testify Mr. Chairman, and I'd be happy to try to answer any questions the committee may have.

MEMORANDUM
Department of Natural Resources

STATE OF ALASKA
Office of the Commissioner

TO: Commissioner Larry Hartig, DEC
Commissioner Dan Seamount, AOGCC
Commissioner Cora Campbell, DFG

DATE: September 12, 2011

FROM: Commissioner Dan Sullivan DSS

PHONE: (907) 269-8431
FAX: (907) 269-8918

SUBJECT: Shale Task Force

Shale exploration and development in the North Slope area is expected to be the focus of increasing interest and activity beginning this year. We must prepare for the intensity this type of unconventional resource play requires. Current shale plays in North Dakota, South Texas, and Pennsylvania have shown the level of drilling, well stimulations, support services, and impact on infrastructure could exceed all activity levels seen in Alaska. In an effort to get in front of issues before they become obstacles, DNR is taking the lead in forming a task force to identify potential impacts and propose plausible solutions prior to full shale exploration and development activities commencing.

Members of your team have already participated in some initial informational meetings associated with Great Bear's exploration plans and permitting, as well as conceptual development scenarios. The most recent of these was Friday, September 2nd.

It is **key** to separate current work associated with progressing the Great Bear near term winter 2011/12 exploration phase from the longer term analysis. The scope and impact of the success case development phase needs the special attention of a broad, inter-agency task force. The exploration programs are relatively low impact and must occur in a timely manner to assess the viability of the play; such a program will allow development within the lease term and lead to further development activity. The need for the task force **now** is driven by the fact that, as mentioned below, any delay of a shale development could result in shutting down a new opportunity to arrest the decline of TAPS throughput.

From study of shale developments in Texas and North Dakota, wells are not prolific, expenses **must** be as low as possible and repeatable on a well by well basis, and activity must progress in an assembly line manner to maintain production and cash flow. A key difference between conventional oil and unconventional shale production is the sheer number of wells required for full development. As a result, the amount of support services and material required to achieve a given level of production is increased dramatically. To this end, the Shale Task Force is critically important to address the following issues—as well as any others identified as the group progresses its work:

- Gravel Supply
- Water Supply
- Sand (Proppant) Supply

- Gathering Systems (Tank/Trucks or Pipelines or Both)
- Fluid Disposal/ Recycling
- Gas use/disposal in area
- Surface Impacts/ Dust and Emissions
- Centralized Service Area with power source
- Power distribution – Stand alone per pad; Through power lines; Other
- Use of Insulation and composite pads to extend ice pads and roads.
- Staging area for pipe, equipment, housing, warehousing
- Road and bridge requirements
- Fuel Refining, Storage and Distribution
- Drinking Water Supply
- Sewage Treatment/ Disposal
- Trucking Impacts

I've assigned the Division of Oil and Gas with the responsibility to lead the task force and Greg Hobbs has been identified as the Project Manager. Members of your team are critical for the ultimate success of this task force and the ultimate success of the State to be prepared for this unconventional resource development.

The task force will meet at regular intervals to address the various topics identified above. The following is a personnel list of those who have been tentatively identified or have expressed interest in being participants of the team. If there are alternates to the proposed participation list and/or additional topics please advise Bill Barron, Director of Oil and Gas, or Greg Hobbs. Please encourage and support your staff members associated with this team. If you have any comments or suggestions to make this effort a success, please let me know.

DNR:

Greg Hobbs; Lead	DOG, Resource Evaluation
Bruce Buzby	DOG, Permitting
Alan Dennis	DOG, Commercial
Kim Kruse	DOG, Lease and Permit Manager
Jonne Slemons	DOG, Deputy Director
Sara Longan	OPM, Large Mine Project Manager
Tom Crafford	OPM, Director
Wyn Menefee	MLW, Division Operations Manager
Chris Milles	MLW, Northern Region Lands

DEC:

Lori Aldrich (Phone)	DEH, Environmental Program Manager
DOW TBD	DOW
DAQ TBD	DAQ, Air Permits

AOGCC:
TBD

DFG	
Jack Winters (Phone)	HAB, Habitat Biologist
Executive Sponsors:	
William Barron	DOG, Director
Brent Goodrum	MLW, Director
Joe Balash	DNR, Deputy Commissioner
Jon Katchen	DNR, Assistant to Commissioner

1/18/12 OVERVIEW: DNR - DIVISION OF AGRI-CULTURE

<TARGET><BILL></BILL><SUBJECT>1-18-12 OVERVIEW DNR - DIVISION OF AGRICULTURE</SUBJECT><COMM>HRES27</COMM></TARGET>

The Division of Agriculture



State of Alaska

Department of Natural Resources

Alaska GROWN

Agriculture in Alaska

- Alaska Agriculture Statistics reported 680 farms in Alaska in 2010.
- Alaska's agriculture is diverse and located throughout the state
- Generates over 30.7 million dollars in cash receipts



Average age of Alaskan farmer is 56.2 years

Alaskan Agriculture

Greenhouse/Nursery/Specialty Crops

- Ranks #1
- 42.3% of cash receipts
- Examples include vegetables, berries, sod, flowers
- Production found throughout the state



Hay Production

- Ranks #2
- 13.2% of cash receipts
- Production found throughout the state



Alaskan Agriculture

Calves & Cattle

- Ranks #3
- 7.9% of cash receipts
- Production found throughout the state



Potatoes

- Ranks #4
- 7.7% of cash receipts
- Production found throughout the state



Alaskan Agriculture

Dairy Products

- Ranks #5
- 5.2% of cash receipts
- Production found throughout the state



Barley

- Ranks #6
- 7.7% of cash receipts
- Production found throughout the state



Division Overview

- Three locations
  - Central office is located in Palmer
  - North Latitude Plant Materials Center (PMC) located in the Butte
  - Northern Region Office located in Fairbanks
- 47 Employees
  - 33 full-time positions
  - 11 seasonal
  - 3 Non-Perm
- Total budget - $7,189,000.00



The Division's mission and priority is to promote and encourage the development of an agriculture industry in the state.

- **Core Division Services**

  -Land Sales/Management
  -Agricultural Revolving Loan Fund
  -Plant Materials Center
  -Marketing Assistance
  -Inspection Services



Land Sales/ Management

- Land Sales
  - -202 acres sold in 2011
  - -1300 acres to be offered in 2013
- Grazing Leases
  - -8 active grazing leases, covering 179,785 acres
- Agriculture Leases
  - -6 active Ag leases covering 800 acres



Land for ALASKANS



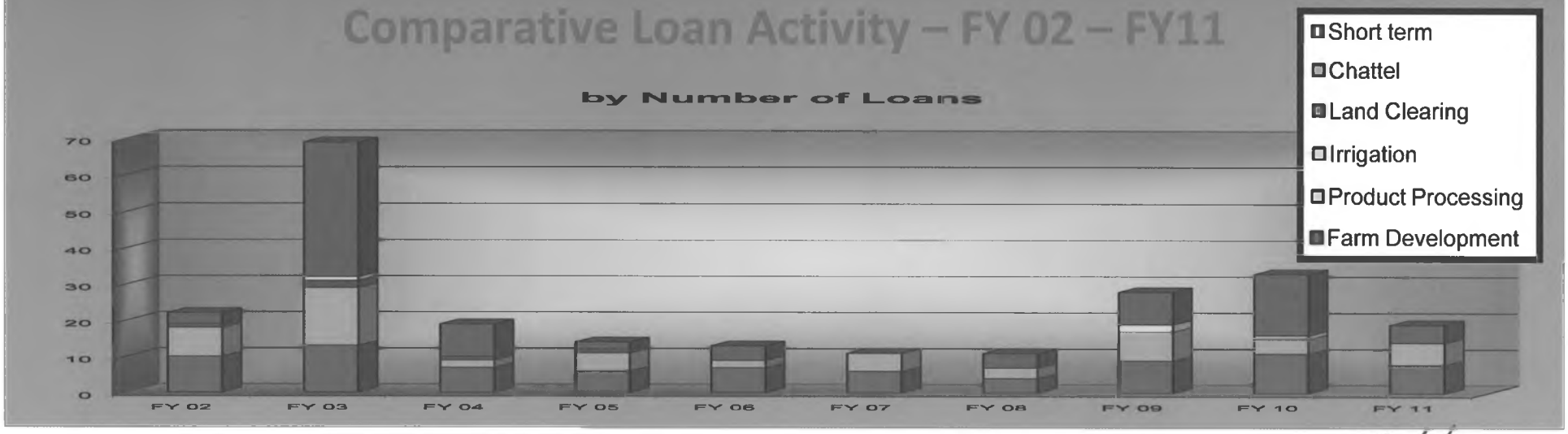
Agricultural Revolving Loan Fund (ARLF)

- **Statutorily established in AS 03.10.010**
  - -Promote the more rapid development of agriculture as an industry throughout the State by means of long-term, low-interest loans
  - -58 years of continuous operation

- **Types of Available Loans**
  - **-Short Term** – *for annual operating expenses (fertilizer, etc.)*
    Chattel – *for purchase of equipment or livestock*
  - **-Farm Development** – *purchase of real property for agricultural use*
  - **-Irrigation** – *system purchase and installation*
  - **-Product Processing** – *to build and equip facilities for the processing of Alaskan agricultural products*
  - **-Clearing** – *for agriculture land clearing*



- Fund equity at end of FY11 was $22,726,980.00 compared to $22,563,097.00 in FY2010
- Available cash balance on June 30, 2011 of $4,588,620.00 compared to $4,653,390.00 in FY10
- Averaged over the past nine year period
  - -2.4 million in loans annually
  - -$2.8 million repaid each year
- Majority of loan requests for this time frame have been short term notes – with a one to three year payback
- ARLF continues to meet the current need of industry



3% short
57% long term

North Latitude Plant Materials Center



Mission:

To promote the use of Alaskan-produced agricultural crops for revegetation and seed production

Primary activities of the PMC:





- Foundation Seed Program
- Certified Potato Seed Program
- Certified Seed Laboratory
- Native Plant Evaluation
- High Latitude Germplasm Research
- Invasive Species Management
- Revegetation Technology / Design
- Conservation Plant Technology
- Seed Cleaning and Conditioning
- Ethnobotany Teaching Garden
- Rural Village Seed Production
- Training, Outreach, Publications
- Web Conference Hosting Facility

Marketing

Market Development

- Alaska Grown Program
- Farm to School Program
- Industry Support
- Education & Outreach
- Conference Hosting
- Farmers Market Directory

Grants

- Specialty Crop Block Grants
- Federal-State Marketing improvement program









Alaska Grown Program

- Launched in 1985, designed to highlight Alaska Grown farm products in the marketplace
- Over 400 farms are signed up and participate in the program
- One of the most recognized brands in the state of Alaska
- Statewide advertising reminds customers to "*Look for, Ask for, and Buy Alaska Grown*"



Accomplishments in FY11

- Our marketing department works closely with retailers to encourage increased support of Alaska grown though direct contact, Alaska Grown signage and promotional items
- We continue to provide support and promotion to the 33 Farmers Markets located throughout the state
  - -An Alaskan Farmer's Market Manual was created through multi-agency cooperation as well as a brochure listing statewide markets
  - -These markets located throughout the state provide producers of all size a market for the product
- The Division partnered with the local Mat-Su Farm Chapter and the Palmer soil and water chapter and funded an 8 week marketing campaign with Chef Al who each Wednesday morning showcased the preparation of a dish featuring Alaskan Grown Product
- **We now use social media, creating an Alaska Grown face book account. We are pleased with the amount of activity and discussion on this site**
- **We continue to explore new marketing venues to educate the public on Alaska grown**
  - **-Bench adds at Carrs /Safeway**
  - **-Full page add in Alaska edition of the Travel Guide**
  - **-Alaska Wellness Magazine**
  - **-Anchorage Daily News twice weekly ads**
  - **-61 degrees North**
  - **-Coordinated with ASMI on Alaska Magazine advertisement**
- **We continue to work with local chefs to move in season fresh product into restaurants**
  - **-This past season we launched the Chef at the Market**
    - **Through a grant proposal, we awarded funding for 16 farmers market events where chef's showcased Alaska Grown products available at the market that day**

Farm to School Program

Priorities:

- Enhance communication, awareness & knowledge transfer between Alaska Grown producers & Alaskan schools
- Identify and disseminate curriculums that will lead students to greater awareness of Alaska agriculture
- Work with appropriate officials to develop guidelines and standards for proper and safe food production in school gardens
- Promote, encourage and coordinate farm visits for students



Accomplishments in FY11

- The Farm to School Program has done a number of projects engaging schools, food producers, and community members:
-
  - developed a 'School Garden Food Safety Guideline'
  - started a mini-grant for funding projects on a local level
  - launched a FTS challenge during the National FTS month of October
  - done a product feasibility study and local product recipe development
  - mentored, outreached, and contributed to the national movement

- Through all of the efforts in the past year the FTS program has worked with:
  - 29/53 (55%) of the school districts
    - which includes approximately 20% of the schools (~100)
  - getting exposure with approximately 20% of the K-12 student enrollment (over 27,000)

Education & Outreach



- FY 11
  - Division hosted 5 conferences
  - Spoke at 19 events
  - Administered 28 grants
  - Produced 25 newsletters
  - Participated in 356 public marketing outreach activities
  - Funded 6 marketing campaigns

- The Division partners with educators, agencies, and the private sector, to promote knowledge transfer within the industry
- Support youth agriculture education programs:
  - Agriculture in the Classroom
  - FFA
  - 4-H
  - Teacher Education
  - Youth education events

Inspection Services

- USDA Grade Inspection and Certification
- Food Safety Audits:
  - Good Handling Practices (GHP)
  - Good Agricultural Practices (GAP)
- Export Certification
  Plant Health Inspections
- Country of Origin
  Labeling (COOL)
- Cooperative Agricultural
  Pest Survey (CAPS)

FY2011 :

- **90 Commercial produce inspections**
- **250 Military & institutional produce inspections**
- **2 GHP/GHP Inspections**
- **70 Federal Phytosanitary Certificated were written**
- **12 Country Of Origin & Labeling audits performed**
- **12 USDA Egg inspections**
- **3 Elk Farm Inspections**
- **185 Farm & Retail Inspections**
- **2 brand inspections were performed.**

Other Accomplishments in FY11

- Bi-monthly teleconferences have been set up between DEC, Division of Agriculture and Industry providing direct access for industry to address areas of concern and request help or information
- Discussions are currently taking place between Mining, Land & Water management and Division of Agriculture looking for ways to steam line and facilitate the leasing process
- We continue to work closely with DOC regarding the purchase of Alaska Grown Products and have seen increased movement into the correctional facilities
- Agriculture Advisory Panel has been created to provide industry direct input into the long range plan
- Division of Agriculture continues to be responsive in providing both information and services requested by industry.
- Staff completed (with the exception of a few Mile Posts) a mile by mile, vegetation, erosion and invasive weed survey on the Trans Alaska Pipeline. This project was in cooperation with Alyeska Service Co., State Pipeline Coordinators Office and the Bureau of Land management
- A comprehensive field guide for the identification of Alaska grasses is nearing publication
- A new Alaska Forage Manual is in its final stages prior to printing
- The second edition of the Alaska Coastal Revegetation and Erosion Control Guide was published
- Over 600 seed lots were tested by the PMC certified seed lab
- Over 800 tests were performed for individuals by PMC certified seed lab
- Over 95,000 lbs of raw seed were cleaned by the PMC, producing over 66,000 lbs of clean seed
- The Rural Seed Production Project is moving forward with six villages (Aniak, Chignik Bay, Hooper Bay, Manley Hot Springs, Metlakatla, and Pedro Bay.)signing on as partners in developing small scale seed production. This seed produced in the villages will be marketed to local mining, road and airport projects
- The PMC has acquired the plant materials from the ARS research group and has placed them in winter storage. None of the research material has been lost. however establishment of this program in the PMC is critical to the ongoing support of the existing material and these industries


How does
Alaska become
more food
secure?

How do we increase production?

Discussion points of 1st Agriculture Advisory Teleconference

Industry Comments:

- Need more agriculture land
- Incentives to produce?
- Assistance with input costs?
  - Input costs on the rise
  - Product value not keeping up
- Need more young farmers
- Industry interested in agriculture land sales of less than 40 acres
- Need to connect agriculture land owners not currently in production with those that are looking for agriculture land
- Interest in localized or mobile processing units
- Homer is putting together a "local food house"

Thank you

Franci Havemeister, Director
Division of Agriculture



ALASKA PEONY GROWERS ASSOCIATION, INC.

APGA Data

- We have 98 members as of Dec 2011. Of those, 17 have marketable quantities of peonies (over 500 plants in the ground).
- Member farms are located from Homer to North Pole
- Peonies bloom in Alaska in July, August, and September and nowhere else in the world during this time.
- In 2011, approximately 10,000 cut stems were sold for an average price of $4.00 per stem.
- Peony stems were shipped to Oregon, Rhode Island, Florida, California, Texas, Iowa, Colorado, New York, Pennsylvania, Hawaii, Canada, & Japan and numerous other locations
- In the US, cut flowers are a multi-million dollar industry. In 2009, The United States wholesale cut flower and foliage production was a $433 million business. No data was available for US peony cut flower production. In 2008, 50 million stems of fresh cut peonies were sold through Dutch floral auctions, and the number is expected to exceed 100 million stems by 2012.
- There are over 50,000 peony roots in the ground on peony farms in Alaska and farmers are continuing to add roots at over 10,000 roots per year.
- Standard production figures are for 10 cuts per plant. With 50,000 roots, 500,000 cuts per year are expected by 2015. This equates to between 1 and 2 million dollars a year in sales at a conservative estimate of $2-$4 per stem.
- Value per acre: 2500-5000 plants per acre x 10 cuts per stem x $2 to $4 per stem equals $50,000 to $100,000 production value per acre
- Worldwide, buyers have indicated strong interest including a buyer in London who has a standing order for 100,000 stems per week as soon as we can start providing them.

Results of USDA Agricultural Research Service loss to Alaska

- Alaska is losing $5.4 million of agriculture and fish research
- 10 scientists and 32.5 FTE (full-time equivalent) positions including
    - A geneticist and support technician
    - A horticulturist and support technician
    - A research plant pathologist and support technicians (2)
- Impacted agricultural research includes potato, peony, currants, raspberry, rhubarb, and blueberry.

- As a result, Alaska will no longer have any horticultural entomologist, weed scientists, geneticists, or virologists in the entire state.

Results of UAF School of Natural Resources and Agricultural Sciences internal restructuring

- Two faculty members are currently working on peonies in SNRAS. Both positions have been cut to ¾ time. All peony research conducted by these faculty members will be impacted, delayed, or eliminated except for the USDA funded phenology study.

How can you, the public official, support this growing industry

- Provide funding and support for focused research and marketing
  1. Marketing
     - Include information about the Alaskan peony industry in all state marketing efforts
     - Small business development planning assistance
  2. Research
     - Crop Improvement
       - Season extension and season uncertainty, ie, winter survival
       - Plant breeding, ie, cultivar identification, diversity determination, winter hardiness
       - Soils & nutrition, ie, soils nutrient deficiencies, symptoms in plants, fertilizer recommendations, nutrient uptake.
       - Disease management, ie, Botrytis and viruses
       - Pest management, ie pest identification, pest control determinations, and pesticide certifications
       - Weed control, ie, weed surveys with control recommendations and herbicide certifications
       - Plant phenology, ie, plant and bud development, bud maturity to accurately predict product availability
     - Post harvest
       - Post harvest storage guidelines
       - Storage life extension

There is no need for additional facilities as they are already available

5 yr. annual $500,000

75 part time planters/cutters within 5 yrs.
150

Horticulture in Alaska – an Emerging Market in Specialty Cut Flowers

Patricia S. Holloway
School of Natural Resources and Agricultural Sciences

History: Most Alaskans and visitors know that this northern climate produces stunning flowers. The huge blooms and vibrant colors are certainly the talk of summer visitors, gardeners and landscapers. In 1998, the UAF Cooperative Extension Service held a greenhouse conference in Fairbanks, Alaska. One of the invited speakers was a cut flower grower from Oregon who shipped flowers worldwide. This grower learned from research at UAF that the popular cut flower, the peony, blooms in July and August in Alaska, and he mentioned that this late season was unique in the world of cut flowers. Peonies as cut flowers are available from New Zealand and Australia in Oct/Nov; Chile and Argentina in Dec/Feb; the Middle East, China and central Europe in Mar/May; and the "lower 48" and coastal Europe in May/June. Fresh cut peonies have not been available anywhere in the world in July/Sept – until now. Our season is so late because of our northern latitude, they bloom during the time when no one else has them. Combine this unique opportunity with access to world markets through the third largest air cargo system in the world (Anchorage and Fairbanks airports combined), and we speculated that Alaska might be in a good position to enter the multi-billion dollar world of cut flowers.

In 2001, the University of Alaska Fairbanks Agricultural and Forestry Experiment Station (AFES), received a grant from the US Department of Agriculture (federal grant) to study the potential for developing an export industry in specialty cut flowers. We planted peony roots, enlisted the help of undergraduate senior thesis and graduate master's students in analyzing the feasibility of growing peonies as cut flowers in Alaska. At the same time, we contacted growers, flower distributors, florists, marketing specialists in the "lower 48" and New Zealand to learn the potential of this fledgling idea. In a nutshell, every single person we contacted, said in one manner or another, "You're sitting on a gold mine!"

We were encouraged even further when, in 2004 we were contacted by the largest cut flower distributor in London who insisted on purchasing at least 1 million stems to be transported (at his expense) on jets loaded with fresh Alaska salmon headed for London restaurants. Through efforts of the UAF Experiment Station and Cooperative Extension, a small group of Alaskans began growing peonies, and in 2007 the first ever commercial export of peonies from Homer was sent to florists in the "lower 48". The first delivery was fewer than 1,000 stems, but it was highly successful.

Today, there are 90 peony growers; 17growers have commercial quantities (>500 plants) of peonies in the ground; the rest are starting small, entering this market with a healthy dose of caution. The largest grower in Soldotna has more than 10,000 plants in the ground. There are peony growers in Fairbanks, North Pole, Delta Junction, Nenana, Central, Trapper Creek, Palmer, Wasilla, Kenai, Soldotna, Homer and a few places in between. Through a combined effort of

researchers, extension personnel and growers, the world is waking up to the fact that Alaska has high quality peonies for sale. In 2011, Alaska peonies were shipped to Japan, many locations in the Lower 48, and even Hawaii with demand far exceeding supply. Every grower with peonies to sell was inundated with phone calls from all over the world this past summer. This business also has attracted outside investors; two Alaska farms are now custom growing peonies for the largest Midwest flower distributor in Chicago.

A new industry has begun in Alaska, and all indications are, it will grow just as fast as Alaskans plant peonies. Growers have formed the Alaska Peony Growers Association with a website of cut flower availability (http://alaskapeonies.org/). Growers projected they would not meet world demand for at least 10 years, and the dollar return is 10 times or more greater than sales during the glut season in May. Growers routinely receive from $3.00 to $9.00 per stem with up to 100,000 stems per acre. The question from distributors is, "What else do you have for sale?" Everything from yellow-stemmed wild willow branches to cut lilies has been requested.

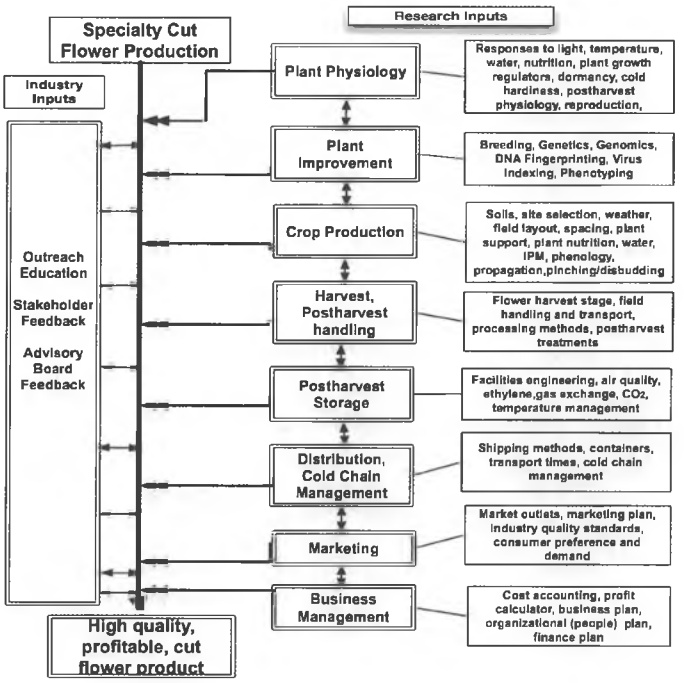
The foundation: This industry was started as a direct research project at the University of Alaska Fairbanks Agricultural and Forestry Experiment Station (AFES), and only because the UAF Cooperative Extension Service (CES) held a conference, invited people to attend and exchange ideas. This project is the perfect example of how the system should work – public dollars being used to explore opportunities that promote economic development and well being of Alaskans. Our goal since Gold Rush days at AFES has been to explore new crops, new opportunities, conduct appropriate research both from the plant growing end as well as the business end, and then present our findings to the public so they can act on it (georgesonbg.org/research/peonies/index.html).

Most industries rely on research and development to maintain a competitive edge and ultimately increase profitability. They often have their own research programs, and information is proprietary. Historically, agriculture does not fit this mold. A country founded on small family farms recognized early on that agricultural research was lagging far behind other industries because farmers could not afford to fund their own research. In 1887, the federal government passed the Hatch Act that provided dollars to each land grant university to form an agricultural experiment station. Funds must be matched by each state. On average, Hatch Act funds constitute about 10 percent of total funding for each experiment station, the remainder coming from additional state funds and grants.

In addition, in 1914 the federal government established the Cooperative Extension Service in each state using the similar matching funding formula. The purpose of CES is to be the "person on the ground" visiting farm fields, working one-on-one with growers to transfer research information to where it is needed most. The third leg of the agriculture research stool is the USDA Agricultural Research Service whose scientists conduct broad-based research with national interests. Alaska currently hosts five federal scientists who have worked primarily on pest management – insects, plant viruses, weeds as well as testing new plants (especially blueberries) for Alaska.

Many people have gardens in Alaska, and it is often believed that anybody can make money at farming. Palmer grower Arthur Keys stated it well, however: "Farming is rocket science. It really is!" It is one thing to grow plants for home use, but to make money at it requires a greater level of knowledge. To further compete on world markets requires precision agriculture; attention to every single detail of production from knowing how plants grow to marketing and business management. With a crop such as peonies, there are so many unknowns, it requires an enormous amount of research and education to develop a competitive, profitable crop as illustrated in the attached diagram (Fig 1). No peony grower in Alaska can afford to fund this kind of research alone. It requires a concentrated, long term effort from a variety of specialists – plant and soil researchers, disease and insect specialists, engineers, marketing specialists and extension educators to put it all together.

Fig 1. A Perennial Field-grown Cut Flower System



The problem: agricultural research in Alaska is not sustainable. The peony project at the University was funded by federal dollars, and that funding ended August 31, 2011. Despite the best efforts of researchers in Alaska, they have been rejected twice for additional federal funding in part because agriculture in Alaska is pretty much a non entity on the national scene. Additionally, during the past two years, the UAF Agricultural Experiment Station experienced a $1 million shortfall directly impacting all agricultural research programs. There are few opportunities to submit grants to the State for additional funding especially ones that would cover salaries and large scale research projects. What little money that has been available through the Division of Agriculture is pass through federal funds for market research.

The Cooperative Extension Service personnel experienced similar cuts as a result of flat funding, thus hobbling their efforts to work with and educate growers. Additionally, the entire US Department of Agriculture in Alaska is scheduled to close some time this winter. Alaska's only plant virologist, weed specialists, insect pest specialists, and geneticist will be gone. Four of these scientists worked directly with Alaska peony growers. The USDA was successful in getting funding for the national gene bank for peonies in Palmer, Alaska, but it is scheduled to close before it gets off the ground. Alaska has no state researchers who can take up the slack. Growers will have no one to answer questions about pests, diseases or genetics once USDA leaves the state.

The need: This new peony industry is at a critical phase in its development. Not a day passes when scientists and extension personnel don't get queries from a grower or potential grower on varieties to grow, fertilizers, diseases, weed problems, markets, methods of shipping, and cold storage issues. We helped create this industry, and there is no more support. This industry urgently needs and deserves State support so it can leap into this exciting multi billion dollar world industry. Besides peonies, we need to address the other industry crop demands that could be filled by Alaska growers. This industry diversifies Alaska's economy, brings much needed income to rural and urban areas, and breaks through the barriers that have stifled expansion in the past: small population, local markets, limited expansion possibilities. Peonies have brought the agricultural world to Alaska.

Actions: Please consider the following actions to support this emerging export industry.

1.Act quickly to try and reverse the closure of USDA Agricultural Research Service in Alaska. It may be too late, but a critical knowledge base will be lost.

2.Increase state dollars for the Agricultural and Forestry Experiment Station and Cooperative Extension Service so scientists can perform their responsibilities of supporting Alaska's diverse agricultural industry.

3.Fund a grant to the Alaska Peony Growers Association for grower-driven research to make this new industry competitive on world markets.

4.Fund a program through the Alaska Division of Agriculture to support competitive scientific research on agricultural issues in Alaska.

has division request budget funds to accomplish

The Division of Agriculture Activities

January 03, 2012

Find us on the web at:
http://dnr.alaska.gov/ag

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- RVSPP Community Update
- Upcoming DEC Animal Care Standards Workshops

To remove your name from our e-newsletter list, click here.

To be added to our e-newsletter list, click here.

Questions or Comments?
E-Mail or call 907-761-3864.

Follow us on Facebook:
www.facebook.com/dnr.alaskagrown

Directors Note

Winter solstice has come and gone and a new year is just around the corner. Hopefully you have written down your new year's resolutions and crossed off all those accomplished from this last year's list. The New Year always brings change and this year is no exception. The Division of Agriculture would like to welcome its newest employee, Nate Hamelink. He is now part of the team at Mt. McKinley Meat & Sausage. Next time you stop in, be sure to welcome him.

Just a few points of interest I would like to mention:

- The 2012 Legislative Session starts January 17th, 2012. Legislation that affects the Agriculture industry will be covered in the newsletter. I want to encourage you all to participate and stay abreast of legislation that is of interest to you this session. Remember that your voice is your most powerful tool.
- If you are a Native American and interested in serving on a federal board, the USDA is currently seeking qualified nominees to serve as representatives on the Council for Native American Farming and Ranching. The formal notice can be found at 76 Fed. Reg. 76,120 (Dec 6, 2011).
- If you are producer of any size considering a Good Agricultural Practice (GAP) audit, a useful free tool is available at: http://onfarmfoodsafety.org/. You can build a food safety plan right on the site, research information on agricultural chemicals and much more.

The Division is in the process of updating our Long Range plan and is looking for industry input. If you have a few hours available and are interested in participating in a teleconference please contact Lora Haralson at: Lora.Haralson@Alaska.gov, or call her at 907-761-3851.

I hope you had a Merry Christmas and I wish you a healthy prosperous new year.

-Franci Havemeister

"I don't know who my grandfather was; I am much more concerned to know what his grandson will be"

- Abraham Lincoln.

Agriculture Calendar

► Thurs. Jan. 5th, 3:30 - 5 pm:	**DEC Animal Care Workshop - Domestic Pets**; Anch. *Teleconference: (800)* 315-6338; Passcode: 8213
► Tues. Jan. 17th:	**27th Alaska Legislative Session begins**; Juneau.
► Wed. Jan. 25th- Thurs. Jan 26th:	**Alaska Greenhouse & Nursery Conference**; Alyeska. *Registration Information:* http://www.uaf.edu/ces/
► Thurs. Jan. 26th- Fri. Jan 27th:	**Alaska Peony Growers Conference**; Alyeska. *Registration Information:* http://www.uaf.edu/ces/
► Mon. Jan. 30th, 1:00 pm:	**BAC Regular Meeting**; Division of Ag., Palmer AK. *To participate via telephone: (800)* 315-6338; Passcode: 122#

As we learn about new agriculture events throughout Alaska, we will add the details to the calendar. If you have an event that you would like to add, please contact Lora Haralson.

Marketing Section

Restaurant Rewards Program Offers Incentives to Local Alaska Restaurants



The Division of Agriculture Marketing team is excited to announce the new Restaurant Rewards program. If you know of an Alaska restaurant owner or Chef - point them towards this program. Designed to encourage restaurants to source more Alaska Grown specialty crops, this program offers cash reimbursements for food sevices that use Alaska Grown crops.

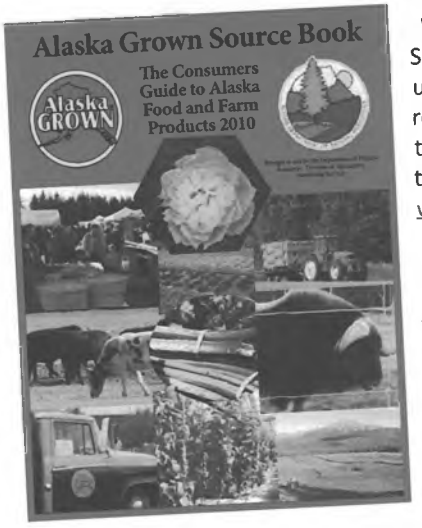
More information about this program, and an application are now available on our web site. Contact Kristi Krueger with questions at Kristi.Krueger@alaska.gov or 907-761-3858.

Specialty Crop Grant Webinar - Januay 31st

Thinking about applying for a Specialty Crop Grant in 2012? Attend a webinar with program manager Amy Pettit on Tuesday, January 31st at 1pm to learn more. The webinar will include an overview of the Specialty Crop Competitive Grant; a detailed definition of specialty crops, examples of previously funded projects, and a lengthy Q & A session.

Information about the Specialty Crop Grant Program is available online, at dnr.alaska.gov/ag/ag_grants.htm. You will be able to attend the webinar for free, seeing the presentation on your home computer. If you have any questions, please contact Amy Pettit at (907) 761-3864 or email Amy.Pettit@alaska.gov.

2012 Alaska Grown Source Book - Is Your Business Listed?



Was your farm listed in the 2010 Alaska Grown Source Book? Do you want to be listed in the updated 2012 version? Soon the Division will be requesting updated information from all farmers throughout the State, to be used in the preparation of the 2012 Source Book. Stay tuned to our website for more information.

The Alaska Grown Source Book is the only statewide listing of all Alaska farmers. The Division of Agriculture prints and distributes a minimum of 5000 copies each year and the online version is viewed over 500 times per month. The Source Book is an opportunity to have your farm and products included in this directory FOR FREE!

If you would like a copy of the current Alaska Grown Source Book, contact the Division of Agriculture at (907) 745-7200 or email Kristi.Krueger@alaska.gov.

Upcoming Growers' Workshops and Conferences

The season of growers' workshops and conferences is upon us. First up in January is the Alaska Greenhouse & Nursery Conference, January 25th & 26th. Immediately following this will be the Alaska Peony Growers Conference, January 26th & 27th. Both events will be held at Alyeska Resort in Girdwood. Online registration is available through the Cooperative Extension Service website.

Further details about these and other upcoming events happening throughout 2012 will available through the Agriculture Calendar, at dnr.alaska.gov/ag/ag_calendar.htm.

Remember to follow Alaska Grown on Facebook at facebook.com/dnr.alaskagrown.

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http://dnr.alaska.gov/ag/ag_ms.htm

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Alaska Farm-to-School Program Update

School Garden Census

For those of you who have not heard, the Alaska Farm-to-School program has a new resource available; **Alaska School Garden Food Safety Guidelines**. The guidelines offer guidance for those managing a school garden with the intent to utilize the school garden-grown food in the school meal program. It also could be referenced if you have a small farming or gardening operation that is interested in selling product to a school.

The guidelines are available at: dnr.alaska.gov/ag/FarmToSchool/SGfoodsafetyguide.pdf. To request that a copy of the guidelines be sent to your school, go to: surveymonkey.com/s/SGFoodSafetyGuideRequest.

To date, **Alaska School Garden Food Safety Guidelines** have been requested and distributed to 68 schools and community partners, representing 20 school districts and over 19,000 students, almost 15% of statewide K-12 student enrollment!

From the requests we learned who has a school garden and who is planning one. 40% of respondants have a school garden already, with an additional 13% having plans to start a school garden next summer. Another 38% of respondants listed a school garden as a long term goal.

We are also actively collecting data statewide, asking if schools have a school garden. Over half the schools in Alaska have been contacted thus far. We are excited to hear that there are a quite a few gardens existing already, and a lot of people interested in more information. Stay tuned to see what the state-wide school garden tally will be.

Volunteer Internship Opportunity

The Alaska Farm-to-School Program is seeking assistance. An unpaid volunteer position is available now. The individual selected will gain valuable experience with marketing concepts, community engagement, and information synthesis!

If you or someone you know is interested in this internship with the Farm-to-School program, contact Johanna Herron in Fairbanks at Johanna.herron@alaska.gov or (907) 374-3714, or Kristi Krueger in Palmer at Kristi.Krueger@alaska.gov, or (907) 761-3858.

2011 End of Year Report

For those of you that want to see the progress of the Farm-to-School program over this past year, a 2011 overview is now available from the Farm to School web page, at: dnr.alaska.gov/ag/ag_FTS.htm.

For Farm-to-School updates, news, grant opportunities, and announcements join our listserv at: list.state.ak.us/soalists/akfarmtoschool/il.htm. Also remember to check out the Farm-to-School facebook page at: facebook.com/AlaskaFarmToSchool.

Property for sale by the Board of Agriculture and Conservation

513 South Valley Way, Palmer



Former Matanuska Maid Manufacturing Facility: Real Property and Improvements



3 acres in downtown Palmer, bounded by E. Dogwood Ave, Dahlia Ave, & Denali St.

ARLF LAND SALE #09-01

Over-The-Counter Offering:
Purchase Price $975,000.00.

Questions or comments regarding the sale process may be directed to Director Franci Havemeister, at 761-3867 or by email to Franci.Havemeister@alaska.gov

Land Sales & Grazing Leases

http://dnr.alaska.gov/ag/ag_sales.htm

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Inspection Section

Green Potatoes: The Solution

Potatoes can be green due to many causes but there are only two classifications: **Sunburn** and **Greening.** Sunburn is a 'greening' that occurs before harvest, due to direct sunlight exposure. This type of greening occurs in the field when tubers are not sufficiently covered with soil. When potatoes are exposed to sunlight, development of chlorophyll occurs, progressing from a light yellow to a definite green. If exposure to light is prolonged, chlorophyll develops deep into the tissue, resulting in a bitter taste associated with the alkaloid solanine. Greening after harvest can occur due to incandescent and/or fluorescent light exposure during storage, grading and/or placement on store shelves.

The degree of greening and length of time before it occurs varies with temperature, the brightness of light and the thickness of the potato epidermis. In order to avoid sunburn before harvest, maintain a sufficient soil cover above the potato seed piece and keep the hill wide enough for new tubers to expand underground.



Potatoes can become sunburned when the hill of soil does not completely cover the tuber

Photos: Univ. of Nebraska Cooperative Extension

To avoid greening after harvest, don't wash the tubers going into storage. Dirt remaining on potato tubers will offer some protection against exposure to light and greening. Store potatoes in the dark and chose light resistant packaging. In order to prevent retail greening, avoid displays near windows or under strong, fluorescent lights, have a good system of package rotation and store reserve stock in a cool, dark environment. Do not use spotlights on potato displays.

At home, store potatoes in a cool, dark area in a light resistant container, such as a brown paper bag or box with a lid. Wash potatoes only before cooking. Green areas, especially the peel, may be cut away and cook the rest for safe eating. If the potato tastes bitter, throw it away.

No matter what you do there will still be potatoes that suffer from Sunburn and Greening, so please follow the US No 1 and US No 2 allowable tolerances:

Sunburn

- **US No 1**: When removal causes more than 5% total weight of the potato.
- **US No 2**: When removal causes more than 10% total weight of the potato.

Greening

- **US No 1**: When removal causes more than 5% total weight of the potato or, when materially detracting from the appearance of the potato. Green color affecting more than 25% of the surface in aggregate is considered materially detracting.



Unwanted greening can occur when potato tubers are exposed to sunlight or artificial lighting

- **US No 2**: When removal causes more than 10% total weight of the potato. Green color affecting more than 50% of the surface in aggregate is considered materially detracting.

Futher information about green potatoes is available from the University of Nebraska Cooperative Extension, at digitalcommons.unl.edu/extensionhist/88/. If you have questions, you can also contact the Alaska Division of Agriculture at (907) 745-7200.

Plant Materials Center

http://plants.alaska.gov/

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Plant Materials Center

Rural Village Seed Production Project (RVSPP) Update

The RVSPP staff has launched a project website, located at www.plants.alaska.gov/rvspp. Profiles of each participating village are linked, and a project brochure is available. The RVSPP staff is developing an Alaska Native Seed Production Manual that will be available from the website in early 2012. Please check back for additional content.

In general, the village cooperators have slowed down considerably for the winter. RVSPP staff continues to make contact and offer additional information that is pertinent to their area or of interest in general. Progress on the project for each participant village is as follows:

Aniak, located on the southern bank of the Kuskokwim River, has a previously established farm with several acres available to them. This acreage will be used for RVSPP plantings.

In September, staff wild-harvested fireweed. The seed has been dried and is now being stored. Aniak staff also wild-harvested Bluejoint reedgrass in the fall. This seed should be ready to clean this January.

Aniak project staff have been diligent in ordering parts and supplies and will be ready to get a good start with planting in the spring.



Photo: Sue Lincoln | Alaksa PMC

RVSPP staff perform soil sampling in Aniak

RVSPP staff in **Hooper Bay**, on the Alaska's west coast in the Yukon Delta National Wildlife Refuge, are having a very quiet season, as the project has been shuttered for the winter.

The **Metlakatla** RVSPP staff has been keeping busy this winter cleaning Lupine seed that was harvested in previous years. They are also continuing to monitor and nurture their first seeding.

Pedro Bay is a village of 50 residents located on the North East corner of Iliamna Lake. During the summer of 2011, the Rural Village Seed Production Project broke ground on two and a half acres set aside for the project. The crew has shut down for the winter, and is anxiously awaiting the spring to put finishing touches on the seed house and host a dedication ceremony for the new structures.



Photo: Sherlie Taylor | Pedro Bay RVSPP

Planting site in Pedro Bay, cleared in 2011

The project staff in **Chignik Lake**, located on the Southern coast of the Alaska Peninsula in the Aleutian Mountains, have been ordering equipment for land clearing and preparation, and planting to occur in the spring. There is great community interest in this project as there is a need for revegetation materials locally and in the surrounding region.

Manley Hot Springs, in interior Alaska near the end of the Elliot Highway, is the only community participating in this project that is on the road system. The Manley Village Council is working to organize their staff and has plans to clear up to 20 acres in the spring.

For more information about the Rural Village Seed Production Project, contact the Alaska Plant Materials Center, at (907) 745-4469. You can also visit the RVSPP website, at www.plants.alaska.gov/rvspp.

Alaska Department of Environmental Conservation:
Division of Environmental Health

Upcoming DEC Animal Care Standards Workshops

The Office of the State Veterinarian is continuing their work to develop animal care standards for the state. These standards will be part of a comprehensive revision of the state animal health regulations. Future public workshops have been scheduled and will focus on only one animal category at a time.

The last remaining scheduled focus group is January 5, 2012, and will cover dogs only. Other pets will be covered in future workshops, to be scheduled in January and February. The dates and times will be posted on the Animal Care Standards web page.

We want to encourage anyone who is interested to attend workshops by telephone at 1-800-315-6338 (use pass code 8213 when prompted) or in person at the State Environmental Health Laboratory at 5251 Dr. MLK, Jr. Ave, Anchorage, AK, 99507. All meetings will be from 3:30 to 5:00 PM. If you are unable to attend meetings, feel free to submit your comments to us in writing via mail or email.

You can find minutes from previous meetings and agendas for future workshops on our website at: dec.alaska.gov/eh/vet/AnimalCareWorkshop.html. If you would like to be placed on our group email notification list to receive automatic updates on this project, please email your name, agency (if applicable), and phone number to jay.fuller@alaska.gov.



Photo: Dr. Sabrieta Holland

A guardian dog watches over a goat herd in the Mat-Su valley

For veterinary information, please contact:

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STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE

[ ] Northern Region
3700 Airport Way
Fairbanks, AK 99709
(907) 451-2780

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1800 Glenn Highway, Suite 12
Palmer, Alaska 99645-6736
(907) 745-7200

LAND USE PERMIT
Under AS 38.05.850

PERMIT # ADL [redacted]

[redacted] is issued this permit to use the following described land:

Within the Seward Meridian

TOWNSHIP 4 SOUTH, RANGE 10 WEST SEC. 30
TOWNSHIP 4 SOUTH, RANGE 11 WEST SEC. 25

CONTAINING 30 ACRES, MORE OR LESS.

This permit is issued for the purpose of: Authorizing the grazing of livestock of ADL 231214 (Grazing Land Use Permit Application)

This permit is issued subject to: payment of an **annual use fee** in the amount of **$100.00;** and compliance with the attached special stipulations, if any, in addition to those noted on the back of this document.

This permit is **not a property right**. It is a **temporary** authorization, **revocable by the state with or without cause**. This permit is effective beginning **August 31, 2011,** and ending on **August 31, 2016,** unless sooner terminated at the state's discretion.

Signature of Authorized State Representative _____ Title _____ Date _____

Signature of Permittee or Authorized Representative _____ Title _____ Date _____

Permittee's Address _____ City _____ State _____ Zip _____

Home Phone _____ Work Phone _____ Contact Person _____

ADL [redacted]

*** A returned check fee as provided in 11 AAC 05.010 will be assessed for any check on which the bank refuses payment.**
*** Permittee is responsible for maintaining a current address with the division during the life of this authorization.**
*** Permittee is responsible for obtaining authorizations required by other agencies for the permitted activity.**

1. This Land Use Permit conveys no interest or property right in state land. This permit may be reissued upon application by the permittee at the state's discretion. This permit is revocable immediately, with or without cause. If revoked without cause, the permittee will be allowed 30 days within which to remove the permittee's possessions and vacate the premises. If revoked for breach of any condition, the permittee shall immediately vacate the premises. This permit is not transferrable. It is issued to authorize specific activities requested by the applicant and that are not included in the category of "generally allowed uses."

2. This Land Use Permit is subject to the following provisions:
   a. Activities employing wheeled or tracked vehicles shall be conducted in such a manner as to minimize surface damage.
   b. Existing roads and trails shall be used wherever possible. Trail widths shall be kept to the minimum necessary. Trail surface may be cleared of timber, stumps, and snags. Due care shall be used to avoid excessive scarring or removal of vegetative ground cover.
   c. All activities shall be conducted in a manner that will minimize disturbance of natural drainage systems, that will not cause a change in character, pollution, or siltation of streams, lakes, ponds, water holes, seeps, and marshes, and that will not disturb fish and wildlife resources. Cuts, fills, or other activities causing any of the above disturbances, if not repaired immediately, are subject to any corrective action as may be required by the director.
   d. Unless specifically authorized by this permit, the director prohibits the disturbance of vegetation within 300 feet of any waters located in specially designated areas as prescribed in 11 AAC 96.010(2) except at designated stream crossings. These special designations are noted on the State of Alaska land status plats.
   e. All activities shall be undertaken in a manner which causes the least possible interference with other authorized uses of state lands.
   f. Trails and campsites shall be kept clean. All garbage and foreign debris shall be eliminated by removal, burning, or burial, unless otherwise authorized.
   g. All survey monuments, witness corners, reference monuments, mining claim posts, and bearing trees shall be protected against destruction, obliteration, or damage. Any damaged or obliterated markers shall be reestablished in accordance with accepted survey practices of the division.
   h. Every reasonable effort shall be made to prevent, control, or suppress any fire in the permitted area. Uncontrolled fires shall be reported immediately.
   i. Holes, pits, and excavations shall be filled, plugged, or repaired. Holes, pits and excavations necessary to verify discovery on prospecting sites, mining claims, and mining leasehold locations may be left open but shall be maintained so as to minimize erosion and siltation and shall be consistent with public safety and welfare.
   j. No person may engage in mineral exploration activity on land open to such use, the surface of which has been granted or leased to third parties by the State of Alaska, or on land in which the state has received the reserved interest of the United States until good-faith attempts have been made to agree with the surface owner or lessee on a settlement for damages which may be caused by such activity. If agreement cannot be reached, or lease or surface owner cannot be found within a reasonable time, operations may be commenced on the land only after specific approval of the director, and after making adequate provision for full payment of any damages which the surface owner or lessee may suffer.
   k. Entry on all lands under prospecting permit, lease, or claim, by other than the holder of the permit, lease, or claim, or his authorized representative, shall be made in a manner which will prevent unnecessary or unreasonable interference with the rights of the permittee, lessee, or claimant.

3. In the case of a permit authorizing early entry, pending issuance of a final authorization, permittee agrees to remove any improvements and to rehabilitate the area to a condition acceptable to the director if the final lease/right-of-way permit is not issued or the permittee fails to complete the lease/right-of-way process within one year of the date of the execution of this entry authorization. Permittee also understands that early entry is undertaken at his/her own risk in the event that the final authorization is not issued.

ADL [redacted]

4. Permittee and permittee's contractors, subcontractors and all personnel shall indemnify the State of Alaska and hold it harmless from any and all claims, suits, loss, liability and expense for injury to or death of persons and damage to or loss of property arising out of or in connection with permittee's entry on and use of this land.

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND AND WATER
SUPPLEMENTAL CONDITIONS
PERMIT # ADL 231214

1) Compensation: (a) Pursuant to 11 AAC 05.010 (e)(7) a fee per head month that is 70 percent of the Federal head-month grazing fee for the western states published by the United States Forest Service, United States Department of Agriculture (2011 Federal fee is $1.35), with a minimum charge of $100 per year for each permit; (6 animals per month for 5 months = 30 AUM. 30 x $1.35 x %70 = $28.35) The minimum **$100 yearly fee** applies, due on or before August 31, of each year.

2) Livestock conflicts: If, due to livestock moving off the permitted area on to private property, boundary conflicts arise at some time in the future, it will be the responsibility of the permittee (at no expense to the lessor) to properly locate and place fencing or other deterrents to the movement of livestock. This may require a partial survey of the permit area.

3) Use of the Parcel. A Grazing Development Plan must be submitted and approved prior to stocking this permit area. The plan must include range information and the permittee's general proposed development and operating plans and time lines. In addition to the initial stocking rate established by a range specialist under criteria established in the NRCS Handbook will establish allowable stocking levels. Compliance and operation in conformance with the Plan in its current or amended form is required by this permit. Utilization or development of the permitted land for other than the uses allowed within the Plan or this permit document shall be grounds for cancellation of the permit. Failure to make substantial use of any part of the land, consistent with the Plan and accepted range practices may result in the lessor reducing the permit area to reflect the actual level of use or may constitute grounds for cancellation. If utilization of the permitted area, even under an approved practice, causes or begins to cause substantial damage to vegetation, soil stability, water quality, or any other valuable resource it is the responsibility of the permittee to take immediate actions to abate and correct the problem. The permittor should be notified as soon as possible of the required actions that were taken and the proposed changes in management that will address the situation into the future. Failure to take corrective actions or to notify the permittor shall be grounds for cancellation.

4) Grazing Development Plan. The minimum requirements of the grazing development plan are: 1) A cooperative agreement between the lessee and the Alaska Soil Conservation District or appropriate subdistrict; 2) proposed feedlot sites, stock watering sites, supplemental feeding stations, corrals, temporary shelter structures, etc; 3) proposed fencing location and construction; 4) existing facilities on the land; 5) any proposed fields or cropland; 6) adjacent improvements owned by the lessee; 7) A record of the lessee's proposed management activities, including: a) Range management practices considered essential or desirable; b) livestock species to be stocked (only cattle and horses are approved).

5) Non-use of the Parcel. To maintain the land at its highest productive capacity, the permitor may, at any time during the life of the permit, when deemed necessary, declare all or a portion of the permit to be in non-use. The period of non-use may be for any specified length of time up to the expiration of the permit itself. The permittee shall be give written notice at least 60 days prior to a declaration of non-use. The permittor shall adjust the required AUM's to conform with the reduced area of the permit that may be utilized. The permittee may at any time during the life of the permit take non-use on any or all of the grazing permit to adjust or improve operations under the permit; however non-use may not be used merely to hold a grazing permit. If the permitor determines

the intended purpose of placing acreage into non-use is merely to hold on to the permit and is not a temporary management action the area proposed for non-use will be withdrawn from the permit and the permit amended to reflect the change in acreage. (non-use is defined as the discontinuance of use of all or a part of a permitted area to allow the resource to return to its normal productivity.)

6) Identification of Livestock. All livestock permitted on a state grazing permit shall be properly identified and such identification registered in accordance with AS 03.40.010 - 03.40.270. Such identification shall be permanently placed on each animal in a manner that allows for identification of the mark from a distance of 20 feet. In addition each animal will be numbered (by ear tag or other acceptable method) to allow for the identification of individual animals for health and other monitoring purposes.

7) Health of Livestock. Prior to placing livestock on the permit area all stock shall be examined, and if determined necessary treated for the following diseases and parasites: Brucella-Tuberculosis, Blue Tongue, Anaplasmosis, Leptospirosis, Malignant Edema, Black Leg, Pasturella, Parainfluenza III, Respiratory Syncytial Virus, Infectious Bovine Rinstracheiti (IBR), Contagious Ecthyma, Equine Infectious Anemia, Scabies, Ovine Viral Diarrhea, Ovine Progressive Pneumonia, Endoparasites, Ectoparasites. The permittee shall supply the permittor with a listing by species, identification mark and individual animal identification number, of the animals inspected and the result of those inspections. The permittee must be in possession of that certificate prior to any livestock being placed on the state lease.

8) Range Improvements. permittee shall not make range improvements without first obtaining the written approval of the permittor. Permittee must make separate application to construct range improvements. That application shall indicate the location of the proposed improvements, the necessity for the improvements, the estimated cost thereof, photographic imagery of the site prior to construction, and that the improvements, as proposed, will not impair the value of the land or interfere with the other reasonable uses thereof. Range improvements include but are not limited to fencing and clearing of brush or trees. Range improvements made without written approval shall constitute grounds for cancellation of the permit. Approval of an operation plan does not authorize range improvements unless specifically stated in that approval. Photographic imagery of completed range improvements shall be provided in the following years annual report.

9) Other Improvements. Improvements other than those that can be considered as range improvements (see above) are not allowed on this permit area. Specifically more permanent improvements such as housing, barns, silos, slaughterhouses, permanent and substantial feed storage facilities, etc. may not be authorized on this grazing permit area. Placement of any unauthorized improvement on the permitted area by the permittee or a person authorized by the permittee shall constitute grounds for cancellation of the lease.

10. Recreation and Other Compatible Uses. The permittee shall not interfere with the right of the public to enter the land for the lawful pursuit of game animals, the taking of fish, the trapping of fur animals, the picking of berries, or for temporary camping or other compatible uses. Permittee shall not prohibit or otherwise interfere with reasonable access to and through the permitted area for other uses. Permittee may apply for and the lessor may grant the right to post certain key areas. If fencing is placed across a recognized public access an unlocked gate will be provided.

11) Assignment. Under no circumstances shall permittee be permitted to assign it's rights to this grazing permit without prior authorization from the director, Division of Land.

12) Reservation of Easements. The permittor expressly reserves the right to take for the use of the State of Alaska and the right to grant to third parties, easements or rights-of-way of unlimited size across the Parcel herein permitted if it is determined to be in the best interest of the State to do so, even though the creation of the easement or right-of-way terminates the entire permitted estate; provided, however, that the permittee shall be entitled to compensation for all improvements or crops which are damaged or destroyed as a direct result of such

easement or right-of-way. Permittee will not be entitled to compensation for loss of AUM capacity, however the minimum stocking rates will be adjusted to reflect any changes in total AUM's.

13) The permittor makes no representations or warranty that it will construct or maintain access to the Parcel.

14) Surface Reservations. The permittor hereby expressly saves and reserves out of the grant hereby made, unto itself, its permittees', successors, and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times, for the purpose of exploring for, opening, developing, harvesting, drilling and working surface mines, excavations, or timber sales on these or other lands and taking out and removing therefrom all valuable surface resources such as timber, stone, gravel or any other material valuable for building or commercial purposes and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes and to occupy as much of said lands as may be necessary or convenient to such purposes, hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

Provided, however, that no rights reserved hereunder shall be exercised by the permittor or its agents, until provision has been made by the permittor or its agents to pay to the permittee of the land upon which the rights are herein reserved, full payment for all damages sustained by said permittee by reason of entering upon said land; and provided that, if said permittee for any cause whatever refuses or neglects to settle said damages, the permittor or its agents, or any applicant for a sale or contract or option from the Permittor for the purpose of exploring for or extracting valuable surface resources shall have the right, after posting a surety bond with the permittor issued by a corporation qualified to do business in Alaska and licensed to sell insurance in Alaska, or after posting with the Lessor and after due notice and an opportunity to be heard, to exercise rights granted to it for reasonable use of the surface required for the full enjoyment of the reserved surface resource rights which it holds. Each surety bond and the Permittor or agent shall have the standing which may be necessary to determine the damages which the surface Permittee of such lands may suffer, and the security appropriate to hold the surface Permittee harmless in relation thereto.

15) Annual Report. An annual report shall be submitted on April 1st of each year and upon termination of authorized activities. This report shall contain the following information:

1. Type(s) and numbers of livestock grazed upon the permit area.

2. A report covering any known incidents of damage to the vegetative mat and underlying substrate, and follow-up corrective actions that may have taken place while operating under this authorization.

3. Photographic imagery of authorized range improvements taken before, during and after the proposed activity to document permit compliance. Photographs must consist of a series of ground level view photos that clearly depict the authorized range improvement.

ADL [redacted]

Permittee, [redacted] Date

Authorized Representative, Deptartment Of Natural Resources Date

ADL [redacted]

Alaska Farm Bill Discussion

Increased awareness of Alaska's precarious situation relating to food security requires us to look at the current structure of the Division of Agriculture because it is the state agency whose mission it is to support the development of agriculture. A look at the ag statistics shows a gain of 70 farms in Alaska since 2002. They also show a loss of 20,000 acres during the same period. Cash receipts from agriculture from 2003 to the present are basically flat when not adjusted for inflation. When adjusted, agriculture receipts lost $4.8 million dollars or a loss of 15%. Clearly, agriculture is not developing as our opportunities would suggest we could. I believe that is in large part due to the lack of vision, direction, and support from the administration.

Developing agriculture is not a stand alone goal, but should be part of a larger development process that involves most of the state agencies including DNR, Commerce and Economic Development, Public Safety, Health and Human Services, Energy, Transportation, Education, and the University of Alaska, Fairbanks.

The following outline identifies a few of the opportunities to work between agencies to not only expand agriculture, but also to improve overall the state's economic and social issues. Without a specified coordinator such interagency collaboration will be impossible, therefore the governor's support is vital.

Energy

- Support development of alternative energy sources that can be grown and harvested from farms
    - Barley
    - Wood
    - Grass
    - Oil seed
- Instate development of natural gas industries
    - Urea for use in state as well as for export (Urea is a fertilizer)
    - Available natural gas for heating, food processing, greenhouse operations
    - Development of new industries utilizing Alaska natural gas

Research

- Research is desperately needed to develop and improve short season varieties that can be grown in Alaska. Today we are growing the same variety of barley developed over 30 years ago. Early maturing, frost-resistant cereal grain development cannot occur in a different climate zone.
- Disease-free potato seed
- Earlier maturing oilseed varieties for use as food and biodiesel
- Develop vegetable and fruit varieties for Alaska
- Targeted funding for crop research at university level to replace ARS research capabilities recently lost

Marketing

- Develop in-state markets of vegetables, meat, and dairy products
- Develop a sustained marketing campaign to reconnect consumers with locally grown produce
- Connect users of bio-energy with producers of bio-energy
- Vegetable processing facilities to extend marketing season for crops
- Focus on local marketing of farm products
- Alternative Fuel credits, grants, low interest loans to spur alternative fuel development from agriculture
- Expand the state's Alternative Energy grant program to include all forms of alternative energy, not just electricity generation
- Develop a food independence campaign to raise awareness among Alaskans.

Development

- Preservation of land suitable for agriculture
- Long term leases for grazing with credit for improvements to the lease.
- Timely grazing lease renewals for ranchers who are grazing animals and following a range management plan
- Offer more non-ag ground for housing development to relieve pressure on farmable ground.
- Open up land with pioneer access to speed development of farm ground.
- Mobile USDA-insopected slaughter facilities to promote sales of meat to regional markets
- Develop in-state emergency warehouse system for use during natural disasters
- Clarify that the wisest and best use for ag ground is for agriculture development
- Reinstate a Dept of Agriculture to oversee agriculture development geared toward food security. This is important because it requires involvement of higher levels of the administration.
- Board of Agriculture and Conservation should be an advisory board without loan authority, allow appointments from a larger pool of farmers, and include recommending policy development for agriculture, land disposal, new market and infrastructure development.
- Develop in-state resources for fertilizer including use of abundant natural gas to produce Urea, develop phosphate, potassium, and lime deposits to reduce fertilizer cost and increase yields.
- Use production credits to incentivize production of targeted crops needed to provide food security

Transportation

- Backhaul rates for agriculture on Alaska Railroad and State Ferry System.
- Improved loading/unloading facilities for farm products at railheads.
- Railroad spur to Alaska Farmer's Cooperative in Delta allowing shipment of fertilizers, grain, and hay.
- Consider subsidizing transportation of fertilizer until state sources can be developed.

Taxes

- Farmland that is producing at certain levels should be tax exempt or have a graduated tax reduction based on level of food production
- Farm buildings should be taxed at lowest rate
- Use a production credit program to encourage production of certain crops

Education

- Support ag education k-12 by requiring ag related instruction in the curriculum.
- Support for FFA in high school to encourage the new generation of food producers.
- Increase emphasis on agriculture at university level.

Division of Agriculture
Alaska Department of Natural Resources

Alaska's Plan for Agriculture

Update in process _____

Division of Agriculture

Alaska Department of Natural Resources

Dear Alaskans;

This plan was originally developed by the Division of Agriculture, in cooperation with the industry, educators, legislators and others in 2008. This report will be an evolving document, in that every other year the ADOA will work with the agricultural advisory panel to revise this plan as needed. It is important to note that the goals and steps may change over time to reflect the current needs.

ADOA heard the concerns addressed by the aquaculture industry during the 2008 public comment period. The farming of shellfish holds promising opportunity for coastal Alaska. This industry has not been addressed in our long term plan as authority does not lie within the Division of Agriculture.

I want to thank everyone who provided input during this process.

Remember to "Look, Ask, Buy Alaska Grown" at your local stores – and support Alaska's Agriculture Industry.

Franci Havemeister, Director

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Alaska Division of Agriculture

The Long Term Plan for Agriculture

Introduction

The agricultural industry of Alaska is privately owned and privately managed. It continues to contribute to the economy, food security and the well-being of the State. To continue to do so, agriculture must be a healthy and sustainable renewable resource industry.

The Alaska Division of Agriculture (ADOA) mission is not to direct the agricultural industry, but to promote and encourage. This mission is fulfilled through the following programs:

1. Agricultural Land Sales and Management
2. The Agricultural Revolving Loan Fund (ARLF)
3. Plant Materials Center
4. Agriculture Inspection Services
5. Agriculture Marketing/Outreach

ADOA believes that through open communication, education, and appropriate funding, producers will prosper and the citizens of Alaska will enjoy the benefits that Alaskan Agriculture offers.

Mission Statement

The mission of the Alaska Division of Agriculture is to promote and encourage the development of an agricultural industry in the State.

Vision Statement

The vision of the Alaska Division of Agriculture is to promote an economically stable agricultural industry for Alaska that can enhance the quality of life for its people, Alaska's food security, and provide economic benefit to the state.

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Background - Agriculture

Agriculture has played a role in Alaska over the past century. Prior to statehood, the people of Alaska realized the value of agriculture. This is noted with the state seal, originally designed in 1910, which portrays a farmer, his horse, and three shocks of wheat. Today, much of the general population does not understand the significance of agriculture, as the majority of the population is two or three generations removed from the farm. It is critical that we educate the citizens of Alaska, most importantly – the young people, of the importance of a healthy agricultural industry, its role in enhancing Alaska's food security and improving the quality of life for all Alaskans.

Alaska's economy reflects the boom-and-bust history of the State and territory that has often sought immediate profit at the expense of long-term stability. This does not fully reflect Alaska's potential for a diversified agricultural industry, or the need for long-term stability. Numerous agricultural development projects, plans, analyses, reports, and studies have been undertaken, and issues and proposals have been debated. **Historically, the state has taken the lead with limited success. ADOA believes that industry must take the lead and the ADOA will partner with industry to achieve those goals.**

ADOA must continue to embrace the challenges and look for opportunities for the future. It must continue to encourage good agricultural principles and good management practices, including food safety and security.

At present, factors that impact the industry in a positive manner are:

- Recent emergence of niche markets;
- Increased concern about food safety;
- Consumer support in buying local;
- Increased interest in food security; and
- Demand for native plants to be used for revegetation.

Challenging factors include:

- The need for better linkages with land grant research, education and outreach;
- The need to ensure regulations and implementation do not hinder current markets nor discourage new markets;
- Lack of infrastructure; and
- Increasing input costs.

The ADOA continues to work closely with the Board of Agriculture and Conservation (BAC), and must continue to foster good relationships between the University Of Alaska Fairbanks (UAF), industry representatives, state agencies, the United States Department of Agriculture (USDA), local governments and communities, and organizations across the State to encourage and promote a healthy and sustainable agricultural industry.

Purpose of a Strategic Plan

A comprehensive and strategic plan for the Alaskan agricultural industry is needed so the State can direct its efforts and resources to best serve the industry, and in turn the citizens of Alaska. The purpose of this bi-annual review and strategic planning process is to better understand the needs of the industry and a tool of which to track agency progress. The Alaska Department of Natural Resources (ADNR) recognizes that an industry driven plan with goals and specific objectives will provide ADOA with the information needed to assist the industry.

Some specific points need to be kept in mind:

- The agricultural industry must continue to receive support from the state of Alaska;
- The ADOA must continue to provide services and programs needed to support and promote the agricultural industry; and
- ADOA must work with industry to identify goals and define issues that impede the growth of a successful agricultural industry.

The goals and objectives of this process reflect the following five areas with which the ADOA has strategic programmatic emphasis.

1. Agricultural Land Sales and Management
2. The Agricultural Revolving Loan Fund (ARLF)
3. Plant Materials Center
4. Agriculture Inspection Services

5. Agriculture Marketing/Outreach

Industry goals that fall outside of the five programmatic areas will require involvement of one or more of the following:

- Legislative changes
- Other State Agency Support
- DNR Support
- Governor's Support
- Legislative Support
- Additional funding

DRAFT

<u>Agricultural Land Sales and Management</u> – Identify state lands with agricultural potential and expedite the sale of those lands into private ownership. Manage state lands through short and long term grazing leases and other permits for agricultural purposes.

Situation: The ADOA will continue to work diligently to move state lands with agriculture potential into private hands, guaranteeing future generations' access to agriculture land. ADOA will be an advocate of short and long term grazing leases and permits.

Objective 1.1: ADOA will continue to move state land suitable for agriculture purposes into private ownership.

Division benchmark: Sell 3800 acres of state land designated for agriculture use, with agriculture covenants attached into private ownership increasing Alaska's ability to increase production self sustaining and assuring future generations to agriculture land.

Objective 1.2: ADOA continues to support best management practices and encourages the agricultural community to develop State Farm Conservation Plans and/or Soil & Water Conservation plans.

Division benchmark: Continue to work closely with conservation districts and encourage producers to update their farm conservation plans.

Objective 1.3: ADOA will continue to support agriculture production under the Right to Farm Legislation.

Division benchmark: Remain an advocate for producers statewide.

Objective 1.4: ADOA continues to work with Division of Mining, Land & Water (DML&W), Soil & Water Conservation Districts (SWCD) and Natural Resources Conservation Services (NRCS) to review state land suitable for agriculture use.

Division benchmark: To increase lands designated for agriculture use in area plans.

Objective **1.5**: ADOA is working with DML&W to streamline the grazing lease and permit process.

Division benchmark: To have a clear understanding between ADOA and DML&W and facilitate the lease and permit process.

Objective **1.6**: ADOA will inform the Agricultural community of area plan reviews that have the potential to affect agriculture and/or agricultural land sales.

Division benchmark: To keep the agricultural community apprised of agriculture issues through the Division monthly newsletter, the Division website, and attending industry events.

Objective **1.7**: The ADOA will review existing legislation and regulations to determine applications to agricultural land that allow such land to remain in agricultural production; including taxation and regulations to protect agricultural lands, and regulations regarding waste disposal and application.

DRAFT

<u>The Agricultural Revolving Loan Fund (ARLF)</u> - The Agricultural Revolving Loan Fund is a critical component to the viability of Alaskan agriculture, overseen by the Board of Agriculture & Conservation (BAC) and will be supported by ADOA. – The BAC will work with ADOA and industry to support the growth and development of Alaskan agriculture.

Situation: The health of the Agricultural Revolving Loan Fund (ARLF) remains a critical component in Alaskan agriculture. This program offers low interest loans to the Alaskan agricultural industry. The ARLF within the ADOA has played and will continue to play an important role in creating a profitable and growing agricultural industry.

Objective 2.1: The ARLF fund must continue to revolve.

Division benchmark: To maintain a low delinquency rate, such as in 2010 of 2.1% and sell ARLF asset located in Palmer valued at $975,000.

Objective 2.2: The BAC supports continued funding of ADOA with general funds.

Division benchmark: ADOA is currently funded with General funds and does not draw out of ARLF.

Objective 2.3: The ARLF will work with government agency lenders and guarantors to promote the growth of the agricultural industry.

Division benchmark: Staff will work cooperatively with other industry lenders to explore areas of possible collaboration.

Objective 2.4: The BAC will continue to support the vision for Alaskan agriculture through input and personal expertise.

Division benchmark: BAC members must represent different industry sectors and different areas of the state.

Objective 2.5: The ADOA and the agricultural industry support the recapitalization of the ARLF.

Division benchmark: Request general funds to recapitalize the ARLF when available cash drops below two million or when loan activity increases substantially.

Objective 2.6: The ARLF will increase its marketing presence at agricultural functions and promote the use of its loan programs.

Division benchmark: Staff will attend and promote the ARLF at a minimum of 3 agriculture conferences and events annually.

DRAFT

The Plant Material Center – ADOA will facilitate the production and sustainability of appropriate plant materials for Alaskan agriculture.

Situation: The Alaska Plant Materials Center (PMC) is the primary source of information in Alaska for seed production, harvest, and cleaning. The PMC is also the primary source of information on revegetation and seeding mixes used by the primary seed purchasers. However, the primary purpose of the PMC is the production of high quality; disease tested seed stocks to be used in production agriculture in Alaska.

Objective 3.1: The PMC will reflect and anticipate the needs in Alaska to protect, support, enhance and expand Alaskan agriculture in terms of: appropriate plant materials for crop production; soil and water conservation programs and projects; noxious weed and invasive species, and increased activity in demonstration projects and education/outreach. Furthermore, the PMC will work to enhance its ties to the NRCS and the SWCD.

Division benchmark: Establish a horticulture program within the PMC. This remains a priority for the PMC Advisory Board.

Objective 3.2: The PMC houses the State's only official seed testing laboratory and is certified by the nation seed testing organization, Association of Official Seed Analysts.

Division benchmark: Continue to provide the essential services of purity and germination tests, noxious weed seed examinations, tetrazolium testing, and grain moisture testing.

In FY2011, the seed lab tests approximately 600-800 seed lots per year and 1,000 of individual tests.

Objective 3.3: The PMC must not lose sight of the fact that it is a crop production facility responsible for the production of high quality, disease tested, low generation crop seed. This material is the base for the production of Alaskan developed varieties. Crop production in Alaska depends on disease free, high quality seed.

Division benchmark: Assemble, evaluate, select, and increase plant materials needed in soil and water conservation, agriculture, and industry and maintain genetic purity of these materials.

Continue to meet certification standards maintained by the Alaska Seed Growers Association.

Objective 3.4: Nearly all development projects require some form of revegetation following surface disturbance. The primary users of seed in Alaska are the Alaska Department of Transportation and Public Facilities, the Department of Defense, mining companies, and the oil industry. The use of native species in restoration should be encouraged and users' findings shared so all Alaska programs can benefit. The PMC will enhance is abilities to act as the state's land resources conservation laboratory.

Division benchmark: Continue to partner with public, private, commercial and tribal partners and land managers to apply new conservation methods using plants.

Continue to market native plant seed through specifications and recommendations.

Objective 3.5: The PMC must remain ever vigilant to industry/producer needs and changes in technology or policy directions and remain adaptable to the new conditions and economic environment. The PMC is the production arm of the

ADOA; it is an economic development proponent and a new crop source for Alaska agricultural producers. This requires stable and appropriate funding.

Objective 3.6: Educational programs from the PMC involve the intrinsic value of green space, agriculture land, and wilderness.

Division benchmark: With improvements in the acoustics of the PMC conference room and added teaching equipment including Smart Board technology, the PMC has the ability to do on-site and distance education and technology transfer programs and is available to other agencies and groups.

DRAFT

Agriculture Inspection Services – The ADOA will assist the Agricultural industry and continue to provide inspection services necessary to facilitate trade, meet regulatory requirements, and ensure food safety and security.

Situation: ADOA inspection responsibilities and regulatory roles are essential for Alaska agriculture to grow, prosper, and market their products. ADOA will continue to provide the industry with Inspection Services that are required to move product into commerce and work with industry to meet new requirements.

Objective 4.1: GAP & GHP -- ADOA will continue to maintain trained auditors to offer the USDA programs of Good Agricultural Practices (GAP) and Good Handling Practices (GHP) to assess participants' efforts to minimize the risk of contamination of fresh fruits, vegetables, and miscellaneous commodities by microbial pathogens based on the U.S. Food and Drug Administration's "Guide to Minimize Microbial Food Safety Hazards for Fresh Fruits and Vegetables.".

Division benchmark: To provide 100% of inspections required and requested from industry.

Objective 4.2: COOL -- ADOA will continue to maintain trained inspectors to assist Alaskan agricultural producers with the mandatory Country of Origin Labeling (COOL) required on all perishable agricultural commodities by the USDA Agricultural Marketing Service.

Division benchmark: To maintain credentials required to provide assistance to Alaskan agricultural producers.

Objective 4.3: Shell Egg Inspection -- ADOA will maintain a trained shell egg inspector for market surveillance of shell eggs and egg products and to inspect

shell egg handlers and their facilities in Alaska to ensure compliance with quality standards of the USDA Agricultural Marketing Service.

Division benchmark: To maintain credentials required to provide assistance to Alaskan agricultural producers.

Objective 4.4: Market Inspections – ADOA will maintain trained market inspectors to conduct both shipping point and destination market inspections to ensure compliance with quality standards of the USDA Agricultural Marketing Service.

Division benchmark: To provide 100% of inspections ~~required,requested~~required, requested and provide assistance to Alaskan agricultural producers.

Objective 4.5: Phytosanitary Inspections – ADOA will maintain trained inspectors to inspect exportable plant products to ensure compliance with plant health standards of the importing countries. This is a program of the USDA Animal and Plant Health Inspection Service to facilitate international trade.

Division benchmark: To provide 100% of inspections required and requested and to provide assistance to Alaskan agricultural producers.

Objective 4.6: Elk Fence Inspection – ADOA will maintain trained inspectors to inspect diversified livestock farms and ensure that fencing for elk is constructed and maintained in compliance with standards outlined in AS 03.05.075.

Division benchmark: Meet inspection needs as required.

Objective 4.7: Organic Inspection – ADOA will continue to cooperate with the Washington State Department of Agriculture to make organic inspections available to Alaskan producers, processors and handlers.

Division benchmark: Maintain partnership with Washington State Department of agriculture to continue providing organic inspections requested by industry.

ADOA continues to utilize grant funding to cost share Organic inspection costs with producers.

DRAFT

<u>Agriculture Marketing/Outreach</u> – The ADOA will support and assist producers in increasing market share through marketing campaigns and continue to perform outreach and education.

Situation: Agriculture is a valuable industry in Alaska. A strong Alaskan agricultural industry is an important enhancement of our state and provides food security. The ADOA will continue to work cooperatively with producers to showcase their quality product and increase their market share in Alaska, participate in conferences that provide education opportunities for producers, partner with youth education groups, and continue to education consumers and residents on the b of buying local.

Objective 5.1: The ADOA continues to coordinate, partner, and focus efforts to raise awareness of the importance of Alaskan agriculture to Alaska consumers, including issues of food security, health benefits of locally grown and taste tests.

Division benchmark: Increase coordination between agencies to promote Alaskan agriculture. In FY 2011 partnerships between groups allowed for increased marketing and education.

Objective **5.2**: The ADOA will continue to support Alaska Grown through marketing campaigns.

Division benchmark: Continue to partner with other agencies, agriculture advocacy groups to market Alaska grown.

In FY 2011 - 8 marketing campaigns were completed.

- Two month Chef Al promotion
- Carrs Bench ads
- Travel Guide – Alaska Edition full page ad

- Alaska wellness Magazine ½ page ad
- Anchorage Daily News twice-weekly ads
- 61 degrees North Magazine ad
- Alaska Grown Face book page with over 5200 likes'
- Coordinated with Spell Out (ASMI) on Alaska Magazine Advertisement

Objective **5:3**: The ADOA will continue to market Alaska Grown products to restaurants and institutions.

Division benchmark: Staff continues to work closely with Department of Commerce (DOC) to encourage the purchase of Alaska Grown. Implement a new Restaurant initiative, utilizing Specialty Crop Block Grant~~, summer~~, summer of 2012.

Objective 5.4: The ADOA will continue to work with retailers and wholesalers to source Alaska Grown product.

Division benchmark: staff continues to work closely, providing signage and Alaska grown material to highlight local produce.

Objective 5.5: The ADOA will continue to work with other state agencies to purchase Alaskan Grown Product.

Division benchmark: ADOA continues to work with DOC to facilitate the use of Alaska grown in state institutions.

- Producers report an increase in institution purchases during FY11

Objective 5.6: The ADOA implemented a "Farm to School Program" to educate students and nutritionists about the availability, flavor, and nutrition of Alaska Grown food products.

Division benchmark: To educate our youth on agriculture production and utilize Alaskan grown products in local schools.

In FY2011 some examples are:

- Creation of a Farm to School brochure
- 17 Farm to school grants were awarded throughout the state to increase awareness about Alaska Agriculture.
- Three districts trying new Alaska grown foods
    - Broccoli & Zucchini in Mat-Su
    - Cabbage in Fairbanks
    - Cabbage & Bison in Tok
- School Garden Safety Guide developed to address potential food safety issues.

Objective 5.7: The ADOA will continue to apply for federal grants that benefit the agriculture industry. This grant funding is used for conference hosting, pass through grants, advertising and point of sale materials.

Division benchmark: Receive federal grants to assist the industry.

In FY2011 examples of grant funding:

- Farmers Market Support and Promotion
- Cooperative Marketing Program
    - 11 projects funded

Objective 5.8: The ADOA continues to partner with FFA, 4-H, and Ag in the Classroom to help develop tomorrow's agricultural leaders. ADOA strives to partner with other state agencies interested in youth education.

Division benchmark: ADOA will continue to be an advocate for youth education and support youth events through staff participation and sponsorship funds when able.

Work with local Soil and Water Districts to facilitate cooperator and youth partnerships.

Objective 5.9: The ADOA will assist in building a strong base for Alaskan agriculture through partnerships, promotion, advocacy and communication. It will establish and cultivate champions and advocates of Alaskan agriculture, including individuals, organizations, government entities, and user groups.

Division benchmark: ADOA will continue to champion agriculture education in outreach, education, and presentations.

Work cooperatively with state and quasi state agencies to mentor agriculture education, workshops and opportunities.

DRAFT

State Agency/Industry Coordination – ADOA will work cooperatively with other agencies to address stumbling blocks and concerns of industry.

Objective 6.1: ADOA will work closely with Alaska Department of Fish & Game (ADF&G) and address wildlife management concerns of industry.

Division benchmark: Work with ADF&G to mitigate damage caused by Delta bison.

Objective 6.2: ADOA will facilitate communication between Department of Economic Development (DEC) and Industry.

Division benchmark: Host bi-monthly teleconferences with DEC and industry and provide an open line of communication.

Objective 6.3: ADOA promotes cottage industry development.

Division benchmark: ADOA will work closely with DEC to promote cottage industry development while addressing food safety concern.

DRAFT

Concerns brought forth by industry in this review process:

- Increase food security
- Address agriculture land tax issues
- Address agriculture land covenants
- Interest in sale of smaller agriculture parcels
- Streamlining lease/permit/patent process
- Address bison conflict in Delta

Infrastructure needs brought forward by industry in original plan:

- Local meat processing capabilities are needed near production areas.
- A stable dairy processing facility must be developed in the Mat-Su Valley.
- Manufacturing plant for urea that will sell to Alaska farmers as well as to international markets.
- Development of a phosphate mine.
- A vegetable processing plant to extend the market season for locally grown produce. (Mat-Su borough has done this study).
- Improved loading and unloading facilities for rail shipments.
- Rail spurs to Delta to carry fertilizers to farms and grain to markets.
- Formation of marketing cooperatives to insure consistent quality and supply, and develop new markets in the state.
- Access to natural gas for processing Alaskan products.
- Production Credits Program for producers meeting certain levels of production targets.
- Increase accessibility of USDA inspections coupled with the ability to sell locally in diverse areas of the state.
- Develop Nenana agricultural area and other agricultural areas.

DRAFT

Agriculture Advisory Panel

Bryce Wrigley
Jennifer Ansley
Mark Troutman
Marlene Wenger
Tim Meyers
Wayne Brost
Rita Jo Schultz
Rich Worrell
Don Berberich
Mike Emers
Bruce Willard
Lynn Gattis
Jan Flora
John Schirack
Ben VanderWeele
Stoney Wright
Amanda Swanson
Amy Pettit
Erik Johnson
Doug Warner
Franci Havemeister

DRAFT

Division of Agriculture – moving forward

DRAFT

Definitions & Acronyms

The definition of agriculture is "The process, business, or science of producing food, feed, fiber, and other desired products by the cultivation of certain plants and the raising of domesticated animals (livestock). There are numerous branches of agriculture including: agronomy, animal husbandry, horticulture, floriculture, dairy production, and many others.

ADF&G – Alaska Department of Fish & Game
ADNR – Alaska Department of Natural Resources
ADOA- Alaska Division of Agriculture
AFES – Agriculture, Forestry, and Experiment Station
AOSA – Association of Official Seed Analysts
ARLF – Agricultural Revolving Loan Fund
ARS – Agriculture Research Service

BAC – Board of Agriculture & Conservation
BMP's – Best Management Practices
DOC - Department of Commerce & Economic Development
DEC - Department of Environmental Conservation
FFA – Future Farmers of America
LUCL – Land Use and Conservation Laboratory
MMM&S – Mt. McKinley Meat & Sausage
NRCS – Natural Resources Conservation Service
PMC – Plant Material Center
SWCD – Soil and Water Conservation Districts
UAF – University of Alaska, Fairbanks
USDA – United States Department of Agriculture

DRAFT

1/20/12 OVERVIEWS: DEPARTMENT OF NATURAL RESOURCES; SHALE OIL TASK FORCE UPDATE

<TARGET><BILL></BILL><SUBJECT>1-20-12 OVERVIEWS DEPARTMENT OF NATURAL RESOURCES; SHAL OIL TASK FORCE UPDATE</SUBJECT><COMM>HRES27</COMM></TARGET>

State of ALASKA

Department of Natural Resources








House Resources Committee

DNR Overview

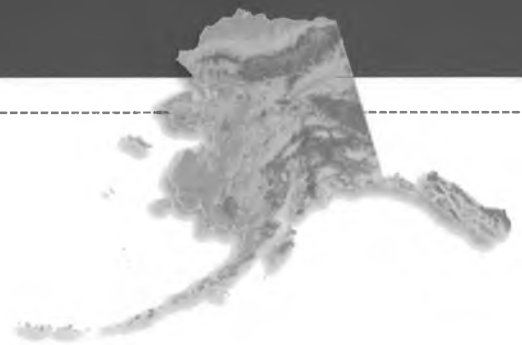
January 20, 2012

Commissioner Daniel S. Sullivan

Alaska Department of Natural Resources

www.dnr.alaska.gov

AGENDA

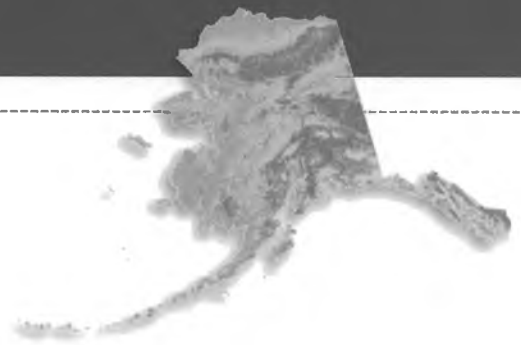


PART I: DNR Overview

PART II: Looking Back on 2011-A Promising Year

PART III: 2012 Opportunities & Challenges

Part I



DNR OVERVIEW

State *of* Alaska

Department of Natural Resources



Article 8, Section 1 of the Alaska Constitution provides:

- *"It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest."*

DNR Mission Statement:

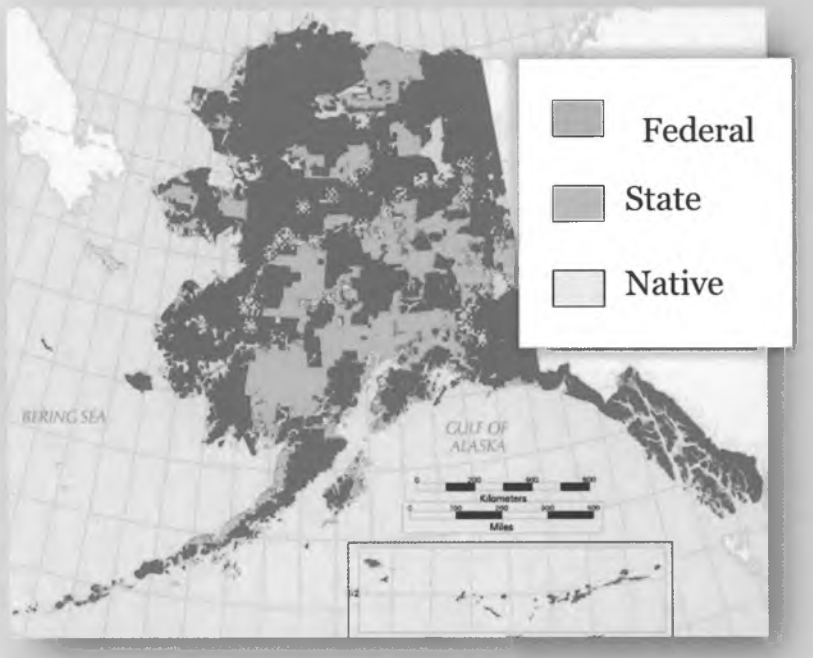
- *Responsibly develop Alaska's resources by making them available for maximum use and benefit consistent with the public interest.*

DNR Core Services:

1. Foster responsible commercial development and use of state land and natural resources, consistent with the public interest, for long-term wealth and employment
2. Provide access to state lands for public and private use, settlement, and recreation
3. Ensure sufficient data acquisition and assessment of land and resources to foster responsible resource development
4. Mitigate threat to the public from natural hazards by providing comprehensive fire protection services on state, private, and municipal lands, and through identifying significant geological hazards

State *of* Alaska

Department of Natural Resources



Land Ownership

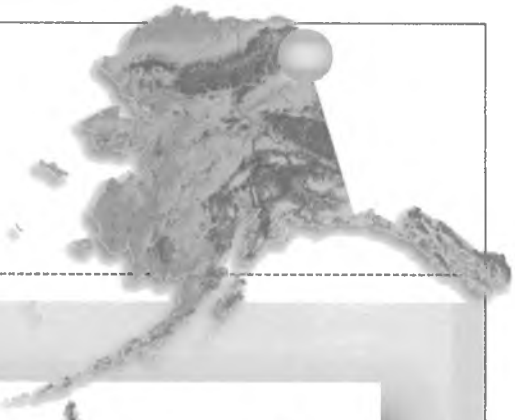
- *Federal Land:* More than 200 million acres
- *State Land:* Approx. 100 million acres of uplands, 60 million acres of tidelands, shore lands, and submerged lands, and 40,000 miles of coastline
- *Native Corporation Land:* 44 million acres

DNR:

- Manages one of the largest portfolios of oil, gas, minerals, renewable resources, water, and land in the world
- Manages all oil and gas fields on state land, including two of the largest oil and gas fields in North America
- Oversees all activities that occur on state land

State *of* Alaska

DNR Has 7 Divisions



1. **Division of Agriculture (DoA)**
   - Franci Havemeister, Director
   - Promotes and encourages development of an agriculture industry in Alaska



2. **Division of Forestry (DoF)**
   - Chris Maisch, Director
   - Serves Alaskans through forest management and wildland fire protection

3. **Division of Geological & Geophysical Surveys (DGGS)**
   - Bob Swenson, Director
   - Determines the potential of Alaskan land for production of metals, minerals, fuels, and geothermal resources, the locations and supplies of groundwater and construction material, and the potential geologic hazards to buildings, roads, bridges, and other installations



State *of* Alaska

DNR Has 7 Divisions

4. **Mining Land and Water**
   - Brent Goodrum, Director
   - Provides for the appropriate use and management of Alaska's state owned land and water, aiming toward maximum use consistent with the public interest

5. **Oil & Gas**
   - Bill Barron, Director
   - Responsible for the leasing of state lands for oil, gas, and geothermal exploration

6. **Parks & Outdoor Recreation**
   - Ben Ellis, Director
   - Provides outdoor recreation opportunities and conserves and interprets natural, cultural, and historic resources for the use, enjoyment, and welfare of the people

7. **Support Services**
   - Jean Davis, Director
   - Provides client-focused, efficient and cost-effective financial, budget, procurement, information technology and recording services to DNR and the public



State *of* Alaska

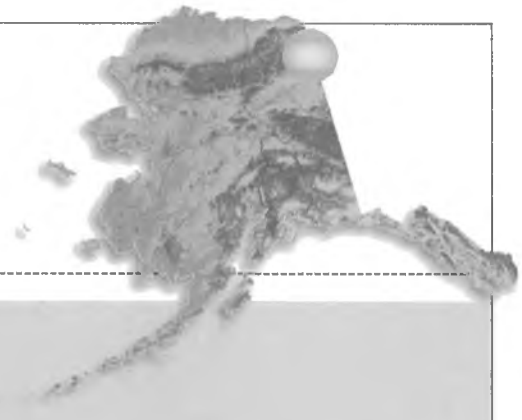
DNR Offices



- **Gas Pipeline Project Office**
  - Kurt Gibson, Director
  - Monitors efforts by the Alaska Pipeline Project (APP) to design, develop, construct and operate a 48-inch natural gas pipeline to commercialize North Slope natural gas
- **Office of Project Management & Permitting**
  - Tom Crafford, Director
  - Coordinates the review of larger scale projects in the state
- **State Pipeline Coordinator's Office**
  - Mike Thompson, State Pipeline Coordinator
  - Issues leases of state land for pipeline rights-of-ways and implements the state's policy set forth in Alaska Statute (AS) 38.35.010 concerning the development, use, and control of a pipeline transportation system within the state

Alaska *as a* Storehouse

Hydrocarbons



North Slope

USGS estimates that Alaska's North Slope has more oil than any other Arctic nation

- **OIL:** Est. 40 billion barrels of conventional oil *(USGS & & BOEMRE)*
- **GAS:** Est. 236 trillion cubic feet of conventional natural gas *(USGS)*

- Alaska has world-class unconventional resources, including tens of billions of barrels of heavy oil, shale oil, and viscous oil, and hundreds of trillions of cubic feet of shale gas, tight gas, and gas hydrates

Cook Inlet

USGS estimates that significant undiscovered volumes of hydrocarbons remain to be found in the Cook Inlet:

- 19 trillion cubic feet of natural gas
- 600 million barrels of oil
- 46 million barrels of natural gas liquids
- In June 2011, the State of Alaska received the highest number of Cook Inlet lease sale bids in 28 years, totaling more than $11 million

Compared to most basins, Alaska is relatively underexplored, with 500 exploration wells on the North Slope, compared to Wyoming's 19,000.



Alaska *as a* Storehouse

Strategic & Critical Minerals



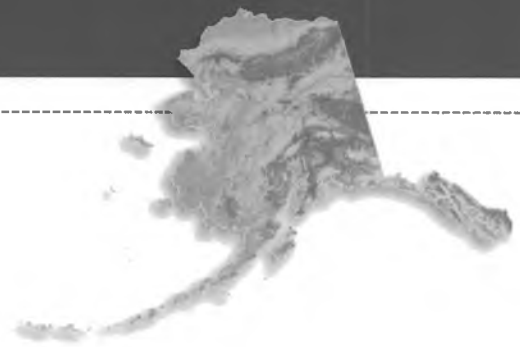
The State of Alaska Ranks in the *Top Ten in the World* for Important Minerals, Including:

- **Coal**: 17% of the world's coal; *2nd most in the world*
- **Copper**: 6% of the world's copper; *3rd most in the world*
- **Lead**: 2% of the world's lead; *6th most in the world*
- **Gold:** 3% of the world's gold; *7th most in the world*
- **Zinc:** 3% of the world's zinc; *8th most in the world*
- **Silver:** 2% of the world's silver; *8th most in the world*

USGS estimates

According to the USGS, Alaska has over 70 occurrences of Rare Earth Elements (REE).

Part II

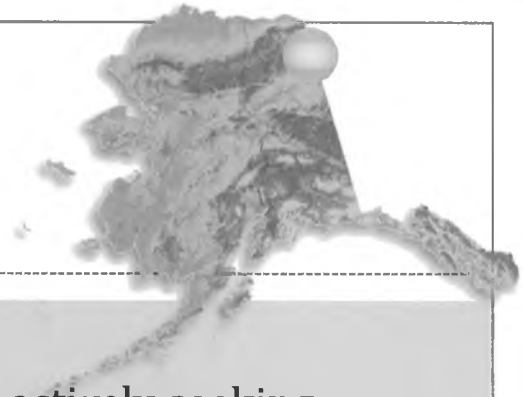


LOOKING BACK ON 2011—

A Promising Year

TAPS

Arresting Throughput Decline



- TAPS has transported over 16.3 billion barrels of oil and natural gas liquids since June of 1977. Production peaked at 2.2 million barrels per day in the late 1980s, representing 25% of U.S. domestic production
- Today, TAPS is producing ~ 600,000 barrels per day, representing about 12% of U.S. domestic production
- The State of Alaska is actively seeking investment in exploration and development of conventional and unconventional resources on state and federal land, onshore and offshore
- TAPS has plenty of capacity for increased throughput
- Federal officials are interested in making this a national priority



Declining oil through TAPS is the most critical economic issue facing our state.

Secure Alaska's Future: *Oil*

The State of Alaska's Comprehensive Strategy to Increase TAPS Throughput to One Million Barrels/Day



I. Enhance Alaska's global competitiveness and investment climate

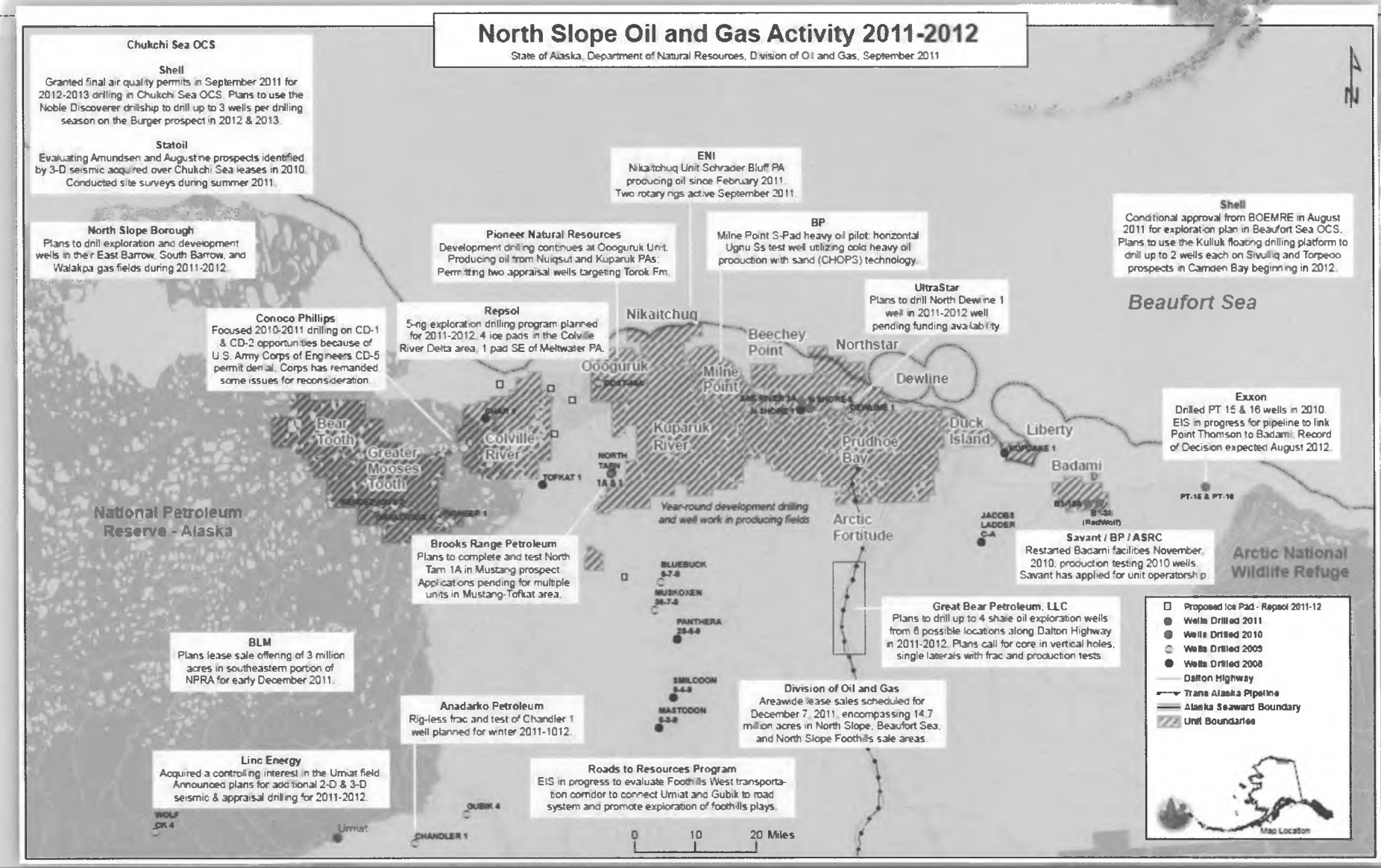
II. Ensure the permitting process is structured and efficient

III. Facilitate and incentivize the next phases of North Slope development

IV. Unlock Alaska's full resource development potential through partnerships with key stakeholders

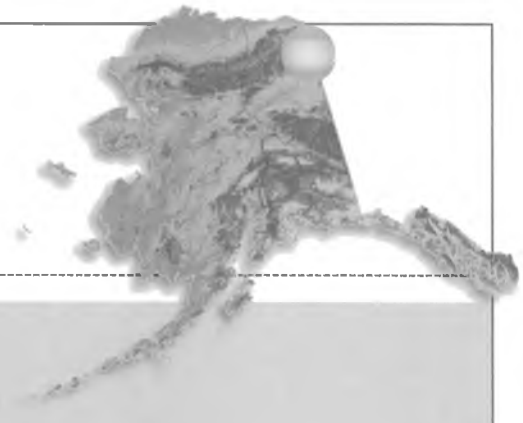
V. Promote Alaska's resources and positive investment climate to world markets

North Slope *Recent & Proposed Activity*

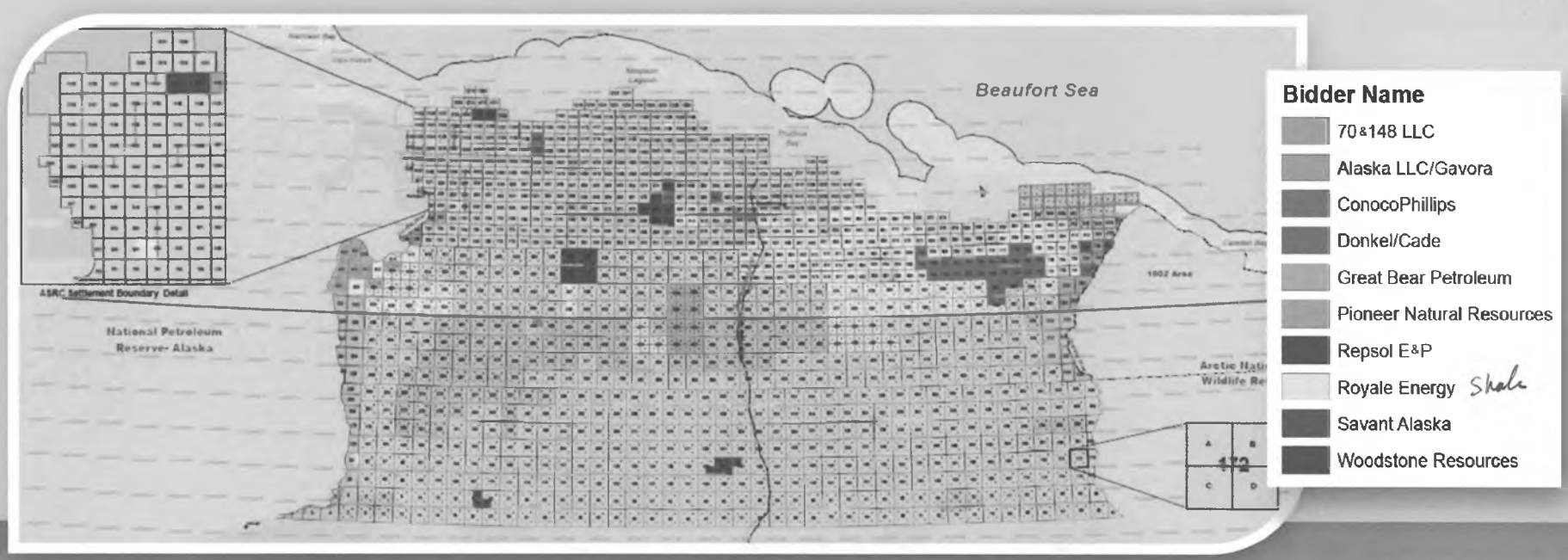


NS & Beaufort Sea

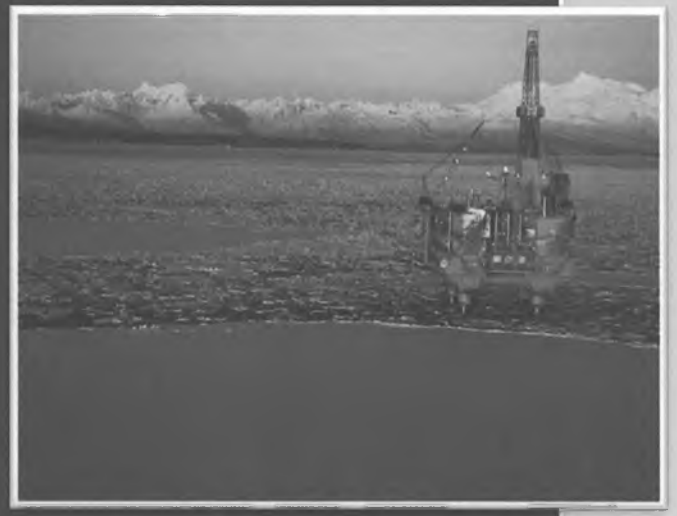
December Lease Sale



- Nearly $21 million from various companies and investors
- Included new players targeting shale oil
- Attracted world-class companies such as Shell, ConocoPhillips, and Repsol, who are staking out new positions on state land
- New exploration means jobs now and new production for decades to come
- State needs billions of dollars in new investment to meet the Governor's one-million-barrels-a-day goal



Cook Inlet Renaissance



In June 2011, the State of Alaska received the highest number of Cook Inlet lease sale bids in 28 years, totaling more than $11 million.

Cook Inlet Estimates

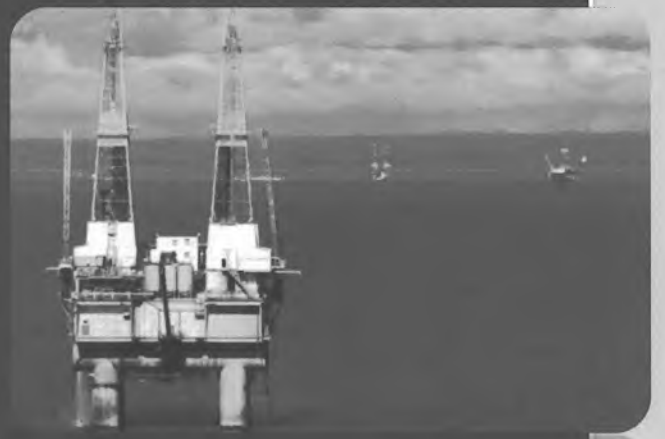
Significant undiscovered volumes of hydrocarbons remain to be found in the Cook Inlet (*USGS*):

- 19 trillion cubic feet of natural gas
- 600 million barrels of oil
- 46 million barrels of natural gas liquids

Cook Inlet Lease Sale Results

- In June 2011, the State of Alaska received the highest number of Cook Inlet lease sale bids in 28 years, totaling more than $11 million
- Total tracts sold: 109
- Total high bonus bids: $11,125,063.80

Cook Inlet Renaissance



Wall Street Journal*, August 27, 2011: *"New Energy Estimate Breathes Life Into a Declining Alaskan Oil Field"

Recent Cook Inlet Activity

- New players investing: Apache, Hilcorp, Armstrong, Linc, Buccaneer, Nordaq, Escopeda
- Significant exploration activity: 8 new exploration wells, one jack-up rig (and one—*possibly two*—on the way), and companies shooting 3-D seismic over large areas of the basin
- 3 new gas supply contracts with utilities
- New gas storage project
- State continues to focus on safe, responsible development and operations

Strategic & Critical Minerals

Recent Mining Activity



The value of mineral production from Alaska totaled an estimated $2.9 billion in 2009 and $3.1 billion in 2010.

- Alaska has six lode producing mines, including one of the world's largest zinc mines, the world's 5th largest silver mine, and 4 major gold mines
- ***Red Dog***: one of the world's largest zinc mines, produced over 593k tons of zinc, 121k tons of lead, and 6.7 million ounces of silver in 2010
- ***Greens Creek***: world's 5th largest silver mine, produced over 7.2 million ounces of silver, 68k ounces of gold, and 75k tons of zinc in 2010
- ***Pogo***: produced 383k ounces of gold in 2010
- ***Fort Knox***: produced 350k ounces of gold in 2010
- ***Usibelli***: produced over 2 million tons of low sulfur coal in 2010
- Two new gold mines came online in 2010: Kensington and Nixon Fork

Strategic & Critical Minerals

Recent Mining Activity

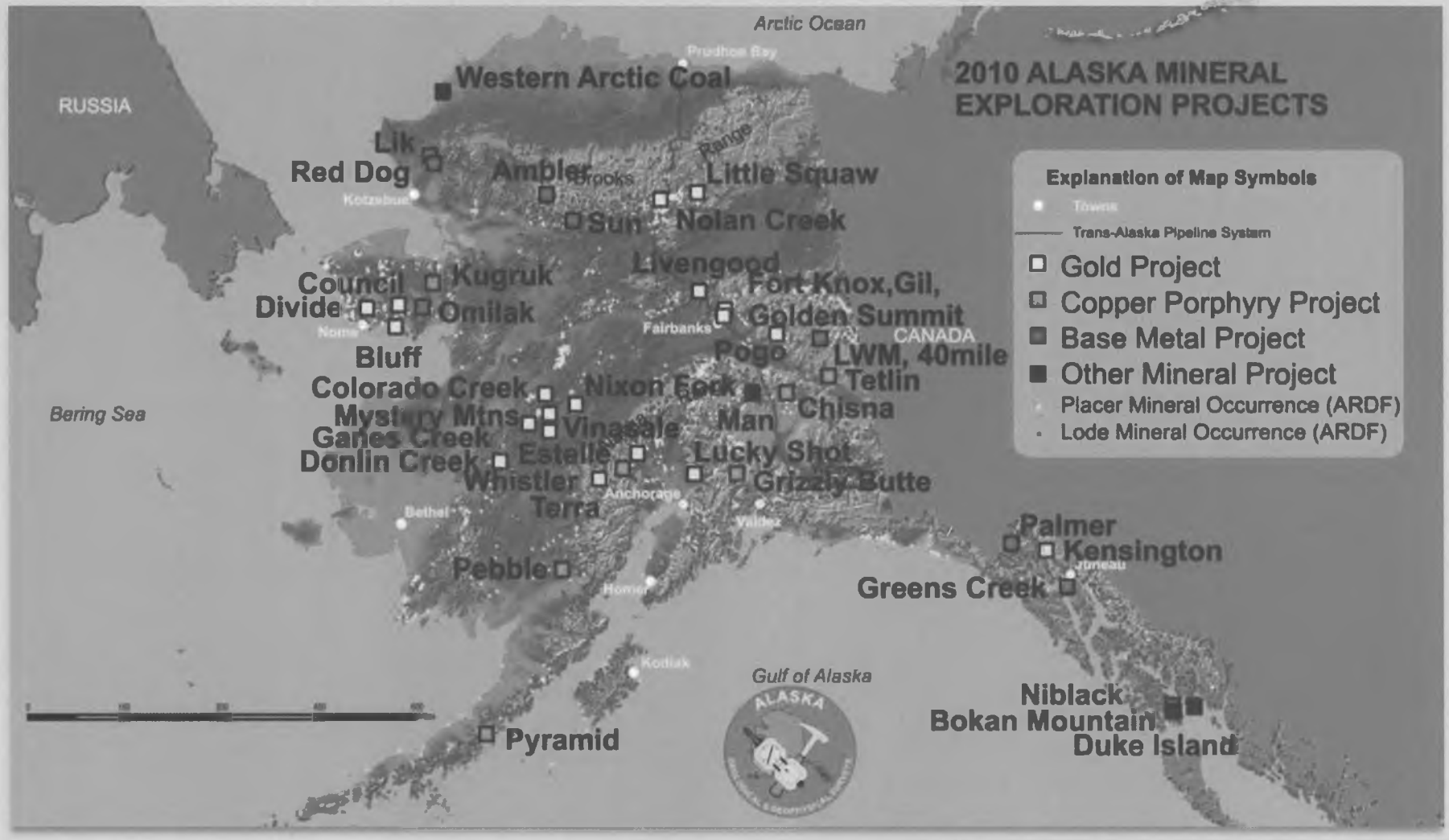


In 2010, mineral exploration investment in Alaska totaled $264 million - accounting for about one-third of the total spent on exploration in the U.S.

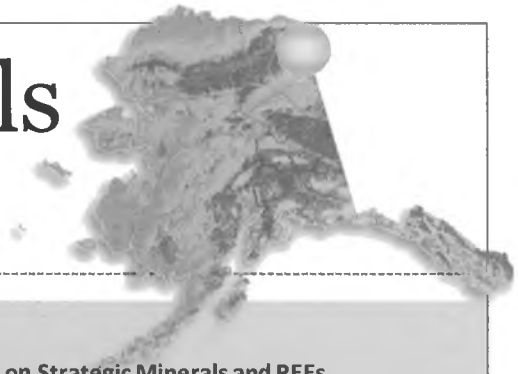
- **Advanced exploration projects:**
  - ***Pebble:*** ~ 80.6 billion pounds of copper, 107.4 million ounces of gold, and 5.6 billion pounds of molybdenum
  - ***Bokan Mountain*****:** enriched in yttrium, dysprosium, and critical heavy Rare Earth Elements
  - ***Donlin:*** ~ 42.3 million ounces of gold
  - ***Money Knob*****:** ~20.6 million ounces of gold
  - ***Niblack*****:** ~7.3 million tons of polymetallic (copper, gold, silver, and zinc) volcanogenic massive sulfide project
- 34 exploration projects spent over $1 million in 2010
- 2011 Nome offshore mineral (gold) lease sale received over $9 million in winning bids for 84 tracts on approximately 24,000 acres

Strategic & Critical Minerals

Recent Mining Activity



Alaska Strategic & Critical Minerals Summit, *Fairbanks, 9-30-11*



OPENING REMARKS

Welcome Remarks: Mayor Jerry Cleworth, *City of Fairbanks*, and **Mayor Luke Hopkins**, *Fairbanks North Star Borough*

Day's Overview: Dan Sullivan, *Commissioner, DNR*

PRESENTATIONS: Strategic Minerals—A Global Perspective

General Joe Ralston, *Vice Chairman of The Cohen Group and Former NATO Commander/Supreme Allied Commander, Europe*

Jeff Doebrich, *Acting Program Coordinator, U.S. Geological Survey, Mineral Resources Program*

Jonathan Price, *State Geologist and Director, Nevada Bureau of Mines and Geology*

Jack Lifton, *Founding Principal of Technology Metals Research, LLC, and Consultant, Author, and Lecturer*

KEYNOTE ADDRESS

The Honorable Governor Sean Parnell

Networking Break & Press Conference

LUNCHEON ADDRESS

Honorable U.S. Senator Lisa Murkowski

PRESENTATIONS: Alaska's Strategic Mineral Wealth and Potential

Bob Swenson, *DGGS, DNR*

Dwight Bradley, *Research Geologist, U.S. Geological Survey, Minerals Program, Alaska Science Center*

Jim Barker, *Alaska Project Manager, Ucore Rare Metals, and Former Physical Science Supervisor with the U.S. Bureau of Mines*

PRESENTATIONS: University of Alaska Research on Strategic Minerals and REEs

The Honorable Lieutenant Governor Mead Treadwell

Mark Myers, *Vice Chancellor of Research, UAF*

Dan White, *Associate Vice Chancellor of Research, UAF*

Rajive Ganguli, *Department Chair, Mining & Geological Engineering, UAF*

AFTERNOON ADDRESS

Michael Silver, *President and Chairman of the Board, American Elements*

ROUNDTABLE DISCUSSION: Moving Forward on Strategic Mineral Exploration, Development, and Processing in Alaska

Moderator: Dan Sullivan, *Commissioner, DNR*

The Honorable U.S. Representative Don Young

Susan Bell, *Commissioner, Alaska Department of Commerce, Community, and Economic Development, and Vice-Chair of AIDEA*

Steve Borell, *Executive Director, Alaska Miners Association*

Jim McKenzie, *President and CEO, Ucore Rare Metals*

Ken Peak, *President, Contango Ore*

Curtis Freeman, *President, Avalon Development*

Matt Ganley, *Vice President, Resources and External Affairs, Bering Straits Native Corporation*

Closing Remarks: Ed Fogels, *Deputy Commissioner, DNR*

Reception and Investor Networking at the *Museum of the North*

VIDEO ADDRESS: The Honorable U.S. Senator Mark Begich

Agriculture

2011 Overview of Accomplishments



Division continues to be very busy promoting and encouraging development of the agriculture industry in Alaska

- Worked to increase the demand for Alaska grown products
- Explored new marking ventures to promote Alaska Grown program
- Formed partnership with commerce for agricultural tourism
- Provided support and promotion to 33 Farmers Markets throughout the state, which continue to grow in popularity
- Continued to update the division's long-range plan
- Excited about a burgeoning peony export program in Alaska
- ARLF continues to revolve and is successful
- Sold 202 acres of state agricultural land this year, which is a good figure

Farm to School Program

- Developed a "School Garden Food Safety" Guidelines
- Completed a product feasibilty study and local product recipe book
- Contributed to the national movement
- Worked with 55% of school districts statewide



Parks & Outdoor Rec.

2011 Overview of Accomplishments



Serves the Alaska public through outdoor recreation, educational programming, and access to public lands

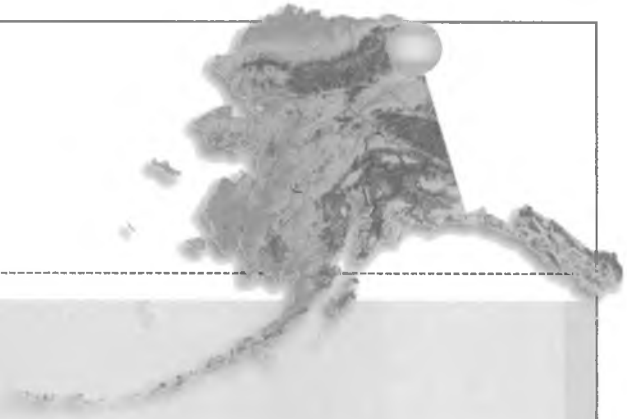
- Provided direct public service through a highly successful volunteer program—in 2011, 462 volunteers collectively donated nearly 70,000 hours to support state parks
- Instituted new initiatives to increase visitation and interest: "Arts in the Parks" and "First Day Hike"
- Built new public use cabins statewide
- Oversaw successful grant programs that support community efforts in historic preservation, recreation and trails
- Provided research necessary to support state's claims to submerged lands under navigable waters and for right-of-ways on historic trails across federal lands

The Alaska Boating safety program is a model for the U.S.

- 299 classes taught in 2011=6,570 students
- Since its inception, 19 kids' lives have been saved as a result of the "kids don't float" life jacket loaner program

Timber Resources

Alaska has 17% of the nation's forest land



- The Governor's initiative to double the size of the Southeast State Forest (first est. in 2010) was successful with the help of the legislature (*now approx. 50,000 acres total*)
- Alaska Timber Jobs Task Force was established by Administrative Order 258 to advise the Governor on specific actions he can take to grow and revitalize the state's timber industry
  - An example would be the increased use of woody biomass for space heating in schools and other public buildings (*Tok* and *Delta*)
- 69 individual timber sales statewide, totaling 30.9 million board feet –on target for local job creation and community support
- Director Maisch is now a member of the National Assoc. of State Foresters (NASF) Executive Board



Wildland Fires

2011 Season & Wildland Fire Academy



2011 Wildfire Season

- Between April 1 and Sept. 12, there were *511 fires*
  - 365 were 1 acre or less
  - Largest: 54,217 acres (East Volkmar DAS)
  - 373 were human-caused (25,234.8 acres)
  - 138 were lightening-caused (267, 783 acres)
- Payroll for Alaskan EFF (mostly rural-based)crews in 2011 was $7.7 million, which contributes to local communities
- Air tankers were deployed to Lower-48 for 3 months

Wildland Fire Academy

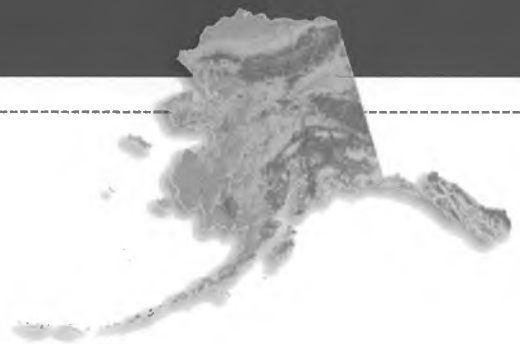
- 2011 Interior Wildland Fire Academy was held in Tok on June 11th; 33 graduates came from across Alaska

Less Hostile Federal Government in 2011?

- In 2011, we saw signs that the federal government was finally starting to back away from its hard-line, anti-development policies in Alaska
- We are actively involved in ongoing engagement with federal agencies
- We are still frustrated by mixed messages and delay tactics; progress feels like 2 steps forward, 1 step back
- CD-5
  - Fed 2010 decision was a shocker; since then, the permit has been pending
  - Permit was finally approved this fall, with an alternative that supports the best interests of the state
- EIS for Point Thomson
  - Recently issued by Corps of Engineers
  - Places emphasis on ANWR's proximity to the project and implies that the state should manage its adjacent lands as if they are part of the refuge
  - This is a serious overreach and an attempt by the USFWS to regulate oil and gas activities on state lands



Part III

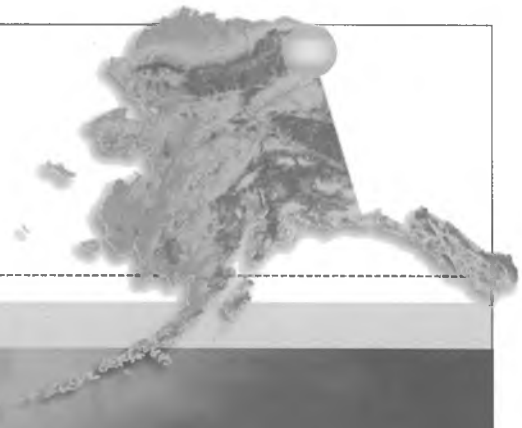


2012

OPPORTUNITIES & CHALLENGES

Building on 2011 Progress

It Was a Good Year for Alaskans



- Progress and achievements in 2011 are good news for Alaskans
- We are a resource development state—when this sector of the economy thrives, so do most others
- The framers of the Alaska Constitution knew the state's resource wealth would play a critical role in spurring private sector activity and so enshrined the policy of making Alaska's natural resources ***"available for maximum use"*** in Article 8, Section 1



TAPS Throughput Decline

An Urgent Issue



- Alaska has many opportunities, in large measure due to our abundant natural resource wealth
- **But we still face significant challenges**
  - *We must arrest TAPS throughput decline*
    - This is an *urgent* issue
    - Governor Parnell has laid out an aggressive 5-part strategy to increase production
    - Oil production is booming in other hydrocarbon basins, but not here
  - *We must make Alaska more competitive, especially through tax reform*

Commercializing NS Gas

Comparative Advantages of AK LNG

- Huge conventional resources next to existing infrastructure
- Massive resource potential: area is underexplored; unconventional resources
- Liquid-rich gas
- Longstanding tradition of exporting to Asia—40 years of LNG exports to Japan
- Stable investment and political climate
- Geo-strategic portfolio diversification
- World-class businesses already investing
- Trained workforce
- Close proximity to markets
- Cost competitive





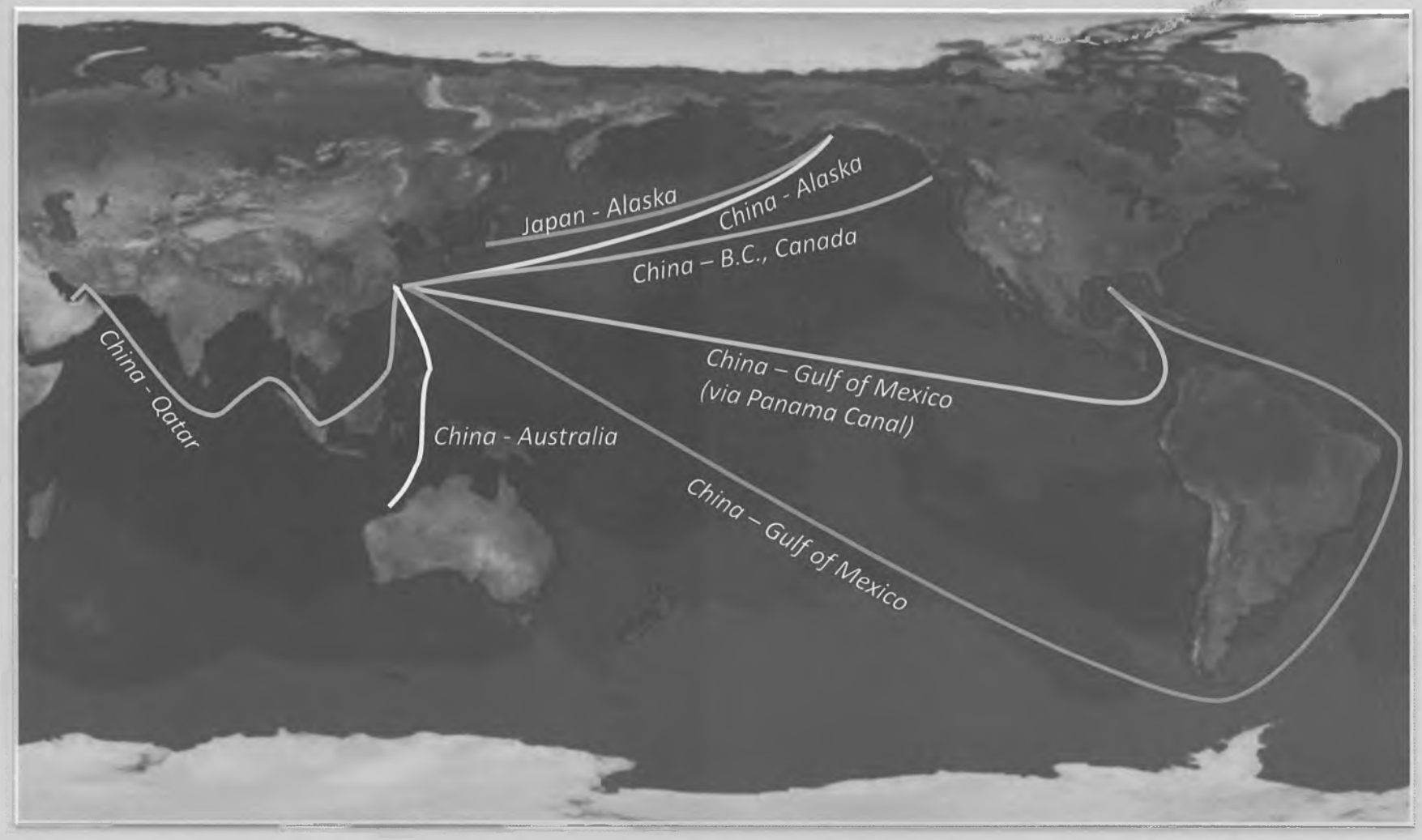
Changes in market demand has led the State of Alaska to shift its focus to exporting LNG to Asia

"Alaska eyes LNG pipeline to Pacific Rim" Financial Times, 11/6/11

"If market demand for gas has truly shifted from the Lower 48 to Pacific Rim markets, then the state of Alaska should be ready to shift along with that. And we are."
– Gov. Parnell, 10/2/11

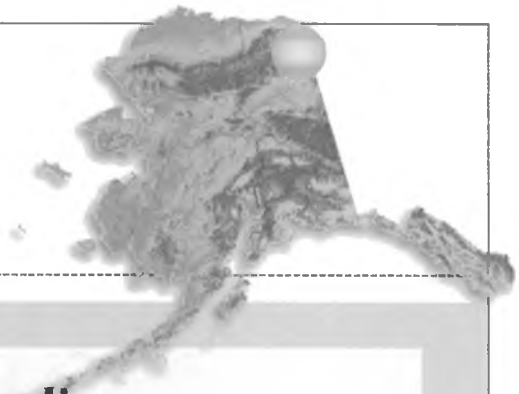
Commercializing NS Gas

Proximity of Alaska LNG to Asia



Commercializing NS Gas

Key Principles & Roadmap



Key principles for any project

- Gas to address Alaska's in-state needs for abundant supplies of low-cost energy and economic growth
- Gas that will maximize the value of the state's massive resource base through high-volume and export markets
- A project that incentivizes exploration and investment in continued oil and gas development

Governor's Roadmap to Gasline

1. Resolve Point Thomson
2. Align during the first quarter of 2012
3. Two projects—under AGIA and AGDC—complete discussions by third quarter of 2012 determining what potential exists to consolidate projects
4. Harden numbers on an Alaska LNG project by the third quarter of 2012, and identify a pipeline project and associated work schedule
5. If milestones are met, the 2013 Legislature takes up gas tax legislation designed to move the project forward





Responsible Development

Striking a Balance

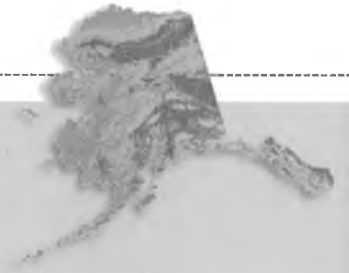
- *We must continue to encourage resource development while safeguarding the environment*
  - The State of Alaska has an exceptional record of responsibly developing our resources while protecting the environment
  - Oil and gas development in Alaska is conducted in a safe and responsible manner with some of the most stringent standards in the world





Striking the balance is not always easy, but the state has a proven record of doing it well

In Conclusion



- Many challenges and opportunities
- Opportunities far outweigh the challenges, in large measure due to our abundant natural resource wealth
- Partnerships are key: public, stakeholders, legislature, private sector, Administration

Thank you

North Slope Shale Oil Development Update

House Resources Committee

20 January 2012

William C. Barron, Director

Division of Oil and Gas



Project Update

- Great Bear has secured the primary government permits necessary to conduct the year-round exploration and evaluation program as proposed;
- Great Bear is in the process of identifying and securing a rig;
- Additional permits, such as a Permit to Drill from the AOGCC, and arrangements with other parties, such as Alyeska Pipeline Service Company and the Prudhoe Bay Unit, are pending until the rig is identified;
- Great Bear is currently targeting site preparation work beginning between March 1 and April 30, with drilling to begin shortly thereafter.



Shale Task Force Update

- Permitting
  - Shale Task Force has determined existing permitting regulations for drilling and facilities are satisfactory
  - AOGCC is reviewing hydraulic fracturing regulations
- Future focus
  - Permitting Efficiencies
  - Engage Federal Counterparts
    - Expected lead federal agency: U.S. Corps of Engineers
    - Additionally: U.S. Coast Guard; National Fish & Wildlife Services; National Marine Fisheries
  - Logistics:
    - Infrastructure
    - Gravel and Water Sources



Shale Oil Environmental Data

- Develop inventory of environmental data to support permitting for shale oil development
  - Build inventory of existing available data and determine gaps and requirements for new data collection
  - Develop appropriate data collection methodologies
  - Begin field work, depending on funding
- State will provide this data to NS shale oil developers to document environmental impact statements (EISs) required for federal permits
  - Possibly combining effort with industry in return for open access to data for all shale developers on the North Slope
- Governor's FY13 budget includes:
  - $1 million for inventory of environmental data
  - $100,000 for geologic assessment of North Slope shale oil potential



State's opportunities are great in 2012

By Dan Sullivan

January 1, 2012

Fairbanks Daily News-Miner

As we ring in the New Year, it is a good time to reflect on the past year and anticipate what lies ahead in 2012. From the Department of Natural Resources' perspective, 2011 was a promising year for responsible resource development — Alaska's most vital economic sector. This underpins our optimism for the coming year.

First, we defined the most critical economic issue facing our state — the declining oil flow through the trans-Alaska pipeline system. To arrest the decline, Gov. Parnell set an ambitious goal to increase production to 1 million barrels per day within a decade and outlined a five-part strategy to increase our competitiveness and attract the billions of investment dollars needed to achieve this goal.

Increasing oil production starts with meaningful oil tax reform when the Legislature convenes again Jan. 17. If the Legislature passes meaningful tax reform, companies have indicated they will commit many billions of dollars in new investment — money that will bring new oil and jobs from our legacy fields.

Second, our strategy to increase oil production is beginning to bear fruit with new projects under way. The upcoming North Slope exploration season will be one of the most active in years. Our December North Slope lease sale brought the state nearly $21 million from various companies and investors. These included new players targeting shale oil and world-class companies such as Shell, ConocoPhillips and Repsol staking out new positions on state land. New exploration means jobs now and new production in the coming decade.

Third, we are seeing signs of a Cook Inlet renaissance. In June, spurred by tax and investment incentives and a U.S. Geological Survey study that showed substantial estimates of oil and gas, the state received the highest number of Cook Inlet lease sale bids in 28 years. New players — such as Apache, Hilcorp, Armstrong, Linc, Buccaneer, and Nordaq — are pursuing opportunities in this region.

Fourth, we are seeing cause for optimism in the mining sector. The latest figures show mineral exploration investment in Alaska exceeded $260 million in 2010, accounting for about one-third of all exploration in the country. Exploration was broad-based, with spending on 34 Alaska projects each exceeding $1 million. Longtime operations such as Red Dog, Fort Knox and Greens Creek have shown that responsible mining comes with high wages and positive economic and social impacts on entire regions.

On Sept. 30, we hosted a sold-out Alaska Strategic and Critical Minerals Summit in Fairbanks. The 250 guests included Gov. Parnell, who laid out the state's strategy to increase mineral development; other government leaders; scientists; mining executives; investors, and foreign

government representatives. The discussions were lively, new connections were made, and many left the summit with great hope that an opportunity has opened to expand Alaska's mining industry, promote our economy, and enhance national security through the development of rare earth elements.

And, fifth, we saw signs in 2011 that the federal government was finally starting to back away from its hard-line, anti-development policy in Alaska, which in 2009 and 2010 could only be described as hostile. We need the federal government as a partner in responsible resource development, not an obstacle.

This is all good news for Alaskans. We are a resource development state — when this sector of the economy thrives, so do most others. The framers of the Alaska Constitution knew the state's resource wealth would play the critical role in spurring private-sector activity, so they enshrined the policy of making our natural resources "available for maximum use" in Article 8, Section 1 of the Alaska Constitution.

But Alaska still faces significant challenges. We must reverse the TAPS throughput decline. Oil production is booming in other hydrocarbon basins, but not here. We must make Alaska more competitive, especially through tax reform.

We must redouble our efforts to work to commercialize North Slope gas. We must address in-state needs, including exorbitant energy costs in Interior and rural Alaska, and maximize the value of our gas resources for future generations. And, we must continue to encourage resource development while safeguarding the environment.

Striking that balance is not always easy, but the state has a proven record of doing it well.

None of these challenges are new to Alaska, but they are surmountable. Indeed, Alaska's opportunities in 2012 clearly outweigh the challenges, due in large measure to our vast resources. By working together and capitalizing on the successes of 2011, Alaskans can move toward increased opportunity, economic well-being, and healthy communities. Let's get to work.

Dan Sullivan is commissioner of the Alaska Department of Natural Resources.

MEMORANDUM
Department of Natural Resources

STATE OF ALASKA
Office of the Commissioner

TO: Commissioner Larry Hartig, DEC
Commissioner Dan Seamount, AOGCC
Commissioner Cora Campbell, DFG

DATE: September 12, 2011

FROM: Commissioner Dan Sullivan DSS

PHONE: (907) 269-8431
FAX: (907) 269-8918

SUBJECT: Shale Task Force

Shale exploration and development in the North Slope area is expected to be the focus of increasing interest and activity beginning this year. We must prepare for the intensity this type of unconventional resource play requires. Current shale plays in North Dakota, South Texas, and Pennsylvania have shown the level of drilling, well stimulations, support services, and impact on infrastructure could exceed all activity levels seen in Alaska. In an effort to get in front of issues before they become obstacles, DNR is taking the lead in forming a task force to identify potential impacts and propose plausible solutions prior to full shale exploration and development activities commencing.

Members of your team have already participated in some initial informational meetings associated with Great Bear's exploration plans and permitting, as well as conceptual development scenarios. The most recent of these was Friday, September 2nd.

It is **key** to separate current work associated with progressing the Great Bear near term winter 2011/12 exploration phase from the longer term analysis. The scope and impact of the success case development phase needs the special attention of a broad, inter-agency task force. The exploration programs are relatively low impact and must occur in a timely manner to assess the viability of the play; such a program will allow development within the lease term and lead to further development activity. The need for the task force **now** is driven by the fact that, as mentioned below, any delay of a shale development could result in shutting down a new opportunity to arrest the decline of TAPS throughput.

From study of shale developments in Texas and North Dakota, wells are not prolific, expenses **must** be as low as possible and repeatable on a well by well basis, and activity must progress in an assembly line manner to maintain production and cash flow. A key difference between conventional oil and unconventional shale production is the sheer number of wells required for full development. As a result, the amount of support services and material required to achieve a given level of production is increased dramatically. To this end, the Shale Task Force is critically important to address the following issues—as well as any others identified as the group progresses its work:

- Gravel Supply
- Water Supply
- Sand (Proppant) Supply

- Gathering Systems (Tank/Trucks or Pipelines or Both)
- Fluid Disposal/ Recycling
- Gas use/disposal in area
- Surface Impacts/ Dust and Emissions
- Centralized Service Area with power source
- Power distribution – Stand alone per pad; Through power lines; Other
- Use of Insulation and composite pads to extend ice pads and roads.
- Staging area for pipe, equipment, housing, warehousing
- Road and bridge requirements
- Fuel Refining, Storage and Distribution
- Drinking Water Supply
- Sewage Treatment/ Disposal
- Trucking Impacts

I've assigned the Division of Oil and Gas with the responsibility to lead the task force and Greg Hobbs has been identified as the Project Manager. Members of your team are critical for the ultimate success of this task force and the ultimate success of the State to be prepared for this unconventional resource development.

The task force will meet at regular intervals to address the various topics identified above. The following is a personnel list of those who have been tentatively identified or have expressed interest in being participants of the team. If there are alternates to the proposed participation list and/or additional topics please advise Bill Barron, Director of Oil and Gas, or Greg Hobbs. Please encourage and support your staff members associated with this team. If you have any comments or suggestions to make this effort a success, please let me know.

DNR:

Greg Hobbs; Lead	DOG, Resource Evaluation
Bruce Buzby	DOG, Permitting
Alan Dennis	DOG, Commercial
Kim Kruse	DOG, Lease and Permit Manager
Jonne Slemons	DOG, Deputy Director
Sara Longan	OPM, Large Mine Project Manager
Tom Crafford	OPM, Director
Wyn Menefee	MLW, Division Operations Manager
Chris Milles	MLW, Northern Region Lands

DEC:

Lori Aldrich (Phone)	DEH, Environmental Program Manager
DOW TBD	DOW
DAQ TBD	DAQ, Air Permits

AOGCC:
TBD

DFG

Jack Winters (Phone)	HAB, Habitat Biologist

Executive Sponsors:

William Barron	DOG, Director
Brent Goodrum	MLW, Director
Joe Balash	DNR, Deputy Commissioner
Jon Katchen	DNR, Assistant to Commissioner

1/23/12 OVERVIEW: INVASIVE SPECIES IN ALASKA AND AGENCY ACTION PLANS

<TARGET><BILL></BILL><SUBJECT>1-23-12 OVERVIEW INVASIVE SPECIES IN ALASKA AND AGENCY ACTION PLANS</SUBJECT><COMM>HRES27</COMM></TARGET>

Department of Fish and Game Invasive Species Status Report 2012

House Resources Committee
January 23, 2012

Tammy Davis, Project Lead
Invasive Species Program

Overview

Invasive Species are…
Pathways: How do they get to Alaska
Prevention: Measures taken
Species of Concern: Risk of introduction
Species of Special Concern: Present
Response Actions
In the Works: Planning and Response

Invasive Species

An organism introduced outside its native range that can damage environments, cause economic hardship to key industries, or pose risk to human health.

Not all nonnative species can sustain populations in their new environment. They require

- an agreeable climate;
- few to no natural predators, parasites or diseases;
- an abundance of food plants or prey that lack protection against the newcomer; and
- an ability to out-compete native species.

Pathways for Introduction

Invasive Species arrive in Alaska many ways

- Human-mediated: Commercial shipping, recreational vessels and gear, floatplanes, floating infrastructure, release of unwanted animals and plants, illegal stocking, aquaculture escapees

- Natural pathways: Ocean and river currents, cross-basin connections such as high water events, larval distribution







Impact on Native Species

Invasive species:

- Out-compete native species for habitat, food, space
- Degrade or destroy habitats
- Upset ecosystem functions, such as water and fire regimes
- Limit recreational and subsistence activities such as fishing, hunting, wildlife viewing, boating, etc.

Prevention

Regulations:

- Prohibit intentional transfer and/or introduction of live fish, wildlife and aquatic plants between locations without a permit.
  - Illegal introduction may result in misdemeanor and fine
- Prohibit use of live bait in freshwater.
- Prohibit use of felt soled wading boots when angling in freshwater.
- Regulate aquatic farming, farm products and certification of seed/spat imported for use in aquatic farm production.

Prevention

Regulations, cont.

- Maintenance of a Clean List of nonnative species that that can be possessed as pets (but not released into the wild) because they have proven to not be a threat to native species.
- Prohibit harboring Muridae rodents (rats) on vessels, vehicles, aircraft.
- Require a control plan to be implemented when Muridae rodents are found in facilities.

Prevention

Collaboration

- ADF&G works closely with federal, state, local and tribal governmental agencies; nongovernmental organizations, stakeholder groups, and the public to inform, engage, and respond to invasive species.

Inspections

- Work with federal partners to ensure Custom and Border Protection agents are trained to complete inspections of boats entering the State.

Prevention

Outreach

- Public Service Announcements: Radio and television
- Educational pamphlets, posters, books and cards
- Presence at sportsmen's shows, festivals, workshops, trainings and forums
- Provide materials to stakeholder groups and issue-centered bodies

Prioritize actions based on risk, species, and pathways.

Aquatic Species of Concern: Risk of Introduction

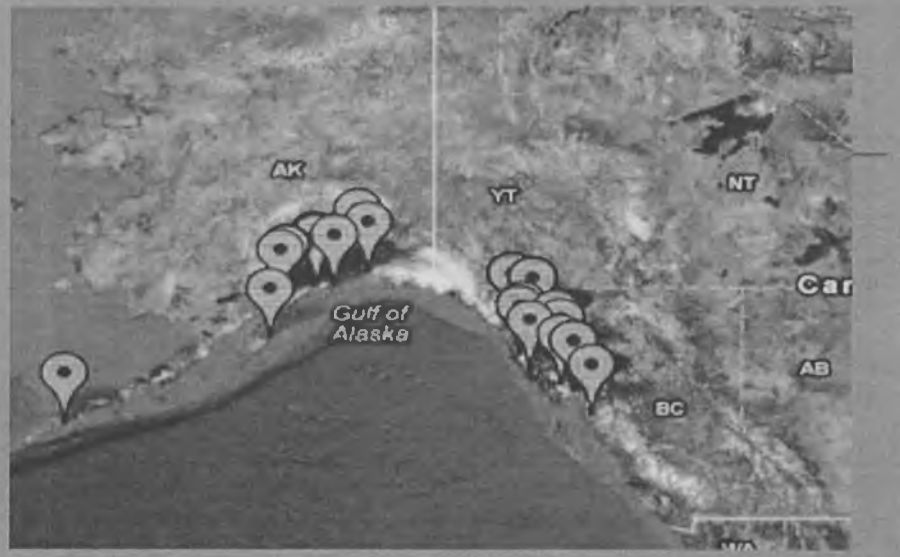
Atlantic salmon
European Green Crab
Marine Invertebrates: Tunicates
Chinese Mitten Crab
Zebra/Quagga Mussels
New Zealand Mudsnails
Rusty and Red Swamp Crayfish
Cordgrass; *Spartina* spp.
Hydrilla
Egeria Densa
Chytrid Fungus on Amphibians

Monitoring for Invasive Species

- Platewatch- Pacific coast tunicate monitoring
  - Locations: Ketchikan, Sitka, Kachemak Bay, Seward, etc.
- European green crab monitoring
  - Locations: Ketchikan, Klackas Bay, Sitka, Gustavus, Kodiak, Homer, Seward, etc.
- Educational Programming for the public and school children

Monitoring

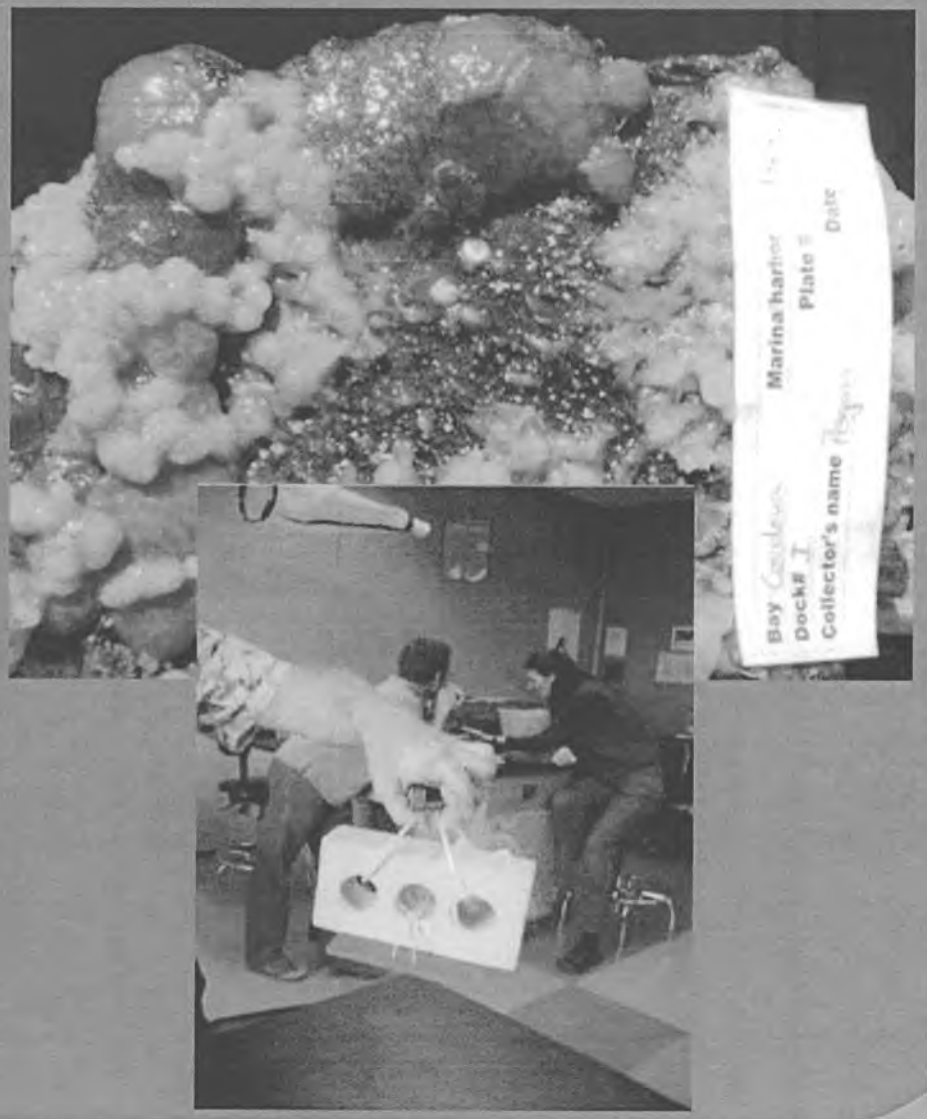
PLATEWATCH LOCATIONS



Chenega Bay
Cordova
Dutch Harbor
Gustavus (2)
Halibut Cove
Homer
Juneau (5)
Ketchikan (3)
Kodiak Island
Little Port Walter
Petersburg
Seldovia
Seward (3)
Sitka
Tatitlek
Thorne Bay
Valdez

* Positive for Botryllid Tunicates

COLLECTION PLATES



Monitoring

GREEN CRAB SAMPLING LOCATIONS



In 2011, European green crab were detected in Queen Charlotte Sound, BC. This accounts for a jump of 100 miles up the west coast of British Columbia and significantly nearer to Alaska.

Cordova
Homer
Ketchikan
Kodiak
Seward
Sitka
Valdez

Aquatic Species of Concern: Present in Alaska

Northern Pike- an invasive species when outside its native range.

Didemnum vexillum (D. vex) colonial tunicate

Elodea nuttallii (Waterweed) freshwater weed

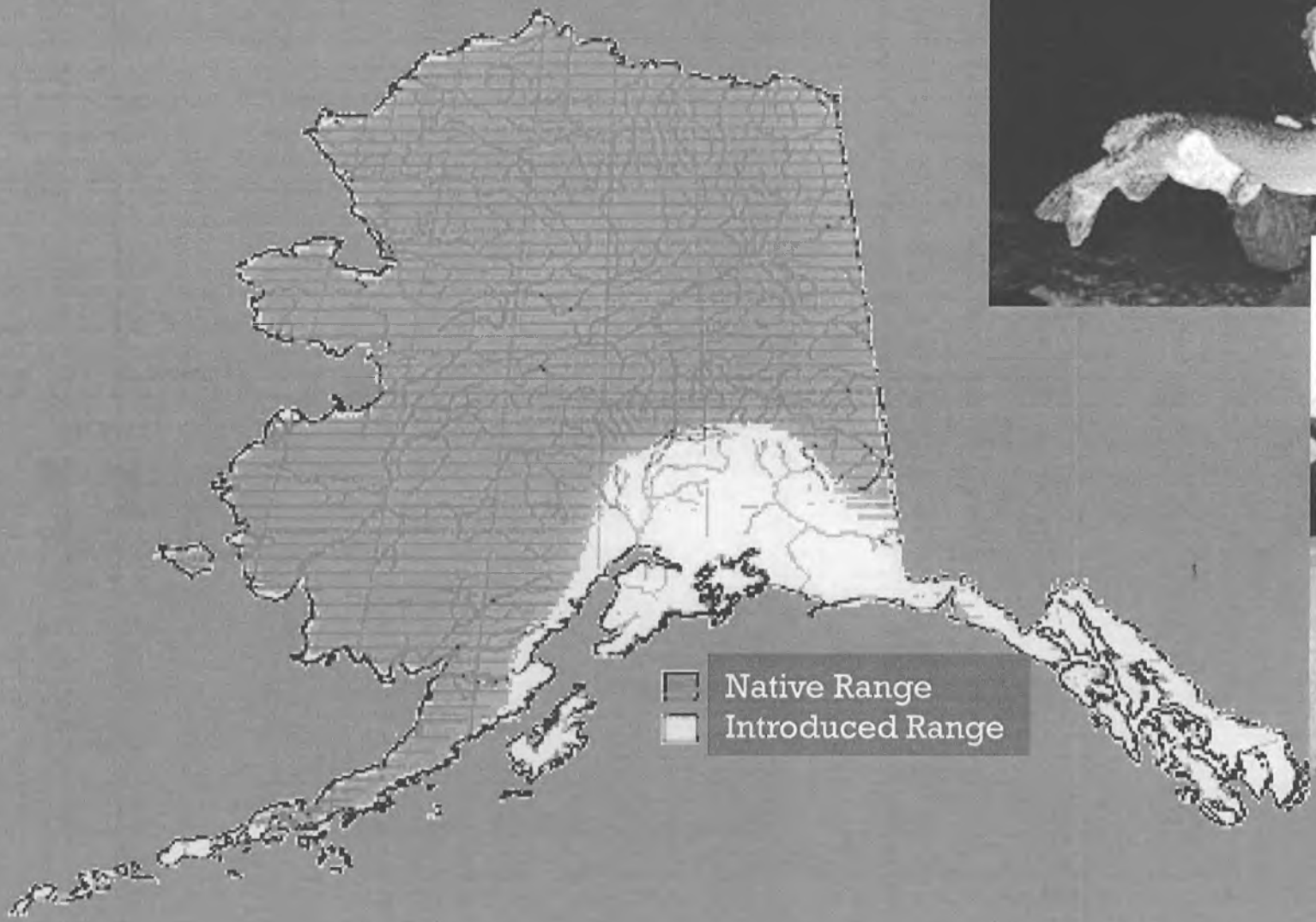
Also present:

- Botryllid tunicates
- Didymosphenia geminata
- Red-legged Frog

Northern Pike: Native Range







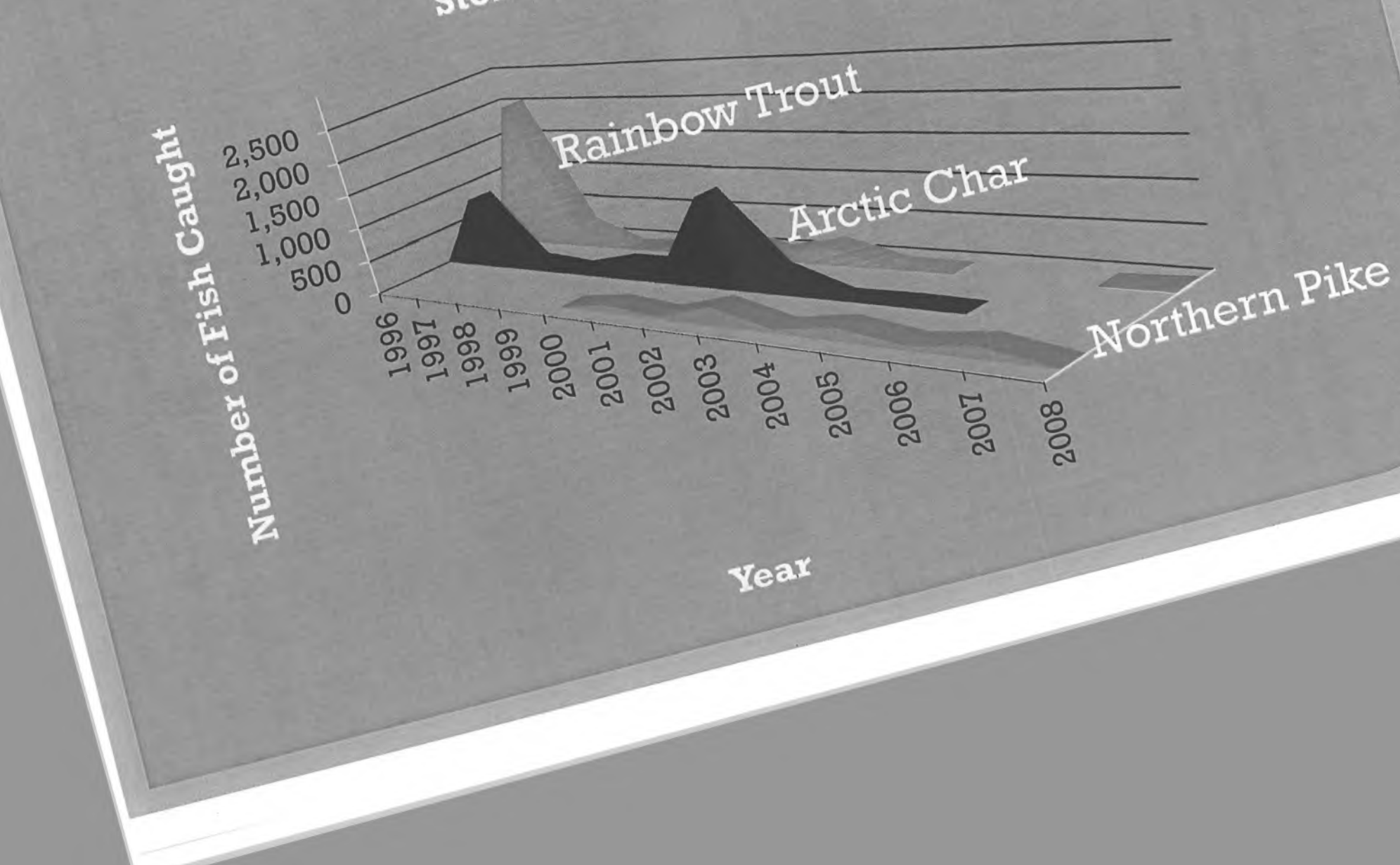
Northern Pike

How do Northern Pike effect native/recreational species Systems within Southcentral effected

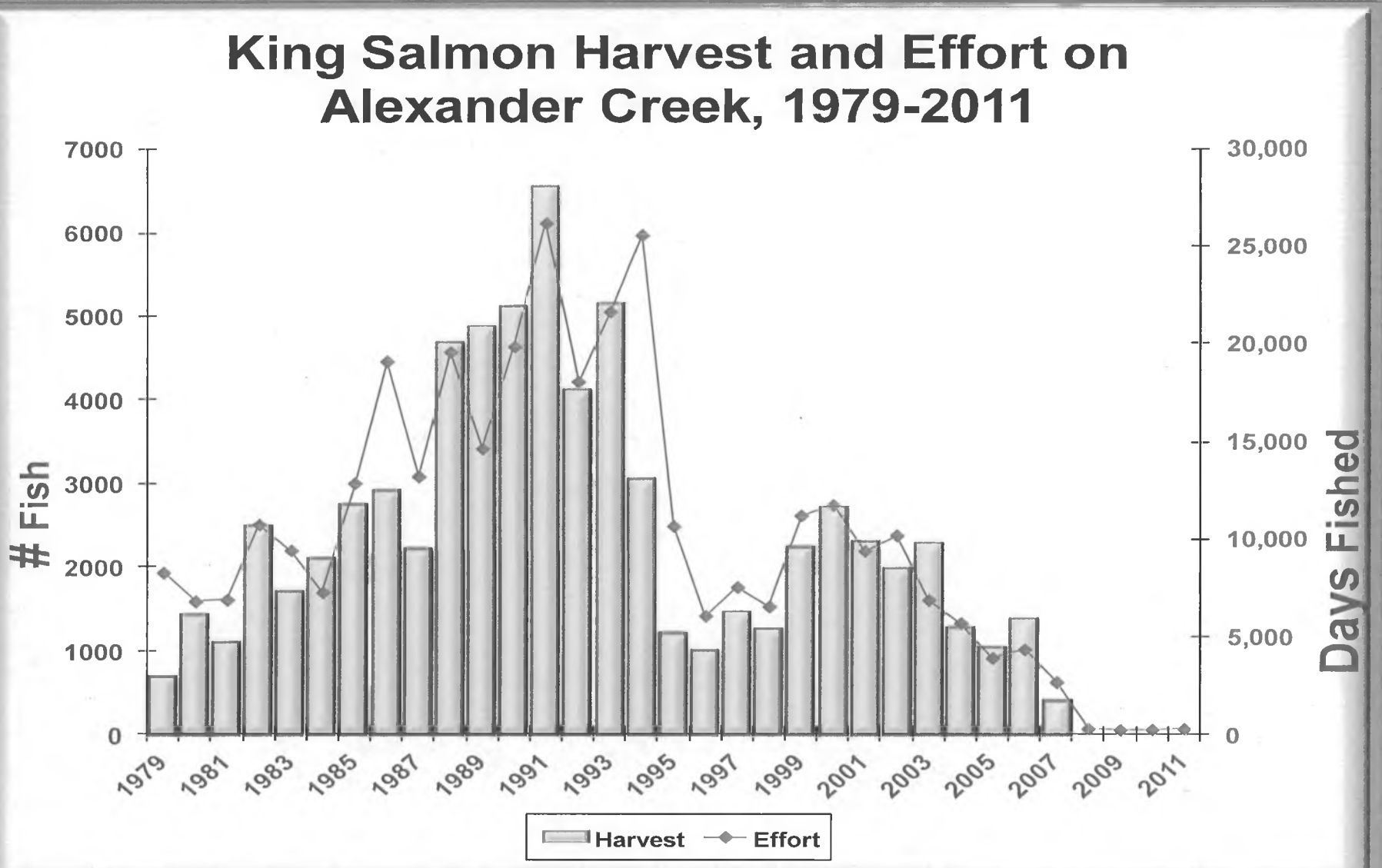
Actions:

- Control-netting
- Change harvest regulations
- Research movement patterns
- Alexander Creek Project

Northern Pike: Consequences



Northern Pike: Consequences



Northern Pike

Actions, continued

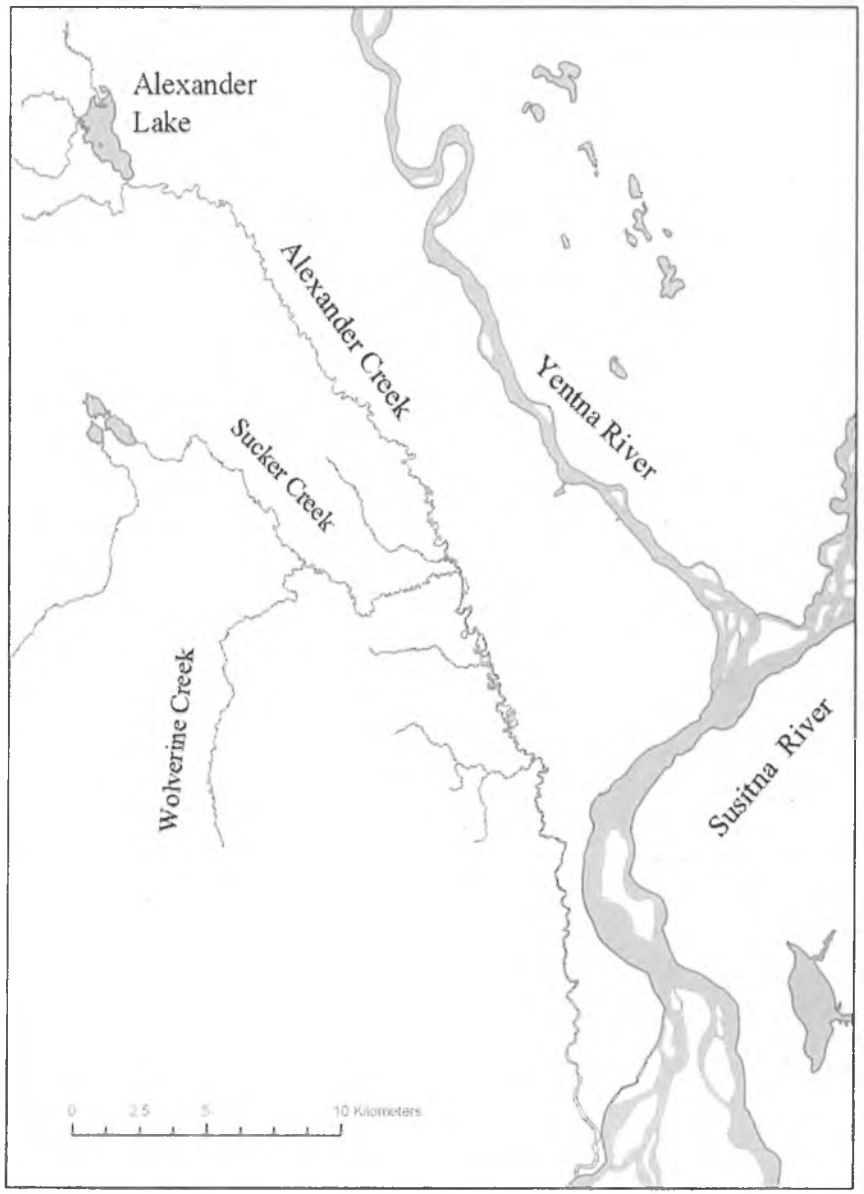
- Eradications
  - Public scoping, permitting, application, monitoring
  - 5 successful thus far
  - 1 Large project in the works- Stormy Lake, Kenai Peninsula

Strategic Planning

- Prioritize future projects
- Work with Military to assist with their eradication projects

Alexander Lake/Alexander Creek

and Side-channel Sloughs



Alexander Creek has supported coho and king salmon fisheries.

- 2008 BOF closed king fishery

First pike caught in Alexander Lake on record was in 1985.

First pike caught in Alexander Creek occurred in 1995.

The system is prime pike habitat.

Goal is to restore salmon populations similar to the 1980's

Northern Pike

Objectives of Project

- Initiate an annual, large-scale gillnetting protocol in side channel sloughs of Alexander Creek to remove spawning northern pike resulting in 60 – 80% reduction in inseason catch rates in targeted areas
- Document movement patterns of pike
- Begin monitoring salmonids in the drainage for long-term evaluation of suppression effort

Northern Pike: What's Next

Stormy Lake rotenone treatment and native fish restoration

Control-netting

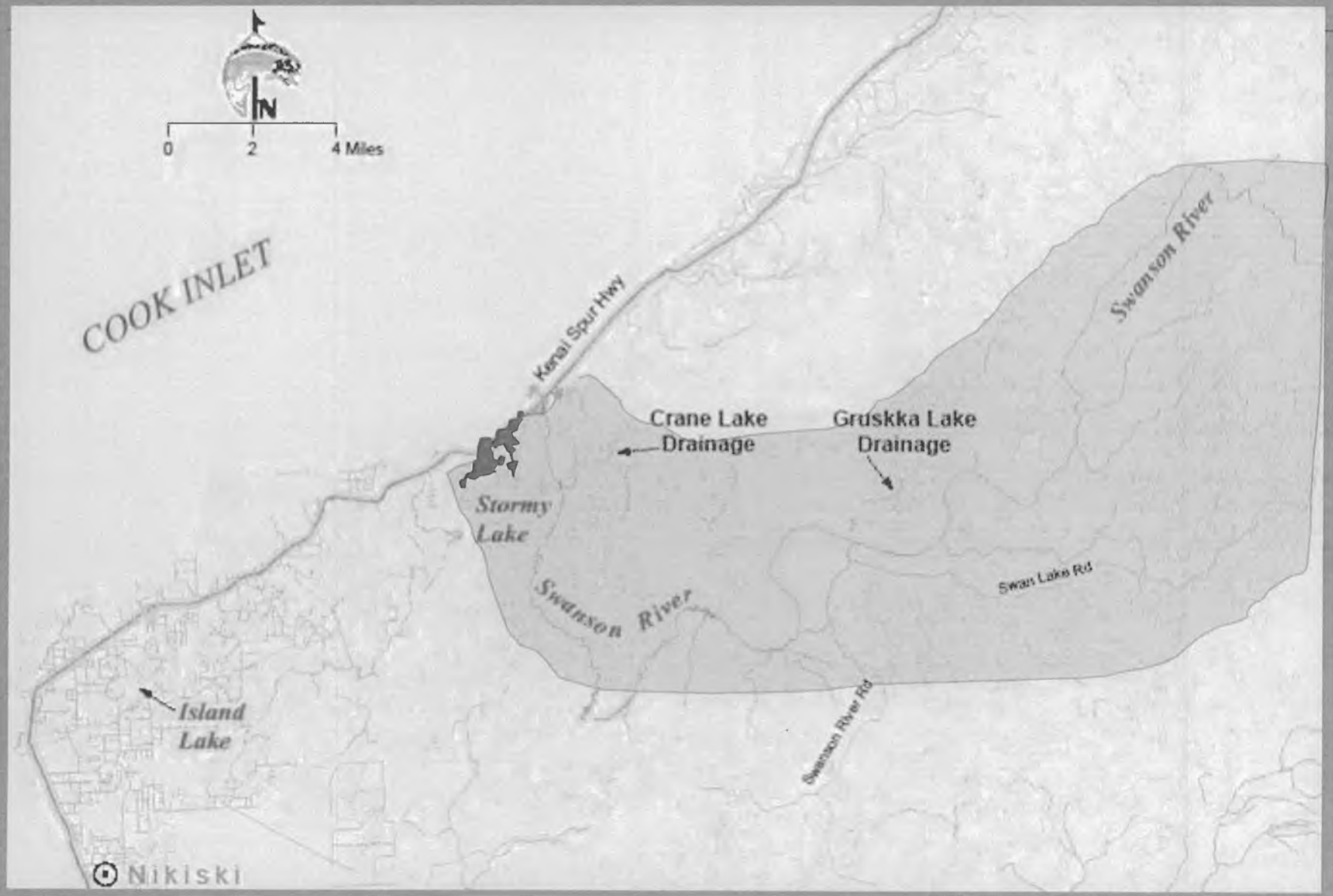
- Cheney Lake
- Alexander Lake/Alexander Creek

Revise Northern Pike Management Plan

Alexander Lake Project to continue- 2015

Target prioritized projects as able

Stormy Lake and Swanson River Drainage



Didemnum vexillum (D.vex)

Colonial tunicate found growing on nets used in the production of oysters





Whiting Harbor is a man-made embayment located adjacent to the Sitka airport and near the USCG base.

D. vex



History

First detected in Whiting Harbor June 2010

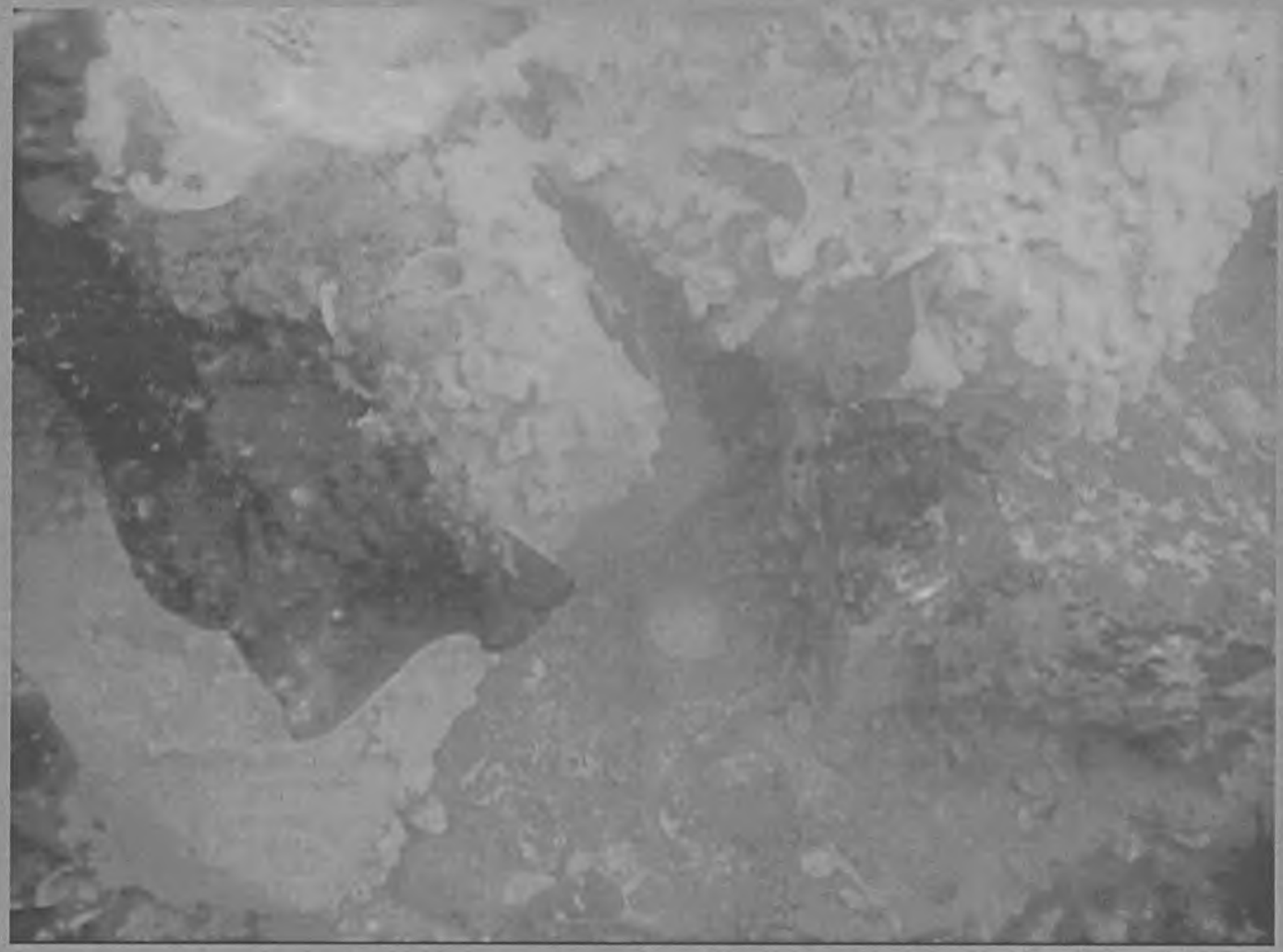
USFWS funds ADF&G to study distribution and develop response plan.

Commercial Fisheries Division divers complete surveys in 09/2010 and 01/2011.

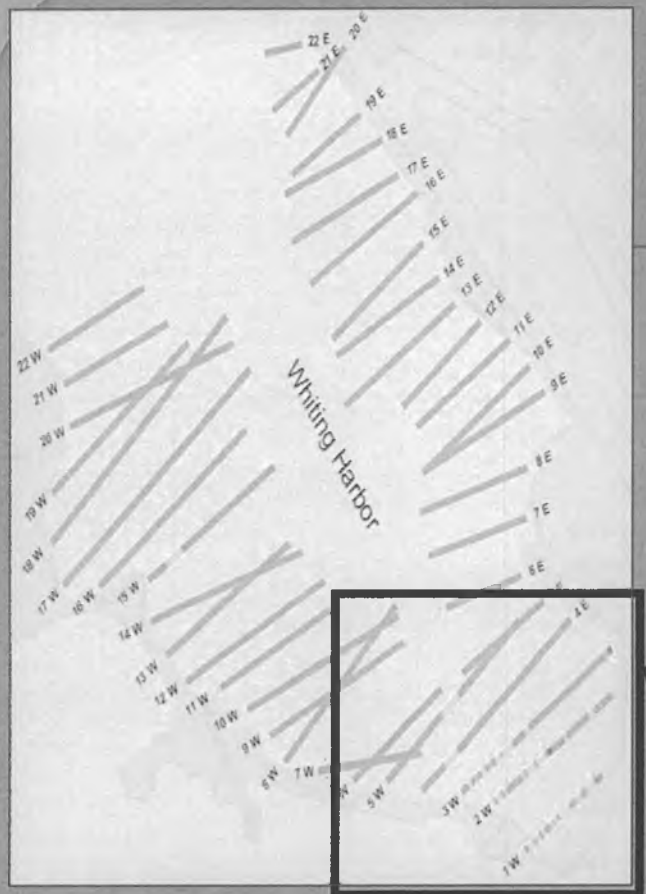
Outreach to aquatic farmers, public- local and statewide, stakeholder groups

Restrict fisheries access and request the public avoid the area.

Didemnum vexillum: a view



D. vex: Distribution

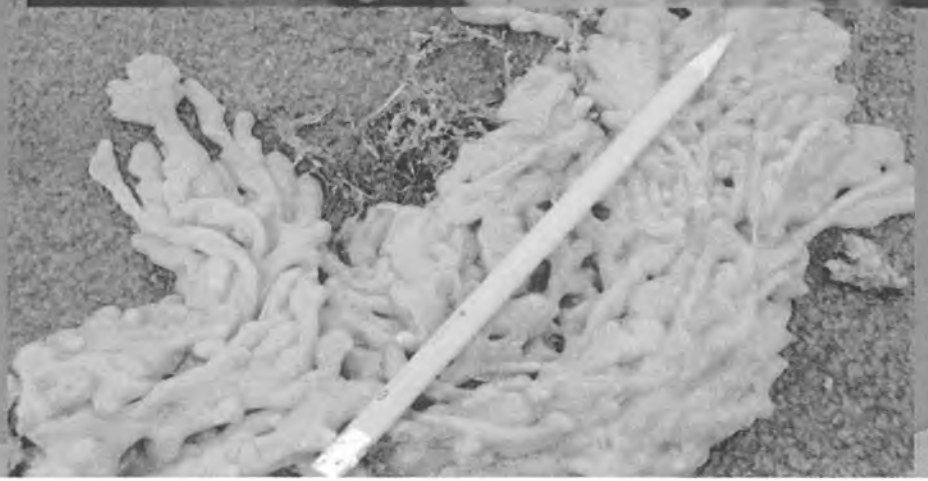




Percent Cover

- 0
- >0 – ≤5
- >5 – ≤10
- >10 – ≤50
- >50 – ≤100





D. vex

Bag and remove lantern nets: Aug. early Sept. 2011

Fall storm breakup aquatic farm

Major clean up effort to remove all aquatic farm infrastructure from the water, November 2011

Collaborative effort: City of Sitka, DNR, UAS, Sitka Tribe, SERC, SSSC, USFWS, USFS, BLM, USCG, local volunteers





D. vex: Decommissioning







D. vex: What is Next?

Smithsonian Environmental Research Center (SERC) involved in studying the organism, life history, predators, eradication options for natural substrate
Outreach floating materials as a pathway (docks, floats, etc.)
Investigate funding options for full eradication

Anchorage *Elodea*



Photograph by USFWS

Elodea: Waterweed

History

First detected by USFS in September 2010 in Chena Slough.

Fairbanks Soil and Water Conservation District takes on coordination of efforts.

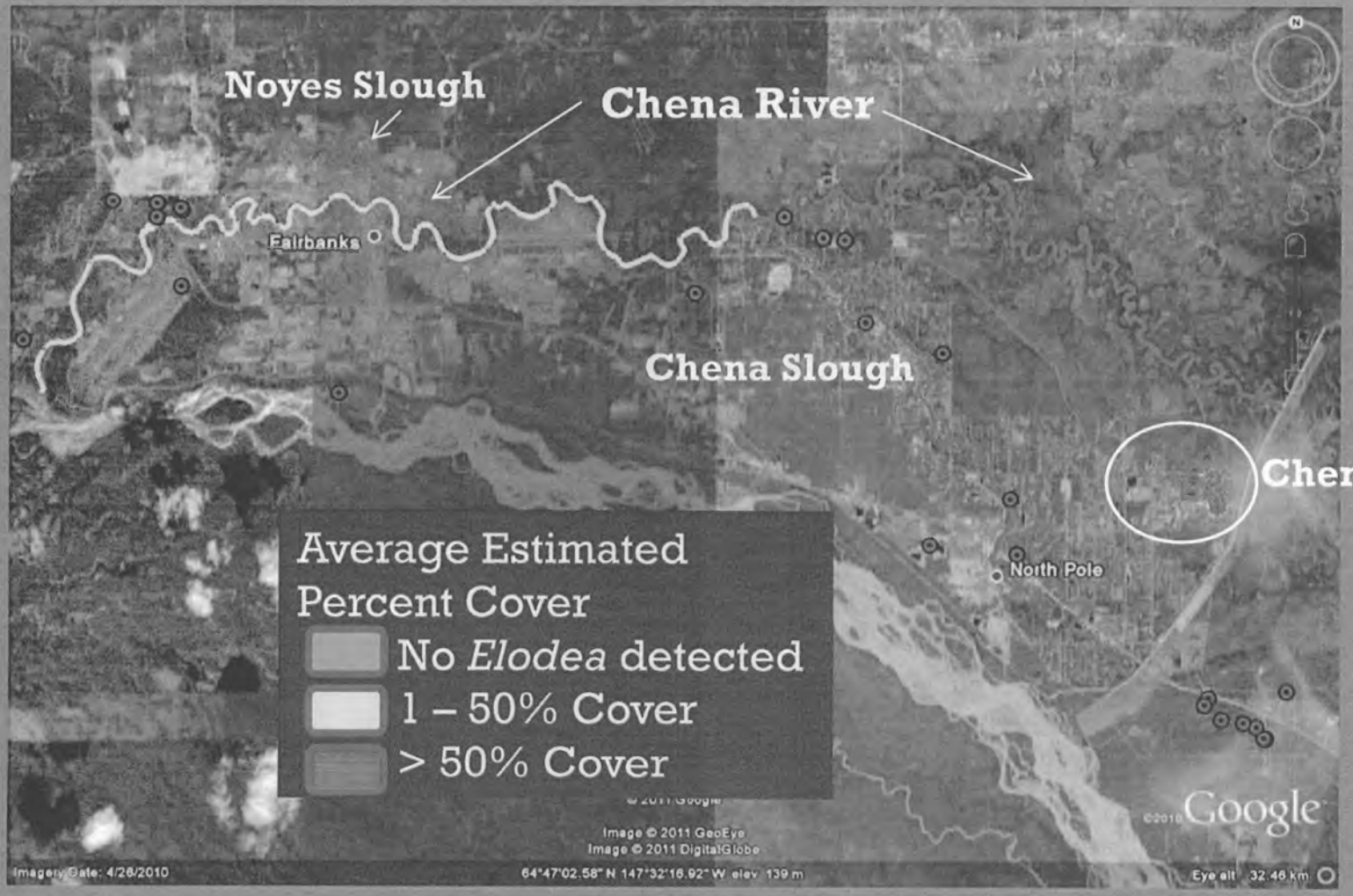
Legislative and USFWS funds support detection, outreach and response activities.

Surveys in Fairbanks of 29 water bodies, collaborative effort, confirm *Elodea* in Chena Lake, and distinct populations in Chena River

Chena Lake is part of the Fairbanks Rec area.

Elodea: Waterweed

FAIRBANKS DISTRIBUTION by PERCENT COVER



Slide- Fairbanks Soil and Water Cons Dist.

Elodea: Waterweed

Shoreline/wading surveys in Southcentral:

- 9 in Anchorage basin- 3 positive
- 4 in Mat-Su area- all negative
- 2 on Kenai Peninsula- negative

USFWS confirmed waterweed in Sand, DeLong and Little Campbell Lakes

Elodea: Sand Lake

Pondweed and *Elodea* along a resident's shoreline





Many residents who live on Sand Lake are floatplane owners.



Elodea: What's Next

Fairbanks Soil and Water Conservation District has AKSSF funding to investigate mechanical control options

Support continued surveys statewide

Outreach to stakeholders importance of cleaning gear to avoid being a vector

Planning and Response

Discussions with UAS to prioritize freshwater systems most suitable to sustain zebra/quagga mussels. Goal to implement Quagga Zebra Mussel Action Plan monitoring

Education and Outreach campaign at high use/high risk systems in Alaska.

- Audio, video, web-based and on-site messaging about species of concern identification, avoid spreading invasive species and reporting

Thank You

- ADF&G staff who worked hard under unusual circumstance
- U.S. Fish & Wildlife Service
- U.S. Forest Service
- NOAA/National Marine Fisheries Service
- Bureau of Land Management
- U.S. Coast Guard, and USCG Auxiliary
- Sitka Tribe of Alaska
- University of Alaska
- Fairbanks Soil and Water Conservation District
- City of Sitka
- Smithsonian Environmental Research Center
- San Francisco State University
- Alaska SeaLife Center
- Sitka Sound Science Center

Volunteers who assist with invasive species actions throughout the state

State of Alaska

Invasive Species



Division of Agriculture

Alaska Department of Natural Resources



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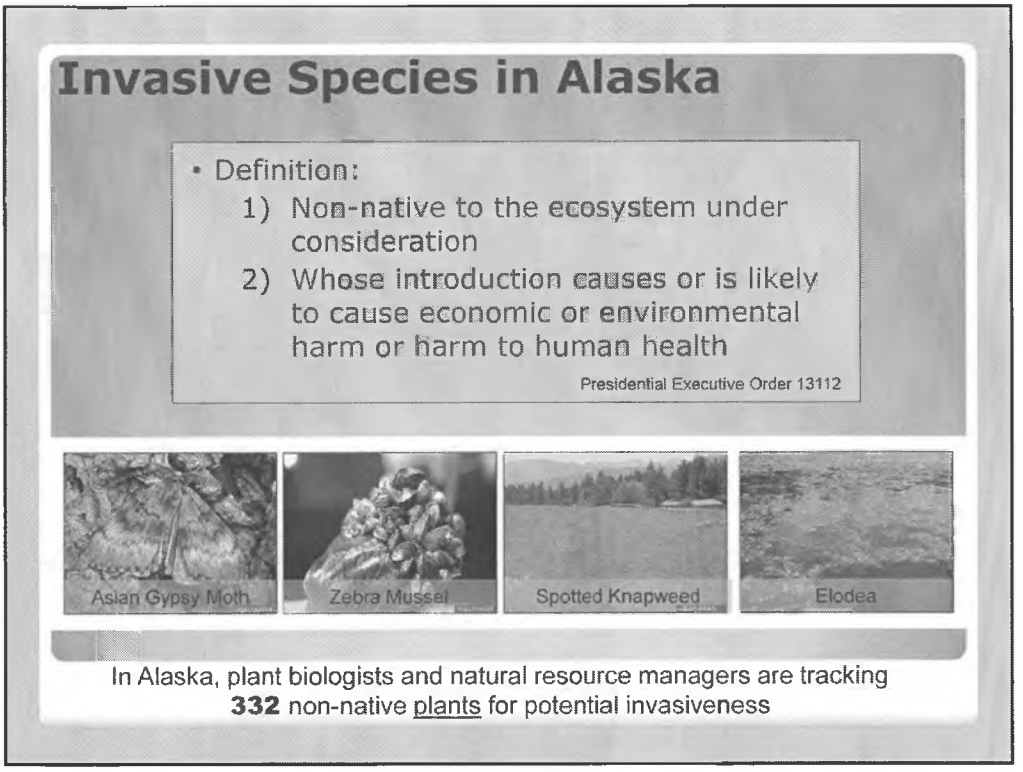


A broadly applicable definition of Invasive Species comes from the Presidents Executive Order 13112 which states that an invasive species is one that is non-native to the ecosystem under consideration and whose introduction causes or is likely to cause economic or environmental harm or harm to human health.

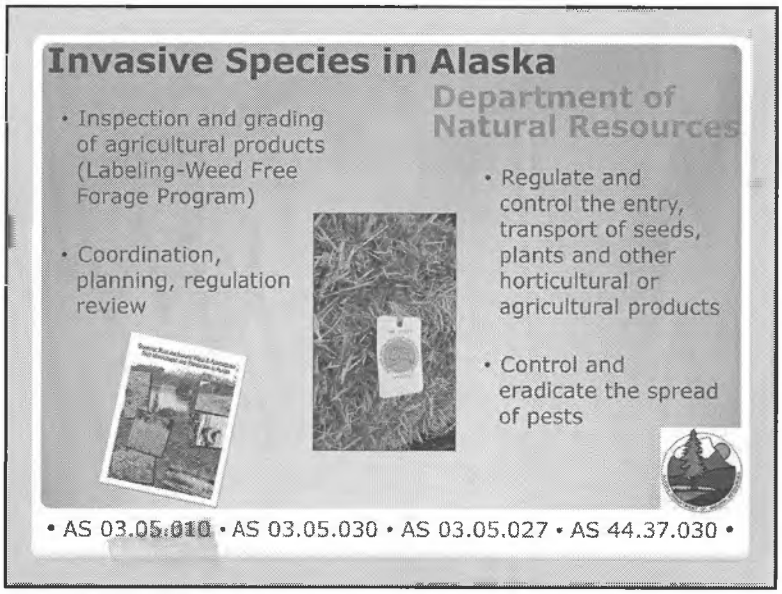
•This definition broadly applies to all taxa including animals, insects and plants

•What makes a non-native plant cross that threshold into a non-native INVASIVE plant is often what exists, or better, what doesn't exist in the ecosystem it is introduced into. Prolific invaders tend to lack some piece of their native habitat or ecosystem that keeps its population in check. Competition by companion organisms, pathogen, climatic factors etc.

From a plant program perspective, as that is mainly what our program focuses on, the key is not to label ALL non-native plants as invasive-this is both exhaustive from a management standpoint and unnecessary. The key is to be aware of the invasive POTENTIAL that a plant may have using information available from other regions experience with the plant, focusing on the most climatically similar locations.

To give you an idea of scope…in Alaska, plant biologists and natural resource managers are tracking 332 non-native plants for potential invasiveness.

**The key is POTENTIAL INVASIVENESS. Not all new species (plants or otherwise) will be an issue. Only a small portion of those "tracked" species may establish in natural areas, and an even smaller portion of those will cause a problem.



The Division of Agricultures Invasive Plant and Agricultural Pest Program is driven by four main program areas:

•Inspection and Grading of Agricultural Products

- •Weed Free Forage and Hay Program: This is a certification process that allows forage and hay producers in the state of Alaska to have their fields inspected and certified so they can sell a Weed Free product to buyers.
  - •Value Added Product (not required by the state)
  - •Program housed by the Soil and Water Conservation Districts with annual Inspector trainings provided through Division of Ag
- •Weed Free Gravel: This is a developing program in Alaska that would operate similarly to the Weed Free Forage and Hay Program. This program would allow some gravel pit operators to produce a value-added gravel product that could be used in areas that are sensitive or that are otherwise weed-free.

•Regulate and control the entry, transport of seeds, plants and other horticultural or agricultural products

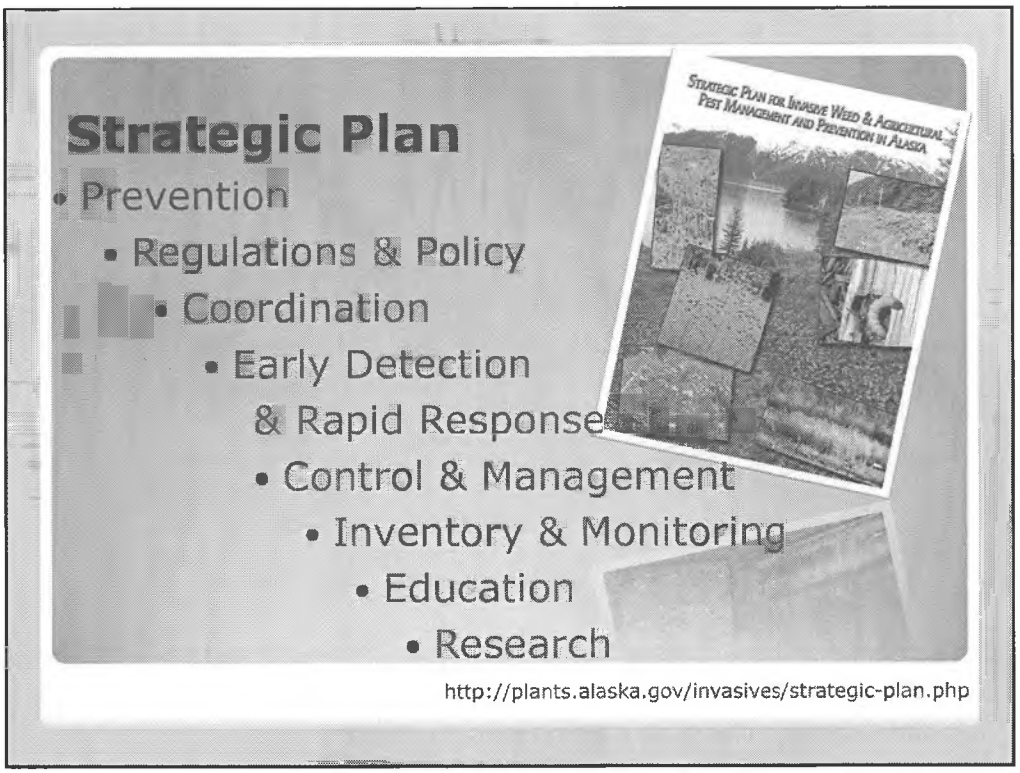
- •Seed Laws, Quarantine Laws, Pest Laws (falls within Division of Ag): Restricted and Prohibited Seed Lists,

•Control and Eradicate the spread of pests: inspections, quarantine, management

•Coordination, Planning, regulation and review:

- •My position: Invasive Weeds & Agricultural Pest Coordinator
- •Strategic Plan
- •Coordination: state departments & agencies, UA CES, AACD, ADF&G

I will go into more detail on the individual projects that fall within each of these program directives.



Published last year, the Division of Agriculture put together a Strategic Plan for Invasive Weed & Agricultural Pest Management and Prevention in Alaska. It was written to help guide prevention and management of invasive species by the DNR and its partners. It includes three main pieces

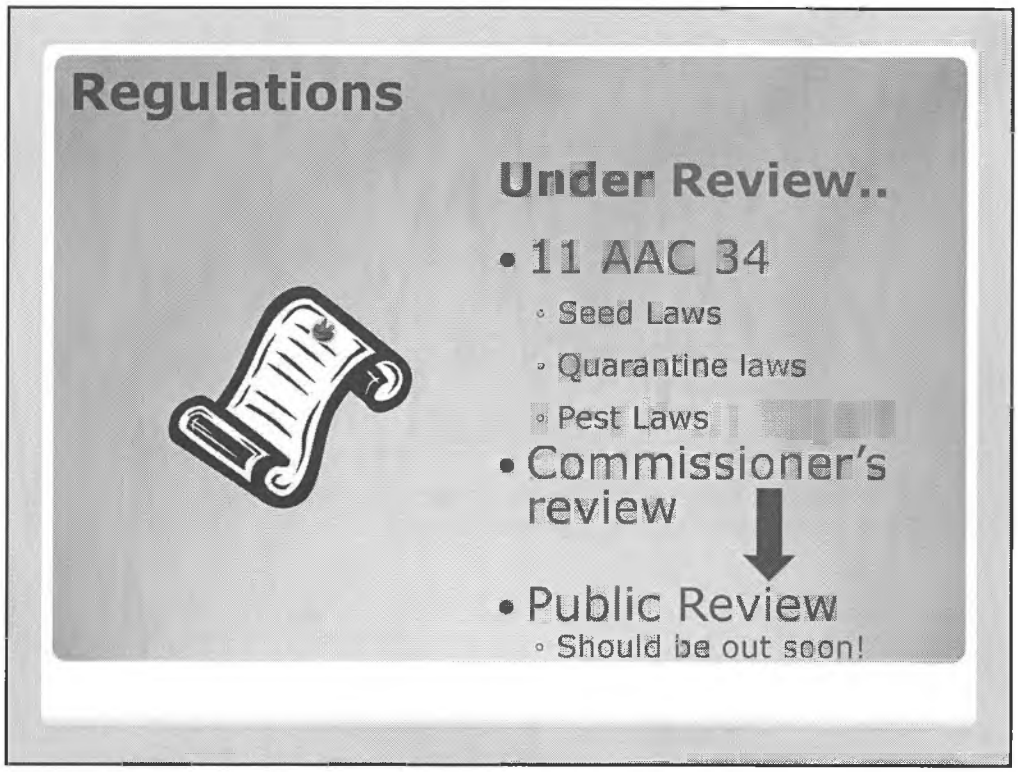
- Objections & Action Strategies
- Annual priorities and goals
- Annual Report→completed goals, highest priority action strategies, emerging issues

This plan allows for flexibility in implementing action strategies and identification of emerging issues that may warrant action before a new plan is written.

Does not cover invasive species covered by other Departments (Fish & Game, DEC)

The Mission Statement: "The Department of Natural Resources manages noxious weeds, invasive plants, and agricultural pests to maintain uninterrupted productivity of natural and agricultural resources."

- Prevention: most critical aspect of invasive plant and ag pest management. Action such as quarantine and inspection



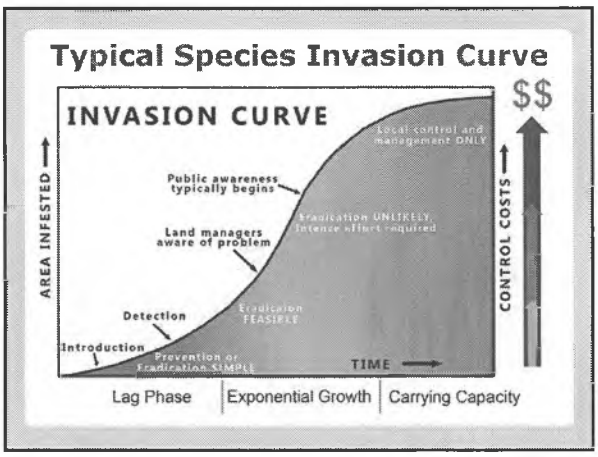
Currently, 11 AAC 34 encompasses seed laws (including prohibited and restricted noxious weed list), quarantine laws and pest laws.

Over the past two years, the Division of Agriculture has evaluated the existing regulations regarding Invasive Plants and Agricultural Pests and have been processing through an internal review

•We've moved to make the regulations more applicable to all invasive weeds and agricultural pests beyond the existing seed regulations.

•Develop process that involves public and stakeholders in identifying species that should be managed by region. This regional process would likely utilize the existing boundaries and experience from the Soil and Water Conservation Districts and other stakeholders.

These amendments are in the final review process awaiting the Commissioner's final approval before the y are available for public review.



This species invasion curve is a common, simplified depiction of the growth of an invasive species in a new environment and it's impact to natural resources over time.

The "invasion" can be broken down into three characteristic phases of growth activity which correlate with specific management approaches and relative estimated cost of those type of management activities.

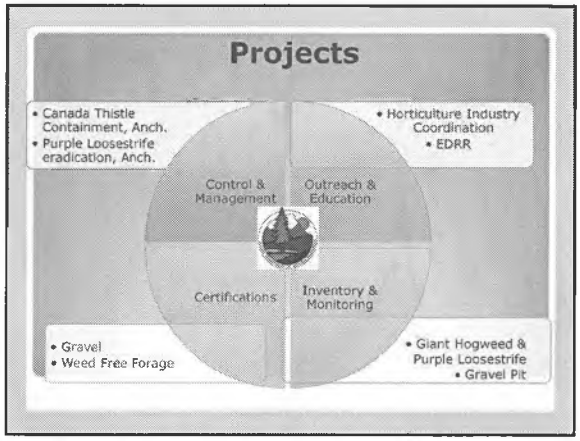
•During the LAG PHASE new species are found, their numbers are small and their ecological impact is relatively low. Management in this phase centers around Early Detection and Rapid response. This is the least expensive time to manage aside from prevention.

•A population enters the GROWTH PHASE and begins to spread quickly, impacting natural resources. As the species grows and disperses, natural resource managers start to take notice and eventually, it becomes visible to the general public as well. This is when, for example, a plant that was once only found in a few disturbed places along the road in Anchorage is now being spotted on off-road trail systems or other wildland areas with more frequency. Management in this phase transitions from simple eradication of isolated populations to a spectrum of feasibility. That feasibility diminishes dramatically as populations expand and as funding is limited.

→Activity in this phase is also what makes a new, non-native species, invasive. Up until this explosion of growth, it is simply a new species. :Many new species may arrive to AK every year but not all exhibit the aggressive growth pattern that we characterize as "invasive."

•An invasive species will eventually reach its ecological amplitude or environmental carrying capacity where it occupies all the space available and has maximized impacts to natural resources. MANAGEMENT in this phase is limited to local control and management ONLY as it is too widespread to consider eradication. Also, given the extent, management will be the most costly and impacts to agriculture, wildlife, recreation etc will be long-lasting.

This concept is important as you look at where we focus our projects and the importance of managing for species that are not YET here.

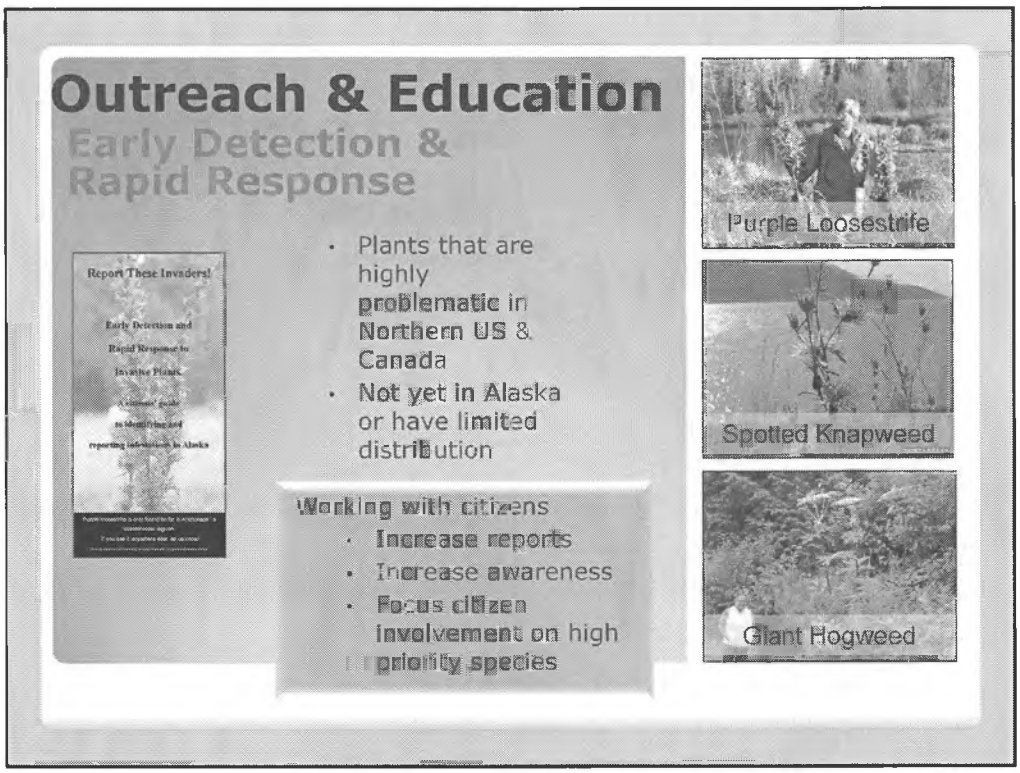


Currently, our Invasive Plant and Agricultural Pest Programs fall within four categories, with many overlapping into multiple areas.

- •Control and Management: this means are actively removing known problems.
  - •Canada Thistle Control
  - •Purple Loosestrife Eradication
- •Inventory and Monitoring
  - •Giant Hogweed and Purple Loosestrife
  - •Gravel Pit
- •Certification
  - •Weed Free Forage
  - •Gravel
- •Outreach and Education
  - •Horticulture industry coordination
  - •Early detection and Rapid Response (EDRR)

Many of these individual programs or projects have elements of the other categories. For example any one of these projects has an education and outreach component included.

We are fortunate in Alaska to have a relatively limited number of invasives to manage. It is common for weed coordinators from other states to comment that we are where they were 20 years ago and they wish they could have acted more swiftly and decisively to prevent some of the agricultural and economic losses they have seen since. This is largely due to the geographic and climatic barriers that we all know and love. It is also due to the large percentage of our land remaining wild and free of highways and people. As we grow, as a state, there are more and more opportunities for invasives to take hold in Alaska.



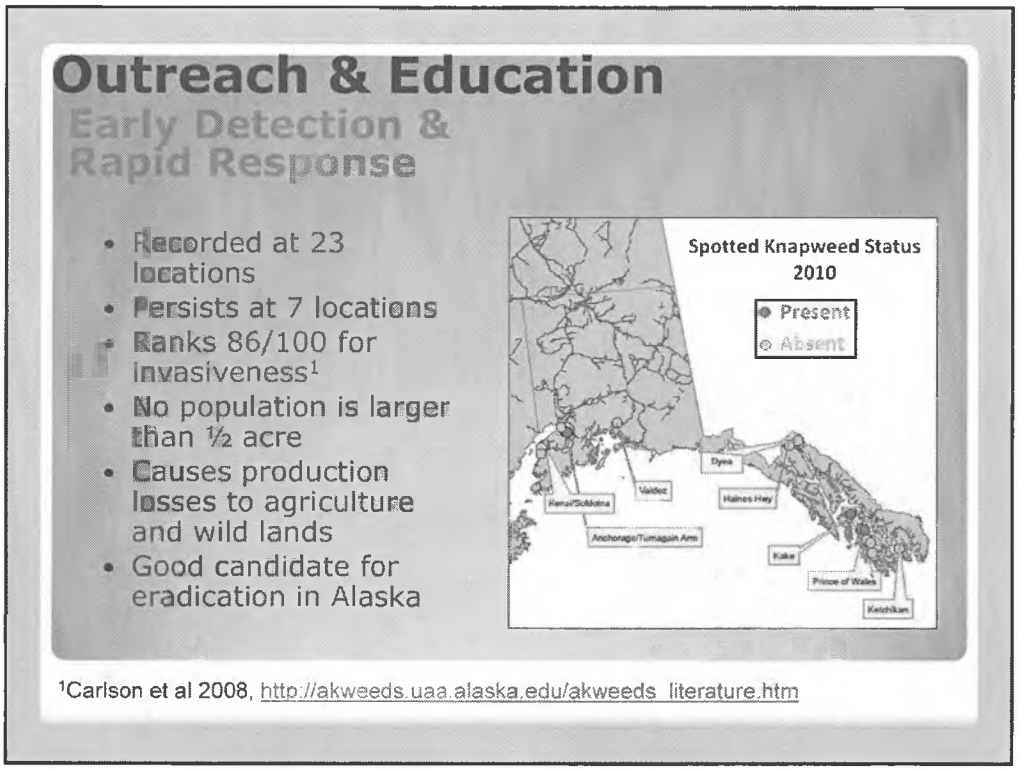
Currently, we have the opportunity to largely focus on Early Detection and Rapid Response (EDRR) , education and other management tools that fall within the early stages of the invasion curve.

- Surveying for new species
- Eradicating small populations manually
  - Purple Loosestrife
  - Spotted Knapweed
  - Giant Hogweed

The EDRR program focuses on these and other species that have been known to exhibit highly invasive and noxious behavior in other similar, or adjacent regions. They are either not yet present in Alaska, or have a very limited distribution. They are the bad players; the species known to cost other states millions of dollars to manage.

This program focuses on outreach (the brochure is shown here) that is geared towards the general public and encourages citizen reporting. These brochures have information on how to identify these high priority species, possible look-alikes, and directions on how to report.

The citizen report helps in the Early Detection part of the program, but a key component is the Rapid Response. Recent "rapid response", and ongoing efforts within the Division of Agriculture have involved removing the one known population of purple loosestrife in Anchorage and one known population of Giant Hogweed in South East.



A more large scale Rapid Response program that was undertaken in 2009 and 2010 involved the eradication of a particularly damaging species: Spotted Knapweed. Outside of Alaska, Knapweed is known to form dense stands reduceing forage quality for livestock and wildlife. The knapweed family of plants are known to be allelopathic which contributes to its success at forming dense colonies-excluding other plants. Other states including Montana, Wyoming, Oregon and Washington have extensive infestations of spotted knapweed which are estimated to cost millions of dollars annually to control.

This species, while present in the state, is a good candidate for eradication because it is not widespread and the infestations are still relatively small.

In 2009 and 2010, Division of Agriculture staff traveled to each known location and mechanically removed plants. By 2010, only 7 infestations persist and they are monitored each year.

In 2011 a new population of spotted knapweed was identified near Jonesville Mine. Plans for control and further inventory are being made for summer 2012.



•Developing surveys that approach each species individually so we can get a sense of what is a problem in what region. This will allow us to develop outreach materials that the horticulture industry would like to see and provide to their customers.

Upcoming goals..

-Continue surveys to develop a regional list of species that are of concern for the horticultural industry

-Identify where outreach information is desired and can be provided



Forest Service

Canada thistle is considered a noxious weed in 35 states, including Alaska. Canada thistle is widespread in Anchorage, but has a limited distribution across the whole of South Central Alaska. The vast majority of the infestations within Anchorage are small but are capable of becoming a source for the spread of new populations to the areas surrounding Anchorage. The Mat-Su valley is an agricultural area with very little canada thistle present, and the Kenai Peninsula already has Canada thistle in its sights as a species for eradication. Not to mention to many natural areas directly adjacent to Anchorage, which, if it were to become established, Canada thistle could negatively impact natural resources, wildlife and recreation.

The goal of this project is to contain the existing populations and create a management plan for Canada Thistle in the Anchorage CWMA.

Control & Management

- Prioritize infestations
- Control:
  - Coordinated DOT mowing roadside infestations
  - Manual removal of small (contain)
  - Pursuing DEC permit for herbicide application



Canada Thistle Containment, Anchorage

Prioritize infestations based on their location either along or in close proximity to:

- Highways headed out of Anchorage
- State and federal lands
- Greenbelts
- Proximity to waterways
- Size

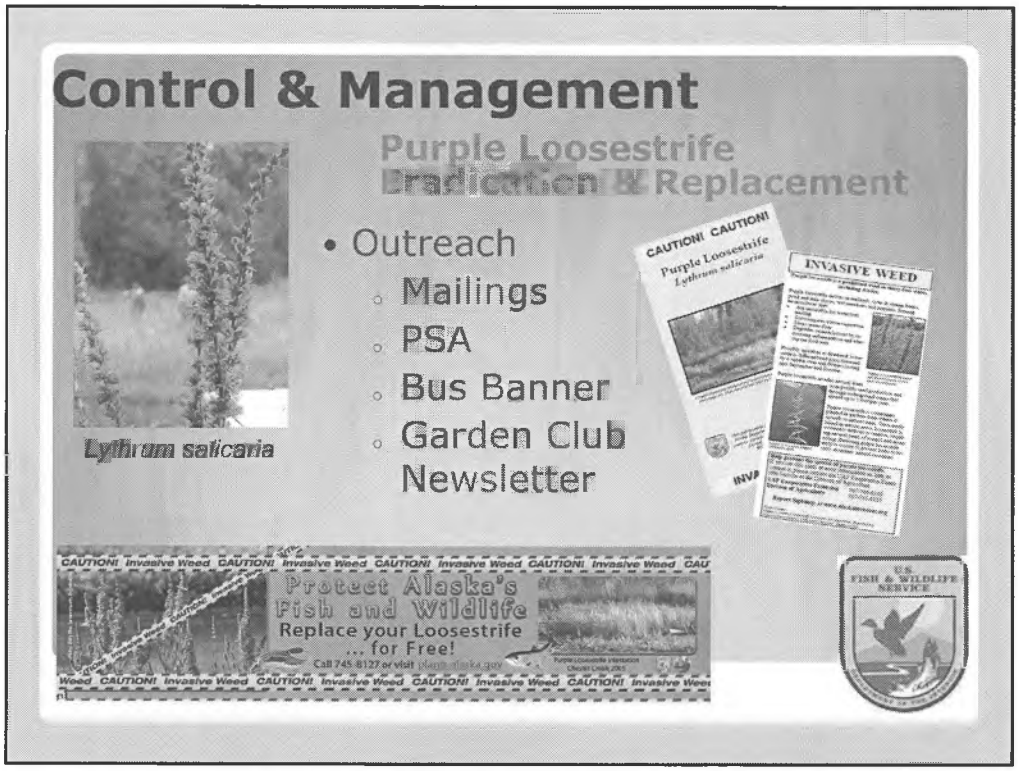
These factors all represent potential pathways for additional contamination.

Upcoming goals…

-Start working on Pesticide Use permits for sites that are in the ROW and have the potential for being treated.

-Work with DOT to continue mowing throughout the season to prevent seed production

-Completing the Canada Thistle Management plan for Anchorage



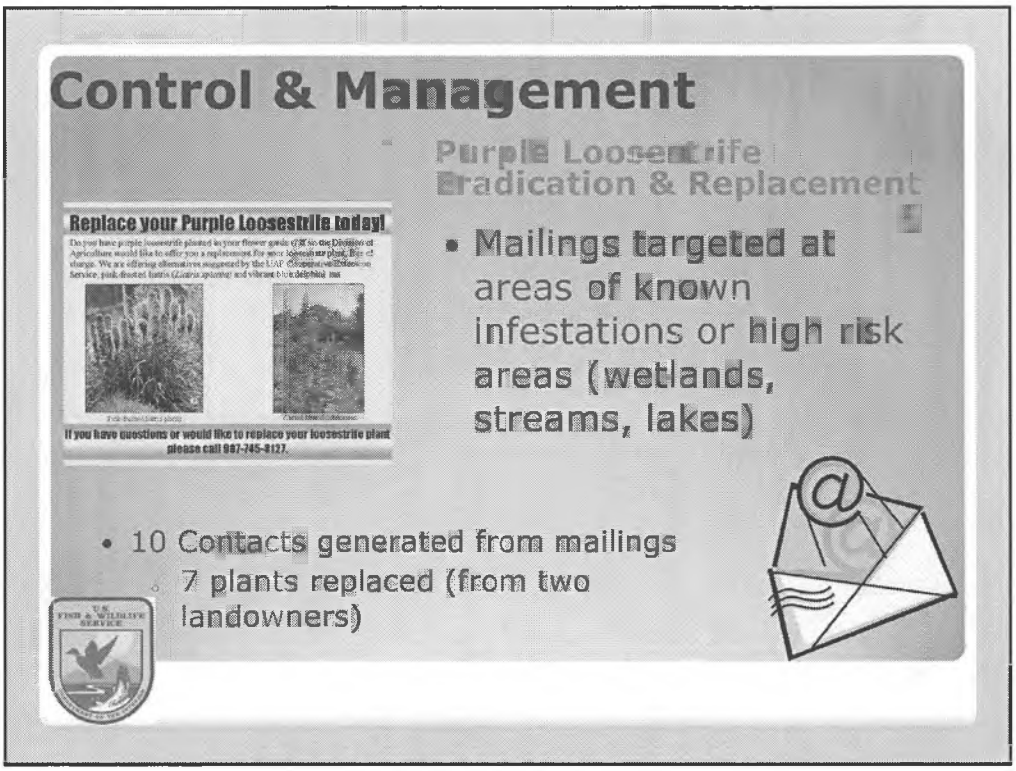
With funding from USFWS, the Division of Ag worked within the Anchorage area to get rack cards and other means of outreach to the community about the threat that Purple loosestrife or Lythrum salicaria poses to wetlands and streams. This outreach took the forms of mailings, Public Service Announcements, a bus banner that could be seen driving the streets of Anchorage, and other newsletters.

Using surveys performed by the UAF CES, mailed outreach was targeted at the landowners of known plantings, the areas directly around those plantings, and potential at risk areas including neighborhoods surrounding streams and wetlands.

The Division of Ag recognized the potential threat that loosestrife poses to natural resources in Alaska if it allowed to persist and spread. Purple loosestrife is listed on the state prohibited noxious weed seed lists prohibiting the sale and transport of loosestrife seeds in the state. This project offered a Non-regulatory approach to provide the opportunity for the state to partner with landonwers in preventing the spread of loosestrife to valued ecosystems.

Upcoming goals...

-Outreach



In 2010 and 2011 a directed mailing was sent which included a card offering to replace your loosestrife, free of charge, with CES suggested alternatives.

A total of 10 contacts were generated through the mailings…

2010: 4 contacts made through mailings

2011: 6 additional contacts

All in all, 7 plants were replaced at two different locations

Control & Management

Elodea

Impacts

- Degrade Fish Habitat and displace native flora and fauna
- Make boat travel difficult and reduce recreation opportunities
- Endanger safe float plane operation
- Alter freshwater habitats, including decreased flow and increased sedimentation



Elodea was discovered growing aggressively in Chena Slough in 2010. Surveys in 2011 found it growing extensively in 3 Anchorage Lakes as well

- Delong Lake
- Sand Lake
- Little Campbell Lake

FAIRBANKS SOIL & WATER CONSERVATION DISTRICT

Control & Management

Elodea

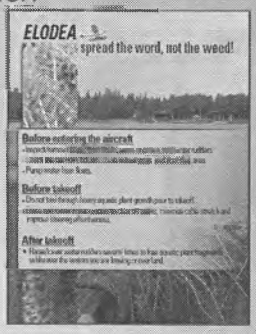




Control Trials

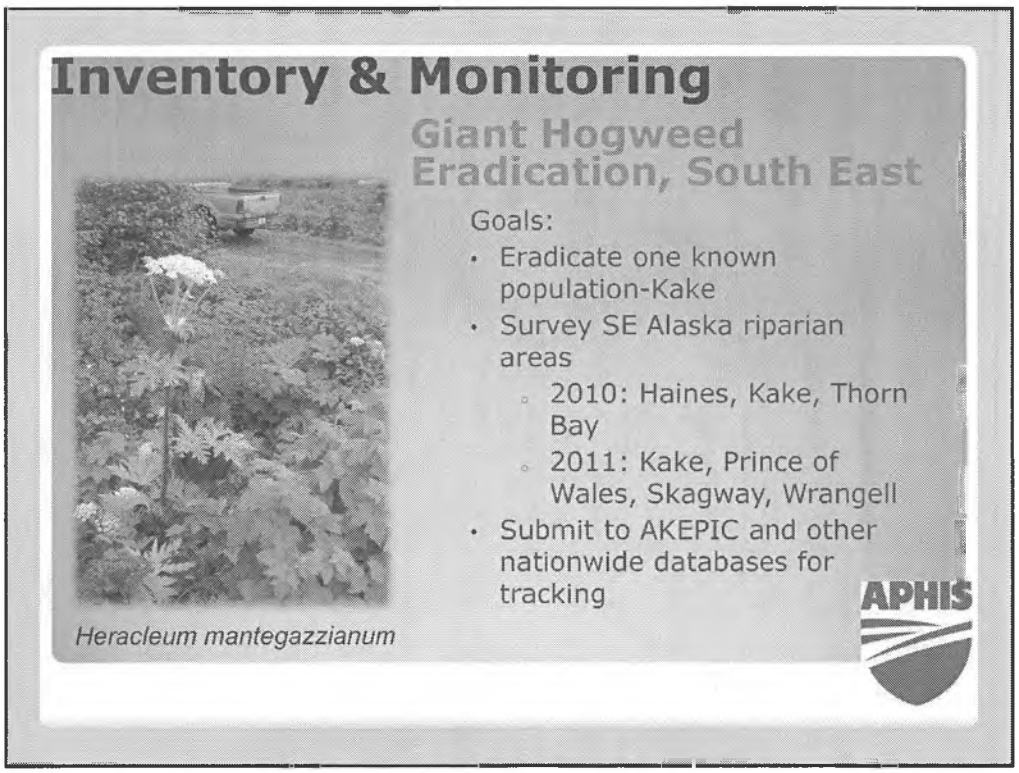
- Manual Removal (divers)-pictured above
- Suction Dredge
- Chemical Application

Outreach



Coordinated Statewide Management

FAIRBANKS SOIL & WATER CONSERVATION DISTRICT



Project Goals:

Ensure early detection and timely response to infestations of giant hogweed along priority salmon spawning waterways adjacent to human settlements in in SE Alaska.

-First known population in Alaska found in Kake in 2010. The landowners were cooperative with removal.

-Monitor population each season

-Inventory other SE areas for Giant Hogweed:

2010: Haines, Kake, Thorn Bay

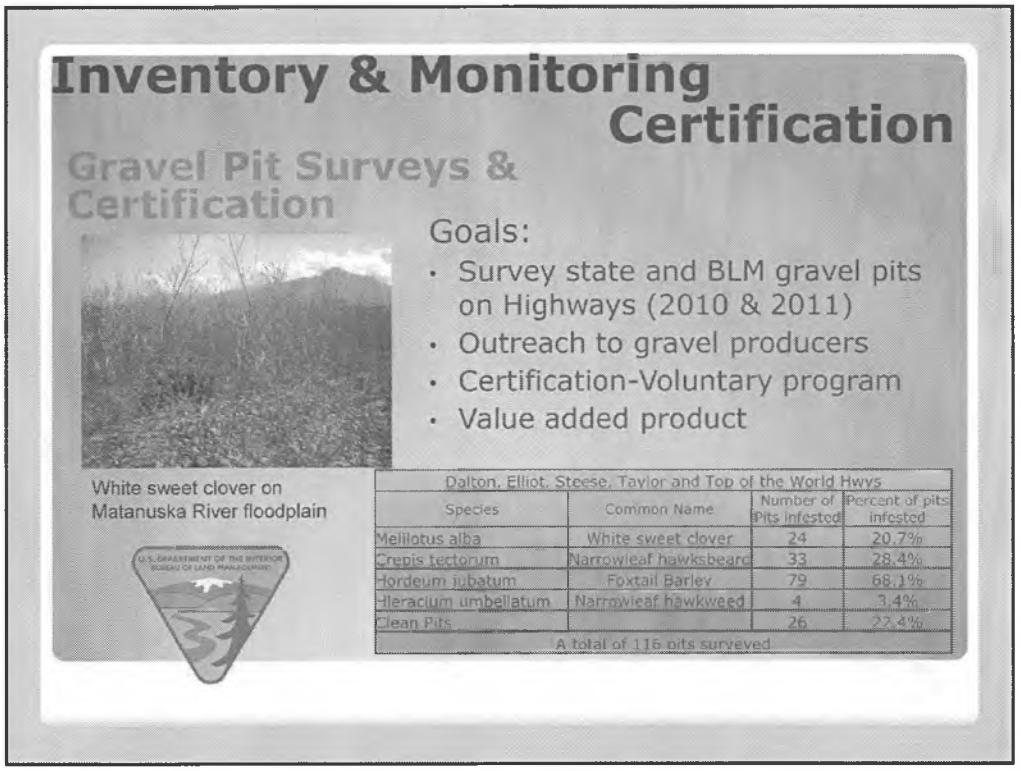
2011: Kake, Prince of Wales, Skagway, Wrangell



The first known infestation of purple loosestrife was detected in 2005 on a waterway in an Anchorage city park. Giant Hogweed was first found growing in Alaska in 2010. Both species have been identified at the state or Federal level as species of concern.

Continued survey's for both Purple Loosestrife and Giant Hogweed but expanding from Anchorage and South East to the Mat-Su Valley and Kenai Peninsula.

-Continued outreach for these EDRR species



BLM funding

Inventory gravel pits for invasive weeds and colonizing native species to determine what weeds are an issue in gravel pits, and what native plants may be early colonizers to assist in revegetation. Gravel has a high probablility of being a primary vector of invasive plants, this project aims to identify which invaisve plants are common issues. This information will be used to implement a weed free gravel certification program based on standards developed by the North American Weed Management Association and tailored to Alaska.

The Dalton, Elliot, Steese were done in 2010
Taylor in 2011 (Fairbanks Soil & Water)
Certification using NAWMA (North American Weed Management Association)

Upcoming goals...
-Adopt inspection protocol for certifying gravel as weed free
-develop list of weeds that are not allowed for certification

Inventory & Monitoring Certification

Weed Free Forage & Hay



- Voluntary program established for 6 years
- Value added product
  - Revegetation/Erosion control
  - Mushing
  - Backcountry horse riding
- Field inspector training held annually





Field inspections hosted by SWCDs across the state



The Alaska Invasive Species Working Group and the Committee for Noxious and Invasive Plants Management hold a joint conference each Fall to discuss projects, goals and challenges.

Coordination

- AKEPIC (Natural Heritage Program)



Tracking & Ranking Non-native plant species in Alaska

http://aknhp.uaa.alaska.edu/botany/akepic

Any Questions?



Division of Agriculture

Alaska Department of Natural Resources



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Didemnum vexillum (Dvex) in Sitka, AK

Prepared for House Resources Committee
1/23/2012

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- Alaska Department of Fish and Game
- AmeriCorps
- National Oceanographic and Atmospheric Administration
- San Francisco State University Romberg Tiburon Center for Environmental Studies
- Sitka Tribe of Alaska
- Sitka Sound Science Center
- US Coast Guard and Coast Guard Auxiliary
- US Fish and Wildlife Service
- **All the people in Sitka and outside of Sitka that have come together to support this project**

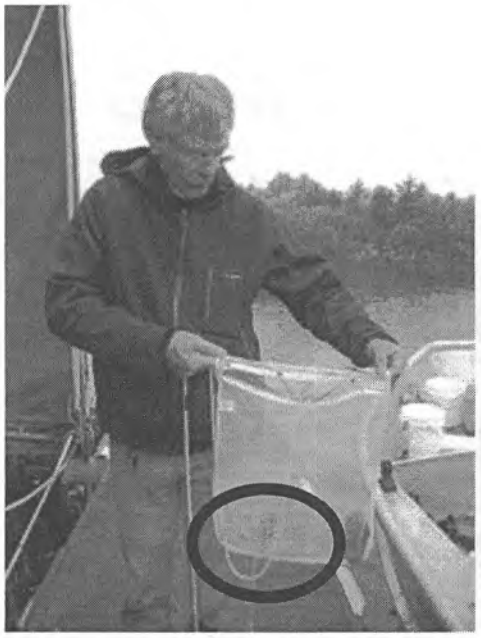
Dvex in Sitka

- Explosive growth and potential for spread
- Whiting Harbor infestation
  - First contain, then eradicate.
- Reduce possibilities for reintroduction
- Learn more about the biology of Dvex and potential impacts in Alaska

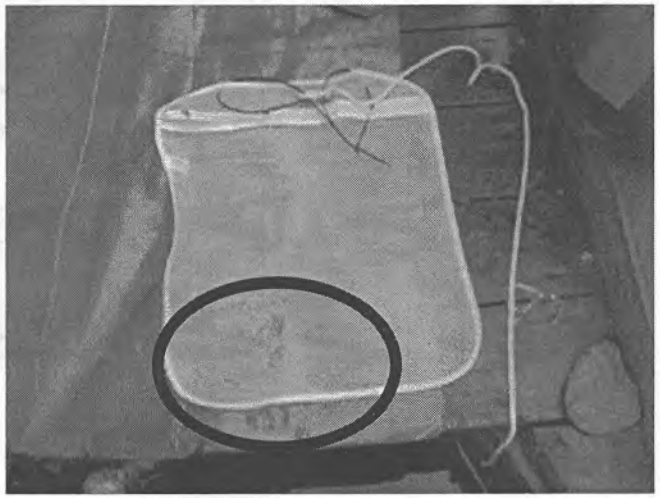
Growth Over 10 Week Period

Appearance on 6/24/11

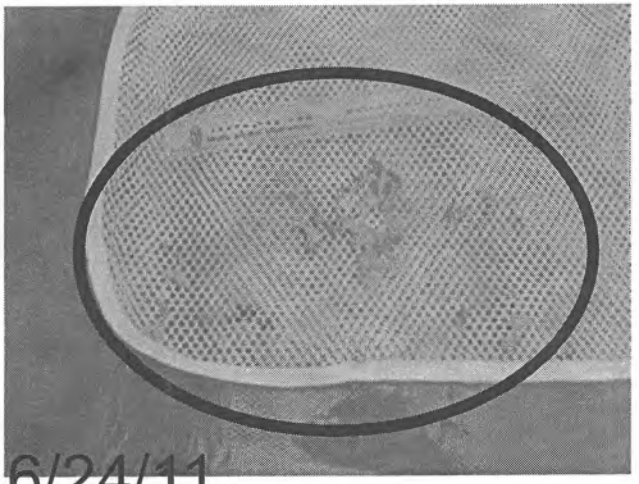
Whiting Harbor, Sitka, AK



6/24/11



6/24/11



6/24/11

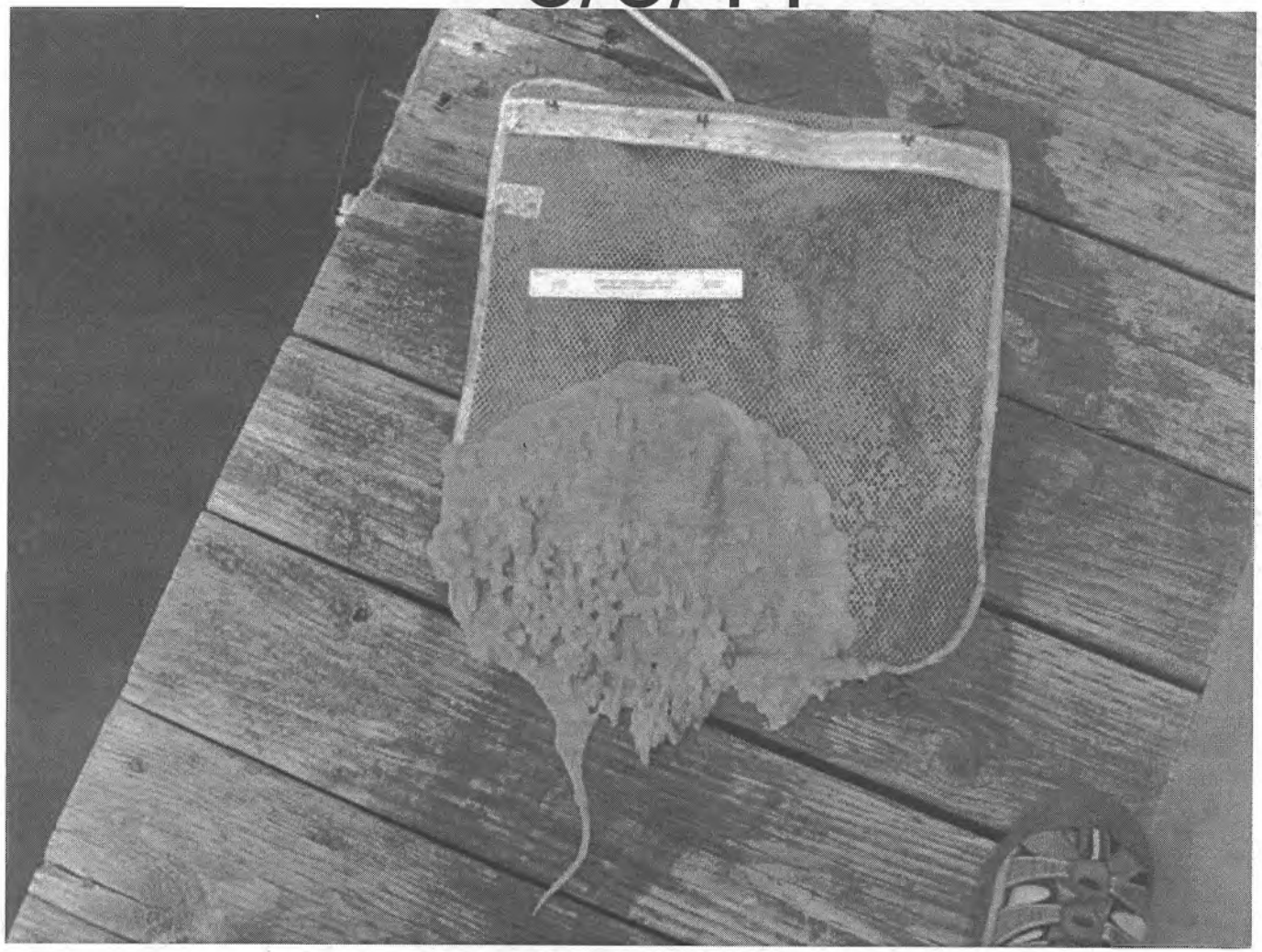
7/9/11



7/22/11



8/5/11



8/16/11



9/1/11





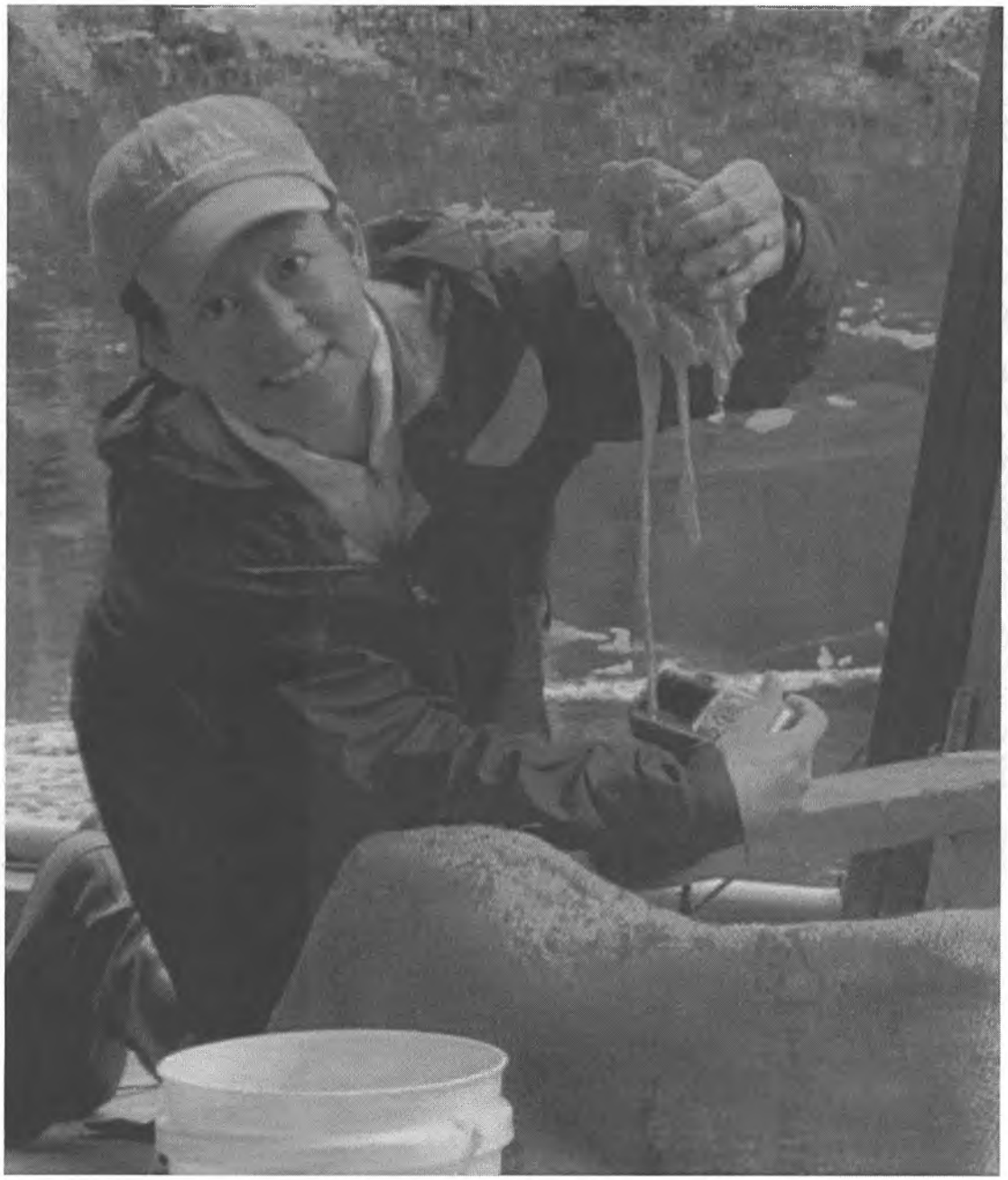
6/24/11
(10 weeks previous)



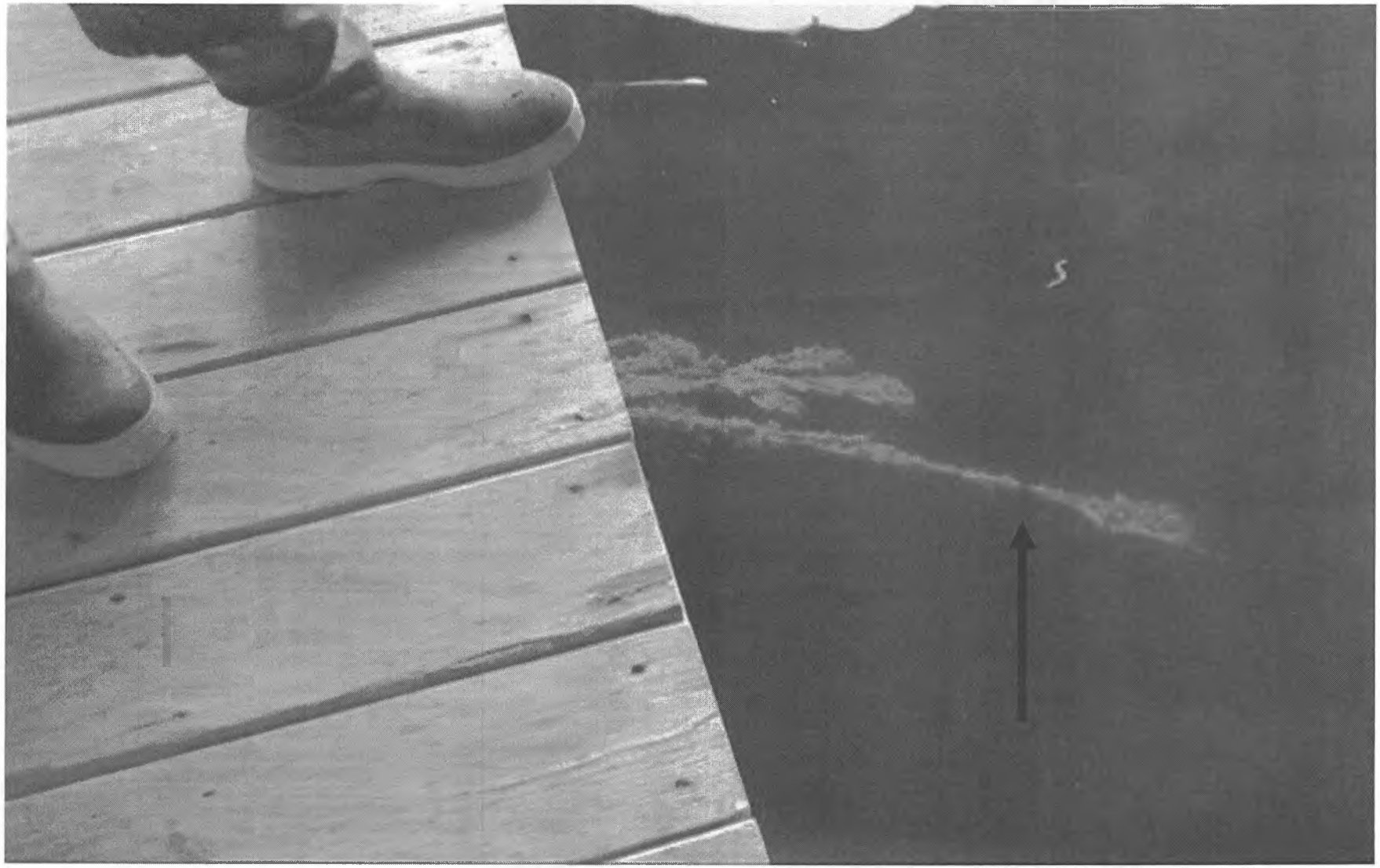
9/1/11

“Dangles”

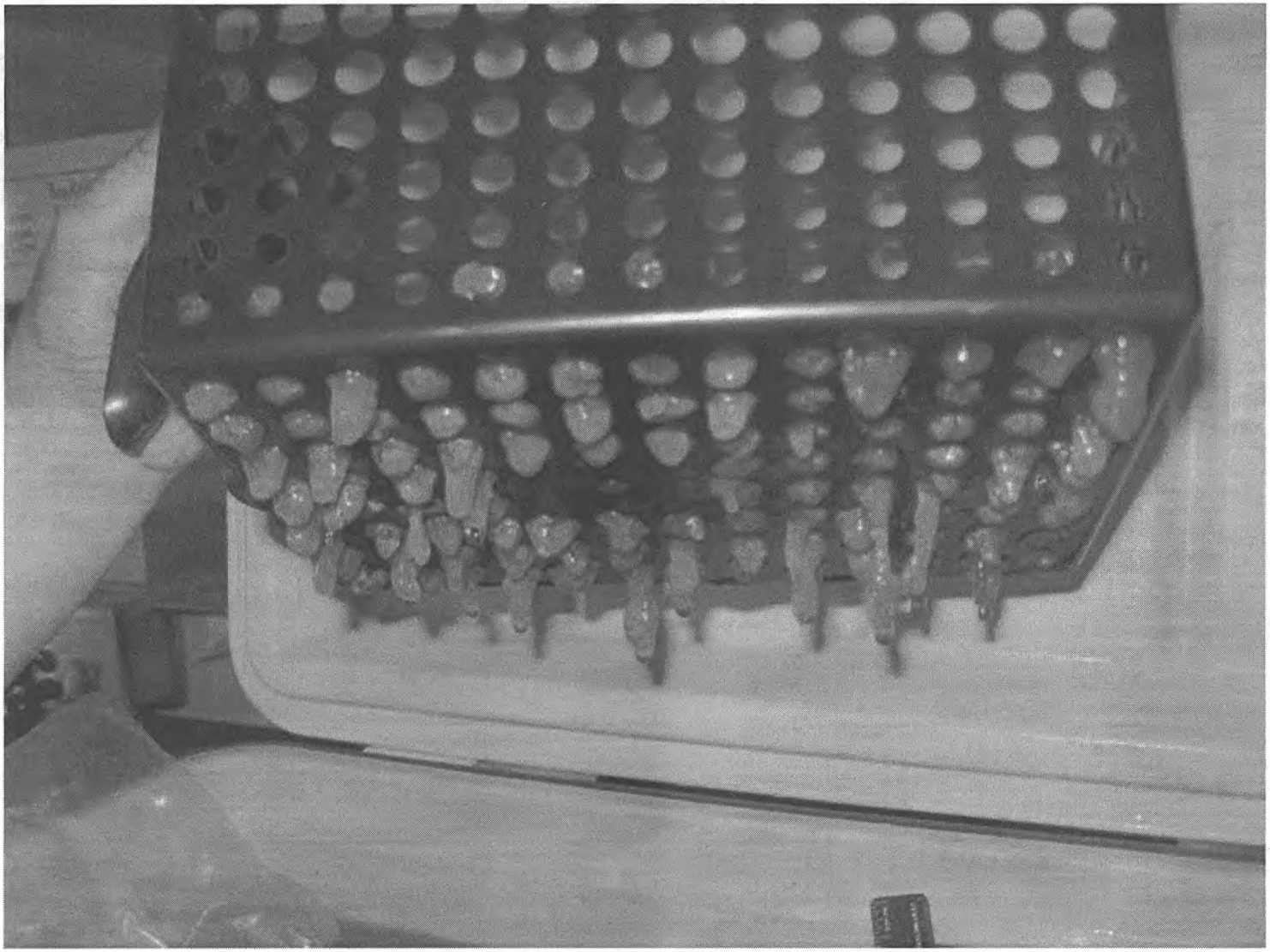
Typical 7-14 day growth of dangles.



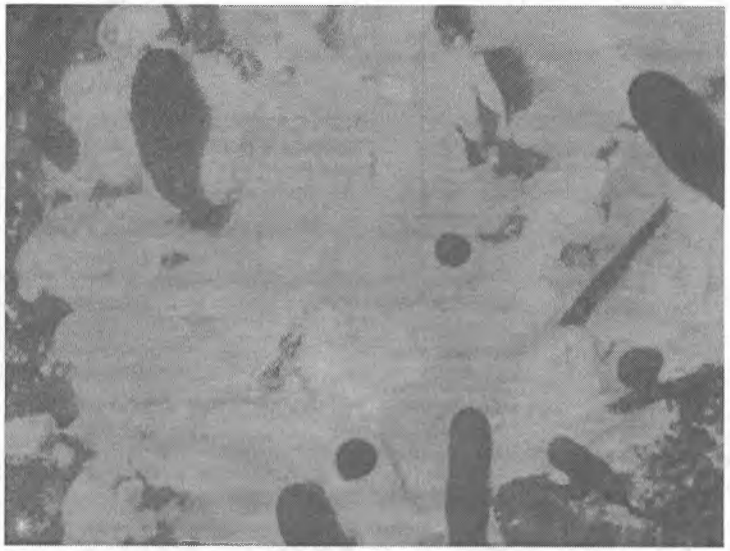
Dangles attenuate and break free

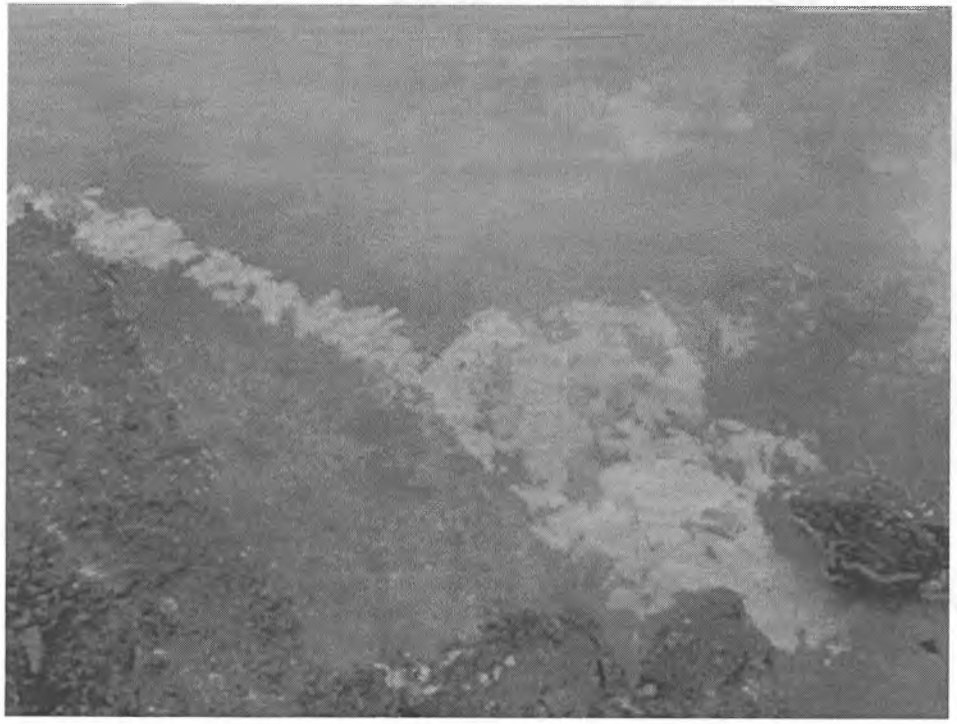


Within a few days ……



Intertidal Dvex
Sitka, Alaska







Dvex in Sitka

- Explosive growth and potential for spread
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  - First contain, then eradicate.
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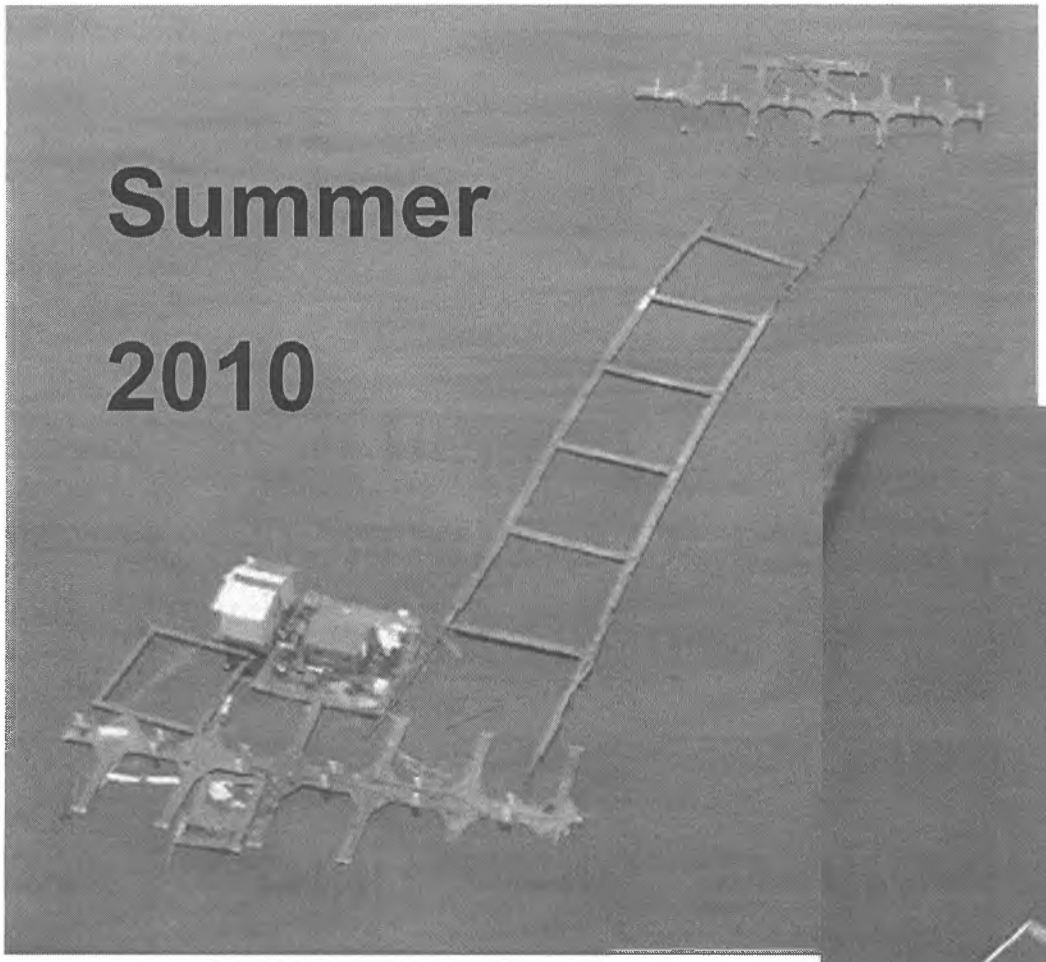
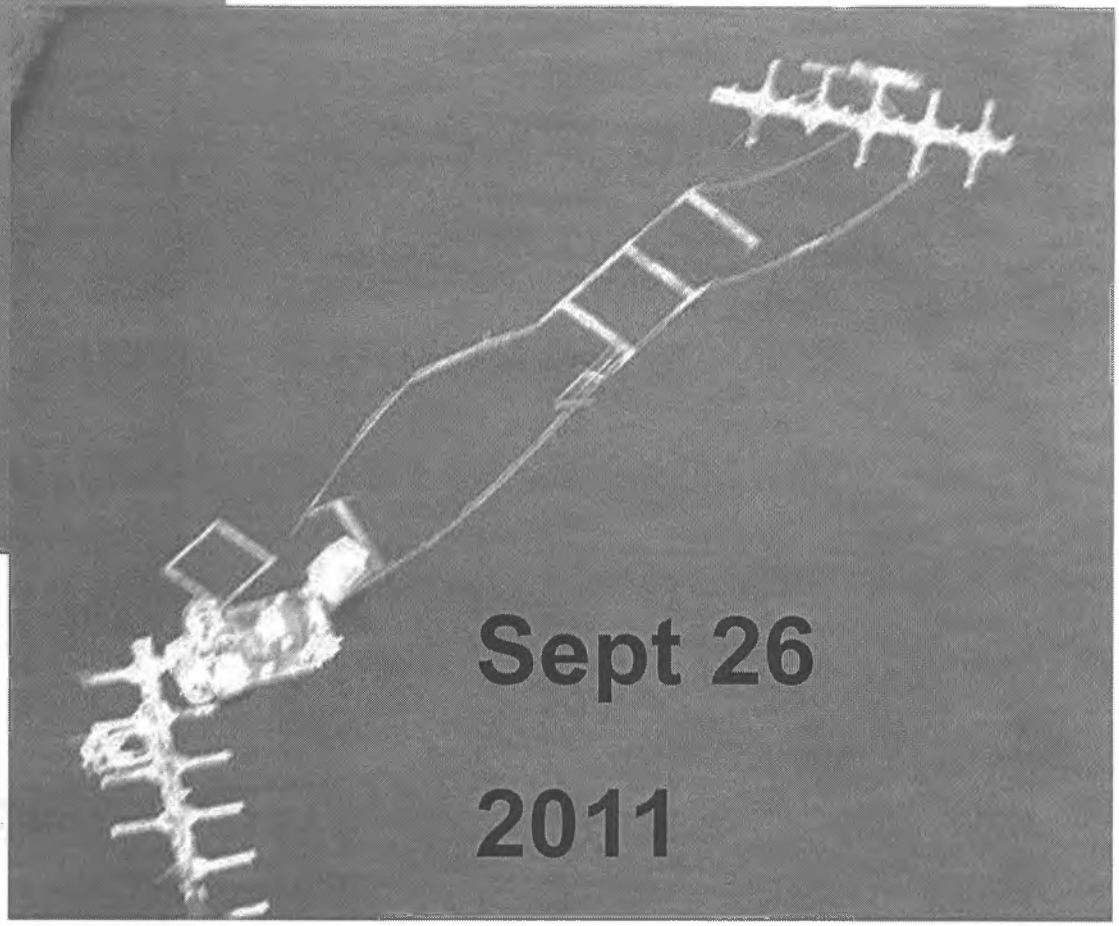
Whiting Harbor infestation
First contain, then eradicate.

- We all have been saying "Whiting docks are deteriorating and may carry Dvex out of Whiting"
- In fall of 2011, more than a year after Dvex discovery we lost dock structures out of Whiting
- Much has been cleaned up after storms
- There is still a rapidly deteriorating dock structure in Whiting that is heavily infested with Dvex and not well secured.
- Ability to quickly identify and carryout containment is crucial for communities. Still needs to be addressed in Sitka

Whiting Farm Deterioration

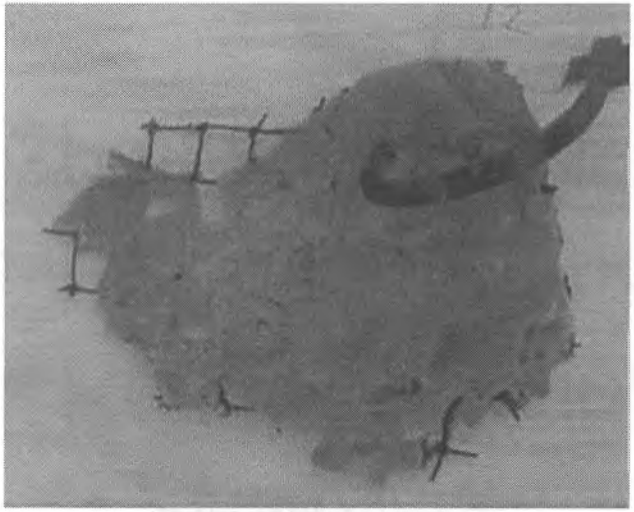




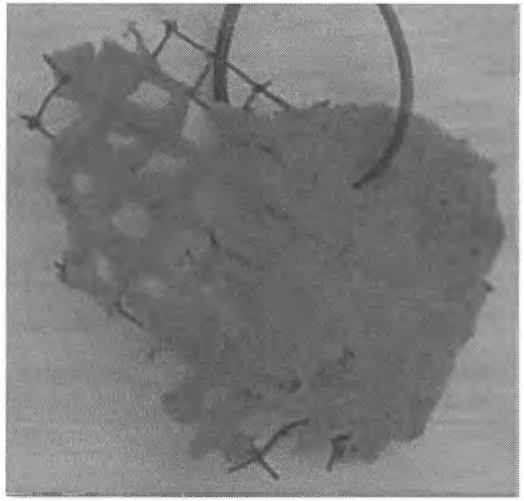
Eradication

- We need to learn how to eradicate
- Smithsonian Environmental Research Center is testing eradication methods.
- This spring the plan is to scale up and try application of salt to limited area of sub-tidal habitat.

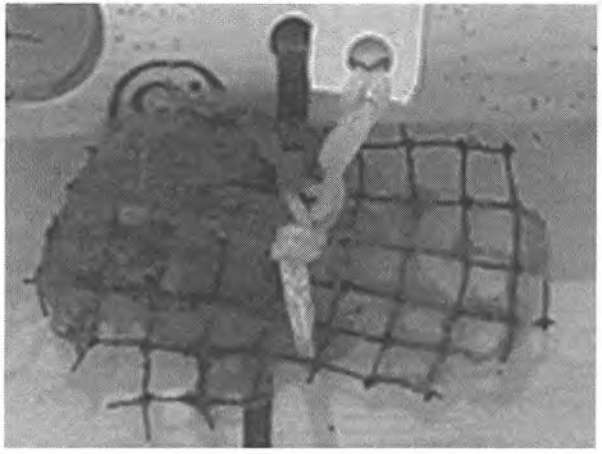
10% Acetic Acid (5 min)



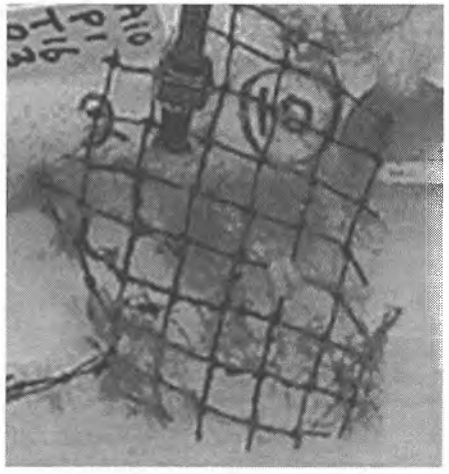
Before



After



1 Week



3 Weeks

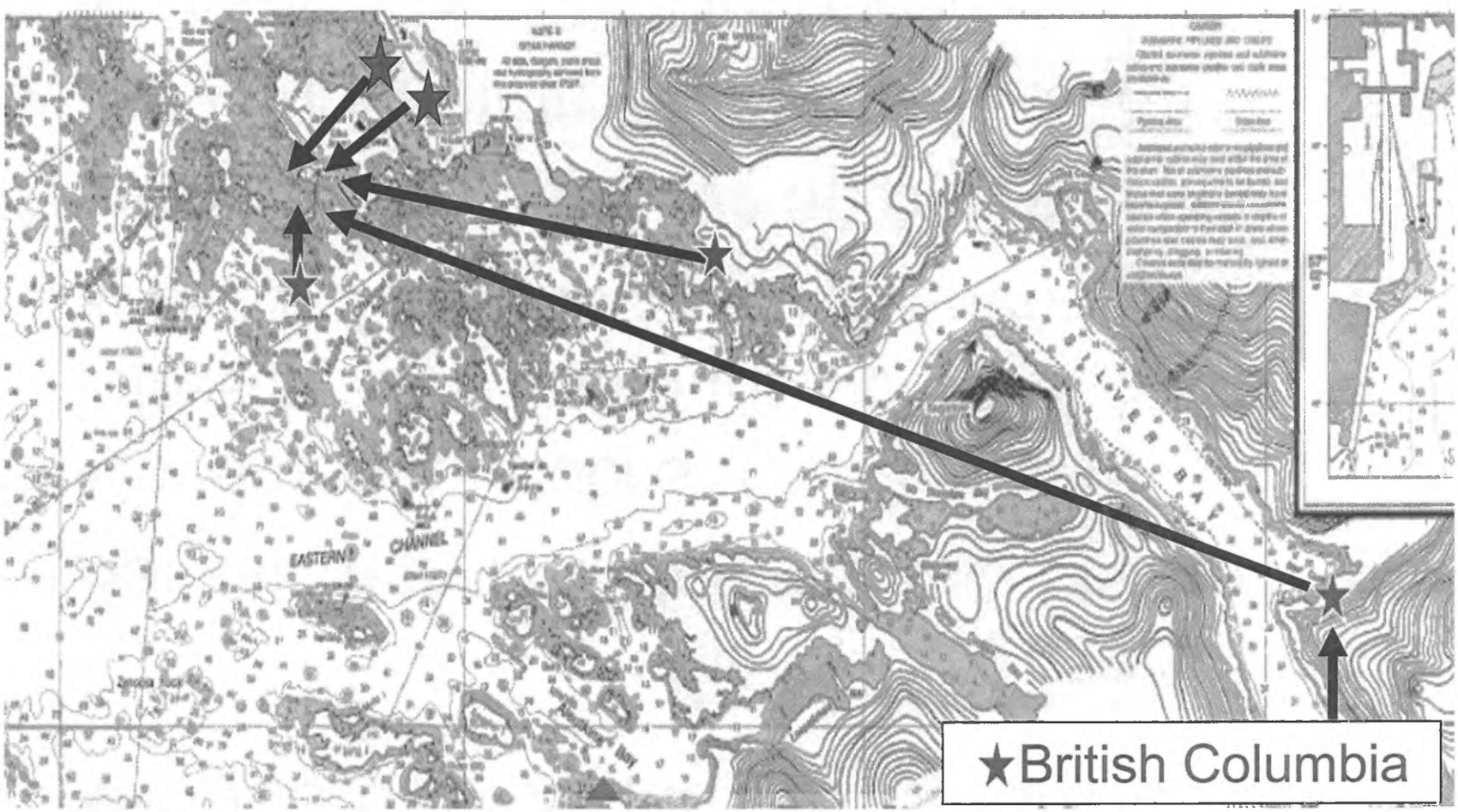
Dvex in Sitka

- Explosive growth and potential for spread
- Whiting Harbor infestation
  - First contain, then eradicate.
- Reduce possibilities for reintroduction
- Learn more about the biology of Dvex and potential impacts in Alaska

Reduce possibilities for reintroduction

- Ballast water, hull fouling, etc. all important
- Movement of docks other floating infrastructure has huge potential for spread of marine invasive species
- Moving a dock moves an entire habitat
- Very common in SE AK
- No legislation (?), little public awareness

Whiting docks pieced together from local and distant sources



Dvex in Sitka

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- Learn more about the biology of Dvex and potential impacts in Alaska

Learn more about the biology of Dvex and potential impacts in Alaska

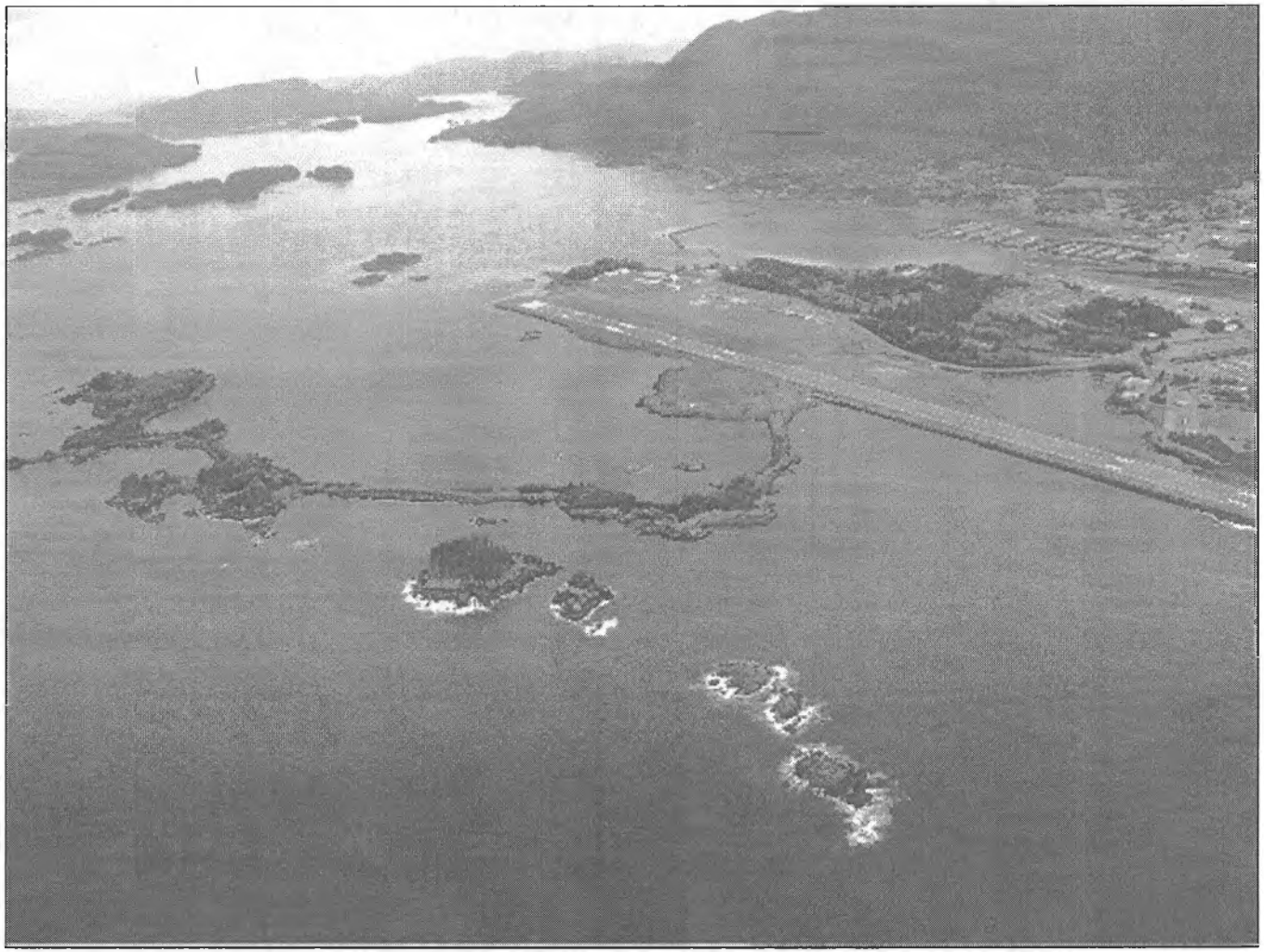
- Population genetics
- Distribution
- Ecological interactions and impacts
- Sexual reproduction & reproductive cycles
- Asexual reproduction & growth
- Considerations for containment & radication

Impacts for Sitka and Alaska are Unknown

- Example: Herring Eggs (below)
- We know patches of Dvex can reach nearly 100% coverage Whiting.
- We do not know if herring will spawn on Dvex or if herring eggs can survive on Dvex.



Where do we go from here?
Where does Dvex go from here?



Whiting Harbor
Sitka, Alaska

STOP AQUATIC HITCHHIKERS!

www.ProtectYourWaters.net

Follow these simple steps:

☑ Clean

Remove all plants, animals, mud and thoroughly wash everything, especially all crevices and other hidden areas.

☑ Drain

Eliminate all water before leaving the area, including wells, ballast, and engine cooling water.

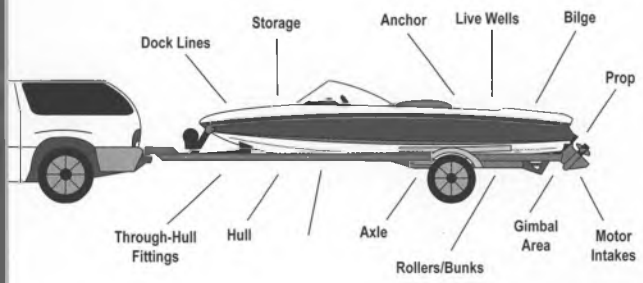
☑ Dry

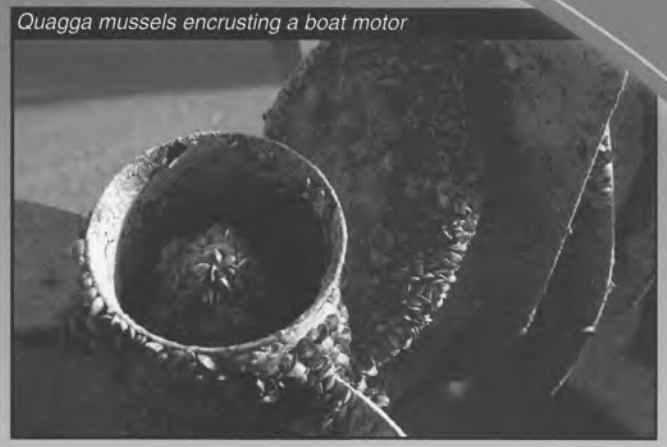
Allow sufficient time for your boat to completely dry before launching in other waters.

If your boat has been in infested waters for an extended period of time, or if you cannot perform the required steps above, you should have your boat *professionally* cleaned with high-pressure scalding hot water (>140 °F) before transporting to any body of water.

Before launching and before leaving...

Inspect everything!





Quagga mussels encrusting a boat motor

Zebra and quagga mussels are a nuisance for anglers and boaters. They can ruin your equipment, clog motor cooling systems, foul hulls, and jam the centerboard wells under sailboats.

100th Meridian Initiative

ZAP THE ZEBRA

www.100thMeridian.org

Please report any sighting by calling our National Hotline:

1-877-STOP-ANS

1-877-786-7267

Report a sighting in Alaska:

1-877-INVASIV

1-877-468-2748

For more information, please visit...

www.100thMeridian.org
www.ProtectYourWaters.net
www.adfg.state.ak.us

100th Meridian Initiative



Quagga Mussels



Zebra Mussels

Image Credits: *Zebra Mussels on a Fishing Lure* by Marc Murrell, Kansas Department of Wildlife and Parks • *Zebra Mussels, Zebra Mussels on a Beer Can, Zebra Mussels on a Native Mussel, Bait Bucket, Quagga Mussels, Zebra/Quagga Mussel Distribution January 2009* by David Britton, U.S. Fish & Wildlife Service • *Zebra Mussels in a Cut-Away Pipe* by Don Schlosser, Great Lakes Science Center • *Zebra Mussels in a Pipe* by Craig Czarnecki, Michigan Sea Grant • *Quagga Mussels Encrusting a Boat Motor* by Matt Watson, The University of Texas at Arlington • The distribution map is based on data compiled by the U.S. Geological Survey's Nonindigenous Aquatic Species Program (http://nas.er.usgs.gov).

Invasive Mussels: Expensive Damage!

When zebra and/or quagga mussels invade our local waters they clog power-plant and public-water intakes and pipes. Routine treatment is necessary and very expensive. This leads to increased utility bills. If you use water and electricity, you do not want these mussels.



Zebra mussels in a cut-away pipe



Zebra mussels blocking a pipe

Zebra/Quagga Mussels May Use Your Boat to Invade Additional Waters!

Once a boat has been in infested waters, it could carry invasive mussels. These mussels can spread to new habitats on boats trailered by commercial haulers or the public. Zebra and quagga mussels attach to boats and aquatic plants carried by boats. These mussels also commonly attach to bait buckets and other aquatic recreational equipment. An adult female zebra mussel can release up to a million eggs in a year. Please take precautions outlined in this brochure to help reduce the chance that zebra or quagga mussels will spread from your boat or equipment to uninfested areas.



Before zebra mussels *After zebra mussels*

USGS science for a changing world

Zebra and Quagga Mussel Sightings Distribution

Dreissena polymorpha and D. rostriformis bugensis



- Zebra mussel occurrences
- Quagga mussel occurrences
- Both species occurrences
- Mussels trailered overland on boat hulls

Map produced by the U.S. Geological Survey, Gainesville, Florida, July 7, 2009.

Zebra/Quagga Mussels Harm Native Aquatic Life



Zebra mussels on a crayfish



Zebra mussels on a native mussel

Zebra/Quagga Mussels Encrust Any Hard Surface



Zebra mussels on a beer can



Zebra mussels on a fishing lure

Zebra Mussels / Quagga Mussels

What are they?

Both are closely related. invasive, freshwater bivalve (mollusk) species that encrust hard surfaces.

Where do they come from?

These species came from the Black and Caspian Sea Drainages in Eurasia.

What size are they?

Larvae are microscopic and adults may be up to two inches long. They are usually found in clusters.

Why "Zebra" mussels?

Both species are sometimes referred to as "zebra" mussels because they both have light and dark alternating stripes. Quagga mussels are actually a distinct (but similar) species named after an extinct animal related to zebras.

What can I do to help?

Protect Your Fisheries

Preventing the spread of invasive pike is the best way to protect fisheries and aquatic wildlife from pike predation.

- Never transport and release northern pike or any other fish into a water body in Alaska.
- If you catch a pike where you have never seen one before, keep the fish and report it to 1-877-INVASIVE.
- If you see anyone other than ADF&G stocking personnel releasing live fish into waters in Alaska, report it to Wildlife Safeguard at 1-800-478-3377.
- Never transport and release fish or other live organisms to waters of Alaska. This is a violation of 5AAC 41.005 and a class A misdemeanor.
- **Fish for pike!** It's fun, and you can help reduce their numbers by harvesting and using all the pike you can catch.

Fishing For Pike

Pike are ambush predators that hide in vegetated areas where they dart out after prey. There are no bag limits for pike in most southcentral waters. Anglers are allowed to spear fish or use up to five lines when ice fishing. Always check the regulations before fishing.



Photo Credit: Corey Schwanke



Photo by Jim Lavakras, Compliments of Anchorage Daily News

For More Information

To view ADF&G's "Management Plan for Invasive Northern Pike in Alaska, see:
http://www.sf.adfg.state.ak.us/region2/pike/
For further questions, contact:

Alaska Department of Fish and Game
Division of Sport Fish
333 Raspberry Road
Anchorage, AK 99518
Phone: 907-267-2889
Fax: 907-267-2401
E-mail: kristine.dunker@alaska.gov

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Northern Pike



Outside their native range in Alaska, northern pike can destroy salmon and trout fisheries.

Northern pike are an invasive species in Southcentral Alaska.

Northern pike are native to most of Alaska. Within their native range, they are an extremely valuable subsistence and sport fish. However, where northern pike do not naturally occur such as in Southcentral or Southeast, they are an invasive species capable of causing tremendous amounts of ecological and economic damage.



Northern Pike

Invasive species are plants and animals that do not naturally occur in an area and can negatively affect the environment, the economy and/or recreational activities.

How did pike get to Southcentral Alaska?

Beginning in the 1950's pike were illegally introduced to lakes in the Susitna watershed. From there, they spread to many other water bodies. Further illegal introductions of pike to lakes in Anchorage and the Kenai Peninsula perpetuated the problem. Today, northern pike have been confirmed in over 130 water bodies in Southcentral.



Pike were illegally introduced into lakes in Southcentral.

Outside their native range in Alaska, northern pike:

- Reduce populations of fish, waterfowl, wood frogs, and small mammals.
- Threaten wild and stocked fisheries.
- Threaten local economies that depend on revenue from anglers and wildlife viewers.



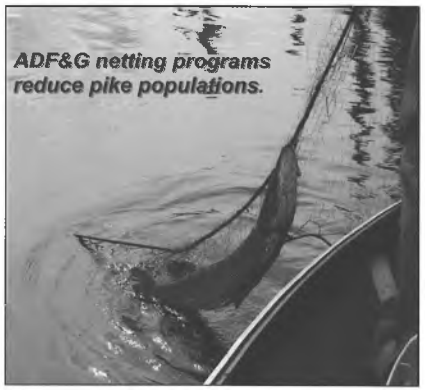
Within their native range, pike are a valuable subsistence and sport fish.

In Southcentral Alaska, invasive northern pike are voracious predators on rearing salmon and trout.



What can be done?

Division of Sport Fish biologists have been using gill nets to remove invasive pike from lakes. Though pike populations have been reduced, this method will never eliminate all of the pike. In the future, more intensive methods will be necessary to completely eradicate populations of invasive pike so that impacted fisheries can be restored.



ADF&G netting programs reduce pike populations.

What can I do to stop the spread of aquatic invaders?

Be observant. Report any animal or plant you think is unusual and may be a pest, PLEASE DO NOT TAKE A SAMPLE! Instead, note its location (take GPS points if you can), take a photo, and immediately phone the Alaska Department of Fish and Game Invasive Species hotline at **1-877-INVASIV** or email tammy.davis@alaska.gov.

Avoid infested waters–avoid Whiting Harbor. If you have visited an area known to be infested with an aquatic pest, inspect anchors, ropes and chains before leaving the area and dispose of any unusual plants or animals in a sealed container in a trash can. Let lines and anchors dry completely or rinse thoroughly with fresh water.

Keep your vessel hull free of fouling. Don't let pests hitchhike to a new location. Maintain antifouling treatments to your vessel hull, if appropriate. Do not conduct any hull-scraping in the water. Use a dry dock or other facility where the fouling material can be collected and disposed of in an upland area or landfill.

Don't move contaminated gear. Pieces of dock, barges, and other materials that are stored in the water can easily be contaminated with invasive species. Do not move pieces of dock without first having dried them out completely or decontaminated them.

Decontaminate your gear. Use plenty of fresh water, away from saltwater or let it dry out completely.

Remove colonial tunicates manually from your gear. Dispose of tunicates in a garbage receptacle or let dry completely. If pressure washing of aquatic farm gear cannot be avoided, only do so on land and make sure the outflow does not go into the sea.

Educate a friend about invasive species. Learn about your local marine habitats and the organisms they support. Learn about invasive species that threaten your local areas and share information with others.

ADF&G administers all programs and activities in compliance with state and federal civil rights and equal opportunity laws. Obtain the full ADF&G and Americans with Disabilities Act and Office of Equal Opportunity statement online at www.adfg.state.ak.us or from the ADF&G Public Communications Section at 907-465-6166. April 2011

UAS UNIVERSITY OF ALASKA SOUTHEAST
learn · engage · change

Smithsonian Environmental Research Center

ALASKA DEPARTMENT OF FISH AND GAME

NOAA

U.S. FISH & WILDLIFE SERVICE

ROMBERG TIBURON CENTER FOR ENVIRONMENTAL STUDIES

SITKA SOUND SCIENCE CENTER

Invasive Species ALERT: COLONIAL SEA SQUIRT



Photo ©ADF&G.

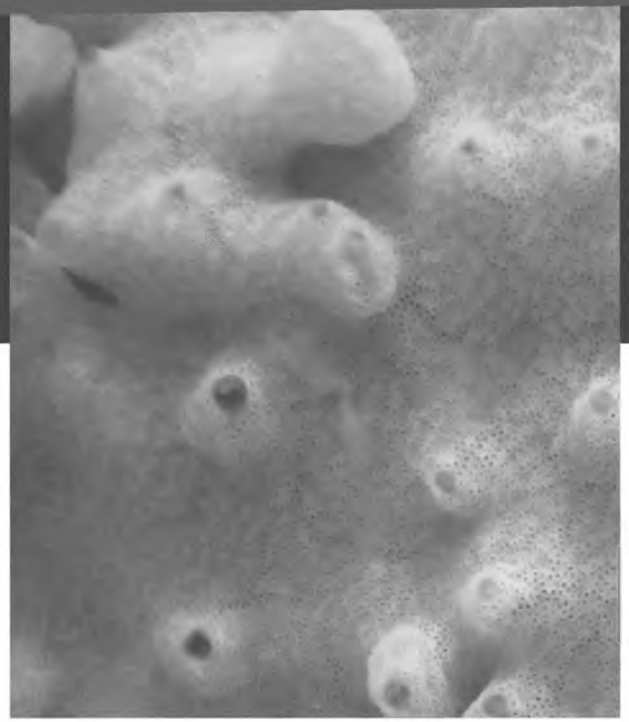


Photo ©ADF&G.

Colonial sea squirts invade Alaska

Commonly known as sea squirts, colonial tunicates are effective invaders of the marine environment and can have serious impacts on natural habitats, biodiversity, and economic activities. The colonial sea squirt, *Didemnum vexillum*, also called marine vomit, was found in Sitka waters. This nonnative tunicate grows on natural substrates such as rocks and gravel seabeds, as well as seaweed, mussels and oysters. It also colonizes man-made structures like docks, boat hulls, lines and nets. The aggressive growth of this invasive tunicate may alter fisheries resources and the habitats that sustain them.

- *D. vex* is expanding across the offshore fishing grounds of Georges Bank off the New England coast.
- When tunicates foul aquatic farm gear, defouling activities result in increased handling and increased product costs.
- Populations of *D. vex* on the Pacific coast of the U.S. may be sources for further expansion to Alaska.

An invasive colonial sea squirt, *Didemnum vexillum*, was found in Sitka's Whiting Harbor in June 2010. It grows over a variety of surfaces, such as docks, boat ramps, boat hulls, rocks and gravel seabeds, as well as pliable substrates such nets, rope, kelp, and other native organisms. It can encrust nonmobile marine animals such as mussels and oysters.

Tunicate profile

Description: *D. vex* may be orange, pink, yellow, tan or cream. Its surface has visible veins with small pores. The texture of the sea squirt is smooth, like firm gelatin, and is somewhat leathery rather than slimy. Mature colonies can form large, pendulous lobes that resemble tendrils of dripping wax or may form extensive undulating mats with short lobes when growing on the ocean floor.

This invasive tunicate is tricky to identify, and may easily be confused with colonial sea squirts or sponge animals that naturally occur in Alaska.

Habitat: Primarily found along inshore coastal areas, *D. vex* typically grows on submerged hard surfaces including docks, pilings, and rocky ocean bottoms. In Sitka it has been found growing in the intertidal zone. It can tolerate a wide range of water temperatures and environmental conditions.

Reproduction and dispersal: *D. vex* is a particularly strong invader in part because it is capable of reproducing sexually and asexually. When fragments detach from a parent colony they are viable and can reproduce as long as suitable habitat is available. This characteristic is especially concerning because cleaning infested boat hulls or aquatic farm gear into or near the marine environment can easily result in spreading this invasive sea squirt.

Photo © Meuret-Woody. Used with permission.



STOP AQUATIC INVASIVE SPECIES

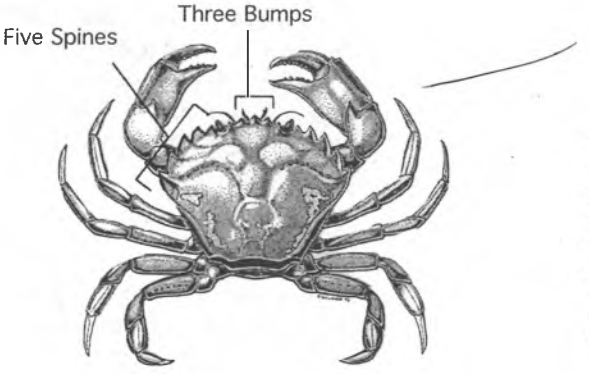
EUROPEAN GREEN CRABS



WHY LOOK FOR EUROPEAN GREEN CRABS?

European green crabs compete with native crab species and are voracious predators of clams, oysters, mussels, marine worms, and small crustaceans. In Alaska, green crabs could pose a serious economic and environmental threat to native crabs, including the young of commercially caught crabs, as well as to clam and oyster fisheries.

DISTINGUISHING FEATURES:



Art by Timothy Sullivan

- Five distinct spines (teeth) on each side of shell, between widest part of shell and eyes
- Top shell (carapace) usually dark brown to green, mottled with yellowish spotting
- Top shell up to 4 inches wide
- Three bumps between the eyes
- Both front claws the same size

Common Alaska Crabs that can be confused with European green crab

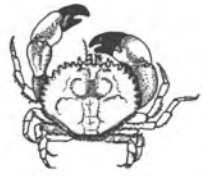
Helmet or Horse Crab

- Large, jagged teeth on each side of top shell
- Entire body covered with stiff, bristly hairs
- Frontal area protrudes past eyes



Pygmy Rock Crab

- Large claws, tips black
- Top shell nearly circular in outline, widest at 7th or 8th tooth
- Legs very hairy



Dungeness Crab

- Broadly oval, uneven top shell with ten teeth, widest at the 10th and final tooth
- Narrow frontal area, with five unequal teeth between the eyes
- Light-colored leg tips



Reporting:

You can play an important role in the early detection of non-native species. Community monitors have been widely successful against the spread of the European green crab in North America. Green crabs have successfully invaded the West coast of North America as far north as British Columbia, but have not been found in Alaska. Scientists and resource managers generally agree that green crab arrival in Alaska is no longer a matter of "if" but "when."

• When looking at a suspicious crab, compare the appearance with the description on this card. If you think you have a green crab, do not release it! Take a picture of the crab, if you can.

• Put the crab in a container, labeled with the date and location where it was found. Describe the environment you found it in, such as rocky beach or boat hull.

• Freeze it and call 1-877-INVASIV. Email your pictures to tammy.davis@alaska.gov. Researchers will need the crab to confirm its identification.

If you are interested in learning more about citizen-based invasive species monitoring, call **907-226-4663** or **1-877-INVASIV.** Learn more about the European Green Crab and other invasive species at **www.alaskainvasives.org**

Kachemak Bay Research Reserve
Alaska Islands & Ocean Visitor Center
95 Sterling Highway, Suite 2, Homer, AK 99603
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THE FOLLOWING PUBLICATION HAS NOT BEEN FILMED BUT IS AVAILABLE IN THE ORIGINAL FILE AND ONLINE:

INTRODUCTION TO COMMON NATIVE & POTENTIAL INVASIVE FRESHWATER PLANTS IN ALASKA

http://alaska.fws.gov/fisheries/invasive/pdf/AK Aquatic Plants full.pdf

Introduction to Common Native & Potential Invasive Freshwater Plants in Alaska















Introduction to Common Native & Potential Invasive Freshwater Plants in Alaska



This document is based on *An Aquatic Plant Identification Manual for Washington's Freshwater Plants*, which was modified with permission from the Washington State Department of Ecology,
by the
Center for Lakes and Reservoirs at Portland State University
for
Alaska Department of Fish and Game
US Fish & Wildlife Service - Coastal Program
US Fish & Wildlife Service - Aquatic Invasive Species Program

December 2009

1/25/12 OVERVIEW: ECONOMICS OF GAS TO LIQUIDS AND METHANOL TO GASOLINE CONVERSION, PRODUCTION AND SHIPMENT IN ALASKA

<TARGET><BILL></BILL><SUBJECT>1-25-12 OVERVIEW ECONOMICS OF GAS TO LIQUIDS AND METHANOL TO GASOLINE CONVERSION, PRODUCTION AND SHIPMENT IN ALASKA</SUBJECT><COMM>HRES27</COMM></TARGET>

Alaska's Fiscal Regime and Incentives for Gas-to-Liquids (GTL)

Presentation to the
House Resources Committee
January 25, 2012
Alaska Department of Revenue

Alaska Oil and Gas Revenue Sources

- **Royalty**
  - Straight percentage assessed on most oil and gas production based on lease terms
- **Production Tax**
  - Tax rate varies with value of production after expenses are deducted
- **Corporate Income Tax**
  - Up to 9.4% of net profits of oil and gas production as apportioned to Alaska
- **Property Tax**
  - 20 mills assessed on value of property

ACES Production Tax

Two Important concepts for GTL

1. **Calculated on the Gross Value at Point of Production (GVPP) minus qualified capital and operating (upstream) expenditures**
2. **Taxes company that produces and therefore owns the oil or gas**

ACES Production Tax

Two questions to answer for GTL

1. **Where will the GTL plant be located?**
2. **Who owns the plant, the gas, and the GTL products?**

ACES Production Tax

Question 1: Where will the GTL plant be located?

- North Slope?
- Cook Inlet?
- Somewhere in between?

It makes a BIG DIFFERENCE to the economics!

ACES Production Tax

Question 2: Who owns the plant, the gas, and the GTL products?

- –North Slope gas producers?
- –Cook Inlet gas producers?
- –Third party?

Who are we trying to incentivize?

Alaska's Fiscal Regime

There are many ways of incentivizing …

- **Royalty relief**
- **Production tax credits**
- **Property tax exemptions**
- **Corporate income tax credits**

GTL in Alaska

Other studies

- **Hatch, van Meurs identified the price of natural gas feedstock as the primary driver of economic viability of GTL project**

GTL in Alaska

- **Plenty of potential but we need to hear from the private sector: what are the hurdles as far as industry is concerned?**

Conclusion

- GTL is one of several options for developing Alaska's gas resource
- Incentives depend on our desired outcomes: with a strong enough incentive you can do just about anything
- Incentives possible through production tax, royalty, CIT, property tax, subsidies
- What is the goal? Is it to create jobs and diversify our economy or is it to fully develop Alaska's natural gas through one major project?

State of Alaska
Department of Revenue
Commissioner's Office

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January 18, 2011

Representative Paul Seaton
State Capitol Room 102
Juneau AK, 99801

Re: Economic Analysis of Alaska North Slope Gas to Liquids Plant

Dear Rep. Seaton:

This letter is in response to the questions raised in Louie Flora's November 16, 2010 email relating to Gas to Liquids (GTL) technology and the viability of a Gas to Liquids plant in Alaska. In the November email, the department was requested to produce modeling where the GTL plant is downstream of the point of production and on a 20 year amortization schedule similar to a pipeline tariff repayment; the plant is built in three module increments producing 35,000 bpd each, and operates at an efficiency of 70%. The Department of Revenue analyzed whether a GTL plant is economically feasible and what impacts such a plant would have on state revenue. The results are summarized in this letter. We have also provided additional information on the GTL process and products and the current projects around the world as an attachment to this letter.

Modeling Assumptions

Numerous assumptions are required to analyze the economics and revenue impact of a GTL plant in Alaska. To generate these assumptions, we relied upon earlier work done by the Department of Revenue, several studies by the U.S. Department of Energy, information provided by GTL experts at Gaffney Cline, and public information available on existing GTL plants. All costs and price estimates are in real 2011 dollars.

Key Assumptions

GTL Plant Specifications

- The GTL plant is located on North Slope and producer owned;
- The plant consists of three modules (or trains) which produce 35,000bbls/day of syncrude over a 20 year life;

- The plant operates at 70% efficiency, and at peak production it converts about 0.8bcf/day of natural gas into 105,000bbls/day of GTL products. Over the life of the GTL plant, a total of about 5.8 trillion cubic feet of natural gas is used to produce approximately 770mmbbls of syncrude. According to a recent DOE report, Prudhoe Bay alone is estimated to contain 23.7tcf of exportable hydrocarbon natural gas reserves (produced gas less CO2, lease use, local sales, and shrinkage).[1]

GTL Plant Capital and Operating Costs

- Base, low and high-case capital costs are $12.60 billion ($120,000 per daily barrels), $7.35 billion ($70,000 per daily barrels), and $17.85 billion ($170,000 per daily barrels);
- GTL Plant operating expenses of $10 per bbl of GTL product produced (e.g. 38mmbls/year x $10/bbl = $380 million per year to operate).
- Since the GTL plant is producer owned, the price of natural gas entering the GTL plant is not a cost incorporated into the project's cash flow.

GTL Product Value

- The GTL product is assumed to carry a 30% premium to the West Coast price of Alaska North Slope (ANS) crude oil;
- We present a range of ANS WC crude oil prices from $50 - $150/bbl in Tables 1 and 2 below;
- GTL products are batched down TAPS, and additional TAPS throughput reduces the TAPS tariff.

Tax and Royalty Assumptions

- The plant is downstream of point of production for production tax purposes, and the plant's capital costs and operating expenses are not deductible costs in calculating production taxes.
- The royalty is based on the value of the natural gas and not the GTL product.

It is important to note that this model analyzes the economics and revenue impact of a GTL plant and not the feasibility of a GTL plant project vis-à-vis a natural gas pipeline. An important part of the decision to undertake this project is whether it is more profitable to monetize natural gas reserves with a GTL plant rather than a natural gas pipeline. Our analysis does not address this question, but rather it focuses on the more narrow issue of whether a GTL plant is economically viable and what impact such a plant would have on state revenue.

Modeling Results

To assess the underlying economics of this project, we calculate the project's internal rate of return (IRR). The IRR is the discount rate that makes the net present value of the project's cash flow equal to zero. While this is only one of many metrics, the IRR is widely used and allows

[1] http://www.netl.doe.gov/technologies/oil-gas/publications/EPreports/ANSSummaryReportFinalAugust2007.pdf

this project to be compared to alternative projects with different time horizons and capital outlays.

The primary drivers of the GTL plant's economics are the value of the GTL products and the plant's capital costs. Table 1 below shows the IRR of the project for a range of ANS WC prices and three capital cost scenarios. The GTL products are assumed to have a 30% premium over the price of ANS WC crude oil.

Table 1 below shows under the right combination of oil prices and capital costs, the GTL plant has strong internal rates of return. For base-case capital costs, an ANS WC price of close to $70/bbl is required for the project to have a 10% IRR, and a $120/bbl price is required for a 15% IRR. It is important to note that for a project to be viable, the IRR must exceed a hurdle rate that covers both the costs of financing the project and any risk premium.

Table 1

GTL Project Internal Rate of Return

ANS WC Price	Low Costs $70,000 per daily barrels	Mid Costs $120,000 per daily barrels	High Costs $170,000 per daily barrels
$50	11%	7%	4%
$60	13%	9%	7%
$70	15%	11%	8%
$80	16%	12%	10%
$90	17%	13%	10%
$100	18%	13%	11%
$110	19%	14%	12%
$120	20%	15%	12%
$130	21%	16%	13%
$140	22%	16%	13%
$150	22%	17%	14%

The impact on state revenue also varies substantially depending on the value of the GTL products and the plant's capital costs. Table 2 below shows the net present value of the project's state revenue impact for a range of ANS WC prices and three capital cost scenarios. The discount rate for the state is assumed to be 5%.

Table 2

NPV of State Revenue ($Billions)

ANS WC Price	Low Costs $70,000 per daily barrels	Mid Costs $120,000 per daily barrels	High Costs $170,000 per daily barrels
$50	2.950	2.024	1.382
$60	4.513	3.011	1.692
$70	6.084	4.284	2.592
$80	7.638	5.739	3.825
$90	9.356	7.522	5.604
$100	11.149	9.330	7.561
$110	13.046	11.098	9.202
$120	15.061	12.985	10.960
$130	17.195	14.990	12.837
$140	19.448	17.115	14.833
$150	21.820	19.359	16.948

Table 2 above shows the net present value of state revenue generated by the project can be over $10 billion with certain combinations of oil prices and capital costs. In the base-case scenario, a price of over $105 yields a net present value to the state of more than $10 billion.

The increase in revenue is primarily due to an increase in production taxes, which rises because of the additional 105,000bbls/day of production, the high premium GTL products carry over the West Coast price of ANS crude, and the lower TAPS tariff resulting from increased TAPS throughput. The property tax impact of a GTL plant and the royalty assessed on the natural gas entering the plant are also included in our analysis.

There are many issues not incorporated into our analysis that merit comment. First, building a GTL plant would require years of permitting, engineering, and commitment by the companies that hold leases with natural gas reserves. Second, there are unresolved technical issues with shipping GTL products through TAPS. Third, while newly discovered natural gas reserves can be shipped in a natural gas pipeline by expanding the pipeline's capacity, adding capacity to a GTL plant may require an additional GTL plant module. Constructing a GTL module is expensive, and this may inhibit the development of natural gas reserves if the gas reserves are not large enough to justify construction of an additional module.

Conclusions

Our modeling shows that in certain scenarios a GTL plant may be economically viable and bring in substantial revenue to the state. The key drivers of the project's economics and impact on state revenue are the price of crude oil and the plant's capital costs. Crude oil prices are notoriously volatile and difficult to forecast, and capital costs estimates for a project of such magnitude should be taken with caution. Hence, there is a great deal of uncertainty involved in undertaking this project.

We hope this analysis fulfills your request and provides an opportunity for further discussion on the economic viability and state revenue effects of a GTL plant. We look forward to answering any follow-up questions you may have regarding our work.

Sincerely,

Bruce Tangeman
Deputy Commissioner

Cc: Louie Flora
Bryan Butcher, Commissioner
Jonathan Iversen, Tax Director

Enclosed: Additional Information on GTL

Additional Information on Gas-To-Liquids

Background

Gas-to-Liquids refers to the process of converting natural gas (methane) to high valued liquid petroleum products, mainly diesel fuel and naphtha. The process is very expensive and capital intensive. However, GTL technologies may be feasible at current and forecasted oil prices and could play a part in commercializing North Slope natural gas reserves. A potential GTL project on the North Slope would convert natural gas to GTL products, batch them into the crude oil, and ship them through the Trans-Alaska Pipeline (TAPS) to Valdez.

Process

Although there are various competing GTL technologies, they all use similar processes. There are three basic steps. First, oxygen, methane, and steam are combined at high temperatures to produce synthesis gas (syngas), a mixture of carbon monoxide and hydrogen. To make syngas, some of the technologies require pure oxygen and some start with air. The former processes incur a high capital cost to isolate the oxygen. The latter process necessitates the costly use of larger reactor vessels to accommodate the atmospheric nitrogen (nitrogen comprises about 80 percent of the earth's atmosphere).

The second step involves the Fischer-Tropsch (F-T) process, a chemical reaction between carbon monoxide and hydrogen in the presence of a catalyst such as cobalt or iron, under certain temperatures and pressures, which converts the syngas to liquid hydrocarbons and water. This process was discovered in Germany in 1923 and used by the Germans to convert coal to liquid fuel during World War II. The process produces a long chain paraffinic (waxy) hydrocarbon.

The last step is to upgrade the product to high-quality GTL products.

Product Values

GTL products are very clean. They are virtually free of sulfur, nitrogen, nickel, vanadium, asphaltenes, aromatics and salt. GTL diesel has a high cetane rating, which facilitates fuel ignition and cold-weather performance. GTL product are almost exclusively hydrogen-saturated paraffinic hydrocarbons, and the consequent relatively high hydrogen content leads to lower flame temperatures inside the engine, which in turn reduces nitrous oxide emissions. GTL diesel would meet the specifications for California Air Resources Board (CARB) diesel. Based on the historic relationship between ANS and CARB diesel, we estimate GTL diesel would carry a 35% premium over ANS.

GTL naphtha is almost purely paraffinic with low concentrations of naphthenes and aromatics. While, unlike most naphtha, this would preclude its use for gasoline feedstock, it makes an excellent feedstock for steam cracking operations to produce petrochemicals, especially ethylene. As ethylene feedstocks are in surplus on the West Coast, the most lucrative petrochemical market in the Pacific Rim for petrochemicals is China. Based on the historic relationship of ANS to naphtha prices in China, we estimate GTL naphtha would carry a 20% premium over ANS.

Converting natural gas into useful ultra-clean liquid fuels is an attractive prospect, particularly where the gas resource is effectively "stranded" in a remote location, making the conventional

routes to market – by long distance pipelines or conversion to liquefied natural gas (LNG) for shipment by sea uneconomic.

Advances in GTL Technology

In 2002, BP[2] brought on its Nikiski GTL plant which produced 300 barrels per day and included a compact reformer, fixed bed FT reactor and hydrotreater. It operated through several Alaskan winters. BP has established that the process is very reliable, operable and controllable. They have learned much about catalyst life, activation and loading and unloading procedures – after three years the catalyst in the FT stage came out of the reactor like new. The Nikiski program required an investment of over $500 million. BP has shown itself to be capable of successfully constructing and running a GTL plant in remote Alaska, with temperatures down to -20 C in regions subject to earthquakes and volcanic eruptions.

BP plans a new 'next generation' fixed bed FT pilot plant to be built at BP's Hull Research and Technology Centre (HRTC) in the UK. The plant will test catalyst formulations and optimize process steps to develop a more advanced fixed bed process. Another type of FT process has been under trial at HRTC in the form of an advanced slurry process. The FT slurry reactor is different than the fixed bed process. In the fixed bed, the catalyst which promotes conversion of syngas to paraffins is packed inside tubes with the gas passing through them; the reaction is highly exothermic and the reactor must be designed to remove heat quickly. In the slurry reactor, the catalyst is dispersed in the liquid paraffin wax product within a large vessel with bubbles of syngas passing through it creating a three-phase slurry. The slurry of catalyst particles and paraffin wax product is constantly removed from the vessel by pumping around a loop where excess heat is removed in an external heat exchanger, the catalyst and product are separated and the catalyst returned to the reactor.

ExxonMobil's Gas to Liquids technology is the result of a research, development and engineering program spanning 20 years and costing $600 million.

Pearl GTL[3] will be the world's largest source of gas-to-liquids (GTL) products, producing 140,000 barrels of GTL products each day (the plant will also produce 120,000 barrels of oil equivalent per day of natural gas liquids and ethane). Startup of the plant is imminent. The plant is operated and funded by Shell at a development cost of $18-$19 Billion. Expected payout for the plant has been estimated at 3 to 4 years. Shell's Pearl GTL project, for example, can generate an annual profit of US$6bn based on an oil price of US$70 per barrel, according to remarks in March 2010 by the company's executive vice-president for Qatar, Andrew Brown. The plant uses 320 mboe/d of gas.

A South African firm[4], Sasol has announced it would spend just over $1 billion Canadian dollars to buy a half-interest in a Canadian shale gas field, so it can explore turning natural gas into diesel and other liquids. Sasol's proprietary conversion technology was developed decades ago to help the apartheid government of South Africa survive an international oil embargo and it is a

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[2] BP Global Website – Reports and publications – Syngas synergies, <http://www.bp.com/genericarticle.do?categoryId=9011237&contentId=7021393>

[3] Shell Website, Pearl GTL – <http://www.shell.com/home/content/aboutshell/our_strategy/major_projects_2/pearl/overview/>

[4] Matthew L. Wald, New Interest in Turning Gas to Diesel, 23 Dec. 2010, NYTimes.com, <http://www.nytimes.com/2010/12/24/business/energy-environment/24fuel.html?_r=1&src=busln>

refinement of the technology used by the Germans to make fuel for the Wehrmacht during World War II. "The acquisition of this high-quality natural gas asset will accelerate our upstream growth while also advancing Sasol's already strong GTL value proposition," said Sasol CEO Pat Davies.

State of Alaska

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January 8, 2010

Representative Paul Seaton
345 W. Sterling Highway
Homer, AK 99603

Re: Economic Impacts of Gas to Liquids Technology on State Oil and Gas Revenues

Dear Rep. Seaton:

This letter is intended to respond to the economic modeling questions you raised in your letter dated September 22, 2009 relating to Gas to Liquids technology (GTL) and its potential impacts on future Alaska oil and gas revenues. While your letter was subdivided into 8 different questions that covered a range of topics relating to GTL economics and related policy and legal questions, the Department wanted to first communicate to you its economic modeling analysis before addressing the policy and legal questions in case those change as a result of the preliminary findings discussed in this letter. The Department of Revenue analyzed the differential impacts on state revenues that would accrue from two potential natural gas projects using North Slope natural gas: (1) a natural gas pipeline; and (2) a gas-to-liquids (GTL) conversion, using TAPS to transport the liquids along with the oil. We would like to have a follow up conversation with you after you have had a chance to review the economic modeling information to ensure that the policy and legal questions you want us to address are still relevant and touch on the areas you still have questions about.

Both the GTL and gas pipeline projects are considered major oil and gas development projects, involving years of engineering and permitting, substantial capital outlay, and commitment on the part of the companies holding the leases for the natural gas. For that reason, each of these projects carries a significant amount of risk that should ultimately be taken into consideration, along with the economics, to determine the optimum project to pursue. Both of these projects would be considered megaprojects in any jurisdiction, involving huge amounts of labor, construction materials, and world class planning and logistics. The gas pipeline is arguably one of the world's biggest undertakings for any private company, and there are no GTL projects of the magnitude that has been suggested for this proposal.

Due to the hypothetical nature of both of these proposals, the assumptions used in the economic modeling significantly affect the modeling outcomes. Even though the AGIA license has been awarded to TransCanada, and some preliminary engineering work has been completed, there are still many unknowns about the gas pipeline project. One of the largest unknown is the total cost for the pipeline. In 2007, the Department of Natural Resources contracted with Black and Veatch Corporation to do some early economic modeling of the natural gas pipeline. The Department of Revenue has used that model

in responding to your questions regarding the economics of the gas pipeline. It is evident from our use of the Black & Veatch model, however, that the most important gas pipeline economic criteria have yet to be finally determined. In addition to the total cost of the gas pipeline, there are unknowns about the value to be placed on the components of the natural gas, where and how much gas will be sold, and how much will be charged back to the wellhead for processing. As a result of these unknowns, the likely gas tariff is also undetermined. In order to respond to your questions, we must make a number of assumptions to utilize the Black & Veatch natural gas pipeline model.

There are even more unknowns associated with our analysis of a GTL proposal. We gathered as much information as we could about GTL processes and projects around the world and talked to several experts in the GTL field. We were informed by all of the experts that there is not currently a GTL plant of the magnitude posed to us in your request. At the present time, the largest operational GTL plant—Oryx in Qatar—produces only 34,000 barrels of oil equivalent (BOE) per day. Another project in Qatar that is nearing completion—Pearl—will produce 140,000 BOE per day from 1.6 bcf of natural gas. These differ substantially from the proposed project in your request, namely using roughly 4 bcf per day to produce up to 533,000 BOE per day. As a frame of reference, GTL experts from Gaffney Cline Associates told us that the facility footprint to convert 2 bcf per day of gas was the same size as 900 football fields. Shell's Pearl project, which is less than a third the size proposed in your request, employed 40,000 people on site.

GTL experts at Gaffney Cline also informed us about the conversion efficiency of GTL, indicating that 60% efficiency is considered very good in the industry. They were not aware of any methodology currently used to halt the conversion process at a stage where only 20% of the natural gas is consumed (80% efficiency). They did mention that GTL plants generate large amounts of heat and water, which may be of use to farms or population centers near the plants. They also indicated that recent technological advances have made possible the use of CO_2 in the conversion process, but that the technology is not in the commercial stage yet. We also interviewed Dr. Chukwu who explained the basis of his GTL research at the University of Alaska, Fairbanks, and he indicated that discussions regarding partial processing of GTL liquids were still theoretical at this stage.

Modeling Assumptions

We assumed that the GTL project would require 10 years of engineering, permitting, and construction and the first train would become operational in 2020, capable of converting 1 bcf/day of natural gas. After four years, the second train would be operational, and the third and fourth trains would become operational in succession, two years after the previous train. By 2028, all four trains would become operational, capable of converting 4 bcf/day. At 60% efficiency, peak production would be 400,000 BOEs per day; at 80% efficiency, peak production would be 533,000 BOEs per day. We assumed this level of production until 2050, when a cumulative total of about 38 trillion cubic feet would have been consumed, an amount that approximates total known accumulations at the Prudhoe Bay and Point Thomson fields.

We assumed total capital costs of $40 billion for the GTL project, which we were informed was a conservative price, potentially on the high side. We assumed operating costs of $5 per BOE, which is

the industry average. Per your request, we assumed the costs for the GTL plant and the operation of it was upstream of the point of production and that the costs were deductible under ACES as currently written. We assumed there would be no major modifications made to TAPS to accommodate the gas liquids, and received confirmation from industry experts that sending GTL products down TAPS would not present sufficient obstacles to endanger the project's success. We kept oil and gas prices, as well as costs in real 2009 dollars.

For the purposes of this modeling, we assumed that GTL products and oil had an equal value. We also assumed that the TAPS tariff would be unaffected by the additional barrels flowing down the pipeline. Our intention was to be conservative in our approach to the modeling, and although these are valid considerations, we determined that they were secondary to the larger aspects of the projects. Should the GTL option be examined in a more thorough context—such as that prepared by Black and Veatch for the gas pipeline project—we suggest that these two elements be researched and evaluated for contribution to the project's economic viability. We anticipate that GTL products of diesel and naptha could be valued at a premium of up to 50% over the value of ANS crude oil. Further, our preliminary research shows that the addition of 100,000 barrels of oil down TAPS may lower the tariff by up to $0.50 per barrel. These are important considerations to take into account should a more detailed analysis of the proposal be warranted.

We also did not consider property tax impacts or corporate income tax impacts in this analysis. Under either a GTL project or Alaska gas pipeline project, there would be impacts to both of these taxes, and they would likely be very similar under each. The GTL model runs also assume that the gas used in the conversion process is free from all taxes and royalties and that the only state revenues are the resulting tax and royalty on the syncrude oil product.

Preliminary Model Results

We tested both the GTL and gas pipeline projects at oil prices and oil/natural gas parities as follows:
$40 oil price with parities of 6, 10, and 15
$70 oil price with parities of 6, 10, and 15
$100 oil price with parities of 6, 10, and 15

We tested the GTL project at efficiencies of 60% and 80%.

Our preliminary model results show that with efficiencies of 60%, the net present value at 5% discount rate (NPV5) of state royalty and tax revenue is greater under the natural gas pipeline than it is under the GTL project, as modeled, at all oil prices and parties. Using an 80% efficiency, the only case in which the GTL project yields higher state revenues than a gas pipeline is at $100 oil price with a parity of 15. A $100 oil price and parity of 15 would indicate a natural gas price of $6.67 per mmBTU.

An important difference in the effect of the costs of a GTL plant versus a gas pipeline under the ACES tax law is the timing of deductibility of the costs. Early in the GTL project's life, the expenditures made to build the GTL plant will be applied to the total tax liability otherwise paid to the state for the taxpayers' oil production tax. In some cases, such as when oil is priced at $40 per barrel, this could

result in a zero tax liability combined with a net payment due from the state to pay for capital credits. This puts the state at risk of little to no production tax revenue in one or more years. The schedule we assumed for the GTL plant of 8 years to completion, means that there would be 8 years that the state would have to endure substantially lower production tax revenues. This contrasts with the gas pipeline, where the costs are amortized over the life and carrying capacity of the pipeline, in the form of a tariff. Pipeline tariffs are downstream costs under ACES and are not immediately expensed against the production tax, but rather become part of the netback or value at the point of production once gas begins to flow in the gas pipeline.

It is possible that the negative effects of the immediate deductibility of GTL costs could be mitigated through legislation that required amortization of the cost of the GTL project over a longer time period. Additionally, analysis that takes into account the value of extending the life of TAPS (a major undertaking) would likely improve the economics of the GTL plant over the gas pipeline.

We hope that this preliminary economic comparative analysis of state revenues from a GTL project and gas pipeline project are informative and can serve as a starting point for isolating and giving sharper focus to the policy and legal questions it will undoubtedly generate. We want to make sure that we adequately address your remaining policy and legal questions and will await your call as a follow up to this letter.

Sincerely,

Marcia Davis
Deputy Commissioner, Dept. of Revenue

Cc: Louie Flora
Patrick Galvin, Commissioner
Jonathan Iversen, Tax Director

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ALASKA STATE LEGISLATURE
House District 35

September 22, 2009

Commissioner Pat Galvin
Department of Revenue
PO Box 110400
Juneau, AK 99801

Commissioner Galvin,

The public conversation over natural gas has turned from AGIA Canada vs. Valdez LNG to an in-state line. In Harry Noah's second legislative briefing presentation the statement was made that four situations were to be analyzed: 250 mmbtu/day, 500 mmbtu/day, 750 mmbtu/day and 1b/day. Half of these appear to be predicated on failure of either AGIA scenario because they are beyond the 500 mmbtu/day threshold limit for state participation in AGIA. Although jobs and gas for Southcentral Alaska appear to be the prime considerations, I am concerned that the presumption throughout both AGIA and ACES that gas would be the future state revenue source as North Slope oil declines has been totally absent from the conversation.

The question continuously arises about fiscal certainty and a discounted percent profit tax for gas vs. oil. Although the Governor has specifically stated that now is not the right time for that conversation, I want to see some analysis as to the potential for avoiding that conundrum, specifically if North Slope gas was converted by Gas-to-Liquids (GTL) technology and then taxed as oil as are natural gas liquids.

The GTL discussion has generally focused on Ultra Low Sulfur Diesel. That process is generally recognized as using about 40% of the gas for the conversion process and creates the problem of transmission of a fully refined product concurrently with crude down TAPS. Dr. Chukwu from the University of Alaska Fairbanks and others have suggested that stopping the conversion to GTL at the initial synthetic crude oil stage (syncrude) would only consume about 20% of the gas and not incur the loss of value from mixing a fully refined and unrefined product.

As we continue discussions on a pipeline to carry ANS gas to market in gas, I would like to pose a few questions for your consideration and response. These deal with the basic economics of monetizing ANS gas as GTL syncrude and sending it down the existing TAPS pipeline and more specifically concerning the Alaska tax and royalty value:

1. Using the assumption that 20% of ANS gas will be needed for the conversion process from gas to syncrude, what is the estimated financial differential for the State between 80% of ANS gas monetized as syncrude and sent down TAPS and taxed as oil, and 100% of ANS gas sent down a gas-line and taxed as gas? This assumes the current tax rates are not modified.

2. As state royalty provisions allow gas used on lease to go untaxed, please analyze the impact of the loss of the 20% of royalty and tax on the gas used in the conversion process of ANS gas. Would the increased value of product as oil offset any such loss?

3. Is not receiving the 20% royalty and tax (for gas used on lease in the conversion process to GTL) a reasonable incentive to stimulate GTL production, which would give us more revenue if employed? Many think the legislature will remove the 20% incentive if anyone employs GTL on the lease. If it is determined to be of enough value to Alaska to promote GTL, should we take a proactive stance allowing this 20% as a lease expense?

4. What would be the value of the reduction in the TAPS tariff be to the State if we went from the projected throughput to projected throughput plus 375,000 to 450,000 barrels per day of commingled crude/syncrude for as long as it would take to utilize the ANS gas? [I am simply looking at taking existing estimates of TAPS throughput with annual production decline and assuming the same existing calculation for production and transmission utilized for the AGIA future estimates. According to Qatar major projects website Exxon/Mobile project would utilize 1.8bscfd of gas to yield 150,000b/d GTL and Shell project will use 1.6bscfd to yield 140,000b/d. That would extrapolate our 4.5bcfd to 375,000 barrels of GTL per day. However, that would be for fully processed Ultra Low Sulfur Diesel so actual volume may be over 400,000 barrels per day if the syncrude process saves about ½ the conversion gas. The only direct reference of syncrude conversion I have is from SPE Journal of Petroleum Technology 2/2009 Technology Update which gives 200barrels/day syncrude from 2mmscfd - which would equate our midpoint 4.5bcf to 450,000barrels per day. Maybe we could estimate the State's value with these as high and low cases?]

5. Previous estimates were that GTL production would extend the life of TAPS by 35 years. Do we have any estimate of what value that would be to the State? Or what costs and risks to the State would be avoided by TAPS utilization for a GTL option?

6. What does the price of gas have to be in relation to the price of oil (eg. 10:1 or 15:1) before it makes more value sense for the state to support sending gas down the existing TAPS line as oil, vs. sending it down a gas line as gas? Or does this calculation really have absolute price points more than value ratios? I assume there is a low break-even price with escalating value differential above that but I am only looking for rough estimates or the main factors for consideration, not exact numbers.

7. If Outer Continental Shelf (OCS) development leads to the exploitation of major gas fields in federal waters, and if this OCS gas is sent down a gas-line through Alaska, it would seen that currently the benefit to the State (other than economic synergy, on-shore support and jobs) would be a volume related reduction in the gas-line tariff. If OCS gas were converted to syncrude at a processing plant on the North Slope and sent down TAPS, would the oil tariff decrease be of similar value?

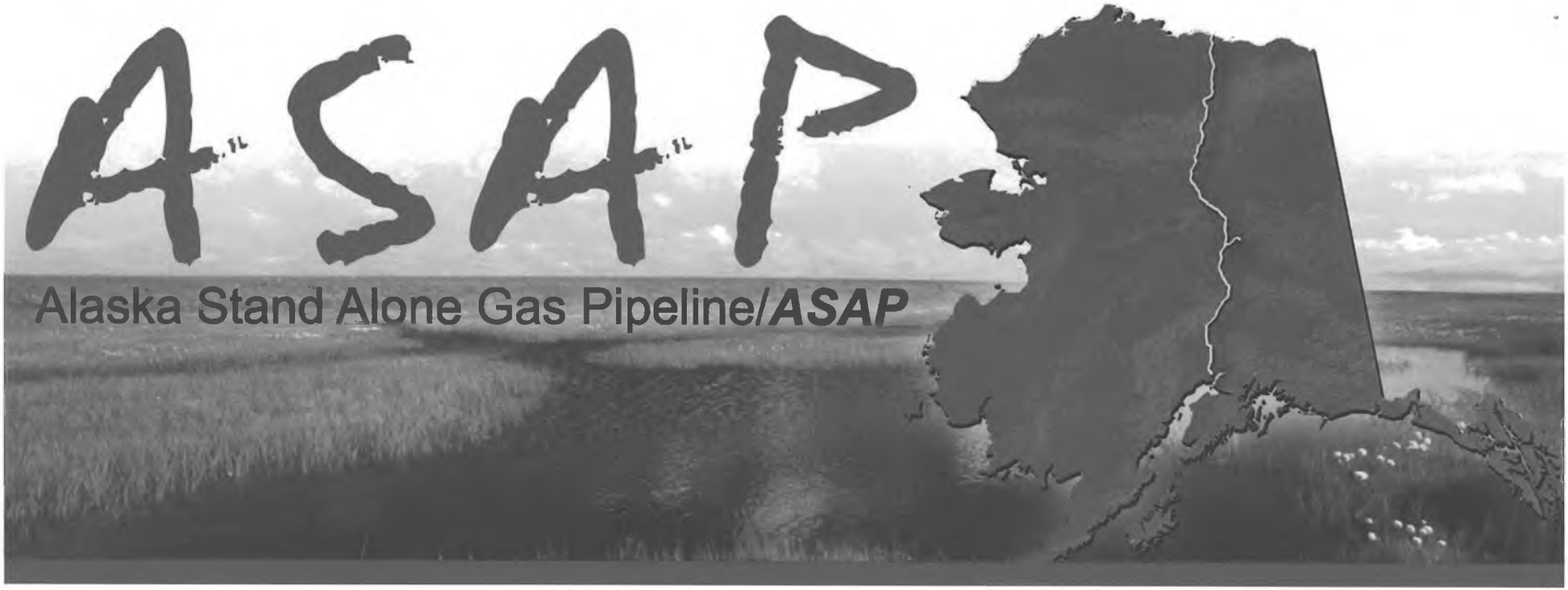
8. Could Alaska tax OCS gas as oil if it was 'produced" as oil within the State? If not currently, could state legislation enable this recovery of value instead of just producing gas volume transmission tariff reduction? Although ACES makes the tax company specific, but here we have no qualifying lease expenses as it is located in federal waters, can we make a very general base case tax estimate for an 'average' major producer per bcf piped ashore to a GTL syncrude plant?

Thank you for your consideration of these points, and your detailed and thorough response. I understand that we will be meeting in October to discuss these points. Feel free to call or e-mail for clarification or questions on any of the above issues.

Sincerely,

Paul Seaton

Representative Paul Seaton



AGDC Gas-to-Liquids Economic Feasibility Study

State of Alaska
House Resources Committee
January 25, 2012

ASAP GTL Study

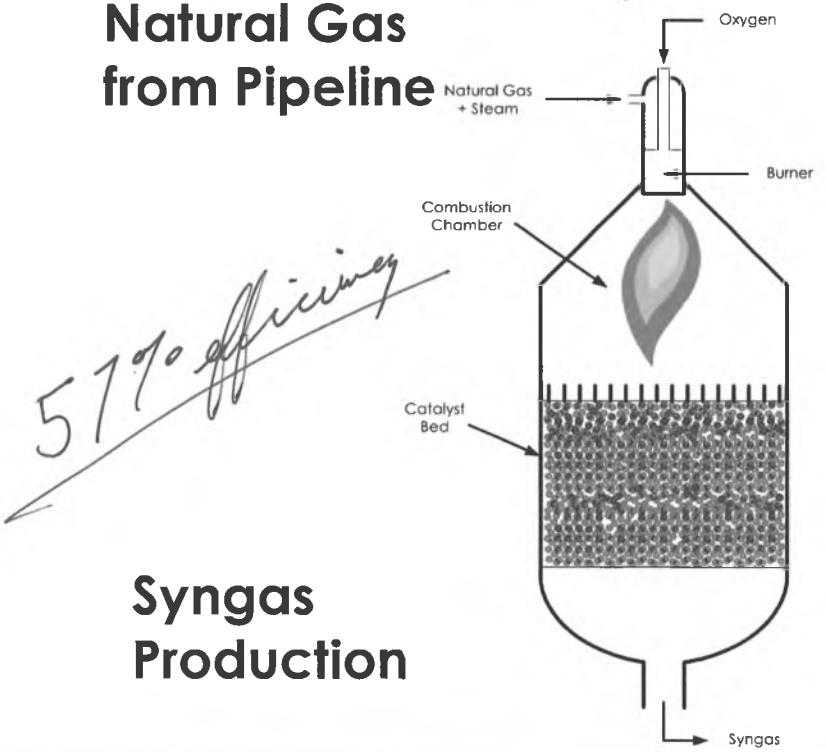
- 2010 ASAP commissioned several studies to look at potential industrial anchor shippers in ASAP – LNG/NGL/GTL
  - Determined the likely commercial feasibility of 500 MMscfd throughput. Determine if any industrial anchor could meet the economic criteria.
  - Not the purpose to eliminate any potential industrial anchor or shipper
  - AGDC encouraged all potential shippers to first negotiate with North Slope producers
- RFPs issued and Hatch Associates Consultants selected for the GTL study
  - Hatch a global engineering and construction firm with considerable GTL/CTL expertise. Hatch conducted 2008 Fairbanks Economic Development Corp CTL study.
- Study specifically looked at the economic feasibility of a Fischer-Tropsch GTL conversion plant in Fairbanks and the Cook Inlet

Gas-to-Liquids Process

Converting natural gas into liquid fuel products

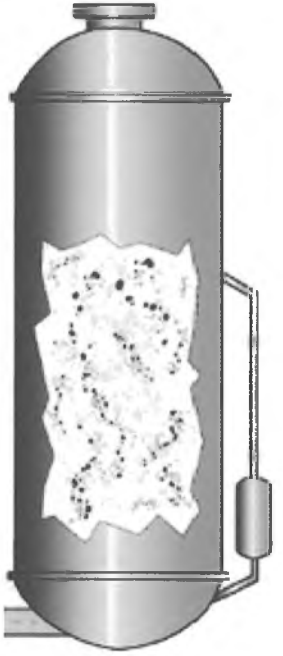


Natural Gas from Pipeline



57% efficiency

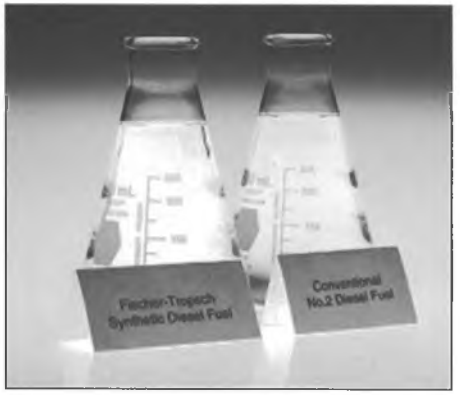
Syngas Production



Fischer-Tropsch Synthesis

Product Upgrading

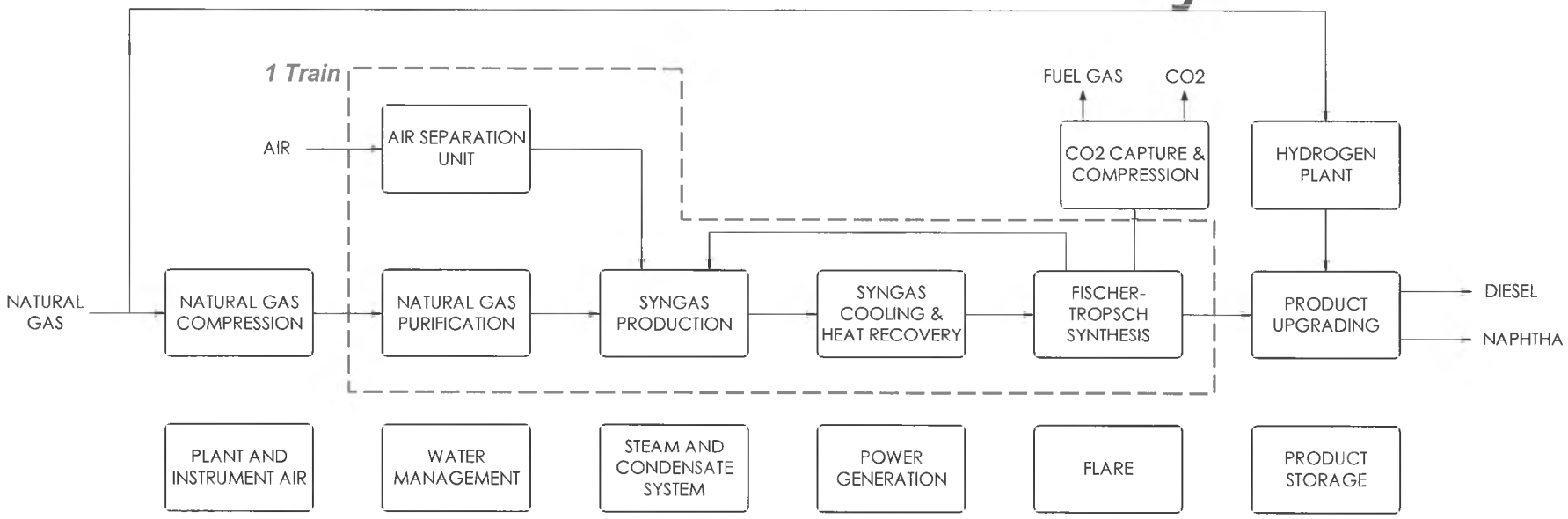
1500-3000 PSI



Liquid Hydrocarbons

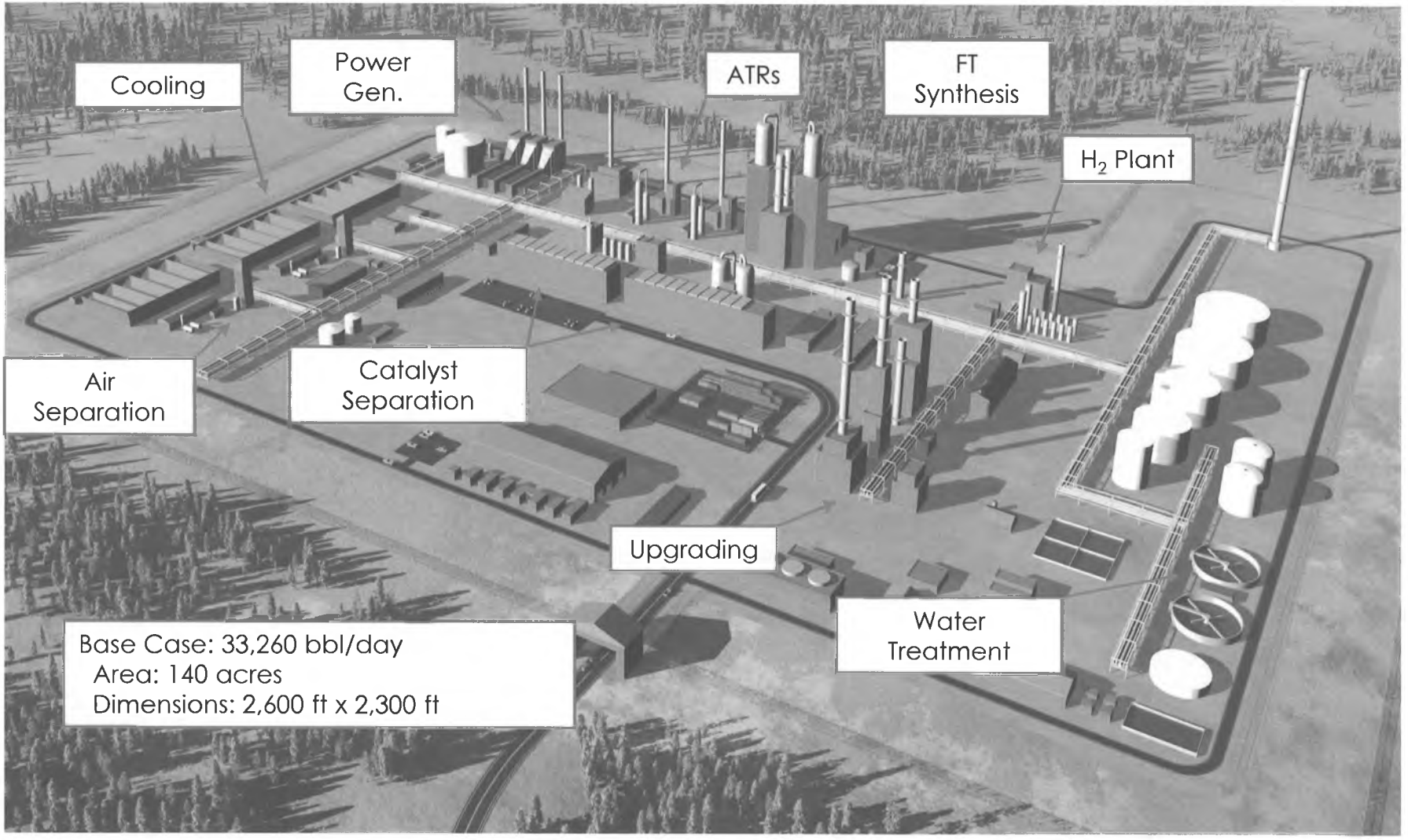
Train = 16-17 000 bb/d

Base Case GTL Facility



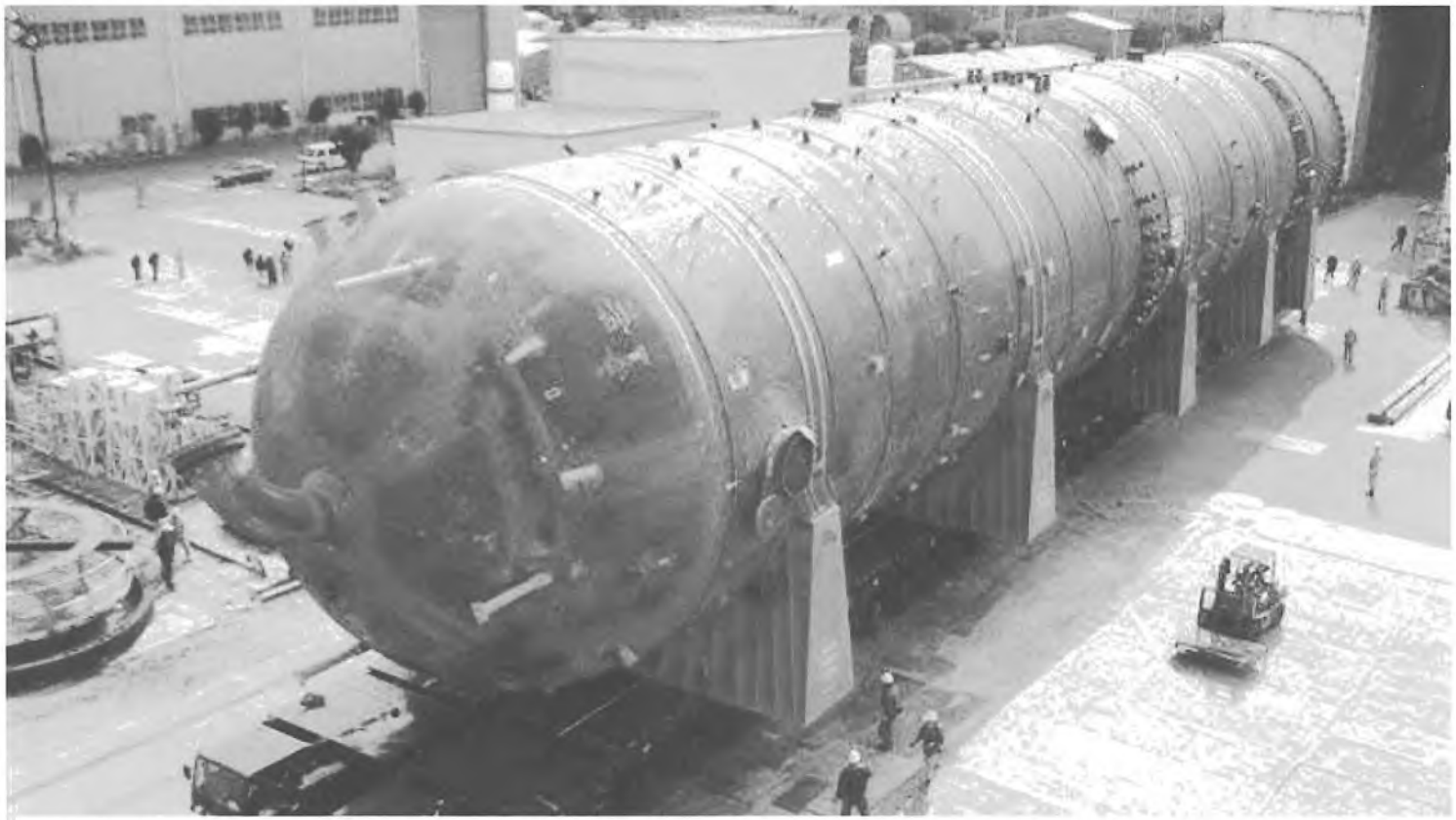
Case	FT Trains	Pipeline Quality Natural Gas [MMscfd]	Diesel+ Naphtha [bbl/day]	Power Available for Export [MW]
A	1	154	16,630	60
B (Base Case)	**2**	**309**	**33,260**	**119**
C	4	617	66,520	239

Artistic Rendition of GTL Facility



Fischer-Tropsch Reactor

Courtesy: Sasol-Chevron



FT Reactor

Current capacity of commercial reactor = 17,000 bbl/day

- Diameter: ~ 33 ft
- Length: ~ 200 ft
- Weight: ~ 2,000 short tons

CAPEX Estimate Basis

- Project Type: Greenfield Gas-to-Liquids Facility
- Capacity: 33,260 bbl/day
- Location: Port MacKenzie – Modularized Construction
- Reference Date: July, 2010
- Currency: USD
- Estimate Type: AACE Class 4, Order of Magnitude
  - Major equipment quotations
  - Benchmarking
  - Parametric modeling
- Fixed Capital Investment (FIC) factored from delivered equipment cost
- Engineering: <1% complete
- Location Factor: 1.25
- Contingency: 30%
- Predicted Accuracy: -30%, +40%

GTL Cost Estimate Summary - Port MacKenzie

Capital Cost Summary Predicted Accuracy: -30%, +40%	**Case A (16,630 bbl/day) [Million $]**	**Case B (33,260 bbl/day) [Million $]**	**Case C (66,520 bbl/day) [Million $]**
Fixed Capital Investment [Million $]	**1,581**	**2,926**	**5,616**
Unit Cost [Thousand $/(bbl/day)]	**95**	**88**	**84**

Operating Cost Summary Predicted Accuracy: -30%, +40%	**Case A**	**Case B**	**Case C**
Total Variable Costs [USD/bbl]: Natural Gas Chemicals + Catalysts Utilities	84	73	66
Total Fixed Costs for [USD/bbl]: Operations Maintenance SG&A and Insurance	12	10	9
Total Operating Costs [$/bbl]	**96**	**83**	**75**
Total Annual Operating Cost [Million $]	**530**	**925**	**1,666**

Base Case (2 Trains) GTL Cost Estimate Summary

Port MacKenzie vs. Fairbanks

Capital Cost Summary Predicted Accuracy: -30%, +40%	**Port MacKenzie**	**Fairbanks**
Fixed Capital Investment [Million $]	**2,926**	**3,658**
Unit Cost [Thousand $/(bbl/day)]	**88**	**110**

Operating Cost Summary Predicted Accuracy: -30%, +40%	**Port MacKenzie**	**Fairbanks**
Total Variable Costs for [$/bbl]: Natural Gas Chemicals + Catalysts Utilities	73	58
Total Fixed Costs for [$/bbl]: Operations Maintenance SG&A and Insurance	10	12
Total Operating Costs [$/bbl]	**83**	**70**
Total Annual Operating Cost [Million $]	**925**	**773**

Economic Analysis – Assumptions

Key Economic and Financial Assumptions

Key Assumptions	Value
FT Product Market and product mix	▪ **Base Case Mix:** FT Diesel (74%): US West Coast Naphtha (26%): Japan
Project Economic life	▪ 30 years
Capital Structure	▪ Debt: 50% ▪ Equity: 50%
Required Return Rates	▪ Debt: LIBOR + 6% ▪ Equity: 12%
Escalation	▪ 3% per annum
Key Price Projections (a)	▪ Cushing, OK WTI: $80 /bbl ▪ Delivered Natural Gas to plant inlet (750 MMCFD pipeline): Port MacKenzie: $7.61 /MMBtu Fairbanks: $6.15 /MMBtu ▪ Power Generation Credits: Port MacKenzie: $45 /MWh Fairbanks: $60 /MWh

Incl 1st NS netback

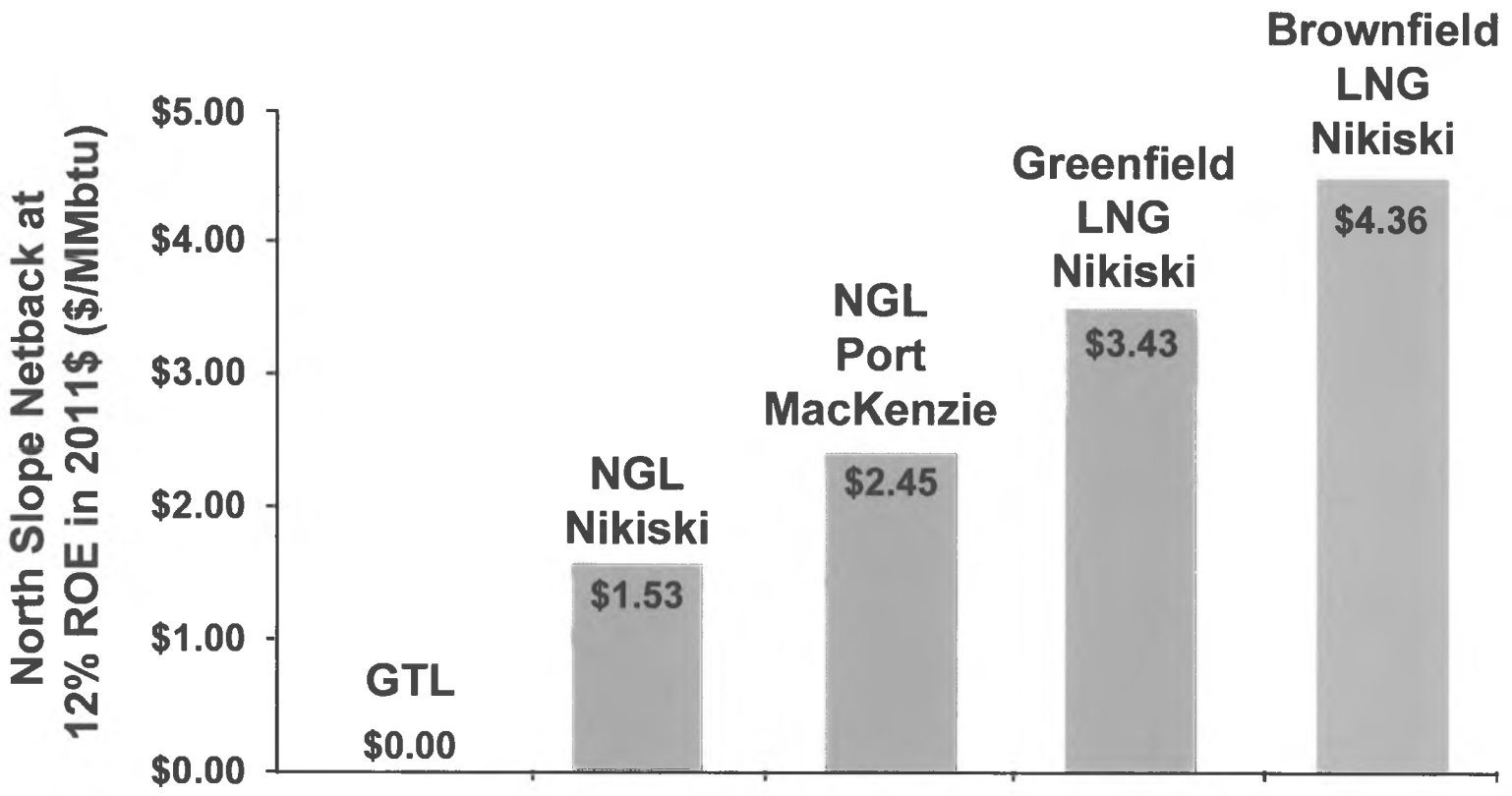
~4% fuel cost

Note: (a) "Recommended Project Finance Structures for the Economic Analysis of Fossil-Based Energy Projects." Sep, 2008.

Summary of Results

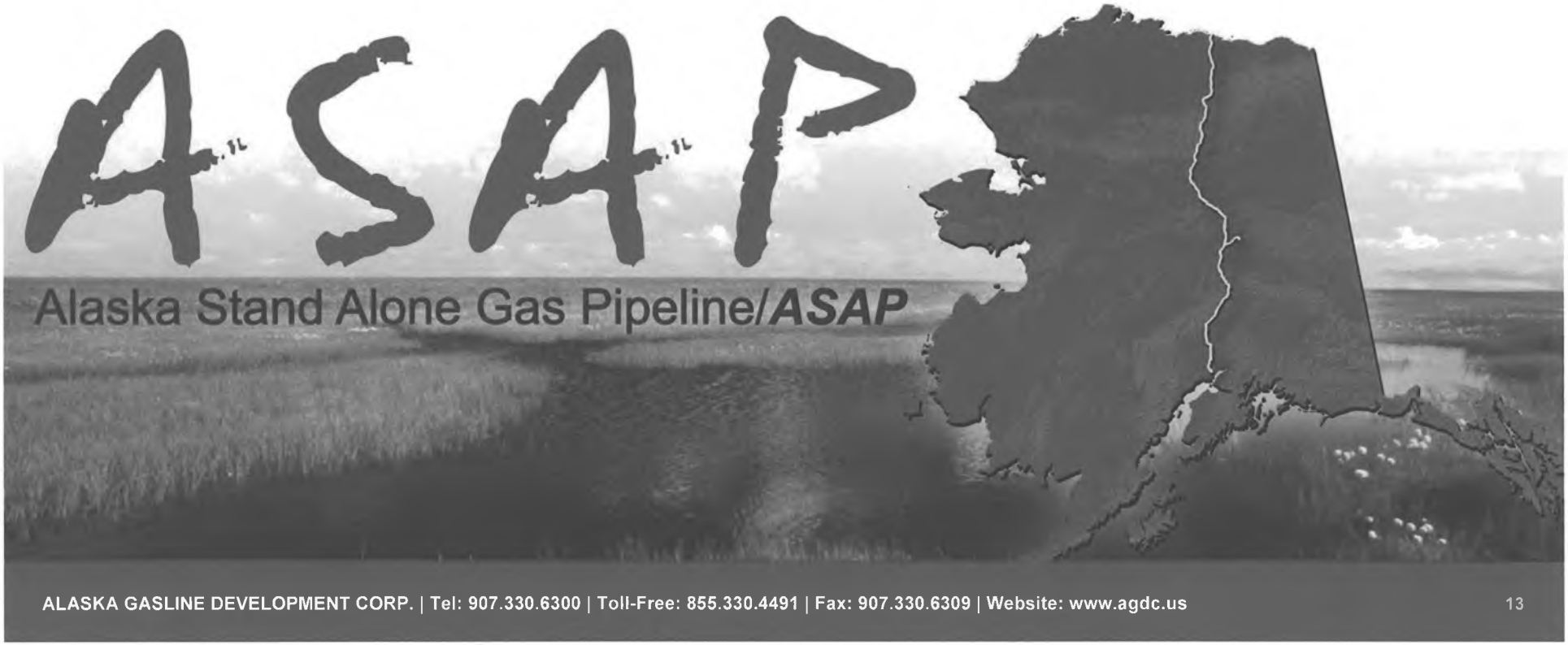
- Key economic drivers: price of crude, price of gas, & capital investment
- While there has been substantial progress in advancing GTL technology, at 5.7% the GTL project does not meet the required return rates at the base case projection of $7.61/MMBtu (delivered natural gas price to the GTL plant in Cook Inlet) and $80/bbl (crude oil).
- All else constant, a break even price of $97/bbl for crude oil or, alternatively, $4.4/MMBtu for delivered natural gas at Port MacKenzie will make the project earn a return rate of 12%.
  - Fairbanks breakeven delivered natural gas price of $2.19/MMBtu

Industrial Anchor North Slope Netbacks



Thank you!

www.gasline.us.com



Gas to Gasoline

via Methanol for

Alaska North Slope

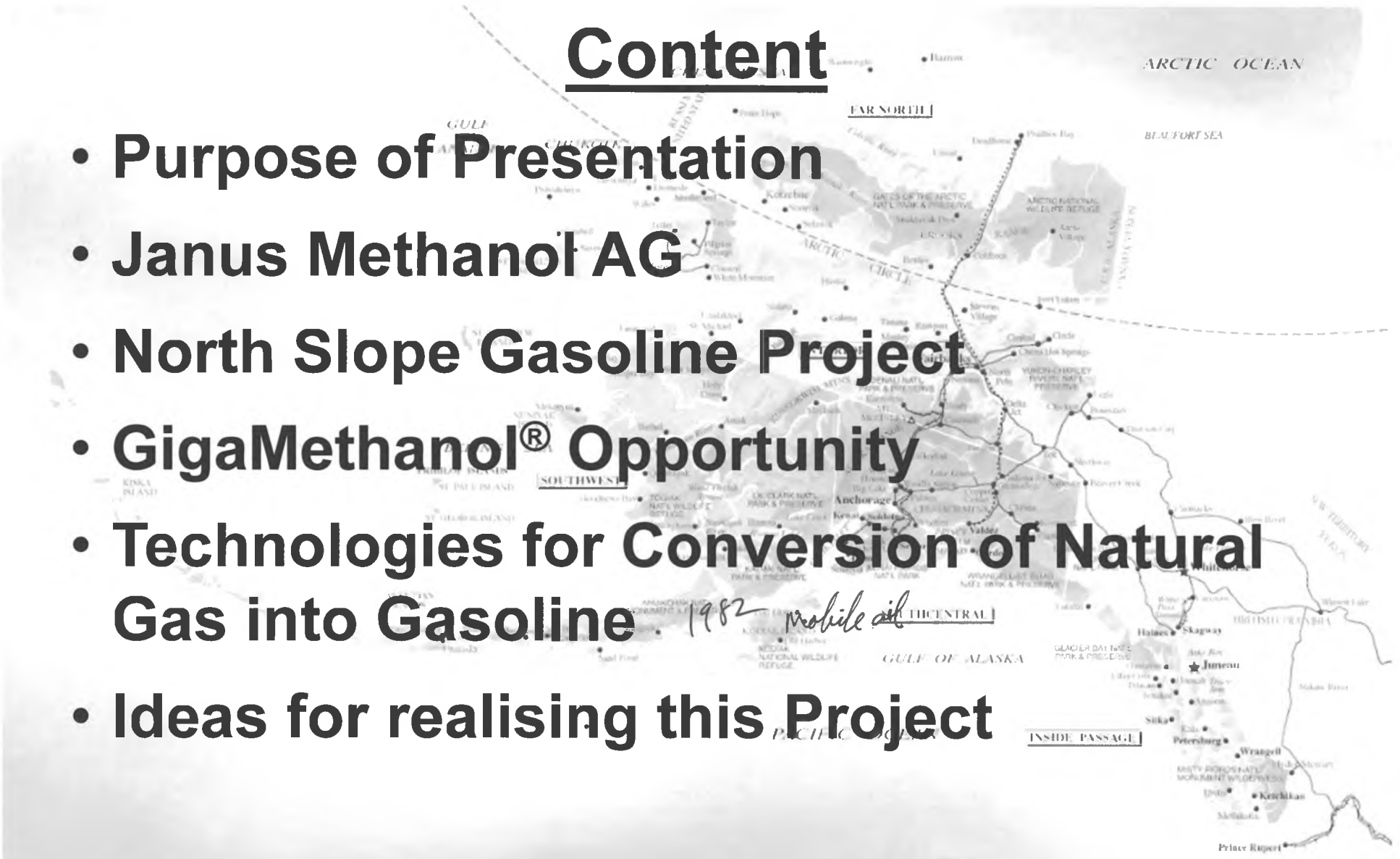
House Resources Committee Hearing

January, 25th 2012

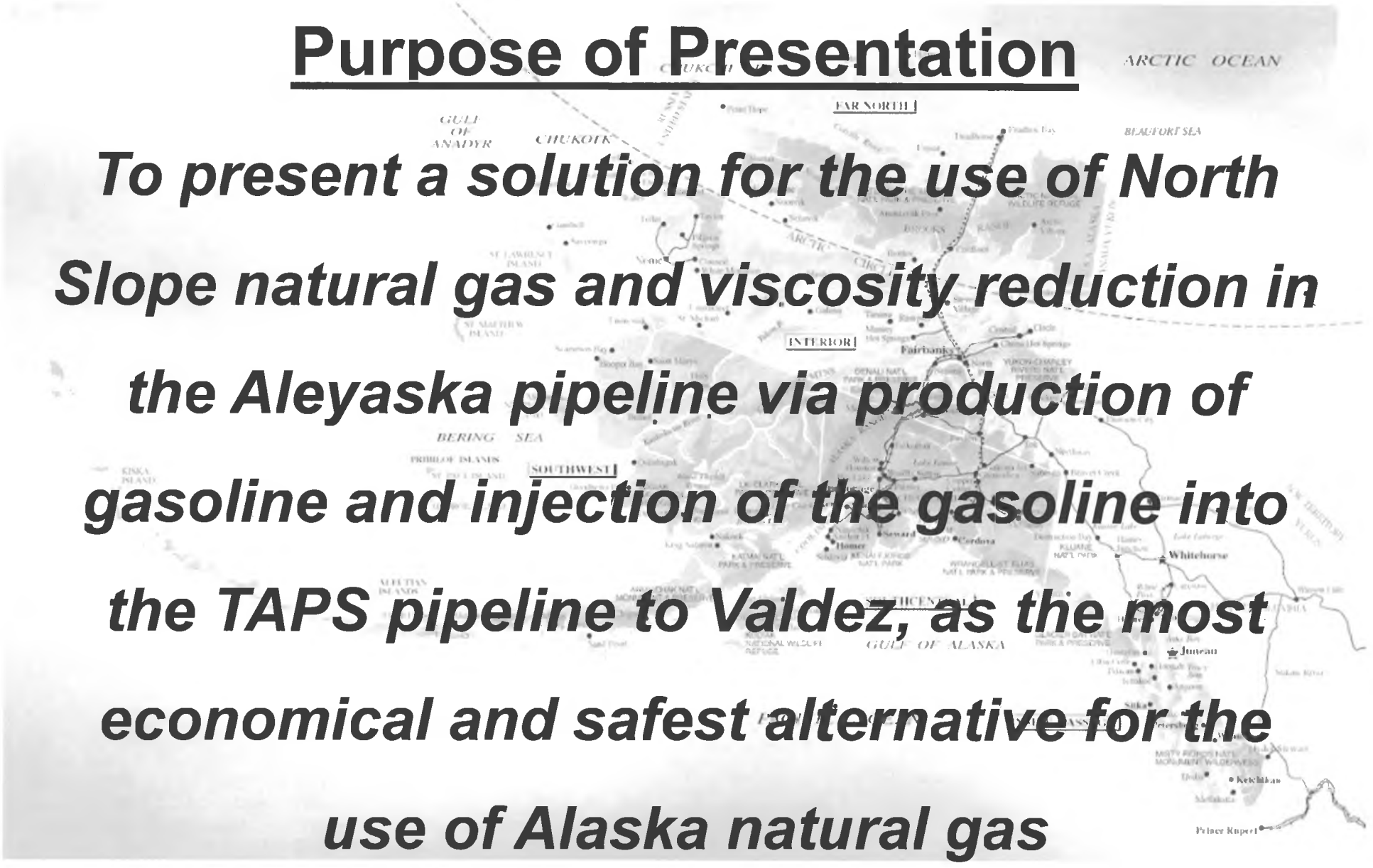


Content

- Purpose of Presentation
- Janus Methanol AG
- North Slope Gasoline Project
- GigaMethanol® Opportunity
- Technologies for Conversion of Natural Gas into Gasoline
- Ideas for realising this Project



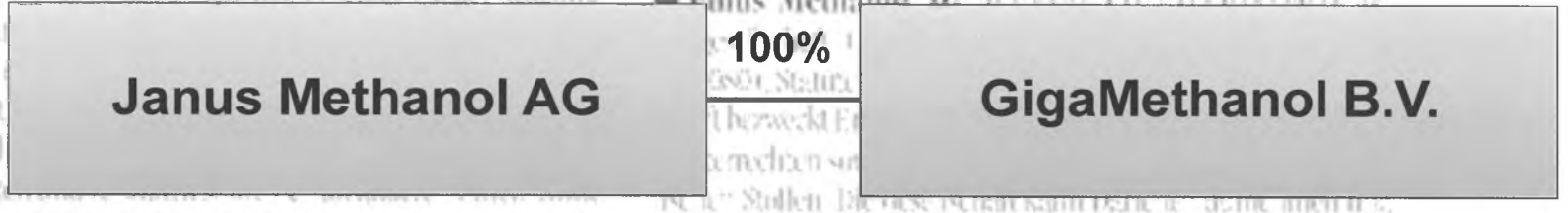
Purpose of Presentation



To present a solution for the use of North Slope natural gas and viscosity reduction in the Aleyaska pipeline via production of gasoline and injection of the gasoline into the TAPS pipeline to Valdez, as the most economical and safest alternative for the use of Alaska natural gas

Janus Methanol AG

- Registered In Switzerland – a methanol and chemicals development and operating company



- GigaMethanol B.V. – special purpose company for project development in Mozambique
- Janus team consists of highly experienced methanol specialists having developed, financed, built, operated and marketed numerous plants
- Chairman – Mr. Deo van Wijk

Janus Methanol AG

- Mr. van Wijk formed Saturn in 1994 – built Titan and Atlas in Trinidad together with BP utilising Lurgi Technology
- Janus formed in 2007 – comprising approximately 30 people
- Top 10 people have 30+ years' experience in design and construction of industrial projects each
- Worldwide experience comes from BP, Lurgi, Ferrostaal, KTI/Mannesmann and Metallgesellschaft
- **Strong history of large scale projects**

Our Experience in Trinidad &Tobago



North Slope Gasoline Project

- Consisting of
  - 2 GigaMethanol® trains producing together 7.0 million (metric)tpy methanol and
  - 2 MTG trains converting the total amount of methanol into ~2.7 million (metric)tpy gasoline (~ 60,000 bbl per day)
- 2nd train is a 100 percent copy of the first, together with common utilities resulting in expected cost savings of 30 – 40 percent for the 2nd train and overall some 25% versus MegaMethanol® plant size

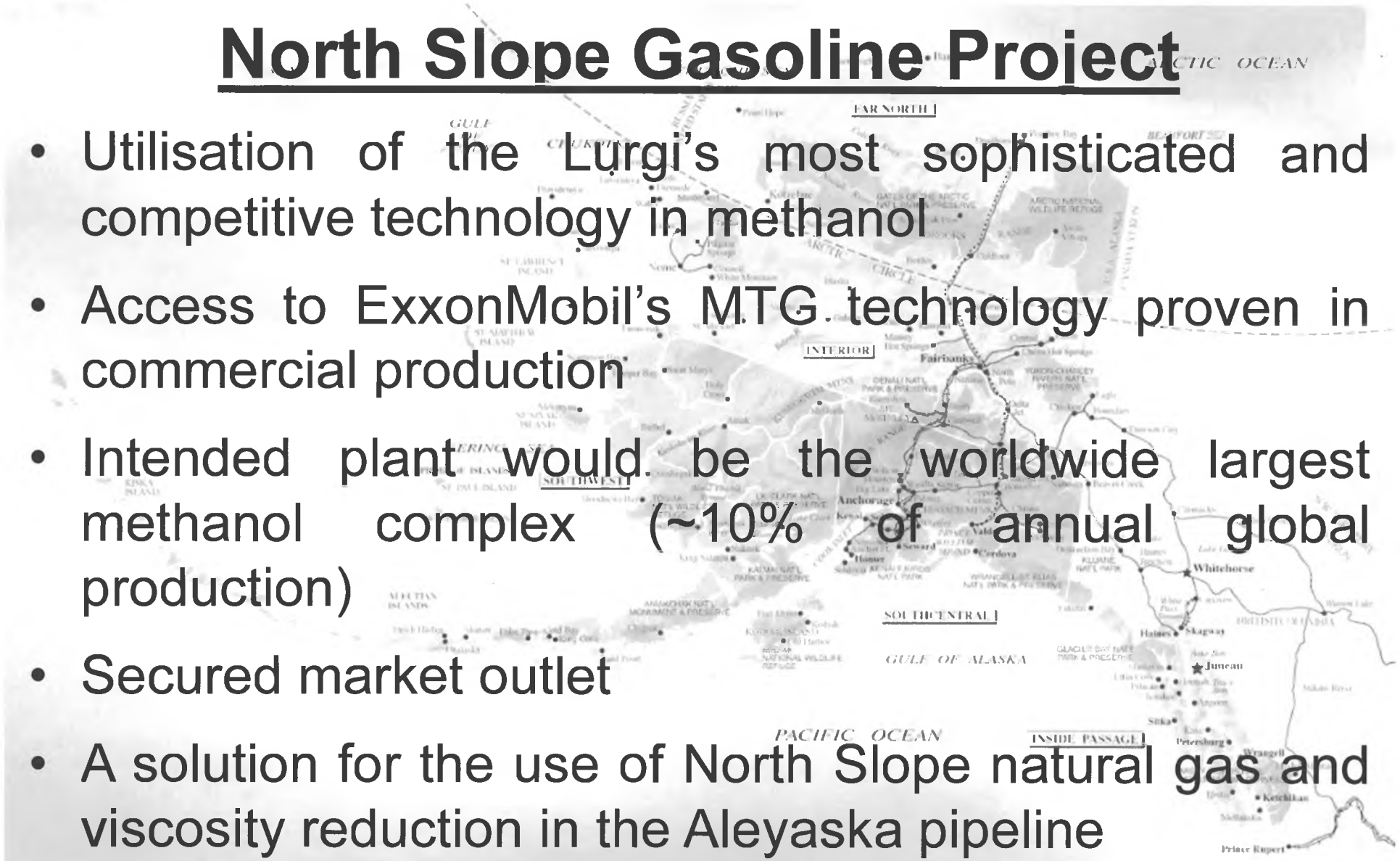
North Slope Gasoline Project

multiply Texas x2.2

- First phase (2 trains methanol including 2 trains gasoline, all figures below are of order of magnitude)
  - Investment: **~ 7.7 billion US$**
  - Revenues per year: **~ 3.0 billion US$**
  - Gas consumption: **4.4 tcf over 20 years**
  - Production of methanol: **7.0 million ton per year**
  - Out of 7.0 million ton of methanol
    - Production of gasoline: **2.66 million ton per year**
    - Production of LPG: **0.35 million ton per year**

North Slope Gasoline Project

- Utilisation of the Lurgi's most sophisticated and competitive technology in methanol
- Access to ExxonMobil's MTG technology proven in commercial production
- Intended plant would be the worldwide largest methanol complex (~10% of annual global production)
- Secured market outlet
- A solution for the use of North Slope natural gas and viscosity reduction in the Aleyaska pipeline



GigaMethanol® Technology

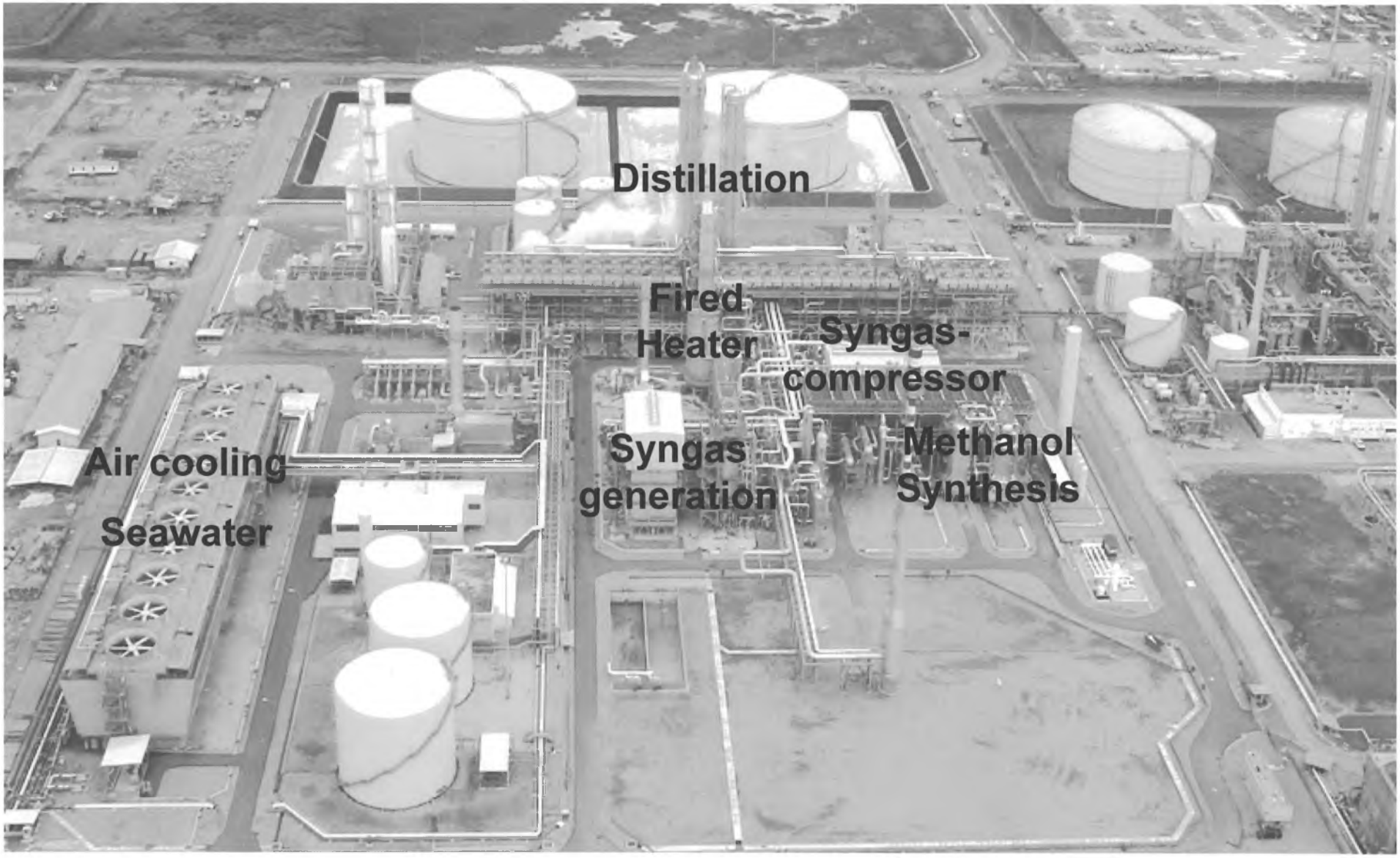
- 10,000 ton methanol per day in a single train configuration based on the ATLAS plant (MegaMethanol® technology) in Trinidad
- Utilising Lurgi's high-pressure ATR-technology with a higher pressure compared to Mega-Methanol® technology
- Economy of scale causes a significant reduction in specific investment cost compared to MegaMethanol® plant size

The ATLAS plant - the mother of MegaMethanol® and the foundation of GigaMethanol



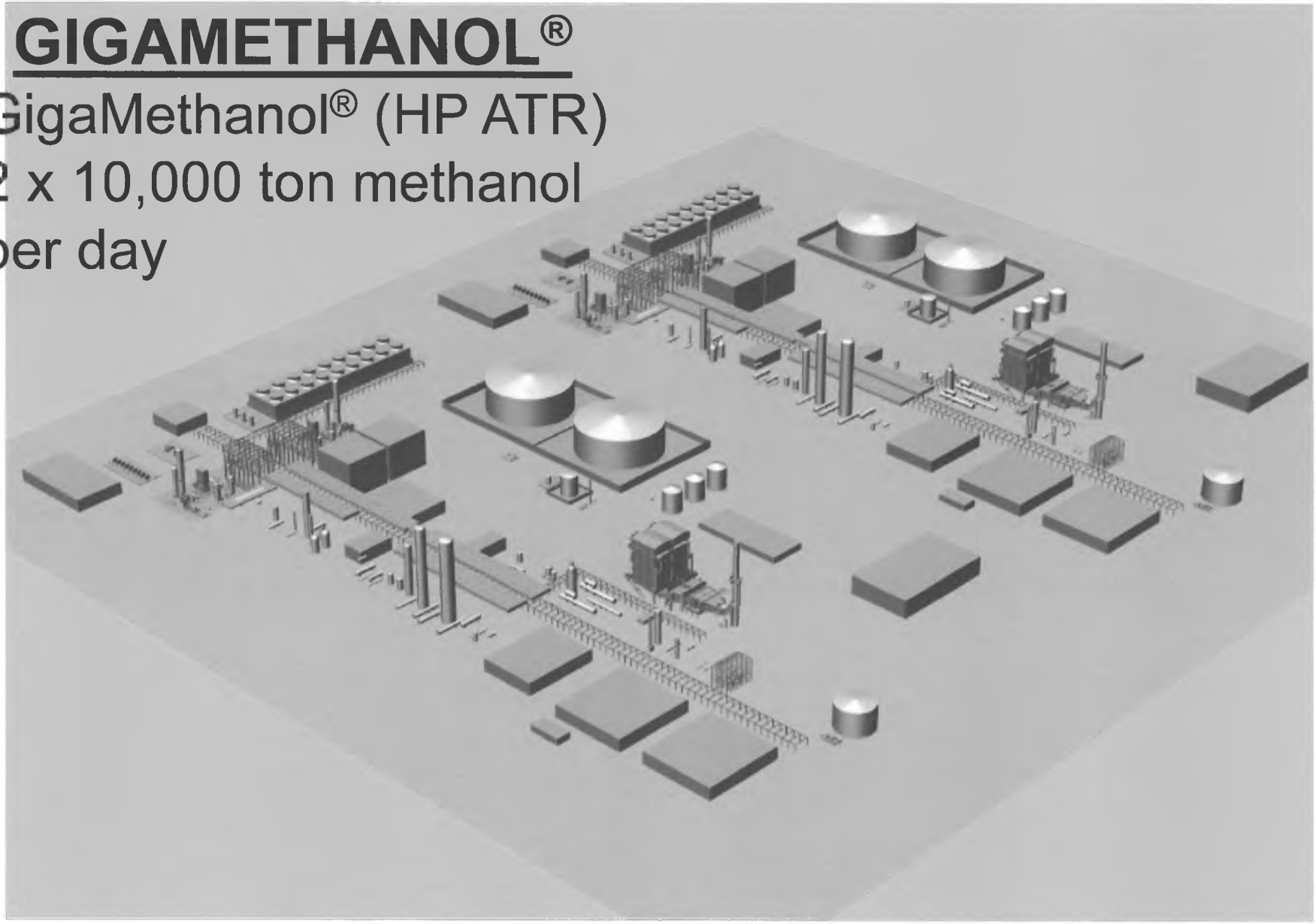
Plant located in Trinidad, one single train, design capacity: 5 000 tpd

In 2008: 360 operational days at 108% of design capacity


Distillation
Fired Heater
Syngas-compressor
Air cooling
Seawater
Syngas generation
Methanol Synthesis

GIGAMETHANOL®

- GigaMethanol® (HP ATR)
- 2 x 10,000 ton methanol per day

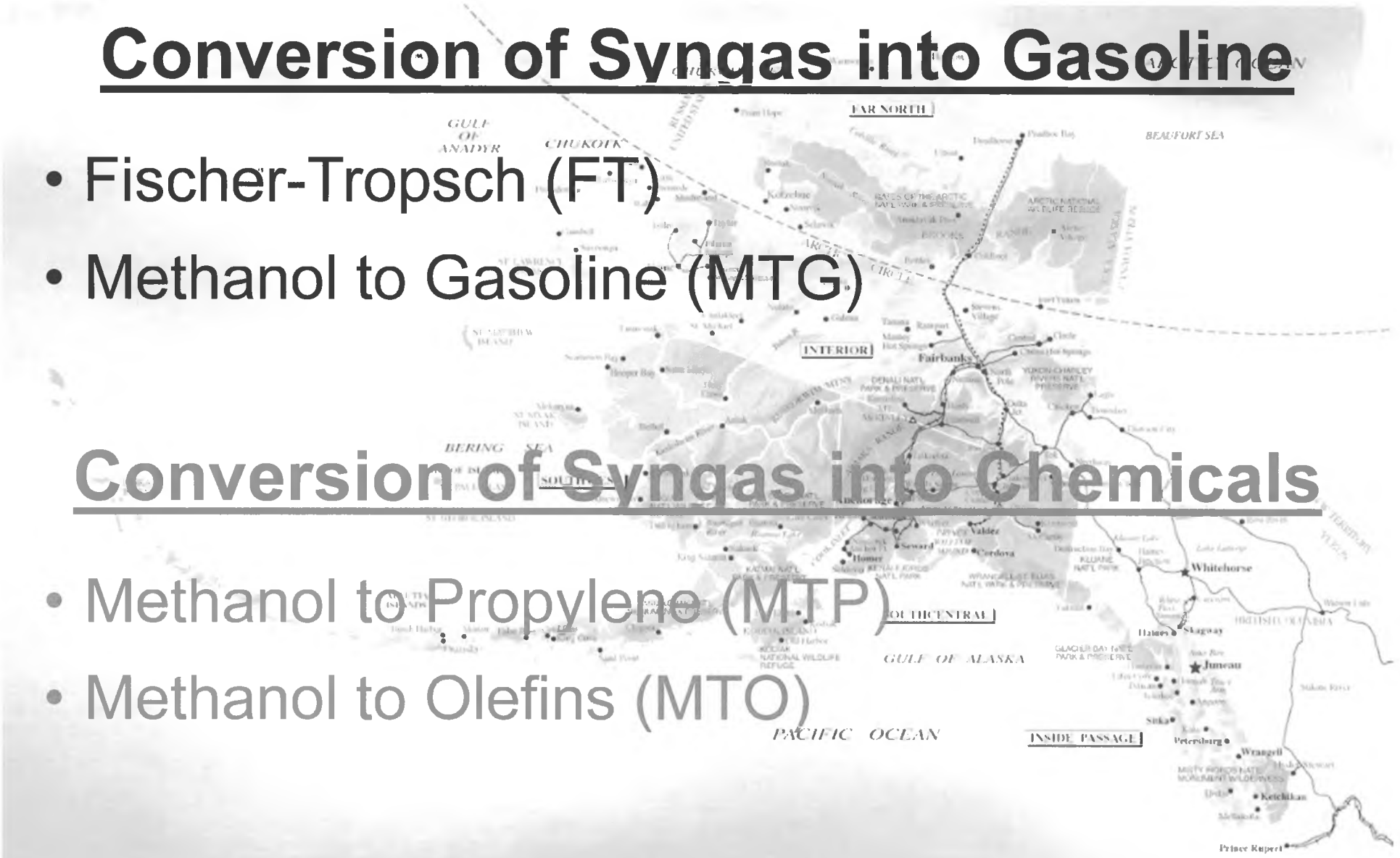


Conversion of Syngas into Gasoline

- Fischer-Tropsch (FT)
- Methanol to Gasoline (MTG)

Conversion of Syngas into Chemicals

- Methanol to Propylene (MTP)
- Methanol to Olefins (MTO)



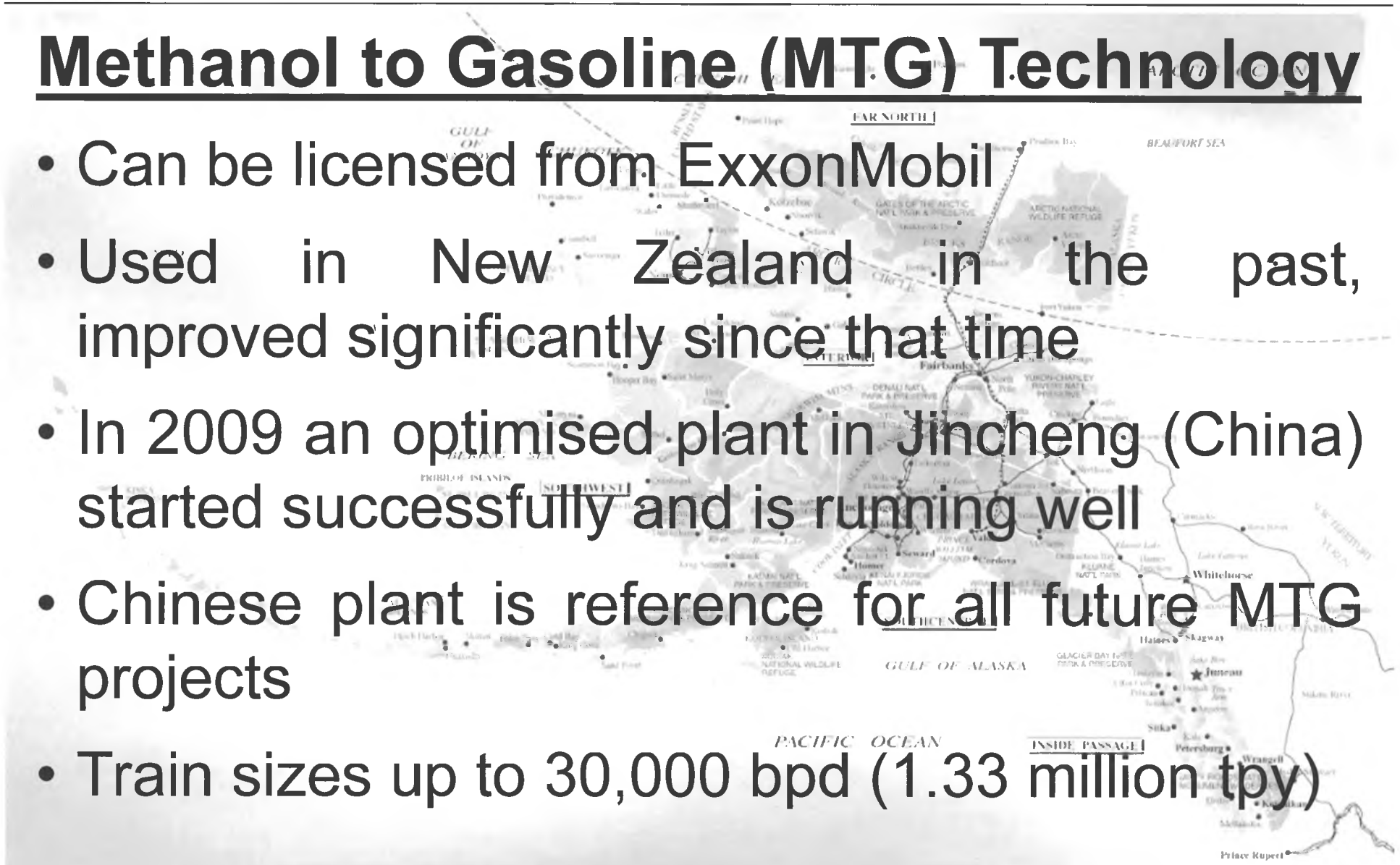
Fischer-Tropsch (FT) Technology

- Sasol, Shell, Mossgas, built and operate FT plants (latest Shell plant in Qatar costs US$ 24 billion investment for 5 million ton per year gasoline and diesel)
- Exxon patented the technology, but never built
- All oil companies researched FT technology but never built
- Chinese researched and built a FT plant
- Oil companies do not like methanol (?)



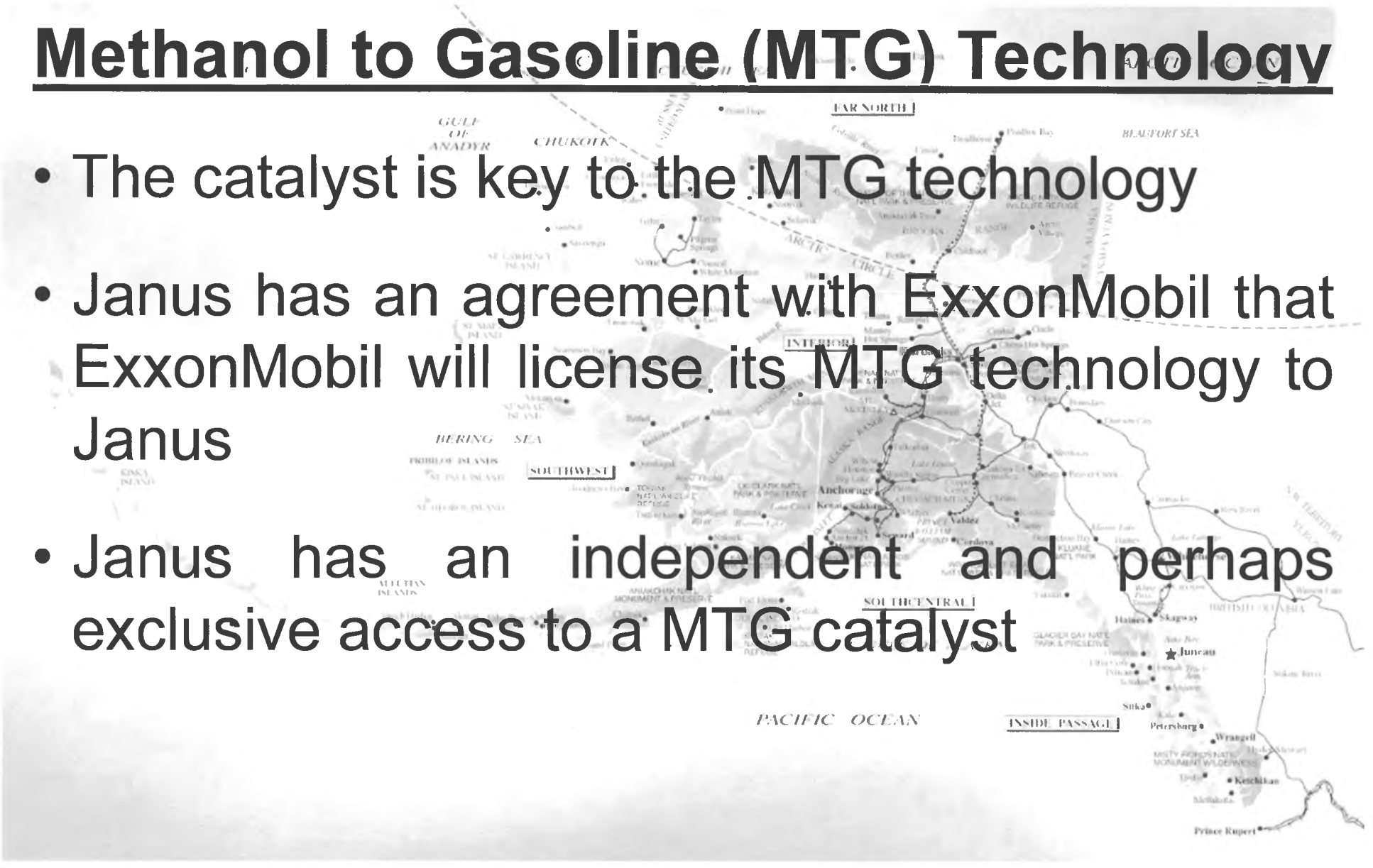
Methanol to Gasoline (MTG) Technology

- Can be licensed from ExxonMobil
- Used in New Zealand in the past, improved significantly since that time
- In 2009 an optimised plant in Jincheng (China) started successfully and is running well
- Chinese plant is reference for all future MTG projects
- Train sizes up to 30,000 bpd (1.33 million tpy)



Methanol to Gasoline (MTG) Technology

- The catalyst is key to the MTG technology
- Janus has an agreement with ExxonMobil that ExxonMobil will license its MTG technology to Janus
- Janus has an independent and perhaps exclusive access to a MTG catalyst



JAM Coal to Gasoline complex with MTG unit




www.jcnews.com.cn

MTG YIELDS AND PROPERTIES/COMPOSITION*

MTG GASOLINE YIELDS		
	Percent of Feed	Percent of Hydrocarbon Product
Gas	1%	2%
LPG	5%	11%
Gasoline	38%	87%
H_2O	56%	-

MTG GASOLINE PROPERTIES/COMPOSITION	
Octane, RON	92
Octane, MON	82
(R+M)/2	87
Paraffins, vol%	53
Olefins, vol%	12
Napthenes, vol%	9
Aromatics, vol%	26
Benzene, vol%	0.3
Sulfur	nil

ExxonMobil
Research and Engineering

F-T & MTG Component Yields

Components	Fischer-Tropsch Co Catalyst @ 220 C	Fischer-Tropsch Fe Catalyst @ 340 C	MTG
Fuel Gas	6	15	1.1
LPG	6	23	10.0
Naphtha	19	36	
GASOLINE			**88.8**
Distillate/Diesel	22	16	
Fuel Oil/Wax	46	5	
Oxygenates	1	5	

- F-T yields depend on catalyst, temperature and specific technology
- F-T processes produce a range of hydrocarbons and oxygenates that require refining processes to convert F-T liquids to conventional fuels
- MTG produces a conventional gasoline and an LPG stream

Data Sources: Sasol 2004 publication.

ExxonMobil Research and Engineering

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Fischer Tropsch Route

- Natural Gas
- Syngas Production
- CO_2 Washing
- FT Synthesis
- Hydrogenation
- Product Separation
- * Diesel *Gasoline * Naphtha * etc.

Methanol to Gasoline Route

- Natural Gas
- Syngas Production
- MeOH Synthesis
- Distillation
- MTG Synthesis
- * Gasoline * LPG

2009 NRC STUDY: LIQUID TRANSPORTATION FUELS FROM COAL / BIOMASS*

F-T & MTG ECONOMIC COMPARISON

		Fischer-Tropsch No CO_2 Capture	Fischer-Tropsch With CO_2 Capture	MTG No CO_2 Capture	MTG With CO_2 Capture
INPUT	Coal, tpd (as received)	26,700	26,700	22,900	23,200
OUTPUTS	Diesel, bpd	28,700	28,700		
	Gasoline, bpd	21,290	21,290	50,000	50,000
	Total Liquid Fuel, bpd	50,000	50,000	50,000	50,000
	Electricity, MW e	427	317	145	111
THERMAL EFF. (LHV)		**49.1%**	**47.6%**	**54.2%**	**52.9%**
TOTAL PLANT COST ($M)		4,880	4,950	3,940	4,020
TOTAL PLANT COST ($K/bpd)		97.6	98.9	78.8	80.4
EST. BREAKEVEN CRUDE PRICE ($/BBL)		56	68	47	51

- The study indicated the MTG based plant had slightly higher overall efficiency and lower construction costs
- CO_2 Sequestration lowered efficiency by about 1.5% and raised costs 1.5-2%

Data Sources: Liquid Transportation Fuels from Coal and Biomass, © National Academy of Sciences, 2009; http://www.nap.edu/catalog/12620.html

ExxonMobil Research and Engineering

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* Public source

Advantages of MTG technology over Fischer-Tropsch

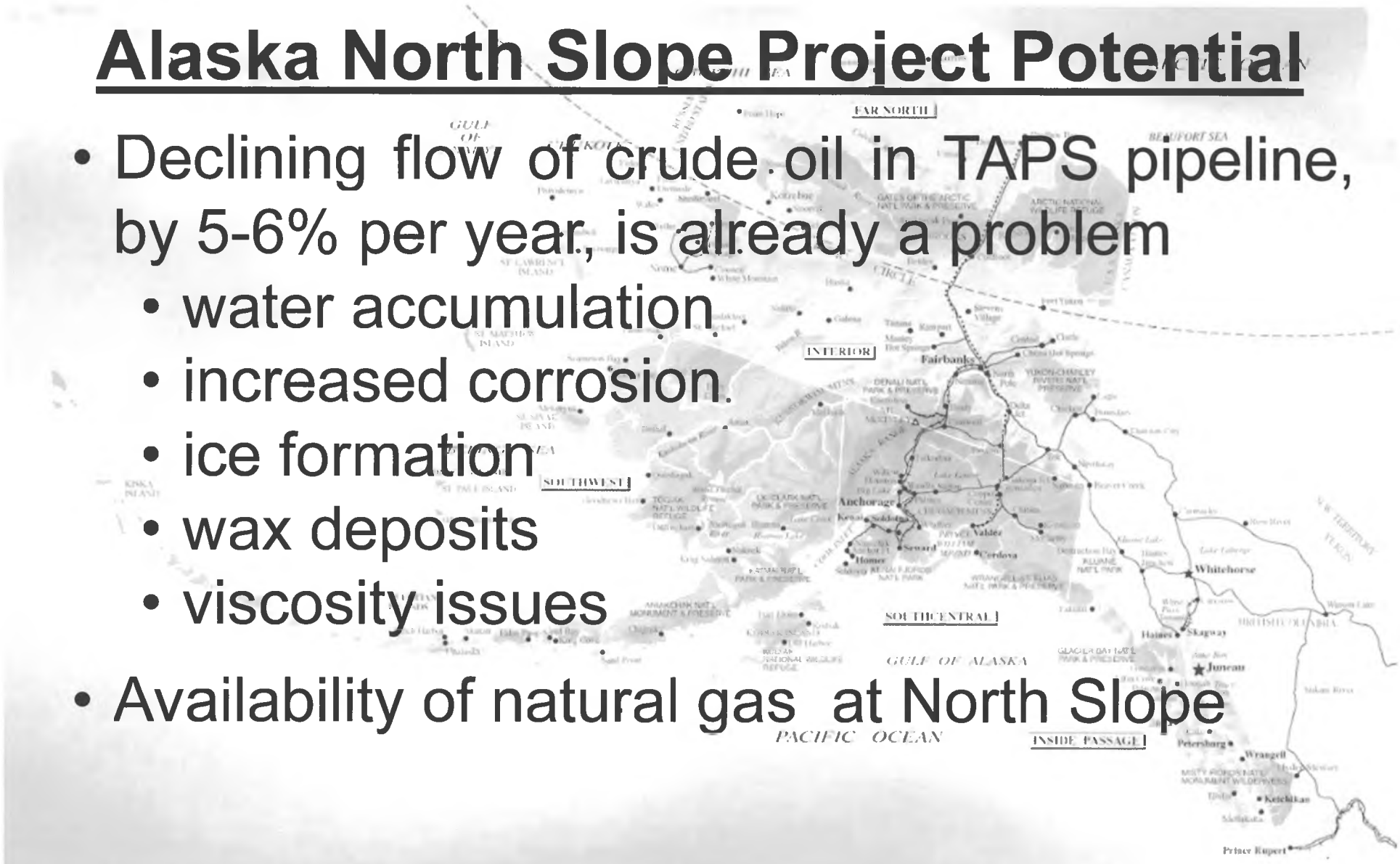
- Low technical risk
- Project simplicity
- Higher carbon efficiency
- Lower specific investment cost
- No further upgrading of products necessary, such as hydrogenation of waxes

Advantages of FT over MTG technology

- Production of Diesel
- References

Alaska North Slope Project Potential

- Declining flow of crude oil in TAPS pipeline, by 5-6% per year, is already a problem
  - water accumulation
  - increased corrosion
  - ice formation
  - wax deposits
  - viscosity issues
- Availability of natural gas at North Slope

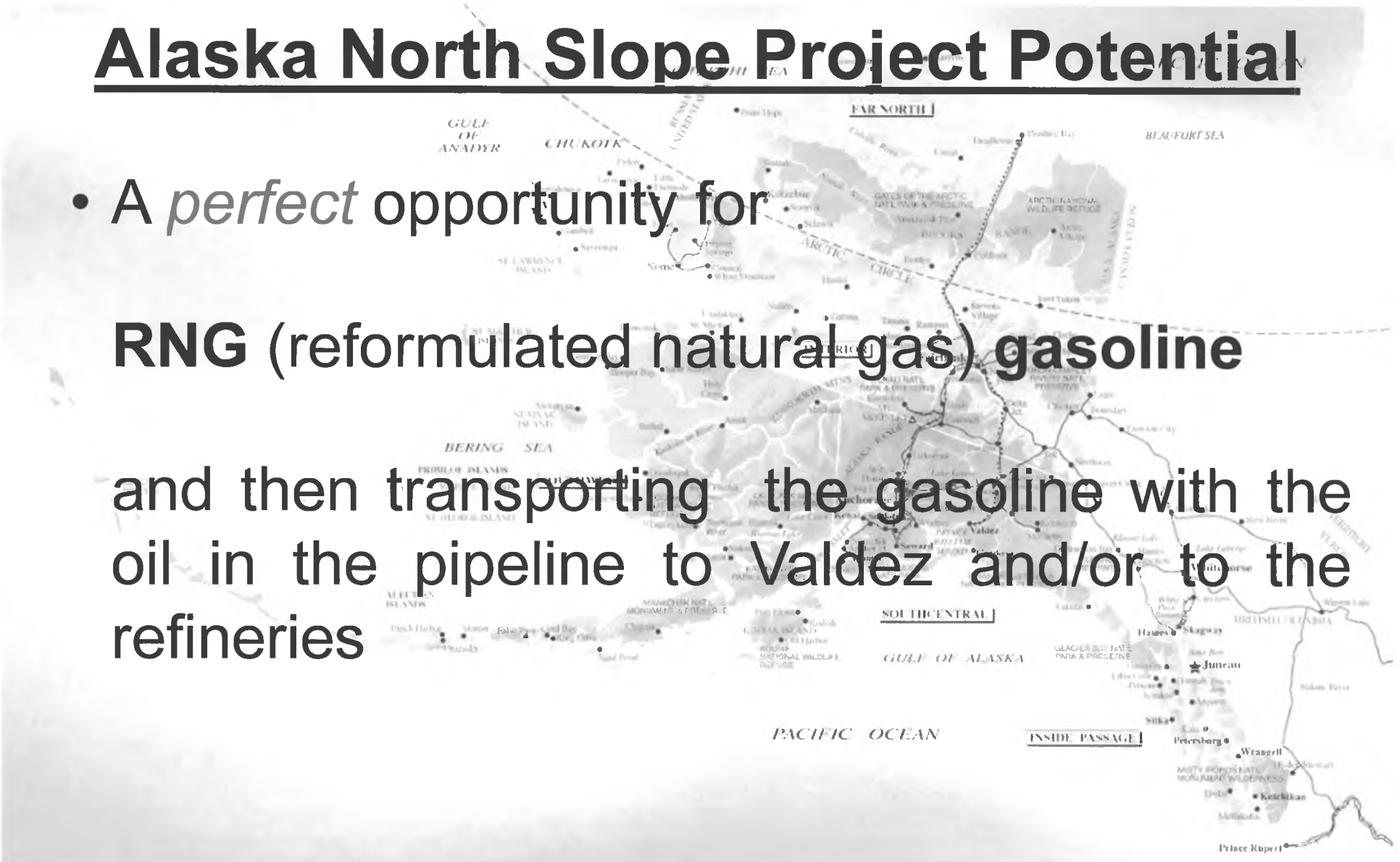


Alaska North Slope Project Potential

- A *perfect* opportunity for

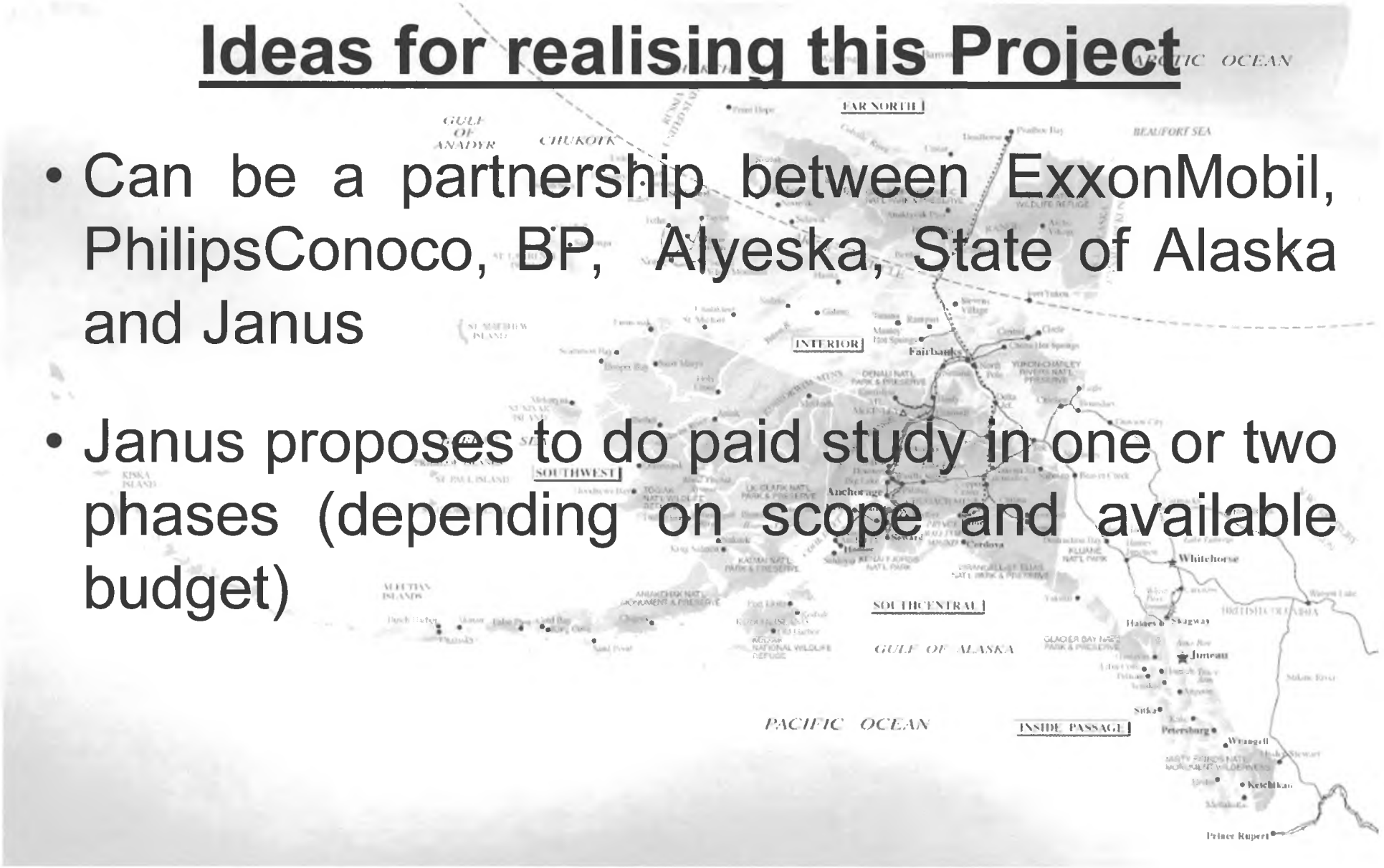
  RNG (reformulated natural gas) **gasoline**

  and then transporting the gasoline with the oil in the pipeline to Valdez and/or to the refineries



Ideas for realising this Project

- Can be a partnership between ExxonMobil, PhilipsConoco, BP, Alyeska, State of Alaska and Janus
- Janus proposes to do paid study in one or two phases (depending on scope and available budget)





Thank you very much!

Alaska Gasline Development Corporation
Alaska Stand Alone Gas Pipeline/*ASAP*
Gas-to-Liquids Economic Feasibility Study
Final Report

Prepared by: Patricia Lai — June 3, 2011 (Date)

Approvals

Hatch
Approved by: Alex Stickler — June 3, 2011 (Date)

Alaska Gasline Development Corporation
Approved by: David Norton — 6/23/11 (Date)

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Working Together SAFELY

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Executive Summary

Alaska Gasline Development Corporation (AGDC) has commissioned Hatch to conduct an economic feasibility study of a gas-to-liquids (GTL) plant to be situated at the terminus of the proposed Alaska Stand Alone Gas Pipeline/***ASAP*** at either Cook Inlet or Fairbanks. This study, titled ***ASAP*** GTL Study, investigates whether or not this GTL facility can act as an industrial anchor user of the pipeline and whether or not this GTL facility would justify an increase in pipeline capacity.

The GTL facility considered in this study uses proven technology to convert natural gas into liquid fuel products via syngas production and Fischer-Tropsch (FT) synthesis. Pipeline-quality natural gas is delivered to the plant battery limit and terminates with the delivery of the liquid products to the loading facilities for transport to market. The major plant areas included in this GTL facility are:

- Natural Gas Compression
- Air Separation
- Syngas Production
- FT Synthesis & Product Upgrading
- Power Generation
- Utilities

Three GTL facility sizes were considered, forming three process cases, in order to investigate the effect of facility size on the project economics. The number of trains (parallel streams of feed running through the plant) for the GTL facility are based on the number of FT synthesis reactors required. A 17,000 bbl/day FT reactor was considered for this study, based on the capacity of current commercial reactors. The base case (Case B) considers a GTL facility with two FT trains; Cases A and C consider one and four FT trains, respectively.

A GTL facility employing FT synthesis can be configured to produce a combination of diesel, jet fuel and naphtha in varying proportions. A market analysis for each product and various target markets (Alaska, U.S West Coast, Hawaii, Asia) was conducted to determine the optimum product mix for the base case facility. From the netback prices calculated for each product option, it was determined that a product mix of primarily diesel and naphtha should be produced by the base case GTL facility. For the economic analysis, an alternative product mix of jet fuel, diesel and naphtha was also assessed.

The GTL plant performance for all cases were calculated using Aspen Plus® (process simulation software) as summarized below.

	Case A (1 Train)	**Case B – Base Case (2 Trains)**	**Case C (4 Trains)**
Pipeline-quality Natural Gas Required [MMSCFD]	154	309	617
FT Products: Diesel + Naphtha [bbl/day]	16,630	33,260	66,520
Power Export [MWe]	60	119	239
Raw Water Intake [st/h]	228	445	910

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The GTL facility design also includes process units to capture carbon dioxide (CO_2) from plant purge gas. In the Cook Inlet region, the recommended end use for the captured CO_2 is for enhanced oil recovery (EOR) in local oilfields, with a secondary option being to sequester the CO_2 in depleted gas reservoirs or saline aquifers. In the Fairbanks region, the captured CO_2 is recommended to be sequestered in deep, unmineable coal seams, which are located near the Healy coal fields.

The base case GTL facility is projected, based on previously completed and current GTL projects under construction, to being start-up and commissioning in Q4-2019, achieving nameplate capacity in the third quarter of 2020, in line with the availability of the ***ASAP***. Permitting and pre-feasibility engineering would begin in 2012.

A capital cost estimate (AACE Level 4 estimate, accuracy range of -30%, +40%) was prepared for the base case (Case B) in 2010 USD assuming a fully integrated gas-to-liquids facility based in Port MacKenzie. The fixed capital investment for the base case GTL facility (33,260 bbl/day of diesel and naphtha) is estimated to be USD 2.93 Billion or 88,000 USD/(bbl/day). Estimates for Cases A and C were scaled from Case B on a per train basis. It was assumed that a savings of 15% is common on subsequent trains. The resulting savings per unit of production from Case A to Case B and to Case C are 7.5% and 11.3%, respectively. The savings are attributable due to duplication of design; however, the majority of the costs are associated with procurement and construction tasks.

For the capital cost estimate of the GTL plant in Fairbanks, 25% was added to the base case CAPEX for Port MacKenzie in order to account for the complexity of construction and transportation of equipment to the Fairbanks facility. This brings the capital cost of the base case GTL facility at Fairbanks up to USD 3.66 Billion.

The operating cost of the Case B facility considers fixed (operations, maintenance, SG&A, insurance) and variable (raw materials, utilities) costs, and is estimated in 2010 USD to be USD 925 Million per year or 83 USD/bbl for the Port MacKenzie GTL facility, and USD 774 Million per year or 70 USD/bbl for the Fairbanks GTL facility. Natural gas accounts for approximately 90% of the GTL facility operating costs, driving the lower costs in Fairbanks since it is closer to the feedstock source. Variable expenses are directly related to plant production, and therefore for Cases A, B and C, the operating cost on a normalized USD/bbl basis are practically equal at this level of accuracy with the exception of natural gas. Since each case represents the anchor tenant for pipelines of different sizes, economies of scale for the pipeline are transferred to the GTL facility by the natural gas transportation tariff, resulting in the largest GTL plant (Case C) having the lowest natural gas price. Economies of scale are also shown by the differences in fixed operating costs. Note that the natural gas transportation cost is levelized in nominal terms, and therefore only the wellhead cost of 1.00 USD/MMBTU is escalated at 3% per annum, while the pipeline tariff is left constant over the valuation horizon.

An economic analysis was performed for the GTL facility considering an 80 USD/bbl crude oil price project and a natural gas price of 7.61 USD/MMBTU delivered to the base case facility at Port MacKenzie and 6.15 USD/MMBTU delivered to the base case facility at Fairbanks. Note that the transportation portion of delivered natural gas price is levelized in nominal terms and therefore not

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escalated. Other key assumptions include a 3% per year escalation rate; debt to equity ratio of 50:50; a required rate of return on equity of 12%; and the analysis was carried out in 2010 USD.

The economic analysis shows that for both sites, given the base case assumptions, the GTL plant would not meet the equity holders' required rate of return in order to result in a positive value proposition. However, the breakeven analysis reveals that a delivered natural gas price of 4.42 USD/MMBTU to the base case Port MacKenzie facility and 2.19 USD/MMBTU to the base case Fairbanks facility, all else constant, is required to yield the required 12% to its equity holders. Note that the base case Fairbanks facility was assumed in this study to have a 25% higher construction cost than the Port Mackenzie facility, and that the delivered natural gas price at Fairbanks will be inherently lower than Port Mackenzie due to the shorter - roughly 400 miles less - trip from gas source to plant gate. There is an economy-of-scale effect such that, the larger the plant, the higher the allowable delivered natural gas price.

The sensitivity analysis shows that the crude oil price, delivered natural gas price and CAPEX, in that order, are the most important drivers of the GTL plant's economics. It can also be concluded that a significant decrease in the delivered natural gas price or a significant increase in the crude oil price greatly improves the economic attractiveness of the project. However, a significant reduction in CAPEX, all else constant, has a much smaller effect on the project economics.

The sensitivity analysis also shows that under the stated assumptions, a reduction in the natural gas price of USD 1.46/MMBTU delivered to Fairbanks results in the ability of the Fairbanks GTL plant to absorb up to a 14% increase in CAPEX while remaining economically equivalent to the Port MacKenzie GTL plant. Therefore, despite the logistical and locational advantages embodied by the Port MacKenzie site, the advantage of locating a facility closer to the natural gas source, as embodied by Fairbanks, gives significant headroom for increased capital expenditures to overcome the locational and logistical disadvantage. The source of this advantage is that natural gas is a more expensive product to transport than the denser liquid output products, bearing in mind that the volume of the gaseous feedstock is reduced over 1500 times when converted to liquid products. Based on the siting considerations researched and the economic analysis, both the Port MacKenzie and Fairbanks sites are viable locations for the GTL plant.

This study qualifies as a conceptual or FEL1 study in terms of the Hatch guidelines for the deliverables required for this level of work. In a future phase of engineering, both transportation and constructability studies are required to further detail each potential plant location and to associate definitive costs to overcoming the logistical challenges of Fairbanks. Upon completion of these studies, a plant location can be selected. Process optimization and refinement of the cost estimate accuracy would also be performed in the next phase of engineering to determine whether the economics of this GTL facility would improve as an anchor tenant for the proposed Alaska Stand Alone Gas Pipeline/***ASAP***. GTL technology licensor input, for both process and cost information, would be a requirement in the next stage of engineering.

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1. Project Overview

Alaska Gasline Development Corporation (AGDC) has commissioned Hatch to complete an economic feasibility study to address whether a gas-to-liquids (GTL) facility located in Cook Inlet or in Fairbanks could:

- serve as an "anchor tenant" to increase pipeline demand;
- justify an increase in pipeline capacity; and
- support the economic viability of North Slope gas delivered to Cook Inlet and Fairbanks.

The purpose of this work is to determine the economic feasibility of the plant, inclusive of a market analysis for GTL product options, process simulation, plot plan and siting considerations, project execution schedule, capital and operating cost estimates, and an economic model.

The scope of work commences at the pipeline delivery of natural gas to the plant battery limit and terminates at the delivery of FT liquid products to the loading facilities for transport to market.

2. GTL Technology Survey

A gas-to-liquids (GTL) facility fully integrates a variety of processes, and may be summarized in three (3) main units: synthesis gas production, Fischer Tropsch (FT) synthesis and product upgrading. Below are general descriptions of the technologies available for each main process unit, as well as technology options for CO_2 capture.

2.1 Syngas Production

Synthesis gas (syngas) consists primarily of carbon monoxide (CO) and hydrogen (H_2), and is generated from carbonaceous feedstocks such as coal, biomass and natural gas. The conversion of natural gas to syngas is referred to as methane reforming. Methane is reformed over a catalyst at a high temperature (1,470 – 2,010°F) and pressure (290 – 1,450 psi). There are two main processes through which methane can be reformed: steam methane reforming (SMR) and oxidative reforming, the reaction being driven by heat and oxidation, respectively.

The difference in using natural gas as a feedstock for syngas production compared to coal is the hydrogen content of the two feeds. Feedstocks low in hydrogen (relative to the carbon content), such as coal, produce a syngas that is carbon monoxide rich; whereas, a hydrogen-rich feedstock such as natural gas with the main constituent as methane, produces a syngas that is hydrogen rich.

Downstream of syngas generation, FT synthesis requires a particular H_2:CO ratio in the syngas. CO-rich syngas requires a substantial amount of steam to shift a portion of the CO to H_2 in order to achieve the required ratio. However, syngas derived from natural gas can be produced with the desired H_2:CO ratio by modifying the parameters of the methane reforming process and by recycling carbon dioxide (CO_2) rich FT tail gas, eliminating the need for a shift process.

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2.1.1 *Steam Reforming*

Steam reforming is an endothermic process carried out in reactors referred to as steam methane reformers (SMR), whereby an external hot gas provides heat to catalyst-filled tubes in which the catalytic reaction takes place, converting steam and methane into H_2 and CO (syngas) (Figure 2-1). This conversion is described by the following reactions:

$$CH_4 + 2H_2O \leftrightarrow CO_2 + 4H_2 \qquad \textbf{Equation 2-1}$$

$$CH_4 + H_2O \leftrightarrow CO + 3H_2 \qquad \textbf{Equation 2-2}$$

$$CO_2 + H_2 \leftrightarrow CO + H_2O \qquad \textbf{Equation 2-3}$$

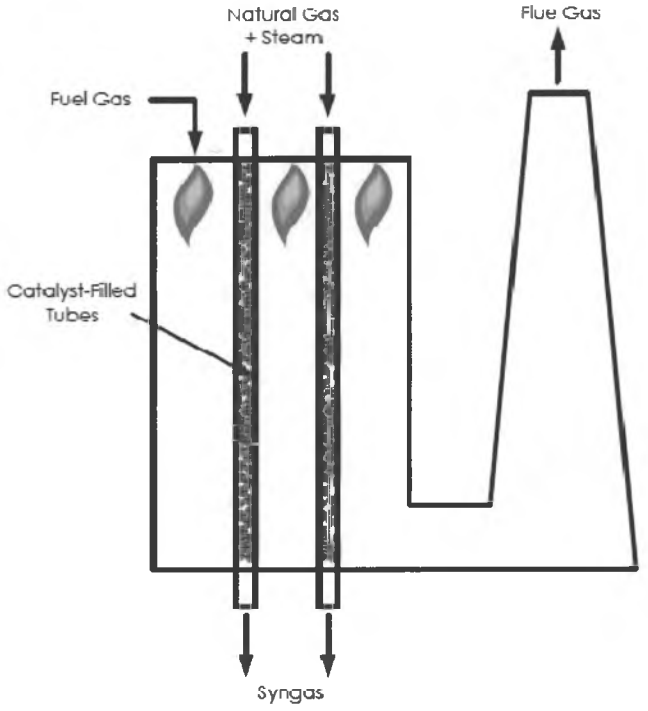

Figure 2-1: Illustration of a Steam Methane Reformer

Steam reforming of hydrocarbons is a mature technology and is the dominating process for manufacture of hydrogen around the world for small and medium size applications. Typical SMR design consists of catalyst-filled tubes suspended in a radiant section of a fired heater, with heat being provided from burners which combust fuel gas. This tubular reactor design converts energy from the hydrocarbon feedstock and fuel gas into hot syngas and flue gas. SMR suppliers offer varying reactor designs to provide sufficient heat to the reactor tubes, but most common include burners mounted on furnace walls (side-fired) or burners mounted on top of the furnace (top-fired).

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In order for more efficient reformer operation, the syngas production process typically includes a pre-reforming step, converting higher hydrocarbons (C_2+) in the feedstock into a mixture of methane, steam, carbon oxides and hydrogen as described by the equations. This is typically performed in a fixed-bed adiabatic reactor with a nickel-based catalyst.

Product gas from the pre-reformer is fed directly into the SMR, operating under pressure between 290 – 510 psi. The disadvantage of operating at high pressure is that methane conversion is reduced relative to operating at lower pressures, forcing Equation 2-2 to the left. To counteract this lower conversion rate, the reaction temperature can be increased typically to 1,470 – 1,600°F (some SMR designs suggest operating temperatures above 1,900°F). However, tube materials limit process temperatures. Another way of increasing methane conversion at equilibrium is to raise the steam-to-carbon ratio; however, this increases the SMR heating duty.

Heat is recovered from syngas exiting the SMR in the form of steam, the majority of which is recycled to the SMR as feedstock.

Similar to the pre-reformer, most steam reforming catalysts use nickel as the active component. The reforming catalyst must be designed to have a reasonable lifetime capable of withstanding extreme conditions during start-up and shutdown, and to achieve the desired conversion with low tube wall temperature and pressure drop. Most commercial catalysts have a surplus of catalyst activity, meaning the reforming reactions proceed as fast as the required heat can be supplied through the tube wall.

In steam reforming, the composition of syngas is governed solely by the steam reforming and shift reactions as a function of pressure, temperature and feed composition and catalyst performance. The result is high H_2:CO ratios, hence why SMR is the technology of choice for hydrogen production applications.

2.1.2 Oxidative Reforming

Contrast to steam reforming, heat for the oxidative reforming process is provided by internal combustion. Oxidative reforming includes autothermal reforming (ATR) and non-catalytic partial oxidation (POX). ATR has been used to produce H_2 and CO rich syngas for decades. ATR involves a combination of catalytic processes in an adiabatic (without heat loss) reactor. Chemical reactions governing this process are listed below:

$$CH_4 + \frac{3}{2}O_2 \rightarrow CO + 2H_2O \qquad \textbf{Equation 2-4}$$

$$CH_4 + H_2O \leftrightarrow CO + 3H_2 \qquad \textbf{Equation 2-5}$$

$$CO_2 + H_2 \leftrightarrow CO + H_2O \qquad \textbf{Equation 2-6}$$

The ATR reactor design consists of a burner, autothermal reforming chamber and fixed bed catalyst section all enclosed in a refractory lined pressure vessel (Figure 2-2). Natural gas from the pre-reformer is mixed with steam and oxygen in the burner where it is combusted in a fuel-rich (substoichiometric) environment. Only a portion of the hydrocarbon feedstock combusts. Following

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combustion, further conversion to syngas molecules occurs as gases mix at high temperatures in the catalyst bed.

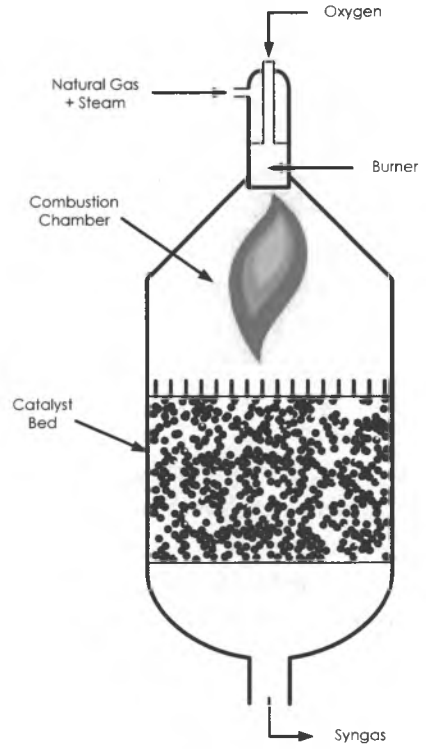

Figure 2-2: Illustration of an Autothermal Reformer

Gas leaving the combustion chamber still contains methane and low concentrations of other hydrocarbons, so final conversion occurs across the fixed catalyst bed. Similar to SMR reactions as described above, these reactions are endothermic, and thus gas temperatures through the bed decrease from approximately 2,200 – 2,400°F down to the exit temperature of about 1,800°F. As mentioned, this catalyst bed operates adiabatically with very little heat loss to the surroundings. The nickel-based catalyst, similar to SMR and pre-reforming, is designed to ensure high activity with low pressure drop in order to maintain efficient, compact reactor design.

Autothermal reforming is exothermic, and steam is generated by recovering heat from the syngas exiting the ATR reactor. This steam is used for mixing with feedstock, as well as distribution and use within the facility.

2.2 Fischer-Tropsch Synthesis

Clean syngas is converted into a mixture of hydrocarbons in Fischer-Tropsch (FT) reactors over metal catalysts. There are two (2) catalyst-based families of FT reactors: iron-based and cobalt-based.

Product selectivity (chain length of hydrocarbon) can be manipulated by the choice of catalyst and operating conditions, and the variety of products typically include distillate (diesel), gasoline, naphtha, Liquefied Petroleum Gas (LPG), oxygenates and olefins.

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2.2.1 *Fischer-Tropsch Processes*

The three main commercially available FT synthesis processes include iron-based Low Temperature Fischer-Tropsch (LTFT), iron-based High Temperature Fischer-Tropsch (HTFT), and cobalt-based Low Temperature Fischer-Tropsch (LTFT).

The iron-based catalyst process requires a H_2:CO ratio between 0.8 and 1.6; whereas cobalt-based is 1.9 to 2.1 (licensor dependent).

2.2.1.1 *Iron-Based LTFT*

Iron-based catalysts are better suited for synthesis of syngas derived from coal, as it possesses higher concentrations of catalyst poisons. Iron-based catalyst's short lifetime "masks" the effects of syngas poisoning and provides for frequent affordable replacement as it is produced from low cost feedstock (e.g. scrap metal).

Iron-based LTFT processes typically operate at 480°F, with a product selectivity towards distillates (diesel) and naphtha.

Low Temperature Iron-based catalysts process lower H_2:CO syngas ratios – a disadvantage for GTL due to the hydrogen rich syngas produced from methane reforming.

2.2.1.2 *Iron-Based HTFT*

Iron-based HTFT reactors typically operate at 680°F, roughly 200°F greater than iron-based LTFT reactors. Although iron is the primary catalyst component, the composition and type of promoters differ from LTFT to HTFT. The HTFT process has a higher selectivity towards methane, light hydrocarbons, aromatics and oxygenates relative to iron-based LTFT.

Within the HTFT reaction, a higher degree of shift (increase of H_2:CO) occurs, and with sufficiently high partial pressures of H_2 and CO_2, the reverse shift reaction is possible converting CO_2 into product with sufficient H_2 present. This increases production efficiency. The efficiency gain is driven by higher temperatures, producing higher steam quality for use.

$$H_2 + CO_2 \rightarrow CO + H_2O + heat \qquad \textbf{Equation 2-7}$$

In terms of H_2:CO ratio, the HTFT process is more flexible than the Iron LTFT process due to the activity of the reverse shift reaction (Equation 2-7).

The HTFT process typically produces gasoline as a final product as opposed to diesel and naphtha.

There is significantly more opportunity to recover high value chemicals such as ethylene, propylene, 1-hexene, 1-octene and oxygenates, although the scope to recover these compounds is limited by market constraints. These high value products increase utility, energy and capital requirements and in turn demand a more complex marketing strategy.

In general, when targeting jet fuel and diesel while limiting capital expenditure, the LTFT process is preferred. HTFT is more suited for locations close to chemical markets, where a market for gasoline and synthetic natural gas drive the selection of HTFT.

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2.2.1.3 *Cobalt-Based LTFT*

FT processes using cobalt-based catalysts operate at 440°F. Relative to iron-based LTFT, cobalt-based LTFT has the advantage of a higher resistance against catalyst deactivation due to water oxidation. FT reactions result in the production of H_2O limiting catalyst reactivity. With a higher resistance to deactivation, greater per pass conversion of syngas and efficiency is delivered; additionally, a lesser degree of water is produced as a result of the reduced temperature.

Cobalt-based catalysts have low selectivity towards olefins and oxygenates versus iron-based; therefore, less H_2 is required for upgrading purposes, reducing capital.

Higher conversions per pass can be obtained with Cobalt LTFT rather than Iron LTFT, resulting in higher reactor productivity and lower capital costs in the FT section.

Although cobalt-based catalysts have a higher cost, it is offset by longer life guarantees than iron-based catalysts. However, cobalt-based catalysts require more stringent feed gas constraints against poisoning. FT catalyst poisons include sulfur (S), nitrogen (N) bearing compounds and halides (e.g. florides (F^-), chlorides (Cl^-), bromides (Br^-), etc.). These are more of a concern for coal-to-liquids processes with higher poison concentrations than for gas-to-liquids processes.

Hydrocarbons from the FT process are further upgraded to produce desired products such as diesel, jet fuel, heating oil and naphtha through processes of hydrotreating and wax cracking, with the light-ends from the process being available for use in power generation or as fuel gas. Furthermore, it is easier to obtain higher conversion efficiencies with a higher H_2 content syngas. However, when dealing with stranded natural gas, high conversion to FT products is required, as many co-products are difficult to put to market cost-effectively.

2.2.2 *Fischer-Tropsch Reactors*

It is relatively easy to remove potential FT catalyst poisons from natural gas prior to reforming. Upon reforming, it is possible to produce a syngas with the appropriate H_2:CO ratio for either LTFT or HTFT by recycling the appropriate amount of FT tail gas, or adjusting the steam/carbon ratio to the reforming section. However, it is more expensive to employ an iron-based LTFT process due to the lower per pass conversion, relative to cobalt-based LTFT and HTFT, increasing capital and lowering return.

There are four (4) types of FT reactors in commercial use:

- Circulating fluidized bed reactor (CFB) - HTFT
- Fluidized bed reactor (FB) - HTFT
- Tubular fixed bed reactor (TFB) - LTFT
- Slurry phase reactor (Slurry) - LTFT

Fluidized bed reactors operate between 608°F and 662°F; in this range, there is no liquid phase in the reactor – apart from catalyst particles which is the distinguishing feature between HTFT and LTFT reactors. Any liquid phase in an HTFT reactor results in particle agglomeration and loss of fluidization leading to serious operational problems.

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HTFT reactors are utilized when the desired products are shorter chained hydrocarbons (e.g. alkenes). LTFT reactors produce long-chain waxes for upgrading to long-chain hydrocarbons such as gasoline or heavier. Table 2-1 outlines the operating temperatures to maximize specific hydrocarbon chain lengths.

Table 2-1: Production Cut Maximization Temperatures

Cut Maximized by fraction	Minimum Temperature to Avoid Condensation [°F]
$C_2 - C_5$	228
$C_5 - C_{11}$	624
$C_5 - C_{18}$	737
$C_{12} - C_{18}$	874

2.2.2.1 *Circulating Fluidized Bed Reactors*

A circulating fluidized bed (CFB) reactor synthesizes syngas (CO and H_2) over a catalyst as the syngas-catalyst mixture moves vertically up the FT reactor. Syngas, preheated to 392°F, and catalyst are mixed and flow upwards through the FT reactor. The synthesis of syngas to hydrocarbons is exothermic requiring control of reaction temperature with boiler feedwater (BFW). BFW is raised to saturated steam conditions where it may be utilized throughout the plant to provide heat and – if conditioned – to produce power. Figure 2-3 outlines a CFB reactor.

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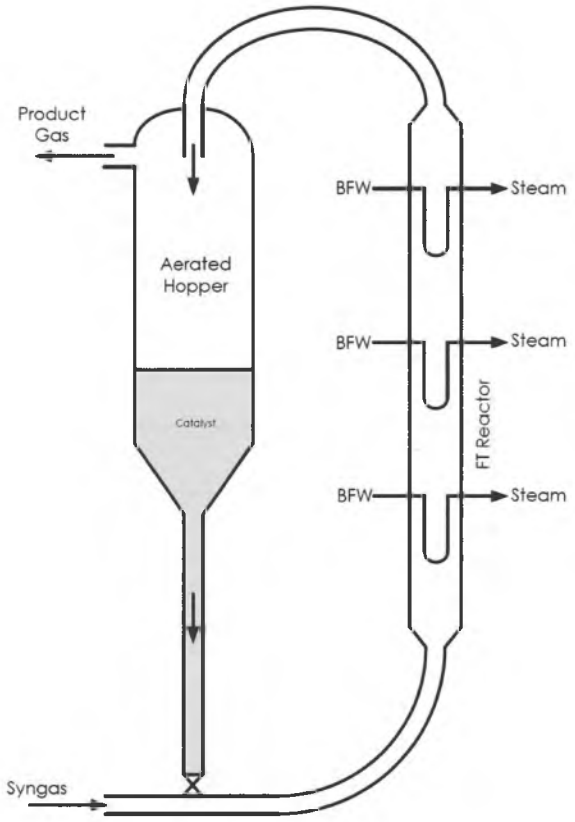

Figure 2-3: Circulating Fluid Bed Reactor

The velocity of the syngas-catalyst mixture up through the reactor dictates the rate of reaction. At temperatures exceeding 640°F, an iron-based catalyst becomes continuously deposited with carbon, causing particle disintegration. Disintegration not only causes catalyst loss, but decreases catalyst density. Reduced catalyst density decreases reaction time per pass due to fixed gas velocity. As a result, on stream catalyst removal and replacement is practiced to maintain consistent production.

CFB reactors were originally installed at Sasol's Sasolburg plant in the 1950s, operating at 640°F and 290 psi. Today, CFB reactors are only operating at Sasol's Secunda CTL and Statoil, PetroSA and Lurgi's joint venture Mossel Bay GTL at 360 psi.

2.2.2.2 *Fluidized Bed Reactors*

With the success of the CFB reactor, improvement and optimization were sought based on the principle of linear gas velocity up the FT reactor. This lead to the development of the turbulent fixed fluidized bed (FFB) reactors.

Process design analysis indicated that improving quality and uniformity of fluidization offered potential to enhance the reactor performance. A variety of gas distribution nozzles were investigated by Sasol. A design was recommended and a 3′ 3″ diameter FFB reactor was constructed and

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commissioned at Secunda in 1984 and renamed the Sasol Advanced Synthol (SAS) reactor. Figure 2-4 outlines a fluidized bed reactor.

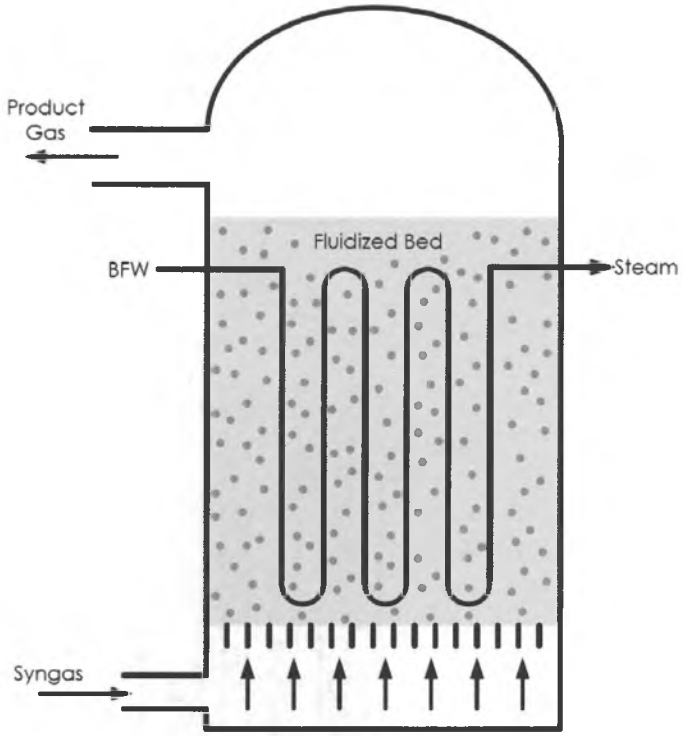

Figure 2-4: Fluidized Bed Reactor

Operating with the same catalyst and product selectivity as CFBs, but with a greater conversion, the design was scaled to a 16′ 4″ diameter unit in 1989 at Sasolburg. In 1995 to 1999, the sixteen (16) existing CFB reactors at Secunda were replaced with eight (8) 26′ 3″ diameter 11,000 bbl/day and eight (8) 32′ 10″ diameter 20,000 bbl/day SAS reactors.

SAS reactors have several advantages over its CFB predecessor, including:

- A 40% lower construction cost, due to smaller size per output, including simpler support structure at 5% of the cost required for a CFB;
- Increased capacity, a result of greater cooling and throughput due to a greater cross-sectional area, permitting increased flow and pressure while maintaining linear gas velocities;
- Complete catalyst charge participation in FT reaction, resulting in higher conversion;
- Allowance for bed expansion due to carbon deposition on the catalyst, resulting in reduced online catalyst replacement and lower catalyst consumption;
- Lower syngas and catalyst linear velocities and pressure drop, resulting in lower compression costs; and

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- Larger cross-sections, reducing wear and extending operating time between maintenance shutdowns.

2.2.2.3 *Tubular Fixed Bed Reactors*

Although there is a variety of fixed bed reactors (e.g. vertical spaced, radial flow, multi-tubular), due to the temperature rise effects within individual adiabatic beds, the preferred bed design is the multi-tubular fixed bed (TFB). The catalyst is placed inside the tubes and the cooling medium (boiler feed water) on the shell side. Figure 2-5 outlines a generic TFB reactor.

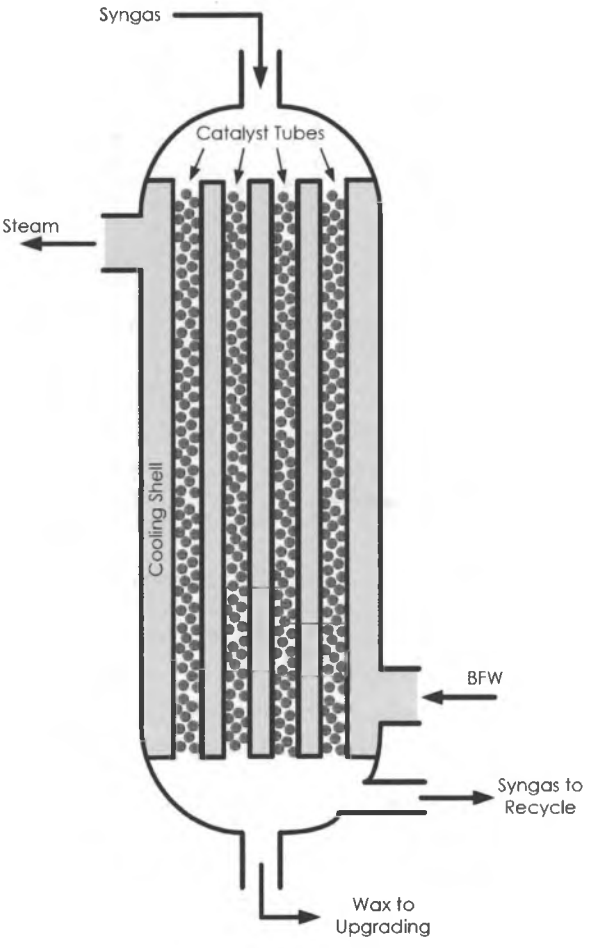

Figure 2-5: Tubular Fixed Bed Reactor

Narrow tube diameters with high linear gas velocities ensure turbulent flow, greatly increasing heat transfer from catalyst particles to the cooling medium. High conversion efficiency is obtained in part by this heat transfer in addition to recycling a portion of the tail gas. The recycle increases linear gas velocities, further improving the rate of heat transfer and efficiency.

Smaller catalyst particles also result in increased conversion efficiency, however, with narrow tube diameters, high gas velocities and small catalyst particles result in unacceptably high differential

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pressures increasing syngas compression costs and degradation of catalyst particles. Greater catalyst disintegration results in additional cost and downtime necessary to unload and recharge the reactor. TFB reactors must, therefore, balance design and operating requirements in opposition.

Design versus operating constraints ultimately create temperature gradients within the reactor. As a result, there is only a portion of the reactor bed that operates at the optimum temperature, reducing efficiency. TFB reactors are generally not suited for high temperature reactions, as carbon deposition occurs leading to catalyst swelling and tube blockage.

With thousands of tubes per reactor, construction costs are high. TFB reactors are heavy, limiting reactor size and transportation potential.

Advantages of TFB reactors include the elimination of external equipment to separate heavy wax from catalyst. Liquid wax migrates downward through the tubes and collected in a downstream knock-out pot; whereas slurry bed reactors require additional equipment to completely separate fine catalyst particles from the wax external to the reactor.

The single most advantageous aspect of TFB reactors is ease of scale-up. Proof of a single reactor tube is sufficient to predictably scale-up a full size commercial reactor, as each tube operates independently.

As catalyst poisons migrate through the process overtime, TFB reactors have the advantage that the leading face of the catalyst tubes are poisoned and deactivated, serving as a protective barrier allowing the remainder of each tube to continue to carry on.

2.2.2.4 Slurry Phase Reactors

Comparison between fixed and slurry phase FT synthesis was carried out at temperatures common in TFB reactors. See Figure 2-6 for the outline of a slurry phase reactor. The slurry phase reactor performs to a greater hard wax selectivity and conversion efficiency, in spite of a catalyst loading three (3) times less than the fixed bed. The higher conversion is due to reduced catalyst particle size, such that the FT reaction is limited by pore diffusion.

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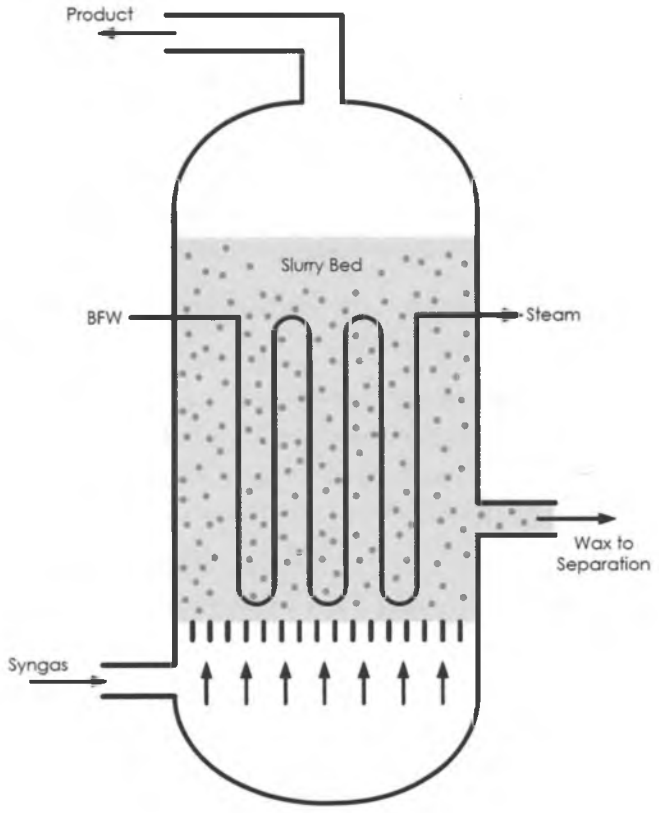

Figure 2-6: Slurry Phase Reactor

Thereafter, comparison between slurry phase and fluidized bed reactors showed that the slurry phase was not well suited for HTFT reactions (615°F). The slurry phase reactor no longer possesses the smaller catalyst particle advantage. At such temperatures, wax is continuously hydrocracked, requiring daily make-up.

Advantages of slurry phase over TFB reactors (for iron-based catalyst only – cobalt comparison data unavailable at time of preparation) include:

- Capital cost of train 75% less than comparative TFB reactor;
- Pressure drop across slurry phase reactor 75% less than comparative TFB reactor, lowers syngas compression costs;
- Higher catalyst activity delivers 75% lower catalyst consumption per barrel of product;
- Isothermal reactor operation versus adiabatic TFB facilitates higher average operating temperature; and
- Online charging and removal of catalyst reduces downtime.

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However, it should be noted that many of the slurry phase reactor's advantages are reduced if a cobalt-based catalyst with high activity and long life is utilized.

2.2.3 Fischer-Tropsch Technology Licensors

Due to the high cost and complexity required, only a handful of licensors have invested the time and capital necessary to demonstrate FT technologies. The level of development and success within this handful of providers varies widely from multi-billion dollar operating commercial plants to decommissioned pilot plants. An overview of the licensors and their technologies is presented below. It must be noted that as FT technologies are proprietary. The information presented herein is from the public domain and is to serve as a guide and should not be considered complete without licensor engagement.

2.2.3.1 Sasol

South African Synthetic Oil Ltd. (Sasol) is an international energy company headquartered in Johannesburg, South Africa, engaged in the commercial production of chemicals and liquid fuels. Beginning in the 1950s with a licensed FT technology, Sasol has pioneered, developed, commercialized and improved proprietary FT synthesis technologies. These developments include the HTFT Sasol Advanced Synthesis (SAS) process and the LTFT Sasol Slurry Phase Distillate (SPD) process.

The SAS process involves a fluidized bed reactor, and was developed from the 1980s through the 1990s. Today, SAS reactors are capable of 20,000 bbl/day with four (4) currently operating at Secunda in South Africa. SAS reactors employ iron-based catalyst producing light products (e.g. naphtha, paraffins, olefins and aromatics).

The SPD process is a slurry bed reactor; two have been installed at the Oryx facility in Ras Laffan, Qatar, producing 34,000 bbl/day of distillate and naphtha. Discussions to expand the facility to 100,000 bbl/day have been undertaken, but none planned at present.

Currently under construction is the Escravos GTL plant in Nigeria. Located 60 miles southeast of Lagos. Escravos is designed to produce 34,000 bbl/day by 2013. Diesel and naphtha are produced from two (2) 17,000 bbl/day SPD reactors. Escravos is planned to be expanded to 120,000 bbl/day within ten years of completion.

2.2.3.2 Shell

Royal Dutch Shell PLC (Shell), is an international oil and gas company, headquartered in The Hague, the Netherlands. They have been developing FT technology since the early 1980s and since commercially deployed an LTFT technology known as the Shell Middle Distillate Synthesis (SMDS) process – based on an older Sasol tubular reactor.

SMDS' tubular design employs a cobalt-based catalyst. Shell claims the catalyst and reactor design promote higher C_{5+} selectivity, lower CO_2 production and less catalyst consumption than a slurry phase reactor. A demonstration plant in Bintulu, Malaysia was originally commissioned with a 14,700 bbl/day capacity in 1993.

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In 2004, Shell began development of a 140,000 bbl/day GTL products plant in Ras Laffan, Qatar. The project, known as Pearl, implements Shell's SMDS technology to produce upstream products (i.e. blendstock) 80 km north of Doha. The complex consists of two (2) 70,000 bbl/day GTL trains, with a total of twenty-four (24) 1,323 short ton reactors and associated facilities. Production ramp-up is expected in 2011, one year behind schedule. Products include: naphtha, distillates, paraffins, kerosene and lubricant-based oils; the range of products is due to the proximity to major downstream off-takers with an appetite for a wide product mix.

2.2.3.3 GTL.F1

GTL.F1 is a joint venture, between Statoil of Norway, PetroSA of South Africa and Lurgi of Germany (subsidiary of Air Liquide), established to commercialize the cobalt-based LTFT technology under development by Statoil over the last twenty years.

The JV developed a cobalt-based LTFT slurry bed reactor and operated a 1,000 bbl/day semi-commercial plant at Mossel Bay in South Africa.

Statoil and PetroSA have indicated intentions to license the technology for the conversion of syngas derived from non-natural gas feedstocks. As Statoil and PetroSA are large natural gas providers, the technology will only be licensed to GTL projects in which Statoil and/or PetroSA take(s) an equity position.

2.2.3.4 BP & Davy Process Technology

BP is an international oil company headquartered in London, UK. Davy Process Technology (DPT) is a licensor of advanced process technologies related to the manufacture of oil and gas, petrochemicals, commodity chemicals, fine chemicals and pharmaceuticals. DPT is a subsidiary of Johnson Matthey PLC and headquartered in London, UK.

Davy developed a LTFT TFB cobalt-based catalyst reactor. A 300 bbl/day demonstration facility located in Nikiski, Alaska was operated from 2003 to 2009. BP announced in 2009 that the project had successfully demonstrated that the process could be scaled up from laboratory to pilot scale to produce diesel and jet fuel.

BP stated its GTL development program will continue in Europe where the company is working with Davy Process Technology on the engineering design of a full scale unit.

2.2.3.5 Syntroleum

Syntroleum Corporation is a synthetic fuels technology company headquartered in Tulsa, Oklahoma. They have developed proprietary technologies for LTFT slurry bed and TFB reactors, both using cobalt-based catalysts.

A 70 bbl/day slurry bed GTL demonstration plant was commissioned in 2004 in Catoosa, Oklahoma. The facility was the company's first green-field demonstration involving syngas production, FT synthesis and upgrading. The facility was shutdown in 2006. In 2007, Syntroleum signed an MOU with Sinopec, selling technology and support services including the demonstration plant which in 2009 was dismantled and shipped to China for re-erection. Sinopec has exclusive rights to the technology within China and will be offering licensing for CTL operations.

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2.2.3.6 *Rentech*

Rentech Inc. is an FT process developer headquartered in Los Angeles, California. Their FT technology utilizes an iron-based catalyst, LTFT, slurry phase bed reactor. Incoming syngas requires a H_2:CO ratio of 0.8–1.0. The iron-based catalyst leads to a mixture of paraffinic, naphthenic, olefinic and aromatic products; although more valuable on the market, these products require more upgrading.

The recently commissioned Rentech demonstration plant is located near Denver, Colorado with a capacity of 10 bbl/day.

Rentech offers worldwide licensing of its proprietary technology for both biomass and fossil fuel feedstock applications. A typical licensing agreement requires licensees to provide up-front payment for services and catalyst in addition to ongoing royalty payments per barrel of product produced. Licensees are responsible for abiding by Rentech's technical recommendations, financing, construction and operations.

2.2.3.7 *Other Licensors*

There are other FT licensors in addition to those above, listed in Table 2-2; however, they are currently either not marketing their technology or are still developing the technology at the pilot scale.

Table 2-2: FT Licensors in Research and Development

Licensor	Process	Catalyst	Reactor Type	Scale	Location
ConocoPhillips	LTFT	Cobalt	Slurry Phase	400 bbl/day	Ponca City, Oklahoma
ExxonMobil	LTFT	Cobalt	Slurry Phase	200 bbl/day	Baton Rouge, Louisiana
Eni–IFP/Axens	LTFT	Cobalt	Slurry Phase	20 bbl/day	Sannazzaro, Italy
Japan National Oil Corporation	-	-	Slurry Phase	7 bbl/day	Yufutsu, Japan
CompactGTL	LTFT	Cobalt	Mini-channel Fixed Bed	1 bbl/day	Wilton, UK
Velocys	LTFT	Cobalt	Microchannel Fixed Bed	26 gal/day	Plain City, Ohio
World GTL	-	-	Tubular Fixed Bed	2,250 bbl/day	Pointe-Pierre, Trinidad & Tobago
Emerging Fuels Technology	LTFT	Cobalt	-	< 1 lb/day	Tulsa, Oklahoma

2.2.3.8 *Licensing*

Unless stated above, licensing terms for individual FT technology licensors is not openly disclosed. In recent history, it should be noted, that successful GTL projects have involved equity positions from FT licensors, for example:

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- Oryx JV – Qatar Petroleum (51%)
  Sasol (49%)
- Escravos JV – Chevron Nigeria (75%)
  Nigerian National Petroleum Company (25%)
- Pearl JV – Qatar Petroleum (undisclosed)
  Shell (undisclosed)

The ownership requirement is likely due to licensors not wishing to see potential projects strictly in the hands of developers and for them to have more IP control and protection. A technology licensor's stake also provides them access to previously unobtainable reserves.

2.3 Product Upgrading

FT reactors, dependent on their process (LTFT vs. HTFT) and catalyst type (iron-based vs. cobalt-based) produce a variety of intermediate products (e.g. waxes, tail gases, etc.) requiring further processing and upgrading. The following is a description of the upgrading from LTFT, such that FT intermediates are classified by density: 1) light-ends (C_2 – C_5), 2) middle distillates (C_5 – C_{20}) and 3) heavy waxes (C_{20+}). These three densities of intermediates require separation prior to respective upgrading and/or consumption.

2.3.1 Intermediate Upgrading

Hydrocarbon condensate recovered from the FT phase separators contain absorbed gases including H_2, CO and CO_2 requiring removal separation – as they are poisonous to the upgrading catalysts. In addition, these components must be removed as the products de-gas if stored in intermediate storage, posing a health risk to operating personnel. Removal of absorbed gases is achieved by stripping light-ends in a feed stripper column. HP saturated steam is used to vaporize a portion of the contents at the bottom of the column in a reboiler. The resulting overhead vapour, containing dissolved gases and hydrocarbons in the range C_2 to C_5, is routed to fuel gas distribution. Liquid product is sent to intermediate storage or fed to the next stage of upgrading.

Liquid product from the feed stripper contains hydrocarbons in the desired C_5 to C_{20} range. Hydrocracking of these components is not required as they are of the desired chain length – although oxygenates and olefins must be hydrogenated.

The remaining wax from the FT reactors contains hydrocarbons in the C_{20+} range – requiring hydrocracking. This process scheme is illustrated in Figure 2-7.

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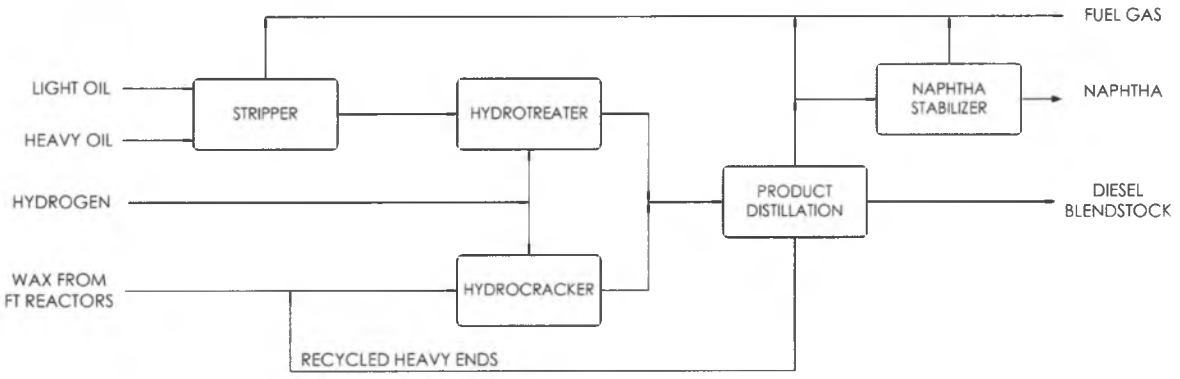

Figure 2-7: Basic LTFT Finished Product Upgrading Flow Scheme

Hydrocracking involves feeding H_2 to the hydrotreater and hydrocracker in stoichiometric excess to maintain high H_2 partial pressure improving hydrogenation and preventing coking of the catalyst. For this reason, there is substantial H_2 circulating in the reactors.

Effluent leaving the reactors is separated via flashing; the liquid stream is sent to fractionation, and the H_2-rich gas stream is combined with fresh H_2 and recycled to the hydrotreating and hydrocracking reactors. The combined liquid product from hydroprocessing is sent to a product distillation column to be fractionated into light-ends, heavy-ends and diesel product. The light-ends are sent to a naphtha stabilizer column where naphtha is recovered and light components stripped out and sent to fuel gas distribution. Heavy-ends are recycled back to the hydrocracking reactor.

2.3.2 *Finished Product Quality*

With a cobalt catalyst, the FT product is a predominantly paraffinic product with chain lengths ranging from C_5 to as high as C_{80}. These products are unlike those from conventional oil refineries in that olefinic and naphthenic contents are very low and contain no aromatics. Without aromatics, products contain very low octane ratings and are not suited for the manufacture of gasoline.

Cobalt derived FT fuels are considered highly desirable blendstocks for crude derived fuels due to their unique properties of high cetane number and negligible sulfur and aromatic content. Compared to conventional crude derived fuel during combustion, FT fuels show reduced NO_x, CO and particulate emissions. These properties and are extremely well suited for the manufacturing of ultra low sulfur (ULS) jet fuel, ULS diesel and ULS heating oil.

2.4 CO_2 Capture System

A CO_2 capture system can also be included with the overall GTL process design. This CO_2 capture process removes CO_2 from the purge gas stream of the large FT synthesis recycle loop. The resulting lean CO_2 purge gas stream can be used as a fuel gas for power generation and/or process heating. In order to decrease capital and operating costs, it is most effective to capture CO_2 prior to combustion,

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as the purge gas stream has high CO_2 concentration and partial pressure which results in a lower volume of gas to process.

Different CO_2 capture processes are categorized into three main categories:

- Physical absorption;
- Chemical absorption; and
- Processes utilizing a combination of physical and chemical absorption.

There are many established and developing CO_2 capture processes available in the market; a brief description of some commercially available processes are described herein.

2.4.1 *Chemical Solvents*

Chemical solvents absorb acid gas (primarily CO_2 and H_2S) by creating a chemical bond between solvent and acid gas molecules. Energy, typically in the form of steam, required to reverse the reaction and regenerate the solvent, producing a pure acid gas stream.

2.4.1.1 *Amine Systems*

Different amines, or combination thereof, have been used for acid gas removal for many years, and many are commercially available from chemical suppliers. Most applicable for CO_2 capture include: monoethanolamine (MEA), diethanolamine (DEA), methyldiethanolamine (MDEA), as well as inhibited amines or formulated solvents such as aMDEA offered by BASF. Each solvent has specific advantages and disadvantages, but the principle of operation remains similar. The processes typically operate at temperatures of 40-120°F, and are most competitive (compared to physical solvent counterparts) at low pressures. Some of the main criteria in choosing the most suitable amine system for acid gas removal is regeneration energy and the CO_2 removal efficiency at given pressures, temperatures and compositions.

2.4.2 *Physical Solvents*

In physical absorption systems a physical bond forms between acid gas components and solvent molecules. Physical absorption solvents are regenerated by decreasing the pressure and increasing temperature. The loading capacity (amount of CO_2 captured in the unit mass or volume of the solvent) of physical solvents is governed by Henry's law, stating that absorption is proportional to gas partial pressure (CO_2 in this case). By increasing operating pressure, performance of physical absorption systems is improved.

2.4.2.1 *Rectisol®*

Rectisol® utilizes cold methanol as a solvent and was originally designed to purify syngas for chemical synthesis applications that require strict impurity limitations. The process operates between -22°F to -77°F to increase absorption rates and achieve greater gas purities than other processes. To reach such temperatures, refrigeration is required. This technology is licensed by Lurgi GmbH and The Linde Group, both headquartered in Germany.

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2.4.2.2 *Selexol*

Selexol utilizes a proprietary solvent, consisting of dimethyl ethers of polyethylene glycol (DMPEG), that is chemically inert and not subject to degradation. The process typically operates between 32°F and 104°F, reducing refrigeration duty required by Rectisol®. Purity levels cannot match those provided by Rectisol®, however, Selexol has a number of reference plants for power applications and other plants that do not critically require tight impurity specifications. The process is licensed by UOP LLC, headquartered in the USA.

2.4.3 Processes Utilizing a Combination of Physical and Chemical Absorption

2.4.3.1 *Benfield*

The Benfield process uses a potassium carbonate solution to absorb CO_2 at temperatures between 160°F and 260°F. The higher temperature is maintained at the bottom of the absorption column to increase the rate of absorption, while a lower temperature is utilized at the top section of the absorber to maintain a more favorable equilibrium at the exit of the absorber. The absorption section typically operates at pressures of around 435 psi (30 bar). Rich solvent is flashed at close to atmospheric pressure in the regeneration column, while heat is added via steam injection to break chemical bonds.

An amine promoter (i.e. DEA, LRS-10 or ACT-1) is used to enhance the performance of the potassium carbonate solution. The Benfield process uses highly toxic Vanadium as a corrosion inhibitor, which must be carefully managed during solution discharges from the plant.

2.4.3.2 *Sulfinol*

Sulfinol is customized to each individual application. A mixture consisting of water, a chemical-reacting alkanolamine and the physical solvent sulfolane to the appropriate proportions is more effective than aqueous amine processes at removing COS, mercaptans and other organic sulfur compounds. Applications also include complete or partial removal of CO_2 from natural, synthetic and refinery gases. Loaded solvent is regenerated while impurities are flashed post-absorption and consumed as a fuel gas. Over 200 units have been licensed worldwide by Shell Global Solution International B.V., headquartered in The Hague, The Netherlands.

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3. GTL Product Market Analysis

As with the variety of technologies that may be utilized in the GTL facility process design, there is also a variety of FT liquid fuels that may be produced. The GTL facility may be configured to produce a combination of liquid fuels including diesel, jet fuel, naphtha, liquefied petroleum gas (LPG, e.g. propane and butane), oxygenates and olefins.

A market analysis for various GTL product options (FT products) was performed in order to prioritize and determine the products to be included in the process design.

3.1 Methodology and Assumptions

The potential markets for FT products were analyzed focusing primarily on intrastate Alaska, U.S. West Coast, Hawaii and Asia (China and Japan). Methodology includes:

- analysis of historical consumption patterns of relevant fuel in order to derive a projected trend;
- analysis of historical relationship between price of a specific fuel on a particular market with price of Western Texas Intermediate (WTI) at Cushing, OK; additionally, historical relationship between specific fuels and Alaska North Slope (ANS) crude oil derived for products sold in Alaska;
- linear regression from analysis to quantify price relationship, confidence levels and analysis of statistical significance of price relationship; additionally, price models utilized in the economic model to forecast revenue generated by GTL plant; and
- derivation of preliminary conclusions in terms of attractiveness of particular markets and of recommended prioritization of certain products given market prices.

This market analysis contains various assumptions. Although FT jet fuel and diesel are considered superior to crude derived, they cannot be directly consumed without the use of certain additives and/or blending to improve lubricity, increase density and inhibit corrosion. For this reason, FT products are assumed to be sold in the wholesale or resale market.

Secondly, as previously mentioned, FT products exhibit advantageous characteristics; in particular, FT diesel is extremely low in sulfur and aromatics with a high cetane rating. It also exhibits lower particulate emissions during combustion relative to crude derived diesel. FT naphtha is an ideal feedstock for steam crackers and literature suggests it may help increase yield [1]. FT jet fuel exhibits a desired cetane rating, no sulfur, no aromatics and excellent smoke and flash points. These differences may suggest a potential price premium. However, factual evidence for such a premium is currently anecdotal and cannot be verified. For this reason, no price premiums in the wholesale price for FT products is assumed.

In order to quantify markets and model price relationships it is assumed that FT jet fuel's best proxy product corresponds to kerosene-type jet fuel and FT diesel's to No. 2 Diesel Fuel. The latter is a simplified assumption as a better comparison would be against No. 2 Diesel, Ultra Low-Sulfur. However, historical data for this product is not sufficiently available to conduct a meaningful

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analysis. Furthermore, the consumption of No. 2 Diesel Fuel is assumed equal to distillate fuel oil for transportation consumption.

For the purpose of this analysis, it is assumed that the U.S. West Coast market is defined as California, Washington State, Oregon, Nevada and Arizona. This definition is equivalent to the Petroleum Administration for Defense District (PADD) V excluding Hawaii and Alaska, which are analyzed separately. In terms of Asian markets, countries selected for analysis are chosen in part based on market size. The Chinese market is larger than the Japanese for diesel, the former representing 36% of the Asia and Oceania's market for diesel (Japanese market represents 14% of said market). Jet fuel in both countries is approximately equal. The predominant market for naphtha is Japan. Therefore, China is focused upon for FT diesel and jet fuel, and Japan for FT naphtha.

Current hydrocarbon shipping costs including time in ports, fees and additional costs due to north of 54°N are also used in Table 3-1. Quoted rates are based on 330,000 bbl ship size ("handymax") departing from either Anchorage or Nikiski, Alaska. Quotes were also benchmarked to Hatch's procurement group data.

Table 3-1: Shipping Costs from Alaska

Information	Unit	Anchorage AK	Los Angeles CA	Honolulu HI	Tokyo Bay JPN	Shanghai CHN	Houston TX
Ship Capacity	Bbl	330,000	330,000	330,000	330,000	330,000	330,000
One-Way Trip from AK	nautical miles	-	2,181	2,480	3,278	4,118	6,639
	day(s)	-	10	10	14	18	28
Time in Ports	day(s)	2	3	3	3	3	3
Time Cost	USD/day	-	65,000	65,000	-	-	65,000
Trip Cost	USD/trip	-	-	-	735,000	785,000	-
Port Fees	USD/port	66,000	40,000	50,000	45,000	45,000	32,000
Canal Fees	USD/trip	-	-	-	-	-	120,000
Canal Time	day(s)	-	-	-	-	-	1
Insurance	USD	22,000	-	-	-	-	-
Additional Costs	%	5%	5%	5%	5%	5%	5%
Total	**USD**	**-**	**1,465,050**	**1,475,550**	**851,550**	**901,550**	**3,207,150**
Total	**USD/bbl**		**4.44**	**4.47**	**2.58**	**2.73**	**9.72**
Total	**US_{cents}/US_{gal}**	**-**	**10.57**	**10.65**	**6.14**	**6.50**	**23.14**

Source: OSG (Overseas Shipholding Group) quotes provided November 30, 2010.

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For a Fairbanks plant location, additional logistic means are required to transport the FT products to the Anchorage or Nikiski ports. A potential method for transporting FT products to the coast would include using the existing TAPS pipeline to send products down to the Valdez Oil terminal. A number of companies in Alaska have performed studies regarding the feasibility of transporting synthetic fuels through the TAPS pipeline, and the general consensus is that fuel contamination is a major issue that would cause this method to be uneconomic. For this reason, rail transport is the preferred transport method at this time, but advances in technology may make the pipeline option more favorable. For this study, rail transport of products from Fairbanks to Anchorage has been assumed.

The Flint Hills refinery in North Pole, Alaska currently transports approximately 15 million barrels of refined products annually to a storage facility in Anchorage by rail. Approximately 80 cars are shipped daily along the 425 mile railroad from North Pole to Anchorage. The Alaska Railroad Corporation (AKRR) provides a tariff rate for petroleum products, but industry experts have stated this rate is negotiable for large capacity, long term supply contracts. Based on current fuel transport contracts and recent rail extension studies, it has been recommended to use a cost of 0.045 USD/ton/mile for FT products being shipped from Fairbanks to Anchorage. This cost includes the time for drivers/operators during transport and loading/unloading activities, but requires the addition of a fuel surcharge, equal to 19.5% as of February 2011.

The transport cost also does not include provision of rail cars, which the Flint Hills refinery currently leases from GATX in Houston, Texas. The AKRR typically ships fuel in 30,000 gallon capacity rail cars, which are filled to 28,500 gallons. From GATX, the cost for leasing these cars is approximately 900 USD/car/month, in addition to the initial investment of 12,000 USD/car to have the rail cars shipped to Alaska from continental U.S. The lease costs cover regularly scheduled maintenance as well as normal wear and tear, and the life of these cars is typically 35 years before requiring replacement. Representatives from both AKRR and GATX recommended that the required operational cars (based on the Case B GTL fuel production of 33,260 bbl/day) be increase threefold (3x) to account for cars down for maintenance and for the shifting and realignment of cars. Table 3-2 presents the assumptions made for this calculation for both fuel transport and rail car leasing costs. The resulting transport cost for shipping FT products from Fairbanks to Anchorage by rail is 3.20 USD/bbl for FT Diesel, 2.83 USD/bbl for FT Naphtha and 3.11 USD/bbl for FT Jet Fuel.

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Table 3-2: Transport Cost from Fairbanks to Anchorage

Information	Unit	FT Diesel [1]	FT Naphtha [1]	FT Jet Fuel [2]
Fuel production	bbl/day	24,680	8,580	12,555
	gal/day	1,036,560	360,360	527,310
Density	bbl/metric tonne	8.25	9.37	8.51
	bbl/short ton	7.49	8.50	7.72
Transport Cost	USD/short ton/mile	0.045	0.045	0.045
Transport Distance	miles	425	425	425
Fuel Surcharge		19.5%	19.5%	19.5%
Annual Fuel Transport Cost [3]	*USD/a*	*25,114,000*	*7,687,000*	*12,386,000*
Rail Car Capacity	gal	28,500	28,500	28,500
No. of Operational Cars (daily)		37	13	19
Total No. of Cars		111	39	57
Lease Cost	USD/car/month	900	900	900
Annual Rail Car Leasing [3]	*USD/a*	*1,199,000*	*421,000*	*616,000*
Total Annual Transport Cost	**USD/a**	**26,313,000**	**8,108,000**	**13,002,000**
Total Transport Cost	**USD/bbl**	**3.20**	**2.83**	**3.11**
	US_{cents}/US_{gal}	**7.62**	**6.74**	**7.40**

Note: 1) Fuel production for Case B GTL facility
2) Fuel production for Case B Alternative Mix GTL facility, as described in section 12.1.1
3) Annual transport costs assume 8,000 operating hours per year

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With three (3) different products (jet fuel, diesel and naphtha) and four (4) markets (Alaska, U.S. West Coast, Hawaii and Asia) a significant amount of research was conducted to determine the target markets for each product as indicated in Table 3-3, based on price, consumption and transportation costs. The subsequent charts and equations are presented in USD/bbl. Appendix F contains charts on a U.S. Cents per U.S. Gallon basis.

Table 3-3: Summary of Products and Markets Analyzed

Market	Jet Fuel	Diesel	Naphtha[(a)]
Alaska	☑	☑	☑
U.S. West Coast	☑	☑	☑
Hawaii	☑	☑	☑
Asia[(b)]	☑	☑	☑

Notes: (a) naphtha market for the United States as a whole was examined; (b) jet fuel and diesel markets for China only; and naphtha market for China, Japan and Korea were analyzed.

3.2 FT Jet Fuel Analysis

The Alaska, Hawaii, U.S. West coast, and China markets for FT jet fuel were analyzed. It is important to point out that, subsequent to successful testing, a 50:50 blend was approved for use in civil aviation in September 2009 [2]. This effectively reduces markets by half when analyzing consumption patterns.

3.2.1 Alaska

The Alaskan market for kerosene-type jet fuel represented 23,817,000 bbl/a in 2008. Its evolution is shown in Figure 3-1 and exhibits an increasing trend and a cyclicality mostly associated with the overall airline industry (trend lines are shown on all charts). Indeed, Figure 3-1 depicts total number of U.S. passenger flights (as a proxy for the overall industry activity), correlated to total consumption. Research indicates Alaska's refineries supply approximately 88% of in-state jet fuel consumed [3]. From historical price analysis, the jet fuel wholesale price in Alaska as a function of WTI was obtained and is given by the following relationship, shown in Figure 3-2:

$$\text{Jet Fuel}_{AK}\ [\text{USD/bbl}] = 1.20 \times \text{WTI} + 3.93\ [\text{USD/bbl}]$$

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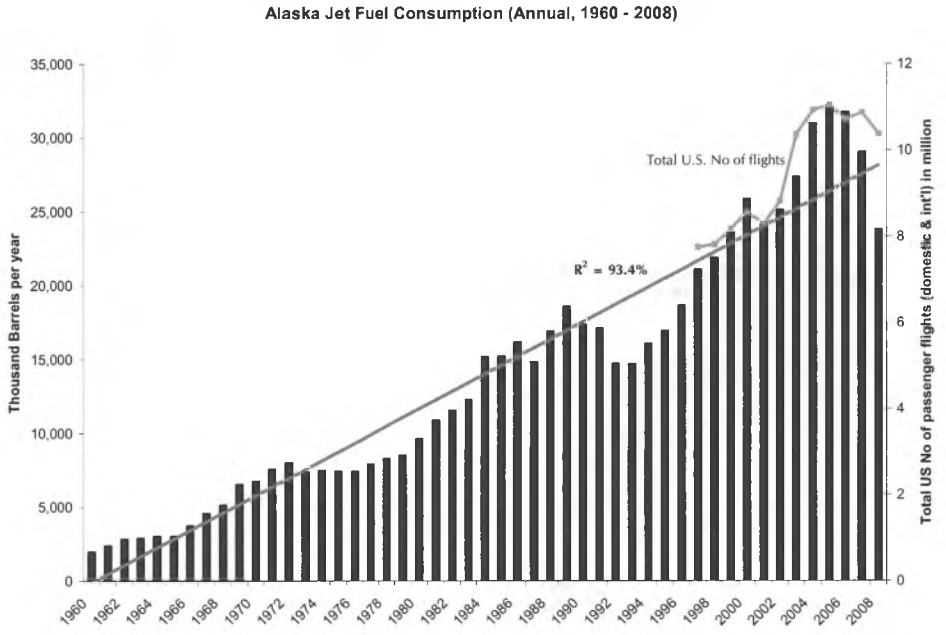
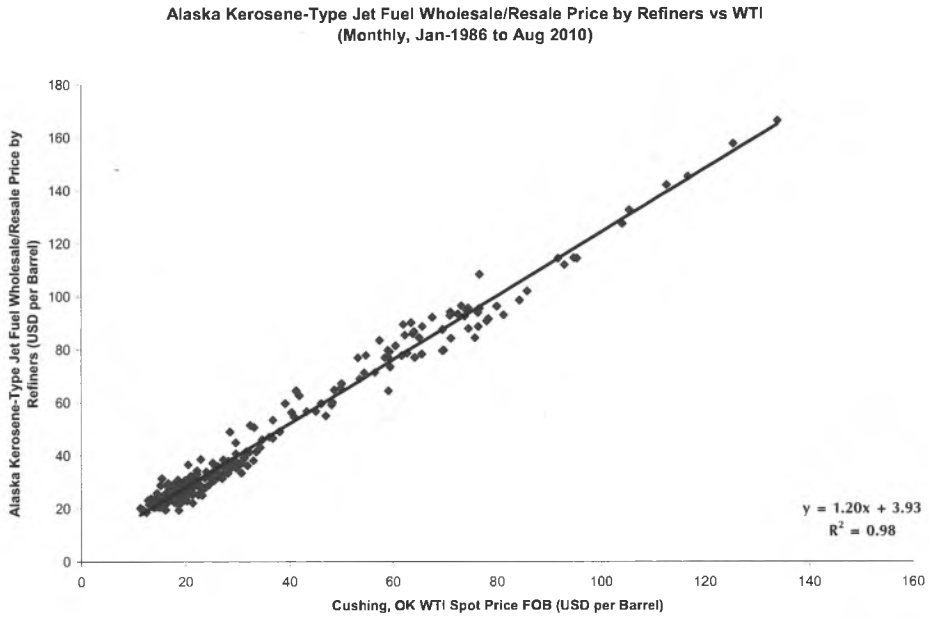


Source: EIA, State Energy Data System (SEDS); Bureau of Transportation Statistics

Figure 3-1: Alaska Jet Fuel Consumption



Source: EIA, Petroleum Product Prices

Figure 3-2: Alaska Jet Fuel vs. WTI

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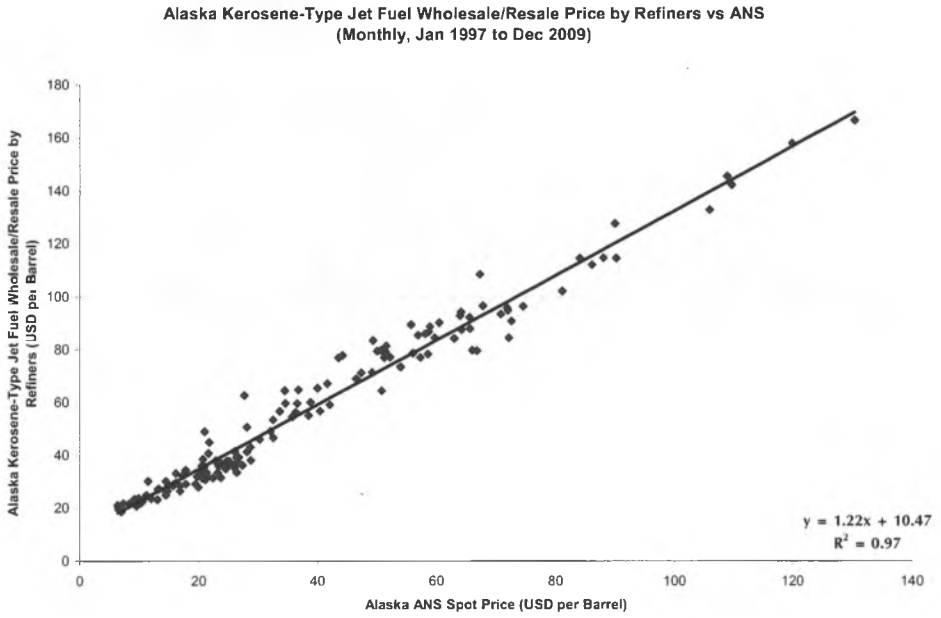
Additionally, historical price relationship between jet fuel wholesale price in Alaska and Alaska North Slope (ANS) crude oil was analyzed and is given by the following equation and depicted in Figure 3-3:

$$\text{Jet Fuel}_{AK}\ [\text{USD/bbl}] = 1.22 \times \text{ANS} + 10.47\ [\text{USD/bbl}]$$



Source: EIA, Petroleum Product Prices; Alaska Department of Revenue

Figure 3-3: Alaska Jet Fuel vs. ANS

3.2.2 U.S. West Coast

The U.S. West Coast market for kerosene-type jet fuel represented 140,890,000 bbl/a in 2008; evolution over time is shown in Figure 3-4 exhibiting an increasing trend at a decreasing rate, with flatter consumption over recent 18 years. From the analysis of historical prices, the jet fuel wholesale price in the U.S. West Coast as a function of WTI was obtained and is given by the following relationship, shown in Figure 3-5:

$$\text{Jet Fuel}_{\text{U.S. West cost}}\ [\text{USD/bbl}] = 1.20 \times \text{WTI} + 2.38\ [\text{USD/bbl}]$$

In the price analysis, the reported average for PADD V as a proxy for U.S. West Coast was used.

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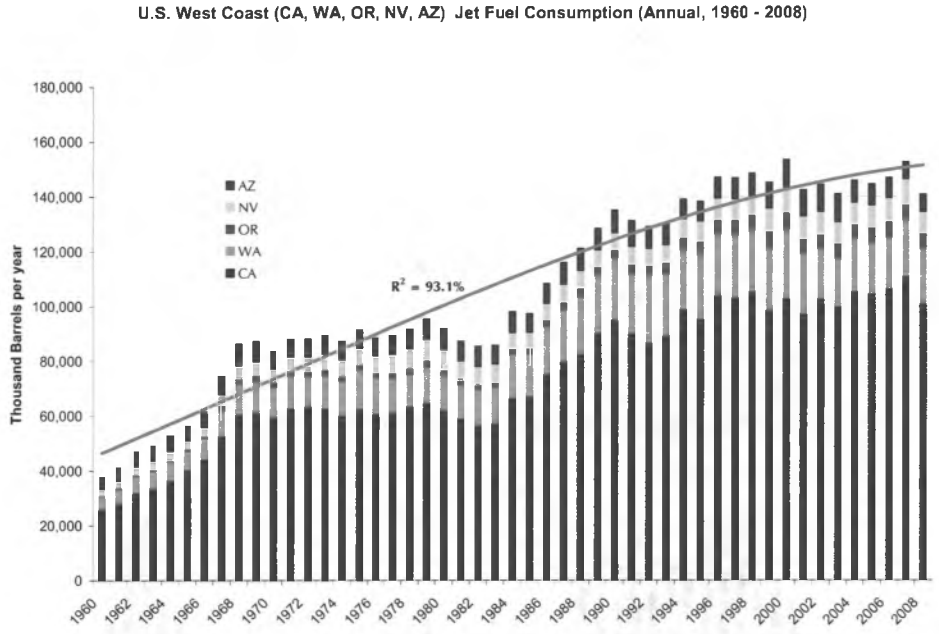
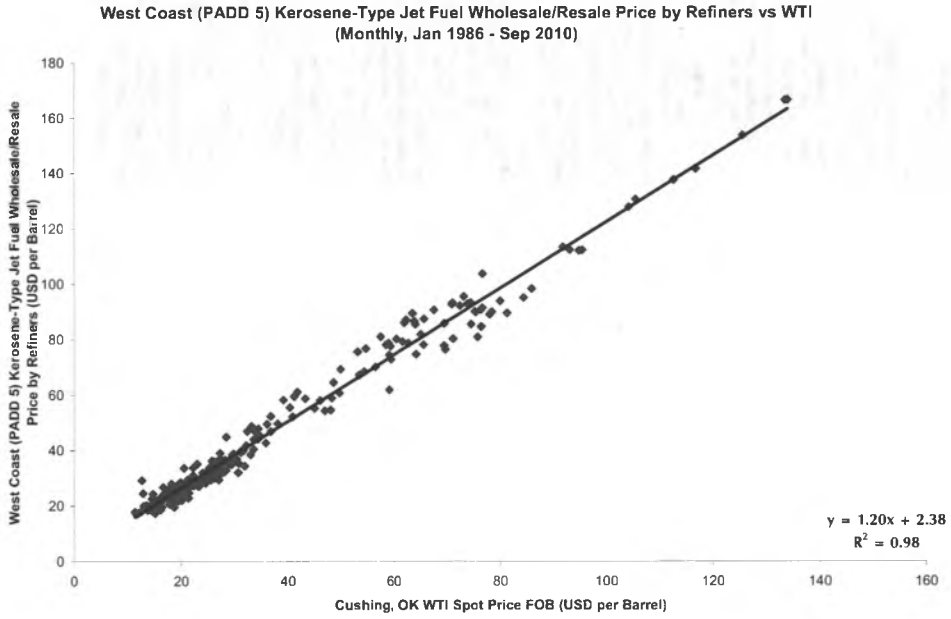


Source: EIA, State Energy Data System (SEDS)

Figure 3-4: U.S. West Coast Jet Fuel Consumption



Source: EIA, Petroleum Product Prices

Figure 3-5: U.S. West Coast Jet Fuel vs. WTI

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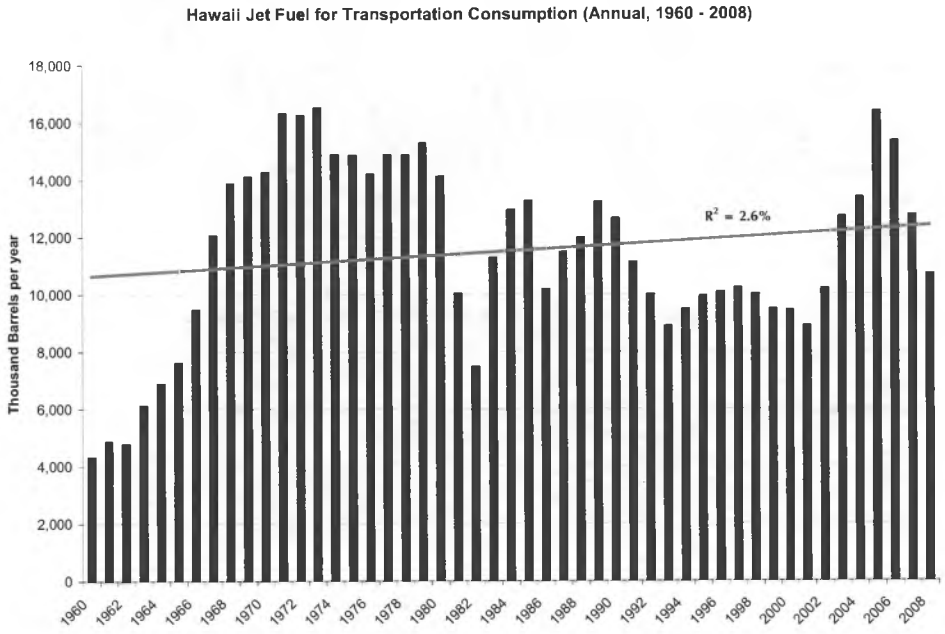
3.2.3 *Hawaii*

The Hawaiian market for kerosene-type jet fuel represented 10,702,000 bbl/a in 2008; evolution over time is shown in Figure 3-6 and exhibits no clear trend. From the analysis of historical prices, jet fuel wholesale price in Hawaii as a function of WTI was obtained and is given by the following relationship, shown in Figure 3-7:

$$\text{Jet Fuel}_{HI}\ [\text{USD/bbl}] = 1.12 \times \text{WTI} + 9.47\ [\text{USD/bbl}]$$

Given the lack of available price data, a caveat needs to be made that the price model, although statistically significant, is based on only 19 observations.



Source: EIA, State Energy Data System (SEDS)

Figure 3-6: Hawaii Jet Fuel Consumption

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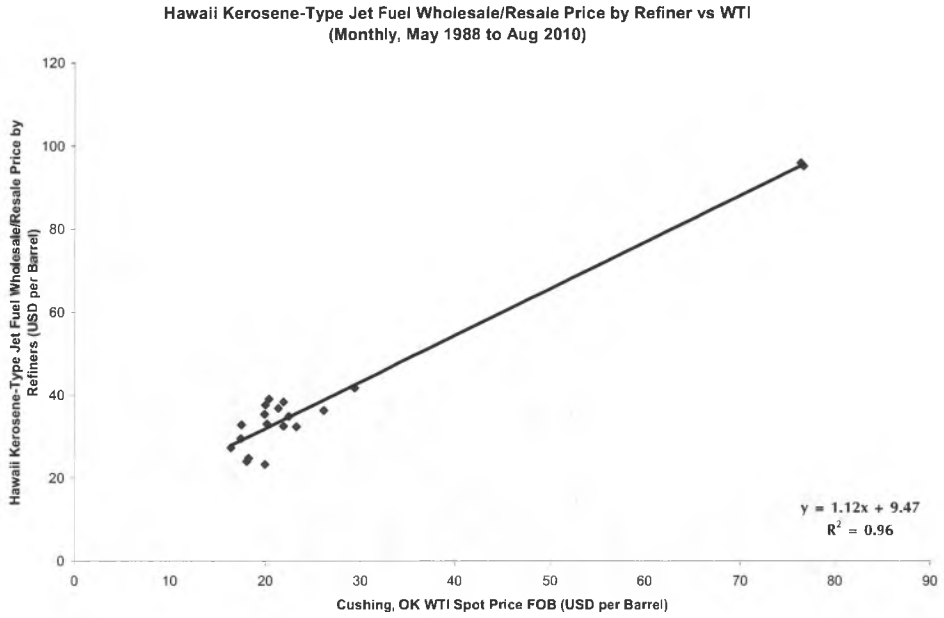

Source: EIA, Petroleum Product Prices

Figure 3-7: Hawaii Jet Fuel vs. WTI

3.2.4 China

The Chinese market for kerosene-type jet fuel represented 88,681,000 bbl/a in 2007; evolution over time is shown in Figure 3-8 and exhibits an increasing trend. The Chinese jet fuel market is one of the fastest growing oil product markets in China. In 2007, China imported approximately 40 million barrels of jet fuel; however, it is reported that in 2009, China imported nearly all (99.4%) of its jet fuel from Asia. Furthermore, there are only a handful of trading companies that have the authority to import jet fuel in China [4]. From the analysis of historical prices, the jet fuel imported price in China as a function of WTI was obtained and is given by the following relationship, shown in Figure 3-9:

$$\text{Jet Fuel}_{\text{CHINA}}\ [\text{USD/bbl}] = 1.26 \times \text{WTI} - 6.03\ [\text{USD/bbl}]$$

For valid comparisons, imported jet fuel prices in China exclude import duties, value added tax and consumer tax. The data used in this analysis has a daily frequency from July 2006 to September 2010. We consider this to be a representative period to derive statistically significant conclusions.

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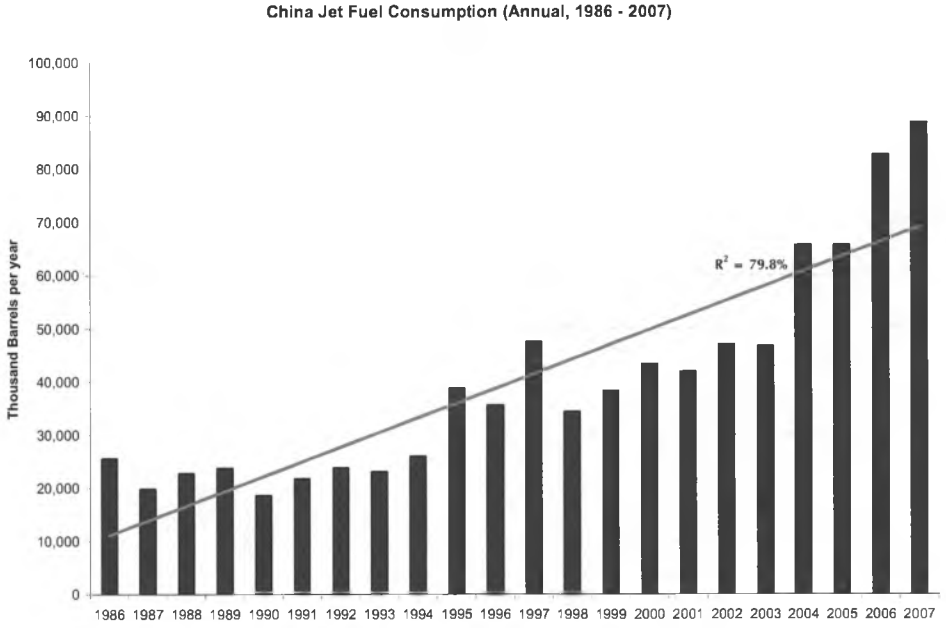

Source: EIA, International Energy Statistics

Figure 3-8: China Jet Fuel Consumption



Source: Chemsin (http://www.chemsin.com/)

Figure 3-9: China Jet Fuel vs. WTI

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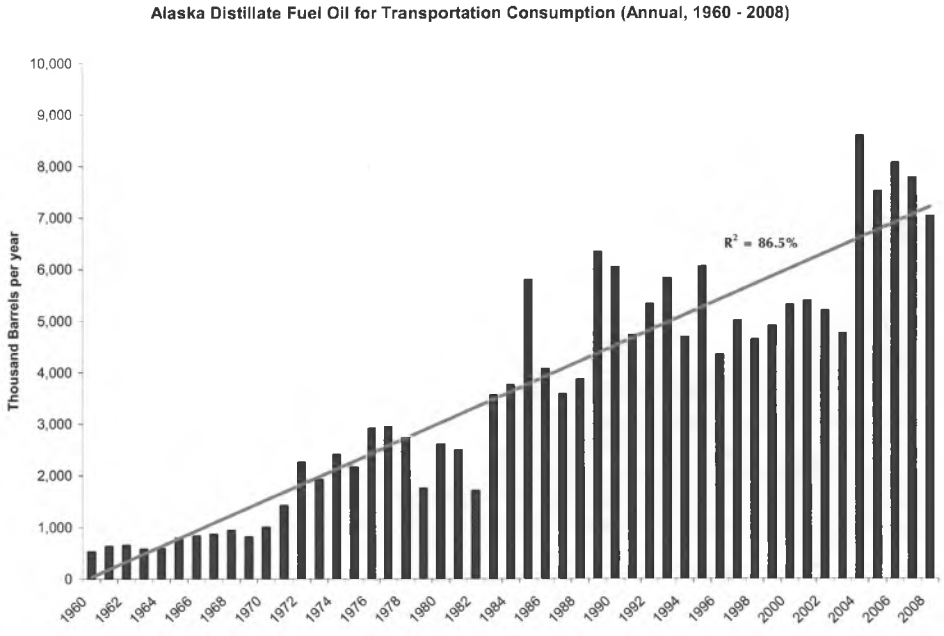
3.3 FT Diesel Analysis

The Alaska, Hawaii, U.S. West Coast, and China markets for FT diesel fuel were analyzed. As pointed out in the assumptions, for consumption analyses distillate fuel oil for transportation as a proxy for total usage of No. 2 diesel was employed. Additionally, No. 2 diesel, as a proxy for FT diesel, was selected due to lack of historical data available for ultra low-sulfur No. 2 diesel, although the latter is more similar to the FT diesel produced.

3.3.1 Alaska

The Alaskan market for distillate fuel oil for transportation represented 7,026,000 bbl/a in 2008. Its evolution is shown in Figure 3-10 and exhibits an increasing trend. Research also indicates that Alaska's refineries currently supply the in-state needs and export excess [3]. From the analysis of historical prices, No. 2 diesel wholesale price in Alaska as a function of WTI was obtained and is given by the following relationship, shown in Figure 3-11:

$$\text{No. 2 Diesel}_{AK}\ [\text{USD/bbl}] = 1.35 \times \text{WTI} + 1.80\ [\text{USD/bbl}]$$



Source: EIA, State Energy Data System (SEDS)

Figure 3-10: Alaska Fuel Oil for Transportation Consumption

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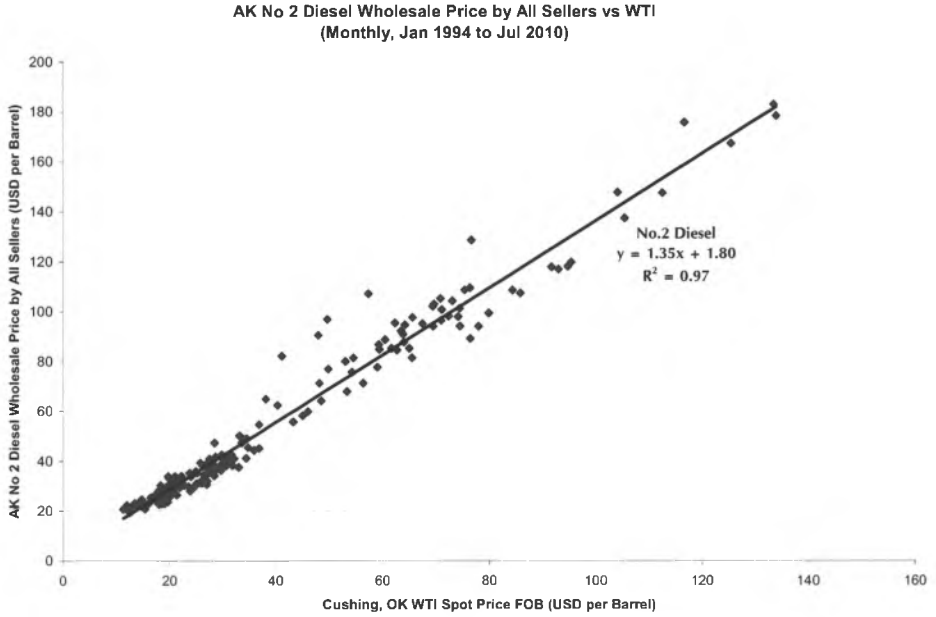

Source: EIA, Petroleum Product Prices

Figure 3-11: Alaska No. 2 Diesel vs. WTI

Additionally, the historical price relationship between No. 2 diesel wholesale price in Alaska and the Alaska North Slope (ANS) crude oil was analyzed and is given by the following equation and depicted in Figure 3-12:

$$\text{No. 2 Diesel}_{AK}\ [\text{USD/bbl}] = 1.34 \times \text{ANS} + 9.97\ [\text{USD/bbl}]$$

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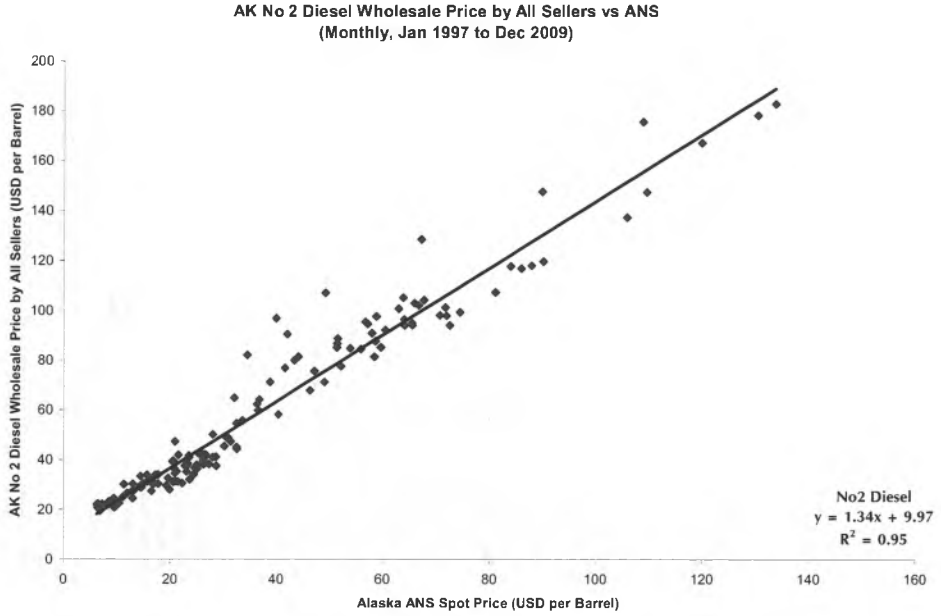

Source: EIA, Petroleum Product Prices ; Alaska Department of Revenue

Figure 3-12: Alaska No. 2 Diesel vs. ANS

3.3.2 U.S. West Coast

The U.S. West Coast market for distillate fuel oil for transportation represented 146,061,000 bbl/a in 2008. Its evolution over time is shown in Figure 3-13 and exhibits a clear increasing trend. From the analysis of historical prices, No. 2 Diesel wholesale price in the U.S. West Coast as a function of WTI was obtained and is given by the following relationship, shown in Figure 3-14:

$$\text{No. 2 Diesel}_{\text{U.S. west cost}}\ [\text{USD/bbl}] = 1.23 \times \text{WTI} + 1.69\ [\text{USD/bbl}]$$

In the price analysis, the reported average for PADD V as a proxy for U.S. West Coast was used.

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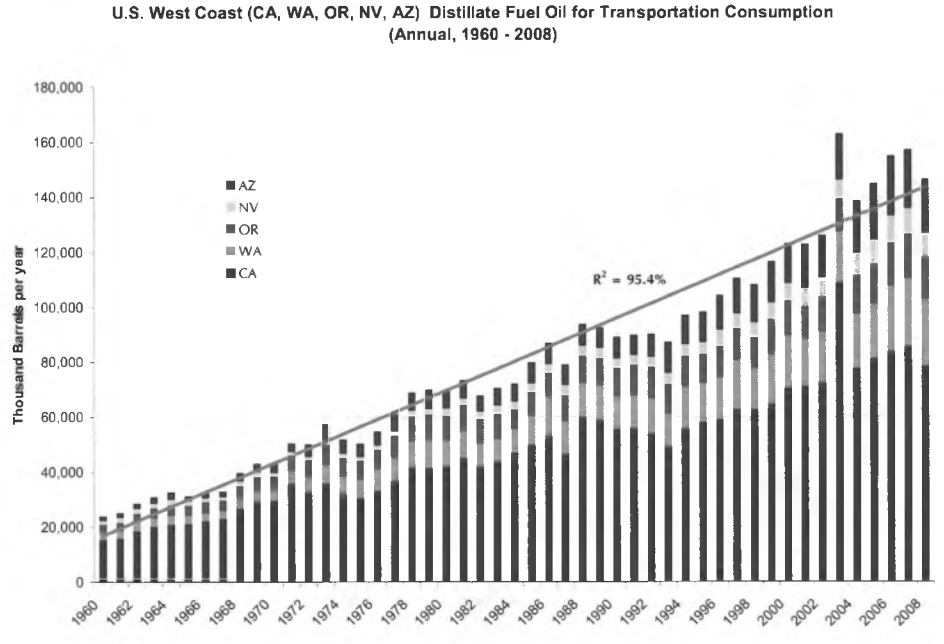
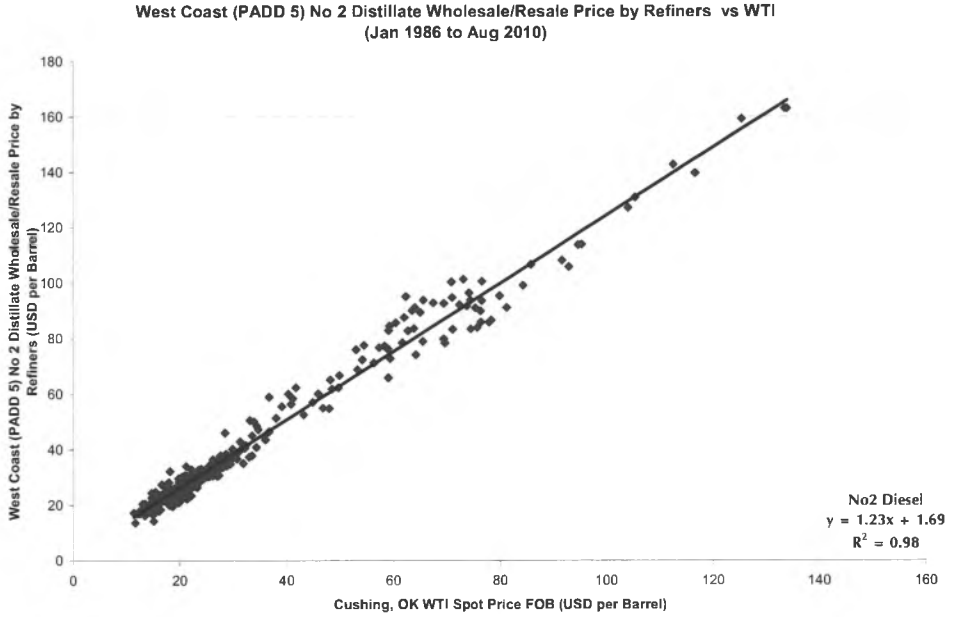


Source: EIA, State Energy Data System (SEDS)

Figure 3-13: U.S. West Coast Fuel Oil for Transportation Consumption



Source: EIA, Petroleum Product Prices

Figure 3-14: U.S. West Coast No. 2 Diesel vs. WTI

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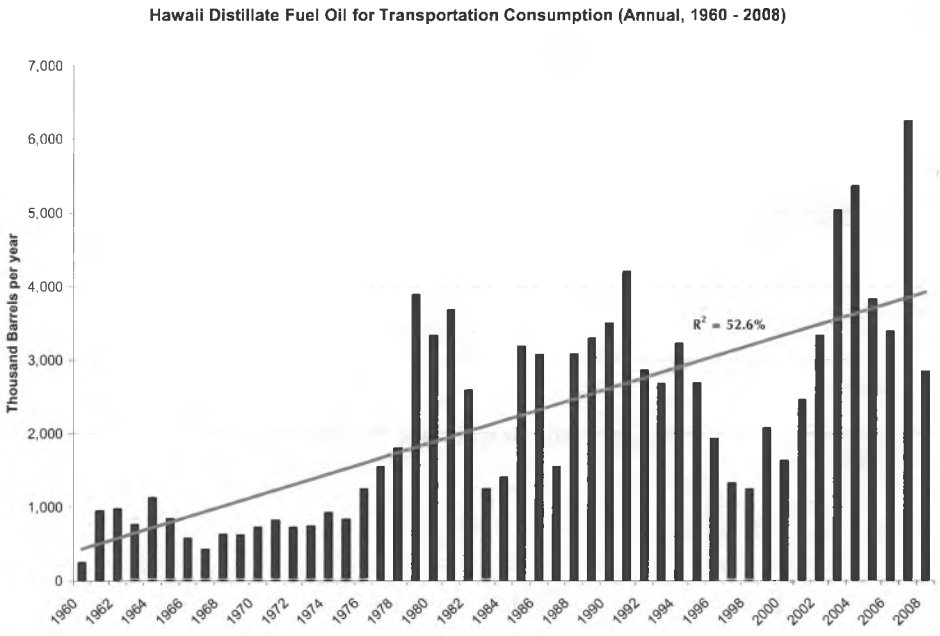
3.3.3 *Hawaii*

The Hawaiian market for distillate fuel oil for transportation represented 2,845,000 bbl/a in 2008; evolution is shown in Figure 3-15 exhibiting an increasing yet volatile trend. From the analysis of historical prices, No. 2 diesel wholesale price in Hawaii as a function of WTI was obtained and is given by the following relationship, shown in Figure 3-16:

$$\text{No. 2 Diesel}_{HI}\ [\text{USD/bbl}] = 1.19 \times \text{WTI} + 7.14\ [\text{USD/bbl}]$$



Source: EIA, State Energy Data System (SEDS)

Figure 3-15: Hawaii Fuel Oil for Transportation Consumption

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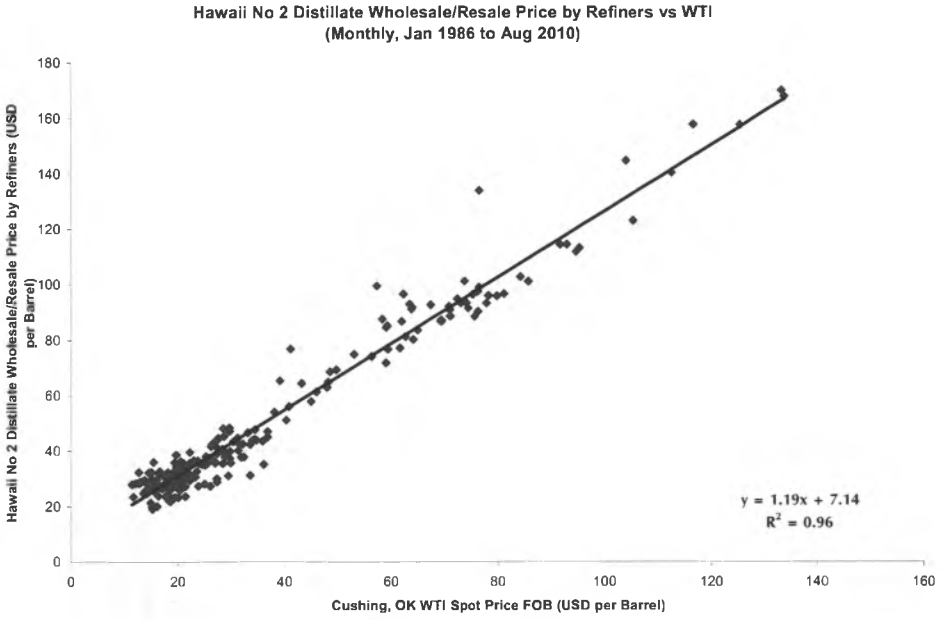

Source: EIA, Petroleum Product Prices

Figure 3-16: Hawaii No. 2 Diesel vs. WTI

3.3.4 China

The Chinese market for distillate fuel oil represented 931,127,000 bbl/a in 2007. This figure is more than nine times larger than the U.S. West Coast, Alaskan and Hawaiian markets combined for 2007. Its evolution is shown in Figure 3-17 and exhibits an increasing trend. From the analysis of historical prices, diesel import price in China as a function of WTI was obtained and is given by the following relationship, shown in Figure 3-18:

$$Diesel_{CHINA}\ [USD/bbl] = 1.37 \times WTI - 18.38\ [USD/bbl]$$

For valid comparisons, imported diesel prices in China exclude import duties, value added tax and consumer tax. The data used in this analysis has a daily frequency from August 2007 to September 2010, considered this to be a representative period to derive statistically significant conclusions.

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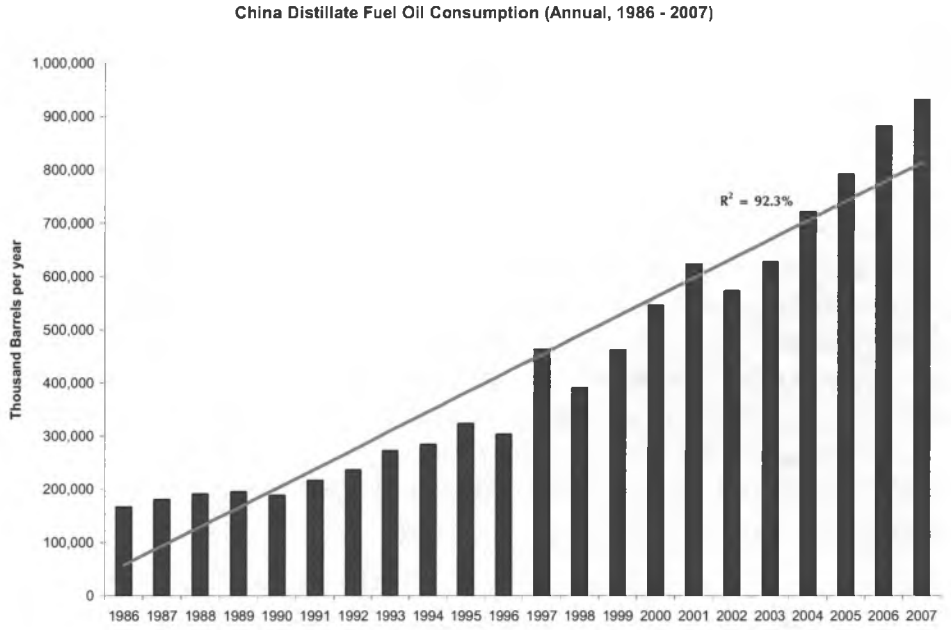
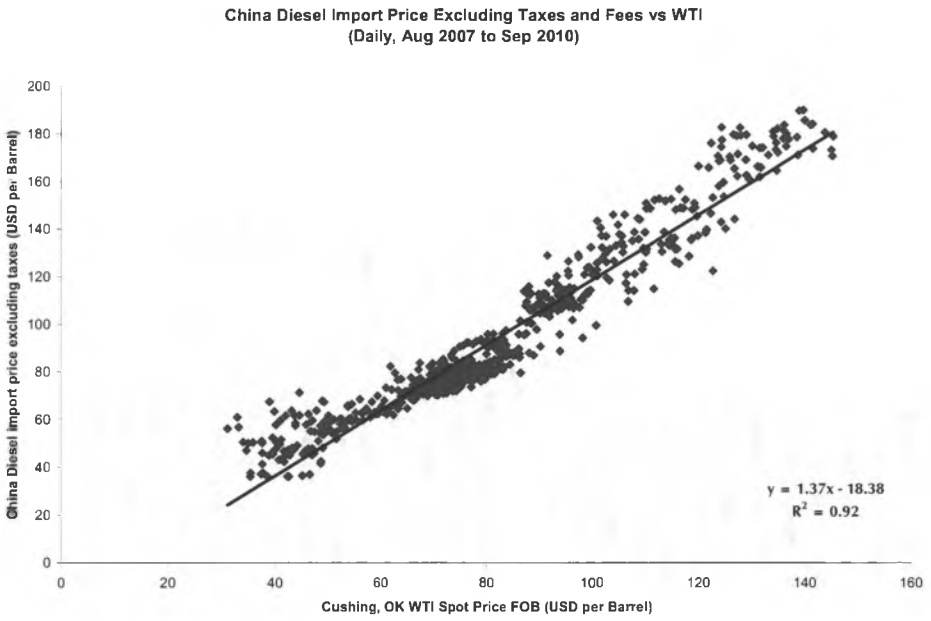


Source: EIA, International Energy Statistics

Figure 3-17: China Distillate Fuel Oil Consumption



Source : Baichuan (http://www.baiinfo.com/default.html)

Figure 3-18: China Diesel vs. WTI

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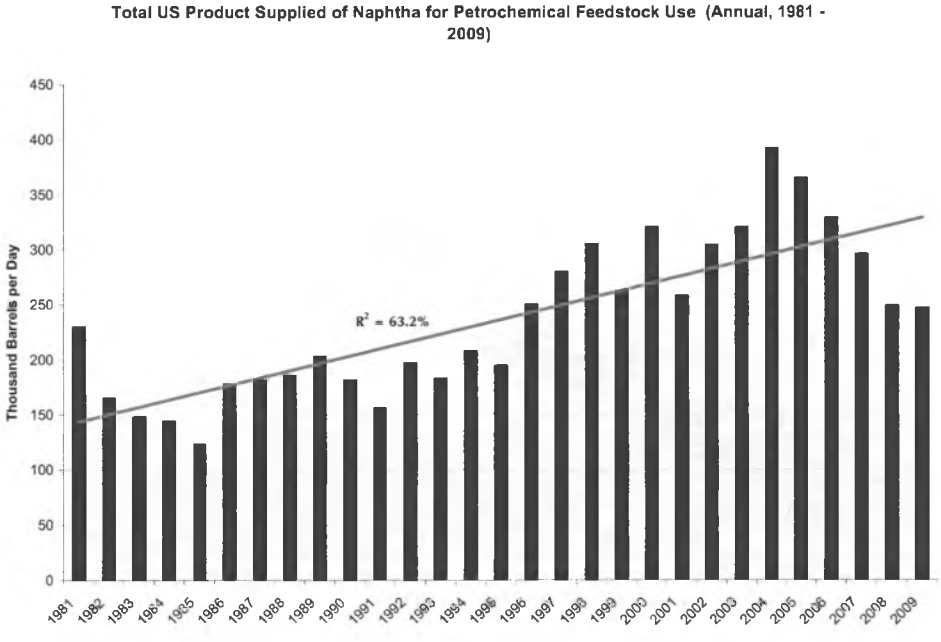
3.4 FT Naphtha Analysis

The U.S. and Asian markets for naphtha consumption as a petrochemical feedstock were analyzed. Specifically, naphtha consumption by U.S. PADD as well as in Alaska were analyzed and compared with current and projected consumption in China, Japan and Korea.

U.S. naphtha market is primarily driven by PADD III – U.S. Gulf Coast, which, over the past six (6) years, has accounted, on average, for 81% of the total U.S. consumption. Figure 3-19 shows the historical consumption of naphtha as a petrochemical feedstock in the U.S. However, current shipping costs, including insurance, time in ports and fees for Alaska to Houston are 356% of Alaska to China/Japan. The current shipping costs for Alaska to Los Angeles is 163% of Alaska to China/Japan. Moreover, based on our analysis, the total U.S. market currently represents approximately 7% of the combined naphtha consumption in China, Japan and Korea making the latter a more attractive market. Finally, there is a projected combined deficit in these three Asian markets going forward in the order of 23,000,000 bbl/month, and therefore import from foreign sources is necessary [5].

Local naphtha consumption in Alaska appears to be driven by the Golden Valley Electric Association (GVEA) in the Fairbanks region, which has a demand of 2,000 bbl/day of turbine fuel. Contracted pricing requires investigation to quantify this market. However, both the Flint Hills North Pole and Tesoro Nikiski refineries report naphtha production. Therefore, there may be insufficient demand in Alaska for additional FT naphtha consumption.



Source: EIA, Petroleum Product Supplies

Figure 3-19: Total U.S. naphtha as a petrochemical stock consumption

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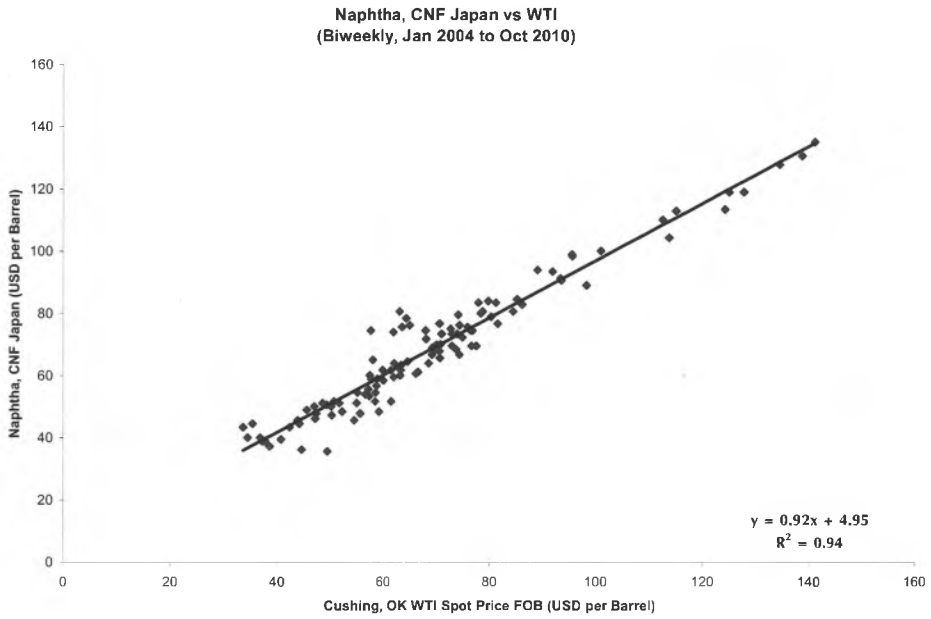
Based on the foregoing discussion, FT naphtha analysis in the Asian markets focused upon and the price of naphtha in Japan (quoted as CNF – cost and freight or, equivalently, exporter pays ocean freight and importer pays insurance) was analyzed as a function of WTI. The price relationship is given by the following equation and is shown in Figure 3-20:

$$Naphtha_{CNF,\ Japan}\ [USD/bbl] = 0.92 \times WTI + 4.95\ [USD/bbl]$$



Source: EIA, Petroleum Product Prices; http://www.plastemart.com/polymer-feedstock-prices.asp [Accessed on November 8, 2010]

Figure 3-20: Naphtha, CNF Japan vs. WTI

3.5 Recommendations from Market Analysis

The foregoing analysis was prepared to determine the base case GTL plant product mix. From the market analysis conducted, it is recommended the GTL facility produce primarily diesel, followed by naphtha as a by-product.

A summary chart (Figure 3-21) is provided to show the netback (price less shipping costs) wholesale price as a function of WTI to be received by the GTL plant located at Port MacKenzie for jet fuel, diesel and naphtha for each market. A similar chart (Figure 3-22) is presented for the GTL plant located at Fairbanks. The latter includes the transportation of the FT liquids from Fairbanks to the export port at Anchorage. A WTI base projection of 80 USD/bbl $\pm$ 20% has been overlaid on this chart. Given the projection, current shipping rates and identified fuel price relationships to WTI, it may be concluded that FT diesel should be maximized. Although FT jet fuel sold in Alaska ranks second, assessment shows the market to be small and currently supplied by local refineries (88%). Only half of the Alaskan jet fuel market requirements remains (given the required 50:50 blend), leading to an opportunity of approximately 4,000 bbl/day using 2008 consumption data. Pursuing

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this option may put the GTL plant at the risk of having to export jet fuel to other markets and decreasing value. As mentioned earlier, further research into the Chinese market for jet fuel reveals imports from Asia only resulting in a non-viable market.

In terms of export market prioritization for FT diesel, after trying to pursue the local market, focus should be the Hawaiian market followed by the U.S. West Coast, from a purely netback price perspective. However, given the significant historical volatility of Hawaiian diesel for transportation consumption relative to steady growth shown by the U.S. West Coast consumption, the latter market is recommended as a better alternative. Selling FT diesel in China, from a purely netback price perspective, appears to lower revenue.

It is important to point out that the relative historical premium netback of the Alaskan market is based on the existing supply and demand equilibrium. If the GTL plant owner were to focus on the local market, the excess supply, by the amounts considered in the project, may erode this premium, bringing prices closer to export parity.

Finally, market trends show a significant demand for FT naphtha from Asian steam crackers, combined with the product's advantageous characteristics, the Asian market for naphtha is attractive. Alternatively selling naphtha to the U.S. Gulf Coast would result in higher shipping costs, reducing revenue. Currently, naphtha is used in Alaska as a refinery feedstock; however, given the low octane number of FT naphtha, it is not preferential to use it as a refinery feedstock and also not preferred for use as a gasoline blendstock. Therefore, petrochemical applications are preferred for this product and there is currently no market for petrochemical use of FT naphtha in Alaska.

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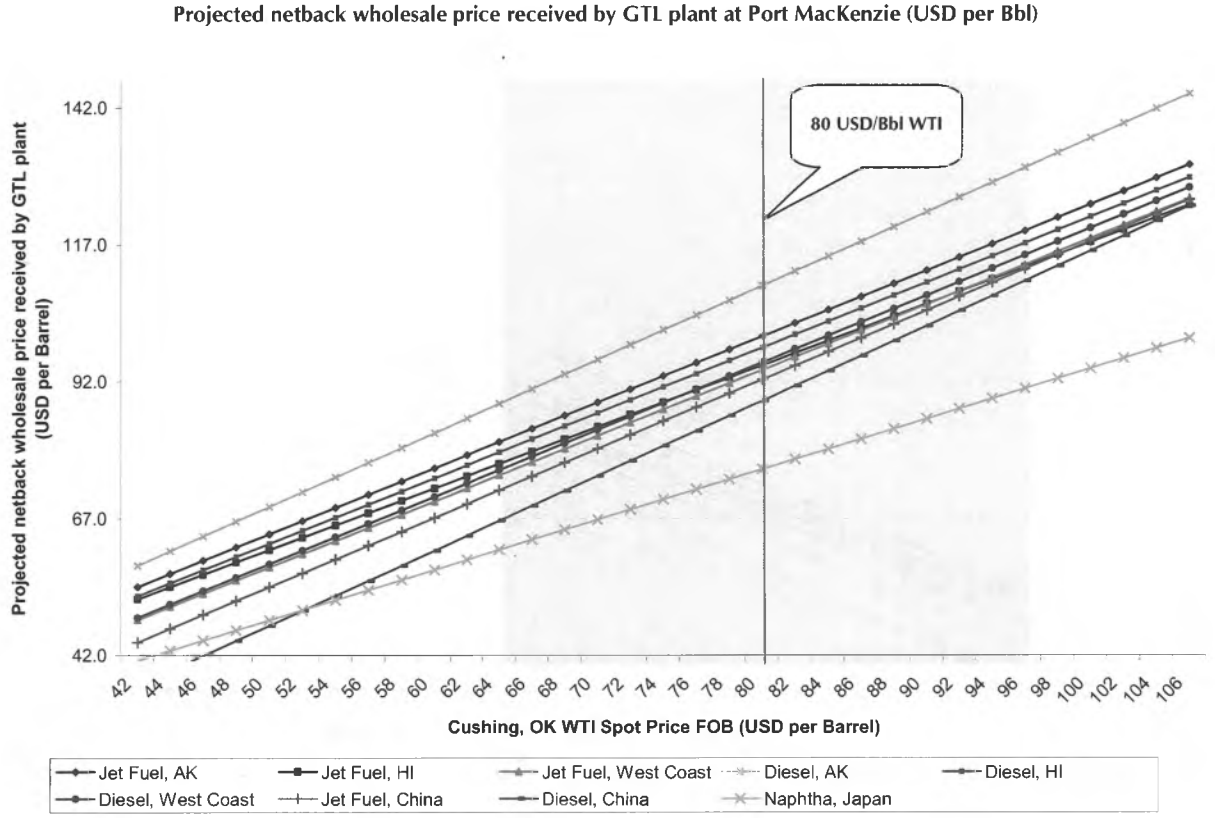

Source: Hatch Analysis

Figure 3-21: Netback wholesale price by fuel type at Port MacKenzie

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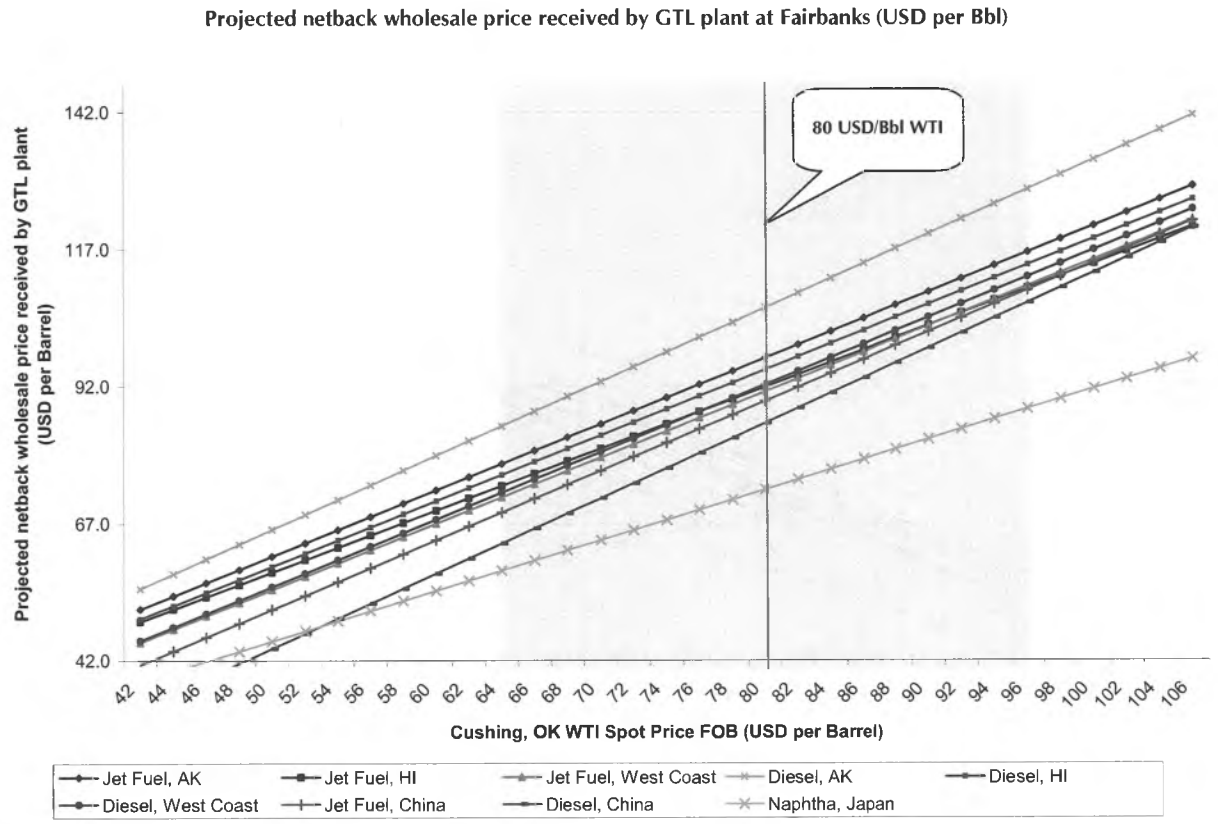

Source: Hatch Analysis

Figure 3-22: Netback wholesale price by fuel type at Fairbanks

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3.6 Relationship between GTL Facility Costs, Products Thermal Efficiency and Economic Impact

3.6.1 Jet Fuel Production

A portion of the distillate fraction of the FT product slate can be separated to form a blendstock for kerosene-type jet fuel. During a high level assessment of the potential jet fuel recovery that may be attained, Hatch estimated that 38% jet fuel yield can be achieved through a relatively simple configuration to separate jet fuel blendstock from the rest of the distillates and by operating the hydrocracker at a marginally higher level of severity to keep the diesel blendstock within specifications. More complex refinery configurations can result in higher jet fuel yields and new designs for Cobalt LTFT GTL is reported to achieve up to a 60% jet fuel blendstock yield. However these typically involve extra refining steps to combine the lighter molecules to produce additional molecules in the jet fuel range.

The production of approximately 38% jet fuel would require a minimal increase in capital spending compared to a naphtha and diesel only case. The costs for the additional distillation step and storage facilities would not be a significant contributor to the overall capital costs of a product workup unit. Furthermore, the upgrading section typically has a 20% impact on the overall capital costs of a GTL plant.

The most common type of jet fuel is Jet A, which mostly competes with diesel, and is a lighter cut suitable in arctic climates. While, there is potential to route some of the FT naphtha towards jet fuel when producing wide-cut aviation fuel (i.e. JP-4 (U.S. military) or Jet B (Canadian specification), the market for wide-cut aviation fuel is however limited and confined to the local consumption in Alaska/Northern Canada.

3.6.2 Diesel No. 1

Similar to the jet fuel production cases, Diesel No. 1 fuel can be produced in addition to No. 2 Diesel to reduce the naphtha yield, therefore increasing the yield of the higher value products. Diesel No. 1 is also sold at a higher price than No.2 Diesel. However, Hatch concluded a high level market analysis for No. 1 Diesel and it was found that the market size is 2% of the No. 2 Diesel consumption in the PADD V district. Furthermore, the demand is seasonal (with No. 1 Diesel mostly being consumed in winter months) and appears to be declining.

3.6.3 LPG, Thermal Efficiency and other GTL products

The thermal efficiency of the GTL process can be increased through recovering lighter components, suitable for use as liquefied petroleum gas (LPG, e.g. propane and butane) and through more efficient utility system designs. The addition of LPG to the product slate typically requires a refrigeration system to recover these light components from the FT tail gas, which in turn requires additional energy consumption. LPG production typically reduces the amount of energy available for power production.

Since LPG is a volatile product which is not easily stored like diesel and naphtha, specialized storage systems are required, adding further additional capital costs for this option. Furthermore, LPG is a relatively low value product compared to the premium FT products (diesel and naphtha). For

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these reasons, it was decided not to include LPG in the base case due to the added complexity it would bring to the process and the relatively low impact on overall production.

Although the preferred GTL product distribution for the main FT products: LPG, naphtha, jet fuel and diesel, may change subject to more rigorous optimization, the marketing study shows that such changes would not markedly improve economic viability.

More exotic valuable products such as lube oil feedstock, paraffins and specialized FT waxes may also be extracted from the FT product slate. However, the worldwide market for these products are very limited and overproduction from GTL plants would depress values.

4. Base Case GTL Facility Definition

Using the GTL technology survey and the FT product market analysis, the process units and product mix were defined to form the base case gas-to-liquids facility for this study. Rationale for the technology chosen for this conceptual study, along with process design of the base case GTL plant are detailed herein. A summary of the base case GTL facility for this study is included in Table 4-1.

Table 4-1: Process Summary of the Base Case GTL Facility

Parameter	Value
Feedstock	Pipeline-quality natural gas delivered to plant battery limit
Products	Base Product Mix: Diesel + Naphtha Alternative Product Mix: Diesel + Naphtha + Jet Fuel
Plant Capacity	Case A – 1 FT train; 154 MMSCFD natural gas; 16,630 bbl/day FT product Case B – 2 FT trains; 309 MMSCFD natural gas; 33,260 bbl/day FT product Case C – 4 FT trains; 617 MMSCFD natural gas; 66,520 bbl/day FT product
Power Generation	Yes
CO_2 Capture	Yes
Process Selection	Syngas Production – Autothermal reforming (ATR) FT Synthesis – Cobalt-based Low Temperature Fischer-Tropsch CO_2 Capture - Selexol, Benfield or other amine-based system

4.1 Process Selection

With a variety of process technologies available for the main components of the GTL facility, careful consideration must be made in selecting technology which is appropriate for commercial scale production.

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4.1.1 *Syngas Production*

The production of syngas from natural gas can be accomplished by steam methane reforming (SMR) or oxidative reforming (which includes autothermal reforming (ATR) and non-catalytic partial oxidation (POX)). Oxidative reformers are exothermic, providing steam for plant use. ATRs require lower operating temperatures than POX units and are therefore thermally more efficient. Furthermore, ATRs are also more thermally efficient due to their energy being generated directly in the vessel as opposed to SMR where heat is provided through heat exchange. This benefit is offset by the additional utility requirements from the air separation unit (ASU); however, the air separation unit (ASU) may be driven directly or indirectly from steam produced by the ATR.

For commercial scale use in an integrated facility the preferred method is ATR. This is especially the case for GTL capacities above 10,000 bbl/day as the ATR and oxygen units have considerably greater economies of scale at higher capacities, relative to SMRs.

Furthermore, the high H_2:CO ratio of SMR product gas (in the order of 3:1) is not ideal for cobalt-based Fischer Tropsch synthesis, which requires an H_2:CO ratio in the order of 2:1.

Additionally, the use of a single chamber for ATR eliminates the potential of tube failure associated with steam methane reformers (SMRs). Such failure results in considerable maintenance costs.

4.1.2 *Fischer-Tropsch*

Securing product off-takers is important in demonstrating economic feasibility; a small number of long-term, high volume contracts are preferred. Due to Alaska's remoteness, it is more likely that a GTL operator is to find off-takers outside of the local region. Therefore, easily transportable products are preferred. This preference indicates that the heavier, longer-chained products (e.g. distillates (diesel), jet-fuel and naphtha) should be targeted. Therefore, a LTFT process is most desirable.

Relative to coal-derived syngas, natural gas derived syngas is low in catalyst poisons. Therefore, the higher reactivity, longer lifetime guarantee and improved efficiency of cobalt-based catalyst processes over iron-based is preferred.

Based on demonstrated production, product selectivity, process family, catalyst type, and reactor type, the following FT technologies have been ranked in order of preference for this project only, Table 4-2.

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Table 4-2: FT Technologies Ranked

Rank	Licensor	Process	Catalyst	Reactor
1	Sasol	LTFT	Cobalt	Slurry Phase
2	Shell	LTFT	Cobalt	Tubular Fixed Bed
3	GTL.F1	LTFT	Cobalt	Slurry Phase
4	BP & DPT	LTFT	Cobalt	Tubular Fixed Bed
5	Syntroleum	LTFT	Cobalt	Slurry Phase
6	Rentech	LTFT	Iron	Slurry Phase

4.1.3 *Upgrading*

Upgrading is widely practiced by many operators with a variety of crudes and synthetic feedstocks. FT licensors have developed proprietary technology in conjunction with upgrading providers; therefore, limited selection is available as to which upgrading technology may be employed. Upgrading technology is therefore dictated by the FT technology selected as outlined in Table 4-3.

Table 4-3: Upgrading Providers for FT Technologies

FT Licensor	Upgrading Partner
Sasol	Chevron
Shell	Shell
GTL.F1	Axens/UOP
BP & DPT	BP
Syntroleum	Syntroleum/ExxonMobil
Rentech	UOP

4.1.4 *CO_2 Capture*

The purge stream produced by the GTL plant will be used as fuel gas. It, therefore, does not require high purity levels to be reached as is the case with feed streams to the process section. Since in this case the CO_2 capture process has no effect on the liquid fuel synthesis process, choosing the best CO_2 capture technology for the GTL facility will be based on minimizing the capital and operating cost required for such a system.

Selexol, Benfield or one of the other amine-based systems can satisfy the CO_2 capture requirement of the GTL plant, assumed to be 95% capture efficiency. The fact that the purge gas stream is at high pressure, favors the technologies that are based on physical absorption, as they will typically have

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lower energy requirements than processes relying on chemical absorption (which is more favored to low pressure applications). For the purposes of this study we have selected Selexol as the CO_2 capture system.

4.2 Base Case Plant Areas

The GTL facility is designed to process the pipeline-quality natural gas supplied from Alaska's North Slope via the Alaska Stand Alone Gas Pipeline (***ASAP***). The major plant areas in the GTL facility included in this design are listed in Table 4-4, and an overall block flow diagram of the facility is provided in Figure 4-1.

Table 4-4: GTL Plant Areas

Plant Area Number	Plant Area
0100	Natural Gas Compression, Purification and Conditioning
0200	Air Separation Unit (ASU)
0300	Syngas Production
0400	Fischer-Tropsch (FT) Synthesis
0500	Hydrogen Plant
0600	Product Upgrading
0700	CO_2 Capture, Dehydration & Compression
0800	Boiler Feed Water and Steam System
0900	Power Generation System
1000	Water Treatment
1100	Fuel Gas System
1200	Cooling Water System
1300	Infrastructure and Services

Figure 4-1 illustrates the main utilities of process importance, and further detail of the GTL process design is provided in the block flow diagrams in Appendix A. Additional utility requirements are identified in the block flow diagrams.

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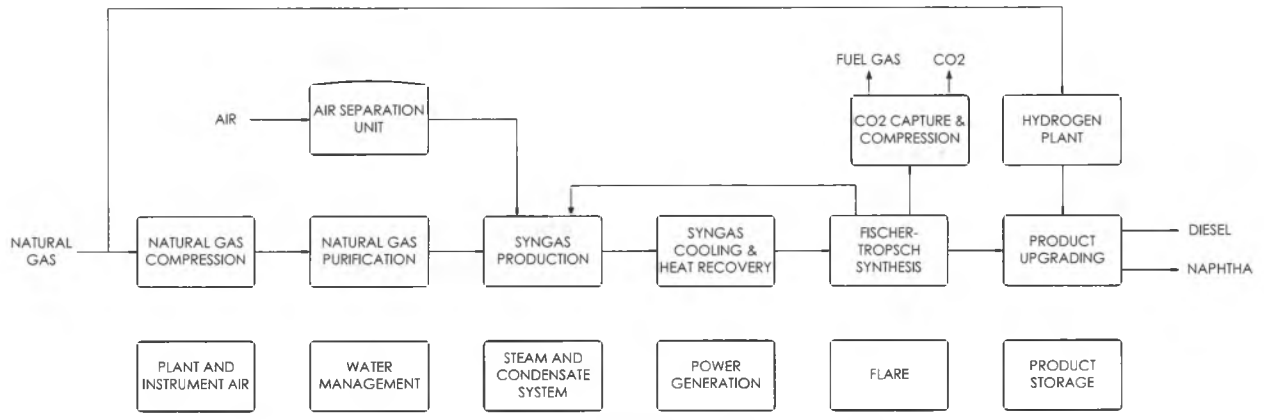

Figure 4-1: GTL Overall Block Flow Diagram

4.3 Case Definition

Three GTL facility sizes were considered in order to investigate the effect of facility size on project economics.

- **Case A:** A GTL facility utilizing one (1) FT synthesis train with pipeline-quality natural gas consumption of 154 MMSCFD which produces 16,630 bbl/day of liquid products
- **Case B (Base Case):** A GTL facility utilizing two (2) FT synthesis trains with pipeline-quality natural gas consumption of 309 MMSCFD which produces 33,260 bbl/day of liquid products
- **Case C:** A GTL facility utilizing four (4) FT synthesis trains with pipeline-quality natural gas consumption of 617 MMSCFD which produces 66,520 bbl/day of liquid products

Case B is selected as the base case for this study as the required natural gas flow rate is within the range for typical delivery capacity of the natural gas pipeline. Conceptual engineering and design of the facility, including process simulation, is performed only for this base case. A mass and heat balance of the base case facility is included with the block flow diagrams in Appendix A.

4.4 Process Description

4.4.1 Natural Gas Conditioning & Syngas Production

Natural gas enters the plant battery limit from the neighboring receiving terminal, and is measured for consumption and quality purposes. Natural gas is then compressed from the pipeline pressure of 435 psi to 725 psi suitable for ATR operating pressure, and purified (Area 0100) to remove sulfur (S) and chlorine (Cl) compounds, as required. The purified natural gas then reports to syngas production (Area 0300), with a portion reporting to the hydrogen plant (Area 0500) to be converted to hydrogen for product upgrading downstream.

In the syngas production unit, natural gas is pre-reformed after it is mixed with steam and recycle gas from FT synthesis unit. A portion of the FT synthesis purge gas is routed to syngas production where it is compressed and recycled to the syngas production unit. This recycle is necessary to produce the

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required H_2:CO ratio in the syngas for FT synthesis. The pre-reformed natural gas then is reformed over a catalyst with oxygen (O_2) in an autothermal reformer (ATR). The O_2 is supplied from the Air Separation Unit (ASU, Area 0200). The syngas produced primarily consists of H_2 and CO.

Syngas is produced at a high temperature (approximately 1,050°C/1922°F). Much of this heat is recovered through convective boilers. Syngas exits the heat recovery boiler and heat exchangers at approximately 100°C/212°F. The heat recovered is used to generate steam, as well as pre-heat wash water and boiler feed water.

4.4.2 *FT Synthesis & Product Upgrading*

The cooled syngas then enters the FT synthesis unit (Area 0400) where the H_2 and CO react in the presence of a metal-based catalyst to produce straight chain hydrocarbons. The current design assumes a cobalt-based catalyst. The FT synthesis reaction produces both oils and wax, which are separated and stabilized prior to the upgrading process. During the separation process a tail gas is produced which is divided into three portions:

1. The first portion is recycled and mixed with syngas from the syngas production unit prior to being fed to the FT synthesis reactor.
2. The second portion is mixed with purified natural gas and is recycled to the pre-reformer in the syngas production area.
3. The third portion of the tail gas is purged from the FT synthesis loop, sent to a CO_2 capture process and then used in the plant as fuel gas. This purge is required in order to control the accumulation of inert components, such as CO_2, in the synthesis loop. The captured CO_2 is compressed to 2,000 psig and can be sold as a by-product or mitigated by sequestration.

Wax and oils are combined with compressed H_2, from the hydrogen plant (Area 0500), and undergo hydrotreating and hydrocracking processes producing the required products (e.g. diesel, naphtha) in the upgrading process (Area 0600). The hydrogen plant (Area 0500) consists of a Steam Methane Reformer (SMR) and a Pressure Swing Adsorption (PSA) unit to produce H_2 for product upgrading.

4.4.3 *Power Generation*

Power generation (Area 0900) equipment will be installed within the GTL facility, using steam produced throughout the process to generate power. The plant produces both high pressure (HP) and low pressure (LP) steam from the ATR and FT Synthesis processes respectively. HP steam generated from the process is used within the plant to directly drive large rotating machinery (e.g. ASU compressors), and excess steam is sent to an HP steam turbine for electricity generation. LP steam will be distributed to various processes throughout the plant, but the majority will be sent to the LP steam turbine generator for power production. Heat tracing of the facility and equipment will likely also require LP steam.

Exhaust from both steam turbine generators is cooled by an air cooling condenser, and the resulting condensate is sent to the water management facility for re-use in the plant.

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4.4.3.1 *Start-Up Power*

The GTL facility also includes gas-fired boilers to produce steam during start-up conditions. In order to ramp up production of the plant, both steam and electrical power must be provided to machinery at the front end of the plant. The boilers have been designed to produce HP steam in order to drive the required steam-driven machinery, and excess steam will be sent to the HP steam turbine generator to produce power.

Major consumers during start-up include the natural gas compressor and the air separation unit, which are both required before operation of the ATR can commence. Once the ATR is in operation, HP steam will be produced and the start-up boilers can be ramped down as necessary. For the Case B facility, start-up boilers have been sized to provide approximately 100 MWe of power.

4.4.4 *Water Management*

The GTL plant requires water as an input for various processes with the major users by volume being steam services (heat exchange and natural gas processing) and open circuit cooling. The GTL process itself generates recoverable water as process condensate from the FT and ATR reactions. Overall, however, the GTL plant is a net consumer of water. For the purposes of this study, it was assumed that the plant would be supplied with aquifer groundwater that requires clarification and minimal softening before use as process water, cooling and firefighting water. The plant water management configuration for this study incorporates a water reclamation system in order to reduce net fresh water demand by 60% compared to a "once-through" system.

The plant heat load of almost 900 MMBTU/hr is initially proposed to be removed by re-circulating cooling water through an open circuit cooling tower loop. During future phases of study, further consideration is required for selection of the most appropriate heat rejection technology for the Alaskan climate. Definition of the cooling technology and feed water source allows for further optimization of the cooling water recycle rate to minimize make-up requirements.

Demineralized water for the plant's boilers is produced by treating media filtered process water in a two-pass reverse osmosis (RO) system to remove dissolved solids. A common demineralized water make-up stream is produced for the plant's low, medium, and high pressure boilers, but requires optimization during the next phase of study. Steam condensate from the plant's turbines (high and low pressure) and upgrading column reboilers are collected and recycled as boiler feed water after passing through cartridge filtration units.

Process wastewaters contaminated with organic compounds are treated in a two stage biological process. In the first stage, an anaerobic process converts the majority of organic compounds to an energy rich biogas, and in the second stage an aerobic polishing step converts the residual organic compounds to carbon dioxide and landfillable biosolids.

Various partially treated wastewater streams are reclaimed to reduce raw demands and recover water that is generated through the GTL process reactions. Reclaim water streams are pre-treated for suspended solids before being fed to a single pass reverse osmosis membrane unit to produce a product suitable for use as process water.

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Operation of the water reclamation processes generate a brine stream of concentrated dissolved solids with concentration of 5,000 – 10,000 mg/L and approximate flow of 1,200 gpm for Case B. The local water utility in the Anchorage area is likely capable of accepting this stream at the wastewater facility for a surcharge. Further investigation is required to determine an appropriate brine discharge point in the Fairbanks area and if marine disposal is feasible for Port MacKenzie.

Nearly 100% water recovery may be achieved by treating the brine stream on site through the use of evaporator and crystallizer equipment at the expense of greater capital and energy (steam) requirements. A trade-off study would be performed in the next phase of study to determine if the marginal costs associated with zero liquid discharge would balance the costs of water import and brine discharge fees. Environmental regulatory restrictions on maximum water intake and brine discharge also require consideration.

4.4.5 Balance of Plant

Additional plant areas are required to complete the balance-of-plant (BOP), including: quality control, tank farm, flare system, power distribution, plant and instrument air, security, rail, roads, maintenance shop, administration buildings, firefighting equipment, and medical emergency building. These BOP are classified as infrastructure and services (Area 1300).

5. GTL Plant Performance

5.1 Performance Summary

Performance of the GTL facility is summarized in Table 5-1. These values are considered preliminary estimates and require confirmation from technology suppliers/licensors during the next phase of study.

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Table 5-1: GTL Plant Performance Summary

Parameter	Unit	Quantity		
		Case A	Case B	Case C
INPUTS				
Natural Gas	MMSCFD	154	309	617
	MMBTU/hr	6,675	13,350	26,700
Oxygen (99 vol%)	st/hr	168	336	671
Total Raw Water Intake	st/hr	228	455	910
OUTPUTS				
Total Liquid Fuels Produced	bbl/day	16,630	33,260	66,520
Diesel (74 vol%)	bbl/day	12,340	24,680	49,360
Naphtha (26 vol%)	bbl/day	4,290	8,580	17,160
Power Export	MW_e	60	119	239
CO_2 for Export	st/hr	38	77	153
Treated Water Discharged	st/hr	141	281	562
Thermal Efficiency†	%	57	57	57
Carbon Efficiency*	%	70	70	70

† Thermal efficiency refers to higher heating value of the FT liquid products (diesel + naphtha) over the feedstock (natural gas)

* Carbon efficiency refers to amount of carbon in feedstock converted to FT liquid products (diesel + naphtha)

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Major inputs and outputs have also been calculated on a normalized unit/bbl of plant production (diesel + naphtha) value and are presented in Table 5-2.

Table 5-2: Normalized Performance of the GTL Facility

Parameter	Unit	Quantity
Natural Gas	SCF/bbl	9,280
	MMBTU/bbl	9.6
Power Export	kWh/bbl	86
CO_2 for Export	lbs/bbl	110
Total Raw Water Intake	lbs/bbl	657
Treated Water Discharged	lbs/bbl	406

5.2 Feedstock

The primary feedstock for the GTL facility is natural gas, and approximately 9.6 MMBTU/bbl, equivalent to 9,280 SCF/bbl, is consumed by the plant. Table 5-3 presents the natural gas composition, as provided by AGDC, used for simulation purposes.

Table 5-3: Natural Gas Composition

Gas Component	Composition
CH_4 (vol%)	91.0
C_{2+} (vol%)	6.4
CO_2 (vol%)	1.5
N_2 (vol%)	0.7
O_2 (vol%)	0.6
Total S (max ppmv)	16.0

5.3 Synthetic Fuel Products

The primary products from the GTL facility are diesel and naphtha. Each Fischer-Tropsch train produced approximately 16,630 bbl/day, resulting in 16,630 bbl/day for Case A (1 train), 33,260 bbl/day for Case B (2 trains) and 66,520 bbl/day for Case C (4 trains). The product split described in Table 5-1 is estimated based on Hatch's in-house data and requires licensor verification during future phases of study.

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5.3.1 *FT Diesel*

Although FT Diesel conforms to most of the ASTM D975 specifications, lubricity enhancing additives are required to conform to the lubricity requirements. In addition, blending with higher density diesel is required to obtain an acceptable energy density. A comparison of typical FT Diesel parameters with ASTM D975 specifications is presented in Table 5-4.

Table 5-4: Typical FT Diesel Properties

Parameter	Unit	Method	No.2-D S15		Typical FT Diesel
			Min.	Max.	
ASTM D975 Specification					
Flash Point	°C		52	-	65
Distillation Temperature 90%	°C	ASTM D86	282	338	338 *
Kinematic Viscosity @ 40°C	mm^2/s		1.9	4.1	3
Sulfur Content	ppmw		-	15	<10
Cetane Number			40	-	>70
Typical Properties					
Density	bbl/tonne		7.33		8.25
API Gravity	°API		22	41	54
Energy Density	MMBTU/bbl		5.825		5.44

* Distillation temperature can be controlled by adjusting recycle rate to hydrocracker

5.3.2 *FT Naphtha*

The FT naphtha is highly paraffinic, making it a premium feedstock for steam crackers producing ethylene and propylene. A higher yield of ethylene and propylene is obtained through cracking FT-derived naphtha compared to its crude-derived counterpart. Cracker run times are also said to be longer with FT-derived naphtha. FT naphtha may also be used as gasoline blendstock or directly for power production, but the same premium properties are not utilized in these applications.

Similar to diesel fuel, there is small variance between typical density of crude-derived naphtha and FT naphtha, 8.31 bbl/tonne and 9.37 bbl/tonne respectively.

5.3.3 *FT Jet Fuel*

Alternative product mixes can also be produced by the GTL facility, one example including diesel (42 vol%), jet fuel (38 vol%) and naphtha (20 vol%). Similar to FT Diesel, FT Jet Fuel also has enhanced properties compared to crude-derived Jet A, but does not meet density requirements

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without blending. A comparison of FT Jet Fuel properties with Jet A is presented in Table 5-5. Further discussion regarding the impacts on facility costs and efficiency are summarized in section 3.6.

Table 5-5: FT Jet Fuel Properties

Parameter	Unit	Method	Jet A, A-1		Typical FT Jet Fuel
			Min.	Max.	
Specifications					
Aromatics	vol%	ASTM D1319	-	25	<0.1
Sulfur	wt%	ASTM D4294	-	0.3	0
Sulfur (mercaptans)	wt%	ASTM D3227	-	0.003	0
Distillation 10% recovered	°C	ASTM D86	-	205	158
Distillation end point	°C	ASTM D86	-	300	300
Flash Point	°C	ASTM D56	38	-	41
Density @ 15°C	kg/m3	ASTM D1298	775	840	739
Freezing Point					
Jet A	°C	ASTM D5972	-	-40	< -70
Jet A-1	°C	ASTM D5972	-	-47	< -70
Net heat of combustion, LHV	MJ/kg	ASTM 4809	42.8	-	44.2
Typical Properties					
API Gravity	°API		37	50	60
Energy Density	MMBTU/bbl		5.670		5.30

5.4 Utilities

Utility balances for the Case B facility are summarized in Appendix A, and described in subsequent sections. Plant distribution of major utility streams is also presented in the block flow diagrams (Appendix A).

5.4.1 Power Balance

Major power consumers and producers have been estimated and tabulated in Appendix A. Power consumption has been divided up into both electrically-driven and steam-driven machinery in order

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to represent how much steam will be used for electrical generation, see section 5.4.2. A 20% contingency has been applied to account for smaller miscellaneous consumers not investigated at this stage of study.

Case B generates approximately 183 MWe of power, of which 119 MWe are available for export to the local grid.

5.4.2 *Steam Balance*

The GTL facility is designed based on two levels of steam pressure: low-pressure (LP) steam produced by FT synthesis, and high-pressure (HP) steam produced by the ATR. The hydrogen plant also produces medium-pressure (MP) steam but this is consumed by the hydrogen production process.

Steam is first distributed to process users and steam-driven machinery, the excess steam is used to generate power through steam turbines. Approximately 46 wt% of steam produced by the plant is used for power generation, while 27 wt% is sent to steam-driven machines and 27 wt% to the process.

5.4.3 *Cooling Balance*

Major cooling loads throughout the GTL facility are maintained by a cooling water system. In order to reduce the water circulation rate, large cooling loads are designed to be handled by air cooling systems. These loads include condensers in the power generation and FT synthesis areas of the plant. A 20% contingency has been applied to account for miscellaneous cooling loads not included at this stage of study.

5.4.4 *Water Balance*

Case B water balance is presented in Appendix A. Fresh water intake from a local source and water generated by the process account for 61% and 39% respectively. The major source of water losses is through the evaporative cooling towers. At future phases of study the use of a glycol cooling system will be investigated which could potentially remove this large source of water loss. Approximately 38% of total water is discharged from the water reclamation plant.

5.4.5 *Fuel Gas Balance*

The majority of fuel gas produced in the GTL facility originates from the FT synthesis loop. A purge is required to maintain a consistent level of inert gases in the recycle stream, as shown in the block flow diagrams in Appendix A. This purge stream is sent to the CO_2 capture plant to remove CO_2 and provide a cleaned tail gas for plant distribution. Small amounts of purge gas from various plant areas are also combined prior to distribution.

Fuel gas is required as a heat source for various fired heaters throughout the plant, with the largest consumers being the ATR heater and steam superheater. The Case B GTL facility produces excess fuel gas of about 65 MMBTU/hr, equivalent to 3.5% of total fuel gas production. One potential solution would be to utilize the start-up gas boilers and produce more steam, potentially increasing power generation capabilities.

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5.5 Effluents & Emissions

5.5.1 Solid & Liquid Effluents

Solid and liquid effluents from the GTL facility are only produced by the on-site water treatment plant, and include waste activated sludge and a brine water stream for discharge. Waste activated sludge can be sent to the local landfill for disposal, while the brine water stream can likely be treated by the local water utility, or possibly discharged back to the local water source. Further investigation of these options will occur in the next phase of study.

5.5.2 Gaseous Emissions

Gaseous emissions from the GTL facility primarily originate from the fired heaters located throughout the plant. These units combust fuel gas to provide heat for various streams in the natural gas purification, ATR, hydrogen production and product upgrading areas of the plant. Standard practice for these emission sources involves venting directly to the atmosphere, and compositions are similar to those from gas-fired power generation facilities.

5.5.2.1 Carbon Footprint

A CO_2 emission balance is presented in Appendix A. Fired heaters throughout the plant produce CO_2 during the combustion of fuel gas, and emit this CO_2 into the atmosphere with a dilute concentration in low pressure flue gas. These streams are considered "difficult to capture" emission sources.

The major portion of fuel gas produced in the plant is purged from the FT synthesis loop. This stream is purged at a pressure of approximately 390 psi(g) and contains high concentrations of CO_2. For these reasons this stream is considered an "easy to capture" source, and is sent to the CO_2 capture facility in order to remove CO_2 prior to distribution throughout the plant. Although this gas is used as the heat source for combustion in fired heaters, removing CO_2 prior to combustion greatly reduces the CO_2 emissions from the plant. Approximately 38 st/h, 77 st/h, and 153 st/h of CO_2 is captured for Cases A, B and C, respectively.

5.5.2.2 Air Quality Control

The Department of Environmental Regulation in Alaska requires that stationary emission sources meet specific air quality control regulations, based on information published by the U.S. Environmental Protection Agency (EPA); Table 5-6 below establishes the significant impact level for various pollutants. As long as ambient impacts from emissions of a stationary source are below the concentrations listed, the emissions are not considered to cause a violation of ambient air quality standards or maximum allowable increases for a Class II area. Proposed sites in both Cook Inlet and Fairbanks fall under the Class II distinction, although Fairbanks is currently classified as an EPA PM2.5 Non-Attainment region and subject to strict particulate matter regulations, as described in section 7.1.1.

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Table 5-6: Significant Impact Levels for Ambient Impacts of Emissions from Stationary Sources [6]

Pollutant	Significant Impact Level (micrograms per cubic meter)				
	Annual	Averaging Time (hours)			
		24	8	3	1
Sulfur Dioxide	1.0	5	N/A	25	N/A
PM10	1.0	5	N/A	N/A	N/A
Nitrogen Dioxide	1.0	N/A	N/A	N/A	N/A
Carbon Monoxide	N/A	N/A	500	N/A	2 000

The ambient impact of emissions from the GTL facility will be determined during the next phase of study using dispersion modeling techniques combined with more detailed information from technology suppliers, but the following qualitative arguments can be made:

- Sulfur Dioxide (SO_2): Natural gas is assumed to be delivered to the plant with total sulfur content less than 16 ppm. This sulfur is then captured by the on-site desulfurization unit, down to levels below 10 ppb, prior to any fuel gas production. For this reason SO_2 emissions during normal operation are likely not to be a concern. During start-up, when raw natural gas is burned in plant start-up boilers, there is potential for SO_2 emissions to increase but further analysis of this emission source will need to be investigated during the next phase of study.
- Particulate Matter (PM): Should not be a concern as the GTL facility uses only gas-fired processes.
- Nitrogen Dioxide (NO_2): NO_2 emissions from the combustion of fuel gas is assumed to be similar to that of gas-fired power plants, which without the use of de-NOx systems will not meet EPA standards. Supply of fired heaters is typically a package unit offered by technology vendors, and therefore in the next phase of study further details regarding low-NOx systems for these packages require investigation. Typical options used in power plants to reduce NOx emissions include use of low-NOx burners, selective catalyst reduction (SCR) and selective non-catalyst reduction (SNCR), all of which could potentially be applied to the fired heaters.
- Carbon Monoxide (CO): CO is one of the key components of syngas produced in the GTL facility, and is also contained in fuel gas fed to the fired heaters. Heaters will be designed for complete combustion and therefore minimal CO emissions are expected, meeting the necessary regulations.

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6. Plant Layout

A facility plot plan was developed for the Case B facility (33,260 bbl/day), based on a two (2) FT reactor design each with a capacity of 17,000 bbl/day. The facility is broken down into the plant areas as defined in Table 4-4.

Additionally, there are miscellaneous services which may be classified as general utilities, infrastructure and offsites, including:

- Process flare
- Maintenance shop & stores
- Emergency response
- Storage yard
- Product export
- Security
- Administration

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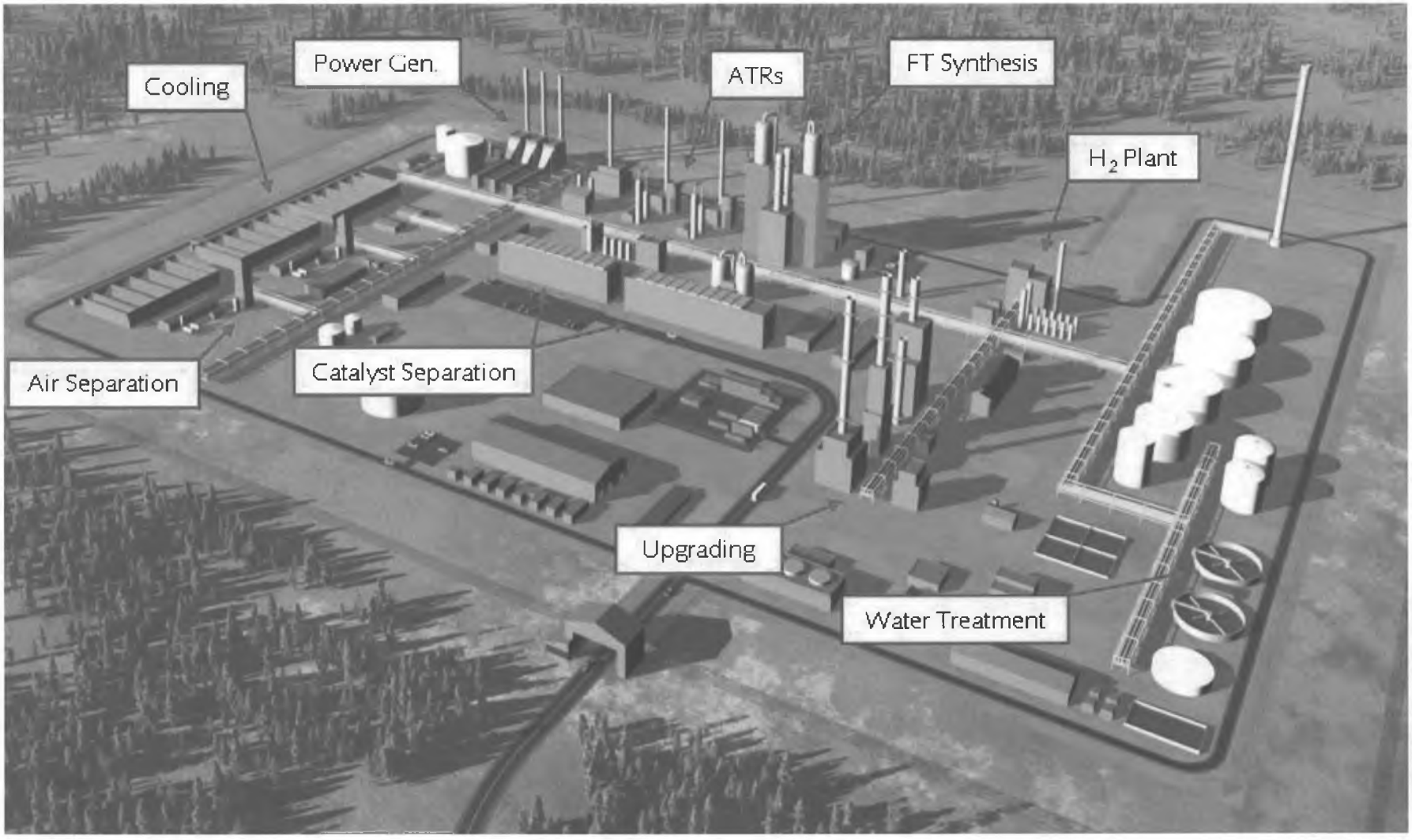

Figure 6-1: Rendition of Conceptual 33,260 bbl/day GTL Facility in Alaska with Process Units Identified

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Due to the in-series design of the GTL facility and integration of various process units, the plant has been laid out along a central pipe rack. A scaled plot plan may be found in Appendix B, outlining the major process units and plant areas. Renditions of the conceptual facility are also included in Appendix B.

Considerations for the layout of the plant include:

- Prevailing wind direction, such that the intake for the ASUs is up-wind of any gas processing units (e.g. ATR, FT and upgrader).
- The water import and conditioning, boiler feed water, steam recovery, cooling, ASUs, power generation and primary power distribution units have been grouped in order to minimize large pipe runs, notably steam lines.
- The ATRs and FT synthesis units are located adjacent to one another, minimizing syngas pipe runs.
- Integral to syngas production and FT synthesis are the catalyst separation units, located flanking their respective processes.
- The neighboring miscellaneous utilities to FT synthesis include fuel gas recovery and quality control systems for the FT units feeding the upgrading units.
- Upgrading and hydrogen production are separated from upstream units in order to provide access to the various plant areas – for maintenance and operational purposes.
- As the process water treatment facility has open units, it has been removed from high traffic areas to avoid contamination and limit access lying next to the tank farm.
- The tank farm is removed from the facility such that access to the area is strictly controlled and only as necessary.
- The flare stack – operational only during start-up, shutdown and emergency procedures – is sufficient to flare the complete flow of gas while providing for personnel to evacuate the area safely in an adequate amount of time without the need for protective equipment.
- The maintenance shop, stores, storage yard, staff house and emergency response areas have been grouped in the vicinity of the main gate in order to reduce the number of personnel deep within the plant areas. This area of high personnel concentration is also removed from the hydrocarbon processing units and located up-wind to mitigate potential exposure should an incident occur.
- Access to the facility is thereby heavily controlled, surrounded by a double fence with a 150 ft recess; access is restricted to the main gate and controlled by security personnel. Administration and other non-essential staff to plant operations reside in the office block outside of the plant battery limits.

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7. Plant Siting

7.1 Siting Considerations

The Alaska Stand Alone Gas pipeline is proposed to deliver natural gas from the north slope to the Cook Inlet and Fairbanks regions in Alaska. Therefore, Fairbanks North Star (FNS) and Matanuska-Susitna (MS) boroughs were identified as the two regions to investigate with regards to potential sites for the GTL facility; both the geographic regions and potential site locations were evaluated. Screening criteria included:

- For each geographic region consider:
  - Access – road, rail, marine
  - Labor force
  - Environmental conditions
  - Seismic conditions
- For each individual site consider:
  - Availability and access to land (ownership, expansion, zoning)
  - Facility access – road, rail, marine
  - Suitable separation from residential, commercial and military zones
  - Sufficient divide from airports and flights paths
  - Prevailing wind direction
  - Local utility capacity (water, power, gas, etc.)
  - Site conditions (topography, rock mechanics, soil conditions, drainage, etc.)
  - Access to water
  - Air quality restrictions

7.1.1 Air Quality - Particulate Matter

Fairbanks North Star Borough is subject to strict particulate matter regulations, EPA PM2.5 Non-Attainment. Surrounded by hills on the north, east and west sides, Fairbanks is susceptible to temperature inversions - trapping a layer of cold air close to the ground. Small amounts of particulate matter and other air pollutants can remain suspended for days and become more pronounced in periods of cold weather (below -15°F). EPA PM2.5 limits the products of combustion arising from increased fuel consumption during cold periods. Although clean burning fuels (natural gas and syngas) are consumed to provide heat, the GTL facility would be required to show sufficient modeling that it is not violating PM2.5 restrictions. The EPA's PM2.5 non-attainment boundary includes the majority of the FNS borough, Appendix B, therefore it is unlikely that a suitable site within the FNS borough would be exempt from PM2.5 restrictions.

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7.1.2 *Ice Fog*

Alaska suffers from the effects of ice fog, a result of the cold air's inability to hold any additional moisture. When warm, moist exhaust interacts with a freezing atmosphere, water quickly freezes and produces fine particles. Air temperature inversions aggravate the effects of ice fog, suspending it over the city, Figure 7-1.

Fairbanks is more susceptible to ice fog than Cook Inlet due to the surrounding hills, exacerbating and prolonging the effects. Ice fog results in poor visibility, to which aviation is most sensitive.



Figure 7-1: Ice Fog over Anchorage [1]

The current design of the GTL facility utilizes both water (17%) and air (83%) cooling. However, Case B's design (33,260 bbl/day) requires 896 MMBTU/h of water cooling. For perspective, a 100 MWe natural gas-fired combined cycle power plant requires approximately 1,000 MMBTU/h of cooling, making the GTL facility one of the largest point sources of ice fog within the state. To minimize ice fog it is recommended to relocate the facility well outside of city limits and away from airfields, install a closed-loop cooling system or maximize the use of air cooling.

A closed loop cooling system is comprised of a glycol-based coolant – not unlike that within an automobile. The coolant removes heat from the various processes within the plant and then passed through large radiators across which air is drawn. A closed loop system increases capital and operating costs, the latter a result of the power required for cooling fans.

7.1.3 *Aviation*

In addition to the consideration of ice fog for aviation, the proximity of the facility to airports and flight paths also requires consideration. The tallest structure within the facility is a 510 ft emergency flare stack, sized to accommodate the total gas flow of the facility at full load. The flare stack must be outside of imaginary spaces surrounding the air strips which limit structure heights. Of the proposed

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sites (FNSB-2 and Port MacKenzie) minimum safe distances from the following air strips have been confirmed:

- Fairbanks International Airport
- Fort Wainwright Airfield
- Eielson AFB Airfield
- Ted Stevens Anchorage International Airport
  - Runway 14/32
  - Runway 7R/25L
  - Runway 7R/25R
- Elmendorf AFB Airfield
  - Runway 6/24
  - Runway 16/34

With appropriate spacing and lighting of all facility structures, consideration of flare operation is also necessary. A minimum safe distance of 510 ft provides 2-3 minutes of safe exposure without protective equipment. Classifying the air space above the GTL facility as restricted shall ensure that flare radiation does not affect air craft operations. Concern of pilot distraction or passenger discomfort upon view of flaring is low such that syngas and fuel gas have low radiative properties, producing a dim flame.

7.1.4 Climate

Climate impacts supply and distribution lines; Alaskan ports require vessels capable of navigating subarctic waters or contingency for icebreakers to maintain port access. In addition, relative to a facility located in the lower forty-eight states, storage capacity should be increased to accommodate of more frequent service interruptions. It has been indicated that storage capacity of up to 45 days is required for locations dependent on rail access.

7.1.5 Inlet Currents

Currents at Port MacKenzie should not be a concern at the Knik Arm narrowing; the maximum current speeds during spring time ebb were documented by Knik Arm Bridge And Toll Authority (KABATA) at less than 4 ft/s, (Figure 7-2) and are considered navigable.

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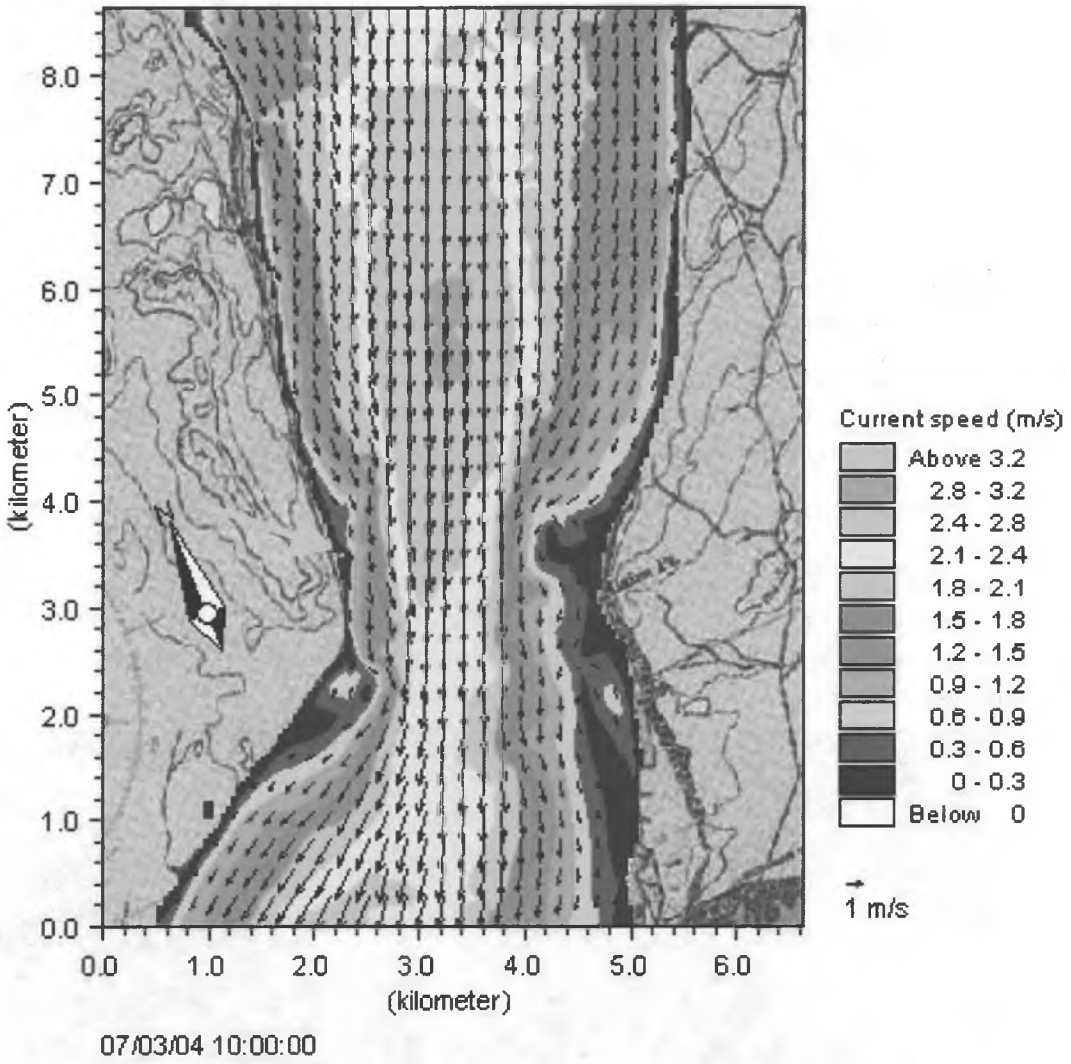

Figure 7-2: Maximum Spring Time Current Ebb at Port MacKenzie [9]

7.1.6 Seismic

The location of a heavy industrial plant, such as the GTL facility, will affect the design aspects that directly relate to the facility's superstructure. Alaska is a seismically active region and different soil conditions alter seismic design aspects. The selected site requires extensive sub-surface soil exploration to ensure the foundations and superstructure are properly designed for expected environmental design conditions.

Typical soil conditions in the Port MacKenzie region include sands and gravels at depth from the Elmendorf moraine or deposited by the Knik and Matanuska rivers. The soils are suitable for direct load bearing of foundations and superstructure; however, these soil conditions are susceptible to liquefaction during seismic events. Liquefaction is a momentary loss of load bearing capacity under seismic activity and require additional design considerations and cost to accommodate.

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The Fairbanks region also has high seismic activity, however from a design perspective is less stringent than Port MacKenzie. Seismic activity in the Fairbanks region is estimated to be approximately 20% less violent than Port MacKenzie. Soils in the Fairbanks region consist of sands and gravels to a depth deposited by the Tanana River, with smaller gravels and a greater percentage of sands relative to Port MacKenzie. From a seismic perspective, it is considered easier and cheaper to construct a superstructure in Fairbanks than Port MacKenzie.

Seismic design requirements and related cost impacts are not considered in the concept or cost estimates included herein. In the future phase of study, foundation and superstructure designs will be based on the latest issue of the International Building Code.

7.1.7 Transportation & Construction

GTL facilities constructed to date have been carried out at sites with excellent transportation access. Ease of access is important in both the construction and operations period of the facility.

The transportation of large quantities of equipment and bulks is important during construction. With a limited outdoor construction season in Alaska, it is vital to ensure that materials and equipment are delivered on time in order to avoid schedule delays. Specific to GTL facilities, the single largest equipment units to be transported are the FT reactors. With internals removed to reduce shipment weight, a 17,000 bbl/day, slurry-phase FT reactor ships at roughly 2,000 tons, 200 ft long and 33 ft diameter (Figure 7-3). Transport of FT reactors by rail is therefore not possible.



Figure 7-3: Transport of one 17,000 bbl/day Slurry-Phase FT Reactor [8]

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After shipping to port, reactors are driven to site under heavy haul provisions. A site with easy port access is ideal in minimizing costs and risks associated with transportation. Further discussion related to the benefits of modular construction may be found in section 7.1.8.

Fairbanks supplies the greatest transportation challenge during construction. Due to the limited marine access and distance from the coast, it has been determined – upon consultation with Crowley Marine Transport, Lynden Transport and the Alaska Department of Transportation – that it is very difficult to transport the 17,000 bbl/day reactors from the coast. Whether by land or river barge transport, low river water levels, bridges, underpasses and other obstructions pose constraints that would require modification in order to allow for the passage of these large items. However, the reactors may be engineered for transportation and assembled at site as accomplished at Sasol's Secunda facility. In Alaska, reactor segments may be transported by road, barge, river transport or over ice roads. Taking advantage of the winter conditions, large, heavy loads may be transported during the winter months, which is a common practice in Alaska. Furthermore, a greater number of smaller reactors may be specified and transported to the interior, minimizing heavy haul transport and infrastructure improvements. With the existing operation of industrial facilities in the Fairbanks region, transportation should not be considered a limiting factor for construction in Fairbanks; however, further study is required to evaluate transportation options, alternatives and costs in the next phase of study.

7.1.8 Modularization

Alaska is a well serviced region, however, geographic and climatic conditions add complexity to the execution of major capital projects. The subarctic conditions of both the Anchorage and Fairbanks areas require careful consideration regarding construction techniques.

The construction season is relatively short while labor productivity is adversely affected by temperature drop. In order to maintain schedule and minimize cost overruns, it is recommended that construction of the facility be modularized.

Modularization involves designing and engineering the facility as blocks. These blocks are fabricated in offsite yards and shipped to site for assembly.

Although transportation logistics are complicated, the time and costs of modularization are less than the alternative – stick-built – in areas with labor and material constraints. Module scale and weight require the project to have a deep draft port with heavy haul road and stable site conditions.

In Alaska, modularization would minimize productivity loss by: 1) extending the construction season as mechanical construction occurs offsite at a location not affected by winter conditions; 2) cladding of modules at site allows completion to occur locally, unencumbered by the elements year round; 3) threat of skilled labor shortage is reduced; and 4) temporary construction and camp costs are minimized.

Hatch's experience with modularized construction is proving successful. At the time of this report, Xstrata's Koniambo FeNi (ferro-nickel) smelter modules, on the island of New Caledonia in the south Pacific, are being assembled. The modules were constructed in China, transported to site and are currently being assembled. The approach was undertaken to minimize costs associated with stick-

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built construction. Although the scale of the modules may be intimidating, up to 90 ft x 115 ft x 140 ft and 3,500 tons, assembly is progressing well (Figure 7-4).

7.1.9 Operations

During operations, the ability to easily distribute product is essential, and it is not acceptable that the GTL facility be shutdown due to a lack of product storage. GTL products may be transported throughout the state by road or rail and exported via tanker. In order to export, a facility located in FNS must transport product to terminal via rail; trucks are impractical (more than 150 tankers per day). Due to the volume it is preferred that for export purposes the facility be located near a port.

Port MacKenzie, in southern Alaska, is geographically adjacent to the largest population centre within the state. Although not currently serviced by rail, there are plans to tie into the Alaskan network as part of the Port MacKenzie development plan. Additionally, Port MacKenzie is equipped with a deep draft port (60 ft). Conversely, FNSB-1 may be easily tied into the Alaskan rail network to supply the interior or transport its product to port. However, FNSB-1's marine access is the Tanana River with a 3-4 ft, resulting in limited barging capability.

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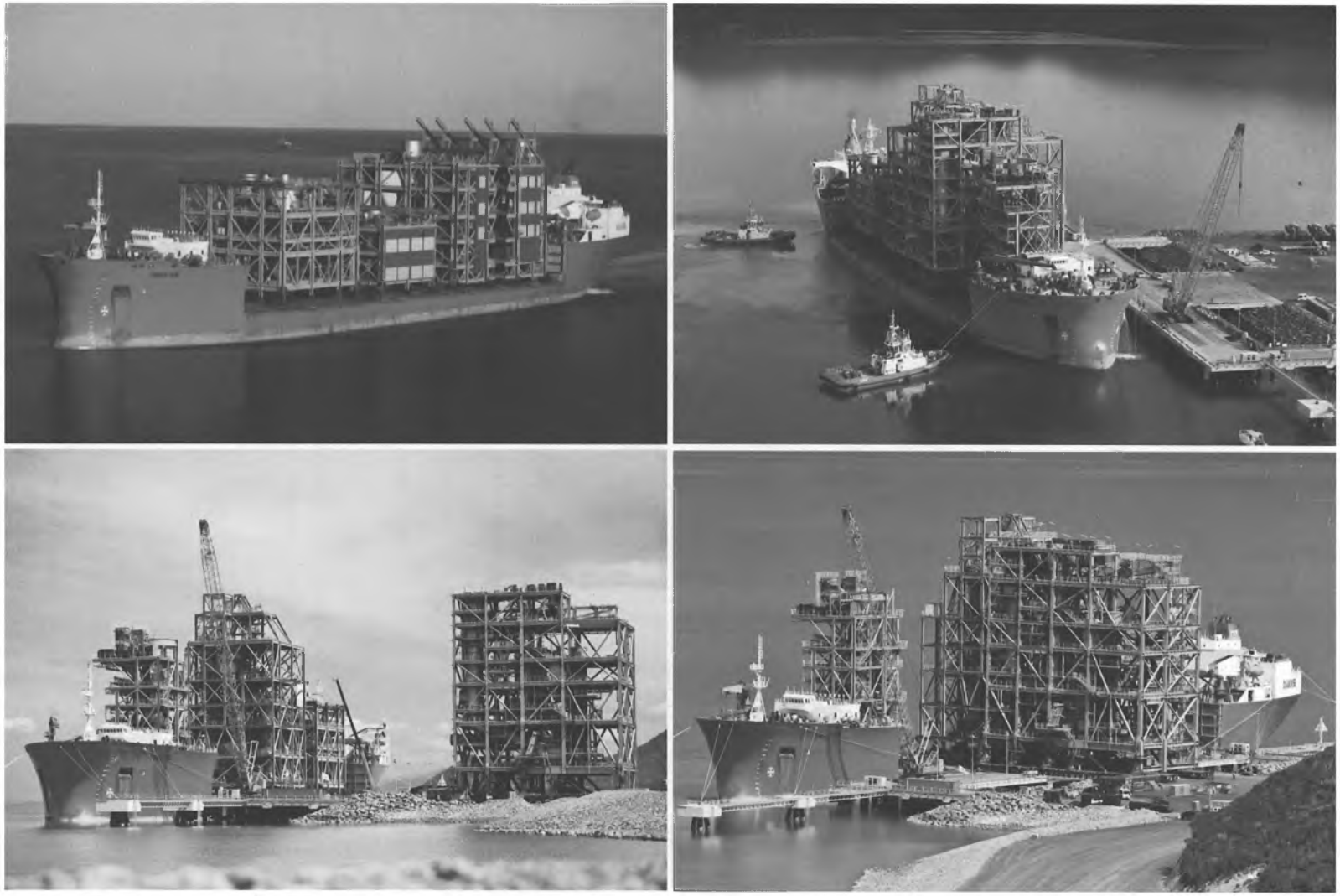

Figure 7-4: Xstrata's Koniambo Module Unloading at Site [10]

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7.2 Geographic Regions

The Fairbanks North Star (FNS) borough in the interior of Alaska offers potential such that it is:

- Third largest population centre in Alaska
- Well serviced by road and rail
- Marine accessible
- Sited along the Trans-Alaskan Pipeline
- Closest major city to North Slope gas fields

The Matanuska-Susitna (MS) borough was also put forth as a potential region for a GTL facility, more specifically, the area of Port MacKenzie was proposed, which offers similar and additional benefits relative to FNS, including:

- Adjacent to largest Alaskan metropolis (Anchorage)
- Easy accessible to well developed road and rail networks
- Possesses a dedicated deep draft port

The technical, logistical and environmental considerations for these two regions are compared in Table 7-1.

Table 7-1: Geographic Region Comparison

	Port MacKenzie	Fairbanks North Star
Port Access	Year-round deep draft port. Facilitates modularization of facility (see Section 7.1.8). Minimizes construction and operating expenses related to transportation.	Seasonal barging only (May-October). Only directly accessible by shallow water barge (3-4 ft draft). Potential to barge (4-5 ft draft) up Yukon River closer to Fairbanks (Tanana; Haul Road; or possibly Nenana) and truck materials/equipment to Fairbanks. Heavy haul overland transport to Fairbanks during winter only.
Road Access	Developed highway network. Road access minimally required, imports and exports primarily conducted by marine.	Developed highway network. Distance of 360 miles to nearest deep draft port. Roads and bridges not suitable for heavy haul transportation.

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	Port MacKenzie	Fairbanks North Star
Rail Access	Rail spur tying into Alaskan railroad planned as part of Port MacKenzie development plan.	Well serviced with rail. Rail critical to distribution and export of liquid products throughout Alaska. Current Fairbanks Refinery (Flint Hills Resources), distributes and exports product by rail.
Modularization	Possible due to port proximity.	Impossible due to scale and weight of modules. Stick built construction required.
Labor	Imported labor required. Most populous region in Alaska. Modularization takes advantage of low-cost labor regions (e.g. China).	Imported labor required. Half the local labor force of Port MacKenzie. Increased indirect costs associated with increase of imported labor – camp required. Lower productivity due to environmental conditions (winter) Increase in labor for onsite construction, relative to Port MacKenzie.
Schedule	Modularization facilitates dual workforces – Alaska and low-cost region (e.g. China) simultaneously. Minimize impact of winter construction due to modularization.	Extended schedule due to stick built construction. Winter conditions reduce productivity.
Capital Cost	Considered base case.	Increases due to: • Stick built • Increased indirects • Prolonged schedule • Lower productivity • Lack of low-cost labor region See section 9.

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	Port MacKenzie	Fairbanks North Star
Environmental	Potential for CO_2 sequestration for enhanced oil recovery or saline acquires (see section 7.4).	Temperature inversions cause ice fog. EPA PM2.5 limits stack dispersions (see section 7.1.1). CO_2 sequestration and enhanced oil recovery research undeveloped at present (see section 7.4).
Geotechnical / Seismic	Port MacKenzie impact of low-value wetlands to be determined. Soil liquefaction potential during seismic event; increased superstructure and foundation design requirements.	Challenging terrain. Soil liquefaction potential during seismic event, increased superstructure and foundation design requirements; seismic potential (magnitude) estimated to be 20% less violent than Port MacKenzie.
Set-back	Sufficiently set-back from obstructing flight paths and restricted military zones.	Sufficiently set-back from flight path obstruction and restricted military zones.

7.3 Individual Sites

7.3.1 Fairbanks North Star (FNS)

Identification and evaluation of three potential sites within the FNS borough was conducted. The three identified sites included:

1. FNSB-1 (Old Richardson Highway)
2. FNSB-2 (Badger Road)
3. FNSB-3 (Bethany Street)

This list should not be considered exhaustive and it should be noted that other potential sites may exist, requiring further screening in the next phase of study. However, at this level of study, with the tools available, the three identified sites illustrated in Figure 7-5 met the majority of the screening criteria.

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Figure 7-5: Potential Sites in Fairbanks North Star Borough [Google Earth, 2010]

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7.3.1.1 *FNSB-1: Old Richardson Highway*

FNSB-1 consists of five (5) lots, all owned by the Bureau of Land Management and reside outside the city boundary of North Pole. The site is next to Flint Hills Resources' North Pole Refinery. The refinery's processing capacity is 220,000 bbl/day and produces gasoline, jet fuel, heating oil, diesel, gasoil and asphalt for the Alaskan market – 60% destined for the aviation market. FNSB-1 offers many advantages as a result of its proximity to the existing Flint Hills Resources' refinery: 1) zoning; 2) supply and distribution access; 3) access to utilities.

Unfortunately, the lot available is too near residential homes to the northeast of Old Richardson Highway (300 ft). Due to the size of the facilities, it is unlikely that FNSB-1 be approved for development.

7.3.1.2 *FNSB-2: Badger Road*

North of Interstate A2 at Rentals Street, a 619 acre lot, owned by the FNS Borough offers a potential site. The facility is zoned as General Use (GU-1), accommodating to petrochemical and petroleum refineries. A conditional use permit is required for the development of a GTL facility. Interstate A2 provides road and a rail access to the southwest boundary of the lot. Adequate separation between the plant and the residential communities are observed (2,000 ft), Figure 7-6.

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Figure 7-6: FNSB-2 Relative to U.S. Army Base Fort Wainwright and Rail Line [Google Earth, 2010]

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7.3.1.3 *FNSB-3: Bethany Street*

Accessed by Bethany Street, southwest of Interstate A2, a 585 acre lot owned by the University of Alaska is zoned for GU-1. Although sufficiently removed from residential communities and easily accessible by road, FNSB-3 is divided by an east-west levee, which is part of the flood protection system for the Tanana River, limiting the potential for future plant expansion.

7.3.2 *Matanuska-Susitna*

Along the coast, across from the city of Anchorage, lies the Matanuska-Susitna (MS) borough. The MS borough was identified as a potential area for locating a GTL facility as it is the planned termination point of the natural gas pipeline.

Additionally, MS borough provides retreat from the populated region of Anchorage, across the water to the southeast. Upon review of MS borough's land ownership maps and review of the Port MacKenzie Master Plan Update, a suitable lot was identified at Port MacKenzie (Figure 7-7).



Figure 7-7: Port MacKenzie (Photo courtesy of Port MacKenzie and Alaska Aerial Technologies)

7.3.2.1 *Port MacKenzie*

A master development plan previously identified an area for a gas derived products facility within PID-I (Port Industrial District I). PID-I seeks to preserve and protect the coastal resources by limiting uses to strictly marine/rail-oriented industrial operations. Regrettably, aerial and topographic maps indicate that the identified site within the Master Plan for the gas derived facility is within a wetland.

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At the time of this report, construction costs of the Escravos GTL facility in Nigeria have escalated more than expected from previous estimates. It is believed that siting within a wetland has contributed substantially to the cost and should be mitigated in future development plans. As a result, Hatch proposes another site in the northwest corner of PID-II, shown Figure 7-8, planned to house commercial and industrial operations not requiring close proximity to the ports or railroad. The identified site may provide good drainage, soil conditions, access (rail, road and marine) and sufficient retreat from neighbouring planned and existing commercial and residential facilities. However, further evaluation is required at the next phase of study.



Figure 7-8: Matanuska-Susitna Potential Site Identification for GTL Facility [Google Earth, 2010]

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7.4 Considerations for CO_2 Sequestration

The GTL facility captures CO_2 from fuel gas prior to combustion to produce a pure CO_2 stream available for export. Case A (1 FT train) facility captures 38 st/hr, Case B (2 FT trains) captures 77 st/hr and Case C (4 FT trains) captures 153 st/hr, equivalent to approximately 9 million, 18.5 million and 37 million short tons of CO_2 respectively over the 30 year economic life of the facility. The GTL plant also includes a CO_2 compressor in order to compress the gas to a pressure of 2,000 psi, suitable for pipeline transport. The following sections describe potential end-users for this CO_2 in both Cook Inlet and Fairbanks plant locations.

7.4.1 Cook Inlet

Due to the large amount of oil and gas activity and industrial CO_2 sources in the Cook Inlet area, it is one of the few regions in Alaska where subsurface characteristics have been studied for their ability to sequester CO_2. Potential end-use options for CO_2 produced by the GTL facility in Cook Inlet include enhanced oil recovery (EOR), as well as sequestration in either depleted oil and gas reservoirs or saline aquifers.

7.4.1.1 Enhanced Oil Recovery (EOR)

EOR with CO_2 is a tertiary method of recovering oil from partially depleted oil reservoirs, after primary (removing easily recovered oil) and secondary (water flooding) methods have been applied. During tertiary recovery, CO_2 is injected into the reservoir increasing pressure and improving fluid flow, incrementally increasing the recovery of oil.

EOR candidate reservoirs must meet a number of screening criteria, including parameters such as appropriate depth, pressure and temperature, as well as oil gravity and oil pressure. If these conditions are met, then it must be determined if the appropriate technique would be miscible CO_2 flooding, where CO_2 dissolves into the oil and reduces oil viscosity, or immiscible flooding, where CO_2 remains a separate state and simply forces the remaining oil out.

EOR using CO_2 is a mature technology and has been applied in the U.S. since the 1970's, extending the life of oil fields by many years. In 2009 over 3,500 miles of CO_2 pipeline [18] were used to transport the gas to fields throughout the U.S., producing over 250,000 bbl/day of incremental oil from CO_2 EOR [19].

The potential of EOR is proven by EnCana's Weyburn Oil Field in Saskatchewan, Canada. Beginning in 2000, CO_2 captured from the Great Plains Synfuels Plant in North Dakota (a coal gasification facility producing synthetic natural gas) has been transported 205 miles by pipeline to the Weyburn oil field. There CO_2 is injected into depleted wells to increase production through tertiary EOR. The use of CO_2 EOR is estimated to have extended the life of the reservoir by 25 years and is expected to recover 155 million barrels of incremental oil by 2035 [20].

The Cook Inlet is the second largest oil producing region in Alaska, and locations of the major oil fields are shown on Figure 10-1. These fields range from 50 to 75 miles from Port MacKenzie.

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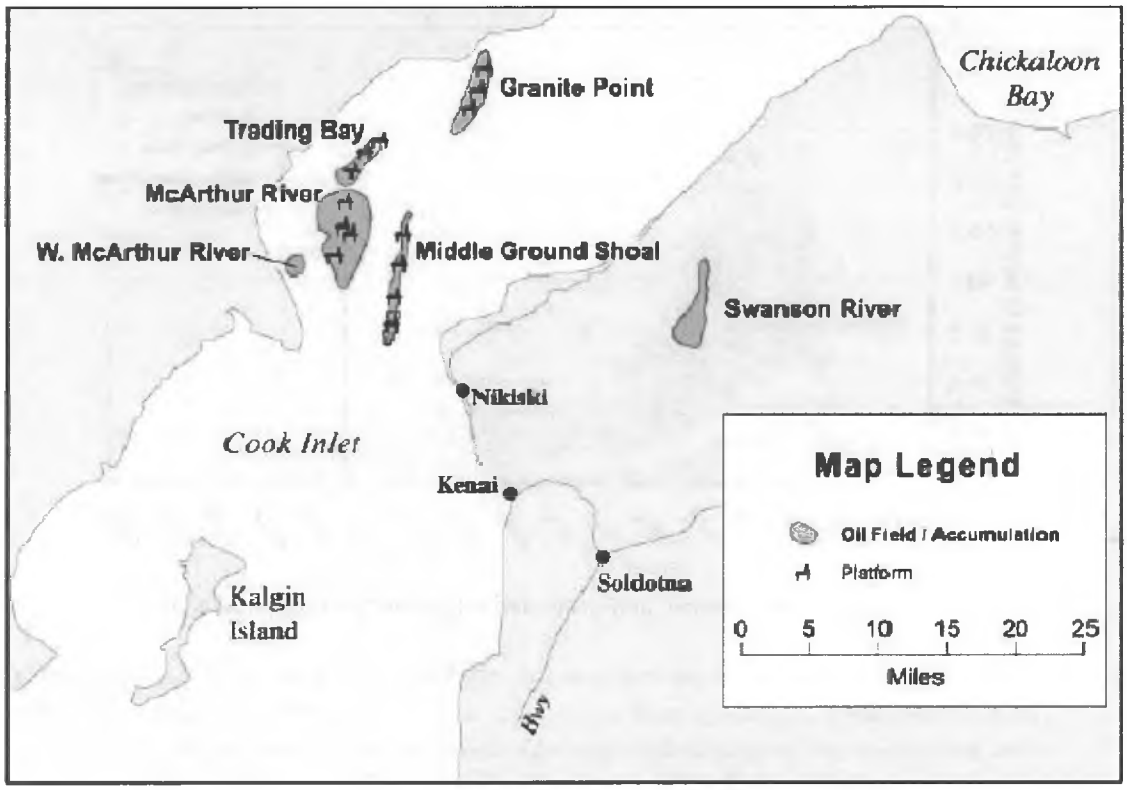

Figure 7-9: Locations of the major oil fields in Alaska [14]

Oil production began in the region in 1959, but has been declining since the 1970's. Historic and projected oil production rates are displayed in Figure 7-10 [15]. The majority of the fields in the region have produced greater than 95% of the estimated ultimately recoverable (EUR) oil, meaning that without any further development they will soon be depleted leaving almost two-thirds of the original-oil-in-place (OOIP) stranded.

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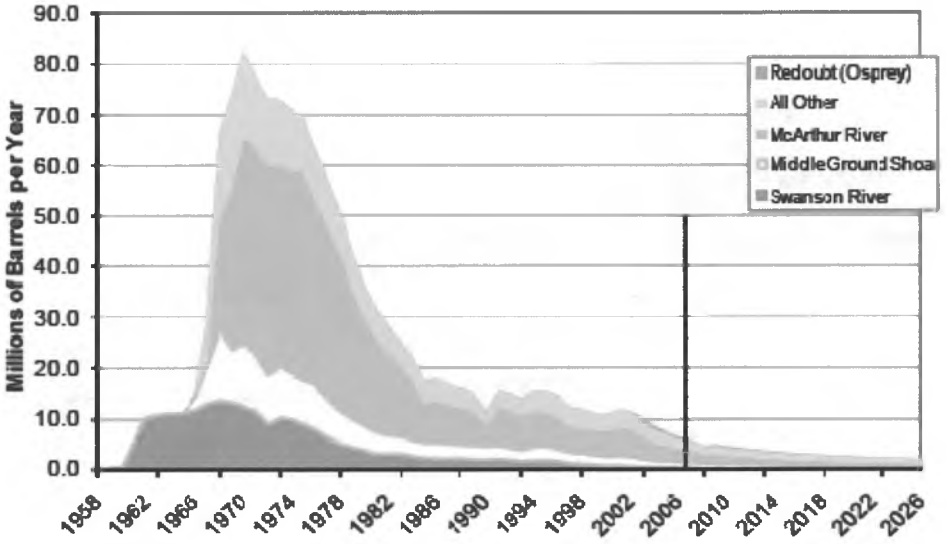

Figure 7-10: Historic and projected oil production for Alaska [15]

In 2005, Advanced Resources International Inc. produced a study for the U.S. Department of Energy (DOE) investigating CO_2 EOR potential in Alaska, which concluded that twelve reservoirs in the Cook Inlet region are technically favourable for miscible floods. Assuming the average range of incremental increase in production of 8% to 11% of original-oil-in-place (OOIP) for miscible floods, the Cook Inlet has potential to produce an incremental 290 to 400 million barrels of oil. In order to reach incremental production of this magnitude, consistent virgin CO_2 supply combined with recycled CO_2 (produced during miscible flood, separated from oil and re-injected) is required. Between 1,200 and 1,700 BCF of CO_2, equivalent to approximately 57 to 81 million short tons, of purchased CO_2 would be required.

As mentioned, Case C produces approximately 37 million short tons of CO_2 throughout the 30-year lifetime of the plant, and therefore EOR operations in the Cook Inlet have the capability of sequestering all captured CO_2 from the GTL facility (one, two or four trains) for the entire lifetime of the plant. This would, in turn, extend the life of these oil fields by up to an additional twenty years.

Although technically feasible based on the screening exercises summarized above, there are many critical factors that require further investigation at the next phase of study to determine if EOR operations of this magnitude are possible in the region. In addition to the required construction of a dedicated CO_2 pipeline from the GTL facility to Cook Inlet reservoirs, current facilities also require updated oil separation equipment in order to recover CO_2 contained in the oil, and compress it to a pressure suitable for re-injection. Due to the fact the majority of production in the Cook Inlet occurs on off-shore platforms, cost of this infrastructure would be greatly increased compared to onshore operations.

There are currently no offshore CO_2 EOR facilities in the world, although secondary recovery techniques are being employed in the North Sea and tertiary recovery operations are being

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investigated [21]. The major onshore field in the Cook Inlet is Swanson River, as shown in Figure 7-9. If CO_2 EOR was applied to this field alone it could store 8 to 11 million short tons of CO_2, producing 40 to 55 million barrels of incremental oil, providing enough storage for the entire lifetime of the Case A facility, but additional end-users would be required for Cases B and C.

With high oil prices, the incremental oil production from CO_2 EOR could provide a credit for the GTL facility, but further investigations into costs of additional infrastructure and willingness of plant operators to extend the lifetime of aging production facilities is necessary. However, even with uncertainty regarding these issues, CO_2 EOR is still the preferred end-user for CO_2 produced by the GTL facility.

7.4.1.2 Sequestration

Two potential options for CO_2 sequestration in the Cook Inlet region include injection into depleted gas reservoirs and injection into saline aquifers. The burden of costs for either option lies with the GTL facility and therefore taxation on CO_2 emissions would likely be required before pursuing these options.

Requirements for both cases of CO_2 injection for underground storage include the following geological formations:

- Porous and permeable reservoir rocks to provide sufficient storage volume for CO_2 and allow injected CO_2 to move away from injection point;
- Sealing rocks with no porosity or permeability to provide barriers preventing CO_2 from leaking out of the reservoir rock; and
- Trap geometric configuration of the reservoir rock and seal to ensure CO_2 remains isolated in one place.

7.4.1.2.1 Depleted Gas Reservoirs

Injection into depleted gas reservoirs is the most attractive option for two main reasons: 1) the integrity of the formation is more well known, as the same permeable reservoir rock has stored natural gas for thousands of years; by injecting CO_2 into these formations there is greater confidence that it will be permanently sealed into the formation; and 2) the majority of required infrastructure is already in place and may be re-used for CO_2 injection, providing capital investment savings.

In the Cook Inlet region, there are a number of large gas reservoirs within proximity to the proposed site, but all are currently producing gas and are expected to continue producing gas in the short-to-medium term future. For this reason it is unlikely that depleted gas reservoirs can be utilized for CO_2 sequestration. Further investigation into the expected production timeline and co-operation of field owners for this option will be conducted in future phases of study.

7.4.1.2.2 Saline Aquifers

Saline aquifers are sedimentary formations with no economic value that contain high salinity water. These formations are estimated to have the largest CO_2 storage potential throughout the U.S. Injection into saline aquifers would require development of all necessary infrastructure including distribution pipelines, injection wells and supporting facilities.

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In the Cook Inlet region, saline aquifer formations underlie all of the Kenai Peninsula at shallow depths between approximately 3,000 to 5,000 feet. Further details regarding the formation characteristics are required prior to making any definite conclusions, but it is likely that aquifers with sufficient storage volume for all of the CO_2 produced by the GTL facility could be located in the Cook Inlet region.

7.4.2 Fairbanks

For interior Alaska, information regarding CO_2 storage resources is limited due to harsh working environments and lack of local industrial CO_2 sources. Most of the research to date has been focused on Cook Inlet and North Slope regions which have large sources of industrial CO_2 and extensive characterization data from oil and gas exploration [17].

Exporting CO_2 to either Cook Inlet or North Slope regions for EOR operations is impractical due to high costs associated with constructing a dedicated CO_2 pipeline to either site from Fairbanks. There are no depleted oil and gas reserves in the Fairbanks region for sequestration of CO_2, and although Fairbanks does have various sedimentary formations nearby, deep saline aquifers with necessary sealing characteristics have not been identified and may not exist.

The primary option for CO_2 sequestration in the Fairbanks region involves injecting CO_2 into deep unmineable coal seams near the Healy coalfields, approximately 115 miles southwest of Fairbanks. Coal has the affinity to adsorb many gases, and gaseous CO_2 injected will displace gases with lower affinity to adsorption, such as methane. Although potential for CO_2 sequestration in coal seams is large, the process for CO_2 trapping is still not well understood and various pilot projects around the world are investigating the technology [22]. In addition to sequestration potential in deep coal seams, by displacing methane, CO_2 injection has the potential of enhanced coal bed methane (ECBM) production, but the Healy coalfields currently do not have any ECBM facilities so this would likely be impractical.

Similar to sequestration methods discussed above, costs for CO_2 pipeline, injection wells and associated facilities would be the responsibility of the GTL plant owner.

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8. Project Execution Schedule

The schedule assumes an increasing level of detail per FEL (Front End Loading) phase. The phased approach ensures no plant areas, systems, procedures or other items/tasks are omitted from the design. This phased approach has proven successful in the development of capital projects across a wide variety of industries, including: mining, metals, infrastructure, energy and others.

A projected schedule, Table 8-1, outlines the major steps for the Case B facility (33,260 bbl/day). The schedule assumes an immediate notice to commence without major delays – attributable, but not limited to:

- Access to technology
- Permitting
- Financing
- Equipment fabrication
- Labor sourcing
- Construction
- Commissioning
- Start-up

The schedule is based on GTL projects previously completed or currently under construction. In order to accommodate for the shortened transportation and construction season, the schedule assumes modular construction, as discussed in section 7.1.8.

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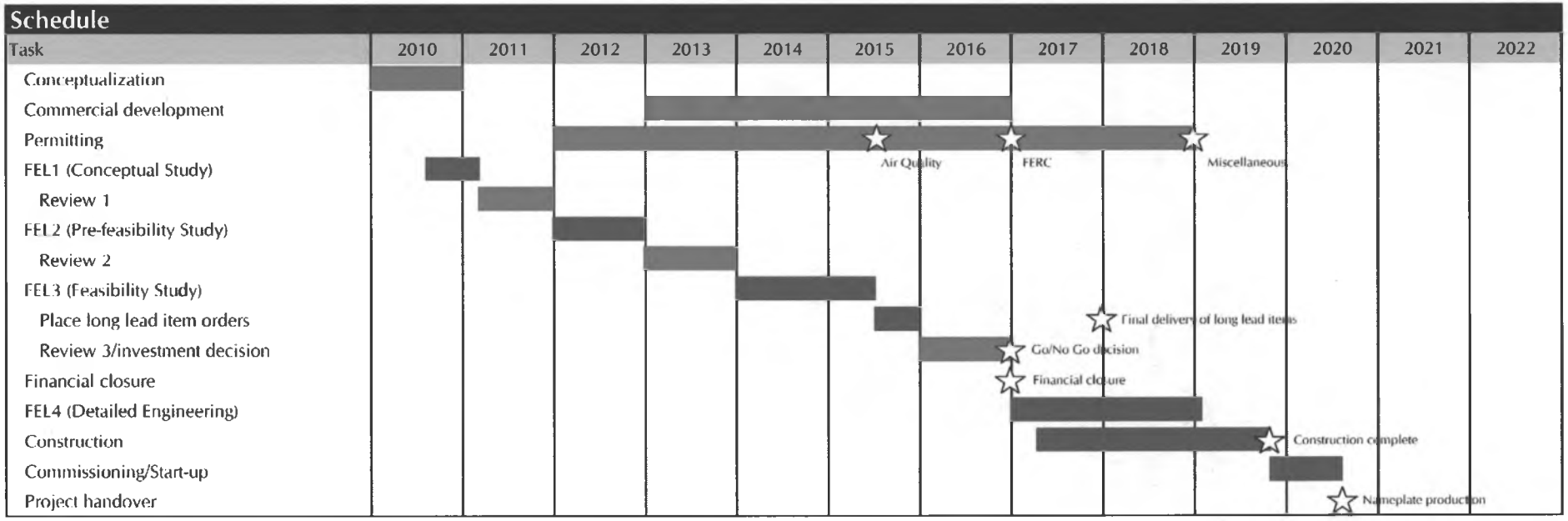
Table 8-1: Project Schedule for Southern Alaskan GTL Facility



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With FEL1 complete, it is expected that FEL2 (pre-feasibility study) and appropriate owner's review to span Q2-2011 through Q4-2012. Upon owner's satisfaction, order to proceed to FEL3 (feasibility study/basic engineering) is anticipated for Q4-2013. The FEL3 owner's review is scheduled for 2016, with authorization to place long-lead item orders (most critical are the FT reactors). The long-lead item orders are placed on condition of successful board approval from the owner. It is assumed that such approval requires appropriate financial closure for the project.

The period required for financial closure is assumed to be in line with the schedule, however, it must be noted that financing for capital projects of this scale requires considerable time to confirm. Prior to construction, the greatest risk to schedule delay is a lack of financial closure.

With financing confirmed, FEL4 (detailed engineering) immediately follows FEL3 – Q4-2016. FEL4 is expected to take two years with construction – site preparation – starting in Q2-2017. The overlap is required in order to meet the schedule and accommodate the shortened construction season in Alaska and made possible by the modular construction approach.

Mechanical completion of the facility is planned for Q4-2019. Commissioning and start-up are expected to be completed in Q3-2020 and project handover upon attainment of nameplate production capacity.

The projected periods are based on projects of similar type and scale, notably Oryx, Pearl and Escravos GTL facilities. Although each facility had differing timelines, the projections for development and construction were similar. Schedule contraction relative to existing projects was assumed in the commissioning and start-up phase due to the expected knowledge gained by technology licensors in existing and under development projects.

9. GTL Capital Cost Estimate (CAPEX)

A capital cost estimate was prepared for Case B (33,260 bbl/day) assuming a fully integrated gas-to-liquids facility based in southern Alaska. The basis for the estimate includes:

Project Type:	Greenfield gas-to-liquids facility
Plant Capacity:	33,260 bbl/day of diesel and naphtha based fuels
Location:	Southern Alaska
Construction Type:	Modular
Currency:	USD
Estimate Type:	Order-of-Magnitude
Estimate Class:	AACE Level 4
Level of Engineering:	1% complete
Contingency:	30% (minor variances per plant)

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Accuracy: -30%, +40%

Location Factor: 1.25

The fully integrated facility includes the plant areas as listed in Table 4-4. Each plant area's disciplines have been scaled from respective delivered direct equipment costs and include:

- Erection
- Piping
- Structural steel
- Electrical
- Instrumentation
- Island services
- Excavation & site preparation
- Auxiliaries
- Field expense
- Engineering
- Contractor's fee, overhead, profit
- Contingency

In addition, auxiliaries for each unit include the necessary infrastructure and offsites required:

- Process flare
- Maintenance shop & stores
- Emergency response
- Storage yard
- Product export
- Security
- Administration

There are also other costs captured, but not explicitly broken out within the estimate which include:

- Freight
- Spares
- Commissioning
- Temporary construction facilities
- Camp

Exclusions from the estimate – although some have been captured within the economic model, include:

- Land
- Infrastructure outside battery limit
- Labor transportation
- License fees
- Owner's management costs
- Working capital
- Insurance
- Permits
- Legal fees
- Financing fees
- Taxes, duties, brokerage fees
- Escalation
- Foreign exchange
- Other statutory charges

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The methodology associated with an AACE Class 4 estimate is appropriate for a conceptual study and for identification of requirements necessary for the next phase of study. The estimate includes the use of equipment quotations, factored equipment costs and parametric models.

Estimates for Case A and C were factored from Case B on a per train basis. It was assumed that a savings of 15% (based on Hatch experience) is common on subsequent trains. The resulting savings per unit of production from Case A (single-train) to Case B (double-train) and to Case C (quadruple-train) are 7.5% and 11.3%, respectively. Savings are attributable due to duplication of design; however, the majority of the costs are associated with procurement and construction tasks. The estimates for Cases A, B and C are presented in Table 9-1.

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Table 9-1: Capital Cost Estimate for GTL Facility in Port MacKenzie

Capital Estimate Summary [USD]		Case A [16,630 bbl/day]	Case B [33,260 bbl/day]	Case C [66,520 bbl/day]
No.	**Plant Area**			
0100	Natural Gas Compression, Purification & Conditioning	26,182,000	48,436,000	92,946,000
0200	Air Separation Unit	209,321,000	387,244,000	743,090,000
0300	Autothermal Reforming	162,128,000	299,936,000	575,554,000
0400	Fischer-Tropsch Synthesis*	619,290,000	1,145,687,000	2,198,480,000
0500	Hydrogen Plant	37,466,000	69,313,000	133,004,000
0600	Product Upgrading	included in area 0400 - FT	included in area 0400 - FT	included in area 0400 - FT
0700	CO2 Capture, Dehydration & Compression	99,570,000	184,205,000	353,474,000
0800	Boiler Feed Water & Steam System	91,175,000	168,673,000	323,671,000
0900	Power Generation System	180,615,000	334,138,000	641,183,000
1000	Water Management System	112,384,000	207,911,000	398,963,000
1100	Fuel Gas System	3,548,000	6,563,000	12,595,000
1200	Cooling Water System	9,451,000	17,485,000	33,551,000
1300	Tankage	31,034,000	57,412,000	110,171,000
	Fixed Capital Investment‡	1,582,164,000	2,927,003,000	5,616,682,000
	Unit Cost [USD/(bbl/day)]	95,100	88,000	84,400

* FT Synthesis includes: FT Synthesis, Hydrogen Plant, and Upgrading

‡ FCI includes indirect costs: camp, temporary construction facilities, freight, spares, commissioning

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The AGDC estimate has been benchmarked against previously constructed (or in construction) GTL facility estimates – escalated to the current southern Alaskan market (using CEPCI index and location factor) – see Appendix D for additional details.

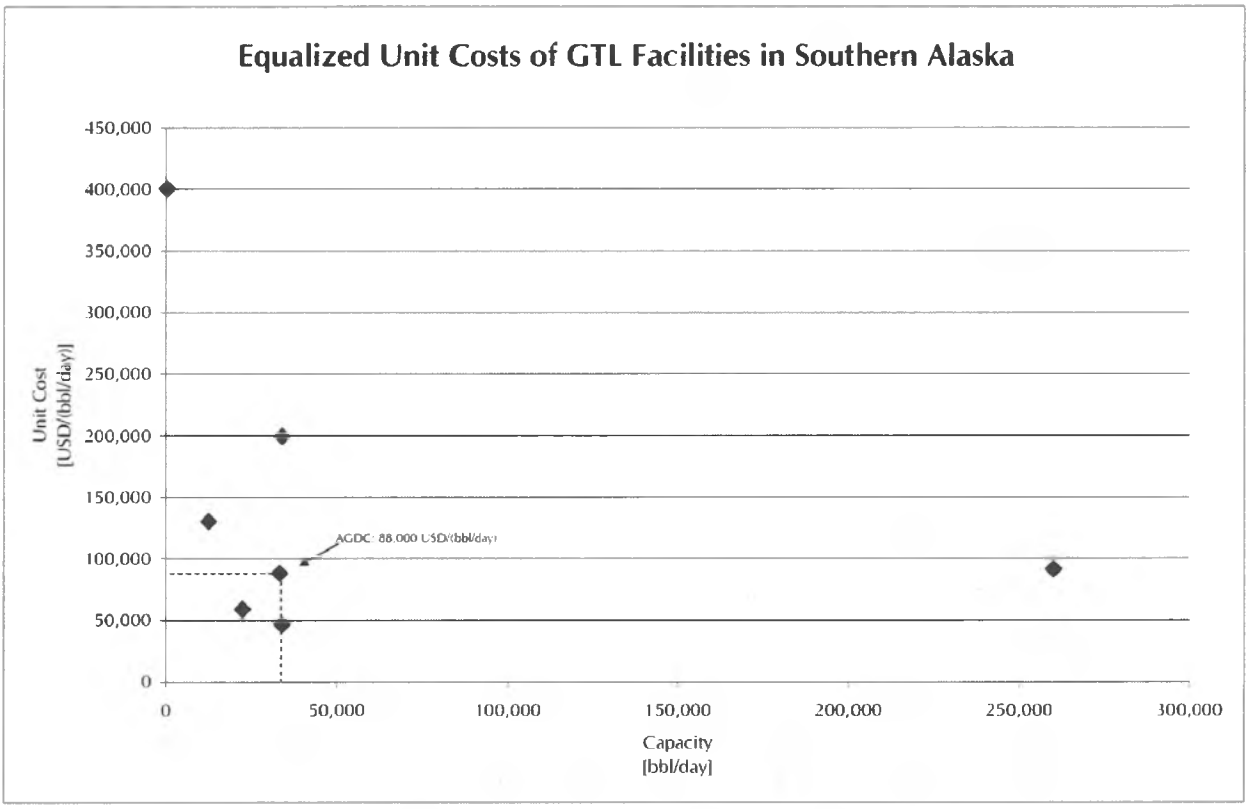

Figure 9-1: Benchmarked Southern Alaska GTL Capital Cost Estimates

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10. GTL Operating Cost Estimate (OPEX)

Conceptual level operating cost estimates for the Case A (1 FT train); B (2 FT trains) and C (4 FT trains) GTL facilities are summarized in Appendix E. The analysis is presented in 2010 USD, and for calculation purposes the OPEX considers the Port MacKenzie plant location. Operating cost variation between Port MacKenzie and Fairbanks is discussed in section 11.2.

10.1 Variable Costs

Variable operating costs consist of estimates for raw materials and utilities, as described below.

10.1.1 Raw Materials

The primary raw material for the GTL facility is natural gas. Case B consumes 309 MMSCFD, which is equivalent to 13,350 MMBTU/hr. The delivered price of natural gas to the GTL plant inlet at Port MacKenzie for Cases A, B, and C are given by AGDC to be 8.75, 7.61, and 6.88 USD/MMBTU respectively. The differences are due to economies of scale of the natural gas pipeline for the larger facilities, which is reflected in the transportation tariff portion of these values. This tariff represents a major component of the gas cost from the North Slope to the GTL facility; therefore AGDC assumes a GTL facility in Fairbanks will have delivered natural gas prices of 7.25, 6.15, and 5.74 USD/MMBTU for Cases A, B and C respectively.

Other raw materials include chemicals and catalysts, which are required by process units such as the autothermal reactors (ATR), FT synthesis reactors and water treatment. Annual costs for standard chemicals and catalysts (reforming catalyst and water treatment chemicals) are estimated based on discussions with various suppliers and Hatch in-house data. For specialty items such as the cobalt-based FT catalyst, the consumption rate and cost of the catalyst are also estimated using Hatch's in-house data and experience. The annual cost for the cobalt-based FT catalyst is estimated to be approximately 70% of the total chemical and catalyst costs. Confirmation from the selected technology provider is required during future phases of study.

10.1.2 Utilities

As described in section 5.4.1, the GTL facility can export approximately 60 MWe, 119 MWe, and 239 MWe of power for Cases A, B, and C, respectively. Based on discussions with the Matanuska Electric Association (MEA), Chugach Electric Association (CEA) and Golden Valley Electric Association (GVEA), it is estimated that the GTL facility would received a credit of 45 USD/MWh for power exported to the grid in the Port MacKenzie region.

The GVEA estimated that in the Fairbanks region a likely estimate of 60 USD/MWh could be received for power export to the grid. This value is lower than current electricity rates due to the fact that power could be produced at a lower cost with natural gas compared to the current generation fleet, primarily based on coal and oil. Natural gas is currently the primary source of power generation in the Cook Inlet region, and the MEA and CEA confirmed that a wide range of power credits could be available for the GTL facility based primarily on available natural gas price. Historical data shows that the electricity rates in the Cook Inlet are typically about 25% below those of the GVEA; hence a 45 USD/MWh credit was estimated, which falls on the conservative end of the

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45-64 USD/MWh range provided (under today's conditions). Details regarding the ability of local grids to handle this power export are to be investigated during future phases of engineering

The other major plant utility is water. Costs associated with water treatment include disposal of effluent from the water reclamation plant, and disposal of waste activated sludge from the biological treatment processes. The water reclamation plant generates a brine stream, which the local utility in Anchorage would likely accept at their wastewater treatment facility for a surcharge of about 5.04 USD/gallon. Waste biosolids from the biological treatment processes are dewatered and disposed of at the local landfill. In Anchorage, the local landfills accept this material for a surcharge of 103 USD/st. The calculated water consumption may be reduced by implementing more capital intensive water treatment configurations. The viability of such systems needs to be investigated at a more detailed phase of the study.

The water treatment facility within the GTL plant is described in section 4.4.4 and only requires a source of groundwater to supply the entire plant water demand. There may be an opportunity to purchase potable water directly from the local publicly owned treatment works. Depending on the plant location, the cost benefits of this should be considered during future stages of engineering, along with the option of drawing all plant water requirements from a publicly owned facility.

10.2 Fixed Costs

Fixed operating costs consist of estimates for operations, maintenance, SG&A (selling, general and administration), and insurance.

10.2.1 Operations

An estimated 260 staff, split in four shifts, are required to maintain operations of the Case B GTL facility. This estimate includes managers/supervisors, plant operators, area specialists, and contracted workers. Average annual salaries for each of these positions were estimated from the Alaska Department of Labor and Workforce Development Occupational Tables, September 2010 [20]. Case A and C require an estimated 160 and 345 personnel, respectively.

Operations expense for each case also includes one general manager for the plant and an allowance for direct overheads, estimated at 75% of personnel cost.

10.2.2 Maintenance

Maintenance costs, including parts and labor, are estimated for each major process area using a percentage factor of area fixed capital investment. The individual factors are presented in Appendix E, but overall maintenance costs total approximately 2% of the fixed capital investment for the GTL facility.

10.2.3 SG&A and Insurance

Selling, general and administrative costs are estimated at 1.0% of plant revenue annually. To present these costs in 2010 USD for the operating costs summary tables, the 1.0% factor is applied to the plant revenue during the first full year of nameplate operating capacity (2021), and discounted back to 2010 using the assumed inflation rate of 3%.

Insurance costs are also a factored estimated, 0.5% of fixed capital investment for the GTL facility.

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10.3 Operating Cost Summary

A summary of GTL operating costs for Case B is presented in Table 10-1. Total operating costs are estimated to be approximately 925 Million USD, equivalent to 83.45 USD/bbl of facility production. Detailed breakdown of the operating cost estimate is presented in Appendix E.

Table 10-1: Case B GTL Operating Costs for Port MacKenzie

Operating Costs	Annual Cost [USD]	Unit Cost [USD/bbl]
Variable Costs		
Natural Gas	812,748,000	73.31
Chemicals & Catalysts	36,070,000	3.25
Utilities	(39,355,000)	(3.55)
Total Variable Costs	**809,463,000**	**73.01**
Fixed Costs		
Operations	34,563,000	3.11
Maintenance	56,161,000	5.07
SG&A and Insurance	25,009,000	2.26
Total Fixed Costs	**115,733,000**	**10.44**
TOTAL OPERATING COSTS	**925,196,000**	**83.45**

Using the assumptions described above, natural gas accounts for about 90% of the GTL facility operating costs.

A comparison of costs between Cases A, B and C for the Port MacKenzie location is presented in Table 10-2. Variable expenses are directly related to plant production, and therefore are equal, at this level of accuracy, for all cases on a normalized USD/bbl produced basis. The exception to this is natural gas, which benefits from economies of scale of the pipeline reducing delivered prices to larger plant sizes. Economies of scale are also shown by the differences in fixed operating costs. This results in Case C having the lowest normalized operating costs at approximately 75 USD/bbl.

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Table 10-2: Operating Cost Comparison Between Cases A, B and C for Port MacKenzie location

Operating Cost	Unit Cost [USD/bbl]		
	Case A (1 Train)	Case B (2 Trains)	Case C (4 Trains)
Variable Costs			
Natural Gas	84.30	73.31	66.28
Chemicals & Catalysts	3.25	3.25	3.25
Utilities	(3.55)	(3.55)	(3.55)
Total Variable Costs	**84.00**	**73.01**	**65.98**
Fixed Costs			
Operations	3.74	3.11	2.09
Maintenance	5.48	5.07	4.86
SG&A and Insurance	2.36	2.26	2.20
Total Fixed Costs	**11.58**	**10.44**	**9.15**
TOTAL OPERATING COSTS [USD/bbl]	**95.58**	**83.45**	**75.13**
TOTAL ANNUAL OPERATING COSTS [Million USD]	**530**	**925**	**1,666**

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11. Cost Variances: Fairbanks vs. Port MacKenzie

11.1 Capital Estimate

As previously discussed, construction and operations are dependent on plant siting, as are their respective costs. Due to the import of major and minor equipment, along with the majority of bulks required for siting at Fairbanks, there are increased costs associated with construction. As previously discussed in section 7 and 7.1.8, access to a deep draft port is important and many of the incremental costs from the base case estimate (Port MacKenzie) to Fairbanks are associated with no such access.

With the base case considered, additional costs associated with construction in the Fairbanks region are expected as a result of:

- Stick-built
- Lower labor productivity
- Additional infrastructure (port, roads)
- Prolonged schedule
- Increased indirects
- Increase labor rates (no low-cost region)

For this study, it is estimated that the 'cost adder' to the base case (Port MacKenzie) CAPEX associated for Fairbanks is 1.25 (accuracy -30%/+40%) times the total Port MacKenzie CAPEX. Further engineering is required in order to quantify the above and other impacts omitted from the current study, in order to increase the level of accuracy of the cost estimate. Further discussion as to the impact of this capital increase is discussed in section 12.3.

11.2 Operating Cost Variance

In addition to capital cost variances between the two proposed plant locations, operating costs will also vary. Overall, operating cost variances between the proposed Port MacKenzie and Fairbanks locations are dictated by the natural gas price in each region, but the netback FT product price and power credit in Fairbanks will also have an impact on plant economics. These variances are described in subsequent sections.

11.2.1 Natural Gas

Natural gas accounts for the majority of operating costs for the facility, and with the plant located approximately 350 miles closer to the natural gas source (North Slope) in Fairbanks this cost is reduced. Based on the recommendation from AGDC, the cost of natural gas delivered to the plant inlet at Fairbanks for Case B is assumed to be 6.15USD/MMBTU. This results in an annual operating cost of 656,820,000 USD, which represents 155,928,000 USD, or 14.06 USD/bbl in savings compared to the Port MacKenzie plant location.

11.2.2 Netback FT Product Price

A Fairbanks plant location requires overland transportation of FT products in order to reach the coast for export to market. For this study rail transport from Fairbanks to Anchorage has been assumed, and further details of this cost are provided in section 3.1.

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The Case B GTL facility in Fairbanks would require approximately 50 operational cars per day (37 for diesel fuel and 13 for naphtha) to ship FT products to Anchorage, which results in the lease of 150 total rail cars per annum. The lease of cars combined with the assumed transport tariff and fuel surcharge result in additional transport costs of about 34.5 Million USD for the Case B facility in Fairbanks compared to Port MacKenzie Case B facility. This added transportation cost has been accounted for in the netback product prices for Fairbanks.

11.2.3 Power Export

As discussed in section 10.1.2, the most likely power credit available for a GTL facility in Fairbanks would be approximately 60 USD/MWh from the GVEA, greater than the expected credit of 45 USD/MWh from MEA in Port MacKenzie. This higher credit would result in approximately 14 Million USD of additional revenue for the Case B facility in Fairbanks, equivalent to 1.30 USD/bbl. The ability of local grids to handle these levels of power will be investigated during future phases of study.

11.2.4 Miscellaneous Variable Operating Costs

Chemical and catalyst costs will increase slightly due to increased transportation required to deliver materials to Fairbanks, typically by rail. From discussions with local transport companies, a value of approximately 0.27 USD/lb is reasonable to assume for material transport of this kind between Anchorage and Fairbanks. The largest catalyst requirement is FT catalyst, and additional transport for this material would result in an additional 112,000 USD per year for Case B, equivalent to 0.01 USD/bbl. Additional expenses can be expected for other materials, but these will have little to no impact on overall operating costs.

The cost for water treatment related utilities will vary in Fairbanks compared to Port MacKenzie, but surcharges from the local utility for effluent discharge are currently unknown. Water treatment accounts for a negligible impact on overall operating cost variance.

11.2.5 Fixed Operating Costs

Estimates for operating personnel are expected to increase by approximately 3% in Fairbanks compared to Port MacKenzie, as provided by AGDC. This small adjustment has little impact on overall plant operating costs.

As discussed in section 10.2, both maintenance and insurance costs are calculated as a factor of fixed capital investment, and therefore will increase proportionately for the Fairbanks plant location.

SG&A costs are assumed to remain relatively constant between the two locations, and any minor changes due to increased transport will not impact the overall plant operating costs.

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11.2.6 Summary of Fairbanks Operating Costs

A comparison of costs between Cases A, B and C for the Fairbanks plant location is presented in Table 11-1. In addition, Table 11-2 illustrates that the lower operating cost in Fairbanks, a 16% reduction, are directly related to the reduced natural gas price.

Table 11-1: Operating Cost Comparison between Cases A, B and C for Fairbanks location

Operating Cost	Unit Cost [USD/bbl]		
	Case A (1 Train)	Case B (2 Trains)	Case C (4 Trains)
Variable Costs			
Natural Gas	69.85	59.25	55.30
Chemicals & Catalysts	3.25	3.25	3.25
Utilities	(4.84)	(4.84)	(4.84)
Total Variable Costs	**68.26**	**57.66**	**53.71**
Fixed Costs			
Operations	3.85	3.21	2.15
Maintenance	6.85	6.33	6.08
SG&A and Insurance	2.70	2.57	2.50
Total Fixed Costs	**13.40**	**12.11**	**10.73**
TOTAL OPERATING COSTS [USD/bbl]	**81.66**	**69.77**	**64.43**
TOTAL ANNUAL OPERATING COSTS [Million USD]	**453**	**774**	**1,429**

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Table 11-2: Case B Operating Cost Comparison between Port MacKenzie and Fairbanks

Operating Cost	Unit Cost [USD/bbl]		
	Port MacKenzie (CASE B)	Fairbanks (CASE B)	Cost Reduction
Variable Costs			
Natural Gas	73.31	59.25	19%
Chemicals & Catalysts	3.25	3.25	0%
Utilities	(3.55)	(4.84)	36%
Total Variable Costs	**73.01**	**57.66**	**21%**
Fixed Costs			
Operations	3.11	3.21	(3%)
Maintenance	5.07	6.33	(25%)
SG&A and Insurance	2.26	2.57	(14%)
Total Fixed Costs	**10.44**	**12.11**	**(16%)**
TOTAL OPERATING COSTS [USD/bbl]	**83.45**	**69.77**	**16%**
TOTAL ANNUAL OPERATING COSTS [Million USD]	**925**	**774**	**16%**

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12. GTL Economic Analysis

12.1 Framework and Assumptions

In order to assess the economic feasibility of the GTL plant, the project is analyzed using a discounted cash flow (DCF) analysis. Both Free Cash Flows to the Firm (FCFF) (unlevered cash flows) and Free Cash Flows to Equity (FCFE) (levered cash flows) are computed and discounted at their appropriate discount rates of the weighted average cost of capital (WACC) and the cost of equity, respectively.

The valuation horizon is 30 years after commissioning in September 2019 and no residual value is assumed at the end of operations.

The framework and key assumptions for the GTL Economic Analysis are summarized in Table 12-1 and detailed in the subsequent sections below.

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Table 12-1: Framework and Key Assumptions for the GTL Economic Analysis

Parameter	Base Case (Port MacKenzie)	Differential Case (Fairbanks)
Product Mix	Base : Diesel + Naphtha Alternative : Diesel + Naphtha + Jet Fuel	Same as Base Case
Target Markets	U.S. West Coast for Diesel and Jet Fuel Japan for Naphtha	Same as Base Case
No. of GTL Trains	2 Variance shown for 1 train (Case A) and 4 trains (Case C)	Same as Base Case
Delivered Natural Gas Price	7.61 USD/MMBTU	6.15 USD/MMBTU
Crude Oil Price Forecast (Figure 12-1)	80 USD/bbl constant in real terms; escalated at 3%/a in nominal terms EIA AEO 2011	Same as Base Case
Power Export Price	45 USD/MWh	60 USD/MWh
Currency	2010 USD	Same as Base Case
CAPEX	Base CAPEX as defined in section 9	Base CAPEX + 25%
Capital Spending Profile	Construction: S-Curve profile Engineering and Development: back-loaded curve	Same as Base Case
Tax Assumptions	See section 12.1.4	Same as Base Case
Debt:Equity	50:50	Same as Base Case
Cost of equity	12% per annum nominal	Same as Base Case
Cost of debt	LIBOR + 6% per annum nominal	Same as Base Case
Working Capital	See section 12.1.6	Same as Base Case

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12.1.1 Product Mix and Markets Assumptions

The base case product mix (diesel + naphtha) and target markets have been determined based upon the market analysis results presented in section 3 of this report. These results, which are based on netback prices, suggest that maximizing FT diesel yields higher revenue. The results also indicate that, given the market sizes, growth trends and demand volatility, the U.S. West Coast market is the best target for FT diesel. Note that the economic model is built with the embedded functionality to change both the product mix to include FT jet fuel and the target markets in order to evaluate alternative scenarios for future circumstances. Finally, FT naphtha is assumed to be exported to Japan.

The base case product mix is therefore comprised of 24,680 bbl/day of FT diesel, equivalent to 74% of the total plant output, and 8,580 bbl/day of FT naphtha, equivalent to 26% of the total plant output.

The alternative product mix is comprised of 13,780 bbl/day of FT diesel, 12,555 bbl/day of FT jet fuel and 6,660 bbl/day of FT naphtha, equivalent to 42%, 38% and 20% of the total plant output, respectively.

Summary economic results are presented for Cases A (1 FT train) and C (4 FT trains) corresponding to 16,630 bbl/day and 66,520 bbl/day of product respectively.

12.1.2 Key Price Assumptions

Crude oil and natural gas prices are the two most important drivers of a GTL plant's economics. Specifically, a large spread between feedstock (natural gas) prices and output (FT products relative to crude oil) prices improves the business case. Price escalation, to be applied to both revenue and costs, is assumed at 3% per annum based on the U.S. historical inflation rate.

The GTL plant revenue from the FT products are calculated relative to the crude oil price. The market analysis derives the historical, statistically significant, relationships between crude oil (defined as Cushing, OK WTI) and the best proxy products to FT liquids for which data is available. Therefore, determining the appropriate WTI projection is a key step in this analysis as it determines the GTL plant's revenue stream. AGDC has determined that 80 USD/bbl (constant in real terms and escalated at 3% per annum in nominal terms) is the appropriate projection to be used in this assessment. An alternative projection, provided by U.S. Energy Information Administration (EIA), is presented in Figure 12-1 and shown alongside the AGDC forecast. Summary economic results are presented for both crude oil projections.

No selling price premium is assumed for FT liquids as there is only anecdotal evidence or unverifiable data on potential FT liquid premiums over and above the proxy products used in this study. Furthermore, it is assumed that any potential premium will be offset by the required blending prior to final sale.

Natural gas prices are comprised of wellhead costs at the North Slope plus transportation costs to the GTL plant, henceforth described as the 'delivered natural gas price.' AGDC has determined that a 7.61 USD/MMBTU and a 6.15 USD/MMBTU delivered natural gas price should be assumed for the

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purpose of this study for the Port MacKenzie and Fairbanks locations, respectively. Note that the natural gas transportation cost is levelized in nominal terms, and therefore only the wellhead cost of 1.00 USD/MMBTU is escalated at 3% per annum, while the pipeline tariff is left constant over the valuation horizon.

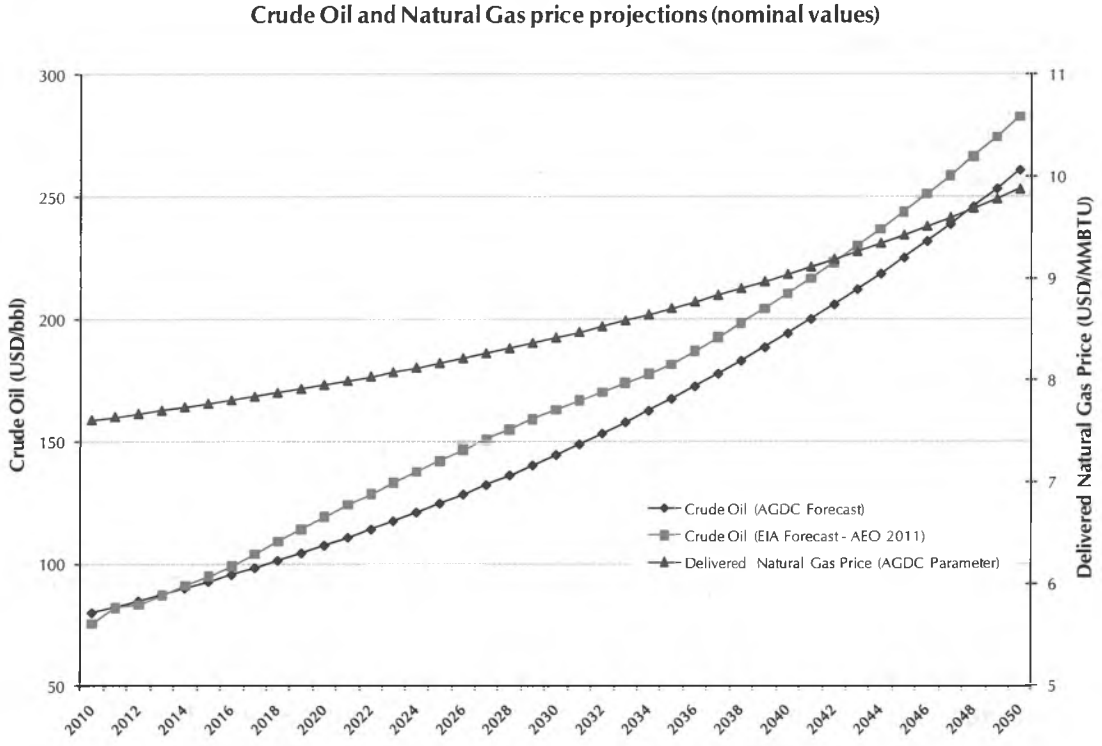

Figure 12-1: Crude oil and delivered natural gas to Port MacKenzie projections (in nominal terms)

An additional source of revenue for the GTL plant is from power export, which amounts to 119 MWe and 107 MWe for Case B (base case) producing the base product mix and the alternative product mix, respectively. Power export price, in 2010 USD, and in consideration of a new supply-demand equilibrium after the GTL plant is commissioned, is estimated at 45 USD/MWh and 60 USD/MWh at Port MacKenzie and Fairbanks, respectively.

12.1.3 Capital Spending Profile, Depreciation and Sustaining Capital Assumptions

Capital spending is assumed to follow an S-Curve profile and is split between engineering and development and plant construction costs. Following the project execution schedule presented in section 8 of this report, engineering and development is materialized from 2011 to Q4-2018, whereas plant construction occurs from Q2-2017 to Q4-2019. Engineering and development spending is assumed to follow a back-loaded S-Curve, with 92% being spent during detailed engineering onward. Costs are escalated on an annual basis at 3% and a financing and banking fee of 3% is added to the total installed cost.

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For income tax calculation purposes, fixed asset depreciation is split between buildings and GTL equipment. An approximate split based on CAPEX breakdown is 35% for buildings and 65% for GTL equipment. Depreciation rules are based on the U.S. Internal Revenue Service (IRS) Publication 946 and the advice of KPMG Anchorage, AK office. Buildings are depreciated over 30 years using a straight-line method, whereas GTL equipment is depreciated over 7 years using the Modified Accelerated Cost Recovery System (MACRS) method.

For financial purposes, in the preparation of pro-forma income statements, total installed costs are depreciated over 30 years using the straight-line method.

Sustaining capital, that is, fixed asset investments required to keep production and efficiency levels, are assumed to be 4% of the direct capital costs (total installed costs excluding indirect costs and contingency) per annum. For tax depreciation purposes, sustaining capital is depreciated following the rules for GTL equipment. The sustaining capital assumption is based on the average value applicable to crude oil refineries. No difference in sustaining capital is assumed between Fairbanks and Port MacKenzie.

12.1.4 Tax Assumptions

U.S. federal income tax rate is assumed at 35% and the state of Alaska oil and gas corporation net income tax rate of 9.4% is assumed for state income tax. This results in a blended statutory tax rate of 41.1%.

Net Operating Loss Carry Forward (NOLCF) are modeled in order to appropriately reflect the deferred taxes that arise during the years where the GTL plant operates at a loss. Net operating losses are assumed to be carried forward for a maximum period of 20 years.

Borough property taxes are also modeled since they represent a material expense. These taxes are incurred during construction and are applied to the work in progress once the equipment and material purchased outside of Alaska enters the state. Property taxes paid during construction can be capitalized and then depreciated over time.

Once the GTL plant is commissioned, the property tax is applied to the assessed fair market value and improvements, to be determined on an annual basis between the owner and the applicable Borough. For the purpose of this study, it is assumed that a proxy for the fair market value is the accounting book value, that is, plant cost plus sustaining capital minus accumulated depreciation.

For calculation purposes, this study uses the Matanuska-Susitna Borough mill rate, which amounts to 9.956 USD (area wide) plus 0.394 USD (outside of built up areas), as well as a service fee for the Port MacKenzie area of 7.33 USD for a total mill rate of 17.68 USD. For every 1,000 USD of assessed fair market value, 17.68 USD in property tax is due to the Matanuska-Susitna Borough. No assumptions are made regarding negotiations between the GTL plant owner and the Borough for a lower mill rate, although this scenario is conceivable. No property tax distinction is made between Fairbanks and Port MacKenzie at this level of study.

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12.1.5 *Capital Structure, Required Returns and Debt Term Assumptions*

Capital structure is assumed at 50:50 Debt:Equity to finance FEL4 and construction costs. This assumption is based on a DOE recommendation for GTL plants [21]. It is important to point out that, depending on the crude oil and delivered natural gas price scenario, this capital structure may not be attainable since a minimum required debt service coverage ratio may not be met.

Cost of debt is assumed at LIBOR + 6% per annum nominal, following the DOE recommendation for GTL plants [21]. Cost of equity is assumed at 12% per annum nominal as suggested by AGDC in order to make meaningful comparisons to the other two industrial user opportunities under evaluation, namely, LNG export and NGL sales.

Debt term is assumed to be a 20-year bank loan with interest capitalized during the construction period and initial year of operations.

12.1.6 *Working Capital Assumptions*

Working capital is defined as the required investments in inventories and accounts receivable deducted from the supplier's implicit credit though accounts payable. Working capital investments are incurred on a yearly basis and are recovered at the end of the project life. Therefore, working capital essentially represents a financial cost.

It is assumed that the GTL plant does not hold natural gas inventory and that the inventory for chemicals and catalysts, maintenance supplies, and FT liquids (finished products) are 45 days, 30 days and 30 days, respectively. Finished product inventories are valued at cost.

Accounts payable and accounts receivable are assumed to be paid in 30 days.

12.2 Economic Results

12.2.1 *Base Case at Port MacKenzie*

The economic results for the Base Case GTL facility at Port MacKenzie are shown in Table 12-2 for three GTL train sizes (defined by the number of FT trains in the plant): 1 FT train, 2 FT trains and 4 FT trains. The subsequent discussion is mostly focused on the base case (2 FT trains), unless otherwise stated. Table 12-3 below also shows the economic results based on the EIA crude oil forecast.

Table 12-2: Summary of Base Case (Port MacKenzie) Economic Results Using AGDC Crude Oil Forecast

	1 FT Train 16,630 bbl/day	**2 FT Trains 33,260 bbl/day**	**4 FT Trains 66,520 bbl/day**
NPV (12%) to Equity [USD million]	(597)	(695)	(808)

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Table 12-3: Summary of Base Case (Port MacKenzie) Economic Results Using EIA Crude Oil Forecast

	1 FT Train 16,630 bbl/day	2 FT Trains 33,260 bbl/day	4 FT Trains 66,520 bbl/day
NPV (12%) to Equity [USD million]	(370)	(288)	(46)

From an operating perspective, the base case results in a steady-state (when plant nameplate capacity is reached) EBITDA (Earnings before interest, tax, depreciation and amortization) margin of 26% when the plant is located at Port MacKenzie. Of the total plant revenue, 60% is consumed in feedstock natural gas. Figure 12-2 below shows how revenue is spent in variable and fixed costs for Port MacKenzie.

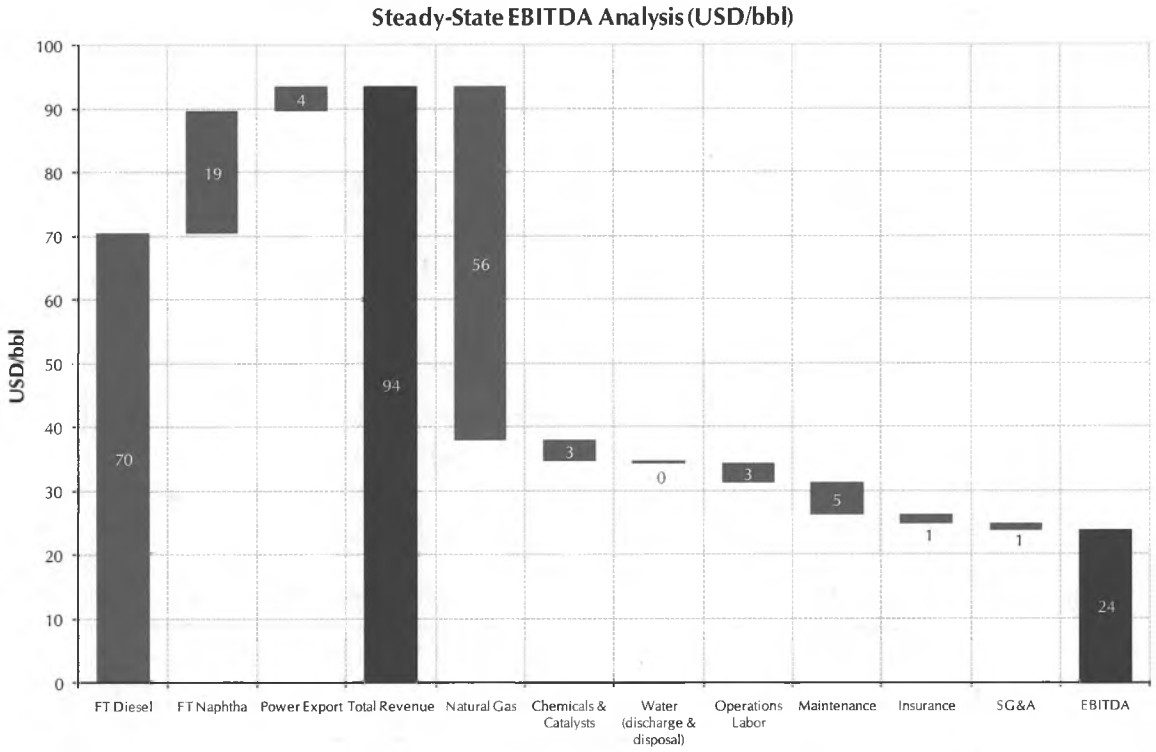

Figure 12-2: EBITDA Analysis (Port MacKenzie)

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These negative NPV values indicate that, given the assumed crude oil price, delivered natural gas price, and other assumptions, the GTL plant does not appear to represent a positive value proposition at Port MacKenzie. However, it is important to expand the analysis to include breakeven prices and sensitivities in order to understand what would be required for a GTL plant to represent an economically feasible industrial opportunity at Port MacKenzie.

12.2.2 Breakeven Analysis

The breakeven analysis discussion assumes that different views can be adopted in terms of both crude oil and delivered natural gas prices, showing the price combinations that will make the NPV to equity to breakeven, that is, the price combinations that will earn equity holders a 12% rate of return. The results of this analysis for the Port MacKenzie option, both the base case CAPEX and a worst-case CAPEX assuming a 40% increase, are shown on Figure 12-3 below.

This analysis shows that, as expected, higher crude oil prices resulting in higher revenues can absorb higher feedstock prices. Any price combination to the right of the breakeven points are NPV positive alternatives. At 80.00 USD/bbl, the GTL plant built at the base CAPEX breaks even with a delivered natural gas price of 4.42 USD/MMBTU. In addition, if the worst-case CAPEX scenario materializes, that is, a 40% increase as assumed by the CAPEX accuracy range, the GTL plant breaks even at 1.80 USD/MMBTU delivered natural gas price.

Table 12-4 below presents the corresponding breakeven delivered natural gas prices for the 1, 2 and 4 FT train cases for Port MacKenzie. The economies of scale effect of a larger plant translate into higher breakeven feedstock prices.

Table 12-4: Delivered natural gas price breakeven analysis in 2010 USD (Port MacKenzie)

	1 FT Train 16,630 bbl/day	2 FT Trains 33,260 bbl/day	4 FT Trains 66,520 bbl/day
Delivered Natural Gas Price [USD/MMBTU]	3.52	4.42	4.97

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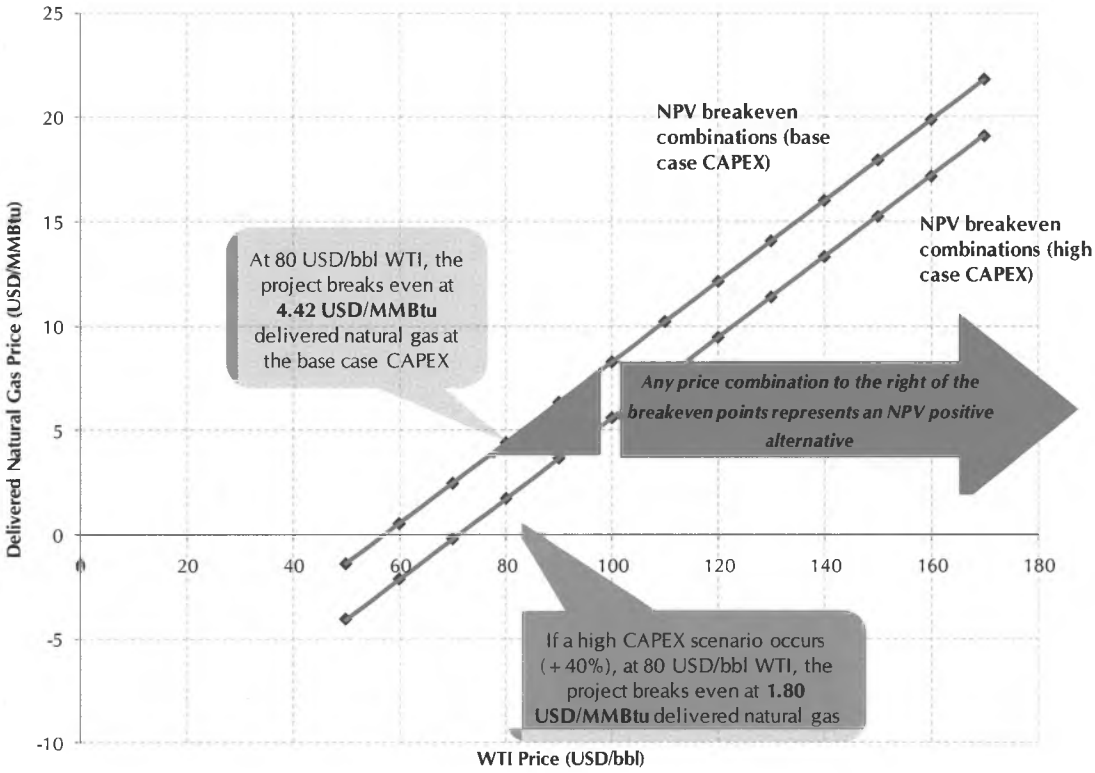

Figure 12-3: Breakeven Analysis in 2010 USD (Port MacKenzie)

12.2.3 Sensitivity Analysis

A sensitivity analysis on the base case at Port MacKenzie is conducted in order to identify and rank the project's key drivers and the effect of their variations on the base case. Figure 12-4 below shows the base case sensitivities to variations from the base case parameters. It can be seen that the GTL plant is most sensitive to crude oil price, delivered natural gas price and CAPEX, in that order. In addition, variable and fixed OPEX changes have only a marginal effect on the project's economic results.

Figure 12-4 also shows that, all else constant, an increase of approximately 20% in the assumed crude oil price or, alternatively, a decrease of approximately 40% in the assumed delivered natural gas price, will allow equity holders to obtain a 12% rate of return. It can also be seen that, all else constant, a significant decrease in CAPEX, of about 50% would make the plant economically viable under these conditions. The latter is obviously an unrealistic target.

A more focused analysis on delivered natural gas sensitivity is provided in Figure 12-5 below, which shows the breakeven delivered natural gas price of 4.42 USD/MMBTU derived as part of the breakeven analysis and the levered NPV results obtained at different prices. An alternative

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representation is shown on Figure 12-6, which depicts the IRR to equity sensitivity to the delivered natural gas.

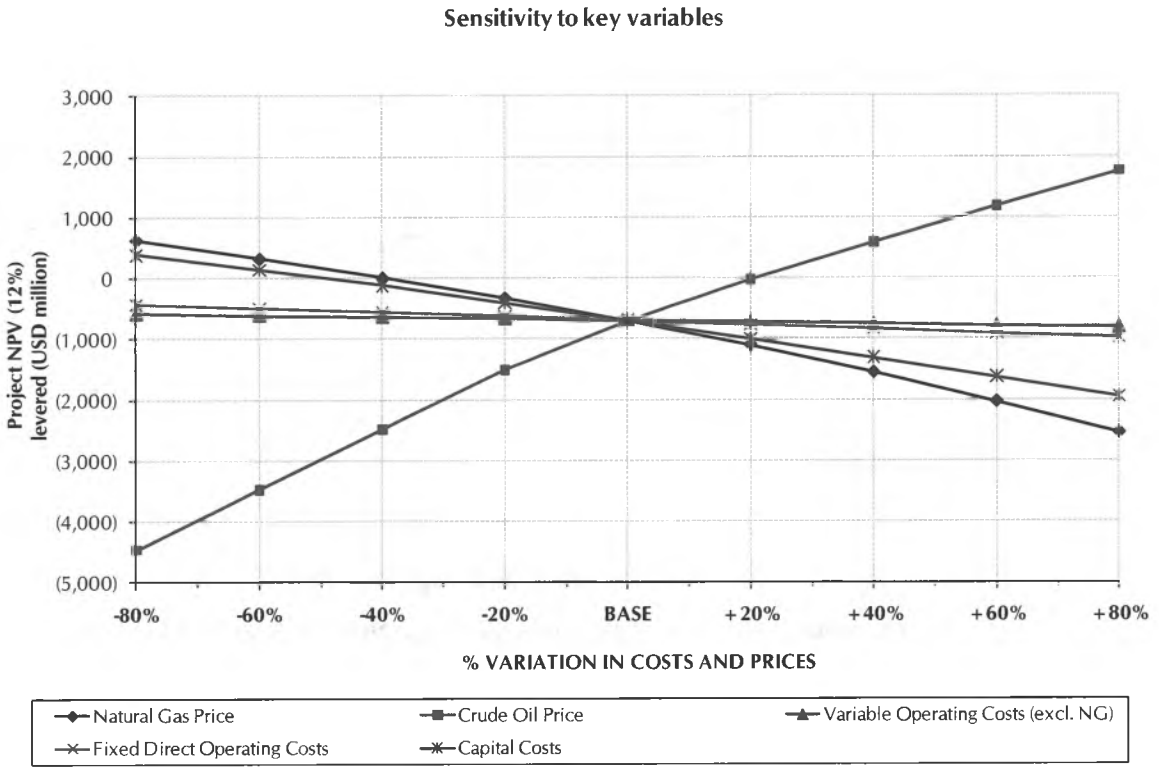

Figure 12-4: NPV sensitivity to key variables

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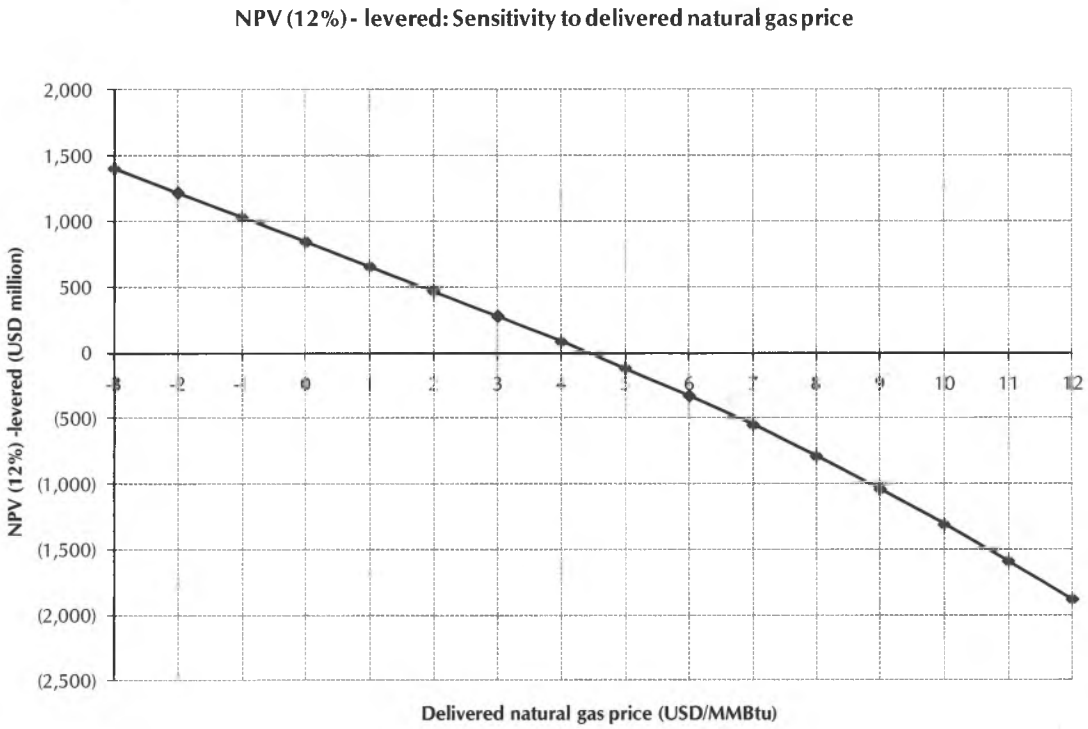

Figure 12-5: NPV sensitivity to delivered natural gas (2010 USD) at Port MacKenzie

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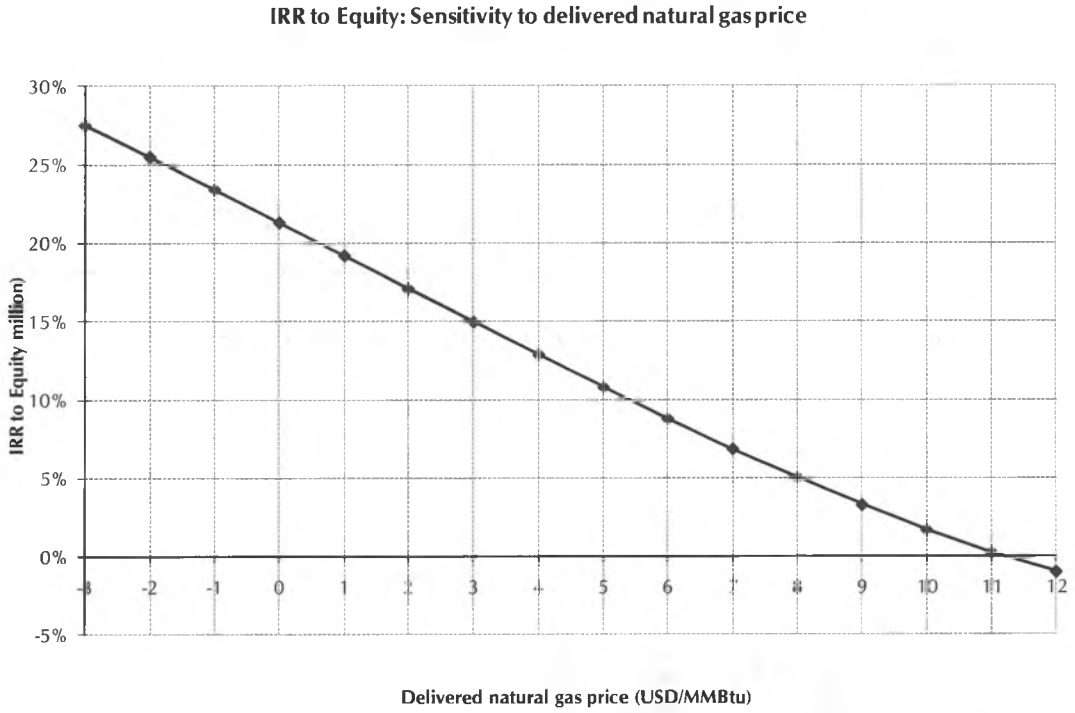

Figure 12-6: IRR to Equity sensitivity to delivered natural gas (2010 USD) at Port MacKenzie

Appendix F to this report contains the detailed financial projections, including pro-forma income statement and statement of cash flows and the resulting FCFF and FCFE for the Port MacKenzie option.

12.3 Differential Case at Fairbanks Compared to Port MacKenzie

The economics of siting the GTL plant in Fairbanks was compared to the base case (Port MacKenzie) economics using a delivered natural gas price to Fairbanks of 6.15 USD/MMBTU as given by AGDC. The basis for this comparison is summarized in Table 12-1. The economic results for the differential case at Fairbanks are compared to the Base Case GTL facility at Port MacKenzie in Table 12-5 (using AGDC crude oil forecast) and Table 12-6 (using EIA crude oil forecast).

Table 12-5: NPV Compared – Fairbanks vs. Port MacKenzie Using AGDC Crude Oil Forecast

NPV (12%) to Equity [USD million]	1 FT Train 16,630 bbl/day	2 FT Trains 33,260 bbl/day	4 FT Trains 66,520 bbl/day
Fairbanks	(688)	(861)	(1,220)
Port MacKenzie	(597)	(695)	(808)

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Table 12-6: NPV Compared – Fairbanks vs. Port MacKenzie Using EIA Crude Oil Forecast

NPV (12%) to Equity [USD million]	1 FT Train 16,630 bbl/day	2 FT Trains 33,260 bbl/day	4 FT Trains 66,520 bbl/day
Fairbanks	(460)	(450)	(437)
Port MacKenzie	(370)	(288)	(46)

When the plant is located at Fairbanks and has achieved nameplate capacity, the EBITDA margin improves, from 26% for the GTL plant in Port MacKenzie to 34% due to the lower feedstock price. Of the total plant revenue, 49% is consumed in feedstock natural gas. Figure 12-7 below shows how revenue is spent in variable and fixed costs for Fairbanks.

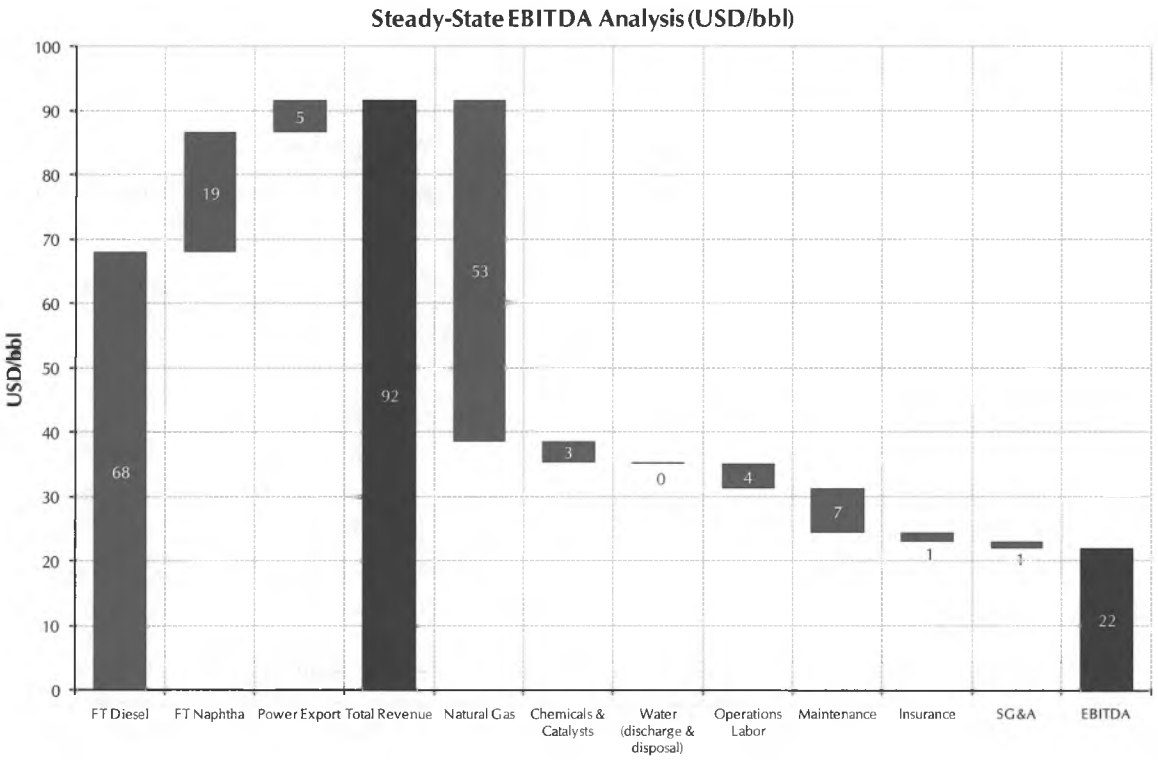

Figure 12-7: EBITDA Analysis (Fairbanks)

As with the base case economics at Port MacKenzie, these negative NPV values indicate that, given the assumed crude oil price, delivered natural gas price, and other assumptions, the GTL plant does not appear to represent a positive value proposition at Fairbanks as well. However, breakeven prices

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and sensitivities are analyzed below to understand what would be required for a GTL plant to represent an economically feasible industrial opportunity at Fairbanks.

12.3.1 Advantage of a Lower Natural Gas Price

By locating the GTL plant in Fairbanks, it is expected that there will be an increase in capital cost due to the higher complexity associated with constructing the plant in Fairbanks, as detailed in section 11.1. The NPV for the GTL project at Fairbanks is calculated for various CAPEX increases relative to the Port MacKenzie CAPEX (base case), showing the effect of increasing the capital cost on the project economics (Table 12-7). The differential NPV to Equity is also calculated to show that the Fairbanks GTL project NPV is higher than that of Port MacKenzie up until a 14% increase in CAPEX. Therefore, the GTL project at Fairbanks can absorb up to a 14% increase in capital cost while still remaining economically equivalent to the GTL project at Port Mackenzie, all as a result of a lower delivered natural gas price to Fairbanks. Comparing the economics of siting the GTL plant in Port MacKenzie and in Fairbanks shows that locating the plant closer to the natural gas source is economically beneficial to the project. It is important to note that while a 25% cost adder was used to estimate the CAPEX for the GTL plant in Fairbanks relative to Port MacKenzie, this is a conservative cost adder and must be refined with the completion of transportation and constructability studies.

Table 12-7: NPV (12%) to Equity Differential Analysis

CAPEX increase with respect to Port MacKenzie (%)	NPV (12%) to Equity at Fairbanks (USD million)	Δ NPV (12%) to Equity with respect to Port MacKenzie (USD million)
10%	(638)	57
14%	(695)	0
15%	(711)	(16)
20%	(786)	(91)
25%	(861)	(166)

Finally, sensitivity to delivered natural gas price at Fairbanks was conducted assuming different scenarios for capital cost increase with respect to Port MacKenzie using $80/bbl for crude oil. These results, presented in Table 12-8 below, show the lower feedstock prices that can be absorbed in light of the likely capital cost increases due to construction complexity.

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Table 12-8: Delivered natural gas price breakeven analysis (Fairbanks)

CAPEX increase for Fairbanks Case with respect to Port MacKenzie (%)	Breakeven Delivered Natural Gas at Fairbanks (USD/MMBTU)
10%	3.17
14%	2.91
15%	2.84
20%	2.52
25%	2.19

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13. Conclusions and Recommendations

A gas-to-liquids plant converts natural gas into liquid fuels, and was evaluated as a potential industrial anchor for the proposed Alaska Stand Alone Gas Pipeline/***ASAP***. An economic feasibility study was carried out for this GTL facility for the Cook Inlet and Fairbanks regions in Alaska.

The facility was designed to process pipeline-quality natural gas delivered by the proposed pipeline; to produce diesel and naphtha via syngas production and FT synthesis; to generate power using steam produced by the plant; and to capture CO_2 from flue gas streams. Three GTL facility sizes were considered to evaluate the effect of facility size on the project economics: Case A (1 FT train), Case B (2 FT trains) and Case C (4 FT trains). The number of trains for a GTL facility are based on the number of FT synthesis reactors required, and a 17,000 bbl/day FT reactor was considered for this study, based on the capacity of current commercial reactors.

A base product mix of diesel and naphtha was defined for this GTL facility based on netback prices for the product options in target markets, as analyzed in the market study (section 3). For the economic analysis, an alternative product mix of jet fuel, diesel and naphtha was also assessed.

The GTL plant performance for all cases were calculated using Aspen Plus® (process simulation software) as summarized below.

	Case A (1 Train)	Case B – Base Case (2 Trains)	Case C (4 Trains)
Pipeline-quality Natural Gas Required [MMSCFD]	154	309	617
FT Products: Diesel + Naphtha [bbl/day]	16,630	33,260	66,520
Power Export [MWe]	60	119	239
Raw Water Intake [st/h]	228	445	910

The GTL facility design also includes process units to capture carbon dioxide (CO_2) from purge gas. In the Cook Inlet region, the recommended end use for the captured CO_2 is for enhanced oil recovery (EOR) in local oilfields, with a secondary option being to sequester the CO_2 in depleted gas reservoirs or saline aquifers. In the Fairbanks region, the captured CO_2 is recommended to be sequestered in deep, unmineable coal seams, which are located near the Healy coal fields.

Potential locations for this GTL facility were investigated for the Fairbanks and Cook Inlet regions. The base case facility requires a footprint of 140 acres for all major process units, utilities, offsites and administration. For both regions, considerations were taken for lot size; distance from residential, commercial and military zones; transportation access; natural gas, power and water utilities access; topography and zoning. In the Cook Inlet region, land in the Port MacKenzie Master Plan, located in the Matanuska-Susitna borough was identified as a potential site suitable for this GTL facility. In the

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Fairbanks region, land owned by the Fairbanks North Star Borough, located north of Interstate A2 at Rentals Street, was identified as a potential site. The Port MacKenzie site is located near a deep water port, and the FNS Borough site is landlocked.

Subarctic conditions of both the Anchorage and Fairbanks areas add complexity to the execution of major capital projects, with a relatively short construction season and with labor productivity adversely affected by the low temperatures. In order to maintain schedule and minimize cost overruns, the plant can be built in modules offsite in low-cost yards and then shipped to site for assembly.

As a basis for this study, modularization construction and the need to transport the large FT reactors by ship were taken into account, when using the Port Mackenzie site for development of the project execution schedule, along with the capital and operating cost estimates. The base case GTL facility is projected, based on previously completed and current GTL projects under construction, to begin start-up and commissioning in Q4 2019, achieving nameplate capacity in the third quarter of 2020 if permitting and pre-feasibility engineering begin in 2012.

A capital cost estimate was prepared for the base case (Case B) in 2010 USD assuming a fully integrated gas-to-liquids facility based in Port MacKenzie. An order-of-magnitude or AACE level 4 estimate was completed with an accuracy of -30%, +40%. The estimate includes the use of equipment quotations, factored equipment costs and parametric models. The fixed capital investment for the base case GTL facility (33,260 bbl/day of diesel and naphtha) is estimated to be USD 2.93 Billion or 88,000 USD/(bbl/day). This capital cost is benchmarked (shown in Appendix D) against previously constructed (or under construction) GTL facility estimates, escalated to the current southern Alaskan market (using CEPCI index and location factor). Estimates for Cases A and C were scaled from Case B on a per train basis. It was assumed that a savings of 15% is common on subsequent trains. The resulting savings per unit of production from Case A to Case B and to Case C are 7.5% and 11.3%, respectively. The savings are attributable due to duplication of design; however, the majority of the costs are associated with procurement and construction tasks.

For the capital cost estimate of the GTL plant in Fairbanks, 25% was added to the base case CAPEX for Port MacKenzie in order to account for the complexity of construction and transportation of equipment to the Fairbanks facility. This brings the capital cost of the base case GTL facility at Fairbanks up to USD 3.66 Billion.

The operating cost of the Case B facility considers fixed (operations, maintenance, SG&A, insurance) and variable (raw materials, utilities) costs, and is estimated in 2010 USD to be USD 925 Million per year or 83 USD/bbl for the Port MacKenzie GTL facility, and USD 774 Million per year or 70 USD/bbl for the Fairbanks GTL facility. Natural gas accounts for approximately 90% of the GTL facility operating costs, driving the lower costs in Fairbanks since it is closer to the feedstock source. Variable expenses are directly related to plant production, and therefore for Cases A, B and C, the operating cost on a normalized USD/bbl basis are practically equal at this level of accuracy with the exception of natural gas. Since each case represents the anchor tenant for pipelines of different sizes, economies of scale for the pipeline are transferred to the GTL facility by the natural gas transportation

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tariff, resulting in the largest GTL plant (Case C) having the lowest natural gas price. Economies of scale are also shown by the differences in fixed operating costs. Note that the natural gas transportation cost is levelized in nominal terms, and therefore only the wellhead cost of 1.00 USD/MMBTU is escalated at 3% per annum, while the pipeline tariff is left constant over the valuation horizon.

An economic analysis was performed for the GTL facility considering an 80 USD/bbl crude oil price and a natural gas price of 7.61 USD/MMBTU delivered to the base case facility at Port MacKenzie and 6.15 USD/MMBTU delivered to the base case facility at Fairbanks. Other key assumptions include a 3% per year escalation rate; debt to equity ratio of 50:50; a required rate of return on equity of 12%; and the analysis was carried out in 2010 USD.

The economic analysis shows that for both sites, given the base case assumptions, the GTL plant would not meet the equity holders' required rate of return in order to result in a positive value proposition. However, the breakeven analysis reveals that a delivered natural gas price of 4.42 USD/MMBTU to Port MacKenzie and 2.19 USD/MMBTU to Fairbanks, all else constant, would yield the required 12% to its equity holders. There is an economy-of-scale effect such that, the larger the plant, the higher the allowable delivered natural gas price.

The sensitivity analysis shows that the crude oil price, delivered natural gas price and CAPEX, in that order, are the most important drivers of the GTL plant's economics. It can also be concluded that a significant decrease in the delivered natural gas price or a significant increase in the crude oil price greatly improves the economic attractiveness of the project. However, significant reduction in CAPEX, all else constant, has a smaller effect on the project economics.

The sensitivity analysis also shows that under the stated assumptions, a reduction in the natural gas price of USD 1.46/MMBTU delivered to Fairbanks results in the ability of the Fairbanks GTL plant to absorb up to a 14% increase in CAPEX while remaining economically equivalent to the Port MacKenzie GTL plant. Therefore, despite the logistical and locational advantages embodied by the Port MacKenzie site, the advantage of locating a facility nearer to the natural gas source, as embodied by Fairbanks, gives significant headroom for increased capital expenditures to overcome the locational and logistical disadvantage. The source of this advantage is that natural gas is a more expensive product to transport than the denser liquid output products, bearing in mind that the volume of the gaseous feedstock is reduced over 1500 times when converted to liquid products. Based on the siting considerations researched and the economic analysis, both the Port MacKenzie and Fairbanks sites are viable locations for the GTL plant.

It can also be concluded that improved economic viability of the project is best achieved through increases in carbon efficiency and through improved yields in higher value products. Hatch assumed a conventional design for this study to be in-line with AGDC's request to focus on proven technology. However, it must be noted that significant advances are currently being pursued in the GTL field, and are expected to produce higher diesel yields and higher carbon efficiencies. Carbon efficiency is especially important when the feed gas price is high as is the case with this study; therefore, it would be worth spending additional capital to increase efficiency. Advances are also

WorkingTogether SAFELY

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being made in lowering the capital costs per unit production, for example, increasing FT reactor throughput. These improvements would also improve the economics, although to a lesser extent relative to a more efficient process or a higher value product slate.

This study qualifies as a conceptual or FEL1 study in terms of the Hatch guidelines for the deliverables required for this level of work. In a future phase of engineering, both transportation and constructability studies are required to further detail each potential plant location and to associate definitive costs to overcoming the logistical challenges of Fairbanks. Upon completion of these studies, a plant location can be selected. Process optimization and refinement of the cost estimate accuracy would also be performed in the next phase of engineering to determine whether the economics of this GTL facility would improve as an anchor tenant for the proposed Alaska Stand Alone Gas Pipeline/***ASAP***. GTL technology licensor input, for both process and cost information, would be a requirement in the next stage of engineering.

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1/27/12 UPDATE: RENEWABLE ENERGY PROJECT AND TECHNOLOGY

<TARGET><BILL></BILL><SUBJECT>1-27-12 UPDATE RENEWABLE ENERGY PROJECT AND TECHNOLOGY</SUBJECT><COMM>HRES27</COMM></TARGET>

A Brief Report to the Alaska Energy Authority

On the Installation of a Geothermal Heat Pump System at

Juneau International Airport

Prepared by Douglas Murray, PE and

Catherine Fritz, JNU Airport Architect

January 19, 2012



Jeannie Johnson, Airport Manager 789-7821

Murray & Associates, P. C. *Consulting Engineers*

PO Box 21081, Juneau, Alaska 99802-1081 (907) 780-6151 Fax: (907) 780-6182

Background.

In 2008, the Juneau International Airport (JNU) received grant funding in the amount of $513,000 to assist in the construction of a geothermal heat pump system for the heating, cooling, and ventilation needs in the airport terminal. This work was part of a multi-phase renovation and expansion of the airport terminal. The loop field was designed by mechanical engineer, Douglas Murray, PE. The life cycle cost analysis (basis of AEA grant application) was developed collaboratively by Mr. Murray and mechanical engineer James Rehfeldt, PE.

The geothermal loop field is located under the pavement of the commuter plane airfield ramp. It consists of 108 vertical borings to a depth of 350 feet each (fig 1). A mix of 88% water and 12% methanol circulates through a continuous underground loop of more than 16 miles of HDPE piping. The piping enters the building and is distributed to 31 electric heat pumps that provide heating, cooling, and ventilation to interior spaces, as well as heat to the building's front sidewalk that prevents build-up of ice and snow. The heat pumps are digitally controlled to efficiently respond to changing air conditions.

Construction of the loop field was completed in the fall of 2009. Installation of the heat pumps inside the building began in early 2010 and continued alongside other renovation work until May, 2011.



Figure 1. Vertical borings for JNU Airport loop field. *Image courtesy of JNU staff*

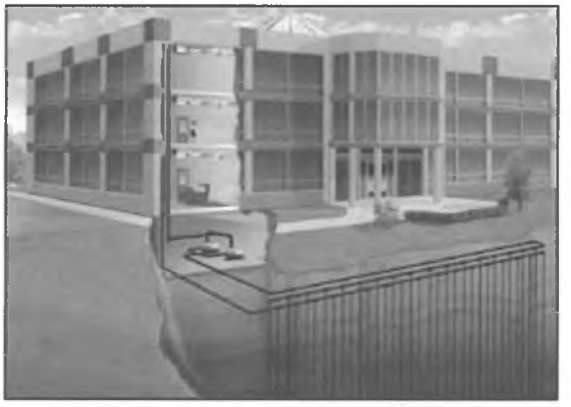


Figure 2. Schematic rendering of closed loop heat pump system. *Image from www.mcquay.com*

Performance Data.

The completed geothermal heat pump system has not yet been operating under design conditions long enough to draw substantive conclusions. Additionally, nearly half of the 96,000 sq. ft. building area is not using the new geothermal system and will continue to be served by diesel boilers until funds can be obtained to replace these older portions of the terminal. Regardless of these obstacles, data gathered to date show promising evidence of a successful conversion from traditional diesel fired boilers to renewable geothermal heat pumps. Preliminary findings are documented below.

Diesel Fuel Usage:

A decrease in diesel fuel usage since installation of the geothermal heat pump system can be seen in fig. 3 below. Fiscal years are highlighted by color in order to provide two methods by which to compare diesel usage through seasonal cycles. The geothermal heat pump installation was fully operational in May, 2011, so calendar year 2011 represents the best available period of post-construction data; Calendar year 2008 represents a full 12 month period prior to any installed heat pumps.

MONTH	2008	2009	2010	2011
	GALLONS	GALLONS	GALLONS	GALLONS
JANUARY	9636	8939	9920	9307
FEBUARY	9725	8462	11776	1116
MARCH	4722	10220	10733	7788
APRIL	10327	2988	7100	3199
MAY	6451	1150	1841	5350
JUNE	8075	7812	1908	999
JULY	1425	7225	0	1900
AUGUST	5659	2000	1200	3600
SEPTEMBER	8679	4600	2638	4400
OCTOBER	8227	4712	4995	1377
NOVEMBER	8314	9844	3333	4209
DECEMBER	8442	10165	4391	9355
TOTAL Calendar Year (Jan-Dec)	**89,682 gal**	**78,117 gal**	**59,835 gal**	**52,600 gal**
TOTAL Fiscal Year (July 1 – June 30)		**FY 2009 (grey) 80,317 gal**	**FY 2010 (aqua) 81,824 gal**	**FY 2011 (yellow) 46, 216 gal**

Figure 3. Diesel Usage at JNU Terminal prior to, during, and after geothermal heat pump installation.

Electrical Usage:

While diesel usage has declined, electrical usage, noted in fig. 4 below, has increased. Fiscal years are highlighted by color in order to provide two methods by which to compare electrical usage through seasonal cycles. The geothermal heat pump installation was fully operational in May, 2011, so calendar year 2011 represents the best available period of post-construction data; calendar year 2008 represents a full 12 month period prior to any installed heat pumps. Electric spaces heaters were used extensively for temporary heat during construction from 2009 through 2010.

MONTH	2008	2009	2010	2011
	KWHR	KWHR	KWHR	KWHR
JANUARY	192,960	191,840	189,280	232,800
FEBUARY	209,280	166,400	175,840	200,000
MARCH	181,280	161,440	186,720	233,760
APRIL	175,520	152,160	201,760	209,760
MAY	153,760	163,840	186,880	191,520
JUNE	149,280	151,680	158,560	197,440
JULY	158,880	166,400	169,600	186,400
AUGUST	185,600	182,880	177,440	184,160
SEPTEMBER	170,080	174,240	165,920	184,160
OCTOBER	171,840	168,960	180,320	180,160
NOVEMBER	181,920	180,960	190,560	218,720
DECEMBER	163,200	172,160	220,480	227,840
TOTAL Calendar Year (Jan-Dec)	**2,093,600** KWHR	**2,032,960** KWHR	**2,203,360** KWHR	**2,262,560** KWHR
TOTAL Fiscal Year (July 1 – June 30)		**FY 2009 (grey) 2,018,880** KWHR	**FY 2010 (aqua) 2,144,640** KWHR	**FY 2011 (yellow) 2,369,600** KWHR

Figure 4. Electrical Usage at JNU Terminal prior to, during, and after geothermal heat pump installation.

Operational Cost Savings Summary.

The savings in fuel oil between Calendar Year 2008 (pre-construction) and Calendar Year 2011 (post-construction) is 37,082 gallons. The average cost of fuel oil diesel #2 in Juneau during the period of this analysis is $3.52 per gallon. Therefore, the cost of fuel oil saved between Calendar Year 2008 and Calendar Year 2011 is approximately $130,529.

The airport terminal project added approximately 12,000 sq. ft. of new area to the building. The difference in electrical usage between Calendar Year 2008 (pre-construction) and Calendar Year (post-construction that includes 12,000 sq. ft. building expansion) is approximately 168,960 KWHR. The electrical local cost, including demand charges, used for purposes of this analysis is $0.092 per KWHR. Therefore, the additional cost of electricity for the airport terminal is approximately $15,544. Subtracting the additional electrical usage cost from the fuel oil cost savings results in **$114,985 in direct annual fuel cost savings for the Juneau International Airport facility with the installation of the ground source heat pump system.**

Another significant benefit that the airport has seen is the decrease in operations costs due to the snowmelt system. This is a new system, and while it demands significant energy to operate, the safety and passenger comfort issues are very positive. The snow melt system is energized by three water-to-water electric heat pumps that are integrally tied to the geothermal loop field. While not analyzed in detail, it is expected that operating this system by an equivalent diesel energy source would have made the installation cost prohibitive for the airport's annual operating budget. The geothermal snow melt system savings over traditional snow removal operations is approximately **$10,000 per year in staff labor, and $1,000 in equipment and supplies.**

Note:
This operational cost savings summary is limited in scope. A full energy usage analysis of pre and post construction conditions would require more extensive investigation of electrical consumption from computers, lights, and other electric equipment used throughout the facility, as well as trending data from the control system operation for all ground source equipment. In order to produce a more accurate calculation, information would be required on how often each water-to-air heat pump operates in cooling mode and how often it operates in heating mode. Additional information that indicates the percentage of use of each of the two system circulation pumps would be required, as well. A similar usage question arises with the water-to-water heat pumps during shoulder months (ie transition from times of snow and no snow) when heat pumps are intermittently in operation, rather than having all three in full operation 24/7, as the rough electrical usage calculation implies.

Further Analysis of additional operational savings is expected to be done as the airport implements energy conservation measures recommended from a recent energy audit, and performs ongoing minor renovation projects in the terminal building. Most notably, as the airport learns more about the intricacies of the geothermal heat pump system, it is expected that additional savings will be realized through more detailed control of heat pump set points and usage patterns. Of particular interest is the May-October period (when snow melt system is not in operation) when the ground source system average power consumption drops significantly as the building's heating and cooling needs are "balanced" and the system does not require recirculation through the outside loop field.

Other operational and human comfort benefits of the geothermal heat pump system are still being realized, not the least of which is the building's new ability to provide cooling (air conditioning) throughout the occupied spaces which did not exist before.

Juneau International Airport
Geothermal Heat Pump Project



Images throughout courtesy JNU Airport staff, unless noted.

Juneau International Airport
City & Borough of Juneau — Alaska's Capital City

Airport Manager, Jeannie Johnson
Airport Architect, Catherine Fritz, AIA

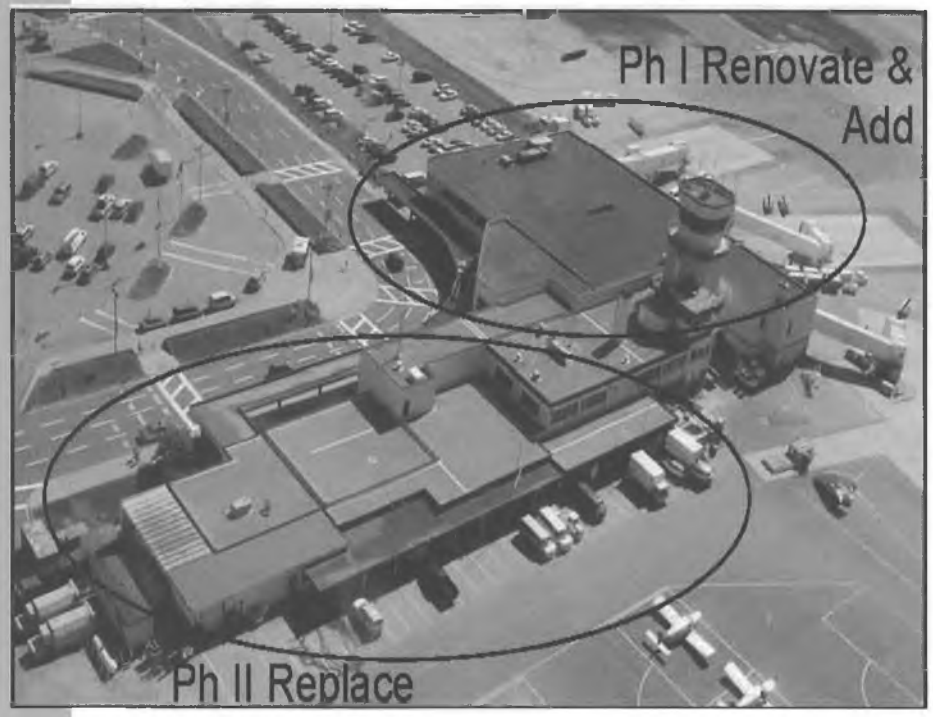
Presented to Alaska House Resources Committee
January 27, 2012

Terminal Renovation Project Goals

- Reduce Operating Costs
- Modernize Infrastructure
- Improve passenger experiences

$50 million problem, with only $23 million available to address it.

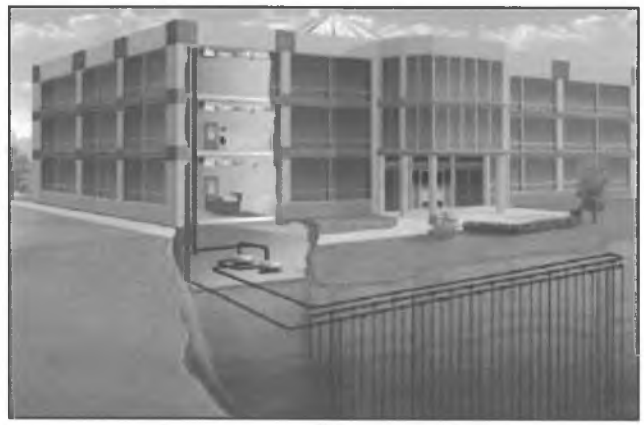
Terminal Renovation Project Approach



- Address challenges with ***good*** design, rather than lots of design. Be efficient.
- Modernize facility & clean up aesthetics.
- Design/construct to high performance standard.

Geothermal Heat Pump System Basics

- Pipes are placed in the ground, then filled with fluid.
- The earth's constant temperature warms (or cools) the fluid as it passes through the piping.
- Fluid is pumped into the building and "exchanged" by way of electric heat pumps. This provides heating, cooling, and ventilation to the occupied space.



Schematic rendering of closed loop geothermal heat pump system. *Image from www.mcquay.com*

350' deep
ground temp 42°

ALASKA ENERGY AUTHORITY

Grant Funding

- Alternative Energy Program, Construction Funding Request; February 2008
- Application completed by JNU staff; funding request = $1,026,000 (50/50 grant)
- Grant award made October 2008

Loop Field Construction







108 borings, each are 350 ft. deep.

6"

Summer 2009

Loop Field Construction







16 miles of HDPE piping in the ground. Ground temperature is approximately 42 degrees F.

Pipe Fusion

Each pipe seam is welded and tested multiple times to ensure bond. The life span of HDPE piping is more than 100 years.



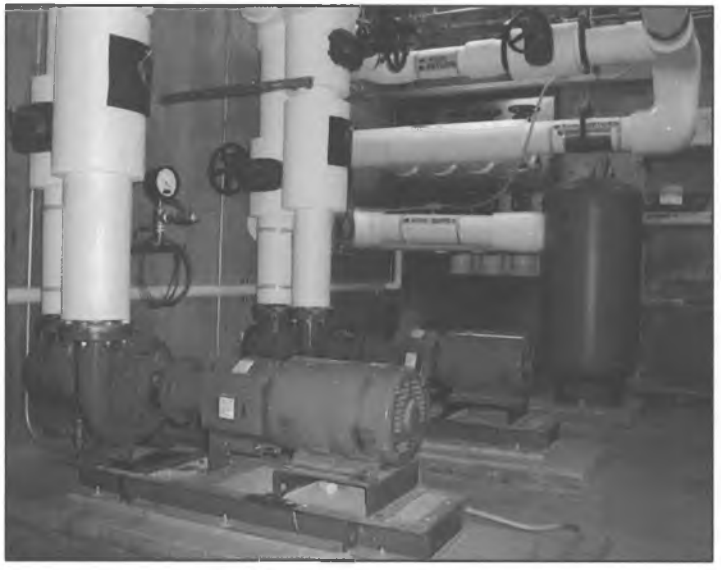






Into the Pump Room

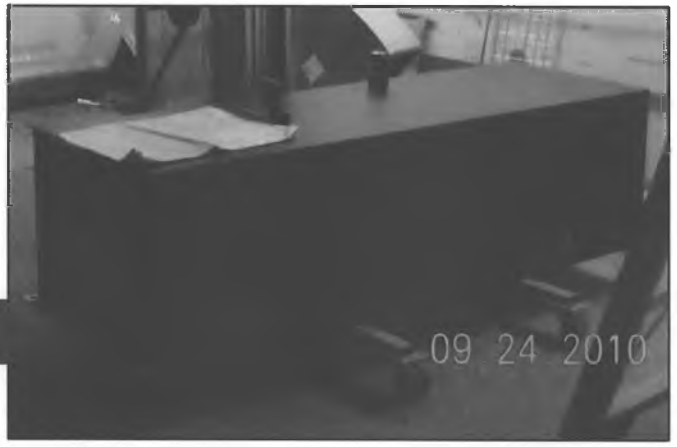
Fluid of 88% water and 12% methanol is pumped throughout the building. A 3-way valve controls when the fluid circulates within the building, and when it returns to the loop field to capture more heat.





Fall 2009

Into the Ceilings



28 water-to-air heat pumps are located in ceilings throughout the airport terminal.





Ice-Melt System







3 water-to-water heat pumps serve the ice melt piping system.

System Performance to Date*

Decrease in Diesel Usage:

- **2008** (prior to heat pump installation) = **89,682 gal**
- **2011** (heat pump installation completed in May 2011) = **52,600 gal**

Savings = $130,529

Increase in Electrical Usage:

- **2008** (prior to heat pump installation) = **2,093,600** KWHR
- **2011** (heat pump installation completed in May 2011) = **2,262,560** KWHR

Increased Cost = $15,554

Direct Fuel Usage Annual Savings = $114,985

* Data is preliminary. Multiple years of complete system operations under varied demand conditions should be considered for comprehensive analysis.

Additional Benefits

- Snow/Ice removal operations have been reduced by approximately $11,000 per year while providing safer public access to the terminal.
- Removing central heat/vent equipment has freed up valuable square footage areas inside the building for other uses.
- Heat pumps provide improved air quality, including air-conditioning.
- The geothermal loop field has been sized to accommodate replacement of pre-1984 areas of the terminal.
- Reduction in diesel usage contributes to carbon emissions reduction.
- The confidence gained through this installation has convinced the airport to use geothermal technology in the new Snow Removal Equipment Facility.

Geothermal is part of a holistic approach to design and construction









Thank You for the grant funding and the opportunity to share our success.

Juneau International Airport
City & Borough of Juneau Alaska's Capital City

Jeannie Johnson, Airport Manager

Jeannie_Johnson@ci.juneau.ak.us

789-7821



January 27, 2012

Report to the Ahtna Land Committee

Geothermal Options

The Ahtna, Inc. Land Department is considering offering an area to geothermal leasing. The attached maps identify potential geothermal sites from a 1985 Alaska Division of Geological and Geophysical Survey report. The report was a preliminary assessment and recommended further follow-up in the specific zones 1-7 with zone 5 having the highest potential.

The total Ahtna ownership surrounding zones 1-7 equals approximately 40,960 acres. There is an opportunity to publically offer the area for a geothermal lease similar to what the State of Alaska has recently done near Mount Spur.

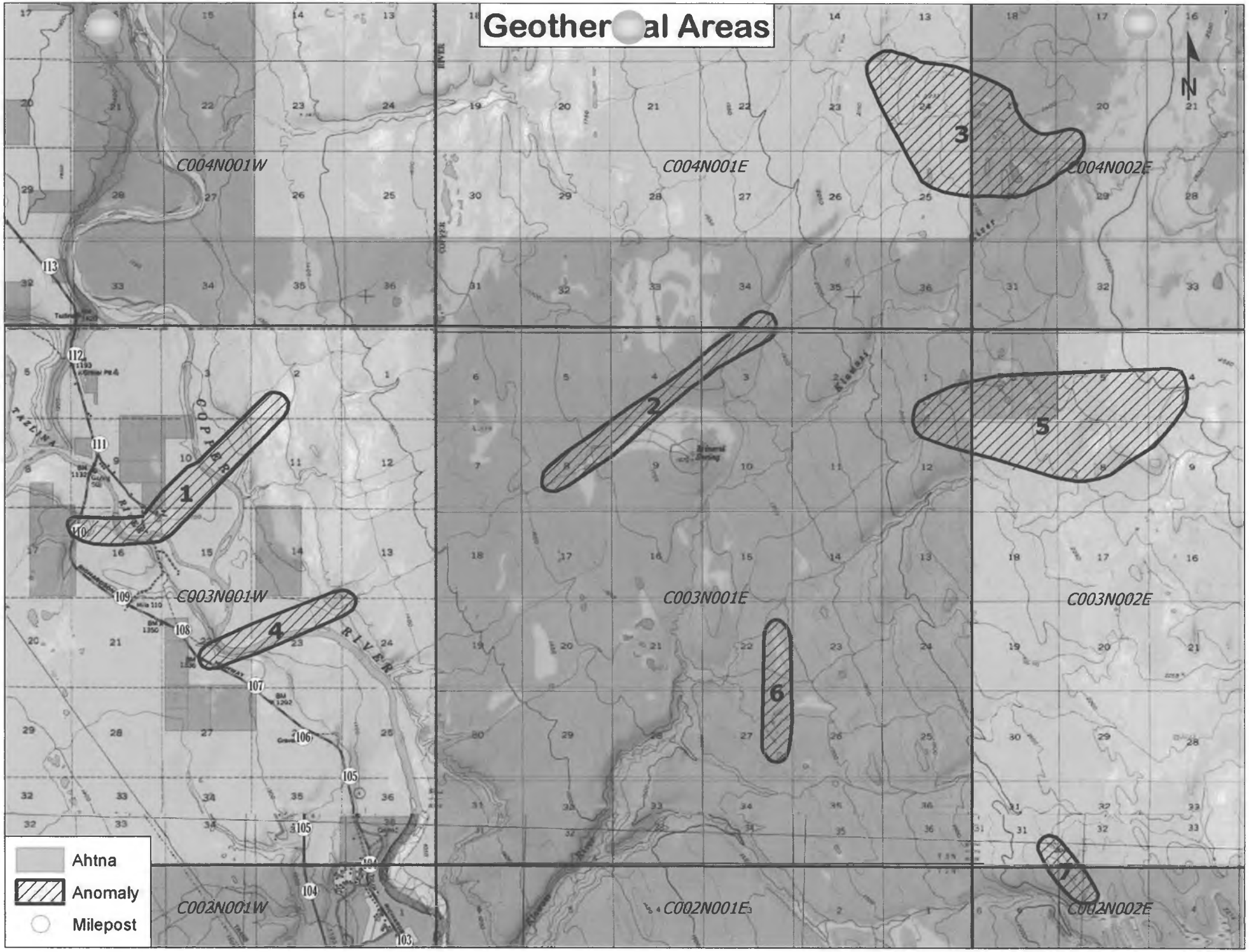
At a minimum a geothermal bid package would consist of the following requirements:

1. **Mitigation and Work Commitments** – Scope and schedule of work and environmental concerns.
2. **Bid Methods** – Generally $1.00 per acre.
3. **Length of Lease** – Primary term of exploration of 10-years.
4. **Royalty Rate** – Generally 10% of gross revenues.
5. **Formal Lease** – Similar to an oil and gas lease.
6. **Rent Amount** – $3.00 per acre, or negotiated amount, depending on acres and work commitment.
7. **Bonding** - $10 per acre or $10,000 whichever is greater.
8. **Sale Information** – Instructions, tract map, permit requirements, etc.

Since a road accessible portion of the geothermal potential opportunities exist on State lands (see Geothermal Area 1) it would be beneficial to have the State lands included, under a separate agreement with the State, to promote greater opportunities for development.

Regardless, if the geothermal lease opportunities do not produce the desired response, future funding should be requested for further site reconnaissance and evaluation through State or Federal funding.

P.O. Box 649 – Glennallen, Alaska 99588
Phone: (907) 822-3476 – Fax: (907) 822-3495


Geothermal Areas
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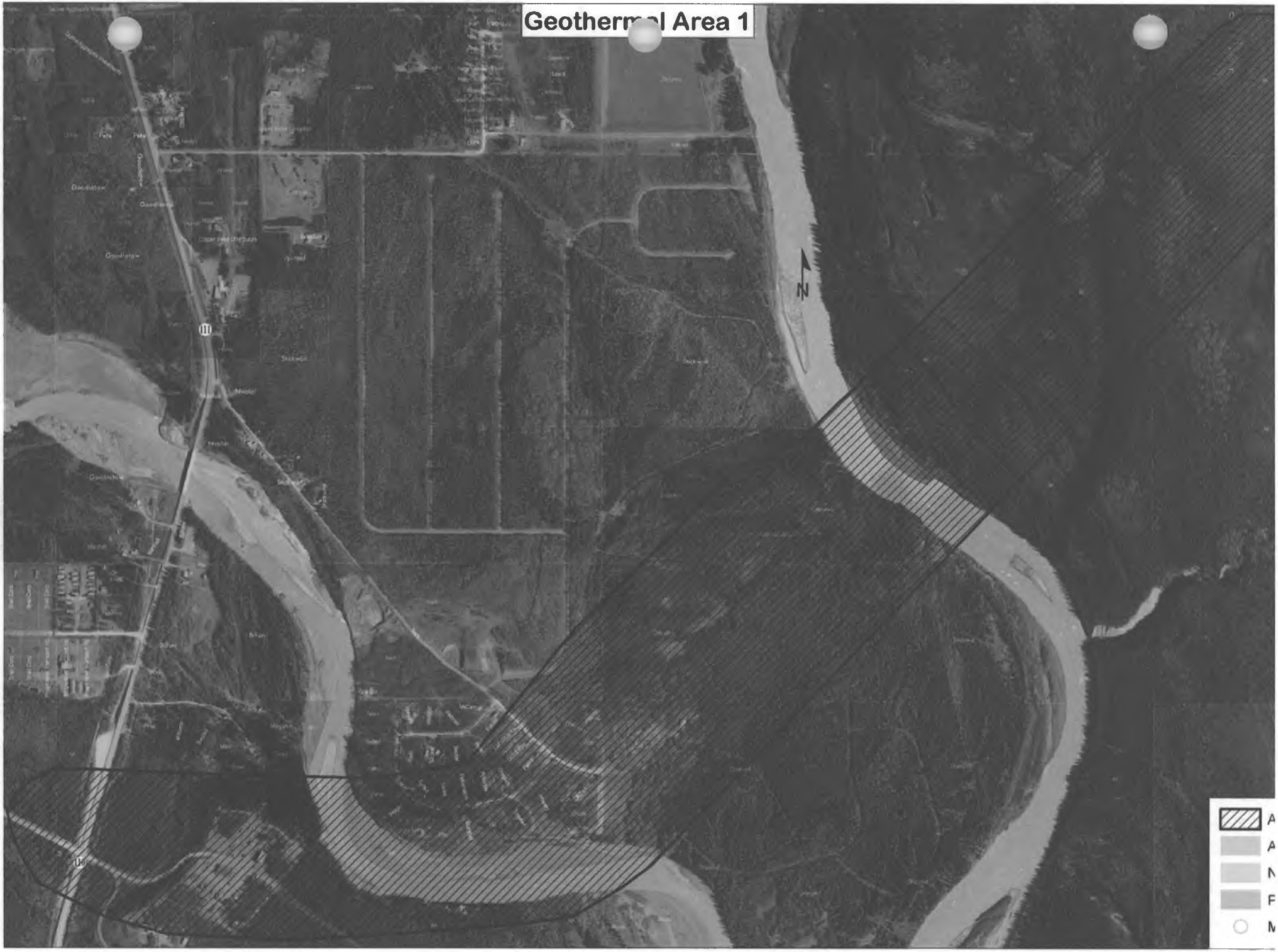
Milepost


Geothermal Area 1
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COPPER RIVER BASIN REGIONAL ENERGY CONFERENCE

Copper River Basin
Regional Energy Conference

Wednesday through Friday, March 14-16
8:00 a.m. to 4:30 p.m.
Glennallen School Auditorium
Glennallen, Alaska

Who Should Attend?

- Copper River Basin **Policymakers**
- Ahtna Village **Tribal Leaders**
- **Management** of For-Profit and Non-Profit Corporations
- **Regional community development staff** responsible for village planning, land and resource management, economic development, housing, and operation and maintenance of community facilities
- Copper Basin **Residents** interested in developing local energy

For More Information

For additional information regarding the Copper River Basin Regional Energy Conference, please contact:

Joe Bovee @ Ahtna, Inc. (907) 822-3476 | jbovee@ahtna-inc.com

Jason Hoke @ Copper Valley Development Association (907) 822-5001
JHoke@coppervalley.org

Sponsors

Ahtna, Incorporated
Copper Valley Development Association
Alaska Energy Authority
United States Department of Agriculture
United States Department of Energy
Denali Commission



ORPC Alaska Update

House Resource Committee Renewable Energy Update

January 27, 2012



ORPC
OCEAN RENEWABLE POWER COMPANY

D. Douglas Johnson, Director of Business Development
Monty Worthington, Director of Project Development

Company Overview

- Ocean Renewable Power Company (ORPC) is a developer of hydrokinetic power systems and commercial projects for tidal, river and ocean current power generation.
- ORPC Alaska is a wholly owned subsidiary of Ocean Renewable Power Company.
- Business development activites are focused on the Bay of Fundy (Maine and Nova Scotia) and Alaska.
- Lead project is Maine Tidal Energy Project through which ORPC is developing power system technology and project sites. This expertise is being tranferred to develop projects in Alaska.
- Founded 2004 - now 28 employees in Maine and Alaska.

ORPC
OCEAN RENEWABLE POWER COMPANY

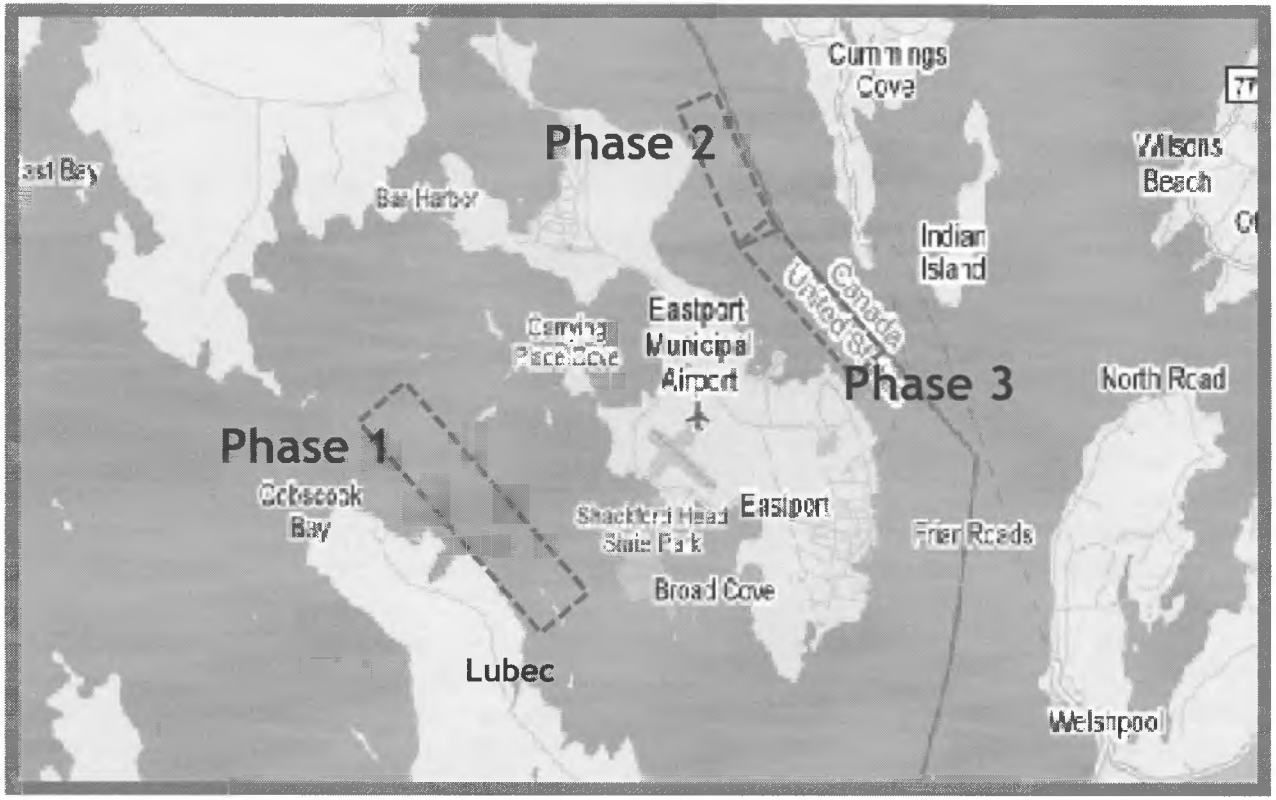
Maine Tidal Energy Project Schedule

Expect to receive pilot project license from FERC (first-ever for tidal energy project in Maine, second-ever in U.S.) in February 2012.

Phase 1
Cobscook Bay
(2012-2013)

Phase 2
Kendall Head
(2014-2015)

Phase 3
Western Passage
(2015-2016)



ORPC
OCEAN RENEWABLE POWER COMPANY

ORPC's Economic Impact in Maine *Partners, Contractors, Service Providers & Vendors*

Androscoggin, Kennebec & Oxford Counties

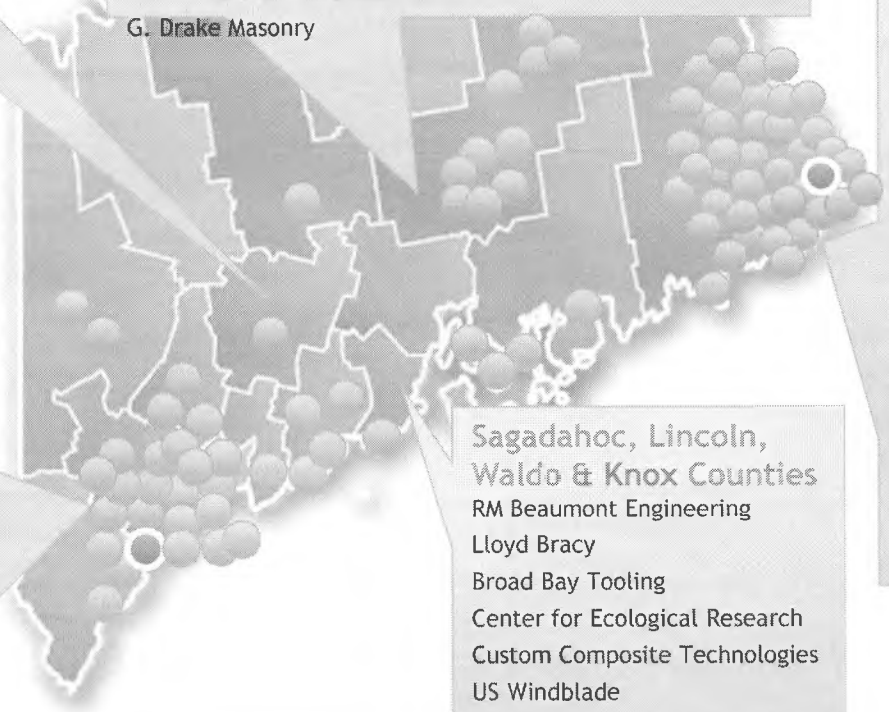
Affordable Office Solutions
Connectivity Point
Northland Industrial Truck Co.
Second Street Consulting
Small Hydro East
The Barn

Cumberland & York Counties

ORPC Corporate HQ
Bonney Staffing Center
Casco Bay Frames
City of Portland
Edison Press
Exhibit Source
Flotation Technologies
Writer, Camryn Hansen
Harbor Technologies
HDR/DTA Engineering
La Capra Associates
LMGi
Maine Composites Alliance
Maine Marine Composites
McAllister Towing
MER Assessment
George Monaco
Nelson & Wright
Pierce Atwood
W.B. Mason
Winter People

Penobscot, Somerset & Hancock Counties

Aerohydro Inc.
Alexander's Welding and Machine
Blue Hill Hydraulics
Burton G. Fisheries
CES, Inc.
Downeast Marine Resources
G. Drake Masonry
Land-Air Express of New England
Maine Maritime Academy
MariSources
NES Rentals
SGC Engineering
Stillwater Metalworks
University of Maine



Sagadahoc, Lincoln, Waldo & Knox Counties

RM Beaumont Engineering
Lloyd Bracy
Broad Bay Tooling
Center for Ecological Research
Custom Composite Technologies
US Windblade

Washington County

ORPC Eastport Office
AD Pottle Trucking
Archi-CHECK, LLC
Brayden's Future
Brewster Construction
Cobscook Bay Properties
Cobscook Bay Resource Center
Cooke Aquaculture
D&B Marine Salvage
DiCenzo Crane
Diving Services
Eastern Plumbing
City of Eastport
Eastport Port Authority
ECR Refrigeration
Federal Marine Terminals
Friends of the Boat School
Hamilton Marine
Captain Butch Harris
H&H Marine
Jamieson Diving
Jason Leighton
Kilby House
Town of Lubec
Maine Marine Technology Center
Milliken House
Moose Island Marine
Morrison Manufacturing
The Motel East
Murphy's Electric
Newell Construction
Perry Marine & Construction
Preston's Septic & Portables
Ricker Electric
Stanhopes Trucking
Dennis Turner
Turner Signs
Weston House B&B
Woodland Machine Works

ORPC
OCEAN RENEWABLE POWER COMPANY

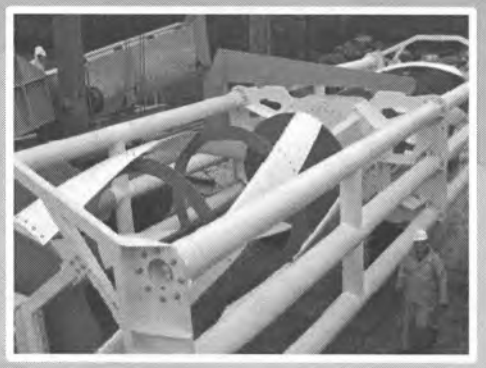
Economic Impact in Maine *Job Creation and Investment*

From 2007 to 2011, ORPC has:

- Created or helped retain more than 100 jobs statewide
- Grown from 0 to 25 fulltime employees in Maine
- Spent over $8 million on goods and services in thirteen of Maine's sixteen counties
- Created new R&D and other professional opportunities for young Mainers

In the Next 7-10 Years, the Tidal Energy Industry in Maine will:

- Create 400 to 500 direct jobs, including new working waterfront jobs
- Attract investment of up to $1 billion in Maine
- Create new, sustainable markets for Maine's world class composites industry





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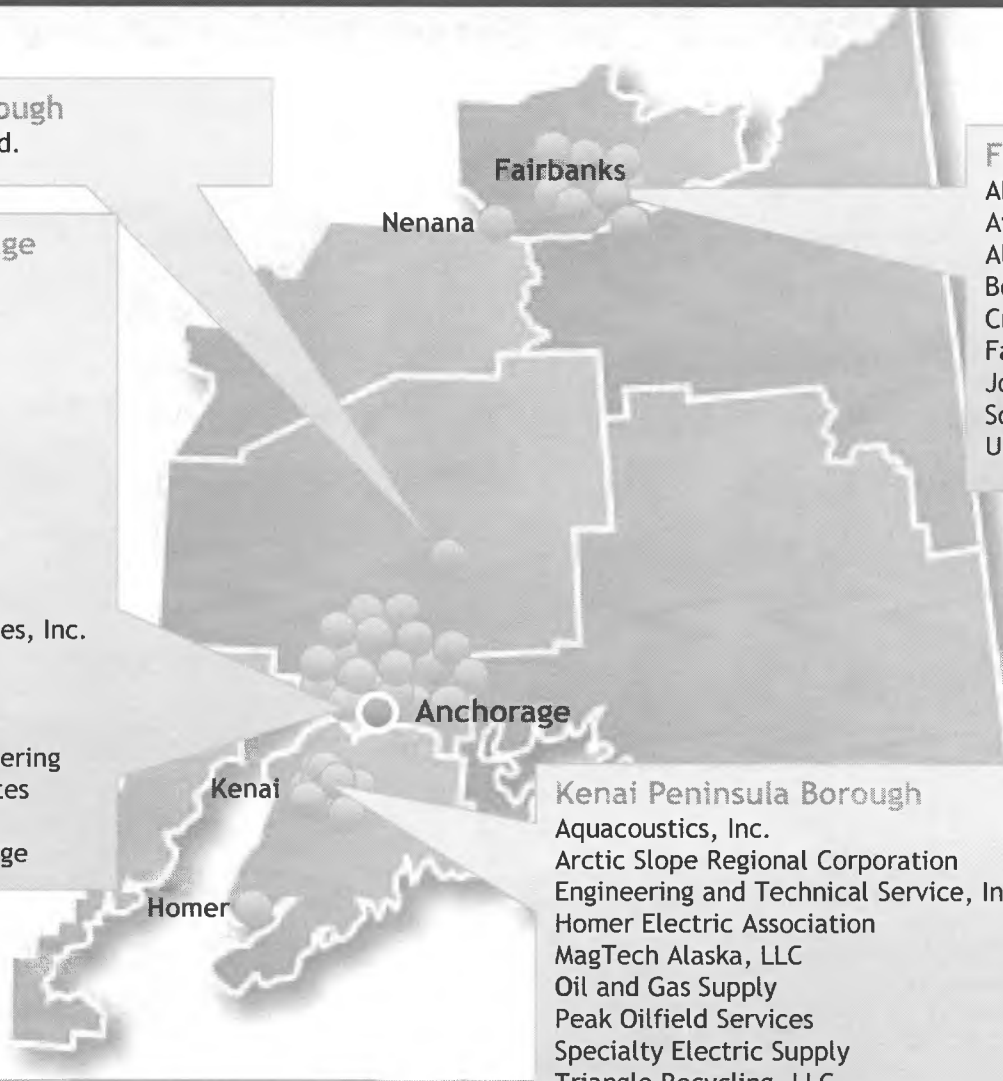
Impact of Tidal Energy in Alaska

- In Maine, ORPC has proven that tidal energy creates significant benefits including high quality, longterm jobs.
- With your help, ORPC is committed to bringing these same economic, environmental and energy diversity benefits of tidal and river hydrokinetic energy projects to Alaska.
- We're just getting started here, but economic benefits are already being realized in Alaska.

ORPC's Economic Impact to Date in Alaska *Partners, Contractors & Consultants*

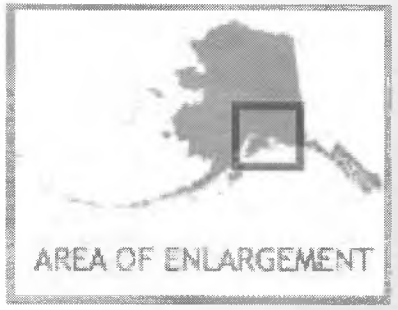


MatSu Borough
TerraSond Ltd.

Municipality of Anchorage
ORPC Alaska Office
Alaska Heater Rentals, LLC
Alaska Industrial Hardware
Alaska Rubber & Supply
Alaska Serigraphics
Arctic Office Products
Arctic Wire Rope and Supply
GCI
HDR/DTA
Holloway Associates, LLC
Kinetic Laboratories Inc
LGL Alaska Research Associates, Inc.
Marsh Creek, LLC
Northwest Arctic Aviation
PND Engineers, Inc.
Restoration Science & Engineering
Stephen R. Braund & Associates
The UPS Store
University of Alaska, Anchorage

Fairbanks Region
ABS Alaskan, Inc.
Airport Equipment Rentals
Alaska Rubber & Rigging Inc.
Boat Shop
Crowley Petroleum Distribution, Inc.
Fairbanks Paint and Glass Co.
Jon's Machine Shop
Sourdough Express, Inc.
University of Alaska, Fairbanks

Kenai Peninsula Borough
Aquacoustics, Inc.
Arctic Slope Regional Corporation
Engineering and Technical Service, Inc.
Homer Electric Association
MagTech Alaska, LLC
Oil and Gas Supply
Peak Oilfield Services
Specialty Electric Supply
Triangle Recycling, LLC



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OCEAN RENEWABLE POWER COMPANY

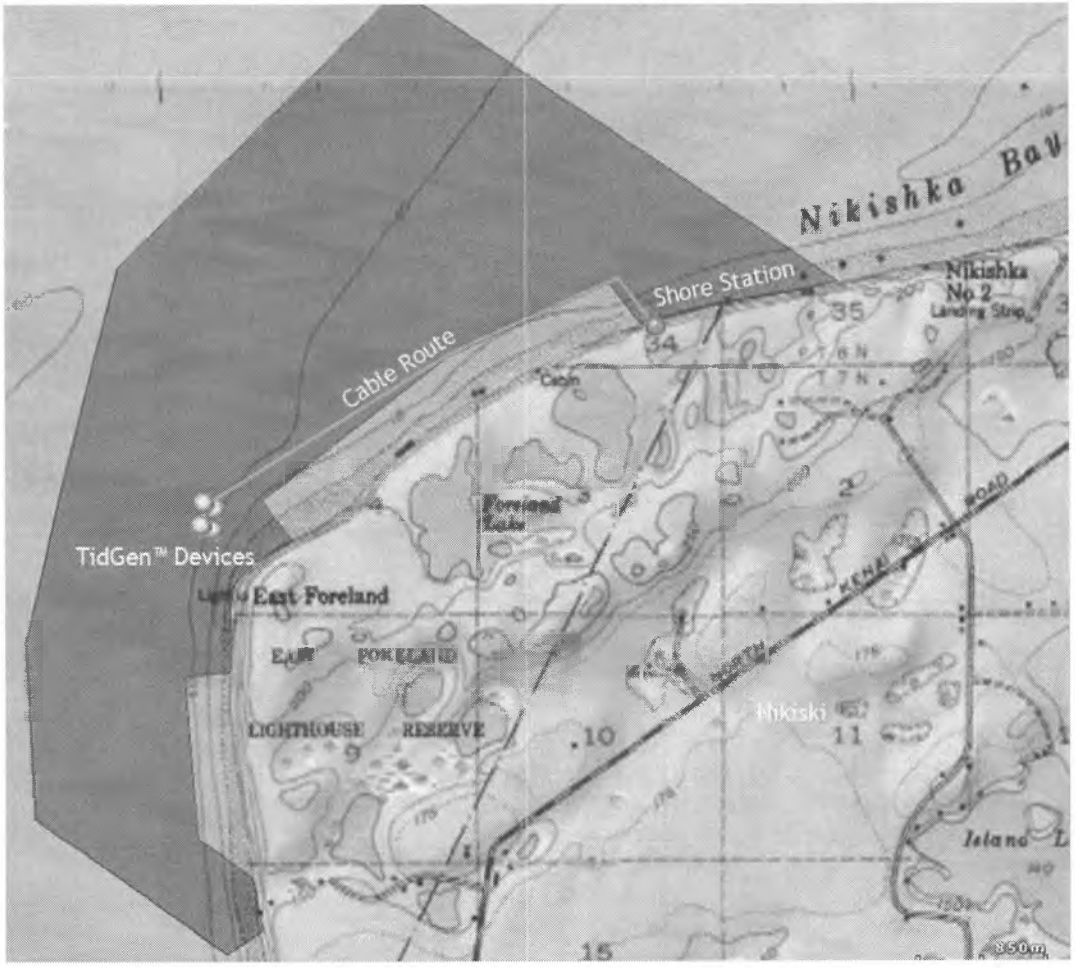
East Foreland Project Layout

Demonstration Project (estimated 600 kW capacity)

- Four TidGen™ devices
- Power & data cables to on-shore station in Nikiski



TIDGEN™ DEVICE



ORPC
OCEAN RENEWABLE POWER COMPANY

East Foreland Tidal Energy Project Deployment Schedule

	2014	2015	2016	Number of TGUs	Project Output
	Demonstration Phase				
Cook Inlet TidGen™ Array Project	Four TidGen™ Devices			4	600 kW
		Pilot Project			
Year One of Build-Out		Four TidGen™ devices and one 4-TGU OCGen™ module or two 2-TGU OCGen™ modules		8	1,200 kW
Year Two of Build-Out			Eighteen 175 kW TGUs in array of OCGen™ modules and/or TidGen™ devices	18	3,150 kW
Total Installed Capacity	**600kW**	**1,800 kW**	**4,950kW**	**30**	**4,950 kW**

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OCEAN RENEWABLE POWER COMPANY

Comparing Tidal Energy Market Incentives

Maine	Nova Scotia
Maine PUC program to incentivize up to 5 MW of Tidal Energy capacity through Systems Benefit Charge	Community Feed In Tariff (COMFIT) for: • Devices under 500 kW • Arrays up to 2 MW
Proposed at 0.26 $/kWh Contract term of 20 years	Approved at 0.65 $/kWh Contract term of 20 years
Rate Payer Impact Estimated 0.03 cents/kWh or 15 cents/month ($1.80/yr) for average house	Rate Payer Impact Estimated at less than $1.60/month (approx. $20/yr)

In both Maine and Nova Scotia, elected officials have determined that the economic benefits of tidal energy far exceed the minimal costs.

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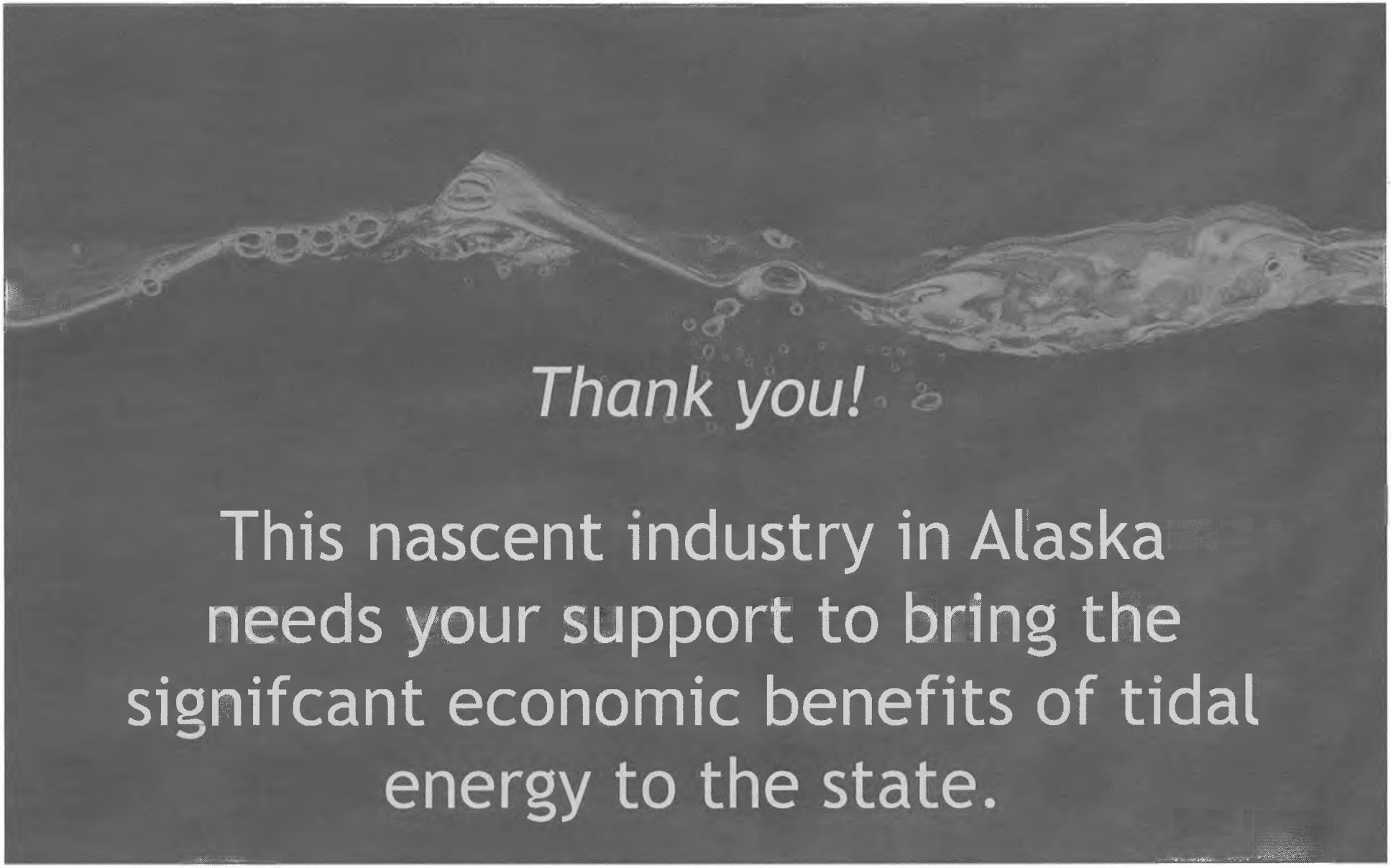
600kW Cook Inlet Power Cost Projections

Preliminary Estimate

	Funding required	Amount Spent in Alaska	AEA Funding Available	ORPC Cost Share	Additional needed
Total Project Capital	$10,250,00	$5,025,000	$2,000,000 (secured AEA REF Rd 4)	$950,000	$7,300,000
Monitoring & Operation and Inspection, Maintenance & Repair 2013-2016 (3.5 yrs)	$2,800,000	$2,275,000	$0	$850,000	$1,950,000
Total	$13,050,000	$7,300,000	$2,000,000	$1,800,000	$9,250,000

600kW for 3 yrs.

ORPC OCEAN RENEWABLE POWER COMPANY



OR.PC
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CLEAN, PREDICTABLE, RELIABLE POWER from COOK INLET TIDES

COOK INLET: Outstanding Tidal Energy Resources

- Cook Inlet has a 12-meter tidal range, the fourth largest in the world, and tidal currents that flow at speeds up of to 10 knots.
- Tidal power is predictable, produces no greenhouse gases, and is one of the easiest renewable power sources to integrate with the grid.
- As tidal energy technologies mature and fossil fuel prices rise, power costs will become competitive with both old and new power sources.
- ORPC is developing tidal energy sites in Cook Inlet at East Foreland and Fire Island. We envision an eventual system of distributed tidal power installations in Cook Inlet that will provide a base load supply of clean, predictable electricity to the Railbelt grid.



Map source: *International Tidal Energy Market Analysis- Review of Projects & Developments* by T. Kaminski, Research Analyst Frost & Sullivan, 2010.

ORPC PROJECT MILESTONES

- ORPC's Cook Inlet tidal energy project will begin with a pilot project at East Foreland, near the town of Nikiski, Alaska. ORPC is collaborating with Homer Electric Association on this pilot project, which will deliver clean tidal power to the Homer Electric grid while creating high-quality, sustainable jobs on the Kenai Peninsula. This pilot project could ultimately generate up to 5 megawatts of electricity, enough to power approximately 2,300 Kenai Peninsula homes.
- ORPC has received a preliminary permit from the Federal Energy Regulatory Commission (FERC) to assess Cook Inlet's East Foreland area and is in the initial stages of submitting an application for a pilot project license.

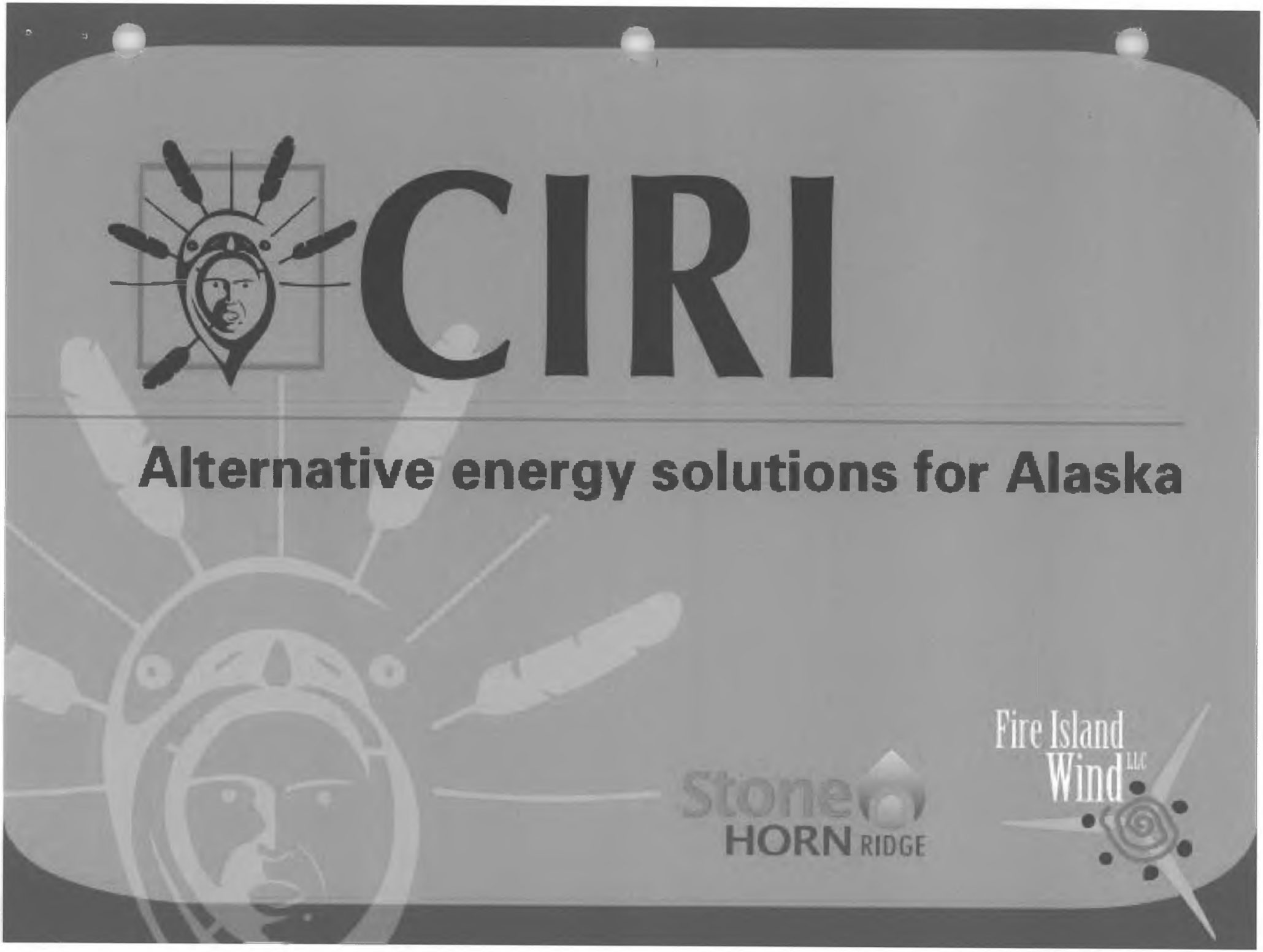
INNOVATION and ECONOMIC BENEFITS

- ORPC has been developing breakthrough tidal power technology and eco-conscious projects since 2004.
- ORPC's proprietary TidGen™ Power System will be installed in East Foreland and connected to Kenai Peninsula's electric grid. The first TidGen™ Power System will be installed and connected to the grid in Maine in the spring of 2012. In 2010, ORPC successfully deployed, operated and tested a beta version of this power system in Maine, which was the largest ocean energy device ever deployed in the United States.
- ORPC is a pioneer in advancing state-of-the-art site characterization and environmental monitoring techniques.
- ORPC has already brought more than $3 million in public and private funding to Alaska. Company-wide, ORPC has secured more than $40 million in public and private funding to develop tidal and river technology and energy projects. These efforts will continue to support development of the Cook Inlet tidal energy projects.
- To date, ORPC has collaborated with 37 Alaskan businesses. In addition to providing a clean, reliable and predictable source of renewable power, ORPC's Cook Inlet projects will bring sustainable, high quality local jobs and associated benefits to the local economy.
- The U.S. Department of Energy is funding a University of Alaska, Anchorage study that will help ORPC adapt its power system design to the unique environment of Cook Inlet. Funding supported the building of a laboratory flume for long term abrasion testing of key components.
- The Department of Energy also funded a multiyear ORPC study to develop monitoring technology for beluga whales in Cook Inlet, which will help assess potential interactions between the whales and ORPC's power systems.

COOK INLET TIDAL ENERGY PROJECT: Next Steps

- In the summer of 2011, ORPC collected initial data at the East Foreland site on current velocity and sea floor bathymetry. In 2012, ORPC will complete the FERC pilot project license application, continuing 2011's work and conducting a year of environmental monitoring.
- In 2013, ORPC hopes to install the first single-device TidGen™ Power System at the East Foreland site for a full year of operation and monitoring. Under the plan, three devices will be added in 2014 to complete the 600kW demonstration phase with Homer Electric Association.
- ORPC is continuing development of a site next to Fire Island in Northern Cook Inlet that began in 2007 under a FERC preliminary permit. As the transmission line for the Fire Island wind project installation materializes, ORPC will continue project development efforts for the Fire Island tidal energy project.
- Over time, ORPC envisions a series of tidal energy installations distributed throughout Cook Inlet that will become a base load power supply, providing tens of thousands of Railbelt homes with clean, reliable, predictable power.
- Please visit our website for videos and updates on our projects in Alaska, Maine, and Canada.

ORPC Alaska, LLC • 725 Christensen Drive • Suite 6 • Anchorage • Alaska • 99501
www.orpc.co


CIRI
Alternative energy solutions for Alaska
Stone
HORN RIDGE
Fire Island
Wind LLC



CIRI

An Alaska Native corporation with diverse business interests:

- Energy and resource development
- Oilfield and heavy construction services
- Real estate development and management
- Environmental remediation services
- Tourism and hospitality

CIRI is the **largest private landowner in Southcentral Alaska** with more than 1.3 million acres of surface and subsurface estate available for responsible oil, gas, mineral and alternative energy development

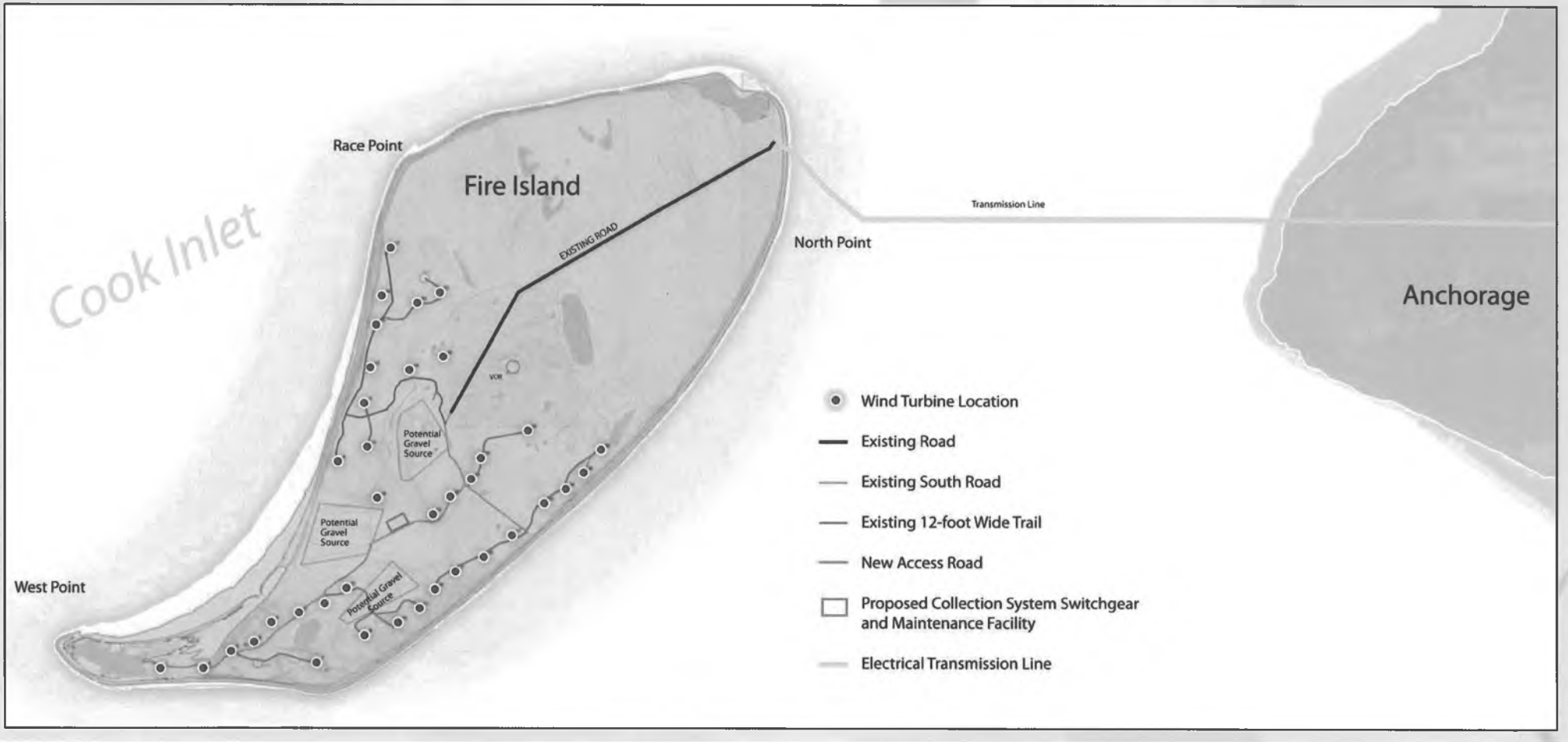


Fire Island Wind LLC

Sustainable wind energy
for Southcentral Alaska

Fire Island Wind Project

Fire Island Wind LLC (a CIRI subsidiary) is developing Southcentral Alaska's first utility-scale wind project



Project Overview

- Located on Fire Island, near Railbelt load center, three miles west of Anchorage
- First power fall 2012
- Chugach Electric Association power purchase agreement: 25-year term starts Jan. 1, 2013



Fire Island Wind LLC

Project description

- 11 General Electric 1.6 MW XLE wind turbines
- 17.6 MW capacity
- 32.8 percent net capacity factor
- ~51,000 MW-hours annually ~ 6,000 households
- Offset ~0.5 bcf natural gas consumption annually
- On-island infra-structure: roads, electrical collection and transmission systems, overnight crew facilities, and operations and maintenance building
- Subsequent phases could include 22 more turbines

Fire Island Wind LLC

Project Status Report

- Chugach agreed to purchase 100% of Phase I power
- Regulatory Commission of Alaska reviewed and approved cost recovery for Chugach PPA in October
- Contracts executed for major project components
- Project financial closing with CoBank on November 30
- Transmission line construction is underway and on schedule



Fire Island Wind LLC

Transmission Interconnection
Your $25 million State of Alaska investment

- 12.5 mile, 34.5 kV double-circuit transmission line
- Land-based construction: Northern Powerline Constructors, a local company
- Marine construction: Cruz Companies, a local company
- Transmission cable and switchgear
- Chugach to own and maintain line



Fire Island Wind LLC

Balance of Plant Construction (On-Island Activities)

Delaney Construction Group

- A Tetra Tech company
- Constructed wind projects nationwide
- Constructed a megawatt-scale wind project in Alaska (Kodiak's Pillar Mountain)
- Significant subcontracts with local contractors



Fire Island Wind LLC

Project Schedule

2011

- Executed commercial contracts
- Closed project financing
- Initiated transmission line construction

2012

- Complete on-island civil and electrical construction
- Deliver and erect wind turbines
- Finish transmission interconnection
- Project commissioning and commercial operation

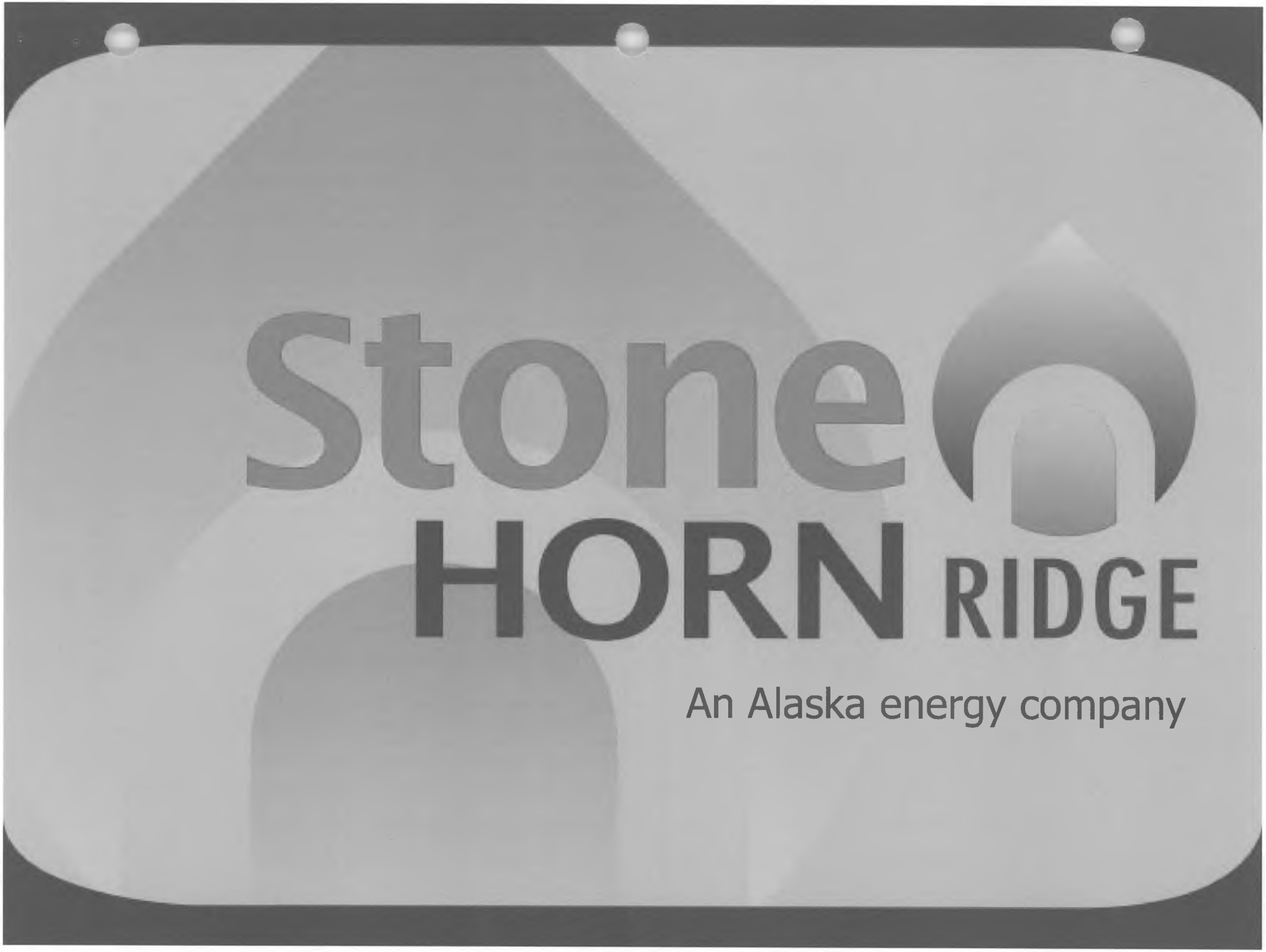
Fire Island Wind LLC

Project supports Alaska energy goals, domestic manufacturing and local job creation

Sustainable energy project

- Private investment
- Locally owned and operated
- Local job creation
- Local contract opportunity
- Energy supply diversification
- Long-term energy price stability
- Environmentally responsible

Fire Island Wind LLC


Stone
HORN RIDGE
An Alaska energy company

Stone Horn Ridge

- Alaska energy company developing underground coal gasification (UCG) project
- Joint venture of CIRI and Laurus Energy, a Houston-based UCG technology company
- UCG technology provided by license from Ergo Exergy



Stone HORN RIDGE

UCG: Proven, Clean Technology

- UCG is a proven technology that converts coal "in situ" to produce syngas
- Process occurs below impermeable rock layers isolated from freshwater aquifers
- Eliminates many environmental and safety risks
- More than 50 test and commercial projects completed worldwide
- An emerging energy technology



Stone HORN RIDGE

Southcentral Alaska Energy

- Produce energy for local use and export
- CIRI core drilling confirmed significant commercial coal reserves
- Favorable geology for UCG development
- Global-scale coal resource
- Tidewater location
- Local energy market need



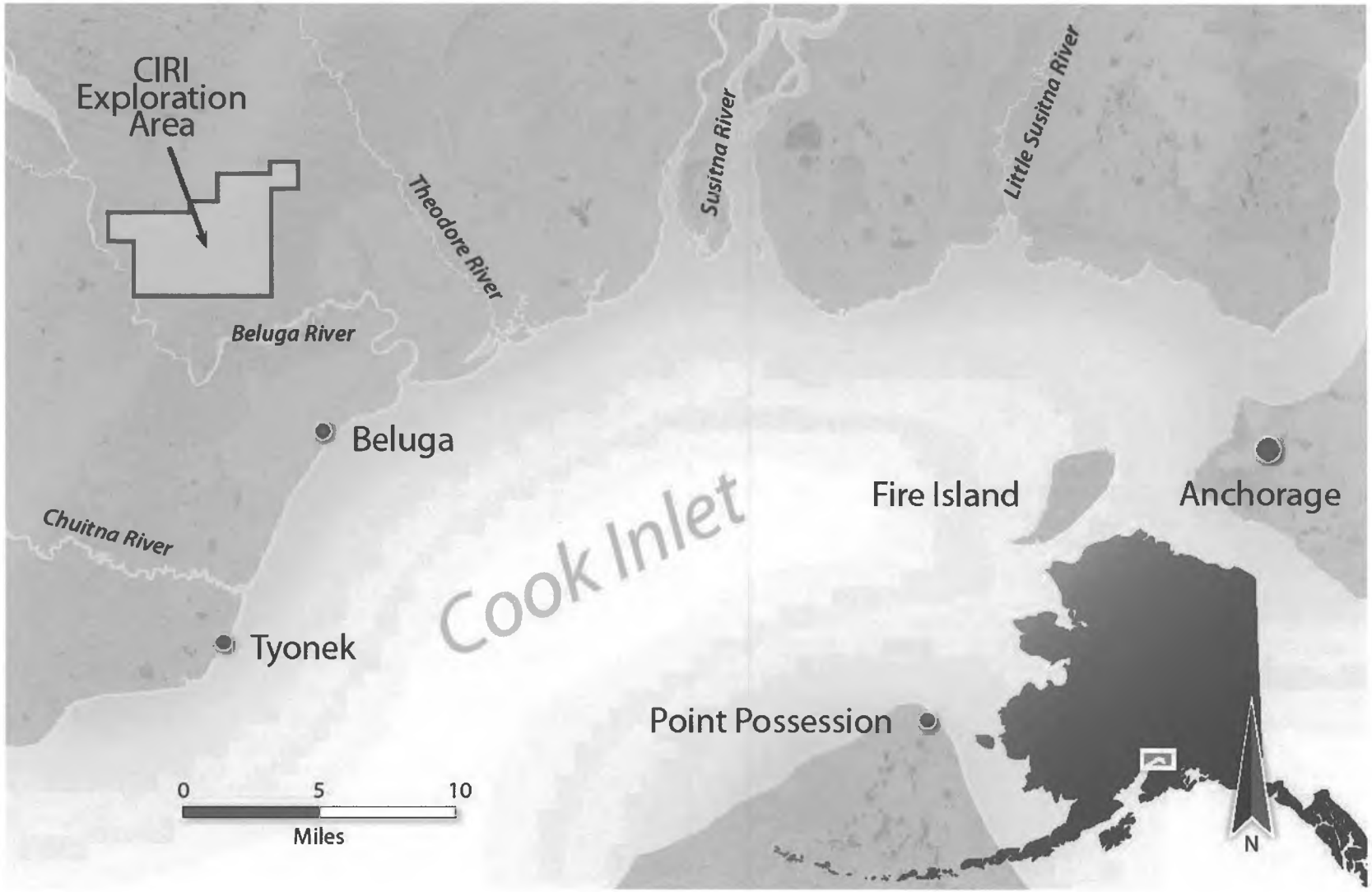
Stone HORN RIDGE

Synthesis Gas

- Electrical generation
- Upgrade via methanation into methane (CH_4 -- a/k/a synthetic natural gas)
- Feedstock to produce
  - clean liquid fuels
  - fertilizer
  - other petrochemical products



Stone Horn Ridge site



Project History

- 13-hole core drilling and wire line data program
- Completed concept-level engineering and costing of large scale surface facility
- Completed initial geological, rock mechanics and hydrogeological site model
- Validated large commercial UCG resource and appropriate geology for development
- Completed shallow, high-resolution, 2-D seismic program with project

Project Update and Next Steps

- Incorporate seismic data to complete model of site geology
- Initiate permitting process for site characterization
- Start baseline environmental data collection
- Design site characterization drilling program
- Pursue commercial operations and syngas production



Stone HORN RIDGE



CIRI.COM

Pillar Mountain Wind Project Update

Kodiak Electric Association, Inc.

Darron Scott, President/CEO

House Resources Committee Meeting

January 27, 2012

Vision Statement

kodiak electric association

ENERGY



vision

KEA shall endeavor to produce 95% of energy sales with cost effective renewable power solutions by the year 2020

Kodiak Electric Association, Inc.

KEA

Kodiak Electric Association, Inc.

- Locally-Owned Electric Cooperative
- Provides Electricity to approximately 5,800 Meters
- Isolated Electric Grid
  - Peak Load – 26 MW
  - Minimum Load – 11 MW
- Diverse Power Generation Portfolio
  - Terror Lake Hydroelectric Plant: Two 11.5 MW Units
  - Pillar Mountain Wind Project: Three 1.5 MW Units
  - Four Diesel Generating Stations
    - Generator size ranges from 140 kW to 6.5 MW
    - Total diesel generating capacity of 33 MW

Pillar Mountain Wind Project

- Operational since July 2009
- Power generated since startup: 32,188,281 kWh



28-9% of total usage

Kodiak Electric Association, Inc.

KEA

Project Financing

- $1 million in general state grant
- $4 million from Renewable Energy Fund Round I
- $12 million low interest CREB loan
- Remainder $4.4 million financed directly from KEA

16.6 ≈ 25%

Operational Successes

- No power outages
- Approximately 98% availability
- No bird strikes



Savings

- 2.2 million gallons of diesel saved since startup
- Net savings at $3.25 per gallon for fuel:

$4.8 Million



Kodiak Electric Association, Inc.

KEA

Building on Success

Pillar Mountain High Penetration Wind Project





Kodiak Electric Association, Inc.

Energy Storage System

Xtreme Power Battery System



Kodiak Electric Association, Inc.

Pillar Mountain
High Penetration Wind Project

Doubling our community's wind and fuel savings.



Kodiak Electric Association, Inc.

KEA



Alaska SeaLife Center
windows to the sea

Sea Water Heat Pump Project

Alaska SeaLife Center, Seward, AK

Presenters:

Dr. Tara Riemer Jones, Ph.D., President & CEO

Darryl Schaefermeyer, Operations Manager

AK House Resource Committee – Renewable Energy & Technology Update – Juneau – January 27, 2012

Alaska SeaLife Center

- **Mission:** The Alaska SeaLife Center generates and shares scientific knowledge to promote understanding and stewardship of Alaska's marine ecosystems.

- The Alaska SeaLife Center achieves this mission through:

Research
Education
Stranding (Rescue and Rehab)
Exhibits

Alaska SeaLife Center

Economic Profile of the Center

- **$4.77 million in annual payroll**
- **90 year round employees**
- **Largest private employer in Seward, and 11th largest on Kenai Peninsula**
- **Year round tourism for South Central Alaska: 160,000 visitors/yr**

Sea Water Heat Pump Project

Summary of Partnerships with Strong Support

- **City of Seward –** looking to reduce future cost of heating for downtown district
- **Kenai Fjords National Park –** looking to reduce cost of heating for future visitor center and administration building
- **Alutiiq Pride Shellfish Hatchery –** also has an existing seawater intake available
- **UAF School of Fisheries & Ocean Sciences - Seward Marine Center –** also has existing seawater intake available

Goals = Reduce Energy Cost & Carbon Emissions

Energy Use Profile for the 115,000 sq ft Alaska SeaLife Center:

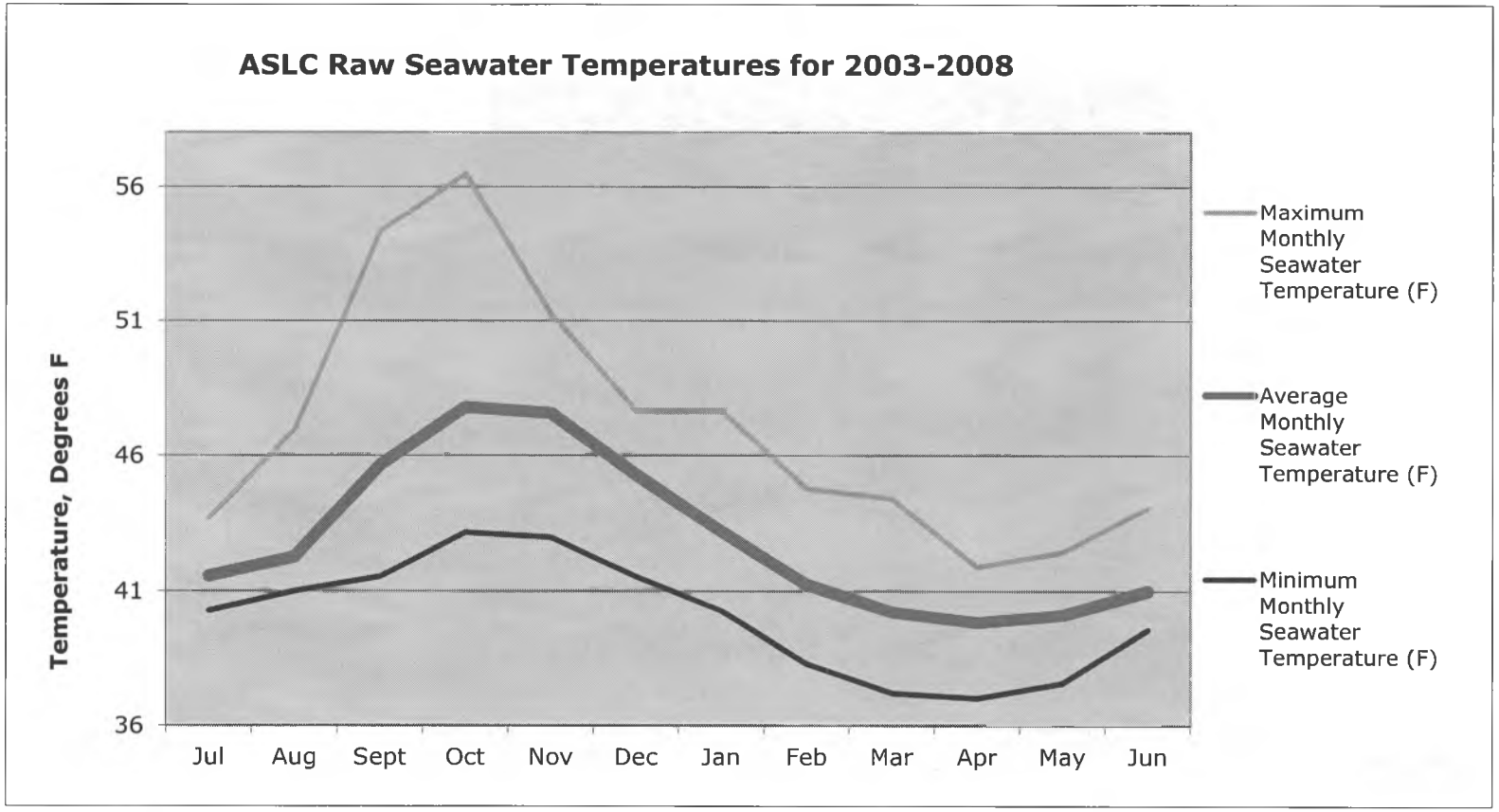
- **Heating loads are large = air handlers, baseboards, duct coils, pavement heating, domestic hot water**
- **Two oil fired boilers plus one electric boiler in plant**
- **Heating oil demand can exceed 500 gallons per day in winter and up to 132,000 gallons per year.**
- **In 2008 with $5/gallon pricing, annual heating costs reached $463,000.**

Sea Water Heat – Sweden & Norway

The concept of using heat from seawater for building demands has been employed for nearly 20 years in fjords along the coast of Scandinavia:

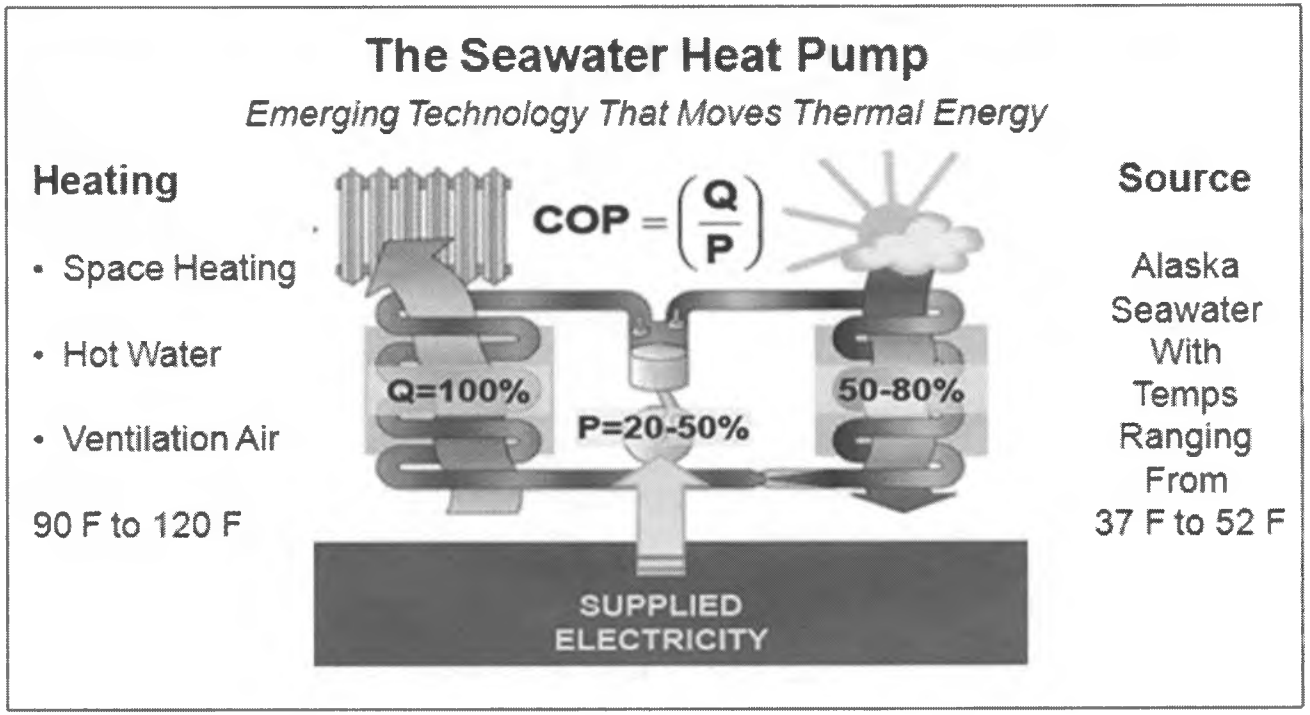
- **Stockholm, Sweden = Vartan Ropsten = largest seawater heat pumps on the planet**
- **Bodo Norway, pop 41,000, district heating w/44.6F seawater – on military base**
- **STATOIL Research Centre, Trondheim, Norway, district heating with seawater**

Seward Sea Water Heat Resource



Storage of solar heat in Resurrection Bay = year round usable heat resource

Technology Overview

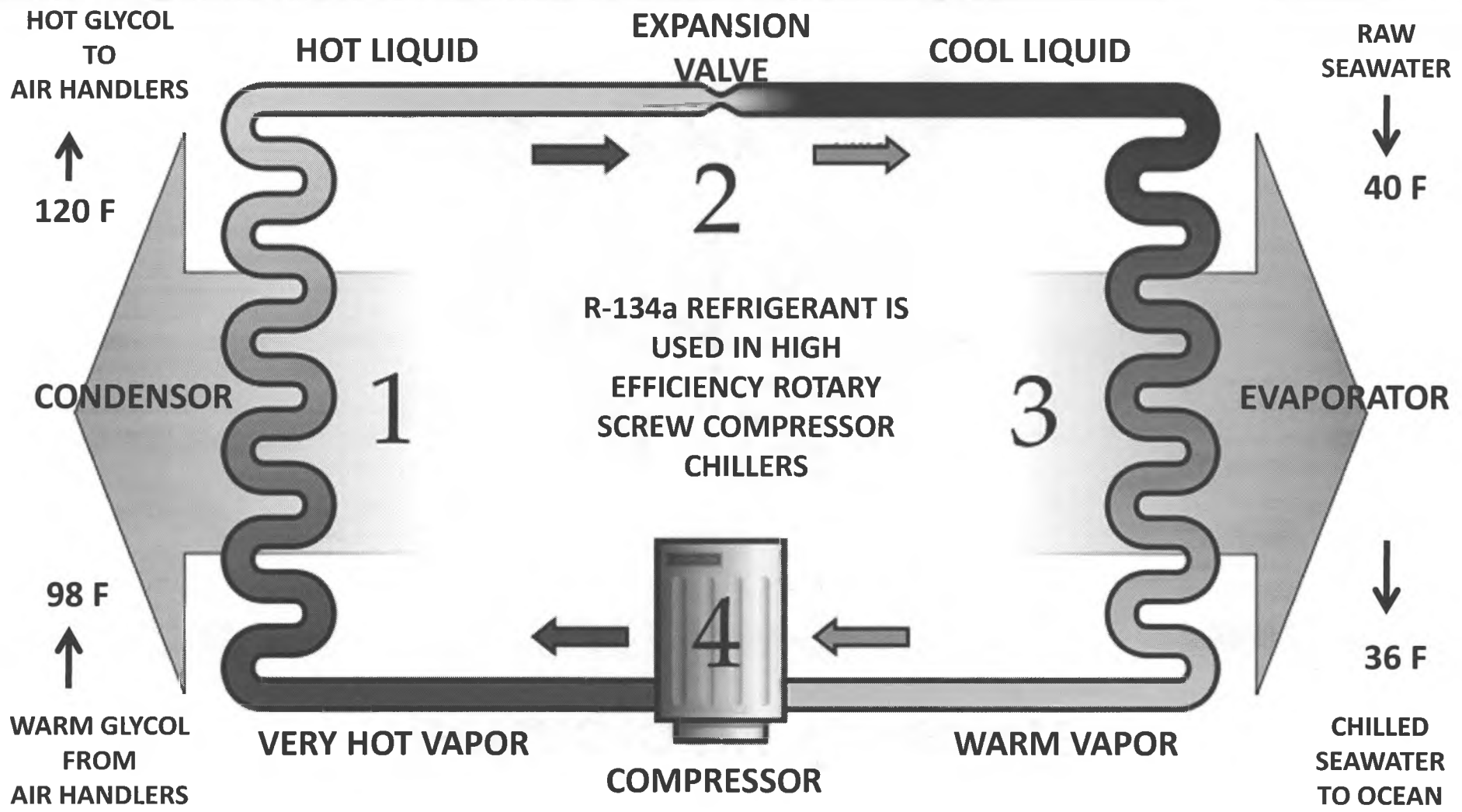


Q = Quantity of heat produced by heat pump

P = Electrical power used by heat pump

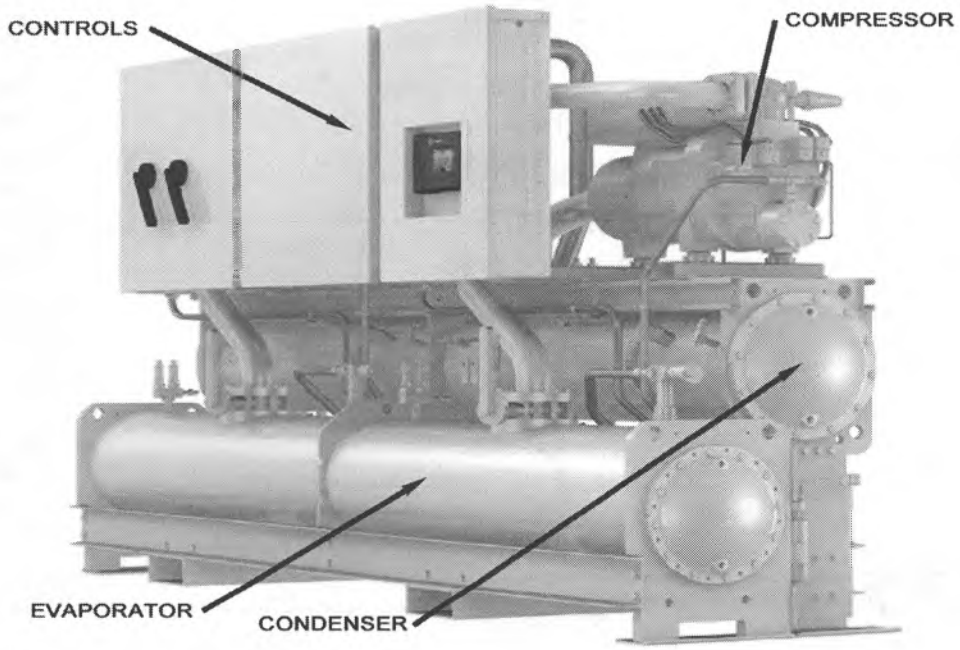
COP (Coefficient of performance) of 3.1 – 3.6 expected from ASLC seawater heat pump

Technology Overview



Technology Overview

HIGH EFFICIENCY ROTARY SCREW HEAT PUMP



Emerging technology with more efficiency & lower maintenance

Single packaged unit can now perform complex heat pump functions with high reliability and serviceability

Can be operated and supported with automated controls and web based monitoring

Technology Overview

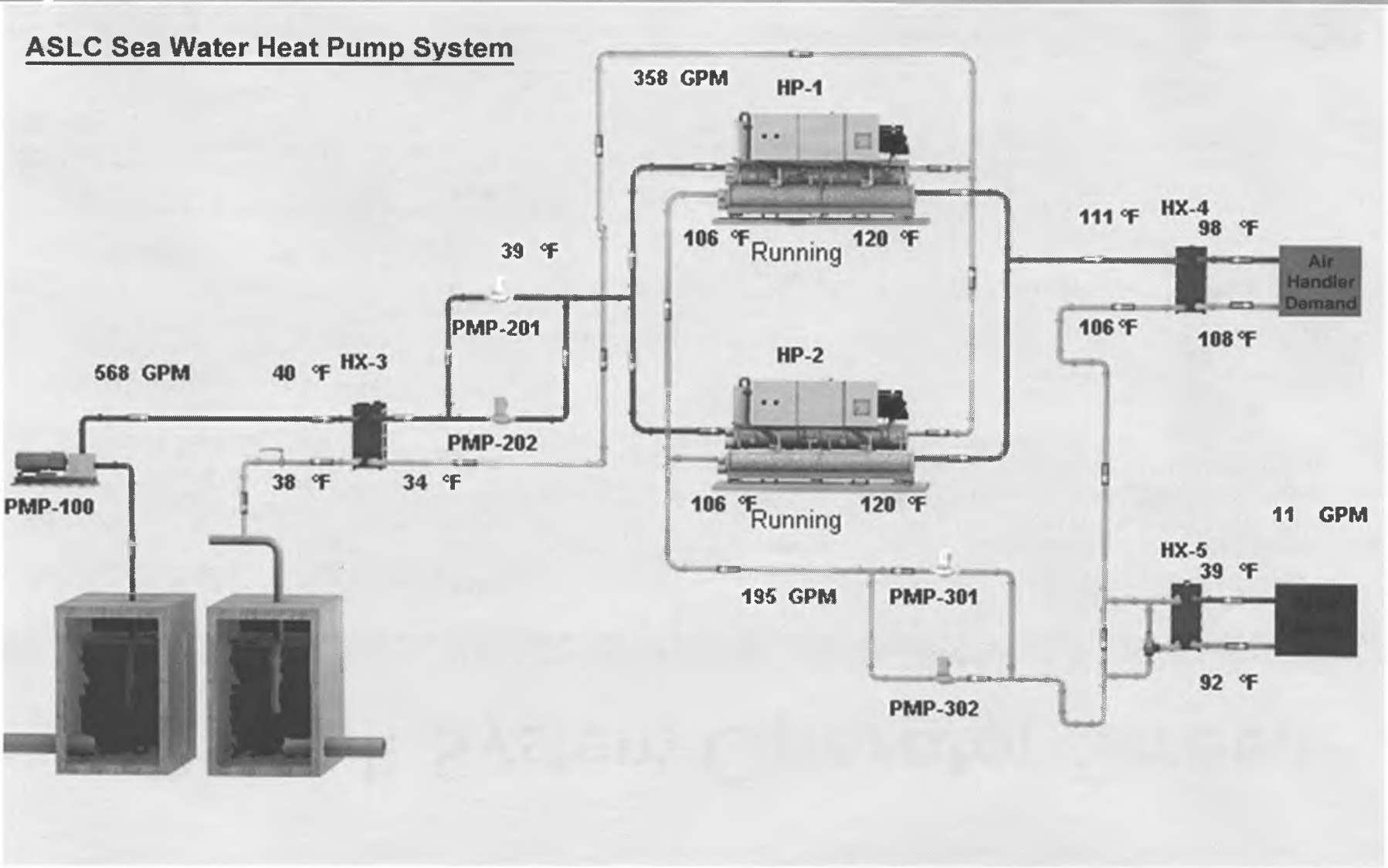
Month	Entering Evaporator deg F	Heating MBH (output)	kW (input)	COP
Jan	41.2	955.9	81.94	3.42
Feb	39.3	921.4	81	3.33
March	38.2	901.4	80.46	3.28
April	37.8	894.2	80.26	3.26
May	38.1	899.6	80.41	3.28
June	39	915.9	80.85	3.32
July	39.6	926.8	81.15	3.35
August	40.3	939.5	81.49	3.38
September	43.7	1001.6	83.17	3.53
October	45.8	1040.3	84.21	3.62
November	45.6	1036.8	84.11	3.61
December	43.3	994.2	82.97	3.51
Worst	35	843.7	78.89	3.13

Project Financial Evaluation

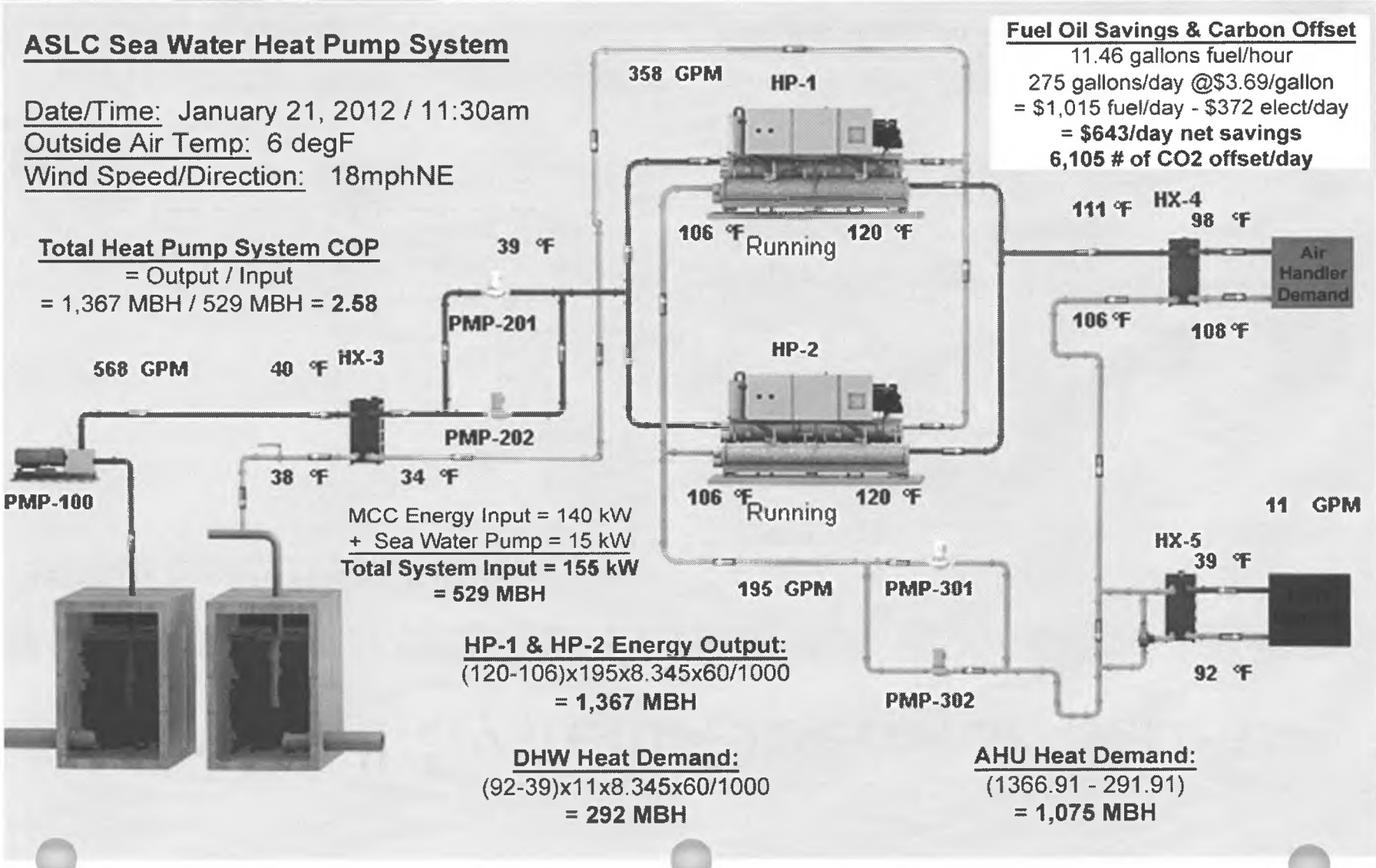
CAPITAL COST: ($713,300 Grant + $120,000 Match)	$ 833,300
Denali 2/3 & AEA 1/3	
ANNUAL COST FOR GLYCOL PUMPING:	$ 24,833
ANNUAL COST FOR HEAT PUMP ELECTRICITY:	$ 61,300
ANNUAL COST FOR O&M:	$ 10,000
ANNUAL VALUE OF HEATING OIL SAVED:	$ 212,738
NET PRESENT WORTH WITH 20 YR LIFE CYCLE:	$ 2,426,513
YEARS TO PAYBACK INVESTMENT:	6.7 YEARS
ANNUAL CO2 PRODUCTION AVOIDED:	1.3 million LBS CO2

- Electricity cost = start at $0.10/kwh with 4% per year escalation
- Heating oil cost = start at $3.69 /gallon with 6% per year escalation

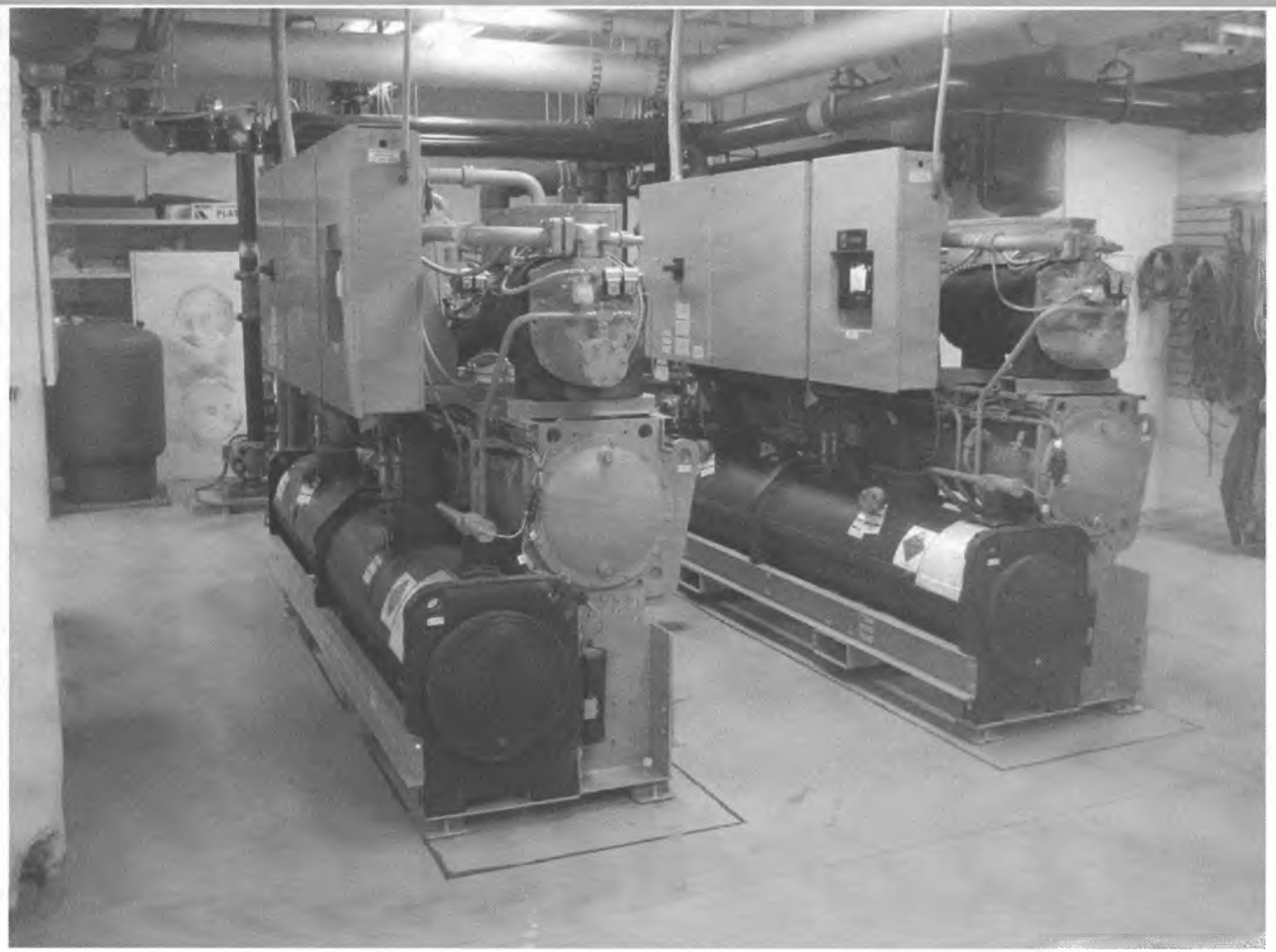
Overall System Operator Screen



Overall System Operator Screen



Actual Installation – Heat Pumps



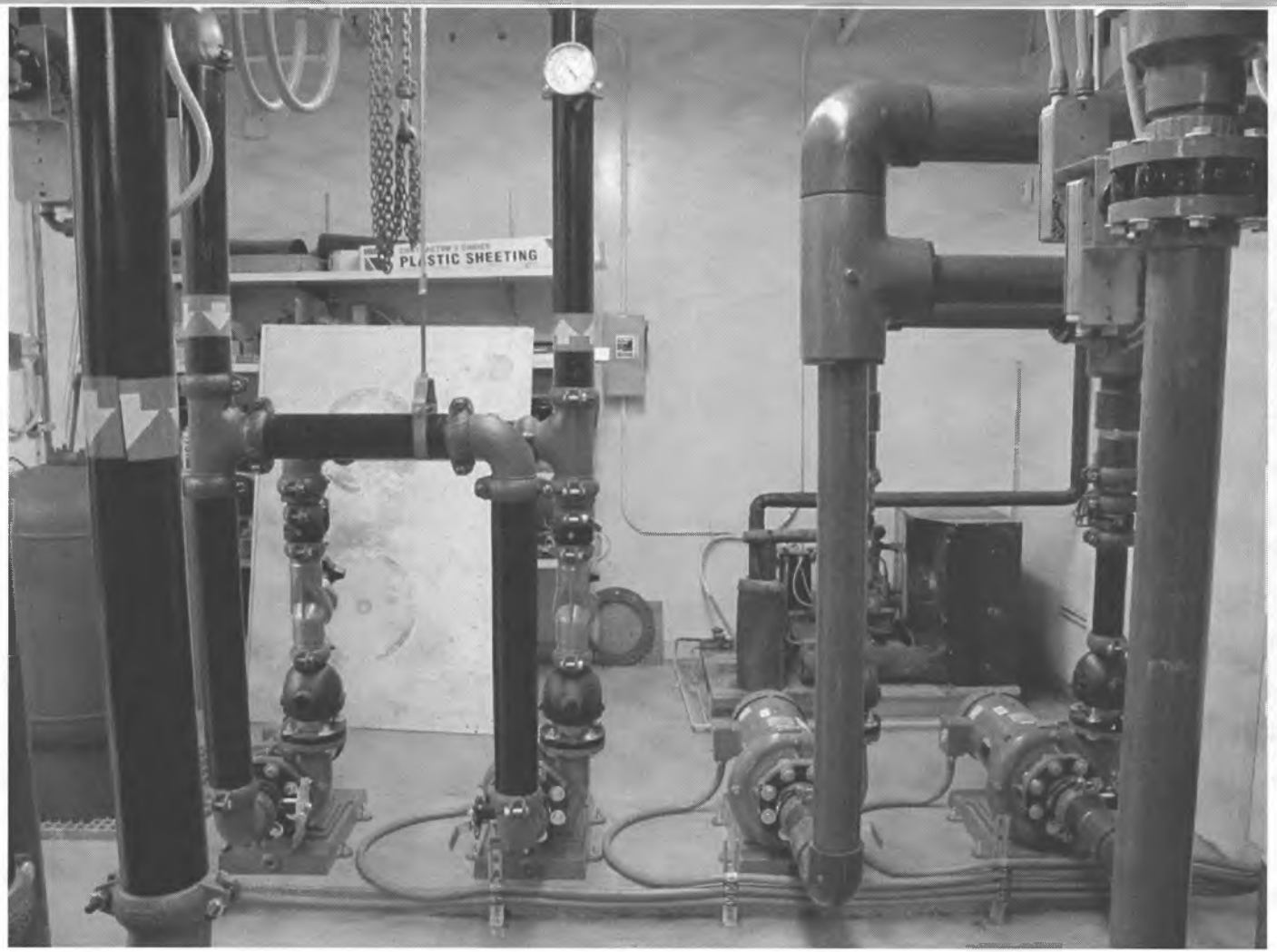
Two 90-Ton Heat Pumps – One or Two Heat Pump Operation

Actual Installation – Sea Water HX



Transfers Heat From Sea Water Into a Glycol Loop That Then Passes Through Heat Pumps

Actual Installation – Loop Pumps



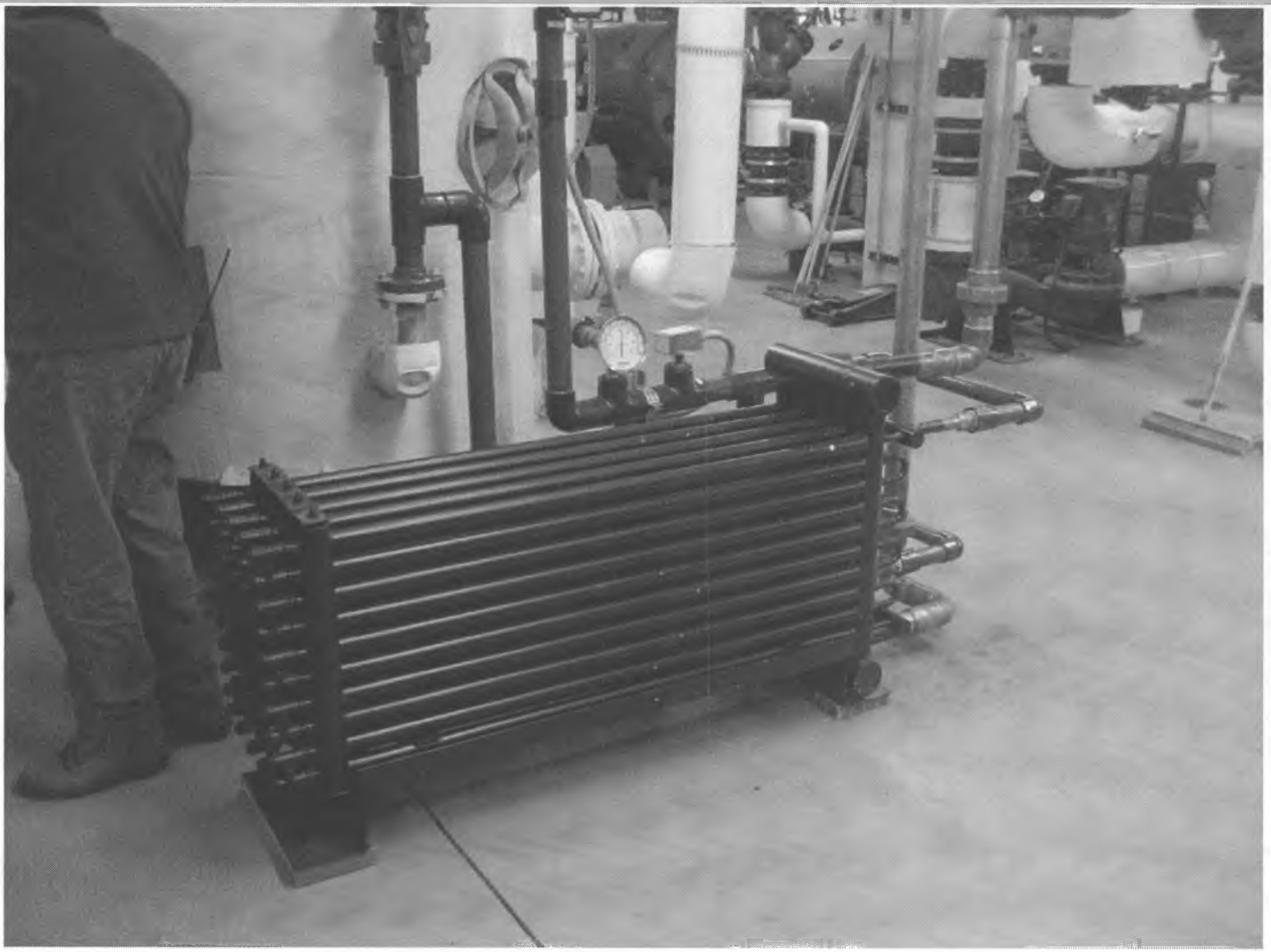
High-Efficiency Circulation Pumps Move Glycol and Water Through the Heat Pumps

Actual Installation – Air Handler HX



Heat Pumps Warm Up Water Loop to 120°F – This Heat is Then Transferred to Air Handler Loop

Actual Install – Domestic Hot Water HX



City Water Entering at 45°F is Pre-Heated Up To 100°F With a Side Loop From Heat Pumps

Actual Installation – Motor Control Center



All Electricity Used For Heat Pumps, Circulation Pumps, and Controls is Supplied by One MCC

Alaska Application

- **Opportunities for use in Alaska:**

  Coastal communities with warm sea water (ice free) and low cost hydro electricity = heating of large buildings + district heating

- **Challenges:**

  Constructing and maintaining sea water intakes, making use of low temperature heat in existing buildings (120F).

- **Potential Benefits:**

  Significant cost savings for heating against both heating oil and straight electric heat; large reductions in carbon emissions compared to equivalent heating oil burn; reduction of demand load on local utility grid (to one third) compared to straight electric resistance heating systems

Project Tasks & Timeline

- **Final Design** was completed by YourCleanEnergy on November 30, 2010
- **Equipment installation** - March & April 2011
- **Commissioning/start up** - July 2011 – Feb 2012
- **TRACER Operating Screens Enabled** – August 2011, technical challenges with system control integration
- **Testing & Data Monitoring** – Heating Season of Sept 2011 Thru April 2012

Project Status

- Construction completed July 2011, now in testing and commissioning phase

- Alaska SeaLife Center secured additional funding from Murdock Foundation to <u>improve the base sea water heat pump system</u>: $183,000 for slab heat construction
  - install **heat recovery system** that uses waste heat from exhaust fans to pre-heat glycol before entering heat pumps; will increase COP, and the investment will payback in less than 3 years
  - connect the **pavement heating system** to heat pump system so that further reductions in oil usage will occur in shoulder seasons



Alaska SeaLife Center
windows to the sea

Sea Water Heat Pump Project

Tara Riemer Jones, Ph.D., President & CEO
Darryl Schaefermeyer, Operations Manager

Alaska SeaLife Center, Seward, Alaska

Your Questions About This Project?

Thank you for coming today
Please visit your Alaska SeaLife Center in 2012

NEA Investment in Naknek Geothermal Project
January 2012

Why Not Diesel?

- Volatile and unpredictable fuel pricing
- Graph: Fuel Costs compared to Naknek Geothermal Project Costs 2008 – 2011
- Regulatory costs
- New energy - new paradigm - clean & renewable
- Value-add trends in the Bristol Bay seafood industry
- Increased load = increased fuel requirement

10 Years Researching Alternatives to Diesel Generation

- Coal Bed Methane
- Tidal
- Wind
- Geothermal

Geothermal Research and Reconnaissance 1999 – 2009 $3M

- Geological, Geochemical & Geophysical Surveys
  - Shallow Boreholes
  - 2-meter temperature probes
  - 3-D Seismic
  - Aerial Magnetics
  - Ground Magnetics
  - Magnetotellurics

Spring 2009

- Budgeting & Planning for Drilling Program
- Select Contractors, Engineers, Consultants & Suppliers
- Purchase Rig #7 **$11.5M (with improvements)**
  - Why buy a drilling rig?
    - Naknek Geothermal Project requires multi-well production field
    - High costs of mobilization and demobilization to remote area
    - High cost of drilling operation and standby day-rates
    - Retained value of rig ownership
- Survey Site and Design Road, Pad and Storage Cells

Summer - Fall 2009

- Barge Rig #7, Materials and Equipment to Naknek, Alaska
  - Northland Services contract for all ocean freight
  - More than 13 million pounds of equipment and supplies, including casing, cement, mud, heavy equipment, mixing tanks, and Rig #7
  - Everything required to commence drilling arrives in Naknek on time
  - Bristol Bay Borough dock crew drops top drive on the dock after it is off-loaded from barge
- Glacier Construction Contract to Build Road, Pads, Cells and Monitoring Wells

Naknek-G #1 Drilling Operations $19.3M

- DNR issued Geothermal Drilling Permit June 2009.
- AOGCC revised the Drilling Permit for Naknek-G #1 August 2009, without regarding geothermal techniques for underbalanced drilling – drilling the first well as an exploratory oil and gas well resulted in unanticipated regulatory compliance cost overruns
- Spud August 16, 2009
- Temperature downhole 9,000' – Baker Hughes survey 290 degrees.
- BJ Services calculated estimated temperatures based on logging and termperatures by drilling at approximately 350 degrees.

- Drilling Naknek-G #1 Sidetrack 1 began January 5, 2010
- Lost Naknek-G #1 Sidetrack 1 and suspended drilling operations January 22, 2010
- Drilling Naknek-G #1 Sidetrack 2 began February 8, 2010
- Lost BHA while drilling Sidetrack 2 April 6, 2010
- Fired company man April 8, 2010

Naknek-G #1 Cleaning & Flowing Operations

- First attempt commenced June 9, 2010
- Ended August 9, 2010 with mechanical failure
- Some of the heavy mud used to drill through production zone removed from fractures
- Temperatures reached 225°F - 250°F consistently with a single point measurement of 300°F at the flow line on August 6, 2010
- Thermal gradient based on Measurement While Drilling tools (MWD) higher than DNR estimates
- Recharge rate increased substantially as cleaning progressed
- Air compression system purchased from Vince Carlyle of Advantage Equipment in Midland, Texas and shipped to Naknek in January 2011
- Second attempt commenced February 18, 2011 using newly purchased air package
- Geothermal consultants on site to supervise flow and temperature tests March 2011
- Formation immediately surrounding well plugged with heavy mud
- Geothermal experts concur that based MWD data regarding inflow/outflow temperature, geologic logging, permeability and drilling fluid loss indicate a hydrothermal system capable of generating electricity.

Bankruptcy Hiatus - Events Leading to Voluntary Filing for Chapter 11 Reorganization

- Line of Credit reduced from $15M to $10M
- Long-term debt on the purchase of Rig #7 reduced from $11.5M to $8.5M
- Congressionally Designated Program (CDP) grants delayed and requiring matching funds
- Environmental Assessment (EA) required before the release of DOE's EGS competitive grant funding
- Co-Bank called in fuel loan requiring Chapter 11 protection for NEA and other creditors
- Rig #7 maintenance and improvements (winterization for year-round operations) performed while waiting for funding and larger capacity air compression system (August 10 2010 – January 2011)
- $.09 rate increase to NEA consumers May 1, 2010 to comply with National Rural Utilities Cooperative Finance Corporation debt covenants and demonstrate ability to cover debt service obligations

Preparations for Naknek-G #2

- AOGCC Drilling Permit for Naknek-G #2 issued mid 2011.
- Casing, cement, drilling chemicals, and equipment delivered to the site in 2009
- Determine drilling parameters for Naknek-G #2 with GeothermEx consultants

NEA Geothermal LLC

- Business Plan and Financial Plan completed in August 2010
- 10-year payback start-up capitalization - $500,000 annual dividends to NEA
- Opportunities for putting NEA Rig #7 to work after completion of the Pikes Ridge field include geothermal prospects at Mt. Spurr, Akutan, and US Air Force bases in the Aleutians; plus oil and gas plays in Alaska

NEA Consumer Support for Naknek Geothermal Project

- Naknek Electric Association voluntarily filed for Chapter 11 to protect the cooperative's assets, restructure debt, and continue the geothermal project
- Under bankruptcy protection NEA is eligible for geothermal project financing

- Board and management moved forward on the project and have focused on tasks that will bring geothermal energy online as soon as possible
- NEA held a Special Membership Meeting December 4, 2010 to vote on changing the Association's Articles of Incorporation debt limit language allowing the debt limit to be set by the Board of Directors through a duly enacted resolution
- The language reflected the standard among rural cooperatives for setting debt limits and was recommended by the Rural Utilities Service (RUS)
- A two-thirds (66%) majority vote was required to change Articles of Incorporation in the state and with surprising membership participation in the vote Amendment 1 was affirmed
- The State of Alaska has approved and recorded the amendment to NEA's Articles of Incorporation
- Amendment 1 Balloting Results:

Valid Ballots Cast	289	100%
"Yes" Votes	214	74%
"No" Votes	75	26%

- Board of Directors ratified NEA Resolution 2010-10 setting the cooperative's debt limit at $75M

Current Bankruptcy Status

- NEA filed Chapter 11 Reorganization September 30, 2010
- U.S. Bankruptcy Court hearing in December 2011 determined that NEA would submit a revised "diesel only" Plan of Reorganization, with a hearing on April 27, 2012.
- The judge will determine if NEA's Plan of Reorganization is in compliance with the U.S. Bankruptcy Code and creditors will decide if they agree to the plan
- If creditors agree unanimously to the terms of the plan then it can be confirmed and becomes binding; specifying the treatment of debts and operation of the utility for the duration of the plan
- The plan's payment schedule may be amended if resource confirmation tasks are funded and the geothermal project moves forward with federal and state renewable energy funding both authorized and prospective
- NEA's creditors understand that proceeding with geothermal resource confirmation, and the approval of the NEA's 2010-2014 Generation Construction Work Plan and loan guarantee by Rural Utilities Service (RUS) is in their best interests

Federal Grant Funding Status

- 2009-2010 Congressionally Directed Project funding (CDP) $5.35M ($2.86M reimbursed)
- $2.5M CDP funds remain (NEA geothermal project management will be meeting with DOE project managers in the next week to continue cost share discussion)
- January 2009 DOE – Energy Efficiency and Renewable Energy (EERE) competitively awarded $12.3M Enhanced Geothermal System Demonstration (EGS) Project funding
- Environmental Assessment completed and signed May 2010..
- NEA reimbursed $150,000 for EGS tasks completed to date; over $12M remains and will be released after NEA emerges from bankruptcy, cost share requirements are determined
- NEA geothermal project management has submitted cost share documentation and remains confident that funds will be made available for crucial resource confirmation tasks
- NEA geothermal project management, DOE project managers, DOE technical team, and Sandia National Laboratory scientists to formulate a plan forward, and revise tasks and Statement of Project Objectives (SOPO) to mitigate formation and heavy mud issues and move the project past the "go-no-go" decision point (resource confirmation
- Experts concur that Naknek-G #1 Sidetrack 3 is the preferred action to obtain resource confirmation

Rural Utilities Service (RUS) Funding – Guaranteed Loan – Catch 22

- RUS Environmental Review (ER) completed and signed in June 2011.
- NEA's guaranteed loan application will be complete when temperature and flow data collected during Naknek-G #1 resource confirmation activities are included in the financial forecast model

- Only after resource confirmation that will substantiate the worst case scenario in NEA's financial forecast will Rural Utilities Service (RUS) approve NEA's 2010-2014 Generation Construction Plan and loan guarantee application
- Senators Murkowski and Begich as well as Representative Young support NEA's project and have communicated this to key staff at RUS, DOE, and the State of Alaska

State Funding – Catch 22

- $1.25M awarded and received in September and October 2010
- Applications are under development for capital project funding consideration through the legislature and the Governor's Office

Resource Confirmation Tasks - Naknek-G #1 Sidetrack 3 $3.2M

- NEA geothermal project management, DOE project managers, DOE technical team, and Sandia National Laboratory scientist to determine best way to mitigate formation/heavy mud issues
- Experts concur that Naknek-G #1 Sidetrack 3 is the preferred action
  - Naknek-G #1 Sidetrack 3 Budget
    - Equipment **$55,500**
    - Supplies **$631,900**
    - Rig Hands & Direct Rig Costs **$708,734**
    - Contractual **$1,075,000**
    - Transportation **$450,000**
    - Contingency (10%) **$292,113**

Bristol Bay's Natural Renewable Resource Base

- Trends in the Salmon Industry
- In 2010 Sockeye Salmon accounted for 92% of the total Bristol Bay salmon harvest, 95% in 2009, and 94% in 2008
- In 2010 67% of the total Bristol Bay sockeye salmon harvest was processed in Naknek, Alaska, 58% in 2009, and 64% in 2008
- In 2010 the value of Sockeye Salmon harvest equaled $148.7M, in 2009 $127.6M, and in 2008 $111.4M
- Vacuum pack fillets and other value add activities are increasing among processors in the Bay which in turn increase ex-vessel value, demand, and energy requirements
- As the Bristol Bay floating processing fleet ages and corresponding operation and maintenance costs increase floating processing capacity will come on-shore
- NEA will realize increased sales if they can meet the demand
- Processors need firm and reliable power – geothermal energy could meet that demand without any increase in environmental liability or exposure to oil price volatility
- Trident Seafoods will build a $30M fish waste processor plant in Naknek, Alaska
- Bristol Bay Salmon Industry Workforce Contributions
  - 13% of Alaska's processing jobs
  - 26.1% of Alaska's harvesting jobs
  - 19.9% of all Alaska fishery jobs

NEA's Current Debt Load

Naknek-G #1	$23.5M
Long-Term debt for the purchase of Rig #7	$ 8.5M
Upgrades to Rig #7	$ 3M
CFC Fuel Loan / DIP Loan	$ 6.5M
Long-Term RUS Existing Loan	$ 3M
TOTAL	**$44.5M**

#1.25 state to clean out barite

Naknek Geothermal Project Update

January 2012

The $80 million Naknek Geothermal Project, in which Naknek Electric Association (NEA) has invested approximately $23 million to date, is now at a critical juncture – the immediate need for $3.2 million to leverage approximately $17 million in previously obligated federal grants as well as a federal loan guarantee.

The $3.2 million will allow confirmation of the geothermal resource in the initial well, which has been drilled at the project site seven miles from the King Salmon Airport (which NEA serves) in the Bristol Bay area of southwestern Alaska. Geothermal experts, engaged by NEA as requested by federal and state agencies, are in agreement that the initial well and the overall site hold high potential for Alaska's first utility-grade geothermal power production facility.

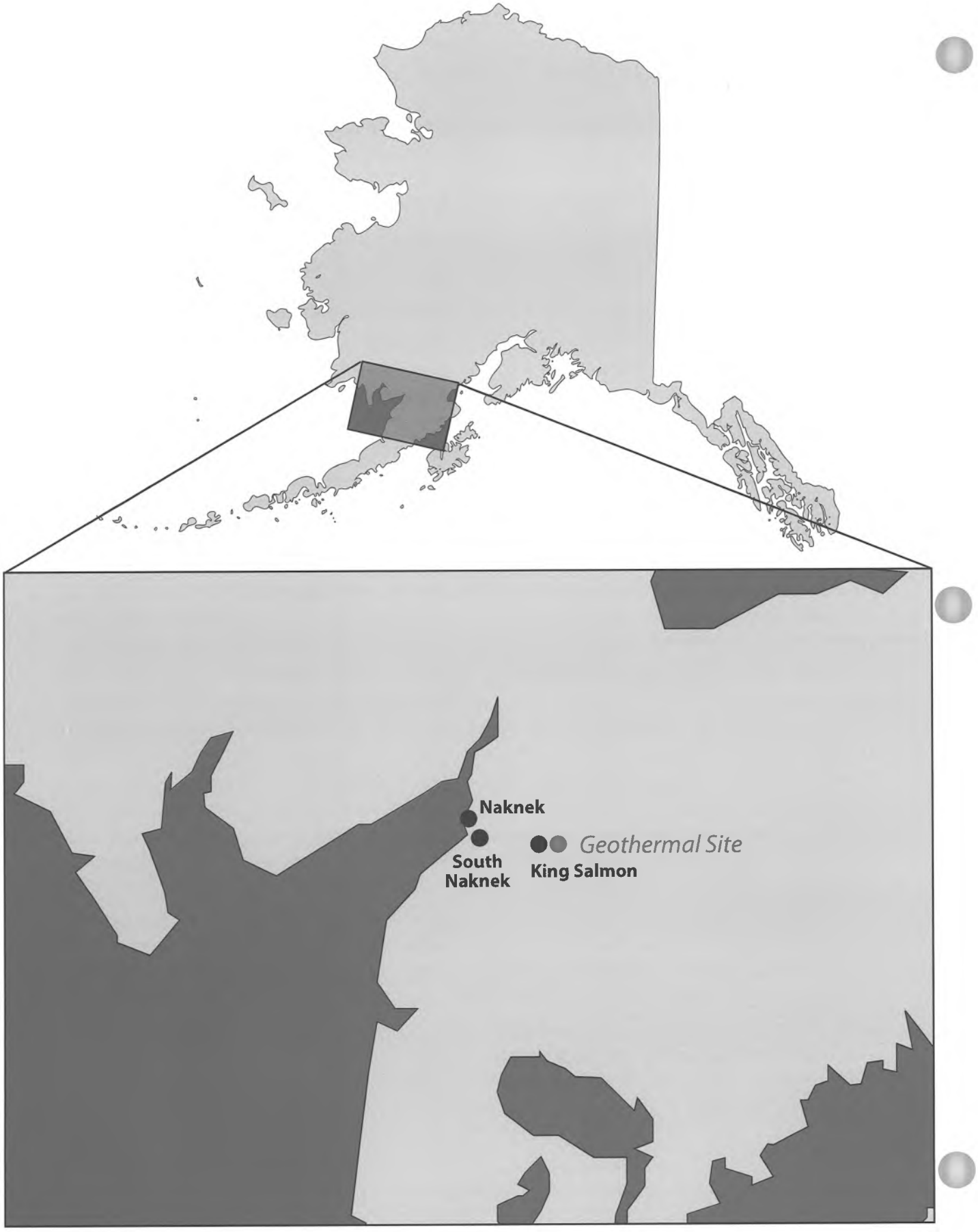
NEA is a member-owned electric cooperative serving residents of Naknek, South Naknek and King Salmon. The geothermal project has the support of the majority of NEA's consumers, as well as the Bristol Bay Borough, the Bristol Bay Native Association, the Bristol Bay Native Corporation, Paug-Vik, Inc. and the Alaska congressional delegation.

Resource confirmation within the initial well is necessary to verify its electricity-producing potential, and allow release of approximately $17 million in designated grants by the U.S. Department of Energy (DOE) and approval of a pending $54 million loan guarantee request to the U.S. Department of Agriculture's Rural Utilities Service (RUS).

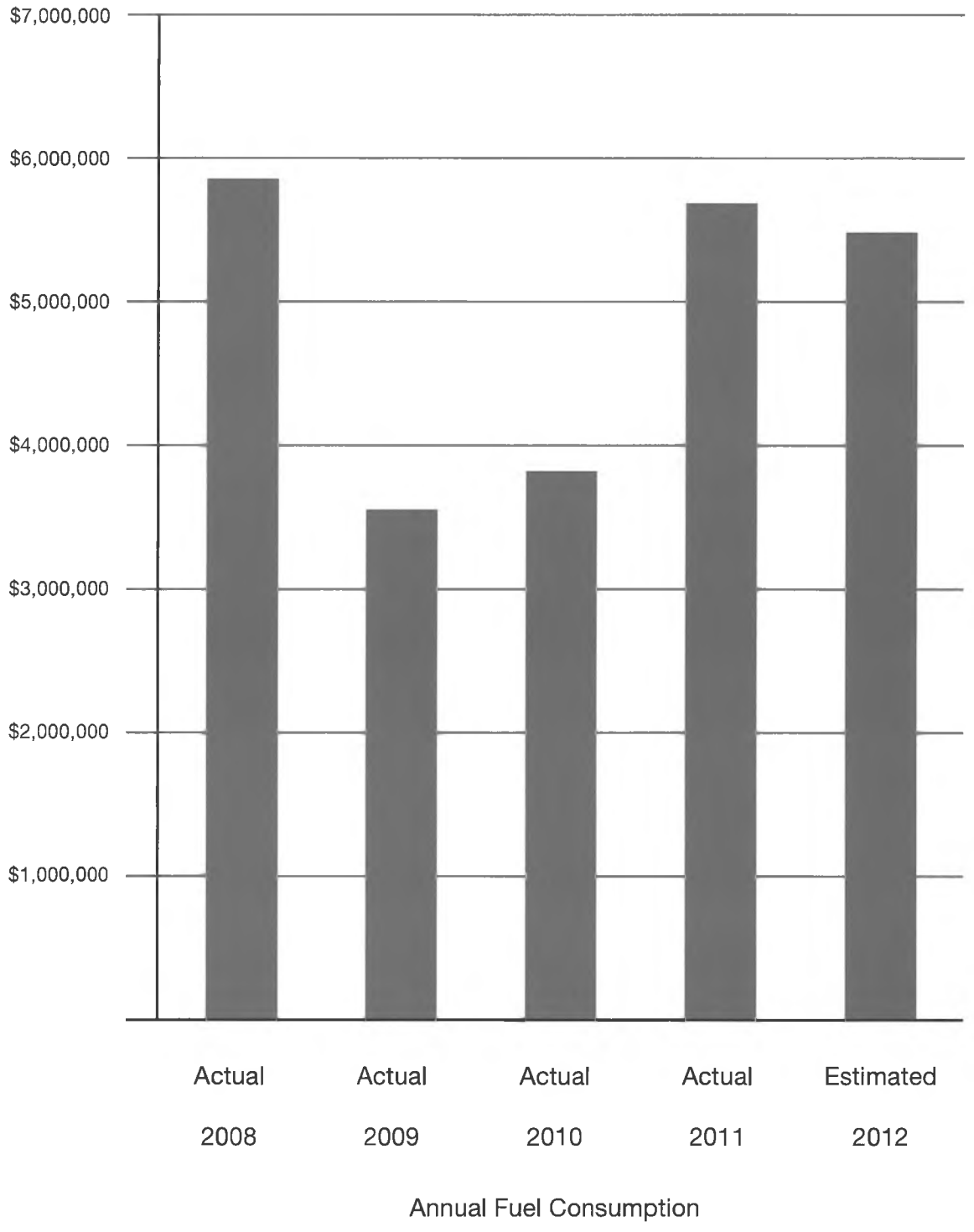
NEA is currently in Chapter 11 reorganization brought on by the heavy front-end costs associated with development of the initial well coupled with delays in freeing up the bulk of the DOE grants and the RUS loan guarantee. The $3.2 million is necessary immediately to assure the bankruptcy court that the resource confirmation will proceed without delay. The next scheduled proceeding in the Chapter 11 process is in late March.

Without assurance of resource confirmation, the bankruptcy court could effectively halt the project, forcing NEA to continue its total reliance on diesel generation, with rising fuel costs and environmental impacts. Currently, NEA is spending about $6 million a year on diesel fuel. Within just 13 years, that fuel expense would eclipse the total cost of the geothermal facility with its renewable fuel source – hot water.

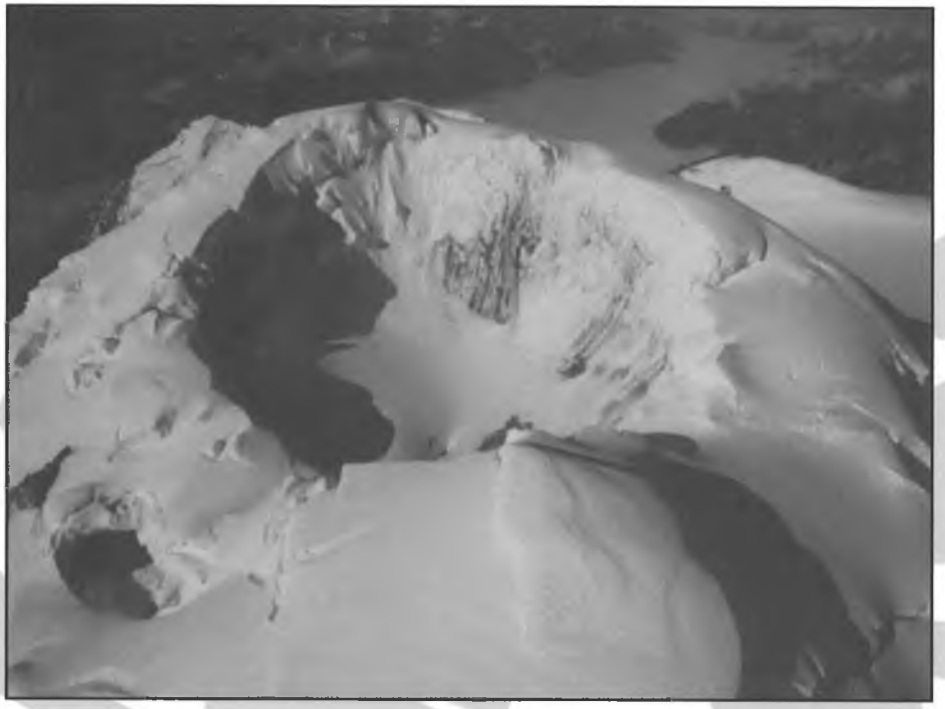
In addition to NEA's residential, business and government consumers in Naknek, South Naknek and King Salmon, the geothermal facility would serve major seafood processors in the largest salmon-producing region of the United States. Like others in the area, the processors are currently dependent on diesel generation. Bristol Bay seafood is a major economic engine in Alaska.


Naknek
South Naknek
Geothermal Site
King Salmon

Annual Diesel Fuel Consumption



The Mount Spurr Geothermal Project



House Resources Committee Meeting
January 27, 2012
Juneau, AK

Paul Thomsen (pthomsen@ormat.com)
Ormat Technologies, Inc.
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We will not update these forward-looking statements, even though our situation will change in the future.

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Outline

- Introduction to:
  - Ormat Technology, Inc
  - Geothermal power
  - The Mt. Spurr geothermal project
- Project status and timeline
- Costs, matching funds and overall funding plan
- Local support
- Amount and cost of power supplied to Railbelt
- Economic and environmental impact

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Ormat Brings Credibility

- A leader in geothermal power
- Owns and operates 553* MW worldwide
- Supplied approximately 1,410 MW to 24 countries
- Vertically integrated:
  - Explores, develops, engineers, manufactures, constructs, operates
- Employs approx. 500 people in the U.S. ; >1,150 worldwide
- Publicly traded on the NYSE ("ORA")

*Including 50 MW of North Brawley in California and 15 MW of Jersey Valley in Nevada, which are currently below design capacity.

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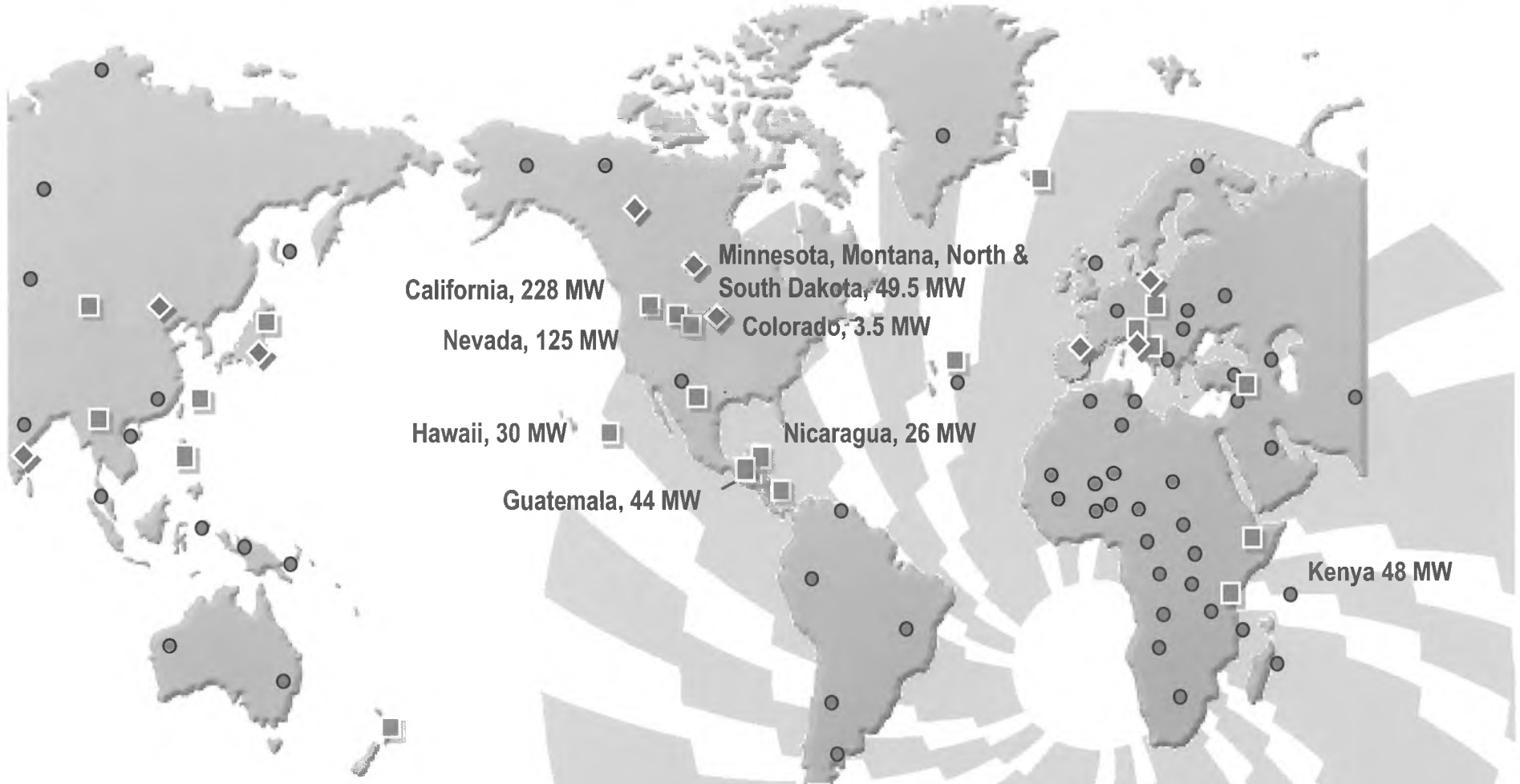
Global Presence

Meeting the Needs of Customers in 71 Countries



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Ormat's Commitment to Alaska

- >100 Remote Power Units
  - Serving remote gate valves
  - TransAlaska Pipeline
  - Since 1975
- First geothermal unit
  - Tested in 1979
  - University of Alaska Fairbanks
  - At Manley Hot Springs
- Approx. $6 million of Ormat equity invested in Mt. Spurr to date



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Geothermal – Key Attributes

- Utilities' renewable energy of choice:
  - Base-load generation
  - Cost-competitive
  - Highly reliable; >95% availability
  - Proven technology: ~11,000 MW deployed worldwide
- No fuel cost risk; Fixed long-term pricing
- Sustainable & environmentally friendly
  - Closed loop system with near zero emissions
  - No water consumption [Mt. Spurr plant will be air-cooled]
  - Minimal surface and visual impact
- Creates long-term, high-quality jobs

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Geothermal – Development Inhibitors

- Resources are scarce
- High upfront CAPEX and risk required in order to discover and confirm the resource

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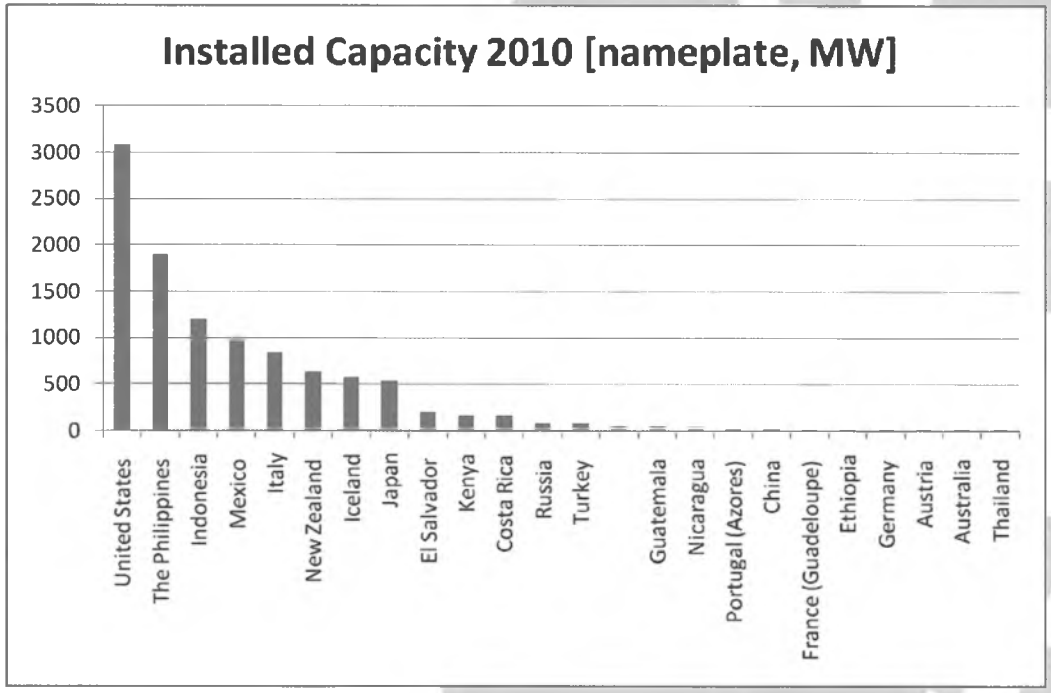
Worldwide Geothermal Deployment

- Approximately 11,000 MW deployed world-wide
- 24 nations have utility-scale geothermal generation
  - US is the world leader, with plants in CA, NV, HI, UT, ID
- Supportive policies have been key to success in all nations



Source: International Geothermal Association

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Project Location



West Cook Inlet

~75 miles west of Anchorage

Source: GoogleEarth

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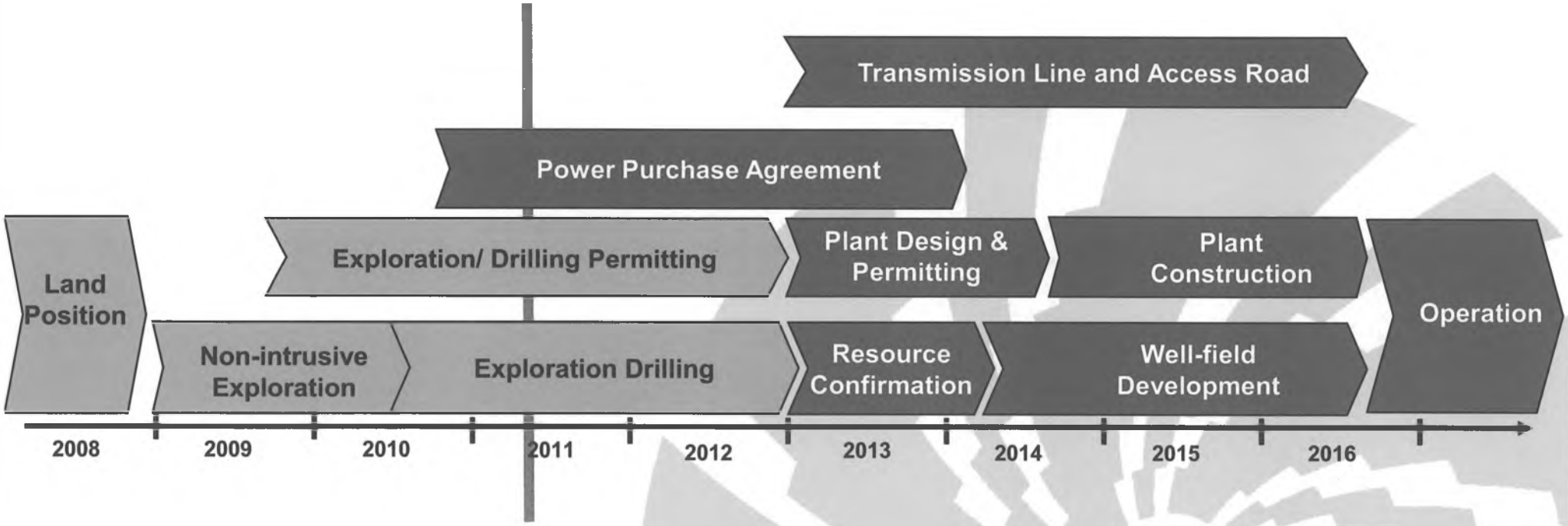
Mt. Spurr – Status & Estimated Timeline



- 36,000 acres of state lands leased from DNR in October 2008
- Non-intrusive exploration conducted summer of 2009 and of 2010
- Two exploration core holes (~1,000 ft) drilled in September 2010
- One deep exploration core hole (~4,000 ft) drilled during summer of 2011

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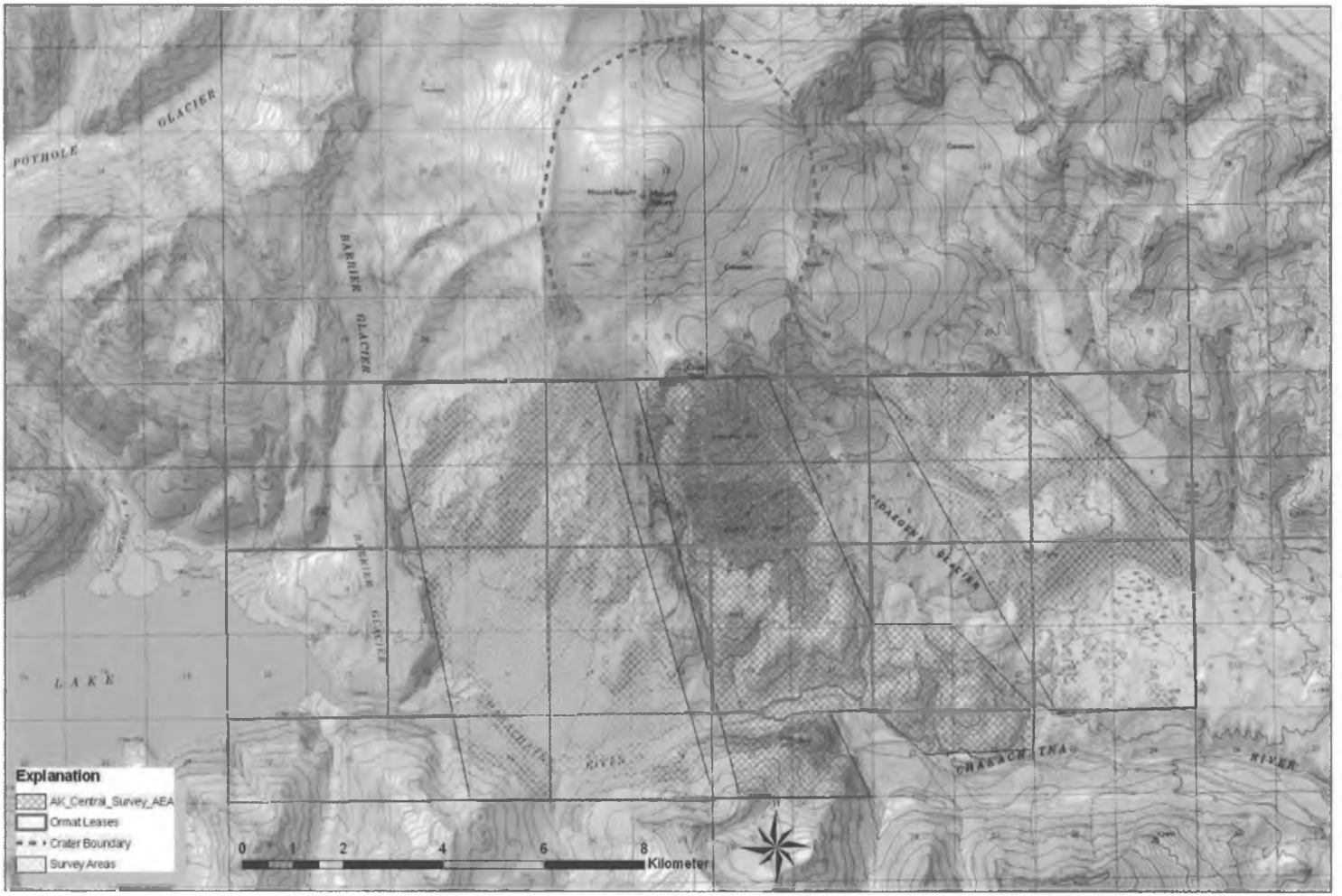
General Lease Area: 3 Regions



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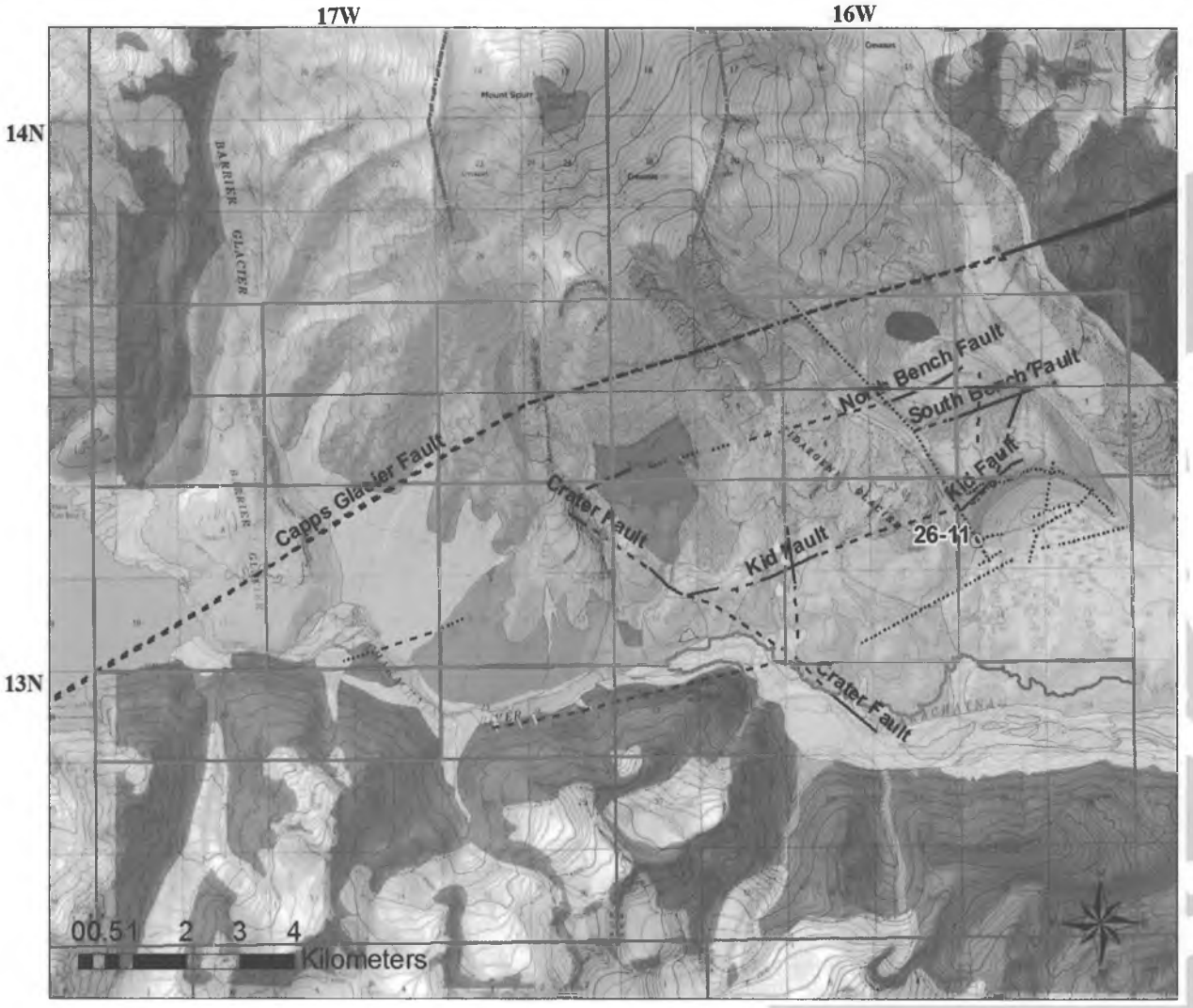
Drilling Work Focused on Easten Region



- Closest to infrastructure (road, transmission)
- Outside the known volcanic hazardous zone
- Geologic faults identified could potentially accommodate a geothermal resource

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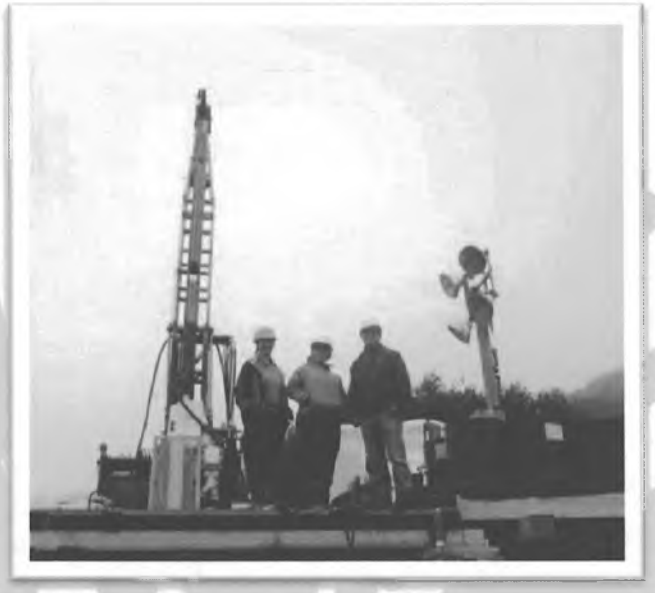
Core Drilling in 2010 and 2011







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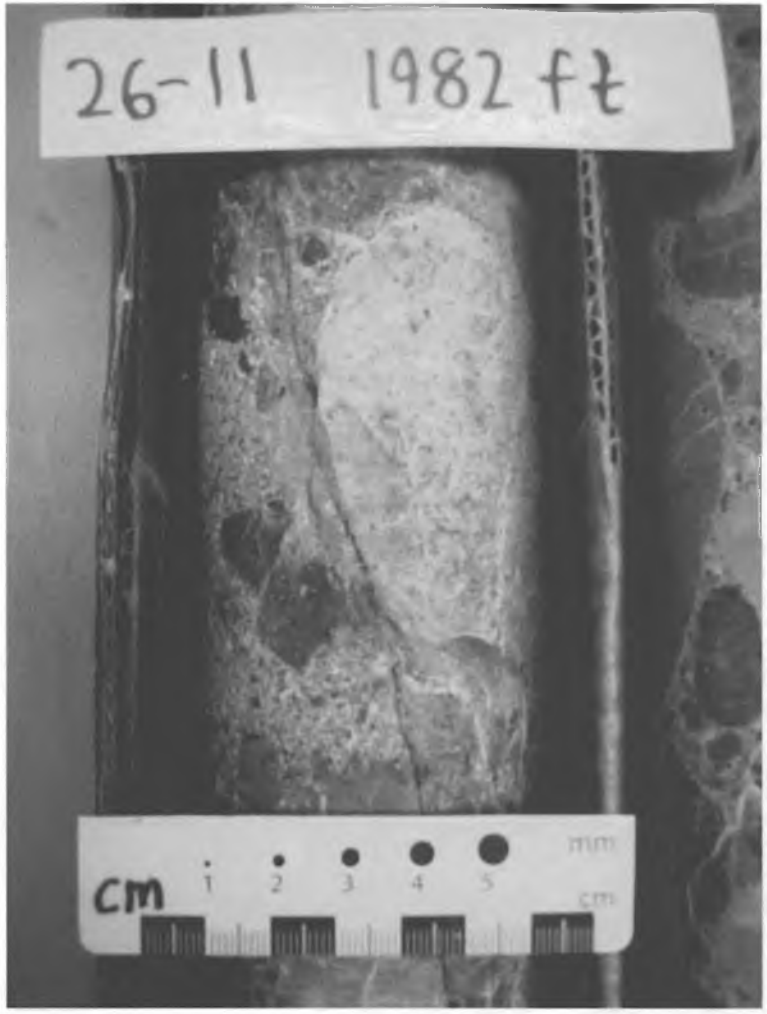
Core Collected – Donated to DNR/DGGS





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Results to Date

- Results from the 2009-2010 exploration and drilling work were encouraging as to the potential existence of a geothermal resource at commercial depths, primarily in the central (harder to develop) region but also in the eastern region
- Results from the 2011 deep core hole in the eastern region were not encouraging as the rock type encountered was not a good reservoir rock and the temperatures measured were colder than expected
- Current geologic model predicts low likelihood of finding a commercial geothermal resource at the eastern region
- However, geologic data still support the potential existence of a commercial resource at the central region

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Status and Next Steps

- Current efforts focus on trying to find a location in the central region that satisfies all major requirements:
  - Reasonable likelihood of finding a commercial resource
  - Volcanic hazard risk can be mitigated
  - Access road and transmission line could be connected to it at reasonable costs

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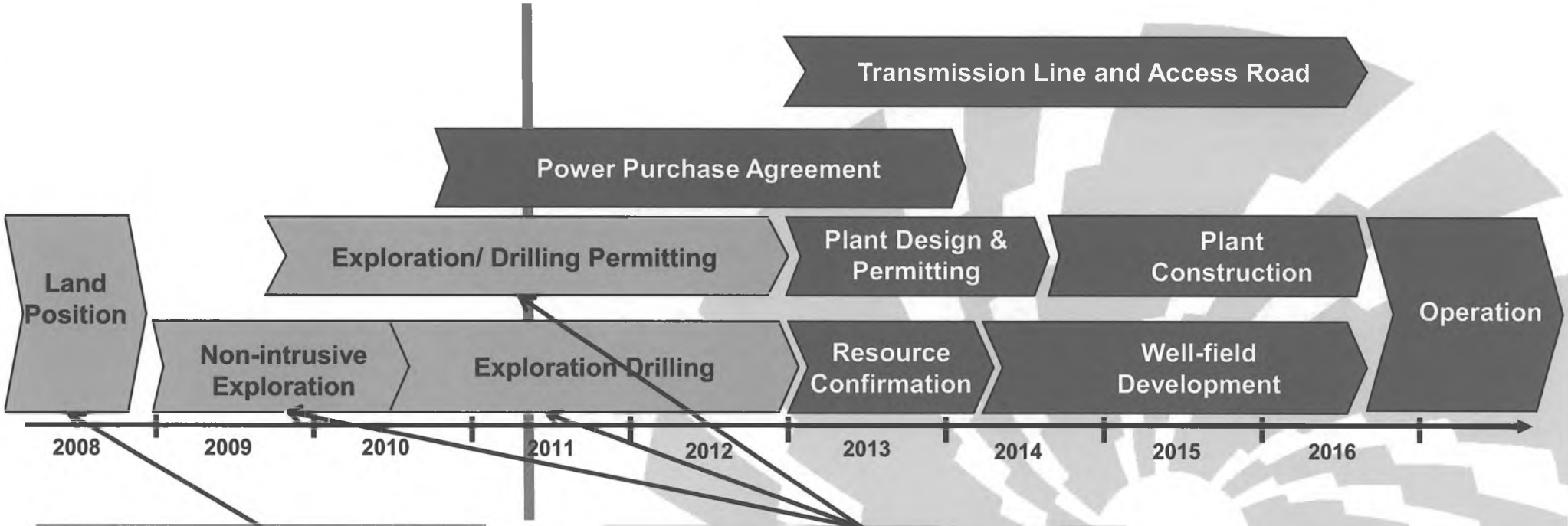
Sources of Funding So Far



Ormat

~$3.5 million bonus payment;
~$100,000 annual rent

Ormat and AEA (round III)

Ormat: ~ $3 million*

AEA: ~$2 million

* $2.1 million as matching funds per the grant agreement and the rest outside it

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Energy to the Railbelt

- Capacity estimated at 50~100 MW net, average. Target is:
  - ~50 MW in 2016
  - Expand to ~100 MW in 2019
- Near-term solution, bridging the gap to longer-term mega-solutions, e.g. Suisitna/Watana hydro and/or gas pipeline
- At 95% availability: 416~832 GWh/year

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Cost of Power to Railbelt Utilities

- Estimated at ~12 c/kWh
- Fixed price, not coupled with fossil fuels
- Geothermal is a baseload 24/7 resource, therefore utilities will not incur any integration costs
- Price is higher than current avoided costs (5-10 c/kWh), however:
  - Is comparable to other alternatives, e.g. Suisitna/Watana
  - Railbelt utilities' avoided costs are likely to go up with the continued depletion of Cook Inlet gas reserves

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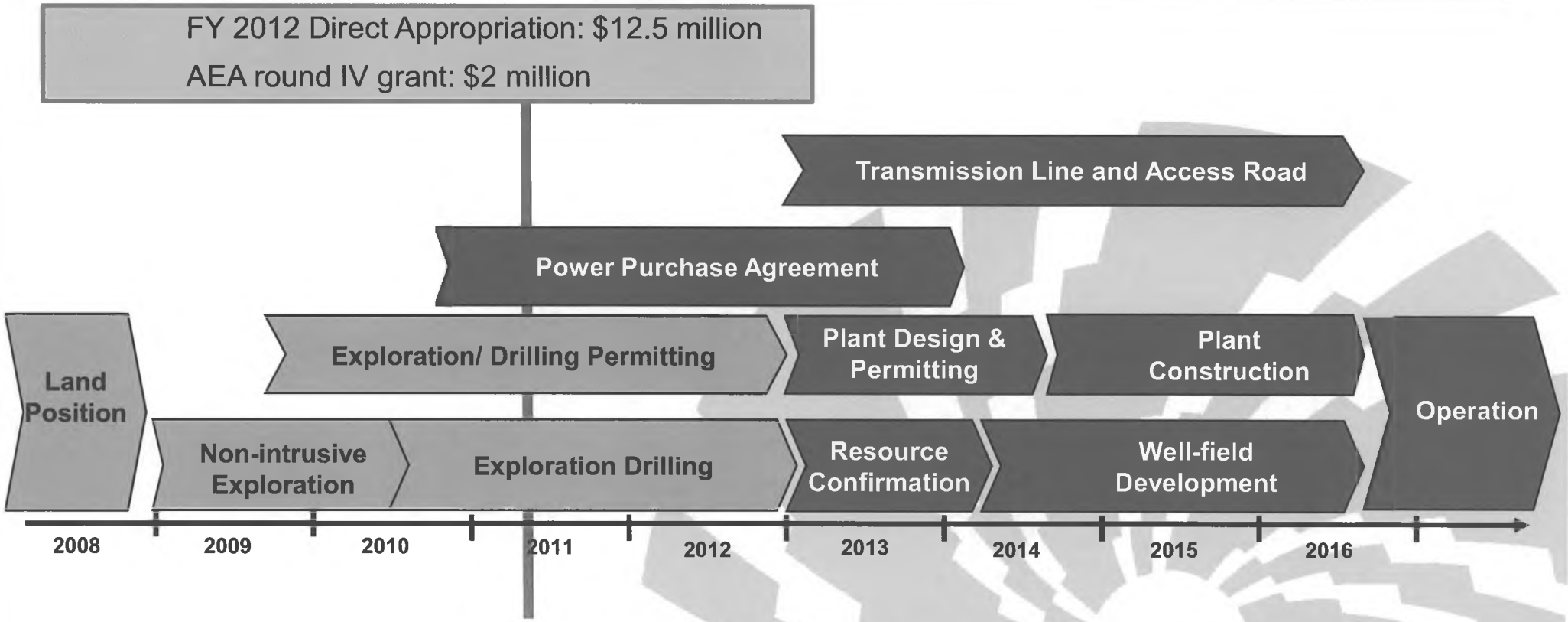
Additional Appropriated Funds



We would greatly appreciate making these appropriations available to this project in 2013, should Ormat and the State decide further drilling in the central region is justified

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Local Support

- From nearest communities:
  - Tyonek:
    - Cooperative agreement with Tyonek Native Corporation (TNC) in place
    - TNC provided Ormat with letters of recommendation
  - Kenai Peninsula Borough
    - Mayor provided Ormat with letters of recommendation
  - Anchorage
    - Mayor provided Ormat with letters of recommendation

- Environmental and renewable energy communities:
  - Cook Inletkeeper
  - Renewable Energy Alaska Project (REAP)

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Regional Priority and AEA Vetting

- Project supported by all 6 Railbelt utilities, separately and via ARCTEC, as a potentially viable near term solution
- Identified by the AEA-sponsored 2010 Railbelt Integrated Resource Plan as a beneficial component in the Railbelt's generation portfolio
- Selected by AEA for round III and IV of the Renewable Energy Fund Grant (REFG)

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Economic Impact

- Alaska's 100 MW of geothermal power could:
  - Provide 50-80 long term high paying jobs
  - Provide more than 300-450 construction jobs
  - Impact >400 local vendors
  - Fuel local economy with >$850 million over 30 years

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Environmental Impact

- Alaska's 100 MW of geothermal power could annually:
  - Save ~6,000,000 MMBTU of depleting Cook Inlet natural gas
  - That's roughly the equivalent of Anchorage's entire residential heating consumption
  - Avoid emission of ~320,000 tons of CO_2*

*Calculated for natural gas, assuming 53 Kg of CO_2 per MMBtu (DOE/EIA http://www.eia.doe.gov/oiaf/1605/coefficients.html)

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Summary – Mt Spurr Benefits

- Clean, reliable, field-proven, base-load power to the Railbelt
- Significant relief in Cook Inlet natural gas consumption
- Significant contributor towards 50% renewables by 2025
- Provides long-term price stability
- Near-term solution, bridging the gap to longer-term mega-solutions, e.g. Suisitna hydro and/or gas pipeline
- Provides high quality, long term green jobs

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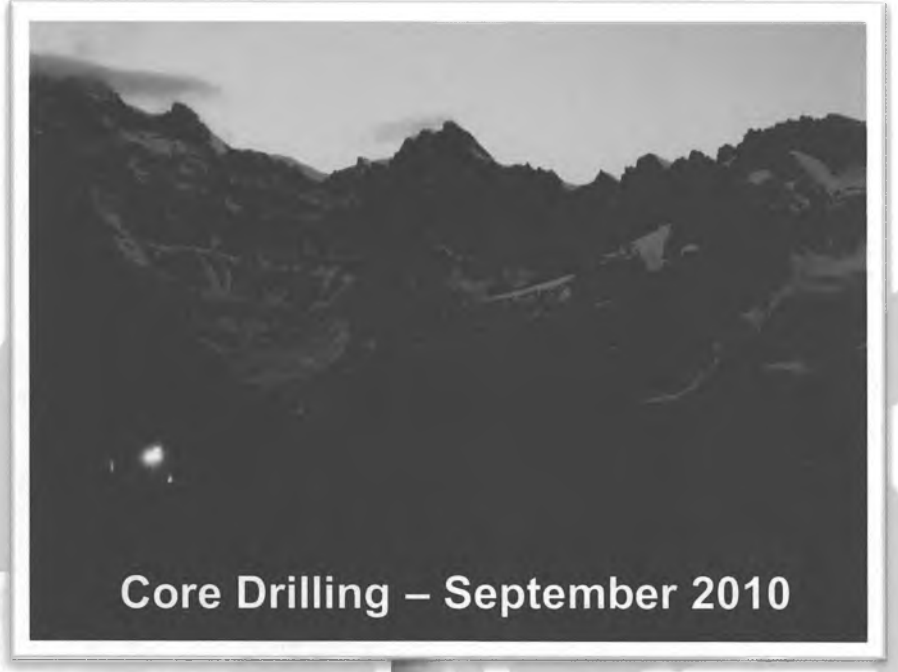
Thank You!


Mt. Spurr Summit – August 2009


Core Drilling – September 2010


Core Drilling – Summer 2011

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2/13/12 PRESENTATION: A 5-YEAR LOOK BACK - OIL INDUSTRY CAPITAL EXPENDITURES BY CATEGORY

<TARGET><BILL></BILL><SUBJECT>2-13-12 PRESENTATION A 5-YEAR LOOK BACK - OIL INDUSTRY CAPITAL EXPENDITURES BY CATEGORY</SUBJECT><COMM>HRES27</COMM></TARGET>

5 Year Look Back

Oil Industry Capital Expenditures by Category

Presentation to the House Resources Committee February 13, 2012 Alaska Department of Revenue

Bryan Butcher
Donna Kepers – audit mask

What We'll Be Discussing.....

- Purpose of Tax Credit Provisions
- Purpose of 5 Year Look Back
- Process of 5 Year Look Back
- Capital Cost Categories
- Historical Capex Charts
- Conclusions
- Process for 2011 and Going Forward

Is there any info that statute allows that the companies are not producing?

Purpose of Tax Credit Provisions

2003 SB 185 (RES)

AS 43.55.025 became law when Alaska had a gross tax, therefore there was no need to consider upstream deductions. The original bill provided for a reduction in royalty on certain oil produced from Cook Inlet in addition to the tax credit provisions. The goals were to increase exploration and increase the State's knowledge of the natural resource base.

5/13/2003, Senate Finance Committee

- Royalty reduction provisions were to help field economics and allow producers to maximize production and continue employment
- Regarding the tax credit provision, a sponsor commented the tax credits are more applicable to exploration than discovery
- Intent was to encourage companies to drill more wells so that the possibility of both discovery and production could be "substantially" increased
- Bill was part of Governor's long range plan and ultimate goal was to increase pipeline throughput
- Drilling within an existing unit would not qualify, nor would wells under current development and exploration plans

Purpose of Tax Credit Provisions, cont'd

- The fiscal impact of the tax credits was an investment incentive that the state must offer to secure "a long-term stream of oil"
- Exploration credits *were* limited to the exploration side, and were amended to include testing but not development costs
- Clearly the focus of the legislation was to encourage exploratory work by the industry and increase the State's understanding of resource base e.g. lease sales
- The credit was set up to encourage wildcat, high risk exploration and State shares in this risk via credit program

5/14/2003, Senate Finance Committee

- Once a well is successful, the State would stop "recovering the cost" because it is assumed that a producer would continue development.
- Wildcat exploration would qualify for a 40% credit, but the explorer must submit information about state geology and resource base during the exploration activities to DNR.

Purpose of 5 Year Look Back

- To provide informative cost information to decision makers
- To answer capital expenditure questions relating to credits
- To understand benefits and impacts of current statutes and regulation
- To create a process and reporting mechanism to collect and compile expenditure information submitted to DOR in non-standard formats
- To catch up on years of data collection
- To create standardized cost categories for reporting and data gathering to State agencies
- To establish the historical basis for future analysis and comparisons

Process of Information Gathering

- As part of the Data Assessment Project, conducted in-house discussion and review
- Conducted 4 workshops with industry
- Participation averaged 15 companies per workshop
- Industry was responsive in both active participation and written comments
- Established capital cost expenditure categories
- Developed both the 5 Year Look Back and forward-looking reporting categories

Use of Cost Expenditure Categories

- Compiled 5 Year Look back of CapEx (2006 to 2010)
- Compiling more detailed look forward of CapEx only – Effective 2011 return to be reported 3/31/12
- Look forward of CapEx & OpEx in progress – Effective 2012 return to be reported 3/31/13
- Will be submitted with annual production tax returns
- As supplemental information supporting the tax return
- Based on confidential information why.

Capital Expenditure Categories

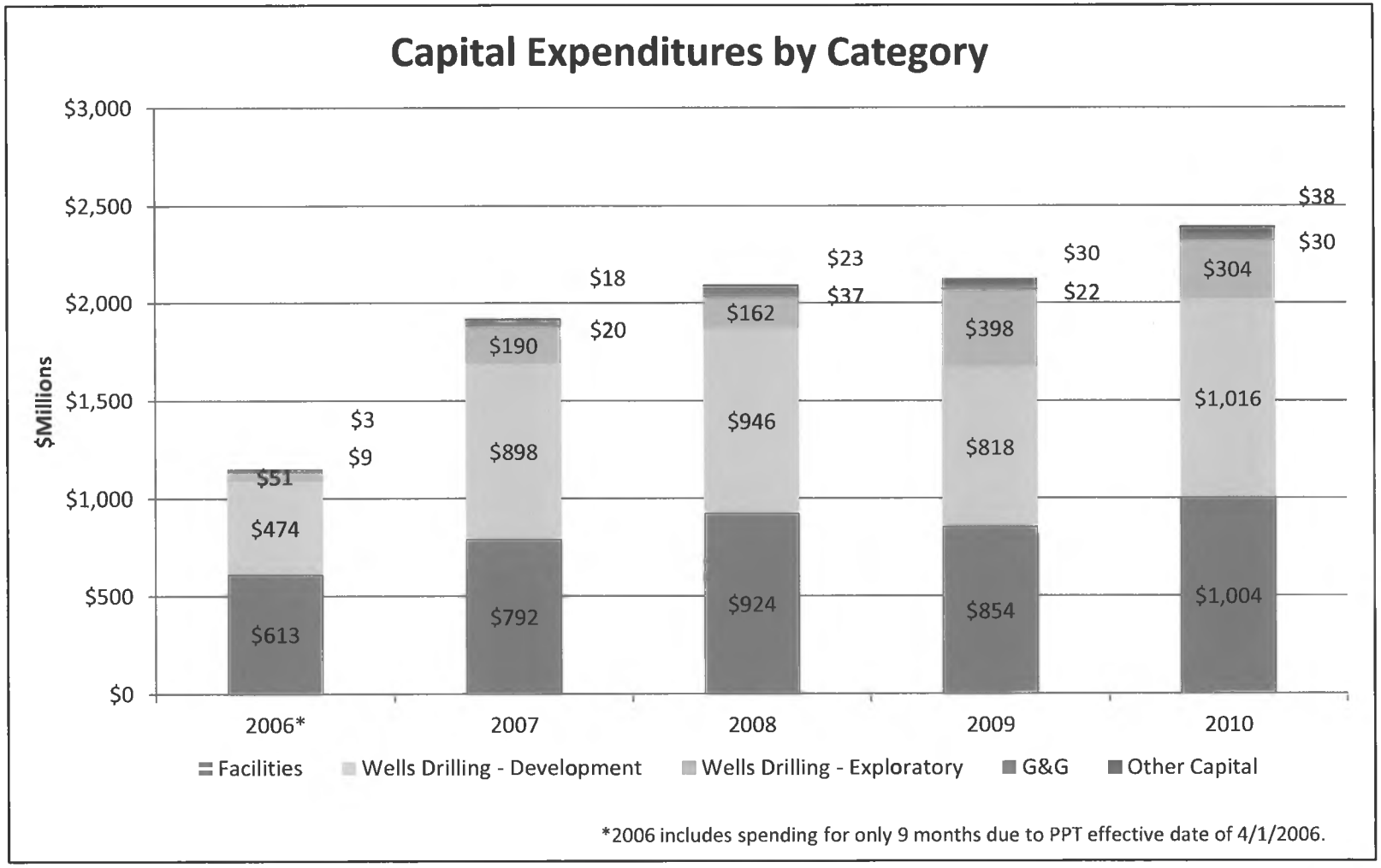
Look-back Categories For Years 2006 – 2010

- Geological & Geophysical Work (G&G)
- Exploration Drilling
- Development Drilling
- Facilities
- Other Capital

Categorized capital expenditure data represent 90% of costs related to credit applications

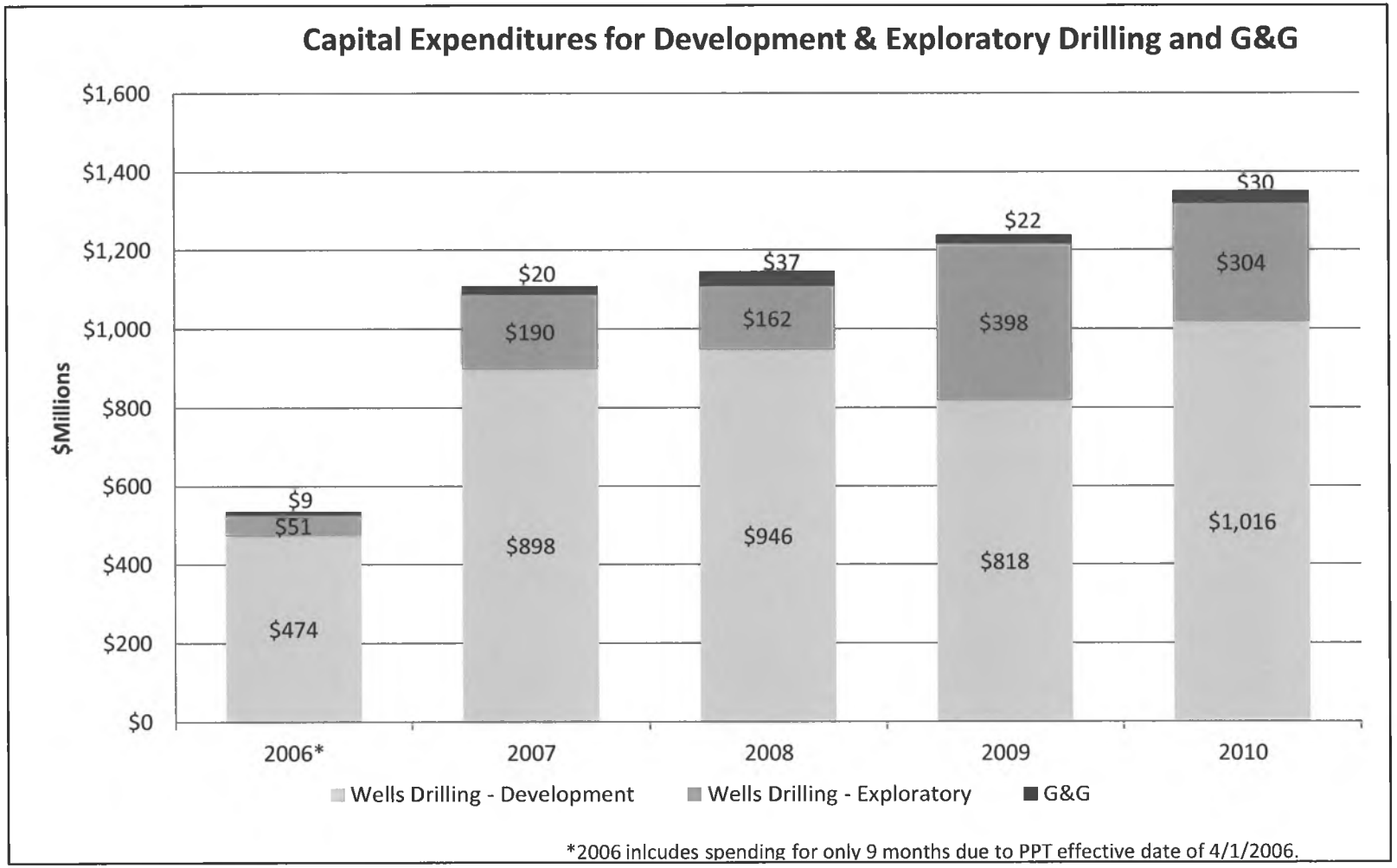
? what else covers 10% ?

Historical CAPEX by Category (CY)

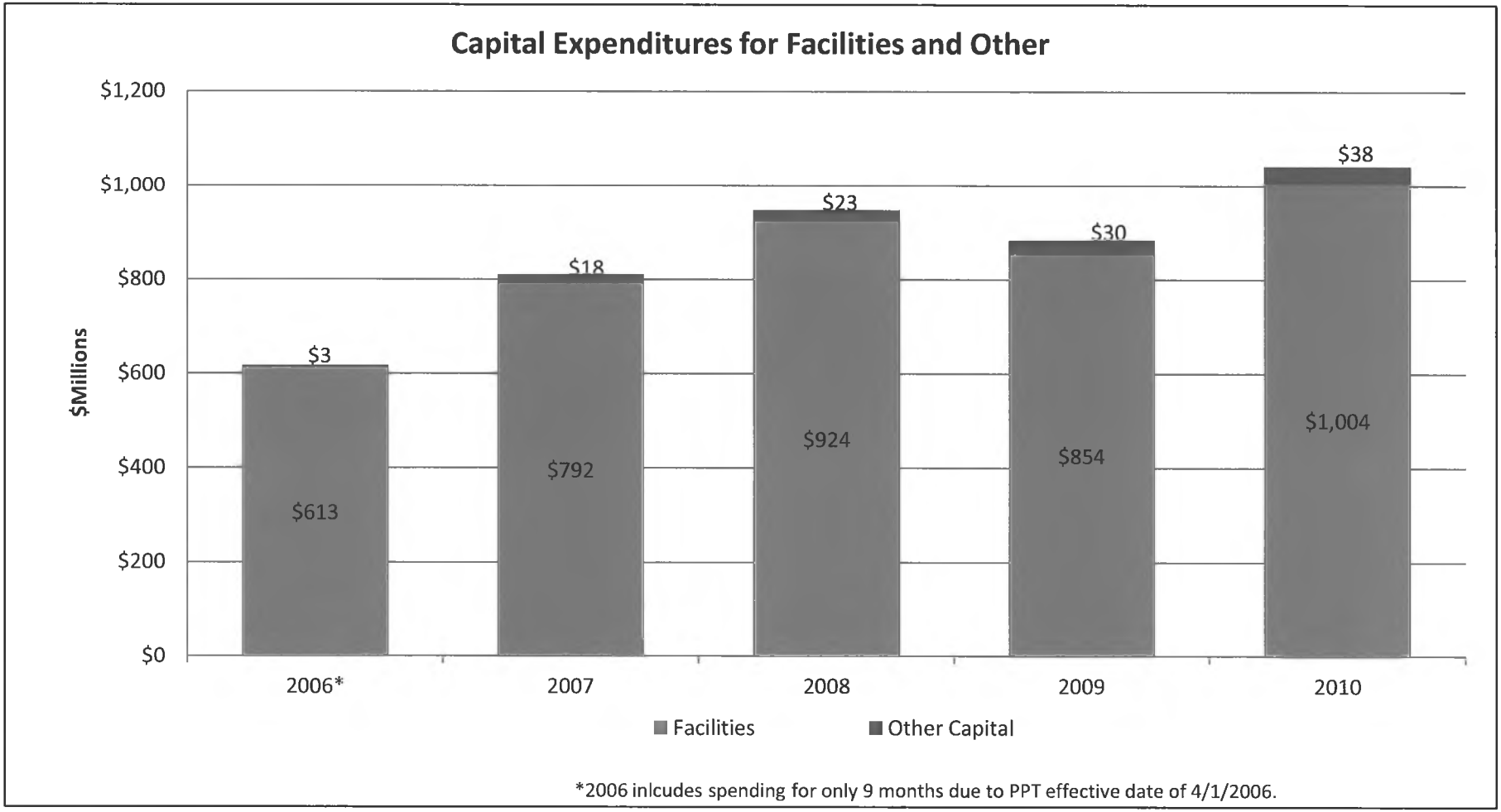


9.3b total

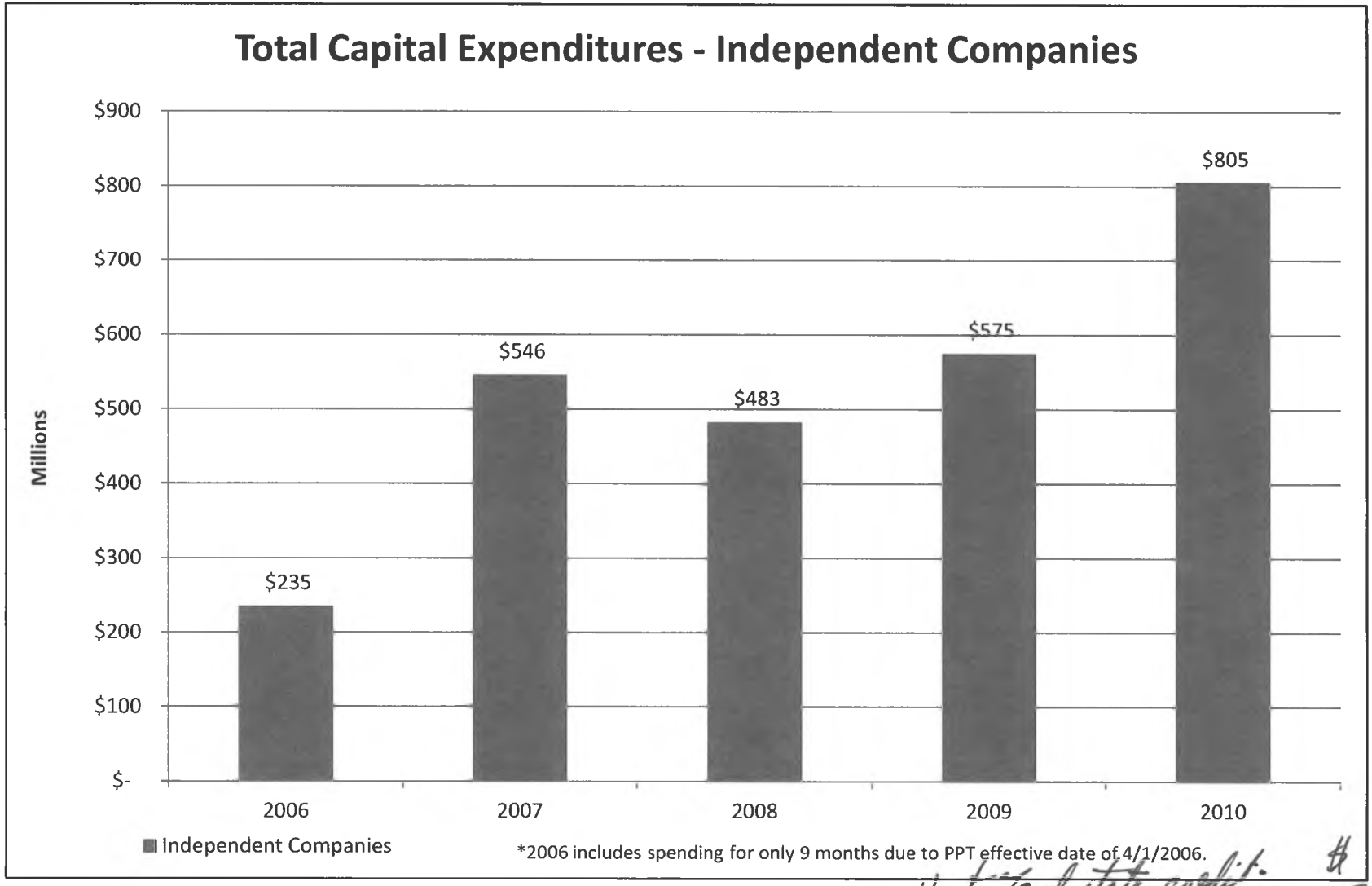
Historical CAPEX for Drilling and G&G (CY)



Historical CAPEX for Facilities & Other (CY)

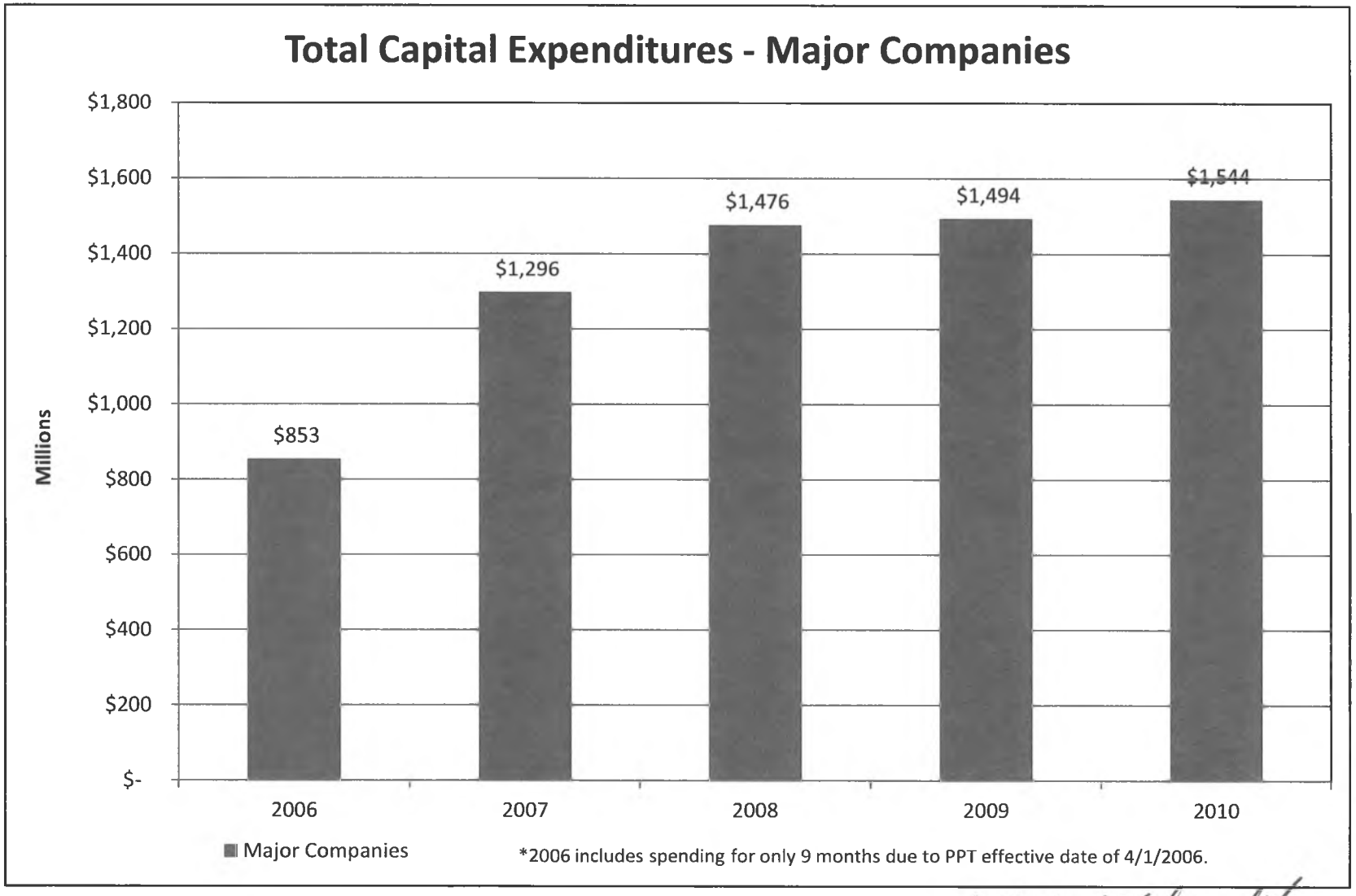


Historical CAPEX (CY)



What % of state credit. # 2.6 b total
+ Ded (Loss carry credit) from State

Historical CAPEX (CY)



$6.7 bil total

what % of State credit & deductibility spent?

2006-2010 Conclusions

- We now have more **actual** information regarding O&G spending habits than ever before available to the State of Alaska
- More **actual** information in this presentation alone than available during PPT/ACES debates combined
- Capital Expenditures in 2007 - 2010 increased from ~$2.0B to ~$2.4B
- Explorers spent money on drilling wells and G&G
- Companies in the development stage spent money on development drilling and facilities
- Companies in transition spent money in multiple areas depending on the stage they entered a project
- Companies in mature production phase spent money on maintenance and upgrade of facilities and development wells
- Now have more players active in the field
- Two fields planned and developed prior to PPT/ACES benefited from the tax credit provisions

Prospective Cost Information Look Forward

Proposed Annual Cost Supplemental Information Report

For calendar year 2011 (reporting due March 31, 2012):

- Use Look back CAPEX categories
- Filed by producers and explorers

For calendar year 2012 (reporting due March 31, 2013):

- Use more detailed categories following additional workshops with Industry
- Filed by producers and explorers


STATE OF ALASKA
TAX
DIVISION
DEPARTMENT OF REVENUE


DOR
Tax - Treasury - ARMB - AMBBA - APFC - PFD - AHFC - CSSD - AMHTA

Questions?

State of Alaska
Department of Revenue

Commissioner Bryan Butcher

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P.O. Box 110400
Juneau, Alaska 99811-0400
Phone: (907) 465-2300
Fax: (907) 465-2389

The Honorable Eric Feige
The Honorable Paul Seaton
Co-Chairs, House Resources Committee
Alaska State Legislature
Juneau AK, 99801

February 20, 2012

SUBJECT: Response to Questions from House Resources Meeting on February 13, 2012
Oil Industry Capital Expenditures by Category - 5 Year Look Back 2006 - 2010

Dear Representatives Feige and Seaton:

Thank you for your questions and the opportunity to provide our follow-up responses from the House Resources Committee meeting on February 13, 2012. The questions and responses follow.

1.) Are there any categories of [lease expenditure?] information we have the legal right to get that we are not currently getting?

No. The department aggregated data for companies that have tax liability and those that do not into five cost categories of capital expenditures for each of the years in the 5 year look back period. The department was able to report costs split between major and independent companies by year. For purposes of the 5 year look back report, an independent company was defined as one with production of less than 100,000 barrels per day. Under the confidentiality provisions, the department could not disclose a lower level of detail which would have been at the cost category level by year by type of company.

2.) What percentage of the expenditures are paid for by the state through tax credits for independents versus majors?

Through the end of 2011, the state has refunded from the oil and gas tax credit fund established under AS 43.55.028 a total of $ 1,276,084,543. All monies from the tax credit fund were paid to companies with production of less than 100,000 barrels per day.

For purposes of the 5 year look back period 2006 through 2010, the state had refunded a total of $725,064,233, all of which has been paid to companies with production of less than 100,000 barrels per day.

The state has not reimbursed any monies from the oil and gas tax credit fund to major companies.

3.) What is the role of the global financial crisis, as opposed to tax structure, in reduced company spending in certain years?

The global financial crisis, tax structure, and oil price are only a few of the components in a company's decision making process.

We hope our responses fully answer your questions.

Sincerely,

Bruce Tangeman
Deputy Commissioner

2/22/12 ALASKA MINERS ASSOCIATION UPDATE ON MINING IN ALASKA

<TARGET><BILL></BILL><SUBJECT>2-22-12 ALASKA MINERS ASSOCIATION UPDATE ON MINING IN ALASKA</SUBJECT><COMM>HRES27</COMM></TARGET>

Mining Industry Briefing

Alaska Miners Association
Council of Alaska Producers

Joint House/Senate Resources Committees
February 22, 2012

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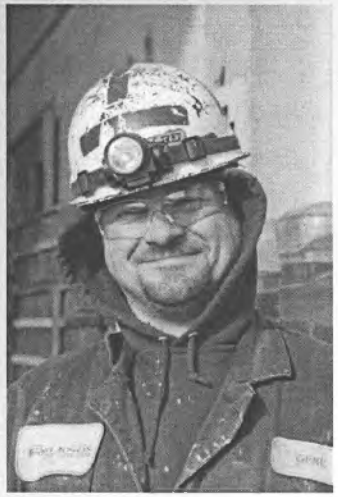
Mining Works for Alaska – 2011

- Seven producing large mines
- 30 exploration projects >$1M
- >4,500 direct mining jobs
- $100,000 average annual wage



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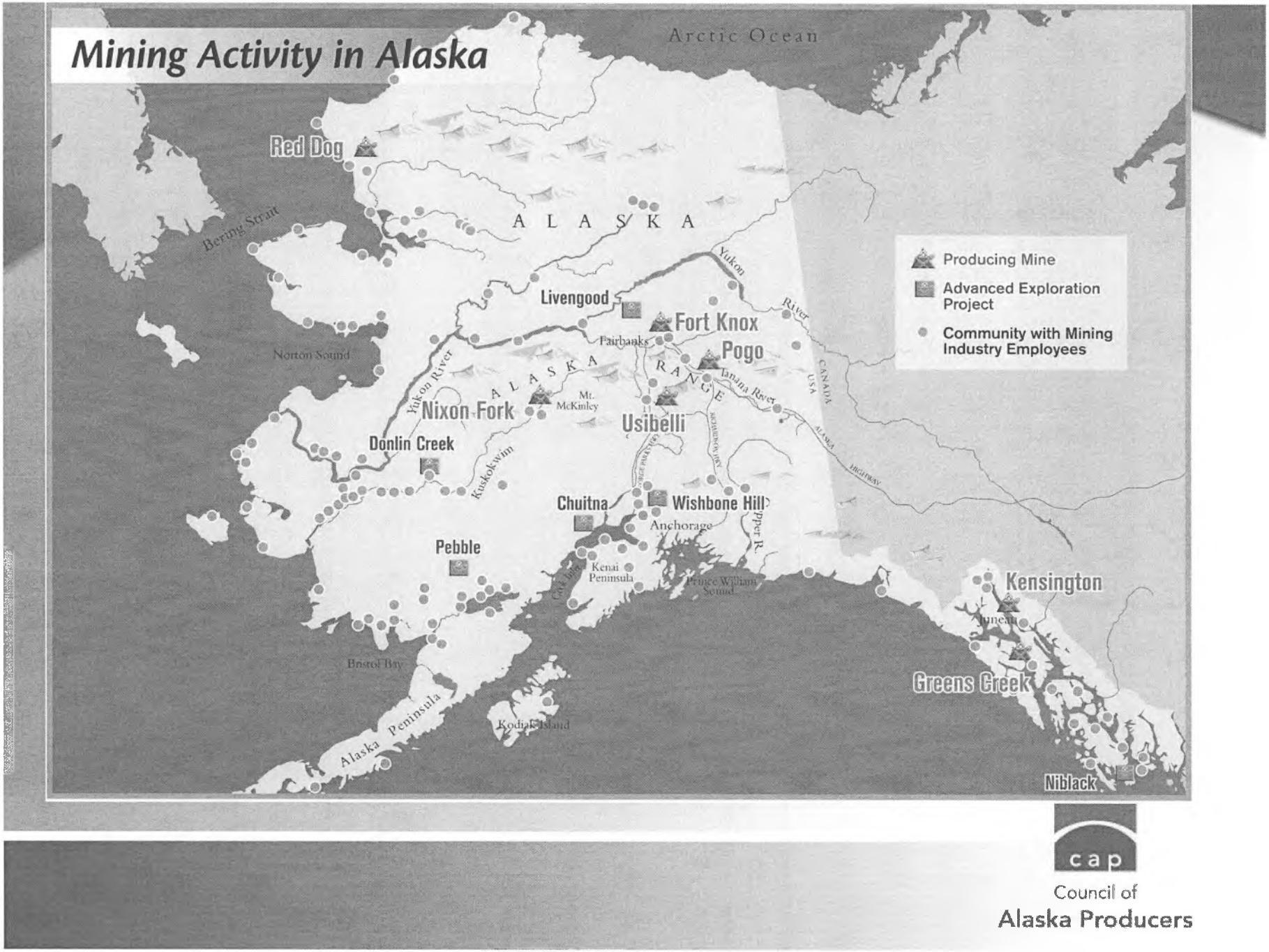

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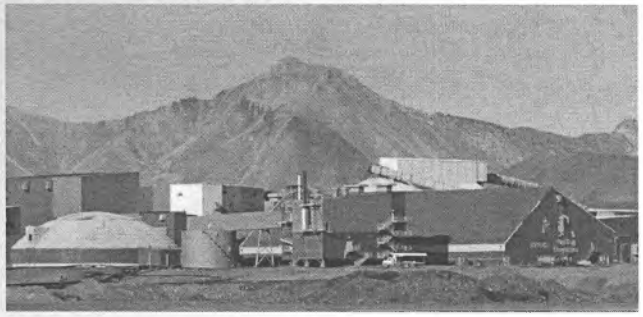
2011 Operational Milestones

- New, more efficient mills- Red Dog
- 5 Moz Strong - Ft. Knox
- Investment in the future - Pogo
- Record exports- Usibelli





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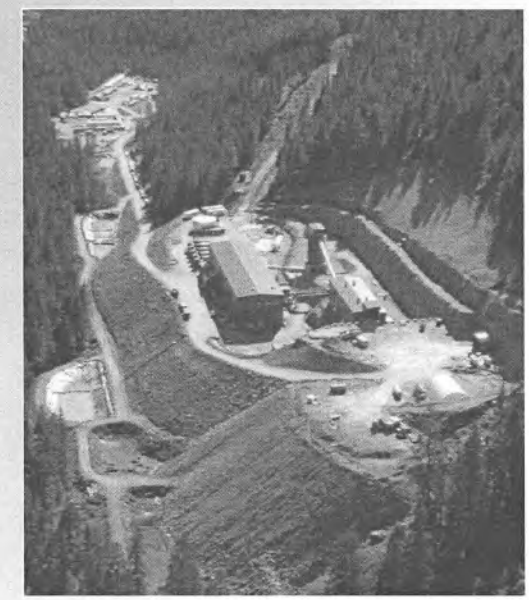
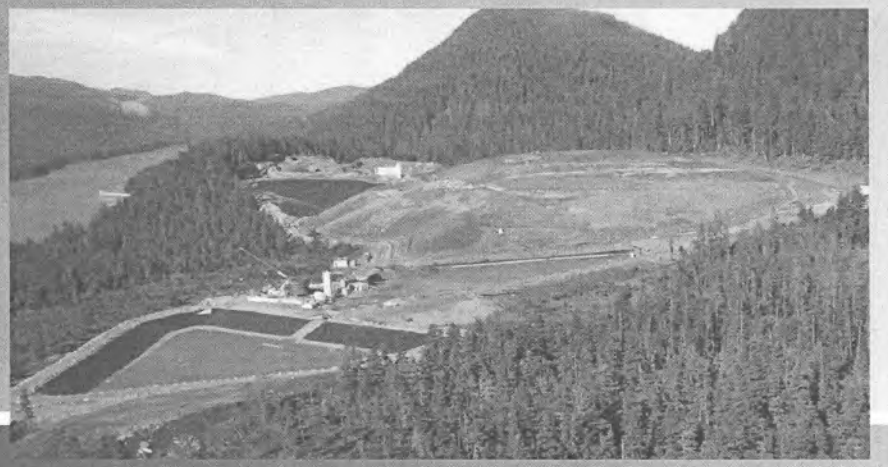
2011 Operational Milestones

- A new beginning – Nixon Fork
- First full year – Kensington
- Tails Expansion – Greens Creek





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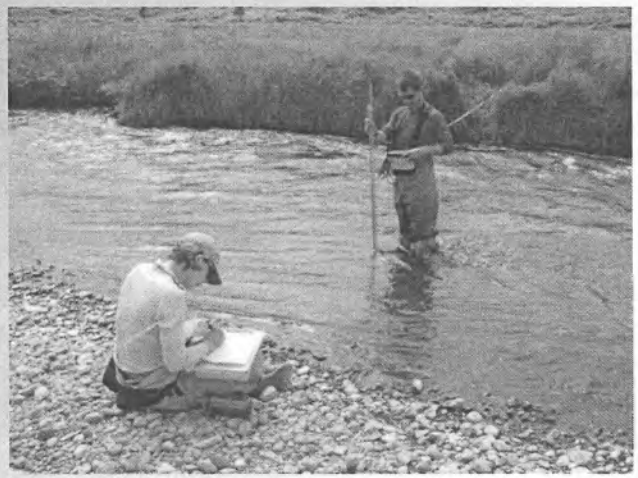
2011 Development Milestones

- Feasibility Update – Donlin Gold
- PA complete – Livengood
- Environmental Baseline Studies – Pebble





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2011 Development Milestones

- Partnerships - NANA/Novacopper
- Increased Resources - Niblack
- SEIS work continues- Chuitna
- Feasibility + Permitting- Wishbone Hill



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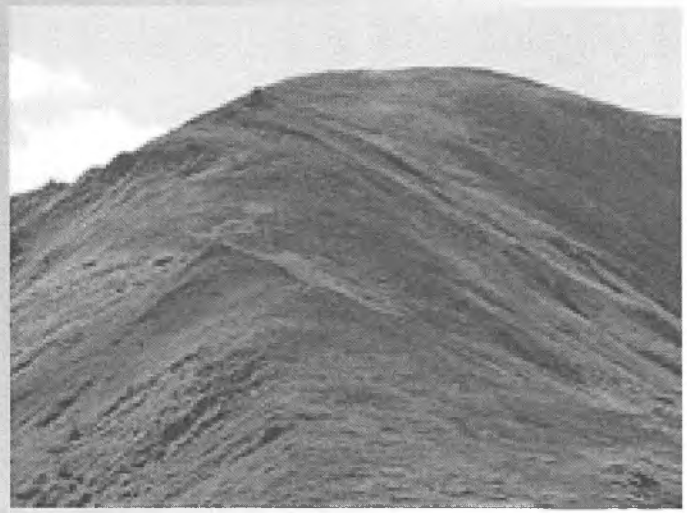
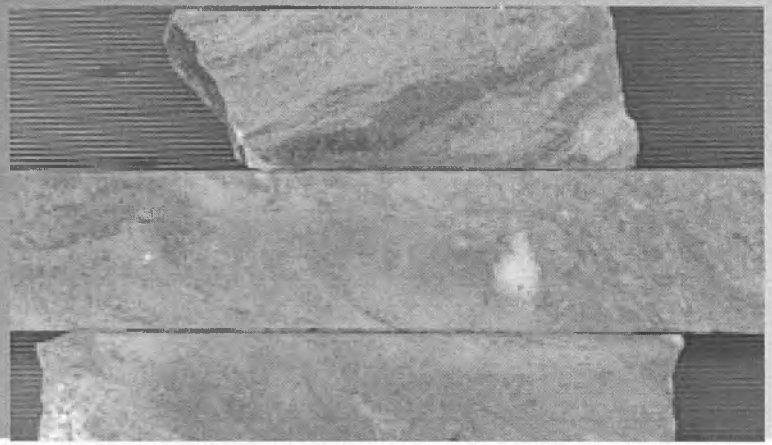
2011 Exploration Milestones

- Exploration investment up 13%
- >60 Exploration projects
- Juniors lead the way





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2011 REE/Critical Minerals





- State funding of REE Inventory
- Ucore investment at Bokan Mountain
- Alaska strategically poised to be a world leader

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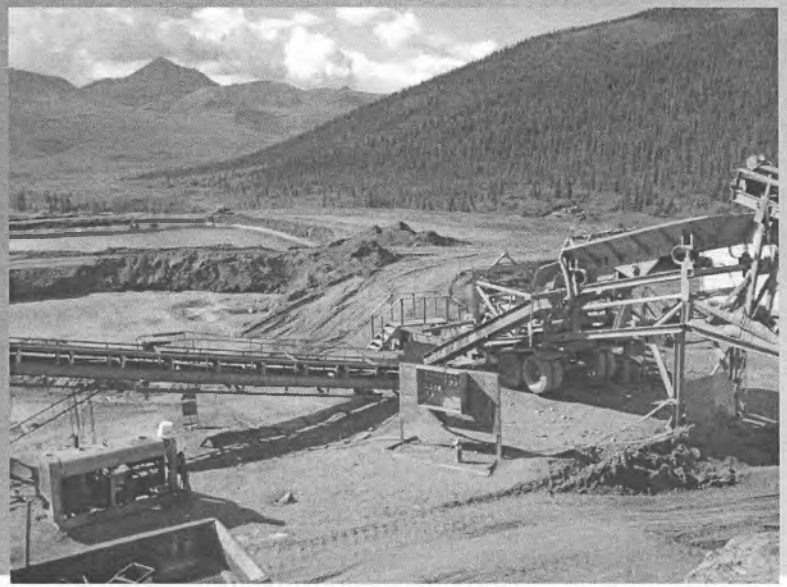
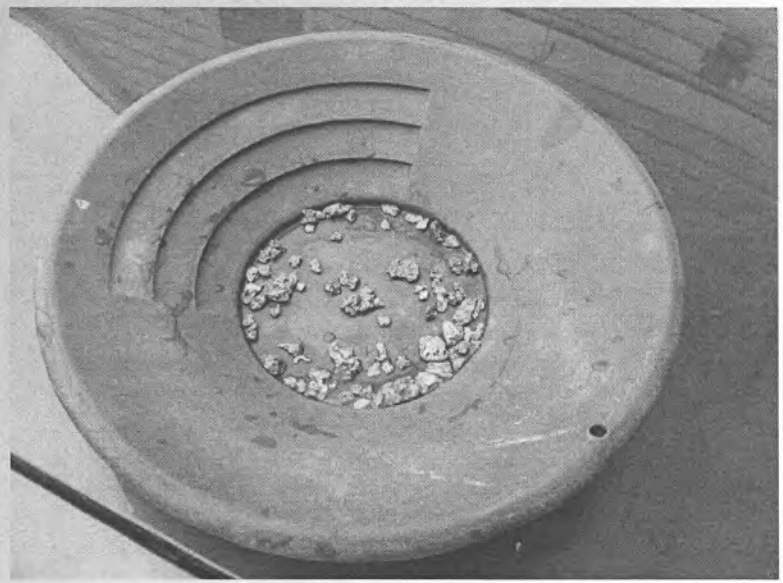
2011 Placer Mining

- >200 Placer Mines
- >70,000 Oz Mined





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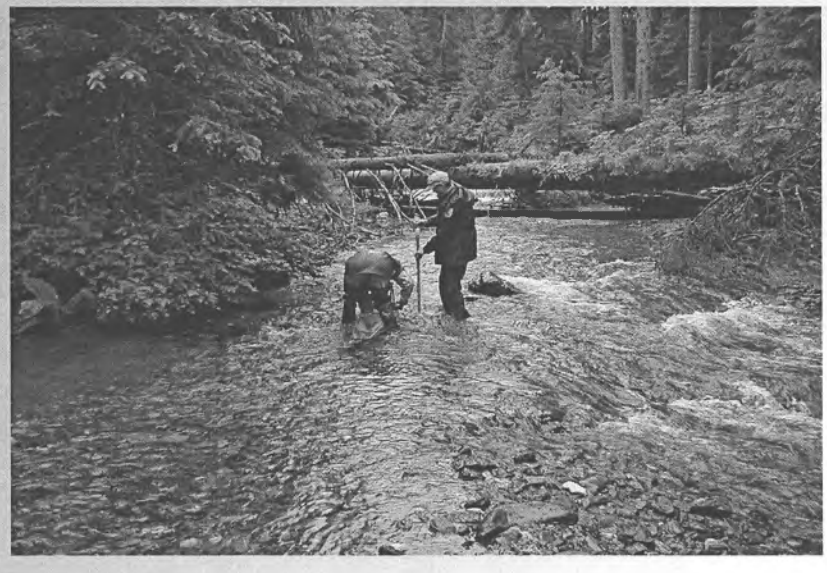
Challenges

- High Risk
- Infrastructure
- Perceptions





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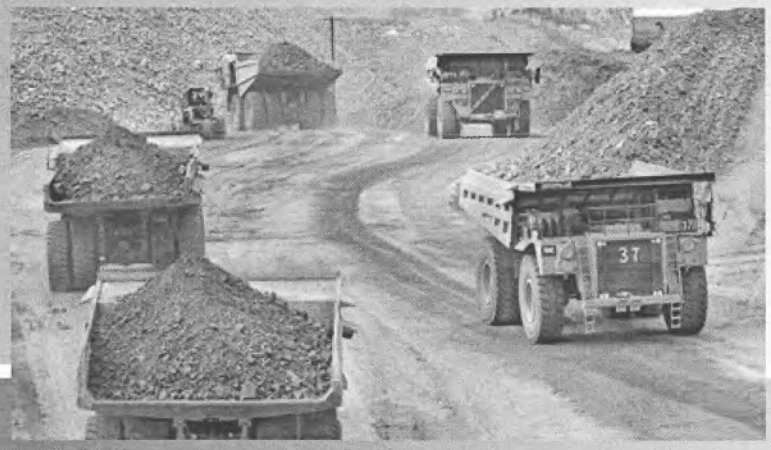
Opportunities



- Mineral Potential
- Rigorous Permitting
- Public Support
- Workforce Development



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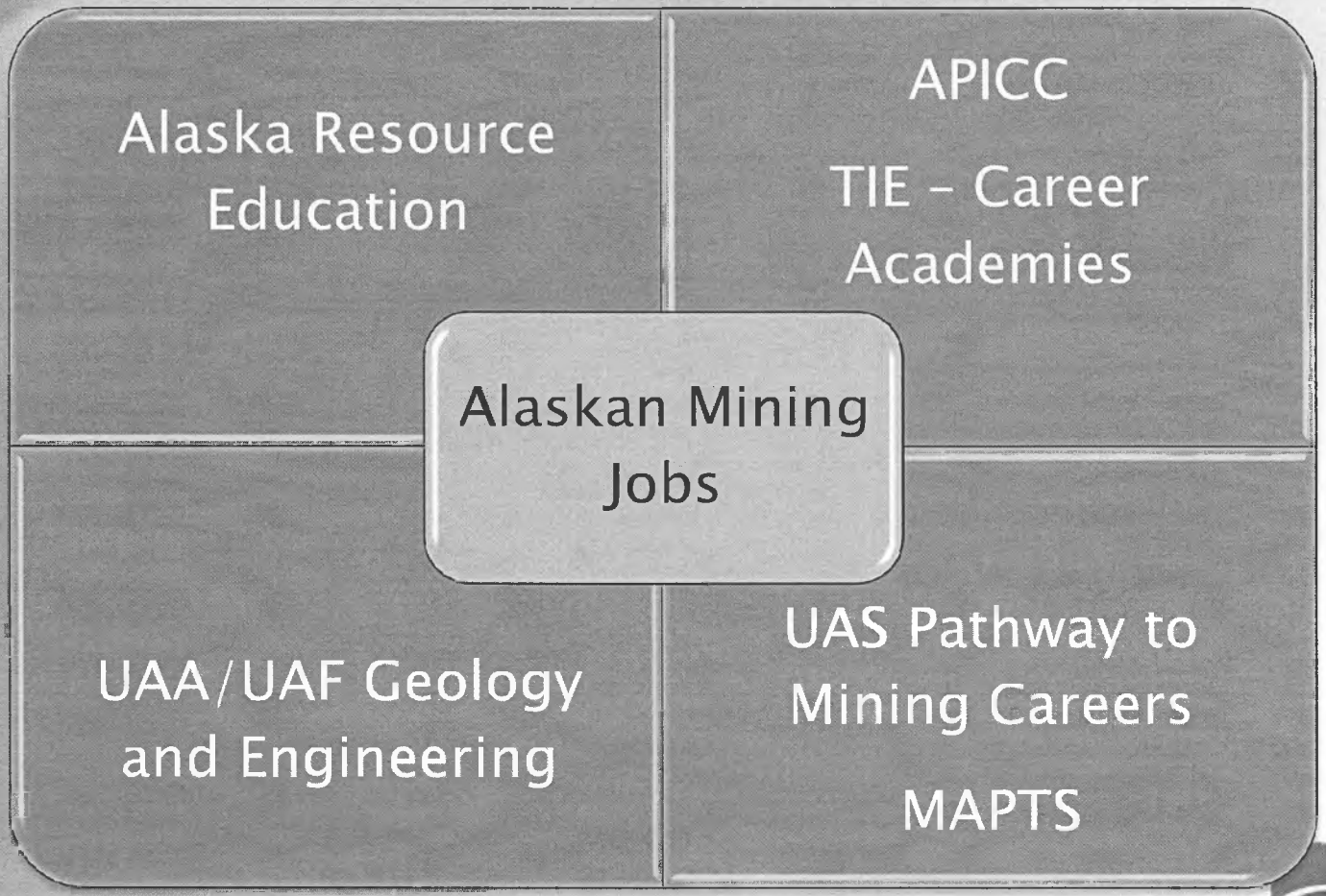
Vitalizing Alaska's Workforce



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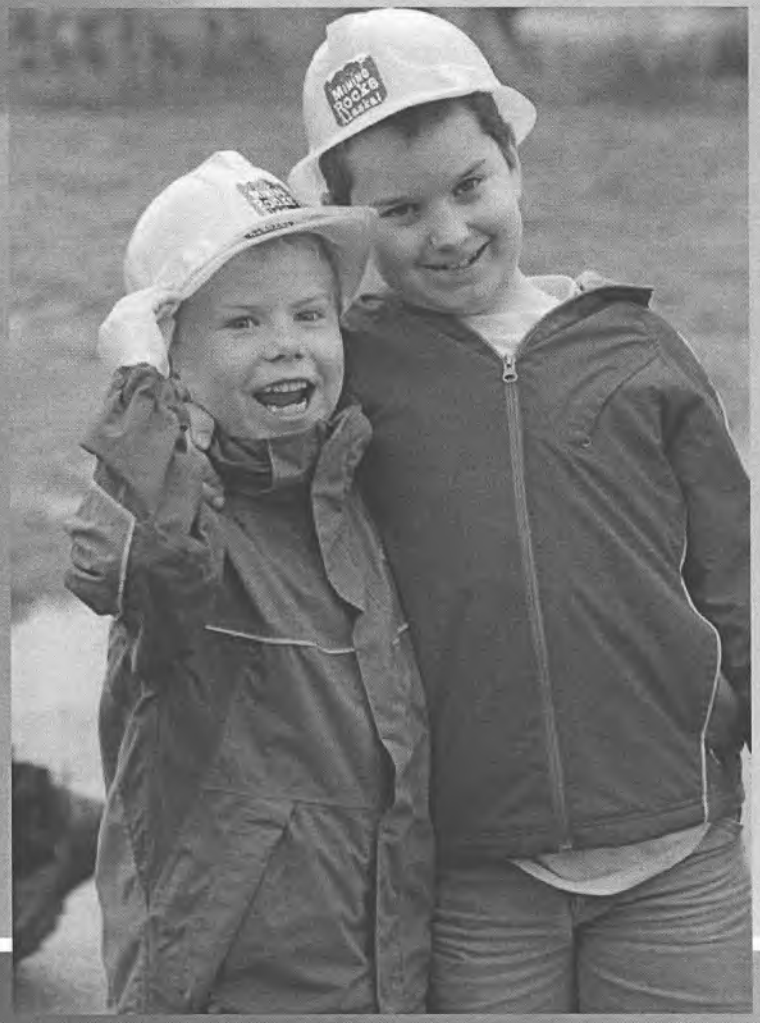
Looking to the Future:



- Alaska
  - Potential
  - Means
  - Opportunity

- Mining *will work* for Alaska

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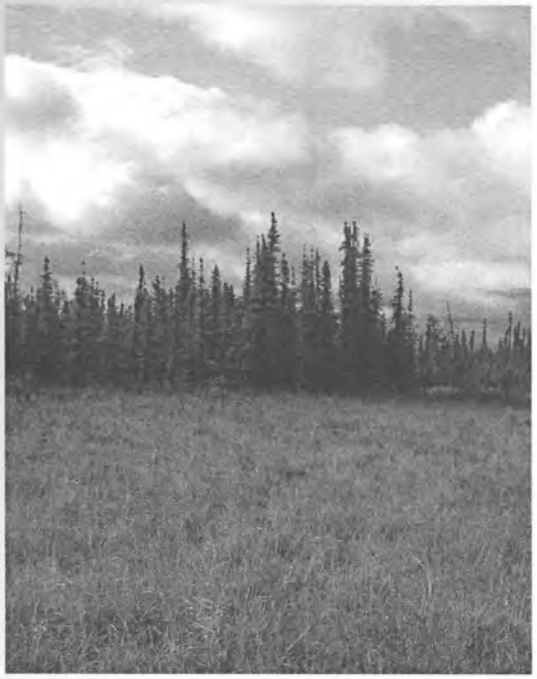
AMA Issues of Concern

- Integrity of the Permitting System
- Increased Oil Flow in TAPS
- Litigation Reform
- Infrastructure
- Energy

ALASKA MINERS ASSOCIATION

AMA Permitting Issue – Wetlands

- U.S. Army Corps of Engineers – Section 404
- All activities on all lands
- >50% of Alaska is classified as wetlands
- 'No Net Loss' is the policy
- Impacts must be offset
- Compensatory Mitigation Credits are required



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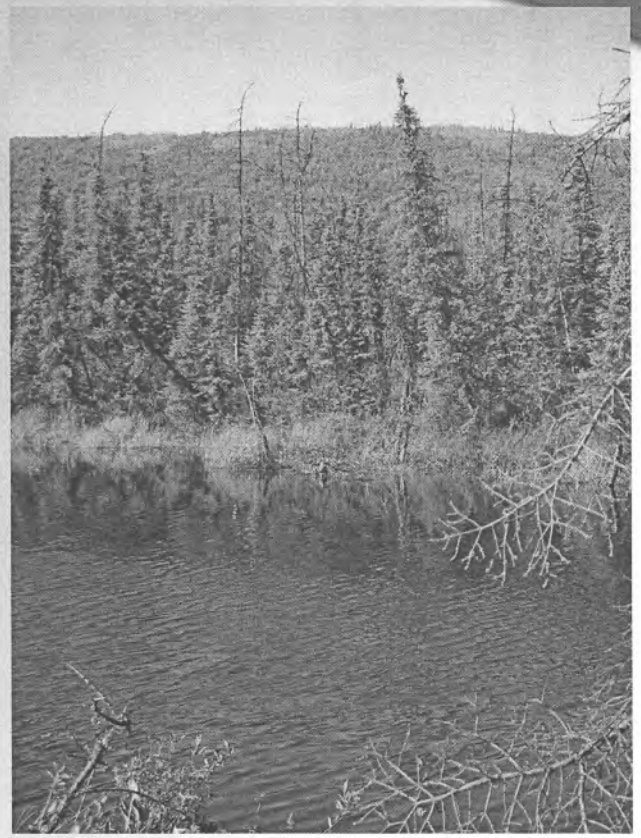
AMA Advocates

- Establishing a State mitigation program
- Evaluating State primacy over Section 404 wetlands mitigation, permitting, and management
- Many states with similar issues have established state run programs
- Provide mitigation credits where there are limited options
- Developed to address DOT needs, expanded to other permittees



ALASKA MINERS ASSOCIATION

Perspectives

- Alaska's scale is unique
  - Access to mineral lands is vital
  - Industry is a century old but in its infancy
  - Infrastructure is key limitation
    - Roads to Resources
    - Lines to Mines
  - Uncertainty is the enemy of economic investment
  - Need to continue to strengthen the process

ALASKA MINERS ASSOCIATION

The Economic Impacts of Alaska's Mining Industry

Prepared for:

Joint Senate and House Resources Committee



Prepared by:
McDowell Group, Inc.
Anchorage · Juneau

February 22, 2012

"Celebrating 40 years of excellence in research & consulting."

McDowell Group

Presentation Contents

- Overview of Alaska Mining Activity
- Employment and Payroll
- Alaska Resident Employment
- Alaska Spending
- Payments to Local and State Governments
- Benefits to Alaska Native community

Alaska Mining Activity in 2011

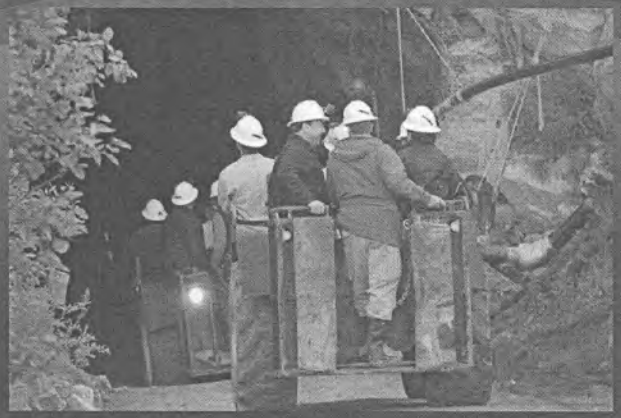
- Exploration
  - $300 million , up 13% from 2010
  - 60 exploration projects spending more than $100,000
- Development
  - $175 million, down 40% from 2010

Alaska Mining Activity in 2011

- Production
  - $3.8 billion in gross mineral production value
  - >200 placer mines
  - >120 active RSG operations

Exports of $1.3 billion (2010) or 31% of AK's exports

Employment and Payroll (2011)



- 4,500 direct jobs
- 9,000 total direct and indirect jobs
- $620 million in total direct and indirect payroll
- Average annual wage of $100,000 (double the statewide average)

Purchases of Goods and Services in Alaska

- Large operating mines spent $620 million on goods and services
  - $500 million (or 70% of total) was spent with Alaska businesses
- More than 600 Alaska businesses provided goods and services to Alaska's large mines
- 500 Alaska businesses supported advanced exploration projects

Payments to Local Governments (2011)

- $17.2 million to local governments, including:
  - $8.9 million in PILT to NWAB
  - $5.6 million to FNSB
  - $2.6 million to CBJ
  - Other payments to Denali Borough City of Nome, etc.
  - Employees also pay local property and sales tax



Payments to State Government (2011)

- $148 million in royalties, rents, fees, and taxes -- up 170% from 2010
- Also paid $70 million in other revenues, including:
  - $28 million to Alaska Railroad (coal, sand & gravel)
  - $41 million to AIDEA for DeLong Mountain Regional Transportation System &Skagway Ore Terminal use
  - $1 million to the Alaska Mental Health Trust



Benefits to Alaska Native Corporations

- Nearly all Alaska Native corporations benefit from mining
  - 7(i) and (j) royalty sharing payments
  - jobs for shareholders and descendants
  - business partnerships

Benefits to Alaska Native Corporations

- ANC benefits include:
  - $170 million in net proceeds from Red Dog Operations to NANA, of which $82 million was distributed to other ANCSA regional and village corporations
  - 56% of the 550 year-round jobs at Red Dog are filled by NANA shareholders
- Every ANCSA region has some form of mining potential

Summary

- Significant source of jobs (9,000 jobs in Alaska)
- Provides high-paying, year-round jobs
- Key source of tax revenue, especially to local governments
- Critical ANC benefits
- Economic benefits spread throughout Alaska

Thank You!



cap
Council of
Alaska Producers

3/21 & 3/23/12 OVERVIEW: OIL AND GAS TAXES AND CREDITS

<TARGET><BILL></BILL><SUBJECT>3-21 and 3-23-12 OVERVIEW OIL AND GAS TAXES AND CREDITS</SUBJECT><COMM>HRES27</COMM></TARGET>



Presentation to the
House Resources Committee
March 21, 2012
Alaska Department of Revenue

Overview

- This presentation will be separated into two parts:
  - An ACES "101" Overview; and
  - A Statutory Review of Alaska's Oil and Gas Tax Structure

An ACES "101" Overview?

- There is no such thing as a simple "101" overview of Alaska's tax structure
- Investors consider several issues when deciding where to invest, two of which are:
  - Simplicity
  - Stability
- ACES is certainly not simple
- Stability has certainly come into question over the past several years

Alaska Oil and Gas Revenue Sources

- **Production Tax**
  - Tax rate varies with value of production after expenses are deducted
- **Royalty**
  - Straight percentage assessed on most oil and gas production, based on lease terms
- **Corporate Income Tax**
  - Up to 9.4% of net profits of oil and gas production as apportioned to Alaska
- **Property Tax**
  - Statewide property tax (20 mills or 2%) assessed on value of oil and gas property

FY 11 & FY 12 General Fund Unrestricted Revenue

Revenue Type	FY 11 ($M)	% Total	FY 12 ($ M)	% Total
Royalty - Net PF / SF	$ 1,843.3	24.0%	$ 2,085.2	23.4%
Production Tax	$ 4,552.9	59.3%	$ 5,376.4	60.2%
Corp Income Tax	$ 542.1	7.1%	$ 662.1	7.4%
Property Tax	$ 110.7	1.4%	$ 91.7	1.0%
Subtotal Oil Revenue	$ 7,049.0	91.9%	$ 8,215.3	92.0%
Non-Oil Revenue	$ 624.0	8.1%	$ 712.6	8%
Total Revenue	$ 7,673.0	100.0%	$ 8,927.9	100.0%

Production Tax

- A tax on producing or severing a non-renewable resource (oil or gas) from the state.
- Authorized in AS 43.55, and administered by the Department of Revenue.
- Applies to all production in the state, including 3 miles off-shore, and federal on-shore acreage.
- Not payable on public (state/federal) royalty production.

Current Production Tax System

- ACES Overview:
  - **Production Tax Value (PTV)** is the market price less transportation costs and allowable lease expenditures
  - **Base tax rate** of 25% on PTV
  - **Progressive Surcharge Rate**
  - **Credits**
  - **ACES is a company specific tax**

Alaska Oil & Gas Production Tax 101

Basic Tax Calculation:

Production Tax Value (PTV) X Base Tax Rate =	Base Tax
	+
PTV X Progressive Surcharge Rate =	Progressive Surcharge
Pre-Credit Tax Bill	Total Taxes Before Credits
	-
Credits	Credits Applied Against Taxes
Final Tax Bill	**Total Production Taxes Owed**

Components of Production Tax Calculation

- Production
- Price
- Lease Expenditures
- Tax Credits

FY 11 Production Tax Calculation

	Per Barrel	Barrels	Value ($ million)
Avg ANS Oil Price ($/bbl) & Daily Production (bbls)	$94.49	602,723	$56.9 /day
Annual Production (bbl)			
Total Annual Production/Value		**219,993,895**	**$20,786.7**
Royalty and Federal barrels		(29,505,505)	($2,787.9)
Taxable barrels		**190,488,390**	**$17,998.8**
Downstream (Transportation) Costs ($/bbl)			
ANS Marine Transportation	($2.45)		
TAPS Tariff	($4.02)		
Other	($0.70)		
Total Transportation Costs	**($7.17)**	**190,488,390**	**($1,365.8)**
GVPP			
Lease Expenditures			
Deductible Operating Expenditures	($13.22)		($2,517.4)
Deductible Capital Expenditures	($8.52)		($1,622.9)
Total Lease Expenditures	**($21.74)**	**190,488,390**	**($4,140.3)**
Production Tax Value (PTV)	**$65.58**	**190,488,390**	**$12,492.6**
Production Tax			
Base Tax (25%*PTV)			$3,123
Progressive Tax Rate = ($49.69-$30) * 0.4% = **7.9%**			
Progressive Tax = (7.9% * PTV)			$1,778.1
Total Tax Due before credits			**$4,901.2**
Credits Applied Against Taxes			($400.0)
Total Tax after credits			**$4,501.2**

Production Tax Value

- Taxable value is derived via a "netback" calculation (AS 43.55.150 calculation of GVPP):
- Destination Value (both base/minimum tax)
  - Less Marine Transportation
  - Less TAPS Transportation
- = Gross Value at the Point of Production "GVPP"
  - Less Adjusted Lease Expenditures (AS 43.55.165 - AS 43.55.170)
- = Production Tax Value (AS 43.55.160) – "PTV"

Credits

TAX CREDITS

- **Qualified Capital Expenditure Credit –** 20% credit for qualified capital expenditures (40% for well lease expenditures outside North Slope).
- **Carried-Forward Annual Loss Credit –**25% credit for carried-forward annual loss.
- **Small Producer / New Area Development Credit –** Up to $12 million per year for small producers and up to $6 million per year for production outside North Slope and Cook Inlet.
- **Alternative Credit for Exploration –** 30% or 40% of eligible exploration expenditures if certain criteria are met.
- **Cook Inlet Jack-Up Rig Credit –** 80% to 100% credit for first three exploration wells drilled using jack-up rig in Cook Inlet.

Credits (cont.)

- For credits, the state can purchase the tax credit certificate (from someone without a tax liability) or reduce tax revenue (for a taxpayer with a tax liability).
- In both cases, the state is an investor, sharing in the risk borne by the active investor.
- ACES credit system aims to incentivize investment because the state bears some risk, and reduces explorers/producers costs.
- Tax credits, along with the net-based structure, make the state an investor in exploration and new development activities in the state.

Credits (cont.)

- 15 AAC 55.375 prescribes the order in which tax credits should be applied against a producer's tax liability
- The order was derived in order to provide the maximum benefit of the credits
- Credits can be applied in any order that a taxpayer chooses
  - However, if an order other than that shown in 15 AAC 55.375 is used the taxpayer must submit a separate schedule setting out the order in which the tax credits are applied

Credits (cont.)

- There are limits for which the application of certain tax credits cannot exceed:
- Only 50% of a tax credit for which a transferable tax credit certificate has been received may be applied in a single year
  - Includes AS 43.55.023(a) credits
  - This limitation does not exist for AS 43.55.023(*l*)
- A holder of a transferable tax credit certificate may not use the credit to reduce the transferee's tax liability under AS 43.55.011(e) to less than 80% of the tax that would otherwise be due without applying the credit

Order of Applying Credits

- 1st – any credit under AS 43.55.024(a)
- 2nd – any credit under AS 43.55.024(c)
- 3rd – any credit under AS 43.55.019
- 4th – any credit under AS 43.55.025
- 5th – any credit under AS 43.55.023(i)
- 6th – any credit under AS 43.55.023(a)
- 7th – any credit under AS 43.55.023(*l*)
- 8th – any credit under AS 43.55.023(b)
- 9th – any credit under AS 41.09.010
- 10th – any credit under AS 38.05.180(i)
- 11th – any credit under AS 43.55.023(e)

Royalties

- Currently, almost all oil and gas production in Alaska comes from state lands leased for exploration and development.
- Leases issued by the DNR are legal contracts and cannot be altered or amended without the consent of all parties to the contract
- As the landowner, the state earns revenue from leasing as:
  - Upfront bonuses;
  - Annual rent; and
  - A royalty interest in oil and gas production.

Royalties (cont.)

- Typically, state leases are issued based on a competitive bonus bid system.
- The state generally retains a royalty interest of 12.5% (however some leases carry rates as high as 27%, and some leases also have a net profit-share production agreement).
- Currently, the vast majority of production comes from leases where the state retains a 12.5% royalty interest.

Petroleum Corporate Income Tax

- An oil and gas company's corporate income tax liability in Alaska depends on the relative size of its Alaska and worldwide activities, and the corporations total worldwide net earnings.
- The company's "taxable income" in Alaska is derived by apportioning its worldwide taxable income to the state based on three factors as they pertain to the corporation's Alaska operations:
  - 1) tariffs and sales;
  - 2) oil and gas production; and
  - 3) oil and gas property.

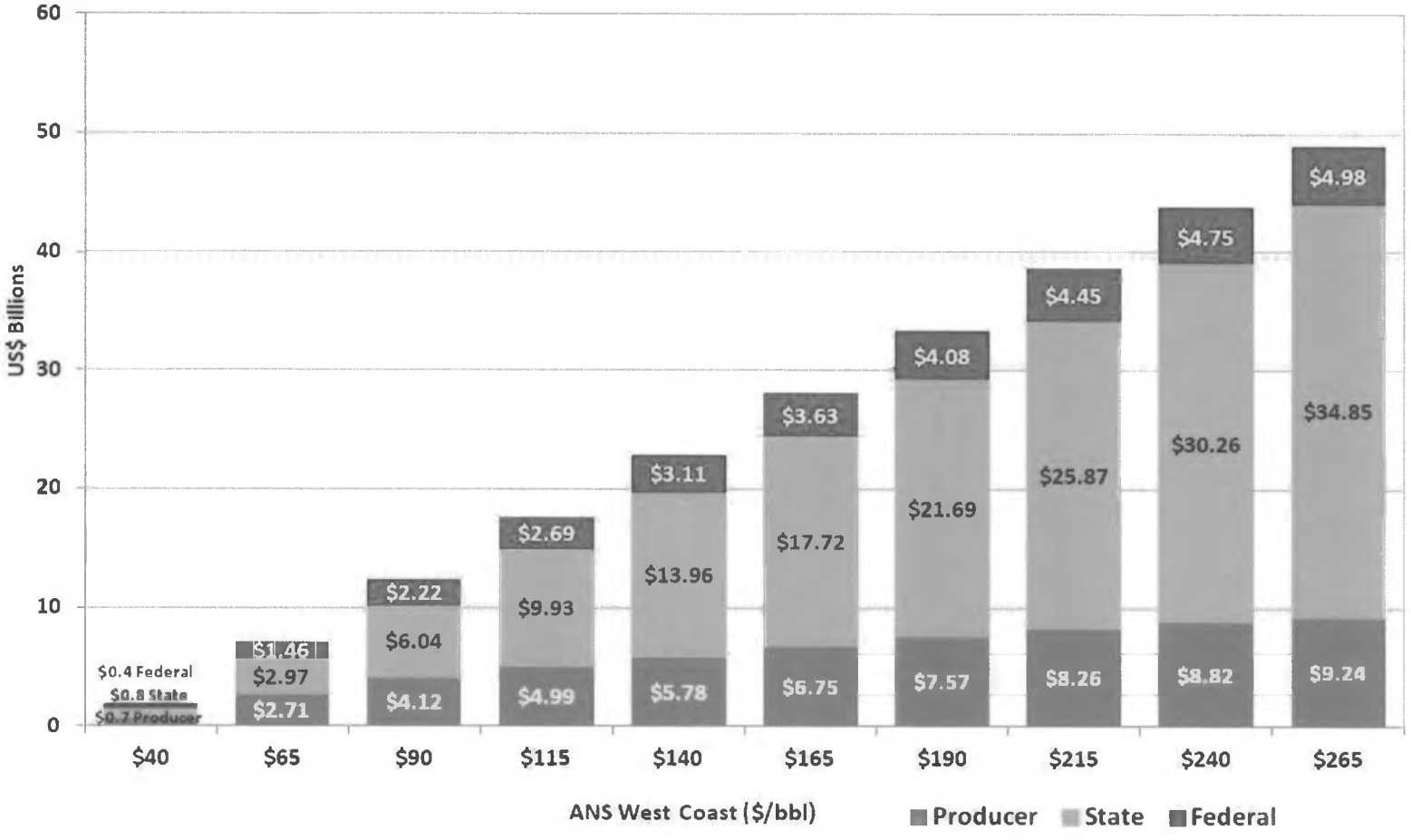
Petroleum Corporate Income Tax (cont.)

- Similar to the production tax, corporate income tax collections vary greatly along with oil prices and oil industry profits.
- In FY 1994, the oil and gas corporate income tax generated $17.8 million.
- For the past few years, revenues from the oil and gas corporate income tax have benefited from high oil prices, and high oil industry profits.
- FY 2010 revenue collections from this tax totaled $446.1 million, and in FY 2011, revenue collections from this tax totaled $542.1 million.

Petroleum Property Tax

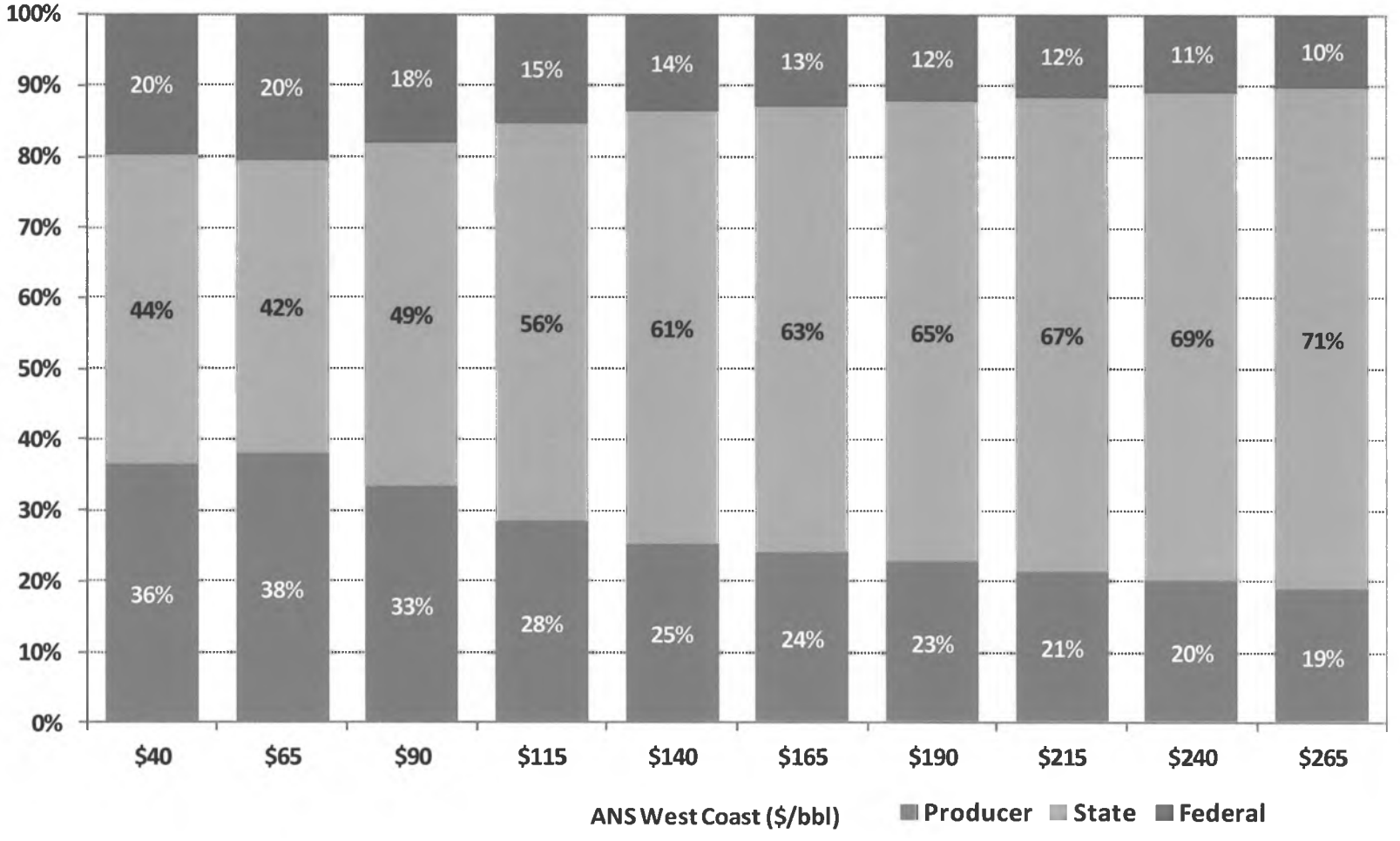
- The only statewide property tax.
- Annually levied on the full and true value of property taxable under AS 43.56.
- Three classes of property that are valued and taxed for property tax purposes:
  - Exploration Property
  - Production Property
  - Pipeline Transportation Property
    - (see pages 41-42 of the Departments Fall 2011 RSB for more details).

Absolute Profit Split under ACES



Profit defined as total gross value of all oil produced, less transportation costs and lease expenditures. Assumes FY 2012 production of .574 mmb/d, transport costs of $8.72/bbl, opex of $14.03 per taxable barrel, and capex of $10.25 per taxable bbl.

Share of Profit under ACES



Profit defined as total gross value of all oil produced, less transportation costs and lease expenditures. Assumes FY 2012 Transport costs of $8.72/ bbl, Opex of $14.03 per taxable barrel, and Capex of $10.25 per taxable bbl.

Statutory Review of Alaska's Oil and Gas Tax Structure

Statutory Review of Alaska's Oil and Gas Tax Structure

- Oil & Gas production tax is levied by AS 43.55.011(e)
- All lands within State of Alaska are subject to Oil and Gas production tax under AS 43.55.011(e)
  - State lands
  - Federal lands
  - Private lands

AS 43.55.011(e)

- There is levied on the producer of oil or gas a tax for all oil and gas produced each calendar year from each lease or property in the state, less any oil and gas the ownership or right to which is exempt from taxation or constitutes a landowner's royalty interest. Except as otherwise provided under (f), (j), (k), and (o) of this section, the tax is equal to the sum of
  - (1) the annual production tax value of the taxable oil and gas as calculated under AS 43.55.160(a)(1) multiplied by 25 percent; and
  - (2) the sum, over all months of the calendar year, of the tax amounts determined under (g) of this section.

Tax on Royalties

- Tax on royalties:
  - Royalties from private land within the state are taxed at a reduced rate under AS 43.55.011(i)
  - There is no tax on royalties from state or federal production

Native Corp.
Mental Health Trust lands

AS 43.55.011(i)

- There is levied on the producer of oil or gas a tax for all oil and gas produced each calendar year from each lease or property in the state the ownership or right to which constitutes a landowner's royalty interest, except for oil and gas the ownership or right to which is exempt from taxation. The provisions of this subsection apply to a landowner's royalty interest as follows:
  - (1) the tax levied for oil is equal to five percent of the gross value at the point of production of the oil;
  - (2) the tax levied for gas is equal to 1.667 percent of the gross value at the point of production of the gas;

Minimum Tax

- Applies only to oil and gas production "north of 68 degrees North Latitude" [i.e. North Slope production – all units]
  - EXCEPT FOR:
    - Royalty production [subsection (i)]
    - Gas Used in State ["(o) gas"]
- Minimum Tax based on the average price for ANS crude on the U.S. West Coast
  - Uses Platt's, Reuters, and Dow Jones monthly average reported prices
- A variable calculation based on GVPP
- Compared to tax obligation under AS 43.55.011(e)
- Is currently a "soft" floor

Tax credits can take below minimum floor

AS 43.55.011(f)

- The levy of tax under this section for oil and gas produced north of 68 degrees North latitude, other than oil and gas production subject to (i) of this section and gas subject to (o) of this section, may not be less than
- (1) four percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is more than $25;
- (2) three percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $20 but not over $25;
- (3) two percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $17.50 but not over $20;
- (4) one percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $15 but not over $17.50; or
- (5) zero percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is $15 or less.

Progressivity

- Applies whenever the PTV under AS 43.55.160(a)(2) is greater than $30/Bbl
- If: $30/Bbl<PTV<$92.51/Bbl
  - Progressivity = .4% for each $1 increase in PTV
- If: $92.50/Bbl < PTV
  - Progressivity = .1% for each $1 increase in PTV
  - Is not "bracketed"
- Maximum progressivity tax is up to 50% of PTV
- Combined with 25% Base tax under (e) means tax is capped at 75% before application of credits
- A progressivity calculation must be performed for all leases or properties in the state
- Progressivity is a statewide calculation – "If you have progressivity anywhere you have progressivity everywhere"

Progressivity (cont.)

- Based on the "BTU equivalent barrel"
  - For oil: 1 Barrel = 1 Barrel
  - For gas: the amount of gas that has a heating value of 6,000,000 British thermal units
- The base tax (25%) is an annual tax
- The oil and gas production tax is an annual tax
- Progressivity, however, is calculated on a monthly basis

Progressivity Calculation

- For ALL leases or properties (segments) on a monthly basis:
- Step 1: Enter the Gross Value at the Point of Production
- Step 2: Enter 1/12 of the annual lease expenditures for the year
- Step 3: Subtract the lease expenditures from GVPP to determine if the gross Production Tax Value is greater than zero
- Step 4: Enter the amount of BTU equivalent barrels for taxable production of oil and gas

Progressivity Calculation (cont'd)

- Step 5: If the production tax value in Step 3 is greater than zero, divide the (gross) PTV by the total amount of taxable BTU equivalent barrels (Step 4) to derive a per barrel production tax value
- Step 6: Determine the percent of taxable volume on BTU equivalent barrels by dividing the amount of BTU equivalent barrels (Step 4) for each lease or property by the total amount of BTU equivalent barrels for a producer for all taxable barrels produced in all areas of the state (Step 4)

Progressivity Calculation (cont'd)

- Step 7: Determine the volume weighted average production tax values
- Step 8: Determine the progressivity tax rate by calculating the amount by which the per barrel production tax value exceeds $30 and $92.50.
- Step 9: To determine the progressivity tax, by segment, multiply the combined progressivity rate (Step 8) by the gross production tax value to each lease or property from step 3

AS 43.55.011(g)

- For each month of the calendar year for which the producer's average monthly production tax value under AS 43.55.160(a)(2) per BTU equivalent barrel of the taxable oil and gas is more than $30, the amount of tax for purposes of (e)(2) of this section is determined by multiplying the monthly production tax value of the taxable oil and gas produced during the month by the tax rate calculated as follows:
- (1) if the producer's average monthly production tax value per BTU equivalent barrel of the taxable oil and gas for the month is not more than $92.50, the tax rate is 0.4 percent multiplied by the number that represents the difference between that average monthly production tax value per BTU equivalent barrel and $30; or
- (2) if the producer's average monthly production tax value per BTU equivalent barrel of the taxable oil and gas for the month is more than $92.50, the tax rate is the sum of 25 percent and the product of 0.1 percent multiplied by the number that represents the difference between the average monthly production tax value per BTU equivalent barrel and $92.50, except that the sum determined under this paragraph may not exceed 50 percent.

Limitations under AS 43.55.011(e)

- Cook Inlet **gas** – AS 43.55.011(j)(1) & (2)
  - If lease or property had commercial production prior to April 1, 2006 the tax is based on the rates in effect for that lease or property under ELF during the period April 1, 2005 – March 31, 2006
  - For a lease or property entering commercial production after March 31, 2006 the tax for those leases or properties is $.177/mcf
  - These rates are in effect through 12/31/2021

Limitations under AS 43.55.011(e)

- Cook Inlet **oil** – AS 43.55.011(k)(1) & (2)
  - If a lease or property had commercial production prior to April 1, 2006 the tax rate is zero
  - For a lease or property entering commercial production after March 31, 2006 the tax rate is zero based on ELF tax rates during the period April 1, 2005 – March 31, 2006
  - These rates remain in effect until December 31, 2021

Limitations under AS 43.55.011(e)

- "Gas Used in State"
  - Also known as "(o)" gas – AS 43.55.011(o)
- Has the same ceiling as gas subject to AS 43.55.011(j)(2) [i.e., Cook Inlet Gas]
- $.177/mcf

AS 43.55.011(j) & (k)

- For a calendar year before 2022, the tax levied by (e) of this section for gas produced from a lease or property in the Cook Inlet sedimentary basin may not exceed

- (1) for a lease or property that first commenced commercial production of gas before April 1, 2006, the product obtained by multiplying (A) the amount of taxable gas produced during the calendar year from the lease or property, times (B) the average rate of tax that was imposed under this chapter for taxable gas produced from the lease or property for the 12-month period ending on March 31, 2006, times (C) the quotient obtained by dividing the total gross value at the point of production of the taxable gas produced from the lease or property during the 12-month period ending on March 31, 2006, by the total amount of that gas;

- (2) for a lease or property that first commences commercial production of gas after March 31, 2006, the product obtained by multiplying (A) the amount of taxable gas produced during the calendar year from the lease or property, times (B) the average rate of tax that was imposed under this chapter for taxable gas produced from all leases or properties in the Cook Inlet sedimentary basin for the 12-month period ending on March 31, 2006, times (C) the average prevailing value for gas delivered in the Cook Inlet area for the 12-month period ending March 31, 2006, as determined by the department under AS 43.55.020(f).

Excess Lease Expenditures/Tax Credits

- In 2010 AS 43.55.011(m) was amended to allow that credits no longer had to be recalculated and applied as if there were no tax ceilings for Cook Inlet oil & gas and for gas used in-state.
- In other words, beginning in 2011 any tax credits remaining after application against the tax ceilings of AS 43.55.011(j), (k), & (o) could be applied against any tax obligation in the state
- However, for the period 2007 – 2010, the tax credits must first be applied as if no ceilings existed before any "excess tax credits" can be determined

AS 43.55.011(m)

- Notwithstanding any contrary provision of AS 38.05.180(i), AS 41.09.010, AS 43.55.024, or 43.55.025, the department shall provide by regulation a method to ensure that, for a calendar year for which a producer's tax liability is limited by (j), (k), or (o) of this section, tax credits ***based on a lease expenditure incurred before January 1, 2011, that are*** otherwise available under AS 38.05.180(i), AS 41.09.010, AS 43.55.024, or 43.55.025 and allocated to gas subject to the limitations in (j), (k), and (o) of this section are accounted for as though the credits had been applied first against a tax liability calculated without regard to the limitations under (j), (k), and (o) of this section so as to reduce the tax liability to the maximum amount provided for under (j) or (o) of this section for the production of gas or (k) of this section for the production of oil. The regulation must provide for a reasonable method to allocate tax credits to gas subject to (j) and (o) of this section. Only the amount of a tax credit remaining after the accounting provided for under this subsection may be used for a later calendar year, transferred to another person, or applied against a tax levied on the production of oil or gas not subject to (j), (k), or (o) of this section to the extent otherwise allowed. [Changes bold/italic]

Payment of Tax

- A producer subject to tax under AS 43.55.011 must make a monthly estimated payment of tax.
- Any under or overpayment amount of an installment payment bears interest at the rate provided for underpayment under 26 U.S.C. 6621 (Internal Revenue Code), compounded daily.

AS 43.55.020 – Payment of Tax

- Statute text
- (a) For a calendar year, a producer subject to tax under AS 43.55.011(e) - (i) shall pay the tax as follows:
- (1) an installment payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each month of the calendar year on the last day of the following month; except as otherwise provided under (2) of this subsection, the amount of the installment payment is the sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount of the installment payment may not be less than zero:
- (A) for oil and gas produced from leases or properties in the state outside the Cook Inlet sedimentary basin but not subject to AS 43.55.011(o), other than leases or properties subject to AS 43.55.011(f), the greater of
- (i) zero; or
- (ii) the sum of 25 percent and the tax rate calculated for the month under AS 43.55.011(g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the leases or properties under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from the leases or properties during the month for which the installment payment is calculated;
- (B) for oil and gas produced from leases or properties subject to AS 43.55.011(f), the greatest of
- (i) zero;
- (ii) zero percent, one percent, two percent, three percent, or four percent, as applicable, of the gross value at the point of production of the oil and gas produced from all leases or properties during the month for which the installment payment is calculated; or
- (iii) the sum of 25 percent and the tax rate calculated for the month under AS 43.55.011(g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for those leases or properties under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from those leases or properties during the month for which the installment payment is calculated;
- (C) for oil and gas produced from each lease or property subject to AS 43.55.011(j), (k), or (o), the greater of
- (i) zero; or
- (ii) the sum of 25 percent and the tax rate calculated for the month under AS 43.55.011(g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible under AS 43.55.160 for oil or gas, respectively, produced from the lease or property from the gross value at the point of production of the oil or gas, respectively, produced from the lease or property during the month for which the installment payment is calculated;
- (2) an amount calculated under (1)(C) of this subsection for oil or gas produced from a lease or property subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as applicable, for gas or set out in AS 43.55.011(k)(1) or (2), as applicable, for oil, but substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable gas produced during the month for the amount of taxable gas produced during the calendar year and substituting in AS 43.55.011(k)(1)(A) or (2)(A), as applicable, the amount of taxable oil produced during the month for the amount of taxable oil produced during the calendar year;

AS 43.55.020 – Payment of Tax

- (3) an installment payment of the estimated tax levied by AS 43.55.011(i) for each lease or property is due for each quarter month of the calendar year on the last day of the following month; the amount of the installment payment is the sum of
- (A) the applicable tax rate for oil provided under AS 43.55.011(i), multiplied by the gross value at the point of production of the oil taxable under AS 43.55.011(i) and produced from the lease or property during the month; and
- (B) the applicable tax rate for gas provided under AS 43.55.011(i), multiplied by the gross value at the point of production of the gas taxable under AS 43.55.011(i) and produced from the lease or property during the month;
- (4) any amount of tax levied by AS 43.55.011(e) or (i), net of any credits applied as allowed by law, that exceeds the total of the amounts due as installment payments of estimated tax is due on March 31 of the year following the calendar year of production.
- (b) The production tax on oil and gas shall be paid to the department by or on behalf of the producer.
- (c) [Repealed, § 7 ch 101 SLA 1972.]
- (d) In making settlement with the royalty owner for oil and gas that is taxable under AS 43.55.011, the producer may deduct the amount of the tax paid on taxable royalty oil and gas, or may deduct taxable royalty oil or gas equivalent in value at the time the tax becomes due to the amount of the tax paid. If the total deductions of installment payments of estimated tax for a calendar year exceed the actual tax for that calendar year, the producer shall, before April 1 of the following year, refund the excess to the royalty owner. Unless otherwise agreed between the producer and the royalty owner, the amount of the tax paid under AS 43.55.011(e) - (g) on taxable royalty oil and gas for a calendar year, other than oil and gas the ownership or right to which constitutes a landowner's royalty interest, is considered to be the gross value at the point of production of the taxable royalty oil and gas produced during the calendar year multiplied by a figure that is a quotient, in which
- (1) the numerator is the producer's total tax liability under AS 43.55.011(e) - (g) for the calendar year of production; and
- (2) the denominator is the total gross value at the point of production of the oil and gas taxable under AS 43.55.011(e) - (g) produced by the producer from all leases and properties in the state during the calendar year.
- (e) Gas flared, released, or allowed to escape in excess of the amount authorized by the Alaska Oil and Gas Conservation Commission is considered, for the purpose of AS 43.55.011 - 43.55.180, as gas produced from a lease or property. Oil or gas used in the operation of a lease or property in the state in drilling for or producing oil or gas, or for repressuring, except to the extent determined by the Alaska Oil and Gas Conservation Commission to be waste, is not considered, for the purpose of AS 43.55.011 - 43.55.180, as oil or gas produced from a lease or property.
- (f) If oil or gas is produced but not sold, gas is produced but is stored in a gas storage facility, or oil or gas is produced and sold under circumstances where the sale price does not represent the prevailing value for oil or gas of like kind, character, or quality in the field or area from which the product is produced, the department may require the tax to be paid upon the basis of the value of oil or gas of the same kind, quality, and character prevailing for that field or area during the calendar month of production or sale.
- (g) Notwithstanding any contrary provision of AS 43.05.225, an unpaid amount of an installment payment required under (a)(1) - (3) of this section that is not paid when due bears interest (1) at the rate provided for an underpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from the date the installment payment is due until March 31 following the calendar year of production, and (2) as provided for a delinquent tax under AS 43.05.225 after that March 31. Interest accrued under (1) of this subsection that remains unpaid after that March 31 is treated as an addition to tax that bears interest under (2) of this subsection. An unpaid amount of tax due under (a)(4) of this section that is not paid when due bears interest as provided for a delinquent tax under AS 43.05.225.

continued on page 46 but with appropriate references to CIT.

AS 43.55.020 – Payment of Tax

- (h) Notwithstanding any contrary provision of AS 43.05.280,
- (1) an overpayment of an installment payment required under (a)(1) - (3) of this section bears interest at the rate provided for an overpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from the later of the date the installment payment is due or the date the overpayment is made, until the earlier of
- (A) the date it is refunded or is applied to an underpayment; or
- (B) March 31 following the calendar year of production;
- (2) except as provided under (1) of this subsection, interest with respect to an overpayment is allowed only on any net overpayment of the payments required under (a) of this section that remains after the later of March 31 following the calendar year of production or the date that the statement required under AS 43.55.030(a) is filed;
- (3) interest is allowed under (2) of this subsection only from a date that is 90 days after the later of March 31 following the calendar year of production or the date that the statement required under AS 43.55.030(a) is filed; interest is not allowed if the overpayment was refunded within the 90-day period;
- (4) interest under (2) and (3) of this subsection is paid at the rate and in the manner provided in AS 43.05.225(1).
- (i) Notwithstanding any contrary provision of AS 43.05.225 or (g) or (h) of this section, if the amount of a tax payment, including an installment payment, due under (a)(1) - (4) of this section is affected by the retroactive application of a regulation adopted under this chapter, the department shall determine whether the retroactive application of the regulation caused an underpayment or an overpayment of the amount due and adjust the interest due on the affected payment as follows:
- (1) if an underpayment of the amount due occurred, the department shall waive interest that would otherwise accrue for the underpayment before the first day of the second month following the month in which the regulation became effective, if
- (A) the department determines that the producer's underpayment resulted because the regulation was not in effect when the payment was due; and
- (B) the producer demonstrates that it made a good faith estimate of its tax obligation in light of the regulations then in effect when the payment was due and paid the estimated tax;
- (2) if an overpayment of the amount due occurred and the department determines that the producer's overpayment resulted because the regulation was not in effect when the payment was due, the obligation for a refund for the overpayment does not begin to accrue interest earlier than the following, as applicable:
- (A) except as otherwise provided under (B) of this paragraph, the first day of the second month following the month in which the regulation became effective;
- (B) 90 days after an amended statement under AS 43.55.030(a) and an application to request a refund of production tax paid is filed, if the overpayment was for a period for which an amended statement under AS 43.55.030(a) was required to be filed before the regulation became effective.
- (j) Cushion gas in a gas storage facility is not considered to be gas used in the operation of a lease or property or gas used for repressuring as described in (e) of this section. Gas withdrawn from a gas storage facility regulated under AS 42.05 is considered to be non-native gas until all non-native gas injected into the gas storage facility has been withdrawn from the gas storage facility. Non-native gas withdrawn from a gas storage facility is not considered to be gas produced for the purposes of AS 43.55.011 - 43.55.180. Gas withdrawn from a gas storage facility after all non-native gas previously injected into the gas storage facility has been withdrawn is gas considered to be produced from the lease or property for the purposes of AS 43.55.011 - 43.55.180. In this subsection, "native gas" and "non-native gas" have the meanings given in AS 31.05.032.
- (k) In this section, "gas storage facility" has the meaning given in AS 31.05.032.

Determination of GVPP AS 43.55.150

- GVPP – is determined at the point where the oil or gas first enters into the transportation system and does not include any cost upstream of the point of production [lifting/processing costs]
- For Prudhoe, this would be Pump Station 1
- For Kuparuk, this would be entry into the Kuparuk Pipeline
- Generally, the first point of entry into a common carrier pipeline is considered to be the "point of production"

Determination of GVPP AS 43.55.150

- For "netback" purposes begins with the destination value at the sales point of the oil or gas
- Allows for the actual cost of transportation EXCEPT when:
  - The shipper is affiliated with the transportation carrier
  - Contract for transportation is not an arms length transaction
  - Method of transportation is not "reasonable" in view of existing alternatives

AS 43.55.150

- (a) For the purposes of AS 43.55.011 - 43.55.180, the gross value at the point of production is calculated using the actual costs of transportation of the oil or gas, except when the
- (1) shipper of oil or gas is affiliated with the transportation carrier or with a person that owns an interest in the transportation facility;
- (2) contract for the transportation of oil or gas is not an arm's length transaction; or
- (3) method or terms of transportation of oil or gas are not reasonable in view of existing alternative transportation options.
- (b) If the department finds that a condition in (a)(1), (2), or (3) of this section is present, the gross value at the point of production is calculated using the actual costs of transportation, or the reasonable costs of transportation as determined under this subsection, whichever is lower. The department shall determine the reasonable costs of transportation, using the fair market value of like transportation, the fair market value of equally efficient and available alternative modes of transportation, or other reasonable methods. Transportation costs fixed by tariff rates that have been adjudicated as just and reasonable by the Regulatory Commission of Alaska or another regulatory agency and transportation costs in an arm's length transaction paid by parties not affiliated with an owner of the method of transportation shall be considered prima facie reasonable.
- (c) In determining the gross value of oil under this section, the department may not allow as reasonable costs of transportation
- (1) the amount of loss of or damage to, or of expense incurred due to the loss of or damage to, a vessel used to transport oil if the loss, damage, or expense is incurred in connection with a catastrophic oil discharge from the vessel into the marine or inland waters of the state;
- (2) the incremental costs of transportation of the oil that are attributable to temporary use of or chartered or substituted service provided by another vessel due to the loss of or damage to a vessel regularly used to transport oil and that are incurred in connection with a catastrophic oil discharge into the marine or inland waters of the state; and
- (3) the costs incurred to charter, contract, or hire vessels and equipment used to contain or clean up a catastrophic oil discharge.

Determination of Production Tax Value of Oil and Gas

- Lease expenditures under AS 43.55.165
  - Must be upstream of the point of production
  - Must be ordinary and necessary costs of exploring for, developing, or producing, oil or gas
  - Must be direct costs of exploring for, developing, or producing, oil or gas
- Adjusted by reimbursements or similar payments under AS 43.55.170
- "A production tax value calculated under this section may not be less than zero."
  - AS 43.55.160(b)

Lease Expenditures

- Direct Costs "allowed by the department by regulation" defined in:
  - 15 AAC 55.250 - Standards for lease expenditures other than overhead
    - Defines the types of activities for which direct charges will be allowed
  - 15 AAC 55.260 – Direct charges
    - Allowed expenses for activities in 15 AAC 55.250
- Allowance for overhead
  - 4.5% of direct costs
    - 15 AAC 55.271

Lease Expenditures (cont'd)

- Direct costs include charges for both capital and operating expenses
- "Qualified Capital Expenditures" are defined under AS 43.55.023(o) as:
  - An expenditure that is a lease expenditure under AS 43.55.165, AND
  - Is a capitalized expenditure under 26 U.S.C. (Internal Revenue Code)
  - There are no other objective or defining criteria to be a "qualified capital expenditure"

Lease Expenditures (cont'd)

- Exclusions from lease expenditures are provided for under AS 43.55.165(e)
- Includes an exclusion for "that portion of expenditures that would otherwise be qualified capital expenditures"
- Reduces deduction for capital expenditures by $.30 x total taxable production from each lease or property, in BTU equivalent barrels

Lease Expenditures (cont'd)

- "Leases or Properties"
  - In Cook Inlet each LOP = a "segment"
  - The North Slope all LOPs are a segment
- Both statute and regulation require that costs are ring-fenced to each segment
  - A single production tax value must be calculated for each segment within the state
  - "The provision of AS 43.55.160(b) that a production tax value may not be less than zero applies to each production tax value calculated for each segment." – 15 AAC 55.206(b)

Lease Expenditures (cont'd)

- Segments as identified by 15 AAC 55.206(c):
  - North Slope oil and "export" gas
  - North Slope Gas Used in State
    - Currently, these are the only two North Slope segments for determining production tax value of ANS oil and gas
  - Cook Inlet Oil
  - Cook Inlet Gas
    - Because "leases or properties" are based on status during ELF tax there are over 50 segments in Cook Inlet
- A separate tax calculation must be performed for each "lease or property" (segment)

Surcharges

- In addition to the oil and gas production tax under AS 43.55.011(e) a producer must also pay the following surcharges:
- $.01 per taxable barrel of oil from each lease or property in the state (AS 43.55.201) response surcharge suspended when > 50 mil.
- $.04 per taxable barrel of oil from each lease or property in the state (AS 43.55.300) prevention surcharge
- The legislature may appropriate these funds to the response account in the oil and gas hazardous substance release prevention and response fund established by AS 46.08.010

DEC

DEC

Conclusion

Questions?

Table of Tax Credits under AS 43.55 - The Alaska Oil and Gas Production Tax

Below is a table relating to credits under AS 43.55, the Oil and Gas Production Tax, for the State of Alaska. This is intended as an informational guide only. The State of Alaska makes no warranty, expressed or implied, of the accuracy of this. To be certain of the current statutes and regulations, refer to the official printed version of the statutes and regulations. This information only relates to credits in effect on January 1, 2011.

Credits under AS 43.55 *Updated 1/17/12, DMG*	Credits that May be Issued as Certificates and Submitted to the State for Cash Purchase										
	AS 43.55.023(a)(1)	**AS 43.55.023(a)(2)**	**AS 43.55.023(b)**	**AS 43.55.023(l)(1)**	**AS 43.55.023(l)(2)**	**AS 43.55.025(a)(1-4)**	**AS 43.55.025(a)(5)**	**AS 43.55.019**	**AS 43.55.023(l)**	**AS 43.55.024(a)**	**AS 43.55.024(c)**
Informal Title	Qualified Capital Expenditures Credit	Qualified Capital Expenditures Credit in Relation to Exploration	Carried-Forward Annual Loss Credit	Well Lease Expenditure Credit	Well Lease Expenditure Credit in Relation to Exploration	Alternative Credit for Exploration	Alternative Credit for Exploration - Jack-up Rig	Education Credit	Transitional Investment ("TIE") Credit	New Area Development ("Middle Earth") Credit	Small Producer Credit
Initial and Most Recent Effective Date(s)	4/1/2006, amended 7/1/2007	4/1/2006, amended 7/1/2007	4/1/2006, amended 7/1/2008	7/1/2010	7/1/2010	2003, amended 7/1/2008	5/10/2010	1987, amended 1/1/2011	4/1/2006, amended	4/1/2006	4/1/2006
Credit Percentage / Amount	20%	20%	25% (pre-7/1/07 20%)	40%	40%	30% or 40% (pre-7/1/08 20% or 40%)	80%, 90%, or 100% (up to $20, $22.5 or $25 million)	Max of $5,000,000	20%	$6,000,000	$12,000,000
Description	A Qualified Capital Expenditure (QCE) must be a lease expenditure and treated as a capitalized cost under 26 IRC. For credits south of 68 degrees North latitude these are issued as one certificate. For the North Slope, these credits are issued as two certificates (one available in year issued, the other available the following calendar year).	A Qualified Capital Expenditure (QCE) must be a lease expenditure and related to exploration. For credits south of 68 degrees North latitude these are issued as one certificate. For the North Slope, these credits are issued as two certificates (one available in year issued, the other available the following calendar year).	The carried forward annual loss is calculated for each segment by taking 25% of excess lease expenditures (lease expenditures not deductable in calculating production tax values). For credits south of 68 degrees North latitude these are issued as one certificate. For the North Slope, these credits are issued as two certificates (one available in year issued, the other available the following calendar year).	A Well Lease Expenditure (WLE) must be a lease expenditure, QCE, AND an Intangible Drilling and Development Cost (IDC) south of 68 degrees North latitude.	A Well Lease Expenditure (WLE) must be a lease expenditure, QCE, AND an Intangible Drilling and Development Cost (IDC) related to exploration south of 68 degrees North latitude.	These credits are narrowly defined by both the statute and regulations as costs directly related to drilling an exploration well or performing a seismic shoot. An exploration well may receive either the 30% or 40% depending on location and seismic exploration may receive 40% credit.	The qualified expenditures related to the first 3 unaffiliated wells drilled by the same jack-up rig in Cook Inlet pre-Tertiary zone qualify for this credit. The first well receives a 100% credit up to $25 million, the second well received a 90% credit up to $22.5 million, and the third well receives a 80% credit up to $20 million.	For cash donations to qualified educational institutes or foundations a portion of the donation may be taken as a credit against tax liability.	For taxpayers that did not have commercial production before January 1, 2008, a 20% credit for QCEs for the period April 1, 2001 to March 31, 2006 is allowed. This credit is limited to 1/10 of the QCEs incurred April 1, 2007 through December 31, 2007.	For production south of 68 degrees North latitude and outside of Cook Inlet (aka "Middle Earth"), a producer may take a credit of $6,000,000 to offset tax liability. Expires 2016.	If the taxpayer produces less than 50,000 BTU equivalent barrels average daily production, then they may take the full $12,000,000 credit. For production between 50,000-100,000 BTU equivalent barrels the credit is prorated. Expires 2016
DNR Data Requirements	No	Yes	No	No	Yes	Yes	Yes	No	No	No	No
Location Requirements	No	No	No	Yes - must be south of 68 degrees North latitude	Yes - must be south of 68 degrees North latitude	For some of these credits there are distance requirements from other wells and units	Yes - must be a jack-up rig in Cook Inlet	No	No	Yes - must be outside of Cook Inlet and south of the North Slope aka "middle earth"	No
Regulations*	15 AAC 55.310-320	15 AAC 55.310-320	15 AAC 55.310-320	None Yet	None Yet	15 AAC 55.350-360	15 AAC 55.350-360	None Yet	15 AAC 55.330	15 AAC 55.335	15 AAC 55.335
Combinations	Same expenditures may also qualify for credit under AS 43.55.023(b)	Same expenditures may also qualify for credit under AS 43.55.023(b)	Same expenditures may also qualify for credit under AS 43.55.023(a), (l), or 025(a)(1-4)	Same expenditures may also qualify for credit under AS 43.55.023(b)	Same expenditures may also qualify for credit under AS 43.55.023(b)	Same expenditures may also qualify for credit under AS 43.55.023(b)	None of the expenditures included in this credit may receive a credit under any other section of this chapter	Credit may be in addition to all other credits	May not have received an AS 43.55.025 credit for the same expenditures	Not for specific expenditures - credit may be in addition to all other credits	Not for specific expenditures - credit may be in addition to all other credits
Uses to Credit	Applied directly to tax or issued as a certificate and then transferred, applied to tax, or "cashed" out with the State under AS 43.55.028 - or a combination of the above. Note: the recipient of a transferred certificate may not "cash" out the certificate with the State.	Applied directly to tax or issued as a certificate and then transferred, applied to tax, or "cashed" out with the State under AS 43.55.028 - or a combination of the above. Note: the recipient of a transferred certificate may not "cash" out the certificate with the State.	Applied directly to tax or issued as a certificate and then transferred, applied to tax, or "cashed" out with the State under AS 43.55.028 - or a combination of the above. Note: the recipient of a transferred certificate may not "cash" out the certificate with the State.	Applied directly to tax or issued as a certificate and then transferred, applied to tax, or "cashed" out with the State under AS 43,55,028 - or a combination of the above. Note: the recipient of a transferred certificate may not "cash" out the certificate with the State.	Applied directly to tax or issued as a certificate and then transferred, applied to tax, or "cashed" out with the State under AS 43.55.028 - or a combination of the above. Note: the recipient of a transferred certificate may not "cash" out the certificate with the State.	Applied directly to tax or issued as a certificate and then transferred, applied to tax, or "cashed" out with the State under AS 43.55.028 - or a combination of the above. Note: the recipient of a transferred certificate may not "cash" out the certificate with the State.	Applied directly to tax or issued as a certificate and then transferred, applied to tax, or "cashed" out with the State under AS 43.55.028 - or a combination of the above. Note: the recipient of a transferred certificate may not "cash" out the certificate with the State.	Applied directly to tax and may not be carried forward or transferred	Applied directly to tax and may not be transferred or used after 2013.	Applied directly to tax and may not be carried forward or transferred	Applied directly to tax and may not be carried forward or transferred
Filing Requirements	Form 0405-330 must be submitted as well as all backup required under regulation to support the credit claim.	Form 0405-330 must be submitted as well as all backup required under regulation to support the credit claim.	Form 0405-330 must be submitted as well as all backup required under regulation to support the credit claim.	Form 0405-330 must be submitted as well as all backup required under regulation to support the credit claim.	Form 0405-330 must be submitted as well as all backup required under regulation to support the credit claim.	Form 0405-310 must be submitted as well as all backup required under regulation to support the credit claim.	Form 0405-310 must be submitted as well as all backup required under regulation to support the credit claim.	Form 0405-308	Form 0405-330 must be submitted as well as all backup required under regulation to support the credit claim.	Form 0405-332	Form 0405-332

*Other regulations under 15 AAC 55 may apply to these credits, this section only lists the regulations directly related. Please read all of 15 AAC 55 for complete information and treatments of the tax credits.

Summary of Tax Credits under AS 43.55 – The Alaska Oil and Gas Production Tax

Disclaimer:

This summary is intended as an informational guide only. The State of Alaska makes no warranty, expressed or implied, as to the accuracy of this summary. To be certain of the current statutes and regulations, refer to the official printed version of the statutes and regulations. This information only relates to tax credits in effect on January 1, 2011.

The Alaska Department of Revenue Tax Division (Division) offers many different production tax credits under AS 43.55. Below is a brief summary of the tax credits that the Division administers. Please note: there are other credits that the Department of Natural Resources or other sections of the Tax Division may offer that may be applied against royalty or rental payments, the production tax liability levied by AS 43.55, or the corporate income tax under AS 43.20 that are not included in this summary; please see the relevant Department or section for more information on those credits.

Education Tax Credit under AS 43.55.019

The education credit is a tiered credit based on cash contribution made to qualified educational and vocational entities or programs[1] outlined under AS 43.55.019(a). The credit is allowed for oil and gas producers against the tax due under this chapter for cash contributions to qualifying programs or entities. The credit was increased in 2010 for the period January 1, 2011 – December 31, 2013.

Effective 1/1/2011 – 12/31/2013[2], the credit is limited to 50 percent of contributions of not more than $100,000; 100 percent of the next $200,000 of contributions; and 50 percent of the amount of contributions that exceed $300,000[3]. A contribution claimed as a credit under this section may not be the basis for a credit claimed under another provision of this title; and when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, AS 43.20.014, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, may not result in the total amount of credits exceeding $5,000,000 in a single calendar year for an affiliated group[4].

Effective 1/1/2014, the credit is limited to 50 percent of contributions of not more than $100,000; and 100 percent of the next $100,000 of contributions. A contribution claimed as a credit under this section may not be the basis for a credit claimed under another provision of this title; and when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, AS 43.20.014, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, may not result in the total amount of credits exceeding $150,000.[5]

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[1] Effective July 1, 2011, cash contributions for qualified athletic tournaments, Alaska Native culture programs, or coastal ecosystem learning centers also qualify. SB 84, (ch. 7, SLA 2010)
[2] Change took place in 2010 with the passing of SB 236 (ch. 29, SLA 2010)
[3] AS 43.55.019(b)
[4] AS 43.55.019(d)(2)
[5] These are delayed amendments per SB 236

Summary of Tax Credits under AS 43.55 – The Alaska Oil and Gas Production Tax

Uses of Credit

This credit may be applied against any tax levied by 43.55. The credit is NOT transferable, is NOT available to be issued as a certificate, and may not reduce a person's tax liability below zero for any tax year. An unused credit or portion of a credit not used under this section for a tax year may not be sold, traded, transferred, or applied in a subsequent tax year.[6]

Pertinent Statutes and Regulations

AS 43.55.019; no regulations at this time

Qualified Capital Expenditures (QCE) Credit under AS 43.55.023(a)

The QCE credit is a 20% credit based on Qualified Capital Expenditures, as defined by AS 43.55.023(o).[7] The QCEs must also be allowable Lease Expenditures under AS 43.55.165. If the expenditures are incurred in connection with geological or geophysical exploration or an exploration well under AS 43.55.023(a)(2), then there are also certain data requirements[8] that must be met with the Department of Natural Resources (DNR).

Uses of Credit

Half of this credit may be applied[9] directly against tax liability in the year it was incurred by taking the total credit allowed for the year and applying it equally against the liability for each month of the year.[10] This credit may also be requested as a tax credit certificate[11], but no more frequently than once per calendar quarter[12]. To receive a credit certificate, an application[13] must be submitted to the Department of Revenue (DOR) with all relevant backup required under regulation[14] after the expenditures have been incurred.[15] The DOR has until the later of 120 days from the date that the application is received by the Department or 120 days from March 31st of the calendar year following the calendar year in which the expenditures were incurred[16] to grant or deny the application. Credits for expenditures incurred North of 68 degrees North latitude (North Slope), are issued as two equal certificates – one available in the year issued and the other available in the calendar year following the calendar year in which it was issued.[17] Credits for expenditures south of 68 degrees North latitude, including "middle earth"[18] and Cook Inlet, may be

[6] AS 43.55.019(e)
[7] Definition of a QCE was re-lettered as a revisers edit to AS 43.55.023(o) after HB 280 passed in 2010
[8] The data requirements are outlined in AS 43.55.025(f)(2)
[9] AS 43.55.023(a)(1), no more than half the credit may be applied for in a single calendar year
[10] Per AS 43.55.020(a)(1)
[11] Under AS 43.55.023(d) or (m)
[12] Per 15 AAC 55.320(a)(1)
[13] Form 0405-330 located on the tax division website at http://www.tax.alaska.gov//programs/programs/forms/index.aspx?60650
[14] See 15 AAC 55.320 and 345 for filing requirements
[15] See regulation for "When cost is incurred" under 15 AAC 55.290
[16] Per AS 43.55.023(d)
[17] AS 43.55.023(d)
[18] "Middle Earth" is a term commonly used to describe the land south of 68 degrees North latitude and outside of the Cook Inlet sedimentary basin

issued as one certificate all available in the year it was issued.[19] If the credit is issued as a certificate, the credit certificate may then be sold or transferred to another company, applied to tax liability under AS 43.55.011(e)[20], or if all requirements are met under AS 43.55.028, redeemed for cash from the State by the original applicant. The credit may not be used to reduce a person's tax liability below zero for any tax year.[21]

Pertinent Statutes and Regulations

AS 43.55.023; AS 43.55.165-170; 15 AAC 55.250-290; 15 AAC 55.305-381; 15 AAC 55.900

Carried-Forward Annual Loss Credit under AS 43.55.023(b)

The carried-forward annual loss credit is 25% of a producer or explorer's adjusted lease expenditures[22] that were not deductible in calculating production tax values for that calendar year under AS 43.55.160[23]. This credit may also be requested as a tax credit certificate[24], but not earlier than January 1st of the calendar year following the calendar year in which the loss was incurred[25].

Uses of Credit

This credit may be applied directly against a producer's tax liability in the year following the year it was incurred by taking the total credit allowed for the year and applying it equally against the liability for each month of the year.[26] This credit may also be requested as a tax credit certificate[27]. To receive a credit certificate, an application[28] must be submitted to the Department of Revenue (DOR) with all relevant backup required under regulation[29] after the expenditures have been incurred.[30] The DOR has until the later of 120 days the date that the application is received by the Department or 120 days from March 31st of the calendar year following the calendar year in which the expenditures were incurred[31] to grant or deny the application. Credits for expenditures incurred North of 68 degrees North latitude (North Slope), are issued as two equal certificates – one available in the year issued and the other available in the calendar year following the calendar year in which it was issued.[32] Credits for expenditures south of 68 degrees North latitude, including "middle earth" and Cook Inlet, may be issued as one certificate all of which is available in the year it

[19] AS 43.55.023(m)
[20] 15 AAC 55.381(b) allows for the credit certificate under this section to be applied against a single monthly installment payment
[21] No credit or portion of credit may be used to reduce a person's tax liability under AS 43.55.011(e) for any calendar year below zero. See; 43.55.023(c); 43.55.025(f) and (g); and 43.55.025(i)
[22] Under AS 43.55.165 and 170
[23] For an explorer with a zero GVPP, this calculation is 25% of their adjusted lease expenditures
[24] Under AS 43.55.023(d) or (m)
[25] Per 15 AAC 55.320(a)(2)
[26] Per AS 43.55.020(a)(1)
[27] Under AS 43.55.023(d) or (m)
[28] Form 0405-330 located on the tax division website at http://www.tax.alaska.gov//programs/programs/forms/index.aspx?60650
[29] See 15 AAC 55.320 and 345 for filing requirements
[30] See regulation for "When cost is incurred" under 15 AAC 55.290
[31] Per AS 43.55.023(d)
[32] AS 43.55.023(d)

was issued.[33] If the credit is issued as a certificate, the credit certificate may then be transferred to another company, applied to a tax levied by AS 43.55.011(e)[34], or redeemed for cash from the State by the original applicant if all requirements are met under AS 43.55.028.

Pertinent Statutes and Regulations

AS 43.55.023; AS 43.55.165-170; 15 AAC 55.250-290; 15 AAC 55.305-381; 15 AAC 55.900

Transitional Investment Expenditure ("TIE") Credit under AS43.55.023(i)

The TIE credit is a 20% credit for qualified capital expenditures incurred between April 1, 2001, and March 31, 2006. The credit may not exceed 1/10 of the AS 43.55.023(a) QCE credit taken from the period April 1, 2006, through December 31, 2007, and may only be taken by a company that did not have commercial production before January 1, 2008.

Uses of Credit

This credit may be applied against a tax levied by AS 43.55.011(e), but not for any calendar year after 2013.[35] The credit is NOT transferable, is NOT available to be issued as a certificate, and may not be used to reduce a peron's tax liability below zero for any tax year. An application form[36] must be submitted with the annual return for the year that the credit is applied with all applicable backup.

Well Lease Expenditure Credit under AS 43.55.023(*l*)

The Well Lease Expenditure credit is a 40% credit based on Well Lease Expenditures incurred south of 68 degrees North latitude, which includes "middle earth" and Cook Inlet, after June 30, 2010. The Well Lease Expenditures must also be allowable lease expenditures under AS 43.55.165, qualified capital expenditures under AS 43.55.023(o), and intangible drilling and development costs[37] authorized under 26 U.S.C. (Internal Revenue Code). If the expenditures are incurred in connection with geological or geophysical exploration or an exploration well under AS 43.55.023(*l*)(2), then there are also certain data requirements[38] that must be met with the Department of Natural Resources (DNR).

Uses of Credit

This credit may be applied directly against a tax levied by AS 43.55.011(e) in the year it was incurred by taking the total credit allowed for the year and applying it equally against the liability

[33] AS 43.55.023(m)
[34] 15 AAC 55.381(b) allows for the credit certificate under this section to be applied against a single monthly installment payment.
[35] AS 43.55.023(i)(3)(A)
[36] Form 0405-330
[37] AS 43.55.023(n)
[38] The data requirements are outlined in AS 43.55.025(f)(2)

for each month of the year[39]. This credit may also be requested as a tax credit certificate[40], but no more frequently than once per calendar quarter.[41] To receive a credit certificate, an application[42] must be submitted to the Department of Revenue (DOR) with all relevant backup required under regulation[43] after the expenditures have been incurred.[44] The DOR has until the later of 120 days from the date that the application is received by the Department or 120 days from March 31st of the calendar year following the calendar year in which the expenditures were incurred[45] to grant or deny the application. This credit is issued as one certificate available in the year it was issued[46]. If the credit is issued as a certificate, the credit certificate may then be transferred to another company, applied to a tax levied by AS 43.55.011(e)[47], or redeemed for cash from the State by the original applicant if all requirements are met under AS 43.55.028.

Pertinent Statutes and Regulations

AS 43.55.023; AS 43.55.165-170; 15 AAC 55.250-290; 15 AAC 55.305-381; 15 AAC 55.900

Additional Nontransferable Tax Credits (aka the "Middle Earth Credit" and "Small producer Credit") under AS 43.55.024(a) and (c)

Under AS 43.55.024(a), a prorated credit up to $6,000,000 may be applied against a producer's tax liability levied by AS 43.55.011(e) for a calendar year for oil and gas produced outside of Cook Inlet and south of 68 degrees North latitude[48] aka "middle earth"[49]. This credit may not be taken after the later of 2016 or after the 9th calendar year after the calendar year in which the producer first had commercial production before May 1, 2016[50] from at least one lease or property in "middle earth".

Tax credits under AS 43.55.024(c), also known as the "small producer credit", may be applied for a calendar year in which the producers' tax liability exceeds zero against a producer's tax levied by AS 43.55.011(e) for a producer whose average amount of oil and gas produced a day and taxable under AS 43.55.011(e) is less than 100,000 BTU equivalent barrels a day. If a producer's average taxable production is more than 50,000 and less than 100,000 BTU equivalent barrels per day, a

[39] Per AS 43.55.020(a)(1)
[40] Under AS 43.55.023(d) or (m)
[41] Per 15 AAC 55.320(a)(1)
[42] Form 0405-330 located on the tax division website at http://www.tax.alaska.gov//programs/programs/forms/index.aspx?60650
[43] See 15 AAC 55.320 and 345 for filing requirements
[44] See regulation for "When cost is incurred" under 15 AAC 55.290
[45] Per AS 43.55.023(d)
[46] AS 43.55.023(m)
[47] 15 AAC 55.381(b) allows for the credit certificate under this section to be applied against a single monthly installment payment.
[48] AS 43.55.024(a)
[49] "Middle Earth" is phrase commonly used to describe the land south of 68 degrees North latitude and outside of Cook Inlet
[50] AS 43.55.024(b)

producer may apply a prorated portion of the $12,000,000 credit for the calendar year.[51] A producer may not take a tax credit under (c) of this section after the later of 2016; or if the producer did not have commercial oil or gas production from a lease or property in the state before April 1, 2006, the ninth calendar year after the calendar year during which the producer first has commercial oil or gas production before May 1, 2016, from at least one lease or property in the state.[52]

Uses of Credit

These credits may be applied against a tax levied by AS 43.55.011(e). The credits are NOT transferable and are NOT available to be issued as a certificate. An unused tax credit or portion of a tax credit under this section may not be carried forward for use in a later calendar year.[53] The credit may not be used to reduce a tax liability for any calendar year below zero.[54] For a calendar year during which two or more producers that qualify under AS 43.55.024(e) are succeeded through merger, acquisition, or a similar transaction by a single producer that qualifies under AS 43.55.024(e), they are each only allowed a portion of the credit.[55]

Alternative Tax Credit for Oil and Gas Exploration under AS43.55.025(a)(1)-(4)

Depending on the type of exploration (seismic vs. exploration well) and the location of the project a company may receive a 30% or 40% credit under AS 43.55.025. For a qualifying exploration well that is bottom holed more than 3 miles from a preexisting well, other than in Cook Inlet, and pre-approved by the commissioner of natural resources before the project commences[56] a company may receive a 30% credit.[57] For a qualifying exploration well that is more than 25 miles outside an existing unit, or 10 miles outside of a unit in Cook Inlet, a company may receive a 30% credit.[58] For a qualifying exploration well that is both more than 3 miles from a preexisting well and 25 miles from a unit, other than in Cook Inlet, a company may receive a 40% credit.[59] For a qualifying seismic project outside a unit, a company may receive a 40% credit.[60] To qualify for any credits under this section the company must submit required data sets to the Department of Natural Resources. A credit application[61] must be completed and received by the Department of Revenue

[51] As 43.55.024(c)(2)
[52] AS 43.55.024(d)
[53] AS 43.55.024(h)
[54] AS 43.55.024(g)
[55] 15 AAC 55.335(b)
[56] AS 43.55.025(c)(2)
[57] AS 43.55.025(a)(1) and (c)
[58] AS 43.55.025(a)(2) and (d)
[59] AS 43.55.025(a)(3), (c), and (d)
[60] AS 43.55.025(a)(4) and (e)
[61] Form 0405-310

within six months of the completion of the exploration activity.[62] The application must be either submitted by a single applicant that holds a 100% interest in the project and incurred 100% of the expenditures or submitted by a designated joint applicant on behalf of and signed by all partners.[63] All credit requests under this section are audited before a certificate is issued and a tax credit certificate is always issued. These credits are only for work performed before July 1, 2016.

A five percent credit for exploration expenditures performed before July 1, 2003 is available if for seismic exploration performed outside a production unit if the Commissioner of the Department of Natural Resources determines public distribution of the seismic information is in the best interest of the State.[64]

Uses of Credit

The credit itself may be applied against a producer's tax liability in the year in which it was incurred and also before the tax credit certificate is issued.[65] The credit certificate may be transferred, applied to tax liability,[66] or cashed out with the State under AS 43.55.028 by the original applicant.

Pertinent Statutes and Regulations

AS 43.55.025; 15 AAC 55.305-381

Alternative Tax Credit for Oil and Gas Exploration under AS43.55.025(a)(5) & (*l*) – aka the "Jack-up Rig Credit"

Signed into effect May 20, 2010[67], AS 43.55.025(a)(5) and (*l*) were added to AS 43.55.025 to provide tax credits for a jack-up rig in Cook Inlet applicable to work performed after March 31, 2010. These sections added credits of 100% of qualifying exploration expenditures up to $25 million for the first well, 90% of qualifying exploration expenditures up to $22.5 million for the second well, and 80% of qualifying exploration expenditures up to $20 million for the third well incurred for exploratory drilling with a jack-up rig in Cook Inlet. The three wells must be drilled by unaffiliated parties, use the same jack-up rig, and penetrate and evaluate a prospect in the pre-Tertiary zone. The latter determination is made by the Commissioner of the Department of Natural Resources.

[62] The completion date of an exploration well is defined under 15 AAC 55.900(b)(10) and the completion date of a seismic project is generally the date that the initial processing of the seismic data has been completed.
[63] 15 AAC 55.355(a) and 15 AAC 55.356
[64] AS 43.55.025(k)
[65] 15 AAC 55.370(c)
[66] 15 AAC 55.381(b) allows for the credit certificate under this section to be applied against a single monthly installment payment
[67] Senate Bill 309, (Ch. 15 SLA 2010)

Summary of Tax Credits under AS 43.55 – The Alaska Oil and Gas Production Tax

Uses of Credit

The credit itself may be applied against a producer's tax liability in the year in which it was incurred and also before the certificate is issued.[68] The credit certificate may be transferred, applied to tax liability,[69] or cashed out with the State under AS 43.55.028 by the original applicant.

Pertinent Statutes and Regulations

AS 43.55.025; 15 AAC 305-381

[68] 15 AAC 55.370(c)

[69] 15 AAC 55.381(b) allows for the credit certificate under this section to be applied against a single monthly installment payment

State of Alaska
Department of Revenue

Commissioner Bryan Butcher

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March 23, 2012

The Honorable Eric Feige
State Capitol Room 126
Juneau AK, 99801

The Honorable Paul Seaton
State Capitol Room 102
Juneau AK, 99801

SUBJECT: Response to Questions from House Resources Meeting on March 21, 2012
Oil and Gas Tax Overview

Dear Representatives Feige, Seaton and Munoz:

The purpose of this letter is to respond to a follow up question from the House Resources Committee meeting on March 21, 2012 specifically those raised by Rep Munoz. The question and response follow.

1. Reproduce slides 22 and 23 to reflect absolute profit split and share of profit under, both HB 110 and CSSB192.

We have attached these slides.

We hope this information is helpful..

Sincerely,

Bruce Tangeman
Deputy Commissioner

cc: The Honorable Peggy Wilson, Vice Chair, House Resources Committee
The Honorable Alan Dick, House Resources Committee Member
The Honorable Neal Foster, House Resources Committee Member
The Honorable Bob Herron, House Resources Committee Member
The Honorable Cathy Munoz, House Resources Committee Member
The Honorable Berta Gardner, House Resources Committee Member
The Honorable Scott Kawasaki, House Resources Committee Member

Alaska Oil and Gas Taxes "101"

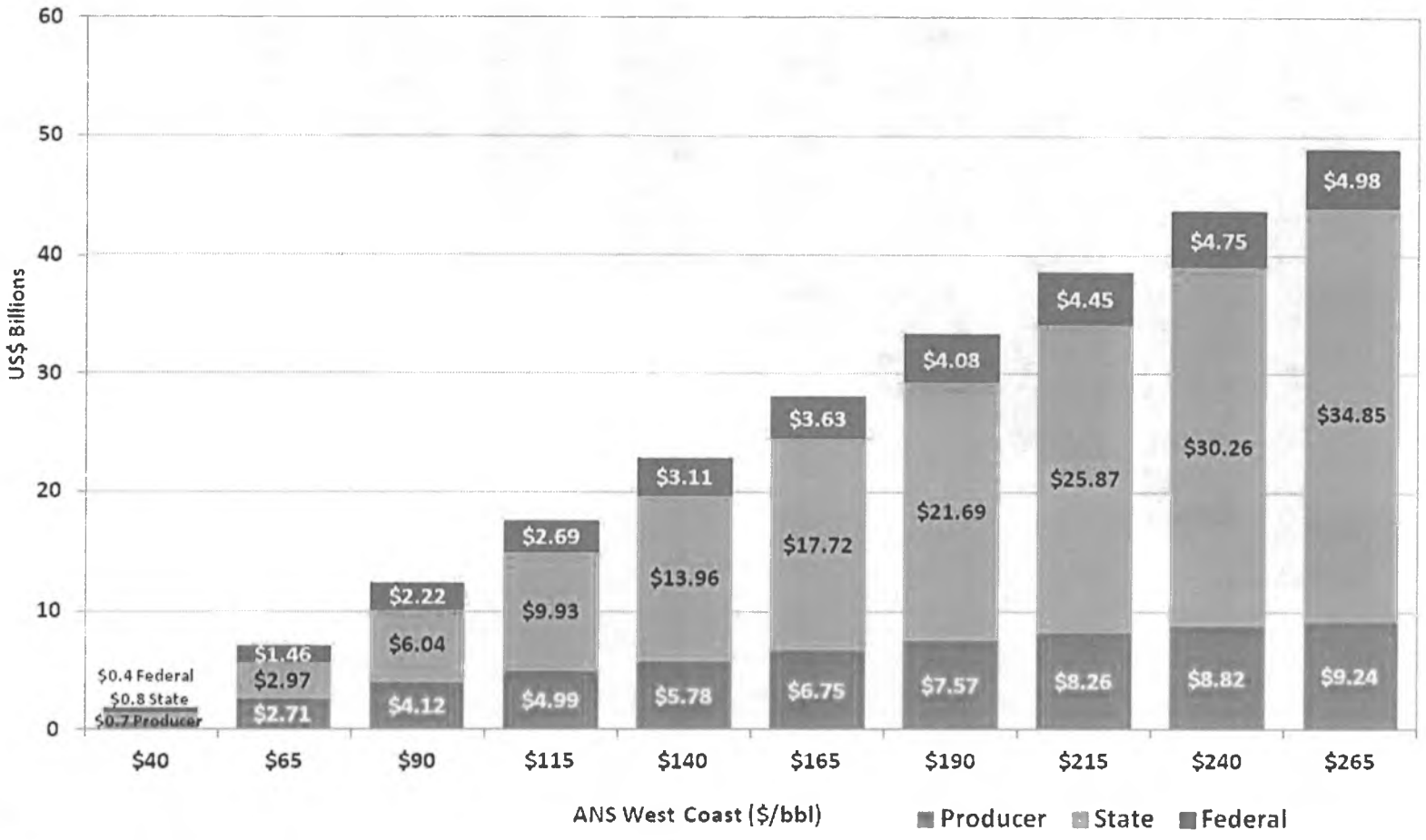
Response to questions from the House Resources Committee
March 21, 2012
Alaska Department of Revenue

The Question

- Please reproduce slides #22 and #23 (reflect absolute profit split and share of profit under) both HB110 and CSSB192.

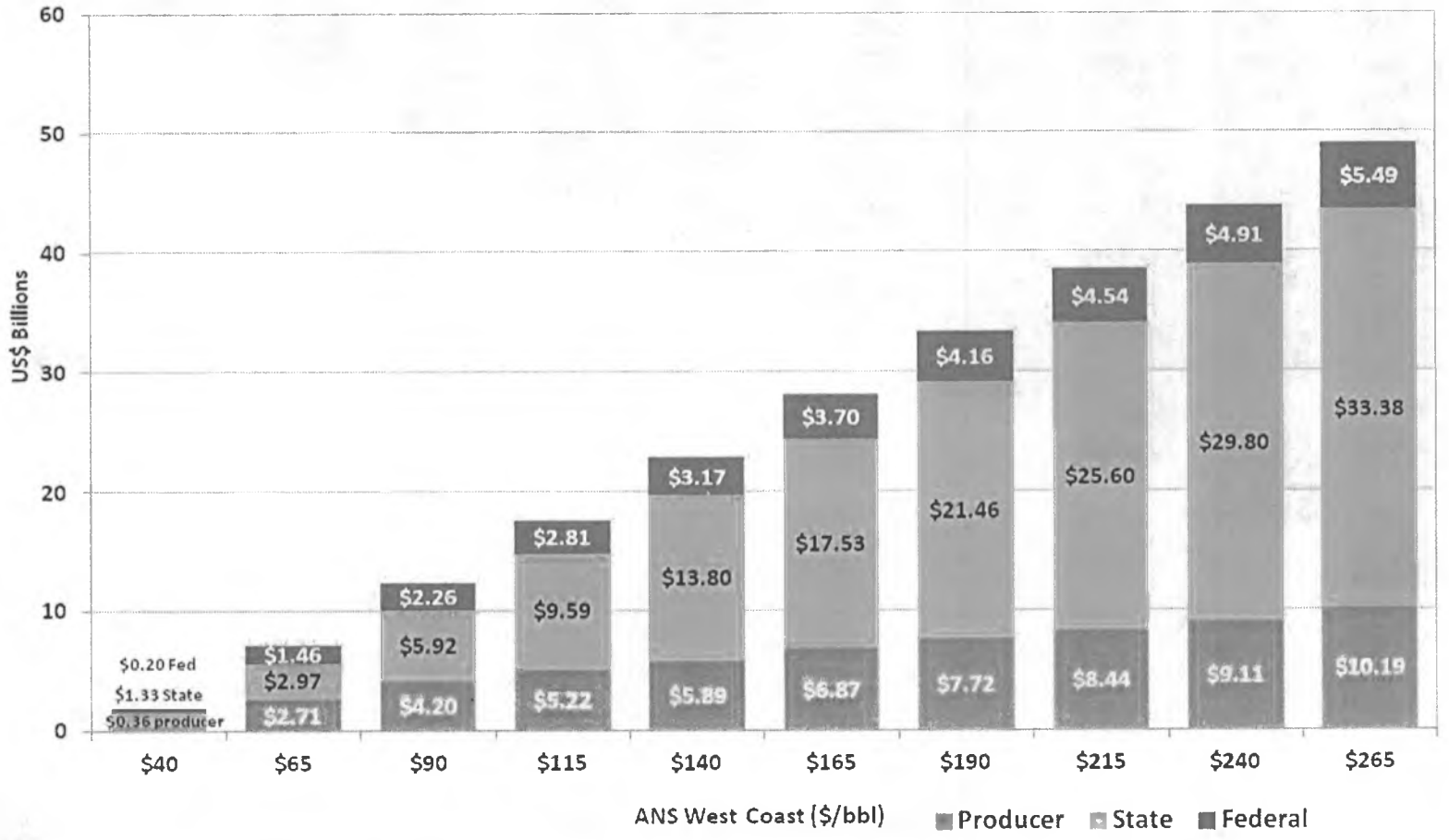
Absolute Profit Split under ACES

(slide 22 in 3-21-12 presentation)



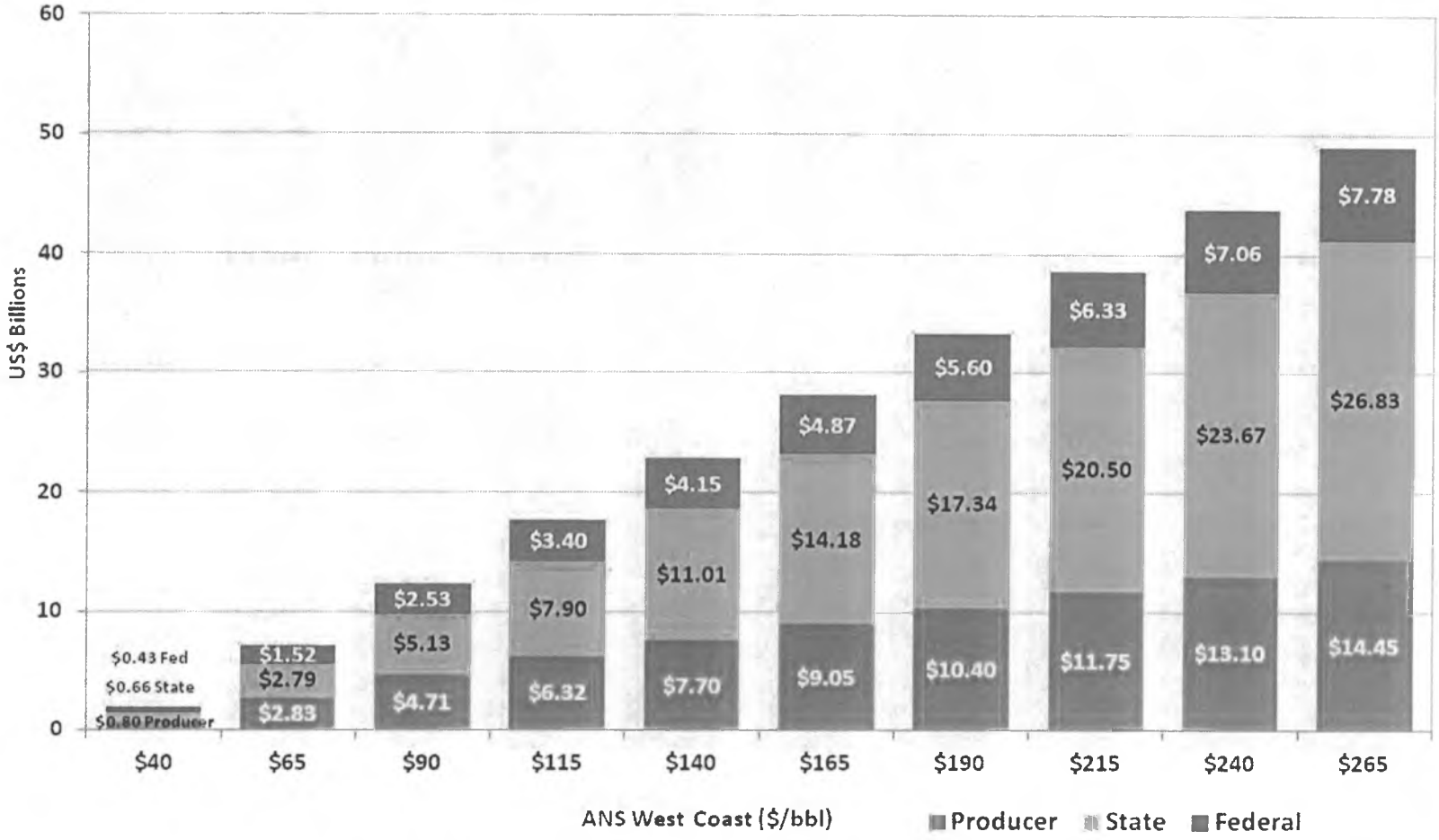
Profit defined as total gross value of all oil produced, less transportation costs and lease expenditures. Assumes FY 2012 production of .574 mmb/d, transport costs of $8.72/bbl, opex of $14.03 per taxable barrel, and capex of $10.25 per taxable bbl.

Absolute Profit Split under CS SB 192 (RES)



Profit defined as total gross value of all oil produced, less transportation costs and lease expenditures. Assumes FY 2012 production of .574 mmb/d, transport costs of $8.72/bbl, opex of $14.03 per taxable barrel, and capex of $10.25 per taxable bbl.

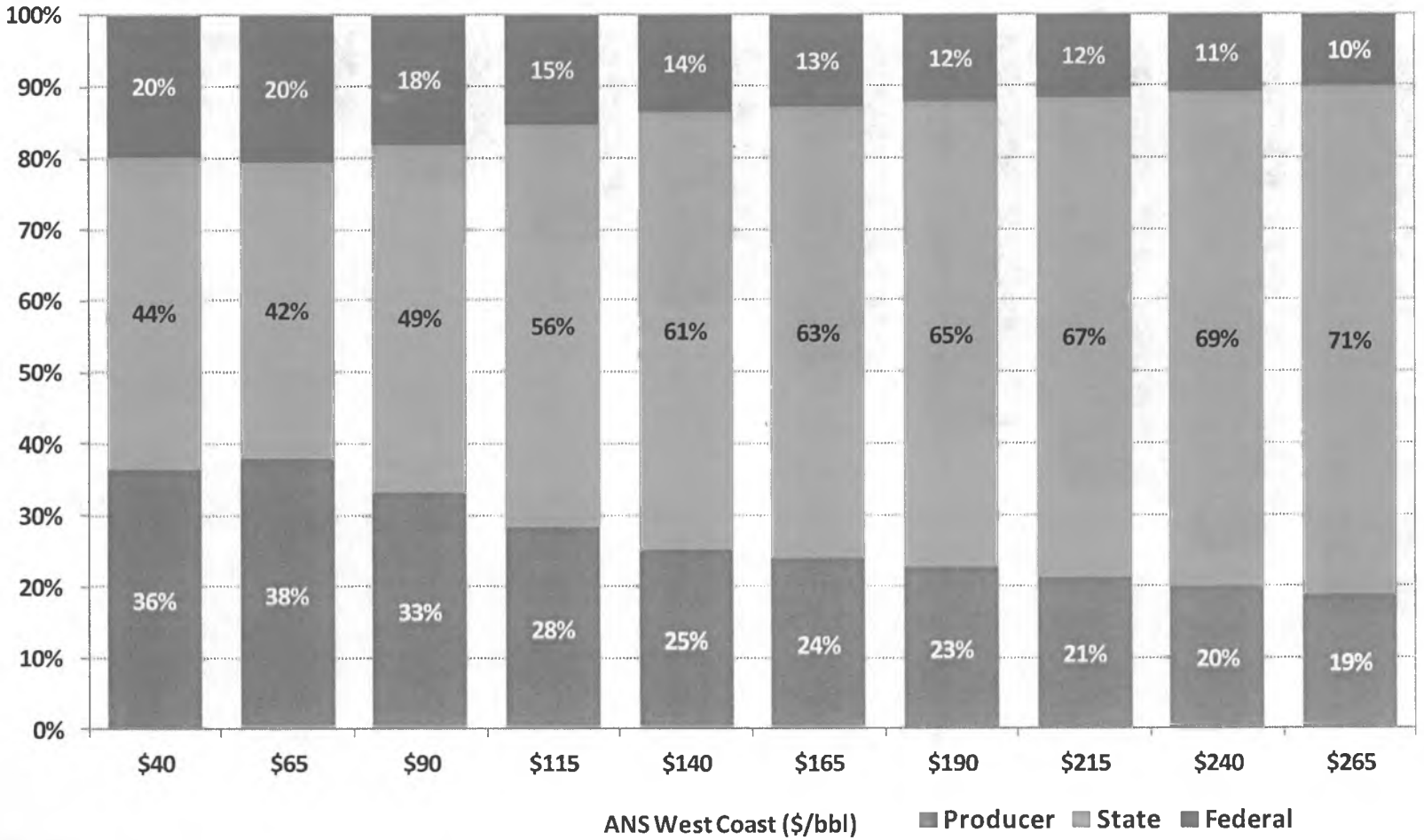
Absolute Profit Split under CS HB110 (FIN)



Profit defined as total gross value of all oil produced, less transportation costs and lease expenditures. Assumes FY 2012 production of .574 mmb/d, transport costs of $8.72/bbl, opex of $14.03 per taxable barrel, and capex of $10.25 per taxable bbl.

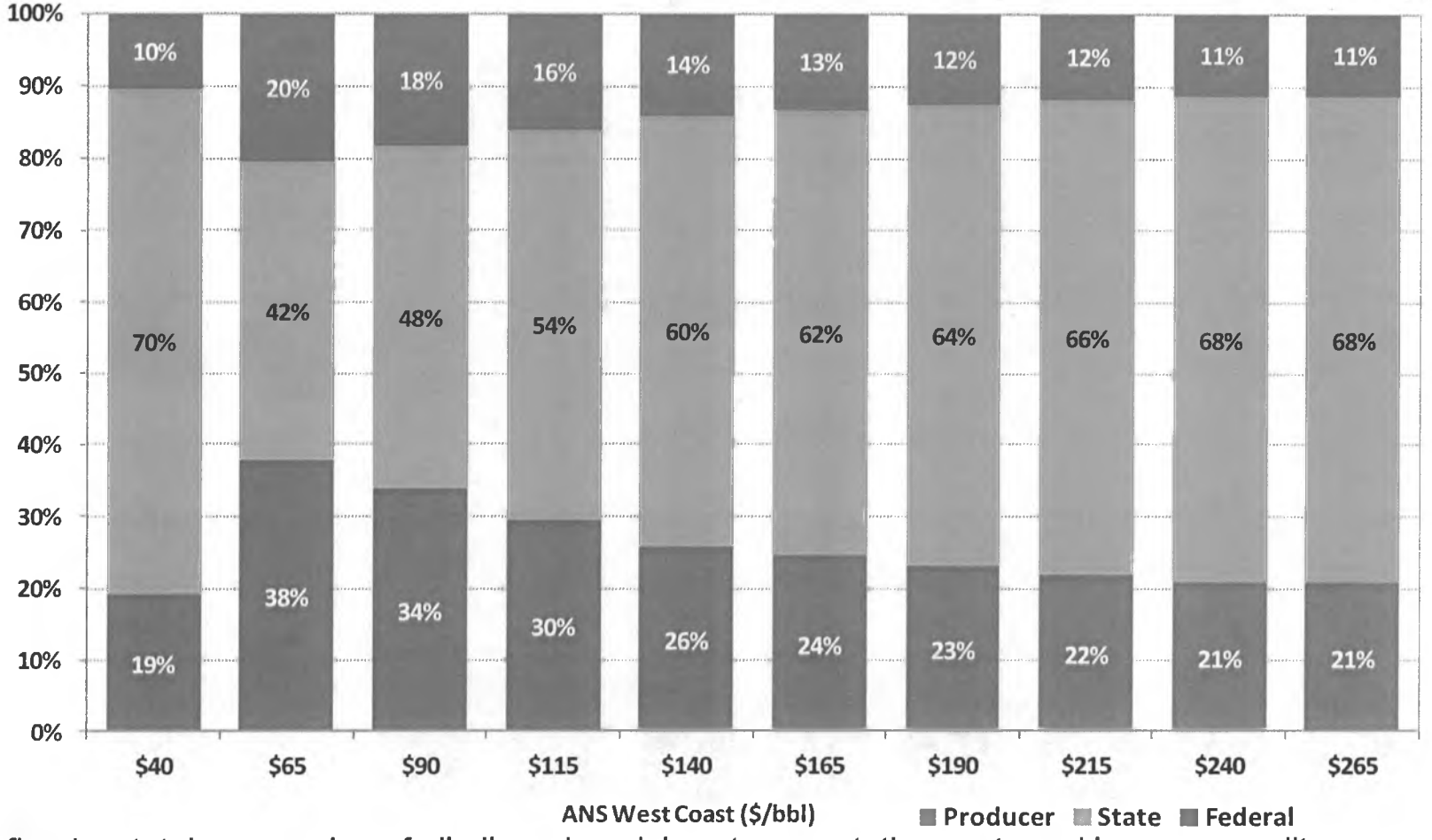
Share of Profit under ACES

(slide 23 in 3-21-12 presentation)



Profit defined as total gross value of all oil produced, less transportation costs and lease expenditures. Assumes FY 2012 Transport costs of $8.72/ bbl, Opex of $14.03 per taxable barrel, and Capex of $10.25 per taxable bbl.

Share of Profit under CS SB 192 (RES)

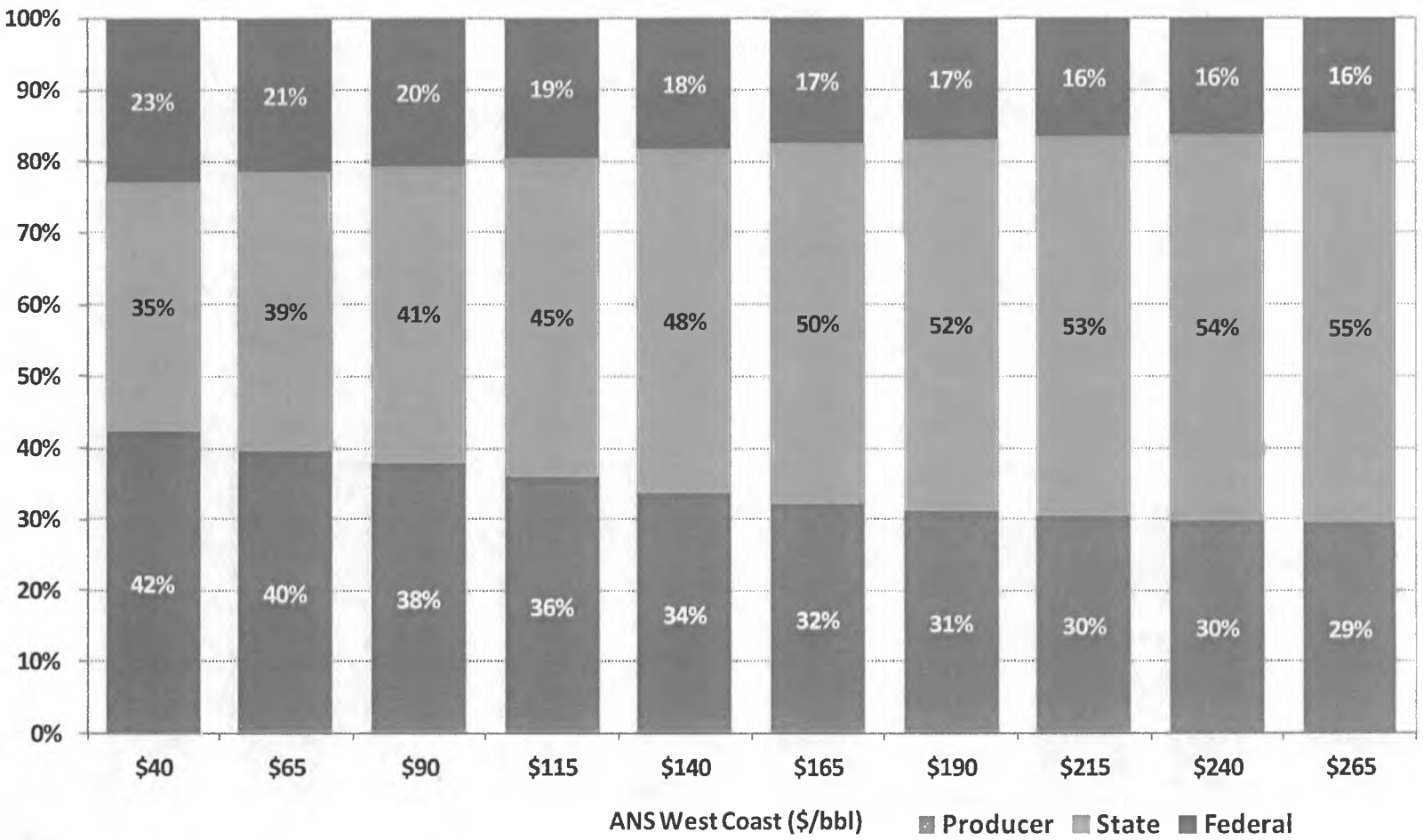


Profit defined as total gross value of all oil produced, less transportation costs and lease expenditures.

Assumes FY 2012 Transport costs of $8.72/ bbl, Opex of $14.03 per taxable barrel, and Capex of $10.25 per taxable bbl.

Assumes that 80% of production is impacted by 10% gross minimum tax with no credits allowed against gross tax.

Share of Profit under CS HB 110 (FIN)



Profit defined as total gross value of all oil produced, less transportation costs and lease expenditures. Assumes FY 2012 Transport costs of $8.72/ bbl, Opex of $14.03 per taxable barrel, and Capex of $10.25 per taxable bbl.

3/26/12 PRESENTATION: CANADA'S FEDERAL NORTHERN PIPELINE AGENCY

<TARGET><BILL></BILL><SUBJECT>3-26-12 PRESENTATION CANADA'S FEDERAL NORTHERN PIPELINE AGENCY</SUBJECT><COMM>HRES27</COMM></TARGET>

INTRODUCTION OF GUESTS
March 26

Joint Resources Lunch & Learn @ noon in Butrovich Room
Also appearing before both Resources Committees this afternoon

Chrystia Chudczak (Kris-tee-uh Should-Zak) is from Ottawa, Ontario. She is the Assistant Commissioner of the Northern Pipeline Agency, and has held senior positions in a number of federal departments, including Natural Resources, Fisheries & Oceans, Finance, & the Privy Council Office.

Frank Richards, Deputy Federal Coordinator with the Office of the Federal Coordinator for Natural Gas Transportation Projects - Frank is a professional engineer who joined the OFC in January 2011. Frank previously served as Deputy Commissioner - Alaska Department of Transportation and Public Facilities.

Consul Peter Taylor from the Consulate of Canada, Anchorgage with Canada's Department of Foreign Affairs and International Trade. Peter has been serving as Consul in Alaska since August 2010 and originally hails from Fredericton, New Brunswick.

Chrystia Chudczak (Kriss-tee-uh Should-Zak)

was appointed Assistant Commissioner, CFO & COO at Canada's Northern Pipeline Agency in September 2011. Ms. Chudczak is a graduate of Carleton University in Ottawa, Canada. She began her Government of Canada career in the late 1980s as an economist at the Treasury Board (equivalent of OMB in the US federal government). Later, she worked in progressively more senior positions in Revenue Canada, Finance Canada (NAFTA negotiations) and Indian & Northern Affairs Canada. Ms. Chudczak was subsequently Director of Special Projects & of Oceans Policy at Fisheries & Oceans Canada. From 2003 to 2005, she was the Officer

responsible for Economic & Regional Development Policy in the Privy Council Office (the department that directly serves the Prime Minister of Canada). Subsequently, she was Director General, Policy Development Integrating Science at Science Canada.

Ms. Chudczak is an enthusiastic documentary photographer. She speaks English, French and Ukrainian.

The Northern Pipeline Agency

- The Northern Pipeline Agency was created by the *Northern Pipeline Act* (the Act) in 1978. The Act gave effect to the 1977 Canada-United States Agreement on Principles Applicable to a Northern Natural Gas Pipeline (the Treaty) and set the terms of reference for the agency with respect to the Foothills Pipe Lines Ltd.'s (Foothills) Alaska Highway Gas Pipeline (the Pipeline).
- The agency's responsibilities under the Act include
  - carrying out Government of Canada responsibilities in relation to the Pipeline and facilitating the efficient and expeditious planning and construction of the Pipeline, taking into account local and regional interests, in particular those of Aboriginal people
  - maximizing the social and economic benefits from the construction and operation of the Pipeline while minimizing any adverse effects on the social and environmental conditions of the areas most directly affected by the Pipeline
- The minister responsible for the Act is the Minister of Natural Resources Canada (NRCan). The Deputy Minister of NRCan is the Commissioner of the agency and is supported by an Assistant Commissioner and other staff in Ottawa, Ontario and Calgary, Alberta.
- The agency was designed to provide a "single window" mechanism for coordination among Canada, the United States, provincial and territorial governments and others.
- In the late 1970s and early 1980s, the agency had more than 100 staff in offices in Ottawa, Ontario, Calgary, Alberta, Whitehorse, Yukon, and Vancouver, British Columbia, and developed detailed terms and conditions for different segments of the pipeline route. It regulated the construction of the "Pre-build" (Stage One) of the Pipeline in southern Alberta, Saskatchewan and southern British Columbia, pursuant to provisions in the Act.
- During the construction of the Pre-build, and pursuant to the terms of the Act, the agency undertook the regulatory responsibilities of some other federal departments in relation to the Pipeline. All of the agency's costs, are recoverable from Foothills under the Act.
- Some National Energy Board (NEB) responsibilities are delegated to the agency through a Designated Officer, who, under the Act, is also a board member. The Designated Officer's role during the Pre-build was to certify plans, profiles and books of reference (PPBoR) and perform certain powers, duties and functions as set out in the Act.



Canada

- The Governor in Council can also appoint an Administrator who, during the Pre-build, functioned mainly as a Chief Operating Officer in Calgary, where the main operational office was located. Pursuant to the Act, the Administrator performs such duties as the minister specifies. During the Pre-build stage, the agency had one Administrator and two Deputy Administrators, one of whom was also the Designated Officer.

- When the economics of the project became unfavourable in the 1980s, the agency was reduced to a small staff that maintained regulatory responsibility for expansions to the Pre-build, all of which occurred between 1988 and 1998. The latest expansion brought the Pre-build to full operating capacity, and it currently transports 3.3 billion cubic feet per day (Bcf/d) from Western Canada to American markets.

- Because of the revival of interest in commercializing northern gas, the agency is currently preparing to facilitate and regulate Stage Two of construction, which would run from Prudhoe Bay, Alaska, through Alaska, southern Yukon, and northern British Columbia to a point near Boundary Lake at the British Columbia-Alberta border.

For more information

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The Alaska Highway Gas Pipeline: The Canada-Foothills Easement Agreement

- In August 1976, Foothills Pipe Lines Ltd. (Foothills) applied for a land easement through Yukon for the construction of the Alaska Highway Gas Pipeline (the Pipeline), one of three routes under review at the time by the National Energy Board (NEB).
- In July 1977, after 214 days of hearings, the NEB found that the Foothills project, although requiring further engineering design, environmental and socioeconomic information, offered the generally preferred route for transporting Alaska natural gas.
- The subsequent 1977 Canada-United States Agreement on Principles Applicable to a Northern Natural Gas Pipeline (the Treaty) outlines in general terms the route of the Pipeline and requires the Canadian government to issue permits, rights-of-way and other necessary authorizations.
- *Canada's Northern Pipeline Act* (the Act) of 1978 gives effect to the bilateral agreement and created the Northern Pipeline Agency. The Act deemed issued Certificates of Public Convenience and Necessity (CPCNs) pursuant to the *National Energy Board Act*. These certificates are subject to terms and conditions as set out in Schedule III of the Act.
- The Act also empowers the Governor in Council to authorize the grant of an easement to Foothills for the construction of the Pipeline. Foothills' application for an easement through Yukon led to an environmental assessment under an Environmental Assessment and Review Panel (EARP), which held hearings intermittently between 1977 and 1982.
- Canada and Foothills entered into an easement agreement on November 24, 1983, and a grant of easement (the Grant) was issued by Order in Council on November 28, 1983. A Certificate of Title for the easement was registered in the Yukon Land Titles Office in Whitehorse, Yukon, in July 1984, and the easement is a recognized property interest in certain First Nation Settlement Lands under Final Agreements. Comprehensive maps may be viewed at the Land Titles Office. The precise location is set out in Plans, Profiles and Books of Reference (PPBoR) submitted to the government by Foothills before the easement was granted. A copy of the PPBoR is filed in the Yukon Land Titles Office in Whitehorse as instrument #67550.
- The easement follows the Alaska Highway from the Yukon-Alaska border near Beaver Creek, Yukon, to the Yukon-British Columbia border near Watson Lake, Yukon. It is approximately 760 kilometres long and is generally 240 metres wide. The width will allow for minor adjustments of the Pipeline location within the easement, and after the Pipeline is built, a much narrower easement would be granted for its operation.



Canada

- The easement agreement allows Foothills to conduct investigative work on easement lands. However, the company requires the approval of the minister responsible for the Northern Pipeline Agency before it can begin construction.
- The Canada-Foothills Easement Agreement was amended by Order in Council (P.C. 1987-2000) to allow additional time to begin construction. It was again extended in 1992 (P.C. 1992-2400). Unless the term is once again amended, the agreement will expire on September 20, 2012. Foothills has requested that the expiry date be amended to September 20, 2022.

For more information

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The Alaska Highway Gas Pipeline: Past Environmental and Socio-economic Reviews

- In the early 1970s, Canada and the United States began contemplating major pipelines designed to transport Alaskan and northern Canadian gas to southern markets.
- A Commission of Inquiry led by Justice Thomas Berger (the Berger Inquiry) was appointed to study the impacts of running a pipeline up the Mackenzie Valley. In 1977, Justice Berger concluded that no route through northern Yukon would be environmentally acceptable and recommended delaying a Mackenzie Valley route for 10 years. He also determined that a southern Yukon route would be acceptable.
- In 1976, the National Energy Board (NEB) received applications for various northern pipeline projects, including the Alaska Highway Gas Pipeline (the Pipeline) proposed by Foothills Pipe Lines Ltd. (Foothills) through Yukon, British Columbia, Alberta and Saskatchewan into southern markets. In July 1977, after 214 days of hearings, the NEB found that the Foothills project, although requiring further engineering design, environmental and socio-economic information, offered the generally preferred route for transporting Alaska natural gas.
- Also in 1977, the Lysyk Inquiry studied the socio-economic impacts of the Pipeline proposal, holding hearings in 17 Yukon communities over 51 days. Mr. Lysyk's report made several specific recommendations to minimize any potentially negative impacts.
- The Mair Inquiry was appointed in 1979 to study potential socio-economic impacts in British Columbia. Mr. Mair held hearings in 15 communities and issued a report recommending several specific mitigative measures.
- Foothills' 1976 application for a right-of-way through southern Yukon had in the meantime triggered a federal Environmental Assessment and Review Panel (EARP). The panel met intermittently between 1977 and 1982:
  - In 1977, the panel issued an interim report affirming preference for a southern Yukon route and requesting an Environmental Impact Statement (EIS) from Foothills. The panel also recommended a single mechanism for coordinating design and environmental approvals.
  - In 1979, after Foothills submitted an EIS for the southern Yukon portion of the project, the panel held public hearings in nine Yukon communities. The panel concluded that insufficient information had been filed.



Canada

- Between 1979 and 1981, the Northern Pipeline Agency participated in assessment activities, consulting with governments, public interest groups and communities to develop socio-economic and environmental terms and conditions. Also, in 1981, the panel reconvened to address additional information submitted by Foothills, specifically regarding the routing in the Whitehorse and Ibex Pass areas of Yukon.
- In 1982, Foothills submitted additional addenda to the EIS. The panel held public hearings in Whitehorse and submitted its final report, concluding that the Pipeline could be constructed and operated in an environmentally acceptable manner.

For more information

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Stage Two of the Foothills Alaska Highway Gas Pipeline

- Stage One of Foothills Pipe Lines Ltd. (Foothills) project took place between 1978 and 1982 and consists of the "Pre-build," which extends from Caroline, Alberta, to American markets. Stage Two of the project would link reserves at Prudhoe Bay in Alaska to existing Alberta infrastructure.

- In Canada, Stage Two would cross from Alaska into southern Yukon near Beaver Creek, Yukon, continue to a point near Watson Lake, Yukon, and proceed from there into northeast British Columbia. This phase of the pipeline would end in British Columbia at a point near Boundary Lake, at the British Columbia-Alberta border.

- In 2007, the Alaska legislature passed the *Alaska Gasline Inducement Act* (AGIA). This act was intended to encourage the commercialization of Alaskan Prudhoe Bay natural gas resources, to promote further oil and natural gas exploration in the region, and to maximize benefits for Alaskans.

- The Government of Alaska, through the AGIA, requested submissions for a pipeline project that would produce low tolls (transportation costs) and that would encourage further exploration and development. It also required provisions for regular expansions of the pipeline, local hire, in-state delivery service and a firm schedule.

- The AGIA also offered up to $500 million in funds from the state to the successful project developer, and to designate a project coordinator to help facilitate permitting requirements.

- In 2008, TransCanada Alaska Co. received a license under the AGIA to pursue Stage Two of the Alaska



Highway Gas Pipeline (the Pipeline) in Alaska. The license includes an option of shipping the gas to Valdez, Alaska, where it would be liquefied and shipped by tanker to other markets. TransCanada Alaska Co. is a subsidiary of TransCanada PipeLines Limited (TCPL), which acquired complete ownership of Foothills in 2004.

- In the summer of 2009, ExxonMobil Corporation, the largest holder of natural gas in the Prudhoe Bay region, reached terms with TCPL on a gas pipeline development agreement. The companies chose the name Alaska Pipeline Project (APP) for this entity, which also includes the Alaska portion of the pipeline.

Canada

- The APP held its first "open season" or solicitation for commercial bids from gas producers in the Prudhoe Bay area, between April and July of 2010.

For more information

Northern Pipeline Agency
412-615 Booth Street
Ottawa ON K1A 0E4
Tel.: 613-995-1150
E-mail: npa.apn@nrcan-rncan.gc.ca

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3/28/12 OVERVIEW: DECOUPLING OF OIL AND GAS TAXES

<TARGET><BILL></BILL><SUBJECT>3-28-12 OVERVIEW DECOUPLING OF OIL AND GAS TAXES</SUBJECT><COMM>HRES27</COMM></TARGET>



Presentation to the
House Resources Committee
March 28, 2012
Alaska Department of Revenue

Overview

- How Alaska's production tax works
- What is "decoupling"
- Why decouple?
- Decoupling Issues
- History: SB 305 in 2010

Review: How Alaska's Production Tax Works

- Company specific tax
- Based on Production Tax Value (PTV)
  - Market price – Transportation Costs = Gross Value at Point of Production (GVPP)
  - GVPP – Lease Expenditures = Production Tax Value (PTV)
  - BOE = Barrel of Oil Equivalent
- Tax Rate
  - Base tax rate of 25% of "production tax value"
  - Progressivity applies when PTV is over $30/BOE, and increases rate by 0.4% for each $1 of PTV over $30/BOE
  - Example: At a PTV of $50/BOE, tax rate is 33% *(25% + 0.4% * $20)*
  - At PTV of $92.50/BOE progressivity changes to 0.1% per $1 of PTV

FY 11 Production Tax Calculation

	Per Barrel	Barrels	Value ($ million)
Avg ANS Oil Price ($/bbl) & Daily Production (bbls)	$94.49	602,723	$56.9 / day
Annual Production (bbl)			
Total Annual Production/Value		**219,993,895**	**$20,786.7**
Royalty and Federal barrels		(29,505,505)	($2,787.9)
Taxable barrels		**190,488,390**	**$17,998.8**
Downstream (Transportation) Costs ($/bbl)			
ANS Marine Transportation	($2.45)		
TAPS Tariff	($4.02)		
Other	($0.70)		
Total Transportation Costs	**($7.17)**	**190,488,390**	**($1,365.8)**
Lease Expenditures			
Deductible Operating Expenditures	($13.22)		($2,517.4)
Deductible Capital Expenditures	($8.52)		($1,622.9)
Total Lease Expenditures	**($21.74)**	**190,488,390**	**($4,140.3)**
Production Tax Value (PTV)			**$12,492.6**
Production Tax			
Base Tax (25%*PTV)			$3,123.3
Production Tax Value per barrel	$65.58		
Progressive Tax = (14.2% * PTV)			$1,778.1
Total Tax Due before credits			**$4,901.2**
Credits Applied Against Taxes			($400.0)
Total Tax after credits			**$4,501.28**

Source: Department of Revenue Fall 2011 Revenue Sources Book, Appendix D

This simple model assumes constant production, price, and expenditures for the entire year; results will differ from our larger model and forecast.

The per-barrel expenditures shown are per taxable barrel and do not reflect expenditures per all barrels produced.

What is "decoupling"

- **Under current law, gas production from major gas sales would be converted to "barrel of oil equivalent" and taxed in the same calculation as oil***
- **Current law equates 6 million British Thermal Units to one barrel of oil (AS 43.55.900)**
- **"Decoupling" would calculate oil and gas tax for major gas sales separately.**

***special provisions exist currently that extend special tax rates to Cook Inlet Gas, and gas for in-state use, until 2022. However these types of production are still included in the statewide "progressivity" calculation**

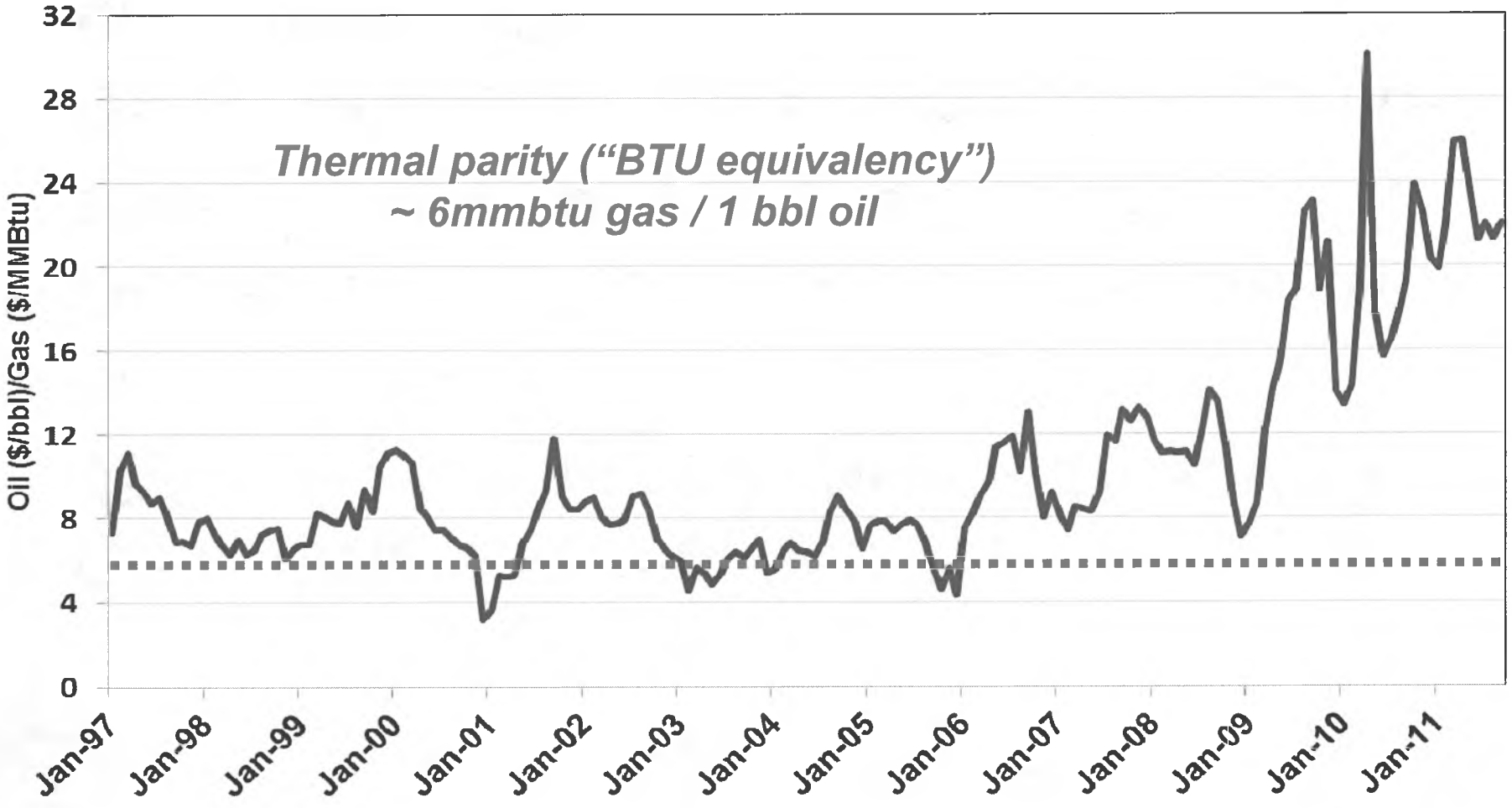
Conceptually, decoupling is simple…

Coupled	Decoupled	
Oil & Gas Destination Value	Oil Destination Value	Gas Destination Value
- Oil & Gas transportation costs	- Oil transportation costs	- Gas transportation costs
= Oil & Gas GVPP	= Oil GVPP	= Gas GVPP
- Oil & Gas Upstream Expenditures	- Oil Upstream Expenditures	- Gas Upstream Expenditures
= Oil & Gas Production Tax Value	= Oil Production Tax Value	= Gas Production Tax Value
X Tax Rate	X Tax Rate	X Tax Rate
= Oil & Gas Tax Liability	**= Oil Tax Liability**	**= Gas Tax Liability**

Why decouple?

- Oil is different than gas (different uses, different resource endowments, different substitutes)
- Decoupling allows tax policy to be crafted specific to oil or gas production
- Oil is currently worth more than gas (per unit of energy)
- Gas value relative to oil (referred to as "Parity") varies greatly over time

Oil price ≠ 6 * gas price



Why decouple?

- Including lower value gas in the same tax calculation as higher value oil reduces the average value per BOE and therefore reduces the progressive tax rate on oil
- By taxing oil and gas together, gas production reduces oil taxes even though oil operations are unaffected
- This has been called the "flip the switch" problem… as soon as major gas sales begin, state tax revenue could drop significantly, under certain price scenarios (including current prices)

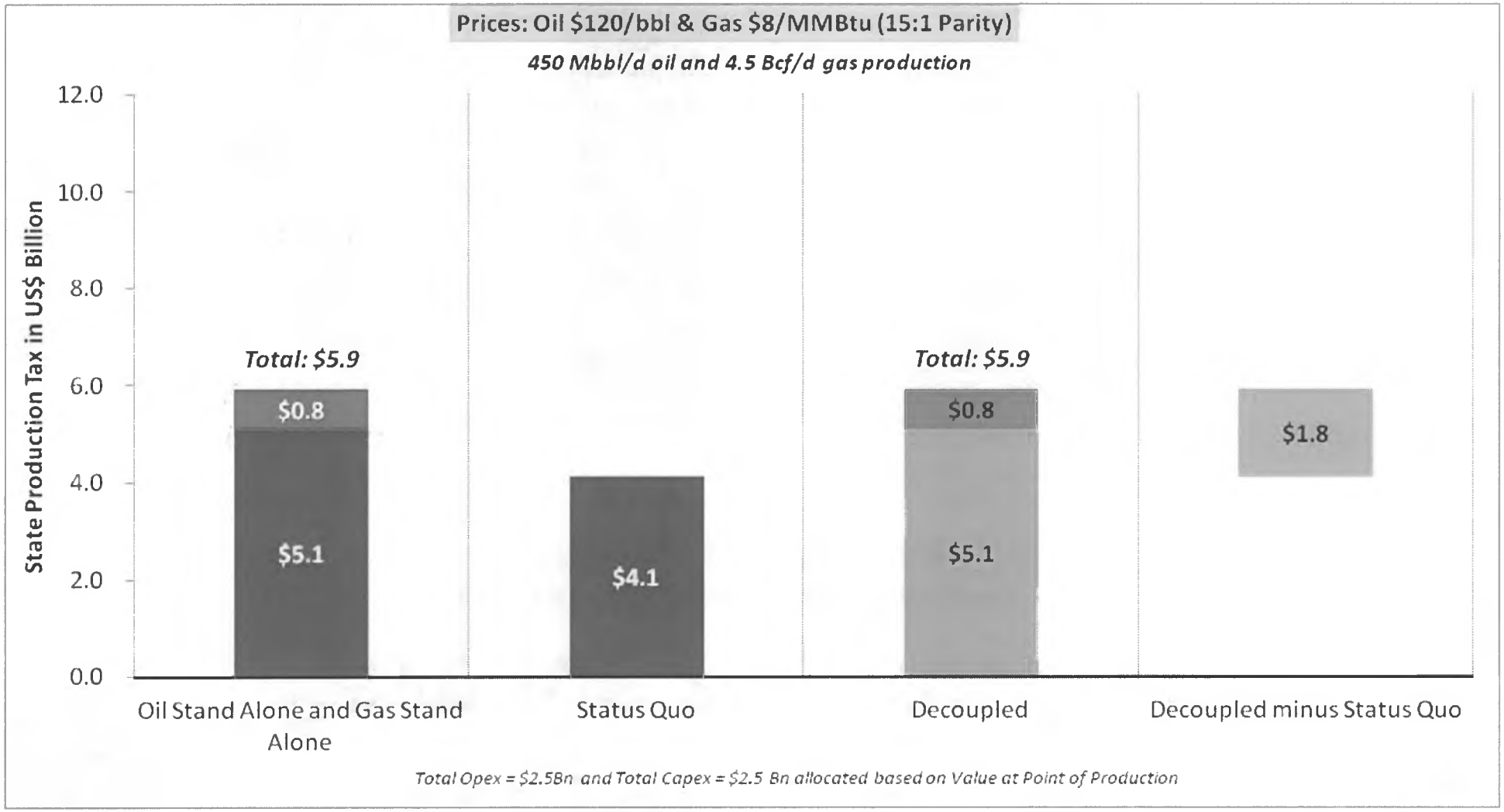
Numerical Examples : Assumptions

- **One Year "Income Statement" model**
- **DOR 2012 Profiles**
  - **Oil: 450 Mbbl/d**
  - **Gas: 4.5 Bcf/d**
- **Conversion**
  6 Mcf = 1 boe

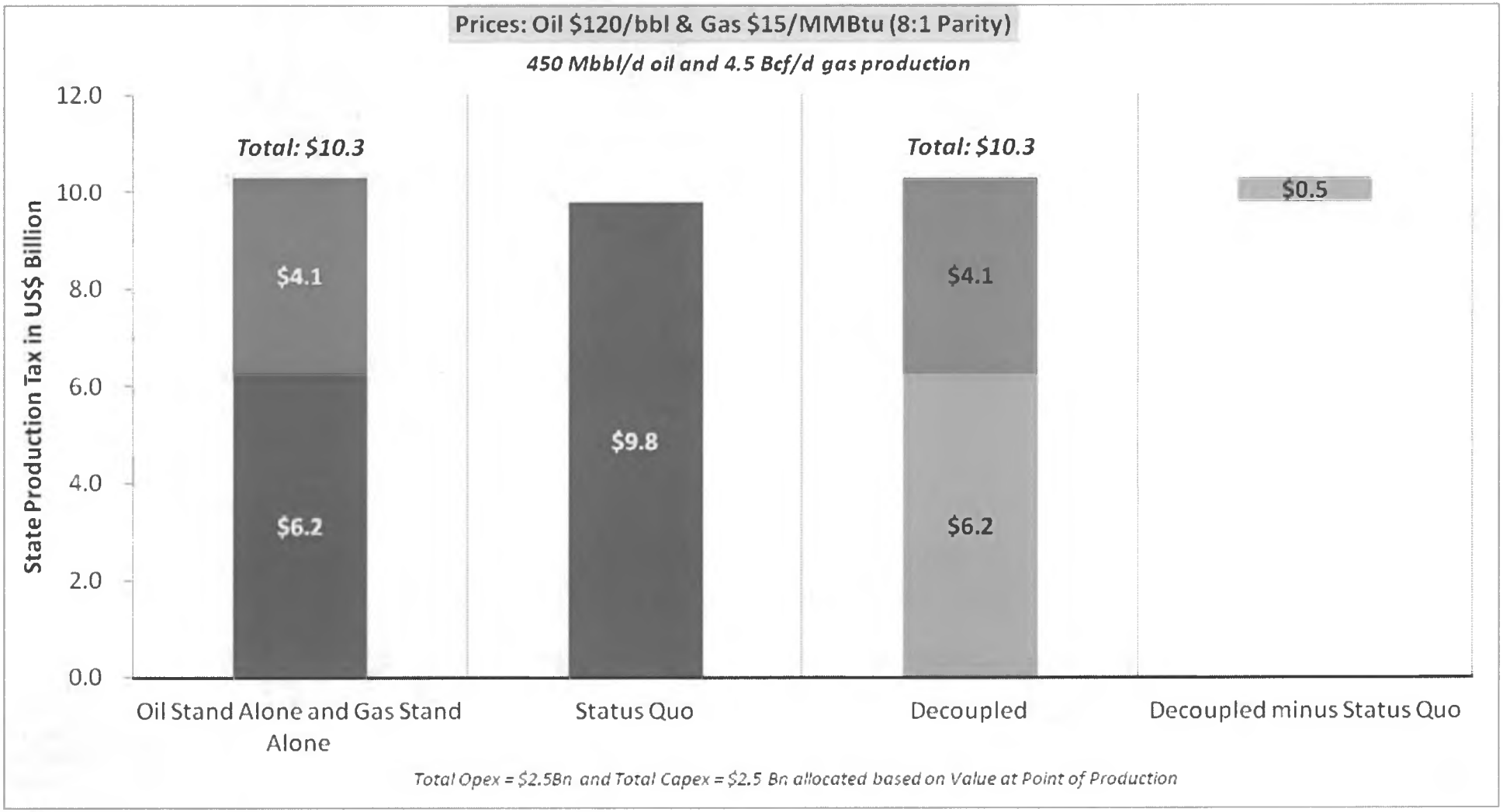
bbl/d: Barrels of oil per day
Mbbl/d: Thousand barrels of oil per day
boe: Barrel of oil equivalent
Bcf/d: Billion cubic feet per day
Mcf: Thousand cubic feet
MMBtu: Million British thermal units

- **Costs allocation**
  - **Opex: $2,500,000,000**
  - **Capex: $2,500,000,000**
  - **Costs split on the basis of gross value at the Point of Production (PoP)**
- **Transportation**
  - **Oil: $11.00/bbl**
  - **Gas: $4.5/MMBtu**

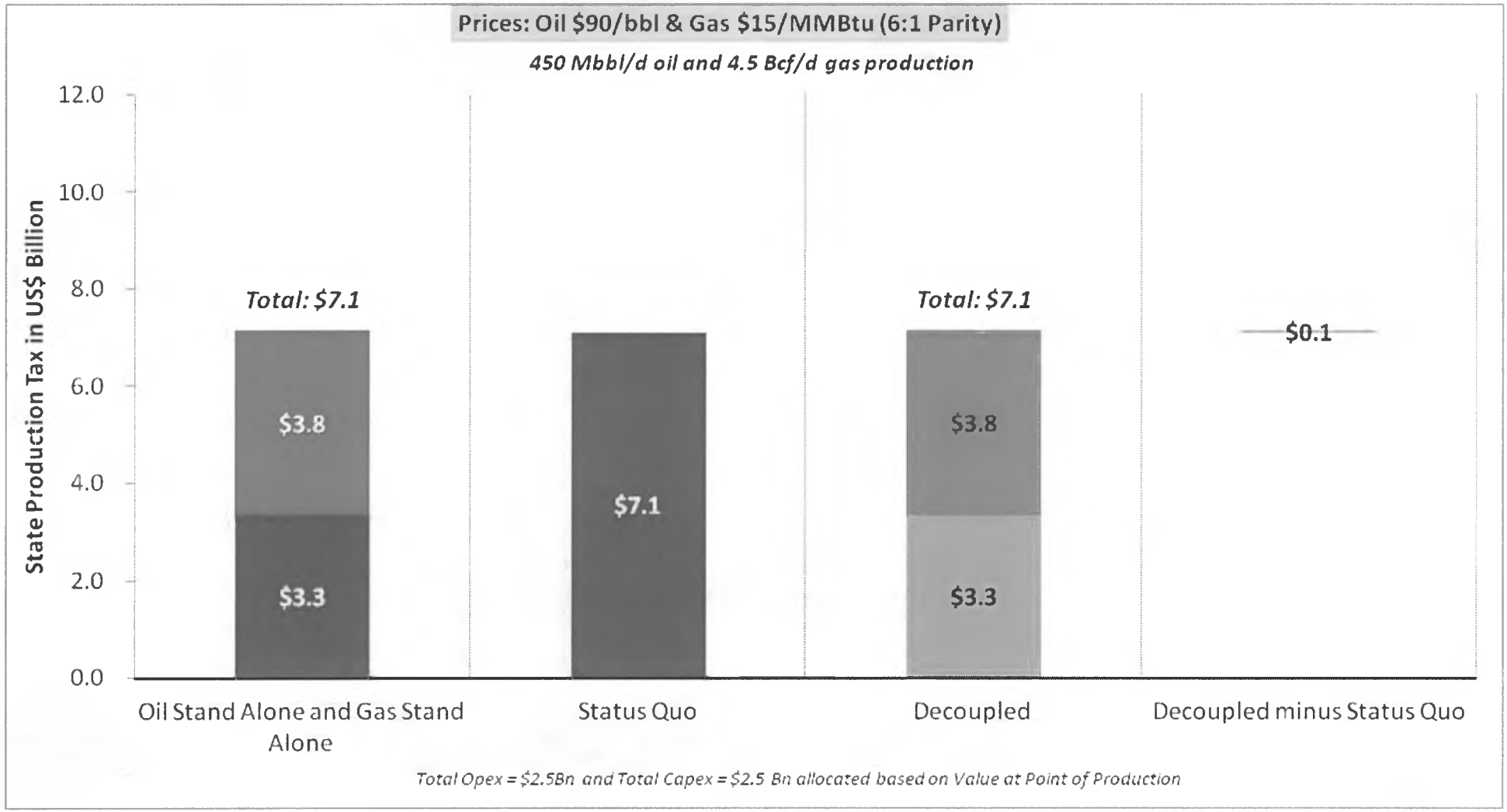
At high parity, Decoupled Revenue > Status Quo



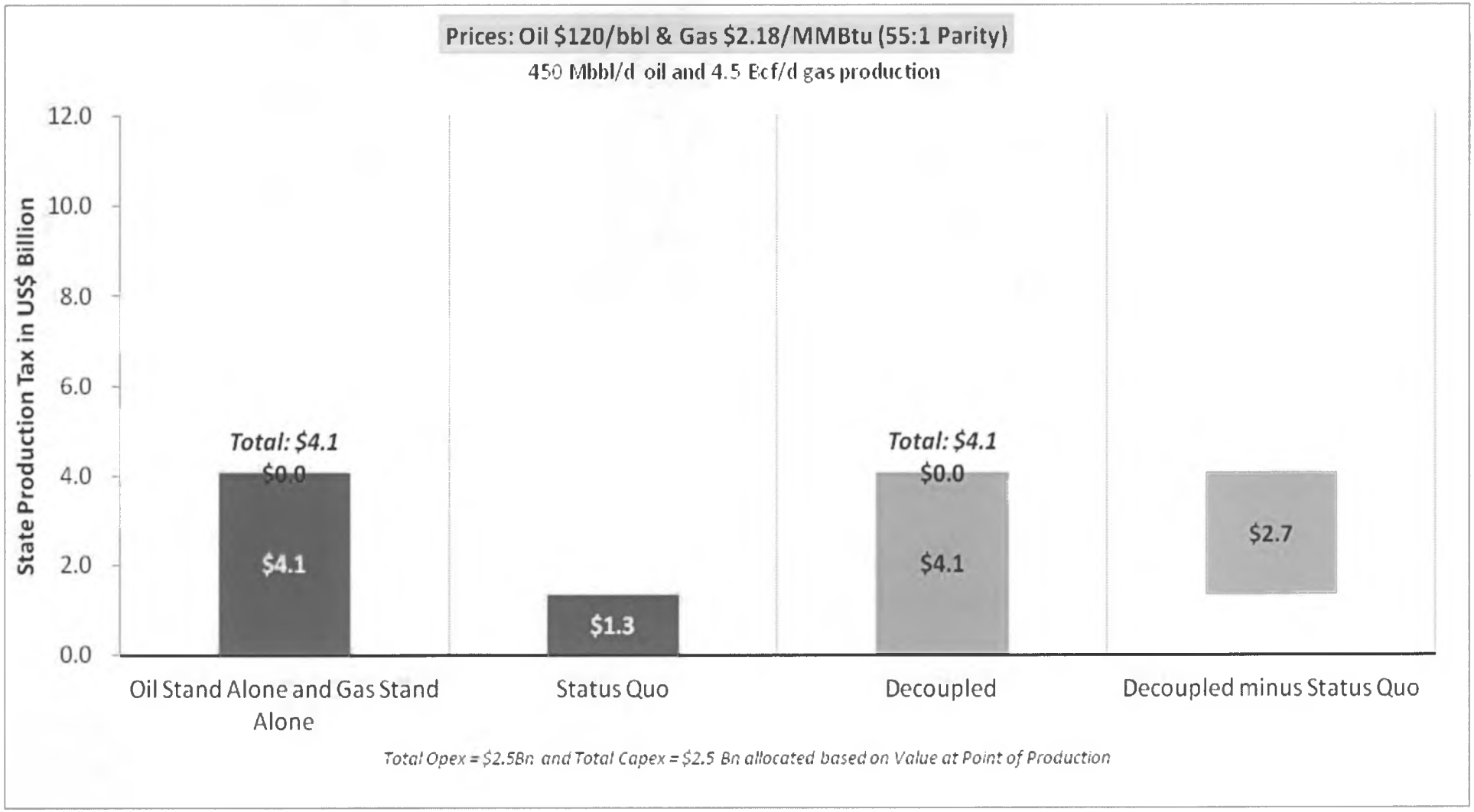
At lower parity, Decoupled Revenue > Status Quo



At 6:1 parity, Decoupled Revenue ≈ Status Quo



At today's prices…



Observations

- **Decoupling provides for a state share similar to the status quo when gas prices are relatively high (less dilution of progressivity under status quo).**
- **Decoupling imposes a higher state share compared to the status quo when gas prices are relatively low.**
- **Decoupling generates revenue equal to or greater than "oil stand alone" revenue in all cases.**

Decoupling Issues: Cost Allocation

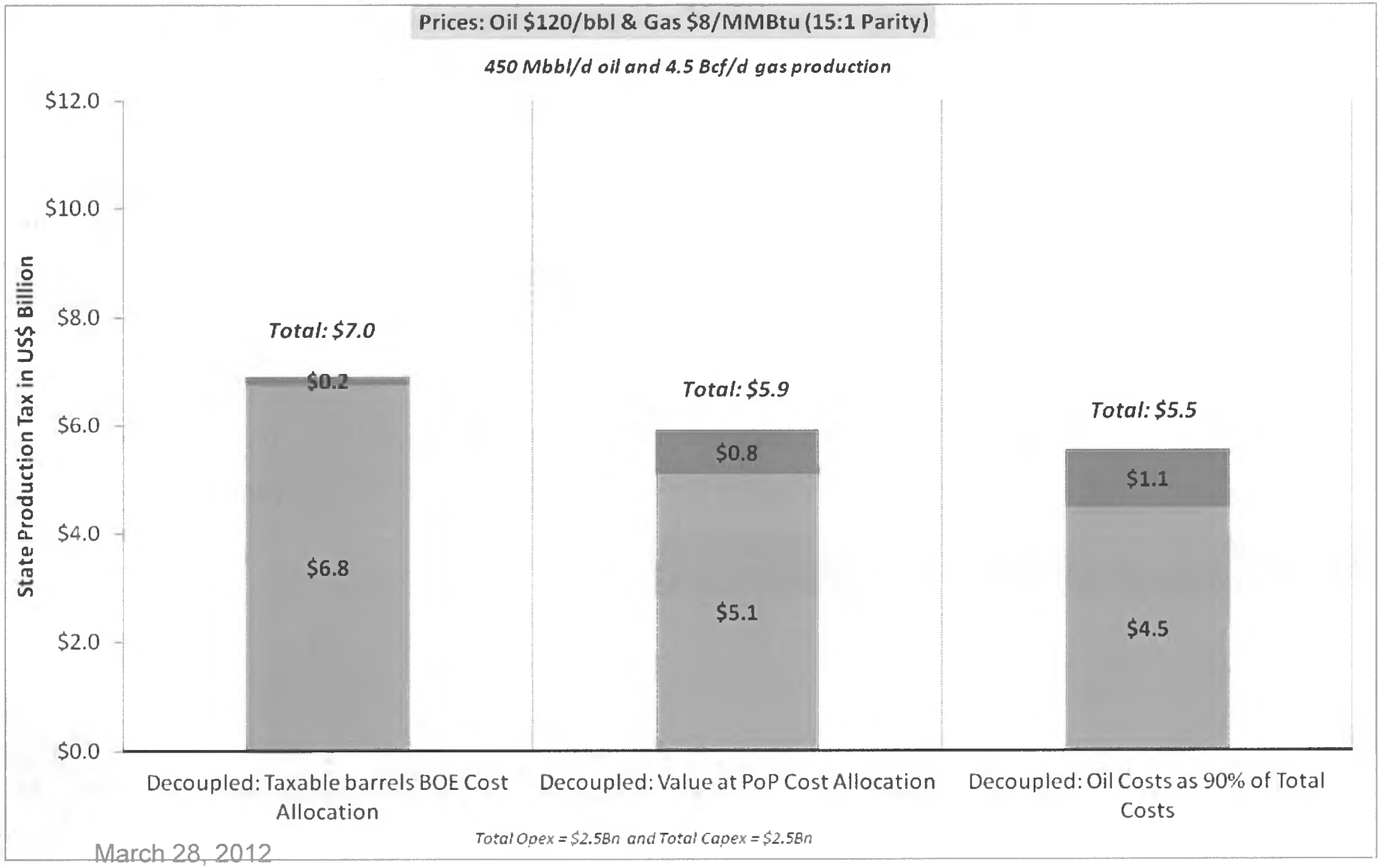
- How costs are allocated between oil and gas has a significant impact on overall taxes owed
- Because oil and gas are generally produced together, it is not easy or straight forward to determine the costs "applicable to the gas [or oil] produced"
- The cost allocation method could result in uncertainty, disputes, and delays
- Cost allocation should be specified in the statute, and is a very important policy decision

Cost Allocation Examples

	Oil	Gas	Total
Production (Mmboe)	164	274	438
Gross Value at PoP (US$MM) - $120 and 15:1	17,903	5,749	23,652
Split Based on BOE (%)	38%	63%	100%
Cost Allocation (US$MM)	1,875	3,125	5,000
Split Based on Gross Value at Pop (%)	76%	24%	100%
Costs Allocation (US$MM)	3,785	1,215	5,000
Split Based on assumed "Actual" (%)	90%	10%	100%
Cost Allocation (US$MM)	4,500	500	5,000

- Assumes $120 / Bbl oil and $8 / MMBtu gas

Impact of Allocation Methods on Decoupled Oil and Gas Revenue



Some Other Decoupling Issues to Consider

- Potential impact on current gas production
  - Cook Inlet gas
  - Gas used in state
  - Small quantities of other gas production (OCS)
- Complexity of administration for state, taxpayers
- Specify gas tax now or save for another session?
- Balance between desire for revenue and making a major gas project attractive
- Treatment of Net Operating Loss for gas

History: SB 305 in 2010

- Decoupled oil and gas for purposes of a major gas sale (solving the "flip the switch" problem)
- Held harmless most current gas production
- Provided one tax calculation for oil, Cook Inlet gas, and gas used in-state
- Provided a separate tax calculation for non-Cook Inlet gas that is exported out of state
- Specified GVPP cost allocation "to the extent possible"
- Extensive analysis by Legislature, administration, consultants
- Numerous technical issues raised and addressed
- Final bill is the basis of this year's decoupling in SB 167

History: SB 305 in 2010

- Passed Senate and House, vetoed by Governor
- 3 reasons cited in veto message:
  1. Decoupling, on its own, represents an overall tax increase
  2. Changing the tax during the pipeline open seasons (AGIA, Denali) creates uncertainty
  3. Change not needed at this time because Legislature retains ability to make changes to tax laws… any tax locked in for firm commitments at the first AGIA open season only applies to gas, not oil.
- 2 years later…
  - AGIA has conducted open season, the Denali project has been suspended
  - Decoupling has now been "on the table" for two years
  - Opportunity to reconsider decoupling in context of the broader discussion of increasing oil and gas production

State of Alaska
Department of Revenue

Commissioner Bryan Butcher

SEAN PARNELL, GOVERNOR
333 Willoughby Avenue, 11th Floor
P.O. Box 110400
Juneau, Alaska 99811-0400
Phone: (907) 465-2300
Fax: (907) 465-2389

April 10, 2012

The Honorable Eric Feige
The Honorable Paul Seaton
Co-Chairs, House Resources Committee
Alaska State Legislature
Juneau AK, 99801

SUBJECT: Response to requests from House Resources Meeting on March 28, 2012

Dear Representatives Feige and Seaton:

Thank you for the opportunity to respond to requests made during our presentation titled "Decoupling of Oil and Gas for Production Tax Purposes" to the House Resources Committee on March 28, 2012. The requests and responses follow.

1.) **Prepare charts similar to slides 11-14 using $150 and $175 oil and $3 and $8 gas (4 charts total).**

Please see attached slides.

2.) **Look into releasing the model used to prepare these charts so the committee can run their own scenarios.**

These slides were generated from one of our models which tend to be somewhat complicated even for someone with an economic background. In order to avoid confusion, we prefer to sit down and walk through the model with anyone interested when time permits.

We hope our responses fully address your request.

Sincerely,

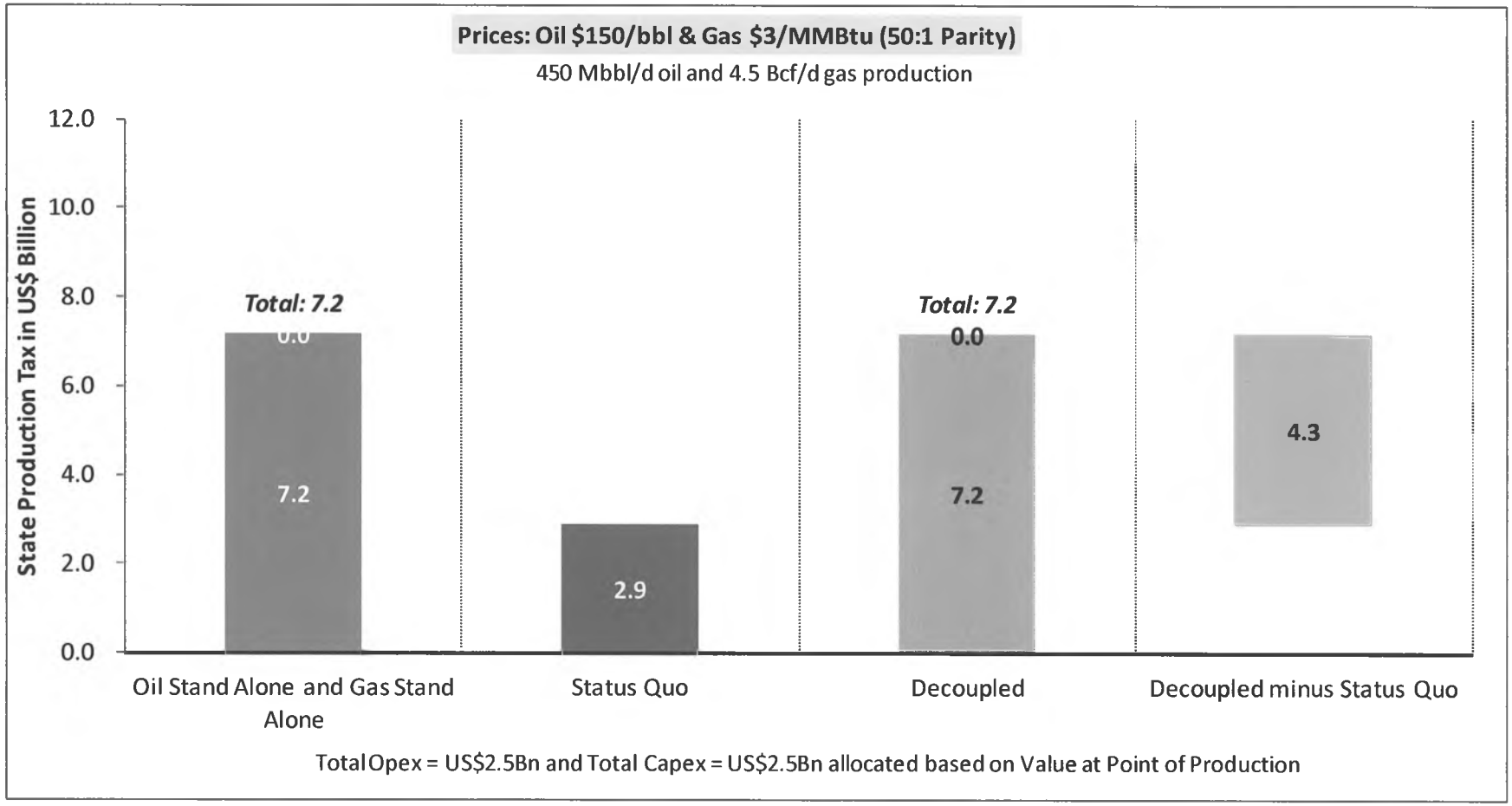
Bruce Tangeman
Deputy Commissioner

Enclosure

cc: The Honorable Peggy Wilson, Vice Chair, House Resources Committee
The Honorable Alan Dick, House Resources Committee Member
The Honorable Neal Foster, House Resources Committee Member
The Honorable Bob Herron, House Resources Committee Member
The Honorable Cathy Munoz, House Resources Committee Member
The Honorable Berta Gardner, House Resources Committee Member
The Honorable Scott Kawasaki, House Resources Committee Member

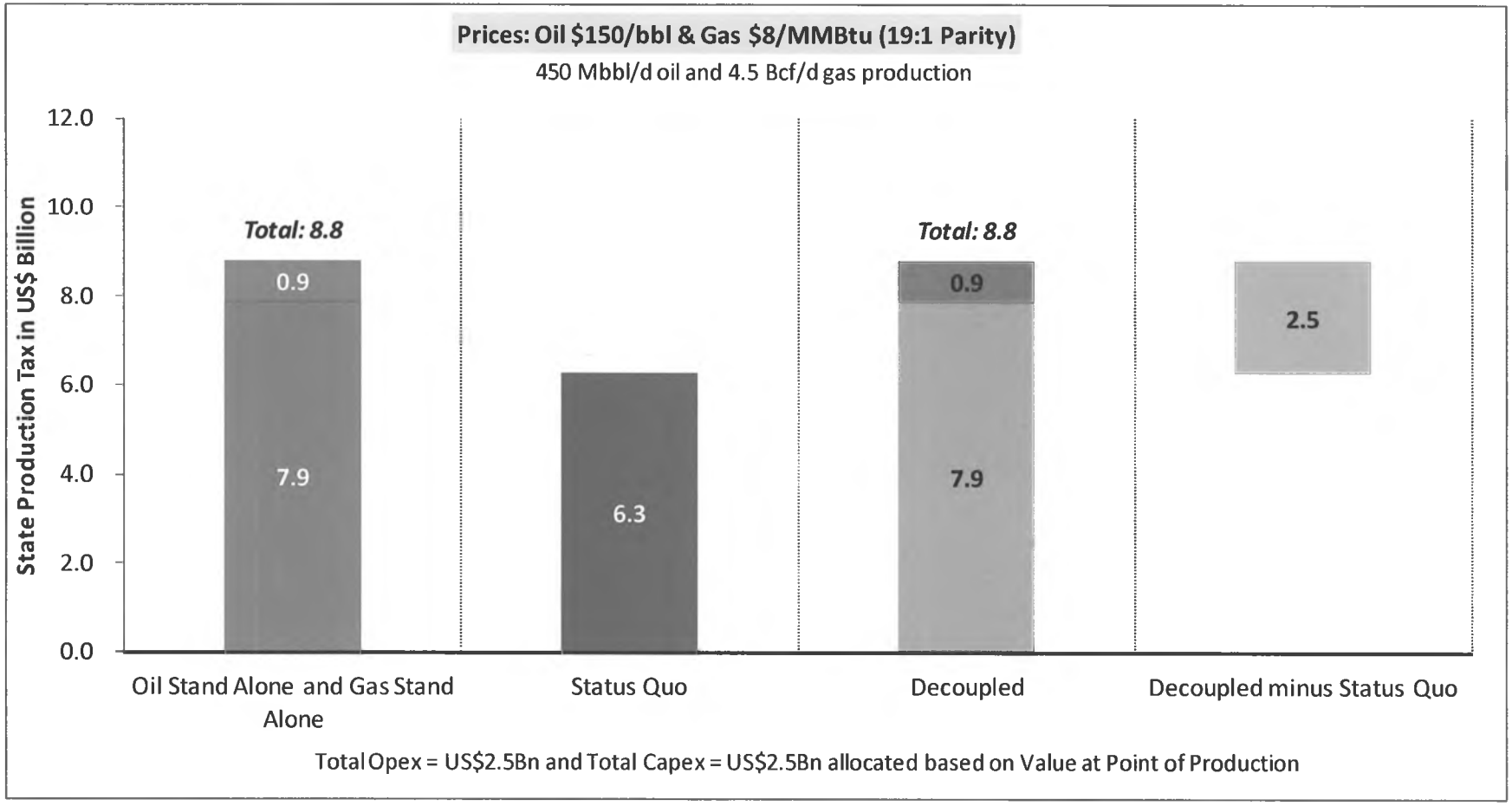
Decoupled vs. Status Quo

$150/bbl Oil Price, $3/MMBTU Gas Price



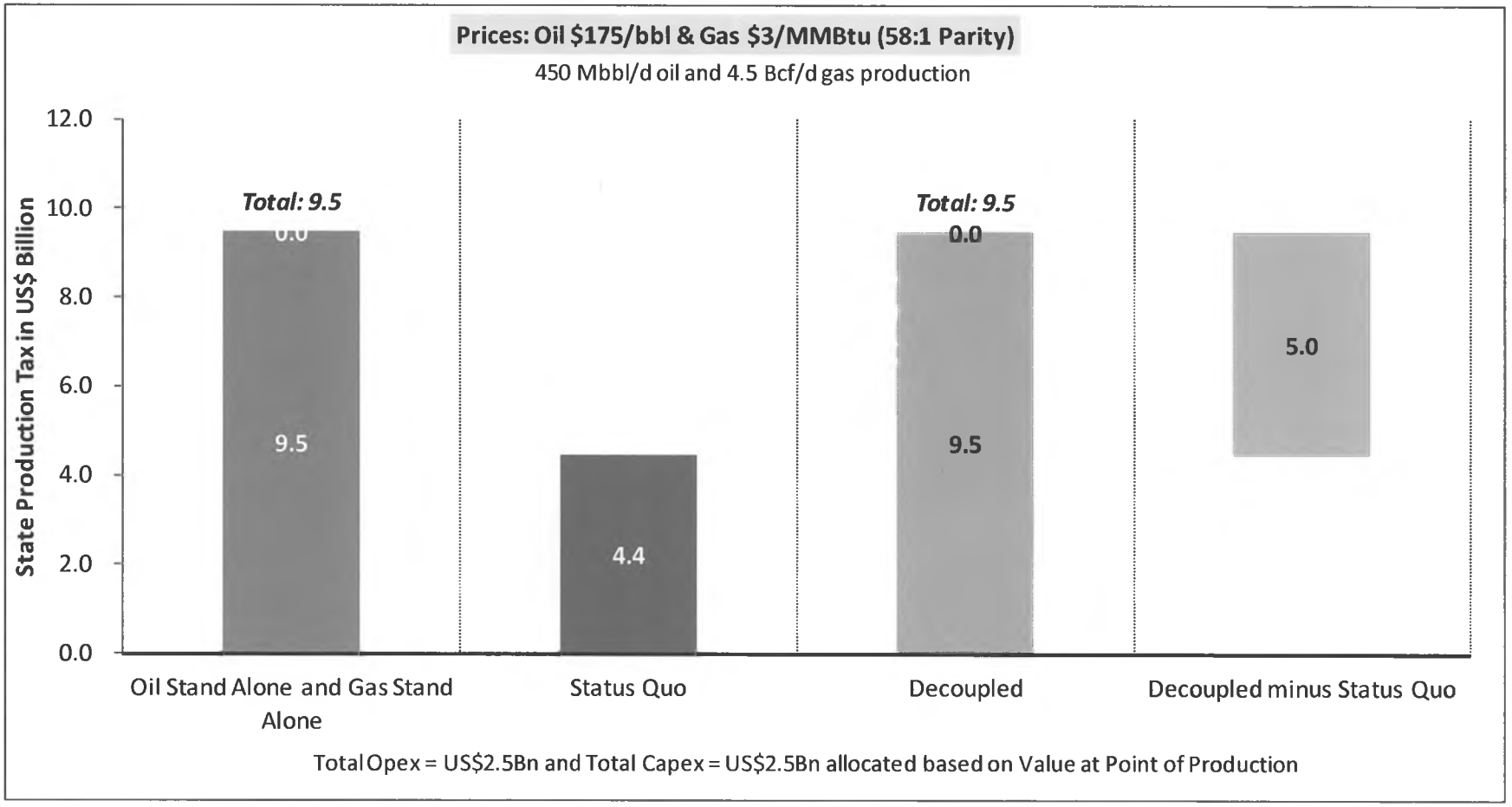
Decoupled vs. Status Quo

$150/bbl Oil Price, $8/MMBTU Gas Price



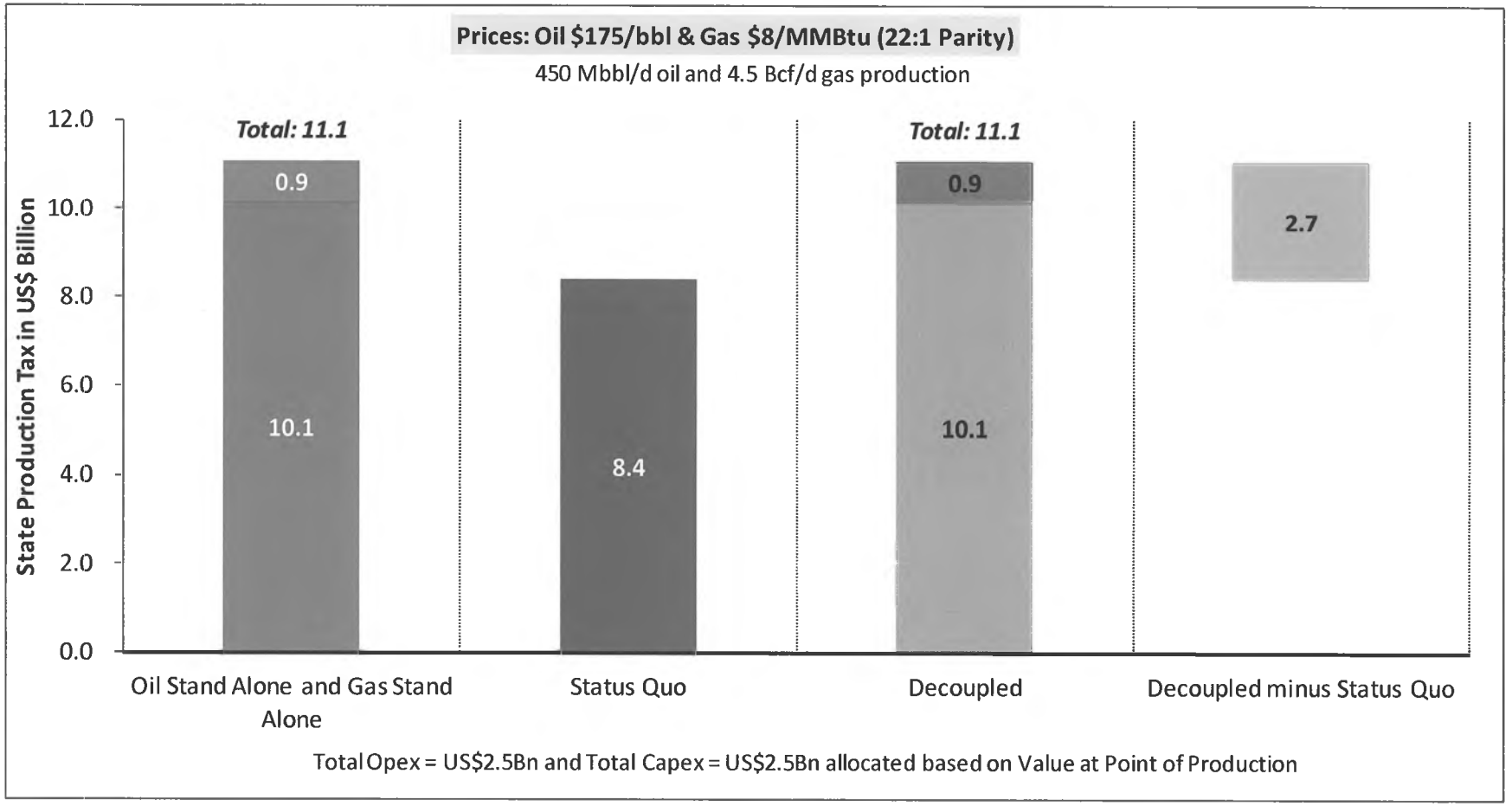
Decoupled vs. Status Quo

$175/bbl Oil Price, $3/MMBTU Gas Price



Decoupled vs. Status Quo

$175/bbl Oil Price, $8/MMBTU Gas Price



CONFIR-MATIONS

2011

<TARGET><BILL></BILL><SUBJECT>CONFIRMATIONS 2011</SUBJECT><COMM>HRES27</COMM></TARGET>

CONFIRMATION COMMITTEE REPORT

Action date: 3/18/2011

The **Resources Committee** has reviewed the qualifications of the Governor's appointee(s) as shown on the attached Referral for Confirmation forms(s) and recommends that the name(s) be forwarded to a joint session for consideration:

This does not reflect intent by any of the members to vote for or against this individual during any further sessions for the purposes of confirmation.

Signature:	Printed Last Name
Berta Gardner	Gardner
Catherine Muñoz	Muñoz
Peggy Wilson	WILSON
Mary Dick	Dick
Co-Chair:	FEIGE
Co-Chair: Paul K Seaton	Seaton

Please attach appointee Referral for Confirmation form(s) and return to the Chief Clerk's office.

CONFIRMATION COMMITTEE REPORT

Action date: 3/18/2011

The **Resources Committee** has reviewed the qualifications of the following Governor's appointee and recommends that this name be forwarded to a joint session for consideration:

Commissioner – Department of Fish and Game
Cora Campbell
Appointed: 12/22/2010

This does not reflect intent by any of the members to vote for or against this individual during any further sessions for the purposes of confirmation.

Signature:	Printed Last Name
Berta Gardner	Gardner
Catherine Muñoz	Muñoz
Peggy Wilson	WILSON
Mary Dick	Dick
Co-chair	
Co-chair: Paul R Seaton	Seaton

Please return to the Chief Clerk's office.

Alaska State Legislature

Official Business

House of Representatives

Office of the Chief Clerk

Thomas B. Stewart Legislative
Office Building, Room 202
Juneau, AK 99801-1182
Phone: (907) 465-3725
Fax: (907) 465-5334

REFERRAL FOR CONFIRMATION

Date Referred: February 2, 2011

Committee: **Resources**

Alaska Oil and Gas Conservation Commission
Daniel Seamount, Jr. – Eagle River

Appointed:	1/13/2000	Reappointed:	1/11/2005
Reappointed:	3/1/2011	Term Expires:	3/1/2017

Action Date: 3/18/2011
(Same date as on the accompanying signature page)

Note: Attach to a signature page and return to the Chief Clerk's office.

Alaska State Legislature

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Office Building, Room 202
Juneau, AK 99801-1182
Phone: (907) 465-3725
Fax: (907) 465-5334

REFERRAL FOR CONFIRMATION

Date Referred: February 2, 2011

Committee: **Resources**

Board of Fisheries
Michael Smith – Fairbanks
Appointed: 4/23/2010 Term Expires: 6/30/2012

Action Date: 3/18/2011
(Same date as on the accompanying signature page)

Note: Attach to a signature page and return to the Chief Clerk's office.

Campbell, Cora
Commissioner - Department of Fish & Game

CORA J. CAMPBELL

OBJECTIVE

Consideration by the Joint Boards of Fish and Game as a candidate for Commissioner of the Alaska Department of Fish and Game.

SUMMARY OF QUALIFICATIONS

Comprehensive knowledge of Alaska's fish and wildlife and natural resource management issues.

Established working relationships with administration, legislature, agency staff, and user groups as well as experience in state and federal policy forums.

Currently responsible for working cooperatively with resource agency commissioners to develop and implement policies and programs for management of Alaska's natural resources.

Experienced in interdepartmental coordination, grants administration, budget development, coordination with the legislative branch, and representing the State of Alaska in federal policy arenas.

PROFESSIONAL EXPERIENCE

Fisheries Policy Advisor and Special Assistant 2007 - Present

Office of the Governor, Juneau, AK

Serve as fisheries policy advisor and special assistant in the Office of the Governor with responsibilities for fish and game, environmental conservation, Arctic policy, and natural resources. Work closely with Governor and commissioners to develop and implement administration policy on fisheries, wildlife, environmental and resource management issues.

Chair the Fisheries and Oceans sub-cabinet responsible for grants administration, development of fisheries and oceans policy, and interdepartmental coordination.

Serve as the Governor's representative to various boards and committees, including the North Pacific Fishery Management Council and the Alaska Seafood Marketing Institute Board of Directors.

Subsistence Outreach Coordinator 2005-2007

United Fishermen of Alaska, Juneau, AK

Coordinated education and outreach program to increase the number and diversity of users and interest groups involved in the federal subsistence fisheries management process. Produced newsletters, reports, and briefings focusing on interaction between federal and state fishery managers and impacts of federal management on non-subsistence user groups. Maintained extensive website dedicated to subsistence in Alaska and responded to inquiries.

Executive Director 2001-2007

Petersburg Vessel Owners Association, Petersburg, AK

Fisheries policy analyst and advisor for regional fishing association. Advocated for a diverse group of fishermen in state, federal, and international regulatory and legislative forums. Analyzed fisheries issues, prepared briefings, and provided policy guidance to board of directors. Negotiated passage of regulations, coordinated collaborative research projects with management agencies, and managed office and budget for association. Increased supporting membership in association by twenty percent.

Advisory Panel Member 2003-2006

North Pacific Fishery Management Council, Anchorage, AK

Provided policy guidance to North Pacific Fishery Management Council on conservation, management, and allocation decisions for federal fisheries off Alaska. Prepared amendments, motions, and testimony on fishery management proposals and served on various committees.

Subsistence Chair/Executive Committee Member 2001-2006

United Fishermen of Alaska, Juneau, AK

Leadership role in statewide fishing organization. Provided analysis, briefings, and policy guidance for state and federal subsistence management issues. Assisted in development and implementation of policies and representation of organization in various forums. Supervised subsistence program staff, budget, and operations.

Fisheries Committee Member 2002-2006

Southeast Conference, Juneau, AK

Served as a member of an advisory group tasked with providing conference members with policies and actions relevant to fisheries issues and economic development in Southeast Alaska.

Advisory Panel Member 2003-2004

North Pacific Research Board, Anchorage, AK

Served as a panel member responsible for recommending research and funding priorities to address fishery management needs in the North Pacific.

Commercial Fisherman 1992-2002

F/V Galatea, Petersburg, AK

Employed as seasonal crew for various commercial fisheries including salmon trolling, seining, and Dungeness crabbing.

EDUCATION

Bachelor of Arts in Education 2000

Pacific Lutheran University, Tacoma, WA



January 18, 2011

VIA FACSIMILE AND FIRST CLASS MAIL

Rep. Paul Seaton, Co-Chair
House Resources Committee
State Capitol
Juneau, AK 99801-1182

Rep. Eric Feige, Co-Chair
House Resources Committee
State Capitol
Juneau, AK 99801-1182

Re: Ms. Cora Campbell Confirmation

Dear Representative Seaton and Representative Feige:

Yukon Delta Fisheries Development Association (YDFDA) strongly supports the confirmation of Ms. Cora Campbell as Commissioner of the Alaska Department of Fish and Game. YDFDA is one of the six Western Alaska Community Development Quota groups, which are economic development non-profit organizations as authorized in the Magnuson Fishery Conservation and Management Act. YDFDA represents the Western Alaska communities of Emmonak, Alakanuk, Mountain Village, Nunam Iqua, Kotlik and Grayling, with a population of over 3,200.

As part of its statutory purposes, YDFDA is charged with economic development in its region. This means that we are deeply involved on many levels with the commercial and subsistence harvest of Yukon River salmon, eels and whitefish. Also, as a part of our statutory purposes, we participate through ownership and local resident job placement in the commercial fisheries of the Bering Sea. As a CDQ group, YDFDA is self sufficient and receives no funds from any state, federal, or private source and we are directly responsible for the employment of over 400 area residents and the yearly payment of wages and fish payments of over $2,500,000 in one of the poorest areas of the State.

Yukon Delta Fisheries Development Association
Representing the Alaskan Communities of: ALAKANUK · EMMONAK · GRAYLING · KOTLIK · MOUNTAIN VILLAGE · NUNAM IQUA
T 907.644.0326 · F 907.644.0327 · 1016 West Sixth Avenue, Suite 301 · Anchorage, AK 99501

Ms. Campbell has been a pleasure to work with as Governor Parnell's fishery policy aide and she will be missed from that position. She is extremely knowledgeable about all aspects of Alaska fisheries, from fresh to saltwater, and can also bring a harvester's perspective to the issues, which is very valuable. She also knows the issues that are important to the residents of rural Alaska, including subsistence fishing and hunting. We have found her accessible, open minded, willing to listen to all sides of an issue, and committed to make decisions in an open and transparent manner. We think she will be a successful Commissioner and will excel at making ADF&G work for the people of the State of Alaska that depend on the State's natural resources.

As commissioner, we believe that Ms. Campbell will continue to work well with our organization as well as other Western Alaska interests and Alaska interests in general. If confirmed, we believe that the legislature will find her a hard working commissioner determined to protect and utilize Alaska's fish and game to the greatest extent possible. If you have any questions, please feel free to contact me.

Very truly yours,

YUKON DELTA FISHERIES DEVELOPMENT ASSOCIATION

Ragnar Alstrom, Executive Director

cc: Governor Sean Parnell
Representative Neal Foster
Representative Reggie Joule
Representative Bob Herron
Representative Bryce Edgmon
Representative Alan Austerman
Representative Bill Thomas
Commissioner Cora Campbell

Yukon Delta Fisheries Development Association
Representing the Alaskan Communities of: ALAKANUK · EMMONAK · GRAYLING · KOTLIK · MOUNTAIN VILLAGE · NUNAM IQUA

T 907.644.0326 · F 907.644.0327 · 1016 West Sixth Avenue, Suite 301 · Anchorage, AK 99501

ALASKA FEDERATION
OF NATIVES

The Honorable Paul Seaton
Natural Resources Co-Chair
Room 102 State Capitol
Juneau, AK 99801-1182

March 3, 2011

Dear Representative Seaton,

It is my honor and privilege to be writing this letter on behalf of the Alaska Federation of Natives (AFN). As you may know, AFN is the largest statewide Native organization in Alaska. Its membership includes 178 villages (both federally-recognized tribes and village corporations), 13 regional Native corporations and 12 regional nonprofit and tribal consortiums that contract and run federal and state programs. AFN is governed by a 37-member Board, which is elected by its membership at the annual convention held each October. The mission of AFN is to enhance and promote the cultural, economic and political voice of the entire Alaska Native community.

We have met with Ms. Campbell on several occasions. While at first there may have been misgivings considering her age and experience, those misgivings were found to be unwarranted. She has a good fundamental base and understanding on the responsibilities of being the Commissioner of Alaska Department of Fish and Game. One major issue we discussed with Ms. Campbell is the importance of subsistence hunting and fishing by the people living in rural Alaska, and in particular, the Alaska Natives. We believe that we can work with her because she has an open mind and willing to address the issues of importance by the subsistence users of Alaska's fish and game resources.

AFN is offering its unqualified support for the confirmation of Ms. Cora Campbell as the next Commissioner of Fish and Game when the public hearing regarding her confirmation takes place.

Sincerely,

Julie E. Kitka

Julie Kitka
President

1577 C Street, Suite 300 • Anchorage, Alaska 99501 • tel 907.274.3611 • fax 907.276.7989 • www.nativefederation.org

Sara Jackinsky
PO Box 1044
Homer, AK 99603
907.235.6417
sarajackinsky@gmail.com

January 7, 2011

Senator Gary Stevens
Representative Paul Seaton

I urge you to vote against confirmation of Cora Campbell as Commissioner of Fish and Game.

Fish and Game resources are important and vital to Alaska. We, the people of Alaska, are entitled to the best leadership available in this area.

Ms. Campbell is not qualified to hold this position. Ms. Campbell holds ONLY a BA in Education from Pacific Lutheran University. She has no scientific background. She has no research background. She has no conservation background. She has no education in fisheries issues. She has no statistical background. She has no economic background. Her experience includes attending meetings, her resume states she has been fishing since early 1990's. She is age 31 now so this would put her at about age 10. Are you seriously considering this as professional experience or is this just padding her resume. It appears that her entire resume is heavily padded.

If this appointment is confirmed it is a slap in the face to those involved in commercial fishing, sport fishing, subsistence fishing in Alaska, as well as a detriment to the fish and game resources of Alaska. It is a slap to those who have pursued their education in fisheries and related fields, and to all others who have worked hard at their education.

Please, let's honor this State and it's resources. The people of the State of Alaska deserve a Commissioner who is knowledgeable, who has a background and EDUCATION in an appropriate area (in this case fisheries, biology, natural resources, etc), who has experience.

If this appointment goes through, it is merely a case of "who you know," with no regard to the importance of the position. An appointment with these qualifications is not a healthy nor an appropriate way to conduct the business of such an important resource.

I look forward to your thoughtful comments.

Regards,
Sara Jackinsky

January 12, 2011

Dear Senator Gary Stevens and Representative Paul Seaton;

I attended your community meeting in Homer last week and wanted to send a quick note regarding an issue I'm concerned about. I hope you will both consider the impacts of Ms. Cora Campbell's appointment as commissioner of the Alaska Department of Fish and Game. I cannot support this appointment; she is not an appropriate candidate and will discredit the entire department if confirmed.

I'd like to tell you a little about myself: I'm a graduate student at the University of Alaska Fairbanks, I am in the anthropology department but also a member of the National Science Foundation's Resilience and Adaptation Program. My dissertation work is related to coastal community identity in the Gulf of Alaska particularly as it pertains to transitions in commercial fishery resources, fisheries policy and climate change. I will be conducting case study work in Cordova and one other community larger than 1500 people (probably Valdez). Currently, I also have a generous research fellowship from the Prince William Sound Science Center.

Under normal circumstances, the Alaska Department of Fish and Game is an agency where I would seek continuing research or employment opportunities. The social dimensions of commercial (and subsistence) fisheries in the state of Alaska are among my primary research interests. However, the credibility of the agency will have significant impacts if Ms. Campbell becomes the commissioner. I have spent approximately eight years in graduate school (at the University of Washington, prior to UAF) studying fisheries issues in the state of Alaska and to see someone with no educational background in this field become the commissioner is seriously disheartening. In the past few weeks as I see announcements related to employment or research opportunities at ADFG, I am already finding myself disregarding them. There is so much work to do in the field of fisheries and marine resources of Alaska and this agency should be very much involved in on-going projects. I hope that the agency will continue to function with credibility.

I realize that Ms. Campbell has a personal, family background in commercial fisheries—and that is a bonus, it provides a true sense of awareness of the industry but that is not enough. I also have had the opportunity to participate in commercial fisheries with my family but I rarely promote that experience when I am working on research and educational projects related to fisheries. The Alaska Department of Fish and Game should operate as a scientifically based organization with research conducted with contemporary standards. The commissioner needs to know how to do this and set an example for it, not just act as a political figure.

Thank you for the opportunity to express concern over this issue. I urge you not to support this appointment and to do what you can to challenge it.

Sincerely,
Emilie Springer

North Pacific Fisheries Association
P.O. Box 796
Homer, Alaska 99603

March 14, 2011

Rep. Paul Seaton
House Special Committee on Fisheries
Alaska State Legislature

Dear Representative Seaton;

The North Pacific Fisheries Association in Homer represents fishermen who fish throughout the state. Our members participate in fisheries from Ketchikan to Attu to St. Mathews. We are writing to ask that you support the confirmation of Cora Campbell as Commissioner of ADF&G.

Ms. Campbell is undoubtedly the best qualified person in our state for this position. She enjoys broad support from the fishing industry. She is well regarded by her fellow employees in the Department. And most importantly she knows the important issues regarding fishery resources facing the state. The Governor made a good choice in naming Ms. Campbell acting Commissioner.

We appreciate your consideration on this important matter.

Sincerely,

Michael B. Laukitis
President

Cc: Senator Gary Stevens
Governor Parnell

Dec 22 10 05:32p Shelly Laukitis 907 548 2210 p.1

Raymond Watson, Chairperson
Myron P. Naneng Sr., President
Phone (907) 543-7300
Fax (907) 543-3369

AVCP

Association of Village Council Presidents
Administration
Pouch 219, Bethel, AK 99559

FEB 28 2011

Akiachak
Akiak
Alakanuk
Andreafsky
Aniak
Atmautluak
Bethel
Bill Moore's Sl.
Chefornak
Chevak
Chuathbaluk
Chuloonawick
Crooked Creek
Eek
Emmonak
Georgetown
Goodnews Bay
Hamilton
Hooper Bay
Lower Kalskag
Upper Kalskag
Kasigluk
Kipnuk
Kongiganak
Kotlik
Kwethluk
Kwigillingok
Lime Village
Marshall
Mekoryuk
Mtn. Village
Napaimiut
Napakiak
Napaskiak
Newtok
Nightmute
Nunakauyak
Nunam Iqua
Nunapitchuk
Ohogamiut
Oscarville
Paimiut
Pilot Station
Pitka's Point
Platinum
Quinhagak
Red Devil
Russian Mission
Scammon Bay
Sleetmute
St. Mary's
Stony River
Tuluksak
Tuntutuliak
Tununak
Umkumiut

February 24, 2011

Honorable Governor Sean Parnell
State of Alaska
P.O. Box 110001
Juneau, Alaska 99811-0001

Dear Governor Parnell,

The Association of Village Council Presidents is writing this letter to support the confirmation of Mrs. Cora Campbell as the Commissioner of The Alaska Department of Fish and Game. During their meeting held February 17, 2011, the AVCP Executive Board voted unanimously to do so.

We believe Mrs. Campbell will bring change to the department in how it approaches the subsistence resource issues. She is committed to improving communications and working relations between the federal and state agencies, Tribal Consortiums and Tribes involved in the policy making decisions. She will listen to our concerns and allow us to have a voice. We feel she has a willingness to learn about our subsistence ways and will be respectful of them. With a commitment to keep open dialogue, she will be aware of how decisions affect our cultural and traditional ways of life.

Mrs. Campbell also agrees there should be more Native and rural representation on the state and federal boards and would welcome us to sit at the table with her. AVCP looks forward to working with Mrs. Campbell.

Sincerely,

Myron Naneng Sr.
President

Cc: Senators: Hoffman, Kookesh, Olson, Stedman, Egan,
Representatives: Herron, Austerman, Edgmon, Foster, Joule, Feige, Dick, Johansen
Kerttula, Munoz, Seaton, Thomas, Wilson
Commissioner Cora Campbell; Rural Advisor, John Moller

Alaska Marine Conservation Council

BY EMAIL

February 22, 2011

Representative Eric Feige, Co-chair
Representative Paul Seaton, Co-Chair
House Resources Committee
Alaska State Legislature
Juneau, AK

Dear Representative Feige and Representative Seaton,

This is a letter to support the confirmation of Cora Campbell as commissioner of the Alaska Department of Fish and Game.

Alaska Marine Conservation Council (AMCC) is a community-based organization dedicated to protecting the long-term health of Alaska's oceans and sustaining the working waterfronts of our coastal communities. Our members include fishermen, subsistence harvesters, marine scientists, small business owners and families. Our ways of life, livelihoods and local economies depend on productive oceans.

We have worked with Ms. Campbell on fisheries issues before the North Pacific Fishery Management Council and Alaska Board of Fisheries. She has demonstrated a commitment to the conservation of our resources and the well-being of our fishery-dependent coastal communities. Ms. Campbell has represented the state's interests in the federal arena since she took over the state's seat on the North Pacific Fishery Management Council last October. In that important role she has been a leader in resolving fisheries conservation questions and defending opportunities for working fishermen in our communities.

Ms. Campbell has shown herself to be even-handed and inclusive of diverse perspectives of Alaskans with a stake in fisheries management. Her direct experience growing up in coastal Alaska actively engaged in natural resource use and management is extremely valuable. She understands the important state and federal management processes. Ms. Campbell is clearly very capable, hard working and committed to serving Alaska. We wholeheartedly support her confirmation.

Sincerely,

David J. Kubiak

Dave Kubiak, Chair
Board of Directors

cc: Governor Parnell

PO Box 101145 Anchorage, AK 99510 www.akmarine.org
tel 907.277.5357 *fax* 907.277.5975 *email* amcc@akmarine.org

SFW Alaska

P.O.Box 4096 – Palmer, AK 99645 907-746-GAME

March 16, 2010

Dear Representative:

As you approach confirmation of the Governor's appointments, the Board of Directors of the Alaska Chapter of Sportsmen For Fish and Wildlife unanimously encourages a "yes" vote for Ms. Cora Campbell as Commissioner of the Alaska Department of Fish and Game.

As you know, SFW-Alaska membership includes more than 2,000 Alaskans whose goal is supporting management for abundance of Alaska's fish and game resources.

Sincerely,

SPORTSMEN FOR FISH AND WILDLIFE – ALASKA

Ralph C. Seekins

Ralph Seekins
President

UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

March 17, 2011

Representative Paul Seaton, Co-Chairman
Representative Eric Feige, Co-Chairman
House Resources Committee
Alaska State Legislature
State Capitol, 120 Fourth Street
Juneau, AK 99801-1182

RE: Support for Confirmation of Cora Campbell as Fish and Game Commissioner

Dear Representative Seaton, Representative Feige, and Committee members,

United Fishermen of Alaska (UFA) represents 38 Alaska commercial fishing organizations from fisheries throughout Alaska and the federal waters off our shores. UFA supports the confirmation of Cora Campbell as Commissioner of the Alaska Department of Fish and Game.

Campbell's experience in the state and federal fisheries management processes, and her experience as Fisheries Policy Analyst for Governor Palin and Natural Resources Policy Analyst for Governor Parnell provide her with broad knowledge of fish and game management throughout Alaska.

We support the approval of Ms. Campbell's appointment by the House Resources Committee, and by the Alaska State Legislature.

Thank you for your consideration.

Sincerely,

Mark Vinsel
Executive Director

Smith, Michael
Board of Fisheries

BIOGRAPHY FOR
MICHAEL E. SMITH

Recent Employment
Director, Subsistence Resources 2002-Present
Tanana Chiefs Conference
122 1st Avenue, Ste 600
Fairbanks, Alaska 99701
(907)452-8251 Ext. 3256

Past Employment

Morton & Pitalo	Planner	1998-02
Self-employed Builder/Fisherman/Handyman		1994-98
Legislative Affairs Agency	Senator's Hoffman/Binkley Representative Wallis	1989-1994
Tanana Chiefs Conference	Local Government Specialist	1985-1989

Relevant Fishing Experience
Subsistence and commercial fishing-Yukon River
Advisor -Yukon River Panel US/Canada Treaty Panel
Member- Joint Technical Committee/Yukon River Panel (JTC)
Member-Arctic Yukon Kuskokwim Sustainable Salmon Initiative (AYKSSI)
Member-Western Arctic Salmon Stock Identification Program (WASSIP)
Member-North Pacific Fisheries Management Council
"Bering Seas Bycatch Working Group"
Member-AYK Escapement Goal Review Committee

Other Board Activity
Board of Game- Tier II Subsistence Review Committee
Member-Alaska Migratory Bird Co-Management Council
Former Board Member/President-Alaska Legal Services Corp.
Former Board Member-Habitat for Humanity/Fairbanks
Former Board Member-Fairbanks Community Health Corporation

DAN SEAMOUNT Jr.

Seamount, Daniel
Alaska Oil & Gas Conservation Commission

Is Chair of the Alaska Oil & Gas Conservation Commission in which he has been a commissioner since 2000. The mission of the Commission is to protect the public interest in exploration and development of oil and gas resources throughout Alaska. The main emphasis is regulation of underground drilling and reservoir development operations to ensure conservation of resources, protection of drinking water, and protection of correlative rights. The Commission staff consists of geologists, petroleum engineers, reservoir engineers, IT personnel, and support staff.

He has worked on many important Alaskan issues over the past 10+ years including the North Slope Natural Gas Pipeline, the evolving Cook Inlet Energy supply challenges, the development of Colville River and Northstar Oil fields, the continuing development of the world class Prudhoe Bay and Kaparuk River oil Fields, investigations of several major incidents, the advances of energy sources such as geothermal and underground coal gasification, and much more.

While commissioner he has been an associate and official representative of four consecutive Alaska Governors to the Interstate Oil and Gas Compact Commission (IOGCC), Vice-Chair in 2008, and was chairman of the North American Coastal Alliance and Public Lands Committees of the IOGCC. He also was Vice-Chair of DOE's Ultra-deep Water Advisory Committee in 2007 and presently continues as an active member.

For 27 years prior to that he worked in exploration and development geology at different times for Chevron, Marathon, and Unocal in California, the Rocky Mountains, the Mid-continent, and Alaska.

He has an M.S. in Geology from the University of CA, Riverside with an emphasis on geothermal development and exploration and is a licensed professional geologist in Alaska.

RESUME'

DANIEL TAYLOR SEAMOUNT Jr.
State of Alaska Professional Geologist License #507
AIPG Certified Professional Geologist #10425
State of Texas Professional Geologist- #3182 (expired)

WORK EXPERIENCE:

Alaska Oil & Gas Conservation Commission, 2/14/00 to Present
Title: ***Commissioner (Geologist Seat)***

Duties: Help manage State Oil & Gas Conservation Commission (AOGCC) whose mission is to protect the public interest in exploration and development of oil and gas resources throughout Alaska. Main emphasis is regulation of underground drilling and reservoir development operations to ensure conservation of resources, protection of drinking water, and protection of correlative rights. Associated with full range of petroleum geology, reservoir engineering, and drilling engineering of the State's exploration areas and oil and gas fields. Exploration activity mainly includes Cook Inlet and North Slope. Participate in numerous hearings and incident investigations. Write conservation, disposal, area, and storage injection orders. Help in managing the Class II Underground Injection Control (UIC) program as authorized by the U.S. Environmental Protection Agency. Worked on multi-agency task force to develop regulations and policies to ensure protection of underground sources of drinking water in areas of coal bed methane development. Periodically advise and make presentations to State & Federal Legislatures and the Governor's office concerning energy legislation and policy. Chaired the IOGCC North American Coastal Alliance and Public Lands Committee. IOGCC representative of Governors Knowles, Murkowski, Palin, and Parnell. IOGCC Vice-chair in 2006. 2007 Vice-chair and presently member of DOE's Ultra-deep Water Advisory Committee.

Seamount International Eploration, 2004 to 2006
Title: ***Geological Consultant (part time)***
Duties: Advised investors on oil and gas prospects in Kazakhstan

Union Oil Co. of Ca., 2/8/93 to 2/14/00
Title: ***Senior Advising Geologist***

Duties: Most of the time was the geologist on a team with geophysicists, reservoir engineers and drilling engineers to redevelop the tightly folded Middle Ground Shoal (MGS) and Trading Bay Fields. Planned highly deviated and sidetracked wells and directed drillers to the targets. Assisted research department in reservoir simulations of MGS. Also, for 3½ years explored for hydrocarbons in Cook Inlet Basin on both regional and specific prospect levels. Worked on prospects in the offshore, Matanuska Valley, South Cook Inlet, Susitna Basin and west side and east side areas. Estimated volumetric and economic potential of the prospects. For 3 ½ years was project manager and Team leader of a group, which exploited development, exploration, and business opportunities in Cook Inlet and Alaska North Slope. Was project manager of the Matanuska Valley Coal Bed Methane project (Pioneer Unit). Heavily involved in planning and budgeting wells and forming partnerships. Made numerous written and oral presentations to management and partners to update them on project progress and presented to state agencies (DNR & AOGCC) to form units, drilling PA's, spacing exceptions, and plans of operations. Involved in some evaluation of OBO North Slope Oil Fields and prospects. Proficient in Landmark's Stratworks, Petroworks, and Seisworks packages.

Union Oil Co. of Ca.(UNOCAL), 5/16/88 to 2/8/93
Titles: ***District Development Geologist: 8/89 to 2/93***
Geologist: 5/88 to 8/89

Duties: Supervised and worked development and exploration geology of UNOCAL operated properties in the San Juan, Paradox, and Piceance Basins. Exploited tight sandstone reservoirs (27 wells), coal seam gas (57 wells), and conventional sandstone and carbonate oil and gas reservoirs. Horizontal, deviated, and vertical well bores were utilized. Additional work included managing geological contractors; progress reporting of drilling programs and field mapping. Presented San Juan Dakota reservoir characterization results to NM State O&G Comm. in approval process of tight gas sands designation. Worked with Utah O&G Comm. in forming Lisbon Field Unit. Presented to numerous potential partners and was on a team which sold Unocal's alternative fuel tax credit to outside investors.

Marathon Oil Co., 7/13/81 to 5/16/88
Titles: ***Staff Geologist: 1986 to 1988***
Project Supervisor: 1984 to 1986
Geologist: 1981 to 1984

Duties: Oil and gas prospecting in the D-J Basin (one Paleozoic discovery), the Green River Basin (assisted in two Moxa Arch Frontier and Dakota gas discoveries and one sub-economic oil well), the Las Animas Arch (Morrow ss), and the central Kansas uplift (Pennsylvanian basal ss and Lansing- Kansas City Fm.). Work included regional & local mapping of structures, thickness', and facies of Rocky Mountain petroleum reservoirs and presentation of prospects to management. Was expert witness in Nebraska lawsuit between Marathon and KN Energy concerning underground gas storage.

Chevron U.S.A. Inc., 8/18/73 to 1/3/79
Titles: ***Geologic Assistant: 1975-1979***
Computer Analyst: 1973-1975

Duties: Utilized geologic and geophysical computer programs. Performed well site work and prospect generation in California onshore and offshore. Correlated logs and generated structure and isopach maps. Witnessed logging runs, DST's, production tests, coring, and fracture stimulations.

EDUCATION:

M.S. - Geology, 6/81, University of CA, Riverside, CA.
Emphasis on geothermal development and exploration. Thesis titled, " Well Log Study of the Hydrothermally Altered Sediments of Cerro Prieto Geothermal Field, Baja California, Mexico".

B.S. - Geology, 5/73, University of CA, Riverside

Alaska Oil and Gas Conservation Commission (AOGCC)

333 W. 7th Ave., Ste. 100
Anchorage, AK 99501
(907)279-1433
www.aogcc.alaska.gov



Daniel T. Seamount – Geology Commissioner, Chair
Cathy P. Foerster - Engineering Commissioner
John K. Norman – Public Member Commissioner

February 22, 2011

Alaska Oil & Gas Conservation Commission (AOGCC)

- Quasi-judicial State regulatory agency
  - Oversight for underground oil & gas operations
    - Private and public lands in Alaska
    - Exercises police power of the State
- Regulate drilling and production for oil, gas & geothermal resources

AOGCC Mission

- Prevent waste of energy resources (Oil, Gas, Geothermal)
- Promote greater ultimate energy resource recovery
- Protect underground fresh water from damage caused by oil, gas, and geothermal operations
- Protect human safety
- Protect correlative rights

AOGCC Jurisdiction

- Oil and gas resource development
- Geothermal resource development
- Underground storage of natural gas
- Metering accuracy for custody transfer

Types of AOGCC Permits/Decisions

- Drilling- 2300+ last 10 years
- Wellwork- 4000+ last 10 years
- Underground Injection (EOR, Waste disposal, Gas Storage)- 46 last 10 years
- Conservation Orders (mainly Pool Rules)- 192 major orders plus 100's more modifications over last 10 years
- Special development considerations (dispute adjudication, gas flaring, safety equipment, and others)- 67 last 10 years

AOGCC Staffing- 28 Total

- 3 commissioners: a petroleum engineer, a petroleum geologist, a public member with relevant oil & gas experience
- 5 petroleum engineers
- 2 petroleum geologists
- 6 field inspectors
- IT, admin, and clerical support staff

Hot Topics

- North Slope gas sales
- Gas storage
- Geothermal and other non-traditional drilling
- Response to the GOM disaster
- Liberty

AOGCC FY12 Operating Budget

- Total $6,155,000
- From RCC- $6,025,000
- EPA- $130,000

CONFIRMATION COMMITTEE REPORT

Action date: 3-23-11

The **Resources Committee** has reviewed the qualifications of the following Governor's appointee and recommends that this name be forwarded to a joint session for consideration:

Commissioner – Department of Natural Resources
Dan Sullivan
Appointed: 11/18/2010

This does not reflect intent by any of the members to vote for or against this individual during any further sessions for the purposes of confirmation.

Signature:	**Printed Last Name**
Berta Gardner	Gardner
[illegible]	FOSTER
[illegible]	Muñoz
[illegible]	Lawhorn
[illegible]	Dick
[illegible]	HERRON
Peggy Wilson	WILSON
Co-chair [illegible]	Seaton
Co-chair: [illegible]	FEIGE

Please return to the Chief Clerk's office.

Sullivan, Daniel
Commissioner - Department of Natural Resources

Biography of Daniel S. Sullivan

From June 2009 until December 2010, Sullivan served as Alaska's Attorney General. In that capacity, Sullivan focused on issues of natural resource management and development. Under his leadership, the Department of Law undertook an aggressive strategy of initiating and intervening in environmental and related federal litigation to protect the state's economic and resource development interests in areas from timber to mining to Outer Continental Shelf oil and gas development. Sullivan has led the state's negotiations with ExxonMobil over the disputed Point Thomson field, a role he will continue to hold at DNR. He also served on the Governor's Resource Development Subcabinet and was a trustee of the Exxon Valdez Oil Spill Trustee Council.

Prior to becoming Attorney General, Sullivan served as the U.S. Assistant Secretary of State for Economic, Energy, and Business Affairs. His nomination by President George W. Bush for this position was unanimously confirmed by the United States Senate in May 2006, and he served until January 2009. In this role, he was a senior advisor to Secretary of State Condoleezza Rice and other top U.S. government officials on the formulation and execution of international energy, economic, trade, finance, transportation, telecommunications, and Arctic policies. Sullivan also led and managed the 200-employee State Department Bureau of Economic, Energy, and Business Affairs.

As the Assistant Secretary of State, much of Sullivan's work focused on international energy issues. He served as the U.S. Governing Board member of the Paris-based International Energy Agency – the world's premier energy security organization. He and the State Department bureau he led worked closely with the Office of the Federal Coordinator for Alaska Natural Gas Transportation Projects on Alaska gas pipeline issues. He also worked on the development and implementation of major gas and oil pipeline projects in Central Asia and the Caspian Sea region. Sullivan also was responsible for overseeing and leading several complex international negotiations of strategic importance to the United States, including sovereign debt restructuring accords, aviation liberalization agreements, and serving as the primary negotiator for the President at the Group of Eight (G8) Summits. Prior to serving as the Assistant Secretary of State, Sullivan was a Director in the International Economics Directorate of the National Security Council and National Economic Council staffs at the White House.

Legal and Academic Background

Sullivan is one of a select number of Alaska attorneys who has held judicial clerkships on both the highest state and highest federal courts in Alaska. He was a judicial law clerk for Judge Andrew Kleinfeld of the United States Court of Appeals for the Ninth Circuit in Fairbanks from 1997-98 and for Chief Justice Warren Matthews of the Alaska Supreme Court in Anchorage from 1998-99. Following his clerkships, Sullivan joined the Anchorage office of Perkins, Coie, LLP. His practice focused on corporate transactions and commercial litigation, and he represented a variety of clients, including Alaska small businesses and Native corporations.

Sullivan graduated *magna cum laude* from Harvard University, earning a bachelors degree in Economics, where he was a Harvard College scholar during each of his four years. Sullivan graduated *cum laude* from Georgetown University Law Center, earning a Juris Doctor and Masters of Science in Foreign Service joint degree. He was an articles editor on the *Georgetown Law Journal*. During his final year at Georgetown, Sullivan worked as a law clerk for Judge James L. Buckley on the U.S. Court of Appeals for the District of Columbia Circuit.

U.S. Military Service

Sullivan has served in the United States Marine Corps since 1993 on active duty and in the reserves as an infantry and reconnaissance officer, including with Second Battalion, Fifth Marines at Camp Pendleton, California, and for several years with Anchorage-based Echo Company, Fourth Reconnaissance Battalion – the Marine Corps Reserve's premier cold weather reconnaissance unit. In recent years, Sullivan has been recalled to active duty twice: in January 2009 to help draft a regional strategy report for the Commander of U.S. Central Command (CENTCOM), General David Petraeus, and from December 2004 until April 2006 to serve as a strategic advisor to CENTCOM Commander General John Abizaid. He now serves in the U.S. Marine Corps' active reserves with the 4th Marine Division's Anti-Terrorist Battalion.

Awards, Honors, and Personal Information

Sullivan is the recipient of numerous professional, academic, and military awards, including the White House Fellowship, the National Security Council Outstanding Service Award, and the Defense Meritorious Service Medal. He is a member of the Council on Foreign Relations.

Sullivan was born in Fairview Park, Ohio. He has been married for 16 years to Julie Fate Sullivan of Fairbanks. They moved to Alaska in 1997, after Sullivan completed active duty service with the Marine Corps. They have three daughters.

CONFIRMATION COMMITTEE REPORT

Action date: 4-4-11

The **Resources Committee** has reviewed the qualifications of the Governor's appointee(s) as shown on the attached Referral for Confirmation forms(s) and recommends that the name(s) be forwarded to a joint session for consideration:

This does not reflect intent by any of the members to vote for or against this individual during any further sessions for the purposes of confirmation.

Signature:	Printed Last Name
	Foster
	Dick
	HERRON
	WILSON
Co-Chair: Paul K Seaton	SEATON
Co-Chair:	

Please attach appointee Referral for Confirmation form(s) and return to the Chief Clerk's office.

Alaska State Legislature

Official Business

House of Representatives

Office of the Chief Clerk

Thomas B. Stewart Legislative
Office Building, Room 202
Juneau, AK 99801-1182
Phone: (907) 465-3725
Fax: (907) 465-5334

REFERRAL FOR CONFIRMATION

Date Referred: March 28, 2011

Committee: **Resources**

Board of Game
Stanley "Stosh" L. Hoffman, Jr. – Bethel
Appointed: 11/13/2008
Reappointed: 3/26/2011 Term Expires: 6/30/2014

Action Date: 4-4-11
(Same date as on the accompanying signature page)

Note: Attach to a signature page and return to the Chief Clerk's office.

Alaska State Legislature

Official Business

House of Representatives

Office of the Chief Clerk

Thomas B. Stewart Legislative
Office Building, Room 202
Juneau, AK 99801-1182
Phone: (907) 465-3725
Fax: (907) 465-5334

REFERRAL FOR CONFIRMATION

Date Referred: February 2, 2011

Committee: **Resources**

Big Game Commercial Services Board
Karen Polley – Juneau
Appointed: 3/1/2011 Term Expires: 3/1/2013

Action Date: 4-4-11
(Same date as on the accompanying signature page)

Note: Attach to a signature page and return to the Chief Clerk's office.

Alaska State Legislature

Official Business

House of Representatives

Office of the Chief Clerk

Thomas B. Stewart Legislative
Office Building, Room 202
Juneau, AK 99801-1182
Phone: (907) 465-3725
Fax: (907) 465-5334

REFERRAL FOR CONFIRMATION

Date Referred: March 28, 2011

Committee: **Resources**

Board of Game

Ted H. Spraker – Soldotna

Appointed:	1/21/2003		
Reappointed:	4/11/2005	Reappointed:	1/28/2008
Reappointed:	3/26/2011	Term Expires:	6/30/2014

Action Date: 4-4-11
(Same date as on the accompanying signature page)

Note: Attach to a signature page and return to the Chief Clerk's office.

Kelly Vrem

Vrem, Kelly
Big Game Commercial Services Board

Objective: Registered Guide Member of the Big Game Commercial Services Board

Biography

I was born in Anchorage 1953. Eagle River resident 1954-1979, Bethel 1979-82, Chugiak 1982-2009, Sutton 2009-present. Married to Linda 35 years, 3 children.

Linda and I reside on 20 acres in Sutton where we keep our 13 horses, and we own a hanger at the Birchwood Airport with my brother Tracy and his wife.

Experience

Big Game Guiding

- Licensed as an Assistant Guide 1973
- Employed by Gene Needels of Chugiak in GMU's 11, 12,13 and 9. I was a pilot as well as an assistant guide and I continued to work for Gene until 1982 while my business was getting established.
- My Registered Guide License was obtained in December 1977 Currently Master Guide #102
- 1979 to present self-employed in my guiding business.
  I am licensed to guide in GMU's 6,9,11,13, 14, 16-22, 25 and 27

At this time we guide in the Wrangell Mountains, Alaska Peninsula, and Game Management Unit 16. I also work for Bruce Werba of Holy Cross as a guide and pilot in support of his guiding operation in GMU 18 & 21.

Over the years we have operated a guide business on State, Forest Service, USFWS, BLM and National Park Service lands.

While my Guide business was getting established I was a heavy equipment operator in IUOE Local 302, and as a commercial pilot and mechanic.

Commercial Pilot

As you can see I have worked for several air operators. My air taxi was also a licensed Transporter in GMU 19. I understand the needs and concerns of that segment of Big Game Commercial Service Providers.

- Commercial Pilot 1979
- Chugiak Aviation Bethel 1980-81 on demand charter
- SEAIR North Slope and Bethel 1981-84 Scheduled mail and passenger service in Bethel, Air support for geophysical exploration companies on the North Slope, operating out of Umiat and Deadhorse
- 1985 USFWS Yukon Delta National Wildlife Refuge Bethel Wildlife surveys and research support.

- Woods Air Service Palmer 1990-93. State wide on demand charter and fuel hauling.
- Owner and Director of Operations, Chief Pilot and Director of Maintenance Nordic Flying Service 1994-2005 Birchwood Airport.

Ratings and Education

Commercial Pilot Instrument Rating; SEL; MEL; SES; Helicopter; Airline Transport Pilot MEL; A&P Mechanic, IA.

During my 15,000 hours of Alaska flying time, I've had the good fortune to see Alaska from Yakutat Bay to Cold Bay to Prudhoe Bay. My flying career has allowed me to fly J3's to DC-6's. I still take a flying job at a fishing Lodge operated by my Brother Tracy as time permits.

Big Game Commercial Services Board

As an Assistant Guide and then a young Registered Guide I began attending the Guide Board meetings in 1974 and have attended the majority of the meetings conducted by both governing bodies of guides and transporters to date. It was my privilege to help on several special and sub committees for the BGCSB. I have also proctored for the oral tests on occasion. I regularly attend Board of Game meetings as an APHA member and served on the Western Alaska Moose Management Planning Committee. I have maintained an active interest and participated in guiding boards since the 70's. I have seen the Board process from its inception to the present. I feel I have more to contribute and would consider it an honor to serve on the commercial Services Board.

I have been an active member of the Alaska Professional Hunters Association Since 1979. Serving over 14 years as a board member of the APHA and Vice President for the past several years

Education

Chugiak, and Eagle River Elementary Schools Chugiak High School class of 1971

Western State College, Gunnison CO 1971-1972 I did not return for the sophomore year so I could pursue my guiding career.

Other Activities

Board Member of Anchorage Ski Club 1991 to 1996. Volunteer director and a coach of the Anchorage Ski Club Racing Team. We had skiers from 8 to 18 years old in the program

Hobbies

Ski Racing, current member of the Alyeska Ski Club, Masters Ski Racing program

Adult league hockey. Alaska Aviation .

Alaska Organizations

Alaska Professional Hunters Association Alaska Airmen's Association

Alaska Outdoor Council Birchwood Airport Association



Benjamin Brown

Employment

Baxter Bruce & Sullivan P.C. Juneau, Alaska	associate attorney April 2007 – present
Choate Law Firm LLC Juneau, Alaska	associate attorney September 2006 – March 2007
The Juneau Empire Juneau, Alaska	columnist October 2003 – present
Alaska Department of Environmental Conservation Juneau & Anchorage, Alaska	legislative liaison January – November 2005
Lisa Murkowski for US Senate Juneau & Anchorage, Alaska	research director/regional co-ordinator November 2003 – November 2004
Alaska State Chamber of Commerce Juneau, Alaska	legislative lobbyist legislative session 2003
Alaska Department of Revenue Juneau, Alaska	administrative hearing officer September – December 2002
The Hon. Larry Weeks, Presiding Judge 1st Judicial District, Alaska Court System Juneau, Alaska	law clerk August 2001 – August 2002
The Hon. Mark Green Public Advocate for the City of New York New York, N.Y.	legal intern March – May 2001
Gilmore & Doherty Anchorage, Alaska	legal intern September – November 2000
Alaska Office of Public Advocacy, Defense Section Anchorage, Alaska	legal intern March – May 2000
The Hon. Ted Stevens US Senator for Alaska Washington, D.C.	legal intern/legislative assistant September – November 1999
The Alaska Legislature Juneau & Anchorage, Alaska	legislative aide 1991 – 1998
The Anchorage Press Juneau & Anchorage, Alaska	columnist 1997 & 1998

Education

Northeastern University School of Law Boston, Massachusetts	J.D. 2001

Georgetown University School of Foreign Service Washington, D.C.	B.S.F.S. 1992
Palmer High School Palmer, Alaska	Diploma 1985

Professional associations

The Alaska Bar Association	April 2002 – present
The Juneau Bar Association	April 2002 – present president, vice-president/treasurer, secretary
The New York State Bar	passed July 2002 examination

Other activities

Alaska Humanities Forum	treasurer, board of directors
Alaska Moving Image Preservation Association	board of directors
Alaska State Council of the Arts	chairman, grant review panelist
American Red Cross, Southeast Alaska	development committee
Anchorage Sister Cities Commission	public relations, commissioner
CoastAlaska	vice-chairman, secretary, board of directors finance committee, corporate documents committee
Friends of the Alaska State Museum	1st vice-president, board of directors
Juneau Arts & Humanities Council	board of trustees, concert committee
KTOO-FM&TV	chairman, board of directors, finance committee DJ, theatre critic, auctioneer
the theatre	theatrical résumé available as requested

Alaska State Legislature

Official Business

House of Representatives

Office of the Chief Clerk

Thomas B. Stewart Legislative
Office Building, Room 202
Juneau, AK 99801-1182
Phone: (907) 465-3725
Fax: (907) 465-5334

REFERRAL FOR CONFIRMATION

Date Referred: February 2, 2011

Committee: **Resources**

Alaska Commercial Fisheries Entry Commission
Benjamin Brown – Juneau
Appointed: 3/1/2011 Term Expires: 3/1/2015

Action Date: 3/30/2011
(Same date as on the accompanying signature page)

Note: Attach to a signature page and return to the Chief Clerk's office.

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Fax: (907) 465-5334

REFERRAL FOR CONFIRMATION

Date Referred: February 2, 2011

Committee: **Resources**

Big Game Commercial Services Board
Kelly Vrem – Sutton
Appointed: 3/1/2011 Term Expires: 3/1/2015

Action Date: 3/30/2011
(Same date as on the accompanying signature page)

Note: Attach to a signature page and return to the Chief Clerk's office.

CONFIRMATION COMMITTEE REPORT

Action date: 3/30/2011

The **Resources Committee** has reviewed the qualifications of the Governor's appointee(s) as shown on the attached Referral for Confirmation forms(s) and recommends that the name(s) be forwarded to a joint session for consideration:

This does not reflect intent by any of the members to vote for or against this individual during any further sessions for the purposes of confirmation.

Signature:	Printed Last Name
Berta Gardner	Gardner
Catherine Muñoz	Muñoz
Peggy Wilson	Wilson
	HERRON
	Kawasaki
	Dick
Co-Chair:	FEIGE
Co-Chair: Paul K. Seaton	Seaton

Please attach appointee Referral for Confirmation form(s) and return to the Chief Clerk's office.

Alaska State Legislature

Official Business

House of Representatives

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Juneau, AK 99801-1182
Phone: (907) 465-3725
Fax: (907) 465-5334

REFERRAL FOR CONFIRMATION

Date Referred: February 2, 2011

Committee: **Resources**

Board of Game
Nathan Turner – Nenana
Appointed: 5/10/2010 Term Expires: 6/30/2013

Action Date: 4/1/2011
(Same date as on the accompanying signature page)

Note: Attach to a signature page and return to the Chief Clerk's office.

CONFIRMATION COMMITTEE REPORT

Action date: 4/1/2011

The **Resources Committee** has reviewed the qualifications of the Governor's appointee(s) as shown on the attached Referral for Confirmation forms(s) and recommends that the name(s) be forwarded to a joint session for consideration:

This does not reflect intent by any of the members to vote for or against this individual during any further sessions for the purposes of confirmation.

Signature:	Printed Last Name
Berta Gardner	Gardner
Catherine Muñoz	Muñoz
Peggy Wilson	WILSON
	Dick
Co-Chair:	FEIGE
Co-Chair: Paul K Seaton	SEATON

Please attach appointee Referral for Confirmation form(s) and return to the Chief Clerk's office.

Turner, Nathan
Board of Game

Nathan Turner

I was born and raised on a dairy farm in upstate New York. From an early age I learned the values and benefits of living a life close to the land, and especially the hard work and rewards that result from being dependent on the natural resources for your livelihood. I am grateful for those early years on the farm, and the important lessons that this type of life has to offer.

In 1989, at age 17, my father and I headed for Alaska with two pick-ups loaded with the essentials, the result of his lifelong dream of trapping in the Far North, and also a timely advertisement in Fur - Fish - and Game magazine; *Trapline For Sale in Alaska.* It took us 6 days to reach Alaska, and 10 additional days were spent on the road system in the Interior, preparing for our first winter on the Kantishna River. The trapline we purchased had been unused for the previous 12 years, but had been started in 1926, and few but the old timers in the country even knew where it was. We were dropped off by a local bush pilot from Nenana in mid September, and for the next ten months we learned a lot about Alaska… The winter of 1989 and 1990 was record breaking for the deep cold spells and snowfall – every winter has been an easy one since!

The next year one of my brothers joined us, we began in earnest to build our traplines into something that could support our family for the years to come. We started with the idea to treat trapping as though it were a business, working 6 days a week, with our cut-off period for trapping being 40 below. Three years later we started an additional trapline 85 miles to the west in the Nowitna country and during the next 19 years we cleared over two hundred miles of trapline trails for our dog teams and sno-gos, operated subsistence and test fishwheels (for both Fish and Game and the National Park Service), annually grew large gardens for our winter needs, built log homes and cabins for hire in the bush, and seasonally guided big game hunters. When we first arrived in the country, we were often told that the days of life on the trapline were gone; that this way of life wasn't possible anymore in Alaska. We found that they were wrong. The country hadn't changed and the economics of the life hadn't changed so much as the spirit of the people seemed to have. With first the dream, hard work, and room to grow we found that it is still possible to live a rich and rewarding life directly from the resources the country provides. Alaska has been generous to us.

In 1996 I started working as an assistant hunting guide in the Nowitna drainages for the neighboring trapper who had a small guiding operation. We worked together for 6 years, guiding hunters in our adjoining trapping areas, before I started contracting clients on my own in 2002. Since then, I have been fortunate to share this guiding opportunity with other neighbors in my part of the Interior – all of us currently live and trap close to the areas we hunt in. We have been able to meet our annual subsistence needs, while being paid to do so, much like the trapline. The harvested meat is shared among our families, and with less successful neighbors in the region. These packing and guiding jobs are the only local means of employment for most of us, other than trapping.

For the past 14 years I have also worked as an assistant guide for sheep in the Northern Brooks Range, and for Brown Bear out of Cold Bay on the Alaska Peninsula. In spite of having my own guiding business, I continue to work as an assistant guide on these hunts since it allows for me to annually visit these remote parts of the State, which have become a very important to me, and

also to simply be 'a guide' and share in the daily adventure with the hunters as the experience unfolds.

Participation in the Public Process:

In recent years, I have felt the need and responsibility to actively take part in the public processes that have to do with my family's way of life. I have actively participated with the Board of Game process during the last 4 years, submitting proposals for consideration and volunteering to participate in side boards that I feel have the ability to affect my way of life. I have also been actively involved in the restructuring efforts of the guiding industry. In 2007 I was nominated and elected to the Board of Directors of the Alaska Professional Hunters Association, the only professional association for the industry in the State. Our work in recent years has focused on aiding the Big Game Commercial Services Board in bringing oversight and accountability to guiding activities in the State and working with the Dept. of Natural Resources in creating the Guide Concession Area program. The goal of this program is to minimize the overcrowding of service providers throughout the State, while at the same time establishing a framework by which service providers can be held accountable for resource stewardship and their conduct in the field. Every user group will benefit from these efforts at self reform.

Purpose for Applying to the Board:

As noted above, I have come to feel a strong sense of responsibility to participate in the public processes that have bearing on my family's ability to make a living from the land. I recognize that there are many others in the State who are in similar situations, and yet I believe that I may have a somewhat unique perspective to bring to the table. I also feel that we need to continue the focus on restoring our wildlife populations in challenged parts of the State through sound management practices, and that these efforts will in time ease the conflicts among our various user groups.

Formal education:

I completed my final two years of high school through the Yukon Koyukuk School District, Northwind correspondence program based out of Nenana. A teacher visited by bush plane several times during the winter to check my work. I was twice selected for "Who's Who Among American High School Students", and also competed in the Academic Decathlon.

Work History:

Through 1989: raised on our family dairy farm

1989 through present:

- actively trapping 5 to 6 months of each season since 1989
- seasonally guiding big game guiding hunters (3 to 4 months each year) since 1996
- I and my family have built 19 structures (mostly log) along several rivers of the Interior, a number of these for hire during the summer months. For several summers I also worked

intermittently as a carpenter's helper for a local contractor in Fairbanks. We have built our own fishwheels, dogsleds, snowshoes, and boats over the years.
- subsistence fishing for our annual needs

Licensing Held :

Private Pilot license - land and seaplane
Captain - Inland Freshwater Six pack license
Alaskan Registered Guide – No. 1036

Past Participation with Government Processes:

- I have a held a number trapping cabin permits with both the Bureau of Land Management, and the US Fish and Wildlife Service for many years now, all in good standing.
- I have several permitted hunting camps on BLM, USFWS, and State of Alaska lands, all in good standing.
- For many years we operated test recovery wheels for counting salmon entering Denali National Park via the Kantishna River drainage, funded by both the State and the National Park Service.
- In the early to mid 90's we supplied the USFWS in Galena with Lynx and Marten carcasses for their wildfire / marten studies, and continue to provide marten carcasses to the State Area Biologist in Galena to maintain the data continuity.
- We volunteered salmon blood samples to an ADF&G biologist in Fairbanks to aid in his studies related to stress levels in tagged salmon we had recovered, part of his Master's thesis.

Memberships :

The Alaska Trappers Association
The Alaska Professional Hunters Association

Spraker, Ted H.

Board of Game

Ted H. Spraker

I was raised in Wyoming and completed my college education at the University of Wyoming. I hold a bachelor's degree in Wildlife Management and Master's in Range Management. I finished graduate school in May of 1973 and moved to Alaska in July. I have never been out of the state except for vacations. I'm 53 years old and married to Elaina Spraker. I have one son from a previous marriage, Clint, 23 and two stepchildren with Elaina, Ashley 14 and Kyle 12. My wife and all of our children are successful big game hunters and enjoy fishing. Kyle is my trapping partner.

Work.

I worked for U.S. Fish and Wildlife Service for five months, three in Southeast and two at the Kenai Moose Research Center in 1973.

I was hired by Department of Fish and Game on February 1, 1974, following one month of volunteer work. I worked in the Anchorage office for eight months before being promoted to Assistant Wildlife Biologist and transferred to Glennallen.

In July 1978, I was promoted to Area Wildlife Biologist and transferred to Soldotna as the biologist for the Kenai Peninsula I remained in that position until I retired June 1, 2002, 28 years 4 months service.

Accomplishments with the Department:

I have made many changes during my near three decades career with the Department concerning wildlife, and hunting and trapping opportunities. Some of the most important projects were: In 1981, I presented survey data to the Board of Game to change the goat hunting on the Kenai. This hunting program is still in place

I served as the project leader when caribou were relocated from Glennallen to the Kenai in 1985 and 1986 to establish the Twin Lakes, Killey River and Fox River herds. Eighty animals were released that grew to over 800 by fall 2002. One of the reasons we moved caribou was to establish new herds for hunting.

In 1987, I worked with the five local Fish and Game Advisory Committees and Board of Game to change the bag limit for moose from an "any bull" program to a Selective Harvest System. This effort was successful in restoring the bull to cow ratio, resulting in an improvement in our local moose population's health and longer hunting seasons. The success on the Kenai inspired the Board of Game to approve this system for other Game Management Units from southeast to the interior.

I have received several conservation awards including the Life Time Conservation award from Safari Club International and a conservation award from the local trappers association.

I'm a member of the Alaska Trappers Association, Safari Club International and a lifetime member of NRA. I'm an avid hunter, trapper and fisherman. I have commercial halibut fished every year since 1979 and currently hold a small IFQ.

I'm interested in being on the Board of Game due to my long-term involvement in this regulatory process and wildlife management. I also believe that under this new administration the Board will be allowed to make needed changes to benefit wildlife populations and their habitats, and a variety of users across the state.

Thank you for your support,

Ted

Hoffman, Stanley "Stosh" Jr.

Board of Game

Stanley (Stosh) Hoffman, Jr.

Objective: *Interested in serving on the State of Alaska Board of Game*

Serving on the Board last 2 years.

Summary of Qualifications

- Lifelong Alaskan
- Very Familiar with Hunting, Guiding, Subsistence Activities
- Experienced Assistant Guide, License #3951 (Big Game) Issued 8/12/97
- Commercial Fisherman, 21 Years, Captain 10 Years
- Familiar with City, State and Federal Agencies and Regulations
- Familiar with Alaska Native Cultures and Languages
- Self-Motivated

Owner & Business Manager:
S & A Rentals, Nunapik Dish Network,
Tundra Fencing

Work History

Employment Duties	*Position*	*Employer/Address*	*Reason for Leaving*
1/07 – Present	Director of Corporate Facilities	Yukon-Kuskokwim Health Corporation PO Box 528 Bethel, AK 99559	N/A
7/98 – 1/07	Projects/Safety Manager; Assist Director of Public Works; Project Supervisor; Port Supervisor; Construction Project Foreman Supervisor:	City of Bethel PO Box 388 Bethel, AK 99559	Accepted Position with YKHC

10/92-7/98	Driver: Operate fuel truck, deliver bulk fuel.	Hoffman Fuel Service PO Box 406 Bethel, AK 99559	Left while employed w/ summer jobs

1992 – 1998 various seasonal construction jobs in the Bethel area.

Education History

High School:	McGrath High School	McGrath, Alaska 1985 – 1989
Degree/Diploma:	High School Diploma – Salutatorian	
College:	University of Alaska Anchorage	1989-1991 General Courses

Polley, Karen

Big Game Commercial Services Board

Karen (Ryals) Polley

Summary of Qualifications

Over 25 years of experience in education including teaching, administration, leadership, planning, and development of adult education, vocational education, and employment training programs. My employment has given me experience in policy development and regulations at the state and national levels. I have had the opportunity to develop extensive service on boards and commissions including the Professional Teaching Practices Commission, The Glacier Highway Electric Association Board, National Association of State Directors of Vocational Education, the Juneau Community Garden Association, The University of Alaska Vocational Education Advisory Board, Alaska Nutrition Education Training Program Advisory Committee, and the Alaska Home Economics Association Board. My professional positions enabled me to be instrumental in the initiation and establishment of multiple agency collaborative efforts including the Departments of Education, Health and Social Service, Labor, Community and Regional Affairs, municipal governments and the private sector. In my leisure time I enjoy hunting, fishing and outdoor recreation.

Employment

2005- Present	Self employment: Stone Soup Alaska Designs
1999-2005	University of Alaska Southeast Ketchikan Campus Director, Ketchikan
1997-1998	Owner/ Operator, Polley's Waterbug Service
1995-1996	Interim Director, School of Career Education, University of Alaska Southeast
1994-1996	Consultant with Ernest Polley and Associates
1992-1993	Program Coordinator, Southeast Regional Resource Center, Juneau
1987-1991	Director of Adult and Vocational Education, Alaska Department of Education, Juneau
1978-1987	Education Administrator Career and Vocational Education, Alaska Department of Education, Juneau
1974-1978	Instructor, Juneau Douglas Community College
1968-1974	Home Economics Teacher, City and Borough of Juneau School District, Juneau

Education

United State Merchant Marine License 50 ton qualification 1998-2008
Certificate Basic Facilitator, Association for Quality and Participation 1992
Principals Credential, University of Alaska Southeast, Juneau 1998
M. Ed Secondary Education, University of Alaska Juneau, 1978
BA Home Economics and BA in Home Economics Education, Eastern Washington State University, Cheney, 1968

Awards

Excellence in Education for Work, 1987 the Alaska Committee
Alaska Home Economist Outstanding Contributions Award 1983, Alaska Home Economics Association
Leadership in Vocational Education Award 1980, Alaska State Vocational Association
Home Economist of the Year, 1991, Alaska Home Economic Association
Meritorious Service Award for Outstanding Service, 1991 from the Alaska State Vocational Association

ALASKA FEDERATION
OF NATIVES

March 17, 2011

The Honorable Sean Parnell
Office of the Governor
State of Alaska
P. O. Box 110001
Juneau, Alaska 99811-0001

RE: *Reappointment of Ted Spraker to the Alaska Board of Game*

Dear Governor Parnell:

I am writing this letter to ask you to please respectfully request your attention and positive action of reappointing Mr. Ted Spraker to the Alaska Board of Game. Mr. Spraker has served as a valuable member of the Board of Game as he has demonstrated his willingness to see both sides of the issues that appear before the Game Board from the time of his appointment to the Board of Game in 2004. During the time he has served as a member of the Game Board, he has demonstrated that he prepares himself to address issues brought before the Gamer Board. He does this by getting engaged on issues with the other members of the Board and often takes a lead in developing solutions for difficult issues such as subsistence, predator control as it relates to sustaining the population of moose and other game resources so vital for healthy populations of these resources. He is willing to listen to public testimonies brought before the Game Board and gives fair and impartial assessment to issues before the Game Board in his decision making process.

Thank you for your favorable consideration on the reappointment of Mr. Ted Spraker to the Alaska Board of Game. If you have any questions regarding this letter, please call me the Alaska Federation of Natives at 907-274-3611.

Sincerely,

Julie E. Kitka

Julie E. Kitka
President

1577 C Street, Suite 300 • Anchorage, Alaska 99501 tel 907.274.3611 • fax 907.276.7989 • www.nativefederation.org



March 4, 2011

Governor Sean Parnell
P.O. Box 110001
Juneau, AK 99811-0001

Re: Re-Appointment of Ted Spraker to the Alaska Board of Game

Dear Governor Parnell,

I am writing on behalf of the Ahtna people to express support for the re-appointment of Ted Spraker to the Alaska Board of Game. Mr. Spraker has served on the Board since 2004. During that time Ahtna has had several occasions to engage with Mr. Spraker on issues important to Ahtna's subsistence hunting opportunity. Ahtna has also been able to observe Mr. Spraker's actions related to predator control and other issues, some related to subsistence use and others not related to any issue of particular interest to Ahtna.

Mr. Spraker is a very valuable member of the Board and his continued membership will benefit the public, the Administration and ADF&G. Ahtna had not always agreed with Mr. Spraker's final decision on issues. However, Mr. Spraker consistently demonstrates an in-depth understanding of the issues. This understanding is the result of Mr. Spraker's experience as a member of the Board, his experience as a wildlife biologist with ADF&G, his obvious dedication to preparing for Board meetings, and his willingness to engage with members of the public to understand their views. Mr. Spraker also seems well respected by his fellow Board members. He often takes a lead role in developing solutions for difficult issues before the Board. He listens and gives fair assessment to the issues before making a decision.

Mr. Spraker also has an understanding of subsistence uses and the mandates of the state and federal subsistence laws. He has lived and worked as a biologist in Glennallen. His experience is invaluable in dealing with subsistence issues in areas such as GMU 13,

406 West Fireweed Lane, Suite 201 • Anchorage, Alaska 99503
Phone: (907) 868-8232 • Fax: (907) 868-8287

Ahtna's traditional hunting territory, where there is the great competition for wildlife and thus the most controversy over meaningfully implementing the subsistence laws. Over his years on the Board, Ahtna believes that Mr. Spraker has experienced successes and failures and has come to a better understanding of what kind of solutions can lead to long-term solutions. Such long-term solutions are key to resolving the pervasive disputes over meaningfully implementing the subsistence laws and providing for other consumptive uses of Alaska's wildlife resources.

Thank you for your consideration of Ahtna's support for re-appointment of Ted Spraker to the Board. Please feel free to contact me if there is anything more Ahtna can contribute to your decision about appointments to the Board.

Sincerely,
Ahtna, Incorporated

Ken Johns
President/CEO

406 West Fireweed Lane, Suite 201 • Anchorage, Alaska 99503
Phone: (907) 868-8232 • Fax: (907) 868-8287

CONFIRMATION COMMITTEE REPORT

Action date: 4-6-11

The **Resources Committee** has reviewed the qualifications of the Governor's appointee(s) as shown on the attached Referral for Confirmation forms(s) and recommends that the name(s) be forwarded to a joint session for consideration:

This does not reflect intent by any of the members to vote for or against this individual during any further sessions for the purposes of confirmation.

Signature:	Printed Last Name
Catherine Muñoz	Muñoz
Wesley Foster	Foster
Berta Gardner	Gardner
[redacted]	HERRON
[redacted]	Wilds
[redacted]	[redacted]
Co-Chair:	FEIGE
Co-Chair: Paul E. Seaton	SEATON

Please attach appointee Referral for Confirmation form(s) and return to the Chief Clerk's office.

Alaska State Legislature

Official Business

House of Representatives

Office of the Chief Clerk

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Office Building, Room 202
Juneau, AK 99801-1182
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Fax: (907) 465-5334

REFERRAL FOR CONFIRMATION

Date Referred: March 28, 2011

Committee: **Resources**

Board of Game
Nick Yurko – Juneau
Appointed: 3/26/2011 Term Expires: 6/30/2014

Action Date: 4-6-11
(Same date as on the accompanying signature page)

Note: Attach to a signature page and return to the Chief Clerk's office.

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Fax: (907) 465-5334

REFERRAL FOR CONFIRMATION

Date Referred: March 28, 2011

Committee: **Resources**

Board of Fisheries
William S. Brown – Juneau
Appointed: 3/12/2008
Reappointed: 3/26/2011 Term Expires: 6/30/2014

Action Date: 4-6-11
(Same date as on the accompanying signature page)

Note: Attach to a signature page and return to the Chief Clerk's office.

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REFERRAL FOR CONFIRMATION

Date Referred: March 28, 2011

Committee: **Resources**

Board of Fisheries
Susan Jeffrey – Kodiak
Appointed: 3/26/2011 Term Expires: 6/30/2014

Action Date: 4-6-11
(Same date as on the accompanying signature page)

Note: Attach to a signature page and return to the Chief Clerk's office.

Alaska State Legislature

Official Business

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Office of the Chief Clerk

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Juneau, AK 99801-1182
Phone: (907) 465-3725
Fax: (907) 465-5334

REFERRAL FOR CONFIRMATION

Date Referred: March 28, 2011

Committee: **Resources**

Board of Fisheries

John E. Jensen – Petersburg

Appointed:	1/20/2003		
Reappointed:	4/11/2005	Reappointed:	3/12/2008
Reappointed:	3/26/2011	Term Expires:	6/30/2014

Action Date: 4-6-11
(Same date as on the accompanying signature page)

Note: Attach to a signature page and return to the Chief Clerk's office.

ICICLE

April 5, 2011

Representatives Paul Seaton and Eric Feige
Co-chairs, House Resources Committee
State Capitol
Juneau, Alaska 99801-1182

Re: Confirmation of John Jensen to the Alaska Board of Fisheries

Dear Co-chairs Seaton and Feige,

Icicle Seafoods, Inc. is in strong support of the confirmation of Mr. John Jensen to the Alaska Board of Fisheries.

Mr. Jensen brings a wealth of knowledge and experience to the Board process. Unlike other members of the Board, he has vast commercial fishing experience ranging from Southeast to the Bering Sea using many different gear types and targeting a wide array of species. As a lifelong Alaskan, Mr. Jensen has long enjoyed the sport and personal use fishing opportunities available and is well versed in the issues surrounding these activities. Through his prior experience on the Board, he has proven his commitment to the conservation and sustainability of the fishery resources.

We respectfully urge you to confirm Mr. Jensen to the Alaska Board of Fisheries. Thank you for your consideration.

Sincerely,
ICICLE SEAFOODS, INC.

Kris Norosz
Government Affairs

PETERSBURG FISHERIES
A DIVISION OF ICICLE SEAFOODS, INC.
P.O. Box 1147 • Petersburg, AK 99833 • Tel: 907-772-4294 • Fax: 907-772-4472

Linda Hay

From: Louie Flora
Sent: Tuesday, April 05, 2011 5:55 PM
To: Linda Hay
Subject: FW: KRSA supports Governor's Appointments to the Alaska Board of Fisheries

From: Ricky Gease [mailto:Ricky@kenairiversportfishing.com]
Sent: Tuesday, April 05, 2011 3:35 PM
To: Rep. Alan Austerman; Rep. Mike Chenault; Rep. Sharon Cissna; Rep. Mia Costello; Rep. Alan Dick; Rep. Mike Doogan; Rep. Bryce Edgmon; Rep. Anna Fairclough; Rep. Eric Feige; Rep. Neal Foster; Rep. Les Gara; Rep. Berta Gardner; Rep. Carl Gatto; Rep. Max Gruenberg; Rep. David Guttenberg; Rep. Mike Hawker; Rep. Bob Herron; Rep. Lindsey Holmes; Rep. Kyle Johansen; Rep. Craig Johnson; Rep. Reggie Joule; Rep. Scott Kawasaki; Rep. Wes Keller; Rep. Beth Kerttula; Rep. Bob Lynn; Rep. Bob Miller; Rep. Charisse Millett; Rep. Cathy Munoz; Rep. Mark Neuman; Rep. Kurt Olson; Rep. Pete Petersen; Rep. Lance Pruitt; Rep. Dan Saddler; Rep. Paul Seaton; Rep. Bill Stoltze; Rep. Bill Thomas; Rep. Steve Thompson; Rep. Chris Tuck; Rep. Peggy Wilson; Rep. Tammie Wilson
Subject: KRSA supports Governor's Appointments to the Alaska Board of Fisheries

Dear Representative:

The Alaska Board of Fisheries (BOF) serves a vital role in the management of the state's valuable fisheries resources. The Alaska Legislature has four names under consideration this year for confirmation to serve on the BOF, including:

- Dr. William Brown (Juneau) – reappointment, has served one term
- Susan Jeffrey (Kodiak) – new appointment
- John Jensen (Petersburg) – reappointment, has served three terms
- Mike Smith (Fairbanks) – nominated last year, awaiting confirmation, has served one year

Kenai River Sportfishing Association (KRSA) supports all four of the Governor's nominations to the Alaska Board of Fisheries. KRSA attends many BOF meetings throughout the state and thus have had the opportunity to observe candidates Brown, Jensen and Smith in action while serving on the BOF.

Dr. Brown brings a unique set of skills to the board in terms of his understanding of economics and statistics. Mr. Jensen has extensive knowledge of the state's many commercial fisheries. Mr. Smith brings an in-depth knowledge of the state's interior fisheries and a valuable understanding of the importance of subsistence and personal use fisheries. We have observed that these candidates are accessible and listen to all stakeholders, address user concerns in a fair and balanced manner, and are committed to the health and sustainability of Alaska's fisheries and those that depend upon them. Additionally, from the confirmation hearings thus far and from the accounts of people whom we respect that know her, we feel that Susan Jeffrey has these same qualities for public service that are critical to the process and success of the Alaska Board of Fisheries. As important is that she has an in-depth knowledge of commercial fisheries from the Kodiak and Gulf of Alaska region as well as an understanding of the importance of sport, personal use and subsistence fisheries.

Therefore, we feel each candidate under consideration is well qualified to serve on the BOF and brings valuable experience to the position. We appreciate that fact that the Governor's appointments maintain a diverse geographic and stakeholder perspective on the board, and will continue to provide a balanced representation on the board of the state's diverse commercial, sport, personal use and subsistence fisheries.

For these reasons, we respectfully request that the Legislature confirm the Governor's appointees – Dr. William Brown, Susan Jeffrey, John Jensen and Mike Smith – to the Alaska Board of Fisheries.

Respectfully,

Eldon Mulder, Board Chair
Kenai River Sportfishing Association

Reuben Hanke, Fisheries Chair
Kenai River Sportfishing Association

Ricky Gease, Executive Director
Kenai River Sportfishing Association

Kozak & Associates, Inc.
P. O. Box 2684 - Kodiak, Alaska 99615
Phone 907-486-8824 - Cell 907-539-5585
E-Mail - kozak@alaska.com

March 27, 2011

Representative Paul Seaton, Co-Chairman
Representative Eric Feige, Co-Chairman
House Resources Committee
Alaska State Legislature
Juneau, Alaska

RE: Alaska Board of Fisheries Appointments – Susan Jeffrey

Representatives Seaton, Feige and Members of the Committee:

I am writing to support the confirmation of Sue Jeffrey to the Alaska Board of Fisheries. I have known Sue for many years, first in her capacity as a reporter for the local newspaper, and then in her capacity as a member of the Kodiak Island Borough Assembly.

Sue has a background that will be highly beneficial to the board process. Her level of exposure to the various fishing interests in the state is pretty impressive. You may not be aware, but Kodiak is the most diversified fishing fleet in Alaska, with over 30 fisheries conducted by residents of our community. Our fishermen fish in virtually every commercial fishery in the entire state, including most salmon and herring regions. Additionally, Kodiak is an important port for the sport and personal use fisheries for salmon, halibut and other species. We have a healthy and thriving sport fish charter industry.

With Sue's work on the Assembly, along with her involvement in our local fisheries advisory task force, she has been engaged in a variety of fishery issues, including that of crab in the Bering Sea, salmon and crab bycatch by federally licensed trawl vessels in the Gulf of Alaska, as well as a full range of issues addressed by the regulatory bodies that manage fish in Alaska.

I've been impressed with Sue's desire to learn as much as possible about a given subject and her ability to grasp complex fishery management policies and be able to understand potential impacts to coastal communities that depend on Alaska's fishery resource. She is also very approachable and willing to listen to all perspectives.

I believe Sue Jeffrey will consider the conservation of the resource as her first priority and will carefully review all issues prior to making a decision. She is a good choice for the Alaska Board of Fisheries and I support her confirmation.

Thank you for considering my recommendation.

Sincerely,

Linda Kozak

Louie Flora

From: Terry Haines [yohaines.kodiak@gmail.com]
Sent: Sunday, March 27, 2011 12:38 PM
To: Rep. Steve Thompson
Cc: Rep. Paul Seaton; Rep. Eric Feige; Sen. Joe Paskvan; Sen. Tom Wagoner; Sen. Gary Stevens; aausterman@gci.net
Subject: Sue Jeffery Board of Fish

Categories: Louie

Sirs:
I wholeheartedly support Sue Jeffery for appointment to the Board of Fish. You will find her knowledgeable, fair and committed. Her experience on the Kodiak Borough Assembly, the Fisheries Advisory Committee and as a working fisher wil provide her with a balanced and measured veiwpoint.
Thank You,
Terry Haines, Kodiak

Louie Flora

From: Theresa Peterson [theresa@akmarine.org]
Sent: Sunday, March 27, 2011 1:48 PM
To: Rep. Paul Seaton
Subject: Board of Fish Appointment

Categories: Louie

Hi Paul,

My name is Theresa Peterson and I am a long time commercial fisher in Kodiak and a member of a fishing family. I work part time for Alaska Marine Conservation Council (AMCC) as Kodiak Outreach coordinator as an advocate for maintaining entry level fishing opportunity in our coastal fishing communities. AMCC advances conservation solutions that address the interdependence between healthy marine ecosystems, strong local economies and coastal traditions. Our community based approach includes outreach, grassroots, advocacy, public process, research and education. In addition, I serve on the advisory panel to the North Pacific Fishery Management Council again as an advocate for maintaining working waterfront and sustainable fishing practices.

I fully support Susan Jeffery to serve on the Board of Fish. Sue has been engaged in fisheries issue within our community of Kodiak for many years and is very open minded. She has the commitment and understanding to track complex fisheries issues and the background to address comprehensive issues. I believe she would be an asset to the State vision to maintain active participation in our fisheries and keep opportunity for future fishers.

Sincerely,

Theresa Peterson
F/V Patricia Sue

UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

April 4, 2011

Representative Paul Seaton, Co-Chairman
Representative Eric Feige, Co-Chairman
House Resources Committee
Alaska State Legislature
State Capitol, 120 Fourth Street
Juneau, AK 99801-1182

RE: Support for Confirmation of John Jensen for Alaska Board of Fisheries

Dear Representative Seaton, Representative Feige, and Committee members:

United Fishermen of Alaska (UFA) represents 38 Alaska commercial fishing organizations from fisheries throughout Alaska and the federal waters off our shores. UFA supports the confirmation of John Jensen for Alaska Board of Fisheries. The Board of Fisheries is a very demanding volunteer service to the public, and a fair process is essential to the livelihoods of thousands of Alaska commercial fishing families and other users, and the economy of the State.

We feel Mr. Jensen's experience in the Board of Fisheries since his appointment in 2003 well-qualify him for continued service. We ask that the committee approve confirmation.

Thank you for your consideration.

Sincerely,

Mark Vinsel
Executive Director

Linda Hay

From: Louie Flora
Sent: Wednesday, April 06, 2011 8:14 AM
To: House Resources; Linda Hay
Subject: FW: Support of Board of Fisheries Appointments

-----Original Message-----
From: Tom Kluberton [mailto:tomk@mtaonline.net]
Sent: Tuesday, April 05, 2011 7:07 PM
To: Rep. Paul Seaton
Subject: Support of Board of Fisheries Appointments

Honorable Legislator(s),

I am writing in support of the three appointees for the Board of Fisheries.

As a member of the Board of Fisheries for the past year, I can speak directly to the qualifications of Mr's Bill Brown and John Jensen.I will elaborate on their distinct attributes below.

First, however, I will mention why I feel I can support Susan Jeffrey without a firsthand acquaintance.Simply stated, I have found Governor Parnell to have brought talents to his administration who are categorically qualified, experienced in their fields, and who bring a balance to the board or commission they are appointed to.I trust the Governor's judgment in appointing Ms. Jeffrey.

As a former Borough Assembly Member, I developed a strong regard for having balanced boards with members capable of knowingly representing the spectrum of opinions that affect the subject matter of the appointed body.

The Board of Fisheries over the past year has been a shining example of such a body.We have had individuals from across the spectrum of fisheries interests.These persons have been of sufficient depth and wisdom to not only comprehend the material before them, but, also have displayed the integrity to depart from their individual perspectives when presentedwith good quality information.This board has acted with integrity in doing whatever necessary to first protect the resources and foster the economy wherever possible.

To that end, let me speak to the two existing members of the Board who have been re-appointed by Governor Parnell:

Mr. Bill Brown, having a Doctorate in economics and a career in resource economics and statistics, as well as an in-depth knowledge of the Alaska's fisheries brings a wealth of knowledge to the table as the board works to digest the massive amount of statistical information brought before us by the ADF&G.This information typically regards escapement goal calculations,stock recovery rates,spawner recruitment ratios , etc. Mr. Brown can interpret and explain these data without hesitation to the benefit of his fellow board members whose strengths may lie in other areas.Without this caliber of mathematical and statistical prowess, the decisions of the board would be on less solid ground.

Mr. Brown as a committee chairman works strenuously to bring diverse interests to compromise on complex and at times divisive issues.His professionalism is apparent throughout every aspect of every meeting.Losing his presence on this board would be a major loss to the state.

Mr. John Jensen brings a lifetime of experience as a commercial fisherman and businessman to the Board of Fisheries.He is personally familiar with just about every fishery in Alaska.Fisheries he hasn't fished himself, he has observed in-depth by way of his position on the Board for six years.He knows countless details of how each Fishery is prosecuted , who the stockholders are, and, how the stocks in those fisheries have held up over time.His insight is invaluable to the board.He is proud that his father served on the Board and that his life has been spent on the water working with Alaska's resources.

Finally, let me emphasize the positive effects of supporting the return of sitting members of the Board of Fisheries.For any member's first term there is a tremendously steep learning curve.The member must learn the intricacies of each particular area and stock of fish.Bering Sea King and Tanner crab may have little in common with Yukon River King Salmon and the lakes around Anchorage stocked with grayling are another thing completely.Until a Board member has sat through the entire three-year cycle and learned every fishery he cannot fully contribute.The wisdom gained from making decisions regarding a fishery, then revisiting that fishery three years later cannot be gained any other way.

The outstanding credentials of Mr's Brown and Jensen alone are enough to merit their confirmation, but the strength of their continuity compounds their value to the state.

I encourage you to vote in support of their confirmation without hesitation.

Regards,

Tom Kluberton
Board of Fisheries Member
Talkeetna

Jeffrey, Susan
Board of Fisheries

SUSAN JEFFREY

Objective

To serve the state as a member of the State of Alaska Board of Fisheries and use my fisheries knowledge, background and experience as a public official to conserve and develop the fishery resources of the State of Alaska.

Highlights of Qualifications

- Elected Official, Kodiak Island Borough Assembly, 2005-present
- Borough representative, Kodiak Fishery Advisory Committee, 2007-present
- Commercial salmon fisherman at Kodiak family setnet site, 1987-present
- Subsistence halibut and salmon fisherman, 1972-present
- Co-founder/board member, Kodiak Maritime Museum, 1995-present
- Fisheries reporter/editor, *Kodiak Daily Mirror*, 1994-2002
- Freelance fisheries writer, 1991-2002
- Editor, *Homeport Kodiak* fisheries journal, 1991-1993
- Co-owner, commercial crab vessel, 1978-1987

Education

2006 Bachelor/Liberal Arts Degree, University of Alaska Southeast
1993Associate of Arts Degree, University of Alaska Anchorage

Experience

2008-present Library Assistant, University of Alaska Anchorage, Kodiak College
2005-present Member, Kodiak Island Borough Assembly
1987-Present Owner/Operator commercial salmon fishing business
2006 Author, *The Russian-American* Magazin: *A Legacy Built to Last*
2004-2006 Full-time student
2002-2004 High School Registrar, Kodiak Island Borough School District
Staff Writer/Fisheries Editor, *Kodiak Daily Mirror*
1991-Present Freelance Writer/Photographer
Editor/News writer, *Homeport Kodiak* fisheries journal

Personal Statement

Alaska's fishery resources are vital to the State of Alaska and must be managed wisely so they remain sustainable. To that end, the Board of Fisheries is charged with conserving and developing Alaska's fishery resources for subsistence, sport, commercial sport, commercial and personal use fisheries. Making allocative decisions within these fisheries requires careful, thoughtful analysis of the science and socio-economic studies presented to the Board of Fisheries. Based on nearly 40 years of personal involvement in Alaska's fisheries, I understand that serving on the Board of Fisheries often involves a contentious deliberative public process. It is not for the faint of heart but I am willing to serve because I believe that only through a fair, well-informed public process can the state wisely conserve and develop its world-class fishery resources for future generations.

Yurko, Nick
Board of Game

Nick Yurko

Professional Experience

Sharon Steel Corporation - Sharon, Pennsylvania (1962 – 70)
1970 moved to AK
Was a commercial fisherman in 70's – 80's: powertrolling, longliner
27 years with Juneau School District
Janitor, painter, plumber, retired as senior heating/ventilation technician
Retired in 1995
1998 – 2009, maintenance Wings of Alaska/Wings Airways
Wings Airways, part-owner since 2002

Fish and Game Experience

Juneau-Douglas Fish and Game Advisory Committee for 30 years, including chairman
Hunter Information & Training Program – volunteer youth instructor
Boys Scouts/Girl Scouts/Cub Scouts – volunteer archery instructor

Volunteer Experience

Golden North Salmon Derby volunteer (fish cleaner) 30 years Territorial Sportsman
Chairman, Helping Hands – nonprofit food distribution to needy individuals/families since 1994
Juneau Archery Club – co-founder

Brown, William S.
Board of Fisheries

William S. Brown

Education:
BA (economics and mathematics), Texas Christian University, 1971
MA (economics), Texas Christian University, 1972
Ph.D. (economics), University of Colorado, 1977

Employment History:
Assistant Professor of Economics, University of Wisconsin-Oshkosh, 1977 - 1982.
Associate Professor of Economics, Metropolitan State College, Denver, 1982 - 1985
Associate Professor of Economics, Rollins College, Winter Park, FL, 1985 - 1987.
Associate Professor of Economics, University Puget Sound, 1987 - 1991.
Professor of Economics, University of Alaska-Southeast in Juneau, 1991 - 2000.
Owner-Operator, Taku Reel Repair, Juneau, AK 2000 - present.

Selected Publications:
Principles of Economics. West Publishing Co., 1995. Also published as two paperback volumes, Principles of Microeconomics and Principles of Macroeconomics.
Introducing Econometrics. West Publishing Co., 1991.
Macroeconomics. Prentice-Hall, Inc. North American and English international editions published in 1988. Estonian translation, 1991.
Diversifying the Alaskan Economy: Cultural and Economic Constraints." Journal of Economic Issues. June 1996. Co-author: Clive S. Thomas.
"The Alaska Permanent Fund: Good Sense or Political Expediency?" Challenge Magazine. September/October 1994. Co-author: Clive S. Thomas.
"Deindustrialization and Industrial Structure." Journal of Economic Issues. June 1988.

Relevant experience:
My academic background will make me a valuable asset to the Board of Fisheries. One of my teaching fields, Resource and Environmental Economics, is directly applicable to the work of the Board. Just as importantly, my training as an economist forces me to see the costs and benefits of any action and to see the tradeoffs involved in any decision.
I have also been an avid fisherman my entire life. My father first took me fishing when I was 4 years old -- I still remember my first fish! -- and have become only more passionate about fishing in my later years. I have been traveling to Mexico almost every year since 1980 to fish for marlin. For my 50th birthday, I took a trip to Mongolia to fish for taimen, the largest salmonid in the world. And to celebrate my victory over prostate cancer, I went to Egypt to fish for Nile perch in 2007.

My passion for fish and fishing is why I want to serve on the Alaska Board of Fisheries. I will have one interest while serving on the Board: To protect the fisheries resource. Managed correctly, our children and grandchildren will enjoy the same fishing opportunities I have, and Alaska will do its job to provide excellent quality fish for the tables of the world. But if we are not careful, we'll see the Alaskan fisheries go the way of Atlantic salmon and Atlantic halibut. My first term on the Board has been hard work, but also a learning and rewarding experience. I am most proud that I was able to bring careful data analysis to the work of the board; my economics background has helped considerably in this area. I hope to continue on the Board and am confident that I can be more effective in the years ahead.

Jensen, John

Board of Fisheries

December 2, 2002

John E. Jensen

RESUME
COMMERCIAL FISHING HISTORY

FISHERIES

1965: This was the first year I was a paid commercial fisherman, I crewed during the halibut fishery in the summer.

1966-1967: SE AK—crew for salmon seine.
Gulf of AK—halibut crew.

1968: SE AK—salmon seine as crew.

1969-1971: Gulf of Alaska—halibut and seined salmon in
SE AK—crew for salmon seine.
Bering Sea/Aleutians—red crab crew.

1972: SE AK—salmon gillnet, I purchased my first commercial fishing boat, the F/V High Voltage; salmon seining.
Gulf of AK—crew halibut.

1973-1976: SE AK—salmon gillnet.
Gulf of AK—crew for halibut.

1977: SE AK—salmon gillnet.
Gulf of AK—crew for halibut.
Bering Sea/Aleutians—crew for red king crab.

1978-79: SE AK—salmon gillnet.
Gulf of AK—crew for halibut, tanner crab.

1980: SE AK—salmon gillnet.
Gulf of AK—crewed for halibut.
For two months I participated in the building of my boat, F/V Summer Breeze in Puyallup, WA.

1981: SE AK—salmon gillnet, halibut, experimental fishery for octopus pot fishing, Dungeness crab, tanner crab and herring gillnet.

1982: SE AK—halibut, tanner /red crab, salmon gillnet, herring gillnet, herring seining as crew.
Bristol Bay—salmon gillnet, herring gillnet.

1983: SE AK—halibut, tanner/red crab, salmon gillnet, herring gillnet, octopus pot fishing.
Bristol Bay—herring gillnet, salmon gillnet

1984: SE AK—halibut, tanner/red crab, Dungeness, salmon gillnet, herring gillnet.
Bristol Bay—salmon gillnet, herring gillnet.
Togiak/Security Cove/Goodnews Bay—herring gillnet, roe on kelp.

1985: SE AK—halibut, tanner, salmon gillnet, herring gillnet.
Bristol Bay—herring seine, salmon gillnet.
Norton Sound—herring gillnet as crew.

1986: SE AK—halibut, tanner crab, Dungeness crab.
Bristol Bay—herring seining/salmon gillnet.
SE AK—skipper for salmon tendering

1987-1989: SE AK—tanner crab, halibut.
1987: Prince William Sound—tendered for herring with a 58' vessel as skipper.
Alaska Peninsula—salmon drift gillnet.

1990-1993 SE AK—tanner crab, halibut, salmon gillnet. I skippered a 96' king crab/tender for salmon tendering.
1991: Dungeness crab.
1992: Blackcod.

1993-1995: SE AK—tanner/red/Dungeness crab, halibut and some salmon gilinetting.

1996-1998: SE Alaska—tanners/red crab, Dungeness crab.

1997-2002: SE Alaska: tanners/ red crab(when there was a season)/brown crab, Dungeness crab.
Gulf of AK/SE: F/V Westerly—crew for halibut/blackcod

2002 SE Alaska: F/V Westerly—Skipper for salmon tendering

John E. Jensen

Resume

FISHING VESSELS:Owned and Operated

1972-1979	F/V High Voltage	33' Fiberglass Gillnet/Longline
1980-1991	F/V Summer Breeze	36' Aluminum Gillnet/Crab/Longline
1982-1989	F/V Pamela Rae	32' Aluminum Bristol Bay Gillnet/Seine
1989-1993	F/V Perseverance	46' Fiberglass Seine/Crab

OTHER FISHING VESSELS:

F/V Symphony
F/V Westerly
F/V Johnny L
F/V Chichagof
F/V Viking Queen
F/V Adventure
F/V Tani Rae
F/V Westerly (new)
F/V Coral
F/V Theresa Marie
F/V Logan T
F/V Galatea

CONFIR-MATIONS

2012

<TARGET><BILL></BILL><SUBJECT>CONFIRMATIONS 2012</SUBJECT><COMM>HRES27</COMM></TARGET>

Meekin, Michael John
Big Game Commercial Services

Big Game Commercial Services Board **Michael John Meekin**

General Information

Board/Commission and seat you are seeking:
Big Game Commercial Services Board, Air Taxi

Additional Boards/Commissions of interest:
1) Big Game Commercial Services Board

State Boards/Commissions on which you have served
Citizens Advisory Commission on Federal Areas

First	*Middlename*	*Last Name*
Michael	**John**	**Meekin**

Mailing Address	*City*	*State & ZIP*
	Palmer	

Home/Message Phone	*Business Phone*	*Cell Phone*

Email Address	*Are you a registered voter?*
	Yes

Date of Birth	*Ethnicity*
Gender	
Military Service	

Conflict of Interest

Certain boards and commissions require full disclosure of personal financial data under AS 39.50.010. If required for the board or commission for which you are applying, are you willing to do so?
Yes

Could you or any member of your family be affected financially by decisions to be made by the board or commission for which you are applying?
Yes

Please explain the potential financial benefit
I own and operate an air taxi business. BG Comm Service Board decisions might affect operation and business.

Employment History

Employment work history including paid, unpaid or voluntary.
Self employed in air taxi business since 1981

Education, Training, Experience & Qualifications

List both formal and informal education and training experiences:
High School diploma, Lathrop, 1972
Commercial/Instrument pilots license training

List any professional licenses, certifications, or registrations and dates

obtained that may be used as qualifying criteria:
Registered guide license No. 455
Air Taxi Certificate
Transporter License No. 110

List any community service, municipal government, and state positions held, and any awards received.
Federal/State Lands board-present
Palmer Airport Advisory Commission 2006-2011
MatSu Fish and Game Advisory Committed 1990s

Conviction Record

Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years?
No

Conviction Circumstances

Certification of Accuracy & Completeness

By submitting this online application, I swear the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form my application may be rejected, I may be removed from the list of eligible candidates, or I may be removed from the position. I agree that the Office of the Governor may contact present or former employees or other persons who know me to obtain an additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Type "I certify"
"I certify"

Resumé Addendum
none

Press Release Wording

Quarberg, Donald
Big Game Commercial Services Bd

STATE OF ALASKA
OFFICE OF THE GOVERNOR
P.O. Box 110001, Juneau, AK 99811-0001
Phone: (907) 465-3500 Fax: (907) 465-3532

BOARDS AND COMMISSIONS APPLICATION FORM

INSTRUCTIONS

A separate application is required for each position for which you apply. Complete and specific answers will aid in rapid and accurate processing of your resume. Please type or print legibly in ink. Forward to the above address. Be sure your answers are true. A willfully false answer may result in your disqualification or removal from office if you are appointed.

Board or Commission and seat for which I am applying: BIG GAME COMMERCIAL SERVICES BOARD PUBLIC SEAT
(For example, Board of Agriculture, public seat)

Please list any other State Boards or Commissions on which you currently or previously have served:
NONE

Name: DON QUARBERG

Mailing Address: _____

Residence Address: _____

City, State and Zip Code: _____

Home or Message Telephone: _____ Business Telephone: _____

Fax Number: _____ Cell Phone: N/A

Email address: _____

AS 39-05-100 requires that a person appointed to a state board or commission be a registered voter prior to the last general election:

Are you a registered voter: YES X NO _____ Voter Registration Number (Optional): _____

Social Security Number (Optional, required if appointed for travel, reimbursement etc.): _____

Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years?

YES _____ NO X if "YES", explain the circumstances on a separate sheet of paper and attach it to this application. A conviction is not necessarily grounds for disqualification. The number of convictions, nature, recentness, and relationship to the board position applied for, will be evaluated and a determination will be made after a review of all relevant facts.

CONFLICTS OF INTEREST: Certain boards and commissions require full disclosure of personal financial data under AS 39.50.010. If required for the board or commission for which you are applying, are you willing to do so?
YES X NO _____

Could you or any member of your family be affected financially by decisions to be made by the board or commission for which you have applied? YES _____ NO X

If "YES", explain:

SEE ATTACHED

TRAINING AND EXPERIENCE: (If resume attached, it is not necessary to complete items A-D)

A. List any professional licenses, certifications, or registrations and dates obtained that may be used as qualifying criteria:

B. List both formal and informal education and training experiences: (Use additional paper if necessary).

C. List any community service, municipal government, and state positions held, and any awards received. Include both compensated and uncompensated positions (such as president of a service organization or a mayor). Include length of time serviced.

D. Employment work history – paid, unpaid or voluntary: (Use additional paper of necessary).

The Office of the Governor and the State of Alaska have an Affirmative Action Equal Employment Opportunity Program. To assist in the program, you are asked to voluntarily answer the following questions to provide the information necessary for reporting purposes. Under State and Federal law, the information you provide will not be used to illegally discriminate against you.

DATE OF BIRTH: ___ SEX: FEMALE _____ MALE _____

ETHNICITY:
Alaska Native ____ American Indian ____ Asian or Pacific Islander ____ Black ____ Hispanic ____ White ____

MILITARY SERVICE (if applicable, give dates): ____

CERTIFICATION: I swear the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form my application may be rejected, I may be removed from the list of eligible candidates, or I may be removed from the position. I agree that the Office of the Governor may contact present or former employees or other persons who know me to obtain an additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Signature (in ink): _____ Date: 3/25/11

Please attach a current resume with your application.

BIG GAME COMMERCIAL SERVICES BOARD APPLICATION
FOR DON QUARBERG, PAGE 2

A: N/A

B: University of Wisconsin, Bachelors Degree in Natural Resources and Water Resources Management.

Texas A&M University, Master of Science Degree in Fisheries Science.

35 years as a resident of Interior Alaska.

Member of the Alaska Professional Hunters Association.

Member of the Alaska Outdoor Council

Member of the National Rifle Association

Member of Safari Club International

Attended Big Game Commercial Services Board meeting to testify as chair of the Delta Fish and Game Advisory Committee on the AK DNR Guide Concession Areas prospectus. My testimony followed an intensive review (over 20 hours) with local registered guides and assistant guides in an effort to educate myself about the guiding industry in Alaska, as I am not professionally involved in that activity.

C: Current chair and member of the Delta Fish and Game Advisory Committee (20+ years).

Current member of the Delta Bison Management Working Group (30 years +/).

Past President/member of the Deltana Fair Board (12 years).

Past member/officer of the Delta Lions Club (20 years).

Past member of the Salcha - Delta Soil and Water Conservation District (20 years).

D: US Navy, Aviation Electrician, 1961-1965.

Texas A&M University, Research Associate, 1972-1974.

USDA- Soil Conservation Service, Soil/District Conservationist (1976-1979).

University of Alaska Fairbanks, Cooperative Extension Service, Agricultural Agent, (1979-1997).

Retired, Professor Emeritus, University of Alaska Fairbanks, (1997 - present).

BIG GAME COMMERCIAL SERVICES BOARD APPLICATION FOR DON QUARBERG, PAGE 4

Donald M Quarberg, age 67 of Delta Junction is a retired Professor Emeritus of Extension from the University of Alaska - Fairbanks. Mr. Quarberg holds a bachelor's degree in natural resources and water management from the University of Wisconsin and a Master of Science degree in Fisheries Science from Texas A&M University. In addition, he has a long history of serving on the Delta Junction Fish and Game Advisory Committee and the Delta Bison Management Working Group with the Department of Fish and Game.

STATE OF ALASKA
OFFICE OF THE GOVERNOR

BOARDS AND COMMISSIONS

Name: DON QUARBERG Date: 3/25/11

(Indicate top three boards/commissions of interest by number with #1 as your preference)

	Accounting Board
	Aerospace Development Corporation
	Aging Commission
	Agriculture & Conservation
	Alaska Juvenile Justice Advisory Committee
	Alaska Retirement Management Board
	Alaska Statehood Celebration Commission
	Alaska-Alberta Bilateral Council
	Alcohol/Drug Abuse
	Alcoholic Beverage Control
	Architects/Engineers/ Land Surveyors
	Arts Council
	Assessment Review Board
	Aviation Advisory Board
	Bald Eagle Preserve
	Bar Association
	Barbers & Hairdressers
	Bering Sea Fishery Advisory Board
1	Big Game Commercial Services
	Boating Safety Council
	Broadcasting Commission
	Children's Trust Board
	Chiropractic Examiners
	Clemency Advisory Committee
	Commemorative Coin Commission
	Commercial Fisheries Entry
	Commercial Fishing/Agriculture Bank
	Community Service Commission
	Denali Access System Advisory Committee
	Dental Examiners
	Disabilities/Special Education
	Domestic Violence/Sexual Assault
	Education & Early Development
	Education Commission/States
	Emergency Medical Services
	Emergency Response Commission
	Employment of People with Disabilities
	Exxon Valdez Oil Spill Trustee
	Faith-Based & Community Initiatives Council
	Fire Standards Council
	Fisheries

	Fisherman's Fund Advisory & Appeals
	Forestry
	Game
	Health Council
	Historical Commission
	Historical Records Advisory
	Homeless Council
	Housing Finance Corporation
	Human Rights
	Humanities Forum
	Independent Living Council
	Industrial Development/Export Authority
	Interstate Oil & Gas Compact
	Judicial Conduct
	Judicial Council
	Kruk Arm Bridge
	Labor Relations Agency
	Libraries Advisory
	Local Boundary Commission
	Marine Pilots
	Marine Transportation Advisory Board
	Marital & Family Therapy
	Medical Board
	Mental Health Board
	Mental Health Trust Authority
	Midwives
	Minerals Commission
	Municipal Bond Bank
	Natural Gas Authority
	Natural Gas Pipeline Corporation
	Natural Resources Conservation Dev
	North Pacific Anadromous Fish
	North Pacific Fisheries Management Council
	North Pacific Research Board
	Nursing
	Occupational Safety
	Oil & Gas Conservation Commission
	Optometry
	Pacific Marine Fisheries Commission
	Pacific Salmon Commission-Commissioners
	Pacific Salmon Commission- Northern Panel

	Pacific Salmon Commission-Transboundary Panel
	Parole Board
	Permanent Fund
	Pharmacy Board
	Physical/Occupational Therapy
	Pioneer's Home Advisory
	Police Standards Council
	Postsecondary Education
	Professional Counselors
	Professional Teaching Practices
	Psychologist/ Psychological assoc.
	Public Offices Commission
	PWS Oil Spill Recovery Institute
	Railroad Corporation
	Real Estate Appraisers
	Real Estate Commission
	Regents
	Regulatory Commission (RCA)
	Royalty Oil & Gas Development
	Safety Advisory Council
	Seafood Marketing Institute
	Seismic Hazards Safety Commission
	Social Work Examiners
	Student Loan Corporation
	Subsistence Resource Commissions
	Suicide Prevention Council
	Telecommunications
	Uniform State Laws
	Veterans Advisory Council
	Veterinary Examiners
	Violent Crimes Compensation
	Water and Wastewater Works
	Western Interstate Comm/Higher Educ
	Wood-Tikchik State Park
	Worker's compensation
	Worker's Compensation Appeals Commission
	Workforce Investment Board
	Yukon River Panel

SEE ATTACHED

If appointed, a press release will be issued announcing your appointment pending the completion of the appointment process with the Governor's office. Please supply our office with the following information that will be included in the press release.

(Name):_____, (Age):____of (Hometown):_____
is (Job title/Place of employment):_____.
(Name) holds (Listing of earned degrees like bachelor's, master's, ect.):_____.
(Or list relevant experience to the position you are being appointed to)

Examples:

John A. Doe, 38 of Soldotna, is Director of T-Shirts & Co. Doe holds a bachelor's degree in business administration from X University and a master's degree in communications from X University.

John A. Doe, 38 of Palmer, is the owner and operator of Doe and Associates, Inc. Doe previously served as division manager at X, Inc. Doe is a certified personnel consultant.

Michele Metz

Metz, Michele
Big Game Commercial Services Board

Professional Profile

- Employed with Sealaska Corporation Natural Resources Department as the Lands Manager

  Responsible for the development of land access and use and Native heritage and culture policies, subject to management and Board of Director approval; oversee ANCSA land management and administer Natural Resources contracts and agreements relating to Sealaska land and facilities; ensure that cultural and heritage values are protected (through management of 14(h)(1) cemetery and historical sites), and that shareholder objectives are met; responsible for all ANCSA land records and documents.
- BLA from UAS focused on Government, Anthropology, and Alaska Native Studies
- Delegate to the Central Council, Tlingit & Haida Indian Tribes of Alaska
- Executive Committee Member for the local Tlingit & Haida Chapter
- Member of Alaska Native Sisterhood Camp #2

Work History

Assistant Lands Manager	Sealaska Corporation	April 2004 – Dec. 2009
Natural Resources Administrative Assistant	One Sealaska Plaza, Suite 400 Juneau, AK 99801	Dec. 2002 – March 2004
Assistant to the President	Central Council of Tlingit and Haida Indian Tribes of Alaska 320 W Willoughby, Suite 300 Juneau, AK 99801	April 1998 – May 2002
Cultural Resource Specialist		April 1997 – April 1998
Data Entry Technician (Part-time)		Jan. 1995 – April 1997
Full-time Student	University of Alaska, Southeast	Sept. 1993 – May 1996
Office Support Staff	Arco Alaska, Inc.	Jan. 4 – May 31, 1993
Full-time Student	University of Alaska, Southeast	Sept. – Dec. 1992
Executive Secretary	Alaska Department of Natural Resources Office of the Commissioner	August 1987 – June 1992
Executive Secretary	Alaska Office of the Governor	August 1984 – August 1987
Secretary	Alaska Department of Administration Office of the Commissioner	April 2 – August 10, 1984
Secretary	Alaska Department of Revenue Treasury Division	Sept. 82 – March 1984
Clerk for Mortgage Loan Section		Sept. 1979 – August 1982

Rebne, Brenda
Big Game Commercial Svcs Board

STATE OF ALASKA
OFFICE OF THE GOVERNOR
P.O. Box 110001, Juneau, AK 99811-0001
Phone: (907) 465-3500 Fax: (907) 465-3532

BOARDS AND COMMISSIONS APPLICATION FORM

INSTRUCTIONS

A separate application is required for each position for which you apply. Complete and specific answers will aid in rapid and accurate processing of your resume. Please type or print legibly in ink. Forward to the above address. Be sure your answers are true. A willfully false answer may result in your disqualification or removal from office if you are appointed.

Board or Commission and seat for which I am applying: **Big Game Commercial Service Board**
(For example, Board of Agriculture, public seat)

Please list any other State Boards or Commissions on which you currently or previously have served:

Name: **Brenda Ann Rebne**

Mailing Address:

Residence Address:

City, State and Zip Code: **Anchorage, Alaska 99504**

Home or Message Telephone: Business Telephone:

Fax Number: Cell Phone:

Email address:

AS 39-05-100 requires that a person appointed to a state board or commission be a registered voter prior to the last general election:

Are you a registered voter: YES X NO Voter Registration Number (Optional):

Social Security Number (Optional, required if appointed for travel, reimbursement etc.):

Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years? YES X NO if "YES", explain the circumstances on a separate sheet of paper and attach it to this application. A conviction is not necessarily grounds for disqualification. The number of convictions, nature, recentness, and relationship to the board position applied for, will be evaluated and a determination will be made after a review of all relevant facts. **2007 - fined $500.00 for illegally shooting a moose. I immediately turned myself and the moose in to the local State Trooper, where the moose was promptly transferred to a local community member. Horns were short of 50" requirement.**

CONFLICTS OF INTEREST: Certain boards and commissions require full disclosure of personal financial data under AS 39.50.010. If required for the board or commission for which you are applying, are you willing to do so?

YES X NO

Could you or any member of your family be affected financially by decisions to be made by the board or commission for which you have applied? YES NO X

If "YES", explain:

TRAINING AND EXPERIENCE: (If resume attached, it is not necessary to complete items A-D)

A. List any professional licenses, certifications, or registrations and dates obtained that may be used as qualifying criteria.

B. List both formal and informal education and training experiences: (Use additional paper if necessary).

Currently enrolled in the Degree Completion Program at Alaska Pacific University pursuing a Bachelor's in Business Management.

C. List any community service, municipal government, and state positions held, and any awards received. Include both compensated and uncompensated positions (such as president of a service organization or a mayor).
Membership in Other Organizations, Offices Held & Dates:

NativeVillage of Cantwell Board Member, Secretary/Treasurer, 2000 - 2003
CantwellSuccessorVillageOrganization, Chair, May 2002 - 2003
Copper RiverNative Association, 2000 - 2003
- Cantwell Board of Director
- Bylaws Committee
- Budget and Audit Committee

CopperRiver Basin Regional Housing Authority, Commissioner, 2000 - 2005
Alaska Inter-Tribal Council board member, October 2000 - October 2002
- Executive Committee
- Finance Committee
- Human Resources Committee
- Convention Committee

AlaskaFederation of Natives, Board Member, October 2001 - Present
- Subsistence Committee Workgroup, Chair
- Legislative Committee
- Convention Committee

Copper Valley Economic Development Council, 2000 - November 2002
State-Tribal Relations Team, 2000 - October 2002

D. Employment work history - paid, unpaid or voluntary: (Use additional paper of necessary).

Current Occupation: VP of Corporate Affairs
Company: Ahtna Incorporated

Address:
Phone: (907)
Cell: (907)
Email

10Year Work History
- Tribal Administrator, NativeVillageofCantwell, April 1998- June 1999
- Village Tourism Coordinator, Ahtna Incorporated, July 1999 - June 2002
- Corporate Relations Manager, Ahtna Incorporated, June 2002 - June 2004
- VP of Corporate Affairs, Ahtna Incorporated, June 2004 - Present

The Office of the Governor and the State of Alaska have an Affirmative Action Equal Employment Opportunity Program. To assist in the program, you are asked to voluntarily answer the following questions to provide the information necessary for reporting purposes. Under State and Federal law, the information you provide will not be used to illegally discriminate against you.

DATE OF BIRTH: SEX: FEMALE MALE

ETHNICITY:

Alaska Native American Indian Asian or Pacific Islander Black Hispanic White

MILITARY SERVICE (if applicable, give dates):

CERTIFICATION: I swear the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form my application may be rejected, I may be removed from the list of eligible candidates, or I may be removed from the position. I agree that the Office of the Governor may contact present or former employees or other persons who know me to obtain an additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Signature (in ink): Date:

Please attach a current resume with your application.

STATE OF ALASKA
OFFICE OF THE GOVERNOR

BOARDS AND COMMISSIONS

Name _____ Date: _____

(Indicate top three boards/commissions of interest by number with #1 as your preference)

	Accounting Board
	Aerospace Development Corporation
	Aging Commission
	Agriculture & Conservation
	Alaska Juvenile Justice Advisory Committee
	Alaska Retirement Management Board
	Alaska Statehood Celebration Commission
	Alaska-Alberta Bilateral Council
	Alcohol/Drug Abuse
	Alcoholic Beverage Control
	Architects/Engineers/ Land Surveyors
	Arts Council
	Assessment Review Board
	Aviation Advisory Board
	Bald Eagle Preserve
	Bar Association
	Barbers & Hairdressers
	Bering Sea Fishery Advisory Board
	Big Game Commercial Services
	Boating Safety Council
	Broadcasting Commission
	Children's Trust Board
	Chiropractic Examiners
	Clemency Advisory Committee
	Commemorative Coin Commission
	Commercial Fisheries Entry
	Commercial Fishing/Agriculture Bank
	Community Service Commission
	Denali Access System Advisory Committee
	Dental Examiners
	Disabilities/Special Education
	Domestic Violence/Sexual Assault
	Education & Early Development
	Education Commission/States
	Emergency Medical Services
	Emergency Response Commission
	Employment of People with Disabilities
	Exxon Valdez Oil Spill Trustee
	Faith-Based & Community Initiatives Council
	Fire Standards Council
	Fisheries

	Fishermans Fund Advisory & Appeals
	Forestry
	Game
	Health Council
	Historical Commission
	Historical Records Advisory
	Homeless Council
	Housing Finance Corporation
	Human Rights
	Humanities Forum
	Independent Living Council
	Industrial Development/Export Authority
	Interstate Oil & Gas Compact
	Judicial Conduct
	Judicial Council
	Knik Arm Bridge
	Labor Relations Agency
	Libraries Advisory
	Local Boundary Commission
	Marine Pilots
	Marine Transportation Advisory Board
	Marital & Family Therapy
	Medical Board
	Mental Health Board
	Mental Health Trust Authority
	Midwives
	Minerals Commission
	Municipal Bond Bank
	Natural Gas Authority
	Natural Gas Pipeline Corporation
	Natural Resources Conservation Dev
	North Pacific Anadromous Fish
	North Pacific Fisheries Management Council
	North Pacific Research Board
	Nursing
	Occupational Safety
	Oil & Gas Conservation Commission
	Optometry
	Pacific Marine Fisheries Commission
	Pacific Salmon Commission Commissioners
	Pacific Salmon Commission- Northern Panel

	Pacific Salmon Commission Transboundary Panel
	Parole Board
	Permanent Fund
	Pharmacy Board
	Physical/Occupational Therapy
	Pioneers Home Advisory
	Police Standards Council
	Postsecondary Education
	Professional Counselors
	Professional Teaching Practices
	Psychologist/ Psychological Assoc
	Public Offices Commission
	PWS Oil Spill Recovery Institute
	Railroad Corporation
	Real Estate Appraisers
	Real Estate Commission
	Regents
	Regulatory Commission (RCA)
	Royalty Oil & Gas Development
	Safety Advisory Council
	Seafood Marketing Institute
	Seismic Hazards Safety Commission
	Social Work Examiners
	Student Loan Corporation
	Subsistence Resource Commissions
	Suicide Prevention Council
	Telecommunications
	Uniform State Laws
	Veterans Advisory Council
	Veterinary Examiners
	Violent Crimes Compensation
	Water and Wastewater Works
	Western Interstate Comm/Higher Educ
	Wood-Tikchik State Park
	Workers compensation
	Worker's Compensation Appeals Commission
	Workforce Investment Board
	Yukon River Panel

If appointed, a press release will be issued announcing your appointment pending the completion of the appointment process with the Governor's office. Please supply our office with the following information that will be included in the press release.

Name):Brenda Rebne, (Age):48, of Cantwell, Alaska:
is VP of Corporate Affairs for Ahtna, Incorporated.

Brenda Rebne, of Anchorage, Alaska is VP of Corporate Affairs for Ahtna, Incorporated and is currently pursuing a Bachelor's Degree in Business and Administration Management at Alaska Pacific University. She was born and raised in Alaska and her hometown is Cantwell, Alaska. Ms. Rebne, is hoping to follow her families footsteps by serving the communities of Alaska by continuing to promote responsible use of Alaska's wildlife resources.

Herbert, James
Fishermen's Fund Advisory &
Appeals Council

BOARDS/Fishmens Fund Ad./038

ENTERED
1-12-06
dc

OFFICE OF THE GOVERNOR
MAILROOM
JAN 12 2006

Jim Herbert

Seward, AK 99664

January 6, 2006

Boards and Commissions
Office of the Governor
P.O. Box 110001
Juneau, AK 99811-0001

Dear Madam or Sir:

Please accept my application for reappointment to the Fisherman's Fund Advisory and Appeals Council. My current term expires at the end of this month. I understand that if no new person is appointed I will continue serving until such time as the Governor makes a decision.

I have submitted the standard application and attached a resume. As a serving member of the Fisherman's Council, I feel I can offer corporate knowledge and general experience in coping with individual appeals. The financial health of the Fund has always been of great importance to me and I feel I can provide solid advice and perspective on fiduciary matters.

Please contact me if you need more information or if I should submit other forms or letters.

Sincerely yours,

Jim Herbert

Jim Herbert

STATE OF ALASKA
OFFICE OF THE GOVERNOR
P.O. Box 110001, Juneau, AK 99811-0001
Phone: (907) 465-3500 Fax: (907) 465-3532

BOARDS AND COMMISSIONS APPLICATION FORM

INSTRUCTIONS

A separate application is required for each position for which you apply. Complete and specific answers will aid in rapid and accurate processing of your resume. Please type or print legibly in ink. Forward to the above address. Be sure your answers are true. A willfully false answer may result in your disqualification or removal from office if you are appointed.

Board or Commission and seat for which I am applying: Fisherman's Fund Advisory & Appeals Council
(For example, Board of Agriculture, public seat)

Please list any other State Boards or Commissions on which you currently or previously have served:
NONE

Name: James Herbert

Mailing Address: _____

Residence Address: _____

City, State and Zip Code: _____

Home or Message Telephone: _____ Business Telephone: _____

Fax Number: _____ Cell Phone: _____

Email address: _____

AS 39-05-100 requires that a person appointed to a state board or commission be a registered voter prior to the last general election:

Are you a registered voter: YES ✓ NO _____ Voter Registration Number (Optional): _____

Social Security Number (Optional, required if appointed for travel, reimbursement etc.): on file

Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years?

YES _____ NO X if "YES", explain the circumstances on a separate sheet of paper and attach it to this application. A conviction is not necessarily grounds for disqualification. The number of convictions, nature, recentness, and relationship to the board position applied for, will be evaluated and a determination will be made after a review of all relevant facts.

CONFLICTS OF INTEREST: Certain boards and commissions require full disclosure of personal financial data under AS 39.50.010. If required for the board or commission for which you are applying, are you willing to do so?
YES X NO _____

Could you or any member of your family be affected financially by decisions to be made by the board or commission for which you have applied? YES _____ NO X

If "YES", explain:

TRAINING AND EXPERIENCE: (If resume attached, it is not necessary to complete items A-D)

A. List any professional licenses, certifications, or registrations and dates obtained that may be used as qualifying criteria:

please see resume

B. List both formal and informal education and training experiences: (Use additional paper if necessary).

C. List any community service, municipal government, and state positions held, and any awards received. Include both compensated and uncompensated positions (such as president of a service organization or a mayor). Include length of time serviced.

D. Employment work history – paid, unpaid or voluntary: (Use additional paper of necessary).

The Office of the Governor and the State of Alaska have an Affirmative Action Equal Employment Opportunity Program. To assist in the program, you are asked to voluntarily answer the following questions to provide the information necessary for reporting purposes. Under State and Federal law, the information you provide will no be used to illegally discriminate against you.

DATE OF BIRTH: _ / / SEX: FEMALE _____ MALE _____

ETHNICITY:
Alaska Native ___ American Indian ___ Asian or Pacific Islander ___ Black ___ Hispanic ___ Whit ___

MILITARY SERVICE (if applicable, give dates): _____

CERTIFICATION: I swear the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form my application may be rejected, I may be removed from the list of eligible candidates, or I may be removed from the position. I agree that the Office of the Governor may contact present or former employees or other persons who know me to obtain an additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Signature (in ink): James Herbert Date: January 6, 2006

Please attach a current resume with your application.

RESUME

JAMES W. HERBERT
Seward, Alaska 99664

EDUCATION:

Mount Vernon High School, Mount Vernon, New York
September 1961 – June 1965
Regents Diploma
University of Wisconsin, Madison, WI
September 1965 -June 1969
Bachelor of Arts, Major in Zoology
University of Oregon, Eugene, OR
January 1975 - December 1976
Master of Arts, Marine Biology
Oregon State University, Marine Science Center,
Newport, OR, Spring 1975

LICENSES AND CERTIFICATES:

U.S. Coast Guard Merchant Marine License (#774244)
Master - 1600 GT Oceans
Unlimited Radar Observer Endorsement
Marine Fire Fighting School - Delgado Community College
STCW Certificate – BST, PSC, ARPA, BRM, RFPNW
Merchant Mariner Document - Able Seaman - Unlimited
Instructor - Trainer Alaska Marine Safety Education Association.
Emergency Medical Technician I
National Cargo Bureau Fishing Vessel Stability Certificate.
Commercial Driver's License - Class B and Passengers

EXPERIENCE:

September 2001 – present: Owner/operator F/V CAPTAIN COOK, 48 foot fiberglass fishing and research vessel. Commercial fishing and charter operations in South Central Alaska.

June 1995 - present: Skipper or Mate of MARITIME MAID, 86 foot research vessel operating in the Gulf of Alaska and Southeast Alaska. Oversight of a crew of four and up to 15 researchers conducting biological research.

December 1987 – May 2004: Maritime Department Head/Instructor at Alaska Vocational Technical Center, Seward, AK. Teaching marine related classes including Net Repair, Electronic Fish Finding, Radar, Loran, GPS, Trawling Technology, Commercial Fishing Methods, Safety and Survival, First Aid, CPR, and Vessel Operator Training. Development of a large number of USCG approved courses. Community Development Quota training outreach.

April 1988 - June 1996: Owner/operator of NORTHERN LIGHT, a 43-foot steel fishing vessel. Primary focus is long line fishing and salmon seining in Kodiak Island waters. Providing a learning and job opportunity for four individuals.

January 1979 - June 1987: Owner/operator of the 48 foot steel combination vessel CAPE CHACON. Responsibilities included the safe, efficient, and profitable operation of vessel targeting on salmon, scallops, shrimp, halibut, ground fish, Dungeness, tanner, and king crab. Also salmon research charters for the Alaska Department of Fish and Game. Waters of Southeast Alaska to Kodiak Island.

January - May 1981: Instructor Marine Program, Prince William Sound Community College, Valdez, AK. Teaching a wide variety of courses relevant to commercial fishing including Seamanship, Hydraulics, Diesel Mechanics, Trawling, Long Lining, Pot Fishing, Net Construction and Repair.

ORGANIZATIONS:

US Coast Guard Commercial Fishing Industry Vessel Advisory Committee
1989 - 1992, 1995- 2005.
Chairman 1998 - 2005

Alaska Marine Safety Education Association
Board of Directors 1990 – present.
Chairman 1999 – present

Alaska Fisherman's Fund Advisory and Appeals Council
1997 – present

United Fishermen of Alaska
1985 - present

North Pacific Fisherman's Association
Member 1980 - present
Board of Directors 1986 - 1993

Homer Fish and Game Advisory Committee
Member - 1979 - 1991
Chairman - 1985 – 1989

Bezenek, Clay
Fishermen's Fund Advisory & Appeals Council

STATE OF ALASKA
OFFICE OF THE GOVERNOR
P.O. Box 110001, Juneau, AK 99811-0001
Phone: (907) 465-3500 Fax: (907) 465-3532 269-7461

BOARDS AND COMMISSIONS APPLICATION FORM

INSTRUCTIONS

A separate application is required for each position for which you apply. Complete and specific answers will aid in rapid and accurate processing of your resume. Please type or print legibly in ink. Forward to the above address. Be sure your answers are true. A willfully false answer may result in your disqualification or removal from office if you are appointed.

Board or Commission and seat for which I am applying: Fishermens Fund Board
(For example, Board of Agriculture, public seat)

Please list any other State Boards or Commissions on which you currently or previously have served:
Fish Fund Bard 08-12

Name: Clay Bezenek

Mailing Address: _____

Residence Address: _____

City, State and Zip Code: Ketchikan Ak 99901

Home or Message Telephone: _____ Business Telephone: _____

Fax Number: _____ Cell Phone: _____

Email address: _____

AS 39-05-100 requires that a person appointed to a state board or commission be a registered voter prior to the last general election:

Are you a registered voter: YES X NO _____ Voter Registration Number (Optional): _____

Social Security Number (Optional, required if appointed for travel, reimbursement etc.): _____

Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years?

YES _____ NO X if "YES", explain the circumstances on a separate sheet of paper and attach it to this application. A conviction is not necessarily grounds for disqualification. The number of convictions, nature, recentness, and relationship to the board position applied for, will be evaluated and a determination will be made after a review of all relevant facts.

CONFLICTS OF INTEREST: Certain boards and commissions require full disclosure of personal financial data under AS 39.50.010. If required for the board or commission for which you are applying, are you willing to do so?
YES X NO _____

Could you or any member of your family be affected financially by decisions to be made by the board or commission for which you have applied? YES _____ NO X

If "YES", explain:

DEC-21-2011 15:33 From: To:19072697461 Page:1/4

TRAINING AND EXPERIENCE: (If resume attached, it is not necessary to complete items A-D)

A. List any professional licenses, certifications, or registrations and dates obtained that may be used as qualifying criteria:

100 Ton masters License
AB license
Numerous endorsements

B. List both formal and informal education and training experiences: (Use additional paper if necessary).

K-12 Battle Lake Public Schools. Battle Lake, MN 1968-1980
Concordia College, Moorhead, MN 1980-82

C. List any community service, municipal government, and state positions held, and any awards received. Include both compensated and uncompensated positions (such as president of a service organization or a mayor). Include length of time serviced.

SARDFA Board of Directors 2yrs
Ketchikan Advisory Board (Fish & Game) 4yrs
First Lutheran Church Council 1yr

D. Employment work history – paid, unpaid or voluntary: (Use additional paper of necessary).

Commercial Fisherman 1983 - present

The Office of the Governor and the State of Alaska have an Affirmative Action Equal Employment Opportunity Program. To assist in the program, you are asked to voluntarily answer the following questions to provide the information necessary for reporting purposes. Under State and Federal law, the information you provide will not be used to illegally discriminate against you.

DATE OF BIRTH: _____ SEX: FEMALE _____ MALE _____

ETHNICITY:
Alaska Native ___ American Indian ___ Asian or Pacific Islander ___ Black ___ Hispanic ___ White ___

MILITARY SERVICE (if applicable, give dates): _____

CERTIFICATION: I swear the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form my application may be rejected, I may be removed from the list of eligible candidates, or I may be removed from the position. I agree that the Office of the Governor may contact present or former employees or other persons who know me to obtain an additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Signature (in ink): _____ Date: 11/20/11

Please attach a current resume with your application.

DEC-21-2011 15:34 From: To:19072697461 Page:2/4

If appointed, a press release will be issued announcing your appointment pending the completion of the appointment process with the Governor's office. Please supply our office with the following information that will be included in the press release.

(Name): Clay Barzenek (Age): ___ (Hometown): Ketchikan, Ak
is (Job title/Place of employment): Commercial Fisherman / F/V Salty
(Name) holds (Listing of earned degrees like bachelor's, master's,
ect.): 28 yr commercial fisherman Fisheries from Ketchikan to Norton Sound
(Or list relevant experience to the position you are being appointed to)
Salmon and Halibut Herring and dive fisheries

Examples:

John A. Doe, 38 of Soldotna, is Director of T-Shirts & Co. Doe holds a bachelor's degree in business administration from X University and a master's degree in communications from X University.

John A. Doe, 38 of Palmer, is the owner and operator of Doe and Associates, Inc. Doe previously served as division manager at X, Inc. Doe is a certified personnel consultant.

DEC-21-2011 15:34 From: To:19072697461 Page:3/4

STATE OF ALASKA
OFFICE OF THE GOVERNOR

BOARDS AND COMMISSIONS

Name: Col Clay Bozenek Date: 12/20/11

(Indicate top three boards/commissions of interest by number with #1 as your preference)

	Accounting Board
	Aerospace Development Corporation
	Aging Commission
	Agriculture & Conservation
	Alaska Juvenile Justice Advisory Committee
	Alaska Retirement Management Board
	Alaska Statehood Celebration Commission
	Alaska-Alberta Bilateral Council
	Alcohol/Drug Abuse
	Alcoholic Beverage Control
	Architects/Engineers/ Land Surveyors
	Arts Council
	Assessment Review Board
	Aviation Advisory Board
	Bald Eagle Preserve
	Bar Association
	Barbers & Hairdressers
	Bering Sea Fishery Advisory Board
	Big Game Commercial Services
	Boating Safety Council
	Broadcasting Commission
	Children's Trust Board
	Chiropractic Examiners
	Clemency Advisory Committee
	Commemorative Coin Commission
	Commercial Fisheries Entry
	Commercial Fishing/ Agriculture Bank
	Community Service Commission
	Denali Access System Advisory Committee
	Dental Examiners
	Disabilities/Special Education
	Domestic Violence/Sexual Assault
	Education & Early Development
	Education Commission/States
	Emergency Medical Services
	Emergency Response Commission
	Employment of People with Disabilities
	Exxon Valdez Oil Spill Trustee
	Faith-Based & Community Initiatives Council
	Fire Standards Council
	Fisheries

X	Fisherman's Fund Advisory & Appeals
	Forestry
	Game
	Health Council
	Historical Commission
	Historical Records Advisory
	Homeless Council
	Housing Finance Corporation
	Human Rights
	Humanities Forum
	Independent Living Council
	Industrial Development/Export Authority
	Interstate Oil & Gas Compact
	Judicial Conduct
	Judicial Council
	Knik Arm Bridge
	Labor Relations Agency
	Libraries Advisory
	Local Boundary Commission
	Marine Pilots
	Marine Transportation Advisory Board
	Marital & Family Therapy
	Medical Board
	Mental Health Board
	Mental Health Trust Authority
	Midwives
	Minerals Commission
	Municipal Bond Bank
	Natural Gas Authority
	Natural Gas Pipeline Corporation
	Natural Resources Conservation Dev
	North Pacific Anadromous Fish
	North Pacific Fisheries Management Council
	North Pacific Research Board
	Nursing
	Occupational Safety
	Oil & Gas Conservation Commission
	Optometry
	Pacific Marine Fisheries Commission
	Pacific Salmon Commission-Commissioners
	Pacific Salmon Commission- Northern Panel

	Pacific Salmon Commission-Transboundary Panel
	Parole Board
	Permanent Fund
	Pharmacy Board
	Physical/Occupational Therapy
	Pioneer's Home Advisory
	Police Standards Council
	Postsecondary Education
	Professional Counselors
	Professional Teaching Practices
	Psychologist/ Psychological assoc.
	Public Offices Commission
	PWS Oil Spill Recovery Institute
	Railroad Corporation
	Real Estate Appraisers
	Real Estate Commission
	Regents
	Regulatory Commission (RCA)
	Royalty Oil & Gas Development
	Safety Advisory Council
	Seafood Marketing Institute
	Seismic Hazards Safety Commission
	Social Work Examiners
	Student Loan Corporation
	Subsistence Resource Commissions
	Suicide Prevention Council
	Telecommunications
	Uniform State Laws
	Veterans Advisory Council
	Veterinary Examiners
	Violent Crimes Compensation
	Water and Wastewater Works
	Western Interstate Comm/Higher Educ
	Wood-Tikchik State Park
	Worker's compensation
	Worker's Compensation Appeals Commission
	Workforce Investment Board
	Yukon River Panel

DEC-21-2011 15:35 From: To:19072697461 Page:4/4

Game, Board of **Lynn B Keogh JR.**

General Information

Board/Commission and seat you are seeking:
Game, Board of, Public Seat

Additional Boards/Commissions of interest:
1) Game, Board of

State Boards/Commissions on which you have served
Anchorage Fish & Game Advisory Board - 6yrs.

First	*Middlename*	*Last Name*
Lynn	**B**	**Keogh JR.**
Mailing Address	*City* **Anchorage**	*State & ZIP*
Home/Message Phone	*Business Phone*	*Cell Phone*
Email Address	*Are you a registered voter?* **Yes**	

Date of Birth	*Ethnicity*
Gender	
Military Service	

Conflict of Interest

Certain boards and commissions require full disclosure of personal financial data under AS 39.50.010. If required for the board or commission for which you are applying, are you willing to do so?
Yes

Could you or any member of your family be affected financially by decisions to be made by the board or commission for which you are applying?
No

Please explain the potential financial benefit

Employment History

Employment work history including paid, unpaid or voluntary.
Owner - Key-O's Guide Service, since 1986 (Fishing Guide)
Big Game Guide for various Guide Services
Bear Guard - 2006 to present

Education, Training, Experience & Qualifications

List both formal and informal education and training experiences:
High School Graduate - East Anchorage 1982
Lifelong Alaskan with extensive experience as a professional hunter, trapper and fisherman.

obtained that may be used as qualifying criteria:
U.S. Coast Guard Licensed Captain - since 1988
Registered Big Game Guide - since 1992
Business License, owner of Sportfishing Charter Business - since 1986
Learn to Return Survival Certification
Hunter Education Certification
Fish & Game Sportfishing Guide and Business License
Transportation Worker Identification Credential (TWIC) - 2009
Maritime Consortium Drug Testing Program
American Red Cross

List any community service, municipal government, and state positions held, and any awards received.
None

Conviction Record

Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years?
No

Conviction Circumstances

Certification of Accuracy & Completeness

By submitting this online application, I swear the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form my application may be rejected. I may be removed from the list of eligible candidates, or I may be removed from the position. I agree that the Office of the Governor may contact present or former employees or other persons who know me to obtain an additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Type "I certify"
"I certify"

Resumé Addendum

Press Release Wording

{Your Name}, {age} of {hometown}, is {job title/place of employment} holds {education level, school, or relevant experiences}.

Submitted: 05/06/10 at 10:19 am from 74.124.79.35

From: Rep. Paul Seaton
Subject: FW: BOG: Lynn Keogh

From: Jos Bakker [mailto:josb1214@aol.com]
Sent: Wednesday, February 22, 2012 10:08 AM
To: Rep. Alan Dick; Rep. Neal Foster; Rep. Bob Herron; Rep. Cathy Munoz; Rep. Berta Gardner; Rep. Scott Kawasaki; Rep. Eric Feige; Rep. Peggy Wilson; Rep. Paul Seaton
Subject: Fwd: BOG: Lynn Keogh

To whom it may concern:

I am concerned over Mr. Lynn Keogh's appointment to the Alaska Board of Game. The House Resources confirmation hearing is Wednesday, February 22, 2012, at 1:00 pm. I am sending my concerns to you for your consideration.

Mr. Keogh has over twenty court cases on file on the Alaska Court System's website.

According to Alaska Statute, members of the Board of Game shall be appointed on the "basis of interest in public affairs, good judgment, knowledge, and ability in the field of action of the board, and with a view to providing diversity of interest and points of view in the membership." Mr. Keogh's numerous court records suggest to me that he does not meet these qualifications.

Additionally, Mr. Keogh's resume shows experience in an area already overrepresented on the Board and does not add to the diversity of user community points of view which an effective Board should be able to represent. This, too, suggest to me that Mr. Keogh does not meet the qualifications necessary to become a member of the Alaska Board of Game.

Alaskans want to respect their members of the Board of Game, and they want their Board of Game members to represent all Alaskans, especially since the State Constitution states that Alaska's wildlife belongs to each of us.

I hope you will consider my concerns during your deliberations at the confirmation hearing.

Sincerely
Jos Bakker
josb1214@aol.com

From: Rep. Paul Seaton
Subject: FW: Lynn Keogh's Court Records - Re: BoG Confirmation Hearing - House Resources Committee, Wednesday, February 22, 2012
Attachments: KEOGH_3AN-03-5561.$7585..pdf; KEOGH_3KN-06-110_SC.$4863.46.pdf; KEOGH.3AN-06-10755_CI.$14,758.pdf; KEOGH.3AN-06-10756_CI._$50,612.57.pdf; KEOGH.COURT_CASES_ON_WEBSITE.pdf

From: tmbrown3@aol.com [mailto:tmbrown3@aol.com]
Sent: Wednesday, February 22, 2012 10:16 AM
To: Rep. Eric Feige; Rep. Paul Seaton; Rep. Peggy Wilson; Rep. Alan Dick; Rep. Neal Foster; Rep. Bob Herron; Rep. Cathy Munoz; Rep. Berta Gardner; Rep. Scott Kawasaki
Subject: Lynn Keogh's Court Records - Re: BoG Confirmation Hearing - House Resources Committee, Wednesday, February 22, 2012

Dear Members of the House Resources Committee:

I am concerned over Mr. Lynn Keogh's appointment to the Alaska Board of Game; I am sending my concerns to you for your consideration.

Mr. Keogh has over twenty court cases on file on the Alaska Court System's website.. I have attached just four of his docket sheets; each one shows a judgment entered against him. You can view all of his court records at http://www.courtrecords.alaska.gov/pa/pa.urd/PAMW6500. The court's website indicates what I regard as a large number of cases against Mr. Keogh; this suggests to me that he may have a general disrespect for the law.

According to Alaska Statute, members of the Board of Game shall be appointed on the "basis of interest in public affairs, good judgment, knowledge, and ability in the field of action of the board, and with a view to providing diversity of interest and points of view in the membership." Mr. Keogh's numerous court records suggest to me that he does not meet these qualifications.

Additionally, Mr. Keogh's resume (http://www.legis.state.ak.us/basis/get_documents.asp?chamber=HRES&session=27&bill=&date1=20120222&time2=1300) shows a lack of diversity and representation of varied points of view when seen along with the current Board of Game members' resumes. This, too, suggests to me that Mr. Keogh does not meet the qualifications necessary to become a member of the Alaska Board of Game.

Alaskans want to respect their members of the Board of Game, and they want their Board of Game members to represent all Alaskans, especially since the State Constitution states that Alaska's wildlife belongs to each of us.

I hope you will take my concerns into consideration when you deliberate on whether or not to confirm the appointment of Mr. Keogh to our Board of Game.

Thank you for your time and for your service to our state.

Sincerely,
Tina M. Brown

523-5402 (H)
209-4219 (C)



Alaska Trial Court Cases

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Docket Search

3AN-03-05561CI CAVALRY INVESTMENTS vs. Keogh, Lynn et al

Search Criteria

Docket Desc. ALL

Begin Date

End Date

Sort

Ascending
Descending

Search

Search Results 39 Docket(s) found matching search criteria.

Docket Date	Docket Text	Amount	Amount Due	Images
08/08/2005	For PFD Year 2003: PFD Div. Reports No Pay Against Debtor This means the claim could not be satisfied. The PFD regulations on confidentiality prevent the PFD Division from explaining exactly why the claim was not satisfied. The reason may be: 1) The applicant was not eligible for a dividend, or 2) The dividend was attached by a claim with a higher priority. See AS 43.23.065(c) and (b) for the priority of different types of claims. KEOGH, LYNN B	0.00	0.00	
07/08/2005	For PFD Year 2003: PFD Div. Reports No Pay Against Debtor This means the claim could not be satisfied. The PFD regulations on confidentiality prevent the PFD Division from explaining exactly why the claim was not satisfied. The reason may be: 1) The applicant was not eligible for a dividend, or	0.00	0.00	

	2) The dividend was attached by a claim with a higher priority. See AS 43.23.065(c) and (b) for the priority of different types of claims. KEOGH SR, LYNN B		
06/16/2005	Full Return of Service on Writ of Execution Filed	0.00	0.00
06/01/2005	Satisfaction of Judgment Attorney: Crabtree, Richard L (7510063)	0.00	0.00
01/18/2005	Writ of Execution Disbursement TO Routh & Crabtree	14.84	0.00
12/01/2004	Return of Service on PFD - No Money Seized North Country Process $25.00	0.00	0.00
11/24/2004	Successful Service of Judgment Debtor Packet Method : Certified Mail Issued : 11/09/2004 Service : Judgment Debtor Packet Issued Served : 11/13/2004 Return : 11/24/2004 On : Keogh, Lynn Signed By : Reason : JDP Successful Comment : Tracking #: C000004498	0.00	0.00
11/09/2004	Issue Date: 11/09/2004 Service : Judgment Debtor Packet Issued Method : Certified Mail Cost Per :$ Keogh, Lynn 4823 Knights Way Anchorage, AK 99508 Tracking No: C000004498	0.00	0.00
11/09/2004	Judgment Debtor Packet Issued	0.00	0.00
11/03/2004	Certified Mailing Fee Receipt: 60396 Date: 11/03/2004	4.00	0.00
10/21/2004	Writ of Execution Payment 10/13/04 Receipt: 52831 Date: 10/21/2004	14.84	0.00
10/21/2004	Return of Service on Execution North Country $130.00 Lynn Keogh (Defendant)	0.00	0.00
06/09/2004	Execution Disbursement Court order 6-2-04 Routh & Crabtree	75.18	0.00
05/17/2004	Hearing Set Event: Claim of Exemption Hearing: District Court Date: 06/02/2004 Time: 10:00 am Judge: Civil Event, Block Judge: Location: Anchorage Court	0.00	0.00
04/30/2004	Response to Claim of Exemptions filed. Attorney: Crabtree, Richard L. (7510063)	0.00	0.00
04/15/2004	Successful Service of Judgment Debtor Packet Method : Certified Mail Issued : 04/07/2004 Service : Judgment Debtor Packet Issued Served : 04/09/2004 Return : 04/15/2004 On : Keogh, Lynn Signed By : Reason : JDP Successful Comment : Tracking #: C000002253	0.00	0.00
04/15/2004	Notice to Creditor Re: Claim of Exemption Issued Lynn Keogh (Defendant); Richard L. Crabtree (Attorney) on behalf of CAVALRY INVESTMENTS (Plaintiff) Case Motion #1:	0.00	0.00

	Claim of Exemption		
04/15/2004	Claim of Exemptions Attorney: Pro per (0100001) Lynn Keogh (Defendant) Case Motion #1	0.00	0.00
04/07/2004	Issue Date: 04/07/2004 Service : Judgment Debtor Packet Issued Method : Certified Mail #0324-2411 Cost Per :$12.83 Keogh, Lynn 4823 Knights Way Anchorage, AK 99508 Tracking No: C000002253	0.00	0.00
04/07/2004	Judgment Debtor Packet Issued	0.00	0.00
04/01/2004	Certified Mailing Fee Receipt: 28040 Date: 04/01/2004	4.00	0.00
03/19/2004	Writ of Execution Payment Made NORTH COUNTRY 3-15-04 Lynn Keogh (Defendant); ALASKA RIVER EXCURSI (Defendant) Receipt: 26491 Date: 03/19/2004	75.18	0.00
03/18/2004	Return of Service on Execution NORTH COUNTRY $100.00 Lynn Keogh (Defendant); ALASKA RIVER EXCURSI (Defendant)	0.00	0.00
01/12/2004	Execution Disbursement: Routh & Crabtree By order of court 1/9/04	1,886.63	0.00
12/17/2003	Hearing Set Event: Claim of Exemption Hearing: District Court Date: 01/09/2004 Time: 9:30 am Judge: Civil Event, Block Judge: Location: Anchorage Court	0.00	0.00
11/14/2003	Notice to Creditor Re: Claim of Exemption Issued Response to Claim of Exemptions Sent on: 11/14/2003 10:50:47	0.00	0.00
11/14/2003	Attorney Information Attorney Pro per representing Defendant ALASKA RIVER EXCURSI as of 11/14/2003	0.00	0.00
10/19/2003	** CONVERTED PAYMENT HISTORY AS OF 10/19/03 ---------- Receipt Date : 03/14/03 Receipt Number : 588679 Amount : $60 Party from : ROUTH CRABTREE, APC, Tender : CK Tender : 3AN Orig. Court : 3AN Acct1 : 405 Total : 60 Comments : 3/7/03 18626 33date : 03142003 34time : 0857 35posted : P		0.00
10/16/2003	Return of Service NC 100.00	0.00	0.00
10/16/2003	Writ of Execution of Payment Made Lynn Keogh (Defendant) Receipt: 2827 Date: 10/22/2003 Receipt 2827 reversed by 2999 on 10/22/2003. Receipt: 3116 Date: 10/22/2003	578.88	0.00
10/16/2003	Return of Service NC 100.00	0.00	0.00

10/16/2003	Writ of Execution of Payment Made Lynn Keogh (Defendant) Receipt: 2820 Date: 10/22/2003 Receipt 2820 reversed by 3177 on 10/22/2003. Receipt: 3214 Date: 10/23/2003	1,307.75	0.00
10/14/2003	Claim of Exemptions Attorney: Pro per (0100001)	0.00	0.00
10/14/2003	Attorney Information Attorney Pro per representing Defendant Keogh, Lynn as of 10/14/2003	0.00	0.00
07/28/2003	Non-Trial Judgment Amount Amt:7585.63		0.00
07/28/2003	Closed Date: Jul 28 2003		0.00
03/11/2003	Case flagged for Civil Rule 4(j) tracking (3AN) Filed by: PLT C1: PROOF OF SERVICE FILED. C2: C3: C4: C5: C6: C7: C8:		0.00
03/11/2003	All Records Prior to 10/20/03 are Converted Records, for more information please come to the Clerks Office with the case number or mail inquiries to: Anchorage Trial Courts Records Division 825 West 4th Avenue Anchorage, AK 99501-2004. Please note that some converted data, especially dates, may be incorrect due to data entry errors prior to conversion.		0.00
03/11/2003	Filed Date: Mar 11 2003		0.00

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New Search...

Summary | Parties | Events | Dockets | Disposition | Costs

Docket Search

3KN-06-00110SC Arness, Joe C et al vs. Keogh, Lynn B et al

Search Criteria

Docket Desc. ALL

Begin Date

End Date

Sort

Ascending
Descending

Search

Search Results 6 Docket(s) found matching search criteria.

Docket Date	Docket Text	Amount	Amount Due	Images
06/22/2006	Non-Trial Judgment Amount Amt: 4863.46		0.00	
06/22/2006	Closed Date: Jun 22 2006		0.00	
06/16/2006	Non-Jury Trial Prior to Conversion Date: 06/22/2006 Time: 02:00 PM Judge: Jerry Anderson Location: KE Event Text: SMALL CLAIMS TRIAL		0.00	
03/21/2006	** CONVERTED PAYMENT HISTORY AS OF 10/03/09 --- Receipt Date : 03/21/06 Receipt Number : 309631 Amount : $75 Party from : ARNESS, JOE, From : JOE ARNESS KENAI AK 99611 Tender : CK Tender : 3KN Orig. Court : 3KN Acct1 : 405 Total : 75 Comments : 1121 33date : 03212006 34time : 1121 35posted : P		0.00	
03/21/2006	Filed Date: Mar 21 2006		0.00	

03/21/2006	All Records Prior to 10/02/09 are Converted Records. For more information please come to the Clerks Office with the case number or mail inquiries to: Kenai Trial Courts 125 Trading Bay Drive Suite 100 Kenai, AK 99611. Please note that some converted data, especially dates, may be incorrect due to data entry errors prior to conversion.	0.00

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New Search...

Summary | Parties | Events | Dockets | Disposition | Costs

Docket Search

3AN-06-10755CI Unifund Ccr vs. Keogh, Lynn B

Search Criteria

Docket Desc. ALL

Begin Date

End Date

Sort

Ascending
Descending

Search

Search Results 43 Docket(s) found matching search criteria.

Docket Date	Docket Text	Amount	Amount Due	Images
12/31/2999	If the PFD receipt dated 11/13/2011 results in an overpayment, overpaid funds are to be returned to the Permanent Fund Dividend Division. Please refered to the Memorandum dated 11/9/2011 for additional information or contact Fiscal Operations.		0.00	
02/13/2012	PFD Disbursement State of Alaska Dept of Revenue PFD Division	939.20	0.00	
11/13/2011	PFD Match Garnishments & Assign -Taken by Mistake, per communications with PFD Office and Fiscal Ops funds are to be returned to the Dept of Revenue. 2011006176 KEOGH, LYNN Receipt: 766728 Date: 11/13/2011	939.20	0.00	
11/10/2011	Return of Service on PFD Cost $35.00 INQUEST	0.00	0.00	

05/12/2011	Writ of Execution Disbursement Alaska Law Offices Inc	220.20	0.00
11/16/2010	Motion Deemed Moot - Funds may be released under CR69 once COE time has elapsed. Unifund Ccr Case Motion #2 Request and Order to Release Funds	0.00	0.00
11/02/2010	Successful Service of Judgment Debtor Packet Service Date: 10/25/10 Cost: $11.41	0.00	0.00
11/02/2010	Request and Order to Release Funds Attorney: Walker Jr, Clayton H (0001002) Unifund Ccr (Plaintiff); Filing Party: Unifund Ccr Case Motion #2	0.00	0.00
10/13/2010	Return of Service on Execution & Payment 10/07/10 INQ $35.00 Receipt: 611862 Date: 10/13/2010	220.20	0.00
02/05/2009	Writ of Execution Disbursement Alaska Law Offices Inc Boc 1/22/09	17.03	0.00
01/22/2009	Order Granting Request to Release Funds Case Motion #1: Standard Motion	0.00	0.00
01/21/2009	Administrative Judicial Reassignment	0.00	0.00
01/16/2009	Request to Release Funds Attorney: Walker Jr, Clayton H (0001002) Unifund Ccr (Plaintiff); Case Motion #1	0.00	0.00
01/16/2009	Affidavit of Attempted Service of Notice Attorney: Walker Jr, Clayton H (0001002) Unifund Ccr (Plaintiff);	0.00	0.00
12/11/2008	Issue Date: 12/11/2008 Service: Judgment Debtor Packet Issued Method: Certified Mail Cost Per: $ Keogh, Lynn B Tracking No: C000017658	0.00	0.00
12/11/2008	Judgment Debtor Packet Issued	0.00	0.00
12/11/2008	Certified Mailing Fee 12/5/08 Receipt: 409520 Date: 12/11/2008	4.00	0.00
12/08/2008	Notice of Levy, Sale of Property, Right to Exemptions Attorney: Walker Jr, Clayton H (0001002) Unifund Ccr (Plaintiff);	0.00	0.00
12/08/2008	Creditor's Affidavit Attorney: Walker Jr, Clayton H (0001002) Unifund Ccr (Plaintiff);	0.00	0.00
12/03/2008	Return of Service on Execution & Payment 11/25/08 Inquest Agency $17.03 Receipt: 408868 Date: 12/09/2008	17.03	0.00
11/04/2008	Attorney Information Attorney Jones, Steven L dismissed/withdrawn for Unifund Ccr on 11/04/2008	0.00	0.00
11/04/2008	Notice of Substitution of Plaintiff's Counsel Attorney Walker Jr, Clayton H representing Plaintiff Unifund Ccr as of 11/04/2008 Unifund Ccr (Plaintiff);	0.00	0.00

10/27/2008	Writ of Execution Disbursement Alaska Law Offices Inc	15.40	0.00
10/02/2008	Successful Service of Judgment Debtor Packet Method : Certified Mail Issued : 09/24/2008 Service : Judgment Debtor Packet Issued Served : 09/29/2008 Return : 10/02/2008 On : Keogh, Lynn B Signed By : Lynn Keogh Reason : JDP Successful Comment : Tracking #: C000017149	0.00	0.00
09/24/2008	Issue Date: 09/24/2008 Service: Judgment Debtor Packet Issued Method: Certified Mail Cost Per: $ Keogh, Lynn B Tracking No: C000017149	0.00	0.00
09/24/2008	Judgment Debtor Packet Issued	0.00	0.00
09/24/2008	Certified Mailing Fee 9/19/08 Receipt: 385406 Date: 09/24/2008	4.00	0.00
09/23/2008	Return of Service on Execution & Payment 9/15/08 Inquest Agency $15.40 Receipt: 384727 Date: 09/23/2008	15.40	0.00
09/19/2008	Notice of Levy, Sale of Property, Right to Exemptions Attorney: Walker Jr, Clayton H (0001002) Unifund Ccr (Plaintiff);	0.00	0.00
09/19/2008	Creditor's Affidavit Attorney: Walker Jr, Clayton H (0001002) Unifund Ccr (Plaintiff);	0.00	0.00
12/21/2006	Issue Date: 12/21/2006 Service: Writ of Execution (CIV-500) Method: Process Server Cost Per: $ Keogh, Lynn B Tracking No: S000031998	0.00	0.00
12/21/2006	Writ of Execution (CIV-500) Issued	0.00	0.00
11/21/2006	Information for Writ of Execution Attorney: Jones, Steven L (9311102) Unifund Ccr (Plaintiff);	0.00	0.00
11/21/2006	Creditor's Affidavit Attorney: Jones, Steven L (9311102) Unifund Ccr (Plaintiff);	0.00	0.00
11/14/2006	Judgment Entered Judgment Amount: 13,645.08 Pre-Judgment Interest: 453.37 Attorney Fees: 525.00 Court Costs: 135.00 Judgment Total: 14,758.45 Terms: Post judgment interest rate of 8.25% Judgment Type: Default Judgment Judge: Clerk, Anchorage Court Judgment Date: 11/13/2006 Judgment For: Unifund Ccr - Plaintiff Judgment Against: Keogh, Lynn B - Defendant Judgment Balance: 14,758.45 Case Total: 14,758.45 Case Balance: 14,758.45	0.00	0.00
11/13/2006	Default Judgment for Plaintiff Granted by Clerk	0.00	0.00

11/13/2006	Entry of Default Granted Against Defendant Lynn B. Keogh Attorney: Jones, Steven L (9311102) Unifund Ccr (Plaintiff);	0.00	0.00
11/01/2006	Application for Entry of Default and Default Judgment Attorney: Walker Jr, Clayton H (0001002) Unifund Ccr (Plaintiff);	0.00	0.00
09/15/2006	Return of Service - Summons Served Attorney: Jones, Steven L (9311102) InQuest Agency Unifund Ccr (Plaintiff);	0.00	0.00
08/17/2006	Case Flagged for Civil Rule 4(j) Tracking (3AN) Lynn B Keogh (Defendant);	0.00	0.00
08/17/2006	Summons Issued	0.00	0.00
08/16/2006	Attorney Information Attorney Jones, Steven L representing Plaintiff Unifund Ccr as of 08/16/2006	0.00	0.00
08/16/2006	Complaint District Court Receipt: 186965 Date: 08/17/2006	90.00	0.00



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New Search...

Summary | Parties | Events | Dockets | Disposition | Costs

Docket Search

3AN-06-10756CI Unifund Ccr et al vs. Keogh, Lynn B

Search Criteria

Docket Desc. ALL

Begin Date

End Date

Sort

Ascending
Descending

Search

Search Results 45 Docket(s) found matching search criteria.

Docket Date	Docket Text	Amount	Amount Due	Images
01/13/2012	PFD Disbursement Alaska Law Offices Inc	939.20	0.00	
11/03/2011	Return of Service on PFD INQ $35.00	0.00	0.00	
10/27/2011	PFD Match Garnishments & Assign 20110512603 KEOGH, LYNN B Receipt: 759452 Date: 10/27/2011	939.20	0.00	
05/12/2011	PFD Disbursement Alaska Law Offices Inc	1,044.00	0.00	
11/13/2009	Writ of Execution Disbursement Lynn B Keogh BOC 11/2/09	10.00	0.00	
11/02/2009	Order Granting Release of Funds Case Motion #3: Request and Order to Release Funds	0.00	0.00	
11/02/2009	PFD Match Garnishments & Assign 2009038686 KEOGH, LYNN Receipt: 499979 Date: 11/02/2009	1,044.00	0.00	
10/27/2009	Return of Service on PFD InQuest $35.00	0.00	0.00	

10/22/2009	Request and Order to Release Funds Attorney: Walker Jr, Clayton H (0001002) Unifund Ccr (Plaintiff); Filing Party: Unifund Ccr Case Motion #3	0.00	0.00
10/20/2009	Return of Service on Execution & Payment - 10/8/09 InQuest $35.00 Receipt: 490998 Date: 10/22/2009	10.00	0.00
10/05/2009	Order Denying Release of Funds to Defendant (no funds being held) Case Motion #2: Request and Order to Release Funds	0.00	0.00
07/14/2009	Writ of Execution Disbursement Lynn B Keogh Per Creditor request	10.00	0.00
07/09/2009	Motion Deemed Moot Case Motion #1: Standard Motion	0.00	0.00
07/06/2009	Request and Order to Release Funds Attorney: Walker Jr, Clayton H (0001002) Unifund Ccr (Plaintiff); Case Motion #2	0.00	0.00
06/24/2009	Request to Release Funds (to Defendant) [c/s 6-25-09, lacks service on Defendant] Attorney: Walker Jr, Clayton H (0001002) Liberty Godparents Platinum (Plaintiff); Case Motion #1	0.00	0.00
06/23/2009	Administrative Judicial Reassignment	0.00	0.00
06/22/2009	Return of Service on Execution & Payment - 6/16/09 InQuest $35.00 Receipt: 456664 Date: 06/23/2009	10.00	0.00
12/24/2008	PFD Disbursement to Alaska Law Offices Inc	2,615.20	0.00
11/04/2008	Notice of Substitution of Plaintiff's Counsel Attorney Walker Jr, Clayton H representing Plaintiff Liberty Godparents Platinum as of 11/04/2008 Unifund Ccr (Plaintiff);	0.00	0.00
10/12/2008	PFD Match Garnishments & Assign 2008193433 KEOGH, LYNN Receipt: 391336 Date: 10/12/2008	2,615.20	0.00
10/07/2008	Return of Service on PFD InQuest $35.00	0.00	0.00
06/24/2008	Writ of Execution Disbursement Alaska Law Offices Inc	50.00	0.00
06/02/2008	Successful Service of Judgment Debtor Packet Method : Certified Mail Issued : 05/28/2008 Service : Judgment Debtor Packet Issued Served : 05/26/2008 Return : 06/02/2008 On : Keogh, Lynn B Signed By : Lynn Keogh Reason : JDP Successful Comment : Tracking #: C000016771	0.00	0.00
05/28/2008	Issue Date: 05/28/2008 Service: Judgment Debtor Packet Issued Method: Certified Mail Cost Per: $ Keogh, Lynn B Tracking	0.00	0.00

	No: C000016771		
05/28/2008	Judgment Debtor Packet Issued	0.00	0.00
05/28/2008	Certified Mailing Fee - 5/19/08 Receipt: 347991 Date: 05/28/2008	4.00	0.00
05/21/2008	Notice of Levy, Sale of Property, Right to Exemptions Attorney: Walker Jr, Clayton H (0001002) Unifund Ccr (Plaintiff);	0.00	0.00
05/21/2008	Creditor's Affidavit Attorney: Walker Jr, Clayton H (0001002) Unifund Ccr (Plaintiff);	0.00	0.00
05/15/2008	Return of Service on Execution & Payment - 5/12/08 InQuest $35.00 Receipt: 345063 Date: 05/15/2008	50.00	0.00
11/09/2007	PFD Disbursement to Alaska Law Offices Inc	1,323.20	0.00
10/16/2007	Return of Service on PFD InQuest $45.00	0.00	0.00
10/13/2007	PFD Match Garnishments & Assign 2007120774 KEOGH, LYNN Receipt: 289043 Date: 10/13/2007	1,323.20	0.00
12/21/2006	Issue Date: 12/21/2006 Service: Writ of Execution (CIV-500) Method: Process Server Cost Per: $ Keogh, Lynn B Tracking No: S000031999	0.00	0.00
12/21/2006	Writ of Execution (CIV-500) Issued	0.00	0.00
11/21/2006	Information for Writ of Execution Attorney: Jones, Steven L (9311102) Unifund Ccr (Plaintiff);	0.00	0.00
11/21/2006	Creditor's Affidavit Attorney: Jones, Steven L (9311102) Unifund Ccr (Plaintiff);	0.00	0.00
11/14/2006	Judgment Entered Judgment Amount: 48,282.84 Pre-Judgment Interest: 1,669.73 Attorney Fees: 525.00 Court Costs: 135.00 Judgment Total: 50,612.57 Terms: Post judgment interest rate of 8.25% Judgment Type: Default Judgment Judge: Clerk, Anchorage Court Judgment Date: 11/13/2006 Judgment For: Liberty Godparents Platinum - Plaintiff Unifund Ccr - Plaintiff Judgment Against: Keogh, Lynn B - Defendant Judgment Balance: 50,612.57 Case Total: 50,612.57 Case Balance: 50,612.57	0.00	0.00
11/13/2006	Default Judgment for Plaintiff Granted by Clerk	0.00	0.00
11/13/2006	Entry of Default Granted Against Defendant Lynn B. Keogh Attorney: Jones, Steven L (9311102) Unifund Ccr (Plaintiff); Liberty Godparents Platinum (Plaintiff);	0.00	0.00

11/01/2006	Application for Entry of Default and Default Judgment Attorney: Walker Jr, Clayton H (0001002) Unifund Ccr (Plaintiff);	0.00	0.00
09/15/2006	Return of Service - Summons Served Unifund Ccr (Plaintiff);	0.00	0.00
08/17/2006	Case Flagged for Civil Rule 4(j) Tracking (3AN) Lynn B Keogh (Defendant);	0.00	0.00
08/17/2006	Summons Issued	0.00	0.00
08/16/2006	Attorney Information Attorney Jones, Steven L representing Plaintiff Unifund Ccr as of 08/16/2006 Unifund Ccr (Plaintiff);	0.00	0.00
08/16/2006	District Court Debt Complaint Receipt: 186969 Date: 08/17/2006	90.00	0.00



Alaska Trial Court Cases

webmaster@courts.state.ak.us

CAUTION: This screen shows only that a case was filed. It does not show how the case ended. Do not assume that a defendant was convicted just because a criminal case was filed.

Search Criteria

Last Name: keogh*; **First Name:** lynn;

Search Results

27 record(s) found.

1-27 of 27 **Sort Results..** Go

Party	Affl	Party Type	D.O.B	Case Status	Case Number
Keogh, Lynn		DFNDT	10/29/1932	Closed	3AN-00A1217921
Keogh, Lynn		DFNDT		Closed	3AN-03-05561CI
Keogh, Lynn		DFNDT		Closed	3AN-04-13452CI
Keogh, Lynn		DFNDT		Closed	3AN-90-05243SC
Keogh, Lynn		DFNDT	07/17/1964	Closed	3KN-04-G718313
Keogh, Lynn		DFNDT	07/17/1964	Closed	3KN-04-G718314
Keogh, Lynn		DFNDT		Closed	3KN-06-00232SC
Keogh, Lynn		DFNDT	07/17/1964	Closed	3KN-09-G725248
Keogh, Lynn		DFNDT	07/17/1964	Closed	3KN-95-G707540
Keogh, Lynn B		DFNDT		Closed	3AN-02-12940CI
Keogh Jr, Lynn B		DFNDT		Closed	3AN-03-03251SC
Keogh Jr, Lynn B		DFNDT		Closed	3AN-03-11600CI
Keogh, Lynn B		DFNDT	07/17/1964	Closed	3AN-05-04250MO
Keogh, Lynn B		DFNDT		Closed	3AN-06-10755CI
Keogh, Lynn B		DFNDT		Closed	3AN-06-10756CI
Keogh Jr, Lynn B		DFNDT		Closed	3AN-09-06875CI
Keogh Jr, Lynn B		PLNTF		Closed	3AN-97-00781SC
Keogh, Lynn B		DFNDT	07/17/1964	Closed	3GL-11-00423MO
Keogh, Lynn B		DFNDT	07/17/1964	Closed	3HO-00T1122992
Keogh, Lynn B		DFNDT	07/17/1964	Closed	3HO-04-G719131
Keogh, Lynn B		DFNDT	07/17/1964	Closed	3HO-11-00637MO
Keogh, Lynn B		DFNDT		Closed	3KN-06-00110SC
Keogh, Lynn B		DFNDT	07/17/1964	Closed	3PA-00T1129103
Keogh, Lynn B		DFNDT	07/17/1964	Closed	3PA-05-10175MO
Keogh, Lynn B		DFNDT	07/17/1964	Closed	3PA-92-T702822
Keogh, Lynn B		DFNDT	10/29/1932	Closed	3PA-99-W006651
Keogh, Lynn B		DFNDT	07/17/1964	Closed	3SW-91-T666390

Louie Flora

Subject: FW: HB80 Board of game

From: Scott Van Hoozer [mailto:vhoozer@horizonsatellite.com]
Sent: Thursday, March 01, 2012 12:40 PM
To: Louie Flora
Subject: Re: HB80 Board of game

Lynn Keogh is not a trained wildlife manager or biologist. He owns his own guide service. This is exactly why most Alaskans are at odds with the board of game. When most or all the members have a vested interest in big game trophy hunting or the tourism industry, their decisions can line their pockets. The decisions the Board of Game made on predator control in GMU 15A and 15C are a slap in the face to the scientific and biological facts. I cant believe in a state as great as Alaska we cant have a board of game that uses modern wildlife management principles. We are an embarrassment to ethical sportsman everywhere. Conflicts of interest abound in every Board of Game member save possibly one. Mr Keogh is no different and should not be appointed.
Scott

Scott Van Hoozer
P.O. Box 75
Anchor Point, Ak 99556

Louie Flora

From: Rep. Paul Seaton
Subject: FW: Lynn Keogh's nomination to the Board of Game

From: Kneeland Taylor [mailto:kneelandt@alaska.com]
Sent: Thursday, March 01, 2012 2:25 PM
To: Rep. Cathy Munoz; Rep. Berta Gardner; Rep. Scott Kawasaki; Rep. Alan Dick; Rep. Peggy Wilson; Rep. Neal Foster; Rep. Bob Herron; Rep. Paul Seaton; Rep. Eric Feige
Cc: Sen. Hollis French
Subject: Lynn Keogh's nomination to the Board of Game

Dear Representatives:

I served with Lynn Keogh on a subcommittee appointed by the Board of Game. The purpose of the subcommittee was to see if consensus could be reached on methods of resolving conflicts between trappers and hikers with dogs. The subcommittee met six times and each meeting lasted most of a day. The Department provided significant support to the committee.

I was one of the hikers while Mr. Keogh was one of the trappers. I think consensus could have been reached, and at least one of the trappers worked hard, politely making the case for trappers. Mr. Keogh did not work hard to reach consensus.

Instead, Mr. Keogh started almost every meeting with a personal attack on the hiker members of the subcommittee. A great deal of time was wasted on his personal attacks, and the long process ended with no consensus. I strongly oppose his appointment to the Board of Game for that reason.

I have checked the Alaska Court system's website. There are numerous cases involving Mr. Keogh. The docket sheets of the more recent cases show at least four judgments against him, all of which appear to be unpaid. (I base the foregoing on the assumption the Court system's website is accurate.)

Some of the cases predate the court's system's conversion to the system now in use which provides some of this information on – line. I have not taken the time (and I cannot take the time) to check the actual court files for any of these cases.

But I think that the Legislature should check the court records for each of these numerous cases.

The Board of Game is an important State Administrative Board. I do not think there is a place on the Board of Game for a person with a general disrespect for the law. The numerous cases, and the available public records for each of these cases, may show that Mr. Keogh has no respect for the law.

My guess is that even the most ardent supporters of predator control and trapping will ask that Mr. Keogh's nomination be withdrawn if it should become clear that Mr. Keogh has a long record of demonstrated disrespect for the law. I urge you to withhold judgment until the public court records for each of these cases is obtained, and reviewed and summarized by objective Legislative staff members, and by at least some members of your committee.

Kneeland Taylor

Louie Flora

From: Rep. Paul Seaton
Subject: FW: Opposition to Lynn Keogh's confirmation to BoG

From: Mike Tobin Jenny Pursell [mailto:mikejen@gci.net]
Sent: Wednesday, February 29, 2012 11:19 PM
To: Rep. Scott Kawasaki; Rep. Cathy Munoz; Rep. Paul Seaton
Subject: Opposition to Lynn Keogh's confirmation to BoG

Dear Representative Kawasaki, Representative Munoz, and Representative Seaton, I am taking the time to send this message to you regarding my strong opposition to the confirmation of Lynn Keogh to the Board of Game. My opposition stems from several salient points which include; his consistant fish and game violations over many years, his uniformity of values re the uses of wildlife already redudantly represented by current BoG members, his strong, consistant support of predator control programs which elicits a rigid stance on a dynamic and contentious Alaskan issue, and unfortunately he is yet another example of a Governor selected citizen who comes with a history of behaviors violating state management regulations. I believe it would be foolish for the State Legislature to knowingly select someone with a proven record of fish and game violations. Such an individual is suspect to trust and respect. Corey Rossi is a recent example of such a Governor approved selection. Alaskans should not be subjected to such poor judgement within the designation of their public officials and servants. Thank you for your time and attention to my comments. Jenny Pursell, P.O. Box 33578, Juneau, AK 99803

Teresa Sager Albaugh
[redacted]
Tok, Alaska 99780

I am a lifelong Alaskan, raised in Fairbanks, and a 23 year resident of the Tok / Mentasta area. I have a strong personal interest and family background in hunting, fishing and trapping, and support sound scientific, sustained yield management of Alaska's renewable resources. I also support the tenets of our state constitution guaranteeing all residents equal access to fish and game.

WORK HISTORY

1996 – Present
***Summit Consulting Services, Inc.*, Tok, Alaska**
(Remote Project Construction Management & Design Services)
Personnel Management • Proposal Development • Internal Operations Management

1983 – 1995
Alaska State Legislature

- 1995: Senate Rules Committee Aide • Senator Mike Miller, Chair
- 1993 – 1994: Senate Resources Committee Aide • Senator Mike Miller, Chair
- 1985 – 1992: Legislative Aide • Representative / Senator Steve Frank
- 1984: Interim Legislative Aide • Representative Dick Shultz
- 1984: House C&RA Committee Secretary • Representative Mike Miller, Chair
- 1983: Legislative Secretary • Representative John Ringstad

1981 – 1982
Fairbanks North Star Borough Transit System
Clerk / Revenue Collections

EDUCATION

Graduate, Monroe Catholic High School • Fairbanks

VOLUNTEER / NON-PROFIT POSITIONS

Alaska Outdoor Council
- President (2005 – 2007)
- Board Member (1986 – 1990 and 2004 – 2007)

Alaska Division of Elections • District R / 36 – Mentasta Precinct
- Chair / Volunteer Poll Worker Coordinator (1998 – Present)

Slana Alaskans Unite • Secretary (1998 – Present)

MEMBERSHIPS

Alaska Outdoor Council
Slana Alaskans Unite
National Rifle Association
Focus on the Family

PERSONAL BACKGROUND

I grew up in a family where being outdoors - well out of town and away from the crowds – was considered a great thing. As a child, my five siblings and I spent summers with our mother, father, aunt, uncle and grandparents at the family cabin, where we literally got our feet wet, our faces dirty, and our hearts and minds filled with a deep appreciation for "the woods." We learned to fish with a rod and reel, handle firearms, and to clean and eat what we killed. As adults, we have continued these traditions and we have the pleasure of now passing them on to our children, nieces and nephews.

I personally have had the good fortune of many wonderful hunting opportunities for moose, caribou, sheep, bear, and deer, as well as ducks, ptarmigan and grouse. My husband, Bill, runs a trapline in the winter and as often as possible I join him to learn from and share the experience. We live in a log home, haul water, run a propane cook stove and lights, and provide our own part-time power system. Much of our diet comes from the wild food we harvest and each year's bounty from the garden.

I have no formal or professional training in wildlife management. My experience comes from a combination of personal field observation spending time in the natural environment, and a layman's study of applicable state and federal fish and game laws.

In part because of my personal interest in the outdoors, my work as a legislative aide often involved resource issues, which allowed me to hear many hours of testimony from Alaskans who expressed their perspectives and strong opinions on a wide range of fish and wildlife issues. I was also fortunate to have worked toward the passage of laws that have benefited hunters and trappers. My service on the board of directors of the Alaska Outdoor Council, including two years as president, has further broadened my understanding and appreciation of how important wildlife and the outdoors are to the people of the state. I have attended local Advisory Committee meetings, offered testimony to the Game Board, and provided public comments to the National Park Service on proposals of impact to the people, land, fish and game of my area.

Enabling present and future Alaskans to be responsible stewards of the resource, and to continue building and strengthening our outdoor heritage by assuring opportunity, are objectives I consider very meaningful and important. I believe they are goals that can be pursued and achieved through the efforts of the Board of Game, and I would be grateful for the opportunity to serve in that capacity.

Game, Board of	Robert Don Mumford

General Information

Board/Commission and seat you are seeking:
Game, Board of, Public Seat

Additional Boards/Commissions of interest:
1) Game, Board of

State Boards/Commissions on which you have served
Big Game Commercial Services

First	*Middlename*	*Last Name*
Robert Bob	**Don**	**Mumford**
Mailing Address [redacted]	*City* **Anchorage**	*State & ZIP* **AK 99516**
Home/Message Phone [redacted]	*Business Phone*	*Cell Phone* [redacted]
Email Address [redacted]	*Are you a registered voter?* **Yes**	

[redacted]

Conflict of Interest

Certain boards and commissions require full disclosure of personal financial data under AS 39.50.010. If required for the board or commission for which you are applying, are you willing to do so?
Yes

Could you or any member of your family be affected financially by decisions to be made by the board or commission for which you are applying?
No

Please explain the potential financial benefit

Employment History

Employment work history including paid, unpaid or voluntary.
40 Mile Air Service, Tok Alaska. Doyon Universal Services armed security 2004,2008. Sportsmans Warehouse January-April 2004. Assistant Guide May 2002. Alaska State Troopers/Fish and Wildlife Protection 1982-2002. USAF Elmendorf AFB September 1975-June 1979. Municipality of Anchorage computer operator 2003.

Education, Training, Experience & Qualifications

List both formal and informal education and training experiences:
Laguna Beach High School- Diploma. Various courses U.A.A. U.S.Air Force School of Applied Aerospace Science. Sheldon Jackson Community College. Alaska State Trooper Training Academy.

[redacted]

List any professional licenses, certifications, or registrations and dates obtained that may be used as qualifying criteria:
Commercial Pilot, Training in aerial Wildlife surveys, Retired Fish and Wildlife Trooper with 20 years experience.Advanced Alaska Law Enforcement Certificate.

List any community service, municipal government, and state positions held, and any awards received.
Retired Lieutenant Alaska State Troopers, 1982-2002, Meritorious Service and Bravery awards. Alaska Hunter Education Instructor.

Conviction Record

Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years?
No

Conviction Circumstances

Certification of Accuracy & Completeness

By submitting this online application, I swear the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form my application may be rejected, I may be removed from the list of eligible candidates, or I may be removed from the position. I agree that the Office of the Governor may contact present or former employees or other persons who know me to obtain an additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Type "I certify"
"I certify"

Resumé Addendum
ROBERT D. MUMFORD
[redacted]
Anchorage, Alaska

PERSONAL
[redacted]

WORK HISTORY

2002 - Present; DOYON UNIVERSAL SERVICES
Security at the Port of Anchorage, Kuparuk Oil Field on the North Slope, Native Village of Tyonek land security.

1982 - 2002; DEPT. OF PUBLIC SAFETY, State Trooper / Fish Wildlife Protection.

1980 - 1981; MUNICIPALITY OF ANCHORAGE, Computer Operator.

1979 - 1980; Planning and Research Company, Anchorage. Computer Operator.

1975 - 1979; U.S. AIR FORCE, Computer Operator Stationed at Elmendorf A.F.B.

Arctic Air Alaska commercial pilot, wildlife survey work; and 40 Mile Air Service, Hunter transportation.

BOARDS and COMMISSIONS

[redacted]

Big Game Commercial Services Board, Public member, 3/3/2006, reappointed 3/1/2010.

MEMBERSHIPS

N.R.A. Life Member
Rocky Mountain Elk Foundation, Life Member
Alaska Professional Hunters Association, Life Member
Aircraft Owners and Pilots Association
Alaska Airmen Association
Fraternal Order of Alaska State Troopers
Alaska Peace Officers Association

HOBBIES and INTERESTS

Family, aviation, wildlife viewing and photography, hunting, shooting, and fishing.

STATEMENT

I have lived in Alaska continuously since 1976 and have always had a passion for the diverse wildlife here. After leaving the military I continued working in the computer field for a couple of years, but always with the goal of ultimately obtaining employment with the Alaska State Trooper's Fish Wildlife Protection Division. I became an Alaska State Trooper in January 1982 and transferred into the Wildlife division in 1984, in which I remained throughout my career. By choice, I transferred several times to various posts throughout the state, and enjoyed the unique diversity each offered. I served in the communities of Palmer, Wasilla, Sand Point, Kodiak, Fairbanks, Coldfoot, Soldotna and Anchorage. During these assignments I was privileged to learn the local areas, become acquainted with the people who live there, and contacted the resource users. Living in the regions I patrolled helped me develop good judgment and an understanding of the people I contacted. I also learned to develop good working relations with the various State and Federal agencies that have parallel goals in the stewardship of Alaska's wildlife.

After retiring from AST Fish Wildlife Protection in 2002 I worked briefly as an assistant guide on the Alaska Peninsula. Additionally, I was employed as a commercial pilot surveying wildlife from Prudhoe Bay to Barrow, and I continue to work seasonally in Tok, transporting sportsmen into and out of the field. I am also a current volunteer Alaska Hunter Education Instructor. During the summer of 2010 I worked under contract to provide Land Security for the Native Village of Tyonek.

I have proudly served as a member of the Big Game Commercial Services Board over four years, and am the Board appointed liaison with the Wildlife Troopers. I was reappointed to the board in March, 2010 for a final four year term.

My strong commitment to Alaska's wildlife combined with my experience in many areas of Alaska and knowledge of the people and issues that we face, I believe qualify me to serve on the Board of Game. I would be honored to be appointed and would work hard to be a productive member of the Board of Game.

Press Release Wording

Robert Mumford, [redacted] of Anchorage has been appointed to the Board of Game. Robert is a retired Fish and Wildlife Trooper that has lived in Alaska for over 35 years. He has served on the Big Game Commercial Services Board and is employed by Doyon Universal Services and is also a commercial pilot.

Submitted: 10/14/10 at 4:03 pm from 209.112.214.171

[redacted]

HB

9

<TARGET><BILL>HB 9</BILL><SUBJECT>HB 9</SUBJECT><COMM>HRES27</COMM></TARGET>

Alaska State Legislature

State Capitol, Room 208
Juneau, Alaska 99801-1182
Phone: 907-465-3779
Fax: 907-465-2833
Toll Free: 800-469-3779

145 Main St. Loop
Second Floor
Kenai, Alaska 99611
Phone: 907-283-7223
Fax: 907-283-7184

REPRESENTATIVE MIKE CHENAULT
SPEAKER OF THE ALASKA STATE HOUSE

MEMORANDUM

TO: Representative Paul Seaton, Co-Chair
Representative Eric Feige, Co-Chair
House Resources Committee

FROM: Representative Mike Chenault
Speaker of the House

DATE: January 17, 2012

RE: Request for Hearing-House Bill 9

Please consider this request to schedule House Bill 9: In-State Gasline Development Corporation, before your committee at your earliest possible convenience. A committee substitute and additional back-up for the legislation will be sent to your respective committee aides.

Thank you for your consideration of my request.

Representative_Mike_Chenault@legis.state.ak.us

Summary Sheet - Alaska Gasline Development Corp. Enabling Legislation
COMMITTEE SUBSTITUTE for HOUSE BILL 9 (U VERSION)

The Committee Substitute (CS) for House Bill 9 (U version) combines several bills previously introduced; incorporates recommendations made by AGDC in the July 2011 Project Plan advancing its work on an instate gasline project; and broadens AGDC's authority to participate in gas development projects in Alaska

The CS incorporates existing bills:

- HB 203, AK Gasline development Corp/Gas Pipeline Fund, which establishes a fund to receive $200 million appropriated in 2011 for work toward an open season, and directs fund management and investment.
- HB 215, Pipeline Project: Judicial review/ROW, which limits challenges to right-of-way leasing decisions similar to protections extended to TAPS.
- HB 189, Gasline Development Team/Corporation Members/Info, allowing AGDC to enter into confidentiality agreements.

The legislation also:

- Gives AGDC the ability to determine pipeline ownership and operating structure; to exercise eminent domain; to issue bonds; and to manage pipeline and related project assets. Broadens AGDC's authority to include planning, designing, financing, developing, constructing, owning and operating pipelines and related gas development infrastructure.

- Removes language limiting an instate line's scope to linking North Slope gas to tidewater, allowing flexibility in the event of a major gas find in other areas of the state.

- Recognizes AGDC as an Alaska Housing Finance Corporation subsidiary by replacing the Joint Instate Gasline Development Team with AHFC's Board of Directors.

- Maximizes state gas development efforts by bringing the Alaska Natural Gas Development Authority under common management with AGDC. Protects the state and AHFC from liability related to AGDC. Directs state agencies to support AGDC's efforts by providing permits and state resources such as water, sand and gravel, at no cost.

- Amends regulatory requirements for a state-sanctioned project by allowing AGDC to operate a pipeline as a contract carrier; and provides AGDC the option for Regulatory Commission of Alaska oversight.

- Exempts an instate gas pipeline from state and local taxes during construction.

2.3.5 Recommended Legislative Actions

Currently pending state legislation addressing AGDC and ASAP will contribute greatly to the success of the project. AGDC recommends passage of these measures.

- **House Bill 189:** This bill provides that, to the extent AGDC enters into confidentiality agreements, information provided pursuant to such agreements is not subject to the Public Records Act. Further, it adjusts board participation to include the Alaska Railroad Chairman's designee and elimination of ANGDA participation. The bill passed the House, and was referred to Senate Resources. It has not been heard.
- **House Bill 203:** This legislation creates a fund for AGDC. The bill passed the House, and was referred to Senate Finance. It has not been heard.
- **House Bill 215:** This legislation limits the judicial review of a right-of-way lease or the development or construction of an oil or gas pipeline on state land. The bill passed the House and was referred to both Senate Judiciary and Finance. It has not been heard. This legislation is modeled after the Trans-Alaska Pipeline legislation that was adopted by Congress in 1973. Similar legislation was passed by the Alaska State Legislature in 1973 (Senate Bill 3) related to the Trans-Alaska Pipeline.

In addition, AGDC believes that several other legislative measures are important to address issues identified during its investigation and studies of the past year. AGDC recommends the following:

- *Address the issue of contract vs. common carrier:* Shippers will be reluctant to bid firm transportation as long as ASAP is required to operate as a common carrier for intrastate transport of gas. A common carrier operation by definition will not have 100% capacity covered through firm transportation agreements. The Alaska Legislature should amend the Alaska Pipeline Act to conform to the changes proposed in House Bill 215 or otherwise exempt ASAP from the common carrier provisions of the act. ASAP has virtually no chance of attracting adequate shipping commitments as a common carrier.
- *Empower AGDC with ratemaking authority over its projects:* For AGDC projects, AGDC needs to have the sole right to determine the ratemaking methodology and settle tariff disputes for intrastate gas shipments (including Gas Conditioning Facility tariffs) over the life of the initial firm transportation commitments or during the period of AGDC financing, whichever is longer.
- *Stabilize property taxes:* AGDC recommends that the State of Alaska fix the methodology and assessed mill rates for the first 20 years of the ASAP Project.
- *Request waiver of rental on state land:* The Alaska Legislature should consider whether it should pass a law waiving rental from AGDC for rights-of-way on state land or state agency land unless and until ASAP is transferred to a builder/owner/operator. Such legislation would preclude the Legislature from having to appropriate money to AGDC that is then transferred to another state entity.

With regard to the first two recommendations, AGDC staff will work with counsel to have proposed language ready by September 15, 2011.

House Speaker Mike Chenault

R-Nikiski **Email: rep.mike.chenault@legis.state.ak.us • Ph: 465-3779**

housemajority.org/chenault **mikechenault.com**



PRESS RELEASE

SPEAKER CONTINUES IN-STATE GASLINE DEVELOPMENT PUSH

Chenault, Hawker incorporate AGDC recommendations into omnibus package
Measure ensures energy security, opportunity and aligns existing state efforts

Monday, January 24, 2012, Juneau, Alaska – House Speaker Mike Chenault, R-Nikiski, today presented comprehensive legislation advancing the Alaska Gasline Development Corp's (AGDC) development of an instate gas pipeline project.

The package combines several existing bills with recommendations by AGDC and additional tools to bring Alaskans closer to a natural gas pipeline project, ensuring the state's energy security and providing a catalyst for future economic growth.

Speaker Chenault said AGDC has done tremendous work developing a solid, aggressive project plan for an instate gas pipeline, and expects this legislation to allow AGDC to advance this work to the point of project sanctioning, at which time state policy makers will have an opportunity to determine the state's involvement in construction and operations. At the same time, the legislation also enables AGDC to stand as a strong partner on behalf of Alaskans in the event the major producers align in a project as proposed by Governor Parnell.

"While the optimal project for Alaskans would be a large diameter export pipeline, I am unwilling to wait indefinitely for the various stakeholders to align," Speaker Chenault said. "This legislation allows AGDC to keep developing key assets and meeting critical milestones that will be invaluable whether we ultimately build an instate line or partner in a large export project. Alaskans need reliable, reasonable energy now, but we also need the long-term economic benefits that commercialization of our North Slope and Cook Inlet resources will bring."

Rep. Mike Hawker, R-Anchorage, has worked with Speaker Chenault crafting the omnibus legislation. "We are closer than ever to seeing a project underway that will bring affordable Alaskan gas to Alaska's communities," Hawker said. "As we announced last fall, this legislation is an important part of our efforts to empower AGDC to get a project started and to be prepared to work with the major gas producers on an in-state line exporting LNG."

The omnibus legislation ensures a reasonable, efficient regulatory process; facilitates private-sector investment; aligns existing state gasline efforts to maximize resources; and provides AGDC the flexibility to respond to gas supply and demand developments.

The legislation will be introduced as a committee substitute for House Bill 9, which Speaker Chenault introduced in 2011. The bill currently is in the House Resources Committee. A hearing has been requested.

Attached are a summary sheet for the CS for HB 9 and AGDC's recommended statutory changes as presented in the July 2011 Project Plan.

# # #

CONTACT: Speaker Chenault – 465-3779
Rep. Hawker – 465-4949

Alaska State Legislature

State Capitol, Room 208
Juneau, Alaska 99801-1182
Phone: 907-465-3779
Fax: 907-465-2833
Toll Free: 800-469-3779

145 Main St. Loop
Second Floor
Kenai, Alaska 99611
Phone: 907-283-7223
Fax: 907-283-7184

REPRESENTATIVE MIKE CHENAULT

SPEAKER OF THE ALASKA STATE HOUSE

COMMITTEE SUBSTITUTE FOR HOUSE BILL 9 ( ), U VERSION SPONSOR STATEMENT

Nearly two years ago, the Legislature passed HB 369 advancing an instate natural gas pipeline. Since that time, the Alaska Gasline Development Corporation has made tremendous progress developing a project along a solid timeline. It is imperative to maintain that momentum in pursuit of instate gas for Alaskans, while keeping open all options for participating in an aligned project.

This legislation will refine a solid, early proposal into a plan that the Legislature can decide to sanction or not. This legislation does not sanction construction of an instate gas pipeline, but allows AGDC to advance to that stage. The bill will also provide AGDC the tools to build its capacity to be a strong, participating partner in an aligned gasline project.

Along with a comprehensive update on progress to date, this summer AGDC presented the Legislature with a series of recommendations enabling the next stage in project planning. Those recommendations are incorporated within this committee substitute.

It is my intention to provide AGDC the tools that will allow them to refine a plan to the point of sanctioning by the Legislature. The state has invested hundreds of millions of dollars over the years in pursuit of our dream of gas, but we've consistently been held back by various roadblocks, internal and external, political and commercial. I want to clear those for this project.

This legislation is enabling and does no harm. It would facilitate gas development in the state of Alaska even if the project already on the table – AGIA – develops. It would also facilitate instate gas should we see the alignment of interests and projects the Governor is encouraging among commercial parties and others interested in both commercialization of North Slope gas and delivering Alaska's gas to Alaskans.

Representative_Mike_Chenault@legis.state.ak.us

as amended U.C.

27-LS0075\U.1
Bullock
1/25/12

AMENDMENT #1

OFFERED IN THE HOUSE

TO: CSHB 9( ), Draft Version "U"

Page 6, lines 15 - 16:

Delete "for the purpose of planning, designing, financing, developing, constructing, owning, and operating an in-state natural gas pipeline"

Insert "authorized to exercise the powers and take the actions described in AS 18.56.087"

(that is conceptual) U.C.

U.C.

27-LS0075\U.2
Bullock
1/25/12

AMENDMENT #2

OFFERED IN THE HOUSE

TO: CSHB 9( ), Draft Version "U"

Page 11, line 15, following "must":

Insert "be"

27-LS0075\U.6
Bullock
2/7/12

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 9( ), Draft Version "U"

Page 6, lines 1 - 11:

Delete all material and insert:

"(g) Upon request by the Alaska Gasline Development Corporation, a municipality or a state entity shall provide water, sand and gravel, a permit, or a lease to the Alaska Gasline Development Corporation at the usual and customary rates. In this subsection, "state entity" means a state department, authority, or other administrative unit of the executive branch of state government, a public university, or a state public corporation.

(h) That part of the cost of providing, under (g) of this section, water, sand and gravel, or other nonhydrocarbon natural resources, or of entering into a lease or permit, that is borne by the Alaska Gasline Development Corporation for an in-state natural gas pipeline project that is owned in whole or in part by the Alaska Gasline Development Corporation may not be included in the rate base in a proceeding under AS 42 or before the Federal Energy Regulatory Commission."

replaced by U.10

NOT offered

27-LS0075\U.7
Bullock
2/7/12

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE FEIGE

TO: CSHB 9( ), Draft Version "U"

Page 1, line 11, following "**project**":

Insert "**or connecting line**"

Page 2, line 12, following "pipeline":

Insert "and a connecting line"

Page 2, line 14, following "pipeline":

Insert "or a connecting line"

Page 2, line 19, following "system":

Insert "or connecting line"

Page 2, line 21:

Delete "or"

Insert ","

Page 2, line 22, following "project":

Insert ", or connecting line"

Page 2, line 24, following "project":

Insert "or connecting line"

Page 2, following line 26:

Insert new a subsection to read:

"(b) Upon commencement of construction of an in-state natural gas pipeline, the Alaska Gasline Development Corporation shall analyze potential connecting lines to serve industrial, residential, and utility customers in other regions of the state. If the Alaska Gasline Development Corporation finds that a connecting line is in the best interest of the state and can meet the needs of industrial, residential, and utility customers at commercially reasonable rates, the Alaska Gasline Development Corporation shall finance, construct, or operate the connecting line as necessary for the development of the connecting line. When developing or constructing a connecting line, the Alaska Gasline Development Corporation shall, to the maximum extent feasible, use existing land, structures, real or personal property, rights-of-way, easements, or other interests in land acquired by the Alaska Gasline Development Corporation or the Alaska Natural Gas Development Authority."

Reletter the following sections accordingly.

Page 4, line 7, following "pipeline":

Insert "or connecting line"

Page 4, line 8, following "section,":

Insert "(1) "connecting line" has the meaning given in AS 38.34.099;

(2)"

Page 4, line 17, following "pipeline":

Insert "**, or a connecting line**"

Page 5, line 25, following "project":

Insert "or connecting line"

Page 5, line 31, following "pipeline":

Insert "or connecting line"

Page 6, line 6, following "project":

Insert "or connecting line"

Page 6, line 16, following "pipeline":

Insert "and connecting lines"

Page 6, following line 16:

Insert a new paragraph to read:

"(2) "connecting line" means a pipeline to transport gas from the in-state natural gas pipeline project to an area of the state that is not directly served by the in-state natural gas pipeline project;"

Renumber the following paragraph accordingly.

Page 17, line 23, following "**pipeline**":

Insert "**or a connecting line**"

Page 18, following line 4:

Insert a new bill section to read:

"*** Sec. 27.** AS 42.05.431 is amended by adding a new subsection to read:

(i) In this section,

(1) "connecting line" has the meaning given in AS 38.34.099;

(2) "in-state natural gas pipeline" has the meaning given in AS 38.34.099."

Renumber the following bill sections accordingly

Page 18, line 6:

Delete "A natural gas pipeline"

Insert "An in-state natural gas pipeline or connecting line"

Page 18, line 10, following "pipeline":

Insert "or connecting line"

Page 18, following line 14:

Insert a new subsection to read:

"(t) In this section,

(1) "connecting line" has the meaning given in AS 38.34.099;

(2) "in-state natural gas pipeline" has the meaning given in AS 38.34.099."

Page 18, line 16, following "**Exemption.**":

Insert "(a)"

Page 18, line 17:

Delete "natural gas pipeline"

Insert "in-state natural gas pipeline or connecting line"

Page 18, following line 19:

Insert a new subsection to read:

"(b) In this section,

(1) "connecting line" has the meaning given in AS 38.34.099;

(2) "in-state natural gas pipeline" has the meaning given in AS 38.34.099."

Page 18, line 21:

Delete "a natural gas pipeline"

Insert "an in-state natural gas pipeline or connecting line"

Page 18, line 26, following "project":

Insert "or connecting line"

Page 18, line 27, following "subsection,":

Insert "(1)"

Page 18, line 29, following "project":

";

(2) "connecting line" has the meaning given in AS 38.34.099;

(3) "in-state natural gas pipeline" has the meaning given in AS 38.34.099"

Renumber the following bill sections accordingly.

27-LS0075\U.8
Bullock
2/7/12

U.C.

AMENDMENT #3

OFFERED IN THE HOUSE

TO: CSHB 9( ), Draft Version "U"

Page 4, lines 22 - 25:

Delete all material.

Insert "[JOINT IN-STATE GASLINE DEVELOPMENT TEAM]. The **Alaska Gasline Development Corporation** [DEVELOPMENT TEAM] shall avoid duplicating studies, plans, and designs that have already been produced or otherwise obtained by other state entities."

27-LS0075\U.9
Bullock
2/8/12

U.C.

AMENDMENT #4

OFFERED IN THE HOUSE

TO: CSHB 9( ), Draft Version "U"

Page 10, line 30, through page 11, line 7:

Delete all material.

Renumber the following bill sections accordingly.

Page 11, line 13, following "pipeline":

Insert "by the Alaska Gasline Development Corporation, a subsidiary created by the Alaska Housing Finance Corporation under AS 18.56.086,"

Page 11, line 15:

Delete "section"

Insert "subsection"

Page 11, line 23, following "a":

Insert "necessary"

Page 11, line 24, following "authorization":

Insert "for the development, construction, or initial operation of a natural gas pipeline by the Alaska Gasline Development Corporation, a subsidiary created by the Alaska Housing Finance Corporation under AS 18.56.086"

27-LS0075\U.10
Bullock
2/8/12

U.C

AMENDMENT #5

OFFERED IN THE HOUSE

TO: CSHB 9( ), Draft Version "U"

Page 6, lines 1 - 11:

Delete all material and insert:

"(g) Upon request by the Alaska Gasline Development Corporation, a municipality or a state entity shall provide water, sand and gravel, other nonhydrocarbon natural resources, and a permit or a lease to the Alaska Gasline Development Corporation at the usual and customary rates. In this subsection, "state entity" means a state department, authority, or other administrative unit of the executive branch of state government, a public university, or a state public corporation.

(h) That part of the cost of providing, under (g) of this section, water, sand and gravel, or other nonhydrocarbon natural resources, or of entering into a lease or issuing a permit, that is borne by the Alaska Gasline Development Corporation for an in-state natural gas pipeline project that is owned in whole or in part by the Alaska Gasline Development Corporation may not be included in the rate base in a proceeding under AS 42 or before the Federal Energy Regulatory Commission."

Replaces U.6

Alaska State Legislature

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REPRESENTATIVE MIKE CHENAULT
SPEAKER OF THE ALASKA STATE HOUSE

COMMITTEE SUBSTITUTE FOR HOUSE BILL 9 ( ), version U
SECTIONAL ANALYSIS

CS for House Bill 9 ( ): ***"An act relating to the Alaska Gasline Development Corporation, a subsidiary created by the Alaska Housing Finance Corporation; establishing and relating to the in-state natural gas pipeline fund; making certain information provided to or by the Alaska Gasline Development Corporation exempt from inspection as a public record; relating to the Joint In-State Development Team; relating to the judicial review of a right-of-way lease for the development or construction of an oil or gas pipeline on state land; relating to the lease of a right-of-way by the Alaska Gasline Development Corporation for a gas pipeline transportation corridor; relating to the cost of natural resources, permits, and leases provided to the Alaska Gasline Development Corporation; relating to the regulation by the Regulatory Commission of Alaska of an in-state gas pipeline project developed by the Alaska Gasline Development Authority; relating to the Alaska Natural Gas Development Authority; relating to the procurement of certain services by the Alaska Natural Gas Development Authority; exempting property of a project developed by the Alaska Gasline Development Corporation from property taxes before the commencement of commercial operations; and providing for an effective date."***

Section 1: Adds a new section to AS 18.56, Alaska Housing Finance Corporation. The new section adds powers to AGDC that are specific to AGDC's purpose of planning and developing an in-state natural gas pipeline. Those added powers would include the power to: (1) determine the ownership and operating structure and enter into agreements relating to ownership and operation; (2) exercise eminent domain; (3) acquire property and rights necessary or convenient for owning or operating the pipeline; and (4) dispose of the pipeline project or other assets.

This bill section would also (a) add powers to enable AGDC to issue bonds without limitation to further its purposes; (b) add language to protect the State, the various subdivisions of the State, and AHFC from any liability for the actions of AGDC; and (c) establish an "in-state natural gas pipeline fund" where money can be appropriated and used for AGDC's purposes.

Representative_Mike_Chenault@legis.state.ak.us

Section 2: Adds a new paragraph to AS 36.30.850 (b), Application of this chapter. Exempts contracts by ANGDA from the provisions of AS 36.30, the procurement code. The AGDC is already exempt from the state procurement code.

Section 3: Amends AS 38.34.030 (a), Joint In-State Gasline Development Team. Replaces the Joint In-State Gasline Development Team with AGDC. The In-State Team is repealed in section 30.

Section 4: Amends AS 38.34.030 (b), Joint In-State Gasline Development Team. Replaces the Joint In-State Gasline Development Team with AGDC. The In-State Team is repealed in section 30.

Section 5: Amends AS 38.34.050(c), Cooperation and access to information. Replaces the reference to AHFC with a reference to AGDC. This section of law currently directs the Department of Natural Resources to grant a right-of-way lease under AS 38.35 for the gas pipeline transportation corridor. The amendment, besides transferring the right from AHFC to AGDC, would specify that the lease is to be given at no cost or rental fee and that the lease is not subject to the lease requirements contained in AS 38.35.120(a)(1), (2), (5), and (7). These paragraphs of current law would require that AGDC operate the pipeline as a common carrier and that it be subject to regulation by the Regulatory Commission of Alaska. With this change, these paragraphs of current law would not apply to AGDC's lease.

Section 6: Adds new subsections to AS 38.34.050, Cooperation and access to information. The new subsections would: (a) give AGDC the ability to enter into confidentiality agreements and keep information confidential and not subject to disclosure under the Public Records Act (AS 40.25); and (b) direct state agencies to provide to AGDC water, sand, gravel, and other necessary natural resources and to enter into leasehold agreements and issue permits as necessary or appropriate for AGDC's pipeline, with the costs of the foregoing being borne by the applicable state agency.

Section 7: Repeals and re-enacts AS 38.34.099, Definitions. Broadens the definitions of the AGDC and the in-state natural gas pipeline to conform with changes found in sections 3, 4 and 5.

Section 8: Amends AS 38.35.100(d), Decision on application. Conforming language for conditional leases to note the changes found in Section 5.

Section 9: Amends AS 38.35.120(a), Covenants required to be included in lease. Conforming language for noncompetitive leases to note the changes found in Section 5.

Section 10: Amends AS 38.35.120(b), Covenants required to be included in lease. Conforming language for right-of-way leases to note the changes found in Section 5.

Section 11: Adds a new subsection to AS 38.35.140, Payment of rental and costs. A right-of-way lease to AGDC shall be granted without cost or reimbursement.

Section 12: Amends AS 38.35.200(a), Judicial review of decisions of commissioner on application. Adds language that is intended to limit the ability of those with objections to natural gas pipeline construction to stop necessary projects. Allows a competing applicant or a person with a direct financial interest affected by the lease of a right-of-way to raise an objection within 60 days of the application or 60 days after the effective date of this legislation. Allows an applicant standing to seek judicial review anytime in the process.

Section 13: Adds a new subsection to AS 38.35.200, Judicial review of decisions of commissioner on application. This subsection (c) is modeled after the Trans-Alaska Pipeline Authorization Act provision to foreclose lawsuits against any phase of development and/or construction. This subsection only allows those who have standing to bring about an action alleging that an action will deny rights under the state Constitution or challenging the invalidity of this section. The complaint must be filed in a state Superior Court and the court may not grant injunctive relief with the exception of a final judgment. Exempts an appeal of a permitting decision by the Department of Environmental Conservation under AS 46.03 (Environmental Conservation) and AS 46.14 (Air Quality Control) that is delegated to the department by the Environmental Protection Agency.

Section 14: Amends AS 40.25.120(a), Public records; exceptions, certified copies. Allows AGDC and the provider or recipient of the information to enter into confidentiality agreements that would not be subject to public disclosure. This provision complements the language found in Section 6.

Section 15: Amends AS 41.41.010(a), Establishment of the authority. Deletes certain provisions relating to ANGDA pertaining to the construction of a natural gas pipeline. The overall effect of the amendments in this and later bill sections would be to clarify that ANGDA may operate as a shipper of gas but not as a pipeline owner or developer. This clarifies the respective responsibilities of AGDC and ANGDA and conforms to general requirements of FERC and other potential pipeline regulatory agencies.

Section 16: Amends AS 41.41.010(d), Establishment of the authority. Conforming language to that found in Section 14, allowing ANGDA to focus more on marketing.

Section 17: Adds a new subsection to AS 41.41.010, Establishment of the authority. Gives the ANGDA the ability to pledge royalty gas owned by the state as long as the royalty gas is not already committed by contract to other purchasers of royalty gas.

Section 18: Repeals and re-enacts AS 41.41.020, Authority governing body. Establishes the board of directors of AHFC as the governing body of ANGDA.

Section 19: Amends AS 41.41.060, Compensation of board members; per diem and travel expenses. This section references statutes granting The Alaska Housing Finance Corporation board reimbursement for compensation, travel and per diem. This change also allows the Alaska Housing Finance Corporation board members to receive compensation, travel and per diem while on official business on behalf of ANGDA.

Section 20: Amends AS 41.41.070(d), Authority of staff. Exempts from the procurement code persons found by ANGDA to be necessary for the purpose of developing information, furnishing advice or conducting studies, investigations, hearings or other proceedings.

Section 21: Amends AS 41.41.090(b), Conflicts of interest. Deletes the reference to a "project" in conformance with the idea that ANGDA will not be a pipeline owner or operator, as discussed above in section 15.

Section 22: Amends AS 41.41.150(a), Public access to information. Exempts information contained or subject to a confidentiality agreement between ANGDA and the Alaska Gasline Development Corporation. This conforms to changes made in sections 6 and 14.

Section 23: Amends AS 41.41.200. Powers of the authority. Deletes references to a project. This conforms to the change discussed in section 15.

Section 24: Amends AS 41.41.990(2), Definitions. Amends the definition of the ANGDA Board of Directors to allow the Alaska Housing Finance Corporation Board of Directors to act as the board of ANGDA.

Section 25: Amends AS 42.05.431(c), Power of commission to fix rates. Exempts from review by the Regulatory Commission of Alaska any agreement or amendment to an agreement entered into by AGDC with a public utility. The exemption would continue for as long as any debt is outstanding for the AGDC pipeline.

Section 26: Amends AS 42.05.431(e), Power of commission to fix rates. Makes a conforming drafting change to reflect the change proposed in section 25.

Section 27: Adds a new subsection to AS 42.05.711, Exemptions. Exempts AGDC from oversight by the Regulatory Commission of Alaska until such a time that all debt has been paid on a project.

Section 28: Adds a new section to AS 42.06, Article 7, Pipeline Act. Exempts AGDC and any pipeline developed, owned, or operated, in whole or in part, by AGDC from the Pipeline Act, which, generally speaking, places pipelines and pipeline carriers in Alaska under the regulations of the Regulatory Commission of Alaska.

Section 29: Adds a new subsection to AS 43.56.020, Exemptions. Taxable property of a natural gas pipeline developed by the Alaska Gasline Development Corporation is exempt from state or local taxes until the first natural gas flows in the project generating revenue to the owners of the natural gas pipeline project.

Section 30: Repeals AS 38.34.030, Joint In-State Gasline Development Team; AS 38.34.040, Duties of the development team; AS 38.34.060: Conflicts of interest; AS 41.41.030, Term of office; AS 41.41.040, Removal and vacancies; and AS 41.41.080, Legal counsel. The provisions repealed in the AS 38.34 statutes are the Joint In-State Gasline Development Team, their duties, conflicts of interest provisions. The In-State Team has fulfilled its duties and the function they served is no longer necessary with the advent of AGDC.

The AS 41.41 statutes refer to the board members of ANGDA. These provisions are no longer necessary since the Alaska Housing Finance Corporation board is overseeing activities of ANGDA.

Section 31: Repeals Section 1 of Ballot Measure No. 3.

Section 32: Contains certain instructions to the revisor of statutes.

Section 33: Immediate effective date.

27-LS0075\U
Bullock
1/19/12

CS FOR HOUSE BILL NO. 9( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES CHENAULT, Millett, Thompson, Hawker

A BILL

FOR AN ACT ENTITLED

"An Act relating to the Alaska Gasline Development Corporation, a subsidiary created by the Alaska Housing Finance Corporation; establishing and relating to the in-state natural gas pipeline fund; making certain information provided to or by the Alaska Gasline Development Corporation exempt from inspection as a public record; relating to the Joint In-State Gasline Development Team; relating to the judicial review of a right-of-way lease or the development or construction of an oil or gas pipeline on state land; relating to the lease of a right-of-way by the Alaska Gasline Development Corporation for a gas pipeline transportation corridor; relating to the cost of natural resources, permits, and leases provided to the Alaska Gasline Development Corporation; relating to the regulation by the Regulatory Commission of Alaska of an in-state gas pipeline project developed by the Alaska Gasline Development Corporation; relating to the Alaska Natural Gas Development Authority; relating to the procurement

of certain services by the Alaska Natural Gas Development Authority; exempting property of a project developed by the Alaska Gasline Development Corporation from property taxes before the commencement of commercial operations; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 18.56 is amended by adding a new section to read:

Sec. 18.56.087. Alaska Gasline Development Corporation. (a) The Alaska Gasline Development Corporation, a subsidiary created under AS 18.56.086, shall have all powers granted to it by the corporation. In addition, the Alaska Gasline Development Corporation may

(1) determine the form of ownership and the operating structure of an in-state natural gas pipeline developed by the Alaska Gasline Development Corporation and may enter into agreements with other persons for joint ownership or operation or both of the in-state natural gas pipeline;

(2) exercise the power of eminent domain to acquire land under AS 09.55.240 - 09.55.460;

(3) acquire, by purchase, lease, or gift, land, structures, real or personal property, an interest in property, a right-of-way, a franchise, an easement, other interest in land, or an interest in or right to capacity in any pipeline system determined to be necessary or convenient for the development, financing, construction, or operation of an in-state natural gas pipeline project or part of an in-state natural gas pipeline project; and

(4) transfer or otherwise dispose of all or part of an in-state natural gas pipeline project developed by the Alaska Gasline Development Corporation or transfer or otherwise dispose of an interest in an asset of the Alaska Gasline Development Corporation.

(b) The Alaska Gasline Development Corporation may issue bonds and notes and otherwise incur indebtedness in order to carry out and accomplish its purposes. The provisions of AS 18.56.110(a)-(f) and 18.56.115 - 18.56.190 apply to the Alaska

Gasline Development Corporation in the exercise of its powers under this subsection, except that, in AS 18.56.110 - 18.56.190, as applicable under this subsection, the term "corporation" shall mean the Alaska Gasline Development Corporation. The Alaska Gasline Development Corporation may issue bonds and notes and otherwise incur indebtedness under this subsection without limit as to principal amount. The bonds, notes, and other indebtedness of the Alaska Gasline Development Corporation do not create an obligation or liability of the corporation except to the extent that the corporation agrees in writing to accept the obligation or liability.

(c) No debt, obligation, or liability of the Alaska Gasline Development Corporation shall become a debt, obligation, or liability of the state or any part or subdivision of the state or of the corporation or a subsidiary corporation of the corporation other than the Alaska Gasline Development Corporation, except as provided in this subsection. This subsection applies to all debt, obligations, and liabilities of the Alaska Gasline Development Corporation regardless of how the debt, obligations, or liabilities are created, including by contract, tort, or bond or note issuance. Except as provided in this subsection, a person may not bring suit against the state or any part or subdivision of the state or against the corporation or a subsidiary corporation of the corporation other than the Alaska Gasline Development Corporation in the courts of the state to enforce or seek a remedy with respect to a debt, obligation, or liability of the Alaska Gasline Development Corporation. The corporation may waive, in whole or in part, the application of the provisions of this subsection to the corporation with respect to a debt, obligation, or liability of the Alaska Gasline Development Corporation. To be effective, a waiver by the corporation must be in writing and shall only have effect to the extent provided in the writing.

(d) The in-state natural gas pipeline fund is established in the Alaska Gasline Development Corporation and consists of money appropriated to it. Unless otherwise provided by law, money appropriated to the fund lapses into the general fund on the day this subsection is repealed. The Alaska Gasline Development Corporation shall manage and invest the fund to yield competitive market rates. The Alaska Gasline Development Corporation shall invest money in the fund in the same manner and on

the same conditions as permitted for investment by the commissioner of revenue of funds belonging to the state or held in the treasury under AS 37.10.070 and as provided for fiduciaries of state funds under AS 37.10.071. Interest and other income received on money in the fund shall be separately accounted for and may be appropriated to the fund. The Alaska Gasline Development Corporation may use money appropriated to the fund for the planning, designing, financing, development, construction, and operation of an in-state natural gas pipeline.

(e) In this section, "in-state natural gas pipeline" has the meaning given in AS 38.34.099.

* **Sec. 2.** AS 36.30.850(b) is amended by adding a new paragraph to read:

(49) contracts by the Alaska Natural Gas Development Authority under AS 41.41.070(d).

* **Sec. 3.** AS 38.34.050(a) is amended to read:

(a) The **Alaska Gasline Development Corporation** [JOINT IN-STATE GASLINE DEVELOPMENT TEAM] may have access to information of all state agencies that is directly related to the planning, design, construction, or operation of the in-state natural gas pipeline.

* **Sec. 4.** AS 38.34.050(b) is amended to read:

(b) All state agencies or entities shall cooperate with and, except for requests from the Alaska Gasline Inducement Act coordinator (AS 43.90.250), give priority to requests for information from the **Alaska Gasline Development Corporation** [JOINT IN-STATE GASLINE DEVELOPMENT TEAM. THE DEVELOPMENT TEAM SHALL AVOID DUPLICATING STUDIES, PLANS, AND DESIGNS THAT HAVE ALREADY BEEN PRODUCED OR OTHERWISE OBTAINED BY OTHER STATE ENTITIES].

* **Sec. 5.** AS 38.34.050(c) is amended to read:

(c) Notwithstanding any contrary provision of law, the Department of Natural Resources shall grant the **Alaska Gasline Development Corporation** [ALASKA HOUSING FINANCE CORPORATION] a right-of-way lease under AS 38.35 for the gas pipeline transportation corridor **at no cost or rental fee** if

(1) [THE CORPORATION SUBMITS] a complete right-of-way lease

application under AS 38.35.050 **is submitted**;

(2) the lease application is made the subject of notice and other reasonable and appropriate publication requirements under AS 38.35.070; and

(3) **except for the covenants in AS 38.35.120(a)(1), (2), (5), and (7),** the corporation **that submits the application for the right-of-way lease** agrees to be bound by the right-of-way lease covenants set out in AS 38.35.120**; notwithstanding AS 38.35.120(b), a right-of-way lease subject to this paragraph is valid and of legal effect**.

*** Sec. 6.** AS 38.34.050 is amended by adding new subsections to read:

(e) The Alaska Gasline Development Corporation may enter into confidentiality agreements necessary to acquire or provide information to carry out its functions. Information acquired or provided by the Alaska Gasline Development Corporation under a confidentiality agreement is not subject to disclosure under AS 40.25.110. The Alaska Gasline Development Corporation may enter into confidentiality agreements with a public agency, as defined in AS 40.25.220, to allow release of information protected by a confidentiality agreement to that public agency. The portions of the records and files of a public agency bound by a confidentiality agreement that reflect, incorporate, or analyze information subject to a confidentiality agreement under this subsection are not public records. Confidentiality agreements entered into under this subsection are valid and binding against all parties in accordance with the terms of the confidentiality agreement.

(f) Information relating to field studies conducted and other technical information developed or obtained by the Alaska Gasline Development Corporation that relates to the development, financing, construction, or operation of an in-state natural gas pipeline project by the Alaska Gasline Development Corporation is confidential and not subject to disclosure under AS 40.25.110. The Alaska Gasline Development Corporation may waive the confidentiality of the information described in this subsection, except for information acquired from another person that is subject to a confidentiality agreement, if the waiver is in the best interest of the state and will facilitate the development, financing, or construction of an in-state natural gas pipeline.

(g) Each department, division, public agency, political subdivision, or other instrumentality of the state shall, on request from the Alaska Gasline Development Corporation, provide water, sand, gravel, and other necessary natural resources, enter into leasehold agreements, and issue permits that are found by the Alaska Gasline Development Corporation to be necessary or appropriate for any in-state natural gas pipeline project that is owned, in whole or in part, by the Alaska Gasline Development Corporation. Water, sand, gravel, other necessary natural resources, permits, and leases must be provided to the Alaska Gasline Development Corporation with the cost to be borne by the department, division, public agency, political subdivision, or other instrumentality of the state. The cost borne by an entity under this subsection shall be reported to the Alaska Gasline Development Corporation.

*** Sec. 7.** AS 38.34.099 is repealed and reenacted to read:

Sec. 38.34.099. Definitions. In this chapter,

(1) "Alaska Gasline Development Corporation" means the corporation created under AS 18.56.086 for the purpose of planning, designing, financing, developing, constructing, owning, and operating an in-state natural gas pipeline;

(2) "in-state natural gas pipeline" means a pipeline for transporting natural gas in the state.

*** Sec. 8.** AS 38.35.100(d) is amended to read:

(d) The commissioner shall include in a conditional lease each requirement and condition of the covenants established under AS 38.35.120**, except for covenants that do not apply to a lease entered into under AS 38.34.050(c)**. The commissioner may also require that the lessee agree to additional conditions that the commissioner finds to be in the public interest. In place of the covenant established under AS 38.35.120(a)(9), the commissioner shall require the lessee to agree that it will not transfer, assign, pledge, or dispose of in any manner, directly or indirectly, its interest in a conditional right-of-way lease or a pipeline subject to the conditional lease, unless the commissioner, after considering the public interest and issuing written findings to substantiate a decision to allow the transfer, authorizes the transfer. The commissioner shall also require the lessee to agree not to allow the transfer of control of the lessee without the approval of the commissioner; as used in this subsection, "transfer of

control of the lessee" means the transfer of 30 percent or more, in the aggregate, of ownership interest in the lessee in one or more transactions to one or more persons by one or more persons.

*** Sec. 9.** AS 38.35.120(a) is amended to read:

(a) **Except as provided in AS 38.34.050(c), a** [A] noncompetitive lease of state land for a right-of-way for an oil or natural gas pipeline valued at $1,000,000 or more may be granted only upon the condition that the lessee expressly covenants in the lease, in consideration of the rights acquired by it under the lease, that

(1) it assumes the status of and will perform all of its functions undertaken under the lease as a common carrier and will accept, convey, and transport without discrimination crude oil or natural gas, depending on the kind of pipeline involved, delivered to it for transportation from fields in the vicinity of the pipeline subject to the lease throughout its route both on state land obtained under the lease and on the other land; it will accept, convey, and transport crude oil or natural gas without unjust or unreasonable discrimination in favor of one producer or person, including itself, as against another but will take the crude oil or natural gas, depending on the kind of pipeline involved, delivered or offered, without unreasonable discrimination, that the Regulatory Commission of Alaska shall, after a full hearing with due notice to the interested parties and a proper finding of facts, determine to be reasonable in the performance of its duties as a common carrier; however, a lessee that owns or operates a natural gas pipeline

(A) subject to regulation either under the Natural Gas Act (15 U.S.C. 717 et seq.) of the United States or by the state or political subdivisions with respect to rates and charges for the sale of natural gas, is, to the extent of that regulation, exempt from the common carrier requirement in this paragraph;

(B) that is a North Slope natural gas pipeline (i) is required to operate as a common carrier only with respect to the intrastate transportation of North Slope natural gas, as that term is defined in AS 42.06.630, and (ii) is not required to operate as a common carrier as to a liquefied natural gas facility or a marine terminal facility associated with the pipeline, and is not otherwise

required to perform its functions under the lease as a common carrier; for purposes of this subparagraph, "North Slope natural gas pipeline" means all the facilities of a total system of pipe, whether owned or operated under a contract, agreement, or lease, used by a carrier for transportation of North Slope natural gas, as defined by AS 42.06.630, for delivery, for storage, or for further transportation, and including all pipe, pump, or compressor stations, station equipment, tanks, valves, access roads, bridges, airfields, terminals and terminal facilities, including docks and tanker loading facilities, operations control centers for both the upstream part of the pipeline and the terminal, tanker ballast treatment facilities, fire protection system, communication system, and all other facilities used or necessary for an integral line of pipe, taken as a whole, to carry out transportation, including an extension or enlargement of the line;

(2) it will interchange crude oil or natural gas, depending on the kind of pipeline involved, with each like common carrier and provide connections and facilities for the interchange of crude oil or natural gas at every locality reached by both pipelines when the necessity exists, subject to rates and regulations made by the appropriate state or federal regulatory agency;

(3) it will maintain and preserve books, accounts, and records and will make those reports that the state may prescribe by regulation or law as necessary and appropriate for purposes of administration of this chapter;

(4) it will accord at all reasonable times to the state and its authorized agents and auditors the right of access to its property and records, of inspection of its property, and of examination and copying of records;

(5) it will provide connections, as determined by the Regulatory Commission of Alaska under AS 42.06.340, to facilities on the pipeline subject to the lease, both on state land and other land in the state, for the purpose of delivering crude oil or natural gas, depending on the kind of pipeline involved, to persons (including the state and its political subdivisions) contracting for the purchase at wholesale of crude oil or natural gas transported by the pipeline when required by the public interest;

(6) it shall, notwithstanding any other provision, provide connections and interchange facilities at state expense at such places the state considers necessary if the state determines to take a portion of its royalty or taxes in oil or natural gas;

(7) it will construct and operate the pipeline in accordance with applicable state laws and lawful regulations and orders of the Regulatory Commission of Alaska;

(8) it will, at its own expense, during the term of the lease,

(A) maintain the leasehold and pipeline in good repair;

(B) promptly repair or remedy any damage to the leasehold;

(C) promptly compensate for any damage to or destruction of property for which the lessee is liable resulting from damage to or destruction of the leasehold or pipeline;

(9) it will not transfer, assign, or dispose of in any manner, directly or indirectly, or by transfer of control of the carrier corporation, its interest in a right-of-way lease, or any rights under the lease or any pipeline subject to the lease to any person other than another owner of the pipeline (including subsidiaries, parents, and affiliates of the owners), except to the extent that the commissioner, after consideration of the protection of the public interest (including whether the proposed transferee is fit, willing, and able to perform the transportation or other acts proposed in a manner that will reasonably protect the lives, property, and general welfare of the people of Alaska), authorizes; the commissioner shall not unreasonably withhold consent to the transfer, assignment, or disposal;

(10) it will file with the commissioner a written appointment of a named permanent resident of the state to be its registered agent in the state and to receive service of notices, regulations, decisions, and orders of the commissioner; if it fails to appoint an agent for service, service may be made by posting a copy in the office of the commissioner, filing a copy in the office of the lieutenant governor, and mailing a copy to the lessee's last known address;

(11) the applicable law of this state will be used in resolving questions of interpretation of the lease;

(12) the granting of the right-of-way lease is subject to the express

condition that the exercise of the rights and privileges granted under the lease will not unduly interfere with the management, administration, or disposal by the state of the land affected by the lease, and that the lessee agrees and consents to the occupancy and use by the state, its grantees, permittees, or other lessees of any part of the right-of-way not actually occupied or required by the pipeline for the full and safe utilization of the pipeline, for necessary operations incident to land management, administration, or disposal;

(13) it will be liable to the state for damages or injury incurred by the state caused by the construction, operation, or maintenance of the pipeline and it will indemnify the state for the liabilities or damages;

(14) it will procure and furnish liability and property damage insurance from a company licensed to do business in the state or furnish other security or undertaking upon the terms and conditions the commissioner considers necessary if the commissioner finds that the net assets of the lessee are insufficient to protect the public from damage for which the lessee may be liable arising out of the construction or operation of the pipeline.

*** Sec. 10.** AS 38.35.120(b) is amended to read:

(b) **Except as provided in AS 38.34.050(c), for** [FOR] a right-of-way lease granted under this chapter for an oil or natural gas pipeline valued at $1,000,000 or more to be valid and of legal effect, it must contain the terms required to be inserted under the provisions of AS 38.35.110 - 38.35.140. **Except as provided in AS 38.34.050(c), an** [AN] oil or natural gas pipeline right-of-way lease granted under this chapter that does not contain the required terms is null and void and without legal effect and does not vest any interest in state land or any authority in the carrier granted the lease.

*** Sec. 11.** AS 38.35.140 is amended by adding a new subsection to read:

(c) Notwithstanding (a) and (b) of this section, a right-of-way lease shall be granted without cost to or reimbursement by the Alaska Gasline Development Corporation created under AS 18.56.086.

*** Sec. 12.** AS 38.35.200(a) is amended to read:

(a) **A person that is a** [AN APPLICANT OR] competing applicant or **that** [A

PERSON WHO] has a direct financial interest affected by the lease **of a right-of-way under this chapter that** [WHO] raises **an objection** [OBJECTIONS] within 60 days **after** [OF] the publication of notice under AS 38.35.070 **and a person that is an applicant** are the only persons with standing to seek judicial review of a decision of the commissioner under AS 38.35.100 **or an action described in (c) of this section, except that the limitations in (c) of this section do not apply to an applicant appealing an action or decision described in (c) of this section**.

*** Sec. 13.** AS 38.35.200 is amended by adding new subsections to read:

(c) Except as provided for an applicant under (a) of this section, notwithstanding any contrary provision of law, an action or decision of the commissioner or other state officer or agency concerning the issuance or approval of a necessary right-of-way, permit, lease, certificate, license, or other authorization for the development, construction, or initial operation of a natural gas pipeline that uses a right-of-way subject to this chapter may not be subject to judicial review, except that a claim alleging the invalidity of this section must brought within 60 days after the effective date of this Act, and a claim alleging that an action will deny rights under the Constitution of the State of Alaska must be brought within 60 days following the date of that action. A claim that is not filed within the limitations established in this subsection is barred. A complaint under this subsection must be filed in superior court, and the superior court has exclusive jurisdiction. Notwithstanding AS 22.10.020(c), except in conjunction with a final judgment on a claim filed under this subsection, the superior court may not grant injunctive relief, including a temporary restraining order, preliminary injunction, permanent injunction, or stay against the issuance of a right-of-way, permit, lease, certificate, license, or other authorization. In this subsection, "natural gas pipeline" has the meaning given in AS 42.06.630.

(d) An appeal of a permitting decision by the Department of Environmental Conservation under AS 46.03 or AS 46.14 that is made under authority delegated to the Department of Environmental Conservation by the United States Environmental Protection Agency is not

(1) subject to the limitation in (a) of this section;

(2) included in the actions or decisions described in (c) of this section.

* **Sec. 14.** AS 40.25.120(a) is amended to read:

(a) Every person has a right to inspect a public record in the state, including public records in recorders' offices, except

(1) records of vital statistics and adoption proceedings, which shall be treated in the manner required by AS 18.50;

(2) records pertaining to juveniles unless disclosure is authorized by law;

(3) medical and related public health records;

(4) records required to be kept confidential by a federal law or regulation or by state law;

(5) to the extent the records are required to be kept confidential under 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure or retain federal assistance;

(6) records or information compiled for law enforcement purposes, but only to the extent that the production of the law enforcement records or information

(A) could reasonably be expected to interfere with enforcement proceedings;

(B) would deprive a person of a right to a fair trial or an impartial adjudication;

(C) could reasonably be expected to constitute an unwarranted invasion of the personal privacy of a suspect, defendant, victim, or witness;

(D) could reasonably be expected to disclose the identity of a confidential source;

(E) would disclose confidential techniques and procedures for law enforcement investigations or prosecutions;

(F) would disclose guidelines for law enforcement investigations or prosecutions if the disclosure could reasonably be expected to risk circumvention of the law; or

(G) could reasonably be expected to endanger the life or physical safety of an individual;

(7) names, addresses, and other information identifying a person as a

participant in the Alaska Higher Education Savings Trust under AS 14.40.802 or the advance college tuition savings program under AS 14.40.803 - 14.40.817;

(8) public records containing information that would disclose or might lead to the disclosure of a component in the process used to execute or adopt an electronic signature if the disclosure would or might cause the electronic signature to cease being under the sole control of the person using it;

(9) reports submitted under AS 05.25.030 concerning certain collisions, accidents, or other casualties involving boats;

(10) records or information pertaining to a plan, program, or procedures for establishing, maintaining, or restoring security in the state, or to a detailed description or evaluation of systems, facilities, or infrastructure in the state, but only to the extent that the production of the records or information

(A) could reasonably be expected to interfere with the implementation or enforcement of the security plan, program, or procedures;

(B) would disclose confidential guidelines for investigations or enforcement and the disclosure could reasonably be expected to risk circumvention of the law; or

(C) could reasonably be expected to endanger the life or physical safety of an individual or to present a real and substantial risk to the public health and welfare;

(11) the written notification regarding a proposed regulation provided under AS 24.20.105 to the Department of Law and the affected state agency and communications between the Legislative Affairs Agency, the Department of Law, and the affected state agency under AS 24.20.105;

(12) records that are

(A) proprietary, privileged, or a trade secret in accordance with AS 43.90.150 or 43.90.220(e);

(B) applications that are received under AS 43.90 until notice is published under AS 43.90.160;

(13) information that is covered by a confidentiality agreement between the Alaska Gasline Development Corporation created under

AS 18.56.086 and the provider or recipient of the information.

*** Sec. 15.** AS 41.41.010(a) is amended to read:

(a) There is established the Alaska Natural Gas Development Authority, the purpose of which is to provide one or more of the following services and functions in order to **acquire** [BRING] natural gas **produced in** [FROM THE NORTH SLOPE OR OTHER REGIONS OF] the state **for delivery** to market, including

[(1)] the acquisition and conditioning of natural gas [;

(2) THE DESIGN AND CONSTRUCTION OF THE PIPELINE SYSTEM;

(3) THE OPERATION AND MAINTENANCE OF THE PIPELINE SYSTEM;

(4) THE DESIGN, CONSTRUCTION, AND OPERATION OF OTHER FACILITIES NECESSARY FOR DELIVERING THE GAS TO MARKET, INCLUDING MARKETS IN THE STATE;] and

[(5)] the acquisition of natural gas market share sufficient to ensure the long-term feasibility of pipeline system projects.

*** Sec. 16.** AS 41.41.010(d) is amended to read:

(d) The acquisition of natural gas from the North Slope and other regions of the state, including the Alaska outer continental shelf, and **making that natural gas available to** [ITS DELIVERY TO MARKETS IN THE STATE FOR USE BY] markets in the state or **for export from the state** [TO TIDEWATER FOR SHIPMENT TO MARKET BY THE AUTHORITY] are essential government functions of the state.

*** Sec. 17.** AS 41.41.010 is amended by adding a new subsection to read:

(f) To honor delivery commitments in a contract entered into by the authority, the authority and the commissioner of natural resources may pledge, as necessary, royalty gas owned by the state and not otherwise committed by contract to other purchasers of royalty gas. The commissioner of natural resources shall determine the amount of gas that may be pledged and the price for that gas.

*** Sec. 18.** AS 41.41.020 is repealed and reenacted to read:

Sec. 41.41.020. Authority governing body. The authority shall be governed

by the board of directors of the Alaska Housing Finance Corporation.

*** Sec. 19.** AS 41.41.060 is amended to read:

Sec. 41.41.060. Compensation of board members; per diem and travel expenses. Members of the board **described in AS 18.56.030(a)(4)** are entitled to **compensation and reimbursement as provided in AS 18.56.030(e) when on official business of the authority** [PER DIEM AND TRAVEL EXPENSES AUTHORIZED FOR BOARDS AND COMMISSIONS UNDER AS 39.20.180].

*** Sec. 20.** AS 41.41.070(d) is amended to read:

(d) In addition to its employees, the authority may contract for and engage the services of [BOND COUNSEL,] consultants, experts, [AND] financial advisors**, and legal counsel, including bond counsel,** the authority considers necessary for the purpose of developing information, furnishing advice, or conducting studies, investigations, hearings, or other proceedings. **The procurement of services under this subsection is exempt from AS 36.30, including AS 36.30.015(d) and (f).**

*** Sec. 21.** AS 41.41.090(b) is amended to read:

(b) If a member of the board or an employee of the authority acquires, owns, or controls an interest, direct or indirect, in an entity [OR PROJECT] in which assets of the authority are invested, the member shall immediately disclose the interest to the board. The disclosure is a matter of public record and shall be included in the minutes of the first board meeting following the disclosure.

*** Sec. 22.** AS 41.41.150(a) is amended to read:

(a) Information in the possession of the authority is a public record, except that information that **is contained in or subject to a confidentiality agreement between the authority and the Alaska Gasline Development Corporation or that** discloses the particulars of the business or affairs of a private enterprise or investor is confidential and is not a public record for purposes of AS 40.25.110 - 40.25.140. Confidential information may be disclosed only for the purposes of an official law enforcement investigation or when its production is required in a court proceeding.

*** Sec. 23.** AS 41.41.200 is amended to read:

Sec. 41.41.200. Powers of the authority. In furtherance of its corporate purposes, in addition to its other powers, the authority may

(1) sue and be sued;

(2) adopt a seal;

(3) adopt, amend, and repeal bylaws and regulations;

(4) make and execute contracts and other instruments;

(5) in its own name acquire property, lease, rent, convey, or acquire real and personal property [; A PROJECT SITE OR PART OF A PROJECT SITE MAY BE ACQUIRED BY EMINENT DOMAIN];

(6) acquire natural gas supplies;

(7) issue bonds and otherwise incur indebtedness in accordance with AS 41.41.300 - 41.41.410 in order to pay the cost of a project;

(8) accept gifts, grants, or loans from and enter into contracts or other transactions regarding gifts, grants, or loans with a federal agency or an agency or instrumentality of the state, a municipality, private organization, or other source;

(9) enter into contracts or agreements with a federal agency, agency or instrumentality of the state, municipality, or public or private individual or entity, with respect to the exercise of its powers;

(10) charge fees or other forms of remuneration for the use of authority properties and facilities;

(11) defend and indemnify a current or former member of the board or an employee or agent of the authority against the costs, expenses, judgments, and liabilities as a result of actions taken in good faith on behalf of the authority; and

(12) purchase insurance to protect its assets, services, and employees against liabilities that may arise from authority operations and activities.

* **Sec. 24.** AS 41.41.990(2) is amended to read:

(2) "board" means the board of directors of the **Alaska Housing Finance Corporation acting as the board of the** Alaska Natural Gas Development Authority;

* **Sec. 25.** AS 42.05.431(c) is amended to read:

(c) Notwithstanding (b) of this section,

(1) a wholesale agreement for the sale of power from a project licensed by the Federal Energy Regulatory Commission on or before January 1, 1987, and

related contracts for the wheeling, storage, regeneration, or wholesale repurchase of power purchased under the agreement, entered into between the Alaska Energy Authority and one or more other public utilities or among the utilities after October 31, 1987, and before January 1, 1988, and amendments to the wholesale agreement or related contract, and the wholesale agreement or related contract assigned by the Alaska Energy Authority to a joint action agency formed under AS 42.45.310 that purchases the project from the Alaska Energy Authority, are not subject to review or approval by the commission until all long-term debt incurred for the project is retired, or, for a wholesale agreement or related contract assigned to a joint action agency formed under AS 42.45.310, until all long-term debt incurred to pay the purchase price to the Alaska Energy Authority is retired; [AND

(2)] a wholesale agreement or related contract described in **this paragraph** [(1) OF THIS SUBSECTION] may contain a covenant for the public utility to establish, charge, and collect rates sufficient to meet its obligations under the contract**, and** [;] the rate covenant is valid and enforceable**;**

(2) an agreement or an amendment to an agreement entered into by the Alaska Gasline Development Corporation created under AS 18.56.086 with a public utility

(A) is not subject to review or approval by the commission until all debt incurred by the Alaska Gasline Development Corporation created under AS 18.56.086 or by any other entity that issues debt to finance, refinance, or assist in the financing or refinancing of the in-state natural gas pipeline is paid in full; and

(B) may contain a covenant for the public utility to establish, charge, and collect rates sufficient to meet the public utility's obligations under the contract, and the rate covenant is valid and enforceable.

*** Sec. 26.** AS 42.05.431(e) is amended to read:

(e) Validated costs incurred by a utility in connection with the related contracts described in **(c)** [(c)(1)] of this section must be allowed in the rates charged by the utility. In this subsection, "validated costs" are the actual costs that a utility

uses, under the formula set out in related contracts described in (c) of this section, to establish rates, charges for services and rights, and the payment of charges for services and rights. This subsection does not grant the commission jurisdiction to alter or amend the formula set out in those related contracts.

*** Sec. 27.** AS 42.05.711 is amended by adding a new subsection to read:

(s) A natural gas pipeline owned or financed by the Alaska Gasline Development Corporation created under AS 18.56.086 or a joint venture, partnership, or other entity controlled by the Alaska Gasline Development Corporation is exempt from this chapter until all debt incurred to finance or refinance the cost of developing and constructing the natural gas pipeline is paid in full. However, the Alaska Gasline Development Corporation or a joint venture, partnership, or other entity that includes the Alaska Gasline Development Corporation may elect to be subject to regulation under this chapter to the extent the Alaska Gasline Development Corporation determines is appropriate.

*** Sec. 28.** AS 42.06 is amended by adding a new section to article 7 to read:

Sec. 42.06.601. Exemption. The Alaska Gasline Development Corporation created under AS 18.56.086 and any natural gas pipeline developed, owned, or operated, in whole or in part, by the Alaska Gasline Development Corporation is exempt from this chapter.

*** Sec. 29.** AS 43.56.020 is amended by adding a new subsection to read:

(d) Taxable property of a natural gas pipeline project owned or financed by the Alaska Gasline Development Corporation established under AS 18.56.086, or a joint venture, partnership, or other entity that includes the Alaska Gasline Development Corporation, is exempt from state taxes levied or authorized under AS 43.56.010(a) and local taxes levied or authorized under AS 43.56.010(b) before the commencement of commercial operations of that natural gas pipeline project. In this subsection, "commencement of commercial operations" means the first flow of natural gas in the project that generates revenue to the owners of the natural gas pipeline project.

*** Sec. 30.** AS 38.34.030, 38.34.040, 38.34.060, AS 41.41.030, 41.41.040, and 41.41.080 are repealed.

* **Sec. 31.** Section 1, 2002 Ballot Measure No. 3, is repealed.

* **Sec. 32.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REVISOR'S INSTRUCTIONS. The revisor of statutes shall change the catch lines of

(1) AS 38.34.050 from "Cooperation and access to information" to "Cooperation; information sharing; permits, use of state resources, and leases"; and

(2) AS 38.35.200 from "Judicial review of decisions of commissioner on application" to "Judicial review."

* **Sec. 33.** This Act takes effect immediately under AS 01.10.070(c).

Summary Sheet - Alaska Gasline Development Corp. Enabling Legislation
COMMITTEE SUBSTITUTE for HOUSE BILL 9 (U VERSION)

The Committee Substitute (CS) for House Bill 9 (U version) combines several bills previously introduced; incorporates recommendations made by AGDC in the July 2011 Project Plan advancing its work on an instate gasline project; and broadens AGDC's authority to participate in gas development projects in Alaska

The CS incorporates existing bills:

- HB 203, AK Gasline development Corp/Gas Pipeline Fund, which establishes a fund to receive $200 million appropriated in 2011 for work toward an open season, and directs fund management and investment.
- HB 215, Pipeline Project: Judicial review/ROW, which limits challenges to right-of-way leasing decisions similar to protections extended to TAPS.
- HB 189, Gasline Development Team/Corporation Members/Info, allowing AGDC to enter into confidentiality agreements.

The legislation also:

- Gives AGDC the ability to determine pipeline ownership and operating structure; to exercise eminent domain; to issue bonds; and to manage pipeline and related project assets. Broadens AGDC's authority to include planning, designing, financing, developing, constructing, owning and operating pipelines and related gas development infrastructure.

- Removes language limiting an instate line's scope to linking North Slope gas to tidewater, allowing flexibility in the event of a major gas find in other areas of the state.

- Recognizes AGDC as an Alaska Housing Finance Corporation subsidiary by replacing the Joint Instate Gasline Development Team with AHFC's Board of Directors.

- Maximizes state gas development efforts by bringing the Alaska Natural Gas Development Authority under common management with AGDC. Protects the state and AHFC from liability related to AGDC. Directs state agencies to support AGDC's efforts by providing permits and state resources such as water, sand and gravel, at no cost.

- Amends regulatory requirements for a state-sanctioned project by allowing AGDC to operate a pipeline as a contract carrier; and provides AGDC the option for Regulatory Commission of Alaska oversight.

- Exempts an instate gas pipeline from state and local taxes during construction.

2.3.5 Recommended Legislative Actions

Currently pending state legislation addressing AGDC and ASAP will contribute greatly to the success of the project. AGDC recommends passage of these measures.

- **House Bill 189:** This bill provides that, to the extent AGDC enters into confidentiality agreements, information provided pursuant to such agreements is not subject to the Public Records Act. Further, it adjusts board participation to include the Alaska Railroad Chairman's designee and elimination of ANGDA participation. The bill passed the House, and was referred to Senate Resources. It has not been heard.
- **House Bill 203:** This legislation creates a fund for AGDC. The bill passed the House, and was referred to Senate Finance. It has not been heard.
- **House Bill 215:** This legislation limits the judicial review of a right-of-way lease or the development or construction of an oil or gas pipeline on state land. The bill passed the House and was referred to both Senate Judiciary and Finance. It has not been heard. This legislation is modeled after the Trans-Alaska Pipeline legislation that was adopted by Congress in 1973. Similar legislation was passed by the Alaska State Legislature in 1973 (Senate Bill 3) related to the Trans-Alaska Pipeline.

In addition, AGDC believes that several other legislative measures are important to address issues identified during its investigation and studies of the past year. AGDC recommends the following:

- ***Address the issue of contract vs. common carrier:*** Shippers will be reluctant to bid firm transportation as long as ASAP is required to operate as a common carrier for intrastate transport of gas. A common carrier operation by definition will not have 100% capacity covered through firm transportation agreements. The Alaska Legislature should amend the Alaska Pipeline Act to conform to the changes proposed in House Bill 215 or otherwise exempt ASAP from the common carrier provisions of the act. ASAP has virtually no chance of attracting adequate shipping commitments as a common carrier.
- ***Empower AGDC with ratemaking authority over its projects:*** For AGDC projects, AGDC needs to have the sole right to determine the ratemaking methodology and settle tariff disputes for intrastate gas shipments (including Gas Conditioning Facility tariffs) over the life of the initial firm transportation commitments or during the period of AGDC financing, whichever is longer.
- ***Stabilize property taxes:*** AGDC recommends that the State of Alaska fix the methodology and assessed mill rates for the first 20 years of the ASAP Project.
- ***Request waiver of rental on state land:*** The Alaska Legislature should consider whether it should pass a law waiving rental from AGDC for rights-of-way on state land or state agency land unless and until ASAP is transferred to a builder/owner/operator. Such legislation would preclude the Legislature from having to appropriate money to AGDC that is then transferred to another state entity.

With regard to the first two recommendations, AGDC staff will work with counsel to have proposed language ready by September 15, 2011.

INITIATIVE PETITION BILL LANGUAGE
by Petition Sponsors

Petition ID: 01GSLN
The All-Alaskan Gasline Initiative:
An Act establishing the Alaska Natural Gas Development Authority,
to maximize revenues for Alaska and jobs and gas for Alaskans

Posted 9/20/01

Proposed Bill:

BE IT ENACTED BY THE PEOPLE OF THE STATE OF ALASKA:

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

FINDINGS AND INTENT. (a) The people find that

1. The Phillips-Marathon liquefaction facility at Nikiski has been supplying Cook Inlet natural gas to Japan and Southcentral Alaska at great profit and without interruption since 1969;
2. Cook Inlet gas supplies are dwindling rapidly with shortfalls anticipated as early as the winter of 2003;
3. Alaska's North Slope contains vast proven reserves of natural gas that have been known for at least 25 years but have never been developed;
4. these gas resources have never been offered for sale, because there has been no way to transport them to market;
5. multiple markets in North America and Asia have recently expressed an interest in receiving a proposal from Alaska for the purchase of Alaska gas;
6. if developed, these natural gas resources could represent substantial economic benefits to Alaskans in jobs, state revenue, and gas for Alaska citizens and businesses;
7. the major North slope leaseholders have competing gas reserves in other parts of the world vying for the same markets, creating a conflict of interest for them in advancing the sales of Alaska gas;
8. the North slope Producers agreed in 1991 to strand North Slope gas until at least 2005;
9. given the producer's conflicts of interest and their historic refusal to make North Slope natural gas available it may be necessary to take the gas back;
10. the permits necessary for an Alaskan gasline project have been pledged to the Alaska Natural Gas Development Authority, operating as a port authority, to facilitate the development of the project;
11. there is sufficient gas for an all-Alaskan gasline project;
12. the Alaska Natural Gas Development Authority offers substantial tax benefits that improve the economics of a gasline project;
13. state ownership of the pipeline and associated facilities has the potential to provide substantial revenues to the state and the Alaska Permanent Fund; and
14. Alaska's constitution requires that Alaska's resources are developed, utilized, and conserved for the maximum benefit of Alaska's people.
15. an all-Alaskan gasline maximizes jobs for Alaskans, revenues for the Alaskan treasury, and access

(b) The governor shall promptly fill a vacancy on the board by appointment. An appointee to a vacancy shall hold office for the balance of the term for which the appointee's predecessor on the board was appointed.

(c) A vacancy on the board does not impair the authority of a quorum of the board to exercise all the powers and perform all the duties of the board.

Sec. 41.41.050. Quorum and voting. Four members of the board constitute a quorum for the transaction of business and the exercise of the powers and duties of the board. Action may be taken only upon the affirmative vote of a majority of the full membership of the board.

Sec. 41.41.060. Compensation of board members; per diem and travel expenses. Members of the board are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180.

Sec. 41.41.070. Authority staff. (a) The board may employ and determine the salary of a chief executive officer.

(b) The chief executive officer may, with the approval of the board, select and employ additional staff as necessary.

(c) An employee of the authority, including the chief executive officer, may not be a member of the board. The chief executive officer and the other employees of the board are in the exempt service under AS 39.25.110.

(d) In addition to its employees, the authority may contract for and engage the services of bond counsel, consultants, experts, and financial advisors the corporation considers necessary for the purpose of developing information, furnishing advice, or conducting studies, investigations, hearings, or other proceedings.

Sec. 41.41.080. Legal counsel. The attorney general

1. is the legal counsel for the authority;
2. shall advise the authority in legal matters; and
3. shall represent the authority in legal actions.

Sec. 41.41.090. Conflicts of interest. (a) Members of the board and the chief executive officer of the authority are subject to the provisions of AS 39.50.

(b) If a member of the board or an employee of the authority acquires, owns, or controls an interest, direct of indirect, in an entity or project in which assets of the authority are invested, the member shall immediately disclose the interest to the board. The disclosure is a matter of public record and shall be included in the minutes of the first board meeting following the disclosure.

Sec. 41.41.100. Budget. The revenue earned by operations of the authority must be identified as the source of the operating budget of the authority in the state's operating budget under AS 37.07 (Executive Budget Act).

Sec. 41.41.110. Audits. The Legislative Budget and Audit Committee may provide for an annual post audit and annual operational and performance evaluations of the authority's operations and

arise from authority operations and activities.

Article 3. Revenue Bonds and Notes.

Sec. 41.41.300. Bonds and notes of the authority. (a) The authority, by resolution, may issue revenue bonds and bond anticipation notes in order to provide funds to carry out the purposes set out in AS 41.41.010(a).

(b) The principal and interest on the revenue bonds or notes authorized and issued under (a) of this section are payable from authority funds. Bond anticipation notes may be payable from the proceeds of the sale of bonds or from the proceeds of the sale of other bond anticipation notes or, in the event bond or bond anticipation note proceeds are not available, the notes may be paid from other funds or assets of the authority.

(c) Bonds or notes may be additionally secured by a pledge of a grant or contribution from the federal government, or a corporation, association, institution, or person, or a pledge of money, income, or revenues of the authority from any source.

(d) Bonds or bond anticipation notes of the authority may be issued in one or more series and shall be dated, bear interest at the rate or rates per year or within the maximum rate, be in the denomination, be in the form, either coupon or registered, carry the conversion or registration provisions, have the rank or priority, be executed in the manner and form, be payable at the times, from the sources, and in the medium of payment and place or places within or outside the state, be subject to authentication by a trustee or fiscal agent, and be subject to the terms of redemption with or without premium, as the resolution of the authority may provide. Bond anticipation notes shall mature at the time or times that are determined by the authority. Bonds shall mature at a time not exceeding a number of years from their date that is determined by the authority. Before the preparation of definitive bonds or bond anticipation notes, the authority may issue interim receipts or temporary bonds or bond anticipation notes, with or without coupons, exchangeable for bonds or bond anticipation notes when these definitive bonds or bond anticipation notes have been executed and are available for delivery.

(e) Bonds or bond anticipation notes may be sold in the manner and on the terms the authority determines.

(f) If an officer whose signature or a facsimile of whose signature appears on a bond, note, or coupon attached to them ceases to be an officer before the delivery of the bond, note, or coupon, the signature or facsimile is valid to the same extent as if the officer had remained in office until delivery.

Sec. 41.41.310. Covenants. In a resolution of the authority authorizing or relating to the issuance of bonds or bond anticipation notes, the authority has power by provisions in the resolution that will constitute covenants of the authority and contracts with the holders of the bonds or bond anticipation notes to

1. pledge to a payment or purpose all or a part of its revenues to which its right then exists or may thereafter come into existence, and the money derived from the revenues, and the proceeds of bonds or notes;
2. covenant as to the use and disposition of payments of principal or interest received by the authority on loans or other investments held by the authority;
3. covenant as to establishment of reserves or sinking funds and the making of provision for

Sec. 41.41.340. Validity of pledge. (a) The pledge of assets or revenue of the authority to the payment of the principal or interest on an obligation of the authority is valid and binding from the time the pledge is made, and the assets or revenue become immediately subject to the lien of the pledge without physical delivery or further act. The lien of a pledge is valid and binding against all parties having claims in tort, contract, or otherwise against the authority, irrespective of whether those parties have notice of the lien of the pledge.

(b) This section does not prohibit the authority from selling assets subject to a pledge, except that a sale may be restricted by the trust agreement or resolution providing for the issuance of the obligations.

Sec. 41.41.350. Capital reserve funds. (a) For the purpose of securing one or more issues of its obligations, the authority may establish one or more special funds, called "capital reserve funds," and shall pay into those capital reserve funds (1) money appropriated and made available by the state for the purpose of those funds, (2) proceeds of the sale of its obligations, to the extent provided in the resolution or resolutions of the authority authorizing their issuance, and (3) other money that may be made available to the authority for the purpose of those funds from another source. All money held in a capital reserve fund, except as provided in this section, shall, subject to appropriation, be used as required solely for the payment of the principal of obligations or of the sinking fund payments with respect to those obligations; the purchase or redemption of obligations; the payment of interest on obligations; or the payment of a redemption premium required to be paid when those obligations are redeemed before maturity. However, money in a fund may not be withdrawn from that fund at any time in an amount that would reduce the amount of that fund to less than the capital reserve requirement set out in (b) of this section, except for the purpose of making, with respect to those obligations, payment, when due, of principal, interest, redemption premiums, and the sinking fund payments for the payment of which other money of the authority is not available. Income or interest earned by, or increment to, a capital reserve fund due to the investment of the fund or other amounts in it may be transferred by the authority to other funds or accounts of the authority to the extent that the transfer does not reduce the amount of the capital reserve fund below the capital reserve fund requirement.

(b) If the authority decides to issue obligations secured by a capital reserve fund, the obligations may not be issued if the amount in the capital reserve fund is less than a percent, not exceeding 10 percent, of the principal amount of all of those obligations secured by that capital reserve fund then to be issued and then outstanding in accordance with their terms, as may be established by resolution of the authority, called the "capital reserve fund requirement," unless the authority, at the time of issuance of the obligations, deposits in the capital reserve fund from the proceeds of the obligations to be issued or from other sources an amount that, together with the amount then in the fund, will not be less than the capital reserve fund requirement.

(c) In computing the amount of a capital reserve fund for the purpose of this section, securities in which all or a portion of the funds are invested shall be valued at par or, if purchased at less than par, at amortized costs as the term is defined by resolution of the authority authorizing the issue of the obligations or by some other reasonable method established by the authority by resolution. Valuation on a particular date must include the amount of interest earned or accrued to that date.

(d) To assure the continued operation and solvency of the authority for the carrying out of its corporate purposes, provision is made in (a) of this section for the accumulation in capital reserve funds of an amount equal to their capital reserve fund requirement.

(e) The chair of the authority shall annually, not later than January 2, make and deliver to the

the state or a pledge of the faith and credit of the state or of a political subdivision of the state but are payable solely from the revenue or assets of the authority. Each obligation issued under this chapter must contain on its face a statement that the authority is not obligated to pay it or the interest on it except from the revenue or assets of the authority and that neither the faith and credit not the taxing power of the state or of a political subdivision of the state is pledged to the payment of the principal of or the interest on the obligation.

(b) Expenses incurred by the authority in carrying out the provisions of this chapter are payable from funds provided under this chapter, and liability may not be incurred by the authority in excess of these funds.

Sec. 41.41.410. Officers not liable. A member or other officer of the authority is not subject to personal liability or accountability by reason of having executed or issued an obligation.

Article 4. Property of the Authority.

Sec. 41.41.450. Property of the authority. The authority may acquire, by purchase, lease, or gift, upon terms that it considers proper, land, structures, real or personal property rights, rights-of-way, franchises, easements, and other interests in land it considers necessary or convenient for the financing of the project or a part of the project.

Article 5. Project Construction.

Sec. 41.41.500. Contract terms relating to use of Alaska resources. (a) The authority shall enter into one or more prehire project term agreements with labor organizations that (1) contain no-strike clauses; and (2) secure timely completion of the project and maximum employment opportunities for state residents.

(b) To maximize the economic benefits of the project to Alaskan businesses, the authority shall use Alaska contractors and suppliers to the maximum extent possible to take advantage of the Alaska experience in Arctic engineering and construction.

Article 6. General Provisions.

Sec. 41.41.900. Tax exemption. All obligations issued under this chapter are declared to be issued by a body corporate and public of the state and for an essential public and governmental purpose, and the obligations, and the interest and income on and from the obligations, and all fees, charges, funds, revenues, income, and other money pledged or available to pay or secure the payment of the obligations, or interest on the obligations, are exempt from state taxation except for transfer, inheritance, and estate taxes.

Sec. 41.41.990. Definitions. In this chapter,

1. "authority" means the Alaska Natural Gas Development Authority;
2. "board" means the board of directors of the Alaska Natural Gas Development Authority;
3. "project" means the gas transmission pipeline, together with all related property and facilities, to extend from the Prudhoe Bay area on the North Slope of Alaska to tidewater at a point on Prince William Sound and the spur line from Glennallen to the Southcentral gas distribution grid, and includes planning, design, and construction of the pipeline and facilities as described in AS 41.41.010(a)(1) - (5).

ALASKA PARTNERSHIP
FOR ECONOMIC DEVELOPMENT

A RESOLUTION OF THE ALASKA PARTNERSHIP FOR ECONOMIC DEVELOPMENT BOARD OF DIRECTORS SUPPORTING HOUSE BILL NUMBER 9; "AN ACT REQUIRING THE JOINT IN-STATESTATE GASLINE DEVELOPMENT TEAM TO REPORT TO THE LEGISLATURE RECOMMENDED CHANGES TO STATE LAW THAT ARE REQUIRED TO ENABLE OR FACILITATE THE DESIGN, FINANCING, AND CONSTRUCTION OF AN IN-STATE NATURAL GAS PIPELINE SO THAT THE IN-STATE NATURAL GAS PIPELINE IS OPERATIONAL BEFORE 2016; AND PROVIDING FOR AN EFFECTIVE DATE."

Resolution #__12-12_____

Whereas; the Alaska Regional Development Organizations (ARDOR) was established by the Alaska Legislature in 1988; and

Whereas; the ARDOR's statutory mandate is to encourage the formation of regions development organizations to prepare and implement regional development strategies; and

Whereas; the ARDOR's represent a diverse network of public, private and economic development groups that drive local initiatives and advance economic diversification through partnerships with state and local governments; and

Whereas; the ARDOR's established the Alaska Partnership for Economic Development, (APED), in 2009, to advance economic development and address initiatives affecting development and to help develop a state-wide comprehensive strategic plan; and

Whereas; the ARDOR/APED programs have established partnerships with more than 300 local, regional, private, municipal and public organizations to pool resources, decrease duplication and foster new businesses; and

Whereas; the APED now comes in support of the following legislation being considered by the Alaska State Legislature:

NOW THEREFORE BE IT RESOLVED; the Alaska Partnership for Economic Development supports ***House Bill Number 9;***
AN ACT REQUIRING THE JOINT IN-STATESTATE GASLINE DEVELOPMENT TEAM TO REPORT TO THE LEGISLATURE RECOMMENDED CHANGES TO STATE LAW THAT ARE REQUIRED TO ENABLE OR FACILITATE THE DESIGN, FINANCING, AND CONSTRUCTION OF AN IN-STATE NATURAL GAS PIPELINE SO THAT THE IN-STATE NATURAL GAS PIPELINE IS OPERATIONAL BEFORE 2016; AND PROVIDING FOR AN EFFECTIVE DATE."

BE IT FURTHER RESOLVED that a copy of this resolution be sent to the REPRESENTATIVE CHENAULT, the prime sponsor of HB9.

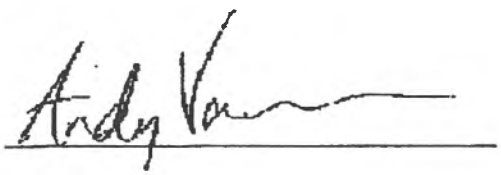
APPROVED THIS 24th DAY of FEBRUARY 2012.

_2/24/2012_
President Date



ATTEST:

_2/24/2012_
Secretary Date



MATANUSKA-SUSITNA BOROUGH
Office of the Mayor
350 East Dahlia Avenue • Palmer, AK 99645
Phone (907) 745-9682 • Fax (907) 745-9669
www.matsugov.us

January 23, 2012

The Honorable Mike Chenault
Alaska State Capitol
Room 208
Juneau, AK 99801

Dear Mr. Chenault:

We have entered very exciting times for our state. I, like you, desire to bring about a change that will benefit all Alaskans. Please find attached Resolution 12-003 which passed the Matanuska-Susitna Borough Assembly by unanimous consent on Tuesday, January 17, 2012.

There are great opportunities within the complex issues surrounding the delivery of natural gas. We are encouraging you to consider the efficiencies and future strategic result of delivering high volumes at a competitive price. By combining the concept of the ASAP "bullet" line with the larger Trans Canada AGIA project, we believe that Alaska can compete on the world market. This combination would drive down energy costs for our current and future businesses and our residents, serving as an economic engine of both local and international importance. As you know, Port MacKenzie is ready and available to serve in the delivery of that gas to the existing Cook Inlet gas infrastructure.

Please feel free to contact us as you move ahead. We stand ready to assist and facilitate in any way we are able.

Sincerely,

Larry DeVilbiss

Mayor Larry DeVilbiss

Attachment: RESO 12-003

LD:cv

Sponsored by: Mayor DeVilbiss
Adopted: 01/17/12

MATANUSKA-SUSITNA BOROUGH
RESOLUTION SERIAL NO. 12-003

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY ENCOURAGING THE GOVERNOR AND LEGISLATURE OF THE STATE OF ALASKA TOWARD PROACTIVE NATURAL GAS DEVELOPMENT FOR THE BENEFIT OF ALL ALASKANS.

WHEREAS, the Cook Inlet region has been blessed with decades of cheap natural gas; and

WHEREAS, natural gas has heated homes at a fraction of the cost of other energy sources; and

WHEREAS, this below global market value gas has spawned industries such as urea fertilizer production for domestic use and export, and one of the Nation's first liquefied natural gas export plants; and

WHEREAS, Cook Inlet natural gas has powered electric power production for decades; and

WHEREAS, we now know that the abundant, below market value, developed gas in the Cook Inlet region is close to the end of its ability to handle peak loads; and

WHEREAS, the Alaska State Legislature initiated an effort to bring North Slope gas to the Railbelt; and

WHEREAS the Donlin Creek mine project is poised to invest approximately one billion dollars into a gas line from the Cook Inlet gas infrastructure to the Bethel region; and

WHEREAS, the Matanuska-Susitna Borough Port Commission passed a resolution supporting the Alaska Stand Alone Pipeline gas bullet line on Dec 15, 2008; and

WHEREAS, Port McKenzie with its rail extension permitted and under construction will attract high volumes of natural resources that could be further developed prior to export from our deep water port given a source of cheap energy; and

WHEREAS, the state of Alaska has invested heavily in the Alaska Gasline Inducement Act via the Trans Canada gas line project; and

WHEREAS, the North American market conditions have diminished the current viability of an Alaskan gas line through Canada; and

WHEREAS, the Governor announced in October 2011 his intentions to develop the Trans-Canada option of bringing gas to tidewater; and

WHEREAS, the higher volumes of the proposed Trans-Canada gas line brings to us the possibility of gas that is competitive on the world market; and

WHEREAS, Alaska Stand Alone Pipeline cost projections suggests a product that would cost as much or more than imported liquid natural gas.

NOW, THEREFORE, BE IT RESOLVED, the Mayor and Assembly of the Matanuska-Susitna Borough urge the Governor of the state of Alaska and the Alaska State Legislature to consider the following as the options and investment into our future energy needs are considered:

1. Combining the concepts of the Alaska Stand Alone Pipeline and the Alaska Gasline Inducement Act could generate enormous efficiencies and save in state development investment

2. Delivering high volume, globally competitive gas to Cook Inlet that:

a. serves over half the population of the state of Alaska with residential and commercial natural gas needs;
b. plugs into existing infrastructure that serves both domestic and export needs for liquefied natural gas and fertilizer;
c. makes viable on the world market numerous value added developments prior to export;
d. eliminates the requirement to import liquefied natural gas;
e. keeps Alaska competitive with world markets in everything derived from natural gas;
f. eliminates the need for new liquefied natural gas facilities at other tidewater locations;
g. combines international and local economics in a way that builds Alaska's economy rather than just exporting a natural resource;
h. gets gas and economic power to the Yukon-Kuskokwim Delta area.

3. Notwithstanding new gas development in Cook Inlet, concentrating North Slope gas in the center of the State's population, and existing and future gas infrastructure expands

the local and international options and extends the life of that development for many decades if not hundreds of years.

ADOPTED by the Matanuska-Susitna Borough Assembly this 17 day of January, 2012.

LARRY DeVILBISS, Borough Mayor

ATTEST:

LONNIE McKECHNIE, CMC, Borough Clerk

(SEAL)

PASSED UNANIMOUSLY: Keogh, Woods, Arvin, Colligan, Salmon, Colver, and Halter

LAWS OF ALASKA

2010

Source
SCS CSHB 369(FIN)

Chapter No.
_____

AN ACT

Relating to an in-state natural gas pipeline, the office of in-state gasline project coordinator, and the Joint In-State Gasline Development Team; requiring the development of an in-state natural gas pipeline plan, to be delivered to the legislature by July 1, 2011, that provides for a natural gas pipeline that is operational by December 31, 2015; directing the Joint In-State Gasline Development Team to assume responsibilities under sec. 19, ch. 14, SLA 2009; requiring expedited review and action by state agencies or entities relating to the in-state natural gas pipeline project; clarifying the purpose of the Alaska Natural Gas Development Authority; relating to definitions of certain terms that relate to a project that may be developed by the Alaska Natural Gas Development Authority; relating to an exemption from application of AS 38.35 for certain natural gas carriers; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

THE ACT FOLLOWS ON PAGE 1

* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE FINDINGS AND PURPOSE. (a) The legislature finds that

(1) by 2018, declining oil flow through the Trans Alaska Pipeline System will seriously diminish state revenue;

(2) Cook Inlet natural gas reserves are depleting at a rate that could cause significant short-term shortages for residential and commercial gas users in Southcentral Alaska by 2013;

(3) a proposed natural gas pipeline to deliver North Slope gas reserves to the North American domestic gas pipeline grid at a connection in central Alberta will not produce revenue for the benefit of the state before 2020;

(4) the state's significant reserves of natural gas should be made available on a priority basis in the state to enhance employment opportunities, expand the state's economy, and supply a significant portion of community energy needs;

(5) the Alaska Railroad Corporation is a public corporation charged with promoting economic development in the state, enjoys unique authority, and may issue revenue bonds to finance construction of a natural gas pipeline;

(6) the Alaska Natural Gas Development Authority is studying a pipeline spur, aggregating in-state demand for natural gas, and facilitating delivery of natural gas and natural gas liquids to Alaskans; and

(7) in light of competing demands for future uses of the state's North Slope natural gas reserves, an aggressive effort involving planning, permitting, and coordination of information sharing, of necessary agreements and commitments, and of commercial negotiations among interested parties is necessary for completion of construction of an in-state natural gas pipeline that will provide significant direct benefit to the people of the state at the earliest possible date.

(b) It is the purpose of sec. 4 of this Act

(1) to give general direction to the Joint In-State Gasline Development Team to plan and develop construction of a high pressure in-state natural gas pipeline sufficient to provide for the distribution of natural gas for residential and commercial purposes at locations along the pipeline route;

(48) a subsidiary of the Alaska Housing Finance Corporation created under AS 18.56.086 for the purpose of planning, financing, or constructing in-state natural gas pipeline projects or for the purpose of aiding in the planning, financing, or constructing of in-state natural gas pipeline projects.

* **Sec. 4.** AS 38 is amended by adding new sections to read:

Chapter 34. In-State Natural Gas Pipeline.

Sec. 38.34.010. In-state gasline project coordinator. (a) The position of in-state gasline project coordinator is created in the Office of the Governor. The Office of the Governor shall provide administrative support for the position. The position shall continue until one year after commencement of commercial operation of the in-state natural gas pipeline.

(b) The governor shall appoint an individual to the position of in-state gasline project coordinator. The coordinator is in the exempt service under AS 39.25.110. The person serving as the in-state gasline project coordinator may be removed from the position at the discretion of the governor, who shall appoint another person to the position.

(c) The in-state gasline project coordinator shall collaborate with other state agencies or entities to coordinate and facilitate the provisions of AS 38.34.020.

Sec. 38.34.020. Expedited review and action by state agencies or entities. (a) A state agency or entity conducting a review or taking action relating to the in-state natural gas pipeline project under this chapter shall expedite the review or action in a manner consistent with the timely completion of the project.

(b) Notwithstanding any contrary provision of law, a state agency or entity may not include in any project certificate, right-of-way, permit, or other authorization a term or condition that is not required by law if the in-state gasline project coordinator determines that the term or condition would prevent or impair, in any significant respect, the expeditious construction and operation or expansion of the in-state natural gas pipeline project.

(c) Unless required by law, a state agency or entity may not add to, amend, or abrogate any certificate, right-of-way, permit, or other authorization if the in-state gasline project coordinator determines that the action would prevent or impair, in any

date of this subsection.

(c) The project plan must include specific plans to coordinate and facilitate construction, ownership, operation, and management of a natural gas pipeline serving Fairbanks, the Southcentral region of the state, and other communities whenever practicable, connecting with or enhancing the existing gas pipeline system, and reaching to tidewater in the Southcentral region of the state.

(d) The development team's work product must include an analysis of alternative possible routes and the selection of a route that, consistent with the other requirements of this section,

(1) is economically feasible;

(2) makes natural gas available to residents at the lowest possible cost;

(3) allows for connecting lines to serve industrial, residential, and utility customers along the entire route, and in other regions of the state that can be served at commercially feasible rates;

(4) uses state land and existing state highway and railroad rights-of-way to the maximum extent feasible;

(5) uses existing highway and railroad bridges, gravel sources, equipment yards, maintenance facilities, and other existing facilities and resources to the maximum extent feasible.

(e) With the intent that any project-related assets acquired or developed be available for transfer or sale to the entity best able to complete the project, the development team shall

(1) prepare plans and designs necessary for construction of the in-state natural gas pipeline project;

(2) coordinate with entities qualified to build, own, and operate the natural gas pipeline;

(3) identify, apply for, and obtain rights-of-way and other permits for the project route;

(4) work with other entities to promote gas supply and purchase contracts required for the project to be commercially viable;

(5) prepare cost estimates for the project design, construction, and

proposed project;

(2) contract with businesses located in the state;

(3) establish hiring facilities or use existing hiring facilities in the state; and

(4) use, as far as is practicable, the job centers and associated services operated by the Department of Labor and Workforce Development and an Internet-based labor exchange system operated by the state.

(i) The Joint In-State Gasline Development Team shall take all action necessary to complete its responsibilities under this section.

Sec. 38.34.050. Cooperation and access to information. (a) The Joint In-State Gasline Development Team may have access to information of all state agencies that is directly related to the planning, design, construction, or operation of the in-state natural gas pipeline.

(b) All state agencies or entities shall cooperate with and, except for requests from the Alaska Gasline Inducement Act coordinator (AS 43.90.250), give priority to requests for information from the Joint In-State Gasline Development Team. The development team shall avoid duplicating studies, plans, and designs that have already been produced or otherwise obtained by other state entities.

(c) Notwithstanding any contrary provision of law, the Department of Natural Resources shall grant the Alaska Housing Finance Corporation a right-of-way lease under AS 38.35 for the gas pipeline transportation corridor if

(1) the corporation submits a complete right-of-way lease application under AS 38.35.050;

(2) the lease application is made the subject of notice and other reasonable and appropriate publication requirements under AS 38.35.070; and

(3) the corporation agrees to be bound by the right-of-way lease covenants set out in AS 38.35.120.

(d) Notwithstanding any contrary provision of law, a right-of-way lease granted under (c) of this section is subject to AS 38.05, except that the best interest findings requirements of AS 38.05 and the permit requirements of AS 38.05.850 do not apply to a lease made under this section.

(a) There is established the Alaska Natural Gas Development Authority, the purpose of which is to provide one or more of the following services and functions in order to bring natural gas from the North Slope **or other regions of the state** to market, including

(1) the acquisition and conditioning of [NORTH SLOPE] natural gas;

(2) the design and construction of the pipeline system;

(3) the operation and maintenance of the pipeline system;

(4) the design, construction, **and** operation [,] of other facilities necessary for delivering the gas to market**, including markets in the state** [AND TO SOUTHCENTRAL ALASKA]; and

(5) the acquisition of natural gas market share sufficient to ensure the long-term feasibility of [THE] pipeline system **projects** [PROJECT].

*** Sec. 8.** AS 41.41.010(d) is amended to read:

(d) The acquisition of natural gas from the North Slope **and other regions of the state, including the Alaska outer continental shelf,** and its delivery to **markets in the state for use by markets in the state or to** tidewater for shipment to market by the authority **are** [IS AN] essential government **functions** [FUNCTION] of the state.

*** Sec. 9.** AS 41.41.990(3) is amended to read:

(3) "project" means the gas transmission pipeline, together with all related property and facilities, to extend from [THE PRUDHOE BAY AREA ON] the North Slope of Alaska **or other regions of the state to a market in the state, or be available to a market in the state, and** [EITHER] to tidewater at a point on Prince William Sound [AND THE SPUR LINE FROM GLENNALLEN TO THE SOUTHCENTRAL GAS DISTRIBUTION GRID] or [TO TIDEWATER AT A POINT ON] Cook Inlet, and includes planning, design, and construction of the pipeline and facilities as described in AS 41.41.010(a)(1) - (5).

*** Sec. 10.** AS 41.41.990 is amended by adding a new paragraph to read:

(4) "North Slope" means that part of the state that lies north of 68 degrees North latitude and includes the Brooks Range foothills.

*** Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to read:

Linda Hay

From: Sikora, Kirsten L (DOR) <kirsten.sikora@alaska.gov>
Sent: Thursday, February 09, 2012 2:20 PM
To: Rep. Paul Seaton; Rep. Eric Feige
Cc: Louie Flora; Ross Soboleff; Scott Heyworth
Subject: HRES ROW Cost 021012
Attachments: HRES ROW Cost 021012.pdf

Attached is a memo from ANGDA regarding the Conditional Right of Way Cost of the Glennallen to Palmer Spurline.

Kirsten Sikora
Acting CEO

Alaska Natural Gas Development Authority
411 W. 4th Avenue, first floor | Anchorage, AK 99501
907-269-6501 | direct: 269-6523 | fax: 269-6531

STATE OF ALASKA

ALASKA NATURAL GAS DEVELOPMENT AUTHORITY

SEAN PARNELL, GOVERNOR

411 WEST 4th AVENUE, FIRST FLOOR
ANCHORAGE, ALASKA 99501

www.gas4alaska.info

TELEPHONE: (907) 269-6501

MEMORANDUM

To: Representative Paul Seaton
Representative Eric Feige
Co-chairs, House Resource Committee

From: Kirsten Sikora
Acting CEO, ANGDA

Re: ANGDA Conditional Right of Way Cost

Date: February 9, 2012

At yesterday's House Resource Committee meeting, Representative Herron requested the value of the conditional right of way from Glennallen to Palmer.

ANGDA has expended approximately $ 5.096.837 in public funds toward the Conditional Right of Way Lease for the Glennallen to Palmer Spurline. The total includes $ 4,011,673 in contracts and ANGDA personnel, travel, and overhead costs.

These amounts were derived from a per mile percentage of the total funds expended on work conducted on the Spurline and the Beluga to Fairbanks (B2F) pipeline EIS process.

Please let me know if you need additional information.

cc: Scott Heyworth, Board Chairman

February 8, 2012

Co-chairs Fiege and Seaton, House Resource committee members, I appreciate the opportunity to come before you today.

My name is Kirsten Sikora and I am the acting CEO for ANGDA.

For the past 8.5 years, ANGDA has focused on its mission to bring the most affordable energy to Alaskan consumers. ANGDA has been flexible and transparent in all our undertakings. Over the years, ANGDA has participated in several projects that are noteworthy:

- **ANGDA has secured a conditional right of way** between Palmer and Glennallen.
- **ANGDA completed the required wetlands study, conceptual design study, and the route delineation to the Draft EIS stage** on a bidirectional pipeline between the Beluga Fields and Fairbanks
- **ANGDA secured status as a shipper in TransCanada's Alaska Pipeline Project**, which will provide the lowest gas pipeline TARIFF rates possible to Alaskan consumers. ANGDA's participation in the APP Open Season has effectively secured a **30% discount** over other entrants that may come into the project at a future date.
- **ANGDA worked with private sector companies, native corporations, and rural communities** on the North Slope

Propane Project. This project is an excellent example of how government and the private sector can work together to provide energy solutions and local economic impact. As part of our statewide view, ANGDA has provided delivery options and other logistical considerations to deliver this clean burning alternative fuel to those residents in Alaska that will not benefit from an instate gasline.

*(**The North Slope Propane Project** is a consortium of national and local private sector entities partnering with rural Alaskan communities to integrate propane as a cost effective fuel alternative.)*

In closing, ANGDA's body of work is good and valuable and can benefit the State of Alaska and its consumers. Governor Parnell has stated that projects will align. ANGDA's spurline right of way and our status in the Open Season will greatly complement AGIA.

Again, thank you for the opportunity to share just a snippet of what ANGDA has accomplished over the years. As a mother of three, I truly appreciate the opportunity to be part of this monumental decision for our future generations.

HOUSE RESOURCES AMENDMENTS TO HOUSE BILL 9 to U VERSION

Am. 1: U.1 Sponsor **Clean-up / definition to AGDC duties** **Passed 2-10**

Deletes a redundant definition of AGDC's duties, which are already described in AS 18.56.087. Instead, references the powers and abilities of AGDC as provided in AS 18.56.087

Am. 2: U.2 Sponsor **Clean-up / typo** **Passed 2-10**

Typographical error; left out a word.

Am. 3: U.8 Sponsor **Clean-up / Avoid duplication of efforts** **Passed 2-10**

Per committee concerns, sponsor acknowledged the strike in changing the name went too far, and believed it is appropriate to restore the instruction to avoid duplication.

Am. 4: U.9 Sponsor **Judicial Review clean-up and limits** **Passed 2-10**

Reforms Sections 12-13 related to judicial review. Removes Section 12, which is unnecessary. Makes the judicial review framework more specifically applicable only to an AGDC line.

Am. 5: U.10 Sponsor **State agency and resource support / Costs** **Passed 2-10**

Offers new text to Section 6, breaking (g) into 2 subs to better reflect that AGDC will bear the costs of state agency materials and actions, and that the costs will not be included in a rate base.

Am. 6 U.28 Feige/Sponsor **Setting AGDC "shalls" as two-part directive** **Passed 2-24**

In Section 1, Duties and abilities, adds two-part directive that AGDC shall progress a pipeline as presented in the July 2011 project plan; and once construction starts, will consider additional opportunities to expand natural gas availability to communities and industrial customers.

Prepared by Rep. Hawker's Office, 465-4949

Am. 7 U.12 Sponsor/LAW **Clarifies AGDC's ability to issue revenue bonds** **Passed 2-24**

In Section 1, adds protection that in issuing revenue bonds, AGDC may not pledge the faith and credit of the state or political subdivision, other than AGDC's own.

Am. 8 U.21 Sponsor/LAW **Eminent domain: "natural gas pipeline" definition** **Passed 2-24**

Restrains AGDC ability to exercise eminent domain to acts necessary for an instate natural gas pipeline; adds definition for natural gas pipeline and makes conforming changes.

Am. 9 U.20 Sponsor **Adds duty to report open season results** **Passed 2-24**

Adds to Section 1 a duty for AGDC to report publicly, if precedent agreements are signed following an open season, for each PA, the shipper's name, amount of capacity subscribed, and contract length.

Am. 10 U.16 Sponsor/LAW **Clarifying/confidential information** **Passed 2-24**

In Section 6, amends sentence structure to clarify that AGDC can share confidential information with a state agency if there is a confidentiality agreement in place.

Am. 11 U.19 Sponsor **Corrective/ANGDA's board to repealer** **Passed 2-24**

In Section 30, Repealers, adds statute related to ANGDA board quorum and voting.

Am. 12 U.15 Sponsor/LAW **Clarifying: right-of-way leases Section 5** **Passed 2-24**

In Section 5, changes sentence structure for clarity.

Am. 13 U.27 Sponsor/LAW **Clarifying: right-of-way leases Section 8** **Passed 2-24**

In Section 8, changes sentence structure for clarity.

Am. 14 U.24 Sponsor/LAW **Right-of-way lease amended/New Section 32** **Passed 2-24**

Adds new Section 32 to transition, via legislative intent language, right-of-way lease exemptions in Sections 5-10 to a right-of-way contract already in place between AGDC and DNR.

Am. 15 U.25 Sponsor **Replaces RCA exemptions, Sections 25-28** **Passed 2-24 w/changes**

In three parts, exempts an AGDC-controlled line from regulation as a public utility; exempts an AGDC line from regulation as a common carrier; and provides that public utilities have the ability to request RCA pre-approval for contracts, within a time bound.

Con. Am 1. to U.25 **Wilson** **Requires RCA hearings and investigations** **Passed 2-24**

Requires RCA to hold hearings and investigations on submitted public utility pre-approval applications.

Con. Am. 2 to U.25 **Seaton** **Adds that the RCA will certify rate of return** **Passed 2-24**

Adds that the RCA will certify rate-of-return for pipeline owners as within a generally accepted range.

Summary of Changes by House Resources Committee

From **HB 9 \ U** to **CS for House Bill 9 (RES) \S**

Changes to **HB 9 \U** and reflected in the **CS for House Bill 9(RES)\S** are:

TITLE

Page 1, lines 10-11, adds "relating to the review of natural gas transportation projects by the Regulatory Commission of Alaska;"

SECTION 1:

Page 2, Lines 10-16, adds the duty by AGDC to advance an instate natural gas pipeline as presented in the project plan, with modifications as necessary.

Page 2, lines 22-23, clarifies eminent domain ability

Page 2, lines 23-26, adds language restricting eminent domain to as necessary for an instate gas pipeline, and not to exceed the power of eminent domain granted to the state.

Page 3, lines 8-20, adds that, upon commencement of construction of an instate line, AGDC shall analyze additional pipelines and, if such lines are deemed commercially reasonable, pursue those lines.

Page 4, lines 18-22, adds AGDC may not pledge the credit of the state in issuing revenue bonds.

Page 5, lines 5-13, adds a duty to report some terms of precedent agreements

Page 5, lines 14-25, adds that absent RCA regulation, AGDC shall submit contracts signed for capacity to the RCA for a review of the rate of return to owners of an instate gas pipeline; allows AGDC to renegotiate terms if necessary; and limits the RCA's review to 180 days.

Page 5, line 26, adds "natural gas pipeline" to terms to be defined

SECTION 2: No changes

SECTION 3: No changes

SECTION 4:

Page 6, lines 9-10, changes "Joint In-State Gasline Development Team" to "Alaska Gasline Development Corporation" as the entity state agencies shall cooperate with.

Page 6, lines 9-12, Restores language requiring AGDC to avoid duplicating other state-supported work.

SECTION 5:

Page 6, lines 22-26, sentence structure in (3) is re-ordered

Prepared by Rep. Hawker's office, 465-4949

SECTION 6:

Page 7, line 3, changes to "confidential information" from "information protected by a confidentiality agreement to that public agency."

Page 7, lines 19-31, replaces (g) with (g) and (h), directing municipalities and state entities to provide, at usual and customary cost, water, sand and gravel, and other non-hydrocarbon natural resources to AGDC. States that AGDC will bear the costs and those costs may not be included in a rate base.

SECTION 7:

Page 8, lines 4-5, replaces AGDC's purpose with the statutory reference of duties and responsibilities

Page 8, line 6, adds "natural gas" to definition of an instate natural gas pipeline.

Page 8, lines 8-12, adds a definition for "natural gas pipeline"

SECTION 8:

Page 8, lines 15-17, reflect a change to sentence structure to ensure covenants may not be included in a lease entered into by AGDC.

SECTION 9: No change

SECTION 10: No change

SECTION 11: No change

SECTION 12: Removes former Section 12 related to judicial review as unnecessary; the new Section 12 replaces the former Section 13.

Page 12, lines 29-31, clarifies that this applies to a natural gas pipeline by AGDC

Page 13, lines 11-14, clarifies that judicial review limitations apply to an AGDC pipeline

Page 13, line 15, conforming change to the statutory reference for a natural gas pipeline definition

SECTION 13: Renumbered from Section 14, no other changes

SECTION 14: Renumbered from Section 15, no other changes

SECTION 15: Renumbered from Section 16, no other changes

SECTION 16: Renumbered from Section 17, no other changes

SECTION 17: Renumbered from Section 16, no other changes

SECTION 18: Renumbered from Section 17, no other changes

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SECTION 19: Renumbered from Section 18, no other changes

SECTION 20: Renumbered from Section 19, no other changes

SECTION 21: Renumbered from Section 20, no other changes

SECTION 22: Renumbered from Section 21, no other changes

SECTION 23: Renumbered from Section 22, no other changes

SECTION 24: Replaces old Section 25

Page 18, lines 18-25: Requires RCA review of transportation contracts to determine whether the return on equity is within a reasonable range, and to report its finding to AGDC.

SECTION 25:

Page 18, line 26, through page 19, line 15: Requires public utilities to submit contracts for pre-approval to the RCA; sets timelines; requires that the RCA shall hold hearings and investigations and approve or disprove the contracts.

SECTION 26: Replaces former Section 27

Page 19, lines 16-27, exempts an AGDC-controlled project from RCA regulation under 42.05, Public Utilities Act, until all debt or refinancing is paid in full; allows AGDC to opt for some regulation.

SECTION 27: Replaces former Section 28

Page 19, line 28, through page 20, line 3, exempts an AGDC line from RCA regulation under 42.06, Pipeline Act

SECTION 28: Renumbered from Section 29, no other changes

SECTION 29:

Page 20, line 14, adds 41.41.050 to list of repealed statutes

SECTION 30: Renumbered from Section 31, no other changes

SECTION 31:

Page 20, lines 17-29, adds legislative intent that a contract between DNR and AGDC be amended to reflect the covenant exemptions in this bill

SECTION 32: No change

SECTION 33: No change

Prepared by Rep. Hawker's office, 465-4949

27-LS0075\U.12
Bullock
2/13/12

AMENDMENT 7

OFFERED IN THE HOUSE

TO: CSHB 9( ), Draft Version "U"

Page 3, following line 25:

Insert a new subsection to read:

"(d) In the exercise of its powers under (b) and (c) of this section, the Alaska Gasline Development Corporation may not pledge the faith and credit of the state or a political subdivision of the state other than the Alaska Gasline Development Corporation to the repayment of the principal of or interest on any bonds issued by the Alaska Gasline Development Corporation."

Reletter the following subsections accordingly.

27-LS0075\U.21
Bullock
2/15/12

AMENDMENT 8

OFFERED IN THE HOUSE

TO: CSHB 9( ), Draft Version "U"

Page 2, lines 15 - 16:

Delete "to acquire land under AS 09.55.240 - 09.55.460"

Insert "or file a declaration of taking under AS 09.55.240 - 09.55.460 to acquire land or an interest in land that is necessary for an in-state natural gas pipeline; the exercise of powers by the Alaska Gasline Development Corporation under this paragraph may not exceed the permissible exercise of the powers by the state"

Page 4, line 8:

Delete "has the meaning"

Insert "and "natural gas pipeline" have the meanings"

Page 6, line 17, following "a":

Insert "natural gas"

Page 6, line 18, following "state":

Insert ";

(3) "natural gas pipeline" means all the facilities of a total system of pipe for transportation of natural gas for treatment or conditioning, delivery, storage, or further transportation, and including all pipe, pump and compressor stations, station equipment, and all other facilities used or necessary for an integral line of pipe to carry out the transportation of the gas"

Page 11, line 25:

Delete "AS 42.06.630"

Insert "AS 38.34.099"

27-LS0075\U.20
Bullock
2/15/12

AMENDMENT 9

OFFERED IN THE HOUSE

TO: CSHB 9( ), Draft Version "U"

Page 4, following line 7:

Insert a new subsection to read:

"(e) If commitments to acquire firm transportation capacity are received in an open season conducted by the Alaska Gasline Development Corporation, the Alaska Gasline Development Corporation shall, within 10 days after executing the commitments, report the results of the open season to the president of the senate and the speaker of the house of representatives and inform the public of the results of the open season through publication on the Internet website of the Alaska Gasline Development Corporation and in a press release or other announcement to the media. The results made public must include the name of each prospective shipper, the amount of capacity allocated, and the period of the commitment."

Reletter the following subsection accordingly.

27-LS0075\U.16
Bullock
2/14/12

AMENDMENT 10

OFFERED IN THE HOUSE

TO: CSHB 9( ), Draft Version "U"

Page 5, line 16:

Delete "information protected by a confidentiality agreement to that public agency"

Insert "confidential information"

27-LS0075\U.19
Bullock
2/14/12

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 9( ), Draft Version "U"

Page 18, line 30, following "41.41.040,":

Insert "41.41.050,"

27-LS0075\U.15
Bullock
2/14/12

AMENDMENT 12

OFFERED IN THE HOUSE

TO: CSHB 9( ), Draft Version "U"

Page 5, line 4:

Delete "**except for the covenants in AS 38.35.120(a)(1), (2), (5), and (7),**"

Page 5, line 6, following "AS 38.35.120":

Insert "**, except for the covenants in AS 38.35.120(a)(1), (2), (5), and (7)**"

27-LS0075\U.27
Bullock
2/23/12

AMENDMENT 13

OFFERED IN THE HOUSE

TO: CSHB 9( ), Draft Version "U"

Page 6, lines 21 - 22:

Delete "**for covenants that do not apply to a lease entered into under AS 38.34.050(c)**"

Insert "**that, for a lease entered into under AS 38.34.050(c), the covenants in AS 38.35.120(a)(1), (2), (5), and (7) may not be included**"

27-LS0075\U.24
Bullock
2/22/12

AMENDMENT 14

OFFERED IN THE HOUSE

TO: CSHB 9( ), Draft Version "U"

Page 19, following line 1:

Insert a new bill section to read:

"* **Sec. 32.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION AND LEGISLATIVE INTENT. It is the intent of the Alaska Legislature that a right-of-way lease subject to AS 38.34.050(c), as amended by sec. 5 of this Act, AS 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of this Act, and AS 38.35.120(b), as amended by sec. 10 of this Act, that is entered into between the commissioner of natural resources and the Alaska Gasline Development Corporation, a subsidiary created under AS 18.56.086, before the effective dates of secs. 5 and 8 - 10 of this Act be amended as soon as practicable after the effective dates of secs. 5 and 8 - 10 of this Act to conform to the requirements of AS 38.34.050(c), as amended by sec. 5 of this Act, AS 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of this Act, and AS 38.35.120(b), as amended by sec. 10 of this Act."

Renumber the following bill sections accordingly.

27-LS0075\U.25
Bullock
2/22/12

AMENDMENT 15

OFFERED IN THE HOUSE

TO: CSHB 9( ), Draft Version "U"

Page 16, line 28, through page 18, line 19:

Delete all material and insert:

"* **Sec. 25.** AS 42.05 is amended by adding a new section to read:

Sec. 42.05.433. Review of certain contracts by the commission. (a) A public utility negotiating a contract with the Alaska Gasline Development Corporation created under AS 18.56.086, or with any entity controlled by the Alaska Gasline Development Corporation, may submit the contract to the commission before the contract takes effect.

shall?

(b) A public utility negotiating to purchase natural gas to be shipped on any pipeline owned by either the Alaska Gasline Development Corporation or an entity controlled by the Alaska Gasline Development Corporation may submit the contract to the commission before the contract takes effect.

(c) A public utility negotiating a natural gas storage contract related to (a) or (b) of this section may submit the contract to the commission before the contract takes effect.

shall concept #1

(d) The commission ~~may~~ conduct an investigation and hearing to determine whether a contract submitted under (a), (b), or (c) of this section is just and reasonable. The commission shall either approve the contract as presented, or, if the commission finds that the contract is unjust, unreasonable, or unduly discriminatory or preferential, the commission shall disapprove the contract. If the commission does not act within 180 days after the submission of the contract, the contract shall be considered approved and shall be implemented. A contract that is approved or considered approved under this subsection is not subject to further review by the commission.

* **Sec. 26.** AS 42.05.711 is amended by adding a new subsection to read:

(s) The Alaska Gasline Development Corporation created under AS 18.56.086, a joint venture, partnership, or other entity controlled by the Alaska Gasline Development Corporation, or a natural gas pipeline owned or financed by the Alaska Gasline Development Corporation is exempt from this chapter until all debt incurred to finance or refinance the cost of developing and constructing the natural gas pipeline is paid in full. However, the Alaska Gasline Development Corporation or a joint venture, partnership, or other entity that includes the Alaska Gasline Development Corporation may elect to be subject to regulation under this chapter to the extent and in the manner the Alaska Gasline Development Corporation elects and determines is appropriate.

* **Sec. 27.** AS 42.06 is amended by adding a new section to article 7 to read:

Sec. 42.06.601. Exemption. The Alaska Gasline Development Corporation created under AS 18.56.086, an entity controlled by the Alaska Gasline Development Corporation, or a natural gas pipeline owned, operated, financed, or controlled, in whole or in part, by the Alaska Gasline Development Corporation is not subject to this chapter except to the extent and in the manner the Alaska Gasline Development Corporation elects and determines is appropriate."

Renumber the following bill sections accordingly.

Conceptual amendment to Amendment U.25

Add a new section after Section 27, Page 2, Line 19:

The RCA shall review the rate of return on equity to pipeline owners. The rate of return on equity must be within the range of rates of return on equity commonly accepted for natural gas transportation pipelines of a similar nature in the United States. If the commission does not act within 180 days after the submission of an application by equity owners, the rate of return on equity shall be considered approved and shall be implemented. An application that is approved or considered approved under this section is not subject to further review by the commission.

27-LS0075\U.28
Bullock
2/23/12

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE FEIGE

TO: CSHB 9( ), Draft Version "U"

Page 2, line 9:

Delete "In addition"

Insert "The Alaska Gasline Development Corporation shall, to the fullest extent possible, advance an in-state natural gas pipeline as described in the July 1, 2011, project plan prepared under AS 38.34.040 by the Alaska Gasline Development Corporation and the Joint In-State Gasline Development Team, with modifications determined by the Alaska Gasline Development Corporation to be necessary to construct and operate an in-state natural gas pipeline in a safe and economic manner. In addition to the powers granted to it by the corporation"

Page 2, following line 26:

Insert a new subsection to read:

"(b) Upon commencement of construction of an in-state natural gas pipeline, the Alaska Gasline Development Corporation shall analyze (potential) natural gas pipelines connecting to industrial, residential, or utility customers in other regions of the state. If the Alaska Gasline Development Corporation finds that a natural gas pipeline analyzed under this subsection is in the best interest of the state and can meet the needs of industrial, residential, or utility customers at commercially reasonable rates, the Alaska Gasline Development Corporation shall finance, construct, or operate the natural gas pipeline as necessary, subject to appropriation. When developing or constructing [a] connecting line, the Alaska Gasline Development Corporation shall, to the maximum extent feasible, use existing land, structures, real or personal property, rights-of-way, easements, or other interests in land acquired by the Alaska Gasline

Concept #1

additional

an additional natural gas pipeline

Concept #2

L

Development Corporation or the Alaska Natural Gas Development Authority."

Reletter the following subsections accordingly.


Fuge

Alaska Natural Gas Development Authority

Statutory Mission as described in AS 41.41.

- the design, construction, and operation of a **pipeline or other facilities necessary for delivering the gas to market**, including markets in the state;
- the acquisition of natural gas market share **sufficient to ensure the long-term feasibility of pipeline system projects**.
- the acquisition of natural gas from the North Slope and other regions of the state and its **delivery to markets in the state for use by markets in the state or to tidewater for shipment to market by the authority are essential government functions of the state**.

ANGDA Accomplishments

- Kept the interests of consumers at the forefront of all of ANGDA's activities.
- Secured a conditional Right of Way between Glennallen and Palmer.
- Completed work for a bi-directional pipeline along the Richardson Highway connecting Beluga to Fairbanks. Permitting could be completed within one year.
- ANGDA's Right of Way work is valued at $12,522,943 in 2011 dollars.
- Through it's participation in the Alaska Pipeline Project's Open Season, ANGDA secured an estimated 30% discount on delivery of North Slope gas to Railbelt Electric consumers.
- Worked with national and local private sector companies to develop an Alaskan propane project to deliver propane to communities that a gas pipeline will never reach.

Prepared by K. Sikora 02-08-12

Louie Flora

From: Sikora, Kirsten L (DOR) <kirsten.sikora@alaska.gov>
Sent: Tuesday, February 07, 2012 4:19 PM
To: Rep. Paul Seaton; Rep. Eric Feige
Cc: Rep. Mike Chenault; Rep. Mike Hawker; Dfauske@ahfc.state.ak.us; rob_soboloff@legis.state.ak.us; Louie Flora
Subject: ANGDA Rights of way
Attachments: Executed ROW Lease 072006.pdf

Good afternoon,

At yesterday's House Resource Committee meeting it was stated that no Rights of Way existed for a pipeline following the Richardson Highway. I need to clarify that statement.

Attached is the conditional Right of Way (ROW) from Glennallen to Palmer granted to ANGDA in 2006. That right of way is still in effect and could be used to begin construction of a pipeline. The work performed by ANGDA on the Beluga to Fairbanks pipeline (B2F) utilized the Glennallen to Palmer ROW and set B2F's alignment within the TAPS ROW from Glennallen to Delta Junction.

ANGDA commissioned a ROW valuation in Fall 2011and can report that the ROW from Palmer to Delta Junction is valued at $12,522,943 in 2011 dollars.

Please let me know if you need additional information.

Sincerely,

Kirsten Sikora
Acting CEO

Alaska Natural Gas Development Authority
411 W. 4th Avenue, first floor | Anchorage, AK 99501
907-269-6501 | direct: 269-6523 | fax: 269-6531

CONDITIONAL RIGHT OF WAY LEASE
FOR THE
GLENNALLEN TO PALMER PIPELINE
BY AND BETWEEN
THE STATE OF ALASKA
AND
THE ALASKA NATURAL GAS DEVELOPMENT AUTHORITY

ADL 229297

July 2006

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CONDITIONAL RIGHT-OF-WAY LEASE

ALASKA NATURAL GAS DEVELOPMENT AUTHORITY
FOR THE
GLENNALLEN TO PALMER PIPELINE

ADL 229297

This CONDITIONAL RIGHT-OF-WAY LEASE is entered into and made effective this 20th day of July, 2006, by the STATE OF ALASKA, acting through the Commissioner of the Department of Natural Resources, (hereinafter COMMISSIONER), State Pipeline Coordinator's Office, 411 West 4th Avenue, Anchorage, Alaska 99501 and by the ALASKA NATURAL GAS DEVELOPMENT AUTHORITY, (hereinafter CONDITIONAL LESSEE) whose address is 411 West 4th Avenue, Anchorage, Alaska 99501.

Note: Terms having special meaning are capitalized and are defined in Section 9 of this CONDITIONAL LEASE.

Section 1. CONDITIONAL RIGHT-OF-WAY LEASE

Pursuant to AS 38.35 and the regulations promulgated thereunder, the COMMISSIONER has determined that the proposed CONDITIONAL RIGHT-OF-WAY LEASE by the applicant, the CONDITIONAL LESSEE, is in the public interest provided that the terms and conditions of the CONDITIONAL RIGHT-OF-WAY LEASE are met. The requisite determinations required by the aforesaid statutes and regulations are contained in the administrative record of ADL 229297.

If the terms and conditions set forth in the Commissioner's Final Decision and this CONDITIONAL RIGHT-OF-WAY LEASE are met within the specified time limits and prior to TERMINATION or revocation of this CONDITIONAL RIGHT-OF-WAY LEASE, the COMMISSIONER will initiate the public hearing process pursuant to AS 38.35.080 in order to determine whether conversion of the CONDITIONAL RIGHT-OF-WAY LEASE into a RIGHT-OF-WAY LEASE would be consistent with the public interest, requirements of AS 38.35.100, and the requirements of AS 38.35.120 and applicable regulations including, but not limited to, 11 ACC. 80.005. Pursuant to AS 38.35.100(d), each lease requirement and condition of the covenants established in AS 38.35.120 are attached as Exhibit B and those requirements and conditions are incorporated into this CONDITIONAL LEASE. The application for a CONDITIONAL RIGHT-OF-WAY LEASE is granted, subject to the conditions listed in Section 2.

Section 2. Requirements to Convert Conditional Right-of-Way Lease to an Unconditional RIGHT-OF-WAY LEASE

The CONDITIONAL LESSEE shall comply with the following conditions. Upon compliance with these conditions the Commissioner will initiate a pubic hearing process pursuant to AS 38.35.080 to determine if the requirements of AS 38.35 have been met so as to warrant the conversion of the CONDITIONAL RIGHT-OF-WAY LEASE to an unconditional RIGHT–OF-WAY LEASE.

A. The CONDITIONAL LESSEE shall provide PIPELINE alignment location and related facility site locations plotted on available large scale maps, where feasible, or on large scale (1 inch =1,000 feet or greater) aerial photographs for review and approval of the COMMISSIONER for the purpose of locating and describing the RIGHT-OF-WAY on STATE LAND. In addition, where required by the COMMISSIONER the CONDITIONAL LESSEE shall field stake specific portions of the PIPELINE alignment or RELATED FACILITY site locations to the satisfaction of the COMMISSIONER. This information shall be submitted by the COMMISSIONER to the owners or agents of other authorized oil or GAS transportation pipeline(s), or other existing or proposed facilities pursuant to AS 38.05.945 and AS 35.05.035(e) for the purpose of identifying what portions of the PIPELINE or RELATED FACILITIES are proximate to existing or proposed facilities. Those portions identified by such owners as being proximate to the PIPELINE and RELATED FACILITIES shall be reviewed and approved by the COMMISSIONER.

B. The CONDITIONAL LESSEE shall submit evidence to the Commissioner of the Lessee's financial ability, to complete the design and construction of the proposed Glennallen to Palmer Pipeline. Such evidence shall, at a minimum, include documentation of the commitment of shippers to utilize the capacity of the PIPELINE for shipment of GAS in the PIPELINE, such as executed letters of intent for GAS purchase; documentation of the availability of GAS to committed shippers, such as letters of intent for GAS sales, and written preliminary lender commitments for CONSTRUCTION financing. In additional, the Lessee shall provide such financial plans, a summary of project economics, and any other financial information as may be required by the COMMISSIONER.

C. The CONDITIONAL LESSEE shall submit the following technical information relating to the Glennallen to Palmer pipeline project:

(1) Project Development Schedule

a. The CONDITIONAL LESSEE shall submit a Project Development Schedule to the COMMISSIONER for review. The Project Development Schedule shall address, at a minimum, the following:

1. sequence and approximate timing of all PRECONSTRUCTION

activities;
2. submission of all PRECONSTRUCTION permit applications;
3. submission of all other permit applications;
4. environmental constraints on PRECONSTRUCTION scheduling; and,
5. submission of the items in Section 2, paragraphs A, and B.

b. The Project Development Schedule, required by Section 2.C.(1)a., shall be submitted with the scope and content mutually agreed to by the COMMISSIONER and the CONDITIONAL LESSEE annually prior to September 1st for the purpose of preparing the State's budget for the subsequent fiscal year (July 1-June 30).

(2) Project Plans and Programs

a. The CONDITIONAL LESSEE shall submit the following Project Plans and Programs to the COMMISSIONER for review and approval (such plans and programs may be combined and/or cross-referenced where appropriate):

1. Air Quality
2. Blasting
3. Clearing
4. Corrosion Control
5. Cultural Resource Preservation
6. Environmental Briefing
7. Erosion and Sedimentation Control
8. Fire Control
9. Human/Carnivore Interaction
10. Liquid WASTE Management
11. Material Exploration and Extraction
12. Oil and HAZARDOUS SUBSTANCES Control, Cleanup and Disposal
13. Overburden and Excess Material Disposal
14. Pesticides, Herbicides and Chemicals
15. PIPELINE Contingency
16. Quality Assurance/Quality Control
17. RESTORATION
18. River Training Structures
19. Seismic
20. Solid WASTE Management
21. Stream, River and Floodplain Crossings
22. Surveillance and Maintenance
23. Visual Resources
24. Water Quality Monitoring
25. Wetlands Construction

b. The COMMISSIONER will review for approval the scope, content and

schedule of the Project Plans and Programs required in Section 2.C.(2).a.

c. The Project Plans and Programs listed in Section 2.C.(2).a. may be updated at intervals mutually agreed upon by the CONDITIONAL LESSEE and the COMMISSIONER.

d. The Project Plans and Programs or specific Project Performance Standards listed in Section 2.C.(2).a. that may affect FACILITIES that are proximate to the proposed Glennallen to Palmer Pipeline alignment, such as the TRANS-ALASKA PIPELINE SYSTEM, other authorized oil or GAS transportation pipeline(s), PUBLIC ROADS/HIGHWAYS, or the FACILITIES of other third party owners with valid existing rights on STATE LAND, shall be coordinated by the CONDITIONAL LESSEE with the respective owners. Evidence of coordination with such owners shall accompany the submission of applicable Project Performance Standards and the Project Plans and Programs.

(3) **CONCEPTUAL DESIGN**. Prior to being granted a RIGHT-OF-WAY LEASE, the CONDITIONAL LESSEE shall provide a CONCEPTUAL DESIGN for the PIPELINE and RELATED FACILITIES for review and written approval of the COMMISSIONER. The COMMISSIONER and the CONDITIONAL LESSEE shall mutually agree upon the scope, content and schedule for submission of the CONCEPTUAL DESIGN.

(4) **CONDITIONAL RIGHT-OF-WAY LEASE Amendments Required for Project Definition**

a. **RELATED FACILITIES.** The addition of RELATED FACILITIES, the locations of which are not identified yet, including but not limited to access ROADs, communication sites and spoil and WASTE disposal sites, or any substantial re-locations of any RELATED FACILITIES shall require an authorization under AS 38.05. Substantial re-alignments of the PIPELINE shall require amendment to this CONDITIONAL RIGHT-OF-WAY LEASE.

(5) **Specific Agreements for Protection of the Public Interest**

a. **PUBLIC ROADS/HIGHWAYS**. The CONDITIONAL LESSEE shall agree to reimburse the STATE for damages to PUBLIC ROADS/HIGHWAYS or airports due to construction and/or overweight loads utilized by the CONDITIONAL LESSEE during PRECONSTRUCTION activities of the PIPELINE SYSTEM.

Section 3. <u>Nature of Interest</u>

A. This CONDITIONAL RIGHT-OF-WAY LEASE conveys no interest in land, property or resources of the STATE, or any preference or priority rights to a particular

right-of-way or alignment. The issuance of a CONDITIONAL LEASE does not prevent the COMMISSIONER from issuing other conditional or final leases for the same Right-of-Way. No CONSTRUCTION activities are authorized by this CONDITIONAL LEASE. Upon receiving an application for any other conditional right-of-way lease or authorization that would vest a property right, for the same right-of-way, the Department of Natural Resources shall consult with the CONDITIONAL LESSEE and offer an opportunity to comment.

B. Any future administrative decision made by the State of Alaska that affects the title to the property described by this CONDITIONAL RIGHT-OF-WAY LEASE is subject to administrative and legal appeal made pursuant to State statutes.

C. This CONDITIONAL RIGHT-OF-WAY LEASE applies to the proposed Right-of-Way on STATE LAND for a PIPELINE as located and described in Exhibit A of the CONDITIONAL RIGHT-OF-WAY LEASE the purpose of which is for the PRECONSTRUCTION of one (1) 24 inch diameter NATURAL GAS transportation PIPELINE and RELATED FACILITIES. The width of the proposed construction RIGHT-OF-WAY shall not exceed 300 feet, 150 feet on either side of the proposed centerline and shall accommodate such other RELATED FACILITIES outside the boundaries of the proposed RIGHT-OF-WAY as may be authorized by amendment to this CONDITIONAL RIGHT-OF-WAY LEASE.

D. PRECONSTRUCTION activities may be authorized under this CONDITIONAL RIGHT-OF-WAY LEASE. Prior to initiating any field activity on STATE LAND pursuant to this CONDITIONAL RIGHT-OF-WAY LEASE, the CONDITIONAL LESSEE must possess a valid permit issued by the COMMISSIONER. Each PRECONSTRUCTION permit shall authorize only PRECONSTRUCTION field activities specific to that permit. A PRECONSTRUCTION permit may contain such site-specific terms and conditions as the COMMISSIONER finds necessary to implement the provisions of this CONDITIONAL RIGHT-OF-WAY LEASE, and the CONDITIONAL LESSEE shall comply in all respects with the provisions of the PRECONSTRUCTION permit shall be accompanied by the following:

1. a description of the proposed activity and its location, including access routes;

2. scaled maps or drawings depicting the exact location of the proposed activities, proximate to existing facilities of third party owners with valid existing rights on STATE LAND, including the TRANS-ALASKA PIPELINE SYSTEM, drainages, trails, or other access routes, and other pertinent information sufficient for identification of potential conflicts with existing land uses and state and private property interests;

3. proposed measures for prevention of significant adverse environmental impact;

4. proposed RESTORATION procedures for areas of surface disturbance;

5. proposed measures for protecting subsistence resources and their uses in the vicinity of the proposed activity;

6. a separate analysis of the effects of the proposed activity and written evidence of coordination with any third party owners with valid existing rights on STATE LAND, including the TRANS-ALASKA PIPELINE SYSTEM, or other authorized oil or GAS transportation PIPELINE whose FACILITIES are proximate to such PRECONSTRUCTION activities.

Section 4. Duration of CONDITIONAL LEASE.

A. This CONDITIONAL RIGHT-OF-WAY LEASE and all rights associated with this CONDITIONAL RIGHT-OF-WAY LEASE or with the COMMISSIONER's finding pursuant to AS 38.35.100(b) shall expire on July 19, 20 16, unless

1. prior to that date the CONDITIOINAL RIGHT-OF-WAY LEASE is relinquished, abandoned or otherwise terminated pursuant to its provisions or any applicable laws or regulations; or

2. prior to TERMINATION, the COMMISSIONER determines that all conditions for conversion to an unconditional RIGHT-OF-WAY LEASE have been met, including a written finding that the CONDITIONAL LESSEE is then fit, willing and able to perform the transportation or other acts proposed in a manner that will be required by the present and future public interest, in a manner consistent with the conditions set out herein and with the applicable laws which are then in effect, and an unconditional RIGHT-OF-WAY LEASE is issued.

B. This CONDITIONAL RIGHT-OF-WAY LEASE may be revoked by order of the COMMISSIONER, without compensation, at any time the COMMISSIONER determines that the applicant or CONDITIONAL LESSEE will not be fit, willing and able to perform during the ten (10) year term of this lease or whenever another applicant or conditional lessee is determined to be fit, willing, and able to perform under an application or lease of all or part of the right-of-way.

C. Upon expiration, relinquishment, abandonment, or other TERMINATION, the provisions of this CONDITIONAL RIGHT-OF-WAY LEASE, intended for the benefit of the STATE and the public, shall continue in effect and shall be binding on the CONDITIONAL LESSEE, or the CONDITIONAL LESSEE's successors and assigns, until the CONDITIONAL LESSEE has fully performed its respective obligations and liabilities accruing before or on account of the expiration, relinquishment, abandonment, or other TERMINATION of the CONDITIONAL RIGHT-OF-WAY LEASE.

D. Prior to expiration, relinquishment, abandonment, or other TERMINATION of the CONDITIONAL RIGHT-OF-WAY LEASE, the CONDITIONAL LESSEE shall remove all temporary and permanent improvements from STATE LAND and shall RESTORE such land, unless otherwise approved by the COMMISSIONER, within a time period specified by the COMMISSIONER.

Section *5.* Transfer, Assignment or other Disposition

A. The CONDITIONAL LESSEE will not transfer, assign, pledge, or dispose of in any manner, directly or indirectly, or by transfer of control of the CONDITIONAL LESSEE, its interest in this CONDITIONAL RIGHT-OF-WAY LEASE, or any rights under this CONDITIONAL RIGHT-OF-WAY LEASE or any rights to the PIPELINE SYSTEM subject to this CONDITIONAL RIGHT-OF-WAY LEASE to any person, except to the extent that the COMMISSIONER authorizes the transfer in a written finding, after considering whether or not the transfer is in the public interest.. The CONDITIONAL LESSEE shall not allow the transfer of control of or redistribution of interests in the CONDITIONAL RIGHT-OF-WAY LEASE without the approval of the COMMISSIONER; as used in this Subsection "transfer of control of the CONDITIONAL RIGHT-OF-WAY LEASE means 30 percent or more, in aggregate, of ownership interest in the CONDITIONAL RIGHT-OF-WAY LEASE in one or more transactions, to one or more persons, by one or more persons. The COMMISSIONER shall not unreasonably withhold consent to the transfer, assignment or disposal. An unapproved transfer does not relieve the CONDITIONAL LESSEE of an obligation assumed under the CONDITIONAL RIGHT-OF-WAY LEASE, is ineffective to transfer interests in and obligations under the CONDITIONAL RIGHT-OF-WAY LEASE, and constitutes a default under the CONDITIONAL RIGHT-OF-WAY LEASE.

B. With respect to any request for transfer under Section 5.A., the COMMISSIONER shall consider whether the proposed transferee will be fit, willing and able to perform the transportation of NATURAL GAS proposed under the terms and conditions established in the CONDITIONAL RIGHT-OF-WAY LEASE and whether the transfer is in the public interest. The COMMISSIONER may impose additional terms and conditions on the transferee that the COMMISSIONER considers in the public interest.

C. A transfer, pursuant to Section 5.A., in whole or in part, of the CONDITIONAL LESSEE's right, title and interest in the RIGHT-OF-WAY and this CONDITIONAL RIGHT-OF-WAY LEASE shall constitute a release of the CONDITIONAL LESSEE's liabilities and obligations (accrued, contingent or otherwise) to the STATE under this CONDITIONAL RIGHT-OF-WAY LEASE only to the extent and limit that the transferee unconditionally assumes with permission of the COMMISSIONER the performance and observance of each such liability and obligation, and provides bonding and insurance to assure such performance and observance of such liabilities and obligation.

Section 6. Indemnification and Liability

A. Indemnity

1. The CONDITIONAL LESSEE assumes all responsibility, risk, and liability for its PRECONSTRUCTION activities and use of or contact with the lands of the CONDITIONAL RIGHT-OF-WAY LEASE. The CONDITIONAL LESSEE shall defend, indemnify, and hold harmless the STATE, its agents and employees, from and against any and all demands, causes of action (whether in the nature of an action for damages, indemnity, contribution, government cost recovery or otherwise), fines, judgments, suits, claims, actions, proceedings, losses, costs (including reasonable attorneys' fees and costs), expenses, charges, forfeitures, liens, liabilities, settlements, penalties, and damages of any kind or nature whatsoever, including, but not limited to those alleging personal injury, wrongful death, nuisance property damage, environmental contamination (including any disposal, release, spill or discharge or any threatened disposal, release, spill, or discharge of or contamination by hazardous materials, but subject to the limitations on CONDITIONAL LESSEE's liabilities expressly provided under Section 6 of this CONDITIONAL RIGHT-OF-WAY LEASE), and environmental noncompliance (including the CONDITIONAL LESSEE's failure to provide all information, make all submissions, and take all steps required by the authority under the environmental laws or any other law concerning any spill, discharge, or contamination), arising out of, in connection with, directly or indirectly from, or otherwise incident to, LESSEE's PIPELINE ACTIVITIES or use of or contact with the LEASEHOLD, except to the extent the sole legal cause of the injury or damage is the negligence or willful misconduct of the STATE or anyone acting on the STATE's behalf.

2. The CONDITIONAL LESSEE shall immediately accept the tender by the STATE of any such cause of action, lawsuit, or other proceeding described in Subsection (a) of this section that is brought against the STATE. Any reasonable attorneys' fees or costs incurred by the STATE prior to such tender of defense shall be the complete and sole responsibility, without limitations, of the CONDITIONAL LESSEE. If the STATE tenders such cause of action, lawsuit, or other proceeding later than twenty (20) days after service on the STATE, and the CONDITIONAL LESSEE informs the STATE that the delay in tendering will require the CONDITIONAL LESSEE to incur additional costs in order to respond in a competent and timely manner, and the STATE is unable to obtain an extension of time sufficient to provide the CONDITIONAL LESSEE with at least one-half (1/2) of the number of days which the STATE originally had to respond, then the STATE shall reimburse the CONDITIONAL LESSEE for documented, reasonable costs incurred by the CONDITIONAL LESSEE that are directly related to the delay in tendering.

3. The obligations of the CONDITIONAL LESSEE to indemnify the STATE under the terms of this CONDITIONAL RIGHT-OF-WAY LEASE shall survive the transfer, assignment, or other disposition of an interest in this CONDITIONAL LEASE as well as the expiration, forfeiture, relinquishment, abandonment or other TERMINATION of this CONDITIONAL RIGHT-OF-WAY LEASE.

Section 7. Insurance

A. Without limiting the CONDITIONAL LESSEE's indemnification, the CONDITIONAL LESSEE hereby agrees to provide and maintain in force throughout the term of this CONDITIONAL RIGHT-OF-WAY LEASE liability and property damage insurance from a company licensed to do business in the state or furnish other security or undertaking upon the terms and conditions the COMMISSIONER considers necessary if the COMMISSIONER finds that the net assets of the CONDITIONAL LESSEE are insufficient to protect the public from damage for which the CONDITIONAL LESSEE may be liable arising out of the PRECONSTRUCTION of the PIPELINE, such as: comprehensive general liability including premises, operations, independent contractors, products and completed operations liability including contractual liability covering the CONDITIONAL LESSEE's indemnification obligation under Section 6 of the CONDITIONAL RIGHT-OF-WAY LEASE, broad form property damage, pollution liability, explosion, collapse and underground (XCU), and fire legal liability endorsements, owned and non-owned (leased or hired) automobile, aircraft and watercraft liability, and architect and engineer professional errors and omissions. Coverage shall, to the reasonable satisfaction of the COMMISSIONER insure the CONDITIONAL LESSEE's liabilities for accidental occurrences imposed on it by operation of the requirement for indemnification of the STATE contained in this CONDITIONAL RIGHT-OF-WAY LEASE. Coverage shall be obtained from a carrier with a rating acceptable to the COMMISSIONER and shall be on an "occurrence" basis. The STATE shall be added to the above-described policies as an additional insured with respect to such Liabilities. Initially, coverage shall be in the minimal amount of one million dollars ($1,000,000) per occurrence and the Lessee shall provide proof of insurance meeting this requirement, acceptable to the COMMISSIONER, prior to the issuance of the first PRECONSTRUCTION permit.

B. In addition, the CONDITIONAL LESSEE shall provide and maintain, for all employees of the CONDITIONAL LESSEE engaged in work under this CONDITIONAL RIGHT-OF-WAY LEASE, Workers' Compensation Insurance as required by AS 23.30. The CONDITIONAL LESSEE shall be responsible for Workers' Compensation Insurance for any contractor or subcontractor who directly or indirectly provides services under this CONDITIONAL RIGHT-OF-WAY LEASE. This coverage must include employer's liability protection not less than one million dollars ($1,000,000) per occurrence. The insurer shall agree to waive all rights of subrogation against the STATE, its officers, agents, and employees for losses arising from the leased premises.

C. Certificates of insurance must be furnished to the COMMISSIONER. The required insurance is subject to annual review and adjustment by the COMMISSIONER, who may require reasonable increases based on increased risk.

D. The CONDITIONAL LESSEE's insurance coverage shall be primary insurance as respects the STATE, its officers, agents and employees. Any insurance or self

insurance maintained by the STATE shall be in excess of the CONDITIONAL LESSEE's insurance and shall not contribute with it.

Section 8. Incorporation by Reference of Terms and Conditions; Changes in Conditions

If there is a significant change in the conditions which necessitates additional terms to protect the public interest, the COMMISSIONER may require the CONDITIONAL LESSEE to agree to additional terms that the COMMISSIONER finds to be in the public interest prior to conversion to a RIGHT-OF-WAY LEASE.

Section 9. Definition of Terms

Terms having special meaning in this CONDITIONAL RIGHT-OF-WAY LEASE document are incorporated into and made part of the CONDITIONAL RIGHT-OF-WAY LEASE are capitalized and are defined in this Section "Definitions".

1. **COMMISSIONER** means the Commissioner of the Department of Natural Resources, State of Alaska or the Commissioner's appointed designee(s).

2. **CONCEPTUAL DESIGN** means design documents that are not yet suitable for bid solicitation, including contract plans and specifications; proposed CONSTRUCTION modes; operational requirements necessary to justify designs; design analysis including summary calculations for a particular design feature; all functional and engineering criteria; summaries of engineering tests conducted and their results; and other considerations pertinent to design

3. **CONSTRUCTION** means all field activities by the CONDITIONAL LESSEE or its contractors located on or in the general vicinity of the PIPELINE RIGHT-OF-WAY which involve more than *de minimis* physical disturbance of the existing natural land features or conditions. CONSTRUCTION includes pre-construction activities and is not limited to mean only the actual construction of the PIPELINE SYSTEM, but also includes other disturbances such as materials movements and stockpiling, development of borrow pit areas, and the establishment of work-camps and communications facilities. CONSTRUCTION excludes such field activities as engineering surveys, soil tests, and biological studies.

4. **CONDITIONAL RIGHT-OF-WAY LEASE** and/or **CONDITIONAL LEASE** means the instrument conditionally granting a RIGHT-OF-WAY for PIPELINE purposes pursuant to AS 38.35 to the CONDITIONAL LESSEE, but granting no rights, including preference or priority.

5. **CONDITIONAL LESSEE** means the Alaska Natural Gas Development Authority or its respective successors or assigns as authorized pursuant to Section 5 of the CONDITIONAL RIGHT-OF-WAY LEASE.

6. **CONTRACTOR** means any contractor or subcontractor at any tier, and the employees, representatives, and agents of such a contractor.

7. **EFFECTIVE DATE** of the lease means the day the lease is executed as set forth on page one of the RIGHT-OF-WAY LEASE.

8. **HAZARDOUS SUBSTANCES or material** means hazardous substances as defined by STATE statute or regulation, as may be amended from time to time, of the Alaska Department of Environmental Conservation (AS 46.03.826(5)), the Environmental Protection Agency (42 USC 9601(14)), or as specified in writing by the COMMISSIONER in consultation with the Alaska Department of Environmental Conservation during the review of the CONDITIONAL LESSEE's oil and HAZARDOUS SUBSTANCES control, cleanup and disposal plan.

9. **HIGHWAY** means the Glenn Highway, the Parks Highway, Trunk Road or other primary or secondary road systems under the jurisdiction of the Alaska Department of Transportation and Public Facilities (ADOT&PF).

10. **LEASEHOLD** means the STATE lands subject to the RIGHT-OF-WAY LEASE as those lands are identified in the RIGHT-OF-WAY LEASE and any amendments, modifications and subsequent renewals.

11. **NATURAL GAS** and/or **GAS** has the same meaning as given in AS 38.35.230(5) and is a gaseous mixture, principally of methane and other paraffinic hydrocarbons suitably conditioned to an acceptable specification for transportation by the PIPELINE.

12. **PIPELINE** means all the facilities including the total system of pipe (whether owned or operated under a contract, agreement, or lease), located in or on the RIGHT-OF-WAY, used by a carrier for transportation of NATURAL GAS, or products for delivery, for storage, or for further transportation, and including all pipe, pump or compressor stations, station equipment, tanks, valves, bridges, terminal and terminal facilities, operations control centers, and fire protection system, cathodic protection system, communication system, and all other facilities used or necessary for an integral line of pipe, taken as a whole, to effectuate transportation, including an extension or enlargement of the line.

13. **PIPELINE ACTIVITIES** means activities involving and related to construction, operation, maintenance, and TERMINATION of the PIPELINE SYSTEM or any part of the PIPELINE SYSTEM.

14. **PIPELINE SYSTEM** means all facilities on STATE LAND that are constructed or used by the CONDITIONAL LESSEE pursuant to a certificate of public convenience and necessity issued pursuant to the Natural Gas Act in connection with the CONSTRUCTION, operation, maintenance or TERMINATION of the PIPELINE.

PIPELINE SYSTEM includes the PIPELINE and RELATED FACILITIES, temporary facilities, temporary use areas and material sites used by the LESSEE for the CONSTRUCTION, operation, maintenance, or TERMINATION of the PIPELINE. PIPELINE SYSTEM does not include facilities such as urban administrative offices, which are only indirectly involved in the transportation of NATURAL GAS; nor does it include facilities used by others in the production, gathering or conditioning of NATURAL GAS.

15. **PRECONSTRUCTION** means all field activities by the CONDITIONAL LESSEE or its contractors located on or in the general vicinity of the PIPELINE RIGHT-OF-WAY which involve *de minimis* physical disturbance of the existing natural land features or conditions. PRECONSTRUCTION includes such field activities as engineering surveys, soil tests, and biological studies.

16. **RELATED FACILITIES** means those structures, devices, improvements and sites other than the pipe, located in or on the RIGHT-OF-WAY, the substantially continuous use of which is necessary for the operation and maintenance of the PIPELINE. RELATED FACILITIES includes, if applicable: supporting structures; compressor stations; valves and other control devices; bridges, culverts and low-water crossings; monitoring and communication devices; retaining walls, berms, dikes, ditches, cuts and fills, including hydraulic and erosion control structures; structures and areas for storing supplies and equipment; cathodic protection devices; and other facilities of a similar nature together with related yards, fences and buildings as the COMMISSIONER, after consultation with the CONDITIONAL LESSEE, shall determine to be RELATED FACILITIES. RELATED FACILITIES does not include structures, devices, improvements, sites, facilities, or areas, the use of which is temporary in nature, such as those used only for CONSTRUCTION purposes. Examples of structures, devises, improvements, sites, facilities or areas that are not RELATED FACILITIES include: temporary camps; temporary landing strips; temporary bridges; temporary access ROADs; temporary communication sites; temporary storage sites; and temporary disposal sites.

17. **RESTORATION** means the return of a disturbed site upon completion of use to a physical and biological condition consistent with applicable State and Federal law, regulations and policies at the time and to the extent acceptable to the COMMISSIONER. RESTORATION includes, where appropriate, erosion and sedimentation control, REVEGETATION, reestablishment of native species and visual amelioration.

18. **REVEGETATION** means the establishment of plant cover on disturbed lands in a manner consistent with applicable State and Federal law and regulations, including Federal Energy Regulatory Commission (FERC) regulations and policies, if applicable. REVEGETATION may include: seedbed preparation, seeding, planting, fertilizing, mulching, and watering.

19. **RIGHT-OF-WAY** means the lands included within the PIPELINE corridor as may be amended from time to time pursuant to the terms of the CONDITIONAL RIGHT-OF-WAY LEASE.

20. **RIGHT-OF-WAY LEASE** means (1) an instrument granting a LEASEHOLD interest in the Right-of-Way for the Glennallen to Palmer Pipeline to the CONDITIONAL LESSEE for the purpose of PRECONSTRUCTION, construction, operation, and TERMINATION of the PIPELINE pursuant to AS 38.35, ADL 229297.

21. **ROAD** means roads or ice roads other than State or public highways that are constructed or used by the CONDITIONAL LESSEE in connection with the construction, operation, maintenance, and TERMINATION of the PIPELINE SYSTEM.

22. **STATE** means the State of Alaska.

23. **STATE LAND** means (1) those lands and interests therein defined as "state land" in AS 38.35.230(9), and (2) any lands and interests therein included in a Federal Right-of-Way Grant to which the State, subsequent to the effective date of the LEASE, obtains an interest sufficient to permit the State to lease such lands and interests under State law, provided that at that time such lands and interests therein are no longer subject to the Federal Right-of-Way Grant, as may be amended or extended from time to time.

24. **State Pipeline Coordinator** means that officer operating under written delegation of authority from the Commissioner with the authority and responsibility of administering a portion or all of the provisions of the RIGHT-OF-WAY LEASE.

25. **TERMINATION** means all activities connected with the expiration, cancellation, or completion of use of the RIGHT-OF-WAY.

26. **TRANS-ALASKA PIPELINE SYSTEM** (TAPS) means that pipeline system referred to in and authorized by the Trans-Alaska Pipeline Authorization Act, Title II, P.L. 93-153, 87 Stat. 584.

27. **WASTE** means all discarded matter other than CONSTRUCTION spoils. It includes, but is not limited to, human waste, trash, garbage, refuse, oil drums, petroleum products, ashes and equipment.

Section 10. Authority to Enter Agreement

The CONDITIONAL LESSEE represents and warrants to the State that it is duly authorized and empowered under the applicable laws of the State of Alaska to enter into and perform this CONDITIONAL RIGHT-OF-WAY LEASE in accordance with the provisions of this CONDITIONAL RIGHT-OF-WAY LEASE.

Section 11. Partial Invalidity

If any part of this CONDITIONAL RIGHT-OF-WAY LEASE is held invalid or unenforceable, the remainder of this CONDITIONAL RIGHT-OF-WAY LEASE shall not be affected and shall be valid and enforced to the fullest extent permitted by law.

Section 12. Acceptance of LEASE

The CONDITIONAL LESSEE's execution of this CONDITIONAL RIGHT-OF-WAY LEASE signifies acceptance of the terms and conditions contained herein. Such acceptance constitutes an agreement between the CONDITIONAL LESSEE and the State that the CONDITIONAL LESSEE, together with the CONDITIONAL LESSEE's respective agents, employees, contractors and subcontractors (at any tier), shall comply with all terms and conditions contained in the CONDITIONAL RIGHT-OF-WAY LEASE and all applicable laws and regulations.

IN WITNESS WHEREOF, the parties hereto have duly executed this CONDITIONAL RIGHT-OF-WAY LEASE as of the first written date.

STATE OF ALASKA

By: _____ Date: 7/20/06

Michael L. Menge
COMMISSIONER
Department of Natural Resources

ALASKA NATURAL GAS DEVELOPMENT AUTHORITY

By: _____ Date: 7/18/06

Harold C. Heinze
Chief Executive Officer
Alaska Natural Gas Development Authority

State of Alaska)
)ss
Third Judicial District)

The foregoing instrument was acknowledged before me this 20th day of July, 2006, by MICHAEL L. MENGE, COMMISSIONER of the STATE OF ALASKA, DEPARTMENT OF NATURAL RESOURCES.

JANETTA K. PRITCHARD NOTARY PUBLIC STATE OF ALASKA

Janetta K Pritchard
Notary Public in and for the State of Alaska
My Commission Expires: 12/11/2008

State of Alaska)
)ss
Third Judicial District)

The foregoing instrument was acknowledged before me this 18th day of July, 2006, by HAROLD C. HEINZE, Chief Executive Officer of the ALASKA NATURAL GAS DEVELOPMENT AUTHORITY.

JANETTA K. PRITCHARD NOTARY PUBLIC STATE OF ALASKA

Janetta K Pritchard
Notary Public in and for the State of Alaska
My Commission Expires: 12/11/2008

EXHIBIT A
ADL 229297

Township 4 North, Range 4 West, C.R.M. Sections 12, 13, 14, 15, 22, 21, 20, 29, 30;

Township 4 North, Range 5 West, C.R.M. Sections 25, 26, 27, 28, 29, 30;

Township 4 North, Range 6 West, C.R.M. Sections 25, 26, 27, 34, 33, 32;

Township 3 North, Range 6 West, C.R.M. Sections 5, 6;

Township 3 North, Range 7 West, C.R.M. Sections 1, 2, 11, 10, 9, 16, 17, 18;

Township 3 North, Range 8 West, C.R.M. Sections 13, 14, 15, 22, 21, 28, 29, 30 32, 31;

Township 3 North, Range 9 West, C.R.M. Sections 32, 31;

Township 3 North, Range 10 West, C.R.M. Sections 36, 35, 34, 33;

Township 2 North, Range 8 West, C.R.M. Section 6;

Township 2 North, Range 9 West, C.R.M. Sections 1, 2, 3, 4, 5;

Township 2 North, Range 10 West, C.R.M. Sections 3, 4, 5, 8, 7, 18;

Township 2 North, Range 11 West, C.R.M. Sections 12, 13;

Township 21 North, Range 10 East, S.M. Sections 24, 25, 26, 27, 22, 15, 16, 9, 8, 5, 6;

Township 21 North, Range 9 East, S.M. Sections 1;

Township 22 North, Range 9 East, S.M. Sections 36, 35, 26, 27, 28, 29, 30, 20, 19;

Township 22 North, Range 8 East, S.M. Sections 24, 13, 14, 15, 22, 21, 27, 28, 33, 32;

Township 21 North, Range 8 East, S.M. Sections 5, 6;

Township 21 North, Range 7 East, S.M. Sections 1, 12, 11, 14, 15, 22, 27, 28, 33, 32, 31;

Township 20 North, Range 7 East, S.M. Sections 5, 6;

Township 20 North, Range 6 East, S.M. Sections 1, 12, 11, 10, 9, 8, 17, 18;

Township 20 North, Range 5 East, S.M. Sections 13, 14, 15, 22, 21, 28, 29, 30, 31;

Township 20 North, Range 4 East, S.M. Section 36;

Township 19 North, Range 4 East, S.M. Sections 1, 2, 11, 10, 9, 8, 7;

Township 19 North, Range 3 East, S.M. Sections 13, 14, 15;

Township 19 North, Range 2 East, S.M. Section 36, 34, 25;

Township 18 North, Range 2 East, S.M. Sections 4, 5;

Township 17 North, Range 1 East, SM. Sections 15, 22.

EXHIBIT B

ADL 229297

Pursuant to AS 38.35.100(d) the requirements and conditions of the covenants established under AS 38.35.120 shall be included in a conditional lease. The following requirements of AS 38.35.120 are therefore incorporated into the CONDITIONAL LEASE. These requirements and conditions must be met before the CONDITIONAL RIGHT-OF-WAY LEASE may be converted into an unconditional RIGHT-OF-WAY LEASE.

Sec. 38.35.120. Covenants required to be included in lease.

(a) A noncompetitive lease of state land for a right-of-way for an oil or natural gas pipeline valued at $1,000,000 or more may be granted only upon the condition that the lessee expressly covenants in the lease, in consideration of the rights acquired by it under the lease, that

(1) it assumes the status of and will perform all of its functions undertaken under the lease as a common carrier and will accept, convey, and transport without discrimination crude oil or natural gas, depending on the kind of pipeline involved, delivered to it for transportation from fields in the vicinity of the pipeline subject to the lease throughout its route both on state land obtained under the lease and on the other land; it will accept, convey, and transport crude oil or natural gas without unjust or unreasonable discrimination in favor of one producer or person, including itself, as against another but will take the crude oil or natural gas, depending on the kind of pipeline involved, delivered or offered, without unreasonable discrimination, that the Regulatory Commission of Alaska shall, after a full hearing with due notice to the interested parties and a proper finding of facts, determine to be reasonable in the performance of its duties as a common carrier; however, a lessee that owns or operates a natural gas pipeline

(A) subject to regulation either under the Natural Gas Act (15 U.S.C. 717 et seq.) of the United States or by the state or political subdivisions with respect to rates and charges for the sale of natural gas, is, to the extent of that regulation, exempt from the common carrier requirement in this paragraph;

(B) that is a North Slope natural gas pipeline (i) is required to operate as a common carrier only with respect to the intrastate transportation of North Slope natural gas, as that term is defined in AS 42.06.630_, and (ii) is not required to operate as a common carrier as to a liquefied natural gas facility or a marine terminal facility associated with the pipeline, and is not otherwise required to perform its functions under the lease as a common carrier; for purposes of this subparagraph, "North Slope natural gas pipeline" means all the facilities of a total system of pipe, whether owned or operated under a contract, agreement, or lease, used by a carrier for transportation of North Slope natural gas, as defined by AS 42.06.630_, for delivery, for storage, or for further transportation, and including all pipe, pump, or compressor stations, station equipment, tanks, valves, access roads, bridges, airfields, terminals and terminal facilities, including docks and tanker loading facilities, operations control centers for both the upstream part

of the pipeline and the terminal, tanker ballast treatment facilities, fire protection system, communication system, and all other facilities used or necessary for an integral line of pipe, taken as a whole, to carry out transportation, including an extension or enlargement of the line;

(2) it will interchange crude oil or natural gas, depending on the kind of pipeline involved, with each like common carrier and provide connections and facilities for the interchange of crude oil or natural gas at every locality reached by both pipelines when the necessity exists, subject to rates and regulations made by the appropriate state or federal regulatory agency;

(3) it will maintain and preserve books, accounts, and records and will make those reports that the state may prescribe by regulation or law as necessary and appropriate for purposes of administration of this chapter;

(4) it will accord at all reasonable times to the state and its authorized agents and auditors the right of access to its property and records, of inspection of its property, and of examination and copying of records;

(5) it will provide connections, as determined by the Regulatory Commission of Alaska under AS 42.06.340_, to facilities on the pipeline subject to the lease, both on state land and other land in the state, for the purpose of delivering crude oil or natural gas, depending on the kind of pipeline involved, to persons (including the state and its political subdivisions) contracting for the purchase at wholesale of crude oil or natural gas transported by the pipeline when required by the public interest;

(6) it shall, notwithstanding any other provision, provide connections and interchange facilities at state expense at such places the state considers necessary if the state determines to take a portion of its royalty or taxes in oil or natural gas;

(7) it will construct and operate the pipeline in accordance with applicable state laws and lawful regulations and orders of the Regulatory Commission of Alaska;

(8) it will, at its own expense, during the term of the lease,

(A) maintain the leasehold and pipeline in good repair;

(B) promptly repair or remedy any damage to the leasehold;

(C) promptly compensate for any damage to or destruction of property for which the lessee is liable resulting from damage to or destruction of the leasehold or pipeline;

(9) it will not transfer, assign, or dispose of in any manner, directly or indirectly, or by transfer of control of the carrier corporation, its interest in a right-of-way lease, or any rights under the lease or any pipeline subject to the lease to any person other than another owner of the pipeline (including subsidiaries, parents, and affiliates of the owners), except to the extent that

the commissioner, after consideration of the protection of the public interest (including whether the proposed transferee is fit, willing, and able to perform the transportation or other acts proposed in a manner that will reasonably protect the lives, property, and general welfare of the people of Alaska), authorizes; the commissioner shall not unreasonably withhold consent to the transfer, assignment, or disposal;

(10) it will file with the commissioner a written appointment of a named permanent resident of the state to be its registered agent in the state and to receive service of notices, regulations, decisions, and orders of the commissioner; if it fails to appoint an agent for service, service may be made by posting a copy in the office of the commissioner, filing a copy in the office of the lieutenant governor, and mailing a copy to the lessee's last known address;

(11) the applicable law of this state will be used in resolving questions of interpretation of the lease;

(12) the granting of the right-of-way lease is subject to the express condition that the exercise of the rights and privileges granted under the lease will not unduly interfere with the management, administration, or disposal by the state of the land affected by the lease, and that the lessee agrees and consents to the occupancy and use by the state, its grantees, permittees, or other lessees of any part of the right-of-way not actually occupied or required by the pipeline for the full and safe utilization of the pipeline, for necessary operations incident to land management, administration, or disposal;

(13) it will be liable to the state for damages or injury incurred by the state caused by the construction, operation, or maintenance of the pipeline and it will indemnify the state for the liabilities or damages;

(14) it will procure and furnish liability and property damage insurance from a company licensed to do business in the state or furnish other security or undertaking upon the terms and conditions the commissioner considers necessary if the commissioner finds that the net assets of the lessee are insufficient to protect the public from damage for which the lessee may be liable arising out of the construction or operation of the pipeline.

(b) For a right-of-way lease granted under this chapter for an oil or natural gas pipeline valued at $1,000,000 or more to be valid and of legal effect, it must contain the terms required to be inserted under the provisions of AS 38.35.110 - 38.35.140. An oil or natural gas pipeline right-of-way lease granted under this chapter that does not contain the required terms is null and void and without legal effect and does not vest any interest in state land or any authority in the carrier granted the lease.

(c) The commissioner may insert in any right-of-way lease other reasonable provisions and conditions required by the public interest.

(d) The lease will also contain terms and conditions that are reasonably necessary to obligate the lessee, to the extent reasonably practicable, to

(1) prevent conflicts with other existing uses of the land involving a superior public interest;

(2) protect state and private property interests;

(3) prevent any significant adverse environmental impact, including but not limited to the erosion of the surface of the land, and damage to fish and wildlife and their habitat;

(4) restore and revegetate during the term and at termination of the lease; and

(5) protect the interests of individuals living in the general area of the right of way who rely on the fish, wildlife, and biotic resources of the area for subsistence purposes.

(e) In the event the commissioner proposes to offer a lease or leases to two or more lessees for the same pipeline, the commissioner may include terms in the lease or leases which establish the limit of the obligations and liabilities of each lessee arising under this chapter or under the lease or leases.

Alaska State Legislature

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REPRESENTATIVE MIKE CHENAULT
SPEAKER OF THE ALASKA STATE HOUSE

SPONSOR STATEMENT
COMMITTEE SUBSTITUTE FOR HOUSE BILL 9 (RES)

"An act relating to the Alaska Gasline Development Corporation, a subsidiary created by the Alaska Housing Finance Corporation; establishing and relating to the in-state natural gas pipeline fund; making certain information provided to or by the Alaska Gasline Development Corporation exempt from inspection as a public record; relating to the Joint In-State Development Team; relating to the judicial review of a right-of-way lease or the development or construction of an oil or gas pipeline on state land; relating to the lease of a right-of-way by the Alaska Gasline Development Corporation for a gas pipeline transportation corridor; relating to the cost of natural resources, permits, and leases provided to the Alaska Gasline Development Corporation; relating to the review of natural gas transportation contracts by the Regulatory Commission of Alaska; relating to the regulation by the Regulatory Commission of Alaska of an in-state gas pipeline project developed by the Alaska Gasline Development Corporation; relating to the Alaska Natural Gas Development Authority; relating to the procurement of certain services by the Alaska Natural Gas Development Authority; exempting property of a project developed by the Alaska Gasline Development Corporation from property taxes before the commencement of commercial operations; and providing for an effective date."

Nearly two years ago, the Legislature passed HB 369 advancing an instate natural gas pipeline. Since that time, the Alaska Gasline Development Corporation has made tremendous progress developing a project along a solid timeline. It is imperative to maintain that momentum in pursuit of instate gas for Alaskans, while keeping open all options for participating in an aligned project.

Committee Substitute for House Bill 9 (RES) will refine a solid, early proposal into a plan. This legislation does not sanction construction of an instate gas pipeline, but allows AGDC to advance to the stage. The bill will also provide AGDC the tools to build its capacity to be a strong, participating partner in an aligned gasline project.

Along with a comprehensive update on progress to date, this summer AGDC presented the Legislature with a series of recommendations enabling the next stage in project planning. Those recommendations are incorporated within this committee substitute.

Representative_Mike_Chenault@legis.state.ak.us

It is my intention to provide AGDC the tools that will allow them to refine a plan to the point of whether or not to advance to the construction stage dependent upon the results of an open season that will be conducted next year. The state has invested hundreds of millions of dollars over the years in pursuit of our dream of gas, but we've consistently been held back by various roadblocks, internal and external, political and commercial. I want to clear those for this project.

This legislation is enabling and does no harm. It would facilitate gas development in the state of Alaska even if the project already on the table – AGIA – develops. It would also facilitate instate gas should we see the alignment of interests and projects the Governor is encouraging among commercial parties and others interested in both commercialization of North Slope gas and delivering Alaska's gas to Alaskans.

Alaska State Legislature

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REPRESENTATIVE MIKE CHENAULT
SPEAKER OF THE ALASKA STATE HOUSE

SECTIONAL ANALYSIS
Committee Substitute for House Bill 9 (RES)

"An act relating to the Alaska Gasline Development Corporation, a subsidiary created by the Alaska Housing Finance Corporation; establishing and relating to the in-state natural gas pipeline fund; making certain information provided to or by the Alaska Gasline Development Corporation exempt from inspection as a public record; relating to the Joint In-State Development Team; relating to the judicial review of a right-of-way lease or the development or construction of an oil or gas pipeline on state land; relating to the lease of a right-of-way by the Alaska Gasline Development Corporation for a gas pipeline transportation corridor; relating to the cost of natural resources, permits, and leases provided to the Alaska Gasline Development Corporation; relating to the review of natural gas transportation contracts by the Regulatory Commission of Alaska; relating to the regulation by the Regulatory Commission of Alaska of an in-state gas pipeline project developed by the Alaska Gasline Development Corporation; relating to the Alaska Natural Gas Development Authority; relating to the procurement of certain services by the Alaska Natural Gas Development Authority; exempting property of a project developed by the Alaska Gasline Development Corporation from property taxes before the commencement of commercial operations; and providing for an effective date."

Section 1 relates to Alaska Gasline Development Corporation's (AGDC) duties and abilities as a subsidiary under the Alaska Housing Finance Authority (AHFC).

AGDC shall:

- Advance an instate gas pipeline project as described in the July 2011 project plan, with modifications as necessary.
- Once construction on that line starts, analyze additional pipelines to connect other regions of the state, broadening the reach of gas beyond a main line.
- Manage and invest a newly created pipeline fund to yield competitive market rates
- Following an open season, once precedent agreements are signed, make public for each shipper the name, capacity contracted for, and length of contract

Representative_Mike_Chenault@legis.state.ak.us

AGDC may:

- Decide how a pipeline will be owned and operated, including joint ownership/operatorship
- Use eminent domain to acquire land required for a pipeline
- Acquire property and interests in pipelines as needed
- Transfer or dispose of a pipeline project that is an AGDC asset
- Issue revenue bonds limited to AGDC's backing

Adds a new section to AS 18.56, Alaska Housing Finance Corporation

Section 2 exempts ANGDA from the state procurement code when contracting for professional services; conforming to Section 19. (AGDC is already exempt)

Adds a new paragraph to AS 36.30.850, Public Contracts, State Procurement Code, Application of this chapter

Section 3 provides AGDC access to information of state agencies related to a gas pipeline. As the Joint In-State Gasline Development Team (JIGDT) created in HB 369 in 2010 is repealed in section 28, HB 9, this section also changes "JIGDT" to "AGDC." (Section 28 repeals JIGDT)

Amends AS 38.34.050, Public Land, Instate Natural Gas Pipeline, Cooperation and access to Information,

Section 4 directs state agencies to cooperate with and give priority AGDC requests, and calls on AGDC to avoid duplicating other state-supported work. As JIGDT is repealed in section 28, HB 9, this section also changes "JIGDT" to "AGDC." (Section 28 repeals JIGDT)

Amends AS 38.34.050, Public Land, Instate Natural Gas Pipeline, Cooperation and access to Information

Section 5 requires DNR to grant a state right-of-way lease to AGDC at no cost or rental fee, and exempts those leases from the common carriage covenants in the state Right of Way Leasing Act. Exemption from the covenants has the effect of allowing an AGDC line to operate as a contract carrier.

Amends AS 38.34.050, Public Land, Instate Natural Gas Pipeline, Cooperation and access to Information

Section 6 allows AGDC to enter into confidentiality agreements, including with state agencies, and deems confidential information related to field studies and technical data. Calls on municipalities and agencies to provide non-hydrocarbon natural resources, such as water, sand and gravel, at usual and customary rates. Requires AGDC to bear those costs but does not allow those costs in a rate base.

Adds new subsections to AS 38.34.050, Public Land, Instate Natural Gas Pipeline, Cooperation and access to Information

Section 7 revises definitions of "AGDC," "in-state natural gas pipeline," and "natural gas pipeline."

Repeals and reenacts 38.34.099, Public Land, Instate Natural Gas Pipeline, Definitions

Section 8 conforms to Section 5, right-of-way leasing.

Amends AS 38.35.100, Public Land, Right-of-Way Leasing Act, Decision on application

Section 9 conforms to Section 5, right-of-way leasing.

Amends AS 38.35.120, Public Land, Right-of-Way Leasing Act, Covenants required to be included in lease

Section 10 conforms to Section 5, right-of-way leasing.

Amends AS 38.35.120, Public Land, Right-of-Way Leasing Act, Covenants required to be included in lease

Section 11 conforms to Section 5, right-of-way leasing at no cost.

Adds new subsection to AS 38.35.120, Public Land, Right-of-Way Leasing Act, Payment of rental and costs

Section 12 limits judicial review of state lease, permit or other authorization decisions to superior court and prohibits the court from granting injunctive relief. Claims must be brought within 60 days of an action for which relief is sought.

Adds new subsections to AS 38.35.200, Public Land, Right-of-Way Leasing Act, Judicial review of decisions of commissioners on application

Section 13 exempts information covered by an AGDC confidentiality agreement from the state Public Records Act. (This section exempts from public records disclosure the information allowed under Section 6 to be kept confidential)

Amends AS 40.25.120, Public Records and Recorders, Public Record Disclosures, Public records; exemptions; certified copies

Section 14 amends ANGDA's purpose, enabling ANGDA to act as a gas marketer instead of transporter, and eliminating proscriptive language regarding gas supply and gas market locations.

Amends AS 41.41.010, Public Resources, Alaska Natural Gas Development Authority, Establishment of the authority

Section 15 broadens ANGDA's purpose as a natural gas marketer.

Amends AS 41.41.010, Public Resources, Alaska Natural Gas Development Authority, Establishment of the authority

Section 16 adds to ANGDA's statutory abilities by allowing ANGDA with the DNR commissioner to pledge state royalty gas for contracts entered into by ANGDA.

Adds new subsection to AS 41.41.010, Public Resources, Alaska Natural Gas Development Authority, Establishment of the authority

Section 17 states that ANGDA, as an AHFC subsidiary, shall be governed by the AHFC board of directors.

Repeals and reenacts AS 41.41.020, Public Resources, Alaska Natural Gas Development Authority, Authority governing body

Section 18 amends ANGDA statutes related to board compensation, to conform to Section 17.

Amends AS 41.41.060, Public Resources, Alaska Natural Gas Development Authority, Compensation of board members; per diem and travel expenses

Section 19 amends ANGDA statutes to include legal counsel in the services ANGDA may contract for, and exempts procurement of contracted services from the state procurement code.

Amends AS 41.41.070, Public Resources, Alaska Natural Gas Development Authority, Authority staff

Section 20 amends ANGDA board member and employee conflict of interest disclosures, removing involvement with a "project" from the circumstances requiring disclosure. (Conforms to Section 14 redefining ANGDA's role)

Amends AS 41.41.090, Public Resources, Alaska Natural Gas Development Authority, Conflicts of interest

Section 21 amends ANGDA's statutory authority to include as confidential and exempt from the public records act information within a confidentiality agreement between ANGDA and AGDC.

Amends AS 41.41.150, Public Resources, Alaska Natural Gas Development Authority, Public access to information

Section 22 amends ANGDA's statutory authority, removing the authority to exercise eminent domain. (Conforms to Section 14 redefining ANGDA's role)

Amends AS 41.41.200, Public Resources, Alaska Natural Gas Development Authority, Powers of the authority

Section 23 conforms to Section 17 by defining "board" in ANGDA's statutes as the AHFC board.

Amends AS 41.41.990, Public Resources, Alaska Natural Gasline Development Authority, Definitions

Section 24 requires public utilities to submit contracts with AGDC to the RCA; gives the RCA 180 days to approve or disprove the contracts. Requires AGDC or an entity controlled by AGDC to submit non-utility contracts, under seal, to the RCA; provides the RCA 30 days to approve non-utility contracts if the tariffs are no higher than the weighted average of tariffs in public utility contracts.

Adds new section to AS 42.05, Public Utilities and Carriers and Energy Programs, Alaska Public Utilities Regulatory Act

Section 25 exempts an AGDC-controlled project from Regulatory Commission of Alaska regulation under 42.05, Public Utilities Act.

Adds new subsection to AS 42.05.711, Public Utilities and Carriers and Energy Programs, Alaska Public Utilities Regulatory Act, Exemptions

Section 26 exempts a pipeline in which AGDC has an interest from Regulatory Commission of Alaska regulation under 42.06, the Pipeline Act.

Adds new section to AS 42.06, Public Utilities and Carriers and Energy Programs, Pipeline Act, Article 7, General Provisions

Section 27 exempts an AGDC project from state and local property taxes during construction.

Adds new subsection to AS 43.56.020, Revenue and Taxation, Oil and Gas Exploration, Production and Pipeline Transportation Property Tax, Exemptions

Section 28 repeals seven statutes.

Repeals AS 38.34.030, Public Land, In-State Natural Gas Pipeline, Joint In-State Gasline Development Team; 38.34.040, Duties of the Development Team; and 38.34.060, Conflicts of interest. Repeals AS 41.41.030, Public Resources, Alaska Natural Gas Development Authority, Term of office; 41.41.040, Removal and vacancies; 41.41.050, Quorum and voting; and 41.41.080, Legal counsel.

Section 29 repeals Section 1 of the 2002 Ballot Measure No. 3, the findings of which are no longer applicable or necessary with ANGDA's revised authority.

Section 30 is transition language expressing the legislative intent that existing right-of-way leases between AGDC and DNR are to be amended to reflect the exemption from common carriage covenants contained in Section 5 of HB 9. (The Alaska Constitution bars the Legislature from passing laws that apply retroactively to contracts in place)

Section 31 is revisor's instructions.

Section 32 sets an immediate effective date.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **CSHB 9(RES)**
Fiscal Note Number: **1**
(H) Publish Date: **2/29/12**

Identifier (file name): HB009CS-DOR-AHFC-02-08-12
Title: In-State Gasline Development Corp.
Sponsor: Representative Chenault
Requester: (H) RES

Dept. Affected: Revenue
Appropriation: Alaska Housing Finance Corp.
Allocation: Alaska Gasline Development Corp.
OMB Component Number: 2986

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services		1,207.2	5,000.0	5,200.0	5,400.0	5,600.0	5,800.0
Travel							
Services		2,422.2	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**3,629.4**	**11,000.0**	**11,200.0**	**11,400.0**	**11,600.0**	**11,800.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)		3,629.4	11,000.0	11,200.0	11,400.0	11,600.0	11,800.0
TOTAL		**0.0**	**3,629.4**	**11,000.0**	**11,200.0**	**11,400.0**	**11,600.0**	**11,800.0**

POSITIONS							
Full-time			21				
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 21,000.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Updated for version U.

Prepared by: Joe Dubler, Vice President and Chief Financial Officer
Division: Alaska Gasline Development Corporation
Phone: 907.330.6303
Date/Time: 2/8/12 11:00 AM

Approved by: Dan Fauske, President, AGDC
Department of Revenue
Date: 2/8/2012

(Revised 11/18/2011 OMB)

FISCAL NOTE #1

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. CSHB 9(RES)

Analysis

CSHB 9 is an omnibus bill that is necessary for the Alaska Gasline Development Corporation's (AGDC) to continue its statutory mission of bringing natural gas from the Alaska North Slope to Fairbanks and Southcentral Alaska including:

Determine the ownership and operating structure and enter into agreements relating to ownership and operation;
Exercise eminent domain;
Acquire property and rights necessary or convenient for owning or operating the pipeline;
Dispose of the pipeline project or other assets.
Add powers to enable AGDC to issue bonds without limitation to further its purposes;
Add language to protect the State, the various subdivisions of the state and the Alaska Housing Finance Corporation (AHFC) from any liability for the actions of AGDC;
Establish an "in-state natural gas pipeline fund" where money can be appropriated and used for AGDC's purposes;
Modify the Alaska Natural Gas Development Authority (ANGDA) statutes to bring it under the control of the AHFC board of directors and gives the ANGDA the ability to pledge royalty gas owned by the state ;
Exempts contracts by the Alaska Natural Gas Development Authority (ANGDA) from the provisions of AS 36.30, the procurement code. AGDC is already exempt from the state procurement code.
Replaces the Joint In-State Gasline Development Team with AGDC;
Allow AGDC to operate the pipeline as a common carrier that is not subject to regulation by the Regulatory Commission of Alaska;
Give AGDC the ability to enter into confidentiality agreements and keep information confidential and not subject to disclosure under the Public Records Act (AS 40.25);
Adds language that is intended to limit the ability of those with objections to natural gas pipeline construction to stop necessary projects;
Allows those who have standing to bring about an action alleging that an action will deny rights under the state Constitution or challenging the invalidity of this section.
Changes the compensation of board members for AHFC;
Taxable property of a natural gas pipeline developed by the Alaska Gasline Development Corporation is exempt from state or local taxes until the first natural gas flows in the project generating revenue to the owners of the natural gas pipeline project;
Repeals the Statute creating the Joint In-State Gasline Development Team;
Repeals Section 1 of Ballot Measure No. 3; and
Provides for an immediate effective date.

While this Fiscal Note indicates a relatively small fiscal impact in the current year, it should be noted that the 2010 Legislature appropriated $200 million to a fund that would be created under this bill.

REPRESENTATIVE PAUL SEATON

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ALASKA STATE LEGISLATURE
House District 35

Letter of Intent: HB 9
Offered by: Representative Seaton
Date: February 27th, 2012

It is the Intent of the Legislature that a pipeline operating agreement negotiated by the Alaska Gasline Development Corporation and shippers under the authority of HB 9 will to the greatest extent possible not be held as confidential except to protect trade secrets or direct competitive advantage.

adopted
U.C.

http://www.RepPaulSeaton.com
Email: Rep_Paul_Seaton@legis.state.ak.us

adopted

27-LS0075\S.1
Bullock
2/27/12

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 9(RES), Draft Version "S"

Page 1, line 10:

Delete "**projects**"

Insert "**contracts**"

Page 5, lines 14 - 25:

Delete all material.

Reletter the following subsection accordingly.

Page 18, lines 18 - 25:

Delete all material.

Renumber the following bill sections accordingly.

Page 18, line 30:

Delete "may"

Insert "shall"

Page 19, line 3:

Delete "may"

Insert "shall"

Page 19, line 6:

Delete "may"

Insert "shall"

Page 19, line 8, following "shall":

Insert "review and may"

Page 19, following line 15:

Insert new subsections to read:

"(e) Before the start of construction of a natural gas pipeline by the Alaska Gasline Development Corporation or an entity controlled by the Alaska Gasline Development Corporation, the Alaska Gasline Development Corporation shall submit to the commission under seal any firm transportation precedent agreement it has negotiated with an entity that is not a public utility. Notwithstanding AS 40.25.110 and AS 42.05.671(a), the commission shall keep an agreement submitted under this subsection confidential.

(f) The commission shall review each agreement submitted under (e) of this section and compare the firm transportation rates in the agreement to the weighted-average of the firm transportation rates contained in the firm transportation contracts submitted under (a) of this section that were approved under (d) of this section. The transportation rates in the contracts submitted under (a) of this section shall be weighted by volume for purposes of the comparison. The commission shall approve by order an agreement submitted under (e) of this section if the firm transportation rates are equal to or less than the weighted-average firm transportation rates in contracts submitted under (a) of this section and approved under (d) of this section. The commission shall disapprove by order an agreement submitted under (e) of this section if the firm transportation rates are greater than the weighted-average firm transportation rate in contracts submitted under (a) of this section and approved under (d) of this section. If the commission has not disapproved an agreement submitted under (e) of this section within 30 days after the submission of the agreement, the agreement shall be considered approved and shall take effect immediately. A firm transportation precedent agreement that is approved under this subsection is not

subject to further review by the commission."

Page 19, line 18:

Delete "AS 42.05.141(e)"

Insert "AS 42.05.433"

27-LS0075\S.2
Nauman/Bullock
2/27/12

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: CSHB 9(RES), Draft Version "S"

Page 18, line 23:

Delete "the rate of return for"

Insert "rates of return accepted by the Federal Energy Regulatory Commission for rate making purposes for interstate"



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MEMORANDUM February 25, 2012

SUBJECT: Conceptual amendment No. 2 to Amendment 15 relating to rate of return review by the Regulatory Commission of Alaska; broad limitation on appeals.
(CSHB 9(RES); Work Order No. 27-LS0075\S)

TO: Representative Paul Seaton,
Co-chair of the House Resources Committee
Attn: Louie Flora

FROM: Emily Nauman
Legislative Counsel

-------- and ---------

Donald M. Bullock Jr.
Legislative Counsel

Conceptual Amendment
You requested a conceptual amendment to U.25 that was offered for CSHB 9( ), draft version U, as follows:

> The RCA shall review the rate of return on equity to pipeline owners. The rate of return on equity must be within the range of rates of return on equity commonly accepted for natural gas transportation pipelines of a similar nature in the United States. If the commission does not act within 180 days after the submission of an application by equity owners, the rate of return on equity shall be considered approved and shall be implemented. An application that is approved or considered approved under this section is not subject to further review by the commission.

We listened to the committee discussion about the conceptual amendment in order to try to understand the intent of the amendment. The committee concluded that if the contract rates for transportation of the natural gas provided an unreasonably high rate of return to the owners, the Alaska Gasline Development Corporation (AGDC) or other owners of the pipeline should renegotiate the transportation contracts to provide a lower rate of return. An unreasonably high rate of return results in a high transportation cost - and thus produces a lower gross value at the point of production. This is because the gross value at the point of production is calculated by subtracting out transportation costs. Please

keep in mind that gross value at the point of production is a factor both in the production tax and in determining the value of the state's royalty.

Generally, if transportation rates for gas are regulated by the Regulatory Commission of Alaska (RCA) under AS 42.05 or AS 42.06, RCA can be expected to consider the rates of return to the owners when determining just, fair, and reasonable rates. However, if the gas pipeline is not regulated by RCA the charges for transporting gas are determined by contract.

To best integrate the intent of the conceptual amendment, the enclosed committee substitute is revised in two places.

First, a new subsection (h) is added to AS 18.56.087 in sec. 1 of the draft. The new subsection requires AGDC to submit gas transportation contracts to RCA in the event that RCA is not already regulating the tariff for the pipeline. If RCA notifies AGDC that the contracts result in an unreasonably high rate of return to the owners, AGDC may renegotiate the contracts. If RCA does not notify AGDC within 180 days after receiving the contracts that the rates of return are too high, AGDC may assume the rates are reasonable.

Second, a new subsection is added to AS 42.05.141 in sec. 24 of the bill that requires RCA to review the rates of return under contracts submitted to RCA by AGDC.

Constitutional Issue

Finally, be aware that the amendment to AS 38.35.200(c) in sec. 12 substantially limits judicial review. This raises a due process issue and other issues relating to appeals of administrative decisions and access to the court.

ELN:DMB:med
12-070.med

Enclosure

27-LS0075\S
Nauman/Bullock
2/25/12

CS FOR HOUSE BILL NO. 9(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES CHENAULT, Millett, Thompson, Hawker

A BILL

FOR AN ACT ENTITLED

"An Act relating to the Alaska Gasline Development Corporation, a subsidiary created by the Alaska Housing Finance Corporation; establishing and relating to the in-state natural gas pipeline fund; making certain information provided to or by the Alaska Gasline Development Corporation exempt from inspection as a public record; relating to the Joint In-State Gasline Development Team; relating to the judicial review of a right-of-way lease or the development or construction of an oil or gas pipeline on state land; relating to the lease of a right-of-way by the Alaska Gasline Development Corporation for a gas pipeline transportation corridor; relating to the cost of natural resources, permits, and leases provided to the Alaska Gasline Development Corporation; relating to the review of natural gas transportation projects by the Regulatory Commission of Alaska; relating to the regulation by the Regulatory Commission of Alaska of an in-state gas pipeline project developed by the Alaska

Gasline Development Corporation; relating to the Alaska Natural Gas Development Authority; relating to the procurement of certain services by the Alaska Natural Gas Development Authority; exempting property of a project developed by the Alaska Gasline Development Corporation from property taxes before the commencement of commercial operations; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 18.56 is amended by adding a new section to read:

Sec. 18.56.087. Alaska Gasline Development Corporation. (a) The Alaska Gasline Development Corporation, a subsidiary created under AS 18.56.086, shall have all powers granted to it by the corporation. The Alaska Gasline Development Corporation shall, to the fullest extent possible, advance an in-state natural gas pipeline as described in the [July 1, 2011] project plan prepared under AS 38.34.040 by the Alaska Gasline Development Corporation and the Joint In-State Gasline Development Team, with modifications determined by the Alaska Gasline Development Corporation to be necessary to construct and operate an in-state natural gas pipeline in a safe and economic manner. In addition to the powers granted to it by the corporation, the Alaska Gasline Development Corporation may

(1) determine the form of ownership and the operating structure of an in-state natural gas pipeline developed by the Alaska Gasline Development Corporation and may enter into agreements with other persons for joint ownership or operation or both of the in-state natural gas pipeline;

(2) exercise the power of eminent domain or file a declaration of taking under AS 09.55.240 - 09.55.460 to acquire land or an interest in land that is necessary for an in-state natural gas pipeline; the exercise of powers by the Alaska Gasline Development Corporation under this paragraph may not exceed the permissible exercise of the powers by the state;

(3) acquire, by purchase, lease, or gift, land, structures, real or personal property, an interest in property, a right-of-way, a franchise, an easement, other interest in land, or an interest in or right to capacity in any pipeline system determined

to be necessary or convenient for the development, financing, construction, or operation of an in-state natural gas pipeline project or part of an in-state natural gas pipeline project; and

(4) transfer or otherwise dispose of all or part of an in-state natural gas pipeline project developed by the Alaska Gasline Development Corporation or transfer or otherwise dispose of an interest in an asset of the Alaska Gasline Development Corporation.

(b) Upon commencement of construction of an in-state natural gas pipeline, the Alaska Gasline Development Corporation shall analyze additional natural gas pipelines connecting to industrial, residential, or utility customers in other regions of the state. If the Alaska Gasline Development Corporation finds that a natural gas pipeline analyzed under this subsection is in the best interest of the state and can meet the needs of industrial, residential, or utility customers at commercially reasonable rates, the Alaska Gasline Development Corporation shall finance, construct, or operate the natural gas pipeline as necessary, subject to appropriation. When developing or constructing an additional natural gas pipeline, the Alaska Gasline Development Corporation shall, to the maximum extent feasible, use existing land, structures, real or personal property, rights-of-way, easements, or other interests in land acquired by the Alaska Gasline Development Corporation or the Alaska Natural Gas Development Authority.

(c) The Alaska Gasline Development Corporation may issue bonds and notes and otherwise incur indebtedness in order to carry out and accomplish its purposes. The provisions of AS 18.56.110(a) - (f) and 18.56.115 - 18.56.190 apply to the Alaska Gasline Development Corporation in the exercise of its powers under this subsection, except that, in AS 18.56.110 - 18.56.190, as applicable under this subsection, the term "corporation" shall mean the Alaska Gasline Development Corporation. The Alaska Gasline Development Corporation may issue bonds and notes and otherwise incur indebtedness under this subsection without limit as to principal amount. The bonds, notes, and other indebtedness of the Alaska Gasline Development Corporation do not create an obligation or liability of the corporation except to the extent that the corporation agrees in writing to accept the obligation or liability.

(d) No debt, obligation, or liability of the Alaska Gasline Development Corporation shall become a debt, obligation, or liability of the state or any part or subdivision of the state or of the corporation or a subsidiary corporation of the corporation other than the Alaska Gasline Development Corporation, except as provided in this subsection. This subsection applies to all debt, obligations, and liabilities of the Alaska Gasline Development Corporation regardless of how the debt, obligations, or liabilities are created, including by contract, tort, or bond or note issuance. Except as provided in this subsection, a person may not bring suit against the state or any part or subdivision of the state or against the corporation or a subsidiary corporation of the corporation other than the Alaska Gasline Development Corporation in the courts of the state to enforce or seek a remedy with respect to a debt, obligation, or liability of the Alaska Gasline Development Corporation. The corporation may waive, in whole or in part, the application of the provisions of this subsection to the corporation with respect to a debt, obligation, or liability of the Alaska Gasline Development Corporation. To be effective, a waiver by the corporation must be in writing and shall only have effect to the extent provided in the writing.

(e) In the exercise of its powers under (c) and (d) of this section, the Alaska Gasline Development Corporation may not pledge the faith and credit of the state or a political subdivision of the state other than the Alaska Gasline Development Corporation to the repayment of the principal of or interest on any bonds issued by the Alaska Gasline Development Corporation.

(f) The in-state natural gas pipeline fund is established in the Alaska Gasline Development Corporation and consists of money appropriated to it. Unless otherwise provided by law, money appropriated to the fund lapses into the general fund on the day this subsection is repealed. The Alaska Gasline Development Corporation shall manage and invest the fund to yield competitive market rates. The Alaska Gasline Development Corporation shall invest money in the fund in the same manner and on the same conditions as permitted for investment by the commissioner of revenue of funds belonging to the state or held in the treasury under AS 37.10.070 and as provided for fiduciaries of state funds under AS 37.10.071. Interest and other income

received on money in the fund shall be separately accounted for and may be appropriated to the fund. The Alaska Gasline Development Corporation may use money appropriated to the fund for the planning, designing, financing, development, construction, and operation of an in-state natural gas pipeline.

(g) If commitments to acquire firm transportation capacity are received in an open season conducted by the Alaska Gasline Development Corporation, the Alaska Gasline Development Corporation shall, within 10 days after executing the commitments, report the results of the open season to the president of the senate and the speaker of the house of representatives and inform the public of the results of the open season through publication on the Internet website of the Alaska Gasline Development Corporation and in a press release or other announcement to the media. The results made public must include the name of each prospective shipper, the amount of capacity allocated, and the period of the commitment.

(h) If an in-state natural gas pipeline developed by the Alaska Gasline Development Corporation under this section is not subject to regulation by the Regulatory Commission of Alaska, the Alaska Gasline Development Corporation shall submit contracts for the transportation of natural gas to the Regulatory Commission of Alaska for a review of the rate of return to the owner of the in-state natural gas pipeline. If the Regulatory Commission of Alaska makes a finding that the rate of return to an owner of an in-state natural gas pipeline is unreasonably high, the Alaska Gasline Development Corporation may renegotiate the transportation contract to ensure a reasonable rate of return. If the Regulatory Commission of Alaska does not make a finding that a rate of return is unreasonably high within 180 days after receiving the transportation contract, the Alaska Gasline Development Corporation may presume the rate of return is reasonable.

(i) In this section, "in-state natural gas pipeline" and "natural gas pipeline" have the meanings given in AS 38.34.099.

*** Sec. 2.** AS 36.30.850(b) is amended by adding a new paragraph to read:

(49) contracts by the Alaska Natural Gas Development Authority under AS 41.41.070(d).

*** Sec. 3.** AS 38.34.050(a) is amended to read:

(a) The **Alaska Gasline Development Corporation** [JOINT IN-STATE GASLINE DEVELOPMENT TEAM] may have access to information of all state agencies that is directly related to the planning, design, construction, or operation of the in-state natural gas pipeline.

*** Sec. 4.** AS 38.34.050(b) is amended to read:

(b) All state agencies or entities shall cooperate with and, except for requests from the Alaska Gasline Inducement Act coordinator (AS 43.90.250), give priority to requests for information from the **Alaska Gasline Development Corporation** [JOINT IN-STATE GASLINE DEVELOPMENT TEAM]. The **Alaska Gasline Development Corporation** [DEVELOPMENT TEAM] shall avoid duplicating studies, plans, and designs that have already been produced or otherwise obtained by other state entities.

*** Sec. 5.** AS 38.34.050(c) is amended to read:

(c) Notwithstanding any contrary provision of law, the Department of Natural Resources shall grant the **Alaska Gasline Development Corporation** [ALASKA HOUSING FINANCE CORPORATION] a right-of-way lease under AS 38.35 for the gas pipeline transportation corridor **at no cost or rental fee** if

(1) [THE CORPORATION SUBMITS] a complete right-of-way lease application under AS 38.35.050 **is submitted**;

(2) the lease application is made the subject of notice and other reasonable and appropriate publication requirements under AS 38.35.070; and

(3) the corporation **that submits the application for the right-of-way lease** agrees to be bound by the right-of-way lease covenants set out in AS 38.35.120**, except for the covenants in AS 38.35.120(a)(1), (2), (5), and (7); notwithstanding AS 38.35.120(b), a right-of-way lease subject to this paragraph is valid and of legal effect**.

*** Sec. 6.** AS 38.34.050 is amended by adding new subsections to read:

(e) The Alaska Gasline Development Corporation may enter into confidentiality agreements necessary to acquire or provide information to carry out its functions. Information acquired or provided by the Alaska Gasline Development Corporation under a confidentiality agreement is not subject to disclosure under

AS 40.25.110. The Alaska Gasline Development Corporation may enter into confidentiality agreements with a public agency, as defined in AS 40.25.220, to allow release of confidential information. The portions of the records and files of a public agency bound by a confidentiality agreement that reflect, incorporate, or analyze information subject to a confidentiality agreement under this subsection are not public records. Confidentiality agreements entered into under this subsection are valid and binding against all parties in accordance with the terms of the confidentiality agreement.

(f) Information relating to field studies conducted and other technical information developed or obtained by the Alaska Gasline Development Corporation that relates to the development, financing, construction, or operation of an in-state natural gas pipeline project by the Alaska Gasline Development Corporation is confidential and not subject to disclosure under AS 40.25.110. The Alaska Gasline Development Corporation may waive the confidentiality of the information described in this subsection, except for information acquired from another person that is subject to a confidentiality agreement, if the waiver is in the best interest of the state and will facilitate the development, financing, or construction of an in-state natural gas pipeline.

(g) Upon request by the Alaska Gasline Development Corporation, a municipality or a state entity shall provide water, sand and gravel, other nonhydrocarbon natural resources, and a permit or a lease to the Alaska Gasline Development Corporation at the usual and customary rates. In this subsection, "state entity" means a state department, authority, or other administrative unit of the executive branch of state government, a public university, or a state public corporation.

(h) That part of the cost of providing, under (g) of this section, water, sand and gravel, or other nonhydrocarbon natural resources, or of entering into a lease or issuing a permit, that is borne by the Alaska Gasline Development Corporation for an in-state natural gas pipeline project that is owned in whole or in part by the Alaska Gasline Development Corporation may not be included in the rate base in a proceeding under AS 42 or before the Federal Energy Regulatory Commission.

* **Sec. 7.** AS 38.34.099 is repealed and reenacted to read:

Sec. 38.34.099. Definitions. In this chapter,

(1) "Alaska Gasline Development Corporation" means the corporation created under AS 18.56.086 that is authorized to exercise the powers and take the actions described in AS 18.56.087;

(2) "in-state natural gas pipeline" means a natural gas pipeline for transporting natural gas in the state;

(3) "natural gas pipeline" means all the facilities of a total system of pipe for transportation of natural gas for treatment or conditioning, delivery, storage, or further transportation, and including all pipe, pump and compressor stations, station equipment, and all other facilities used or necessary for an integral line of pipe to carry out the transportation of the gas.

* **Sec. 8.** AS 38.35.100(d) is amended to read:

(d) The commissioner shall include in a conditional lease each requirement and condition of the covenants established under AS 38.35.120**, except that, for a lease entered into under AS 38.34.050(c), the covenants in AS 38.35.120(a)(1), (2), (5), and (7) may not be included**. The commissioner may also require that the lessee agree to additional conditions that the commissioner finds to be in the public interest. In place of the covenant established under AS 38.35.120(a)(9), the commissioner shall require the lessee to agree that it will not transfer, assign, pledge, or dispose of in any manner, directly or indirectly, its interest in a conditional right-of-way lease or a pipeline subject to the conditional lease, unless the commissioner, after considering the public interest and issuing written findings to substantiate a decision to allow the transfer, authorizes the transfer. The commissioner shall also require the lessee to agree not to allow the transfer of control of the lessee without the approval of the commissioner; as used in this subsection, "transfer of control of the lessee" means the transfer of 30 percent or more, in the aggregate, of ownership interest in the lessee in one or more transactions to one or more persons by one or more persons.

* **Sec. 9.** AS 38.35.120(a) is amended to read:

(a) **Except as provided in AS 38.34.050(c), a** [A] noncompetitive lease of state land for a right-of-way for an oil or natural gas pipeline valued at $1,000,000 or

more may be granted only upon the condition that the lessee expressly covenants in the lease, in consideration of the rights acquired by it under the lease, that

(1) it assumes the status of and will perform all of its functions undertaken under the lease as a common carrier and will accept, convey, and transport without discrimination crude oil or natural gas, depending on the kind of pipeline involved, delivered to it for transportation from fields in the vicinity of the pipeline subject to the lease throughout its route both on state land obtained under the lease and on the other land; it will accept, convey, and transport crude oil or natural gas without unjust or unreasonable discrimination in favor of one producer or person, including itself, as against another but will take the crude oil or natural gas, depending on the kind of pipeline involved, delivered or offered, without unreasonable discrimination, that the Regulatory Commission of Alaska shall, after a full hearing with due notice to the interested parties and a proper finding of facts, determine to be reasonable in the performance of its duties as a common carrier; however, a lessee that owns or operates a natural gas pipeline

(A) subject to regulation either under the Natural Gas Act (15 U.S.C. 717 et seq.) of the United States or by the state or political subdivisions with respect to rates and charges for the sale of natural gas, is, to the extent of that regulation, exempt from the common carrier requirement in this paragraph;

(B) that is a North Slope natural gas pipeline (i) is required to operate as a common carrier only with respect to the intrastate transportation of North Slope natural gas, as that term is defined in AS 42.06.630, and (ii) is not required to operate as a common carrier as to a liquefied natural gas facility or a marine terminal facility associated with the pipeline, and is not otherwise required to perform its functions under the lease as a common carrier; for purposes of this subparagraph, "North Slope natural gas pipeline" means all the facilities of a total system of pipe, whether owned or operated under a contract, agreement, or lease, used by a carrier for transportation of North Slope natural gas, as defined by AS 42.06.630, for delivery, for storage, or for further transportation, and including all pipe, pump, or compressor stations, station

equipment, tanks, valves, access roads, bridges, airfields, terminals and terminal facilities, including docks and tanker loading facilities, operations control centers for both the upstream part of the pipeline and the terminal, tanker ballast treatment facilities, fire protection system, communication system, and all other facilities used or necessary for an integral line of pipe, taken as a whole, to carry out transportation, including an extension or enlargement of the line;

(2) it will interchange crude oil or natural gas, depending on the kind of pipeline involved, with each like common carrier and provide connections and facilities for the interchange of crude oil or natural gas at every locality reached by both pipelines when the necessity exists, subject to rates and regulations made by the appropriate state or federal regulatory agency;

(3) it will maintain and preserve books, accounts, and records and will make those reports that the state may prescribe by regulation or law as necessary and appropriate for purposes of administration of this chapter;

(4) it will accord at all reasonable times to the state and its authorized agents and auditors the right of access to its property and records, of inspection of its property, and of examination and copying of records;

(5) it will provide connections, as determined by the Regulatory Commission of Alaska under AS 42.06.340, to facilities on the pipeline subject to the lease, both on state land and other land in the state, for the purpose of delivering crude oil or natural gas, depending on the kind of pipeline involved, to persons (including the state and its political subdivisions) contracting for the purchase at wholesale of crude oil or natural gas transported by the pipeline when required by the public interest;

(6) it shall, notwithstanding any other provision, provide connections and interchange facilities at state expense at such places the state considers necessary if the state determines to take a portion of its royalty or taxes in oil or natural gas;

(7) it will construct and operate the pipeline in accordance with applicable state laws and lawful regulations and orders of the Regulatory Commission of Alaska;

(8) it will, at its own expense, during the term of the lease,

(A) maintain the leasehold and pipeline in good repair;

(B) promptly repair or remedy any damage to the leasehold;

(C) promptly compensate for any damage to or destruction of property for which the lessee is liable resulting from damage to or destruction of the leasehold or pipeline;

(9) it will not transfer, assign, or dispose of in any manner, directly or indirectly, or by transfer of control of the carrier corporation, its interest in a right-of-way lease, or any rights under the lease or any pipeline subject to the lease to any person other than another owner of the pipeline (including subsidiaries, parents, and affiliates of the owners), except to the extent that the commissioner, after consideration of the protection of the public interest (including whether the proposed transferee is fit, willing, and able to perform the transportation or other acts proposed in a manner that will reasonably protect the lives, property, and general welfare of the people of Alaska), authorizes; the commissioner shall not unreasonably withhold consent to the transfer, assignment, or disposal;

(10) it will file with the commissioner a written appointment of a named permanent resident of the state to be its registered agent in the state and to receive service of notices, regulations, decisions, and orders of the commissioner; if it fails to appoint an agent for service, service may be made by posting a copy in the office of the commissioner, filing a copy in the office of the lieutenant governor, and mailing a copy to the lessee's last known address;

(11) the applicable law of this state will be used in resolving questions of interpretation of the lease;

(12) the granting of the right-of-way lease is subject to the express condition that the exercise of the rights and privileges granted under the lease will not unduly interfere with the management, administration, or disposal by the state of the land affected by the lease, and that the lessee agrees and consents to the occupancy and use by the state, its grantees, permittees, or other lessees of any part of the right-of-way not actually occupied or required by the pipeline for the full and safe utilization of the pipeline, for necessary operations incident to land management,

administration, or disposal;

(13) it will be liable to the state for damages or injury incurred by the state caused by the construction, operation, or maintenance of the pipeline and it will indemnify the state for the liabilities or damages;

(14) it will procure and furnish liability and property damage insurance from a company licensed to do business in the state or furnish other security or undertaking upon the terms and conditions the commissioner considers necessary if the commissioner finds that the net assets of the lessee are insufficient to protect the public from damage for which the lessee may be liable arising out of the construction or operation of the pipeline.

* **Sec. 10.** AS 38.35.120(b) is amended to read:

(b) **Except as provided in AS 38.34.050(c), for** [FOR] a right-of-way lease granted under this chapter for an oil or natural gas pipeline valued at $1,000,000 or more to be valid and of legal effect, it must contain the terms required to be inserted under the provisions of AS 38.35.110 - 38.35.140. **Except as provided in AS 38.34.050(c), an** [AN] oil or natural gas pipeline right-of-way lease granted under this chapter that does not contain the required terms is null and void and without legal effect and does not vest any interest in state land or any authority in the carrier granted the lease.

* **Sec. 11.** AS 38.35.140 is amended by adding a new subsection to read:

(c) Notwithstanding (a) and (b) of this section, a right-of-way lease shall be granted without cost to or reimbursement by the Alaska Gasline Development Corporation created under AS 18.56.086.

* **Sec. 12.** AS 38.35.200 is amended by adding new subsections to read:

(c) Except as provided for an applicant under (a) of this section, notwithstanding any contrary provision of law, an action or decision of the commissioner or other state officer or agency concerning the issuance or approval of a necessary right-of-way, permit, lease, certificate, license, or other authorization for the development, construction, or initial operation of a natural gas pipeline by the Alaska Gasline Development Corporation, a subsidiary created by the Alaska Housing Finance Corporation under AS 18.56.086, that uses a right-of-way subject to this

chapter may not be subject to judicial review, except that a claim alleging the invalidity of this subsection must be brought within 60 days after the effective date of this Act, and a claim alleging that an action will deny rights under the Constitution of the State of Alaska must be brought within 60 days following the date of that action. A claim that is not filed within the limitations established in this subsection is barred. A complaint under this subsection must be filed in superior court, and the superior court has exclusive jurisdiction. Notwithstanding AS 22.10.020(c), except in conjunction with a final judgment on a claim filed under this subsection, the superior court may not grant injunctive relief, including a temporary restraining order, preliminary injunction, permanent injunction, or stay against the issuance of a necessary right-of-way, permit, lease, certificate, license, or other authorization for the development, construction, or initial operation of a natural gas pipeline by the Alaska Gasline Development Corporation, a subsidiary created by the Alaska Housing Finance Corporation under AS 18.56.086. In this subsection, "natural gas pipeline" has the meaning given in AS 38.34.099.

(d) An appeal of a permitting decision by the Department of Environmental Conservation under AS 46.03 or AS 46.14 that is made under authority delegated to the Department of Environmental Conservation by the United States Environmental Protection Agency is not

(1) subject to the limitation in (a) of this section;

(2) included in the actions or decisions described in (c) of this section.

*** Sec. 13.** AS 40.25.120(a) is amended to read:

(a) Every person has a right to inspect a public record in the state, including public records in recorders' offices, except

(1) records of vital statistics and adoption proceedings, which shall be treated in the manner required by AS 18.50;

(2) records pertaining to juveniles unless disclosure is authorized by law;

(3) medical and related public health records;

(4) records required to be kept confidential by a federal law or regulation or by state law;

(5) to the extent the records are required to be kept confidential under 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure or retain federal assistance;

(6) records or information compiled for law enforcement purposes, but only to the extent that the production of the law enforcement records or information

(A) could reasonably be expected to interfere with enforcement proceedings;

(B) would deprive a person of a right to a fair trial or an impartial adjudication;

(C) could reasonably be expected to constitute an unwarranted invasion of the personal privacy of a suspect, defendant, victim, or witness;

(D) could reasonably be expected to disclose the identity of a confidential source;

(E) would disclose confidential techniques and procedures for law enforcement investigations or prosecutions;

(F) would disclose guidelines for law enforcement investigations or prosecutions if the disclosure could reasonably be expected to risk circumvention of the law; or

(G) could reasonably be expected to endanger the life or physical safety of an individual;

(7) names, addresses, and other information identifying a person as a participant in the Alaska Higher Education Savings Trust under AS 14.40.802 or the advance college tuition savings program under AS 14.40.803 - 14.40.817;

(8) public records containing information that would disclose or might lead to the disclosure of a component in the process used to execute or adopt an electronic signature if the disclosure would or might cause the electronic signature to cease being under the sole control of the person using it;

(9) reports submitted under AS 05.25.030 concerning certain collisions, accidents, or other casualties involving boats;

(10) records or information pertaining to a plan, program, or procedures for establishing, maintaining, or restoring security in the state, or to a

detailed description or evaluation of systems, facilities, or infrastructure in the state, but only to the extent that the production of the records or information

(A) could reasonably be expected to interfere with the implementation or enforcement of the security plan, program, or procedures;

(B) would disclose confidential guidelines for investigations or enforcement and the disclosure could reasonably be expected to risk circumvention of the law; or

(C) could reasonably be expected to endanger the life or physical safety of an individual or to present a real and substantial risk to the public health and welfare;

(11) the written notification regarding a proposed regulation provided under AS 24.20.105 to the Department of Law and the affected state agency and communications between the Legislative Affairs Agency, the Department of Law, and the affected state agency under AS 24.20.105;

(12) records that are

(A) proprietary, privileged, or a trade secret in accordance with AS 43.90.150 or 43.90.220(e);

(B) applications that are received under AS 43.90 until notice is published under AS 43.90.160**;**

(13) information that is covered by a confidentiality agreement between the Alaska Gasline Development Corporation created under AS 18.56.086 and the provider or recipient of the information.

*** Sec. 14.** AS 41.41.010(a) is amended to read:

(a) There is established the Alaska Natural Gas Development Authority, the purpose of which is to provide one or more of the following services and functions in order to **acquire** [BRING] natural gas **produced in** [FROM THE NORTH SLOPE OR OTHER REGIONS OF] the state **for delivery** to market, including

[(1)] the acquisition and conditioning of natural gas [;

(2) THE DESIGN AND CONSTRUCTION OF THE PIPELINE SYSTEM;

(3) THE OPERATION AND MAINTENANCE OF THE PIPELINE

SYSTEM;

(4) THE DESIGN, CONSTRUCTION, AND OPERATION OF OTHER FACILITIES NECESSARY FOR DELIVERING THE GAS TO MARKET, INCLUDING MARKETS IN THE STATE;] and

[(5)] the acquisition of natural gas market share sufficient to ensure the long-term feasibility of pipeline system projects.

*** Sec. 15.** AS 41.41.010(d) is amended to read:

(d) The acquisition of natural gas from the North Slope and other regions of the state, including the Alaska outer continental shelf, and **making that natural gas available to** [ITS DELIVERY TO MARKETS IN THE STATE FOR USE BY] markets in the state or **for export from the state** [TO TIDEWATER FOR SHIPMENT TO MARKET BY THE AUTHORITY] are essential government functions of the state.

*** Sec. 16.** AS 41.41.010 is amended by adding a new subsection to read:

(f) To honor delivery commitments in a contract entered into by the authority, the authority and the commissioner of natural resources may pledge, as necessary, royalty gas owned by the state and not otherwise committed by contract to other purchasers of royalty gas. The commissioner of natural resources shall determine the amount of gas that may be pledged and the price for that gas.

*** Sec. 17.** AS 41.41.020 is repealed and reenacted to read:

Sec. 41.41.020. Authority governing body. The authority shall be governed by the board of directors of the Alaska Housing Finance Corporation.

*** Sec. 18.** AS 41.41.060 is amended to read:

Sec. 41.41.060. Compensation of board members; per diem and travel expenses. Members of the board **described in AS 18.56.030(a)(4)** are entitled to **compensation and reimbursement as provided in AS 18.56.030(e) when on official business of the authority** [PER DIEM AND TRAVEL EXPENSES AUTHORIZED FOR BOARDS AND COMMISSIONS UNDER AS 39.20.180].

*** Sec. 19.** AS 41.41.070(d) is amended to read:

(d) In addition to its employees, the authority may contract for and engage the services of [BOND COUNSEL,] consultants, experts, [AND] financial advisors**, and**

legal counsel, including bond counsel, the authority considers necessary for the purpose of developing information, furnishing advice, or conducting studies, investigations, hearings, or other proceedings. **The procurement of services under this subsection is exempt from AS 36.30, including AS 36.30.015(d) and (f).**

*** Sec. 20.** AS 41.41.090(b) is amended to read:

(b) If a member of the board or an employee of the authority acquires, owns, or controls an interest, direct or indirect, in an entity [OR PROJECT] in which assets of the authority are invested, the member shall immediately disclose the interest to the board. The disclosure is a matter of public record and shall be included in the minutes of the first board meeting following the disclosure.

*** Sec. 21.** AS 41.41.150(a) is amended to read:

(a) Information in the possession of the authority is a public record, except that information that **is contained in or subject to a confidentiality agreement between the authority and the Alaska Gasline Development Corporation or that** discloses the particulars of the business or affairs of a private enterprise or investor is confidential and is not a public record for purposes of AS 40.25.110 - 40.25.140. Confidential information may be disclosed only for the purposes of an official law enforcement investigation or when its production is required in a court proceeding.

*** Sec. 22.** AS 41.41.200 is amended to read:

Sec. 41.41.200. Powers of the authority. In furtherance of its corporate purposes, in addition to its other powers, the authority may

(1) sue and be sued;

(2) adopt a seal;

(3) adopt, amend, and repeal bylaws and regulations;

(4) make and execute contracts and other instruments;

(5) in its own name acquire property, lease, rent, convey, or acquire real and personal property [; A PROJECT SITE OR PART OF A PROJECT SITE MAY BE ACQUIRED BY EMINENT DOMAIN];

(6) acquire natural gas supplies;

(7) issue bonds and otherwise incur indebtedness in accordance with AS 41.41.300 - 41.41.410 in order to pay the cost of a project;

(8) accept gifts, grants, or loans from and enter into contracts or other transactions regarding gifts, grants, or loans with a federal agency or an agency or instrumentality of the state, a municipality, private organization, or other source;

(9) enter into contracts or agreements with a federal agency, agency or instrumentality of the state, municipality, or public or private individual or entity, with respect to the exercise of its powers;

(10) charge fees or other forms of remuneration for the use of authority properties and facilities;

(11) defend and indemnify a current or former member of the board or an employee or agent of the authority against the costs, expenses, judgments, and liabilities as a result of actions taken in good faith on behalf of the authority; and

(12) purchase insurance to protect its assets, services, and employees against liabilities that may arise from authority operations and activities.

* **Sec. 23.** AS 41.41.990(2) is amended to read:

(2) "board" means the board of directors of the **Alaska Housing Finance Corporation acting as the board of the** Alaska Natural Gas Development Authority;

* **Sec. 24.** AS 42.05.141 is amended by adding a new subsection to read:

(e) Upon receipt of a transportation contract submitted by the Alaska Gasline Development Corporation under AS 18.56.087(h), the commission shall, within 180 days after receiving the transportation contract, make a finding as to whether the rate of return to an owner of an in-state natural gas pipeline is unreasonably high when compared to the rate of return for natural gas pipelines of similar transportation capacity and distance in the contiguous 48 states of the United States. The commission shall report its finding to the Alaska Gasline Development Corporation.

* **Sec. 25.** AS 42.05 is amended by adding a new section to read:

Sec. 42.05.433. Review of certain contracts by the commission. (a) A public utility negotiating a contract with the Alaska Gasline Development Corporation created under AS 18.56.086, or with any entity controlled by the Alaska Gasline Development Corporation, may submit the contract to the commission before the contract takes effect.

(b) A public utility negotiating to purchase natural gas to be shipped on any pipeline owned by either the Alaska Gasline Development Corporation or an entity controlled by the Alaska Gasline Development Corporation may submit the contract to the commission before the contract takes effect.

(c) A public utility negotiating a natural gas storage contract related to (a) or (b) of this section may submit the contract to the commission before the contract takes effect.

(d) The commission shall conduct an investigation and hearing to determine whether a contract submitted under (a), (b), or (c) of this section is just and reasonable. The commission shall either approve the contract as presented, or, if the commission finds that the contract is unjust, unreasonable, or unduly discriminatory or preferential, the commission shall disapprove the contract. If the commission does not act within 180 days after the submission of the contract, the contract shall be considered approved and shall be implemented. A contract that is approved or considered approved under this subsection is not subject to further review by the commission.

*** Sec. 26.** AS 42.05.711 is amended by adding a new subsection to read:

(s) Except for the review of a contract for the transportation of natural gas under AS 42.05.141(e), the Alaska Gasline Development Corporation created under AS 18.56.086, a joint venture, partnership, or other entity controlled by the Alaska Gasline Development Corporation, or a natural gas pipeline owned or financed by the Alaska Gasline Development Corporation is exempt from this chapter until all debt incurred to finance or refinance the cost of developing and constructing the natural gas pipeline is paid in full. However, the Alaska Gasline Development Corporation or a joint venture, partnership, or other entity that includes the Alaska Gasline Development Corporation may elect to be subject to regulation under this chapter to the extent and in the manner the Alaska Gasline Development Corporation elects and determines is appropriate.

*** Sec. 27.** AS 42.06 is amended by adding a new section to article 7 to read:

Sec. 42.06.601. Exemption. The Alaska Gasline Development Corporation created under AS 18.56.086, an entity controlled by the Alaska Gasline Development Corporation, or a natural gas pipeline owned, operated, financed, or controlled, in

whole or in part, by the Alaska Gasline Development Corporation is not subject to this chapter except to the extent and in the manner the Alaska Gasline Development Corporation elects and determines is appropriate.

*** Sec. 28.** AS 43.56.020 is amended by adding a new subsection to read:

(d) Taxable property of a natural gas pipeline project owned or financed by the Alaska Gasline Development Corporation established under AS 18.56.086, or a joint venture, partnership, or other entity that includes the Alaska Gasline Development Corporation, is exempt from state taxes levied or authorized under AS 43.56.010(a) and local taxes levied or authorized under AS 43.56.010(b) before the commencement of commercial operations of that natural gas pipeline project. In this subsection, "commencement of commercial operations" means the first flow of natural gas in the project that generates revenue to the owners of the natural gas pipeline project.

*** Sec. 29.** AS 38.34.030, 38.34.040, 38.34.060; AS 41.41.030, 41.41.040, AS 41.41.050, and 41.41.080 are repealed.

*** Sec. 30.** Section 1, 2002 Ballot Measure No. 3, is repealed.

*** Sec. 31.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION AND LEGISLATIVE INTENT. It is the intent of the legislature that a right-of-way lease subject to AS 38.34.050(c), as amended by sec. 5 of this Act, AS 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of this Act, and AS 38.35.120(b), as amended by sec. 10 of this Act, that is entered into between the commissioner of natural resources and the Alaska Gasline Development Corporation, a subsidiary of the Alaska Housing Finance Corporation created under AS 18.56.086, before the effective dates of secs. 5 and 8 - 10 of this Act be amended as soon as practicable after the effective dates of secs. 5 and 8 - 10 of this Act to conform to the requirements of AS 38.34.050(c), as amended by sec. 5 of this Act, AS 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of this Act, and AS 38.35.120(b), as amended by sec. 10 of this Act.

*** Sec. 32.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REVISOR'S INSTRUCTIONS. The revisor of statutes shall change the catch lines of

(1) AS 38.34.050 from "Cooperation and access to information" to "Cooperation; information sharing; permits, use of state resources, and leases"; and

(2) AS 38.35.200 from "Judicial review of decisions of commissioner on application" to "Judicial review."

*** Sec. 33.** This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **CS HB009**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB009CS-DOR-AHFC-02-08-12
Title: In-State Gasline Development Corp.
Sponsor: Representative Chenault
Requester: (H) RES

Dept. Affected: Revenue
Appropriation: Alaska Housing Finance Corp.
Allocation: Alaska Gasline Development Corp.
OMB Component Number: 2986

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services		1,207.2	5,000.0	5,200.0	5,400.0	5,600.0	5,800.0
Travel							
Services		2,422.2	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**3,629.4**	**11,000.0**	**11,200.0**	**11,400.0**	**11,600.0**	**11,800.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)		3,629.4	11,000.0	11,200.0	11,400.0	11,600.0	11,800.0
TOTAL		**0.0**	**3,629.4**	**11,000.0**	**11,200.0**	**11,400.0**	**11,600.0**	**11,800.0**

POSITIONS							
Full-time			21				
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 21,000.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Updated for version U.

Prepared by: Joe Dubler, Vice President and Chief Financial Officer
Phone: 907.330.6303
Division: Alaska Gasline Development Corporation
Date/Time: 2/8/12 11:00 AM
Approved by: Dan Fauske, President, AGDC
Date: 2/8/2012
Department of Revenue

(Revised 11/18/2011 OMB)

STATE OF ALASKA **BILL NO.** CS HB009
2012 LEGISLATIVE SESSION

Analysis

CSHB 9 is an omnibus bill that is necessary for the Alaska Gasline Development Corporation's (AGDC) to continue its statutory mission of bringing natural gas from the Alaska North Slope to Fairbanks and Southcentral Alaska including:

Determine the ownership and operating structure and enter into agreements relating to ownership and operation;
Exercise eminent domain;
Acquire property and rights necessary or convenient for owning or operating the pipeline;
Dispose of the pipeline project or other assets.
Add powers to enable AGDC to issue bonds without limitation to further its purposes;
Add language to protect the State, the various subdivisions of the state and the Alaska Housing Finance Corporation (AHFC) from any liability for the actions of AGDC;
Establish an "in-state natural gas pipeline fund" where money can be appropriated and used for AGDC's purposes;
Modify the Alaska Natural Gas Development Authority (ANGDA) statutes to bring it under the control of the AHFC board of directors and gives the ANGDA the ability to pledge royalty gas owned by the state ;
Exempts contracts by the Alaska Natural Gas Development Authority (ANGDA) from the provisions of AS 36.30, the procurement code. AGDC is already exempt from the state procurement code.
Replaces the Joint In-State Gasline Development Team with AGDC;
Allow AGDC to operate the pipeline as a common carrier that is not subject to regulation by the Regulatory Commission of Alaska;
Give AGDC the ability to enter into confidentiality agreements and keep information confidential and not subject to disclosure under the Public Records Act (AS 40.25);
Adds language that is intended to limit the ability of those with objections to natural gas pipeline construction to stop necessary projects;
Allows those who have standing to bring about an action alleging that an action will deny rights under the state Constitution or challenging the invalidity of this section.
Changes the compensation of board members for AHFC;
Taxable property of a natural gas pipeline developed by the Alaska Gasline Development Corporation is exempt from state or local taxes until the first natural gas flows in the project generating revenue to the owners of the natural gas pipeline project;
Repeals the Statute creating the Joint In-State Gasline Development Team;
Repeals Section 1 of Ballot Measure No. 3; and
Provides for an immediate effective date.

While this Fiscal Note indicates a relatively small fiscal impact in the current year, it should be noted that the 2010 Legislature appropriated $200 million to a fund that would be created under this bill.

ALASKA GASLINE DEVELOPMENT CORP.
GAS FOR ALASKANS

AGDC has been asked to respond to the presentation given by Pedro Van Meurs to the Alaska Legislature on December 6, 2011. Specifically, the Committee has expressed an interest in the feasibility of the ASAP project given Mr. Van Meurs' findings as presented.

First, it is important to remember that neither AGDC nor Mr. van Meurs will determine the feasibility of any project. That is a question that can only be answered by the presence or lack of customers willing to participate in the project at the proposed tariffs. It is for this reason that AGDC has emphasized the importance of a successful open season in the decision to sanction this project. Without customers, there is no reason to build a pipeline.

That said, there are some specific issues that preclude AGDC from performing the type of detailed analysis that would be required to compare the findings listed in the report to the data studied and analyzed by AGDC in preparation of its report:

The assumptions used by Mr. van Meurs are not apparent from the conclusions he states. Without assumptions, an analysis is impossible.

Mr. van Meurs appears to have considered only the potential projects designed to monetize ANS gas. The impetus for ASAP was not one for export, but rather to meet in-state gas needs of Alaskans. The export component was considered by AGDC as a means for increasing throughput and thereby lowering the overall tariff. Again, since AGDC cannot determine what users will materialize, this was an assumption AGDC made. That assumption was validated by the presence of an anchor tenant in AGDC's Expression of Interest held in May, 2011.

The report does not indicate any specific economics on the ASAP project, and in fact appears to focus on export to Asia--something considered as a supplemental business to the main purpose of ASAP.

The report indicates the construction of a large greenfield LNG facility (new construction), while the AGDC report assumed existing facilities would continue to be utilized.

Mr. van Meurs indicated that a much smaller pipeline to Valdez or Kenai (presumably the ASAP line) would need to be heavily subsidized. Again, the market will dictate what if any subsidy might be required for the ASAP project.

Mr. van Meurs indicated that an LNG export scenario would likely require a lower "Government Take" than currently provided by ACES. This is a policy decision that only the Legislature and Governor can make.

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Governor Sean Parnell
STATE OF ALASKA

February 21, 2012

Mr. Scott Heyworth
Board Chairman
Alaska Natural Gas Development Authority
411 West Fourth Avenue, First Floor
Anchorage, AK 99501

Dear Mr. Heyworth and ANGDA Board Members,

Thank you for your January 13, 2012 letter regarding the Alaska Natural Gas Development Authority (ANGDA). As you know, significant and positive activities are underway that may yet calibrate into alignment on an Alaska liquefied natural gas (LNG) project.

Our goal is to get natural gas to Alaskans and markets beyond. Where the State has multiple natural gas efforts underway, including ANGDA, I have aggressively sought consolidation and focus of the State's efforts. We simply do not need the State going in many uncoordinated directions. With the recent introduction of House Bill 9, more discussion of consolidation of the State's efforts will occur in the Legislature. HB 9, among other things, would move ANGDA's function and governance into the Alaska Gasline Development Corporation. HB 9 appears to further the discussion of focusing the State's efforts toward commercializing Alaska's gas in Alaska's interests.

In considering the cost-benefits of HB 9, it is imperative that we be made aware of any and all ANGDA obligations, contractual or otherwise. In response to how ANGDA can support these efforts most effectively, ANGDA should not obligate itself nor proceed to more tightly entangle itself in any pending negotiations or commitments – whether toward development or distribution of propane for the North Slope, ANGDA board vacancies or appointments, or other contractual or substantive actions during this interim period.

Sincerely,

Sean Parnell
Governor

From: Rep. Paul Seaton
Subject: FW: FYI conflict pkt
Attachments: conflict pkt.pdf

From: Scott Heyworth [mailto:heyworth@gci.net]
Sent: Sunday, February 12, 2012 5:03 PM
To: Rep. Eric Feige; Rep. Paul Seaton
Cc: Scott Heyworth
Subject: FYI conflict pkt

----- Original Message -----
From: Sikora, Kirsten L (DOR)
To: Tony Izzo ; Stark, Jeff P (LAW) ; Scott Heyworth ;
Sent: Friday, February 10, 2012 12:01 PM
Subject: FYI conflict pkt

These are the documents from the original conflict of interest concern raised by AGDC over ANGDA about 18 months ago.

"Shipper vs. Pipeline Builder Conflicts" per my Testimony last Wednesday.

Scott Heyworth

Chairman
ANGDA

To: Marcia Davis & Jim Cantor

From: Harold Heinze - ANGDA

Copy To: Dan Fauske, Dave Haugen, Scott Heyworth, & Don Benson

Date: August 9, 2010

Subject: **ANGDA Participation in HB 369 In-State Gas Team**

Dear Marcia & Jim:

I met on 08/04/10 with Dan Fauske, Dave Haugen, & Mike Buller (of AGDC). They expressed their concerns that ANGDA's access to project information and participation in work briefings of the HB 369 team would present a potential conflict with regulatory (FERC & RCA) rules, in that, ANGDA as a potential shipper would have an information advantage over other potential shippers. We also briefly discussed the restriction & implications of the Enstar licensing agreement.

ANGDA's participation in the APP and Denali pipeline open season on behalf of the electric utilities clearly identifies ANGDA as a potential purchaser and shipper of in-state gas. ANGDA's statutory direction and business plan define a potential role in building of an in-state gas pipeline system, including a connector lateral line (spur line). Both of these are core business activities of ANGDA and they are of significant benefit to the citizens of Alaska.

i ask that you clarify my understanding of the open season rules as they would apply to AGDC (as a gas pipeline company) and ANGDA (as a potential gas shipper and/or gas pipeline owner). i think a gas pipeline company must assure a level information setting for a proposed project during the open season by informing all potential shippers of key terms; usually accomplished by a very public internet posting satisfying regulatory information requirements. The gas pipeline company is obligated at the time it seeks firm financial commitments to fully disclose all information on their project to potential shippers; the information is usually protected from public disclosure at that time by confidentiality agreements (CA). While pressure from competing projects may restrict when gas pipeline project information is available to the public at large, the Environmental Impact Statement,

Commissioner' Finding, and Certificate of Public Necessity processes all require total public disclosure during the permitting of any project. During the development of a gas pipeline project a company may seek other pipeline companies as business partners in its project and in the course of those business discussions reveal confidential information under the restriction of CA's.

Additionally, the rules on affiliates involvement in the same gas pipeline project are designed to protect the public interest by preventing a pipeline subsidiary giving an unfair advantage to an affiliated potential shipper. Potential shippers may tell the pipeline company anything they wish (on a confidential basis). The gas pipeline company must avoid any internal communication with an affiliated potential shipper and strictly communicate the same information to all potential shippers. Foundation or anchor shippers are often offered an opportunity to directly participate financially in the pipeline project as an inducement for their commitment.

An additional complication is that the authorities & responsibilities of the in-state gas development team defined in HB 369 and the business structure set up under AGDC as a subsidiary of AHFC set different management roles. ANGDA is clearly not any part of AGDC, is at worst a distant affiliate, and there is no interlock of the ANGDA & AGDC Boards of Directors (a major indicator of an improper relationship). To date ANGDA's participation in the in-state gas team functions has only been advisory, as all business decisions to date have been made by the project team staff working with the AGDC executives. The only information we have received has been made publicly available on the AGDC website and ANGDA will continue to urge that full public release be the target of further contractor work.

The ANGDA view (on reflection) is that we do not need to see any of the work product covered by the Enstar licensing agreement on a restricted or confidential basis. Our review of the July final report indicates that further public disclosure should be considered in support of any of the study conclusions that AGDC may decide to carry forward.

Having recited all that, I ask your comments on whether I have captured the framework of a FERC & RCA regulatory overlay on the In-State Gas

Development team and AGDC as a subsidiary of AHFC (a public corporation of the State).

I would also like your input on the following suggested course of action in the relationship of ANGDA –and- AGDC, the team, & ASAP project team.

1. ANGDA can contribute to the HB 369 effort (as provided for in the fiscal note) by undertaken specific study assignments as long as it is the AGDC intent that the assigned work product will be published and made publicly available. Over one million dollars of funding was ear-marked in the HB 369 fiscal note for this type of ANGDA effort. Study topics can include evaluation of alternatives; definition of gas treatment, NGL, value-added manufacturing, & LNG options; public outreach & presentations; and market & sponsor identification & relations.

2. Until the In-State Stand Alone project is at a more advanced point of development and actually preparing for an open-season there should be little concern about ANGDA's involvement in the team discussion and advisory process, with the exception of items that AGDC intends to maintain as secret even into the open-season process. Those few restricted items can be considered in executive session and the AGDC executive will set attendance on those items.

3. ANGDA is prepared to provide advice to the AGDC executive based solely on information that is or will be put into the public realm, or will be disclosed to potential shippers and/or potential partners in the venture.

4. The AGDC executive should provide a written definition of tasks that ANGDA will be expected to participate in and/or provide advice on. ANGDA will document its communication with AGDC and the project team.

Thanks

STATE OF ALASKA

SEAN PARNELL, GOVERNOR

411 WEST 4th AVENUE, FIRST FLOOR
ANCHORAGE, ALASKA
99501

ALASKA NATURAL GAS DEVELOPMENT AUTHORITY

TELEPHONE: (907) 269-8501

To: Dan Fauske
Leo von Scheben
John Binkley
Robert Swenson

From: Harold Heinze

Date: August 12, 2010

Subject: Joint In-State Gas Line Development Team

Consistent with Sec. 38.34.060 Conflicts of interest (a new section added by HB 369) this is a formal disclosure that the public corporation of the state (ANGDA) that I am the chief executive of, may from time to time, be affected by the in-state natural gas pipeline project or other matters under consideration by the development team.

ANGDA's functions as clarified and expanded in HB 369 broadly include in-state gas shipping and marketing, as well as, all aspects of an in-state gas pipeline system and marketing facilities.

Sec. 41.41.010. Establishment of the authority.

(a) There is established the Alaska Natural Gas Development Authority, the purpose of which is to provide one or more of the following services and functions in order to bring natural gas from the North Slope or other regions of the state to market, including

(1) the acquisition and conditioning of natural gas;

(2) the design and construction of the pipeline system;

(3) the operation and maintenance of the pipeline system;

(4) the design, construction, and operation of other facilities necessary for delivering the gas to market, including markets in the state; and

(5) the acquisition of natural gas market share sufficient to ensure the long-term feasibility of pipeline system projects.

(b) The authority is a public corporation and an instrumentality of the state within the Department of Revenue.
(c) The authority has a legal existence independent of and separate from the state.
(d) The acquisition of natural gas from the North Slope and other regions of the state, including the Alaska outer continental shelf, and its delivery to markets in the state for use by markets in the state or to tidewater for shipment to market by the authority are essential government functions of the state.

ANGDA has and is engaged in activities related to each of these functions. As part of the Alaska Pipeline Project and Denali Pipeline project "open seasons", ANGDA has identified gas suppliers and prepared bids for pipeline capacity. ANGDA intends to negotiate contracts for the delivery of this gas to Alaska electric utilities. To facilitate this goal, ANGDA is a member along with five electric utilities of the Natural Gas Supply Company.

In addition, ANGDA is currently pursuing project definition and business arrangements related to a North Slope propane supply point, modification of the Kenai LNG plant, potential gas spur pipeline partners, Valdez LNG export facilities, combined power generation & gas value added manufacturing facilities, and Cook Inlet gas storage.

I have been asked if ANGDA will submit a bid as a shipper should development of an in-state gas line proceed. Submission of a bid is an activity that would fit within ANGDA's statutory authority and which may make sense for ANGDA to explore. It is not presently included in the Board of Director's strategic direction or authorized by the Board, nor has the ability to issue bonds been authorized by the legislature.

cc: ANGDA Board members
Marcia Davis, Deputy Commissioner, DOR
Jim Cantor, Assistant Attorney General, DOL

STATE OF ALASKA

SEAN PARNELL, GOVERNOR

411 WEST 4th AVENUE, FIRST FLOOR
ANCHORAGE, ALASKA 99501

ALASKA NATURAL GAS DEVELOPMENT AUTHORITY

TELEPHONE: (907) 269-6501

August 13, 2010

Don Benson
Scott Heyworth
Bill Jeffress
Kate Lamal
Dan Sullivan

Dear ANGDA Board members:

Mr. Fauske, as chair of the Joint In-State Gas Line Development Team, has asked that ANGDA resolve a conflict between being a potential in-state gas shipper and being a member of the gas line development "team". Based on the advice of AHFC counsel (Ken Vassar of Birch Horton Bittner & Cherot), the other team members concluded at a meeting yesterday that to avoid any lingering perceived conflict, ANGDA must either forswear any commercial participation in a gas line project developed by the team (i.e., bid for capacity during an open season) or withdraw as a team member.

This is a major decision for ANGDA, striking to the heart of our ability as a public corporation of the state to uniquely provide significant benefits to in-state gas consumers. There has not been any non-public information released to me nor have there been any team decisions to date. During the interim to the next ANGDA Board meeting, I will recuse myself, ANGDA staff, and our contractors from the gas line development team activities.

Mr. Fauske has indicated he will attend the ANGDA Board meeting scheduled for the morning of September 8, 2010. Both Mr. Cantor and Ms. Davis will be available to advise the Board. The Board packet materials for this agenda item will include all the background references, statutes, correspondence and advise letters available. If you have specific questions

for Mr. Fauske to respond to, we will pass them on to him. If there is specific information you need, we will provide the research. I will prepare a written recommendation and draft motion for the Board's consideration.

I attach several key reference documents that are currently available.

Sincerely,

Harold Heinze

Harold Heinze
CEO

cc: Speaker Mike Chenault
Senator Lesil McGuire
Dan Fauske
Leo VonScheben
John Binkley
Bob Swenson
Marcia Davis
Jim Cantor

STATE OF ALASKA

SARAH PALIN, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

1031 WEST 4TH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501-5903
PHONE (907)269-5100
FAX (907)276-8554

October 4, 2010

Kenneth E. Vasser
Law Offices of Birch, Horton, Bittner & Cherot
1127 West Seventh Avenue
Anchorage, AK 99501

Re: Alleged Conflicts between ANGDA and the Gasline Development Team

Dear Mr. Vasser:

This office represents the Alaska Natural Gas Development Authority ("ANGDA"). I have received a copy of your letter to Dan Fauske that raises concerns about potential conflicts of interest that may result from ANGDA's participation in the Joint In-State Gasoline Development Team (the "Team") created by the Alaska Legislature. Specifically, you have raised concerns that:

1. Competitors of ANGDA will not provide the Team with information;

2. ANGDA is in a position to influence any plan developed by the team to favor ANGDA's interests;

3. There is an appearance of impropriety created by ANGDA's participation on the Team because ANGDA has a separate interest in the outcome of Team decisions;

4. If the Team is considered a pipeline owner, it may not be allowed to reveal information to ANGDA without making it available to all bidders;

5. The Team may not be able to obtain information from pipeline owners if ANGDA participates on the Team; and

6. The Team may be prevented from becoming an owner of any pipeline if ANGDA is a member.

We disagree that any legal conflicts between ANGDA and the Team are created by ANGDA's participation in this process. To the extent any conflicts could be hypothesized, they would be resolved by full disclosure.

The Legislature was fully aware of ANGDA's mission and therefore must have contemplated that the kinds of information you describe would be shared among all Team members. One of the purposes identified by HB 369 is to plan for development of an in-state natural gas pipeline that is "compatible but not competitive with" ANGDA projects. Indeed, the Team's composition was established to bring together knowledge and information from all relevant sources to "coordinate information sharing" necessary to develop a plan for natural gas development.

Although AS 38.34.060 makes members of the Team subject to AS 39.50 and AS 39.52, ANGDA's participation does not violate any provision in either of those statutes.

AS 39.50 address the duty of state officials to file an annual financial disclosure statement. It does not create any other duty, or make any conflict illegal or unethical. Once proper disclosure is made, AS 39.50 requires nothing more.

AS 39.52, the Executive Branch Ethics Act (the "Act"), also does not prohibit the participation of ANGDA on the Team. First, the Act only applies to individuals, not entities like ANGDA. Harold Heinze, CEO of ANGDA, is the individual on the Team representing ANGDA, but does not act in a personal, individual capacity. The prohibitions found in the Act at AS 39.52.120 – .190 apply only to (1) conduct that may impact personal interests, (2) conduct used for partisan political purposes, (3) acceptance of improper gifts, and (4) restriction on outside employment. Nothing from ANGDA's participation on the Team remotely raises any of these concerns. To the extent any ANGDA Board members have personal conflicts, they have been fully disclosed.

Second, even if there could be a conflict with ANGDA under AS 39.52, those conflicts would need to be addressed on a matter by matter basis to determine any potential violations. Current activities of the Team, which may include the acquisition of confidential information, can only create hypothetical conflicts that are not yet appropriate for analysis. We are unaware of any information sought by the Team that would create a competitive conflict with ANGDA. When that information is identified, potential conflicts of interest with individual members of ANGDA can be addressed.

Finally, the stated purpose of the Act includes this declaration at AS 39.52.010(b):

> "The legislature declares that it is the policy of the state, when a public employee is appointed to serve on a state board or commission, that the holding of such offices does not constitute the holding of incompatible offices unless expressly prohibited by the Alaska Constitution, this chapter and any opinions or decisions rendered under it, or another statute."

Nothing about ANGDA's participation is prohibited by the Alaska Constitution, or AS 39.50, or AS 39.52. The Legislature appointed members to the Team, and only the Legislature can remove them. To the extent any conflicts may exist, which we are unable to identify, they appear to have been waived.

Because there are no legal conflicts generated by ANGDA's participation on the team under AS 39.50 or AS 39.52, we are left with addressing practical concerns that may arise as a result of ANGDA's participation on the Team. All of these concerns appear to stem from the potential sharing of confidential information received by the team. You have expressed concern that ANGDA's competitors (other potential shippers of natural gas) may not share important information with the Team for fear that ANGDA would use this information to its advantage. You also raise some concerns that FERC or RCA regulations may prohibit potential shippers and pipeline owners from sharing certain information if ANGDA remains on the Team.

We do not know what competitors you refer to, or what information could be shared with ANGDA that would cause concern. But assuming a competitor was reluctant to share information that is deemed important to the Team's mission, then a number of options are available to address the concern, none of which would require that ANGDA be removed from the Team.

Of course, Mr. Heinze has agreed to keep any sensitive information shared with him confidential and separate from other ANGDA efforts. The information will not be shared with board members. As you know, ANGDA has facilitated the formation of a natural gas supply cooperative ("NGSC") which consists of electric utilities that have an interest in obtaining natural gas from any successful project that develops and delivers gas from the North Slope. Anthony Izzo, an ANGDA contractor, is a member of NGSC, and also a contractor to ANGDA.

The NGSC may have commercial interests that could benefit from sharing information obtained by ANGDA through its participation in the Team. To resolve this issue, Mr. Heinze has agreed to remove himself completely from the NGSC, and will not share any information with it. The following is a list of efforts ANGDA proposes to further resolve any conflict concerns:

1. The ANGDA Board of Directors will instruct Mr. Heinze to compartmentalize ANGDA's work from the NGSC, its members, and others concerning potential shipper actions related to any in-state bullet line that results from efforts of the Team;

2. Mr. Heinze will treat all information from the Team as confidential;

3. Mr. Izzo will continue to represent ANGDA as a member of the NGSC, but Mr. Heinze will not provide Mr. Izzo, the NGSC, or others with any confidential information from the Team that is not also available to other shippers;

4. ANGDA will not be a bidder for any in-state bullet line that results from the Team's efforts;

5. Mr. Heinze, Mr. Izzo, and other ANGDA contractors will continue to work with NGSC on participation in the open season process for both the Alaska Pipeline Project and Denali gas line projects;

6. ANGDA will continue to work independently, but cooperatively, on in-state gas projects; and

7. ANGDA contractors can be a resource available to work on AGDC project tasks under RSA contracts.

We believe that implementation of these efforts will completely resolve any concerns with ANGDA's continued participation on the Team. These proposals have not been approved by the ANGDA Board, but will be presented for approval if they are acceptable to the Team and AGDC. Please let me know if this is acceptable to your client.

Thank you for your assistance and cooperation. I am confident we will be able to reach an accommodation that satisfies all parties so the Team's work can continue expeditiously.

Sincerely yours,

DANIEL S. SULLIVAN
ATTORNEY GENERAL

for By James E. Cantor
Chief Assistant Attorney General

JEC/CES/mdz

From: Rep. Paul Seaton
Subject: FW: Conflict of Interest
Attachments: DOC006.pdf

From: Scott Heyworth [mailto:heyworth@gci.net]
Sent: Tuesday, February 14, 2012 4:25 PM
To: Rep. Eric Feige; Rep. Paul Seaton
Subject: Conflict of Interest

Co-Chairs Feige and Seaton:

Please review the 2 attached letters that document the serious problems of combining ANGDA and AGDC.

Scott

----- Original Message -----
From: Witz, Regina J (DOR)

Scott~
Here is the correspondence that you asked for.

Thanks,

Regina J. Witz
ANGDA, Alaska Natural Gas Development Authority
Acting Administrative Officer
(907)269-6501 Fax: (907)269-6531
411 W. 4th Ave. 1st floor
Anchorage, Ak. 99501

"Success is not the key to happiness.
Happiness is the key to success.
If you love what you are doing,
you will be successful."
- Albert Schweitzer

STATE OF ALASKA

ALASKA NATURAL GAS DEVELOPMENT AUTHORITY

SEAN PARNELL, GOVERNOR

411 WEST 4th AVENUE, FIRST FLOOR
ANCHORAGE, ALASKA 99501

TELEPHONE: (907) 269-6501

February 8, 2011

Mr. Dan Fauske
Mr. Dave Haugen
Alaska Gasline Development Corporation
411 W. 4th Avenue, Ste. 1E
Anchorage, AK 99501

Dear Dan & Dave,

This memo is to document my non-participation in your project management decisions on the stand alone gas pipeline ("bullet line") connecting the North Slope to Cook Inlet. What started last summer as concerns by potential AGDC pipeline partners that ANGDA's position as an announced potential shipper on the TransCanada and Denali gas pipeline projects represented a conflict with my participation on the HB 369 team, has now come full circle.

I have in the past indicated to you that the benefit to the Alaskan consumer of ANGDA continuing its unique "discount" position as an open season participant with both big gas mainline sponsor groups is significant and measured in the range of $200 million or more..

In the course of negotiating precedent agreements with the Alaska Pipeline Project and Denali – The Alaska Gas Pipeline over the last several months, both sponsor groups have made it clear that your bullet line work is "competitive" to their commercial efforts to advance their projects.

To avoid even the appearance of a conflict, I ask that you acknowledge in writing my non-participation in the "team" and pipeline project development decisions. Further, I request that in presenting the organization chart for the HB 369 effort you footnote that ANGDA is not participating as a pipeliner so it can continue as a potential shipper in a mainline gas project.

This does not impact your continued access to the public studies ANGDA has made available. Additionally, this does not impact your ability to timely work with ANGDA as one of the potential in-state gas shippers.

Sincerely,

Harold Heinze

Harold Heinze

Copies To: ANGDA Board Members

ALASKA GASLINE DEVELOPMENT CORP.
GAS FOR ALASKANS

February 15, 2011

Harold Heinze, CEO
Alaska Natural Gas Development Authority
State of Alaska
411 West 4th Avenue, First Floor
Anchorage, AK 99501

RE: Response to ANGDA letter dated 2/8/11

Dear Harold;

Thank you for your letter regarding your potential shipper status on other gasline projects and your non-participation in the Alaska Stand Alone Gas Pipeline management decisions.

I understand and appreciate your responsibility to maintain a position that is not a conflict with your sponsor groups. I interpret your request and your "non-participation in the Team" comments as a resignation from the AGDC Joint In-State Team effective immediately. As President of AGDC, I accept your resignation and I appreciate your continued efforts to assist AGDC by offering ANGDA information that could progress our project work as spelled out in HB369.

Thank you for acknowledging the potential difficulties that could face ANGDA through any further participation on the Joint In-State Natural Gas Pipeline Team. We wish you continued success with your efforts on behalf of ANGDA, if we can be of any assistance please do not hesitate to let us know.

Sincerely,

Daniel Fauske
President

ALASKA GASLINE DEVELOPMENT CORPORATION
P.O. Box 101020 Anchorage, Alaska 99510 | 411 West Fourth Avenue, Suite 1E, Anchorage 99501
Tel. 907-277-4488 | Fax 907-277-4484 | www.gasline.us.com

March 15, 2011

Dear Mr. Norton

You requested information on ANGDA's ability to maintain confidentiality of information from a gas pipeline sponsor group. This request relates to your intent to develop a mutual licensing agreement with a specific sponsor group. In particular, you requested a copy of the Attorney General's letter on the matter.

ANGDA, as a potential shipper, is currently negotiating with both sponsor groups of Alaska gas pipelines (Alaska Pipeline Project and Denali – the Alaska gas pipeline Project) under confidentiality considerations described in their public filings at the start of the open seasons. Initial interactions with both projects involved the review of project design information in "reading rooms", but no confidential information came into ANGDA's physical possession. More recent efforts have focused on the commercial contractual arrangements of a precedent agreement.

The FERC umbrella rules on confidentiality provide a legally significant exterior framework and may not apply to the AGDC situation since you are not a potential shipper.

At this point I do not feel I can give you a copy of the open season documents, but I have extracted and pasted below some relevant sections of the AGs analysis on ANGDA specific considerations.

- *ANGDA is not obligated to release private business information:*

ANGDA's obligation to make its records available to the public under the Public Records Act is qualified by AS 41.41.150, which provides that information in ANGDA's possession is a public record, except that "information that discloses the particulars of the business or affairs of a private enterprise or investor is confidential and is not a public record for purposes of AS 40.25.110 – 40.25.140." AS 41.41.150 goes on to provide that "[c]onfidential information may be disclosed only for the purposes of an official law enforcement investigation or when production is required in a court proceeding."

- *ANGDA is not obligated to release information it does not possess physically*

With respect to paragraph [redacted], I have no knowledge of what information was placed in [redacted] SRR. I understand, however, that ANGDA was granted access to the SRR, but never received copies of documents placed in the SRR, except documents that were available publicly. The Public Records Act requires disclosure of public records, but since ANGDA never received copies of any confidential documents in the SRR, ANGDA has no statutory obligation to – and as a practical matter cannot – disclose them. The Public Records Act does not compel ANGDA personnel who reviewed information in the SRR to disclose any information they may recall.

For similar reasons, the Public Records Act does not compel ANGDA to disclose information conveyed orally. Since the Public Records Act only applies to public records, and not employee knowledge, ANGDA personnel are not compelled to disclose confidential information orally conveyed to them. The Public Records Act therefore does not affect ANGDA's obligations under paragraph [redacted] of the definition of "Confidential Information."

Please note that:

1. the ANGDA statute language in AS 41.41.150 (Public Access to Information) is unique;
2. ANGDA is a "potential gas shipper" working with a pipeline commercial team, not a competing pipeline making a business deal with another pipeline;
3. you may be contemplating taking possession of certain types of information that ANGDA has not; and
4. the ANGDA arrangement is strictly a one-way protection of private company business information, not a two-way information licensing arrangement.

Mr. Jeff Stark replaced Mr. Jim Cantor as the AG to ANGDA and your counsel Mr. Vassar may wish to contact Mr. Stark directly for guidance on the specific objectives of the pipeline to pipeline business arrangement you propose. Mr. Stark would be the best source of information on provisions related to FOIAs

Harold Heinze ANGDA 

Louie Flora

From: Rep. Paul Seaton
Subject: FW: LNG Comparison
Attachments: LNG Comparison.pdf

From: Jenni Zielinski [mailto:swpilots@ak.net]
Sent: Tuesday, February 14, 2012 1:27 PM
To: Rep. Paul Seaton
Cc: Rep. Eric Feige
Subject: LNG Comparison

Dear Representative Seaton and Representative Feige,

Please find a copy of a letter attached dated June 2, 2011 sent to the current administration regarding the Navigational Comparison between Valdez and Cook Inlet for large LNG export facility. Please do not hesitate to contact me with any questions.

Best regards,

JENNI ZIELINSKI
OFFICE MANAGER
SOUTHWEST ALASKA PILOTS ASSOCIATION
ALASKA NAUTICAL SERVICES, LLC
907-235-8483 EXTN 2
907-235-6119 FAX
SWPILOTS@AK.NET

This message may contain confidential and/or privileged information. If you are not the addressee or authorized to receive this for the addressee, you must not use, copy, disclose, or take any action based on this message or any information herein. If you have received this message in error, please advise the sender immediately by reply e-mail and delete this message. Thank you for your cooperation

SOUTHWEST ALASKA PILOTS ASSOCIATION

P.O. Box 877
Homer, Alaska 99603

Tel: (907) 235-6789
Fax: (907) 235-6119

June 2, 2011

Lt. Governor Mead Treadwell
Alaska State Capitol Building
Third Floor
Juneau, AK 99801

Via email: meadwell@alaska.net

Dear Sir;

RE: Navigational Comparison between Valdez and Cook Inlet for large LNG export facility.

Southwest Alaska Pilots Association is the State recognized marine pilot association providing pilotage service for region two - South Central Alaska. The Association has been providing this service in Cook Inlet since the founding of the organization and has been servicing the Valdez TAPS trade since its inception. LNG export tankers from Nikiski (Cook Inlet) are serviced by our organization. We also provide pilotage for the shuttle tankers operating in Cook Inlet which move oil from Valdez to Nikiski, providing the facility that refines aviation fuel and gasoline for the Alaska market. This experience provides our Association with the ability to compare the feasibility of operating a large LNG tanker facility in either Valdez or Cook Inlet.

Cook Inlet tides and currents are known to be extreme, with the average flood and ebb current at Nikiski being 3.9 knot flood and 2.3 knot ebb (*2011 NOAA, Tesoro Pier Nikiski Pier*). The location of the Nikiski docks provides a lee from the full extreme of the ebb current. These strong currents require deep draft vessels to stem the current when docking and undocking typically port side alongside, thereby creating specific windows of time when vessels may be docked and undocked. Predictably, half the tidal cycle forms the window for these maneuvers, with a typical cycle being every six hours. This requirement does create timing restrictions that may cause delays for vessel maneuvering. Current velocity requires vigilance when maneuvering and would be a limitation to the size of vessel that may be operated safely at Nikiski.

East Forelands provides a lee from the ebb current and the ice coming down from upper Cook Inlet. Typically these piers are exposed to ice approximately three months per year. The ice in Cook Inlet does affect navigation of vessels when operating in that area. The size of vessels is a consideration that needs to be utilized when considering year round operations for Cook Inlet shipping. Typically the vessels that frequent Nikiski are considered shuttle tankers - 50,000 to 110,000 DWT. The LNG tankers that were calling upon Nikiski had a carrying capacity of 90,000 MT utilizing a deep draft of 12 meters. Larger LNG tankers may be utilized; however the size of ship would still need to be limited and would need to be

considered a shuttle tank vessel by industry standards. Tidal range and depth of water available will also be a restricting factor for the size of vessel operating at Nikiski. Present depth alongside the facilities at Nikiski and the shoal depth for approaches to Nikiski could limit the depth of the vessels to approximately 15 meters.

Nikiski mooring requirements would need to be analyzed closely relating to the size of the vessel. Nikiski does experience fetch from ocean swell because it is exposed to the south. This exposure can create a situation where vessels may not be capable of mooring alongside during certain situations such as when a tug assisting will be unable to remain alongside the vessel due to swell. The vessel may cause damage whilst moored when extreme conditions exist, causing a surge of the vessel alongside the pier. These limitations for Nikiski are minimized by utilizing the smaller shuttle tanker size vessels.

Wind is a critical factor when operating large high profile ships such as LNG tankers. LNG tankers typically will have little draft fluctuations between a loaded state and empty status as compared to oil tankers. This is due to the weight of the oil as compared to the limited weight of the gas. Valdez typically has higher winds and longer sustained winds than Nikiski. Both ports experience summer sea breeze winds with the port of Valdez having west winds and Nikiski experiencing south winds. Winter winds are typically stronger for both ports and both experience the same direction north to north east winds. Nikiski winds typically will be shorter in duration with less velocity than Valdez. Valdez winds can be significant and may cause delays in mooring and transiting the Valdez narrows. Nikiski winds typically do not cause delays because they are not as strong and are shorter in duration.

Dock alignment will be critical in Valdez to permit the vessels to work up into the wind to facilitate a safe mooring operation. Nikiski dock alignment will be necessitated by the direction of the current requiring vessels to be parallel to the predominate direction of the current.

Valdez has no constraints with consideration for the size of vessel that can operate safely. Oil tank vessels that used to frequent Valdez TAPS terminal were considered VLCC (Very Large Crude Carrier). These vessels were 300,000 DWT tankers and had no restrictions with fully loaded drafts of 24 meters. LNG carriers of any size would be able to operate in the port of Valdez with no draft limitations, including the approaches to Valdez which are all deep water. Valdez narrows is not a limiting factor for vessel movements as the narrowest point, being abeam Middle Rock, is in excess of half a mile.

Valdez current predictions are weak and variable per NOAA, however this does not account for the fresh water mixture occurring in summer months causing unpredictable layered currents that affect deep draft vessels. This current affects docking and undocking maneuvers dependent on the draft and amount of fresh water mixing at any time. This current does not cause delays and is compensated for by utilizing the tug assistance that is available.

The Port of Valdez is an ice free port and is protected from sea swell and fetch from outside swell conditions. This permits the large vessels to safely moor without surge occurring whilst operating at the facilities. Mooring requirements would be similar to any other port that doesn't experience fetch.

Security for tank vessels operating in the port of Valdez is well established and monitored by USCG. TAPS terminal has an established security zone designated by visible buoys. This area is advertised in the Valdez small boat harbor as restricted entrance for all vessels. The zone is also monitored by USCG

radar and USCG vessels. Compliance with the restricted area is mandatory and is enforced by USCG. Coast Guard vessels will frequently escort, or shadow, tank vessels operating in the busy summer season enforcing the moving security zone surrounding the tankers. Nikiski does not have similar security for the tank vessels operating in Cook Inlet. USCG radar and vessels are not available in the Nikiski area and Cook Inlet is not monitored by the USCG as with Valdez and Prince William Sound.

Valdez SERVS provides the escort system for tank vessels that are escorted by two tugs within the port and whilst transiting Prince William Sound. This escort system is not available in Cook Inlet; however Tesoro has positioned a tug boat at the Nikiski docks.

In conclusion Valdez is capable of providing a year round viable shipping facility for LNG export. This statement is verified by the present TAPS export facility operating from the port. Nikiski would not be a viable operation for year round, large LNG ship operations but shuttle ships can operate year round as has been proven by the history of this port. Shuttle ships have been moving crude oil from Valdez to the refinery at Nikiski and Nikiski has proven the location is a viable facility for exporting LNG to Japan for many years. However these ships were specially built for this run, with size being one of the determining factors for success. SWAPA's recommendation is that an LNG export facility should be built in Valdez with a shuttle LNG tanker utilized to transfer the gas from Valdez to Nikiski thereby providing the necessary gas for Alaskans. This same process has been occurring for years, utilizing oil instead of gas.

I hope this information is helpful and if you have any questions, please do not hesitate to contact us.

Sincerely,

Capt Jeff Pierce

Capt. Jeff Pierce by JLL
President
SWAPA

ALASKAN NATURAL GAS TO LIQUIDS COMPANY

February 9, 2012

Representative Paul Seaton
State of Alaska
State Capitol Room 102
Juneau AK, 99801

Re: AGDC providing a sub-optimal solution, what can the Legislature do?

Dear Representative Seaton:

- Was AGIA a half billion dollar mistake?
- Could ASAP be another $400 million mistake?
- Why did AGIA undertake clearly gas producer obligations?
- Will AOGCC allow for the sale of Prudhoe Bay gas? How much?
- Why is the Legislature tethering AGDC's hands?

During the recent Chenault - Hawker HB 9 press conference the comment was made that the current multimillion dollar AGDC in-state gas pipeline analysis would result in a **sub-optimal finding**. No further comment was made on the issue but clearly it referred to the fact that HB 369 placed limitations on Fauske's group. It assumes that the AGIA gas line is built while AGDC is evaluating a gas line route from the North Slope that could only occur if an AGIA gas line was not built. What should the Legislature do to rectify this oversight? The Legislature needs to amend HB 369 to look at two base options:

1. One where an AGIA gas line is built and
2. One where there is no AGIA gas line.

What should the ultimate goal be, in our opinion "*the lowest cost sustainable gas delivery system for the people of Alaska*"!

The people who brought you AGIA say the State cannot support any in-state gas line or any other gas line project that exceeds 500 million cubic feet per day of capacity. Ok, but how is evaluating and determining the best options for the State (its people) based upon today's facts <u>supporting</u> another pipeline? The State needs to find out what is the best option for its people assuming that AGIA does happen and more importantly what is the best option if AGIA doesn't happen. It is clear that a large diameter gas line from Prudhoe Bay to AECO, Canada supplying natural gas to the lower 48 cannot happen

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within the time frame of the AGIA program. The CEO of ConocoPhillips recently said this gas line option is DEAD, won't happen, isn't economic. AGIA lite, now favored by the Governor a gas line to Valdez with an LNG export facility doesn't need 4.5 Bcf/d of gas so why is the in-state gas line still limited to 1/2 Bcf/d?

AOGCC's position has not changed over the years; Prudhoe Bay natural gas is needed on the North Slope to recover the maximum amount of crude oil. Taking 3 or 4 Bcf/d of natural gas from the Prudhoe Bay Unit may result in loss of recoverable crude oil. Why would any rational person commit to spend a half of billion dollars of State funds when it had no assurance that all of the gas needed to support this project would be available?

Just recently an ANGDA member asked the Commissioner of AOGCC was there even enough gas to support an in-state gas line? The Commissioner's response was there appears to be many Tcf's of yet to be discovered natural gas on the North Slope not associated with the current crude oil fields that could support a gas line. Build it (the in-state gas line) and the natural gas developers will come. Sort of puts a whole new prospective on spending $500 million to support AGIA.

If there is no AGIA gas line can the in-state gas line be economic? Is it possible to combine the need for in-state gas supplies with a GTL export program located in Southcentral utilizing the federal support already approved and still make it economic? We think yes but it won't be easy – consider these five points:

- Federal Loan Guarantee can apply to an in-state gas line GTL option;
- In-State gas line 1+ Bcf/d, single phase $1.5/mmbtu tariff;
- Producer provided gas cleanup under $1/mmbtu
- Anchorage jet fuel market 35,000 bbl/d (300 mmcf/d)
- AOGCC can possibly support today up to 1 Bcf/d of sale by 2018

I will show later why these points can make a difference but first a little gas history and supposition.

For fifteen years now ANGTL has pioneered a GTL option for the North Slope. The North Slope is the clear winner for locating a GTL plant period. The North Slope GTL program took into consideration AOGCC's concerns and designed the program in phases never taking more than ½ Bcf per day until the impact on crude oil recovery was known. Possibly the only negative of a NS GTL program is that it does not get natural gas to Fairbanks, to interior mineral locations and down the railbelt. One can only assume this last reason was the driving force behind the Administration and Legislatures support of a gas line project to the lower 48. This State support did

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however cause the U.S. Congress to provide economic incentives assuming the North Slope natural gas was delivered to the Lower 48. While it is clear that the Congress had no intention of supporting a natural gas export program to Asia, that might not be the same with respect to delivering North Slope natural gas to U.S. markets albeit in a different form – say liquid transport fuels.

At times Exxon has also indicated that GTLs may be the preferred route but has never chosen to bring its support or its AGC 21 technology to the table nor for that matter really support a major gas market development program with its own money.

Exxon knows that the North Slope natural gas must be treated to remove excess CO_2 and sulfur before it can be marketed so it took millions of AGIA money to study its options as a Prudhoe Bay gas producer/owner. One need not wonder why Exxon is claimed to be the best run oil company in the world. Yet the State of Alaska claimed that Exxon was supporting a gas pipeline to the Lower 48. Can anyone show me that in writing? We contend that Exxon opted to appear to support the AGIA program to head off the States litigation on Point Thompson. How is that going for Exxon?

ConocoPhillips and BP opted to spend their own money to study a gas line and LNG option mostly out of fear the State of Alaska would try some sort of litigation on the lack of progress towards bringing North Slope natural gas to market. Yet, according to AOGCC, BP as Prudhoe Bay operator has yet to ask AOGCC to approve the sale of 3 Bcf/d or 4.5 Bcf/d of natural gas. You would think AGIA and the gas owners would want to know upfront how much natural gas AOGCC would approve for sale and removal from the North Slope.

The bottom line in our opinion, none of the North Slope oil majors are going to invest tens of billions until they have an absolute iron clad agreement with the State on how their oil, natural gas and incremental capital investments will be treated for tax purposes. When you consider the rules have recently changed with respect to depreciated assets like TAPS, you can see the concern of any Alaska energy investor.

2012 – Now What?

Here we are early 2012; the gas market in North America won't support a gas line from Alaska. Every major gas supplier in the world is evaluating an LNG program focused on Asia. British Columbia has sanctioned two LNG export projects at Kitimat and is finalizing a third for Shell and China. Governor Parnell has found the LNG religion and is claiming the three oil majors are supporting his efforts. Really, this must have come during the closed door meeting. Finally the Alaska Legislature is poised to fund an

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additional $200 million for AGDC to continue developing (should it be for studying) a **sub optimal** in-state gas line option (Rep Hawkers comment I believe not ours).

AGDC is being forced to develop an in-state gas pipeline option limited to 500 million per day of capacity because the AGIA line to Canada needed 4.5 Bcf/d. However, the AGIA LNG option now favored by the Governor is for only 3.5 Bcf/d. Why is the in-state gas line still limited to 500 million? For that matter why would the in-state gas line be limited to 500 million if the proposed ANGTL market was an export market and not consumed in-state? Worse yet the AGDC evaluation is from the North Slope to Anchorage, a gas line that would only be built if AGIA fails to launch. *So why evaluate a project that assumes AGIA has failed but limit the evaluation to conditions that assume AGIA was successful?* AGDC claims that the Legislature has restricted them to this point even though the AGIA forced limitation is only for supporting a project – it doesn't say anything about evaluating a project to determine options and costs.

It even gets stranger when you consider that the in-state gas line owner, AGDC is undertaking the clear obligation and responsibilities of the gas producers, Exxon, BP and ConocoPhillips to clean up its North Slope natural gas for sale to a pipeline; plus take on the added responsibility of handling North Slope LPGs. Can anyone point to a location in the world where this is not the responsibility of the gas owner unless he owns the gas pipeline? I did not think so.

Before AGDC gets too far down the road with the EIS filing, engineering evaluations it is time for the Legislature to amend its charge to AGDC. We, the people of Alaska deserve the best option, the lowest delivered cost, for an in-state gas pipeline. As a minimum we should know – *"what is the best option if an AGIA gas line is built" and "what is the best option if an AGIA gas line is not built".* We should also be told "what is the incremental cost of dealing with the North Slope LPGs". Alaskans deserve better than "well the delivered gas price from Prudhoe Bay to Southcentral is no more than imported LNG". Really, is that you want to tell your constituents?

Combining an in-state gas line and a GTL export program.

Now back to our original statement; "Is it possible to combine the need for in-state gas supplies with a GTL export program located in Southcentral utilizing the federal support already approved and still make it economic?" Yes but it won't be easy.

If you look at the AGDC report made to the Legislature last July they indicated GTLs were the least economic program. We agree that with $9 to $10 delivered natural gas to Southcentral and a 50% equity investment there is no way a GTL program would be

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financeable. But then there is no way an LNG export program can work unless LNG's long term delivered price remains above $16/mmbtu plus ConocoPhillips and Marathon give up their preferential right to supply the Kenai LNG plant with their own natural gas. We see several faults with the AGDC gas line analysis but let's focus on just four points.

1. The fact that the AGIA gas line proposal to AECO, Canada was terminal was a well-known fact by June 2011. I believe the Legislature clearly saw this development in 2010, when it sanctioned AGDC. Without the $20+ billion federal loan guarantee the economics of the gas line changed dramatically. The second option, a gas line feeding an LNG project for export at Valdez could not survive a 40% to 50% equity requirement and a gas line to Southcentral with a major LNG plant in the Cook Inlet is outside of the original AGIA program. Remember equity return is 15% to 20%, debt is 5% to 6%.
   The 2004, Alaska Gas Line Act is very specific, Alaska North Slope natural gas must flow to the Lower 48 by pipeline and reduce U.S. imports of natural gas. GTLs may be able to get around this issue. A GTL plant located in Southcentral converting Alaska North Slope natural gas (a hydrocarbon) into transportation fuels (also hydrocarbons) and delivering these very clean fuels to only U.S. markets including the U.S. Military, may qualify. Yes, you will need to amend the federal legislation but it will never be amended to support the export of Alaska natural gas as LNG to Asia. If amended, then the gas line leading from the North Slope to Southcentral along with supporting GTL program could qualify for the 80% debt – 20% equity support contained in the Act. A 20% equity position dramatically changes the economics. Also the federal loan guarantee would support an Alaska Tax Free Bond issue and allow for 20 year financing. We still need to get the throughput up to get the tariff down. Many will say the North Slope Oil Majors are not interested in the federal loan guarantee or 20 year financing. They can easily pay off the gas pipeline in 10 years but what is the tariff. Can or will the market support a $6 tariff when it could be $3 or lower if financed over 20 years.

2. The in-state gas line was limited to 500 mmcf/d by AGIA. We have discussed this issue above but the bottom line is that since there will be no gas line to AECO, Canada this volume limitation should not be there. Without a gas line to Canada there really is no ready market for the liquids at Valdez and certainly not at Anchorage or Fairbanks. Should AGDC be forced to look at a very high cost dense phase gas line? Has AOGCC determined that the liquids would be better utilized recovering incremental oil for the North Slope?

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Second, it can be argued that since the proposed GTL program is an export program there never should have been a limitation imposed because it's not for "in-state" consumption. This is one of those issues that could be resolved in Court or by allowing TransCanada to build and own a portion of the gas line from the North Slope to Fairbanks in exchange for allowing this initial phase to exceed 1/2 Bcf/d. Is having a piece of something better than having nothing. Of course since they are being reimbursed for 90% of the costs does TransCanada have any incentive to change?
Enstar who did the original in-state gas line cost estimates showed that with a throughput exceeding 1 Bcf/d the tariff would be close to $1.50 / mmbtu.

3. AGIA made the offer to remove the CO_2 and sulfur, clearly a producer responsibility plus take all the North Slope LPGs. While the capital cost of cleaning the natural gas could be rolled into the cost of the in-state gas pipeline, its operation and responsibility should be solely that of the gas producer. The gas producer owns and operates the existing gas separation plant which will not be part of the in-state gas pipeline project. Shouldn't we do the same for the gas conditioning plant?
The cost of the gas pipeline operating at normal pressures with no liquids separation plants straddling the pipeline at Fairbanks, Anchorage and other delivery points will be far less than currently projected dense phase gas pipeline project according to one of the lead engineering companies working on the AGDC program. Let the North Slope gas producer develop a LPG (propane and butane) market and deliver these products to that market or utilize these LPG fuels on the North Slope for heavy oil recovery.

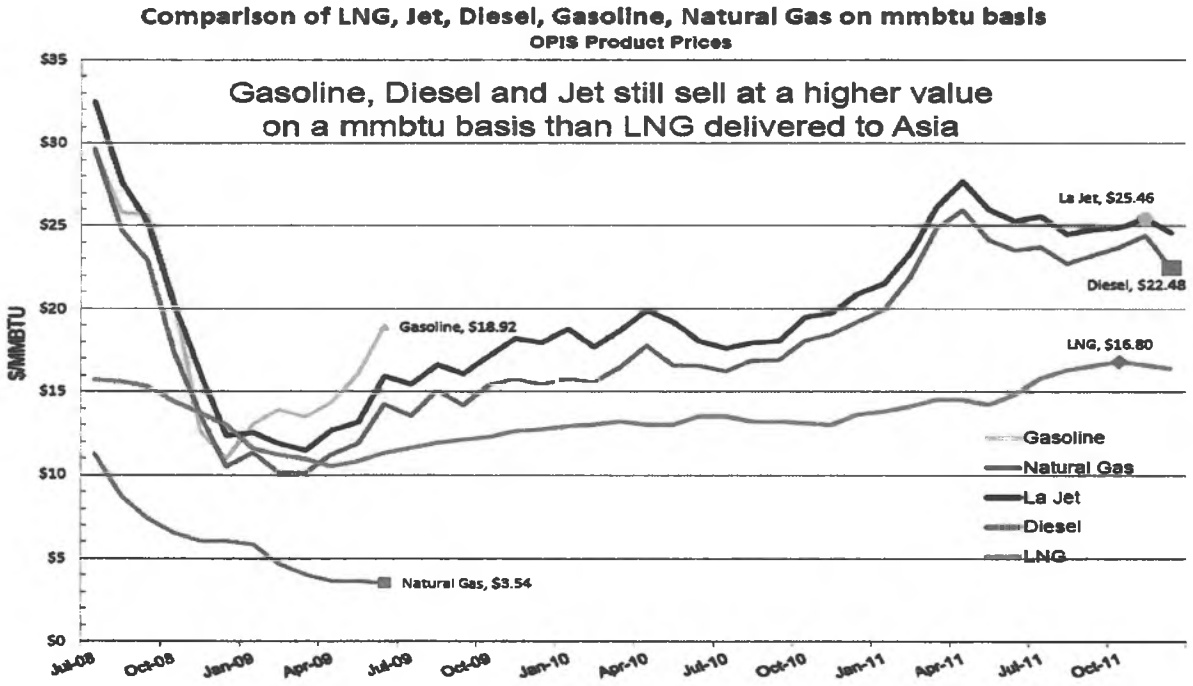
4. Market demand is critical to any major energy project. Today all gas developers across the world are focused on supplying LNG to Asia, primarily Japan and Korea. Natural gas has been selling for $3/mmbtu in North America, $8/mmbtu for LNG delivered to Germany and upwards of $16/mmbtu for LNG delivered to Japan. We can see the reason for some of the Asian premium price due to the Japanese nuclear plant shut down; however, at no time in history has the value of natural gas across the world had such a wide divergence in price. Low cost gas sellers are chasing these high value markets while these high value markets are seeking lower cost supplies. The two can't help converging somewhat in the near future. Crude oil continues to sell at record multiples to natural gas in North America approaching 30 to 1 while at 9 to 1 in Asia.
Despite claims of low refinery margins, finished transport fuel products continue to command premiums. While many are singing the praise of LNG approaching $16/mmbtu in Japan, diesel and jet fuel are selling for $25/mmbtu on the U.S. West

ANGTL 310 K Street Suite 200 Anchorage AK 99501 (907) 264-6709 www.angl.com

Coast, even more in Anchorage, Alaska. You can chart this difference for years; finished transport fuels on the U.S. West Coast always sell for a premium against LNG anywhere in the world.

Add to this premium price for finished fuels Anchorage airport now imports more than 30,000 bbl/d of jet fuel for its daily 60,000 bbl/d requirement. A Southcentral GTL plant can replace this imported jet fuel at its back door. Not having to ship at least 30% of your product a great distance improves the net back. It is conceivable that between the Anchorage airport jet fuel requirement and the military demand for F-T fuels, up to 75% of a Southcentral GTL plant products will be sold at the plant outlet adding to the GTL plant netback.

The Chart below illustrates the higher value for transport fuels on the U.S. West Coast. Generally Anchorage transport fuels are 5¢/gallon ($2/bbl) higher than West Coast prices and as much as 10¢/gallon over Asian prices. (The cost of shipping.)



The AGDC report claimed Alaska liquids were somehow tied to Cushing WTI prices. Really, one of the main reasons to build the Keystone XL oil line was to relieve the bottleneck at Cushing which has caused Cushing to sell at a marked discount to Brent, its traditional parity point. Alaska crude and transport products are tied to West Coast prices not midcontinent prices. Why, because there is no physical way (pipelines) to tie the two locations together.

LNG will be chasing a limited market. GTLs will be chasing an almost unlimited market in the U.S. There are three GTL plants currently operating in the world. Sasol is looking at two new GTL plants in North America, one in Louisiana and one in Alberta, Canada but both will be feeding markets east of the Rockies. An Alaska GTL program will be the only U.S. based GTL plant capable of supplying the Western U.S., with the highest market value in the world.

At $9/mmbtu natural gas no GTL plant can be competitive in the world period. However, increase the throughput to over 1 Bcf/d dropping the tariff to $1.50/mmbtu saves Alaska railbelt customers $ billions and actually can attract commercial gas customers to Alaska. Amending the Alaska Natural Gas Act of 2004 to allow North Slope natural gas delivered as transport fuels to U.S. fuel markets to qualify for the federal loan guarantee improves the economics of both the gas pipeline and GTL plant, lowers the pipeline tariff plus improves the net back to the well head. Having a local market for upwards of 75% of the GTL plant output adds to the netback and improves overall economics. Having an Alaska based F-T plant is a major plus for serving Pac Rim military needs.

While not the best location for a GTL plant, a targeted Southcentral location can support the need for supplemental gas supply throughout the railbelt, reduce U.S. dependence on imported energy and may not bust any AOGCC limitations on Prudhoe Bay gas used outside of the North Slope. If you expect or want support from the federal level you need to reduce U.S. dependence on imported energy.

There is no market in the Cook Inlet for an EOR program utilizing CO_2. A properly designed GTL plant that converts CO_2 into additional fuels will help satisfy GHG concerns.

The question to answer is will this Administration / Legislature continue to explore a sub-optimal pipeline evaluation when it can amend this charge today. Will the present Administration / Legislature follow the missteps of the previous Administration or Legislature in evaluating a gas pipeline that includes clear producer responsibilities?

Best regards,

Dick Peterson

Richard Peterson
President
ANGTL Company
310 K Street, Suite 200
Anchorage, AK 99501
(907) 264-6709

From: Rep. Paul Seaton
Subject: FW: Gas Pipeline comment

-----Original Message-----
From: Brad Henspeter [mailto:crr@cvinternet.net]
Sent: Friday, February 17, 2012 9:22 AM
To: Rep. Paul Seaton
Subject: Gas Pipeline comment

Honorable Representative Paul Seaton
Alaska State Capitol Building
Juneau, Alaska 99801

Dear Representative Paul Seaton,

I'm a thirty-year, full-time resident of the Copper River Basin. I operated my own Real Estate office for 22 years and worked for the Copper River School District for seven years back in the 80's.
The Copper Basin needs good quality, year around jobs both now and in future years. The gas line to Valdez is the most feasible and reliable way to provide those jobs for current residents and for our children in future years. The high cost of energy in our District makes our area noncompetitive for many businesses. The gas line will help.
Let's act now to ensure Alaska has affordable energy, and those needing reliable energy in the Lower 48 or abroad can count on Alaska to provide it. Please work to see that the gas line to Valdez is constructed.
Thanks for your effort.

Brad Henspeter
Mile ½ Brenwick Craig Rd.
Copper Center, AK 99573
crr@cvinternet.net

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This email is 'confidential', and meant for the purposes of the intended recipient only. If you feel you have received this email in error, please notify the sender.

From: Rep. Paul Seaton
Subject: FW: HB09

From: Larry Wood [mailto:Lawrence.D.Wood@terrawash.com]
Sent: Wednesday, January 25, 2012 3:59 PM
Cc: sean.parnell@alaska.gov; jmacinak@alaska.net; 'Mike Porcaro'; 'Bill Walker'; 'April Moore'; 'Anna von Reitz'; bitney@acsalaska.blackberry.com; 'Candy Gibson'; 'larry devilbiss'; 'Dan Selley'; 'Larry Wood'; 'Sidney Wood'; 'Jim Sykes'; djpioneer@mtaonline.net; 'David Otness'; 'Linda Langley'; 'db~DebbieBrown'; emanny@gci.net; dianalstraub@hotmail.com; 'The Rupright's'; 'Heather Resz'; 'William Warren'; Senator_Lyle_Hoffman@legis.state.ak.us; Sen. Joe Paskvan; Sen. Albert Kookesh; Sen. Bert Stedman; Sen. Bettye Davis; Sen. Bill Wielechowski; Sen. Cathy Giessel; Sen. Charlie Huggins; Sen. Dennis Egan; Sen. Donny Olson; Sen. Fred Dyson; Sen. Gary Stevens; Sen. Hollis French; Sen. Joe Thomas; Sen. John Coghill; Sen. Johnny Ellis; Sen. Kevin Meyer; Sen. Lesil McGuire; Sen. Linda Menard; Sen. Tom Wagoner
Subject: HB09

With HB09's introduction, there appears to be an attempt at a final disconnect to the voter's will expressed under AS 41.41, as mandated with the passage of Prop 3 in 2002.
Reps Chennault and Hawker have chosen to continually push the least viable of any pipeline alternative in-state offered to date.
With the finds in the Kenai/Cook Inlet fields, there is less incentive to bring this gas down a route that is not even finalized, much less had one permit issued after $23,000,000 has been squandered.
Now, another $200M will be squandered as if it was nothing.
It makes more sense to continue the work of ANGDA to move a line in the opposite direction from Nikkiski to FBKS, which more directly would complement the all-Alaska natural gas pipeline to Valdez.
This franken-agency that is AGDC is made for failure from the start. Alaska Housing Financing Corp is the lead agency for a natural gas pipeline construction project?
I realize that it was about bonding, but, let's face it, were this project viable, the PF has the money.
All it would have taken is leadership to commit to make it happen, which are sadly lacking in Juneau.
Same for the all-Alaska natural gas pipeline to Valdez.
AGIA is dead, both versions.
Exxon will not compete with itself in Asia, neither will Conoco, or BP.
TransCanada has a conflict of interest with Foot Hills' interest in the Kittimat, B.C. LNG terminal project.
Canadian companies will not compete with a Canadian project, which AGIA is competition.
Two LNG export terminals are being brought on-line in LA, another permit has been issued for Coos Pass, OR.
That makes three LNG EXPORT terminals being permitted in the U.S. to export domestic shale gas.
How many times does the Governor and this Legislature have to be shown the error of their ways, when the information is readily available in the industry news?
Now, we are back to squandering money on Hawker's and Chennault's appeasement project for Enstar that must be subsidized for the life of the project, that is soooooo economically viable that LNG from Russia can be shipped to Cook Inlet cheaper.
I can understand the governor, he is just trying to keep the lid on and not stir the pot and have AGIA shown for the monumental screw up that it was so he can run against Begich.
The rest of you, it just amazes this peon how little you all think about the future of this great State.
What part of we have been shipping LNG to Japan for >40 years don't you understand that causes you to completely overlook the Japanese market for our LNG?
Our Gov sends delegates to the PRC, but not to Japan?
My understanding is that he actually refused to meet with a delegation from Japan just after the earthquake.

Again, Exxon, Conoco and BP all have projects in the Pacific—Exxon, New Guinea; Concoco, Australia; BP—Indonesia.
Then, there is the Qatar situation wherein Exxon and Conoco have to keep our gas out of the Asia market so they can ship that ME gas all the way to the PRC and Japan from Qatar that was supposed to go to U.S. domestic markets . . . before the shale gas production closed that market.
Pedro Van Meurs had an agenda, and he was apparently successful, because none question his utterances, or the motivations therefore.
The head shed for Conoco Alaska says "we intended to warehouse North Slope gas all along" when speaking about Denali and why it never made any progress.
Did anyone not get that?
Or was it just us great unwashed that hears and understands?
I guess that you all receive information from a higher source that we mere mortals would not fathom?
I do have to compliment messrs Hawker and Chennault for their perseverance.
Like that of the Captain of the Titanic, they may be wrong, but, full steam ahead!
Unlike him, however, they have had the economics and the disclosures to show that what they have been pushing is not viable on any level.
However, it is not their money, so who cares?
The gov?
No.
The Legislature?
You all gave them a total of $214M to date, if I remember correctly, even in the face of all the arguments demonstrating the lack of viability.
Too bad we don't have any leadership in the gov's office . . . or in the Legislature.
Larry Wood,
Tel.: 907-746-4983 / Cell: 907-982-4460

From: Rep. Paul Seaton
Subject: FW: HB09
Attachments: Alaska's Sovereignty Resolution.docm

From: db~DebbieBrown [mailto:db@gci.net]
Sent: Thursday, January 26, 2012 5:30 PM
To: Larry Wood; Sean (Governor) Parnell
Cc: jmacinak@alaska.net; 'Mike Porcaro'; 'Bill Walker'; 'April Moore'; 'Anna von Reitz'; bitney@acsalaska.blackberry.com; 'Candy Gibson'; 'larry devilbiss'; 'Dan Selley'; 'Larry Wood'; 'Sidney Wood'; 'Jim Sykes'; djpioneer@mtaonline.net; 'David Otness'; 'Linda Langley'; emanny@gci.net; dianalstraub@hotmail.com; 'The Rupright's'; 'Heather Resz'; 'William Warren'; Senator_Lyle_Hoffman@legis.state.ak.us; Sen. Joe Paskvan; Sen. Albert Kookesh; Sen. Bert Stedman; Sen. Bettye Davis; Sen. Bill Wielechowski; Sen. Cathy Giessel; Sen. Charlie Huggins; Sen. Dennis Egan; Sen. Donny Olson; Sen. Fred Dyson; Sen. Gary Stevens; Sen. Hollis French; Sen. Joe Thomas; Sen. John Coghill; Sen. Johnny Ellis; Sen. Kevin Meyer; Sen. Lesil McGuire; Sen. Linda Menard; Sen. Tom Wagoner; Rep. Mike Chenault; Rep. Kurt Olson; Rep. Paul Seaton; Rep. Wes Keller; Mayor Sullivan; Mayor Mike Navarre; jackbrown@gci.net
Subject: Re: HB09

26 January 2012

Dear Governor Parnell, Alaska Legislators, fellow Alaskans:

I agree with points made by Mr. Larry Wood in his email letter included below dated 25 January, and compliments to the well intended perseverance of named Alaska legislators.

I would like to add, emphasis mine, thousands of Alaskans will be frustrated beyond measure regarding introduction of legislation HB09. Alaskans clearly recognize the concepts being forwarded are fiercely against the voter mandate of 2002. This and resulting actions of HB09, if supported by our Governor and the 2012 Alaska legislature will be a loud disrespect to our families who live in "all" regions of Alaska. There are plenty of Alaskans who understand and will remind those who do not.

I feel a deep responsibility to urge all involved to please follow the Act established in 2002 and corresponding State Statutes which existed prior to the Alaska Gasline Inducement Act and restrictive TransCanada contract.

Please, do not continue the direction of the Alaska Stand Alone Pipeline (ASAP line, formerly known as the bullet-line); it's AGIA compliant restriction to less than .5 BCF will result in a great shame, the diminishment of Alaska's ability to proceed freely with Article 8 of Alaska's constitution. We must preserve Alaska's ability to function as a sovereign state as was excellently expressed in HJR27 passed by Alaska's 26th Legislature. (please see attachment)

The outcome of these important natural resource related legislative actions in 2012 legislative sessions, will be well documented and recorded into the history books yet to be written.

Quick reference numbers:

AG's File Number: 663-02-0026
01GSLN - "The All-Alaskan Gasline Initiative: An Act establishing the Alaska Natural Gas Development Authority, to maximize revenues for Alaska and jobs for Alaskans."
Lieutenant Governor Ulmer certified the petition for this initiative as properly filed on March 12, 2002. The initiative appeared on the 2002 general election ballot (AS 15.45.150) and was approved by a vote of:
YES - 138,353
NO - 84,682

Alaska Statute 15.45.180 requires the lieutenant governor to prepare a ballot title and proposition for initiative petitions properly filed for placement on the ballot. On June 7, 2002 the lieutenant governor finalized the ballot language to read:

Initiative on Gas Pipeline Development Authority

This bill would create the Alaska Natural Gas Development Authority (Authority) as a public corporation of the State. The Authority would acquire and condition North Slope natural gas, and construct a pipeline to transport the gas. The Authority's powers would include buying property or taking it by eminent domain, and to issue state tax-exempt revenue bonds. The gasline route would be from Prudhoe Bay to tidewater on Prince William Sound and the spur line from Glennallen to the Southcentral gas distribution grid. The Authority would operate and maintain the gas pipeline, ship the gas, and market the gas.

Should this initiative become law?
YES - 138,353
NO - 84,682

It is my sincere belief that the State of Alaska should take immediate, swift action to get out of the AGIA/TransCanada contract. TransCanada's corporate partners ExxonMobil are the most litigating corporation on the face of the earth. They adhere to middle east culture which accepts lying as customary and traditional in business and war. Example: In November 2011, Exxon representative Andrew Swinger said "in terms of export from North America, whether it is the Gulf Coast or whether it is Western Canada, it is something we are actively looking at". What?! The state of Alaska is positioned to give back Point Thomson (8 TCF of gas) to Exxon who is looking to export LNG from the Gulf Coast and British Colombia? Notably absent is any mention of Alaska. Unbelievable! Stop the madness. Do not return Point Thomson to Exxon! Read the complete story at http://www.allalaskagasline.com/

I believe ExxonMobil and their major business associates are misrepresenting the truth. Why, because they/we are involved in international business wars. Control of Alaska real property and resources is the gem. Just imagine the million$ Exxon uses from its litigation fund annually. Exxon thumbed its nose with appeals against the state of Alaska and Alaskans for decades with regard to the Exxon Valdez Litigation settlements. In the end our U.S. Supreme Court saw the wisdom of Exxon's reasoning. Alaska/Alaskans cannot afford to wait for decades for the major oil & gas leaseholders to "align". Exxon will participate with TransCanada in deciding Alaska's future with regard to an "AGIA framework" gasline. But they will take decades to decide then explain how things are going to go. Like with any good land or resource deal, isn't the idea to get a good "steal" and then re-sell for maximum profits? Why should Alaska expect differently from the major oil & gas companies?

Please chart a course to protect Alaskan's sovereignty and ability to develop and utilize our natural resources as intended in Alaska's constitution. Our industries, homes, and small businesses need abundant, low-cost energy to thrive in this cold GREAT LAND. The hero legislators will introduce legislation in 2012 to build the large-volume All-Alaska gasline (spur lines & transmission lines) from North Slope to tidewater according to the Act passed in 2002. A large-volume gasline (not encumbered by AGIA/TransCanada contract) will

- *provide 70,000 good paying jobs . . . (as was appreciated by Alaskans who built the TAPS line from North Slope to tidewater)*
- *unrestricted supply of low-cost natural gas for industry growth and generation of electricity for Alaskans*
- *unrestricted supply of natural gas to be cooled into LNG and shipped to premium Asian markets*
- *ensure energy security for Alaskan's grandchildren and great grandchildren*
- *protect Alaska's sovereignty as a state*
- *appropriately act according to the tenth amendment of the US Constitution "states rights"*
- *allow for Alaskans to potentially invest as stockholders in the gasline project*
- *could generate upwards of $400 Billion in revenues to the state . . . (please refer to the Wood Mackenzie study. This group of independent global energy analysts compared the economics of the large volume All-Alaska Gasline/LNG project to Valdez, which runs parallel to TAPS, with a spur line to Southcentral Alaska, with nine other LNG projects being advanced or under construction in Australia, Western Canada, and the Lower 48.)*

The Wood Mackenzie report objectively concluded that due to Alaska's competitive advantage and strong price forecasts for the Asian energy markets, the All-Alaska Gasline could generate State revenues of $3 Billion the first year, increasing annually to $5 Billion in Year 5 and up to $24 Billion in Year 30. Wood Mackenzie estimates the project could generate between $75 to $419 Billion in total State revenues over a 30-year life. Currently the State of Alaska receives approximately $5 Billion annually from oil revenues.

While the TransCanada/Exxon open season under AGIA has a Valdez LNG option, it is not the same thing as the large-volume All-Alaska line. The All-Alaska Gasline Project is founded upon state ownership of the gasline as infrastructure (Article 8 Section 5 of Alaska's Constitution) that would be built and operated by the private sector. A complete copy of the Wood Mackenzie study is available here. http://www.allalaskagasline.com/Documents/AGPA_Alaska_LNG_Exports_7-28-2011.pdf

Respectfully and sincerely,

Debra Holle Brown
Kenai Peninsula resident, since winter 1973/1974
P.O. Box 592 Kasilof, Alaska
907-262-4551 tel

---- Original Message ----
From: Larry Wood
Cc: sean.parnell@alaska.gov ; imacinak@alaska.net ; 'Mike Porcaro' ; 'Bill Walker' ; 'April Moore' ; 'Anna von Reitz' ; bitney@acsalaska.blackberry.com ; 'Candy Gibson' ; 'larry devilbiss' ; 'Dan Selley' ; 'Larry Wood' ; 'Sidney Wood' ; 'Jim Sykes' ; dipioneer@mtaonline.net ; 'David Otness' ; 'Linda Langley' ; 'db~DebbieBrown' ; emanny@gci.net ; dianalstraub@hotmail.com ; 'The Rupright's' ; 'Heather Resz' ; 'William Warren' ; Senator_Lyle_Hoffman@legis.state.ak.us ; 'senator joe Paskvan' ; Senator_Albert_Kookesh@legis.state.ak.us ; senator_bert_stedman@legis.state.ak.us ; Senator_Bettye_Davis@legis.state.ak.us ; Senator_Bill_Wielechowski@legis.state.ak.us ; Senator_Cathy_Giessel@legis.state.ak.us ;

FEB 0 6 2012

February 6, 2012

Dear Representative Feige,
Co-Chair, House Resources

I see that over the weekend a hearing has been set for Monday, February 6th at 1:00 when the Committee which you co-chair, House Resources, will have before it the CS for HB 9. As you will recall from our City Council meeting regarding our Legislative Priorities, Valdez strongly favors the Richardson Highway route for a large scale gasline that would benefit all of Alaska in many many ways. HB 09 eliminates the voter mandated All Alaska line which would run alongside TAPS down the Richardson Highway to Valdez with a spur line from Glennallen to tie into the South Central gas grid in the Mat Su Valley. Based on the work done by Wood Mackenzie, the benefits for all Alaskans are huge from the All Alaska gasline project. Additionally, the PDC Harris Group performed a study for the Port Authority, released in November, showing that the All Alaska line would significantly reduce the cost of energy in Alaska. Specifically, it showed that in the Fairbanks area, including some of the military bases, energy costs would be reduced by as much as 80%. Similar magnitudes of savings from this project can be expected in North Pole, Salcha, Harding Lake, Delta Junction, Ft. Greeley, Glennallen/ Copper Basin area and Valdez. That same study showed the cost of energy in Bethel to be reduced by as much as 65% with LNG from Valdez.

It is clear the gas line anticipated in HB 09 would completely bypass all Richardson Highway communities such as Fairbanks, North Pole, Salcha, Harding Lake, Delta Junction, Ft. Greeley, Glennallen/ Copper Basin and Valdez. Given the recent announcements regarding reductions in the Interior military bases it is imperative that we do all we can to bring low cost energy to that area as well as the rest of the state.

In line with the legislative priorities passed by the Valdez City Council, we urge you to not support CS for HB 9 which would have a significant negative impact on the residents of Valdez and every other community in our legislative district.

Thank you for your attention to this critical issue to our district, our community and the entire state.

David C. Cobb

Dave Cobb
Mayor
City of Valdez

Linda Hay

From: Ryan Radford <ryanradford@yahoo.com>
Sent: Wednesday, February 08, 2012 9:33 AM
To: Rep. Eric Feige
Subject: HB9 and All Alaskan Pipeline

Categories: Linda

Representative Feige,

We have met a few times. I backed your initial election, and you rode in my fire truck during the Glennallen Independence day parade.

Every time you have your propane or heating oil tank filled, you feel the pinch that all of us feel. A state as rich in energy as we are should not have the highest energy costs.

I don't know how we got here, but the proposed line and consolidation in HB9 is not the solution.

From what I understand in speaking with Bill Walker:

1) The permits are already approved it
2) The citizens have already approved it
3) Public opinion is for it

The 'it' is the ANGDA all-Alaskan gas pipeline.

I am writing to plea to you to kill HB9 which I believe would only be kicking the can down the road further and for you (or another Conservative) to propose a bill that would fund the pipeline with State Dollars. I understand Senator Coghills reservation about the State funding the pipeline, and I tend to want to keep the State away from as much as we can. However, Mr. Walker makes a good point about critical infrastructure that the state already provides, and I believe this pipeline could be considered critical infrastructure.

If nothing is done, our area will continue to wither and Glennallen may someday be reduced to a gas station on the way to Canada.

If the bullet-line is passed, it will not only delay action on a pipeline, but it would cause a very narrow benefit (which I believe is a violation of the State Constitution).

Besides volunteering my time to run the fire department, I also work for the Copper River School District. I have watched the enrollment drop rapidly and steadily. It is just a reflection of the trend our area is facing. I have pondered for years over a solution, and there is only one: Cheap Energy. I believe what Bill Walkers group is proposing would be the quickest and most direct way to achieving that.

Thanks for listening, and I pray for you to have courage to do what you think is best.

Ryan Radford
Glennallen, AK
Captain, Glennallen Station, GRFR
Technology and Maintenance Director, CRSD

Linda Hay

From: Michelle Eastty <mleastty@cvinternet.net>
Sent: Friday, February 10, 2012 6:48 AM
To: Rep. Eric Feige; Rep. Alan Dick
Cc: Rep. Scott Kawasaki; Rep. Paul Seaton
Subject: HB9

Dear Rep. Feige and Rep. Dick:

I am writing to ask you to oppose House Bill 9.

I moved to Glennallen in 1997. Since then, I've seen the economy in the Copper River Valley decline rapidly, and we need the natural gas pipeline we voted for in ANGDA. Ten years ago we Alaskans voted to form ANGDA with the intent of building an in-state pipeline from Prudhoe Bay to Valdez, with a spur line from Glennallen to the Mat-Su Valley. A decade later we're still waiting, and HB9 will abandon ANGDA, effectively undermining the will of the people. Why should we take time to vote if our voice is going to be ignored?

The only natural gas pipeline that should be in the works right now is from Prudhoe Bay to Valdez, bringing cheaper gas to Fairbanks, Glennallen, and the rest of the state. Cook Inlet already has natural gas, and the ASAP line will only add more gas to the largest voter-block in the state, and ignore the needs of Interior and rural Alaska.

My personal fuel oil bill continues to increase, but my salary does not. How long can I afford to live here? We can't all move to the Mat-Su Valley. A natural gas pipeline through Glennallen will bring thousands of jobs to the area, which means new students in the school district, more customers in the phone and electric cooperatives, and a boost to all businesses here.

Please consider these significant needs in rural Alaska and vote against HB9.

Thank you.

Michelle Eastty
P.O. Bo 723
Glennallen, AK 99588

Linda Hay

From: Rene' Spracklen <rspracklen@crsd.us>
Sent: Thursday, February 09, 2012 9:37 AM
To: Linda Hay
Subject: FW: All Alaska Gas Pipeline HB9

Please forward to all Representatives who are involved in the hearings of HB9 if possible. Thank you Linda.

Rene'

Rene' Spracklen

From: Rene' Spracklen
Sent: Thursday, February 09, 2012 9:32 AM
To: 'Rep_Eric_Feige@legis.state.ak.us'
Subject: All Alaska Gas Pipeline

Dear Representative Feige,

I would like to thank you for your time and commitment to the State of Alaska. I will be out of State on Saturday when you are in our area and wish that I could speak to you at this time. I hope this email helps convey my thoughts on HB9.

economy here in the Copper River Valley, I live in Gakona is decaying and people cannot afford to live in the area with the high cost of energy. The fuel and electric bills in this area are causing families to leave our area. We have limited job opportunities in this area. We do choose to live where we do; but for the State of Alaska to give consideration to HB9 which will only help the large cities is not fair to other the citizens of this state.

The State of Alaska has invested in other infrastructures to benefit the citizens of Alaska and its resources. I think the State of Alaska having ownership in a gas pipeline instead of the oil companies is a smart investment for the State.

There have been enough studies on the Gas Pipeline, and I feel the "All State Gas Pipeline" which would include our area and several other parts of the state is the best option for Alaska. I feel another study for the "Bullet Line" is waste of the State resources. Please consider your decision on what helps <u>all of Alaska</u>.

Rene'

Rene' Spracklen
Po Box 174
Glennallen, Alaska 99588
Mile 2.5 Tok Cutoff
Gakona, Alaska 99586

Linda Hay

From: Katrina Church-Chmielowski <kat@cvinternet.net>
Sent: Wednesday, February 08, 2012 9:06 PM
To: Rep. Eric Feige
Subject: HB 9

Dear Rep. Feige,

I am writing in opposition to HB 9. I do not believe that HB 9 will serve Alaskans as much as a line down the Richardson Highway with a spur to Mat Su/Anchorage. A line down the Richardson Highway makes sense for permits, access, facility sites and the terminal. The Copper River Country is struggling economically and socially. I see it each year while on the school board, fewer students because people are moving out due to high energy costs. Our family is personally struggling due to the high energy costs, even with supplemental wood. My elder mother has lived here for over 50 years, but now leaves for the winter because she cannot afford the energy costs on her limited retirement income. HB 9 will not help her, but a Richardson Highway and spur to Anchorage will help all residents.

I strongly urge you to oppose HB 9 and support a Richardson Highway gas line. Thank you for your consideration.

Katrina Church-Chmielowski
Copper Center resident
PO Box 767
Glennallen, AK 99588

February 6, 2012
House Resources Committee Hearing
HB 9
Testimony – L. Alan LeMaster, President ~ Gakona Junction Village
Mile 128.5 Richardson Highway ~ P. O. Box 222 ~ Gakona, AK 99586 ~ Phone: (907) 822-3664

Testimony for HB 9

My name is Alan LeMaster and I live in Gakona, Alaska.

Good afternoon and thank you for allowing testimony to be heard today. I come to speak in opposition to HB 9.

In my view, this just may be the most important hearing topic for your committee this year. And, rest assured ~ the interest level of Alaskans on HB 9 is stratospheric.

I am testifying for myself as a longtime resident of Alaska and living in one of the highest unsubsidized energy regions in the state, the Copper Valley, where last month my electric bill was about .35 cents per kWh. I am also one of the 138 thousand + that voted in 2002 for the state to build a gas line to tidewater in Valdez preferably along the TAPS corridor.

And, I am very concerned about the effort HB 09 to subordinate the work of the Alaska Natural Gas Development Authority, aka ANGDA, by placing it under the authority of AHFC.

ANGDA's authority was given to <u>them</u> by the will of the people; ~ not to AHFC, AGDA or any other bureaucratic agency. ~ Such a move as is

proposed by the backers of HB 9 is at its least unwanted, unwarranted, unnecessary; and at most immoral, illegal and very possibly could face constitutional challenges.

For over 11 years and at a cost to the state of over $12 million dollars, ANGDA with support from communities across Alaska has worked tirelessly toward their mission of building a gas pipeline that will deliver low cost energy to the greatest number of Alaska's citizenry.

The members of the ANGDA board have voluntarily given their time, energy, personal fortunes and lives to the project. Along the way they have been as transparent to all who have had an ear to listen as can be allowed.

They now have a plan ~ A very good plan. One that, with minimal effort, will be shovel ready to begin laying pipe in a very short time. What now is needed is only for the politicians to stop the studies that are studying the studies; give them their blessings and "Get out of the way".

Now along comes HB 9. A bill and a process with which I and my neighbors respectfully disagree

It seems to be just another big idea that won't accomplish any more, ~ service fewer people ~ at reportedly higher cost than the ANGDA project and ~ and this is a big AND ~ if the discoveries in Cook Inlet prove successful, as is reported, the Anchorage bowl may not need additional gas for years or decades to come.

So, my question to you is why wait? Let's stop the rhetoric, be bold and courageous. Put HB 0 aside and support the Governor's and ANGDA's efforts to bring gas to all Alaskans and tidewater to the benefit of ail the Alaskans that voted in 2002 ~ and even to those that didn't .

If that is not your will, at the very least, I pray that you will see that every applicable committee in the house, including Judiciary, has ample opportunity to hear this bill before it passes on to Finance and finally to the floor for a vote.

In conclusion let me say, the "Bullet Line" is designed to service the Anchorage Bowl and a few very small communities, many of which are seasonal. In fact, it will service at least one major producer, Enstar (now a Canadian Conglomerate) and a few special interest groups at the detriment of the majority of the business and residents across Alaska.

ANGDA's project will do all that the Bullet Line proposes and much, much more. With the blessings of the Administration, the House and the Senate this session ~ ANGDA can begin to finalize permitting, right of way, design and finally start construction.

And, after 30 years of delays with studies, talk, committee discussions, and more delays they will, at long last, provide clean, economical, long term power to the residents of the State of Alaska for decades to come ~ while, at the same time, allow Alaska to enter the international market by supplying much needed LNG to the Pacific Rim countries begging for help and ready to buy.

Public Comment on HB 9

From: Matthew A Lorenz
HC 60 Box 230 Y
Copper Center, AK 99573
(907) 259-5277

To: HRES Committee Members, through the Chair,

Thank you Mr. Chairman and members of the AK House Resources committee. My name is Matt Lorenz and I live in Kenny Lake, along the Edgerton Hwy. I truly appreciate the opportunity to express my views. I speak on behalf of myself but am also following these proceedings as editor and publisher of the Copper River Record, community newspaper serving nearly 30 small communities throughout the Copper River Basin (E to W from Eureka to Mentasta and N to S from Paxson to the Tiekel River Valley).

I oppose HB 9 and will identify three of my reasons here: 1. HB 9 directs significant state moneys to study a pipeline route that may be irrelevant if recent discoveries of natural gas in Cook Inlet prove true, 2. HB 9 funds the study of a plan in which pipe capacity and shipping access may be inadequate and/or make it impossible to export LNG to foreign markets, 3. HB 9 effectively endorses, through significant funding for further study, a small diameter natural gas pipeline following the Parks Hwy corridor. This pipeline route excludes the Copper Basin from direct access to North Slope natural gas and proposes no other clear benefits to me or the region where I live.

I ask this committee to table HB 9 indefinitely so that it no longer distracts the legislature and the state's resources from finding solutions to the energy crisis facing the Copper Basin and much of Alaska.

At the very least, I urge this committee to table HB 9 until there has been sufficient time to validate and/or evaluate the recent, possible new discovery of natural gas deposits in Cook Inlet. Wanting to keep all the options open does not justify further consideration of HB 9.

With all due respect, Mr. Chariman, I feel misled by the assertion that HB 9 will not eliminate ANGDA and thus will not defy the will of Alaska's voters. HB 9 does not fund or continue the work and/or mission of ANGDA, a voter mandated organization. AGDC is not rolled into ANGDA with ANGDA retaining control of the funding, mission, and organization. Based on the testimony given to the HRES Committee this week, AGDC shows little or no interest in ANGDA's past, present or future work.

I am deeply troubled by testimony on Wednesday in which representatives of HB 9 scoffed at the idea of a spur line from Palmer to Glennallen and dismissed the work ANGDA has completed towards that end.

I will not repeat comments you have already received from other Copper Basin residents about our dire situations except to say that we are not crying wolf here when we talk about skyrocketing energy prices, closing schools and businesses, and population decline. We are beginning to find ways to counter some of these problems, and appreciate the help of our legislators and government programs and grants, but, HB 9 crushes hope that development of North Slope natural gas will offer long term benefits or solutions for residents of the Copper River Basin.

Subject: FW: All Alaska Gas Pipeline

From: Kathy Gearhart [mailto:kgearhart@crsd.us]
Sent: Wednesday, February 08, 2012 11:50 AM
To: Rep. Eric Feige
Subject: All Alaska Gas Pipeline

Dear Representative Feige,

I want to start off by thanking you for your time and commitment to the great State of Alaska. I will be in Seattle on Saturday when you are in our area and wish that I could speak to you at that time. I hope this letter helps convey my thoughts.

I work for the school district here in Glennallen and have watched student enrollment decline from 635 students to 490. The economy here in the valley is decaying and people cannot afford to live in the area with the high cost of energy. Just last month alone the school district fuel bill was $91,000! And we are a small school district.

For many years now the State of Alaska has been studying the benefits of having a gas pipeline. In my opinion, going through Canada would not be beneficial to Alaska and we would give control of the pipeline over to another country. A line down the Parks Highway to Anchorage area would only benefit the Anchorage residents and the rest of the State will continue to suffer high costs. Our great State is made of many different communities, not just Anchorage. It boggles my mind that Alaska's main revenue is generated by crude oil and the State has not chosen to help it's residents by developing cheaper energy through natural gas. The only logical answer would be to create an All State Gas Pipeline that runs through Fairbanks to Valdez, with a spur line from Glennallen to Matsu/Anchorage. This would benefit everyone! Some simple facts that make this the only answer:

- The State has the revenue in its possession to finance this endeavor
- Billions of dollars would be generated through export of the gas to pay for the investment
- The natural gas is of the best quality for export to other countries and even Hawaii
- Thousands of jobs would be created by development of the pipeline
- The revenue from exports would benefit our children for generations to come
- It would strengthen our infrastructure

The State of Alaska has invested in other infrastructures to benefit our resources. The railroad to ship coal, a toll highway to Red Dog Mine, and a ferry system to connect our communities. The All State Gas Pipeline should be part of that infrastructure. There have been enough studies done to prove that this is the best option for Alaska. What are you waiting for? Please do this for our future.

Kathy Gearhart
Superintendent/Board Secretary
Copper River School District
P.O. Box 108
Glennallen, Alaska 99588
(907) 822-3234 ext. 223
Fax: (907) 822-3949
kgearhart@crsd.us **(New Email Address)**


Copper River
School District

From: Rose Tyone <rosetyone@cvinternet.net>
Sent: Wednesday, February 08, 2012 11:24 PM
To: Rep. Paul Seaton
Subject: HB-9 In-State Gasline Development Corp

I understand the route of the gas pipeline is being considered this week. I strongly urge you to consider the Prudhoe to Valdez route. The oil pipeline is already an established route with a history of rights-of-way and ecological and topographical studies. Plus, it would certainly boost the economy in this part of the state. Thank you.

--

Rose Tyone

Linda Hay

From: Copper River Record <contact@copperriverrecord.net>
Sent: Tuesday, February 07, 2012 8:36 PM
To: Rep. Eric Feige
Subject: HB 9 hearing tomorrow

Rep. Feige,

I urge you to use your influence as co-Chair of the Resources Committee to slow or prevent the process of moving HB 9 to the floor for a vote.

I will be listening tomorrow for your strong if not emphatic support of the arguments presented by the AK Gasline Port Authority and ANGDA.

I would ask you to respectfully convey to House Speaker Chenault during the committee meeting tomorrow the views held by myself and many residents of the Copper Basin that the plan proposed by the AK Gasline Port Authority to build a natural gas pipeline parallel to TAPS will bring the most benefits to all of Alaska.

Thank you,
Matt Lorenz
Editor/Publisher
Copper River Record

ALASKA MUNICIPAL LEAGUE
Alaska Conference of Mayors

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Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

February 6, 2012

Representative Eric Feige
House Resources
State Capitol
Juneau, Alaska 99811

Dear Representative Feige,

The Alaska Municipal League has issues with two sections of HB9. Specifically Section 6 (g) which states that municipalities "must provide water, sand, gravel and other natural resources, permits and leases to the Alaska Gasline Development Authority with the cost to be borne by the" municipality.

As the gasline is something we must all strive to see come to fruition and is fully supported by municipalities, the promise of jobs and an increase to our economy, are important parts of why an Alaska gasline means so much to all of us. This language in HB 9 seems to go against all of the promises we have discussed and supported.

We also are opposed to the language in Section 29 (d) which states that the Alaska Gasline Development Corporation is also exempt from "local taxes levied.....before the commencement of commercial operations of that natural gas pipeline project," or in other words, during construction. Each municipality involved in pipeline routes may decide that they can afford to pass on initiatives to the Alaska Gasline Development Corporation, but that should be up to each municipality, based on their current financial situation, with input from their residents.

We would strongly support removing the above two sections from HB 9.

Thank you for the opportunity to comment.

Sincerely,

Kathie Wasserman

Kathie Wasserman
Executive Director

CITY OF NORTH POLE

"Where the Spirit of Christmas Lives Year Round"

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Mayor
907-488-8584

City Clerk
907-488-8583

Police Department
907-488-6902

Fire Department
907-488-2232

Utilities
907-488-6111

Director of City Services
907-488-8593

Finance
907-488-8594

Dear Representative Feige,
Co-Chair, House Resources
Via Fax 907-465-3799

I was just informed that a hearing has been set for Monday, February 6th at 1:00 when the Committee which you co-chair, House Resources, will have before it the CS for HB 9. Because of the short notice (I'm rushing out the door to get on a plane to Juneau), my comments won't be as complete as I would have desired. But here are the high points:

1. You are aware that both the City Council of North Pole and the many members of the Alaska Municipal League passed resolutions supporting a large volume gasline that goes from Fairbanks to Glennallen, connecting to a spurline from Glenallen to the the Kenai and providing for export from Valdez. The AML Resolution is attached (#2012-01).

2. The Mayor of Valdez has written you a letter, which I excerpt here:

"HB 09 eliminates the voter mandated All Alaska line which would run alongside TAPS down the Richardson Highway to Valdez with a spur line from Glennallen to tie into the South Central gas grid in the Mat Su Valley. Based on the work done by Wood Mackenzie, the benefits for all Alaskans are huge from the All Alaska gasline project. Additionally, the PDC Harris Group performed a study for the Port Authority, released in November, showing that the All Alaska line would significantly reduce the cost of energy in Alaska. Specifically, it showed that in the Fairbanks area, including some of the military bases, energy costs would be reduced by as much as 80%. Similar magnitudes of savings from this project can be expected in North Pole, Salcha, Harding Lake, Delta Junction, Ft. Greeley, Glennallen/ Copper Basin area and Valdez. That same study showed the cost of energy in Bethel to be reduced by as much as 65% with LNG from Valdez.

It is clear the gas line anticipated in HB 09 would completely bypass all Richardson Highway communities such as Fairbanks, North Pole, Salcha, Harding Lake, Delta Junction, Ft. Greeley, Glennallen/ Copper Basin and Valdez. Given the recent announcements regarding reductions in the Interior military bases it is imperative that we do all we can to bring low cost energy to that area as well as the rest of the state.

In line with the legislative priorities passed by the Valdez City Council, we urge you to not support CS for HB 9 which would have a significant negative impact on the residents of Valdez and every other community in our legislative district."

3. The AGDC line would also charge additional tariffs to deliver fuel to the existing energy production plants in North Pole, making the ASAP line uneconomic for the Interior. North Pole's energy production facilities include GVEA's North Pole 60 megawatt electric generator that can be converted to run on natural gas, and the two refineries Flint Hills Resources (FHR) and Petro Star. The management of FHR has publically stated that diesel fuel could be made for half the current cost if they had access to natural gas, which would significantly benefit Interior and Rural Alaska residents and businesses that rely on diesel

based heating fuel produced by these two refineries, as well as lowering the cost of fuel used for transportation.

4. The Governor in his State of the State address gave direction for the AGIA and AGDC lines to consolidate their efforts by third quarter 2012, calling for the affected companies and agencies to "harden their numbers" and "identify a pipeline project with an associated work schedule." His speech leaves open the option of a union which will allow for a large volume gasline that routes down the Richardson Highway to Valdez, with a spur to the Kenai.

For these reasons, we urge you to not support CS for HB 9 which does not noticeably benefit the residents of the Interior and Valdez and every other community and potential development in between.

Thank you for your diligence in this matter.

Sincerely,

Douglas W. Isaacson
Mayor

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Alaska Conference of Mayors

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ALASKA MUNICIPAL LEAGUE

RESOLUTION #2012-01

A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE SUPPORTING A LARGE VOLUME GASLINE WHICH WOULD SIGNIFICANTLY REDUCE THE COST OF ENERGY IN THE FAIRBANKS/NORTH POLE AREA AND OTHER PARTS OF ALASKA WITH GAS VIA A GASLINE FROM PRUDHOE BAY TO FAIRBANKS AND CONTINUING SOUTH TO GLENALLEN, CONNECTING TO A SPURLINE FROM GLENALLEN TO THE EXISTING SOUTH CENTRAL GAS GRID AND CONTINUING TO THE KENAI PENINSULA FOR EXPORT AND PROVIDING FOR EXPORT FROM THE ICE FREE DEEP WATER PORT AT VALDEZ

WHEREAS, Alaska is fortunate to have 35 trillion cubic feet of known gas reserves plus potentially an additional undiscovered hundreds of trillions of cubic feet of natural gas on Alaska's North Slope region, the development of this resource will greatly increase the volume of oil put into the Trans Alaska Pipeline (TAPS), providing economic and revenue benefits to Alaska; and

WHEREAS, Alaska, rich in natural resources, suffers from having the highest cost of energy and coldest temperature days per capita in the nation; and

WHEREAS, the Alaska Constitution, Article 8, Section 1 states, "It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest," and Section 2 mandates, "The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people;" settlement requires access and affordable, competitive energy to develop commerce to sustain the settlement of Alaska; and

WHEREAS, the legislature is to be commended for taking steps to provide for the development of natural gas, the first effort being AGIA, which is an international line through Canada and which pays incentives of $500 million, and which is not likely to be built unless in phases due to shale gas exploitation in North America; the second effort was HB 369, passed by the 26th Alaska Legislature in April 2010, establishing the Alaska Gasline Development Corporation (AGDC), as a subsidiary corporation of AHFC, to pursue developing a project plan for delivering North Slope natural gas to interior and south-central Alaska. The legislature received AGDC's Project Plan in July 2011. The plan described how a 737-mile long, 24-inch diameter Alaska Stand Alone Gas Pipeline (ASAP) project could be feasibly designed, financed, constructed and operated as the legislation directed. However, as proposed, it does not provide for maximum settlement or benefit and has an inequitable tariff structure; and

WHEREAS, each legislative proposal for developing natural gas should include an evaluation of the following considerations:

a. Does the routing of the pipeline encourage the greatest settlement of Alaska's land and provide for the maximum development of Alaska's resources? Does it facilitate the ability of the people to affordably live where cities and communities have already been established?
b. Is the tariff equal to all parts of the pipeline, the resource being equally owned by all?
c. Is the tariff as low as possible due to the ability to export?
d. Is the diameter of the pipe as large as possible to be able to competitively market the resource?
e. Are the terminals or take-off points placed for maximum integration into existing energy production and transmission infrastructure?

WHEREAS, AGDC's ASAP project would route through national and state parks along the Parks Highway, which has minimal settlement or development opportunities, thereby providing for minimal benefit to Alaskans; and because a 12-inch diameter pipe will be built approximately 35 miles from the main pipe, to supply interior Alaska, but will stop 20 miles from the 2 oil refineries and the 120 (plus) megawatt electric generation plant in North Pole, which produces much of the gasoline, heating oil, jet fuel, and electricity for use throughout interior, rural and south-central Alaska, but the pipeline that is to benefit Alaskans, in its current form, will require interior Alaskans to pay a greater tariff than the consumer in south-central twice; and additional tariff for a spur from the mainline, and additionally to construct the line to North Pole and/or beyond – negatively affecting the economics of such a spur to interior Alaska; and

WHEREAS, AGDC's ASAP line projects the tariff by eventual demand, the actual price to the consumer may be too expensive to encourage an infrastructure build-out and home or business conversions, but that dynamic could be changed by incentivizing the build-out and heating oil conversions in interior Alaska by ensuring that the tariff is the same system-wide; if the cost to the consumer is not economical, make it economical by increasing the market of consumers through export opportunities from ports on the Kenai and at Valdez; if exports can't be facilitated because of the restrictions of AGIA, then either:

a. The legislature should get us out of AGIA to allow for an in-state gasline with throughput greater than 500 million standard cubic feet per day (MMcfd); or
b. The legislature should amend the provisions of HB 369 to ensure the routing of the 24-inch line is down the Richardson Highway, supplying the greater number of communities, including North Pole, Eielson AFB, Salcha, Delta Junction, Ft. Greely, and Glennallen, and bringing the energy supply to mining projects in operation or being permitted, such as Pogo Mine; or
c. The legislature or administration should marry AGIA and ASAP, thus allowing a large diameter pipeline to be built down the Richardson corridor to Delta, as a possible Phase 1 of the Trans Canada line, and be continued south to Glennallen, connecting to a spur line from Glennallen to the existing south-

central gas grid and continuing to the Kenai Peninsula for export, and providing for export from the ice free, deep water port at Valdez; and

WHEREAS, it is time that this take place by moving natural gas throughout Alaska in such a way, to provide a source of cheap, clean energy to heat our homes and businesses to the maximum number of Alaskans; the cost of energy in the Fairbanks/North Pole area, including the military bases, is threatening the very existence of our interior communities; and

WHEREAS, the high cost of energy at our interior military bases could be a deciding factor if the bases were once again evaluated on a closure criteria; and

WHEREAS, the world markets for natural gas made into liquefied natural gas (LNG) are seeking suppliers of LNG to their countries, for example, Japan is seeking contracts from far away states like Pennsylvania and from northern Europe, which have travel distances far greater than the 3,400 miles from Alaska to Tokyo, making Alaska LNG far more competitive when export is provided for; and

WHEREAS, export is already provided for from the Kenai; and Governors Bill Egan, Walter Hickel, Jay Hammond and the late Senator Ted Stevens all supported and took steps in advancing the building of an All-Alaska Gasline, parallel to the Trans Alaska Oil Pipeline to Fairbanks and continuing south to tidewater at Valdez for liquefaction and export; and

WHEREAS, because of the robust economics in the Asian energy markets in need of LNG, Alaska finally has the opportunity to monetize its natural gas in such a manner that would bring billions of dollars each year in additional revenues to the state and low cost energy to Alaskans; and

WHEREAS, only a large volume gasline from Prudhoe Bay to Fairbanks and continuing south to the deepwater port at Valdez, the All-Alaska line, or through Glennallen to south-central and the Kenai, provides significant benefits to all Alaskans.

NOW, THEREFORE BE IT RESOLVED that the Alaska Municipal League urges the Governor and Legislature to:

1. Utilizing the considerations and three options within this resolution, take immediate steps to advance the building of a large volume gasline from Prudhoe Bay parallel to the TAPS to tidewater at Valdez, with the maximum amount of off-take locations at every logical local point, such as the Yukon River, Fairbanks, all interior military bases, Delta Junction, and Glennallen, to points south, for maximum gas distribution throughout Alaska.
2. Make an analysis that evaluates the benefits of taking LNG or compressed natural gas (CNG) from Valdez, and the Yukon River to coastal communities throughout Alaska, that are currently utilizing diesel fuel as the source of power generation and space heating.

BE IT FURTHER RESOLVED that this resolution is to be distributed to the Governor, Legislature, AGDC, AGPA, AML, Trans Canada.....

PASSED AND APPROVED BY THE ALASKA MUNICIPAL LEAGUE on the 11th day of November, 2011.

Signed: _____
Shirley Marquardt, President, Alaska Municipal League

Attest: Kathie Wasserman
Kathie Wasserman, Executive Director, Alaska Municipal League

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM February 14, 2012

SUBJECT: Taxable property of the natural gas pipeline in CSHB 9( )
(Work Order No. 27-LS0075\U)

TO: Representative Mike Chenault
Speaker of the House of Representatives
Attn: Tom Wright

FROM: Emily Nauman
Legislative Counsel

You have asked three questions related to taxable property and the natural gas pipeline project created under HB 9.

1. What can state and local governments tax?

AS 43.56.210(5) outlines what property the state and municipal governments[1] can tax by defining "taxable property" as

> (5) "taxable property"
>
> (A) means real and tangible personal property used or committed by contract or other agreement for use within this state primarily in the exploration for, production of, or pipeline transportation of gas or unrefined oil (except for property used solely for the retail distribution or liquefaction of natural gas), or in the operation or maintenance of facilities used in the exploration for, production of, or pipeline transportation of gas or unrefined oil; "taxable property" includes
>
> (i) machinery, appliances, supplies, and equipment;
>
> (ii) drilling rigs, wells (whether producing or not), gathering lines and transmission lines, pumping stations, compressor stations, power plants, topping plants, and processing units;
>
> (iii) roads, tank farms, tanker terminals, docks and other port facilities, and air strips;
>
> (iv) aircraft and motor vehicles owned by a person whose principal business in the state is the exploration for, production of, or pipeline transportation of gas or unrefined oil and whose operation of the aircraft or motor vehicle directly relates to the conduct of that business;
>
> (v) maintenance equipment and facilities, and maintenance camps and other related facilities; and

[1] AS 29.45.080, outlining what property a municipality can tax, refers to the "taxable property" definition listed in AS 43.56.210(5).

> (vi) communications facilities owned by a person whose principal business in the state is the exploration for, production of, or pipeline transportation of gas or unrefined oil and whose operation of the communications facilities directly relates to the conduct of that business;
> (B) does not include
> (i) permanent residences;
> (ii) office buildings requiring substantial local government services;
> (iii) oil and gas pipeline systems owned and operated by a public utility that is certificated under AS 42.05.221 and is regulated by the Regulatory Commission of Alaska;
> (iv) aircraft and motor vehicles, except aircraft and motor vehicles taxable under (A)(iv) of this paragraph; and
> (v) communications facilities, except communications facilities taxable under (A)(vi) of this paragraph;

Beyond the exceptions listed in AS 43.56.210(5)(B), additional property exempted from state taxation under AS 43.56.020 includes:

> Before the construction commencement date, property that is committed by contract or other agreement for use in this state primarily for the production or pipeline transportation of gas or unrefined oil, or in the operation or maintenance of facilities for the production or pipeline transportation of gas or unrefined oil.

AS 29.45.030 lists additional exceptions to municipal taxes including "state property" to the extent that was not "property acquired by an agency, corporation, or other entity of the state through foreclosure or deed in lieu of foreclosure and retained as an investment of a state entity."

In addition, both AS 29.45.080(c) and AS 43.56.010 place a statutory cap on the value of oil and gas property subject to tax.[2] If you would like more information about this cap, or how it functions, please let me know.

---

[2] AS 29.45.080(c) states:

> A municipality may levy and collect a tax on the full and true value of that portion of taxable property taxable under AS 43.56 as assessed by the Department of Revenue which value, when combined with the value of property otherwise taxable by the municipality, does not exceed the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality.

Application of this cap and its relation to AS 42.56.010(c) was clarified in Bullock v. State, Dept. of Cmty. & Reg'l Affairs, 19 P.3d 1209 (Alaska 2001).

2. Is there anything currently in statute that prevents the taxation of the natural gas pipeline project created under HB 9 after the "commencement of commercial operations"?
No. In my research I was unable to find any statutory provision that would prevent the state or municipal taxation of a natural gas pipeline project created under HB 9 after the "commencement of commercial operations."

3. How could a natural gas pipeline project created under HB 9 be exempted from tax after the "commencement of commercial operations"?
A tax exemption could be included in statute for a natural gas pipeline either in AS 29.45, AS 43.56, or both.

If I may be of further assistance, please advise.

ELN:plm
12-093.plm

Alaska State Legislature

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Representative Mike Chenault
Speaker of the Alaska State House

February 8, 2012

Chairman Seaton and Chairman Feige:

The House Resources Committee members posed a number of questions regarding HB 9 at a hearing Feb. 6, and requested responses prepared for the next scheduled hearing, Feb. 8. This memorandum is in response to those questions.

1. ***Provide a comparison of the authorities granted to the Alaska Gasline Development Corporation (AGDC) in HB 9 with those granted under the Alaska Gasline Inducement Act (AGIA), and note which, if any, are authorities unique to the AGDC and AGIA projects.***

   In a broad sense, AGIA and AGDC are similar in that both projects may exercise eminent domain; AGDC acts as a coordinator of an instate project much as the State Pipeline Coordinator's Office serves as such for an AGIA project; both projects enjoy expedited permitting processes; both provide confidentiality protecting commercial negotiations or proprietary work products; and both limit judicial review claims in an attempt to prevent unwarranted delays in state-sanctioned projects.

   This cursory comparison should not be construed as a thorough, legal analysis of AGIA and HB 9. The sponsor would suggest the committee request such a review from parties expert in AGIA and the applicable laws.

2. ***Does HB 9 contain a date or similar benchmark requiring AGDC to return to the Legislature with its findings on planning and developing an instate gasline?***

   HB 9 does not specifically include a date certain by which AGDC must return to the Legislature. However, AGDC is subject to the Executive Budget Act; as a public corporation, AGDC is unable to spend funds without an appropriation. Without a significant appropriation, AGDC would lack the means to sanction a project and proceed with construction.

   House Bill 369, which passed in 2010, required AGDC to deliver a project plan to the Legislature by July 1, 2011. AGDC met this schedule. In addition, AGDC provides monthly status reports to the Legislature.

Representative_Mike_Chenault@legis.state.ak.us

3. ***HB 9 grants AGDC the ability to use eminent domain. What does this authority do in practical terms?***

   Eminent domain is a power granted under 09.55.240 (see attached), allowing eminent domain to be exercised for most public uses, including uses authorized by governments and, per 09.55.240 (a) (13), "for the location of pipelines for gathering, transmitting, transporting, storing, or delivering natural or artificial gas or oil or any liquid or gaseous hydrocarbons, including, but not limited to, pumping stations, terminals, storage tanks, or reservoirs, and related installations."

   HB 9, in Section 1, Lines 15-16, explicitly ensures AGDC will be able to exercise this power as provided in 09.55.240-460. This legislation does not expand eminent domain.

4. ***Section 4, lines 24-25 of HB 9 address duplication of state efforts. Has duplication of efforts, such as ownership of studies, been an issue, or is it anticipated to be an issue?***

   AGDC is working diligently to avoid duplicating work funded by other state money. The sponsors believe efficiency with state resources is important, and will offer an amendment to this paragraph retracting the deletion, but keeping the change replacing the "Joint In-State Gasline Development Team" with "Alaska Gasline Development Corporation."

5. ***Would waiving costs or rental fees for a lease or right-of-way provided by the Department of Natural Resources require a fiscal note? If not, how would the costs incurred by the agency be covered?***

   Generally, the sponsors suggest that a fiscal note should come from the department affected. However, AGDC is now paying the state Department of Natural Resources $189,000 per year for a right-of-way lease; Section 6 would eliminate or reduce that charge. Additionally, as discussed in committee on Feb. 6, the sponsors are developing an amendment to Section 6 (g).

6. ***Section 6 (e) of HB 9 allows AGDC to enter into confidentiality agreements as needed to acquire or provide information. Information that falls under such an agreement is not subject to disclosure under AS 40.25.110. Is this confidentiality provision also contained in AGIA?***

   While AGIA has some confidentiality provisions, the primary function is to protect proprietary information of private interests, provided to the state for informational and not decision-making purposes. Under AGDC, the protection primarily becomes one of protecting AGDC and private parties it engages with in commercial negotiations and other matters. The role of the state is different under AGIA than under AGDC.

   Under AGIA , confidentiality is granted for certain information provided in pursuit of the AGIA license:
   Sec. 43.90.150. Proprietary information and trade secrets.

(a) At the request of the applicant, information submitted under this chapter that the applicant identifies and demonstrates is proprietary or is a trade secret is confidential and not subject to public disclosure under AS 40.25. After a license is awarded, all information submitted by the licensee, retained under this chapter, and not determined by the commissioners to be a proprietary or trade secret shall be made public.

(b) If the commissioners determine that the information submitted by the applicant is not proprietary or is not a trade secret, the commissioners shall notify the applicant and return the information at the request of the applicant.

And for certain information provided to the commissioners:

Sec. 43.90.220. Records, reports, conditions, and audit requirements.

(a) A licensee shall maintain complete and accurate records of all expenditures and commitments of state money received under this chapter, including receipts and records showing the payment or cost of purchased items and services, the names and addresses of the sellers and service providers, and the dates of service or delivery.

(b) Upon reasonable notice, the commissioners may audit the records, books, and files of the entity receiving the state money or making the expenditures and commitments of money received from the state under this chapter.

(c) The commissioners may do the following with respect to information relating to the project: conduct hearings or other investigative inquiries; compel the attendance of witnesses and production of documents; and require the licensee to furnish information in paper copy or electronic format.

(d) After a license has been issued and until commencement of commercial operations of a natural gas pipeline, the licensee shall allow the commissioners to

(1) have a representative present at all meetings of the licensee's governing body or bodies and equity holders that relate to the project;

(2) receive all relevant notices and information when and as sent to the governing body or bodies and equity holders;

(3) enjoy the same access to information about the licensee as the governing body members and equity owners receive; and

(4) receive relevant reports or information from the licensee that the commissioners reasonably request.

(e) All proprietary information, privileged information, and trade secrets received by the commissioners or their representative under (d) of this section are not subject to public disclosure under AS 40.25.

(f) A licensee shall maintain the records and reports required under this section for seven years from the date the licensee receives state money under this chapter.

7. ***Is there a provision, similar to one in AGIA, that requires a body of work developed under AGDC be remanded to the state in the event a project is not sanctioned or is unable to attract sufficient customers?***

As a state corporation, all work product and assets developed by AGDC belong to the state. Depending on the circumstances, AGIA provides for the transfer of work by the private-sector licensee to the state either at no cost to the state, or at some level of cost, per AS 43.90.200:

Sec. 43.90.200. Certification by regulatory authority and project sanction.

(a) A licensee that is awarded a certificate of public convenience and necessity from a regulatory agency with jurisdiction over the project shall accept the certificate on or before the date the order granting the certificate is no longer subject to judicial review.

(b) If the licensee has credit support sufficient to finance construction of the project through ownership of rights to produce and market gas resources, firm transportation commitments, or government financing, the licensee shall sanction the project within one year after the effective date of the certificate of public convenience and necessity issued by the regulatory agency with jurisdiction over the project.

(c) If the licensee does not have credit support sufficient to finance construction of the project through ownership of rights to produce and market gas resources, firm transportation commitments, or government financing, the licensee shall sanction the project before the later of

(1) two years after the effective date of the certificate of public convenience and necessity issued by the regulatory agency with jurisdiction over the project; or

(2) five years after the close of the first binding open season of the project.

(d) If the licensee fails to sanction the project as required under this section, the licensee shall, upon request by the state,

(1) seek approval from the Federal Energy Regulatory Commission or the Regulatory Commission of Alaska, as applicable, to abandon and transfer the certificate to the state or the state's designee; and

(2) assign to the state or the state's designee all engineering designs, contracts, permits, and other data related to the project that are acquired by the licensee during the term of the license before the date of the abandonment or transfer.

(e) The transfer and assignments under (d) of this section as a result of failure to comply with (a) or (b) of this section are at no cost to the state or the state's designee. A transfer under (c) of this section shall be subject to the state's payment to the licensee of the net amount of expenditures incurred and paid by the licensee that are qualified expenditures for the purposes of AS 43.90.110.

(f) In this section, "effective date of the certificate of public convenience and necessity" means the earlier of the date the order granting the certificate is no longer subject to judicial review, or the date the licensee accepts the certificate.
History - (Sec. 1 ch 22 SLA 2007)

8. ***The Alaska Natural Gas Development Authority has engaged in work related to a right-of-way between Glennallen and Palmer. Is there an asset, such as a right-of-way lease, and if so, will that lease be transferred to AGDC upon passage of HB 9?***

Alaska Natural Gas Development Authority assets remain with the Authority. However, under HB 9, the AHFC Board, as directors of ANGDA and AGDC, would have the ability to transfer assets from one subsidiary to another.

The right-of-way lease ANGDA secured is conditional, and as such, may require significant additional time and investment to upgrade to an unconditional lease. Consultation with the State Pipeline Coordinator's Office (SPCO) clarified that a conditional lease does not grant an interest in state land, but is a 'reservation' allowing 10 years to convert to a non-conditional lease. A conditional lease cannot be renewed. In further clarification, ANGDA's conditional lease does not technically follow the Richardson Highway, but begins in Palmer and terminates in Glennallen. ANGDA began work on a further segment between Glennallen and Delta Junction, but to the SPCO's knowledge, never acquired the right to state land for that segment.

9. ***What are the potential impacts to the state and local governments if state resources, such as land, water and gravel as specified in Section 6, of HB 9, are provided to an AGDC project at no cost and the gasline includes commercial gas exports?***

The sponsors expect an amendment under development to Section 6, (g), of HB 9 to address this concern.

10. ***Regarding HB9 Section 12, what are the existing timelines for judicial review?***

Judicial review of decisions by commissioners on right-of-way leases is already limited in statute:

Sec. 38.35.200. Judicial review of decisions of commissioner on application.

(a) An applicant or competing applicant or a person who has a direct financial interest affected by the lease who raises objections within 60 days of the publication of notice under AS 38.35.070 are the only persons with standing to seek judicial review of a decision of the commissioner under AS 38.35.100.

(b) The only grounds for judicial review of a decision of the commissioner are

(1) failure to follow the procedures set out in this chapter; or

(2) abuse of discretion so capricious, arbitrary, or confiscatory as to constitute a denial of due process.

Sections 12 and 13 in HB 9 work together to add a new subsection (c) incorporating the judicial review process created for the Trans-Alaska Pipeline System. Judicial review is already statutorily limited to 60 days per the Right-of-Way Leasing Act (AS 38.35.200); the new Section 13 (c) defines the jurisdiction for a claim and prohibits a court from issuing injunctive relief that would delay project progress while a claim is heard. Section 13 (c) also specifies a 60-day window for claims to be filed alleging denial of rights under the state Constitution.

11. ***What is the anticipated impact to municipalities associated with Section 6, HB 9, exempting an AGDC project from state and municipal property taxes during construction? What are the anticipated impacts to municipalities during a pipeline construction phase?***

At this point, without final project engineering and costs, it is difficult to determine the potential impacts. Additionally, municipal taxes could change between now and a taxable period. The sponsors have requested a legal opinion on what pipeline project assets and activities are taxable, and will provide additional information to the committee as it becomes available.

12. ***Provide an AGDC analysis of international fiscal systems consultant Pedro VanMeurs' assessment of an Alaska gas export project, as presented in a seminar to legislators in December 2011.***

This request will take additional time, as AGDC was not present at VanMeurs' presentation and has no access to the assumptions that went into the original analysis.

13. ***Be prepared to discuss Section 25 of HB 9, exempting from Regulatory Commission of Alaska review any agreement or amendment to an agreement entered into by AGDC with a public utility, for as long as debt is outstanding on an AGDC pipeline.***

AGDC has indicated it is prepared to discuss this at the committee's pleasure.

Eminent Domain:

Sec. 09.55.240. Uses for which authorized; rights-of-way.

(a) Except as provided in (d) and (e) of this section, the right of eminent domain may be exercised for the following public uses:

(1) all public uses authorized by the government of the United States;

(2) public buildings and grounds for the use of the state and all other public uses authorized by the legislature of the state;

(3) public buildings and grounds for the use of an organized or unorganized borough, city, town, village, school district, or other municipal division, whether incorporated or unincorporated; canals, aqueducts, flumes, ditches, or pipes conducting water, heat, or gas for the use of the inhabitants of an organized or unorganized borough, city, town, or other municipal division, whether incorporated or unincorporated; raising the banks of streams, removing obstructions from them, and widening, deepening, or straightening their channels; and roads, streets, and alleys, and all other public uses for the benefit of an organized or unorganized borough, city, town, or other municipal division whether incorporated or unincorporated, or its inhabitants, which may be authorized by the legislature;

(4) wharves, docks, piers, chutes, booms, ferries, bridges of all kinds, private roads, plant and turnpike roads, railroads, canals, ditches, flumes, aqueducts, and pipes for public transportation, supplying mines and farming neighborhoods with water, and draining and reclaiming land, and for floating logs and lumber on streams not navigable, and sites for reservoirs necessary for collecting and storing water;

(5) roads, tunnels, ditches, flumes, pipes, and dumping places for working mines; also outlets, natural or otherwise, for the flow, deposit, or conduct of tailings or refuse matter from mines; also an occupancy in common by the owners or possessors of different mines of any place for the flow, deposit, or conduct of tailings or refuse matter from their several mines, and sites for reservoirs necessary for collecting and storing water;

(6) private roads leading from highways to residences, mines, or farms;

(7) telephone lines;

(8) fiber-optic lines;

(9) telegraph lines;

(10) sewerage of an organized or unorganized borough, city, town, village, or other municipal division, whether incorporated or unincorporated, or a subdivision of it, or of a settlement consisting of not less than 10 families, or of public buildings belonging to the state or to a college or university;

(11) tramway lines;

(12) electric power lines;

(13) for the location of pipelines for gathering, transmitting, transporting, storing, or delivering natural or artificial gas or oil or any liquid or gaseous hydrocarbons, including, but not limited to, pumping stations, terminals, storage tanks, or reservoirs, and related installations.

(b) The use of water for mining, power, and municipal purposes and the use of pole and power lines for telephone and telegraph wires, for aerial trams, and for the transmission of electric light and electric power, by whomever utilized, are each declared to be beneficial to the public and to be a public use within the provisions of AS 09.55.240 - 09.55.460. Rights-of-way across private property when they are necessary for the operation of the mine or other project in connection with which it is intended to be used may be condemned in the manner as for any other condemnation. The right-of-way may extend only to a right-of-way along, upon, and across the surface of the land to be condemned and to a strip of the land of sufficient width to permit the construction on the land of a ditch, flume, pipeline, canal, or other means of conveying water as is adequate for the purposes intended, for the setting of poles or the construction of towers upon which to string wires for telephone and telegraph lines and lines for the transmission of electric light or power for the operation of aerial trams, and to permit maintaining the lines and keeping them in repair.

(c) [Repealed, Sec. 15 ch 59 SLA 1982].

(d) The power of eminent domain may not be exercised to acquire private property from a private person for the purpose of transferring title to the property to another private person for economic development purposes. This subsection does not apply to transfers of private property to another private person if one or more of the following apply:

(1) the landowner consents, either before or after a condemnation proceeding has been filed, to the use of the property for a private commercial enterprise or other economic development;

(2) the private person has been expressly authorized by statute either to exercise the power of eminent domain or to receive an interest in land acquired by the exercise of eminent domain;

(3) the transferred property is used for a private way of necessity to permit essential access for extraction or use of resources;

(4) the acquisition is used, in part, for leasing property to a private person that occupies a portion of public property or a public facility, including a private business that occupies a portion of an airport, port, or public building;

(5) the property is transferred to a person by oil and gas lease under AS 38.05.180;

(6) the property is transferred to a common carrier.

(e) The power of eminent domain may not be exercised for the purpose of developing a recreational facility or project if the property to be acquired includes an individual landowner's personal residence or recreational structure or that portion of an individual's property attached to and within 250 linear feet of an individual landowner's personal residence or recreational structure unless the landowner consents either before or after a condemnation proceeding has been filed.

(f) Notwithstanding the limitations on the power of eminent domain in (d) and (e) of this section, the legislature may approve the exercise of eminent domain against private property in an Act, the subject of which is limited to the transfer of the property for a purpose otherwise restricted under (d) or (e) of this section.

(g) The power of eminent domain may only be delegated by statute.

(h) In this section,

(1) "common carrier" has the meaning given in AS 04.16.125;

(2) "economic development" means development of property for a commercial enterprise carried on for profit or to increase tax revenue, tax base, or employment;

(3) "personal residence" means a structure that is the dwelling place of an individual that

(A) must be used by the owner or beneficiary of a trust holding legal title to the structure as a dwelling unit, as opposed to a rental, storage, or other commercial space;

(B) must be inhabited by the owner, prior owner, or beneficiary of a trust holding legal title to the structure for at least 90 days during the 12-month period immediately before the date an action for the exercise of the power of eminent domain is filed;

(C) must constitute an ordinary home for general living purposes; and

(D) may not have been constructed, placed, or occupied for the purpose of avoiding eminent domain proceedings;

(4) "private person" means a person that is not a public corporation as defined in AS 45.77.020 or a government as defined in AS 11.81.900;

(5) "recreational facility or project"

(A) means a facility or project, the primary purpose of which is recreational;

(B) includes a park, trail or pedestrian pathway, greenbelt, amusement park, fresh water boat harbor, sports facility, playground, infrastructure, or other facility related to or in support of an indoor or outdoor recreational facility or project;

(C) does not include

(i) a highway, sidewalk, or path within the right-of-way of a highway;

(ii) a path, trail, or lane used as a safe route to a school program;

(iii) a wayside or rest stop;

(iv) a development, the primary purpose of which is not recreational, such as a path, trail, or lane developed to reduce congestion, or to encourage use of an alternate, gas-saving mode of transportation;

(v) a path or trail to or between villages or from a village to a facility or resource;

(vi) a stormwater retention or treatment facility or wetland, habitat, or other acquisition required to obtain a permit for a highway, airport, or other public project;

(vii) a taking under AS 19.05.110, 19.05.120, AS 19.22.020, AS 27.21.300, AS 35.20.040, 35.20.050, or AS 41.35.060;

(viii) a taking not prohibited by law before January 1, 2007, under AS 41.21; and

(ix) a path, trail, road, or site for which no reasonable alternative exists and which is necessary to preserve or establish public access to or along publicly owned land or water, if the use of the path, trail, road, or site itself is for transportation to or to facilitate use of publicly owned land or water;

(6) "recreational structure" means a permanent structure that

(A) is used by the owner or beneficiary of a trust holding legal title to the structure as a dwelling for seasonal recreational purposes, as opposed to a rental, storage, or other commercial space; and

(B) may not have been constructed, placed, or occupied for the purpose of avoiding eminent domain proceedings.

HB

58

<TARGET><BILL>HB 58</BILL><SUBJECT>HB
58</SUBJECT><COMM>HRES27</COMM></TARGET>

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REPRESENTATIVE Paul Seaton

District 35

HB 58
Sponsor Statement

House Bill 58 recognizes our constitutional duty to provide a reasonable share of Alaska's non-renewable resources to benefit all Alaskans by updating the mining tax statues for the first time since 1955. The bill makes changes to the existing Mining License Tax, minerals and coal royalties, as well as the rentals for mining activity on state land.

The Mining License Tax is paid by all mineral mining operations in the state and is levied on net income. Tax rates are based on a graduated scale that increases with net income. HB 58 increases current rates by 2% per income bracket, adds an additional marginal tax bracket for net income over $1 million to be taxed at 11%, and exempts mines with a net income under $100,000 from paying the mining license tax.

Mineral mining operations are currently exempt from paying the mining license tax for the first three and a half years of production. HB 58 changes this exemption to a deferral that is payable over the following 10 years of production. HB 58 disallows mining companies from deducting their state corporate income tax from their mining license income tax. Other industries in Alaska are not allowed this deduction nor are mining companies allowed to deduct federal income taxes from their mining license tax. HB 58 also allows mining companies to use only cost depletion as a deduction from their taxes.

HB 58 changes the calculation of the royalty for mineral mining on state land from our current 3% of net income to a 3% Net Smelter Return (NSR) tax. This change ensures that the State receives a reasonable return for the material that is extracted from the ground by basing the royalty on the value of the mineral as opposed to the profitability of the mine in any given year. Most land owners in Alaska, other than the State, negotiate a NSR royalty between 2% and 5%.

HB 58 also adjusts land claim rental rates: hard rock and placer claims will be charged $1.65/acre for the first five years and $3.30/acre for every year thereafter.

HB 58 updates coal statues to reflect what is currently in regulation. The bill allows the State to accept coal as royalty in kind, similar to how the State accepts oil and gas. The University of Alaska Fairbanks has a coal fired electric plant and could benefit financially by not having to purchase coal.

Alaska's mining industry bears a light tax burden compared to Alaska's other high value resource industries. HB 58 allows the State a reasonable share of the wealth for its mined resources through overdue changes to the mining tax structure. It is important that we establish a stable tax structure that is fair to the private sector and provides the people of Alaska with a reasonable benefit from their resources.

HB 58 – Simplified Comparative Sectional v.A

Mining taxes have not been updated since 1955, some of the changes are updating drafting language to modern standards. (Royalty statutes were added in 1989 as none existed previously.)

Sec. 1 Coal Royalty
Shortens the time a royalty is fixed to 10 years.

Changes coal royalty to 5-12% of the adjusted gross value. Increases the minimum rental amount to $3 an acre for coal, fixed for no more than 20 years.

Sets minimum rental rate to $3 an acre.
(Updates statute to reflect regulation)

Sec. 2 Coal In-kind
Allows the coal lessee to give the state royalty-in-kind rather than cash to fuel the State coal fired power plant. At least every 10 years the Commissioner of DNR will update the in kind rental amount to reflect inflation. *(New section)*

Sec. 3 Mining Rentals
A holder of a mining claim, lease, leasehold location, prospecting site is required to pay:

-$200 for the two year term of prospecting the site *(Current statute)*
-Annual rental for a mining claim no less than $1.65 an acre for the first 5 years and no less than $3.30 an acre for subsequent years
(Current rental is based on a sliding scale of $.50 -$2.50 an acre)

Sec. 4 Adjustment of Rental Rate for mines before 2012
Applies the revision of rental rates every 10 years using the January – June 1989 base CPI only to mining property first located before January 1, 2012.

Sec. 5 Adjustment of Rental Rate for mines after 2012
Applies the revision of rental rates every 10 years using the January – June 2005 base CPI for a mining property first located after January 1, 2012 in $5 increments. *(Currently the base index is from 1989)*

Sec. 6 Net Smelter Return Production Royalty
Exploration incentive tax credits can be applied to the royalty. *(Current statute)*

Replaces the current production royalty with a 3% Net Smelter Return (NSR) or 3% of the gross value of the mineral at the point of production if the mineral is not further processed by a smelter or refinery. *(Current royalty is 3% of net income for mines on State land)*

Sec. 7 Defines Net Smelter Return

"net smelter return" - the value that the mining company receives from the sale of ore after it has been smelted or refined. That value could be based on:

-the current price of the mineral minus what was spent processing the mineral and transporting it between the refinery and the mine

-OR however the department determines in regulation.

(New definition)

Sec. 8 Gross Value at Point of Production

Establishes "Gross Value at Pont of Production" as the value of the mineral immediately after it is removed from the mine excluding income received from extraction or processing mine waste previously taxed.

The value of the mineral immediately after it is removed from the mine is what the mining company receives after they have added value to the resources thorough production unless:

1. the Department feels like the price the company received is less than the fair market value
2. the price received does not reflect the total value received by the mining company in the transaction
3. the buyer and seller are affiliated
4. the price received was not negotiated in an arms length transaction

If the Department thinks the price the company received is not adequate they shall substitute the fair market value of the resource.

In order to determine the Gross Value at Point of Production the cost of transportation is deducted.

The cost of transportation = the actual cost unless:

1. parties are affiliated
2. the transportation contract is not the result of an arms length transaction or is not representative of fair market value
3. an unreasonable method of transportation was used

If the Department determines that the transportation costs used to calculate the gross value at point of production are not representative of fair market value they will determine the reasonable cost of transportation

Definitions of affiliated and destination value.

(New section)

Sec. 9 Application for Mining License

The application period for a mining license tax is before May 1 or 30 days after mining begins, whichever is later. *(Currently the application for renewal of mining license is due before May of each year)*

The Department will adopt regulations on what needs to be submitted on the application and the application fee.

Sec. 10 Mining License Tax Deferral
A mining company can defer their mining license tax payments for their first 3 ½ years of production. However, they are required to pay the amount deferred (without interest) in equal payments over the next 10 years. Sand and gravel do not have the option to defer mining license taxes. *(Currently mining companies, excluding sand and gravel, have an exemption for the first 31/2 years)*

Sec. 11 Certification
DNR certifies the date production begins at the mine. *(No substantive changes)*

Sec. 12 Mining License Tax Rates
The mining license tax is based on the company's net income minus allowable depletion plus royalty received in connection with mining property in the state of Alaska.

PROPOSED MINING LICENSE TAX RATES

NET INCOME	BASE TAX	PLUS %	OF EXCESS OVER
$0-$100,000	$0	0	0
$100,001-$250,000	$0	5%	$100,000
$250,001-$500,000	$7,500	7%	$250,000
$500,001-$1m	$25,000	9%	$500,000
Over $1m	$70,000	11%	$1m

CURRENT MINING LICENSE TAX RATES

NET INCOME	*BASE TAX*	*PLUS %*	*OF EXCESS OVER*
$0-$40,000	*$0*	*0*	*0*
$40,001-$50,000	*$0*	*3%*	*$0*
$50,001-$100,000	*$1,500*	*5%*	*$50,000*
Over $100,000	*$4,000*	*7%*	*$100,000*

Sec. 13 Taxing Multiple Mines
If one company has more than one mining operation taxes are based on aggregate income. If an organization leases a mine to a company the organization will pay taxes on the royalties received as if it were the mining company. *(Updates language to confirm with current drafting style, no substantive changes)*

Sec. 14 Depletion
Deletes existing depletion statute and allows only cost depletion. *(Current statue allows a company in any given year to choose between percent and cost depletion.)*

Sec. 15-20 Definitions

15. "gross income from property" – gross income from mining in the state *(no substantive change).*

16. "mining" – the extraction of minerals (lists minerals) taken from the earth and treated by the mine to produce a marketable product. Does not include oil and gas. *(no substantive change).*

17. "net income of the taxpayer from the property" and "taxpayer's net income" – [gross income from mining] – MINUS- [allowable deductions for depletion and treatment (for example, overheard, operating expenses, development costs, deprecation, taxes, and losses)]. Does not include deductions for federal income taxes, state corporate income taxes, or mining license taxes. *(current statute allows the deduction of state corporate income taxes)*

18. "new mining operation" – first operation on property that has never been mined before. *(no substantive change).*

19. "ordinary treatment process" – defines the how the minerals of hard metal and sulphur ores, among others are traditionally processed. *(no substantive change).*

20. "date production begins" – when a mining company first ships their product *(new definition)*

Sec. 21 Repeals

Repeals AS 38.05.211(b) establishing 1989 as the base year for rentals; repeals AS. 38.05.211(e), the reduced rental allowance and MTRSC reference because the act adopts a new rental structure; repeals AS. 43.65.030, the reference to the application date for renewing mining licenses because it is covered in this act; repeals AS 43.65.060(6), definition of production because it is covered in this act. *(These statutes are no longer relevant)*

Sec. 22 Applicability

Applies this legislation to all leases entered into or renegotiated after December 31, 2011.

Sec. 23 Effective Date

This legislation takes effect January 1, 2012.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
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Juneau, Alaska 99801-1182
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MEMORANDUM February 7, 2011

SUBJECT: Sectional Summary of HB 58 (Work Order No. 27-LS0316\A)

TO: Representative Paul Seaton
Attn: Katie Koester

FROM: Donald M. Bullock Jr.
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Amends AS 38.05.150(d) by shortening to 10 years the period during which a coal royalty shall be effective; changing the amount of royalty to 5 percent of the adjusted gross value of coal sold, disposed, transferred, or consumed by a lessee in a noncompetitive lease or a competitive lease in which royalty is a bid variable; and increasing the minimum amount of annual rental.

Section 2. Adds new subsections to AS 28.05.150 to allow the commissioner of natural resources to require the lessee to pay royalty-in-kind as necessary to fuel a coal-fired power plant owned by the state or an agency of the state, and requires the commissioner to calculate changes in the rental amount for a coal lease based on the Consumer Price Index.

Section 3. Amends AS 38.05.211(a) by increasing the minimum rent for a mining claim, leasehold location, or mining lease.

Section 4. Amends AS 38.05.211(d) to apply only to a claim, leasehold location, prospecting site, and mining lease first located before January 1, 2012.

Section 5. Adds a new subsection to AS 38.05.211 that is applicable to a claim, leasehold location, prospecting site, and mining lease first located after December 31, 2011; requires the commissioner of natural resources to revise the rental amount based on changes in the Consumer Price Index; requires the commissioner to increase or decrease the rental amount rounded to the nearest whole $5 unit; requires the commissioner to

calculate a change in the rental amount each 10 years and to establish revised rental amounts by regulation; provides that a revised rental amount applies to a rental payment if the regulation establishing the revised rental amount took effect at least 90 days before the date the rental payment is due.

Section 6. Repeals and reenacts AS 38.05.212(b) to change the basis for the calculation of the production royalty to three percent of the net smelter return or the gross value at the point of production, depending on whether the mining production is processed by a smelter or refinery.

Section 7. Adds a new section to AS 38.05.212 to define "net smelter return."

Section 8. Adds a new section, AS 38.05.213, that defines the gross value at the point of production; describes when the value of a resource immediately after extraction is the price received by the person engaged in mining the resource (adjusted for value added) and when the department may reject that basis for determining value; directs the substitution of fair market value for the price reported by the person if the department rejects the reported price; uses the reasonable cost of transportation to determine the gross value at the point of production and provides for an alternate determination of the reasonable cost when the actual cost is rejected; defines "affiliated" and "destination value" as those terms are used in the section.

Section 9. Adds a new section to AS 43.65 that requires a person engaged in mining after December 31, 2011 to apply for a mining license and directs the Department of Revenue to adopt regulations prescribing the information to be provided by the applicant and the fee for the license.

Section 10. Amends AS 43.65.010(a) to change the exemption of the mining tax during the first three and one-half years to a deferral; requires the deferred tax to be paid during the ten-year period following the end of the period in which the tax is deferred.

Section 11. Amends AS 43.65.010(b) by simplifying the language and conforming the text to the amendment to AS 43.65.010(a) in sec. 10 of the bill.

Section 12. Repeals and reenacts AS 43.65.010(c) to increase the tax rates and add an additional bracket applicable to net income over $500,000.

Section 13. Amends AS 43.65.010(d) to conform the language to the current drafting style.

Section 14. Repeals and reenacts AS 43.65.010(e) to use cost depletion.

Section 15. Corrects the term defined in AS 43.65.060(1) to match the term as used in AS 43.65.020(a).

Section 16. Amends the definition of "mining" in AS 43.65.060(2).

Section 17. Defines "net income of the taxpayer" and includes the term "taxpayer's net income" in the definition in AS 43.65.060(3).

Section 18. Amends the definition of "new mining operation" in AS 43.65.060(4).

Section 19. Makes nonsubstantive editorial corrections to the definition of "ordinary treatment processes" in AS 43.65.060(5).

Section 20. Adds the definition of "date production begins" to AS 43.65.060.

Section 21. Repeals AS 38.05.211(b) and 38.05.211(e) that relate to annual rental for a mining claim, leasehold location, prospecting site, and mining lease. Repeals AS 43.65.010(f) that related to the allowance for depletion determined as a percentage of gross income from the property. Repeals AS 43.65.030 that related to the renewal of a mining license and AS 43.65.060(6) that defined "production."

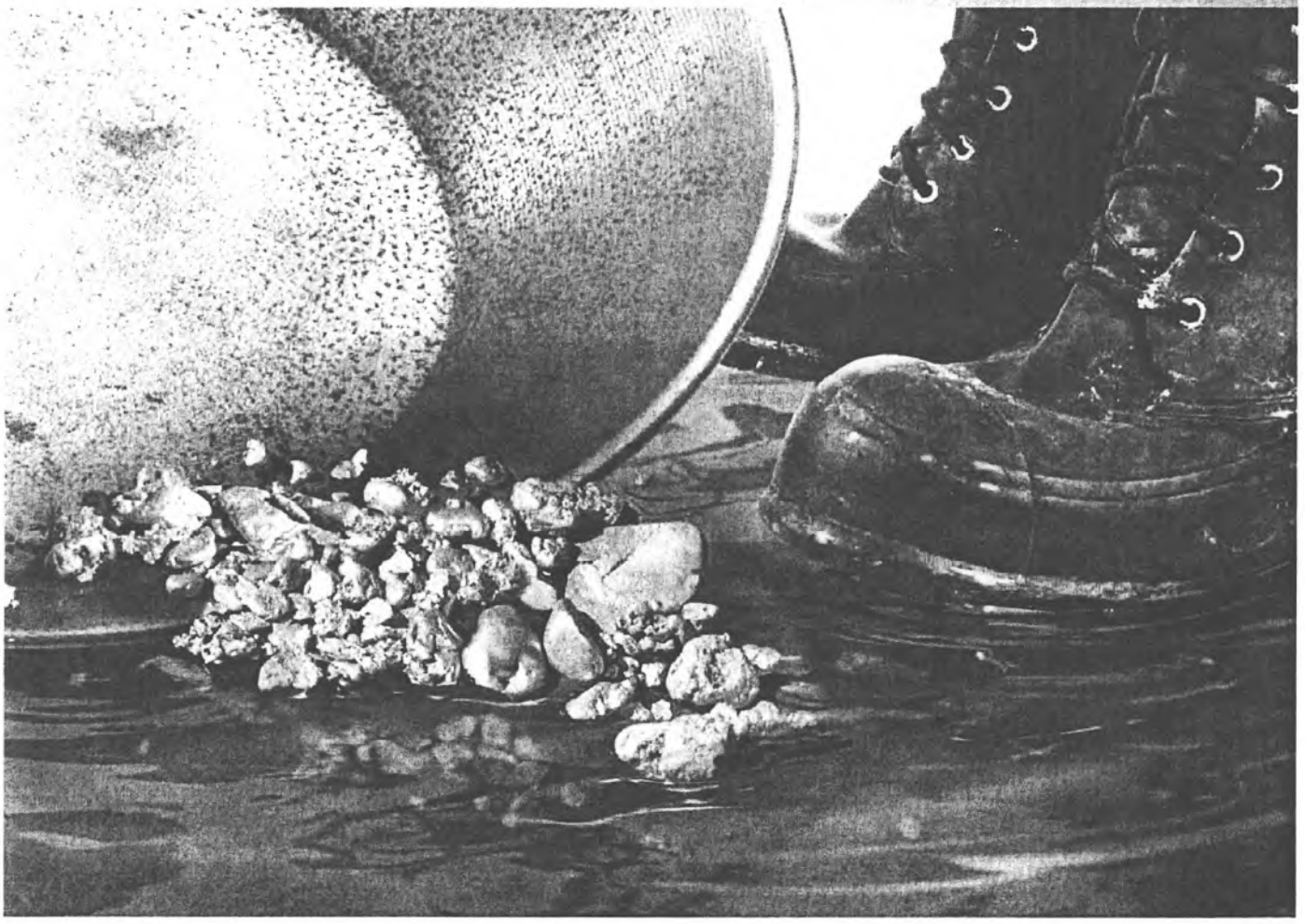
Section 22. Adds a new section to the uncodified law of the State of Alaska that makes the mining royalty and lease amendments applicable to leases entered into or renegotiated after December 31, 2011.

Section 23. Makes the Act take effect January 1, 2012.

DMB:plm
11-058.plm

Survey of Mining Companies

2009/2010



Fred McMahon and Miguel Cervantes

This publication has been made possible thanks to the support of the Prospectors and Developers Association of Canada (PDAC) and the Fraser Institute.

FRASER INSTITUTE

Figure 3: Policy/Mineral Potential assuming no land use restrictions in place and assuming industry "best practices"

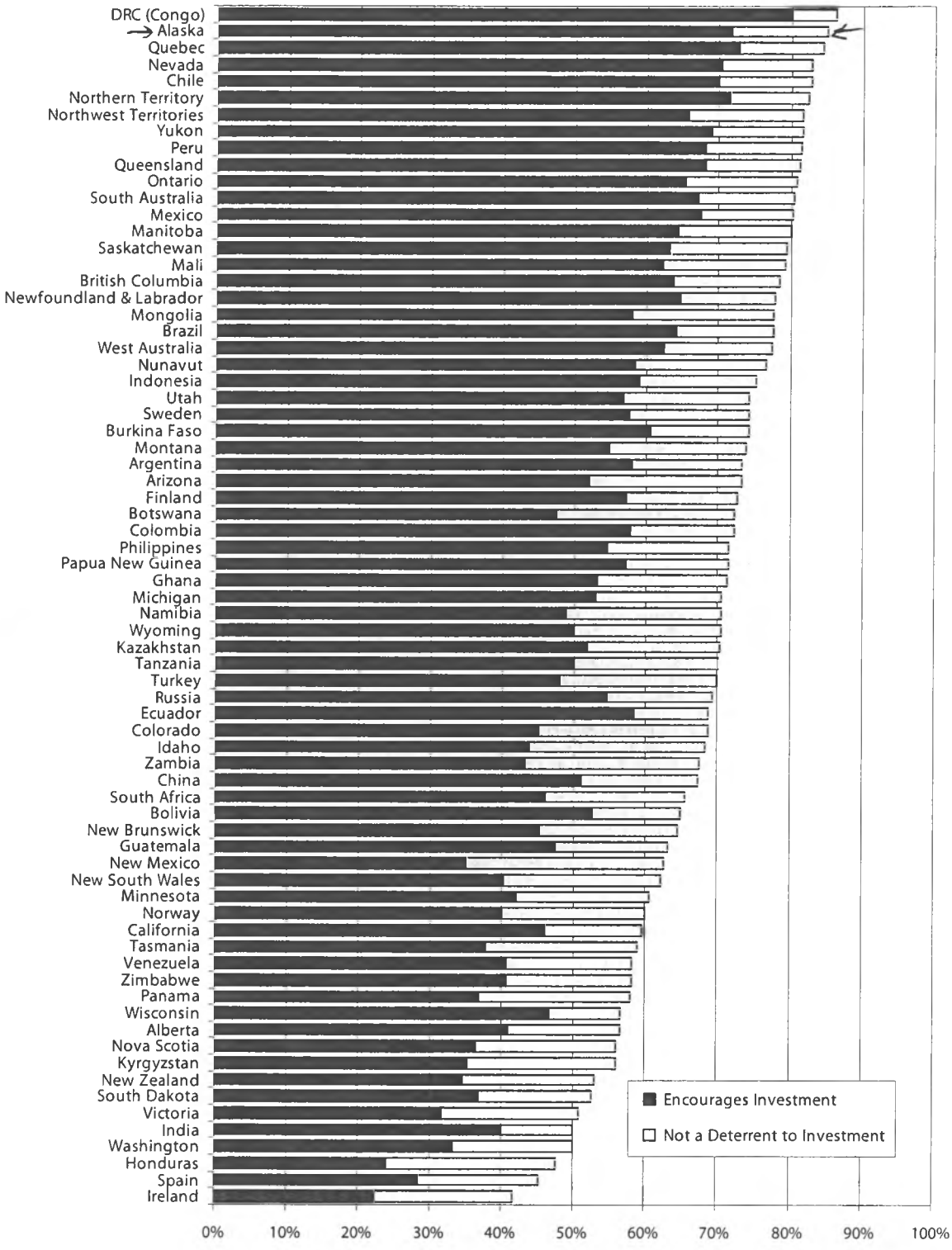


Figure 8: Taxation regime

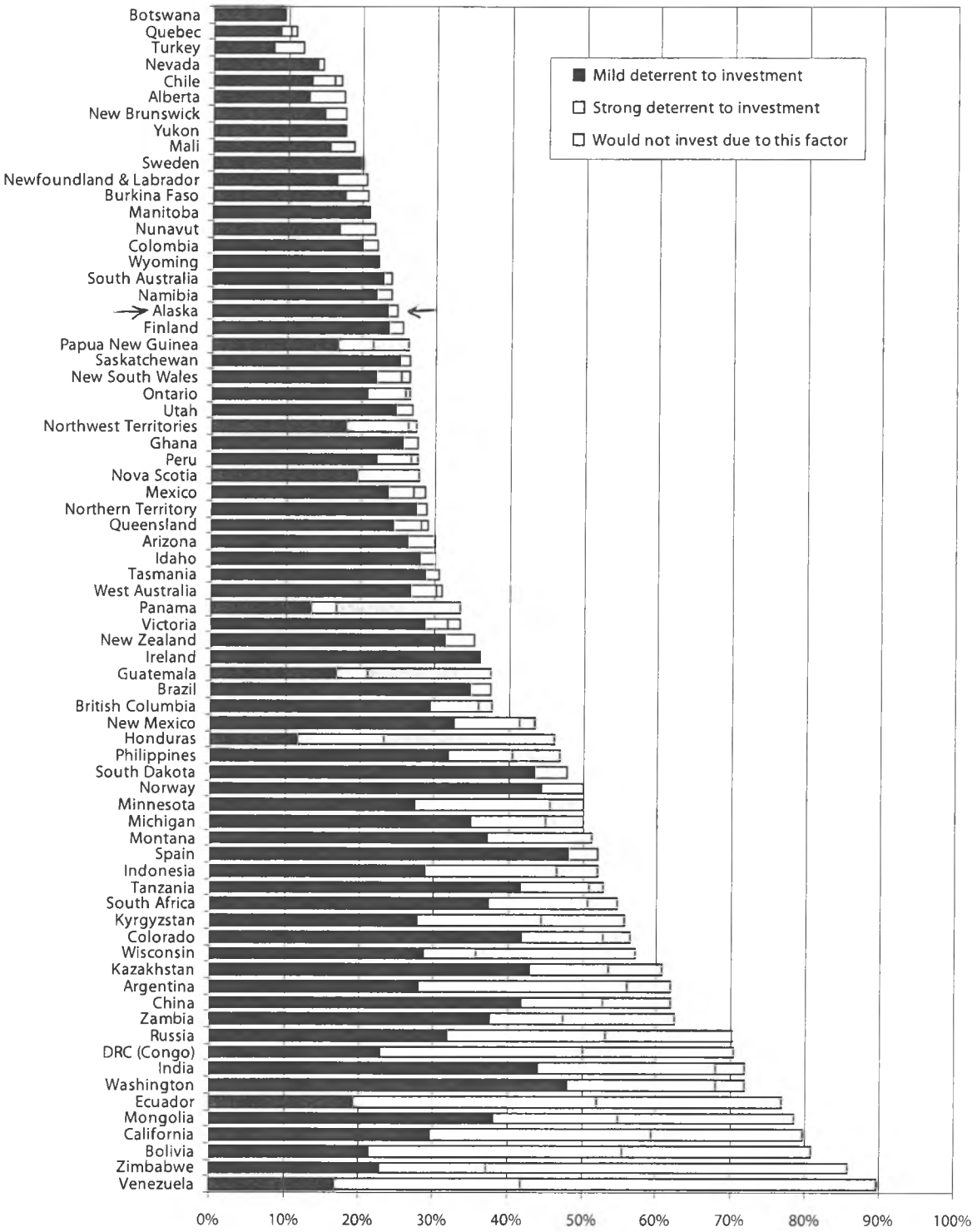


Figure 18: Composite policy and mineral potential

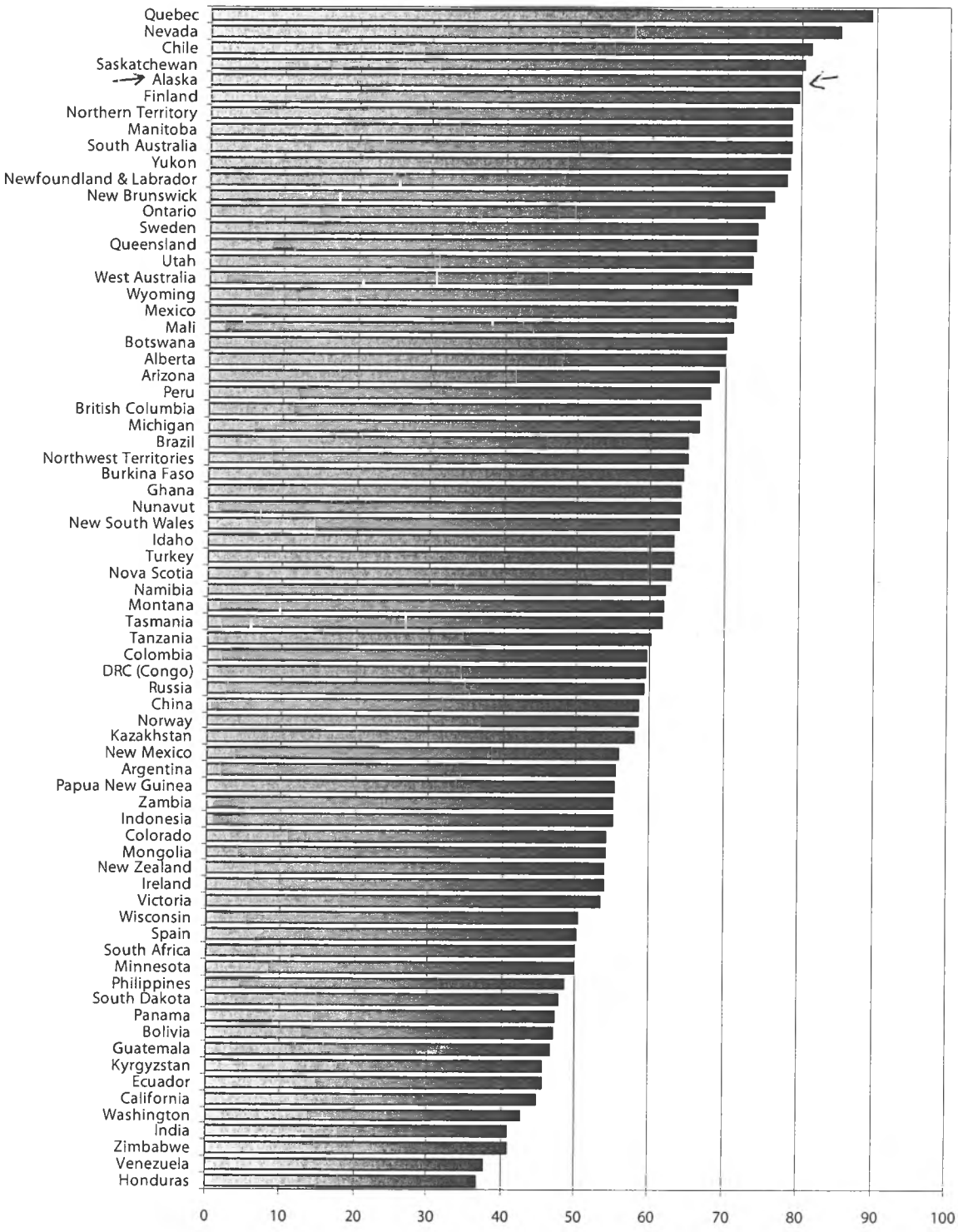


Table 10: What commodity is assigned the largest proportion of your budget?

Mineral	Percent	Number
Au (Gold)	45.15%	242
Cu (Copper)	14.93%	80
Ni (Nickel)	6.53%	35
U (Uranium)	5.97%	32
Coal	4.85%	26
Ag (Silver)	4.29%	23
Zn (Zinc)	3.17%	17
Fe (Iron)	2.99%	16
Diamonds	2.05%	11
Mo (Molybdenum)	1.68%	9
Potash	0.93%	5
PGM (Platinum)	0.75%	4
Li (Lithium)	0.75%	4
Other (please specify)	5.97%	32

Table 11: How do you rate the importance of mineral potential versus policy factors?

Mineral Potential	60.35%
Policy Factors	39.65%

Overall, our respondents indicated that they spent US$2.9 billion in 2009 and US$3.6 billion in 2008 on investment (see figures 19 and 20). And it remains true that "all that glitters is gold." We asked which mineral represents the greatest proportion of each company's budget: 45.2 percent of those responding to this question indicated it is gold. No other metal came close (see table 10).

Figure 19: Exploration Budget by Company Type ($US), 2008

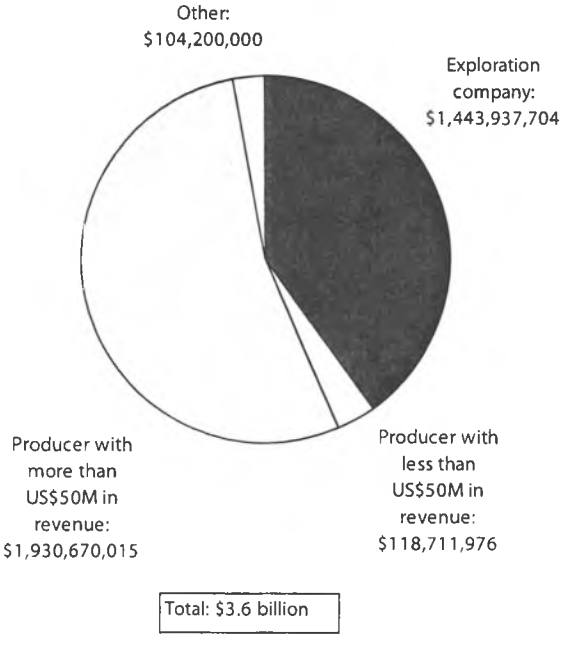
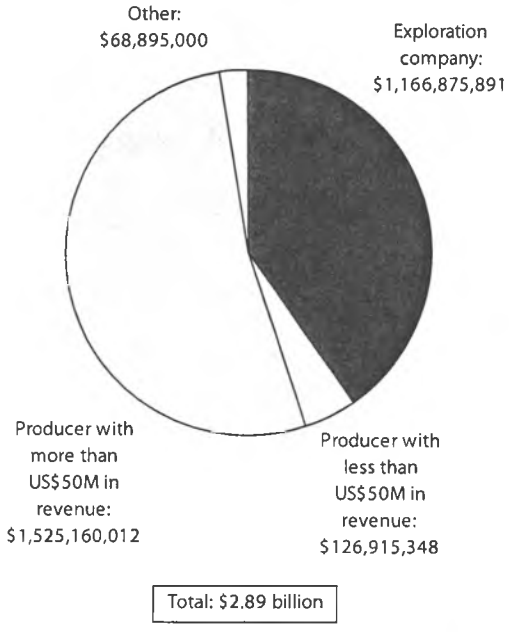


Figure 20: Exploration Budget by Company Type in $US, 2009



ALASKA STATEWIDE PUBLIC OPINION RESEARCH SURVEY

February 12th to 20th, 2007

Sample size = 402; margin of error ± 4.89%

HELLENTHAL AND ASSOCIATES
2200 Vanderbilt Circle
Anchorage, Alaska 99508
(907) 276-1001 or
277-2315 (fax)
hellenthal@gci.net (e-mail)

Introduction and Methodology

This report presents an analysis of a survey of Alaskan statewide registered voters. The survey measured properties of Alaskan voters' demographics, behaviors and attitudes concerning the proposed Pebble Mine project.

Research typically involves estimating the characteristics of a designated population. Because of the costs of conducting a census of all items in a population and the adequacy of sample results, sample statistics were used to make statistical inferences concerning population parameters.

Four hundred and two (402) Alaskan registered voters were interviewed between February 12th and 20th, 2007. Interviewing was conducted by telephone on a random digit basis. That is, random numbers were computer generated for the last two digits of the suffix of each workable telephone prefix in Alaska. All Alaskan voters who are accessible by telephone had an equal chance of being interviewed.

This survey is a true random digit survey. Other research firms promote "supervoter" surveys. These surveys are not true surveys of voters or supervoters. Their sample does not include unlisted or underlisted registered voters and, therefore, cannot be generalized to voters or supervoters. They only are surveys of registered voters whose telephone numbers can be determined from a telephone directory. They save the researcher money, to the detriment of their clients' desire for accuracy.

Margin of error

At a 95% confidence level, the empirical proportions reported in the general population survey can be projected, within plus or minus 4.89%, to the entire Alaskan registered voter population. This means one can be 95% sure that the frequencies reported in the general population survey are within 4.89% of the true Alaskan registered voter population proportions.

10. Would you strongly favor, somewhat favor, somewhat oppose, or strongly oppose a statewide ballot initiative that would require large mines to pay 10% of their gross profit to the state? What about _____ (FILL IN 15%, 20%, 25%)?

TAX RATES	4 STRONGLY FAVOR	3 SOMEWHAT FAVOR	2 NEUTRAL	1 SOMEWHAT OPPOSE	0 VERY OPPOSE	MEAN
10%	45.4%	24.5%	9.8%	6.8%	13.6%	2.81
15%	38.0%	18.9%	11.2%	12.9%	19.0%	2.44
20%	36.8%	11.3%	12.9%	14.1%	24.8%	2.21
25%	38.0%	9.0%	12.7%	12.0%	28.3%	2.17

11. Would you strongly favor, somewhat favor, somewhat oppose, or strongly oppose 50% of the gross profit paid to the state by large mines going directly to the Permanent Fund?

50% PROFIT TO P.F.	FREQUENCY	PERCENT
4. Strongly favor	172	42.8%
3. Somewhat favor	64	16.0%
2. Neutral	36	9.0%
1. Somewhat oppose	44	11.0%
0. Strongly oppose	85	21.3%
	(Mean = 2.480)	

12. Do you feel that the creation of one of the world's largest open pit mines at the headwaters of the Bristol Bay watershed is a very positive, somewhat positive, somewhat negative, or very negative development for Alaska?

WORLD'S LARGEST OPEN PIT MINE	FREQUENCY	PERCENT
4. Very positive	31	7.7%
3. Somewhat positive	62	15.5%
2. Neutral	31	7.6%
1. Somewhat negative	80	19.8%
0. Very negative	198	49.4%
	(Mean = 1.124)	

13. Do you support a statewide ballot initiative to strengthen Alaska's clean water laws and enhance the safety of its earthen dams?

BALLOT INITIATIVE	FREQUENCY	PERCENT
Yes	326	81.2%
No	76	18.8%

THE FOLLOWING VARIABLE IS CALCULATED USING THE TELEPHONE PREFIX

AREAS OF ALASKA	FREQUENCY	PERCENT	MARGIN OF ERROR
Southeast	53	13.2%	± 13.5 %
Valdez-Kenai-Matsu	75	18.6%	± 11.3 %
Anchorage	167	41.4%	± 7.6 %
Greater Fairbanks	53	13.2%	± 13.5 %
Rural/Bush	55	13.6%	± 13.2 %
TOTALS	403	100.0%	± 4.88%

The questionnaire with results is as follows:

ALASKA PUBLIC OPINION RESEARCH SURVEY

March 5th to 18th, 2007

Sample size = 403; margin of error ± 4.88%

HELLENTHAL AND ASSOCIATES
2200 Vanderbilt Circle
Anchorage, Alaska 99508
(907) 276-1001 or
277-2315 (fax)
hellenthal@gci.net (e-mail)

Hello, I am _____ from Hellenthal and Associates. We are conducting a public opinion research survey of Alaskans. Your telephone number was randomly selected. The questions I need to ask will only take a couple of minutes. All of your responses will be completely confidential.

S1. Is this telephone number _____?

S2. Is this a residential telephone?

S3. Are you registered to vote in the State of Alaska?

IF YES, THEN PROCEED TO QUESTION #1

IF NO, THEN ASK...
Is there anyone home who is registered to vote in the State of Alaska?

IF YES THEN ASK...
May I speak with them?

IF NO, THEN ASK...
When will someone be home who is registered to vote?

20. Presently, about 85-90% of our state revenue comes from oil and gas production. Do you favor or oppose reducing oil taxes to encourage more oil and gas exploration and production to produce more state revenue?

REDUCING OIL TAXES	FREQUENCY	PERCENT
Favor	156	38.8%
Oppose	218	54.2%
Don't know	28	7.0%

Presently, about 85-90% of our State revenue comes from oil and gas production. Roughly half of that revenue comes from the state's royalty share of oil while the other half comes from taxes the state levies on oil production. The more oil and gas produced in Alaska, the more revenue the state receives.

21. If higher state taxes lowered oil production and oil exploration, would you favor or oppose higher state taxes on oil production and oil exploration?

HIGHER TAXES ON OIL	FREQUENCY	PERCENT
Favor	147	36.6%
Oppose	223	55.4%
Don't know	32	8.0%

22. Some say the state should build and own 100% of the natural gas pipeline. Do you favor or oppose the state building and owning the natural gas pipeline knowing it could cost the state at least $25 billion?

BUILDING/OWNING GAS PIPELINE	FREQUENCY	PERCENT
Favor	142	35.2%
Oppose	232	57.6%
Don't know	29	7.2%

23. Do you favor or oppose increasing taxes on the mining industry?

INCREASING MINING TAXES	FREQUENCY	PERCENT
Favor	207	51.3%
Oppose	135	33.5%
Don't know	61	15.1%

STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Division of Community & Regional Affairs

Sarah Palin, Governor
Emil Notti, Commissioner
Tara Jollie, Director

MEMORANDUM

DATE: October 17, 2007

TO: Mike Black, Deputy Commissioner

THRU: Steve Van Sant, State Assessor

FROM: Ron Brown, Assistant State Assessor

RE: Review of Alaska and National Mining Taxation

Attached is a copy of the information collected in regards to mining taxation in Alaska and other States. The primary source of data for this report came from InfoMine USA, which contained data on 31 of the 50 states including Alaska.

There are three major taxes applicable to mines in the State of Alaska, these are;

- Corporate Income Tax
- Royalties
- Mining License Tax

The most significant issue noted in the review is that unlike other states, the Alaskan tax structure is almost solely based upon the calculation of net income in its treatment of mines. Due to this dependence on net income the significance of this single calculation cannot be overstated. However, due to allowed deductions for Mineral Incentive Credits, other taxes, percentage based depletion allowances and other issues, the net income calculation may be a questionable measure.

Currently, HB 156 is pending in the legislature. This bill appears to address several of the issues mentioned in this report and is a good source of additional information and comment.

Analysis of Mining Taxation of All 50 States

ANALYSIS OF STATE MINING TAXATATION

Data was obtained on Mining Taxation from 31 of the 50 states from InfoMine USA, Inc. A basic review of the tax structure across the country is provided below. A presentation of the individual programs for each state is available in excel format.

Income Tax:
23 of the states levy an income tax with an average tax rate of 6.32% and a median rate of 6.6%. Alaska levies a progressive income tax of between 1% and 9.4%. The actual rate depends upon the net income of the corporation's Alaskan operations. All taxes paid in the State of Alaska are deductible for income tax purposes.

Six of the remaining states levy a tax that is very similar to the income tax, but is sufficiently different that it should not be included in this category. Only two states (Washington and Wyoming) do not levy any type of tax that is based primarily on income.

Alaska Corporate Rate Schedule (AS 43.20.011)

Alaska Taxable Income			Tax	Marginal Rate*
$ 0	-	$10,000	$0	1%
$10,000	-	$20,000	$100	2%
$20,000	-	$30,000	$300	3%
$30,000	-	$40,000	$600	4%
$40,000	-	$50,000	$1,000	5%
$50,000	-	$60,000	$1,500	6%
$60,000	-	$70,000	$2,100	7%
$70,000	-	$80,000	$2,800	8%
$80,000	-	$90,000	$3,600	9%
$90,000	or	More	$4,500	9.4%

* The marginal rate is the rate applied to income above the minimum income level set by the schedule. For example, a corporation with an income of $15,000 would pay $100, plus 2% of the $5,000 of income over $10,000 ($100) for a total tax bill of $200.

Sales Tax:
27 of the states levy a sales tax with an average tax rate of 6.16% and a median rate of 6.0%. Alaska does not levy a state sales tax, however some local municipalities can levy sales taxes. The actual rate depends upon the physical location of the mining operation. Local sales tax rates in Alaska vary from 1% to 7% in areas where a sales tax is levied.

Three of the four remaining states levy a tax that is very similar to the sales tax, but is sufficiently different that it should not be included in this category. Only one state, Oregon, does not levy a tax that is based upon sales.

It should be noted that sales taxes would only apply to assets purchased by and for the mine from inside a borough/city that levies a sales tax. Sales of the ore, ore concentrate or refined products from the mine will *typically* not be sold from the mine and therefore would not pay a sales tax. However, locally utilized materials gravel, sand etc., could be subject to such a tax.

Property Tax:
27 of the states levy a state property tax. The remaining four states, including Alaska, have property taxes but they are administered on the local level. The actual rate depends upon the physical location of the mining operation and the means of valuation (fractional versus full value) so any comparison of tax rates would be highly questionable. Property tax rates for local governments in Alaska vary from 0.5% in Whittier to 1.9% for the North Slope Borough.

Resources in Place:
The value of natural resources in place (reserves) is not part of the valuation for property tax purposes in Alaska. This is also the case for nine of the remaining 27 states where information is available. However there are a wide range of ad valorem valuation methodologies across the country such as income analysis, valuation by gross product or operating status. Under some of these valuation methods, at least some of the value for mineral reserves would be incorporated in the final value. The reports on 10 of the 27 states did not contain references to the inclusion of values for resources in place.

Royalties:
Royalties for the extraction of State Owned minerals is addressed only in Alaska. Alaska has a royalty structure based upon 3% of net income, except for coal which is 5% to 12% of gross value depending upon the lease type. Three other states have information related to the income or property tax implications of royalties paid to private entities.

Mining License Tax:

Alaska has a Mining License Tax that is based upon Net Income. The tax is progressive from 0% to 7% depending upon the level of Net Income. All new mining operations are exempt from the mining license tax for the first 3-1/2 years.

Alaska Mining License Tax Rates

Net Income	Tax
$0 - $40,000	$0
$40,001 - $50,000	3% of net income
$50,001 - $100,000	$1,500 + 5% of net income over $50,000
$100,001 and more	$4,000 + 7% of net income over $100,000

Severance Tax:
Alaska levies no severance tax on the State level. Two municipal governments do levy severance taxes; Denali Borough (Coal and Gravel) and Kodiak Island Borough which

taxes the gross production value of severed natural resources at the borough-wide mill levy.

Fourteen of the other 30 States with available data levy various severance taxes that range from a dollar rate per ton to a percentage of "Gross Value", "Sale Price", "Production Value" or some other method. These values are defined in the particular tax law and are not standardized terms.

Minerals Exploration Incentive Credits:
The State of Alaska offers a maximum $20 million dollar credit for the expenses of exploration activities for mineral resources. These tax credits can be applied against future corporate income taxes, Mining License Taxes or state royalty payments.
The expenses applicable to these credits include; geochemical and geophysical surveys, exploration drilling, underground exploration, surface trenching and bulk sampling, aerial photographs, logging, sample analysis, metallurgical work etc. Qualifying expenses must be approved by DNR.

The expenses, once approved, can be expended over a 15 year period. However, the credits are limited to a maximum of 50% of the income, license or royalty taxes/payments in a given year. Since the maximum marginal tax rate for the corporate income tax is 9.4%, this could allow a tax free status for almost $213 million dollars of net income and/or a reduction in royalties to the State of up to 20 million dollars.

Commonalities:
There are very few commonalities between the tax policies of mining operations across the country. Each State has approached the taxation of mines differently due to the myriad of differences in the type and scale of mines present within the states and due to the general tax structure used throughout each economy.

Basis of Valuation:
However, it was noted that the Alaskan tax structure has one major commonality. There are three major taxes that mines are subject to on the state level; income taxes, royalties and the Mining License Tax. All three of these taxes, with the exception of coal royalties, are based upon the net income of the mine. Royalties paid to the state and the Mining License Taxes are deductible when calculating net income. Net income also allows a depletion allowance in making this calculation.

Note that by inflating expenses and/or exporting revenue, the tax impacts for all three categories could be drastically minimized. This is not to say or allege that such practices occur or that there is evidence of such. It is only meant to point out that the entire basis of all three tax modes are based upon the result of one accounting calculation.

With the exception of Oregon, the other states utilize tax policies that are based upon values other than net income, or have taxes based upon more than one valuation. For example, Georgia's Corporate "Corporate Net Worth Tax" is based upon a percentage of the net worth of the corporation. Montana's "Metal Mines License Tax" is based upon a

percentage of the gross value of mine production. Wisconsin's "Net Proceeds Occupation Tax on Mining of Metallic Minerals" is based upon the net proceeds of the mine.

Treatment of the Ore Value:
As well, with the combination of the major taxes applicable to mines in Alaska, it is difficult to see where the actual value of the ore extracted is exposed to any substantial type of taxation by or payment made to the State. No State property tax is levied and the local property tax is precluded from placing any value on "resources in place". No State sales tax is levied on the sales of ore/ore concentrates or refined products.

The "Minerals Exploration Credit Program" is applicable to any royalties, income or Mining License taxes charged by the State. This program can "write-off" taxes or royalties by up to 20 million dollars over a 15 year period.

The corporate income tax allows the application of a "depletion allowance" as proscribed by the State tax code. This allowance, by the percentage method, allows a producer to reduce Gross Income by 10% for coal mines, and a 15% reduction to Gross Income for metals mines.

The Mining License Tax allows for an exclusion of the tax for the first 3 ½ years of a new mining operation. This raises the question as to what constitutes a "new mining operation". Is an extension into a new vein of a pre-existing mine a "new mining operation"?

Again, since the royalties, income and Mining License taxes are based upon net income, any costs associated with obtaining the mineral rights are expensed from the income statement prior to the calculation of net income. Indeed it would appear that using the current percentage depletion allowance, the cost of these resources is being expensed at far above the actual cost.

Just as an example, let's imagine a mine that is operating at breakeven. Since net income is zero, there would be no income tax, no mining license tax and no royalty payment to the State for the ore processed by the mine. Yet, at the same time, the mine has extracted a considerable amount of State-owned, non-renewable resources.

Summation:
Looking at the current taxation/royalty structure, the intent appears to have been to attract large-scale mining and exploration to develop Alaskan resource deposits. Given the relatively low prices for gold, silver, zinc and lead at the time, it appears that an "incentive-based" structure was written to promote the development of these resources and the requisite infrastructure to profitably extract them.

In the past three years there has been a tremendous increase in the value of precious and base metal prices. The prices of such commodities have double, tripled and in some cases

more than quadrupled during this time. It would appear that the need for such an "incentive-based" structure does not apply to the current market situation.

As well, as is supported by the attached information, there would appear to be a significant difference in treatment between the mining industry and petroleum industries. Since the petroleum industry has become a huge component of the Alaskan economy and the primary source of governmental revenue, the treatment of this industry has been revisited and reviewed, multiple times over the years.

Conversely, the taxation and royalty treatment of the mining industry has changed very little since Statehood. This has created a situation where the public demands upon two industries, both engaged in the for-profit extraction of non-renewable, public resources are treated in substantially different manners.

Pending Legislation:
Currently, the legislature is considering HB 156 which addresses many of the issues raised in this report. Currently the bill is in the House Ways and Means Committee. Notable changes in this proposed legislation are:

- increases in tax rates and income levels
- changes the Mining License Tax exemption to a deferral
- removes the deduction of the Mining License Tax from the State Corporate Income Tax
- uses the Net Smelter Return rather than net income for setting royalties
- mandates Cost Depletion rather than Percentage Depletion for calculating net income
- increases in mineral lease rents

While the bill does not address all of the issues presented in this report, it does address many of them. Copies of the bill, sponsor statement, available data and testimony in the past hearings on HB 156 are provided.

Mining Tax Laws Across the United States
Source: InfoMine USA

Notes
* L = Local, S = State, B = Both, N = None

STATE	INCOME	INCOME RATES	PROPERTY	PROP L/S/B*	RESERVES	ROYALTIES	SEVERANCE	SEVERANCE RATES	Sig. Other Tax	STATE
ALABAMA	Y	6.5%	YES	B	?	NO	Coal, Iron & Other	Various	No	ALABAMA
ALASKA	Y	1% to 9.4% (Prog)	YES	L	No	YES	Local Only	Denali and Kodiak Only	Mining License Tax	ALASKA
ARIZONA	Y	6.968%	YES	B	Yes	NO	Metals	% of Prod. Value	No	ARIZONA
ARKANSAS	Y	1% TO 6.5% (Prog) plus 3% surcharge	YES	B	If actively mined.	YES	Various	Various	No	ARKANSAS
CALIFORNIA	Y	8.84% with AMT	YES	B	Yes	NO	No	N/A	Numerous Fees	CALIFORNIA
COLORADO	Y	4.63%	YES	B	?	NO	Various	Various	No	COLORADO
GEORGIA	Y	6.00%	YES	B	?	NO	No	N/A	Corporate Net Worth	GEORGIA
IDAHO	Y	7.60%	YES	B	?	YES	No	N/A	Mining License Tax	IDAHO
ILLINOIS	Y	4.80%	YES	B	Yes	NO	No	N/A	Personal Prop. Tax	ILLINOIS
INDIANA	Y	8.50%	YES	B	Yes	NO	No	N/A	No	INDIANA
KENTUCKY	Y	4% TO 6% (Prog) with AMT	YES	B	?	NO	Various	% of Gross Value	No	KENTUCKY
MAINE	Y	3.5% to 8.93% (Prog)	YES	B	No	NO	No	N/A	Mining Excise Tax	MAINE
MICHIGAN	Y	See Single Business Tax	YES	B	?	NO	No	N/A	Single Bus & Low Grd Ore	MICHIGAN
MINNESOTA	Y	See Occupation Tax	YES	B	Iron Ore	NO	Yes	Taconite	Several	MINNESOTA
MISSOURI	Y	6.25%	YES	B	?	NO	No	N/A	Corp. Franchise Tax	MISSOURI
MONTANA	Y	6.75%	YES	B	No	NO	Various	Various	Coal Gross & Metal Mines	MONTANA
NEVADA	N	See Proceeds of Minerals Tax	YES	B	No	YES	No	N/A	Proceeeds of Minerals	NEVADA
NEW MEXICO	Y	4.8% TO 7.6%	YES	B	No	NO	Yes	Various	Gross Rec. & Resource Excise	NEW MEXICO
NORTH CAROLINA	Y	6.90%	YES	B	Yes	NO	No	N/A	Franchise & Piped Nat Gas	NORTH CAROLINA
NORTH DAKOTA	Y	2.6% TO 7.0% (Prog)	YES	B	Yes	NO	Coal	$0.395 per ton	Coal Conv. Facility Tax	NORTH DAKOTA
OREGON	Y	6.60%	YES	B	No	NO	No	N/A	No	OREGON
PENNSYLVANIA	Y	9.99%	YES	B	?	NO	No	N/A	Cap. Stock & Franchise Tax	PENNSYLVANIA
SOUTH CAROLINA	Y	5.00%	YES	B	No	NO	No	N/A	Corp. License Tax	SOUTH CAROLINA
SOUTH DAKOTA	N	See Severance Taxes	YES	L	Yes	NO	Various	Various	Conservation Tax	SOUTH DAKOTA
TENNESSEE	Y	See Excise & Franchise Tax	YES	B	No	NO	Various	Various	Corp Excise & Corp Franch	TENNESSEE
UTAH	Y	See Corp Franchise Tax	YES	B	No	NO	Various	% of Proceeds	Corp Franchise Tax	UTAH
VIRGINIA	Y	6.00%	YES	L	?	NO	No	N/A	Reclamation Tax	VIRGINIA
WASHINGTON	N	N/A	YES	B	Yes	NO	No	N/A	Business & Occup. Tax	WASHINGTON
WEST VIRGINIA	Y	8.75%	YES	L	?	NO	Various	% of Gross Value	Business Franchise Tax	WEST VIRGINIA
WISCONSIN	Y	7.90%	YES	B	Yes	NO	No	N/A	Occ. Tax and Net Proc. Metal	WISCONSIN
WYOMING	N	N/A	YES	L	No	NO	Various	Various		WYOMING

Alaskan Mining Taxation Analysis and Data

MINING COMPANY TAXATION IN ALASKA

INCOME TAXES	1% to 9.4% Progressive Rates
EXPLORATION INCENTIVE CREDIT	Allows up to $20 Million in credits for each mine developed.
SALES TAXES	0% to 7% depending upon location, sales of mine products are usually not taxable.
PROPERTY TAXES	Subject to same property taxes as are other properties in the same Borough/City. Ore Reserves are not assessable.
ROYALTIES	3% of Net Income, except coal which is more, 5% to 12% of Gross Value.
MINING LICENSE TAX	0% to 7% of Net Income Progressive Rates

Table 24. Revenues paid to the state of Alaska and municipalities by Alaska's mineral Industry, 1999 - 2006

ITEM	2000	2001	2002	2003	2004	SOURCE DATA 2005	2006
State mineral rents and royalties[a]							
State claim rentals	$1,975,376	$1,736,522	$1,908,228	$2,129,440	$2,657,939	$3,308,752	$3,460,803
Production royalties	$6,175	$1,933	$23,447	$270,734	$162,637	$124,338	$171,220
Annual labor	$79,907	$103,274	$124,741	$224,519	$226,191	$332,439	$155,007
Subtotal	**$2,061,458**	**$1,841,729**	**$2,056,416**	**$2,624,693**	**$3,046,767**	$3,765,529	**$3,787,030**
State coal rents and royalties							
Rents	$233,249	$198,545	$256,927	$237,912	$236,532	$257,112	$337,764
Royalties	$1,482,803	$1,168,043	$860,633	$1,064,208	$1,239,257	$1,476,250	$1,473,948
Bonus	$372,000	$0	$0	$0	$0	$129,880	$10
Offshore Prospecting Permits	$0	$0	$0	$0	$0	$0	$0
Subtotal	**$2,088,052**	**$1,366,588**	**$1,117,560**	**$1,302,120**	**$1,475,789**	$1,863,242	**$1,811,722**
State material Sales							
Mental Health	$33,928	$118,545	$151,993	$134,512	$76,267	$129,409	$89,634
Division of Land	$449,343	$1,515,769	$1,595,708	$542,311	$467,360	$944,905	$1,582,769
SPCO	$41,395	$12,894	$24,725	$208,309	$112,047	$46,877	$118,904
Subtotal	**$524,666**	**$1,647,208**	**$1,772,426**	**$885,132**	**$655,674**	$1,121,191	**$1,791,307**
State mining miscellaneous fees							
Filing fees	$5,400	$3,000	$3,000	$4,700	$1,300	$8,465	$965
Penalty fees	$0	$0	$450	$0	$26,110	$20,280	$46,249
Explore incentive app filing fee	$0	$0	$0	$0	$0	$0	$0
Bond pool payment	$50,100	$53,866	$45,208	$44,878	$35,426	$32,331	$36,721
Surface coal mining app fee	$1,830	$3,700	$2,530	$1,005	$3,116	$3,150	$10,897
APMA mining fees	$18,550	$13,175	$11,975	$15,113	$14,550	$17,131	$17,475
Subtotal	**$75,880**	**$73,741**	**$63,163**	**$65,696**	**$80,502**	$81,357	**$112,307**
Total Rents, Royalties & Fees	**$4,750,056**	**$4,929,266**	**$5,009,565**	**$4,877,641**	**$5,258,732**	$6,831,319	**$7,502,366**
State corporate income tax[b]	**$285,815**	**$50,266**	**-$221,936**	**$406,064**	**$2,104,144**	$23,641,883	**$71,299,684**
Mining License Tax[c - e]	**$1,857,134**	**$466,430**	**$351,387**	**$3,224,684**	**$10,317,238**	$18,637,996	**$79,141,526**
State Total	**$6,893,005**	**$5,445,962**	**$5,139,016**	**$8,508,389**	**$17,680,114**	$49,111,198	**$157,943,576**
Payments to Municipalities	**$9,196,500**	**$9,763,220**	**$9,703,208**	**$10,510,048**	**$10,999,663**	$11,975,892	**$14,388,329**
TOTAL	**$16,089,505**	**$15,209,182**	**$14,842,224**	**$19,018,437**	**$28,679,777**	$61,087,090	**$172,331,905**

Notes:

[a]Includes upland lease and offshore lease rentals.

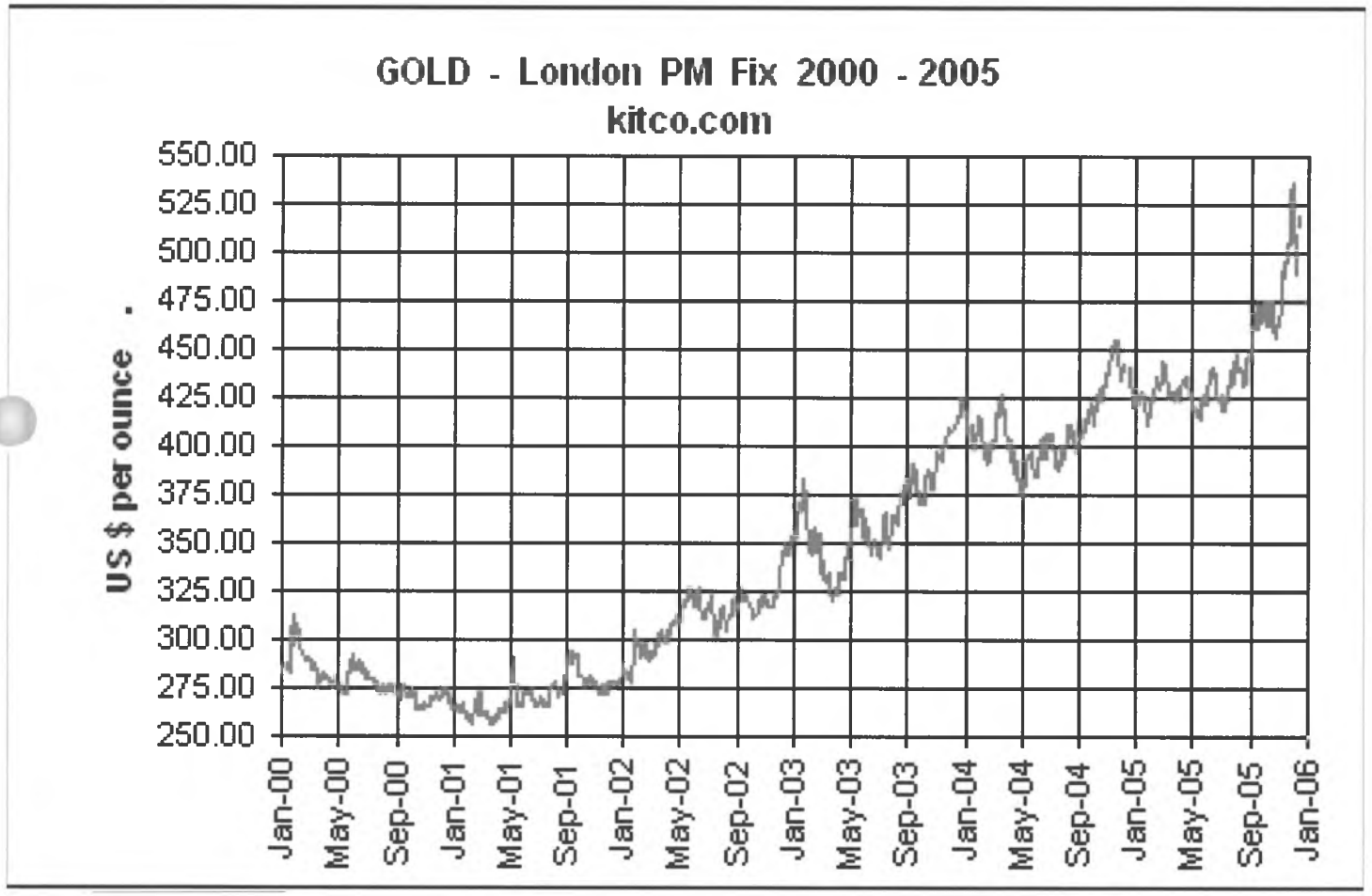
[b]Preliminary data for 2006.

- only subchapter C corporations pay income tax.
- this report may not reflect 100% of the returns received in a year.
- data from 2001 through 2006 has been updated to reflect revenue to the state for the succeeding fiscal year; ex.: FY 07 receipts are shown in calendar year 2006.
- In FY2003 (calendar year 2002) more refunds were given than revenues received by the state.

[c]Includes metals, coal and material.

[d] Mining license tax has been adjusted to reflect actual receipts for the succeeding fiscal year for the period 2001 to 2006; see note for income tax above.

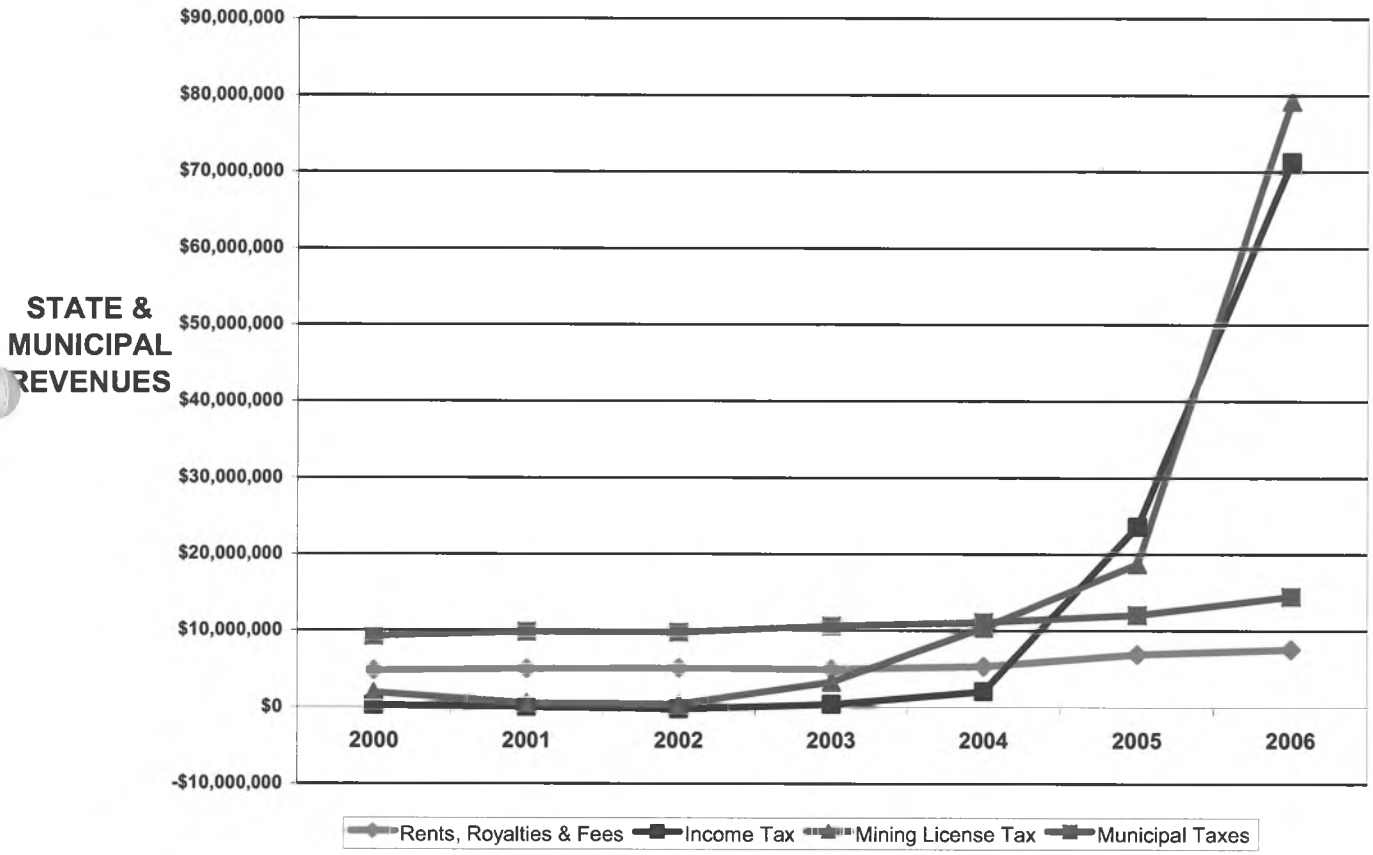
[e]data does not match earlier reports.


GOLD - London PM Fix 2000 - 2005
kitco.com
US $ per ounce
550.00
525.00
500.00
475.00
450.00
425.00
400.00
375.00
350.00
325.00
300.00
275.00
250.00
Jan-00
May-00
Sep-00
Jan-01
May-01
Sep-01
Jan-02
May-02
Sep-02
Jan-03
May-03
Sep-03
Jan-04
May-04
Sep-04
Jan-05
May-05
Sep-05
Jan-06


5 Year Zinc Spot
USD / lb
2.500
2.000
1.500
1.000
0.500
0.000
www.kitco.com
Oct02
Apr03
Oct03
Mar04
Sep04
Mar05
Sep05
Mar06
Aug06
Feb07
Aug07

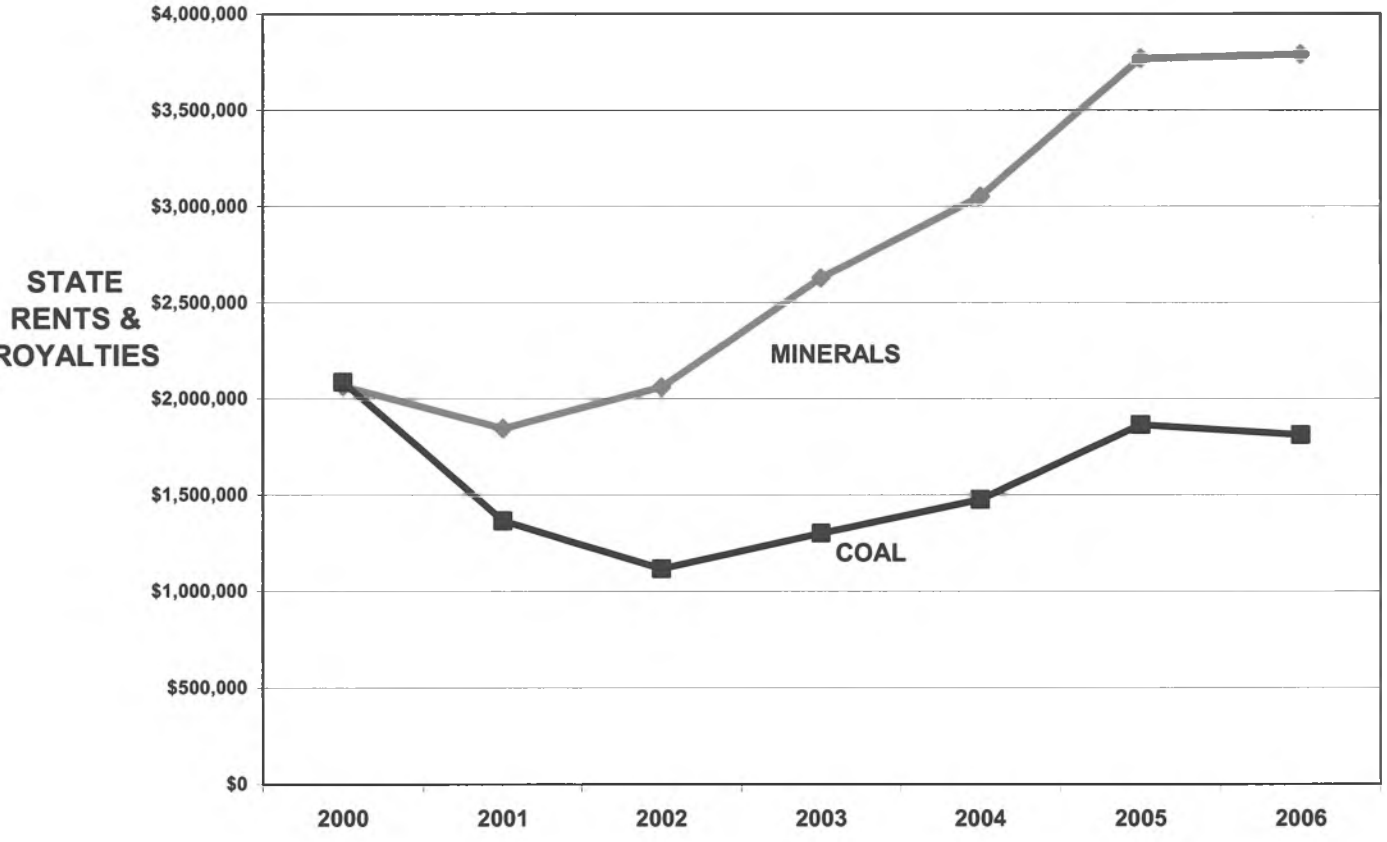
TOTAL STATE & MUNICIPAL REVENUES 2000 TO 2006

Source: Office of Economic Development



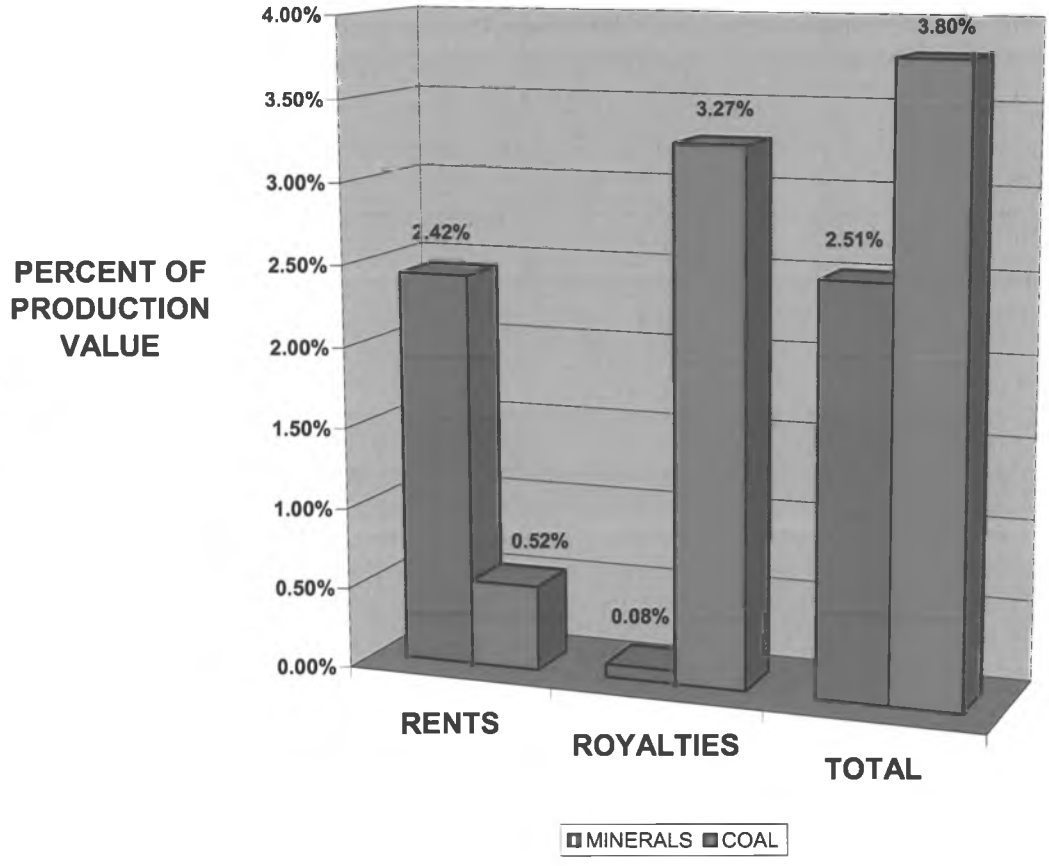
TOTAL STATE RENT & ROYALTY REVENUES BY RESOURCE TYPE

Source: Office of Economic Development



RENTS & ROYALTIES AS A PERCENT OF PRODUCTION VALUE 2005

Source: Alaska's Mineral Industry 2005 - Special Report 60 & Office of Econ. Development

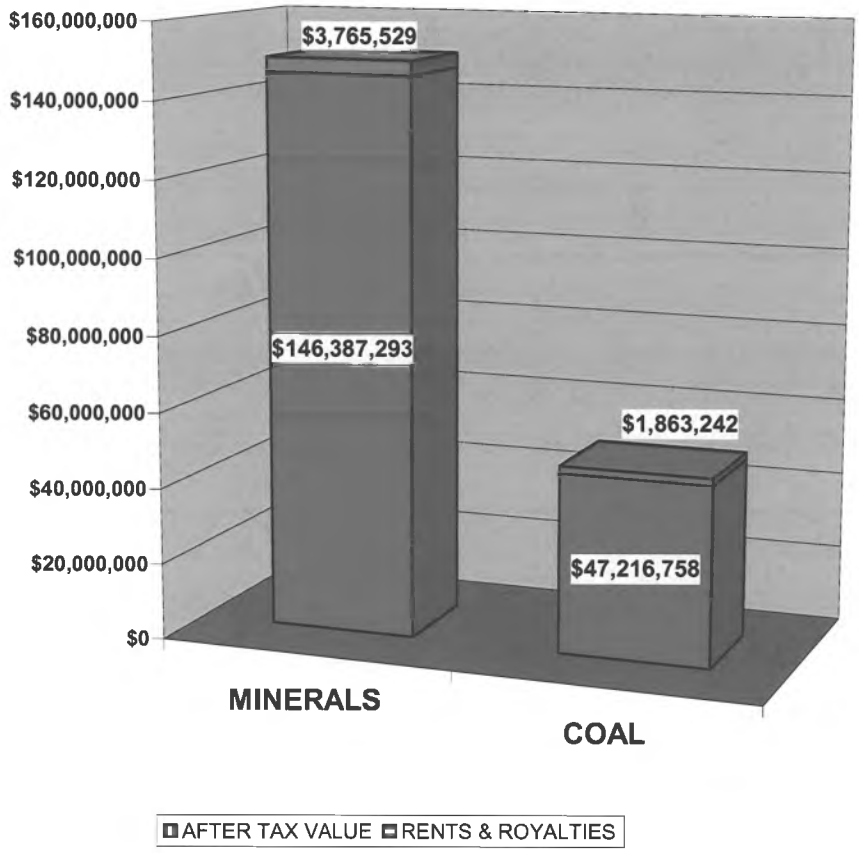


This graphic compares the percentage of estimated production value for coal and minerals that is paid to the State of Alaska as either Rents or Royaties. This applies only to the Fort Knox mine and an apportioned value for all placer mines for the mineral data.

RENTS, ROYALTIES AND AFTER TAX VALUE 2005

Source: Alaska's Mineral Industry 2005 - Special Report 60 & Office of Econ. Development

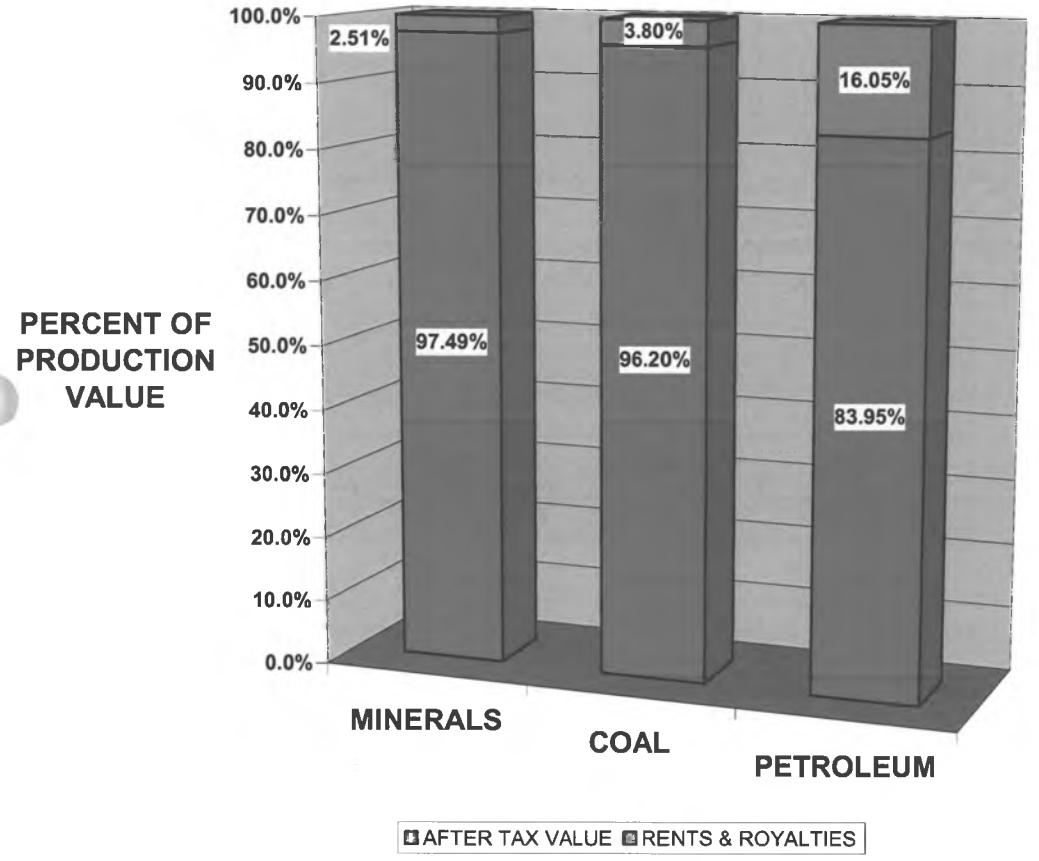
TOTAL PRODUCTION VALUE



This graphic compares the estimated production value of coal and minerals that is retained by the State of Alaska as either Rents or Royaties and that portion retained by the producer. This applies only to the Fort Knox mine and an apportioned value of all placer mines for the mineral data.

RENTS & ROYALTIES AS A PERCENT OF PRODUCTION VALUE 2005

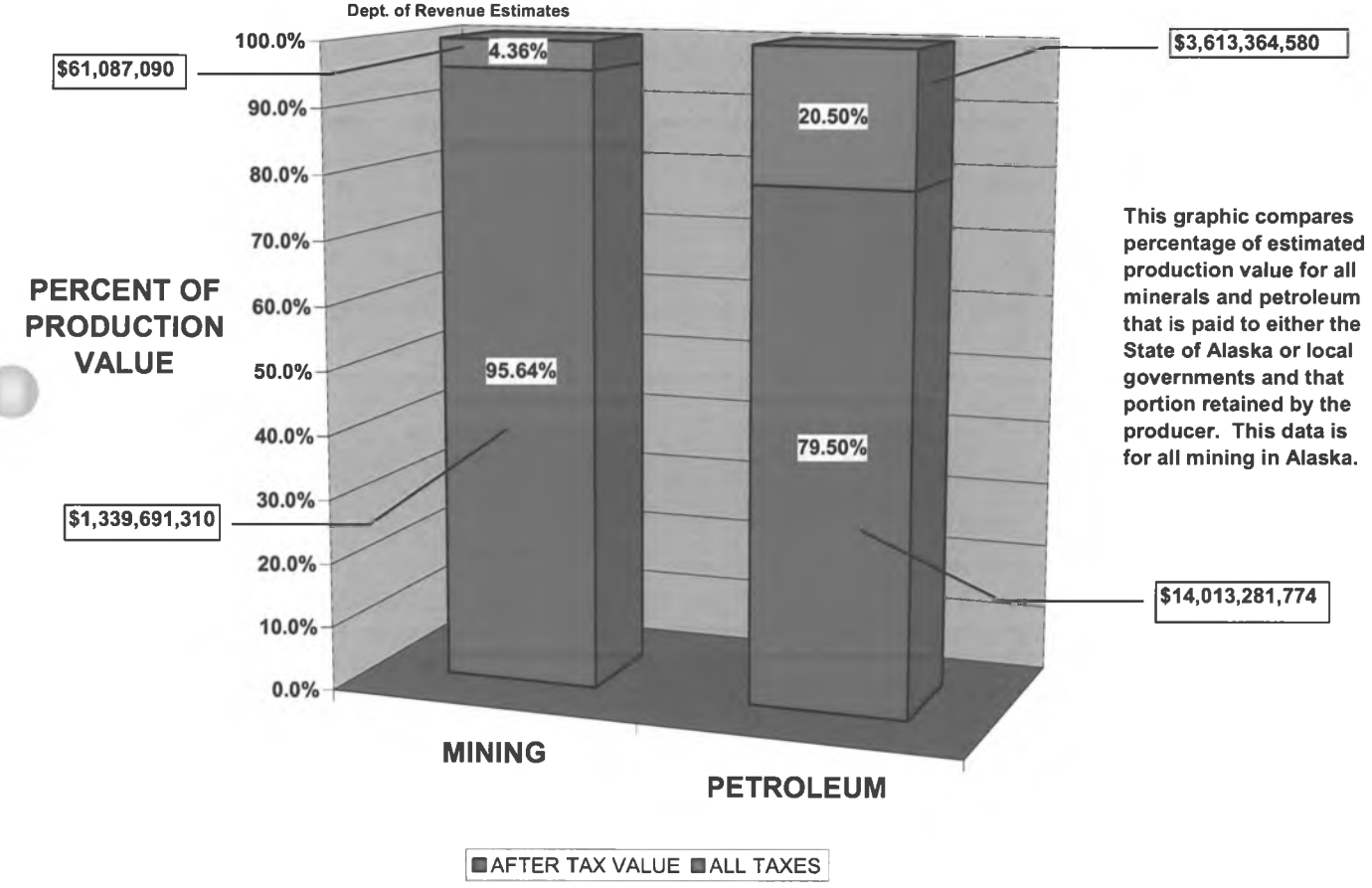
Source: Alaska's Mineral Industry 2005 - Special Report 60, Office of Econ. Development & Dept. of Revenue Estimates



This graphic compares the percentage of estimated production value for coal, minerals and petroleum that is paid to the State of Alaska as either Rents or Royaties and that portion retained by the producer. This applies only to the Fort Knox mine and apportioned value for all placer mines for the minerals data.

TOTAL TAXES AS A PERCENT OF PRODUCTION VALUE 2005

Source: Alaska's Mineral Industry 2005 - Special Report 60, Office of Econ. Development & Dept. of Revenue Estimates



This graphic compares percentage of estimated production value for all minerals and petroleum that is paid to either the State of Alaska or local governments and that portion retained by the producer. This data is for all mining in Alaska.

Title: **Current Mining License Tax vs HB 58, FY 2006 - 2011**

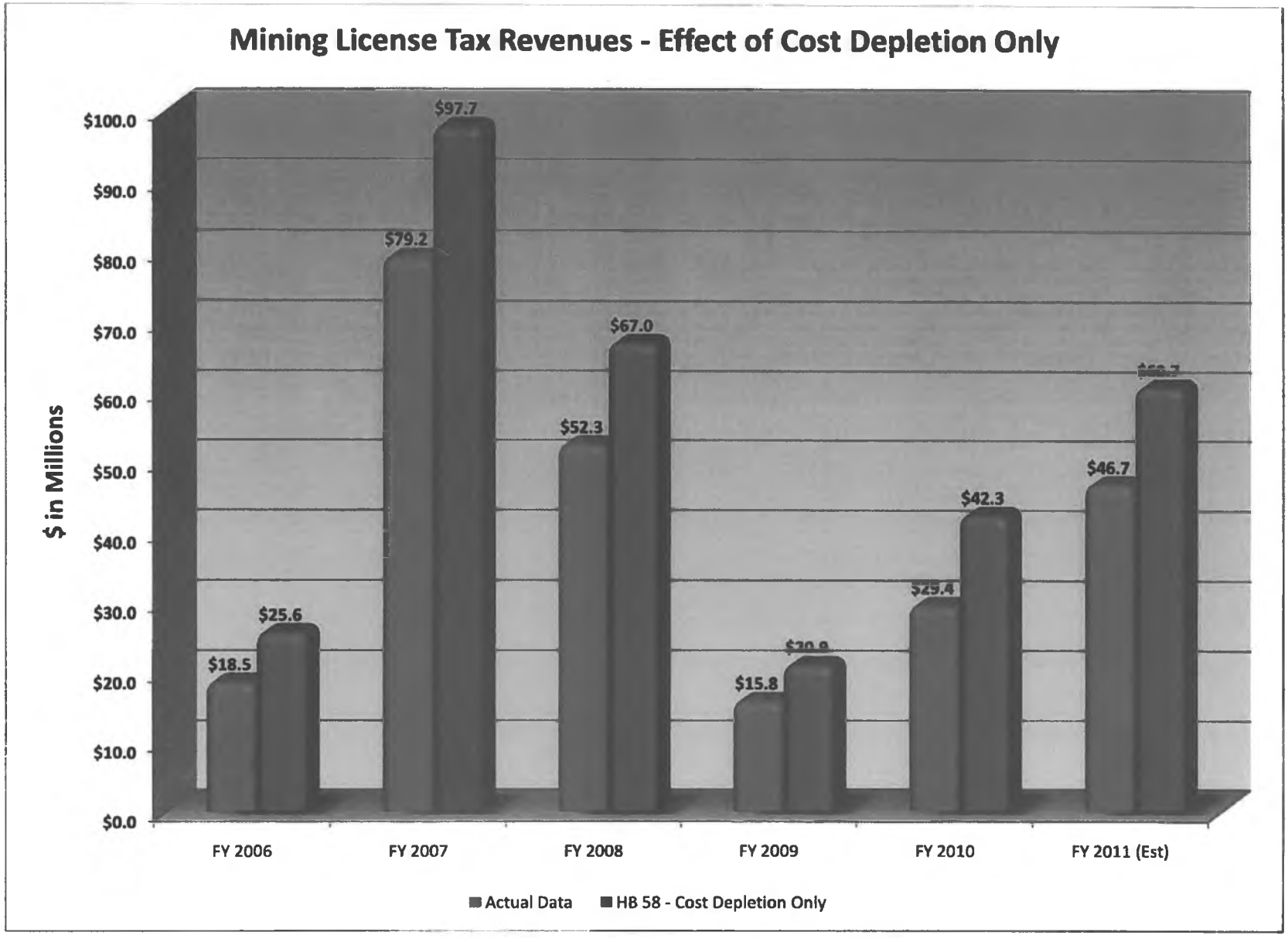
Preparer: Tim Harper, Economist, 269-1020

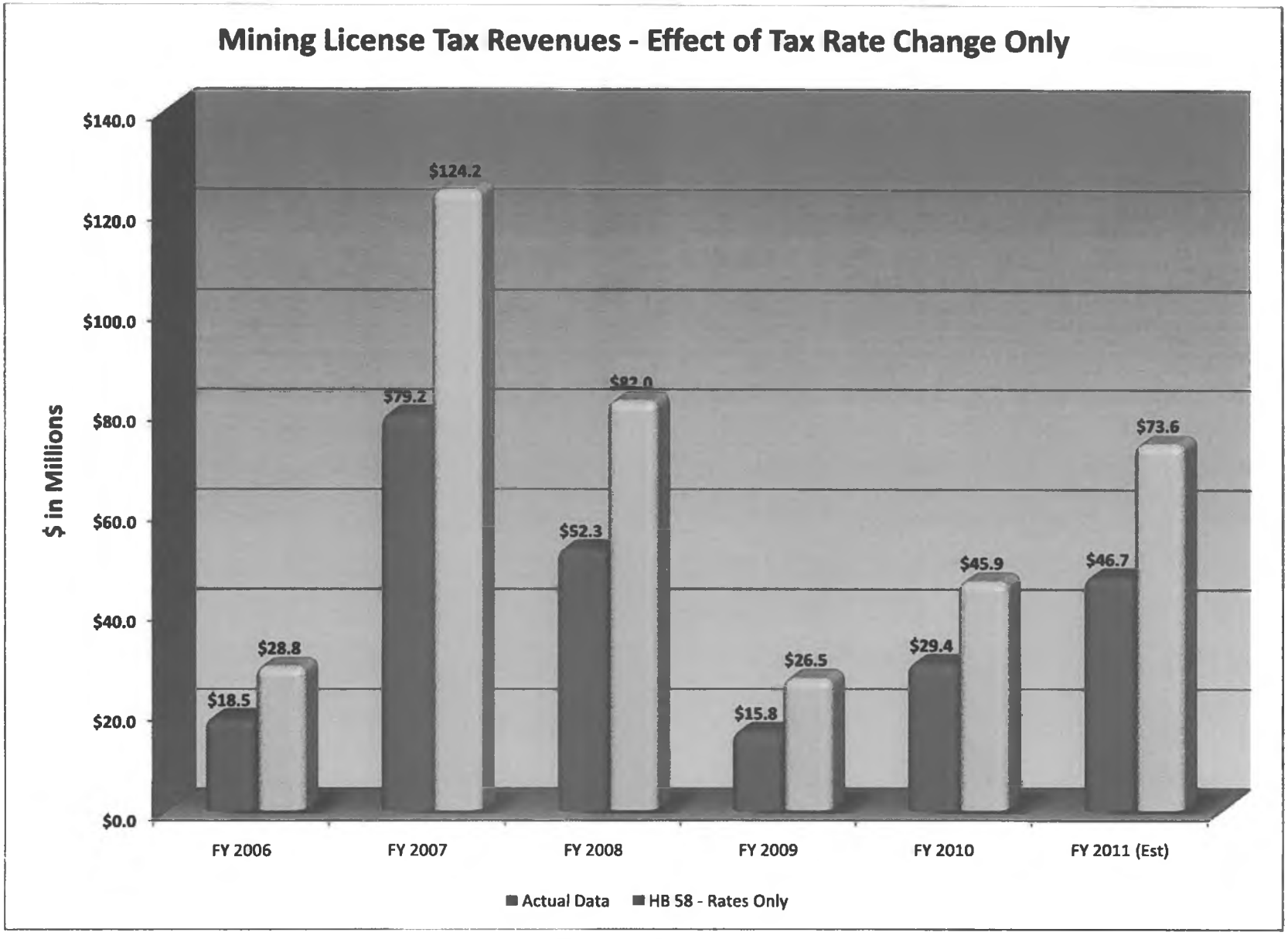
Purpose: To provide a revenue analysis of current Mining License Tax Law verses HB 58.

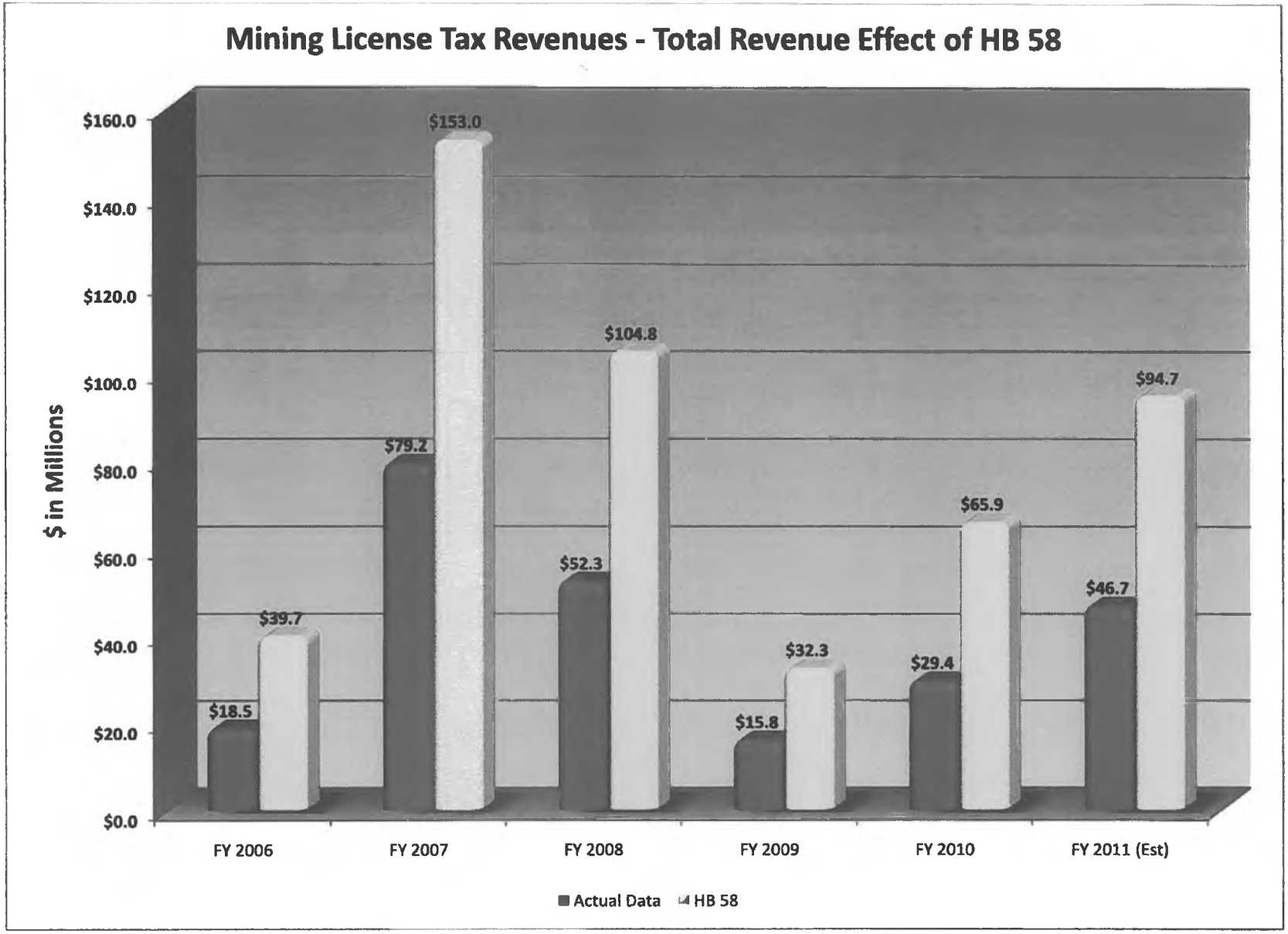
Data Source: Department of Revenue Tax Accounting System.

Disclaimer: The Department of Revenue is in the process of reviewing and updating the data on which this analysis is based. As a result, future analysis could have different results.

The attached graphs illustrate what the mining tax would have been if changes proposed by HB 58 had been in effect during fiscal years 2006 through 2010 and projected for FY 2011 provided, however, that all other variables remained the same during those years. It is possible that, if changes to the mining license tax structure had been adopted for those years, those changes could have affected the amount of mineral produced or whether a specific mine was able to operate at all.


Mining License Tax Revenues - Effect of Cost Depletion Only
$ in Millions
$100.0
$90.0
$80.0
$70.0
$60.0
$50.0
$40.0
$30.0
$20.0
$10.0
$0.0
$18.5
$25.6
$79.2
$97.7
$52.3
$67.0
$15.8
$46.7
$42.3
FY 2006
FY 2007
FY 2008
FY 2009
FY 2010
FY 2011 (Est)
Actual Data
HB 58 - Cost Depletion Only


Mining License Tax Revenues - Effect of Tax Rate Change Only
$ in Millions
$140.0
$120.0
$100.0
$80.0
$60.0
$40.0
$20.0
$0.0
$18.5
$28.8
$79.2
$124.2
$52.3
$82.0
$15.8
$26.5
$29.4
$45.9
$46.7
$73.6
FY 2006
FY 2007
FY 2008
FY 2009
FY 2010
FY 2011 (Est)
Actual Data
HB 58 - Rates Only


Mining License Tax Revenues - Total Revenue Effect of HB 58
$ in Millions
$160.0
$140.0
$120.0
$100.0
$80.0
$60.0
$40.0
$20.0
$0.0
$18.5
$39.7
$79.2
$153.0
$52.3
$104.8
$15.8
$32.3
$29.4
$65.9
$46.7
$94.7
FY 2006
FY 2007
FY 2008
FY 2009
FY 2010
FY 2011 (Est)
Actual Data
HB 58

Alaska Department of Revenue
Current Revenues vs. HB 58 Revenues
FY 2006 Through FY 2010 Actuals and Estimated FY 2011

	Aggregate Effect of HB 58 on Mining License Tax Revenues						
	Actual Data	HB 58 - Cost Depletion Only	Difference	HB 58 - Rates Only	Difference	HB 58	Difference
FY 2006	18.5	25.6	7.1	28.8	10.4	39.7	21.3
FY 2007	79.2	97.7	18.5	124.2	45.1	153.0	73.9
FY 2008	52.3	67.0	14.7	82.0	29.7	104.8	52.5
FY 2009	15.8	20.9	5.1	26.5	10.7	32.3	16.5
FY 2010	29.4	42.3	12.9	45.9	16.5	65.9	36.4
FY 2011 (Est)	46.7	60.7	14.0	73.6	26.9	94.7	48.0

*Analysis based upon actual Mining License Tax returns.

LEGISLATIVE RESEARCH SERVICES

Alaska State Legislature
Division of Legal and Research Services
State Capitol, Juneau, AK 99801

(907) 465-3991 phone
(907) 465-3908 fax
research@legis.state.ak.us

Memorandum

TO: Representative Paul Seaton
FROM: Susan Haymes, Legislative Analyst
DATE: February 3, 2011
RE: Mineral Extraction in Alaska, Government Revenue and Resource Value, 2001-2009
LRS Report 11.112

You asked for a comparison of government revenue collected from the mining industry and the value of all minerals extracted for the years 2001 through 2009.[1]

According to *Alaska's Mineral Industry 2009 – Special Report 64* (*2009 Mineral Report*), the mining industry pays revenues to the state through a number of mechanisms including state claim rentals, production royalties, corporate income taxes, mining license taxes, coal land rentals, coal royalties, sales of material (rock, sand, and gravel) from state and Mental Health Land Trust and State Pipeline Coordinator's Office managed lands, miscellaneous fees, and state fuel taxes. The mining industry also pays revenues to municipalities in the form of property taxes, payments in lieu of taxes (PILT), severance taxes, and sales taxes.[2] Alaska's mining industry tax structure has remained essentially the same since statehood. In 1989, Alaska lawmakers established the mineral production royalty, codified at AS 38.04.212, which is three percent of the net income on minerals produced on state-owned land.

The *2009 Mineral Report* provides data on the *production*, or *resource*, *value* for each mineral extracted, which is based on the average market price of the resource, unless other values are provided by the operator.[3] Minerals include metals (gold, silver, lead, and zinc), sand, gravel and rock, and coal and peat. Metals accounted for the vast majority of production value ranging from a low of about 81 percent in 2002, to 89 percent in 2003, to almost 96 percent in 2007. During 2008 and 2009, metals accounted for about 94 percent of the total production value, coal and peat about 2.8 percent, and rock, sand gravel about 2.8 percent.[4] Generally, metal values are calculated from weekly averages on the London Metal Exchange.[5] Mineral *production value* peaked in 2007 at almost $3.5 billion due to increased production volume and strong metal prices. In 2008 and 2009, mineral *production value* decreased to about $2.5 billion each year, due to the decline in some metal prices.

In comparing government revenue and *resource value*, we note that not all sources of government revenue are directly related to the *resource value* of the minerals extracted. For example, the state charges an annual rental fee for state mining claims, upland mining leases, and offshore mining leases based on the number of years since the claim or lease was first located and the number of acres.[6] In addition, the state sells rock, sand and gravel from state lands at a prescribed rate.[7] The state also collects miscellaneous fees such as filing fees, exploration incentive application fees, bond pool payments, and

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[1] This report updates Legislative Research Report 08.080, "Mineral Extraction in Alaska, Government Revenue and Resource Value, 2001-2006," December 21, 2007.

[2] *Alaska's Mineral Industry 2009 – Special Report 64*, Department of Natural Resource's (DNR) Division of Geological & Geophysical Surveys in cooperation with the Division of Economic Development, Table 3, p. 6. The 2009 Mineral Report can be accessed at http://www.dggs.dnr.state.ak.us/pubs/pubs?reqtype=citation&ID=21881.

[3] The *production value* does not take into account mining, shipping, smelting and other costs incurred by the producer, (*2009 Mineral Report*, Table 12, p. 28). For purposes of this report, *production value* and *resource value* have the same meaning.

[4] *2003-2009 Mineral Reports*.

[5] The Division of Geological & Geophysical Surveys (DGGS) also calculates the *total value* of the mineral industry each year. The *total value* is determined by combining exploration and development expenditures with production value. A table showing the total value of the mineral industry in Alaska from 1981 through 2009 can be found in the *2009 Mineral Report*, Table 1, p.3.

[6] Annual rental fees increased in 2009 to match the changes in the Consumer Price Index (CPI) for Anchorage as compiled by the Department of Labor, AS 38.05.211. Current fees are codified in 11 AAC 86.215.

[7] The state's lands involved include those managed by DNR's Division of Land, the Mental Health Land Trust, and the State Pipeline Coordinator's Office (SPCO).

Annual Placer Mining application fees. Additionally, the Alaska Industrial Development Export Authority (AIDEA) collects revenue from the mineral industry for the use of state-owned facilities.[8] Likewise, not all revenues collected by municipalities are related to *production value*. We note there may be some tangential connection in the sense that as the value of the mineral resource increases, more state-owned buildings and lands may be used, and more permits and claims may be filed.

We identified three main government revenue sources that are related to the *production value*:

- Mineral production royalties on all net income from product sales from State-owned lands;
- Mining licensing tax on net income from product sales from all lands in the state; and
- State corporate income tax on net income.

For these sources, three major factors influence how much revenue is collected from the mining industry: the amount of minerals extracted, the market value of each mineral, and each mine's operating costs. The mine's operating costs are a factor because the state uses a company's *net* income as the basis for determining the mineral production royalty, the mining licensing tax, and corporate income tax.[9]

Generally, the correlation between *production value* and government revenues is positive. In other words, as the mineral value increases, so does government revenue. Nonetheless, there are some exceptions. For example, at almost $3.5 billion, mineral production value in 2007 eclipsed that in all other years, while government revenue decreased by almost $30 million from the previous year. According to the *2007 Minerals Report*, government revenue was lower due to the increased operating costs or lower net income claimed by mining companies.[10] Similarly, while *production value* remained relatively high in 2008, government revenue declined significantly. The *2008 Minerals Report* attributes the decrease to lower net incomes in the mining industry and decreasing property values.[11] It would seem then that the primary variable between mineral value and associated government revenue appears to be the mine's operating costs.

We note that 2009 corporate income tax revenue data were not available at the time the *2009 Mineral Report* was published. The Department of Revenue's (DOR) Tax Division provided the 2009 data, which we have incorporated into the 2009 government revenue amount.[12]

In Table 1 we show the available government revenue, *resource (production) value*, and government revenue as a percentage of *resource value* for the 2001-2009 time period. As noted previously, government revenue includes state and municipal taxes, fees, and royalties collected from the mining industry as reported in the *Alaska Industry Minerals Reports*.[13] As with *production value*, the revenue from metals accounts for the majority of government revenue, while revenue from coal rents

[8] In 2008, DGGS began including the amount of funds paid to AIDEA as a component of government revenue received from the mining industry. The government revenue data used for this report includes the AIDEA funds as they projected back to 2003.

[9] Net income is calculated by taking a company's total revenue less the deductions allowed for the costs of doing business such as depreciation, operating expenses, losses sustained, and other expenses, AS 43.65.060(3). Mining operating costs are not available, but would affect the amount of revenue collected from these sources.

[10] *Alaska's Mineral Industry Report 2007 – Special Report 62*, p. 5-6. The 2007 report can be accessed at http://www.dggs.dnr.state.ak.us/pubs/id/17841.

[11] *Alaska's Mineral Industry Report 2008 – Special Report 63*, p. 5. The 2008 report can be accessed at *http://www.dggs.dnr.state.ak.us/pubs/id/20061*. According to the Department of Revenue's *Fall 2010 Revenue Sources Book*, revenue from the mining license tax is projected to increase in 2011, based on forecasts of higher profits at Alaska's mines and new mines entering production.

[12] According to DOR, the refunds paid to companies classified as mining operations exceeded payments for the year. The amount reported for 2009 is ($2,558,970), meaning the state refunded $2,558,970 more than it collected. Johanna Bales, deputy director, DOR's Tax Division, cautions that the corporate income tax data provided by DOR do not present an accurate reflection of industry activities conducted in Alaska. The data reflect the primary operations of the parent corporation, which are not necessarily its primary Alaska operations. Nor do the data necessarily reflect the industry in which each subsidiary of the parent company participates. Ms. Bales can be reached at 907.269.6620.

[13] To be consistent with the information presented in the prior report, we included all state and municipal revenue collected from the mining industry.

and royalties, as well as from sales of sand, rock and gravel accounted for less than nine percent of government revenue in 2009, less than two percent in 2006, and less than five percent in 2004.[14]

Table 1: Mineral Extraction in Alaska: Government Revenue as a Percentage of Resource Value, 2001-2009

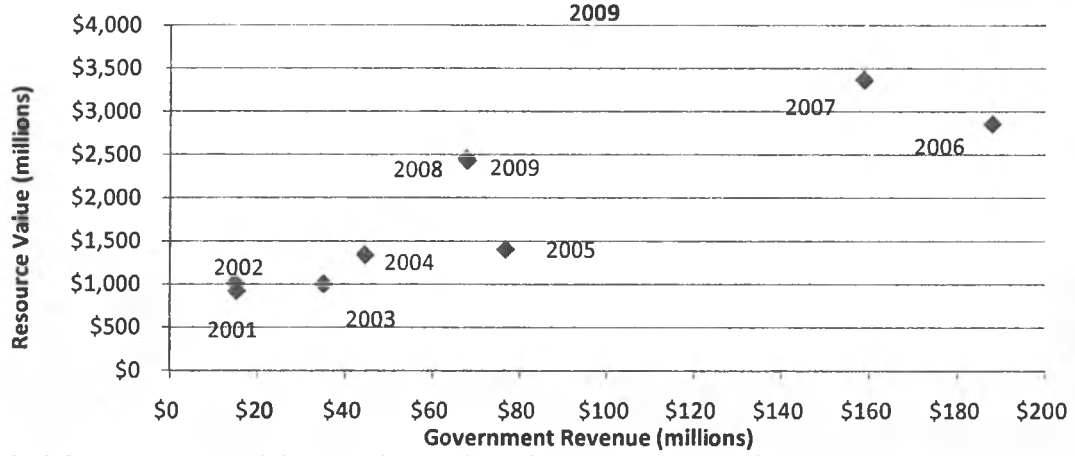
Year	Government Revenue	Resource Value	Percentage
2001	$ 15,209,182	$ 919,308,000	1.65%
2002	$ 14,842,224	$ 1,012,809,000	1.47%
2003	$ 35,105,437	$ 1,000,662,000	3.51%
2004	$ 44,409,777	$ 1,338,666,982	3.32%
2005	$ 76,694,090	$ 1,401,608,000	5.47%
2006	$ 187,807,905	$ 2,858,233,467	6.57%
2007	$ 158,620,579	$ 3,367,028,708	4.71%
2008	$ 67,936,957	$ 2,427,121,820	2.80%
2009	$ 67,675,301	$ 2,455,552,269	2.76%

Notes: *Government Revenue* includes state and municipal taxes, fees, and royalties collected from the mining industry. Metals account for the majority of government revenue (ranging from 90-98 percent). All revenue data are reported on a calendar year basis except corporate income and mining license taxes, which are reported using the succeeding fiscal year as follows: FY04 are shown in CY03. The Department of Revenue cautions that because corporate income tax revenue reflects parent corporation activity, the data provided may not accurately reflect mining activities in Alaska. *Resource value* is calculated from average mineral prices and estimates of total minerals extracted. Metals account for the vast amount of resource value (at least 94 percent in recent years). The mining industry tax structure remained constant during this period.
SOURCES: Alaska's Mineral Industry 2003-2009--Special Reports 58--64, respectively; Johanna Bales, deputy director, Tax Division, DOR, 907.269.6620.

On the following page, we present the available data on government revenue and *resource* (*production*) *value* in Figure 1. Figure 2 shows government revenue as a percentage of resource value.

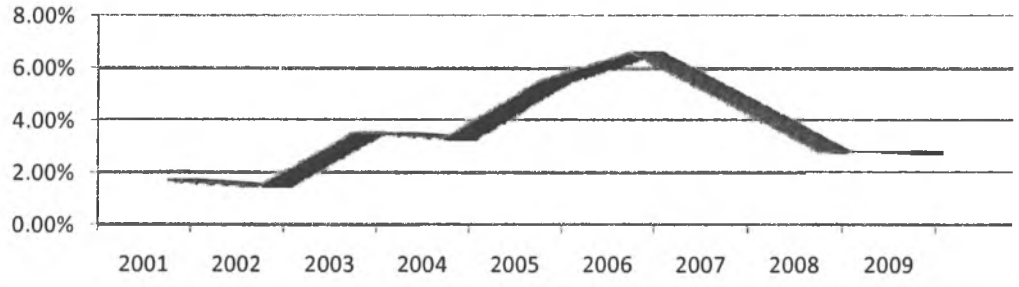
[14] *2009 Minerals Report*, Table 3, p.6.

Figure 1: Mineral Extraction in Alaska, Government Revenue and Resource Value, 2001-2009



NOTES: *Government revenue* includes state and municipal taxes, fees and royalties collected from the mining industry. Metals account for the majority of government revenue (ranging from 90 -98 percent). All revenue data are reported on a calendar year basis except corporate income and mining license taxes, which are reported using the succeeding fiscal year as follows: FY04 are shown in CY03. The Department of Revenue (DOR) cautions that because corporate income revenue reflects the activities of the parent corporation, the data provided may not accurately reflect mining activities in Alaska. *Resource value* is calculated from average mineral prices and estimates of total minerals extracted. Metals account for the vast amount of resource value (at least 94 percent in recent years). The mining industry tax structure remained constant during this time. **SOURCES**: Alaska's Mineral Industry 2003-2009, Special Reports 58-64, respectively; Johanna Bales, deputy director, Tax Division, DOR, 907.269.6620.

Figure 2: Mineral Extraction in Alaska, Government Revenue as a Percentage of Resource Value, 2001-2009



NOTES: *Government Revenue* includes state and municipal taxes, fees and royalties collected from the mining industry. Metals account for the majority of government revenue (ranging from 90-98 percent). All revenue data are reported on a calendar year basis except corporate income and mining license taxes, which are reported using the succeeding fiscal year as follows: FY04 are shown in CY03 The Department of Revenue (DOR) cautions that because the corporate income revenue reflects parent corporation activity, the data provided may not accurately reflect mining activities in Alaska. *Resource Value* is calculated from average mineral prices and estimates of total minerals extracted. Metals account for the vast amount of resource value (at least 94 percent in recent years). The mining industry tax structure remained constant during this period. **SOURCES**: Alaska's Mineral Industry 2003-2009--Special Reports 58-64, respectively; Johanna Bales, deputy director, Tax Division, DOR, 907.269.6620.

We hope this is helpful. If you have questions or need additional information, please let us know.

ALASKA MINERS ASSOCIATION, INC.

3305 Arctic Blvd., #105, Anchorage, Alaska 99503 • 907) 563-9229 • FAX: (907) 563-9225 • www.alaskaminers.org

April 11, 2011

Honorable Eric Feige
Honorable Paul Seaton
Co-Chairs, House Resources Committee
Capitol Building
Juneau, AK 99811

RE: House Bill 58, Mining Taxes and Royalties

Dear Representatives Feige and Seaton,

The Alaska Miners Association opposes House Bill 58 which would make numerous changes to the taxes and royalties paid by the mining industry. This bill proposes replacing the current effective tax and royalty structure with a regressive structure that would adversely impact job creation and community stability and sustainability, especially in rural Alaska.

The principles and approach embodied in the current tax structure, a Mining License Tax, was first established by the Territorial Legislature in 1913 and subsequently added to State law. This type of tax is charged only against mining and not against any other natural resource produced in Alaska. This tax is in addition to corporate income tax. Companies have invested for more than two decades based on the current tax structure. To now change that structure would clearly be a case of "bait and switch."

In 1989 the Alaska State Legislature enacted a requirement that claim holders pay a rent to maintain their claims. This rent increases over time due to a provision whereby the amount is reevaluated periodically and is then increased based on the consumer price index. For a mining claim that has been in place for 10 years of more, the cost has now escalated to $1.75/acre [one acre is 208 ft by 208 ft]. The Legislature also enacted a requirement that production occurring on State-owned lands must pay a 3% net royalty.

Today there are only six large mines operating in all of Alaska. What is needed is more mines, not more taxes on the mines that are in operation.

Sincerely,

Steven C. Borell, P.E.
Executive Director

Cc: Resources Committee Members

HB

60

<TARGET><BILL>HB 60</BILL><SUBJECT>HB
60</SUBJECT><COMM>HRES27</COMM></TARGET>

Alaska State Legislature

State Capitol, Room 102
Juneau, AK 99802
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Toll Free (800) 665-4389
Representative_Paul_Seaton@legis.state.ak.us

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Homer, AK 99603
Phone: 235-2921
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REPRESENTATIVE Paul Seaton

District 35

MEMORANDUM

TO: Representative Feige
Co-Chair, House Resources Committee
Representative Paul Seaton
Co-Chair, House Resources Committee

FROM: Representative Paul Seaton

DATE: February 16, 2011

RE: Request for a hearing, HB 60

I respectfully request a hearing of HB 60 before the House Fisheries Committee

In summary, HB 60 states that the Department of Fish and Game cannot use the absence of wild geoducks in an area to deny a farming permit.

Attached please find: HB 60, DNR fiscal note, F&G fiscal note, sponsor statement, Interesting Geoduck Facts, Article 2 Aquatic Farming, Letter from Alutiiq Pride Shellfish Hatchery, Home page for three minute trailer for "3 feet under – Digging Deep for the Geoduck"

In order to show the brief three minute clip "3 Feet Under – Digging Deep for the Geoduck" I will need a computer and projector.

All teleconference sites are welcome; however there are no special requests. At the committee's discretion, Jeff Hettrick, the manager of the Alutiiq Pride Shellfish Hatchery will need to call in off net.

Staff contact: Katie Koester, 465-2028

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 60
(H) Publish Date: 2/16/11

Identifier (file name) HB060-DNR-CP&L-02-14-11
Title: Geoduck Aquatic Farming/Seed Transfer
Sponsor: Rep. Seaton
Requester: House FSH

Dept. Affected: Natural Resources
Appropriation: Resource Development
Allocation: Claims, Permits and Leases
OMB Component Number: 2460

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (please identify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Part-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Temporary	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version

Prepared by: Wyn Menefee, Acting Director — Phone: 269-8501
Division: Mining, Land & Water — Date/Time: 2/14/11 1:00 PM
Approved by: Daniel S. Sullivan — Date: 2/14/2011
Department of Natural Resources

(Revised 1/27/2011 OMB)

FISCAL NOTE #2

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 60

Analysis

HB 60 would allow for the transfer of geoduck seed from a certified hatchery to an aquatic farm.

This bill would have no impact on the Department of Natural Resources' ability to offer aquatic farming and hatchery lease sites under AS 38.05.083. While this bill might open more areas of the state to the aquatic farming of geoducks, which could result in a slight increase in overall aquatic farmsite leasees, the fiscal impact to DNR is anticipated to be minimal and could be addressed with existing staff and resources.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **HB 60**
() Publish Date

Identifier (file name) HB060-DFG-CFD-02-10-11
Title Geoduck Aquatic Farming/Seed Transfer
Sponsor Representative Seaton, Gruenberg
Requester House Special Committee on Fisheries

Dept. Affected ADF&G
Appropriation Commercial Fisheries
Allocation Headquarters Fisheries Management
OMB Component Number 2171

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (please identify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost 0.0

POSITIONS							
Full-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version.

Prepared by Geron Bruce, Assistant Director
Division Commercial Fisheries Division
Approved by Kevin Brooks, Administrative Services Director
Department of Fish and Game

Phone 907-465-6151
Date/Time 02/10/11 3:00PM
Date 2/10/2011

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB60

Analysis

No fiscal impact to the department.

Alaska State Legislature

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REPRESENTATIVE Paul Seaton

District 35

Shellfish farming has the potential to diversify the economic base of coastal communities impacted by the changing dynamics of the fishing industry. HB 60 allows this expansion of this clean water industry by permitting geoducks to be farmed subtidally in the Gulf of Alaska even if wild geoducks are not present. The bill does not exempt farmers from any health, safety, or other transfer provisions relating to hatchery seed.

The Alutiiq Pride Shellfish Hatchery is the only hatchery that supplies mariculture spat and seed in the State. It was initiated by the State to be a self-sustaining operation in association with the private mariculture farms permitted by the State. Their business plan relies on the sale of geoduck seed. However, an informal policy of the Department of Fish and Game prevents geoduck seed from being utilized by farms anywhere outside of southeast Alaska. These restrictions on the sale of geoduck seed cause the sole hatchery for the mariculture industry in Alaska to require continual subsidy by the State. HB 60 will allow the mariculture industry to develop around the Gulf of Alaska, providing a potentially strong market for seed and private sector financing for the operation of the hatchery.

As non-mobile filter feeders eating plankton, farmed geoducks will not prey on any local commercial, sport or personal use fish. There have been no reports of species displacement in the sedimentary habitat by geoduck clams. Farmed geoducks will not interfere with personal recreational boaters as they are cultivated in the sediment below low tide and without the numerous buoys and floating cages used in oyster farms. No infectious disease has been identified in any wild geoduck population or the geoduck farming industries of Washington, British Columbia, or Alaska.

The conflict involving geoducks in southeast Alaska is between the dive fishermen who harvest wild stock and farmers who wish to farm in areas with existing wild stock. HB 60 would circumvent this conflict because there is no wild geoduck stock in the proposed area. This bill will not override any Department of Natural Resources farm site leasing or Department of Fish & Game permit regulation.

HB 60 eliminates unnecessary hindrances to the growth of the maricluture industry in Alaska and provides a potential alternative economic base for coastal communities while adequately considering the health of our marine ecosystem.

Staff Contact, Katie Koester 465-2028

1/27/2011 HB60/A

Article 02. AQUATIC FARMING

Sec. 16.40.100. Aquatic farm and hatchery permits.

(a) A person may not, without a permit from the commissioner, construct or operate

(1) an aquatic farm; or

(2) a hatchery for the purpose of supplying aquatic plants or shellfish to an aquatic farm.

(b) A permit issued under this section authorizes the permittee, subject to the conditions of AS 16.40.100 - 16.40.199 and AS 17.20, to

(1) acquire, purchase, offer to purchase, transfer, possess, sell, and offer to sell stock and aquatic farm products that are used or reared at the hatchery or aquatic farm; and

(2) except as provided in (f) of this section, harvest and, without further cultivation, sell an insignificant population that may be present at the aquatic farm site of a wild stock of a shellfish species intended to be cultured at the site.

(c) The commissioner may attach conditions to a permit issued under this section that are necessary to protect natural fish and wildlife resources.

(d) Notwithstanding other provisions of law, the commissioner may not issue a permit under this section for the farming of, or hatchery operations involving, Atlantic salmon.

(e) Upon the expiration or termination of a permit issued under this section, a person who holds a permit for an aquatic farming site where wild stocks of shellfish indigenous to the site are cultured shall, as a condition of the permit, restore the wild stock of shellfish, as consistent with sustained yield management of the wild stock, to the population level that existed on the site when the permit for the site was initially issued by the commissioner. A permit holder is not required to restore that portion of the wild stock of shellfish that was removed from an aquatic farming site by a common property fishery conducted after the issuance of the permit for the aquatic farming site.

(f) If the wild stock of a shellfish species to be cultured at an aquatic farm site exceeds the amount determined by the department to be an insignificant population and if the commissioner determines in writing that removal from the site of that portion of the stock that exceeds an insignificant population would benefit the public and that removal of the stock by a person other than the permittee would unreasonably interfere with the operation of the aquatic farm, the commissioner may authorize the permittee to remove and sell the excess amount of the wild stock from the site, if the permittee pays reasonable compensation, as defined by the department, to the department for the harvest and sale of the excess wild stock. The department shall deposit the money received under this subsection into the general fund. The legislature may appropriate the money received under this section to the department for shellfish management and enhancement.

Sec. 16.40.105. Criteria for issuance of permits.

The commissioner shall issue permits under AS 16.40.100 on the basis of the following criteria:

(1) the physical and biological characteristics of the proposed farm or hatchery location must be suitable for the farming or the shellfish or aquatic plant proposed;

(2) the proposed farm or hatchery may not require significant alterations in traditional fisheries or other existing uses of fish and wildlife resources;

(3) the proposed farm or hatchery may not significantly affect fisheries, wildlife, or their habitats in an adverse manner;

(4) the proposed farm or hatchery plans and staffing plans must demonstrate technical and operational feasibility; and

(5) the proposed farm site may not include more than an insignificant population of a wild stock, on the site, of a shellfish species intended to be cultured.

Sec. 16.40.110. Permit application, renewal, and transfer.

(a) An applicant for an aquatic farming or hatchery permit required under AS 16.40.100 shall apply on a form prescribed by the commissioner. An application for a permit must include a plan for the development and operation of the aquatic farm or hatchery, which must be approved by the commissioner before the permit is issued.

(b) An application for renewal or transfer of a permit must be accompanied by fees required by the commissioner, a report of the disease history of the farm or hatchery covered by the permit, and evidence that satisfies the commissioner that the applicant has complied with the development plan required under (a) of this section. The commissioner may require a health inspection of the farm or hatchery as a condition of renewal. The department may conduct the inspection or contract with a disease diagnostician to conduct the inspection.

(c) A person to whom a permit is transferred may use the permit only for the purposes for which the permit was authorized to be used by the transferor, and subject to the same conditions and limitations.

Sec. 16.40.120. Aquatic stock acquisition permits.

(a) A person may not acquire aquatic plants or shellfish from wild stock in the state for the purpose of supplying stock to an aquatic farm or hatchery required to have a permit under AS 16.40.100 unless the person holds an acquisition permit from the commissioner.

(b) An acquisition permit authorizes the permit holder to acquire the species and quantities of wild stock in the state specified in the permit for the purposes of supplying stock to

(1) an aquatic farm or hatchery required to have a permit under AS 16.40.100;

(2) the department.

(c) The commissioner shall specify the expiration date of an acquisition permit and may attach conditions to an acquisition permit, including conditions relating to the time, place, and manner of harvest. Size, gear, place, time, licensing, and other limitations applicable to sport, commercial, or subsistence harvest of aquatic plants and shellfish do not apply to a harvest with a permit issued under this section. The commissioner of fish and game shall issue or deny a permit within 30 days after receiving an application.

(d) The commissioner shall deny or restrict a permit under this section upon finding that the proposed harvest will impair sustained yield of the species or will unreasonably disrupt established uses of the resources by commercial, sport, personal use, or subsistence users. The commissioner shall inform the Board of Fisheries of any

action taken on permit applications for species that support commercial fisheries subject to limited entry under AS 16.43 and of any permits denied because of unreasonable disruption of an established use. A denial of the permit by the commissioner must contain the factual basis for the findings.

(e) The Board of Fisheries may adopt regulations for the conservation, maintenance, and management of species for which an acquisition permit is required.

(f) Except as provided in (d) of this section or in a regulation adopted under (e) of this section, the commissioner shall issue a permit if

(1) wild stock is necessary to meet the initial needs of farm or hatchery stock;

(2) there are technological limitations on the propagation of culture stock for the species sought;

(3) wild stock sought is not fully utilized by commercial, sport, personal use, or subsistence fisheries; or

(4) wild stock is needed to maintain the gene pool of a hatchery or aquatic farm.

(g) Aquatic plants and shellfish acquired under a permit issued under this section become the property of the permit holder and are no longer a public or common resource.

Sec. 16.40.130. Importation of aquatic plants or shellfish for stock.
A person may not import into the state an aquatic plant or shellfish for the purpose of supplying stock to an aquatic farm or hatchery unless authorized by a regulation of the Board of Fisheries.

Sec. 16.40.140. Limitation on sale, transfer of stock, and products.

(a) A private hatchery required to have a permit under AS 16.40.100 may sell or transfer stock from the hatchery only to an aquatic farm or other hatchery that has a permit issued under AS 16.40.100, except that shellfish stock may also be sold or offered for sale to an aquatic farm or related hatchery outside of the state.

(b) Stock may not be transferred to or from an aquatic farm or hatchery required to have a permit under AS 16.40.100 without prior notice of the transfer to the commissioner. A notice of transfer shall be submitted at least 45 days before the proposed date of transfer.

(c) A notice of transfer must be accompanied by a report of a health inspection of the stock. The department shall conduct the inspection or contract with a disease diagnostician to conduct the inspection. The cost of inspection shall be borne by the department.

(d) The department may restrict or disapprove a transfer of stock if it finds that the transfer would present a risk of spreading disease.

(e) A person may not sell, transfer, or offer to sell or transfer, or knowingly purchase or receive, an aquatic farm product grown or propagated in the state unless the product was grown or propagated on a farm with a permit issued under AS 16.40.100. The permit must be in effect at the time of the sale, transfer, purchase, receipt, or offer.

Sec. 16.40.150. Disease control and inspection.

(a) The department shall order the quarantine or the destruction and disposal of diseased hatchery stock or of aquatic farm products when necessary to protect wild stock. A holder of a permit issued under AS 16.40.100 shall report to the department an

outbreak or incidence of disease among stock or aquatic farm products of the permit holder within 48 hours after discovering the outbreak or incidence.

(b) A holder of a permit issued under AS 16.40.100 shall allow the department to inspect the permit holder's farm or hatchery during operating hours and upon reasonable notice. The cost of inspection shall be borne by the department.

(c) The department shall develop a disease management and control program for aquatic farms and hatcheries.

(d) The department may enter into an agreement with a state or federal agency or a private, state-certified provider to provide services under (b) and (c) of this section, or inspections under AS 16.40.110(b).

Sec. 16.40.155. Records and reports confidential.
Records required by statute or by a regulation adopted by the department concerning aquatic farm stocks or production, prices, and harvests of aquatic farm products and wild stocks, and annual statistical reports of individual aquatic farms or hatcheries required by statute or by a regulation adopted by the department are confidential and may not be released by the department, except that the department may release the records and reports

(1) to the Department of Revenue and the Department of Natural Resources to assist the departments in carrying out their respective statutory responsibilities;

(2) as necessary to comply with a court order;

(3) provided by an aquatic farm or hatchery permit holder to the permit holder whose activity is the subject of the records or reports;

(4) regarding cumulative annual harvests of wild stocks at individual aquatic farm sites.

Sec. 16.40.160. Regulations.
The commissioner may adopt regulations necessary to implement AS 16.40.100 - 16.40.199.

Sec. 16.40.170. Penalty.
A person who violates a provision of AS 16.40.100 - 16.40.199, a regulation adopted under AS 16.40.100 - 16.40.199, or a term or condition of a permit issued under AS 16.40.100 - 16.40.199, is guilty of a class B misdemeanor.

Sec. 16.40.199. Definitions.
In AS 16.40.100 - 16.40.199

(1) "aquatic farm" means a facility that grows, farms, or cultivates aquatic farm products in captivity or under positive control;

(2) "aquatic farm product" means an aquatic plant or shellfish, or part of an aquatic plant or shellfish, that is propagated, farmed, or cultivated in an aquatic farm and sold or offered for sale;

(3) "aquatic plant" means a plant indigenous to state water or that is authorized to be imported into the state under a permit issued by the commissioner;

(4) "commissioner" means the commissioner of fish and game;

(5) "hatchery" means a facility for the artificial propagation of stock, including rearing of juvenile aquatic plants or shellfish;

(6) "insignificant population" means a population of shellfish that, in the determination of the commissioner, would not attract and support a commercial fishery for that species of shellfish and the harvest and sale of the shellfish would not result in significant alteration in traditional fisheries or other existing uses of fish and wildlife resources if the population were included within an aquatic farm site;

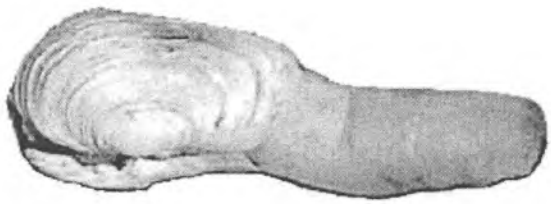
(7) "positive control" means, for mobile species, enclosed within a natural or artificial escape-proof barrier; for species with limited or no mobility, such as a bivalve or an aquatic plant, "positive control" also includes managed cultivation in unenclosed water;

(8) "shellfish" means a species of crustacean, mollusk, or other invertebrate, in any stage of its life cycle, that is indigenous to state water or that is authorized to be imported into the state under a permit issued by the commissioner;

(9) "stock" means live aquatic plants or shellfish acquired, collected, possessed, or intended for use by a hatchery or aquatic farm for the purpose of further growth or propagation.

Interesting Geoduck Facts

Latin name: *Panopea abrupta* (Conrad, 1849)
Superfamily: Hiatellidae
Family: Hiatellidae



- **"The common name for geoduck has a native American origin, meaning "dig deep", a reference to humans or sea otters digging them. The scientific name is *Panopea abrupta* (Conrad, 1849) and I believe it is the largest intertidal clam in the world. It is the largest species of Panopea."**
  Harbo, R.1997.Shells and Shellfish of the Pacific Northwest".

- **The geoduck clam is sometimes spelled: goeduck, goiduck, or gweduck.**

- **The Chinese call the geoduck the "elephant trunk clam"**

- **Native to the northern Pacific coasts of Canada and the United States of America, that is, along the coasts of Washington state and the province of British Columbia. About 109 million adult geoducks are packed into Puget Sound's sediments the biggest bunch of marine animals in the Sound.**

- **The geoduck is the largest intertidal clam (and the largest burrowing clam) in the world with an average weight of approximately 1 kg (2.2 lbs) in B.C. and a shell length to 195 mm (7").**
  - **"I had one of these (Panopea abrupta) on display here at the Seattle Aquarium that was 13 pounds, and I've heard of bigger ones. They are generally credited with being the deepest digging clam, the biggest burrowing clam and it's possible that the geoduck is one of the longest-living mollusks."**
    Roland C. Anderson, PhD; Puget Sound Curator, The Seattle Aquarium (Source)

- **Huge geoducks have been recorded weighing up to 4.5 kg (10 lbs) Hand et al.1996, Harbo 1997 with larger denizens of the deep reported by fishermen in the field. (Source)**
  The maximum documented weight: 7.15 kgs. (Sources differ on this point)

- **Age and growth studies have shown that geoduck clams grow about one inch per**

year in shell length for the first four years of life. The growth rate is gradually reduced after this time. The average size of 2.2 pounds is reached in five to six years.

- Average Age: Adults may live to over 140 years and reach a maximum shell length of 23 cm. Geoducks are among the longest-lived animals in the world. Growth-ring analysis shows many individuals live for more than 100 years. They grow rapidly in the first 10-15 years (approximately 1 inch per year), after which time the growth in shell length almost ceases and is replaced by a thickening of the shell and a slow increase in body weight.

- Oldest Recorded Age: 146 to 168 years (sources differ on this point).

    - "The neck of a geoduck can stretch to 1 meter, from the body and shell of this clam. When the clam is harvested (by divers, using high pressure water jets), the neck contracts. The oldest clam aged from British Columbia is 168 years old!" "
      Harbo, R.1997.Shells and Shellfish of the Pacific Northwest".

- Geoducks are most often found at depths between 10 and 80 feet below the mean low tide mark, but have been reported at depths reaching 360 feet. Average depths from another source: subtidal, from 8 to 120 m depth

- They bury themselves up to a meter deep in sand, silt, gravel and other soft substrates. A developing geoduck will burrow into sediment at an approximate rate of 1 foot per year. After digging about 3 feet deep, the adult geoduck settles in for 100 years or more.

- Siphons and neck cannot be withdrawn into their shell. In burrowed adults, the siphon may stretch 39 inches to the sea bed.

- Geoducks have separate sexes. Spawning occurs annually, primarily from Late April to July, when waters are warm. Females release from 7-10 million eggs, which develop through several stages in the water column until settling on the bottom within 40-50 days. At a shell length of 2 mm, they burrow into the substrate and can bury to a refuge depth of 60 cm in two years. They are sexually mature by 3 yrs.

- The of the geoduck is thin, it lacks teeth, and it may attain a length of 8 in. (20 cm). The valves, or two parts of the shell, are always open in the adult, because the body and siphons are too large to be retracted.

- The geoduck feeds on phytoplankton (single-celled marine algae), mostly diatoms and flagellates. Due to it's diet, one must be careful of paralytic shellfish poison (PSP) or "red tides". Check with autorities if unsure wheter or not there is a red tide before attempting to invite a geoduck for lunch. Red tides are harmless to the clams, but they can be fatal to humans.

- As Food: The neck can be cut or ground and used in chowders. The body meat, when sliced, pounded and sautéed it resembles abalone. Although they are edible,

they are not widely marketed due to their inaccessibility. They are exposed for only a few hours a month, during minus tides, and even then only a very fast person digging with a shovel can attempt to dig out this fast burrowing clam. (Note: sport limits for the stae of Washington are three per day)

- See the Underwater Harvestors Page for information of purchasing, storing, preparing and recipes for geoducks
- The prime meat comes from the neck, which may be up to 24-inches when fully extended, and the mantle can be cut or ground and used in chowders. The neck meat is often used in sushi or minced into patties and quick fried.
- Welcome to Geoduck Recipes: not only recipes but an introduction to geoduck aquaultue. By Grant Jones and his wife, Ashley.
- Mirugai Sushi: Source

- Predators: sea stars, crabs, fishes, and birds.

- SCUBA divers utilize high-pressure water to "dig" out the geoduck. The divers wear dry suits for protection from the cold water and they are supplied with air pumped down to them through a flexible hose from a compressor onboard a fishing boat. They must wear heavy weights to keep them submerged. Divers walk along the bottom for geoduck shows, which are the visible exposed tip of a siphon or dimple left in the sand from a retracted siphon. The divers then use a nozzle fed with high pressure water from the fishing boat above them to liquefy the sand around the geoduck thus removing the clam. The geoduck is then placed into a bag clipped to their waist. Divers are in constant communication with their boat via high tech diver to ship communications.

Resources Used for this Page and Other Sites on the Geoduck:

- The Columbian (2007) another good facts page
- Canada Fishery Management:
- Geoduck.org - Canada
- Fact Sheets - Geoduck
- Geoduck clam (Panopea abrupta): Anatomy, Histology, Development, Pathology, Parasites and Symbionts
- Geoduck farms considered - As many as 10 operations could be started along the coast ... Nicholas Read, Vancouver Sun
- Geoduck Information: David George Gordon, "Field Guide to the Geoduck"
- Geoduck FAQs:
- Geoduck Fact sheet: Government of Canada
  Harbo, R.1997.Shells and Shellfish of the Pacific Northwest".
- Fisheries and Oceans Canada Stock Status Report (pdf file)
- Washington State geoduck facts: Washington Department of Fish and Wildlife
- Three Feet Under
- The Geoduck Chronicles: How an obscure bivalve became the object of international desire
- NOAA FAQs
- Roland C. Anderson, PhD; Puget Sound Curator, The Seattle Aquarium
- Science
- Wikipedia
- Toxicity in Geoducks: Red Tide

- Underwater Harvester's Association:
- King Clam
- Oceans Alive
- Puget Sound Online - Current Creature- Puget Sound Sealife
- Seatlepi.com: Cashing in on geoducks
  Once chowder fodder, the giant clam can fetch up to $24 a pop
- To Prepare Geoduck For The Table.....
- The Geoduck Aquaculture Program
- Shellfish Commercial Fisheries - Geoduck - Southeast Alaska and Yakutat
  CURRENT NEWS RELEASES AND FISHERY UPDATES
- Seattle Times: 'Duck' is a misnomer for bountiful 'King Clam'
- Monteray Aquarium - Geoduck Clams
- GOOEY DUCKS (geoducks) fun site
- A Geoduck Blows Bubbles at Dungeness Spit

Comments From My Viewers

- Geoducks may be the fastest flying clam but they settle in they are not going win any races with with any other animal except another geoduck. Thanks for you info, Bill Lackner

To Page Top	To Bivalve Page	To Home Page

BEST DOC
Thunderbird
International
Film Festival

OFFICIAL SELECTIONS
Ashland Film Festival
Da Vinci Film Festival
Dahlonega Film Festival
Winslow Film Festival
Dances With Films
Int'l Cultural Film Symposium
S.F. Ocean Film Festival
West Chester Film Festival
Big Bear Lake Film Festival
Napa Valley Film Festival
Bainbridge Film Festival
Int'l Cultural Film Symposium

BEST DOC
short
Port Townsend
Film Festival

Duckumentary.com

3 FEET UNDER

Digging Deep for the Geoduck Clam



a documentary for those who let it all hang out

As seen on PBS stations

Directed by Justin Bookey
63 min., digital video. Available on DVD.

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reviews

buy the DVD!

The geoduck ("gooey duck") clam sports a phallic, three-foot-long neck and a life span of 160-plus years. 3 FEET UNDER explores how it has garnered a quirky yet devoted following in the Pacific Northwest.

view trailer

All movie and Web site material copyright 2003-2009 EMFATIK, Inc.
Photo: MSCUA, Univ. of Wash. Libraries, UW5784



Alutiiq Pride Shellfish Hatchery
PO Box 369
Seward, AK 99664
907 224-5181 224-5282 fax
jih@seward.net

January 21, 2011

Representative Paul Seaton
State Capitol, Room 201
Juneau, Alaska 99801

Dear Representative Seaton:

The Alutiiq Pride Shellfish Hatchery appreciates your efforts with House Bill 60. We rely upon shellfish seed sales to cover portions of our operating expenses. Geoducks and their high value offer us the best opportunity to achieve our sales goals. To date, the demand has not been originally projected causing a perpetual shortfall in revenue. Opening additional markets in south-central Alaska will help alleviate this deficit.

We are often frustrated by the Alaska Department of Fish and Game and their regulation of transport. It is ironic that we can transport a non-indigenous species such as oysters and cannot transport a native species outside what is considered its natural range. The fact that it will probably be non-reproductive in south- central Alaska should make management easy.

I would suggest we promote a cooperative demonstration project exploring the feasibility of geoduck farming in south-central Alaska headed by the Department of Fish and Game, the Department of Commerce and the Chugach Regional Resources Commission. The shellfish hatchery can provide geoduck seed for such an effort.

Sincerely,

Jeff Hetrick, Director

EVERGREEN
THE EVERGREEN STATE COLLEGE
OLYMPIA, WASHINGTON

The Geoduck



The Geoduck Fight Song

words and music by Malcolm Stilson, 1971

Go, Geoducks go,
Through the mud and the sand,
let's go.
Siphon high, squirt it out,
swivel all about,
let it all hang out.

Go, Geoducks go,
Stretch your necks when the tide
is low
Siphon high, squirt it out,
swivel all about,
let it all hang out.

What is a Geoduck?

The geoduck is a mollusk native to the Pacific Northwest. The geoduck (pronounced "GOO-ee-duck") is the largest burrowing clam in the world, weighing in at anywhere from one to three pounds at maturity. The appearance of geoduck's large, protruding siphon has led to the belief that the geoduck has the properties of an aphrodisiac. The geoduck has a life expectancy of up to 150 years with the oldest recorded at 163 years.

For more on the geoduck visit the *geoduck Wikipedia page* *(http://en.wikipedia.org/wiki/Geoduck)*.

Related
Facilities
(http://www.evergreen.edu/reccenter/)

Contact
Athletics Department
Location: College Recreation Center Room 210



Recreation
(http://www.evergreen.edu/recreation/)
Give to Athletics
(https://commerce.cashnet.com/givetoevergreen?itemcode=ALUMNI-ATHLE)
National Association of Intercollegiate Athletics
(http://naia.cstv.com/) (NAIA)

Phone: (360) 867-6770
Email: *Sports Information*
(http://www.evergreen.edu/scripts/contact.php?sm=thompsoc&sub=Email from the

HB

89

<TARGET><BILL>HB 89</BILL><SUBJECT>HB
89</SUBJECT><COMM>HRES27</COMM></TARGET>

REPRESENTATIVE PAUL SEATON

SESSION ADDRESS
State Capitol Building
Juneau, Alaska 99801-1182
(907) 465-2689
Fax: (907) 465-3472
1-800-665-2689

INTERIM ADDRESS
345 W. Sterling Highway
Homer, Alaska 99603
(907) 235-2921
Fax: (907) 235-4008
1-800-665-2689

ALASKA STATE LEGISLATURE
House District 35

HB 89
Sponsor Statement

Weather related disasters have cost the State of Alaska $106,474,936 over the past twenty years according to the Department of Military and Veterans Affairs. One of the most persistent and costly problems for Alaska communities is the regular flooding of rivers. In many regions this flooding is caused by an accumulation of gravel in the river bed, and the severity of the flooding could be decreased by removal of the gravel.

HB 89 provides commercial operators with a financially achievable way to remove gravel and other material in a riverbed prone to flooding. Statute currently requires that the state receive fair market value for sales of its gravel. The Department of Natural Resources assesses fair market value of gravel statewide and charges an up-front per yard fee for gravel removed from state land. This includes all gravel below a river that is determined to be navigable. The current pricing for gravel varies statewide from $5.00 per yard in Cordova, to $3.25 per yard on the Kenai Peninsula, $3.00 in the Mat-Su Borough, and $2.50 in the Aleutian Islands. This fee inhibits commercial removal of gravel from rivers with regular flooding issues.

HB 89 allows the Department of Natural Resources to consider mitigation of state disaster expenses as part of the fair market value calculation, and to receive a percent of the profit that a private contractor receives for the sale of the gravel they have extracted. HB 89 establishes this level at 12.5% of profits, mirroring the royalty share that the state receives for its oil and gas resources. The percent of profit paid to the state is calculated after the cost of extraction, loading and transportation are subtracted.

http://www.RepPaulSeaton.com
Email: Rep_Paul_Seaton@legis.state.ak.us

CS FOR HOUSE BILL NO. 89(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVE SEATON

A BILL

FOR AN ACT ENTITLED

"An Act relating to the disposal of certain bedload material in conjunction with a flood mitigation plan."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 38.05.872 is amended by adding new subsections to read:

(b) The commissioner may offer for disposal bedload material from an area subject to a site-specific flood mitigation plan approved by the commissioner under the terms in (d) of this section after making a finding that

(1) removal of the bedload gravel will offset future costs to the state that are attributable to flood damage;

(2) the sale of the bedload gravel under (b) - (e) of this section at a cost that may be below fair market value is in the best interests of the state; and

(3) removal of the bedload gravel will enhance the effectiveness of the flood mitigation plan in preventing a flood or minimizing flood damage.

(c) The commissioner may request a professional engineer with relevant

experience to review the plans for bedload material extraction.

(d) A person, other than the state or federal government or a political subdivision of the state, acquiring bedload material under a disposal authorized by the commissioner under this section shall comply with the terms and conditions established by the commissioner and pay to the department a royalty of not less than 12.5 percent of pretax profit calculated by subtracting from the value of the bedload material the actual direct costs of extricating, loading, and transporting the material to market, if applicable. The commissioner may adopt regulations that identify the method and means for determining the value of the bedload material and the costs that may be deducted for the purpose of calculating the amount to be paid to the state. In this subsection, "value" means the sales price of the material in a bona fide arm's-length transaction between unaffiliated parties or the sales price of the material had the material been sold in a bona fide arm's-length transaction between unaffiliated parties.

(e) In this section, "bedload material" means gravel, rock, and other material located below the plane of the ordinary high water mark or the mean high water mark of a river, lake, stream, or other coastal water.

*** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REVISOR'S INSTRUCTION. The revisor of statutes shall change the catch line of AS 38.05.872 from "Disposition of state land for flood control projects" to "Disposition of state land and material for flood mitigation."

adopted 3-14-11 HRES

AMENDMENT (conceptual)

OFFERED IN THE HOUSE BY REPRESENATIVE SEATON

TO: CSHB 89 v.B

Page 2 line 8 after "state." insert "The commissioner may request the plans for bed load material extraction to be reviewed by a professional engineer ~~specializing in river hydrology."~~ with relevant experience

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **HB089**
() Publish Date

Identifier (file name) HB089-DNR-MLD-03-14-11
Title EXTRACTION OF BEDLOAD MATERIAL
Sponsor Rep. Seaton
Requester House RES

Dept. Affected Natural Resources
Appropriation Resource Development
Allocation Mining and Land Development
OMB Component Number 2460

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0	0
1037 GF/Mental Health	0	0	0	0	0	0	0
Other (please identify)	0	0	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Part-time	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Temporary	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version

Prepared by Wyn Menefee, Acting Director
Division Mining, Land & Water
Approved by Daniel S. Sullivan
Department of Natural Resources

Phone 269-8501
Date/Time 3/11/11 1:00 PM
Date 3/14/2011

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB089

Analysis

HB 89 allows the Commissioner of the Department of Natural Resources (DNR) to offer for disposal bedload material within a river, lake, stream or coastal water (gravel, rock, and other material) at below fair market value if disposal of that material enhances the effectiveness of a flood control project.

The Department already routinely sells bedload material at fair market value through its authority under AS 38.05.120. This bill would change the current fixed-fee structure ($/cubic yard) to a percent of profit royalty structure (not less than 12.5%) for the disposal of bedload material that enhances the effectiveness of a flood control project.

DNR anticipates that these changes would not significantly reduce revenue generated from the disposal of bedload material and that the workload associated with adoption of regulations and preparing and noticing the required best interest finding could be absorbed by existing staff and resources.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND AND WATER
SOUTHCENTRAL REGION LAND OFFICE

FRANK H. MURKOWSKI
GOVERNOR

550 W. 7TH AVE., SUITE 900C
ANCHORAGE, ALASKA 99501-3577

August 1, 2006

Honored Customers

Re: **Unit Pricing Change for Purchase of Sand, Gravel and Rock Materials**
Material Sale Contracts on State-owned Land – Southcentral Region

Dear Customer:

The Department of Natural Resources, Division of Mining, Land and Water has conducted a telephone market survey of current prices for sand, gravel and rock materials in various geographic locations in Southcentral Alaska where the State offers materials for sale. The purpose was to determine current fair market value.

Per 11 AAC 71.090 (c), ADNR is expected to "periodically establish representative sales prices for materials that are an estimate of the material's fair market value." The new prices determined will be used as the fair market value unit price per cubic yard of materials in the material sale contracts issued for the right to extract sand, gravel or rock for all contracts and permits, per AS 38.05.110 through 38.05.120.

> **Fair Market Value** – Fair market value is defined in 11 AAC 71.090 as the "highest price described in terms of money, which timber or material would bring if offered for sale for a reasonable time in the open market by a seller willing, but not forced, to sell to a buyer willing, but not forced, to buy, both being fully informed of the purposes for which the timber or material is best suited."

We have determined the current unit price schedule for purchase of materials throughout the Southcentral Region. The price list is attached as "Cost per Cubic Yard of Sand, Gravel and Rock Information Sheet – 2007." These prices will be effective beginning **January 1, 2007.**

These prices will remain in effect until updated through a similar price analysis. If you have any questions please contact Susan Browne at 907-269-8560 or Susan_G_Browne@dnr.state.ak.us.

Sincerely,

Michael Sullivan
Acting Regional Manager

Encl: Cost per Cubic Yard of Sand, Gravel and Rock Information Sheet - 2007

Cost per Cubic Yard of Sand, Gravel and Rock Information Sheet – 2007

11 AAC 71.090

Parks Highway	**$3.00**	**MP 52 - Big Lake to MP 210 - Cantwell**
Glenn Highway	**$3.00**	**MP 61 - Sutton to MP 189 - Glennallen**
Mat-Su Borough	**$3.00**	**Areas Within the Political Boundary**
Kenai Peninsula – South of Portage Creek (Except those listed below)	**$3.25**	**Entire Peninsula**
Seldovia & English Bay	**$2.50**	**City Areas**
Valdez	**$1.50**	**City Limits to Richardson Hwy MP 19**
Richardson Highway	**$1.50**	**MP 19 - Valdez to MP 205 Gakona**
Kodiak	**$3.00**	**Entire Island**
Lake Clark Shorelands (Port Alsworth)	**$1.50**	**Lake Clark Area**
Bristol Bay Area	**$1.50**	**Entire Bay Area to False Pass**
Aleutians	**$2.50**	**Aleutian Islands beyond False Pass**
Kuskokwin \ Yukon Area	**$1.50**	**All River Corridors**
Cordova	**$5.00**	**Cordova Area**
Rock – For All of the Southcentral Region	**$3.00**	**All Southcentral Region**

Fact Sheet

Title: Material Sales in Alaska

Alaska Department of NATURAL RESOURCES
Division of Mining, Land & Water
February 2009

What is "Materials"?
Materials are sand, gravel, riprap, rock, limestone, slate, peat, and any other substances from the ground that are not applied for through the location system for mining claims (e.g. gold, silver, and other metals. Materials are measured and sold in cubic yards.

Where can I find materials on state land?
You can find information on material sites at the Department of Natural Resources (DNR) Public Information Center (PIC) offices listed at the end of this fact sheet. Often, sites that have already been used for extracting materials will be shown on state status plat maps. You may also do your own research to find new areas where you can extract materials. To get started, find the area in which you want to extract the materials. Use a USGS topographic map to determine what township, range and section your selected site is in. To determine if the site is on state-owned land, visit or contact the PIC.

How do I buy material on state land?
Determine the quantity of material you require from the site you have identified and request an application from the PIC.

Are there different types of state material sales?
Yes, there are three types of material sales.

- The first and smallest is a "limited" material sale which cannot be for more than 200 cubic yards per 12 month period per person. This is a revocable, nonexclusive contract for personal or commercial use.

- The second type is the "negotiated" sale, which generally cannot exceed 25,000 cubic yards per year per person or company. Material purchased under this type of sale can be sold or used for commercial purposes. The term of the sale is generally one year, but can be longer depending on circumstances.

- The third and larges is the "competitive" sale. The sale contract can be issued for an unlimited amount of material to be taken over many years. Award will be determined by public auction if there are multiple bidders for the same location. If no competitive interest is expressed during the public notification period, no auction is necessary and the sale can proceed to contract upon completion of the decision making process. Material purchased through competitive sale can be sold or used for commercial purposes.

What are the procedures for material sales?
If the material is located in an approved site, a limited material sale (200 cubic yards or less) can usually be issued over-the-counter at the Public Information Center.

For a negotiated material contract at an approved material site, the applicant must submit the following:

- A negotiated material sale application, environmental risk questionnaire, development plan, reclamation plan and a $100 application fee.

- Bonding deposit and insurance are requirements of a negotiated material sale contract. If approved the Division of Mining, Land & Water will then issue a contract to the applicant.

If a negotiated material or competitive contract is requested from a "new undeveloped site", a more involved public interest process must be followed. The process begins with agency review and a Coastal Zone Review if the project is within a coastal district.

Preliminary and final findings must be written and public notice given. The applicant is responsible for the cost of the public notice. These additional procedures take several months to process, depending on the complexity of issues and agency/public comments that must be addressed. Plan ahead; apply several months before you need to extract material.

What are the costs involved?
No filing or application fee is charged for a limited material permit, but negotiated and competitive sales contracts require a filing fee of $100.

The price charged for "limited" and small "negotiated" sales is set by the DNR, typically based on the fair market sales price of material in the area.

The amount charged for larger "negotiated" and "competitive" material sales (sales of more than 25,000 cubic yards) is generally based on a site-specific appraisal or an abbreviated appraisal called an "opinion of value". A "competitive" sale price is initially set by an appraisal, but may be raised during an auction if more than one person or company competes for the material.

NOTE: State regulations require the DNR to set a minimum "base price" which covers the cost of processing the contract. In no event can the amount charged for materials be less than this "base price".

USEFUL FACTS

- A full size pickup bed can hold approximately one cubic yard.
- A standard dump truck has a capacity of 10-12 cubic yards.
- The standard capacity of a belly dump is approximately 18-20 cubic yards.
- One Cubic Yard = 1.5 Tons (approximate)

Most negotiated material sales and all competitive sales require a business license, proof of insurance and a performance/reclamation bond. The bond will be refunded if all the terms of the sale contract are observed.

What happens when the material sale expires?
If you have met all the terms of the material sale contact, any bond will be refunded. If terms of the contract have been violated, penalties may be assessed against you. If you need to purchase more material, a new application must be submitted and processed by DNR in order to issue a new material sale contract.

Authority:
The applicable State statute and regulations include, but are not limited to: AS 38.05.110-120 and 11 AAC 71.

Where do I apply?
Material sale applications are available from and may be submitted to any of the DNR offices listed below.

DNR Public Information Center
550 West 7th Avenue, Suite 1260
Anchorage, AK 99501-3557
Phone: 907-269-8400
Fax: 907-269-8901

DNR Public Information Center
3700 Airport Way
Fairbanks, AK 99709-4699
Phone: 907-451-2700
Fax: 907-451-2706

DNR Public Information Office
400 Willoughby Street, 4th Floor
Juneau, AK 99801
Phone: 907-465-3400
Fax: 907-586-2954

Helpful Hints to Speed Processing

- Plan ahead; apply several months before you need to extract your material.
- If you have selected an existing material site used by the Department of Transportation and Public Facilities, obtain a written letter of non-objection from them and attach it to your application.
- If you will be applying for an extraction site within a wetland, river or stream you will need to contact the U.S. Army Corps of Engineers and the Department of Fish & Game Office of Habitat Management & Permitting (OHMP)

U.S. Army Corps of Engineers
Anchorage – 907-753-2712
Outside Anchorage - 1-800-478-2712
Fairbanks – 907-474-2166
Juneau - 907-790-4490

DF&G – OHMP
http://www.habitat.adfg.alaska.gov
Anchorage - 907-267-2342
Fairbanks - 907-459-7289
Juneau - 907-465-4105

27-LS0334\B
Bullock
3/11/11

CS FOR HOUSE BILL NO. 89( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE SEATON

A BILL

FOR AN ACT ENTITLED

"An Act relating to the disposal of certain bedload material in conjunction with a flood mitigation plan."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 38.05.872 is amended by adding new subsections to read:

(b) The commissioner may offer for disposal bedload material from an area subject to a site-specific flood mitigation plan approved by the commissioner under the terms in (c) of this section after making a finding that

(1) removal of the bedload gravel will offset future costs to the state that are attributable to flood damage;

(2) the sale of the bedload gravel under (b) - (d) of this section at a cost that may be below fair market value is in the best interests of the state; and

(3) removal of the bedload gravel will enhance the effectiveness of the flood mitigation plan in preventing a flood or minimizing flood damage.

(c) A person, other than the state or federal government or a political

subdivision of the state, acquiring bedload material under a disposal authorized by the commissioner under this section shall comply with the terms and conditions established by the commissioner and pay to the department a royalty of not less than 12.5 percent of pretax profit calculated by subtracting from the value of the bedload material the actual direct costs of extricating, loading, and transporting the material to market, if applicable. The commissioner may adopt regulations that identify the method and means for determining the value of the bedload material and the costs that may be deducted for the purpose of calculating the amount to be paid to the state. In this subsection, "value" means the sales price of the material in a bona fide arm's-length transaction between unaffiliated parties or the sales price of the material had the material been sold in a bona fide arm's-length transaction between unaffiliated parties.

(d) In this section, "bedload material" means gravel, rock, and other material located below the plane of the ordinary high water mark or the mean high water mark of a river, lake, stream, or other coastal water.

*** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REVISOR'S INSTRUCTION. The revisor of statutes shall change the catch line of AS 38.05.872 from "Disposition of state land for flood control projects" to "Disposition of state land and material for flood mitigation."

Municipality of Skagway

GATEWAY TO THE KLONDIKE

P.O. BOX 415 SKAGWAY, ALASKA 99840

(PHONE) 907-983-2297 – Fax 907-983-2151

WWW.SKAGWAY.ORG

March 14, 2011

The Municipality of Skagway is in support of House Bill 89. This legislation is of vital importance to the river and coastal communities throughout the state of Alaska. Flood control is a Municipal responsibility and this legislation will allow communities to protect their infrastructure and in turn save money for the State.

Sincerely,

Thomas D. Cochran
Mayor
Municipality of Skagway, Alaska

City of Seward

P.O. Box 167
Seward, Alaska 99664-0167

Main Office (907) 224-4050
Facsimile (907) 224-4038

City of Seward, Alaska
1963 1965 2005
All-America City

February 7, 2011

The Honorable Paul Seaton
Alaska Legislature
State Capitol
Juneau, AK 99801-1182

Re: House Bill 89

Dear Representative Seaton,

This letter is written in support of House Bill 89, an Act authorizing the Commissioner of Natural Resources to offer bedload material for disposal for flood control purposes in exchange for a percentage of the profit from the sale of that material. On behalf of the City of Seward, please accept our thanks for your sponsorship of this important legislation.

As you are aware, removal of gravel from alluvial streams is essential for successful flood mitigation efforts. In many cases, however, the removal of bedload material does not occur because of the cost of removing gravel. This is a cost that increases when we remove bedload gravel from navigable streams. In those instances, our community pays twice; we pay a contractor to remove the gravel and then we also pay a royalty to the State for the gravel.

Your legislation makes it more affordable for a community to remove gravel from navigable streams for flood mitigation purposes. This is because contractors have an opportunity to profit from sale of the gravel thus reducing or eliminating the amount we would pay to the contractor. House Bill 89 also provides superior value to the State for its gravel resources. The value to the State is from better flood protection for its citizens and the receipt of 12.5% of the pretax profit when the gravel is sold or used by the local government or contractor. Arguably, this is greater value than that offered by the current policy of a set royalty for each cubic yard of gravel.

Please make our support of House Bill 89 a matter of the official record. Let us know if you need additional testimony to support this important legislation.

Sincerely,

Willard E. Dunham
Mayor
City of Seward

Phillip E. Oates, DBA
City Manager
City of Seward

Introduced by:	Mayor
Date:	02/15/11
Action:	Adopted
Vote:	9 Yes, 0 No, 0 Absent

KENAI PENINSULA BOROUGH
RESOLUTION 2011-010

A RESOLUTION SUPPORTING ENACTMENT OF HOUSE BILL 89 AUTHORIZING THE DEPARTMENT OF NATURAL RESOURCES COMMISSIONER TO OFFER BEDLOAD MATERIAL FOR FLOOD CONTROL PURPOSES IN EXCHANGE FOR A PERCENTAGE OF THE PROFIT FROM THE SALE OF THAT MATERIAL

WHEREAS, flooding is a serious problem in the Seward-Bear Creek area, where at least six major flooding events have occurred since 1986, causing millions of dollars in damage to private and public properties and infrastructure; and

WHEREAS, the Seward-Bear Creek area is subject to alluvial fan flooding hazards including high velocity floodwaters which can cause tremendous erosion, and carry large amounts of sediment and debris which fill stream beds and allow floodwaters to spread widely, threatening development over a broad area; and

WHEREAS, one problem encountered in mitigating losses from flooding that the borough, the City of Seward and the Seward-Bear Creek Flood Service Area ("SBCFSA") have attempted to address is the charge imposed by the State for gravel removed from stream beds under navigable water which rendered the level of removal needed infeasible due to the horrendous cost; and

WHEREAS, following the work of the flood plain task force established by the assembly in resolution 2009-005 a summit was held during October 2010 in Seward to bring the various involved parties together including the Department of Natural Resources ("DNR"), the City of Seward, the borough administration, the SBCFSA representatives, representatives from the Matanuska-Susitna Borough, the Corps of Engineers and other agencies; and

WHEREAS, one proposal presented at that summit was to support revisions to state statutes that would give the DNR commissioner the discretion to offer bedload material for disposal for flood control purposes in exchange for a percentage of profit from the sale of the material instead of a fixed permit fee; and

WHEREAS, Representative Seaton is sponsoring House Bill no. 89 which would amend AS 38.05.872 to grant such discretion to the commissioner; and

WHEREAS, support of House Bill 89 is consistent with the short term mitigation measures and goals of the SBCFSA Flood Hazard Mitgation Plan (May 2010); and

WHEREAS, support of House Bill 89 is consistent with section 2.12 Flood Mitigation Strategy 4 of Chapter 2.0 of the KPB All Hazard Mitigation Plan;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the assembly supports HB 89 in its current form, which would grant the Department of Natural Resources Commissioner the discretionary authority to sell bedload material for flood control purposes from state land in exchange for a royalty based on a percentage of the pretax profit derived from the sale of such material.

SECTION 2. That copies of this resolution shall be forwarded to the Borough's Legislative Delegation Senators Cathy Giessel, Al Kookesh, Thomas Wagoner, and Gary Stevens, and Representatives Alan Dick, Mike Hawker, Kurt Olson, Mike Chenault, and Paul Seaton.

SECTION 3. That this resolution takes effect immediately upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 15TH DAY OF FEBRUARY, 2011.

Gary Knopp

Gary Knopp, Assembly President

ATTEST:

Johni Blankenship

Johni Blankenship, Borough Clerk

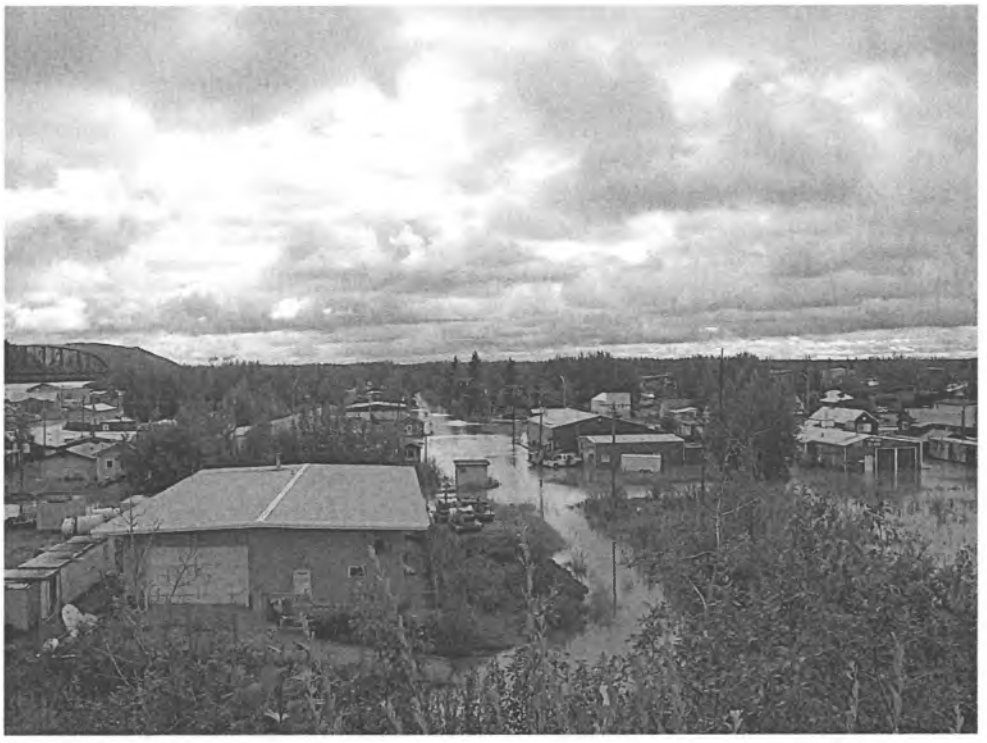
KENAI PENINSULA BOROUGH 1964

Yes:	Haggerty, Johnson, McClure, Murphy, Pierce, Smalley, Smith, Tauriainen, Knopp
No:	None
Absent:	None

ALASKA

Weather-Related Disasters

1978 – 2008



State of Alaska
Department of Military and Veteran Affairs

Prepared by

Division of Homeland Security
& Emergency Management

December 2008

STATE OF ALASKA
WEATHER-RELATED DISASTERS
1978-2008

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Figure 1 2006 Bering Strait Storm

Introduction

The purpose of this paper is to provide the reader with an overview of the weather-related disasters that have affected Alaska between 1978 and 2008, and provide a basis for long term analysis of costs and affected areas. It does not provide a scientific basis of the underlying causes of the disasters, merely time periods in which they have occurred and the geographical locations.

The purpose of the Disaster Cost Index is to establish a summary of State funds expended on disaster relief since the creation by the Alaska legislature of the Division of Emergency Services (DES). Much of the information found in the index is available through other sources. The intention of this index is to bring this information together into a single resource in order to provide the user with an immediate and ready reference regarding the cost of disasters in Alaska.

From 1978 to 2008 there have been two hundred and twenty six declared disasters in the State of Alaska. One hundred and forty-six of those have been weather-related, representing 65% of all disasters. Total costs as of this date are $284,993,192.00. The state costs have been $106,474,936.00 and Federal Emergency Management Agency (FEMA) costs have totaled $178,518,256.00, or 63 percent.

The following is a summary of each of the weather-related disasters with a brief narrative explaining the circumstances leading to the Declaration. The cost identified in each disaster is based on the financial data found in Disaster Cost Index worksheet (DCI) maintained by the Department of Military and Veterans Affairs (MVA), Division of Homeland Security Emergency Management section (DHS & EM). Other costs may have been incurred by other departments within the State, non-State agencies, local, federal or volunteer agencies, but may not have been reported and are not included in the DCI data.

Information identified in the narratives has been compiled from the DCI, borough and State disaster declarations, numerous papers and other analysis prepared by the Individual Assistance, Public Assistance (IA/PA) and Operations sections of the Homeland Security Division, Alaska Department of Transportation, Department of Natural Resources and a variety of other sources.

Section I

Weather-related Disasters, 1978 – 2008

78-01. Village of Karluk, January 21, 1978

As a result of a winter storm which struck Kodiak Island, wind driven waves broke over the top of a spit in Karluk and ultimately cut a channel through the spit. The storm destroyed a bridge connecting the mainland portion of the village with the spit, and thus isolated the only store and the post office from the rest of the community. The waves also washed away a 10,000 gallon fuel storage tank which provided the village's only fuel supply, and destroyed all but about 1,500 gallons of fuel. Loss of electric power destroyed frozen food stocks in the store and the owner subsequently went out of business. The loss of the bridge prevented some school children from walking from their homes to school, and in addition the new channel formed by the storm undercut the bank and threatened the village's community hall and an RCA antenna, as well as two private residences. In response to this disaster emergency, the State provided public assistance to restore the bridge and replace the village's fuel storage facility. A number of threatened houses were moved to safer locations. The Corps of Engineers (COE) conducted bank stabilization operations which alleviated the threat to the community hall and RCA antenna. Total State costs were $171,573.00.

78-02. Campbell Creek (Anchorage), February 10, 1978

On this occasion the Governor proclaimed a disaster emergency as a result of flooding and glaciations in the south fork of Campbell Creek in Anchorage which affected an area bounded by East 80th Avenue, Spruce Avenue, Lake Otis Parkway, and Abbott Loop Road, threatening a number of homes in the area with water and ice, and contamination of surface and subsurface water. Public assistance was provided through private contractors and resources of the Alaska Department of Transportation (DOT) in order to thaw the stream bed and allow the water to flow and to remove the ice which had overflowed the creek's bank. Most of the property owners in the area were insured, and thus no form of assistance to individuals and families was necessary. Total State costs were $10,811.00.

78-03. Wrangell/Craig, November 6, 1978

The governor declared a disaster due to an intense storm that occurred in the Wrangell/Craig area in southeastern Alaska. The storm generated high winds, torrential rains and heavy sea waves. The storm caused considerable damage to both private and public property in the two communities. Subsequent to the Governor's Proclamation of Disaster Emergency, Department of Emergency Services (DES) provided both public assistance and assistance to individuals and families to assist the communities in recovering from the disaster. The US Small Business

Administration (SBA) made disaster loans available to affected businesses and homeowners. Total State costs were $392,000.00.

79-04. Matanuska-Susitna Borough, February 9, 1979
As a result of a winter storm generating high winds and drifting snow, many roads in the Matanuska-Susitna Borough were rendered impassable to all traffic, including emergency vehicles. DOT was tasked by DES and public assistance was provided to clear the roads. The Alaska National Guard conducted rescue operations to provide assistance to isolated and stranded individuals. Subsequent to the governor's request, the SBA made disaster loans available to some 44 residents and 24 businesses which suffered damage as a result of the storm. The State did not make any direct grants to individuals or families. Total State costs were $50,000.00.

80-06. West Coast Storm, November 23, 1979
A major sea storm on the west coast of Alaska caused extensive damage in 14 villages in the area. The governor proclaimed a disaster emergency effective from Sheldon Point to Togiak. At the request of the Governor, the SBA authorized disaster loans to affected individuals and businesses, and the State provided grants to individuals and families as well as some public assistance related to a fuel spill at Togiak. Total State costs were $121,352.00.

80-07. Willow Creek, December 20, 1979
Abnormal weather conditions, caused by a combination of extreme debris jams, abnormal temperature variations and glaciations caused flooding of Willow Creek in the Matanuska-Susitna Borough, rendering roads in the area impassable and threatening homes. Total State costs were $20,118.00.

80-08. Kodiak Island, February 5, 1980
The governor proclaimed a disaster emergency subsequent to an intense winter storm which caused extensive damage to public and private properties on Kodiak Island during January and February of 1980. The storm caused damage to port facilities, docks and shoreline roadways in Kodiak, harbor facilities at Port Lions and Ouzinkie, and breakwaters at Old Harbor and Akhiok. On the day of his proclamation, the governor requested that the president declare a major disaster in the area, but after an onsite inspection by officials of FEMA, this request was denied. The State provided disaster assistance for repair of the damaged public facilities. No grant assistance was provided to individuals and families. Total State costs were $171,771.00.

80-09. Anchorage Windstorm, April 4, 1980
The governor proclaimed a disaster emergency subsequent to a hurricane force windstorm which caused damage to over 5,000 residences and businesses in the Anchorage area and parts of the Matanuska-Susitna Borough. Though most of the residents were insured against their losses, the State provided a number of

Individual and Family Grants and temporary housing, as well as public assistance to the Municipality. In addition, the SBA made disaster loans available to affected individuals. Total State costs were $461,448.00.

81-10. Bristol Bay, September 2, 1980

Following a storm which generated high winds and heavy sea waves causing damage to the equipment of numerous commercial fishermen, canneries and approximately 15 to 20 private houses, the governor proclaimed a disaster emergency extending from Dillingham to Port Heiden. The State provided both public assistance to communities and grants to individuals and families while the SBA provided disaster loans to residents of the area. In addition, the State provided temporary housing assistance to one resident who was forced to relocate due to damage to his home. Total State costs were $113.083.00.

81-11. Copper Center, December 11, 1980

A disaster emergency was proclaimed as a result of flooding of the Klutina River at Copper Center due to extreme cold temperatures combined with lack of snow insulation and a high volume of water flow in the river. All structures in the area were threatened, including the Fire Hall. Public assistance was provided by DES to alleviate the situation and prevent damage. Major portions of the Disaster Relief Funds were provided to the DOT for the purpose of conducting drainage operations and performing the work necessary to recommence the normal operations. Total State costs were $13,168.00.

82-13. South Central Alaska Rainstorm, July 22, 1981

A torrential rainstorm resulted in widespread flooding, stream overflow and damage to bridges and culverts in south central Alaska. This condition made travel hazardous throughout the region and in some cases roads were impassable to all traffic, including emergency vehicles. The governor's proclamation of a disaster emergency enabled DES to provide the affected communities with immediate recovery assistance, resulting in the restoration of the area's transportation system. No direct assistance was provided to individuals and families. Total State costs were $275,013.00.

82-15. Fort Yukon, May 17, 1982

In May of 1982, ice jams, excessive stream flow and abnormal temperature variations resulted in flooding in the community of Ft. Yukon located at the juncture of the Porcupine and Yukon Rivers. The flood resulted in extensive damage to public and private property and forced the temporary dislocation of several hundred residents. The governor's proclamation of a disaster emergency enabled DES to draw on the Disaster Relief Fund to provide both public assistance and grants to individuals and families. In addition to State assistance, SBA made disaster loans in the area and the American Red Cross provided assistance using the organizations' Disaster Relief Fund. Total State costs were $811,323.00.

83-16. Russian Mission, October 1, 1982
During September of 1982, severe windstorms generating high waves caused extensive damage in the villages of Russian Mission, Akiak and Akiachak. The governor proclaimed a disaster emergency to exist in the three villages which allowed the State, through DES, to provided both public assistance and grants to individuals and families in the affected villages. Total State costs were $141,324.00.

83-18. Kipnuk, April 1, 1983
During the winter of 1982, the bridge connecting the village of Kipnuk with the community school was damaged by high water and ice flows, and thus rendered unsafe for use. The governor's proclamation of disaster emergency enabled the State to provide public assistance in order to replace the bridge. At the time the DOT was able to provide a bridge that was surplus to its needs. Disaster Relief Funds were used to reimburse the Alaska National Guard for expenses incurred in transporting the bridge to the village. Total State costs were $905.00.

83-19. Aniak, June 15, 1983
Flooding during spring breakup caused by ice jams and excessive stream flow resulted in damage to a public roadway and a number of public buildings in Aniak. Several families were forced to temporarily relocate due to high water. The governor's proclamation of a disaster emergency provided public assistance for the purpose of restoring the roadway to its pre-disaster condition. No assistance was provided for individuals and families. Total State costs were $75,614.00.

84-21. Cordova, September 16, 1983
The governor proclaimed a disaster emergency after a flash flood generated by heavy rainfall destroyed portions of a pipeline system which provides the City of Cordova with approximately 60% of its water supply. Public assistance was provided for the purpose of repairing the city's water system. Total State costs were $125,777.00.

84-23. Unalakleet, March 5, 1984
Extreme cold for a period of six to seven weeks caused a drastic reduction in the city water supply and eventual freezing of a major loop on the city's water system. Public assistance was granted to repair and replace portions of the water system. Total State costs were $726,865.00.

84-24. Mountain Village, March 8, 1984
The circumstances were about the same as that in Unalakleet. Public assistance granted to repair and replace one loop of the city water system. Total State costs were $986,427.00.

84-25. Elim, March 9, 1984
A reduction in water from the village source resulted in freezing and rupture in portions of the water and sewer system. Public assistance was granted to replace frozen portions of the water system and to assist in repairing service lines. Total State costs were $384,588.00.

84-26. Kotzebue, April 30, 1984
The governor declared a disaster emergency after prolonged cold weather caused freezing and ruptures in the city water system. A public assistance categorical grant was awarded to replace damaged portions of the system. Total State costs were $673,101.00.

84-28. Alakanuk, June 13, 1984
Flooding caused by an ice jam created extensive damage to the village road system. Subsequent to the governor's proclamation, the State awarded a categorical grant to the city to repair the roads. Total State costs were $277,544.00.

84-29. Emmonak, June 15, 1984
The city requested disaster assistance to repair minor flood damage to a road. The State's categorical grant covered the cost of material to repair the road. The village provided manpower and equipment. Total State costs were $22,884.00.

85-32. Southeast Alaska, November 26, 1984
A hurricane force windstorm and wind driven tides caused extensive damage to public and private property in five Southeastern Alaskan communities: Juneau, Sitka, Kake, Angoon and Tenakee Springs. The State provided public and individual assistance grants and temporary housing. SBA provided disaster loan assistance and the American Red Cross made grants to meet immediate needs of victims. The governor's request for a Presidential declaration was denied. Total State costs were $958,519.00.

85-33. Haines, January 25, 1985
After prolonged and excessive rainstorms caused permanent damage to the city's sewer system, the governor proclaimed a disaster emergency to provide funds to repair the system through a categorical public assistance grant. Total State costs were $1,581,506.00.

85-34. Savoonga, February 26, 1985
The Governor proclaimed a Disaster Emergency to repair damage caused by freezing to the village water and sewer system in Savoonga. A categorical grant provided funds to repair the system. Total State costs were $255,954.00.

85-36. Buckland, May 30, 1985
Flooding of the Buckland River caused damage to public roads, plus public and private buildings in Buckland. The governor's declaration provided a State grant to repair public property. American Red Cross disaster relief programs gave assistance to individuals and families. Total State costs were $83,585.00.

85-37. Kobuk, May 30, 1985
Ice moving through the village when the Kobuk River overflowed its banks caused damage to the city owned fuel storage and distribution center. The governor's declaration resulted in a categorical public assistance grant to repair the facility and replace lost fuel. Total State costs were $17,979.00.

85-38. Anvik, June 5, 1985
Flooding of the Yukon River caused damage to city roads and private property. The governor's declaration provided a categorical grant to repair the roads. American Red Cross granted assistance to individuals and families. Total State costs were $17,878.00.

85-39. Emmonak, June 11, 1985
The governor declared a disaster emergency after flooding caused damage to city roads. A categorical grant provided funds to assist in repairing the roads. Total State costs were $72,832.00.

85-40. Pilot Station, June 18, 1985
Flooding of the Yukon River damaged several city owned buildings: a lodge, day care center, television station and warehouse. Subsequent to the governor's declaration, the State provided a categorical grant to repair these facilities. American Red Cross provided assistance for individuals and families. Total State costs were $34,736.00.

85-41. Upper Kuskokwim River, June 18, 1985
The governor signed a combined declaration to assist the communities of McGrath, Sleetmute and Red Devil in repairing flood damage to roads. In McGrath and Sleetmute, categorical grants assisted in restoring the roads to pre-disaster condition. The community of Red Devil elected to utilize a flexible funding option to construct an alternate road in a less hazardous location. Total State costs were $56,826.00.

86-42. Pitka's Point, July 9, 1985
Pans of river ice moving with flood waters destroyed the sewer leach field serving the village's safe water facility and elementary school. A public assistance grant provided funds to replace the leach field. Total State costs were $12,740.00.

86-43. Bethel, July 10, 1985
High water accompanying breakup of the Kuskokwim River caused erosion damage at the city's petroleum dock and washout of fill at the end of the seawall.

Undercutting of river bank also threatened eight private residences. The governor's proclamation of a disaster emergency provided public assistance to replace fill at the petroleum dock and seawall end. The State also provided funds to relocate the endangered homes, with provision that the City of Bethel guarantee that the threatened property remain undeveloped. Total State costs were $475,507.00.

86-45. Cordova, October 31, 1985
After heavy rains, a landslide destroyed water lines between Heney Creek catchment basin and the city. Disaster public assistance supported repair by the city. Total State costs were $16,462.00.

86-47. Thorne Bay, December 5, 1985
Cold weather precipitated catastrophic failure of the city water system. The governor's declaration of disaster provided emergency assistance to restore water service and long term recovery assistance. Total State costs were $258,512.00.

86-48. Metlakatla, December 10, 1985
Lack of rainfall in the generally rainy village reduced water levels to the point that the hydroelectric system could not generate sufficient power. Public disaster assistance provided supplemental generating capability with diesel generators. Total State costs were $90,547.00.

86-49. Unalaska, December 13, 1985
A severe windstorm caused mudslides, road and port damage, and damage to public buildings. Public disaster assistance supplemented insurance settlements to assist in recovery. Total State costs were $181,937.00.

86-52. Pelican, March 19, 1986
A windstorm destroyed the roof of the Pelican public school. DES provided emergency assistance to repair the roof. After the city received an insurance settlement, it reimbursed the State for the insured portion of the costs. Total State costs were $18,024.00.

86-54. Napakiak, May 15, 1986
Severe bank erosion of the Kuskokwim River had reached a point where homes in Napakiak were in danger of falling in the river. The governor's disaster declaration provided funds to move seven houses to a safe location. Total State costs were $15,000.00.

87-55. Arctic North Slope, September 25, 1986
FEMA also declared (DR-0781) on October 27, 1986. After an intense windstorm, generating wind driven tides and flooding, caused extensive damage to public property, the president declared a major disaster to assist the State and local

governments in recovering. Disaster totals were $3,791.026.00. Total State costs were $1,538,408.00. FEMA costs were $2,252,618.00.

87-56. South Central Alaska Flood, October 12, 1986

FEMA also declared (DR-0782) on October 27, 1986. Record rainfall in South Central Alaska caused widespread flooding in Seward, Matanuska-Susitna Borough and Cordova. The president declared a major disaster implementing all public and individual assistance programs, including SBA disaster loans and disaster unemployment insurance benefits. Disaster totals were $8,642,440.00. Total State costs were $3,266,898.00. FEMA costs were $5,375,542.00.

87-59. Kotzebue, February 5, 1987

Freezing of the municipal water system reduced supplies to a level that posed a threat to public health and safety, motivating the city to declare a local disaster. The corresponding State declaration allocated public assistance from the Disaster Relief Fund to repair the system. Total State costs were $1,231,610.00.

87-60. Sleetmute/Red Devil, May 28, 1987

Ice jams caused flooding that inundating the Red Devil electric plant and tank farm, also causing damage to heavy equipment and power poles stored in Red Devil by the City of Sleetmute. The disaster declaration provided funds to repair or replace these items and to implement mitigation measures designed to prevent damage in future years. Total State costs were $51,602.00.

87-62. Aniak, May 29, 1987

Flooding during breakup of the Kuskokwim River caused damage to the city dike, road system, waste dump and sewage lagoon. The city repaired these items using funds authorized by the governor's declaration of disaster emergency. Total State costs were $993,861.00.

87-63. Buckland, June 16, 1987

Flooding damaged city roads and a number of private homes. Individual and family assistance was provided. Since flooding is frequent in Buckland, the State disaster declaration included funds to mitigate the impact of future events. Total State costs were $203,548.00.

88-64. Richardson Highway, July 24, 1987

The governor declared a disaster after heavy rains washed out parts of the Richardson Highway. The declaration was required to obtain federal funds to repair the highway. No State funding was necessary. Cost data is archived at State of Alaska DOT.

88-70. Haines, February 29, 1988
The city experienced severe damage to streets from flooding and runoff triggered by extremely heavy rainfall. The State made available $150,000.00 in disaster funds to assist in the repair of the city streets. Total State costs were $78,590.00.

88-76. Crooked Creek, May 12, 1988
After flooding of the Kuskokwim River caused extensive damage to village roads, utilities, and homes, the governor declared a disaster providing public and individual assistance. Total State costs were $133,230.00.

88-77. Napakiak/Napaskiak, May 24, 1988
Flood damage to roads in Napakiak and both roads and boardwalks in Napaskiak resulted in a declaration of disaster emergency. Total State costs were $125,292.00.

88-78. Kaltag, May 26, 1988
Flooding of the Yukon River and tributaries washed out an essential bridge in the community of Kaltag. State disaster assistance provided funding to replace the bridge. Total States cost were $28,883.00.

89-80. Shishmaref, August 5, 1988
In late July and early August a series of intense windstorms with sea surges caused extensive damage to the seawall and the erosion protection structure in the village of Shishmaref, leaving a number of critical public and private buildings subject to imminent damage. State disaster assistance provided funding to repair the damage. Total State costs were $318,072.00.

89-83. Omega Block, January 28, 1989
The governor declared a Statewide disaster to provide emergency relief to communities suffering adverse effects of a record-breaking cold spell, with temperatures as low as -85 degrees. FEMA also declared (DR-0826) on May 10, 1989. The State conducted a wide variety of emergency actions which included: emergency repairs to maintain & prevent damage to water, sewer & electrical systems, emergency resupply of essential fuels & food, & DOT/PF support in maintaining access to isolated communities. Disaster totals were $1,319,656.00. Total States costs were $438,368.00. FEMA costs were $881,288.00.

89-84. Northwest Arctic Borough, February 1, 1989
FEMA declaration (DR-0826) signed May 10, 1989. During the Omega Block cold spell, the City of Kotzebue and five other villages in the Northwest Arctic Borough suffered extensive permanent damage to water & sewer systems. The City of Buckland suffered a total loss of its electrical system. The governor declared a disaster to assist the Borough in making permanent repairs to these facilities. Disaster totals were $4,974,908.00. Total State costs were $1,301,941.00. FEMA costs were $3,672,967.00.

89-85. St. George, February 9, 1989
A severe windstorm caused sinking of a landing barge used as a dock by the City of St. George. The incident resulted in a blockage of the port and a loss of the capability to offload essential supplies. The governor declared a disaster to provide assistance in recovering the barge. Disaster totals were $229,853.00. Total State costs were $59,255.00. FEMA costs were $170,598.00.

89-86. Sand Point, February 27, 1989
After the Omega Block cold spell caused permanent damage to the water main serving the Sand Point boat harbor, the governor declared a disaster to provide assistance in repairing the line and restoring services. Disaster totals were $23,062.00. Total State costs were $6,888.00. FEMA costs were $16,174.00.

89-87. Ahkiok, March 2, 1989
The governor declared a disaster to assist the village of Ahkiok in replacing its electrical power generating plant, which had experienced irreparable damage caused by prolonged cold weather. Disaster totals were $45,937.00. Total State costs were $14,006.00. FEMA costs were $31,931.00.

89-88. North Slope Borough, March 8, 1989
On February 24-28, 1989, a severe winter storm caused extensive damage to public and private property in North Slope Borough villages. The governor's declaration of disaster authorized public, individual & family assistance in recovering. Total State costs were $113,364.00.

89-90. Galena, April 20, 1989
Declared as a result of the Omega Block Cold Spell (temperatures to -85 in Galena), which caused extensive damage to water and sewer utilities in Galena. Disaster totals were $175,124.00. Total State costs were $45,859.00. FEMA costs were $129,265.00.

89-91. Glennallen, May 6, 1989
Ice damaged a bridge across Moose Creek, preventing access to the community sewage lagoon and a small subdivision. The declaration of disaster funded replacement of the bridge. Total State costs were $15,000.00.

89-92. Circle, May 6, 1989
Flooding of the Yukon River in Circle during Spring Breakup of 1989 caused damage to public and private property. The disaster was eventually included in the presidential declaration. Total State costs were $196,657.00.

89-93. Ft. Yukon, May 6, 1989
Flooding of the Yukon River, occurred one day after the Circle flood, was also included in the presidential declaration. Total State costs were $194,812.00.

89-94. Spring Floods, June 10, 1989
Presidential declaration of major disaster (FEMA, DR-0832) incorporated sixteen local declarations and applied to all communities on Yukon, Kuskokwim and Kobuk rivers and their tributaries. It provided public and individual assistance to repair damage. Disaster totals were $4,739,881.00. Total State costs were $1,507,050.00. FEMA costs were $3,232,831.00.

90-95. Klawock, June 19, 1989
A heavy fall rainstorm washed substantial materials into the city's water reservoir. This reduced capacity to the extent that during the following summer water shortages threatened health and safety and economic losses due to closure of a local fish hatchery. The disaster declaration funded restoration of the reservoir to its original, pre-disaster capacity. Total State costs were $9,927.00.

90-96. Fairbanks North Star Borough, August 1, 1989
Flash flooding along the Tanana River in the borough caused damage to public and private property. The governor's declaration authorized public and individual disaster assistance. Total State costs were $65,640.00.

90-97. Mat-Su Borough, August 4, 1989
The governor declared a disaster to mitigate a flood threat caused by high water in the Matanuska River and placed the Old Glenn Highway and private residences along the river at risk. Funding was applied towards construction of an earthen and gravel dike. Total State costs were $358,772.00.

90-98. Whittier, August 8, 1989
Disaster was declared to provide funding to DOT/PF to repair the breakwater to the small boat harbor in Whittier, which was at risk of imminent collapse, threatening damage to the harbor itself and large numbers of privately owned boats. Total State costs were $634,103.00.

90-99. Municipality of Anchorage, August 30, 1989
The Declaration addressed widespread damage caused by heavy flooding along the drainage systems within the municipality. State assistance was limited to public property damage, although the federal SBA implemented its Disaster Loan Programs for businesses and homeowners. Total State costs were $2,261,615.00.

90-100. Seward/Kenai Peninsula Borough, August 30, 1989
This declaration relates to the same storm and flooding incident that affected Anchorage. Primary area of damage was in the City of Seward. As in Anchorage,

State disaster assistance was limited to public property damage, with SBA loans available for individuals and businesses. Total State costs were $529,552.00.

90-101. Richardson Highway, September 13, 1989
The same torrential rains that impacted Anchorage and the Kenai Peninsula Borough caused extensive damage to the Richardson and Copper River Highways. The governor's declaration enabled DOT/PF to apply for and receive emergency assistance through the Federal Dept. of Transportation. No State disaster funds were expended as a result of this declaration. Cost data archived with State DOT.

90-108. Moose Feeding Project, March 28, 1990
Record snow depths in interior Alaska resulted in a situation where moose, unable to walk to areas of their natural feeding, were starving to death or browsing along the cleared railway, where they were killed by trains. To prevent catastrophic loss of the moose population, the Governor declared a disaster. Funding provided under the declaration supported the clearing of trails and provision of alternative supplies of food. Total State costs were $196,522.00.

90-111. '89 Spring Floods Hazard Mitigation, April 14, 1990
The Major Disaster Declaration by the President in response to Statewide flooding in the spring of 1989 authorized the commitment of federal funds to projects designed to mitigate flood damage in future years. Since the federal funding required a State matching share, the governor declared a disaster to provide these funds and authorize their expenditure. Disaster totals were $619,828.00. Total State costs were $291,356.00. FEMA costs were $328,472.00.

90-112. Snow & Ice Removal, 1990
Because of record snowfalls in south central Alaska, the legislature appropriated a special grant to local governments affected in order to supplement normal snow and ice removal budgets. The legislature directed that funds be managed by the Division of Emergency Services. No Disaster Declaration occurred. Total State costs were $2,000,000.00.

90-113. McGrath, May 16, 1990
Ice jam flooding washed out an extensive section of Cranberry Ridge Road. The disaster declaration provided funds for repair of the road and for mitigation to prevent a recurrence of the same event in the future. Total State costs were $39,409.00.

90-114. Kobuk, May 17, 1990
Ice jam flooding threatened the City of Kobuk to the extent that the local government requested State assistance in evacuating the community. The governor's declaration of disaster authorized this assistance. Total State costs were $6,153.00.

90-117. Bethel, July 2, 1990
Abnormally high water in the Kuskokwim River during breakup and continuing for an extended period after breakup resulted in scouring of toe material along the Bethel bulkhead, dislocation of the pipe pilings that form the bulkhead, and loss of material behind these pilings. The disaster declaration supported repair of the bulkhead and placement of riprap material along the toe of affected sections. Total State costs were $600,176.00.

91-119. Cold Weather Hazard Mitigation, 1990
The Presidential Declaration of Major Disaster for the Omega Block cold spell of January and February 1989 authorized federal funds for mitigation of cold weather damage in future events. The governor's declaration of disaster provided the State matching funds required for obtaining and using this federal money. Disaster totals were $556,754.00. Total State costs were $291,769.00. FEMA costs were $264,985.00.

91-120. Lower Kuskokwim, September 4, 1990
A severe storm compounded by high tides caused extensive flooding in coastal communities of the Kuskokwim and Bristol Bay areas and along the lower Kuskokwim River. The flooding caused damage to both public and private property. The disaster declaration authorized assistance to local governments, individuals and families affected by the flooding. Total State costs were $835,297.00.

91-121. Kotzebue, September 4, 1990
An unseasonable storm and wind driven tides damaged public and private property in Kotzebue and surrounding traditional use areas. The governor's declaration of disaster provided assistance to the City of Kotzebue and to individuals and families. Total State costs were $328,845.00.

91-122. Nome, September 10, 1990
An unseasonable sea storm caused the sinking and destruction of a transfer barge owned by the City. As a result the City was unable to receive essential goods that are customarily transported by sea. In addition the debris presented a hazard jeopardizing the structural integrity of the Nome causeway. Total State costs were $105,000.00.

91-123. Teller, September 10, 1990
A storm on the Bering Sea caused major damage to the wood cribbing/gabion breakwater. Total State costs were $173,723.00.

91-125. Diomede, November 21, 1990
A severe early winter storm with waves up to 25 feet destroyed several fuel storage facilities. The resultant loss of critically needed petroleum products along with other equipment required the declaration of disaster. Total State costs were $622,594.00.

91-127. Togiak, February 8, 1991
An electrical failure lasting four days, combined with extreme cold temperatures, caused damage to the municipal water system. Plumbing and heating systems of public buildings were also damaged. Disaster assistance supported emergency work and permanent repair work. Total State costs were $51,384.00.

91-128. Larsen Bay, February 14, 1991
Abnormal freezing conditions affected the City's water system, interrupting service to approximately fifty percent of the residents. The governor's declaration of disaster enabled the City to obtain equipment and labor needed to restore service. Total State costs were $20,000.00.

91-132. Fairbanks/North Star Borough, May 30, 1991
Governor declared May 3-23, 1991 and FEMA declared May 30, 1991 due to flooding. Record snowfalls in the interior combined with sudden spring melt, caused flooding all along the Yukon and Kuskokwim River systems. Numerous State Declarations were combined into a single presidential declaration of major disaster (FEMA-0909-AK) that authorized assistance for repair of public property only. State Disaster Relief Funds were used to implement the Individual and Family Grant Program in all of the communities included in the federal declaration. Disaster totals were $1,664.378.00. Total State costs were $1,001,092.00. FEMA costs were $663,286.00.

91-133. Aniak, May 30, 1991
Governor declared May 3-23, 1991; and FEMA declared May 30, 1991. Record snowfalls in the interior combined with sudden spring melt caused flooding all along the Yukon and Kuskokwim River systems. Numerous State declarations were combined into a single presidential declaration of a major disaster (FEMA-0909-AK) that authorized assistance for repair of public property only. State Disaster Relief Funds were used to implement the Individual and Family Grant Program in all of the communities included in the federal declaration. Disaster totals were $550,089.00: Total State costs were $319,423.00; FEMA costs were $230,666.00.

91-134. McGrath, May 30, 1991
Governor declared May 3-23, 1991; and FEMA declared May 30, 1991. Record snowfalls in the interior combined with sudden spring melt caused flooding all along the Yukon

and Kuskokwim River systems. Numerous State declarations were combined into a single presidential declaration of major Disaster (FEMA-0909-AK) that authorized assistance for repair of public property only. State Disaster Relief Funds were used to implement the Individual and Family Grant Program in all of the communities included in the federal declaration. Disaster totals were $608,391.00. Total State costs were $310,320.00. FEMA costs were $298,071.00.

91-135. Red Devil, May 30, 1991

Governor declared May 3-23, 1991; and FEMA declared May 30, 1991. Record snowfalls in the interior combined with sudden spring melt caused flooding all along the Yukon and Kuskokwim River systems. Numerous State Declarations were combined into a single Presidential Declaration of Major Disaster (FEMA-0909-AK) that authorized assistance for repair of public property only. State Disaster Relief Funds were used to implement the Individual and Family Grant Program in all of the communities included in the federal declaration. Disaster totals were $239,953.00. Total State costs were $109,574.00. FEMA costs were $130,379.00.

91-136. Anvik, May 30, 1991

Governor declared May 3-23, 1991; and FEMA declared May 30, 1991.. Record snowfalls in the interior combined with sudden spring melt caused flooding all along the Yukon and Kuskokwim River systems. Numerous State declarations were combined into a single presidential declaration of major disaster (FEMA-0909-AK) that authorized assistance for repair of public property only. State Disaster Relief Funds were used to implement the Individual and Family Grant Program in all of the communities included in the federal declaration. Disaster totals were $181,700.00. Total State costs were $139,729.00. FEMA costs were $41,971.00.

91-137. Grayling, May 30, 1991

Governor declared May 3-23, 1991; and FEMA declared May 30, 1991. Record snowfalls in the interior combined with sudden spring melt caused flooding all along the Yukon and Kuskokwim River systems. Numerous State declarations were combined into a single presidential declaration of major disaster (FEMA-0909-AK) that authorized assistance for repair of public property only. State Disaster Relief Funds were used to implement the Individual and Family Grant Program in all of the communities included in the federal declaration. Disaster totals were $78,630.00. Total State costs were $75,061.00. FEMA costs were $3,569.00.

91-138. Emmonak, May 30, 1991

Governor declared May 3-23, 1991; and FEMA declared May 30, 1991. Record snowfalls in the interior combined with sudden spring melt caused flooding all along the Yukon and Kuskokwim River systems. Numerous State declarations were combined into a single presidential declaration of a major disaster (FEMA-0909-AK) that authorized assistance for repair of public property only. State Disaster Relief Funds were used to implement the Individual and Family Grant Program in all of the communities included

in the federal declaration. Disaster totals were $398,246.00: Total State costs were $206,702.00. FEMA costs were $191,544.00.

91-139. Holy Cross, May 30, 1991
Governor declared May 3-23, 1991; and FEMA declared May 30, 1991. Record snowfalls in the interior combined with sudden spring melt caused flooding all along the Yukon and Kuskokwim River systems. Numerous State declarations were combined into a single presidential declaration of a major disaster (FEMA-0909-AK) that authorized assistance for repair of public property only. State Disaster Relief Funds were used to implement the Individual and Family Grant Program in all of the communities included in the federal declaration. Total State costs were $20,265.00.

91-140. Alakanuk, May 30, 1991
Governor declared May 3-23, 1991; and FEMA declared May 30, 1991. Record snowfalls in the interior combined with sudden spring melt caused flooding all along the Yukon and Kuskokwim River systems. Numerous State declarations were combined into a single presidential declaration of major disaster (FEMA-0909-AK) that authorized assistance for repair of public property only. State Disaster Relief Funds were used to implement the Individual and Family Grant Program in all of the communities included in the federal declaration. Disaster totals were $210,506.00. Total State costs were $155,472.00. FEMA costs were $55,034.00.

91-141. Shageluk, May 30, 1991
Governor declared May 3-23, 1991; and FEMA declared May 30, 1991. Record snowfalls in the interior combined with sudden spring melt caused flooding all along the Yukon and Kuskokwim River systems. Numerous State declarations were combined into a single presidential declaration of a major disaster (FEMA-0909-AK) that authorized assistance for repair of public property only. State Disaster Relief Funds were used to implement the Individual and Family Grant Program in all of the communities included in the federal declaration. Disaster totals were $57,867.00. Total State costs were $48,546.00. FEMA costs were $9,321.00.

91-142. Galena, May 30, 1991
Governor declared May 3-23, 1991; and FEMA declared May 30, 1991. Record snowfalls in the interior combined with sudden spring melt caused flooding all along the Yukon and Kuskokwim River systems. Numerous State declarations were combined into a single presidential declaration of major disaster (FEMA-0909-AK) that authorized assistance for repair of public property only. State Disaster Relief Funds were used to implement the Individual and Family Grant Program in all of the communities included in the federal declaration. Total State costs were $67,061.00.

91-144. Mat-Su Borough, July 18, 1991
Severe bank erosion near the Circle View Subdivision area along the Matanuska River destroyed one home and threatened several others, causing

the Mat-Su Borough to support either construction of emergency bank protection measures or relocation of homes. The governor's declaration authorized a loan of up to $500,000.00 dollars to the Mat-Su Borough. The following year the legislature converted this loan to a grant. Total State costs were $515,900.00.

92-149. New Koliganek, October 14, 1991
The village of New Koliganek sustained flooding which resulted in damage to a bridge and severe threat to public safety of residents. Immediate repair of the bridge was necessary in order to allow residents and school children to safely transit within the village. Total State costs were $67,526.00.

92-150. Kodiak, November 2, 1991
Commencing on October 31, 1991, the City of Kodiak sustained severe damage and threats to life and property from heavy rains, flooding and landslides. The rains caused severe damage to the City's roads and buildings; and caused damage to homes, businesses and loss of personal property. Total State costs were $1,564,957.00.

92- 153. Eagle City, May 19, 1992
On May 13, 1992, the ice jam precipitating the Eagle Village flood moved down to the City of Eagle flooding some private property and destroying an erosion control structure along the river front street. Both the public assistance and individual assistance programs were implemented as well as the SBA disaster loan program. Total State costs were $183,729.00.

92-154. Eagle Village, May 19, 1992
On May 12 through 13, the Native Village of Eagle was inundated by ice jam flooding causing the entire town to be evacuated to local high ground. Flood waters caused damage to a majority of the homes, eroded the river front street and caused damage to the clinic, Laundromat and tank farm. Both the public assistance and individual assistance programs were implemented as well as the SBA disaster loan program. Total State costs were $61,147.00.

92-155. Galena, May 26-29, 1992
From May 26 through 29, 1992, both down town and up town Galena were flooded as a result of an ice jam at Bishop Rock several miles down stream of Galena. This was the third worst flood in recorded history for the community. Extensive damage to State road systems, City streets, electrical distribution system, sewage lagoon and the majority of homes in down town area resulted. Both the public assistance and individual assistance programs were implemented as well as the SBA disaster loan program. Total State costs were $442,615.00. SBA data is archived and not available.

92-156. Flood Response, June 9, 1992

The Upper Yukon River drainage was experiencing the third worst snow melt flooding in recorded history according to the National Weather Service. The Declaration provided $100,000.00 from the Disaster Relief Fund to cover DES expenses that began to occur as a result of the need to provide response activities and surveillance. A Reimbursement Service Agreement (RSA) was established with the Division of Environmental Quality, DEC to respond to and test for environmental contamination for assurance of public health. Total State costs were $22,059.00.

92-157. Yukon River, June 17, 1992

A very late spring combined with above average snow packs in the Canadian and U.S. portions of the Yukon drainage resulted in post-breakup (snow melt) flooding of the Yukon River and its tributaries from Fort Yukon to Rampart. Flood waters rose slowly over a period of days and receded gradually. The North Pole area was also included in this declaration due to effects from the Chena drainage causing the ground water to rise. The high ground water was exacerbated by the activation of the Moose Creek Diversion Dam (COE). Major damage was sustained by both public and private property. The IFG program was implemented in Fort Yukon, Beaver, Stevens Village and North Pole. No Public Assistance was implemented for the North Pole area. Rampart received only public damage assistance. The Small Business Administration declared for the same geographic area and provided disaster loans. Total State costs were $1,167,796.00. SBA costs are archived and not available.

93-160. Haines Highway, August 14, 1992

This disaster was declared in order for the State DOT/PF to request $1.8 million in Federal Highway Administration emergency funds (under Title 23 U.S.C., Section 125) to repair damages relating to flooding of the Klehini River 30 miles north of Haines. No expenditure of state disaster relief funds was required. Total cost data maintained by Alaska DOT.

93-162. Nome Highway, October 5, 1992

On October 5, 1992, a major Bering Sea Storm with gale force winds impacted the Norton Sound Coast of the Seward Peninsula in Western Alaska, producing an unusually high storm surge tide and very large waves, particularly in the Nome area. The high tidal waves severely damaged two federal aide highways, isolating the mining community of Council and endangering the traveling public in the Nome area. DOT/PF requested emergency relief funds from the Federal Highway Administration. Total cost data maintained by Alaska DOT.

94-167. Prince of Wales Island, October 29, 1993

On October 29, 1993, funds were made available through emergency highway funding assistance to all roads on Prince of Wales Island eligible under the Department of Transportation Intermodal Surface Transportation Efficiency Act of 1991 (ICTEA)

provision due to heavy rains and numerous mud slides. Total cost data maintained by Alaska DOT.

94-168. Hazard Mitigation AK- 909, June 15, 1994
This is a pilot program in Ft. Yukon designed to confirm the need for long-range flood mitigation measures to prevent flooding. Disaster totals were $356,765.00. Total State costs were $190,765.00. FEMA costs were $166,000.00.

94-169. McGrath, May 23, 1994
On May 23, 1994, a disaster declaration was signed for the City of McGrath due to flood damages to approximately 1,147 linear feet of Cranberry Ridge Road. This road provides access to three subdivisions consisting of two family homes, the community rifle range, the rock quarry, and the emergency air strip. Total State costs were $170,999.00.

94-170. Galena, May 10, 1994
On May 10, 1994, the City of Galena sustained losses and threats to life and property resulting from flooding due to breakup. As a result of this disaster, roads and revetments suffered significant damage, and the sewer lagoon was breached. Total State cost was $614,005.00.

95-171. Delta Junction, July 13, 1994
On July 13, 1994, Cummings Road was severely damaged by an overflow of waters from the Gerstle River. As a result of this disaster, families were isolated, which constituted a significant threat to the lives and safety of those individuals. Total State costs were $38,810.00.

95-172. Matanuska River Erosion, July 1, 1994
On July 1, 1994, Matanuska-Susitna Borough sustained serious damage and threats to life and property resulting from erosion of the Matanuska River, in the vicinity of Circle View Estates. As a result of this disaster authority was granted under Alaska Statutes, Section 26.23.020 to loan $500,000.00 from the Disaster Relief Fund to the Matanuska-Susitna Borough.

95-173. 1994 Fall Floods, August 26, 1994
Governor Hickle declared on August 26, 1994; with FEMA declaring (DR-1039) on September 12, 1994. The governor declared disaster emergencies for the communities of Kobuk, Kiana, and Kotzebue as a result of flood damage. As a result of this disaster, the conditions continue to create unprecedented losses of personal and public properties. The communities of Allakaket and Alatna had to be evacuated under emergency life-threatening conditions on Sunday, August 28, 1994; Hughes was also evacuated several days later. Active duty military assets (CH-47 Chinook helicopters) were used to evacuate Allakaket and Alatna. Guard assets were used to evacuate Hughes. Also affected by this disaster were the communities of Bettles and

Wiseman. Disaster totals, including flood mitigation and temporary housing, were $72,621,533.00. Total State costs were $11,175,573.00. FEMA costs were $61,445,960.00.

95-174. Metlakatla, November 10, 1994

On November 10, 1994, the governor declared that a condition of disaster existed in Metlakatla as a result of high tides and storm-driven waves that threatened coastal sections. The Metlakatla Community Senior Citizens Center and a nearby drainage culvert under the public right-of-way were put at risk. Total State costs were $31,863.00.

95-176. Yukon-Kuskokwim Delta, June 5, 1995

On June 5, 1995, the Governor declared a condition of disaster emergency existed in the Cities of Akiak, Kwethluk, Napaskiak, Emmonak, and Alakanuk, as a result of inundation. As a result of this disaster, roads, boardwalks, and other public works essential to vital community services were damaged. Total State costs were $207,852.00.

95-177. Aniak, June 5 1995

On June 5, 1995, the Governor declared that a condition of disaster emergency existed in the City of Aniak, as a result of ice jam flooding of the Kuskokwim River and Aniak Slough. As a result of this disaster sections of Birch Road, Airport Boulevard, and the landfill access road were severely damaged. Total State costs were $210,214.00.

95-178. Bethel Sinkhole Erosion, June 5, 1995

On June 5, 1995, the governor declared that a condition of disaster emergency existed in the City of Bethel, as a result of erosion during spring breakup. As a result of this disaster the face of the protective sea wall was damaged causing erosion under the city dock. This created and expanded sinkholes on the dock. Total State costs were $128,861.00.

96-180. South Central Fall Floods, September 21, 1995

Governor Knowles declared on September 21, 1995; and FEMA declared (DR-1072) on October 13, 1996. The Governor declared a disaster as a result of heavy rainfall in south central Alaska and as a result the Kenai Peninsula Borough, Matanuska-Susitna Borough, and the Municipality of Anchorage were initially affected. On September 29, 1995, the governor amended the original declaration to include Chugach, and the Copper River Regional Education Attendance areas, including the communities of Whittier and Cordova and the Richardson, Copper River and Edgerton Highway areas. The areas suffered severe damage to numerous personal residences, flooding, eroding of public roadways, destruction and significant damage to bridges, flood control dikes and levees, water and sewer facilities, power and harbor facilities. On October 13, 1995, the president declared this event a major

disaster (AK-1072-DR) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The total cost for this disaster is $10,256,962.00. Total State costs were $3,012,464.00. FEMA costs were $7,244,498.00.

97-182. Southeast Storm (Pelican / Elfin Cove), September 25, 1996

On Wednesday, September 25, 1996 a severe storm struck Southeast Alaska causing severe damage to some of the communities in the area. The community of Pelican sustained erosion damage to temporary construction (sandbags) placed to curtail erosion on Pelican Creek. The storm also caused additional erosion around the bridge that crosses the creek. In Elfin Cove the landslide damaged electrical distribution lines to homes, disrupted telephone service to 12 homes and caused remaining telephones to operate off battery power. Two homes sustained damage. Also the trail which provided the only means of access between the two sides of town was damaged causing residents to commute from one side of town to the other by boat. The governor declared the area a disaster on November 1, 1996 due to the threat to life and property. The State total for this disaster is $528,180.00.

98-185. Tanana/Copper River, June 19, 1997

Continuing heavy rains, glacial melt due to warm temperatures and glacial dam dumping in the Eastern Tanana and Northern Copper River Valleys produced unusually high volume of runoff. This caused severe flooding along the Taylor Highway, Alaska Highway, Nebesna Road, Tok Cutoff, Richardson Highway, Copper River Highway, and Northway Road. The Village of Northway was evacuated and several families remained in emergency housing for an extended period. All along these drainages, homes were flooded and public property was damaged. The total for this disaster is $946,144.00.

98-186. Shishmaref Sea Storm, October 6, 1997

On October 6, 1997, under authority granted by the Alaska Statutes, Section 26.23.020, the governor declared a condition existed in the City of Shishmaref to warrant a disaster declaration in order to provide for assistance. An unusually early sea storm caused severe damage resulting in homes being eroded into tidewater and being destroyed. Additional federal assistance under the Federal Emergency Management Agencies Flood Mitigation Assistance Grant was provided to complete the move of additional damaged structures. In addition the Alaska Housing Finance Corporation provided housing assistance for the match to the federal assistance. The total for this disaster is $1,462,788.00. Total State costs were $662,788.00. FEMA costs were $800,000.00.

98-188. Endicott Mountains Flood , June 18, 1998

On June 18, 1998, under the authority granted by the Alaska Statues, Section 26.23.020, the governor declared a disaster existed in the cities of Allakaket and Huslia, the communities of Wiseman and Evansville and along the Dalton Highway between Coldfoot and Atigun Pass. Acute erosion and flash flooding caused damaged

to public infrastructures, fuel tank farms, private property, dikes and bridge abutment revetments. Only Public Assistance was granted. The total for this disaster is $667,906.00.

98-190. Southeastern Storm, October 27, 1998

On October 27, 1998, the governor declared a disaster to exist in the communities of Haines and the City and Borough of Juneau for the purposes of accessing federal highway administration funds after the worst two-day rainfall in fifty years occurred in Southeast Alaska on October 19-20, 1998. Over 6 inches of rain fell within a 48-hour period. As a result, extensive damage too many road systems, public, private and non-profit properties was caused from mudslides and water erosion. On November 24, 1998, under the authority granted by Alaska Statute 26.23.020, the governor amended his declaration of disaster in the City and Borough of Juneau, the City and Borough of Haines, to include the Chilkat Indian Village (Community of Klukwan) in order for public (infrastructure) assistance to public property and individual and family grant assistance. The governor also requested that the SBA declare an administrative declaration for physical disaster damages to provide low interest loans to businesses and private property owners. The State total for this disaster is $1,119,927.00.

00-191. Central Gulf Coast Storm, February 4, 2000

The disaster was declared February 4, 2000 by Governor Murkowski, followed by FEMA making declaration (DR-1316) on February 17, 2000. On Feb 4, 2000, the governor declared a disaster due to high impact weather events throughout an extensive area of the State. The State had been responding to the incident since December 21, 1999. The declaration was expanded on February 8, to include City of Whittier, City of Valdez, Kenai Peninsula Borough, Matanuska-Susitna Borough and the Municipality of Anchorage. On February 17, 2000, President Bill Clinton declared the event a disaster and warranted a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, P.L. 93-288 as amended ("the Stafford Act"). On March 17, 2000, the governor again expanded the disaster area and declared that a condition of disaster exists in Aleutians East, Bristol Bay, Denali, Fairbanks North Star, Kodiak Island, and Lake and Peninsula Boroughs and the census areas of Dillingham, Bethel, Wade Hampton, and Southeast Fairbanks. Effective on April 4, 2000, Amendment No. 2 to the Notice of a Major Disaster Declaration, the Director of FEMA included the expanded area in the presidential declaration. The total for this disaster is $15,661,340.00. Total State costs were $3,269,479.00. FEMA costs were $12,391,861.00.

01-196. Middle Yukon Flood, May 24, 2001

On May 31, 2001 Governor Knowles declared a disaster for the communities of Koyukuk and Nulato due to ice jams on the Yukon River. On May 24, 2001, ice jams at Last Chance and Nine-Mile Island caused flooding in Nulato and Koyukuk. The ice jam persisted for several days and floodwaters continued to rise until there was

little or no dry ground in the village of Koyukuk. Weather conditions were unseasonably cold, and windy. Both snow and rain showers exacerbated the human misery. As a precautionary measure to avoid attempting a crisis response on a long holiday weekend, 35 high-risk individuals were transported to Galena via helicopter. Able-bodied adults remained in town to minimize losses. Flooding occurred in the village of Nulato on the Yukon River. Homes sustained water damages inside of the structures. City-owned fuel tanks at the tank farm were unstable. Fuel intake heads were inundated and sustained damages. Water overtopped the public landfill. The State totals for this disaster were $445,287.00.

02-198. Shishmaref Erosion, October 27, 2001

Winds and high tides combined to strike the Shishmaref coastline from October 5 through 7, 2001 and eroded inward as much as 50 feet. Some sections of the sand scarp were undercut as much as 16 to 20 feet due to the surf melting the underlying permafrost. In order to prevent further destruction of the coastline due to storms prior to tidewater freeze up, Governor Knowles issued Administrative Order No. 194 on October 27, 2001 which was not to exceed $110K (including DES administrative costs). These Public Assistance funds were to be used to establish a sacrificial sandbag revetment to last through the storm season. The total State cost for this incident was $87,859.00

02-200. '02 Interior Floods, May 29, 2002

Governor Knowles declared May 29 and FEMA Declared (DR-1423) June 26 2002. Flooding occurred in various interior and western Alaska river drainages including the Tanana, Kuskokwim, Nushagak, Susitna and Yukon River drainages beginning on April 27, 2002 and continuing. The floods caused widespread damage to and loss of property in the Fairbanks North Star Borough (Tanana River drainage); in McGrath, Lime Village, Sleetmute, Red Devil, Crooked Creek, Aniak and Kwethluk (Kuskokwim River drainage); Ekwok and New Stuyahok (Nushagak River drainage); in the Susitna River drainage from Chase to Montana Creek; and in Emmonak (Yukon River drainage). The following conditions existed as a result of this disaster: widespread damage to public facilities and infrastructure, including damage to public airports, roads, and buildings; to public utilities, including water , sewer, and electrical utilities; to personal residences, in some areas requiring evacuation and sheltering of residents; to commercial operations; and to other public and private real and personal property. Public and individual assistance was provided as well as the 404 Mitigation Program. Added: Date amended July 12, 2002 added Alakanuk to the State Declaration. Declaration date July 12, 2002 was also made for DOTPF to access Federal Highway Administration (FHWA) Emergency Relief Funds for damages to roads in the State. The total for this disaster is $5,099,254.00. Total State costs were $1,298,936.00. FEMA costs were $3,800,318.00.

03-201. Northwest Fall Sea Storm, October 23, 2002

Coastal storm surge flooding occurred in communities on the Northwestern coast of Alaska commencing on October, 8, 2002. A fall sea storm with 18-20 foot seas, extremely high winds, and strong tidal action caused severe damage. This storm was caused by a low pressure system moving down from the Arctic Ocean and settling over the Chuckchi Sea and the Kotzebue Sound resulting in widespread damage and coastal flooding, including damage to public roads and other public real property. The Governor declared a disaster for the cities of Kotzebue and Kivalina in the Northwest Arctic Borough. On November 6, 2002, an amendment was made to the original declaration to include the community of Shishmaref. The Northwest Arctic Borough (NWAB) provided funds to the City of Kotzebue ($10,000.00) and the City of Kivalina ($5,000.00). NWAB was provided a grant to reimburse funds given to those communities. Shishmaref did not have any eligible damage or expenses. The total for this disaster was $382,000.00.

03-202. Kenai Peninsula Borough, November 6, 2002

Disaster declared by Governor Knowles. Then FEMA declared December 4, 2002. FEMA amended the Declaration to extend the incident period to December 20th. Starting October 23, 2002 through November 12, 2002, heavy rains (from three inches to fifteen inches) caused widespread damage, school closures, road washouts and stranded residents and hunters throughout the Kenai Peninsula Borough, the Kodiak Borough and the Chignik Bay area, including Chignik Lake and Chignik Lagoon. The driving rain continued for an extended time frame with multiple storm fronts. Although damages were widespread, the Kenai Peninsula Borough received the most damages. Damages in the Kenai Peninsula Borough consisted of road washouts, culvert damages, bridge damage at several locations, and private home damages caused by overflowing rivers and streams. The Kodiak Borough damages included road washouts, culvert damages, river spike damage, and damages to a pier caused by sea surge. The Four Dam Pool Power Agency received damages to their facility. The Chignik Bay area, including Chignik Lake and Chignik Lagoon damage consisted of sea surge damage to docks and piers, damage to a fuel off-loading facility and dump truck, damage to a bridge in Chignik, and damage to the Department of Transportation, Chignik Lagoon Airport. The Kodiak Borough and Chignik Bay area also experienced private home damages. Federal Disaster Assistance for Individual Assistance, Debris Removal, Emergency Protective Measures and all categories of Permanent Work were provided under the Public Assistance Program. The total for this disaster is $19,218,359.00. Total State costs were $4,082,012.00. FEMA costs were $15,136,347.00.

03-204. South Central Windstorm, March 28, 2003

Disaster declared by Governor Murkowski. Then FEMA declared April 26, 2003: A major windstorm with sustained and severe winds that exceeded 100 mph occurred between March 6 and March 14, 2003. The windstorm affected the Matanuska-Susitna Borough, the Municipality of Anchorage, and the Kenai Peninsula Borough. Severe damage occurred to numerous personal residences and local businesses; extensive

damage occurred to public facilities (i.e. schools, libraries, community centers, airports, buildings and utilities) in the Matanuska-Susitna Borough, Municipality of Anchorage and the Kenai Peninsula Borough. Although damages were widespread, Anchorage facilities received the most damages. Federal Disaster Assistance for Debris Removal, Emergency Protective Measures and all Permanent Work categories were approved under the Public Assistance Program. The total for this disaster is $2,845,239.00. Total State costs were $730,785.00. FEMA costs were $2,114,454.00.

03-205. Salcha Flood, May 21, 2003

Disaster declared by Governor Murkowski. Warm temperatures in central Alaska triggered an ice blockage on the Tanana River. The subsequent flooding in the unincorporated community of Salcha impacted 100 homes and caused the evacuation of approximately 40 residents. Salcha is located in the jurisdictional boundaries of the Fairbanks North Star Borough (FNSB). Flooding began on April 29, 2003. Flood water continued to rise and fall through May 7, 2003 as the water volume changed and ice jams dislodged and reformed. An emergency shelter was opened by the American Red Cross at the Salcha School. The shelter was never used because displaced residents chose to stay with family and friends. The FNSB Emergency Manager requested assistance from the State; an Emergency Management Specialist was dispatched to assist. The Civil Air Patrol was used to gather reconnaissance photos of the ice blockages and flooded area. During the incident period, a community meeting was held to listen to residents' concerns. Participants included the Commissioner for the Department of Transportation, the Commander for the Army Corps of Engineers, and the Division of Emergency Management. Damages included residential homes, roads (local and State), culverts (local and State) and damage to a dike. Disaster Assistance for Debris Removal, Emergency Protective Measures and Permanent Work category C were approved under the State Public Assistance Program. No Federal disaster assistance was requested. Total State costs were $426,048.00.

04-206. Riverine Flooding, August 15, 2003

Administrative Order 212 issued by Governor Murkowski. Heavy flooding during the period July 14, 2003 through August 3, 2003 caused damage to Department of Transportation roads and bridges, local businesses and some residential homes. The Denali Borough declared a local disaster and requested assistance from the State. An Emergency Management Specialist and Assistant were sent to assess damages. The Division of Emergency Services procured and provided 2,000 sandbags and 24 potable water containers to the Denali Borough for emergency response. The Department of Transportation damages included areas on the Chena Hot Springs Road, the Elliot Hwy, and the Parks Hwy at Honolulu Creek and Carlo Creek. Several businesses in the affected area were damaged. The American Red Cross responded to the area but residents did not require services. The Small Business Administration provided financial counseling to local residents and businesses. The Denali Borough's request for State assistance, beyond what was provided for emergency response, was denied by the governor. Disaster Assistance for Debris Removal, Emergency Protective Measures and

Permanent Work category C were approved under the State Public Assistance Program. No Federal disaster assistance was requested. Total State costs for this disaster was $339,842.00.

04-207. '03 KPB Fall Flood, November 3, 2003

Disaster declared by Governor Murkowski. Unseasonable amount of rain during the period of September 26 through October 3, 2003 caused heavy flooding in the Lake and Peninsula Borough, the Kenai Borough and the Kodiak Island Borough. The Lake and Peninsula Borough declared a local disaster emergency. The Kenai Borough did not declare a disaster emergency but extended a letter of support for the Lake and Peninsula Borough declaration. The heavy rains resulted in localized flash flooding and some general flooding. The Department of Transportation experienced extensive damage on the Chiniak Hwy. in Kodiak and to multiple locations on the Williamsport-Pile Bay road in the Lake & Peninsula Borough and the Kenai Borough. The Department of Transportation requested emergency repair funds for the Chiniak Hwy; they used Statewide Transportation Improvement Program funds for the permanent repair. Other damage to Department of Transportation facilities included damage at Pedro Bay and South Naknek airports. The Department of Transportation used in-house and deferred maintenance funds to make repairs to the damages at the airports. The Tanalian Electric Cooperative in Port Alsworth experienced damage to overhead power lines resulting in power failures. Disaster Assistance for Emergency Protective Measures and Permanent Work category C were approved under the State Public Assistance Program. No Federal disaster assistance was requested. Total State costs for this disaster was $240,310.00.

04-209. '03 Fall Sea Storm, January 29, 2004

Disaster declared by Governor Murkowski. A series of sea storms with high winds and tidal surge during the period of November 1 to November 24, 2003 caused damages in the communities of Unalakleet, Diomede, and Port Heiden. Damage was also reported by the Department of Transportation. The City of Unalakleet and Port Heiden declared local emergencies and Diomede requested assistance in a letter to the Division of Emergency Services. The Department of Transportation reported damages in Nome on the Nome-Counsel Road (MP 22 and 23.8) and at the Unalakleet airport. The City of Unalakleet had a large quantity of debris deposited throughout the road system. Damages to a gabion protection wall, roads and exposure of a water line were also experienced. Port Heiden experienced tidal erosion that exposed two grave sites, a power line and endangered a road. The US Air Force, under the coordination of the Division of Homeland Security and Emergency Management, addressed the issue of the two grave sites. Disaster Assistance for Emergency Protective Measures and Permanent Work category C for the City of Port Heiden, the Department of Transportation and Unalakleet, category F for Port Heiden and debris removal for Unalakleet were approved under the State Public Assistance Program. No Federal disaster assistance was requested. The total State cost for this disaster was $526,966.00.

05-211. Bering Strait Sea Storm, October 28, 2004

Disaster declared by Governor Murkowski. FEMA declared (DR-1571) on November 15, 2004. Declaration amended to extend incident to October 24, 2004. Between October 18 and 20, 2004, a severe winter storm with strong winds and extreme tidal surges occurred along the Western Alaska coastline. Storms resulted in severe damage and threat to life and property, specifically in the Bering Strait Regional Educational Attendance Area (REAA), including Elim, Nome, Koyuk, Shaktoolik, Unalakleet, and other communities; in the Northwest Arctic Borough, including Kivalina, Kotzebue, and other communities; and in the City of Mekoryuk, with potentially unidentified damages in adjacent areas, and additional storm surges likely from continuing weather patterns in this area of Alaska. Conditions that existed in the coastal communities of the Northwest Arctic Borough as a result of this disaster included: severe damage to roadways, power distribution systems, and drain fields. Conditions that existed in the coastal communities of the Bering Strait REAA as a result of this disaster included: severe damage to gabions (used to protect shoreline), major damage to coastal highways and roads, damage to water and septic systems, damage to a bridge, damage to power distribution systems, damage to fuel storage tanks, fuel spills, and property damage. Conditions that existed in the City of Mekoryuk as a result of this disaster included: major damage to sea wall and damage to roadways. On November 16, 2004, the declaration was amended to reflect a more accurate timeframe of the disaster. The City of St. George appealed the denial of funding decision for the breakwater. The appeal was granted, which increased the original estimate for total funding of this disaster by more than $3 million. The dates of the severe storm were changed to October 18 through October 24, 2004. The total costs for this disaster were $19,848,326.00. Total State costs were $5,738,503.00. FEMA costs were $14,109,823.00.

05-212. Kaktovik Winter Storm, January 15, 2005

Disaster declared by Governor Murkowski. FEMA declared (DR-1584) on March 14, 2005. Over a week-long period beginning on January 7, 2005, a severe winter storm with extremely low temperatures, 60-knot winds, and blizzard conditions enveloped the coastal city of Kaktovik, Alaska. The high winds blew down several power lines and caused the backload and subsequent shut down of the main electrical grid and generators. On January 8, 2005, approximately 60% of the city was without power. Attempts to restore power at the main power plant continued over the next day with intermittent success; however, power was lost to the entire city, including 107 homes, and the airport by late afternoon on January 9, 2005. At 1700 hours, the North Slope Borough (NSB), which provides all public utilities for the city, notified the State Emergency Coordination Center (SECC) and Division of Homeland Security & Emergency Management (DHS&EM) that the city was in danger of city-wide freezing damage to water and sewer transmission pipelines, and requested emergency transportation of life safety repair technicians and repair equipment to the city of Kaktovik. The total costs for this disaster were $6,749,559.00. Total State costs were $1,597,848.00. FEMA costs were $5,151,711.00.

05-213. '05 Spring Floods, July 20, 2005

Disaster declared by Governor Murkowski. Beginning May 13, 2005, a large ice jam blocked the mouth of the Lower Yukon River and caused widespread flooding to the cities of Emmonak and Alakanuk. In both cities, several roads were inundated and eroded by the floodwaters. Floodwaters also inundated city infrastructure to include the above-ground circulating water and vacuum sewage systems which were displaced and/or knocked off their mounting supports. Both cities have submitted local disaster declarations requesting State assistance. There were no life safety issues during this event. Floodwaters subsequently subsided to normal levels within the river banks on or about May 18, 2005. Additionally, in the City of McGrath, beginning on May 3, 2005, ice jam flooding eroded several local roads, including Takotna Avenue and Cranberry Ridge Road, and unusually high water levels threatened city infrastructure and private homes, in the City of McGrath. The city infrastructure at risk included the city office building which housed the water plant, health clinic, fire station, laundromat, and State Trooper office; the utility corridor containing power and water lines; two marine fuel headers and associated tank farms; and Federal and State offices and housing. Several private homes were cut off from emergency services due to impassable roads. Takotna Avenue is a main transportation avenue in town. The road also serves as a levee against rising river water that if breeched, would threaten a large portion of the City of McGrath. The City of McGrath signed a local disaster declaration and requested State assistance on May 13, 2005. The high water levels at McGrath receded slowly from May 14 to 18, 2005. The State total cost for this disaster was $1,293,025.00.

05-214. Bristol Bay Storm, August 23, 2005

Disaster declared by Governor Murkowski. On August 23, 2005, a strong storm with high winds combined with high tides produced storm surges of 2 - 3 feet above the high tide levels and caused widespread coastal flooding in the upper Bristol Bay area. Public infrastructure, commercial property, and personal property damages were reported in the City of Clark's Point, the nearby unincorporated community of Ekuk, and the City of Togiak. Damages were also reported in Lake and Peninsula Borough, Bristol Bay Borough and the City of Dillingham. Lake and Peninsula Borough, Bristol Bay Borough and the City of Dillingham elected not to declare local disasters and did not seek assistance. Clark's Point and Togiak had each signed local disaster declarations and asked for State Individual Assistance and Public Assistance in response and recovery from this storm. The State total cost for this disaster is $375,815.00.

06-215. '05 West Coast Storm, October 24, 2005

Disaster declared by Governor Murkowski. FEMA declared (DR-1618) on December 9, 2005. Beginning on September 22, 2005 and continuing through September 26, 2005, a powerful fall sea storm produced high winds combined with wind-driven tidal surges resulting in severe and widespread coastal flooding and a threat to life and property in the Northwest Arctic Borough, and numerous communities within the Bering Strait (REAA 7), the Kashunamiut (REAA 55), the Lower Yukon (REAA 32)

and the Lower Kuskokwim (REAA 31) Rural Education Attendance Areas including the cities of Nome, Kivalina, Unalakleet, Golovin, Tununak, Hooper Bay, Chevak, Mekoryuk and Napakiak. As a result of this disaster severe damage occurred to personal residences requiring evacuation and sheltering of the residents; to businesses; to drinking water systems, electrical distribution systems, local road systems, airports, seawalls, and other public infrastructure. Individuals' personal and real property was damaged, necessitating emergency protective measures, temporary and permanent repairs. On October 25, 2005, a request for a federal time extension was submitted. On December 9, 2005 a presidential disaster was declared (DR-1618) for Public Assistance for the Northwest Arctic Borough, Bering Strait REAA, Kashunamiut REAA (Chevak) and the Lower Kuskokwim REAA however they failed to include the Lower Yukon REAA in the federal declaration. The State wrote Project Worksheets for the Lower Yukon REAA under the State Public Assistance Declaration. The total cost for disaster was $5,332,539.00. Total State costs were $2,264,723.00. FEMA costs were $3,067,816.00.

06-216. '05 Southeast Storm, December 23, 2005

Beginning on November 18, 2005 and continuing through November 26, 2005, a strong winter storm with high winds and record rainfall occurred in the City/Borough of Juneau, the City/Borough of Haines, the City/Borough of Sitka, the City of Pelican, the City of Hoonah, and the City of Skagway which resulted in widespread coastal flooding, landslides, and severe damage and threat to life and property, with the potential for further damage. The following conditions existed as a result of this disaster: severe damage to personal residences requiring evacuation and relocation of residents; to individuals' personal and real property; to businesses; and to a marine highway system dock, the road systems eroded and blocked by heavy debris that prohibited access to communities and residents, and other public infrastructures, necessitating emergency protective measures and temporary and permanent repairs. The total cost to date, of State assistance, is approximately $1,867,898.00.

06-217. '06 South Central Storm, March 13, 2006

Disaster declared by Governor Murkowski. Beginning on February 5, 2006 and continuing through February 11, 2006, a series of strong winter storms with high winds, heavy snow, and freezing rain occurred in the City of Seward and surrounding areas of the Kenai Peninsula Borough in South Central Alaska, causing avalanches that severely damaged power lines and other infrastructures, blocked roads, and threatened further damages. As a result of the disaster, there was severe damage to power transmission and distribution lines supplying the City of Seward and surrounding areas; disruption of normal power supply requiring the prolonged use of emergency backup generators with extraordinary expensive operation costs; and damage and threat to public and private property as a result of power disruption. The Governor decided not to seek Federal assistance. Total State costs to date are $1,465,321.00.

06-218. '06 Spring Floods, June 27, 2006

Disaster declared by Governor Murkowski. FEMA declared (DR-1657) on August 04, 2006. Beginning May 5, 2006 continuing through May 30, 2006, the National Weather Service (NWS) issued flooding warnings and watches across the State as excessive snowmelt and ice jams caused flooding along the Yukon, Kuskokwim, and Koyukuk river drainages. The most serious impacts were reported in the communities of Hughes, Koyukuk, Kwethluk, Alakanuk, and Emmonak, along with substantial damage to State-maintained airports, roads, and highways. In each community, large portions of the village, city infrastructure, and several roads were inundated and eroded by the floodwaters. Total costs to date for this disaster are $2,916,952.00. Total State costs are $1,869,499.00. FEMA costs are $1,047,453.00.

07-220. '06 South Central Flood, August 29, 2006

Disaster declared by Governor Murkowski. FEMA declared (DR-1663) on October 16, 2006. Beginning on August 18, 2006 and continuing through August 24, 2006, a strong weather system developed causing severe flooding resulting in severe damage and threats to life and property in the South Central part of the State including the Matanuska-Susitna Borough, the City of Cordova and the Copper River Highway area in the Chugach Rural Education Attendance Area (REAA), the Richardson Highway area in the Copper River REAA and Delta/Greely REAA, the Denali Highway area, and the Alaska Railroad and Parks Highway areas in the Matanuska-Susitna Borough and the Denali Borough. Damage was primarily to roads, bridges and rail lines. Total cost to date is $18,253,129.00. Total State costs are $6,118,361.00. FEMA costs are $12,134,768.00.

07-221. Southern Alaska Storm, October 14, 2006

Disaster declared by Governor Murkowski. FEMA declared (DR-1669) on December 8, 2006. Beginning on October 8, 2006 and continuing through October 13, 2006, a strong, large area of low pressure that developed in the Northern Pacific and moved into the Southwest area of the State, produced hurricane force winds throughout much of the State and heavy rains in the South-central and Northern Gulf coast areas. The storm resulted in severe flooding, wind damage, and threats to life in the Southern part of the State, to include the Kenai Peninsula Borough, the cities of Seward and Seldovia; the Chugach Rural Education Area including the City of Cordova and the City of Valdez; and the Copper River Rural Education Area including the Richardson Highway to Glenallen, and roadways and drainages in the McCarthy area. Total cost to date for this disaster is $17,924,741.00. Total State costs are $6,463,117.00. FEMA costs are $11,461,624.00.

07-222. Kivalina Storm, November 19, 2006

Disaster declared by Governor Murkowski. Beginning October 11, 2006 through October 13, 2006 a fall sea storm with sustained high surf and storm surge caused severe wave damage and coastal erosion in the City of Kivalina. Through local declarations on October 19, 2006 the Northwest Arctic Borough and the City of Kivalina

requested assistance to repair the seawall and protect community infrastructure. The Alaska Village Electric Cooperative also requested State emergency disaster assistance. In accordance with AS 26.23.020(h) assistance from the disaster relief fund was found appropriate by Governor Murkowski to cover eligible emergency response costs and emergency protective measures. Permanent repairs to or replacement of the seawall were not found to be appropriate for funding. The amount of funding was not to exceed $235,000.00 including administrative fees. Governor Murkowski also directed the Department of Commerce, Community, and Economic Development (consistent with AO#175) to coordinate with other State and Federal agencies to propose long-term solutions to the ongoing erosion issues in Kivalina and other coastal communities in the State of Alaska. Total State costs are $233,747.00.

07-223. Kenai Ice Jam Flood, March 2, 2007

Disaster Declared by Governor Sarah Palin. Beginning on January 25 and continuing through February 4, 2007, Skilak glacier-dammed lake breached releasing a four-foot high surge of water into the Kenai River that ultimately dislodged river ice, moved the ice rafts downriver and created ice jams as various points along the river. These ice rafts, some up to 4 feet thick and weighing several tons, destroyed or damaged public and private riverbank fishing platforms, stairs, and elevated walkways as they moved downriver. Where ice jams formed, the water and ice rafts overtopped the riverbanks (some up to 15 feet high) and flooded several public campgrounds, fishing parks, and residential homes from the community of Sterling to the City of Soldotna, within the Kenai Peninsula Borough. Approximately 150 homes and riverside businesses in the City of Soldotna and in the Big Eddy, Poacher's Cove, and River Quest portions of the Kenai Borough reported damage to their buildings, fishing structures, and/or docks; another 775 home properties within the Borough were also impacted by floodwaters or ice. Some of the damaged fishing platforms were specially designed for handicap access. A voluntary evacuation program was instituted in several areas. Some roads were inundated and impassable due to high water. Ice jams also threatened the temporary highway bridge at Soldotna when the water level rose to 20 feet; however, the water dropped before damage could occur to the bridge or embankment. Preceding the flooding, the National Weather Service issued flood warnings, watches and advisories.

Confirmed damages occurred along the Kenai River in the Kenai Peninsula Borough, especially in the area of the City of Soldotna. Public infrastructure, commercial property, and personal property damages were reported in the metropolitan areas and the borough. The Division of Homeland Security and Emergency Management (DHS&EM) received local disaster declarations from the City of Soldotna through the Kenai Peninsula Borough, requesting State disaster assistance; and from the Kenai Peninsula Borough, dated February 13, 2007, expanding the event date through February 5 and expanding the impacted area to include from Skilak Lake to the mouth of the Kenai River into the Cook Inlet. Due to the severity of the initial damage reports, the Governor inspected the flooding damage on February 3, 2007.

Estimated cost (disaster is still open) is expected to reach $17,906,625.00. As of December 2008, total State expenditures of $1,746,800.00 have been incurred.

08-225. Northwest Storm, January 22, 2008

Disaster declaration signed by Governor Palin on 22 January 2008. During the period September 12, 2007, through September 14, 2007 a fall sea storm with sustained high surf and storm surge caused severe damage to the seawall (1,000 ft of the 1,600 ft of the wall failed), and coastal erosion in the City of Kivalina within the Northwest Arctic Borough. Total State costs to date are $433,920.00.

09-226. '08 Tanana Basin Flood, August 4, 2008

Disaster declared by Governor Palin. Beginning on July 27, and continuing through mid-August, 2008, a large, strong area of low pressure developed in the Beaufort Sea near the northern border of the State, bringing a series of storms that moved from the northwest coast of the State into the interior, causing severe flooding, landslides, wind damage, and threats to life throughout much of the northern part of the State to include Fairbanks North Star Borough; the village of Wainwright and the City of Kaktovik in the North Slope Borough; the City of Nenana in the Yukon-Koyukuk Regional Education Attendance Area; and the Denali Borough. This disaster is still open, therefore, costs to date not available at this time. However, the current total estimated costs for this disaster are $15,496,357.00. Total State costs are estimated at $5,031,246.00 and FEMA contributions are currently estimated at $10,465,111.00



Figure 2 2008 Tanana Basin Flood

SECTION II

COST PER DISASTER

DISASTER	DSTR #	State	FED REVENUE	TOTAL	FED %
Village of Karluk	78-01	171,573.00	0.00	171,573.00	0%
Campbell Creek, Anchorage	78-02	10,811.00	0.00	10,811.00	0%
Wrangell/Craig	78-03	392,000.00	0.00	392,000.00	0%
Matanuska-Susitna Borough	79-04	50,000.00	0.00	50,000.00	0%
West Coast Storm	80-06	121,352.00	0.00	121,352.00	0%
Willow Creek	80-07	20,118.00	0.00	20,118.00	0%
Kodiak Island	80-08	171,771.00	0.00	171,771.00	0%
Anchorage Windstorm	80-09	461,448.00	0.00	461,448.00	0%
Bristol Bay	81-10	113,083.00	0.00	113,083.00	0%
Copper Center	81-11	13,168.00	0.00	13,168.00	0%
South Central	82-13	275,013.00	0.00	275,013.00	0%
Fort Yukon	82-15	811,323.00	0.00	811,323.00	0%
Russian Mission	83-16	141,324.00	0.00	141,324.00	0%
Kipnuk	83-18	905.00	0.00	905.00	0%
Aniak	83-19	75,614.00	0.00	75,614.00	0%
Cordova	84-21	125,777.00	0.00	125,777.00	0%
Unalakleet	84-23	726,865.00	0.00	726,865.00	0%
Mountain Village	84-24	986,427.00	0.00	986,427.00	0%
Elim	84-25	384,588.00	0.00	384,588.00	0%
Kotzebue	84-26	673,101.00	0.00	673,101.00	0%
Alakanuk	84-28	277,544.00	0.00	277,544.00	0%
Emmonak	84-29	22,884.00	0.00	22,884.00	0%
Southeast Alaska	85-32	958,519.00	0.00	958,519.00	0%
Haines	85-33	1,581,506.00	0.00	1,581,506.00	0%
Savoonga	85-34	255,954.00	0.00	255,954.00	0%
Buckland	85-36	83,585.00	0.00	83,585.00	0%
Kobuk	85-37	17,979.00	0.00	17,979.00	0%
Anvik	85-38	17,878.00	0.00	17,878.00	0%
Emmonak	85-39	72,832.00	0.00	72,832.00	0%
Pilot Station	85-40	34,736.00	0.00	34,736.00	0%
Upper Kuskokwim River	85-41	56,826.00	0.00	56,826.00	0%
Pitka's Point	86-42	12,740.00	0.00	12,740.00	0%
Bethel	86-43	475,507.00	0.00	475,507.00	0%
Cordova	86-45	16,462.00	0.00	16,462.00	0%
Thorne Bay	86-47	258,512.00	0.00	258,512.00	0%
Metlakatla	86-48	90,547.00	0.00	90,547.00	0%

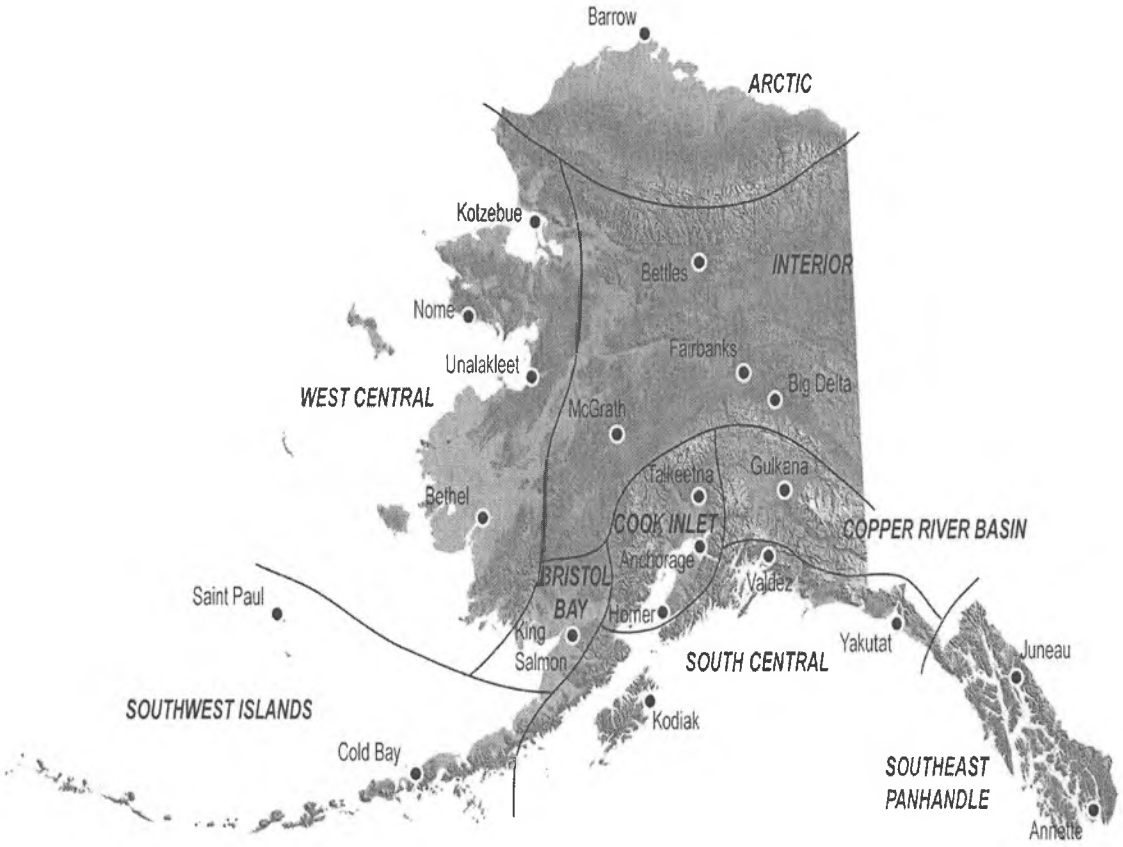
DISASTER	DSTR #	State	FED REVENUE	TOTAL	FED %
Unalaska	86-49	181,937.00	0.00	181,937.00	0%
Pelican	86-52	18,024.00	0.00	18,024.00	0%
Napakiak	86-54	15,000.00	0.00	15,000.00	0%
Chukchi Sea Storm	87-55	1,538,408.00	2,252,618.00	3,791,026.00	59%
South Central AK Flood	87-56	3,266,898.00	5,375,542.00	8,642,440.00	62%
Kotzebue	87-59	1,231,610.00	0.00	1,231,610.00	0%
Sleetmute/Red Devil	87-60	51,602.00	0.00	51,602.00	0%
Aniak	87-62	993,861.00	0.00	993,861.00	0%
Buckland	87-63	203,548.00	0.00	203,548.00	0%
Richardson Highway	88-64	0.00	0.00	0.00	0%
Haines Flooding	88-70	78,590.00	0.00	78,590.00	0%
Crooked Creek	88-76	133,230.00	0.00	133,230.00	0%
Napakiak/Napaskiak	88-77	125,292.00	0.00	125,292.00	0%
Kaltag	88-78	28,883.00	0.00	28,883.00	0%
Shishmaref	89-80	318,072.00	0.00	318,072.00	0%
Omega Block	89-83	438,368.00	881,288.00	1,319,656.00	67%
Northwest Arctic Borough	89-84	1,301,941.00	3,672,967.00	4,974,908.00	74%
St. George	89-85	59,255.00	170,598.00	229,853.00	74%
Sand Point	89-86	6,888.00	16,174.00	23,062.00	70%
Ahkiok	89-87	14,006.00	31,931.00	45,937.00	70%
North Slope Borough	89-88	113,364.00	0.00	113,364.00	0%
Galena	89-90	45,859.00	129,265.00	175,124.00	74%
Glennallen	89-91	15,000.00	0.00	15,000.00	0%
Circle	89-92	196,657.00	0.00	196,657.00	0%
Ft. Yukon	89-93	194,812.00	0.00	194,812.00	0%
Spring Floods	89-94	1,507,050.00	3,232,831.00	4,739,881.00	68%
Klawock	90-95	9,927.00	0.00	9,927.00	0%
Fairbanks North Star Borough	90-96	65,640.00	0.00	65,640.00	0%
Mat-Su Borough	90-97	358,772.00	0.00	358,772.00	0%
Whittier	90-98	634,103.00	0.00	634,103.00	0%
Municipality of Anchorage	90-99	2,261,615.00	0.00	2,261,615.00	0%
Seward/Kenai Peninsula	90-100	529,552.00	0.00	529,552.00	0%
Richardson Highway	90-101	0.00	0.00	0.00	0%
Moose Feeding	90-108	196,522.00	0.00	196,522.00	0%
'89 Spring Floods Haz. Mit.	90-111	291,356.00	328,472.00	619,828.00	53%
Snow and Ice Removal	90-112	2,000,000.00	0.00	2,000,000.00	0%
McGrath	90-113	39,409.00	0.00	39,409.00	0%
Kobuk	90-114	6,153.00	0.00	6,153.00	0%
Bethel	90-117	600,176.00	0.00	600,176.00	0%
Cold Weather Haz. Mitigation	91-119	291,769.00	264,985.00	556,754.00	48%
Lower Kuskokwim	91-120	835,297.00	0.00	835,297.00	0%
Kotzebue	91-121	328,845.00	0.00	328,845.00	0%

DISASTER	DSTR #	State	FED REVENUE	TOTAL	FED %
Nome	91-122	105,000.00	0.00	105,000.00	0%
Teller	91-123	173,723.00	0.00	173,723.00	0%
Diomede	91-125	622,594.00	0.00	622,594.00	0%
Togiak	91-127	51,384.00	0.00	51,384.00	0%
Larsen Bay	91-128	20,000.00	0.00	20,000.00	0%
Fairbanks North Star Boro	91-132	1,001,092.00	663,286.00	1,664,378.00	40%
Aniak	91-133	319,423.00	230,666.00	550,089.00	42%
McGrath	91-134	310,320.00	298,071.00	608,391.00	49%
Red Devil	91-135	109,574.00	130,379.00	239,953.00	54%
Anvik	91-136	139,729.00	41,971.00	181,700.00	23%
Grayling	91-137	75,061.00	3,569.00	78,630.00	5%
Emmonak	91-138	206,702.00	191,544.00	398,246.00	48%
Holy Cross	91-139	20,265.00	0.00	20,265.00	0%
Alakanuk	91-140	155,472.00	55,034.00	210,506.00	26%
Shageluk	91-141	48,546.00	9,321.00	57,867.00	16%
Galena	91-142	67,061.00	0.00	67,061.00	0%
Mat-Su Borough	92-144	515,900.00	0.00	515,900.00	0%
New Koliganek	92-149	67,526.00	0.00	67,526.00	0%
Kodiak	92-150	1,564,957.00	0.00	1,564,957.00	0%
Eagle City Flood	92-153	183,729.00	0.00	183,729.00	0%
Eagle Village Flood	92-154	61,147.00	0.00	61,147.00	0%
Galena	92-155	442,615.00	0.00	442,615.00	0%
Flood Response/Upper Yukon	92-156	22,059.00	0.00	22,059.00	0%
Yukon River Flood	92-157	1,167,796.00	0.00	1,167,796.00	0%
Haines Highway Disaster	93-160	0.00	0.00	0.00	0%
Nome	93-162	0.00	0.00	0.00	0%
Prince of Wales Island	94-167	0.00	0.00	0.00	0%
Fort Yukon Haz Mit., AK-909	94-168	190,765.00	166,000.00	356,765.00	47%
McGrath Road Disaster	94-169	170,999.00	0.00	170,999.00	0%
Galena Flood	94-170	614,005.00	0.00	614,005.00	0%
Delta Junction	95-171	38,810.00	0.00	38,810.00	0%
Matanuska River Erosion	95-172	500,000.00	0.00	500,000.00	0%
1994 Falls Floods	95-173	11,175,573.00	61,445,960.00	72,621,533.00	85%
Metlakatla	95-174	31,863.00	0.00	31,863.00	0%
Yukon-Kuskokwim Delta	95-176	207,852.00	0.00	207,852.00	0%
Aniak	95-177	210,214.00	0.00	210,214.00	0%
Bethel Sinkhole Erosion	95-178	128,861.00	0.00	128,861.00	0%
South Central Fall Floods	96-180	3,012,464.00	7,244,498.00	10,256,962.00	71%
Southeast Storm	97-182	528,180.00	0.00	528,180.00	0%
Tanana/Copper River Flood	98-185	946,144.00	0.00	946,144.00	0%
Shishmaref Sea Storm	98-186	662,788.00	800,000.00	1,462,788.00	55%
Endicott Mountains Flood	98-188	667,906.00	0.00	667,906.00	0%

DISASTER	DSTR #	State	FED REVENUE	TOTAL	FED %
Southeastern Storm	98-190	1,119,927.00	0.00	1,119,927.00	0%
Central Gulf Coast Storm	00-191	3,269,479.00	12,391,861.00	15,661,340.00	79%
Middle Yukon	01-196	445,287.00	0.00	445,287.00	0%
Shishmaref Erosion	02-198	87,859.00	0.00	87,859.00	0%
'02 Interior Floods	02-200	1,298,936.00	3,800,318.00	5,099,254.00	75%
Northwest Fall Sea Storm	03-201	382,000.00	0.00	382,000.00	0%
KPB Flood	03-202	4,082,012.00	15,136,347.00	19,218,359.00	79%
South Central Windstorm	03-204	730,785.00	2,114,454.00	2,845,239.00	74%
Salcha Flood	03-205	426,048.00	0.00	426,048.00	0%
Riverine Flood	04-206	339,842.00	0.00	339,842.00	0%
'03 KPB Fall Flood	04-207	240,310.00	0.00	240,310.00	0%
'03 Fall Sea Storm	04-209	526,966.00	0.00	526,966.00	0%
Bering Strait Sea Storm	05-211	5,738,503.00	14,109,823.00	19,848,326.00	71%
Kaktovik Winter Storm	05-212	1,597,848.00	5,151,711.00	6,749,559.00	76%
'05 Spring Flood	05-213	1,293,025.00	0.00	1,293,025.00	0%
Bristol Bay Storm	05-214	375,815.00	0.00	375,815.00	0%
'05 West Coast Storm	06-215	2,264,723.00	3,067,816.00	5,332,539.00	58%
'05 Southeast Storm	06-216	1,867,898.00	0.00	1,867,898.00	0%
'06 South Central Storm	06-217	1,465,321.00	0.00	1,465,321.00	0%
'06 Spring Floods	06-218	1,869,499.00	1,047,453.00	2,916,952.00	36%
'06 South Central Flood	07-220	6,118,361.00	12,134,768.00	18,253,129.00	66%
Southern AK Storm	07-221	6,463,117.00	11,461,624.00	17,924,741.00	64%
Kivalina Seawall	07-222	233,747.00	0.00	233,747.00	0%
Kenai Ice Jam Flood	07-223	1,746,800.00	0.00	1,746,800.00	0%
Northwest Storm	08-225	433,920.00	0.00	433,920.00	0%
08 Tanana Basin Flood **	09-226	5,031,246.00	10,465,111.00	15,496,357.00	68%
** = estimated costs (inc. in totals)					
Total Cost		**106,474,936.00**	**178,518,256.00**	**284,993,192.00**	**63%**



Figure 3 2000 Central Gulf Storm Avalanche



Alaska Climate Research Center
Geophysical Institute
University of Alaska Fairbanks

Figure 4 Map of the Weather Regions in Alaska

Section III

Summary by Region, Community and Year

This summary includes only the communities and flooding events resulting in a state disaster declaration. The same event often affects several communities, sometimes widely separated. Flooding events result from:

- Rainfall
- Ice Jams
- Storm Surges
- Wind Driven Waves
- Snow Melt
- Rising Ground Water

Region	Communities	Flooding Events
Yukon	13	17
Koyukuk	6	7
Kuskokwim	11	32
Bristol Bay	5	7
Aleutians & Peninsula	4	7
West Coast	22	43
Northwest	10	20
North Slope	4	4
Interior	6	15
Southcentral	14	33
Kenai PB	6	11
Kodiak	2	7
Southeast	16	25
Total	**119**	**228**

Year	Flooding Events
1978	4
1979	15
1980	5
1981	1
1982	2
1983	3
1984	7
1985	15
1986	4
1987	3
1988	5
1989	8
1990	10
1991	14
1992	5
1993	1
1994	10
1995	14
1996	0
1997	4
1998	4
1999	0
2000	16
2001	2
2002	19
2003	6
2004	7
2005	23
2006	16
2007	0
2008	5
Total	**228**

Sorted by Region, Community and Year

Koyukuk River	
Alatna	1994
Allakaket	1994
Bettles	1994
Hughes	1994
Koyukok	2001 2006
Wiseman	1994

Koyukuk River	
1994	Alatna Allakaket Bettles Hughes Wiseman
2001	Koyukok
2006	Koyukok

Yukon River	
Anvik	1985 1991
Circle	1989
Eagle	1992
Eagle Village	1992
Fort Yukon	1982 1989
Galena	1991 1992 1994
Grayling	1991
Holy Cross	1991
Kaltag	1988
Pilot Station	1985
Pitka's Point	1985
Russian Mission	1982
Shageluk (Innoko)	1991

Yukon River	
1982	Fort Yukon Russian Mission
1985	Anvik Pilot Station Pitka's Point
1988	Kaltag
1989	Circle Fort Yukon
1991	Anvik Grayling Holy Cross Shageluk Galena
1992	Eagle Village Eagle Galena
1994	Galena

Kuskokwim River	
Akiak	1995
Aniak	1983 1987 1991 1995 2002
Bethel	1985 1990 1995 2006
Crooked Creek	1985 1988 2002
Lime Village (Stony R)	2002
McGrath	1985 1990 1991 1993 2002 2005
Napakiak	1986 1988 1990 2005
Nunapitchuk	1990
Red Devil	1985 1991 2002
Sleetmute	1985 1987 2002
Tuntutuliak	1990

1983	Aniak
1985	Bethel Crooked Creek McGrath Red Devil Sleetmute
1986	Napakiak
1987	Sleetmute Aniak
1988	Crooked Creek Napakiak
1990	Bethel Mcgrath Napakiak Nunapitchuk Tuntutuliak
1991	Aniak McGrath Red Devil
1993	McGrath
1995	Akiak Aniak Bethel
2002	Aniak Crooked Crook Lime Village (Stony R) McGrath Red Devil Sleetmute
2005	McGrath Napakiak
2006	Bethel

Bristol Bay	
Bristol Bay Borough	2005
Clark's Point	2005
Dillingham	1980 2000 2005
Ekwok	2002
Koliganek	1991

Bristol Bay	
1980	Dillingham
1991	Koliganek
2000	Dillingham
2002	Ekwok
2005	Bristol Bay Borough Clark's Point Dillingham

Aleutians & Peninsula	
Chignik	2000 2002
Lake & Pen Borough	2000 2003 2005
Naknek	2003
Unalaska	1985

Aleutians & Peninsula	
1985	Unalaska
2000	Chignik Lake & Peninsula
2002	Chignik
2003	Lake & Peninsula Naknek
2005	Lake & Peninsula

Kenai Peninsula	
Homer	2000 2002
Kachemak Silo	2002
Kenai	1995 2000
Kenai Borough	1981 1986 2002 2006
Port Graham	2002
Willow Creek	1979

Kenai Peninsula	
1979	Willow Creek
1981	Kenai Borough
1986	Kenai Borough
1995	Kenai
2000	Homer Kenai
2002	Homer Kachemak Silo Kenai Borough Port Graham
2006	Kenai Borough

West Coast	
Alakanuk	1984 1991 1995 2002 2005 2006
Chefornak	1979
Chevak	2004
Emmonak	1984 1985 1991 1995 2002 2005 2006
Goodnews Bay	1979 2004
Hooper Bay	1979 2004
Kipnuk	1979 1983
Kongiganak	1979 2006
Kwethluk	1995 2002 2006
Kwigillingok	1979 1990
Napaskiak	1995
Newtok	1979 2005
Nunam Iqua	1979
Platinum	1979
Quinhagak	1979 2005
Scammon Bay	1979
Shaktoolik	2005
St. Michael	2005
Togiak	1979
Toksook Bay	1979
Tununak	1979
Unalakleet	2003 2005

West Coast	
1979	Chefornak Goodnews Bay Hooper Bay Kipnuk Kongiganak Kwigillingok Newtok Nunam Iqua Platinum Quinhagak Scammon Bay Togiak Toksook Bay Tununak
1983	Kipnuk
1984	Alakanuk Emmonak
1985	Emmonak
1990	Kwigillingok
1991	Alakanuk Emmonak
1995	Alakanuk Emmonak Kwethluk Napaskiak
2002	Alakanuk Emmonak Kwethluk
2003	Unalakleet
2004	Chevak Goodnews Bay Hooper Bay
2005	Alakanuk Emmonak Newtok Quinhagak St. Michael Shaktoolik Unalakleet
2006	Alakanut Emmonak Kongiganak Kwethluk

Northwest	
Buckland	1985 1987
Diomede	1990 2004
Elim	2004 2005
Golovin	2004 2005
Kivalina	2006
Kobuk	1985 1990
Kotzebue	1990
Nome	2003 2005
Shishmaref	1988 1997 2001 2002 2005
Teller	1990

North Slope	
Endicott Mountains	1998
Kaktovik	2008
North Slope Borough	1989
Wainwright	2008

Interior	
Delta Junction	1994 2000 2006
Denali Borough	2006
Fairbanks NSB	1989 1991 1992 1997 2000 2002 2008
Nenana	2008
Northway	1997
Salcha	2002 2008

Northwest	
1985	Buckland Kobuk
1987	Buckland
1988	Shishmaref
1990	Diomede Kobuk Kotzebue Teller
1997	Shishmaref
2001	Shishmaref
2002	Shishmaref
2003	Nome
2004	Diomede Elim Golovin
2005	Elim Golovin Nome Shishmaref
2006	Kivalina

North Slope	
1989	North Slope Borough
1998	Endicott Mountains
2008	Kaktovik Wainwright

Interior	
1989	North Star Borough
1991	North Star Borough
1992	North Star Borough
1994	Delta Junction
1997	North Star Borough Northway
2000	Delta Junction North Star Borough
2002	Salcha North Star Borough
2006	Delta Junction Denali Borough
2008	North Star Borough Nenana Salcha

South Central	
Anchorage	1978 1980 1989 1995 2000
Copper Center	1980
Copper River	1985 1997 2006
Cordova	1983 1985 1986 1995 2000 2006
Eyak	2006
Glennallen	1989
Iliamna	2000
Mat Su Borough	1980 1986 1991 1994 1995 2000 2006
McCarthy	2006
Newhalen	2000
Pedro Bay	2003
Seward	1989
Whittier	1995 2000
Valdez	2000 2006

Kodiak	
Karluk	1978
Kodiak	1980
	1991
	1992
	2000
	2002
	2003

South Central	
1978	Anchorage
1980	Anchorage Copper Center Mat Su Borough
1983	Cordova
1985	Copper River Cordova
1986	Cordova
1989	Anchorage
1992	Glennallen
2000	Seward
2002	Kodiak
1994	Mat Su Borough
1995	Anchorage Cordova Mat Su Borough Whittier
1997	Copper River
2000	Anchorage Cordova Iliamna Mat Su Borough Newhalen Valdez Whittier
2003	Pedro Bay
2006	Copper River Cordova Mat Su Borough Eyak McCarthy Valdez

Southeast	
1978	Craig Wrangell
1984	Angoon Juneau Kake Sitka Tenakee Springs
1985	Haines
1988	Haines
1989	Klawock
1994	Metlakatla Skagway
1995	Elfin Cove Pelican
1998	Chilkat Haines Juneau
2000	Kake
2004	Kasaan
2005	Haines Hoonah Juneau Pelican Sitka Skagway

Southeast	
Angoon	1984
Chilkat	1998
Craig	1978
Elfin Cove	1995
Haines	1985 1988 1998 2005
Hoonah	2005
Juneau	1984 1998 2005
Kake	1984 2000
Kasaan	2004
Klawock	1989
Metlakatla	1994
Pelican	1995 2005
Sitka	1984 2005
Skagway	1994 2005
Tenakee Springs	1984
Wrangell	1978

SECTION IV

Maps

The following maps show the geographical location of weather-related disasters. These maps only include specific communities identified in disaster declarations.

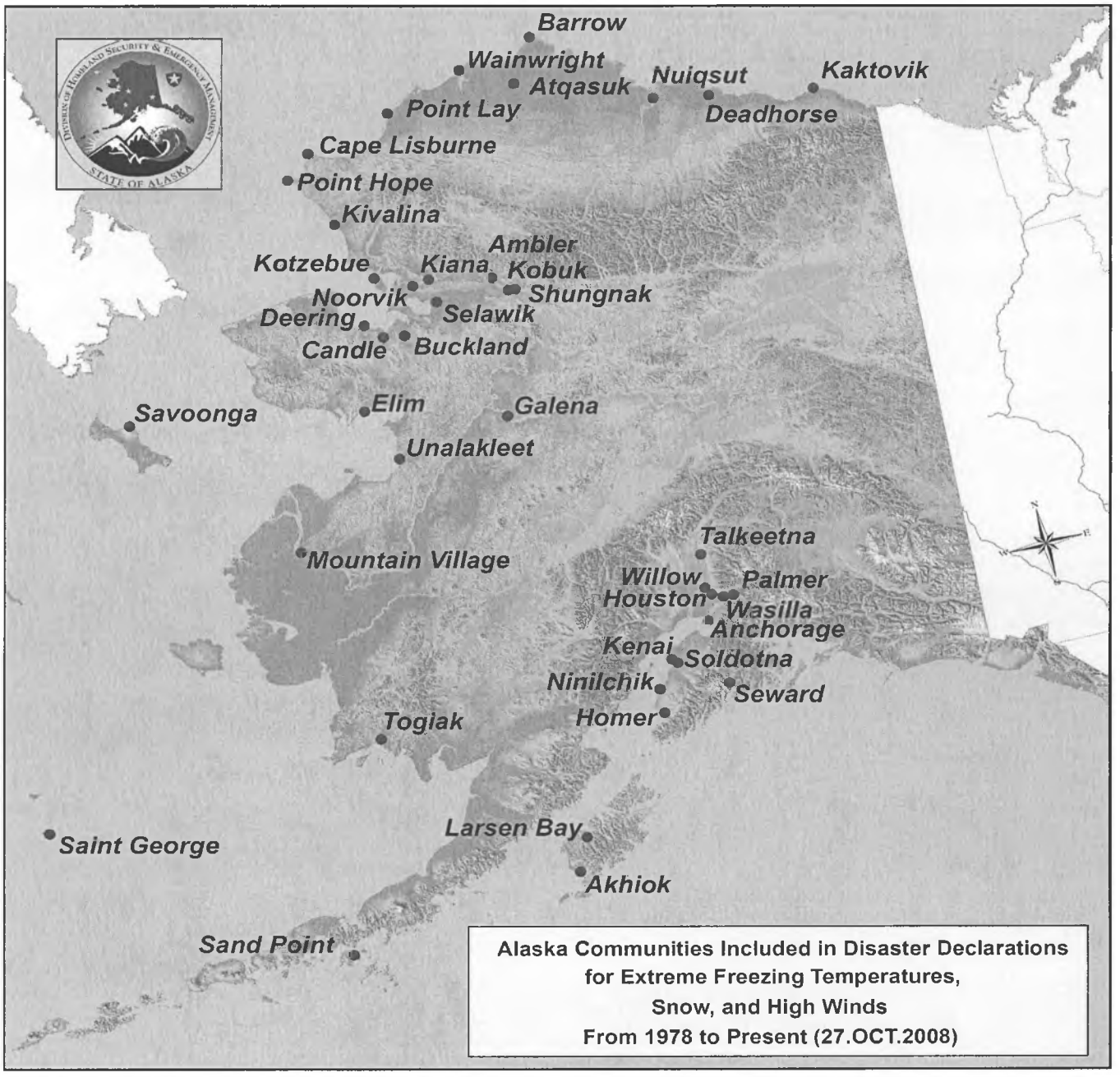


Figure 5 Extreme Cold, Snow and High Wind Declarations 1978 - 2008



Figure 6 Flood Declaration Areas 1978 - 2008

The following two maps indicate events and their location from 1953 to 2008 and show the correlation of repeat events.

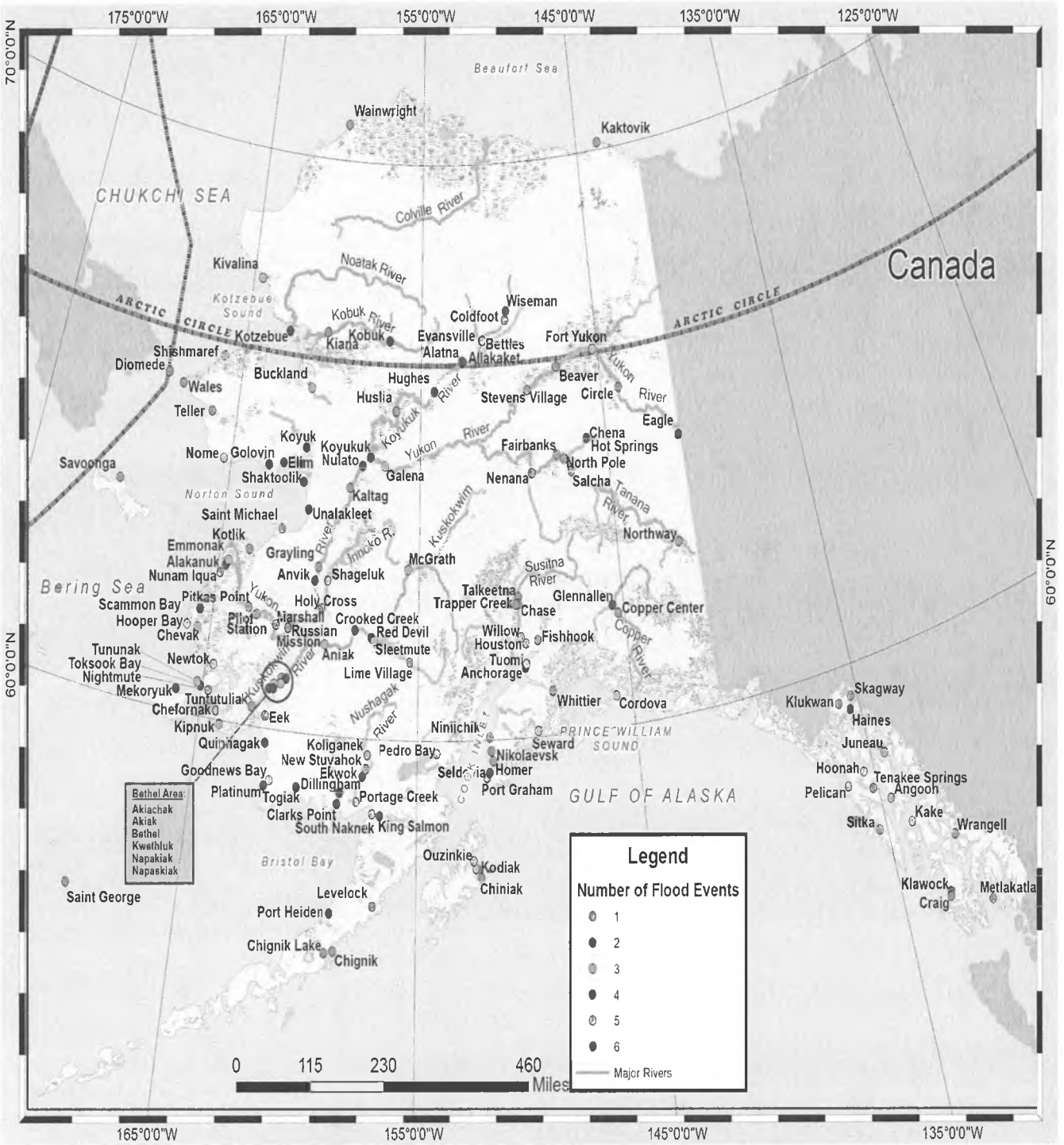


Figure 7 Number of events per community

Type of Events by Community

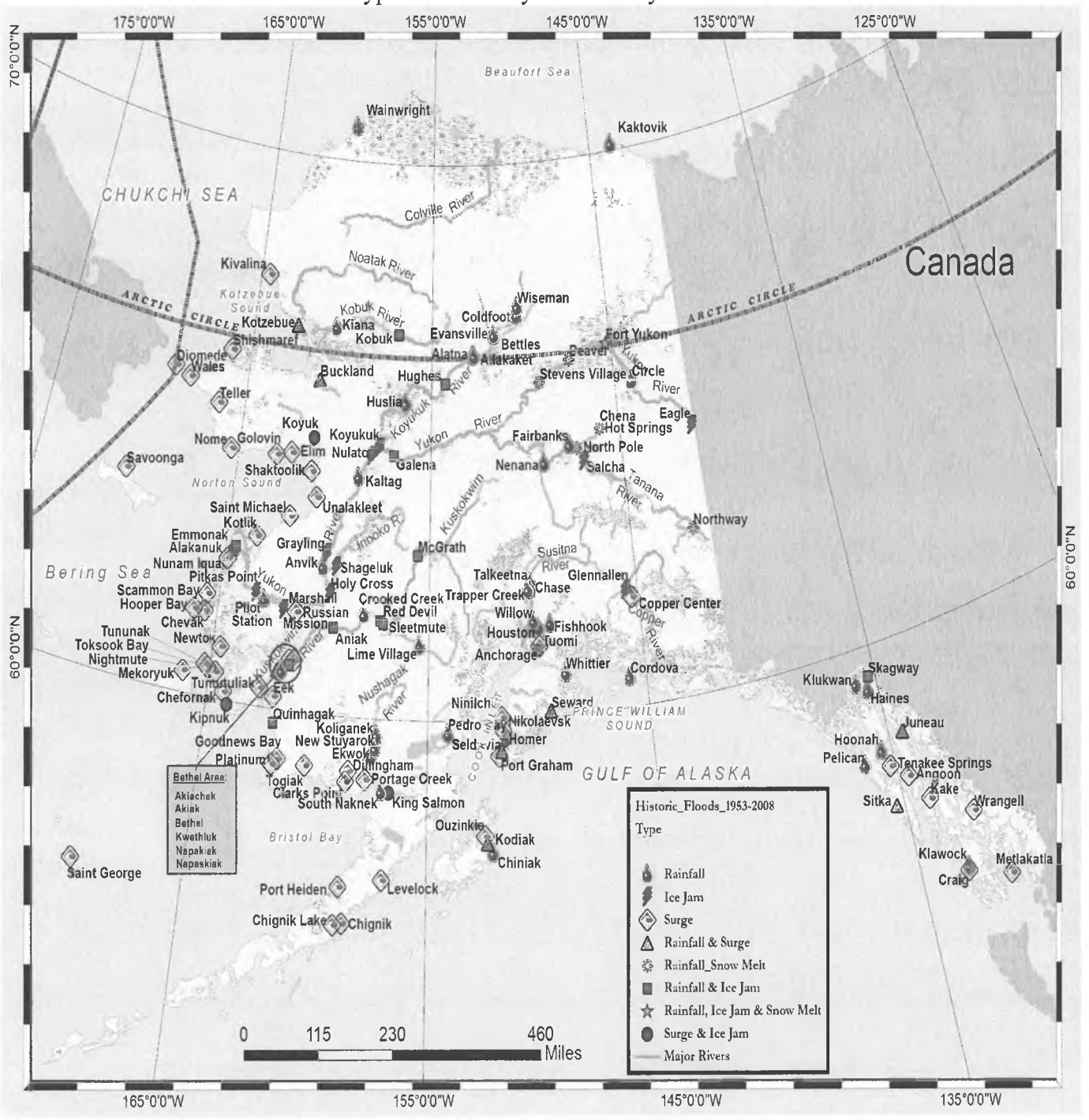


Figure 8 Type of flood related events by community

Section V

Acronyms

COE	Corps of Engineers
DCI	Disaster Cost Index
DEC	Department of Environmental Conservation
DES	Division of Emergency Services
DHS	Division of Homeland Security
DHS&EM	Division of Homeland Security and Emergency Management
DMVA	Department of Military and Veterans Affairs
DNR	Department of Natural Resources
DOT	Department of Transportation
DOT&PF	Department of Transportation and Public Facilities
DSR	Damage Survey Report
FEMA	Federal Emergency Management Agency
FHWA	Federal Highway Administration
FNSB	Fairbanks North Star Borough
IA	Individual Assistance
ICTEA	Intermodal Surface Transportation Efficiency Act of 1991
IFG	Individual Family Grant
Mat-Su	Matanuska-Susitna
NSB	North Slope Borough
NWAB	Northwest Arctic Borough
NWS	National Weather Service
PA	Public Assistance
PW	Public Works
RCA	Recording Company of America
REAA	Regional Education Attendance Area
RSA	Reimbursement Service Agreement
SBA	Small Business Administration
SECC	State Emergency Coordination Center

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Geophysical Institute: http://www.gi.alaska.edu/
NOAA Arctic Theme Page: http://www.artic.noaa.gov/

HB

91

<TARGET><BILL>HB 91</BILL><SUBJECT>HB
91</SUBJECT><COMM>HRES27</COMM></TARGET>

House Bill 91

Testimony before the State of Alaska, House Resources Committee
April 2, 2012 – Juneau, Alaska

by

Charles E. "Ed" Wood, Co-Founder
Mitkof Highway Homeowners Association

1. The reason House Bill 91 is a citizen's initiative is because it had to be. While I mean no disrespect, I am very concerned about the future viability of HB 91.

2. The Alaska Division of Forestry has been reluctant to step up to its responsibilities to attempt to mitigate potential accelerated landslide activity on the public by trying on its own to acquire statutory authority to do so.

3. The Board of Forestry itself has on a number of occasions expressed opposition to amend the Forest Resources and Practices Act to include public safety.

4. As a consequence, I am concerned that the Board of Forestry will not take the initiative to recommend the State of Alaska adopt any meaningful best management practices.

5. While I feel that the expertise to manage timber harvests within inhabited landslide hazard areas should exist within the Division of Forestry I have yet to see the will to do so.

6. Because of my long and exhausting involvement on this issue, on behalf of the Mitkof Highway Homeowners Association, I have no allusions remaining that common sense will prevail beyond the Legislature. That is where my distrust of the word "appropriate", Lines 12 and 14 on Page 2 of HB 91, as a substitute for our original word "strict" evolves from.

7. I would ask that the House Resources Committee consider that the highest priority safety standards be substituted for "appropriate" because the intent of HB 91 is preventive. If "appropriate" remains in the bill, then I would ask for a definition of the phrase "appropriate safety standards" to be added to the Forest Resources Practices Act. For example, "appropriate safety standards" means "standards which provide the maximum use consistent with the public interest, taking into consideration as the highest priority the public safety of all individuals and communities who could be affected by timber harvest and logging operations."

8. As it has turned out, people were encouraged by the State and Federal governments to settle in what are now recognized as landslide hazard areas. It is your task to safeguard the public and I fear that there is too much ambiguity in the word "appropriate" for you to succeed.

9. Thank you, Mr. Chair and Committee members, for providing me this opportunity to speak in support of HB 91.

10. Contact information:

Charles E. "Ed" Wood
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907-518-0480 (cell)
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– House Bill 91 –
Testimony before the State of Alaska, House Resources Committee
March 30, 2012 – Legislative Information Office/Petersburg, AK
by
Michele Pfundt, Member
Mitkof Highway Homeowners Association - Petersburg, Alaska

1. Mr. Chair and House Resources Committee members, my name is Michele Pfundt, I am a resident of Petersburg and a member of the Mitkof Highway Homeowners Association. I would like to request that you pass House Bill 91 into the House of Representatives for consideration.

2. Alaska's forests contain a great resource, and it is a resource that currently is not protected under the Alaska Forest Resources and Practices Act. That great resource is the people of Alaska, Alaska's greatest resource.

3. The greatest legislation that can be addressed by any legislator is that proposed by the people. House Bill 91 is such legislation, born through the diligence of a few for the protection of the many in Alaska. HB 91 is a preventative measure designed to give statutory authority to the Division of Forestry to safeguard the public in timber harvest practices.

4. In December 2005, a large state agency, which owns land throughout this state as a private landowner, submitted a logging plan to the Alaska Department of Natural Resources to log parcels of land uphill from residents and transit routes in Petersburg. That logging plan was signed without consideration of the danger that that logging plan may pose to the members of the local community.

5. Upon hearing about this plan, many of our local citizens gathered together and formed the Mitkof Highway Homeowners Association. We are a mixed group of average citizens, many of whom, like myself, have never opposed any logging activity before. However, we had enough knowledge of the terrain and effects of logging to be concerned about logging a steep gradient behind our homes. Our concern over the plan to log Petersburg's backdrop on steep slopes behind the homes of over 95 families and the daily transit way of over 800 vehicles led us to seek the assistance of Douglas Swanston. Dr. Swanston, retired United States Forest Service geologist, is the leading authority on logging steep hillsides and he confirmed that the logging plan presented to the community of Petersburg was unsafe. it was at that time that we discovered that the Alaska Forest Resources and Practices Act protects fish spawning streams or fresh water, but that it does not provide the Division of Forestry the authority to address public safety related to timber harvest activities. We were told that there was nothing that we could do except wait for any damage resulting from possible unsafe logging practices, and then sue the person or entity responsible, or enact local zoning ordinances.

6. Petersburg's story is not a singular incident in this state. We live in a rainforest and the most logical place for settlement in Southeast Alaska is on the shoreline at the base of large, steep mountains. It's a beautiful place to live but living in this rainforest and seeking a sustainable harvest of timber can sometimes conflict. When these conflicts arise then the public which lives at the base of these steep hillsides must be protected for they are the very reason that we must protect the fish and the water sources. The Board of Forestry's Science and Technical Committee found that only 1/4 of 1 % of the loggable timber lands under state control are of such a gradient and are above homes or important transit roads. Yet in just one community, there are almost 100 families affected by this lack of a public safety provision. Across the state there are many more families living in this limited area who will be positively affected by this legislation.

7. We know that when there is a dangerous practice that has the potential of affecting many individuals in a state, then legislation is the proper way to address the situation. The purpose of good legislation is to proactively address conflicts between adjacent landowners, not to expect its citizens to "duke it out" after one landowner injures another. Especially when the Division of Forestry has been given the mandate to administer the state's forested lands and passing House Bill 91 can guide them in addressing public safety.

8. As citizens who sought Representative Wilson's aide in proposing this legislation, the Mitkof Highway Homeowners Association is very aware that legislation may not be the first avenue to addressing this problem. However, we have arrived at this present time having attempted to address this problem through the proper channels. The Mitkof Highway Homeowners Association approached the Board of Forestry, through the State Forester, asking them to form

policy or recommend that the Forest Resources and Practices Act be amended to include a consideration of public safety. They sought the advice of the Alaska State Attorney General and were told that they could NOT consider public safety in logging practices because the very words "public safety" were not included in the Alaska Forest Resources and Practices Act. They also determined that they could not amend the Forest Resources and Practices Act, that such an amendment was beyond a policy change and would require a legislative amendment. After we started working on HB91 the Board of forestry has twice voted to not take an official stand on HB91, instead recommending that, at the present, local communities should rely on their own zoning ordinances. However, this is a statewide issue and local zoning ordinances place an undue burden upon local communities. Local communities do not have access to a Science and Technical Committee as the Board of Forestry does. Local communities are put in fear of a takings action that they are ill-equipped to defend if they now enact those zoning laws. Requiring local zoning ordinances also does not work for a statewide problem when many of the communities in Alaska are unorganized and have no zoning authority. Mitkof Highway Homeowners Association has diligently went through the whole administrative process without a solution. It was only after all of this that Mitkof Highway Homeowners Association sought the assistance of Representative Peggy Wilson for a legislative solution and HB 91 was born.

9. Alaska's constitution inherently guarantees that the state, by way of its government and agencies, must consider the safety of its public. However, there are currently no public safety considerations within the Alaska Forest Resources and Practices Act regarding timber harvesting. How is it, then, that an agency or a legislative act can operate in contravention of the Alaska State Constitution? The States of Washington, Oregon, and California, as well as the western provinces of Canada have all recognized that their forest practices acts should contain public safety considerations. In this situation, Alaska truly is the last frontier, but in this situation it is not a mark of honor but one of shame. Alaska should remain the last frontier in its mystique but never in its sworn ability to consider the safety of its public, because it is its public, its people, that are truly its greatest resource.

10. Thank you, Mr. Chair and members of the committee for your consideration of House Bill 91.

Contact information:
Michele Pfundt
P.O. Box 1162
Petersburg, AK 99833-1162
907-772-3263

HOUSE BILL 91

"An Act relating to the regulatory and administrative standards for managing forest resources."



October 28-29, 2011
Natural slide terminating in rock pit (see middle left photo on reverse)
5.2-Mile Mitkof Hwy (State Highway #7)
Petersburg, Alaska
Photo: Ed Wood



September 23, 2011
Natural slide debris
6.2-Mile Mitkof Hwy (State Highway #7)
Petersburg, Alaska
Photo: Suzanne West



September 23, 2011
Natural slide debris
6.2-Mile Mitkof Hwy (State Highway #7)
Petersburg, Alaska
Petersburg Pilot Photo

November 30, 1988
Natural slide
6.2-Mile Mitkof Hwy (State Highway #7)
Petersburg, Alaska



November 30, 1988
Natural slide. DOT cleanup underway
6.2-Mile Mitkof Hwy (State Highway #7)
Petersburg, Alaska
Petersburg Pilot Photo

Supplemental Information

March 29, 2012



March 29, 1990
Contractor clearing slide debris from Mitkof Hwy (State Highway #7)
Petersburg, Alaska
DOT Photo



November 30, 1988
Slide debris from clearcut above *Taain* Creek
6-Mile Mitkof Hwy (State Highway #7)
Petersburg, Alaska
DOT Photo

Prepared by
MITKOF HIGHWAY HOMEOWNERS ASSOCIATION



October 14, 1988
Natural slide, DOT slide cleanup
6-Mile Mitkof Hwy (State Highway #7)
6-Mile Taain Creek, Petersburg, Alaska
Photo: Bud Peterson



January 12, 2009
Slide debris logjam in *Taain Creek*, post 1988 harvest
6-Mile Mitkof Hwy (State Highway #7) Petersburg, Alaska
Photo: Ed Wood, MHHA



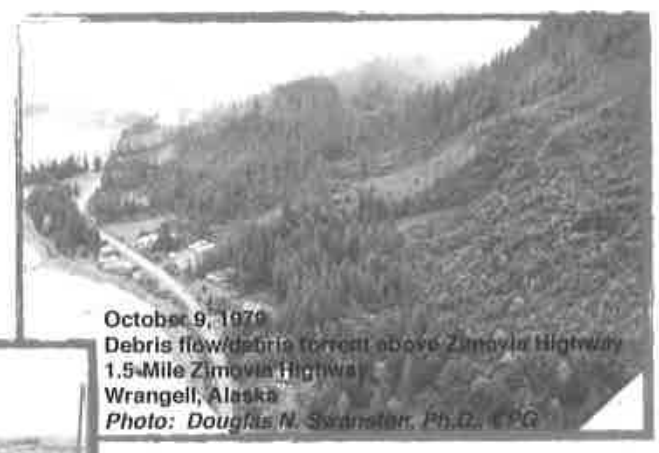
September 20, 2009
Natural slide. Two new 8 foot culverts installed in mid-2009 by DOT during State funded repaving and culvert replacement project on Mitkof Highway. DOT clean up lasted 2 days.
6.2-Mile Mitkof Hwy (State Highway #7) Petersburg, Alaska
Photo: Suzanne West



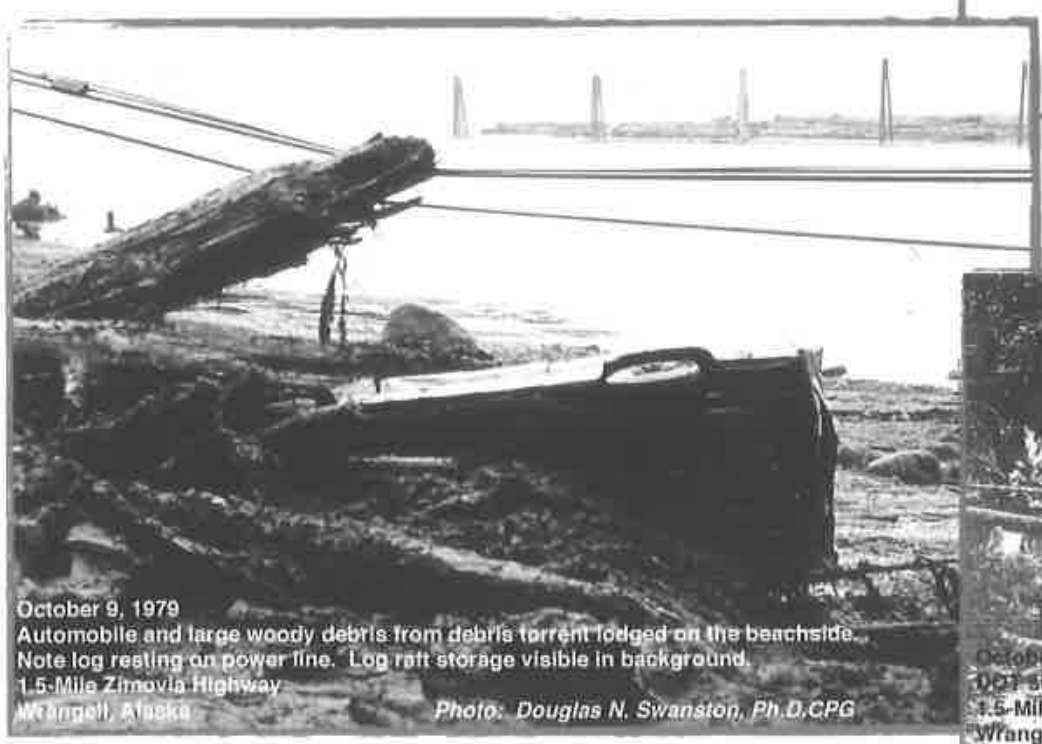
September 21-22, 2009
Natural slide terminating onto
5.2-Mile Mitkof Hwy, State Highway #7
Petersburg, Alaska *DOT Photo*



October 28- 29, 2011
Natural rock pit damaging structures and vehicles
5.2-Mile Mitkof Highway, State Highway #7
Petersburg, Alaska *Petersburg Pilot Photo*



October 9, 1979
Debris flow/debris torrent above Zimovia Highway
1.5-Mile Zimovia Highway
Wrangell, Alaska
Photo: Douglas N. Swanston, Ph.D., CPG



October 9, 1979
Automobile and large woody debris from debris torrent lodged on the beachside. Note log resting on power line. Log raft storage visible in background.
1.5-Mile Zimovia Highway
Wrangell, Alaska *Photo: Douglas N. Swanston, Ph.D.CPG*



October 9, 1979
DOT slide debris cleanup
1.5-Mile Zimovia Highway
Wrangell, Alaska
Wrangell Sentinel Photo

HOUSE BILL 91

"An Act relating to the regulatory and administrative standards for managing forest resources."

Supplemental Information

March 29, 2012

Prepared by

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A **MHHA Letter to Reps Seaton/Feige** *(29 March 2012)*

B **HB 91 - Testimony by Charles E. Wood** *(30 March 2011)*

C **House Bill No. 91** *(27-LS0352\M) (11 February 2011)*

D **Sponsor Statement - House Bill 91**

E **House Bill 91 - Sectional Analysis**

F **Rep. Peggy Wilson Letter to Board of Forestry** *(4 August*

G **MHHA Letter to Chris Maisch, State Forester** *(28 February 2012*

H **DNR Report #83-17: Geologic Hazards...** *(July 1983)*

I **FRPA Update on Scoping of Landslide Hazards** *(7 October 200*

J **S&TC Scoping Maps - MHHA Plotted Mitkof Island Slides**

K **DOT Traffic Map - Mitkof Island / Petersburg** *(2010)*

L **S&TC Scoping Maps** *(Version 8 – 13 February 2011)*

M **White Paper on Landslides, Public Safety ...** *(June 18, 2008)*

N **White Paper on Landslides, Public Safety ...** *(January 2010)*

O **FRPA LS&TC Meeting #2 Minutes** *(1 April 2009)*

P **FRPA LS&TC Meeting #3 Minutes** *(23 November 2010)*

Q **Douglas N. Swanston, Ph.D., CPG - Résumé**

R **Final Minutes - Board of Forestry** *(12-13 February 2008)*

S **Final Minutes - Board of Forestry** *(17-18 March 2010)*

T **Draft Minutes - Board of Forestry** *(29-30 November 2011)*

U **Alaska's Constitution - A Citizen's Guide** *(Fourth Edition, P. 128)*

V

W

X

Y

Z

MITKOF HIGHWAY HOMEOWNERS ASSOCIATION

P.O. Box 383 • Petersburg, AK 99833 • 907-772-3480

29 March 2012

Representative Paul Seaton
Representative Eric Feige
House Resources Committee
State of Alaska
Room 124, Capitol
Juneau, Alaska 99801-1182

Dear Representatives Seaton and Feige,

It is not often that you find people from both industry and the environmental community on the same side, however, the membership of the Mitkof Highway Homeowners Association (MHHA) has both. The MHHA consists of 95 homeowners and citizens of Petersburg who formed our group out of concerns over the wisdom of a December 2005 proposed timber harvest by the Alaska Mental Health Trust Land Office, on the steep unstable slopes above our homes, Mitkof Highway, also known as State Highway #7, and the Tyee hydroelectric corridor.

We ask for your indulgence as we present our case for the need for House Bill 91 which is solely intended as a preventive measure. We would like to point out at this time, that though our focus has been primarily based upon our Petersburg Mitkof Highway hillside issue, HB 91 has relevance in at least eight populated areas from Ketchikan to Cordova, or inside the boundaries of 12 communities and/or boroughs, based on information researched and presented by the Alaska Board of Forestry's Landslide Science & Technical Committee.

Our experience with this issue has been long and exhausting, 6 years and counting, not to mention costly to the tune of over $127,000 of our own money. Most, if not all of this effort and expense would have been unnecessary had the Division of Forestry had the authority to address public safety as related to timber harvest on steep unstable slopes within inhabited areas in Alaska's Forest Resources and Practices Act, or FRPA.

MITKOF HIGHWAY HOMEOWNERS ASSOCIATION

Charles E. "Ed" Wood, Co-Founder

Attachments (1): House Bill 91 / Supplemental Information / March 29, 2012

– House Bill 91 –

Testimony before the State of Alaska, House Resources Committee
March 30, 2012 – Juneau, Alaska

by
Charles E. "Ed" Wood, Co-Founder
Mitkof Highway Homeowners Association

1. Mr. Chair, House Resources Committee members, my name is Ed Wood. I am representing the Mitkof Highway Homeowners Association, as one of its cofounders.

2. The Alaska Forest Resources & Practices Act, or FRPA, is the Division of Forestry's controlling authority for all timber harvest in Alaska, on State, municipal, and private properties.

3. FRPA's "Section 41.17.080 - Regulations" addresses forest practices such as disease and insect infestation, reforestation, water quality and fish habitat, road construction and maintenance, fire and flood hazard management, and all aspects of timber harvesting. The notable exception being public safety precautions relating to potential landslides associated with timber harvest within inhabited areas.

4. California, Oregon, and Washington each address public safety in their forest practices pertaining to timber harvest related landslides in one way or another. The Minister of Forests & Range in British Columbia has the power to intervene on any activity that is likely to have a catastrophic impact on public safety. Alaska remains the only coastal region north of the Mexican border that does not address public safety in any way in its timber harvest practices. [BINDER TABS "M, N and R"]

5. Because of the Division of Forestry's lack of authority to address public safety, the MHHA approached the State Forester on October 10, 2007, with a proposal to amend the FRPA. Our proposed amendment was a verbatim quote from a 1983 Department of Natural Resources document titled, "Geologic Hazards in Southeastern Alaska: An Overview" which states in part,

"Activities that increase susceptibility to slope failures (such as logging) should be prohibited or restricted if slope failures pose a danger to life or property." [CLOSE QUOTE] [BINDER TABS "H", p. 9" and "M", p. 1]

6. This same document also includes:

"Timber harvesting is a leading contributor to slope failure. A correlation has been found between frequency of mass movements and timber harvesting (Bishop and Stevens, 1964)." [BINDER TAB "H", p. 7]

7. The March 17-18, 2010 Board of Forestry Meeting Minutes includes the Attorney General's Office advising that,

"public safety could be added to one section of the FRPA, for example, AS 41.17.060(b)(5) without requiring that public safety be considered under the Acts other provisions." [CLOSE QUOTE] [BINDER TAB "S", p. 30]

8. That is what we have done with HB 91.

9. On a fiduciary note, some of Alaska's most valuable assets, including roads and public buildings funded and constructed at State expense; as well as private homes, personal property, and human lives may be at increased risk in unstable areas because of accelerated landslide activity due to timber harvest.

10. I doubt there is another legislator who is more supportive of the timber industry than Representative Peggy Wilson, however, she also sees the need to keep Alaska communities safe. Representative Wilson's letter to the Board of Forestry and the State Forester three and a half years ago, on August 4, 2008, stated:

"Other states have looked at this issue and taken steps to ensure safety both to the environment and to homeowners and their property. As a legislator, and also personally, I deem public safety to be a top priority in Alaska. I am optimistic that the Division of Forestry is willing to move toward this goal and

at the same time provide good management practices throughout the state. This can be a win-win situation for the state and for Alaskans."

[CLOSE QUOTE] [BINDER TAB "F"]

11. Since 2007, the Division of Forestry's own Landslide Science & Technical Committee found the inhabited landslide hazard areas in its scoping study to represent less than ¼ of 1% of the available timber base. While small in area, they are of huge importance to those of us who live and transit in them. In the final analyses, people can only build homes and raise families where land is made available to them for settlement. **Consider then that the State with its constitutionally mandated policy in Article VIII, Section 1, encouraged settlement in landslide hazard areas affecting at least eight populated municipalities and communities, or within the boundaries of 12 communities or boroughs between Ketchikan and Cordova. While the State may not have recognized these areas as being unstable at the time, they have now been scientifically scoped and mapped as "landslide hazard areas".** The State's responsibility to safeguard the public should not be outsourced to industry, large private landowners, or through local zoning ordinances. HB 91 gives the Division of Forestry the authority to manage timber harvests statewide within inhabited areas with public safety being the highest priority or benefit.

[BINDER TABS "C, J, K and L"]

12. For the record, I'd like to end with a short paragraph from the **Fourth Edition of Gordon Harrison's "Citizen's Guide to Alaska's Constitution", Page 128:**

"Article VIII of Alaska's constitution clearly establishes that the natural resources of Alaska should be developed. Indeed, to the convention delegates, the very success of statehood hung in the balance. But while this article creates a strong presumption in favor of resource development, it will not abide that which is wasteful...or contrary to the rights of others and the larger public interest." [CLOSE QUOTE] [BINDER TAB "U"]

13. Thank you, Representative Wilson, for sponsoring HB 91. Thank you, Mr. Chair and Committee members, for providing me this opportunity to speak in support of HB 91.

14. Contact information:

Charles E. "Ed" Wood
P.O. Box 383
Petersburg, Alaska 99833-0383
907-518-0480 (cell)
907-772-3480 (home)

27-LS0352\M
Bullock
2/16/11

CS FOR HOUSE BILL NO. 91( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE PEGGY WILSON

A BILL

FOR AN ACT ENTITLED

"An Act relating to the regulatory and administrative standards for managing forest resources."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 41.17.060(b) is amended to read:

(b) With respect to state, municipal, and private forest land, the following standards apply:

(1) to the maximum extent possible, all applicable data and information of applicable disciplines shall be updated and used in making decisions relative to the management of forest resources;

(2) environmentally sensitive areas shall be recognized in the development of regulations and best management practices that are designed to implement nonpoint source pollution control measures authorized under this chapter;

(3) administration of forest land shall consider marketing conditions and other economic constraints affecting the forest landowner, timber owner, or the

operator;

(4) to the fullest extent practicable, harvested forest land shall be reforested, naturally or artificially, so as to result in a sustained yield of merchantable timber from that land; if artificial planting is required, silviculturally acceptable seedlings must first be available for planting at an economically fair price in the state; [AND]

(5) significant adverse effects of soil erosion and mass wasting on water quality and fish habitat shall be prevented or minimized**;**

(6) threats to public safety within one-half mile of a public road or adjacent to an area of human habitation shall be prevented or minimized;

(7) timber harvest and logging operations in or near an area of human habitation shall be subject to appropriate safety standards to protect human life and property on slopes of greater than 45 percent grade or 24 degree slope angle; when establishing appropriate safety standards, the commissioner and the board shall consider factors affecting slope stability and risks to public safety, including

(A) soil types, particularly those with low or minimal cohesion, coarse textures and high permeabilities underlain by relatively impervious substrata that inhibit or stop vertical water movement through shallow overburden;

(B) ground disturbance and logging debris accumulations that may cause local slumping or formation of debris dams in existing gullies and shallow drainage channels;

(C) destruction or reduction of stabilizing root systems;

(D) increased potential for uprooting and overthrowing trees by wind because of increased wind exposure resulting from timber harvest or logging operations;

(E) the likelihood of higher groundwater levels and soil saturation from rainfall and snowmelt on slopes due to canopy removal and the uprooting and overthrowing of trees because of increased wind exposure;

(F) the presence of active and dormant debris flow and debris torrent channels within a proposed harvest area; and

(G) the need for or the benefit from a site-specific risk analysis; and

(8) the state forester shall give public notice to affected property owners and local governing bodies of potential hazards of timber harvest and logging operations that are subject to safety standards under (7) of this subsection.

ALASKA STATE LEGISLATURE

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Session:
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Juneau, AK 99801-1182
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REPRESENTATIVE PEGGY WILSON
HOUSE DISTRICT 2

SPONSOR STATEMENT
House Bill 91

"An Act relating to the regulatory and administrative standards for managing forest resources"

HB 91 defines forest management practices for logging in steep unstable terrain within inhabited forested areas.

HB 91 is a preventive measure and seeks to work with the Alaska Forest Resources and Practices Act or FRPA which is the State of Alaska Division of Forestry's controlling authority for all timber harvesting in Alaska. The FRPA focuses on protection of public resources, such as timber, fish habitat and water quality. Currently the safety of humans living on the land is not addressed as a resource and has not been considered when planning timber management.

Despite a more than 4 year effort, the State has been unable to adopt regulations to safeguard the public. It has become apparent that the issue must be addressed in statute. The Division of Forestry needs to have statutory authority to address public safety issues while managing Alaska's forests.

The Division of Forestry Science & Technical Committee's review and scoping of landslide hazard zones in Alaska's inhabited forest areas south of Yakutat have identified less than one percent of land open to timber harvest where citizens live or have road access. Addressing public safety would have a relatively small impact on overall timber harvest. However, it would be a large benefit for inhabitants living in or traveling through these areas. Also it would be consistent with other coastal states' (Washington, Oregon and California) management.

HB 91 provides that public safety will be taken into account when managing Alaska's forests. By researching and learning from past experiences we now know the cause and circumstances that constitute a slide hazard zone. Study has shown that in areas of slopes greater than 45 percent or a slope angle of 24 degrees the risk is too great to chance any unnecessary land disturbance.

People's lives and homes are part of the resources of a viable community. Citizens and community leadership may lack the expertise and jurisdiction to fully address the issue. Just as the Division of Forestry has responsibility for water quality and fish habitat, the prevention of increased landslide potential, due to timber harvest practices should be the responsibility of the Division of Forestry.

27-LS0352\M

ALASKA STATE LEGISLATURE

Interim:
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Session:
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REPRESENTATIVE PEGGY WILSON
HOUSE DISTRICT 2

House Bill 91

"An Act relating to the regulatory and administrative standards for managing forest resources"

Sectional Analysis

Section 1:

(6) Identifies area of where and when public safety must be a consideration of timber management.

(7) Identifies conditions that need to be taken into consideration when assessing the risk and factors that will pertain to site in question.

(8) Makes public notice to property owners and local governing bodies of potential hazards of timber harvest the responsibility of the state forester.

Alaska State Legislature

Representative Peggy Wilson
House District 2
Putting Alaska's Families First

Aug 4, 2008

Board of Forestry
Chris Maisch, State Forester
Alaska Div of Forestry
550 West 7th Ave. Suite 1450
Anchorage, Alaska 99501-3566

Dear Forestry Board Members,

Thank you for recently making the decision to convene a study group to review and synthesize existing information on landslide occurrence in Alaskan forests. As the Mitkof Highway Homeowners Association has stated, there has been no protection for the public in the last 29 years and I concur with the wording below as a proposed amendment in your white paper that would make a change for public safety:

> *Activities that increase susceptibility to slope failures (such as logging) should be prohibited or restricted **if** slope failures pose a danger to life or property. Critical facilities, homes, and other buildings for human occupancy should not be located in areas susceptible to major slope failure.*

Other states have looked at this issue and taken steps to ensure safety both to the environment and to homeowners and their property. As a Legislator, and also personally, I deem public safety to be a top priority in Alaska. I am optimistic that the Division of Forestry is willing to move toward this goal and at the same time provide good management practices throughout the state. This can be a win-win situation for the state and for Alaskans. I thank you for your time and effort on this matter, and I look forward to your decision.

Sincerely,

Peggy Wilson

Representative Peggy Wilson
Alaska-District 2
907-874-3088

Jan-May, Juneau: State Capitol • Juneau, AK 99801-1121 • *ph:* (907) 465-3824 • *fax:* (907) 465-3175
June-Dec, Wrangell: PO Box 109 • Wrangell, AK 99929 • *ph:* (907) 874-3088 • *fax:* (907) 874-3055
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MITKOF HIGHWAY HOMEOWNERS ASSOCIATION

P.O. Box 383 • Petersburg, AK 99833 • 907-772-3480

28 February 2012

Chris Maisch, State Forester & Director
Alaska Division of Forestry
Department of Natural Resources
550 West 7th Avenue, Suite 1450
Anchorage, AK 99501-3566

CERTIFIED MAIL/RETURN RECEIPT
7007 0710 0000 2449 8304

Dan Sullivan, Commissioner
Department of Natural Resources
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Anchorage, AK 99501

CERTIFIED MAIL/RETURN RECEIPT
7007 0710 0000 2449 8311

Governor Sean Parnell
State Capitol Building
P.O. Box 110001
Juneau, AK 99811-0001

CERTIFIED MAIL/RETURN RECEIPT
7007 0710 0000 2449 8243

Dear Chris, Commissioner Sullivan, and Governor Parnell,

I will be out of town during the 20-21 March 2012 Board of Forestry (Board) meeting. In lieu of my planned participation, by teleconference, I have a number of questions including: "Do you, Chris, Commissioner Sullivan, and Governor Parnell plan to support or oppose House Bill 91, sponsored by Representative Peggy Wilson?"

We believe that HB 91 is reasonable, logical, and necessary to protect human life and property in Alaska's inhabited forested landslide hazard areas. The Department of Natural Resources (DNR) has the ability to adopt regulations on this issue but elected to see the Board process through. Now that the Board has completed its "advisory process", we ask for your support of HB 91.

HB 91 is intended to give the Division of Forestry (DOF) the statutory authority to address *public safety* issues pertaining to logging on unstable slopes within Alaska's inhabited forested areas. HB 91 is intended to prevent or reduce landslide activity by mandating "strict safety standards to protect human life and property", and includes certain criteria for consideration before timber harvest. Because both the DOF and the Board have chosen not to

adopt a *public safety* statute, but in essence allowed others to do so, HB 91 is citizen-generated legislation. The intent of HB 91 is to be "consistent with the public interest", and "for the maximum benefit of its people", as mandated by the Alaska Constitution. HB 91 also conforms with the Governor's newly proposed DNR mission statement, except that HB 91 does away with any implied "benefit" and instead specifically identifies *public safety* as the highest priority, i.e., "benefit" in forestry related activity within Alaska's inhabited landslide hazard areas. After all, doesn't our Constitution[1] mandate that the State protect the common good, and ensure that we, as citizens, have the right to insist on this protection from the State when the State fails to act on our behalf?

The Board of Forestry's 4 May 2011 "2010 Annual Report to the Governor" states on Page 6,

> "It [Forest Resources and Practice Act (FRPA)] is not the best vehicle for addressing safety issues that affect property rights between neighboring private landowners."

The issue of *public safety* and timber harvest on steep unstable slopes in inhabited areas in Alaska has nothing to do with "property rights", rather it has everything to do with regulating timber harvest on State, municipal, and private property which falls under the purview of the FRPA. Our original 10 September 2007 "Proposed Alaska Forest Resources and Practices Act Amendment" was intended as a preventive measure and was a direct quote from one of the Department of Natural Resources' (DNR) own documents[2], which specifically states:

> "Activities that increase susceptibility to slope failures (such as logging) should be prohibited or restricted if slope failures pose a danger to life or property."

How that could be misconstrued by the Board in its letter to the Governor as being a dispute between "neighboring private landowners" is beyond belief when it clearly shows that the intent of our amendment was specifically directed at forestry operations on steep unstable slopes in inhabited areas, which should be controlled by the FRPA.

Can it be possible for the State to retain any semblance of credibility with its populace when the FRPA has soil erosion protections for fish habitat and water quality in AS 41.17.060(b)(5), and in turn has resisted any additional protections for humans through the lack of statutory authority, even though citizens have repeatedly asked for safeguards since 10 September 2007?

The "draft" Board meeting agenda for 20-21 March 2012 includes "HB 91-FRPA and Public Safety". The Board has on at least two occasions nearly voted to recommend that

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[1] Article 1, Section 2 - "All political power is inherent in the people. All government originates with the people, is founded upon their will only, and is instituted solely for the good of the people as a whole."; The Constitution of Alaska - Fiftieth Anniversary Edition (June 2007).

[2] State of Alaska, Department of Natural Resources, Division of Geological and Geophysical Surveys; Alaska Report Investigations 83-17, GEOLOGIC HAZARDS IN SOUTHEASTERN ALASKA: AN OVERVIEW by R.A. Combellick and W.E. Long, pp. 7-9 (July 1983).

Commissioner Sullivan formally oppose a *public safety* amendment to the FRPA, only to table the issue at the last minute. Additionally, on two other occasions, the Board, after 4-1/2 years of discussion of *public safety*, twice voted by unanimous consent to pass off to local zoning ordinances the State's obligation and authority to manage timber harvests within Alaska's inhabited landslide hazard areas. Is this unanimous consent recommendation by the Board supposed to relieve the State of its primary duty of protecting its people? Hasn't the Board itself made further Board discussion of this issue irrelevant?

> Governor Parnell recently proposed the adoption of a revised DNR mission statement:
>
> "To responsibly develop Alaska's resources by making them available for maximum use and benefit consistent with the public interest."

and was quoted in the *Anchorage Daily News* stating, "It comes straight out of the Alaska Constitution. It is Article VIII, Section 1[3], of the constitution.[4]"

Consider, then, that **the State with its constitutionally mandated policy** (Article VIII, Section 1), primarily through DNR, **encouraged settlement in landslide hazard areas within the boundaries of at least 12 communities or boroughs between Ketchikan and Cordova**[5]. This policy is ongoing today, and will result in urban expansion in these areas over time. Did the Federal and State governments not recognize these areas as being hazardous at the time of selling homesite parcels to unsuspecting citizens? The Board's Landslide Science & Technical Committee (S&TC) has issued "Public Safety & Landslide Hazards - Scoping Maps"[6] which clearly identify inhabited landslide hazard areas[7]. Likewise, GIS-generated soils mapping has also confirmed landslide hazards soils throughout the region supporting the S&TC findings.

> The second part of Article VIII, Section 1 continues
>
> "Statement of Policy: It is the policy of the state to encourage [the settlement of its land and] the development of its resources by making them available for maximum use consistent with the public interest."

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[3] Article VIII, Section 1: "It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest"; The Constitution of the State of Alaska - Fiftieth Anniversary Edition (June 2007).

[4] "Parnell backs change in DNR mission statement", Anchorage Daily News (4 February 2012).

[5] Alaska Board of Forestry, "FRPA Landslide Science & Technical Committee - Update on Scoping of Landslide Hazards in Potential Timber Harvest Areas"; Slide 7: Affected municipalities and communities - Hazard in boundary: City & Borough of Wrangell, Haines Borough, Ketchikan Gateway Borough, Cordova, City of Ketchikan, Petersburg, Craig, Coffman Cove, Thorne Bay, Kasaan, Hollis and Whale Pass (7 October 2009).

[6] Alaska Board of Forestry's Landslide Science & Technical Committee Scoping Maps, v.4 (2007) to v. 8 (2011).

[7] Alaska Board of Forestry's Landslide Science & Technical Committee - "Scoping Map - Public Safety & Landslide Hazards - :Areas with public roads and residential or commercial buildings that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting." v.7 (2010) to v.8 (2011).

Question: Doesn't the State violate this section of the Constitution (as well as the Governor's proposed mission statement for DNR) when it first encourages "settlement" at the base of unstable slopes in landslide hazard areas, then later intentionally cedes its authority to regulate potentially destabilizing timber harvests above these "settlements" to local zoning ordinances? Doesn't the State have an obligation to avoid harm to its citizens, and therefore, cannot develop the resource in the "maximum use consistent with the public interest" if, in so doing, it puts the public in harm's way? Without consideration of *public safety*, how is developing the resource "for the maximum benefit of its people", as laid out in Article VIII, Section 2[8], possible?

For example, in Petersburg, DNR owned the unstable hillside parcels above our homes and Mitkof Highway, which were mapped in 1982 by the US Forest Service as "landslide hazard areas[9]". Some DNR homesites in this area were even made available with a "Veterans Preference" that rewarded Alaska Veterans' service to country by selling them parcels in a landslide hazard area. DNR quitclaim deeded its unstable Mitkof Highway hillside parcels on 20 September 1996 to the Trust Land Office (TLO). The TLO's 7 December 2005 "Best Interest Decision MHT 9100411 Negotiated Timber Sale, Petersburg Area, Alaska" sited timber harvest as the "highest and best use" for these parcels. **DNR had to know, or should have known when it transferred these parcels that they were located in an inhabited and inherently unstable area with a history of landslides, and that they were intended to be logged even though the Division of Forestry (DOF) had no authority to address *public safety* in its forest practices.** It is logical to assume that similar land transfers or sales occurred in other affected communities.

Logging in identified inhabited landslide hazard areas, which most likely will further destabilize these areas if done without strict State regulations, is not "consistent with the public interest", nor is it somehow a "benefit". Neither is having the DOF standing by and "hoping[10]" for the best, while local zoning ordinances are enacted by people who may or may not possess the expertise which the public expects from State foresters and State soils experts.

To date, Chris, you are the only State Forester on the Pacific Coast north of the U.S.-Mexico border without the authority to address *public safety* within inhabited areas in your Forest Resources and Practices Act. While this may make Alaska unique, it also unnecessarily jeopardizes those who in good faith bought land and unknowingly settled in landslide hazard areas with the blessing of the State and Federal governments. Alaska's forestry related landslides would not be an issue had not the State made it a policy within its Constitution to encourage

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[8] Article VIII, Section 2: "The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people."; The Constitution of Alaska - Fiftieth Anniversary Edition (June 2007).

[9] "Hazard Profiles - Landslide Hazard Areas" (1982). Source: "US Forest Service Unpublished Data (City of Petersburg, Comprehensive Plan & Coastal Management Program 1982)".

[10] Alaska Division of Forestry Minutes - 2011 November 29-30 DRAFT, Page 16: "Maisch commented that there is a risk for operating on a steep slope, and that is also a financial decision. Different landowners accept different levels of risk. We hope liability deters bad decisions."

settlement in what later proved to be unstable areas. It is long past time for the State to adopt legislation on this issue, and insure that the "health and the welfare[11,12]" of Alaskans and their communities are protected. The simple fact that the DOF cannot address *public safety* by statute as a preventive measure as related to timber harvest on unstable slopes in inhabited areas has cost the Mitkof Highway Homeowners Association over six years out of our lives, and more than $127,000.

Representative Wilson's 4 August 2008 letter to you, Chris, and the Forestry Board Members included:

> "Other states have looked at this issue and taken steps to ensure safety both to the environment and to homeowners and their property. As a Legislator, and also personally, I deem public safety to be a top priority in Alaska. I am optimistic that the Division of Forestry is willing to move toward this goal and at the same time provide good management practices throughout the state."

Considering that this issue started in December 2005 with our telephone call to DOF in Ketchikan concerning timber harvest on unstable slopes above our homes, the question still remains whether the State will assume its responsibility to safeguard Alaska communities, or will it instead expect others to shoulder its burden through "local zoning ordinances"?

On a fiduciary note, wouldn't the amount of time that has elapsed since citizens asked for statutory provisions to the FRPA to safeguard their homes from timber harvest related landslide activity, substantially increase the State's liability if human life and property were harmed because DNR failed to adequately address *public safety*?

I know, many questions, but we believe our concerns are legitimate. While the S&TC found the inhabited landslide hazard areas in its scoping study to represent a small fraction of the timber base[13], they are of huge importance to those of us who live and transit in them. In the final analyses, people can only build homes and raise families where land is made available to them for settlement.

There are many State and Federal regulations designed to prevent or reduce accidents or foreseeable harmful incidents. That is the intent of HB 91. Chris, if you, Commissioner

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[11] Article VII, Section 4: "The legislature shall provide for the promotion and protection of public health."; The Constitution of Alaska - Fiftieth Anniversary Edition (June 2007).

[12] Article VII, Section 5: "The legislature shall provide for public welfare."; The Constitution of Alaska - Fiftieth Anniversary Edition (June 2007).

[13] Piechart - "Harvest status of land in analysis area (29.4 MMac in SE Alaska from Yakutat south; does not include Cordova): (a) Open to harvest within ½-mi of public road and in hazard zone = 51.7 Mac (0.2%); (b) Hazard zones adjacent to populated areas = 7.6 Mac (0.03%)." Alaska Division of Forestry, Board of Forestry's Landslide Science & Technical Committee, "Update on Scoping of Landslide Hazards in Potential Timber Harvest Areas", p. 10 (7 October 2009).

Sullivan, and Governor Parnell decide to support Representative Wilson and HB 91, I can be reached at 907-772-3480 (home) or 907-518-0480 (cell).

MITKOF HIGHWAY HOMEOWNERS ASSOCIATION

/s/

Charles E. "Ed" Wood, Co-Founder

cc: Mayor Al Dwyer, Petersburg
Stephen Giesbrecht, Petersburg City Manager
Michael Geraghty, Attorney General
State Representative Peggy Wilson
State Senator Bert Stedman
Douglas N. Swanston, Ph.D., CPG
Larry Mayo, U.S. Geological Survey (Ret.)
Matt Lichtenstein/Joe Viechnicki, KFSK-FM Public Radio
Ron Loesch, Petersburg Pilot
Kristen Miller, Esq., Dillon & Findley, P.C

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS

Bill Sheffield — *Governor*

Esther Wunnicke — *Commissioner*

Ross G. Schaff — *State Geologist*

July 1983

This report is a preliminary publication of DGGS. The author is solely responsible for its content and will appreciate candid comments on the accuracy of the data as well as suggestions to improve the report.

Alaska Report of Investigations 83-17

GEOLOGIC HAZARDS IN SOUTHEASTERN ALASKA: AN OVERVIEW

By
R.A. Combellick and W.E. Long

Table 1. Estimated hazard from distant tsunamis for selected communities in southeastern Alaska (from Carte, 1981, updated 1982). 'High' means a wave of 15 m (50 ft); water reaching up to 1.6 km (1 mi) inland is possible. 'Moderate' means a 10-m (35-ft) wave; water reaching up to 1.2 km (3/4 mi) inland is possible. 'Low' means a wave of 6 m (20 ft); water reaching up to 0.8 km (1/2 mi) inland is possible. All communities have a hazard from local tsunamis that could reach the community before a warning could be issued.

Site	Est. hazard	Site	Est. hazard
Angoon	moderate	Klawock	moderate
Annette	moderate	Lena Cove	low
Auke Bay	moderate	Metalkatla	moderate
Cape Pole	moderate	Mud Bay	low
Chatham	low	Myers Chucks	low
Craig	moderate	Pelican	high
Douglas	low	Petersburg	low
Edna Bay	moderate	Point Baker	moderate
Elfin Cove	high	Port Alexander	high
Gustavus	moderate	Saxman	low
Haines	low	St. John Harbor	low
Hamilton Bay	moderate	Shakan Bay	low
Hoonah	low	Sitka	high
Hydaburg	low	Skagway	low
Hyder	none	Tenakee Springs	low
Juneau	low	Thorne Bay	none
Kake	moderate	Ward Cove	low
Kasaan	low	Wrangell	low
Ketchikan	low	Yakutat	high

To mitigate the hazards of tsunamis:

1. Tsunami-hazard zones should be established in areas of proposed development based on the above standards or, preferably, on site-specific evaluations. Development in the zone should be restricted to docking and harbor facilities, open-space recreational areas, parking, and other low-density uses. Critical facilities, such as police and fire stations, hospitals, schools, and permanent housing, should be located outside the zone.

2. A tsunami warning system, including sirens and communications facilities, should be established. A permanent and reliable system for receiving messages from the Alaska Tsunami Warning Center should be installed in each coastal community or logging camp.

SLOPE INSTABILITY

Mass movements not related to earthquakes may also occur in southeastern Alaska. (Snow avalanches are treated separately in the next section). Under the general category of landslides, many different types of large-scale slope

failures are common to southeastern Alaska, including debris flows, debris avalanches, rock slides, and rock falls. Landslide scars and deposits have only been mapped in and near some existing communities. A surficial geologic map of the Juneau area (Miller, 1975), for example, shows numerous debris-flow deposits, rockslides, and undifferentiated landslides, many of which lie in or near developed areas.

Most of the large-scale mass movements in southeastern Alaska are debris flows and debris avalanches. These involve mixtures of soil, rock, and forest debris with varying amounts of water (Swanston, 1969). Over 3,800 large-scale mass movements were counted within the Tongass National Forest (fig. 2). Generally, the debris flows and avalanches occur on slopes of 35° to 60° and involve shallow soils that are derived from weathered bedrock and colluvium. These soils contain a large proportion of large angular rock fragments and some organic debris, and are highly permeable. Underlying bedrock surfaces are often hard and glacially smoothed and steepened, offering little obstruction to downslope movement of the overlying soil and retarding the escape of water.

Debris flows and avalanches also occur in soil profiles developed on till (glacial deposits). Surface-water saturation of the weathered soil profile during heavy rains decreases its shear strength. The failure begins as a rotational movement (slump), with the underlying unweathered till providing the slip surface. The soil mass picks up speed in a downslope direction and develops into a debris flow or avalanche. Till slopes of 34° to 40° are most susceptible to failure, with the most common occurrence on slopes of about 37°. This corresponds with the internal angle of friction determined in the laboratory for these soils (Swanston, 1974).

Rockslides in southeastern Alaska are common on steep slopes underlain by fractured or weathered bedrock. Foliation planes of soft platy minerals in metamorphic rocks provide additional weak zones along which the rock can slide or break apart. Frost action and tree roots help to separate the rocks along these zones of weakness (Miller, 1972).

Nonearthquake-induced slope failures are usually triggered by water saturation from heavy rainfall or rapid snowmelt. Excess water increases the downslope driving force by adding weight to the soil and decreases the resisting forces by saturating the soil and lowering its shear strength. Shallow tills in southeastern Alaska become saturated during storms that produce rain exceeding 13 cm (5 in.) in 24 hr. Such storms occur in southeastern Alaska every 2 to 5 yr (Swanston, 1969).

Artificial factors also contribute to slope failures in southeastern Alaska. Common construction mistakes are undercutting the toe of a slide or overloading an unstable slope with man-made structures. Timber harvesting is also a leading contributor to slope failure. A correlation has been found between frequency of mass movements and timber harvesting (Bishop and Stevens, 1964). As tree roots decay, natural slope stabilization and water absorption are reduced; this appears to be a primary cause of slope failure in harvested areas. The frequency of debris avalanches increases 3 to 5 yr after cutting, which corresponds to the time required for the root systems to decay.

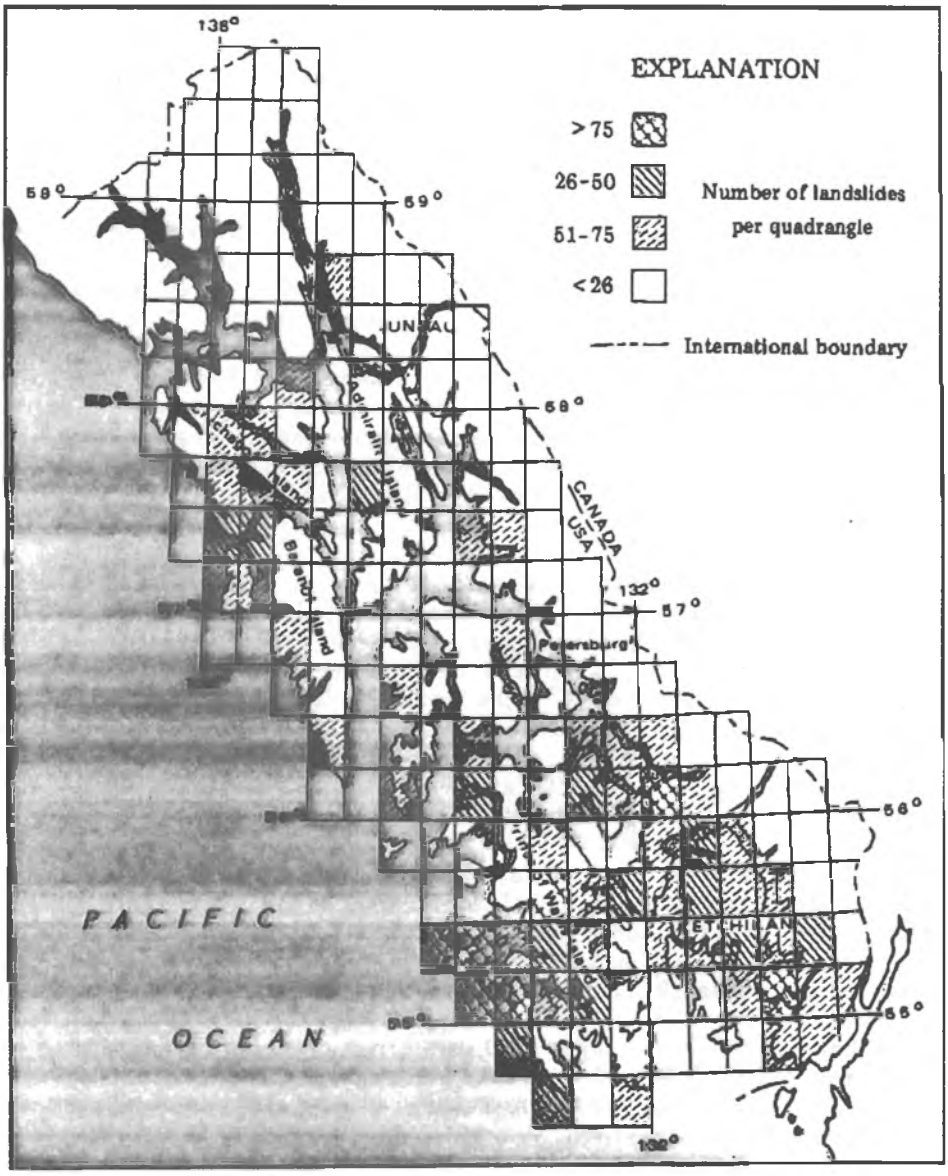

Figure 2. Landslide distribution in southeast Alaska, expressed as number per 15-minute map quadrangle (adapted from Swanston, 1974, p. 7).

The first step in locating unstable areas is to identify and map past slope failures. Areas adjacent to unstable slopes will probably also be unstable. However, many slopes that show little or no evidence of past slope failure may also be unstable. An anomalously heavy rainfall, artificial disturbance, or rapid snowmelt after a winter of heavy snow may be all that is needed to trigger numerous failures on a slope with no evidence of instability.

To mitigate the hazards of slope instability:

1. As part of land-use planning, areas of moderate to steep slopes should be examined for landslide potential by professional engineers or geologists.

2. Construction, excavation, or logging on, above, or below potentially unstable slopes should be preceded by field studies, including drilling or trenching, to determine appropriate grading and construction methods.

3. Use of areas on or below slopes that have potential for severe failure should be restricted to open space, recreational, mineral, and agricultural use. Activities that increase susceptibility to slope failures (such as logging) should be prohibited or restricted if slope failures pose a danger to life or property. Critical facilities, homes, and other buildings for human occupancy should not be located in areas susceptible to major slope failures.

SNOW AVALANCHES

Heavy snow precipitation, high terrain, and steep slopes combine to create high avalanche potential over much of southeastern Alaska. Condition of the snow pack differs considerably throughout the region because of differences in elevation, slope, precipitation, temperature, and vegetation.

In southeastern Alaska, the snowpack, which is generally warm and deep, is modified by strong, variable winds and occasional rainshowers during warmer periods. Slope orientation relative to storm paths, wind shadows, and cloud cover has a stronger effect on avalanche potential than direction of incoming solar radiation (Hackett and Santeford, 1980). Avalanches may favor one aspect during one season and a different aspect another season. Large avalanches tend to recur along established paths, although any areas of high, steep terrain can be hazardous because of the wide variability in conditions. An important factor in southeastern Alaska is the strength and variability of winds. Wind, which transports and deposits large volumes of snow, can create a hard crust, providing a sliding surface for snow deposited later.

The severity of hazard from avalanches depends on the nature of the human presence in an avalanche-prone area. Many snow slides and small avalanches occur at high elevations and may be dangerous only to the occasional skier. On the other hand, large, dense, flowing avalanches can reach impact pressures of several tons per square meter (Mears, 1976), travel large distances down a slope (often beyond the base of the slope), and destroy structures not specifically designed to withstand the impact pressures. On many steep slopes in southeastern Alaska, large avalanches incorporate other debris on reaching lower snow-free elevations, thereby substantially increasing potential impact pressures.

Avalanche-potential maps have not been prepared for most of southeastern Alaska at scales appropriate for land-use planning or site-specific evaluation. A preliminary small-scale avalanche potential map of Alaska divides southeastern Alaska into zones of high and moderate potential based primarily on differences in snowfall (Hackett and Santeford, 1980).

Generally, mainland areas have higher snowfalls---and therefore higher snow-avalanche potential---than the milder island and coastal areas. At a scale of 1:63,360, Davidson and Hackett (1980) prepared a generalized map of provisional snow-avalanche potential for the Juneau B-2 Quadrangle based on elevation, slope, known and suspected avalanche activity, climatic conditions, and regional snowpack characteristics. Other than several large-scale studies of the Juneau vicinity (Daniel and others, 1972), detailed information on snow-avalanche potential is not available for most of southeastern Alaska.

Avalanche potential can be assessed by identifying and mapping avalanche scars and moderate to steep slopes above treeline. Although this technique may overlook adjacent areas having avalanche potential, it will identify those areas most susceptible to avalanche activity. In general, any moderate to steep slope in southeastern Alaska (greater than about 30°) that rises to elevations above 300 m (1,000 ft) above sea level (and land downslope from such areas) should be suspected as having avalanche potential. Detailed field investigations should be done in such areas prior to development.

To mitigate the hazards of snow avalanches:

1. Prohibit building of permanent structures in areas of moderate to high avalanche potential and restrict those areas to low-density or transitory uses such as summer recreation, parking, and habitat preserves.

2. Where structures must be built in areas of avalanche potential, install snow-supporting fences in the starting zones and deflecting or protection structures in the runout zones. These approaches are quite expensive.

3. Before removing vegetation (such as by loggers), determine its effect on avalanche potential, particularly if the area is upslope from existing or proposed structures.

4. Develop avalanche warning systems for any frequently used areas of moderate to high avalanche potential.

5. Artificial triggering of avalanches with explosives or artillery should not be considered an acceptable mitigation technique in developed areas.

SEDIMENT EROSION AND DEPOSITION

Riverbank, soil, and coastal erosion all occur in southeastern Alaska to varying degrees. The problem is localized and must be examined on a site-specific basis. Because the two major rivers in southeastern Alaska, the Alsek and the Stikine, pass through national-park and wilderness areas, riverbank erosion is not an extensive or persistent problem for development. Substantial erosion can occur during floods; therefore, flood zones are also subject to erosion problems.

Soil erosion occurs primarily in timber-harvest areas, but also affects areas downslope and downstream where large volumes of eroded sediment may be deposited. Under natural conditions, areas of dense forest cover are eroded very little, but can be subject to severe erosion if trees are removed. Where

vegetation is removed, erosion may begin as sheetwash and gully erosion, and then develop into debris flows. Tree cutting increases runoff because it reduces the amount of water intercepted by the canopies or absorbed by the roots through transpiration.

Most coastlines in southeastern Alaska are dominated by steep slopes and cliffs with no significant benches and can be classified as erosional or neutral. Site-specific information on erosion rates is available for a few communities, but no regional evaluation of coastal erosion has been made. The severity of coastal erosion can only be determined by long-term surveys or by comparison of aerial photographs and large-scale maps over several decades. The latter are not available for much of southeastern Alaska for periods long enough to determine rates of coastline change.

Sediment deposition is primarily a problem in channels and harbors. Sediments are deposited near the mouths of streams or in areas where wave-generated longshore currents transport sediment from areas of high wave-energy to areas of low wave-energy. For example, sediment from the Mendenhall river near Juneau continues to build a delta southward across Gastineau Channel, creating a serious navigational hazard. Only small boats are now able to use that portion of the channel, and many run aground each year. Though strong tidal currents remove much of the sediment deposited by the river, the channel may be closed off completely if not periodically dredged. The Chilkat River has the highest sediment yield per square kilometer of drainage area of any river in Alaska (8.4 million metric tons) and is depositing an extensive fan and delta as its mouth in Lynn Canal (AEIDC, 1975).

To mitigate hazards from sediment erosion and deposition:

1. Potential problems of erosion or deposition should be taken into consideration prior to any development along a stream or coastline, or prior to opening an area of timber harvesting. Site-specific studies based on expected erosion rates should be performed to establish setback distances on coastlines or riverbanks.

2. Corrective engineering measures such as jetties, seawalls, or revetments should be avoided. Although such measures may correct an erosion problem in one area, they may contribute to erosion or deposition in another; moreover, they are often only temporarily effective.

REGIONAL UPLIFT

Although rapid land uplift associated with major earthquakes (as occurred during the 1899 earthquake at Yakutat Bay) can be a potentially serious geologic hazard, gradual regional uplift is not. However, because this process is taking place in southeastern Alaska and can be significant over long periods, it should be considered in long-range planning. Regional uplift is important to consider when selecting sites for community and coastal facilities.

Tide-station data and changes in elevation of tidal bench marks have been used to calculate average uplift rates in southeastern Alaska for more than

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FRPA Landslide Science & Technical Committee

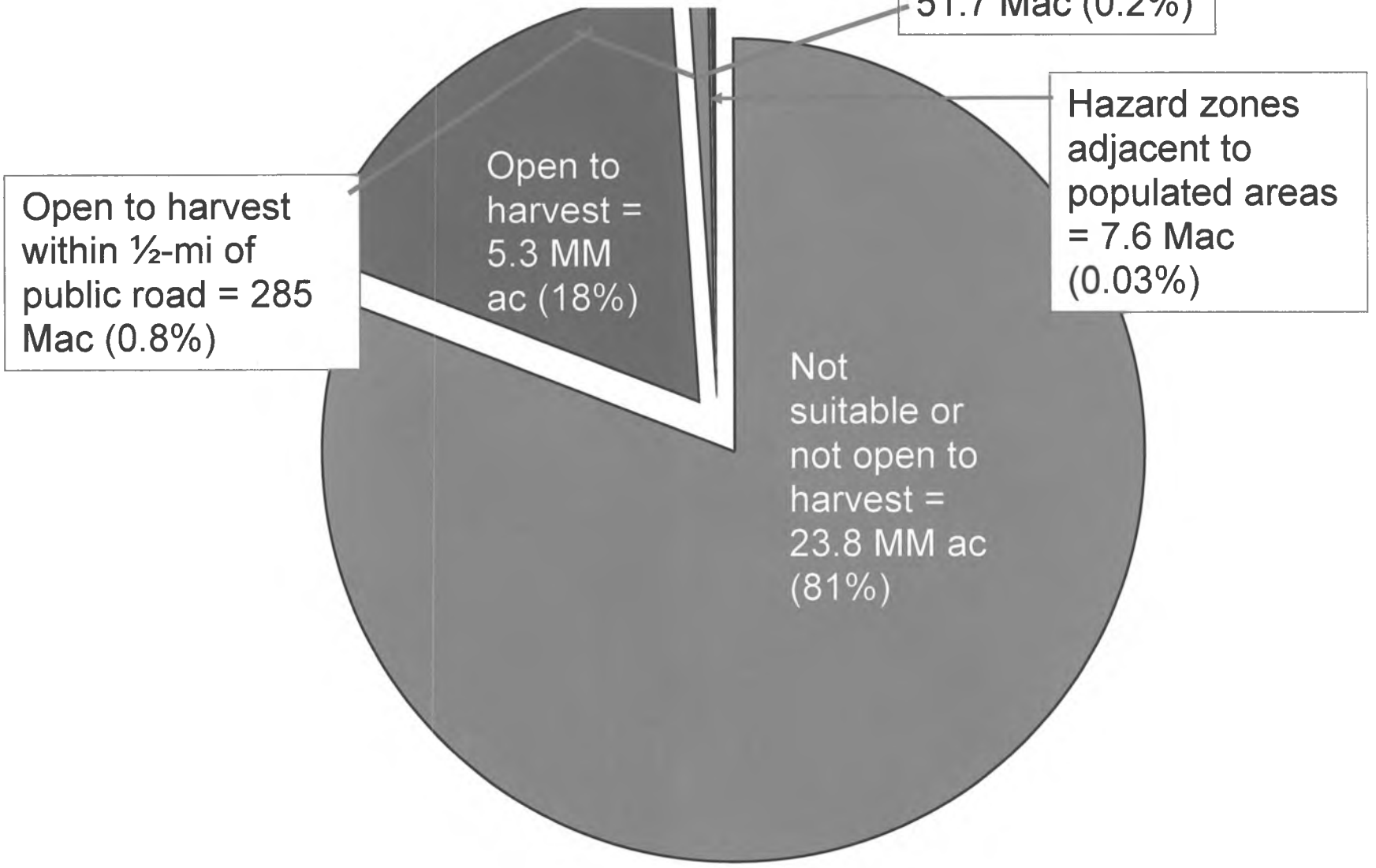
Update on Scoping of Landslide Hazards in Potential Timber Harvest Areas

October 7, 2009

Affected municipalities and communities

Community	Hazard in boundary?	Hazard in pop. area?
City & Borough of Wrangell		
Haines Borough		
Ketchikan Gateway Borough		
Cordova		
City of Ketchikan		
Petersburg		
Craig		
Coffman Cove		
Thorne Bay		
Kasaan		?
Hollis		
Whale Pass		?

Harvest status of land in analysis area (29.4 MMac in SE Alaska from Yakutat south; does not include Cordova)



SCOPING MAP
Public Safety & Landslide Hazards
Mitkof Island Area

Land Manager

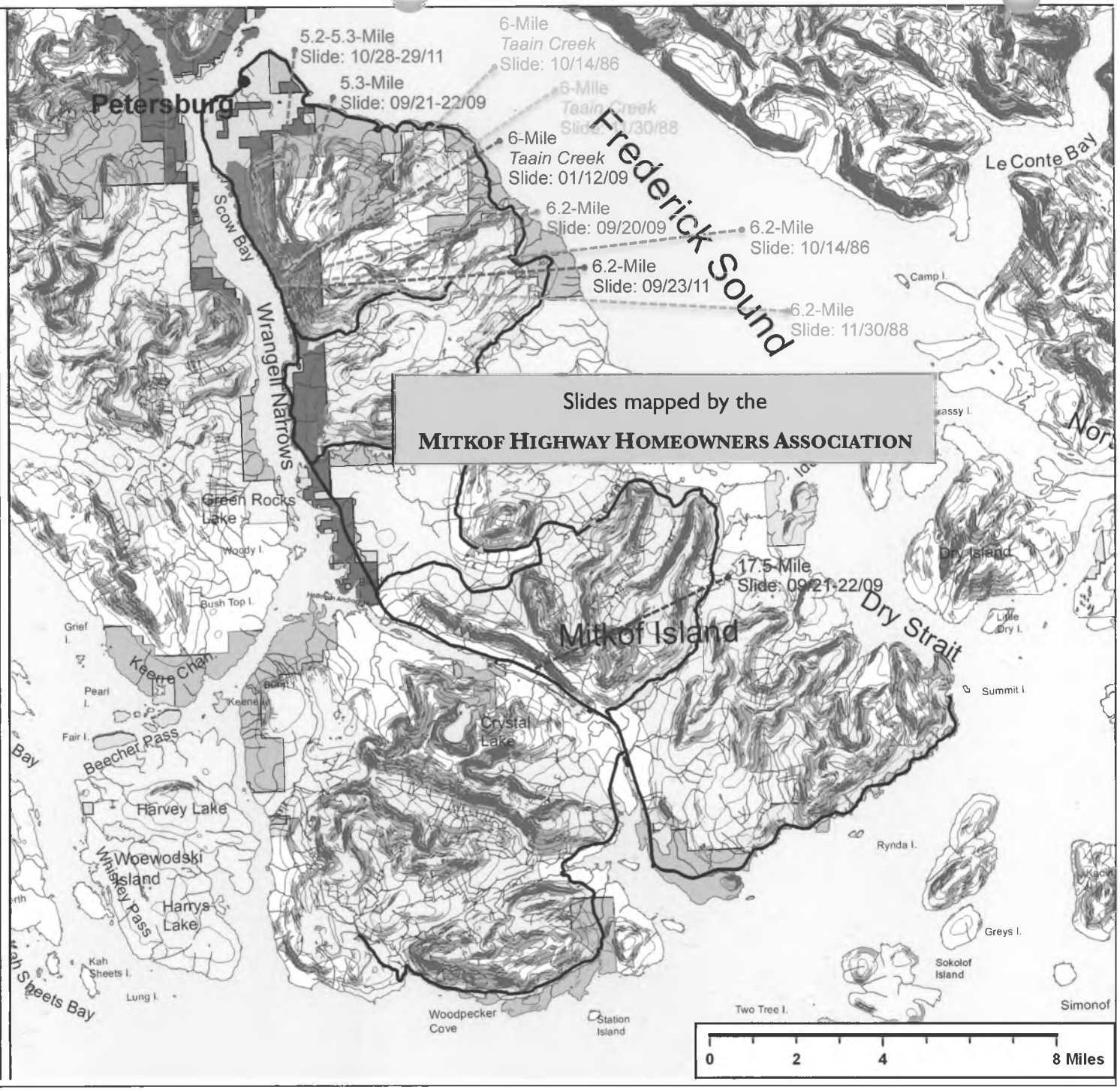
- USFS
- USFS - Natural Land Cover
- State of Alaska
- Mental Health Lands Trust
- Unversity of Alaska
- ANCSA Corporation
- Private/Local Government

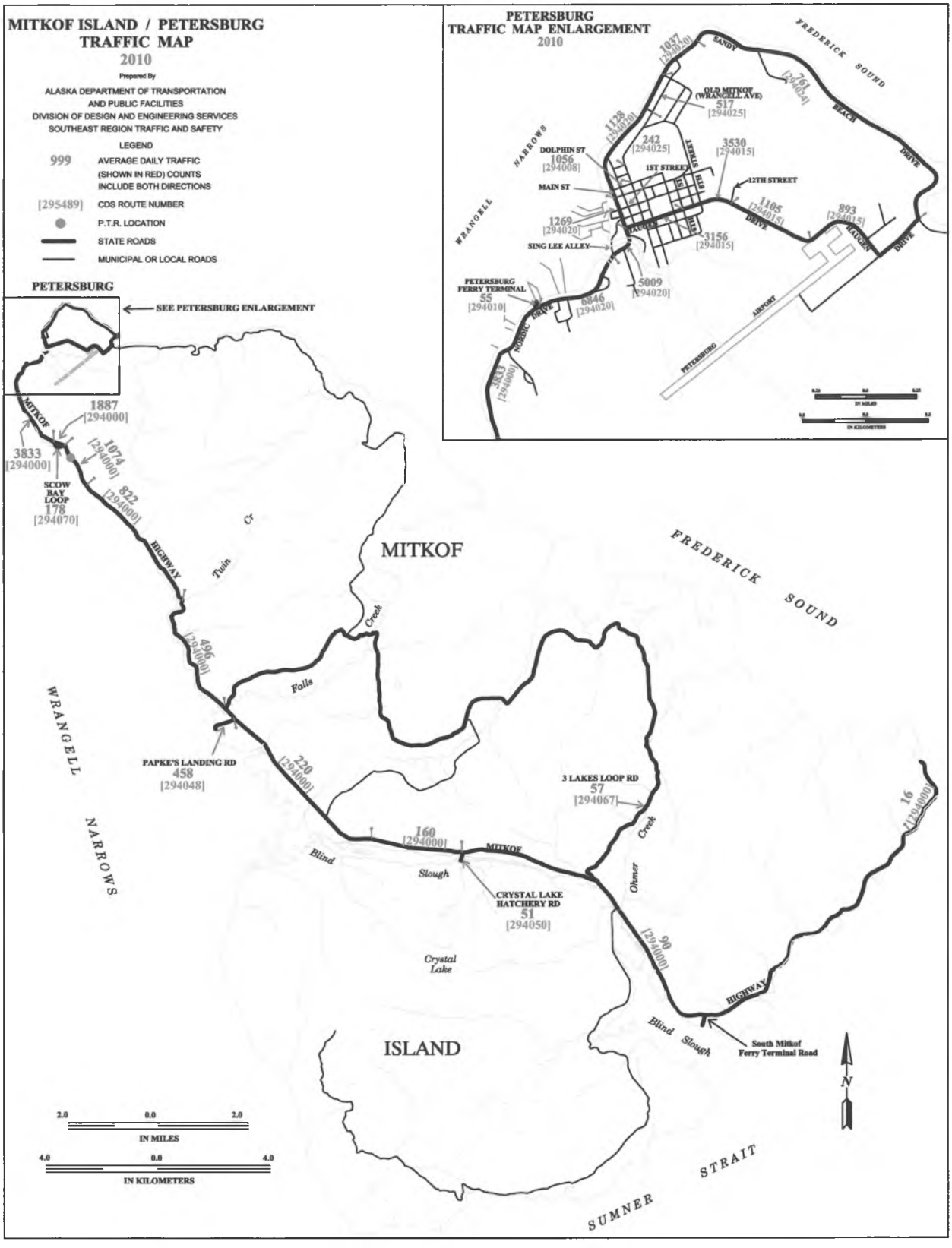
- USFS Documented Landslides (point)
- USFS Documented Landslides (polygon)
- Analysis Road
- Other Forest Roads
- 50% - 67% Slope
- 67%+ Slope
- Areas with public roads that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting
- Areas with public roads and residential or commercial buildings that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting

Land Status - Assembled from data provided by the Tongass National Forest and the Alaska Dept of Natural Resources (2007). Additional land management information was drawn from the USGS Protected Area Database for Alaska (2006).

Roads - Assembled from the Alaska Division of Forestry Southeast Area and Tongass National Forest Roads Inventories. Roads selected for exposure to public safety were those with a TNF Management Objective of 3 (suitable for passanger cars) or higher, with additional roads identified by the Landslides ST&C.

Slopes - Calculated using the 20 meter Digital Elevation Model developed by NASA Shuttle Radar Topography Mission (SRTM), 2000.





The Alaska Department of Transportation calculated an "Average Daily Traffic (2010)" of 822 vehicles transiting Mitkof Highway *(State Highway #7)* under the Alaska Mental Health Trust Land Office's steep and unstable hillside parcels, from Petersburg's 3-Mile ("Marker 294000") to 7-Mile ("Twin Cr") [Twin Creeks logging road]. These parcels are part of the TLO's timber harvest detailed in MHT 9100411. See "Tab R" for landslides in this area crossing Mitkof Highway. These statistics do not include pedestrian or bicycle traffic. NOTE: 2011 Average Daily Traffic data not yet available.

SCOPING MAP
Public Safety & Landslide Hazards Cordova Area

Land Mananger

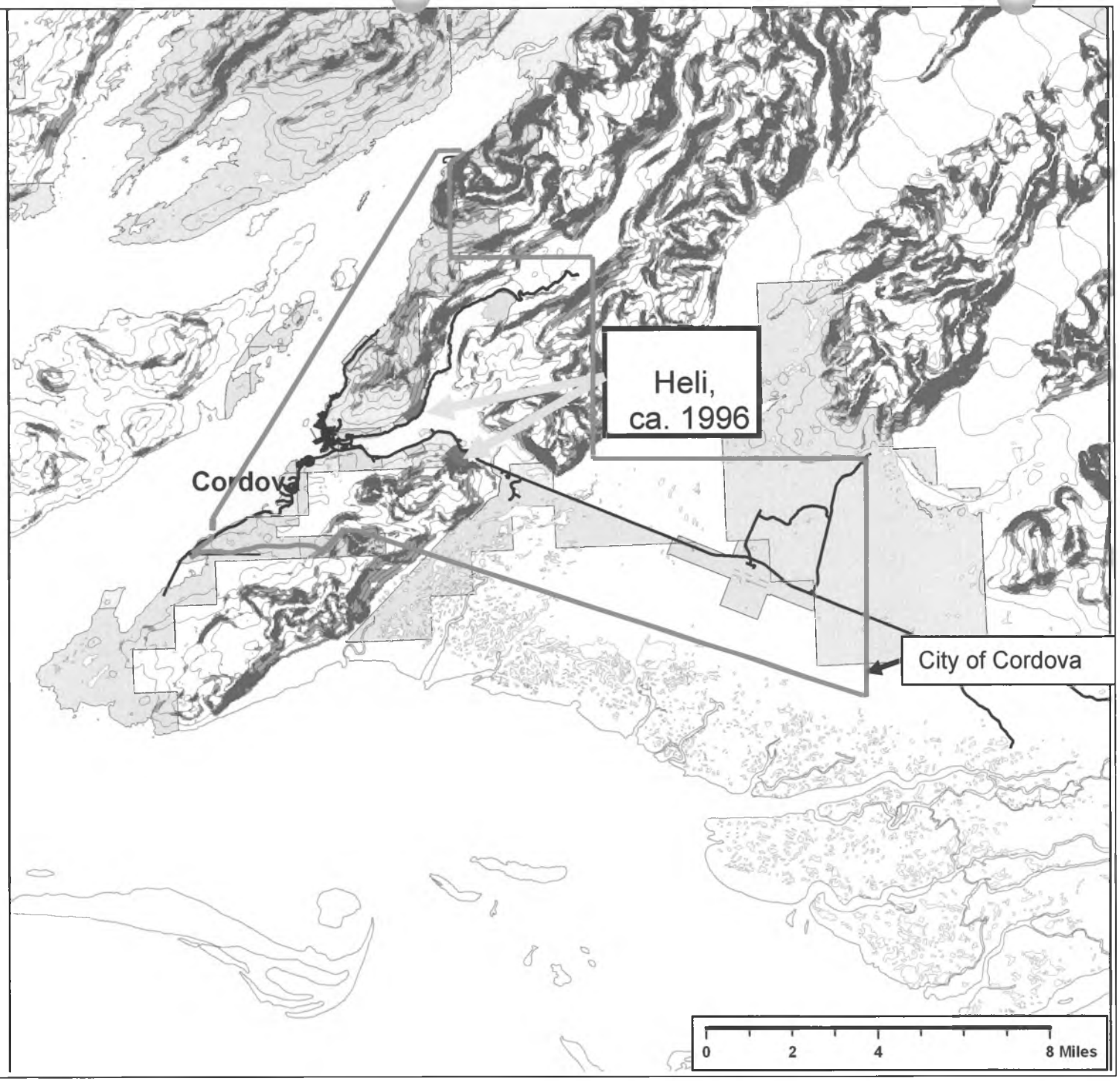
- Bureau of Land Management
- Local Government
- Native Corporation
- Other Private
- Protected Natural Land Cover
- State of Alaska
- USDA Forest Service

- USFS Documented Landslides (point)
- USFS Documented Landslides (polygon)
- Analysis Road
- Other Forest Roads
- 50% - 67% Slope
- 67%+ Slope
- Areas with public roads that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting
- Areas with public roads and residential or commercial buildings that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting

Land Status - Assembled from data provided by the Tongass National Forest and the Alaska Dept of Natural Resources (2007). Additional land management information was drawn from the USGS Protected Area Database for Alaska (2006).

Roads - Assembled from the Alaska Division of Forestry Southeast Area and Tongass National Forest Roads Inventories. Roads selected for exposure to public safety were those with a TNF Management Objective of 3 (suitable for passanger cars) or higher, with additional roads identified by the Landslides ST&C.

Slopes - Calculated using the 60 meter digital elevation model (DEM) developed from the USGS 1:63,360 Alaska maps series.



SCOPING MAP
Public Safety & Landslide Hazards
Haines Area

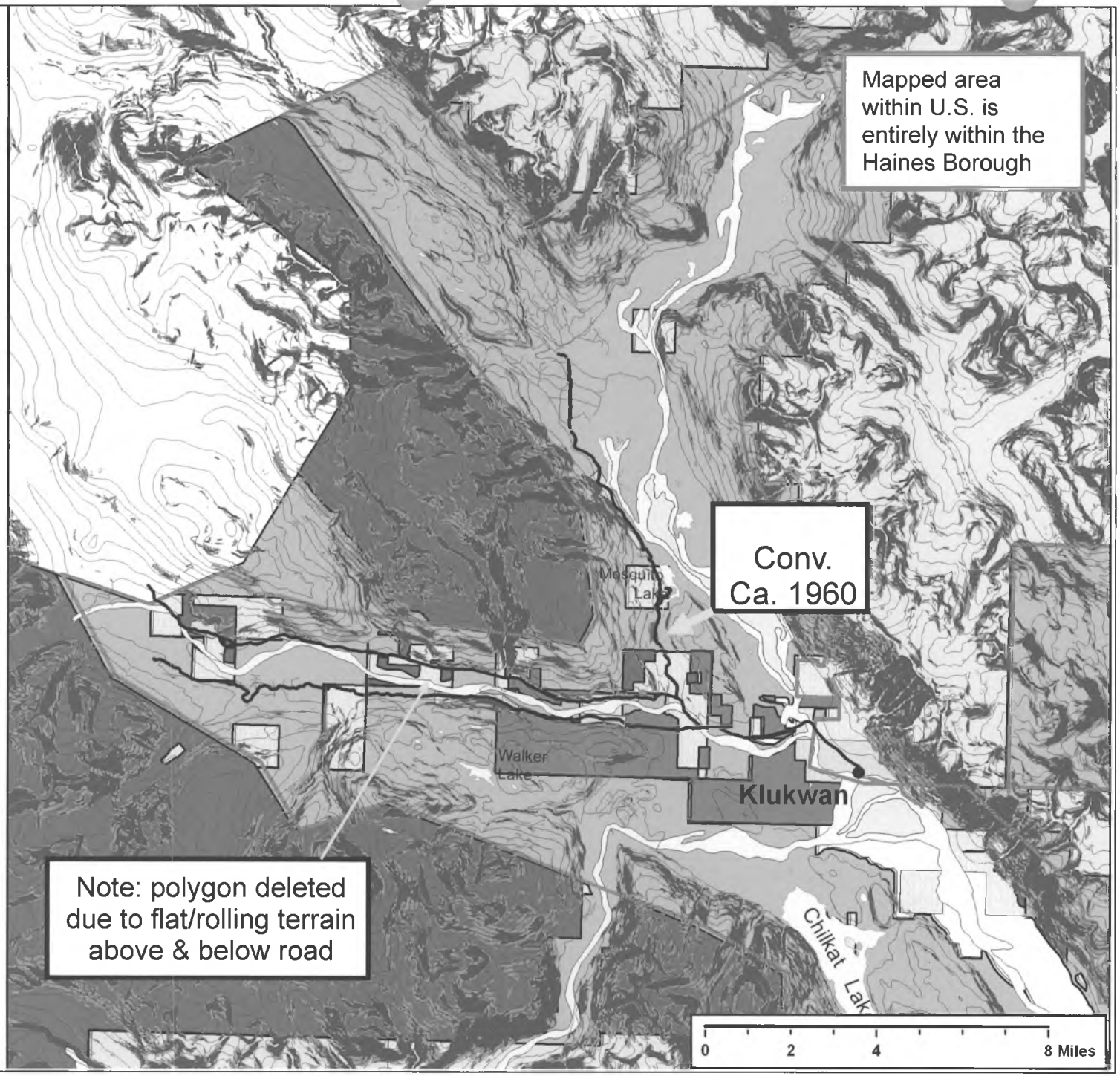
Land Manager

- BLM
- State of Alaska (SOA)
- SOA - Natural Land Cover
- Mental Health Lands Trust
- Unversity of Alaska
- ANCSA Corporation
- Private/Local Government
- Haines State Forest
- USFS Documented Landslides (polygon)
- USFS Documented Landslides (point)
- Analysis Road
- Other Forest Roads
- 50% - 67% Slope
- 67%+ Slope
- Areas with public roads that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting
- Areas with public roads and residential or commercial buildings that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting

Land Status - Assembled from data provided by the Tongass National Forest and the Alaska Dept of Natural Resources (2007). Additional land management information was drawn from the USGS Protected Area Database for Alaska (2006).

Roads - Assembled from the Alaska Division of Forestry Southeast Area and Tongass National Forest Roads Inventories. Roads selected for exposure to public safety were those with a TNF Management Objective of 3 (suitable for passanger cars) or higher, with additional roads identified by the Landslides ST&C.

Slopes - Calculated using the 20 meter Digital Elevation Model developed by NASA Shuttle Radar Topography Mission (SRTM), 2000.



SCOPING MAP
Public Safety & Landslide Hazards
Hoonah Area

Land Manager

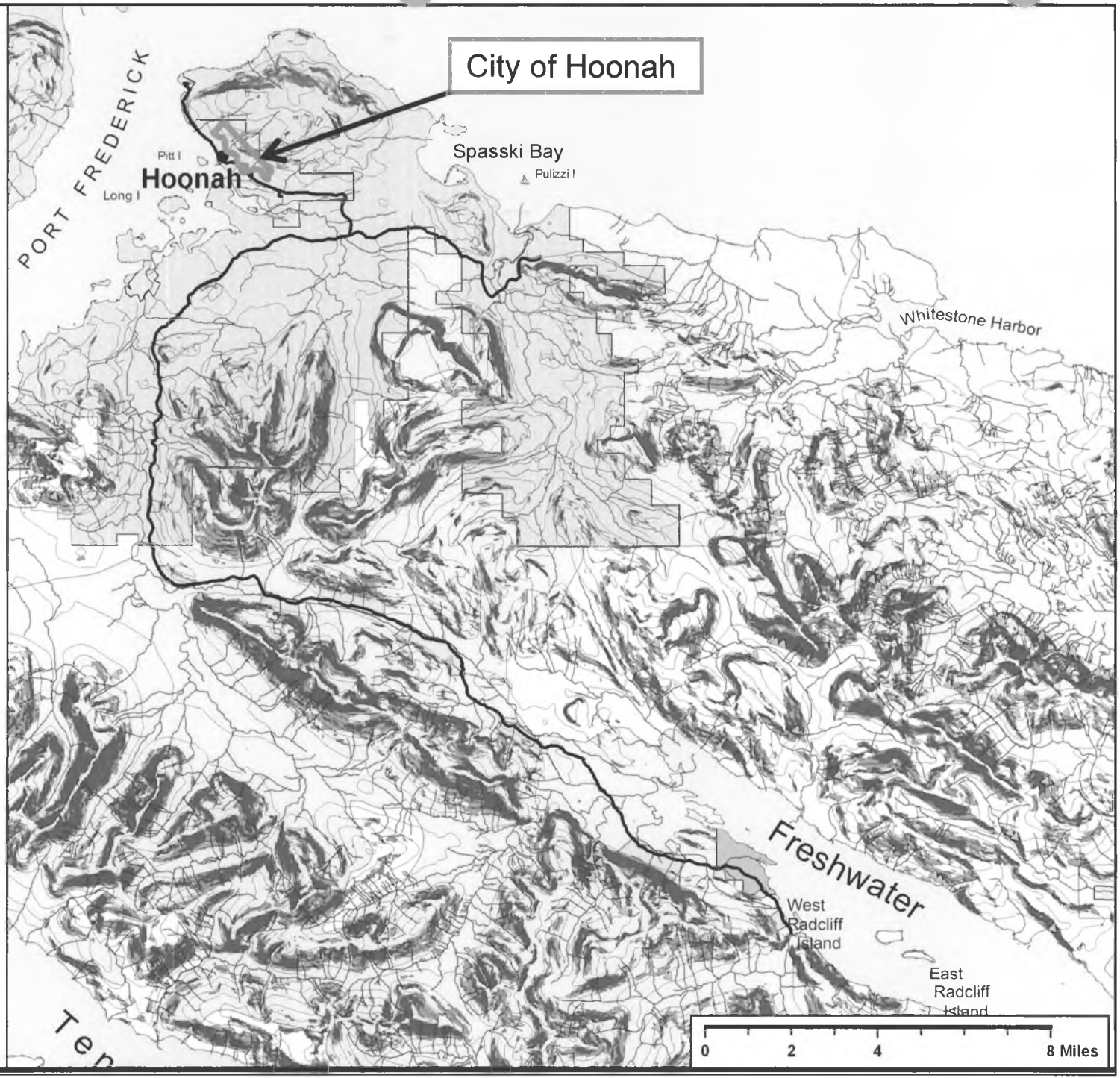
- USFS
- USFS - Natural Land Cover
- State of Alaska
- Mental Health Lands Trust
- Unversity of Alaska
- ANCSA Corporation
- Private/Local Government

- USFS Documented Landslides (polygon)
- USFS Documented Landslides (point)
- Analysis Road
- Other Forest Roads
- 50% - 67% Slope
- 67%+ Slope
- Areas with public roads that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting
- Areas with public roads and residential or commercial buildings that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting

Land Status - Assembled from data provided by the Tongass National Forest and the Alaska Dept of Natural Resources (2007). Additional land management information was drawn from the USGS Protected Area Database for Alaska (2006).

Roads - Assembled from the Alaska Division of Forestry Southeast Area and Tongass National Forest Roads Inventories. Roads selected for exposure to public safety were those with a TNF Management Objective of 3 (suitable for passanger cars) or higher, with additional roads identified by the Landslides ST&C.

Slopes - Calculated using the 20 meter Digital Elevation Model developed by NASA Shuttle Radar Topography Mission (SRTM), 2000.



SCOPING MAP
Public Safety & Landslide Hazards
Mitkof Island Area

Land Manager

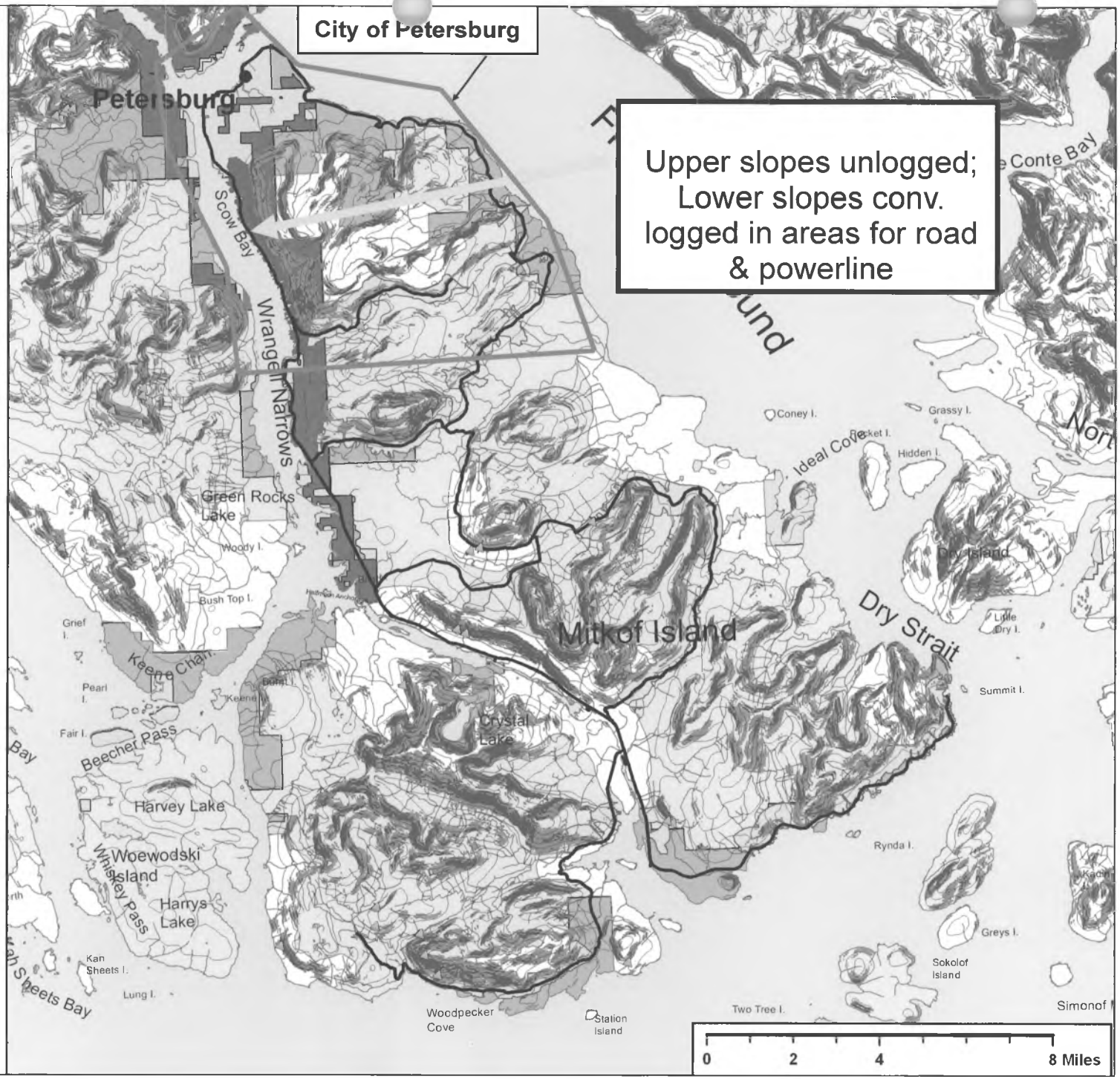
- USFS
- USFS - Natural Land Cover
- State of Alaska
- Mental Health Lands Trust
- Unversity of Alaska
- ANCSA Corporation
- Private/Local Government

- USFS Documented Landslides (point)
- USFS Documented Landslides (polygon)
- Analysis Road
- Other Forest Roads
- 50% - 67% Slope
- 67%+ Slope
- Areas with public roads that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting
- Areas with public roads and residential or commercial buildings that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting

Land Status - Assembled from data provided by the Tongass National Forest and the Alaska Dept of Natural Resources (2007). Additional land management information was drawn from the USGS Protected Area Database for Alaska (2006).

Roads - Assembled from the Alaska Division of Forestry Southeast Area and Tongass National Forest Roads Inventories. Roads selected for exposure to public safety were those with a TNF Management Objective of 3 (suitable for passanger cars) or higher, with additional roads identified by the Landslides ST&C.

Slopes - Calculated using the 20 meter Digital Elevation Model developed by NASA Shuttle Radar Topography Mission (SRTM). 2000.



SCOPING MAP
Public Safety & Landslide Hazards
Wrangell Area

Land Manager

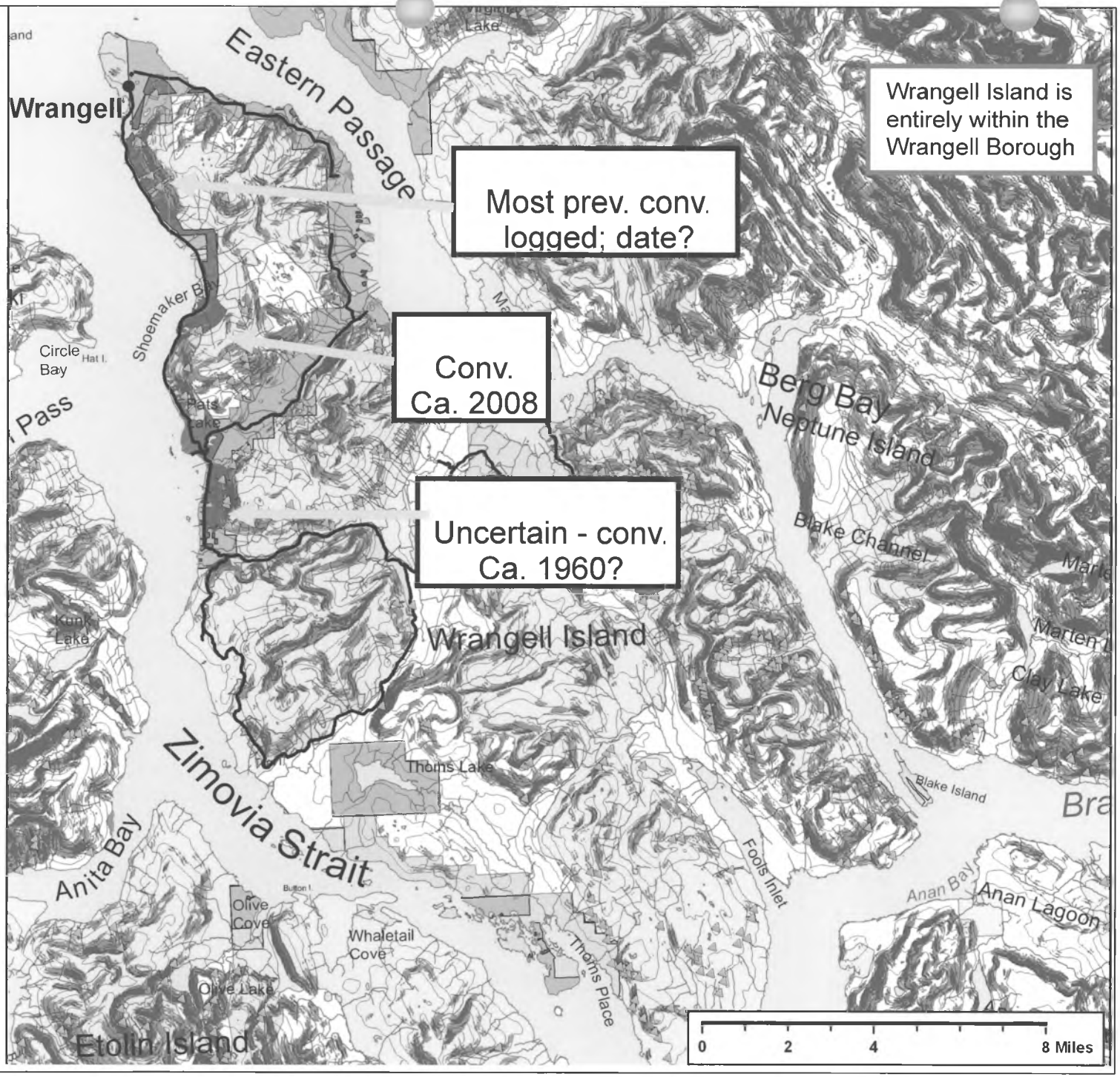
- USFS
- USFS - Natural Land Cover
- State of Alaska
- Mental Health Lands Trust
- Unversity of Alaska
- ANCSA Corporation
- Private/Local Government

- USFS Documented Landslides (point)
- USFS Documented Landslides (polygon)
- Analysis Road
- Other Forest Roads
- 50% - 67% Slope
- 67%+ Slope
- Areas with public roads that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting
- Areas with public roads and residential or commercial buildings that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting

Land Status - Assembled from data provided by the Tongass National Forest and the Alaska Dept of Natural Resources (2007). Additional land management information was drawn from the USGS Protected Area Database for Alaska (2006).

Roads - Assembled from the Alaska Division of Forestry Southeast Area and Tongass National Forest Roads Inventories. Roads selected for exposure to public safety were those with a TNF Management Objective of 3 (suitable for passanger cars) or higher, with additional roads identified by the Landslides ST&C.

Slopes - Calculated using the 20 meter Digital Elevation Model developed by NASA Shuttle Radar Topography Mission (SRTM), 2000.



SCOPING MAP
Public Safety & Landslide Hazards
El Capitan Area

Land Manager

- USFS
- USFS - Natural Land Cover
- State of Alaska
- Mental Health Lands Trust
- Unversity of Alaska
- ANCSA Corporation
- Private/Local Government

- USFS Documented Landslides (polygon)
- USFS Documented Landslides (point)
- Analysis Road
- Other Forest Roads
- 50% - 67% Slope
- 67%+ Slope
- Areas with public roads that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting
- Areas with public roads and residential or commercial buildings that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting

Land Status - Assembled from data provided by the Tongass National Forest and the Alaska Dept of Natural Resources (2007). Additional land management information was drawn from the USGS Protected Area Database for Alaska (2006).

Roads - Assembled from the Alaska Division of Forestry Southeast Area and Tongass National Forest Roads Inventories. Roads selected for exposure to public safety were those with a TNF Management Objective of 3 (suitable for passanger cars) or higher, with additional roads identified by the Landslides ST&C.

Slopes - Calculated using the 20 meter Digital Elevation Model developed by NASA Shuttle Radar Topography Mission (SRTM), 2000.



SCOPING MAP
Public Safety & Landslide Hazards
Ratz Harbor Area

Land Manager

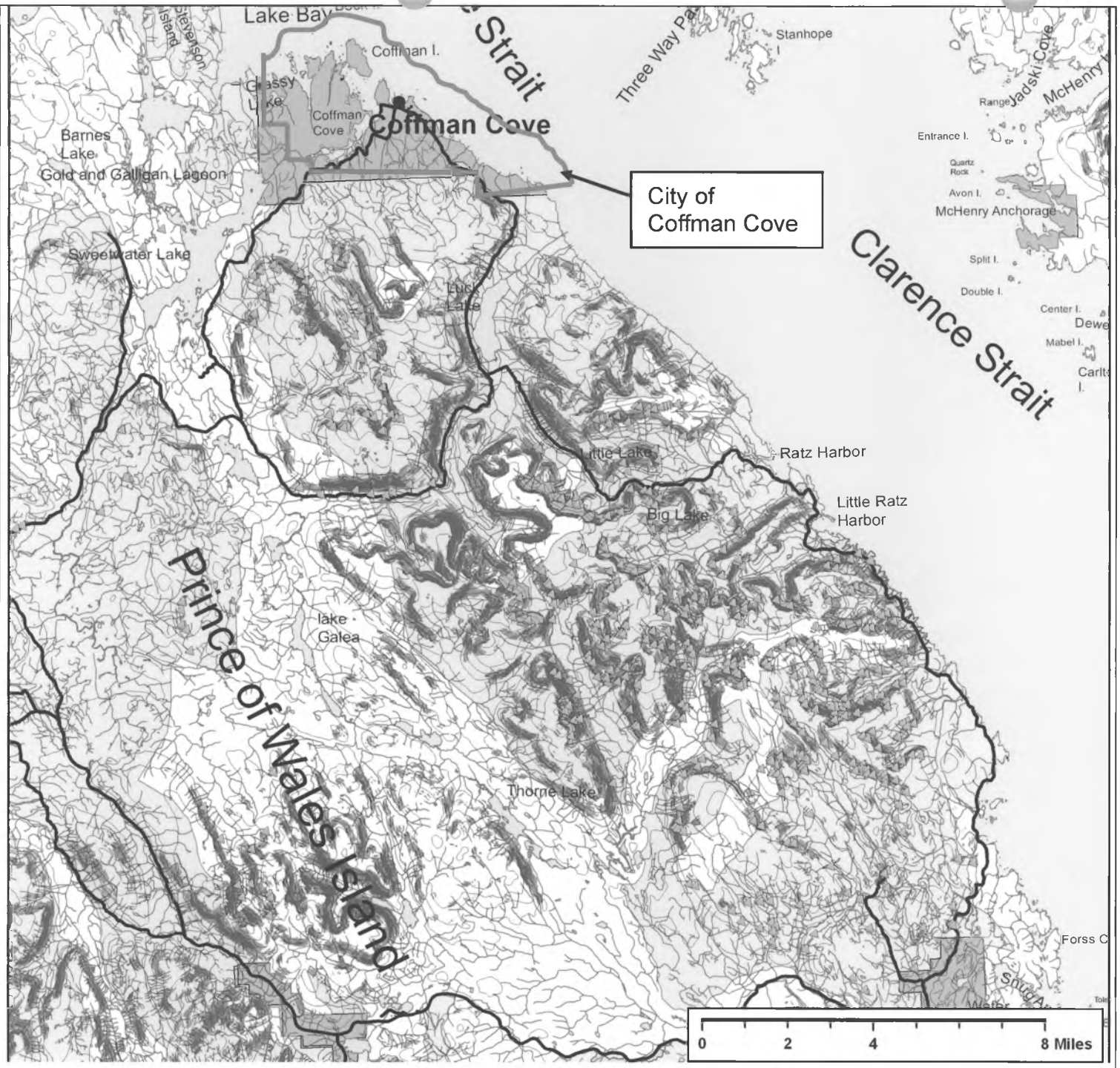
- USFS
- USFS - Natural Land Cover
- State of Alaska
- Mental Health Lands Trust
- Unversity of Alaska
- ANCSA Corporation
- Private/Local Government

- USFS Documented Landslides (polygon)
- USFS Documented Landslides (point)
- Analysis Road
- Other Forest Roads
- 50% - 67% Slope
- 67%+ Slope
- Areas with public roads that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting
- Areas with public roads and residential or commercial buildings that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting

Land Status - Assembled from data provided by the Tongass National Forest and the Alaska Dept of Natural Resources (2007). Additional land management information was drawn from the USGS Protected Area Database for Alaska (2006).

Roads - Assembled from the Alaska Division of Forestry Southeast Area and Tongass National Forest Roads Inventories. Roads selected for exposure to public safety were those with a TNF Management Objective of 3 (suitable for passanger cars) or higher, with additional roads identified by the Landslides ST&C.

Slopes - Calculated using the 20 meter Digital Elevation Model developed by NASA Shuttle Radar Topography Mission (SRTM), 2000.



SCOPING MAP
Public Safety & Landslide Hazards
Thorne Bay Area

Land Manager

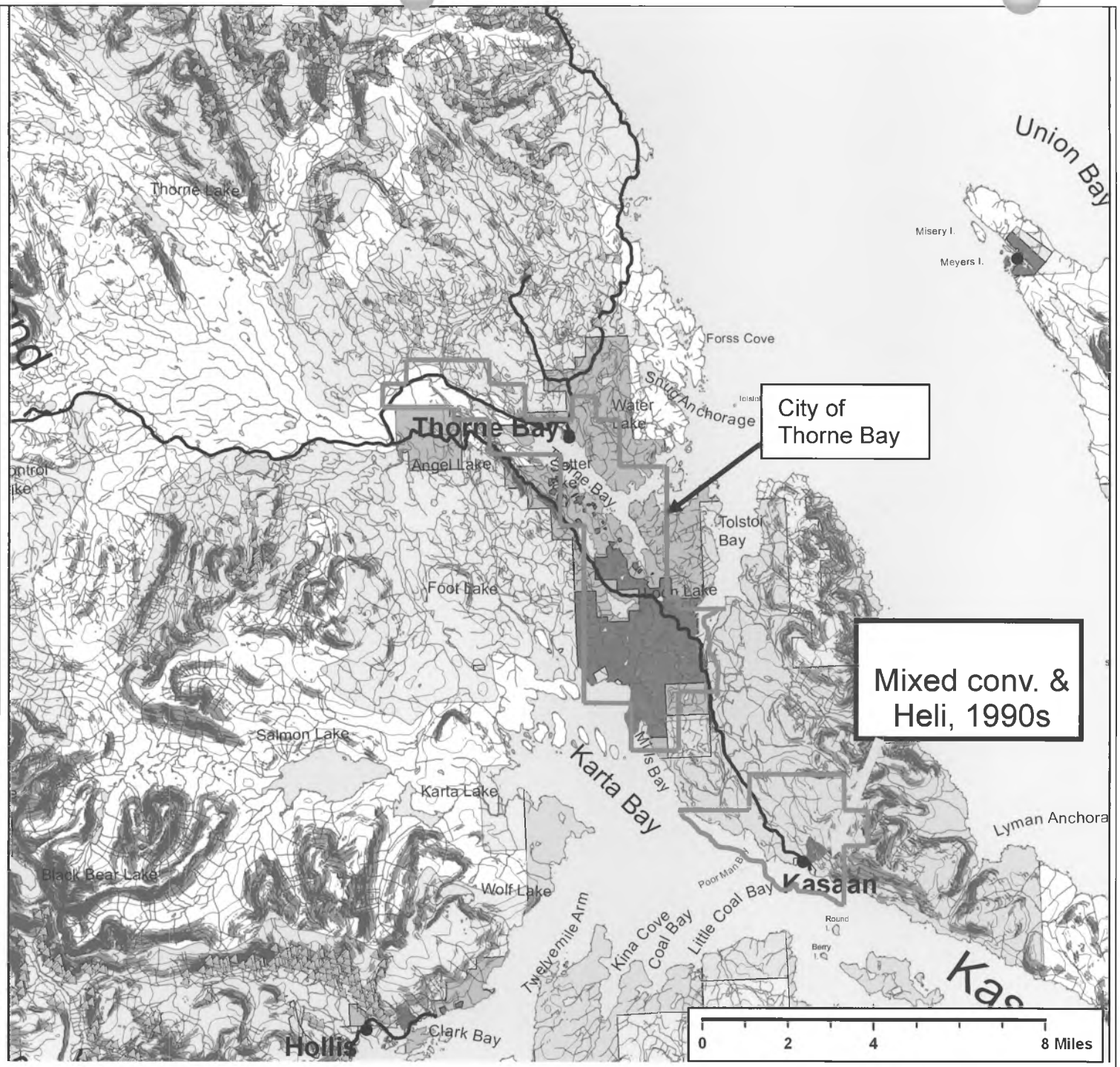
- USFS
- USFS - Natural Land Cover
- State of Alaska
- Mental Health Lands Trust
- Unversity of Alaska
- ANCSA Corporation
- Private/Local Government

- USFS Documented Landslides (polygon)
- USFS Documented Landslides (point)
- Analysis Road
- Other Forest Roads
- 50% - 67% Slope
- 67%+ Slope
- Areas with public roads that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting
- Areas with public roads and residential or commercial buildings that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting

Land Status - Assembled from data provided by the Tongass National Forest and the Alaska Dept of Natural Resources (2007). Additional land management information was drawn from the USGS Protected Area Database for Alaska (2006).

Roads - Assembled from the Alaska Division of Forestry Southeast Area and Tongass National Forest Roads Inventories. Roads selected for exposure to public safety were those with a TNF Management Objective of 3 (suitable for passanger cars) or higher, with additional roads identified by the Landslides ST&C.

Slopes - Calculated using the 20 meter Digital Elevation Model developed by NASA Shuttle Radar Topography Mission (SRTM), 2000.



SCOPING MAP
Public Safety & Landslide Hazards
Klawock Area

Land Manager

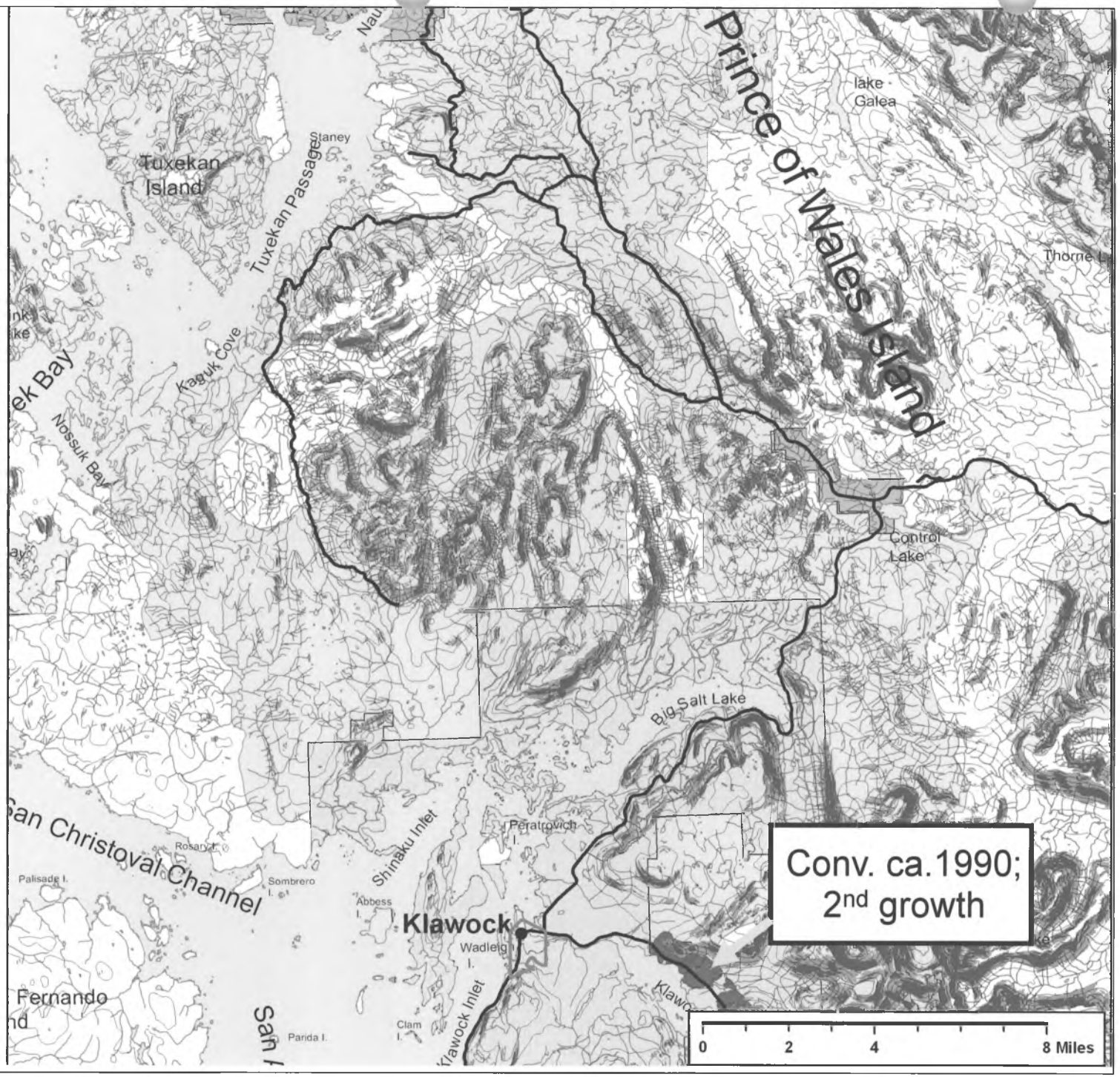
- USFS
- USFS - Natural Land Cover
- State of Alaska
- Mental Health Lands Trust
- Unversity of Alaska
- ANCSA Corporation
- Private/Local Government

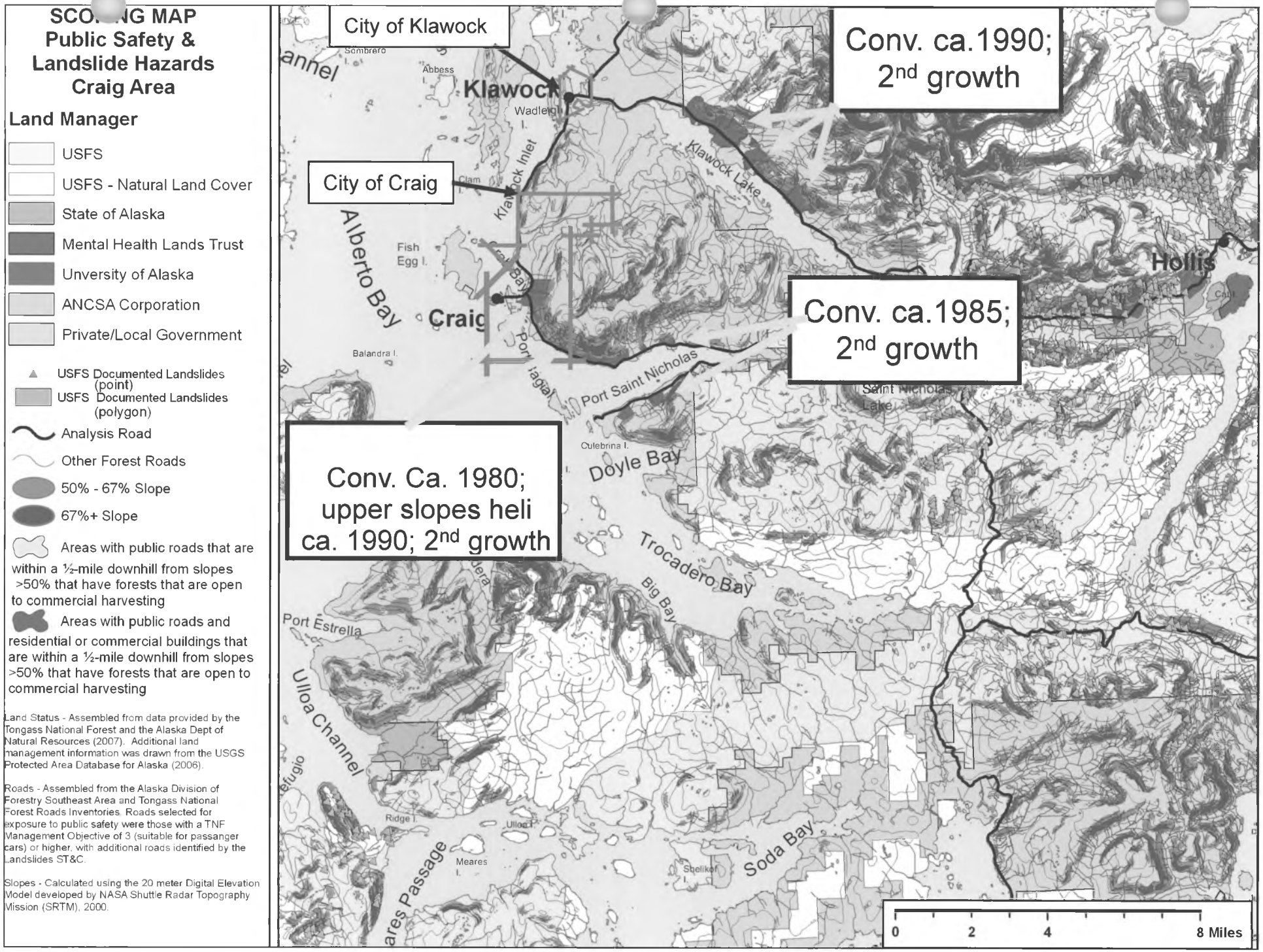
- USFS Documented Landslides (point)
- USFS Documented Landslides (polygon)
- Analysis Road
- Other Forest Roads
- 50% - 67% Slope
- 67%+ Slope
- Areas with public roads that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting
- Areas with public roads and residential or commercial buildings that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting

Land Status - Assembled from data provided by the Tongass National Forest and the Alaska Dept of Natural Resources (2007). Additional land management information was drawn from the USGS Protected Area Database for Alaska (2006).

Roads - Assembled from the Alaska Division of Forestry Southeast Area and Tongass National Forest Roads Inventories. Roads selected for exposure to public safety were those with a TNF Management Objective of 3 (suitable for passanger cars) or higher, with additional roads identified by the Landslides ST&C.

Slopes - Calculated using the 20 meter Digital Elevation Model developed by NASA Shuttle Radar Topography Mission (SRTM), 2000.




SCOPING MAP
Public Safety &
Landslide Hazards
Craig Area
Land Manager
USFS
USFS - Natural Land Cover
State of Alaska
Mental Health Lands Trust
Unversity of Alaska
ANCSA Corporation
Private/Local Government
USFS Documented Landslides (point)
USFS Documented Landslides (polygon)
Analysis Road
Other Forest Roads
50% - 67% Slope
67%+ Slope
Areas with public roads that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting
Areas with public roads and residential or commercial buildings that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting
Land Status - Assembled from data provided by the Tongass National Forest and the Alaska Dept of Natural Resources (2007). Additional land management information was drawn from the USGS Protected Area Database for Alaska (2006).
Roads - Assembled from the Alaska Division of Forestry Southeast Area and Tongass National Forest Roads Inventories. Roads selected for exposure to public safety were those with a TNF Management Objective of 3 (suitable for passanger cars) or higher, with additional roads identified by the Landslides ST&C.
Slopes - Calculated using the 20 meter Digital Elevation Model developed by NASA Shuttle Radar Topography Mission (SRTM), 2000.
City of Klawock
City of Craig
Conv. ca.1990; 2nd growth
Conv. ca.1985; 2nd growth
Conv. Ca. 1980; upper slopes heli ca. 1990; 2nd growth
Klawock
Craig
Hollis
Wadleigh I.
Klawock Inlet
Klawock Lake
Alberto Bay
Fish Egg I.
Balandra I.
Port Saint Nicholas
Saint Nicholas Lake
Culebrina I.
Doyle Bay
Trocadero Bay
Big Bay
Port Estrella
Ulloa Channel
Ridge I.
Ulloa I.
Meares I.
Shelikof I.
Soda Bay
0
2
4
8 Miles

SCOPING MAP
Public Safety & Landslide Hazards
Coffman Cove Area

Land Manager

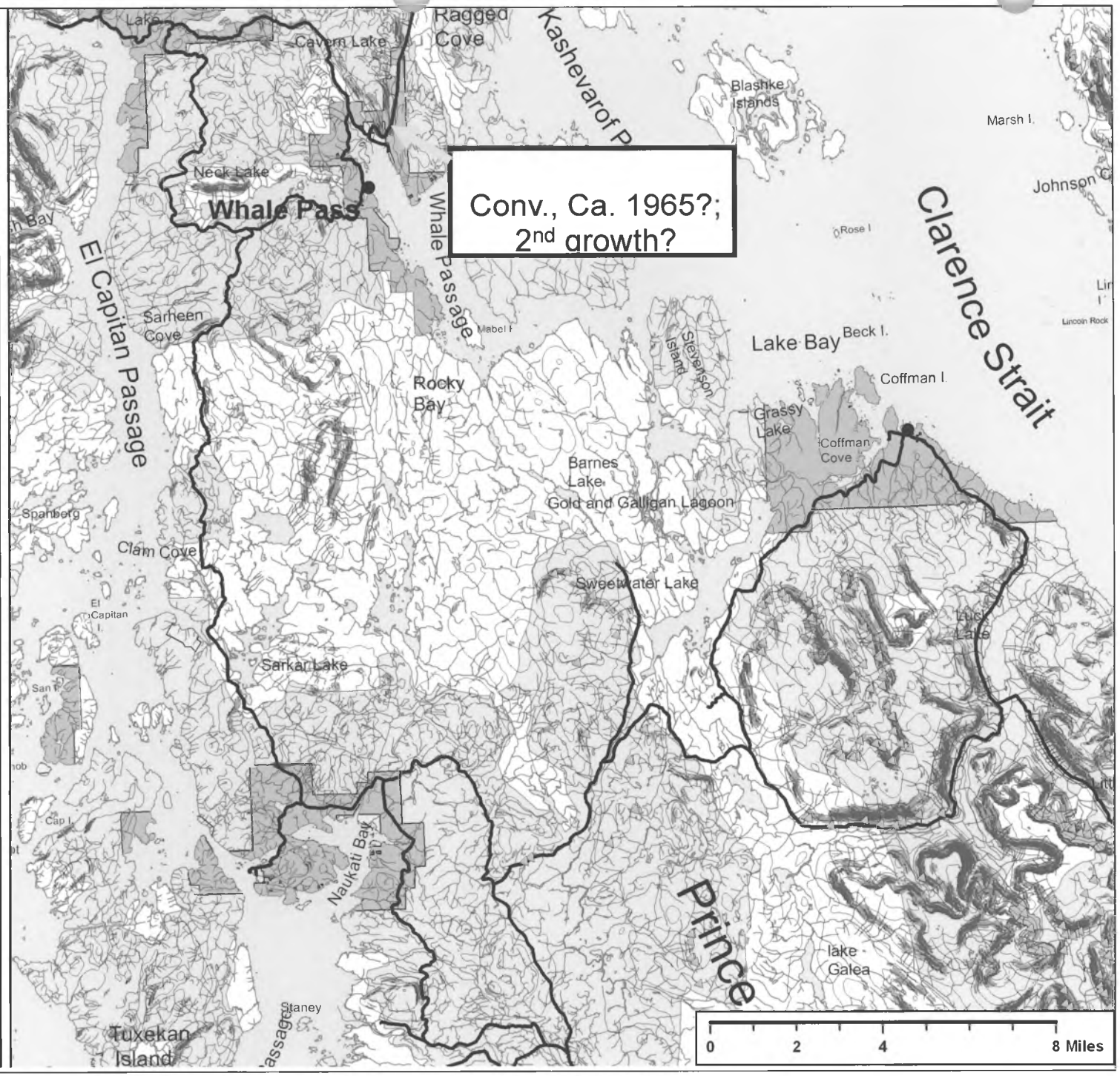
- USFS
- USFS - Natural Land Cover
- State of Alaska
- Mental Health Lands Trust
- Unversity of Alaska
- ANCSA Corporation
- Private/Local Government

- USFS Documented Landslides (polygon)
- USFS Documented Landslides (point)
- Analysis Road
- Other Forest Roads
- 50% - 67% Slope
- 67%+ Slope
- Areas with public roads that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting
- Areas with public roads and residential or commercial buildings that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting

Land Status - Assembled from data provided by the Tongass National Forest and the Alaska Dept of Natural Resources (2007). Additional land management information was drawn from the USGS Protected Area Database for Alaska (2006).

Roads - Assembled from the Alaska Division of Forestry Southeast Area and Tongass National Forest Roads Inventories. Roads selected for exposure to public safety were those with a TNF Management Objective of 3 (suitable for passanger cars) or higher, with additional roads identified by the Landslides ST&C.

Slopes - Calculated using the 20 meter Digital Elevation Model developed by NASA Shuttle Radar Topography Mission (SRTM). 2000.



SCOPING MAP
Public Safety & Landslide Hazards Hollis Area

Land Manager

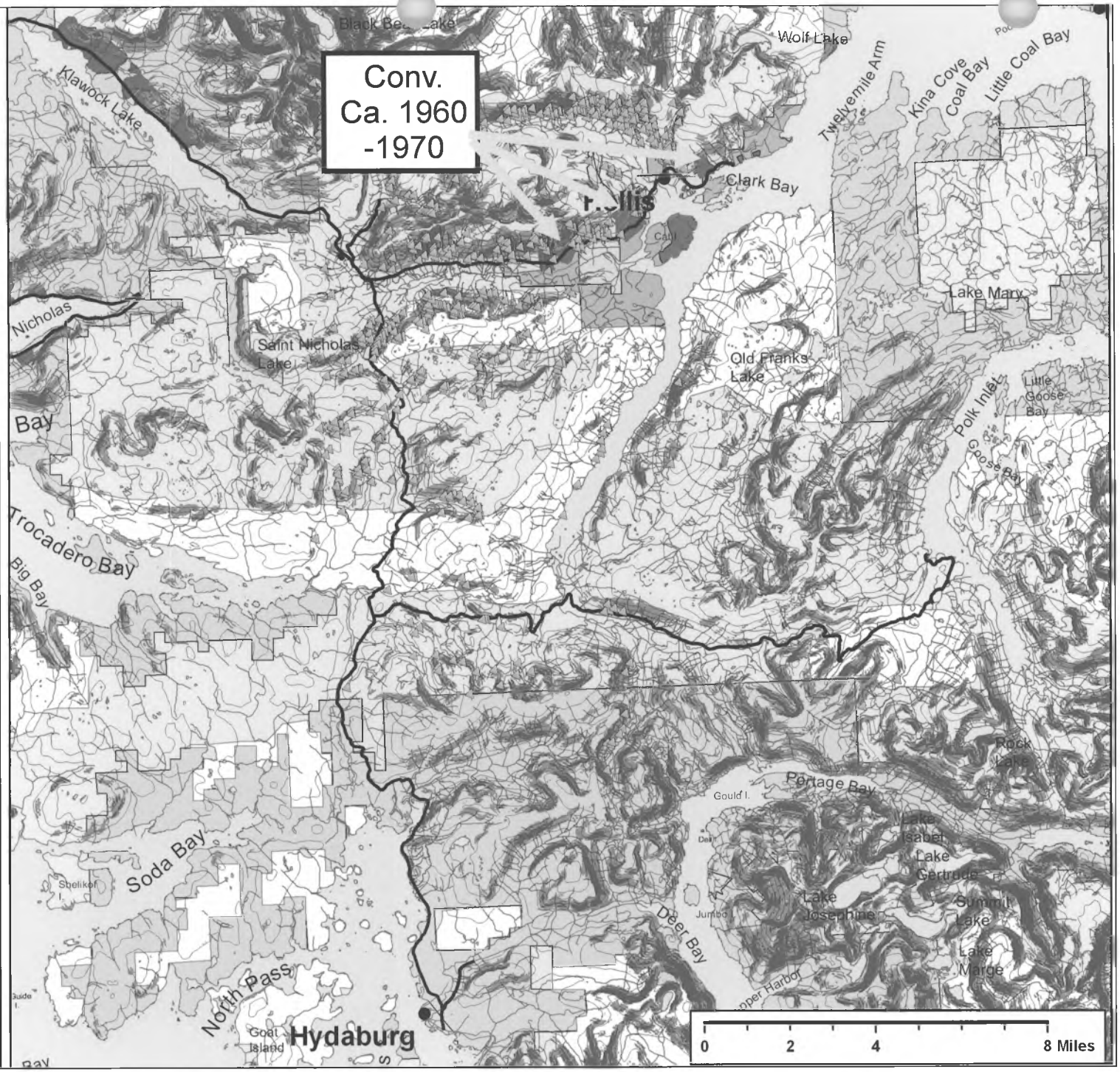
- USFS
- USFS - Natural Land Cover
- State of Alaska
- Mental Health Lands Trust
- Unversity of Alaska
- ANCSA Corporation
- Private/Local Government

- USFS Documented Landslides (point)
- USFS Documented Landslides (polygon)
- Analysis Road
- Other Forest Roads
- 50% - 67% Slope
- 67%+ Slope
- Areas with public roads that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting
- Areas with public roads and residential or commercial buildings that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting

Land Status - Assembled from data provided by the Tongass National Forest and the Alaska Dept of Natural Resources (2007). Additional land management information was drawn from the USGS Protected Area Database for Alaska (2006).

Roads - Assembled from the Alaska Division of Forestry Southeast Area and Tongass National Forest Roads Inventories. Roads selected for exposure to public safety were those with a TNF Management Objective of 3 (suitable for passanger cars) or higher, with additional roads identified by the Landslides ST&C.

Slopes - Calculated using the 20 meter Digital Elevation Model developed by NASA Shuttle Radar Topography Mission (SRTM), 2000.



SCOPING MAP
Public Safety & Landslide Hazards Ketchikan Area

Land Manager

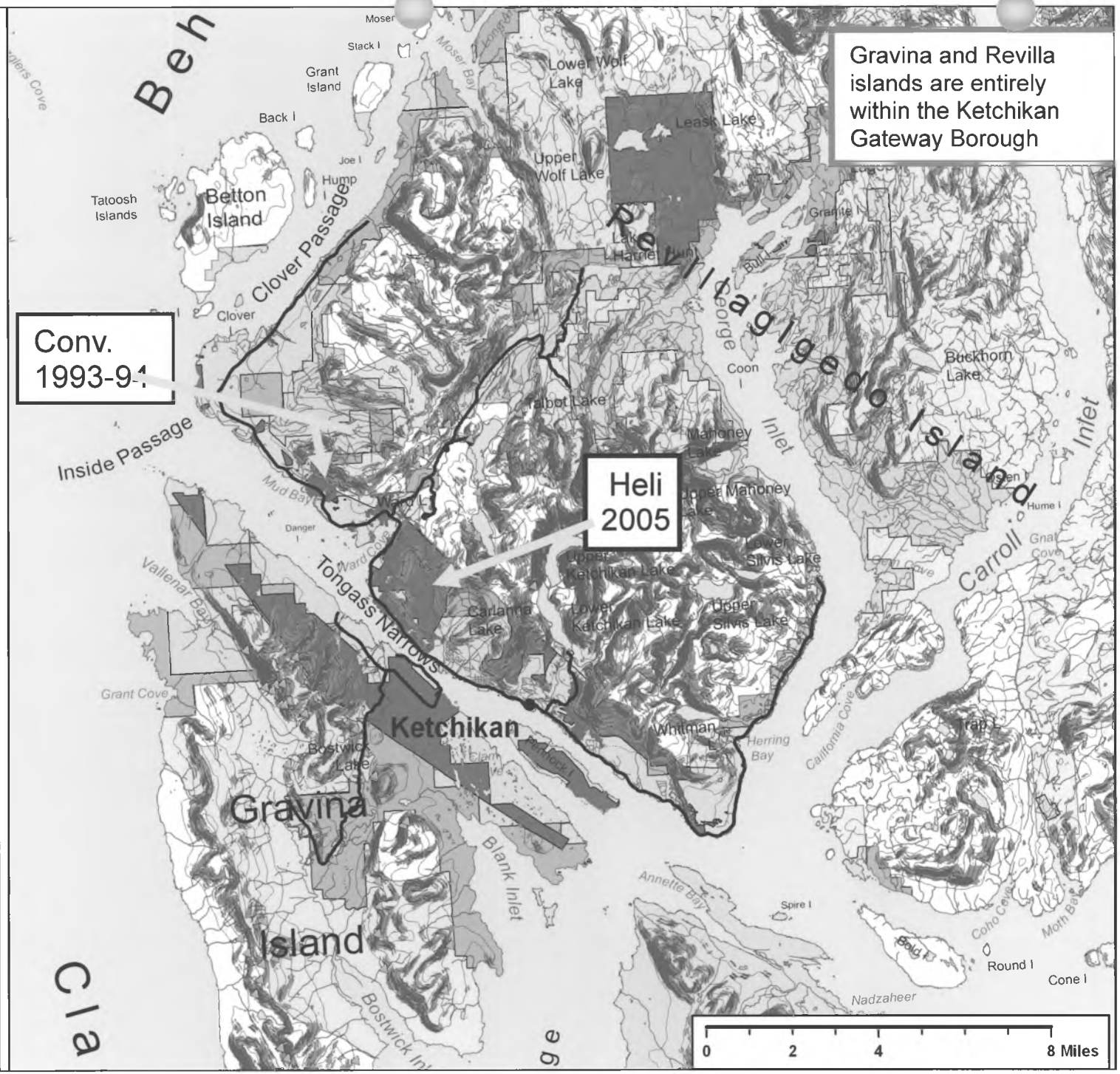
- USFS
- USFS - Natural Land Cover
- State of Alaska
- Mental Health Lands Trust
- Unversity of Alaska
- ANCSA Corporation
- Private/Local Government

- USFS Documented Landslides (point)
- USFS Documented Landslides (polygon)
- Analysis Road
- Other Forest Roads
- 50% - 67% Slope
- 67%+ Slope
- Areas with public roads that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting
- Areas with public roads and residential or commercial buildings that are within a ½-mile downhill from slopes >50% that have forests that are open to commercial harvesting

Land Status - Assembled from data provided by the Tongass National Forest and the Alaska Dept of Natural Resources (2007). Additional land management information was drawn from the USGS Protected Area Database for Alaska (2006).

Roads - Assembled from the Alaska Division of Forestry Southeast Area and Tongass National Forest Roads Inventories. Roads selected for exposure to public safety were those with a TNF Management Objective of 3 (suitable for passanger cars) or higher, with additional roads identified by the Landslides ST&C.

Slopes - Calculated using the 20 meter Digital Elevation Model developed by NASA Shuttle Radar Topography Mission (SRTM), 2000.



White Paper on Landslides, Public Safety, and the Alaska Forest Resources & Practices Act (FRPA) for Discussion at the July 2008 Board of Forestry meeting
June 18, 2008

Background. The Mitkof Highway Homeowners Association (MHHA) requested that the FRPA be amended to address public safety hazards associated with slope failures. MHHA specifically requested the following addition to the FRPA:

> *"Activities that increase susceptibility to slope failures (such as logging) should be prohibited or restricted if slope failures pose a danger to life or property. Critical facilities, homes, and other buildings for human occupancy should not be located in areas susceptible to major slope failure.*

The FRPA currently requires that adverse impacts of mass wasting be prevented or minimized, but its authority is limited to impacts on water quality and fish habitat. Forest practices acts in some states add public safety to the considerations for addressing mass wasting.

The MHHA concerns were initially based on proposed forest operations on Mitkof Island above the Mitkof Highway. Similar situations may exist in some other areas, but are limited to areas with a combination of commercial timber, steep topography, unstable soils, land ownership where logging may occur, and human occupancy. The occurrence of high-risk sites may increase as residential areas expand near past and current logging sites. Mass wasting risks associated with activities other than commercial timber harvesting are outside the authority of FRPA (e.g., utility lines, non-timber road construction, or other land clearing activities).

Current FRPA standards and best management practices (BMPs) regarding mass wasting. The Forest Resources & Practices Act and regulations include the following standards and BMPs.

- On state, municipal, and private land, significant adverse effects of mass wasting on water quality and fish habitat shall be prevented or minimized (AS41.17.060(b)(5)).
- Include information on known unstable or slide-prone slopes, and site-specific erosion prevention measures in Detailed Plans of Operation (11AAC95.220(a)(9))
- A Change of Operations notification needs to be submitted for changes to proposed operations on unstable slopes (11AAC95.230(a)(1))
- In Region I, slope stability standards apply along anadromous waters and their tributaries. In these areas, operators must
    - Avoid constructing a road that will undercut the toe of a slope that has a high risk of slope failure;
    - Leave low-value timber where prudent along the riparian areas of tributaries to anadromous streams;
    - Use full or partial suspension yarding;
    - Fall timber away from streams in V-notches; and

drainage, precipitation, and potential impacts. (Tongass Forest Plan, Jan. 2008, p. 4-65)

- Oregon State forest practices regulations include:
  - A screening process for identifying areas with high landslide hazards and exposed populations (OAR 629-623-0100) and categories for degrees of landslide potential and potential risk to public safety (OAR 629-623-0200 and -0300)
  - Guidelines for operations in different risk categories. In the areas with the highest slide potential and greatest public safety risk,
    - harvesting is not allowed unless "a geotechnical report demonstrates to the State Forester that any landslides that might occur will not be directly related to forest practices because of very deep soil or other site-specific conditions.
    - Operators must leave trees adjacent to high landslide hazard locations to reduce the likelihood of trees retained in these locations blowing down.
    - New road construction is prohibited. Road reconstruction is allowed if it will reduce landslide hazard. (OAR 629-623-0400)
  - Less restrictive requirements in areas with intermediate risks (OAR 629-623-0500 and -0550)
  - Along debris torrent-prone streams, a requirement to fell and yard in ways to minimize slash and other debris accumulation where there is substantial or intermediate public safety risk, remove slash from channels, and leave large standing trees along depositional reaches. (OAR 629-623-0600)
  - A requirement that operators submit a written plan for all timber harvesting or road construction in areas with intermediate or substantial public safety risk. (OAR-629-623-0700)

- Washington State has a State Environmental Policy Act (SEPA). SEPA gives state agencies the ability to condition or deny a proposal due to identified likely significant adverse impacts.
  - In areas with potentially unstable slopes or landforms, determination of whether a state environmental impact statement (SEIS) is required is based in part on "the likelihood of delivery of sediment or debris to any public resources, or in a manner that would threaten public safety" (WAC 222-10-030), and on whether the proposed harvest is consistent with an approved watershed analysis (WAC 222-16-050)
  - Specific mitigation measures must be designed to avoid accelerating rates and magnitudes of mass wasting that could threaten public safety. (WAC 222-10-030).
  - Definitions of potentially unstable slopes or landforms are provided. (WAC 222-16-050)
  - Guidelines for evaluating potentially unstable slopes and landforms are included. (2004 Board Manual).

Recommendations for Board discussion. The Division of Forestry recommends that the Board of Forestry convene a science and technical committee group to review the current mass wasting standards, and if appropriate, draft language for presentation to the Board of Forestry. The committee should consider the following items:

- Including public safety in the factors to consider for preventing or minimizing adverse impacts of mass wasting. This would require a statutory change.
- Defining the following terms and providing guidance for determining where these conditions exist:
    - "unstable or slide-prone slope",
    - "slope that has a high risk of slope failure"
    - "fill material prone to mass wasting".

  This would require a regulatory change.
- Providing guidance for determining where a public safety risk exists, e.g., combination of unstable slopes and human occupancy/use in potential slide path. This would require a regulatory change.
- Developing additional BMP(s) for harvesting and yarding methods in unstable or slide-prone areas. This would be a regulatory change.

DOF does not recommend adding language on location of structures to FRPA – FRPA applies only to commercial forestry operations.

A Science & Technical Committee would need to include representatives with expertise in the following areas and representatives of the state resource agencies responsible for implementing FRPA.

- Hydrology
- Geology
- Soil science
- Forest management
- Logging engineering
- Fish biology
- DNR Division of Forestry
- DEC Division of Water
- ADF&G Habitat Division

Recommendations from the Science & Technical Committee would be forwarded to the Board and, if appropriate, to an Implementation Group with representatives from state resource agencies, forest landowners, local governments, homeowners, and other affected interests.

White Paper on Landslides, Public Safety, and the Alaska Forest Resources & Practices Act (FRPA)

Updated January , 2010

In response to a request from the Board of Forestry, this document summarizes the history of the forest landslide and public safety issue in Alaska, the results of the geographic scoping process, existing FRPA standards regarding mass wasting, and approaches used in other west coast states, British Columbia, and the Tongass National Forest.

I. Background

In October, 2007, the Mitkof Highway Homeowners Association (MHHA) requested that the FRPA be amended to address public safety hazards associated with slope failures. MHHA specifically requested the following addition to the FRPA:

> *"Activities that increase susceptibility to slope failures (such as logging) should be prohibited or restricted if slope failures pose a danger to life or property. Critical facilities, homes, and other buildings for human occupancy should not be located in areas susceptible to major slope failure.*

The FRPA currently requires that adverse impacts of mass wasting be prevented or minimized, but its authority is limited to impacts on water quality and fish habitat. Forest practices acts in some states have added public safety to the considerations for addressing mass wasting.

II. Scoping model and results

The MHHA concerns were initially based on proposed forest operations on Mitkof Island above the Mitkof Highway. The Board of Forestry asked for an assessment of the geographical extent of this issue.

The Landslide Science & Technical Committee developed a model and scoping maps to identify areas where risks may occur based on topography, forest cover, land management, and proximity to public roads and areas with residential or commercial buildings.

- The scoping maps are tools for assessing the general scope of landslide hazards and public safety risks associated with commercial timber harvesting subject to FRPA[1]. They do not replace the need for site-specific analysis and design of timber sales and access roads.
- The scoping model is a first approximation based on available data of the geographic extent of potential landslide hazards in areas open to commercial timber harvest operations subject to FRPA where there is public use, in the portion of coastal Alaska from Cordova south.

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[1] Mass wasting risks associated with activities other than commercial timber harvesting (e.g., utility lines, non-timber road construction, or other land clearing activities) are outside the authority of FRPA and are not addressed by the scoping model.

- Fall timber away from streams in V-notches; and
- Avoid sidecasting soil. (11 AAC 95.280)

- Avoid locating forest roads on slopes >67%, on unstable slopes, or in slide-prone areas. If avoidance is not feasible, site-specific measures must be approved by DOF and must
  - Balance cuts and fills, but not use fill that is unstable, fine-textured, or prone to mass wasting;
  - Minimize cuts in fine-textured soils;
  - Not bury log chunks, organic debris, or slash in the load-bearing portion of a road fill; and
  - Not excavate or blast during saturated soil conditions if mass wasting is likely to result and degrade water quality. (11AAC95.290(a), (b))
- Use end-hauling and full-bench construction if mass wasting is likely to occur and cause degradation of water quality. (11AAC95.290(d))
- Fell trees away from surface waters and standing waters, if not feasible remove tree and debris from surface waters (11AAC95.290(e), 11 AAC 95.355)
- Stabilize the slide path and exposed soils where mass wasting is caused by forest operations. (11AAC95.330)
- For a landing on a slope >67%, an unstable slope, or in a slide-prone area, keep fill material free of stumps and excessive slash, and compact fill to prevent mass wasting. A helicopter drop zone is considered a landing. (11AAC95.345(b)(4) and (d))
- Where feasible avoid crossing deep gullies where fine textured soils such as clay or ash soils exist (11 AAC 95.285(a)(9)
- Maintain bank integrity and prevent felled timber from entering surface waters (11 AAC 95.350).
- Design operation so yarding can be done in compliance with FRPA (11 AAC 95.340)
- Yarding up, down or across a V-notch channel must be accomplished in a manner that does not create significant erosion (11 AAC 95.360)
- Where downhill yarding is used, need to lift leading end and minimize downhill movement of slash and soils (11 AAC 95.360(c))
- Landowner shall reforest harvested land to the fullest extent practicable (11 AAC 95.375)
- "Mass wasting" is defined as the slow to rapid downslope movement of significant masses of earth material of varying water content, primarily under the force of gravity (11 AAC 95.900(44))

C. "Gaps" in FRPA standards for landslides

Statutory

- FRPA does not include public safety in the factors to consider for preventing or minimizing adverse impacts of mass wasting. This would require a statutory change.

Regulatory

Note: The following gaps exist currently and apply to prevention of impacts to fish habitat and water quality, as well as public safety.

- FRPA does not define the following terms nor does it provide guidance for determining where these conditions exist. Definitions would require a regulatory change.
    - "unstable or slide-prone slope",
    - "slope that has a high risk of slope failure"
    - "fill material prone to mass wasting".
- FRPA does not have BMPs for specific harvesting and yarding methods in unstable or slide-prone areas. This would be a regulatory change.
- FRPA does not have BMPs for helicopter operations or partial harvesting other than those noted above.

IV. Overview of other west coast forest practices standards regarding mass wasting

A. Tongass National Forest

Tongass National Forest standards and guidelines require

- the same standards as FRPA for slopes >67% (see 11 AAC 95.290(a) above;
- evaluation of potential mass wasting effects
- case-by-case review and approval of harvesting on slopes ≥72% based on an on-site analysis of slope and Class IV channel stability and potential impacts of accelerated erosion on fish habitat, other water uses, and other resources. The analysis should assess steepness, channel dissection, parent material, soil drainage, precipitation, and potential impacts. (Tongass Forest Plan, Jan. 2008, p. 4-65)

B. State of Oregon

Oregon forest practices regulations include:

- A screening process for identifying areas with high landslide hazards and exposed populations (OAR 629-623-0100) and categories for degrees of landslide potential and potential risk to public safety (OAR 629-623-0200 and -0300)
- Guidelines for operations in different risk categories. In the areas with the highest slide potential and greatest public safety risk,
    - harvesting is not allowed unless "a geotechnical report demonstrates to the State Forester that any landslides that might occur will not be directly related to forest practices because of very deep soil or other site-specific conditions.
    - Operators must leave trees adjacent to high landslide hazard locations to reduce the likelihood of trees retained in these locations blowing down.
    - New road construction is prohibited. Road reconstruction is allowed if it will reduce landslide hazard. (OAR 629-623-0400)

C. State of Washington

Washington has a State Environmental Policy Act (SEPA). SEPA gives state agencies the ability to condition or deny a proposal due to identified likely significant adverse impacts.

- In areas with potentially unstable slopes or landforms, determination of whether a state environmental impact statement (SEIS) is required is based in part on "the likelihood of delivery of sediment or debris to any public resources, or in a manner that would threaten public safety" (WAC 222-10-030), and on whether the proposed harvest is consistent with an approved watershed analysis (WAC 222-16-050)
- Specific mitigation measures must be designed to avoid accelerating rates and magnitudes of mass wasting that could threaten public safety. (WAC 222-10-030).
- Definitions of potentially unstable slopes or landforms are provided. (WAC 222-16-050)
- Guidelines for evaluating potentially unstable slopes and landforms are included. (2004 Board Manual).

D. State of California

In California, a Timber Harvest Plan (THP) must be approved by the Dept. of Forestry and Fire Protection prior to harvest of live trees.

- A THP must include identify unstable areas and avoid or mitigate hazards in such areas.
- THPs must include estimated erosion hazard ratings by areas down to 20 acres, and down to 10 acres for areas with high/extreme hazard ratings.
- A Road Management Plan submitted as part of a THP must identify issues regarding public safety that could be affected by road management activities.
- The state review team for a THP includes an engineering geologist who reviews the plan with respect to slope stability, and inspects sites if necessary. One purpose of site inspections is to look for public safety hazards. The geologist can recommend additional measures to reduce hazards to public safety.

The California Forest Practices Act (2009) doesn't directly address public safety, but actions under the FPA must be consistent with the California Environmental Quality Act, which does include public safety.

THPs are subject to interagency review and public hearings. THPs may not be approved until 35 days after filing unless the Director finds there will be no significant environmental damage or threat to public safety with a shorter approval period. The Board of Forestry will grant a hearing on an appeal of a THP from the Dept. of Fish & Game or State Water Resources Control Board if there are substantial issues with respect to the environment or public safety involving threats to the lives, health, or property of state residents.

Use of heavy equipment for tractor operations is

- Prohibited on
    - slopes >65%
    - slopes >50% with a high or extreme erosion hazard rating

    - slopes >50% w/o flattening before reaching a watercourse or lake
- Limited to existing tractor roads that don't require reconstruction or THP-approved new tractor roads on slopes 50-65% with moderate erosion hazard rating
- Exceptions may be proposed in a THP with site-specific justification.

Mechanical timber harvesting (not including cable or helicopter yarding) shall not be conducted during a winter period (Nov. 15-April 1 in most areas) unless a winter period operating plan is incorporated in the THP and is followed, unless a Registered Professional Forester specifies the following winter operation measures in the THP:

- Tractor operations will be conducted only during dry, rainless periods where soils are not saturated,
- Erosion control structures are installed on all constructed skid trails and tractor roads prior to the end of the day if the U.S. Weather Service forecast is a "chance" (30% or more) of rain before the next day, and prior to weekend or other shutdown periods, and
- Site specific mitigation measures for erosion are established in riparian areas and unstable areas during THP preparation and review.

Decommissioned roads are inspected following the first bank-full storm event to ensure treatments are functioning to restore hillslope stability.

Sensitive watersheds may be identified for additional planning and protection measures. Designation as a sensitive watershed is based in part on risks to public safety.

E. Province of British Columbia

British Columbia's Forest and Range Practices Act covers tenuring (general licensing) for forest operations and permitting for individual harvest areas. Under the forest planning and practices regulations, a person carrying out a "primary forest activity" must ensure that the activity does not cause a landslide that adversely affects

- Soils
- visual quality
- timber
- forage
- water
- fish
- wildlife
- biodiversity
- recreation
- resource features
- cultural heritage resources

Primary forest activities are timber harvesting, silvicultural treatments, and road construction, maintenance, and deactivation.

The Minister of Forests and Range also has the power to intervene on any activity that is likely to have a catastrophic impact on public safety. The minister can stop the activity and require a remedy or mitigation.

Forest Resources & Practices Act
Landslide Science & Technical Committee (S&TC)
Minutes -- Meeting #2 - April 1, 2009 Juneau

Attendees: Greg Staunton, Pat Palkovic, Jim Baichtal, Kevin Hanley, Kyle Moselle, Dennis Landwehr, Adelaide (Di) Johnson, Marty Freeman. Ralph Swedell was absent.

Agenda. No changes

February 10 Minutes. Minor changes were made to consensus point C1, as follows.

C1. The scoping model and associated maps are tools for assessing the general scope of landslide hazards and public safety risks associated with forest operations. They do not replace the need for site-specific analysis and design of timber sales and access roads.

[Note – edits were also made to Consensus Point C2 during subsequent discussions. See amended version on page 5.]

Public and Board input. Freeman handed out an excerpt from the draft minutes of the March 18-19 Board of Forestry meeting covering the briefing on the S&TC work to date, and Board discussion. In general, the Board was pleased with the progress made on scoping. The Board also clarified that the intent is to address issues of public safety risks to people rather than to infrastructure such as utility lines or roads.

Freeman also handed out a copy of a March 23, 2009 letter from Ed Wood of the Mitkof Highway Homeowners Association and attachments. The attachments include

- an affidavit from Robert Peterson about the location of Taain Creek,
- the 2006 Detailed Plan of Operations (DPO) for a timber harvest on Mental Health Trust land above the Mitkof Highway,
- a transmittal memo from the Division of Forestry to the Habitat Division accompanying the DPO
- a memo from the Department of Environmental Conservation to the Division of Forestry with comments on the DPO
- a letter from the California Board for Geologists and Geophysicists issuing a citation and fine to Craig Erdman
- Douglas Swanston's critique of the slope stability assessment by Craig Erdman
- Excerpts from the US Geological Survey Geologic Map of Southeastern Alaska Dept of Natural Resources
- Photos and a Geographic Information System (GIS) analysis of the 2004 Boulder Point landslide
- A map of land ownership and proposed timber harvest units along the Mitkof Highway.

Palkovic said that the statement attributed to her in footnote 21 of the letter is misleading. She clarified that landowners and operators have to comply with all relevant laws, and with forest practices requirements in the agency review comments on the FRPA Detailed Plan of

Operations. However, the agencies' do not have any existing authority over public safety issues under FRPA.

Freeman also reported that she received a call from a representative of Shaan-Seet asking that the S&TC include an assessment of the Craig and Port St. Nicholas area in the scoping process.

Scoping map update. Freeman reported that a second version of the landslide hazard maps has been completed for most of the study area. Revised maps for the Cordova, Haines, Hoonah, an Sitka areas are still in progress. Freeman summarized the changes to the draft scoping maps made following the recommendations from the first S&TC meeting. Hans Buchholdt is the GIS specialist for the Division of Forestry who is doing this work.

Major changes:

- Incorporating a 20-meter resolution digital elevation model (DEM). This DEM has better control than the prior USGS version.
- Adding a second slope category to cover 50-66% slopes in the potential initiation zone
- Showing the hazard area as a polygon downslope of potential initiation zones. The hazard area continues downslope until the ground levels and turns up, the flow path hits a 90-degree angle, or the flowpath hits water. Hazard polygons also stop at the boundary of a land-use category not open to harvesting because they are low public use areas.
- Road coverage was changed to include all roads monitored for public traffic by ADOT&PF, and US Forest Service (USFS) roads in Objective Maintenance Levels 3, 4, and 5 – these are roads maintained in a condition drivable by cars. (See handout for a description of maintenance levels.)
- Incorporating site-specific changes recommended by the S&TC at the February 10 meeting.

Discussion of runout zones. Landwehr and Johnson provided data (see handouts) on field measurements of landslides.

Landwehr's data are based on 162 slides, of which 108 were associated with timber harvest and road construction prior, and 54 were storm event slides. The average initiation angle for all slides was 70%, but initiation angles ranged from 22 to 170%. Storm event slides averaged 469 feet long, about 21% longer than slides from roads, rock pits, and harvest areas (ave. = 369 feet). Only three slides exceeded 2,000 feet, and one of these was more than a half-mile long. Landslides caused by road construction generally initiated on gentler slopes than slides associated with timber harvesting. Landwehr reported that there is no direct correlation between the initiation angle and either the acreage or length of the slide.

He also analyzed initiation angles from 115 landslides on POW. This group of slides did not include 60 landslides related to initial road construction. A 50% and steeper initiation angle would include 93% of the 115 landslides. The 67% and steeper initiation angles would include 66% of the slides and the 72% and steeper initiation angle would include 49% of the landslides. Landwehr noted that because we do not harvest a lot of timber on slopes over 72% and even less on steeper slopes, the upper end of the data set will always be lacking. Most productive timber growth – and therefore harvesting -- occurs between 30% and 90% gradients, so slides associated with timber harvest also occur primarily in that slope range.

Johnson described Johnson et al. (2000)[1] data compiled from a random sample of 45 landslides which include a mix of slides in old-growth, second-growth, and clearcuts. All the slides were associated with storm events. Initiation angles ranged from 44-96%, with a mean of 63%. More than half of the slides started on slopes ≤62%. She emphasized that the S&TC shouldn't just look at slopes greater than 62% for determination of landslide hazard areas. She recommended looking at gradients of 45% and up – that would include ≥95% of slides.

Four of the 45 slides (9%) traveled more than a half-mile. They ranged from 0.02 to 1.01 miles long. Johnson said that runout length is dictated by slope and junction angles of channels the slide travels into more than distance alone. She brought a copy of a 1990 paper by Lee Benda and Terrance Cundy[2]. Their model uses a 6% gradient for deposition slopes. Johnson et al., (2000) found that deposition slopes ranged from 4% to 33%, with a mean of 17%. Landslides in old-growth typically deposit on steeper slopes – they back up behind standing trees, downed trees and debris. Runout length of debris flows depends on whether a slide enters a creek, especially a 3rd order or larger channel – in these conditions, slides travel farther.

Landwehr noted that there are differences between the slides in his report and Johnson's. His study included slides associated with recent harvests and road construction – not all were from storm events. Johnson's study included a mix of cover types, but all were during a storm event. Some slides were included in both analyses. Slides in recent harvest areas are smaller on average than those in second-growth or old-growth. For the harvest area slides, 90% initiated on slopes >52%. Storm-event slides are typically bigger. Slides from road construction are generally smaller and are not a public safety hazard because they occur at a known point in time (during construction). Johnson noted that slides that start in old-growth areas may have longer runouts if they travel downslope into a clearcut, as the deposition slope of a landslide in a clearcut is generally lower..

These two analyses did not separate slides that were channelized vs. non-channel flow. All of the channel flow slides are in HC (high-gradient contained) channels, usually in TLMP Class 3 or some Class 4 channels. Class 4 channels won't increase flow much. Class 3 streams are larger – ≤5 feet wide and incised 15 feet or more. [3]

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[1] Johnson, A.C., Swanston, D., and McGee, K., Landslide initiation, runout and deposition within clearcuts and old-growth forests of Alaska, Journal of the American Water Association, 36(1): 17-30.

[2] Benda, L.E., and T. W. Cundy. 1990. Predicting deposition of debris flows in mountain channels. Canadian Geotechnical Journal. Volume 27, Number 4. pp 409-417.

[3] Class III and IV streams are defined in TLMP as follows.

Class III: Perennial and intermittent streams with no fish populations but which have sufficient flow, or transport sufficient sediment and debris, to have an immediate influence on downstream water quality or fish habitat capability. For streams less than 30% gradient, special care is needed to determine if resident fish are present. A stream segment is designated Class III if the following conditions are met **for the majority of its length:** Bankfull stream width greater than 1.5 meters (5 feet) **and** channel incision (or entrenchment) greater than 5 meters (15 feet). Streams that do not meet both the width and incision criteria may be classified as Class III streams based on a professional interpretation of stream characteristics for the stream segment being assessed. The following characteristics **could** indicate a Class III stream:

a. Steep side-slopes containing mobile fine sediments, sand deposits, or deep soils that can provide an abundant source area for sedimentation.

b. Very steep gradient channels (greater than 35 percent slope).

Minutes
FRPA Phase 2 Landslide Science & Technical Committee (S&TC)
Meeting #3 – November 23, 2010
Web meeting – Juneau, Ketchikan, Thorne Bay

S&TC Attendees:

Ketchikan: Bert Burkhart, Dennis Landwehr, and Pat Palkovic
Juneau: Marty Freeman, Kevin Hanley, Adelaide (Di) Johnson, and Kyle Moselle
Thorne Bay: Jim Baichtal and Greg Staunton
There were no visitors.

Minutes. The minutes from the November 1 were adopted incorporating minor changes.

Bibliography. Moselle reviewed literature relevant to landslide effects on fish habitat. The following papers are already included in the Landslide S&TC bibliography:

- Gomi, T., R.C. Sidle, and D.N. Swanston. 2004. Hydrogeomorphic linkages of sediment transport in headwater streams, Maybeso Experimental Forest, southeast Alaska. Hydrological Processes. 18: 667-683.

- Gomi, T., R.C. Sidle, M.D. Bryant, and R.D. Woodsmith. 2001. The characteristics of woody debris and sediment distribution in headwater streams, southeastern Alaska. Canadian Journal of Forest Research. 31: 1386-1399.

- Gomi, T., R.C. Sidle, R.D. Woodsmith, and M.D. Bryant. 2003. Characteristics of channel steps and reach morphology in headwater streams, southeast Alaska. Geomorphology. 51: 225-242.

- Johnson, A.C., D.N. Swanston, and K.E. McGee. 2000. Landslide initiation, runout, and deposition within clearcuts and old-growth forests of Alaska. Journal of the American Water Resources Association. 36: 17-30.

- Cederholm, C.J., and L.M. Reid. 1987. Impact of forest management on coho salmon (*Oncorhynchus kisutch*) populations of the Clearwater River, Washington: A project summary. In: Streamside Management: Forestry and Fishery Interactions. Proceedings of a symposium held at University of Washington, 12-14 February 1986, Seattle. E.O. Salo and T.W. Cundy, Editors. Institute of Forest Resources, Seattle, Washington, Contribution No. 57. Pages 373-398.

In addition, Moselle recommended including the following papers:

- For Miscellaneous Section: Bash, J. C. Berman, and S. Bolton. 2001. Effects of turbidity and suspended solids on salmonids. Univ. of Washington Center for Streamside Studies. Washington State Dept. of Transportation Technical Report WA-RD 526.1. 74 pp.

"Frequently dissected slopes"

At the last meeting, there was a discussion of whether we need a more specific definition of "frequently dissected slopes." Johnson reviewed the literature and talked with Doug Swanston on this issue. She said the "frequently" begs for a number definition, and suggested that it would be better to just say, "dissected slopes." In the literature, the references are often to both frequency and magnitude of dissections. For example, a deep gully with many feeder hollows may have a history of slides and chronic failures. Where there are many shallow incisions, lower magnitude slides often occur. We just need to note gullies and potential contributing areas from hollow and dissections. There is no good way to specify something like an area with "eight dissections per ½-mile is unstable."

Landwehr generally agreed. He noted that the guide by Chatwin et al., 1994[1] refers to "dissected" or "highly-dissected" slopes but doesn't provide any quantitative measure.

Johnson said that the indicator is incised slopes, whether or not flowing water is present. Burkhart observed that 80% of Southeast Alaska slopes would fit that category. Johnson agreed that it could be a huge area. She also noted that Swanston said that the 50% gradient suggested in the indicators should be lowered to 45% in protection of public safety is the goal. Moselle said that such a change could be the difference between a 90% and 95% confidence level, and didn't see the need to change it to a 45% gradient.

Baichtal asked how "frequently" is currently defined by the USFS. Landwehr said that the Alaska Region landform guide uses 10 dissections/mile, or an interfluve distance <500'. However, that standard was developed as a hydrologic indicator for mapping, not necessarily for assessing landslide potential. Landwehr suggested a distance of ≤200-250' or tree height between dissections for a definition of "frequently" for identifying unstable terrain. He added that the Chatwin, et al. 1994 guide has photographs of highly dissected slopes – we could use that as a reference.

Johnson said that Taain Creek on Mitkof Island has failed repeatedly due to multiple hollows, but the slope isn't highly dissected.

Hanley referred back to the suggestion that if you can't split-yard away from a dissection, it's an indicator of a highly dissected area. He prefers "highly dissected" to "frequently dissected."

Burkhart asked whether it is primarily roads or yarding that cause failures on dissected slopes. Landwehr answered that it can be either one, especially where there are deep till soils on a slope gradient >50%. On unstable terrain with helicopter yarding, the problem areas would be on steeper

[1] Chatwin, S. C., D. E. Howes, J. W. Schwab, and D. N. Swanston. 1994. A guide for management of landslide-prone terrain in the Pacific Northwest. 2nd ed. British Columbia Ministry of Forests and U.S. Forest Service. 218 pp.

Douglas N. Swanston, Ph.D., CPG

Dr. Swanston has more than 46 years experience in applications of engineering geology to land use planning and analysis and mitigation of the effects of geologic processes on urban and rural land use, a major portion of it gained in western Canada and coastal and interior Alaska. For 35 years (1962-1997), Dr. Swanston led a United States Forest Service engineering geology and slope stability research program. This program established goals, set priorities, and guided research on the influence of road construction, facilities development, and federal management practices on mass erosion and sediment transport in the Pacific Northwest and Alaska. From 1983 to 1988, Dr. Swanston served as a member of the Committee on Ground Failure Hazards Mitigation, National Academy of Sciences, National Research Council. This committee developed criteria and recommendations for identification, control, and correction of ground failure hazards (landslides and subsidence) in urban areas of the United States. From 1998 to 2002, Dr. Swanston was a partner in BRD Consultants, L.L.C. providing civil and geological engineering services and stability hazard analysis to central and southeast Alaska and the North Pacific Coast. He retired in 2003. Dr. Swanston has published more than 80 scientific articles in books and professional geology and engineering journals.

FINAL MINUTES
Board of Forestry Meeting
Tuesday-Wednesday, February 12-13, 2008
DNR Office Building, 3700 Airport Way, Fairbanks

Introduction

Call to Order and Roll Call. Chairman Maisch called the meeting to order at 8:42 a.m. Fairbanks and Juneau conference rooms were connected. Board members present were Rob Bosworth, Matthew Cronin, Jack DiMarchi, Erin McLarnon, Wayne Nicolls, Rick Rogers, and Nathan Soboleff for Ron Wolfe. Bill Oliver was absent. A quorum was present.

Public Meeting Notice. The meeting was noticed by issuing public service announcements and press releases, mailing announcements to interested parties, and posting a notice on the state and Department of Natural Resources (DNR) websites *(see handout)*. DOF has been investigating teleconferencing options. There are still two issues – first, using freeteleconference.com means that the cost for the state phone lines double because the service is not through the state's contract provider. Second, the Attorney General's Office has raised an issue over charging people to participate in a Board meeting. For this meeting, the call-in number is through the state system as in the past, and presenters are provided with access to the teleconference call-in number.

Approval of agenda. *(See handout)* The agenda was unanimously approved subject to possible changes due to Dave Albert being stuck in Juneau by weather.

Approval of Minutes. The Board reviewed and unanimously approved the October 9, 2007 minutes with one minor correction. *(see handout)*

Announcements.
- The Tongass Futures Roundtable winter meeting will be in Juneau on February 27-28 at the Mendenhall Visitors Center.
- The State Society of American Foresters meeting will be March 27-29 in Juneau, all are welcome, and the Governor is scheduled to be the banquet speaker.
- The Alaska Forest Association spring meeting is March 6-8 in Juneau.

Old Business

FY09 budgets.

DNR Forest Practices budget. Maisch described the proposed operating and capital (CIP) budgets for the Division of Forestry *(see handout)*. DNR has submitted an increment request for addition General Fund money to offset FY09 decreases in federal Section 319 money for Forest Resources & Practices Act (FRPA) implementation. This would move $85,000 of Division of Forestry (DOF) funding and $65,000 of Office of Habitat Management & Permitting (OHMP) funding from federal receipt authority to the state General Fund. Originally, FRPA implementation was funded solely by the state. When state funding decreased, federal 319 money helped support implementation, along with smaller inputs from other sources.

Nicolls commented that NASF is extremely important and influential for the US Forest Service. He noted that prior to Jeff Jahnke's tenure as State Forester, Alaska didn't participate much. Maisch concurred, and added that it's an organization that likes to get things done. It includes the state and territorial foresters. There are three subregions; Alaska is part of the Western Forestry Leadership Coalition.

Note: Ron Wolfe joined the meeting on-line; Nathan Soboleff stepped down. Ed Wood from the Mitkof Highway Homeowners Association also joined on-line, along with Dave Beebe from Petersburg.

FRPA standards re landslides and public safety. Marty Freeman summarized questions and discussion to date with respect to FRPA standards on mass wasting and public safety.

The Mitkof Highway Homeowners' Association (MHHA) raised concerns over risks to public safety from proposed timber harvesting on Mental Health land on Mitkof Island. The Mental Health Trust and its operator, Alcan Alaska Timber Corporation, submitted a DPO for operations. Based on review of the DPO and maps, and field inspection by DOF and OHMP, and subject to the agencies' comments, proposed operations would be consistent with the Act and regulations. No operations have occurred to date. Prior to operations, a renewal notice must be submitted, or if changes are proposed to the original DPO, a Change in Operations must be submitted. No renewal notice or Change in Operations has been received at this time.

MHHA has requested that the following statement be added to FRPA:

> *"Activities that increase susceptibility to slope failures (such as logging) should be prohibited or restricted if slope failures pose a danger to life or property. Critical facilities, homes, and other building for human occupancy should not be located in areas susceptible to major slope failures."*

Three questions were raised at the October 9 Board meeting.

1. Can consideration of public safety be included in reviews of compliance with the FRPA and regulations? No, per consultation with the Attorney General's Office, the existing act does not provide the authority to address public safety issues.

2. Can a consideration of public safety be added to the Act or regulations? Per consultation with the Attorney General's Office, adding standards for public safety would require a statutory change to the Forest Resources & Practices Act. Regulations on public safety could not be adopted without a change to the Act.

3. Do other authorities apply to public safety hazards from forestry operations? Yes – common law principles with respect to harm caused through negligence would apply. Also, local government with planning powers could adopt ordinances under Title 29 addressing public safety or use planning and zoning powers to address land use issues. Mental Health Trust operations would be subject to local ordinances.

Maisch added that the Division looked at the Oregon and Washington forest practices statutes. Both states added specific language on public safety in landslide hazard areas to their forest

practices acts in recent years. Options for Alaska include local government action through ordinances, or adding language on public safety in landslide hazard areas to FRPA. If a FRPA change is undertaken, Maisch recommended doing it through a science and technical committee process. Opening the Act isn't taken lightly; there's always a risk of other changes, but we have been able to prevent that in the past. A public safety amendment would be new ground.

Rogers said that this is an interesting issue. The Act now is not a permit program. It's hard to understand what the change would look like if the state were to decide whether a landowner could log a slope based on a risk assessment. It would make it more of a permit.

Freeman said that in Washington, a notification must be submitted that leads to a determination whether on not an environmental impact statement is needed under the State Environmental Policy Act. Oregon established a matrix of risk to public safety and likelihood of mass wasting. Associated standards include progressively more restrictive BMPs up to a prohibition on harvesting in the highest risk areas. Both state programs require a field visit by someone with expertise in landslide risk.

Rogers asked whether a change to FRPA would shift the burden of liability for risk from private landowners to the state. If so, would the state act in an ultra-conservative manner if it would be accountable if something goes wrong. That has big implications for the industry.

Cronin commented that this issue has been raised on Mental Health Trust land, but would apply to other lands, and could be extended to anything. This takes the forestry act and opens it to complaints about any impacts. The issue might be better left to the legal entities. Freeman noted that the Washington and Oregon considerations for public safety apply only to landslides, not to all forestry issues. Cronin concluded that he didn't feel qualified to comment because of the legal issues.

Bosworth asked about the status of the Mental Health logging proposal. Freeman said that their DPO had been approved, but no operations have occurred to date. The Mental Health Trust would have to submit a renewal notice or a Change of Operations before proceeding.

Wood reported that Mental Health Trust leaders were going to visit the Alaska Congressional delegation this month to determine whether there is sufficient support for a 20,000-acre exchange involving several parcels, not just the 2,600 acres on Mitkof. The proposal would address other places like Deer Mountain in Ketchikan. He said that Harry Noah, the Trust's executive director, said that if the exchange effort fails, they would revisit the timber option.

DiMarchi observed that this issue hasn't come up before because most of our logging is in remote areas. If it's unlikely to occur elsewhere, he doesn't think we want to reopen the bill to accommodate Mitkof, when they are also playing other cards.

Rogers commented that he doesn't want to get bogged down in the specifics of the Mitkof situation. However, it does illustrate the complexities. There are multiple professional opinions on the level of risk for this site. If DNR tries to assess risk, there is some subjectivity. The Board doesn't have specifics of what the landowner proposed. The Trust seems to be taking steps to mitigate the risk, and there is a difference of opinion on whether that goes far enough. Some risks are inherent whether or not harvesting occurs; human activities can exacerbate the

MINUTES
Board of Forestry Meeting
Wednesday-Thursday, March 17-18, 2010
Anchorage, Alaska

Wednesday, March 17

Call to Order and Roll Call. Chairman Maisch called the meeting to order at 8:35 a.m. Anchorage and Fairbanks teleconference rooms were connected. All board members were present: Rob Bosworth, Jeff Foley, Erin McLarnon, Matt Cronin, Wayne Nicolls, Mark Vinsel, Ron Wolfe, and Eric Nichols.

Public Meeting Notice. The meeting was noticed by issuing public service announcements and press releases, mailing announcements to interested parties, and posting a notice on the state and Department of Natural Resources (DNR) websites. *(See handout)*

Approval of agenda. *(See handout)* The agenda was unanimously approved with a change of the speaker on the state of the timber industry and on the Sustainable Forestry Initiative from Owen Graham to George Woodbury, and a date correction on the prior meeting's minutes.

Approval of Minutes. The Board reviewed and unanimously approved the October 7-8, 2010 minutes with minor grammatical corrections. *(See handout)*.

Announcements.

- Wolfe said that there is a hearing today in Washington D.C. on HR2099, the bill on the Sealaska land entitlement. Byron Mallott is the witness for Sealaska and testimony will be posted on the Sealaska website.
- Freeman reported that Society of American Foresters (SAF) policy is to grant continuing education credit for Board field trips, but not for meetings. SAF has evaluated the August BOF field trip at six Category 1 CFE credit hours. Thanks go to Jim LaBau from the Alaska SAF for help in getting credit approved.
- The joint Alaska Northern Forest Cooperative/SAF meeting will be held in Anchorage with a 2-day meeting and a 1-day field trip on April 29-May 1, 2010. DOF will send the agenda to the Board. The theme is on traditional and new views of forestry in Alaska. Andy Youngblood is completing a study on reforestation in the interior and may present it at the meeting. Wolfe asked that the Board's regards be sent to Youngblood.

Old Business I

Proposed FY11 operating and CIP budgets; FY12 FRPA budget needs. Kerry Howard, ADF&G Division of Habitat director reviewed the Habitat Division history *(see handouts)*. Habitat management statutes go back to the late 1950s. The Sport Fish, Commercial Fisheries, and Game Division had habitat responsibilities before a separate Habitat Division was created. Peak staffing for the division occurred in the late 1970s to early 80s. In 2003, the Governor moved the division to DNR as the Office of Habitat Management and Permitting. At that time, the division's staff was reduced by 18%, and its budget was decreased 11%. The Division was moved back to ADF&G in 2008, and now has 47 positions in three regional offices and three area offices. Habitat Division recently closed the Petersburg office, and moved its functions to the Juneau office.

DOF consulted with the Attorney General's office, who advised us that public safety could be added to one section of the FRPA, e.g., AS 41.17.060(B) (5) without requiring that public safety be considered under the Act's other provisions.

DOF also prepared four documents *(see handouts)*. The first is the revised text for the scoping map legend *(see handout)*. The second is an update of the *White Paper on Landslides, Public Safety, and FRPA*. The update includes a summary of the science and technical committee findings, an expanded section on other approaches to this issue that includes British Columbia and California, and a section on authorities for public safety.

- British Columbia – The B.C. forest practices act does not specifically address public safety and landslides, however, the Minister of Forests and Range has the power to intervene on any activity that is likely to have a catastrophic impact on public safety. The minister can stop the activity and require a remedy or mitigation.
- California -- The state review team for a timber harvest plan includes an engineering geologist who reviews the plan with respect to slope stability, and inspects sites if necessary. One purpose of site inspections is to look for public safety hazards, and if appropriate recommend additional measures to reduce hazards to public safety. The California Forest Practices Act doesn't directly address public safety, but actions under the Act must be consistent with the California Environmental Quality Act, which does include public safety. Timber Harvest Plans are also subject to interagency review and public hearings. In addition,
  - Use of heavy equipment for tractor operations is prohibited on steep or erosive slopes.
  - Mechanical timber harvesting other than cable or helicopter yarding is prohibited in winter.
  - Site-specific exceptions may be made through an individual Timber Harvest Plan.
  - Sensitive watersheds may be identified for additional planning and protection measures; designation is based in part on risks to public safety.

- Authorities for public safety reside in multiple agencies and all levels of government. At the state level, at least nine departments have authority for certain aspects of public safety. Local governments (e.g., municipalities under AS 29) and federal entities (e.g., OSHA, Federal Highway Administration, and Homeland Security) also have public safety authorities.

The third document is a draft chart showing options for addressing public safety issues from landslides associated with commercial forest operations. Freeman prepared the draft and consulted with other agencies to make sure information on authorities was correct. DOF has not pulled together an Implementation Group to further identify options – before undertaking that effort, the Division wants to be sure that the Board needs additional information beyond the chart. An Implementation Group requires a significant commitment of time from agencies and private entities, and many of the options are outside FRPA authority. The Board could not pursue those options beyond making recommendations to the responsible entity.

Lastly, we prepared a draft decision tree showing four general paths for addressing FRPA-related portions of the public safety issue:

I. Amending FRPA to add public safety to the considerations for preventing or minimizing adverse effects of erosion and mass wasting
II. No change to FRPA; Amend the regulations to adopt definitions to clarify authorities and BMPs to minimize effects on fish habitat and water quality, e.g., BMPs for helicopter yarding, selective harvesting, etc.
III. No change to FRPA or regulations. Initiate addition non-regulatory actions such as training.
IV. No new FRPA-related action.

Under all options, existing BMPs would apply, along with civil liability, and opportunities to address safety issues through local ordinances.

Like the Board, the Division of Forestry has been seriously weighing the options for addressing this issue. At this time, the Division's preferred alternative would be Option II on the decision tree. This would update the FRPA regulations to clearly define key terms, including,

- "unstable or slide-prone slope" (11AAC95.200(a)(9); .290(a),(b),(d)); .345(b)),
- "slope that has a high risk of slope failure" (11AAC 95.280(d)(1)), and
- "fill material prone to mass wasting" (11 AAC 95.290(b) (2)), .345(b) (4).

It would also establish BMPs for harvesting and yarding methods in unstable or slide-prone areas, possibly including requirements for helicopter operations or partial harvesting in these areas. We believe Option II is necessary to address gaps in the existing BMPs, which would not be addressed by options III or IV. It also retains FRPA's focus on resource management, although these changes for water quality and fish habitat would have side benefits for reducing public safety risks. Given the small footprint of populated areas in risk zones on the scoping map, and the variety of land use actions that could result in slide hazards in populated areas, we believe the public safety component of landslide hazards is best addressed through land use regulation authorities. Freeman noted that areas with potential for slides near Hollis, Whale Pass, Port St. Nicholas, and Klawock Lake are currently outside incorporated communities.

If the Board chooses Option II, DOF would convene a scientific and technical committee to recommend definitions and updates to the BMPs, followed by an implementation group to determine how to best implement the technical recommendations on the ground.

Maisch asked whether the potential slide area on Mitkof island is in the Petersburg borough. Ed Wood, Mitkof Highway Homeowners Association (MHHA), responded that Petersburg is a city, not a borough. Petersburg doesn't have land use regulations or zoning on that hillside yet. The city does have a hazard mitigation plan, and landslides are listed as the second priority for hazards, after downtown conflagration. Wood noted that the Board previously advocated for "one-stop shopping" rather than a collection of local ordinances to address this issue. Maisch recognized the value of "one-stop shopping", but noted that some local governments such as the Mat-Su Borough already have local zoning that affects forestry. Nichols said that is true for the Ketchikan Gateway Borough as well. Wolfe stated that "one-stop shopping" is a laudable goal, but forestry operations also have Title 16, resident fish, and US Coast Guard regulations to deal with.

Nichols said that Freeman and the committee have done an exceptional job of answering the questions that came up. There are numerous high-risk areas, and all have been harvested. He is not aware of public safety issues in the last 20 years associated with those harvests. There is one parcel that's unharvested, and it's involved in a potential trade with the Mental Health Trust. Even areas harvested in 1960 wouldn't be harvested for at least another 20 years.

Cronin asked what would happen if there was a forest operation on state land, and there was an accident with logs rolling off a truck and impacting private property. Maisch responded that there would be an Occupational Safety and Health Administration (OSHA) investigation, a check for negligence, and troopers would be involved if it were on a highway. An actual log truck to log truck accident with property damage was handled like any other accident on a public highway. If a fatality occurred, OSHA would definitely be involved. DOF dealt with one fatality on a logging road at a railroad crossing. Cronin asked what would happen if a forest practice involved some impact other than a landslide. Nichols replied that almost every major landowner, including the state, requires general liability insurance. If there's an accident, there is a determination of whether it was operator error or beyond the operator's control. Wolfe said that Sealaska even requires silviculture operators to have liability insurance. Vinsel asked whether a policy would still be in effect if something happened after logging.

concurred that training is important, but said that Option III doesn't get to where we need to go, especially with respect to helicopter logging which wasn't a common practice when FRPA adopted.

Cronin asked whether the second decision point on the tree operates under existing authority only. Maisch said yes.

Nichols said that in a landslide situation, if you have a public safety issue, you have already impacted water and fish. If you address water, fish, and landslides adequately it will address public safety issues associated with landslides. Cronin agreed that if you develop BMPs to protect water quality and fish habitat you will reach the same goal.

McLarnon asked whether the DPO has a check box for steep slopes. Nichols said there is a box– for unstable slopes. Freeman added that there are BMPs attached to areas with unstable or steep slopes. Nichols asked whether a check in the steep slope box warrants an on-the-ground inspection. Could that be a public safety check-box? Maisch said that it couldn't be a public safety check-off without a change to the Act. Nudelman said that seeing a check in the box does alert reviewers, and those operations typically get added scrutiny. DOF can't tell landowners they can't operate in those areas, but can make recommendations. In Icy Bay, for example, DOF recommended against an upper road, which the proposer pulled back.

Vinsel said that with the Mitkof Highway close to the road and the marine channel, fish migrate there. He agreed that threats to public safety also would affect fish.

Clark recounted that he has been on both sides of a DPO. As a DOF forester, he would want to do a prior inspection on a DPO with steep slopes and roading. As an operator, he would want DOF to come out as another set of eyes to check layout. He might also want to check with DEC. ADF&G may or may not want to come out.

Wood reported that there is only one salmon stream in the MHHA area and it is not in the MHT area. He said that he did ask Pat Palkovic, DOF forester. to come and check for public safety concerns and she declined to do that. Maisch said that it is correct that DOF couldn't consider public safety as part of the DPO. Wolfe said that there would still be water quality issues.

McLarnon wants to be sure that the Board's choice doesn't jeopardize a land exchange -- would rumors of a process affect the effort to go to the Legislature in the fall? Would Option II jeopardize a land exchange? Slenkamp said it would depend on what BMPs are written. The MHT proposed timber sale already implemented BMPs much beyond what DPO required. Risk is something the Trust deals with. If new BMPs reduce the amount of timber to be harvested, it would affect an exchange. Maisch said that the proposed exchange shouldn't be weighted too heavily. Wood commented that the MHT lands may not be valued higher in an appraisal, but they have a high political value.

Freeman clarified the process under Option II – DOF would convene a Science and Technical Committee which would make recommendations to the Board. If the Board believes the recommendations are on the right track, DOF would take them to an Implementation Group with representatives of the affected interests, including forest landowners, homeowners, timber industry, etc. The Implementation Group would be charged with figuring out how to make the science and technical recommendations work on the ground in a practical manner. The group's recommendations would be brought back to the Board for their review before deciding whether or not to proceed with the formal regulatory process. DOF wouldn't proceed with regulations on which the Board can't reach consensus.

Cronin suggested that if the agencies saw something going on that was counter to the law but not in their authority, they could notify whoever does have that authority. Option II is a good way to go, as long as problems identified are forwarded to whoever does that authority. Maisch noted that no entity currently has authority for this issue except for local governments, and they haven't taken that step in the Petersburg area. Cronin said that if FRPA has good BMPs for its authority, but citizens still have concerns, it's out of our hands. We're going in circles because we don't have the authority. Maisch noted that the issue for the Board is whether to request a statutory change to grant that authority to FRPA.

Nicolls observed that the Board is working hard to try not to amend the Act. Down the road there might be other safety things that might have us want to get into safety. Maisch noted that under in AS 41, DNR does have public safety responsibility for life and property with respect to wildland fire. Equipment safety issues are covered by OSHA. Nichols said that the two issues are the potential for slides and for impacts to water supplies. Hanley stated that drinking water supplies are covered by DEC. Wolfe commented that there is a narrow incidence of this problem.

Wolfe agreed that restrictions on harvest can affect land value. However, with the variation process the timber industry can get significant value out of riparian areas. We shouldn't ignore value – if harvest were to be prohibited, we would have to look at that. If changes put a private landowner in that position, they have changed the dynamics of FRPA.

Bosworth moved, and McLarnon and Nicolls seconded the following motion:

- **That the Board adopt Option II from the decision tree. McLarnon and Nicolls seconded.**

Nichols said that he wouldn't support Option II because he didn't know what direction the BMPs would take. He supported Option III with training for DOF. If the unstable slope box checked, a field visit should be required. He is willing to consider recommendations for BMPs before endorsing. Freeman clarified that Option II isn't a commitment to adopting regulations, but it is a commitment to draft proposed BMPs which would then come back to the Board for a recommendation on whether to proceed or not. Wolfe said that the Board needs to vote the motion up or down, or offer a friendly amendment clarifying that. The offeror and seconders accepted a friendly amendment to the following language.

- **That the Board adopt Option II from the decision tree. Option II is the process of drafting BMPs for review by the Board before deciding whether or not to proceed toward adopting them as regulations.**

Cronin asked whether there are other non-regulatory options besides training. Foley suggestion that there could be more inspections.

- **Motion unanimously adopted.**

Freeman said the next step would be convening a Science and Technical Committee to recommend appropriate BMPs. She asked for Board input on the types of expertise that are needed on the committee, and on individuals who can provide that expertise.

Nichols recommended including helicopter harvesting expertise, and recommended Columbia Helicopters.

Cronin asked whether there is a way of getting at taking issues if recommended BMPs would restrict landowners' ability to harvest timber. Maisch said that "taking issues" were addressed in developing the riparian buffers. Private landowners willingly donated that value for the greater good. Cronin said that

NOTE: As of 3/29/2012, no FINAL version of these Minutes had been posted on DOF website.

DRAFT MINUTES
Board of Forestry Meeting
Tuesday-Wednesday, November 29-30, 2011
DNR Large Conference Room, 3700 Airport Way, Fairbanks, AK

Tuesday, November 29, 2011

Call to Order and Roll Call. Chairman Chris Maisch called the meeting to order at 8:35 a.m. The Anchorage and Juneau teleconference sites were connected. Rob Bosworth, Jeff Foley, Erin McLarnon, Mark Vinsel, Ron Wolfe, Wayne Nicolls, and Eric Nichols were present and a quorum was established. Matt Cronin was absent.

Public Meeting Notice. The meeting was noticed by issuing public service announcements and press releases, mailing announcements to interested parties, and posting a notice on the state and Department of Natural Resources (DNR) websites. *(See handout)*

Approval of agenda. *(See handout)* The agenda was unanimously approved with adjustments on timing. Wolfe requested an opportunity for some updates on items raised at last meeting.

Matt Cronin joined by teleconference.

Approval of Minutes. The Board reviewed and unanimously approved the August 30-31, 2011 minutes with one typo correction. *(See handout)*

Announcements.

- Introduction of attendees. Wolfe welcomed Randy Bates, ADF&G Director of Habitat and hoped he would be able to attend some Board meetings in person.
- Maisch announced that the Alaska Timber Jobs Task Force will meet in Fairbanks December 1-2 with field trip to Superior Pellets, Dry Creek (Logging & Milling Associates), and Delta School wood boiler. Board members are welcome to attend.
- Vinsel recommended inviting Jeffrey Jones, Governor's Office special assistant for natural resources, to the next Board meeting. He said Jones has attended recent fisheries meetings and is enthusiastic about learning about other resources.
- Wolfe attended the November 2011 SAF annual meeting, and noted that the 40th anniversary of the federal Clean Water Act is next year. He would like the Board to have an information campaign on the success of FRPA in preventing nonpoint source pollution and protecting water quality.
- Bosworth asked for a report from Wolfe on the Juneau Economic Development Corporation (JEDC) economic cluster. Wolfe explained that the Obama administration came through Southeast Alaska with a transition plan and asset mapping. After that JEDC facilitated a series of cluster working groups for marine, tourism, timber, and renewable energy to identify assets and develop a strategic plan for each sector. The timber group continues to meet. Wolfe suggested a presentation at the winter Board meeting. The timber cluster work included an

Vinsel asked whether the Board would be acting outside its responsibility if members inserted themselves into a particular situation such that a landowner felt we were taking from their property to benefit a different landowner when the Board doesn't have public safety authority. Would Board members be liable in that case? Saxby replied that the analysis is the same regarding liability. The question is whether or not it would be legal. Legal issues would arise when the Dept. of Law reviews draft regulations for legality before they are published. The regulation attorney would determine whether there is legal authority to adopt the regulation. If not, it wouldn't go forward.

A Board member *(source?)* noted that the S&TC and IG input provides good forestry information. Where do we direct these citizens go who are asking for help? Maisch said that the Board's previous recommendation was that it was a local government issue. He noted that the City of Petersburg also discussed the landslide safety issue on Mitkof Island previously and did not reach agreement on how to approach it. Jandreau noted that there are some residences that are not in organized municipalities. Maisch agreed, although the Mitkof area is in a municipality. Other examples of municipal safety ordinances address floodplains and avalanche zones. Nichols added ordinances on fire risk. Slenkamp emphasized that there has been no activity on the Mitkof ground by the Trust. The recent slides on Mitkof all occurred in the absence of forest activity – public safety risks exist in the absence of forest activity. Maisch summarized that no one agency has jurisdiction on this issue. We may be asked this question because it's not clear who else can do this. Wolfe disagreed. He stated that the local government has the authority to deal with it. The S&TC did a good job of assessing the hazards. This issue is restricted to Petersburg; other areas with this risk have largely already been harvested.

Nichols added that there is a civil liability for private entities if something does happen, whether it's blowdown on a neighboring property, runoff, or landslides. The risks have typically been addressed through litigation rather than legislation.

Vinsel asked what the Commissioner, Governor, and Legislature thinks. Do they want us to bring public safety into FRPA? Maisch replied that the Board makes recommendations. The Board could state that they aren't comfortable making a recommendation to expand the authority. The DNR Commissioner, who is also the former Attorney General, expressed some concern that the Board hadn't addressed public safety, although he was open to the Board process. It struck him odd that the Board didn't address public safety with regard to forest operations. The Board could pass the buck, but this Board was appointed to ~~get~~ provide good advice on issues like this.

Nichols declared that it is extremely difficult to regulate a natural phenomenon. FRPA does a good job of regulating bad decisions on the ground like putting fill on unstable ground. It's hard to regulate issues between land owners – how much of the landslide risk is natural, how much is associated with the forest operations? These things happen with every major storm event in Southeast Alaska. We can't regulate something caused by natural events. Maisch commented that there is a risk for operating on a steep slope, and that is also a financial decision. Different landowners accept different levels of risk. We hope liability deters bad decisions.

Suzanne West stated that she knows that a family was unable to get landslide insurance. If an insurance applicant knows that the Trust still has plans for a timber sale and doesn't acknowledge that, it could be considered fraud. She has climbed to the apex of the slides – what came down in the channel is all logging debris. On the recent slide she did a line of sight estimate and it appears that the slide started on the Trust property.

Hanley asked whether the Trust made its land selection from state lands. Slenkamp explained that the Mitkof parcel is original Trust land -- it predates the state selections. Hanley asked whether the Trust had discussed trading this parcel for other state land. Slenkamp said that the Trust is open to all proposals. Hanley recognized that the state Southeast State Forest land base is limited, but the Trust could look at lands elsewhere in the state. Curran commented that DOF wouldn't want to manage the Mitkof land.

Maisch summarized the Board's discussion. The Board doesn't want to reconsider the original decision to not request authority for public safety under the FRPA.

One Tree Education Program. Jan Dawe, UAF, said that the Fairbanks community is eager for forestry information, and desirous of participating in forest management activities. The Alaska Boreal Forest Council developed some forestry education programs, including Tapping into Spring, which engaged students.

The One Tree Alaska program tries to use all parts of a tree to make different products *(see handout)*. The organizers originally invited the community in to see how many things could be made from one birch tree. She showed examples of knitting needles made from birch flitches, and leftovers from the needles were used to make artist's charcoal. The charcoal project was used to discuss the combustion process and products with students, thus integrating science and art.

The trees for the project came from the Tanana Valley State Forest. The original funding came from the USDA National Institute of Food and Agriculture (NIFA) Wood Utilization Research Program with 13 cooperating universities. The program looked at efficient uses of low-value wood to develop and promote renewable materials. It demonstrates vertical integration of wood values. One Tree emphasizes local resources that are locally used and locally sold. One Tree Alaska is an outreach program to K-12 schools. Dawe wanted the program to increase awareness of K-12 students on how wood resources can be used and how that could benefit the local economy.

Participants harvested and skinned the tree for bark, then main limbs, and green leaves. All tree parts were labeled, packed, and ready for delivery to about 30 local artisans and scientists. They took samples to document the tree's age – it was 6.5" dbh and 67 years old. Teachers wanted students to be involved, so One Tree cut the tops of 16 more birch (the upper 40 feet).

Studying phenology became a focus for seven classrooms – they forced branches to bud burst, and studied dormancy. There is little opportunity to do plant work during the school year. Climate



Alaska's Constitution

A CITIZEN'S GUIDE

Fourth Edition

Alaska Legislative Affairs Agency • Gordon Harrison

examples—were articulated. Thus, Alaska's natural resource article was a unique product of the 1956 convention, and it remains unique among the states, even though constitutional treatment of natural resource and environmental issues in other states has grown through amendment and revision in recent years.

Article VIII of Alaska's constitution clearly establishes that the natural resources of Alaska should be developed. Indeed, to the convention delegates, the very success of statehood hung in the balance. But while this article creates a strong presumption in favor of resource development, it will not abide that which is wasteful, biologically exhaustive, rooted in special privilege, narrowly selfish or contrary to the rights of others and the larger public interest. With certain exceptions, this article allows the government to sell, lease or give away public land and resources, but it may do so only in accordance with constitutional and statutory guidelines, and all transactions must be in full public view.

Despite their philosophical aversion to the "giveaway" of public resources, the delegates were enamored with the long-established federal method of disposing of public mineral lands, which allows a person to obtain the right to receive fee title to a legitimate mineral deposit by filing a claim to it and performing certain tasks thereafter. Meanwhile, a draft article on natural resources prepared by consultants to the convention called for the state to retain in public ownership the subsurface title to all mineral lands and to lease the right to produce minerals from these lands. Congress was predisposed to the same idea, and in all likelihood was going to prohibit the state from transferring out of state ownership the mineral rights to land acquired from the federal government. Nonetheless, in the constitution the delegates opted for the existing federal system of obtaining full title to mineral lands "if not prohibited by Congress." As it happened, Congress forced on the state the leasing alternative and required the state to retain ownership of the minerals on its land.

Delegates debated at some length the organization of the executive agency to be charged with managing natural resources. There was vocal public support for a commission of fish and game to oversee the management of those resources (as there was support for the creation of a constitutional board of education to head the state department of education). In the end, however, the delegates left the way open for a board to head a principal department but willed to the legislature the task of deciding when and where (see discussion of Article III, Section 25).

It is not surprising that controversies over resource management have been among the most bitter in Alaska's political history and that the courts have been called on frequently to decide the meaning of constitutional language in the context of these disputes. This is because natural resources loom so large in the lives of so many Alaskans, if not as a source of livelihood then as source of cherished recreation. It is also because the language of this article is general and often opaque. A major challenge of the resource agencies has been to manage in the interest of conservation and to satisfy the needs of various user groups without creating special privileges and exclusive rights, which the constitution abhors. The courts have had to determine when management schemes reasonably limit

HB

97

<TARGET><BILL>HB 97</BILL><SUBJECT>HB
97</SUBJECT><COMM>HRES27</COMM></TARGET>

ALASKA STATE LEGISLATURE

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REPRESENTATIVE CRAIG JOHNSON
RULES COMMITTEE CHAIRMAN

SPONSOR STATEMENT FOR HB 97

This bill will allow the Commissioner of Natural Resources to keep employed a state coordinator to manage and educate the citizens of Alaska on the subject of noxious weeds, invasive terrestrial plants, and agricultural pests. This coordinator works through the Division of Agriculture along with other state departments, agencies and institutions. This person brings together the aforementioned entities in addition to the University of Alaska Cooperative Extension Service and the Alaska Association of Conservation Districts.

Through this coordination the State of Alaska has begun to develop a strategic plan and requested Federal funding for survey projects. More importantly, a start toward limiting economic loss and adverse effects to the state's agricultural, natural, and human resources because of the presence and spread of noxious weeds, invasive terrestrial plants, and agricultural pests, in the state.

This bill repeals the sunset date of June 30, 2011.

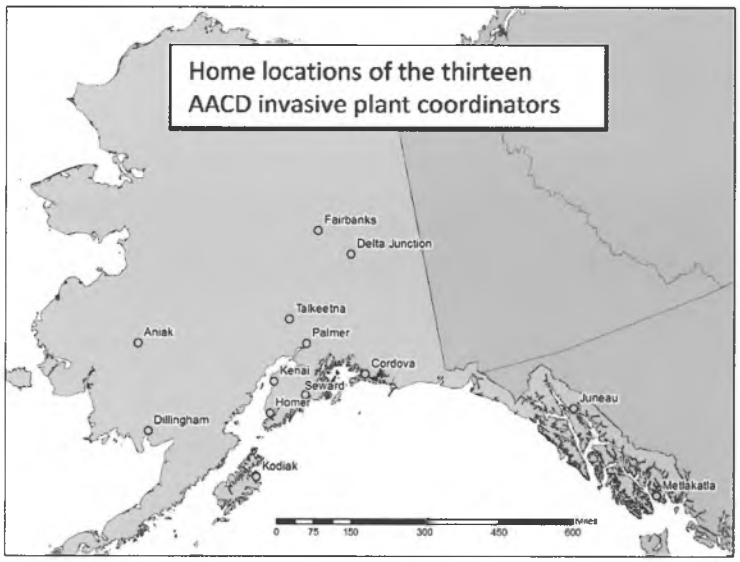
A Brief Report on the Alaska Invasive Plants Project

A $1.14 million Recovery Act grant from the USDA Forest Service to Alaska Association of Conservation Districts

In September of 2009, the Alaska Association of Conservation Districts entered into a cooperative agreement with the US Forest Service to accept $1.14 million to implement the Alaska Invasive Plants Project. The overall goal of any Recovery Act funds is to create jobs and equip those hired with the skills and training needed to move into better, more permanent employment.

The purpose of this project was to oversee and coordinate invasive plant programs throughout Alaska via coordinator positions stationed in Soil and Water Conservation Districts. IP coordinators received training in issues related to invasive plant surveying, control and management, as well as training in public outreach methods and grant writing. Supported by a roving weed crew, the coordinators conducted invasive plant surveys, control, education and outreach projects in their regions. The purpose was to generate high-quality jobs, with high priority placed on training so that these jobs would function as springboards to future employment.

In addition, AACD contracted the Alaska Natural Heritage Program through the University of Alaska to conduct the second phase of the Alaska invasiveness ranking project. The ANHP ranking system has provided land managers, agencies and the general public with a valuable tool for invasive plant management prioritization. Expanding the list of species screened by this system strengthens our ability to protect and manage Alaska's natural areas and resources.



A total of 18 people have been employed through this project: 14 for a year or more, and three more as a summer roving work crew. In the course of the project, a project manager, 13 invasive plant coordinators, and a research analyst were hired and trained. The staff were scattered around the state, as shown on this map. Locations were: Wasilla, Palmer, Upper Susitna, Kenai, Kodiak, Homer, Seward, Aniak, Dillingham, Metlakatla, Juneau, Cordova, Fairbanks and Delta Junction.

The project has been successful beyond our expectations. More than 2,000 students and 5,000 adults were provided with information about invasive plants, their effect on Alaska's natural habitat, and how to control them. Nearly 1,000 volunteers worked on remediation projects. Over 1,000 bags of weeds were removed around the state, and over 100 acres were treated by various means, including pulling, digging, spraying, burning, tarping and whacking. Over 5,000 acres were surveyed for invasive plant infestations, and thousands of new records were provided to the Alaska Natural Heritage Program for inclusion in its database. We established relationships in numerous rural villages, including two that are developing distinct Native conservation districts, and provided training and remediation plans through

the Yukon-Kuskokwim Delta and in the community of Tyonek. We provided written work plans for numerous private and public property owners and managers, including a community garden, several municipalities, an arboretum, a number of farmers, and many others.

Of the 15 regular employees hired, eight were unemployed at the time they were hired, and another four were underemployed. At this time, four of the 15 have secured funding for future employment and two others have decided to pursue other plans. We have provided grant-writing training to all employees and are encouraging them to pursue new sources of funds to expand the work on identifying and reducing invasive plants in Alaska. Our goal is to replace the 15 full-time and 3 part-time jobs we will lose at the end of this grant with 30 new jobs in Alaska. We are hopeful that we will find funding for at least half our goal by the time most of the ARRA-funded employees go off payroll at the end of March.

Although we are proud of the work we have accomplished with this grant, we believe that the field work and outreach successes will be ephemeral unless the work is followed up for at least two more years. Many of the plants we worked to reduce or eliminate are known to be resilient and to require follow-up treatment for three to five years, some even longer. Unless this work is taken up by others or funded by similar projects, we fear that what we have gained in the fight against invasive plants this past year will be lost.

In addition to continuation of the work funded by this grant, we see another pressing concern that is in its infancy in Alaska: the identification and remediation of aquatic invasives. The discovery last summer of a serious infestation in the Chena Slough near Fairbanks, and the anecdotal reports of aquatic invasives in other areas of Alaska bring us grave concern. We hope that, at a minimum, a comprehensive statewide survey for aquatic invasives is begun in the very near future.



For more information, contact:
Joan Hope, Project Manager
Alaska Association of Conservation Districts
1700 E Bogard Road, Suite 203-A, Wasilla, Alaska 99654
907-315-1795
joanaacd@yahoo.com

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: **HB97**
() Publish Date

Identifier (file name): HB097-DNR-PMC-3-3-11
Title: Noxious Weeds and Invasive Plants
Sponsor: JOHNSON, Stoltz, Gruenberg, Kerttula
Requester: HRES

Dept. Affected: Natural Resources
Appropriation: Resource Development
Allocation: N. Latitude Plant Materials Center
OMB Component Number: 2204

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	85.1	85.1	85.1	85.1	85.1	85.1	85.1
Travel	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Commodities	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**101.1**	**101.1**	**101.1**	**101.1**	**101.1**	**101.1**	**101.1**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	101.1	101.1	101.1	101.1	101.1	101.1	101.1
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	**101.1**	**101.1**	**101.1**	**101.1**	**101.1**	**101.1**	**101.1**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time	1	1	1	1	1	1	1
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial fiscal note.

Prepared by: Franci Havemeister — Phone: 761-3867
Division: Agriculture — Date/Time: 3/3/11 1:23 PM
Approved by: Daniel S. Sullivan — Date: 3/3/2011
Department of Natural Resources

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB97

Analysis

HB 97 would indefinitely extend the Invasive Weeds and Agriculture Pest Coordinator position within the Department of Natural Resources, Division of Agriculture. The authority for this position exists under AS 03.05.027, which will be automatically repealed on June 30, 2011 (Sec. 2 and 3, ch. 102, SLA 2008).

The Invasive Weeds and Agriculture Pest Coordinator position provides public information and education on invasive weed and pest control, conducts research on invasive weeds and pests, and represents the Division of Agriculture and the Department of Natural Resources on issues relating to the prevention, identification, and management of invasive species. This position is a Range 16, Natural Resource Specialist II located in Palmer.

Continued funding of the position would require $101,100 in annual operating expenditures, including $85,100 in personal services (one Range 16 NRS-II), $5,000 in travel (in-state travel for weed management and outreach), $5,000 in contractual services (technical assistance and facility operating expenses), and $6,000 in commodities (supplies, tools, and equipment) necessary to fulfill the duties outlined in AS 03.05.027.

Department of Natural Resources
Division of Agriculture
February 22, 2011

Invasive Weeds and Agriculture Pest Management Coordinator: Overview of Accomplishments

Established in statute by HB 330 in 2008, the Invasive Weeds and Agricultural Pest Coordinator (Coordinator) within the Department of Natural Resources, Division of Agriculture, has worked across multiple agencies and jurisdictions to further invasive plant management. Accomplishments of note include furthering key program components; initiating weed management projects; coordinating with industry, agencies, local entities, Canada and other states; providing comments to agencies on proposed projects; providing technical assistance; and participating in public outreach. Below are examples of accomplishments in each of these categories.

Core Program Components: Strategic Plan development and Regulation Revision/Development
A strategic plan was developed with coordination and review of local, state, and federal entities. The plan is currently drafted and out for public review.

Regulations have been drafted and are being reviewed by the Commissioner's Office prior to a going out for the public review process.

Weed Management Projects
The Coordinator has initiated 4 priority invasive species control and eradication projects:

- Canada thistle management in Anchorage;
- Spotted knapweed eradication in Anchorage, Kenai, Kasilof, Kake, Prince of Wales, Ketchikan, Valdez, Haines and Skagway;
- Purple loosestrife replacement in Anchorage; and
- Giant Hogweed Eradication in Kake.

Industry Coordination
The Coordinator has worked with a number of industry groups and private sector companies on a range of invasive weeds and pest issues, including:

- horticulture industry to find solutions to identified problem species and vectors
- gravel producers through the Alaska Rock Products Association and Alaska Miners Association to develop a weed free gravel certification program
- agricultural producers and Soil and Water Conservation Districts to further the Weed Free Forage Certification Program by keeping records and organizing trainings for forage certifiers
- Alaska Wilderness Recreation and Tourism Association (AWRTA) to incorporate invasive species prevention and detection measures in their "Adventure Green" certification program
- pest control operators to develop presentations about state invasive weeds and agricultural pest management priorities at the pesticide applicator recertification class, 2009 and 2010

Agency Coordination
The Coordinator regularly works with state, federal, and local government employees to organize management of invasive weeds and agricultural pests. Examples of interagency coordination include:

- Participating in the Alaska Committee for Noxious and Invasive Plants Management (CNIPM) by organizing the annual conference, coordinating multiagency weed management efforts, and participating in subcommittees
- Participating in the Alaska Invasive Species Working Group (AISWG) meetings, and presently leading an effort to further formalize the group by establishing bylaws and an advisory board
- Being identified as lead in coordinating response to potential Spartina infestations
- Working with Alaska DOT, providing presentations at the annual Environmental Expo in 2009 and encouraging their involvement in local weed management projects around the state
- Furthering coordination with federal agencies through participation in several committees including the Alaska Pest Risk Assessment Committee, Weed Free Gravel Committee, Weed Free Forage Committee, and others.
- Coordinating early detection border inspections for state priority weeds with U.S. Customs and Borders Protection staff
- Assisting in annual Integrated Pest Management trainings for the Cooperative Extension Service
- Participating in the Alaska Coastal Management Plan working group

Local Coordination Efforts

The coordinator participates and facilitates local efforts to manage invasive weeds and agricultural pests by connecting organizations with similar efforts, focusing priorities, and providing assistance when necessary. Key examples of local coordination efforts include:

- Attended Cooperative Weed Management Area (CWMA) meetings around the state in person and by teleconference
- Helped to coordinate local response for Garlic Mustard and Spotted Knapweed eradication
- Coordinates with Soil and Water Conservation Districts attending local and statewide meetings
- Assisted AACD in hiring their invasive plants coordinator
- Assisted the Anchorage CWMA in developing a strategic plan for invasive plant management
- Participated in coordinating response to a newly discovered Elodea canadensis infestation in the Chena Slough in Fairbanks

Coordination with Canada and Other States

The Division of Ag has participated in coordination with the Yukon, British Columbia and Northwest Territories in Canada to share information and encourage management of high priority invasive weeds that threaten to spread to Alaska. Coordination with other states is done through participation in the Western Weed Coordinator Committee.

Comments on Agency Projects

The state coordinator has provided comments to federal agencies seeking to manage invasive weeds on federal lands to ensure state invasive weed management priorities are addressed and management is done with effective and safe methods. Comments to agencies have included:

- USDA 2009 priorities
- National Park Service Environmental Analysis for invasive plants management
- BLM scoping Environmental Analysis for weed management on the Dalton Highway
- USFWS Kodiak National Wildlife Refuge Environmental Analysis for invasive plant management

Comments were submitted on state projects and programs as well. Several DOT road construction projects have been commented on to include invasive plant management and prevention measures, often by request from DOT. The coordinator commented to DF&G that the scope of invasive species

issues eligible for funding from the Alaska Sustainable Salmon Fund be broadened from just pike to any invasive species with impacts to salmon.

Technical Assistance

Individuals and groups working on weed and pest management around the state are often dealing with these issues for the first time. The coordinator has worked to provide advice on controlling infestations in effective, economical, and safe ways. Examples of technical assistance provided include:

- Provided numerous recommendations for weed management and prevention at DOT's request
- Participated in the review committee for Alaska Association of Conservation Districts (AACD) Invasive Plant Program Grants
- Participated in ranking the invasiveness of invasive plants
- Provided guidance to Chugach State Park staff seeking to initiate invasive plant management
- Reviewed species included in a grass identification field guide and freshwater plants identification field guide
- Provided firsthand knowledge to USGS when modeling the spread of invasive plants in Alaska
- Reviewed strategic plan for Spartina prevention and management developed by NOAA
- Worked to develop protocol for an inventory of invasive weeds along the Trans Alaska Pipeline
- Provided assistance in project development to AACD Invasive Plant Program Coordinators
- Working with the Alaska Shorezone Committee who models habitat for invasive plants

Public Outreach and Presentations

Many people in Alaska are unfamiliar with the impacts invasive weeds and agricultural pests pose Alaska. The Coordinator works to provide information to the public to generate awareness and increase participation in prevention, detection, and management. Recent examples of public events which the Coordinator presented or participated in include:

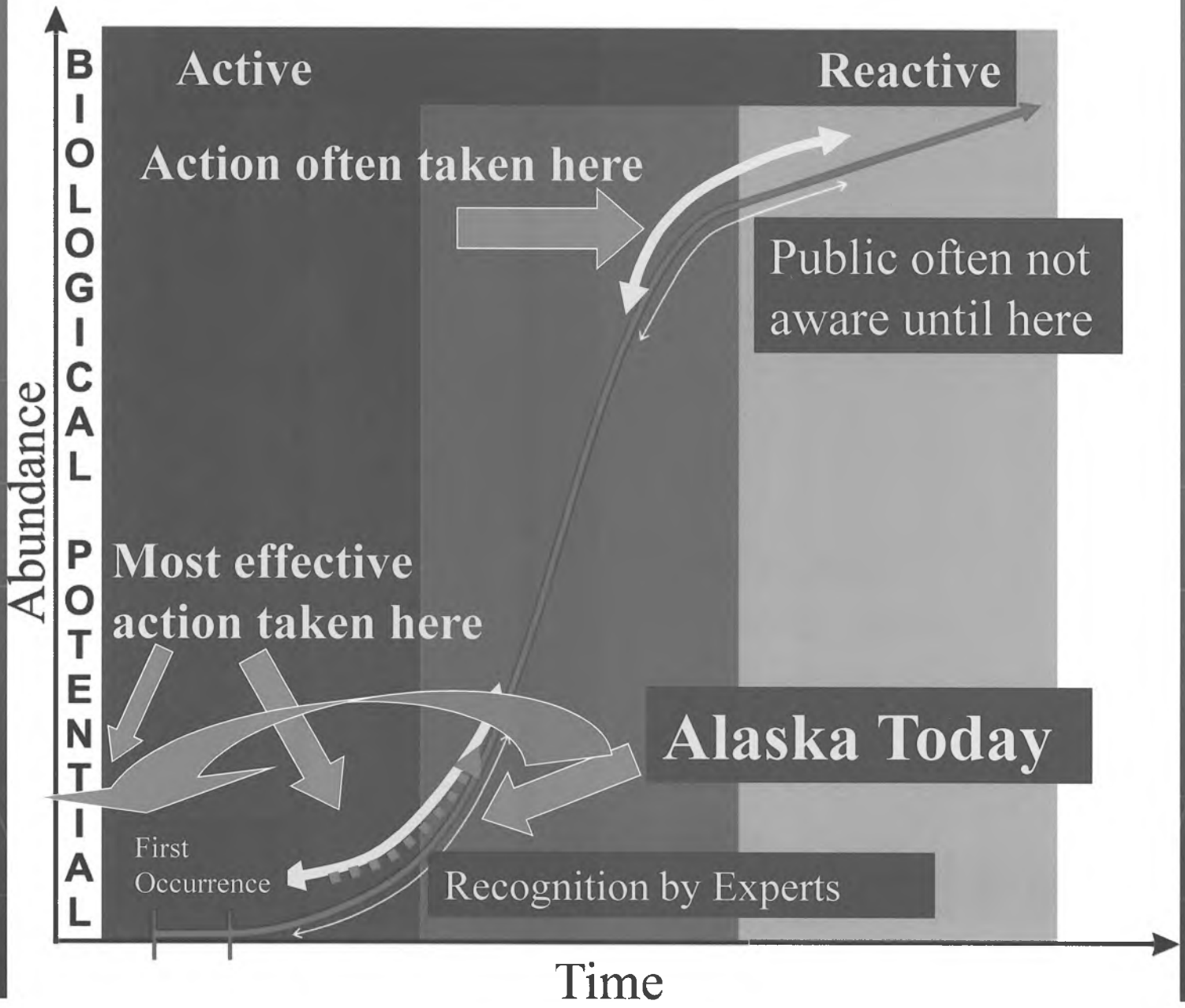
- Mat- Su Salmon Science Symposium 2008 and 2009
- Fairbanks, Anchorage, and Kenai CWMA workshops
- Alaska Forum on the Environment 2009, 2010, and scheduled for 2011
- Alaska Citizen Scientist Teachers Workshop in 2010
- Lead tour of weeds on Chester Creek greenbelt in Anchorage
- Invasive plants impacts to salmon and moose, the Eagle River Nature Center, September 2010
- Alaska Wilderness Recreation and Tourism Association annual conference, 2009
- Alaska Greenhouse and Nursery Conference, 2009

Grant Writing

The coordinator has worked to secure additional funds and grants from partnering agencies and other sources to assist the state in meeting its weed and pest management goals. Examples of such grants include:

- USFWS ARRA project grant to eradicate spotted knapweed (awarded $100,000)
- USFS Forest Health Protection grant for coordination with horticultural industry (awarded $80,000)
- USFS Forest Health Protection grant for management of Canada thistle in Anchorage (awarded $8,000)
- National Fish and Wildlife Foundation grant for management of Canada thistle in Anchorage (awarded $80,000 but returned because matching funds were not appropriated)
- BLM grant for gravel pit inventory and initiation of a weed-free gravel certification program (awarded $20,000)

Perception of an Invasive Species



Alaska Association of Conservation Districts

1700 E Bogard Rd Ste 203A Wasilla, Alaska 99654

CONSERVATION • DEVELOPMENT • SELF – GOVERNMENT

Natural Resources Committee
State Capitol, Room 124
Juneau, Alaska 99801-1182

February 15, 2011

Subject: Letter of Support for HB 97

Dear Committee members:

The Alaska Association of Conservation Districts (AACD) recommends continued funding for the Division of Agriculture's invasive weed and agricultural pest program and supports passage of HB 97. Since signing the original bill into law (HB 330), the Division of Agriculture has undertaken an unprecedented and much appreciated role in collaboration and management of high-priority invasive weeds in Alaska.

Invasive weeds are a serious threat economically and ecologically in Alaska. Their presence increases the cost of agricultural production and can negatively impact wildlife habitat. While the majority of land in Alaska is void of non-native species, invasive weeds have become common along our roadways and are moving into natural ecosystems. AACD knows that working collaboratively, while invasive are establishing, is the most cost-effective approach to manage invasive weeds in Alaska.

The Division of Agriculture's invasive weeds and agricultural pest management program is leading several invasive weed management projects across Alaska that are well respected by AACD. A crucial invasive plant project being implemented by the Division of Agriculture involves working statewide to eradicate spotted knapweed. This highly invasive plant costs the state of Montana an estimated $42 million annually due to degradation of agricultural lands. The Division of Agriculture has been aggressively working to eradicate the 23 known infestations of spotted knapweed in Alaska, and as far as we can tell, only 7 small infestations remain.

AACD appreciates Division of Agriculture's efforts in working with private businesses to find solutions towards invasive plant management problems. For instance, Division of Agriculture is leading an effort to create a voluntary gravel pit certification program, which would be modeled after the current Alaskan weed free straw/hay program.

Materials in some private owned gravel pits are infested with invasive weeds and seeds. Using these contaminated materials can result in moving invasive weeds into construction sites that then spread into sensitive fish and wildlife habitats. Voluntary participants without select invasive plants would have a value added product that could be used in private or public projects that seek to use weed-free materials. To ensure the industry is an active participant, Division of Agriculture has given presentations on this voluntary program to the Rock Products Association and the Alaska Miners Association.

AACD feels strongly that the Division of Agriculture's invasive weed and agricultural pest program has helped increase the efficiency and efficacy of invasive plant management statewide and would endorse this program becoming permanent. As statutes originating from HB 330 will sunset in the spring of 2011, AACD recommends the passage of HB 97.

Respectfully,

Ken Marsh

Ken Marsh
President
Alaska Association of Conservation Districts



Alaska Committee for Noxious and Invasive Plants Management

January 31st, 2011

Alaska House Representatives
House Resources Committee
State Capitol, Room 124
Juneau, Alaska 99801-1182

Subject: letter in support of HB 97

Dear House Resource Representatives:

Compared to the lower 48, Alaska has far fewer non-native invasive plant species. With swift and strategic management of our invasive weeds, Alaska has a rare opportunity to avoid severe economic and ecological impacts that have occurred in other parts of the country.

The Alaska Committee for Noxious and Invasive Plants Management (CNIPM) appreciates the excellent work that has resulted from AS 03.05.027, which pertains to Division of Agriculture's invasive weed and agricultural pest program. Since signing this statute into law, the Division of Agriculture has undertaken a significant role in collaboration and management of high-priority invasive plant species in Alaska. Unfortunately, AS 03.05.027 will sunset in the spring of 2011. CNIPM supports continued funding of AS 03.05.027 and recommends the the passage of HB 97.

CNIPM is composed of concerned citizens, scientists, and land managers that volunteer or work for non-profit, tribal, local, state, and federal agencies across Alaska. The goals of CNIPM are to heighten the awareness of problems associated with invasive plant species and to bring about greater statewide coordination, cooperation, and action to halt the introduction and spread of these undesirable plants. To learn more about the mission and goals of CNIPM, please visit www.uaf.edu/ces/cnipm.

Without continued funding of AS 03.05.027, CNIPM believes regular review of regulations and the strategic plan generated from this statute will cease and quickly become outdated. When signing AS 03.05.027 into law, the state recognized that pre-existing invasive plant regulations were outdated and ineffective and that the creation of a strategic plan with updated regulations would increase efficacy of invasive plant management in Alaska. As the type and abundance of invasive weeds are constantly changing in Alaska, the state should regularly review both documents. Consistent review will increase the likelihood of the state pursuing the most urgent and meaningful management priorities for invasive plant species in Alaska.

CNIPM greatly appreciates the new level of cooperation and coordination from the state government, which we feel is a direct result of AS 03.05.027. In years past, CNIPM had minimal contact with the DNR, likely a result of state employees having a full load of job duties.

AS 03.05.027 created a dedicated invasive plant management position within the Division of Agriculture. As a result, CNIPM now has a DNR contact that regularly attends monthly teleconferences and collaborates on education and management projects.

CNIPM is particularly pleased with Division of Agriculture leading projects that involve private industries and state-wide management efforts of notorious invasive plant species. First, Division of Agriculture is leading a CNIPM subcommittee geared towards the creation of a weed free gravel certification program. Second, Division of Agriculture is working with the horticulture industry to find solutions to state-wide invasive plant issues. Finally, Division of Agriculture is leading efforts in the state-wide eradication of spotted knapweed, giant hogweed, and regional management of Canada thistle, all of which have a serious potential to impact economies in Alaska.

While much work remains, CNIPM believes that AS 03.05.027 has resulted in Division of Agriculture making valuable contributions to invasive plant problems across Alaska. In particular, CNIPM feels AS 03.05.027 has directly improved invasive plant species regulations and strategic planning, DNR coordination with CNIPM, collaboration with private industries in the pursuit of solutions to invasive plant problems, and management of notorious invasive weeds. To continue and progress on the great work accomplished by Division of Agriculture, CNIPM urges for continued funding of AS 03.05.027 and supports passage of HB 97.

Sincerely,

Blaine Spellman

Blaine T. Spellman
Chair, CNIPM Board of Directors
(907)354-1227
blainespellman@gmail.com



Alaska Committee for Noxious and Invasive Plants Management

December 3rd, 2010

State of Alaska
Office of the Governor
P.O. Box 11001
Juneau, AK 99811-0001
3rd Floor State Capital

Subject: continue funding for AS 03.05.027 and remove sunset clause

Dear Governor Parnell:

Compared to the lower 48, Alaska has far fewer non-native invasive plant species. With swift and strategic management of our invasive weeds, Alaska has a rare opportunity to avoid severe economic and ecological impacts that have occurred in other parts of the country.

The Alaska Committee for Noxious and Invasive Plants Management (CNIPM) appreciates the excellent work that has resulted from AS 03.05.027, which pertains to Division of Agriculture's invasive weed and agricultural pest program. Since signing this statute into law, the Division of Agriculture has undertaken a significant role in collaboration and management of high-priority invasive plant species in Alaska. Unfortunately, AS 03.05.027 will sunset in the spring of 2011. CNIPM supports continued funding of AS 03.05.027 and recommends the removal of its sunset clause.

CNIPM is composed of concerned citizens, scientists, and land managers that volunteer or work for non-profit, tribal, local, state, and federal agencies across Alaska. The goals of CNIPM are to heighten the awareness of problems associated with invasive plant species and to bring about greater statewide coordination, cooperation, and action to halt the introduction and spread of these undesirable plants. To learn more about the mission and goals of CNIPM, please visit www.uaf.edu/ces/cnipm.

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minimal contact with the DNR, likely a result of state employees having a full load of job duties. AS 03.05.027 created a dedicated invasive plant management position within the Division of Agriculture. As a result, CNIPM now has a DNR contact that regularly attends monthly teleconferences and collaborates on education and management projects.

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Sincerely,

Blaine Spellman

Blaine T. Spellman
Chair, CNIPM Board of Directors
(907)354-1227
blainespellman@gmail.com



Alaska SeaLife Center

windows to the sea

December 1, 2010

The Honorable Sean Parnell
P.O. box 110001
Juneau, AK 99801

Dear Governor Parnell:

Re: AS 03.05.027: Noxious weed, invasive plant and agricultural pest management and education

Globally, invasive plants, agricultural pests and other species of invasive organisms impact ecosystems, ecosystem services, and economies that in the United States alone result in over $130 billion in losses and associated management costs each year. Alaska lags other states in coordinating prevention, monitoring, mitigation and education to reduce the threats and impacts of invasives, but Alaska does have some programs of value in our efforts to confront this growing problem. One such program is instituted under AS 03.05.027: Noxious weed, invasive plant and agricultural pest management and education. However, this Statute includes Sec. 2. Repealing the Act; and Sec. 3. setting an effective date for the repeal as June 30, 2011.

We would like to ask you to consider the impacts repeal of this Act will have on Alaska's ability to address both the threat and the realities of invasive plants and agricultural pests in Alaska. As the Director of Conservation for the Alaska SeaLife Center and having charge over our marine invasive species program, I engage various Federal and State staff in invasive species planning and action and with industry and communities on initiatives to reduce the many threats posed by introduction of non native species. It will be a great loss to the State in managing invasive plants and our coordinating activities if AS 03.05.027 sunsets. We would therefore respectfully request your intervention to repeal Sec. 3. of this Act and assure a sustaining budget is approved to uphold the very important objectives, staffing and actions so necessary under the Statute.

I will be pleased to speak with you or anyone else who can help make a difference in building the State capacity to address the growing problem of invasive species that impact and threaten our State and its ecosystems and economies.

Sincerely,

Howard Ferren
Director of Conservation
907.224.6396
howard_ferren@alaskasealife.org

Linda Hay

From: Louie Flora
Sent: Friday, March 04, 2011 11:50 AM
To: Jeanne Ostnes; Linda Hay; House Resources
Subject: FW: concerned citizen - letter of support - HB97

From: blaine spellman [mailto:blainespellman@gmail.com]
Sent: Friday, March 04, 2011 11:49 AM
To: Louie Flora
Subject: concerned citizen - letter of support - HB97

Hello Louie,

Below is a another letter of support for HB 97. Lori Zaumseil, co-author of letter, is planning on testifying before the House Resource Committee.

Warm regards,

Blaine

---------- Forwarded message ----------

We are Troy and Lori Zaumseil and are writing to request that you support the passage of HB97 which will allow the Division of Ag to retain the statewide coordinator position, addressing noxious weeds and invasive plants. The bill is set to be heard in the House Resources Committee on Monday and move forward from there. Alaska is at such a critical place in preventing/managing the economic and ecological impact from invasive threats and maintaining the continuity of efforts is imperative.

Troy and I became involved in this issue several years ago when we found a Canada Thistle growing in a plant we purchased at a local box store. This extremely noxious and invasive plant was covered by Alaska statute (albeit a very old and outdated one), and yet when we tried to make a report to the Division of Agriculture, we were disturbed to find that they had neither staff nor funding to follow up on this serious situation. That began a journey for us as concerned citizens, property owners, gardeners, outdoors people and voters. After contacting the legislative body, we also began speaking--first to community councils then to state conventions (Alaska Forum on the Environment, CNIPM, Master Gardeners, etc) and eventually we were invited to address the opening session of the National Invasive Weeds Awareness Week in Washington D.C. to talk about Alaska's fight to protect valuable resources from invasion. During that first year, HB330 was introduced by Rep Craig Johnson and later passed unanimously by the Alaska Legislature in a demonstration of how the system CAN work for ordinary citizens who ask their representatives to protect their interests and then those elected officials take action. Troy and I have spoken about our involvement and pride in our Alaska system in presentations we have given all over Alaska and Outside, not only in D.C., but in Nevada, Oregon and Florida as well. We were asked by US Fish and Wildlife Service to speak in Allakaket, Bettles and Coldfoot this past summer and were able to educate residents of interior Alaska on the threats to their way of life posed by invasive species. Without an organized statewide program, Alaska will not be eligible for federal funding and the individual efforts of state and federal agency staffers will be far less effective. We ask you, once again, to protect the citizens you serve by voting for HB97 and allowing this work to continue uninterrupted. Prevention and Early detection are the most economical and efficient method to address the problem. Delay or disruption would certainly result in higher cost to the state's taxpayers.

In addition, we are asking that you request action be taken by the State Department of Transportation. Travel corridors are the proven vector for invasive species to move through and into an area, and Alaska is extremely vulnerable to this scenario. It is imperative that DOT take positive action to PREVENT the spread of invasives and no longer be the passive conduit to ALLOW the spread. Roadways all over the state have noxious plants growing in the right of ways and airports also have infestations, and all of these are allowing noxious weeds to be spread into pristine areas that are defenseless

when these seeds and plant parts are transported through or onto them. The Department needs to be given a mandate to address this issue so that their budget allocations can be made accordingly. The DEC approval process to treat noxious weeds is so cumbersome as to be nearly ineffective and needs to be streamlined to allow effective and efficient treatment. While Troy and I are not versed in the workings of state bureaucracy, we are confident that those in receipt of this e-mail will be able to take the necessary steps to bring DOT and DEC into step with assisting in the problem and not adding to it.

Thank you so much for your time and attention

Lori and Troy Zaumseil
9015 Dewberry St
Anchorage, AK 99502
907-602-3604

--

Blaine T. Spellman, Invasive Plant Program Coordinator
Alaska Association of Conservation Districts
901 S. Koyukuk Dr. Ste. 193A
Fairbanks, AK 99775
(907)354-1227 (c)
(907)474-6251 (fax)
blainespellman@gmail.com

HB 105

<TARGET><BILL>HB 105</BILL><SUBJECT>HB 105</SUBJECT><COMM>HRES27</COMM></TARGET>

STATE CAPITOL
PO Box 110001
Juneau, Alaska 99811-0001
907-465-3500
fax: 907-465-3532

Governor Sean Parnell
STATE OF ALASKA

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Governor@alaska.gov

January 14, 2011

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault,

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the Southeast State Forest. The Southeast State Forest was established in June 2010, under Chapter 112, SLA 2010, in an effort to ensure that State lands in Southeast Alaska that had already been designated for commercial forestry management would be managed as an integrated unit and according to a broader long-term and comprehensive forest management plan. This bill would designate an additional 23,181 acres of commercial forest lands that are conducive to meeting these goals, almost doubling the size of the Southeast State Forest, and further ensuring an appropriate land base for long-term forest management. The lands would continue to be open for multiple uses, including wildlife harvest and recreational activities.

Adding lands to the Southeast State Forest enables the Division of Forestry in the Department of Natural Resources to manage this land to increase long-term timber supply for local processors and wood energy needs, provide near-term jobs in pre-commercial thinning, timber harvest and milling, and retain the land in State ownership for multiple uses.

The bill contains provisions to avoid conflicts with the newly formed City and Borough of Wrangell's land selection and entitlement. Additionally, if new municipalities are incorporated before June 30, 2019, lands that were vacant, unappropriated, and unreserved before establishment of the State Forest will be included in the calculation of the municipal entitlement acreage, but may not be selected.

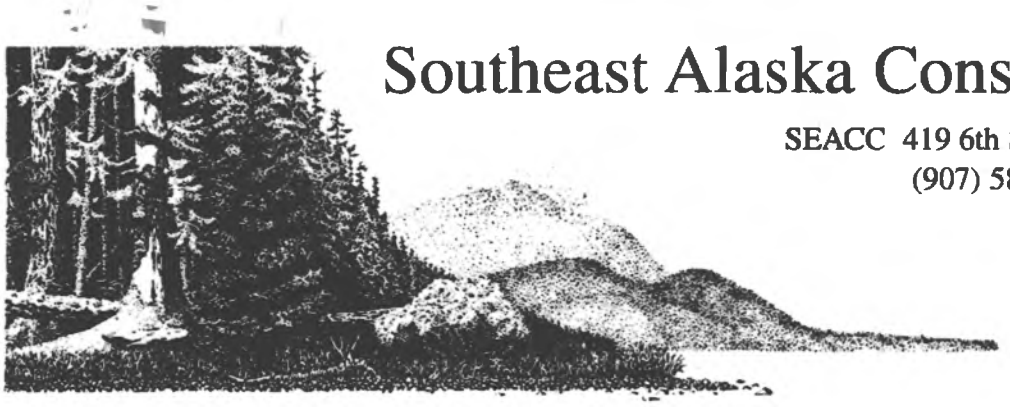
Alaska's timber industry and energy needs remain top priorities of my administration. This legislation is one important piece of our overall strategy to stabilize and revitalize the timber industry and expand wood energy opportunities in Southeast Alaska.

I urge your prompt and favorable action on this measure.

Sincerely,

Sean Parnell
Governor

Enclosure



Southeast Alaska Conservation Council

SEACC 419 6th Street, Suite 200, Juneau, AK 99801
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www.seacc.org • info@seacc.org

Representative Eric Feige
State Capitol Room 126
Juneau AK, 99801

February 10th, 2011

Representative Paul Seaton
State Capitol Room 102
Juneau AK, 99801

Re: Bills Relating to Southeast State Forest Need to Balance Timber with Other Uses

Dear Representatives Feige and Seaton;

The Southeast Alaska Conservation Council appreciates the opportunity to comment on SB 44 and HB 105.

Issue: On January 18, 2011, Governor Parnell transmitted SB 44 and HB 105 to the legislature for consideration, which would add 23,181 acres of land to the Southeast State Forest (SESF).[1] These identical bills would nearly double the size of the 25,291 acre SESF established by the Legislature in 2010.[2] Last year, SB 225 proposed transferring five of the 23 parcels to be added – about 21 percent of the lands – to the University of Alaska. That bill did not pass.

Concerns: Logging is the main priority for the SESF. Fish and wildlife habitat and community use are secondary. Adding more land to the SESF creates and imbalance between timber development and other uses. Solutions are:

1. **Balance new timber lands with new State Parks;**
2. **Remove land parcels with important to fish and wildlife habitat from legislation.**

Points of concern with SB 44 and HB 105 --

1. Designating this much state land for timber-first management in Southeast Alaska is imbalanced. If SB 44 is enacted, nearly 49,000 acres of state lands in Southeast Alaska will be managed primarily for timber production, when only 25,000 acres is designated for state parks, refuges, and other public use areas.
2. Less than 16 percent of all the State-owned land in Southeast Alaska is safeguarded for the long-term use and enjoyment of current and future generations of Alaskans.
3. DNR wants to add lands to the Southeast State Forest in order to make the long-term investments in actively managing 2nd growth timber stands a realistic management

[1] http://forestry.alaska.gov/pdfs/2011PublicBriefingHB105.pdf
[2] http://forestry.alaska.gov/pdfs/Fact_Sheet_on_SESF.pdf

option. If so, then including the Hook Arm parcel on Dall Island and the Kuiu Island parcel at the mouth of Rowan Bay does not make sense.

a. Hook Arm parcel (nearly 1,000 acres)
    i. all old-growth timber
    ii. the Alaska Heritage Resources Survey reports prehistoric heritage sites in or around this unit
    iii. pink salmon anadromous stream in unit
    iv. contains significant karst and cave resources
b. Rowan Bay parcel (652 acres)
    i. Over 80 percent of the parcel is old-growth timber
    ii. There are two anadromous streams (pink, chum, & coho)
    iii. Currently, DNR manages the parcel to maintain and retain old-growth habitat for wildlife and salmon.[3]
    iv. The Plan also states: "There are numerous heritage sites within the parcel, including the site of the prehistoric Rowan Village."

4. Given the distance of the Hook Arm and Rowan Bay parcels from the nearest community, the timber will likely be exported.
    a. Exporting Alaska wood means exporting Alaska jobs and the fish and wildlife resources this old-growth habitat supports.
    b. Nearly 27 percent of the timber sold from State lands in Southeast Alaska the last four years was isolated timber on Zarembo Island like that in Hook Arm and Rowan Bay and sold without a local manufacture requirement. This timber could be exported.
5. AS 41.17.210(a) requires that "[t]he proposal of the governor include a report and recommendations of the commissioner including (1) a preliminary forest inventory . . . ." The only inventory information provided by DNR to support SB 44 and HB 105 is the gross acres for each parcel. This is woefully insufficient to evaluate fully the merits of this proposal.

Options for Resolution –

1. **Balance new timber lands with new State Parks.** Designate the following 7991 acres of state land as State Parks:
    - *Sumdum (near Juneau)* – 5 acres -- this small undeveloped parcel occupies the head of Sanford Cove and lies adjacent to a popular cruise ship, charter and recreational boat travel corridor to Tracy and Endicott Arms Wilderness; it is a historic and culturally significant site.
    - Cleveland Peninsula (near Ketchikan) – 4,055 acres -- this parcel consists of three distinct parts, all of which occupy the northern part of Cleveland Peninsula, located northwest of Ketchikan. These lands are highly used by a guided hunting businesses and an important stop over for a youth education program that is the single largest private employer in Wrangell.
    - Mite Cove (near Pelican) – 320 acres – important to the nearby community of Pelican for recreation and subsistence activities; key safe anchorage for commercial boaters, particularly important for a fish packing business key integral to the troll fishery.
    - Lynn Canal and William Henry Bay (near Haines) – 1679 acres—these two parcels are located on the east shore of Lynn Canal. The Lynn Canal uplands and tidelands

[3] http://dnr.alaska.gov/mlw/planning/areaplans/cs_southeast/pdf/adoptchap3.pdf at p. 3-71

are recommended for designation as a State Marine Park in the Northern Southeast Area Plan (p.3-84).[4]

- *Rowan Bay (652 acres)* (see description of values above)
- *Hook Arm (Dall Island)* – 1,280 acres – (see description of values above)

The proposed conveyance of the above lands to the University of Alaska last year in SB 225 created substantial public controversy. Public testimony shows these lands contain important cultural, historical, recreation, fish, wildlife and other important community values. We urge the Committee to safeguard these special recreational, scenic, cultural, historical, and wilderness values for the long-term benefit of Southeast Alaskans by designating them state parks.

Designating these lands as state parks will help balance the consumptive and non-consumptive uses of state lands in Southeast Alaska, which is key for maintaining both a strong economy and high quality of life in the region.

2. **Drop the Hook Arm and Rowan Bay parcels from SB 44 & HB 105 and request better inventory information from the Division of Forestry before proceeding further with the bill.**

Sincerely,



Buck Lindekugel

[4] http://dnr.alaska.gov/mlw/planning/areaplans/nseap/plan/chap3.pdf.

Testimony
Before the Alaska House Resources Committee
On
HB 105: Authorizing Additions to the Southeast State Forest

Wayne R. Nicolls; P.O. Box 33436; Juneau, Alaska 99803
907-780-6318

I am Wayne R. Nicolls, I live in Juneau. I am retired after 37 years with the US Forest Service. I am a 50-year member of the Society of American Foresters and I continue my education efforts to qualify as a Certified Forester. I am also a member of the Alaska Board of Forestry.

This statement in support of HB 105 is in behalf of myself as an individual, not as a spokesman for any organization.

The addition of some 23,000 acres to the Southeast State Forest will total nearly 50,000 acres. The legislature and administration are to be complimented for their foresight in establishing the Southeast State Forest and I urge that they exercise that same foresight in enlarging it.

As I indicated last year during deliberations that led to the establishment of the SE State Forest, designation of lands as such elevates their status above mere state ownership. It justifies prudent investments via cultural treatment of the forest stands and establishment of infrastructure to facilitate their management and multiple public use.

While much current focus is on logging, resultant employment, and current economic results of state management, the real benefit is long term through subsequent management and use over many decades, possibly a century or more. These long term benefits far outweigh short term wood harvest benefits.

I have only heard one argument for deletion of certain tracts on the basis that they contain considerable old growth. Thus should remain outside the state forest. This is some sort of reverse logic. The argument is without merit because as the land is already owned by the state it can be harvested. It just is not feasible to invest management effort subsequently. Not including it in the state forest does nothing to protect it from logging if that is the objective.

Contrary to some popular belief, old growth is not the epitome of wildlife habitat. Carefully managed forest land through vegetation manipulation can improve habitat. It can increase carrying capacity for deer and other species. It can even improve fish habitat as has been proven by research in the past decade or two. Preaching that old growth must be preserved to benefit wildlife is shallow logic. The effort opposing inclusion in state forest would best be devoted to acquiring current scientific knowledge and advocating conservation through forest management..

Back to the primary reason for my appearance, I urge the committee to quickly move HB 105, ~~AA~~ toward passage making the most of your shortened time to conduct business. Thank you for the opportunity to appear.

Wayne R. Nicolls

Wayne R. Nicolls, CF

John A. Sandor 3311 Foster Avenue Juneau, AK 99801-1926
Phone: (907) 586-2497 Fax: (907) 586-2490 e-mail: jsandor@ak.net

February 14, 2011 Alaska State House Resources Committee Hearing
HB 105: Authorizing Additional Acreage to the Southeast State Forest
(Resource Committee Co-Chairs: Representative Eric Feige and Paul Seaton)

Mr. Chairman - I am John A. Sandor with my home at 3311 Foster Avenue, in Juneau, Alaska. I first came to Alaska on an assignment with the U. S. Forest Service in 1953 and served as the Regional Forester of the Alaska Region from 1976 to my retirement from that agency in 1984. I also served as Commissioner of the Alaska Department of Environmental Conservation from 1990-1994. I am submitting this testimony as an individual - a Certified Forester and life-time member of the Society of American Foresters.

I support HB 105 - which will add 23,181 Acres of State lands to the 25,291 acre existing State Forest which was established last year. This expanded State Forest of 48,472 acres will enable the Department of National Resources Division of Forestry to sustainably managed the timber, fisheries, wildlife, waters, recreation, and other multiple benefits that will strengthen the local economy, provide jobs, and improve the quality of life of the communities living in the vicinity of these existing state lands.

Since the closure of the two Southeast Alaska pulp mills during the 1990's and the loss of an integrated forest product industry in this region, employment and population levels have significantly declined.

Since a forestry staff was established in the Department of Natural Resources shortly after Alaska achieved Statehood, the Department of Natural Resources has had an exemplary record of working with local communities in the protection and management of their local forests. This new Southeast State Forest will provide the local communities with new opportunities to improve their economy and quality of life.

Thank you for the opportunity to testify in support of HB 105.

John A. Sandor, CF

The past and future of the Tongass

By DR. WALTER SOBOLEFF



When I was born in Killisnoo, in 1908, the Tongass National Forest had just celebrated its first birthday. President Theodore Roosevelt set aside this land and water when Killisnoo was a bustling, productive community which produced much wealth. We processed everything from herring to whales and used everything from blueberries to Sitka Spruce. Nearby Angoon provided labor to Killisnoo, to canneries in Hood Bay, Hawk Inlet and the mines in Juneau. A coal mine was worked in Angoon as trees were cut to provide for buildings, heating and docks. We utilized our resources.

President Roosevelt, the great conservationist, proclaimed:

"And now, first and foremost you can never forget for a moment what is the object of our forest policy. That is not to preserve the forests because they are beautiful, though that is good in itself, not because they are refuges for the wild creatures of the wilderness, though that too is good in of itself; but the primary object of our forest policy, as the land policy of the United States, is making of prosperous homes. It is part of the traditional policy of home making in our country. Every other consideration comes as secondary. You yourselves have got to keep this practical object before your minds; to remember that a forest which contributes nothing to the wealth, progress or safety of the country is of no interest to the government and should be of little interest to the forester. Your attention must be directed to the preservation of the forests, not an end in itself, but as a means of preserving and increasing the prosperity of the nation."

As we, the people and communities of the Tongass spent the next 50 years working together to share in this wealth with the United States, we mostly got along. Some newcomers were not friendly and brought bad manners with them and worse. Nonetheless, we welcomed them as we worked our fisheries, our timberlands and local mines while continuing our customary and traditional activities which have sustained us from the beginning. The economy prior to statehood offered the people of Southeast choices, something we no longer seem to have despite many advances in health care and many dollars spent on education.

With statehood, the Tongass and then I turned 50. The promise of a brighter future shone as we Alaskans would finally be "equal." The federal government invested in clean hydro-electric projects planned to power all our communities with affordable electricity. Alaskan Natives would be able to settle our claims for loss of aboriginal rights and for the first time stand side by side with Alaskans who homesteaded their lands. We understood from watching the treatment of our brothers and sisters in the Lower 48 that broken promises were the rule but we still believed this need not be so.

So, the Tongass just celebrated its 100th and Alaska is coming up on its 50th which is way too fast for my liking and I ask where we are today? Are we walking side by side with our fellow citizens, our fellow Alaskans? Do we have the opportunities that existed prior to Statehood? Are we able to utilize our lands and waters as a means to create energy, jobs and wealth for our families?

Our villages today suffer in a way I have never seen. Angoon fights for its survival. As a member of the Alaska Native Brotherhood and a witness to the work of the Lord, I have found the energy to share openly, firmly and with resolve the need to address the condition of our people with those who have come to live with us. Sadly, our work is not nearly done.

The federal government controls the land in Southeast Alaska and we rely on their word and commitment in our dealings. The Tongass was intended to create the type of wealth and security known from time immemorial by my people. Angoon has survived millennia and overcome many changes and is prepared to continue to contribute if allowed to do so.

• Dr. Walter Soboleff is a Tlingit spiritual leader and elder statesman who lives in Juneau.

PROCEEDINGS
OF
THE SOCIETY OF AMERICAN FORESTERS

The publications of the Society are sent gratuitously to all members. Copies of the Proceedings may be obtained of the Secretary for 25 cents each number.

VOL. I MAY, 1905 No. 1

Forestry and Foresters

THEODORE ROOSEVELT

Delivered before the Society March 26, 1903

I have felt that the meeting this evening was of such a character as not merely to warrant but to require that I should break through my custom of not going out to make speeches of this sort, for I believe that there is no body of men who have it in their power to-day to do a greater service to the country than those engaged in the scientific study of, and practical application of, approved methods of forestry for the preservation of the woods of the United States. I am glad to see here this evening not only the officials, including the head of the Department of Agriculture, but such men as Governor Richards, who are most concerned in carrying out the policy of the Department of the Interior, because the forest policy of any country must be an essential part of its land policy.

And now, first and foremost, you can never afford to forget for one moment what is the object of our forest policy. That object is not to preserve the forests because

they are beautiful, though that is good in itself, nor because they are refuges for the wild creatures of the wilderness, though that, too, is good in itself; but the primary object of our forest policy, as of the land policy of the United States, is the making of prosperous homes. It is part of the traditional policy of home making of our country. Every other consideration comes as secondary. The whole effort of the Government in dealing with the forests must be directed to this end, keeping in view the fact that it is not only necessary to start the homes as prosperous, but to keep them so. That is why the forests have got to be kept. You can start a prosperous home by destroying the forests, but you cannot keep it prosperous that way.

And you are going to be able to make that policy permanently the policy of the country only in so far as you are able to make the people at large, and, above all, the people concretely interested in the results in the different localities, appreciative of what it means. Impress upon them the full recognition of the value of its policy, and make them earnest and zealous adherents of it. Keep in mind the fact that in a government such as ours it is out of the question to impose a policy like this from without. The policy, as a permanent policy can come only from the intelligent conviction of the people themselves that it is wise and useful; nay, indispensable. We shall decide, in the long run, whether or not we are to preserve or destroy the forests of the Rocky Mountains accordingly as we are or are not able to make the people of the mountain States hearty believers in the policy of forest preservation.

That is the only way in which this policy can be made a permanent success. You must convince the people of the truth—and it is the truth—that the success of home makers depends in the long run upon the wisdom with which the nation takes care of its forests. That seems a strong statement, but it is none too strong.

You yourselves have got to keep this practical object before your minds; to remember that a forest which contributes nothing to the wealth, progress, or safety of the country is of no interest to the Government, and should be of little interest to the forester. Your attention must be directed to the preservation of the forests, not as an end in itself, but as a means of preserving and increasing the prosperity of the nation. "Forestry is the preservation of forests by wise use," to quote a phrase I used in my first message to Congress. Keep before your minds that definition. Forestry does not mean abbreviating that use; it means making the forest useful not only to the settler, the rancher, the miner, the man who lives in the neighborhood, but, indirectly, to the man who may live hundreds of miles off down the course of some great river which has had its rise among the forest-bearing mountains.

The forest problem is in many ways the most vital internal problem in the United States. The more closely this statement is examined the more evident its truth becomes. In the arid regions of the West agriculture depends first of all upon the available water supply. In such a region forest protection alone can maintain the stream flow necessary for irrigation, and can prevent the great and destructive floods so ruinous to communities farther down the same streams.

The relation between the forests and the whole mineral industry is an extremely intimate one; for, as every man who has had experience in the West knows, mines cannot be developed without timber—usually not without timber close at hand. In many regions throughout the arid country, ore is more abundant than wood, and this means that if the ore is of low grade, the transportation of timber from any distance being out of the question, the use of the mine is limited by the amount of timber available.

The very existence of lumbering, of course—and lumbering is the fourth great industry of the United States—depends upon the success of our work as a nation in putting practical forestry into effective operation.

As it is with mining and lumbering, so it is in only a less degree with transportation, manufactures, commerce in general. The relation of all these industries to forestry is of the most intimate and dependent kind.

It is a matter for congratulation that so many of these great industries are now waking up to this fact; the railroads especially, managed as they are by men who are compelled to look ahead, who are obliged by the very nature of their profession to possess a keen insight into the future, have awakened to a clearer realization of the vast importance of the economic use both of timber and of forests.

Even the grazing industry, as it is carried on in the great West, which might at first sight appear to have little relation to forestry, is nevertheless closely related to it, because great areas of winter range, available and good for winter grazing, would be absolutely useless without the summer range in the mountains where the forest reserves lie.

As all of you know, the forest resources of our country are already seriously depleted. They can be renewed and maintained only by the co-operation of the forester with the practical man of business in all his types, but above all, with the lumberman. And the most striking and encouraging fact in the forest situation is that lumbermen are realizing that practical lumbering and practical forestry are allies, not enemies, and that the future of each depends upon the other. The resolutions passed at the last meeting of the representatives of the lumber interests, which occurred here in Washington, were a striking proof of this fact and a most encouraging feature of the present situation. So long as we could not make the men concerned in the great lumber industry realize that the foresters were endeavoring to work in their interest, and not against them,

the headway that could be made was but small. We shall be able to work effectively and bring about important results of a permanent character largely in proportion as we are able to convince those men, the men at the head of that great business, of the practical wisdom of what the foresters of the United States are seeking to accomplish.

In the last analysis, the attitude of the lumberman toward your work will be the chief factor in the success or failure of that work. In other words, gentlemen, I cannot too often say to you, as, indeed, it cannot be too often said to any body of men of high ideals and good scientific training who are endeavoring to accomplish work of worth for the country, that you must keep your ideals high and yet seek to realize them in practical ways.

The United States is exhausting its forest supplies far more rapidly than they are being produced. The situation is grave, and there is only one remedy. That remedy is the introduction of practical forestry on a large scale, and of course that is impossible without trained men, men trained in the closet, and also by actual field work under practical conditions.

You have created a new profession of the highest importance, of the highest usefulness to the State, and you are in honor bound to yourselves and the people to make that profession stand as high as any other profession, however intimately connected with our highest and finest development as a nation. You are engaged in pioneer work in a calling whose opportunities for public service are very great. Treat that calling seriously; remember how much it means to the country as a whole.

The profession you have adopted is one which touches the Republic on almost every side—political, social, industrial, commercial; to rise to its level you will need a wide acquaintance with the general life of the nation, and a view point both broad and high.

Any profession which makes you deal with your fellow-men at large makes it necessary that if you are to succeed you should understand what those fellow-men are, and not merely what they are thought to be by people who live in the closet or the parlor. You have got to know who the men are with whom you are to work, how they feel, how far you can go, when you have to stop, when it is both safe and necessary to push on.

I believe that the foresters of the United States will create a more effective system of forestry than we have yet seen. If not, gentlemen, if you do not, I shall feel that you have fallen behind your brethren in other callings, and I do not believe that you will fall behind them. Nowhere else is the development of a country more closely bound up with the creation and execution of a judicious forest policy. This is, of course, especially true of the West, but it is true of the East also. Fortunately in the West we have been able, relatively to the growth of the country, to begin at an earlier day, so that we have been able to establish great forest reserves in the Rocky Mountains instead of having to wait and attempt to get Congress to pay large sums for their creation, as we are now endeavoring to do in the Southern Appalachians.

In the administration of the national forest reserves, in the introduction of conservative lumbering on the timber tract of the lumberman and the woodlot of the farmer, in the practical solution of forest problems which effect well nigh every industry and every activity of the nation, the members of this society have an unexampled field before them. You have a heavy responsibility—every man that does serious work, work worth doing, has on him a heavy responsibility—for upon the development of your work the development of forestry in the United States and the production of the industries which depend upon it will largely rest. You have made a good beginning, and

I congratulate you upon it. Not only is a sound national forest policy coming rapidly into being, but the lumbermen of the country are proving their interest in forestry by practicing it.

Twenty years ago a meeting such as this to-night would have been impossible, and the desires we here express would have been treated as having no possible relation to practical life. I think that since the present Secretary of Agriculture first came into Congress here there has been a complete revolution in the attitude of the public mind toward this question. We have reached a point where American foresters trained in American forest schools are attacking American forest problems with success. That is the way to meet the larger work you have before you. You must instill your own ideals into the mass of your fellow-men and at the same time show your ability to work with them in practical and business fashion. This is the condition precedent to your being of use to the body politic.



February 14, 2011

Southeast Conference is a broad based association of communities in Southeast Alaska with a mission of undertaking and supporting activities that promote strong economies, healthy communities and a quality environment throughout the region. In keeping with that mission we support expanding the Southeast Alaska State Forest....SB44 & HB105.

The timber industry in SE Alaska is on the verge of disappearing as a result of the failure of the US Forest Service to provide a supply of economic timber from the Tongass National Forest. This disaster started with the cancellation of the Long Term Timber sales. The timber sale program went into a decline starting with the cancellation of the long term contracts and continues today. The current volume offered by the Forest Service is less than 10% of the volume offered at the time of cancellation of the long term sales.

The existence of a timber industry in SE Alaska depends on immediate action to provide a supply of economically viable sales. There has been a concerted effort by the State working with the Forest Service to improve the quantity and quality of the Forest Service timber sales. This effort continues but has not resulted in the improvements needed.

Southeast Conference has reviewed Senate Bill 44-which will add an additional 23,181 acres of State lands to the 25,291 acre existing Southeast State Forest established last year. This expanded Southeast State Forest of 48,474 acres will be managed by the department of Natural Resource' Division of Forestry, which has an exemplary record of managing Alaska's forests and related resources.

Southeast Conference commends Governor Parnell and the Alaska Legislature for the establishment of a Southeast Alaska State Forest.

The Southeast Conference is pleased to support SB-44. Enactment of SB-44 will enable the Department of Natural Resources Division of Forestry to sustainably manage the timber, fisheries, wildlife, waters, recreation and other multiple benefits that will strengthen the local economy, provide jobs and improve quality of life of all Southeast Alaska communities.

Thank you for your consideration.

Merrill Sanford
SEC Timber Committee Chairperson

P.O. Box 21989 612 W. Willoughby Avenue, Suite B, Juneau Alaska 99802
(907) 523-4350 (907) 463-5670 Fax info@seconference.org
www.seconference.org

SOUTHEAST CONFERENCE

RESOLUTION 11-11

A RESOLUTION OF THE SOUTHEAST CONFERENCE EXPRESSING SUPPORT FOR THE PROPOSED ADDITIONS TO THE SOUTHEAST STATE FOREST AS PRESENTED IN HB105 & SB44

WHEREAS, the majority of timber in SE Alaska is on federally owned National Forest land, harvest of which has drastically declined and local mills are heavily dependent on sale of state timber, and;

WHEREAS, the state is committed to maximizing the sustainable supply of timber from the small state timber land base, and;

WHEREAS, there is broad support for shifting timber harvesting in SE Alaska from old growth to young growth stands, which yield higher volumes per acre on shorter rotations, and have less impact on wildlife, and;

WHEREAS, much of the state timber land was conveyed from the federal government with young growth stands, the shift from old growth to young growth harvest can be accelerated by thinning these stands, and;

WHEREAS, thinning and subsequent young growth management constitutes long-term investment, it is only justified if the land will continue to be available for forest management, and;

WHEREAS, land designated as State Forest would ensure that some land will remain available for long-term management for multiple uses including the supply of timber to local processors, and;

WHEREAS, the State owns the parcels of land that are listed in HB105 and are suitable for designation and subsequent management as a State Forest, now therefore;

THEREFORE BE IT RESOLVED THAT Southeast Conference generally endorses establishment of a Southeast Alaska State Forest as currently proposed in House Bill 105 "An Act relating to the Southeast State Forest; and providing for an effective date".

AND BE IT FINALLY RESOLVED THAT Southeast Conference will transmit this resolution to the Governor of Alaska, House and Senate Resource Committee Chair, Alaska State Legislature, the Alaska Congressional Delegation, the U.S. Forest Service Chief, U.S. Forest Service Alaska Regional Forester.

Approved and passed by the Southeast Conference Board of Directors on January 31, 2011

Witness:

Janice Hill

Jan Hill, President

Attest:

Shelly Wright

Shelly Wright, Executive Director

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Congressman Don Young
Governor Sean Parnell

February 14, 2011

Representative Eric Feige and Representative Paul Seaton
House Resources Committee
Alaska State Capitol

RE: Testimony before House Resources Committee, HB 105, Southern Southeast Alaska State Forest

Good afternoon. My name is Carl Portman, Deputy Director of the Resource Development Council. RDC supports House Bill 105, given expansion of the forest would help sustain the forest products industry, save jobs, and boost the economy.

The state land identified for inclusion into the new state forest has been consistently managed for timber harvest. A state forest designation over these lands would ensure they would remain in state ownership and contribute to the long-term viability of the forest products industry in Southeast Alaska.

RDC supported the creation of the Southeast State Forest because demand for state timber exceeds supply and local mills are dependent on a consistent supply to stay in business. The majority of the timber in Southeast Alaska is on federal land, but federal timber sales have declined sharply. Subsequently, the demand for state timber from local mills has increased significantly.

Much of the new state forest contains young second-growth stands. There is broad support for shifting timber harvesting in Southeast from old growth to second growth. The new state forest and the proposed additional parcels to it will help provide a sustainable timber supply to local mills and accelerate the transition to second-growth timber. Actively managed second-growth will provide more timber volume per acre on shorter rotations. The shift to second-growth harvesting can be accelerated and timber volume increased on state land by thinning these stands. However, thinning is a long-term investment and is only justified if the land will be available for timber harvesting.

In our view, the Southeast State Forest and the proposed additions to it are needed to help restore some sense of balance in Southeast Alaska, given approximately 95 percent of the Tongass National Forest is closed to logging. The Tongass itself comprises 94 percent of the land in Southeast Alaska. As a result, land management in Southeast is heavily weighted toward preservation and non-development uses. Of 17 million acres in the Tongass, only 663,000 acres are scheduled for harvesting over the next 100 years, and half of that acreage is second-growth timber cut decades ago. The annual harvest ceiling has been reduced to 267 million board feet, down from 520 million board feet under previous federal plans and mandates. Only 30 million board feet of timber has been harvested annually in recent years, less than 15% of the allowable cut. Timber harvests on these federal lands are likely to be constrained due to litigation and other federal issues.

With regard to state lands, the Department of Natural Resources manages over 159,000 acres of uplands in southern Southeast Alaska. Of these, approximately 48,472 acres would be included in the new expanded state forest. The remaining land is designated for other uses, including recreation, water resources, land sales, and fish and wildlife habitat, including 25,000 acres of legislatively designated state parks, refuges, and public use areas. When put in the proper context, a 48,000 acre state forest, which is open to logging and other multiple uses, accounts for less than one-third of the state land in Southeast Alaska and less than one half of one percent of the total land base in the region, which pails in comparison to the acreage closed to development.

With the Forest Service unable to provide the timber sales the industry needs to keep operating and with most federal land in the region now closed to development, the proposed additions to the State Forest are needed and would help sustain the forest products industry, save jobs and benefit the economy.

Thank you for the opportunity to testify in support of HB 105.

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035
Phone: 907-276-0700 Fax: 907-276-3887 Email: resources@akrdc.org Website: www.akrdc.org

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January 5, 2011

Mr. Chris Maisch, State Forester
Division of Forestry
550 W. 7th Avenue, Suite 1450
Anchorage, AK 99501

RE: Additional Lands to Southeast State Forest

Dear Mr. Maisch:

The Resource Development Council (RDC) is writing to support the inclusion of an additional 23,181 acres to the Southeast State Forest. This state land in southern Southeast Alaska is appropriately suited for inclusion into the new state forest as it has been consistently managed for timber harvest. A state forest designation over these lands would expand the Southeast State Forest to 48,472 acres and ensure they will remain in state ownership and contribute to the long-term viability of the forest products industry in Southeast Alaska.

RDC is a statewide, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

RDC supported the creation of the 25,291-acre Southeast State Forest, which was established in June 2010. In Southeast Alaska, demand for state timber exceeds supply and local mills are dependent on a consistent supply to stay in business. The majority of the timber in Southeast Alaska is on federal land, but federal timber sales have declined sharply. Subsequently, the demand for state timber from local mills has increased significantly.

Much of the new state forest was inherited from the U.S. Forest Service with young second-growth stands. There is broad support for shifting timber harvesting in Southeast Alaska from old growth to second growth stands. The new state forest and the proposed additional parcels to it will help provide a sustainable timber supply to local mills and accelerate the harvest of second-growth timber. Actively managed second-growth stands will provide more timber volume per acre on shorter rotations.

The shift to second-growth harvesting can be accelerated and timber volume increased on state land by thinning these stands. However, thinning is a long-term investment and is only justified if the land will be available for timber harvesting.

The Division of Forestry will manage the state forest for a long-term supply of timber to local processors, and retain the land in state ownership for multiple use, including wildlife habitat and harvest, as well as recreational activities. The forest will be managed as part of the State Forest System in accordance with a new management plan that will be developed within the next three years. In the interim, existing guidance under the current Prince of Wales Island Area Plan and Central/Southern Southeast area plans will apply.

RDC supports the proposed additions to the Southeast State Forest from lands currently available for timber harvest and believes a larger state forest in the region will benefit the economy.

Sincerely,

Carl Portman
Deputy Director

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035
Phone: 907-276-0700 Fax: 907-276-3887 Email: resources@akrdc.org Website: www.akrdc.org

Society of American Foresters
Growing better all the time

January 31, 2011

Alaska, SAF
C/o Maynard Nuss
Executive Secretary
521 High View Drive
Anchorage, Alaska 99515-3716

Governor Parnell
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Parnell,

The Alaska Society of American Foresters (SAF) is Alaska's organization of professional foresters and other natural resource scientists dedicated to the sustainable management and protection of Alaska's forests and related resources.

The Alaska Society of American Foresters and Southeast state chapters have reviewed the HB 105 and corresponding Senate Bill 44 – which will add an additional 23,181 acres of State lands to the 25,291 acre existing Southeast State Forest established last year. This expanded Southeast State Forest of 48,474 acres will be managed by the Department of Natural Resource' Division of Forestry, which has an exemplary record of managing Alaska's forests and related resources.

The Alaska SAF commends the Governor Parnell and the Alaska Legislature for the establishment of a SE Alaska State Forest.

The Alaska Society of American Foresters is please to support HB 105. Enactment of HB 105 will enable the Department of Natural Resources Division of Forestry to sustainably manage the timber, fisheries, wildlife, waters, recreation, and other multiple benefits that will strengthen the local economy, provide jobs, and improve quality of life of all Southeast Alaska communities.

Sincerely,

Kathryn S. Pyne,
Alaska SAF, Chair

Cc: Southeast Legislature Delegation; Alaska Congressional Delegation, State Forester Chris Maisch, Southeast Conference, USFS Regional Forester Beth Pendleton, and National SAF.

City of Coffman Cove

PO Box 18135
102 Denali
Coffman Cove, AK. 99918
Phone: (907) 329-2233 Fax: (907) 329-2212
Email: coffmancove@msn.com

1-18-2011

Chris Maisch
State of Alaska
Department of Natural Resources
Division of Forestry
550 W. 7th Avenue, Suite 1450
Anchorage, AK 99501

RECEIVED
JAN 26 2011
State of Alaska
DNR-Division of Forestry

RE: State Forest

Dear Chris:

The City of Coffman Cove fully supports the inclusion of additional lands to the State Forest. The addition of 23,181 acres will ensure the future of a small timber industry in Southeast Alaska. The concept of a State Forest is a good management tool to help Southeast Alaska diversify its economy to include timber harvest along with tourism and fishing.

Coffman Cove has a long history as a logging community. While we are trying to incorporate other industries, timber is still an important part of our lifestyle and economy. Other communities in Southeast Alaska find themselves in similar situations. With the shift in US Forest Service management of the Tongass National Forest we find ourselves in a situation where planning for the future is impossible. The establishment of the State Forest will allow some sensible management practices. The additional acreage will ensure there is enough land base to provide some stability.

Please feel free to copy this letter to use in any capacity to support the State Forest. I will write a similar letter to Senator Stedman and Representative Johansen.

Sincerely,

Elaine Price

Elaine Price
City Administrator

Alaska Forest Association, Inc.

111 STEDMAN STREET, SUITE 200
KETCHIKAN, ALASKA 99901
Phone: 907-225-6114
Fax: 907-225-5920
E-mail: afa@akforest.org

January 12, 2011

Chris Maisch
State Forester
Alaska Division of Forestry
550 W. 7th Ave., Suite 1450
Anchorage, AK 99501

RE: Support of Additional Lands to Southeast State Forest

Dear Chris:

The Alaska Forest Association supports inclusion of an additional 23,181 acres to the Southeast State Forest. The state's timber sale program in Southeast is very small, but very effective. The federal government controls about 94% of the land in Southeast Alaska but they have been supplying only about 20% of the timber that our industry has harvested in the last few years. While State and private timberlands have supplied the other 80%, this has not been sufficient to keep our mills operating. Currently we have only a single medium-size mill still operating in the region along with a handful of very small mills.

Unlike the federal forest management program, the State effort has provided economically viable timber sales on a regular and consistent basis within the constraints of sustained yield principles. In addition to supporting our timber industry the State's timber sale program brings in revenue in the form of stumpage payments that are invested back into the statewide forest management program.

Dedicating more State lands in Southeast Alaska to long-term forest management helps ensure these lands will continue to support the State timber sale program. This helps sustain our remaining timber industry until we can either overcome the impediments that make the federal timber unavailable or until we can persuade Congress to allow the State to own or manage a significant portion of the Tongass. By dedicating lands for long-term forest management the State is better positioned to invest in practices that enhance forest productivity, such as pre-commercial thinning. By increasing the growth and yield from the State Forest, more timber can be supplied to our industry from these lands in perpetuity.

We urge you to support the current efforts to increase the size of the Southern Southeast State Forest.

Sincerely,

Owen Graham
Executive Director
Alaska Forest Association

A NATIVE CORPORATION
SEALASKA

February 15, 2011

The Honorable Representative Paul Seaton, House Resources Co-Chair
State Capitol - Terry Miller Building, Suite 111
Juneau, Alaska 99801-1182

The Honorable Representative Eric Feige, House Resources Co-Chair
State Capitol - Terry Miller Building, Suite 111
Juneau, Alaska 99801-1182

Dear Mr. Seaton and Mr. Feige,

During my testimony yesterday on HB 105 the issue of job creation by round log export versus those created by domestic manufacture came up and I am providing the committee with the report that addresses this issue: *Southeast Timber Harvest Employment*, October 2005. In the Executive Summary you will see that the number of direct jobs per million board feet is 4.5 for domestic manufacture versus 4.3 for round log export. Summary points in the Executive Summary further explain the importance of stevedoring and other jobs associated with round log export to the rural village workforce, this work force typically does not want to move their family to a community with a sawmill.

I am also providing another report that you may find helpful to better understand this issue *The Impact of Sealaska Corporation on The Southeast Alaska Economy, 2009 Update*. Please feel free to contact me if you have any further, questions, comments, or concerns. I can be reached at (907) 586-9277, or via email ron.wolfe@sealaska.com.

Sincerely,

SEALASKA CORPORATION

Ronald R. Wolfe
Natural Resource Manager

Cc: Mr. Richard P. Harris, Sealaska VP
Mr. Chris Maisch, Alaska State Forester
The Honorable Representative Dick
The Honorable Representative Foster
The Honorable Representative Herron
The Honorable Representative Munoz
The Honorable Representative Gardner
The Honorable Representative Kawasaki

One Sealaska Plaza, Suite 400 • Juneau, AK 99801-1276 • Phone (907) 586-1512 • Fax (907) 586-2304

Southeast Timber Harvest Employment Impact Analysis

PREPARED FOR:
Sealaska Corporation



Research-Based Consulting
Juneau
Anchorage

October 2005

Southeast Timber Harvest Employment Impact Analysis

PREPARED FOR:
Sealaska Corporation

PREPARED BY:



Juneau • Anchorage

October 2005

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EXECUTIVE SUMMARY

The purpose of this study was to compare the employment impact of Sealaska timber harvests with the impact of Tongass timber harvests. The primary difference between the two harvests, in terms of job creation, is that Sealaska harvests, in addition to logging jobs, create jobs in shiploading. Tongass harvests, because of the primary manufacturing requirement, create jobs in sawmills. This report examines these and other employment characteristics. Key findings of this study are summarized below:

- Sealaska harvested an average of 92 million board feet (mmbf) of timber from its lands in 2002 and 2003. During those same years the Tongass harvest averaged 42 mmbf.

- Sealaska and Tongass logging typically account for approximately 2.1 jobs per mmbf of timber harvested. This does not include stevedoring or sawmill jobs.

- Sealaska-related stevedoring activity generated jobs for 209 Southeast village residents in 2002 and 2003, with earnings totaling approximately $1 million annually. This equates to 2.2 jobs per mmbf. These mostly part-time jobs were in Hydaburg, Klawock, Kake and Hoonah.

- Tongass timber harvests created an average of 100 sawmill jobs in Southeast in 2002 and 2003 with payroll of $2 million annually. This equates to 2.4 jobs per mmbf. These mostly full-time jobs were primarily in Ketchikan, Wrangell and Klawock.

- Including logging and sawmill employment, Tongass harvests created an average of 4.5 jobs per mmbf. This is a measure of direct employment impacts attributable to the Tongass harvest.

- Including logging and stevedoring jobs, Sealaska harvests created an average 4.3 jobs per mmbf. This is a measure of direct employment impacts only.

- Other Sealaska-related impacts are readily measurable. Including employment with Sealaska Timber Corporation (STC) contractors (logging and stevedoring), STC offices and Sealaska Corporation headquarters, Sealaska timber harvests accounted for an average of 416 jobs in 2002 and 2003, from an average annual harvest of 95 million board feet. That equates to 4.9 jobs per mmbf.

- Income from STC logging activity is widely dispersed among village residents and is an important source of cash, particularly for many who have a high degree of dependence on subsistence activities. Placing a domestic

manufacturing requirement on Sealaska timber harvests would transfer jobs from cash-poor areas to communities with existing sawmills.

- Not included in this study is the spending on goods and services by Sealaska Timber Corporation (other than logging and stevedoring), spending by Sealaska Corporation and Sealaska Heritage Institute, and spending by all of the employees of these organizations. This spending creates additional economic activity and employment in Southeast. Previous research has found that direct, indirect and induced employment related to Sealaska peaked at approximately 1,000 jobs in Southeast Alaska in 2002 and 2003.

- Also not factored into this analysis are other Sealaska contributions to Southeast including dividends paid to shareholders, SHI scholarships, and support for various regional programs. The shareholder intern program and shareholder hire policy, which have provided educational and career opportunities (that may not otherwise have been available) to many Southeast residents, are likewise not factored into this analysis.

In summary, the overall economic impact of Sealaska timber harvests is greater than that of the Tongass harvests (as would be expected, with about double the total harvest volume). Further, this analysis suggests that on a per mmbf basis, Sealaska's economic impact at least matches that of the Tongass (even with its primary manufacturing requirements).

Introduction

The purpose of this analysis is to compare the number of jobs created from timber harvests on Sealaska lands to harvests from the Tongass National Forest in Southeast Alaska on a per-million-board-foot basis.

There are two key components of the Southeast Alaska logging industry: logging activity in the Tongass National Forest and logging on private landholdings. In Southeast, the most significant volume of private timber is harvested by Sealaska Timber Corporation (STC). There are also timber harvests on land owned by the State of Alaska, University of Alaska, Alaska Mental Health Trust, as well as other much smaller scale harvests.

Timber harvested in the Tongass National Forest has primary manufacturing requirements, which mandate that most harvested logs be at least minimally processed in Alaska prior to export. Cedar can be exported as round logs and these exports are an important part of the financial viability of Tongass operators.[1] The primary manufacturing requirement creates employment in local sawmills. Timber harvested from private land in Southeast has no similar manufacturing requirements and is mostly exported as round logs.

While most Sealaska timber is not processed in Southeast Alaska, STC timber contracts create certain jobs that Tongass harvests do not. Log "manufacturing" and scaling are somewhat more labor intensive on Sealaska harvests, as logs are sorted and prepared to the exact specifications of the export market. Ship loading activity, in particular, provides significant employment and wages to village residents in Southeast. Logs are felled, transported to tidewater and loaded on ships in the remote locations along the coast of Prince of Wales (POW) Island, Hoonah and Kake to be transported to market. In addition, Sealaska timber harvests support the operations of Sealaska Corporation and Sealaska Heritage Institute, which provide employment and other economic opportunities in Southeast Alaska.

Methodology

The analysis was based on a combination of primary and secondary research. Primary research sources included a review of internal STC data supplemented by interviews with STC contractors regarding employment on STC contracts in 2002 and 2003. Secondary data sources included published and unpublished employment data from the Alaska Department of Labor and Tongass National Forest timber harvest volume from the USDA Forest Service.

In 2004, yellow cedar accounted for 7.2 percent of the Tongass National Forest harvest and Western red cedar accounted for 7.3 percent of the Tongass harvest.

Published employment data for the forestry and logging industry includes establishments primarily engaged in cutting and trucking timber. However, logging-related employment also includes road building, towing, log scaling, sorting and other jobs. Companies engaged in these logging support activities report their employment to the Alaska Department of Labor in different ways, because of the vertical integration of some companies, or other factors. As a result, establishments engaged in similar activities may be assigned different industry codes under the North American Industry Classification System (NAICS). Certain businesses may be categorized in non-logging NAICS categories. For example, establishments primarily engaged in trucking timber are classified in Industry 484220, Specialized Freight; however, employment numbers specific to timber trucking are not available. As a result, employment estimates for the logging industry as reported by the ADOL include some, but not all, employment in other logging support jobs such as road building, trucking and towing.

Due to these data limitations, this analysis focuses on the economic impacts of logging and sawmill components of the timber harvest process. Employment from logging activity in the Tongass is published annually by the USFS, but was considered preliminary at the time of this report. Following discussions with the USFS regional economist regarding the methodology of the agency's annual report on timber supply and demand, the study team calculated Tongass and Sealaska-related employment based on the most recent logging and sawmill industry employment data. The respective percentages of Tongass and Sealaska timber in 2002 and 2003 were applied to the total regional employment data for the logging industry to estimate employment in these occupations.

The assumption was made that road building, logging and log trucking activity are essentially the same on Tongass and Sealaska harvests. It was further assumed that the difference in employment between Tongass and Sealaska harvests occurs after the logs reach tidewater. For Tongass harvests, logs are either loaded on trucks or barged to sawmills for processing. For Sealaska, logs are staged and rafted by bundles into log booms and loaded on ships for transport (this 'in water' work includes log booming, towing, and rafting ground construction and maintenance) and also transported by truck and barge.

Because of the uncertainty regarding employment from Tongass harvests, the assumption that logging activities are similar for Tongass and Sealaska harvests may not be completely accurate in certain instances. For example, to fully optimize the value of logs for the export market, Sealaska harvests may require more time in bucking and quality control work. Further, it has been reported that Sealaska helicopter-supported harvests create more jobs (up to 50 percent more) than Tongass helicopter-supported harvests, due to the more selective nature of Sealaska's harvests.[2] Further, due to the importance of quality in log exports, STC contracts create more employment in sort yards. Nevertheless, the basic assumption that harvesting employment is essentially the same of Sealaska and Tongass harvests is required to insure an "apples to apples" comparison is made in the absence of detailed data related to Tongass contractor employment.

[2] This estimate is based on interviews with representatives of Columbia Helicopters, a firm that conducts helicopter logging on Sealaska land and on the Tongass.

Employment data provided by Sealaska contractors is considered to be accurate, but should be considered best estimates in the absence of Alaska Department of Labor data specific to STC contractors. Similar data on Tongass-related employment at the contractor level was not available; for this reason, the comparison of Sealaska and Tongass employment is based on uniform secondary data sources only. Additional employment data provided by STC contractors is presented at the conclusion of the Sealaska section to illustrate total direct, indirect and induced employment from Sealaska timber harvests. Similar data is not available for Tongass-related employment.

Southeast Alaska Timber Harvests

Sealaska Timber Corporation (STC) harvests represented 50 percent of the timber cut in Southeast Alaska in 2002 and 2003, while Tongass harvests in that period accounted for between 18 and 27 percent of the total harvest. Other timber harvests occurred on land owned by the State of Alaska, Alaska Mental Health Trust, University of Alaska, Bureau of Indian Affairs (BIA), or other Alaska Native corporations.

Southeast Alaska Timber Harvests, 2002-2003
(in million board feet)

	2002	2003	Average
Tongass National Forest	33.8	50.8	42.3
Sealaska	95.9	93.8	94.9
Other	63.1	41.7	52.4
Total Harvest	192.8	186.3	189.6

Source: USDA Forest Service, *Timber Supply and Demand 2003*

Tongass Harvest Volume

Current Tongass timber harvests are significantly lower than in prior decades and are expected to remain well below the allowable sale quantity (ASQ) of 187 million board feet (mmbf) annually, based on a 2004 McDowell Group report[3]. In 2003, the Tongass harvest volume was approximately 51 mmbf, a 50 percent increase over the previous year's harvest of 34 mmbf. The most recent two-year average harvest was just over 42 mmbf. Future Tongass harvests are uncertain due to a recent 9th Circuit Court of Appeals decision that found the Forest Service's timber demand analysis flawed.

Sealaska Harvest Volume

STC harvested 95 mmbf of timber annually between 2002 and 2003. Sealaska Corporation is the only ANCSA Corporation in Southeast Alaska with sufficient landholdings to maintain a sustained annual yield of timber[4].

Southeast Alaska Logging Employment

In 2002 and 2003, logging in Southeast Alaska accounted for an average of 362 and 406 jobs, respectively.[5] Employment peaked at 519 jobs in August of 2003 and 482

[3] McDowell Group, 2004. *Timber Markets Update and Analysis of an Integrated Industry in Alaska.*
[4] McDowell Group, 2004.
[5] Alaska Department of Labor and Workforce Development. Does not include stevedoring jobs and all transportation and construction jobs related to logging.

jobs in August of 2003. Based on annual averages, logging in Southeast created 1.9 jobs per mmbf in 2002 and 2.2 jobs per mmbf in 2003.

Tongass-Related Employment

Tongass National Forest logging and sawmilling directly created an average of 187 jobs for the years 2002 and 2003. Timber harvests on the Tongass National Forest create employment in several industries including road building, logging (tractor, shovel, standard cable and helicopter), towing, log scaling and sorting. Because of the prevalence of muskeg and other loose soils in Southeast Alaska, road construction is a significant part of logging support activity. Logging activity (excluding sawmilling) created an average of 63 and 111 jobs in Southeast in 2002 and 2003, respectively, with an average of 87 for the two-year period.

Tongass logging activity also creates employment in Southeast sawmills due to the primary manufacturing requirements for National Forest timber. Tongass timber accounted for 73 percent and 59 percent of the logs milled in Southeast mills in 2002 and 2003, respectively[6]. Based on this volume of Tongass timber supplied annually to Southeast Alaska mills, the Tongass accounted for 110 and 89 sawmill jobs in 2002 and 2003, respectively, for a two-year average of 100 jobs.

Tongass-Related Logging and Sawmill Employment in Southeast Alaska, 2002-2003

Year	Tongass Logging Employment	Sawmill Employment	Total Tongass-Related Employment
2002	63	110	173
2003	111	89	200
2002-2003 average	87	100	187

Source: McDowell Group estimate based on employment data from Alaska Department of Labor and Workforce Development and USDA Forest Service, *Timber Supply and Demand 2003.*

Based on the average timber harvest volume of 42 mmbf from the Tongass National Forest, Tongass logging activity created 5.1 jobs per mmbf in 2002, decreasing to 3.9 jobs per mmbf in 2003. The two-year average was approximately 4.4 jobs per mmbf of Tongass timber.

Jobs per Million Board-Feet of Tongass National Forest Timber Harvested, 2002-2003

Year	Total Tongass-Related Employment	Tongass Harvest (in mmbf)	Employment per mmbf
2002	173	33.8	5.1
2003	200	50.8	3.9
2002-2003 average	187	42.3	4.4

Source: McDowell Group estimates based on employment data from the Alaska Department of Labor and Workforce Development and timber harvest volumes from USDA Forest Service, *Timber Supply and Demand 2003.*

[6] Kilborn (2004) in USDA Forest Service, *Timber Supply and Demand 2003*

This estimate of employment per mmbf of timber harvested includes sawmill employment. Because the labor requirements for Tongass logging activity are assumed to be generally similar to Sealaska harvests, any difference in employment rates occurs after the timber is harvested and transported to tidewater. In the case of Tongass timber harvests, this is primarily sawmill employment (while shiploading activity is unique to Sealaska harvests).

The following table illustrates sawmill employment per mmbf for the sawmill component of Tongass employment, indicating an average range of 1.8 to 3.3 sawmill jobs per mmbf of Tongass timber harvested. Sawmill jobs are typically higher paying than jobs created in stevedoring. Statewide, the average annual earnings in the sawmill industry was $31,716 in 2003 (Southeast regional data is not available due to confidentiality of the data). At the statewide average, Southeast sawmills generated $2.8 million in earnings in 2003.

Sawmill Jobs per Million Board-Feet of Tongass National Forest Timber Harvested, 2002-2003

Year	Tongass-Related Sawmill Employment	Tongass Harvest (in mmbf)	Employment per mmbf
2002	110	33.8	3.3
2003	89	50.8	1.8
2002-2003 average	100	42.3	2.4

Source: McDowell Group estimates based on employment data from the Alaska Department of Labor and Workforce Development and timber harvest volumes from USDA Forest Service, *Timber Supply and Demand 2003.*

In addition to logging and sawmill employment, other economic impacts created from Tongass logging include indirect and induced employment. This includes employment created from spending by companies in support of their operations and the induced employment created from spending by employees in the local economies of Southeast Alaska. Fully quantifying these "multiplier" effects is beyond the scope of this study.

Sealaska-Related Employment

Sealaska Timber Corporation logging activity is conducted on Sealaska Corporation's landholdings in remote areas of Southeast Alaska. STC's logging activity is an important source of employment for rural Southeast residents, many of whom who find limited employment opportunities in their communities. Income from STC activity is widely dispersed among village residents and is an important source of cash, particularly for many who have a high degree of dependence on subsistence activities. These economic impacts have been documented in previous research[7].

STC harvested an annual average of 95 mmbf of timber in 2002 and 2003. Most of this harvest occurred in the Prince of Wales Island area (POW), including Dall Island, Natzuhini and Soda Bay. Approximately 65 mmbf was harvested from POW, 17 mmbf from the Hoonah area, and approximately 12 mmbf near Kake in 2003.

Based on the assumption that STC represented 50 percent of the timber harvested in Southeast Alaska in 2002 and 2003, it was assumed that 50 percent of logging employment, as reported by the Alaska Department of Labor, was due to STC logging contracts in that period. Based on that assumption, STC contracts created an annual average of approximately 192 logging jobs in 2002 and 2003. This estimate excludes subcontract activities, and is not a full accounting of STC-related employment due to the data limitations cited above.

Sealaska-Related Logging Employment in Southeast Alaska, 2002-2003

Year	Sealaska % of Total Harvest	Total Logging Employment	Sealaska Logging Employment
2002	50%	362	180
2003	50%	406	204
2002-2003 Average	50%	384	192

Source: McDowell Group estimates based on employment data from the Alaska Department of Labor and Workforce Development and timber harvest volumes from USDA Forest Service, *Timber Supply and Demand 2003*

An important source of employment not reflected in this data is stevedoring-related activity. This includes preparing the logs for shipping (bundling) and loading the logs on ships. Sealaska logging activity generated employment and income opportunities for an average of 209 individuals in Southeast Alaska in 2002 and 2003. This translates to an average of 2.2 stevedoring jobs per mmbf.

[7] McDowell Group, 2004, *The Impact of Sealaska Corporation on the Southeast Alaska Economy.*

Stevedoring Jobs per Million Board-Feet of Sealaska Timber Harvest, 2002-2003

Year	Sealaska harvest in mmbf	Number of Workers	Jobs per mmbf
2002	95.9	211	2.2
2003	93.8	206	2.2
Average	94.9	209	2.2

Care must be taken in comparing these stevedoring jobs with the sawmill jobs created form Tongass timber harvests (which averaged 100 jobs in 2002 and 2003). Tongass sawmill activity provides generally regular, day-to-day jobs for a smaller number of workers. STC stevedoring-related activity provides intermittent jobs for a larger number of workers. The approximately 100 sawmill workers dependent on the Tongass earned a total of $2 million in payroll, while the 209 STC-related stevedoring workers earned approximately $1 million.

Other Sealaska Timber Harvest Related Employment

The total number of jobs that are in some way dependent on the income generated by Sealaska logging activity is greater than the logging and stevedoring jobs. STC activity supports the operations of STC headquarters in Ketchikan, plus three regional offices elsewhere in Southeast Alaska. Logging income also supports employment at Sealaska corporate headquarters and Sealaska Heritage Institute in Juneau. Without logging income, employment levels of both organizations would likely be significantly reduced (if not non-existent).

Based on a 2004 report by McDowell Group, STC contracts created an average of at least 461 jobs in Southeast Alaska in 2002 and 2003. The seasonal nature of logging activity and related changes in demand for labor provide significant peak employment for a larger number of residents than is reflected in the average employment numbers. Peak employment was approximately 713 full-time and part-time employees in 2002 and 2003.

Sealaska Corporation Direct Employment and STC Contractor Employment Southeast Alaska, 2002-2003
(Annual Average Employment)

Year	STC Headquarters	STC Contractors	Sealaska Corporation and SHI	Total Employment
2002	29	425	53	507
2003	29	331	55	415
2002 - 2003 Average	29	378	54	461

Based on direct Sealaska and STC contractor employment, Sealaska logging activity created an average of approximately 4.9 jobs per mmbf of timber harvested in 2002 and 2003.

Jobs per Million Board-Feet
from Sealaska Timber Harvests, 2002-2003
(Annual Average Employment)

Year	Harvest Volume	Employment	Average Jobs per mmbf
2002	95.9	507	5.3
2003	93.8	415	4.4
2002-2003 Average	94.9	461	4.9

This method captured some indirect employment impacts, but not all. It did not capture induced impacts. Spending on payroll and purchases of goods and services by Sealaska Timber Corporation, Sealaska Corporation and Sealaska Heritage Institute creates additional economic activity and employment, referred to as a multiplier effect. Including direct, indirect and induced employment, STC activity created approximately 1,000 jobs in Southeast Alaska in 2002 and 2003.

Some of Sealaska's contributions to Southeast are beyond the scope of this report, including dividends paid to shareholders, SHI scholarships, the shareholder intern program and shareholder hire policy, which provide educational and career opportunities to many Southeast residents.

THE IMPACT OF SEALASKA CORPORATION ON THE SOUTHEAST ALASKA ECONOMY
2009 UPDATE

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Executive Summary

The purpose of this study is to measure the economic impact of Sealaska Corporation and its subsidiary operations on Southeast Alaska in 2008. This report presents region-wide data and impacts, as well as data for Kake, Hydaburg, and Prince of Wales Island overall.

Sealaska-Related Spending and Employment in Southeast

- Sealaska Corporation, Sealaska Timber Corporation, and Sealaska Heritage Institute spent $45 million in 2008 in support of corporate and timber-related operations in Southeast Alaska. This spending included payroll and the purchase of goods and services, including timber harvest-related contracts. Spending was spread throughout the Southeast region. Approximately 350 businesses and organizations in 16 Southeast communities received spending from Sealaska-related activities.
- Region-wide, Sealaska and its contractors directly employed approximately 363 full and part-time workers in 2008. These workers earned an estimated $15 million in payroll.
- Sealaska and its contractor employment combined make the corporation one of the largest for-profit private sector employers in Southeast Alaska.
- Including direct and indirect employment and payroll, Sealaska-related employment totaled nearly 490 workers and approximately $21 million in payroll in Southeast Alaska in 2008.

Other Sealaska-Related Benefits in Southeast

Sealaska Corporation has a mission broader than paying dividends to shareholders. In addition to generating dividends, Sealaska's mission includes cultural preservation, shareholder education, and shareholder hire. Sealaska Corporation provides the seed money for the Sealaska Heritage Institute, which sponsors and supports numerous Native culture programs across Southeast Alaska. Using money set aside by Sealaska Corporation, Sealaska Heritage Institute awarded $410,000 in scholarships in 2008.

Role of Sealaska in Southeast Communities

Sealaska logging activity and, in particular, ship-loading activity, represent important sources of cash to many village residents. A total of 135 Hydaburg and Kake residents earned some income from ship-loading in 2008. Though these jobs are part-time, they are an important source of cash income. This income and other Sealaska-related economic activity are increasingly important in light of the long-term decline in these community's economies and population.

Hydaburg

- In Hydaburg, approximately 68 local residents earned income from Sealaska-related ship-loading and logging activity. Sealaska-related personal income in Hydaburg was approximately $700,000 in 2008, about 12 percent of the community's total personal income of $6 million. Hydaburg continues to struggle economically and is Southeast Alaska's poorest community, in terms of per capita income.

Craig, Klawock, and Prince of Wales (POW) Island Economy

- Sealaska is the single largest source of employment on POW Island. Sealaska-related activity contributed approximately 210 jobs to the POW Island economy in 2008. This includes both full-time and part-time employment in Sealaska logging-related activity. (This count includes employment for residents of Hydaburg as well as other POW communities.)
- Sealaska accounted for approximately $6 million in personal income to residents of Prince of Wales Island in 2008.
- Sealaska contracts related to logging in the POW area totaled $25 million in 2008.
- In addition to logging contracts, Sealaska spent $600,000 in 2007 with 31 POW businesses and organizations in Craig, Hydaburg, and Klawock.

Though the Prince of Wales Island population grew slightly in 2008, the island's economy has been in decline in recent years. All of the larger communities on the island have seen population declines, including Craig (down 18 percent since 2000), Klawock (down 8 percent), and Thorne Bay (down 21 percent). In the absence of Sealaska timber harvests, the decline would have been much more severe. Future Sealaska timber harvests will be key in curbing further economic decline on Prince of Wales Island.

Kake

- In Kake, approximately 87 workers earned income from Sealaska-related forest industry activity in 2008. Most of this income is related to ship-loading, but also includes silviculture-related jobs.
- Kake's economy continues to struggle with economic decline. The community's population in 2008 totaled 519 residents, 24 percent below the 2003 population of 679 and 33 percent below Kake's peak population of 775 residents in 1998. The decline in Sealaska timber harvest-related activity is only one of several factors that have affected the local economy.

Summary of Economic Impacts of Sealaska Corporation on Southeast Alaska, 2008

Total Southeast Regional Impacts	
Direct employment (peak)	363
Direct + indirect employment (peak)	490
Direct payroll	$15 million
Direct + indirect payroll	$21 million
Total direct Sealaska payroll and spending in Southeast	$45 million
Number of Southeast businesses and organizations receiving Sealaska dollars	350
Number of Southeast communities receiving Sealaska dollars	16
Dividends to Southeast shareholders	$7.9 million
Local Area Impacts*	
Craig/Klawock and Other POW Island Impacts	
Sealaska-related employment	210
Sealaska-related payroll	$8 million
Sealaska-related income to POW residents	$6 million
Hydaburg Impacts	
Sealaska-related employment	68
Sealaska-related income to Hydaburg residents	$0.7 million
Percentage of total personal income	12%
Kake Impacts	
Sealaska-related employment in Kake	87

*Note: Individual area totals do not include all indirect impacts of Sealaska activity. The numbers in this table are based on the best available data and should be considered estimates.

Introduction

Sealaska Corporation is a Native-owned corporation founded in 1971 as one of the 13 regional Native corporations under the Alaska Native Claims Settlement Act (ANCSA). The corporation's mission is to manage corporate assets to provide economic, social, and cultural benefits to its shareholders. Sealaska is the largest private landholder in the Southeast Alaska, and represents more than 20,000 Tlingit, Haida, and Tsimshian shareholders, roughly 40 percent of whom live in Southeast Alaska.

Sealaska's economic activity in Southeast Alaska is generated by its headquarters, and its operations subsidiary Sealaska Timber Corporation (STC) and Sealaska Heritage Institute (SHI). Sealaska Corporation's cultural and educational mission is administered by Sealaska Heritage Institute, which sponsors and supports numerous Native language and culture programs across Southeast Alaska, including the biennial cultural event Celebration. Additionally, Sealaska Heritage Institute awards scholarships each year from funds set aside by Sealaska Corporation to Alaska Natives who are Sealaska shareholders or shareholder descendants.

The purpose of this study is to measure the economic impact of Sealaska Corporation and its subsidiary operations on the Southeast Alaska economy in 2008. Sealaska Timber Corporation, through a number of contracting companies, harvests and exports logs primarily from Prince of Wales Island areas. Communities specifically affected by logging and ship-loading activity include Hydaburg, Klawock, Craig, and the Prince of Wales economy in general. In the past, Kake also has benefitted from STC timber harvests, but currently, activity in these communities is limited to silviculture-related work. Kake residents also are employed loading logs on to ships for export. Juneau, as headquarters to Sealaska Corporation and Sealaska Heritage Institute, benefits from administrative and managerial jobs located in the city.

This analysis includes the employment and personal income effects of Sealaska operations in Southeast overall. Sealaska Corporation, Sealaska Timber Corporation, and Sealaska Heritage Institute provided detailed data on spending and employment in Southeast communities. Additionally, STC provided data on recent timber harvest activity in the region. Key Sealaska contractors were contacted to collect information about the residency of their employees working on Sealaska contracts. This, along with data from the Alaska Department of Labor and Workforce Development (ADOL), the US Bureau of Economic Analysis (BEA), and the US Census Bureau, provided the data used in this analysis.

Personal income is a strong indicator of economic impact in a community or region. Little data, however, exists on personal income in small communities in Alaska. The most current measure of per capita income for communities such as Craig, Klawock, Kake, and Hydaburg is the 2000 Census. More recent data is available from the BEA for larger geographic areas, such as boroughs or census areas; this data, however, does not accurately reflect many of the small communities within these areas.

Given the lack of particularly relevant and timely data, the study team relied on a mix of data to estimate personal income for these communities, including current employment data and wage rate data (ADOL, 2008); census area level income source data (US Census Bureau, 2000 Census and BEA, 2005); as well as other income data from the Commercial Fisheries Entry Commission (CFEC), based on the value of residents' commercial seafood harvest over the last several years.

Sealaska's Economic Impact in Southeast Alaska

This economic impact analysis focuses on the quantifiable impact of Sealaska Corporation business activity, primarily timber harvesting, on Southeast communities in 2008. Impact measures include spending on payroll and on goods and services in Southeast Alaska, as well as local jobs directly related to Sealaska's activities.

In this section, spending and employment data are provided for Sealaska Corporation headquarters and the Sealaska Heritage Institute, both in Juneau, and Sealaska Timber Corporation (STC), headquartered in Ketchikan and with employees in Hoonah and Craig.

Spending and employment data reveal important economic impacts, but do not provide a complete picture of the corporation's impact on the Southeast region or its communities. Each year Sealaska Heritage Institute awards a number of scholarships to shareholders and shareholder descendents. While the dollar value of scholarships awarded in 2008 is included in this analysis, the long-term economic benefits of these investments (such as recipients of educational funding returning to Southeast Alaska with degrees and vocational certificates) are beyond the scope of this report. Sealaska Corporation's shareholder intern program and shareholder hire policy likewise have provided educational and career opportunities that otherwise may not have been available to many Southeast residents. Shareholders also have benefited from corporate dividends. In 2008, Sealaska Corporation paid $7.9 million to shareholders in Southeast communities, an average of $432 per shareholder.

Sealaska-Related Spending in Southeast Alaska

Sealaska Corporation headquarters, the Sealaska Heritage Institute, and Sealaska Timber Corporation spent a combined $45 million in payroll and the purchase of goods and services in Southeast Alaska in 2008. Approximately 350 businesses and nonprofit organizations in 16 Southeast communities received Sealaska-related spending in 2008. These businesses include logging and towing contractors, marine service centers, air carriers, and nonprofit organizations, among others.

Sealaska Corporation Headquarters Spending

In 2008, Sealaska Corporation headquarters spent approximately $9.1 million on the purchase of goods and services in Southeast communities, compared to $8.6 million spent in 2007. Sealaska Corporation spending was slightly decreased in Kake, from roughly $1.6 million in 2007 to $1.5 million in 2008, and slightly increased in Klawock, from $860,000 in 2007 to $1 million in 2008.

Sealaska Corporation Headquarters Spending in Southeast Alaska, by Community, 2000, 2002, 2003, 2007 and 2008 (in thousands of dollars)

Community	2000	2002	2003	2007	2008
Juneau	$3,950	$5,988	$3,314	$4,055	$4,529
Craig	428	381	713	388	411
Hoonah	196	124	158	66	52
Hydaburg	111	167	137	562	654
Ketchikan	305	234	103	469	489
Angoon	38	147	91	24	8
Klawock	91	146	86	860	1,007
Kake	1,026	207	66	1,571	1,490
Sitka	152	27	58	49	47
Yakutat	58	97	50	317	401
Haines	25	9	23	231	43
All Other Southeast	3	3	4	13	9
Total Southeast Spending	**$6,383**	**$7,530**	**$4,803**	**$8,605**	**$9,140**

Source: Spending data provided by Sealaska Corporation.

Sealaska Heritage Institute Spending

In 2008, the Sealaska Heritage Institute spent a total of approximately $900,000 on the purchase of goods and services. This includes spending on scholarships awarded to Sealaska shareholders and shareholder descendents. Data on spending by location was unavailable for 2007, but if the proportion spent in Southeast is assumed to be similar to that found in previous studies, approximately two-thirds ($980,000) was spent in Southeast communities in 2007. In 2008, nearly $410,000 of the spending went to scholarships awarded to Sealaska shareholders or shareholder descendents living around the country, including Southeast communities.

Sealaska Heritage Institute Spending, 2003, 2007 and 2008

Region	2003	2007*	2008
Total Spending	$790,000	$1,592,000	$900,000
Spending in Southeast	$485,000	$980,000*	$490,000

Source: Spending data provided by Sealaska Heritage Institute.

*Note: The 2007 figure for Heritage Institute spending in Southeast Alaska is a McDowell Group estimate; actual regional spending data were not available from Heritage Institute or Sealaska Corporation at the time of this report.

Sealaska Timber Corporation Spending

Sealaska Timber Corporation spent approximately $28 million on the purchase of goods and services in support of Southeast logging activity in 2008, a 13 percent increase in spending since 2007. Most of STC's spending goes to logging, stevedoring, and towing contractors operating in the Prince of Wales Island area. The following table shows STC's direct spending by community in 2007 and 2008.

Sealaska Timber Corporation Spending
in Southeast Alaska, by Community*, 2000, 2002, 2003, 2007 and 2008
(in thousands of dollars)

Community	2000	2002	2003	2007	2008
POW Island	$16,753	$15,615	$17,304	$9,510	$12,561
Ketchikan**	14,093	10,928	10,751	14,701	15,350
Kake	331	5,312	4,568	4	4
Hoonah	16,034	5,031	4,353	783	282
Juneau	177	53	210	19	100
All Other Southeast	537	374	398	9	7
Total Spending in Southeast	**$47,925**	**$37,313**	**$37,584**	**$25,026**	**$28,304**

Source: Vendor data provided by STC.
*Note: Spending attributed to location of contractor or vendor headquarters.
**Note: Ketchikan spending includes STC contracts for logging and related activity located on POW Island.

Sealaska-Related Employment and Payroll

Sealaska Corporation employment and its contractor employment combined continue to make the corporation one of the largest for-profit private sector employers in Southeast Alaska. In terms of peak employment, Sealaska accounts for more jobs than Alaska Airlines or Greens Creek Mining Company, two of the region's other large for-profit private employers.

Sealaska Corporation headquarters employment in Juneau averaged 52 workers in 2008, with a total payroll of $4.6 million. Sealaska Heritage Institute employment in Juneau averaged 25 workers, with a total payroll of $950,000 for the year. STC directly employed an average of 16 workers in Southeast in 2008, including 11 in Ketchikan, four in Craig, and one in Hoonah. These jobs accounted for $1.3 million in total annual payroll.

Sealaska Corporation, Sealaska Timber Corporation, and Sealaska Heritage Institute, Payroll in Southeast Alaska, 2000, 2002, 2003, 2007 and 2008 (In thousands of dollars)

	2000	2002	2003	2007	2008
Sealaska Corporation Headquarters	$4,200	$2,300	$2,220	$3,889	$4,607
Sealaska Heritage Institute	---*	490	742	1,350	950
Sealaska Timber Corporation Headquarters	2,160	1,578	1,962	1,088	1,252
Total Sealaska Payroll in Southeast Alaska	**$6,360****	**$4,368**	**$4,924**	**$6,327**	**$6,809**

Source: Payroll data provided by Sealaska Corporation, Sealaska Heritage Institute, and STC.

*Sealaska Heritage Institute payroll data was unavailable for 2000.

**Does not include Sealaska Heritage Institute Payroll

Sealaska Timber Corporation timber harvest-related contracts and Sealaska silviculture contracts created an estimated peak of 261 jobs in Southeast Alaska in 2008, down from approximately 330 jobs in 2007. While payroll data is not available for these contractors, it is estimated that STC contractor jobs accounted for roughly $10 million in total payroll in 2008, two-thirds of total Sealaska-related payroll in Southeast Alaska that year.

Sealaska-Reiated Annual Average Employment in Southeast Alaska, 2002, 2003, 2007 and 2008

	2002	2003	2007	2008
Sealaska Corporation Headquarters	34	38	45	52
Sealaska Heritage Institute	19	17	22	25
Sealaska Timber Corporation Headquarters	29	29	16	16
STC and Sealaska Contractors	425	330	220	165
Total Sealaska-Related Direct Employment in Southeast Alaska	**507**	**415**	**303**	**258**

Source: Sealaska Corporation, Sealaska Heritage Institute, STC and STC vendor employment data supplied by STC.

Sealaska-Related Peak Employment in Southeast Alaska, 2002, 2003, 2007 and 2008

	2002	2003	2007	2008
Sealaska Corporation Headquarters	40	44	50	60
Sealaska Heritage Institute	24	22	24	25
Sealaska Timber Corporation Headquarters	34	30	17	17
STC and Sealaska Contractors	597	635	330	261
Total Sealaska-Related Direct Employment in Southeast Alaska	**695**	**730**	**421**	**363**

Source: Sealaska Corporation, Sealaska Heritage Institute, STC and STC vendor employment data supplied by STC.

Region-wide, Sealaska Corporation, Sealaska Heritage Institute, Sealaska Timber Corporation, and STC contractors employed approximately 363 full-time and part-time workers in 2008 in Southeast Alaska. Annual average employment was 258 workers. This represents a 14 percent decline in the total number of employees (peak employment) from 2007 to 2008 and a 15 percent decline in annual average employment during the same time period. Sealaska-related employment created an estimated $15 million in payroll to Southeast Alaska workers.

The following table provides Sealaska contractor-related employment for key communities and areas of Southeast. Hydaburg, Kake, and the Craig/Klawock areas are the most affected by Sealaska-related employment in the region. The total of 303 workers differs from the peak employment figure of 261 noted in the previous table due to how ship-loading employment is measured. At any one time in 2008, the most people employed loading logs onto ships was 79. A total of 135 Kake and Hydaburg residents, however, earned some income from ship loading in 2008. The following table reflects this larger number. Other Kake and Hydaburg residents were employed in other jobs related to Sealaska timber activity, pushing total Sealaska-related employment in those communities to 87 and 68 jobs, respectively.

Sealaska Timber Corporation Contractor Employment in Southeast Alaska, 2000, 2002, 2003, 2007 and 2008

Community	2000	2002	2003	2007	2008
Kake	143	118	130	30	87
Hydaburg	74	82	85	70	68
Craig/Klawock/Other POW	249	228	250	200	117
All Other Southeast	309	169	170	30	31
Total Southeast Employees	**775**	**597**	**635**	**330**	**303**

Source: McDowell Group estimates based on data supplied by Sealaska and STC.

Sealaska's direct spending on payroll and the purchase of goods and services creates additional economic activity in the local economy, referred to as the multiplier effect. Including direct and indirect employment and payroll, Sealaska-related employment totals approximately 490 workers and $21 million in payroll in Southeast Alaska, based on McDowell Group estimates.

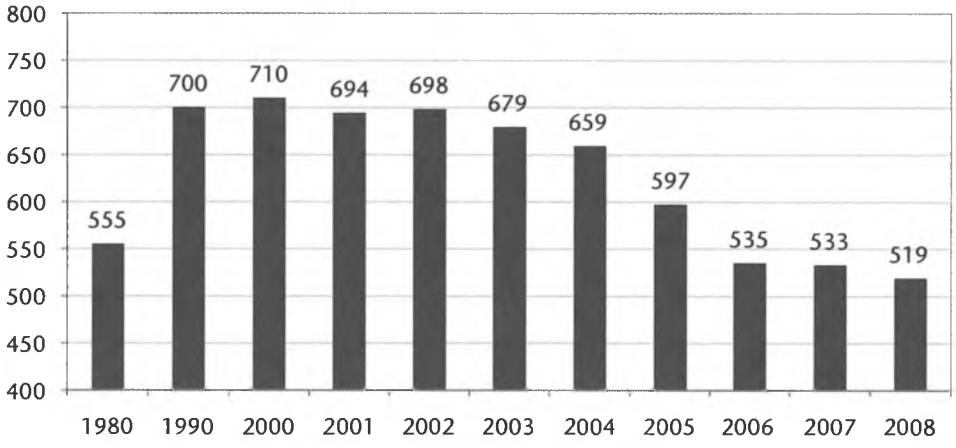
Kake

In the past, Sealaska Timber Corporation timber harvests have played an important role in the Kake economy. Though STC has not harvested any timber in the Kake area since 2006, when 15 mmbf were cut, Sealaska has continued to have a positive economic impact on the community through ship-loading employment and employment associated with silviculture activities. Despite Sealaska's contribution, the community continues to struggle economically.

Population

Kake is a community of 519 residents (2008) located on the northwest coast of Kupreanof Island. The community's population has declined steadily since 2000, when it had 710 residents. Kake's economy is based on commercial fishing and seafood processing, local government, tourism, and remaining timber and silviculture activities.

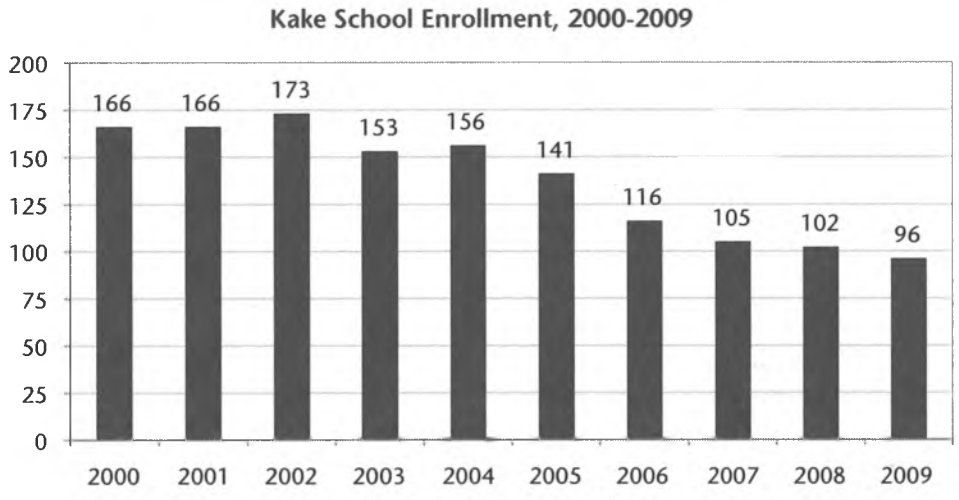
Kake Population, 1980, 1990, and 2000-2008



Source: ADOL 2008 population estimates.

School Enrollment

School enrollment trends reflect the community's population decline. The most recent school enrollment numbers are 45 percent below the peak of seven years ago.



Source: ADEED district enrollment totals, 2000-2009.

Employment

ADOL data illustrates the importance of local government and tribal services in terms of employment in Kake. The top three employers are the City of Kake, the Kake City School District, and the Organized Village of Kake. This indicates a shift from the recent past (2003), when all three top employers were private-sector companies. Currently, Kake Tribal Corporation is the community's largest private-sector employer, and the fourth largest employer overall. Detailed employment data for individual employers is no longer available from ADOL, so 2007 data remains the best available information. The only notable change in the top ten list is the shutdown of LAB Flying Service. It also should be noted that Southeast Stevedoring, which employed 73 Kake residents on a temporary part-time basis in 2008, is not included in ADOL employment data for Kake because it does not have any operations in the Kake area.

Top Ten Employers in Kake, 2007
Non-Agricultural Employment

Employers	Annual Average Employment	Peak Monthly Employment
City of Kake	27	37
Kake City School District	25	33
Organized Village of Kake	25	28
Kake Tribal Corporation	23	36
Southeast Alaska Regional Health Consortium	14	15
SOS Value-Mart Inc.	13	15
Gunnuk Creek Hatchery	13	19
CSC Tree Service Inc.	10	36
Catholic Community Services Inc.	5	6
LAB Flying Service Inc.	5	6
All Other Employers (17)	33	59
Total Employment	**193**	**290**

Source: ADOL, unpublished statewide employer data.

Consistent with population trends, employment in Kake has declined significantly in recent years. From an annual average employment of 311 jobs in 2003, the community's employment fell to 193 in 2007 and recovered very slightly to 196 jobs in 2008. Much of the decrease in employment since 2003 can be attributed to the cessation of Kake Tribal Logging and Timber operations in 2004 and Kake Foods in 2006. Together, these two companies averaged 108 jobs in 2003, according to ADOL.

Employment in Kake, 2003-2008
Non-Agricultural Employment

Year	Annual Average Employment
2003	311
2004	200
2005	197
2006	218
2007	193
2008	196

Source: ADOL, unpublished data.

Wage and salary employment in Kake generated $4.6 million in payroll in 2008, down from the 2007 payroll total of $4.8 million, according to ADOL data.

Commercial Fishing

Commercial fishing activity is an important source of income for Kake residents. While participation in commercial fisheries has declined significantly in recent decades, ex-vessel values have been reasonably stable since 2000, with estimated annual gross earnings ranging from $800,000 to $1.1 million. In 2008, 23 Kake resident permit holders fished 33 different permits, and earned $916,000 in gross (ex-vessel) revenue.

Commercial Fishing Activity in Kake, 2000-2008

Year	Fishermen Who Fished	Permits Fished	Pounds Landed	Est. Gross Earnings
2000	28	45	1,081,000	890,000
2001	26	42	2,726,000	1,018,000
2002	26	43	2,880,000	817,000
2003	24	39	2,730,000	867,000
2004	30	43	1,290,000	883,000
2005	27	37	970,000	810,000
2006	25	38	1,216,000	1,067,000
2007	23	32	1,524,000	1,068,000
2008	23	33	823,000	916,000

Source: Commercial Fishing Entry Commission, permit and fishing activity by community, 2000-2008.

Personal Income

Based on data from the Bureau of Economic Analysis and the US Census Bureau, McDowell Group estimates that personal income in Kake totaled approximately $11 million in 2008.

In 2000, Sealaska directly or indirectly accounted for 30 percent of all personal income dollars flowing into Kake. In 2003, Sealaska accounted for about one-fifth of all personal income dollars, or approximately $2.5 million (including dividends). In 2008, Sealaska-related employment in the Kake area was limited to 87 mostly part-time jobs, including ship-loading and silviculture jobs. These workers earned approximately half a million dollars. Sealaska also contributed $207,000 in dividends to Kake residents in 2008. In total, Sealaska accounted for approximately $700,000 in personal income, or about 6 percent of the community total.

Commercial fishing accounted for an estimated $600,000 in annual personal income. This amount is less than the total ex-vessel value. Ex-vessel value is a measure of gross income to fishermen. Take-home pay (personal income) is ex-vessel value less expenses such as fuel, gear, insurance, etc.

Local government, including city offices and the Kake City School District, contributed $2 million in personal income to community residents in 2008, approximately 18 percent of all local personal income.

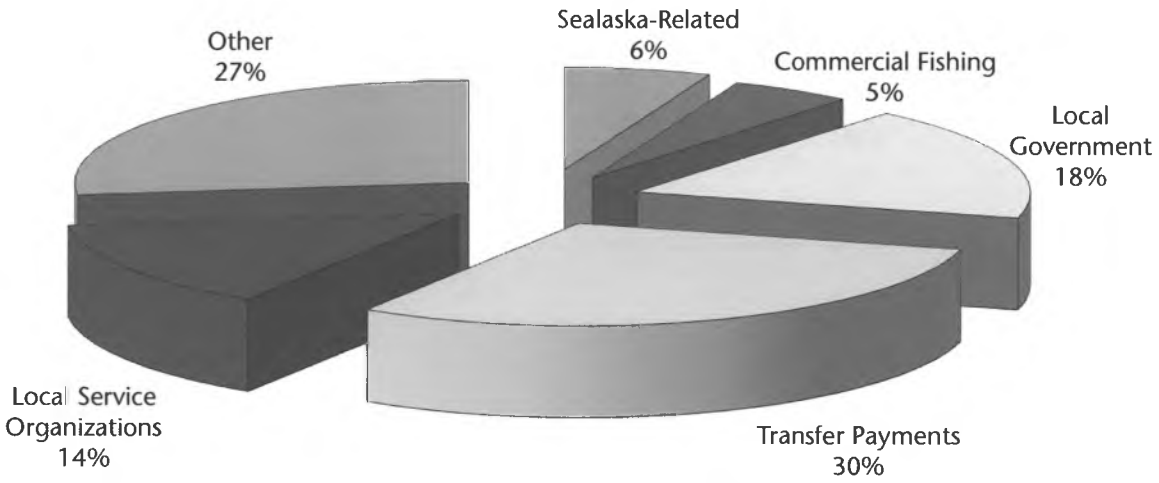
Local service organizations include Organized Village of Kake, Southeast Alaska Regional Health Consortium (SEARHC), the Rural Alaska Community Action Program, and other organizations providing services to local

residents. Together these organizations accounted for approximately $1.5 million in personal income, or 14 percent of total personal income in 2008.

In 2008, transfer payments accounted for approximately 30 percent of all personal income for Kake residents, or about $3.3 million. Again, transfer payments include all payments from governments to individuals, such as Alaska Permanent Fund dividends, Social Security payments, welfare payments, and other government transfers.

The "other" category of personal income includes all other sources, in particular income generated from other private sector commercial activity, such as construction, retail sales, and transportation services. It also includes state and federal government, which employ a small number of Kake residents. The total estimated personal income from this category was approximately $3 million in 2008.

Sources of Personal Income in Kake, 2008
Total Personal Income: $11 million



Source: McDowell Group estimates.

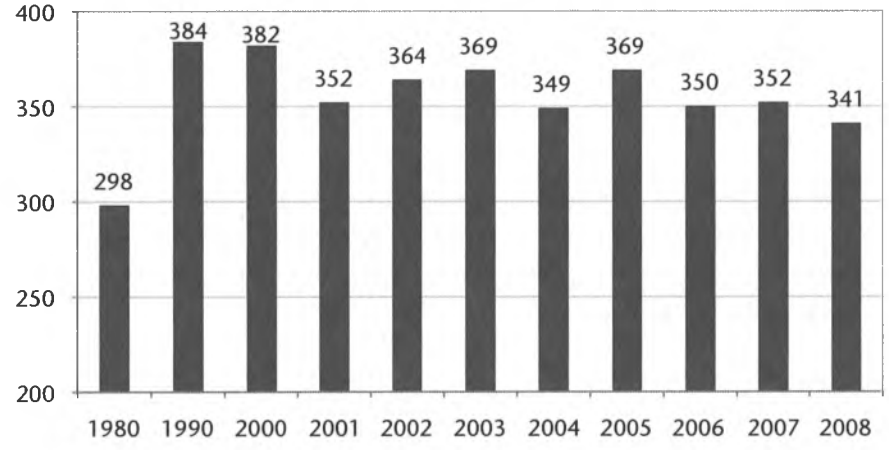
Hydaburg

In 2008, STC harvested 30mmbf in the Hydaburg area, down slightly from 31 mmbf in 2007 and significantly from the 81 mmbf harvested in 2004. With regard to Sealaska timber harvests, the community of Hydaburg benefits primarily from the employment opportunities associated with loading logs onto ships for transport to overseas export markets.

Population

Since 1990, Hydaburg has maintained a fairly stable population, ranging between 340 and 385 residents, though the general trend is down. In 2008, the community had a population of 341, its lowest point since prior to 1990. Hydaburg's economy is based on commercial fishing activity, timber harvesting, and local government.

Hydaburg Population, 1980, 1990, and 2000-2008

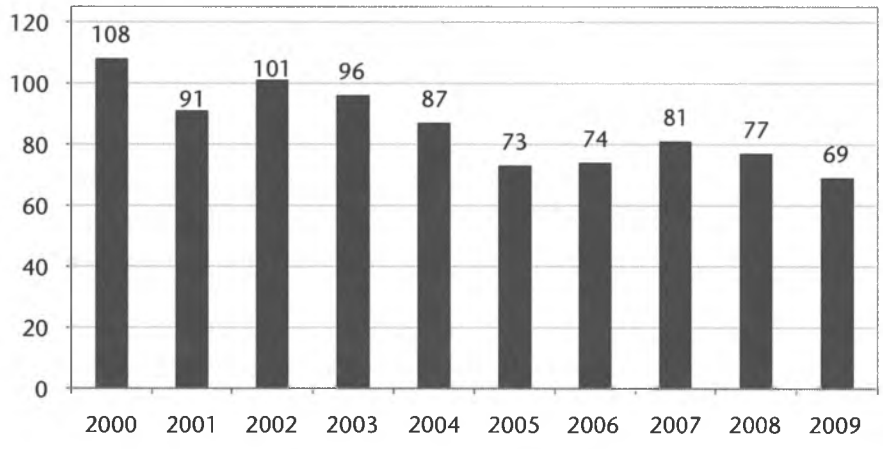


Source: ADOL 2008 population estimates.

School Enrollment

Hydaburg's school enrollment has fallen more significantly than has the local population. School enrollment is currently at about 69 students, 36 percent below the 2000 level.

Hydaburg School Enrollment, 2000-2009



Source: ADEED district enrollment totals 2000-2009.

Employment

As in other remote villages in Southeast, Hydaburg's local school district and tribal council provide a significant number of jobs within the community. Employment data for 2007 indicates the school district was the largest employer in Kake that year; preliminary 2008 data suggests, however, the Hydaburg Cooperative Association moved to the top spot last year.

Top Ten Employers in Hydaburg, 2007
Non-Agricultural Employment

Employers	Annual Average Employment	Peak Monthly Employment
Hydaburg City School District	19	24
Hydaburg Cooperative Assoc. (IRA)	17	20
Southeast Stevedoring	15	33
Southeast Alaska Regional Health Consortium	11	13
Haida Corporation	7	10
City of Hydaburg	4	5
Catholic Community Services Inc.	2	3
Grants Towing Inc.	2	3
US Postal Service	2	2
Rural Alaska Community Action Program	1	1
All Other Employers (2)	1	3
Total Employment	**80**	**117**

Source: ADOL, unpublished statewide employer data.

In 2007, Southeast Stevedoring was the top private sector employer in the community, providing one-fifth of the annual average employment. Southeast Stevedoring reported having 60 Hydaburg residents on its payroll in 2007 and 62 in 2008.

Between 2005 and 2007, employment in Hydaburg remained fairly stable at between 70 and 80 annual-average jobs. Employment increased to an average of 87 jobs in 2008, mostly the result of increased local government employment.

Employment in Hydaburg, 2003-2008
Non-Agricultural Employment

Year	Annual Average Employment
2003	73
2004	71
2005	77
2006	80
2007	80
2008	87

Source: ADOL, unpublished data.

Wage and salary employment in Hydaburg generated $2.9 million in payroll in 2008, up from the 2007 payroll total of $2.4 million, according to ADOL data.

Commercial Fishing

Earnings for Hydaburg residents from commercial fishing have been increasing in recent years and reached a high of $1.7 million in 2007. The 2008 total was slightly less, with 23 local fishermen earning just less than $1.5 million.

Commercial Fishing Activity in Hydaburg, 2000-2008

Year	Fishermen Who Fished	Permits Fished	Pounds Landed	Est. Gross Earnings
2000	21	31	935,000	510,000
2001	21	36	1,317,000	543,000
2002	18	31	936,000	369,000
2003	23	35	894,000	512,000
2004	21	34	1,189,000	643,000
2005	23	37	1,347,000	621,000
2006	22	40	965,000	832,000
2007	20	37	2,988,000	1,681,000
2008	23	40	1,492,000	1,465,000

Source: Commercial Fishing Entry Commission, Permit and Fishing Activity by Community, 2000-2008.

Personal Income

Based on McDowell Group estimates, Hydaburg's personal income totaled approximately $6 million in 2008. The community has had among the lowest per capita income rates in the state. At the time of the census, per capita income in Hydaburg was $11,401, about half the Alaska average.

In 2000, Sealaska timber harvests accounted for one-quarter (27 percent) of all personal income in Hydaburg. Southeast Stevedoring was the largest Sealaska-related source of employment, contributing about $600,000 in personal income to the community that year. In 2008, Sealaska-related employment income to Hydaburg residents from Southeast Stevedoring totaled just less than $400,000. Including other sources of employment income (several Hydaburg residents work for STC logging contractors) and dividend payments (about $134,000 in 2008), Sealaska accounted for a total of approximately $700,000 in personal income for Hydaburg residents in 2008, or about 12 percent of the community total.

Commercial fishing accounted for an estimated $900,000 in annual personal income for the 23 Hydaburg resident permit holders who fished 40 different permits in 2008.

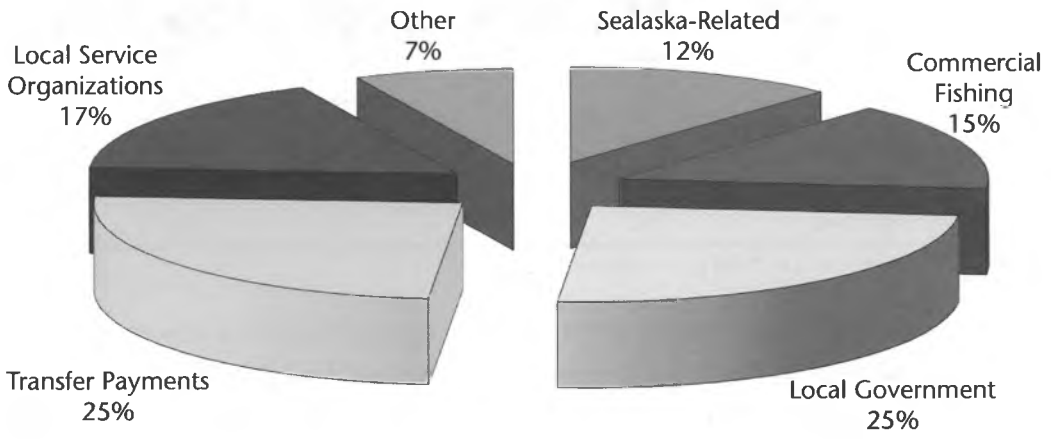
Local government, including the school district, accounted for an estimated $1.5 million in personal income in Hydaburg in 2008, 25 percent of the community total.

Local service organizations, including Southeast Alaska Regional Health Consortium (SEARHC), the Rural Alaska Community Action Program, and the Hydaburg Cooperative Association IRA, accounted for an additional $1 million in personal income.

Transfer payments also accounted for about one-quarter of all personal income for Hydaburg residents in 2008, or about $1.5 million. Again, transfer payments include all payments from governments to individuals, such as Permanent Fund dividends, Social Security payments, welfare payments, and other government transfers.

The "other" category of personal income includes all other sources, including Haida Corporation, other local businesses, and US Postal Service positions. The total estimated personal income from this category was roughly $400,000.

Sources of Personal Income in Hydaburg, 2008
Total Personal Income: $6 million



Source: McDowell Group estimates.

Craig, Klawock, and Prince of Wales Island Economy

Though the population of Prince of Wales Island remains well below its peak, the island's population increased slightly in 2008, adding 112 residents, an increase of about 3 percent. Since 2000, the population of POW has declined 13 percent, primarily due to reduced timber harvests. The island's population was 4,581 in 2000, 593 residents more than in 2008. All of the recent growth has been in the Craig/Klawock area. Other communities on the island continue to experience population decline.

POW Island Population, by Community, 2000, 2006-2008

Community	2000	2006	2007	2008	% Change 2000-2008
POW Island	4,581	3,984	3,876	3,988	-13%
Craig	1,725	1,404	1,352	1,414	-18%
Klawock	854	779	741	785	-8%
Thorne Bay	557	480	465	440	-21%
Hydaburg	382	350	352	341	-11%

Source: ADOL 2008 population estimates.

The POW Island economy is a mix of timber industry, commercial fishing, government, and tourism related employment. Local government continues to be a mainstay of the POW economy; the City of Craig and the Craig City School District were among the top three employers in 2007 and 2008. Other key employers include Alaska Commercial Company, the US Forest Service, Viking Lumber, and Southeast Alaska Regional Health Consortium (SEARHC).

Top Ten Employers on Prince of Wales Island, 2007
Non-Agricultural Employment

Employers	Annual Average Employment	Peak Monthly Employment
Craig City School District	83	96
Alaska Commercial Company	82	103
City of Craig	63	70
Southeast Island School District	56	76
US Forest Service (Department of Agriculture)	49	58
Klawock City School District	37	46
Viking Lumber Company, Inc.	36	38
Southeast Alaska Regional Health Consortium	33	36
Alaska Power & Telephone Co.	31	34
City of Klawock	28	31
All Other Employers (142)	691	1,174
Total Employment	**1,187**	**1,762**

Source: ADOL, unpublished statewide employer data.

Total employment on POW Island in 2008 averaged 1,280 jobs, 36 jobs fewer than in 2007. Total payroll for 2008 was $40.5 million, just above the 2007 total of $40.1 million. Sealaska-related employment on POW Island totaled approximately 210 full and part-time jobs and $8 million in payroll.

Sealaska accounted for approximately $6 million in personal income to residents of Prince of Wales Island in 2008. (Some Sealaska-related payroll on POW is earned by workers who are not residents of the island).

TESTIMONY OF RONALD R. WOLFE

HB105 AN ACT RELATING TO THE SOUTHEAST STATE FOREST"

February 15, 2011

Mr. Chairman, members of the House Resources Committee, my name is Ronald Wolfe, I live in Juneau Alaska where I have been a professional forester since 1982. Currently, I am Sealaska Corporation Natural Resource Manager and I wish to offer my testimony in support of HB 105. I witnessed the testimony of Mr. Chris Maisch, Alaska State Forester during the Monday February 14, 2011 hearing and rather than repeat the all of the specifics of the bill that he testified to I offer my concurrence with the information he provided in his testimony. I offered verbal testimony on February 15, 2011 and offer this written testimony to supplement that for the record.

In addition to the information Mr. Maisch provided it is important for the House Resources Committee to understand the precipitous situation of our Southeast region. Virtually every village and community has lost population over the past decade and The Alaska Economic Trends[1] in December forecast ever further declines in the future to the year 2034:

- (-14.2) % decline for Southeast as a region overall
- (- 33.9) % decline for Prince of Wales and outer Ketchikan
- (- 34.6) % decline for Wrangell-Petersburg
- and the discouraging news continues for every Borough and area in our region

Such population declines adversely impact everything, property values, the ability of communities to operate such basic things as schools, some villages may loose their school altogether, utilities, fuel and grocery delivery, transportation and the list goes on.

We need all of our industries in the face of such dire population forecasts, and it's no secret that the timber industry here is a mere shadow of itself and is on the verge of total collapse which if occurs moves Southeast Alaska closer to a catastrophic economic implosion. The industry today is supported metaphorically by a three legged stool; our timber comes from:

1. Sealaska Corporation and other private landowners
2. the Tongass National Forest, and
3. from the State of Alaska

We depend on each other to create enough critical mass to hang on, we use the same logging contractors, fuel suppliers, tug operators and the entire infrastructure that we need and helps to support Southeast Alaska overall.

Timber from these sales will be available for domestic manufacture and round log export. Both markets are important, wood that will go to the few remaining sawmills is important

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[1] Alaska Economic Trends December 2010: Table 9, page 10

for their survival, but it is important to note that wood that is round log exported may provide higher revenues that make the timber sale economical to operate. In some instances our local mills actually export the logs themselves; so our local sawmills depend on round log export. Sealaska on the other hand is primarily in the round log export market, but we provide wood to local sawmills as well. So you see our industry is very inter-dependent on markets and infrastructure.

Some have expressed concern over round log export with a claim that we are exporting jobs. This is simply not the case. In addition to the economic contribution discussed earlier Sealaska commissioned an independent third party expert to investigate this in 2005. The McDowell Group[2] found that domestic manufacture creates 4.5 jobs per million board feet of harvest where as round log export creates 4.3 jobs per million board feet of harvest. Those who claim otherwise do not understand the jobs we create our sort yards and perhaps more importantly the stevedoring jobs for our ship loading.

The study further found that stevedoring and other round log export jobs allow the work force to remain in village where their families live, whereas domestic manufacture jobs require people to relocate to the community where the mill is located. Part time jobs such as stevedoring provide crucial income and allow rural village residents to pursue subsistence activities; both of which are necessary for survival. So you see round log export is important to such communities as Hydaburg, Hoonah and Kake for instance, whereas Viking Lumber is important for Craig and Klawock, and all of this is important for what remains of our industry. I offer the most recent report McDowell Group prepared[3] for Sealaska for the year 2008 for further information on the importance of round log export to our region.

It is important for the Committee to understand the land ownership of Southeast Alaska for the contextual setting of the bill. Southeast Alaska is about 23 million acres if one extends the 141st Meridian south and considers all of Alaska to the east to be our Southeast Region. Development is precluded over the vast majority of this region, some 89 %, most of this is owned by the federal government and is in parks, wilderness, national monuments and other classifications which preclude development altogether. Some is in State Parks. Development that occurs on the remaining lands must achieve resource protection first in order to comply with the Tongass Timber Reform Act, de facto roadless rule implementation, the Clean Water Act, the Bald Eagle Protection Act, the Endangered Species Act, the Alaska Forest Resources and Practices Act, Oil Spill laws and the list goes on and on; development can occur only on what's left.

Passage HB 105 will help to stabilize timber supply from state lands and will allow these lands to be managed with a commitment towards forestry that is necessary for the long term planning horizons required for such things as sustainable resource management.

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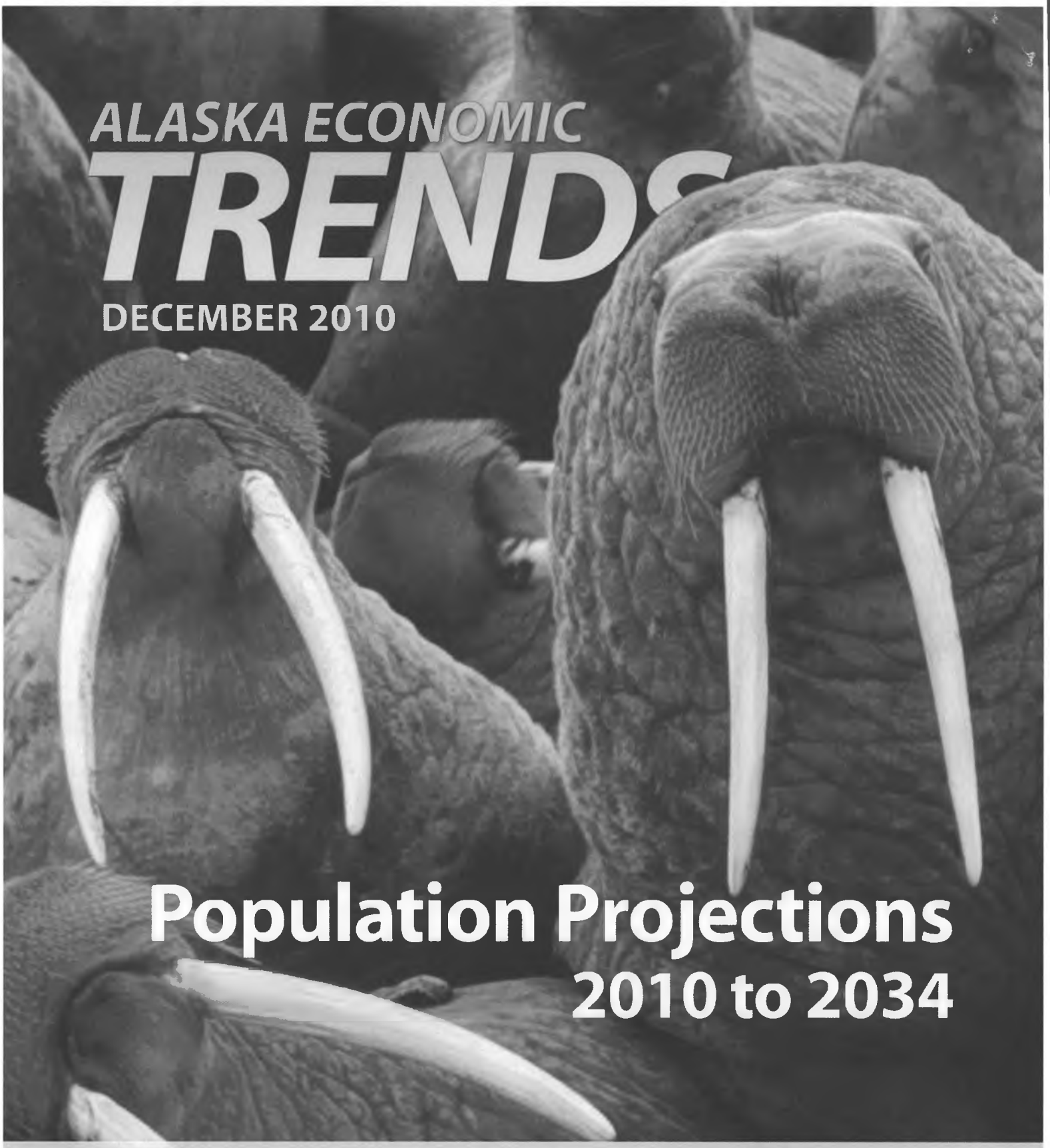
[2] Southeast Timber Harvest Employment Impact Analysis, October 2005, McDowell Group

[3] The Impact of Sealaska Corporation on the Southeast Economy 2009 Update, McDowell Group

These lands will be managed in accordance with our Alaska Forest Resources and Practices Act which has been demonstrated to be working well to protect water quality, anadromous fish habitat, wildlife and other important public resources.
Thank you, I urge expeditious passage of this bill.



ALASKA ECONOMIC TRENDS

DECEMBER 2010

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Growth continues to eclipse rest of Alaska

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Unemployment rate at 7.9 percent in October

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& WORKFORCE DEVELOPMENT

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Cover: Pacific walruses at Cape Peirce in Togiak National Wildlife Refuge. Photo courtesy of U.S. Fish and Wildlife Service.

Corrections
The average rent for a two-bedroom apartment in Kodiak is $1,267. The number was incorrect in Exhibit 12 on page 9 of August's *Trends*.

We have updated Exhibit 5 on page 13 of September's online issue of *Trends* to reflect revised U.S. Bureau of Labor Statistics educational and training-level information.

To contact *Trends* authors or request a free subscription, e-mail trends@alaska.gov or call (907) 465-4500. *Trends* is on the Web at laborstats.alaska.gov.

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New scholarship one way to invest in our growing population

By Commissioner Click Bishop

This month's Trends focuses on Alaska's population, which is projected to increase 25 percent by 2034, from roughly 692,000 to more than 862,000 people. We expect Alaska's senior population, age 65-plus, to more than double and Alaska Native numbers to grow by more than 45,000, to almost 20 percent of our population.

The Alaska Department of Labor and Workforce Development, Research and Analysis section's projections are more than just head counts. Our state, local, and tribal governments use the data for planning for new schools, roads, police, and fire departments. The numbers are used to allocate funds for everything from job training and housing to community development and health care services.

Community organizations use the numbers to develop social service and community action projects. Businesses use the numbers to decide where to locate retail centers, movie theaters, banks, and offices — most often leading to new jobs.

Population information helps health care providers predict the spread of diseases through communities with elderly people and children. And during floods, tornadoes, or earthquakes, the numbers help rescuers plan for how many people will need help.

R&A's projections show the number of working Alaskans will also increase by 11 percent, to almost 490,000. As the "boomer" generation retires, jobs will open for succeeding generations.

As we move into the second decade of this century, we must continue to explore and develop ways to ensure the long-term vitality of Alaska's workforce. Often, that means investing now in workforce development to obtain significant returns in the future.

A new program would provide some of that investment for university or vocational training in Alaska. The Alaska Performance Scholarship, which aims to improve Alaska's student performance and future opportunities, was created this year after being proposed by the Parnell administration and passed into law by the Legislature.

This scholarship will provide annual awards of up to $4,755 to qualifying high school graduates who pursue university or vocational training in Alaska. Beginning with Alaska's high school class of 2011, graduates may qualify for the Alaska Performance Scholarship, with 2011-12 funding to be determined no later than May 1.

The State Board of Education and Early Development recently approved and began phasing in 2011 curriculum regulations, which should be fully implemented by 2013. Students who graduate in 2011 will need five or more credits of math and science, a GPA of 2.5 or higher, and scores of at least 21 on the ACT or 1450 on the SAT. Students pursuing a career and technical education certificate program may substitute WorkKeys scores of 5 or higher for an ACT or SAT.

Current high school freshmen and sophomores should prepare to take the full curriculum, including four years of English, four years of social studies, and either four years each of math and science or three years each of math and science plus two years of a foreign or Alaska Native language.

For more information, including funding status, detailed eligibility requirements, and how to apply, go to: aps.alaska.gov.

By ELISABETH MERCER, Demographer

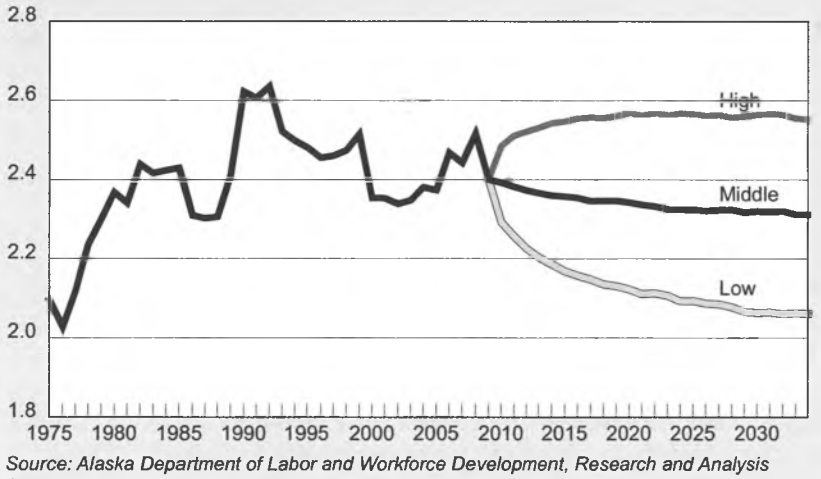
Population Projections, 2010 to 2034

Alaska by age, sex, and race

Population projections tell us more than how many people we should expect — they tell us what kinds of services we'll need to support the future population. Alaskans use these projections to plan for social services like nursing homes, schools, and hospitals. This article is an overview of projected numbers for the state, regions, and borough/census areas as well as the Alaska Native population. It also summarizes how the Department of Labor makes these projections and explains components of change (mortality, fertility, and migration).

The state's total population is projected to increase by nearly 25 percent from 2009 to 2034, growing from 692,314 to 862,750 people. The number of seniors (age 65-plus) is expected to grow the most of any age group, more than doubling in size as Alaska's baby boomers age. Alaska's Native population is projected to increase by more than 45,000 by 2034.

1 Total Fertility Rate
Alaska, 1975 to 2034



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Projected population growth varies significantly across the state and in each of the economic regions, with the largest gain of about 38 percent in the Anchorage/Matanuska-Susitna region by 2034. By contrast, the projection for Southeast is a drop of 14.2 percent over the same period.

Methodology

Rather than building forecasts on economic factors, demographers base projections on the current population and historical trends in each of the components of population change. Specifically, they "age" the population[1] of each sex while accounting for natural increase (births minus deaths) and migration (in-migration and out-migration)[2]. However, past and current economic conditions also affect demographic variables[3].

Statewide, the demographers repeated the projections 2,000 times with random combinations of potential fertility and migration numbers, while keeping the age-specific mortality, or death rate, fixed. The projections took into account variations in recent trends of natural increase and migration, which gave a statistically valid[4] high and low projection range at the state level. There is a 90 percent chance that the actual values will fall

[1] For example, if a person is 10 years old in 2009, he or she will be 35 in the 2034 projection.
[2] This method is the "cohort component method."
[3] For example, fertility rates may drop during a recession.
[4] The probabilistic projection method provided a probability distribution for Alaska's future population, by sex and single years of age. After calculating 2,000 sets of component paths for each age and sex, the demography unit applied them to a cohort component projection model. More specifically, Leslie Matrices were used to project natural increase, with projected vectors of migrants added at each step. This process generated a distribution of 2,000 potential population paths from 2010 to 2034. The sums of the boundaries of the 90 percent confidence intervals for each age-by-sex are reported as the 90 percent confidence high and low variants.

within the range. These ranges do not account for all future uncertainty, such as state economic and social changes.

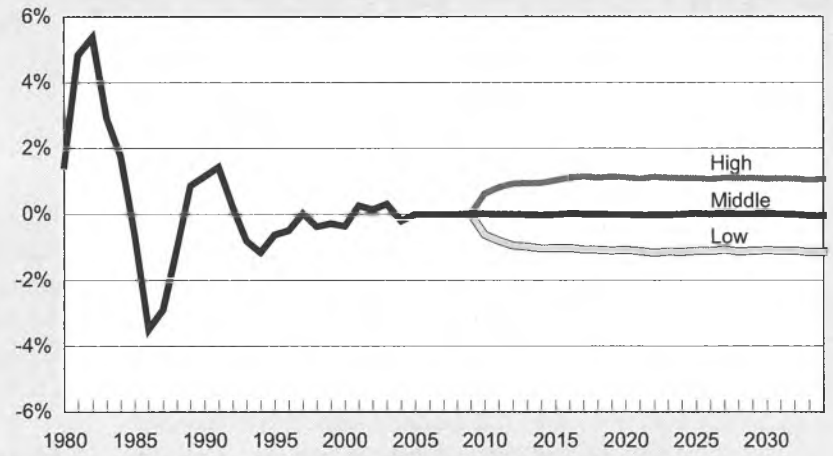
High and low ranges are not statistically significant at the regional and borough/census area levels, as they are adjusted to add up to the state's ranges to attempt to capture the uncertainty of these projections.

Mortality

Mortality rates across all age groups refer to a person's life expectancy at birth if that person lived according to age-specific mortality rates that year. Just as the makeup of Alaska's population varies greatly among groups, so does life expectancy. Overall, Alaska's life expectancy has been similar to that of the nation. From 2000 to 2034, life expectancy for Alaskan males is expected to rise from 74.9 to 79.9 years, and from 79.7 to 83.6 years for females.

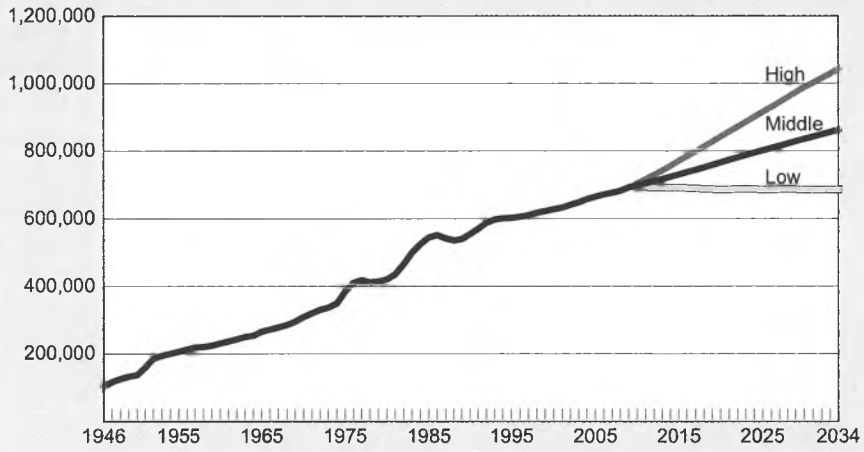
Mortality is the most predictable component of change for Alaska's population. It has been relatively stable over recent history, and is expected to continue improving, following the U.S. Social Security Administration's projected future changes in U.S. mortality.

Net Migration Ratio 2
Proportion of Alaska's Total Population, 1980 to 2034



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Alaska's Population 3
1946 to 2034



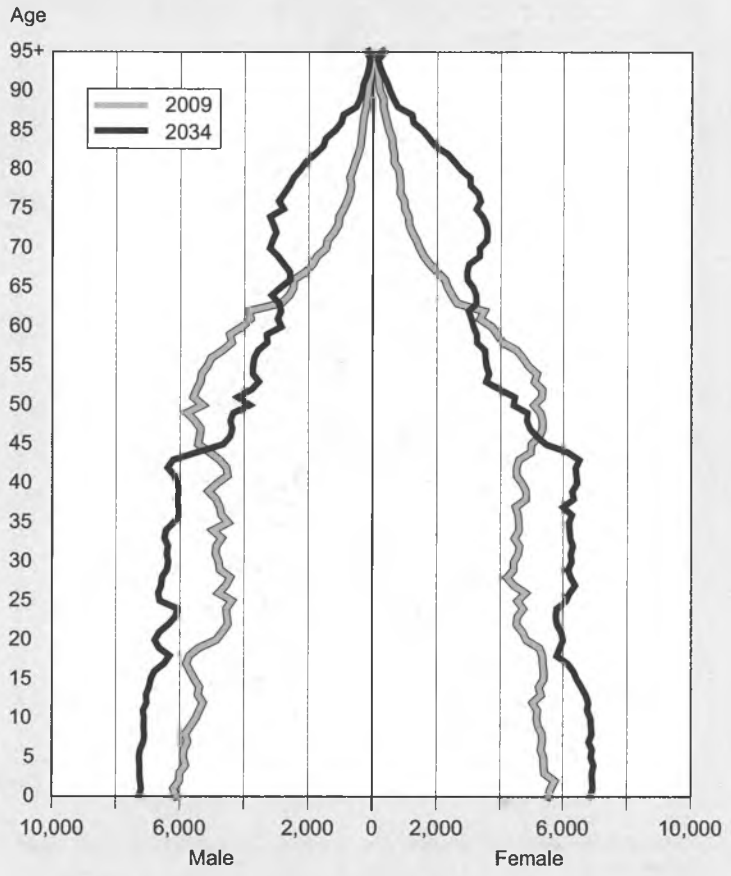
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Fertility

The level of fertility, or births, is expressed in the Total Fertility Rate (TFR). The TFR for a specified year is the average number of children that a woman would bear if she followed that year's age-specific fertility rates throughout her childbearing years. A TFR of 2.1 children per woman would be necessary for natural increase (births minus deaths) to break even. Alaska's TFR ranks among the highest in the U.S, allowing for robust and steady growth. Even if net-migration (in-migration minus out-migration) were zero, Alaska would continue to grow from natural increase alone.

Fertility varies greatly across the state, with estimated TFR ranging from 5.1 children per woman in the Wade Hampton Census Area to just 1.3 in the Aleutians West Census Area. However, the current global trend of rural-to-urban migration results in lower overall fertility rates. Assuming that continues in Alaska, the state's projected fertility rate is likely to be 2.3 in 2034, down from the 2009 estimate of 2.4. The statistical model estimated the level of uncertainty around this value by using variance from recent decades.

4 Population By Age and Sex
Alaska, 2009 and 2034[1]



[1] Middle projection series

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Exhibit 1 shows the projected levels of TFR through 2034. There is a 10 percent chance TFR will fall outside these bounds in any given year, so it is likely to be outside this range at some point over the next 25 years.

Migration

The most volatile component is migration, which is affected by the economy in Alaska and the Lower 48. Wars, pipeline construction, and the oil boom led to significant influxes of new residents throughout Alaska's modern history, while base closures, pipeline completion, and the oil bust prompted people to leave. However, large-scale economic events like the construction of the oil pipeline are unlikely over the next 25 years. Even construction of a natural gas pipeline probably would not reach that level of impact. Therefore, migration rates are likely to remain stable.

The projection model considered two ratios of migration (migrants divided by total population): in-migration and out-migration. The model estimated with 90 percent certainty that Alaska's net-migration will fall within about 1 percent of Alaska's population in a given year through 2034. (See Exhibit 2.) For example, if population is projected to be 700,000 in a given year, there is a 90 percent chance that net-migration will be within +/- 7,000 people. However, as with TFR, net-migration is likely to fall outside the predicted range at some point over the next 25 years, as it's 10 percent likely to do so in any given year.

Special populations

The military makes up a large portion of the population in Anchorage, Fairbanks, Denali, and Kodiak, and these military populations were held constant over the projection period to avoid "aging" these populations, which would underestimate residents in their 20s and 30s. Fish processing (group quarters) populations in Aleutians East and Aleutians West were also kept constant to prevent errantly "aging" these transient populations.

Statewide projections

Though the department projects a total statewide population increase through 2034 (see Exhibits 3 through 6), the annual rate of growth will likely slow over the projection period because of the expected increase in deaths relative to births. However, as stated earlier, the state is expected to continue growing even if net-migration were zero. By 2014, the most likely scenario is a population of 723,619, with 794,975 people in 2024 and 862,750 by 2034. The level of uncertainty greatly increases with time.

Projections for age groups

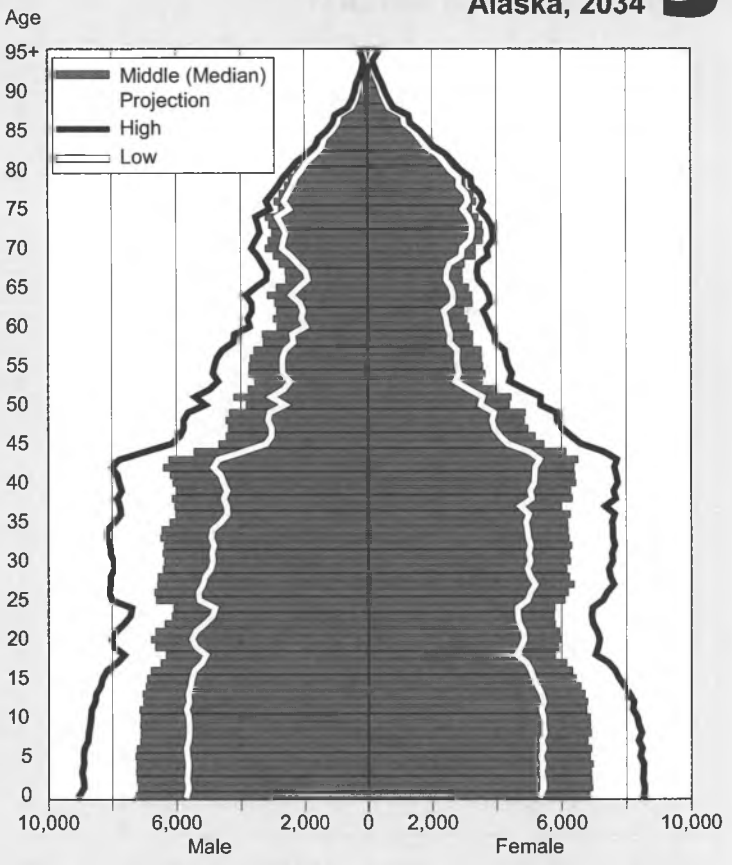
Alaska's population 4 years of age and younger is projected to increase by 22.3 percent, from 57,899 to 70,805 children between 2009 and 2034. (See Exhibit 6.) Numerous potential levels of fertility and migration cause greater uncertainty for younger age groups.

The most likely scenario for school-age children (ages 5 to 17) is 25.7 percent growth, from 141,873 to 178,392 people between 2009 and 2034. With the "echo boom" cohort (the children of baby boomers) now entering working ages, the short-term projection for the school-age group supports slow growth; but further into the future, the projected total school age population will grow at a steady pace.

Alaska's working-age population (ages 18 to 64) is currently 440,279 people, and is likely to increase by 11 percent over the projection period to 488,696 in 2034. As baby boomers become retirees, the echo boomers will move into the working ages, yielding almost no change in the overall working-age population for the majority of the period.

As mentioned earlier, retirees (ages 65 and older) are likely to more than double by 2034. This is attributable to Alaska's large number of baby boomers reaching age 65 and older in 2009, representing 7.5 percent of the state's population. That number is projected to climb 138.9 percent (to 124,857) by 2034, when it would represent 14.5 percent of the population. (See Exhibit 7.) The U.S. Census Bureau projects a similar trend for the nation as a whole, with the proportion age 65 and older in the U.S. increasing from 12.9 percent in 2009 to 19.8 percent in 2034.

Population By Age and Sex
Alaska, 2034 **5**



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Increasing dependency ratios

Dependency ratios show the burden of support on the working-age population to care for the young and old, traditionally nonworking populations. In 2009, every 100 Alaskans of working age supported 45.4 people under age 18, and 11.9 people over age 65, which adds up to a total dependency ratio of 57.3. Each of these figures is expected to rise over the next 25 years. (See Exhibits 7 and 8.)

With the aging of Alaska's echo boom, the youth dependency ratio will probably first decrease to 45.2 in 2014, then rise to 50.0 in 2024 and 51.0 in 2034. The aged dependency ratio is projected to increase to 14.6 by 2014, then 23.5 by 2024, and 25.5 by 2034. Though there is uncertainty in the specific figures for the aged dependency ratio, it is certain it will climb dramatically over the next 25 years.

Projections for regions and boroughs/census areas

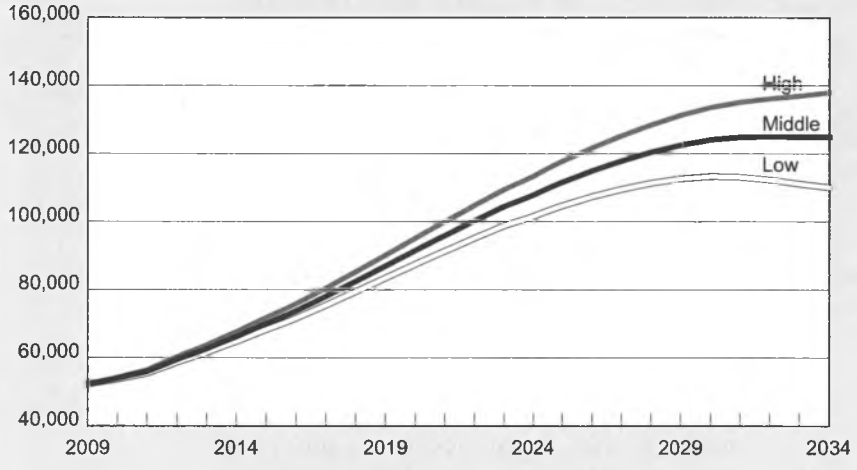
Population change is likely to vary greatly across the state, following paths similar to the last decade. (See Exhibits 9 and 10.) Regions and boroughs/census areas are more susceptible to the impact of migration than any other component of change because it includes intrastate and interstate migration. Although applying recent trends of migration to regions and boroughs/census areas can predict growth or decline, it is possible these trends will significantly change across the state in the future. Migration depends on economic and social factors, making it less predictable.

6 Population by Age
Statewide and Alaska Natives, 2009 to 2034[1]

Total Alaska Population							Alaska's Native Population						
Age	2009	2014	2019	2024	2029	2034	Age	2009	2014	2019	2024	2029	2034
Birth to 4	57,899	59,656	64,160	66,695	68,614	70,805	Birth to 4	14,344	13,666	14,480	14,862	15,470	16,317
5 to 9	55,674	58,943	60,923	65,703	68,348	70,268	5 to 9	12,060	14,138	13,464	14,271	14,647	15,249
10 to 14	52,991	55,828	59,256	61,409	66,320	69,022	10 to 14	11,058	11,994	14,067	13,392	14,196	14,570
15 to 19	54,941	50,698	53,474	56,864	58,895	63,771	15 to 19	12,235	10,845	11,770	13,828	13,150	13,944
20 to 24	46,487	57,967	53,619	56,261	59,231	61,308	20 to 24	11,427	11,964	10,586	11,499	13,536	12,861
25 to 29	45,324	49,970	61,743	57,770	60,486	63,930	25 to 29	9,219	11,257	11,797	10,437	11,347	13,371
30 to 34	46,859	47,101	52,037	64,102	60,260	63,325	30 to 34	7,007	9,082	11,102	11,647	10,314	11,224
35 to 39	47,260	47,510	47,921	53,089	65,037	61,466	35 to 39	7,170	7,075	9,136	11,149	11,711	10,424
40 to 44	47,053	44,351	44,680	45,249	50,270	62,232	40 to 44	7,832	7,004	6,922	8,952	10,939	11,503
45 to 49	53,789	44,485	41,845	42,204	42,584	47,572	45 to 49	8,104	7,653	6,865	6,800	8,797	10,756
50 to 54	53,133	50,353	41,220	38,594	38,749	39,110	50 to 54	7,105	7,739	7,320	6,573	6,521	8,465
55 to 59	45,804	48,978	46,221	37,276	34,499	34,687	55 to 59	5,694	6,773	7,402	7,023	6,327	6,293
60 to 64	32,837	41,579	44,612	41,917	33,070	30,397	60 to 64	4,057	5,354	6,394	7,010	6,670	6,023
65 to 69	20,556	28,948	37,199	40,090	37,480	29,127	65 to 69	2,821	3,719	4,934	5,917	6,516	6,221
70 to 74	12,525	17,355	25,059	32,661	35,380	33,105	70 to 74	1,982	2,436	3,239	4,319	5,216	5,780
75 to 79	8,423	9,517	13,673	20,350	27,010	29,505	75 to 79	1,508	1,574	1,954	2,625	3,525	4,292
80 to 84	5,746	5,538	6,415	9,691	15,059	20,460	80 to 84	881	1,081	1,138	1,426	1,942	2,628
85 to 89	3,280	3,091	2,966	3,560	5,789	9,527	85 to 89	428	524	650	690	874	1,204
90+	1,733	1,751	1,590	1,490	1,786	3,133	90+	268	277	316	387	434	535
Total	692,314	723,619	758,613	794,975	828,867	862,750	Total	125,200	134,155	143,536	152,807	162,132	171,660

[1] Middle projection series
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

7 Age 65 and Older
Alaska's population, 2009 to 2034



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Those with the most dramatic expected losses in average annual population include the Haines Borough (-1.5 percent) and the Wrangell-Petersburg and Prince of Wales census areas (-1.3 percent).

The Anchorage/Mat-Su region's population is projected to grow by more than 142,535 — 38.0 percent, with a 1.5 percent average annual growth rate — from 374,902 people in 2009 to 517,429 in 2034. Anchorage is expected to continue growing, following the state's rural-to-urban migration trend. The Mat-Su Borough has grown dramatically throughout Alaska's history as a state, and is expected to continue.

The boroughs and census areas with the highest projected average annual growth rates over the period are the Matanuska-Susitna Borough (3.1 percent), the Wade Hampton Census Area (2.3 percent), and the Bethel Census Area (1.4 percent).

The Gulf Coast region's population boomed during the 1980s, but growth has moderated in recent years. The projections yield an increase of roughly 5,239 people between 2009 and 2034 — 6.8 percent — but recent trends

could change significantly with future resource development.

Alaska's Interior region has grown steadily over recent years. However, the future of the populations in the Fairbanks North Star Borough and the Southeast Fairbanks Census Area may greatly depend on the military. Assuming current trends continue, the predicted increase for the Interior is 16,195 people between 2009 and 2034, or 14.9 percent.

High birth rates in the Northern and Southwest regions are anticipated to outpace the projected out-migration, resulting in net growth in those regions. Projections show the Northern region gaining about 5,908 residents (a 25.0 percent increase), and the Southwest region adding 10,433 (a 26.6 percent increase).

The only regional population expected to decline over the projection period is Southeast. Due to particularly low birth rates and the highest median age in the state (39.3), growth would require a sharp rise in net-migration. Southeast's projected loss is about 9,866 people (a 14.2 percent drop) between 2009 and 2034. The future of Southeast is uncertain because of its dependence on future social and economic developments.

Projections show no change in the population rank-ordering of the regions over the projection period. In other words, the Anchorage/Mat-Su region is likely to remain the most populous, followed by the Interior, Gulf Coast, Southeast, and Southwest regions. The Northern region is expected to remain the least populated because of rural-to-urban migration.

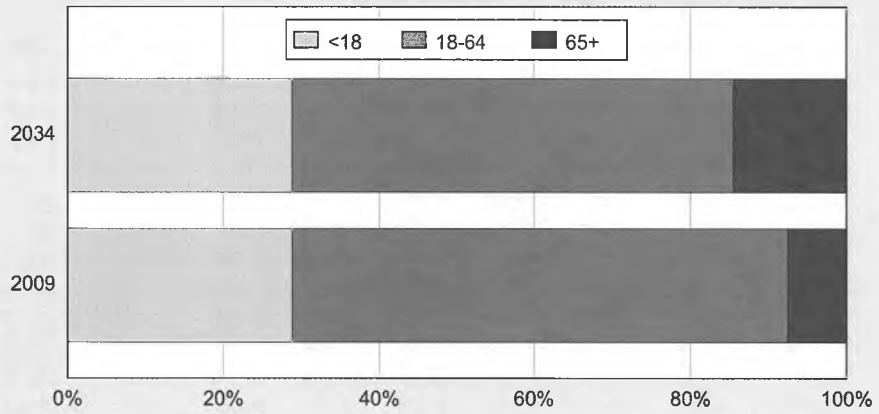
Alaska Native projections

The department used the 2009 "bridged race[5]" estimate as a base for the Alaska Native[6] population, applying the same method as regions and boroughs/census areas.

Mortality, fertility, and migration rates among Alaska Natives have historically differed greatly from those of the overall state population. Native mortality and fertility rates are among the highest in the nation. Alaska Native life expectancy will likely follow the U.S. Social Security Administration's projections for change in U.S life expectancy over the projected period. From 2009 to 2034, life expectancy for Alaska Native males is expected to rise from 67.2 to 74.7 years, and from 73.7 to 78.6 years for Native females. Projected fertility will decline from 3.2 children per woman in 2009 to 3.0 in 2034, due to the rural-to-urban migration discussed earlier. Because of the social and economic characteristics of urban centers, urban women are more likely to have fewer children than their rural counterparts.

Compared to statewide rates, Alaska Native migration is relatively low. Natives migrate to the state at just above 2 percent of the total Native population and leave the state at just over 2 percent of the population. This very slight annual loss

Population by Selected Age Groups
Alaska, 2009 and 2034[1] 8



[1] Middle projection series
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

[5] "Bridge" series race estimates use the definition of race from the 1990s, when people could only choose one race to define themselves. With the 2000 census, people could check all of the races that applied. As a result, race as reported after 2000 is no longer compatible with earlier data, and statistics on race are far more complex.

[6] Alaska Native: A person with origins in any of the original peoples of North or South America (including Central America), who maintains tribal affiliation or community attachment. (Federal Office of Management and Budget) This includes Native Americans in Alaska; however, the majority of Natives in Alaska are Alaska Natives.

9 Population By Region and Borough/Census Area
Alaska, 2009-2034[1]

	2009	2014	2019	2024	2029	2034	Percentage Change 2009-2034	Average Annual Growth Rate 2009-2034
State of Alaska	692,314	723,619	758,613	794,975	828,867	862,750	24.6%	0.9%
Anchorage / Mat-Su Region	374,902	399,950	427,814	457,519	487,028	517,429	38.0%	1.5%
Anchorage, Municipality of	290,588	304,555	319,812	335,672	350,569	364,973	25.6%	1.0%
Matanuska-Susitna Borough	84,314	95,395	108,002	121,847	136,459	152,456	80.8%	3.1%
Gulf Coast Region	76,686	78,196	79,885	81,313	81,908	81,925	6.8%	0.3%
Kenai Peninsula Borough	53,578	56,007	58,562	60,921	62,673	64,019	19.5%	0.7%
Kodiak Island Borough	13,860	13,461	13,095	12,705	12,188	11,567	-16.5%	-0.6%
Valdez-Cordova Census Area	9,248	8,728	8,228	7,687	7,047	6,339	-31.5%	-1.2%
Interior Region	108,463	111,723	115,217	118,773	121,822	124,658	14.9%	0.6%
Denali Borough	1,838	1,783	1,715	1,642	1,550	1,451	-21.1%	-0.8%
Fairbanks North Star Borough	93,779	96,997	100,358	103,768	106,774	109,580	16.8%	0.6%
Southeast Fairbanks Census Area	7,243	7,694	8,216	8,751	9,246	9,742	34.5%	1.3%
Yukon Koyukuk Census Area	5,603	5,249	4,928	4,612	4,252	3,885	-30.7%	-1.2%
Northern Region	23,664	24,760	26,037	27,257	28,354	29,572	25.0%	1.0%
Nome Census Area	9,500	9,911	10,391	10,859	11,282	11,744	23.6%	0.9%
North Slope Borough	6,798	7,140	7,517	7,855	8,157	8,517	25.3%	1.0%
Northwest Arctic Borough	7,366	7,709	8,129	8,543	8,915	9,311	26.4%	1.0%
Southeast Region	69,338	67,948	66,480	64,692	62,244	59,472	-14.2%	-0.5%
Haines Borough	2,286	2,133	1,974	1,802	1,619	1,422	-37.8%	-1.5%
Juneau, City and Borough of	30,661	30,884	31,051	31,040	30,710	30,191	-1.5%	-0.1%
Ketchikan Gateway Borough	12,984	12,464	11,934	11,339	10,633	9,878	-23.9%	-0.9%
Prince of Wales-Outer Ketchikan Census Area	5,392	5,052	4,721	4,368	3,966	3,566	-33.9%	-1.3%
Sitka, City and Borough of	8,627	8,578	8,505	8,400	8,215	8,000	-7.3%	-0.3%
Skagway-Hoonah-Angoon Census Area	2,908	2,785	2,642	2,483	2,297	2,100	-27.8%	-1.1%
Wrangell-Petersburg Census Area	5,852	5,445	5,070	4,701	4,276	3,828	-34.6%	-1.3%
Yakutat, City and Borough of	628	607	583	559	528	487	-22.5%	-0.9%
Southwest Region	39,261	41,042	43,180	45,421	47,511	49,694	26.6%	1.0%
Aleutians East Borough	2,778	2,830	2,887	2,945	2,967	2,981	7.3%	0.3%
Aleutians West Census Area	4,549	4,592	4,627	4,638	4,610	4,564	0.3%	0.0%
Bethel Census Area	16,997	18,036	19,224	20,471	21,720	23,019	35.4%	1.4%
Bristol Bay Borough	967	972	977	986	986	974	0.7%	0.0%
Dillingham Census Area	4,729	4,739	4,781	4,798	4,755	4,698	-0.7%	0.0%
Lake and Peninsula Borough	1,547	1,487	1,441	1,393	1,328	1,258	-18.7%	-0.7%
Wade Hampton Census Area	7,694	8,386	9,243	10,190	11,145	12,200	58.6%	2.3%

[1] Middle projection series

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

through migration is projected to continue through 2034.

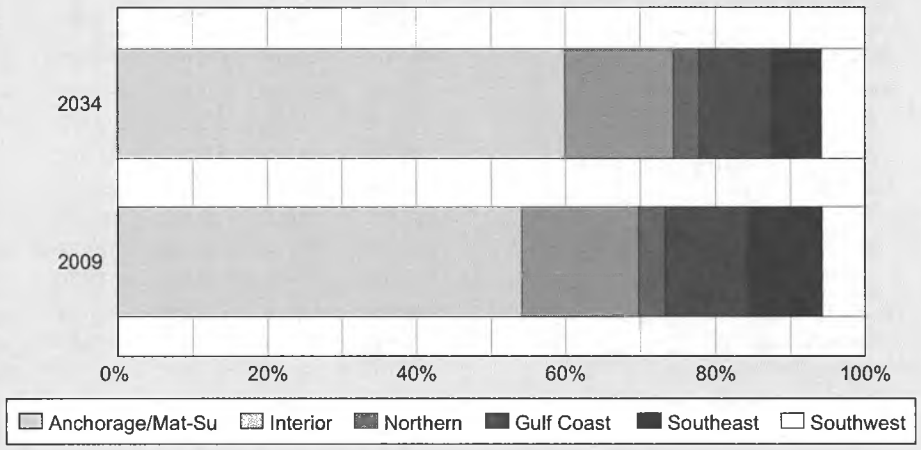
The Department of Labor projects stable growth for the Native population through the projection period, from 125,200 people in 2009 to 171,660 in 2034. (See Exhibits 6 and 11.) Additionally, Natives are expected to increase as a share of the state's population, from 18.1 percent in 2009 to 19.9 percent in 2034.

Historical trends for natural increase and interstate net-migration have been relatively stable, so uncertainty estimates were unnecessary for this group. Therefore, the Alaska Native projections are only comparable to the middle series of the statewide projections and can be subtracted from this series to estimate the non-Native population.

Decreasing fertility rates are reflected in the Native share of the total population under age 20. That proportion is projected to decline over the period from 22.4 percent in 2009 to 21.9 percent in 2034. The median age for the population is expected to rise from 25.8 to 29.8 between 2009 and 2034.

Natives ages 65 and older are projected to follow the same broad trends as the overall population in Alaska and the U.S. Specifically, the number of elderly Natives is expected to rise by 161.9 percent — from 7,888 in 2009 to 20,660 in 2034. The proportion of Natives age 65 and older within the total Native population will likely grow from 6.3 percent in 2009 to 11.7 percent in 2034. Increases in Native life expectancy will also affect future population change.

Population by Economic Region 10
Alaska, 2009 and 2034[1]



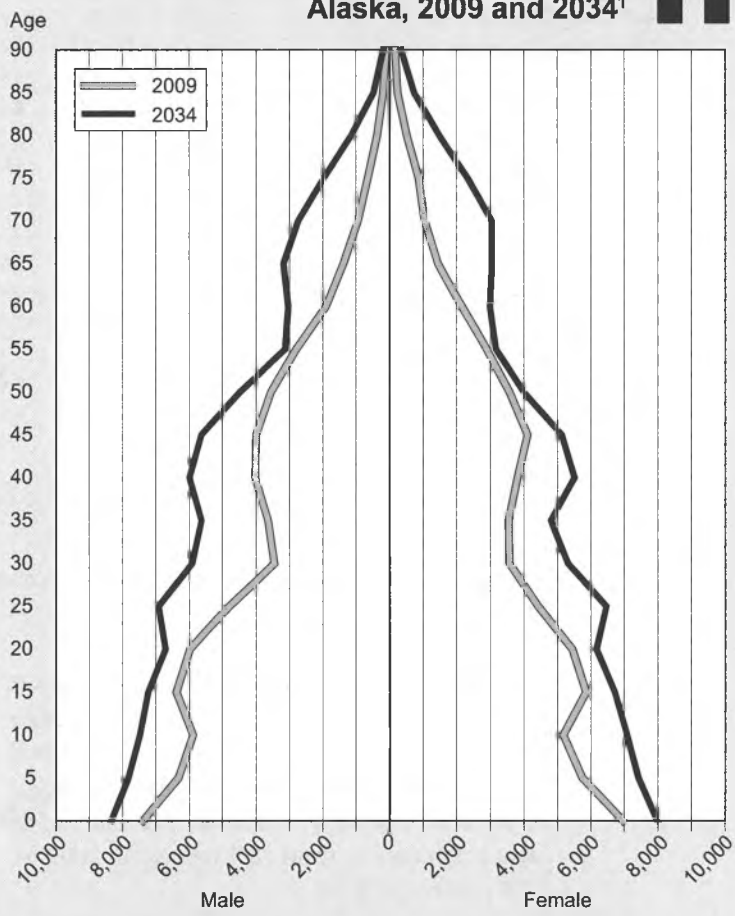
[1] Middle projection series
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Historically, migration has not played as large a role in population change as natural increase; therefore only small losses in the population due to net out-migration are projected. However, rural-to-urban migration is expected to continue, so Alaska Natives are likely to help shape the future of urban centers.

The Department of Labor's Native projections are only at the state level in this series. While Alaska uses the same classification for Native Americans as the U.S. Census Bureau does for the nation, the demographic makeup of the two populations is vastly different, therefore not comparable.

A complete description of the methods and results for these population projections (including high and low projection series) are available on the Research and Analysis Web site at laborstats.alaska.gov. Click on "Population & Census" on the left, then "Estimates & Projections."

Alaska Native Population By Sex 11
Alaska, 2009 and 2034[1]

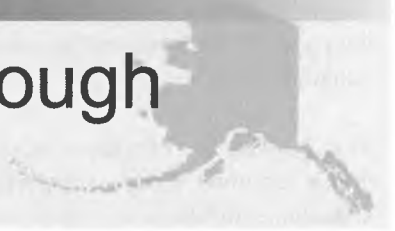


[1] Middle projection series
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

By NEAL FRIED, Economist

The Matanuska-Susitna Borough

Growth continues to eclipse rest of Alaska



1 Mat-Su Borough's Population Estimates, 2000 to 2009

	Estimated Population 2009	2000 Census 2000	Change 2000 to 2009	Percentage Change 2000 to 2009
Alaska	692,314	626,931	65,383	10%
Anchorage	290,588	260,283	30,305	12%
Fairbanks North Star Borough	93,779	82,840	10,939	13.2%
Matanuska-Susitna Borough	84,314	59,322	24,992	42%
All places in the Mat-Su Borough are Census Designated Places (CDPs) unless footnoted.				
Big Lake	3,331	2,635	696	26%
Buffalo Soapstone	738	699	39	6%
Butte	3,255	2,561	694	27%
Chase	35	41	-6	-15%
Chickaloon	277	213	64	30%
Farm Loop	1,313	1,067	246	23%
Fishhook	3,337	2,030	1,307	64%
Gateway	4,068	2,952	1,116	38%
Glacier View	246	249	-3	-1%
Houston city	1,664	1,202	462	38%
Knik-Fairview	13,824	7,049	6,775	96%
Knik River	631	582	49	8%
Lake Louise	100	88	12	14%
Lakes	8,388	6,706	1,682	25%
Lazy Mountain	1,446	1,158	288	25%
Meadow Lakes	7,319	4,819	2,500	52%
Palmer city[1]	5,532	4,533	999	22%
Petersville	6	27	-21	-78%
Point MacKenzie	273	111	162	146%
Skwentna	73	111	-38	-34%
Susitna	16	37	-21	-57%
Sutton-Alpine	1,407	1,080	327	30%
Talkeetna	894	772	122	16%
Tanaina	7,407	4,993	2,414	48%
Trapper Creek	444	423	21	5%
Wasilla city[2]	7,245	5,469	1,776	32%
Willow	2,218	1,658	560	34%
Y	1,057	956	101	11%
Remainder of Mat-Su Borough	7,770	5,101	2,669	52%

[1] Palmer had an annexation on September 5, 2003.
[2] Wasilla had a small annexation on May 3, 2002.
Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the U.S. Census Bureau

The story of the Matanuska-Susitna Borough's growth in population and employment, which has long outstripped the rest of the state, is an old one. That saga continued in 2009, as employment kept growing in the borough even when it fell in the rest of Alaska for the first time in 21 years. Early indicators for 2010 are also positive.

One large place

Only Fairbanks and Anchorage have more residents than the Mat-Su Borough, which had a 2009 population of 84,314. (See Exhibit 1.) In addition, the Mat-Su is nearly as large as West Virginia at 24,682 square miles. Although it is a big place, 90 percent of its residents live in "the Valley," a tight corridor between the communities of Sutton on the Glenn Highway and Willow on the Parks Highway.

Wasilla, Palmer, and Houston are the only three communities that are incorporated or have political boundaries, and the residents of these three towns represent just 17 percent of the borough's population. The rest live in various unorganized or census-designated places (CDPs). According to state demographer Greg Williams, ten of the top 14 places in the state that experienced the most rapid growth between 2000 and 2009 are in the Mat-Su Borough. If these places were to incorporate, four of them would be larger than the City of Wasilla. One of them, Knik-Fairview, would become the fourth-largest city in the state.

Different economy than most

Historically, the lifeblood of the area came from farming, gold, and coal mining. Although the Mat-Su Borough remains the largest agricultural producer in the state and coal mining might make

a comeback, these industries were eclipsed decades ago by forces that have put the borough on the state's economic pedestal.

Today, an array of sectors vitalize the area's economy. Its most important stimulus is its status as a bedroom community — a place where people live while working elsewhere. An expanding visitor industry also plays a role, as does a growing list of borough enterprises that provide services to the rest of the state. One example is the new Goose Creek prison, which is scheduled to open in 2012.

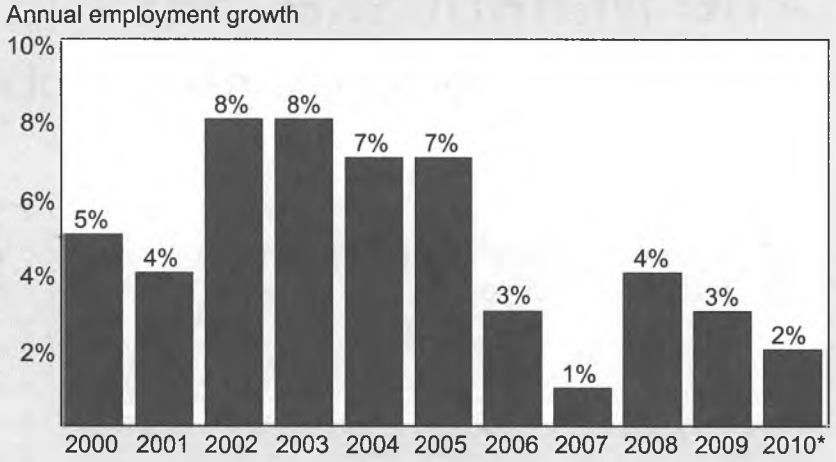
However, the most important explanation for the borough's rapid employment growth is that its businesses and institutions are providing a larger range of goods and services to its burgeoning population.

Residents spend more locally

Exhibits 2 and 3 show employment growth in the borough over the past decade and since 1959. The number of jobs in the borough grew more than three times as fast as the rest of the state in the past decade, and this trend continues because residents spend a growing share of their income locally. Economists call this phenomenon import substitution, and it increases payroll as well as salaries. For example, between 2000 and 2009, health care employment doubled and retail added more than 1,000 jobs.

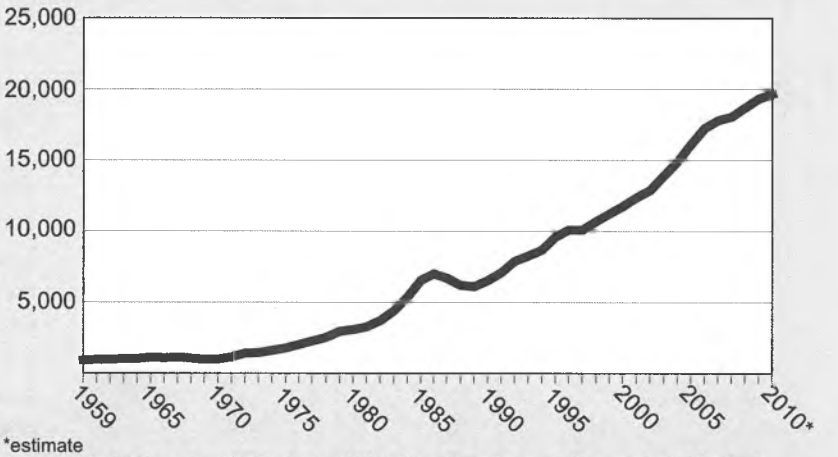
The fact that employment grew considerably faster than population may be another indicator of this trend. Growth in sales tax revenue in Palmer and Wasilla is further evidence of the borough capturing more of its residents' consumption dollars. Between 2000 and 2009, collected sales tax more than doubled (even after adjustment for inflation), even though the borough's population grew only 42 percent.

Employment Continues to Grow **2**
Matanuska-Susitna Borough, 2000 to 2010



*estimate
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

A History of Strong Growth **3**
Matanuska-Susitna Borough, 1959 to 2010

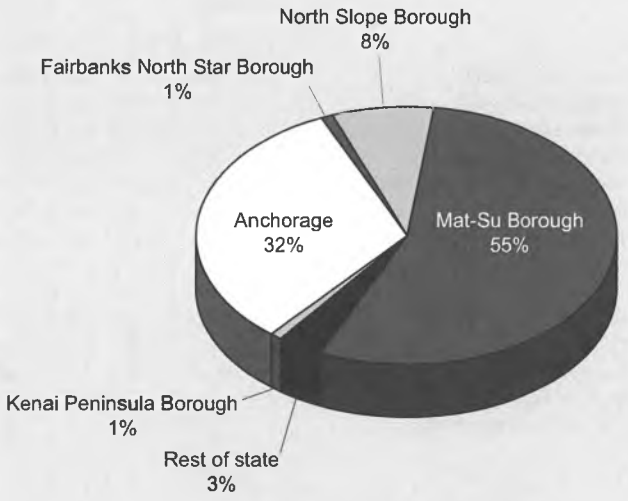


*estimate
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Many earn their living elsewhere

In some ways, the Matanuska-Susitna Borough's commuter patterns are not that different from elsewhere in the country. That is, many people who live there commute outside the borough each day, and data produced by the Alaska Department of Labor and Workforce Development shed some

4 Where Mat-Su Residents Work[1] 2008



[1]Excludes uniformed military, federal, and self-employed workers, 2008
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

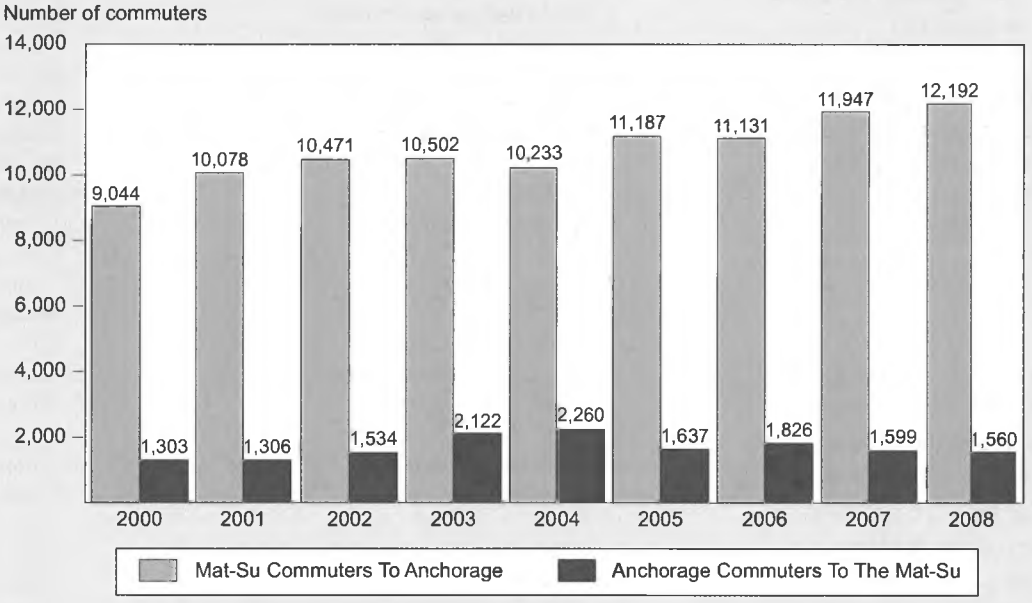
light on where these residents work. (See Exhibits 4, 5, 6, and 7.) According to these data (which exclude federal, uniformed military, and self-employed workers), nearly a third of the Mat-Su Borough's residents work in Anchorage, and this hasn't changed much over the years. (See Exhibit 4.)

Unlike many areas that are home to a large population of commuters, the borough also has many residents that travel to remote job sites. For example, in 2008, 8 percent of the area's residents worked on the North Slope and another 5 percent held jobs in other distant places around the state.

Over the past decade, the proportion of commuters and those who work locally has not changed much. In both 2000 and 2008, 45 percent commuted beyond the borough's boundaries. However, an interesting trend emerged: workers were taking more jobs farther away. The number of commuters working on the North Slope doubled between 2005 and 2008 — a reflection of the employment rebound in the state's oil patch and the Mat-Su area's role as home to a large share of the state's oil industry workforce. The borough supplies the second-largest group of oil industry workers to the North Slope, after Anchorage.

There are many reasons so many Mat-Su residents commute, but two are paramount. The borough offers a competitive housing market, and the state's largest labor market (Anchorage) is within easy reach of most residents.

5 Commuter Traffic Continues to Grow[1] Matanuska-Susitna Borough, 2000 to 2008



[1]Excludes uniformed military, federal, and self-employed workers
Source: Alaska Department of Labor and Workforce Development, Research and Analysis

Primary Place of Work and Wages[1] 6
Matanuska-Susitna residents, 2008

	Number of Workers	Percent	Wages		Number of Workers	Percent	Wages
Matanuska-Susitna Borough	20,665	55%	$543,926,149	Bristol Bay Borough	48	0%	$1,557,543
Anchorage Municipality	12,192	32%	$553,470,946	Ketchikan Gateway Borough	43	0%	$1,064,649
North Slope Borough	2,858	8%	$222,468,891	Kodiak Island Borough	42	0%	$1,151,191
Kenai Peninsula Borough	359	1%	$14,978,354	Dillingham Census Area	41	0%	$1,515,610
Fairbanks North Star Borough	350	1%	$12,726,821	Lake and Peninsula Borough	41	0%	$1,347,090
Northwest Arctic Borough	142	0%	$9,893,588	Aleutians East Borough	40	0%	$1,207,105
City and Borough of Juneau	141	0%	$5,501,178	Wade Hampton Census Area	34	0%	$1,230,727
Valdez-Cordova Census Area	135	0%	$6,803,009	City and Borough of Sitka	21	0%	$487,742
Bethel Census Area	125	0%	$6,056,487	Skagway-Angoon Census Area	18	0%	$492,495
Nome Census Area	114	0%	$5,856,028	Wrangell-Petersburg Census Area	15	0%	$355,965
Denali Borough	96	0%	$2,334,864	Prince of Wales-Outer Ketchikan CA	12	0%	$411,236
Yukon-Koyukuk Census Area	79	0%	$3,268,004	Haines Borough	0	0%	$0
Southeast Fairbanks Census Area	71	0%	$3,650,749	Hoonah-Angoon Census Area	0	0%	$0
Aleutians West Census Area	60	0%	$3,468,193	City and Borough of Yakutat	0	0%	$0
Total	37,744	100%	$1,405,224,612				

[1]Excludes uniformed military, federal, and self-employed workers, 2008
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Housing is key to the economy

The numbers clearly show that a large part of the Mat-Su Borough's appeal is its affordable housing market. Other factors such as lifestyle and scenery probably play an important role, but they are more difficult (if not impossible) to quantify.

In 2010, the average sale price of a single-family home in the area was $239,572: just three-quarters of the price of a single-family home in Anchorage (see Exhibit 8) and significantly below the statewide average of $277,941. This difference is a strong enticement to those who want to live close to a larger city.

Measuring how many wage earners it takes to pay the average mortgage also shows why an Anchorage worker might choose to live in the Mat-Su area. It takes 1.2 Anchorage wage earners to pay the average Mat-Su mortgage versus 1.6 to buy a home in Anchorage.[1] (See Exhibit 9.) Because average wages in the borough are significantly lower than those in Anchorage, it also takes 1.6 wage earners for those who work in the Mat-Su to afford a home there, so those who live and work

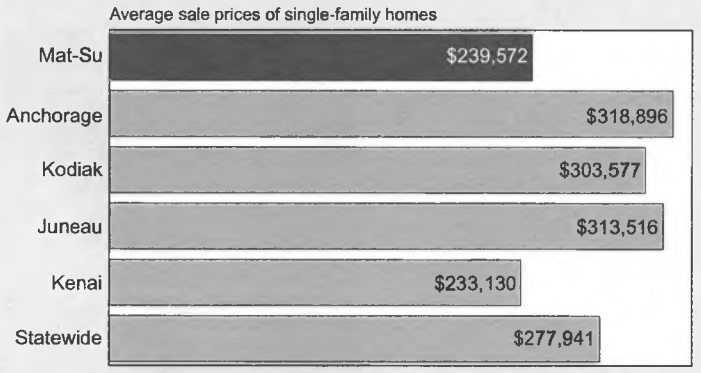
[1] The Alaska Affordability Index is a measurement of the number of wage earners necessary to afford an average home, based on workers who earn average wages for their geographic location, and the average price for a single family home.

Top 25 Employers[1] 7
Matanuska-Susitna Borough, 2009

Rank	Employer	Employment Range[2]
1	Matanuska-Susitna Borough School District	2,013
2	State of Alaska (excludes University of Alaska)	947
3	Mat-Su Regional Medical Center	500-749
4	Wal-Mart/Sam's Club	250-499
5	Fred Meyer	250-499
6	Matanuska-Susitna Borough	368
7	Matanuska Telephone Association	250-499
8	First Student	250-499
9	Carrs/Safeway	100-249
10	Federal government	235
11	Mat-Su Services for Children and Adults, Inc.	100-249
12	University of Alaska	165
13	First Student	100-249
14	Spenard Builders Supply	100-249
15	Chugach Government Services (Job Corps)	100-249
16	Target	100-249
17	City of Wasilla	143
18	Alaska Hotel Properties	100-249
19	Three Bears	100-249
20	Lowes	100-249
21	McDonald's Restaurants	100-249
22	Home Depot	100-249
23	Matanuska Electric Association	100-249
24	Alaska Home Care	100-249
25	Matanuska Valley Federal Credit Union	100-249

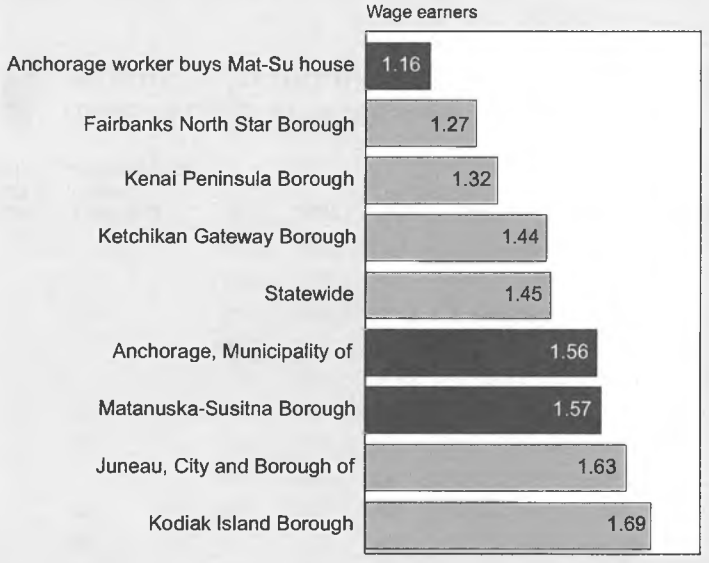
[1] Excludes federal employees and uniformed military
[2] Due to confidentiality restrictions, employment data for private-sector firms are provided in ranges.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

8 Housing a Big Attraction in Mat-Su
First quarter, 2010



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

9 Buying a Single-Family Home
Wage earners needed to pay mortgage



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

in the Mat-Su don't see the benefit of the lower housing prices.

Most earnings come from elsewhere

One reason many residents choose to work outside the borough is that they can earn better wages elsewhere. (See Exhibit 10.) The average annual salary in the Mat-Su area in 2009 was $36,492, nearly $13,000 less than in Anchorage. Even higher wages are available on the North Slope and elsewhere in Alaska. The borough's wages tend to be lower because of the prevalence of retail and service jobs. (See Exhibit 11.)

More of the higher paying jobs — such as those in oil, transportation, government, and the military — are also based elsewhere in the state. In 2008, Mat-Su residents earned more of their wages in Anchorage than they did at home, and 61 percent of all earnings came from outside the borough. (See Exhibit 6.)

Mat-Su provides services statewide

Besides the visitor industry and the housing market, other types of businesses provide services to the rest of the state, bringing new jobs into the Mat-Su area. These include Job Corps, Alaska Department of Corrections, GCI, and the surveying company TerraSond. Other examples are car dealers, greenhouses, farmer's markets, and others that cater to the local population as well as to Anchorage clientele.

A dynamic visitor sector

Bed tax receipts in the Mat-Su area more than tripled over the past five years — mainly due to the opening of large destination lodges — while visitor growth in most of the state was muted. The borough also has a well-developed visitor industry that caters to more independent travelers. A significant slice of its visitors come from Anchorage, and many own recreational property in the area.

Agriculture is still a player

The Mat-Su area remains the largest agricultural producer in the state. Most of its value is in crops like vegetables, potatoes, hay, and livestock. The recent explosion of farmer's markets in Southcental Alaska is boosting farming in the Mat-Su.

Population, population, population

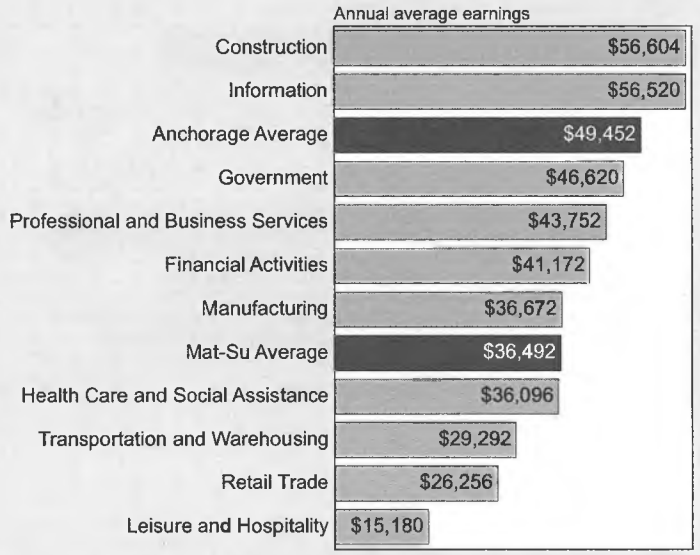
Since 2000, the borough's population has grown by 42 percent versus a 9 percent increase for An-

chorage and 10 percent statewide. (See Exhibit 12.) The Mat-Su's 2009 population of 84,314 is an increase of 24,992 people since 2000. Only Anchorage's absolute population grew more than that, but not by much. Unlike the rest of the state, most of this growth came from migration. (See Exhibit 13.) Overall, the borough went from comprising 7 percent of the state's population in 1990 to 12 percent in 2009. (See Exhibit 14.)

The demographics are different

The median age of the Mat-Su area's population is 34.5, one year older than the statewide median age and nearly four years older than the area's median age in 1990. (See Exhibit 15.) Its population is considerably less diverse than the state's — 84.1 percent white versus 70.4 percent statewide. The age breakdown of its population is similar to the state average, as is the ratio of men to women.

Average Annual Earnings 10
Matanuska-Susitna Borough, 2009



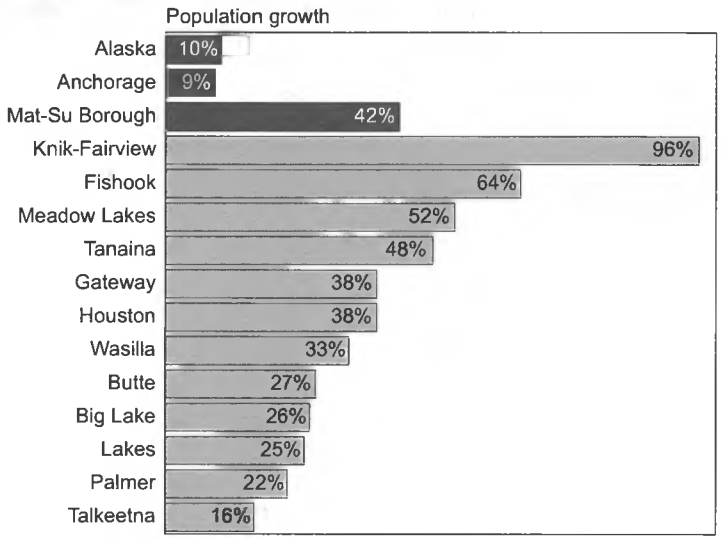
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Average Annual Wage and Salary Employment by Industry 11
Matanuska-Susitna Borough, 2000 to 2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Employment Change 2000-2009	Percent Change 2000-2009
Statewide	12,361	12,873	13,904	15,002	16,087	17,216	17,896	18,038	18,684	19,320	6,959	56%
Natural Resources	69	83	105	120	117	132	118	96	116	128	59	86%
Construction	1,163	1,298	1,439	1,546	1,736	1,850	1,788	1,602	1,648	1,577	414	36%
Manufacturing	118	140	167	221	214	218	221	246	281	249	131	111%
Trade	2,467	2,510	2,609	2,755	3,036	3,386	3,432	3,429	ND	ND	*	*
Retail	2,394	2,435	2,547	2,670	2,928	3,268	3,313	3,296	3,429	3,491	1,097	46%
Transportation, Warehousing	259	280	397	453	543	559	539	781	814	809	550	212%
Utilities	152	147	137	147	148	145	143	141	ND	ND	*	*
Information	405	407	401	498	520	534	557	663	646	659	254	63%
Financial Activities	368	362	404	494	551	589	702	744	728	751	383	104%
Professional Services	703	731	805	836	894	912	943	856	929	989	286	41%
Educational and Health Care Services	1,771	1,807	1,970	2,293	2,424	2,608	2,827	2,900	3,020	3,353	1,582	89%
Health Care/Social Assistance	1,561	1,603	1,736	1,979	2,161	2,339	2,503	2,582	2,692	3,094	1,533	98%
Leisure and Hospitality	1,323	1,446	1,579	1,760	1,917	2,053	2,234	2,301	2,333	2,274	951	72%
Accommodations/Eating and Drinking	1,149	1,218	1,364	1,524	1,645	1,775	1,970	2,025	1,983	1,909	760	66%
Accommodations	255	200	228	396	447	538	647	675	635	542	287	113%
Eating and Drinking	894	1,018	1,136	1,127	1,198	1,238	1,323	1,350	1,347	1,368	474	53%
Other Services	477	423	548	518	550	572	588	601	626	691	214	45%
Government	3,042	3,140	3,344	3,357	3,426	3,649	3,741	3,658	3,819	4,040	998	33%
Federal Government	206	163	171	182	192	203	223	199	207	235	29	14%
State Government	876	896	904	952	963	990	1,011	1,002	1,058	1,111	235	27%
Local Government	1,960	2,081	2,269	2,223	2,272	2,457	2,507	2,456	2,554	2,694	734	37%

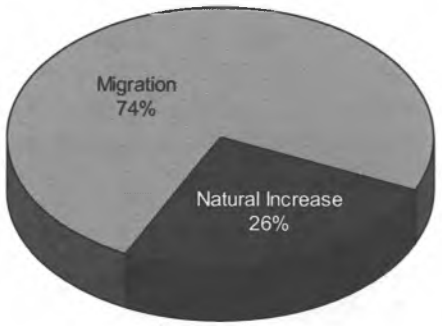
ND: Not disclosable
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

12 Dramatic Population Growth
Matanuska-Susitna Borough, 2000 to 2009



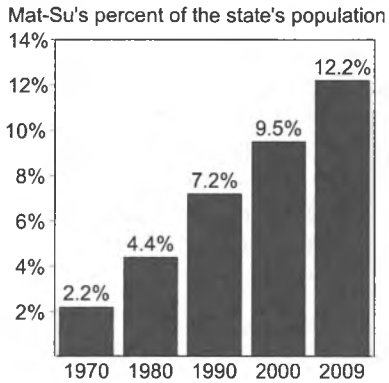
Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section, and U.S. Census Bureau

13 Growth Mostly Migration
Mat-Su Borough, 1970 to 2009



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

14 Growing Share of Alaska
Mat-Su Borough, 1970 to 2009



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

There are more married couples and family households in the borough (two or more people related by blood or marriage) than there are statewide, and those households are considerably bigger. The average family size in the Mat-Su was 4.3, versus 3.4 statewide. Median household income was $67,132 — close to the statewide average, but 7 percent below Anchorage.

Hints of a continued bright future

If Southcentral Alaska's economy continues to grow, the Mat-Su area will undoubtedly continue to capture a lopsided share of that action. The combination of its cost advantages and land availability is hard to beat. If projects such as a new coal mine, a rail extension, or Knik Arm crossing come to fruition or if Port MacKenzie attracts significant business, they too could become factors. But the economic fundamentals are likely to remain the most important factors in the borough's future: providing a competitive housing market, making more goods and services available locally, and finding new ways to sell goods and services to the rest of the state.

A Demographic Snapshot
Matanuska-Susitna Borough, 2006 to 2009

15

2009 Population Estimates

	Mat-Su Borough	Anchorage	Alaska
Total Population	84,314	290,588	692,314
Median Age	34.5	33.1	33.5
Race			
White	84.1%	72.8%	70.4%
Native American	7.5%	9.5%	16.2%
Black	1.9%	5.9%	3.8%
Asian/Pacific Islanders	2.1%	6.7%	4.8%
Two or More Races	4.4%	5.1%	4.8%
Age			
Under 5	7.9%	8.3%	8.4%
18+	70.4%	71.8%	71.1%
65+	7.6%	7.1%	7.5%
Female	48.8%	49.9%	49.0%

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

[1]A family household is two or more people living together who are related by blood or marriage.
[2]Poverty is measured using thresholds in a matrix that cross-classifies a variety of factors, such as family size, composition, and the number of people under age 18.

American Community Survey 2006-2008

	Mat-Su Borough	Anchorage	Alaska
Total population	82,485	278,716	681,235
Type of households			
Average family size	4.3	3.2	3.4
Average household size	3.8	2.7	2.8
Family household[1]	73.1%	67.4%	67.7%
Born in Alaska	36.2%	33.5%	38.9%
Labor force	66.2%	74.7%	72.3%
Income			
Median household income	$67,132	$72,137	$66,293
Median family income	$74,232	$84,443	$77,020
Living in poverty[2]	9.6%	7.6%	9.5%
Educational attainment (age 25+)			
Less than ninth grade	2.6%	3.3%	3.6%
Ninth to 12th grade, no diploma	7.8%	4.9%	5.8%
High school graduate or equivalent	32.7%	23.7%	28.5%
Some college, no degree	27.6%	27.4%	27.5%
Associate's degree	9.6%	8.3%	8.1%
Bachelor's degree	12.9%	20.7%	16.8%
Graduate or professional degree	6.8%	11.6%	9.7%
Veterans	15.6%	15.6%	14.7%
Housing			
Owner-occupied housing units	80.6%	61.6%	64.1%
Renter-occupied housing units	19.4%	38.4%	35.9%
Mean travel time to work in minutes	33.7	18.1	18.1

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2006-2008, Three-Year Estimates

A Safety Minute

Tread safely this winter

Winter is here, and so are icy, slippery conditions. Slips and falls are the number two cause of accidental death and disability behind vehicle accidents, so please be prepared this season. Preparation may mean anything from studded tires or chains on our vehicles to personal traction devices on our shoes. There are many types of traction devices available depending on your needs. Here are a few more winter travel tips:

- Wear footwear with maximum traction.
- Remove snow immediately from walkways or driveways before it becomes packed or turns to ice.
- Prevent ice from forming by spreading an ice melt product, and always read the directions before use.
- Walk defensively in parking lots, because cars and trucks cannot stop as fast on ice and snow.
- Watch your footing while exiting a vehicle; hold on to the vehicle for more stability.

By NEAL FRIED, Economist

Employment Scene

Unemployment rate at 7.9 percent

Alaska's seasonally adjusted unemployment rate for October inched up to 7.9 percent. September's rate was revised down slightly, from 7.8 percent to 7.7 percent.

The comparable national jobless rate for October was 9.6 percent, unchanged from September. Exactly a year ago, the national unemployment rate was 10.1 percent, compared to 8.4 percent for Alaska. The improvement in Alaska's jobless rate has been similar to the nation's, but October marks the second straight year that Alaska's unemployment rate has been lower than the national rate.

Winter unemployment begins to climb

Not seasonally adjusted unemployment rates increased in most of the state's regions in October. This is typical when Alaska's labor market enters its winter slump. Fishing declines, the visitor industry is nearly shuttered, and the construction industry buttons down for mostly indoor work. Another sign of the seasonal downturn is October's increase in the number of regular weeks claimed for unemployment — from 8,583 in September to 10,106 in October.

In nearly all regions, unemployment rates rose in October but remain below year-ago levels. For example, the Gulf Coast region's rate rose to 9.0 percent, from 7.9 percent in September — but that's still lower than last year's 9.8 percent.

Seasonal industries contract

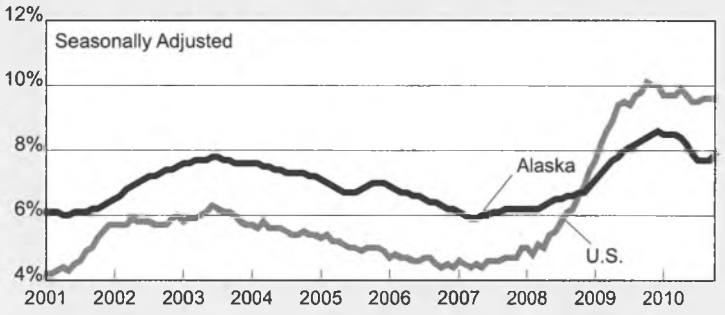
The North Slope Borough and Juneau had the lowest October unemployment rates, and the Wade Hampton Census Area and Skagway had the highest. Although Wade Hampton frequently has one of the highest rates in the state, Skagway had the second-lowest jobless rate in the state just last month. The end of the tourism season explains Skagway's dramatic unemployment shift.

Employment on the rebound in 2010?

Preliminary second-quarter data from the 2010 Census of Employment and Wages (QCEW) became available recently, and the results are intriguing. (Nearly all the QCEW employment is based on quarterly payroll reports provided by employers around the state.) Over-the-year changes in total employment turned negative during the second, third, and fourth quarters of 2009; were mixed during the first quarter of 2010; but turned positive during the second quarter of 2010 (see Exhibit 2).

Why is this important? In 2009, after employment grew for 21 straight years in Alaska, it stopped and lost some ground. That year, employment fell by approximately 0.5 percent, a modest decline but still a loss. Many economic observers, including this author, expected this trend to continue through most of 2010. Instead, only February's over-the-year changes are negative so far. In addition, each

1 Unemployment Rates, Alaska and U.S.
January 2001 to October 2010

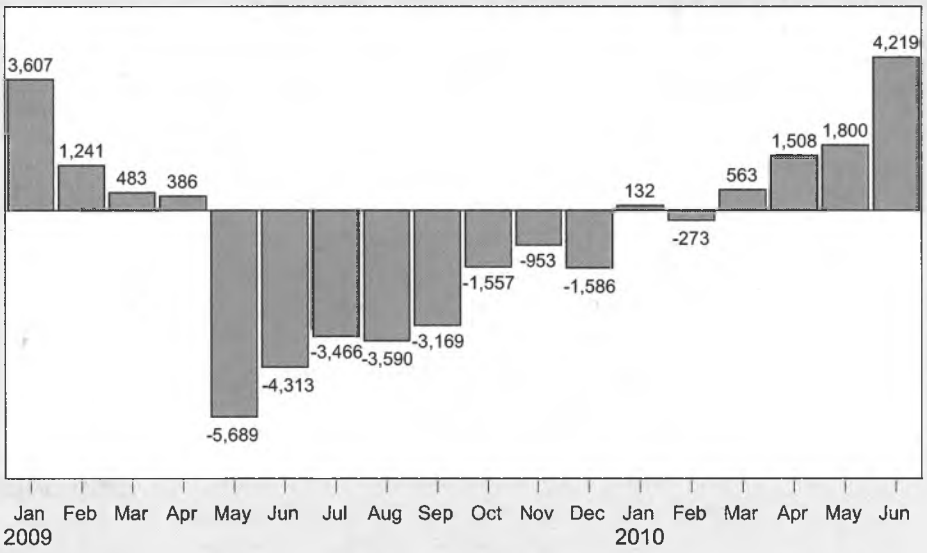


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

following month has turned increasingly positive. As a result, average employment during the first half of 2010 was up 0.4 percent, or 1,325 jobs, over the same period in 2009 — a small gain, but positive nonetheless.

The jury is still out for 2010, at least until the third-quarter QCEW numbers become available (especially because the third quarter represents peak economic activity of the year). If the trend remains positive in 2010, Alaska will have come through the national recession largely unscathed.

Possible Overall Employment Growth in 2010 2
Alaska, 2009 to 2010



Source: Quarterly Census of Employment and Wages (QCEW).

3 Statewide Employment
Nonfarm wage and salary

Alaska	Preliminary 10/10	Revised 9/10	Revised 10/09	Year-Over-Year Change 10/09	90% Confidence Interval	
Total Nonfarm Wage and Salary[1]	319,000	333,100	320,000	-1,000	-8,383	6,383
Goods-Producing[2]	43,000	49,300	42,800	200	-2,684	3,084
Service-Providing[3]	276,000	283,800	277,200	-1,200	–	–
Mining and Logging	14,600	14,600	15,000	-400	-1,193	393
Mining	14,200	14,200	14,700	-500	–	–
Oil and Gas	11,800	11,600	12,500	-700	–	–
Construction	16,700	18,400	17,400	-700	-3,283	1,883
Manufacturing	11,700	16,300	10,400	1,300	306	2,294
Seafood Processing	7,400	11,800	6,400	1,000	–	–
Trade, Transportation, Utilities	60,900	64,000	62,600	-1,700	-4,072	672
Wholesale Trade	6,000	6,300	6,100	-100	-656	456
Retail Trade	34,800	35,600	35,700	-900	-2,928	1,128
Food and Beverage Stores	6,000	6,100	6,300	-300	–	–
General Merchandise Stores	10,000	10,100	10,300	-300	–	–
Transportation, Warehousing, Utilities	20,100	22,100	20,800	-700	-1,738	338
Air Transportation	5,400	5,600	6,100	-700	–	–
Truck Transportation	2,900	3,100	3,200	-300	–	–
Information	6,400	6,300	6,500	-100	-681	481
Telecommunications	4,300	4,200	4,300	0	–	–
Financial Activities	14,600	14,900	15,000	-400	-2,343	1,543
Professional and Business Services	25,200	26,200	25,600	-400	-2,193	1,393
Educational[4] **and Health Services**	41,900	41,600	39,900	2,000	732	3,268
Health Care	30,400	30,400	28,900	1,500	–	–
Leisure and Hospitality	28,900	32,500	29,700	-800	-2,837	1,237
Accommodations	6,400	8,900	6,000	400	–	–
Food Services and Drinking Places	18,700	19,000	17,900	800	–	–
Other Services	11,800	11,700	11,600	200	-2,976	3,376
Government	86,300	86,600	86,300	0	–	–
Federal Government[5]	16,400	17,500	16,700	-300	–	–
State Government	26,400	26,600	26,300	100	–	–
State Government Education[6]	8,200	8,100	8,100	100	–	–
Local Government	43,500	42,500	43,300	200	–	–
Local Government Education[7]	25,800	24,300	24,700	1,100	–	–
Tribal Government	3,900	3,900	3,700	200	–	–

5 Regional Employment
Nonfarm wage and salary

	Preliminary 10/10	Revised 9/10	Revised 10/09	Changes from 9/10	Changes from 10/09	Percent Change 9/10	Percent Change 10/09
Anch/Mat-Su	173,100	176,300	172,000	-3,200	1,100	-1.8%	0.6%
Anchorage	152,450	154,650	151,700	-2,200	750	-1.4%	0.5%
Gulf Coast	28,800	32,600	28,100	-3,800	700	-11.7%	2.5%
Interior	44,850	48,350	44,500	-3,500	350	-7.2%	0.8%
Fairbanks[8]	38,700	40,200	38,300	-1,500	400	-3.7%	1.0%
Northern	20,200	19,950	20,450	250	-250	1.3%	-1.2%
Southeast	34,800	39,100	34,900	-4,300	-100	-11.0%	-0.3%
Southwest	18,000	20,000	18,000	-2,000	0	-10.0%	0.0%

A dash indicates that confidence intervals aren't available at this level.

[1] Excludes the self-employed, fishermen and other agricultural workers, and private household workers. For estimates of fish harvesting employment, and other fisheries data, go to labor.alaska.gov/research/seafood/seafood.htm.

[2] Goods-producing sectors include natural resources and mining, construction, and manufacturing.

[3] Service-providing sectors include all others not listed as goods-producing sectors.

[4] Private education only

[5] Excludes uniformed military

[6] Includes the University of Alaska

[7] Includes public school systems

[8] Fairbanks North Star Borough

Sources for Exhibits 1, 2, and 3: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics

Sources for Exhibit 4: Alaska Department of Labor and Workforce Development, Research and Analysis Section; also the U.S. Department of Labor, Bureau of Labor Statistics, for Anchorage/Mat-Su and Fairbanks

4 Unemployment Rates
Borough and census area

	Prelim. 10/10	Revised 09/10	Revised 10/09
SEASONALLY ADJUSTED			
United States	**9.6**	**9.6**	**10.1**
Alaska Statewide	**7.9**	**7.7**	**8.4**
NOT SEASONALLY ADJUSTED			
United States	**9.0**	9.2	9.5
Alaska Statewide	**7.6**	**7.3**	**8.0**
Anchorage/Mat-Su Region	**6.9**	**6.9**	**7.3**
Municipality of Anchorage	6.5	6.7	6.8
Matanuska-Susitna Borough	8.3	7.9	8.9
Gulf Coast Region	**9.0**	**7.9**	**9.8**
Kenai Peninsula Borough	9.6	8.8	10.4
Kodiak Island Borough	6.5	5.4	7.3
Valdez-Cordova Census Area	9.4	6.4	9.8
Interior Region	**7.3**	**6.8**	**7.9**
Denali Borough	14.6	4.1	17.2
Fairbanks North Star Borough	6.6	6.3	7.1
Southeast Fairbanks Census Area	9.6	9.1	9.8
Yukon-Koyukuk Census Area	13.3	13.3	14.5
Northern Region	**9.4**	**9.8**	**9.2**
Nome Census Area	11.9	12.6	12.1
North Slope Borough	5.5	5.4	5.3
Northwest Arctic Borough	12.4	13.6	12.2
Southeast Region	**7.4**	**6.2**	**7.8**
Haines Borough	8.1	4.8	9.7
Hoonah-Angoon Census Area[1]	13.8	10.0	18.3
Juneau, City and Borough of	5.8	5.3	6.2
Ketchikan Gateway Borough[1]	7.5	6.0	7.3
Prince of Wales-Outer Ketchikan CA[1]	13.1	13.2	14.0
Sitka, City and Borough of	6.2	5.5	6.9
Skagway, Municipality of[1]	20.4	3.9	13.2
Wrangell-Petersburg Census Area[1]	9.1	7.7	10.0
Yakutat, City and Borough of	8.4	6.7	8.4
Southwest Region	**12.1**	**11.8**	**12.5**
Aleutians East Borough	8.1	7.8	9.9
Aleutians West Census Area	8.1	7.8	9.9
Bethel Census Area	13.4	14.8	13.3
Bristol Bay Borough	6.3	3.0	6.4
Dillingham Census Area	10.2	8.6	10.4
Lake and Peninsula Borough	6.9	5.7	6.8
Wade Hampton Census Area	18.1	18.7	19.1

[1] Because of the creation of new boroughs, this borough or census area has been changed or no longer exists. Data for the Skagway Municipality and Hoonah-Angoon Census Area (previously Skagway-Hoonah-Angoon Census Area) became available in 2010. Data for the Wrangell Borough, and Petersburg and Prince of Wales-Hyder census areas will be available in 2011. Until then, data will continue to be published for the old areas.

Changes in Producing the Estimates

The U.S. Department of Labor's Bureau of Labor Statistics has implemented a change to the method used to produce statewide wage and salary employment estimates. That change has resulted in increased monthly volatility in the wage and salary estimates for many states, including Alaska. Therefore, one should be very cautious in interpreting any over-the-year or month-to-month change for these monthly estimates. The Quarterly Census of Employment and Wages series may be a better source of information for trends analysis (http://labor.alaska.gov/qcew.htm).

For more current state and regional employment and unemployment data, visit our Web site: **laborstats.alaska.gov**

Employer Resources

On-the-job training benefits employers as well as workers

As an employer looking to hire new staff, consider establishing an on-the-job training (OJT), which allows you to tap a larger pool of candidates who may need additional training to become qualified.

On-the-job training provides a range of benefits. In addition to helping find, train, and pay candidates while they work, OJTs also reimburse part of the employee's wages during the training period — often a motivating factor for employers. Employers may train workers to meet their specific needs, and OJT hires tend to be more loyal to employers who have provided better career opportunities through training.

The Alaska Department of Labor and Workforce Development's Employment Security Division provides OJTs and wage reimbursement through the Alaska Job Center Network.

The on-the-job training process

The Alaska Job Center looks for candidates who may be a good match for vacant positions, and evaluates the interested employer and the job for OJT eligibility. If eligible, the employer may interview candidates prior to an assessment of the employer's needs and the prospective worker's skills.

The Alaska Job Center uses the WorkKeys®* assessment to compare the individual's abilities to the skills required for the position — this is called a Skills Gap Analysis — and uses this analysis to create a training plan. To finalize the OJT, both parties sign an agreement that delineates the training plan, reimbursement amount, and length of the training.

Throughout the OJT, the job center monitors the work to ensure participants and employers adhere to the training plan, then reimburses employers as outlined in the agreement.

How to seek an on-the-job training

For more information about on-the-job training, contact the Alaska Job Center Network at (877) 724-2539 or go to www.jobs.alaska.gov/offices to find a job center near you.

OJTs are available to public, private nonprofit, and private sector employers based on availability. However, OJTs are not available for gambling establishments, swimming pools, aquariums, zoos, or golf courses. Also, because OJTs are meant to train people for full-time, long-term jobs, they may not be used for high-turnover, part-time, low-skill, or seasonal positions.

**To learn more about WorkKeys® and the Alaska Career Ready Program, visit jobs.alaska.gov/acrw.html.*

HB 105 Briefing

February 14, 2011

DNR, Division of Forestry
House Resources Committee

Introduction

Thank you Mr. Chairman and members of the Committee. My name is Chris Maisch, and I am the State Forester and Director of the DNR Division of Forestry.

Background and Purpose

I am pleased to speak in support of HB105. This bill is part of the state's effort to ensure that local timber processing continues to be a piece of the economy in Southeast Alaska. The majority of timber in SSE is on federal land, but federal timber sales have declined drastically. Local mills now depend heavily on state timber for survival. Demand for southeast timber for wood energy is also increasing, further raising the importance of securing a timber base in this region. (Cite example of Sealaska wood pellet boiler)

Pursuant to SCSHB 162(RES), the 25,291 acre Southeast State Forest was established in June 2010. HB105 would add an additional 23,181 acres of state lands to the Southeast State Forest from state lands currently available for timber harvest. The Division of Forestry would then be able to manage the combined acreage (48,472 acres) for a long-term supply of timber and retain these lands in state ownership for multiple uses. These forest lands will be managed as an integrated unit and according to a state forest management plan that will be developed via a public process within the next two years. While the lands were previously available for timber harvest before the State Forest was established, the State Forest designation ensures these productive forest lands will remain in state ownership and contribute to the long term viability of the timber based economy in southeast.

In 2009, the previous forest inventory was updated for all general use lands managed by the Department of Natural Resources (DNR) with forest management intent language per the regions Area Plans. This data provides the required supporting information on timber volume, acreage and allowable harvest for this request. The allowable harvest from these lands is approximately 8.3 million board feet. The DNR manages over 159,000 acres of uplands in southern southeast Alaska. Timber management is allowed on approximately one third of this land; the State actively manages this timber base to supply wood to local processors. The remaining land is designated primarily for other uses including land sales, recreation, water resources, and fish and wildlife habitat, including over 65,073 acres of legislatively designated state marine parks and critical habitat areas.

Adding lands to the State Forest will ensure that the State's most suitable lands in Southeast remain available to contribute to timber supply through the State's ongoing timber sale program. Much of the State owned timber land in southeast Alaska was inherited from the U.S. Forest Service and is comprised of young, second-growth stands. Actively-managed second-growth stands provide more timber volume per acre on shorter rotations and can result in improved deer browse than unmanaged stands. We can increase timber yield and associated timber supply from state land by thinning these stands. Thinning is a long-term investment and is only justified if the land will continue to be available for forest management.

Timber sales from these lands will be a mix of domestic and export and will be based on economic conditions and locations. As established by the 1984 Supreme Court Case of South Central Timber Development, Inc vs. Esther Wunnicke, Commissioner DNR, the state may not restrict round log exports due to the interpretation of the interstate commerce clause. Instead, the state has developed timber sale methodologies to encourage domestic manufacture. Currently, almost all sales sold are to local mills.

The proposed additions to the Southeast State Forest include 23 parcels (see chart in the briefing paper). Approximately 21 percent of these lands are from five parcels that had previously been reserved pending legislative transfer to the University of Alaska. That legislation did not pass freeing these lands for long-term forest management in the State Forest. The legislation includes general use lands on Prince of Wales, Tuxekan, Gravina, Kosciusko, Revillagigedo, Wrangell, Suemez, Mitkof, Kuiu, Dall, and Zarembo Islands. Six of these parcels are adjacent or near existing State Forest parcels.

The Division of Forestry worked with the Division of Mining, Land, and Water (DML&W) to identify and exclude lands that are priorities for the state land disposal program. A consultation was also initiated with the University of Alaska Statewide Office of Land Management and University senior officials. A key difference between a state forest designation and a transfer of lands as proposed by previous legislation is the continued long-term public ownership of these lands as opposed to other development uses. The Division also consulted with the Alaska Department of Fish and Game to ensure there was internal alignment on the list of proposed parcels, and there is. Several other parcels were considered as part of our internal due diligence process, but because of know concerns and or potential for high controversy were not included.

Fish habitat and water quality are key components of the Forest Resources and Practices Act (FRPA) which have a series of regulations that will apply to management of these parcels. Stream buffers have a no cut 100 foot minimum width on both anadromous and high value resident fish streams. The next 100 to 300 foot zone may allow timber harvest, but the activity must be consistent for both the maintenance of important fish and wildlife habitat. Area Plans also provide for coastal buffers of 300 to 500 feet with additional recommendations for specific parcels. During the development of the forest management plan, a key consideration for the Neets Bay parcel will be the maintenance of water quality and quantity for the fish hatchery operation at the head of the bay. Dialog with the Southern Southeast Regional Aquaculture Association (SSRAA) is ongoing concerning this legislation.

The Southeast State Forest would be managed as part of the State Forest System under AS 41.17.200-.230. Subsection (a) of Sec. 41.17.200 reads in part:

"The primary purpose in the establishment of state forests is timber management that provides for the production, utilization, and replenishment of timber resources while allowing other beneficial uses of public land and resources".

In addition to timber management, State Forests are open for multiple uses, including wildlife habitat and harvest, mining, transportation, recreation and tourism. State Forest lands would be managed consistent with the management intent under the current Prince of Wales Island and Central Southeast area plans. Changes to management intent would require public and interagency review through adoption of a State Forest Management Plan under AS 41.17.230.

Municipal Entitlements

One of the other demands on state land in SSE is to fulfill land entitlements for new municipalities. To avoid conflicts with the Wrangell Borough entitlement, the Southeast State Forest bill specifies that the new Wrangell Borough may select State Forest land within the borough boundary. The Wrangell borough boundary encompasses three parcels in the existing state forest (Crittenden Creek and Bradfield Canal East and West), and four parcels in the proposed additions (Eastern Passage, Pat Creek, Pat Creek uplands and Earl West Cove).

If additional municipalities are incorporated before June 30, 2019, lands that were vacant, unappropriated, unreserved land before establishment of the State Forest would be included in the calculation of the municipal entitlement acreage, but may not be selected.

Outreach
DNR has briefed many statewide groups and entities across Southeast Alaska about this proposal, including the Board of Forestry, SE Conference, local governments, and the diverse groups participating in the Tongass Futures Roundtable. These discussions will continue and to date we have received letters in support from the following organizations:

- the City of Coffman Cove,
- the Resource Development Council,
- the Alaska Forest Association,
- The Alaska Chapter of the Society of American Foresters
- Southeast Conference
- Just in today, a letter of support from George Woodbury

Thank you Mr. Chair and members of the committee. I would be glad to answer questions.

Public Briefing: HB 105/SB 44

Additional Lands to Southeast State Forest

Alaska Department of NATURAL RESOURCES

January 24, 2011

DEPARTMENT OF NATURAL RESOURCES -- DIVISION OF FORESTRY

Background. Pursuant to SCSHB 162(RES), the 25,291 acre Southeast State Forest was established in June 2010. These forest lands will be managed as an integrated unit and according to a state forest management plan. While the lands were previously available for timber harvest before the State Forest was established, the State Forest designation ensures these productive forest lands will remain in state ownership and contribute to the long term viability of the timber based economy in southeast.

An additional 23,181 acres of State lands in the southern southeast have been identified as appropriate for inclusion into the Southeast State Forest. The Department of Natural Resources manages over 159,000 acres of uplands in southern southeast Alaska. Timber management is allowed on approximately one third of this land; the State actively manages this timber base to supply wood to local processors. The remaining land is designated primarily for other uses including land sales, recreation, water resources, and fish and wildlife habitat, including over 25,000 acres of legislatively designated state parks, refuges, and public use areas.

Adding lands to the State Forest will ensure that the State's most suitable lands in Southeast remain available to contribute to timber supply through the State's ongoing timber sale program. Much of the State owned timber land in southeast Alaska was inherited from the U.S. Forest Service and is comprised of young, second-growth stands. Actively-managed second-growth stands provide more timber volume per acre on shorter rotations and can result in improved deer browse than unmanaged stands. We can increase timber yield and associated timber supply from state land by thinning these stands. Thinning is a long-term investment and is only justified if the land will continue to be available for forest management.

Purpose. This bill would add an additional 23,181 acres of State lands to the Southeast State Forest from lands currently available for timber harvest. The Division of Forestry would then be able to manage the 48,472 acres of Southeast State Forest lands for a long-term supply of timber and retain these lands in state ownership for multiple uses.

Proposed Additions to Southeast State Forest The proposed additions to the Southeast State Forest include 23 parcels totaling approximately 23,181 acres (see chart). Approximately 21 percent of these lands are from six parcels that had previously been reserved pending legislative transfer to the University of Alaska. That legislation did not pass freeing these lands for long-term forest management in the State Forest. The legislation includes general use lands on Prince of Wales, Tuxekan, Gravina, Kosciusko, Revillagigedo, Wrangell, Suemez, Mitkof, Kuiu, Dall, and Zarembo Islands. Six of these parcels are adjacent or near existing State Forest parcels. The Division of Forestry worked with the Division of Mining, Land, and Water to identify and exclude lands that are priorities for the state land disposal program.

State Forest Management. The Southeast State Forest will be managed as part of the State Forest System under AS 41.17.200-.230. Lands in the State Forest will continue to be open for multiple uses, including wildlife habitat and harvest and recreational activities. State Forest lands will be managed consistent with the management intent under the current Prince of Wales Island Area Plan, Prince of Wales Island Area Plan Amendment, and Central/Southern Southeast Area Plan. Changes to management intent would require public and interagency review through adoption of a State Forest Management Plan under AS 41.17.230.

Municipal Entitlements. The City and Borough of Wrangell boundary encompasses five parcels in the proposed state forest additions (St. Johns Harbor, Eastern Passage, Pat Creek, Pat Creek Uplands and Earl

West Cove). A State Forest designation will not affect the amount or location of land the Wrangell Borough can select. That determination is based on the maximum total acreage of vacant, unappropriated, unreserved land in the borough boundaries within two years after the date of incorporation (AS 29.65.030). However, a borough would not normally be able to select land within a State Forest. To avoid conflicts with the Wrangell entitlement, the Southeast State Forest bill specifies that the Wrangell Borough may select State Forest land within the borough boundary.

If new municipalities are incorporated before June 30, 2019, lands that were vacant, unappropriated, unreserved land before establishment of the State Forest will be included in the calculation of the municipal entitlement acreage, but may not be selected.

SOUTHEAST STATE FOREST ADDITIONS			
Plan Unit	**Acreage**	**General Location**	**Island**
Prince of Wales Island Area Plan and Amendment			
8b	617	Kosciusko Island/ Edna Bay	Kosciusko
7c	786	Naukati	Prince of Wales
7b	345	Tuxekan	Tuxekan
6a	597	Coffman Cove	Prince of Wales
5a	972	Whale Pass	Prince of Wales
13b	523	Kitkun Bay	Prince of Wales
12b	1,002	Indian Creek	Prince of Wales
11c	280	Thorne Bay South	Prince of Wales
D-01	1,063	Port Delores	Suemez
D-02	985	Hook Arm	Dall Island
Central/Southern Southeast Area Plan			
K01, K02	1,885	Neets Bay	Revillagegedo
K11	332	Leask Cove	Revillagegedo
K25	1,487	North Gravina Island	Gravina
P23	1,264	Favor Peak (E Mitkof)	Mitkof
P25	467	South Mitkof	Mitkof
P27	1,040	Woodpecker	Mitkof
P28	867	Frederick Point	Mitkof
U02	652	Rowan Bay	Kuiu
W02	1,266	St. Johns Harbor	Zarembo
W08	1,411	Eastern Passage	Wrangell Is.
W10	2,601	Pat Creek	Wrangell Is.
W12	2,320	Earl West Cove	Wrangell Is.
W27	419	Pat Creek Uplands	Wrangell Is.
TOTAL	**23,181**	**23 parcels**	

Shaded parcels are from prior University Land bill

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 105
(H) Publish Date: 1/18/11

Identifier (file name) 1694-DNR-FMD-1-13-11
Title: Land Additions to Southeast State Forest
Sponsor: Rules Committee
Requester: Governor

Dept. Affected: Natural Resources
Appropriation: Resource Development
Allocation: Forest Management and Development
OMB Component Number: 435

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

not applicable, initial version

Prepared by: Rick Rogers — Phone: 269-8473
Division: Forestry — Date/Time: 1-10-11 3:30pm
Approved by: Daniel S. Sullivan — Date: 1/13/2011
Natural Resources

(Revised 12/29/2010 OMB)

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 105

Analysis

This bill adds 23,181 acres to the southeast State Forest in Southern Southeast Alaska by redsignating certain state-owned parcels. A timber management plan would be developed to actively manage the parcels for higher timber volumes per acre, shorter rotations, and less impact on wildlife. Designation of these parcels as State Forest lands and the development of a timber management plan will allow for long-term management activities, including the thinning of young second-growth timber stands, generally not considered appropriate for undesignated state lands.

Implementation of this bill will not require new positions or funding.

The bill will have no short-term impact to the revenue stream, but will provide for long-term increases in forest productivity and subsequent increased timber revenues.

ENCOURAGING VALUE ADDED TIMBER PROCESSING OF STATE TIMBER

The most important element of state encouragement of value added timber processing is a steady reliable and consistent timber supply to industry. Most state timber remains in state and is processed locally. Over the past six years statewide sale volume of 159 million board feet, just over 8 million or **5.1% was exported**. All of the exports have been from the Southern Southeast office where export markets do compete with local manufacturing.

Looking at just the Southern Southeast office, about 13% of logs have been exported. Some of this volume is exported by the mills themselves, as they can maximize sale value by exporting specific sorts that command premium prices in oversees markets.

Summary Six Year Sale History SSE Area Office, FY05 - FY10
In thousands of board feet (Mbf) and number of sales

Domestic Sales	54	90.0%
Domestic Volume	54,525	89.7%
Export Sales	6	10.0%
Export Volume	6,262	10.3%
Export Volume by Mills [1]	1,806	3.0%
Total sales [2]	60	
Total Volume	60,777	

1 Note: Export by AK mills in eight transactions as follows:
Viking Lumber, 6 export transactions
Icy Straights, 1 Export Transaction
Western Gold, 1 Export transaction

2 Note: These sixty timber sales made to thirty different Alaska businesses

While the U.S. Supreme Court in *South-central Timber v. State of Alaska* (see http://supreme.justia.com/us/467/82/index.html) forbids Alaska from restricting interstate commerce by mandating primary manufacture from competitively bid State timber sales, the State has developed criteria whereby negotiated sales can be entered into with such requirements. Of the following timber sale authorities, the 38.05.118 and 38.05.123 statutes are used when specific criteria (under utilized manufacturing capacity, high unemployment, high value added processing) exist. In most parts of the State competitive sales go to manufacturers because export markets are not viable. In southern Southeast log exports are viable alternatives and sometimes the 118 or 123 authorities are used to encourage manufacturing.

Prepared by Rick Rogers, Division of Forestry, March 7, 2011

DNR Division of Forestry State Timber Sale Types

◆**Competitive sales** (AS 38.05.120)
- No volume limit within allowable cut
- No duration limit
- Requires best interest finding, advertisement, and public notice
- Price determined by auction, but not less than base price
- This is the standard sale type. Use of negotiated sales is limited to the specific conditions listed below.

◆**Small negotiated sales** (AS 38.05.115)
- ≤500 MBF
- ≤1 year duration
- No more than one per purchaser each year
- No best interest finding, advertisement, or public notice required
- Price determined by fair market value appraisal and base price (11 AAC 71.092)

◆**Negotiated sales for value added products** (AS 38.05.123)
- Up to 10MMBF/yr (100 MMBF total over 10 years)
- Up to 10 years
- Requires best interest finding and public notice
- Restricted to use for local manufacture that includes "high value-added" wood products. By statute, wood chips are defined as a "value-added" product rather than a "high value-added" product.
- Operators must submit a business plan/operating plan for their processing facilities prior to negotiating a .123 sale. Processing facilities must be operational prior to harvesting timber sold under a .123 sale.
- Requires best interest finding and public notice.
- State typically uses RFP process to select winning proposal, especially where there is competitive interest in state resources.

◆**Negotiated sales for areas with high unemployment** (AS 38.05.118)
- No volume limit
- Up to 25 years with reappraisal every five years
- Limited to areas with unemployment ≥135% of statewide average
    - This sale type does not apply in some jurisdictions because their unemployment rates are close to the statewide average)
- Area must have underutilized manufacturing capacity
- Must have underutilized allowable cut or salvage timber
- Requires best interest finding and public notice
- Price determined by fair market value appraisal and base price (11 AAC 71.092)

◆**Personal use sales** (AS 38.05.850)

- Not for commercial use
- No best interest finding, advertisement, or public notice required
- Up to 10MBF per purchaser per year
- Price determined by fair market value appraisal and base price (11 AAC 71.092)

Other Initiatives to Encourage Investment in Value Added Processing

- New Growth Prospectus for Interior Alaska

  This publication provides summary inventory information including annual allowable cut and contacts for State and Native Corp lands in interior Alaska.

- Updated Forest Inventories

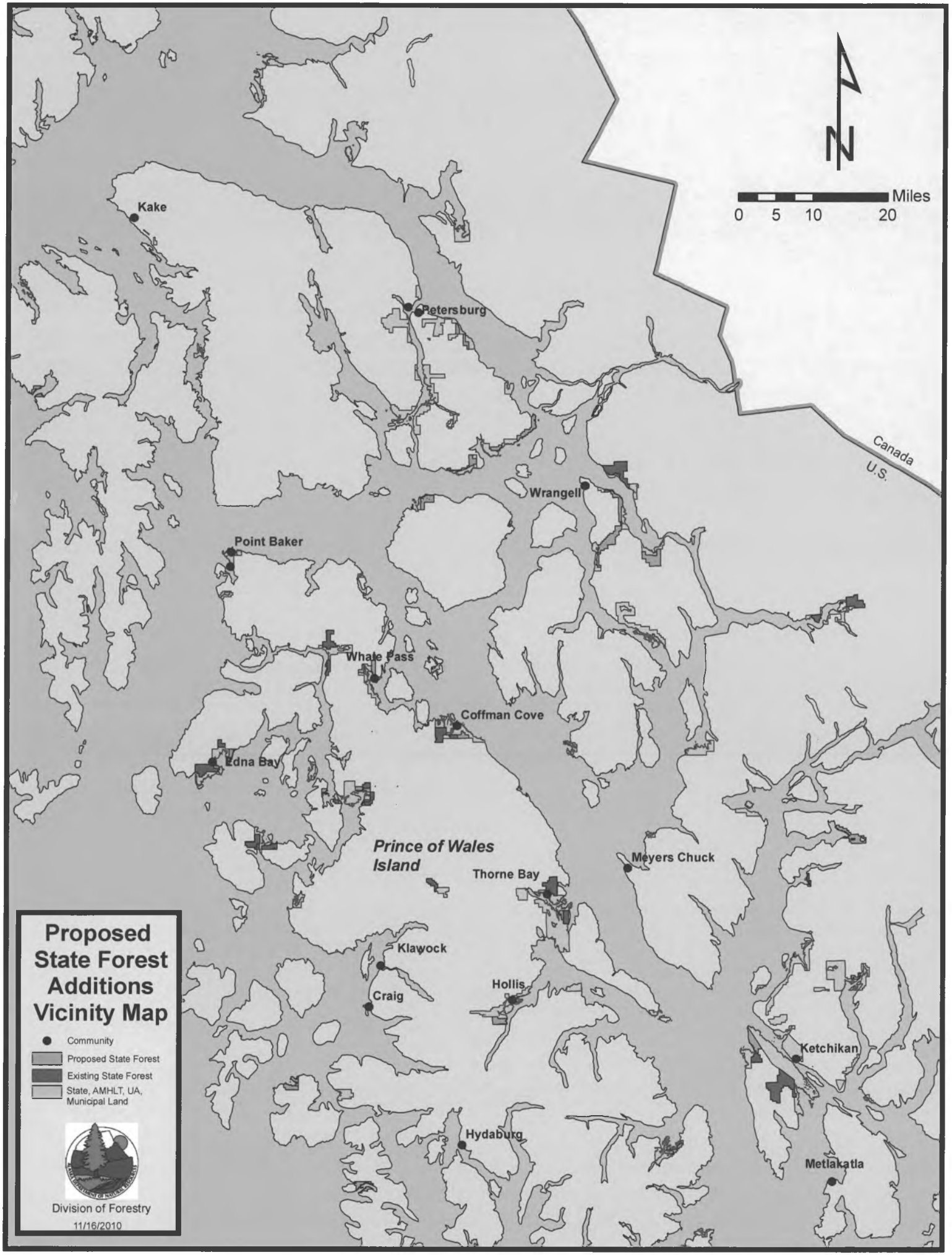
The division has been updating forest inventories in Southern Southeast, Tanana Valley, and Matsu valley and will proceed with updates in Haines and Kenai over next few years. Reliable inventory information is critical for investors interested in citing new facilities.

- Credible and Effective Regulatory Structure

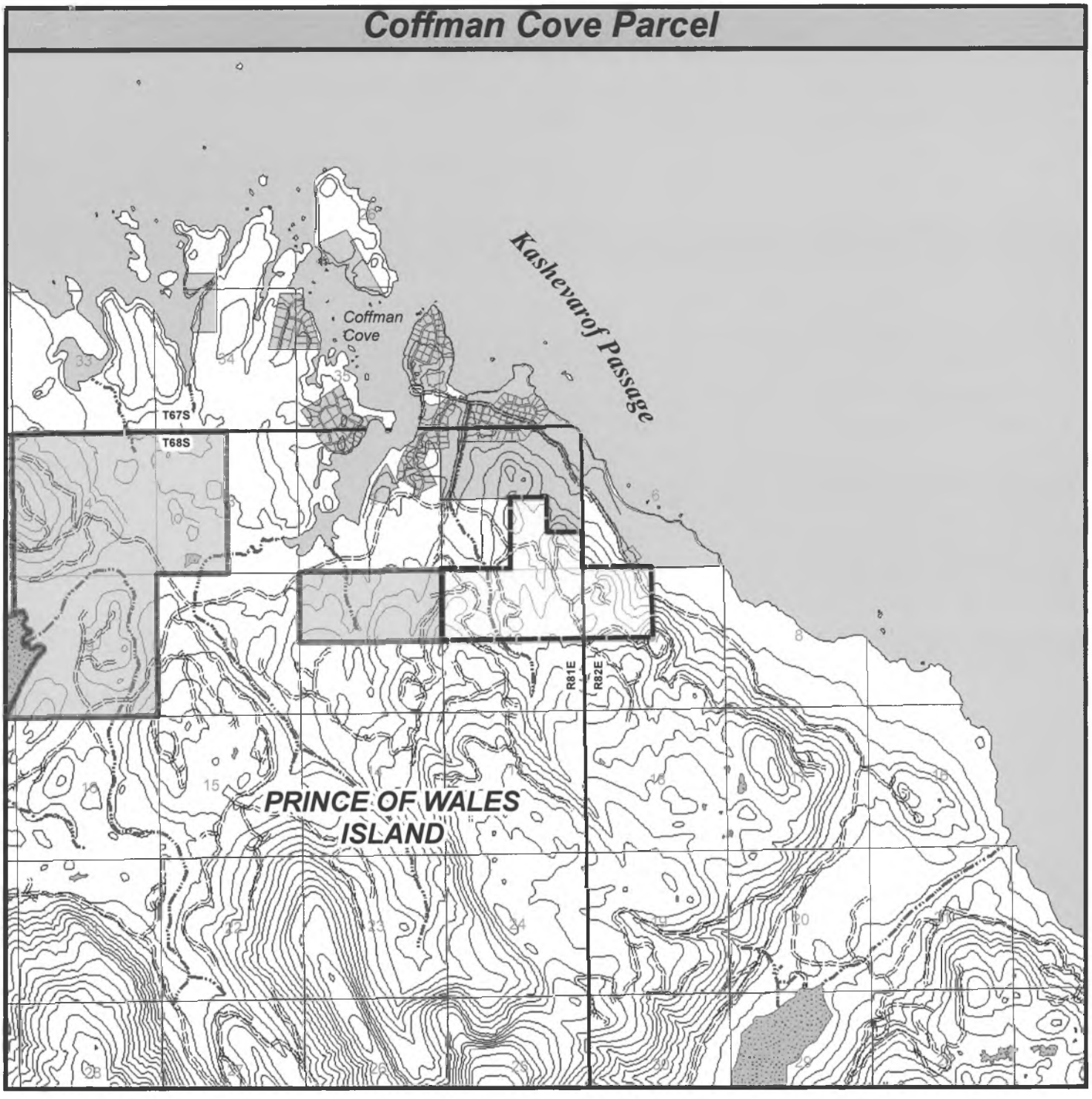
The State's Forest Resources and Practices program (FRPA) is a modeling being credible in protecting public resources while not being overly burdensome on operators. Investors in manufacturing facilities need assurance that they can coexist with other forest users and FRPA helps provide that assurance.

Trends in Value Added Processing

The State's investment in the renewable energy fund is generating widespread interest in developing woody biomass energy facilities for heat and combined heat and power. Energy prices and state investments will spur an increase in value added for low quality wood to meet energy needs. DOF is working with existing timber sale authorities however there may be need for modifications to address the unique needs of these projects that include up to 25 year supply commitments.


N
Miles
0 5 10 20
Kake
Petersburg
Wrangell
Canada
U.S.
Point Baker
Whale Pass
Coffman Cove
Edna Bay
Prince of Wales Island
Meyers Chuck
Thorne Bay
Klawock
Craig
Hollis
Ketchikan
Hydaburg
Metlakatla
Proposed State Forest Additions Vicinity Map
Community
Proposed State Forest
Existing State Forest
State, AMHLT, UA, Municipal Land
Division of Forestry
11/16/2010

Coffman Cove Parcel



NAD 83, Contour Interval 100'

Area Planning Unit 6a

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

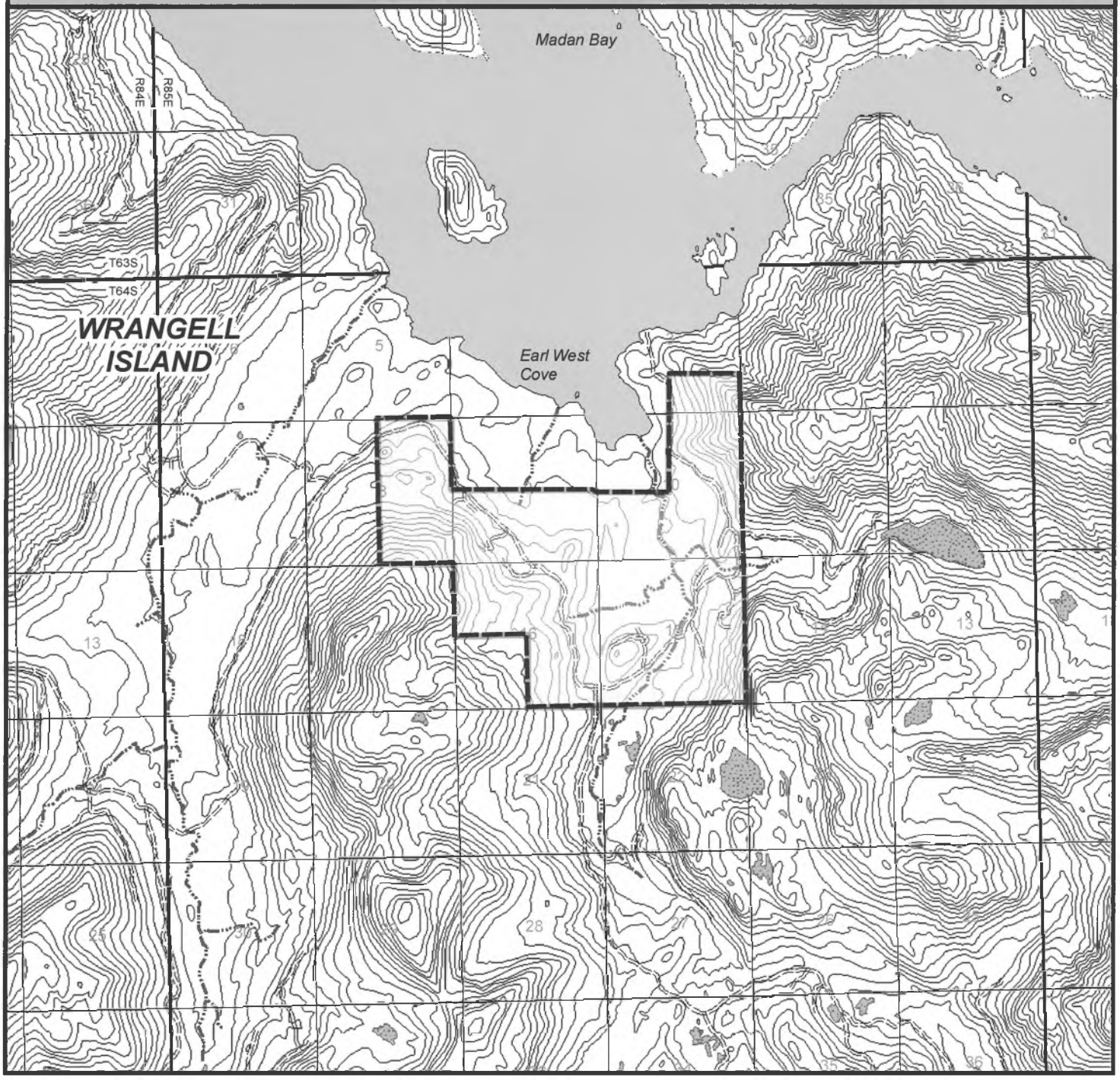
1 inch = 1 miles

SOUTHEAST STATE FOREST PROPOSED ADDITIONS

DIVISION OF FORESTRY

Oct 27, 2010

Earl West Cove Parcel



NAD 83, Contour Interval 100'

Area Planning Unit W12

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

1 inch = 1 miles

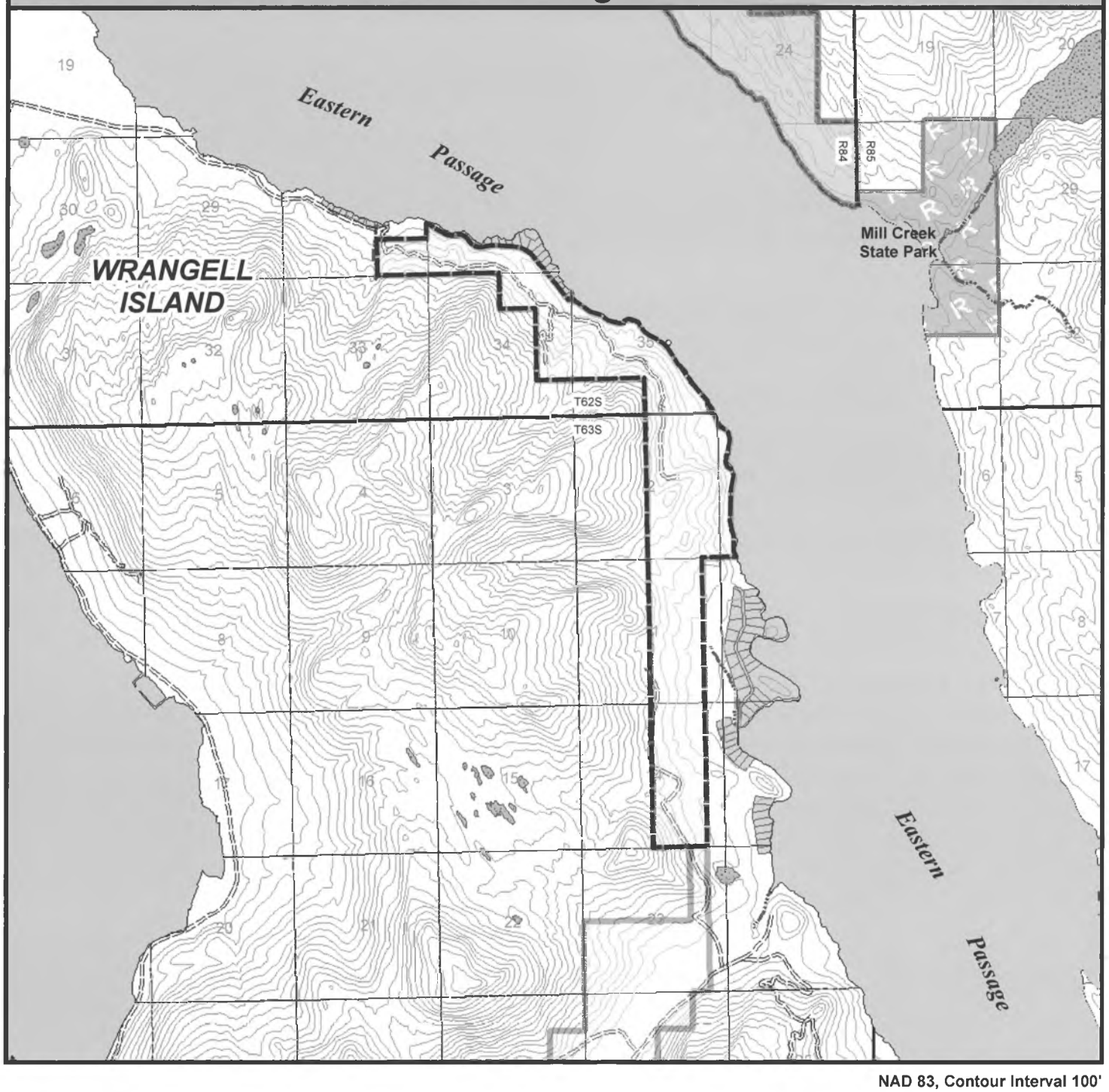
SOUTHEAST STATE FOREST PROPOSED ADDITIONS

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Oct 27, 2010

Eastern Passage Parcel



NAD 83, Contour Interval 100'

Area Planning Unit W08

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

1 inch = 1 miles

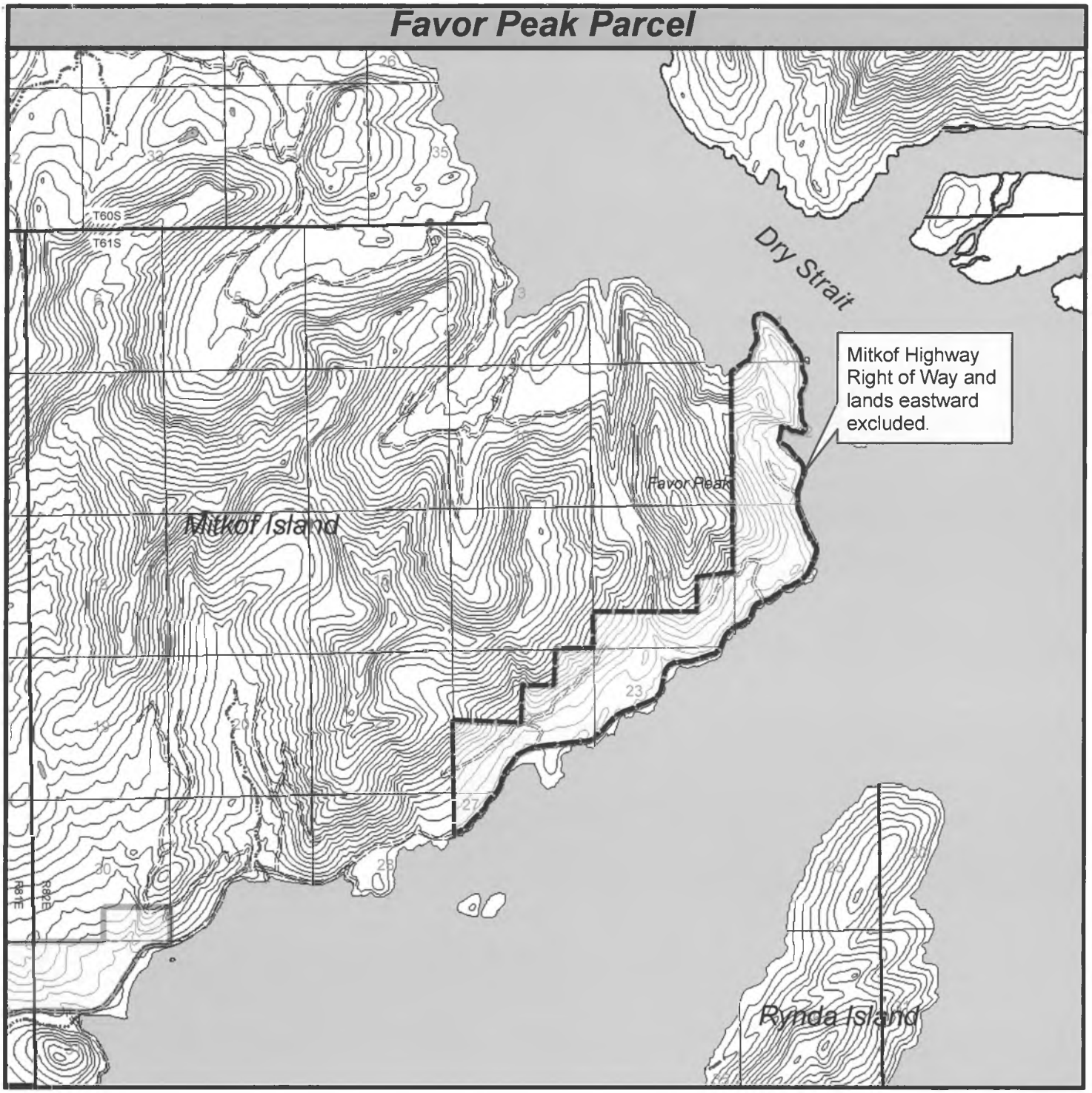
SOUTHEAST STATE FOREST PROPOSED ADDITIONS

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Dec 15, 2010

Favor Peak Parcel



NAD 83, Contour Interval 100'

Area Planning Unit P23

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

1 inch = 1 miles

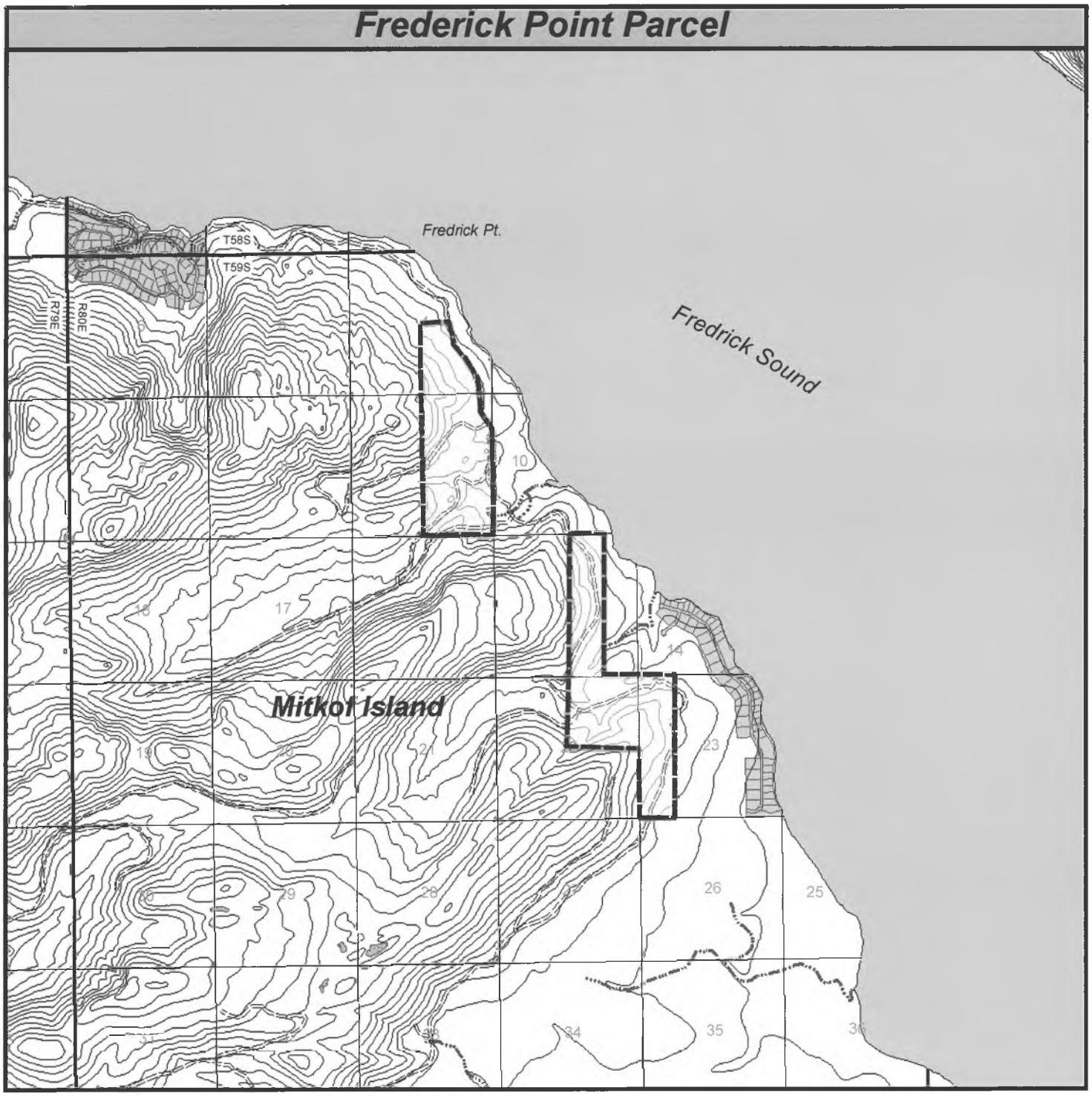
SOUTHEAST STATE FOREST PROPOSED ADDITIONS

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Oct 27, 2010

Frederick Point Parcel



NAD 83, Contour Interval 100'

Area Planning Unit P28

SOUTHEAST STATE FOREST PROPOSED ADDITIONS

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

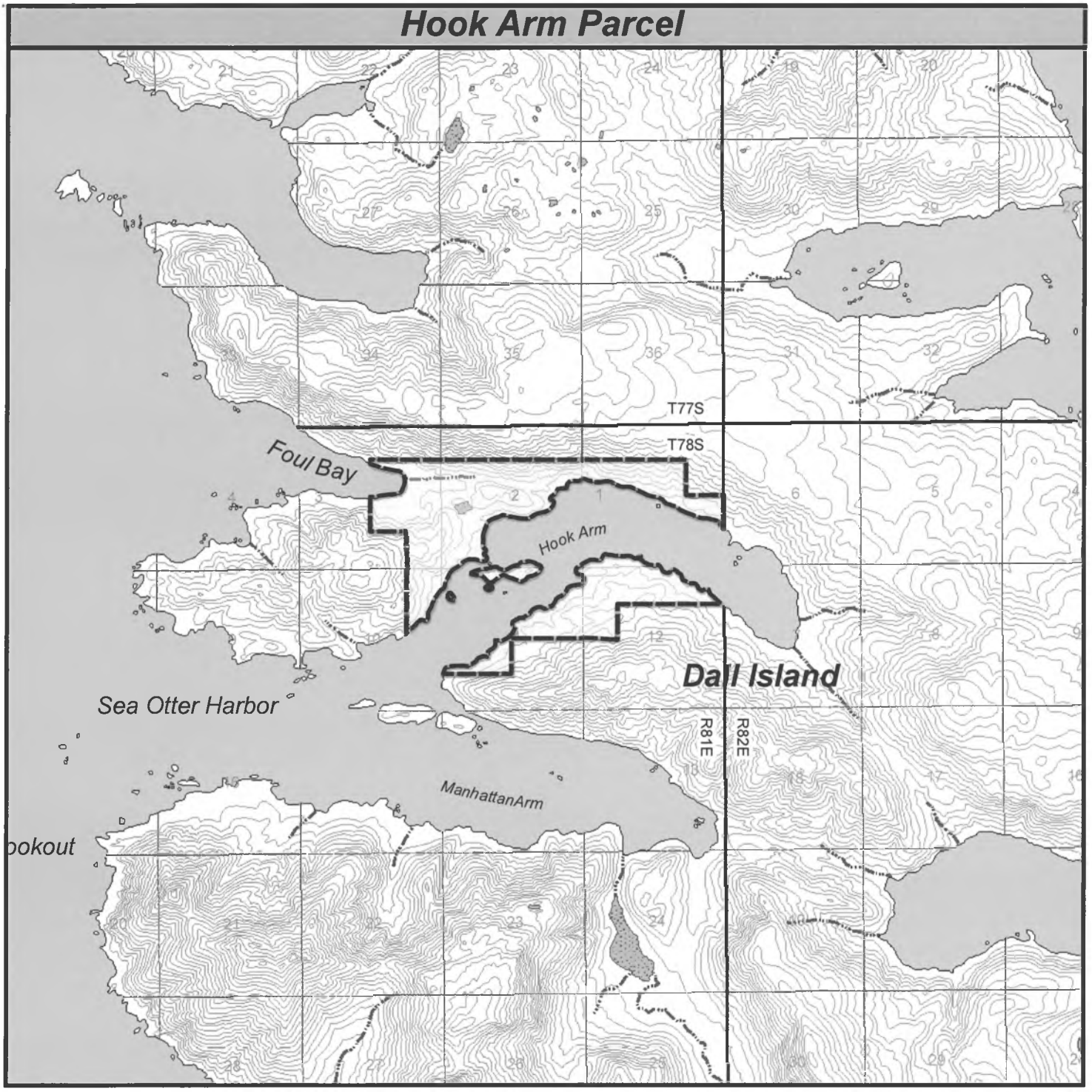
0 1 2 Miles

1 inch = 1 miles

DIVISION OF FORESTRY

Oct 27, 2010

Hook Arm Parcel



NAD 83, Contour Interval 100'

Area Planning Unit D02

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

Miles

0 1 2

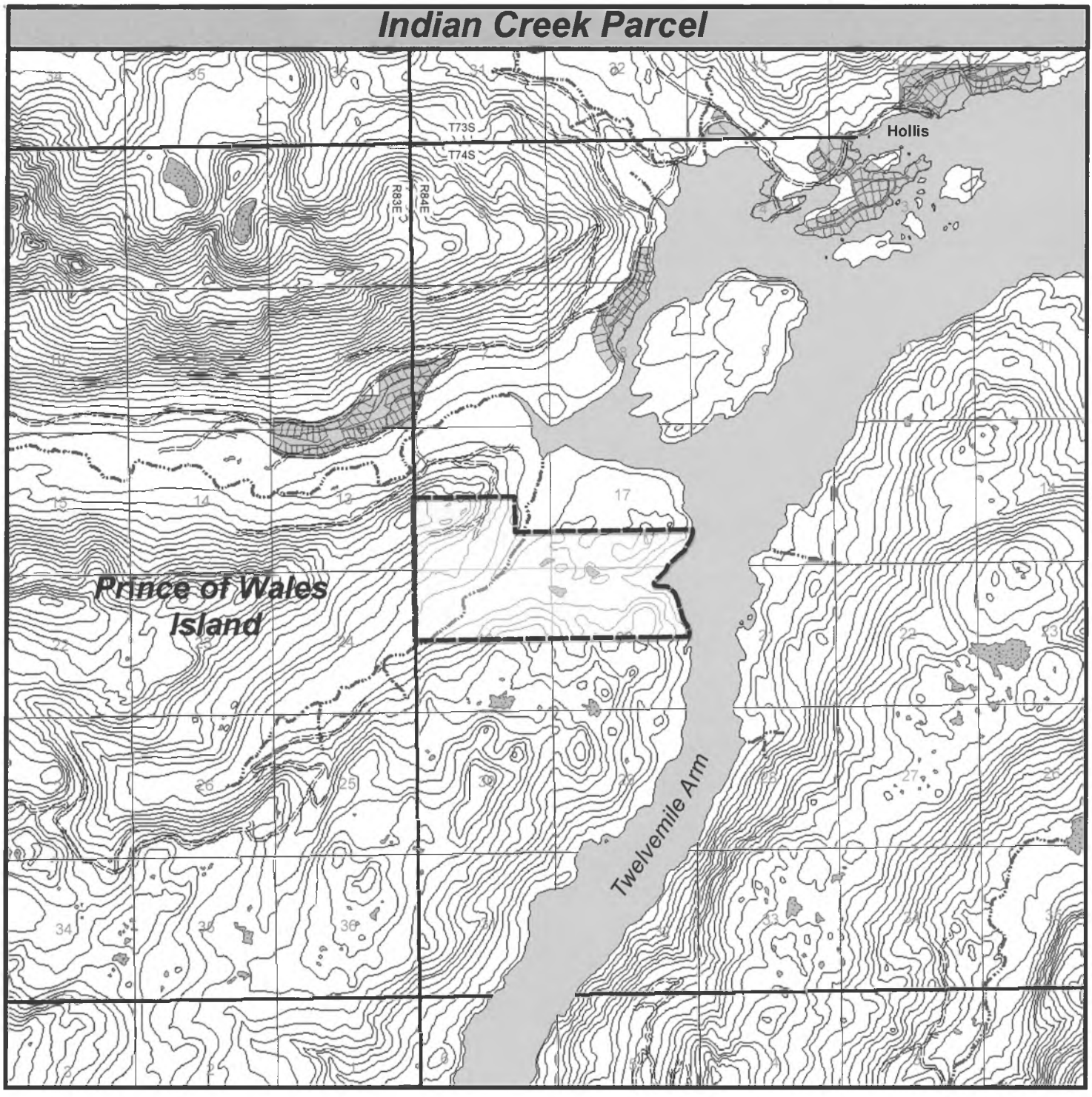
1 inch = 1 miles

SOUTHEAST STATE FOREST PROPOSED ADDITIONS

DIVISION OF FORESTRY

Dec 13, 2010

Indian Creek Parcel



NAD 83, Contour Interval 100'

Area Planning Unit 12b

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

1 inch = 1 miles

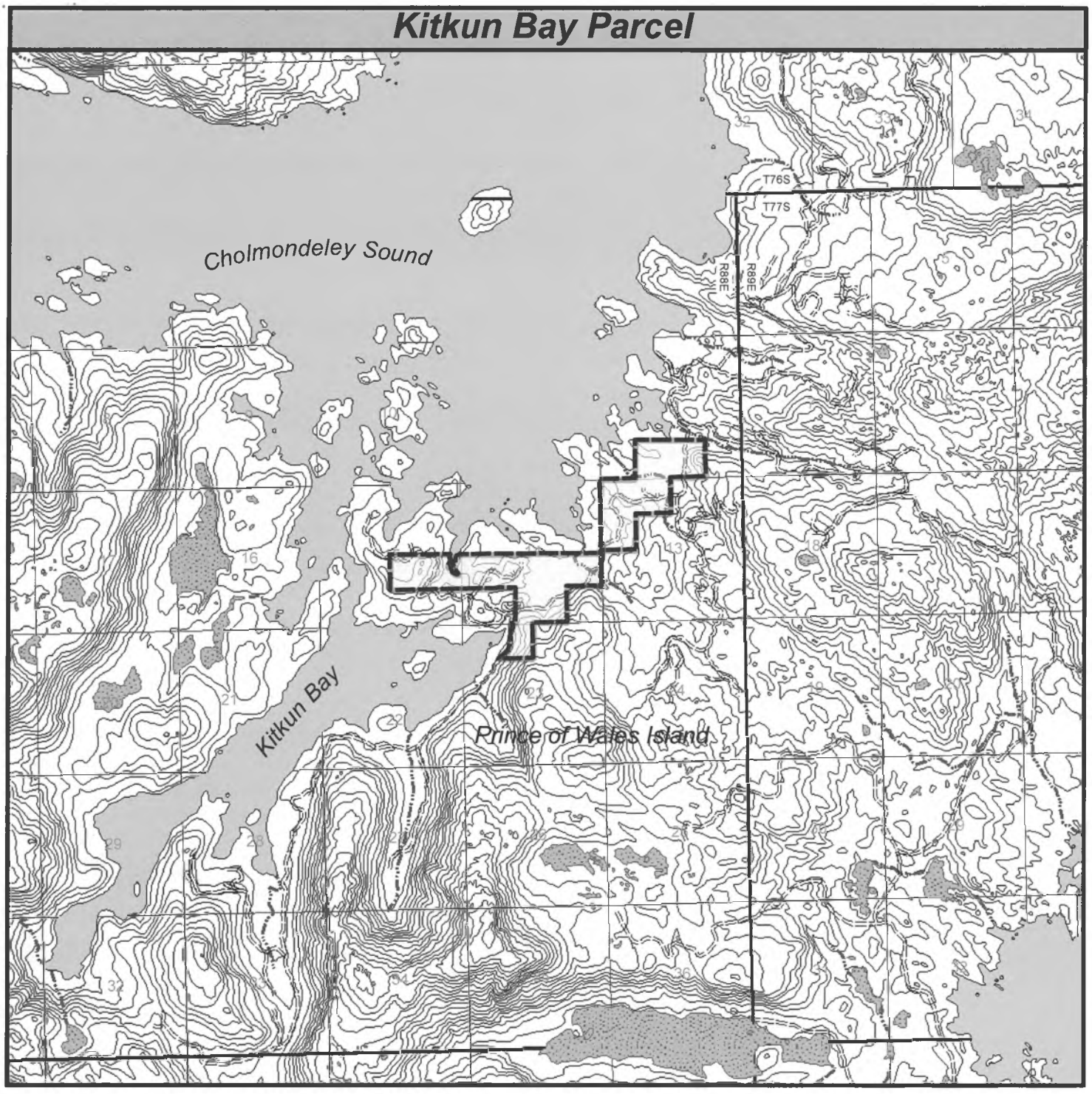
SOUTHEAST STATE FOREST PROPOSED ADDITIONS

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Oct 27, 2010

Kitkun Bay Parcel



NAD 83, Contour Interval 100'

Area Planning Unit 13b

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

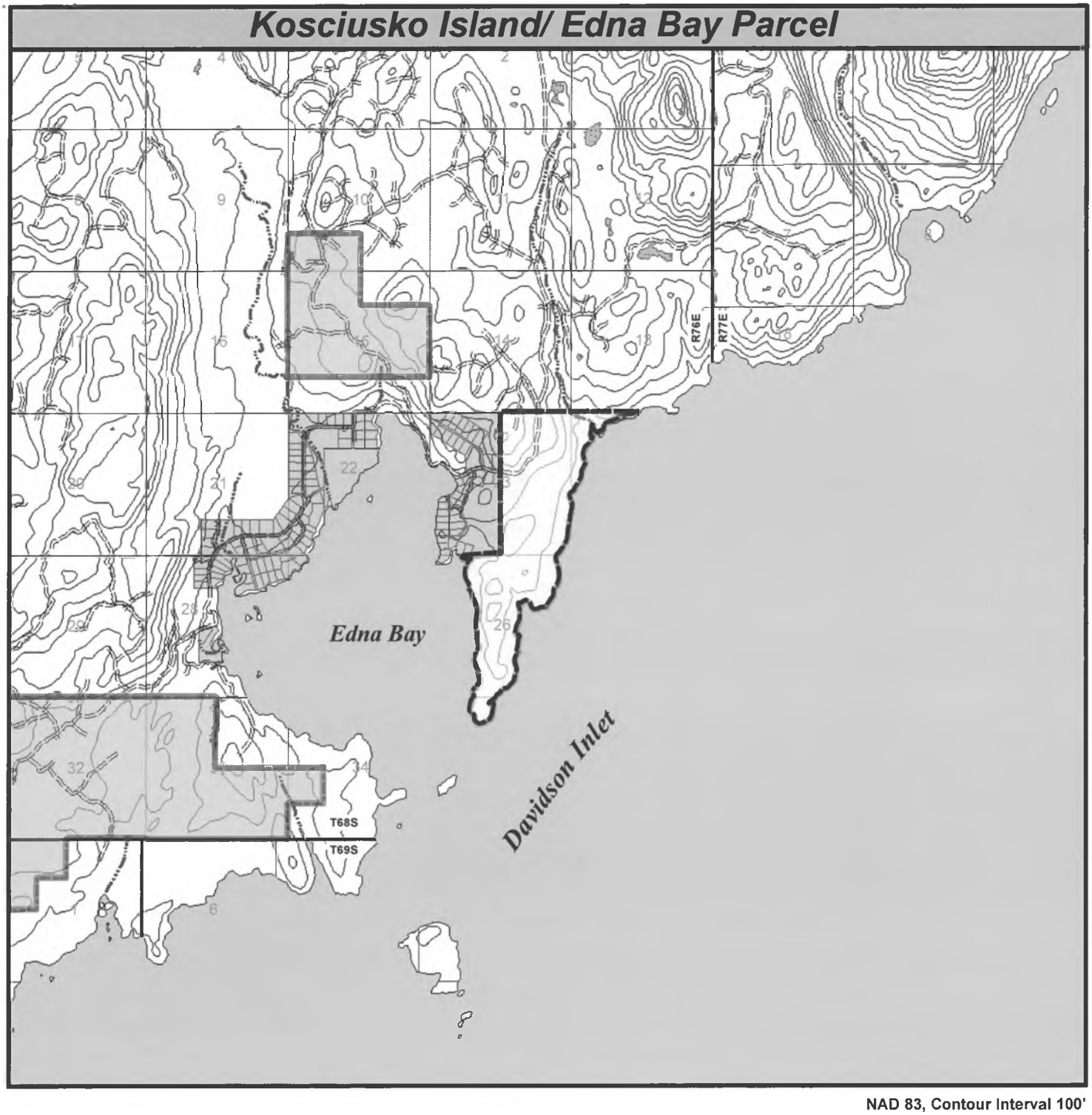
1 inch = 1 miles

SOUTHEAST STATE FOREST PROPOSED ADDITIONS

DIVISION OF FORESTRY

Oct 27, 2010

Kosciusko Island/ Edna Bay Parcel



NAD 83, Contour Interval 100'

Area Planning Unit 8b

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

1 inch = 1 miles

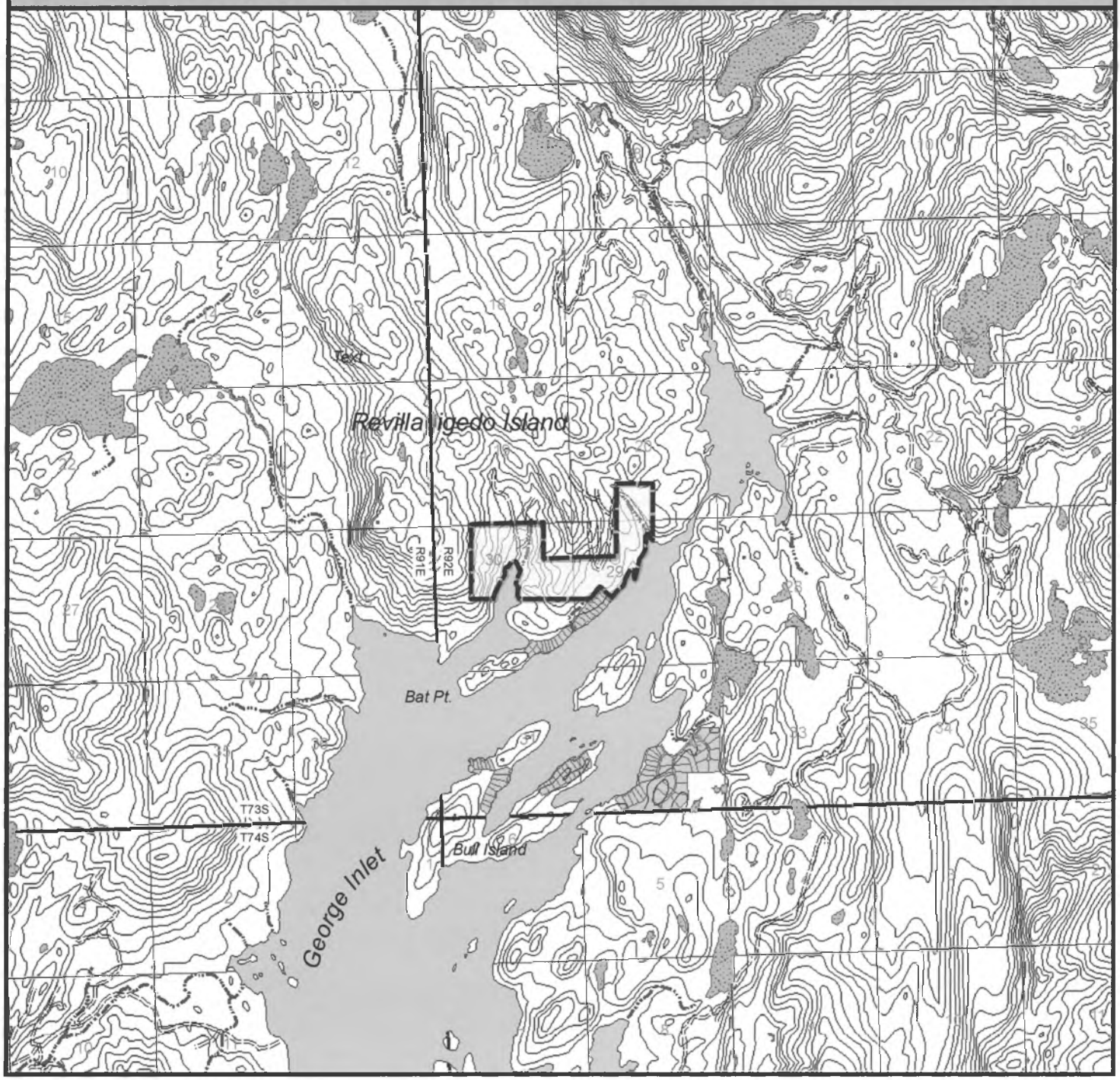
SOUTHEAST STATE FOREST PROPOSED ADDITIONS

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Oct 27, 2010

Leask Cove Parcel



NAD 83, Contour Interval 100'

Area Planning Unit K11

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

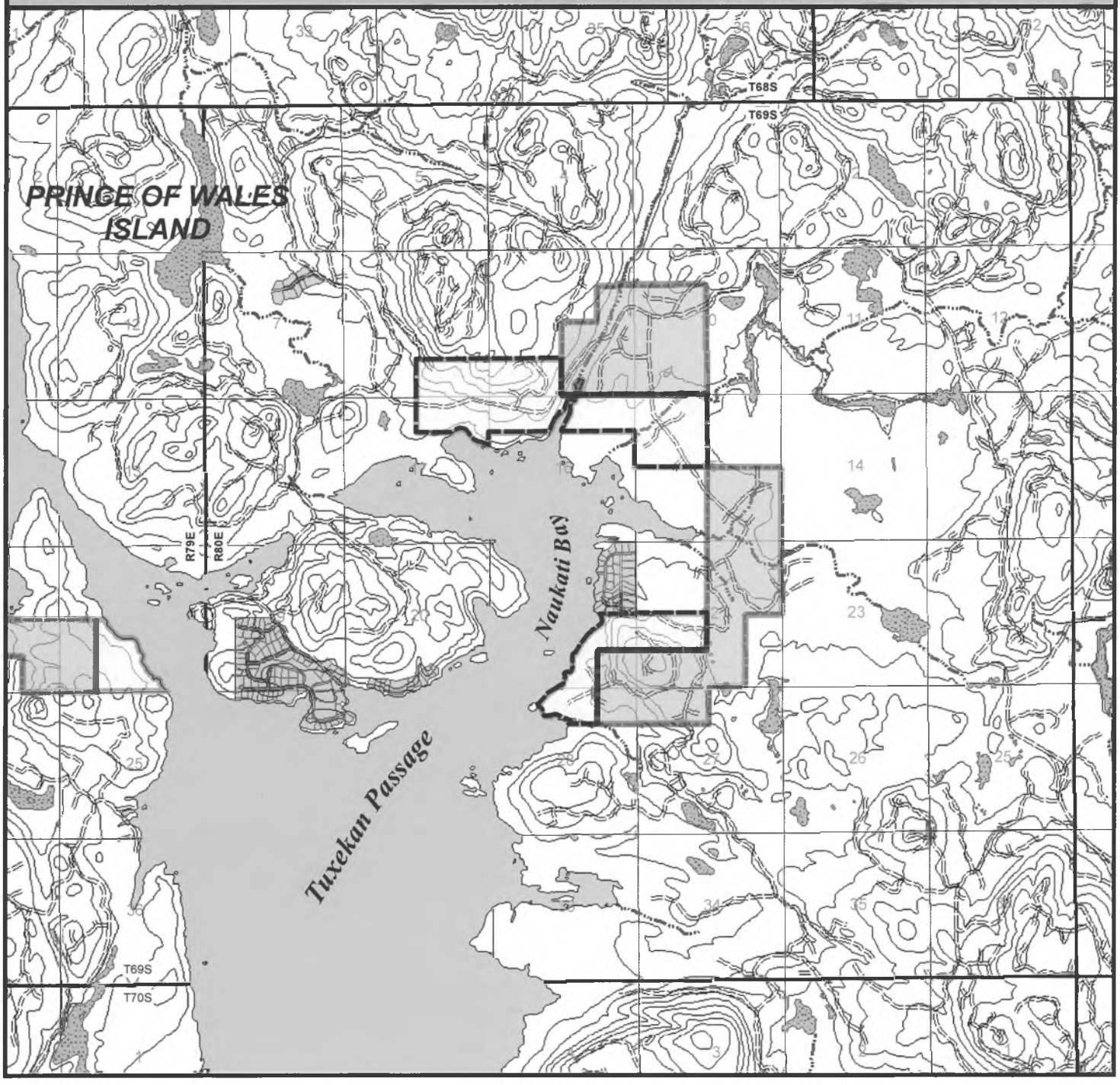
1 inch = 1 miles

SOUTHEAST STATE FOREST PROPOSED ADDITIONS

DIVISION OF FORESTRY

Oct 27, 2010

Naukati Parcel



NAD 83, Contour Interval 100'

Area Planning Unit 7c

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

1 inch = 1 miles

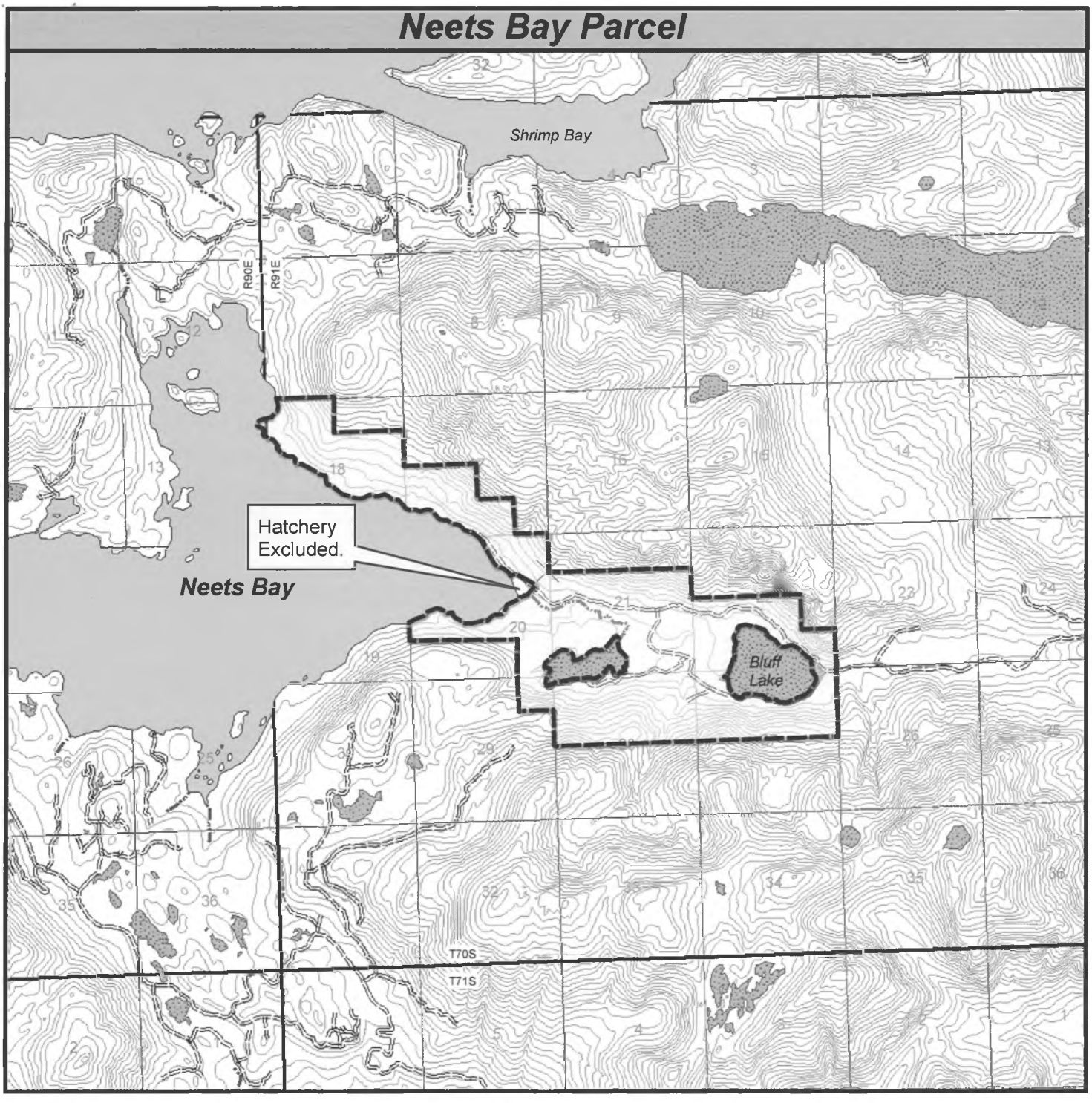
SOUTHEAST STATE FOREST PROPOSED ADDITIONS

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Oct 27, 2010

Neets Bay Parcel



NAD 83, Contour Interval 100'

Area Planning Unit K01/02

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

1 inch = 1 miles

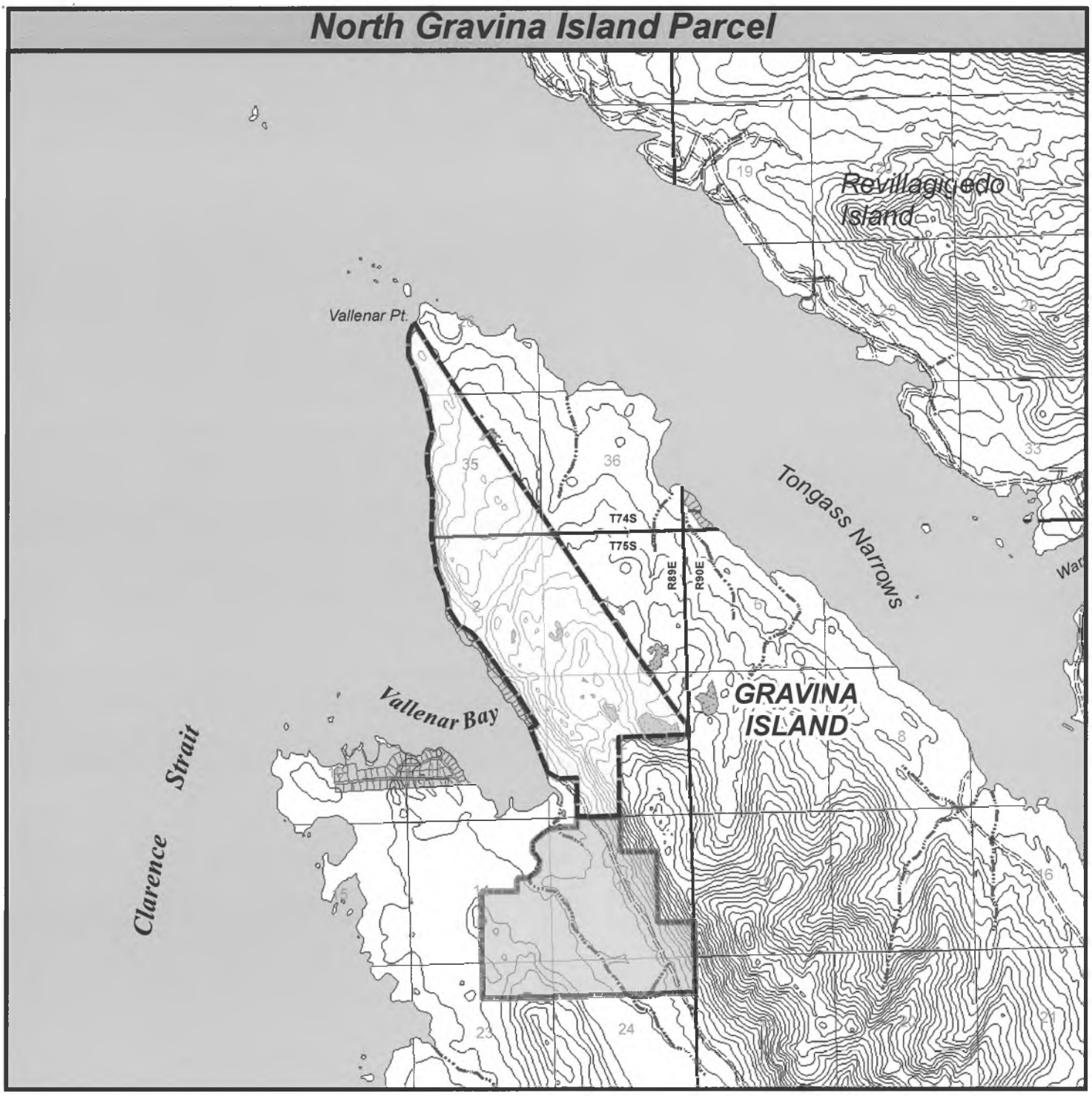
SOUTHEAST STATE FOREST PROPOSED ADDITIONS

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Dec 15, 2010

North Gravina Island Parcel



NAD 83, Contour Interval 100'

Area Planning Unit K25

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

1 inch = 1 miles

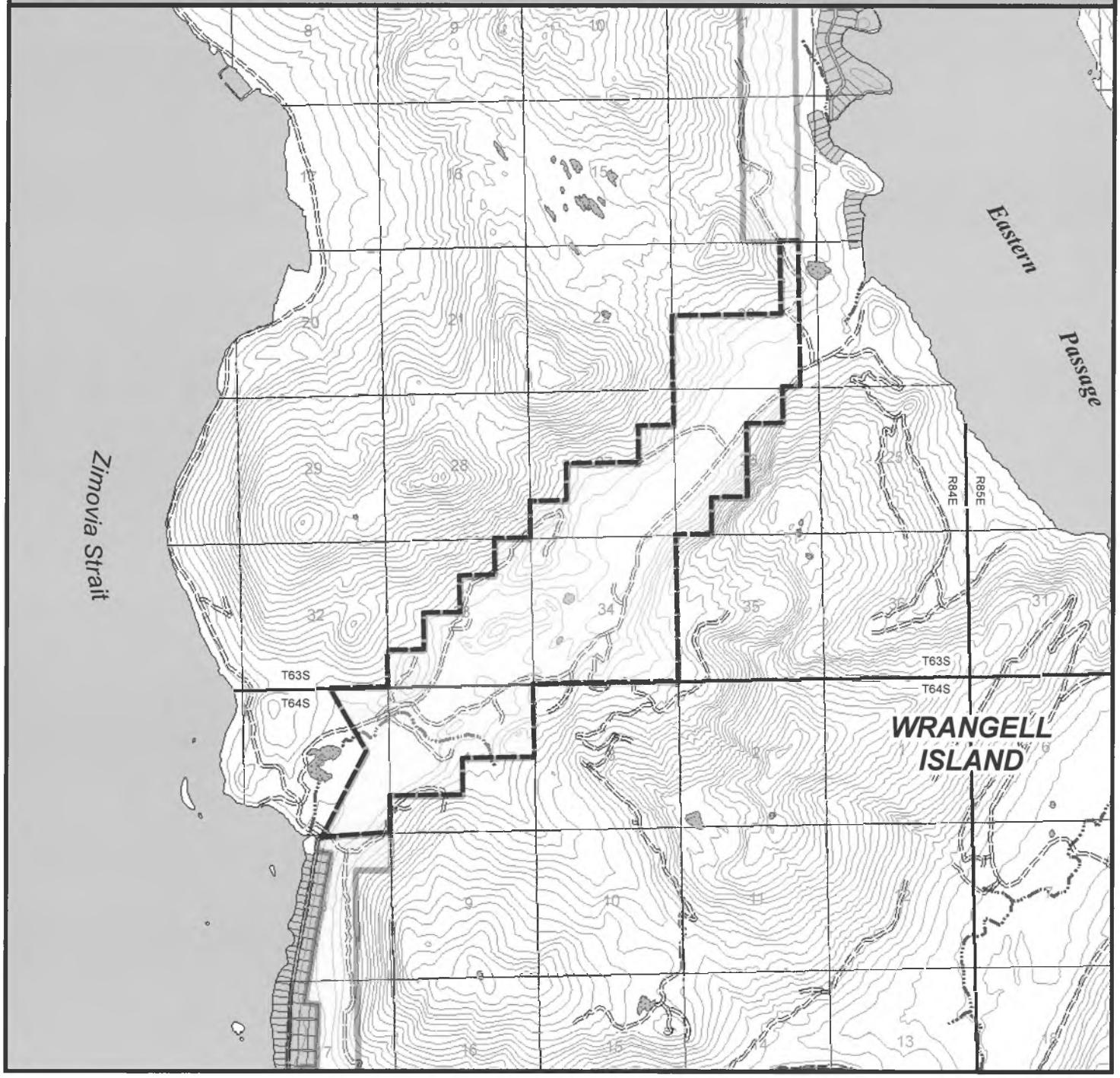
SOUTHEAST STATE FOREST PROPOSED ADDITIONS

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Oct 27, 2010

Pat Creek Parcel



NAD 83, Contour Interval 100'

Area Planning Unit W10

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

0 1 2 Miles

1 inch = 1 miles

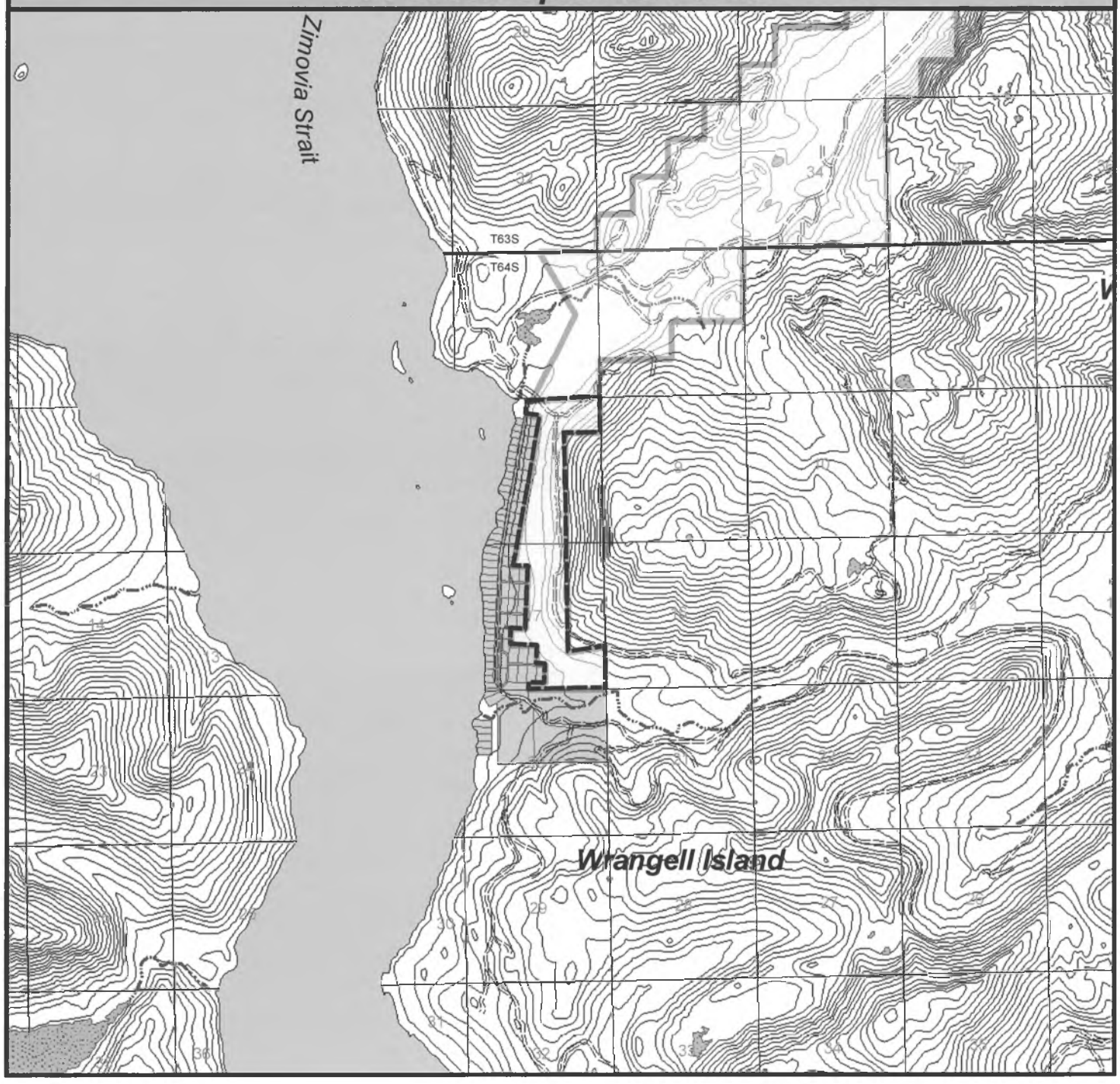
SOUTHEAST STATE FOREST PROPOSED ADDITIONS

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Dec 15, 2010

Pat Creek Uplands Parcel



NAD 83, Contour Interval 100'

Area Planning Unit W27

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

1 inch = 1 miles

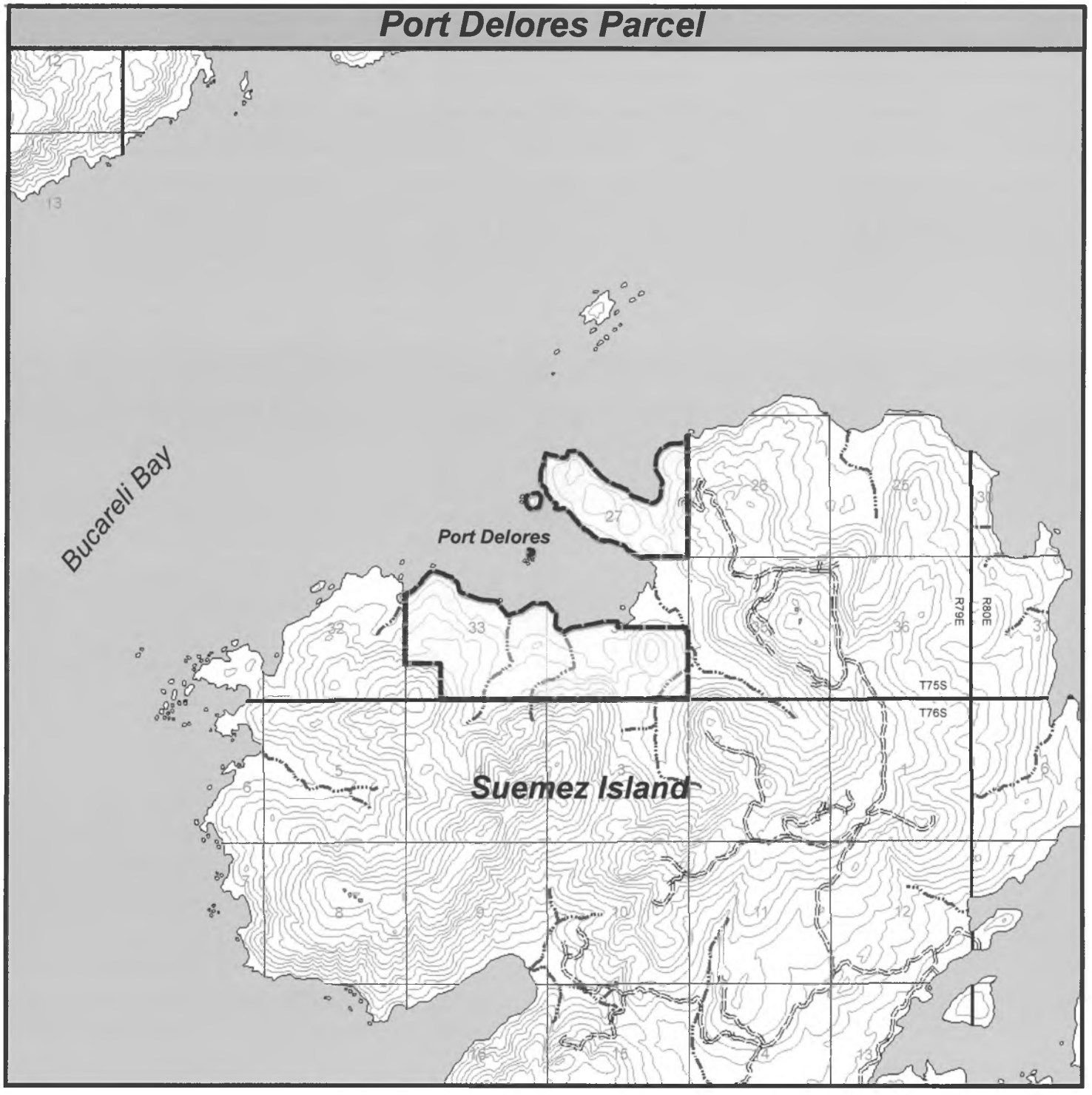
SOUTHEAST STATE FOREST PROPOSED ADDITIONS

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Oct 27, 2010

Port Delores Parcel



NAD 83, Contour Interval 100'

Area Planning Unit D01

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

Miles
0 1 2

1 inch = 1 miles

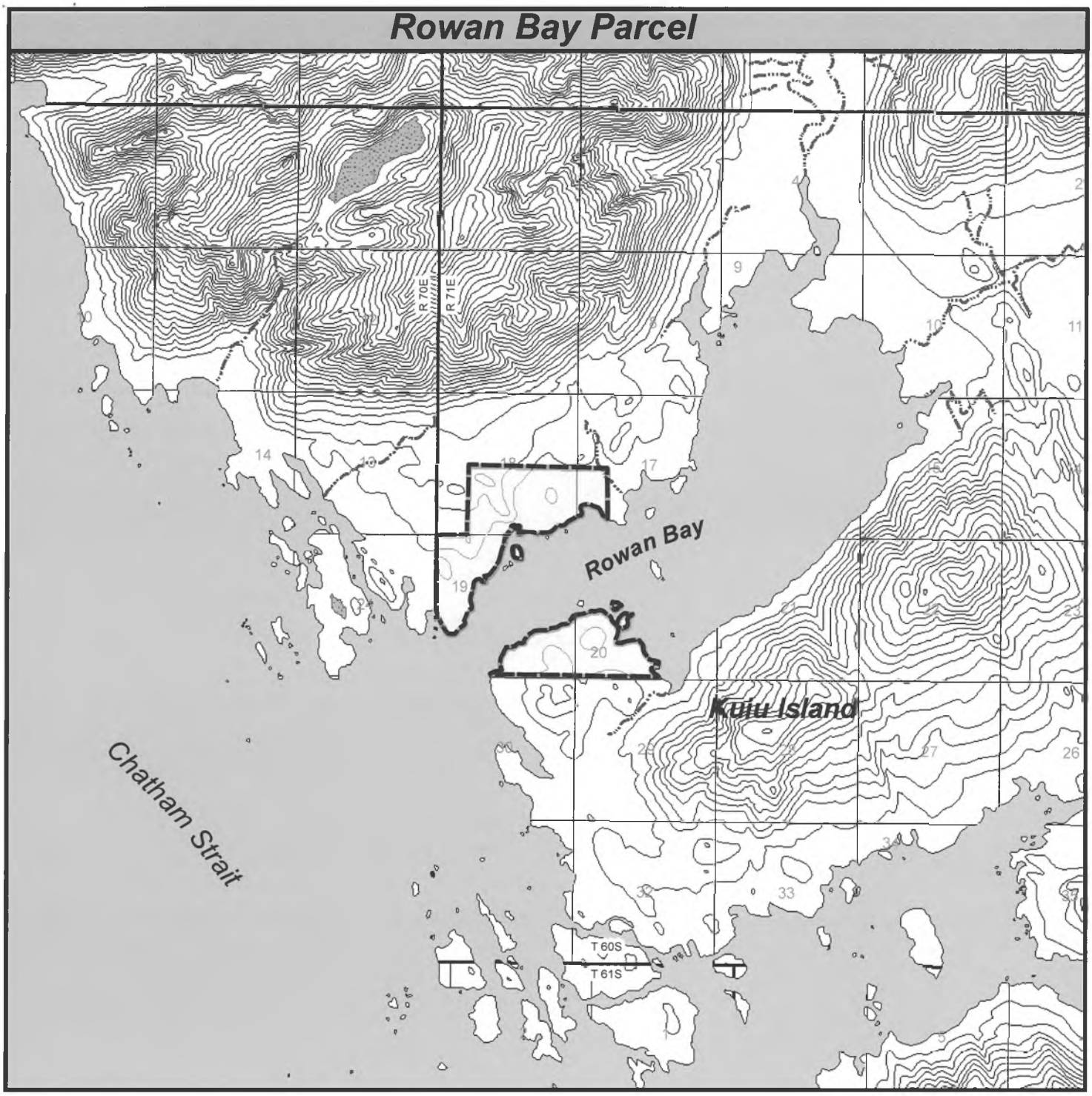
SOUTHEAST STATE FOREST PROPOSED ADDITIONS

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Dec 13, 2010

Rowan Bay Parcel



NAD 83, Contour Interval 100'

Area Planning Unit U02

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

1 inch = 1 miles

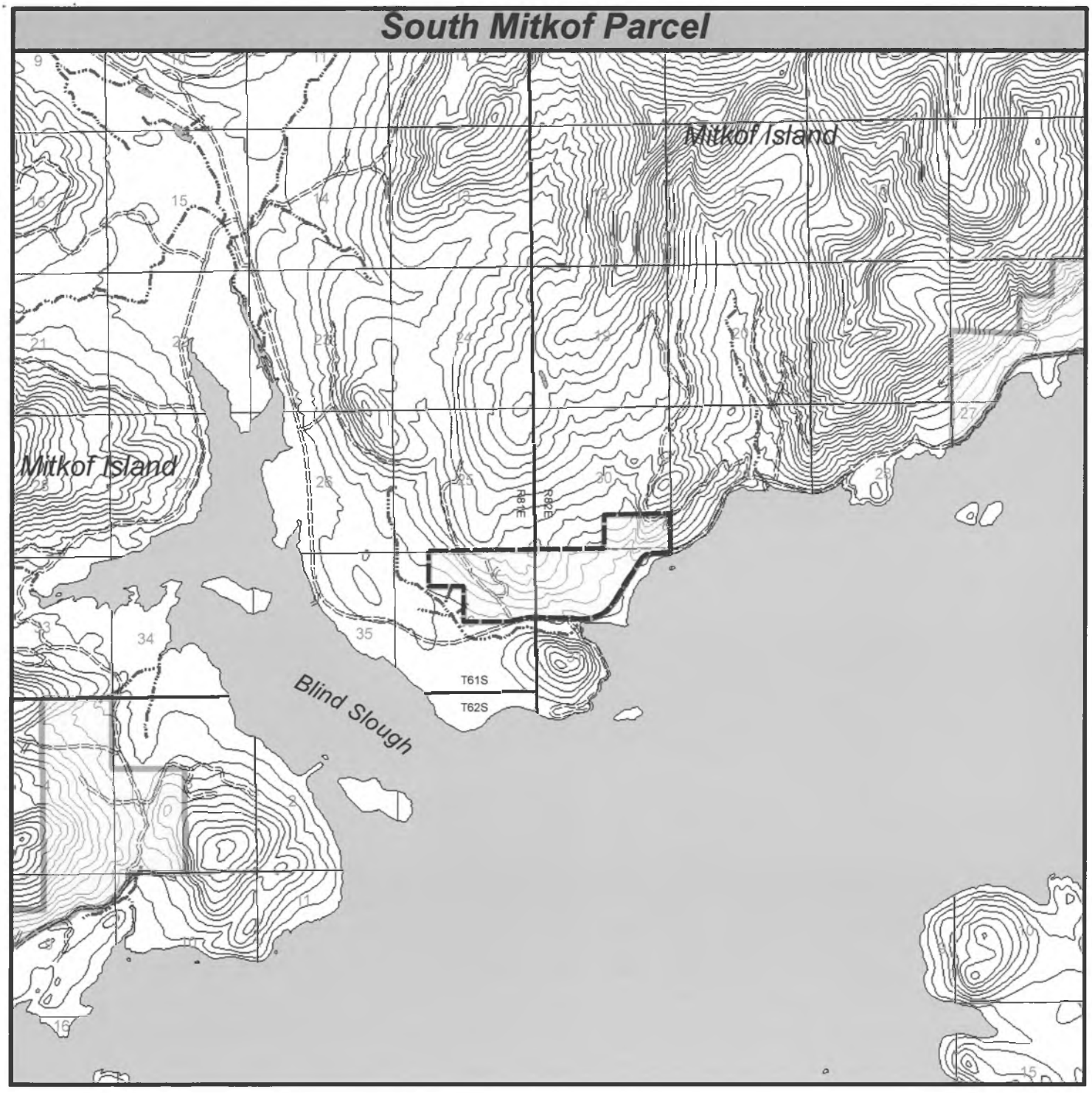
SOUTHEAST STATE FOREST PROPOSED ADDITIONS

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Oct 27, 2010

South Mitkof Parcel



NAD 83, Contour Interval 100'

Area Planning Unit P25

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

1 inch = 1 miles

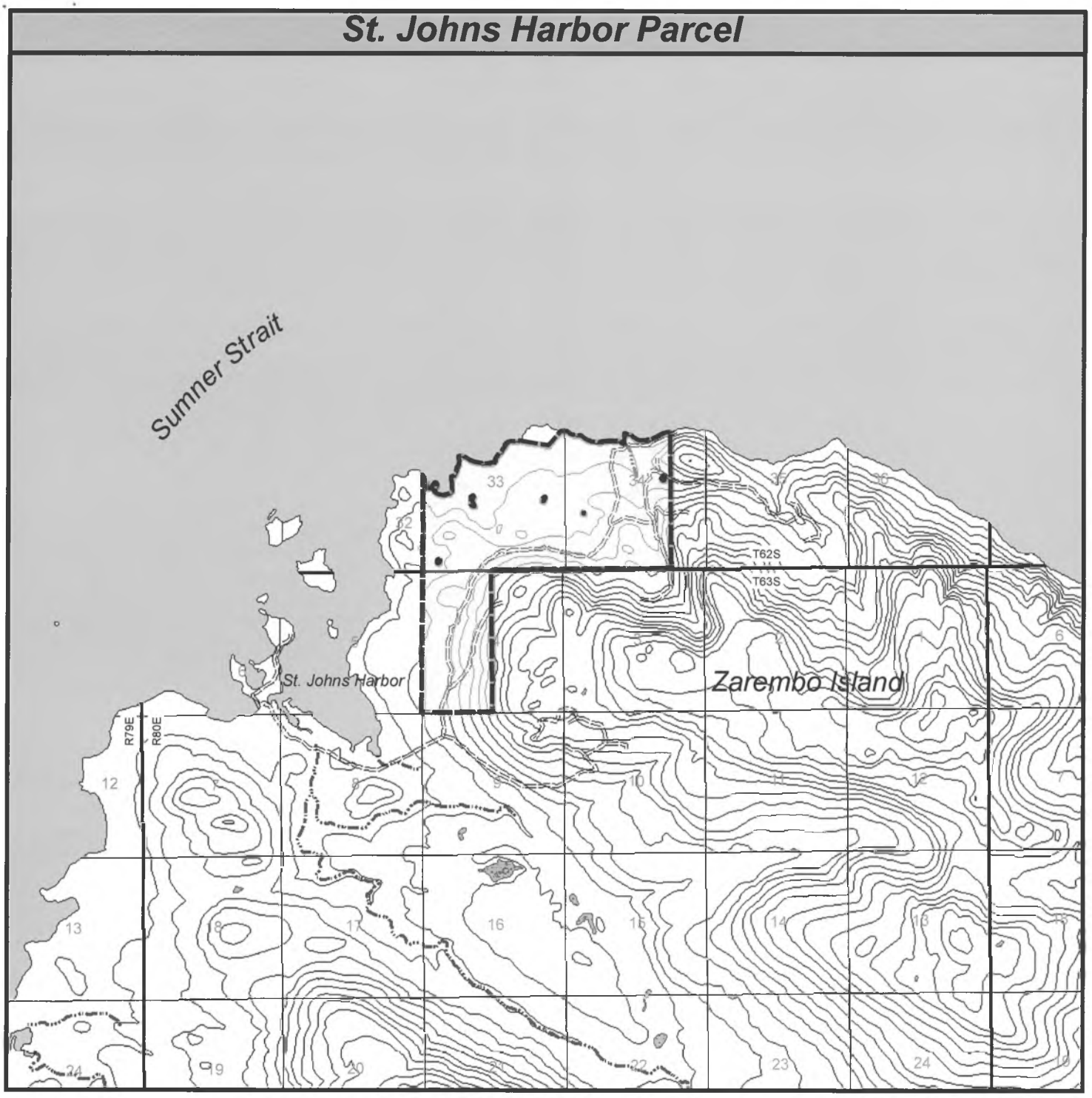
SOUTHEAST STATE FOREST PROPOSED ADDITIONS

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Oct 27, 2010

St. Johns Harbor Parcel



NAD 83, Contour Interval 100'

Area Planning Unit W02

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

Miles

0 1 2

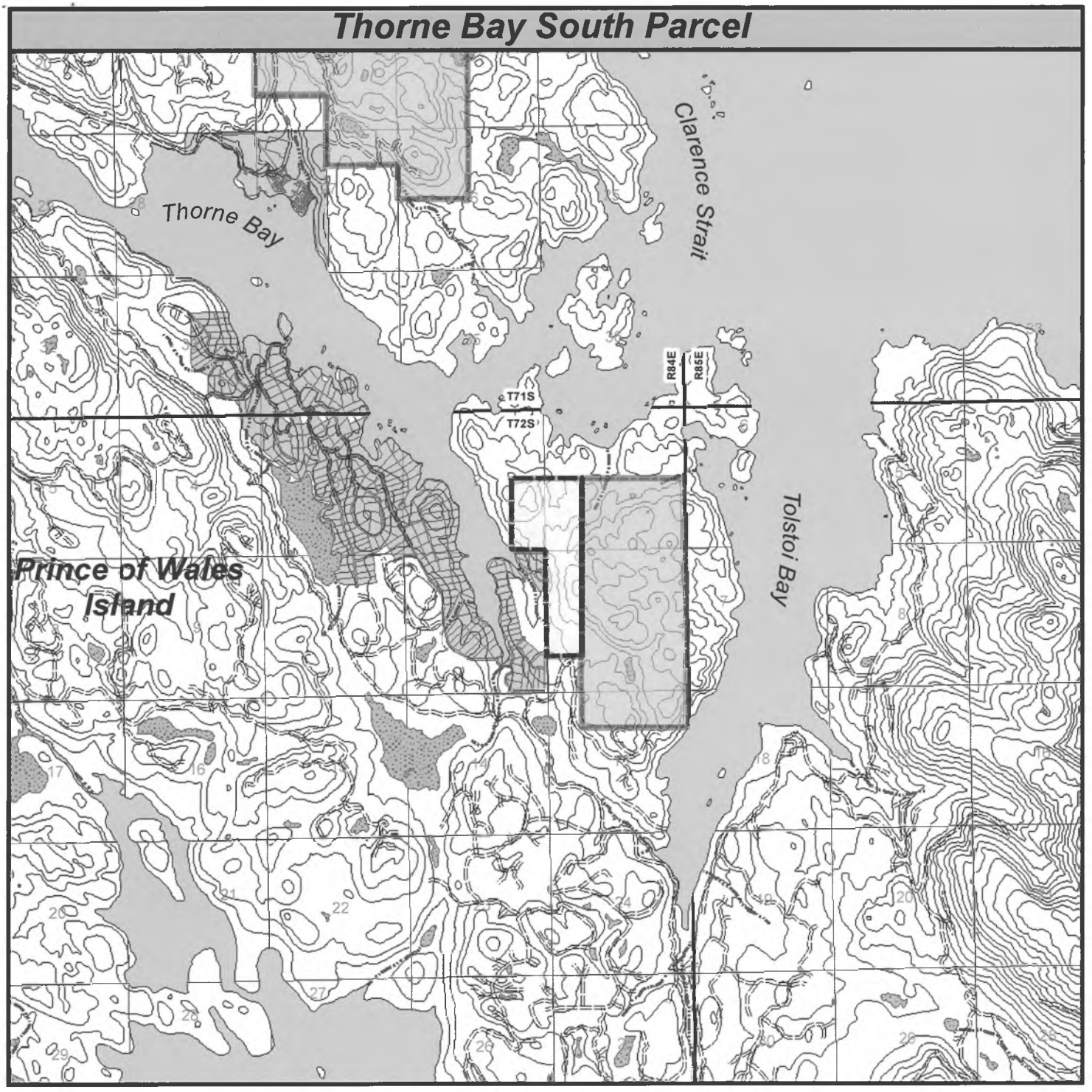
1 inch = 1 miles

SOUTHEAST STATE FOREST PROPOSED ADDITIONS

DIVISION OF FORESTRY

Oct 27, 2010

Thorne Bay South Parcel



NAD 83, Contour Interval 100'

Area Planning Unit 11c

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

1 inch = 1 miles

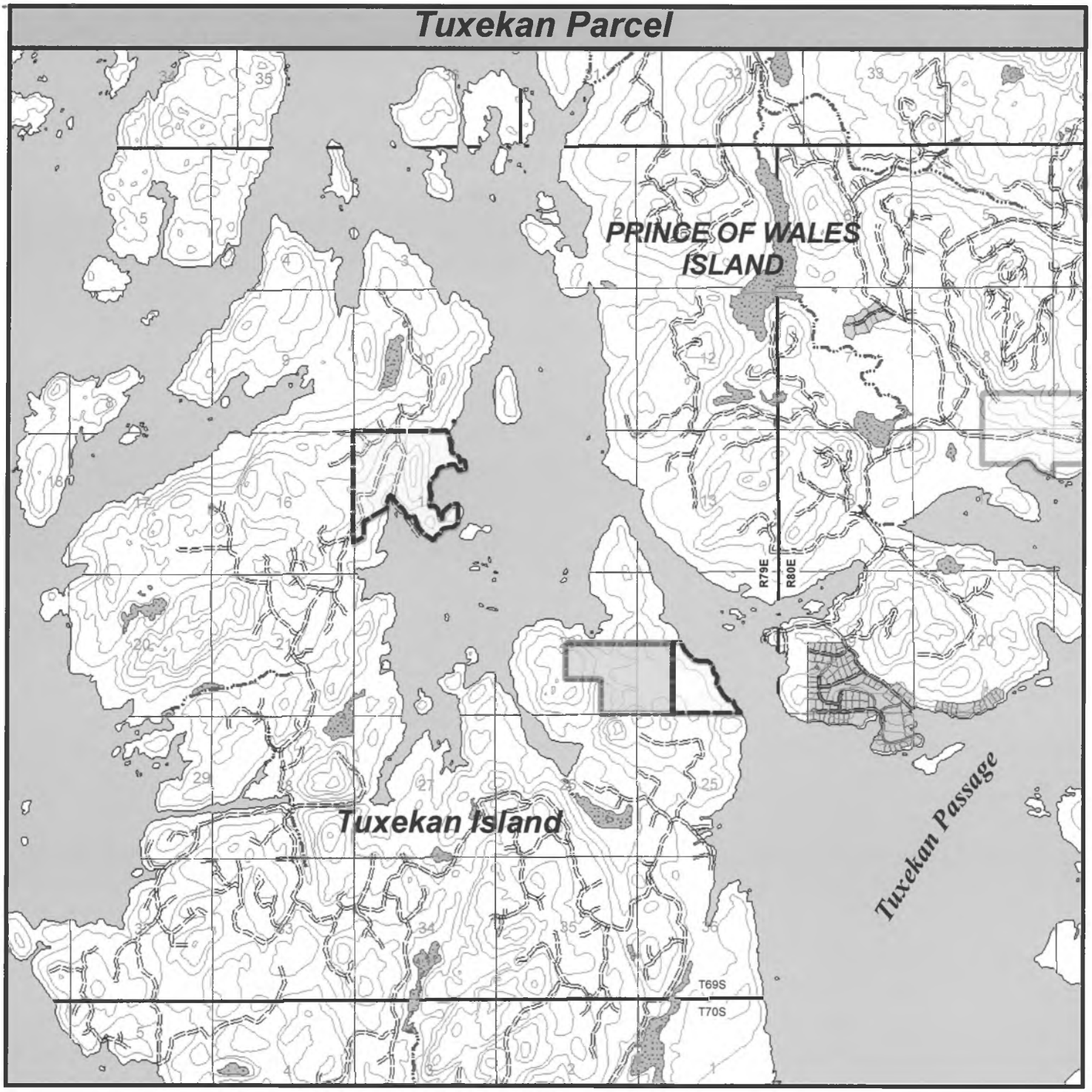
SOUTHEAST STATE FOREST PROPOSED ADDITIONS

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Oct 27, 2010

Tuxekan Parcel



NAD 83, Contour Interval 100'

Area Planning Unit 7b

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

1 inch = 1 miles

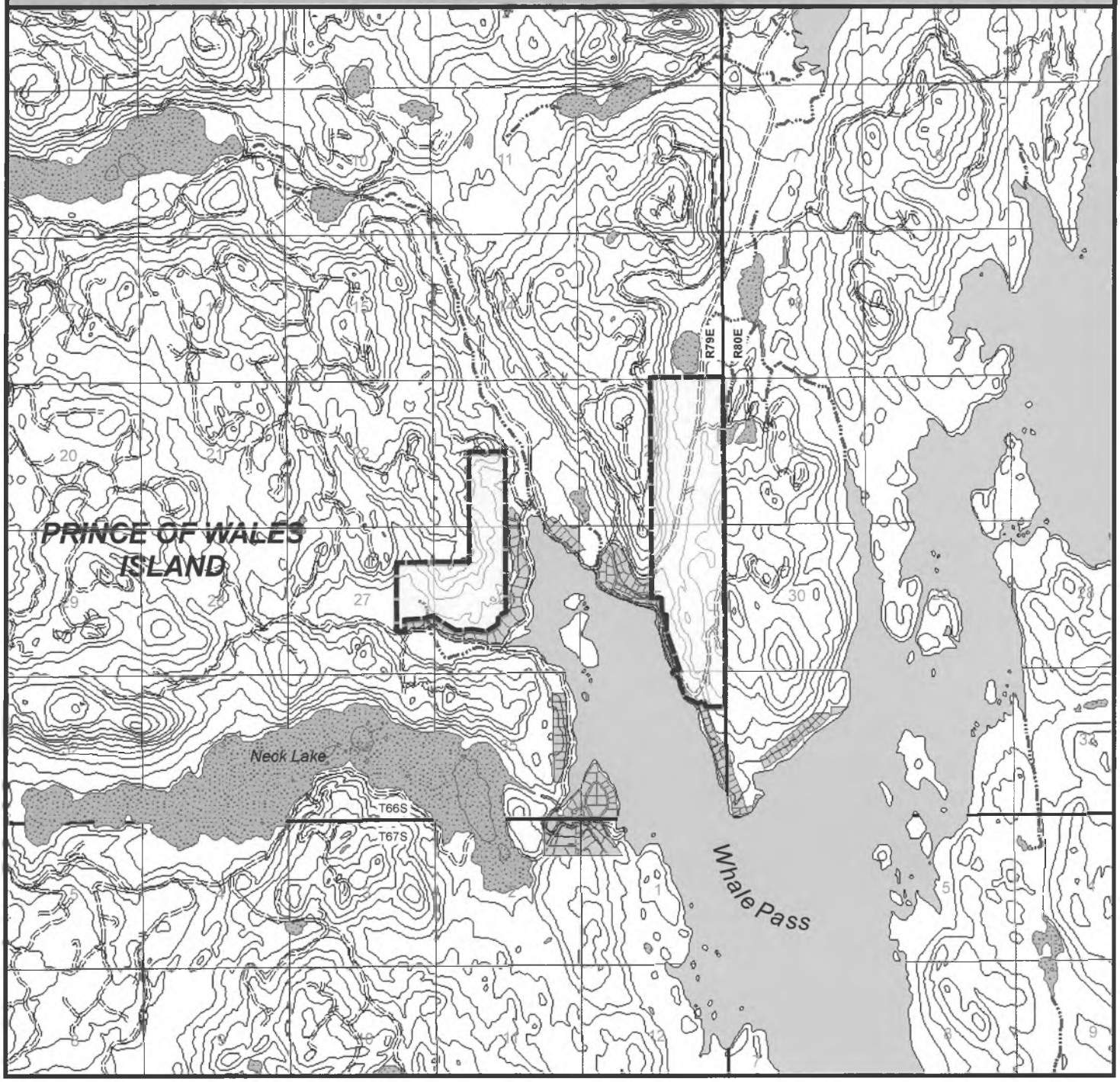
SOUTHEAST STATE FOREST PROPOSED ADDITIONS

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Dec 15, 2010

Whale Pass Parcel



NAD 83, Contour Interval 100'

Area Planning Unit 5a

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

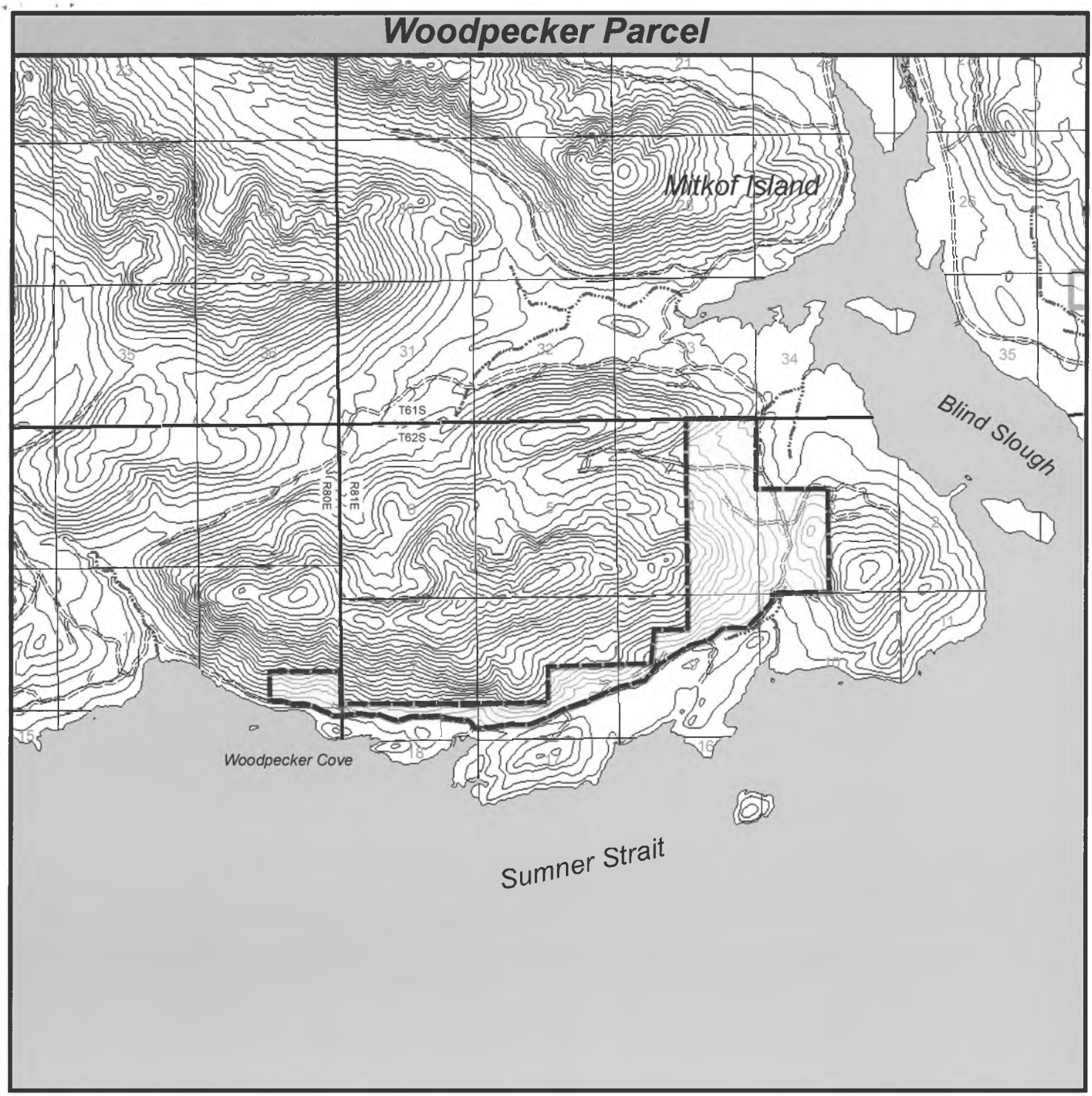
1 inch = 1 miles

SOUTHEAST STATE FOREST PROPOSED ADDITIONS

DIVISION OF FORESTRY

Oct 27, 2010

Woodpecker Parcel



NAD 83, Contour Interval 100'

Area Planning Unit P27

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Catologed Streams

N

0 1 2 Miles

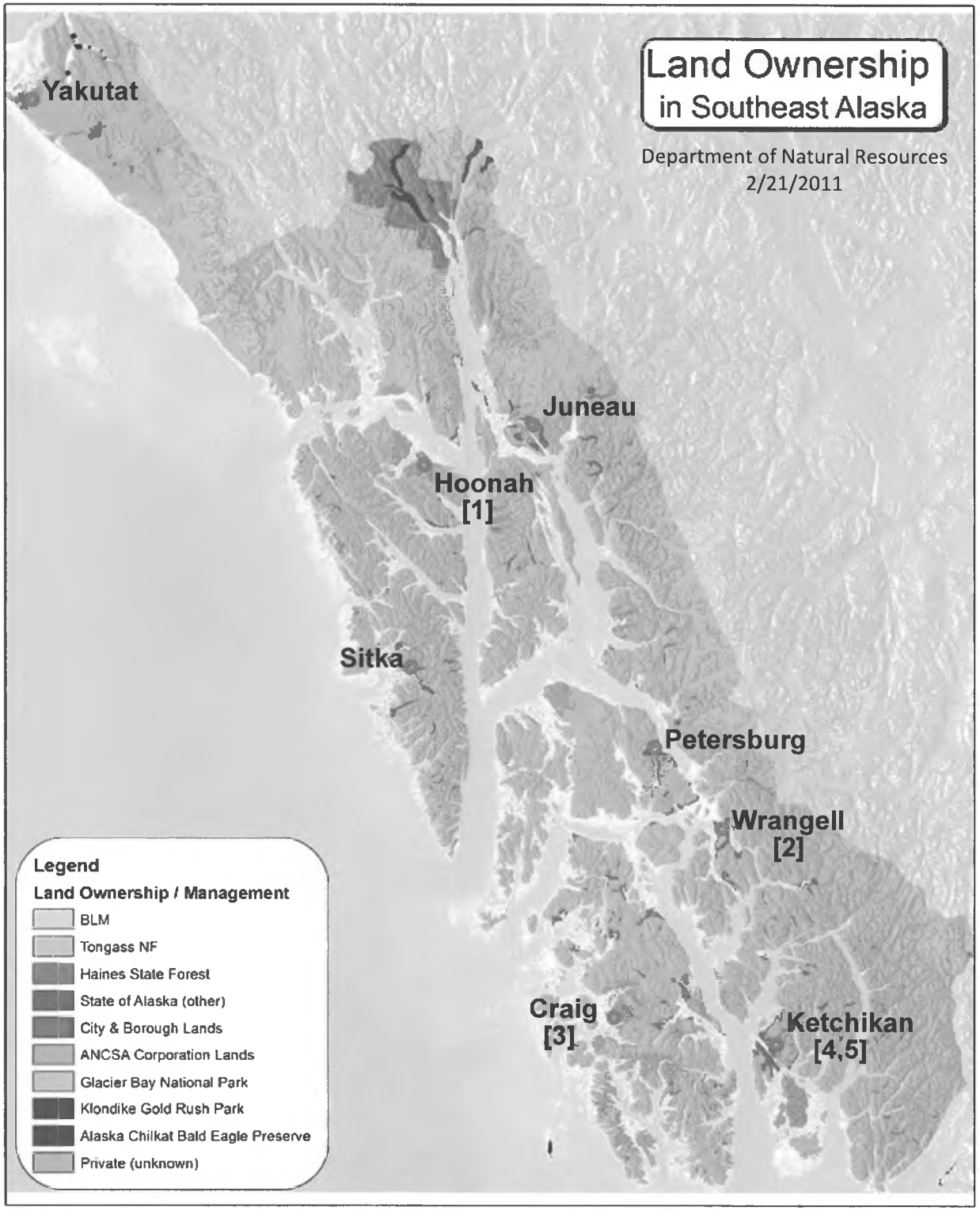
1 inch = 1 miles

SOUTHEAST STATE FOREST PROPOSED ADDITIONS

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Oct 27, 2010



SE Mills

1. **Icy Strait Lumber (Operating, but recovering from fire)**
2. **Silver Bay Logging (Closed)**
3. **Viking Lumber Co. (Operating)**
4. **Pacific Log & Lumber (Closed)**
5. **Ketchikan Veneer Mill (Closed)**

Summary Six Year Sale History SSE Area Office, FY05 - FY10
In thousands of board feet (Mbf) and number of sales

Domestic Sales	54	90.0%
Domestic Volume	54,525	89.7%
Export Sales	6	10.0%
Export Volume	6,262	10.3%
Export Volume by Mills [1]	1,806	3.0%
Total sales [2]	60	
Total Volume	60,777	

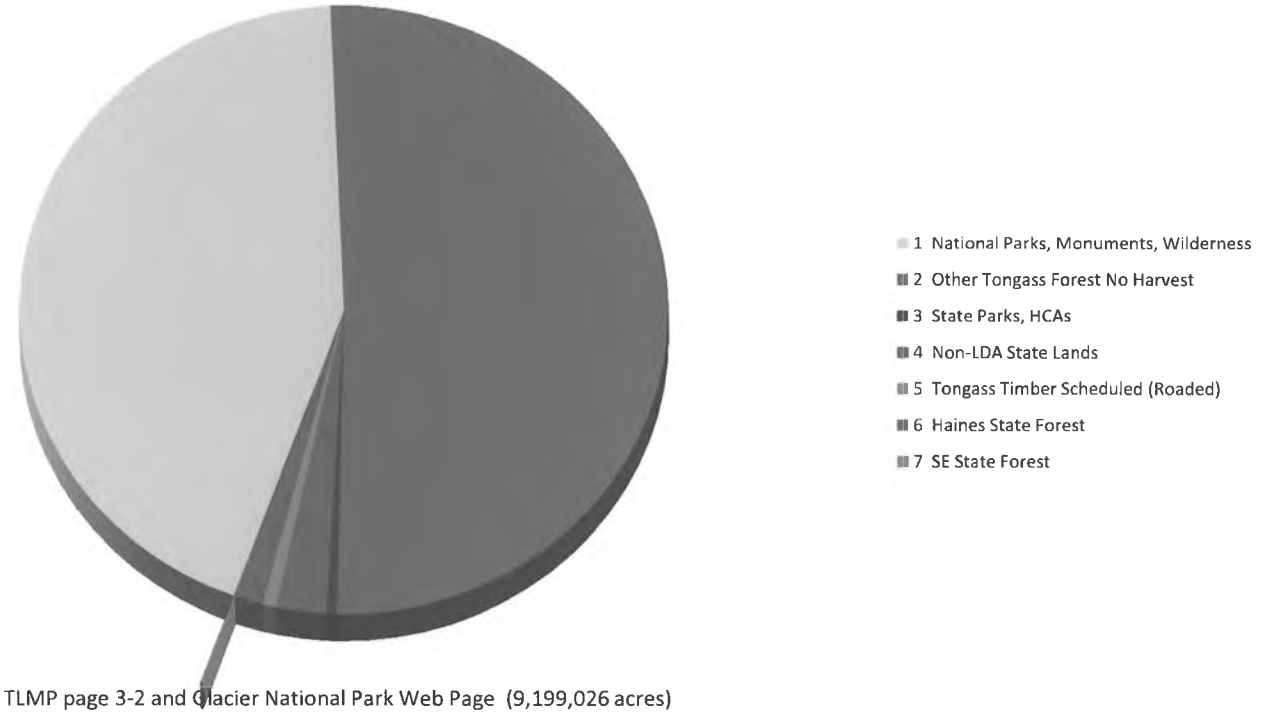
1 Note: Export by AK mills in eight transactions as follows:
Viking Lumber, 6 export transactions
Icy Straights, 1 Export Transaction
Western Gold, 1 Export transaction

2 Note: These sixty timber sales made to thirty different Alaska businesses

Prepared by Rick Rogers, Alaska DNR, Division of Forestry, February 22, 2011

Southeast Alaska Public Land Summary

(21,004,230 acres)



1 2008 TLMP page 3-2 and Glacier National Park Web Page (9,199,026 acres)
2 2008 TLMP page 3-2, Natural Setting and Development LUD less roaded suitable (10,713,778 acres)
3 Per DNR DMLW records including Chilkat Preserve, State Marine Parks and Critical Habitat Areas (110,032 acres)
4 DNR DMLW, excludes Juneau Area Plan which lumps uplands and tidelands together. Excludes selections. (526,103 acres)
5 2008 TLMP, Roaded Suitable, includes old growth and young growth. Table 2-4, TLMP FEIS (144,000 acres)
6 Per DOF Web page (286,000 acres)
7 SE State Forest not including additional SB44/HB105 acres (25,291 acres)

Prepared by Rick Rogers, Alaska DNR, Division of Forestry, February 22, 2011

New Growth







Prospectus for the Forest Products Industry of Interior Alaska

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GOVERNOR
GOVERNOR@GOV.STATE.AK.US

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JUNEAU, ALASKA 99811-0001
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 2007

Dear Forest Products Investor:

As Governor of the great State of Alaska, I am pleased to introduce the New Growth prospectus, inviting you to examine an exciting commercial and industrial opportunity in Alaska. The vast commercial timber resources of Alaska's interior constitute a virtually untapped potential for economic development. An abundance of birch, white spruce, and quaking aspen blanket the Interior. My administration looks forward to working with companies like yours to see these resources developed for the benefit of Alaskans and to improve the health of our interior forests.

The state's Division of Forestry, the Office of Economic Development, various Native forest landowners, the Fairbanks North Star Borough, and the Fairbanks Economic Development Corporation have been working together to promote economic development opportunities in the Tanana Valley region. This prospectus reflects that cooperation and provides you with basic information to examine the possibilities for your company to invest in these opportunities. In addition to forest resource data, the prospectus includes basic market and transportation information that we hope will be useful in making a preliminary investment decision.

The State of Alaska is currently performing a stand-level inventory to further define the available timber. We stand ready to assist you in your evaluation of the prospects and develop any additional information you may need to begin making new investments in our state.

Sincerely,

Sarah Palin
Governor

The commercial forests of the Interior are composed of pure stands and mixtures of white spruce, black spruce, paper birch, quaking aspen, and balsam poplar.



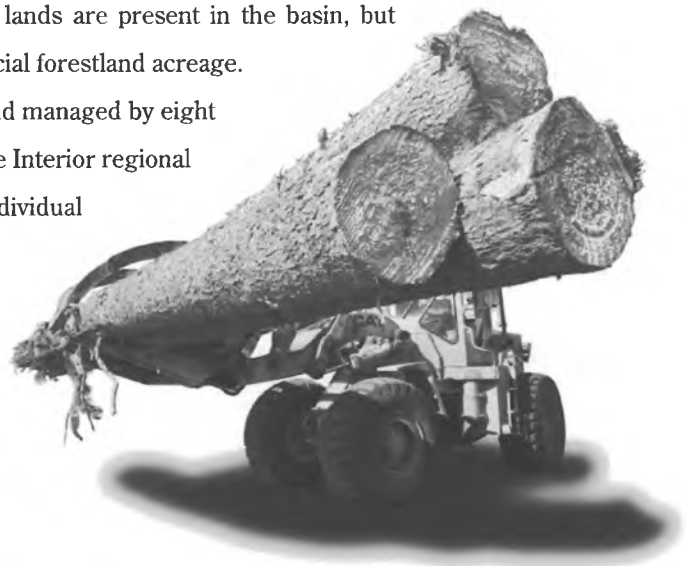
Forest and Land Ownership

Large tracts of both public and private lands occur in Interior Alaska. The Interior is a large area of Alaska that occupies the central part of the state. It extends from the Canadian border westward to the Bering Sea and lies between the Alaska and Brooks Ranges. The city of Fairbanks is considered the hub of this vast area. The Tanana Basin is located in the eastern portion of the Interior and contains forests that extend 265 miles from the Canadian border to the village of Tanana on the Yukon River. Within this area, the State of Alaska manages 2.94 million acres[1] of commercial forestlands including the Tanana Valley State Forest (TVSF). The TVSF contains 1.77 million acres[2] of commercial forestlands.

The Fairbanks North Star Borough, the University of Alaska Trust Lands, and the Mental Health Trust Lands are other tracts of public forestland in the basin. Within a 50-mile radius of Fairbanks, these three landowners have a combined acreage of 77,987 acres[3] of commercial forestland. Federal lands are present in the basin, but contribute only small amounts of commercial forestland acreage.

Private lands are chiefly owned and managed by eight individual Alaska Native Corporations. The Interior regional Native corporation, Doyon Limited, and individual village corporations own and manage approximately one-half million acres[4] of commercial forestland in the basin.

See map, p 4-5.



State and Private Commercial Forest Volumes

The Tanana Valley State Forest and lands classified for forest management under the Tanana Basin Area Plan are divided into four management jurisdictions: Kantishna, Fairbanks, Delta and Tok. Overall net standing commercial volume on these lands is 3,869 MMBF. See the annual allowable cut figures for each of the four areas in Table 1 and the net standing volume figures in Table 2.

Volume estimates for these lands are subject to change as a result of the new inventory update now under way. Forest land area to be updated includes state forest and forestry classified lands between Healy Lake and Manley. New volume numbers are scheduled to be produced by the end of 2007. The inventory will also be enhanced by the addition of new imagery and web access for timber stand viewing and querying.

Private lands, represented mainly by Alaska Native Corporations, have annual harvest levels calculated for individual ownerships. Overall net standing commercial volume on these lands is 1,786 MMBF. See the annual allowable cut figures for the individual areas in Table 3, and the net standing volume figures in Table 4.

State Land – Tanana Valley Timber

Table 1
Annual Cut

	Spruce	Birch	Aspen
Kantishna	4.6 mmcf 18.2 mmbf	4.3 mmcf 12.9 mmbf	1.6 mmcf 4.8 mmbf
Fairbanks	6.2 mmcf 24.6 mmbf	4.0 mmcf 12.0 mmbf	2.1 mmcf 6.3 mmbf
Delta	5.2 mmcf 20.6 mmbf	3.6 mmcf 10.8 mmbf	1.2 mmcf 3.7 mmbf
Tok	2.7 mmcf 10.8 mmbf	0.4 mmcf 1.2 mmbf	0.4 mmcf 1.2 mmbf
Total cf	18.6 mmcf	12.3 mmcf	5.4 mmcf
Total bf	74.3 mmbf	36.8 mmbf	16.2 mmbf

note: cut is regulated by cubic ft., spruce converted at 4 bf/cf, hardwood at 3 bf/cf; mm = million

Table 2
Net Standing Volume

	Spruce	Birch	Aspen
Kantishna	233 mmcf 729 mmbf	208 mmcf 50 mmbf	80 mmcf 14 mmbf
Fairbanks	308 mmcf 933 mmbf	193 mmcf 158 mmbf	101 mmcf 82 mmbf
Delta	399 mmcf 1,017 mmbf	227 mmcf 148 mmbf	78 mmcf 38 mmbf
Tok	250 mmcf 645 mmbf	33 mmcf 11 mmbf	36 mmcf 4 mmbf
Total cf	1,190 mmcf	622 mmcf	295 mmcf
Total bf	3,365 mmbf	367 mmbf	137 mmbf

note: Board feet by scribner rule, 16ft. logs, 10 in. minimum tree diameter Cubic feet 6 in. minimum tree diameter. mm=million

Timber Sale Options & Methods

Public Lands

The Division of Forestry can sell timber under the five methods listed in Table 5. Most sales are sold by competitive, sealed bid, but timber sales can be negotiated under certain



Alaska Native Corporation Land – Tanana Valley Timber

Table 3
Annual Cut

	Spruce	Hardwood
Dot Lake	0.2 mmcf 0.5 mmbf	0.2 mmcf 0.1 mmbf
Healy Lake	0.2 mmcf 0.6 mmbf	0.3 mmcf 0.4 mmbf
Manley	0.2 mmcf 0.4 mmbf	0.3 mmcf 0.6 mmbf
Nenana	0.1 mmcf 0.4 mmbf	0.4 mmcf 0.6 mmbf
Northway	0.1 mmcf 0.1 mmbf	0.1 mmcf 0.1 mmbf
Tanacross	0.1 mmcf 0.1 mmbf	0.1 mmcf 0.1 mmbf
Tetlin	0.5 mmcf 1.8 mmbf	0.1 mmcf 0.1 mmbf
Tanana	1.1 mmcf 3.8 mmbf	0.6 mmcf 1.1 mmbf
Doyon/Katishna River	0.2 mmcf 0.6 mmbf	0.2 mmcf 0.4 mmbf
Doyon/Upper Tanana	0.2 mmcf 0.4 mmbf	0.9 mmcf 0.6 mmbf
Total cf	2.9 mmcf	3.1 mmcf
Total bf	9.1 mmbf	3.6 mmbf

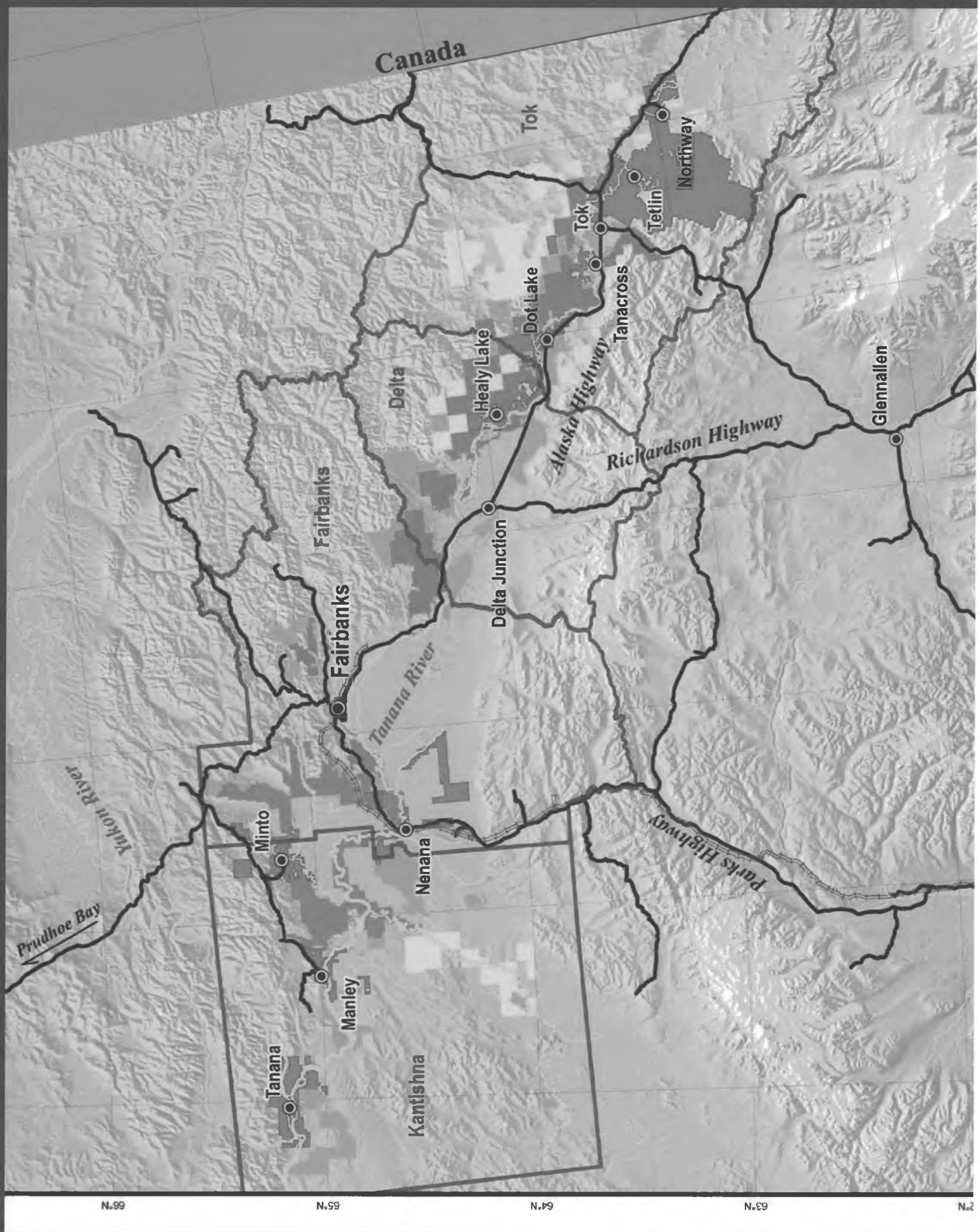
Table 4
Net Standing Volume

	Spruce	Hardwood
Dot Lake	26 mmcf 65mmbf	208 mmcf 50 mmbf
Healy Lake	39 mmcf 102 mmbf	193 mmcf 158 mmbf
Manley	24 mmcf 73 mmbf	227 mmcf 148 mmbf
Nenana	25 mmcf 81 mmbf	33 mmcf 11 mmbf
Northway	10 mmcf 19 mmbf	9 mmcf 6 mmbf
Tanacross	13 mmcf 14 mmbf	5 mmcf 3 mmbf
Tetlin	75 mmcf 265 mmbf	10 mmcf 2 mmbf
Tanana	152 mmcf 520 mmbf	68 mmcf 123 mmbf
Doyon/Katishna River	33 mmcf 88 mmbf	40 mmcf 54 mmbf
Doyon/Upper Tanana	111 mmcf 216 mmbf	90 mmcf 59 mmbf
Total cf	508 mmcf	325 mmcf
Total bf	1,443 mmbf	343 mmbf

circumstances. Larger sales can be negotiated to foster economic development. The state maintains a regular competitive sale program; most sales over 160 acres are listed in a five-year schedule of timber sales. The schedule provides basic information on the volume, location and sale dates of offerings. If not on the schedule, additional sales may be requested and the schedule can be modified based on comments and requests. The required review process ranges from one month to about eighteen months depending on whether the sale must be listed in the schedule. Current schedules are designed to meet local needs, which account for less than 10 percent of the allowable cut. All state timber harvest is subject to the Alaska Forest Resources and Practices Act (FRPA).

Other public land managers, such as the Fairbanks North Star Borough (FNSB), the University of Alaska Trust Lands, and the Mental Health Trust Lands, use competitive, sealed bid procedures that are standard for the forest products industry. A regular sale schedule is not currently utilized, but landowners respond to market conditions and offer sales during more favorable economic periods. Compliance with the FRPA is a requirement of these timber

Tanana Valley Forest Resources



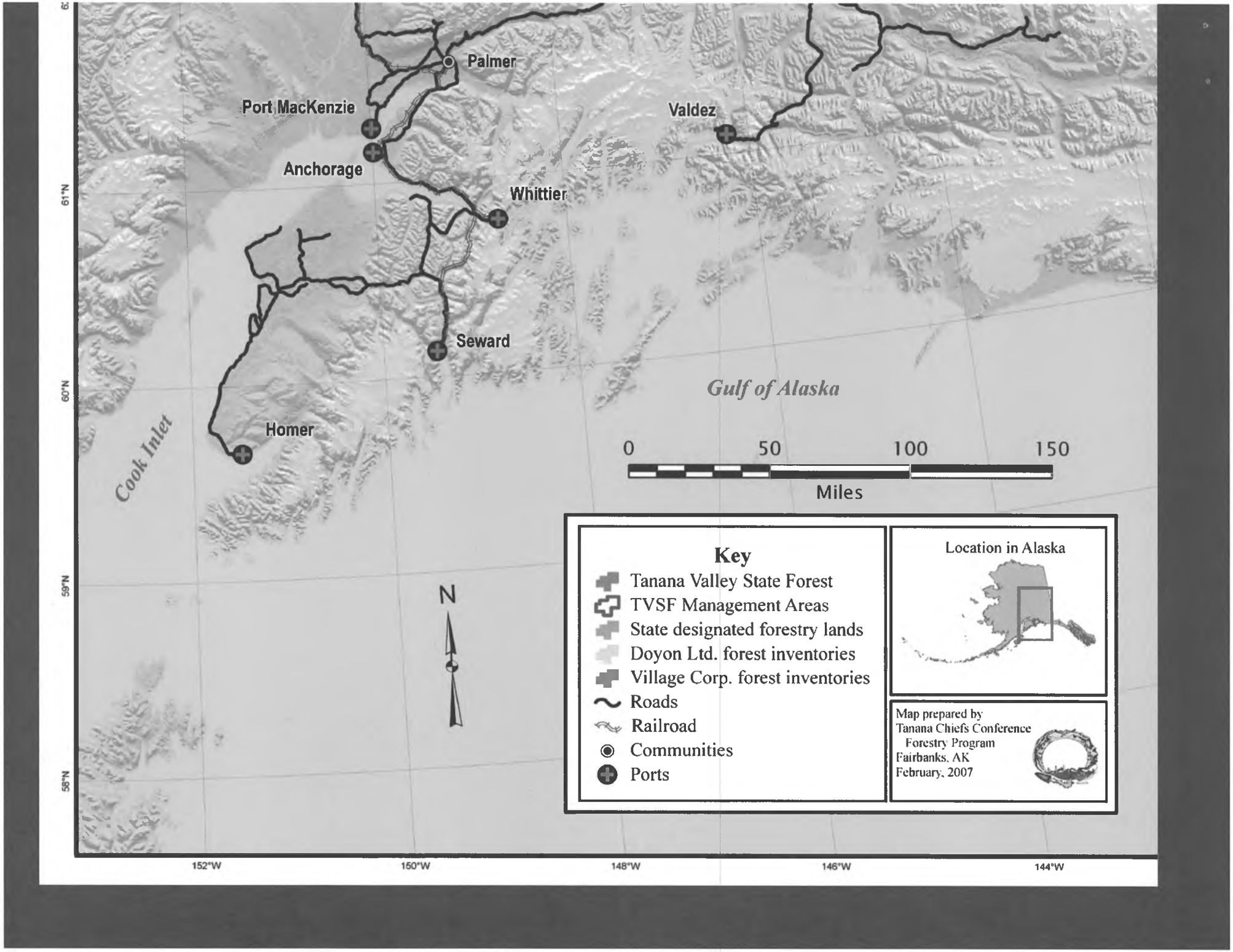

Palmer
Port MacKenzie
Valdez
Anchorage
Whittier
Seward
Homer
Cook Inlet
Gulf of Alaska
0
50
100
150
Miles
N
Key
Tanana Valley State Forest
TVSF Management Areas
State designated forestry lands
Doyon Ltd. forest inventories
Village Corp. forest inventories
Roads
Railroad
Communities
Ports
Location in Alaska
Map prepared by
Tanana Chiefs Conference
Forestry Program
Fairbanks, AK
February, 2007
61°N
60°N
59°N
58°N
152°W
150°W
148°W
146°W
144°W

Table 5
Timber Sale Options/Methods

Sale Type	Sale Method	Maximum Volume	Maximum Term	Minimum Time Sale Review	Special Requirements
Regular Competitive	Sealed Bid	None	None	1.5 years* if > 160 acres	None
Regular Negotiated	Negotiated	500 mbf	1 year	1 month	Max 500 mbf per yr/individual
Distressed Areas	Negotiated	None	25 years	1 month	Local manufacture in areas of high unemployment unused mill capacity and unused allowable cut
Value-Added	Negotiated or Competitive Proposals	10 mmbf per year	10 years	1.5 years* if > 160 acres	Local manufacture of high value-added products
Salvage	Bid or Negotiated	None	None	3 months	None

** Sales previously listed on the Five-Year Schedule of Timber Sales may be available immediately without the need for further notice.*

sales, as well. Notification requirements are met through the submission of a Detailed Plan of Operations (DPO).

Private Lands

Private landowners also respond to market conditions and offer sales during more favorable economic periods. Timber sales on private land are reviewed for compliance with the Forest Resources and Practices Act and notification requirements are met through submission of a DPO.

Forest Stewardship

Forest Resources and Practices Act

The Forest Resources and Practices Act is designed to protect fish habitat, water quality and ensure prompt reforestation of forestland while providing for a healthy timber industry. The FRPA ensures that both the timber and commercial fishing industries can continue to provide long-term jobs.

Alaska is divided into three forest practices regions. Region I covers coastal forests from Southeast Alaska through Prince William Sound, the eastern Kenai Peninsula, the Kodiak Archipelago, and parts of the Alaska Peninsula. Region II is the boreal forest south of the Alaska Range. Region III is the boreal forest in Interior Alaska. Standards for riparian management and reforestation vary by region.

The FRPA applies to commercial timber operations on forestland, including harvesting, roading, site preparation, thinning, and slash treatment operations. Operations must comply with the FRPA if they are larger than 10 acres in Region I or larger than 40 acres in Region II. In Region III, it applies to operations larger than 40 acres for forest landowners that own more than 160 acres in total. All commercial harvest operations that encompass or border surface waters or a riparian area also must comply with the Act, regardless of their size. For more information on FRPA, visit: http://www.dnr.state.ak.us/forestry.

Sustainable Forestry Initiative®

The State of Alaska Department of Natural Resources is licensed under the Sustainable Forestry Initiative (SFI). The SFI program is based on the premise that responsible environmental behavior and sound business decisions can co-exist to the benefit of landowners, manufacturers, shareholders, customers, the people they serve, the environment, and future generations. The SFI program integrates the perpetual growing and harvesting of trees with the protection of wildlife, plants, soil, water, and air quality. Two goals of the SFI program are first, SFI program participants practice sustainable forestry on all the lands they manage and second, they influence millions of additional acres through the training of loggers and foresters in best management practices. This unique commitment to sustainable forestry recognizes that all forest landowners, not just SFI program participants, play a critical role in ensuring the long-term health and sustainability of our forests. For more information on SFI, visit: http://www.sfiprogram.org.

Physical Setting

Approximately 85 percent of the Tanana Valley State Forest is located within 20 miles of the state highway system. Eighteen communities adjacent to the State Forest total approximately 90,000 residents, with the majority located in the Fairbanks North Star Borough.

The climate of the Tanana Basin is one of the coldest and warmest areas of the state. Extreme temperatures range from minus 66 degrees to 96 degrees Fahrenheit. Mean temperature in Fairbanks for July is 62 degrees Fahrenheit while mean temperature in January is minus 13 degrees Fahrenheit. Precipitation averages 10.4 inches, with August being the wettest month (1.86 inches). Snowfall averages 65.1 inches with November and December being the months which receive the most snowfall (13.1 and 12 inches). Generally, frost-free



days occur from the first part of June to the end of August. Sunlight hours reach a maximum of 21 hours and 13 minutes on June 21st, and a minimum of 3 hours and 44 minutes on December 21st.

Harvesting activities can occur year round with winter activities focused in areas that require winter road and ice bridge infrastructure to access. These areas are generally located in river floodplains and in areas of permafrost. Upland sites can be accessed by a more traditional forest road system with main line and spur road development.

Current Industrial Development, Markets and Assets

The Tanana Basin has several regional and local sawmills in operation. Most settlements have a local, private company that produces dimensional lumber and two or three sided house logs and timbers. Often these are part-time operations that saw rough cut lumber which is air dried and sold "green." There are a few regional mills that produce graded dimensional lumber utilizing the new Alaska Spruce grade stamp developed by the Ketchikan Wood Technology Center and administered by the Western Wood Products Association. The largest mill produces approximately 4.5 million board feet of white spruce lumber annually. As of 1998, annual lumber and timber imports to the state were in the 80-90 million board foot range.[5]

Several portable band saw mills produce hardwood lumber, mainly birch, which is utilized in a number of secondary manufacturing processes. These companies are small in scope, yet important to the developing hardwood industry.



Bioenergy has become an area of interest and opportunitiy for residential and commercial pellet manufacturing for both space heating and electrical generation are possible. Local electric utilities use coal as their primary fuel and there is interest in utilizing wood chips or pellets for co-firing applications. The creation of an industry that could use the low quality and small diameter forest material would greatly enhance development opportunities in the hardwood and softwood manufacturing sector.

Transportation System and Ports

The road network in Interior Alaska connects to the seaports of Anchorage and Whittier. The port of Anchorage is 356 miles from Fairbanks via the Parks Highway. This highway is suitable for trucks utilizing tandem trailers year around. A tunnel at Portage, on the Seward Highway, also provides truck access to Whittier, about 48 miles from Anchorage. Both ports are accessed

by rail from Fairbanks with service provided by the Alaska Railroad.

In the planning stages is an extension of the Alaska Railroad from its present terminus 20 miles southeast of Fairbanks, to Delta Junction, 80 miles farther southeast. Delta Junction presently connects to these ports by highway through Fairbanks or south to the Glenn Highway and west to Anchorage, a total of 340 miles.

The port of Valdez is 366 miles from Fairbanks and is reached via the Richardson Highway. The highway is suitable for tandem trailer trucks year around and the port loading infrastructure accommodates bulk shipments. Another possibility, as an adjunct to value-added production is to move chips by truck 349 miles to Port MacKenzie (on Cook Inlet) where a chip handling facility allows for stock-piling and transfer to Far East and south-bound vessels. Also, logs can be moved up the Tanana River to a transfer point in Nenana, then either by rail or highway to a Fairbanks mill or directly to a plant in Nenana.

The Port of Whittier has roll-on, roll-off rail shipping service that travels weekly to Prince Rupert, B.C. and Tacoma, Washington. The port of Anchorage has regular service via several shipping companies which operate container and/or roll-on, roll-off services to Tacoma. Two of the principal carriers include Totem Ocean Trailer Express (TOTE) and Horizon Lines, among more than a dozen. For a complete list of carriers, visit www.alaskaforestproducts.com. It is important to note that these are virtually all back-hauls, which can have favorable impact on transportation costs to the West coast.

Wrap-Up

Around the nation, many locations offer forest product development opportunities but few can offer sustainable, high quality timber, developed transportation connections, final consumer markets and a system of industry support. With its substantial timber resources, Interior Alaska is the place to build and expand your forest products industry. Come and take a look at our Interior forest resources. We would be pleased to arrange tours, answer questions, and facilitate appropriate feasibility studies if need be.







Visit the website listings below for additional information. The following are key contacts:

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Toll free: 1-888-476-FEDC
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Fax: (907) 451-9534
Email: FEDC@ak.net
Website: www.alaskaforestproducts.com
Offering: Prospectus, infrastructure, markets

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Fax: (907) 459-3852
Email: forestryinfo@tananachiefs.org
Website: http://www.tananachiefs.org
Offering: Interactive online GIS maps: http://gis.tananachiefs.org

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Fax: (907) 451-2690
Email: mark_eliot@dnr.state.ak.us
Website: www.dnr.state.ak.us/forestry
Offering: Forest management planning, sustainable yield analysis

Forest Products Specialist
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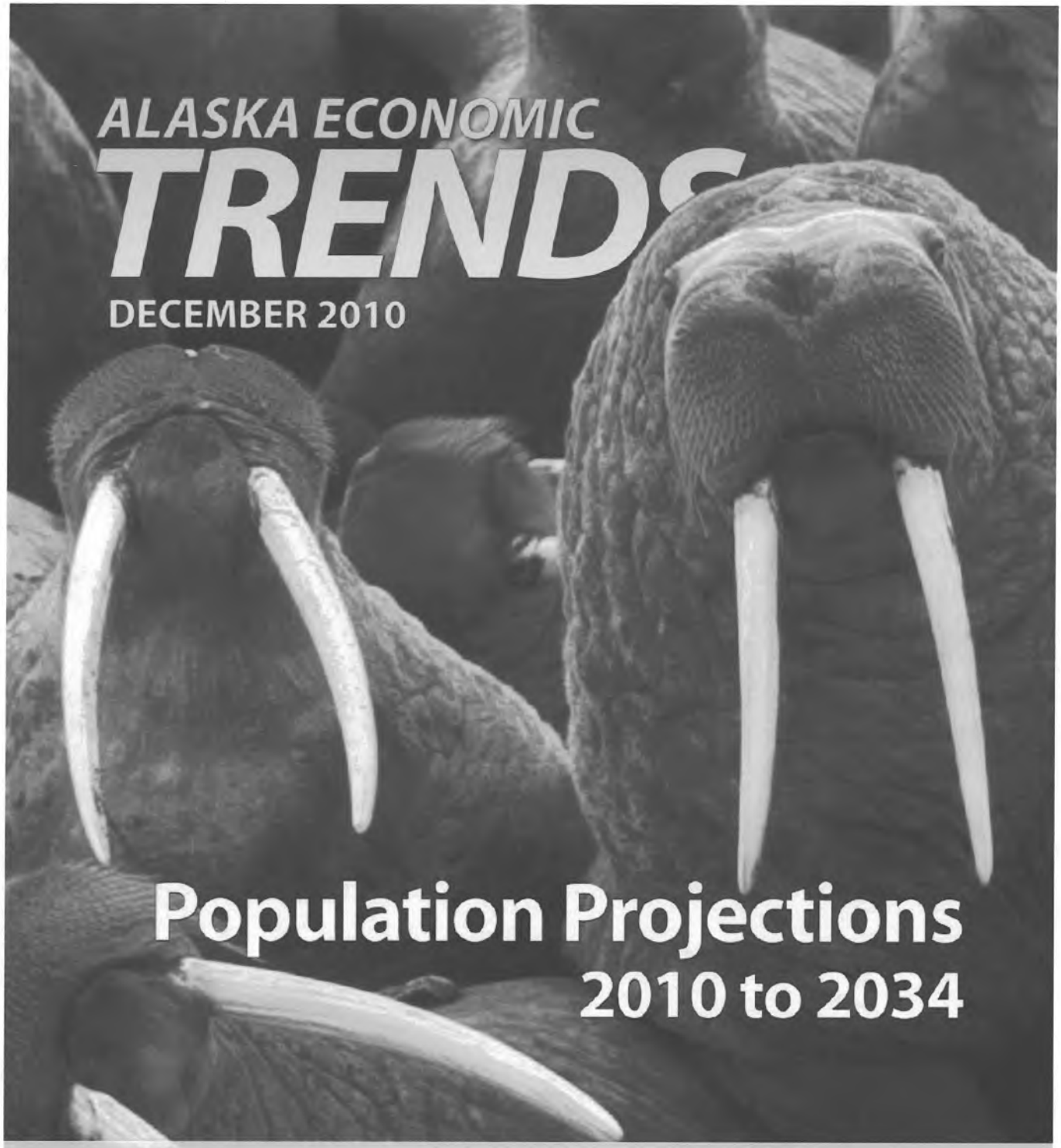
Phone: (907) 269-8115
Fax: (907) 269-8125
Email: jack_phelps@commerce.state.ak.us
Website: http://www.dced.state.ak.us/oed/forest_products/forest_products.htm
Offering: Resource and market information and consulting

[1] Crimp, Peter M., Phillips, Steven J., Worum, Gordon T. 1997 Timber Resources on State Forestry Lands in the Tanana Valley.
[2] *Ibid*, p. 1.
[3] Maisch, John C. 1991 Forest Resources of the Fairbanks Area Tanana Basin.
[4] Hammond, Timothy O. 1996 Mapping Interior Alaska Forest Types with Satellite Imagery.
[5] McDowell Group. 1998 The Alaska Market for Value-Added Lumber Products

Graphic Design by Archetype Graphics, North Pole, Alaska • Forestry Photos © 2007, Lester Lefkowitz



ALASKA ECONOMIC TRENDS

DECEMBER 2010

Population Projections 2010 to 2034

WHAT'S INSIDE

The Matanuska-Susitna Borough
Growth continues to eclipse rest of Alaska

Employment Scene
Unemployment rate at 7.9 percent in October

jobs

ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT

Governor Sean Parnell
Commissioner Click Bishop

9 Population By Region and Borough/Census Area
Alaska, 2009-2034[1]

	2009	2014	2019	2024	2029	2034	Percentage Change 2009-2034	Average Annual Growth Rate 2009-2034
State of Alaska	692,314	723,619	758,613	794,975	828,867	862,750	24.6%	0.9%
Anchorage / Mat-Su Region	374,902	399,950	427,814	457,519	487,028	517,429	38.0%	1.5%
Anchorage, Municipality of	290,588	304,555	319,812	335,672	350,569	364,973	25.6%	1.0%
Matanuska-Susitna Borough	84,314	95,395	108,002	121,847	136,459	152,456	80.8%	3.1%
Gulf Coast Region	76,686	78,196	79,885	81,313	81,908	81,925	6.8%	0.3%
Kenai Peninsula Borough	53,578	56,007	58,562	60,921	62,673	64,019	19.5%	0.7%
Kodiak Island Borough	13,860	13,461	13,095	12,705	12,188	11,567	-16.5%	-0.6%
Valdez-Cordova Census Area	9,248	8,728	8,228	7,687	7,047	6,339	-31.5%	-1.2%
Interior Region	108,463	111,723	115,217	118,773	121,822	124,658	14.9%	0.6%
Denali Borough	1,838	1,783	1,715	1,642	1,550	1,451	-21.1%	-0.8%
Fairbanks North Star Borough	93,779	96,997	100,358	103,768	106,774	109,580	16.8%	0.6%
Southeast Fairbanks Census Area	7,243	7,694	8,216	8,751	9,246	9,742	34.5%	1.3%
Yukon Koyukuk Census Area	5,603	5,249	4,928	4,612	4,252	3,885	-30.7%	-1.2%
Northern Region	23,664	24,760	26,037	27,257	28,354	29,572	25.0%	1.0%
Nome Census Area	9,500	9,911	10,391	10,859	11,282	11,744	23.6%	0.9%
North Slope Borough	6,798	7,140	7,517	7,855	8,157	8,517	25.3%	1.0%
Northwest Arctic Borough	7,366	7,709	8,129	8,543	8,915	9,311	26.4%	1.0%
Southeast Region	69,338	67,948	66,480	64,692	62,244	59,472	-14.2%	-0.5%
Haines Borough	2,286	2,133	1,974	1,802	1,619	1,422	-37.8%	-1.5%
Juneau, City and Borough of	30,661	30,884	31,051	31,040	30,710	30,191	-1.5%	-0.1%
Ketchikan Gateway Borough	12,984	12,464	11,934	11,339	10,633	9,878	-23.9%	-0.9%
Prince of Wales-Outer Ketchikan Census Area	5,392	5,052	4,721	4,368	3,966	3,566	-33.9%	-1.3%
Sitka, City and Borough of	8,627	8,578	8,505	8,400	8,215	8,000	-7.3%	-0.3%
Skagway-Hoonah-Angoon Census Area	2,908	2,785	2,642	2,483	2,297	2,100	-27.8%	-1.1%
Wrangell-Petersburg Census Area	5,852	5,445	5,070	4,701	4,276	3,828	-34.6%	-1.3%
Yakutat, City and Borough of	628	607	583	559	528	487	-22.5%	-0.9%
Southwest Region	39,261	41,042	43,180	45,421	47,511	49,694	26.6%	1.0%
Aleutians East Borough	2,778	2,830	2,887	2,945	2,967	2,981	7.3%	0.3%
Aleutians West Census Area	4,549	4,592	4,627	4,638	4,610	4,564	0.3%	0.0%
Bethel Census Area	16,997	18,036	19,224	20,471	21,720	23,019	35.4%	1.4%
Bristol Bay Borough	967	972	977	986	986	974	0.7%	0.0%
Dillingham Census Area	4,729	4,739	4,781	4,798	4,755	4,698	-0.7%	0.0%
Lake and Peninsula Borough	1,547	1,487	1,441	1,393	1,328	1,258	-18.7%	-0.7%
Wade Hampton Census Area	7,694	8,386	9,243	10,190	11,145	12,200	58.6%	2.3%

[1] Middle projection series

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

through migration is projected to continue through 2034.

The Department of Labor projects stable growth for the Native population through the projection period, from 125,200 people in 2009 to 171,660 in 2034. (See Exhibits 6 and 11.) Additionally, Natives are expected to increase as a share of the state's population, from 18.1 percent in 2009 to 19.9 percent in 2034.

Historical trends for natural increase and interstate net-migration have been relatively stable, so uncertainty estimates were unnecessary for this group. Therefore, the Alaska Native projections are only comparable to the middle series of the statewide projections and can be subtracted from this series to estimate the non-Native population.

Decreasing fertility rates are reflected in the Native share of the total population under age 20. That proportion is projected to decline over the period from 22.4 percent in 2009 to 21.9 percent in 2034. The median age for the population is expected to rise from 25.8 to 29.8 between 2009 and 2034.

Linda Hay

From: Marian Allen [marianlallen@hotmail.com]
Sent: Tuesday, February 22, 2011 4:05 PM
To: Rep. Eric Feige
Subject: Testimony on HB 105
Attachments: Comments on House Bill.doc

Categories: Linda

Representative Feige

Attached is my testimony on HB 105. Please share it with all members of your committee. Thank you.

Comments on House Resources HB 105 - State Forest expansion

I work during the time of your hearings so I am submitting this testimony in writing. Please share it with all committee members. Thank you.

Before the 50 year contracts that led to the building of the three large mills in SE – in Sitka, Wrangell and Ketchikan – the timber industry in SE consisted of a number of very small mills. They were able to operate in a sustainable way. The three big mills clear cut and processed the cream of the Tongass at a rapid rate, creating a corporate timber industry that, like the gold rushes of an earlier century, were a boom. Booms always lead to busts because resources are not used in a sustainable way. That is what happened with the 50 year contract timber. Sources of wood for the products SE timber was used for were found in places that were less isolated so that transportation costs were not as great at the same time that timber here in SE became more expensive to extract. That in combination with the easiest, best timber having been already harvested led to the demise of corporate timber harvest from the Tongass. For may years the only way companies interested in this type of operation have been able to make a profit is to export the logs in the round. This puts us in the same category as a developing country. It takes our resources away with a minimum of jobs. Some people may have work for a few years, but at the end of that time, not only do the jobs disappear, but the area around the towns has been seriously damaged for important subsistence activities. Examples are Hoonah, Kake and Petersburg where residents have not been able to harvest the deer they need since clear cutting was completed on their islands; food that traditionally has been an important part of their diet. And in the case of taking our timber away to foreign markets, it takes away money in the bank.

Old Growth timber takes hundreds of years to reach its mature state. It is critical for wildlife health in harsh winters because the canopy protects deer and allows browse to grow. That timber is the only source for certain specialized needs, like musical instruments. It also is critical in the health of fisheries, and commercial fisheries are the largest employer in the region. They also bring in the most income into SE Alaska. They are sustainable because they are managed conservatively, not with the boom and bust approach that has characterized the timber industry in SE. Because of this boom and bust approach to management, in 2009 there were only 214 timber industry jobs in the region (according to the JEDC report, p. 52). There are more fishing industry jobs in Sitka alone than that. In 2009 region wide, 2,229 fishermen fished and 2,245 crew fished. This brought in a gross of $181,289,295.00 for fishermen (according to the JEDC Report, p. 56-57).

Not only are fisheries dependent on a healthy forest, but the tourist industry is as well and that has been a rapidly growing source of income for the region. About the same time that the timber industry declined in SE, the tourism industry grew. In Sitka that shift created no negative impact from the closing of the APC mill on our economy. We have a well rounded economy for Alaska; pretty evenly divided between fisheries, tourism and government and health services. There has been a healthy shift in the economic drivers in SE as a whole since

the big mills closed; a shift to the sustainable industries of commercial fishing and tourism (which includes charter fishing). These industries support subsistence and cultural uses of the land.

All of this background and these numbers are an effort on my part to show you that establishing a State Forest whose purpose is to supply timber for the timber industry is misguided. Rather, State Forest that sets aside Old Growth forests as State Parks and Reserves is like putting money into the best investment we can make. That designation supports our sustainable industries in SE, allows people to engage in traditional subsistence and cultural activities (and they do provide income to people) and allows the small timber operators to remain in business. Clear cutting the best of the rest will make life very difficult for those operators who are trying to meet SE Alaska's wood needs within the region.

Article 8 of the Alaska Constitution in paragraph 4 states that "Fish, forests, wildlife, grasslands, and all other replenishable resources belonging to the State shall be utilized, developed, and maintained on the sustained yield principle, subject to preferences among beneficial uses." Because we know that it takes hundreds of years for the Old Growth forests to return once cut, cutting them is not maintaining a sustained yield principle. Since we know that a number of other industries in SE depend upon that forest and that diversity of the economy is healthy, I do not see a beneficial use in giving a preference to the medium to large scale timber operators in the region that this bill does. This is another reason not to pass this bill as it now stands.

The last advantage to either not passing this bill or changing it to establish State Parks and Reserves is that Old Growth forests are critical as carbon sinks. In the article, Old-growth forests as global carbon sinks, in Nature (Vol 455 | 11 September 2008 | doi:10.1038/nature07276) the authors make the case that "old-growth forests can continue to accumulate carbon, contrary to the long-standing view that they are carbon neutral… Old-growth forests accumulate carbon for centuries and contain large quantities of it. We expect, however, that much of this carbon, even soil carbon9, will move back
to the atmosphere if these forests are disturbed." (Nature article referenced above p. 1). Whether you believe in climate change or not, you must see that Alaska is suffering from loss of sea ice, rising water levels in Western Alaska and we are in imminent danger of acidification of the oceans because of the loss of sea ice and thawing of tundra. Why not be conservative, protect our most important sustainable industries and our invaluable way of life by either not passing this bill or else changing it to establish State Parks and Reserves? You have a big responsibility.

Thank you for listening.

Marian Allen
617 Katlian, B-12
Sitka AK 99835

Representing myself

TESTIMONY OF RONALD R. WOLFE

HB105 AN ACT RELATING TO THE SOUTHEAST STATE FOREST"

February 15, 2011

Mr. Chairman, members of the House Resources Committee, my name is Ronald Wolfe, I live in Juneau Alaska where I have been a professional forester since 1982. Currently, I am Sealaska Corporation Natural Resource Manager and I wish to offer my testimony in support of HB 105. I witnessed the testimony of Mr. Chris Maisch, Alaska State Forester during the Monday February 14, 2011 hearing and rather than repeat the all of the specifics of the bill that he testified to I offer my concurrence with the information he provided in his testimony. I offered verbal testimony on February 15, 2011 and offer this written testimony to supplement that for the record.

In addition to the information Mr. Maisch provided it is important for the House Resources Committee to understand the precipitous situation of our Southeast region. Virtually every village and community has lost population over the past decade and The Alaska Economic Trends[1] in December forecast ever further declines in the future to the year 2034:

- (-14.2) % decline for Southeast as a region overall
- (- 33.9) % decline for Prince of Wales and outer Ketchikan
- (- 34.6) % decline for Wrangell-Petersburg
- and the discouraging news continues for every Borough and area in our region

Such population declines adversely impact everything, property values, the ability of communities to operate such basic things as schools, some villages may loose their school altogether, utilities, fuel and grocery delivery, transportation and the list goes on.

We need all of our industries in the face of such dire population forecasts, and it's no secret that the timber industry here is a mere shadow of itself and is on the verge of total collapse which if occurs moves Southeast Alaska closer to a catastrophic economic implosion. The industry today is supported metaphorically by a three legged stool; our timber comes from:

1. Sealaska Corporation and other private landowners
2. the Tongass National Forest, and
3. from the State of Alaska

We depend on each other to create enough critical mass to hang on, we use the same logging contractors, fuel suppliers, tug operators and the entire infrastructure that we need and helps to support Southeast Alaska overall.

Timber from these sales will be available for domestic manufacture and round log export. Both markets are important, wood that will go to the few remaining sawmills is important

[1] Alaska Economic Trends December 2010: Table 9, page 10

for their survival, but it is important to note that wood that is round log exported may provide higher revenues that make the timber sale economical to operate. In some instances our local mills actually export the logs themselves; so our local sawmills depend on round log export. Sealaska on the other hand is primarily in the round log export market, but we provide wood to local sawmills as well. So you see our industry is very inter-dependent on markets and infrastructure.

Some have expressed concern over round log export with a claim that we are exporting jobs. This is simply not the case. In addition to the economic contribution discussed earlier Sealaska commissioned an independent third party expert to investigate this in 2005. The McDowell Group[2] found that domestic manufacture creates 4.5 jobs per million board feet of harvest where as round log export creates 4.3 jobs per million board feet of harvest. Those who claim otherwise do not understand the jobs we create our sort yards and perhaps more importantly the stevedoring jobs for our ship loading.

The study further found that stevedoring and other round log export jobs allow the work force to remain in village where their families live, whereas domestic manufacture jobs require people to relocate to the community where the mill is located. Part time jobs such as stevedoring provide crucial income and allow rural village residents to pursue subsistence activities; both of which are necessary for survival. So you see round log export is important to such communities as Hydaburg, Hoonah and Kake for instance, whereas Viking Lumber is important for Craig and Klawock, and all of this is important for what remains of our industry. I offer the most recent report McDowell Group prepared[3] for Sealaska for the year 2008 for further information on the importance of round log export to our region.

It is important for the Committee to understand the land ownership of Southeast Alaska for the contextual setting of the bill. Southeast Alaska is about 23 million acres if one extends the 141st Meridian south and considers all of Alaska to the east to be our Southeast Region. Development is precluded over the vast majority of this region, some 89 %, most of this is owned by the federal government and is in parks, wilderness, national monuments and other classifications which preclude development altogether. Some is in State Parks. Development that occurs on the remaining lands must achieve resource protection first in order to comply with the Tongass Timber Reform Act, de facto roadless rule implementation, the Clean Water Act, the Bald Eagle Protection Act, the Endangered Species Act, the Alaska Forest Resources and Practices Act, Oil Spill laws and the list goes on and on; development can occur only on what's left.

Passage HB 105 will help to stabilize timber supply from state lands and will allow these lands to be managed with a commitment towards forestry that is necessary for the long term planning horizons required for such things as sustainable resource management.

---

[2] Southeast Timber Harvest Employment Impact Analysis, October 2005, McDowell Group

[3] The Impact of Sealaska Corporation on the Southeast Economy 2009 Update, McDowell Group

These lands will be managed in accordance with our Alaska Forest Resources and Practices Act which has been demonstrated to be working well to protect water quality, anadromous fish habitat, wildlife and other important public resources.
Thank you, I urge expeditious passage of this bill.

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State of Alaska
Legislative Affairs Agency

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FAX TRANSMISSION

TO: **House Resources**
FAX: **907.465. 3472**
PHONE: **907.465. 3923/ Louie Flora**

DATE: **3.2. 2011**

1 page to follow this cover. Requested Testimony Notes follow up on HB105: Southeast State Forest given on February 14, 2011. Please provide a copy to all HRES Members and enter it into the Bill file.

Thank you,

Ellen Rojcewicz
Petersburg LIO

Testimony Notes on HB105: SE State Forest before House Resource Committee 2/14/2011

My name is Eric Lee and I am representing myself. I thank you for this opportunity to comment on HB 105.

I was born in Petersburg on Mitkof Island in 1951 and subsistence hunted deer on Mitkof Island every year from the time I was a boy until the season on Mitkof Island was closed in 1975 due to the drastic decline in deer population following extensive logging and two hard winters.

When I was young, before logging deforested much of the best habitat on Mitkof, game was plentiful. The deer and wolf populations rose and fell in the same natural cycle they had followed for millennia. The deer season was open from August through the end of the year and the limit was four deer.

Following the deer population crash and season closure in 1975, the deer made only a slow and partial recovery. Because of this, the season remained closed entirely for 16 years. In 1991 it was reopened for just two weeks and one buck. In spite of this very restricted management, the deer population has never recovered, and except for a small archery season, the deer season on Mitkof Island remains just two weeks and one buck

This dramatic reduction in deer-carrying capacity of our island is directly attributable to the deforestation of deer winter range and the extensive system of logging roads on the island which allows poachers access to most of the island for road hunting, and easy traveling for wolf packs that use the logging road system for their migratory hunting.

Much of the low elevation lands on the south side of Mitkof Island that once provided ideal habitat for deer and other animals was roaded and clear-cut in the 1960's, 70's, and 80's. The effect on our subsistence hunting on Mitkof has been dramatic. These lands once were the breadbasket of our community, and now deer are hard to find. A hunter can go out day after day and not see a buck.

The four parcels of land on Mitkof Island, Favor Peak, South Mitkof, Frederick Point, and Woodpecker Cove that are included in this bill are in areas that have already sustained considerable damage from past logging. Of these four parcels, Woodpecker Cove is the most important to our community for subsistence and recreational uses. It has been heavily logged, but is in the process of making a slow recovery. There is hope here that someday that area will again be the breadbasket it once was for our community. More logging in the area of Woodpecker Cove will set that recovery back many decades or even permanently.

The geographic location of the Woodpecker Cove parcel being higher elevation and facing the mouth of the Stikine River would mean a very ugly clear-cut would be visible from the mouth of the Stikine were that parcel ever logged.

For these reasons I urge the removal of the Woodpecker Cove parcel from this bill. The logging of the other three parcels on our island which has already been heavily logged, will result in further damage to the intact habitat that remains on the island. Therefore it is vitally important that the Woodpecker Cove parcel be withdrawn from HB105. It is far too important to our community for subsistence and recreation, and should be spared.

I thank you for your consideration of my comments.

Sincerely,

Eric Lee

Eric Lee P.O. Box858, Petersburg, AK, 99833 (907) 518- 0919

P.O. Box 971
Wrangell, Alaska 99929
February 25, 2011

As a resident of Wrangell, Alaska, I am writing to **urge** you to consider the consequences of clear-cutting our forests. I do think we should consciously save something for our children's children and otherwise act responsibly concerning our planet and its forests.

Remember wildlife needs habitat
Remember salmon need habitat with buffer zones protecting streams

Our planet is our Garden of Eden to be used responsibly.

Thank you for using our forests wisely.

Cordially,

Jean Petticrew

SB 44
HB 105

JUNEAU CHAMBER OF COMMERCE

3100 Channel Drive, Suite 300 • Juneau AK 99801• (907) 463-3488 • Fax (907) 463-3489
E-mail: juneauchamber@gci.net • jcc@alaska.com • Web site: http://www.juneauchamber.com

Board Members

Tim McLeod, *President*
AEL&P
Bob Martin, *Past Pres.*
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BP Alaska
CBJ (Manager's Office)
Capital Office Supply
Coeur Alaska, Inc
Coogan Construction
Copy Express
Elgee Rehfeld & Mertz
First National Bank of Alaska
Hecla Greens Creek Mining
Goldbelt, Inc.
Huna Totem
Shattuck & Grummett
Taku Oil
True North FCU
UAS
Wells Fargo Bank of Alaska
Wostmann and Associates

A RESOLUTION OF THE JUNEAU CHAMBER OF COMMERCE EXPRESSING SUPPORT FOR THE PROPOSED ADDITIONS TO THE SOUTHEAST STATE FOREST AS PRESENTED IN HB 105
02-11

WHEREAS, the majority of timber in SE Alaska is on federally owned National Forest land, harvest of which has drastically declined and local mills are heavily dependent on sale of state timber, and

WHEREAS, the state is committed to maximizing the sustainable supply of timber from the small state timber land base, and

WHEREAS, there is broad support for shifting timber harvesting in SE Alaska from old growth to young growth stands, which yield higher volumes per acre on shorter rotations, and have less impact on wildlife, and

WHEREAS, much of the state timber land was conveyed from the federal government with young growth stands, the shift from old growth to young growth harvest can be accelerated by thinning these stands, and

WHEREAS, thinning and subsequent young growth management constitutes long-term investment, it is only justified if the land will continue to be available for forest management, and

WHEREAS, land designated as State Forest would ensure that some land will remain available for long-term management for multiple uses including the supply of timber to local processors, and

WHEREAS, the State owns the parcels of land that are listed in HB105 and are suitable for designation and subsequent management as a State Forest,

THEREFORE BE IT RESOLVED, that the Juneau Chamber of Commerce endorses the establishment of a Southeast Alaska State Forest as currently proposed in House Bill 105 "An Act relating to the Southeast State Forest; and providing for an effective date".

BE IT FURTHER RESOLVED, that the Juneau Chamber of Commerce will transmit this resolution to the Governor of Alaska, House and Senate Resource Committee Chair, Alaska State Legislature, the Alaska Congressional Delegation, the U.S. Forest Service Chief, U.S. Forest Service Alaska Regional Forester.

PASSED AND APPROVED, by the Juneau Chamber of Commerce Board of Directors on this date: February 15, 2011

Cathie Roemmich
CEO, Juneau Chamber of Commerce
At the direction of the Board of Directors and
Representing nearly 400 Business Members

Withdrawn #1 #2 Withdrawn

27-GH1694\A.1
Bullock
3/8/11

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE ~~PEGGY WILSON~~ Gardner

TO: HB 105

Page 2, lines 11 - 16:

Delete all material.

Renumber the following paragraphs accordingly.

Page 7, line 23:

Delete ";"

Insert "."

Page 7, line 24, through page 8, line 7:

Delete all material.

Rick Rogers

HB 106

<TARGET><BILL>HB 106</BILL><SUBJECT>HB 106</SUBJECT><COMM>HRES27</COMM></TARGET>

STATE CAPITOL
PO Box 110001
Juneau, Alaska 99811-0001
907-465-3500
fax: 907-465-3532

Governor Sean Parnell
STATE OF ALASKA

550 West 7th Avenue #1700
Anchorage, Alaska 99501
907-269-7450
fax: 907-269-7463
www.gov.alaska.gov
Governor@alaska.gov

January 14, 2011

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault,

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill extending the termination date of the Alaska coastal management program by six years and relating to the extension; relating to the review of activities of the Alaska coastal management program; and providing for an effective date by amending the effective date of Sec. 22, Ch. 31, SLA 2005.

The Alaska coastal management program is currently set to automatically terminate on July 1, 2011. I urge your prompt and favorable action on this measure.

Sincerely,

Sean Parnell
Governor

Enclosure

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 106
(H) Publish Date: 1/18/11

Identifier (file name)1965-DNR-DCOM-1-7-2011
Title: Act extending termination of the Alaska Coastal Mgmt. Pgm.
Sponsor: Rules Committee
Requester: Governor

Dept. Affected: Natural Resources
Appropriation: Resource Development
Allocation: Coastal and Ocean Management
OMB Component Number: 2680

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services		3,150.2	3,150.2	3,150.2	3,150.2	3,150.2	3,150.2
Travel		95.9	95.9	95.9	95.9	95.9	95.9
Contractual		1,404.4	1,404.4	1,404.4	1,404.4	1,404.4	1,404.4
Supplies		41.2	41.2	41.2	41.2	41.2	41.2
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**4,691.7**	**4,691.7**	**4,691.7**	**4,691.7**	**4,691.7**	**4,691.7**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts		2,679.0	2,679.0	2,679.0	2,679.0	2,679.0	2,679.0
1003 GF Match		1,672.6	1,672.6	1,672.6	1,672.6	1,672.6	1,672.6
1004 GF							
1005 GF/Program Receipts							
1061 CIP Receipts		244.6	244.6	244.6	244.6	244.6	244.6
1007 IA Receipts		95.5	95.5	95.5	95.5	95.5	95.5
TOTAL	**0.0**	**4,691.7**	**4,691.7**	**4,691.7**	**4,691.7**	**4,691.7**	**4,691.7**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time		33	33	33	33	33	33
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by: Randy Bates
Phone: 465-8797
Division: Coastal and Ocean Management
Date/Time: 1/6/11 12:00 AM
Approved by: Dan Sullivan, Commissioner
Natural Resources
Date: 1/6/2011

(Revised 12/29/2010 OMB)

FISCAL NOTE #1

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 106

Analysis

The Alaska Coastal Management Program will automatically terminate on July 1, 2011 (SLA2005/Ch31/Sec22). This bill would extend that termination date to July 1, 2017.

This fiscal note reflects the operating budget if the termination date is extended.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 106
(H) Publish Date: 1/18/11

Identifier (file name): LL1965-DEC-CO-01-07-11
Title: Extending the sunset of the Alaska Coastal Management
Sponsor:
Requester:

Dept. Affected: Environmental Conservat
Appropriation: Administration
Allocation: Office of the Commissioner
OMB Component Number: 633

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by: Marit Carlson-Van Dort
Division: Office of the Commissioner
Phone: 465-5871
Date/Time: 1/7/11 10:00 AM

Approved by: Dan Easton
Deputy Commissioner
Date: 1/7/2011

(Revised 12/29/2010 OMB)

FISCAL NOTE #2

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 106

Analysis

This bill continues an existing program and, for that reason, does not have a fiscal impact to the Department of Environmental Conservation.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: **27-GHI1965\A**
() Publish Date

Identifier (file name): HB106-DEC-WQ-03-03-11
Title: Coastal Management Program
Sponsor: House Rules Committee by Request of the Governor
Requester: House Resources Committee

Dept. Affected: Environmental Conserv
Appropriation: Water
Allocation: Water Quality
OMB Component Number: 2062

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	0.0	62.6	62.6	62.6	62.6	62.6	62.6
Travel	0.0	4.8	4.8	4.8	4.8	4.8	4.8
Services	0.0	7.6	7.6	7.6	7.6	7.6	7.6
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**75.0**	**75.0**	**75.0**	**75.0**	**75.0**	**75.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	37.5	37.5	37.5	37.5	37.5	37.5
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1007 IA Receipts	0.0	37.5	37.5	37.5	37.5	37.5	37.5
TOTAL	**0.0**	**75.0**	**75.0**	**75.0**	**75.0**	**75.0**	**75.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Why this fiscal note differs from previous version (if initial version, please note as such)

This fiscal note was modified to reflect the continuing current Alaska Coastal Management Program operating budget which would remain unchaged by the extention of the program.

Prepared by: Mary Siroky, Director — Phone: 465-5256
Division: Administrative Services — Date/Time: 3/3/11, 1:35 PM
Approved by: Dan Easton — Date: 3/4/2011
Deputy Commissioner

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB 106
2011 LEGISLATIVE SESSION

Analysis

The Alaska Coastal Management Program will automatically terminate on July 1, 2011 (SLA2005/Ch31/Sec22). This bill would extend that termination date to July 1, 2017.

The Department of Envrionmental Conservation Alaska Coastal Management Program operating budget is 75.0 with 37.5 provided via a reimbursable service agreement from the Department of Natural Resources.

This fiscal note reflects continuation of the current Deptartment of Envrionmental Conservation Alaska Coastal Management Program operating budget if the termination date is extended.

ALASKA STATE LEGISLATURE

House Resources Committee

Rep. Paul Seaton, Co-Chair

State Capitol Building, Room 102

Juneau, AK 99801 – 1182
Phone (907) 465-2689
Fax (907) 465-3472
Rep.Paul.Seaton@legis.state.ak.us

Rep. Eric Feige, Co-Chair

State Capitol Building, Room 126

Juneau, AK 99801-1182
Phone (907) 465-4859
Fax (907) 465-3799
Rep.Eric.Feige@legis.state.ak.us

HB 106 LETTER OF INTENT

It is the intent of the Legislature that the changes made to the Alaska Coastal Management Program under HB 106 will increase the ability of Alaska Coastal Districts and Coastal Resource Service Areas to draft strong Coastal District Plans with enforceable policies that will be approvable by the State of Alaska Department of Natural Resources. It is the intent of the Legislature that these changes will allow the Alaska Coastal Management Program to meet the concerns of coastal residents while developing Alaska's diverse coastal resources.

Representative Paul Seaton, Co-Chair

Representative Eric Feige, Co-Chair

ALASKA STATE LEGISLATURE

House Resources Committee

Rep. Paul Seaton, Co-Chair

State Capitol Building, Room 102

Juneau, AK 99801 – 1182
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Phone (907) 465-4859
Fax (907) 465-3799
Rep.Eric.Feige@legis.state.ak.us

HB 106 Letter of Intent

It is the intent of the Legislature that the changes made to the Alaska Coastal Management Program under HB 106 will increase the ability of Alaska Coastal Districts and Coastal Resource Service Areas to draft strong Coastal District Plans and increase the number of enforceable policies that will be approvable by the State of Alaska Department of Natural Resources. It is the intent of the Legislature that these changes will allow the Alaska Coastal Management Program to meet the concerns of coastal residents while developing Alaska's diverse coastal resources.

not adopted

27-GH1965\A.30
Bullard
4/4/11

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

Page 1, line 3, following "**program;**":

Insert "**relating to the duty of the Department of Natural Resources to provide data and information to a coastal resource district or area; relating to funds provided to coastal resource districts; relating to regulations adopted by the department regarding persons authorized to participate in and to receive materials relating to a consistency review;**"

Page 2, following line 5:

Insert new bill sections to read:

"* **Sec. 2.** AS 46.39.040 is amended to read:

Sec. 46.39.040. Duties of the department. In conformity with 16 U.S.C. 1451 - 1464 (Coastal Zone Management Act of 1972), as amended, the department shall

(1) develop statewide standards for the Alaska coastal management program, and criteria for the preparation and approval of district coastal management plans in accordance with AS 46.40;

(2) establish continuing coordination among state agencies to facilitate the development and implementation of the Alaska coastal management program; in carrying out its duties under this paragraph, the department shall initiate an interagency program of comprehensive coastal resource planning for each geographic region of the state;

(3) assure continued provision of data and information to coastal resource districts **and coastal resource service areas** to carry out their planning and management functions under the program**; in providing data and information to a**

coastal resource district or area under this paragraph, the department shall provide the data and information to each member of the governing body of the coastal resource district or the board of the coastal resource service area and to other persons as may be designated by the district or area.

*** Sec. 3.** AS 46.39.040 is amended by adding a new subsection to read:

(b) If the department provides funds to a coastal resource district or area to implement or amend a coastal resource district's or area's coastal management plan and the department provides a restriction on how the funds may be used by the district or area, the department shall specify the state statute or federal statute or regulation that authorizes the restriction.

*** Sec. 4.** AS 46.40.096(c) is amended to read:

(c) The regulations adopted by the department under this section must**, in an affected coastal resource district, permit the members of the governing body of the coastal resource district, the district's coastal management plan coordinator, and the district's community planner to participate in the consistency review, and the regulations must require the department or reviewing entity to provide the persons described in AS 46.39.030(3) materials relating to the consistency review. The regulations must also** include provisions for public notice and provide the opportunity for public comment. **Regulations relating to public notice and public comment** [THE REGULATIONS] adopted under this subsection may make distinctions relating to notice based upon differences in project type, anticipated effect of the project on coastal resources and uses, other state or federal notice requirements, and time constraints. However, a notice given under this subsection must contain sufficient information, expressed in commonly understood terms, to inform the public of the nature of the proposed project for which a consistency determination is sought, and must explain how the public may comment on the proposed project**. Notices described in this subsection shall be published on the department's Internet website. In this subsection,**

(1) "coastal management plan coordinator" means the person designated, by a coastal resource district, with development, maintenance, and implementation of the district's coastal management plan;

(2) "community planner" means the person designated, by a coastal resource district, with helping to formulate plans and making decisions relating to the development of the district's natural resources and community assets and the protection of the district's water, land, and air."

Renumber the following bill sections accordingly.

27-GH1965\A.31
Bullard
4/4/11

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

Page 1, line 3, following "**program;**":

Insert "**relating to the review of certain consistency determinations for a project in an Alaska coastal resource district;**"

Page 2, following line 5:

Insert new bill sections to read:

"* **Sec. 2.** AS 46.40.096(d) is amended to read:

(d) In preparing a consistency review and determination for a proposed project, the reviewing entity shall

(1) request consistency review comments for the proposed project from state resource agencies, affected coastal resource districts, and other interested parties as determined by regulation adopted by the department;

(2) prepare proposed consistency determinations;

(3) **conduct elevations** [COORDINATE SUBSEQUENT REVIEWS] of proposed consistency determinations prepared under (2) of this subsection; **an elevation** [A SUBSEQUENT REVIEW] of a proposed consistency determination under this paragraph

(A) **may only be conducted** [IS LIMITED TO A REVIEW] by the **commissioners of the resource agencies** [DEPARTMENT];

(B) may occur only if requested by

(i) the project applicant;

(ii) a state resource agency; or

(iii) an affected coastal resource district; and

(C) shall be completed **with the issuance of a written order signed** by **at least two of** the **commissioners of the resource agencies** [DEPARTMENT] within 45 days after the initial request for **an elevation** [SUBSEQUENT REVIEW] under this paragraph;

(4) render the final consistency determination and certification.

*** Sec. 3.** AS 46.40.096(o) is amended to read:

(o) The time limitations in (n) of this section

(1) do not apply to a consistency review involving the disposal of an interest in state land or resources;

(2) are suspended

(A) from the time the reviewing entity determines that the applicant has not adequately responded in writing within 14 days after the receipt of a written request from the reviewing entity for additional information, until the time the reviewing entity determines that the applicant has provided an adequate written response;

(B) during a period of time requested by the applicant;

(C) during the period of time a consistency review is undergoing **an elevation** [A SUBSEQUENT REVIEW] under (d)(3) of this section.

*** Sec. 4.** AS 46.40.096(q)(2) is amended to read:

(2) "reviewing entity" means the

(A) Department of Natural Resources, for a consistency review subject to AS 46.39.010;

(B) **the commissioners of the resource agencies, for the elevation of a proposed consistency determination under (d) of this section;**

(C) state agency identified in (b) of this section, for a consistency review not subject to AS 46.39.010.

*** Sec. 5.** AS 46.40.210 is amended by adding a new paragraph to read:

(13) "elevation" means a review of a proposed consistency determination by the commissioners of the resource agencies."

Renumber the following bill sections accordingly.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM April 4, 2011

SUBJECT: Drafting issues associated with Amendment 27-GH1965\A.32 to HB 106 (Work Order No. 27-GH1965\A.32)

TO: Representative Paul Seaton
Co-Chair of the House Resources Committee
Attn: Louie Flora

FROM: Alpheus Bullard TLAB
Legislative Counsel

This note accompanies the amendment described above. I have several comments.

I reorganized the material you submitted. The language you provided read in part: "*The department shall approve a district coastal management plan submitted for review and approval if the . . . enforceable policies of the district coastal management plan . . . may establish new standards . . . .*" This does not work. Consequently, subparagraphs AS 46.40.070(a)(2)("G") and ("I") in your fax of April 3, are now subsection AS 46.40.070(b) in 27-GH1965\A.32. The meaning is still not clear; please review the amendment to ensure that it remains consistent with your intent.

Existing AS 46.40.070(b) provides that a decision of the department relating to the approval of a district coastal management plan must be given within 90 days after the plan is submitted to the department. No deadline is provided in the repealed and reenacted provision. Is this your intent?

Note also that the removal of the requirement in AS 46.40.070 that a district management plan meet statewide standards may be of little substantive effect. The requirement that a district coastal management plan meet statewide standards is not unique to AS 46.40.070 (the statutory section amended by A.32). Other statutory sections in AS 46.40 also require a plan to "meet" statewide standards adopted by the department. These sections are not addressed in amendment A.32. See AS 46.40.010(d), 46.40.030(a), 46.40.040(a), 46.40.060(a), 46.40.060(c), 46.40.180(b), and (for a consistency review) 46.40.210(5).[1]

If you have questions, please do not hesitate to contact me.

TLAB:plm
11-216.plm
Enclosure

[1] See also AS 46.39.040(1).

27-GH1965\A.32
Bullard
4/4/11

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

Page 1, line 3, following "**program;**":

Delete "**relating to the approval of district coastal management plans by the Department of Natural Resources;**"

Page 2, following line 5:

Insert a new bill section to read:

"* **Sec. 2.** AS 46.40.070 is repealed and reenacted to read:

Sec. 46.40.070. Requirements for department review and approval. (a) The department shall approve a district coastal management plan submitted for review and approval if the

(1) district coastal management plan

(A) meets the requirements of this chapter and the district plan criteria adopted by the department; and

(B) does not conflict with the statewide standards adopted by the department; and

(2) enforceable policies of the district coastal management plan

(A) do not duplicate, restate, incorporate by reference, rephrase, or otherwise modify or adopt state or federal statutes or regulations;

(B) are not preempted by state or federal law; and

(C) do not arbitrarily or unreasonably restrict uses of state concern.

(b) The enforceable policies in a district coastal management plan submitted for review under this section may establish new standards or requirements that are

within the authority of a state or federal agency unless the state or federal agency specifically objects.

(c) In reviewing and approving a district coastal management plan under (a) of this section, the department may not require a district to designate areas for the purpose of developing an enforceable policy.

(d) In this section, "specifically objects" means that a written objection to the enforceable policy that establishes the new standards or requirements is filed with the department by

(1) the commissioner of a state agency;

(2) the head of a federal agency operating in the state;

(3) the official responsible for a federal agency's operations in the state; or

(4) legal counsel for a federal agency operating in the state."

Renumber the following bill sections accordingly.

LEGAL SERVICES

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LEGISLATIVE AFFAIRS AGENCY
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State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM April 4, 2011

SUBJECT: Drafting notes relating to Amendment 27-GH1965\A.33 to HB 106 (Work Order No. 27-GH1965\A.33)

TO: Representative Paul Seaton
Co-Chair House Resources Committee
Attn: Louie Flora

FROM: Alpheus Bullard TMB
Legislative Counsel

This memorandum accompanies the amendment described above.

Amendment 27-GH1965\A.33 (A.33) is based on amendment 27-GH1965\A.26 (A.26). You requested significant changes to AS 46.40.060 as it was amended in A.26. This required conforming changes elsewhere in A.33. Please note my conforming changes to the amendment's sec. 46.40.005(i), 46.40.060(d), and the uncodified transitional provisions (page 5, lines 21 - 25 of A.33).

Please also note that the order of the subsections in the amendment's sec. 46.40.060 is different than suggested. In accordance with the Manual of Legislative Drafting, the suggested subsection "(d)" is added as "(e)" in an additional bill section (see the amendment's sec. 5).

I've also made changes to the language of this subsection. What is missing is any provision that specifies what will happen if the commissioner determines that a decision of the department under AS 46.40.060(c) should be changed.

Note also that the removal of language in the amendment's AS 46.40.060(a) and (c) relating to the requirement that a district management plan meet statewide standards may be of little substantive effect. The requirement that a district coastal management plan meet statewide standards is not unique to AS 46.40.060. Other statutory sections in AS 46.40 also require a plan to "meet" statewide standards adopted by the department. These sections are not addressed in amendment A.33. See AS 46.40.010(d), 46.40.030(a), 46.40.040(a), 46.40.070, 46.40.180(b), and (for a consistency review) 46.40.210(5).[1]

---

[1] See also AS 46.39.040(1).

Given the time allotted there may be other issues that I have not identified. Please do not hesitate to contact me if you have questions.

TLAB:ljw
11-218.ljw

Enclosure

27-GH1965\A.33
Bullard
4/4/11

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

Page 1, line 3, following "**program;**":

Insert "**establishing the Alaska Coastal Policy Board;**"

Page 2, following line 5:

Insert new bill sections to read:

"* **Sec. 2.** AS 46.39 is amended by adding new sections to article 1 to read:

Sec. 46.39.005. Alaska Coastal Policy Board. (a) The Alaska Coastal Policy Board is created in the Department of Natural Resources. The board consists of the following:

(1) five public members appointed by the governor subject to confirmation by the legislature in joint session, the public members shall include, one at-large member from any coastal resource district and four members from a list composed of at least three names from each region, nominated and submitted by the coastal resource districts of each region; one public member shall be appointed from each of the following regions:

(A) northwest Alaska, including, generally, the area of the North Slope Borough and the Northwest Arctic Borough; and the Bering Strait area, including, generally, the area of the Bering Strait regional educational attendance area;

(B) southwest Alaska, including, generally, the area within the Lower Yukon, Lower Kuskokwim, and Southwest regional educational attendance areas and the Lake and Peninsula and Bristol Bay Boroughs; and the Kodiak-Aleutians area, including the Kodiak Island and area of the

Aleutians East Boroughs and the area of the Aleutian, Adak, and Pribilof regional educational attendance areas;

(C) Upper Cook Inlet area, including the Municipality of Anchorage and the Matanuska-Susitna Borough; the Lower Cook Inlet area, including, generally, the Kenai Peninsula Borough; and the Prince William Sound area, including, generally, the area east of the Kenai Peninsula Borough to 141 West longitude; and

(D) Southeast Alaska, generally the area east of 141 West longitude;

(2) each of the following designated members:

(A) the commissioner of environmental conservation;

(B) the commissioner of fish and game;

(C) the commissioner of natural resources;

(D) the commissioner of transportation and public facilities.

(b) Public members serve staggered terms of three years. Except as provided in AS 39.05.080(4), each member serves until a successor is appointed and qualified. A public member may be reappointed. A public member may be removed for cause.

(c) The board shall designate cochairs, one of whom shall be selected from among the public members appointed under (a)(1) of this section and one from among the members designated in (a)(2) of this section.

(d) If a member serving under (a)(2) of this section is unable to attend, a deputy commissioner in the same department may attend and act in place of the member. The names of alternates serving under (a)(2) of this section shall be filed with the board.

(e) Three public members and three designated members of the board constitute a quorum. However, action may be taken only upon the affirmative vote of a majority of the full membership of the board.

(f) The board shall meet at least four times a year and as often as necessary to fulfill its duties under this chapter and AS 46.40. Meetings may be held and members may vote telephonically, except one board meeting a year shall be held in person.

(g) Public members of the board are entitled to per diem and travel expenses

authorized by law for members of boards and commissions.

(h) Administrative support for the board shall be provided by the division in the department responsible for coastal and ocean management. The director of the division in the department responsible for coastal and ocean management, under direction of the cochair designated by the board from the individuals listed in (a)(2) of this section, may contract with or employ persons as necessary to assist the board in carrying out the board's duties and responsibilities.

(i) The board shall make recommendations to the department relating to the approval or modification of a district coastal management plan under AS 46.40.060(b).

*** Sec. 3.** AS 46.39.030 is amended to read:

Sec. 46.39.030. Powers of the department. The department may

(1) apply for and accept grants, contributions, and appropriations, including application for and acceptance of federal funds that may become available for coastal planning and management;

(2) contract for necessary services;

(3) consult and cooperate with

(A) persons, organizations, and groups, public or private, interested in, affected by, or concerned with coastal area planning and management;

(B) agents and officials of the coastal resource districts of the state, **the Alaska Coastal Policy Board established in AS 46.39.005,** and federal and state agencies concerned with or having jurisdiction over coastal planning and management;

(4) take any reasonable action necessary to carry out the provisions of this chapter or AS 46.40.

*** Sec. 4.** AS 46.40.060 is amended to read:

Sec. 46.40.060. Review and approval by the department. (a) If, upon submission of a district coastal management plan for approval, the department finds that the plan meets the provisions of this chapter [AND THE STATEWIDE STANDARDS AND DISTRICT PLAN CRITERIA ADOPTED BY THE

DEPARTMENT AND DOES NOT ARBITRARILY OR UNREASONABLY RESTRICT OR EXCLUDE USES OF STATE CONCERN], the department may approve the district coastal management plan, or may approve portions of the district plan that meet those requirements.

(b) If the department finds that a district coastal management plan is not approvable or is approvable only in part under (a) of this section, it shall **submit the plan to the board for review. The board shall review the plan and make recommendations relating to whether the department shall approve or modify the district coastal management plan in whole or in part** [DIRECT THAT DEFICIENCIES IN THE PLAN SUBMITTED BY THE COASTAL RESOURCE DISTRICT BE MEDIATED. IN MEDIATING THE DEFICIENCIES, THE DEPARTMENT MAY CALL FOR ONE OR MORE PUBLIC HEARINGS IN THE DISTRICT. THE DEPARTMENT SHALL MEET WITH OFFICIALS OF THE COASTAL RESOURCE DISTRICT IN ORDER TO RESOLVE DIFFERENCES].

(c) **After the board has reviewed the district coastal management plan and submitted recommendations under (b) of this section** [IF, AFTER MEDIATION, THE DIFFERENCES HAVE NOT BEEN RESOLVED], the department shall enter findings and, by order, may require

(1) that the district coastal management plan be amended to satisfy the provisions of this chapter [OR MEET THE STATEWIDE STANDARDS AND DISTRICT PLAN CRITERIA ADOPTED BY THE DEPARTMENT];

(2) that the district coastal management plan be revised to accommodate a use of state concern; or

(3) any other action be taken by the coastal resource district as appropriate.

(d) The superior courts of the state have jurisdiction to enforce orders of the department **or commissioner of natural resources** entered under (c) **or (e)** of this section.

*** Sec. 5.** AS 46.40.060 is amended by adding a new subsection to read:

(e) A person affected by a decision of the department under this section may request reconsideration of the decision within 15 days of the issuance of a decision

made by the department under (c) of this section. The request must be in writing and must include a statement of the specific changes desired. The commissioner of natural resources may review the department's decision on the basis of the request and determine whether the decision should be changed. The commissioner may issue a determination in writing within 20 days of the issuance of the decision. If the commissioner takes no action, the request for reconsideration shall be considered as denied. Denial of a request for reconsideration shall be considered a final administrative order and decision of the department.

*** Sec. 6.** AS 46.39.005 is repealed.

*** Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: MEMBERS OF THE ALASKA COASTAL POLICY BOARD; STAGGERED TERMS. (a) Notwithstanding AS 44.39.005(a), added by sec. 2 of this Act, within 30 days after the effective date of this section, the municipalities of each region identified in AS 44.39.005(a)(1) shall submit to the governor the names of three persons from the region qualified under AS 44.39.005(a), added by sec. 2 of this Act. Notwithstanding AS 44.39.005, added by sec. 2 of this Act, within 60 days after the effective date of this section, the governor shall appoint, from the lists of names submitted under AS 46.39.005(a)(1), one member from each region and one at-large member to serve on the Alaska Coastal Policy Board established by AS 46.39.005, added by sec. 2 of this Act. The governor shall appoint the public members to three-year staggered terms. The governor shall specify the term of each member appointed subject to this section.

(b) Notwithstanding the requirements of AS 46.40.060(b), as amended by sec. 4 of this Act, a review by the Alaska Coastal Policy Board relating to a district coastal management plan, or a portion of a district coastal management plan, shall be delayed until all the public members of the board are appointed under (a) of this section.

*** Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CONDITIONAL EFFECT. Section 6 of this Act takes effect only if secs. 1 - 8 and 18, ch. 31, SLA 2005, take effect."

Renumber the following bill sections accordingly.

Page 2, following line 18:

Insert a new bill section to read:

"* **Sec. 10.** If sec. 6 of this Act takes effect, it takes effect on the date that secs. 1 - 8 and 18, ch. 31, SLA 2005, take effect."

Renumber the following bill section accordingly.

Page 3, line 19:

Delete "This"

Insert "Except as provided in sec. 10 of this Act, this"

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MEMORANDUM April 3, 2011

SUBJECT: Purpose of retroactivity and revival provision in Amendment 27-GH1965\A.23, and providing that provision as a stand-alone amendment in Amendment 27-GH1965\A.27 (Amendment 27-GH1965\A.27)

TO: Representative Paul Seaton
Representative Eric Feige
Co-Chairs of the House Resources Committee
Attn: Louie Flora

FROM: Alpheus Bullard
Legislative Counsel

This memorandum accompanies amendment 27-GH1965\A.27 (A.27) which provides a modified version of the "retroactivity and revival" provision found in Amendment 27-GH1965\A.23 (A.23).[1] You have asked about the purpose of, and need for, such a provision.

What "sec. 3" of A.23 and "sec. 2" of A.27 add respectively, to the bill is a provision that addresses what will occur if the bill becomes law under AS 01.10.070 after July 1. 2011.[2]

---

[1] The "retroactivity and revival provision" in A.23 contains an additional subsection (c) that applies to the "Alaska coastal policy board" and "Alaska coastal policy appeals board" that are established by that amendment. Amendment A.27 does not establish these boards, so this subsection is not included.

[2] Note that subsection (a) of the "retroactivity and revival" provisions of both A.23 and A.27 also serves to make the bill's amendment to AS 44.66.020(a)(5) retroactive to January 1, 2011. AS 44.66.020(a)(5) provides that the Alaska coastal management program is "subject to legislative termination during the regular legislative session" convening in January, 2011.

It is my opinion that this element of the respective "retroactivity and revival" provisions is less significant than the retroactive application of the change to ch. 31, SLA 2005, and the accompanying revival of the provisions that make up the Alaska coastal management program, because a court is unlikely to treat AS 44.62.020(a)(5)'s deadline as mandatory, but rather one that is "directory." The Alaska Supreme Court has relatively recently reiterated the distinction:

Even though HB 106 has an immediate effective date (see the bill's sec. 3), there exists the possibility that the bill might not become law until after the Alaska coastal management program is repealed, and the program is terminated.[3] The legislature could fail to pass the bill's effective date provision,[4] or even if the immediate effective date provision is passed, the governor could fail to sign the bill on or before July 1, 2011.

The bill will become law only after the bill is either signed by the governor or the period for the governor to sign or exercise a veto has expired.[5] Before the bill is transmitted to the governor, the processes of enrollment, engrossment, and transmittal have sometimes stretched out over a period of months. Given that the immediate effective date provision may not pass, and the possibilities of delay in transmitting the bill to the governor, a "retroactivity and revival" provision is included in A.23 and A.27 because it is my opinion that, if the bill does not become law on or before July 1, 2011, under

---

> Whether a party must strictly comply with a procedural rule, regulation, or statute turns on whether the language of the law is mandatory or directory. If a statute is mandatory, strict compliance is required; if it is directory, substantial compliance is acceptable absent significant prejudice to the other party. A statute is considered directory if (1) its wording is affirmative rather than prohibitive; (2) the legislative intent was to create "guidelines for the orderly conduct of public business"; and (3) "serious, practical consequences" would result if it were considered mandatory.

South Anchorage Concerned Coalition, Inc. v. Municipality of Anchorage Bd. of Adjustment, 172 P.3d 768, 771 - 772 (Alaska 2007).

[3] Under sec. 22, ch. 31, SLA 2005, on July 1, 2011, the statutory provisions that set out the Alaska Coastal Management Program will be repealed, and the program will cease to statutorily exist.

[4] Article II, section 18 of the state constitution requires that an immediate effective date for an Act, be approved by two-thirds of the membership of each house. If an effective date provision fails, an Act will become effective 90 days after enactment.

[5] The governor has 15 days during sessions and 20 days outside of sessions to either sign or veto a bill once the legislature passes the bill and transmits it to the governor, under article II, sec. 17, of the Alaska Constitution. Sundays are not included in these computations.

AS 01.10.100(c),[6] a court is likely to hold that the statutes that establish the Alaska coastal management program, and are repealed by sec. 22, ch. 31, SLA 2005 on July 1, 2011, cannot be revived unless their revival is specifically provided for.

Louie also asked whether a temporary repeal of the program followed by its revival, as is provided for in the amendments, would result in issues under federal law for the program. Given the time allotted, I have not had time to fully research the matter, but it seems to me that an answer would not be significant to the question of whether a "retroactivity and revival" provision should be included in HB 106.

If the bill does not become law before July 1, 2011, and if it is to be revived under state law, such a provision is required. While such a revival might lead to issues for the program under federal law, if it is not included, the program will be terminated under state law. If it is the intent of the legislature to pass the bill and see it become law, the inclusion of such a provision can only contribute towards that end.

If you have questions, please do no hesitate to contact me.

TLAB:plm
11-214.plm

Enclosure

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[6]AS 01.10.100(c) provides:

> (c) When an act repealing a former act, section, or provision is itself repealed, that repeal does not revive the former act, section, or provision, unless it is expressly so provided.

adopted UC

27-GH1965\A.27
Bullard
4/3/11

AMENDMENT #7

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

Page 2, following line 5:

Insert a new bill section to read:

"* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

RETROACTIVITY AND REVIVAL. (a) The amendment to AS 44.66.020(a)(5) made by sec. 3 of this Act is retroactive to January 1, 2011.

(b) If, under AS 01.10.070(c), sec. 3 of this Act takes effect on or after July 1, 2011, sec. 3 of this Act is retroactive to July 1, 2011, and sections repealed by sec. 18, ch. 31, SLA 2005, are revived. If a revived section is amended by this Act, it is revived as amended by this Act. The revived sections are subject to repeal under sec. 22, ch. 31, SLA 2005, as amended by sec. 3 of this Act."

Renumber the following bill sections accordingly.

adopted

OK

27-GH1965\A.28
Bullard
4/2/11

AMENDMENT #8

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

Page 2, following line 53:

Insert a new bill section to read:

"* **Sec. 2.** AS 46.39.010 is amended by adding a new subsection to read:

(d) Not later than January 20 each year, the department shall prepare an annual report summarizing the department's efforts to draft and adopt regulations under this chapter and AS 46.40 during the prior calendar year. The department shall notify the legislature that the report is available and shall also post the report on the department's Internet website."

Renumber the following bill sections accordingly.

Amendment A.27 Retroactivity and Revival

Provides that if HB 106 is not signed into law by the sunset date and the program terminates it can be revived.

Amendment A. 28 Report to the Legislature

Requires an annual report on the progress that the Department of Natural Resources has made in drafting and adopting ACMP regulations

Amendment A.30 Information to Coastal District Representatives

Provides that the Department shall provide planning and consistency review data and information to members of the governing body of a coastal resource district or coastal resource service area. States that if the department provides funds to implement or amend a coastal district plan along with a restriction on the use of the funds, they will specify the state statute or federal regulation or statute that authorizes the restriction.

Amendment A.31 Elevations of Consistency Determinations

Provides that a dispute over a consistency determination between a coastal district and the Department of Natural Resources shall be elevated to the Commissioners of the Department of Natural Resources, the Department of Fish and Game and the Department of Environmental Conservation. The commissioners shall issue a written order signed by at least two of the commissioners that renders the final determination.

Amendment A. Coastal Policy Board (waiting for this still)

Establishes a nine-member Alaska Coastal Policy Board to review Coastal District plans and recommend that the Department of Natural Resources approve or modify the plan in whole or in part.

Amendment A.32 Enforceable Policies

Deletes requirement that district enforceable policies may be drafted on items that are not "adequately addressed" by state or federal law. States that the policies must not duplicate state or federal statutes or regulations, must not be preempted by federal or state law, must not arbitrarily or unreasonably restrict a use of state concern, and would not be unlawful for a state or federal agency to adopt. Districts may establish new standards or other requirements within the authority of a state or federal agency unless they are specifically objected to by that state or federal agency.

Amendment # 1 (A.2) - ADOPTED and AMENDED BY Amendment 6
Administration language – Designated Areas - Repeals Designated Area Requirement. Clarifies that district enforceable policies apply to all land and water issues subject to the plan. Requires Coastal district plans to be clear and concise, prescriptive or performance-based, necessary given local conditions, and supported by evidence including scientific or local knowledge if more specific than state or federal statues or regulations.

27-GH1965\A.2
Bullard
3/25/11

AMENDMENT #1

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

Page 1, line 2, following "**extension;**":

Insert "**relating to the development, review, and approval of district coastal management plans;**"

Page 2, following line 5:

Insert new bill sections to read:

"* **Sec. 2.** AS 46.40.030 is amended to read:

Sec. 46.40.030. Development of district coastal management plans. (a) Coastal resource districts shall develop and adopt district coastal management plans in accordance with the provisions of this chapter. The plan adopted by a coastal resource district shall be based upon a municipality's existing comprehensive plan or a new comprehensive resource use plan or comprehensive statement of needs, policies, objectives, and standards governing the use of resources within the coastal area of the district. The plan must meet the [STATEWIDE STANDARDS AND] district plan criteria adopted under AS 46.40.040 and must include

(1) a delineation within the district of the boundaries of the coastal area subject to the district coastal management plan;

(2) a statement, list, or definition of the land and water uses and activities subject to the district coastal management plan;

(3) a statement of policies to be applied to **all** [THE] land and water uses subject to the district coastal management plan **as well as policies that apply only to special management areas; and**

(4) [A DESCRIPTION OF THE USES AND ACTIVITIES THAT

WILL BE CONSIDERED PROPER AND THE USES AND ACTIVITIES THAT WILL BE CONSIDERED IMPROPER WITH RESPECT TO THE LAND AND WATER WITHIN THE COASTAL AREA; AND

(5)] a designation of **any special management** [, AND THE POLICIES THAT WILL BE APPLIED TO THE USE OF,] areas **under** [WITHIN] the **district** coastal **management plan and enforceable policies that will be applicable within those special management areas** [RESOURCE DISTRICT THAT MERIT SPECIAL ATTENTION].

(b) In developing enforceable policies in its coastal management plan under (a) of this section, a coastal resource district shall **ensure that the enforceable policies are**

(1) clear and concise as to the activities and persons affected by the policies and the requirements of the policies, whether the policies are prescriptive or performance-based;

(2) necessary given local conditions; and

(3) supported by evidence, including scientific or local knowledge, if the policies are more specific than state or federal statutes or regulations [MEET THE REQUIREMENTS OF AS 46.40.070 AND MAY NOT DUPLICATE, RESTATE, OR INCORPORATE BY REFERENCE STATUTES AND ADMINISTRATIVE REGULATIONS ADOPTED BY STATE OR FEDERAL AGENCIES].

*** Sec. 3.** AS 46.40.040(a) is amended to read:

(a) Except as provided in (b) of this section and AS 41.17, the department shall

(1) by regulation, adopt, under the provisions of AS 44.62 (Administrative Procedure Act) for the use of and application by coastal resource districts and state agencies for carrying out their responsibilities under this chapter, statewide standards and district coastal management plan criteria for

(A) identifying the boundaries of the coastal area subject to the Alaska coastal management program;

(B) determining the land and water uses and activities subject

to the Alaska coastal management program;

(C) developing policies applicable to the land and water uses subject to the Alaska coastal management program;

(D) developing regulations applicable to the land and water uses subject to the Alaska coastal management program;

(E) developing policies and procedures to determine whether specific proposals for the land and water uses or activities subject to the Alaska coastal management program shall be allowed;

(F) designating and developing policies for **special management areas** [THE USE OF AREAS OF THE COAST THAT MERIT SPECIAL ATTENTION]; and

(G) measuring the progress of a coastal resource district in meeting its responsibilities under this chapter;

(2) develop and maintain a program of technical and financial assistance to aid coastal resource districts in the development and implementation of district coastal management plans;

(3) undertake review and approval of district coastal management plans in accordance with this chapter;

(4) initiate a process for identifying and managing uses of state concern within specific areas of the coast;

(5) develop procedures or guidelines for consultation and coordination with federal agencies managing land or conducting activities potentially affecting the coastal area of the state;

(6) by regulation, establish a consistency review and determination or certification process that conforms to the requirements of AS 46.40.096.

*** Sec. 4.** AS 46.40.070 is amended by adding a new subsection to read:

(c) In reviewing and approving a district coastal management plan under (a) of this section, the department may not require a district to designate areas for the purpose of developing an enforceable policy.

*** Sec. 5.** AS 46.40.210 is amended by adding a new paragraph to read:

(13) "special management area" means a delineated geographic area

within the coastal area that is sensitive to change or alteration and that, because of plans or commitments or because a claim on the resources within the area delineated would preclude subsequent use of the resources to a conflicting or incompatible use, warrants special management attention, or that, because of its value to the general public, should be identified for current or future planning, protection, or acquisition; these areas, subject to the board's definition of criteria for their identification, include:

(A) areas of unique, scarce, fragile or vulnerable natural habitat, cultural value, historical significance, or scenic importance;

(B) areas of high natural productivity or essential habitat for living resources;

(C) areas of substantial recreational value or opportunity;

(D) areas where development of facilities is dependent upon the utilization of, or access to, coastal water;

(E) areas of unique geologic or topographic significance that are susceptible to industrial or commercial development;

(F) areas of significant hazard due to storms, slides, flooding, earthquakes, active faults, tsunamis, volcanoes, liquefaction, ice movement or snow avalanches, or erosion; and

(G) areas needed to protect, maintain, or replenish coastal land or resources, including coastal flood plains, aquifer recharge areas, beaches, and offshore sand deposits."

Renumber the following bill sections accordingly.

MOVED - Seaton
OBJECT - Kawasaki / Herron + others for explanation

adopted U.C.

27-GH1965\A.16
Bullard
3/30/11

AMENDMENT #6

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: Amendment A.2 to HB 106

Page 2, line 11, of the amendment:

Delete "**are**"

Page 2, lines 12 - 17, of the amendment:

Delete all material and insert:

"**(1) are clear and concise as to the activities and persons affected by the policies;**

(2) use prescriptive or performance-based standards that are written in precise and enforceable language; and

(3) address a coastal use or resource of concern to the residents of the coastal resource district as demonstrated by local knowledge or supported by scientific evidence"

Page 4, line 6, of the amendment:

Delete "board's"

Insert "department's"

Page 4, line 21, of the amendment:

Delete the quotation mark.

Page 4, following line 21, of the amendment:

Insert new material to read:

"* **Sec. 6.** AS 46.40.210(1) is repealed.""

CONCEPTUAL AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

In the following sections:

AS 46.40.010(d) Development of Alaska coastal management program

AS 46.40.030(a) Development of district coastal management plans

AS 46.40.040(a) Statewide standards and district plan criteria

AS 46.40.070 Requirements for department review and approval

AS 46.40.180(b) Approval of plans in coastal resource service areas

Delete "meet the Statewide Standards"

Insert "does not conflict with the Statewide Standards adopted by the department"

Alaska Oil and Gas Association

AOGA

121 W. Fireweed Lane, Suite 207
Anchorage, Alaska 99503-2035
Phone: (907)272-1481 Fax: (907)279-8114
Email: crockett@aoga.org
Marilyn Crockett, Executive Director

March 23, 2011

To: House Resources Committee

Re: HB106 – Extending the Termination Date of the Alaska Coastal Management Program

The Alaska Oil and Gas Association (AOGA) is writing today to express our support for HB106 which would extend the sunset date for the Alaska Coastal Management Program by six years.

AOGA is a private, nonprofit trade association whose member companies account for the majority of oil and gas exploration, development, production, transportation, marketing and refining activities in Alaska.

Because virtually all operations of the members of AOGA take place within, or adjacent to, Alaska's coastal zone, we have been actively engaged in development and implementation of provisions of the Alaska Coastal Management Act (ACMA) and the subsequent Alaska Coastal Management Program (ACMP) since the program's inception in 1977.

AOGA has long been an advocate of and contributor to sound legislation and regulations which balance resource development with environmental protection. AOGA input to achieve these goals has included support of a timely, smooth functioning and predictable State permitting regime.

To be successful and serve all entities in Alaska, any permitting program, and in particular the Alaska Coastal Management Program, must embody the following principles:

- Provide benefit for all Alaska residents by development of Alaska's resources
- Contain clear and concise requirements
- Be unambiguous and avoid opportunities for misinterpretation
- Provide predictable and firm timelines
- Provide predictability regarding applicable requirements and scope
- Avoid duplication of other state and federal permitting programs

- Contain clear limits so that district policies not require agencies to implement authorities that were not granted them by the legislature or that contradict agency regulations.

The ACMP as it exists today encompasses these principles, and we support continuance of the program in its current form.

Sincerely,

Marilyn Crockett

MARILYN CROCKETT
Executive Director

Alaska Coastal Management Program (ACMP)

Consistency Review Process
House Resources Committee Hearing

DCOM
Division of Coastal and Ocean Management

ALASKA COASTAL MANAGEMENT PROGRAM

ACMP Authority

- ACMP recognizes Alaska's unique management needs and issues with the coastal zone
- Managing coastal uses and resources requires supplemental authority to the already existing State and federal authorities.
- Statutes AS 46.39 and 46.40
- Regulations
  - 11 AAC 110 (Project Review);
  - 11 AAC 112 (Statewide Standards)
  - 11 AAC 114 (District Plan Regulations)

Project Consistency Reviews Implement the ACMP

- Review process is to determine if proposed project is consistent with the ACMP authorities.

- Review process is designed to evaluate and modify projects to better protect and manage coastal uses and resources while addressing applicants' development project.

What Triggers A Consistency Review?

A. Project Location:

- Within the coastal zone – Coastal waters and adjacent shorelands within the boundaries established under AS 46.40.210(4)
- Outside the coastal zone and is:
  - Federal activity with reasonably foreseeable coastal effects; or
  - Requires certain federal authorizations

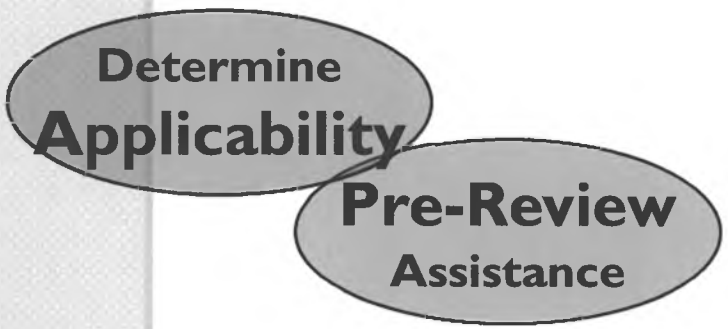
B. Authorizations:

- The project requires a listed state or federal permit

The Review Process Involves:

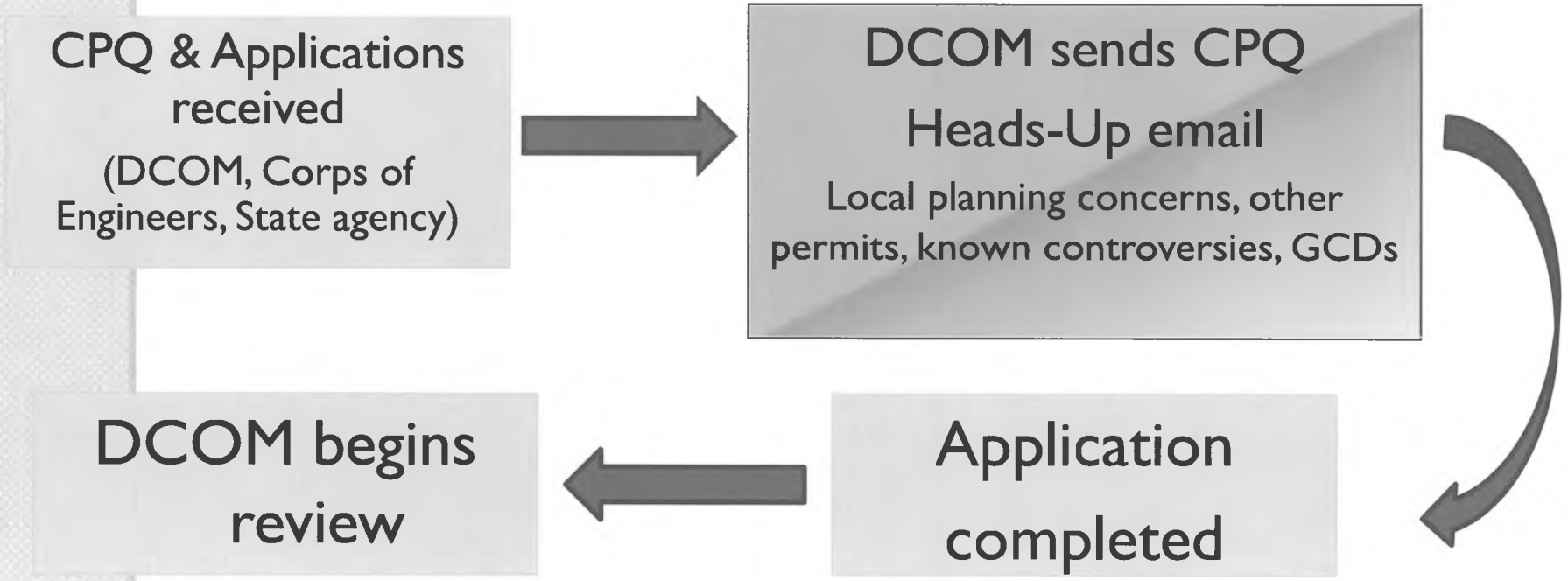
- Applicant
- Affected Coastal Districts
  - District Input Process
- State Resource Agencies
  - Department of Environmental Conservation (DEC)
  - Alaska Department of Fish and Game (ADF&G)
  - Department of Natural Resources (DNR)
- Federal Agencies
  - Coordinate with, if federal permits required
- Public
  - Public Input Process

ACMP Consistency Review Process Timelines

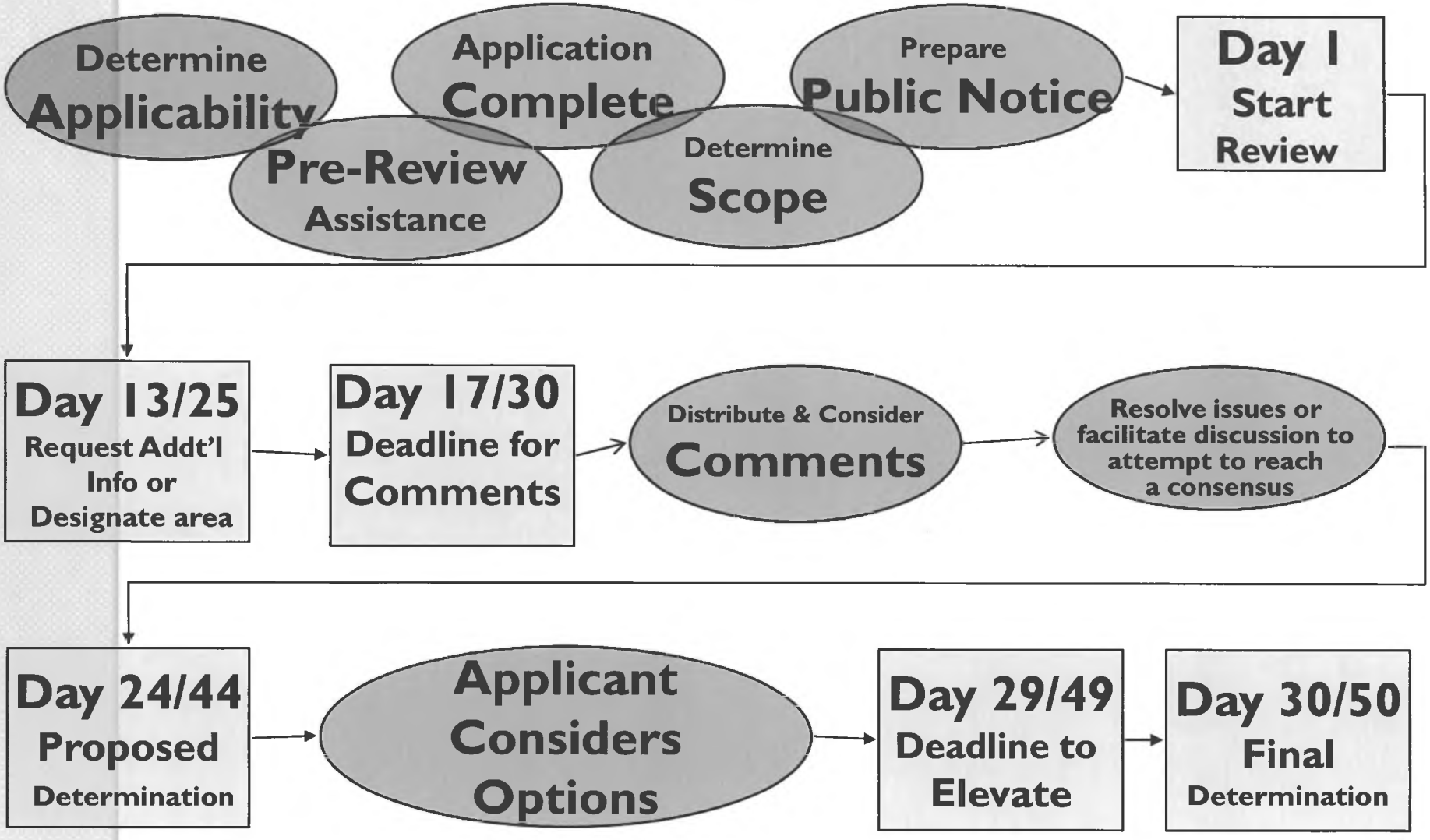


Coastal Project Questionnaire (CPQ)
What its purpose?

- Determines State and federal permitting requirements as well as which State agency will coordinate the consistency review.



ACMP Consistency Review Process Timelines



ABC List and The Role It Plays

- **A List** – Permits for low impact projects
- **B I** – Activities that are "generally consistent" when alternative measures in force
- **B II** – List of Federal General and Nationwide Permits
- **C List** – State Permits subject to consistency review & length of review required for that permit

How to use the ABC List

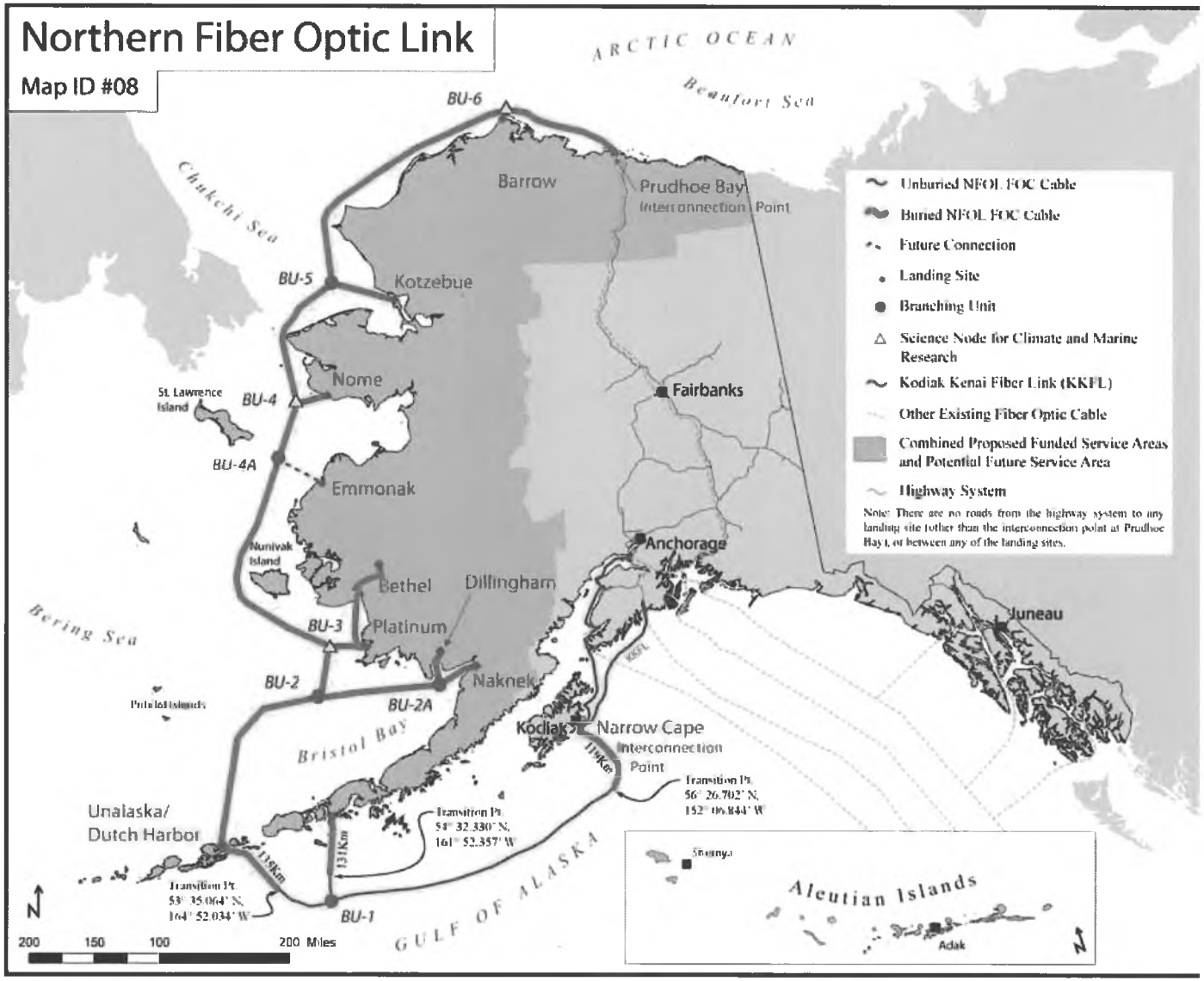
- No review is necessary if all activities are listed on the A or B List.
- Parts of a project may be excluded if resource agencies and affected district agree that the A or B List activity has a *de minimis* impact.
- Aspects of a project shall be excluded if authorized by a general permit or nationwide permit.

The ACMP Is Unique and Valuable

- Brings all affected participants together and each has a seat at the table
- Federal consistency gives Alaska strong influence on:
  - Federal agency activities, and
  - Federally permitted activities including activities on the OCS.

Northern Fiber Optic Link

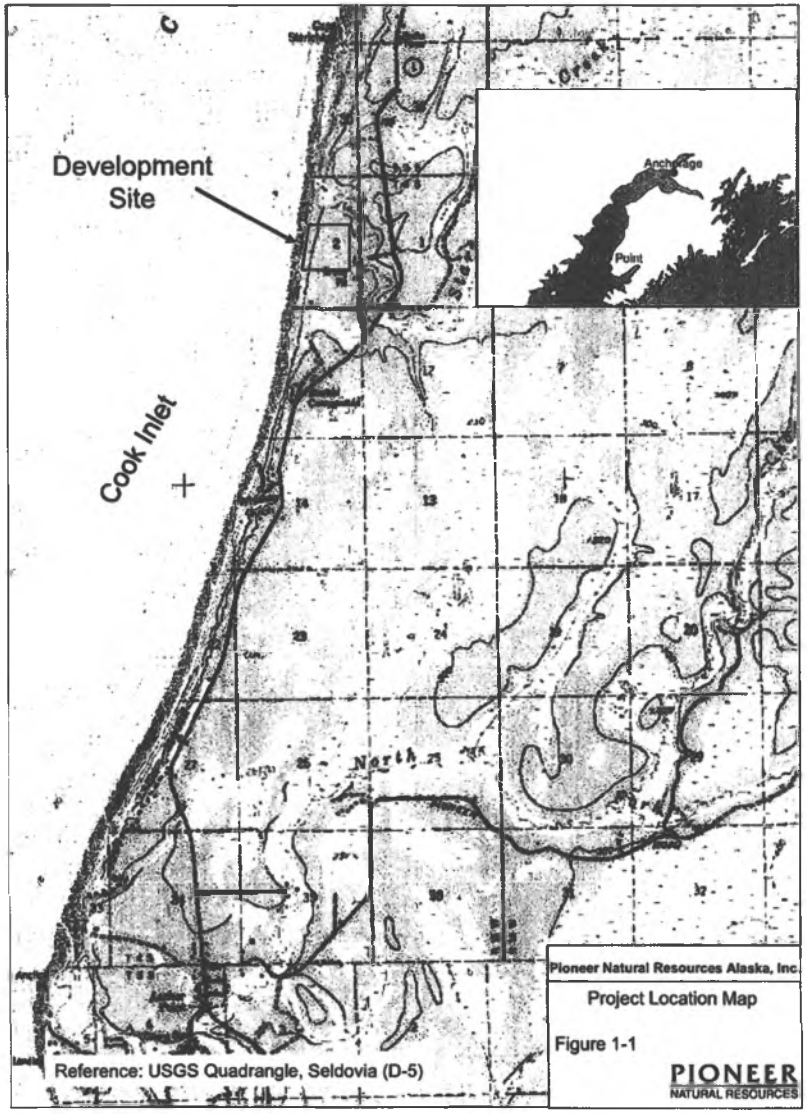
Cable Burial Overview Map



Sitka Runway Safety Area Project



Cosmopolitan Oil Development Project



Kenai Watershed Project

- Good Culvert



- Bad Culvert



THANK YOU

QUESTIONS?

www.alaskacoast.state.ak.us

ACMP Work-draft Sectional

Section 1: Extends ACMP sunset date to 2017.

Section 2: Establishes the membership and terms of the Alaska Coastal Policy and Appeals Board. Staggered three-year terms for public members. One year terms for Administration members. Establishes the duties of the Alaska Coastal Policy and Appeals Board.

Section 3: Establishes that the Department of Natural Resources shall render consistency reviews except for the occasions when disagreements over consistency determinations that are elevated to the Coastal Policy and Appeals Board.

Section 4: Adds consultation and cooperation with the Alaska Coastal Policy and Appeals Board to the powers of the Department of Natural Resources.

Section 5: Establishes that the Department of Natural Resources shall provide data and information to a person serving as representative of a Coastal District, which could include a consultant.

Section 6: Establishes that if the Department provides funding to a Coastal District they shall allow the Coastal District to use the funds to employ or retain consultants.

Section 7: Adds definition of "board" for purposes of the chapter, as the Alaska Coastal Policy and Appeals Board.

Section 8: Subsection (a) removes the requirement for district enforceable policies to meet statewide standards. The plan must meet district plan criteria. Clarifies that district enforceable policies apply to all land and water issues subject to the plan. Removes requirement to describe proper and improper uses. Changes the term "Areas Meriting Special Attention" to "Special Management Areas". Subsection (b) requires enforceable policies to be clear and concise, prescriptive or performance-based, necessary given local conditions, and supported by evidence including scientific or local knowledge if more specific than state or federal statues or regulations.

Section 9: Deletes reference to DEC carve-out. Change of term to Special Management Areas from Areas of the Coast the Merit Special Attention.

Section 10: Establishes that DNR shall submit the Coastal District plan or disputed portion of a Coastal District plan to the Coastal Policy and Appeals Board if issues have not been resolved during mediation.

Section 11: Establishes that the Coastal Policy and Appeals board shall render a decision on the dispute within 45 days after submission.

Section 12: Establishes new standard for DNR review of Coastal District plans. Repeals the "Adequately Addressed"standard. Establishes that DNR shall approve a Coastal District Plan if the plan's enforceable policies do not duplicate, restate, or incorporate by reference state or federal statutes or regulations; are not preempted by federal or state law; and do not arbitrarily or unreasonably restrict a use of state concern. Clarifies how an enforceable policy is preempted.

Section 13: Clarifies that for consistency reviews and determinations DNR must permit a Coastal District to designate a person to represent the District, and provide the representative with material pertinent to the consistency review.

Section 14: Changes the term "subsequent review" to the commonly used term "elevation" in reference to disagreements between the Coastal District and DNR. Clarifies that the Alaska Coastal Policy and Appeals Board makes the final decision on a project elevation.

Section 15: Deletion of the "DEC Carve-out". States that the necessity of a completed application for a "prevention of significant deterioration" DEC Air Quality Permit is not necessary for a consistency review.

Section 16: Deletes reference to a DEC Carve-out.

Section 17: Exempts projects requiring an Environmental Impact Statement from 90-day consistency review time limit. Establishes that the 90-day limit for a review is suspended upon a request for additional information or when a municipality is adjudicating an authorization under their Title 29 zoning and land use authorizes.

Section 18: Establishes that the Alaska Coastal Policy and Appeals Board will review elevations of proposed consistency determinations.

Section 19: Gives the superior court the authority to enforce Coastal Policy and Appeals Board orders.

Section 20: Clarifies that a coastal resources service area (CSRA) may accept new matters submitted by a city or village into its coastal management plan.

Section 21: Clean-up of statutes. The eliminated provision no longer applies because no new CRSAs may be established.

Section 22: Defines that "Project" under ACMP statutes "means all activities described in AS 46.40.096(l)and all activities on the list of permits, certifications, leases, approvals, and authorizations that trigger a consistency review developed pursuant to AS 46.40.096(m), including federal agency activities as defined in 15 C.F.R. 930.31."

Section 23: References definition of Alaska Coastal Policy and Appeals Board.

Section 24: Repeals DEC-Carveout.

Section 25: Sunset provisions.

Section 26: Transition provisions on creation of Coastal Policy and Appeal Board membership.

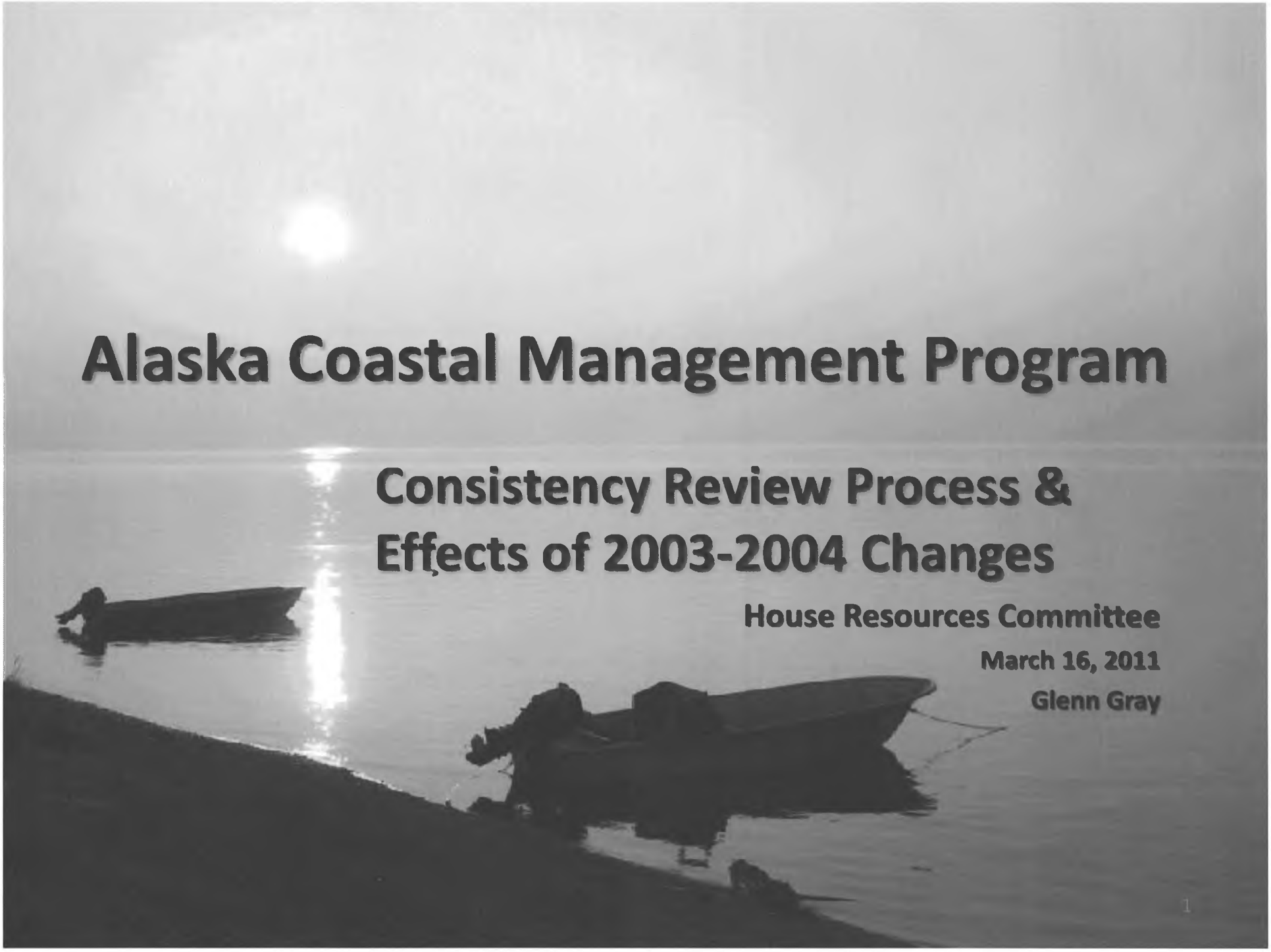
Section 27: Retroactive sunset and revival provisions.

Section 28: Conditional Sunset provisions.

Section 29: Extension of sunset date to 2017.

Section 30: Conditional sunset language.

Section 31: Conditional sunset language.



Alaska Coastal Management Program

Consistency Review Process & Effects of 2003-2004 Changes

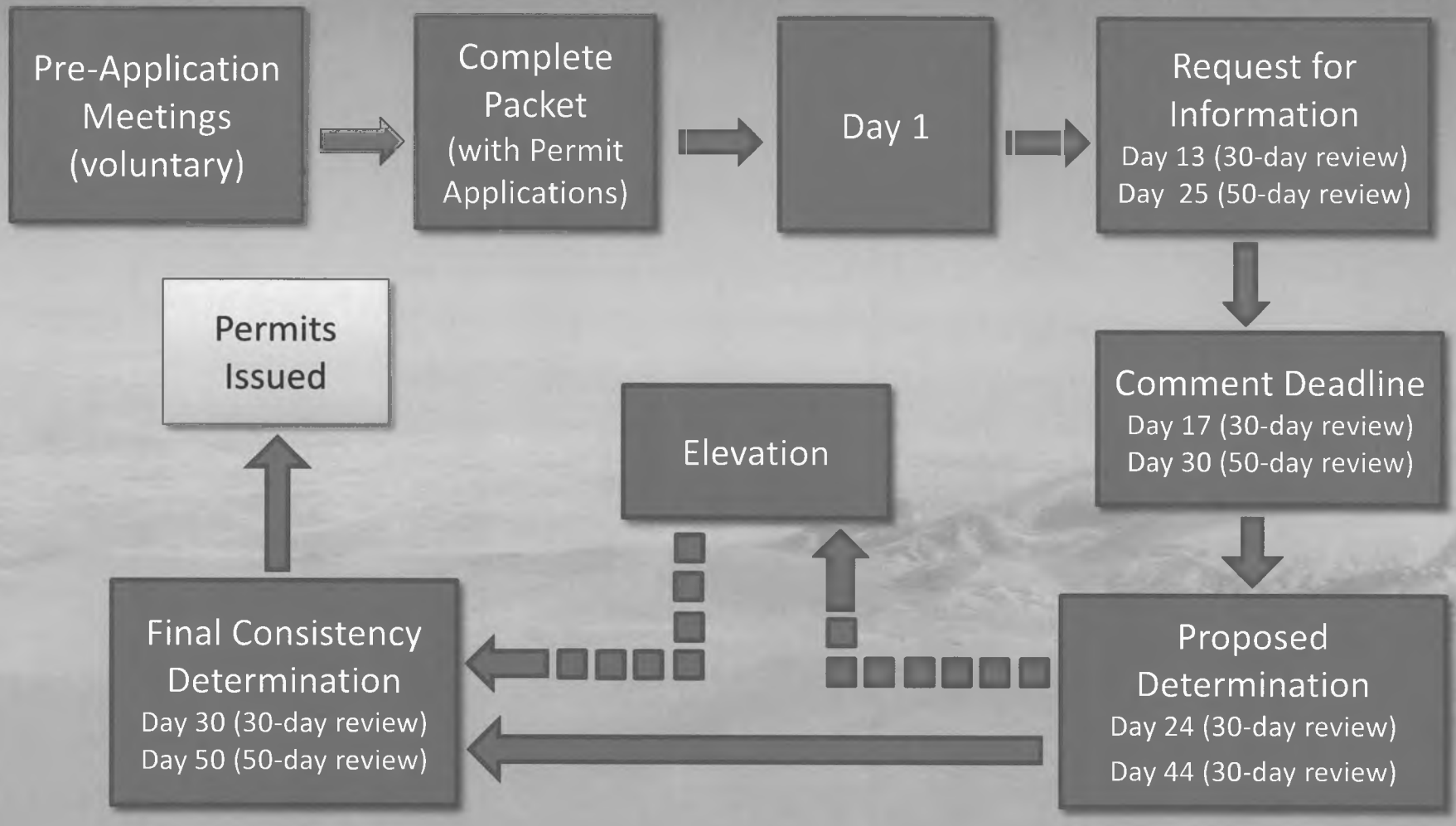
House Resources Committee

March 16, 2011

Glenn Gray

ACMP Consistency Review Process*

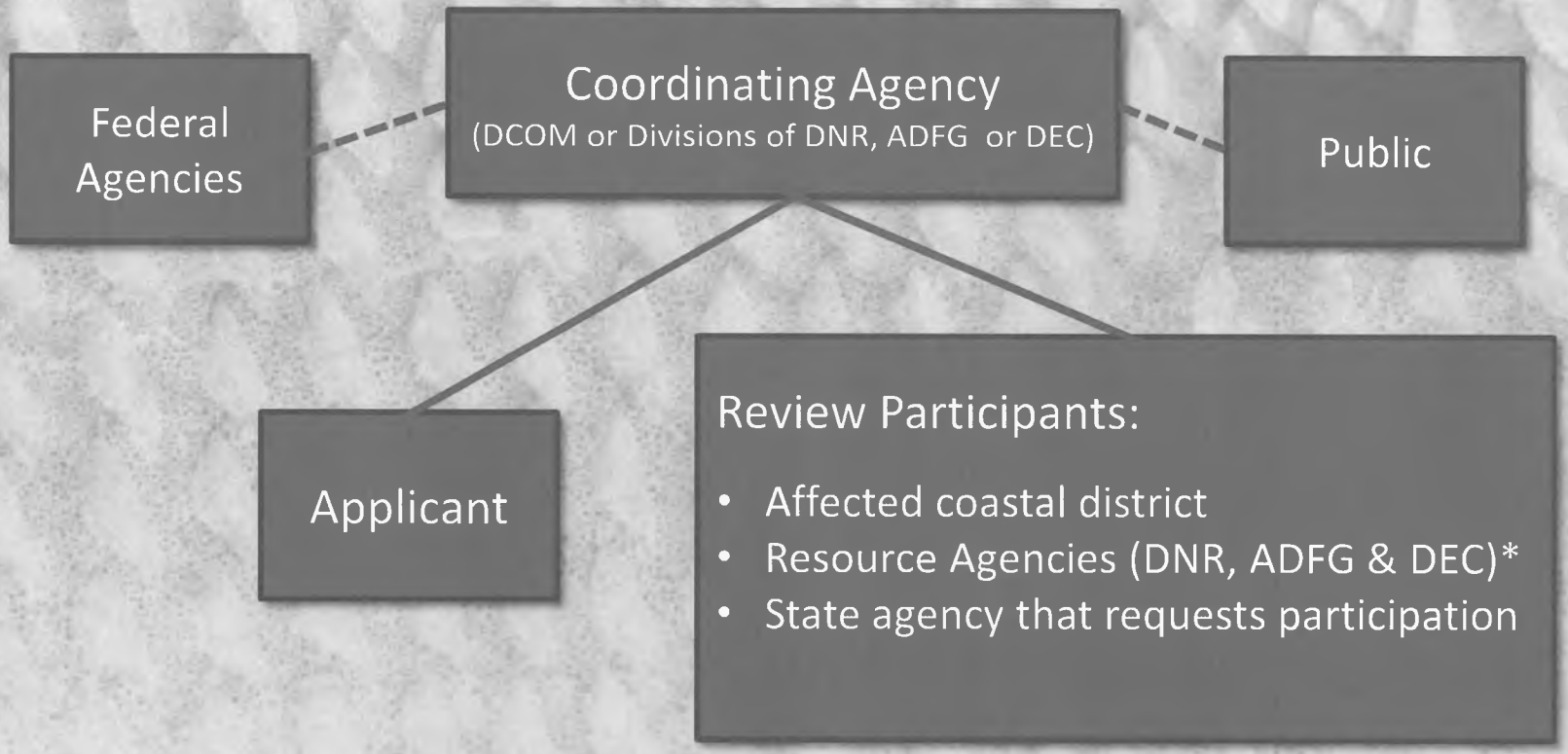
"One Size Fits All" – Same process for all reviews



*** Projects reviewed for "consistency" with statewide standards & district enforceable policies**

ACMP Consistency Review Process

Who is at the Table



***Note:** DEC seldom participates in consistency reviews

ACMP Consistency Review Process

Types of Reviews & Timelines

- **Only State Authorizations** (i.e., permits)
  - Timeline: Maximum 90-days including extensions (30- or 50-day reviews)
- **Federal Authorizations** (may include State Authorizations)
  - Federal timeline: No more than 6 months*
- **Federal Activities** (e.g., oil and gas lease sales, Corps dredging, General Permits)
  - Federal consistency determination: State reviews federal determination
  - Federal timeline: Up to 75 days - additional extensions if approved
- **Outer Continental Shelf Projects**
  - Plans: Exploration or Development Plans are reviewed (not permit applications)
  - Federal timeline: No more than 6 months*

***Note:** The Alaska statutory 90-day timeline for reviews overrides the federal timelines

ACMP Consistency Review Process

Enforceable Policies

- Projects are reviewed for consistency with:
  - Statewide standards (11 AAC 112)
  - Coastal district enforceable policies
- DNR's regulations require that policies "flow from:"

Statewide ACMP Standards (11 AAC 112)	**Designated Areas** (11 AAC 114.250)
Natural Hazards	Natural Hazard Areas
Coastal Access	Recreation Areas
Coastal Development	Tourism Areas
Energy Facilities	Major Energy Facility Areas
Transportation Routes & Facilities	Commercial Fishing & Seafood Processing Areas
Subsistence	Subsistence
Sand & Gravel Extraction	Important Habitat
Utility Routes & Facilities	History & Prehistory

ACMP: Enforceable Policies

- **Statutory Requirements:**
  - Can't restate or duplicate federal or state law
  - Can't unreasonably restrict a use of state concern
  - Must be clear and concise
  - Must be prescriptive
  - **Local Concern:** Must address a coastal resource or use that is:
    - Sensitive to development
    - Of unique concern to the coastal district
    - Not adequately addressed by state or federal law.

ACMP: DNR's More Stringent Requirements

- **Not Adequately Addressed:** DNR currently says policies cannot address a matter under an agency's authority – even if the agency has no regulations that address the matter
  - This requirement conflicts with:
    - 2005 ACMP Program Description approved by NOAA*
    - 2004 Attorney General memorandum*
- **Flow From:** Policies may only "flow from" certain statewide standards & designated areas

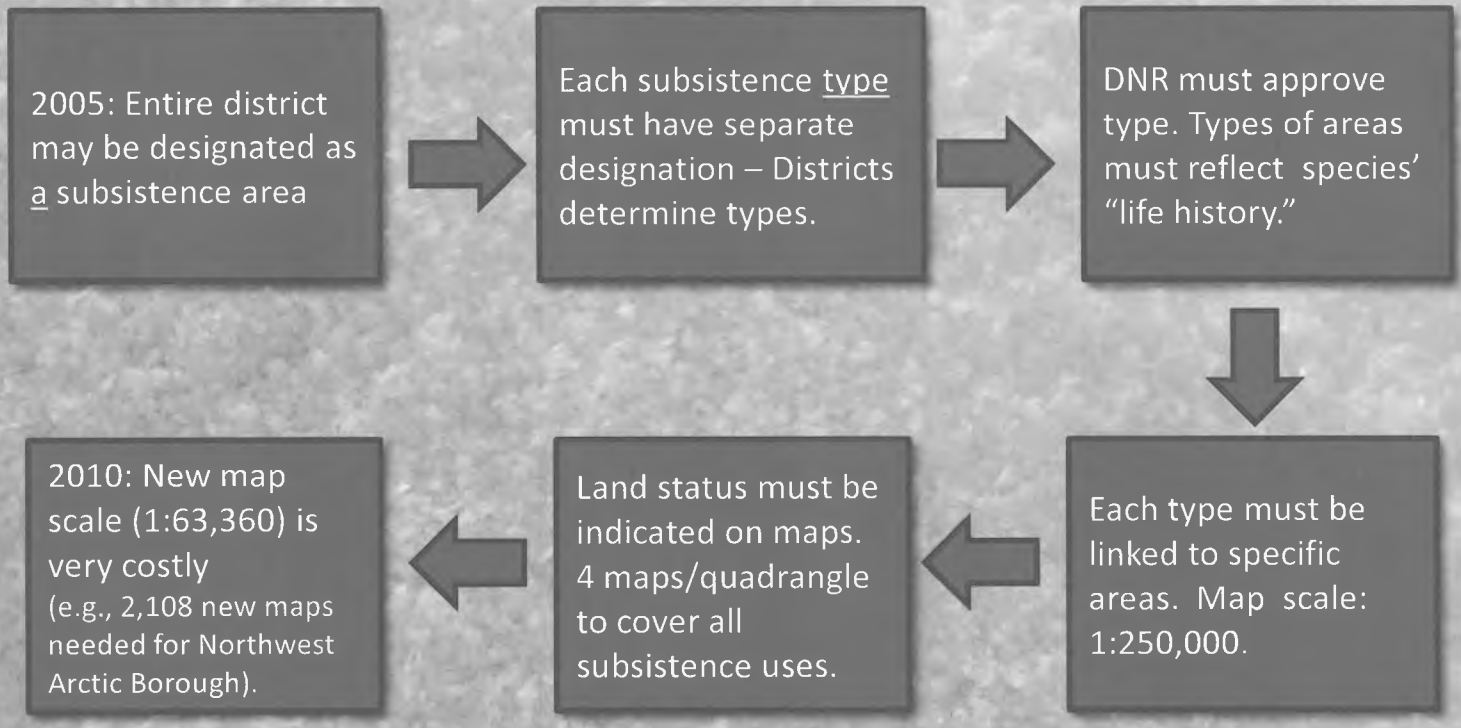
Note: These documents clarify that districts may establish policies for matters not addressed in a regulation.

ACMP: DNR's More Stringent Requirements

- **Designated Areas:**
  - **Important Habitat Areas**
    - Only small areas in 3 districts approved, all in Southeast Alaska
    - Only 16 policies approved (14 in Juneau)
  - **Subsistence Areas**
    - Areas denied for 52% of total coastal district acreage
    - Only 3 subsistence policies approved statewide
  - **Reduced States' Rights**
    - Designated areas eliminate ability to review impacts to coastal uses and resources while they are on federal land or in the OCS
  - **Designated Area Requirement:**
    - Recommended for elimination in:
      - 2008 federal ACMP evaluation
      - 2011 Legislative Audit
      - 2008 DNR draft regulations

ACMP: Designated Areas

Subsistence Areas: Example of changing Rules



ACMP: Statewide Standards

- **Significantly weakened** (in regulation)
  - Reduced scope of what is covered
    - e.g., for offshore areas – consideration of impacts limited to competing uses (not habitats themselves)
    - e.g., mining standards changed to sand & gravel
  - Reduced geographic coverage
    - Some standards reduced to a small part of coastal zone
  - 2008 federal evaluation of ACMP
    - Recommended DNR look at effectiveness of new standards

ACMP: Statewide Standards

Example: Coverage of habitats standard



Before 2004



Current Coverage

ACMP: DEC Carve-Out

- DEC is not at the table
- No air/water quality issues covered during ACMP review
  - No air or water quality policies allowed (even though the Administration told the Legislature in 2003 that districts would be allowed to fill gaps).
- Scope of reviews are not clear
- No provisions for public comment on DEC's OCS findings
- Timelines not coordinated:
  - ACMP review (90-day maximum)
  - DEC permit review (can start after ACMP process is done)
- Carve-out recommended for elimination in:
  - 2011 Audit, 2008 federal evaluation & 2008 DNR draft statutes

ACMP: Summary of Effects

- **Meaningful Policies:** Inability to establish meaningful district enforceable policies
- **DEC Carve-Out:** DEC is not at the table, districts cannot fill gaps in DEC laws, and no provisions for public comment for OCS reviews
- **Centralized Decision-Making:** No checks and balances for plan approval, regulations & elevations
- **Consensus:** Lack of opportunities for consensus building

ACMP: Possible Statutory Changes

- **Enforceable policies**
  - Clarify criteria
  - Allow performance-based policies
  - Retain provision for uses of state concern
- **Checks and Balances: Options**
  - Establish Coastal Policy Board
  - Move agency
  - Elevations: Add other resource agency commissioners
- **DEC Carveout**
  - Allow districts to fill gaps in air and water quality laws
    - Allow ACMP review to begin without complete PSD Air Permit Application
  - Establish a public comment period and elevation provision for OCS reviews
- **Timeline**
  - Allow exception to 90-day timeline for large projects

ACMP: Possible Regulatory Changes

- **Eliminate designated areas**
  - This will allow state to exercise rights under the federal Coastal Zone Management Act (i.e. review of impacts to coastal uses and resources while on federal land & OCS)
- **Enforceable policies**
  - Remove more stringent requirements
  - Allow districts to fill gaps
- **Statewide standards**
  - Allow standards to apply throughout coastal zone
    - Redefine coastal waters and wetlands
  - Amend habitats standard
    - Reinstate upland habitats
    - Allow consideration of impacts to all coastal habitats
  - Reinstate minerals standard

CITY OF CORDOVA, ALASKA
RESOLUTION 03-11-14

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORDOVA, ALASKA, SUPPORTING LEGISLATION THAT WILL PROVIDE FOR LOCAL GOVERNMENT PARTICIPATION IN ACMP PLANNING AND AN EXTENSION OF THE ACMP BEYOND JULY 2011.

WHEREAS, the City of Cordova supports the preservation of a local government's ability to be responsive to unique circumstances, thereby following the mandate established in the Alaska Constitution "to provide for maximum local self government"; and

WHEREAS, since its inception, the Alaska Coastal Management Program (ACMP) has provided Alaska's coastal municipalities with a powerful tool to promote responsible development while protecting coastal resources; and

WHEREAS, a cornerstone of the ACMP has been the ability of municipalities to organize as coastal districts to develop enforceable policies that address local circumstances and concerns; and

WHEREAS, the ACMP will sunset on July 1, 2011, unless the Alaska State Legislature extends the program.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Cordova, Alaska, hereby supports legislation that will provide for:

1. local government participation in ACMP planning
2. an extension of the ACMP beyond July 2011.

PASSED AND APPROVED THIS 10th DAY OF MARCH, 2011

CITY OF CORDOVA CORPORATE SEAL JULY 8, 1909 ALASKA

Dave Reggiani, Vice Mayor

ATTEST:

Susan Bourgeois, City Clerk

Linda Hay

From: Linda Hay
Sent: Wednesday, March 23, 2011 11:52 AM
To: 'Tobish, Thede G.'
Subject: RE: House Resources Committee HB 106 work draft

Will do sir. Thank you again for taking the time to comment.

Linda Hay
House Resources Committee Aide
Representative Eric Feige
House Resources Co-Chair
State Capitol Room 126
907-465-3715
907-321-1249

From: Tobish, Thede G. [mailto:TobishTG@ci.anchorage.ak.us]
Sent: Wednesday, March 23, 2011 11:52 AM
To: Linda Hay
Subject: RE: House Resources Committee HB 106 work draft

OK thanks for the clarification. If you get the chance, please clarify, if needed, for me to the Committee. Thanks.

Thede Tobish, Senior Planner
Municipality of Anchorage-Planning Dept.
P.O. Box 196650
Anchorage, AK 99519-6650
907.343.7918
907.343.7927 FAX
tobishtg@muni.org
Web: www.muni.org/Planning

From: Linda Hay [mailto:Linda_Hay@legis.state.ak.us]
Sent: Wednesday, March 23, 2011 11:50 AM
To: Tobish, Thede G.; Louie Flora
Subject: RE: House Resources Committee HB 106 work draft

Mr. Thede - Thank you for your comments and I will share them with Rep. Feige. I would like to clarify that the "committee work draft" you refer to was not put forth by the committee. It is a draft CS put forth by Rep. Seaton, it has been objected to by Rep. Wilson for purposes of discussion and to date, there has been no follow up discussion or adoption by the committee. The bill before the committee at this time is still the original version as put forth by the governor. I will be happy to add your comments to the public record for this bill. If you have any further questions, please feel free to contact me.

lh

Linda Hay
House Resources Committee Aide
Representative Eric Feige
House Resources Co-Chair
State Capitol Room 126
907-465-3715
907-321-1249

From: Tobish, Thede G. [mailto:TobishTG@ci.anchorage.ak.us]
Sent: Wednesday, March 23, 2011 11:44 AM
To: Louie Flora; Linda Hay
Subject: House Resources Committee HB 106 work draft

March 23, 2011

Representative Seaton and Representative Feige.

I am unable to testify at this evening's hearing on **HB 106** but I wanted to convey some thoughts on the work-up and your efforts. First, I support your efforts to obtain the details and understand the essential issues concerning the current shortcomings in the State's CZM program. As you have seen, this is not a simple issue with a simple fix. But, your Committee's work-up provides a very reasonable and achievable redress to the problems in the system. The Anchorage District supports the proposed modifications to the statutes outlined in the Committee work-up and I urge you to pass the work-up and pass the bill out of the Resources Committee.

The past statute changes and ADNR's subsequent interpretations created a void where districts ended up with restrictions and limited ability to provide meaningful local controls over management of coastal resources. The statute changes and ADNR's interpretation of the regulations compromised the district role in coastal management and provided a state of regulatory ambiguity that needs to be addressed. Coastal districts are and should be recognized as expert in all coastal matters. Districts must have the capability to craft meaningful enforceable policies to address impacts anywhere within a district coastal boundary. A district must have the capability to define its coastal boundary and how policies are applied, i.e. the State should not limit the definition of coastal to some arbitrary salinity level or distance from the shoreline. Districts understand best how and when State or federal laws and regulations fall short of local concerns (do not "adequately address") for coastal resources. Your Committee work-up provides the catalyst that promotes an optimal approach to coastal management in the spirit of the program's original intent. It will better meet the needs of the local district.

The new Alaska Coastal Policy and Appeals Board will provide an essential tool to the State's program. As originally intended, this board will check and balance the various processes in the State's program. The work-up changes that address enforceable policies are well conceived and succinct and will serve to return local control, local expertise, and due deference to each district. This was and should remain the backbone of the State's coordinated approach to managing coastal resources.

I have been working with the Alaska Coastal Management Program both in the private sector and with the Municipality of Anchorage's local program since the early 1980's. I cannot recall an instance where the Anchorage District vetoed a coastal project. In circumstances where a project was losing support or could not obtain a State or federal permit, the activity could not be authorized because it did not meet a specific federal or State law or regulation, or it was simply poorly engineered or ill-conceived. The State's coastal management system and our local plan provided an effective venue for compromise and assistance where applicants nearly always achieved an acceptable project that also accounted for important coastal resources. I think the Committee's mark-up adds the necessary elements back into the statutes that will recreate this approach for districts. This is the essence of coastal management in Alaska.

Thank you for your support and for the opportunity to comment.

Thede Tobish

Thede Tobish, Senior Planner
Municipality of Anchorage-Planning Dept.
P.O. Box 196650

ALASKA MUNICIPAL LEAGUE
Alaska Conference of Mayors

217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

ALASKA MUNICIPAL LEAGUE
RESOLUTION #2011-22

A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE REGARDING SUPPORT FOR AND AMENDMENTS TO THE ALASKA COASTAL MANAGEMENT PROGRAM

WHEREAS, one of the goals of the Alaska Municipal League is to preserve local government options to ensure municipal government can be highly responsive to unique circumstances and to meet the mandate of the Alaska Constitution "to provide for maximum local self government;" and

WHEREAS, since its inception in 1977, the Alaska Coastal Management Program (ACMP) has provided Alaska's coastal municipalities a powerful tool to promote responsible development while protecting coastal resources and uses; and

WHEREAS, a cornerstone of the ACMP has been the ability for municipalities organized as coastal districts to develop enforceable policies that address local circumstances and concerns; and

WHEREAS, changes to the ACMP statutes in 2003 and changes to the ACMP regulations in 2005, reduced the effectiveness of the ACMP, including a diminished role for coastal districts, including the inability to establish meaningful local enforceable policies, the removal of air and water quality from coordinated ACMP project reviews, and elimination of the Coastal Policy Council that facilitated public engagement in administrative and program decisions; and

WHEREAS, the ACMP will sunset on July 1, 2011 unless the Alaska State Legislature extends the program.

NOW, THEREFORE BE IT RESOLVED that the Alaska Municipal League supports legislation that will extend the ACMP, establish a coastal policy board, bring back air and water quality issues into the ACMP consistency reviews, eliminate requirements for designation of subsistence use areas, and allow meaningful enforceable policies.

PASSED AND APPROVED by the Alaska Municipal League on this 19th day of November, 2010.

Signed: Hal Smalley
Hal Smalley, President, Alaska Municipal League

Attest: Kathie Wasserman
Kathie Wasserman, Executive Director, Alaska Municipal League

Introduced by:	Mayor
Date:	02/15/11
Action:	Adopted
Vote:	9 Yes, 0 No, 0 Absent

KENAI PENINSULA BOROUGH
RESOLUTION 2011-005

A RESOLUTION SUPPORTING AN EXTENSION OF THE ALASKA COASTAL MANAGEMENT PROGRAM

WHEREAS, the Alaska Coastal Management Program ("ACMP") has effectively promoted a balance between economic development and protection of coastal resources since 1979; and

WHEREAS, the Kenai Peninsula Borough has been an active participant in the ACMP since 1990; and

WHEREAS, the ACMP provides boroughs and municipalities with a unique tool through which 28 coastal governments have an opportunity to bring local knowledge to development projects planned in their localities that require state and federal permits; and

WHEREAS, the ACMP will sunset on July 1, 2011, in accordance with law adopted in 2003 by the Alaska State Legislature unless the legislature extends the program; and

WHEREAS, the Parnell administration supports the continuation of the ACMP in Senate Bill 45 and House Bill 106 for an additional six years;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the Kenai Peninsula Borough Assembly supports Senate Bill 45 and House Bill 106 extending the Alaska Coastal Management Program.

SECTION 2. That copies of this resolution be forwarded to Governor Sean Parnell and all members of the Alaska State Legislature.

SECTION 3. That this resolution takes effect immediately upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 15TH DAY OF FEBRUARY, 2011.

Gary Knopp, Assembly President

ATTEST:

Johni Blankenship, Borough Clerk

KENAI PENINSULA BOROUGH 1964

Yes:	Haggerty, Johnson, McClure, Murphy, Pierce, Smalley, Smith, Tauriainen, Knopp
No:	None
Absent:	None

Yakutat Salmon Board
City & Borough of Yakutat
PO Box 160 Yakutat, AK 99689

Phone: (907) 784-3329
Fax: (907) 784-3401
yakutat_salmon_board@yahoo.com

May 22, 2011

Re: Testimony on HB 106

My name is Bill Lucey I am the coastal district coordinator for the City and Borough of Yakutat

For the record the City and borough would like to support the reinstatement of a streamlined Coastal Policy Council, bring back coordinated DEC reviews and expand local enforceable policies without area restrictions.

I would also like to point out for the record that we are not asking for "veto" power over projects. What we are asking for is strong local input regarding coastal development. There is difference between simply providing comments then sitting at the negotiating table. Regardless of the claim that we are given due deference and allowed to call "balls and strikes", my experience is that we are generally ignored if an agency person disagrees with us. Furthermore we have a handful of very narrow policies requiring us to comment on state standards that have also been whittled down after the program change in 2003.

All municipalities want economic growth. We also want a strong position from which to champion the kind of economic growth our citizens prefer. Sometimes this can cause conflicts between user groups which is exactly why the ACMP exists. It provides a platform to negotiate these conflicts outside the courtroom. That is why all the mayors at the AML convention, excepting one, voted to restore the ACMP to its former structure. That seems to be a clear mandate for this committee and the legislature to act now on amending the ACMP.

If development is pursued irresponsibly we end up using tax payer dollars to clean up after the fact. The majority of my job involves fish habitat restoration; fixing blocked culverts, decommissioning poorly constructed logging and gas exploration roads, wetland restoration and endless tree thinning. Again, all on the backs of taxpayers. These are avoidable expenses. We have the experience locally to know what impacts are likely to occur from proposed projects because we have spent years hunting and

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fishing in our boroughs and cleaning up after poor management decisions overseen by various agencies and industry.

Federal and state agencies don't always have the local knowledge to make good calls. Enforcement is sporadic and there is a constant turnover of personnel producing a wide range of expertise. That is why we want to form customized local enforceable policies specific to our area to ***compliment***, not replace, state and federal management.

There has been a lot of talk about predictability. As far as that is concerned I don't recommend getting into commercial fishing. However, a recent report from Northern Economics of Anchorage put the industry at $5.8 billion dollars annually, producing the largest number of private sector jobs in the state. The vast majority of our past enforceable policies dealt with fish habitat as commercial fishing relies on good habitat and clean water. When you throw the economics of sport fishing tourism into the mix Yakutat gets another $2-3 million dollars of annual benefit. Our town has an extremely high per capita of commercial permit holders. Though abundance varies the fish come back every year. Long after the gas and minerals are extracted people will still be able to make a living fishing and it is our responsibility to maintain that opportunity for our citizens.

In closing, there are people working hard at DCOM attempting to function within the existing ACMP limitations and I would like to recognize them for their efforts. I frequently work with state, corporate, tribal and federal managers on a wide variety of research and development projects. We are exporting gravel, beginning second growth logging and discussing cruise ship tourism. We ***can*** work together effectively. We are not going to bring a halt to resource development we wish to move it forward responsibly, protecting our established industries and with maximum benefit for communities, the land, the water and the state as a whole.

Thank You,

Bill Lucey
Biologist/ Coastal Planner
City & Borough of Yakutat

Alaska Coastal Management Program (ACMP)

Coastal District Planning And Enforceable Policies

DCOM
Division of Coastal and Ocean Management

ALASKA COASTAL MANAGEMENT PROGRAM

Federal Structure for Coastal Programs And Local Participation

- The CZMA allows states to develop their own coastal programs.
- The ACMP is a state program that manages coastal uses and resources with local input.
- Coastal district participation is important and voluntary.
- Rules for participation set out in statutes and regulations.

Coastal District Plan Elements
11 AAC 114.200

- Issues, goals, and objectives
- Organization
- Coastal zone boundaries
- Resource inventory
- Resource analysis
- Subject uses, activities, and designations
- Proper and improper uses and activities
- District enforceable policies
- Implementation
- Public participation

11 AAC 114 300-360:
Significant Amendment Process

Preliminary Steps

- Issues Meeting with DCOM — 11 AAC 114.300(a)
- 2 Public Hearings — 11 AAC 114.305(a)
- Submit Public Hearing Draft (PHD) to DCOM — 11 AAC 114.305(d)
- DCOM has 15 days to verify completeness — 11 AAC 114.305(d)

Public Hearing Draft Commenting & Meetings

- Public Review & Comment Period *60 days if Borough or CRSA *45 day if City or Unified Municipality — 11 AAC 114.310(a)-(d)
- District meeting with federal & state agencies — 11 AAC 114.310(e)
- District holds public hearing(s) — 11 AAC 114.305(e)&(f)
- DCOM summarizes state agency comments — 11 AAC 114.320(b)
- District consolidates public comments — 11 AAC 114.320(c)(1)

Concept Approved Draft Development & Initial Commenting

- Prepare revisions to PHD creating proposed Concept Approved Draft (CAD) — 11 AAC 114.320(c)(3)
- District statement of comment consideration and copy of comments distributed to commenters and interested parties by district. — 11 AAC 114.320(c)(4)
- *for CRSAs only 60 day review & comment of proposed CAD by affected villages & cities (unless waived per 114.325(b)) Comments to be submitted as resolutions. — 11 AAC 114.325
- Obtain resolution creating CAD — 11 AAC 114.330(a)
- Submit CAD with comments and district response to DCOM & state agencies — 11 AAC 114.330(b)
- State agencies have 21 day CAD comment period — 11 AAC 114.330(c)

Concept Approved Draft Responses

- DCOM has 15 days to compile state comments & Proposed findings & conclusions. DCOM provides to district. — 11 AAC 114.330(d)
- District distributes CAD, Proposed findings & conclusions and comments to all commenters and persons with interest — 11 AAC 114.330(f)
- 21 Day CAD Public Comment Period *specific to changes since PHD Public Review — 11 AAC 114.330(g)
- DCOM has 15 days to release final findings & conclusions *district can submit their own recommendation in response which is weighed by commissioner — 11 AAC 114.330(h)
- Commissioner Approves or Disapproves Amendment *Ruling within 15 days of receiving review material — 11 AAC 114.335(e)
- Federal Review & Approval — 11 AAC 114.355
- Final District Approval by Ordinance within 90 days of Commissioner ruling *CRSAs obtain board resolution at public hearing — 11 AAC 114.360(a)-(b)
- DCOM Files Amendment with Lt. Gov. — 11 AAC 114.360(c)

Final Approvals

Done

30 DAYS after filing, the amended plan IS IN EFFECT

Coastal District Plan Approval

- Enforceable components of the plan amendment include:
  - Enforceable policies
  - Designated areas
  - Maps

- The ACMP District Enforceable Policy Decision Tree was created to be used by both the coastal districts and DCOM planning staff in evaluating proposed district enforceable policies.

HB 191 Intentions

- HB 191 was passed by the Legislature in May 2003.
- Intent of bill was to:
  - Reduce delays and avoid regulatory confusion, costly litigation, and uncertainty to allow new investment in Alaska
  - Update and reform the ACMP statewide standards to be clear and concise
  - Update and reform the coastal district plans so that district enforceable policies are clear, concise, more uniform, related to local concerns, and non-duplicative of state and federal laws

Statutory Requirements

AS 46.40.030(b) and AS 46.40.070(a)(2)

- Shall not duplicate, restate, or incorporate by reference statutes or regulations adopted by state or federal agencies
- Are clear and concise as to the activities and persons affected by the policies
- Use precise, prescriptive, and enforceable language
- Do not address a matter regulated or authorized by state or federal law unless the enforceable policy relates specifically to a matter of local concern.

Matter of Local Concern

AS 46.40.070(a)(2)(c)

- Demonstrated as sensitive to development
- Not adequately addressed by state or federal law
- Of unique concern to the coastal resource district as demonstrated by local usage or scientific evidence

Other Important Criteria

- Adequately addressed – AS 46.40.070
- Flow from – AS 46.40.030, AS 46.40.040

Designated Areas

- Certain subject uses require designated areas
- Each subject use for a designated area has its own requirements (11 AAC 114.250)
- Must be included in enforceable section of the coastal management plan
- Must be described or mapped at a scale sufficient to determine whether a use or activity is located within the area (11 AAC 114.270(g))

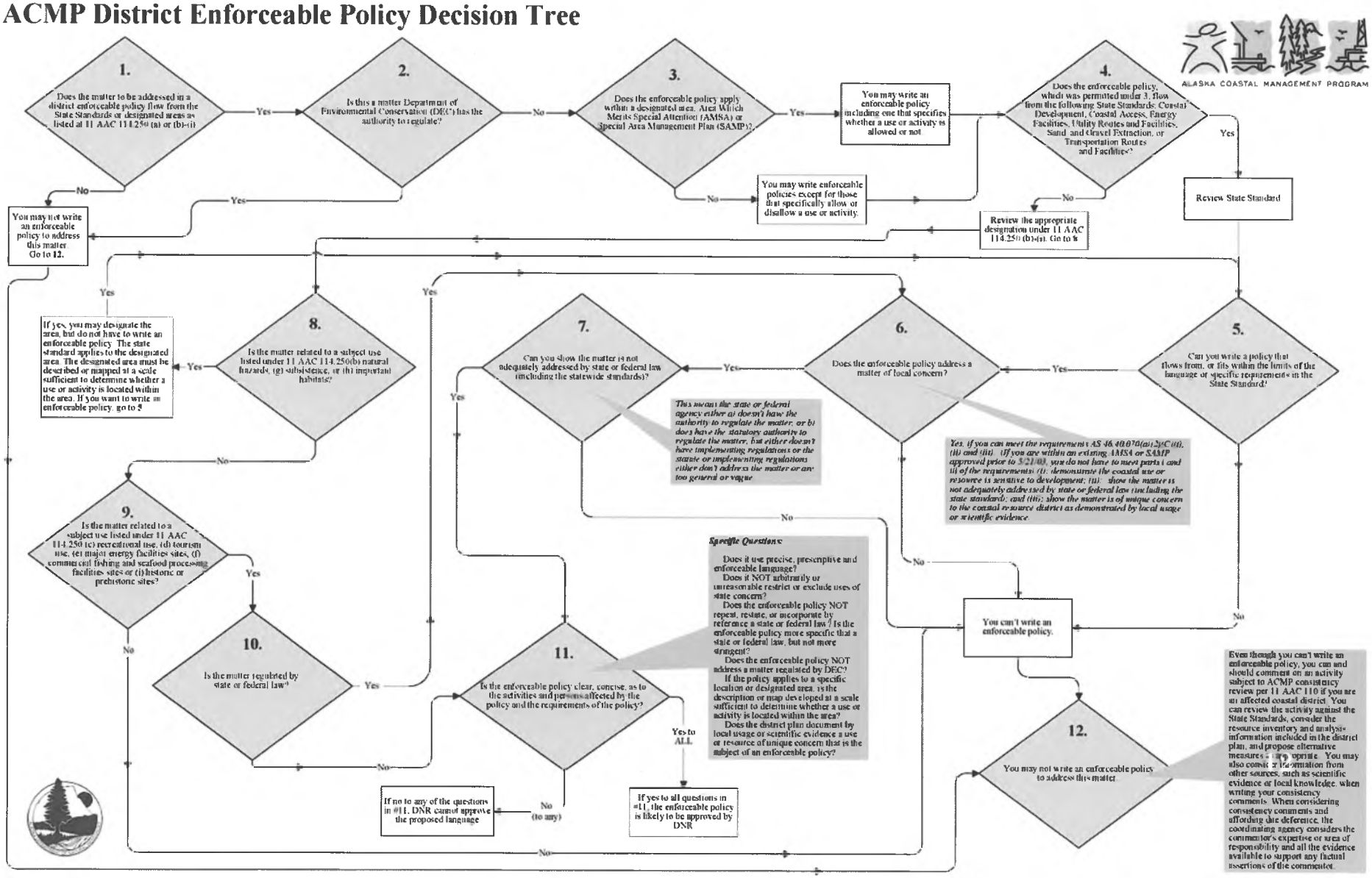
Designated Areas Examples

Each subject use designated area has own requirements (11 AAC 114.250)

- Subsistence use
  - Consult with appropriate agencies
  - Document subsistence use is an important use of coastal resources
  - Can use "local usage" for documentation
- Important habitat
  - Show direct & significant impact
  - Show by written scientific evidence to be biologically & significantly productive

ENFORCEABLE POLICY APPROVAL

ACMP District Enforceable Policy Decision Tree



Examples of Enforceable Policies

- Legislature purposefully limited enforceable policies to:
  - Reduce duplication with existing authorities
  - Focus ACMP on coast and coastal interactions
- Districts would like greater authority and opportunity for enforceable policies, regardless of whether a state or federal agency already manages the issue.
  - Example: Marine Mammals
  - Example: Habitat

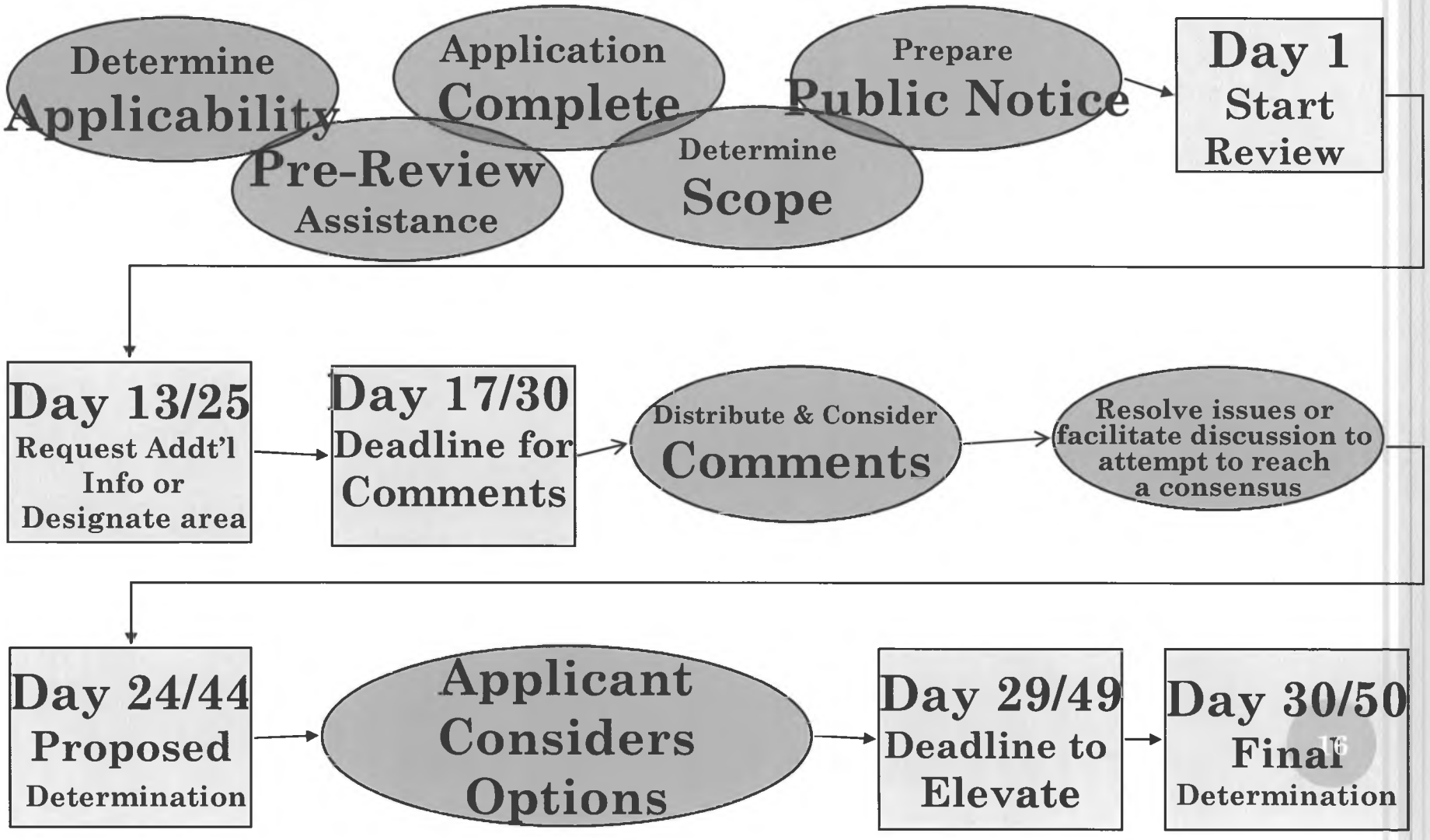
Examples of Enforceable Policies

- Planning
  - CBJ's Wetlands Management Plan
- Consistency reviews
  - Bristol Bay Borough
  - Kenai Peninsula Borough
  - Bristol Bay CRSA

APPLICATION AND IMPLEMENTATION OF COASTAL DISTRICT ENFORCEABLE POLICIES

- Application of coastal district enforceable policies occur only during a consistency review
- Coastal districts receive implementation funding to do consistency reviews
- Coastal districts are considered to have expertise in the interpretation of their plan
- Coastal districts can comment on a proposed project using both their enforceable policies and the state standards

ACMP Consistency Review Process Timelines



QUESTIONS?

Thank You

www.alaskacoast.state.ak.us

Testimony on HB 106 – Coastal Management
North Slope Borough Mayor Edward S. Itta
House Resources Committee
Friday, March 25, 2011 – 1 p.m.

Thank you, Mister Chairman. I appreciate this chance to speak with the committee today. Let me get right to the point. I'm in favor of the work draft of the committee substitute for HB 106, because it makes substantive and logical changes to the existing program, which is really no program at all.

The federal law on coastal management allows a voice for Alaskans in the permitting process when federal lands or waters are considered for development. The State thinks the law is working just fine. But when it comes to the Arctic OCS, the State has been notably **absent** from the discussion of a whole **range** of primarily federal issues that are **important** State concerns—including endangered species rulemaking, development of a National Ocean Policy, and ocean discharge limits.

Instead of being **engaged**, the State simply submits generic written comments saying it supports development, and then it litigates. That **certainly** doesn't address issues of concern to the affected local communities. From the **local** perspective, coastal management as it is **now** practiced in Alaska is a hollow program. It's ineffective because it ignores community input.

Alaskans agree that people who are closest to the action have unique concerns and deserve a voice and a chance to contribute their local expertise, especially when it comes to projects in their own back

yard. Hasn't the State been aggressively making that same point with respect to recent federal actions in Alaska?

Alaskans also care about preserving our unique subsistence cultures. And for communities in the North Slope and Northwest Arctic regions, nothing is more critical. That being said, we also **recognize that** jobs and economic progress are essential to our quality of life and to the preservation of our subsistence culture. We depend on a strong oil and gas industry and state economy as much as anyone else. We are not in any way "anti-development".

Several coastal zone proposals have been placed on the table, and I've asked the Administration to sit with us and go through them point by point. The Borough's position has been that there is **nothing** in these proposals that cannot be modified.

But the State has thus far **declined** to discuss any significant changes in the program. We'll **meet** and they'll hear us out, but they have not **budged on anything**. Their energy goes into explaining how well the program works for the State. This opens the door for industry to argue that local involvement will kill development. If that's the case, then how come we've had so much development on the North Slope and at Red Dog? Until 2003, those developments were permitted through a coastal zone program that was **much stronger** than anything recently proposed.

Many who have commented on this bill say that six more years of deliberation are necessary to identify appropriate changes that would address district concerns. I can't tell you how frustrating it is to hear

that. We and other districts have already spent huge amounts of time and money on that effort over the past eight years. There have been endless workshops, stakeholder meetings, program re-evaluation meetings, a federal review of the program, a legislative audit, and plenty of hearings in Juneau. At this point, delaying action is no action. It's just kicking the issue down the road for **someone else** to deal with later. And when it comes to the Arctic OCS, **later** may be **too late**.

Without a meaningful program, our communities are left with only **one option**. If the State has no interest in addressing our concerns, then we'll have to turn to federal agencies for help. We'll have to see if the U.S. Fish & Wildlife Service, National Marine Fisheries Service, BOEMRE and the EPA will pay more attention. That's the corner we're being forced into.

The Borough has been really clear that on most federal issues—like NPR-A development or Endangered Species listings—we have a **lot more** in common with the State than we have with the feds or the NGOs. I don't see why the State would want to push us away in a direction that could have unintended consequences.

There will be a de facto alignment going forward—either the **State** can align with the local communities whose interests it ought to represent, or the federal **agencies** and local communities can align. I don't like that choice and that's a choice that should concern **all** Alaskans who want urban and rural interests to come together. Alaskans are **most** successful when we're united.

On coastal zone management, the North Slope Borough has tried to play by ever-changing rules since 2003. We have nothing to show for it.

Now it's up to the Administration and the Legislature. If you're going to leave the program as it is, and let coastal management work for everybody **except** those coastal communities who **clearly** have the most at stake, it probably makes more sense to go ahead and let the program sunset.

On the other hand, if the State believes that local communities really **should** have a say in coastal policy, if it values the partnerships that come from working together on important federal issues, and if it is willing to consider reasonable changes to a clearly flawed ACMP, then we're listening.

In closing, the Committee Substitute contains many good proposals. I encourage the Committee to take a positive step forward on this issue by adopting the CS.

Thank you again Chairman Fiege for giving me the opportunity to testify today. Good luck.

###

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Governor Sean Parnell
STATE OF ALASKA

January 14, 2011

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault,

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill extending the termination date of the Alaska coastal management program by six years and relating to the extension; relating to the review of activities of the Alaska coastal management program; and providing for an effective date by amending the effective date of Sec. 22, Ch. 31, SLA 2005.

The Alaska coastal management program is currently set to automatically terminate on July 1, 2011. I urge your prompt and favorable action on this measure.

Sincerely,

Sean Parnell
Governor

Enclosure

ALEUTIANS WEST
COASTAL RESOURCE SERVICE AREA

RESOLUTION NO. 2010-02

A RESOLUTION OF THE ALEUTIANS WEST COASTAL RESOURCE SERVICE AREA (AWCRSA) BOARD OF DIRECTORS RECOGNIZING THE SIGNIFICANCE OF COASTAL PLANNING AND SUPPORTING LEGISLATION THAT WILL CONTINUE THE ALASKA COASTAL MANAGEMENT PROGRAM (ACMP).

WHEREAS, the AWCRSA was established in 1987 by a vote of the people of the unorganized western Aleutian area and provides representation of local interest in state and federal permitting decisions; and

WHEREAS, the AWCRSA has a recognized coastal management plan with procedures and policies to guide development activities in the coastal zone boundary; and

WHEREAS, the people of the western Aleutians want to provide for a voice in state and federal permitting decisions within their area; and

WHEREAS, the AWCRSA Coastal Management Plan receives it's authority as part of the networked Alaska Coastal Management Program; and

WHEREAS, the ACMP will sunset on July 1, 2011 unless the Alaska State legislature extends the program; and

NOW, THEREFORE BE IT RESOLVED THAT the AWCRSA Board recognizes the significance of coastal planning and supports legislation that will continue the Alaska Coastal Management Program.

PASSED AND APPROVED BY THE AWCRSA Board of Directors on this 15th day of December, 2010.

IN WITNESS THERETO:

Frank Kelty, Board Chair

ATTEST:

Per H. G.

Harold Gray, Secretary

P.O. Box 1074 • Palmer, Alaska 99645 • Phone: (907) 745-6700 • Telefax: (907) 745-6711
Toll free: (800) 207-6701 • e-mail: awcrsa@gci.net

ALEUTIANS WEST
COASTAL RESOURCE SERVICE AREA

August 14, 2008

Department of Natural Resources
Division of Coastal and Ocean Management
Mr. Randy Bates
302 Gold Street, Suite 202
P.O. Box 11030
Juneau, AK 99811-1030

Re: Re-evaluation of ACMP (your letter July 1, 2008)

Dear Mr. Bates,

This letter is written to provide a formal response to comments requested in your above referenced letter. The letter discussed the "ongoing challenges" and "the need to address certain implementation problems" as the catalyst for the re-evaluation of the ACMP laws. Your letter specifically called out four particular needs for the reassessment:

- The DEC carveout
- Coastal district's authority and ability to write enforceable policies, revisit the requirement for designated areas to address certain coastal uses and resources
- Certain consistency review issues including the scope of the project subject to review, requirement of coastal project questionnaire, etc.
- Other clarifying and technical edits to the regulations

Your office has held several informative public teleconferences and hosted weekly district teleconferences for discussion purposes. Additionally, the AWCRSA program director has served as the ACMP Working Group Representative for the Southwest coastal districts and has participated in the June ACMP Workshop and three region specific teleconferences. We have come to understand that in addition to the needs identified above it is your desire to receive comments in any area that might improve the program and that comments should not be limited. As a political subdivision of the state and the state's representative in the unorganized area of the western Aleutian Islands, we appreciate the opportunity to participate in the re-crafting of the Alaska Coastal Management Program. Please consider the following comments.

P.O. Box 1074 • Palmer, Alaska 99645 • Phone: (907) 745-6700 • Telefax: (907) 745-6711
Toll free: (800) 207-6701 • e-mail: awcrsa@gci.net

The DEC carveout.

The DEC carveout has confused the consistency review process especially where the scope of the project requires permits from more than one agency. The removal of the DEC has been interpreted as the removal of any matter relating to air, land, or water quality through the program implementing regulations. The ACMP is a networked program and it is difficult to extricate air, land and water quality issues from the review process and still have a meaningful review. The AWCRSA recognizes that some DEC permits require a long time to process so perhaps some single agency type permits should be excluded but we do not believe that this should apply to all matters relating to the areas regulated by the DEC. We had many policies that addressed air, land, and water quality standards that are no longer allowed. For example, some concerned storage and transportation of hazardous materials. The AWCRSA would like to work with the DCOM and the DEC to enable consideration of local concerns in the coastal review process. Specifically, the AWCRSA wants due deference and respect for local expertise in the consistency review process unlike the current practice of commenting as a "public member" in a DEC review. To restore the DEC's role in the consistency review process it will be necessary to amend AS 46.40.040(b)(1), AS 46.40.096(g)(i), and (k) and repeal or rework the implementing regulations relating to the carveout. Similarly, coastal districts should be allowed to develop local air and water quality policies that do not duplicate the state standard or DEC statutes or regulations. To do so it will be necessary to amend 11 AAC 114.270(f) to clarify thatdistricts can establish policies that do not duplicate DEC statutes and regulations.

Coastal district's authority and ability to write enforceable policies, revisit the requirement for designated areas to address certain coastal uses and resources.

There remains a legal question of whether a CRSA has the authority to designate areas for particular uses since they do not have Title 29 authority. The AWCRSA was reluctant to designate areas in the first place out of this concern but found it necessary to do so in order to have any policies that spoke to the matter. Also, the areas designated are important but there are many other significant resource areas within the CRSA as indicated on the Resource Inventory maps. The requirement to designate areas in order to have any policies related to that particular resource fails to consider these other significant areas within the CRSA. It is the viewpoint that the idea of designated areas limits the intent of wise policy making decisions and subsequently limit the effectiveness of any such policy derived with the inclusion of "designated areas". Please consider a subsistence designated area around Adak and the idea of federal permitting within or adjacent to a designated zone. The resource considered around Adak was frequently found outside the boundaries of the designated area and thus diminished the concept and purpose to designate an area for a specific use. Likewise, a resource that migrates into a federal permit zone also experiences diminished purpose when considering ideas of protection, use, and responsibility.

In the case of nationwide or general ABC List type permits it is necessary to identify the designated areas to inform the applicant of their location whereas in the past this was not required as only an applicable policy needed to be considered.

The AWCRSA sees two approaches for resolution of this issue with one being to remove designated areas all together and the other to retain designated areas to highlight areas of particular local interest or resource concerns while removing the requirement for designated areas to write policies.

There are two significant issues with respect to our ability to write meaningful policies. One is the structure of the current program (the statutes and regulations) and the other is the *interpretation* of the regulations.

Structure issues include definitions of terms such as "coastal water" which removed waters that do not have a measurable amount of salt water and the limitation of some standards to coastal waters. This in turn affects our ability to write policies and greatly narrows the coastal zone as the only policies that were allowed are those that "flow from" a specific matter addressed in a state standard.

Interpretation issues include topics such as "adequately addressed" (AS 46.40.070) where DNR has not allowed any policies where an agency has authority to regulate even if they have no specific regulations and "duplication" which has also been related to the authority rather than specific regulations.

Some past regulatory interpretations included the following quote: "The criterion for determining adequacy is whether the matter is already addressed by state or federal law ... even if there is no regulation on a given matter, that the resource agency has the authority to regulate that matter makes the matter one that is "regulated or authorized by state or federal law." The same analysis is true with respect to whether the matter is "adequately addressed."

The AWCRSA recommends strengthening the regulations in several areas to eliminate vagueness and to revisit definitions that have narrowed the scope of the program.

<u>Certain consistency review issues including the scope of the project subject to review, requirement of coastal project questionnaire, etc</u>.

The AWCRSA feels that it is not necessary for the applicant to provide a lengthy CPQ for projects subject to certain permits such as A and B-1 listed projects. However, the new CPQ format works well for AWCRSA as a reviewer as it has the applicant evaluate our policies and detail why the project is consistent with them similar to the federal review process. This has helped to streamline our

reviews and has virtually eliminated the need to request additional information and stop the review clock.

Sand and Gravel Standard.

The 2004 revision removed mining from the ACMP standard and, while there has not been a carveout of mining activities, the removal of uplands from the Habitat Standard and mining from the Sand and Gravel standard has combined to deny the ability of the AWCRSA to write policies relating to these activities. The AWCRSA feels that mining is an activity that should be included within the state standards and about which policies can be developed.

Subsistence Standard.

This standard is the only one that does not include mitigate in the "avoid, minimize, mitigate" sequence. This lack of a mitigation option can force the district to deny a project when it cannot be minimized and create a "go or no go" situation where it is not in the district's or applicants best interest to do so. AWCRSA recommends that mitigation be included within this standard.

Habitat Standard.

Uplands were removed from the standard as part of the 2004 regulatory revisions. Uplands are still within the coastal zone and activities within upland areas can have a direct and significant impact within the coastal area. The AWCRSA had policies directed at some of these potential impacts such as the placement of materials that could erode and natural runoff patterns that are no longer allowed. The federal approval of the program found that all areas within the coastal zone, including uplands, have a direct and significant impact on coastal waters. The AWCRSA recommends the inclusion of uplands in the Habitat Standard.

Mitigation.

The sequencing process to avoid, minimize, or mitigate was changed to rely primarily on economic considerations through the use of the term "practicable" and any AWCRSA policies that spoke to mitigation were no longer allowed under the revised program. Subsequent projects which have had a mitigation component within the AWCRSA have seen either on site projects that had debatable value or off site projects that benefited from loss within the AWCRSA. The elimination of monetary compensation as a mitigation tool should be revisited (11 AAC 112.900 (e)(2) as this approach can have merit in some circumstances. The AWCRSA is in the process of completing a project "*Evaluation of Mitigation Opportunities in Unalaska*" in hopes of restoring a meaningful role in the mitigation development process.

Policy Council.

The AWCRSA recommends a Policy Council that incorporates the positive aspects of the former Coastal Policy Council. The Council should have representation from the coastal districts, the resource agencies and the DCCED Division of Community and Regional Affairs. The mission should include the ability to approve district plans, program related funding, and program changes. The Council would serve as a public forum that can result in more involvement and a more equitable decision making process. It would provide an outreach component that is sorely lacking in the amended program.

Transfer of ACMP out of DNR and Into Another Division.

Taking the ACMP out of the Governor's office and into DNR has caused the potential for a conflict of interest because it could find itself coordinating a review for the agency within which it works. The location also contributes to the estrangement of the state agency from the coastal districts since the DNR does not have a local government focus. While it does not seem likely or practical to suggest that the Division be returned from whence it came, moving the ACMP to DCCED, Division of Community and Regional Affairs makes sense. Such a move would resolve the permitting conflict since DCCED does not issue any permits. DCRA has a statutory mandate to provide planning assistance to coastal resource districts for coastal management plans, as described in AS 44.33.781, and manages the ACMP grants. The current grant process is more cumbersome than it needs to be with the involvement of two separate divisions.

In the NOAA/OCRM June 2008 ACMP Evaluation, OCRM listed a program suggestion as follows:

> OCRM encourages the ACMP to improve communication with coastal districts to rebuild relationships and support their participation in the Program. This will likely need to include a focused outreach strategy and coordination with a number of program partners.

A move to DCCED-DCRA would accomplish the above suggestion by bringing balance and a new team building approach to the program.

An Expedited Approval Process and Additional Funding for Local Plan Changes and Program Administration.

The AWCRSA expects that the ACMP Re-evaluation process will result in revised legislation and regulations which will allow us a more meaningful role in the networked ACMP. However, having just completed the arduous and expensive revision process resulting from the 2003 legislation and having just prior completed four years of revision work in the previous years, we request that any new legislation establish an expedited approval process and that additional funding be provided to districts to complete any necessary revisions. We understand that the CIAP grant has risen from the predicted $1.5 million to $17-

25 million which is a huge increase. The AWCRSA requests that a portion of these funds are made available to districts through grants to fund district plan revisions and general program administration as well as DCOM personnel costs to review those revisions.

The ACMP Re-evaluation is a huge task and we appreciate your commitment to a thorough re-evaluation that will result in positive changes for the program. We have no desire to return to our twenty year old program but we do desire a meaningful role in the management and development of the many resources of the Aleutians West. We appreciate the opportunity to comment and look forward to continued involvement through the re-evaluation process.

Sincerely,

Karol Kolehmainen
Program Director

Cc: AWCRSA Board members

Bering Straits Coastal Resource Service Area
P.O. Box 28
Unalakleet, Alaska 99684

February 25, 2011

Honorable Donny Olson, Senator
Alaska State Capitol, Room 508
Juneau, AK 99801

Honorable Neal Foster, Representative
Alaska State Capitol, Room 434
Juneau, AK 99801

Honorable Reggie Joule, Representative
Alaska State Capitol, Room 410
Juneau, AK 99801

Dear Senator Olson, Representative Foster and Representative Joule:

The Bering Straits Coastal Resource Service Area (CSRA) is pleased to report that our Alaska Coastal Management Program (ACMP) funding has finally been restored. As the CRSA's legislative representatives, we wish to thank you for your support and your interest in addressing problems with the ACMP.

We are also writing this letter to provide clarification about recent statements made by the Alaska Department of Natural Resources (ADNR) and to document events related to our plan approval and funding. Earlier this week the candidate for the CRSA program director position withdrew her name from further consideration citing problems with the grant approval process and the "hostile environment" during completion of the CRSA's coastal management plan. I apologize for the length of this letter, but it is important to provide details about incorrect statements and changing requirements that have been inconsistently applied.

The first issue we would like to address is a statement in ADNR Commissioner Sullivan's February 4, 2011 response to the ACMP Legislative Audit. We believe the Commissioner received incorrect information regarding the following statement:

> The DLA analysis on the consultant and coastal district autonomy is based upon an isolated circumstance with a single consultant representing a single coastal resource

service area that did not have an approved plan and was not receiving funding due to significant financial management issues and failures.

A May 13, 2010 email from the ADNR Division of Coastal and Ocean Management (DCOM) to our consultant clearly states that its policy on consultants applies to all contractors: "We do not distribute items we're required to send to review participants to any district's contractors. Districts are welcome to forward such items on to their contractors" (emphasis added). Three factors support our request to ADNR to add our consultant to the project distribution list: 1) ADNR denied repeated requests to fund a staff position, 2) the board chair and most board members do not have computer access, and 3) the information sought by our consultant was not available on DCOM's electronic "FTP site" for the project.

In response to DCOM's refusal to provide the requested information, our consultant pointed out that DCOM was regularly distributing materials to a consultant contracted with another CRSA. DCOM then changed its consultant policy to require that certain project review information could only be sent to a consultant if they were designated as the coastal district's "single point of contact" which would include signatory authority for project-related matters. The Bering Straits CRSA, however, wished to retain signatory authority. We were simply asking for the consultant to receive electronic copies of all project-related documents. This single point of contact issue is raised in Part II of the legislative audit.

The CRSA is concerned about the reference to "significant financial management issues and failures." We believe this may be a reference to an audit of the CRSA's finances for FY04 – FY05 where our staff person failed to submit adequate backup for expenses, including copies of checks that were later provided. DCRA ensured there would be no future problems like this when it implemented new procedures in late 2006 requiring receipts before the CRSA received reimbursement for expenses. Nevertheless, DCOM referred the matter to the Department of Law. According to DCOM Director Bates in a December 4, 2009 letter to the CRSA, the Department of Law found "no obvious signs that any of the board members or the program director misused the ACMP funding" (emphasis added). Although Mr. Bates concluded his letter by saying he "considered this issue closed", DCOM continues to raise this issue. We believe it is time to put this issue to rest and move on.

We are also concerned by an incorrect statement made by DCOM Director Randy Bates to the House Resources Committee on January 24, 2011. In response to a question, Director Bates said ACMP funds were provided to the Bering Straits CRSA to "to complete their plan according to the Commissioner's finding." DCOM has provided no ACMP funds for revision of our plan to comply with the Commissioner's November 1, 2007 finding. The only plan revision funds we have received since 2006 were provided by the Department of Commerce, Community and Economic Development, Division of Community and Regional Affairs (DCRA) for a three-

month period. We understand that DCCED used non-ACMP funding because DCOM refused to approve ACMP funds for this competitively-awarded contract. While we are very appreciative of DCRA's generous funding, we wish to acknowledge that it was necessary for our consultant to donate many extra hours to complete all of the contract's required tasks. In addition to revising our coastal management plan, the tasks included setting up a new office, conducting project consistency reviews, and revising our coastal management plan.

During the period where we received no ACMP funding for staff support, we depended on volunteer hours from our board and our consultant. Since 2006, our consultant has donated over 325 hours. During this period, we seldom heard from the DCOM staff person assigned to our CRSA. As an example of the lack of support from DCOM, we were surprised to learn in April 2010 that DCOM was sending project review materials to a former program director who had not been employed by the CRSA since 2004.

Additional clarification is needed to respond to comments made by DCOM Director Bates at the February 22, 2011 House Finance subcommittee meeting on ADNR's budget. In response to a question from Representative Guttenberg about use of consultants by coastal districts, Director Bates said there has been abuse and noncompliance. As an example, he said a coastal district had inappropriately used ACMP funds to pay IRS penalties. Considering ADNR's response to the Legislative Audit targeted only our CRSA, we would like to emphasize that we have not used ACMP funds to pay IRS penalties. Additionally, we are aware of no instances of abuse or noncompliance by our consultant.

At the subcommittee meeting, Director Bates also said it was not appropriate for districts to use consultants to do project consistency reviews. Since we have not had an ACMP-funded position since 2006, it is not clear who Director Bates believes should have been conducting the reviews.

Regarding the hiring process for our program director, we wish to provide some background about some of the problems we faced during the past year. Although there was funding for a program director in our FY10 ACMP grant, DCOM provided substantial obstacles that prohibited the hiring of this position. The CRSA began its hiring process in May 2010 by appointing a hiring committee. Although there were no DCOM procedures for CRSA hiring, DCOM created new rules and asserted itself in a process that was appropriately managed by the CRSA board, all of whom are elected officials. We were surprised to learn that another CRSA completed its hiring process for a program director during this same period in a matter of weeks.

At the February 23, 2011 House Finance Subcommittee meeting, Director Bates stated that it was not necessary for a coastal district to have an approved plan in order to receive ACMP funding. However, DCOM treated the Bering Straits CRSA differently than the other two

districts without approved plans by requiring submittal and approval of our coastal management plan before receiving FY11 funding.

Regarding our plan, the CRSA submitted a substantially revised plan in June 2010 even though ADNR denied all of our subsistence use areas and subsistence policies. The plan isn't much use to us, because we can no longer address potential impacts to subsistence, the main concern of CRSA residents. We submitted the plan only because we were required to do so in order to receive funding. After our submittal, DCOM added new requirements for approval of the plan that were not included in the 2007 Commissioner's Decision. While we reached a compromise in January of this year, we note that DCOM required us to remove language that was approved for another coastal district's plan. Again, it is important to note that DCOM refused to provide any funds for revision of the plan to comply with the Commissioner's Decision.

Director Bates also spoke about mediation of coastal district plans during his testimony at the February 23, 2011 subcommittee meeting. While the Bering Straits CRSA was not mentioned in this discussion, ADNR denied our request for mediation because we did not have funds to pay for it, even though there are no requirements in the regulations for coastal districts to share mediation costs. In addition, ADNR denied the opportunity to use ACMP funds for mediation, an opportunity it offered to the other coastal districts that requested mediation.

We wish to make one more point that may explain why we have been unfairly targeted by ADNR. During initial review of the draft coastal district plans in 2006, our consultant asked for clarification about conflicting guidance from ADNR about its requirements for plan revisions. In response, ADNR staff stated in an email that ". . . continued attempts to debate our office on the changes to the ACMP are putting certain coastal district plan amendments at risk." We believe DCOM has made good on this threat by providing substantial obstacles to our funding and plan approval.

We look forward to working with DCRA and DCOM to strengthen our coastal program. However, we are very concerned that DCOM has made little effort to establish a respectful relationship with our CRSA. We hope the Legislature will take action this year to fix some of the problems with ACMP, including consideration of which agency would be most appropriate to manage the program.

Sincerely,

Ruby Nassuk

Ruby Nassuk
Chair, Board of Directors

cc: Representative Seaton, Co-Chair House Resources Committee
Representative Feige, Co-Chair House Resources Committee
Representative P. Wilson, Vice-Chair House Resources Committee
Representative Dick, House Resources Committee
Representative Herron, House Resources Committee
Representative Munoz, House Resources Committee
Representative Gardner, House Resources Committee
Representative Kawasaki, House Resources Committee
Representative Costello, Chair, House Finance Committee on ADNR
Representative Johnson, House Finance Committee on ADNR
Representative Pruitt, House Finance Committee on ADNR
Representative Saddler, House Finance Committee on ADNR
Representative Kerttula, House Finance Committee on ADNR
Representative Guttenberg, House Finance Committee on ADNR
Daniel Sullivan, Commissioner, ADNR
Susan Bell, Commissioner, DCCED
Randy Bates, Director, DCOM
Paul Rookok, Sr., Vice Chair, Bering Straits CRSA Board, Savoonga
Frances A. Degnan, Secretary/Treasurer, Bering Straits CRSA Board, Unalakleet
Peter P. Martin, Sr., Bering Straits CRSA Board Member, Stebbins
Wade Okhtokiyuk, Bering Straits CRSA Board Member, Gambell
Enid J. Lincoln, Bering Straits CRSA Board Member, White Mountain
Luther C. "Sook" Komonaseak, Bering Straits CRSA Board Member, Wales

Bering Straits Coastal Resource Service Area
P.O. Box 28
Unalakleet, Alaska 99684

March 1, 2010

The Honorable Neal Foster
Alaska State Capitol, Room 434
Juneau, AK 99801

The Honorable Bob Herron
Alaska State Capitol, Room 411
Juneau, AK 99801

Dear Representative Foster and Representative Herron:

The Bering Straits Coastal Resource Service Area (CRSA) recently received a copy of the February 24, 2011 letter from Division of Coastal and Ocean Management (DCOM) Director Randy Bates to you. We are concerned that while our CRSA was referenced throughout this letter, we were not given the courtesy of being included on the distribution list. We are even more concerned with the amount of misinformation included in the letter as well as misleading statements in other recent correspondence and testimony before the Legislature.

I asked our consultant to prepare the attached table to respond to comments in the February 24 letter. Since the issues referenced in the letter occurred before I was elected as Board Chair, I requested that the consultant work with appropriate board members to prepare the table.

We are especially disturbed about the mischaracterizations of how the CRSA operates. In absence of a program director, we have valued assistance provided by our consultant, but we have always retained the authority to make decisions and sign documents.

The CRSA looks forward to working with the Legislature this session to amend the Alaska Coastal Management Program to restore a meaningful role for coastal districts. Please let me know if you need any additional information or to documents related to the issues raised in the attached table.

Sincerely,

Ruby Nassuk
Chair, Board of Directors

cc: Representative Seaton, Co-Chair House Resources Committee
Representative Feige, Co-Chair House Resources Committee
Representative P. Wilson, Vice-Chair House Resources Committee
Representative Dick, House Resources Committee
Representative Munoz, House Resources Committee
Representative Gardner, House Resources Committee
Daniel Sullivan, Commissioner, ADNR
Susan Bell, Commissioner, DCCED
Randy Bates, Director, DCOM
Paul Rookok, Sr., Vice Chair, Bering Straits CRSA Board, Savoonga
Frances Degnan, Secretary/Treasurer, Bering Straits CRSA Board, Unalakleet
Peter Martin, Sr., Bering Straits CRSA Board Member, Stebbins
Wade Okhtokiyuk, Bering Straits CRSA Board Member, Gambell
Enid J. Lincoln, Bering Straits CRSA Board Member, White Mountain
Luther C. "Sook" Komonaseak, Bering Straits CRSA Board Member, Wales

NORTHWEST ARCTIC BOROUGH

P.O. Box 1110

Kotzebue, Alaska 99752

(907) 442.2500 or (800) 478.1110

Fax: (907) 442.3740 or 2930

Honorable Senator Donny Olson
State Capitol, Room 508
Juneau, AK 99801

Honorable Representative Paul Seaton
State Capitol, Room 102
Juneau, AK 99801

RE: Reauthorization of the Alaska Coastal Zone Management Program (ACMP)

Dear Senator Olson and Representative Seaton;

The Northwest Arctic Borough (Borough) is glad to respond to your February 11, 2011, letter to Coastal Coordinators to address changes to the ACMP for making it a more meaningful process for the borough and coastal resource service areas. On behalf of the Borough, I appreciate the opportunity to address the issues of the current program and what specific program changes can be made so that coastal communities can benefit from local enforceable policies.

Overall, the changes we recommend are to update and modernize the program including methods to increase public involvement for effective democracy in the process, update statutes regarding the subsistence policy to reflect life-long Alaskans way of life, facilitate the ability of coastal districts to establish enforceable policies for addressing local needs in responsible resource development, and remove the designated area requirement to reduce unneeded bureaucracy. All these recommendations reflect the importance of the way of life of life-long Alaskans and promote modernizing the program to better reflect the uniqueness of Alaska as the end product of these changes.

PUBLIC INVOLVEMENT

Since the elimination of the Coastal Policy Board in 2003, there are no current checks and balances in the ACMP to provide for effective democracy. Appeals to coastal management plans are now decided by the state staff and Commissioner for the Department of Natural Resources

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(DNR), which gives DNR all decision-making authority to address matters. The establishment of a Coastal Policy Board would provide for public involvement through representatives from coastal districts and state agencies to decide elevations and the approval of coastal district plans. This Board would also oversee amendments to ACMP regulations and ACMP grant programs. A Coastal Policy Board would increase public involvement in administrative and program decisions in the ACMP; therefore promoting modern democracy and good governance.

SUBSISTENCE

As you know, subsistence, which includes the acquisition of subsistence resources, is key to the survival and sustainability of our borough residents. Changes over the years have made the ACMP regulations extremely difficult, if not impossible, to address impacts to subsistence, which have and continue to sustain the economies and culture of life-long Alaskan residents and communities. Subsistence issues need be considered during a project review – it is a reality and important to maintain the uniqueness of the great state of Alaska. The current statewide standard is very general and does not address specific subsistence-related issues; for example, the people of Southeast Alaska have very different subsistence uses than those on the Northwest Arctic, for instance.

A solution to this would be to eliminate the designated area requirement, which has resulted in over bureaucratic administration, and change the program to allow coastal district to design enforceable policies on subsistence for matters to ensure responsible resource development that honors regional knowledge and uses.

FACILITATE ENFORCEABLE POLICIES

Currently, DNR has authorianly limited policies to the specific matters in certain statewide standards; at the same time, the agency has denied policies on the basis that the statewide standards already address the issue. DNR's interpretation of the regulations and statutes (often seen as arbitrary) makes it practically impossible for coastal districts to have meaningful enforceable policies. To make policies effective and meaningful, statutory changes need to clarify that districts may establish enforceable policies that fill-in gaps in state of federal law.

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DESIGNATED AREAS

There are currently rigorous administrative requirements by DNR that mandate designation of areas before impacts can be considered for subsistence, upland habitat and natural hazards. This requirement has resulted in costly mapping that has not been funded by DNR and many proposed designated areas have been denied by DNR through administrative reviews. A quick and efficient solution to the designated area issue would be to simply eliminate the requirement as overly bureaucratic and unnecessary according to federal coastal management program.

CONCLUSION

This concludes important list of changes that would dramatically increase the effectiveness and relevance of the ACMP to the Borough communities and our many life-long Alaskan residents. We appreciate your valuable time and efforts in understanding some of the challenges faced by the Northwest Arctic Borough. The challenges we face with the current ACMP is shared with many coastal districts and we look forward to any Legislative changes to increase its effectiveness.

If you have any specific questions about the Borough's recommendations with the ACMP, please feel free to contact Planning Director, Ukallaysaaq at 907.442.2500, extension 109 or at email tokleasik@nwabor.org.

Taikuu,

Sikauraq Martha Whiting, Mayor

Cc: Ukallaysaaq Tom Okleasik, Planning Director
Alagiaq Grant Hildreth, Deputy Planning Director
Kil'aq John Chase, Community Planner & Coastal Area Specialist

Bristol Bay Coastal Resource Service Area

Resolution #2011-01

A resolution of the Board of Directors of the Bristol Bay Resource Service Area in support of legislation that will continue the Alaska Coastal Management Program (ACMP) without further sunset provisions and restore local participation to allow meaningful and effective coastal community participation.

WHEREAS, the Bristol Bay Coastal Resource Service Area has participated in the Alaska Coastal Management Program (ACMP) since 1982; and

WHEREAS, the ACMP provided the Bristol Bay region the ability to develop enforceable policies that address local circumstances and concerns; and

WHEREAS, HB 191 in 2003 revised all ACMP coastal management plans, including removal of air and water quality policies from local reviews and greatly diminishing the "local voice" that was originally intended; and

WHEREAS, the ACMP as currently written minimizes the effectiveness of allowing regional economic development and resource protection efforts and input; and

WHEREAS, if the program were to be eliminated the loss of local voice would be significant to the economy and residents of the region and have a detrimental effect on the economy; and

WHEREAS, the ACMP will sunset on July 1, 2011 unless the Alaska State Legislature extends the program or removes the termination language from existing legislation.

NOW, THEREFORE BE IT RESOLVED that the Bristol Bay Coastal Resource Service Area Board of Directors supports legislation to extend the ACMP without a future termination date, eliminate the DEC carve-out of 2003, bring back water and air quality issues on the local level to the review process, allowing more meaningful enforceable policies and appropriate local voice in the permitting process and re-establishes a coastal policy board.

PASSED AND APPROVED by the Bristol Bay Coastal Resource Service Area Board of Directors, on this second day of March, 2011.

Alice Ruby, Chair, BBCRSA

ATTEST:

Susan Flensburg, Secretary/Treasurer

Presented by: The Manager
Introduced: 02/28/2011
Drafted by: J.W. Hartle

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2562

A Resolution Expressing Assembly Support for the Extension of, and Amendments to, the Alaska Coastal Management Program.

WHEREAS, the City and Borough supports the preservation of a local government's ability to be responsive to unique circumstances, thereby following the mandate established in the Alaska Constitution "to provide for maximum local self government"; and

WHEREAS, since its inception in 1977, the Alaska Coastal Management Program (ACMP) has provided Alaska's coastal municipalities with a powerful tool to promote responsible development while protecting coastal resources; and

WHEREAS, a cornerstone of the ACMP has been the ability for municipalities organized as coastal districts to develop enforceable policies that address local circumstances and concerns; and

WHEREAS, changes to the ACMP statutes in 2003 and changes to the ACMP regulations in 2005, reduced the effectiveness of the ACMP, and diminished the role of coastal districts, including the inability to establish meaningful local enforceable policies, the removal of air and water quality from coordinated ACMP project reviews, and elimination of the Coastal Policy Council that facilitated public engagement in administrative and program decisions; and

WHEREAS, the ACMP will sunset on July 1, 2011, unless the Alaska State Legislature extends the program.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. That the City and Borough of Juneau supports legislation that extends the ACMP sunset date beyond July 1, 2011, establishes a coastal policy board, returns air and water quality issues to the ACMP consistency reviews, eliminates requirements for designation of subsistence use areas, and allows meaningful enforceable policies.

Section 2. Effective Date. This resolution shall be effective immediately upon adoption.

Adopted this 28th day of February, 2011.

Bruce Botelho, Mayor

Attest:

Laurie J. Sica, Clerk

Linda Hay

From: Louie Flora
Sent: Tuesday, March 01, 2011 2:37 PM
To: tanderson@aeboro.org; aknavi311@yahoo.com; awcrsa@gci.net; tedmeyer@bristolbayboroughak.us; bbcrsant@nushtel.com; cjandrew2003@yahoo.com; teri_camery@ci.juneau.ak.us; campbell@cityofsitka.com; yakutat_salmon_board@yahoo.com; dshea@cityofbethel.net; planning@cityofcordova.net; planner@aptalaska.net; planner@aptalaska.net; jdory@nomealaska.org; carol@pelicancity.org; administrator@thornebay-ak.gov; lrobertson@valdez.ak.us; citymanager@whittieralaska.gov; sritzinger@haines.ak.us; gwilliams@borough.kenai.ak.us; markj@kgbak.us; jordankeeler@lakeandpen.com; slee@matsugov.us; TobishTG@ci.anchorage.ak.us; e.deach@skagway.org; Dan.Forster@north-slope.org; jchase@nwabor.org; tokleasik@nwabor.org; mlydick@kodiakak.us
Cc: Linda Hay
Subject: HB 106 COASTAL MANAGEMENT PROGRAM - District Coordinator Response Request
Attachments: Letter to Coastal District Coordinators from House Resources Co-Chairs.pdf

ACMP Coordinators:

On Monday, March 7th the House Resources Committee will begin to hear HB 106, the Governor's bill to extend the Alaska Coastal Management Program for six years. Per the attached letter, the Co-chairs of House Resources are requesting that Coastal District coordinators submit correspondence on those specific items that would allow the ACMP program to be more meaningful to the District participants.

Please send response letters via e-mail to Linda Hay, Committee Aide for Co-Chairman Representative Eric Feige at linda_hay@legis.state.ak.us
And myself, Committee Aide for Co-Chairman Representative Paul Seaton at louie_flora@legis.state.ak.us

Thank you,

Louie Flora
House Resources Committee Aide,
Representative Paul Seaton, Co-Chair
House Resources Committee
(907) 465-3923

ALASKA STATE LEGISLATURE

House Resources Committee

Rep. Paul Seaton, Co-Chair

State Capitol Building, Room 102

Juneau, AK 99801 – 1182
Phone (907) 465-2689
Fax (907) 465-3472
Rep.Paul.Seaton@legis.state.ak.us

Rep. Eric Feige, Co-Chair

State Capitol Building, Room 126

Juneau, AK 99801-1182
Phone (907) 465-4859
Fax (907) 465-3799
Rep.Eric.Feige@legis.state.ak.us

Dear Coastal District Coordinators,

The legislature is in the process of addressing the reauthorization of Alaska Coastal Zone Management Program (ACMP). People have expressed frustration with the current plan and its applicability to borough & coastal resource service area needs. Can you identify for us what changes to enforceable policies or regulations would be beneficial to the borough to make ACMP a more meaningful process for the borough & coastal resource service areas?

The House Resources Committee will be looking at ACMP on Monday, March 7th; therefore the timeliness of your response is important.

Thank you for your input.

Representative Paul Seaton

Representative Eric Feige

Louie Flora

From: Timothy Clark
Sent: Monday, March 07, 2011 11:20 AM
To: Louie Flora
Cc: Rep. Bryce Edgmon
Subject: FW: ACMP

Hi Louie,

The message below is from the ACMP coastal coordinator for the Aleutians East Borough. I am forwarding it, with her permission, so that it can be added to the record in anticipation of today's hearing in House Resources on related legislation .

Tim

From: Tina Anderson [mailto:tanderson@aeboro.org]
Sent: Monday, March 07, 2011 10:17 AM
To: Patricia Walker; Timothy Clark
Subject: ACMP

Hi,
I have been travelling a lot for a couple weeks and have not had an opportunity to do a resolution or support letter for the support of the extension of the ACMP.

The Aleutians East Borough supports the ACMP the way it use to be. The way it is now our participation has been almost diminished to nothing. The regulations have diminished our ability to establish local enforceable policies, the designated areas requirements limits us even further not allowing us to have policies for important habitat. When DEC air and water quality was cut out of the ACMP program, we no longer even heard about air and water permit applications and comments to DEC were just that, comments.

We are a very small municipality, but have a lot of coastal area that is important to AEB. We have always been in support of development provided it is done the right way and feel that we have been cut out of the process – we have 3 enforceable policies in our plan. Frankly, the way it is now, I personally feel why bother with the work involved and the match required for so little local input.

We support restoring the ability of coastal districts to be able to establish enforceable policies that aren't fully addressed by state and also support eliminating the designated areas requirement. We also support returning DEC reviews back into the program.

Tina Anderson, Clerk/Planner
Aleutians East Borough
PO Box 349
Sand Point, AK 99661
Phone: (907) 383-2699 Fax: (907)383-3496
E-mail: tanderson@aeboro.org
http://www.aleutianseast.org

MUNICIPALITY OF ANCHORAGE

Community Development Department
Planning Division

Phone: 907-343-7909
Fax: 907-343-7927

Mayor Dan Sullivan

February 23, 2011

The Honorable Donny Olson
The Honorable Paul Seaton
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

RE: Changes to the Alaska Coastal Management Program (ACMP)

Dear Senator Olson and Representative Seaton:

Per your recent letter of February 11, 2001, I am responding to your request for Alaska's coastal districts to identify changes to the Alaska Coastal Management Program that would better support coastal districts.

As you have learned over the past two sessions, essentially all of Alaska's coastal districts have endured impacts to their ability to participate in the management of coastal resources. Essentially all local district plans were diminished and compromised by the legislative changes to and the Alaska Department of Natural Resources' (ADNR) implementation of Alaska's coastal statutes and regulations. As the Anchorage coastal district representative, I offer the following ideas that could benefit the State's program and re-engage meaningful coastal district participation.

Enforceable Policies

Chief among the items necessary to correct the changes and reductions in the participation of coastal districts is the need to upgrade and expand enforceable policies. The 2004 legislative changes led to unnecessarily stringent regulations that severely limited a district's ability to include or apply enforceable policies. Anchorage's suite of enforceable policies went from dozens in our original 1979 plan to five in our new 2007 plan. Between the restrictive enforceable language in the State's new regulations and the ADNR's staff interpretations of these, our policies have proved inconsequential in the realm of management of local coastal resources. Without enforceable policies, the Anchorage district's role in permit reviews and project scoping is negligible. Enforceable policies allow districts to attach conditions to permits as a means of minimizing project impacts on local resources. The restrictions that policies must flow from statewide standards and designated areas and that these cannot address an item otherwise adequately addressed by another state or federal law or regulation were particularly damaging. The State makes these determinations of adequacy, which severely limited the inclusion of essentially all of Anchorage's proposed policies. We continue to argue, and there is historic evidence that supports this, that many state and federal regulations do not adequately address local matters (e.g., wetlands).

The Anchorage district recommends that the legislature amend the statutes (AS 46.40.070 (a)(2)(C) & related) and relevant administrative code (*in 11 AAC 112 & 114.250 & 270*) in ways that enable districts to construct policies for matters of local concern for items or situations not specifically addressed in state or federal laws. This can be accomplished by eliminating or loosening the designation requirements or by the legislative direction that ADNR work with districts to come to new mutually agreeable guidelines for how this might be accomplished. Such changes will restore due deference to local districts on local matters.

Statewide Standards

ADNR's changes to the ACMP (*11 AAC 112*) dramatically reduced the geographic coverage of the ACMP and decreased the types of impacts that could be considered during an ACMP review. These changes strongly impacted the district plan's ability to address or manage issues and areas of local concern. The Anchorage district strongly encourages changes to correct these restrictions. These restrictive definitions have no scientific foundation nor do they allow for appropriate consideration of impacts on projects at the edges of a coastal boundary.

Adjustments need to be made in the sections of the Habitats Standards that allow full consideration of impacts to any coastal use or resource. The State must change the definition of Coastal Waters in a way that does not restrict application of local policies and better represents realistic coastal boundaries as identified by districts. Coastal Waters cannot simply be limited to some (arbitrary) measurement of salinity. Salinity varies greatly between and within each district and often by the time of the year.

Other Changes

A recent legislative audit of the ACMP found that the centralized decision-making process within ADNR has lessened consensus building. Legislation considered in 2010 would have established a Coastal Policy Board that would work with ADNR to approve coastal district plans and changes to regulations. The Anchorage district supported this proposal since the original Coastal Policy Council (CPC) was one of the ACMP's original strong points. Anchorage had several projects brought before the CPC. That process worked very well. Anchorage recommends that the statutes be amended to establish a Coastal Policy Board/Council that works with ADNR to approve coastal district plans and changes to the ACMP regulations and for related adjudicatory actions.

Thank you both for your request for comments on ways to adjust the State's coastal program to address existing shortcomings. In the interest of time, I covered a few of the most important items that require changes to better meet the interests of Alaska's coastal districts. Enforceable policies are the centerpiece of a district's ability to manage coastal resources. The changes I suggest would bring due deference for districts back to the levels as had been intended and written into the original statutes and regulations. This approach worked very well and was the strongpoint of the ACMP.

Sincerely,

Thede Tobish
Senior Planner, Anchorage Coastal District Coordinator

Additional Information Related to
Division of Coastal and Ocean Management Director Randy Bates
February 24, 2011 Letter to Representatives Foster and Herron

Comment	Additional Information
DCOM amended the subsistence and other statewide standards to comply with the revised statutes.	DCOM Director Bates previously testified to the Legislature that the DNR regulations were more stringent than what the Legislature intended.
The "original regulatory requirement to designate subsistence use areas was retained."	The provisions in the former 6 AAC 80.120(b) *allowed*, but *did not require*, districts to designate areas "in which subsistence uses and activities have priority over all nonsubsistence uses and activities." • DNR denied all subsistence use priority policies even though the 2005 federally-approved Program Description states: ". . . a district subsistence priority *in* a designated area important for subsistence use is appropriate and encouraged."[1] The new requirements at 11 AAC 112.270 *require* DNR approval of designated areas before impacts to subsistence can be considered during a review and: • Before the statewide subsistence standard can apply, and • Before an enforceable policy can be approved.
"Although the CRSAs demonstrated that subsistence use is an important use of coastal resources in some areas of the coastal zone, neither provided sufficient documentation this for the entirety of their coastal zone . . ."	DNR never explained which areas in the plan were sufficient for the designation and which were not. Without that information, it was not possible for the districts to know what they had to do to meet DNRs *unwritten criteria* for approval of subsistence areas.[2] DNR has not provided clear written guidance on exactly what types of subsistence uses would need to be designated. This unwritten guidance has changed a number of times throughout the plan revision process. For example, at the beginning of the process DNR said a district could designate its entire coastal zone as *a subsistence use area* if it provided justification. The requirement for designating specific types of subsistence use was imposed later in the process. A September 21, 2005 email from DCOM staff stated that the type of subsistence use designations would best be left up to the districts. The February 2006 draft plans for the CRSA designated two types of subsistence use areas: Offshore and onshore.

[1] When asked why subsistence use priority policies were denied, DNR stated that the area designation itself establishes the subsistence use priority. However, Subsections 5.3.8.8 and 10.4.10 of the Program Description state that districts can establish a subsistence priority *in an enforceable policy*.

[2] The 2005 federally-approved Program Description includes general criteria for establishing subsistence use areas, but this document does not specify that different types of subsistence use areas must be designated.

Comment	Additional Information
"Neither [CRSA] linked the subsistence use to the location where the subsistence use activity occurred."	ADFG has indicated it does not have this kind of information for the Bering Straits CRSA. DNR said the subsistence use maps in the 1984 plan cannot be used because they do not meet DNR's requirements. Most subsistence studies are based a community's use or resources without linking the use to a precise area. DNR imposed the requirement to link a specific type of subsistence use to a specific area *after* its funding for plan revisions ended. Meeting DNR's stringent mapping requirements would be very expensive, and the data required for this task is not available for the Bering Straits CRSA.
"The proposed designated areas, prepared by the same consultant, were overly broad [and] unsupported . . ."	Both the Bering Straits and CRSA plans included a detailed description of subsistence use by community. Due to the complex patterns of subsistence use, the subsistence uses were not linked to specific areas.
The Cenaliulriit CRSA did not use information from a prior subsistence study it conducted for the plan revision.	After DNR denied the subsistence use areas proposed in the February 2006 draft plan, the Cenaliulriit program director began working with a GIS contractor to refine the maps from its prior subsistence study. As a result of the changing rules for designated areas, the frustrating process getting approval for these maps from DNR and the *unfunded* costs of the maps, the program director gave up on this effort soon after resigned.
"DCOM created an interim opportunity for districts without approved plans to ask for and substantiate an area designation during the course of an individual consistency review for a project."	Nothing in the regulations indicates the ability to designate areas for a review was an interim measure. It may be necessary to designate an area during a review for any district that obtains site-specific information about subsistence uses. DNR denied Bering Straits CRSA's request for a subsistence use designation during a review in June 2010. The CRSA described the use using information from the maps in its 1984 plan. DNR said it needed the backup information for the maps which is not available.[3]
"[a] district is unable [to] write an enforceable policy dealing with marine mammals."	During the mediation of other coastal district plans, those districts contacted officials from NMFS and FWS, and the federal officials indicated a district could fill in the gaps by establishing policies on marine mammals.
"Even if the designated areas had been approved, all of the proposed subsistence use enforceable policies would have been disapproved because they addressed a matter already adequately addressed by state or federal law, they restated and/or redefined state or federal law."	Other than the statewide subsistence standard itself, there are no laws that address specific impacts to subsistence uses. The statewide standard in inadequate because it only requires that activities "avoid or minimize" impacts to subsistence. In denying proposed subsistence policies, DNR said: • The statewide subsistence standard already adequately addresses impacts to subsistence uses, and • Policies can only "allow or disallow" specific activities without any qualifications. Districts do not want to establish a blanket prohibition on development; they just want to establish policies with measures to protect subsistence while allowing the activities.

[3] The CRSA created the maps after visiting each village to have subsistence users explain where they conducted subsistence activities. DNR claimed that these maps were not good enough because "underlying information used to draw the lines on the map was not included." This information was not included in the 1984 plan.

Comment	Additional Information
"At this point, districts that chose not to submit an approvable plan amendment are not eligible for future plan amendment funding until the previously-funded project is finished."	This policy will make it difficult for districts to complete their plans because of the unfunded requirements to produce detailed maps which are generally based on information over 20 years old. As mentioned earlier, DNR's requirement to designate specific types of subsistence use areas was implemented after districts submitted their draft plans and after finalization of the federally-approved Program Description.
"The most troubling of all four audits was the audit for the BS CRSA, which was done in 2006. This audit showed that the BS CRSA was unable to account for any of the money the BS CRSA received in SFY03-SFY05, which amounted to over $250,000.00"	The program director at the time did not submit any of the required backup to the auditor. Apparently, the receipts were misplaced during a move of the office from Unalakleet to Koyuk. The CRSA later provided the Dept. of Law copies of all checks written as well as backup for some expenses, including all of the invoices from its consultant. According the Director Bates in a December 4, 2009 letter to the CRSA, the Dept. of Law found "no obvious signs that any of the board members or the program director misused the ACMP funding." Although Director Bates concluded the December 4, 2009 letter by saying he "considered the issue closed," he continues to raise it.
The Department of Law concluded that criminal prosecution was not warranted but that civil action may be warranted.	The CRSA was never provided with the findings of the Dept. of Law other than the explanation in Director Bates' December 4, 2009 letter.
"DCOM offered to assist the BS CRSA in recruiting and hiring a program director."	The CRSA board, all elected by Alaska voters, chose to do their own recruiting and hiring. DCOM placed substantial obstacles during the hiring process. The CRSA hiring committee provided detailed information about the process that was demanded by DNR with the request that this information be kept confidential. DNR violated this request by sending a widely distributed letter revealing the top 3 candidates *before* this information was provided to the board by the hiring committee.
"The plan that was submitted on June 30, 2010 . . . was not compliant with DNR Commissioner's final decision."	The Bering Straits CRSA believes this plan was compliant with the final decision. DNR added new requirements that were not included in the Commissioner's Final Decision that required removal of entire sections of the plan that dealt with impacts from oil and gas activities. DNR later agreed to allow most of these sections. It did require removal of some language even when it was pointed out that this same language was approved for inclusion in the Cenaliulriit plan.
One of the tasks required for the plan approval was deleting unapproved sections of the plan.	Again, the Commissioners Decision *did not require removal of entire sections of the plan.* It simply required removal of references to the North Slope Borough that were not related to the CRSA.
The issue of subcontracts has been an issue in only one of the 28 districts and is explained in the Legislative Audit.	The Legislative Audit does not address subcontracts. Instead, the references to consultants relate to a district's designated point of contact. DNR has not explained what specific issues it had with the subcontract it mentioned in this letter.
"In SFY09 and SFY10, districts were able to use Section 306 operating funds for hiring a contractor to assist with the district's required tasks."	This practice was allowed in previous years. For example, Sitka employed a contractor for many years to manage its coastal management program.

Comment	Additional Information
"Through this experience, DCOM found that the contracts to consultants were not effective for a number of reasons."	DCOM has not explained why these contracts were not effective.
"DCOM allows districts to contract with consultants for many consistency review functions, but does not allow a consultant to be a district's official point of contact during a consistency review."	None of the *three districts* that requested DNR include its contractor in the project review distribution list wanted the consultant to be a single point of contact. They simply wanted the consultant to receive electronic distribution of project information. This statement is incorrect – *DCOM required the Bering Straits CRSA to make its consultant the single point of contact* in order for the consultant to receive certain project emails. In a May 13, 2010 email, DCOM stated: *"We do not distribute items we're required to send to review participants to any district's contractors."* When the consultant pointed out that this information was being distributed to another CRSA's consultant, *DCOM changed its policy* to require districts designate its consultant as the single point of contact in order to receive certain project information.[4] In response, the Bering Straits designated its consultant as the single point of contact, but retained its signatory authority.
The use of consultants "is most powerful, and most true to the ACMP objective of local representation, when any outside expertise is expressed *through the filter* of the local coastal district."	The Bering Straits CRSA always retained a "filter" because it retained signatory authority and never asked to give this authority to its consultant.
"Whether or not a contractor may be the point of contact during a consistency review has been an issue in one district . . ."	As explained above, DCOM's policy was to withhold information from district consultants. The Bering Straits CRSA only wanted its consultant to receive project information.
"During the same few weeks that the CRSA temporarily employed a consultant last summer, the board vice-chair telephoned and sent faxes to DCOM's staff regarding ongoing consistency reviews. She was available and enjoyed the means to communicate with DCOM staff (I understand that she was also in frequent contact with her consultant, upon whose expertise she could rely). So it was quite possible – and, DCOM maintains the best approach – for the local district official residing in the community to be DCOM's consistency review point of contact."	Again, the Bering Straits CRSA never wanted the consultant to be the single point of contact; it was DCOM's requirement in order for the consultant to receive project materials. The board member was not funded to do this work, and she depended upon a local organization for sending and receiving faxes. In addition to her many donated volunteer hours, she used her own funds for postage and phone calls. Mr. Bates' acknowledges that the CRSA relied on the consultant's expertise, yet DCOM refused to approve ACMP funds for the short-term contract with the consultant. During the period between late 2006 and April 2010, DCOM refused to provide any funding to the CRSA. During this time, its consultant donated over 325 hours.

[4] For the project in question, DCOM refused to provide the consultant important project-related information that was not available on the DCOM's FTP website for the project.

Additional Information Related to
Division of Coastal and Ocean Management Director Randy Bates
February 24, 2011 Letter to Representatives Foster and Herron

Comment	Additional Information
DCOM amended the subsistence and other statewide standards to comply with the revised statutes.	DCOM Director Bates previously testified to the Legislature that the DNR regulations were more stringent than what the Legislature intended.
The "original regulatory requirement to designate subsistence use areas was retained."	The provisions in the former 6 AAC 80.120(b) *allowed*, but *did not require*, districts to designate areas "in which subsistence uses and activities have priority over all nonsubsistence uses and activities." • DNR denied all subsistence use priority policies even though the 2005 federally-approved Program Description states: ". . . a district subsistence priority *in* a designated area important for subsistence use is appropriate and encouraged."[1] The new requirements at 11 AAC 112.270 *require* DNR approval of designated areas before impacts to subsistence can be considered during a review and: • Before the statewide subsistence standard can apply, and • Before an enforceable policy can be approved.
"Although the CRSAs demonstrated that subsistence use is an important use of coastal resources in some areas of the coastal zone, neither provided sufficient documentation this for the entirety of their coastal zone . . ."	DNR never explained which areas in the plan were sufficient for the designation and which were not. Without that information, it was not possible for the districts to know what they had to do to meet DNRs *unwritten criteria* for approval of subsistence areas.[2] DNR has not provided clear written guidance on exactly what types of subsistence uses would need to be designated. This unwritten guidance has changed a number of times throughout the plan revision process. For example, at the beginning of the process DNR said a district could designate its entire coastal zone as *a subsistence use area* if it provided justification. The requirement for designating specific types of subsistence use was imposed later in the process. A September 21, 2005 email from DCOM staff stated that the type of subsistence use designations would best be left up to the districts. The February 2006 draft plans for the CRSA designated two types of subsistence use areas: Offshore and onshore.

[1] When asked why subsistence use priority policies were denied, DNR stated that the area designation itself establishes the subsistence use priority. However, Subsections 5.3.8.8 and 10.4.10 of the Program Description state that districts can establish a subsistence priority *in an enforceable policy.*

[2] The 2005 federally-approved Program Description includes general criteria for establishing subsistence use areas, but this document does not specify that different types of subsistence use areas must be designated.

Comment	Additional Information
"Neither [CRSA] linked the subsistence use to the location where the subsistence use activity occurred."	ADFG has indicated it does not have this kind of information for the Bering Straits CRSA. DNR said the subsistence use maps in the 1984 plan cannot be used because they do not meet DNR's requirements. Most subsistence studies are based a community's use or resources without linking the use to a precise area. DNR imposed the requirement to link a specific type of subsistence use to a specific area *after* its funding for plan revisions ended. Meeting DNR's stringent mapping requirements would be very expensive, and the data required for this task is not available for the Bering Straits CRSA.
"The proposed designated areas, prepared by the same consultant, were overly broad [and] unsupported . . ."	Both the Bering Straits and CRSA plans included a detailed description of subsistence use by community. Due to the complex patterns of subsistence use, the subsistence uses were not linked to specific areas.
The Cenaliulriit CRSA did not use information from a prior subsistence study it conducted for the plan revision.	After DNR denied the subsistence use areas proposed in the February 2006 draft plan, the Cenaliulriit program director began working with a GIS contractor to refine the maps from its prior subsistence study. As a result of the changing rules for designated areas, the frustrating process getting approval for these maps from DNR and the *unfunded* costs of the maps, the program director gave up on this effort soon after resigned.
"DCOM created an interim opportunity for districts without approved plans to ask for and substantiate an area designation during the course of an individual consistency review for a project."	Nothing in the regulations indicates the ability to designate areas for a review was an interim measure. It may be necessary to designate an area during a review for any district that obtains site-specific information about subsistence uses. DNR denied Bering Straits CRSA's request for a subsistence use designation during a review in June 2010. The CRSA described the use using information from the maps in its 1984 plan. DNR said it needed the backup information for the maps which is not available.[3]
"[a] district is unable [to] write an enforceable policy dealing with marine mammals."	During the mediation of other coastal district plans, those districts contacted officials from NMFS and FWS, and the federal officials indicated a district could fill in the gaps by establishing policies on marine mammals.
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Comment	Additional Information
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[4] For the project in question, DCOM refused to provide the consultant important project-related information that was not available on the DCOM's FTP website for the project.

Louie Flora

From: Dan Shea [dshea@cityofbethel.net]
Sent: Monday, March 07, 2011 4:23 PM
To: Louie Flora; Linda Hay
Subject: AMCP Bills

Dear Flora & Hay,

My name is Daniel Shea, Planning Director and Alaska Coastal Management Coordinator here in Bethel, Alaska. I have ten (10) years of experience in land use & policy development. I have been asked to send you info on AMCP and how it is working here in Bethel region. In evaluating Pat Davidson Legislation Audit parts 1 & 2, Ms. Davidson team did a great analysis in finding AMCP was leftout in the process and the changes to AMCP regulations/policies by DEC did have a negative outcome for their ablility as reviewer of their local regions for permits.

After having 15 teleconferences with DNR over the passed year I found it some issues;

1. DNR does not include minutes of the teleconferences conversation which can include 20-30 State, federal and local department heads. The other issue is that many of the AMCP Coordinators claim they never got their responses from their comments.
2. That the State DNR is under staff to evaluate projects for accumulative impact assessment (AIA) and to make proper changes to State of Alaska policies.
3. DNR sub-ordinate department leaders don't have the experience/education/training in developing models of AIA that shows how projects affected air, wetlands, wildlife, spawning.
4. I think some blame is also needs to be on AMCP in that their Coastal Management Coordinators don't have the proper training on follow-up questions to their regional project's and developing facts of finding. I have listened to Coastal Coordinators in teleconferences where they waited for months for DNR sub-ordinate departments to send back a response to their questions. In my three years here in Bethel all my questions have always been answered including follow-up phone calls for responses and we have never had a issue (Complaints) like what many are saying they are having throughout Alaska.

Louie Flora & Linda Hay, both of you will need to talk to Senator Olson's & Rep Seaton's about bring in a private firm to evaluate DNR and other state agencies staff on why they are having problems in developing Accumulative Impact Assessment and appropriate policies for the state. I see this being more political than anything else since I have seen this in Kansas, Iowa, Nebraska and Indiana with the Department of Natural Resources (Stepping Stone to Political Office). Please remember, the pressure on the Governor and project owners feeling that to many state agencies are involved in the consistency review process they might feel it is taking too long to get projects developed.

I feel that all consistency reviewers (State, Federal, AMCP Coordinators, Villages) should be done at the same time and in a timely fashion so that project owners understand what they need to change or why their project will not be accepted. it all broils down to $$$$.

AMCP is the voice of the local regional people of Alaska and we as coordinators must have findings of facts that show how these projects will affect the environment around us and that includes state and federal agencies. I hope this summary I have written helps you in your questioning of State Department Heads on this issue with AMCP. I understand that Senator Hoffman & Rep. Herron is also in support of continuing AMCP for Western Alaska and these two men have worked very hard on this issue.

Sincerely,

Daniel J. Shea, MRCP
Planning Director
300 Chief Eddie Hoffman Hwy P.O. Box 1388
Bethel, Alaska 99559
Phone: 907-543-5306
Cell: Bethel 907-545-0411
Fax: 907-543-4186

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This e-mail message, including any attachments, may contain legally privileged and/or confidential information. If you are not the intended recipient(s), or the employee or agent responsible for delivery of this message to the intended recipient(s), you are hereby notified that any dissemination, distribution, or copying of this e-mail message is strictly prohibited. If you have received this message in error, please immediately notify Planning Director Daniel Shea at 907-543-5306 and delete this e-mail message from your computer.

Louie Flora

From: marvsmith [marvsmith@bristolbayboroughak.us]
Sent: Thursday, March 03, 2011 9:29 AM
To: Louie Flora; David Scott
Cc: 'Kathie Wasserman'
Subject: ACMP Resolution and Fact Sheet from Bristol Bay Borough
Attachments: Resolution Supporting Changes to the ACMP from the Bristol Bay Borough dated 02-07-2011.pdf; ACMP_Fact_Sheets (2).pdf

Hello Louie & David,

I am sending this resolution and attached Fact sheet on the changes that need to be made to the Alaska Coastal Management Program (ACMP).

Attached is a resolution I wrote last month the Bristol Bay Borough Assembly passed in support of ACMP changes that are needed. I have some very long experience with this program going back to 2000 and was the ACMP coordinator for the L&P Borough for almost 9 years. To put it very simple in layman terms the legislation passed by the Murkowski administration gutted the ACMP program and the Legislature needs to fix it by putting the power back at local level not at the state level with DNR!

I have also attached a fact sheet that I agree with and helped write some of these facts several years ago. These are the changes we need. However, we could negotiate on some of these changes if DNR is willing to do the same.

The way the program was working prior to the Murkowski legislation was very effective and we need to go back to something similar to that.

Please pass this on to Senator Olson and Rep Seaton!

Sincerely,

Marvin R. Smith
Manager Bristol Bay Borough
PO Box 189
Naknek, Alaska 99633
Phone: 907-246-4224 Ext: 307
Cell Phone: 907-469-0550
FAX: 907-246-6633
email: marvsmith@bristolbayboroughak.us

P.O. Box 189
Naknek, Alaska 99633

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Telephone
(907) 246-4224
Fax
(907) 246-6633

Bristol Bay Borough

RESOLUTION NO. 2011-04

A RESOLUTION OF THE BRISTOL BAY BOROUGH SUPPORTING CHANGES TO THE ALASKA COASTAL MANAGEMENT PROGRAM.

WHEREAS, the Bristol Bay Borough has participated in the Alaska Coastal Management Program (ACMP) for over 20 years as a coastal resource district; and

WHEREAS, since its inception in 1977 the ACMP has been an important program to promote responsible coastal development; and

WHEREAS, changes to ACMP statutes in 2003 and changes to the regulations in 2004 made significant changes to the program, including elimination of the Coastal Policy Council; and

WHEREAS, the 2008 evaluation of the ACMP by the federal Office of Coastal, Ocean and Resource Management recommended the Alaska Department of Natural Resources reconsider changes to the program, including the requirement for designated areas and the removal of air and water quality from ACMP reviews; and

WHEREAS, the November 2008 draft statutes and regulations prepared by the Alaska Department of Natural Resources would have removed the designated area requirements and brought the Alaska Department of Environmental Conservation back into ACMP reviews; and

WHEREAS, the December 8, 2010 legislative audit found that changes to the ACMP limited the ability for coastal districts to establish enforceable policies; restricted the ability to address impacts to upland habitats, and limited the ability to meet legislative objectives for the program; and

WHEREAS, the legislative audit recommended the Alaska Department of Natural Resources review the designated area requirements and develop proposals to reintegrate the Alaska Department of Environmental Conservation into the ACMP; and

WHEREAS, the ACMP will sunset on July 1, 2011 unless the Alaska State Legislature extends the program.

THEREFORE BE IT RESOLVED that the Bristol Bay Borough hereby supports legislation that will extend the ACMP, establish a coastal policy board, bring back air and water quality issues into the ACMP consistency review process, eliminate requirements for designated areas, and allow meaningful coastal district policies.

ADOPTED AND APPROVED BY THE ASSEMBLY OF THE BRISTOL BAY BOROUGH, ALASKA this 7th day of February, 2011.

Shelby Boothe, Assembly President

ATTEST:

Tami Johnson, Borough Clerk

Alaska Coastal Management Program 2011

Fact Sheets: Overview

#1: Enforceable Policies: Coastal districts support legislation that would clarify their ability to address local concerns by filling gaps in state and federal laws.

- Changes to the ACMP regulations in 2004 implemented more stringent requirements than what was authorized by the Legislature. The regulations limit policies to selected topics.
- The Legislative Audit found that restrictions to policies have resulted in reduced district participation in project reviews which reduces the ability of the ACMP to resolve problems.

#2: Designated Areas: Elimination of the designated area requirements in the ACMP regulations would reduce project delays and remove unnecessary costs for coastal districts.

- Districts must receive approval for designated areas before impacts to certain coastal resources and uses can be considered during ACMP project reviews.
- DNR's 2008 draft regulations would have eliminated the designated area requirements, as recommended by the federal coastal management agency and the legislative audit.

#3: DEC Carveout: Elimination of the "DEC Carveout" would bring DEC back to the table during ACMP reviews while avoiding project delays that occurred in the past.

- The DEC Carveout has been problematic because air and water quality is related to almost every coastal use and resource. Regulation changes could eliminate previous project approval delays.
- DNR's 2008 draft statutes would have eliminated the DEC Carveout as recommended by the federal coastal management agency and the legislative audit.

#4: Concentration of Power: Revisions to the ACMP statutes would restore checks and balances to the program. The 2003 legislation gave DNR sole decision-making power.

- Legislation considered last year would have established a Coastal Policy Board that would work with DNR to approve coastal district plans and changes to regulations.
- The legislative audit found that centralized decision making has lessened consensus building.

#5: Statewide Standards: Changes to the statewide standards are needed to ensure the ACMP legislative objectives in AS 36.40.020 are met.

- Changes to the ACMP regulations in 2004 limited consideration of impacts to only selected coastal resources and uses and limited application of standards to a small part of the coastal zone.

#6: State's Rights: Changes to the ACMP legislation are needed to take advantage of provisions available in the federal Coastal Zone Management Act, such as consideration of impacts to coastal resources and uses located on federal lands and waters.

#7: Subsistence: Changes to the ACMP regulations are needed to allow districts to address impacts to subsistence uses and resources.

Alaska Coastal Management Program 2011

Fact Sheet #1: Enforceable Policies

Problem: Restrictions to enforceable policies limit the ability for coastal districts to consider impacts to coastal uses and resources and limit the ability for the ACMP to meet the program objectives in AS 46.40.020. Districts are unable to address gaps in state and federal law.

Limitations: The 2004 regulation changes limit what matters a district policy may address. DNR's interpretation of the statutes and regulations make it impossible for districts to have meaningful policies for most subjects.

- DNR's regulations require that policies "flow from" certain statewide standards and designated areas.
- DNR limits policies to the specific matters covered by a statewide standard, but at the same time, it denies policies that address a matter in the standard claiming the standard adequately addresses the issue.

The Requirement: DNR's changes to the ACMP regulations in 2004 limit policies to subsistence areas, important habitat areas, natural hazard areas, energy areas, recreation and tourism areas, seafood processing areas, coastal access, siting of coastal facilities, transportation and utility routes, and sand and gravel extraction (11 AAC 114.270).

Legislative Intent: In 2003, DNR repeatedly testified to the Legislature that districts would retain the ability to establish meaningful policies under the new law. In response to a request by a legislator, DNR provided sample policies that would be approvable under the new law. After the legislation was enacted, DNR retracted those sample policies.

Guidance: The federally-approved program description provides guidance on the ACMP, including criteria for approving coastal district policies. DNR is not implementing these criteria.

- The guidance allows policies that address matters not specifically included in a state or federal law.
- DNR has ignored this guidance by denying policies that address matters under an agency's authority, even though the agency does not have a statute or regulation about the specific matter covered by the policy.[1]

Potential Solution: Amend the statutes to clarify that districts may establish policies for matters of local concern not specifically addressed in state or federal law. Retain the requirement that policies may not arbitrarily or unreasonably restrict a use of state concern.

[1] A July 12, 2004 Attorney General memorandum made it clear that districts could establish policies for DNR area plans, a matter under DNR authority, if the plan was not adopted into regulation.

Alaska Coastal Management Program 2011

Fact Sheet #2: Designated Areas

Problem: The designated area requirements are difficult and costly for districts to meet, and they limit the ability to address impacts to coastal uses and resources. The 2010 ACMP Legislative Audit found the designated area requirement limits the ability of districts to establish enforceable policies for subsistence and important habitats.

Areas Denied: DNR denied many designated areas proposed by coastal districts.

- Almost all proposed important habitat areas were denied.[2]
- On an area basis, most proposed subsistence use areas were denied.[3]

The Requirement: Designated areas are required in order to address issues of local concern for: Subsistence, important habitat, natural hazard areas, recreation, history and prehistory areas, commercial fishing and seafood processing areas, and major energy facilities.

How Areas are Designated: DNR may approve designated areas for inclusion in a district's coastal management plan or for temporary areas that apply to a single ACMP review.

Agency Recommendations: There is widespread recognition that the designated area requirements are too cumbersome and do not add any significant value to the ACMP.

- DNR proposed to eliminate the designated area requirements in the draft regulations it developed during the 2008 ACMP re-evaluation.
- The 2008 federal evaluation of the ACMP recommended DNR revisit the requirements for designated areas.
- Part 1 of the 2010 ACMP Legislative Audit recommended DNR review requirements for designating areas and establishing local concern to determine how districts can write enforceable policies without duplicating state or federal law.

Potential Solution: Since DNR has made no progress implementing changes, including changes it proposed during the 2008 re-evaluation, it would be appropriate for the Legislature to address this issue.

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[2] As a result of the 2004 regulation changes, impacts to upland habitats cannot be considered unless the habitats are located in a designated important habitat area.

[3] The legislative audit states that 80% of the subsistence use areas were approved for all districts outside of Northwest Alaska. The audit does not specify how this percentage was calculated, but it likely is not based on acreage. The coastal area in the Cenaliulriit CRSA alone makes up 33% of the coastal area outside of Northwest Alaska, and DNR denied all of the Cenaliulriit subsistence areas.

Alaska Coastal Management Program 2011

Fact Sheet #3: DEC Carveout

Problem: DNR's implementation of the DEC Carveout eliminated the ability to consider any impact to air and water quality during a coordinated ACMP, it resulted in other problems:

- Gaps in DEC regulations and statutes cannot be addressed during ACMP reviews.
- Almost all coastal resources and uses are tied to air and water quality is some way.
- There is no public process for air and water quality matters when DEC does not have a permit (e.g., OCS activities).
- DEC rarely comes to the table during ACMP project reviews which reduces the effectiveness of Alaska's networked coastal program.

Industry Concerns: Before 2003, industry expressed DEC-related concerns about the ACMP.

- Some district policies repeated DEC laws. This issue is no longer a problem because district policies cannot restate or duplicate state or federal law.
- The requirement for complete applications for some DEC air permits delayed the start of ACMP reviews for oil and gas projects. This issue could be easily fixed in the regulations by defining what information is needed to initiate an ACMP review.

Policies Denied: DNR has not approved any air or water quality policies even though it assured the Legislature in 2003 that district policies would be able to address gaps in DEC's laws.

Agency Recommendations: There is widespread recognition that the DEC carve-out is not working well.

- DNR proposed to eliminate the carve-out in its draft statute changes developed as part of the 2008 ACMP re-evaluation.
- The 2008 federal evaluation of the ACMP recommended DNR evaluate the effectiveness of retaining the DEC carve-out.
- Part 1 of the 2010 ACMP legislative audit recommended DNR:
    - Develop proposals to reintegrate the DEC permitting into the ACMP, and
    - Continue dialog with coastal districts and industry regarding the ability of coastal districts to write district enforceable policies for air and water quality.

Way Forward: Since DNR has made no progress addressing this issue, and it requires a statutory change, it would be appropriate for the Legislature to address it in statute.

Alaska Coastal Management Program 2011

Fact Sheet #4: Concentration of Power

Problem: Changes to the statutes and regulations in 2003 and 2004 made DNR the sole decision maker for ACMP issues. Elimination of the checks and balances of the ACMP has lessened consensus building that was characteristic of the pre-2003 program.

How the Changes Concentrated Power: Changes to the ACMP statutes and regulations make DNR the sole decision-maker for all ACMP issues.

- **Program Location:** Part 2 of the legislative audit found that some participants believe moving the ACMP to DNR from the Governor's Office may have led to strained relations among review participants.
- **Coastal Policy Council (CPC):** Elimination of the CPC gave DNR the sole power to approve coastal district plans and make changes to ACMP regulations.
- **Elevations:** DNR makes the decision on appeals of its proposed consistency determinations which were previously made jointly by the three resource agencies.
- **Consensus Building:** Part 2 of the legislative audit found that centralizing decision making in DNR has lessened consensus building among review participants and some participants believe the ACMP lacks impartiality and sufficient local representation.
- **Reduced Participation:** Part 2 of the legislative audit found that districts commented on 45% fewer reviews in 2010 than they did in 1994. Reduced participation diminishes the ability of the ACMP to identify and resolve conflicts.
- **Transparency:** Part 2 of the legislative audit found that the ACMP is lacks transparency in certain respects, such as not responding to comments, insufficient information sharing with coastal districts, not providing information to coastal district consultants, and not recording meetings.

Potential Solutions: Checks and balances can be restored to the ACMP.

- Move the program back to the Office of the Governor or a non-resource agency such as the Department of Commerce, Community and Economic Development.
- Amend the statutes to establish a streamlined Coastal Policy Board that works with DNR to approve coastal district plans and changes to the ACMP regulations. Concerns about "veto power" of districts could be allayed by having a majority of the members on the Board represent state agencies.
- Amend the statutes to require a consensus of the state resource agencies for elevations.

Alaska Coastal Management Program 2011

Fact Sheet #5: Statewide Standards

Problem: Changes to the ACMP statewide standards, combined with new restrictions to district enforceable policies, make it impossible for the ACMP to meet all of the legislative objectives for the program in AS 46.40.020.

- Since district enforceable policies must be tied to the statewide standards and designated areas, gaps in state and federal law can no longer be addressed through the ACMP.

Changes: DNR's changes to the statewide standards in the ACMP regulations reduced the geographic scope of the ACMP and decreased the types of impacts that could be considered during an ACMP review.

- **Habitats Standard:** An overhaul to this standard drastically reduced the ability to consider impacts to habitats in the coastal zone.
    - ***Uplands:*** Upland habitats in the coastal zone can no longer be addressed unless DNR approves an important habitat area.
        - DNR has approved only a few small areas for important habitat statewide.
        - Upland habitats make up a considerable part of the coastal zone.
    - ***Wetlands:*** The definition of wetlands was changed to include only areas that drain directly to saltwater. Since the U.S. Army Corps of Engineers only regulates waters of the U.S., many wetlands in the coastal zone can no longer be addressed during ACMP reviews.
    - ***Offshore Areas:*** Only impacts to competing uses can now be considered in offshore areas (not impacts to the habitats themselves).
    - ***Other Habitats:*** Impacts to other habitats have been significantly limited (e.g., to consider only water flow).
- **Subsistence Standard:** The new standard only requires that a project avoid or minimize impacts to subsistence.
- **Coastal Waters:** The definition of coastal waters was changed to apply only to waters with a measurable amount of salt water.
- **Mining Standard:** Revisions to this standard removed hard rock mining activities and limited consideration of impacts to gravel mining in salt water, barrier islands, and spits.
- **Hazards:** This standard was weakened to give deference to applicants when there are no relevant codes or standards.

Potential Solutions: Revise the standards in the ACMP regulations to allow consideration of impacts to any coastal use or resource.

Alaska Coastal Management Program 2011

Fact Sheet #6: State's Rights

Problem: Changes to the ACMP statutes and regulations placed new limits on opportunities provided under the federal Coastal Zone Management Act (CZMA).

Limitations: The following changes to the ACMP limit opportunities provided by the CZMA.

- **Designated Areas:** The DNR requirements for designated areas had an unintended consequence: Impacts to coastal resources and uses are limited to approved designated areas which cannot include federal areas. The CZMA allows states to review impacts to coastal uses and resources while they are on federal lands or waters.
- **Review Timelines:** The CZMA allows states up to 75 days to review federal activities and up to 6 months to review federally-permitted activities.
    - While most reviews can be completed in 30 or 50 days, large or complicated projects may need more time, especially when an EIS is required.
- **Inland Projects:** The CZMA allows states to review project inland of the coastal zone if there are impacts to coastal resources or uses.
    - Before 2003, inland projects could be reviewed under the ACMP, and this provision was never abused.

Audit Findings: Part 1 of the ACMP legislative audit found that the ACMP changes did not diminish state's rights under the CZMA, but it found that the changes did affect the purview of the consistency review. The audit did not consider the full impacts to state's rights of designated areas, review timelines or the inability to review impacts to coastal uses and resources from projects inland of the coastal zone.

Potential Solutions: The following changes would restore most of the state's rights affected by the ACMP changes:

- Eliminate designated area requirements from the ACMP regulations so impacts to coastal uses and resources on federal lands and waters can be considered.
- Amend the statutes to allow projects with an EIS or a federal permit to exceed the 90-day timeline for reviews.
- Amend the statutes to allow reviews of projects inland of the coastal zone when there are significant impacts to coastal uses or resources.

Alaska Coastal Management Program 2011

Fact Sheet #7: Subsistence Issues

Problem: Before impacts to subsistence can be considered during an ACMP project consistency review, DNR must first approve designated subsistence use areas.

- For many coastal districts, the information required by DNR is not available.[4]

Areas Denied: DNR denied all subsistence use areas proposed for the four largest coastal districts: North Slope Borough, Northwest Arctic, Borough Bering Straits CRSA, and Cenaliulriit CRSA.

- These four districts represent 52% of the state's coastal zone.
- Subsistence is extremely important to the people of these coastal districts.

Policies Denied: DNR approved only two subsistence policies. According to DNR, subsistence policies can only "allow or disallow" specific uses without any qualification.[5]

The Requirement: DNR's 2004 changes to the ACMP regulations require subsistence use designations:

- In order for the statewide subsistence standard to apply, and
- Before subsistence enforceable policies can be approved.

How Areas are Designated: DNR may approve: 1) permanent subsistence use areas as part of a coastal district plan, or 2) temporary areas during an ACMP project review.

Districts Treated Differently: For the four largest districts, DNR required that each type of subsistence be designated as a separate area. In order to designate all important subsistence areas, expensive maps were necessary. Other districts have been treated differently.

- Aleutians West CRSA and Lake and Peninsula Borough were not required to designate different types of subsistence use areas.
- Bristol Bay CRSA was not required to indicate where the different types of subsistence use occurred in the subsistence use areas it designated through description.
- Haines received approval for several small subsistence areas without being required to follow the same mapping requirements imposed on the northern districts.

Potential Solution: Eliminate designated area requirements and allow districts to establish policies to fill gaps in state and federal law.

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[4] DNR added additional mapping and other requirements beyond what is specified in the ACMP regulations.
[5] DNR claims that the "avoid or minimize" requirement in the statewide subsistence standard adequately addresses all matters related to subsistence, other than "allowing or disallowing" specific uses in a designated subsistence area.

Representatives Bryce Edgmon, Paul Seaton and Senator Donny Olson
Alaska State Legislature
Juneau, Alaska

Dear Representatives Edgmon, Seaton and Senator Olson,

Per your request, I am forwarding comments regarding the upcoming sunset date of the ACMP and suggestions for changes to the program.

I cannot speak from a historical perspective, having only been the program director since September, 2010, but I have gleaned much from my board members, area residents, conferences and the legislative audit that was recently released. My suggestion would be to consider a one-year extension of the ACMP sunset date which would then afford the legislature an opportunity to review and consider changes to how the ACMP is currently overseen.

BBCRSA gives local "voice" to the state when projects are developed, a voice that is mindful of both protection of natural resources, as well as responsible development. Giving sole power over ACMP to Division of Natural Resources (DNR) is not in the best interest of developing and maintaining that voice when enforceable policies that protect and develop our region are not within our jurisdiction. Consideration of moving the program back to the Governor's office, to ADF&G, or DEC would be appropriate. A recent press release from President Obama (on 2/14/11) wherein he details the re-organization of BOEMRE, and states that CIAP (Coastal Impact Assistance Program) will be moved from under BOEMRE to Fish & Wildlife is a good example of recognizing when overview from one agency is not working. It is probable ACMP would work more efficiently, and with better cohesion, if moved to another agency. The Coastal Policy Board was also an effective tool to balance the power of DNR, and thought could be given to re-establishing this board to assist in approving coastal district plans and changes to regulation.

One of the issues BBCRSA dealt with under the reorganization in 2003, and the move to DNR, was the requirement that we revise our coastal plan and only address additional policies if they were not already "adequately addressed by state law." Some of our revisions were denied on the basis of already being "adequately addressed by state law" and the BBCRSA appealed. Our appeal was denied so we were forced to accept that decision or be dissolved. This type of decision-making defeats the purpose of ostensibly allowing us a voice.

The BBCRSA has been in existence since 1982, and includes board members who have been here since inception. It is on behalf of the BBCRSA board of directors and residents that we suggest a one-year extension of the ACMP sunset date. During the one-year extension, please develop a team of various users/contributors to determine the best way for our state to oversee ACMP. We would be pleased to forward the name of someone from our region who would be an objective, competent team member.

We wish you a productive session and are available to answer any questions you might have regarding our suggestions.

Thank you for your time and attention to this matter.

Sincerely,

Celeste Novak

Celeste Novak, Program Director
Bristol Bay Coastal Resource Service Area
PO Box 849
Dillingham, AK 99576
907.842.2666

CITY OF CORDOVA

Planning Department

City of Cordova
602 Railroad Ave.
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Louie Flora
House Resources Committee Aide,
Representative Paul Seaton
Co-Chair House Resources Committee

To Whom It May Concern:

In response to your letter asking for input on how enforceable policies or regulations would be beneficial to the coastal communities. I appreciate the effort and time the committee has put forth to ask for our input and feel this is a great way to open communication lines.

I haven't been in this position (city planner) for very long (5 months) and have very little experience with the program. I am still trying to learn the program and understand my role as the coordinator. I do not feel like I have the experience or knowledge to address how the program could be improved or changed. I hope you can understand my position and if in the future, when I am more experienced I would be more than willing to provide input.

Thank you for your time,

Samantha Greenwood
Cordova City Planner

KENAI PENINSULA BOROUGH
Coastal Zone Management Program
514 Funny River Road• Soldotna, Alaska 99669-7520
PHONE: (907) 714-2216 • **FAX**: (907) 260-5992
www.kenairivercenter.org

DAVE CAREY
BOROUGH MAYOR

February 3, 2011

Ms. Katie Koester, Legislative Aide
Office of Rep. Paul Seaton
State Capitol, Room 102
Juneau, Alaska 99801

Subject: Reauthorization of the ACMP

Dear Ms. Koester:

Thanks for your interest in the perspective of the Kenai Peninsula Borough Coastal Zone Management Program on ways to make the ACMP more meaningful with new legislation. Hopefully, with Representative Seaton's assistance, the legislature will reauthorize the ACMP and include many revisions that will enhance the value of the program.

My suggestions are as follows:

Statewide Standards of the ACMP

Current regulations severely limit the ability of coastal districts to obtain enforceable policy approval from the Department of Natural Resources because the statewide standards have narrowed or eliminated the purview of coastal districts regarding certain coastal uses and resources.

Habitat Standards. The habitat standard at 11 AAC 112.300 limits the scope of enforceable policy in habitats to "coastal waters"(waters with measurable amounts of salinity). That restriction eliminates the opportunity for districts to take a watershed approach in the evaluation of ecosystem impacts and is inconsistent with the objectives of AS 46.40.020 and in particular subsection (8) which calls for the "full evaluation of all demands on the land and water in the coastal area". The habitat standard should be amended to include all impacts, direct and cumulative, to habitat within the coastal district including fresh water wetlands.

Air and Water Quality Standards. The air and water quality standard at 11 AAC 112.310 removes the ability of districts to comments on these important ecosystem issues. Air and water quality matters overlap virtually all issues in coastal districts and, as we have learned from more developed areas, are essential to ecosystem health. The intent is not to duplicate or assume the authority of DEC in the regulation of air and water quality standards but simply to have the

ability to write enforceable policies that are not duplicative of state law but allow for local government perspectives in the review process.

Designated Areas Current state standards require scientific analysis and extensive mapping to meet the criteria for obtaining a designation and to write enforceable policies. This standard places a significant financial burden on a district to conduct studies that provide meaningful results. Districts should be able to designate areas containing important resources and write enforceable policies based substantial anecdotal information or in light of information found subsequent to district plan adoption. We support the ability of state and local agencies to designate hazards during public review in 11 AAC 112.210, Natural Hazards, and in 11 AAC 114.250, Subject Uses and Designations. The reference to designations should be removed in 11 AAC 112.270, Subsistence, 11 AAC 112.300, Habitat, and 11 AC 112.320, Historic Areas.

Sequencing Process to Avoid, Minimize, or Mitigate. Under 11 AAC 12.900, the requirement to avoid the impact of activities on important habitat follows, in sequence, "avoid, minimize, or mitigate". This sequence relies on the definition of "practicable" as the means of assessing whether an applicant has avoided or minimized impacts. The term "practicable" is defined in statute as the project's feasibility considering cost, existing technology and logistical matters. The definition of "practicable" should be changed to reflect what is "feasible and prudent" in the protection of the environment from significant adverse impacts. With regard to mitigation, statutes and regulations should provide for compensatory mitigation when avoidance and minimization are not feasible and prudent.

Enforceable Policy Development

In keeping with the protection of the environment of coastal areas as called out in AS 46.40.20, there are several changes that should be affected in statutes.

1) AS 46.40.070(a)(2)(c)(ii), allows coastal districts to write enforceable policies unless the matter is "adequately addressed" in state or federal law. The definition of "adequately addressed" in our experience is what DNR says it is not whether the state or federal agencies actually administers a particular law. This provision should be removed.

2) AS 46.40.070(a)(2)(c)(ii), has resulted in many district policies having been disallowed because the policy did not "flow from" specific state or federal law. The concept of "flow from" should be removed from the enforceable policy evaluation or provide that unless a specific state or federal law addresses the matter in a way the local policy does not, then the local policy should be allowed.

3) AS 46.40.070(a)(2)(c)(iii), requires a coastal district to find that a specific coastal use is of "unique concern" and to demonstrate that uniqueness by local usage or scientific evidence. This level of documentation is burdensome in areas where little scientific evidence has been accumulated in sensitive habitats and local usage may be sparse. The term "unique concern" is highly interpretable and should be removed from the statute.

4) Cumulative Impacts: Current Alaska Statutes and Administrative Code do not allow for consideration of activities that occur outside the boundaries of "coastal resources". The effect is that, for example, an activity in an upland area that could damage a nearby

wetland (a "coastal resource") may not be considered in a district consistency review. Cumulative impacts must be considered in any rational resource management plan.

Relocation of the ACMP. While it is arguable that with statutory and regulatory guidance a program can be effective under a variety of umbrella agencies, our experience with the ACMP under the Department of Natural Resources has been unfavorable compared with our experience when the ACMP was in the Governor's Office and had the guidance of the Coastal Policy Council. From my perspective the significant changes in the ACMP and its relocation to DNR have combined to reduce the effectiveness of the Program both in fact and in public perception. The KPB Coastal Zone Management Program suggests that moving the ACMP to a permit-neutral, community advocacy agency would signal that the ACMP is seeking to regain its proper and appropriate role in Alaska coastal management. The best alternative agency would be the Division of Community and Regional Affairs.

I sincerely appreciate your efforts to coordinate a meaningful restructure of the ACMP.

Best regards,

Gary Williams, Coordinator
Kenai Peninsula Borough
Coastal Zone Management Program

Copy: David Carey, Kenai Peninsula Borough Mayor

KETCHIKAN GATEWAY BOROUGH

RESOLUTION NO. 2287

A RESOLUTION OF THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH IN SUPPORT OF CONTINUING THE ALASKA COASTAL MANAGEMENT PROGRAM AFTER JUNE 2011; AND ESTABLISHING AN EFFECTIVE DATE.

RECITALS

WHEREAS, the Ketchikan Gateway Borough initiated its Coastal Management Program (CMP) in 1978 and approved its first CMP in 1984; an update of the plan was approved by the Assembly in 2007; and

WHEREAS, the ACMP provides Ketchikan the ability to develop enforceable policies that address local circumstances and concerns; and

WHEREAS, the ACMP will sunset on July 1, 2011 unless the Alaska State Legislature extends the program or removes the termination language from existing legislation; and

WHEREAS, the ACMP as written facilitates both economic development and personal property development efforts; and

WHEREAS, if the program were to be eliminated the quantitative losses could be significant and the services provided to the local businesses and residents would have a detrimental effect on the economy.

NOW, THEREFORE, IN CONSIDERATION OF THE ABOVE FACTS, IT IS RESOLVED BY THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH as follows:

Section 1. The Ketchikan Gateway Borough supports reauthorization of the existing ACMP so it continues indefinitely beyond June 30, 2011.

Section 2. The Borough Clerk shall provide a copy of this resolution to Senator Bert Stedman and Representative Kyle Johansen.

Section 3. This resolution is effective immediately upon adoption.

ADOPTED this 3rd day of January, 2011.

Dave Kiffer, Borough Mayor

Kacie Paxton, Borough Clerk

APPROVED AS TO FORM:

Scott A. Brandt-Erichsen, Borough Attorney

EFFECTIVE DATE:	JANUARY 3, 2011		
ROLL CALL	YES	NO	ABSENT
Harrington	√		
Moran	√		
Rotecki	√		
Phillips	√		
Salazar	√		
Shoemaker	√		
Bailey	√		
Mayor (tie votes only)			
4 AFFIRMATIVE VOTES REQUIRED FOR PASSAGE			

Kodiak Island Borough

Office of the Borough Mayor

710 Mill Bay Road
Kodiak, Alaska 99615
Phone (907) 486-9310 Fax (907) 486-9391

March 4, 2011

Representative Alan Austerman
State of Alaska
State Capitol Room 204
Juneau AK, 99801

RE: Impact of Alaska Coastal Management Program on Kodiak

Dear Representative Austerman:

In response to your letter regarding potential changes to the Alaska Coastal Management Program (ACMP), the Kodiak Island Borough presents the following replies to your questions:

1. **Have community conversations arisen on the impacts that the Murkowski changes to the ACMP have had or are having on coastal communities?**

There have been no recent conversations. We have been fortunate that there have been no large federal or state projects (such as oil and gas exploration or a pebble mine type project), or smaller projects with far reaching impacts that are occurring around Kodiak Island. In the past there has been discussion on concentrating projects close to villages that have infrastructure (airports, roads and utilities) versus having projects spread out all along what is currently undeveloped coastline.

2. **Did Kodiak have local 'enforceable policies' that were impacted during the 2003 ACMP changes? Were ordinances or zoning codes implemented because of the changes?**

The Kodiak Island Borough has reviewed smaller projects with the local enforceable policies that were granted to us, but they lack any real substance. The policies important to citizens of Kodiak (subsistence, commercial and sport fishing, clean air and clean water (i.e. the environment)) are reserved to the state agencies that under the current program do not consult or coordinate with local government.

No ordinances or zoning codes changes were implemented because of the Murkowski era changes; however, the Borough's Coastal Management Plan was rewritten to be consistent with the philosophical change of state government.

3. How would the City and Borough like to see this program addressed?

In the Borough's most recent Strategic Plan, we identify the need to have the current ACMP changed. The Strategic Plan language (Planning and Zoning Goals and Objectives – Community Development – Provision 5(b)) calls out the need to "allow for the addition of meaningful enforceable policies *that reflect local concerns and which allow borough residents a greater opportunity to interact with state and federal agencies* during the coordinated review of projects within the Borough's Coastal zone. Encourage a re-write of this plan to give the Borough *maximum authority possible to govern its own coastal zone and resources..."*

As such, the Borough Assembly approved a resolution at the March 3rd meeting supporting the Alaska Municipal League resolution to amend the current ACMP program. The AML resolution promotes a reestablishment of the "good parts" of the former ACMP program with the (re)formation of a Coastal Policy Council, DEC review of air and water quality issues (ADF&G is already back to being a department), and most important to the Borough, the ability to conduct a local consistency review of projects. This review would recognize local knowledge and local experience and give it great weight during the decision making process. Lastly, any project must be consistent with the Kodiak Island Borough's enforceable policies and other borough plans.

We are in favor of a revised ACMP that gives a voice to Borough citizens for projects that could occur on or along our coasts (the KIB zoning code provides for a regulatory framework for shore side improvements, but its authority does not extend beyond the shore). The ACMP provides for that "beyond the shoreline" participation with agencies to create decisions that include local knowledge and local experience. The Kodiak Island Borough desires changes in the program that would provide for *maximum local control and the ability to govern our own coastal zone and resources.*

The opportunity to provide input on this matter is greatly appreciated. Should you have further questions please feel free to contact me or Bud Cassidy, Community Development Director, whose department coordinates the Kodiak program with the overall state ACMP.

Sincerely,

KODIAK ISLAND BOROUGH

Jerome Selby
Mayor

Introduced by:	Borough Manager
Requested by:	CDD Director
Drafted by:	CDD Director
Introduced on:	03/03/2011
Adopted on:	03/03/2011

KODIAK ISLAND BOROUGH
RESOLUTION NO. FY 2011-19

A RESOLUTION OF THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH SUPPORTING THE ALASKA MUNICIPAL LEAGUE'S RESOLUTION TO AMEND THE ALASKA COASTAL MANAGEMENT PROGRAM AND EXTEND THE PROGRAM SUNSET DATE

WHEREAS, the Kodiak Island Borough Assembly is the governing body of Kodiak Island; and

WHEREAS, the Assembly desires to promote and strengthen the Borough's continued participation in the Alaska Coastal Management Program (ACMP); and

WHEREAS, the Kodiak Island Borough's Coastal Management Plan has been an important program that promotes a balance between economic development and protection of coastal resources; and

WHEREAS, in recognition that the ACMP gives Alaska's coastal municipalities a powerful tool to promote responsible development while protecting coastal resources and uses, the Alaska Municipal League recently passed a resolution supporting the continuation of the ACMP, reestablishing a coastal policy board, bring back air and water quality issues in the ACMP consistency review process, eliminating requirements for designating subsistence use areas and allowing for meaningful policies; and

WHEREAS, the ACMP will sunset on July 1, 2011 unless the Alaska State Legislature extends the program; and

WHEREAS, The Borough wishes to join in AML's support of the continued operation and enhancement of the ACMP.

NOW, THEREFORE BE IT RESOLVED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH that it supports legislation that will extend the ACMP, that establishes a coastal policy board, that brings back air and water quality issues into the ACMP consistency review, eliminates requirements for designation of subsistence use areas, and allows for meaningful enforceable policies.

ADOPTED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH THIS THIRD DAY OF MARCH, 2011

KODIAK ISLAND BOROUGH

Jerome M. Selby, Borough Mayor

ATTEST:

Nova M. Javier, MMC, Borough Clerk



CITY OF NOME

Nome Coastal District
102 Division Street ~ P.O. Box 281
Nome, Alaska, 99762
(907)443-6603 ~ (907)443-5435 fax

March 09, 2011

RE: Request for Information, ACMP Reauthorization

Dear Louie Flora and David Scott,

Thank you for the opportunity to provide recommendations for changes to the Alaska Coastal Management Program. The Nome Coastal District has participated in the program since 1983 and recently amended our plan as required in 2004. The following items are submitted for your consideration.

Enforceable Policies

The Legislature authorized changes to the district's enforceable policies in 2004. The regulations that were subsequently written are more stringent than the Legislature approved. The enforceable policies that we are currently working under limits our ability to participate in project reviews.

Designated Areas

The federal coastal management agency the Legislative Audit have both recommended that the designated area requirements be deleted. This requirement results in delays and is almost impossible to get approved through DNR.

DEC Carveout

The DEC Carveout has never been a good idea. Why would air and water quality not be part of the ACMP? There are no coastal uses or resources that do not include impacts to air and water quality. It is not reasonable that districts cannot write air and water quality policies.

Approval Process

It has not worked well having DNR be the sole decision maker. The Department does not need to work with the districts or even other state agencies to reach a consensus on projects. It is not appropriate for the ACMP to be part of DNR whose mission is development of resources. It seems like it would make more sense to have the program in a non-resource department. When the program was administered by DCCED the districts participated more in permit reviews and had a strong community of coastal coordinators. The Coastal Policy Board was fair and less vulnerable to political pressure. When a project is elevated, DNR does not need to reach a consensus with other resource agencies, a statue change is needed to change that provision of the program.

Subsistence State Standard

It is unreasonable that local districts have not been able to write policies regarding subsistence (it is near impossible to get a subsistence policy approved) and that the new state standard only requires that a project avoid or minimize impacts to subsistence. As important as subsistence is in our state it is incredible that our ACMP regulations as currently written take away one of the tools that the ACMP provided. Please consider an amendment that would make it easier for the coastal districts to write enforceable policies regarding subsistence.

Mining

The 2004 revision to the regulations removed mining from the ACMP standard and, while there has not been a carveout of mining activities, the removal of uplands from the Habitat Standard and mining from the Sand and Gravel standard has combined to deny the ability of the Nome Coastal District to write policies that should be included within the state standards and about which policies can be developed.

Thank you again for your work on the ACMP.

Sincerely,

Jim Dory, Nome Coastal Coordinator

North Slope Borough

PLANNING AND COMMUNITY SERVICES DEPARTMENT

P.O. Box 69
Barrow, AK 99723
(907) 852-0320
Fax: (907) 852-5991
E-mail: Dan.Forster@north-slope.org

Daniel W. Forster, Director

February 25, 2011

Honorable Senator Donny Olson
State Capitol. Room 508
Juneau AK, 99801

Honorable Representative Paul Seaton
State Capitol. Room 102
Juneau AK, 99801

Dear Senator Olson and Representative Seaton:

The North Slope Borough (NSB) appreciates this opportunity to respond to your February 11, 2011 letter requesting input for how the Alaska Coastal Management Program (ACMP) could be amended to provide a stronger, more meaningful program for coastal districts. Certainly our views on this topic are informed by several decades of generally positive experiences working with the ACMP prior to the 2003 statute changes and the 2004 regulation changes. Unfortunately, following the changes to the regulations, NSB finds little, if any value to the ACMP as it is currently being implemented by the Department of Natural Resources (DNR). Thus, we urge the Legislature to amend ACMP statutes to provide clarity, predictability and value for coastal districts. The remainder of this letter addresses the following specific topics: enforceable policies, designated areas, the so-called "DEC Carve-out," concentration of power, mediation, and use of consultants.

Enforceable Policies

For NSB, the most problematic ACMP change is that with the amended program, DNR has not approved local enforceable policies that could be used to fill gaps in state and federal law. Particularly troubling is the fact that the new statutes clearly allow districts to establish enforceable policies for matters not adequately addressed by state or federal law, nevertheless, DNR's Division of Coastal and Ocean Management's (DCOM) interpretation of the statutes has made it impossible for districts to secure DNR approval for any meaningful enforceable policies.

Statutes provide guidance for establishing district enforceable policies, including a requirement that policies must address matters of local concern. One criterion for "local concern" is that policies cannot address a matter already adequately addressed by state or federal law. DNR provided further guidance on this subject in its 2005 Program Description approved by the federal Office of Ocean and Coastal Resource Management (OCRM). The guidance effectively states that districts can establish local policies regarding a particular topic where a state or

federal agency with broad authorities to regulate said topic does not have specific regulations addressing the particular matter for which a coastal district wants to write an enforceable policy.[1] This interpretation of AS 46.40.070(a)(2)(C)(ii) was affirmed in a July 12, 2004 Attorney General memorandum that found districts could establish policies for matters addressed in a DNR Area Plan as long as those matters weren't specifically addressed in DNR regulation. However, in marked contrast to these findings, DNR has adamantly disallowed districts to write such policies, asserting that district policies cannot address any matter for which an agency has general authority, regardless of whether that agency has addressed the specific matter in regulation.

As acknowledged by DCOM director, Randy Bates, the final set of 2004 ACMP regulations are more stringent than what was intended by the Legislature. For example, new regulations limit district policies to certain subjects specifically addressed in statewide ACMP standards and within designated areas (11 AAC 114.270(a)(1)). Yet, DNR denied many policies proposed by coastal districts, claiming that these matters are adequately addressed by the statewide standards. Since agencies have broad authorities for almost all coastal issues, DNR's interpretation of its new regulations makes it impossible for districts to establish any meaningful district enforceable policies.

We believe the Legislature should clarify the criteria for approving coastal district policies by specifying that districts may address gaps in state and federal law, regardless of whether the underlying issues would be within the authority of a state or federal agency to address. There are already provisions in statutes that prohibit policies from unreasonably or arbitrarily restricting a matter of state concern, so there should be no opposition to this clarification. Since DNR is not implementing the ACMP according to guidance in the 2005 Program Description and has made no attempt to redress regulations that are more stringent than intended by the Legislature, it is appropriate for the Legislature to remedy this issue.

Designated Areas

For some coastal uses and resources, DNR must first approve a designated area before a district can establish an enforceable policy. This is another example where DNR's 2004 amended regulations are more stringent than intended by the Legislature. For subsistence issues, DNR went a step further by requiring approval of a designated area before the statewide subsistence standard can be applied. In other words, a coastal district cannot even raise concerns about potential impacts to subsistence unless DNR approves a subsistence-use designated area. Yet, DNR disapproved all proposed subsistence use areas for four of the largest coastal districts representing over 50% of Alaska's coastal area: Cenaliulriit Coastal Resource Service Area (CRSA), Bering Straits CRSA, Northwest Arctic Borough, and North Slope Borough.

Our experience working with DNR on proposed subsistence use designated areas provides another example of DNR's inconsistent implementation of its regulations. Working toward our district plan approval, DNR continually "raised the bar" in terms of what was required for an approvable designated area. When regulations were approved in July 2004, DNR agreed that districts could designate their entire coastal zone as a subsistence use area if they provided

[1] See subsection 5.3.5.2 of the June 2, 2005 *The Alaska Coastal Management Program*, commonly referred to as the "Program Description."

appropriate supporting information. DNR later changed its policy to require separate designated areas for each type of subsistence use. Answering a question about what DNR meant by type of subsistence use, DNR stated it would be best left up to coastal districts to identify the types of subsistence use that should be designated. But later, DNR disapproved our proposed subsistence use areas described in our February 2006 draft plan. In response, NSB created elaborate subsistence use maps at substantial cost to the Borough (not funded by the ACMP). The tentative agreements reached during meditation of our plan broke down when DNR continued to change the requirements for subsistence maps and associated policies.

To our surprise, during 2010, DNR again changed its mapping requirements without consulting the districts. For NSB, the new scale requirements would involve preparation of 575 new maps. Assuming a cost of $400 per map, this new requirement would result in $230,000 of additional costs for the Borough. While DCOM agreed to reconsider this new mapping requirement during a November 2010 coastal district workshop, it has not yet done so.

Similar to subsistence issues, a district must receive approval for designated "important habitats" before it may establish habitat-related enforceable policies, and DNR has approved only a few, very small important habitat areas statewide. Due to changes to the statewide habitats standard in 2004, most habitats within the coastal zone that were previously included under the standard are no longer covered. This change is another example of how ACMP regulations are more stringent than intended by the Legislature. In order to address these habitats, a district would have to receive approval for an important habitat designation.

Although draft regulations prepared by DNR in 2008 as part of its "ACMP reevaluation" would have removed the designated area requirements, these regulations have been tabled. Both the 2008 federal evaluation of the ACMP by OCRM and the recent Legislative Audit recommend that DNR revisit the designated area requirements. Since DNR has made no progress in addressing this issue, we request that the Legislature amend the statutes to clearly eliminate the designated area requirement.

DEC "Carveout"

The 2003 changes to ACMP statutes removed the Department of Environmental Conservation (DEC) from the coordinated ACMP project review process. While DNR testified to the Legislature in 2003 that districts would be able to establish enforceable policies to address air and water quality matters not adequately covered by DEC laws, DNR has summarily denied all proposed air and water quality district enforceable policies.

The DEC Carveout is problematic because air and water quality relates to almost every coastal resource or use. For example, during an ACMP review of a proposed offshore oil and gas exploration project, the Borough is not allowed to discuss impacts of an oil spill to subsistence, even though no DEC laws address such impacts. Furthermore, the DEC Carveout has eliminated opportunities for public review and comment on the DEC consistency finding of proposed activities in the federal Outer Continental Shelf (OCS). Since DEC's finding has been removed from the coordinated review process and DEC does not have a permit for activities in federal waters, there is no opportunity for public comment on any air or water quality issues.

As with the designated area requirement. DNR's 2008 draft statutory changes would have eliminated the DEC Carveout. Again, both the 2008 OCRM evaluation of the ACMP and the 2011 Legislative Audit strongly recommended that DNR revisit this issue. Since resolution of this issue will require a statutory change, we recommend that the Legislature address it as part of legislation addressing the ACMP sunset.

Concentration of Power
Legislative changes in 2003 moved the ACMP from the Governor's Office to DNR, eliminated the Coastal Policy Council, and gave the DNR Commissioner sole decisionmaking power for coastal issues, including project appeals (elevations). The recent Legislative Audit found that centralized decisionmaking has lessened consensus building among review participants and that DNR has been criticized for lacking impartiality and local representation.

The Borough supports statutory changes that would restore a cooperative decision-making process among state agencies and coastal districts that implement the ACMP. One way to accomplish this goal would be to establish a streamlined coastal policy board composed of state agency and district representatives. This board would provide an opportunity for districts and the other state resource agencies to work cooperatively with DNR to approve coastal district plans and changes to the ACMP regulations. Another way to restore said checks and balances would be to reestablish the requirement for consensus among the resource agencies during elevations of proposed consistency determinations.

Statewide Standards
In 2004, DNR substantially limited the ability of the ACMP to address legislative objectives in AS 46.40.020. These changes limited the scope of topics addressed by ACMP standards and severely limited the geographic area covered by the standards. For example, the statewide habitats standard was substantially revised to address only limited impacts to habitats. For offshore habitats, only impacts to "competing uses" may be addressed during ACMP reviews—eliminating the ability to address impacts to particular species using offshore habitats, the productivity of offshore habitats or other potentially adverse impacts to offshore habitats.

Changes to the definitions of "coastal waters" and "wetlands" resulted in some statewide standards, including the habitats standard, applying to only a small part of the coastal zone. As described in the above section on designated areas, an important habitat area would need to be designated in order to consider impacts to most habitat areas within the coastal zone. DNR has approved only a few, small important habitats, all of which are located in Southeast Alaska. So, although most of the oil and gas development is located within the NSB coastal zone, it would be impossible to address impacts to the habitat because the ACMP regulations exclude these areas from possible coverage by the statewide habitats standard.

One unexpected result from the 2004 changes to the statewide habitats standard involves the federal designation of vast expanses of critical habitat for polar bears. One of the reasons cited in the final rule for the designation was the lack of ability to address habitat impacts through the ACMP. NSB believes that if the ACMP had a broader and stronger habitat standard, and if DNR were to facilitate more robust and meaningful involvement from the coastal districts, the ACMP could be a powerful tool to require that federal proposed actions such as the designation of

millions of acres of critical habitat under the Endangered Species Act undergo a full public review through the ACMP consistency determination process.

The Borough supports efforts by the Legislature to direct DNR to amend the statewide standards so they allow consideration of impacts to all coastal resources and uses identified in the ACMP legislative objectives.

Mediation
NSB requested mediation of the DNR Commissioner's Decision for our coastal plan in 2007. We found the mediation process frustrating because of DNR's unwillingness to reach a reasonable compromise. While we made some progress in resolving certain issues, we ultimately requested that the mediator declare an impasse due to DNR's ever-changing requirements and unwillingness to implement ACMP regulations as per its 2005 Program Description. The attached mediation brief provides more detail regarding specific concerns raised by the Borough during the mediation.

Use of Consultants
The Borough uses consultants on a regular basis to assist in its participation in ACMP reviews including ongoing reviews and adjustments to the ACMP itself. Although we have experienced and competent staff, consultants with long-term coastal management experience provide many additional and useful services. Thus, we agree with findings in Part 2 of the ACMP Legislative Audit that DNR's unwritten policy regarding consultants disregards a district's right to determine how and when it chooses to use a consultant.

We wish to provide an example where DCOM's consultant policy provided a problem for us. During an important review coordinated by DCOM a couple of years ago, our staff person assigned to the review was out of the office for a two-week period. We were surprised when DCOM denied our request to have our consultant added to the distribution list for the review during this period. Our request was reasonable and only involved adding a name to the email distribution list. This was the first we had heard about DCOM's policy to not distribute certain information to consultants working for coastal districts.

This concludes our response to your request for information for how the ACMP can be improved. We encourage the Legislature to address the problems outlined in this letter through changes to ACMP legislation. Without meaningful changes to the ACMP, we question whether it would be advisable to extend the sunset date for the program.

Sincerely,

Daniel W. Forster
Director

Cc: Coastal District Coordinators State-wide Attachment: NSB Mediation Brief

Edward Itta, NSB Mayor
Siikauraq Martha Whiting, Mayor. Northwest Arctic Borough
NSB Planning Commission
Bessie O'Rourke, NSB Attorney
Karla Kolash, NSB Mayor's Office
Andy Mack, NSB Mayor's Office
Marla Berg, NSB Mayor's Office
Taqulik Hepa, NSB Department of Wildlife Management
Tom Lohman, NSB Department of Wildlife Management
Randy Bates, Director, DNR Division of Coastal and Ocean Management

NORTHWEST ARCTIC BOROUGH

P.O. Box 1110

Kotzebue, Alaska 99752

(907) 442.2500 or (800) 478.1110

Fax: (907) 442.3740 or 2930

Honorable Senator Donny Olson
State Capitol, Room 508
Juneau, AK 99801

Honorable Representative Paul Seaton
State Capitol, Room 102
Juneau, AK 99801

RE: Reauthorization of the Alaska Coastal Zone Management Program (ACMP)

Dear Senator Olson and Representative Seaton;

The Northwest Arctic Borough (Borough) is glad to respond to your February 11, 2011, letter to Coastal Coordinators to address changes to the ACMP for making it a more meaningful process for the borough and coastal resource service areas. On behalf of the Borough, I appreciate the opportunity to address the issues of the current program and what specific program changes can be made so that coastal communities can benefit from local enforceable policies.

Overall, the changes we recommend are to update and modernize the program including methods to increase public involvement for effective democracy in the process, update statutes regarding the subsistence policy to reflect life-long Alaskans way of life, facilitate the ability of coastal districts to establish enforceable policies for addressing local needs in responsible resource development, and remove the designated area requirement to reduce unneeded bureaucracy. All these recommendations reflect the importance of the way of life of life-long Alaskans and promote modernizing the program to better reflect the uniqueness of Alaska as the end product of these changes.

PUBLIC INVOLVEMENT

Since the elimination of the Coastal Policy Board in 2003, there are no current checks and balances in the ACMP to provide for effective democracy. Appeals to coastal management plans are now decided by the state staff and Commissioner for the Department of Natural Resources

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(DNR), which gives DNR all decision-making authority to address matters. The establishment of a Coastal Policy Board would provide for public involvement through representatives from coastal districts and state agencies to decide elevations and the approval of coastal district plans. This Board would also oversee amendments to ACMP regulations and ACMP grant programs. A Coastal Policy Board would increase public involvement in administrative and program decisions in the ACMP; therefore promoting modern democracy and good governance.

SUBSISTENCE

As you know, subsistence, which includes the acquisition of subsistence resources, is key to the survival and sustainability of our borough residents. Changes over the years have made the ACMP regulations extremely difficult, if not impossible, to address impacts to subsistence, which have and continue to sustain the economies and culture of life-long Alaskan residents and communities. Subsistence issues need be considered during a project review – it is a reality and important to maintain the uniqueness of the great state of Alaska. The current statewide standard is very general and does not address specific subsistence-related issues; for example, the people of Southeast Alaska have very different subsistence uses than those on the Northwest Arctic, for instance.

A solution to this would be to eliminate the designated area requirement, which has resulted in over bureaucratic administration, and change the program to allow coastal district to design enforceable policies on subsistence for matters to ensure responsible resource development that honors regional knowledge and uses.

FACILITATE ENFORCEABLE POLICIES

Currently, DNR has authorianly limited policies to the specific matters in certain statewide standards; at the same time, the agency has denied policies on the basis that the statewide standards already address the issue. DNR's interpretation of the regulations and statutes (often seen as arbitrary) makes it practically impossible for coastal districts to have meaningful enforceable policies. To make policies effective and meaningful, statutory changes need to clarify that districts may establish enforceable policies that fill-in gaps in state of federal law.

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DESIGNATED AREAS

There are currently rigorous administrative requirements by DNR that mandate designation of areas before impacts can be considered for subsistence, upland habitat and natural hazards. This requirement has resulted in costly mapping that has not been funded by DNR and many proposed designated areas have been denied by DNR through administrative reviews. A quick and efficient solution to the designated area issue would be to simply eliminate the requirement as overly bureaucratic and unnecessary according to federal coastal management program.

CONCLUSION

This concludes important list of changes that would dramatically increase the effectiveness and relevance of the ACMP to the Borough communities and our many life-long Alaskan residents. We appreciate your valuable time and efforts in understanding some of the challenges faced by the Northwest Arctic Borough. The challenges we face with the current ACMP is shared with many coastal districts and we look forward to any Legislative changes to increase its effectiveness.

If you have any specific questions about the Borough's recommendations with the ACMP, please feel free to contact Planning Director, Ukallaysaaq at 907.442.2500, extension 109 or at email tokleasik@nwabor.org.

Taikuu,

Sikauraq Martha Whiting, Mayor

Cc: Ukallaysaaq Tom Okleasik, Planning Director
Alagiaq Grant Hildreth, Deputy Planning Director
Kiil'aq John Chase, Community Planner & Coastal Area Specialist

CITY OF PELICAN, ALASKA
RESOLUTION 2011-23

A RESOLUTION SUPPORTING THE EXTENSION OF AND AMENDMENTS TO THE ALASKA COASTAL MANAGEMENT PROGRAM

WHEREAS, the City of Pelican desires to promote and strengthen its continued participation in the Alaska Coastal Management Program (ACMP); and

WHEREAS, the ACMP has been an important program that promotes a balance between economic development and protection of coastal resources and uses since its inception in 1977; and

WHEREAS, the ACMP gives Alaskan coastal communities an essential tool to promote responsible development while addressing impacts to coastal resources and uses;

WHEREAS, changes to the ACMP statute in 2003 and changes to the ACMP regulations in 2004 eliminated the Coastal Policy Council, removed consideration of air and water quality impacts during ACMP project reviews and diminished the opportunity for meaningful participation in the program by the City of Pelican and other coastal districts; and

WHEREAS, the coastal communities' having a voice in addressing local circumstances and concerns is vital to the future well-being of traditional ways of life; and

WHEREAS, recommendations from the June 2008 evaluation of the ACMP by the federal Office of Coastal, Ocean, and Resource Management encouraging the state to reevaluate the implementation of the amended ACMP, revisit the requirements for designated areas, provide more technical assistance, and evaluate the effectiveness of retaining the DEC "carve-out" have not been sufficiently addressed; and

WHEREAS, the comprehensive 2008 reevaluation of the ACMP initiated by the State of Alaska in 2008 has not resulted in any changes to the program; and

WHEREAS, the ACMP will sunset on July 1, 2011 unless the Alaska State Legislature extends the program.

NOW, THEREFORE, BE IT RESOLVED THAT: The City of Pelican supports amendments to the ACMP that will restore checks and balances to the program, allow meaningful participation by coastal districts and promote responsible development.

BE IT FURTHER RESOLVED THAT: The City of Pelican supports introduction and passage of legislation that will eliminate sunset provisions for the ACMP, restore the ability for coastal districts to establish enforceable policies for matters not adequately addressed by state or federal law, eliminate requirements for designated areas for the application of enforceable policies, include the Department of Environmental Conservation in project consistency reviews, and establish a Coastal Policy Board to restore checks and balances to the program.

PASSED, APPROVED AND ADOPTED BY THE PELICAN CITY COUNCIL ON THIS _____ DAY OF _____, 2011.

Signed: _____
Clint Bean, Mayor

Attest:

_____
Gunnar E. Combs, Assistant City Clerk

City and Borough of Sitka
100 Lincoln Street • Sitka, Alaska 99835

March 7, 2011

The Honorable Representative Paul Seaton
The Honorable Representative Eric Feige
Alaska State House of Representatives
by e-mail

Dear Representatives Seaton and Feige:

Thank you for your recent letter to Coastal District Coordinators asking for input on proposed changes to and reauthorization of the Alaska Coastal Management Program (ACMP). The City and Borough of Sitka Assembly approved the attached Resolution 2010-35 SUPPORTING LEGISLATION TO EXTEND AND RESTORE THE ALASKA COASTAL MANAGEMENT PROGRAM TO ENABLE EFFECTIVE COASTAL COMMUNITY PARTICIPATION. This Resolution supports the following areas of changes needed to permit the City and Borough of Sitka's Coastal Management Program to once again meaningfully participate in the ACMP:

- **Sunset** – The Alaska Coastal Management Program will sunset July 1, 2011 unless the Alaska State Legislature extends the program. The ACMP is the only program providing financial assistance and regulatory framework for local coastal communities to have a "seat at the table" in management decisions affecting their local coastal zone. The arbitrary "sunset" provision needs to be eliminated and the program reauthorized.

- **Enforceable Policies** -- Sitka lost more than half its 55 enforceable policies in the "streamlined" process which began in 2003. Those remaining are so limited as to be ineffective. Coastal Districts need to be able to promulgate enforceable policies which address local coastal issues not already addressed by State and Federal laws. This has been a cornerstone of the ACMP to permit districts to address local circumstances.

- **DEC Carve-Out** – Not permitting any enforceable policies or comments relating to air or water quality has virtually eliminated meaningful participation in the ACMP, since almost all coastal uses and resources relate to air or water quality. DEC does not communicate with coastal districts or even other agencies and usually does not address key issues of concern to the coastal districts and agencies. This is untenable. DEC needs to be brought back into the ACMP review process, and coastal districts and agencies need to be able to comment on air and water quality issues in the coordinated review.

- **Designated Areas** – Requiring that any physical area subject to either Subsistence or Habitat Enforceable Policies must be pre-designated before any impacts to coastal resources or uses

could be considered ignores the reality that resources and habitats occur throughout the entire coastal area (more than 300 miles of coastline in the City and Borough of Sitka), and many are migratory. It is extremely costly and difficult to scientifically document all this coastline required for Designated Areas. Project reviews are site specific; and many of the resources such as deer and fish and uses move around. Designating areas rather than resources or uses themselves is unrealistic and inaccurate. This regulation should be eliminated.

- **Meaningful Local Participation in the ACMP** – The City and Borough of Sitka has participated in the ACMP since its plan was approved in 1981. A costly, multi-year, and frustrating complete revision of Sitka's Coastal Management Plan was finally approved in 2007. DNR Division of Ocean and Coastal Management (DCOM) went beyond the Legislative intent of HB 191 and regulations, leaving the formerly lauded Sitka Coastal Plan as a shell with little substance and the Sitka Coastal Program no longer an active participant in the formerly comprehensive ACMP.

  New leadership is needed to restore the ACMP to permit meaningful local participation and ensure a seat at the table for all, including applicants, agencies, and coastal communities. A classic example of DCOM's unwillingness to permit coastal districts to meaningfully participate in the ACMP is its "policy" of not allowing consultants to assist local districts using ACMP 306 funding. If a coastal district wishes to contract for services rather than hire staff, that should be a local decision. I have served as Sitka's Coastal Coordinator since 1987, the first eight years of which were as a consultant under contract. This arbitrary usurping of local community ACMP administration is unwarranted.

The City and Borough of Sitka Coastal Management Program has always tried to balance responsible development with protection of the coastal environment. There has never been an elevation or appeal of a Sitka project, and developers have worked closely with the Coastal Coordinator in the past to address coastal issues and also expedite permitting through the cooperative ACMP review process. The Sitka Coastal Management Program is eager to return to the table and participate in a re-energized coordinated review process which has been lost since the "streamlined ACMP process" was implemented. For further information, contact Marlene Campbell at 907-747-1855 or campbell@cityofsitka.com e-mail.

Sincerely,

Marlene A. Campbell
Coastal Management Coordinator

cc: Senator Bert Stedman
Representative Peggy Wilson
Sitka Assembly
Municipal Administrator Jim Dinley

CITY AND BOROUGH OF SITKA
RESOLUTION 2010-35

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF SITKA, ALASKA, SUPPORTING LEGISLATION TO EXTEND AND RESTORE THE ALASKA COASTAL MANAGEMENT PROGRAM TO ENABLE EFFECTIVE COASTAL COMMUNITY PARTICIPATION

WHEREAS, the City and Borough of Sitka has participated in the Alaska Coastal Management Program (ACMP) since approval of its first Sitka Coastal Plan in 1981; and

WHEREAS, the "streamlined ACMP process" which began with House Bill 191 in 2003 forced the complete revision of all Alaska Coastal Management plans (Sitka's revision was approved in 2007) and resulted in a greatly diminished role for coastal districts, including inability to establish meaningful local enforceable policies and removal of air and water quality from ACMP project reviews; and

WHEREAS, Sitka lost more than half of its 55 enforceable policies, the only portion of Sitka's coastal plan with standing in the ACMP permit review process, and the remaining policies are limited and ineffective in coastal comments addressing local issues; and

WHEREAS, the ACMP will sunset July 1, 2011 and all Coastal Management funding and coordination will cease unless the Alaska State Legislature extends the program;

NOW, THEREFORE BE IT RESOLVED that the City and Borough of Sitka Assembly supports legislation to extend the ACMP, eliminate the "DEC carve-out" and bring back air and water quality issues in the ACMP consistency review process, eliminate requirements for pre-designation of subsistence, habitat, or other areas subject to policies, and permit meaningful local participation in the ACMP through expanded enforceable policies addressing a wide range of coastal uses to permit City and Borough of Sitka and other coastal communities to better manage the coastal zone.

PASSED AND APPROVED by the Assembly of the City and Borough of Sitka, Alaska, on this twenty-eighth day of December, 2010.

Cheryl Westover

Cheryl Westover, Mayor

ATTEST:

Sara Peterson

Sara Peterson
Acting Municipal Clerk

Municipality of Skagway

GATEWAY TO THE KLONDIKE

P.O. BOX 415 SKAGWAY, ALASKA 99840

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March 8, 2011

The Honorable Paul Seaton
Co-Chair, House Resources Committee
State Capitol Building, Room 102
Juneau, AK 99801-1182

Dear Rep. Seaton,

I am new to the position of Coastal District Coordinator for the Alaska Coastal Management Program (ACMP); however, in my short time working with the ACMP I have been aware of the need for the program here in Skagway and would like to see it continue.

The ACMP provides communities with a voice regarding projects that are occurring in the area. Local coordinators are closely acquainted with issues within their communities and are therefore uniquely qualified to review and give feedback on proposed projects.

The ACMP staff has been nothing but helpful orienting me with the program, providing many training opportunities and quick responses to my inquiries. Many district coordinators perform their duties in addition to regular work tasks, so this additional help is invaluable. I fully support the Alaska Coastal Management Program.

Please contact me with any questions.

Sincerely,

Emily A. Deach
Coastal District Coordinator & Borough Clerk
Municipality of Skagway

City of Valdez
ALASKA
Department of Community
& Economic Development

Dave Cobb, Mayor
John Hozey, City Manager

March 10, 2011

Representative Eric Feige
Alaska State Legislature House Resources Committee
State Capitol Building, Room 126
Juneau, AK 99802-1182

Representative Paul Seaton
Alaska State Legislature House Resources Committee
State Capitol Building, Room 102
Juneau, AK 99802-1182

Dear Honorable Representative Feige & Honorable Representative Seaton,

The City of Valdez City Council recently passed a resolution supporting the introduction and passage of legislation that will renew the Alaska Coastal Management Program and extend and/or eliminate the Alaska Coastal Management Program sunset provision. A signed copy of the resolution is attached to this letter. The resolution deliberately divides the sunset issue from any proposed changes to the program because Valdez values the ACMP greatly and the most important issue for us is the continuation of the program. However, we have seen a reduction in our local enforceable policies and do share some of the frustration many of the Coastal Districts have with the recent changes to the program. Overall we still benefit significantly from its implementation.

With the understanding that there are a multitude of differing opinions on what changes need to be made to the ACMP among Valdez citizens, there are two changes that the City of Valdez would like to propose that would help the way the Valdez Coastal District Implements it's Coastal Management Plan.

First, we would like to request a longer time period for consistency reviews. At least 50% of Valdez consistency reviews come to us with a deadline that does not provide enough time to take them before a Commission or the City Council for discussion or action. The City of Valdez feels our comments benefit from more eyes and a healthy discussion before they are submitted. Should the issue be a very hot topic, we most certainly do not have enough time to do a public hearing. Extending the deadline for local consistency reviews would provide much greater flexibility to collect public opinion and allow commissions to consistently weigh in on the issues.

Second, we propose implementing a process that acknowledges our comments are appropriately weighted in the consistency review process. The easiest and best way the Valdez Coastal District can be assured that its comments are taken into consideration and given due deference is in a written response to our submitted comments from the Agency coordinating the review. The written response should also include an explanation of the final outcome of the State's determination. With a written response Valdez can be assured that its comments were relevant to the decision making process and Valdez will gain a better understanding of why decisions were ultimately made.

We appreciate the time the House of Representatives is taking to understand the needs of all coastal communities in Alaska. Certainly the administrative issues presented in any Coastal Management Program are complex and complicated by the fact that around the State, just as it is in Valdez, the issues are also very personal and close to the hearts and identities of the residents. We hope the renewal of the ACMP is successful in this legislative session and look forward to changes in the program that will strengthen and ensure its continued success. Please contact me if you require any additional information or comment.

Sincerely,



Laura Robertson
Valdez Coastal District Coordinator
(907) 834-3450
lrobertson@ci.valdez.ak.us

CITY OF VALDEZ, ALASKA

RESOLUTION NO. 11-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, SUPPORTING THE EXTENSION AND/OR RENEWAL OF THE ALASKA COASTAL MANAGEMENT PROGRAM IN THE 2011 ALASKA STATE LEGISLATIVE SESSION

WHEREAS, the City of Valdez has been an active participant in the Alaska Coastal Management Program (ACMP) since its adoption of the Valdez Coastal Management Plan in 1987; and

WHEREAS, the ACMP has helped shape the way the City of Valdez balances beneficial uses of its coastal areas with protection of coastal resources and development of coastal industries; and

WHEREAS, the ACMP has been an effective tool in management of coastal areas within the City of Valdez; and

WHEREAS, the City of Valdez supports the comprehensive network of government agencies the ACMP provides that allows coordinated communication over each coastal project review; and

WHEREAS, the City of Valdez desires to promote and strengthen its continued participation in the ACMP; and

WHEREAS, the ACMP will sunset and terminate on July 1, 2011 unless the Alaska State Legislature extends the program during the 2011 legislative session.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that:

The Valdez City Council hereby supports introduction and passage of legislation that will renew the Alaska Coastal Management Program and extend and/or eliminate the Alaska Coastal Management Program sunset provision.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this 7th day of February, 2011.

CITY OF VALDEZ, ALASKA

Dorothy M. Moore, Mayor Pro Tem

ATTEST:

Sheri L. Pierce, MMC, City Clerk

CITY OF VALDEZ, ALASKA SEAL OF THE INC. 1901

THE CITY OF WHITTIER

Gateway to Western Prince William Sound

P.O. Box 608 • Whittier, Alaska 99693 • (907) 472-2327 • Fax (907) 472-2404

March 11, 2011

Honorable Paul Seaton
Alaska State Capitol, Room 434
Juneau, AK 99801

Honorable Eric Feige
Alaska State Capitol, Room 126
Juneau, AK 99801

Re: Request for Input on the Alaska Coastal Management Program

Dear Representative Seaton and Representative Feige:

This letter responds to your request for suggestions on how enforceable policies or regulations could be improved for the Alaska Coastal Management Program (ACMP).

The City of Whittier passed a resolution on February 15, 2011 about the ACMP that is enclosed with this letter. In addition to extending the sunset date for the program, the resolution supports establishment of a coastal policy board, reintegration of air and water quality issues into ACMP consistency reviews, elimination of requirements for designated areas, and amendments that would allow meaningful coastal district enforceable policies.

A stronger role for coastal communities in the ACMP will help promote balanced economic development. The City of Whittier encourages the House Resources Committee to amend House Bill 106 to ensure that coastal districts have a meaningful role in the ACMP.

Sincerely,

Robert Prunella
City Manager

CITY OF WHITTIER, ALASKA
RESOLUTION 983-11

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHITTIER, ALASKA, SUPPORTING CHANGES TO THE ALASKA COASTAL MANAGEMENT PROGRAM

WHEREAS, the City of Whittier has participated in the Alaska Coastal Management Program (ACMP) for over 20 years as a coastal resource district; and

WHEREAS, since its inception in 1977 the ACMP has been an important program to promote responsible coastal development; and

WHEREAS, changes to ACMP statutes in 2003 and changes to the regulations in 2004 made significant changes to the program, including elimination of the Coastal Policy Council; and

WHEREAS, the 2008 evaluation of the ACMP by the federal Office of Coastal, Ocean and Resource Management recommended the Alaska Department of Natural Resources reconsider changes to the program, including the requirement for designated areas and the removal of air and water quality from ACMP reviews; and

WHEREAS, the November 2008 draft statutes and regulations prepared by the Alaska Department of Natural Resources would have removed the designated area requirements and brought the Alaska Department of Environmental Conservation back into ACMP reviews; and

WHEREAS, the December 8, 2010 legislative audit found that changes to the ACMP limited the ability for coastal districts to establish enforceable policies; restricted the ability to address impacts to upland habitats, and limited the ability to meet legislative objectives for the program; and

WHEREAS, the legislative audit recommended the Alaska Department of Natural Resources review the designated area requirements and develop proposals to reintegrate the Alaska Department of Environmental Conservation into the ACMP; and

WHEREAS, the ACMP will sunset on July 1, 2011 unless the Alaska Legislature extends the program

NOW THEREFORE BE IT RESOLVED; that the City Council of the City of Whittier hereby supports legislation that will extend the ACMP, establish a coastal policy board, bring back air and water quality issues into the ACMP consistency review process, eliminate requirements for designated areas, and allow meaningful coastal district policies.

PASSED AND APPROVED by a duly constituted quorum of the Whittier City Council on this 15th day of February 2011.

Introduced by: Bob Prunella
Introduction Date: February 15, 2011

ATTEST: Brenda Krol

Brenda Krol
City Clerk

Lester Lunceford
Mayor

Ayes: 5
Nays: 0
Absent: 2
Abstain: 0

CITY AND BOROUGH OF YAKUTAT, ALASKA
RESOLUTION 11-172

A RESOLUTION OF THE CITY AND BOROUGH OF YAKUTAT ASSEMBLY SUPPORTING THE ALASKA MUNICIAPAL LEAGUE'S RESOLUTION SUPPORTING THE EXTENSION OF THE ALASKA COASTAL MANAGEMENT PLAN AND RESTORATION OF ORIGINAL PLAN PURPOSES

WHEREAS, the City and Borough of Yakutat Assembly is the governing body of the City and Borough of Yakutat; and

WHEREAS, the assembly desires to continue and strengthen the Borough's role in the Alaska Coastal Management Program (ACMP); and

WHEREAS, The City and Borough of Yakutat's Coastal Management Plan has been a useful program that coordinated development efforts within the Borough ensuring a balance between economic considerations and conservation of coastal resources since it's inception in 1982; and

WHEREAS, the Borough is a member of the Alaska Coastal Municipal League; and

WHEREAS, with the understanding that the ACMP provides Alaska coastal communities a real tool to promote responsible development while protecting locally important coastal uses and resources; and

WHEREAS, the Alaska Municipal league recently passed a resolution supporting the continuation of the ACMP, reestablishing a Coastal Policy Board, allowing communities to comment on air and water quality impacts during project consistency reviews, eliminating arbitrary designations on subsistence use areas and allowing for the reinstatement of meaningful enforceable policies; and

WHEREAS, the ACMP will sunset on July 1, 2011 unless the Alaska State Legislature extends the program; and

WHEREAS, the Borough wishes to join the AML's support of the continued operation and improvement of the ACMP;

NOW THEREFORE BE IT REOLVED: that the City and Borough of Yakutat supports legislation that will extend the ACMP, establish a Coastal Policy Board, reinstate the ability to comment on air and water quality issues, eliminate requirements for designations of subsistence use areas and allow meaningful enforceable policies.

PASSED AND APPROVED by a duly constituted quorum of the Borough Assembly this ___ day of January 2011.

David Stone, Mayor

ATTEST:

CATHY BREMNER, CMC



CITY & BOROUGH of YAKUTAT
P.O. Box 160
Yakutat, Alaska 99689
Phone (907) 784-3323
Fax (907) 784-3281

15 August 2008

To: Randy Bates
Director, Division of Coastal and Ocean Management
PO Box 111030
Juneau, Alaska 99811-1030

Also via email randy.bates@alaska.gov

SUBJECT: Alaska Coastal Management Program Re-evaluation

Dear Mr. Bates,

Thank you for the opportunity to offer some suggestions for the restructuring of the ACMP. The following comments are intended to represent the suggestions of the Yakutat coastal district staff developed through site-specific experience and communication with other districts.

You are well aware that the general feeling within the Yakutat Borough to the previous changes under the Murkowski Administration was unfavorable. It was our viewpoint that the changes were intended to limit local public involvement from the decision-making process regarding development projects within our Coastal District.

We surmise that the intent of the ACMP overhaul and dissolution of the ADF&G Habitat Division was to reduce the public's role for upcoming development projects; mines, OCS drilling, LNG Pipeline, Forest Plan Revisions, etc. All of these actions generate substantial concern and public interest. In our view, the specific intent in changing the ACMP was to limit the public's ability to access due process in order to streamline planning and permitting. Compatible actions such as shortening the legislative session, reducing NEPA comment durations and generally restricting the public voice simplifies the discussion. This in turn hastens the timeline to production, creating jobs and profit for the state economy.

Unfortunately, these profits tend to centralize and benefits to the state as a whole may not be realized proportionally to what would be considered fair. This is especially true when long-term costs are factored into the balance sheet. What is the true cost when the subsistence, recreational and commercial value of the land is diminished after various industries have exhausted their target commodities and moved on? Such costs are rarely calculated in mitigation negotiations and too frequently, taxpayers shoulder the burden of

cleanup. It is a common global story. However, in the modern era we should have the tools and knowledge to develop in a clear calm manner.

There is always a need for development, resource extraction and jobs. Our interpretation of the intention of the ACMP is that it exists to ensure that the broadest spectrum of minds and authorities review potential projects. The revised ABC list will ease the burden for small actions where excessive oversight can be frustrating and focus analysis on projects with greater potential impacts. The wealth of Alaska is not going anywhere and it will only become more valuable as time progresses. Developing rationally will probably create more cumulative wealth in the end. A strong Coastal Program within the communities is the public's best avenue for traveling this path.

Through our weekly teleconferences, we identified the following items as needing revision.

They are as follows:

1) Participation of DEC in the ACMP review process
2) Development of state standards for air and water quality
3) Development of regional metal mining standards
4) Development of sand and gravel mining standards
5) Habitat Standards revisited and strengthened
6) Designated areas and local enforceable policies T
7) Local policy requirements revisited
8) Confirm due deference on consistency review comments considers all evidence
9) Establishment of the Coastal Policy Council
10) Elevations of disagreements
11) Additional emphasis on agency participation and notification requirements
12) An expedited review process and additional funding for local planning

Specific concerns to CBY are outlined as follows.

1) Participation of DEC in the ACMP review process.

The Department of Environmental Conservation has jurisdiction over both air and water quality. It is difficult to assess project impacts without including these key components. For example, potential gravel extraction within the borough would necessitate hauling rock from the mining area to a shipping facility. A potential health issue could be dust blowing off the loads into town. Without being able to cite air quality, the ACMP program would have little authority to negotiate transport routes to minimize public exposure to the dust.

In a past example, DEC was successful in removing Ophir Creek from the impaired waterbodies list. Historically, sewage ran directly into the creek. During coastal reviews of restoration initiatives, this problem was addressed and solved. Further water quality

testing confirmed that the waters are clean and the creek was removed from the list. This is exactly the type of collaboration and results that we expect from the program.

In contrast, during the last days of ADF&G Habitat Division, the oversight on the Yakutat Airport repaving project was hampered as the personnel were removed mid-project. Numerous problems arose. Silt fencing standards were inadequate to contain the abundant glacial flour excavated during the process and salmon streams ran turbid. An overflow of asphalt went into a salmon stream. Local personnel sampled the heavy spill that clearly affected salmon habitat. Due to the chaos surrounding the ACMP changeover no fines, mitigation, cleanup nor monitoring occurred. A large pit of exposed fuel was uncovered and then reburied due to jurisdictional disputes. Overall, oversight failed to keep the project within reasonable standards.

The explanation given for removing DEC from the ACMP review process was that permit issuances were taking too long. This seems to be a departmental issue and does not seem to justify removing air and water quality standards from the rest of the program.

Citations. To restore DEC's role in the ACMP, amend AS 46.40.040(b) (1), AS 46.40.096(g) (i), and (k). In addition, repeal regulations associated with the "carve-out".

2) Development of Air and Water Quality State Standards and Local Policies

The ACMP should restore and enhance Statewide Air and Water Quality Standards. Coastal districts should be able to address concerns with these standards and create standards that are more rigorous where they are not adequately addressed by state or federal regulations. The general silt fence requirements during the Yakutat airport project is a clear example of the inadequacy of existing requirements to prevent fine particle entry into spawning tributaries. In this situation, the potential local enforceable policy would require extra settling ponds and straw bales in place of silt fencing.

Citations. Amend 11 AAC 114.270(f) to clarify that districts can establish policies that do not duplicate DEC statutes and regulations.

3) Mining

There are 160,000 abandoned mining sites across the nation. Many of these pose safety issues and contamination risks due to lack of appropriate regulation. Alaska should not repeat history. As the mining industry grows in Alaska, CBY would like to see projects responsibly developed. Large portions of the CBY were staked and we had no authority to be involved with operating procedures when mining begins. Some forms of mining are negligible in their impact to water quality while others essentially rearrange the landscape. In response, the borough enacted its own mining ordinance further complicating the regulatory landscape. Without a strong ACMP, the borough will be forced to continue enacting its own code.

In a common theme, there is value in having local knowledge of the landscape at the planning table. Large mining operations should be heavily scrutinized by the ACMP and enhanced by local policies on specific issues not covered by standard state and federal regulations. This would help alleviate potential enduring problems experienced by other states. Many mining impacts are essentially irreversible. The mines play out in time and the after effects can last indefinitely.

Mining must have its own statutes in the ACMP. This is probably the most critical amendment to the program at this time for the CBY.

4) Sand and Gravel

CBY has vast reserves of sand and gravel. This resource is currently under review for production. The Yakutat Foreland's gravel deposits have been mapped by CBY and appropriate areas and methods for production have been discussed with potential operators, including shipping facilities. Plans for extraction include fishery enhancement and appropriate aesthetic standards. However, without the teeth of good policy these agreements are little more than handshakes. The sand and gravel standard must include the term **"freshwater"** to confirm that it applies to all operations within the coastal zone that can affect coastal uses and resources.

5) Designated Areas and Local Policies

It is standard federal practice to review habitat issues on a project-by-project basis. The intent of designating areas was, on the surface, a positive one. Developers and landowners can become frustrated by various species maps, public uses and habitat restrictions that arise during the planning process. If the issue is large enough, mitigation becomes cost prohibitive and the desired action cannot be undertaken. The designated areas were intended to highlight sensitive places where developers would be aware of potential problems during scoping phases of project planning. Working around sensitive areas saves time and frustration for all involved.

Unfortunately, the dynamic geology, climatic shift and the sheer "youthfulness" of the Yakutat Forelands makes this method unworkable. Salmon streams shift with uplift and tectonic activity. Recently deglaciated channels are being colonized by new runs of salmon, shorebird colonies take advantage of changing landscapes moving colonies as habitat parameters shift. In summary, various species of commercial, subsistence and non-game value are experiencing rapid population shifts both up and down as conditions alter.

It is difficult to secure monitoring monies to track these trends. Therefore putting the burden of "scientific evidence" upon the districts is somewhat disingenuous. We are attempting to do as much of this work as we can. The CBY works well with USGS and ADF&G for monitoring water discharge, the USFWS for habitat and shorebird monitoring and conservation education, NOAA for tracking marine mammal strandings and research, and we have cooperative projects with the local USFS and ADF&G offices

for recreation development, fisheries, wildlife and habitat issues. This is a daunting task given the limited funding allotted in the annual required tasks grant. Even with these limitations, CBY is doing more then its share to track the quality of our coastal zone.

The concept of "Designated Areas" or "Areas Meriting Special Attention" is still valuable for the aforementioned reasons. However, restricting policies to these areas is a key problem with the existing plan. Funding districts to collaborate with tribes, state and federal agencies to broaden our knowledge of specific areas and ecologies can only help the process of responsible development.

Citations. The designated area requirement should be removed in 11 AAC 114.250, 11 AAC 114.270, 11 AAC 112.210 (hazards), 11 AAC 112.270 (subsistence), 11 AAC 112.300 (important habitat), and 11 AAC 112.320 (historic areas).

6) Habitat Standards

Unfortunately, many times habitat function is in the eye of the beholder. For example, reviews of road impacts on water flow by hydrologists, fish biologists, foresters and operators can vary significantly during BMP monitoring trips. Local observations can be an invaluable resource for insight into the region's habitat value. Local hunters, fishermen and trappers contain a large pool of observations that can enhance decision-making. Agency staff turnovers and the resultant lack of experience can hamper good decision making as regulators are tasked across a large array of habitat types.

Wetlands.

Wetland regulation generally involves filling or dredging regulation. Neither state nor federal regulations have sufficient statutes to protect wetlands in an ecosystem sense. Under current ACMP status, only saltwater wetlands are eligible for review. The following IKONOS satellite imagery illustrates how lack of buffers on wetland habitats can drastically affect the hydrology of an area.

This picture is taken on Yak-tat Kwaan Corporation land where timber harvest was overseen by the State of Alaska. The kettle ponds to the left were not buffered while the ponds to the right were. The stream on the right dries up stranding juvenile salmon while the buffered headwaters typically maintain a wetted channel throughout the year. The trees in the buffer zone create both shade and a snow accumulation zone. The consequent spring melt off is meted out over a longer duration more beneficial to salmon habitat. Shade also keeps water temperatures cooler and more favorable to rearing salmon.

The wetland standard, under AC 112.300(a) (3) and (b) (3), limits the review to looking at impacts to water flow and drainage patterns. Temperature needs to be included as well. Since 11 AAC 112.300(B) (i) and the definition of coastal water and wetlands (11 AAC 112.990), only address saltwater wetlands this previously described situation cannot be addressed by the Coastal Program since it is freshwater habitat. The USFS does not

buffer wetlands either. This photo is clear evidence of significant impact to wetland function. Note that the entire wetland complex around the buffered drainage is clear-cut.

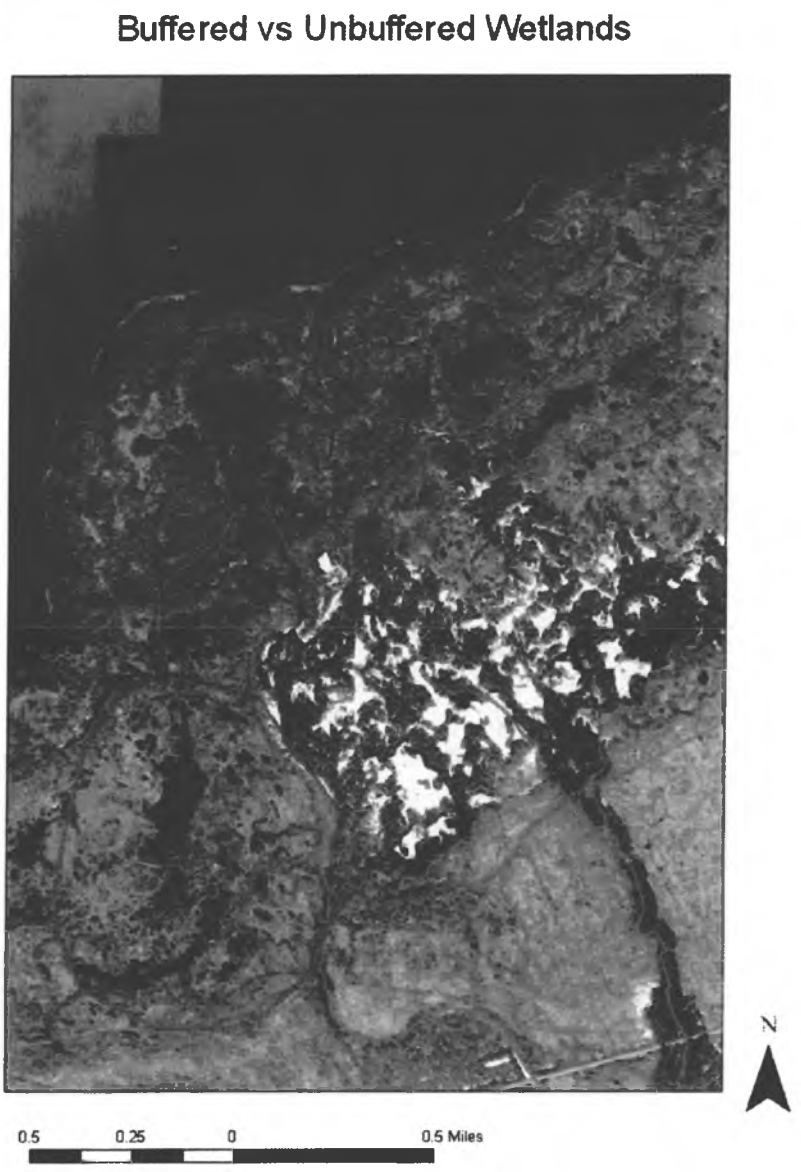

Figure 1Day Glo Creek West Yakutat Forelands

Upland Habitat. The elimination of Important Upland Habitat from the ACMP is illogical. The Yakutat Forelands are intricately linked to the near shore marine environment. Seals and sea lions travel miles upstream chasing salmon and eulachon. Murrelet species nesting on glacial scree and in old growth trees travel daily to the sea to

feed, the fisherman living in the uplands descend to the harbor to ply their trade, bears emerge from their dens and travel to the beaches for the first greens of spring and later the vast swaths of strawberries, moose over winter on the coast and calve in the dense woods, many deer survive the winter along the coast yet thrive inland during the summer. Sediments pouring from glaciers and snowfields create our long sandy beaches, which in turn sculpt our estuaries that harbor massive shorebird migrations, rearing salmon and the majority of our fishing economy. They also deposit the gold and other minerals sought after by the mining industry. The Habitat Section should be revised to include Important Upland Habitat, which may be identified by the local district or state or federal resource agencies with supporting evidence. All upland habitats within the current coastal boundary be considered for this classification if science can determine level of importance.

Citations. Important Upland Habitat should be added as a subject area in 11 AAC 112.300, Habitats.

Fisheries Habitat.

Fisheries habitat is an extremely important aspect of the ACMP. The Division of Sport fish has documented that 30% of all freshwater angling effort in SE Alaska occurs in the Yakutat Borough. Our commercial fishery is modest by statewide standards but our local people hold over 200 permits and for many it is their sole source of income. The Habitat Standard section needs to include a separate standard for important fisheries habitat. It should include fish passage, spawning, and rearing as upfront considerations for development activities. Both the State and local policies need to be free to exercise strong conservation standards to protect an increasingly valuable renewable resource..



Figure 2. Logging road after rains on state managed salvage sale Upper Lost River Watershed



Figure 3 Sediment entering salmon stream through silt fencing from previous road.

Citations. Important Fisheries Habitat should be added in 11 AAC 112.300, Habitats.

Rivers, Streams, and Lakes, and Riparian Management Areas.

There are a number of streams, within the CBY, that were not buffered during logging activity or inadequately buffered given the local wind patterns. The picture below shows a buffer that is failing. There are several more examples across the borough. On the Yakutat Forelands, once a stand is opened to the wind mass blow down events can overwhelm buffers set by current standards. From the USFS West Forelands Assessment it was noted that 90% of the most intense blow down events occur adjacent to timber harvest. This is an example of state and federal guidelines not being adequate for local conditions to ensure protection of the stream corridor, though that is the intent of the law.



Figure 4 Failed riparian buffer West Fork of the Situk River

From the photos, it is evident that state standards are falling short. The standard calls for avoiding, minimizing, and mitigating significant adverse impacts to natural water flow, active floodplains, and natural vegetation within Riparian Management Areas. Again, the sediment impacts are part of water quality standards and are not allowed review under the ACMP. On the forelands, buffers should trend towards maximum width given the wind disturbance component of local forest ecology. After experiences on Ophir Creek with excessive blow down preventing fish passage and sewage outflows, a local ordinance was passed to prevent development within 500 feet of the stream bank. Conventional wisdom sees this as too restrictive, but local experience with multiple failed buffer zones indicates that this standard may be the minimum that actually functions..

General Habitat Standard issues.

The old system of maintaining and enhancing habitats where it is feasible and prudent put the discussion into a precautionary mode. The best-case scenario was maintaining what already existed. It is far easier and cheaper to maintain a watershed then it is to put one back together again after significant alterations.

For example, if logging road construction, culvert installation and timber harvest are implemented according to reasonable policies, mitigation is unnecessary. In a local

scenario, logging roads would be constructed above grade to avoid changing water flow, culverts would pass National Fish Passage standards outlined in the clean water act and timber harvest would occur on a partial harvest sustainable rotation. The result would be no litigation, no pre commercial thinning and no expensive "restoration" or "mitigation" shouldered by the taxpayers. Given the long-term hidden costs post timber sale, doing the job well up front would likely cost less in the end. ACMP policies guiding good habitat decisions could help drive this fundamental change in perspective.

The three-part test allows for projects that cannot avoid impacts, but are essential to the community;
1) There is significant public need for the proposed use or activity [deference would go to the local district for determining the need];
2) There is no feasible or prudent alternative to meet the public need; and
3) All feasible and prudent steps to maximize conformance with the standards have been taken.

An example in Yakutat would be the current multi-use dock project. Since the dock will be constructed of sheet pilings filled with gravel, it cannot avoid destroying intertidal habitats. The need for the dock has been well demonstrated and the loss of habitat to the overall shoreline has been determined to be minimal by the local district. Though the dock will cause an immediate loss of existing spawning substrate for herring, the overall result may well be an *increase* in spawning surface area as the piles become colonized with macrophytes. In turn, the dock will provide economic opportunities from cruise ship off loading and gravel shipment while allowing a larger fuel barge to dock decreasing local gas prices.

7) Local policy requirements

"Adequately Addressed." Statute (AS 46.40.070) allows districts to have their own policies. Certain rivers, soil types, forest stands and local populations of plants, fish and wildlife have specific needs depending on use, sensitivity and natural history. A great deal is unknown about various natural processes. General jurisdiction authority or blanket statutes often times do not adequately reach the desired intent of the regulation. Local experience can assist in pinpointing these gaps. These regulatory holes can then be addressed through statute or enforceable policy amendments. If the science is not adequate to formulate a concise amendment then funding should be provided to address the information gap and multi-party discussions can collaborate to analyze research results and author a regulatory solution.

An example of this for Yakutat would be the seismic exploration currently scheduled for next month. Though the current ABC list precluded any meaningful comment in this case, it was obvious that the current scientific literature is inadequate in determining effects of underwater noise. An authority on seismic operations in Woods Hole Oceanographic Institute has authored an essay stating that at least a decade of applied research is necessary to determine cause and effect. Several papers indicate significant risks and just as many indicate negligible impacts depending upon the species involved.

For whaling districts, this is a large concern. Much of the CIAP money should be put into researching this question and policies developed. To date the seismic question has not been "Adequately Addressed"

"Allow/Disallow." Flexibility is important to problem solving. Sometimes habitats must be altered or a "take" of a protected species authorized for essential projects to go forward. If a policy must be waived for a specific project, it should not be interpreted as unimportant for future consideration.

8) Confirm Local Deference for Standards that Utilize Local Knowledge.

The due deference definition and 11 AAC 110.250(b) should be changed to confirm consideration of all factual evidence.

11 AAC 110.250(b), allows comments to be submitted without the regulatory authority giving due deference. It is unclear who decides the commentor's expertise. In the case of the recent review of seismic activity in Yakutat Bay, the coastal coordinator reviewed numerous scientific documents. Though the "area of expertise" would be considered to be outside the district's expertise is it not possible to contact various universities and agency personnel who are experts in the field and incorporate their research and comments into local commentary. Many times affected areas are known to local districts while knowledge of potential effects can come from outside "experts" The combination of knowledge in district reviews should not be parsed based on "expertise" of the actual author. This provision runs the risk of inadvertent dismissal.

Though the definition of due deference in 11 AAC 110.990(25) states that:

> "Due deference means that deference in appropriate in the context of
>
> (A) The commentor's expertise or area of responsibility; and
>
> (B) All the evidence available to support any factual assertions of the commenter:

The risk is that the burden of collecting "All evidence available" is extremely large. To review all research on acoustic impacts of seismic survey is a long process and currently inconclusive.. This statement should be revised to (B) there is *supporting* evidence to support any factual assertations of the commenter.

9) Establishment of the Coastal Policy Council

If the CPC had been functioning during the initial changes to the ACMP there would have been another outlet for mediation and this rewrite might not have been necessary. Early signs of this dysfunction occurred during COYAK I & II timber sales on the Yakutat Ranger District in the Tongass National Forest. The CBY filed comments on the COYAK I timber sale through the DGC. The timeline for this state forum on comments ended 9 days after the USFS had, unbeknownst to the CBY, already signed the timber sale Decision Memo. There might as well not have been a state comment period.

The CBY was taken aback at the lack of coordination, which was the DGC's job. This disempowered concerned local citizens who had to accept promises from the USFS that the harvest would be minimal, take only blow down and stay on the road system. The sale proceeded with 40% green trees being harvested and, after the Bush administration's overturning of the roadless rule against overwhelming public support, the sale was doubled in size and included acreage far off the road system. The sale was challenged under NEPA rules, the USFS was found to be acting illegally and a rare **permanent injunction** was issued. The logging contractors were evicted from the job site, the town was in an uproar and lingering hostility remains to this day. All of this could have been avoided if the ACMP and the Council had been properly supported and utilized. It is not sufficient to rely on any one agency to make wise decisions.

10) Elevations

Following the previous testimony, it follows that the DNR Commissioner should not hold the final scepter. The current law gives all decision-making authority for elevations to the DNR Commissioner. AS 46.40.096(d) should be amended to include all state resource agencies in the decision to elevate or not and put the final decision to the CPC.

11) Transfer of the ACMP to the State Department of Commerce, Community, and Economic Development, DCRA.

Vertical integration of reviewing and permitting is problematic as it is difficult to avoid hierarchical pressure when in-agency job promotions, social interactions and impromptu meetings are commonplace. In order to use the time-tested system of checks and balances it is necessary to allow disagreements to occur without political ramifications. Decentralizing decision-making is a key component to power sharing and reviews that are more equitable. Experiences with DCED have been mostly positive with the CBY enjoying a variety of grants including fishery revitalization projects, such as Yakutat Wild Regional Branding. This positive relationship with the communities creates a better format for implementing the ACMP. DNR would still hold various permitting authorities and would still be an integral part of the review process. This has been achieved somewhat by the reinstatement of ADF&G's Habitat Division.

12) Additional Emphasis on Agency Participation and Notification Requirements.

The example illustrating lack of coordination between the USFS and DGC on the recent Yakutat Timber sales clearly shows the need for improved agency participation. However, there has been a relatively good track record recently on notifications in the CBY, which is promising. This, of course, has been simplified by the lack of statutes and appropriate enforceable policies. Several Yakutat constituents have requested comment opportunities on current actions this summer and we had no avenue to offer them. Revamping the program where citizens can effectively use the ACMP for a forum will build trust in public involvement.

13) An Expedited Approval Process and Additional Funding for Local Plan Changes.

There was consensus during the recent conference calls that the districts do not wish to rewrite their plans. It would be sufficient to make these fundamental statute changes and allow us to reinvigorate our local policies. The vast increase in CIAP monies should provide an opportunity for districts to enhance their knowledge within their coastal zone through research and monitoring. If the only intent of the funding is managing the OCS then maybe there needs to be a similar funding source for near shore marine and coastal uplands.

Currently we are facing projects on multiple fronts. Within the borough, over 160,000 acres of BLM land has been opened up to oil, gas and mineral development. In addition, approximately 90 square miles of the eastern forelands was staked for open pit mining, there is talk of oil exploration on mental health trust land and a seismic boat sent 265 dB sound waves throughout Yakutat Bay during the height of the coho season. It is hard to believe that none of these projects is subject to honest review under the neither current ACMP statutes nor beholden to local enforceable policies.

We should be allowed access to the CIAP monies to further the science needed to better research our ecosystem so that future development can coexist with a healthy people and place.

As the mission states:
The Alaska Coastal Management Program provides stewardship for Alaska's rich and diverse coastal resources to ensure a healthy and vibrant Alaskan coast that efficiently sustains long-term economic and environmental productivity.

The Yakutat Coastal District wants to restore functionality to the ACMP. Our suggestions are based on specific experiences outlined throughout this document. We are neither anti-development, nor open to rapid depletion of our borough's natural resources. We believe that the collective wisdom of the community can offer valuable insight to the planning of development within our coastal district. The CBY has a long history of protecting its resources for the benefit of the community. In the end, we have the most at stake.

Thank you for the opportunity to comment on this ACMP revision.

Sincerely

Bill Lucey,
Yakutat Coastal District

Alaska Coastal Management Program
Approved Coastal District Enforceable Policies
March 16, 2011

Topic	Total Policies	Percentage
Recreation (11 AAC 114.250(c))	74	32%
Coastal Development (11 AAC 112.200)	71	31%
History and Prehistory (11 AAC 114.250(i))	19	8%
Coastal Access (11 AAC 112.220)	17	7%
Important Habitat (11 AAC 114.250(h))	13 (11 in Juneau)	6%
Sand and Gravel Extraction (11 AAC 112.260)	11	5%
Natural Hazards (11 AAC 112.210 & 11 AAC 114.250(b))	10	4%
Commercial Fishing & Seafood Processing (11 AAC 114.250(f))	6	3%
Energy Facilities (11 AAC 112.230 & 11 AAC 114.250(e))	4	2%
Subsistence (11 AAC 112.270 & 11 AAC 114.250(g))	3	1%
Utility Routes and Facilities (11 AAC 112.240)	0	0%
Tourism (11 AAC 114.250(d))	0	0%
Transportation Routes and Facilities (11 AAC 112.280)	0	0%
Mining (can't write a policy)	0	0%

27-GH1965\A.2
Bullard
3/25/11

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

Page 1, line 2, following "**extension;**":

Insert "**relating to the development, review, and approval of district coastal management plans;**"

Page 2, following line 5:

Insert new bill sections to read:

"*** Sec. 2.** AS 46.40.030 is amended to read:

Sec. 46.40.030. Development of district coastal management plans. (a) Coastal resource districts shall develop and adopt district coastal management plans in accordance with the provisions of this chapter. The plan adopted by a coastal resource district shall be based upon a municipality's existing comprehensive plan or a new comprehensive resource use plan or comprehensive statement of needs, policies, objectives, and standards governing the use of resources within the coastal area of the district. The plan must meet the [STATEWIDE STANDARDS AND] district plan criteria adopted under AS 46.40.040 and must include

(1) a delineation within the district of the boundaries of the coastal area subject to the district coastal management plan;

(2) a statement, list, or definition of the land and water uses and activities subject to the district coastal management plan;

(3) a statement of policies to be applied to **all** [THE] land and water uses subject to the district coastal management plan **as well as policies that apply only to special management areas; and**

(4) [A DESCRIPTION OF THE USES AND ACTIVITIES THAT

WILL BE CONSIDERED PROPER AND THE USES AND ACTIVITIES THAT WILL BE CONSIDERED IMPROPER WITH RESPECT TO THE LAND AND WATER WITHIN THE COASTAL AREA; AND

(5)] a designation of **any special management** [, AND THE POLICIES THAT WILL BE APPLIED TO THE USE OF,] areas **under** [WITHIN] the **district** coastal **management plan and enforceable policies that will be applicable within those special management areas** [RESOURCE DISTRICT THAT MERIT SPECIAL ATTENTION].

(b) In developing enforceable policies in its coastal management plan under (a) of this section, a coastal resource district shall **ensure that the enforceable policies are**

(1) clear and concise as to the activities and persons affected by the policies and the requirements of the policies, whether the policies are prescriptive or performance-based;

(2) necessary given local conditions; and

(3) supported by evidence, including scientific or local knowledge, if the policies are more specific than state or federal statutes or regulations [MEET THE REQUIREMENTS OF AS 46.40.070 AND MAY NOT DUPLICATE, RESTATE, OR INCORPORATE BY REFERENCE STATUTES AND ADMINISTRATIVE REGULATIONS ADOPTED BY STATE OR FEDERAL AGENCIES].

*** Sec. 3.** AS 46.40.040(a) is amended to read:

(a) Except as provided in (b) of this section and AS 41.17, the department shall

(1) by regulation, adopt, under the provisions of AS 44.62 (Administrative Procedure Act) for the use of and application by coastal resource districts and state agencies for carrying out their responsibilities under this chapter, statewide standards and district coastal management plan criteria for

(A) identifying the boundaries of the coastal area subject to the Alaska coastal management program;

(B) determining the land and water uses and activities subject

to the Alaska coastal management program;

(C) developing policies applicable to the land and water uses subject to the Alaska coastal management program;

(D) developing regulations applicable to the land and water uses subject to the Alaska coastal management program;

(E) developing policies and procedures to determine whether specific proposals for the land and water uses or activities subject to the Alaska coastal management program shall be allowed;

(F) designating and developing policies for **special management areas** [THE USE OF AREAS OF THE COAST THAT MERIT SPECIAL ATTENTION]; and

(G) measuring the progress of a coastal resource district in meeting its responsibilities under this chapter;

(2) develop and maintain a program of technical and financial assistance to aid coastal resource districts in the development and implementation of district coastal management plans;

(3) undertake review and approval of district coastal management plans in accordance with this chapter;

(4) initiate a process for identifying and managing uses of state concern within specific areas of the coast;

(5) develop procedures or guidelines for consultation and coordination with federal agencies managing land or conducting activities potentially affecting the coastal area of the state;

(6) by regulation, establish a consistency review and determination or certification process that conforms to the requirements of AS 46.40.096.

*** Sec. 4.** AS 46.40.070 is amended by adding a new subsection to read:

(c) In reviewing and approving a district coastal management plan under (a) of this section, the department may not require a district to designate areas for the purpose of developing an enforceable policy.

*** Sec. 5.** AS 46.40.210 is amended by adding a new paragraph to read:

(13) "special management area" means a delineated geographic area

within the coastal area that is sensitive to change or alteration and that, because of plans or commitments or because a claim on the resources within the area delineated would preclude subsequent use of the resources to a conflicting or incompatible use, warrants special management attention, or that, because of its value to the general public, should be identified for current or future planning, protection, or acquisition; these areas, subject to the board's definition of criteria for their identification, include:

(A) areas of unique, scarce, fragile or vulnerable natural habitat, cultural value, historical significance, or scenic importance;

(B) areas of high natural productivity or essential habitat for living resources;

(C) areas of substantial recreational value or opportunity;

(D) areas where development of facilities is dependent upon the utilization of, or access to, coastal water;

(E) areas of unique geologic or topographic significance that are susceptible to industrial or commercial development;

(F) areas of significant hazard due to storms, slides, flooding, earthquakes, active faults, tsunamis, volcanoes, liquefaction, ice movement or snow avalanches, or erosion; and

(G) areas needed to protect, maintain, or replenish coastal land or resources, including coastal flood plains, aquifer recharge areas, beaches, and offshore sand deposits."

Renumber the following bill sections accordingly.

27-GH1965\A.4
Bullard
3/25/11

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

Page 1, line 2, following "**extension;**":

Insert "**relating to the review and approval of district coastal management plans;**"

Page 2, following line 5:

Insert a new bill section to read:

"*** Sec. 2.** AS 46.40.070 is repealed and reenacted to read:

Sec. 46.40.070. Requirements for department review and approval. (a) The department shall approve a district coastal management plan submitted for review and approval if the

(1) district coastal management plan meets the requirements of this chapter and the statewide standards and district plan criteria adopted by the department; and

(2) enforceable policies of the district coastal management plan

(A) do not duplicate, restate, or incorporate by reference state or federal statutes or regulations;

(B) are not preempted by federal or state law; and

(C) do not arbitrarily or unreasonably restrict a use of state concern.

(b) In (a)(2)(B) of this section, an enforceable policy of the district coastal management plan is preempted

(1) by federal statutes or regulations if the United States Congress expressly declares that local law or regulation is preempted, if the United States Congress demonstrates the intent to occupy the field exclusively, or if there is an

actual conflict between federal and local law or regulation;

(2) by state law if it is prohibited, either by express legislative direction or direct conflict with a state statute or regulation, or where the management plan substantially interferes with the effective functioning of a state statute or regulation or the underlying purposes of a state statute or regulation."

Renumber the following bill sections accordingly.

27-GH1965\A.5
Bullard
3/25/11

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

Page 1, line 3, following "**program;**":

Insert "**relating to coastal district plan criteria and consistency reviews and determinations;**"

Page 2, following line 5:

Insert new bill sections to read:

"* **Sec. 2.** AS 46.40.040(a) is amended to read:

(a) Except as provided in [(b) OF THIS SECTION AND] AS 41.17, the department shall

(1) by regulation, adopt, under the provisions of AS 44.62 (Administrative Procedure Act) for the use of and application by coastal resource districts and state agencies for carrying out their responsibilities under this chapter, statewide standards and district coastal management plan criteria for

(A) identifying the boundaries of the coastal area subject to the Alaska coastal management program;

(B) determining the land and water uses and activities subject to the Alaska coastal management program;

(C) developing policies applicable to the land and water uses subject to the Alaska coastal management program;

(D) developing regulations applicable to the land and water uses subject to the Alaska coastal management program;

(E) developing policies and procedures to determine whether specific proposals for the land and water uses or activities subject to the Alaska

coastal management program shall be allowed;

(F) designating and developing policies for the use of areas of the coast that merit special attention; and

(G) measuring the progress of a coastal resource district in meeting its responsibilities under this chapter;

(2) develop and maintain a program of technical and financial assistance to aid coastal resource districts in the development and implementation of district coastal management plans;

(3) undertake review and approval of district coastal management plans in accordance with this chapter;

(4) initiate a process for identifying and managing uses of state concern within specific areas of the coast;

(5) develop procedures or guidelines for consultation and coordination with federal agencies managing land or conducting activities potentially affecting the coastal area of the state;

(6) by regulation, establish a consistency review and determination or certification process that conforms to the requirements of AS 46.40.096.

*** Sec. 3.** AS 46.40.096(g) is amended to read:

(g) The reviewing entity shall exclude from the consistency review and determination process for a project

(1) an activity that

[(A)] is authorized under a general or nationwide permit that has previously been determined to be consistent with the Alaska coastal management program; [OR

(B) IS SUBJECT TO AUTHORIZATION BY THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION UNDER THE REQUIREMENTS DESCRIBED IN AS 46.40.040(b);]

(2) activities excluded from a consistency review under AS 41.17; [AND]

(3) the issuance of an authorization or permit issued by the Alaska Oil and Gas Conservation Commission**; and**

(4) the necessity of a completed prevention of significant deterioration of air quality permit application.

*** Sec. 4.** AS 46.40.096(k) is amended to read:

(k) Except as provided in (g) of this section, AS 41.17, [AS 46.40.040(b),] and AS 46.40.094, the scope of a consistency review of a project, once triggered under (j) of this section, is limited to activities that are located within the areas described in (*l*) of this section and that either are subject to a state resource agency permit, lease, authorization, approval, or certification or are the subject of a coastal resource district enforceable policy approved by the department under this chapter. The scope of a consistency review subject to 16 U.S.C. 1456 is determined under 16 U.S.C. 1456 and 15 C.F.R. Part 930.

*** Sec. 5.** AS 46.40.040(b), 46.40.040(c), and 46.40.096(i) are repealed."

Renumber the following bill sections accordingly.

27-GH1965\A.6
Bullard
3/25/11

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

Page 1, line 3, following "**program;**":

Insert "**relating to the time limitations for a consistency review and determination for certain projects occurring in a coastal resource district;**"

Page 2, following line 5:

Insert a new bill section to read:

"*** Sec. 2.** AS 46.40.096(o) is amended to read:

(o) The time limitations in (n) of this section

(1) do not apply to a consistency review involving

(A) the disposal of an interest in state land or resources**; or**

(B) activity requiring an environmental impact statement;

(2) are suspended

(A) from the time the reviewing entity determines that the applicant has not adequately responded in writing within 14 days after the receipt of a written request from the reviewing entity for additional information, until the time the reviewing entity determines that the applicant has provided an adequate written response;

(B) during a period of time requested by the applicant;

(C) during the period of time a consistency review is undergoing a subsequent review under (d)(3) of this section."

Renumber the following bill sections accordingly.

27-GH1965\A.8
Bullard
3/25/11

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

Page 1, line 3, following "**program;**":

Insert "**relating to consistency determinations made under the Alaska coastal management program;**"

Page 2, following line 5:

Insert a new bill section to read:

"*** Sec. 2.** AS 46.40.096(h) is repealed."

Renumber the following bill sections accordingly.

27-GH1965\A.9
Bullard
3/25/11

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

Page 1, line 3, following "**program;**":

Insert "**relating to the application of the consistency review and determination process for the Alaska coastal management program to activities inland of the coastal zone;**"

Page 2, following line 5:

Insert a new bill section to read:

"*** Sec. 2.** AS 46.40.096(*l*) is amended to read:

(*l*) The regulations adopted under (a) of this section apply, as authorized by 16 U.S.C. 1456(c), to

(1) activities within the coastal zone **or inland of the coastal zone if the activities would cause direct and significant impact to a coastal use or resource**; and

(2) activities on federal land, including the federal outer continental shelf, that would affect any land or water use or natural resource of the state's coastal zone; for purposes of this paragraph, those activities consist of any activity on the federal outer continental shelf and any activity on federal land that are within the geographic boundaries of the state's coastal zone notwithstanding the exclusion of federal land in 16 U.S.C. 1453(1)."

Renumber the following bill sections accordingly.

27-GH1965\A.10
Bullard
3/25/11

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

Page 1, line 3, following "**program;**":

Insert "**relating to the definition of project under the Alaska coastal management program;**"

Page 2, following line 5:

Insert a new bill section to read:

"*** Sec. 2.** AS 46.40.210(9) is repealed and reenacted to read:

(9) "project" means all activities described in AS 46.40.096(*l*) and all activities in the list of permits, certifications, leases, approvals, and authorizations that trigger a consistency review developed under AS 46.40.096(m), including a federal agency activity as defined in 15 C.F.R. 930.31;"

Renumber the following bill sections accordingly.

27-GH1965\A.11
Bullard
3/25/11

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

Page 1, line 3, following "**program;**":

Insert "**relating to the duty of the Department of Natural Resources to provide data and information to a coastal resource district; relating to use of consultants by coastal resource districts; relating to regulations adopted by the department regarding distribution of materials relating to a consistency review;**"

Page 2, following line 5:

Insert new bill sections to read:

"* **Sec. 2.** AS 46.39.040 is amended to read:

Sec. 46.39.040. Duties of the department. In conformity with 16 U.S.C. 1451 - 1464 (Coastal Zone Management Act of 1972), as amended, the department shall

(1) develop statewide standards for the Alaska coastal management program, and criteria for the preparation and approval of district coastal management plans in accordance with AS 46.40;

(2) establish continuing coordination among state agencies to facilitate the development and implementation of the Alaska coastal management program; in carrying out its duties under this paragraph, the department shall initiate an interagency program of comprehensive coastal resource planning for each geographic region of the state;

(3) assure continued provision of data and information to coastal resource districts to carry out their planning and management functions under the program**; in providing data and information to a coastal resource district under this section, the department shall provide the data and information to the person or persons designated by the district**.

* **Sec. 3.** AS 46.39.040 is amended by adding a new subsection to read:

(b) If the department provides funds to a coastal resource district to implement or amend a coastal resource district's district coastal management plan, the department shall permit the coastal resource district to use the funds to employ or retain consultants that, in the judgment of the coastal resource district, are necessary.

* **Sec. 4.** AS 46.40.096(c) is amended to read:

(c) The regulations adopted by the department under this section must **permit a coastal resource district that has requested to participate in a consistency review to designate the person or persons who will represent the district and to whom the department or reviewing entity shall provide materials relating to the consistency review. The regulations must also** include provisions for public notice and provide the opportunity for public comment. **Regulations relating to public notice and public comment** [THE REGULATIONS] adopted under this subsection may make distinctions relating to notice based upon differences in project type, anticipated effect of the project on coastal resources and uses, other state or federal notice requirements, and time constraints. However, a notice given under this subsection must contain sufficient information, expressed in commonly understood terms, to inform the public of the nature of the proposed project for which a consistency determination is sought, and must explain how the public may comment on the proposed project**. Notices described in this subsection shall be published on the department's Internet website**."

Renumber the following bill sections accordingly.

Process for Air quality Construction permit (PSD Permit)

Applicant Actions	Department Actions
Pre-application	
Pre-application assistance (typical 30 – 90 days) • Prepare ambient monitoring protocols • Prepare computer modeling protocol	Pre-application assistance (typical 30 – 90 days) • Review ambient monitoring protocols • Review computer modeling protocol • Advice on applicability questions
Collect 12 months of Data (1 – 2+ years) • Ambient/Meteorological Data • Establish monitoring station • Monitor ambient air quality o One year continuous data o Must meet data quality o Must cover all seasons • Review data and prepare data report	Answer questions
Prepare application • Conduct computer modeling • Adjust operations as needed to comply with AQ standards • Must include Ambient data	Review data submittal (typical 60-120 days) • Answer questions from applicant • Some applicants do not request data review prior to application submittal
Submit application	
Answer questions	Completeness review (typical 30 to 60 days) • Review application to ensure it includes all required information • Request missing information from applicant
Supplement application (typical 10 to 180 days) • Provide missing information • Provide new information/ project changes • TIME HIGHLY DEPENDENT ON DEFICIENCIES AND APPLICANT EFFORT AND WILLINGNESS TO CORRECT. • Worst case can take applicant **several years**	Answer questions and review submittals • Iterative until application is complete
Application determined to be complete	
Answer questions and provide additional information • May need to revise project or application • May need to collect more ambient data if monitoring does not meet quality requirements • May need to re-do modeling if original modeling has errors •	Review Application (90 to 180 days) • Ensure modeling and monitoring done according to protocols • Review Best Available control technology determination • Ensure compliance with Air quality standards • Resolve deficiencies with applicant • Prepare draft permit and technical analysis for public review • Time highly dependent on applicant responsiveness and may take longer than the typical 90 – 180 days.

Process for Air quality Construction permit (PSD Permit)

Applicant Actions	Department Actions
Preliminary Decision advertised for public comment	

	Collect Public comment (30 to 90 days)
	• Minimum 30 day comment period
	• Hearing, if any, must be advertized 30 days in advance
	• Comment period may be longer or extended for good cause
	  ○ Permittee request
	  ○ Public request

	Prepare final permit action (10 to 60 days) • Highly dependent on type and number of comments • Prepare response to comment • Prepare final permit and technical analysis
Issue Permit	
Permanent actions to establish source may begin upon permit issuance	Issue permit • Issue final permit
Cumulative time entire process	1½ - 4 years
Cumulative time from initial application	170 – 570 days
Cumulative time from complete application	130 – 330 days

- Repeals Designated Area Requirement. Clarifies that district enforceable policies apply to all land and water issues subject to the plan. Requires Coastal district plans to be clear and concise, prescriptive or performance-based, necessary given local conditions, and supported by evidence including scientific or local knowledge if more specific than state or federal statues or regulations. - **Amendment A.2**

- Repeals the "Adequately Addressed" standard. Establishes that DNR shall approve a Coastal District Plan if the plan's enforceable policies do not duplicate, restate, or incorporate by reference state or federal statutes or regulations; are not preempted by federal or state law; and do not arbitrarily or unreasonably restrict a use of state concern. Clarifies how an enforceable policy is preempted.- **Amendment A.4**

- Deletes the "DEC Carve-out". States that the necessity of a completed application for a "prevention of significant deterioration" DEC Air Quality Permit is not necessary to initiate a consistency review. - **Amendment A.5**

- Exempts projects requiring an Environmental Impact Statement from 90-day consistency review time limit. - **Amendment A.6**

- Allows third party litigation by repealing AS 46.40.090(h) **Amendment A.8**

- Allows consistency review on projects inland of the coastal zone. - **Amendment A.9**

- Clarifies definition of Project under the ACMP so it is clear that it includes oil and gas lease sales. **Amendment A.10**

- Establishes that the Department of Natural Resources shall provide data and information to a person serving as representative of a Coastal District, which could include a consultant. Clarifies that for consistency reviews and determinations DNR must permit a Coastal District to designate a person to represent the District, and provide the representative with material pertinent to the consistency review. **Amendment A.11**

- Establishes the Alaska Coastal Policy and Appeals Board to resolve differences between DNR and a Coastal District, review elevations of proposed consistency determinations, and jointly adopt ACMP regulations with DNR – **Amendment forthcoming**

27-GH1965\A.13
Bullard
3/26/11

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 106

Page 1, line 3, following "**program;**":

Insert "**establishing the Alaska Coastal Policy and Appeals Board;**"

Page 2, following line 5:

Insert new bill sections to read:

"* **Sec. 2.** AS 46.39 is amended by adding new sections to article 1 to read:

Sec. 46.39.005. Alaska Coastal Policy and Appeals Board. (a) The Alaska Coastal Policy and Appeals Board is created in the Department of Natural Resources. The board consists of the following:

(1) five public members appointed by the governor, including one at-large member from any coastal resource district and four members from a list composed of at least three names from each region, nominated and submitted by the coastal resource districts of each region; one public member shall be appointed from each of the following regions:

(A) northwest Alaska, including, generally, the area of the North Slope Borough and the Northwest Arctic Borough; and the Bering Strait area, including, generally, the area of the Bering Strait regional educational attendance area;

(B) southwest Alaska, including, generally, the area within the Lower Yukon, Lower Kuskokwim, and Southwest regional educational attendance areas and the Lake and Peninsula and Bristol Bay Boroughs; and the Kodiak-Aleutians area, including the Kodiak Island and area of the Aleutians East Boroughs and the area of the Aleutian, Adak, and Pribilof

regional educational attendance areas;

(C) Upper Cook Inlet area, including the Municipality of Anchorage and the Matanuska-Susitna Borough; the Lower Cook Inlet area, including, generally, the Kenai Peninsula Borough; and the Prince William Sound area, including, generally, the area east of the Kenai Peninsula Borough to 141 West longitude; and

(D) Southeast Alaska, generally the area east of 141 West longitude;

(2) each of the following designated members:

(A) the commissioner of environmental conservation;

(B) the commissioner of fish and game;

(C) the commissioner of natural resources; and

(D) the commissioner of commerce, community, and economic development.

(b) Each public member appointed by the governor under (a)(1) of this section serves a term of three years and until a successor is appointed and qualified. A public member may be reappointed.

(c) The board shall designate cochairs, one of whom shall be selected from among the public members appointed under (a)(1) of this section and one from among the members designated in (a)(2) of this section.

(d) The governor shall appoint one alternate public member from the lists of names submitted by the coastal districts under (a)(1) of this section for each of the public members serving under (a)(1) of this section. If a public member of the board appointed under (a)(1) of this section is unable to attend, the member shall advise the public alternate, who may attend and act in place of the member. If a member serving under (a)(2) of this section is unable to attend, a deputy commissioner in the same department may attend and act in place of the member. The names of alternates serving under (a)(2) of this section shall be filed with the board.

(e) Three public members and two designated members of the board constitute a quorum. All decisions of the board shall be by a majority vote of the members present and voting.

(f) Members of the board or their alternates are entitled to per diem and travel expenses authorized by law for members of boards and commissions.

(g) Administrative support for the board shall be provided by the division in the department responsible for coastal and ocean management. The director of the division in the department responsible for coastal and ocean management, under direction of the cochair designated by the board from the individuals listed in (a)(2) of this section, may contract with or employ persons as necessary to assist the board in carrying out the board's duties and responsibilities.

Sec. 46.39.008. Duties of the Alaska Coastal Policy and Appeals Board. The board shall

(1) resolve differences between the department and a coastal resource district relating to a district coastal management plan under AS 46.40.060;

(2) review proposed consistency determinations under AS 46.40.096(d)(3);

(3) with the department, jointly adopt regulations under this chapter and AS 46.40.

*** Sec. 3.** AS 46.39.010(a) is amended to read:

(a) **Except as provided under AS 46.40.096(d), the department** [THE DEPARTMENT OF NATURAL RESOURCES] shall render, on behalf of the state, all federal consistency determinations and certifications authorized by 16 U.S.C. 1456 (Sec. 307, Coastal Zone Management Act of 1972), and each conclusive state consistency determination when a project requires a permit, lease, or authorization from two or more state resource agencies.

*** Sec. 4.** AS 46.39.030 is amended to read:

Sec. 46.39.030. Powers of the department. The department may

(1) apply for and accept grants, contributions, and appropriations, including application for and acceptance of federal funds that may become available for coastal planning and management;

(2) contract for necessary services;

(3) consult and cooperate with

(A) persons, organizations, and groups, public or private,

interested in, affected by, or concerned with coastal area planning and management;

(B) agents and officials of the coastal resource districts of the state, **the Alaska Coastal Policy and Appeals Board established in AS 46.39.005,** and federal and state agencies concerned with or having jurisdiction over coastal planning and management;

(4) take any reasonable action necessary to carry out the provisions of this chapter or AS 46.40.

*** Sec. 5.** AS 46.39.900 is amended to read:

Sec. 46.39.900. Definitions [DEFINITION]. In this chapter, unless the context requires otherwise,

(1) "board" means the Alaska Coastal Policy and Appeals Board established in AS 46.39.005;

(2) "department" means the Department of Natural Resources.

*** Sec. 6.** AS 46.40.060(c) is amended to read:

(c) If, after mediation, the differences have not been resolved, the department shall **submit the district coastal management plan, or those portions of the plan over which the coastal resource district and the department differ, to the board. The board shall** enter findings and, by order, may require

(1) that the district coastal management plan be amended to satisfy the provisions of this chapter or meet the statewide standards and district plan criteria adopted by the department;

(2) that the district coastal management plan be revised to accommodate a use of state concern; or

(3) any other action be taken by the coastal resource district as appropriate.

*** Sec. 7.** AS 46.40.060(d) is amended to read:

(d) **An order of the board shall be given within 45 days after the plan, or a portion of the plan, is submitted to the board for decision by the department under (c) of this section.** The superior courts of the state have jurisdiction to enforce orders of the **board** [DEPARTMENT] entered under (c) of this section.

* **Sec. 8.** AS 46.40.096(d) is amended to read:

(d) In preparing a consistency review and determination for a proposed project, the reviewing entity shall

(1) request consistency review comments for the proposed project from state resource agencies, affected coastal resource districts, and other interested parties as determined by regulation adopted by the department;

(2) prepare proposed consistency determinations;

(3) coordinate **elevations** [SUBSEQUENT REVIEWS] of proposed consistency determinations prepared under (2) of this subsection; a subsequent review of a proposed consistency determination under this paragraph

(A) is limited to a review by the **board** [DEPARTMENT];

(B) may occur only if requested by

(i) the project applicant;

(ii) a state resource agency; or

(iii) an affected coastal resource district; and

(C) shall be completed by the **board** [DEPARTMENT] within 45 days after the initial request for subsequent review under this paragraph;

(4) render the final consistency determination and certification.

* **Sec. 9.** AS 46.40.096(q)(2) is amended to read:

(2) "reviewing entity" means the

(A) Department of Natural Resources, for a consistency review subject to AS 46.39.010;

(B) **board, for the elevation of a proposed consistency determination under (d) of this section;**

(C) state agency identified in (b) of this section, for a consistency review not subject to AS 46.39.010.

* **Sec. 10.** AS 46.40.100(e) is amended to read:

(e) The superior courts of the state have jurisdiction to enforce lawful orders of the **board and the** department under this chapter.

* **Sec. 11.** AS 46.40.210 is amended by adding new paragraphs to read:

(13) "approved plan" means a plan approved under AS 46.40.060(a) by

the department or a plan approved under AS 46.40.060(c) by the board;

(14) "board" has the meaning given in AS 46.39.900.

*** Sec. 12.** AS 46.39.005 and 46.39.008 are repealed.

*** Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: MEMBERS OF THE ALASKA COASTAL POLICY AND APPEALS BOARD; STAGGERED TERMS. (a) Notwithstanding AS 44.39.005(a), added by sec. 2 of this Act, within 30 days after the effective date of this section, the municipalities of each region identified in AS 44.39.005(a)(1) shall submit to the governor the names of three persons from the region qualified under AS 44.39.005(a), added by sec. 2 of this Act. Notwithstanding AS 44.39.005, added by sec. 2 of this Act, within 60 days after the effective date of this section, the governor shall appoint one alternate public member from the lists of names submitted under AS 46.39.005(a)(1) and one member from each region to serve on the Alaska Coastal Policy and Appeals Board established by AS 46.39.005, added by sec. 2 of this Act. The governor shall appoint five public members and the alternate public members to three-year staggered terms and four administration members to a one-year term. The governor shall specify the term of each member appointed subject to this section.

(b) Notwithstanding the requirements of AS 46.40.060(d), as amended by sec. 7 of this Act, or AS 46.40.096(d), as amended by sec. 8 of this Act, a review or decision required of the Alaska Coastal Policy and Appeals Board relating to a district coastal management plan, or a portion of a district coastal management plan, submitted to the Alaska Coastal Policy and Appeals Board under AS 46.40.060(c), or to a proposed consistency determination submitted to the board for review under AS 46.40.096(d), shall be delayed until all the public members of the board are appointed under (a) of this section.

*** Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to read:

RETROACTIVITY AND REVIVAL. (a) The amendment to AS 44.66.020(a)(5) made by sec. 1 of this Act is retroactive to January 1, 2011.

(b) If, under AS 01.10.070(c), sec. 16 of this Act takes effect on or after July 1, 2011, sec. 16 of this Act is retroactive to July 1, 2011, and sections repealed by sec. 18, ch. 31, SLA 2005, are revived. If the revived sections are amended by this Act, they are revived as

amended by this Act. The revived sections are subject to repeal under sec. 22, ch. 31, SLA 2005, as amended by sec. 16 of this Act.

(c) If, under AS 01.10.070(c), this Act takes effect on or after July 1, 2011, AS 46.39.005 and 46.39.008, added by sec. 2 of this Act, and repealed by sec. 12 of this Act, are revived. AS 46.39.005 and 46.39.008, as revived, are subject to repeal under secs. 12 and 15 of this Act and sec. 22, ch. 31, SLA 2005, as amended by sec. 16 of this Act.

*** Sec. 15.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CONDITIONAL EFFECT. Section 12 of this Act takes effect only if secs. 1 - 13 and 18, ch. 31, SLA 2005, take effect."

Renumber the following bill sections accordingly.

Page 2, following line 18:

Insert a new bill section to read:

"*** Sec. 17.** If sec. 12 of this Act takes effect, it takes effect on the date that secs. 1 - 13 and 18, ch. 31, SLA 2005, take effect."

Renumber the following bill section accordingly.

Page 3, line 19:

Delete "This"

Insert "Except as provided in sec. 17 of this Act, this"

Process for New or Renewal Oil Discharge Prevention and Contingency Plan (C-plan) Application Review and Approval

Applicant Actions	Department Actions
Pre-application	
Pre-application notification and consultation (≥ 60 days) • New *or* Renewal C-plan Application *or* Amendment to an approved C-plan that may diminish an operator's response capability • *May* review application and discuss contents of proposed plan *Not required for Streamlined Nontank Vessel Plans – this process is handled by approved agents and Response Planning Facilitators and requires only 5 days review.* *There is a much more abbreviated process for routine updates and amendments that will not diminish an operator's response capability.*	Pre-application assistance (typical 60 – 120 days) • Review C-plan requirements and process • Advice on applicability questions • Determine number of copies to be submitted
Sufficiency Review	
Submit Application to department. Typically 90 – 180 days before anticipated start of operations or renewal date for C-plan. Work with department to determine start day of the 30-day public comment period (requires scheduling to allow publication of Public Notice and distribution of C-plans).	• Determine if C-plan is sufficient for public review within 7 working days • If not sufficient for review, request necessary additional information from applicant • Repeat process until C-plan is sufficient for public review • Issue Sufficient for Public Review Letter to applicant, Department of Natural Resources, Department of Fish & Game, affected coastal districts, regional citizens' advisory councils, persons who have made written request for information regarding c-plan submissions. The letter includes the following: o establishes 30-day public comment period o directs applicant to provide a copy of the application and plan to the above list of departments, coastal districts, regional citizens' advisory councils and other designated persons o set the date for submitting Requests for Additional Information (Day 18 – 25 of the comment period) o a Public Notice to be published in one or more newspapers in general circulation in the area impacted by the proposed operation

Process for New or Renewal Oil Discharge Prevention and Contingency Plan (C-plan) Application Review and Approval

Applicant Actions	Department Actions
Public Review	
• Public Notice - Applicant arranges and pays for publication of the department's Public Notice as directed. Notice is published on or before Day 1 of the Public Review. • Distribute application and C-plan to Department of Natural Resources, Department of Fish and Game, affected coastal districts, regional citizens' advisory councils, and other persons designated by the department. Documents must be distributed on or before Day 1 of the Public Review It may take 2 to 3 weeks to for the Public Notice to be published and all copies of the application and C-plan to be distributed.	Public Notice – Department places Public Notice on State of Alaska Public Notice web page on or before Day 1 of the Public Review.
Day 1 to the established RFAI deadline	Review application and C-plan to determine if any additional information is needed for the plan to be complete.
RFAI deadline (Day 18 – 25 as established in Public Notice) • Upon receipt of RFAI, gather information and respond to department's requests in the timeframe required.	If additional information is required – • Request for Additional Information (RFAI) o Notify applicant and review participants (Day 18 – 25) o Include requests for additional information from the public that are within department statutory and regulatory authority to request. FOR MORE COMPLEX C-PLAN APPLICATIONS, IT MAY TAKE WEEKS TO DEVELOP THE FULL RFAI. • Instruct applicant to send additional information to all review parties (DNR, ADF&G, affected coastal districts, regional citizens' advisory councils, and designated review participants) • Extend the public comment period (to 10 days after all additional information is received and distributed to review participants) – notify all parties when information is received and of the extended comment deadline. IF NECESSARY A 2ND OR 3RD RFAI MAY BE ISSUED. • Continue to review C-plan and all public comments that are submitted.

Process for New or Renewal Oil Discharge Prevention and Contingency Plan (C-plan) Application Review and Approval

Applicant Actions	Department Actions
Day 18 - 25	<u>If no additional information is required</u> – • Public comment period continues without extension. • Review and consider all public comments received. • Continue to review C-Plan.
Day 30 or Comment Deadline as Extended	• A public hearing may be held during the public comment period if the department determines good cause • Receive public comments until the deadline • Review and consider all public comments as they arrive
	<u>Department Determination of Completeness</u> • Within 7 days after receipt of additional information OR 2 days after close of public comment period without RFAI: Department determines whether C-plan application is complete
Approval Process	
≤ 65 days after C-plan is determined to be complete	Department makes a decision to: 1. Approve, 2. Approve with Conditions, or 3. Disapprove
Applicant may request a Pre-Issuance Conference any time before the department issues its decision.	• If requested by the applicant, hold a Pre-Issuance Conference – if it will materially aid the department in reaching its decision. • Follows regulatory procedure • Will not delay decision timeframe
	Department issues a letter with its decision: • Adverse comments from public? o Summary of the basis for decision, may be included in the letter or provided in a separate attachment called a Findings Document. • Conditions of Approval o Include the conditions in the decision letter o Provide a summary of basis for decision and conditions of approval in the letter or Findings Document • Disapprove? o Provide a summary of basis for

Process for New or Renewal Oil Discharge Prevention and Contingency Plan (C-plan) Application Review and Approval

	decision to disapprove in the letter or in a Findings Document The decision to write a separate Findings Document is based on the complexity of the approval decision, the amount and diversity of public comments received, and the number of conditions of approval. Findings documents can range in size from one page to 30 pages. • The decision letter includes a statement about the avenues for requesting a Director's review of the approval decision or for requesting an adjudicatory hearing to appeal the decision. A decision letter may be issued at the same time the C-plan application is determined to be complete (if the public comment period is closed) or it may take up to 65 days from that date. The timeframe is based on the complexity of the decision based on the department's review, agency and public comments received.
Cumulative time for entire process	115 days – two years
Cumulative time from initial application	54 days – 1.5 years
Cumulative time from complete application	1 – 68 days

Process for New or Renewal Oil Discharge Prevention and Contingency Plan (C-plan) Application Review and Approval

Process for Alaska Pollutant Discharge Elimination System (APDES) Wastewater Permit

Applicant Actions	Department Actions
Pre-application	
Pre-application assistance (typical 30 – 90 days) • Prepare ambient monitoring protocols if necessary • Consider site-specific water quality standards (natural conditions; use attainability analyses; other) • Consider exceptions to water quality standards (mixing zones; short term variances; zones of deposit) • Prepare computer modeling inputs for mixing zones • Begin analysis of wastewater treatment options	Pre-application assistance (typical 30 – 90 days) • Review ambient monitoring protocols • Review computer modeling protocol • Advise on water quality standards
Collect Data, if necessary (1 year) • Establish monitoring station • Collect ambient water quality data • Review data and prepare data report • Select wastewater treatment system(s)	Answer questions/technical assistance
Prepare application (30-60 days) • Include ambient data • Conduct computer modeling of mixing zones	Review data submittal (typical 60-120 days) • Answer questions from applicant • Some applicants do not request data review prior to application submittal
Submit application	
Answer questions	Completeness review (typical 30 days) • Administrative review to insure it includes all required information • Technical review • Request missing information from applicant
Supplement application (typical 10 to 90 days) • Provide missing information • Provide new information/ project changes • Time highly dependent on deficiencies and applicant effort and willingness to correct.	Answer questions and review submittals • Iterative until application is complete
Application determined to be complete – draft permit	
Answer questions and provide additional information • May need to revise project, wastewater treatment systems, or application • May need to collect more ambient data if monitoring does not meet quality requirements • May need to re-do modeling if original modeling has errors	Review Application and draft permit (60 to 180 days) • Ensure modeling and monitoring done according to protocols • Ensure compliance with water quality standards • Resolve deficiencies with applicant • Conduct analysis – "reasonable potential to exceed water quality standards" • Develop effluent limits • Prepare draft permit and technical basis (fact sheet) for public review

Process for Alaska Pollutant Discharge Elimination System (APDES) Wastewater Permit

Applicant Actions	Department Actions
Draft Permit advertised for public comment	
Review preliminary draft permit and draft permit.	Conduct 10-day applicant review of preliminary draft permit Collect Public comment (30 to 90 days) • Minimum 30 day public comment period • Hearing, if any, must be advertized 30 days in advance • Comment period may be longer or extended for good cause o Permittee request o Public request
Review proposed final permit.	Prepare proposed final permit for 5-day applicant review. Prepare final permit (10 to 30 days) • Highly dependent on type and number of comments • Prepare response to comment • Prepare final permit and technical analysis
Issue Permit	
Begin permit compliance.	Issue permit • Issue final permit
Cumulative time entire process	1½ - 4 years
Cumulative time from initial application	180 – 570 days
Cumulative time from complete application	180 – 570 days

Process for Air Quality Title V Operating Permits

Applicant Actions	Department Actions
Pre-application	
Pre-application assistance	**Pre-application assistance:** Typical 30 – 90 days
Submit application	
Submit timely and complete application.	**Application Completeness Review**. An application must be determined to be complete within 60-days or it defaults to a complete status. 40 CFR 71.5(a)(2). Affects the ability to grant an application shield. Typical: 60 days
Application Information Requests and Supplements: needed if application contains missing or incomplete items. Information requests may delay final permit application completeness determination beyond 60 days.	21 additional days for each Information request
Application determined to be complete	
Applicant may request preview or review of preliminary draft permit prior to the public process.	**Draft Permit Processing** (depends on complexity of stationary source. Use of contractor resources may extend draft permit processing. Typical 30 -60 days. **Dialog with Applicant:** additional information requests (there may be multiple information requests). A complete application does not curtail the Department's ability to seek additional information necessary to process the application.)(Draft permit development may be extended by new Federal regulations or stationary source changes).
Preliminary Decision advertised for public comment	
Provide review and public comment: changes or revisions requests to draft permit, or updates based on changes.	**Permit Public Process:** Draft permit must be made available for public comment for at least 30 days. Typical: 30 days. **Public Notice Advertisement**. Associated documents or processes: public hearing (if needed, min: 30 days to advertise). A Public Hearing may be scheduled for contentious or complex permit actions.
	May extend Public Comment period to 45 days or 60 days based on permit complexity.
Response to Public Comment	
Permittee may seek ex-parte' discussion based on Department acceptance or rejection of changes based on public comment.	**Response to Public Comment** (Public Comment processing into Proposed Permit depends on volume and complexity of public comment and contentiousness of issues). Typical: 30 days.
	Proposed Permit Development. Associated documents: Response to Comments, EPA transmittal
EPA Administrator 45-Day Review	
	Variable response timeline. EPA has 45 days to review a proposed permit, but may respond in as little as several hours or just a few days, depending on permit complexity and contentious issues. Typical 1 to 45 days (max).

Process for Air Quality Title V Operating Permits

	EPA Comment. (may involve significant changes and restarting the public process)
Permittee may ask for a review of final permit resulting from public comment. Typical: 10 days additional	Significant changes will necessitate re-advertising the permit for public comment based on scope of changes.
Final Permit Development and Issuance	
	May delay to coincide with new month/new quarter. Typical: 1 to 21 days after receipt of EPA no-comment decision.
Total Timeline:	
Typical Stationary Source Permit	180 days
Large or Complex Stationary Source Permit	2 years

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Bullock/Bullard
3/16/11

CS FOR HOUSE BILL NO. 106( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act relating to the Alaska coastal management program; establishing the Alaska Coastal Policy and Appeals Board; providing for an effective date by changing the effective date of secs. 1 - 13 and 18, ch. 31, SLA 2005; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 44.66.020(a) is amended to read:

(a) Agency programs and activities listed in this subsection that are specifically designated as provided in AS 44.66.030 are subject to termination during the regular legislative session convening in the month and year set out after each:

(1) programs in the budget categories of general government, public protection, and administration of justice - January, 1980;

(2) programs in the budget categories of education and the University of Alaska - January, 1981;

(3) programs in the budget categories of health and social services -

New Text Underlined [DELETED TEXT BRACKETED]

January, 1982;

(4) programs in the budget categories of natural resources management, development, and transportation - January, 1983;

(5) the Alaska coastal management program (AS 46.40) - January, **2017** [2011].

* **Sec. 2.** AS 46.39 is amended by adding new sections to article 1 to read:

Sec. 46.39.005. Alaska Coastal Policy and Appeals Board. (a) The Alaska Coastal Policy and Appeals Board is created in the Department of Natural Resources. The board consists of the following:

(1) five public members appointed by the governor, including one at-large member from any coastal resource district and four members from a list composed of at least three names from each region, nominated and submitted by the coastal resource districts of each region; one public member shall be appointed from each of the following regions:

(A) northwest Alaska, including, generally, the area of the North Slope Borough and the Northwest Arctic Borough; and the Bering Strait area, including, generally, the area of the Bering Strait regional educational attendance area;

(B) southwest Alaska, including, generally, the area within the Lower Yukon, Lower Kuskokwim, and Southwest regional educational attendance areas and the Lake and Peninsula and Bristol Bay Boroughs; and the Kodiak-Aleutians area, including the Kodiak Island and area of the Aleutians East Boroughs and the area of the Aleutian, Adak, and Pribilof regional educational attendance areas;

(C) Upper Cook Inlet area, including the Municipality of Anchorage and the Matanuska-Susitna Borough; the Lower Cook Inlet area, including, generally, the Kenai Peninsula Borough; and the Prince William Sound area, including, generally, the area east of the Kenai Peninsula Borough to 141 West longitude; and

(D) Southeast Alaska, generally the area east of 141 West longitude;

(2) each of the following designated members:

(A) the commissioner of environmental conservation;

(B) the commissioner of fish and game;

(C) the commissioner of natural resources; and

(D) the commissioner of commerce, community, and economic development.

(b) Each public member appointed by the governor under (a)(1) of this section serves a term of three years and until a successor is appointed and qualified. A public member may be reappointed.

(c) The board shall designate cochairs, one of whom shall be selected from among the public members appointed under (a)(1) of this section and one from among the members designated in (a)(2) of this section.

(d) Each member of the board shall select one person to serve as a permanent alternate at meetings of the board. If a member of the board is unable to attend, the member shall advise the alternate, who may attend and act in the place of the member. The alternate for each public member appointed under (a)(1) of this section shall be approved by the coastal resource districts in the region from which the public member was appointed. The alternate for a commissioner serving under (a)(2) of this section shall be a deputy commissioner or the director of a division in the commissioner's department. The names of alternates shall be filed with the board.

(e) Three public members and two designated members of the board constitute a quorum, but the board may delegate to one or more of its members the power to hold hearings. All decisions of the board shall be by a majority vote of the members present and voting.

(f) Members of the board or their alternates are entitled to per diem and travel expenses authorized by law for members of boards and commissions.

(g) Administrative support for the board shall be provided by the division in the department responsible for coastal and ocean management. The director of the division in the department responsible for coastal and ocean management, under direction of the cochair designated by the board from the individuals listed in (a)(2) of this section, may contract with or employ persons as necessary to assist the board in

carrying out the board's duties and responsibilities.

Sec. 46.39.008. Duties of the Alaska Coastal Policy and Appeals Board. The board shall

(1) resolve differences between the department and a coastal resource district relating to a district coastal management plan under AS 46.40.060;

(2) review proposed consistency determinations under AS 46.40.096(d);

(3) with the department, jointly adopt regulations under this chapter and AS 46.40.

*** Sec. 3.** AS 46.39.010(a) is amended to read:

(a) **Except as provided under AS 46.40.096(d), the department** [THE DEPARTMENT OF NATURAL RESOURCES] shall render, on behalf of the state, all federal consistency determinations and certifications authorized by 16 U.S.C. 1456 (Sec. 307, Coastal Zone Management Act of 1972), and each conclusive state consistency determination when a project requires a permit, lease, or authorization from two or more state resource agencies.

*** Sec. 4.** AS 46.39.030 is amended to read:

Sec. 46.39.030. Powers of the department. The department may

(1) apply for and accept grants, contributions, and appropriations, including application for and acceptance of federal funds that may become available for coastal planning and management;

(2) contract for necessary services;

(3) consult and cooperate with

(A) persons, organizations, and groups, public or private, interested in, affected by, or concerned with coastal area planning and management;

(B) agents and officials of the coastal resource districts of the state, **the Alaska Coastal Policy and Appeals Board established in AS 46.39.005,** and federal and state agencies concerned with or having jurisdiction over coastal planning and management;

(4) take any reasonable action necessary to carry out the provisions of

this chapter or AS 46.40.

* **Sec. 5.** AS 46.39.040 is amended to read:

Sec. 46.39.040. Duties of the department. In conformity with 16 U.S.C. 1451 - 1464 (Coastal Zone Management Act of 1972), as amended, the department shall

(1) develop statewide standards for the Alaska coastal management program, and criteria for the preparation and approval of district coastal management plans in accordance with AS 46.40;

(2) establish continuing coordination among state agencies to facilitate the development and implementation of the Alaska coastal management program; in carrying out its duties under this paragraph, the department shall initiate an interagency program of comprehensive coastal resource planning for each geographic region of the state;

(3) assure continued provision of data and information to coastal resource districts to carry out their planning and management functions under the program**; in providing data and information to a coastal resource district under this section, the department shall provide the data and information to the person or persons designated by the district**.

* **Sec. 6.** AS 46.39.040 is amended by adding a new subsection to read:

(b) If the department provides funds to a coastal resource district to implement or amend a coastal resource district's district coastal management plan, the department shall permit the coastal resource district to use the funds to employ or retain consultants that, in the judgment of the coastal resource district, are necessary.

* **Sec. 7.** AS 46.39.900 is amended to read:

Sec. 46.39.900. Definitions [DEFINITION]. In this chapter, unless the context requires otherwise,

(1) "board" means the Alaska Coastal Policy and Appeals Board established in AS 46.39.005;

(2) "department" means the Department of Natural Resources.

* **Sec. 8.** AS 46.40.030 is amended to read:

Sec. 46.40.030. Development of district coastal management plans. (a) Coastal resource districts shall develop and adopt district coastal management plans in

accordance with the provisions of this chapter. The plan adopted by a coastal resource district shall be based upon a municipality's existing comprehensive plan or a new comprehensive resource use plan or comprehensive statement of needs, policies, objectives, and standards governing the use of resources within the coastal area of the district. The plan must meet the [STATEWIDE STANDARDS AND] district plan criteria adopted under AS 46.40.040 and must include

(1) a delineation within the district of the boundaries of the coastal area subject to the district coastal management plan;

(2) a statement, list, or definition of the land and water uses and activities subject to the district coastal management plan;

(3) a statement of policies to be applied to **all** [THE] land and water uses subject to the district coastal management plan **as well as policies that apply only to special management areas; and**

(4) [A DESCRIPTION OF THE USES AND ACTIVITIES THAT WILL BE CONSIDERED PROPER AND THE USES AND ACTIVITIES THAT WILL BE CONSIDERED IMPROPER WITH RESPECT TO THE LAND AND WATER WITHIN THE COASTAL AREA; AND

(5)] a designation of **any special management** [, AND THE POLICIES THAT WILL BE APPLIED TO THE USE OF,] areas **under** [WITHIN] the **district** coastal **management plan and enforceable policies that will be applicable within those special management areas** [RESOURCE DISTRICT THAT MERIT SPECIAL ATTENTION].

(b) In developing enforceable policies in its coastal management plan under (a) of this section, a coastal resource district shall **ensure that the enforceable policies are**

(1) clear and concise as to the activities and persons affected by the policies and the requirements of the policies, whether the policies are prescriptive or performance-based;

(2) necessary given local conditions; and

(3) supported by evidence, including scientific or local knowledge, if the policies are more specific than state or federal statutes or regulations

[MEET THE REQUIREMENTS OF AS 46.40.070 AND MAY NOT DUPLICATE, RESTATE, OR INCORPORATE BY REFERENCE STATUTES AND ADMINISTRATIVE REGULATIONS ADOPTED BY STATE OR FEDERAL AGENCIES].

*** Sec. 9.** AS 46.40.040(a) is amended to read:

(a) Except as provided in [(b) OF THIS SECTION AND] AS 41.17, the department shall

(1) by regulation, adopt, under the provisions of AS 44.62 (Administrative Procedure Act) for the use of and application by coastal resource districts and state agencies for carrying out their responsibilities under this chapter, statewide standards and district coastal management plan criteria for

(A) identifying the boundaries of the coastal area subject to the Alaska coastal management program;

(B) determining the land and water uses and activities subject to the Alaska coastal management program;

(C) developing policies applicable to the land and water uses subject to the Alaska coastal management program;

(D) developing regulations applicable to the land and water uses subject to the Alaska coastal management program;

(E) developing policies and procedures to determine whether specific proposals for the land and water uses or activities subject to the Alaska coastal management program shall be allowed;

(F) designating and developing policies for **special management areas** [THE USE OF AREAS OF THE COAST THAT MERIT SPECIAL ATTENTION]; and

(G) measuring the progress of a coastal resource district in meeting its responsibilities under this chapter;

(2) develop and maintain a program of technical and financial assistance to aid coastal resource districts in the development and implementation of district coastal management plans;

(3) undertake review and approval of district coastal management

plans in accordance with this chapter;

(4) initiate a process for identifying and managing uses of state concern within specific areas of the coast;

(5) develop procedures or guidelines for consultation and coordination with federal agencies managing land or conducting activities potentially affecting the coastal area of the state;

(6) by regulation, establish a consistency review and determination or certification process that conforms to the requirements of AS 46.40.096.

* **Sec. 10.** AS 46.40.060(c) is amended to read:

(c) If, after mediation, the differences have not been resolved, the department shall **submit the district coastal management plan, or those portions of the plan over which the coastal resource district and the department differ, to the board. The board shall** enter findings and, by order, may require

(1) that the district coastal management plan be amended to satisfy the provisions of this chapter or meet the statewide standards and district plan criteria adopted by the department;

(2) that the district coastal management plan be revised to accommodate a use of state concern; or

(3) any other action be taken by the coastal resource district as appropriate.

* **Sec. 11.** AS 46.40.060(d) is amended to read:

(d) **An order of the board shall be given within 45 days after the plan, or a portion of the plan, is submitted to the board for decision by the department under (c) of this section.** The superior courts of the state have jurisdiction to enforce orders of the **board** [DEPARTMENT] entered under (c) of this section.

* **Sec. 12.** AS 46.40.070 is repealed and reenacted to read:

Sec. 46.40.070. Requirements for department review and approval. (a) The department

(1) shall approve a district coastal management plan submitted for review and approval if the

(A) district coastal management plan meets the requirements of

this chapter and the district plan criteria adopted by the department; and

(B) enforceable policies of the district coastal management plan

(i) do not duplicate, restate, or incorporate by reference state or federal statutes or regulations;

(ii) are not preempted by federal or state law; and

(iii) do not arbitrarily or unreasonably restrict a use of state concern;

(2) may not require a district to designate areas for the purpose of developing an enforceable policy.

(b) In (a)(1)(B)(ii) of this section, an enforceable policy of the district coastal management plan is preempted

(1) by federal statutes or regulations if the United States Congress expressly declares that local law or regulation is preempted, if the United States Congress demonstrates the intent to occupy the field exclusively, or if there is an actual conflict between federal and local law or regulation;

(2) by state law if it is prohibited, either by express legislative direction or direct conflict with a state statute or regulation, or where the management plan substantially interferes with the effective functioning of a state statute or regulation or the underlying purposes of a state statute or regulation.

* **Sec. 13.** AS 46.40.096(c) is amended to read:

(c) The regulations adopted by the department under this section must **permit a coastal resource district that has requested to participate in a consistency review to designate the person or persons who will represent the district and to whom the department or reviewing entity shall provide materials relating to the consistency review. The regulations must also** include provisions for public notice and provide the opportunity for public comment. **Regulations relating to public notice and public comment** [THE REGULATIONS] adopted under this subsection may make distinctions relating to notice based upon differences in project type, anticipated effect of the project on coastal resources and uses, other state or federal notice requirements, and time constraints. However, a notice given under this subsection must contain sufficient information, expressed in commonly understood

terms, to inform the public of the nature of the proposed project for which a consistency determination is sought, and must explain how the public may comment on the proposed project. **Notices described in this subsection shall be published on the department's Internet website**.

*** Sec. 14.** AS 46.40.096(d) is amended to read:

(d) In preparing a consistency review and determination for a proposed project, the reviewing entity shall

(1) request consistency review comments for the proposed project from state resource agencies, affected coastal resource districts, and other interested parties as determined by regulation adopted by the department;

(2) prepare proposed consistency determinations;

(3) coordinate **elevations** [SUBSEQUENT REVIEWS] of proposed consistency determinations prepared under (2) of this subsection; a subsequent review of a proposed consistency determination under this paragraph

(A) is limited to a review by the **board** [DEPARTMENT];

(B) may occur only if requested by

(i) the project applicant;

(ii) a state resource agency; or

(iii) an affected coastal resource district; and

(C) shall be completed by the **board** [DEPARTMENT] within 45 days after the initial request for subsequent review under this paragraph;

(4) render the final consistency determination and certification.

*** Sec. 15.** AS 46.40.096(g) is amended to read:

(g) The reviewing entity shall exclude from the consistency review and determination process for a project

(1) **an aspect of** an activity that

[(A)] is **specifically** authorized under a general or nationwide permit that has previously been determined to be consistent with the Alaska coastal management program; [OR

(B) IS SUBJECT TO AUTHORIZATION BY THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION UNDER THE

REQUIREMENTS DESCRIBED IN AS 46.40.040(b);]

(2) activities excluded from a consistency review under AS 41.17; [AND]

(3) the issuance of an authorization or permit issued by the Alaska Oil and Gas Conservation Commission**; and**

(4) the necessity of a completed prevention of significant deterioration of air quality permit application.

*** Sec. 16.** AS 46.40.096(k) is amended to read:

(k) Except as provided in (g) of this section, AS 41.17, [AS 46.40.040(b),] and AS 46.40.094, the scope of a consistency review of a project, once triggered under (j) of this section, is limited to activities that are located within the areas described in (*l*) of this section and that either are subject to a state resource agency permit, lease, authorization, approval, or certification or are the subject of a coastal resource district enforceable policy approved by the department under this chapter. The scope of a consistency review subject to 16 U.S.C. 1456 is determined under 16 U.S.C. 1456 and 15 C.F.R. Part 930.

*** Sec. 17.** AS 46.40.096(o) is amended to read:

(o) The time limitations in (n) of this section

(1) do not apply to a consistency review involving

(A) the disposal of an interest in state land or resources**; or**

(B) activity requiring an environmental impact statement;

(2) are suspended

(A) from the time **a review schedule is modified in response to** [THE REVIEWING ENTITY DETERMINES THAT THE APPLICANT HAS NOT ADEQUATELY RESPONDED IN WRITING WITHIN 14 DAYS AFTER THE RECEIPT OF] a written request from the reviewing entity for additional information, until the time the reviewing entity determines that the applicant has provided an adequate written response;

(B) during a period of time requested by the applicant;

(C) during the period of time a consistency review is undergoing a subsequent review under (d)(3) of this section;

(D) for 30 days if requested by an affected coastal resource district exercising authority under AS 29 to accommodate the adjudication process of an authorization issued by a coastal resource district pending the results of the adjudication.

*** Sec. 18.** AS 46.40.096(q)(2) is amended to read:

(2) "reviewing entity" means the

(A) Department of Natural Resources, for a consistency review subject to AS 46.39.010;

(B) **board, for the subsequent review of a proposed consistency determination under (d) of this section;**

(C) state agency identified in (b) of this section, for a consistency review not subject to AS 46.39.010.

*** Sec. 19.** AS 46.40.100(e) is amended to read:

(e) The superior courts of the state have jurisdiction to enforce lawful orders of the **board and the** department under this chapter.

*** Sec. 20.** AS 46.40.180(b) is amended to read:

(b) If a city or village within a coastal resource service area fails to approve a portion of the district coastal management plan prepared and submitted for approval under (a) of this section, the governing body shall advise the coastal resource service area board of its objections to the proposed plan and suggest alternative elements or components for inclusion in the district coastal management plan. New matter submitted by a city or village that meets the [STATEWIDE STANDARDS AND] district plan criteria adopted under this chapter **may** [SHALL] be accepted **by the coastal resource service area board** and the district coastal management plan modified accordingly. If a city or village fails to provide objections and suggested alternatives within the time limits established in this section, the coastal resource service area board may adopt the district coastal management plan as initially offered.

*** Sec. 21.** AS 46.40.190(b) is amended to read:

(b) This chapter does not restrict or prohibit cooperative or joint administration of functions between a municipality and a coastal resource service area organized under the provisions of this chapter upon initiation of a mutual agreement

for the purpose. [A CITY THAT ELECTS TO BE EXCLUDED FROM AN ADJACENT COASTAL RESOURCE SERVICE AREA UNDER (a) OF THIS SECTION SHALL ENTER INTO A MUTUAL AGREEMENT FOR COOPERATIVE OR JOINT ADMINISTRATION OF FUNCTIONS WITH THE COASTAL RESOURCE SERVICE AREA BOARD FROM THE ADJACENT COASTAL RESOURCE SERVICE AREA.]

* **Sec. 22.** AS 46.40.210(9) is repealed and reenacted to read:

(9) "project" means all activities described in AS 46.40.096(*l*) and all activities in the list of permits, certifications, leases, approvals, and authorizations that trigger a consistency review developed under AS 46.40.096(m), including a federal agency activity as defined in 15 C.F.R. 930.31;

* **Sec. 23.** AS 46.40.210 is amended by adding new paragraphs to read:

(13) "approved plan" means a plan approved under AS 46.40.060(a) by the department or a plan approved under AS 46.40.060(c) by the board;

(14) "board" has the meaning given in AS 46.39.900;

(15) "special management area" means a delineated geographic area within the coastal area that is sensitive to change or alteration and that, because of plans or commitments or because a claim on the resources within the area delineated would preclude subsequent use of the resources to a conflicting or incompatible use, warrants special management attention, or that, because of its value to the general public, should be identified for current or future planning, protection, or acquisition; these areas, subject to the board's definition of criteria for their identification, include:

(A) areas of unique, scarce, fragile or vulnerable natural habitat, cultural value, historical significance, or scenic importance;

(B) areas of high natural productivity or essential habitat for living resources;

(C) areas of substantial recreational value or opportunity;

(D) areas where development of facilities is dependent upon the utilization of, or access to, coastal water;

(E) areas of unique geologic or topographic significance that are susceptible to industrial or commercial development;

(F) areas of significant hazard due to storms, slides, flooding, earthquakes, active faults, tsunamis, volcanoes, liquefaction, ice movement or snow avalanches, or erosion; and

(G) areas needed to protect, maintain, or replenish coastal land or resources, including coastal flood plains, aquifer recharge areas, beaches, and offshore sand deposits.

*** Sec. 24.** AS 46.40.040(b), 46.40.040(c), 46.40.096(i), and 46.40.210(1) are repealed.

*** Sec. 25.** AS 46.39.005 and 46.39.008 are repealed.

*** Sec. 26.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: MEMBERS OF THE ALASKA COASTAL POLICY AND APPEALS BOARD; STAGGERED TERMS. (a) Notwithstanding AS 44.39.005(a), added by sec. 2 of this Act, within 30 days after the effective date of this section, the municipalities of each region identified in AS 44.39.005(a)(1) shall submit to the governor the names of three persons from the region qualified under AS 44.39.005(a), added by sec. 2 of this Act. Notwithstanding AS 44.39.005, added by sec. 2 of this Act, within 60 days after the effective date of this section, the governor shall appoint one member from each region to serve on the Alaska Coastal Policy and Appeals Board established by AS 46.39.005, added by sec. 2 of this Act. The governor shall appoint five public members to three-year staggered terms and four administration members to a one-year term. The governor shall specify the term of each member appointed subject to this section.

(b) Notwithstanding the requirements of AS 46.40.060(d), as amended by sec. 11 of this Act, or AS 46.40.096(d), as amended by sec. 14 of this Act, a review or decision required of the Alaska Coastal Policy and Appeals Board relating to a district coastal management plan, or a portion of a district coastal management plan, submitted to the Alaska Coastal Policy and Appeals Board under AS 46.40.060(c), or to a proposed consistency determination submitted to the board for review under AS 46.40.096(d), shall be delayed until all the public members of the board are appointed under (a) of this section.

*** Sec. 27.** The uncodified law of the State of Alaska is amended by adding a new section to read:

RETROACTIVITY AND REVIVAL. (a) The amendment to AS 44.66.020(a)(5)

made by sec. 1 of this Act is retroactive to January 1, 2011.

(b) If, under AS 01.10.070(c), sec. 29 of this Act takes effect on or after July 1, 2011, sec. 29 of this Act is retroactive to July 1, 2011, and sections repealed by sec. 18, ch. 31, SLA 2005, are revived. If the revived sections are amended by this Act, they are revived as amended by this Act. The revived sections are subject to repeal under sec. 22, ch. 31, SLA 2005, as amended by sec. 29 of this Act.

(c) If, under AS 01.10.070(c), this Act takes effect on or after July 1, 2011, AS 46.39.005 and 46.39.008, added by sec. 2 of this Act, and repealed by sec. 25 of this Act, are revived. AS 46.39.005 and 46.39.008, as revived, are subject to repeal under secs. 25 and 28 of this Act and sec. 22, ch. 31, SLA 2005, as amended by sec. 29 of this Act.

*** Sec. 28.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CONDITIONAL EFFECT. Section 25 of this Act takes effect only if secs. 1 - 13 and 18, ch. 31, SLA 2005, take effect.

*** Sec. 29.** Section 22, ch. 31, SLA 2005, is amended to read:

Sec. 22. Sections 1 - 13 and 18 of this Act take effect July 1, **2017** [2011, UNLESS THE STATE'S REVISED COASTAL MANAGEMENT PROGRAM HAS NOT BEEN APPROVED BY THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, OFFICE OF OCEAN AND COASTAL RESOURCE MANAGEMENT, UNITED STATES DEPARTMENT OF COMMERCE, UNDER 16 U.S.C. 1455 AND 1457 (COASTAL ZONE MANAGEMENT ACT OF 1972) BEFORE JANUARY 1, 2006. IF THE STATE'S REVISED COASTAL MANAGEMENT PROGRAM IS NOT APPROVED BEFORE JANUARY 1, 2006, BY THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, OFFICE OF OCEAN AND COASTAL RESOURCE MANAGEMENT, UNITED STATES DEPARTMENT OF COMMERCE, THEN SECS. 1 - 13 AND 18 OF THIS ACT TAKE EFFECT MAY 10, 2006. THE COMMISSIONER OF NATURAL RESOURCES SHALL NOTIFY THE REVISOR OF STATUTES ON FEBRUARY 1, 2006, WHETHER THE REVISED COASTAL MANAGEMENT PROGRAM HAS BEEN APPROVED AS DESCRIBED IN THIS SECTION].

*** Sec. 30.** If sec. 25 of this Act takes effect, it takes effect on the date that secs. 1 - 13 and

18, ch. 31, SLA 2005, take effect.

*** Sec. 31.** Except as provided in sec. 30 of this Act, this Act takes effect immediately under AS 01.10.070(c).

27-GH1965\A.16
Bullard
3/30/11

AMENDMENT #6 Adopted

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: Amendment A.2 to HB 106

Page 2, line 11, of the amendment:

Delete "**are**"

Page 2, lines 12 - 17, of the amendment:

Delete all material and insert:

"**(1) are clear and concise as to the activities and persons affected by the policies;**

(2) use prescriptive or performance-based standards that are written in precise and enforceable language; and

(3) address a coastal use or resource of concern to the residents of the coastal resource district as demonstrated by local knowledge or supported by scientific evidence"

Page 4, line 6, of the amendment:

Delete "board's"

Insert "department's"

Page 4, line 21, of the amendment:

Delete the quotation mark.

Page 4, following line 21, of the amendment:

Insert new material to read:

"* **Sec. 6.** AS 46.40.210(1) is repealed.""

Aleutians East Borough	Consultant – Glenn Gray and Associates
Policy A-1: Fisheries Habitat a. Activities that reduce the net productivity fish habitat are not allowed including disruption to banks and stream beds. Projects that disrupt fish habitat are allowed if the project description includes provisions to restore the productivity of the disturbed area or rehabilitate a nearby area of the waterbody so that the net productivity of the watershed is not diminished. b. Eelgrass Beds: Development activities with a potential to cause significant adverse impacts to eelgrass beds are not allowed. c. This policy is established pursuant to 11 AAC 114.250(h). Subsection a applies to uses and activities in designated important habitat areas for fish and subsection b applies to eelgrass beds designated as important habitat as described in Section 4.4.2.	OPMP recommends that the enforceable policy not be approved. The proposed Important Habitat designated Area was not recommended for approval (see designated area analysis table for justification). Without an approved important habitat designated area, this policy will not be applicable, nor permissible. In addition, the enforceable policy is not approvable because it contains criteria. The State Habitat Standard at 11 AAC 112.300 requires that the eight listed habitat types be manage to avoid, minimize, or mitigate significant adverse impacts. The avoid, minimize, or mitigate sequence is defined at 11 AAC 112.900. Since the avoid, minimize, mitigate sequence is defined, it can not be redefined by a coastal district. By adding criteria to a district enforceable policy, the policy is redefining the avoid, minimize, or avoid sequence, and is therefore, not permissible.
Policy B-1: Bank Stabilization a. All stream or lake bank cuts, fills or exposed earthwork in or adjacent to fish habitat, wetlands or marine waters shall be stabilized to prevent erosion during construction, operation and following cessation of development activities. b. This policy is established pursuant to 11 AAC 114.250(b), and it applies to areas designated as subject to erosion hazards as described in Section 4.4.3.	OPMP recommends that the enforceable policy not be approved. Stabilizing erosion prone areas is considered an appropriate measure for the known natural hazard of erosion and therefore already addressed by 11 AAC 112.210. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter addressing erosion is not adequately addressed. In addition, various State and federal agency laws, including AS 41.14.840, AS 41.14.870, 18 AAC 60 and 70 manage the impacts to water quality and habitat. The State Habitat Standard at 11 AAC 112.300 also already addresses certain aspects of impacts to habitat. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter addressing impacts to habitat is not adequately addressed.
Policy C-1: Coastal Facilities a. For a development facility in coastal waters, project applicants shall include measures in the project description demonstrating that the facility is for a water-dependent use and that the facility is sited, designed, constructed and operated to	OPMP recommends this policy not be approved. This enforceable policy does not meet the requirements of 11 AAC 114.270(e)(2) in that requiring optimization of use is not enforceable language.

minimize the need for duplicative coastal facilities and to optimize the use of coastal land and water. These facilities include waterfront facilities, docks, piers, cargo handling and storage areas, commercial and subsistence fishing support facilities, and marinas. b. This policy is established under the Coastal Development standard subject use (11 AAC 112.200), and it applies to developments in or adjacent to coastal waters.	
Policy D-2: Siting of Seafood Processing Facilities a. Land-based and floating fish processors shall site facilities to avoid or minimize impacts to coastal resources and uses. b. To the extent practicable, applicants for seafood processing facilities shall include measures in the project description for maximizing the recovery and efficient utilization of processing waste though production of byproducts such fish meal or fish oil.. c. This policy is established for areas designated as suitable for commercial fishing and seafood processing facilities under 11 AAC 114.250(f) as described in Section 4.4.5.Policy D-2: Siting of Seafood Processing Facilities	OPMP recommends that the enforceable policy not be approved for the following reasons: 1. The proposed sites suitable for commercial fishing and seafood processing facilities designated area was not recommended for approval (see designated area analysis table for justification). Without an approved designated area, this policy will not be applicable, nor permissible. 2. The subject of this enforceable policy is broader that the designation allowed under 11 AAC 114.250(f), which is limited to designating areas of the coast suitable for the location or development of facilities related to commercial fishing and seafood processing. The designation was never meant to address commercial fishing or seafood processing, which is already regulated by other state laws. 3. The policy is not clear and concise as required by 11 AAC 114.270(e)(1) because the district proposes to designate all coastal waters and the policy contradicts this designation in attempting to limit the impacts to coastal resources and uses.. 4. The policy applies outside the designated area, in that the designated area is all coastal waters and the policy discusses land based activities.
Aleutians West CRSA	**Consultant – LaRoche + Associates**
K-2 Sand and Gravel Extraction Operation Sand and gravel extraction operations in coastal floodplains shall be located and designed to minimize adverse changes to channel hydraulics and the potential for channel diversion through the extraction site, unless specifically designed to reduce erosion	Due to recent comments from the Office of Habitat Management and Permitting based on the preliminary recommendations OPMP does not recommend this policy for approval. The issues of channel hydraulics and channel diversions are adequately addressed by AS 41.14.840 and AS 41.14.870.

or flooding threats.	
Municipality of Anchorage	**Consultant – Bristol Environmental and Engineering Services Corporation, LaRoche + Associates**
RECREATIONAL USE AREAS EP-1 The following uses are allowed and considered appropriate in the Recreation Use Area and Important Habitat Designations: primary and secondary structures, utilities and transportation features, direct access to stream or waterbodies or to accommodate water-dependent or related uses, habitat enhancement or restoration projects, land clearing, impervious surfaces, clearing of native or other vegetation, removal of dead or decaying trees that threaten public or private property or health and safety. These uses are permitted provided they meet the following required conditions [and relevant regulations in the Anchorage Land Use Code]: (a) A 50-foot setback from the Ordinary High Water (OHW) of streams and/or waterbodies, as depicted on Maps 1, 2 & 3 or on other published and available Municipality of Anchorage maps or GIS coverages, unless there is no practicable alternative location for the use or activity. (b) For streams or waterbodies with contiguous wetlands, setback distances shall follow those defined in Table 2 of the Anchorage Wetlands Management Plan (see Appendix), which vary from 25' to 200'.	OPMP recommends this policy be approved provided the following changes are made. *The following uses are allowed and considered appropriate in the Recreation Use Area: primary and secondary structures, utilities and transportation features, direct access to stream or waterbodies or to accommodate water-dependent or related uses, habitat enhancement or restoration projects, land clearing, impervious surfaces, clearing of native or other vegetation, removal of dead or decaying trees that threaten public or private property or health and safety. These uses are permitted provided they meet the following required conditions:* *(a) A 50-foot setback from the Ordinary High Water (OHW) of streams and/or waterbodies, as depicted on Maps 1, 2 & 3 unless there is no practicable alternative location for the use or activity.* *(b) For streams or waterbodies with contiguous wetlands, setback distances shall follow those defined in Table 2 of the Anchorage Wetlands Management Plan (see Appendix), which vary from 25' to 200'.* This enforceable policy is not a matter regulated by DEC; doesn't adopt, duplicate, repeat, restate, paraphrase, or incorporate by reference a state standard or other state or federal law; is clear and concise as to the activities and persons affected by the policies and requirements of the policies; uses precise, prescriptive, and enforceable language; and does not arbitrarily or unreasonable restrict or exclude uses of state concern. The policy addresses a matter regulated by state law, namely 11 AAC 114.250 (c). The district documents that the matter is of local concern as shown in the above table and in the Resource Inventory and Analysis.

COASTAL ACCESS EP-4 (A) Development shall not interfere with existing legal public access to, or use of, the waterfront where such access or use has been established through acquisition, donation, dedication, or prescriptive easement. (B) New subdivisions shall be designed to maintain or enhance public access to, from, and along the lands and waters within the coastal zone where practicable.	OPMP recommends this policy be approved provided the following changes are made. *(A) Development shall not interfere with existing legal public access to, or use of, the waterfront where such access or use has been established through acquisition, donation, dedication, or prescriptive easement.* *(B) New subdivisions shall be designed to maintain or enhance public access to, from, and along coastal waters within the coastal zone where practicable.* This enforceable policy flows from the coastal access standard; is not a matter regulated by DEC; doesn't adopt, duplicate, repeat, restate, paraphrase, or incorporate by reference a state standard or other state or federal law; is clear and concise as to the activities and persons affected by the policies and requirements of the policies; uses precise, prescriptive, and enforceable language; and does not arbitrarily or unreasonable restrict or exclude uses of state concern. The policy addresses a matter regulated by state law, namely 11 AAC 112.220. The district documents that the matter is of local concern as shown in the above table and in the Resource Inventory and Analysis.
IMPORTANT HABITAT IH-1 The following post-construction, project site restoration Best Management Practice shall apply to all development activities located within the waterbody setbacks delineated in EP-1: • Revegetation of disturbed and/or fill areas shall be required and shall include non-invasive species at a density similar to pre-construction conditions.	The Important habitat designated area was not approved (See OPMP's Designated Area Analysis Table), thus the policy cannot be approved. After several lengthy reviews of the Important Habitat designation OPMP has determined that, while the ASIDSS model is a highly useful planning tool, its current application as the basis of the habitat designation does not meet the requirements of the regulations as outlined at 11 AAC 114.250 (h). The model shows "A" wetlands, songbird assemblages, and anadromous fish. While these factors are clearly important in determining biologically and significantly productive, the model also takes into account several other factors such

	as geophysical hazards and the 100-year floodplain which are not included in the requirements at 11 AAC 114.250 (h). The model is a "Sensitivity model" showing areas most at risk for human impacts. While this is important information to have for planning purposes this does not meet the requirements of the regulations for designating important habitat. This model is an important planning tool, it appears that it could be manipulated to reflect the requirements for designating the areas, but since we were only introduced it in February 2006, there was not enough time and too many unanswered questions to approve the model at this time.
Bering Straits CRSA	**Consultant – Glenn Gray and Associates**
Policy A-1: Subsistence Use Priority a. Activities in areas designated as important for subsistence use that do not give subsistence use the highest priority use are not allowed. b. An applicant shall address the following matters in the analysis required by 11 AAC 112.270: 1) Activities that would reduce opportunities for subsistence use, 2) Measures that will be implemented to insure the subsistence use priority is met., and 3) Measures that will ensure the customary and traditional uses of subsistence resources are not diminished. c. Project activities that deplete subsistence resources below the level sufficient to support customary and traditional harvests of subsistence resources are not allowed. Customary and traditional use is documented in studies cited in the resource inventory and analysis. d. This policy relates to uses and activities for subsistence use areas designated under the authority of 11 AAC 114.250(g). The subsistence use area designations are described in Section 4.5.1.	OPMP recommends this policy not be approved. The proposed Subsistence Use designated area was not recommended for approval (see the designated area analysis table for justification). Without an approved subsistence use designated area, this policy will not be applicable, or permissible. Parts a and c are not approvable because the policy contains criteria. The State Subsistence Standard at 11 AAC 112.270 requires that projects within subsistence use areas must avoid or minimize impacts to subsistence uses of coastal resources. The avoid or minimize sequence is defined at 11 AAC 112.900. Since the avoid or minimize sequence is defined, it can not be redefined by a coastal district. By adding criteria to a district enforceable policy, the policy is redefining the avoid or minimize sequence, and is therefore, not permissible. Part b is not approvable because the State Subsistence Standard at 11 AAC 112.270 already addresses subsistence use prioritization and protection through the application of the avoid or minimize sequence. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter is not adequately addressed.
Policy B-1: Fisheries Habitat a. Project activities that would result in a net	OPMP recommends this policy not be approved. The proposed Important Habitat designated

decrease to productivity of fish habitat are not allowed. Productivity of fish habitat includes fish spawning, migration, and rearing functions including those occurring in over-wintering areas. b. Facilities are not allowed within 100 feet landward of the ordinary high water mark from each stream bank. This requirement does not apply to projects that require an over-water or water edge location, nor does it preclude necessary stream, river, or lake crossings. c. This policy is established for areas designated as important habitat under 11 AAC 114.250(h) as described in Section 4.5.3, and it applies to uses and activities that affect functions related to the special productivity of fish habitat.	area was not recommended for approval (see the designated area analysis table for justification). Without an approved important habitat designated area, this policy will not be applicable, nor permissible. Part a is not approvable because the policy contains criteria. The State Habitat Standard at 11 AAC 112.300 requires that the eight listed habitat types be managed to avoid, minimize, or mitigate significant adverse impacts. The avoid, minimize, or mitigate sequence is defined at 11 AAC 112.900. Since the avoid, minimize, mitigate sequence is defined, it can not be redefined by a coastal district. By adding criteria to a district enforceable policy, the policy is redefining the avoid, minimize, or mitigate sequence, and is therefore, not permissible. In addition, the proposed enforceable policy duplicates the authority of AS 41.14.870, which requires complete plans and specifications for the proper protection of fish and game. Additionally, the State Habitat Standard at 11 AAC 112.300 already addresses certain aspects of impacts to fish habitat. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter is not adequately addressed.
Policy C-1: Cultural, Historic and Archeological Sites a. For project within the areas designated for historic and prehistoric resources, the applicant shall submit with the consistency review an assessment of potential impacts to historic and prehistoric resources and a plan for protection of those resources. As part of the assessment, the applicant shall consult with the Bering Straits CRSA and tribal entities to determine if a resource survey shall be completed. b. The CRSA shall require a resource survey if one or more of the following circumstances exist: 1) The proposed activity is with one-mile of a known historic or prehistoric site catalogued by the State Historic Preservation Office or by the CRSA, or 2) The project is a large project.	OPMP recommends that Part a. of this policy be approved excluding the last phrase reading "to determine if a resource survey shall be completed". OPMP recommends that Part c. of this policy be approved. Parts a. and c. flow from 11 AAC 114.250 (i); are not a matter regulated by DEC; do not adopt, duplicate, repeat, restate, paraphrase, or incorporate by reference a state standard or other state or federal law; are clear and concise as to the activities and persons affected by the policies and requirements of the policies; use precise, prescriptive, and enforceable language; and do not arbitrarily or unreasonable restrict or exclude uses of state concern. Parts a. and c. address a matter regulated by state law, namely 11 AAC 112.320. The district

	has documented that the matter is of local concern. OPMP recommends that the last phrase of Part a. reading "to determine if a resource survey shall be completed" and Part b. not be approved. The last part of Part a. and Part b. are neither clear nor concise as to the activities and persons affected by the policy and the requirements of the policy.
Policy D-1: Bank Stabilization a. All stream or lake bank cuts, fills or exposed earthwork adjacent to waterbodies, including streams, wetlands or marine waters, shall be stabilized to prevent erosion into adjoining waters during construction, operation and following cessation of development activities. b. This policy relates to uses and activities for areas designated as flooding and erosion hazard areas under 11 AAC 114.250(b). These area designations are described in Section 4.5.4.	OPMP recommends this policy not be approved. Stabilizing erosion prone areas is considered an appropriate measure for the known natural hazard of erosion and therefore already addressed by 11 AAC 112.210. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter addressing erosion is not adequately addressed. In addition, various State and federal agency laws, including AS 41.14.840, AS 41.14.870, 18 AAC 60 and 70 manage the impacts to water quality and habitat. The State Habitat Standard at 11 AAC 112.300 also already addresses certain aspects of impacts to habitat. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter addressing impacts to habitat is not adequately addressed.
City of Bethel	**Consultant – Bechtol Planning and Development**
No enforceable policies were disapproved.	
Bristol Bay Borough	**Consultant - none**
No enforceable policies were disapproved.	
Bristol Bay CRSA	**Consultant – Glenn Gray and Associates**
Policy A-1: Subsistence Use Priority a. Subsistence use will be given the highest priority for designated subsistence use areas. Activities that would have significant adverse effects to subsistence will not be allowed in these areas. b. Before a potentially conflicting activity may be authorized, the coordinating agency must determine, in cooperation with the district, that the analysis required by 11 AAC 112.270 adequately assesses potential impacts of the	The proposed Subsistence Use designated area was not recommended for approval (see the designated area analysis table for justification). Without an approved subsistence use designated area, this policy will not be applicable, or permissible. In addition, the State Subsistence Standard at 11 AAC 112.270 already addresses subsistence use prioritization and protection through the application of the "avoid or minimize" sequence.

project on subsistence uses and that appropriate safeguards are in place to ensure the subsistence use priority is met and that subsistence resources are not depleted below the level needed to sustain customary and traditional use. c. This policy is established pursuant to 11 AAC 114.250(g), and it applies to uses and activities affecting designated subsistence use areas described in Section 4.5.2.	The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter is not adequately addressed.
Policy B-1: Anadromous Fish Habitat a. For projects that may affect fish habitat, applicants shall demonstrate that the activities will not have a significant adverse effect to habitat functions including the ability to support fish spawning, migration, rearing, and overwintering. The habitat characteristics of shorelines that have banks, beaches, and beds important to fish populations shall not be diminished. b. When practicable, projects adjacent to fish habitat will maintain a setback of at least 300 feet landward of the ordinary high water measured from each stream bank. When such a setback is not practicable, activities may occur within this area if there is no loss to fish habitat. This subsection does not apply to projects that require an over-water or water edge location, nor does it preclude or restrict necessary stream, river, or lake crossings. Compliance with the setbacks identified in the Alaska Department of Natural Resource's Bristol Bay Area Plan (2005) will also achieve compliance with this policy (pp. 61 and 66-67). c. Sand and gravel extraction in or adjacent to fish habitat shall use measures to prevent adverse impacts to fish and fish habitat including, but not limited to, berms, settling ponds, and measures to prevent fish entrapment. Reclamation or rehabilitation measures will be required in order to minimize stream bank erosion and to maintain fish habitat. Sand and gravel extraction operations will be consolidated and not allowed when another reasonable source is feasible. d. This policy is established under authority of 11 AAC 114.250(h), and it applies to uses and activities affecting areas designated as important habitat as described in Section 4.5.1.	The proposed Important Habitat designated area was not recommended for approval (see the designated area analysis table for justification). Without an approved important habitat designated area, this policy will not be applicable, nor permissible. In addition, the proposed enforceable policy duplicates the authority of AS 41.14.870, which requires complete plans and specifications for the proper protection of fish and game. Additionally, the State Habitat Standard at 11 AAC 112.300 already addresses certain aspects of impacts to fish habitat. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter is not adequately addressed.

Policy B-7: Sand and Gravel Extraction a. Review and approval of sand and gravel extraction from barrier islands, spits and coastal waters, including intertidal areas, shall use the following criteria. 1. Upland areas shall be used before other areas to the maximum extent practical. 2. For the portions of rivers and streams considered coastal waters: i) Larger rivers and streams shall be used before siting operations in smaller rivers and streams, ii) Braided river systems shall be used before siting operations in other river systems, iii) The quantity of gravel removed shall be limited to ensure gravel recruitment and accumulation rates are sufficient to avoid extended impacts on channel morphology and anadromous fish habitat, iv) Skimming of gravel bars in streambeds shall be allowed only when other alternatives are not practical; use of gravel bars shall occur during periods of low flow and from areas above the low-flow water level, v) When practical, operations shall avoid removal of large, woody debris from streambeds; When it is not practical to leave such material in the streambed, comparable materials shall be replaced by an applicant, 3. Applicants shall include in the project description measures to monitor the adverse impacts of gravel operations on anadromous fish habitat to determine if actual impacts exceed those predicted. b. This policy relates to uses and activities covered by the statewide sand and gravel extraction policy (11 AAC 112.260) and applies throughout the coastal area to the types of areas mentioned in the policy.	Subsections (a)(2)(iii)-(v) and (a)(3) duplicate the State's authority at AS 41.14.870. In addition, the State Habitat Standard at 11 AAC 112.300 already addresses certain aspects of impacts to habitat. It is important to note that certain suggestions were made in the OPMP Preliminary Recommendations of May 1, 2006 that would have allowed this policy to be approvable. However, the coastal district did not make the recommended changes, thus this policy cannot be approved.
Policy D-2: Mining and Recreation a. Mining activities, including surface mining, transportation, and tailings disposal, shall be approved in designated recreation areas only when they have no significant adverse impacts to recreation activities. The following criteria shall be considered by the coordinating agency when determining compatibility: 1. The degree of disturbance to recreational	The proposed Recreation designated area was not recommended for approval (see designated area analysis table for justification. Without an approved recreation designated area, this policy will not be applicable, or permissible. In addition, mining is considered a "use of state concern" as defined at AS 46.40.210. Under AS 46.40.060, the district has not demonstrated that

values, including scenic views and an absence of continuous mechanical noise, 2. Unimpeded access to recreation areas, and 3. Continued availability of recreation-related resources identified in the resource inventory and analysis, including sufficient quantities of fish and wildlife. b. This policy is established under authority of 11 AAC 114.250(c), and it applies to uses and activities affecting designated recreation areas as described in Section 4.5.4.	this policy does not arbitrarily or unreasonably restrict a use of state concern.
Ceñaliulriit CRSA	**Consultant – Glenn Gray and Associates**
A-1. Subsistence Use a. Subsistence use has a priority over all other uses. b. For projects that involve activities that compete with subsistence uses, the applicant shall include in the project description measures that will ensure the subsistence priority is met. c. Project activities shall not deplete subsistence use opportunities, including the availability of subsistence resources, below the level sufficient to support customary and traditional uses as demonstrated in studies cited in the resource inventory and analysis or studies completed by the Alaska Department of Fish and Game, Division of Subsistence. d. This policy relates to uses and activities for subsistence use areas designated under the authority of 11 AAC 112.250(g). The area designations are described in Section 4.5.1.	DCOM recommends this policy not be approved for the following reasons: The proposed Subsistence Use designated area was not recommended for approval (see the designated area analysis table for justification). Without an approved subsistence use designated area, this policy will not be applicable, nor permissible. Also, the policy is not approvable because the State Subsistence Standard at 11 AAC 112.270 already addresses subsistence use prioritization and protection through the application of the avoid or minimize sequence. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter is not adequately addressed. In addition, the policy is not approvable because it contains criteria. The State Subsistence Standard at 11 AAC 112.270 requires that projects within subsistence use areas must avoid or minimize impacts to subsistence uses of coastal resources. The avoid or minimize sequence is defined at 11 AAC 112.900. Since the avoid or minimize sequence is defined, it can not be redefined by a coastal district. By adding criteria to a district enforceable policy, the policy is redefining the avoid or minimize sequence, and is therefore, not permissible.
B-1. Buffer Zone for Anadromous Fish Waters a. Uses and activities with a potential to affect use of subsistence resources shall be prohibited within 100 feet of the ordinary high water mark of	DCOM recommends this policy not be approved for the following reasons: The proposed Important Habitat designated area was not recommended for approval (see the

anadromous fish streams unless: 1) The use is a transportation or utility crossing, 2) The use is a subsistence camp, 3) The purpose of the use is research, protection, or enhancement of anadromous fish or their habitat, including erosion control when there will be no net habitat loss, 4) There is a public need for the use, and the use will avoid significant adverse impacts to the anadromous fish waters, 5) The use is a gravel mining operation that meets the criteria for Policy G-2, or 6) The applicant demonstrates in the project description that measures will prevent the loss of anadromous fish habitat including the loss of habitat functions related to spawning or rearing. When developing measures, the applicant shall consider the following factors: i. The sensitivity of anadromous fish using the site, ii. The nature of the use and the anticipated disturbance, including construction and operation, and the size and configuration of the development with respect to the habitat functions, and iii. The characteristics and function of existing instream and riparian vegetation; and iv. The slope, soil type, and soil stability at the proposed activity site as it affects the potential for erosion problems. b. This policy is established pursuant to 11 AAC 114.250(h), and it applies to uses and activities in designated important habitat areas as described in Section 4.5.3 b. This policy is established pursuant to 11 AAC 114.250(h), and it applies to uses and activities in designated important habitat areas as described in Section 4.5.3.	designated area analysis table for justification). Without an approved important habitat designated area, this policy will not be applicable, nor permissible. Part a is not approvable because the policy contains criteria. The State Habitat Standard at 11 AAC 112.300 requires that the eight listed habitat types be manage to avoid, minimize, or mitigate significant adverse impacts. The avoid, minimize, or mitigate sequence is defined at 11 AAC 112.900. Since the avoid, minimize, mitigate sequence is defined, it can not be redefined by a coastal district. By adding criteria to a district enforceable policy, the policy is redefining the avoid, minimize, or mitigate sequence, and is therefore, not permissible. In addition, the proposed enforceable policy duplicates the authority of AS 41.14.870, which requires complete plans and specifications for the proper protection of fish and game. Additionally, the State Habitat Standard at 11 AAC 112.300 already addresses certain aspects of impacts to fish habitat. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter is not adequately addressed.
C-3. Floating Facilities a. Floating facilities in coastal waters, including barges and dredges, shall: 1) Use methods that are sufficient to anchor the facility during high winds and extreme tides, 2) Be removed or disposed of when the lease or permit has expired or if the facilities are no longer being properly maintained. b. This policy applies to uses and activities relating to floating facilities, and it is established for the	DCOM recommends this policy not be approved for the following reason: In accordance with 11 AAC 114.240(c) a "district must document by local usage or scientific evidence a use or resource of unique concern that is subject to an enforceable policy". Ceñaliulriit CRSA does not discuss within the resource analysis the impacts to floating facilities due to high winds and extreme tides. Also, the policy duplicates the authority granted to

Coastal Development standard (11 AAC 112.200).	the Army Corps of Engineers under §10 of the Rivers and Harbors Act (specifically general permit 89-4) and AS 38.05.075(c). The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter is not adequately addressed.
D-2. Storm Surges and Flooding a. Project facilities shall not be sited in areas subject to storm surge and flooding, including areas in and adjacent to coastal waters and areas subject to flooding from freshwater bodies, unless there is a public need and no practical alternative exists. b. The applicant shall include measures in the project description that demonstrate how project activities, including facility siting, design, construction and operations, will minimize damage to subsistence uses and the resources and habitats on which they depend. The measures shall address the potential for damage from the interaction of project facilities with storm surges and flooding. c. The CRSA, local governments and tribal agencies shall be consulted under the provisions of 11 AAC 112.210(d). Local residents have expertise about flooding and storm surges from longstanding, direct observations. d. This policy applies to all areas designated for flooding and erosion under 11 AAC 114.250(b) as described in Section 4.5.2.	DCOM recommends this policy not be approved for the following reasons: The proposed natural hazard flooding and erosion designated area was not recommended for approval (see designated area analysis table for justification). Without an approved natural hazard designated area, this policy will not be applicable, nor permissible. DCOM recommends part b not be approved because it addresses subsistence and habitat and therefore does not flow from the natural hazard state standard at 11 AAC 112.210. DCOM recommends part c not be approved because the state standard at 11 AAC 112.210(d) requires the consultation part c addresses. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter is not adequately addressed.
City of Cordova	**Consultant – Bristol Environmental and Engineering Services Corporation, LaRoche + Associates**
CA-2 – Increased Public Access Subdivision of State, University, Mental Health Trust, City, Eyak, and Chugach Corporation lands shall include public access to, from, and along coastal water and shorelines within designated recreational use areas.	DCOM recommends the following part of this policy be approved: Subdivision of State, City, Eyak, and Chugach Corporation lands shall include public access to, from, and along coastal water and shorelines within designated recreational use areas. This part of the enforceable policy flows from the coastal access standard; is not a matter regulated by DEC; doesn't adopt, duplicate, repeat, restate, paraphrase, or incorporate by reference a state standard or other state or federal law; is clear and concise as to the activities and persons affected by the policies and requirements of the policies; uses

	precise, prescriptive, and enforceable language; and does not arbitrarily or unreasonable restrict or exclude uses of state concern. This part of the policy addresses a matter regulated by state law, namely 11 AAC 112.220. The district documents that the matter is of local concern. The following parts of the policy are not recommended for approval: "...University, Mental Health Trust..." Mental Health Trust lands are held by the Trust Land Office (TLO), which is a quasi-state agency which is addressed differently from other state agencies. As per 11 AAC 99.020, trust land is not general state land and is managed separately with strict fiduciary responsibilities. The TLO has an obligation to its Trust beneficiaries to maximize its return on the limited lands owned by the Mental Health Trust. As such, the TLO will not agree to a policy that requires the dedication of an easement or access without compensation to the Trust. Similarly, University of Alaska lands are not general state land and is managed separately for the purpose of raising revenues for the benefit of the University.
SG-2 – Sand and Gravel Extraction Sand and gravel extraction operations in floodplains shall be located and designed to minimize adverse changes to channel hydraulics and the potential for channel diversion through the extraction site, unless specifically designed to reduce erosion or flooding threats.	OPMP recommends the enforceable policy not be approved. The issues of channel diversion of a channel of any navigable water is adequately addressed by Section 10 of the Rivers and Harbors Act and channel hydraulics is adequately addressed by Section 404 of the Clean Water Act.
TU-1 Visual Access Where practicable, overhead lines shall be located in a manner that does not interfere with scenic coastal vistas.	OPMP recommends that the enforceable policy not be approved. The policy is adequately addressed by the state transportation routes and facilities standard at 11 AAC 112.280.
EL-1 Only water-dependent uses are allowed beyond the ordinary high water mark within the Eyak Lake AMSA.	DCOM recommends that this policy not be approved. The policy does not flow from a state standard. The Coastal Development standard at 11 AAC 112.200 applies only to "coastal waters" as defined in 11 AAC 112.990.
City of Craig	**Consultant - none**
No enforceable policies were disapproved.	
Haines Borough	**Consultant – Sheinberg Associates**
No enforceable policies were disapproved.	
City of Hoonah	**Consultant – Sheinberg Associates**

No enforceable policies were disapproved.	
City and Borough of Juneau	**Consultant – LaRoche + Associates**
WATERFRONT DEVELOPMENT (5.1) Developments shall, wherever practicable, preserve or enhance visual access including scenic views and vistas to from and along coastal water.	The policy is not enforceable as written since scenic views and vistas have not been delineated in the Resource Inventory and Analysis section of the plan.
WETLANDS MANAGEMENT WM(15) A Mitigation Bank will be established to provide bank credit to satisfy compensation requirements for certain developments in Category C wetlands. The Mitigation Bank will operate under the following conditions: A. Credits are not available to a permit applicant until the bank completes the wetlands protection, enhancement or creation project and the Wetlands Review Board, in consultation with the agency working group, certifies that the wetlands functions and values have been or will be established. B. Mitigation Bank credits cannot be used for any permit action where the wetlands area to be adversely affected by a dredge or fill activity exceeds five acres. This requirement prevents bank credits from being exhausted by a single large development. C. A permit applicant will be required to perform mitigation through individual actions rather than through the bank for fill activities that exceed five acres. The bank is designed to facilitate mitigation for small-scale developments that might otherwise cause cumulative incremental damage to overall wetlands values. D. To the extent feasible and prudent, projects using least damaging technologies will be given priority in using Mitigation Bank credits. E. The calculation of cost charged to a project applicant for each Mitigation Bank credit will be based on all costs and expenses incurred or expected to be incurred by the bank in establishing and maintaining the bank. This includes, but is not limited to, applicable land costs and project monitoring. F. The Mitigation Bank should focus on proven mitigation techniques. Restoration and enhancement is preferred over wetlands creation. Protection of existing wetlands (such as through	The Designated Important Habitat Area has not been approved, and therefore this enforceable policy cannot be approved.

public purchase) is the lowest priority for the bank and should only be considered when development and the loss of wetlands functions and their values are imminent. G. To the extent feasible and prudent, mitigation shall occur in the same watershed as the development for which it is compensation.	
Kenai Peninsula Borough	**Consultant – LaRoche + Associates**
No enforceable policies were disapproved.	
Ketchikan Gateway Borough	**Consultant – LaRoche + Associates**
COASTAL DEVELOPMENT CD-2: Structures Placed in Navigable Waters Placement of piling-supported or floating structures in coastal waters shall be subject to the following standards: A. Use of structures shall be consistent with the allowable uses on the adjacent uplands. B. Structures shall not be treated with exteriorly applied creosote preservative coatings.	OPMP recommends the enforceable policy be approved if the district makes the following change: Rewrite the policy to read: Placement of piling-supported or floating structures in coastal waters shall be subject to the following standards: A. Use of structures shall be consistent with the allowable uses on the adjacent uplands to the maximum extend practicable. B. Structures shall not be treated with exteriorly applied creosote preservative coatings. This enforceable policy is not a matter regulated by DEC; doesn't adopt, duplicate, repeat, restate, paraphrase, or incorporate by reference a state standard or other state or federal law; is clear and concise as to the activities and persons affected by the policies and requirements of the policies; uses precise, prescriptive, and enforceable language; and does not arbitrarily or unreasonable restrict or exclude uses of state concern.
RECREATIONAL USE AREAS RCA-2: Visually Important Backdrops and Visual Points of Interest within the Clover Pass Area Designated Visually Important Backdrops and Points of Interest are depicted on Map Figures 3.2, 3.7-3.13, 3.27 and 3.33 for the Clover Pass area. Scenic impacts to important backdrops and points of interest within the Clover Pass Area shall be avoided or minimized through use of coastal development best management practices included in Appendix C. Site clearing and re-grading of important backdrops and points of interest within	OPMP recommends the enforceable policy be approved if the district makes the following changes: 1. Make changes to map figure 3.2 to show visually important backdrops & points of interest or delete the reference to 3.2. 2. Include a reference to the specific best management practices that deal with coastal development (BMP 1-11).

the Clover Pass Area shall be minimized to the extent practicable.	If the district makes the above changes OPMP recommends the policy be approved in whole. The resulting enforceable policy is not a matter regulated by DEC; doesn't adopt, duplicate, repeat, restate, paraphrase, or incorporate by reference a state standard or other state or federal law; is clear and concise as to the activities and persons affected by the policies and requirements of the policies; uses precise, prescriptive, and enforceable language; and does not arbitrarily or unreasonable restrict or exclude uses of state concern.
Kodiak Island Borough	**Consultant – Glenn Gray and Associates**
No enforceable policies were disapproved.	
Lake and Peninsula Borough	**Consultant – LaRoche + Associates**
B-1: Geophysical surveys shall, to the extent practicable, be located, designed, and conducted to avoid disturbances to fish and wildlife populations, important habitats, recreational and tourism use areas and subsistence harvest areas as designated in this an other sections of this plan. Seasonal restrictions, restrictions on the use of explosives, or restrictions relating to the type of transportation utilized in such operations may be required as necessary to mitigate potential adverse impacts to aquatic and marine resources. Geophysical surveys in fresh and marine waters supporting fish or wildlife shall use energy sources such as air-guns, gas exploders, or other sources that have been demonstrated to be harmless to fish and wildlife. The in-water use of explosives for purposes other than geophysical surveys shall be considered on a case by case basis after all steps have been taken to minimize impacts and when no practicable alternatives exist to meet the public need.	OPMP recommends this policy not be approved. 1. This policy does not flow from use or activity identified in 11 AAC 112.200-112.240, 112.260-280, or 114.250 (b)-(i). 2. This policy is adequately addressed by AS 41.14.870. 3. This policy is adequately addressed by 11 AAC 112.270. 4. This policy is adequately addressed by 11 AAC 112.300.
D-1: Traditional and customary access to subsistence or personal use areas, as designated in this plan, shall be accommodated unless reasonable alternative access is provided. See also B-1 Seismic Surveys and In-Water Use of Explosives	OPMP recommends the policy not be approved. 1. The state subsistence standard does not address access; the policy does not flow from 11 AAC 112.270. 2. Policy would apply outside of the designated area.
E-1: Elements of coastal access include roads, waterways, trails, campsites, picnic sites, and marine anchorages. Prior to disposal of municipal,	OPMP recommends this policy not be approved. 1. Enforceable policies cannot apply to federal lands

state, or federal lands, public coastal access routes shall be identified and dedicated. See policy H-7 Lakeshore Access Requirements	2. There are no MHT lands in the Lake and Peninsula Borough 3. The district has not sufficiently demonstrated in the Resource inventory and Analysis that University and Mental health Trust lands are a matter of local concern. 4. This policy is adequately addressed by 11 AAC 112.240 and 11 AAC 112.280.
H-2: Uses and activities in recreational waters shall meet the following requirements: a) Structures and buoys placed in navigable waters shall be visibly marked and placed in a manner to minimize navigation hazards or obstructions to other uses; and b) To the extent practicable, all developments, structures, and facilities in recreational waters shall be sited, constructed, operated, and maintained in a manner that does not create a hazard or obstruction to other uses.	OPMP recommends this policy not be approved. 1. This policy is adequately addressed by AS 38.05.128
Matanuska-Susitna Borough	**Consultant – Bristol Environmental and Engineering Services Corporation, LaRoche + Associates**
RECREATIONAL USE AREA RDA-1 Within the designated recreational use area, as described in section 6.3, uses and activities that are economically or physically dependent on a shoreline location are given higher priority when compared to uses and activities that do not economically or physically require a shoreline location. Priority shall be given in the following order: (1) water-dependent uses and activities; (2) water-related uses and activities; and (3) uses and activities that are neither water-dependent nor water-related, for which there is no practicable inland alternative to meet the public need for the use or activity. a. Water-dependent uses include: fish hatcheries; floatplane ramps, boat launches, docks; water-based tourism facilities and accessory attached housing; and remote recreational cabins dependent on water access. b. Water-related activities include: retail stores and commercial activities such as lodges, hotels, restaurants, and other similar uses that provide views and access to the shoreline.	Though the policy applies within the designated recreational use area, the policy as written does not address recreational uses.

Exceptions: Non-water-dependent and non-water-related uses and activities shall be permitted when it is not practicable to develop a site with a water-dependent or water-related use or activity, due to shallow bathymetry or unusual lot characteristics, such as substandard size, frontage, or steep topography, or such uses would be inconsistent with zoning.	
City of Nome	**Consultant – Bechtol Planning and Development**
CD-2. Piers, Docks, and Related Coastal Development Construction The placement of piers, docks, ports, harbors, marinas, wharfs, causeways, seawalls, any permanent floating structures in coastal waters shall not preclude navigation. Such shoreline improvements and activities shall conform to the following standards: a. Docks placed in coastal waters shall be the minimum length necessary to achieve the desired purpose. b. Where a single purpose dock is proposed, the applicant shall state reasons why a cooperative use facility is impractical. Where practicable, the cooperative use of docking, parking, cargo handling and storage facilities should be undertaken. c. Docks shall be designed to withstand ice movement or be designed for removal during winter months.	OPMP recommends that the enforceable policy be approved if the district makes the following changes: 1. Rewrite to read: *CD-2. Piers, Docks, and Related Coastal Development Construction* *The placement of piers, docks, ports, harbors, marinas, wharfs, causeways, seawalls, any permanent floating structures in coastal waters shall conform to the following standards:* *a. Docks placed in coastal waters shall be the minimum length necessary to achieve the desired purpose.* *b. Where a single purpose dock is proposed, the applicant shall state reasons why a cooperative use facility is impractical. Where practicable, the cooperative use of docking, parking, cargo handling and storage facilities should be undertaken.* *c. Docks shall be designed to withstand ice movement or be designed for removal during winter months.* This enforceable policy flows from the coastal development standard; is not a matter regulated by DEC; doesn't adopt, duplicate, repeat, restate, paraphrase, or incorporate by reference a state standard or other state or federal law; is clear and concise as to the activities and persons affected by the policies and requirements of the policies; uses precise, prescriptive, and enforceable language; and does not arbitrarily or unreasonable restrict or exclude uses of state concern.

	The policy addresses a matter regulated by state law, namely 11 AAC 112.200. The district documents that the matter is of local concern [as shown in the above table].
North Slope Borough	**Consultant – Glenn Gray and Associates**
Policy A-1: Subsistence Use Priority a. When there are potentially conflicting uses, subsistence use of plants, fish and wildlife, including marine mammals, shall be the highest priority use of the lands and waters in the coastal area. b. This policy is established under the authority of 11 AAC 114.250(g), and it applies to uses and activities that affect subsistence uses in areas designated for subsistence in Section 3.5.1.	OPMP recommends this policy not be approved. This policy is not clear and concise and is not enforceable. The justification in Appendix D of the NSB plan refers to language that does not exist in the policy: "Subsection a) requires that subsistence use be given a priority by state agencies during the consistency review process. Subsection b) specifies that projects shall not deplete subsistence use activities below the level of customary and traditional use as indicated in studies. The policy uses precise, prescriptive and enforceable language." The State Subsistence Standard at 11 AAC 112.270 already addresses subsistence use prioritization and protection through the application of the avoid or minimize sequence. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter is not adequately addressed.
Policy C-1: Bowhead Whale Habitat a. The following project activities that would adversely affect bowhead whale migration, feeding, mating, and calving areas are not allowed: 1) Noise-producing activities that result in levels of industrial sound above 120 decibels where bowhead whales are located during times of subsistence whaling, 2) Shipping activities within 10 miles of bowhead whales without a conflict avoidance agreement with the Alaska Eskimo Whaling Commission, 3) Activities that would disturb migrating bowhead whale mothers with calves (May 10 – July 1 and August 1 – October 15), 4) Seismic survey activities occurring within 12 miles of migrating bowhead whales, and 5) Multiple seismic surveys occurring less than 50 miles apart. b. This policy is established pursuant to 11 AAC 114.250(h), and it applies to uses and activities in designated important habitat for bowhead whales	OPMP recommends this policy not be approved. The proposed Important Habitat designated area that pertains to this policy was not recommended for approval (see designated area analysis table for justification). Without an approved important habitat designated area, this policy will not be applicable or permissible. This policy is not approvable because the policy contains criteria. The State Habitat Standard at 11 AAC 112.300 requires that the eight listed habitat types be manage to avoid, minimize, or mitigate significant adverse impacts. The avoid, minimize, or mitigate sequence is defined at 11 AAC 112.900. Since the avoid, minimize, mitigate sequence is defined, it can not be redefined by a coastal district. By adding criteria to a district enforceable policy, the policy is redefining the avoid, minimize, or avoid sequence, and is therefore, not permissible. The protection of the bowhead whale is addressed under the Marine Mammal Protection Act and the

as described in Section 3.5.2.	Endangered Species Act. In addition, the State Habitat Standard at 11 AAC 112.300 already addresses certain aspects of some of the coastal habitat used by bowhead whales. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter is not adequately addressed.
Policy D-1: Project Applications for Hazard Areas a. Applicants for projects located in areas subject to ice hazards during times when such hazards are reasonably foreseeable shall: 1) Prepare an ice management plan, reviewed and approved by an engineer experienced in ice hazards and consistent with local knowledge, that describes systems that will be used for surveillance and detection of ice hazard events and for reporting such hazards to the NSB, and 2) Incorporate measures into the project description that demonstrate facilities will be adequately protected from ice hazards. Applicants shall demonstrate in their project description that local knowledge about ice hazards has been considered when developing these measures. b. Applicants shall provide an analysis in their project application packet about potential hazards and measures to avoid or minimize adverse effects to habitat and subsistence uses from project activities that could be affected by natural hazards. The analysis shall include conservative estimates of hazard potentials. c. Subsection "a" of this policy applies to uses and activities in areas designated for ice hazards under 11 AAC 114.250(b) as described in Section 3.5.4. Subsection "b" applies to uses and activities in all areas designated as natural hazard areas under 11 AAC 114.250(b) as described in Section 3.5.4.	OPMP recommends this policy not be approved. The State Natural Hazards Standard at 11 AAC 112.210 already addresses appropriate measures in the siting, design, construction and operation in areas of known natural hazards and the involvement of approved engineers. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter is not adequately addressed. In addition, the State Habitat Standard at 11 AAC 112.300 already addresses certain aspects of some of the coastal habitat that could be affected by natural hazards. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter is not adequately addressed.
Policy E-1: Oil and Gas Activities and Facilities a. Applicants shall demonstrate in the project description how they have worked with local communities and the NSB to site oil and gas activities in a manner that avoids or minimizes adverse environmental and social impacts. b. When project activities have a potential to result in cumulative impacts, applicants shall include an analysis of cumulative impacts in the consistency evaluation required by 11 AAC	OPMP recommends this policy not be approved. The State Energy Facilities Standard at 11 AAC 112.230 already addresses appropriate measures in the siting of energy facilities with consideration of social and environmental impacts. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter is not adequately addressed. In addition, AS 46.40.040(b), AS 46.03, AS 46.04, AS 46.09, and AS 46.14 and the regulations

110.215(a)(1)(C) or 11 AAC 110.410(c)(1)(B). c. The State of Alaska shall provide an opportunity for the NSB to comment on the siting of energy facilities with respect to the effects to air and water quality for projects not regulated by Alaska Department of Environmental Conservation (DEC) under AS 46.03, AS 46.04, AS 46.14 and the regulations adopted under those statutes. d. Subsection "a" applies to uses and activities in areas designated as suitable for energy facilities under 11 AAC 114.250(e) as described in Section 3.5.5. Subsections "b" and "c" apply to the energy facilities subject use under 11 AAC 112.230 including offshore uses and activities not regulated by DEC.	adopted under those statutes are the exclusive enforceable policies of the ACMP. Therefore, a district enforceable policy can not address a matter covered by these statutes and regulations. Furthermore, uses or permits for mineral or petroleum resource extraction are uses of state concern under 11 AAC 112.230 (b).
Northwest Arctic Borough	**Consultant – Glenn Gray and Associates**
Policy A-1: Subsistence Use Priority a. Projects that do not give subsistence use the highest priority use of coastal lands and waters are not allowed. b. Projects that would deplete subsistence use opportunities, including the availability of subsistence resources, below the level sufficient to support customary and traditional uses as demonstrated in studies cited in the resource inventory and analysis or studies completed by the Alaska Department of Fish and Game, Division of Subsistence are not allowed. c. This policy relates to uses and activities that may occur in subsistence use areas designated under the authority of 11 AAC 114.250(g) as described in Section 4.4.1.	The State Subsistence Standard at 11 AAC 112.270 already addresses subsistence use prioritization and protection through the application of the "avoid or minimize" sequence. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter is not adequately addressed.
Policy B-1: Fish Habitat a. Project activities that would result in a net decrease to the productivity of fish habitat are not allowed. Productivity is directly related to losses to the following functions: Spawning, migration, rearing, and over-wintering. b. Projects within 100 feet landward of the ordinary high water mark from fish habitat are not allowed. This requirement does not apply to projects that require an over-water or water edge location, nor does it preclude necessary stream, river, or lake crossings. c. Sand and gravel operations that do not consolidate operations to the maximum extent	The proposed Important Habitat designated area was not recommended for approval (see the designated area analysis table for justification). Without an approved important habitat designated area, this policy will not be applicable, or permissible. In addition, the proposed enforceable policy duplicates AS 41.14.870, which requires complete plans and specifications for the proper protection of fish and game. Also, the State Habitat Standard at 11 AAC 112.300 already addresses certain aspects of impacts to fish habitat. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the

practicable are not allowed. d. Applicants for sand and gravel extraction in or adjacent to fish habitat shall include in the project description measures that will prevent or reduce adverse impacts to fish habitat including berms, settling ponds and measures to prevent fish entrapment. e. This policy relates to uses and activities for habitats designated as important habitat under 11 AAC 114.250(h) as described in Section 4.4.4.	matter is not adequately addressed.
Policy C-1: Cultural, Historic and Archeological Surveys a. Applicants proposing to conduct activities that would disturb historic or prehistoric resources including activities in historic areas such as fish camps culture camps or Native allotments shall consult with the NAB prior to submission of a consistency certification to determine if a resource survey is necessary. The resource survey will be used by the NAB and appropriate state and federal agencies to determine what alternative measures will be necessary to protect historic or prehistoric resource. The NAB shall require a resource survey if one or more of the following circumstances exist: 1) The proposed activity is with one mile of a known historic or prehistoric site catalogued by the State Historic Preservation Office or by the NANA regional Native corporation, or 2) The project is a large project. b. This policy relates to uses and activities for areas designated as important for the study, understanding or illustration of history and prehistory under 11 AAC 114.250(i) as described in Section 4.4.2.	The policy is neither clear nor concise as to the activities and persons affected by the policy and the requirements of the policy. It is important to note that certain suggestions were made in the OPMP Preliminary Recommendations of June 6, 2006 that would have allowed this policy to be approvable. Further language suggestions were made by OPMP on September 19, 2006 which would have made this policy approvable. However, the coastal district did not make the recommended changes, thus this policy cannot be approved.
Policy D-1: Bank Stabilization a. All stream or lake bank cuts, fills or exposed earthwork adjacent to water bodies, including streams, wetlands and marine waters, shall be stabilized to prevent erosion into adjoining waters, during operation and following cessation of development activities. b. This policy relates to uses and activities for areas designated as flooding and erosion hazard areas under 11 AAC 114.250(b) as described in	Stabilizing erosion prone areas is considered an appropriate measure for the known natural hazard of erosion and therefore already addressed by 11 AAC 112.210. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter addressing erosion is not adequately addressed. In addition, various State and federal agency laws,

Section 4.4.5.	including AS 41.14.840, AS 41.14.870, 18 AAC 60 and 70 manage the impacts to water quality and habitat. The State Habitat Standard at 11 AAC 112.300 also already addresses certain aspects of impacts to habitat. The coastal district has not demonstrated, pursuant to AS 46.40.070(a)(2)(C) and 11 AAC 114.270(e), that the matter addressing impacts to habitat is not adequately addressed.
City of Pelican	**Consultant – Sheinberg Associates**
No enforceable policies were disapproved.	
City and Borough of Sitka	**Consultant – LaRoche + Associates**
No enforceable policies were disapproved.	
City of Skagway	**Consultant – Sheinberg Associates**
Policy TU-1 Roads and trails crossings of anadromous streams shall be consolidated to the extent practicable.	OPMP recommends this policy not be approved. Due to the avoid, minimize, mitigate sequence used in 11 AAC 112.280 the matter addressed in this policy is adequately addressed.
City of Thorne Bay	**Consultant - none**
No enforceable policies were disapproved.	
City of Valdez	**Consultant – Bechtol Planning and Development**
RECREATIONAL USE AREAS RT-2. Management of Designated Recreational Beaches Proposed uses or activities in the designated areas as shown on Maps 6, 7, 8, 9, 10, 11, 12 and 15 shall avoid or minimize direct and significant impacts upon the biological or cultural features listed in the Resource Inventory in Chapter 4 upon which recreation on the designated beach depends.	Beaches are already addressed in district enforceable policy RT-1.
COASTAL DEVELOPMENT SG-1. Siting of Material Sources To the extent practicable, sources of sand, gravel, rock and other construction materials shall be approved in the following sequence: a) existing approved gravel pits or quarries operated in compliance with state and federal authorizations; b) reuse of material from abandoned development area, unless reuse could cause more damage to resources (excluding air, land and water quality regulated by DEC) than non-use; c) new upland sites, except for those designated under important habitat; d) beaches of low habitat values; and e) streams, which do not provide fish habitat.	OPMP recommends this policy be approved provided the following changes are made. Rewrite policy to read: SG-1. Siting of Material Sources To the extent practicable, sources of sand and gravel shall be approved in the following sequence: a) existing approved gravel pits or quarries operated in compliance with state and federal authorizations; b) reuse of material from abandoned development area, unless reuse could cause more damage to resources (excluding air, land and water quality regulated by DEC) than non-use; c) new upland sites, except for those designated under important habitat;

	d) beaches of low habitat values; and e) streams, which do not provide fish habitat. This enforceable policy flows from the coastal development standard by defining sand and gravel extraction location requirements; is not a matter regulated by DEC; doesn't adopt, duplicate, repeat, restate, paraphrase, or incorporate by reference a state standard or other state or federal law; is clear and concise as to the activities and persons affected by the policies and requirements of the policies; uses precise, prescriptive, and enforceable language; and does not arbitrarily or unreasonable restrict or exclude uses of state concern. The policy addresses a matter regulated by state law, namely 11 AAC 112.260. The district documents that the matter is of local concern as shown in the above table and in the Resource Inventory and Analysis.
HIST-2. Valdez Historical Cemeteries No development is allowed within the Valdez Historical Cemetery is allowed within the Valdez Historical Cemetery Designated area Important for the study, understanding and illustration for history, pre history and archeology shown on Map 13.	OPMP recommends this policy be approved provided the following changes are made. Rewrite policy to read: "No development is allowed within the Valdez Historical Cemetery Designated area Important for the study, understanding and illustration for history, pre history and archeology shown on Map 13." This enforceable policy is not a matter regulated by DEC; doesn't adopt, duplicate, repeat, restate, paraphrase, or incorporate by reference a state standard or other state or federal law; is clear and concise as to the activities and persons affected by the policies and requirements of the policies; uses precise, prescriptive, and enforceable language; and does not arbitrarily or unreasonable restrict or exclude uses of state concern. The policy addresses a matter regulated by state law, namely 11 AAC 114.250 (i). The district documents that the matter is of local concern as shown in the above table and in the Resource Inventory and Analysis.
City of Whittier	**Consultant – Bechtol Planning and Development**
No enforceable policies were disapproved.	
City and Borough of Yakutat	**Consultant – Sheinberg Associates**
Policy CD5 Conditions To Allow Fill Rather Than	OPMP recommends this policy not be approved.

Pilings Below Mean High Water. Piling-supported or floating structures shall be used for construction below mean high water unless clear and convincing evidence shows that all of the following conditions exist: 1. Development of the property would be for a water dependent use; and 2. The fill is placed in a manner that minimizes impacts on adjacent uses, public access along the shoreline and water views.	This enforceable policy flows from the coastal development standard; is not a matter regulated by DEC; doesn't adopt, duplicate, repeat, restate, paraphrase, or incorporate by reference a state standard or other state or federal law; is clear and concise as to the activities and persons affected by the policies and requirements of the policies; uses precise, prescriptive, and enforceable language; and does not arbitrarily or unreasonable restrict or exclude uses of state concern. The policy addresses a matter regulated by state law, namely 11 AAC 112.200. The district documents that the matter is of local concern as shown in the above table and in the Resource Inventory and Analysis.
Policy S1 Development in Subsistence Use Areas. Coastal development is prohibited that negatively impacts subsistence use.	OPMP recommends this policy not be approved. This policy is adequately addressed by the avoid or minimize sequence at 11 AAC 112.270.
Policy T1 Consolidate Anadromous Waterbody Crossings. Road, off-road routes, pipelines, and utility crossings (above or below ground) of anadromous fish waterbodies shall be consolidated at a single crossing, unless the applicant can demonstrate to the satisfaction of the responsible State or federal agency and Borough that the project purposes cannot be met with a single crossing and is not practicable. In that case, crossings shall be minimized to the smallest number needed to accomplish the project.	OPMP recommends this policy not be approved. This policy is adequately addressed by the avoid minimize or mitigate sequence at 11 AAC 112.280 and 11 AAC 112.300.
Policy SGE1 Sand and Gravel Extraction Operations. 1. To the extent practicable, extraction activities shall avoid significant adverse impacts on wave-energy, anadromous fish spawning and rearing habitat, waterbird habitat, and minimize increases in shoreline erosion. References to sediment transport and sedimentation are removed because these are matters regulated by DEC. 2. In addition to compliance with State ACMP habitat and other standards, siting, design, and operation of sand and gravel extraction activities shall: a. To the extent practicable, be designed to blend with surroundings and to enhance riparian and aquatic habitats;	OPMP recommends this policy not be approved. This policy is adequately addressed by the avoid minimize or mitigate sequence at 11 AAC112.300.

b. Extraction from locations used for spawning and overwintering habitat for anadromous fish is prohibited unless the project or its reclamation enhances fish or wildlife habitat; and Settling ponds shall be protected from flooding.	

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES
DIVISON OF COASTAL AND OCEAN MANAGEMENT
http://www.alaska.state.ak.us

SEAN PARNELL
GOVERNOR

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411 WEST 4TH AVENUE, SUITE 2C
ANCHORAGE, ALASKA 99501
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March 28, 2011

The Honorable Eric Feige
Alaska House of Representatives
Co-Chair House Resources
State Capitol Room 126
Juneau, AK 99801

The Honorable Paul Seaton
Alaska House of Representatives
Co-Chair House Resources
State Capitol Room 102
Juneau, AK 99801

RE: Alaska Coastal Management Program (ACMP)

Dear Representative Feige and Representative Seaton:

In the March 25, 2011 House Resources hearing on HB 106, you requested that the Division of Coastal and Ocean Management (DCOM) provide the committee with a copy of four district enforceable policies per district and the reasons DCOM disapproved those policies. Enclosed is the requested information. At the request of the co-chair, I have also identified the responsible consultant that provided planning services for the coastal district on the district plan amendment.

It is important to note that the DCOM position and rationale within the plan document for disapproving a district policy may not be comprehensive. As described in the hearing on March 25, as DCOM moved through the "decision tree" for reviewing and approving a district policy, as it came to a reason for disapproval, further analysis of the enforceable policy generally ended and the policy was recommended for disapproval based on the single reason. It is very possible that there are other reasons for disapproval of any given enforceable policy.

If you have any additional questions, please do not hesitate to contact me.

Sincerely,

Randy Bates
Director

cc: Dan Sullivan, Commissioner, DNR
Joe Balash, Deputy Commissioner, DNR
Trevor Fulton, Legislative Liaison, DNR

HB 106 WorkDraft Version B Bullet Points

- Extends ACMP sunset date to 2017

- Establishes the Alaska Coastal Policy and Appeals Board to resolve differences between DNR and a Coastal District, review elevations of proposed consistency determinations, and jointly adopt ACMP regulations with DNR

- Repeals Designated Area Requirement

- Clarifies that district enforceable policies apply to all land and water issues subject to the plan. Requires Coastal district plans to be clear and concise, prescriptive or performance-based, necessary given local conditions, and supported by evidence including scientific or local knowledge if more specific than state or federal statues or regulations.

- Repeals the "Adequately Addressed" standard. Establishes that DNR shall approve a Coastal District Plan if the plan's enforceable policies do not duplicate, restate, or incorporate by reference state or federal statutes or regulations; are not preempted by federal or state law; and do not arbitrarily or unreasonably restrict a use of state concern. Clarifies how an enforceable policy is preempted.

- Deletes the "DEC Carve-out". States that the necessity of a completed application for a "prevention of significant deterioration" DEC Air Quality Permit is not necessary to initiate a consistency review.

- Exempts projects requiring an Environmental Impact Statement from 90-day consistency review time limit

HB 110

<TARGET><BILL>HB 110</BILL><SUBJECT>HB 110</SUBJECT><COMM>HRES27</COMM></TARGET>

State of Alaska

Department of Revenue

Administrative Services Division

SEAN PARNELL, GOVERNOR
333 Willoughby Avenue, 11th Floor
P.O. Box 110400
Juneau, Alaska 99811-0405
Phone: (907) 465-2300
Fax: (907) 465-2394

January 20, 2011

The Honorable Eric Feige
The Honorable Paul Seaton
House Resources Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801

Dear Representatives Feige and Seaton:

House Bill 110 was read across the floor on January 18, 2011 and transmitted to the House Resources Committee for consideration. I respectfully request a hearing to be scheduled at your earliest convenience for the changes to the production tax on oil and gas to be discussed.

Governor Parnell is committed to getting more oil into the pipeline and increasing job opportunities for Alaskans. As oil production declines and as the federal government moves on several fronts to block responsible projects, we must offer more incentives for development of state lands.

House Bill 110:

- Establishes a lower base tax rate for areas outside of current fields and units to encourage development of undeveloped leases or properties;
- Caps overall production tax rates to encourage investment at most commodity prices;
- Establishes a bracket system based on existing ACES tax rates;
- Extends tax incentives available in Cook Inlet to the North Slope to encourage in-field drilling in existing units;
- Limits the time for assessment of additional production taxes; and
- Reduces the interest rate on delinquent taxes and refunds.

These changes are aimed at ensuring that the state continues to receive fair compensation for the sale of its resource while establishing a more competitive investment climate for job creation.

If the Committee requires any additional information, please contact me.

Sincerely,

Ginger Blaisdell
Director

STATE CAPITOL
PO Box 110001
Juneau, Alaska 99811-0001
907-465-3500
fax: 907-465-3532



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Governor@alaska.gov

Governor Sean Parnell
STATE OF ALASKA

January 17, 2011

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault,

Oil production in Alaska remains the backbone of our economy. As oil production declines and as the federal government forbids multiple development opportunities we must better incentivize development of state lands. To that end, under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill to make Alaska more competitive as an oil producing state by proposing amendments to Alaska's oil and gas production tax.

The bill would provide tax incentives and credits for the oil and gas industry to increase exploration for, and development of, Alaska's oil and gas resources at any price range. We must remain focused on getting more oil into the pipeline, and creating jobs for Alaskans.

The bill accomplishes six primary goals: (1) encourages development of new, currently undeveloped leases or properties; (2) encourages investment in exploration, development, and production at all price ranges; (3) strengthens the minimum tax; (4) extends tax incentives to North Slope activities and allows producers to apply tax credits in one year; (5) limits the time for assessment of additional production taxes; and (6) reduces the interest rate on delinquent taxes and refunds. These changes would ensure the State continues to receive reasonable revenue and establish a more competitive investment climate for job creation.

These amendments to Alaska's oil tax regime will foster new production sources to stem the decline in North Slope production. More oil means more jobs for Alaskans, more long-term revenue to the State, and lower Trans-Alaska Pipeline System tariffs per barrel.

I urge your prompt and favorable action on this measure.

Sincerely,

Sean Parnell
Governor

Enclosure

State of Alaska

Department of Revenue

Administrative Services Division

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January 20, 2011

The Honorable Eric Feige
The Honorable Paul Seaton
House Resources Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801

HB110 Production Tax on Oil and Gas
By Request of the Governor

SECTION ANALYSIS

Sections 1-3: Sections 1-2 are conforming amendments to reflect changes to AS 43.05.225. Section 3 amends AS 43.05.225(1) to provide that the tax rate on delinquent taxes under Title 43 is charged at the lower of three percentage points above the applicable annual federal rate or at the annual rate of 11 percent. This provision is to be effective July 1, 2011.

Section 4-5: Conforming amendment required by amendment to AS 43.05.225, interest rates due on delinquent taxes.

Section 6: Amends AS 43.55.011(e) to levy the annual production tax at the rate of 25 percent plus progressivity for oil and gas from a lease or property containing land that as of December 31, 2010, was or had previously been within a unit or in commercial production. A new tax rate of 15 percent, plus an annual progressivity tax, is levied on oil and gas produced from a lease of property containing land that had not previously been in a unit or in commercial production prior to December 31, 2010. For each category of production, the progressivity tax is levied on an annual basis. This amendment would be effective January 1, 2013, and apply to production after December 31, 2012.

Section 7: AS 43.55.020(f) is amended to lower the threshold prices at which the minimum tax applies, and would apply to production after December 31, 2012.

Section 8: AS 43.55.011(g) is repealed and reenacted to provide an annual incremental progressivity tax for all production. The applicable incremental progressivity tax rate applies only to the fraction of average annual production tax value per BTU equivalent barrel that falls within that incremental rate. For production subject to the 25 percent base rate, progressivity is capped at 25 percent above the base rate, for a maximum rate of 50 percent. For production subject to the 15 percent base rate, progressivity is capped at 25 percent above the base rate, for a maximum rate of 40 percent. This change would be effective January 1, 2013, and apply to production after December 31, 2012.

Section 9: AS 43.55.020, monthly payments of estimated taxes, is repealed and reenacted to account for the annual progressivity calculation and the new tax rate for certain fields.

Section 10: Conforming amendment related to interest rate changes.

Section 11: AS 43.55.023(a) is amended to remove the requirement that tax credits for qualified capital expenditures be applied against taxes or certificated
over two years. This change would be effective January 1, 2012, and would apply to production after December 31, 2011.

Section 12: AS 43.55.023(d) is amended to provide that transferable tax credit certificates will be issued as one certificate. This is to be effective January 1, 2012, for expenditures after December 31, 2011.

Sections 13-14: AS 43.55.023(g) is amended to reflect the interest rate change, and to reflect the repeal of AS 43.55.023(m), related to the issuance of well lease expenditure credit certificates.

Sections 15-16: AS 43.55.023 (*l*) and (n) are amended to expand the 40 percent well lease expenditure credit to qualified expenditures made on leases or properties north of 68 degrees North Latitude. This change is to be effective January 1, 2012, for expenditures after December 31, 2011.

Sections 17 -18: Conforming amendments are made to AS 43.55.028 (e) and (g) to reflect the repeal of AS 43.55.023(m).

Section 19: AS 43.55.075(a) is amended to change the statute of limitations for assessment of additional production taxes from six years to four years after the return is filed. This change is applicable to production after December 31, 2013, for tax liability beginning tax year 2014.

Sections 20: AS 43.55.160(a) is repealed and reenacted to account for changes in the calculation of the progressivity tax, and to account for new tax rates for certain production under AS 43.55.011(e) (2).

Sections 21-23. These sections make conforming amendments to account for interest rate change.

Section 24: AS 43.55.023(m) is repealed, all capital credit certificates, regardless of the location of the exploration, development or production expenditures, will be issued as one certificate.

Section 25: The applicability provision clarifies that sections 11, 12, 15 and 16 apply to expenditures made after December 31, 2011; sections 6-9 and 20 apply to oil and gas produced after December 31, 2012, and section 19 applies to any tax liability for the production of oil and gas after December 31, 2013 and

Section 26: This section provides that the Department of Revenue will have authority to adopt regulations to implement this Act, not to be effective before the effective date of the provisions implemented by this Act.

Section 27: The provisions related to the issuance of credit certificates and the expansion of the well lease expenditure credit to the North Slope, sections 11, 12, 14-18, 24 and 25(a), take effect January 12, 2012.

Section 28: The provisions related to new production and the progressivity tax, sections 6-9, 20, and 25(b), take effect January 1, 2013.

Section 29: The provisions related to the statute of limitations for the assessment of production taxes takes effect January 1, 2014.

Section 30: The provisions related to the change in the interest due on delinquent taxes and refunds take effect July 1, 2011.

LEGAL SERVICES

JAN 31 2011

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM January 31, 2011

SUBJECT: Sectional Summary for HB 110 (HB 110; Work Order No. 27-GH1007\A)

TO: Representative Eric Feige
Co-Chair of the House Resources Committee
Attn: Linda Hay

FROM: Donald M. Bullock Jr.
Legislative Counsel

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Amends AS 05.15.095(c) to specifically identify the paragraph in AS 43.05.225 that provides the interest rate applicable to delinquent fees related to games of chance and skill.

Section 2. Amends AS 34.45.470(a) to specifically identify the paragraph in AS 43.05.225 that provides the interest rate applicable to the late payment or delivery of property under the Uniform Unclaimed Property Act.

Section 3. Amends AS 43.05.225(1) to reduce the rate of interest applicable to a delinquent tax levied under AS 43 from five to three percentage points above the identified 12 Federal Reserve District rate. Makes the minimum interest rate applicable to delinquent taxes levied under AS 43, 11 percent.

Section 4. Amends AS 43.20.046(i) to specifically identify the paragraph in AS 43.05.225 that provides the interest rate applicable to an increased tax liability resulting from the audit of a gas storage facility tax credit.

Section 5. Amends AS 43.50.570 to specifically identify the paragraph in AS 43.05.225 that provides the interest rate applicable to a late payment for the purchase of cigarette tax stamps.

Section 6. Amends AS 43.55.011(e) to provide two different tax rates; one rate is applicable to oil and gas produced from a lease or property containing land that was or

had previously been within a unit or in commercial production before January 1, 2011, and the other rate applicable to other oil and gas. Deletes the 25 percent tax rate and makes the tax rates in AS 43.55.011(g), as repealed and reenacted by sec. 8 of the bill, applicable to the two categories of production.

Section 7. Amends AS 43.55.011(f) by reducing the minimum dollar amount in each range of gross values at the point of production for the purposes of establishing the minimum tax on oil and gas produced north of 68 degrees North latitude. Makes the four percent rate applicable when the gross value at the point of production (GVPP) is more than $20 (currently $25), the three percent rate applicable when the GVPP is over $17.50 but not over $20 (currently $20 and $25, respectively), the two percent rate applicable when the GVPP is over $15 but not over $17.50 (currently $17.50 and $20, respectively), the one percent rate applicable when the GVPP is over $12.50 but not over $15 (currently $15 and $17.50, respectively), and a zero percent when the GVPP is $12.50 or less (currently, $15 or less).

Section 8. Repeals and reenacts AS 43.55.011(g) to provide for the application of different tax rates to different incremental ranges of production tax value. AS 43.55.011(g)(1) applies to the production described in AS 43.55.011(e)(1), that would be amended by sec. 6 of the bill; and AS 43.55.011(g)(2) applies to the production described in AS 43.55.011(e)(2), that would be amended by sec. 6 of the bill. Provides lower tax rates (15 percent to 40 percent) for production described in AS 43.55.011(e)(2), as amended by sec. 6 of the bill, compared to the tax rates (25 percent to 50 percent) for production described in AS 43.55.011(e)(1), as amended by sec. 6 of the bill.

Section 9. Repeals and reenacts AS 43.55.020(a) to provide for monthly installment payments of the production tax based on the amendments to AS 43.55.011(e) in sec. 6 of the bill and the new tax rates enacted by sec. 8 of the bill.

Section 10. Amends AS 43.55.020(g) to specifically identify the paragraph in AS 43.05.225 that provides the interest rate applicable to an unpaid production tax payment after March 31 following the calendar year of production.

Section 11. Amends AS 43.55.023(a) to eliminate the limitation that not more than half of the tax credit for a qualified capital expenditure may be applied for a single calendar year.

Section 12. Amends AS 43.55.023(d) to authorize the issuance of a single tax credit certificate that may be used to transfer the credit or to obtain a cash payment and makes the credit certificate available for immediate use. Adds "well lease expenditure" to "qualified capital expenditure" and "carried-forward annual loss" for the purpose of determining when the Department of Revenue is required to grant or deny an application for a tax credit certificate in whole or in part.

Section 13. Amends AS 43.55.023(g) to specifically identify the paragraph in AS 43.05.225 that provides the interest rate applicable to an increase in tax liability following an audit of a tax credit claim. Note: This section takes effect July 1, 2011, and the amendment to AS 43.55.023(g) in sec. 14 of the bill takes effect January 1, 2012 under secs. 30 and 27 of the bill, respectively.

Section 14. Amends AS 43.55.023(g) as amended by sec. 13 of the bill, to refer to the "former" AS 43.55.023(m) because AS 43.55.023(m) would be repealed by sec. 24 of the bill. Note: this section and sec. 24 take effect January 1, 2012, under sec. 27 of the bill.

Section 15. Amends AS 43.55.023(*l*) to make the tax credit applicable for a well lease expenditure applicable anywhere in the state (no longer just south of 68 degrees North latitude) after December 31, 2011. Conforms the timing for applying the credit to conform to the amendment to AS 43.55.023(d) in sec. 12 of the bill.

Section 16. Amends AS 43.55.023(n) to conform to the amendment to AS 43.55.023(*l*) in sec. 15 of the bill (allowing a credit for a well lease expenditure anywhere in the state), and to conform to the repeal of AS 43.55.023(m) by sec. 24 of the bill.

Section 17. Amends AS 43.55.028(e) to conform to the repeal of AS 43.55.023(m) by sec. 24 of the bill.

Section 18. Amends AS 43.55.028(g) to conform to the repeal of AS 43.55.023(m) by sec. 24 of the bill.

Section 19. Amends AS 43.55.075(a) to reduce the period for making an assessment of a tax imposed under AS 43.55 from six years to four after the return was filed.

Section 20. Repeals and reenacts AS 43.55.160(a) to conform to the amendment to AS 43.55.011(e) in sec. 6 of the bill, and to address the period in which the tax limitations in AS 43.55.011(j), (k), and (o) are applicable.

Section 21. Amends AS 43.56.160 to specifically identify the paragraph in AS 43.05.225 that provides the interest rate applicable to delinquent oil and gas exploration, production, and pipeline transportation property taxes.

Section 22. Amends AS 43.77.020(d) to specifically identify the paragraph in AS 43.05.225 that provides the penalty rate (based on the interest rate) applicable to delinquent quarterly fishery resource landing taxes.

Section 23. Amends AS 43.90.430 to specifically identify the paragraph in AS 43.05.225 that provides the interest rates on payments due to the state under AS 43.90 (Alaska Gasline Inducement Act).

Section 24. Repeals AS 43.55.023(m). Takes effect January 1, 2012, under sec. 27 of the bill.

Section 25. Makes secs. 11, 12, 15, and 16 of the bill apply to expenditures incurred after December 31, 2011. Makes secs. 6 - 9 and 20 apply to oil and gas produced after December 31, 2012. Makes sec. 19 apply to any tax liability for the production of oil and gas after December 31, 2013.

Section 26. Authorizes the Department of Revenue to adopt regulations and provides that the regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the provision being implemented by the regulation.

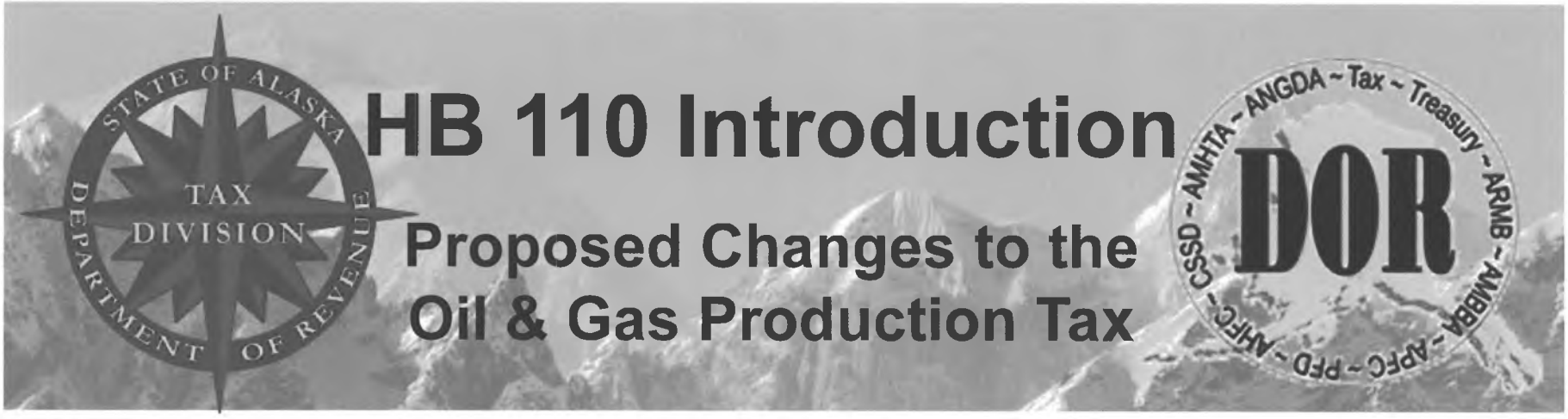
Section 27. Makes secs. 11, 12, 14 - 18, 24, and 25(a) take effect January 1, 2012.

Section 28. Makes secs. 6 - 9, 20, and 25(b) take effect January 1, 2013.

Section 29. Makes secs. 19 and 25(c) take effect January 1, 2014.

Section 30. Makes secs. not included in secs. 27 - 29 take effect July 1, 2011.

DMB:plm
11-044.plm



Presentation to the
House Resources Committee
February 7, 2011
Alaska Department of Revenue

Outline for Presentation

- **Goals of HB 110**
- **Why should we change Alaska's oil tax regime?**
- **Components of HB 110**
- **How do Alaska's oil taxes work?**

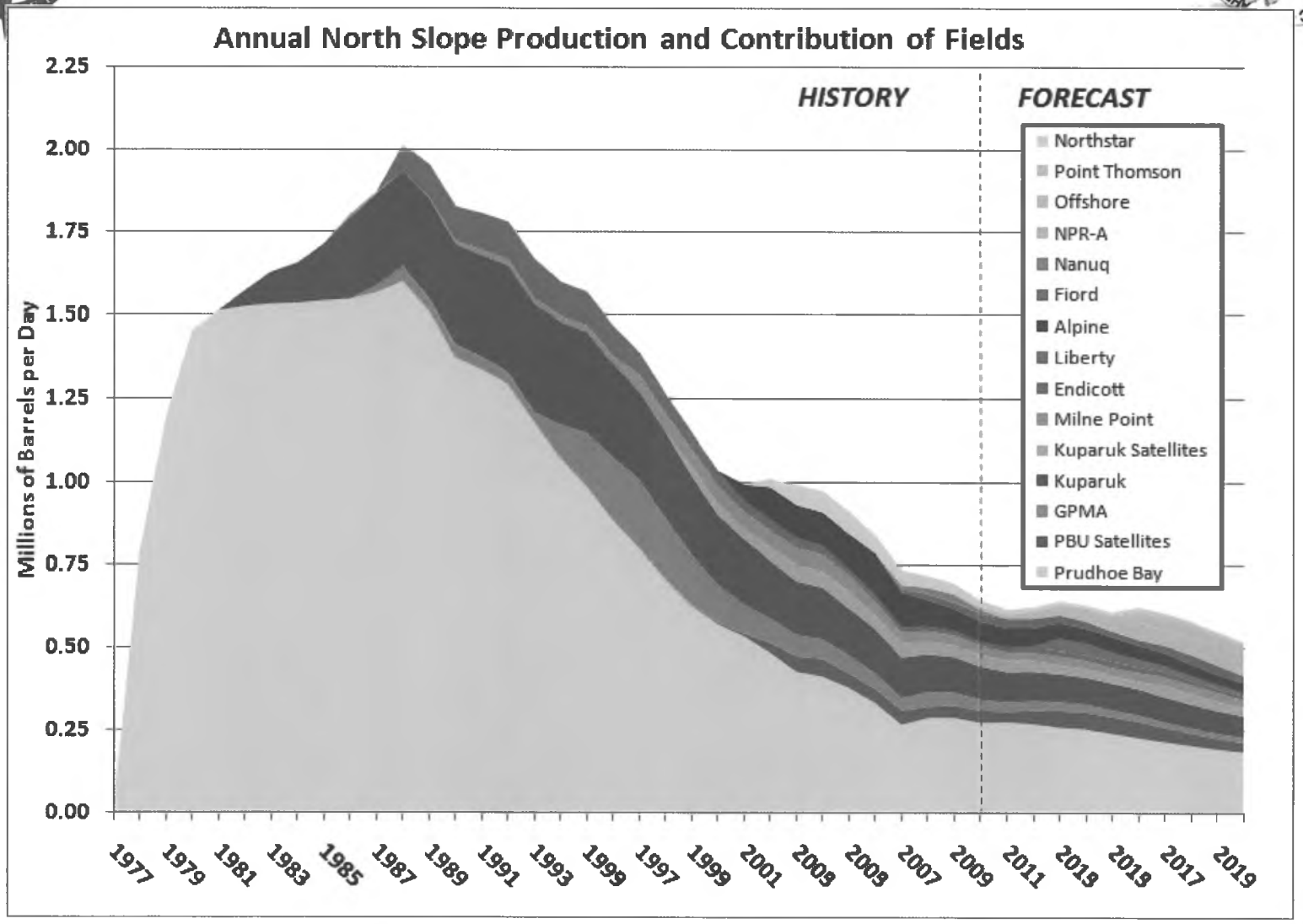
Goals of HB 110

- **Address Progressivity**
- **Promote Infield Drilling**
- **Promote Development of New Fields**

Why should we change Alaska's oil tax regime?

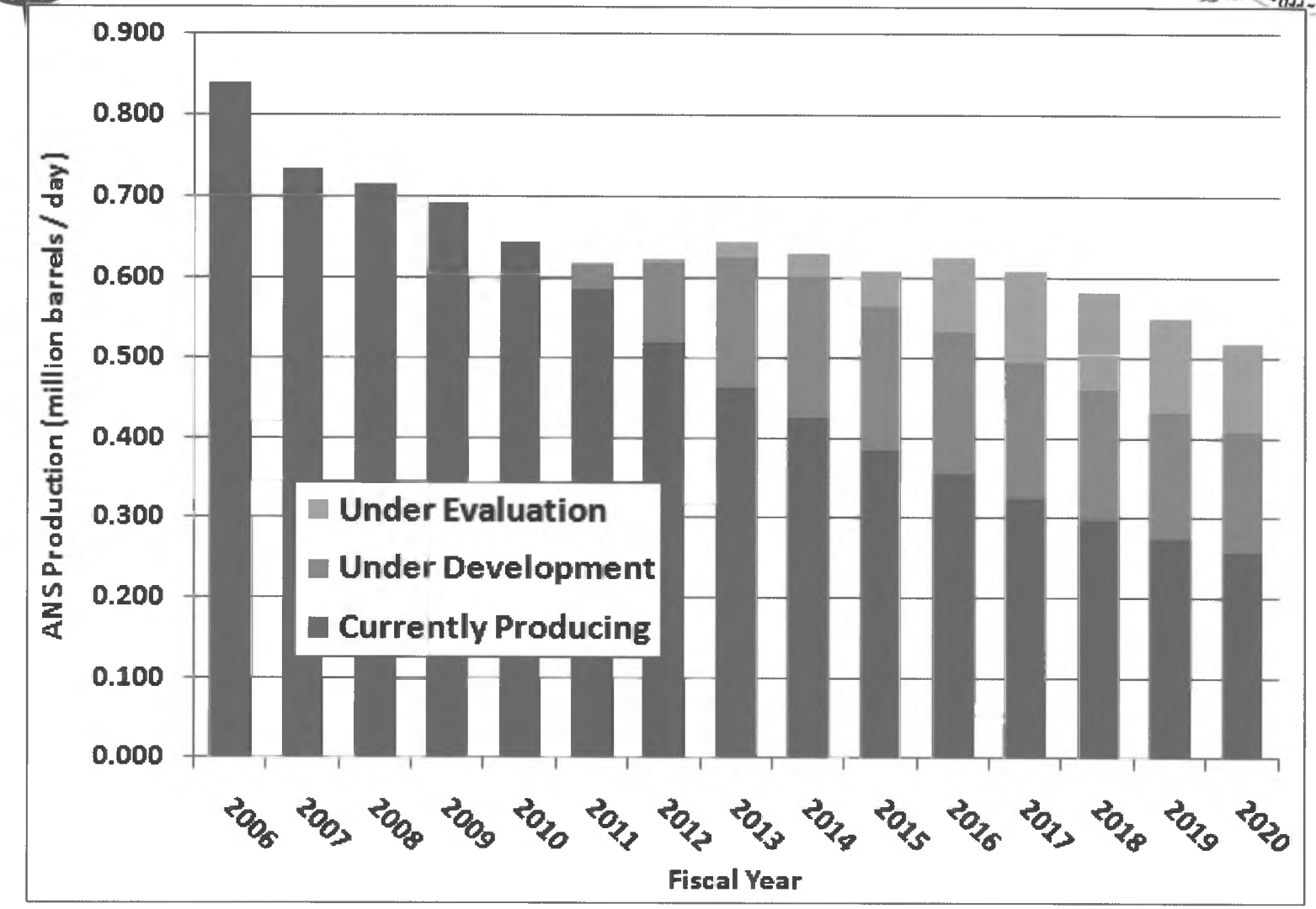
- **To be more competitive**
- **To create more jobs for Alaskans**
- **To increase production**

Production is Declining



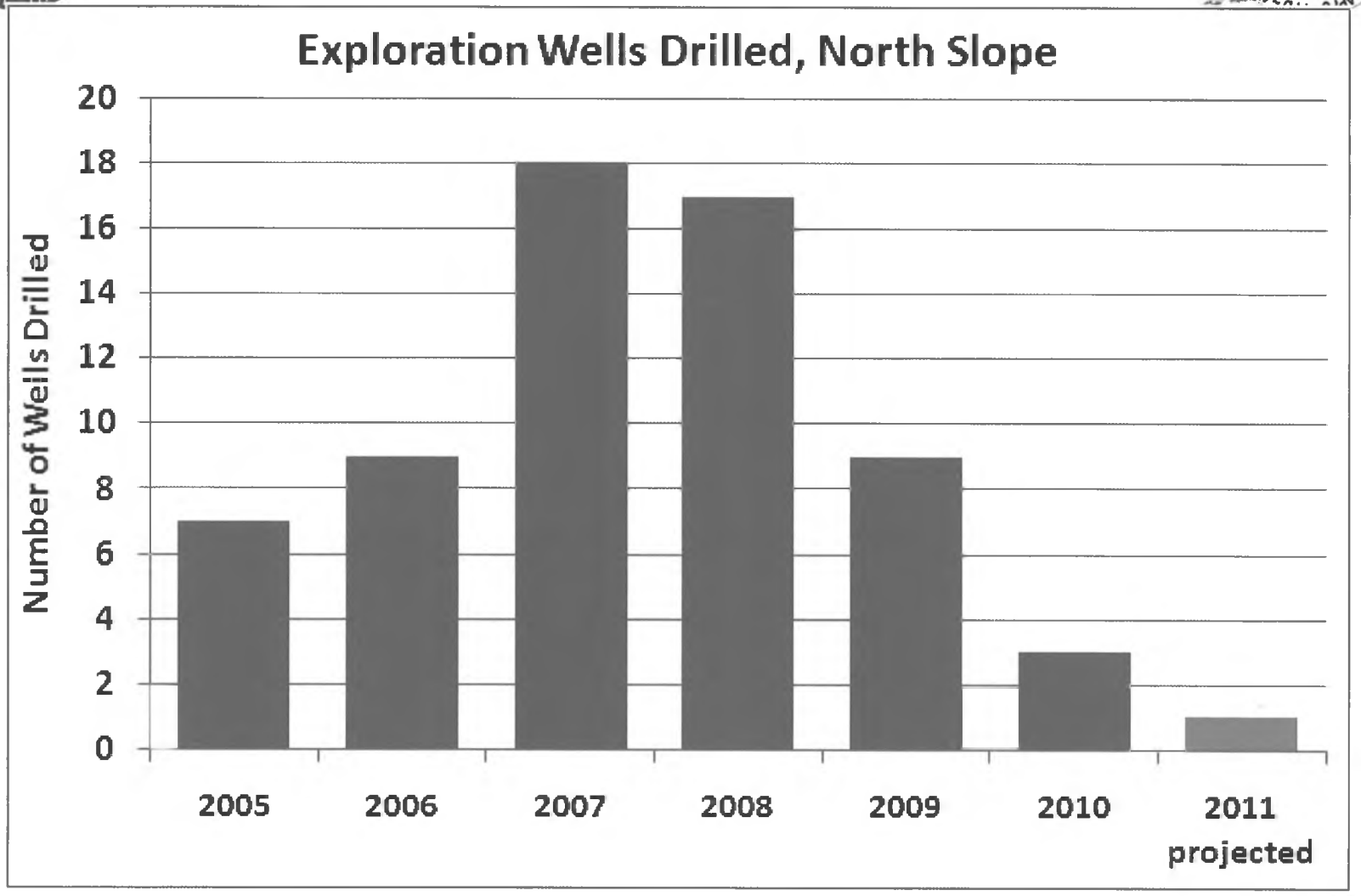
Source: Fall 2010 Revenue Sources Book

Investment needed in new & old fields alike



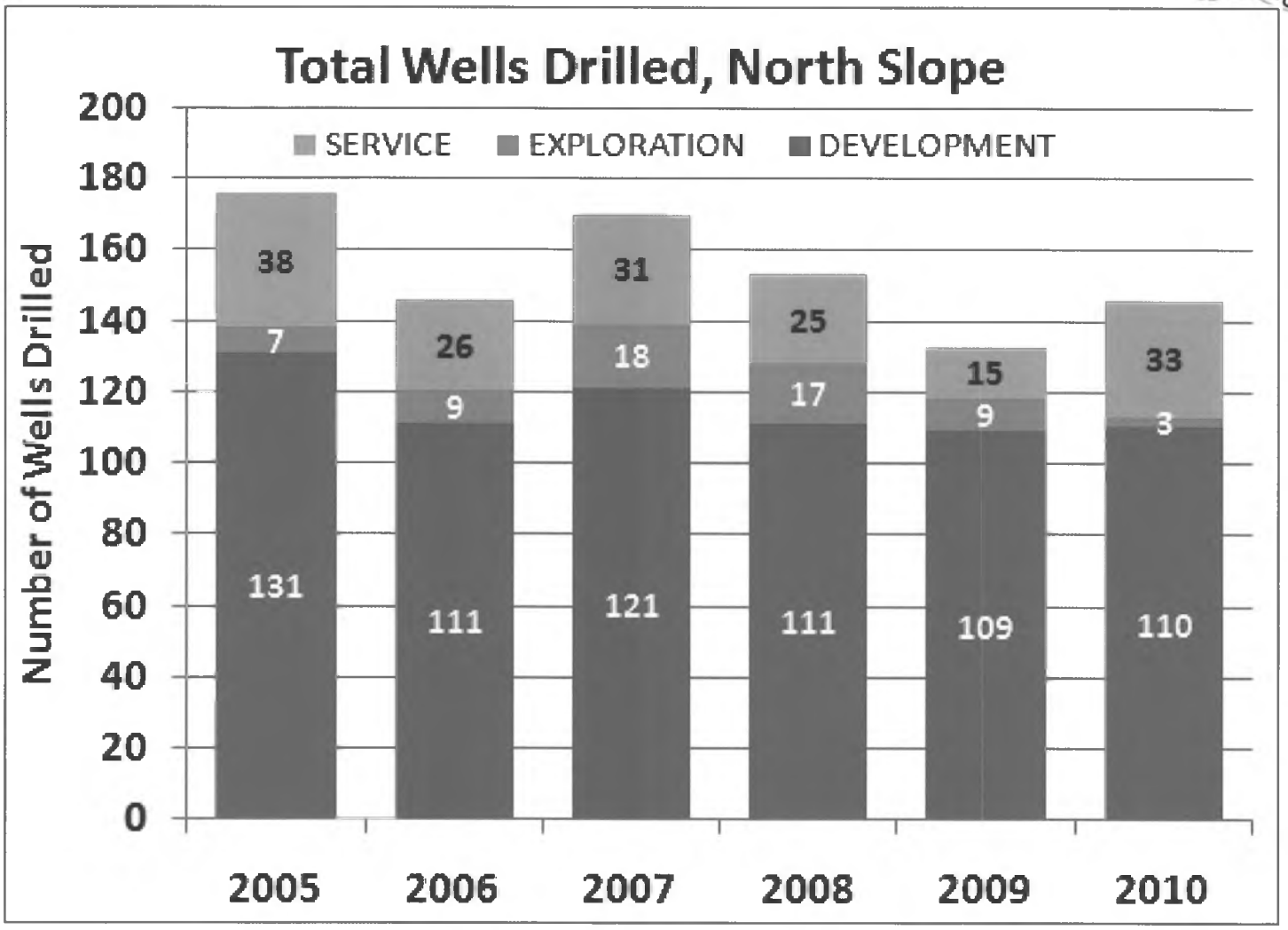
Source: Fall 2010 Revenue Sources Book

Exploration is Declining



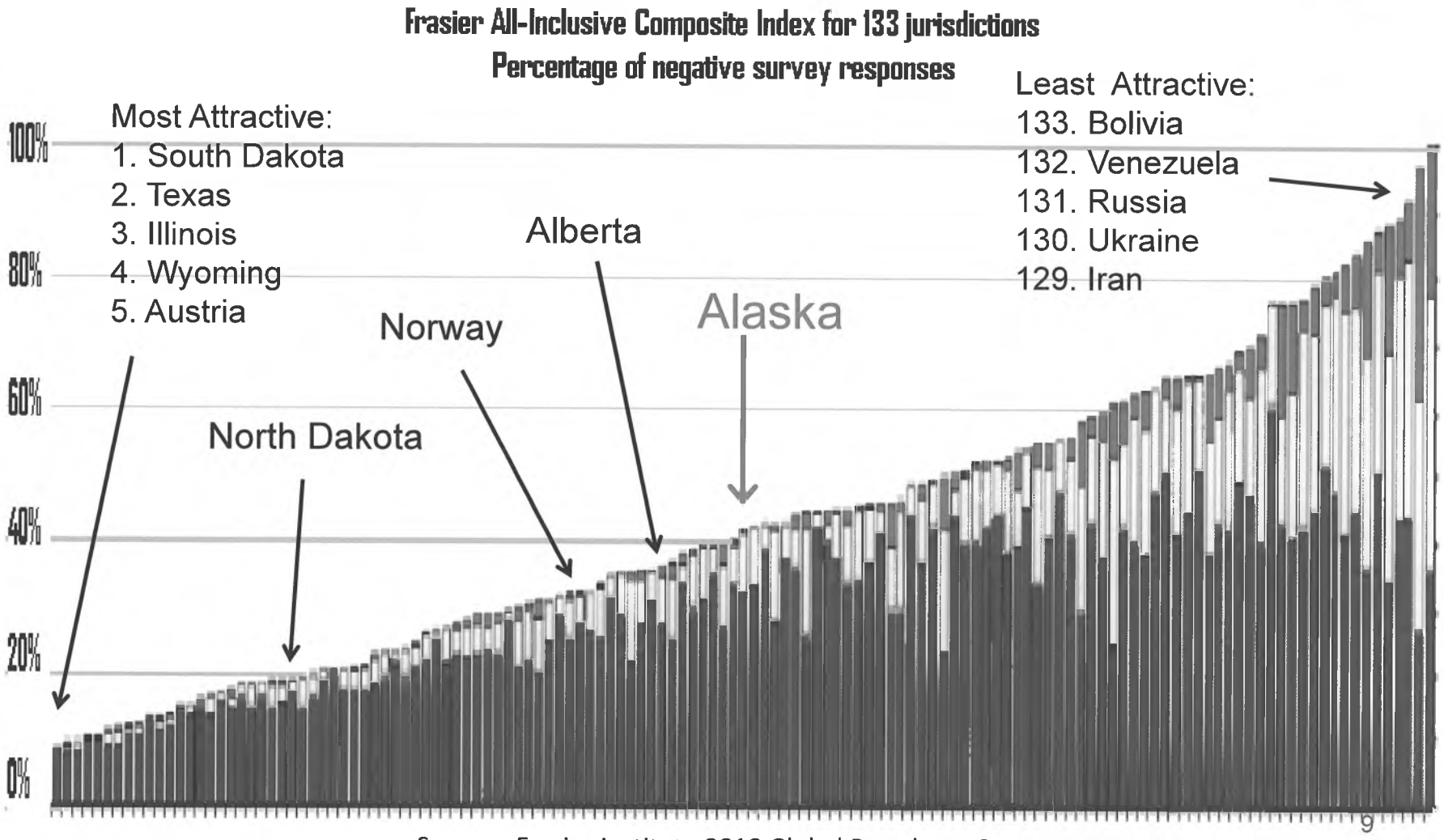
Source: Alaska Oil & Gas Conservation Commission and Alaska Department of Natural Resources

Drilling has stagnated



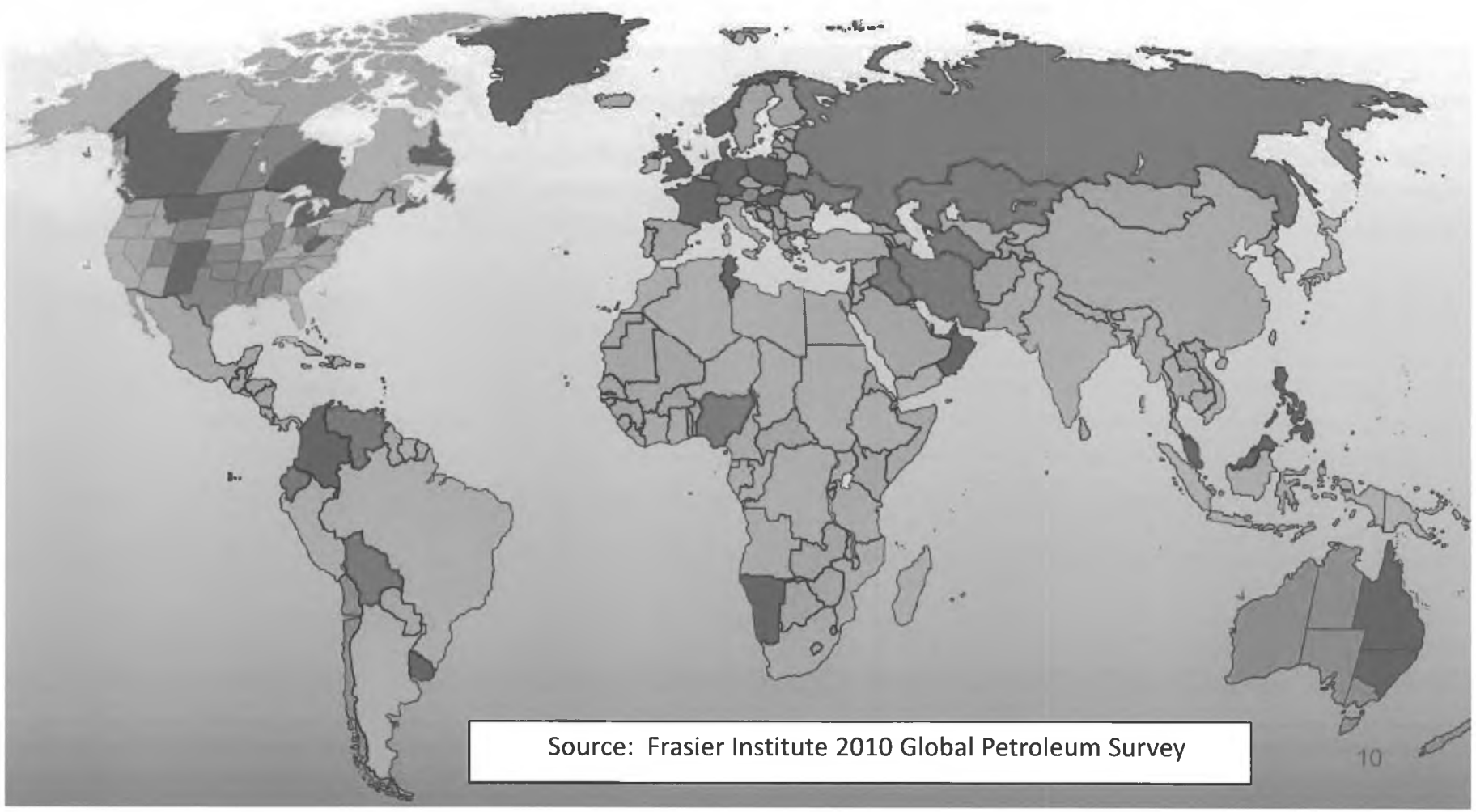
Source: Alaska Oil & Gas Conservation Commission

Frasier: Alaska is #68 of 133 in terms of overall attractiveness

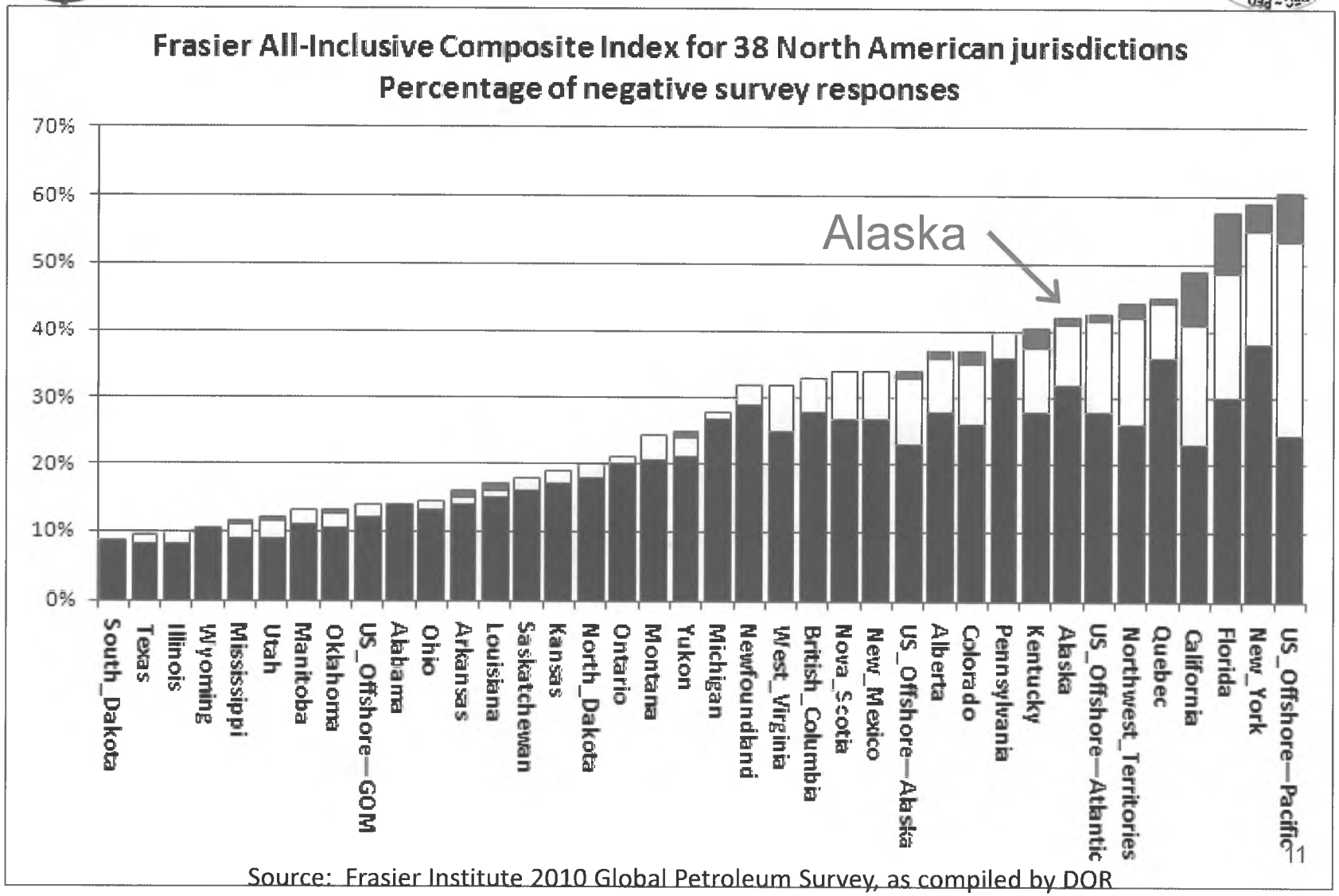


Source: Frasier Institute 2010 Global Petroleum Survey

Frasier: Alaska's investment climate is "in the middle" globally

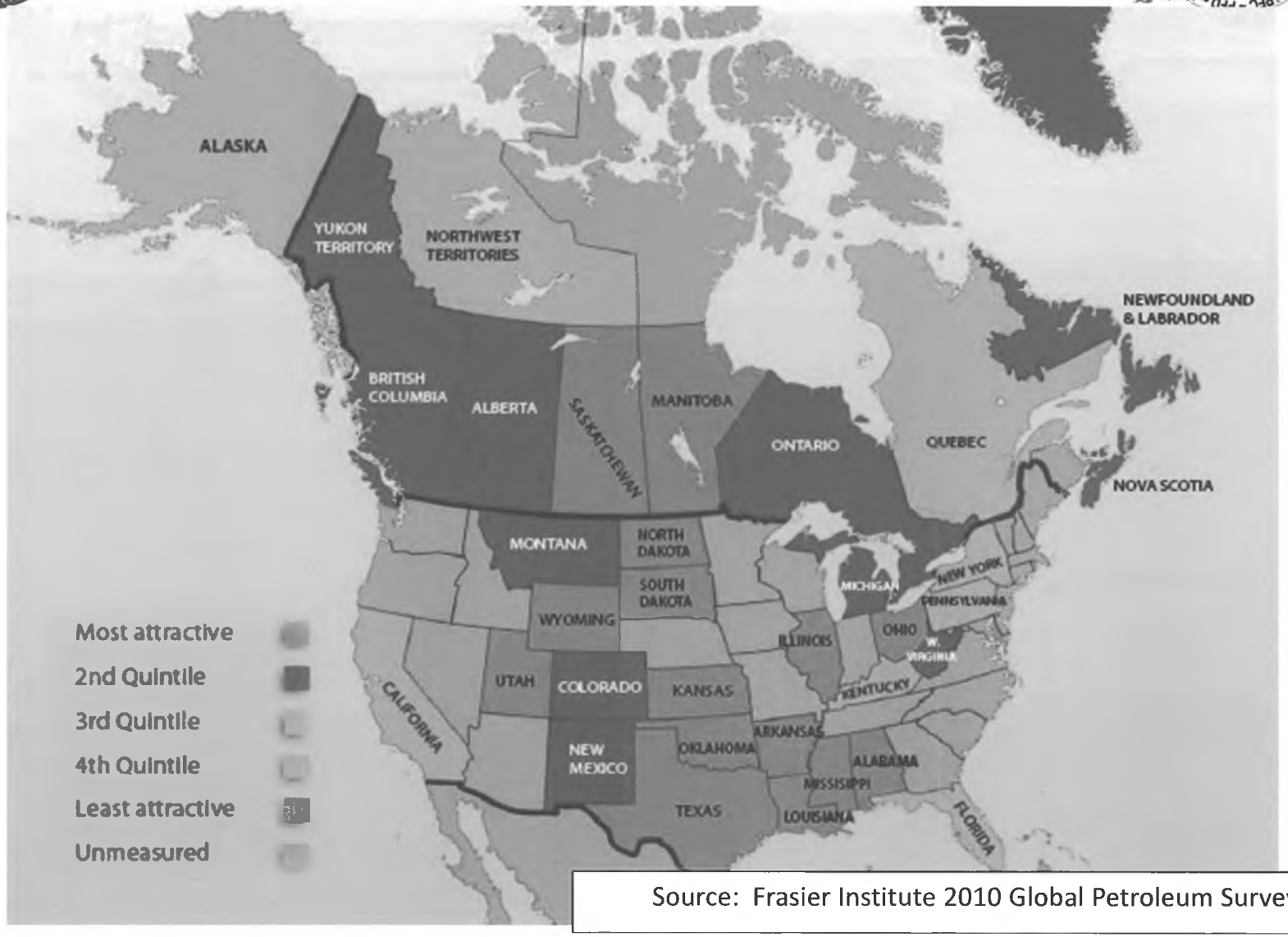


Frasier: Alaska is #31 of 38 in North American attractiveness



Source: Frasier Institute 2010 Global Petroleum Survey, as compiled by DOR

Frasier: Many North American jurisdictions rank ahead of Alaska



Source: Frasier Institute 2010 Global Petroleum Survey

How Alaska is Rated for Specific Investment Factors

Alaska's strengths:

- Geopolitical risk
- Trade barriers
- Labor regulations & employment agreements
- Geological database
- Security
- Legal system process

Middle of the Pack:

- Overall attractiveness
- Commercial environment
- Regulatory climate
- Fiscal Terms (overall)
- Administration & enforcement of regulations
- Socio-economic agreements
- Quality of infrastructure
- Labor availability
- Political stability
- Regulatory duplication

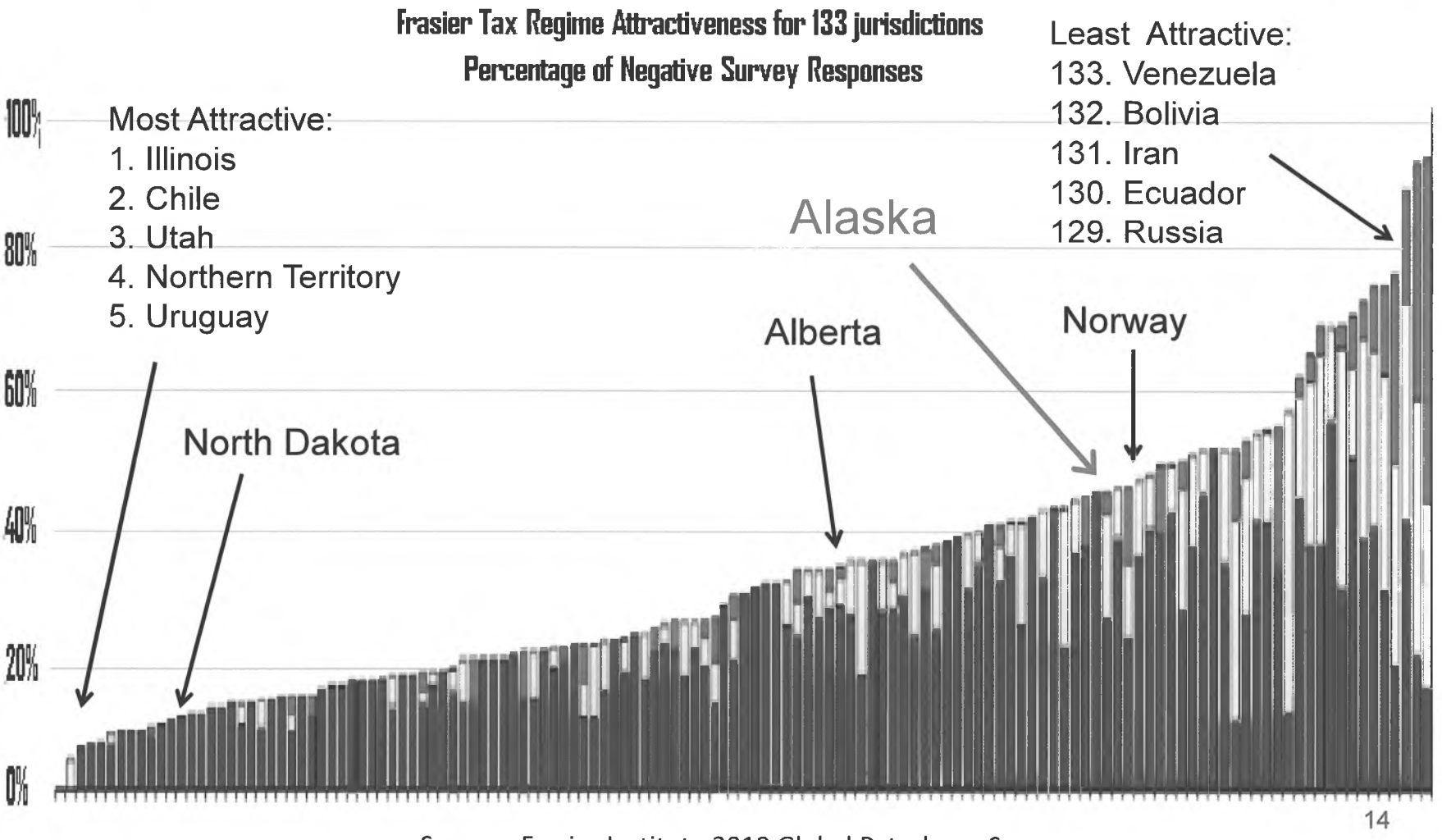
Alaska's weaknesses:

- Environmental regulations
- Cost of regulatory compliance
- Uncertainty concerning protected areas
- Disputed land claims
- Tax Regime

We can do something about this!

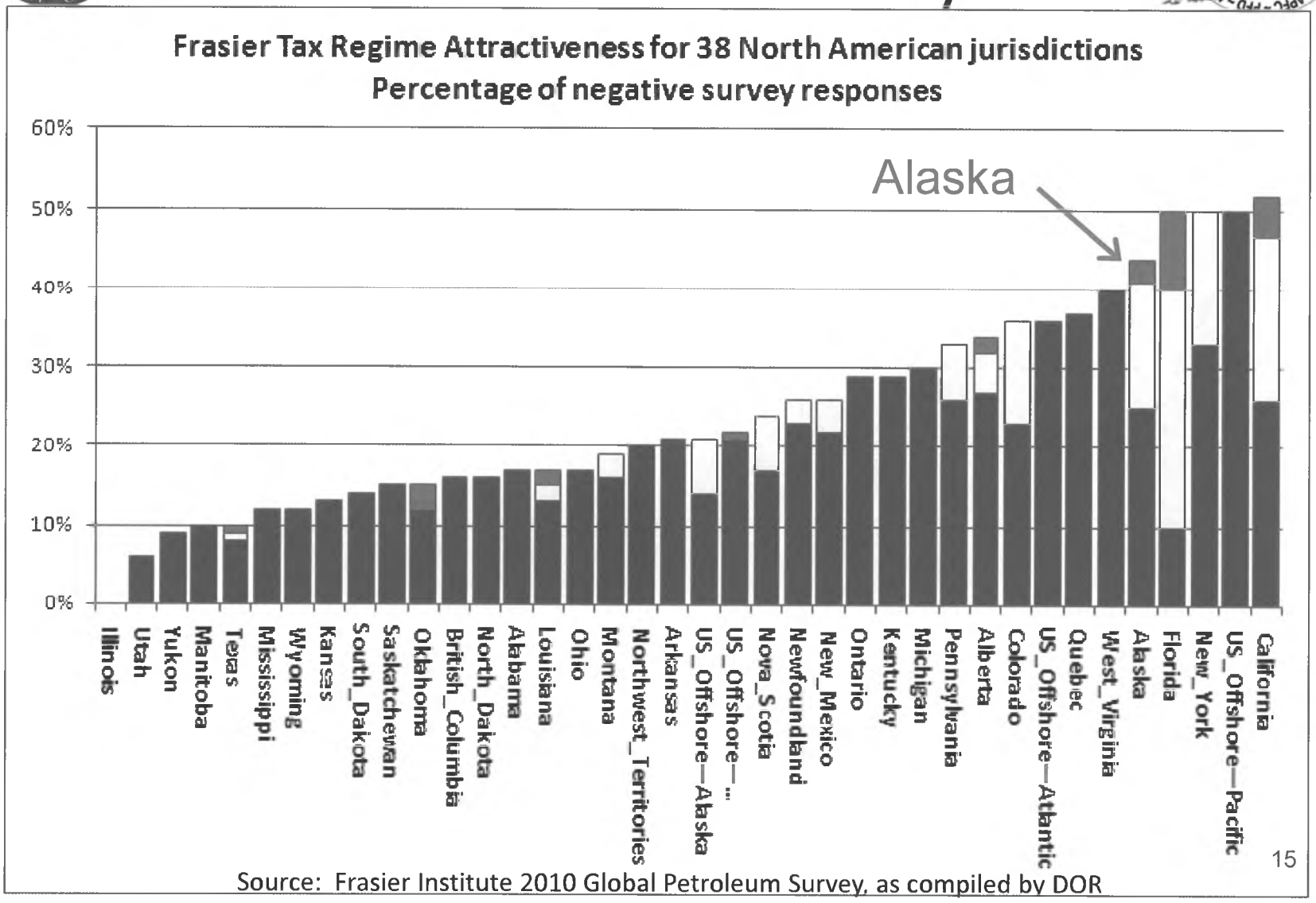
Source: Frasier Institute 2010 Global Petroleum Survey as interpreted by DOR

44% of respondents say Alaska tax regime deters investment



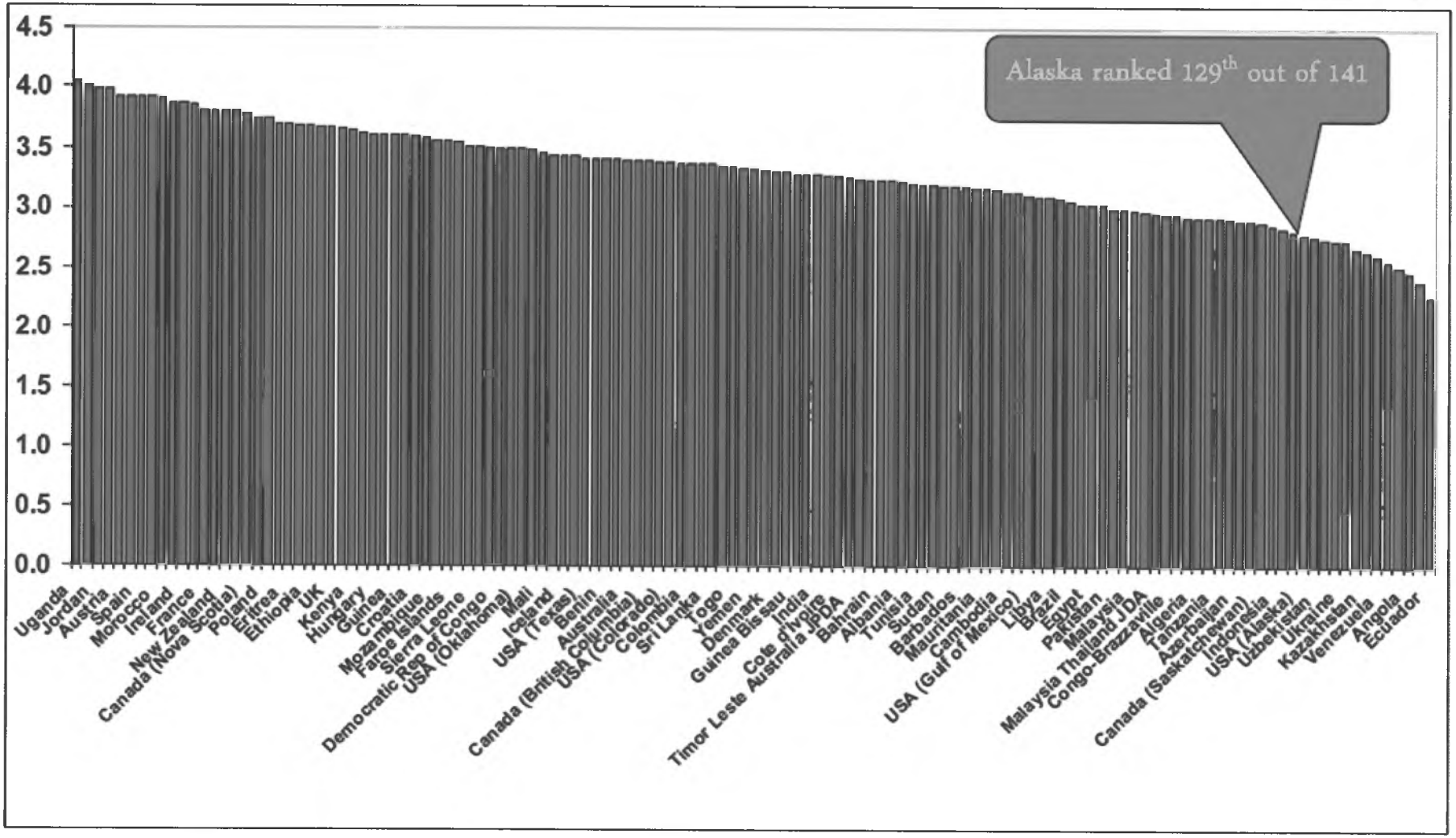
Source: Frasier Institute 2010 Global Petroleum Survey

Alaska is ranked #34 of 38 in North America for tax system



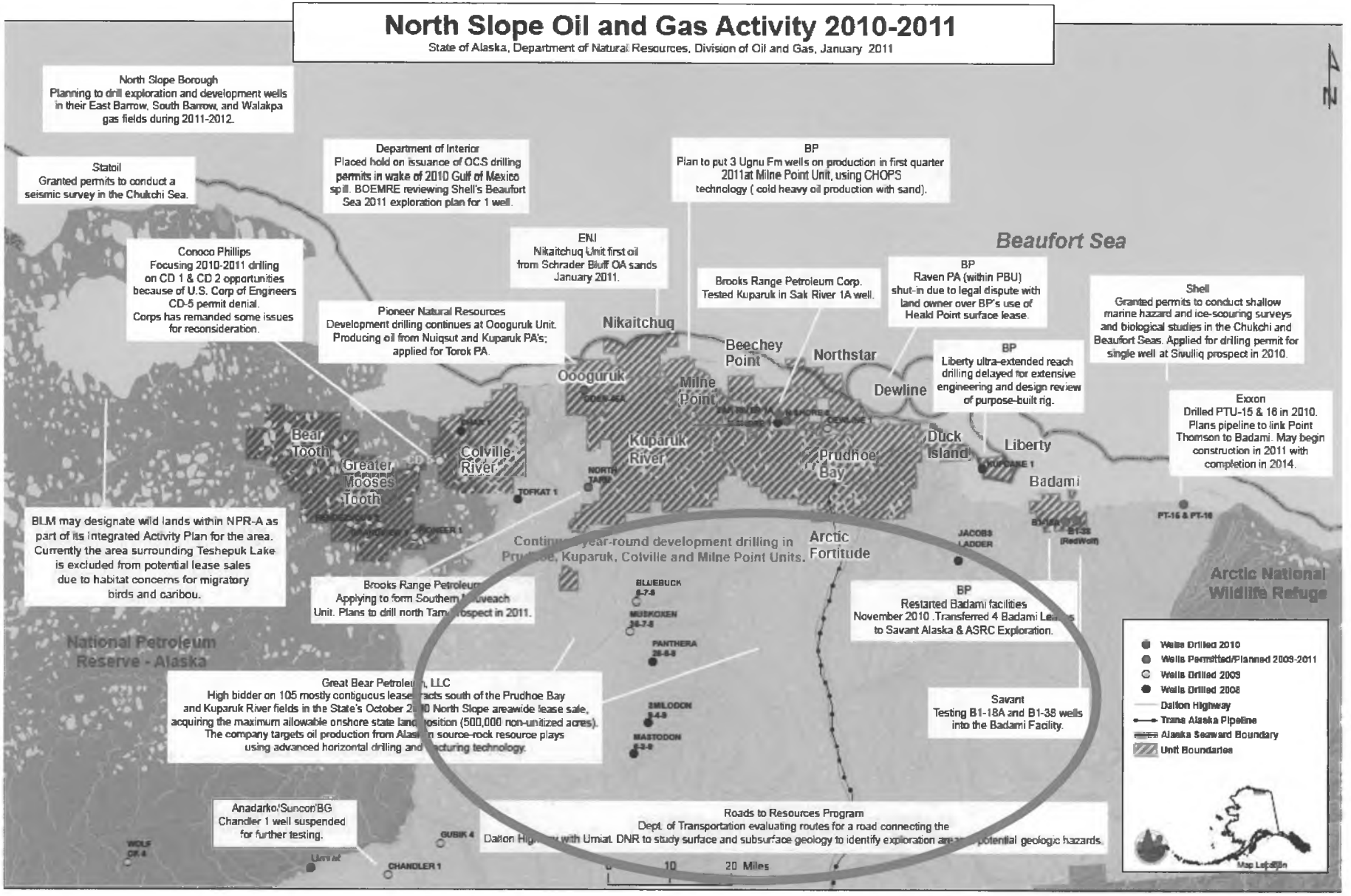
Source: Frasier Institute 2010 Global Petroleum Survey, as compiled by DOR

Wood Mackenzie: Alaska's fiscal terms rank #129 of 141



Source: Wood Mackenzie Petroleum Fiscal Systems, January 2010, as presented by AOGA, January 2011

Areas of North Slope are Underdeveloped



There's lots of oil left in Alaska…

- Cumulative production through 2010 has been over 16 billion barrels
- Remaining North Slope reserves exceed 5 billion barrels
- Geology-based estimates of total oil volumes are much higher. For instance, we do not include any of the approximately 20 billion barrels in the giant Ugnu deposit, or offshore volumes from the Chukchi or Beaufort Seas, in our forecast

How do Alaska's oil taxes work?

ACES Overview

- ACES Overview
  - –Tax Structure
  - –Incentivizing New Investment

ACES Overview

- **Production Tax Value (PTV)** is the market price less transportation costs and allowable lease expenditures
- **Base tax rate** of 25% on PTV
- **Progressive Surcharge Rate**
- **Credits**

ACES Overview

How the Tax is Calculated

Production Tax Value (PTV) X Base Tax Rate =	Base Tax
	+
PTV X Progressive Surcharge Rate =	Progressive Surcharge
Pre-Credit Tax Bill	Total Taxes Before Credits
	-
Credits	Credits Applied Against Taxes
Final Tax Bill	**Total Production Taxes Owed**

FY 12 Production Tax Projected

	Per Barrel	Barrels	Value ($ million)
Avg ANS Oil Price ($/bbl) & Daily Production (bbls)	$82.67	622,182	$51.4 / day
Annual Production (bbl)			
Total Annual Production/Value		**227,096,430**	**$18,774.1**
Royalty and Federal barrels		(34,669,890)	($2,866.2)
Taxable barrels		**192,426,540**	**$15,907.9**
Downstream (Transportation) Costs ($/bbl)			
ANS Marine Transportation	($2.05)		
TAPS Tariff	($4.67)		
Other	$0.33		
Total Transportation Costs	**($6.39)**	**192,426,540**	**($1,229.6)**
Lease Expenditures			
Deductible Operating Expenditures	($12.86)		($2,474.1)
Deductible Capital Expenditures	($13.14)		($2,528.3)
Total Lease Expenditures	**($26.00)**	**192,426,540**	**($5,002.4)**
Production Tax Value (PTV)	**$50.28**	**192,426,540**	**$9,675.9**
Production Tax			
Base Tax (25%*PTV)			$2,419.0
Progressive Tax Rate = ($50.28-$30) * 0.4% = **8.1%**			
Progressive Tax = (8.1% * PTV)			$785.0
Total Tax Due before credits			**$3,204.0**
Credits Applied Against Taxes			($450.0)
Total Tax after credits			**$2,754.0**

Source: Department of Revenue Fall 2010 Revenue Sources Book, Appendix D
This simple model assumes constant production, price, and expenditures for the entire year; results will differ from our larger model and forecast.
The per-barrel expenditures shown are per taxable barrel and do not reflect expenditures per all barrels produced.

ACES Overview (cont)

TAX CREDITS

- **Qualified Capital Expenditure Credit –** 20% credit for qualified capital expenditures (40% for well lease expenditures outside North Slope).
- **Carried-Forward Annual Loss Credit –**25% credit for carried-forward annual loss.
- **Small Producer / New Area Development Credit –** Up to $12 million / year for small producers and up to $6 million / year for production outside North Slope and Cook Inlet.
- **Alternative Credit for Exploration –** 30% or 40% of eligible exploration expenditures if certain criteria are met.
- **Cook Inlet Jack-Up Rig Credit –** 80% to 100% credit for first three exploration wells drilled using jack-up rig in Cook Inlet.

Source: Alaska Department of Revenue. Chapter 3 of the Fall 2010 Revenue Sources Book provides detailed information on credits

Example 1: New Entrant

- A new entrant with no current production pursues an exploration project requiring $200 million in investment
- Company receives a 20% - 40% investment credit (depending on location), worth $40 - $80 million
- Company also receives an additional 25% credit for its “tax loss”, worth up to $50 million

Example 1: New Entrant (*cont.*)

- The total credits of $90 - $130 million, can be:
  - Directly recouped (cash) from the state
  - Transferred to a person that does pays tax, so that the Transferee pays $90 - $130 million less in tax
- Either way, State pays $90 - $130 million for the exploration; company pays $70 - $110 million.
- If the exploration effort fails, the state never recoups this money.

  The state bears the risk for failure as does the new entrant

Example 2: Incumbent Producer

- Incumbent with current production pursues a development requiring $200 million investment
- Company receives a 20% capital investment credit, worth $40 million
- By reducing their PTV, the company reduces their taxes due by the total capital expense multiplied by the tax rate:

  $200 million x 25%, worth $50 million; plus

  $200 million x progressivity surcharge rate (which is reduced due to the drop in PTV)

Example 2: Incumbent Producer (*cont.*)

- Deductions and credits total more than 45% of the $200 million, greater than $90 million
- State pays more than $90 million of the new development's capital cost; true investment cost for the incumbent is less than $110 million
- If the development fails, the state never recoups this money

The state bears the risk for failure as does the incumbent investor

Key Points

- For credits, the state can cut a check (new entrant) or reduce tax revenue (incumbent)
- In both cases the state is an investor: real money leaves the treasury, **sharing the risk borne by the active investor**
- ACES aims to incentivize investment **because state bears risk and reduces explorers/producers costs**
- ***Tax credits, along with the net-based structure, make the state a large investor in exploration and new development activities***

Components of HB 110

- **Progressivity Rates**
- **Tax Cap**
- **Tax Calculation**
- **Tax Credits**
- **Base Tax Rate**

Main proposed changes

Progressivity Rates	Progressivity defined as discrete brackets, rather than as a continuous function, and applied only to incremental revenue.	2013
Tax Cap	Production tax highest bracket limited to 50% for legacy fields and 40% for new fields.	2013
Tax Calculation	Yearly tax calculation based on average prices and costs, instead of monthly tax calculation impacted by short term price and cost peaks.	2013
Tax Credits	Tax credits can be claimed in a single year instead of two years. Extension of 40% well lease expenditure tax credits to the North Slope.	2012
Base Tax Rate	Base tax rate reduction from 25% to 15% for oil and gas coming from leases or properties neither unitized nor producing as of 12/31/2010.	2013

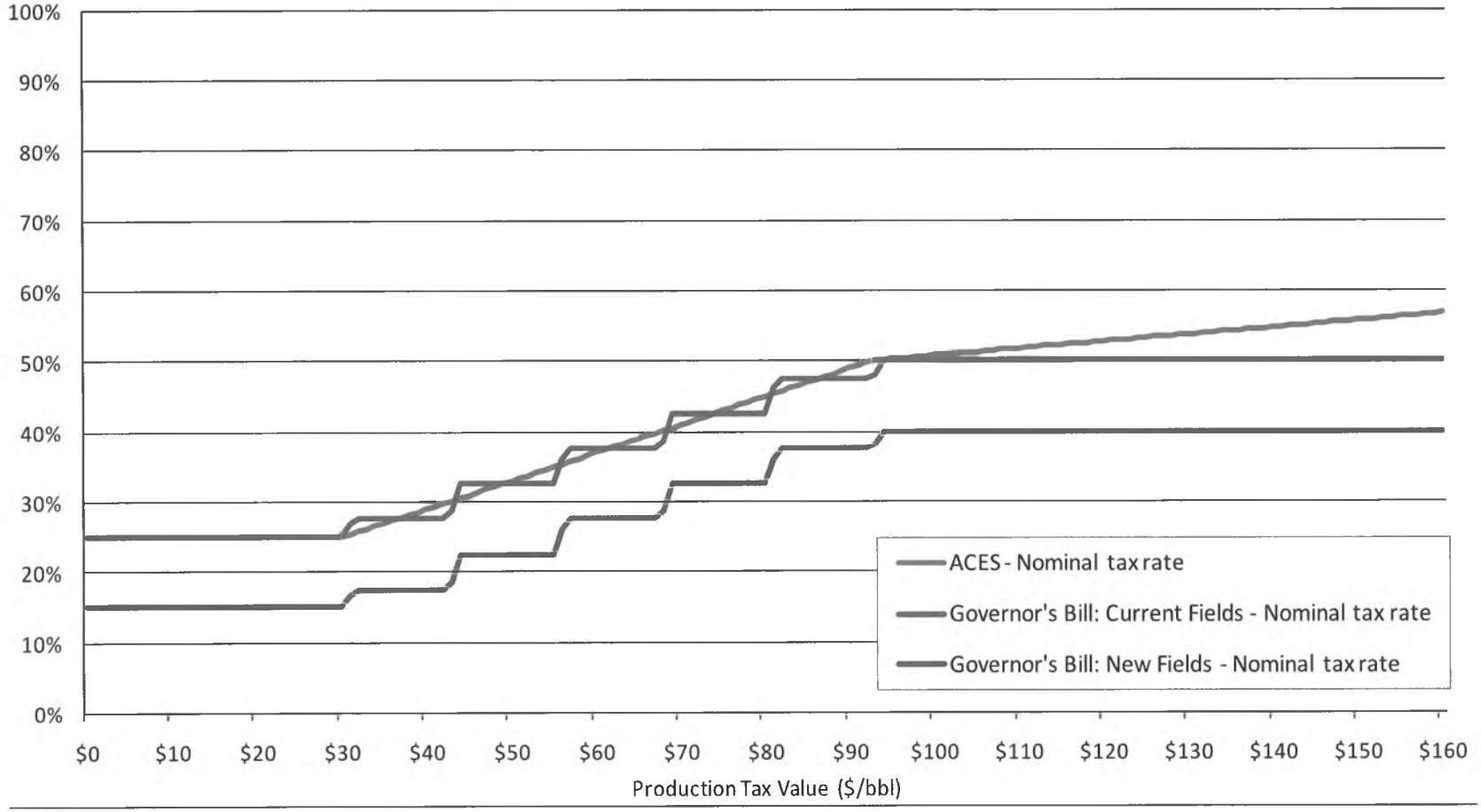
2012 Effective 1/1/2012 for expenditures made before 12/31/2011.

2013 Effective 1/1/2013, applies to production after 13/31/2012.

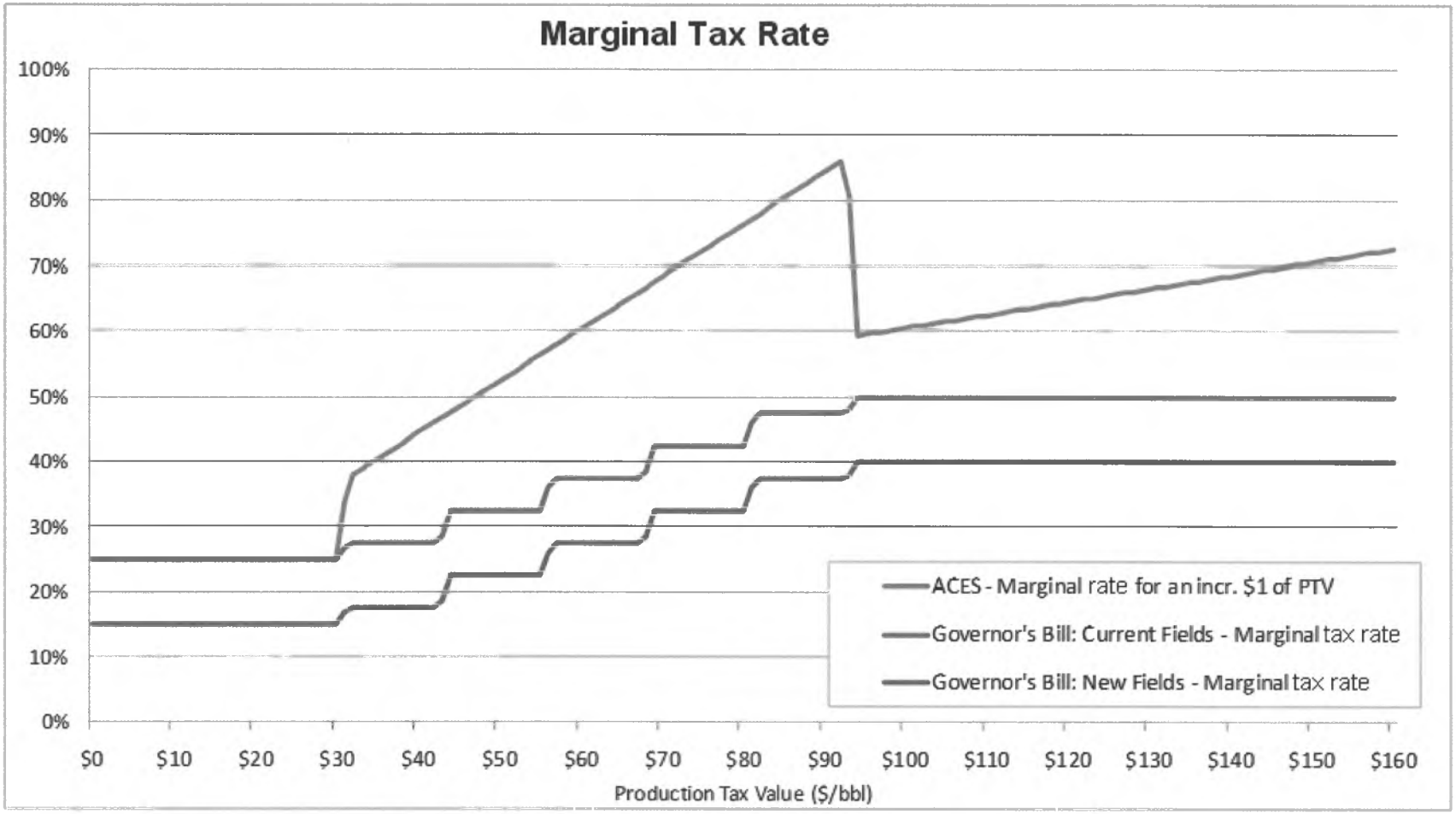
Tax Rates, Current and Proposed

- **Effective Tax Rate**
- **Nominal Tax Rate**
- **Marginal Tax Rate**

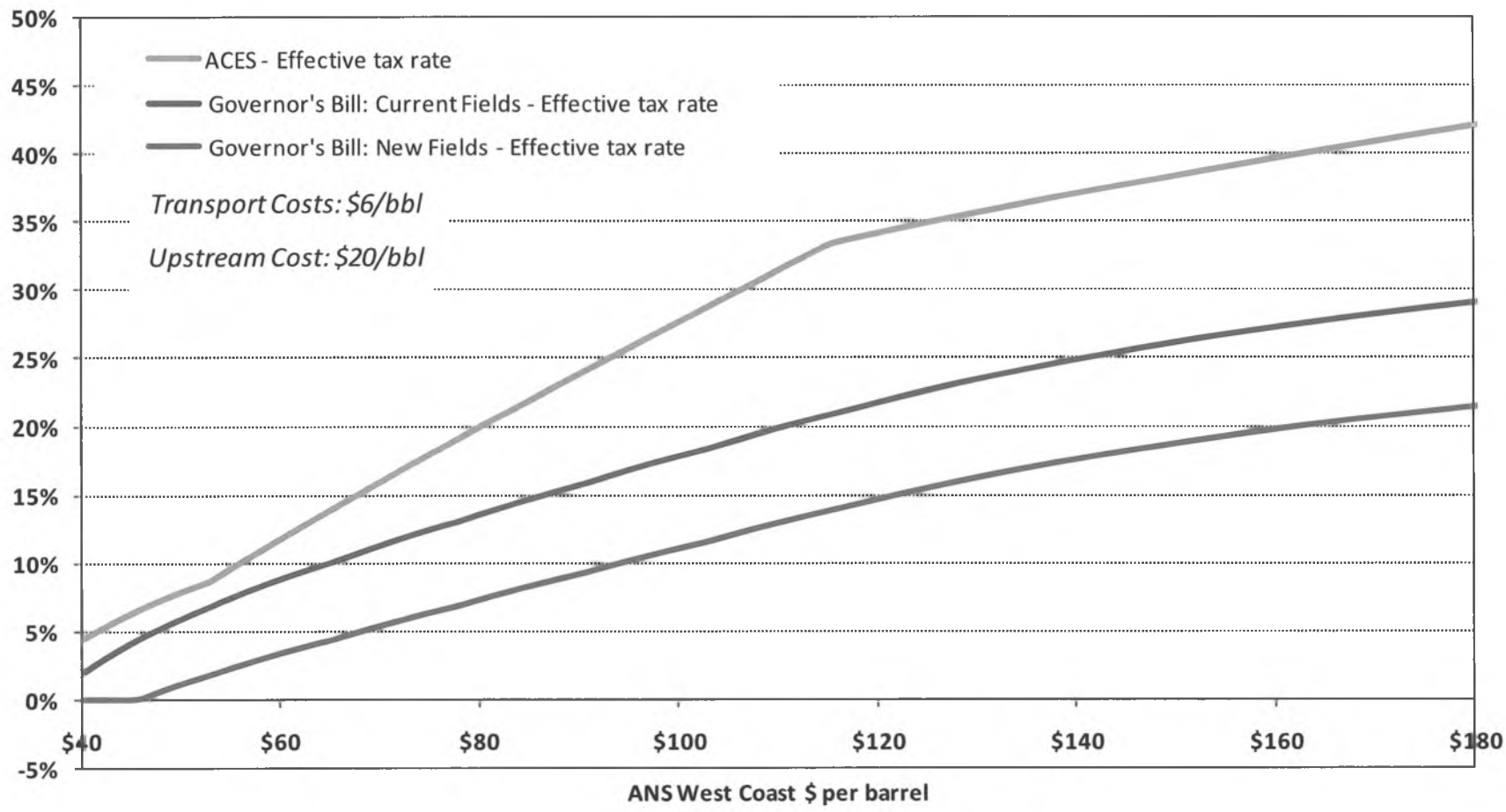
Nominal Tax Rates
Current law and HB 110



Marginal Tax Rates
Current law and HB 110



Effective Tax Rates on Gross Current law and HB 110



Proposed Credits under HB 110

- **Well Lease Expenditure Credit**
  - **Credit of 40% for capital expenditures directly related to an exploration well, a stratigraphic test well, a producing well, or an injection well**
  - **Intangible drilling and development costs**
  - **Expands existing credit from areas other than North Slope to include North Slope**

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 110
(H) Publish Date: 1/18/11

Identifier (file name): LL0007-DOR-TAX-1-13-11
Title: Oil and Gas Production Tax
Sponsor: Rules Committee
Requester: By Request of the Governor

Dept. Affected: Revenue
Appropriation: Treasury and Taxation
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services				267.0	267.0	267.0	267.0
Travel				10.0	10.0	10.0	10.0
Contractual	115.0			9.4	9.4	9.4	9.4
Supplies				1.0	1.0	1.0	1.0
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**115.0**	**0.0**	**0.0**	**287.4**	**287.4**	**287.4**	**287.4**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES	***	***	***	***	***	***	***

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	115.0	0.0	0.0	287.4	287.4	287.4	287.4
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**115.0**	**0.0**	**0.0**	**287.4**	**287.4**	**287.4**	**287.4**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time	**0.0**	0.00	0	2	2	2	2
Part-time							
Temporary							

Why this fiscal note differs from previous version

This is the first version of the bill.

Prepared by: Cherie Nienhuis, Economist and Bruce Tangeman, Dep. Commissioner — Phone 269-1019
Division: Tax Division — Date/Time 1/13/2011; 12:07pm
Approved by: Ginger Blaisdell, Director Administrative Services Division — Date 1/13/11; 12:16pm
Department of Revenue

(Revised 12/29/2010 OMB)

FISCAL NOTE #1

STATE OF ALASKA **BILL NO. HB 110**
2011 LEGISLATIVE SESSION

Analysis

***The revenue impact of this bill is indeterminate.
This bill makes several changes to the oil and gas production tax system. Each of the major changes, along with their potential revenue impact, are discussed below.

1. **The interest rate on delinquent taxes is changed** from the greater of 5 percentage points above the annual rate of interest charged by the 12th Federal Reserve District or 11 percent, to the lesser of 3 percent points above the annual rate of interest charged by the 12th Federal Reservice District or 11 percent. The effective date of this provision is 7/1/11. The Department of Revenue (DOR) does not forecast interest on taxes; therefore this provision has no quantifiable revenue impact. There will be $100,000 in one-time contractor costs to implement this change in our accounting system.

2. **The ANS WC oil price thresholds for the minimum tax are lowered** from the range of $15 to $25 to the range of $12.50 to $20 per barrel. The effective date of this provision is 1/1/2013. The DOR expects no revenue impact from this change since oil prices are forecasted to be above these amounts.

3. **The tax rate is changed and it is calculated annually rather than monthly for production in unitized areas or areas where there has been commercial production.** The tax rates under the bill are bracketed and only the increment of production tax value (PTV) within each bracket is taxed at that bracket's rate. The brackets range from 25% for PTV up to $30 per barrel to 50% for PTV over $92.50 per barrel. The maximum total production tax rate is 50%. The effective date of this provision is 1/1/2013. Using the Fall 2010 forecast assumptions, this provision is expected to result in revenue impacts as follows:
FY 2013: -$382 million
FY 2014: -$961 million
FY 2015: -$1,126 million
FY 2016: -$1,341 million
FY 2017: -$1,423 million

4. **For areas that are not unitized as of 1/1/2011 and where there has been no commercial production, the tax rate has changed and the lease expenditures in those areas may not be applied outside those areas.** The tax rates under the bill are bracketed and only the increment of PTV within each bracket is taxed at that bracket's rate. The brackets range from 15% for PTV up to $30 per barrel to 40% for PTV over $92.50 per barrel. The maximum total production tax rate is 40%. The effective date of this provision is 1/1/2013. Using the Fall 2010 forecast assumptions, this provision is expected to increase revenue slightly in amounts less than $20 million in FY 2013 through FY 2017.

5. **The provision requiring that credits be taken over two years is eliminated**. This provision would result in companies using credits earlier than they would without this change, and except for time value of money impact, it is revenue neutral. The effective date of this provision is 1/1/2012. Using the Fall 2010 forecast assumptions, this provision is expected to decrease revenue in the amount of $250 million in CY 2012 (taken over FY 2012 and FY 2013). Another $100 million in refunds would also be likely sought for credit certificates in FY 2012.

6. **The 40% credit for well lease expenditures is expanded to include qualified expenditures incurred north of 68 degrees North Latitude**. The effective date of this provision is 1/1/2012. The DOR has very limited data upon which to estimate the revenue impact of this provision. We estimate this provision will decrease revenue in the amount of $200 million to $400 million annually. No additional positions will be required, however, there will be a one-time contractual cost of $15,000 for auditor training on well lease expenditures.

7. **The statute of limitations on the assessment of taxes is changed from six to four years after the annual return is filed**. The effective date of this provision is 1/1/2014. The DOR does not forecast assessments of tax upon audit; therefore this provision has no quantifiable revenue impact. Two additional oil and gas auditor IV positions will be required beginning in FY 2014 to implement this provision. These positions are expected to cost $287,400 annually.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 110
(H) Publish Date: 1/18/11

LL0007-DNR-DOG-1-13-2011
Title: Oil and Gas Production Tax
Sponsor: Rules Committee
Requester: Governor

Dept. Affected: Natural Resources
Appropriation: Resource Development
Allocation: Oil & Gas
OMB Component Number: 439

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Not applicable, initial version

Prepared by: Kevin Banks — Phone: 269-8800
Division: Oil and Gas — Date/Time: 1-13-2011; 2:15 PM
Approved by: Daniel S. Sullivan — Date: 1/13/2011
Natural Resources

(Revised 12/29/2010 OMB)

FISCAL NOTE #2

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 110

Analysis

This bill may encourage producers to invest more by allowing them to receive the benefits of credits for that investment more quickly. First, currently under AS 43.55.023(b), only half the 20% qualified capital expenditure (QCE) credit can be taken in any one year. Section 11 of this bill would amend AS 43.55.23(b) to allow the full QCE credit to be taken in one year. Second, under AS 43.55.23(d), a producer that applies to obtain a transferable certificate for expenditures on the North Slope giving rise to a QCE credit or the loss carry-forward credit (AS 43.55.023(a)) will be issued two certificates, each for half the credit amounts, with one of the certificates only good for the next calendar year.

This limitation dilutes the incentive the credit provides to the extent that a producer/investor must wait before receiving the full benefit of the credit. Section 12 of this bill would amend AS 43.55.023(d) to allow the certificates received be for immediate use for North Slope expenditures, just as they are currently for expenditures in Alaska outside the North Slope. Third, Section 17 of the bill makes it easier for a small producer receiving a credit for North Slope expenditures to sell that credit to the State by eliminating the requirement that the producer spend additional money before receiving the credit monies.

In addition to allowing a quicker monetization of a given amount of credits, the bill extends the current 40% credit provided under 43.55.023(l) for well expenditures in Alaska off the North Slope to well expenditures on the North Slope. Currently, the North Slope producers receive a 20% qualified capital expenditure credit for well expenditure capital. Under the amendments provided in Sections 15 and 16 of the bill, producers would receive a 40% credit for those expenditures. This increased credit amount may encourage investment in wells on the North Slope.

This bill has a higher minimum tax rate apply to lower ANS West Coast prices. To the extent investors perceive the possibility that ANS West Coast prices will fall this low, these changes to the minimum tax may discourage investment. Also, by having separate production tax value calculations for "new production" units , the investors in these new units will have less ability to lower tax liability on "old production" units.

This bill lowers the marginal tax rates for existing and new fields by having progressively higher tax rates only apply to incremental production tax value. To the extent that investments are made as a consequence of these changes to the tax regime, royalty revenue may rise. The fiscal impact on royalty revenue is an indeterminate positive.

HB 110 Presentation

Primary Goals
Tax Rates and Cash Flows
Bill Sectional

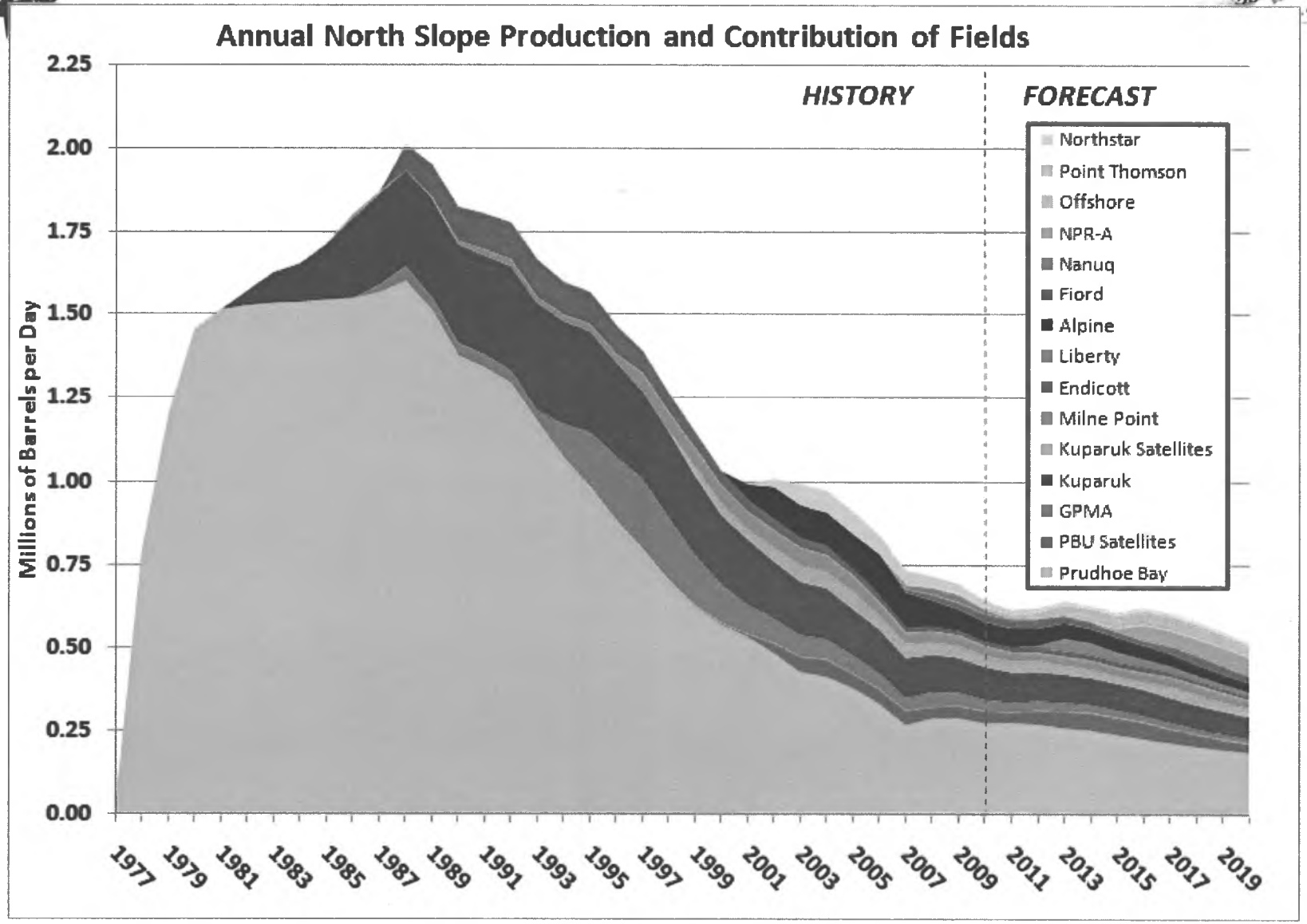
Presentation to the
House Resources Committee
February 21, 2011
Alaska Department of Revenue

Outline for Presentation

- **Opening Comments**
- **Primary Goals of HB 110**
- **Tax Rates and Cash Flows**
- **Bill Sectional**

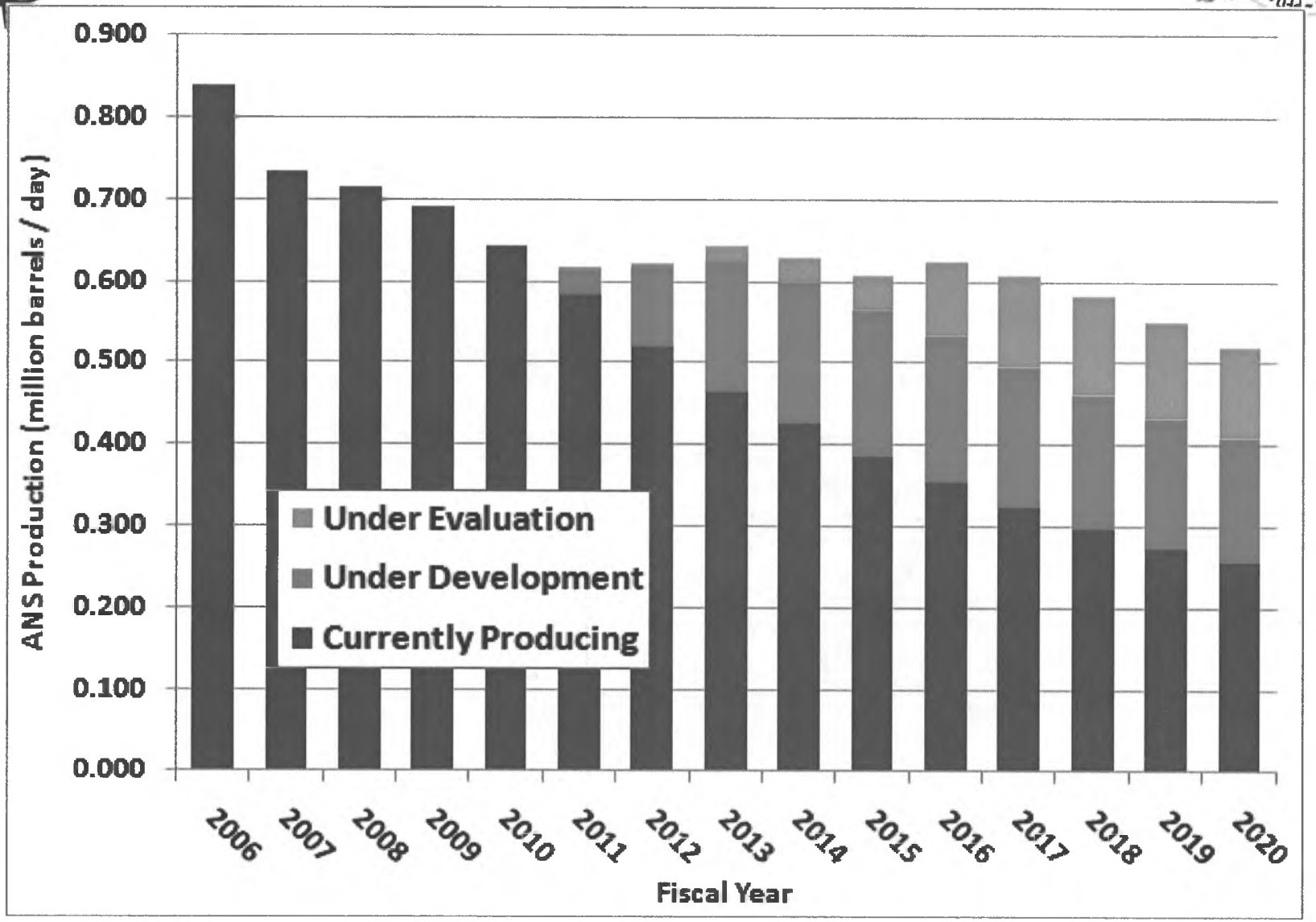
Opening Comments

Production is Declining



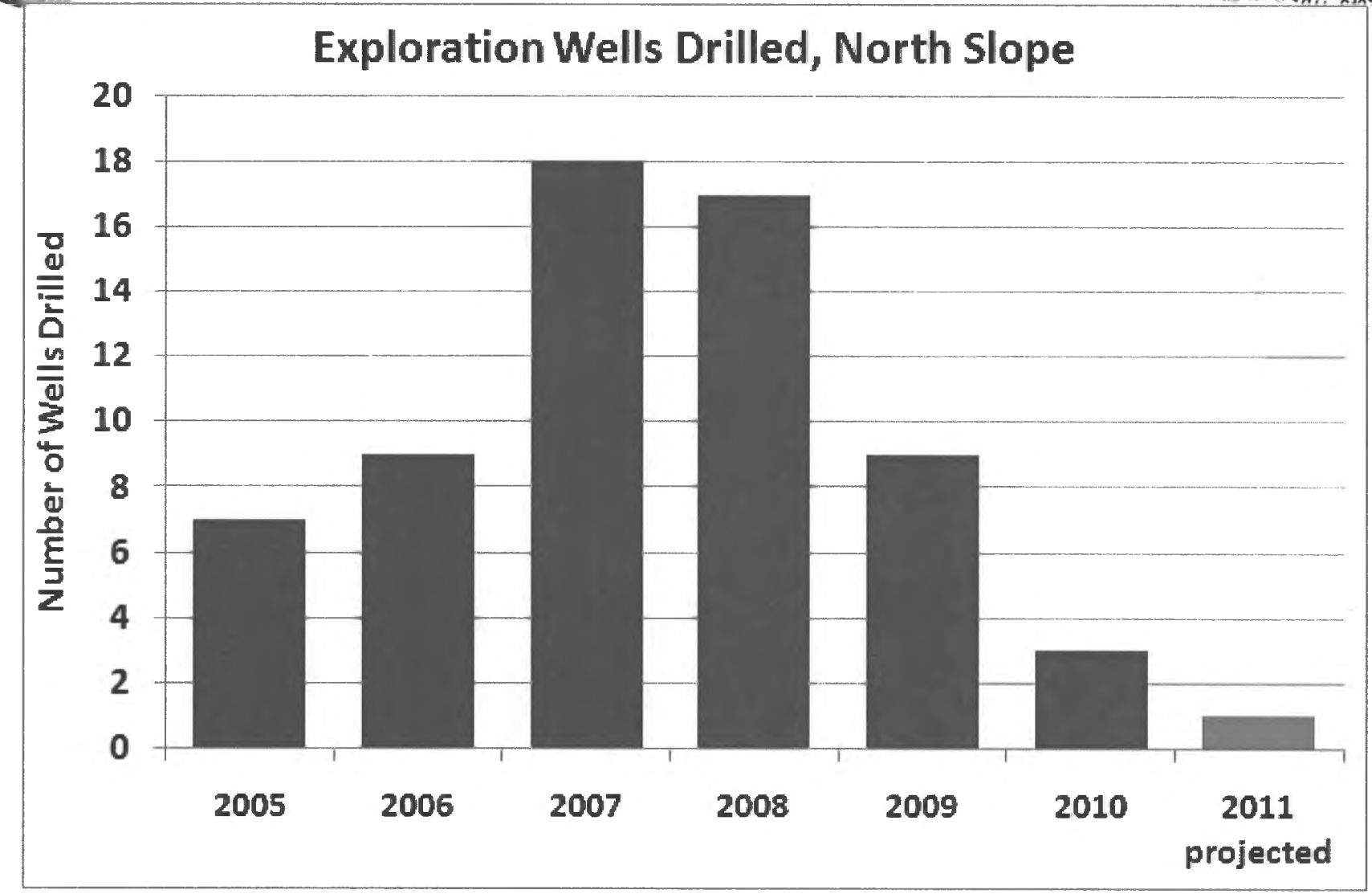
Source: Fall 2010 Revenue Sources Book

Investment needed in new & old fields alike



Source: Fall 2010 Revenue Sources Book

Exploration is Declining



Source: Alaska Oil & Gas Conservation Commission and Alaska Department of Natural Resources

There is a lot of oil left in Alaska...

- Cumulative production through 2010 has been over 16 billion barrels.
- Remaining North Slope reserves exceed 5 billion barrels.
- Geology-based estimates of total oil volumes are much higher. For instance, we do not include any of the approximately 20 billion barrels in the giant Ugnu deposit, or offshore volumes from the Chukchi or Beaufort Seas, in our forecast.

Primary Goals of HB 110

Primary Goals of HB 110

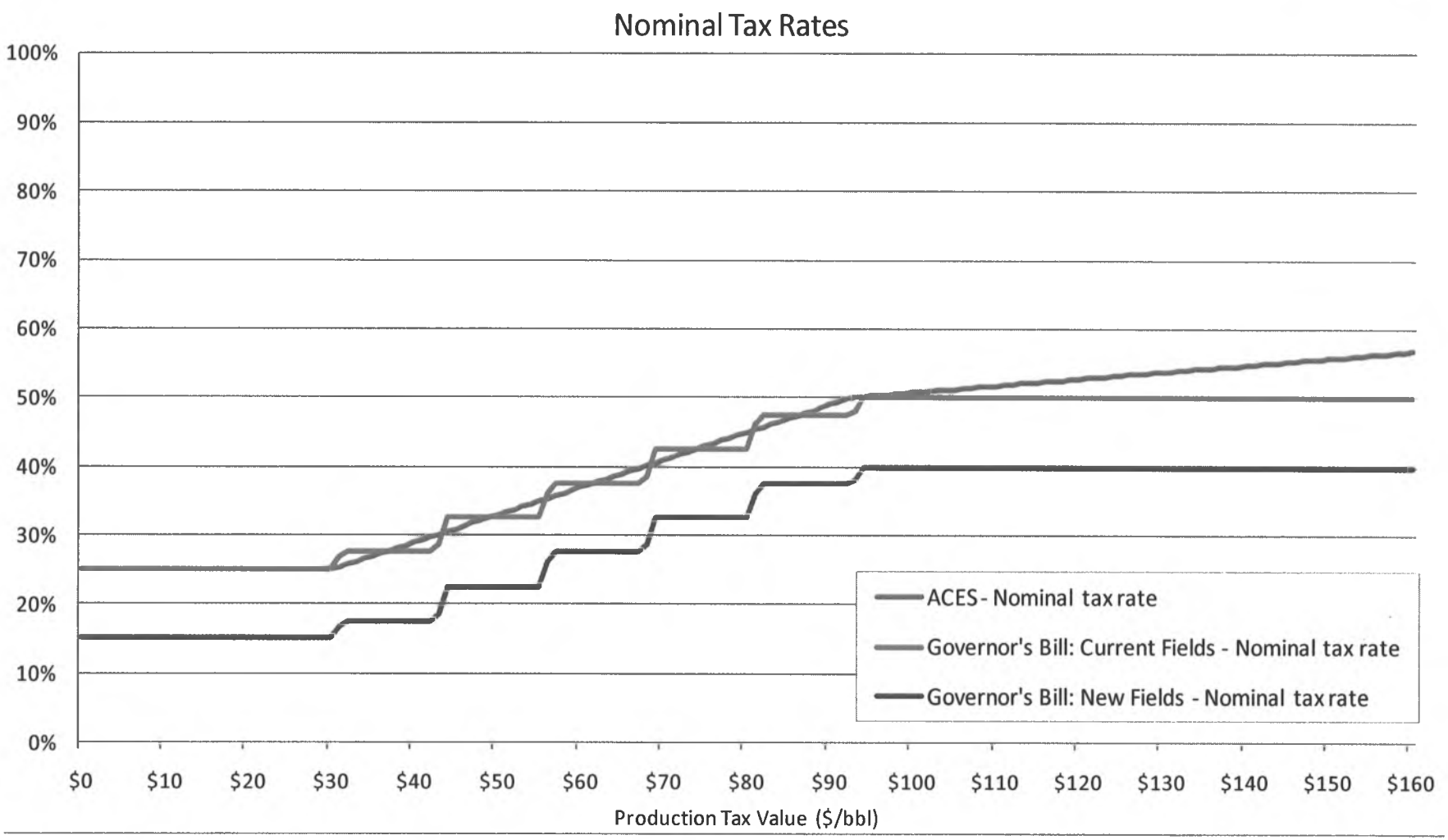
1. Encourages development of new leases or properties.
2. Encourages investment in exploration, development, and production.
3. Strengthens the minimum tax.
4. Extends tax incentives to North Slope and allows producers to apply tax credits in one year.
5. Limits the time for assessment of additional production taxes.
6. Reduces interest rate on delinquent taxes and refunds.

HB 110 is about balance

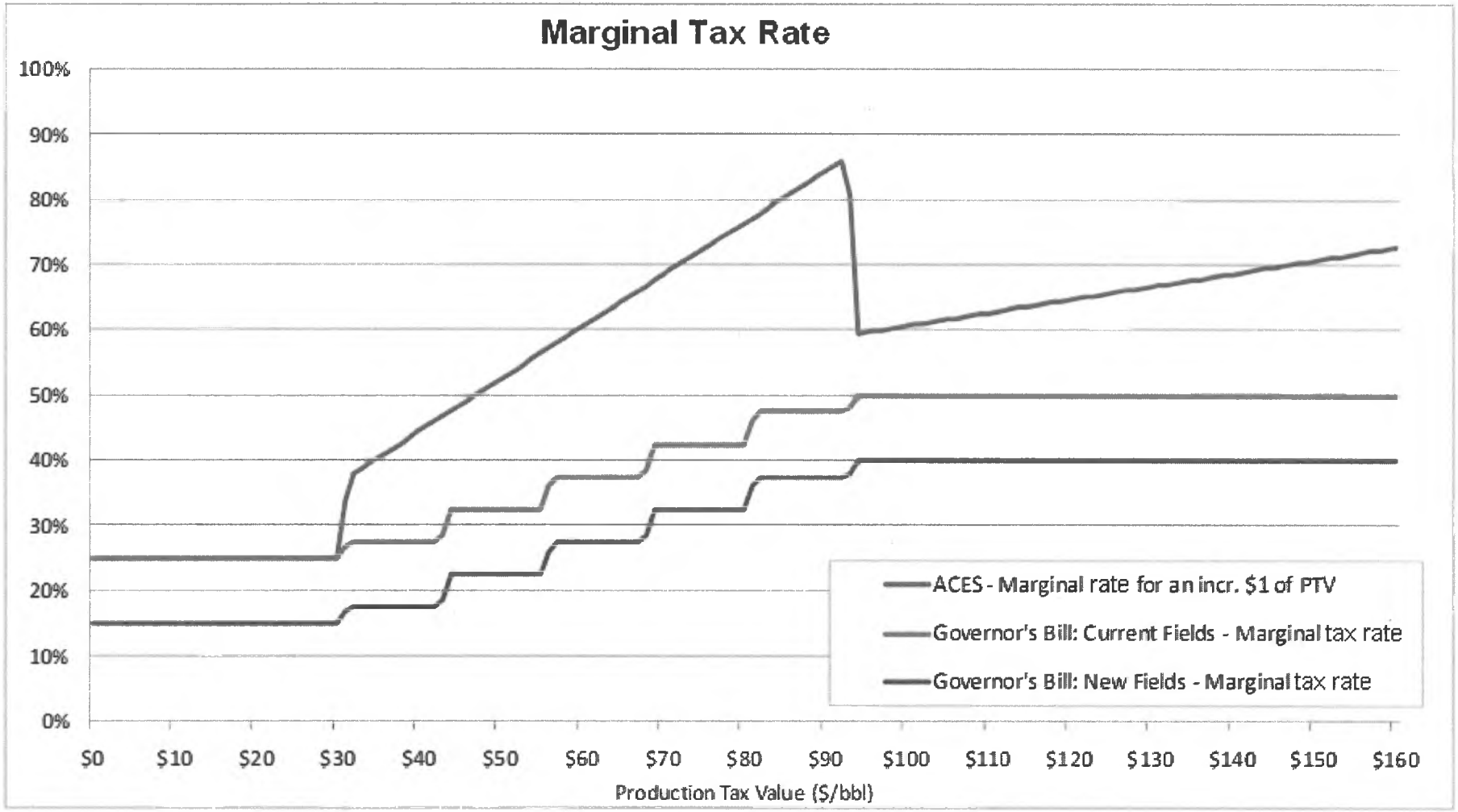
- **Balance between current revenue, and the future health of Alaska's economy.**
- **The state would continue to receive its fair share of revenue.**
- **Establishes secure investment climate for industry.**

Tax Rates and Cash Flows under ACES and HB 110

Nominal Tax Rates
Current law and HB 110

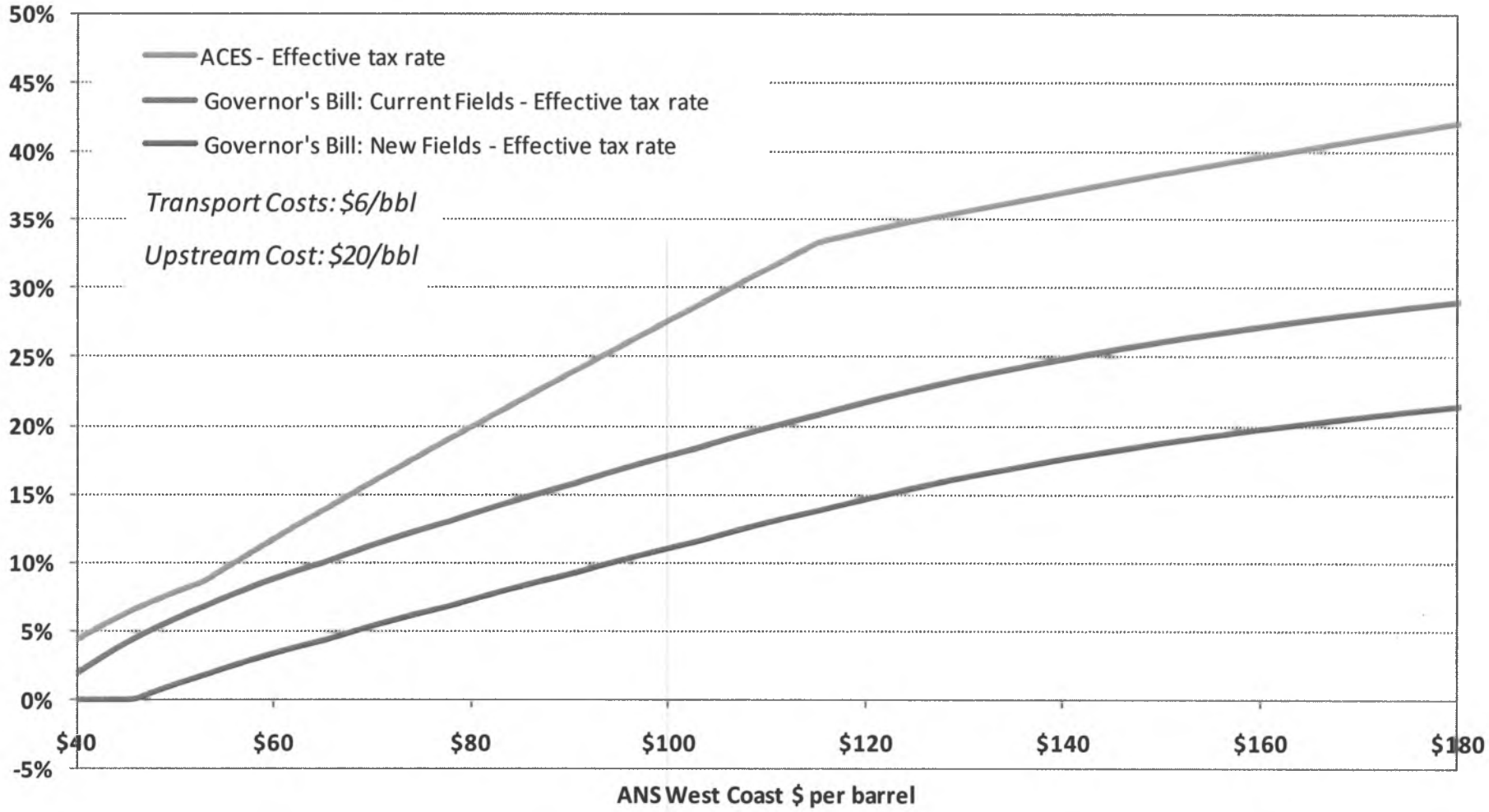


Marginal Tax Rates
Current law and HB 110

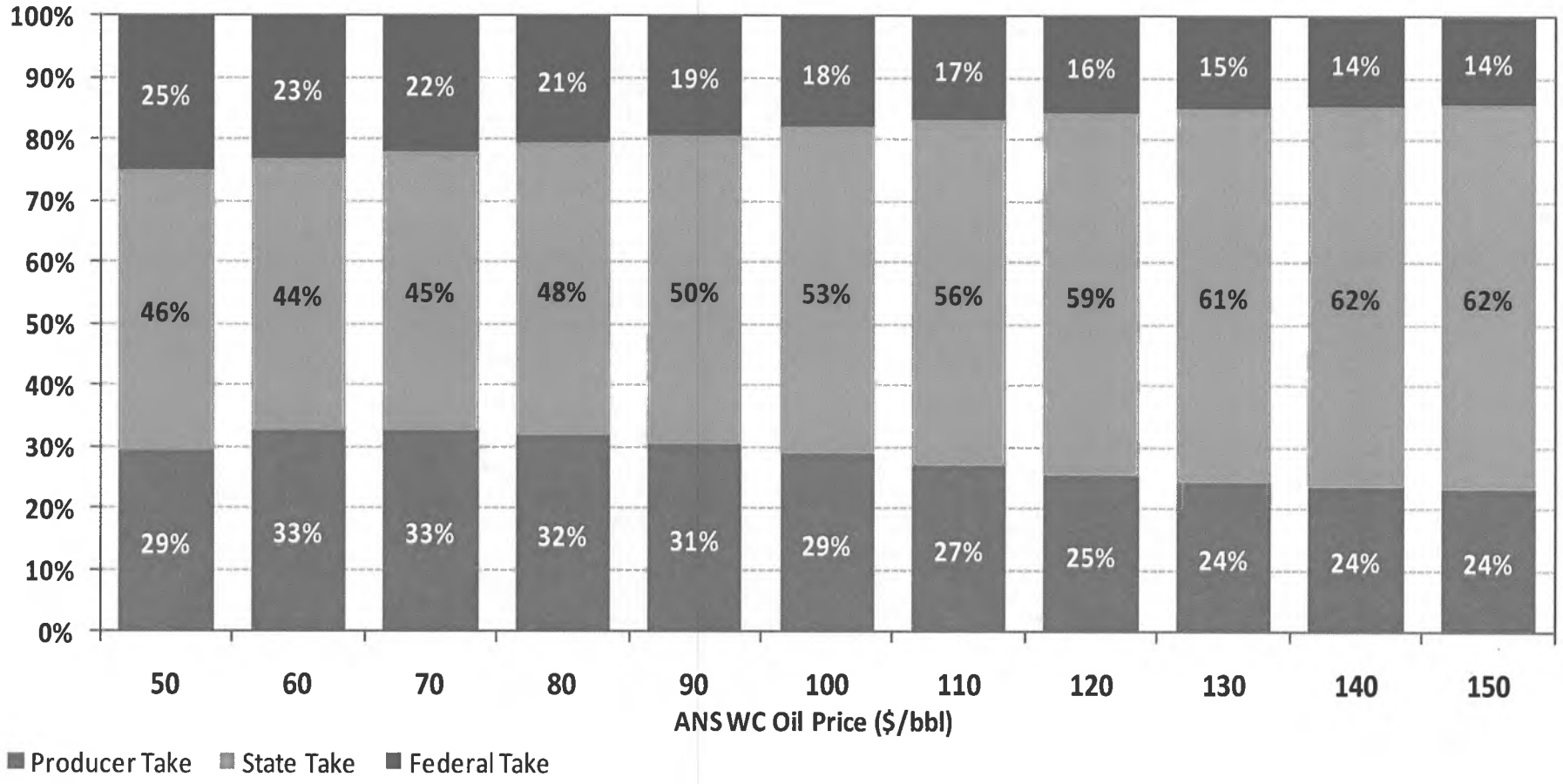


Effective Tax Rates on Gross Current law and HB 110

Effective Tax Rate based on Gross Value (After Credits)

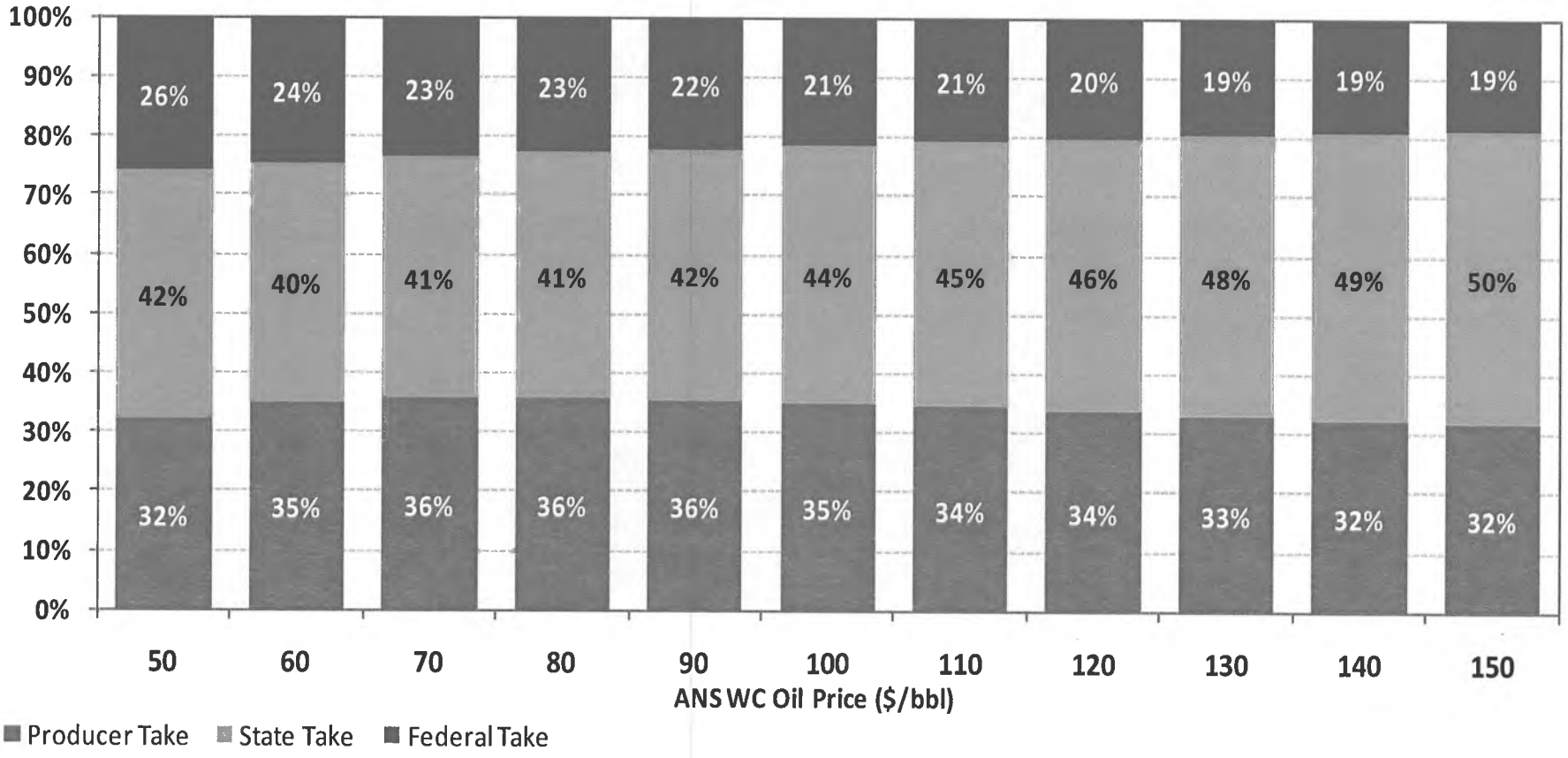


Total CF split (2013 to 2040) under ACES at different oil prices for a the DOR Production Forecast



Assumptions:
Production Forecast: DOR (Fall 2010) from 2013 to 2040
Price Forecast: Flat prices, and 0% escalation p.a.
OPEX and CAPEX inflation: 0% p.a.

Total CF split (2013 to 2040) under HB110 at different oil prices for a the DOR Production Forecast



Assumptions:
Production Forecast: DOR (Fall 2010) from 2013 to 2040
Price Forecast: Flat prices, and 0% escalation p.a.
OPEX and CAPEX inflation: 0% p.a.

HB 110
Bill Sectional

Bill Sectional

- **Sections 1-5:** AS 43.05.225 is amended to reduce interest rates on delinquent taxes and refunds.
  - New rate - federal rate plus 3% or 11 %, whichever is lower.
  - Current rate is federal rate plus 5% or 11%, whichever is higher.

Bill Sectional

- **Section 6:** Levy of tax.
  - Rate is 25% + bracketed progressivity for oil and gas from current leases or properties.
  - Rate is 15% + bracketed progressivity for production from lease or property that had not been in a unit or in commercial production prior to Dec 31, 2010.
  - Progressivity would be levied on an annual, rather than a monthly, basis.

Bill Sectional

- **Section 7:** Lowers threshold prices for application of minimum tax.
- **Section 8:** Provides incremental, bracketed progressivity. The applicable progressivity rate applies only to the fraction of the production tax value that falls within the incremental rate.
  Maximum total tax rate is 50% for production subject to the 25% base rate.
  Maximum total tax rate is 40% for production subject to the 15% base rate.

Bill Sectional

- **Section 9:** Statute requiring monthly payments is revised to account for annual progressivity calculation and new tax rate for certain fields.
- **Section 10:** Conforming amendment for interest rate change.
- **Section 11:** Removes requirement that tax credits for qualified capital expenditures be taken over two years.
- **Section 12:** Provides that tax credit certificates will be issued as one certificate.

Bill Sectional

- **Sections 13-14:** Amendments to reflect interest rate change and relating to the issuance of well lease expenditure credit certificates.
- **Sections 15-16:** Expands the 40% well lease expenditure credit to qualified expenditures made on the North Slope.
- **Sections 17-18:** Conforming amendments.
- **Section 19:** Statute of limitations for production tax reduced from 6 years to 4 years, beginning with 2014 tax liability.

Bill Sectional

- **Section 20:** AS 43.55.160 amended to account for production subject to 15% tax rate and progressivity changes.
- **Sections 21-23:** Conforming amendments for interest rate change.
- **Section 24:** Repeals AS 43.55.023(m), since all capital credit certificates will be issued as one certificate.

Bill Sectional

- **Section 25:** Applicability provision for clarification.
- **Section 26:** Provides DOR authority to adopt regulations to implement the bill.
- **Sections 27-30:** Effective date provisions.

HB 110 Effective Dates

7/1/2011:

Reduced interest rate for overpayment and underpayment of taxes.

1/1/2012:

Credits for expenditures made after this date can be used in one year .

40% Well Lease Expenditure credit extended to North Slope.

1/1/2013:

Annual progressivity, bracketed progressivity, 50% max rate.

Lower tax rate for new leases or properties.

Changes to minimum tax thresholds.

1/1/2014:

Statute of limitations for production tax changed from 6 years to 4 years.

State of Alaska
Department of Revenue

Commissioner Bryan Butcher

SEAN PARNELL, GOVERNOR
333 Willoughby Avenue, 11th Floor
P.O. Box 110400
Juneau, Alaska 99800-0400
Phone: (907) 465-2300
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The Honorable Eric Feige
State Capitol Room 126
Juneau AK, 99801

February 23, 2011

The Honorable Paul Seaton
State Capitol Room 102
Juneau AK, 99801

SUBJECT: Response to Questions from House Resources Meeting on February 21, 2011

Dear Representatives Feige and Seaton:

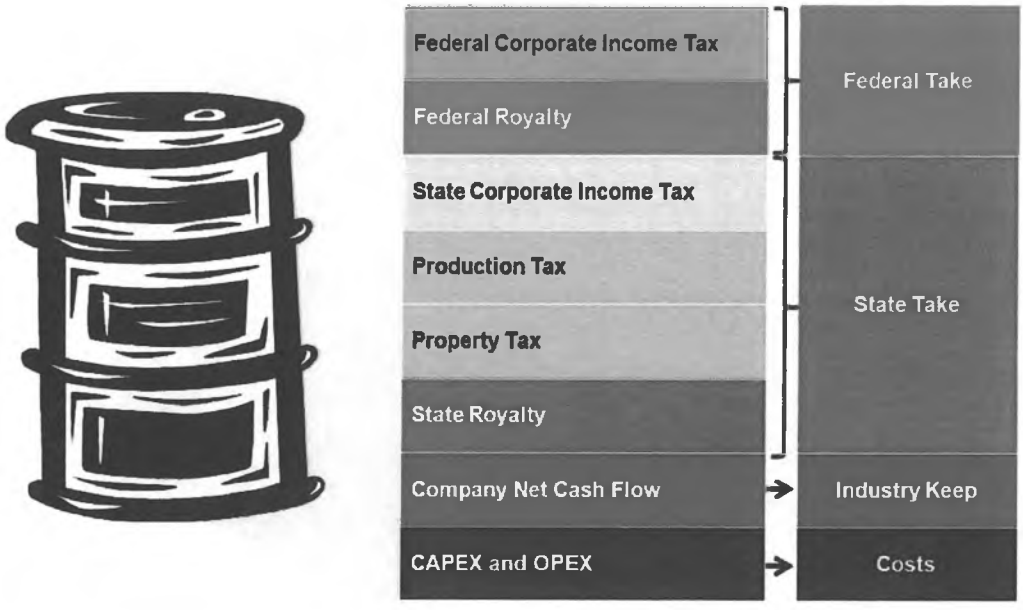
The purpose of this document is to respond to the follow-up questions from the House Resources Committee meeting on February 21, 2011. The requests/questions and responses follow.

1) **Compare effective tax rates to other jurisdictions where major producers are investing.**

   In comparing Alaska to other jurisdictions it is informative to look at total government take, as opposed to just taxes. Total government take includes all aspects of a particular fiscal regime including royalties, corporate income taxes, and production shares. The total government take is calculated as:

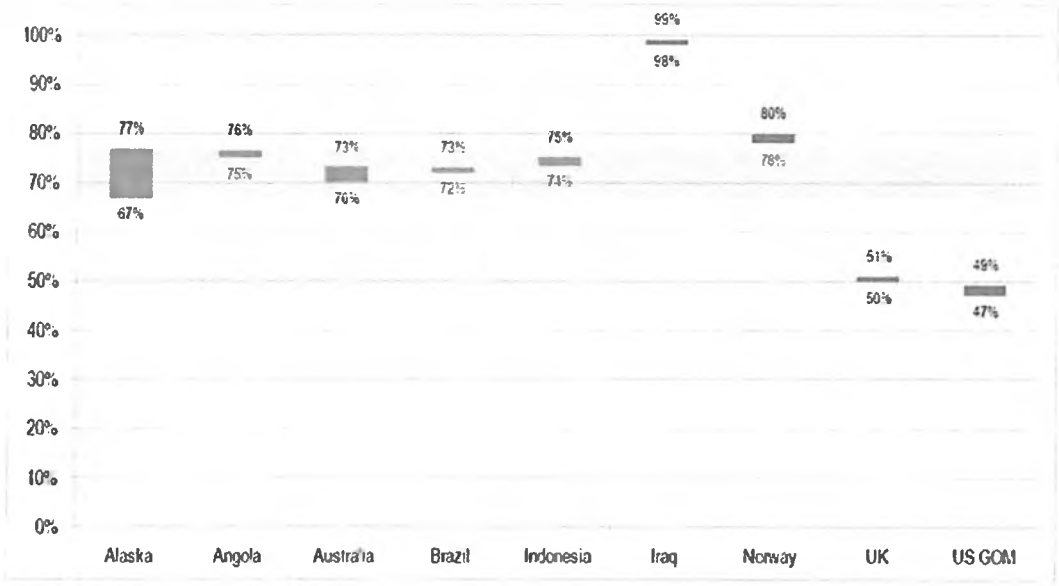
$$\frac{\textit{Federal Take + State Take}}{\textit{Field Revenue – Capex – Opex}}$$

The following graphic illustrates the components that comprise government take.



The following chart, extracted from a presentation given to Senate Finance on 2/22/10, presents total government take at oil prices of $70 and $150, in jurisdictions selected for their ability to attract hydrocarbon investments. The government take calculations are based on a production profile and costs similar to those in Alaska, with the various fiscal systems applied. The chart shows that Alaska's current total government take (about 67% at $70 oil and about 77% at $150 oil) is similar to the government take in a number of these jurisdictions; though significantly higher than the government take in the UK and the US Gulf of Mexico. Although Alaska's government take is similar to some other jurisdictions, Alaska is not currently attracting the desired level of exploration and development.

Remaining NS Oil Profile
Total Government Take



Note: Oil price $70-$150/bbl *Total Government Take - Alaska*

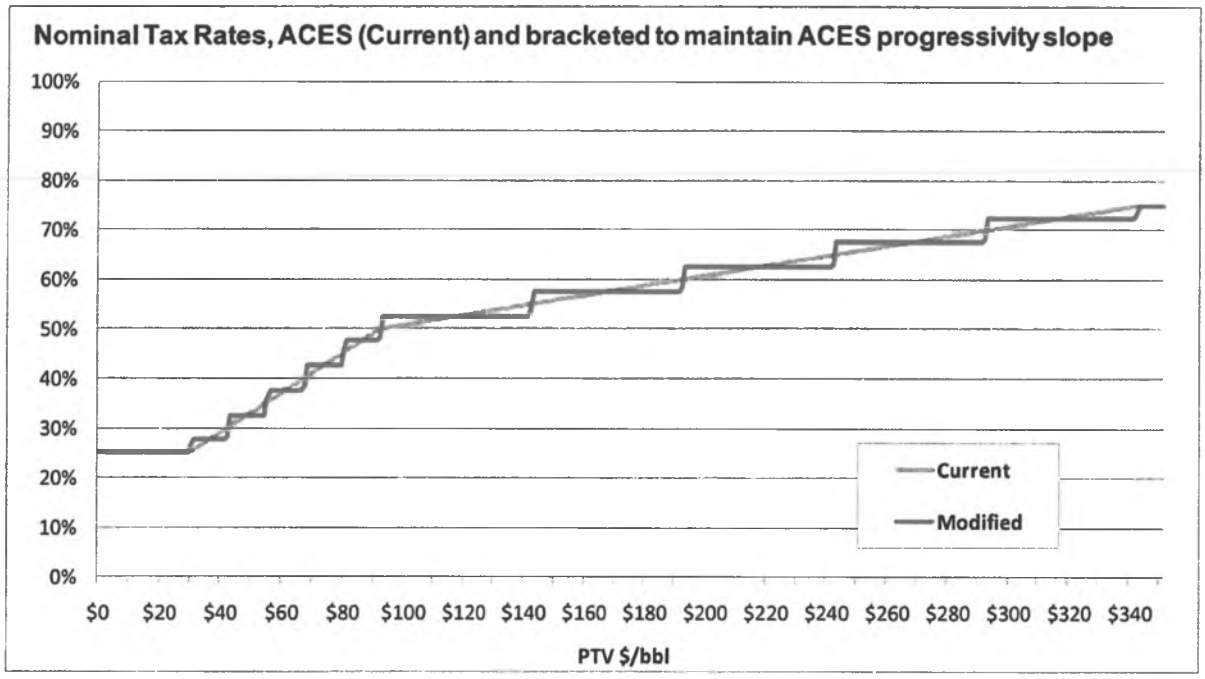
2) How much reinvestment of tax savings would occur if HB 110 passes as written?

The Department cannot say for certain the amount of reinvestment that will occur if HB 110 is enacted. A primary goal of the bill is to improve the investment climate in Alaska. Many companies that are currently producing, or hope to pursue new exploration and development, have testified to the beneficial impact this bill will have in terms of encouraging new investment and production.

3) Provide a slide showing tax rates if we were to maintain the same tax rates as ACES, but bracket progressivity.

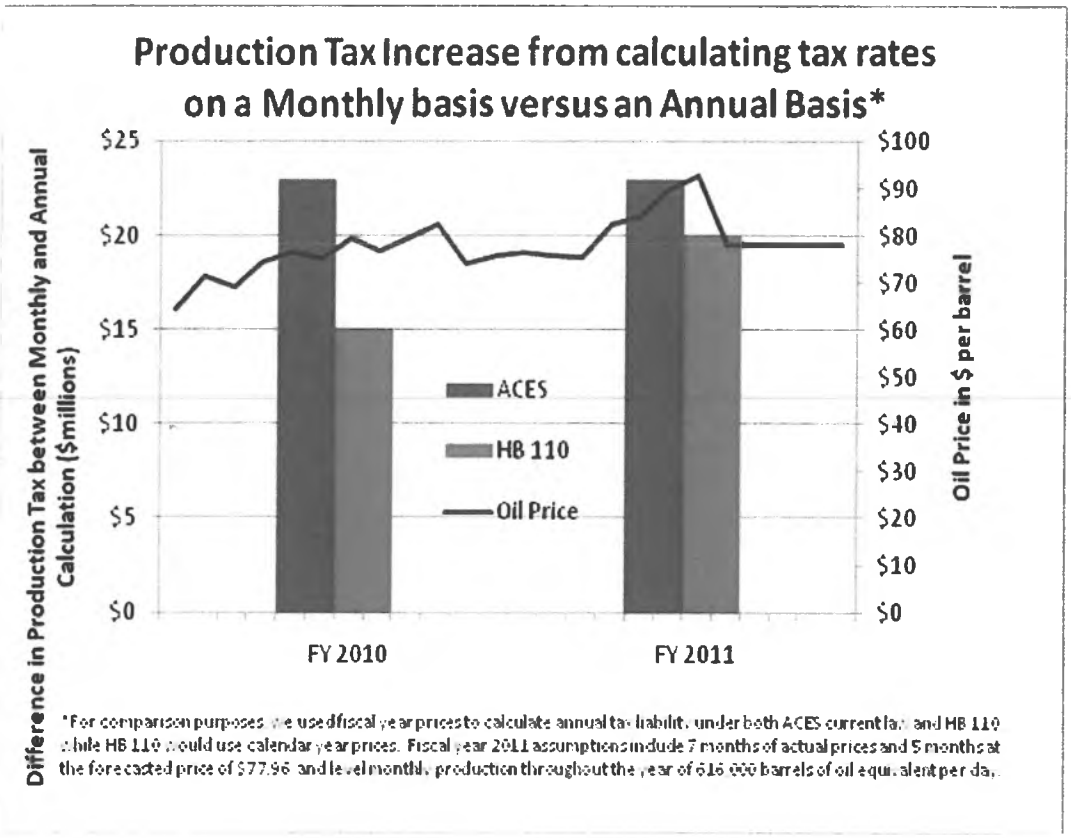
The following table and graph show how a marginal bracket approach could be applied to the production tax, while maintaining the same progressivity slope that exists currently under ACES. HB 110 implements this approach, with the exception that HB 110 caps the total tax rate at 50% compared to 75% under ACES.

Production Tax Value Bracket ($/boe)	Production Tax Rate (%)
0 to 30	25.0%
30 to 42.5	27.5%
42.5 to 55	32.5%
55 to 67.5	37.5%
67.5 to 80	42.5%
80 to 92.5	47.5%
92.5 to 142.5	52.5%
142.5 to 192.5	57.5%
192.5 to 242.5	62.5%
242.5 to 292.5	67.5%
292.5 to 342.5	72.5%
More than 342.5	75.0%



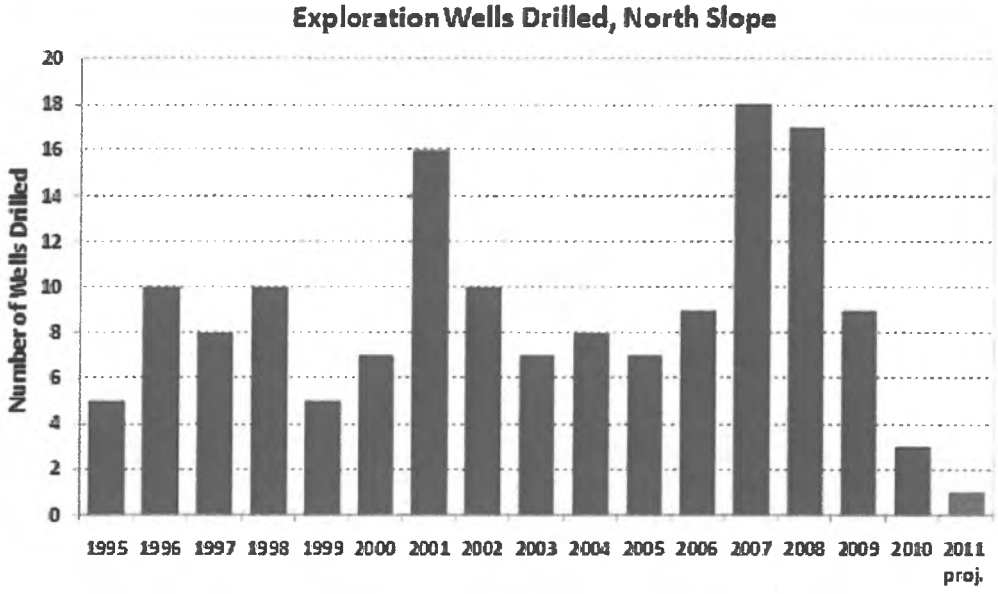
4) **Provide estimates of the revenue impact of switching from monthly to annual progressivity calculation.**

House Bill 110 proposes a change to the production tax rates and with it, a change to the calculation of those rates from a monthly calculation to an annual calculation. Depending on the monthly volatility in oil prices, the tax rate calculated annually may be different than the tax rate calculated monthly, thereby affecting total production tax revenues. Under most scenarios, the annual calculation will yield a lower tax rate and therefore lower production tax revenues than the monthly calculation. The difference in production tax revenue calculated monthly versus annually is much less under HB 110 than it is under ACES, however. We provide the following graph which shows the production tax increase for FY10 and projected for FY11 from calculating the tax rate monthly versus annually for both ACES and for HB 110.



5) **Provide a slide showing exploration wells drilled each year, including prior to 2005.**

The following chart shows exploration wells drilled on the North Slope since 1995, according to the Alaska Oil and Gas Conservation Commission. The Department of Natural Resources currently projects one exploration well for 2011.



Source: Alaska Oil and Gas Conservation Commission and Department of Natural Resources

6) **Provide information on the components of federal government take, and explain why the federal government does not reduce their take to encourage exploration.**

For production on state land, the primary component of federal government take is the corporate income tax, with a top marginal tax rate of 35%. State taxes are deductible in calculating federal taxable income. If a company is paying at the top marginal tax rate, then of the profit that remains after state taxes and royalties, the federal government receives 35% through the corporate income tax.

The federal government does have certain tax credits that help to encourage development at lower oil prices. These were discussed in the Department's response to questions raised at the February 7, 2011 hearing for HB 110, and that response is included again in its entirety below.

The following list presents the primary oil and gas related tax credits that are available against federal corporate income tax. There are also many federal tax credits that are available to all corporations which are not detailed here.

Enhanced Oil Recovery Credit (EOR)

- Credit of 15% of qualified costs against federal tax.
- Credit phases out when price of oil exceeds $28 /bbl (adjusted for inflation).
- No EOR allowed since 2005, because the list price exceeded the inflation adjusted price of oil. The list price for 2009 was $56.39 /bbl

Marginal Well Credit

- Credit up to $3/bbl available only to owner of operating interest.

- Marginal well = oil production not more than 25 bbls/day, and not less than 95% water.
- Credit available only when price of oil less than $18/bbl.

Nonconventional Fuel Source Credit

- Credit up to $3 (adjusted for inflation) per BOE (barrel of oil equivalent, with 5.8 million Btu content)
- Credit completely phased out when inflation adjusted price of oil exceeds $33.46/bbl. List price of oil in 2009 was $56.39 /bbl.
- Credit on oil only from shale or tar sands.
- Credit on synthetic fuels from coal.
- Credit on gas produced only from:
  1. Devonian shale
  2. coal seams
  3. tight formations
  4. biomass
  5. geo pressured brine

7) Provide our legal opinion regarding whether new information about company spending could be collected by statute, versus by regulation.

Under current statutes, the Department may request taxpayer information needed to provide forecasts and to administer the production tax, including information needed to audit claimed capital credit expenditures. Current statutes authorize the Department to adopt regulations requiring taxpayers to submit more detailed information about capital expenditures.

Under AS 43.05.230 (e), the Department would be able to release information about classification of capital spending only to the extent that it could be compiled as a general statistic that would prevent the identification of a particular return or report.

Under AS 43.55.890, the Department can publish information on qualified capital expenditures, as defined in AS 43.55.023, if aggregated among three or more producers or explorers, by month or calendar year and lease or property, unit, or area of the state.

8) Does Section 20 of the bill allow small producers to "double up" on credits?

Section 20 of HB 110 does not allow small producers to "double up" on credits. Section 20 of HB 110 makes no change to the AS 43.55.024(a) new area development credit or to the .024(c) credits for small producers. House Bill 110 simply cleans up the reporting to address the .024 credits since current AS 43.55.160 does not take into account the fact that for some producers, those credits will sunset in 2016, while for other producers the credit will be available for 9 years after they commence production. The amendments to

AS 43.55.160 in HB 110 simply take this into account, no change is made to how the AS 43.55.024 credits apply.

9) Provide information about the state revenues and other benefits that would accrue from OCS development.

The Outer Continental Shelf (OCS) encompasses submerged lands and waters between state jurisdiction and the extent of federal jurisdiction. State jurisdiction in Alaska extends three miles from the coastline. Federal jurisdiction extends 197 miles beyond the state jurisdiction for a total of 200 miles total from the coastline.

Revenue from oil and gas activity in Federal waters within three nautical miles of state waters is subject to Section 1337 (8)(g) of the Outer Continental Shelf Lands Act (OCSLA), which requires 27% of the total revenue to be shared with the state.

According to reports released by the MMS in 2006, the Alaska OCS is estimated to contain at least 50 billion barrels of oil equivalent (BOE) at the 50% confidence level. It is unclear what percentage of the estimated 50 billion BOE of technically recoverable resource would fall within the three to six mile region requiring revenue sharing with the state of Alaska. However, the State of Alaska would likely benefit indirectly from any development in the OCS.

In addition to direct revenue sharing the state would be entitled to from any development within three miles of state waters, the State of Alaska would benefit from OCS development through increased employment, increased throughput on the Trans-Alaska Pipeline System (TAPS), increased property tax payments and multiple other sources of revenue enhancement through the multiplier effect. Specifically, increased TAPS throughput would reduce the tariff on a per barrel basis increasing wellhead value for all production including, taxable production on state lands. Further, increased throughput on TAPS would likely assist in extending the operating life of TAPS allowing for increased recovery of oil in North Slope fields that might not otherwise have been recovered.

10) Produce an estimate of what the price of oil would have to be to cover the cost of the Governor's proposed FY 12 budget were all the provisions of HB 110 in effect currently.

The Governor's proposed FY 12 budget, with proposed amendments as of February 16, 2011, includes a total authorization to spend of $5,466.2 million of Unrestricted General Funds, after accounting for transfers and savings.

House Bill 110 is written to gradually phase in the provisions of the production tax changes. As such, our analysis shows that there is little to no direct fiscal impact in FY 12 from the provisions of HB 110 other than agency costs of approximately $100,000 to adjust the Tax Division's accounting system. Under the provisions in HB 110, therefore,

the price of oil would have to average approximately $81 per barrel to provide sufficient unrestricted revenue to cover the Governor's budget for FY 12.

If we assume that all of the provisions of HB 110 are in place prior to the start of FY 12, a price of approximately $90 to $92 per barrel would be needed to provide sufficient unrestricted revenue to cover the Governor's budget for FY 12. This figure is calculated using the bracketed annual tax rates included in HB 110, as well as the annual $200 to $400 million estimate for the well lease expenditure credit (which accounts for the range of oil prices in the result). We did not include estimates for provisions that were revenue neutral or for those that did not have a quantifiable impact on our revenue forecast. Our analysis included adjustments to only production tax and royalty; all other revenues were assumed to be the same as estimated in our Fall 2010 forecast.

11) Provide clarification on how the minimum tax is applied.

In response to discussion in the committee hearing, we would like to provide clarification regarding how the minimum tax under ACES is applied. HB 110 would strengthen the minimum tax by adjusting the price thresholds used in calculating the minimum tax.

Under current law, the production tax is the higher of the minimum tax under AS 43.55.011(f) and the tax under AS 43.55.011(e). At an oil price of $21 per barrel, the tax calculated under AS 43.55.011(e) would likely be zero, as the costs of the oil production would overtake any profit from that production. In that case, the minimum tax under AS 43.55.011(f) would apply. The minimum tax under current law would be 3% of gross value at the point of production, or about $0.42 [3% x ($21-$7 transit costs]. Because HB 110 lowers the threshold so that 4% of gross value applies to oil prices at $20 and above, the minimum tax would be 4% of the gross value at the point of production, or about $0.56 [3% x $21-$7].

12) Modeling request from Co-Chair Seaton

Co-chair Seaton has requested that the Department prepare models of ACES and HB 110, using a specific set up assumptions. The result of this analysis will be provided to the committee separate from this letter.

We hope our responses fully answer your questions.

Sincerely,

Bruce Tangeman
Deputy Commissioner

27-GH1007\A.2
Bullock
2/22/11

AMENDMENT #1

OFFERED IN THE HOUSE BY REPRESENTATIVE FEIGE

TO: HB 110

Page 3, line 10:

Delete "**as of December 31, 2010, was or had previously been**"

Insert "**on December 31, 2008, was**"

adopted

U.C.

adopted
4.C.

27-GH1007\A.36
Bullock
2/24/11

AMENDMENT #2

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 110

Page 1, line 6, following "**production**":

Insert "**relating to certain additional nontransferable oil and gas production tax credits;**"

Page 12, following line 5:

Insert new bill sections to read:

"* **Sec. 17.** AS 43.55.024(b) is amended to read:

(b) A producer may not take a tax credit under (a) of this section for any calendar year after the later of

(1) **2021** [2016]; or

(2) the ninth calendar year after the calendar year during which the producer first has commercial oil or gas production before May 1, **2021** [2016], from at least one lease or property in the state outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, if the producer did not have commercial oil or gas production from a lease or property in the state outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, before April 1, 2006.

* **Sec. 18.** AS 43.55.024(d) is amended to read:

(d) A producer may not take a tax credit under (c) of this section for any calendar year after the later of

(1) **2021** [2016]; or

(2) if the producer did not have commercial oil or gas production from a lease or property in the state before April 1, 2006, the ninth calendar year after the

calendar year during which the producer first has commercial oil or gas production before May 1, **2021** [2016], from at least one lease or property in the state."

Renumber the following bill sections accordingly.

Page 16, line 10:

Delete "Sections 6 - 9 and 20"

Insert "Sections 6 - 9 and 22"

Page 16, line 12:

Delete "Section 19"

Insert "Section 21"

Page 16, line 20:

Delete "Sections 11, 12, 14 - 18, 24, and 25(a)"

Insert "Sections 11, 12, 14 - 16, 19, 20, 26, and 27(a)"

Page 16, line 21:

Delete "Sections 6 - 9, 20, and 25(b)"

Insert "Sections 6 - 9, 22, and 27(b)"

Page 16, line 22:

Delete "Sections 19 and 25(c)"

Insert "Sections 21 and 27(c)"

Page 16, line 23:

Delete "secs. 27 - 29"

Insert "secs. 29 - 31"

adopted uc

27-GH1007\A.3
Mischel/Bullock
2/23/11

AMENDMENT #3

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 110

Page 1, lines 4 - 5:

Delete **"for certain expenditures"**

Page 12, following line 5:

Insert a new bill section to read:

"* **Sec. 17.** AS 43.55.024(c) is amended to read:

(c) For a calendar year for which a producer's tax liability under AS 43.55.011(e) exceeds zero before application of any credits under this chapter, other than a credit under (a) of this section but after application of any credit under (a) of this section, a producer that is qualified under (e) of this section and whose average amount of oil and gas produced a day and taxable under AS 43.55.011(e) is less than 100,000 BTU equivalent barrels a day may apply a tax credit under this subsection against that liability. A producer whose average amount of oil and gas produced a day and taxable under AS 43.55.011(e) is

(1) not more than 50,000 BTU equivalent barrels may apply a tax credit of not more than **$15,000,000** [$12,000,000] for the calendar year;

(2) more than 50,000 and less than 100,000 BTU equivalent barrels may apply a tax credit of not more than **$15,000,000** [$12,000,000] multiplied by the following fraction for the calendar year:

$$1 - [2 \times (AP - 50{,}000)] / 100{,}000$$

where AP = the average amount of oil and gas taxable under AS 43.55.011(e), produced a day during the calendar year in BTU equivalent barrels."

Renumber the following bill sections accordingly.

Page 16, line 10:

Delete "Sections 6 - 9 and 20"

Insert "Sections 6 - 9 and 21"

Page 16, line 12:

Delete "Section 19"

Insert "Section 20"

Page 16, line 20:

Delete "Sections 11, 12, 14 - 18, 24, and 25(a)"

Insert "Sections 11, 12, 14 - 16, 18, 19, 25, and 26(a)"

Page 16, line 21:

Delete "Sections 6 - 9, 20, and 25(b)"

Insert "Sections 6 - 9, 21, and 26(b)"

Page 16, line 22:

Delete "Sections 19 and 25(c)"

Insert "Sections 20 and 26(c)"

Page 16, line 23:

Delete "secs. 27 - 29"

Insert "secs. 28 - 30"

adopted U.C.

27-GH1007\A.4
Mischel/Bullock
2/23/11

AMENDMENT #4

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 110

Page 12, following line 5:

Insert new bill sections to read:

"* **Sec. 17.** AS 43.55.025(b) is amended to read:

(b) To qualify for the production tax credit under (a) of this section, an exploration expenditure must be incurred for work performed after June 30, 2008, and before July 1, **2021** [2016], and

(1) may be for seismic or other geophysical exploration costs not connected with a specific well;

(2) if for an exploration well,

(A) must be incurred by an explorer that holds an interest in the exploration well for which the production tax credit is claimed;

(B) may be for either a well that encounters an oil or gas deposit or a dry hole;

(C) must be for a well that has been completed, suspended, or abandoned at the time the explorer claims the tax credit under (f) of this section; and

(D) must be for goods, services, or rentals of personal property reasonably required for the surface preparation, drilling, casing, cementing, and logging of an exploration well, and, in the case of a dry hole, for the expenses required for abandonment if the well is abandoned within 18 months after the date the well was spudded;

(3) may not be for administration, supervision, engineering, or lease operating costs; geological or management costs; community relations or

environmental costs; bonuses, taxes, or other payments to governments related to the well; costs, including repairs and replacements, arising from or associated with fraud, wilful misconduct, gross negligence, criminal negligence, or violation of law, including a violation of 33 U.S.C. 1319(c)(1) or 1321(b)(3) (Clean Water Act); or other costs that are generally recognized as indirect costs or financing costs; and

(4) may not be incurred for an exploration well or seismic exploration that is included in a plan of exploration or a plan of development for any unit before May 14, 2003.

*** Sec. 18.** AS 43.55.025(k) is amended to read:

(k) Subject to the terms and conditions of this section, if a claim is filed under (f)(1) of this section before January 1, **2021** [2016], a credit against the production tax levied by AS 43.55.011(e) is allowed in an amount equal to five percent of an eligible expenditure under this subsection incurred for seismic exploration performed before July 1, 2003. To be eligible under this subsection, an expenditure must

(1) have been for seismic exploration that

(A) obtained data that the commissioner of natural resources considers to be in the best interest of the state to acquire for public distribution; and

(B) was conducted outside the boundaries of a production unit; however, the amount of the expenditure that is otherwise eligible under this section is reduced proportionately by the portion of the seismic exploration activity that crossed into a production unit; and

(2) qualify under (b)(3) of this section."

Renumber the following bill sections accordingly.

Page 16, line 10:

Delete "Sections 6 - 9 and 20"

Insert "Sections 6 - 9 and 22"

Page 16, line 12:

Delete "Section 19"
Insert "Section 21"

Page 16, line 20:
Delete "Sections 11, 12, 14 - 18, 24, and 25(a)"
Insert "Sections 11, 12, 14 - 16, 19, 20, 26, and 27(a)"

Page 16, line 21:
Delete "Sections 6 - 9, 20, and 25(b)"
Insert "Sections 6 - 9, 22, and 27(b)"

Page 16, line 22:
Delete "Sections 19 and 25(c)"
Insert "Sections 21 and 27(c)"

Page 16, line 23:
Delete "secs. 27 - 29"
Insert "secs. 29 - 31"

adopted
UC

27-GH1007\A.6
Mischel/Bullock
2/23/11

AMENDMENT #5 as amended

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 110

Page 16, line 8:

Delete "Sections 11, 12, 15, and 16"

Insert "Sections 15 and 16"

Page 16, line 20:

Delete "Sections 11, 12, 14 - 18, 24, and 25(a)"

Insert "Sections 14 - 18, 24, and 25(a)"

Page 16, following line 22:

Insert a new bill section to read:

"* **Sec. 30.** Sections 11 and 12 of this Act take effect immediately under AS 01.10.070(c)."

Renumber the following bill section accordingly.

Page 16, line 23:

Delete "secs. 27 - 29"

Insert "secs. 27 - 30"

Concept Amend → Make this prov retro to Jan 1 - 2011. / amend to amend U.C.

adopted 4/6

27-GH1007\A.19
Bullock
2/23/11

AMENDMENT #6

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 110

Page 12, following line 5:

Insert new bill sections to read:

"*** Sec. 17.** AS 43.55.025(a) is amended to read:

(a) Subject to the terms and conditions of this section, a credit against the production tax levied by AS 43.55.011(e) is allowed for exploration expenditures that qualify under (b) of this section in an amount equal to one of the following:

(1) 30 percent of the total exploration expenditures that qualify only under (b) and (c) of this section;

(2) 30 percent of the total exploration expenditures that qualify only under (b) and (d) of this section;

(3) 40 percent of the total exploration expenditures that qualify under (b), (c), and (d) of this section;

(4) 40 percent of the total exploration expenditures that qualify only under (b) and (e) of this section; [OR]

(5) 80, 90, or 100 percent, or a lesser amount described in (*l*) of this section, of the total exploration expenditures described in (b)(1) and (2) of this section and not excluded by (b)(3) and (4) of this section that qualify only under (*l*) of this section**; or**

(6) 30 percent of the total exploration expenditures that qualify only under (b) and (n) of this section.

*** Sec. 18.** AS 43.55.025 is amended by adding a new subsection to read:

(n) To be eligible for the 30 percent production tax credit authorized by (a)(6) of this section, exploration expenditures must be for a well drilled north of 68 degrees

North latitude that is

(1) outside of a unit; or

(2) within a unit formed after June 30, 2008, and the exploration expenditures are incurred before the later of the date that is four years after the date the

(A) unit is formed; or

(B) first exploration well is drilled on a lease or property that is within the unit."

Renumber the following bill sections accordingly.

Page 16, line 8:

Delete "Sections 11, 12, 15, and 16"

Insert "Sections 11, 12, and 15 - 18"

Page 16, line 10:

Delete "Sections 6 - 9 and 20"

Insert "Sections 6 - 9 and 22"

Page 16, line 12:

Delete "Section 19"

Insert "Section 21"

Page 16, line 20:

Delete "Sections 11, 12, 14 - 18, 24, and 25(a)"

Insert "Sections 11, 12, 14 - 20, 26, and 27(a)"

Page 16, line 21:

Delete "Sections 6 - 9, 20, and 25(b)"

Insert "Sections 6 - 9, 22, and 27(b)"

Page 16, line 22:

Delete "Sections 19 and 25(c)"

Insert "Sections 21 and 27(c)"

Page 16, line 23:

Delete "secs. 27 - 29"

Insert "secs. 29 - 31"

as amended

adopted U.C

27-GH1007\A.38
Bullock
2/25/11

AMENDMENT #7

OFFERED IN THE HOUSE BY REPRESENTATIVE PEGGY WILSON

TO: HB 110

Page 1, line 7, following "**values;**":

Insert "**relating to the disclosure of certain tax information;**"

Page 15, following line 15:

Insert a new bill section to read:

"*** Sec. 21.** AS 43.55.890 is amended to read:

Sec. 43.55.890. Disclosure of tax information. Notwithstanding any contrary provision of AS 40.25.100, and regardless of whether the information is considered under AS 43.05.230(e) to constitute statistics classified to prevent the identification of particular returns or reports, the department may publish the following information under this chapter, if aggregated among three or more producers or explorers, showing, by month or calendar year and by lease or property, unit, or area of the state:

(1) the amount of oil or gas production;

(2) the amount of taxes levied under this chapter or paid under this chapter;

(3) the effective tax rates under this chapter;

(4) the gross value of oil or gas at the point of production;

(5) the transportation costs for oil or gas;

(6) qualified capital expenditures, as defined in AS 43.55.023;

(7) exploration expenditures under AS 43.55.025;

(8) production tax values of oil or gas under AS 43.55.160;

(9) lease expenditures under AS 43.55.165;

(10) adjustments to lease expenditures under AS 43.55.170;

(11) tax credits applicable or potentially applicable against taxes levied by this chapter**: the information relating to tax credits under this paragraph, to the extent the information is available to the department, must include the statutory authority for each type of credit taken, the amount of credits taken under each statute authorizing a tax credit, and whether the credit is for an expenditure related to oil or gas exploration, development, or production, including the drilling of wells; performing work on existing wells; conducting geological or geophysical exploration; acquiring, constructing, or installing new facilities or equipment; and maintaining, repairing, or replacing existing facilities or equipment**."

Renumber the following bill sections accordingly.

Concep #1 adopted U.C.

Page 16, following line 19:

Insert a new bill section to read:

"*** Sec. 28.** Section 21 of this Act takes effect ~~immediately under~~ AS 01.10.070(c)."

Jan 1 2012

Renumber the following bill sections accordingly.

Page 16, line 20:

Delete "Sections 11, 12, 14 - 18, 24, and 25(a)"

Insert "Sections 11, 12, 14 - 18, 25, and 26(a)"

Page 16, line 21:

Delete "Sections 6 - 9, 20, and 25(b)"

Insert "Sections 6 - 9, 20, and 26(b)"

Page 16, line 22:

Delete "Sections 19 and 25(c)"

Insert "Sections 19 and 26(c)"

Page 16, line 23:

Delete "secs. 27 - 29"

Insert "secs. 28 - 31"

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February 22, 2011

Members of the Alaska State Legislature:

At this point in time, the negative impact that ACES has had on the Alaskan economy should be glaringly obvious. Governor Parnell's legislation to modify ACES is a proper step in helping to reverse the decline in our overall economy and in the increasing decline of the State of Alaska's tax base. The modifications will assist in assuring a more competitive long term future for all Alaskans and the dutiful management of our natural resources.

Representative Hawker and other cosponsors in the House are heading in the proper direction as well, even though the two bills vary in specifics in order to maintain and increase a viable stream of oil in the Trans Alaska Pipeline.

The trends in our business since the introduction of ACES are alarmingly negative. It is apparent that policy makers need graphic reminders of previous warnings which were largely unheeded at the time ACES was implemented. It is clear to those of us who support the needs of the oil and gas industry that industry investment dollars are going elsewhere to avoid the uneconomic tax structure here in Alaska. I believe that ACES has killed the golden goose. The risk/reward ratio for Alaskan natural resources is economically out of balance with world markets. As Alaskans I believe we have been very short sided and somewhat arrogant in our demands upon those who are helping us to manage the wealth of our natural resources.

The balancing act of proper economic growth and responsible taxation has never been an easy one, but at this point in time all Alaskans are suffering due to one of the highest tax packages in the world. I support Governor Parnell's attempts to reconsider the tax structure and strongly urge you to pass legislation that will allow for the immediate and long-term expansion of the Alaskan economy.

We must regain our reputation as a fair and commercially stable place to invest.

Kindest regards,

Ken D. Lambertsen – Alaska District Manager

Linda Hay

From: raydee@mtaonline.net
Sent: Monday, February 21, 2011 9:47 PM
To: Rep. Alan Austerman; Rep. Berta Gardner; Rep. Beth Kerttula; Rep. Bill Stoltze; Rep. Bryce Edgmon; Rep. Carl Gatto; Rep. Charisse Millett; Rep. David Guttenberg; Rep. Eric Feige; Harry Crawford; Rep. Les Gara; Rep. Mark Neuman; Rep. Mike Chenault
Subject: Oil Incentives

Categories: Linda

Hello All: I am not in favor of giving any additional tax incentives, period. I do not believe they have any more coming. I feel
the profits they are taking out of Alaska show they are treated more than fair....In fact they are getting a good deal...Ray

Linda Hay

From: Rep. Paul Seaton
Sent: Monday, February 21, 2011 5:09 PM
To: House Resources
Subject: FW: HB110 PRODUCTION TAX ON OIL AND GAS
Attachments: image001.png

From: Lisa Marquiss [mailto:lmarquiss@carlile.biz]
Sent: Monday, February 21, 2011 4:50 PM
To: Rep. Eric Feige; Rep. Paul Seaton; Rep. Peggy Wilson; Rep. Alan Dick; Rep. Neal Foster; Rep. Bob Herron; 'MEMBER: Representative Munoz Rep.!'; Rep. Berta Gardner; Rep. Scott Kawasaki
Subject: HB110 PRODUCTION TAX ON OIL AND GAS

I would like to express my support for HB 110 increasing throughput in the Trans Alaska Pipeline by reducing oil taxes and making Alaska more competitive.

I work in the trucking/transportation industry. From a business standpoint we have seen a significant decrease in the amount of freight we transport to the North Slope. We don't see loads of pipe going north, mostly repair and maintenance freight. From a personal standpoint I have 3 children that were all born and raised in Alaska. I would like to see that their futures and the future of all Alaskans have opportunities derived from supporting the oil industry.

Please consider supporting HB110 – reduce the taxes and increase production.

Alaska needs to be Open for Business.

Respectfully,

Lisa Marquiss

Lisa Marquiss | Regulatory Compliance Director | Carlile Transportation Systems, Inc. | www.carlile.biz
Office 907-343-3238 | Mobile 907-632-2439 | Fax 907-929-5616 | US DOT 190356| Hazmat 060509 004 11RT



Linda Hay

From: Rep. Paul Seaton
Sent: Monday, February 21, 2011 5:09 PM
To: House Resources
Subject: FW: HB 110
Attachments: HB110 legislature.doc

From: Jim Scherieble [mailto:jscherieble@kenworthalaska.com]
Sent: Monday, February 21, 2011 4:36 PM
To: Rep. Peggy Wilson; Rep. Eric Feige; Rep. Paul Seaton; Rep. Alan Dick; Rep. Neal Foster; Rep. Bob Herron; Rep. Berta Gardner; Rep. Scott Kawasaki
Subject: HB 110

Please accept my letter of support for HB 110.

Jim Scherieble
General Manager – Alaska
Phone 907-279-0602
Fax 907-258-6639
Cell 907-230-8335
www.kenworthalaska.com

KENWORTH ALASKA

2838 PORCUPINE DRIVE
ANCHAORAGE, AK 99501
(907)279-0602
(907)258-6639 Fax

Monday, February 21, 2011

RE: HB 110

As a concerned Alaskan, who works and has raised his family in Alaska, I strongly urge confirmation on House Bill 110.

Until Alaska develops and markets other energy resources, oil production will remain the lifeline of our state, it's people, and it's commerce. Alaska has a unique opportunity to take charge of it's future with regulations and laws that invite new industry and provides stability to existing businesses.

Times are changing fast. Many states are on the brink of bankruptcy. Those who are successful are those who generate and implement creative ideas and opportunities. North Dakota is one example, and I have three customers who have relocated their businesses there. Alaska must appeal to business partners as a fair and exciting place to invest in.

HB 110 is the first step to make Alaska "Open for Business"

Thank you.

Jim Scherieble

General Manager
Kenworth Alaska

Linda Hay

From: Rep. Paul Seaton
Sent: Monday, February 21, 2011 5:09 PM
To: House Resources
Subject: FW: hb110

From: jessica@a2zalaska.com [mailto:jessica@a2zalaska.com]
Sent: Monday, February 21, 2011 4:34 PM
To: Rep. Paul Seaton
Subject: hb110

Alaska State Legislators,

I am in full Support of Hb110. It makes complete sense that the more expensive or cumbersome the process is here the less likely producers will want to drill here when they can go elsewhere for a better profit. Many Alaskans live in this great state because we have a favorable personal tax climate. If I were to look at moving I would of course consider the local taxes in any given community before making that decision. Why would an oil producer not do the same? Please consider this bill very seriously!

Thank you,

Jessica Dean
PO Box 872331
Wasilla, AK 99687

907-982-0900

Linda Hay

From: Rep. Paul Seaton
Sent: Tuesday, February 22, 2011 8:05 AM
To: House Resources
Subject: FW: House Resources Committee meeting 21Feb11
Attachments: image002.gif; API earnings_perspective_110120.pdf

From: Maynard Tapp [mailto:maynard@hawkpros.com]
Sent: Tuesday, February 22, 2011 8:02 AM
To: Rep. Eric Feige; Rep. Paul Seaton; Rep. Peggy Wilson; Rep. Alan Dick; representative_neil_foster@legis.state.ak.us; Rep. Bob Herron; Rep. Cathy Munoz; Rep. Berta Gardner; Rep. Scott Kawasaki
Subject: House Resources Committee meeting 21Feb11

Dear Committee Chair Representative Feige
CoChair Representative Seaton, And
Committee Members,

Attached is the information I referred to in my testimony regarding the American Petroleum Institute.

Please refer to page 2 of the presentation "Third Quarter 2010 Earnings by Industry (net income/sales)"

This chart compares the "Oil and Natural Gas" net income at 6.0% compared with "All Manufacturing" at 8.6%.

Please recognize that the Oil and Gas industry does not make a significantly higher percentage of net income in comparison with many other industries. This net income is used by our partners in the oil industry to convince their boards of directors to invest in our state.

I support HB110 in its effort to create the environment for investment.

I also want to recognize the excellent work by Representative Hawker, and Speaker Chenault in their efforts to create the investment environment necessary for the continuous revenue stream to our straight.

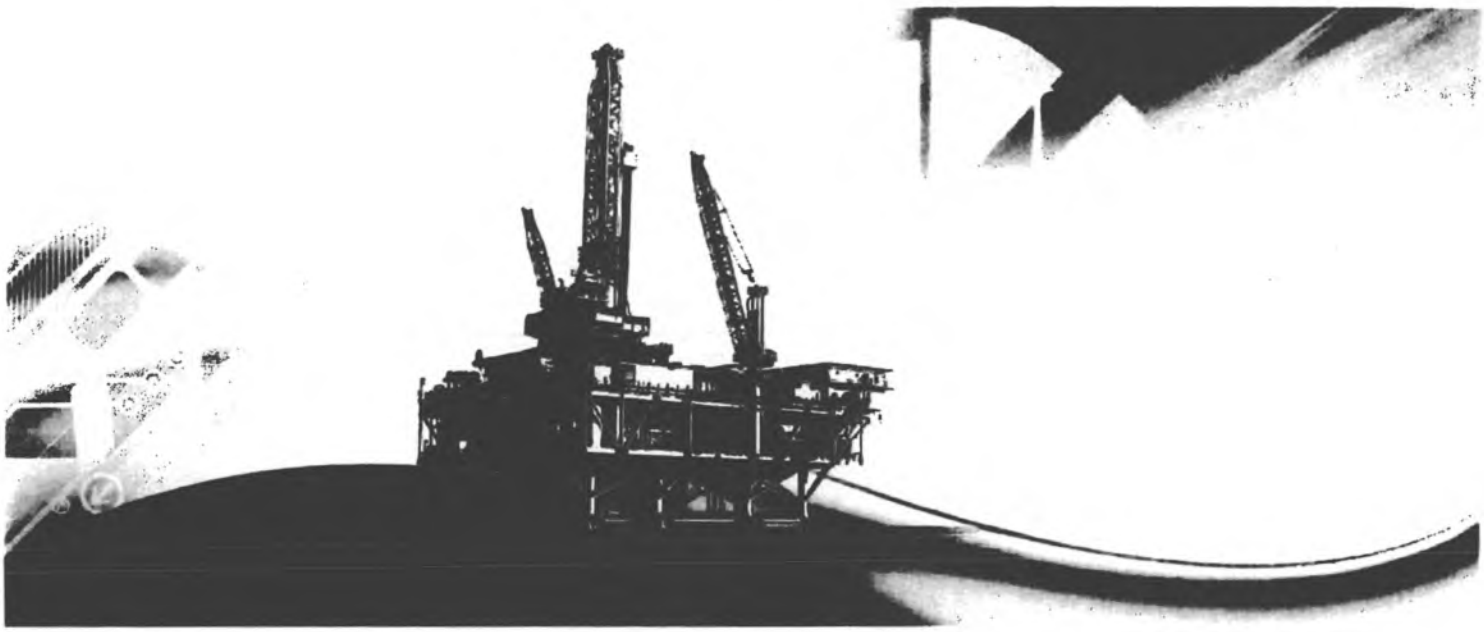
As I said in testimony, the only guarantee I can make is that no dollars taken in taxes will be used for drilling wells to find new sources of oil.

Thank-you for the opportunity to testify.

Regards,
Maynard

Maynard V. Tapp
Managing Member
HAWK CONSULTANTS LLC
maynard@hawkpros.com
(907)278-1877 office
(907)278-1889 fax
(907)223-3677 cell
http://www.hawkpros.com

America's Oil and Natural Gas Industry



Putting Earnings into Perspective

Facts for Addressing Energy Policy

January 20, 2011

For the latest report, please visit **www.api.org/aboutoilgas**

The oil and natural gas industry is massive because it has to be to effectively compete for global energy resources. The industry's earnings make possible the huge investments necessary to help ensure America's energy security. The earnings allow companies to reinvest in the facilities, infrastructure and new technologies that keep America going strong well into the future while generating returns that meet shareholder expectations. API has assembled this primer to help consumers and policymakers better understand how the earnings of the oil and natural gas industry compare with other industries, who benefits, and where the money is going.

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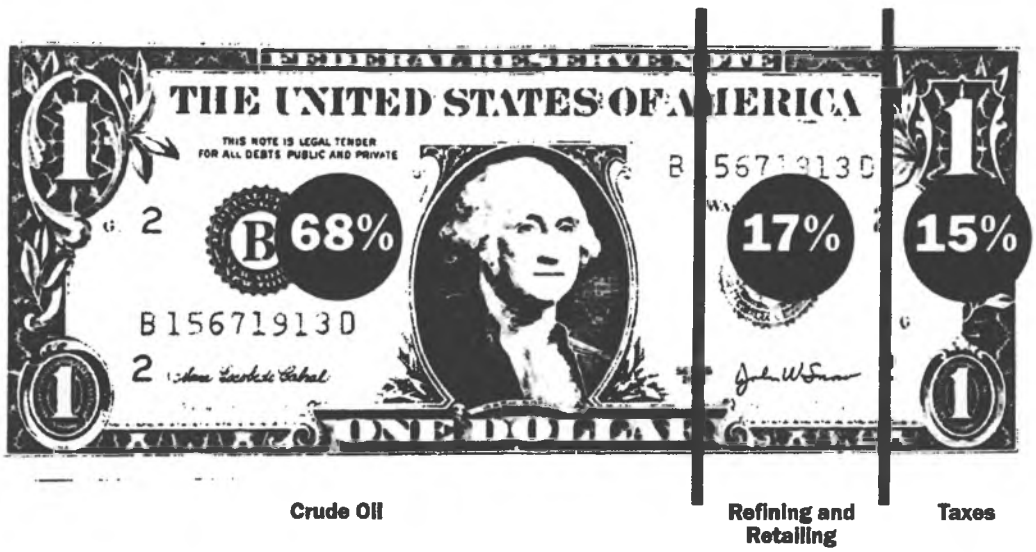
What Consumers are Paying for at the Gasoline Pump

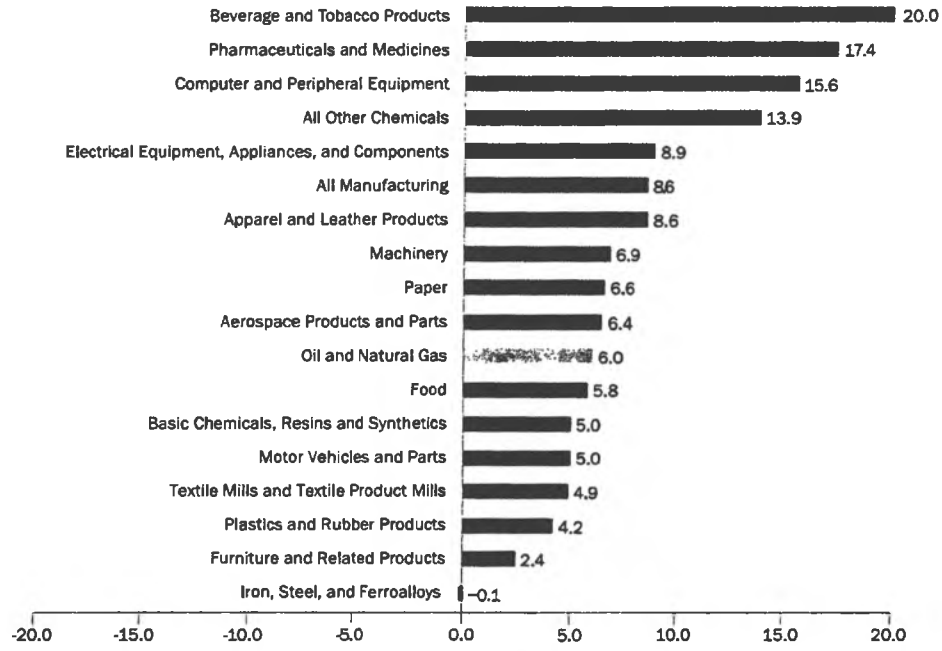


Source: Average of gasoline components from January through November 2010 as reported by EIA.

Pump prices: A fractional story.

The biggest single component of retail gasoline prices is the cost of the raw material used to produce gasoline – crude oil. For example, for the first 11 months of 2010, crude oil alone made up 68 percent of the price to consumers at the gasoline pump. Refining the crude oil into gasoline and retailing added another 17 percent to the retail price of gasoline. Excise taxes accounted for 15 percent of the price of gasoline.

Third Quarter 2010 Earnings by Industry (net income/sales)



Sources: Based on company filings with the federal government as reported by U.S. Census Bureau and *Oil Daily*.

Earnings: How do they compare?

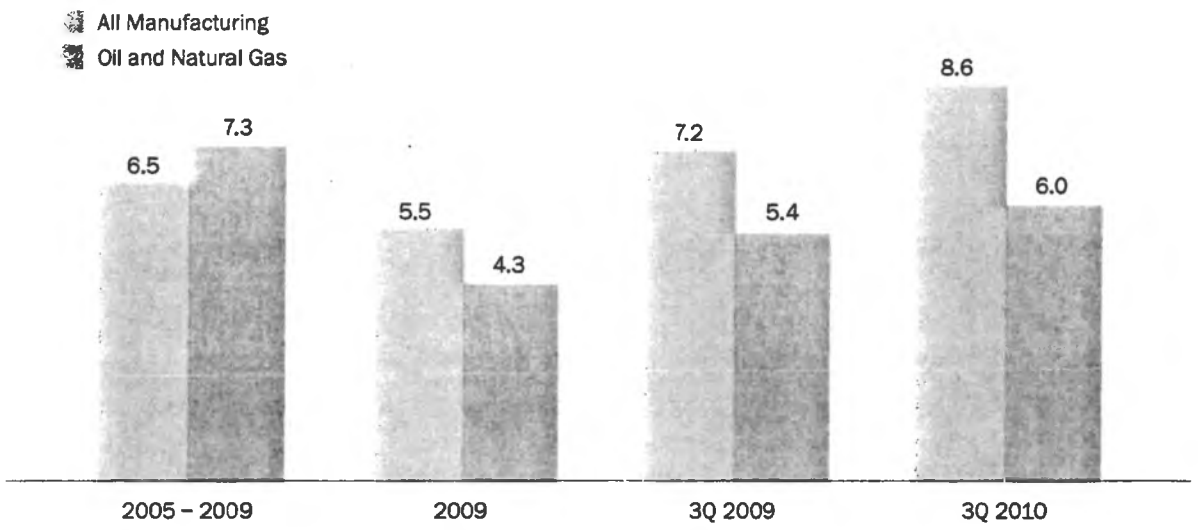
It may seem surprising that oil and natural gas earnings are typically in line with the average of other major U.S. manufacturing industries. This fact is not well understood, however, in part because reports usually focus on only half the story – the profits that are earned.

Profits reflect the size of an industry, but they're not necessarily a good reflection of financial performance.

Profit margins, or earnings per dollar of sales (measured as net income divided by sales), provide one useful way to compare financial performance among industries of all sizes.

The latest published data for third quarter 2010 shows the oil and natural gas industry earned 6 cents for every dollar of sales in comparison with all manufacturing, which earned 8.6 cents for every dollar of sales.

Earnings (cents per dollar of sales)



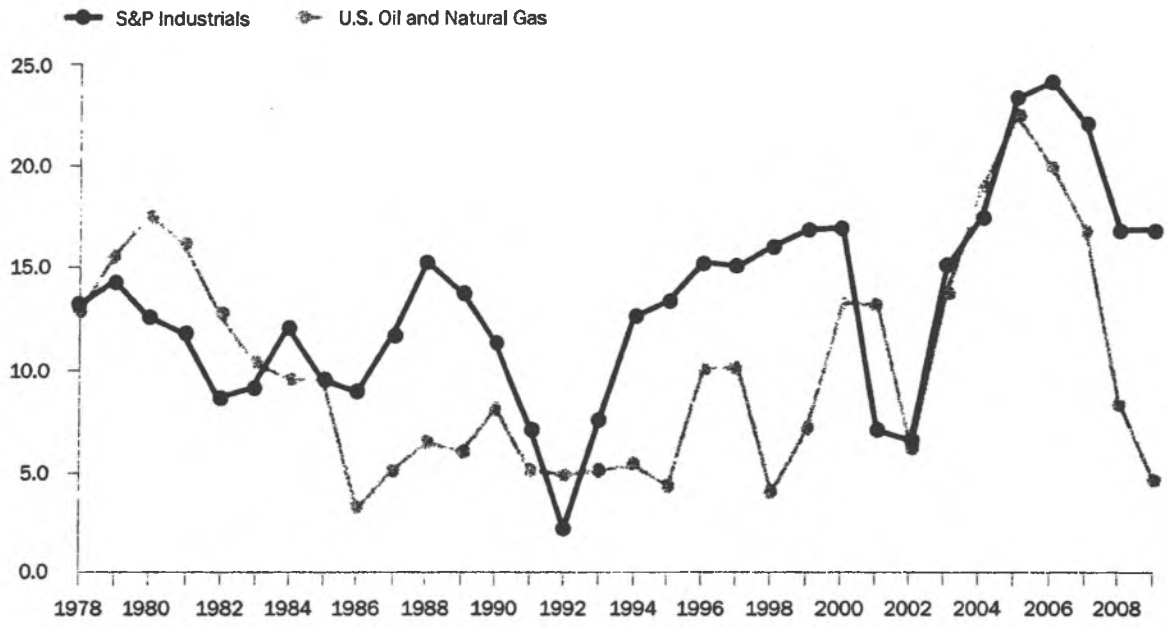
Source: U.S. Census Bureau for U.S. manufacturing and *Oil Daily* for the oil and natural gas industry.

Earnings: Keeping America going strong.

Over the last five years, average earnings for the oil and natural gas industry have been well in line with the rest of the U.S. manufacturing industry, averaging about 7 cents for every dollar of sales. That average was just over 5 cents on the dollar for the oil and natural gas industry by the third quarter of 2009 as a result of the downturn of the U.S. economy. By the third quarter of 2010 earnings rebounded as the U.S economy continued to recover.

Like other industries, the oil and natural gas industry strives to maintain a healthy earnings capability. It does so to remain competitive and to benefit its millions of shareholders, across the country and in all walks of life. Healthy earnings also allow the industry to invest in innovative technologies that improve our environment and increase production to keep America going strong – even as it leads the search for newer technologies, and new sources of energy that will provide a more secure tomorrow.

Return on Investment (net income/net investment in place)



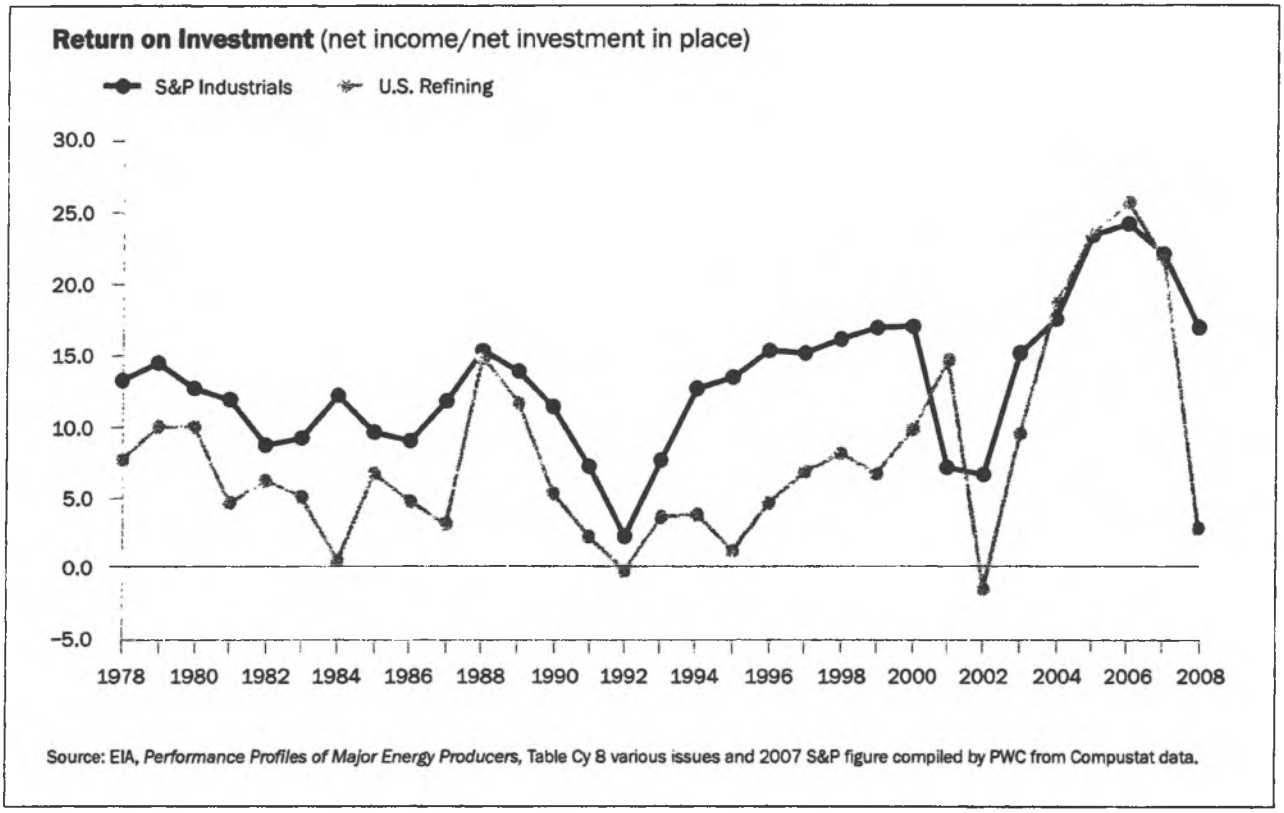
Source: EIA, *Performance Profiles of Major Energy Producers*, Table T1 (S&P 1978 – 2003; Oil and Natural Gas 1978 – 2008) and Standard & Poor's, Compustat North America Database, June 2010 update (S&P 2004 – 2009; Oil and Natural Gas 2009).

The return on investment for the industry turned sharply lower than the returns for the S&P Industrials during the recent downturn in the economy.

Because the oil and natural gas industry is massive and requires huge investments, its earnings contribute greatly to the American economy and way of life. They allow companies to reinvest in the facilities, infrastructure and new technologies that keep America going strong well into the future while generating returns that meet shareholders' expectations.

The oil and natural gas industry is probably one of the world's largest industries. Its revenues are large, but so are its costs of providing consumers with the energy they need. Among those are the cost of finding and producing oil and natural gas and the costs of refining, distributing and marketing it.

These costs remain huge, regardless of whether earnings are high or low – as was the case throughout most of the 1990s and during other industry downturns over the past five years, including the current one. The return on investment (net income/net investment in place) for the oil and natural gas industry has been sharply lower than the returns for the S&P industrials.



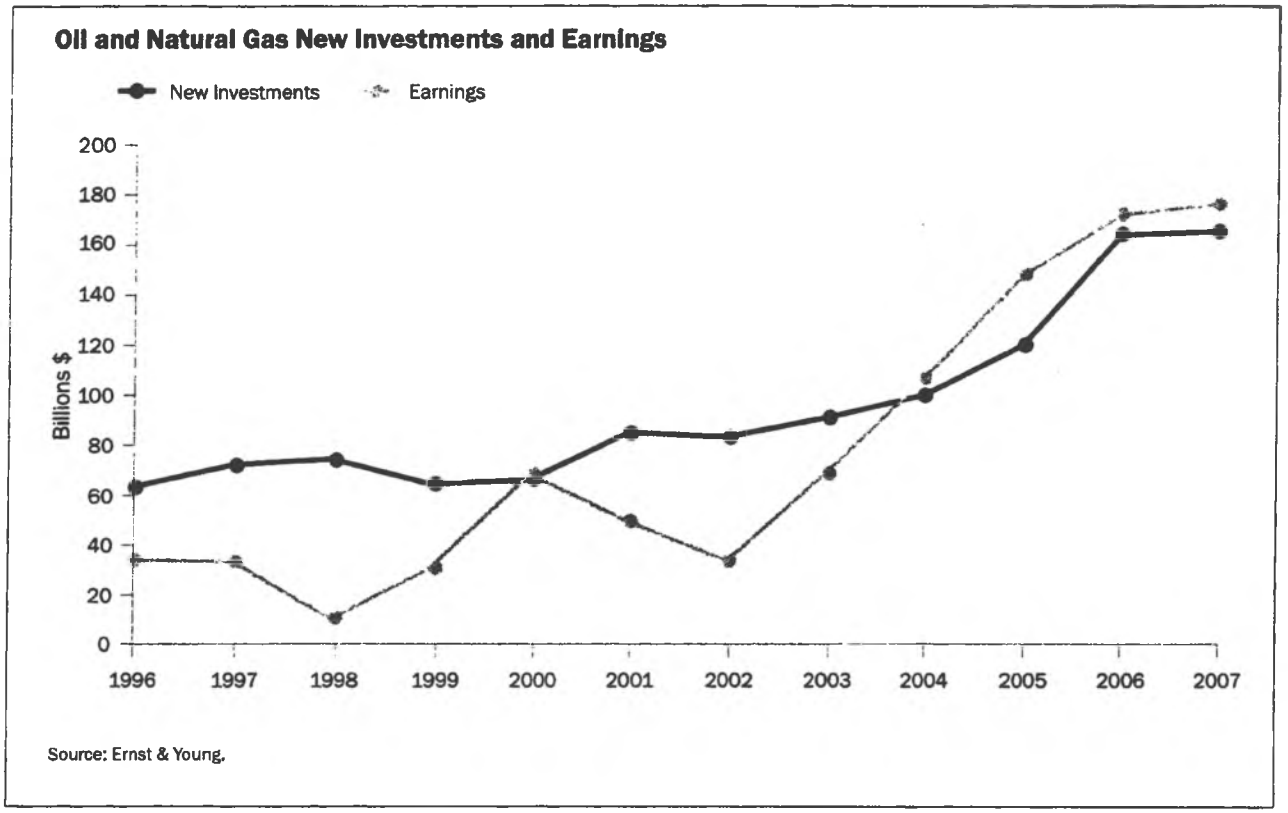
Source: EIA, *Performance Profiles of Major Energy Producers*, Table Cy 8 various issues and 2007 S&P figure compiled by PWC from Compustat data.

Refining investments and returns.

Investments in new capacity and improved technologies have enabled U.S. refiners to produce record amounts of fuels for consumers. However, for many years the rate of return on investment in U.S. refining lagged behind the returns for the S&P Industrial average. Refiners need to continually invest, and do so even when earnings are lower.

While no new refineries have been built since 1976, the industry has added the equivalent of one new average-sized refinery each year over the last decade. Since 1985, refining capacity has increased by 13 percent even though we have 73 fewer refineries. It has been more efficient to expand at existing refineries because the infrastructure to bring crude in and get products out is in place, the permitting process is quicker, and it is more cost-effective to add on to a refinery versus building a new one. In addition, the elimination of subsidies under the government price and allocation controls in 1981 led to the closure of many smaller, less efficient refineries throughout the 1980s and 1990s.

Capacity has increased while at the same time, refineries invested $108 billion since 1990 to make the cleanest burning fuels in the world. Much of the investments were in technologies to meet stringent clean air standards set by the Clean Air Act of 1990.



How investments today pay off tomorrow.

Today's earnings are reinvested for tomorrow's energy needs. The energy Americans consume today comes from industry investments made years or even decades ago.

Between 1996 and 2007, the U.S. industry invested more than $1.2 trillion in a range of long-term energy initiatives compared to net income or earnings of $974 billion.[1]

1 Net income is generally lower than cash flow due to deductions for past and current tangible investment and depletion of oil resources.

Capital Spending (Where Funds Will Go for U.S. Projects)

	2010 ($ million)	% Change 2010-2009	2009 ($ million)	% Change 2009-2008	2008 ($ million)
Exploration/Production					
Drilling/Exploration	162,703	0.5	161,961	-32.4	239,646
Production	30,914	0.5	30,773	-32.4	45,533
OCS Lease Bonus	2,050	155.9	801	-88.4	6,882
Subtotal	**195,667**	**1.1**	**193,535**	**-33.7**	**292,061**
Other					
Refining	5,300	-47.7	10,140	-22.0	13,000
Petrochemicals	80	60.0	50	-95.0	1,000
Marketing	2,730	40.0	1,950	-35.0	3,000
Crude and Products Pipelines	7,724	-15.2	9,104	105.5	4,431
Natural Gas Pipelines	2,584	-78.3	11,907	87.7	6,343
Other Transportation	950	13.1	840	-30.0	1,200
Mining, Other Energy	1,000	11.1	900	-25.0	1,200
Miscellaneous	4,000	6.7	3,750	-25.0	5,000
Subtotal	**24,368**	**-36.9**	**38,641**	**9.9**	**35,174**
Total	**220,035**	**-5.2**	**232,176**	**-29.0**	**327,235**

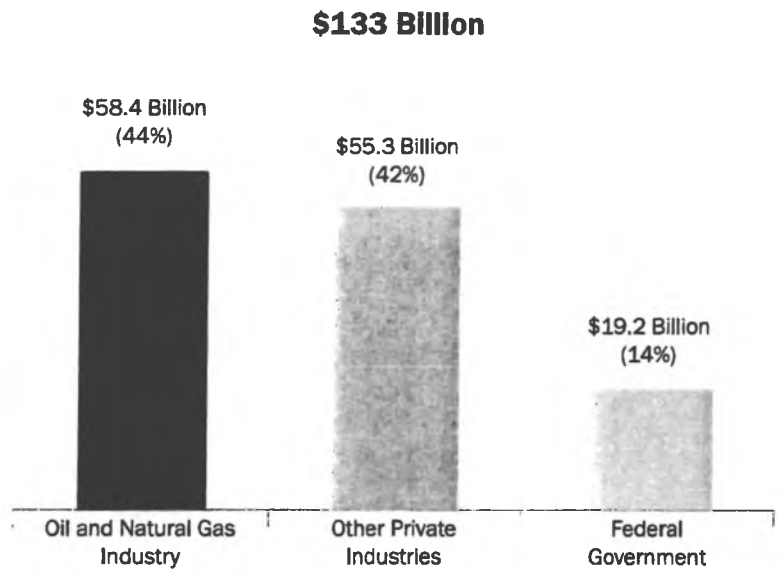
Source: *Oil & Gas Journal*, March 1, 2010.

To understand the oil and natural gas industry one must recognize it as an industry characterized by long lead times, massive capital requirements and returns realized only decades later in the face of very real investment risks.

Significant oil and gas discoveries that are announced today often result from investments begun by companies as far back as a decade or more ago. Since the year 2000, our industry invested over 1.7 trillion dollars in U.S. capital projects to meet the growing demand for oil and natural gas. However, the worldwide economic downturn, along with lower oil and natural gas prices and tight credit markets, have caused some oil and natural gas producers to cut their capital budget plans since 2008.

Planning and investment cannot be turned on and off like a spigot, without entailing huge, potentially non-recoverable costs and delaying urgently needed projects. Because the industry must plan and operate under these long lead times, it is hypersensitive to minimizing risk over the course of its investments. It is crucial for an industry that must manage such huge risks that government provide an energy policy and tax framework that encourages investment, rather than discourages it.

Carbon Mitigation Investment by Investor Group (2000-2008)



Source: T2 & Associates and CEE, June 2009.

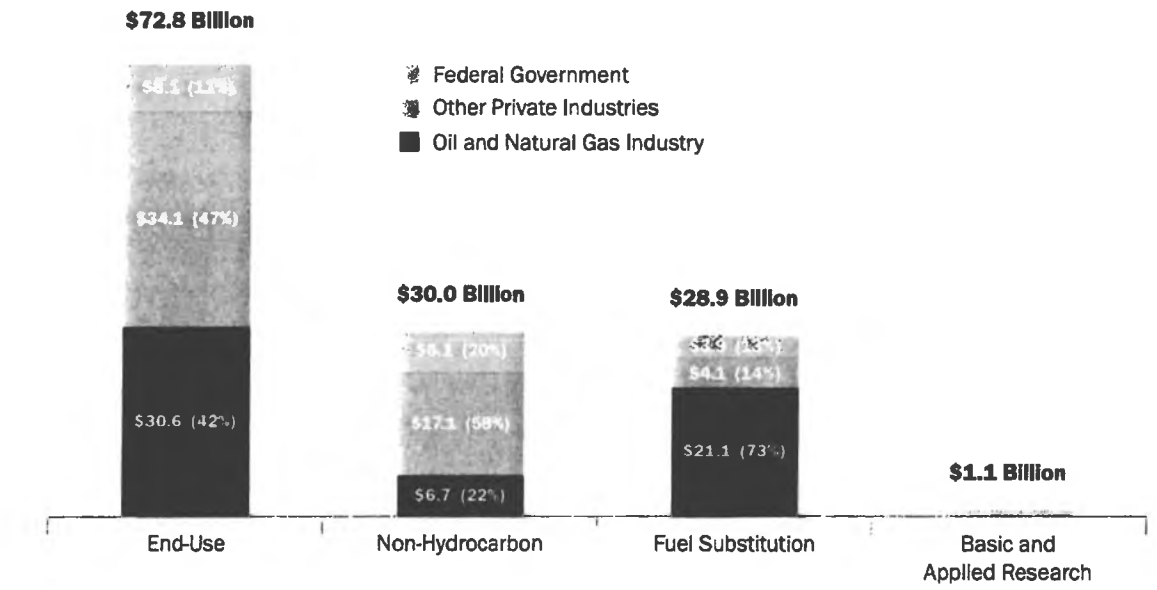
The U.S. oil and natural gas industry is spending billions of dollars developing new advanced energy technologies to reduce greenhouse gas emissions and meet future energy needs.

The oil and natural gas industry is hard at work meeting today's energy needs and developing next-generation forms of energy. Between 2000 and 2008, the industry invested more than $58 billion in new low-and-zero emissions technologies. This represents 44 percent of the $133 billion spent by all U.S. industries and the federal government combined. These large investments are critical to provide the low-carbon energy we will need in the years ahead.

U.S. oil and natural gas companies are pioneers in developing alternatives and expanding America's use of virtually every form of energy – from geothermal to wind, from solar to biofuels, from hydrogen power to the lithium ion battery for next-generation cars.

This industry is also at the forefront of developing "carbon capture and storage" technology, or CCS, to reduce carbon dioxide (CO_2) emissions by storing them underground. In order for CCS to advance much more needs to be done. A legal and regulatory framework for long-term CO_2 storage is still lacking. The use of CCS would facilitate the continued use of our nation's vast coal and frontier hydrocarbon resources in an environmentally-friendly way.

Carbon Mitigation Investments by Technology and Investor Group (2000-2008)



Source: T2 & Associates and CEE, June 2009.

Oil and natural gas companies are taking action now to reduce greenhouse gas emissions and investing in the technologies and fuels that will reduce them even more in the future.

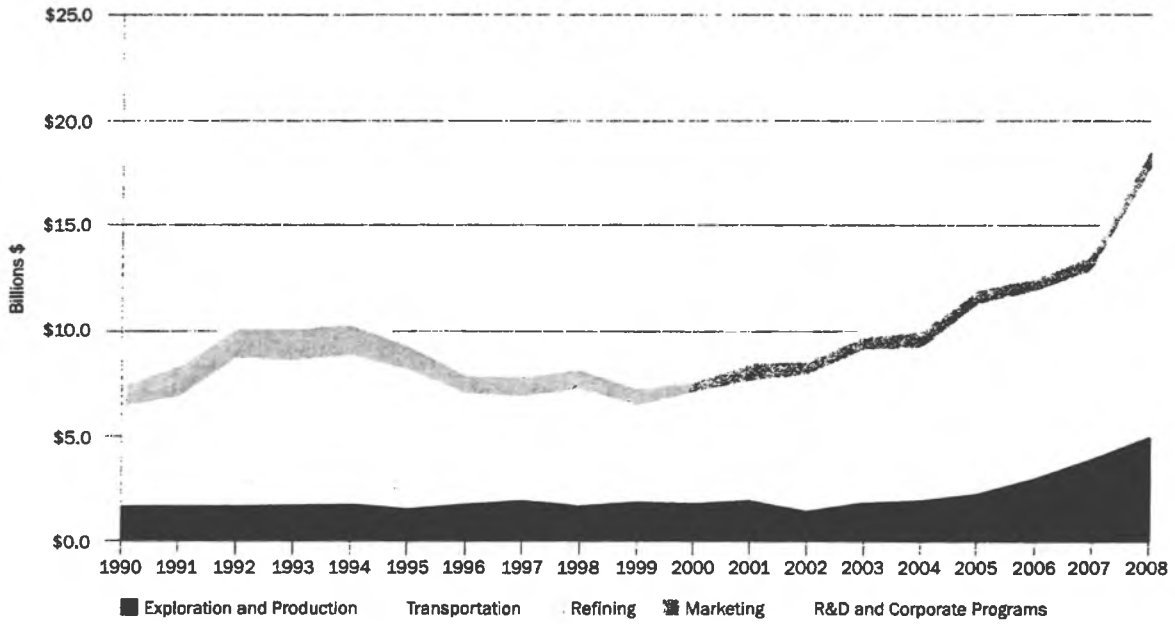
End-Use: America's oil and natural gas companies are investing in efficiency improvements and alternatives and are advising companies in other industrial sectors how to use energy more efficiently. Through such end-use technologies as combined heat and power – using excess heat from refinery processes to produce additional energy – refiners are becoming more energy efficient, reducing both energy use and emissions. In one year alone, the energy savings from improving refinery energy efficiency was equivalent to taking over half a million cars off the road.

Between 2000 and 2008 the industry invested over $30 billion in end-use technologies, including advanced technology vehicles, efficiency improvements, combined heat and power, gas flare reduction technologies and carbon capture and sequestration. This represents approximately 42 percent of all the investments made in these technologies in North America.

Non-hydrocarbon: We are a major provider of the green jobs that are in the news today. The oil and natural gas industry accounts for 22 percent of all the investments made in North America in non-hydrocarbon fuels since 2000. The industry's top investments are in wind and biofuels. Expenditures were also made in solar, geothermal, and landfill digester gas.

Fuel Substitution: The oil and natural gas industry has spent over $21 billion developing substitute and less carbon intensive fuels, such as liquefied natural gas and reducing methane fugitive emissions. This investment in fuel substitution technologies represents 73 percent of the total invested in this technology class.

U.S. Environmental Expenditures since 1990 (by sector*)



* Remediation & Spills expenditures are included in the sector numbers and are reported data only. The remaining sector expenditures are estimated for the entire industry.

Source: API Statistics, Environmental Expenditures by Oil and Gas Industry, February 2010.

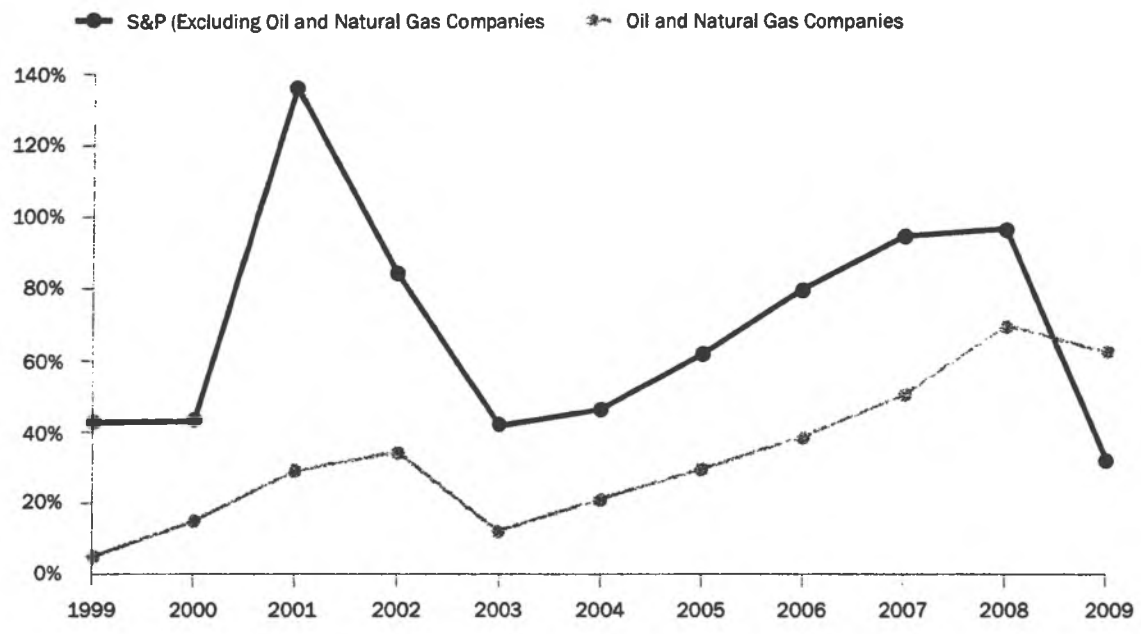
Decades of investments of hundreds of billions of dollars have been made by the oil and natural gas industry to protect the environment and improve the performance of its products, facilities and operations.

The U.S. oil and natural gas industry has invested $194 billion since 1990 toward improving the environmental performance of its products, facilities and operations; $639 for every man, woman and child in the United States.[2]

In the year 2008 alone, $19 billion was spent on the environment; $17.4 billion was spent implementing new technologies, creating cleaner fuels and funding ongoing environmental initiatives. An additional $1.9 billion went toward research and development, corporate environmental programs and spill remediation efforts.

2 Based on 2008 U.S. population estimate of 304.1 million by U.S. Census Bureau.

Stock Repurchases as a Share of Net Income



Source: Compustat North America Database, June 2010 update.

Adding value for shareholders.

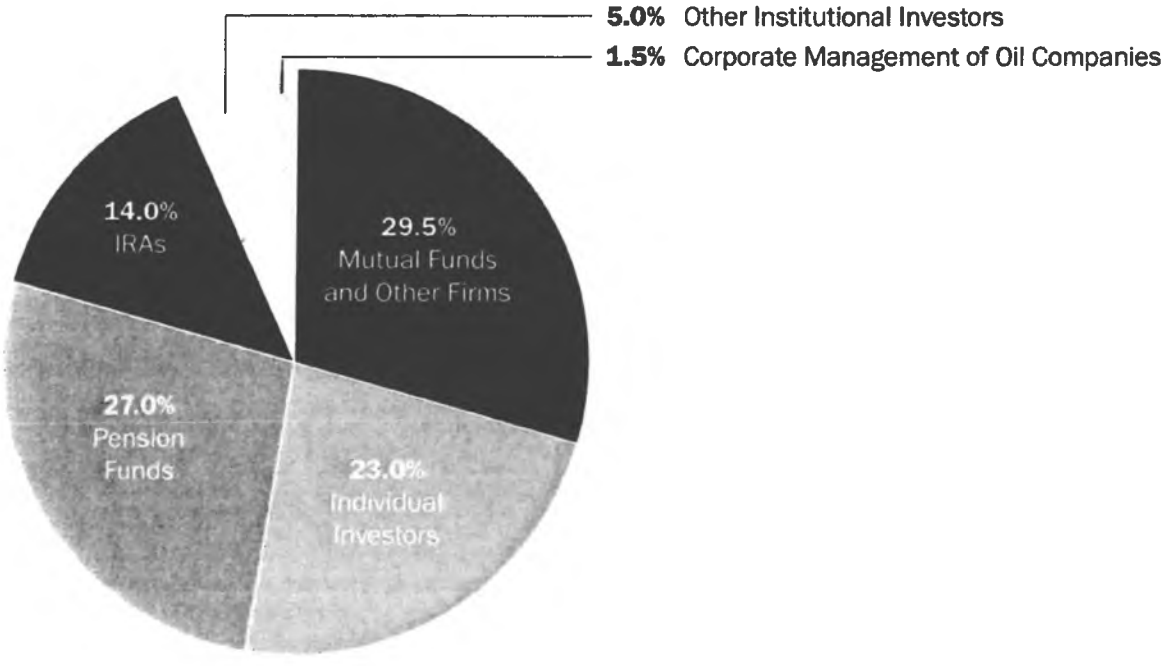
The oil and natural gas industry is very capital intensive and devotes the largest share of its earnings to add new property, plant and equipment to its upstream and downstream operations.

When companies repurchase stock, they are supporting the equity value of the company. This in turn helps the owners of the companies – retirees, future retirees and millions of Americans who have invested their earnings in a secure future.

It is the responsibility of company officials to build value for shareholders; one way to do this is through stock repurchases. Earnings are also used for paying dividends which additionally benefit shareholders.

While the share of stock repurchases in the oil and gas industry has increased in recent years, it has averaged nearly half of that for the S&P industrial group. For the last 11 years, the oil and gas industry spent 39 percent of net income on stock repurchases while the rate for the S&P industrials was 65 percent.

Who Owns "Big Oil?" (Holdings of Oil Stocks, 2007)



Source: *The Distribution of Ownership of U.S. Oil and Natural Gas Companies*, SONECON, September 2007.

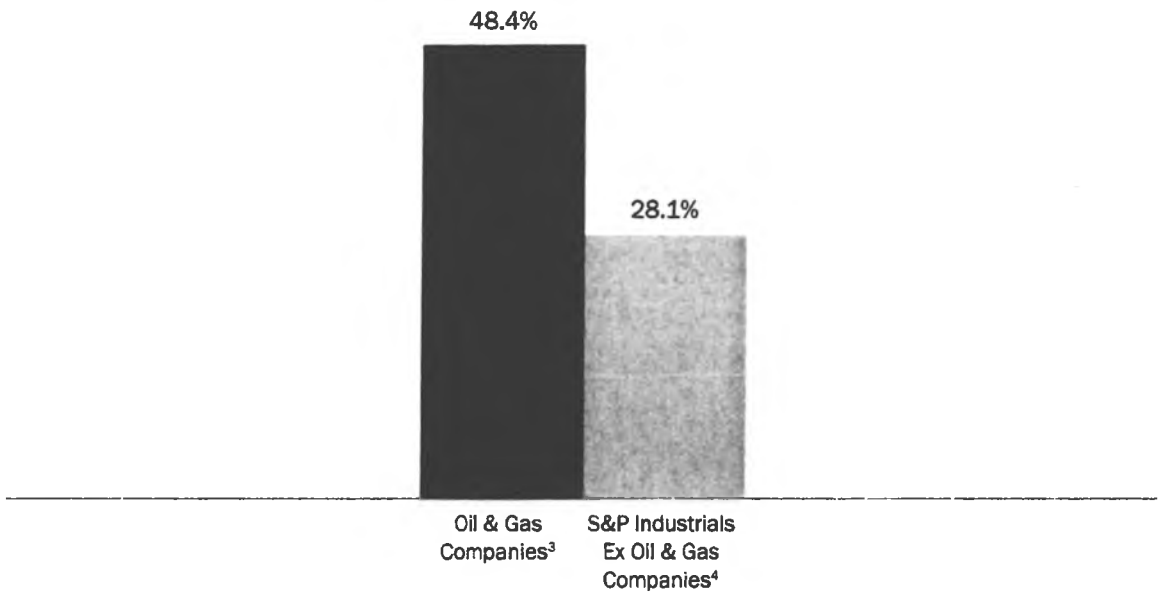
Who owns "Big Oil"?

Contrary to popular belief, and what some politicians might say, America's oil companies aren't owned just by a small group of insiders. Only 1.5 percent of industry shares are owned by corporate management. The rest is owned by tens of millions of Americans, many of them middle class.

If you're wondering who owns Big Oil, chances are good the answer is "you do." If you have a mutual fund account, and 55 million U.S. households do, there's a good chance it invests in oil and natural gas stocks. If you have an IRA or personal retirement account, and 45 million U.S. households do, there's a good chance it invests in energy stocks.

When politicians talk about taxing "Big Oil" or taking their "record profits," they should think about who would they really be hurting.

Income Tax Expenses as Share of Net Income Before Income Taxes (2009)



Source: Compustat North America Database (January 2010 update).

U.S. oil and natural gas companies pay considerably more in taxes than the average manufacturing company.

An important part of the revenue earned by U.S. oil and natural gas companies goes to taxes. The industry's 2009 income tax expenses (as a share of net income before income taxes) averaged 48.4 percent, compared to 28.1 percent for the S&P Industrial companies.

As one would expect with such a high effective rate, the U.S. oil and natural gas industry pays a substantial amount in income tax. According to EIA, during the three-year period from 2006-2008, the major energy producing companies paid or incurred over $280 billion of income tax expense.[5]

3 Oil and gas extraction (NAICS 211) and petroleum refining (NAICS 32411).

4 Excludes companies engaged in oil and gas extraction (NAICS 211) and petroleum refining (NAICS 32411).

5 Energy Information Administration, *2008 Performance Profiles of Major Energy Producers*, December 2009. These 27 companies accounted for 41 percent of the total U.S. crude and NGL production, 43 percent of natural gas production, 77 percent of U.S. refining capacity and 0.2 percent of U.S. electricity. These companies include: Alenco, Anadarko Petroleum, Apache, BP America, Chesapeake Energy, Chevron, CITGO Petroleum, ConocoPhillips, Devon Energy, El Paso, EOG Resources, Equitable Resources, ExxonMobil, Hess, Hovensa, Lyondell Chemical, Marathon Oil, Motiva Enterprises, Occidental Petroleum, Shell Oil, Sunoco, Tesoro Petroleum, The Williams Companies, Total Holding USA, Valero Energy, WRB Refining, XTO Energy.

For more information, please visit

www.energytomorrow.org

www.api.org



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API Communications: 2010-213 | 01.20.11 | PDF

JOHN R. BEDINGFIELD
Vice President - Worldwide Exploration and New Ventures

WWW.APACHECORP.COM
DIRECT (713)296-6416
FAX (713)296-6451

March 8, 2011

The Honorable Eric Feige, Co-Chair
The Honorable Paul Seaton, Co-Chair
House Resources Committee
Alaska State House of Representatives
State Capital
Juneau, Alaska 99801-1182

Dear Chairmen Feige and Seaton:

Thank you for the invitation to appear before the Alaska State House Resources Committee to offer testimony regarding our company and comment on the proposed oil and gas tax legislation before you. I regret I am unable to appear before you personally. I hope you find the comments we provide useful in your deliberations and would entertain any questions my testimony may generate.

Company Background

Established in 1954, Apache Corporation (Apache) has grown to become one of the world's top independent oil and gas exploration and production companies with over $29 billion in assets. In August 2010 Apache acquired almost 200,000 acres of State oil and gas leases in Cook Inlet primarily from Daniel Donkel and Samuel Cade. Since then Apache has picked up additional acreage from the Alaska Mental Health Trust bringing our Cook Inlet acreage to approximately 300,000 acres. The attached map shows the Apache acreage highlighted in yellow.

Investment Decisions

In making decisions on investments there are a number of criteria Apache takes into consideration. Specifically when we looked at Alaska what made investment attractive is that it has been sparsely explored and new technology will help find new reserves that can be produced more efficiently. Another factor is the percent of profit available on a barrel of oil after taxes, royalty and costs. There are incentives available in Cook Inlet as well as the tax structure makes it attractive. Conversely, the North Slope is expensive due to the operating environment and a different tax structure.

Cook Inlet Exploration

Apache's objective in acquiring the Cook Inlet leases is to explore for oil. Permit applications were submitted in November 2010 to conduct a 2D seismic technology test using a new Nodal technology. All the necessary permits were issued earlier this week with the seismic work to be completed in March 2011 in Cook Inlet's West Forelands. Apache has begun conversations with the stakeholder groups and regulatory agencies about the 3D seismic program to commence in the fall 2011. We will spend approximately one year doing seismic exploration on the Apache leases that stretch from Wasilla to Anchor Point. After analysis of the seismic data we will then be in a position to determine where to undertake exploratory drilling.

One of the many questions Apache has been asked is why are we interested in Cook Inlet. With the discovery of oil on the North Slope in the late 1960's the companies that were operating in Cook Inlet moved north. We believe there is significant untapped oil potential in the region and the incentives offered by the State of Alaska are attractive. Those two reasons compound with a skilled workforce and stable government make Cook Inlet attractive.

Alaska Oil and Gas Tax Structure

In addition to looking for acreage in Cook Inlet, Apache has examined opportunities to make investments on the North Slope. We have made the decision to focus our efforts in Cook Inlet for now in part due to the oil and gas tax structure embedded in the North Slope fields. Specific areas of concern include:

- High tax rate
- The progressivity surcharge
- Lack of incentives and tax credits

The base tax rate for the North Slope is 25%. Governor Sean Parnell's House Bill 110 proposed to lower this rate to 15% for areas outside of current fields or units not in commercial production prior to December 31, 2010. This is a step in the right direction to encourage companies, like Apache, to invest.

There are a number of issues surrounding the progressivity surcharge. One, it is regressive. Once a company makes more than $30 barrel the company is charged at the 25% tax rate PLUS they are charged for every single dollar over the $30, a form of double taxation.

Governor Parnell's proposal for capping the progressivity tax at 50% rather than the current 75% provides some of the uplift needed to encourage companies to take the risk. Also proposed is moving to an annual calculation versus today's monthly calculation. An annual calculation synchronizing revenues with expenses would more accurately reflect the philosophy behind the progressivity feature.

If incentives are going to be provided then it should apply to all new oil associated with new field development and exploration. Equally it should apply to new oil arising from existing producing fields using in-field drilling, secondary recovery and tertiary recovery techniques. Apache would encourage you to include incentives for all new oil.

In May 2010 the Cook Inlet Recovery Act included tax credits to incentivize and encourage further exploration. Apache would encourage the Alaska State Legislature to apply these same credits to all regions undertaking oil and gas exploration and development in Alaska.

Again, I apologize that I am unable to attend your hearing in person. Should you have questions please feel free to contact me.

Sincerely yours,



John R. Bedingfield
Vice President, Worldwide Exploration and New Ventures
APACHE CORPORATION

My name is Phil Kromm.

I am a 15 year line haul driver from Fairbanks with Carlile Transportation. We have 650 employees with families. I also work in safety, recruitment, training and driver retention. My home is in Fairbanks along with my wife, a 6 and 3 yr old sons.

When I am driving my 18 wheeler it is usually on the Haul Road taking goods to the slope. We are a carrier that moves all types of goods. I love my job and am excited to have the opportunity to share with you some of my thoughts and concerns about the situation Alaska, our local companies and people are in right now.

I have firsthand knowledge of the work slow down on the North Slope and the effects it has on us all. The volume of business that was there a few years ago has declined, significantly.

It is obvious there is less pipe going up the road. Specifically less drill stem which is used for exploration. There is also a considerable reduction in loads of construction supplies. When I say construction supplies I am talking about everything from lumber provided by Spenard Builders Supply to heavy equipment from Construction Machinery. These items are just not moving – and it is not just Carlile that is feeling the pain, it is all of the oil and gas providers and contractors. And if you think just because you work for a non oil and gas provider you are not feeling the pain – that is simply not true. When my paycheck isn't as large as it was, something has to give. That is probably going to be less trips to the local

coffee stand or dinner out with my family. If you are in Alaska, you are feeling the pain.

Here is another example; Carlile hires about 30 additional people in Prudhoe over the winter, just to move stuff around between the fields on the slope. The last couple of years – no additional folks hired for the slope. The work just isn't there – that is 30 families without a job, just at Carlile alone. That is a significant loss when you start adding it up.

The guys and gals that do still have a job are just scraping by as over- time is almost nonexistent. The work that was there in the past isn't available. Drivers are looking for loads to make a paycheck. We have personally seen drivers that can't stay busy enough here and have left for work in other places. Right now, the Dakotas are a big draw for drivers. It's less expensive to live there, the jobs pay well and they can stay busy. Alaska is losing jobs and good employees, because business is declining!

Conversations on the road are less about planning a vacation and enjoying their free time and are more about higher cost of living accompanied with how to make ends meet accompanied with talk about fewer loads, less traffic, less drivers, less money and most of all, a nervous sense about the future of our state. Alaska need to be competitive in-order to keep our workforce here, create opportunities for jobs and keep investment circulating here at home. My fellow drivers and I want to stay busy, we want to haul drill pipe, we look forward to the ice roads season and it's exciting to see a new man camp being moved up to the Slope – not moved off the slope to take to North Dakota. With your help and cooperation development and stable investment climate can happen.
Please do it – for Alaska.

Thank you for taking the time to hear from me on this important issue.

UltraStar
EXPLORATION, LLC

January 28 2011

The Honorable Sean Parnell
Governor, State of Alaska
Alaska Capitol Building, Third Floor
P.O. Box 110001
Juneau, AK 99811-0001

Re: B No. 49 and HB No. 110

Dear Governor,

Thank you and the Administration for stepping into the lead to make Alaska a more exploration and production friendly place to do business. I have read the subject bills, but before I comment on them, I'd like to introduce UltraStar. I know you are quite familiar with the principals in UltraStar, but some of the copied recipients of this letter may not know us as well as you, so I beg your indulgence to write a paragraph about our little company.

UltraStar was formed in 2001 by Dale Lindsey of Seward, John Winther of Petersburg, and me. Dale was born and raised in Seward, and he and his widow, Carol, built a small fuel delivery service into the largest marine and land fuel distributor in the State. John was born in Fairbanks, raised in Juneau, and now lives in Petersburg, from where he manages a fleet of longliner vessels that fish cod and black cod in the Bering Sea and Gulf of Alaska. I was born and raised in the oilfields of Wyoming, and worked in project engineering, construction, and operations and executive management for ARCO for 30 years, 20 of which were spent working in various capacities on Prudhoe Bay, Kuparuk, Lisburne, Pt. McIntyre and West Sak. I moved my family to Anchorage in 1985. UltraStar's business plan is to acquire North Slope Leases close to existing infrastructure, develop projects on the leases, and prove up commercial reservoirs with the drill bit. To my knowledge, we are the only 100% Alaskan owned company that has drilled wells on the North Slope. We have another well and sidetrack planned for the first quarter of next year.

I am pleased to add UltraStar's name to the growing list of independents that support your efforts to change ACES. We firmly support both SB 49 and HB 110. Both not only lower marginal tax rates, but eliminate the requirement that credits be paid over a two year period, which goes a long way toward "leveling the playing field" for start-up companies like ours with no current production.

3111 C Street, Suite 500
Anchorage, Alaska 99503

907-258-2969
Fax: 907-258-5092

As much as we like the direction these pieces of legislation are going, we feel that if ACES is going to be re-opened, one other issue should be addressed, and that is the Small Producer Credit. This is a credit of $12 million per year for companies producing less than 50,000 barrels of oil equivalent per day, and is due to sunset in 2016. My suggestion is to recognize the lead times associated with finding, developing and producing reserves on the North Slope, and extend that sunset date. First, we must acquire leases, then seismic, then evaluate the seismic and develop drillable prospects. If the drilling finds commercial quantities of oil, then facility access terms and conditions need to be negotiated and established with the owners of the likely production facility where the oil, gas and water will be processed, and roads will likely need to be built and the well(s) need to be connected to that facility. If the commercial accumulation is large enough, stand alone facilities may be a more appropriate approach to get production on line. Finally, some how or another, production can commence, and the cash flow meter can start (hopefully) turning the other way, or at least slow down. Unfortunately, UltraStar has yet discovered commercial oil, but it has taken an average of 6 years per well to get to the point where we were drilling.

Rather than have a specific year when the Small Producer Credit provision expires, I recommend that it stay in place for each reservoir or unit until payout of the exploration, delineation and development costs necessary to get oil flowing. I believe this would be a much stronger incentive than a date certain year. New leases acquired last year have no chance of realizing this credit.

Lastly, it mystifies me why some in the Legislature want to take all the precious time in this short session having studies done to determine the competitiveness of Alaska. The major producers have had those studies done, probably by the same consultants the Legislature would use, and the answer given to the Legislature by the same consultants will be the same as the conclusions given to the major producers—Alaska is DEAD LAST in the world. I can't speak for the major producers, but my guess that any one or all of them will be willing to share the details of the studies they commissioned with any Legislator who has an interest.

Thanks again for jumping out front on this issue that is so important for jobs and stabilized oil production in the State.

Very Truly Yours,

James D. Weeks
Managing Member

Distribution: Page 3

From: Ed Kerr [ed@armstrongoilandgas.com]
Sent: Thursday, February 17, 2011 9:13 AM
To: Louie Flora; Linda Hay
Subject: HB 110

Categories: Red Category

TO: The Honorable Paul Seaton, Co-Chair of the House Resources Committee
The Honorable Eric Feige, Co-Chair of the House Resources Committee

Dear Chairmen:

Thank you for the opportunity to address the House Resources Committee regarding HB 110 and the potential impact on our Alaska Operations. Due to prior commitments I am sorry that I cannot address the committee in person. I hope to visit with each of the committee members individually during this session to express my support for HB 110.

HB 110 will have a significant impact on our capital expenditures and future activities in Alaska. The improved fiscal terms as proposed by HB 110, particularly the portions of the bill that apply to activities outside of existing units, will give us the needed incentive to not only drill multiple new wildcat and delineation wells, but the motivation to drive certain projects to development. The future of Alaska lies in the development of its oil and gas resources that have laid dormant for too long. HB 110 will be the catalyst to bring forward the development of a vast resource base that has not been developed due to date.

Armstrong Oil & Gas, Inc. and it's affiliated companies have been one of the prime movers in generating new projects on the North Slope. The two most recent projects that have been developed on the North Slope are the Oooguruk field operated by Pioneer Natural Resources and the Nikaitchuq field operated by ENI. These projects were originated by our company. Currently, through our affiliate 70 & 148, LLC, we are one of the largest leaseholders on the North Slope.

Our project list has more than a dozen ideas outside of existing producing units that we are hoping to drill and test over the next

several years. If successful, these new projects will add much needed new oil production through TAPS as well as provide numerous significant high paying jobs for Alaskans. In many cases we know the oil is in place. The improved fiscal terms as provided in HB 110 will greatly affect whether these projects will get developed.

Please do not hesitate to contact me if you have any questions.

Ed Kerr
Vice President of Land and
Business Development
(t) 303 623-1821
(f) 303 623-3019

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Linda Hay

From: jwinegarner@brpcak.com
Sent: Wednesday, March 02, 2011 1:28 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Mr James Winegarner
510 L Street
Suite 601
Anchorage, AK 99501-1959

3/2/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Mr James Winegarner

Linda Hay

From: jeffb@northstarak.com
Sent: Wednesday, March 02, 2011 10:51 AM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Mr jeff Bentz
P.O. Box 877215
Wasilla, AK 99687-7215

3/2/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Mr jeff Bentz

Linda Hay

From: bryand@northstarak.com
Sent: Wednesday, March 02, 2011 9:47 AM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Bryan Davis
5030 E BrumageDr.
Wasilla, AK 99654-8620

3/2/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Bryan Davis

Linda Hay

From: part@ak.net
Sent: Wednesday, March 02, 2011 9:29 AM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Mrs Peggy Spittler
3320 admiralty bay drive
Anchorage, AK 99515-2374

3/2/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process. I hope it moves as quickley through the senate. This is more critical to Alaska's future than anything else you are working on this session.

Peggy Spittler
Anchorage

Sincerely,

Mrs Peggy Spittler

Linda Hay

From: CaptainRick@ak.net
Sent: Wednesday, March 02, 2011 9:01 AM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Mr Captain Rick Ameline
3002 Wendys Way
Anchorage, AK 99517-1404

3/2/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Mr Captain Rick Ameline

Linda Hay

From: cbecker39@yahoo.com
Sent: Tuesday, March 01, 2011 8:32 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Mr. Chuck Becker
2621 Kelsan Cir.
Anchorage, AK 99508-4053

3/2/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Mr. Chuck Becker

Linda Hay

From: Bridgewater@fdifairbanks.com
Sent: Tuesday, March 01, 2011 3:55 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Buzzy Chiu
204 Front St.
Fairbanks, AK 99701-3145

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

This bill is so important to the future economic development of our great state. We must act now!

Thanks again!

Sincerely,

Buzzy Chiu

Linda Hay

From: cyndi@tecpro.com
Sent: Tuesday, March 01, 2011 3:20 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Mrs Cynthia Saunders
6400 Woodmont Drive
Anchorage, AK 99516-1890

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Mrs Cynthia Saunders

Linda Hay

From: genem@trailercraft.com
Sent: Tuesday, March 01, 2011 2:40 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Gene Mountcastle
1301 E. 64th
Anchorage, AK 99518-1908

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Gene Mountcastle

Linda Hay

From: KHALL@ltia.lynden.com
Sent: Tuesday, March 01, 2011 2:29 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Ken Hall
2506 Kuskokwim
Fairbanks, AK 99709-4818

3/1/2011

Dear Representative Feige:

A couple weeks ago I sent a message to a number of you that we needed to address the ACES tax issue in Alaska. I was please to learn that there was action taken that will help in moving HB110 forward.

Thanks
Ken Hall

Sincerely,

Ken Hall

Linda Hay

From: wes.nason@ch2m.com
Sent: Tuesday, March 01, 2011 2:08 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Wesley P Nason
2175 Arcadia Drive
Anchorage, AK 99517-1339

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

With new projects in existing fields pretty much dried up, my employer's business is off drastically from pre-ACES days. Please continue to move this important tax revision forward.

Sincerely,

Wesley P Nason

Linda Hay

From: blawer@FNBAlaska.com
Sent: Tuesday, March 01, 2011 2:04 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Mrs. Betsy Lawer
1273 Bannister Drive
Anchorage, AK 99508-3923

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Mrs. Betsy Lawer

Linda Hay

From: sstewart@arcticcontrols.com
Sent: Tuesday, March 01, 2011 2:02 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Mr. Scott Allan Stewart
3601 Burl Court
Anchorage, AK 99504-3901

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Mr. Scott Allan Stewart

Linda Hay

From: patrickwalsh@peakalaska.com
Sent: Tuesday, March 01, 2011 1:54 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Patrick Walsh
2525 C Street
Suite 201
Anchorage, AK 99503-2632

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. I appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process. I firmly believe HB 110 is a step in the right direction to make our State competitive in an ever changing global market. If you have specific questions for me regarding our current buisness outlook on the North Slope I would be more than happy to spend the time explaining our position.

Sincerely,

Patrick Walsh

Linda Hay

From: pmacksey@steelfabak.com
Sent: Tuesday, March 01, 2011 1:48 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Peter Macksey
1539 west 14th avenue
Anchorage, AK 99501-4929

3/1/2011

Dear Representative Feige:

Fellow Alaskans I am pleased that you have the forethought to move this bill out of committee. The pressure to pound every last dime out of the oil company's I know is intense. But for the last week repetitavely the news paper has been touting the amount of movie interest we are receiving since we became the most tax adventagious state in the union. As we have quit looking for oil on the north slope for the secound year, I hope you can convince your collegues to join you and pass this bill this session. I only wish that it rivaled the movie bill.

Sincerely,

Peter Macksey

Linda Hay

From: ed.gohr@deltaleasing.net
Sent: Tuesday, March 01, 2011 1:39 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Ed Gohr
8826 Sahalee Drive
Anchorage, AK 99507-4388

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Ed Gohr

Linda Hay

From: lonw@thewilsonagency.com
Sent: Tuesday, March 01, 2011 1:29 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Mr. Lon G Wilson
4240 Tahoe Dr.
Anchorage, AK 99502-1460

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Mr. Lon G Wilson

Linda Hay

From: thendrix@carlile.biz
Sent: Tuesday, March 01, 2011 1:07 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Mr Tom William Hendrix Jr
11034
East John Henry Circle
Palmer, AK 99645

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Mr Tom William Hendrix Jr

Linda Hay

From: sbyerly@aspenhotelsak.com
Sent: Tuesday, March 01, 2011 12:53 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Mrs. Serena Sevener-Byerly
326 Binkley Circle
Soldotna, AK 99669-8058

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process. Keep up the GREAT work and enjoy the rest of your day!

Sincerely,

Serena Sevener-Byerly
General Manager
Aspen Hotel Soldotna
sbyerly@aspenhotelsak.com

Sincerely,

Mrs. Serena Sevener-Byerly

Linda Hay

From: ramseysmiles@yahoo.com
Sent: Tuesday, March 01, 2011 12:52 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Ms. Judy Ramsey
9700 Morningside Loop
#206
Anchorage, AK 99515-4266

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Ms. Judy Ramsey

Linda Hay

From: stokes@gci.net
Sent: Tuesday, March 01, 2011 12:31 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Pete Stokes
3521 Andree Dr. #A
Anchorage, AK 99517-2338

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Pete Stokes

Linda Hay

From: jdoyle@lrs-ak.com
Sent: Tuesday, March 01, 2011 12:16 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Jeff Doyle
2600 St. Elias Dr.
Anchorage, AK 99517-1275

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Committee and through the process.

Sincerely,

Jeff Doyle

Linda Hay

From: sorr@spartanak.com
Sent: Tuesday, March 01, 2011 12:08 PM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Susanna Orr
6458 Barclay Court
Anchorage, AK 99504-4413

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Susanna Orr

Linda Hay

From: rlogan@alaskaalliance.com
Sent: Tuesday, March 01, 2011 11:28 AM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Categories: Linda

Rebecca Logan
1110 E. 112th
#10
Anchorage, AK 99515-3089

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Rebecca Logan

Linda Hay

From: anorthcutt@alaskaalliance.com
Sent: Tuesday, March 01, 2011 11:25 AM
To: Rep. Eric Feige
Subject: HB 110 - Passage from House Resources Committee

Categories: Linda

Ann Northcutt
8520 Boundary Ave F1
Anchorage, AK 99504-1463

3/1/2011

Dear Representative Feige:

Thank you for passing HB 110 from the House Resources Committee. We appreciate the attention you've given to this issue and your work to move this bill from Commmittee and through the process.

Sincerely,

Ann Northcutt

HB

113

<TARGET><BILL>HB 113</BILL><SUBJECT>HB 113</SUBJECT><COMM>HRES27</COMM></TARGET>

ALASKA STATE LEGISLATURE

SESSION:
Alaska State Capitol, Room 418
Juneau, AK 99801
(907) 465-4457 Office
(907) 465-3519 Fax
(800) 928-4457 Toll Free

INTERIM:
1292 Sadler Way, Suite 304
Fairbanks, AK 99701
Office (907) 456-8172
Fax (907) 456-2490

Representative David Guttenberg

House Bill 113: Stampede Recreation Area
Sponsor Statement

House Bill 113 seeks to establish a state recreation area in the Stampede Road corridor, northwest of Healy and flanked on three sides by the Denali National Park. This area is a place where many Alaskans go to hunt, fish, trap, drive ATVs, mush and pursue other recreational opportunities. Playground for a growing number of Denali Borough residents, this is a wild and beautiful place that Alaskans from across the state can easily access.

HB113 will preserve the traditional uses of this area by creating the Stampede Recreation Area within the Stampede corridor. The Denali Borough Assembly has passed several resolutions calling on the Alaska Legislature to designate the corridor as the Stampede State Recreation Area, with a strong emphasis on self-determination by the residents and users of the area.

The intent of this bill is to ensure that the numerous traditional uses this area has seen over the last few decades (recreation, hunting, trapping, fishing) remain available to all Alaskans. The result of input from public meetings around the Denali Borough, the Stampede Recreation Area proposal is a user-defined management plan. I believe this is the best way to protect and preserve the many uses of this wild and scenic area.

Representative.David.Guttenberg@legis.state.ak.us
http://guttenberg.akdemocrats.org

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **HB 113**
() Publish Date

Identifier (file name): HB113-DNR-PM-04-07-11
Title Creating Stampede State Recreation Area
Sponsor Rep. Guttenberg
Requester HRES

Dept. Affected Natural Resources
Appropriation Parks Recreation and Management
Allocation Parks Management
OMB Component Number 452

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	105.4		105.4	105.4	105.4	105.4	105.4
Travel	6.2		6.2	6.2	6.2	6.2	6.2
Services	62.0		62.0	32.0	32.0	32.0	32.0
Commodities	13.5		13.5	13.5	13.5	13.5	13.5
Capital Outlay	25.0		1.0				
Grants							
Miscellaneous(law enf. Academy)	9.0						
TOTAL OPERATING	**221.1**	**0.0**	**188.1**	**157.1**	**157.1**	**157.1**	**157.1**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	221.1		188.1	157.1	157.1	157.1	157.1
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	**221.1**	**0.0**	**188.1**	**157.1**	**157.1**	**157.1**	**157.1**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time	1	1	1	1	1	1	1
Part-time							
Temporary	1	1	1	1	1	1	1

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by Ben Ellis, Director
Division Parks and Outdoor Recreation
Approved by Daniel S. Sullivan
Department of Natural Resources

Phone (907)269-8701
Date/Time 4/7/11 12:00 AM
Date 4/7/2011

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 113

Analysis

HB113 creates the Stampede State Recreation Area (SRA). The costs associated with management of this new SRA include funding for a two year public planning process which would require the Division of Parks and Recreation to enter into an RSA with the Division of Mining Land and Water to cover the planner position and develop a management plan during FY12 and FY13. The division would also need a full-time Park Ranger I and one six-month Alaska Conservation Corps employee to provide field management. Start-up costs include one new vehicle, office supplies, tuition to the Sitka Law Enforcement Academy to train the Park Ranger, and law enforcement gear. Additional costs include office rental, vehicle costs, utilities, phones, and equipment services.



Senate Bill 60, House Bill 113
Stampede State Recreation Area

The Friends of Stampede urge you support the Stampede State Recreation Area. It will offer tremendous benefits to residents, visitors, the Denali Borough and the State of Alaska at very little cost.

Outdoor recreation is an Alaskan way of life. Fishing, hunting, boating, dog mushing, skiing, snowmachining, skijoring, hiking, bicycling, bird-watching, wildlife viewing, berry picking and other outdoor activities are an important part of daily life for most Alaskans. The Friends of Stampede want to ensure that the opportunities for these traditional Alaskan activities are protected

The Stampede State Recreation Area will:

Meet Alaskans' desire for more outdoor recreation opportunities.
According to a 2009 survey (Statewide Comprehensive Outdoor Recreation Plan, SCORP, 2009-2014), 70% of participants supported creating new parks from existing state lands, 96% of participants considered parks and outdoor recreation to be important or very important to their lifestyle. Alaskans living in the railbelt communities, which contain 73% of the state's population, strongly support more trailheads. There are no state parks or recreation areas in the Denali Borough, which sits on the Parks Highway amidst some of Alaska's most beautiful scenery. The Stampede SRA is a perfect match of need and state resource.

Support the Denali Borough government and local businesses.
The Denali Borough government is funded primarily by accommodation tax revenues, and is thus largely dependent on tourism. The local government would benefit from state actions that encourage visitors to extend their stays or that attract new visitors with outdoor interests apart from the national park. Small businesses already are interested in providing activities and services for tourists in and near this area. Giving them a named destination will help with marketing and attracting additional customers.

Showcase important wildlife habitat.
The area encompassed in the proposal contains critical winter habitat for wildlife including caribou, moose and furbearers.. Birdwatchers seek out the migratory stopover and tundra habitat around Eightmile Lake. Wildlife habitat is valued both by in-state and out-of-state recreation area users and is one of the features visitors to Alaska seek.

Provide essential management.
The amount of use in the area has grown over the past two decades, reflected by the volume of litter, human waste, trail deterioration, and emergency calls. Designation of the Stampede SRA will bring with it a management plan that can address safety issues, rehabilitate trails and camping areas (or construct new ones), enhance access, and provide interpretation.

Receive strong support from a variety of Alaskans.
A petition in support of the SSRA in 2009 collected over 100 signatures. Ninety percent of the signers were Alaskan and 50% were from Denali Borough. Numerous other individuals and groups have attended Denali Borough Assembly and town hall style meetings to show their support for this legislation. At a Senate Resources Committee hearing in 2009, not a single person testified against the recreation area while support was strong and enthusiastic.

Denali Borough, Alaska
Planning Commission

Resolution No. PC 11-03

A RESOLUTION IN SUPPORT OF THE REINTRODUCTION AND PASSAGE OF A BILL TO CREATE THE STAMPEDE STATE RECREATION AREA DURING THE 27TH LEGISLATIVE SESSIONS.

WHEREAS, all formal acts by the Planning Commission must be by resolution; and

WHEREAS, the Denali Borough's local government is well suited to make recommendations for land use within the Denali Borough; and

WHEREAS, there are no State Parks, Recreation Sites or Areas located within the Denali Borough; and

WHEREAS, the designation of a Stampede State Recreation Area provides an opportunity to maintain traditional uses on public lands adjacent to settlement lands; and

WHEREAS, the designation of a Stampede State Recreation Area would provide recreational opportunities for residents within the Borough and throughout the State; and

WHEREAS, the lands included in the proposed Stampede State Recreation Area are recognized by the state as unique and important for wildlife habitat and recreation.

THEREFORE BE IT RESOLVED, that the Denali Borough Planning Commission requests that the Alaska Legislature reintroduce and pass a bill to create a Stampede State Recreation Area in a timely manner.

BE IT FURTHER RESOLVED, that the Denali Borough Planning Commission supports the designation of State Recreation Area lands including: Fairbanks Meridian, Healy Quadrangle, Township 12S8W sections 6, 7, 18, 19, 30, 31; Townships 12S9W, 12S10W, 12S11W; Township 13S9W sections 1-6 and 7-12, excluding National Park lands; Township 13S10W sections 1-6 and 7-12 excluding National Park lands; Township 13S11W sections 1-6 and 7-12 excluding National Park lands.

PASSED and APPROVED by the DENALI BOROUGH PLANNING COMMISSION this 18th day of January 2011.

Sidney W. Michaels
Presiding Officer

ATTEST: [signature]
Deputy Clerk

VOTE: YEA: Capistrant, Chatfield, Griggs, Jones, Michaels, Mitchell, Potter
NAY: 0
ABSENT: Weibel



DENALI BOROUGH, ALASKA
RESOLUTION NO. 07-01

A RESOLUTION IN SUPPORT OF THE ALASKA LEGISLATURE DESIGNATING MANAGEMENT OF THE STAMPEDE ROAD AREA WEST OF EIGHT MILE LAKE TO THE STATE OF ALASKA, DIVISION OF PARKS AND OUTDOOR RECREATION, TO CREATE THE STAMPEDE STATE RECREATION AREA.

WHEREAS, there are many issues related to the Stampede Trail and surrounding area west of Eight Mile Lake, many of which have brought into question the ability to continue traditional use dating back prior to statehood; and

WHEREAS, the Denali Borough has openly and repeatedly expressed a desire to have recreational opportunities and uses continued in this area; and

WHEREAS, the current use of the area includes motor vehicle access, horseback riding, dog mushing, cross-country skiing, skijoring, hiking, fishing, hunting, snowmobiling, and other outdoor activities; and

WHEREAS, there are no designated Alaska State Parks or Recreation Sites within the Denali Borough; and

WHEREAS, the Stampede Trail and surrounding area are well known critical habitat for caribou, moose and other wildlife; and

WHEREAS, this area is of current and future importance for providing a land base to support Alaska-owned outdoor recreation enterprises at Denali National Park and Preserve and other existing tourism destinations.

THEREFORE, BE IT RESOLVED that the Denali Borough Assembly strongly encourages the state of Alaska Legislature to pass legislation designating management of the following area to the state of Alaska, Division of Parks and Outdoor Recreation the following area: Fairbanks Meridian, Healy Quadrangle, the western half of Township 12S9W, the western half of Township 13S9W, Township 12S10W, Township 12S11W, Township 13S10W, Township 13S11W.

BE IT FURTHER RESOLVED that the Denali Borough specifically requests that the aforementioned current uses be included in the management of the area and the Denali Borough Assembly be designated as the Local Advisory Management Council for the Stampede Recreation area.

PASSED and APPROVED by the DENALI BOROUGH ASSEMBLY this 10th day of January, 2007.

David M. Talerico
Denali Borough Mayor

ATTEST: Annie Pitkin
Borough Clerk



DENALI BOROUGH ASSEMBLY

RESOLUTION NO. 08-27

A RESOLUTION OF THE DENALI BOROUGH ASSEMBLY RESPONDING TO THE TANANA BASIN AREA PLAN AMENDMENTS.

WHEREAS, the Denali Borough Assembly has not had sufficient time to deliberate the TBAP amendments; and

WHEREAS, the Denali Borough Assembly is best suited to conducting appropriate deliberations by local residents for proper use of regional lands; and

WHEREAS, the local government is best suited to communicate and designate land use for the benefit of long term impacts; and

WHEREAS, the local government has initiated the development of the Denali Borough Comprehensive Land Use Plan; and

WHEREAS, the local government has ideas for specific uses for some of these areas such as Yanert B for a future school site, and designating the canyon corridor and the Eight Mile Lake area as public recreation areas; and

NOW THEREFORE BE IT RESOLVED: the Denali Borough Assembly opposes the TBAP amendments as it has been presented and declares our constitutional right for maximum local self-government.

PASSED and APPROVED by the DENALI BOROUGH ASSEMBLY this 10th day of DECEMBER, 2008

Mayor David M Talerico

ATTEST:

Gail Pieknik, Borough Clerk

AYES: PASSED UNANIMOUSLY

DENALI BOROUGH, ALASKA
RESOLUTION NO. 10-04

A RESOLUTION TO INCLUDE EIGHT MILE LAKE WITHIN THE BOUNDARIES OF THE STAMPEDE STATE RECREATION AREA

WHEREAS, the legislature of the State of Alaska is considering a bill to establish a Stampede State Recreation Area; and

WHEREAS, the primary purpose of the proposed State Recreation Area is to protect traditional recreational activities in the area; and

WHEREAS, the boundaries of the proposed recreation area begin ½ mile west of the trailhead and camping area near Eight Mile Lake; and

WHEREAS, the land around Eight Mile Lake is undesignated state land presently managed for the same purposes as the land within the boundaries of the proposed recreation area; and

WHEREAS, the portion of Stampede Road that can be driven by ordinary vehicles terminates near Eight Mile Lake, thus making this area the de facto parking lot and trailhead for recreational activities that would occur within the boundaries of the proposed recreation area; and

WHEREAS, the area around Eight Mile Lake has the densest camping use of anywhere in the vicinity of the proposed recreation area; and

WHEREAS, the tundra landscape, the accessible lake, and the views of Mount McKinley make the area around Eight Mile Lake one of the most scenic areas in the vicinity of the proposed state recreation area; and

WHEREAS, Eight Mile Lake itself is a recreational resource, and is used for canoeing, ice skating, berry picking, bird watching, and other activities; and

WHEREAS, the density of use around Eight Mile Lake means that it is the state land most in need of immediate planning to provide services and avoid negative impacts; and

WHEREAS, inclusion of this area within the proposed recreation area will best serve the visiting public and simplify management of the area.

THEREFORE, BE IT RESOLVED: that the Denali Borough Assembly encourages the State of Alaska Legislature to amend the boundaries of the proposed Stampede State Recreation Area, Senate Bill 108, to include 3 land sections around Eight Mile Lake, which include Township 12W9S sections 2, 11, 14.

PASSED AND APPROVED by the Denali Borough Assembly on this 10TH day of February, 2010.

David M. Talerico, Borough Mayor

ATTEST: _____
Gail Pieknik, Borough Clerk



PASSED UNANIMOUSLY:
Ayes: BULARD, LAUSEN, KOHLSDORF, WINKLMANN, WALKER, MUELLER and USIBELLI
Absent: HOLMES and COOPER

DENALI BOROUGH, ALASKA
RESOLUTION NO. 11-02

A RESOLUTION IN SUPPORT OF INTRODUCTION AND PASSAGE OF A BILL CREATING THE STAMPEDE STATE RECREATION AREA AND TO INCLUDE ADJACENT LANDS DIRECTLY EAST OF PREVIOUSLY PROPOSED BOUNDARY AND WEST OF PANGUINGUE SUBDIVISION

WHEREAS, the Denali Borough Assembly has previously passed Resolution #07-01 in support of designating lands along the Stampede Road corridor as a State Recreation Area; and

WHEREAS, the Denali Borough Assembly has previously passed Resolution #10-04 in support of including lands around 8-Mile Lake in the proposed State Recreation Area; and

WHEREAS, these resolutions outline important reasons that a Stampede State Recreation Area would be valuable to residents of the Denali Borough and the State of Alaska; and

WHEREAS, a bill to establish the Stampede State Recreation Area has been introduced to either the House or Senate in the past two legislatures and received little criticism but much support; and

WHEREAS, designated inclusion of lands adjacent to recognized settlement lands would preserve and maintain traditional recreation opportunities and provide for continuous state management of the Stampede Townships west of settlement lands; and

WHEREAS, the proposed Stampede State Recreation Area lands have been recognized by the State of Alaska as unique and important for public recreation and wildlife habitat.

THEREFORE BE IT RESOLVED: that the Denali Borough Assembly requests that the Alaska State Legislature move expeditiously to reintroduce and pass a bill to establish the Stampede State Recreation Area.

BE IT FURTHER RESOLVED: that the Denali Borough Assembly supports the designation of State Recreation Area lands to include: Fairbanks Meridian, Healy Quadrangle, Township 12S8W sections 6, 7, 18, 19, 30, 31; Townships 12S9W, 12S10W, 12S11W; Township 13S9W sections 1-6 and 7-12, excluding National Park lands; Township 13S10W sections 1-6 and 7-12 excluding National Park lands; Township 13S11W sections 1-6 and 7-12 excluding National Park lands.

PASSED AND APPROVED by the Denali Borough Assembly on this 12TH day of JANUARY, 2011.

David M. Talerico, Borough Mayor

Attest: Gail Pieknik, Borough Clerk

AYES: PASSSED UNANIMOUSLY
ABSENT: HOLMES and COOPER

Denali Borough, Alaska
Planning Commission

Resolution No. PC 11-03

A RESOLUTION IN SUPPORT OF THE REINTRODUCTION AND PASSAGE OF A BILL TO CREATE THE STAMPEDE STATE RECREATION AREA DURING THE 27TH LEGISLATIVE SESSIONS.

WHEREAS, all formal acts by the Planning Commission must be by resolution; and

WHEREAS, the Denali Borough's local government is well suited to make recommendations for land use within the Denali Borough; and

WHEREAS, there are no State Parks, Recreation Sites or Areas located within the Denali Borough; and

WHEREAS, the designation of a Stampede State Recreation Area provides an opportunity to maintain traditional uses on public lands adjacent to settlement lands; and

WHEREAS, the designation of a Stampede State Recreation Area would provide recreational opportunities for residents within the Borough and throughout the State; and

WHEREAS, the lands included in the proposed Stampede State Recreation Area are recognized by the state as unique and important for wildlife habitat and recreation.

THEREFORE BE IT RESOLVED, that the Denali Borough Planning Commission requests that the Alaska Legislature reintroduce and pass a bill to create a Stampede State Recreation Area in a timely manner.

BE IT FURTHER RESOLVED, that the Denali Borough Planning Commission supports the designation of State Recreation Area lands including: Fairbanks Meridian, Healy Quadrangle, Township 12S8W sections 6, 7, 18, 19, 30, 31; Townships 12S9W, 12S10W, 12S11W; Township 13S9W sections 1-6 and 7-12, excluding National Park lands; Township 13S10W sections 1-6 and 7-12 excluding National Park lands; Township 13S11W sections 1-6 and 7-12 excluding National Park lands. **Refer to attached map.**

PASSED and APPROVED by the DENALI BOROUGH PLANNING COMMISSION this 18th day of January 2011.

Sidney W. Michaels
Presiding Officer

ATTEST: _____
Deputy Clerk

VOTE: YEA: Capistrant, Chatfield, Griggs, Jones, Michaels, Mitchell, Potter
NAY: 0
ABSENT: Weibel



ALASKA MINERS ASSOCIATION, INC.

3305 Arctic Blvd., #105, Anchorage, Alaska 99503 • 907) 563-9229 • FAX: (907) 563-9225 • www.alaskaminers.org

April 8, 2011

Honorable Paul Seaton
Honorable Eric Feige
Co-Chairs House Resources Committee
Capitol Building
Juneau, AK 99811

Re: House Bill 113, Establish Stampede State Recreation Area

Dear Representatives Seaton and Feige,

The Alaska Miners Association opposes House Bill 113 that would establish the Stampede State Recreation Area on approximately 120 square miles of State-owned multiple-use lands. All of the activities identified and the justification given for establishment of this recreation area are already allowed on the lands in question.

Although the bill does not specifically close the lands to oil & gas or hard mineral exploration and development, the bill would none-the-less have that impact. Companies simply will not spend their money in a place that is called a recreation area. Furthermore, the restriction on structures would on its face appear to make it impossible to build any oil & gas or mining facilities. And it is our understanding that there is active gas exploration in the area. If a major gas field is found, that gas could greatly reduce the cost of heating for Healy and other parts of the Interior. The Stampede Recreation Area would forever eliminate that possibility.

Also, under the bill the Commissioner would almost be forced to declare oil & gas and hard minerals development as incompatible due to the stated purposes in Section 1 of the bill. It would be very difficult for the Commissioner to not make such a determination. We note that there is no fiscal note to cover the cost of the required management plan.

Just under half of Alaska is already restricted from multiple-use activities due to federal parks, preserves, refuges, wilderness, etc. The State already has approximately 8.5 million acres designated as parks, refuges, or other closures to multiple-use. It is important that the State not block any additional lands. If the State makes additional closures it is essential that lands be given a geological evaluation, to include geophysical survey, to ensure an informed decision can be made as to the resources that would be lost. Additionally, the State should ensure that there is no net loss of multiple-use lands and whenever one area is closed an equal area of the same designation should be opened.

Thank you for considering our comments.

Sincerely,

Steven C. Borell, P.E.
Executive Director

Cc: House Committee Members

Linda Hay

From: Rep. Paul Seaton
Sent: Friday, March 11, 2011 9:15 AM
To: House Resources
Subject: FW: support for HB 113 Stampede Recreation Area

-----Original Message-----
From: tparagi@alaska.net [mailto:tparagi@alaska.net]
Sent: Wednesday, March 09, 2011 12:51 PM
To: Rep. Peggy Wilson; Rep. Eric Feige; Rep. Paul Seaton
Subject: support for HB 113 Stampede Recreation Area

Dear Representatives,

I encourage a hearing in the House Resources Committee for HB 113 to create the Stampede State Recreation Area.

I served on the Citizen Advisory Board for the Northern Area State Parks during 2004-10. Healy area residents began discussing protection and oversight of stand lands beyond 8 Mile lake along Stampede Road in 2006, but they wanted to retain local input into the process of creating an area managed by the Division of Parks and Outdoor Recreation. The present bill has provision to create an advisory board specific to the proposed recreation area, which would serve as the main source of information when writing the management plan. My experience is that the Director of State Parks generally accepts recommendations from advisory boards.

Tom Paragi
1271 Lowbush Lane
Fairbanks, AK 99709-6039

PS--I apologize if this is a duplicate email. I tried sending it yesterday but was having email problems.

Denali Chamber of Commerce

PO Box 437
Healy, AK 99743
907-683-INFO (4636)

website: http://denalichamber.com
email : denali.chamber@gmail.com

March 16, 2009

Senator Joe Thomas
State Capitol, Room 510
Juneau, AK 99801

RE: Senate Bill 108, Creation of a Stampede State Recreation Area

Dear Senator Thomas,

The Denali Chamber of Commerce was created for the purpose of cooperating in matters of interest to the public and professional people of the community; to promote and perpetuate the business, commercial, manufacturing and civic interests of the members and the community; to promote and perpetuate the general welfare and prosperity of the Denali area, and to stimulate public interest to these ends; and to develop a uniform public spirit whereby we may put forth the maximum effort in the aid of our area and to make it more prosperous, beautiful and a better place in which to live.

Therefore, in fulfilling the purpose of the Denali Chamber of Commerce, the Board of Directors on behalf of the members of the chamber support the proposed . legislation you have introduced in the State of Alaska Senate, for the Creation of the Stampede State Recreation Area.

Our community residents use this area for many recreational purposes such as hiking, bird watching, motor vehicle travel (ATV's and snowmobiling), dog mushing, skiing, skijoring, photography, berry picking, hunting and trapping. Several chamber members own business enterprises on the Stampede Road which provide recreational services to users of the area which include horseback riding, jeep safari tours and sled dog tours along the Stampede Trail, as well as lodging facilities for tourists visiting the area.

The chamber members also support inclusion of lands around the 8-Mile Lake area in the legislation. These lands provide a natural gateway to a recreation area and are most in need of management. Most locals and visitors use this as a parking and/or staging area for access to the Stampede Trail and state lands on which they recreate.



Denali Chamber of Commerce

PO Box 437
Healy, AK 99743
907-683-INFO (4636)

website: http://denalichamber.com
email : denali.chamber@gmail.com

We are most appreciative of your efforts to introduce this important legislation which will provide a means of management to encourage stewardship and continued recreation opportunities for all Alaskans and visitors alike. We also appreciate you making the wishes of your constituents known to the legislature.

Best regards,

Denali Chamber of Commerce Board of Directors

Josh Wilhour, President

Heidi DeCoeur, Vice President

Julia Potter, Treasurer

Cathey Peterson-Hall, Correspondence Secretary

Teresa Loegering, Recording Secretary



INTERIOR TRAILS PRESERVATION COALITION

ITPC

Monday, March 7, 2011

To Whom It May Concern:

Our group supports HB 113 and SB 60, both of which would create the Stampede State Recreation Area in the Stampede Trail area west of Healy.

This area is bounded on three sides by Denali National Park and is used extensively year-round by dog mushers, snowmachiners, ATV enthusiasts, skiers, hikers, bikers, hunters, berry pickers, and many more. Stampede Trail provides important access to the backcountry, and the area has even more recreation potential.

A state Stampede Recreation Area would have many benefits including

- Protection of quality of life for people who regularly use the area.
- Protection of an area near Denali National Park for recreation that does not have the restrictions of a national park.
- Continued use of the area's natural resources by the public.
- A destination for tourists who want to experience the wild nature of the area without the crowds of Denali National Park

For all these reasons the Interior Trails Preservation Coalition supports the establishment of Stampede State Recreation Area.

Sincerely,

Eric Troyer
Vice President

ITPC
P.O. Box 74263, Fairbanks, AK 99707 Phone: (907) 458-7968

Northern Area Alaska State Parks Citizen Advisory Board

3700 Airport Way Fairbanks, Alaska 99709-4613 (907) 451-2695

February 10, 2011

To: Members of the 27th Legislative Session:

The Northern Area Alaska State Parks Citizens Advisory Board consists of ten members appointed by the Director of the Division of Parks and Outdoor Recreation. The purpose of the board is to ensure representation of public interest and to make recommendations concerning outdoor recreation.

The Northern Area Alaska State Parks Citizens Advisory Board unanimously supports **"An Act creating the Stampede State Recreation Area"**, outside of Healy, Alaska under Senate Bill 60 and House Bill 113.

The Northern Area Board recognizes the importance of protecting traditional uses as well as promoting the protection and enhancement of the State's recreational resources.

We recommend establishment of the state recreation area along with funding a master plan to identify the diverse public recreation uses, mitigate conflicts among those user groups, and promote orderly and consistent planning development and management programs for the area.

The board recognizes the need for fiscally responsible budgets. We feel the Stampede State Recreation Area warrants the state's investment and in the long run will help support Alaska's economy through tourism.

The Northern Area Citizens Advisory Board urges lawmakers to establish the Stampede State Recreation Area.

Sincerely,

Jim Williams

Northern Area State Park Advisory Board Chairman

Senate Bill 60, House Bill 113, Stampede State Recreation Area

The Middle Nenana Fish and Game Advisory Committee along with the Denali Borough supports Senator Joe Thomas' and Representative David Guttenberg's SSRA bills in the state legislature during this session (SB 60 and HB 113, introduced January 21st).

The area encompasses critical winter habitat for wildlife including caribou, moose and furbearers. The Stampede State Recreation Area will protect traditional uses of hunting, trapping, fishing, boating, snowmachining, dog mushing, skiing, birding, wildlife viewing, berry picking and other outdoor activities that most Alaskans value as a way of life. The lands identified for this designation are mostly state lands identified by the Tanana Basin Area Plan as prime wildlife habitat and public recreation lands. Designation as a State Recreation Area will emphasize uses and values that the State of Alaska has already prioritized for many years.

The Middle Nenana Fish and Game Advisory Committee supported the original proposal by the Denali Borough Assembly in 2009.

Grier Hopkins

From: Jared Zimmerman [jared_zimmerman@hotmail.com]
Sent: Monday, February 21, 2011 4:49 PM
To: Sen. Joe Thomas; Rep. David Guttenberg
Cc: Joe Hardenbrook; Grier Hopkins; Jay Hardenbrook; friendsofstampede@gmail.com
Subject: Support for Stampede State Recreation Area

Dear Senator Thomas and Representative Guttenberg,

The Panguingue Creek Homeowner's Association would like to thank you for sponsoring bills SB 60 and HB 113 to create the Stampede State Recreation Area and for your work toward its passage. The Panguingue Creek Subdivision is located along the first few miles of the Stampede Road, so all of our members are very interested in the future of the lands proposed to be a part of the new recreation area.

Many of us who own property in this area and choose to live here do so because of the area's beautiful setting and access to Alaska's wilderness. We live here because we enjoy hiking, camping, berry picking, bird watching, skiing, skijoring, dog mushing, snowmobiling, riding ATV's, hunting, trapping, and fishing, and just about everything you can do to enjoy Alaska's beauty. Indeed, we have given up easy access to groceries and services we travel for over 100 miles to obtain, in order to have easy access to all the Stampede area has to offer.

Already, people from across the state, the country, and the world pass through here to use the state's land for recreation. Creating the Stampede State Recreation Area will help ensure that future generations of Alaskans and visitors will be able to enjoy this area, as well. As homeowners closest to the proposed area, we know of the need that already exists for some type of management and improvement of this area.

Stampede Road travels through our subdivision and offers seasonal vehicle access as far as Eight-mile Lake, one of the area's biggest draws. This area sees the highest use in the summer months, and without any improvements, its quality as a destination will continue to deteriorate as users leave trash and impact the area. The area around Eight-mile Lake already serves as a trail head for the area and its inclusion improves the State Recreation Area Proposal .

The Stampede State Recreation Area is the best way to ensure that we will always have access to these lands so near to our homes, and we thank you for taking this issue to Juneau for us.

Sincerely,

Panguingue Creek Homeowners' Association

Jared Zimmerman,	Chairperson
Andrea Blakesley,	Vice-Chair
Alex Lindeman,	Secretary
Susan Braun,	Board Member
Kurt Reeves,	Board Member

December 26, 2010
EarthSong Lodge
P.O. Box 89, Mile 4 Stampede Road
Healy, AK 99743

To: Representative David Guttenberg, Senator Joe Thomas, Assemblymen John Winklmann and Cyrus Cooper

Re: Stampede Recreation Area Proposal

Dear Sirs:

I am writing this letter as both a landowner in the Panguingue Creek Subdivision and landowner on lands west and adjacent to the Subdivision (within the proposed additions to the Stampede Recreation Area), and as a business owner that utilizes all the land in the Wolf Townships. I have followed the proposal of the SRA since it's conception, and was one of the original individuals that proposed that project many years back with Will Forsberg. While I have been disappointed with the slow development of the SRA, I am encouraged that it still has momentum, and look forward to it's creation soon.

I have lived along the Stampede Road/Trail since 1983. I homesteaded some property west of the subdivision, two miles north of the road, and lived there and raised a family for 13 years. I purchased land in the subdivison in 1995, with the purpose of creating a tourism-based business for my family. I already had a dog sledding guiding business since 1985, guiding guests from all over the globe on dog tours lasting from one hour to ten days. I had, and still have, a concession guiding permit that allows me to operate inside Denali National Park and Preserve. The dog sled guiding business focuses mostly on the Stampede Corridor and Northern Additions to Denali Park, and most of the business would be in the proposed SRA. Our summer business, EarthSong Lodge and Henry's Coffeehouse, caters to guests visiting the park in the summer months. We will at times have up to 40 overnight guests, and have been operating that business since 1997. My summer guests not only participate in activities inside Denali Park, but also along the Stampede Road/Trail, west of the lodge.

Creation of a Stampede State Recreation Area would directly impact my businesses. And the impact would be strongly positive. As a business owner, it is important to protect interests that impact my operation. Tourism is a renewable resource and widely recognized by residents of Stampede Road as the best and most sustainable industry for our area. One completely compatible with neighbor Denali National Park and most residents. And one that would barely impact current use patterns by locals. The best way to protect my business interests and personal values is a creation of this SRA. While other possible development in our area, like Shallow Gas Exploration and Development, likely would have an immediate detrimental impact to my business, preserving existing uses and promoting tourism and conservation just enhances everyone's stake. For this reason, as a representative of my businesses, I fully support the proposed SRA.

On a personal note, I have been a resident of the area nearly thirty years. I live here not only to make a living, but mostly because I love the area. In all my travels in and out of Alaska, the Stampede Corridor is the place I'd most like to live in. And one I have invested my life in. A SRA guaranteeing a preservation of certain values would not only be favored by me, but would make the most sense, and be a legacy that all future local residents would be proud of.

Please consider these words, from a landowner, long-time resident, outdoor enthusiast, family man, and business owner, when considering the proposed Stampede State Recreation Area. I speak for myself, but I know my views are shared by a vast number of people in our area and throughout the state.

Sincerely,

Jon M. Nierenberg
Owner, EarthSong Lodge, Henry's Coffeehouse, Denali Dog Sled Expeditions
Mile 4 Stampede Road
www.earthsonglodge.com



Friends of Stampede

Purpose:

"To protect the natural resources and recreational opportunities on public lands in the townships along the Stampede Trail corridor."

Formative meeting held
October 30th at the
Panguingue Creek Fire Hall



Who we are…

- Our members
- Our work
- History and Evolution of the Stampede State Recreation Area (SRA) idea
- Our support of the Stampede SRA



Who we are…
Our members

- Over 30 people have attended meetings over the last two months
- Nearly 50 people have requested to be included on our email list

- At this point, many are residents of the Denali Borough, including property owners in the Panguingue Subdivision and business owners in the area.

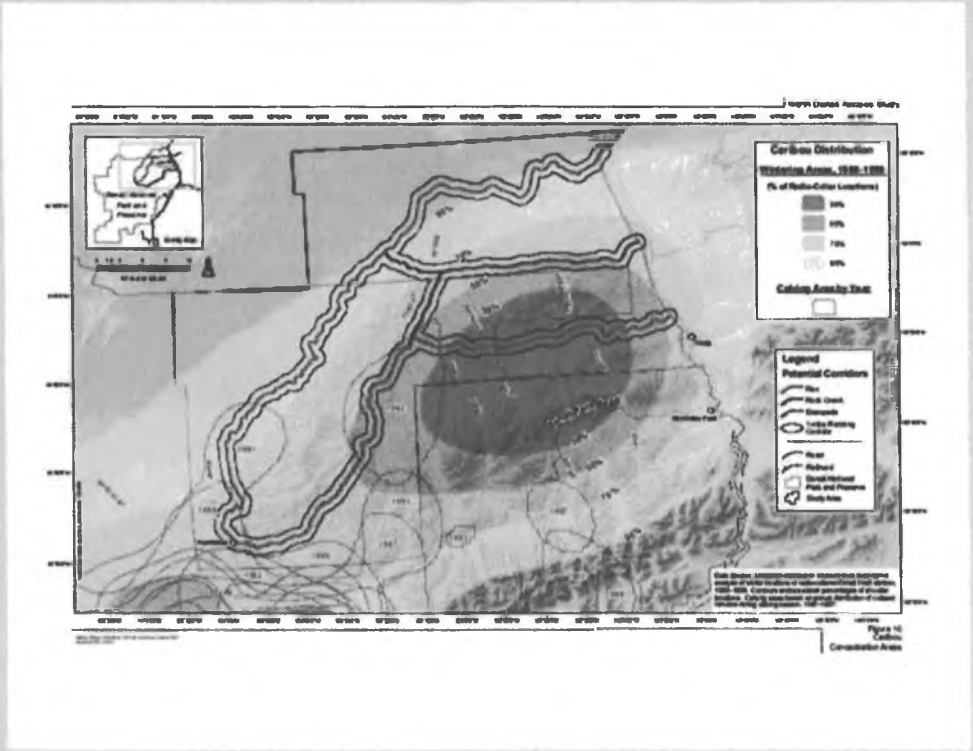
Who we are…
Our work

- Collected input regarding current concerns along the Stampede Trail corridor





- Collected input regarding values and uses along the Stampede Trail corridor







Who we are…
Our work

- Developed a statement of purpose and group mission
- Developed a logo
- Established an email account

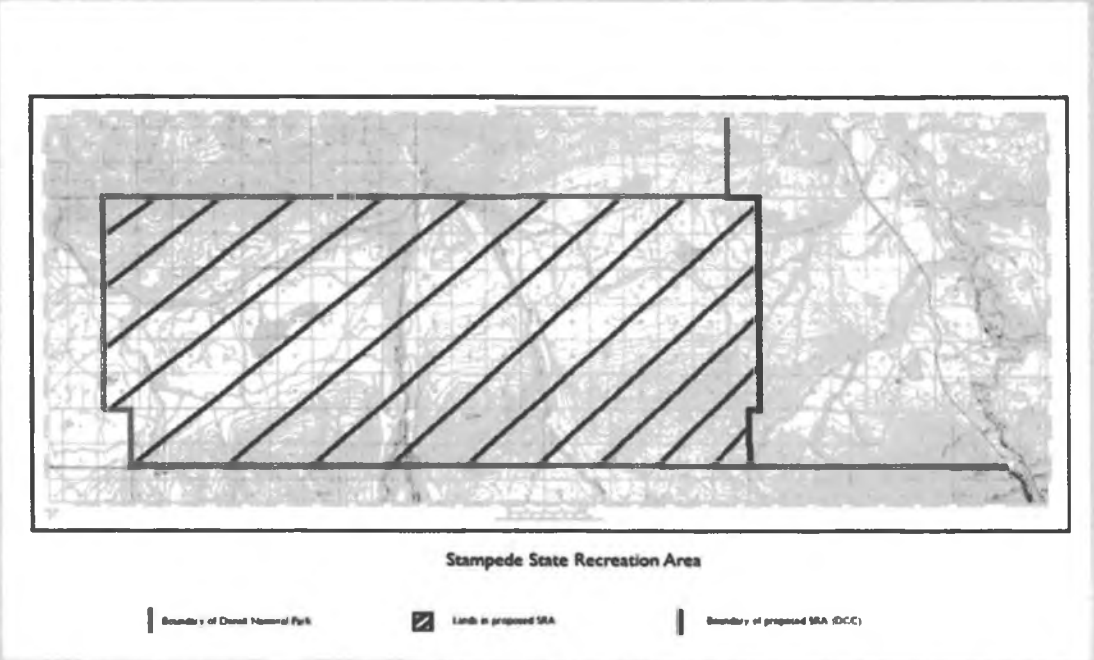


Who we are…
Our work

- Developed contacts with state agencies to introduce our group and find out how we can support the area in its current status
  - Department of Transportation, Adopt-a-Highway
  - Department of Fish and Game, Division of Wildlife Conservation
  - Department of Natural Resources, Division of Mining, Land and Water

Who we are…
Our work

- Developed contacts with Denali Borough government and state legislators to support the Stampede State Recreation Area idea





History of the Stampede State Recreation Area

- Denali Borough Assembly passes a resolution to encourage the formation of a Stampede State Recreation Area in January, 2007 (07-01)
- Bill introduced by Representative David Guttenberg and Senator Joe Thomas during the 2007-08 session (HB 241, SB 173)

History of the Stampede State Recreation Area

- Bill reintroduced by Senator Joe Thomas during the 2009-10 session (SB 108)
- Denali Borough Assembly passes a resolution to support the inclusion of lands around 8-Mile Lake in February, 2010 (10-04)



Support for the Stampede State Recreation Area

- Denali Borough Assembly
- Healy Chamber of Commerce
- Panguingue Creek Homeowners Association
- Denali Citizens Council
- Arctic Off Road
- Tread Lightly 4X4

Evolution of the Stampede State Recreation Area

- Changes recommended to the state for inclusion in the reintroduced bill:
  - Uses: Added berry picking



Evolution of the Stampede State Recreation Area

- Changes recommended to the state for inclusion in the reintroduced bill:
  - Strengthen language on the importance of wildlife habitat



Evolution of the Stampede State Recreation Area

- Changes recommended to the state for inclusion in the reintroduced bill:
  - Strengthen local voices in Management Plan development and implementation



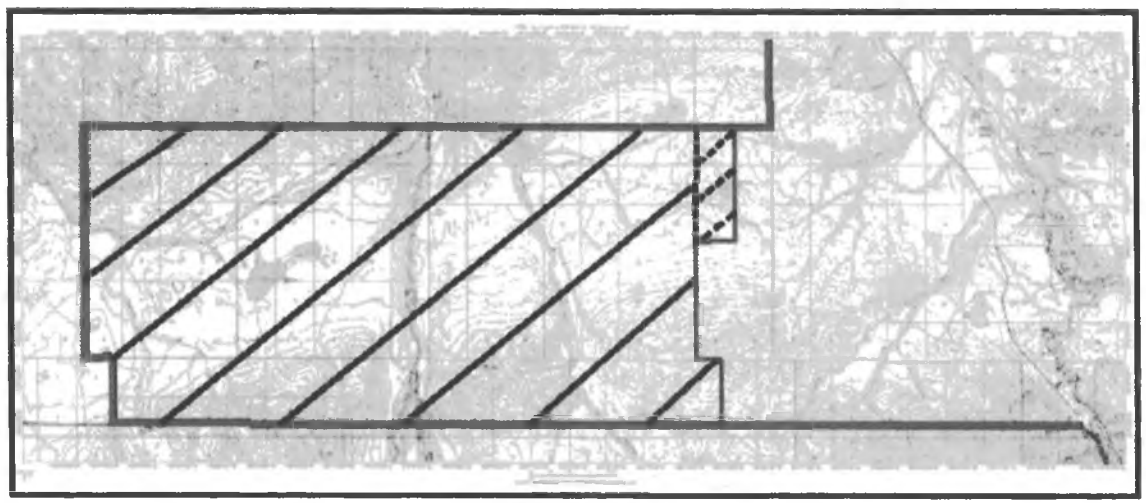




Evolution of the Stampede State Recreation Area

- Changes recommended to the state for inclusion in the reintroduced bill:
  - Encourage development that represents local desire to see the area "unchanged" (i.e. minimal infrastructure and primitive opportunities)

Evolution of the Stampede State Recreation Area

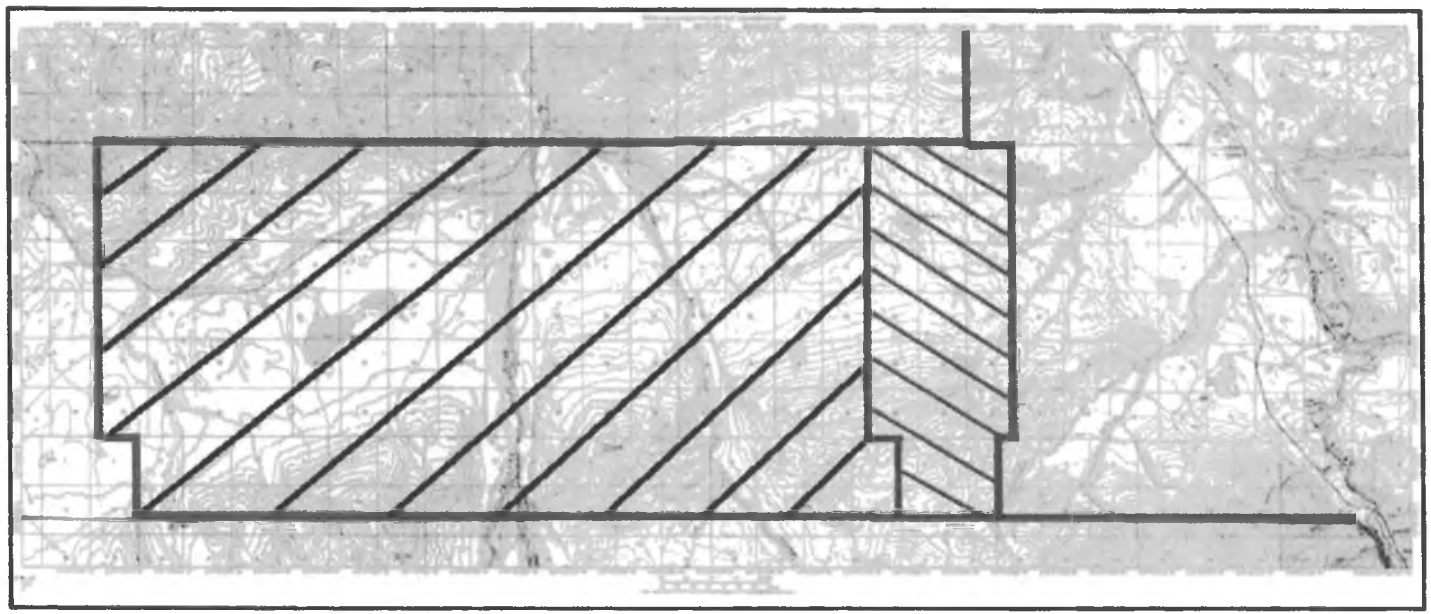


Proposed Stampede State Recreation Area - With addition of three sections around 8 Mile Lake

Add sections 2, 11, 14

Boundary of Denali National Park | Lands in proposed SRA - SB 108 | Proposed additions around 8 Mile | Eastern boundary of SRA with additions

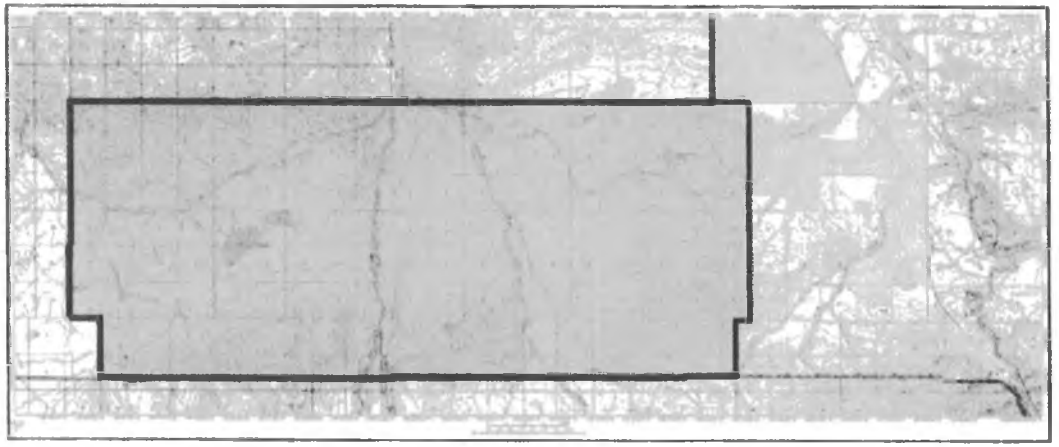
Evolution of the Stampede State Recreation Area



Stampede State Recreation Area

Boundary of Denali National Park | Extent of SRA - SB 108 | Suggested additions to SRA - Fall 2010

Reasoning for the areas included in the Stampede State Recreation Area



Stampede State Recreation Area proposal

Stampede State Recreation Area

Borough/Private lands
(between Rec Area and Nenana River, not including AK RR lands and some small parcels)

Boundary with Denali National Park



Ways we intend to support the Stampede State Recreation Area Proposal

- Continue outreach to local citizens and potential partners (i.e. businesses, groups and individuals that utilize or have interest in the Stampede Trail corridor and property owners in the Stampede/Wolf Townships

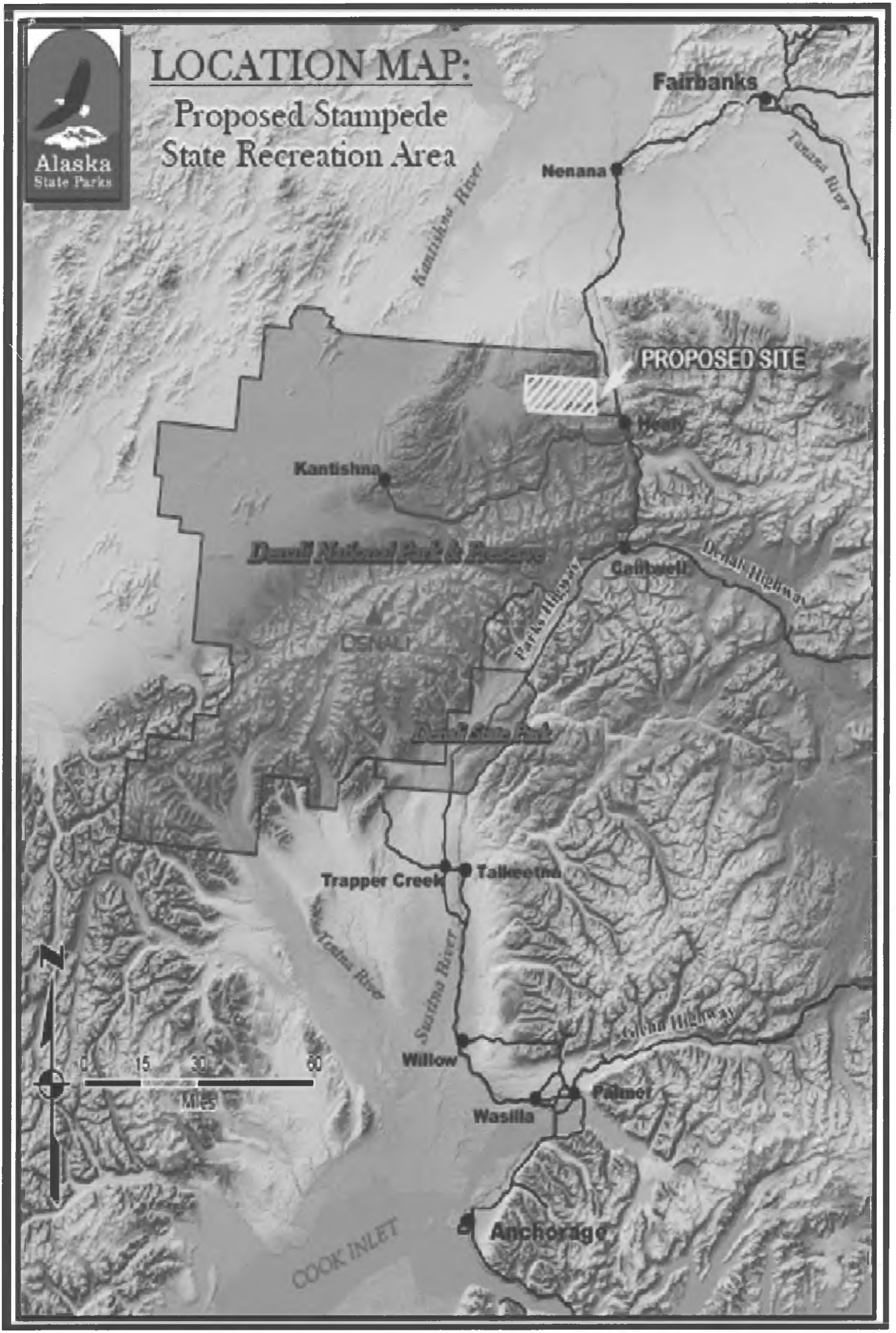


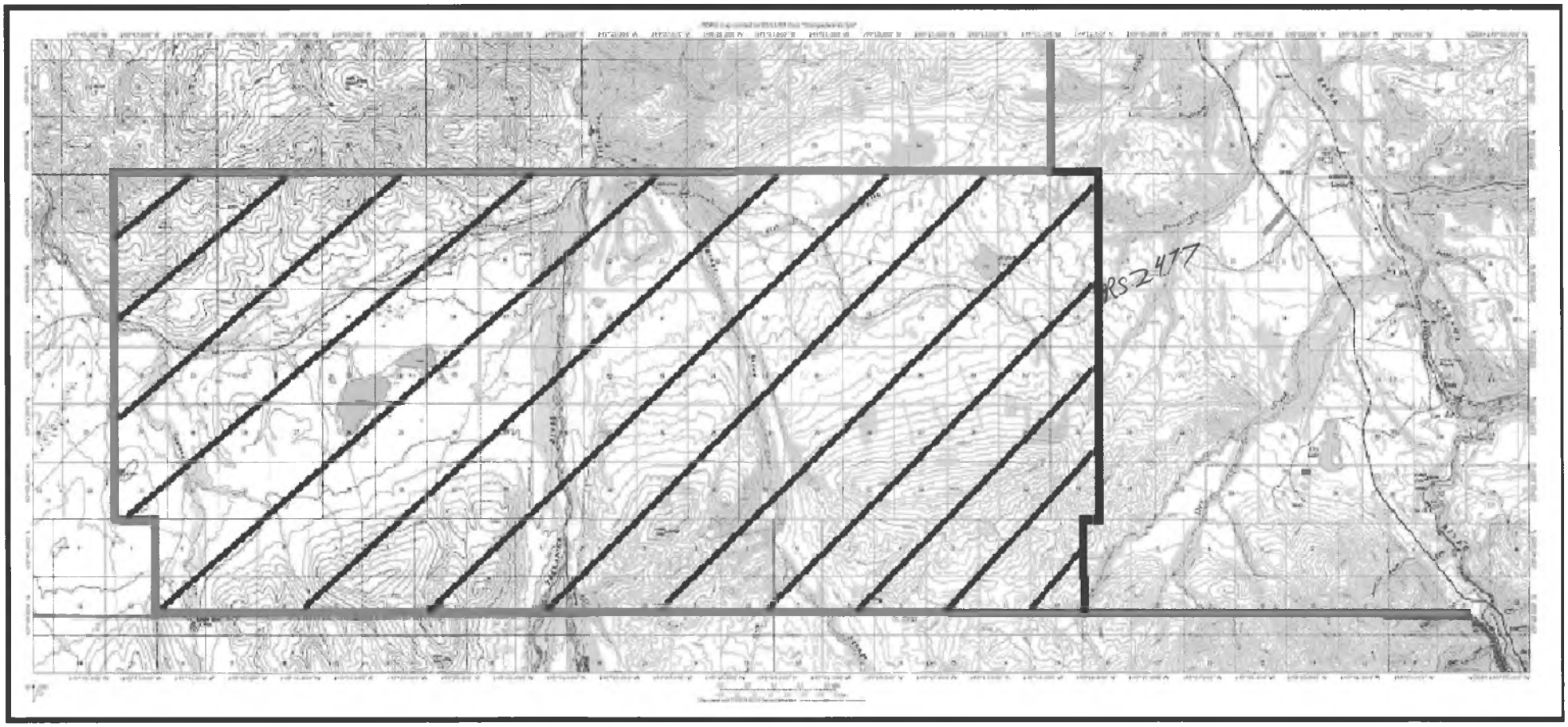
Ways we intend to support the Stampede State Recreation Area Proposal

- Continue coordination with:
  - Denali Borough government
  - Division of Parks and Outdoor Recreation
  - State Legislators



On behalf of Friends of Stampede, THANKS for your consideration of a resolution supporting the reintroduction and timely passage of a bill to create a Stampede State Recreation Area.


LOCATION MAP:
Proposed Stampede
State Recreation Area
Alaska
State Parks
Fairbanks
Nenana
Kantishna River
Tanana River
PROPOSED SITE
Healy
Kantishna
Denali National Park & Preserve
Caribou
Denali Highway
Parks Highway
DENALI
Denali State Park
Trapper Creek
Talkeetna
Talkeetna River
Susitna River
Glenn Highway
Willow
Palmer
Wasilla
Anchorage
COOK INLET
0 15 30 60
MILES



Stampede State Recreation Area

Boundary of Denali National Park

Lands in proposed SRA

Boundary of proposed SRA (DCC)

Stampede State Recreation Area Map

The lands within this map are mostly state lands identified by the Tanana Basin Area Plan as prime wildlife habitat/public recreation lands. Designation as a State Recreation Area will emphasize uses and values that the State of Alaska itself has recognized as primary over many years.



Visit our website or email Friends of Stampede for more information:
Email: friendsofstampede@gmail.com
Website: http://stampedefriends.wordpress.com/

HB 121

<TARGET><BILL>HB 121</BILL><SUBJECT>HB 121</SUBJECT><COMM>HRES27</COMM></TARGET>

STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Office of the Commissioner

Sean Parnell, Governor
Susan K. Bell,
Commissioner

CSHB 121 (FSH)

"An Act relating to loans...and establishing revolving loans"

Explanation of Changes

Page 1 Line 1,

Amends AS 16.10.320 by adding a new subsection:

This section would allows the Department of Commerce, Community, and Economic Development to give Commercial Fishing Loan Fund borrowers a reduction in the interest rate on their loan if 50% of the loan is spent on a product produced or manufactured in the State of Alaska.

Page 2 Line 12; Page 6 Line 4; Page 8 Line 18;

Adds the word "grant" to allow money appropriated to, transferred to or received by gift, grant, devise, bequest, or donation to be made to the fund.

Page 8 Line 4,

Adds language allowing a loan made under the Mariculture Revolving Loan Fund to be used for the purchase of boats or vessels determined to be integral to the operation of the farm.

Page 8 Line 17,

Adds language that allows the interest on the principal of a loan made under the Mariculture Revolving Loan Fund to be deferred for no more than the first six years of the loan.

Page 10 Lines 21-26,

Adds in a provision that if a requested loan amount is $35,000 or more the applicant shall provide to the Department a document from a state financial institute that states they have been denied a loan or that a loan is contingent on the applicant receiving a loan from the Alaska Microloan Revolving Loan Fund.

Page 12

Removed the Transitional language since there was only one effective date and the language was deemed unnecessary.

Prepared by: Crystal Koeneman
Department: CCED
Phone: 465.2503
e-mail: crystal.koeneman@alaska.gov

STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Office of the Commissioner

Sean Parnell, Governor
Susan K. Bell, Commissioner

CS for House Bill 121

Sectional Analysis

Section 1. Amends AS 16.10.320 by adding a new subsection:

This section would allows the Department of Commerce, Community, and Economic Development to give Commercial Fishing Loan Fund borrowers a reduction in the interest rate on their loan if 50% of the loan is spent on a product produced or manufactured in the State of Alaska.

Section 2. Amends AS 16.10 by adding new sections:

16.10.801 – Commercial charter fisheries revolving loan fund

This section creates a revolving loan fund for commercial charter fisheries within the department of Commerce, Community and Economic Development. The loan fund consists of money that has been appropriated, transferred, or receive by gift/donation to the fund; principal and interest earned on investment of the fund; money that has been collected through foreclosure; or appropriations from the legislature.

16.10.805 – Powers and duties of the department

This section outlines the powers and duties of the Department of Commerce, Community and Economic Development as it pertains to the commercial charter fisheries loan fund.

16.10.810 – Eligibility

This section outlines the eligibility requirement for an applicant to receive a commercial fisheries loan. Some of the requirements the applicant must meet are being a resident of the state; qualify for the purchase of a charter halibut permit; purchase, construct, or upgrade an existing charter halibut fishing vessel; and must not be eligible for financing or only able to obtain a portion of the total loan from a recognized commercial lending institution.

16.10.815 – Limitations on loans

This section outlines the limits on the commercial fisheries loans. Some of the limitations are that the loan may not exceed $100,000; may not exceed a term of 15 years; may not be made to a person who has past due child support obligations.

16.10.820 – Default

This section states that if the borrower defaults upon a note the department shall notify the borrower about the default and consequences by mailing a notice to the borrower's most recent address.

16.10.825 – Special account established

This section establishes a special account within the commercial charter fisheries revolving loan fund a foreclosure expense account in which the department may spend money credited to this account when necessary to protect the state's security interest in collateral on loans or foreclosure proceedings.

16.10.830 – Disposal of property acquired after default

This section states that the department shall dispose of property acquired from the default on a loan in a manner that best serves the interest of the state.

P.O. Box 110800, Juneau, Alaska 99811-0800
Telephone: (907) 465-2500 Fax: (907) 465-5442 Text Telephone: (907) 465-5437
Email: questions@alaska.gov Website: http://www.commerce.alaska.gov/

16.10.835 – Waiver of confidentiality

This section states that the commissioner of Commerce, Community and Economic Development may release information about the borrower's loan if the borrower has given authorization to do so.

16.10.890 – Definitions

This section defines commissioner and department to be from Commerce, Community and Economic Development.

16.10.900 – Mariculture revolving loan fund

This section creates a mariculture revolving loan fund within the department of Commerce, Community and Economic Development. The loan fund consists of money that has been appropriated, transferred, or receive by gift/donation to the fund; principal and interest earned on investment of the fund; money that has been collected through foreclosure; or appropriations from the legislature.

16.10.905 – Powers and duties of the department

This section outlines the powers and duties of the Department of Commerce, Community and Economic Development as it pertains to the mariculture revolving loan fund.

16.10.910 – Eligibility

This section outlines the eligibility requirement for an applicant to receive a mariculture revolving loan. Some of the requirements the applicant must meet are being a resident of the state; have a permitted mariculture farm location in the state; have one year of experience/training in the mariculture industry; and must not be eligible for financing or only able to obtain a portion of the total loan from a recognized commercial lending institution.

16.10.915 – Limitations on loans

This section outlines the limits on the mariculture revolving loans. Some of the limitations are that the loan may not exceed $100,000; may not exceed a term of 20 years; and may not be made to a person who has past due child support obligations.

16.10.920 – Repayment of principal and interest on loans

This section state that the department may not require the repayment of the principal on the loan for six years from the date the loan is made.

16.10.925 – Default

This section states that if the borrower defaults upon a note the department shall notify the borrower about the default and consequences by mailing a notice to the borrower's most recent address.

16.10.930 – Special account established

This section establishes a special account within the mariculture revolving loan fund a foreclosure expense account in which the department may spend money credited to this account when necessary to protect the state's security interest in collateral on loans or foreclosure proceedings.

16.10.935 – Disposal of property acquired after default

This section states that the department shall dispose of property acquired from the default on a loan in a manner that best serves the interest of the state.

16.10.940 – Waiver of confidentiality

This section states that the commissioner of Commerce, Community and Economic Development may release information about the borrower's loan if the borrower has given authorization to do so.

16.10.945 – Definitions

This section defines commissioner and department to be from Commerce, Community and Economic Development and also defined mariculture as the farming of shellfish, echinoderms, seaweeds, and algae.

Section 3. Amends AS 44.33 by adding new sections:

44.33.950 – Alaska microloan revolving loan fund

This section creates a microloan revolving loan fund within the department of Commerce, Community and Economic Development. The loan fund consists of money that has been appropriated, transferred, or receive by gift/donation to the fund; principal and interest earned on investment of the fund; money that has been collected through foreclosure; or appropriations from the legislature.

44.33.955 – Powers and duties of the department

This section outlines the powers and duties of the Department of Commerce, Community and Economic Development as it pertains to the microloan revolving loan fund.

44.33.960 – Eligibility

This section outlines the eligibility requirement for an applicant to receive a microloan revolving loan. The requirements the applicant must meet are being a resident of the state and provide a reasonable amount of money from other non-state sources for use on any project the loan money will be used.

44.33.965 – Limitations on loans

This section outlines the limits on the microloan revolving loans. The department may use money from this fund to make loans of up to $35,000 to a person, or loans of up to $70,000 to two or more persons. The loans may not exceed a term of six years and may not be made to a person who has past due child support obligations.

44.33.970 – Special account established

This section establishes a special account within the Alaska microloan revolving loan fund a foreclosure expense account in which the department may spend money credited to this account when necessary to protect the state's security interest in collateral on loans or foreclosure proceedings.

44.33.975 – Default

This section states that if the borrower defaults upon a note the department shall notify the borrower about the default and consequences by mailing a notice to the borrower's most recent address.

44.33.980 – Disposal of property acquired after default

This section states that the department shall dispose of property acquired from the default on a loan in a manner that best serves the interest of the state.

44.33.990 – Definitions

This section defines commissioner and department to be Commerce, Community and Economic Development.

Section 4. Amends the Uncodified law of the State of Alaska

Adds a new section that state the Department of Commerce, Community and Economic Development may adopt regulations to implement this Act

Section 5. Effective date clause

Immediate effective date

Prepared by: Crystal Koeneman
Department: CCED
Phone: 465.2503
e-mail: crystal.koeneman@alaska.gov

Additionally, on January 5, 2010 the North Pacific Fisheries Management Council published a final rule implementing a halibut charter fisheries limited entry program. It is expected that 40% of those captains applying for the permit based on past fishing history will be denied under NOAA's restrictions. This has resulted in escalating permit prices while quota has been reduced making it difficult for those to remain in business. In an effort to make financing available to Alaskans for the purchase of halibut charter permits, while helping to ensure those valuable permits remain in Alaskan's hands, a new loan fund has been developed that is similar to the highly successful commercial fishing revolving loan fund (AS 16.10.340).

If you have any questions regarding this bill, please feel free to contact Curtis Thayer, Deputy Commissioner of Commerce, Community and Economic Development at 296-8100, or Wanetta Ayers, Director of Division of Economic Development at 269-4903.

Sincerely,

Susan K. Bell
Commissioner

Treasures of the Tidelands

Shellfish Commerce

The Pacific Northwest has a bounty of natural riches that have long fueled economic trade and growth in the region. While Washington's economy boasts diversity, the value of the state's natural resource industries remain significant and indispensable. Their contribution to the base economy makes a compelling case for stewardship, innovation and sustainability to ensure broad and far-reaching returns from these natural assets for generations to come.

The commercial shellfish industry is one of these resource-based businesses that anchors the economies of many rural western Washington communities. The sale of products to buyers around the world brings in new money that provides employment and an enhanced tax base as revenues circulate and re-circulate through the communities. Recreational shellfish harvesting is structurally different from the commercial industry, yet generates comparable economic benefits.

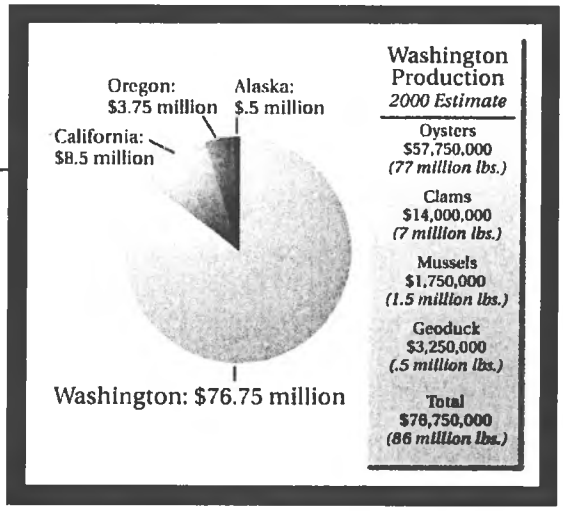
World-Class Foods

Washington is the leading producer of farmed bivalve shellfish in the United States, generating an estimated $77 million in sales and accounting for 86 percent of the West Coast's production in the year 2000.

Washington growers sell a variety of live and processed products that include Pacific, Kumamoto, Tasmanian, Eastern, European flat and Olympia oysters; Manila, littleneck, razor and geoduck clams; and blue and Mediterranean mussels. Pacific oysters, Manila clams and blue mussels are the leading commercial species in their respective categories. Puget Sound accounts for most of the clam and mussel sales while Willapa Bay leads in oyster sales.

The commercial harvest of geoduck is a unique story and an increasingly lucrative component of the state's molluscan shellfish industry. Starting with the discovery of enormous populations of geoduck in Puget Sound in the 1950s and the first commercial harvests in 1970, the portly clam has emerged as the Microsoft of the shellfish industry. Wholesale prices typically range between $5 and $10 per pound, and restaurant prices can run as high as $100 per pound in prime Asian markets. The total biomass of Puget Sound's geoduck population is estimated at 674 million pounds, of which approximately 163 million pounds is available for commercial harvest to depths of 70 feet. The estimated, harvestable biomass is significant because the annual harvest limit of 2.7 percent, set by the Washington State Department of Natural Resources, is pegged to this value. The harvest of wild geoduck is now complemented by significant investments and advances in intertidal geoduck aquaculture by Washington shellfish growers. One farming approach involves hand planting nursery seed in mesh-covered tubes to protect the ducks until they are mature enough to burrow more deeply into the sediments and avoid predators.

Commercial and recreational shellfish production is big business in the coastal areas of western Washington where the shorelines are still healthy enough to support productive harvests. For instance, the commercial shellfish industry is the second largest private-sector employer in both Mason and Pacific counties, supporting more than 1,200 jobs and an estimated total annual payroll that exceeds $27 million. Another example is the coastal razor clam fishery, which generates an estimated $7 million annually in commercial sales and injects an additional $12 million annually into local economies from the sport fishery. In short, shellfish harvesting provides a strong and steady employment base and possesses two highly coveted economic attributes—sustainability and potential for growth.



Pacific Coast Shellfish Growers Association

Estimated West Coast production of farmed oysters, clams, mussels and geoduck, 2000

Fascinating Facts

- Washington is the leading producer of farmed bivalve shellfish in the U.S.
- The state's production of farmed oysters, mussels, clams and geoduck generates approximately $77 million in sales annually.
- Commercial shellfish production is the second largest private-sector employer in Pacific and Mason counties.
- Oakland Bay in Mason County yields more than three million pounds of clams annually.
- The annual value of the coastal razor clam fishery is estimated at $12 million recreationally and another $7 million commercially.
- Puget Sound's commercial geoduck fishery represents the most valuable clam fishery on the west coast of North America.
- The total biomass of Puget Sound's geoduck population is estimated at 674 million pounds, approximately a quarter of which is considered available for commercial harvest.

Economic Prospects

In purely economic terms, shellfish harvesting faces a rosy future in Washington. The state's coastal areas are attractive destinations for residents and tourists alike, highly prized for beachcombing, recreational harvesting and other activities that generate needed revenues for local communities. On the commercial front, with ongoing improvements in hatchery methods and other aquaculture techniques, the shellfish industry is poised for significant growth, ready to capitalize on swelling worldwide demand for high quality seafoods.

But things are not that simple. A number of factors influence shoreline uses. For shellfish harvesting, the most significant limiting factor is the condition of the shoreline environment and the availability of clean, unpolluted marine water.

Water quality can be affected by pollution from human activities and other sources as well as naturally occurring harmful algal blooms, mainly paralytic shellfish poison (PSP) and domoic acid (also known as amnesic shellfish poison or ASP). Harvest restrictions caused by these problems take away sales, jobs, recreational opportunities and harvest rights. Shellfish closures caused by harmful algal blooms need to run their course before shellfish can be harvested. In 1991, the closure of coastal crab and razor clam fisheries caused by high levels of domoic acid cost an estimated $15 to $20 million.

The economic and environmental harm caused by pollution, mainly fecal pollution, can be even more devastating and long lasting because of the difficulty in finding and fixing the potential pollution sources. Large stretches of the state's shorelines have been rendered unsuitable for shellfish harvesting because adjacent shorelines and watersheds have been developed with marinas, homes, roads, shopping centers and other urban land uses. Many of these areas cannot be recovered for shellfish harvesting, but some areas can be restored, and those that remain open and suitable for harvesting need to be preserved. In 1999, the Washington State Department of Natural Resources estimated that 22 percent of the state's surveyed geoduck biomass was unharvestable because of pollution.



Photo courtesy Taylor Shellfish Farms

Farmed geoduck beds in Samish Bay, Skagit County

The economic value of healthy shorelines isn't limited to growing and harvesting shellfish, but instead is defined by a broader set of measures that includes long-term property values and other financial and quality-of-life measures. People want to visit and live in places where shoreline waters are safe to use and the seafoods they nurture are safe to eat. Clean water for shellfish harvesting brings together the complementary interests of good business, strong communities and a healthy environment.

Sources

Olympic Region Harmful Algal Blooms (ORHAB) Partnership, undated, ORHAB newsletter. Washington Department of Natural Resources, 2000, *Puget Sound Commercial Geoduck Fishery Management Plan* and 2002, *The Geoduck Program: Managing a Valuable Natural Resource for all Washington Citizens*. People for Puget Sound, 1996, *Shellfish and the Sound Economy*. Economic Development Council of Mason County, 2002, *Mason County Shellfish Industry Update*. Pacific Coast Shellfish Growers Association website at www.pcsga.org. R. Horner, 1998, *Harmful Algal Blooms in Puget Sound: General Perspective*.

PUGET SOUND ACTION TEAM
www.psat.wa.gov
If you would like copies of this document in an alternative format, please call (800) 54-SOUND or for TDD, call (800) 833-6388.

National Conference of State Legislatures

LEGISBRIEF

BRIEFING PAPERS ON THE IMPORTANT ISSUES OF THE DAY

JANUARY 2006 VOL. 14, NO. 1

Revolving Loan Funds for Small Business Development

By Ian Pulsipher

Revolving loan fund programs can be particularly imortant to inner-city and rural areas..

Revolving loan fund (RLF) programs are designed to contribute to the economic development of communities and states by supporting the start-up and expansion of small businesses that are not served by traditional lending sources. These funds provide loans to small business owners—often low- to middle-income entrepreneurs located in distressed urban or rural communities—at fixed rates and terms more favorable to businesses than those offered in commercial lending markets. Once the program is under way, the original capital base is designed to be replenished by the principal payments, interest and fee payments of previous loan recipients. This money is then to be lent back for further investment into entrepreneurial activity. Programs can be particularly important to inner-city and rural areas that may be underserved by commercial lending institutions.

Entrepreneurs who seek loans may face stringent income, asset and collateral requirements.

Gap Financing. RLF programs are often described as providing "gap financing" for small businesses. Entrepreneurs served by these loans may be unable to secure capital from banks or commercial lenders because of stringent income, asset and collateral requirements. The programs allow greater weight to be given to the potential success of small businesses and their ability to repay in the future rather than to current financial conditions. RLFs are not meant to be permanent substitutes for commercial lenders but, rather, to serve as an alternative source of financing for small businesses until they are able to fund their capital needs from traditional sources.

RLF programs provide financing of $35,000 or less for small companies.

RLF programs are also described as the middle section of the "lending continuum" because they provide financing between microenterprise borrowing—designed for companies of five or fewer employees with financing needs of less than $35,000—and purely commercial borrowing that they cannot yet receive. Before small businesses have matured to the point of full commercial borrowing, RLF financing often is used as a supplement to funds that can be obtained from traditional lenders.

Census of Federally Funded RLF Activity. RLFs receive support from both federal and state governments. The Corporation for Enterprise Development conducted a survey of federal involvement in the industry in 1997 that provides insights into both the role of federal government support for the program and the effects of these programs in the development of small businesses.

RLFs are supported by both federal and state governments.

The study examined financial support provided to 603 RLFs from six different federal agencies. Major findings from the study include the verification of a general occurrence of growth in the overall number of these loan funds in the industry and expansion in the scope of the programs' missions and focus. The study also produces important findings regarding performance. On average, it took a loan of only $5,338 to save or create one job, and default rates were only slightly higher than those from private sector banks.

National Conference of State Legislatures

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State Action

At least 19 states operate RLF financing programs for small business development, in some cases supported by federal community development block grant funds. Of these states, nine directly operate RLF programs, and 10 provide funds to such programs operated by organizations other than state governments.

Some state RLF financing programs are supported by federal community development block grant funds.

Nevada and North Dakota directly fund and operate state RLF programs, both of which target rural entrepreneurs. Both also maintain a strong focus on job creation. The loan amount in North Dakota's program—up to $300,000—is directly proportional to the number of jobs to be created. Nevada's program focuses on employment for low- to middle-income residents. Participating firms are required to document that they have provided opportunities to obtain newly created jobs first to applicants from this group.

Other state programs—such as those in Maine and Ohio—involve funding RLFs operated by other organizations. In Maine, funding from the state allows regional development organizations to provide up to $200,000 to businesses of up to 50 employees. The program, designed to create good jobs in the state with RLF capital subordinate to that from other lending sources, is for small business creation in either urban or rural areas. Ohio's Economic Development Program, run by the Office of Housing and Community Partnership, provides funding to local governments to provide gap financing for small businesses in their communities. With the exception of loans for public infrastructure projects, loan repayments go back to the local RLF to be redistributed as small business loans.

Small businesses provide approximately 75 percent of net new jobs and employ 50.1 percent of the private workforce.

Benefits and Challenges. The U.S. Small Business Administration reports that small businesses provide approximately 75 percent of the net new jobs added to the economy and employ 50.1 percent of the private workforce. Thus, the anticipated contribution that RLFs can make to the overall economic development of communities and states is visible in the role that small businesses play in the U.S. economy, especially in employment. RLF programs are designed to increase the positive effects of small business activity by helping to create and expand more small businesses.

Challenges to RLF success, however, are inherent in their design. The conciliatory terms of loans—especially repayment—may not allow sufficient operational income compared to operational costs. Easier access to credit also might shelter firms from appropriate competition or allow them to undertake growth strategies that will be unsustainable under future commercial borrowing.

Selected References

Levere, Andrea; Daphne Clones; and Kent Marcoux. *Counting on Local Capital: A Research Project on Revolving Loan Funds.* Washington, D.C.: Corporation for Enterprise Development, 1997.

U.S. Department of Agriculture. *Are Revolving Loan Funds a Better Way to Finance Rural Development?* Washington, D.C.: USDA, 1996.

U.S. Small Business Administration, Office of Advocacy. *2003 State Small Business Profiles.* Washington, D.C.: U.S. Small Business Administration, 2003.

Contact for More Information

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PACIFIC COAST SHELLFISH GROWERS ASSOCIATION
SHELLFISH PRODUCTION ON THE WEST COAST

		Oysters	Clams	Mussels	Geoduck	All Shellfish Larvae and	Total
		Current*	Current*	Current*	Current*	Seed	Current
Washington	*Pounds*	61,000,000	9,520,000	2,750,000	1,650,000		**74,920,000**
	Sales	*$ 57,750,000*	$19,550,000	$3,162,500	$20,100,00	$7,000,000	**107,562,500**
California	*Pounds*	9,270,995	741,463	315,000			**10,327,458**
	Sales	*$ 12,361,326*	$830,000	$945,000		$2,300,000	**16,436,326**
Oregon	*Pounds*	2,379,988					**2,379,988**
	Sales	*$ 2,253,135*				$750,000	**3,003,135**
Alaska	*Pounds*	206,709	7,839	1,988			**216,536**
	Sales	*$ 441,781*	$24,841	*$6,610*		$126,000	**599,232**
Total	*Pounds*	**72,857,692**	**10,269,302**	**3,066,988**	**1,650,000**		**87,843,982**
Total	*Sales*	***$ 72,806,242***	**$ 20,404,841**	**$ 4,114,110**	**$20,100,000**		**$ 117,425,193**

**All pounds converted to live weight/in the shell*
Compiled by the Pacific Coast Shellfish Growers Association.
All production data represents most recent info available:
Sources of information: Alaska Dept of Fish and Game, (2009)
Oregon Dept of Agriculture (2009)
Powell, Seiler and Co, Certified Public Accountants for Willapa (2008)
Shellfish companies in California (2008) and Washington (2008, 2009)
Thanks to Jim Gibbons and Ted Kuiper for assistance in compiling data

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number: 5
Bill Version: CSHB 121(FSH)
(H) Publish Date: 2/25/11

Identifier (file name) HB121-CCED-DED-02-03-11
Title: Economic Development Loans
Sponsor: Rules Committee
Requester: House Fisheries

Dept. Affected: Fund Transfer
Appropriation: Op Sys DGF Transfers
Allocation: Shellfish Mariculture (RLF)
OMB Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	3,000.0						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	**3,000.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by: Wanetta Ayers, Division Director
Phone: 269-4048
Division: Economic Development
Date/Time: 2/8/11 8:30 AM
Approved by: Susan K. Bell, Commissioner
Date: 2/8/2011
Commerce, Community and Economic Development

(Revised 1/27/2011 OMB)

FISCAL NOTE #5

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. CSHB 121(FSH)

Analysis

Shellfish Mariculture Revolving Loan Fund - This loan fund will assist shellfish mariculture businesses in purchasing equipment and seed necessary to develop and grow. Initial capitalization would be $3 million. There are no anticipated additional operating costs for this loan fund.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: CSHB 121(FSH)
(H) Publish Date: 2/25/11

Identifier (file name) HB121-CCED-DED-02-03-11
Title: Economic Development Loans
Sponsor: Rules Committee
Requester: House Fisheries

Dept. Affected: Fund Transfer
Appropriation: Op Sys DGF Transfers
Allocation: Com Charter Fisheries (RLF)
OMB Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	5,000.0						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	**5,000.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by: Wanetta Ayers, Division Director
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Commerce, Community and Economic Development

(Revised 1/27/2011 OMB)

FISCAL NOTE #4

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. CSHB 121(FSH)

Analysis

Commercial Charter Fisheries Revolving Loan Fund - Administered by the Division of Economic Development, this loan fund would be substantially similar to the Commercial Fishing Loan Fund. Initial capitalization would be $5 million.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: CSHB 121(FSH)
(H) Publish Date: 2/25/11

Identifier (file name): HB121-CCED-DED-02-03-11
Dept. Affected: Fund Transfer
Title: Economic Development Loans
Appropriation: Op Sys DGF Transfers
Sponsor: Rules Committee
Allocation: Micro-Loan Fund (RLF)
Requester: House Fisheries
OMB Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	3,500.0						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	**3,500.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by: Wanetta Ayers, Division Director
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Approved by: Susan K. Bell, Commissioner
Date: 2/4/2011
Commerce, Community and Economic Development

(Revised 1/27/2011 OMB)

FISCAL NOTE #3

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. CSHB 121(FSH)

Analysis

Alaska Micro-loan Revolving Loan Fund - This loan program would provide short term, low interest loans to Alaska small businesses to be used for typical business purposes such as working capital, purchasing machinery, equipment and inventory and leasehold improvements. The initial capitalization would be $3.5 million.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHB 121(FSH)
(H) Publish Date: 2/25/11

Identifier (file name) HB121-CCED-DED-02-03-11
Title: Economic Development Loans
Sponsor: Rules Committee
Requester: House Fisheries

Dept. Affected: DCCED
Appropriation: Economic Development
Allocation: Economic Development
OMB Component Number: 801

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	124.8		124.8	124.8	124.8	124.8	124.8
Travel	10.0		10.0	10.0	10.0	10.0	10.0
Services	28.4		28.4	28.4	28.4	28.4	28.4
Commodities	1.0		1.0	1.0	1.0	1.0	1.0
Capital Outlay	4.8		0.5	0.5	0.5	0.5	0.5
Grants							
Miscellaneous							
TOTAL OPERATING	**169.0**	**0.0**	**164.7**	**164.7**	**164.7**	**164.7**	**164.7**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1178 Micro-Loan Fund (RLF) (New)	84.5						
1178 Com Charter Fisheries Fund RLF (I	84.5						
Other (please identify)							
TOTAL	**169.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time	**2.0**		2	2	2	2	2
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by: Wanetta Ayers, Division Director — Phone: 269-4048
Division: Economic Development — Date/Time: 2/8/11 8:30 AM
Approved by: Susan K. Bell, Commissioner — Date: 2/8/2011
Commerce, Community and Economic Development

(Revised 1/27/2011 OMB)

FISCAL NOTE #2

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. CSHB 121(FSH)

Analysis

Commercial Charter Fisheries Revolving Loan Fund - Operating expenses would be paid by the earnings of the fund, as is the case with other existing division loan funds. The cost projections that are provided include personal services for an Accounting Technician I position, with initial first year set-up expenses (supplies and equipment, a projected "per employee" annual contractual services cost with all of these costs projected through 2017. In addition to these expenses, existing division staff would conduct several outreach trips to promote the loan fund and prepare the necessary regulations.

Alaska Micro-loan Revolving Loan Fund - All operating expenses would be paid from earnings of the fund. Projected operating expenses are: personal services for one flexed Loan Closer I/II, with initial first year set-up expenses (supplies and equipment), a projected "per employee" annual contractual services cost, with all of these costs projected through 2017. In addition to these expenses, existing division staff would conduct several outreach trips to promote the loan fund and prepare the necessary regulations.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 121
(H) Publish Date: 1/24/11

Identifier (file name) 1728-CCED-DED-01-13-11
Title: Economic Development Loans
Sponsor: Rules Committee
Requester: Request of the Governor

Dept. Affected: DCCED
Appropriation: Division of Economic Development
Allocation: Division of Economic Development
OMB Component Number: 801

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	124.8		124.8	124.8	124.8	124.8	124.8
Travel	10.0		10.0	10.0	10.0	10.0	10.0
Contractual	28.4		28.4	28.4	28.4	28.4	28.4
Supplies	1.0		1.0	1.0	1.0	1.0	1.0
Equipment	4.8		0.5	0.5	0.5	0.5	0.5
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**169.0**	**0.0**	**164.7**	**164.7**	**164.7**	**164.7**	**164.7**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	11,669.0						
Micro-Loan Fund (RLF) (New)	(3,500.0)						
Com Charter Fisheries Fund RLF (New)	(5,000.0)						
Shellfish Mariculture RLF (New)	(3,000.0)						
TOTAL	**169.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time	**2.0**		2	2	2	2	2
Part-time							
Temporary							

Why this fiscal note differs from previous version

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Division: Economic Development
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Commerce, Community & Economic Development
Date: 1/21/2011

(Revised 12/29/2010 OMB)

STATE OF ALASKA
2011 LEGISLATIVE SESSION

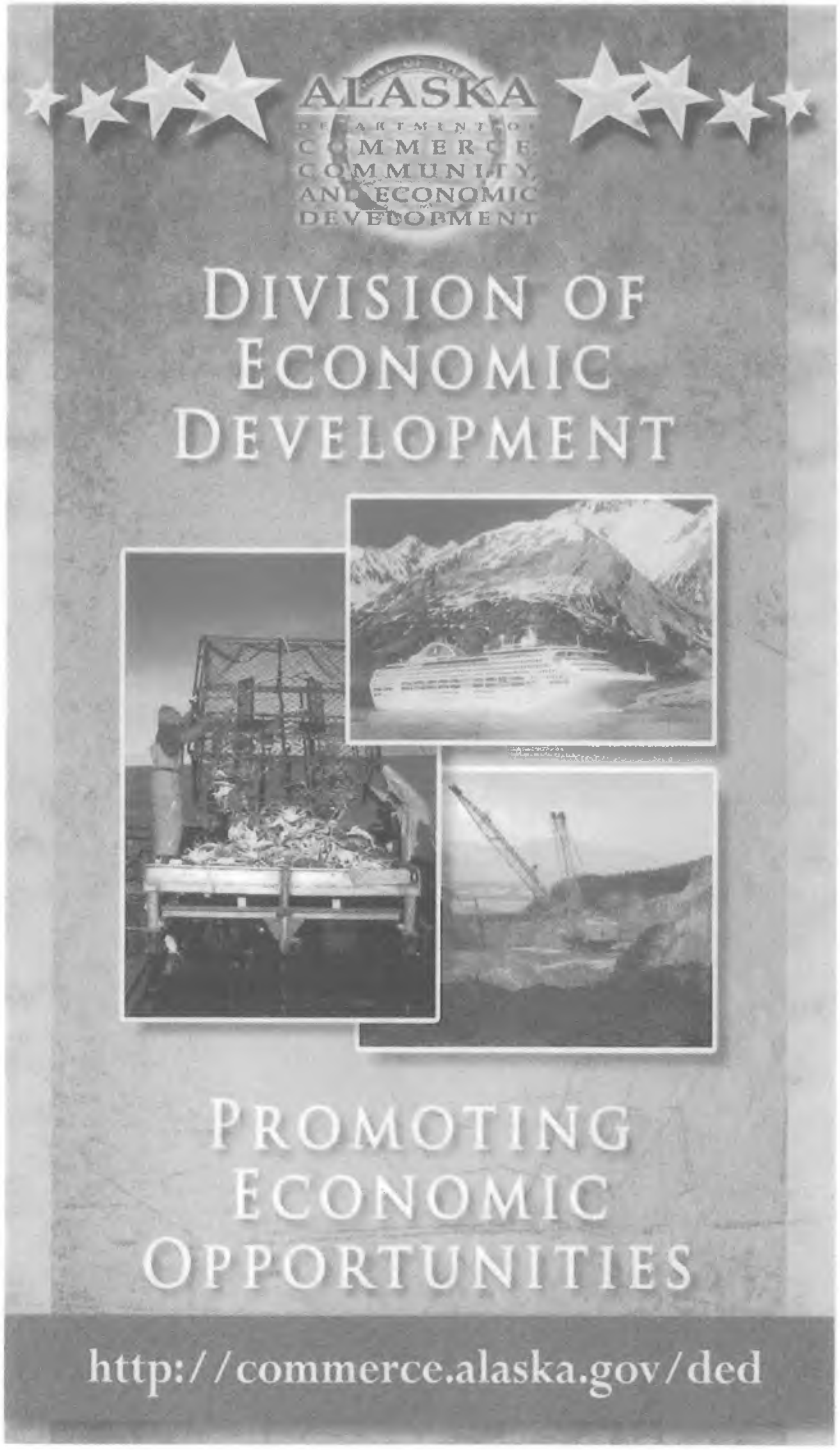
BILL NO. HB 121

Analysis

Commercial Charter Fisheries Revolving Loan Fund - Administered by the Division of Economic Development, this loan fund and program would be substantially similar to the Commercial Fishing Loan Fund. Initial capitalization would be $5 million. Operating expenses would be paid by the earnings of the fund, as is the case with other existing division loan funds. The cost projections that are provided include personal services for an Accounting Technician I position, located in Juneau, with initial first year set-up expenses (supplies and equipment, a projected "per employee" annual contractual services cost with all of these costs projected through 2017. In addition to these expenses, existing division staff would conduct several outreach trips to promote the program and prepare the necessary regulations.

Shellfish Mariculture Revolving Loan Fund - This loan program will assist shellfish mariculture businesses in purchasing equipment and seed necessary to develop and grow. Initial capitalization would be $3 million. There are no anticipated additional operating costs for this loan fund.

Alaska Micro-loan Revolving Loan Fund - This loan program would provide short term, low interest loans to Alaska small businesses to be used for typical business purposes such as working capital, purchasing machinery, equipment and inventory and leasehold improvements. The initial capitalization would be $3.5 million. All operating expenses would be paid from earnings of the fund. Projected operating expenses are: personal services for one flexed Loan Closer I/II, located in Juneau, with initial first year set-up expenses (supplies and equipment), a projected "per employee" annual contractual services cost, with all of these costs projected through 2017. In addition to these expenses, existing division staff would conduct several outreach trips to promote the program and prepare the necessary regulations.



HB 121

Commercial Charter Fisheries Revolving Loan Fund

Mariculture Revolving Loan Fund

Alaska Microloan Revolving Loan Fund

House Resources Committee

Wednesday, March 16, 2011

HB 121 – Revolving Loan Funds

- A Suite of Three Revolving Loan Funds

	Commercial Charter Fisheries	Mariculture	Microloans
Capitalization	$5,000.0	$3,000.0	$3,500.0
Loan Limit	$100.0	$100.0	$35.0/$70.0
Term	15 years	20 years	6 years
Interest	may not exceed Prime + 2	may not exceed Prime + 1	may not exceed Prime + 1
Floor/Ceiling	3 – 10.5%	5 – 9 %	6 – 8%
		Delayed Repayment & Accrual	

HB 121 – Revolving Loan Funds

Background

- All three funds are set up as revolving loan funds
- All earnings, loan repayments and fees would be retained by the fund for future loans.
- All operating expenses would also be paid from earnings of the fund

HB 121 – Revolving Loan Funds

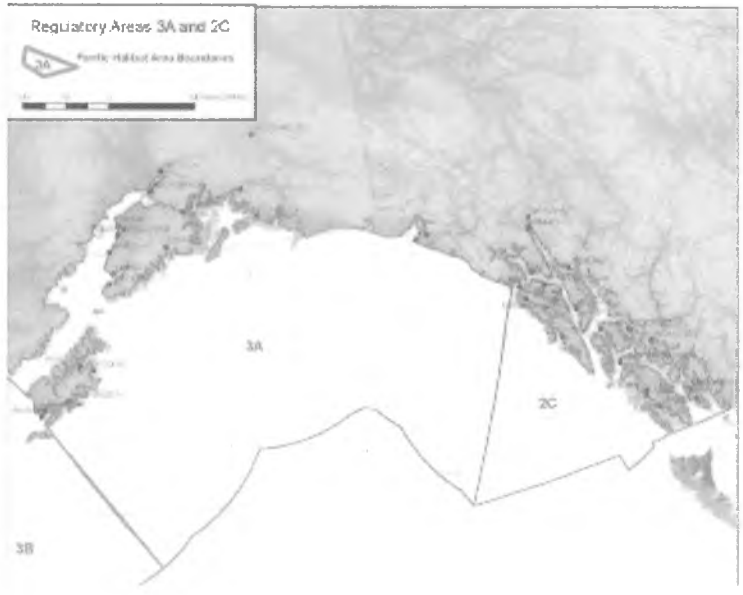
Background

Input from:

- ADEPT/Legacy Working Groups
- Non-Governmental Organizations and Trade Associations
- Commissioner's Economic Advisors Council
- ARDORs
- CDQs
- ANCSA Corporations

HB 121 – Revolving Loan Funds

- Commercial Charter Fisheries Revolving Loan Fund



Current Halibut Charter Activity

Effective February 1, 2011 all vessel operators in Areas 2C and 3A with charter anglers onboard catching and retaining Pacific halibut must have an original, valid Charter Halibut Permit (CHP).

Based on log books NOAA estimates 532 Eligible Permitees; some 800 applications were received.

Permit prices are still being established in the marketplace. Current asking prices range from $40,000 to over $100,000 depending on the number of fishermen the permit allows.

HB 121 – Revolving Loan Funds

- Commercial Charter Fisheries Revolving Loan Fund
  - Provide access to capital for Alaskan-owned Charters
  - Repatriate permits to Alaska
  - Increase economic benefits from this sector

By offering a loan program to Alaska residents, business owners will have greater access to capital when purchasing permits over non-residents. This in turn should allow Alaska business owners to repatriate more permits than otherwise using traditional financing. Additionally, with Alaska's year-round residents owning permits, Alaska's economy will realize more of the benefits associated with the sport/charter industry. Resident's contribution to the local economy will be greater than non-resident permit holders as they circulate funds in the economy year round.

HB 121 – Revolving Loan Funds

- Commercial Charter Fisheries Revolving Loan Fund

Loan Fund Features

	Commercial Charter Fisheries
Capitalization	$5,000.0
Loan Limit	$100.0
Term	15 years
Interest	may not exceed Prime + 2
Floor/Ceiling	3 – 10.5%

HB 121 – Revolving Loan Funds

- Mariculture Revolving Loan Fund

  Current Mariculture Activity

  - 67 permitted farms
  - 25 producing farms
    - Ten farms in Southeast Alaska
    - 15 farms in Southcentral Alaska

HB 121 – Revolving Loan Funds

- Mariculture Revolving Loan Fund

  Current Mariculture Activity

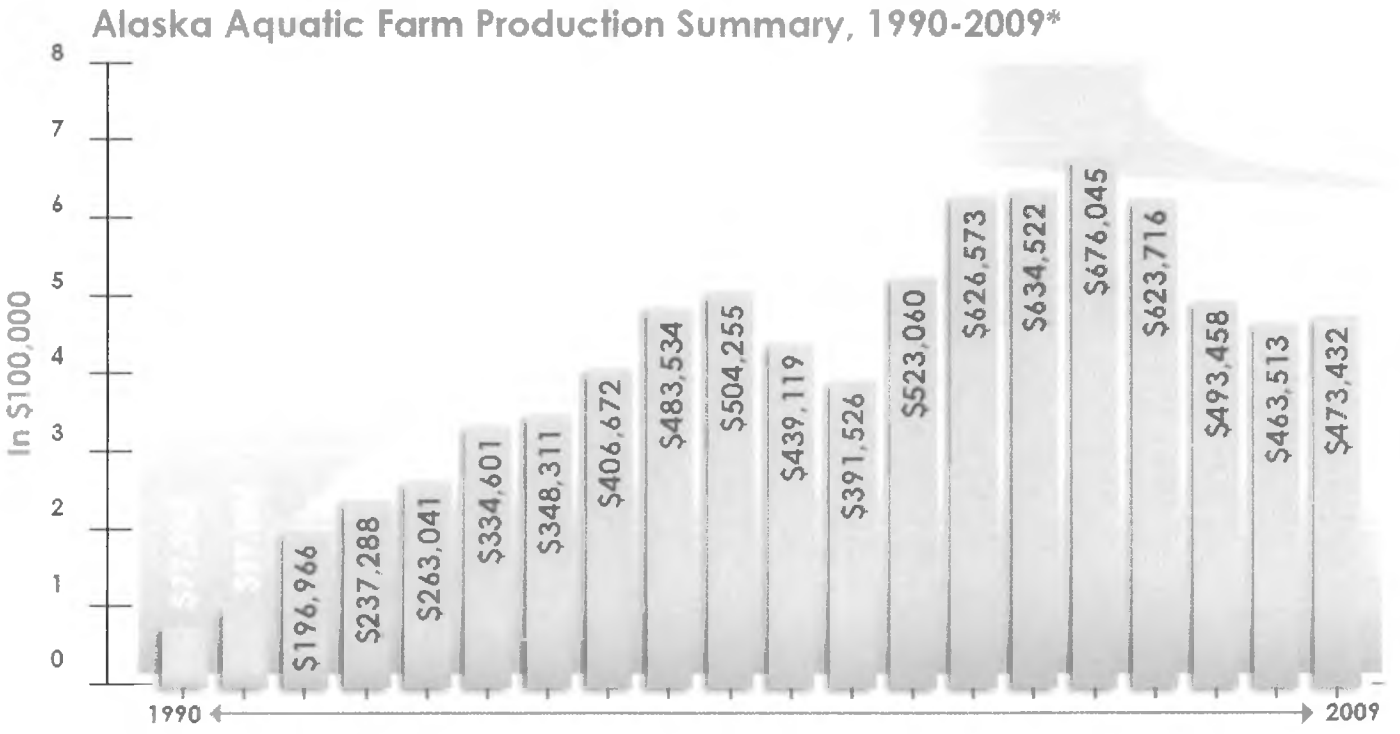
  Regulated By

  - Department of Fish & Game
    - Commercial Fisheries Division/Mariculture Program
  - Department of Natural Resources
    - Aquatic Farm Lease Program
  - Department of Environmental Conservation
    - Food Safety and Sanitation Program/Shellfish Section
  - Alaska Coastal Management Program

HB 121 – Revolving Loan Funds

- Mariculture Revolving Loan Fund

Current Mariculture Activity



*Numbers generated from the Mariculture Information Database.
Production was taken directly from the *Aquatic Farm Operation Permit Annual Reports*.
Production numbers listed here do not include hatchery or flupsy (nursery) sales.

Prepared by the Department of Commerce, Community and Economic Development

HB 121 – Revolving Loan Funds

- Mariculture Revolving Loan Fund

  Current Mariculture Activity

  Training Resources

    Alaska Sea Grant/Marine Advisory Program
      Mariculture research education and extension
      NOAA Mariculture Initiative

    Collaborative Research

    Alaska Shellfish Growers Association
      EDA grant to write best management practices for the industry

HB 121 – Revolving Loan Funds

- Mariculture Revolving Loan Fund

Loan Fund Features

	Mariculture
Capitalization	$3,000.0
Loan Limit	$100.0
Term	20 years
Interest	may not exceed Prime + 1
Floor/Ceiling	5 – 9 %
	Delayed Repayment & Accrual

HB 121 – Revolving Loan Funds

- Alaska Microloan Revolving Loan Fund

26th Legislature (2009-2010)
Bill History/Action for 26 Legislature

BILL: HB 412 **SHORT TITLE:** MICROLOAN REVOLVING FUND

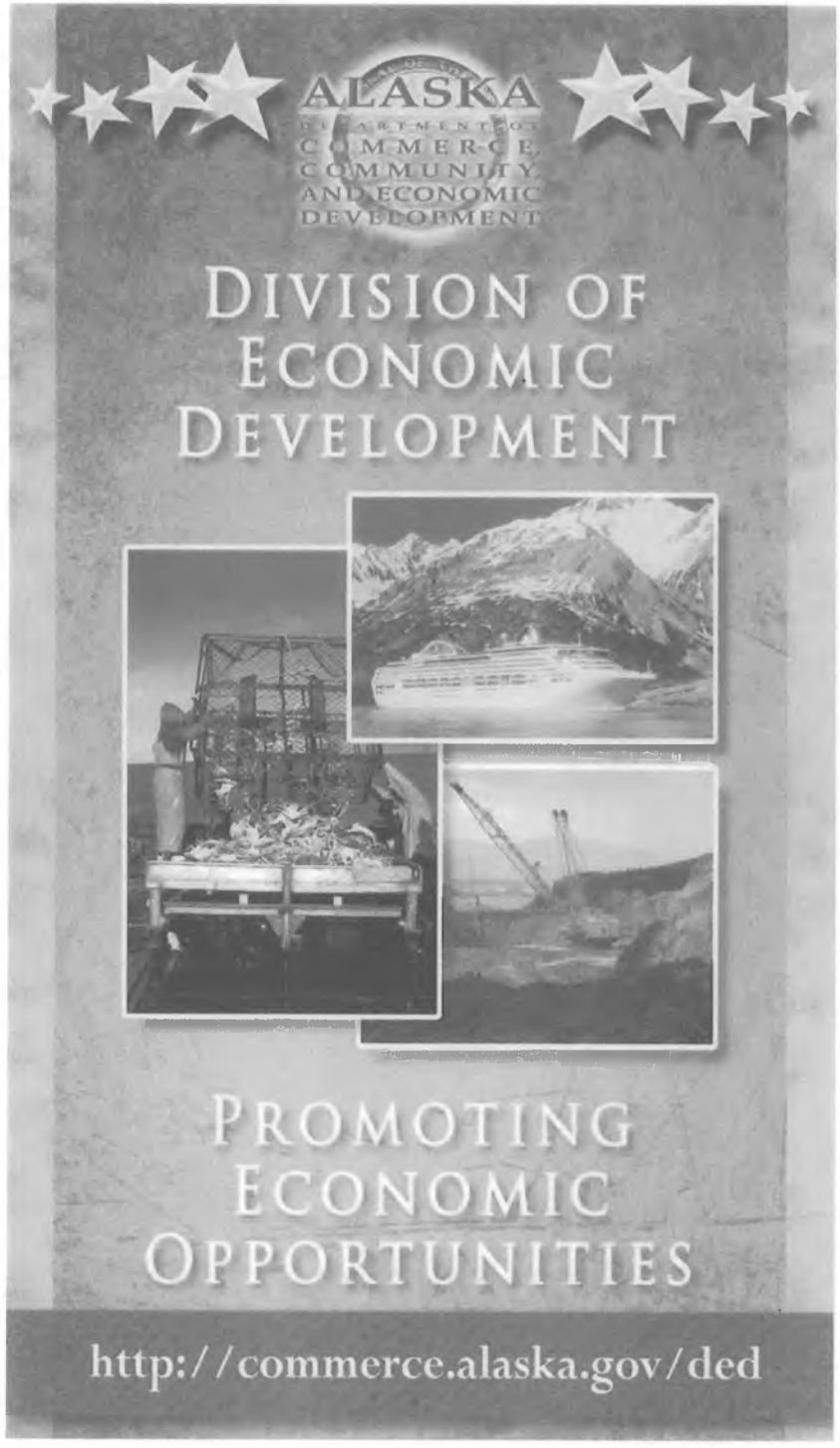
04/13/10 - PASSED Y40

HB 121 – Revolving Loan Funds

- Alaska Microloan Revolving Loan Fund

Loan Fund Features

	Microloans
Capitalization	$3,500.0
Loan Limit	$35.0/$70.0
Term	6 years
Interest	Prime + 1
Floor/Ceiling	6 – 8%



HB 121

Commercial Charter Fisheries Revolving Loan Fund

Mariculture Revolving Loan Fund

Alaska Microloan Revolving Loan Fund

House Resources Committee

Wednesday, March 16, 2011

Wanetta Ayers, Director
Division of Economic Development
(907) 269-4048
Wanetta.ayers@alaska.gov

STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Office of the Commissioner

Sean Parnell, Governor
Susan K. Bell, Commissioner

February 16, 2011

Representative Paul Seaton, Co-Chair
House Resources Committee
State Capitol, Room 102
Juneau, Alaska 99801

Representative Eric Feige, Co-Chair
House Resources Committee
State Capitol, Room 126
Juneau, Alaska 99801

Re: House Bill 121 – Loan Funds: Charter/Mariculture/Microloan

Dear Representatives Seaton and Feige,

Please accept this request for your consideration to schedule CSHB 121 (FSH) before the House Resources Committee at your earliest convenience.

This bill would create the Alaska microloan revolving loan program, the mariculture revolving loan fund, and the commercial charter fisheries revolving loan fund, within the Department of Commerce, Community, and Economic Development. The programs would be set up as revolving loan funds so that all earnings and loan payments would be retained by the funds for future loans. All operating expenses would also be paid from earnings of the fund. This bill also allows the Department of Commerce, Community, and Economic Development to give Commercial Fishing Loan Fund borrowers a reduction in the interest rate on their loan if 50% of the loan is spent on a product produced or manufactured in the State of Alaska.

This legislation will promote economic development in Alaska by helping small businesses access critically needed capital, a new loan program has been developed that is modeled after a program currently operated through the federal Small Business Administration (SBA) and available in every other state. The SBA program, known as the Microloan Program, provides small, short-term loans to small businesses. This federal program, however, is not currently available in Alaska because an intermediary lender is required and to date no lenders meeting the SBA's qualifications have been identified in Alaska.

This legislation will promote economic development by providing Alaska's mariculture industry with critically needed access to capital allowing the industry to expand and successfully compete in world seafood markets. Currently access to start-up capital by Alaska's mariculturists is very limited due to the time needed for crop development and market readiness. It has been determined that due to the unique cash flow characteristics inherent in the industry access to capital with flexible terms is essential.

P.O. Box 110800, Juneau, Alaska 99811-0800
Telephone: (907) 465-2500 Fax: (907) 465-5442 Text Telephone: (907) 465-5437
Email: questions@alaska.gov Website: http://www.commerce.alaska.gov/

Alaskan Shellfish Growers Association

February 4, 2011

Representative Steve Thompson, chair
House Special Committee on Fisheries
Room 428 State Capitol
Juneau, AK 99801

Dear Representative Thompson:

Governor Sean Parnell's legislation to establish a mariculture revolving loan program (HB 121) will help provide a needed boost to one of the most promising small business opportunities in economically distressed communities from the Panhandle to Kodiak. The Alaskan Shellfish Grower's Association (ASGA) urges you to hear the legislation as soon as possible and pass it on to the Resources with unanimous "do pass" recommendations.

The loan fund is patterned after the state's salmon hatchery loan program, a key component of what might be the most successful economic development initiatives by the State of Alaska. The long-term loans allowed private nonprofit hatcheries to cover construction and front-end operating costs while they undertook cooperative planning efforts with ADF&G and built cost recovery programs to repay the loans. The result is one of the most successful salmon enhancement programs in the world and huge economic contributions to the economies of coastal communities from Kodiak to Ketchikan.

Those Gulf of Alaska communities certainly need an economic boost now as outmigration of residents is startling. Consider the population projections by state economists for two census areas in the region: (1) Prince of Wales had 6,995 residents in 1996, but may drop to 3,894 in 2030, or a 56.6 percent decrease; and (2) Skagway-Hoonah-Angoon, 3,823-1,945, 62.2 percent decrease.

A broad coalition of community leaders, Native organizations, university, state and federal officials have identified shellfish farming as one of the top economic development opportunities in efforts to rebuild the economy of the Tongass National Forest. Overcoming high front-end costs and a long lag in revenues has been identified as the biggest obstacle to development of more shellfish farms.

HB 121 tackles that issue head-on with terms of up to 20 years and the ability to avoid interest accrual up to the first six years of a loan. The kind of terms provide the farmer with the ability of getting the farming operation going and build sales revenues before interest begins accruing and have to be made. To create a business with enough sales revenues to support a living wage, cover operating expenses, pay state lease and permit fees, and meet loan payments, a new oyster farmer might have to invest $150,000 in

capital and forego salary for 3-4 years. Another $10,000 will be spent paying tidelands lease fees and meeting DEC harvesting and processing requirements before revenues begin flowing.

It takes 3-4 years to move a crop of oysters through a farm and geoduck clams might take 8 years. Once yearly crops begin rotating through the farm a steady income flow is created.

Numerous new shellfish farms are developing in Southeast as two unique mariculture "incubator" projects produce their first crop of "graduates." Five new farmers recently completed Naukati's "Weekend Warrior" program and Sealaska has created joint ventures in Kake and Yakutat that are supporting eight shellfish farming apprentices in four new small businesses. The loan fund would be a tremendous help to these new small business operators.

Governor Parnell's legislation is the best solution to the major roadblock to creation of an industry composed of independent small businesses located in rural Alaska. That's why the legislation also is supported by the Southeast Conference (a unique coalition of communities and businesses) and the Southeast Shellfish Mariculture Coalition (Sealaska, Yak-Tat Kwaan, Organized Village of Kake, Shaan-Seet, Organized Village of Kasaan, Alaska Oyster Cooperative, OceansAlaska and ASGA).

I'd be pleased to provide any additional information you may require. Thank you for considering our request.

Sincerely,

Rodger Painter
ASGA President

c.c. Representative Craig Johnson
Representative Alan Austerman
Representative Bob Herron
Representative Lance Pruitt
Representative Scott Kawasaki
Representative Bob Miller

SWAMC

Southwest Alaska Municipal Conference

3300 Arctic Boulevard, Suite 203 Anchorage, AK 99503 p: 907.562.7380 f: 888.356.1206 www.swamc.org

Alaska Peninsula
Aleutian Chain
Bristol Bay
Kodiak Island
Pribilof Islands

February 8, 2011

Dear Governor Parnell,

This letter is written in support of SB 67 and HB 121, two bills aimed at creating a micro revolving loan fund for the State of Alaska. Access to startup and working capital is a key component of starting new enterprises and creating jobs in Alaska, and many rural Alaskans do not have access to this type of capital.

In Southwest Alaska, a revolving loan fund could help boat owners or smaller fish processors with equipment purchases. It could assist bed and breakfast owners with upgrades to their homes and business. Or it could provide much-needed construction capital to mechanics, service providers, and a host of other small business startups and entrepreneurs.

Alaska is one of only four states in the nation that do not have a microloan program and this bill would resolve that and fill an unmet need that would help small businesses, which is why SWAMC supports it. This is especially true in the more remote and rural regions of Alaska, where traditional financial institutions may not be familiar with local economic conditions and are sometimes more reluctant to invest.

Our organization believes SB 67 and HB 121 are valuable bills with great potential. I hope it can help add to Alaska's efforts to support our small businesses and entrepreneurs.

Sincerely,
SOUTHWEST ALASKA MUNICIPAL CONFERENCE

Andy Varner

Executive Director

AEDC
Anchorage Economic
Development Corporation

Voting Members

Anand Vadapalli *Alaska Communications*
Bill O'Leary *Alaska Railroad Corporation*
Bob Heinrich *ConocoPhillips*
Bruce Bustamante *Princess Tours*
Bruce Lamoureux *Providence Alaska Medical Center*
Chris Brown *AT&T Alaska*
Chris Stephens *Bond Stephens & Johnson, Inc.*
Claire Fitzpatrick *BP Exploration Alaska, Inc.*
Connie Carter *FedEx Express*
Dale Pittman *ExxonMobil Corporation*
David Hamilton *Alaska USA Federal Credit Union*
Dennis Mitchell *Lynden International*
Ed Herndon *Chugach Alaska Corporation*
Greg Kessler *Totem Ocean Trailer Express*
Greg Pearce *GCI*
Joseph Everhart *Wells Fargo Bank N.A.*
Lon Wilson *The Wilson Agency, LLC*
Lynn Rust Henderson *Blue Cross Blue Shield of Alaska*
Mark Liland *Northern Air Cargo*
Marla Wellington *Continental Airlines*
Michael Martin *First National Bank Alaska*
Michael Prozeralik *kpb architects*
Mike Devlin *Evergreen Films, Inc.*
Pat Walsh *Walsh|Sheppard*
Scott Hansen *Alaska Regional Regional Council of Carpenters*
Sophie Minich *CIRI*
Stephanie Halthaus *Alta Air Logistics*
Stewart Osgood *DOWL HKM*
Suzanne Cherot *Birch, Horton Bittner & Cherot*
Terry Bailey *CH2M Hill*
Tim Vig *USKH, Inc.*

Ex-Officio Members – Legislators

Rep. Craig Johnson *Alaska State Legislature*
Rep. Lindsey Holmes *Alaska State Legislature*
Sen. Johnny Ellis *Alaska State Legislature*
Sen. Lesil McGuire *Alaska State Legislature*

Ex-Officio Members – Municipality

Mayor Dan Sullivan *Municipality of Anchorage*
Assemb. Bill Starr *Municipality of Anchorage*
Assemb. Ernie Hall *Municipality of Anchorage*

Ex-Officio Members – Appointed by the Board

Bill Evans *Anchorage Chamber of Commerce*
Brian Nerland *KeyBank Alaska*
Carol Comeau *Anchorage School District*
Chris Anderson *AIDEA*
Chris Schutte *Anchorage Downtown Partnership*
Dr. Don Bantz *Alaska Pacific University*
Elisha Baker *University of Alaska Anchorage*
George Vakalis *AVWU*
Jim Posey *Municipal Light & Power*
John Parrott *Ted Stevens Anchorage International Airport*
Julie Saupe *Anchorage Convention & Visitors Bureau*
Larry Cash *RIM Architects*
Mary K. Hughes *Past Chairman of the AEDC Board*
Susie Gorski *Chugiak-Eagle River Chamber of Commerce*
Tennys Owens *Artique, Ltd*
Wanetta Ayers *Office of Econ. Dev., State of Alaska*
William Dann *Professional Growth Systems*

Representative Seaton, Co-Chair
Representative Feige, Co-Chair
House Resources
State Capitol Room 102
Juneau AK, 99801

March 9, 2011

Dear Representatives Seaton & Feige:

I write to you today to offer the strong support of the Anchorage Economic Development Corporation for passage of legislation enacting the Alaska Micro Loan Program. The passage of this legislation, important to small businesses across Alaska, will provide a key source of needed capital that is vital to health and growth of our economy.

In reviewing the specifics of the proposed micro loan program, it is apparent that this modest investment by the state of Alaska could yield significant benefits for communities in every region of the state. The sizes of the loans offered are quite modest, as are the corresponding fees and interest rates charged. In conversations with many commercial banks, this program will target an aspect of business financing that most commercial lenders consider uneconomic to service because of the small loan values versus the expenses incurred to approve and manage such small loans.

The infusion of capital this program offers will help both existing businesses and start-up businesses to bridge short-term funding gaps, purchase new equipment, expand services and employ more Alaska citizens. Alaska is one of only four states in the nation that do not have such a program. I encourage you and your colleagues to remedy this situation by passing legislation this session enabling the Alaska Micro Loan Program.

Thank you for introducing this important legislation. AEDC supports the passage of this legislation as an important step to grow and diversify the economy of Alaska.

Sincerely,

Bill Popp
President & CEO
Anchorage Economic Development Corporation

HB 123

<TARGET><BILL>HB 123</BILL><SUBJECT>HB 123</SUBJECT><COMM>HRES27</COMM></TARGET>

Alaska State Legislature

State Capitol, Room 102
Juneau, AK 99802
Phone: 465-2689
Fax: 465-3472
Toll Free (800) 665-2689
Representative_Paul_Seaton@legis.state.ak.us

345 W. Sterling Highway
Suite 102B
Homer, AK 99603
Phone: 235-2921
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REPRESENTATIVE Paul Seaton

District 35

HB123 – Establishing a Linked Deposit Program for the Clean Water Fund

HB123 provides a market incentive to promote healthy water systems by expanding access to the Alaska Clean Water Revolving Loan Fund. It does this by allowing banks to establish low-interest financing for nonpoint source pollution control projects through a linked deposit program.

The Clean Water Fund is a federal program administered by the Alaska Department of Environmental Conservation (DEC) established to fund projects that deal with the care of water and water systems. Currently principal and interest can only be used only by municipalities and state agencies. HB123 increases the impact of Clean Water dollars by allowing community organizations, developers, non-profits and individuals to borrow for projects to mitigate pollution from nonpoint sources through a linked deposit program with a third party financial institution.

DEC currently administers pass through loans to municipalities. This places any risk of the municipality defaulting on their loan on the State. For individual borrowers under a linked deposit loan program the financial responsibility for a loan default would be on a commercial financial institution rather than the State. DEC would place Clean Water Dollars in a Certificate of Deposit at a bank. The local bank would screen borrowers for their creditworthiness and hold the loan. This removes the Department of Environmental Conservation from the burden of administering mini-loans. In turn, the financial institution would charge a slightly higher interest rate than if the borrower were borrowing directly from the Fund. However, this still would represent a greatly reduced interest rate and be beneficial to the borrower.

The largest use of the linked deposit program in other states is to provide low interest loans to home owners to improve or replace failing septic systems and address stormwater management. Farmers have used the Clean Water Fund to institute agricultural best practices such as manure storage facilities and runoff mitigation. Developers have used the loans to implement "green infrastructure" into their development. This is done through improvements such as permeable pavement, flood plains, riparian buffers, pocket wetlands and tree boxes. Brownfield remediation, cleaning up landfills and turning them into developable property, is another use of the fund that promotes economic development in communities. There are many creative ways to use Clean Water dollars to help mitigate pollution in our water systems.

At their current rate of borrowing municipalities do not utilize the available federal funds. Broadening the access to the Fund would allow for the full benefit of these federal dollars to be utilized in water projects throughout the State.

HB123 creates a convenient mechanism for individuals, businesses, and non-profits to access low interest loans and provides a market incentive to engage in projects that promote healthy watersheds and better development projects.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **27-LS0445\A**
() Publish Date

Identifier (file name): HB123-DEC-FC-2-11-11
Title Clean Water Fund: Linked Deposits
Sponsor Representative Seaton
Requester House Resources Committee

Dept. Affected: Environmental Conserv
Appropriation Division of Water
Allocation Facility Construction
OMB Component Number 637

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	142.5		104.6	104.6	104.6	104.6	104.6
Travel	10.0		5.0	5.0	5.0	5.0	5.0
Services	113.5		11.3	11.3	11.3	11.3	11.3
Commodities	15.0		0.5	0.5	0.5	0.5	0.5
Capital Outlay	0.0		0.0	0.0	0.0	0.0	0.0
Grants	0.0		0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**281.0**	**0.0**	**121.4**	**121.4**	**121.4**	**121.4**	**121.4**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	281.0		121.4	121.4	121.4	121.4	121.4
1003 GF Match	0.0		0.0	0.0	0.0	0.0	0.0
1004 GF	0.0		0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0		0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0		0.0	0.0	0.0	0.0	0.0
Other (please identify)	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL	**281.0**	**0.0**	**121.4**	**121.4**	**121.4**	**121.4**	**121.4**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time	1.0		1.0	1.0	1.0	1.0	1.0
Part-time	0.0		0.0	0.0	0.0	0.0	0.0
Temporary	1.0		0.0	0.0	0.0	0.0	0.0

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by Lynn J. Tomich Kent
Division Water
Phone (907) 269-7599
Date/Time 2/11/11 11:55 AM

Approved by Dan Easton
Deputy Commissioner
Date 2/11/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 123

Analysis

HB 123 will require the Department of Environmental Conservation to establish a Linked-Deposit program to provide a source of low-interest financing for certain non-point source pollution control programs or projects undertaken by a person, municipality, or other qualified entity.

DEC would need one temporary position (Loan/Collection Officer II) and a permanent full-time (Environmental Engineering Associate I) position to implement the program.

The Loan/Collection Officer will, in coordination with financial institutions and other States' linked-deposits financial program managers, research options for Alaska's new program. The position will establish DEC policies and procedures; develop guidance on how deposits will be made with the financial institutions for loans; develop guidance on how the program will be managed; draft regulations for public review; and guide necessary changes to DEC's information systems to track linked deposits. The Environmental Engineering Associate will work with the communities or project proponents to review the projects to determine the eligibility for funding under the Clean Water Act and revolving loan fund requirements. The above is based on initial information and additional engineering and support staff may be needed if there is high interest in the program.

In addition to the temporary position, first-year costs include Department of Law legal assistance for developing regulations and other legal documents for agreements with banks, professional services contracts for making changes to the computer information system, public notices, audit to meet federal requirements, and initial position support costs.

Clean Water State Revolving Fund

FACT SHEET

Funding Wet Weather Projects with the Clean Water State Revolving Fund

The Problem

"Wet weather discharges" refers collectively to discharges that result from precipitation events, such as rainfall and snowmelt. The primary sources of these discharges are storm water runoff from paved surfaces and other impervious areas, agricultural land and animal feeding operations, municipal separate storm sewer systems (MS4), combined sewer overflows (CSO) and sanitary sewer overflows (SSO).

Storm water discharges from MS4s are a major concern in urbanized areas due to the high concentration of pollutants found in these discharges. Urbanized areas, because of dense development, have a high concentration of impervious surfaces, such as city streets, driveways, parking lots, and sidewalks, on which pollutants settle and remain until a storm event washes them into nearby storm drains. The most common pollutants include pesticides, fertilizers, oils, salts, litter and other debris, and sediment.



Sediment accumulation at a construction site.

Runoff from agricultural sources is often the result of improper management of manure and animal wastewater as well as pesticides and fertilizers used on crop land. When left uncontrolled, these discharges can result in fish kills, the destruction of spawning and wildlife habitats, a loss in aesthetic value, and contamination of drinking water supplies and recreational waterways that threatens public health.

Combined sewer systems are sewers designed to collect rainwater runoff, domestic sewage and industrial wastewater in the same pipe. During periods of heavy rainfall or snowmelt, the total volume of wastewater within the system may exceed the system's capacity. The system is designed to overflow in a controlled manner by discharging untreated wastewater directly into nearby streams, rivers or other water bodies. These overflows contain not only storm water but also untreated human and industrial waste, toxic materials, and debris.

Sanitary sewer systems collect and transport all of the sewage that flows into them to a publicly owned treatment works. Occasionally, these systems overflow due to severe weather, improper system operation and maintenance, or vandalism. Untreated sewage from these overflows can contaminate our waters, causing serious water quality problems, and back up into basements, causing serious health concerns and property damage.

Capacity of the CWSRF

Congress created the CWSRF program to provide reduced-rate loan funding for water quality projects of all kinds. CWSRF programs were established in every state and Puerto Rico to work like banks. Federal and state contributions are used to capitalize or set up the programs. These assets, in turn, are used to make low or no-interest loans for important water quality projects. Loan repayments are then recycled to fund other important water quality projects.

Nationally, the CWSRF has in excess of $37 billion in assets (includes loans already made and current funds available to make loans). Currently, the CWSRF is funding about $3-4 billion in water quality projects each

year. Funding from the CWSRF for polluted runoff abatement projects (including animal feeding operations) is gaining momentum. These projects have received more than $1.6 billion in CWSRF funding since the program's inception. In 2002, nearly 42 percent of the CWSRF Program's assistance agreements addressed nonpoint source or estuary pollution.

Who May Qualify

The Clean Water Act (CWA) Amendments of 1987 authorized the CWSRF to fund treatment plants (§212), and nonpoint source (§319) and estuary (§320) activities. As stipulated in the CWA, §212 projects must be publicly owned to receive CWSRF funds. Nonpoint source and estuary activities, however, do not have this restriction. Included in a long list of eligible CWSRF loan recipients for nonpoint source and estuary activities are community groups, individuals, agricultural associations and nonprofit organizations.

Funding Eligibilities

Because there are many sources of wet weather discharges, there are also many types of projects related to such discharges that may be funded by the CWSRF, falling under different eligibilities. Combined sewer overflow and sanitary sewer overflow correction projects may be funded under the CWSRF's §212 point source eligibility. CSOs and SSOs are defined by the CWA as treatment works and therefore must be publicly owned to be eligible.



Storm sewer overflow following a precipitation event.

Polluted runoff from MS4s may be funded under either the CWSRF's §212 eligibility or its §319 nonpoint source eligibility. If a community is permitted, it is considered a point source, and therefore, may only be funded under the CWSRF's §212 eligibility. Communities with Phase I or Phase II NPDES permits may fund sewer system rehabilitation, new collector sewers, new interceptors, storm sewer rehabilitation, infiltration/inflow correction, and stormwater management facilities such as sediment traps and basins, constructed wetlands, street sweepers and catch basin vacuum vehicles, so long as these projects address problems in a publicly owned system.



If a community does not have a draft or final NPDES permit or is exempt from permitting, projects may be funded as non-point sources of pollution under §319, including privately-owned facilities. Types of projects include sewer rehabilitation, infiltration/inflow correction, and stormwater management facilities such as sediment traps and basins, constructed wetlands, street sweepers and catch basin vacuum vehicles. Additionally, any of the above public and private projects may be funded under the §320 eligibility if the project is located in a National Estuary and is listed in the estuary's Comprehensive Conservation Management Plan (CCMP).

Additionally, if a community has a draft or final permit, activities may be funded under the program's nonpoint source (§319) authority if the activity is not specifically required by a draft or final NPDES permit. This includes both public and private activities, such as riparian buffers. Construction BMPs are an example of activities covered by NPDES permits, and are therefore not eligible projects for private borrowers.

Getting Your Project Funded

Since the program is managed by the states, project funding varies according to the priorities, policies, and laws within each state. Eligible applicants also vary by state. The necessary first step in obtaining CWSRF funding is to get the activity/project listed in a state's priority list for §212 projects, Nonpoint Source Management Plan for §319 projects or CCMP for §320 projects. Contact your state's CWSRF, NPS, or Estuary program for details. CWSRF state contacts can be found at www.epa.gov/owm/cwfinance/cwsrf/contacts.htm.

Sources of Repayment

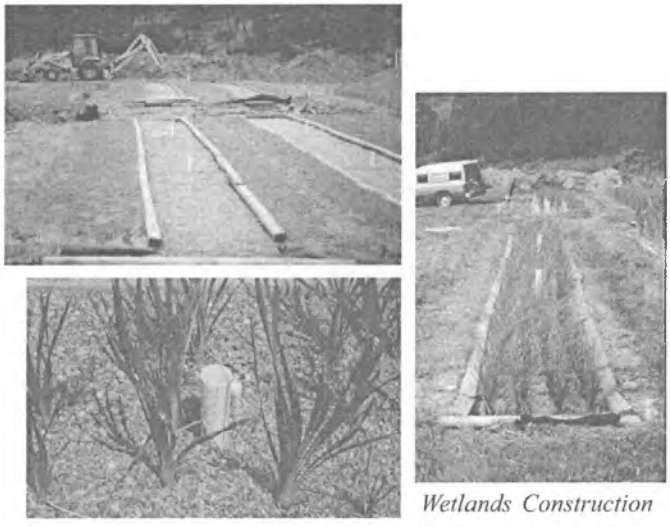
Each state must approve a dedicated source of loan repayment as part of the application process. Though finding a source of repayment may prove challenging, CWSRF users have identified many creative repayment sources, which need not come from the project itself. Some possibilities include:

- Stormwater utility fees
- Wastewater user fees
- Dedicated portion of local, county, state tax fees
- Fees paid by developers on other land
- Recreational fees (fishing license, entrance fees)

Restrictions

In 1990, the Environmental Protection Agency (EPA) promulgated rules establishing Phase I of the National Pollutant Discharge Elimination System (NPDES) storm water program. The Phase I program requires all medium and large municipal separate storm sewer systems (MS4), certain industrial activities, and construction activities disturbing 5 acres or more to apply for NPDES discharge permits and to implement a storm water management program. A medium MS4 is one which serves a population of 100,000 to 249,999. A large MS4 serves a population of 250,000 or more. Phase II of the program, signed in October, 1999, applies to all previously unregulated MS4s, including small MS4s and small construction activities disturbing between 1 and 5 acres of land. A small MS4 is defined as any MS4 not already regulated under the Phase I program.

Any MS4 covered under either Phase I or Phase II of the storm water permitting program will be regulated under NPDES permitting authority. Therefore, a permitted MS4 is defined under the Clean Water Act as a point source. A point source can be funded under the CWSRF program so long as it is a publicly owned treatment works. Any privately owned regulated entity will therefore not be eligible, unless the project is not specifically required by a draft or final NPDES permit and is considered a nonpoint source.

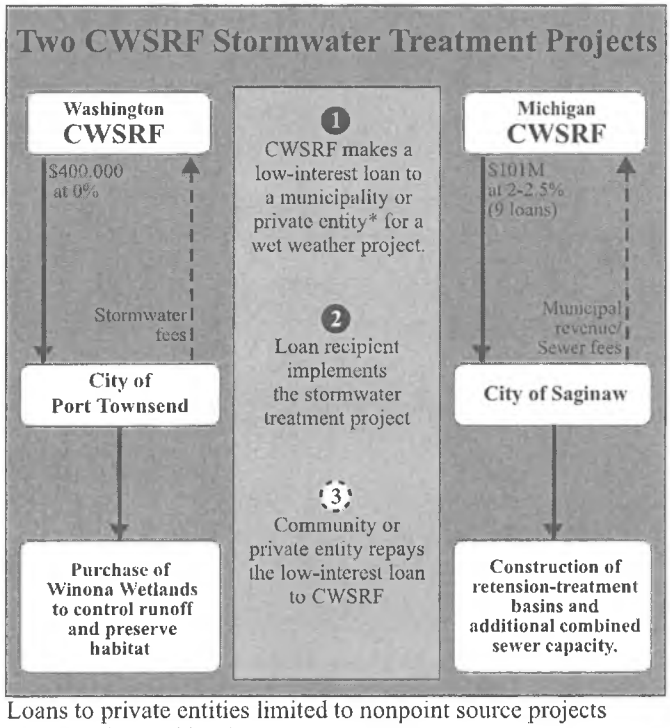


Wetlands Construction

Success Stories

The flexibility extended to state CWSRF programs and to loan recipients has enabled many innovative wet weather projects. The two projects hightlighted here have taken advantage of special low interest rates and have designated alternative repayment sources.

Wetlands Preservation and Stormwater Management
The city of Port Townsend, Washington used the CWSRF program to simultaneously meet storm water management and a wetlands preservation objectives. The city purchased an area called the Winona Wetlands, a critical storm water basin for the area that also provides a



Loans to private entities limited to nonpoint source projects where authorized by the state.

valuable wildlife habitat. The city's purchase protects the wetlands from further development. Development would have resulted in storm water management problems as well as destruction of the wetlands. The project required a $400,000 CWSRF loan at 0% interest. The loan is to be paid back in 5 years with a portion of the city's $5 per household storm water utility fee.

Addressing Combined Sewer Overflows in Michigan
Of the 219 loans provided by Michigan's CWSRF program, 112 have funded combined sewer overflow projects. The state has committed over $950 million to CSO improvements, more than half of its $1.9 billion in total CWSRF assistance. Starting in the mid 1980s, Michigan initiated the NPDES permit processes for CSOs with approximately 80 communities. The Department of Environmental Quality required optimized operation to minimize discharges, implementation of measures to eliminate raw sewage discharges, and treatment plans to achieve compliance with water quality standards. CWSRF funding has helped these municipalities implement long-term CSO control plans. Close to 65 of them have not only finished the planning process, but have also completed construction. Municipalities have used several strategies to reduce CSOs. For example, new retension-treatment basins and relief combined sewers have reduced CSO discharges to the Saginaw River by 75%, restoring the walleye fishery. Data is coming in from the Rouge River Wet Weather Demonstration Project, a multi-town study of alternative treatment technologies, each designed for different stormwater flows. The project will help identify effective CSO controls for Detroit and Dearborn as well as several smaller municipalities. The CWSRF contribution to Michigan's ambitious CSO program serves as a model for other states' stormwater permitting processes.

Challenges Ahead
EPA encourages states to use their CWSRF resources to finance high-priority water quality projects. Those interested in obtaining funding for wet weather projects are encouraged to seek out their state CWSRF programs and apply for funding.

For more information about the Clean Water Revolving Fund, or for a program representative in your State, please contact:

U.S. Environmental Protection Agency
1201 Constitution Avenue, NW (Mailcode 4204M)
Washington, DC 20004
Phone: (202) 564-0752 **Fax:** (202) 501-2403
Internet: http://www.epa.gov/owm/cwfinance/index.htm

EPA

Clean Water State Revolving Fund

ACTIVITY *UPDATE*

Innovative use of Clean Water State Revolving Funds for Nonpoint Source Pollution

States are successfully using linked deposit and pass-through loans to fund important nonpoint source pollution remediation projects

Many states are successfully using the USEPA's Office of Water, Clean Water State Revolving Fund (CWSRF) loan program to fund important nonpoint source pollution remediation projects. Nonpoint source pollution is widely viewed as one of the most serious threats to our nation's water quality. State and local governments, local watershed and agricultural organizations, and many others are working to devise solutions that address nonpoint source pollution. The CWSRF program provides very attractive low-interest loans that spread project costs over a repayment period of up to 20 years. Today, CWSRF programs are funding projects that address agriculture runoff, leaking on-site septic systems, and urban nonpoint source pollution, including stormwater runoff and brownfield contamination.

During the initial operating phase of CWSRF programs, states designed loan options and implemented administrative procedures that would best serve municipal wastewater system projects. However, when considering how the CWSRF program could be used to address nonpoint source pollution, a number of states recognized that they would need to go beyond the typical municipal borrower and provide loan assistance to farmers, homeowners, and nonprofit organizations. States also recognized that providing loans to small private borrowers could be challenging. The loans would fund a variety of small projects, there would be more of them to service and manage, and there would be a greater risk of loan defaults.



States have taken different approaches to addressing these challenges. In some states, the CWSRF program has called upon internal expertise and the expertise of other state personnel to help manage loans to private borrowers. Other states have used creative lending approaches that pass loan risks and loan servicing responsibilities to financial institutions, local governments, or other state agencies. These lending methods include linked deposit loan programs with local financial institutions and pass-through loan programs with local government or state agencies. This activity update will highlight these loan structures with three case studies of successful state programs.

What is a linked deposit loan?

Under a linked deposit loan approach, a state works with local private lending institutions to provide assistance for nonpoint source pollution control. The state agrees to accept a reduced rate of return on an investment (e.g., a certificate of deposit) and the lending institution agrees to provide a loan to a borrower at a similarly reduced interest rate. For example, if the typical earnings rate for a certificate of deposit (CD) is five percent, a state might agree to purchase a CD that earns two percent interest, and in exchange, the lending institution agrees to provide a loan to a borrower at an interest rate that is three percentage points lower than the market rate for the borrower. In this program, the CWSRF investment (deposit) is linked to a low-interest loan, thereby earning the description "linked deposit loan."

Linked deposit loan programs provide benefits for CWSRF programs, local financial institutions, and borrowers. The linked-deposit approach benefits CWSRF programs because they support high priority nonpoint source projects and because they place risk and management responsibilities with local financial institutions. Financial institutions earn profits from the linked deposit agreements and add an additional service for their customers. Borrowers find linked deposit programs to be economical and comfortable; they save money with low-interest loans, and they are comfortable working with local financial institutions.

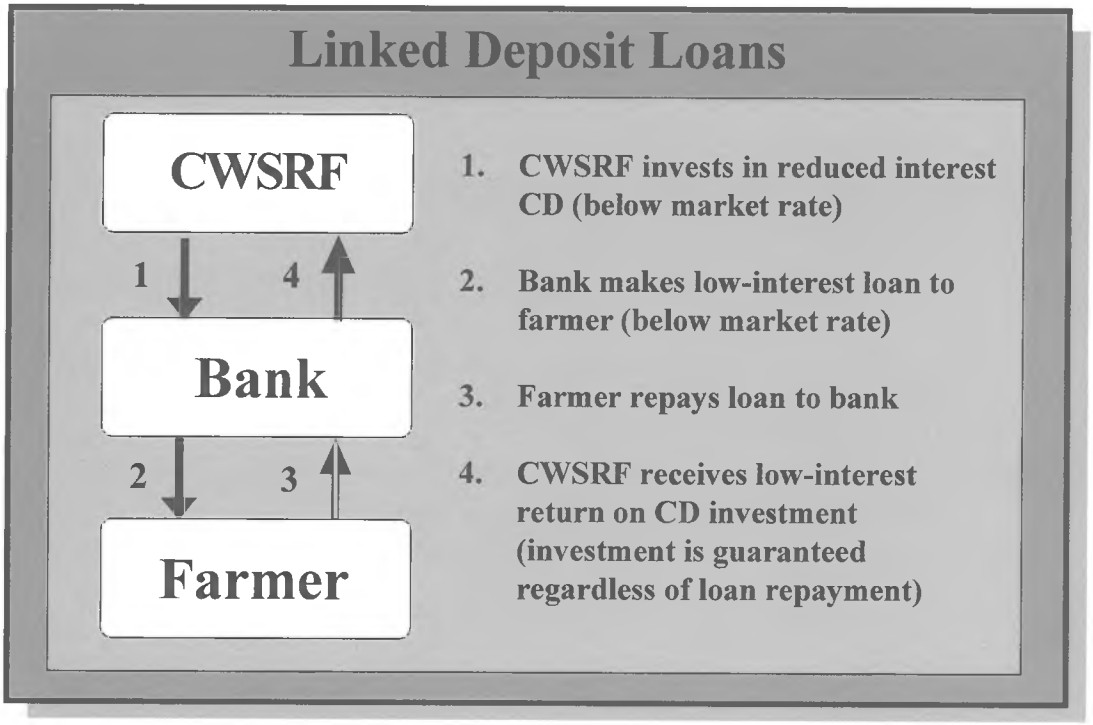


Figure 1. Linked deposit program flow chart

What is a pass-through loan?

In a pass-through loan, a CWSRF program makes a loan to another state or local government agency and that agency then lends the funds to private borrowers to address nonpoint source pollution. The town, county, or state agency reviews the project and the finances of each borrower. CWSRF loan funds are "passed-through" another government agency to private borrowers.

Pass-through loan programs benefit CWSRF programs, pass-through partners (towns, counties, and state agencies), and borrowers. These programs benefit CWSRF programs because they support high-priority nonpoint source projects and because they place risk and management responsibilities with program partners. Towns, counties, and state agencies benefit from pass-through programs because CWSRF funds support their nonpoint source priorities. Pass-through loans can offer two potential benefits to borrowers. First, pass-through loans are not provided by private lenders and, as a result, are likely to have lower interest rates. Second, local government agencies may have greater flexibility to provide loans to borrowers with relatively weak credit conditions if the borrower's nonpoint source project is a high priority for the state or local government agency.

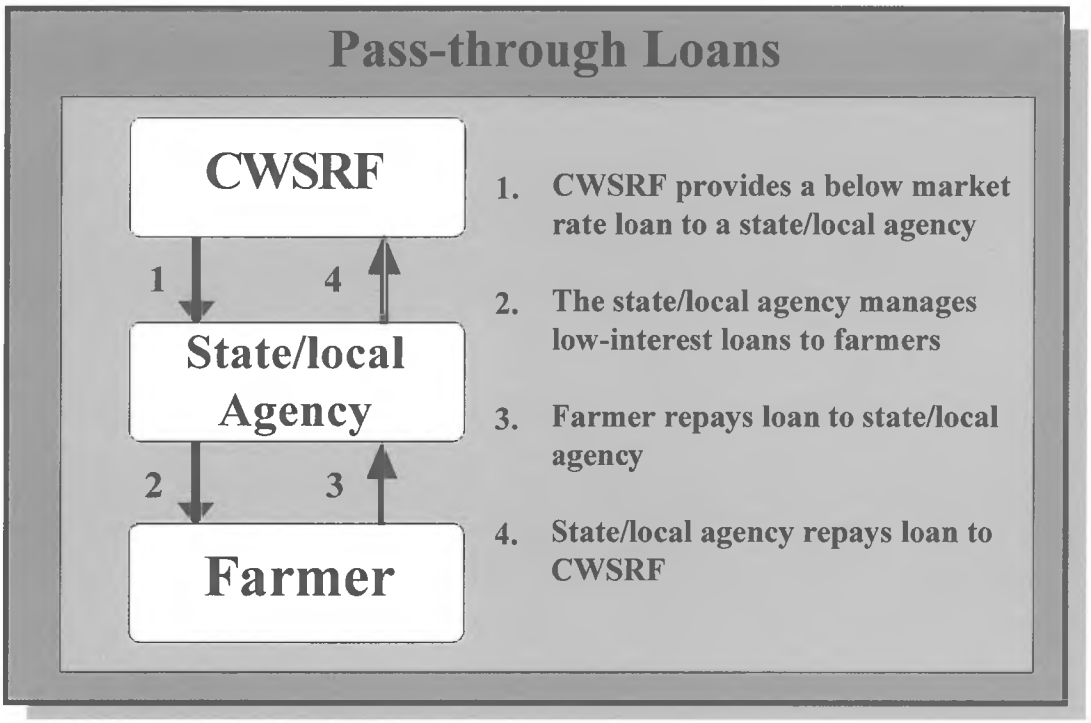


Figure 2. Pass-through program flow chart

Who has benefited from these programs and what have they funded?

CWSRF linked deposit and pass-through loan programs have supported borrowers implementing a variety of nonpoint source projects:

- Homeowners have implemented stormwater runoff best management practices and repaired or replaced failing on-site septic systems.
- Homeowner associations have addressed failing stormwater management facilities.
- Farmers have addressed agricultural runoff with a wide variety of agricultural best management practices including the construction of manure storage facilities, the restoration of filter strips and grassed waterways, and the use of conservation tillage equipment.



Ohio Case Study — Linked Deposit Loan Program

Ohio has used a linked-deposit loan program since 1993 to fund projects that support county watershed management plans. This program has funded more than 300 projects, including the repair of onsite wastewater treatment systems and the implementation of best management practices for agriculture, forestry, stormwater, and land development. The CWSRF program developed this program with the help of county soil and water conservation districts and local banks.

The CWSRF program implements its linked deposit loan program one county at a time. Each county's program is developed with two concurrent steps: the county soil and water conservation district develops a watershed management plan, and the CWSRF program and local financial institutions enter into agreements describing requirements and procedures for linked deposit loans.

Watershed management plans describe a watershed, identify sources of pollution, suggest actions that would address those pollution sources, prioritize water quality problems, identify sources of funding, and establish an implementation schedule. The county soil and water district's draft plan is reviewed by Ohio EPA and by a formal public review process. If Ohio EPA approves a plan after this review, the CWSRF program and the soil and water conservation district sign a memorandum of understanding that describes how these two entities will coordinate their implementation of the management plan.



At the same time that a watershed management plan is developed and reviewed, soil and conservation districts contact local banks to identify institutions that would like to participate in a linked deposit program. Interested banks enter into agreements with the CWSRF program that describe requirements and procedures for linked deposit loans.

Any borrower with a project that helps to implement a watershed management plan is eligible for a linked deposit loan. Participating banks review borrowers' credit using their own credit standards. If a bank approves a linked deposit loan, the CWSRF program purchases a CD of equal value from the bank. The CWSRF program accepts a CD interest rate that is five percentage points lower than the rate of a U.S. Treasury Note or Bond with the same term. The borrower's loan interest rate is also reduced by five percentage points. The bank makes semiannual payments of principal and interest to repay the CWSRF for its investment in the CD, and it makes these payments even if the borrower defaults on the linked deposit loan.

Massachusetts Case Study — Lending through Local Government

Since 1995, Massachusetts' Community Septic Management Program has used pass-through loans with local municipalities to fund the repair and replacement of failing septic systems. The program has funded more than 3,000 projects across the state. The CWSRF has developed this program with the cooperation of local municipalities.

Communities that participate in Massachusetts' Community Septic Management Program can borrow hundreds of thousands of dollars from the CWSRF program, but communities must first develop a septic management plan and procedures for a local betterment loan program (the community uses betterment assessments to secure the loans). Massachusetts provides grants of up to $20,000 to municipalities to support these planning activities and the administration of the program.

Massachusetts law defines a betterment assessment as a charge imposed on real property that receives a benefit from a public improvement. Municipalities have traditionally imposed betterments to pay for improvements such as roads, sidewalks and sewer lines. In the Community Septic Management Program, however, betterment agreements allow individuals to receive community support (a betterment loan) for septic system improvements, and the agreements allow communities to ensure that the loans are repaid as part of a property tax bill. The community can place a municipal lien on property if a homeowner defaults on a betterment loan.

Septic management plans identify and prioritize areas with septic systems that require monitoring, maintaining, and upgrading. As part of the planning process, communities develop maintenance schedules for septic systems, and they develop databases that track the inspection, maintenance, and upgrade of these systems. The Massachusetts Department of Environmental Protection reviews all community septic management plans.

Before a community can receive a CWSRF loan from the state, however, it also develops the framework for a local betterment loan program. Communities create administrative structures to manage the programs, devise a method for selecting priority projects, and work with their tax assessors to ensure that homeowners will repay their betterment loans as part of their local tax assessments.

Communities that develop septic management plans and procedures for a local betterment loan program receive loans from the CWSRF program for 20 years at zero percent interest. Communities typically borrow $200,000 from this program. Homeowners typically receive twenty-year loans from communities at two to five percent interest. Communities can use interest accrued on betterment loans to support the administrative costs of the loan programs. Communities must begin to repay the CWSRF within one year after they have finished dispersing the proceeds of each CWSRF loan.

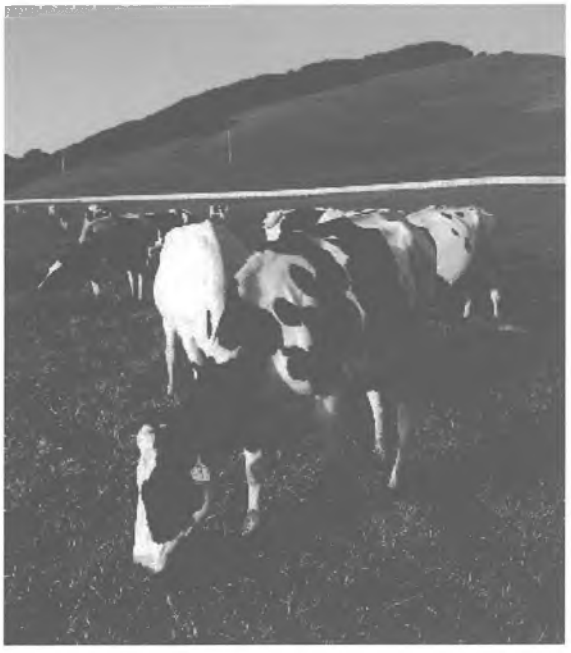


Missouri Case Study — Lending through State Agencies

Missouri's Nonpoint Source Animal Waste Treatment Facility Loan Program is a pass-through loan program that uses a state agency as a loan intermediary. Since 1995, the Missouri Agriculture and Small Business Development Authority (MASBDA) has borrowed $5 million from the CWSRF program, and MASBDA has used these funds to support the construction of 88 animal waste treatment systems for livestock and poultry producers. The agricultural operation of each borrower in this loan program produces fewer than 1,000 animal units -- concentrated animal feeding operations are ineligible.

Missouri's Nonpoint Source Animal Waste Treatment Facility Loan Program does not require a regional planning effort similar to the soil and water conservation plans required in Ohio' linked deposit program or the septic management plans required in Massachusetts' pass-through loan program. Engineers with Missouri's CWSRF program review each project application to ensure that CWSRF-financed structures and equipment support the goals of the program.

Missouri's CWSRF program provides 10-year loans to MASBDA that have a 1.8 percent interest rate. Individual agricultural producers access these resources by submitting applications to MASBDA. MASBDA reviews the financial component of each application, assessing cash flows and establishing security requirements. Borrowers must provide a dedicated source of repayment and a first or second deed of trust on their property. Agricultural producers typically receive 10-year loans from MASBDA that have interest rates from 5.3-5.8 percent. However, MASBDA does not offer construction financing for animal waste treatment systems. Typically, agricultural producers use loans from the Nonpoint Source Animal Waste Treatment Facility Loan Program to pay off construction loans from a private lender. MASBDA uses the repayments from agricultural producers to repay its loan from the CWSRF.



Case Study Contact Information

More information on the programs outlined in this update can be found on the state program web sites or by contacting the programs themselves.

Ohio Environmental Protection Agency
Div. of Environmental & Financial Assistance
Contact: Bob Monsarrat
Phone: 614-644-3655
Web site:
www.epa.state.oh.us/defa/linkdepo.html

Massachusetts Department of Environmental Protection
Massachusetts' Community Septic Management Program
Contact: Joseph McNealy
Phone: 617-556-1068
Web site: www.state.ma.us/dep/brp

Missouri Department of Agriculture
Animal Waste Facility Loan Program
Contact: Steve Townley
Phone: 573-751-1397
Web site: www.mda.state.mo.us/a2c.htm

For more information about the Clean Water Revolving Fund, or for a program representative in your State, please contact:

Clean Water State Revolving Fund Branch
U.S. Environmental Protection Agency
1201 Constitution Avenue, NW (Mailcode 4204M)
Washington, DC 20004
Phone: (202) 564-0752 **Fax:** (202) 501-2403
Internet: http://www.epa.gov/owm

Clean Water
State Revolving Fund

Office of Water July 2002 EPA 832-F-02-004

Clean Water State Revolving Fund

FACT SHEET

Green Infrastructure Approaches to Managing Wet Weather with Clean Water State Revolving Funds

This fact sheet identifies several ways in which states, communities, and individuals can use the Clean Water State Revolving Fund (CWSRF) to finance green infrastructure projects. A general overview of green infrastructure and the CWSRF program are provided, as well as case studies highlighting specific projects from across the country.

What is green infrastructure?

"Green infrastructure" is a relatively new and flexible term that has been used in a variety of contexts. For the purposes of this factsheet, the term "green infrastructure" refers to systems and practices that use or mimic natural processes to infiltrate, evapotranspire (the return of water to the atmosphere either through evaporation or transpiration), or reuse stormwater. Examples of green infrastructure approaches currently in use include green roofs, trees and tree boxes, rain gardens, vegetated swales, pocket wetlands, infiltration planters, permeable pavements, riparian buffers, and floodplains. Green infrastructure also includes decentralized harvesting approaches, such as the use of cisterns to capture water for flushing toilets or subsequent outdoor irrigation. These approaches reduce the amount of runoff discharging to surface waters and keep rainwater out of our sewer systems so it does not contribute to sewer overflows.

What are additional benefits of green infrastructure?

In addition to reducing the overall volume of stormwater runoff and the frequency of sewer overflows, green infrastructure can help communities enjoy a number of additional environmental and economic benefits, including:

- Cleaner Water
- Enhanced Water Supplies
- Cleaner Air
- Reduced Urban Temperatures
- Climate Change Benefits
- Increased Energy Efficiency
- Source Water Protection
- Community Benefits
- Cost Savings



Vegetated swales capture and infiltrate runoff along this "green street" in Portland, Oregon.

These benefits make green stormwater development an attractive option for towns and cities looking to upgrade their infrastructure systems. Nevertheless, many local governments lack the financial resources needed to implement green infrastructure projects in their communities. This is where the CWSRF can help.

Read more about the benefits of green infrastructure at: **www.epa.gov.npdes/greeninfrastructure**

What is the Clean Water State Revolving Fund?

The CWSRF is a powerful financing program that provides loan assistance for wastewater treatment, stormwater management, nonpoint source abatement and estuary protection projects. Today, all 50 states plus Puerto Rico operate successful CWSRF programs that have provided over $68 billion in financial assistance since 1988. This funding is provided in the form of low interest loans at an average of 30% below market rate. In 2007 alone, the CWSRF financed $5.3 billion in national water quality projects. At present, only a small percentage of the CWSRF has financed green infrastructure. However, as demand for green infrastructure projects increase, we expect CWSRF funding to be used more.

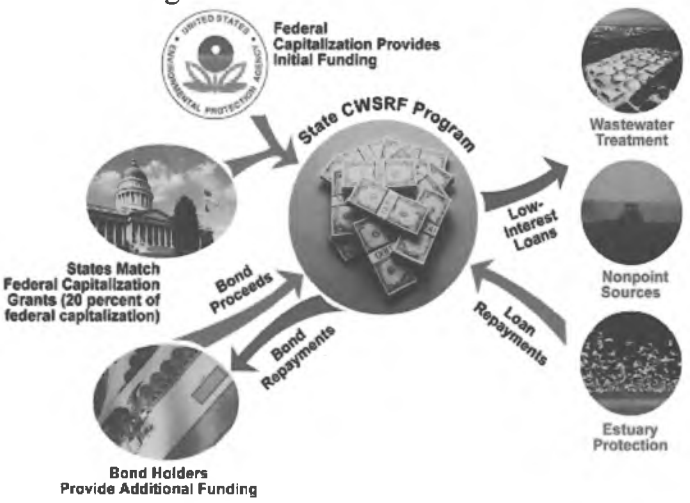


Downspouts that are not connected to the sewer system allow stormwater to be absorbed into landscaped areas.

- *Framework of CWSRF* - CWSRF programs are capitalized with a grant from the EPA, plus a 20% match from the state. The revolving nature of the program is perpetuated with loan repayments, interest, and federal capitalization grants that are used to fund new projects.

What are the benefits of using Clean Water State Revolving Funds?

The CWSRF is an attractive financing option for several reasons. For one, CWSRF money is readily available and can be used for a wide variety of projects. State managers of the CWSRF program are very innovative and can often leverage available resources to meet fluctuating demands.



- *Affordable Funding* – Although CWSRF money is not free, it is affordable. CWSRF loans can have interest rates as low as 0%, and cover up to 100% of a project's costs with no matching requirement on behalf of the borrower. This is different from a grant, which typically requires the grantee to provide matching funds that must be available at the start of a project. In some cases, the savings accumulated with a CWSRF loan are comparable to a partial grant.
- *Flexible Repayment Options* - States have flexibility to set interest rates and repayment terms. Loans are usually paid off over 20 years or the useful life of the project - which ever is less - with repayment commencing within one year of project completion. In many cases, funds to repay CWSRF loans are generated by the project itself or from unrelated revenue sources. Some examples of repayment sources are listed below.

- "Flush" Fees
- Stormwater Fees
- Homeowner Fees
- Recreational or License Fees
- Dedicated Portion of State, County, Town, or Special District Fees or Taxes
- Community General Obligation Bond Authority
- Donations or Membership Dues made to Nonprofit Organizations
- Individual or Business Revenues

Helpful Hint: EPA has developed several useful tools for evaluating a wide range of project financing options, including:

EPA's Financial Assistance Comparison Tool (FACT), available at:
www.epa.gov/owm/cwfinance/cwsrf/fact.htm

EPA's Guidebook of Financial Tools, available at:
www.epa.gov/efinpage/guidebook.htm

EPA's Overview of Green Infrastructure, available at
www.epa.gov/npdes/greeninfrastructure

Is my green infrastructure project eligible for Clean Water State Revolving Funds?

The CWSRF has broad authority to fund watershed projects directly related to (1) Publicly Owned Treatment Plants (POTWs), (2) states' Nonpoint Source Management Plans, and (3) the National Estuaries' Comprehensive Conservation Management Plans (CCMP). Green infrastructure projects located within a community that is regulated under the National Pollutant Discharge Elimination System (NPDES) stormwater program must abide by NPDES requirements.

- *Permitted Communities* – If a community is permitted for stormwater, it is considered a point source, and therefore projects may be funded as POTWs. These types of projects must be publicly owned. If a community is permitted and the project is not specifically required by a draft or final NPDES permit, it may be funded as a nonpoint source project if it is consistent with a state's Nonpoint Source Management Plan. Nonpoint source projects may be publicly or privately owned.
- *Non-Permitted Communities* – If a community does not have a draft or final NPDES stormwater permit or is exempt from permitting, the project may be funded as a nonpoint source project under a state's Nonpoint Source Management Plan and can include publicly or privately owned projects. Additionally, any public or private project may be funded as an estuary project if the project is located in a National Estuary Program's watershed and is sanctioned by the estuary's CCMP.

What kinds of green infrastructure projects can the CWSRF pay for?

- *Eligible Projects* – The CWSRF can fund the "capital costs" of water quality improvement. Capital costs include traditional infrastructure expenditures (such as pipes, pumps and treatment plants), as well as unconventional infrastructure costs (like land conservation, tree plantings, equipment purchases, planning and design, environmental cleanups and even the development and initial delivery of environmental education programs). One of the few things the CWSRF cannot fund is the operation and maintenance costs of a project (i.e. mowing the grass in an urban park or paying operator salaries). Grey stormwater infrastructure, such as traditional pipes and pumps, continue to be eligible for CWSRF assistance. Grey infrastructure can be improved and upgraded by implementing green infrastructure development, such as:

Tree Boxes	Green Roofs
Vegetated Swales	Riparian Buffers
Vegetated Median Strips	Parks & Greenways
Cisterns & Rain Barrels	Permeable Pavements
Land Conservation & Reforestation	Wetland & Floodplain Construction
Downspout Disconnections	Rain Gardens & Bioinfiltration Practices

- *Assurances* – The CWSRF can also help reduce risks associated with the performance of green infrastructure practices. Some communities may be reluctant to try these relatively new stormwater management technologies because of concerns that they may fail to perform as expected. Fortunately, there is a simple way to ease these concerns. States may charge additional fees on their CWSRF loans, known as non-program income, which can be used for a wide range of purposes. Using this additional source of income, states can pay for insurance that cover the risk associated with the performance of newer green technologies. If there is sufficient non-program income, states can also use the funds to replace a particular technology that fails to perform adequately. The practice of providing assurances is not widely utilized by states. Contact your state for more information.

Helpful Hint: By incorporating green infrastructure into traditional stormwater infrastructure projects, POTWs can use CWSRF funds to pay for land acquisitions in public right-of-ways that would not otherwise be authorized. Here is how:

Under current regulations, POTWs cannot receive CWSRF funding for land, including right-of-ways, unless that land is integral to the wastewater treatment process. However, percolation of stormwater through the soil matrix is often essential to the operation of green infrastructure practices, many of which can be conveniently located in public right-of-ways. Thus, because green infrastructure practices can utilize the soils and plants in a right-of-way to clean and infiltrate stormwater, the land in that right-of-way becomes integral to the treatment process and is therefore eligible for CWSRF funding.

How have other communities used the CWSRF to finance green infrastructure projects?

A growing number of communities are now using the CWSRF to pay for green infrastructure projects that improve water quality while providing additional economic and environmental benefits. The following case studies provide examples of the ways in which the CWSRF has been used to facilitate green infrastructure implementation.

- *Seattle Plans Redevelopment while Protecting Salmon* – Seattle Public Utility's High Point project will use a 20 year, 1.5% CWSRF loan of $2,715,000 to install innovative natural drainage elements, such as bioswales, compost-amended soil reservoirs, and porous pavement. These green infrastructure additions have been designed to improve stormwater management in the 303(d) listed Longfellow Creek Watershed, an important watershed for spawning salmon. The 120-acre redevelopment plan for low-income communities is along one of Seattle's most important urban creeks. Upon completion of the project, 10% of the Longfellow Creek watershed will be restored to drainage conditions comparable to rural pastures. The development project has been designed to provide significant benefits to water quality, wet weather flow reduction, habitat protection, and public outreach and education in the 34 block community.

- *Cohasset, Massachusetts Wins 2006 Smart Growth Award* – The Town of Cohasset, Massachusetts used a $479,500 CWSRF loan with a 2% interest rate to retrofit its stormwater drainage system to implement recommendations identified in the Drinking Water SRF funded Source Water Protection Plan. This two-year project included the construction of more than 40 rain gardens and several vegetated swales to reduce the amount of runoff entering the town's

stormwater collection system. The rain gardens were strategically placed within township right-of-ways and are designed to capture the first 0.9 inches of rain during wet weather events. A winner of the 2006 Massachusetts Smart Growth Award, the project provides an excellent example of how low-cost and low-maintenance green infrastructure techniques can improve stormwater quality and protect drinking water sources.



Curb-less roadside, equipped with stormwater drainage system in Cohasset, Mass.

- *Rockville, Maryland Wins PISCES Award for Restoration Efforts* – The city of Rockville, Maryland obtained a $14 million, 0% interest CWSRF loan to fund the planning, design, and restoration of the main stem of Watts Branch, a tributary of the Potomac River. The project included enhancements to existing wetlands, restoration of stream buffers, stabilization of 4,000 feet of eroding stream bank and upgrades to storm drain outfalls. These improvements were designed to enhance aquatic habitat and reduce pollution from stormwater runoff in the Chesapeake Bay. Funds to repay the loan will be generated from Rockville's stormwater fee. In recognition of the project's success, the Maryland Department of Environment selected Rockville to receive EPA's 2006 PICSES Award, which is presented to communities that most effectively and efficiently use funding from EPA's CWSRF program.

- *West Jefferson, Ohio Protects Aquatic Ecosystems with CWSRF* – The Ohio CWSRF program has provided over $1.1 million in low interest rate loans to Hidden Creek Ltd to fund a variety of projects that protect the Big Darby Creek watershed – one of the highest quality warm-water aquatic ecosystems in the United States. Environmentalists became concerned when a large tract of highly erodible agricultural land within the Big Darby watershed went up for sale and was expected to be bought by a developer. Fortunately, a conservationist-owned company, Hidden Creek Ltd, bought the property with financial assistance from the CWSRF. Hidden Creek Ltd then designed a housing project to demonstrate that development can be both environmentally sensitive and financially profitable. With the help of CWSRF funds, a comprehensive set of actions were taken to limit the amount of runoff generated from the development project. This included the construction of vegetated swales, restoration of the wooded stream corridor, and the establishment of emergent wetland habitat. In addition, 230 acres of the riparian stream corridor have been protected via a conservation easement held by the Natural Resources Conservation Service. A program has also been developed to educate homeowners and housing contractors about watershed protection and related deed restrictions attached to each property. This project was intended to serve as a model for future development in the watershed. Hidden Creek Ltd has since received a national wetland award for land stewardship and development from the Environmental Law Institute, and has repaid the CWSRF loans with revenues from the sale of the housing lots.

- *San Francisco, California Protects 10,000 Acres with CWSRF* – In 2004, the Nature Conservancy used a $9 million CWSRF loan

to fund the interim financing and holding of a critical portion of land, known as the Palo Corona Ranch, in Monterey Country. The Palo Corona Ranch is largely considered the gateway to California's Big Sure coastline. This project protected 9,898 acres of pristine Redwood and Monterey Pine forests from imminent development. Without the Nature Conservancy's purchase increased sedimentation and stormwater runoff would have cause severe impaired to coastal and aquatic resources. The property will be retained by the Department of Parks and the Monterey Peninsula Recreational Park District with dedicated funds over a seven year period.



Easement in Monterey Co., CA protects aquatic resources.

- *Port Townsend, Washington Manages Stormwater with Wetlands Protection* - The City of Port Townsend, Washington was able to meet several stormwater management and wetlands preservation objectives by obtaining a $400,000 loan at 0% interest from Washington State's CWSRF to purchase an area known as the Winona Wetlands. This wetland provides critical stormwater attenuation for the area and maintains valuable habitat for local wildlife. Potential development of the area not only threatened the wetlands, but would also result in significant stormwater management problems. The city purchased the 6.5 acres in Phase I of the project and an additional 9 acres in Phase II. The loans were completely paid back within 5 years with a portion of the city's new $5 per household stormwater utility fee.



The valuable wildlife in the Winona Wetlands of Washington are protected with $400,000 loan.

Helpful Hint: Here are several ways you can work with your state CWSRF:

- Help your state CWSRF managers document the relationship between stormwater and water quality.
- Comment on the CWSRF Annual Intended Use Plan: provide written comments and attend public hearings.
- Be a Broker: bring stormwater capital projects to the CWSRF and bring the CWSRF to the stormwater community.
- Think creatively about how to target CWSRF funds at stormwater projects, e.g., loan terms, marketing, dedicated pots of money.

For more information, contact
U.S. Environmental Protection Agency
1201 Constitution Avenue, NW (Mail code 4204M)
Washington, DC 20460
Phone: (202) 564-1029 Fax: (202)501-2403
www.epa.gov/OW-OWM.html/cwfinance/cwsrf

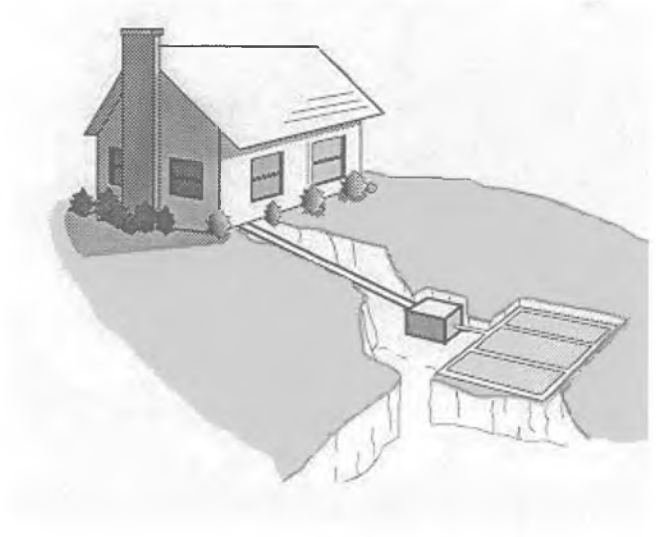
Clean Water State Revolving Fund

Clean Water
State Revolving Fund

ACTIVITY *UPDATE*

Funding Decentralized Wastewater Systems Using the Clean Water State Revolving Fund

The Clean Water State Revolving Fund (CWSRF) is a low-interest or no-interest source of funding for the installation, repair, and upgrading of "decentralized" wastewater systems in small-town, rural, and suburban areas. "Decentralized" wastewater systems include: on-site disposal systems such as septic systems with drainfields and alternative systems such as mounds and cluster systems. Cluster systems are designed to treat the wastewater from two or more dwellings or businesses, but not entire communities. There are an estimated 25 million households that use decentralized wastewater systems. In 1995, according to the U.S. Census Bureau, two-and-one-half million systems malfunctioned. This estimate is probably conservative. It is anticipated that as our communities continue to expand into suburban and rural areas, that the number of decentralized systems and associated system failures will increase.



Source: National Small Flows Clearinghouse

Background

In the 1970s and 1980s, large federal investments in the construction of wastewater facilities focused primarily on large, centralized collection and treatment systems. This effort did not recognize the benefits of properly managed decentralized wastewater systems in achieving the goals of the Clean Water and Safe Drinking Water Acts.

Problems Associated With Decentralized Wastewater Systems

In many existing communities, the initial decision to install a particular system (i.e., to hookup to a centralized system or to use a decentralized system) is primarily made in the private sector by the developer of a property, based on affordability, profitability, and availability of a central sewer system. In small communities with limited or no centralized system, developers typically choose the most common, affordable and easily installed on-site systems. Once installed, these conventional on-site systems are often not inspected or maintained except in emergency situations when wastewater backs up into homes and backyards. Malfunctioning systems can cause contamination of groundwater and nearby surface waters. Many state and local regulatory codes have not been updated to discourage or eliminate inadequate practices and/or allow the use of new technologies with demonstrated performance. As a result, small communities may incur significant economic burdens where alternative wastewater systems are not considered or permitted.

Nationwide data show that conventional on-site system failures can be attributed to the following:

- Improper siting and/or site evaluation
- Improper system selection and design
- Poor installation practices
- Insufficient operation and maintenance

Benefits of Properly-Managed Decentralized Treatment Systems

Properly-managed decentralized wastewater systems are viable, long-term alternatives to centralized wastewater facilities, particularly in small and rural communities.

Why install a decentralized system? Because they:

- **protect public health and the environment.** Properly managed decentralized systems can provide the treatment necessary to protect public health and the environment. They can be sited, sized, designed, installed and operated to meet all federal, state, and local water quality requirements.

- **are appropriate for low density communities.** Decentralized systems are usually the most appropriate technology and most cost-effective option for rural areas and much of the urban outskirts.

- **are appropriate for varying site conditions.** Decentralized systems can be designed for a variety of site and soil conditions, including shallow water tables, bedrock and small lot sizes.

Financing Decentralized Systems . . .

The Clean Water State Revolving Fund

The Clean Water State Revolving Fund (CWSRF) programs in each state and Puerto Rico operate like banks. Federal and state contributions are used to capitalize or set up the programs. These assets, in turn, are used to make low or no-interest loans for important water quality projects. Funds are then repaid to the CWSRFs over terms as long as twenty years. Repaid funds are recycled to fund other water quality projects. These CWSRF resources can help supplement the limited financial resources currently available for decentralized treatment systems. Projects that may be eligible for CWSRF funding include:

1. New system installation (single and clustered systems) to correct an existing nonpoint source problem
2. Replacement, upgrade, or modification of inadequate or failing systems
3. Costs associated with the establishment of a centralized management entity* (permitting fees, legal fees, etc.)
4. Capital associated with centralized management programs (e.g., trucks, storage buildings, spare parts, etc.)

* We encourage the establishment or designation of a management entity for all decentralized projects. Acceptable management entities include cities and counties, special governmental units (sanitary districts, county service districts, etc.), public or private utilities, private corporations, and nonprofit organizations.

Capacity of the CWSRF

Nationally, the CWSRF has in excess of $42 billion in assets and has issued nearly $39 billion in loans since 1988. The CWSRF currently is funding over $4 billion worth of water quality projects annually. Clearly, the CWSRF can be a powerful financial resource for funding decentralized systems projects.

Who May Qualify?

The Clean Water Act (CWA) of 1987 authorized the CWSRF to fund point source (§212), nonpoint source (§319), and estuary (§320) projects. Decentralized system projects that are solutions to nonpoint source problems may be eligible as a §319 or §320 project. Included in a long list of eligible CWSRF loan recipients for NPS and estuary projects are community groups, farmers, homeowners, small businesses, conservation districts, and nonprofit organizations. Since the program is managed by the states, project funding varies according to the priorities, policies, and laws within each state. Eligible applicants also vary by state.

Getting a Project Funded

Given that each state administers its own CWSRF program differently, your first step in seeking a CWSRF loan is to contact your state CWSRF representative. The list of CWSRF state representatives can be found on our website (www.epa.gov/owm/cwfinance/cwsrf/index.htm). Here are some suggested questions to ask your representative:

1. Has the State committed to funding decentralized systems in its CWSRF Intended Use Plan (IUP)?
2. If not, what can I do to help get these systems listed on the IUP?
3. Can an individual or private entity receive a CWSRF loan for a decentralized system?
4. If not, can I receive a CWSRF loan through my county?

Your CWSRF state representative will be able to guide you through the proper channels. In addition, you can refer to the Ohio case study under the "Success Stories" section of this fact sheet for further details on a popular approach to implementing a CWSRF/decentralized systems state program.

Sources of Loan Repayment

Each state must approve a source of loan repayment as part of the application process. Though finding a source of repayment may prove challenging, it does not have to be burdensome. Many users of the CWSRF have demonstrated a high level of creativity in developing sources of repayment. The source of repayment need not come from the project itself. Some potential repayment sources include:

- Property owner's ability to pay (determined during loan application)
- Fees paid by developers
- Recreational fees (fishing licenses, entrance fees)
- Dedicated portions of local, county, or state taxes or fees
- Donations or dues made to nonprofit groups
- Stormwater management fees
- Wastewater user charges

Success Stories

In August 1997, the **Ohio EPA** and the **Mahoning County General Health District** entered into an agreement to create a linked deposit program to make low-interest loans available to individual homeowners in need of upgrading or replacing their home sewage disposal systems. The process for obtaining a CWSRF loan is as follows:

1. The homeowner obtains a permit, which contains specifications on the proper installations, operation, and maintenance of the onsite system, from the county.
2. The homeowner is then issued a certificate that he or she can take to any bank that participates in the Linked Deposit Program.
3. The lending institution, using its own criteria, decides whether or not to offer the applicant a loan and at what interest rate and term.
4. The lending institution then notifies the Ohio EPA. The Agency then deposits the loan

amount in the institution at a reduced interest rate.

5. Savings from the reduced interest rate are then passed on to the loan applicant.

Over the past four years, Ohio's EPA Water Pollution Control Loan Fund made over a million dollars available for use in this program. A similar program was launched in **Cuyahoga County, Ohio** with $1,950,000 earmarked for the first three years of the program.

In June 1995, the **Maine Municipal Bond Bank** (MMBB) and the **Maine State Housing Authority** (MSHA) entered into a Memorandum of Understanding (MOU) to make low-interest loans to finance septic systems for owner-occupied, single-family residences through the MSHA loan programs. The funds are used for the rehabilitation or replacement of septic systems. The interest rate is set at one percent with a maximum term of 20 years. The MSHA remits to the MMBB on a monthly basis any repayments for loans received during the prior month, which are put back in the CWSRF.

In 1994, **Pennsylvania** instituted a program to fund on-site sewage disposal systems for individual homeowners using their CWSRF. The Pennsylvania Infrastructure Investment Authority, the Pennsylvania Housing Finance Agency, and the Pennsylvania Department of Environmental Protection collaborated on the development of this special funding program, which allows a homeowner to borrow up to $25,000 at an interest rate of one percent per annum to fund the rehabilitation, improvement, repair, or replacement of an existing on-site treatment system. These loans are processed through participating local lending institutions.

In 1995, **Minnesota** created several sub-programs within its CWSRF to address nonpoint source pollution. Once such program is the Tourism Loan Program, administered through the Department of Trade and Economic Development, which loans CWSRF funds to private owners of small lake resorts for replacement or upgrade of onsite treatment systems. The loans are made in participation with a local bank, with the state financing 50 percent of the costs at two percent interest and the bank financing the remaining 50 percent at a market rate. The Department also administered the Small Cities Loan Program, which provided CWSRF loans at zero percent to small, unsewered communities to upgrade or replace all failing on-site systems. The Small Cities program has since been replaced by other funding mechanisms for small, unsewered areas.

Challenges Ahead

The EPA encourages states to open their CWSRFs to the widest variety of water quality projects while still addressing their highest priority projects. Those interested in implementing or upgrading an decentralized treatment system should seek out their CWSRF program, learn how their state program works, and participate in the annual process that determines which projects are funded.



Other Federal funding sources for decentralized systems . . .

EPA 319 Grants

Section 319 of the Clean Water Act provides the statutory authority for EPA's Nonpoint Source Program. This program provides funds to states to restore waters adversely affected by nonpoint source pollution, and to protect waters endangered by such pollution. Most states have nonpoint source management plans that allow for the use of section 319 funds for decentralized wastewater system projects. The program has provided money to small communities and state agencies to construct decentralized wastewater systems in areas where these systems are more cost effective than centralized systems. Nonpoint Source Program funds have also been used to repair decentralized systems where such systems are common. Finally, these funds have been and will continue to be used for decentralized system technology demonstration projects. For more information visit their web site at: **www.epa.gov/owow/nps/cwact.html**

USDA Rural Utilities Service (RUS)

Water and Waste Disposal Loans and Grants are available to develop water and waste disposal (including solid waste disposal and storm drainage) systems in rural areas and towns with a population not in excess of 10,000. The funds are available to public entities such as municipalities, counties, special-purpose districts, Indian tribes, and nonprofit organizations. Grant funds are available to reduce water and waste disposal costs to a reasonable level for rural users. Grants may be made for up to 75 percent of eligible project costs in some cases. RUS also guarantees water and waste disposal loans made by banks and other eligible lenders. The facilities financed must be owned and controlled by the borrower/grantee. Financed decentralized systems would have to be owned and managed by the RUS borrower/grantee.

USDA Rural Development offices located throughout the country administer the programs. Additional information including local contacts may be found by visiting their web page: **www.usda.gov/rus/water**.

HUD Community Development Block Grant

The state administered Community Development Block Grant program (State CDBG) provides annual grants to 48 states and Puerto Rico. The states and Puerto Rico in turn, use the funds to award grants for community development purposes to smaller cities and counties. The states of Hawaii and New York have not chosen to administer the program. As a result, in those two states HUD directly administers the awarding of CDBG grants to smaller cities and counties.

CDBG grants can be used for numerous activities, including rehabilitation of residential and non-residential structures, construction of public facilities, and improvements to water and sewer facilities. For more information, visit their web site at: **www.hud.gov/cpd/cdbg.html**.

Non-Federal Assistance

In addition to funding available from the federal government, several states have created infrastructure funds, which can fund the development of local on-site infrastructure. State-funded programs supporting decentralized systems are ongoing in several states including Massachusetts, North Carolina, Pennsylvania, and Virginia.

For more information about the Clean Water Revolving Fund, or for a program representative in your state, please contact:

Clean Water State Revolving Fund Branch

U.S. Environmental Protection Agency

1201 Constitution Avenue, NW (Mailcode 4204M)

Washington, DC 20004

Phone: (202) 564-0752 **Fax:** (202) 501-2403

Internet: www.epa.gov/owm/cwfinance/index.htm



Clean Water

State Revolving Fund

Office of Water January 2003 EPA 832-F-03-003

Clean Water State Revolving Fund • • • • • • ACTIVITY UPDATE

Ohio CWSRF Provides Loans to Brownfield Remediation Projects

Ohio has funded $8.8 million in brownfield remediation projects that provide water quality benefits to surface water or groundwater

Since its inception in December 1996, Ohio's Voluntary Action Program (VAP) has used $8.8 million in CWSRF loans to support brownfields remediation. The VAP encourages the reuse of brownfield sites by specifying cleanup standards and releasing owners of sites from further liability when standards are met. The state has encouraged participation in the VAP and the improvement of Ohio's water resources by offering CWSRF low-interest loans to projects that will result in water quality benefits to surface water or groundwater.

Ohio's industrial heritage has left the state with a legacy of contaminated land that, prior to the creation of the Voluntary Action Program, sat idle for fear of liability and high cleanup costs. CWSRF loans, as part of the Voluntary Action Program, provide an incentive to overcome the barriers to redeveloping commercial land. Development is directed to underutilized commercial land instead of open spaces.

Ohio has provided CWSRF loans to twelve brownfield remediation projects. Eight loans, for $8.5 million, have funded actual cleanup activities. Four loans for $320,000 have funded Phase II assessment activities (site tests to confirm the location and identity of environmental hazards). Phase I assessment activities (historical record searches) are also eligible for funding.

In one example, Barberton Laundry and Cleaning, a small company in Barberton, Ohio, received CWSRF financing to undertake Phase II site assessment work.

Soil and groundwater sampling determined the extent of existing contamination and the scope of remedial activities needed to prepare the site for reuse. The loan recipient will use a revenue stream from accounts receivable to repay the loan. Inventory and cash provide additional collateral. Private lenders were unwilling to finance this assessment work.



In another example, the Grant Realty Company received CWSRF financing for the cleanup of a 20-acre industrial site in Cleveland to prepare the site for industrial reuse. Contaminated soil and groundwater were remediated using vapor extraction and dual phase vacuum extraction technologies. Grant Realty will use income from a tank cleaning operation to repay the loan, and personal loan guarantees and a second position mortgage will provide additional collateral.

These loans from Ohio's Water Pollution Loan Control Fund address nonpoint source pollution and are consistent with the state's Nonpoint Source Management Plan. Brownfield water quality loans are offered for five years with an interest rate of 3.2 percent. 20-year loans are offered at a rate indexed 1.25 percentage points below the 20-year GO bond market rate. Other terms and conditions can be negotiated based upon the specific project and the recipient's needs.



Contact:
David Reiff
Ohio EPA
614-644-3646

OhioEPA **Division of Environmental and Financial Assistance**

the WPCLF Linked Deposit Program

FLOWCHART | PAST PROJECTS | SAMPLE DOCUMENTS

12/13/99

What is a linked deposit?

The linked deposit program is a mechanism for financing certain Water Pollution Control Loan Fund (WPCLF) projects. Instead of borrowing directly from the Fund, a linked deposit loan is made to the applicant by a private lending institution. The below-market interest rate for the loan is supported by a WPCLF-funded certificate of deposit with the lender. The Ohio WPCLF was the first SRF program in the nation to use linked deposits.

Linked deposits were first used by the Ohio EPA in 1993 in the Killbuck Creek watershed to establish an agricultural nonpoint source control program. The Ohio EPA has since expanded the availablility of linked deposits to a wider variety of projects, such as urban stormwater runoff control, stream corridor restoration, forestry and land development best management practices, as described in the WPCLF Management System. In general, linked deposit loans are available to private oraganizations and individuals for nonpoint source projects, and for improvements such as the up-grade of failed on-lot wastewater treatment systems.

Agricultural linked deposits

Since the Killbuck watershed program was established, agricultural linked deposit loans have also been made in the Stillwater River, Black River, Indian Lake, and Darby Creek watersheds. These loans were designed to provide water quality improvements through agricultural best management practices (BMPs). Linked deposits loans have been awarded for BMPs such as manure storage facilities, which control animal waste runoff from entering streams, and the use of conservation tillage equipment, which reduces the amount of soil eroded from farm fields and deposited in water bodies. Other funded BMPs include filter strips and grassed waterways (which filter sediments out of runoff), fencing and alternative watering sources to keep livestock out of streams, and the construction of a wetland to treat process water from a dairy operation. These individually small projects can provide a large water quality improvement when implemented on a watershed-wide basis.

Developing a Nonpoint Source Watershed Financing Program

Interested county Soil and Water Conservation Districts (SWCDs) contact the Ohio EPA and express their interest in developing a nonpoint source program in their watershed. A Watershed Management Plan is developed which comprehensively discusses the nature of the watershed, the pollution sources that exist, solutions to those pollution sources, prioritization of where the emphasis should be placed, where funding will come from, and a schedule for implementation of the project. The writing of this Watershed Management Plan is often a collaborative effort involving the SWCDs, the Natural Resources Conservation Service, the Ohio EPA, and other groups or individuals working within the watershed. The Watershed Management Plan is then reviewed by the Ohio EPA.

The Ohio EPA drafts an assessment document which describes the environmental impacts of the actions of the proposed Watershed Management Plan, and issues this assessment for a 30-day public comment period. At the end of the comment period, the Ohio EPA usually then issues a Finding of No Significant Impact, and formally approves the Watershed Management Plan. A Memorandum of Understanding (MOU), based on the content of the Watershed Management Plan (WMP) is signed by the Ohio EPA and the SWCDs (or a Joint Board if one exists). This MOU describes how the entities will work together to implement the projects described in the WMP, and outlines each entity's responsibilities.

During the time period that the above is occurring, local banks are contacted (either by the Ohio EPA or by the SWCDs) to see if they would be interested in participating in the program in their watershed. Often, meetings are held to describe the program and answer questions. Once interested banks are identified, each bank enters into a Participating Bank Agreement with the Ohio EPA and the Ohio Water Development Authority (OWDA). These agreements describe exactly how the financial transactions will occur, as well as the procedures to be used and any banking requirements that must be met.

When the above four items (Watershed Management Plan, Finding of No Significant Impact, Memorandum of Understanding, and Participating Bank Agreements) are completed, the structure for the program is in place, and linked deposit loans can be awarded.

Awarding Agricultural Link Deposit Loans to Applicants (Flow Chart)

The steps for an agricultural nonpoint source loan are generally as follows:

- A land owner develops, with county Soil and Water Conservation District (SWCD) staff, an individual soil and water conservation plan that conforms with a watershed management plan developed for the watershed in which the land is located.

- The land owner obtains a Certificate of Qualification from the Board of Supervisors of the county SWCD, identifying the proposed improvements in the land's soil and

water conservation plan that are eligible for WPCLF Linked Deposit Program funding.

- The land owner applies for a loan from one of the local area banks participating in the WPCLF Linked Deposit Program.
- After the land owner presents the Certificate of Qualification, the bank evaluates the credit-worthiness of the land owner using its criteria. If these criteria are met, the bank then enters into a loan agreement with the land owner.
- The bank sends an investment request form, which identifies the land owner and the terms of the loan, and a copy of the land owner's Certificate of Qualification to Ohio EPA.
- Upon approval, Ohio EPA and the Ohio Water Development Authority (OWDA) deposit with the bank, through a certificate of deposit, funds equal to the face value of the loan to the land owner. The term of the deposit is equal to the term of the bank's loan with the land owner, but in no case is longer than 20 years.
- The interest rate on the certificate of deposit is discounted below the bank's normal cost of funds, as determined by a comparison to the interest rates of U.S. Treasury notes and bonds. The bank's repayment schedule in the certificate of deposit contains semi-annual payments of principal and interest to the WPCLF.
- The interest rate of the bank's loan to the land owner is reduced by the same amount as the discount the bank received from the WPCLF.

Some Features of the Agricultural Linked Deposit Program

- The Linked Deposit Program provides an economic incentive for farmers to voluntarily implement best management practices to control nonpoint source pollution. Voluntary efforts such as these may preclude the necessity for regulatory approaches.
- At the local level, the program is administered by the county SWCDs, which develop soil and water conservation plans, issue the Certificates of Qualification, and monitor the improvements. Farmers are familiar with their local SWCD and are used to working with them. The SWCDs have the existing expertise to recommend the BMPS which should be implemented on a particular farm.
- Land owners can work with the banks (assuming that they participate in the program) that they reularly do business with. Many farmers prefer to only work with the institutions that they have dealt with in the past.

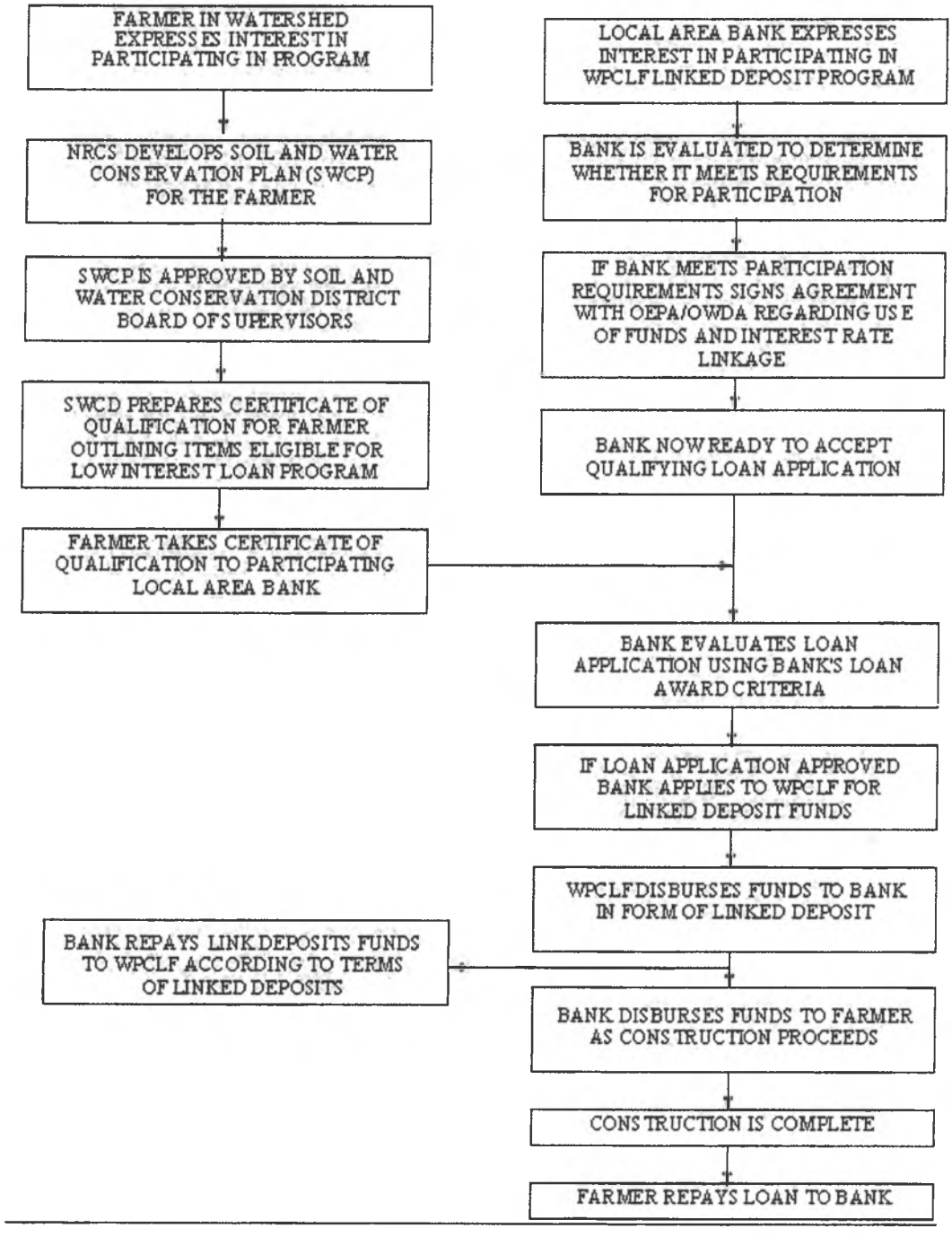
- The participating banks have the existing structure and experience to make and administer the loans. If this were not present, there would be an administrative expense on the part of the Ohio EPA to administer the loans.
- Participating banks earn the same amount of profit as they normally would on their other loans. In addition, the banks that participate can offer this as an additional service to their established agricultural customers.
- The WPCLF's Certificate of Deposit is insured by the FDIC, and thus is secure.
- The wire transfer of funds from the WPCLF to the participating bank normally occurs 1-2 days after the investment request form is received by the Ohio EPA. Thus, there is very little delay in the award of funds from the bank to the land owner.
- The reporting requirements of the SWCDs to the Ohio EPA are minimal. Ohio EPA requires a one-page report to be filed on a quarterly basis.

For more information about a WPCLF linked deposit loan, contact the Division of Environmental and Financial Assistance, Planning Section, at (614) 644-2798 or send us  e-mail.

DEFA's main page *WPCLF page* *Ohio EPA's home page.*

OhioEPA **Division of Environmental and Financial Assistance**

WPCLF LINKED DEPOSIT PROGRAM FOR NONPOINT SOURCE AGRICULTURAL LOANS



State of Ohio
Environmental Protection Agency

Fact Sheet

Ohio Water Pollution Control Loan Fund
Linked Deposit Programs

September 2007

Introduction

Ohio EPA's Water Pollution Control Loan Fund (WPCLF) offers low-interest financial assistance for implementation of nonpoint source pollution control projects consistent with Ohio's Nonpoint Source Management Plan. One mechanism to provide this assistance is through a linked deposit loan from a participating financial institution whereby the WPCLF "buys down" the borrower's interest rate.

The Methods

There are two methods of providing linked deposit financial assistance.

A. Certificates of Qualifications (CQ)

After development of an acceptable Management Plan by the appropriate regulatory agency (either the County health department or the local Soil and Water Conservation District), the Ohio EPA enters into a Memorandum of Understanding with them whereby the appropriate agency reviews and approves specific projects and issues a Certificate of Qualifications to the individual borrower which identifies eligible items and amounts.

Agricultural Best Management Practices: A landowner develops, along with the Soil and Water Conservation District (SWCD), an individual conservation plan that conforms with the watershed Management Plan developed for this purpose. Upon review and approval of the specific improvements, the SWCD issues the landowner a CQ.

Forestry Best Management Practices: A logging operation that is certified in the Ohio Forestry Association's Master Logger Program files a Silvicultural Operation and Management Plan with the appropriate SWCD. The logging operation then obtains a CQ from ODNR's Division of Forestry.

Onsite Septic System Improvements: A homeowner with a failing septic system presents a proposal to upgrade their onsite system to the County Health Department. The Health Department then reviews the proposal for acceptability and consistency with the Countywide Home Sewage Management Plan developed for this purpose. Upon review and approval of the specific improvements, the Health Department issues the homeowner a CQ.

B. Letter of Approval and Authorization (LoAA)

This method is designed for stand-alone projects such as contaminated sites, animal feeding operations, biomass reuse and other privately owned projects. Upon Ohio EPA's decision to proceed (based on an initial review of the proposal), the project is added to the WPCLF project priority list. DEFA then reviews the proposed improvements and 1) identifies eligible items, and 2) assesses the environmental impacts of the proposed improvements. Ohio EPA will then issue a Letter of Approval and Authorization (LoAA) to the applicant which identifies eligible items and amounts and authorizes the applicant to seek linked deposit financing from a participating bank.

The Process

The Ohio EPA has executed Participating Bank Agreements with many lenders in Ohio. The borrower will include either the CQ or the LoAA in its loan application to a Participating Bank. Based on its own review, the lender will approve the loan and notify Ohio EPA of the amount, term and interest rate. The WPCLF will invest in a Certificate of Deposit (CD) for the amount and term of the loan to the borrower. The rate on the CD will be discounted (based on a T-Bill rate) by up to 5 percent (the CD rate can never be less than 1 percent). The same discount is then "linked" to the loan to the qualified borrower. For example, if the lender's normal rate is 8 percent, the linked rate discount would result in an actual interest rate of 3 percent.

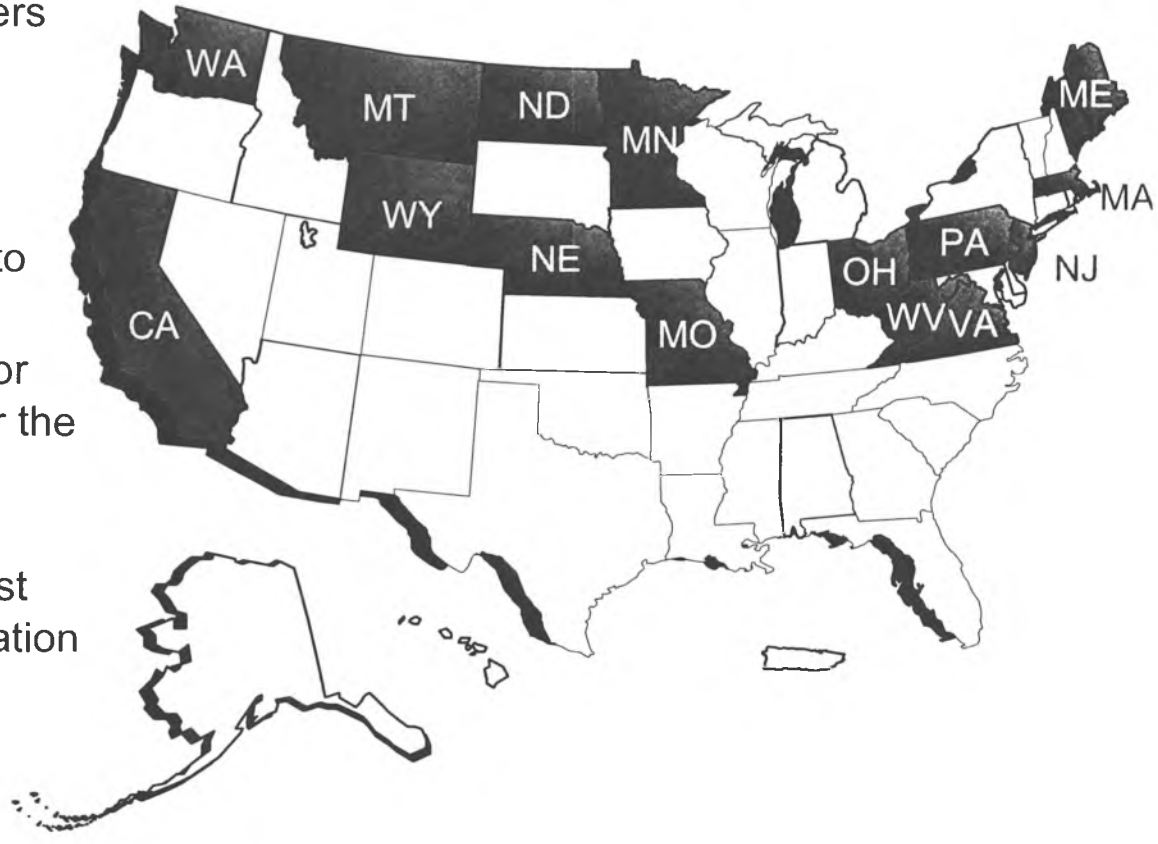
Additional Information

For more information, please refer to the most recent WPCLF Program Management Plan. You can also contact us at (614) 644-2798 or visit our Web page at: www.epa.state.oh.us/defa

CWSRFs Use Conduit Financing

Effective for reaching small borrowers like farmers, small businesses, and home owners

- SRF partners with other state agencies or local governments to administer or loan SRF funds
- Often the partner state agency or local government will administer the loan or in turn loan the funds to other borrowers
- Projects include: agricultural best management practices; remediation of leaking underground storage tanks and failing septic systems



Resurrection Bay Conservation Alliance

PO Box 1092
Seward, Alaska 99664
907 224 4621
www.rbca-alaska.org

February 10, 2011

Alaska Legislature
Juneau, Alaska

Dear Legislators,

This is a letter of support for HB 123, "An Act relating to the Alaska clean water fund." This bill would allow many proactive projects to proceed, where they would otherwise die. As Alaska continues to grow we need to ensure the protection of our water quality, which directly affects the health of our rivers, our salmon runs, and our tourist industry.

The Linked Deposit program would provide financial incentives for individuals and businesses to take actions to benefit our water quality. These actions include building to elevated standards where site conditions warrant it but where regulations do not require it. An example includes Homer's Landscape Suitability Mapping project; individuals who are considering building on steep unstable soils would gain a financial incentive to build with the proper methods. This not only protects the individual, it also benefits the entire community. In Seward we have a significant flooding threat, and many homeowners have built in areas where flooding is inevitable. If land owners had a little incentive, they would spend the extra dollars needed to allow their structure to withstand these events without significant damage.

There are many other examples of how the linked deposit program can effectively encourage responsible development; such as upgrading failing septic systems, controlling soil erosion, addressing accidental toxic spills, and reinforcing unstable stream banks. These are issues that many Alaskans must face, and giving them financial encouragement to do the right thing makes good sense.

Often, people will not do what is best without a financial incentive; this bill provides a reasonable incentive through reduced interest rates. This bill would also transfer default liability from the state to financial institutions, providing less liability for the state of Alaska. There is really no down-side to this.

Please consider these facts and vote in support of HB 123; it helps to protect the environment, the State and encourages people to do what is best in the long run.

Sincerely,

Matt Gray
RBCA, Watershed Program Coordinator

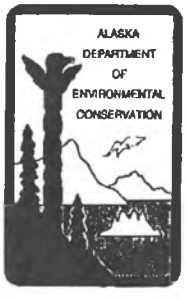
Alaska Clean Water Fund

STATE WASTEWATER LOAN PROGRAM

INTENDED USE PLAN
FINAL

FFY 08 Grant Allotment
State Fiscal Year 2009

Submitted to the U.S. Environmental Protection Agency
by
Alaska Department of Environmental Conservation
Division of Water
June 2008



PROGRAM GOALS

The ADEC administers the Alaska Clean Water Fund, guided by the following long and short term goals:

Long Term

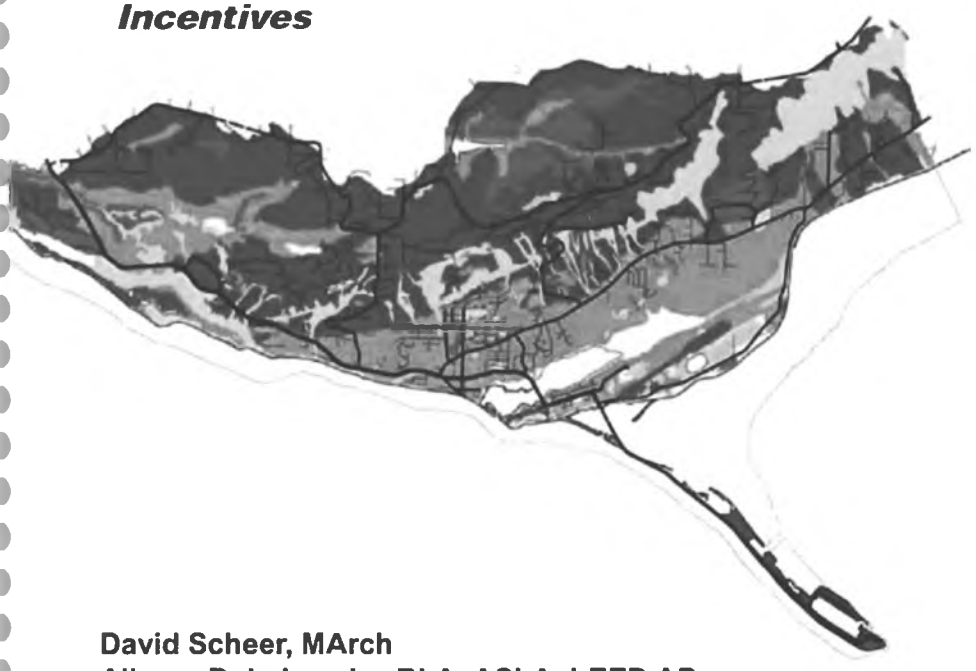
1. Protect public health and the waters of the State by offering financial assistance for the planning, design and construction of eligible projects.
2. Assist local communities as they strive to achieve and maintain statewide compliance with federal and state water quality standards.
3. Facilitate the construction of projects by providing a long term source of financing to assist communities in attaining and maintaining compliance with the Clean Water Act as amended by the Water Quality Act Amendments of 1987, PL 100-4.
4. Promote coordinated efforts by the State and eligible entities to expedite funding of eligible projects.
5. Increase the pace at which available funds are loaned by marketing to existing and potential new eligible entities by expanding the overall funds usage. Potential new entities may include lending to non-profit organizations for water quality type of projects, and to homeowners through a link-deposit program for on-site septic system improvements.

Short Term

1. Provide low interest loans of $37.3 million dollars to communities for eligible wastewater treatment or nonpoint source pollution projects.
2. Complete the Capitalization Grant Agreement with the U.S. Environmental Protection Agency for Alaska's FFY08 Title VI allocation.
3. Seek EPA's acceptance on meeting Title II equivalency compliance requirements on all projects. However, all nonpoint source (319) projects in this IUP will be non-equivalent in meeting Title II requirements and only be required to meet minimal cross-cutter requirements.
4. Develop a web based tracking system for handling project questionnaires, applications, and project management functions.
5. Due to interim request from communities to add new projects to the IUP, DEC will now, on a regular mid-year basis, amend the IUP to accommodate communities needs to add projects to the IUP.
6. Seek legislative authorization to begin utilization of the ACWF administrative fee account to maintain the level of support necesary to adminster the responsibilities of the ACWF program.

Landscape Suitability Map

Best Stewardship Practices
Development Certification for
Incentives



David Scheer, MArch
Allegra Bukojemsky, RLA, ASLA, LEED AP
Homer Soil and Water Conservation District

Landscape Suitability Map

Best Stewardship Practices Development Certification for Incentives

August 2008

David Scheer, MArch
Allegra Bukojemsky, RLA, ASLA, LEED AP
Homer Soil and Water Conservation District

This Project was made possible by support from:
The US Environmental Protection Agency
The US Fish and Wildlife Service
The National Park Service Rivers, Trails and Conservation Assistanceship
City of Homer, Alaska

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Introduction

The Homer Soil & Water Conservation District, in partnership with DnA Design, and with funding and support from the US EPA and US Fish and Wildlife Service and The National Park Service Rivers Trails and Conservation Assistantship, has created the **Homer Suitability Map** to help guide future development in Homer to enhance public and private benefits. The **Landscape Suitability Map** identifies lands within the City that may provide "*Green Infrastructure*" (GI) functions such as slope stabilization, stormwater management, habitat and recreation, and landscape connectivity, if developed in a way that minimizes impacts to these valuable functions. The accompanying **Development Suitability Map** identifies lands most suitable for development in areas of moderate slopes, valuable amenities and good infrastructure.

Suitability for development was determined based on physical features affecting construction costs (such as drainage, topography, soil type) and landscape amenities affecting property values (such as views and proximity to infrastructure, trails and parklands). Importance for providing green infrastructure was identified based on both physical and cultural features, including hydrologic functions, wildlife uses, trail connectivity, and aesthetic qualities. Mapping the overlap of these two categories (suitability for development, importance as green infrastructure) provides a planning tool that can help inform site design strategies to improve both economic and ecological value during development of mapped properties.

For lands identified as *both* highly developable *and* important as green infrastructure, we've identified **best stewardship practices** that can be used during development to protect valuable natural functions and maintain the connectivity of larger landscape systems across property boundaries. To encourage development projects of any scale to integrate these best stewardship practices where appropriate, we are proposing a number of **incentives**, which include expedited permitting, low interest rate loans, tax benefits and land trades.

Incentives will be available through the **Developer Certification Program** for projects that follow the requirements of the Developer Certification for Incentives. These handbooks guide participants in using the Landscape Suitability Map to select stewardship practices most applicable for their projects. The expectation is that developers wanting to take advantage of incentives must first be certified through this program. The following document and the zone handbooks describe the practices and methods that should be used to become eligible for financial and procedural incentives to support your development project.

The primary purpose of the maps is to inform and encourage consideration of functional land features that extend beyond the boundaries of a single ownership parcel. For this reason, eligible projects include any development proposed on parcels with mapped GI features. Parcels in areas identified as highly suitable for development, but with no notable green infrastructure functions, will not be eligible for incentives. However, incentives may be requested if 'like-kind' trades are done, and land is set aside outside the project area, and within the same greater watershed, in either a conservation easement or with a deed restriction. Community projects may also be

supported through the incentive program for the designation of a trail, park, greenway, or other open space zone that crosses multiple property boundaries.

YOUR COMMENTS AND SUGGESTIONS – This project is a work in progress and we welcome your thoughts about the Homer Landscape Suitability Map, best stewardship practices, incentives, and the Developers Certification Program. Your input is needed to make sure this project will be relevant and useful to citizens, land managers, and developers of Homer. Feel free to share this information with your friends and neighbors. For your convenience we have included a feedback form in this booklet.

Please provide comments to:

Tara Schmidt, District Manager
Homer Soil and Water
Conservation Service
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Eligibility Guidelines

General Instructions

To become eligible for incentives, any project with one or more Green Infrastructure features anywhere on the property, according to the Landscape Suitability Zone Maps and on-site demarcation, are required to follow the guidelines in the All Sites section below, and in each of the *Zone* applicable to the property.

Each Zone contains Prerequisite items and Optional Credit items. Eligible projects will be required to fulfill all prerequisites and 4 credits in the **All Sites** section. Eligible projects will also be required to fulfill all prerequisites and the minimum number of credits noted for each zone within the eligible GI zone. This will assure the minimum design standards required to preserve GI function, while allowing the flexibility necessary to meet project design goals. **There is a checklist at the end of the Booklet**.

In many cases, prerequisites and/or credits are similar or complementary in one or more zone types. Therefore if your property contains more than one GI zone, multiple requirements or credits may be satisfied by the same design consideration. In other cases, there may be more prerequisites and/or credits for properties with multiple zone types than for those with fewer zone types present. In any case, all prerequisites and at least 3 credits must be met for each zone type on the property.

Compliance can always be met in one of two ways, either by integrating GI functions into the site plan, or by setting aside areas delineated with GI features in the Zone Maps and on-site demarcation. Techniques for integrating GI functions are described in the Zone Booklets and Low Impact Development supplements available from the incentives manager. This option usually allows more land area to be developed and will often make a development more valuable or less expensive to

develop. Setting aside GI features can be done with a conservation easement or replat with deed restrictions on the GI parcel. The boundaries of any such set-aside should be negotiated with the incentives manager.

As this program is still under development, innovative solutions to meeting the intent of preserving the mapped GI function will always be considered by the incentives manager. Like-kind trades to preserve similar GI functions on property off-site, but within the same general watershed (see map), will also be considered.

Submission Requirements

Step One: Determine the areas of Green Infrastructure that intersect the property.
Using the four 'Zone Maps', locate the property that is proposed for development and note which zones intersect any portion of the parcel. For additional information, each 'Zone Map' has a number of sub-maps that describe land features in more detail, such as slopes, watersheds, wetlands, drainages, viewsheds, trails, etc. These submaps can be used to identify specific valuable features that may be present on your site. Please refer to the Eligibility Guidelines section below.

Step Two: Map or get an on-site delineation of GI land features.
The current maps were created based 'remote sensing' data created from aerial images, radar scanning, or satellite imagery, and from field collected data. The maps are only as accurate as the original information, and are current for the date that the data was collected. For this reason, an on-site delineation of actual GI features should be done to verify mapped features and delineate boundaries more precisely. This can be done by the certifying agency (SWCD), or documented by the owner or developer through a site plan and accompanying photographs. It will sometimes be the case that a property proves to have no eligible GI lands and therefore does not qualify for incentives.

Step Three: Integrate or Preserve.
To certify your development, you may either integrate your development plan with the GI features by following the Development Certification requirements in the handbooks for your GI Zone(s), or you may certify your development by simply setting aside the GI portion of your property entirely. You may do this by placing a conservation easement on the portions of the property delineated with GI Zones, or you may subdivide the property and place a deed restriction on the GI parcel (this simply requires that any development on that

parcel must follow the certification requirements in the appropriate GI Zone Handbook, and does not otherwise restrict future development).

Step Four: Prepare a certified development plan.
After determining which GI Zones the property contains and what specific landscape features to preserve and protect, complete the appropriate 'GI Zone' checklist and required submissions described below and in the appropriate GI handbooks. All checklist items will specify what to consider in the development plan and the documentation to submit to meet the requirement. In some cases submittals will include lists or letters, but in most cases there will be something that you should consider when laying out your site development plan. See below for more information on how to use the checklists and the required and optional points.

To standardize the submissions, four site plans or maps are required for project eligibility. In many cases these are plans and maps that are already required for development submittals such as Homer zoning permit applications, or Army Corps permits, etc. Other site information can be found in one of the Landscape Suitability submaps. It is not necessary to create separate plans for GI certification if the information requested is clearly identified in other plan pages prepared for other submissions.

All projects must submit at minimum the 4 plans described below. Additional information may be requested based on the points that are selected to qualify the project. The plans should clearly show all actions taken to preserve the landscape functions as determined by the Suitability map and selected credits.

Site Analysis Plan

This map should show existing pre-development land characteristics, including:

- Existing structures and roads/driveways
- Soil types from NRCS, Suitability Map or Geotech report
- Slopes on site, including tops of slopes, toes of slopes, high points and low points, or other notable slope break-lines.
- Drainage channels and directions.
- Drainage features, including ditches, creeks, swales, wetlands, etc, either wet or dry.
- Vegetation communities such as spruce forest, birch forest, mixed forest, willow or alder scrub, open grassland, low shrubs and mosses. These can be depicted in general areas or clumps according to types depicted on the Suitability Map vegetation map.
- Existing trees or areas of trees over 6 inches in diameter. Map all trees on the property line or immediately adjacent to property line on the neighboring property.
- Map any existing trails on site or connecting along any property line.

For more information, please refer to the Draft Pre-design Site Assessment Checklist in the Sustainable Sites Initiative Standards & Guidelines: Preliminary Report.

Most of the necessary information and guidance will also be available from the City of Homer Planning & Zoning office or the Homer Soil & Water Conservation District office, including aerial photographs and other maps referred to in this booklet.

Site Context Map

This map will show how your property fits into the surrounding context. It should include an area at least as large as the extent of the watersheds that intersect the property shown on the Small Watersheds Suitability Map. Most of this information can be generated directly from Suitability Map submaps by the certification manager or online.

This map should include:

- General drainage patterns in the surrounding area. Make note what areas drain to your site, and where any runoff from your site drains to.
- General vegetation types such as forest, meadow, cultivated/mown lands. This can most often be derived directly from the Suitability Map Vegetation Map.
- Trails in the surrounding area. Mark the trail with any known destination points outside the map area.
- Roads within the mapped area, with surface type and general width.

Development Site Plan.

This plan can be used for the City of Homer Zoning Permit, Drainage Plan and for part of the submittals that may be required by the Army Corps of Engineers and others.. This plan should be created in consideration of the guidelines in the GI Zone booklets.

This plan should show the proposed development, including:

- Location of utilities (trenches and drains)
- Driveways
- Buildings
- Proposed garden/mowed areas
- Areas of cut and fill, with quantities or depths from native ground.
- Drainage plan (direction of drainage, swales, ditches after development)
- Trails
- Any key connections to GI features beyond your property line

- Any other key element determined by credits being pursued

Construction Plan

This plan is intended to prevent disturbance of more area than is necessary for site development and construction. It will include demolition/clearing and staging plan as well as erosion control measures. This should be prepared by or with your contractor, or should be part of your bid package when hiring a contractor. This plan can also be used for the City of Homer Storm Water Plan submission and/or a required EPA SWPPP.

This should include:

- Structures to be removed
- Trees to be removed and trees to be preserved
- Protective fencing or staking delineating vegetation or other sensitive areas not to be disturbed.
- Silt fencing or other construction erosion control measures
- Staging area. This is where construction equipment and delivered materials will be stored on site (this is where you will stack lumber, gravel, soil, piping, sheetrock, etc.)
- Extent of grading
- Areas to be re-vegetated for erosion control.
- Any other post-construction erosion control measures such as straw blankets or wattles.

All Sites

4 credits required

Prerequisites

A - P1	Do not plant any invasive plant species
Prerequisite	

Get a list of local invasive species and species of concern from the Homer Soil and Water Conservation District. Ensure none of these plants or their seeds are included in any planting or seed mix – including erosion control seeding.

Submission: A list of plants and seeding mixes to be used and their source.

A – P2	Meet all construction erosion control requirements in the City of Homer Standards for a Development Activity Plan (DAP) for any size development, and meet EPA requirements applicable to the site
Prerequisite	

Construction activities can create increased stormwater runoff. The bare and disturbed soils are likely to be eroded, negatively impacting local drainages, wetlands and water bodies. All erosion control such as silt fencing, straw wattles, and temporary impoundment areas must be in place before any grading or trenching occurs. If the site is cleared of vegetation, the erosion control must be in place immediately after clearing. Construction erosion control must be inspected at least monthly and after significant storm events to ensure it is still in place and working properly. Inspections can be the responsibility of the contractor, owner or anyone else familiar with the control measures.

If grading more than an acre a Notice of Intent is required to be filed with the EPA. The EPA also requires the preparation of a Storm Water Pollution Prevention Plan (SWPPP) for project of this size to protect the area during construction activities. (Note: The City of Homer also requires a post-construction Storm Water Plan (SWP) for projects of a certain size. This requirement applies to post-construction, and is not intended to control construction activities like the DAP or SWPPP.)

After the site is graded, erosion control seeding should be planted immediately, and/or erosion blankets should be placed on bare slopes according to manufacturers specifications. If the site is being constructed in phases it is important to stage erosion control accordingly and install temporary measures when slopes are to be undisturbed for more than a month.

Submission: A construction plan that includes construction storm water and erosion control measures. Specification or installation details of erosion control measures such as straw wattle, erosion control fencing, etc. The seed mix and source of any erosion control mix. A copy of the DAP and/or SWPPP. The city inspector must be notified when erosion control is in place and either before or on the first day of construction; advanced notice is preferable if a staging date is set.

Resources:

City of Homer Zoning Code – DAP, SWP
Environmental Protection Agency - SWPPP

A – P3	**Meet all requirements for long term stormwater control and mitigation as specified by the City of Homer SWP and the EPA**
Prerequisite	

This requirement is simply a restatement of City of Homer Zoning Code and EPA regulations and applies only to projects of the type described by the applicable section of HCC and/or EPA regulations. Please refer to the Homer Stormwater Manual for more information on integrated stormwater management and runoff calculation techniques.

Submission: a copy of the project Storm Water Plan (development plan with permanent post-construction stormwater management features clearly demarcated) and appropriate sections or details of stormwater management elements along with calculations of pre- and post-runoff volumes.

A – P4	**Do not grade (cut or fill) within drip line of trees on neighboring properties, trees within one foot of property line or trees to be preserved (except for internal boundaries that are part of a multi-parcel development plan).**
Prerequisite	

Any trees on the property line or immediately adjacent to the property line will have roots that cross into your property. It is important not to disturb the root zone of these trees, and can be a violation of City Code by negatively affecting the neighboring lot. The area under the extent of the tree branches or canopy (the drip line) is usually considered a good approximation of the extent of primary root systems and should not be disturbed. Disturbance includes fill. Plan a naturalistic grade to these areas to avoid significantly disturbing subsurface hydrology. If any retaining walls are planned near preserved trees or the property line, carefully consult with the contractor and engineer to ensure the required excavation does not disturb or soil on property line or neighbors' property. Most of all, talk to your neighbors and maybe even create a multi-parcel development plan that may work better with existing natural boundaries.

Submission: Construction plan showing extent of grading. If construction is planned close to protected areas and/or driplines, show protective fencing to be installed. If trees are on property line or adjacent property, clearly mark them on the site inventory plan, construction plan and development plan. Photos may also be included.

A – P5	Do not cut or fill right up to the property line
Prerequisite	

Stormwater runoff, soil settling, and potential erosion or slope failure can occur on both cut and fill slopes. For this reason all grading should stop at least 5 feet from the property line, or a distance such that slopes will be less than 1 in 3, to allow for natural processes and stormwater management that will not impact neighboring properties. Avoiding negative impacts to neighboring properties will avoid future conflicts, and is also a requirement of City code.

Submission: Construction plan showing extent of grading and protective fencing if planned. Clearly show any applicable slopes and the direction of drainage at property boundaries.

Credits

4 credits required

A – 1	**Scrape and stockpile topsoil and/or vegetation mat for reuse on site or off site.**
1 CREDIT	

Topsoil is the top layer of soil that contains organic material. Topsoil is critical for establishment of plants and vegetation as sub-soils are usually poorly draining and have no organic matter. Topsoil takes decades to be formed in Alaska and is often a very thin layer. Therefore, the topsoil and surface vegetation on your site should be considered a valuable amenity. Try to avoid mixing topsoil and subsoil when excavating areas. Take a light pass first with a dozer, scraper or excavator and put aside this soil for future use before excavating to the desired depth. This will improve your plant establishment and erosion control and reduce your cut volume, and will save significant costs for fill and/or final landscaping. Do not stockpile soils in wetlands, drainage paths, or under trees.

Exception: if your site has existing areas of invasive species do not preserve and re-use this soil as topsoil. When possible, surface soils with invasive species and seed stock should be placed at the bottom of any fill areas.

Submission: Construction plan that includes a note requiring the stockpile of topsoil and a demarcation of areas to be scraped and where it should be stored on site. Your contractor will likely help you develop this plan. Provide a copy to excavation contractor.

A - 2	Protect areas not being developed with fencing, flagging or other means to prevent vehicle and equipment traffic on soils to prevent compaction
1 CREDIT	

Soil structure is delicate. Topsoil is a carefully balanced structure of organic material, air and water pore space, microscopic roots, invertebrates, fungi and bacteria. Vehicular traffic, heavy foot traffic, materials storage, etc. can compact soils changing the structure especially the availability of air and water, and the ability of plant roots and other organisms to penetrate the soil. Therefore, areas of the property where existing vegetation is to be preserved, wetlands or drainage ways, or areas where you may want to plant after construction should be protected to preserve the health and function of the soil. This is especially important where there is vegetation and large trees on the property line or on neighboring properties that may be affected by construction activities on your site.

Do not stockpile materials such as lumber, piping, excavated soils, etc in these areas. For smaller sites with few contractors this may be as simple as a construction site plan with protection areas outlined and a quick overview of the site with the contractor at the beginning of site prep. For larger sites and sites that may have multiple contractors, protective fencing, staking or other measures may be required.

Submission: Construction plan with areas to be protected clearly demarcated. On plan or in additional documentation include method for

protection such as fencing or staking, and any additional measures proposed such as contractor orientation or proposed supplemental information.

A - 3	**Transplant at least 50% of sizeable [see below] shrubs, trees and other plants such as ferns on site for replanting on site.**
1 CREDIT	

Germination and growth of desirable species such as ferns, spruce, elderberry and willow is slow in the Homer environment. Many of these species, such as spruce, elderberry and willow can easily be transplanted and even stored for some time. These plants can be used to revegetate for erosion control post grading/construction and either used for informal or formal garden design, reducing landscaping costs and recovery time. Even alders are great screening plants, are fast-growing and are very important in soil building, wildlife habitat, and for erosion control. Existing plants will establish in new location on site quickly since they are used to the soils and climate, and they are free. Have your contractor excavate plants and either transplant them immediately, or store them in an easily reached location on site where they can be watered or cared for until re-planting. Flag them prior to site construction and/or work closely with your contractor to choose and transplant specimens.

Submission: Construction plan marked with vegetation to be transplanted and temporary nursery area identified if needed. Flag specimens if needed. Photos of vegetation areas may also be included but are not required.

Note: *'Sizeable' has different meanings on different sites. In this case it means plants and plant*

communities that are established, but still small enough to transplant. The goal is to preserve native vegetation near where it has naturally established. Work with your certification reviewer or make a reasonable case for your plan.

A - 4	**Mulch or leave as 'nurse' logs, 80% of cleared trees and vegetation on site. Use for erosion control, soil amendment, etc.**
1 CREDIT	

Trees and shrubs felled on site are a good source of organic material to use for soil building and erosion control. Top soil is built by decomposing plant material, and this material can help slow and retain rainwater and speed recovery of topsoil on site and in place. After felling trees and stripping logs, and/or clearing brush such as alders, chip or shred branches, leaves and roots on site. You may want to stockpile the shredded material for use after construction. In areas being cleared but not being constructed on leave root-wads in place for soil stability and natural decomposition.

Submission: Construction plan marked with areas where mulch will be spread. After construction, a signed letter or invoice from the contractor or equipment rentalcompany verifying that material was mulched.

A - 5	**Collect and retain stormwater from roofs on site with a domestic collection system, downspout sump, and/or install green roof.**
1 CREDIT	

Roofs are a significant contributor to a site's impervious cover and therefore to increasing stormwater runoff, especially when concentrated into gutters and downspouts. Install a cistern to collect roof runoff for non-potable or potable use in the house or garden, install a downspout sump or a green roof. When using runoff for indoor use ensure it is properly filtered or treated to ensure it meets health standards.

A green roof or eco-roof significantly captures and reduces roof runoff on low pitched or flat roofs. This can have significant runoff reductions on projects with a high percentage of building coverage. In addition it can increase the insulation value of the roof, prolong the roofs lifespan, and create habitat. There are many commercially available green roof systems for easy and reliable installation, and they have been proven to function well in cold climates with either native grasses, mosses, or sedums.

Submission: Designate on development plan any green roofs, and/or locations of roof downspouts and cistern location(s). Cisterns should be sized to hold roof runoff for at least a 10-year, 2 hour storm event (see Homer Stormwater Manual).

A - 6	**Post construction stormwater runoff volume not to exceed pre-development conditions for an undisturbed site. Post construction runoff to be 25% less than pre-development conditions on a previously disturbed or developed site.**
1 CREDIT	

Manage all runoff from impervious areas and areas of increased runoff on site so that calculated runoff volume post construction is equal to or less than pre-disturbance runoff volume. Increased stormwater runoff volume degrades drainage ditches, creeks and receiving waters (lake, wetland, bay) quality. In addition increased runoff from developed areas usually has increased levels of pollutants and sediment. And, increased runoff increases the frequency and level of local flooding. Mitigating increased runoff on site can be done with rain gardens, filter strips, swales and basins. Technical specifications are available in the Homer Stormwater Manual, and passive site development techniques (sometimes referred to as LID – Low Impact Development techniques or BMP- Best Management Practices) may be enough to fulfill this credit without needing formal structural measures.

Submission: Calculations showing pre and post development runoff quantities and net change. Development Site Plan should clearly demarcate stormwater management areas and volumes. Cross-sections of stormwater management elements such as rain gardens and basins must accompany plan.

A - 7	**Use over 90% native plants (by cover) in landscape design.**
1 CREDIT	

Native plants are well adapted to the weather and soil in Homer, and they are important for habitat and stormwater management. There are many attractive native plants such as ferns, crooked stem, elderberry, willows, birch, dogwood, rose, cranberry, blueberry that can be planted in more formal arrangements and gardens. The % cover area excludes areas used for vegetable gardens or fruit trees as part of the planting area.

Submission: Development Plan and/or planting plan that shows and calls out planted species, noting areas of native and non-native plantings.

A - 8	Innovation Credit
1 CREDIT	

This credit is to recognize development or design that went above and beyond the requirements of the Suitability Map Developer Guidelines requirements to accomplish the goals of the guidelines. This extra point cannot be used to substitute for any prerequisites within the specific GI Zone areas of compliance.

This credit can be applied for once for each GI Zone if the innovation can be shown to accomplish the stated intentions for that particular zone type.

Submission: In writing describe the additional measures proposed and how they will be undertaken, and how this protects the site ecology or specific landscape feature on or off site.

A - 9	Agency personnel or specialist consultant
1 CREDIT	

There are many specialists available for reference or to use as a professional consultant for a project. If you hire a consultant or get a consultation from a specialist for assistance in designing your site beyond what is required by code or law, you can receive this credit point. Specialists can include Landscape Architects familiar with native plants and habitat restoration, trail design specialists trained in Sustainable Trail Construction through Alaska Trails or other National organization, natural resource conservation personnel, biologists and ecologists, and other 'ists' who can consult on specific environmental conditions being considered on the site.

This credit can be applied for once for each GI Zone.

Submission: Documentation or report created by the consultant for the project, or a signed letter explaining the consultants' assistance that includes contact information for the consultant.

A - 10	Plat, subdivide or replat along ecological boundaries
1 CREDIT	

The original property divisions across the country were located on a grid pattern that did not refer to local conditions of topography, hydrology or vegetation. This has often created pitfalls for developers and property owners, making a property less developable due to disconnected areas of suitable land, causes inappropriate filling of drainages, leftover slivers of land where a road must follow natural contours, etc.

As property boundaries are modified, this credit encourages owners to locate new property lines, or modify existing ones, to fall on natural boundaries. In this way, drainage setbacks, for example, can be made to correspond to required building setbacks from property lines, buffers along property lines can create both privacy and habitat connectivity, and etc.

Any platting action that locates or relocates a property line to better accommodate an identifiable natural or ecological boundary qualifies for this credit.

Submission: Recorded plat showing new property boundary. Site Analysis Map identifying and supporting the existence of the relevant natural boundary.

Slopes and Soils

3 credits required

Prerequisites

S – P1	Create/obtain a slope map of your property
Prerequisite	

Knowing where the slope is, and how it changes is important for you, your designer and contractor(s). At minimum create a plan that calls out slope percent(s) and direction(s) and shows general slope breaks: top of slope, bottom of slope, high points, low points, other transitions in slope. For more involved and sloped sites you may want/need a topographic survey to truly understand the slope variances to design your driveways, foundations, utility connections, etc.

Note that there may be data available on your slope topography through published or historical maps. The City of Homer can provide fairly accurate 5 foot contours from a 2004 LiDAR survey, and the Suitability Map Slope submap is a good starting point, but slopes should be verified through an on site survey (formal or informal, as needed).

Average slopes across intervals of at least 10 feet are appropriate to neglect small variations in topography. Slope percent classes should be identified as : 0 to 4, 4 to 8, 8 to 15, 15 to 20, 20 to 30, 30 to 40, 40 and more.

Submission: Slope plan or topographic plan with slope percents labeled.

S – P2	Determine soil type(s) on the site
Prerequisite	

Determine what soils are on your site by looking at the NRCS soils map, available online or in the Suitability Map Soils submap. Also look at the associated soils descriptions as they pertain to suitability for roads, driveways, foundations and septic leech fields. Note if there are any slope related concerns, as soil stability and suitability at a particular slope will vary greatly between soil types. Also note the 'drainage class' of your soil, which will help identify approaches to handling site hydrology.

A soils map will help you understand the potential construction concerns and costs associated with construction in the given soil type, and may help guide site layout and location of structures. Infiltration descriptions of the different soil types on your site can determine what stormwater management options are viable and where. It is a good idea to dig a test hole to confirm the soil type and depth of margins on site. Look at and record the depth of the different soil horizons with your contactor and/or engineer. This is a common service most contractors provide prior to any excavation work. If you are installing septic, request this information from the engineer who performs your required soil testing.

Submission: Soils map of project site and/or print out of description of site soil types and construction suitability.

S – P3	Limit disturbance of steep slopes
Prerequisite	

Soil structure and associated vegetation cover on and around stable steeper slopes is developed over time. This balance may be very close to the maximum stable slope possible, and any disturbance can cause local and/or regional instability or collapse. The areas mapped in this GI zone have been identified as sensitive for these reasons.

Do not disturb slopes over 40%, limit disturbance of slopes over 30% to 5% of their area in plan, and limit disturbance of slopes over 20% to less than 15% of their area in plan. Alternatively, create engineered retaining walls, gabian stacks or foundation walls to create a buildable area while maintaining native surface contours above or below the retaining walls, OR provide certification from a licensed engineer that any proposed slope's Factor of Safety will be at least 1.5.

Isolated relief, or areas of steep slopes less than 400 square feet are exempt from this prerequisite.

Submission: Slope plan or topographic plan with slope percents labeled, areas of disturbance noted and retaining walls identified. Provide engineering certification if retaining walls over 3 feet high are to be constructed.

S – P4	Setback all structures a distance equivalent to at least the 50-year erosion rate on shoreline lots, according to the 2003 shoreline erosion study, and 40 feet from escarpments and areas of active erosion
Prerequisite	

Shoreline erosion is a natural process in Homer, and historical aerial data has recently allowed the erosion rates to be accurately measured. Controlling bluff erosion is a costly endeavor, and inappropriate private development can lead to public cost. Setting back structures a reasonable distance is the best way to protect them from loss.

Use the Suitability Map Shoreline Erosion map or City of Homer data to identify the 30-year erosion line, and plan all structures to be built behind this line. Structures on skids that are design to be moved are exempt from this prerequisite. In non-coastal areas, identify a 40-foot setback from all areas of active erosion and 'escarpment' soil types from the NRCS soils map or Suitability Map Soils submap.

Submission: Development plan showing all structures and the 30-year erosion boundary and/or 40-foot setback.

Credits

3 credits required

S - 1	Limit grading to construction areas per buffer table
1 CREDIT	

Soil structure and associated vegetation cover is established over many decades. The balance of compaction and air and water space creates a relatively stable structure on suitable construction sites. Disturbance of this structure can cause changes in surface and subsurface water flows, ultimately limiting future vegetation growth, and possibly compromising stability of sloped areas. By limiting the amount of soil disturbed to the immediate area needed for construction and trench creation one insures a limited change in overall site soil structure.

Buffer Table:
To obtain this credit, limit all site grading to within:
40 feet from building perimeter
15 feet beyond roadway edge/curbs
10 feet beyond utility trenches and parking surfaces

Submission: Construction plan clearly showing the extent of grading and any protective fencing or staking planned. Provide annotated plan to contractor.

S - 2	Balance cut and fill on site.
1 CREDIT	

Keep all soils on site to eliminate the import or export of soils to and from the site. Try to minimize unnecessary disturbance of the site with fill outside the constructed areas, and scrape and replace topsoil and as much native vegetation as possible on any filled areas. Balancing cut and fill will encourage minimizing excavation in the first place, reduce costs and will also avoid contributing to inappropriate disposal of fill soils elsewhere in the City.

Note that this credit will not be possible in many cases. Often it is the most appropriate and cost effective to balance cut and fill, but the emphasis of any development plan should be to minimize disturbance of native conditions in sensitive areas. Other credits are available for these situations.

Submission: Grading plan and calculations showing area and depth excavated or filled and total cubic yards (this includes building and road foundations and utility trenches). Show areas of fill with calculations matching the amount of cut, a compaction variable may be included. Show total areas of disturbance and areas of buildings, driveways and roads.

S - 3	**Maintain native contours within 5 vertical feet (10 vertical feet for roads), and do not create slopes more than 1 in 4 except for retaining walls**
1 CREDIT	

Create a development plan that modifies native contours by no more than 5 vertical feet (10 vertical feet for roads) except for areas with an engineered retaining wall or foundation. Create no slopes over 1 in 4.

Submission: Grading plan, pre-construction and proposed post-construction contours showing all areas modified, annotated with slopes and depths of excavation and fill.

S - 4	Create naturalistic slopes
1 CREDIT	

Do not create geometric steep slope of 3:1 for more than a 3 foot rise. When grading the site and creating cut and fill slopes do not create geometric steep slope with harsh transitions to natural slopes. The geometric slope and abrupt transitions create areas prone to erosion, failure, and can be an eyesore. Consider varying slope profile and steepness, always reduce slope and create slow transition between top and bottom of slope and existing or pad grade. Varying slope will create a naturalistic appearance, slow runoff and limit areas of stormwater erosion. If a slope were to fail, the variability in a naturalistic slope can limit the extent of failure. Keep slope less than 4:1 and where space permits try to vary slope between 8: and 5:1 slope. Plant slopes with a mix of native grasses and shrubs to reduce erosion and stabilize the slope.

Submission: Development plan with contour lines, and or elevation points at top of slope and bottom of slope and on grid or at appropriate slope breaks or changes.

S – 5	Avoid steep slopes
1 CREDIT	

Limit construction to areas of the site with less than 15% slope

Isolated relief, and areas of steep slopes less than 400 square feet are exempt from this prerequisite.

Submission: Development plan with areas of slope over 15% identified. If this information is not provided by a licensed surveyor, slope information will be verified with the City of Homer LiDAR slope map.

S – 6	**Setback all structures a distance equivalent to at least the 100-year erosion rate on shoreline lots, according to the 2003 shoreline erosion study, and 100 feet from escarpments and areas of active erosion**
1 CREDIT	

Shoreline, bluff and cliff erosion is a natural process in Homer, and historical aerial data has recently allowed the erosion rates to be accurately measured. Setting back structures a distance that recognizes a building's lifespan is the best way to protect them from loss.

Use the Suitability Map Shoreline Erosion map or City of Homer data to identify the 100-year erosion line, and plan all inhabitable structures and structures with foundations to be built behind this line. In non-coastal areas, identify a 100-foot setback from all areas of active erosion and 'escarpment' soil types from the NRCS soils map or Suitability Map Soils submap.

Submission: Development plan showing all structures and the 100-year erosion boundary and/or 100 foot setback.

S - 7	Buffer steep slopes
1-3 CREDITS	

Steep slopes are susceptible to destabilization due to changes to the conditions above and below the slopes. Drainage and stormwater management is also more critical on sloping terrain, as higher flow rates carry more energy which leads to higher rates of erosion and scouring than the same flow quantities on shallow slopes. Vegetation and soil structure on and around steep slopes help to control flows and hold slopes together.

To be eligible for this credit, site all buildings and do not disturb areas of slopes or buffer zones around the top or bottom boundaries of slopes according to the following table:

Slope Disturbance Buffer credits:

CREDITS	***30% to 40% slope***	***40% slope and over***
1 CREDIT	none	35 foot vegetated buffer
2 CREDIT	20 foot vegetated buffer	50 foot vegetated buffer
3 CREDIT	40 foot + vegetated buffer	100 foot + vegetated buffer

Note – Areas of isolated relief, or areas of steep slopes less than 400 square feet are exempt from these buffers.

Exemptions and Alternatives: Areas below slopes which are stabilized with an engineered retaining wall, gabian stack or foundation wall, if the remaining slope is fully vegetated or otherwise permanently stabilized.

Submission: Development plan with areas of slope over 30% and over 40% identified. If this information is not provided by a licensed surveyor, slope information will be verified with the City of Homer LiDAR slope map. If retaining structures are used, certification by a licensed engineer and annotation on development plan of locations and heights.

S - 8	Conservation easement or deed restriction on all slopes over 35%
2 CREDITS	

The conservation easement must restrict future construction and clearing on all slopes over 35% on the property, except for possible light impact trails, engineered retaining walls and actions necessary to protect developed property.

Submission: A signed conservation agreement or a letter stating the intent and interest from the agency agreeing to hold the easement. Copy of any platting documents.

S - 9	Innovation Credit
1 CREDITS	

This credit is to recognize development or design that went above and beyond the requirements of the Suitability Map Developer Guidelines for Slopes and Soils to accomplish the goals of the guidelines. This extra point cannot be used to substitute for any prerequisites

Submission: In writing describe the additional measures proposed and how they will be undertaken, and how this protects the site ecology or specific landscape feature on or off site.

Wetlands and Drainages

3 credits required

Prerequisites

W – P1	Map all wetlands, creeks, drainages or other water features on site. Obtain ACOE-approved wetland delineation.
Prerequisite	

During site analysis and inventory carefully map all drainages, seeps, wetlands and other surface water features. Note that not all features will be wet but can be determined by topographic relief, vegetation and/or soils conditions. Your surveyor can help by either performing a full topographic survey and/or doing a rudimentary analysis, or you may use the topographic map available from the City's 2004 LiDAR.

Look carefully at the current wetlands map and obtain a Corps or other professional wetland delineation of the site. Note that wetlands are not always obvious as surface water but can be forested and/or have heavy shrub cover. In addition many sites have changed over the years due to road construction and improvements, as well as neighboring construction resulting in the creation of new wetlands or existing wetlands no longer being wet. The available wetlands maps, on which this zone map was based, are not definitive at all scales and wetlands may be over- or under-mapped in some areas. The Corps has a list of consultants that can assist you with determining if there are wetlands on your site.

Submission: A site Inventory plan/map with all water features, drainages, etc. clearly drawn and annotated. A copy of a wetland determination and/or acceptance letter of determination from the Corps of Engineers.

W – P2	Map general location of creeks, drainages and wetlands within 100' of property (as possible without trespass) noting direction of drainage.
Prerequisite	

Look at suitability map, local wetlands map, and aerials, as well as noting what can be seen from your property or adjacent streets or trails. Inspect neighboring properties if possible with the owners permission.

Submission: Site context map/plan with estimated location of above clearly marked and annotated.

W – P3	**No disturbance or fill in 90% of existing wetlands (see exemptions below), creeks or drainages, OR restore an equivalent area of similar and connected wetland or creek adjacent to filled wetlands. Prevent disturbance due to construction activities near wetlands and creeks.**
Prerequisite	

While wetlands are abundant in Alaska, they are most important in developed and developing areas for water quality, erosions control, stormwater management and habitat. Wetlands outside developed areas do not replace these local functions. Because much of the soil in and around Homer has low permeability, and with a long winter accumulation of snow and resultant snowmelt, wetlands are crucial in slowing, filtering and infiltrating water, reducing flooding, and creating a hospitable growing environment for trees, shrubs and other vegetation. Wetlands are also important for local and migrating wildlife. When impacting any wetlands or creeks you will have to obtain a permit from the Army Corps of Engineers prior to any disturbance.

Some areas of Discharge Slope wetlands and wetlands ranked 1 or 2 in the Landscape Suitability - Wetland submap may be exempt from this requirement at the discretion of the incentive manager.

Boardwalks and piling structures that do not otherwise disturb the ground are not considered

disturbance or fill in wetlands. A construction plan using these methods must be carefully planned to avoid disturbance or compaction by the equipment installing the pilings.

If developing near wetlands the following actions must be taken to limit the impact.

- Keep disturbances at least 10 feet from the outer edge of a wetland. Mark this boundary with staking or flagging prior to any construction or clearing activity.
- Do not divide or bisect a wetland or wetland complex with linear features (utilities, roads, driveways) unless surface conditions will be completely restored or a subsurface connection across the linear disturbance will be installed (see next).
- If a driveway or road traverses a wetland, place at least one peat and gravel filled culvert under the road to connect the two areas. The culvert should have open aggregate gravel subsurface support to reduce heaving. The culvert should be filled with a peat mix and have soil contact on both ends at least half the height of the culvert. This will create connection of saturated soils between the two sides of the driveway. Allow for air space in the culvert to allow for soil expansion during freezing conditions. Do not ditch and create an open culvert.

If you are impacting a stream or major drainage channel these are some of the actions you must take:

- Re-route the stream around the disturbance in a naturalistic manner. The created stream reach should have a natural meander and stream

channel side slope. Have an engineer or Landscape Architect design the stream and calculate appropriate channel size to ensure channel stability and water conveyance to avoid flooding.

- When crossing the stream with a road or driveway cross the channel as close to perpendicular as possible.
- Oversize any culverts. Place a culvert under the road at least 50% larger than the size called for in minimum engineering calculations. Place the bottom of the culvert below the bottom of the creek channel bed and fill the culvert bottom with native soil and gravel to create a seamless soil bed connection. The culvert should be placed on a stable gravel bed to reduce heaving and allow for subsurface flows during freezing temperatures.
- If the elevation drop between the outfall and the creek bed channel bottom is significant between opposite sides of the road, create a pool at the culvert outfall to eliminate scouring and dissipate the energy of water exiting the culvert. Limit the slope of the culvert to keep water velocities low.

Submission: Wetland delineation and construction plan clearly indicating areas of impact, if any. Cross sections of all impacted area showing constructed elements including roads, foundations, etc. Dimensioned sections of any culverts and constructed creek channels or wetlands. Copy of Army Corps of Engineers Permit if wetlands are to be dredged or filled. If pilings or piers are proposed, a Construction plan with staging and equipment areas

clearly delineated. Signed note acknowledging receipt of construction plan by contractor.

Credits

3 credits required

W - 1	No ditches on property
2 CREDITS	

Except were required by City of Homer, such as roadside drainage ditches (these are usually within the City right-of-way), there shall be no ditches on the property. Ditches increase the concentration of water, and depending on grade, the velocity of water. Ditches can also change site hydrology and sub surface water flows. While ditches are often installed to create more developable area on a wet property, it is not appropriate in this GI zone, and other techniques should be used to create a developable site or development should be done on another part of the property.

If surface runoff is a concern around buildings, roads and driveways, a shallow vegetated swale is recommended to divert surface runoff without increasing flow velocities. If concentrated water runoff already exists on the site then the creation of a meandering stream channel is recommended to slow runoff. Careful topography, channel materials, check dams and vegetation must be considered to limit scour and erosion. A creek can be an aesthetic amenity and will be counted toward City landscaping and stormwater requirements.

Submissions: Development plan clearly showing all water conveyance systems. If creeks or swales are planned, show a cross section and a longitudinal

section or spot elevations that specify the slope of the channel bottom.

W - 2	Create and maintain buffers and building setbacks from wetlands, creeks and significant drainages per chart below.
1-3 CREDIT	

The health and continued function of a wetland, creek or drainage is dependent on the adjacent upland area. The uplands and vegetation slow and filter stormwater runoff. The transition zone between upland and wetland is a rich diverse habitat area. Creeks often have a distinct riparian zone including a diversity of trees and shrubs. Therefore built structures, including roads and driveways should be set back from any wetlands and creeks to ensure the runoff from the structure is slowed and filtered. Undisturbed riparian zones and thick tall grasses or mosses are most beneficial. Therefore do not to mow the vegetation in the riparian zone or vegetated buffer. If access is desired consider a boardwalk on helical piers.

Some areas of Discharge Slope wetlands and wetlands ranked 1 or 2 in the Landscape Suitability - Wetland submap may be exempt from this credit at the discretion of the incentive manager.

Buffer Credit Table:

Vegetated Buffers and building setbacks credits:

1 CREDIT	25 foot vegetated buffer
2 CREDIT	50 foot vegetated buffer
3 CREDIT	100 foot + vegetated buffer

Note – Boardwalks on helical piers to gain access to wetlands
or creek edges are exempted from the setback restrictions.

Submission: Wetland delineation and setback line clearly showing building setbacks and buffers. Setback must be staked or flagged on site. Include setback in any required construction plan provided to contractors.

Resources:

On the River, a publication from the Kenai River Center and the Kenai Watershed Forum for guidelines and suggestions for designing around and preserving buffers. While this book is focused on river edge properties, the same principles and concerns hold true for wetlands and creeks.

W - 3	Place a conservation easement around wetlands or creeks including the buffer area and building setback, OR if an ACOE Individual Permit is required, include wetland and creek buffers as part of that permit.
1 CREDIT	

The conservation easement must restrict future construction within the buffer and setback area above, except for possible light impact trails and helical pier boardwalks. The conservation easement must ensure funding for long term maintenance of the wetland, creek and buffer areas.

Submission: A signed conservation agreement or a letter stating the intent and interest from the agency agreeing to hold the easement. Copy of all platting documents. Army Corps of Engineers permit.

W - 4	If a Stormwater Plan is required by the City of Homer, design the site to accommodate required stormwater runoff detention in newly-created wetlands and/or riparian areas integrated with the site stormwater plan.
1 CREDIT	

Wetlands and riparian areas are critical for stormwater management and wildlife habitat, as described above. Particularly when impacts to existing wetlands are unavoidable in a project, stormwater control with a constructed wetland is the best way to offset these impacts as well as create additional habitat benefits. It can be especially valuable to restore and protect degraded systems that are not directly impacted by the development.

This credit is not available if a stormwater plan is not implemented for the project, but can be used if stormwater control measures are used on site for neighboring properties under a joint Stormwater Management Agreement submitted to the City of EPA.

Submission: Development plan with area of created or restored wetlands or riparian areas clearly demarcated. Details, sections, and planting strategies for proposed created or restored areas.

W - 5	Innovation Credit
2 CREDITS	

This credit is to recognize development or design that goes above and beyond the requirements of the Suitability Map Developer Guidelines for Wetlands and Drainages to accomplish the goals of the guidelines. This extra point cannot be used to substitute for any prerequisites

Submission: In writing describe the additional measures proposed and how they will be undertaken, and how this protects the site ecology or specific landscape feature on or off site.

Wildlife Habitat

3 credits required

Wildlife habitat is the most difficult to map and even to identify on site. For this reason, most of the credits below are quite subjective and open to interpretation. Please take the time to read the background information referred to in each credit, to consider the potential of your site for habitat value, and make your best case for how your development plan creates or preserves significant areas of habitat in the ways described. It will be the responsibility of the applicant to make the case for eligibility for each credit. Recommendations from a professional biologist or wildlife specialist will be highly valued in determining eligibility for these credits.

Prerequisites

H – P1	Determine areas of valuable habitat on the site
Prerequisite	

Wildlife need food and water, but also the ability to get to and from food and water and areas for breeding and raising young. There is a great deal of habitat value on most properties in Homer, but much of it exists in edge zones and buffers that can become degraded when developed. Many species prefer to use open or edge areas if they have somewhere to quickly and easily retreat to, meaning that human habitat and animal habitat are not necessarily incompatible.

Look at your site for possible wildlife habitat features. Are there willow thickets that moose might browse, are there alder and elderberry shrubs that birds might feed and nest in? Is there clean accessible water in a creek or wetland? Are there clearly used wildlife trails on your property? Are there known occurrences of wildlife on the property? Ask the neighbors or local wildlife personnel.

Submission: Site inventory plan and context map with vegetation zones mapped and called out. Wildlife trails, and or known key elements or locations. List of species known to occur on the site or in the neighborhood.

Credits

3 credits required

H - 1 **1 CREDIT**	**Preserve and protect areas or characteristics of known habitat value within this on-site delineated GI Zone of the property**

Areas or characteristics to consider include willow scrub, wetlands, ponds and creeks, alder and tree thickets. Preserve these areas and elements with the appropriate buffers. Plan your site to reduce impacts and possible confrontations. Preserving a willow thicket away from the house but in view from a window facilitates safe viewing of moose, a willow thicket right next to your front or back door may result in a hungry moose defending his or her right to eat and preventing you from getting in or out of your house. Tree and scrub thickets next to a meadow or mown areas can increase the habitat value for songbirds and cranes. Look at the larger context map and preserve connections and corridors to habitat beyond your property line. Many habitat areas inadvertently become 'islands' with little or no connections to each other. Preserving access and connections are critical. Look at connection of tree canopies and shrub lines, creeks and wetlands, and preserve these connections through your property. Preserve existing wildlife trails and their natural buffers and cover vegetation.

Submission: Development plan that clearly shows preserved vegetation and elements of habitat value and access and connections to and through your property. List of target species.

H - 2	Limit development impacts
1 CREDIT	

Keep the house compact and outbuildings close by. Large distances between outbuildings, driveway, house and other features essentially disconnects habitat areas, and creates a larger impact footprint. While your house may be small, the addition of all the other spread out elements will result in the same habitat impacts as a large sprawling house.

'Compactness' will be determined on a case-by-case basis for your specific area by the certification manager.

Submission: Development plan that clearly shows the extent of development and locations of outbuildings. Note the square feet of building footprints, driveway and parking, lawn and other constructed landscapes, and lot size. Other supporting evidence may include aerial photos of neighboring lots with comparative areas noted.

Resources:

For more guidance on habitat design and preservation

Kachemak Heritage Land Trust's "Living in Harmony with Moose,"

National Wildlife Federation's Back Yard Habitat program

National Audubon Society

H - 3	Improve and create habitat on your property
1 CREDIT	

Plant and manage vegetation and buffers that have high wildlife value such as alders and wildflowers for bird habitat, spruce, birch, aspen and willow for bird and moose habitat. Preserve clean water available on site in either in a creek, wetland or pond. Always consider escape routes for all animals and humans, to increase use and avoid negative interactions.

Refer to KHLT's "Living with Moose," National Wildlife Federation's Backyard Habitat program, and the Audubon Society for habitat guidelines and certification. Use caution to ensure you are not attracting bears, refer to The Alaska Audubon Society's publication "Living in Harmony with Bears" available online or from AK department of Fish and Game.

Submissions: Development plan that shows areas of created habitat including vegetation planted/transplanted and species, water features, etc.

H - 4	Place a conservation easement on habitat and corridor areas
2 CREDITS	

Protect significant areas of existing or restored habitat and corridor from future impacts by placing a conservation easement on the property. Include a clear management plan to ensure future maintenance and management to keep the habitat healthy and high value.

Submission: A signed conservation agreement or a letter stating the intent and interest from the agency agreeing to hold the easement. Copy of any platting documents.

H - 5	Institute the recommendations of an agency personnel or specialist consultant
1 CREDITS	

There are many local wildlife specialists available for reference or as professional consultants for a project. Instituting the recommendations of a professional consultant or specialist to create or preserve significant habitat and connectivity in your development plan will automatically qualify for this credit. Qualifying for this credit will usually also qualify you for at least one other credit.

Specialists can include professional Wildlife Biologists, researchers, Landscape Architects or local specialists familiar with local species and habitat.

Submission: Documentation or report created by the consultant for the project, or a signed letter explaining the consultants' assistance that includes contact information for the consultant. Development plan signed by the consultant clearly delineating areas of habitat to be preserved or created, with specifications and list of target species.

H - 6	Create or preserve significant areas or characteristics of moose, raptor, Sandhill crane or shorebird habitat
1 CREDITS	

Moose, Sandhill crane, raptors and shorebirds define Homer for visitor and locals alike. An additional credit is available if habitat creation or preservation is focused on these important local species.

Submission: Development plan that shows areas of created habitat including vegetation planted/transplanted and species, water features, etc. List of target species.

H - 7	Create or preserve a connecting corridor or linear habitat element
1-3 CREDITS	

Connectivity is one of the primary focuses of the Suitability Map project, and is often the most difficult large-scale landscape characteristic to preserve in a small-parcel private ownership situation. This credit is designed to encourage the creation and preservation of habitat that is linear in nature and connects across a parcel, potentially becoming part of a much larger and healthier habitat system.

In your development plan and implementation, create a continuous, uninterrupted habitat corridor that extends at least from one property boundary to the opposite boundary, or continuously along 100% of one property line. If a dedicated habitat or open space area (park, conservation easement, deed-restricted parcel or other established area) exists adjacent to the property, the corridor must connect at least at this point. If no such area exists adjacent to the property, provide supporting testimony for why the corridor is located in the planned area.

Corridor credits will include the following:

1 CREDIT	50 foot wide habitat corridor or 25 ft corridor if at least a 25 ft corridor exists along the adjoining property line
2 CREDITS	75 foot wide habitat corridor
3 CREDITS	150 foot + wide habitat corridor

Submission: Development plan that shows areas of created habitat including vegetation planted/transplanted and species, water features, etc. Location and dimensions of any adjoining property habitat areas.

H - 8	Minimize light trespass from building and site
1 CREDIT	

Light pollution has large impacts on wildlife and human environment. Light pollution reduces our ability to enjoy stars and northern lights, as well as general sense of place. Lighting can deter or confuse animals. Lighting design can still provide a well lit, safe environment without creating unnecessary light pollution.

All exterior lighting must be directional, directing light downward. Bollard lighting must be directed at appropriate angles to ensure no direct uplighting. Light fixtures on exterior paths, garages, and other areas where high light levels are needed can use motion detectors adjusted to properly activate when a person or vehicle is in the vicinity. Any accent lights for signs and landscape features should be either downlights, or focus beam angled correctly to shine on the sign and eliminate stray light. Interior lighting should be designed to reduce direct focus out of windows.

Submission: Development plan and electrical plan (if applicable) with exterior lighting types called out. Product description of exterior light fixtures. Section drawings for all exterior accent lights that are not downlights clearly showing the cone of illumination and the target element.

H - 9	Innovation Credit
2 CREDITS	

This credit is to recognize development or design that goes above and beyond the requirements of the Suitability Map Developer Guidelines for Wildlife Habitat to accomplish the goals of the guidelines. This extra point cannot be used to substitute for any prerequisites

Submission: In writing describe the additional measures proposed and how they will be undertaken, and how this protects the site ecology or specific landscape feature on or off site.

Trails and Viewsheds

3 credits required

Prerequisites

T – P1	Map on-site and nearby trails or potential trail corridors
Prerequisite	

Consult with City of Homer Planning staff, Parks and Recreation Staff and other local trail advocates to determine any existing, proposed or historic trails or trail corridors on or near the property. Trails mapped in the Suitability Map - Trails subzone map identify all potential trail corridors, proposed trails from the Homer Non-Motorized Trails and Transportation Plan and reported existing or proposed trails. Note the locations of these corridors and discuss the potential of implanting these corridors on your site or alternatives to maintaining those connections.

Note: House Bill H25, sponsored by Rep Paul Seaton and passed during the 2007 congressional session, may be relevant to property owners concerned about liability arising from public use on private property and easements.

Submission: A site inventory Plan and Context map showing trails clearly marked as existing or historic trail and trail corridors on and near the property.

Credits

3 credits required

T - 1 **2 CREDITS**	**Preserve existing trails on site in current location OR preserve an alternate connection to and through the site to existing trail**

Trails are a valuable resource in Homer, allowing for year round activities, and connection to a larger network, even connecting to downtown in some cases. In most areas with an established and well-maintained trail system, property values adjacent or near trails are 5% to 40% higher than comparable properties without this amenity. Many trails are informal and not mapped or protected; many on private property. Preservation and improvement of these trails and their connection can make Homer and your property more valuable and enjoyable.

Preserving the connection in perpetuity is important, especially if the trail is planned for future construction and connections. This will guarantee the access for future tenants and community members. An easement can also be prepared to ensure funding of or source for maintenance of the trail for the long term.

This credit requires only that trails are formalized in the new development plan, construction and maintenance is not required. Provide a trail easement on an existing trail corridor or on an alternate route that connected from and to the other parts of the trail. Easement width must be at least 10 feet if located across the interior of a

property, or 20 feet is located along a property line (or 10 feet if at least a 10 foot trail easement exists on the adjoining property). Note: a 20 foot easement is required for the corridor to be considered for maintenance to be taken over by the City of Homer.

Submission: Development Site plan and plat that shows preserved and/or created trails and area plan showing connections to greater trail network (existing or proposed). If applicable, a signed conservation agreement or a letter stating the intent and interest from the agency agreeing to hold the easement. Copy of any platting documents. If applicable, a narrative supporting deletion or re-routing of a proposed corridor or existing trail. A signed conservation agreement or a letter stating the intent and interest from the agency agreeing to hold the easement.

T - 2	Improve existing or new trails on site
1 CREDIT	

Formal establishment of a trail with hardening or other improvements is another way to insure the long term access of the trail corridor. This credit requires improvement of a trail, but does not require establishment of a formal trail easement. Trail improvements must be constructed to last a minimum of ten years.

Improve and maintain trail conditions to allow for easy access and way finding; this may include occasional tree/shrub trimming and mowing. Don't forget connections to the trails from roads and sidewalks.

Submission: Development Site plan that shows preserved and/or created trails and connections to greater trail network (existing or proposed). Copy of trail design drawings and construction or materials purchase agreements.

Resources:
Support for trail-building efforts is strong in Homer, and help can be found from such organizations as the Kachemak Nordic Ski Club, City of Homer, Alaska Trails, SNOMADs, and other recreation groups.

T - 3	Improved Trail Construction - Site and construct the trail sustainably
1 CREDIT	

Creating a trail is a great first step, however, the actual design and location of the trail will determine its usability, comfort, and maintenance. The trail must have grades that are easily traversed, and must be sited carefully to limit erosion potential and creation of overly muddy areas, etc. These actions will make the trail useable and easy to maintain. Choose a location for the trail that will clearly differentiate public trail from private residential area; this will increase enjoyment of the trail by visitors and the property owners. Plant trees and shrubs to enforce the boundary and to create visual privacy between buildings and trails. Ensure appropriate visibility on the trail so that users including wildlife avoid conflicts or accidents; create safe escape routes or buffer areas for humans and wildlife. There are a few books in print that have design guidelines for sustainable trail design, but you may want to contact Alaska Trails for their guidance and possible consultation or consultant referral.

Submission: Development plan with trail clearly demarcated and slope of traverse called out. Include trees or shrubs that may create a boundary or buffer. Include details or sections of any improved trail surface, bridges and/or drainage management.

T - 4	Create Trail Destination Improvements
1 CREDIT	

Trails are a great asset for skiing and hiking, but having special locations along a trail can create a sense of destination and reason beyond exercise for using the trail. Consider key areas along the trail, such as a spectacular view spot, a particularly appealing tree or tree grove, a pond or wetland. Create a destination associated with these areas by creating a clearing or amenity just off the trail. Include benches, tables, boardwalk, art and/or signage to highlight the area and invite users.

Submission: Clearly marked area on development plan with note calling out any furnishings or views.

T - 5	**Prepare a legal agreement with organization for the long term maintenance of the trails.**
1 CREDIT	

There are many stewardship groups in Homer such as the Kachemak Nordic Ski Club. These organizations may be interested and able in maintaining your trail(s) if they connect to a larger trail system that is maintained by them. This type of agreement can assure the maintenance and access of your trails by the Homer public.

Submission: A written and signed agreement from an entity or organization willing to take on the maintenance of the trails, or a letter indicating the intent to take on the management of the trails.

T - 6	**Pair trail corridor with wildlife landscape feature or function preservation.**
1 CREDIT	

Many of the site functions and elements that are advocated for protection by the Suitability Map can enhance a trail corridor. If you are preserving an area of wetlands or a creek or greenway, include a trail connection to and/or past the element to also qualify for this credit. However be responsible in protection of buffers and setbacks. Keep the trail on the edge of the preserved area or greenway. Wildlife can thrive on the edges of human use areas, but often prefer 'interior' habitats - habitats that have clear and well defined buffers around them. A trail along an edge will cause limited habitat disturbance and may encourage wildlife to use the preserved area, making the trail a more enjoyable experience if wildlife viewing is desired. Edge trails also create better safety zones and escape routes for human and wildlife reducing possible negative interactions.

Submission: Development map showing protected areas, buffers, and other complementary features, and location of trail(s).

T - 7	Preserve trail viewsheds
1 CREDIT	

The larger areas shown on the GI Trail Zone map indicate areas within the immediate viewshed of significant trails in natural areas. Preserving at least the visual impact of the larger environment around these trails is important for maintaining their desirability.

Preserve significant trees and buffers around buildings within the mapped viewshed of these trails. This credit is not intended to otherwise limit development of these areas, and in fact development is encouraged around trails to take the best advantage of the benefits of the trail system. Buffers, preserving large trees that are visible from a trail in summer or winter, or other innovative techniques can be used to qualify for this credit.

Submission: Construction plan and Development plan showing buffers, trees to be preserved, or other methods intended to preserve the experience of the trail system. Stake or flag buffers and/or trees and provide a copy of the development plan to the contractor.

T - 8	Innovation Credit
1 CREDIT	

This credit is to recognize development or design that goes above and beyond the requirements of the Suitability Map Developer Guidelines for Trails and Viewsheds to accomplish the goals of the guidelines. This extra point cannot be used to substitute for any prerequisites

Submission: In writing describe the additional measures proposed and how they will be undertaken, and how this protects the site ecology or specific landscape feature on or off site.

References

This document was prepared based on local knowledge of the area, and on information available in similar reference materials and certification programs. The following are key references recommended for further guidance.

LEED for New Construction & Major Renovations Version 2.2 (LEED NC) available online at www.usgbc.org/leed

LEED for Neighborhood Development Pilot Version (LEED ND) available online at www.usgbc.org/leed

LEED stands for Leadership in Energy and Environmental Design, and is a rating system created by the US Green Building Council (USGBC) www.usgbc.org or www.chapters.usgbc.org/alaska

The Sustainable Sites Initiative Standards & Guidelines: Preliminary Report. available online at www.sustainablesites.org

Land and Natural Development (LAND) Code: Guidelines for Environmentally Sustainable Land Development. Diana Balmori+ Gaboury Benoit . Wiley, 2007.

On the River: A Guide to Owning and Managing Waterfront Property on the Kenai Peninsula. The Kenai River Center & Kenai Watershed Forum. 2007.

Designing Greenways: Sustainable Landscapes for Nature and People. Paul C. Hellmund + Daniel S. Smith. Island Press, 2006.

Stormwater and Meltwater Mangement and Mitigation: A Guide for Homer, Alaska. City of Homer, Allegra Bukojemsky and David Scheer. 2007. Available from the City of Homer Planning Department.

Living in Harmony with Moose. Derek Stonorov. Kachemak Heritage Land Trust, 1998.

Living in Harmony with Bears. Derek Stonorov. Alaska State Office of the Audubon Society, 2002. Available online at www.audubon.org/chapter/ak/ak/images/LIHWB%202002.pdf

Credit Checklists
All Sites

	A - P1 Prerequisite	Do not plant any invasive plant species
	A – P2 Prerequisite	Meet all construction erosion control requirements in the City of Homer Standards for a Development Activity Plan (DAP) for any size development, and meet EPA requirements applicable to the site
	A – P3 Prerequisite	Meet all requirements for long term stormwater control and mitigation as specified by the City of Homer SWP and the EPA
	A – P5 Prerequisite	Do not cut or fill right up to the property line
	A - 2 1 CREDIT	Protect areas not being developed with fencing, flagging or other means to prevent vehicle and equipment traffic on soils thereby preventing compaction
	A - 3 1 CREDIT	Transplant at least 50% of sizeable shrubs, trees and other plants such as ferns on site for replanting on site.

	A - 4 **1 CREDIT**	Mulch 100% of cleared trees and vegetation on site and use for erosion control.
	A - 5 **1 CREDIT**	Collect and retain stormwater from roofs on site with a domestic collection system, downspout sump, and/or install green roof.
	A - 6 **1 CREDIT**	Post construction stormwater runoff volume not to exceed pre-development conditions for an undisturbed site. Post construction runoff to be 25% less than pre-development conditions on a previously disturbed or developed site.
	A - 7 **1 CREDIT**	Use over 90% native plants (by cover) in landscape design.
	A - 8 **1 CREDIT**	Innovation Credit
	A - 9 **1 CREDIT**	Agency personnel or specialist consultant
	A - 10 **1 CREDIT**	Plat, subdivide or replat along ecological boundaries
	TOTAL	All prerequisites must be met and at least 4 credits obtained

Slopes and Soils

	S – P1 **Prerequisite**	Create/obtain a slope map of your property
	S – P2 **Prerequisite**	Determine soil type(s) on the site
	S – P3 **Prerequisite**	Limit disturbance of steep slopes
	S – P4 **Prerequisite**	Setback all structures a distance equivalent to at least the 30-year erosion rate on shoreline lots, according to the 2003 shoreline erosion study, and 40 feet from escarpments and areas of active erosion
	S - 1 **1 CREDIT**	Limit grading to construction areas per buffer table
	S - 2 **1 CREDIT**	Balance cut and fill on site.
	S - 3 **1 CREDIT**	Maintain native contours within 10 feet vertical, and do not create slopes more than 1 in 4 except for retaining walls
	S - 4	Create naturalistic slopes

	1 CREDIT	
	S – 5	Avoid steep slopes
	1 CREDIT	
	S – 6	Setback all structures a distance equivalent to at least the 100-year erosion rate on shoreline lots, according to the 2003 shoreline erosion study, and 100 feet from escarpments and areas of active erosion
	1 CREDIT	
	S - 7	Buffer steep slopes
	1-3 CREDITS	
	S - 8	Conservation easement or deed restriction on all slopes over 35%
	2 CREDITS	
	S - 9	Innovation Credit
	1 CREDITS	
	TOTAL	All prerequisites must be met and at least 3 credits obtained

Wetlands and Drainages

	W – P1 Prerequisite	Map all wetlands, creeks, drainages or other water features on site. Obtain ACOE-approved wetland delineation.
	W – P2 Prerequisite	Map general location of creeks, drainages and wetlands within 100' of property (as possible without trespass) noting direction of drainage.
	W – P3 Prerequisite	No disturbance or fill in 90% of existing wetlands, creeks or drainages, OR restore an equivalent area of similar and connected wetland or creek adjacent to filled wetlands. Prevent disturbance due to construction activities near wetlands and creeks.
	W - 1 2 CREDITS	No ditches on property
	W - 2 1-3 CREDIT	Create and maintain buffers and building setbacks from wetlands, creeks and significant drainages per chart below.
	W - 3 1 CREDIT	Place a conservation easement around the wetlands or creeks including the buffer area and building setback.

	W - 4 **1 CREDIT**	**Create new wetlands and/or riparian areas integrated with the site stormwater plan that will accommodate required stormwater runoff detention.**
	W - 5 **2 CREDITS**	**Innovation Credit**
	TOTAL	**All prerequisites must be met and at least 3 credits obtained**

Wildlife Habitat

	H – P1 Prerequisite	Determine areas of valuable habitat on the site
	H - 1 1 CREDIT	Preserve and protect areas or characteristics of known habitat value within this on-site delineated GI Zone of the property
	H - 2 1 CREDIT	Limit development impacts
	H - 3 1 CREDIT	Improve and create habitat on your property
	H - 4 2 CREDITS	Place a conservation easement on habitat and corridor areas
	H - 5 1 CREDITS	Institute the recommendations of an agency personnel or specialist consultant
	H - 6 1 CREDITS	Create or preserve significant areas or characteristics of moose, raptor, Sandhill crane or shorebird habitat
	H - 7 1-3 CREDITS	Create or preserve a connecting corridor or linear habitat element

	H - 8	**Minimize light trespass from building and site**
	1 CREDIT	
	H - 9	**Innovation Credit**
	2 CREDITS	
	TOTAL	**All prerequisites must be met and at least 3 credits obtained**

Trails and Viewsheds

	T – P1 **Prerequisite**	Map on-site and nearby trails or potential trail corridors
	T - 1 **1 CREDIT**	Preserve existing trails on site in current location OR preserve an alternate connection to and through the site to existing trail
	T - 2 **1 CREDIT**	Improve existing or new trails on site
	T - 3 **1 CREDIT**	Improved Trail Construction - Site and construct the trail sustainably
	T - 4 **1 CREDIT**	Create Trail Destination Improvements
	T - 5 **1 CREDIT**	Prepare a legal agreement with organization for the long term maintenance of the trails.
	T - 6 **1 CREDIT**	Pair trail corridor with wildlife landscape feature or function preservation.
	T - 7 **1 CREDIT**	Preserve trail viewsheds
	TOTAL	All prerequisites must be met and at least 3 credits obtained

HB 144

<TARGET><BILL>HB 144</BILL><SUBJECT>HB 144</SUBJECT><COMM>HRES27</COMM></TARGET>

CS FOR HOUSE BILL NO. 144(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES GARA, Neuman, Kawasaki, Kerttula, Petersen, Thompson, Johnson, Peggy Wilson, Gardner

A BILL

FOR AN ACT ENTITLED

"An Act requiring the Department of Natural Resources annually to deliver to the legislature and the governor a report on fishing stream access."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 38.04 is amended by adding a new section to article 4 to read:

Sec. 38.04.205. Fishing stream access report. (a) The department, in consultation with the commissioner of fish and game, shall annually, not later than the 10th day of each regular legislative session, provide to the legislature and the governor, and post on the department's Internet website, an electronic report

(1) detailing the department's efforts during the previous year to maintain or enhance access to and along fishing streams;

(2) stating the department's objectives for enhancing and maintaining access to and along fishing streams by the public in the upcoming year.

(b) In this section, "fishing stream" means a stream with an appreciable sport, personal use dip net, commercial, or subsistence fish population.

HOUSE COMMITTEE REPORT

(9)
Date Referred to Committee: February 25, 2011 **FURTHER REFERRALS:**

Date of Committee Action: 4/1/2011

The RESOURCES Committee considered: **HB 144**

HOUSE BILL NO. 144
"An Act requiring the Department of Natural Resources annually to deliver to the legislature and the governor a report on fishing stream access."

HB 144-REPORT ON FISHING STREAM ACCESS

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB 144 (RES)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	***FN#**	**Fiscal**	**Indet.**	**Zero**

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	**FN#**	**Fiscal**	**Indet.**	**Zero**

Signing with recommendations	**Printed Last Name**	**DP**	**DNP**	**NR**	**AM**
Berta Gardner	Gardner	X			
Catherine Muñoz	Muñoz				
Peggy Wilson	WILSON				
	HERRON	X			
	Dick				
	KAWASAKI				
Chair:	FEIGE	X			
Chair: Paul K. Seaton	SEATON	X			

27-LS0220\B.1
Kane
3/29/11

com #1

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 144

Page 1, line 8:

Delete "a report"

Insert ", and post on the department's Internet website, an electronic report"

↑ an electronic report

HOUSE BILL NO. 144 as amend.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE GARA

Introduced: 2/7/11
Referred:

A BILL

FOR AN ACT ENTITLED

"An Act requiring the Department of Natural Resources annually to deliver to the legislature and the governor a report on fishing stream access."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 38.04 is amended by adding a new section to article 4 to read:

Sec. 38.04.205. Fishing stream access report. (a) The department, in consultation with the commissioner of fish and game, shall annually, not later than the 10th day of each regular legislative session, provide to the legislature and the governor a report

(1) detailing the department's efforts during the previous year to maintain or enhance access to and along fishing streams;

(2) stating the department's objectives for enhancing and maintaining access to and along fishing streams by the public in the upcoming year.

(b) In this section, "fishing stream" means a stream with an appreciable sport, personal use dip net, commercial, or subsistence fish population.

ALASKA STATE LEGISLATURE

REPRESENTATIVE LES GARA

HB 144: Sponsor Statement
Protecting Public Fishing Stream Access

Alaska's rivers are a treasured resource for fishermen, boaters, hunters, hikers, and people of all walks of life. We need to protect the public's access to them. House Bill 114 aims to ensure future public access to Alaska's fishing streams by putting in place a mechanism for encouraging the Department of Natural Resources to identify areas of public access that are in jeopardy of loss. The program would be facilitated by the Department of Natural Resources and would be completely voluntary. It would not take land away from citizens who do not want to trade for other public land; rather, it would encourage DNR to look for areas to secure needed public access easements.

There are currently large stretches of private land on streams such as the Anchor River, Deep Creek, Parks Highway Streams, the Salcha River and others throughout the state. Today the public uses these streams, and has access to them. Once they're developed, we will never be able to afford to get them back.

Other states have waited too long to take steps like the ones proposed by this bill. In Montana, for example, fishermen have to pay for public access to some rivers. One hundred eighty miles of the Missouri River have lost public access, and that state now budgets $300,000 per year to buy back parcels of riverbank land.

HB 144 will help ensure that unparalleled recreational opportunities in our vibrant river corridors remain accessible, for our own and for future generations. It provides that the state should take action by providing a plan to the legislature on an annual basis that assess those areas most at risk of loss.

January-May: State Capitol • Juneau, AK 99801-1182 • (907) 465-2647 • Fax (907) 465-3518
June-December: 716 W. 4th Avenue • Anchorage, AK 99501• (907) 269-0106• Fax (907) 269-0109
Representative_Les_Gara@legis.state.ak.us

ALASKA STATE LEGISLATURE

REPRESENTATIVE LES GARA

HB 144: Sectional Analysis
Requiring a DNR Report on Fishing Stream Access

The bill's sections provide as follows:

Section 1. This section requires the commissioner of the Department of Natural Resources to annually provide a report to the legislature and the governor detailing the efforts from the previous year, and objectives for the upcoming year, in maintaining and enhancing public access along fishing streams, where sport, personal use dip net, commercial, or subsistence fishing is conducted.

January-May: State Capitol • Juneau, AK 99801-1182 • (907) 465-2647 • Fax (907) 465-3518
June-December: 716 W. 4th Avenue • Anchorage, AK 99501• (907) 269-0106• Fax (907) 269-0109
Representative_Les_Gara@legis.state.ak.us

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **HB144**
() Publish Date

Identifier (file name) HB144-DFG-SFD-02-17-11
Title Report on Fishing Stream Access
Sponsor Representative Gara
Requester House Special Committee on Fisheries

Dept. Affected ADF&G
Appropriation Sport Fisheries
Allocation Sport Fisheries
OMB Component Number 464

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (please identify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version.

Prepared by Charles O. Swanton, Director
Division Sport Fisheries
Approved by Kevin Brooks, Administrative Services Director
Department of Fish and Game

Phone 907-465-8184
Date/Time 2/17/2011 12:00PM
Date 2/18/2011

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB144

Analysis

The bill requires Department of Natural Resources to consult with the Commissioner of Fish & Game and annually report on fishing stream access. There is no fiscal impact to the Department of Fish & Game, Division of Sport Fisheries.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **HB144**
() Publish Date

Identifier (file name) HB144-DNR-LATD-02-23-11
Title Report On Fishing Stream Access
Sponsor Rep. Gara
Requester House FSH

Dept. Affected Natural Resources
Appropriation Resource Development
Allocation Land Acquisition and Title Defense
OMB Component Number 2459

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (please identify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Part-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Temporary	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version

Prepared by Wyn Menefee, Acting Director
Division Mining, Land & Water
Approved by Daniel S. Sullivan
Department of Natural Resources

Phone 269-8501
Date/Time 2/18/11 1:00 PM
Date 2/18/2011

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB 144
2011 LEGISLATIVE SESSION

Analysis

HB 144 would require the Department of Natural Resources, in consultation with the Department of Fish & Game, to provide an annual report to the legislature detailing the department's efforts during the previous year, and objectives in the upcoming year, to maintain and enhance access to and along fishing streams.

The only additional work would be to compile this information into the annual report. Costs associated with preparing the report and including it in the Division of Mining, Land & Water's annual report to the legislature could be addressed with existing staff and resources.

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

Division of Sport Fish

FRANK MURKOWSKI, GOVERNOR

333 Raspberry Road
Anchorage, AK 99518-1599
PHONE: (907) 267-2326
FAX: (907) 267-2464

Date January 27, 2006

To: Robin Willis

From : Jason Graham

Re: Access for Anchor, Montana, and Salcha Creeks

Anchor River

Accessible: 16723 feet

Non-Accessible: 4542 feet

Montana Creek

Accessible: 29063 feet

Non-Accessible: 17468 feet

Salcha Creek

Accessible: 16181 feet

Non-Accessible: 16134 feet

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

DIVISION OF SPORT FISH

FRANK H. MURKOWSKI, GOVERNOR

333 Raspberry Road
Anchorage, AK 99518-1599
PHONE: (907) 267-2342
FAX: (907) 267-2464

MEMORANDUM

TO: Robin Willis, Tina Cunning

FROM: Joe Giefer
Habitat Biologist

DATE: January 23, 2006

SUBJECT: Montana Creek To-and-Along Easements

Location depicted on map: Montana Creek, USGS Quad TALKEETNA A-1 and TALKEETNA MOUNTAINS A-6, described as secs. 5, 7, and 8, T. 23 N., R.4 W., W.M., and secs. 11, 14, 15, 21, 22, 28, 32, and 33, T. 24 N., R. 4 W., Seward Meridian, Alaska.

The following distances are approximations based on the maps ADF&G has produced, they do not reflect distance's based on Federal, State, or Borough surveys or plats. On the lower reaches of Montana creek, there is approximately 29,063 feet of accessible shoreline and approximately 17,468 feet of non-accessible shoreline.

The private property depicted on the map without To & Along easements are older conveyances from the Federal Government directly to individual private citizens. As far as we know, these parcels are not subject to a To & Along reservation. In an effort to err on the side of caution, if it's not clear that there is access along the shoreline, ADF&G has assumed that there is not and has depicted it as such on our map. It is possible that some areas depicted as not having access do actually in fact have access, and this could be for a variety of reasons that cant be clarified until further research is done, particularly having some time spent on the ground looking at these areas on a site specific basis.

In secs. 11, 14, 15, 21, and 22, of T. 24 N., R. 4 W., both banks of Montana Creek are subject to a To & Along easement. Secs. 28, 32, and 33 of T. 24 N., R. 4 W., are composed of private parcels not subject to a To & Along reservation.

In T. 23 N., R. 4 W., both banks of Montana creek are subject to easements thru a small reach of State owned land in the N/E corner of sec. 5. In the S/W corner of sec. 5, the creek is subject to a To & Along on river-left, thru the extreme N/W corner of sec. 8, and on into sec. 7 where both banks are subject to a easement for a short distance, then again there is only a easement on river-left downriver to where Montana Creek flows into the Susitna River.

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPARTMENT OF FISH AND GAME

DIVISION OF SPORT FISH

333 Raspberry Road
Anchorage, AK 99518-1599
PHONE: (907) 267-2342
FAX: (907) 267-2464

MEMORANDUM

TO: Robin Willis, Tina Cunning

FROM: Joe Giefer
Habitat Biologist

DATE: January 27, 2006

SUBJECT: Salcha River To-and-Along Easements

The location depicted on map is the Salcha River, USGS Quad BIG DELTA B-6, sections 21 and 22, T. 5 S., R.4 E., Fairbanks Meridian, Alaska.

In this particular stretch of the Salcha, the current path of the river is an approximation at best, there is no current aerial photography or surveyed hydrography to use as a reference when comparing the river corridor to the adjacent uplands. The private properties depicted on the map without "To & Along" easements are generally older conveyances from the Federal Government directly to individual private citizens. As far as we know, these parcels are not subject to a "To & Along" reservation. In an effort to err on the side of caution, if it is not clear that there is access along the shoreline, ADF&G has assumed that there is not access and has depicted it as such on our map. It is possible that some areas depicted as not having access do actually have access, and this could be for a variety of reasons that can not be clarified until further research is done, particularly by spending some time on the ground looking at these areas on a site specific basis.

The following distances are approximations based on the maps ADF&G has produced, they do not reflect distances based on Federal, State, or Borough surveys or plats. On the reaches depicted in the maps of the Salcha River, there is approximately 16,181 feet of accessible shoreline and approximately 16,134 feet of non-accessible shoreline. .

In sec. 22, there is a small tract of State owned land on both banks of the Salcha where the Richarson Highway crosses the river. These state owned tracts are subject to easements. There is also a boat launch on these same state owned tracts.

In sec. 21, all the privately held land adjacent to the Salcha is subject to a To & Along easement. The west half of the northwest corner of sec. 21 is state owned land, immediately to the west of this tract is the confluence of the Tanana and the Salcha rivers.

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPARTMENT OF FISH AND GAME

DIVISION OF SPORT FISH

333 Raspberry Road
Anchorage, AK 99518-1599
PHONE: (907) 267-2342
FAX: (907) 267-2464

MEMORANDUM

TO: Robin Willis, Tina Cunning

FROM: Joe Giefer
Habitat Biologist

DATE: January 27, 2006

SUBJECT: Anchor River "To-and-Along" Easements (AS 38.05.127)

The location depicted on map is the Anchor River, from the Sterling Highway downstream to the mouth of the river. This area can be found on USGS quad Seldovia D-5, section 33 of T. 4 S., R. 15 W., and sections 5, 4, 3, 10, 11, of T. 5 S., R. 15 W., Seward Meridian, Alaska

The following distances are approximations based on the maps ADF&G has produced, they do not reflect distances based on Federal, State, or Borough surveys or plats. On the reaches depicted on the map of the Anchor River, there is approximately 16,723 feet of accessible shoreline and approximately 4,542 feet of non-accessible shoreline.

Mapping the Anchor River in this area is particularly problematic given its tendency to move and meander over time as it nears the coast. The river channel we are using as a template is from year 2000 satellite imagery that we digitized and placed over the parcel boundary information. The private properties depicted on the map without "To & Along" easements are generally older conveyances from the Federal Government directly to individual private citizens. As far as we know, these parcels are not subject to a "To & Along" reservation. In an effort to err on the side of caution, if it is not clear that there is access along the shoreline, ADF&G has assumed that there is not access and has depicted it as such on our map. It is possible that some areas depicted as not having access do actually have access, and this could be for a variety of reasons that can not be clarified until further research is done, particularly by spending some time on the ground looking at these areas on a site specific basis.

In section 33, T. 4 S., R.15 W., from the mouth of the river upstream to section 5, T. 5 S., R. 15 W., there is a small peninsula shaped parcel on river-left subject to an easement, however it is not continuous upstream into the adjoining southern section. In this area there appears to be no "To & Along" on a short stretch of uplands on river-left, and approximately the last ½ mile of shoreline of river-right at the mouth. Continuing upstream, where the river flows through state land in sec. 5, T. 5

S., R. 15 W., and continues east across sec. 4 of the same township/range both banks of the Anchor River are subject to an along easement, this is mostly state lands and access is assumed. The remaining area where access appears limited is a short distance from the highway downstream to where the river enters State land.

As you continue upstream where the river enters sections 10, 11, and into 14 of T. 5 S., R. 15 W., which is not depicted on map, uplands on river-right were conveyed from the United States to the Mental Health Trust. Lands on river-left were conveyed to the University and a small parcel has become part of the Mental Health Trust. The University and Mental Health Trust Lands have been inconsistently subject to provisions of Title 38 so shoreline access is unclear along these stretches of river.

3415 Wentworth St.
Anchorage AK 99508

February 19, 2011

Dear Representative Gara:

I support increasing the amount and quality of publicly accessible land for fishing. The area's which are now publicly accessible are often overcrowded which leads to conflict between users, reduces the quality of the experience and results in the degradation of the land. For example, in the mid 1980's the Kenai River when the runs of salmon were heavy was crowded in the area of the old Sportsman Lodge and ferry crossing. However, a short walk either up or down stream would result in far fewer anglers. Now, during the same time periods, the river is often crowded on nearly every available space between the Kenai Lake and Jim's Landing for between June and September. This isn't isolated to this fishery.

If we were systematically to review opportunities to acquire land which has a high value for fishing through a process that insures land owners rights are not violated, it would both improve the access for Alaskans and the quality of their lives. I believe HB 144 would do that.

I have been involved as a volunteer in a number of aspects of resources in Alaska. I served for over 10 years on the Anchorage Fish & Game Advisory Committee, approximately 5 years on the Southcentral Regional Advisory Council for Subsistence, and one term on the Board of Game. During that time access for the average Alaskan was a consistent issue. I am currently a member of the Alaska Fly Fishers and have served numerous terms as an officer of that organization. Again, AFF members have made many contributions to habitat restoration and to enhance our public fisheries. We often hear about the lack of access to fisheries which they can reach within a reasonable distance of their homes.

Based on my experience, the Alaska Department of Fish and Game does a very good job of maintaining and enhancing our fisheries. However with a growing population in Alaska, it becomes critical to do what we can to increase the amount of public lands available. We, as a state, have an obligation under Article 8 of our constitution to make the resources of Alaska available for the maximum use consistent with the public interest. Further the legislature has an obligation to make these resources reserved for to the people for common use.

HB 144, in my opinion, would be consistent with and assist in meeting this obligation.

Sincerely,

Bob Churchill

Representative Les Gara
ATTN: Mindy O'Neall
State Capitol Building, Ste 500
Juneau, AK 99801

SUBJECT: Support for HB144

Dear Representative Gara,

I strongly support passage of HB144. This is legislation that is long overdue and I want to thank you for your efforts over the years to get this important piece of legislation passed.

Public access to our public waters is an important issue that many who use this resource take for granted until lost. I spent many years as a member and chair of a local fish and game advisory committee and attended many Board of Fisheries and Board of Game meetings. During this time access issues come up several times in submitted proposals and public testimony. Lost access was always a very contentious issue and was one that should have been foreseen prior to becoming an issue.

You legislation is sorely needed to help prevent these problems from occurring and I ask the Alaska State Legislature to pass this important legislation, HB144, during this session.

Sincerely,

Willard E Stockwell
PO Box 721
Cooper Landing, AK 99572

WOMEN'S FLYFISHING
PO Box 243963
Anchorage, AK 99524-3963

February 17, 2011

Representative Les Gara
State Capitol 500
Juneau, AK 99801

Dear Representative Gara:

I'm writing you today in support of HB 144, which would direct the Department of Natural Resources to report annually to the legislature on its efforts to maintain or enhance access to and along fishing streams as well as its objectives for enhancing and maintaining access to and along fishing streams by the public in the upcoming year.

As the owner of a licensed fly fishing guide service in Alaska, I believe that the Department of Natural Resources should play an active role in assisting the public to have access, wherever possible, to a wide variety of fishing opportunities. The bill would put in place a mechanism for voluntary land exchanges (or purchases) between the State and private owners along important recreational rivers. This would help us avoid the purchases of such lands for development, thus denying the public's use of them. Other efforts could involve working with riparian land owners to identify sections of bank access that could be utilized by the public either free or through a paid access corridor would certainly be worthwhile to pursue as well. "Enhancing access to fishing streams," might also mean identifying areas where people are trespassing on either public or private land to get access to various waterways, which would also provide valuable information on where the Department should direct efforts in opening or developing fishing opportunities to the public.

I would urge members of the House Fisheries Committee to support HB 144.

Sincerely,

Cecilia "Pudge" Kleinkauf



February 9, 2011

Representative Les Gara
State Capitol
Juneau, AK 99801

Re: HB144

Dear Representative Gara:

The Kenai River Sportfishing Association (KRSA) supports the legislative objective of House Bill 144, an act requiring the Alaska Department of Natural Resources, in conjunction with the Alaska Department of Fish and Game, to annually deliver to the legislature and the governor a report on fishing stream access.

Alaska is home to some of the best sportfishing, personal use and subsistence opportunities in the world. HB144 provides the Legislature with a reporting mechanism to ensure monitoring of public access to important fishing streams in the state. Protecting and enhancing public access to the hunting, fishing and recreational uses along the state's waterways is of primary importance to many people and a wide variety of user groups.

KRSA is a non-profit 501 (c) 3 conservation organization dedicated to ensuring the sustainability of the greatest sportfishing river in the world – the Kenai. Our goals are to conserve and rehabilitate fisheries habitat, promote predictable and meaningful sportfishing opportunity, encourage and foster fisheries research and provide public aquatic education. Over the past fifteen years we have raised and invested over $10 million towards these goals.

We appreciate your efforts and those of your colleagues in regards to HB144.

Respectfully,

Ricky Gease

Ricky Gease
Executive Director

ALASKA FLY FISHERS

Winners of the 1994 McKenzie Cup

February 21, 2011

Representative Les Gara
State Capitol, Room 500
Juneau, AK 99801

Reference: HB 144

Dear Representative Gara:

The Alaska Fly Fishers is a membership organization representing approximately 400 individuals interested in Fly Fishing conservation and education for the state of Alaska.

Alaska Fly Fishers supports enhancing and maintaining access to fishing streams. We support HB 144 as its intent is to enhance and maintain access to fishing streams by having the Department of Natural Resources report annually on their efforts in regards to stream access.

Access to fishing streams is an important part of the sport of fishing. Considering the importance of gathering fish and sport fishing to the residents of Alaska, this bill shines a bright light on enhancing and maintaining the critical component of stream access.

Thank you for your efforts to enhance and maintain access to Alaska's fishing steams.

Best regards,

ALAKSA FLY FISHERS

Mark Huber
President

cc: Alaska Fly Fishers Board of Directors

Representative Les Gara
Alaska House of Representatives
Alaska State Capitol, Room 500
Juneau, Alaska 99811

Representative Gara,

I am writing to support HB 144 - An Act requiring DNR to report on fishing stream access.

The Alaska Outdoor Council is a statewide organization of hunters, fishers, trappers and outdoor enthusiasts. Our membership of 50 member clubs and 10,000 individual members relies on access to public land to pursue their interests.

At statehood it would have been difficult for the average Alaskan to envision that the taking of fish would be limited to streams on less than 25% of the land in Alaska, yet, 50 years later, that's exactly what we're facing. As ANCSA transfers to private ownership are being completed, and restrictions on federal land are increasing, access to state land and waters is becoming critically important. The report to the public, through the legislature, that you are proposing in HB 144 would be beneficial to establish where Alaskans have access to waterways, and, just as importantly, where access is restricted.

We look forward to working with you and DNR to identify which waterbodies Alaskans can access to harvest wild food, and to preserve and enhance that access.

Thank you for introducing HB 144.

Rod Arno
Executive Director
Alaska Outdoor Council
"Protecting your Hunting, Trapping, Fishing and Access Rights"
310 K Street, Suite 200
Anchorage, Alaska 99501
Phone: 907-841-6849 Email:
aoc@alaskaoutdoorcouncil.org

Web site: www.alaskaoutdoorcouncil.org

HB 146

<TARGET><BILL>HB 146</BILL><SUBJECT>HB 146</SUBJECT><COMM>HRES27</COMM></TARGET>

Alaska State Legislature
House of Representatives
Representative Tammie Wilson

Interim
301 Santa Clause Lane
North Pole, AK 99705
(907) 488.0857 - Phone
(907) 488.4271 - Fax

Session
State Capitol
Juneau, AK 99801
Phone - (907) 465.4797
Fax - (907) 465.3884

Rep.Tammie.Wilson@legis.state.ak.us

Sponsor Statement

House Bill 146 –27th Legislature

In 2003, Alaska Railroad Corporation asked Congress to repeal reversionary sections (1208 & 1209) of the Alaska Railroad Transfer Act (ARTA).

HB 146 reinstates the mechanism (per ARTA) for landowners along the Eielson spur to receive ownership of their property after the easement is no longer used.

The affected parties, ARRC and property owner, support this measure.

I appreciate the committee's consideration for this bill and request your support.

HOUSE COMMITTEE REPORT

(9)
Date Referred to Committee: February 9, 2011 **FURTHER REFERRALS: Finance**

Date of Committee Action: 3/28/2011

The RESOURCES Committee considered: **HB 146**

HOUSE BILL NO. 146
"An Act authorizing the transfer of land from the State of Alaska and the Alaska Railroad Corporation to property owners along the Eielson Spur Line; and providing for an effective date."
HB 146-LAND TRANSFER FROM STATE AND ALASKA RR

Recommends it be replaced with [ ] HCS *or* [X] CS for HB 146 (RES)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES** *FN# is assigned by Chief Clerk's Office				
*FN#	List by Dept(s):	Fiscal	Indet.	Zero
	CED			X
	DNR		X	

***PREVIOUS* FISCAL NOTES**				
FN#	List by Dept(s):	Fiscal	Indet.	Zero

Signing with recommendations	**Printed Last Name**	**DP**	**DNP**	**NR**	**AM**
Berta Gardner	Gardner	X			
Lyman Foster	FOSTER	X			
Katherine Munoz	MUÑOZ	✓			
Peggy Wilson	WILSON	✓			
	HERRON	X			
	Dick	✓			
Chair:	FEIGE	X			
Chair: Paul K Seaton	Seaton	X			

CS FOR HOUSE BILL NO. 146(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVE TAMMIE WILSON

A BILL

FOR AN ACT ENTITLED

"An Act authorizing the transfer of land from the State of Alaska and the Alaska Railroad Corporation to property owners along the Eielson Spur Line; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

FINDINGS. The legislature finds that the 2003 repeal by the United States Congress of the reversion language of 45 U.S.C. 1208(c) and 1209 (Alaska Railroad Transfer Act) resulted in future retention by the Alaska Railroad Corporation and the State of Alaska of a railroad right-of-way that abutting landowners along the Alaska Railroad Corporation's Eielson Spur had a reasonable expectation would be conveyed to them if the Alaska Railroad Corporation and the State of Alaska discontinued use of the land within the right-of-way. This legislation is intended to replace the reversionary rights of the abutting landowners that were repealed by the United States Congress in 2003.

*** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

DISPOSITION OF RAILROAD RIGHT-OF-WAY TO PROPERTY OWNERS ALONG THE EIELSON SPUR LINE. (a) If the State of Alaska and the Alaska Railroad Corporation discontinue use of the right-of-way along the Alaska Railroad Corporation's Eielson Spur Line, the interest of the State of Alaska and the Alaska Railroad Corporation in the land shall revert to the abutting landowners. The State of Alaska and the Alaska Railroad Corporation shall be considered to have discontinued use under this subsection when

(1) the governor delivers to the abutting landowners a notice of discontinuance, including a legal description of the property subject to the notice and a quitclaim deed thereto; or

(2) the State of Alaska and the Alaska Railroad Corporation have made no use of the right-of-way for a continuous period of 18 years for transportation, communication, or transmission purposes.

(b) On reversion under (a)(2) of this section, the State of Alaska and the Alaska Railroad Corporation shall, on request, convey by quitclaim deed all of their rights, title, and interest in the reverted right-of-way to the abutting landowners. When land abutting the reverted right-of-way is owned by different persons or entities, the conveyance made under this section shall extend the property of each abutting landowner to the centerline of the right-of-way.

(c) This section constitutes legislative approval under AS 42.40.285(1) for the Alaska Railroad Corporation to convey its entire interest in the land described in (a) of this section.

*** Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).

27-LS0505\M
Kane
2/10/11

CS FOR HOUSE BILL NO. 146( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE TAMMIE WILSON

A BILL

FOR AN ACT ENTITLED

"An Act authorizing the transfer of land from the State of Alaska and the Alaska Railroad Corporation to property owners along the Eielson Spur Line; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

FINDINGS. The legislature finds that the 2003 repeal by the United States Congress of the reversion language of 45 U.S.C. 1208(c) and 1209 (Alaska Railroad Transfer Act) resulted in future retention by the Alaska Railroad Corporation and the State of Alaska of a railroad right-of-way that abutting landowners along the Alaska Railroad Corporation's Eielson Spur had a reasonable expectation would be conveyed to them if the Alaska Railroad Corporation and the State of Alaska discontinued use of the land within the right-of-way. This legislation is intended to replace the reversionary rights of the abutting landowners that were repealed by the United States Congress in 2003.

* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

DISPOSITION OF RAILROAD RIGHT-OF-WAY TO PROPERTY OWNERS ALONG THE EIELSON SPUR LINE. (a) If the State of Alaska and the Alaska Railroad Corporation discontinue use of the right-of-way along the Alaska Railroad Corporation's Eielson Spur Line, the interest of the State of Alaska and the Alaska Railroad Corporation in the land shall revert to the abutting landowners. The State of Alaska and the Alaska Railroad Corporation shall be considered to have discontinued use under this subsection when

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(2) the State of Alaska and the Alaska Railroad Corporation have made no use of the right-of-way for a continuous period of 18 years for transportation, communication, or transmission purposes.

(b) On reversion under (a)(2) of this section, the State of Alaska and the Alaska Railroad Corporation shall, on request, convey by quitclaim deed all of their rights, title, and interest in the reverted right-of-way to the abutting landowners. When land abutting the reverted right-of-way is owned by different persons or entities, the conveyance made under this section shall extend the property of each abutting landowner to the centerline of the right-of-way.

(c) This section constitutes legislative approval under AS 42.40.285(1) for the Alaska Railroad Corporation to convey its entire interest in the land described in (a) of this section.

* **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **HB146**
() Publish Date

Identifier (file name) HB146-DNR-LATD-03-20-11
Title LAND TRANSFER FROM STATE AND ALASKA RR
Sponsor Rep. Wilson
Requester House RES

Dept. Affected Natural Resources
Appropriation Resource Development
Allocation Land Acquisition & Title Defense
OMB Component Number 2459

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING				***** INDETERMINATE *****			
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (please identify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time	0	0	0	0	0	0	0
Part-time	0	0	0	0	0	0	0
Temporary	0	0	0	0	0	0	0

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version

Prepared by Wyn Menefee, Acting Director
Division Mining, Land & Water
Approved by Daniel S. Sullivan
Department of Natural Resources

Phone 269-8501
Date/Time 3/20/11 1:00 PM
Date 3/20/2011

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB146

Analysis

HB 146 creates a mechanism whereby, if the State of Alaska (SOA) and the Alaska Railroad Corporation (ARRC) discontinue use of the right-of-way (ROW) along the Alaska Railroad Corporation's Eielson Spur Line, the interest of the State of Alaska and the Alaska Railroad Corporation in the land within the ROW would revert to the abutting landowners. Under Section 2 of the bill, the reversion would only occur if (1) the governor issues a notice of discontinuance or (2) the SOA and the ARRC have made no use of the ROW for transportation, communication, or transmission purposes for 18 years.

Assuming neither condition is met, there would be no fiscal impact to the Department of Natural Resources. However, if either condition were met, determining (1) how the 98 property owners along the Eielson Spur line would be affected and (2) processing any resulting land disposals would require a significant effort by the state, possibly including surveys, title reports, appraisals, conveyances, hazardous materials reviews, and public notice, comment, and best-interest findings processes.

At a minimum, one new position (Natural Resource Specialist II (range 16) for 9 months at $83,300/year = $62,470) would be required to determine identities and contact addresses for the owners of the 98 properties along the ROW, review title history and conveyance documents for these properties, determine whether there exists a reversionary interest in each of the properties and whether surveys are sufficient to describe the properties affected, and prepare title reports. Depending upon the outcome of this initial work, there could be additional surveys, title reports, appraisals, conveyances, hazardous materials reviews, and public notice, comment, and best-interest findings processes. Estimating costs associated with this additional work is difficult, but could range from $100,000 to $150,000.

Because the fiscal impact to the Department is contingent upon the conditions outlined in Section 2 of the bill being met or not met, and because the total amount of work required if one of those conditions were met would be contingent upon what was discovered in initial assessment work, the fiscal impact to the Department is indeterminate.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **HB 146**
() Publish Date

Identifier (file name) HB146-CCED-ARRC-2-25-11
Title Land Transfer from State and Alaska Railroad
Sponsor Rep. Tammie Wilson
Requester House Resources Committee

Dept. Affected DCCED
Appropriation Alaska Railroad Corporation
Allocation Alaska Railroad Corporation
OMB Component Number

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by Wendy Lindskoog
Division Alaska Railroad Corporation
Approved by Susan K. Bell, Commissioner
Commerce, Community, and Regional Affairs

Phone 907-265-2498
Date/Time 2/25/11 2:00 PM
Date 3/18/2011

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 146

Analysis

Congress repealed a Right-of-Way reversion provision in the Alaska Railroad Transfer Act Section 1209 in 2003. HB 146 reinstates the reversionary right in State law for the Eielson Branch of the Alaska Railroad system and will not have a foreseeable cost to the Alaska Railroad.

Basic Chronology

- The Act of Congress dated March 12, 1914 reserved to the United States a 200' right of way (ROW) for the construction of railroads, telegraph and telephone lines across all federally owned lands in Alaska.

- Carl Finell filed for his Alaskan homestead in 1946 in the North Pole area.

- 1947: Utilizing the ROW granted by the 1914 Act, the United States constructed a railroad spur from Fairbanks to Satellite Field (Eielson Air Force Base) bisecting Carl Finell's homestead.

- 1949: Carl Finell received the federal patent to his homestead—the reservation for the railroad ROW was included in the patent.

- 1969: The remainder of the Finell homestead was purchased, including the property that the railroad crosses.

- 1980: The State of Alaska and federal government begin negotiating for the transfer of the Alaska Railroad to State ownership.

- 1983: Congress passed the Alaska Railroad Transfer Act (ARTA) authorizing the sale of the Alaska Railroad and its properties to the State. Section 1209 of ARTA provided that the railroad ROW transferred to the State would "revert" back to U.S. ownership if the State made no use of the ROW for transportation, communication, or transmission purposes for a continuous period of 18 years. Upon such reversion, the U.S. was then obligated to convey the unused ROW to adjacent landowners.

- 1985: The Alaska Railroad is transferred from federal ownership to State ownership.

- 2003: Congress repealed the ROW reversion provision in ARTA Section 1209.

- 2005/2006: While researching crossing closing issues, it was discovered that the ARTA ROW reversion provision had been repealed.

While the railroad has the right to cross their property along the Eielson spur, property owners contend they lost a contingent future property interest when Congress repealed the ARTA ROW reversion provision in 2003, and that it is only fair and equitable for the State to restore this reversionary right. HB 146 accomplishes this goal.

02/18/11

ALASKA RAILROAD ORPORATION
CHAIRMAN, BOARD OF DIRECTORS
TELEPHONE: (907) 265-2403
FACSIMILE: (907) 265-2312

December 17, 2010

Bonne' Woldstad
P.O. Box 56702
North Pole, Alaska 99705

Dear Ms. Woldstad:

You have asked the Alaska Railroad Corporation (ARRC) Board of Directors to support your efforts to obtain legislation that would direct disposal of certain railroad right-of-way on the railroad's Eielson Branch. It is your desire to see railroad right-of-way conveyed to adjoining landowners if and when the ARRC relocates its rail operations to a different location. While relocation is not imminent, ARRC has for many years conducted studies and other activities preliminary to such an effort and recently received $1 million in federal funds through FMATS to complete the required environmental assessment. This is a very positive step, but the schedule for moving the railroad remains uncertain due to lack of construction funding (more than $50 million is needed).

In the past, you have provided considerable testimony to the Board regarding your family's property at approximate Milepost 15 of the Eielson Branch. You believe the repeal of the reversion provisions of the Alaska Railroad Transfer Act had an adverse effect on your land interest. This section provided for reversion of railroad right-of-way to adjacent landowners in the event the land ceased being used for transportation, communication, or transmission purposes. In 2000, ARRC had asked the Alaska Congressional delegation for help in light of title questions arising from our first rail realignments near Anchorage and Seward, as well as a couple of spur line locations that had been unused since transfer in 1985. The simplest solution was to repeal that language, and the repeal became effective on February 20, 2003.

We understand that you and your family were not aware of the repeal until 2006 when ARRC proposed to close the Ruby Crossing at MP 15.17 and you were researching all the pertinent legal and historical arguments related to a closure. Since then, you and other family members have met or talked with ARRC staff numerous times about your concerns.

Both you and the Board have heard many times from railroad staff that the Eielson Branch was not a focus when the reversion repeal was sought. I can assure you it was not a factor for the Board during that effort. ARRC's General Counsel has taken the position that the legal effect, if any, of the repeal on the underlying title claims of

landowners along the Eielson Branch is not ripe for decision. Unless and until the right-of-way ceases to be used by the State for transportation, communication, or transmission purposes (which is broader than railroad purposes), the ARRC believes no vested claims would have been affected. However, we are not opposed to waiving a statute of limitations defense, so as to preserve any claim you currently have from this point forward if your legislative efforts are not successful. Our attorneys are still researching how this might be accomplished.

Equally important, I'd like to assure you that ARRC has no interest in retaining portions of the Eielson Branch right-of-way if rail operations are relocated elsewhere. ARRC is not the final decision-maker on use of this corridor because it is a State asset, not just a railroad one, under both the current law and the now-repealed reversion. Without other directions being given, we would turn jurisdiction of any vacated right-of-way over to the State. However, we will be happy to participate in any discussions with state officials on the subject. Further, we will not oppose your efforts to obtain a simple legislative direction regarding any future Eielson Branch relocation. Given that relocation is still many years down the road, there should be ample time for legislative and administration officials to fashion a fair and reasonable outcome.

Very truly yours,

John Binkley, Chairman

ALASKA RAILROAD CORPORATION

Corporate: P.O. Box 107500, Anchorage, AK 99510• 327 Ship Creek Avenue, Anchorage, AK 99501

www.alaskarailroad.com

ALASKA RAILROAD TRANSFER ACT ("ARTA")

UNITED STATES CODE TITLE 45 CHAPTER 21

[June 2005]

DISCLAIMER: This document is provided for the convenience of ARRC employees and the public, but it was converted from a web-based source and may contain word processing errors. ARRC makes no warranty regarding its accuracy. Users are advised to verify provisions in the official U.S. Code before relying on them in formal proceedings.

EDITOR'S NOTES were added by ARRC's Office of the General Counsel.

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(b) Procedures for issuance of certificate of public convenience and necessity; inventory, valuation, or classification of property; additional laws, authorities, etc., applicable

As soon as practicable after January 14, 1983, the Interstate Commerce Commission shall promulgate an expedited, modified procedure for providing on the date of transfer a certificate of public convenience and necessity to the State-owned railroad. No inventory, valuation, or classification of property owned or used by the State-owned railroad pursuant to subchapter V of chapter 107 of Title 49 shall be required during the two-year period after the date of transfer. The provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) and section 382(b) of the Energy Policy and Conservation Act (42 U.S.C. 6362(b)) shall not apply to actions of the Commission under this subsection.

(c) Eligibility for participation in Federal railroad assistance programs

The State-owned railroad shall be eligible to participate in all Federal railroad assistance programs on a basis equal to that of other rail carriers subject to part A of subtitle IV of Title 49.

(d) Laws and regulations applicable to national forest and park lands; limitations on Federal actions

After the date of transfer to the State pursuant to section 1203 of this title, the portion of the rail properties within the boundaries of the Chugach National Forest and the exclusive-use easement within the boundaries of the Denali National Park and Preserve shall be subject to laws and regulations for the protection of forest and park values. The right to fence the exclusive-use easement within Denali National Park and Preserve shall be subject to the concurrence of the Secretary of the Interior. The Secretary of the Interior, or the Secretary of Agriculture where appropriate, shall not act pursuant to this subsection without consulting with the Governor of the State of Alaska or in such a manner as to unreasonably interfere with continued or expanded operations and support functions authorized under this chapter.

(e) The State-owned railroad may take any necessary or appropriate action, consistent with Federal railroad safety laws, to preserve and protect its rail properties in the interests of safety.

(Pub.L. 97-468, Title VI, §608, Jan. 14, 1983, 96 Stat. 2556)

[Editor's Note: §§(a)(1) and (c) were amended in 1995 to reflect abolition of the Interstate Commerce Commission, Pub.L. 104-88, §326. §(a)(5) was amended and § (e) was added in 2004, Pub.L. 108-447, Div. H, §152.]

1208. FUTURE RIGHTS-OF-WAY

(a) Access across Federal lands; application approval

After January 14, 1983, the State or State-owned railroad may request the Secretary of the Interior or the Secretary of Agriculture, as appropriate under law, to expeditiously approve an application for a right-of-way in order that the Alaska Railroad or State-owned railroad may have access across Federal lands for transportation and related purposes. The State or State-owned railroad may also apply for a lease, permit, or conveyance of any necessary or convenient terminal and station grounds and material sites in the vicinity of the right-of-way for which an application has been submitted.

(b) Consultative requirements prior to approval of application; conformance of rights-of-way, etc.

Before approving a right-of-way application described in subsection (a) of this section, the Secretary of the Interior or the Secretary of Agriculture, as appropriate, shall consult with the Secretary. Approval of an application for a right-of-way, permit, lease, or conveyance described in subsection (a) of this section shall be pursuant to applicable law. Rights-of-way, grounds, and sites granted pursuant to this section and other applicable law shall conform, to the extent possible, to the standards provided in the Act of March 12, 1914 (43 U.S.C. 975 et seq.) and section 1202(6) of this title. Such conformance shall not be affected by the repeal of such Act under section 615 of this title.

(c) Reversion to United States [Repealed. Pub.L. 108-7, Div. I, Title III, §345(5), Feb. 20, 2003, 117 Stat. 418.]

Reversion to the United States of any portion of any right-of-way or exclusive-use easement granted to the State or State-owned railroad shall occur only as provided in section 1209 of this title. For purposes of such section, the date of the approval of any such right-of-way shall be deemed the "date of transfer."

(Pub.L. 97-468, Title VI, §609, Jan. 14, 1983, 96 Stat. 2556)

1209. REVERSION [Repealed. Pub.L. 108-7, Div. I, Title III, §345(5), Feb. 20, 2003, 117 Stat. 418.]

(a) Reversion or payment to Federal Government for conversion to use preventing
State-owned railroad from continuing to operate

If, within ten years after the date of transfer to the State authorized by section 1203 of this title, the Secretary finds that all or part of the real property transferred to the State under this chapter, except that portion of real property which lies within the boundaries of the Denali National Park and Preserve, is converted to a use that would prevent the State-owned railroad from continuing to operate, that real property (including permanent improvements to the property) shall revert to the United States Government, or (at the option of the State) the State shall pay to the United States Government an amount determined to be the fair market value of that property at the time its conversion prevents continued operation of the railroad.

(b) Reversion upon discontinuance by State of use of any land within right-of-way;
criteria for discontinuance

If, after the date of transfer pursuant to section 1203 of this title, the State discontinues use of any land within the right-of-way, the State's interest in such land shall revert to the United States. The State shall be considered to have discontinued use within the meaning of this subsection and subsection (d) of this section when:

(1) the Governor of the State of Alaska delivers to the Secretary of the Interior a notice of such discontinuance, including a legal description of the property subject to the notice, and a quitclaim deed thereto; or

(2) the State has made no use of the land for a continuous period of eighteen years for transportation, communication, or transmission purposes. Notice of such discontinuance shall promptly be published in the Federal Register by the Secretary, the Secretary of the Interior, or the Secretary of Agriculture, and reversion shall be effected one year after such notice, unless within such one-year period the State brings an appropriate action in the United States District Court for the District of Alaska to establish that the use has been continuing without an eighteen-year lapse. Any such action shall have the effect of staying reversion until exhaustion of appellate review from the final judgment in that action or termination of the right to seek such review, whichever first occurs.

(c) Conveyances by United States subsequent to reversion

Upon such reversion pursuant to subsection (b) of this section, the Secretary of the Interior shall immediately convey by patent to abutting landowners all right, title and interest of the United States. Where land abutting the reverted right-of-way is owned by

different persons or entities, the conveyance made pursuant to this subsection shall extend the property of each abutting owner to the centerline of the right-of-way.

(d) Discontinuance by State of use of national park or forest lands; jurisdiction upon reversion

If use is discontinued (as that term is used in subsection (b) of this section) of all or part of those properties of the Alaska Railroad transferred to the State pursuant to this chapter which lie within the boundaries of the Denali National Park and Preserve or the Chugach National Forest, such properties or part thereof (including permanent improvements to the property) shall revert to the United States and shall not be subject to subsection (c) of this section. Upon such reversion, jurisdiction over that property shall be transferred to the Secretary of the Interior or the Secretary of Agriculture, as appropriate, for administration as part of the Denali National Park and Preserve or the Chugach National Forest.

(e) Payment into Treasury of United States of excess proceeds from sale or transfer of all or substantially all of State-owned railroad; limitations

Except as provided in subsections (a) through (d) of this section, if, within five years after the date of transfer to the State pursuant to section 1203 of this title, the State sells or transfers all or substantially all of the State-owned railroad to an entity other than an instrumentality of the State, the proceeds from the sale or transfer that exceed the cost of any rehabilitation and improvement made by the State for the State-owned railroad and any net liabilities incurred by the State for the State-owned railroad shall be paid into the general fund of the Treasury of the United States.

(f) Enforcement by Attorney General

The Attorney General, upon the request of the Secretary, the Secretary of the Interior, or the Secretary of Agriculture, shall institute appropriate proceedings to enforce this section in the United States District Court for the District of Alaska.

(Pub.L. 97-468, Title VI, §610, Jan. 14, 1983, 96 Stat. 2556)

1210. OTHER DISPOSITION

If the Secretary has not certified that the State has satisfied the conditions under section 1203 of this title within one year after the date of delivery of the report referred to in section 1204(a) of this title, the Secretary may dispose of the rail properties of the Alaska Railroad. Any disposal under this section shall give preference to a buyer or transferee who will continue to operate rail service, except that--

HB 173

<TARGET><BILL>HB 173</BILL><SUBJECT>HB 173</SUBJECT><COMM>HRES27</COMM></TARGET>

HOUSE COMMITTEE REPORT

(9)
Date Referred to Committee: March 9, 2011 **FURTHER REFERRALS: Finance**

Date of Committee Action: 3/30/11

The RESOURCES Committee considered: **HB 173**

HOUSE BILL NO. 173
"An Act amending the termination date of the licensing of sport fishing operators and sport fishing guides; and providing for an effective date."

HB 173-SPORT FISHING GUIDING SERVICES

Recommends it be replaced with [ ] HCS *or* [ ] CS *for* _____ (_____)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES**
*FN# is assigned by Chief Clerk's Office

*FN#	List by Dept(s):	Fiscal	Indet.	Zero
	DFG	X		

***PREVIOUS* FISCAL NOTES**

FN#	List by Dept(s):	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
Berta Gardner	Gardner	X			
Lesil Foster	FOSTER	X			
Catherine Muñoz	Muñoz	✓			
Peggy Wilson	WILSON	X			
	HERRON	X			
				A	
	Dick			✓	
Chair:	FEIGE	X			
Chair: Pat J. Seaton	Seaton	X			

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: **HB 173 \A**
() Publish Date

Identifier: HB173-DFG-SFD-03-29-11
Title: Sport Fishing Guiding Services
Sponsor: House Fisheries Committee
Requester: House Fisheries Committee

Dept. Affected: ADF&G
Appropriation: Sport Fisheries
Allocation: Sport Fisheries
OMB Component Number: 464

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services		290.0	162.9				
Travel		10.0	5.6				
Services		90.0	50.6				
Commodities		10.0	5.6				
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**0.0**	**400.0**	**224.7**				
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1024 Fish & Game Fund		400.0	224.7				
TOTAL	**0.0**	**400.0**	**224.7**				

Estimate of any current year (FY2011) cost

POSITIONS

Full-time	**0.0**	**3.7**	**2.1**				
Part-time	0.0	0.0	0.0				
Temporary	0.0	0.0	0.0				

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version.

Prepared by: Charles O. Swanton, Director
Division: Sport Fisheries
Approved by: Kevin Brooks, Administrative Services Director
Department of Fish and Game

~~Phone 907-465-6184~~
Date/Time 03/29/2011 6:14PM
Date 3/29/2011

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB 173 \A
2011 LEGISLATIVE SESSION

Analysis

This bill extends the termination date of the licensing program for sport fishing guides and sport fishing operators from January 1, 2012 to January 1, 2013. The division has budgeted $400.0 in the FY12 Governor's budget to administer the Sport Fish operator/guide/vessel program. The program generates average Fish & Game Fund revenues of $240.2, with the balance of program expenditures funded with Sport Fishing license sale revenue.

The full time equivalent (FTE) positions represents the quivalent staff months distributed amongst 7 existing positions in order to carry out the necessary work of the Sport Fish operator/guide/vessel program.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **HB 173 \A**
() Publish Date

Identifier: HB173-DFG-SFD-02-28-11
Title Sport Fishing Guiding Services
Sponsor House Fisheries Committee
Requester House Fisheries Committee

Dept. Affected ADF&G
Appropriation Sport Fisheries
Allocation Sport Fisheries
OMB Component Number 464

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	↓ Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services		290.0	290.0				
Travel		10.0	10.0				
Services		90.0	90.0				
Commodities		10.0	10.0				
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**0.0**	**400.0**	**400.0**				
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1024 Fish & Game Fund		400.0	400.0				
TOTAL	**0.0**	**400.0**	**400.0**				

Estimate of any current year (FY2011) cost

POSITIONS

Full-time	**0.0**	**0.0**	**0.0**				
Part-time	0.0	0.0	0.0				
Temporary	0.0	0.0	0.0				

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version.

Prepared by Charles O. Swanton, Director
Division Sport Fisheries
Approved by Kevin Brooks, Administrative Services Director
Department of Fish and Game

Phone 907-465-6184
Date/Time 02/28/2011 1:23PM
Date 3/3/2011

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 173 \A

Analysis

This bill extends the termination date of the licensing program for sport fishing guides and sport fishing operators from January 1, 2012 to January 1, 2013. The division has budgeted $400.0 in the FY12 Governor's budget to administer the Sport Fish operator/guide/vessel program. The program generates average Fish & Game Fund revenues of $240.2, with the balance of program expenditures funded with Sport Fishing license sale revenue.

ALASKA STATE HOUSE OF REPRESENTATIVES

Representative Steve Thompson, Chair
Alaska State Capitol Room 428
Juneau, Alaska 99801
Phone: 907-465-3004
Fax: 907-465-2070

Meeting Schedule
Days: Tuesday & Thursday
Time: 5 to 7pm
Location: Capitol Room 120
Email: House_Fisheries@legis.state.ak.us

House Special Committee on Fisheries

SPONSOR STATEMENT FOR HOUSE BILL 173

"An Act amending the termination date of the licensing of sport fishing operators and sport fishing guides; and providing for an effective date."

House Bill 173 will ensure the continuation of Alaska's sport fish guide licensing and reporting program. Legislation authorizing the program was passed in 2004 and the program has proven beneficial to both the sport fishing industry and resource managers. With more than 1.8 million clients, 88% of whom are nonresidents, taking more than 460,000 guided fishing trips in Alaska annually, guided sport fishing has become an integral part of Alaska's tourism economy. In fact, a study commissioned by the Alaska Department of Fish and Game estimated that nonresident spending on sport fishing was more than $650 million in 2007.

Since the program's inception, an average of 1,670 sport fishing business licenses and 1,981 sport fishing guide licenses have been sold annually. 90% of license holders are Alaska residents and the professionalization of the sport fishing guide industry has benefitted both the industry and the resource. The data collected through the program provides information state and federal managers need to sustainably manage sport fish populations. The program also allows Alaska to receive an exemption from the National Saltwater Angler Registry; a federal program that would begin levying fees for registration in 2011.

Recognizing the importance of the program, the Alaska legislature extended the program's termination date for one year in 2010. HB 173 proposes to similarly amend the program's statutory termination language to allow this valuable program to continue serving Alaskans and their valuable fishery resources.

LAWS OF ALASKA

2004

Source
SCS CSHB 452(RES)

Chapter No.
_____

AN ACT

Relating to licensing and regulation of sport fishing operators and sport fishing guides; relating to licensing and registration of sport fishing vessels; authorizing the Department of Fish and Game and the Alaska Commercial Fisheries Entry Commission to release records and reports to the Department of Natural Resources and the Department of Public Safety; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

THE ACT FOLLOWS ON PAGE 1

AN ACT

Relating to licensing and regulation of sport fishing operators and sport fishing guides; relating to licensing and registration of sport fishing vessels; authorizing the Department of Fish and Game and the Alaska Commercial Fisheries Entry Commission to release records and reports to the Department of Natural Resources and the Department of Public Safety; and providing for an effective date.

---

* **Section 1.** AS 16.05.340(a) is amended by adding a new paragraph to read:

(26) Fishing services licenses

(A) Sport fishing operator license $100

(B) Sport fishing guide license 50

(C) Sport fishing operator and sport fishing guide combined license 100

* **Sec. 2.** AS 16.05 is amended by adding a new section to read:

Sec. 16.05.395. Sport fishing vessel registration. For calendar year 2005 and subsequent calendar years, a person may not use a vessel to provide sport fishing services under AS 16.40.260 - 16.40.299 unless the vessel is registered with the department and proof of registration is attached to and clearly visible on the vessel while the vessel is used to provide sport fishing services. The department shall register vessels used to provide sport fishing services, and provide proof of registration, without charge. The department may adopt regulations as the department finds necessary to implement this section.

* **Sec. 3.** AS 16.05.420 is amended to read:

Sec. 16.05.420. License, tag, [AND] permit, and registration violations. (a) A false statement of a material fact in an application for a license, tag, [OR] permit, **and sport fishing vessel registration** issued under AS 16.05.330 - 16.05.430 voids the license, tag, [OR] permit, **or registration** for which the application is made.

(b) A person may not make a false statement, or omit a material fact, in an application for a license, tag, [OR] permit, **or sport fishing vessel registration** issued under AS 16.05.330 - 16.05.430. A person who without any culpable mental state makes a false statement as to the person's identity or residency in an application for a license, tag, [OR] permit, **or sport fishing vessel registration** issued under AS 16.05.330 - 16.05.430 is guilty of a violation and upon conviction is punishable by a fine of not more than $300. A person who knowingly violates this subsection is guilty of a class A misdemeanor.

(c) A person to whom a license, [OR] tag, **or sport fishing vessel registration** has been issued under this chapter may not alter, change, loan, or transfer the license, [OR] tag, **or sport fishing vessel registration**. A person may not use a license, [OR] tag, **or sport fishing vessel registration** that has been issued under this chapter to another person.

* **Sec. 4.** AS 16.05.490(a) is amended to read:

(a) As a condition to delivery or landing of fish or engaging in commercial fishing in the state, a license is required for a commercial vessel [, INCLUDING A VESSEL USED IN CHARTER SERVICE FOR THE RECREATIONAL TAKING OF FISH AND SHELLFISH].

* **Sec. 5.** AS 16.05.815(a) is amended to read:

(a) Except as provided in (b) and (c) of this section, records required by regulations of the department concerning the landings of fish, shellfish, or fishery products, and annual statistical reports of fishermen, buyers, and processors required by regulation of the department are confidential and may not be released by the department or by the Alaska Commercial Fisheries Entry Commission except as set out in this subsection. The department may release the records and reports set out in this subsection to the Alaska Commercial Fisheries Entry Commission. The department and the Alaska Commercial Fisheries Entry Commission may release the records and reports set out in this subsection to the recipients identified in this subsection if the recipient, other than a recipient under (5) - (9) of this subsection, agrees to maintain the confidentiality of the records and reports. The department and the Alaska Commercial Fisheries Entry Commission may release

(1) any of the records and reports to the National Marine Fisheries Service and the professional staff of the North Pacific Fishery Management Council as required for preparation and implementation of the fishery management plans of the North Pacific Fishery Management Council within the exclusive economic zone;

(2) any of the records and reports to the professional staff of the Pacific States Marine Fisheries Commission who are employed in the Alaska Fisheries Information Network project for the purpose of exchanging information with users authorized by the department;

(3) any of the records and reports to the Department of Revenue to assist the **department** [DEPARTMENT OF REVENUE] in carrying out its statutory responsibilities;

(4) records or reports of the total value purchased by each buyer to a municipality that levies and collects a tax on fish, shellfish, or fishery products if the municipality requires records of the landings of fish, shellfish, or fishery products to be submitted to it for purposes of verification of taxes payable;

(5) such records and reports as necessary to be in conformity with a court order;

(6) on request, the report of a person to the person whose fishing

activity is the subject of the report, or to a designee of the person whose fishing activity is the subject of the report;

(7) on request, annual statistical reports of a fisherman, buyer, or processor to the fisherman, buyer, or processor whose activity is the subject of the report, or to a designee of the fisherman, buyer, or processor whose activity is the subject of the report;

(8) **any of the records and reports** [FISH TICKETS, FISH TICKET INFORMATION, SALTWATER CHARTER LOGBOOKS, SALTWATER CHARTER LOGBOOK INFORMATION, AND ANNUAL STATISTICAL REPORTS OF FISHERMEN, BUYERS, AND PROCESSORS AND INFORMATION IN THOSE REPORTS] to the Department of Public Safety **for law enforcement purposes**;

(9) fish tickets, fish ticket information, and annual statistical reports of fishermen, buyers, and processors and information in those reports to the law enforcement personnel of the National Marine Fisheries Service and the National Oceanic and Atmospheric Administration for the purpose of enforcing fishery laws in waters of this state and in waters of the exclusive economic zone adjacent to this state;

(10) fish tickets and fish ticket information regarding halibut to the International Pacific Halibut Commission; [AND]

(11) any of the records and reports to the child support enforcement agency created in AS 25.27.010, or the child support enforcement agency of another state, for child support purposes authorized under law**; and**

(12) any of the records and reports to the Department of Natural Resources to assist the department in carrying out its statutory responsibilities in regard to sport fishing operations and sport fishing guides within the Kenai River Special Management Area under AS 41.21.500 - 41.21.514.

*** Sec. 6.** AS 16.40 is amended by adding new sections to read:

Article 6. Sport Fishing Services.

Sec. 16.40.260. Sport fishing operator license. (a) The department shall issue an annual sport fishing operator license to a person who

(1) holds a current business license under AS 43.70 to provide services

to sport fishermen;

(2) presents proof satisfactory to the department of a general liability insurance policy or marine protection and indemnity insurance policy, covering the services provided by the person and the person's employees to sport fishermen, that provides coverage of at least $100,000 for each incident, and $300,000 for all incidents in a year;

(3) pays the license fee prescribed by AS 16.05.340(a); and

(4) satisfies all additional requirements adopted in regulation by the Board of Fisheries.

(b) A person may not provide sport fishing services unless the person holds a current sport fishing operator license and has current insurance coverage as required in (a)(2) of this section.

(c) A person who holds a current sport fishing operator license may contract to provide sport fishing guide services to a sport fisherman through an employee who holds a current sport fishing guide license under AS 16.40.270.

(d) A person who holds a current sport fishing operator license may not directly provide sport fishing guide services to a sport fisherman unless the person also holds a current sport fishing guide license under AS 16.40.270(b).

(e) A person who holds a sport fishing operator license may not aid in the commission of a violation of AS 16.05 - AS 16.40 or a regulation adopted under AS 16.05 - AS 16.40, including regulations relating to the proper method to release fish, by a sport fishing guide who is employed by the person or by a sport fisherman who is a client of the person.

Sec. 16.40.270. Sport fishing guide license. (a) A natural person may obtain an annual sport fishing guide license if the person

(1) is a citizen of the United States, Canada, or Mexico, or is a resident alien;

(2) is certified in first aid by the American Red Cross or a similar organization;

(3) holds a license to carry passengers for hire issued by the United States Coast Guard if the person operates a vessel in the provision of sport fishing

guide services and the license is required by the United States Coast Guard for the area in which the fishing guide provides fishing guide services;

(4) holds a current sport fishing license from this state;

(5) pays the license fee prescribed by AS 16.05.340(a); and

(6) satisfies all additional requirements adopted in regulation by the Board of Fisheries.

(b) A natural person may obtain an annual sport fishing operator and sport fishing guide combined license if the person satisfies the requirements for a sport fishing operator license under AS 16.40.260 and for a sport fishing guide license under this section and pays the license fee prescribed by AS 16.05.340(a).

(c) A person may not provide sport fishing guide services unless the person

(1) holds a current sport fishing guide license; and

(2) holds a current sport fishing operator license or is an employee of a person who holds a current sport fishing operator license.

(d) A sport fishing guide may provide sport fishing guide services only to persons who have engaged the services of the sport fishing operator by whom the sport fishing guide is employed. A sport fishing guide may not contract directly with a person to provide sport fishing guide services to a person unless the sport fishing guide also holds a current sport fishing operator license.

(e) While engaged in providing sport fishing guide services, a sport fishing guide shall have readily available for inspection

(1) a current sport fishing guide license;

(2) the current licenses, tags, and permits that are required to engage in the sport fishery for which the sport fishing guide services are being provided;

(3) a driver's license or similar identification card that is issued by a state or federal agency and that bears a photograph of the fishing guide; and

(4) proof of

(A) employment as a sport fishing guide by a person who holds a current sport fishing operator license; or

(B) current licensure as a sport fishing operator.

(f) A sport fishing guide may not

(1) aid in the commission of a violation of AS 16.05 - AS 16.40 or a regulation adopted under AS 16.05 - AS 16.40 by a client of the sport fishing guide; or

(2) permit the commission by a client of the sport fishing guide of a violation of AS 16.05 - AS 16.40 or a regulation adopted under AS 16.05 - AS 16.40 that the sport fishing guide knows or reasonably believes is being or will be committed without

(A) attempting to prevent it, short of using force; and

(B) reporting the violation.

Sec. 16.40.280. Reports. (a) The department may collect information from sport fishing guides, including

(1) the name and license number of each vessel licensed under AS 16.05.490 that is used in providing sport fishing guide services;

(2) the amount of fishing effort, catch, and harvest by clients of a sport fishing guide;

(3) the locations fished during the provision of sport fishing guide services; and

(4) other information that the department or board requires by regulation.

(b) A person who holds a license issued under AS 16.40.260 or 16.40.270 shall comply with the reporting requirements in this section and reporting requirements adopted in regulation by the department or board. The department and the board may adopt by regulation requirements for timely submission of reports required under this section or under regulations adopted by the department or board.

(c) A person who is required to complete reports under this section may not provide false information or omit material facts in a report.

(d) A person who is required to complete reports under this section may not be issued a new license under AS 16.40.260 or 16.40.270 unless the department has received all reports required under this section for the preceding year.

(e) Information collected under this section is confidential to the extent provided under AS 16.05.815.

(f) The department or board may adopt regulations under AS 44.62

(Administrative Procedure Act) that it considers necessary to implement this section.

Sec. 16.40.290. Penalty. (a) Except as provided in (b) and (c) of this section, a person who knowingly violates AS 16.40.260 - 16.40.299 or a regulation adopted under AS 16.40.260 - 16.40.299 is guilty of a class A misdemeanor.

(b) A person who, without any culpable mental state, violates AS 16.40.270(e) is guilty of a violation.

(c) A person who knowingly violates AS 16.40.270(e) or who knowingly fails to comply with a requirement for timely submission of reports required by a regulation adopted under AS 16.40.280(b) is, for a

(1) first offense in a three-year period, guilty of a violation; and

(2) second or subsequent offense in a three-year period, guilty of a class B misdemeanor.

(d) In addition to any other penalty provided by law, a court may revoke the sport fishing guide license of a person who is convicted under (a) or (c)(2) of this section.

(e) In this section, "knowingly" has the meaning given in AS 11.81.900.

Sec. 16.40.299. Definitions. In AS 16.40.260 - 16.40.299,

(1) "sport fishing guide" means a person who is licensed to provide sport fishing guide services to persons who are engaged in sport fishing;

(2) "sport fishing guide services" means assistance, for compensation or with the intent to receive compensation, to a sport fisherman to take or to attempt to take fish by accompanying or physically directing the sport fisherman in sport fishing activities during any part of a sport fishing trip; "sport fishing guide services" does not include

(A) sport fishing services; or

(B) services provided by an assistant, deckhand, or similar person who works directly under the supervision of and on the same vessel as a sport fishing guide;

(3) "sport fishing services" means the indirect provision of assistance, for compensation or with the intent to receive compensation, to a person engaged in sport fishing in taking or attempting to take fish or shellfish by a business that

employs a sport fishing guide to provide sport fishing guide services to the person during any portion of a sport fishing trip; "sport fishing services" does not include

(A) an activity for which a sport fishing guide license is required; or

(B) booking and other ancillary services provided by a tour broker or agent to a sport fishing services operator.

* **Sec. 7.** AS 25.27.244(s)(2)(A) is amended by adding new sub-subparagraphs to read:

(xviii) sport fishing operator license under AS 16.40.260;

(xix) sport fishing guide license under AS 16.40.270;

* **Sec. 8.** AS 16.05.340(a)(26); AS 16.40.260, 16.40.270, 16.40.280, 16.40.290, 16.40.299; AS 25.27.244(s)(2)(A)(xviii), and 25.27.244(s)(2)(A)(xix) are repealed January 1, 2010.

* **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION; REGULATIONS. The Board of Fisheries and the Department of Fish and Game each may proceed to adopt regulations necessary to implement the changes made by secs. 1, 3, 4, 5, and 6 of this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the statutory changes.

* **Sec. 10.** Sections 2 and 9 of this Act take effect immediately under AS 01.10.070(c).

* **Sec. 11.** Except as provided in sec. 10 of this Act, this Act takes effect January 1, 2005.

LAWS OF ALASKA

2010

Source
HCS CSSB 294(FIN)

Chapter No.
_____

AN ACT

Amending the termination date of the licensing of sport fishing operators and sport fishing guides; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

THE ACT FOLLOWS ON PAGE 1

AN ACT

Amending the termination date of the licensing of sport fishing operators and sport fishing guides; and providing for an effective date.

---

* **Section 1.** Section 8, ch. 70, SLA 2004, as amended by sec. 3, ch. 61, SLA 2009, is amended to read:

Sec. 8. AS 16.05.340(a)(26); AS 16.40.260, 16.40.270, 16.40.280, 16.40.290, 16.40.299; AS 25.27.244(s)(2)(A)(xviii), and 25.27.244(s)(2)(A)(xix) are repealed January 1, **2012** [2011].

* **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

Brief for HB 173: SPORT FISH GUIDE LICENSES
(Reauthorization of Program)
March 25, 2011

Alaska Department of Fish and Game Contacts:
Charlie Swanton- Charles.Swanton@alaska.gov; phone: 465-6184 or 321-0955
Ben Mulligan - Ben.Mulligan@alaska.gov; phone: 465-6137 or 321-5797.

Background:

- Original legislation passed in May, 2004; effective January 1, 2005; with 1 year extensions in 2009 and 2010.

- Proposed by the Department for three main reasons:
  1. Information on guide numbers and their fishing activities was either not available or limited in many parts of the state;
  2. Establish minimum standards to operate a business or contract as a guide (safety, liability insurance, US Coast Guard license, etc.) as a means to increase professionalism and reduce speculative entry; and
  3. Provide comprehensive and credible data on guided sport fishing activities to regulatory agencies: Alaska Board of Fisheries (BOF), International Pacific Halibut Commission (IPHC), and North Pacific Fisheries Management Council (NPFMC).

Legislation:

Sec.16.40.260 Sport fishing operator license;
Sec.16.40.270 Sport fishing guide license;
Sec.16.40.280 Reports;
Sec.16.40.290 Penalties for violations.

These legislative sections include licensing provisions and fees (AS. 16.05.340(a)) for sport fishing business owners ($100), sport fishing guides working for the business ($50), and business owners who are also a guide (owner/operator combo $100). The mandatory reporting requirements, logbooks, are for both fresh and saltwater guide activities (freshwater logbooks were instituted in 2005). The penalties for sport fish guiding violations by business owners and guides include possible revocation of their license.

Companion Regulations:

5 AAC 75.075 Sport fishing services and sport fishing guide services; license requirements; regulation of activities.

5 AAC 75.076. Sport fishing services and sport fishing guides reporting requirements.

5 AAC 75.077. Sport fishing guide vessel registration requirements.

Present Benefits and Utility:

- A comprehensive list of all sport fishing guides working in salt water is part of the data requirements that allowed Alaska to receive an exemption from participating in the National Saltwater Angler Registry (up to $25/saltwater angler in 2011).

- The logbook data for saltwater anglers has been used extensively within the IPHC and NPFMC for analyzing regulatory options and inform decisions on Pacific Halibut.

- Both freshwater and saltwater logbook harvest data has been presented and utilized by the Alaska Board of Fisheries. Harvest estimate verification studies were conducted and found to be of moderate scientific quality (statistical precision was highly acceptable) compared to statewide sport fish harvest survey, and dock side creel programs.

Participation Statistics:

- An average of **1,602 sport fishing business licenses** (including owner/operator combo) have been sold (2006-2010); 88% of owners are Alaskan residents.

- An average of **1,853 sport fishing guide licenses** have been sold (2007-2010); 72% of guides are Alaskan residents.

- Based on logbook data, over **2.1 million clients took 536,960 guided fishing trips** (from 2005 through 2009); 67% of clients fished in saltwater, 33% fished in freshwater and 88% of all clients were nonresidents. The 2010 data is still being finalized.

- An average of **1,334 vessels in saltwater** were used for guided fishing trips (2005-2009).

Electronic Reporting (Modernization initiative):

- Modernization and timely reporting of recreational harvest data are a priority. We are actively working on this task:

    - In July, 2009 we developed a scannable saltwater logbook form which will reduce the time lag when logbook data is available from 2 to 3 months to 1 to 2 weeks. This new form was employed for saltwater forms statewide in 2010. Ten public meetings were held across the state to explain this new format and received nearly unanimous support from user groups and public. Freshwater logbooks will be converted to scannable format in 2012.

    - The point of sale hunting and fishing licensing program is still being sought and technical challenges addressed.

Brief for HB 173: SPORT FISH GUIDE LICENSES
(Reauthorization of Program)
March 3, 2011

Alaska Department of Fish and Game Contacts:
Charlie Swanton- Charles.Swanton@alaska.gov; phone: 465-6184 or 321-0955
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    - The point of sale hunting and fishing licensing program is still being sought and technical challenges addressed.





ECONOMIC IMPACTS AND CONTRIBUTIONS OF SPORTFISHING IN ALASKA



2007 REPORT



A Message from the Director

CHARLIE SWANTON, DIRECTOR
ADF&G, DIVISION OF SPORT FISH

Alaska supports arguably some of the finest and most diverse sportfishing in the world. These opportunities provide Alaskans with a significant and sustainable source of food, relaxation, and social benefits. Additionally, the money spent by residents and visitors who participate in sportfishing activities produces significant economic benefits to Alaska.

The Division of Sport Fish is committed to providing an array of biological, social and economic information to fishery managers and fishery regulators who plan and evaluate fishery projects and make informed decisions about the management of fishery resources.

This report summarizes a recent effort by the Division to provide estimates of angler spending in Alaska and the contribution it makes to Alaska's economy. The results are based on an extensive statewide study of resident and nonresident anglers who went sportfishing in Alaska during 2007. The report contains estimates of the total expenditures on sportfishing by anglers and estimates of the subsequent economic effects this spending had in terms of employment, wages, salaries and tax receipts.

A key objective of this project was to establish a consistent and repeatable methodology for collecting and reporting estimates of economic contribution in Alaska such that reasonably precise estimates would be routinely available to agency personnel, fisheries decision-makers, and the public.

We hope that you find the following information useful and that it contributes to well-informed decision making.









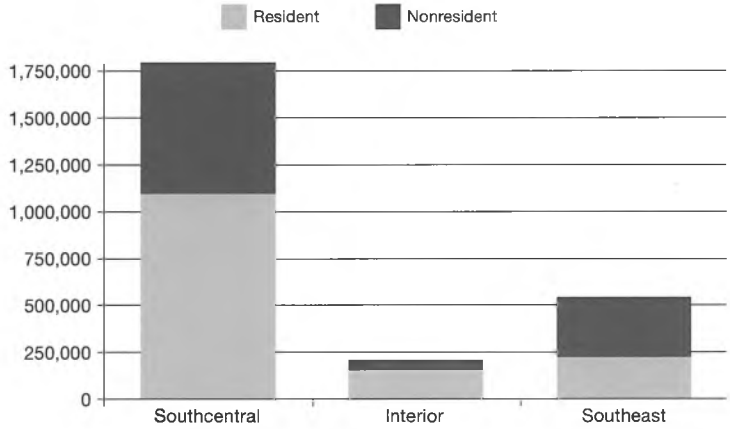
Sportfishing in ALASKA

Sportfishing is an important component of the Alaskan economy. It contributes to the well-being of Alaskans as recreation, as a source of food, and as part of the state's collective economic fabric. In 2007, 190,644 Alaska residents bought a fishing license, along with 284,890 nonresidents.

Spending a day fishing with rod and reel usually involves spending at least some money for travel, equipment, and supplies. Because a large number of anglers—both resident and nonresident—spend many days each year enjoying Alaska's diverse fishing opportunities, the annual total of that spending is substantial.

The money spent by anglers in turn helps to support thousands of Alaskan jobs in industries ranging from fishing tackle sales to hospitality and lodging to air taxi and guide services which are an important part of the economy in many of Alaska's local communities. At the same time, angler spending is also creating federal, state and local tax revenues which support local and borough governments and help pay for fisheries management in Alaska.

DAYS OF SPORTFISHING IN ALASKA BY REGIONS AND RESIDENCY, 2007

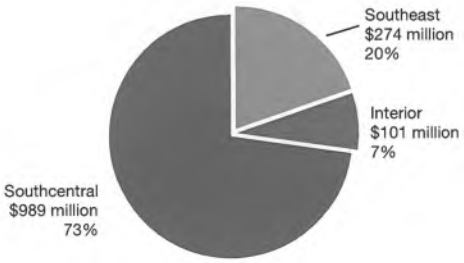


TOTAL SPORTFISHING EXPENDITURES, All ANGLERS

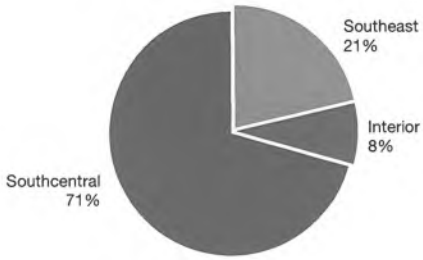
$1.4 billion



SPORTFISHING EXPENDITURES BY REGION, ALL ANGLERS



DAYS OF SPORTFISHING BY REGION, ALL ANGLERS









Economic IMPACTS & Contributions

The purpose of the study was to obtain current estimates of the economic contribution of sportfishing activities to the Alaska economy and to develop a consistent method for producing such estimates on a regular basis. This project provides a survey-based process that can now be updated periodically at reasonable cost.

For 2007, the year covered by this report, 1,163 resident and 1,807 nonresident surveys were completed by anglers who fished in Alaska. From the survey responses collected, estimates of how much each angler spends per day of fishing and per year on fishing-related equipment were produced. These survey results were combined with the total number of licensed anglers in 2007 and the total days of fishing in Alaska as estimated by the Division's Statewide Harvest Survey. This survey, conducted every year by the Division, tracks annual sportfishing participation and harvest. By combining the economic survey results with the Statewide Harvest Survey results, it was possible to estimate the total amount of resident and nonresident spending in Alaska as a whole and within specific regions of the state.

An economic model was then used to estimate the additional economic effects that angler spending produced within each region of the state. Using the collective dollars spent by anglers, an economic model known as IMPLAN estimated the total jobs, tax revenues and other economic contributions. Regional as well as statewide totals can be determined and are summarized in the following pages. Information on the dollars associated with guided fishing trips and with nonresident fishing is also included. First, here are some statewide highlights.

Economic Impact vs. Economic Contribution

This project measured and reported the economic impacts and contributions of licensed anglers to Alaska's state and regional economies. The words "impact" and "contribution" are not necessarily synonymous.

Economic impact typically refers to the effects of money being brought in from outside the state or region. It was possible to estimate the total amount of resident and nonresident spending in Alaska as a whole and within specific regions by combining the economic survey results with the ADF&G Statewide Harvest Survey results.

Economic contribution refers to in-state spending by all anglers. In theory, if the dollars spent by resident anglers were not spent on sportfishing, the same money would be spent on other things and would still stimulate economic activity. It isn't possible to accurately predict whether these local dollars would be spent in or outside of Alaska.

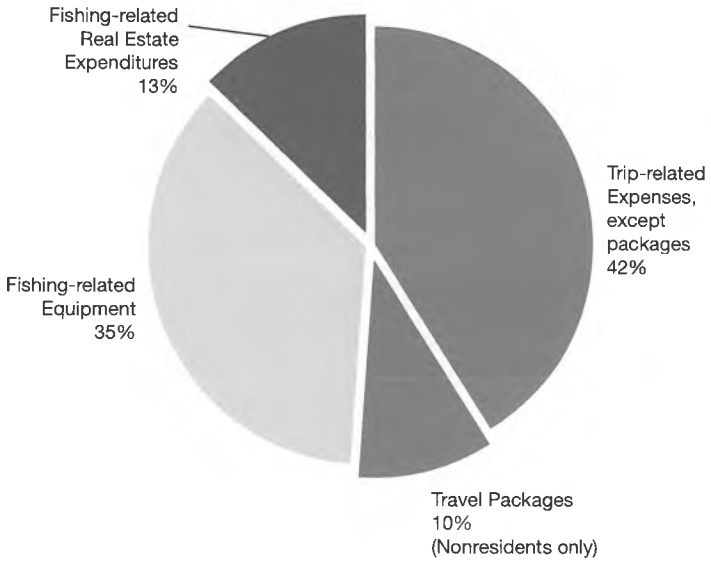
This study generated both economic impact estimates (non-resident spending) as well as estimates of the economic contributions of spending by Alaska anglers in 2007.



Total Resident and Nonresident Sportfishing Expenditures, by Category

	Resident Anglers	Nonresident Anglers	All Anglers
Licenses and Fees	$6,627,558	$16,536,955	$23,164,513
Trip Expenditures (non-package)	$219,829,151	$347,358,999	$567,188,150
Package Expenditures	n/a	$137,519,700	$137,519,700
Equipment Expenditures	$433,693,104	$41,385,450	$475,078,554
Real Estate Expenditures	$73,139,537	$109,697,619	$182,837,156
Total Expenditures	**$733,289,349**	**$652,498,723**	**$1,385,788,072**

TOTAL ANGLER SPENDING BY CATEGORY



Average Per Day Expenditure for Trip-Related Items Only, Including Package Trips

(Lodging, fuel, food, travel packages, etc.)

	Per Day
All Alaska Fishing Combined	**$277.46**
Residents Only	$150.63
Non-Residents Only	$448.78
Saltwater	
Residents, Unguided	$162.81
Residents, Guided	$466.53
Non-Residents, Unguided	$209.40
Non-Residents, Guided	$744.03
Freshwater	
Residents, Unguided	$91.73
Residents, Guided	$509.56
Non-Residents, Unguided	$213.24
Non-Residents, Guided	$790.41

ECONOMIC ACTIVITY, OR MULTIPLIER EFFECT: SUPPORTED BY GUIDED AND UNGUIDED FISHING TRIPS

Trip-related and Package Expenditures*



JOBS: SUPPORTED BY GUIDED AND UNGUIDED FISHING TRIPS

Trip-related and Package Expenditures*



*Only trip related expenditures (food, fuel, lodging, etc.) could be divided into guided and unguided portions. It was not possible to divide equipment expenditures in such a manner.







How Economic Effects Occur

While the economic effects of sportfishing occur on a large scale statewide, it's important to note that they happen one angler at a time.

Suppose, for example, that a construction worker in downtown Anchorage decides to go fishing on his day off. He stops after work at the local tackle shop and spends $250 for a rod and reel along with some line, lures, a knife and cooler. Sandwiches, soda, and ice for the trip come from the local grocery store, and he spends still more money to fill his vehicle with gas on the way home. Very early the next morning, he starts the 150-mile drive out the Seward and Sterling highways to the Kenai River where he'll fish for king or coho salmon.

Meanwhile, the money he left behind goes to work. Some of the money he spent for fishing gear helps to pay the wages of a sales clerk, for example, who in turn spends some that evening at a local restaurant, to buy groceries, or pays his utility bill at the local light and power company. These payments, known collectively as the "multiplier effect", help to support still other jobs as the money our angler spent ripples outward in many directions through the local economy, even to those sectors not directly related to fishing. See page 11 for more definitions.

Regional Economic EFFECTS

Economic effects can be measured regionally and locally as well as statewide. Alaska has several distinct regions, each with its own characteristic sport fisheries that show different patterns in angling participation, spending, and economic effects.

STATEWIDE RESULTS

Alaska is blessed with many world-class freshwater and marine fisheries. In 2007, resident and nonresident anglers spent nearly $1.4 billion on equipment, boats, and trip-related and other items. Alaska anglers on average spent $2,914 on sportfishing trip expenses, fishing-related equipment, licenses, and other items in 2007. The actual amount spent per angler varies based on his or her preferred fishing locations, region, and more. Details are available in the technical report (see sidebar on page 8).

As anglers' expenditures exchange hands, economic contributions are generated statewide. In 2007, these contributions amounted to 15,879 jobs, $246 million in tax revenues and $545 million in income. Economic output, which is the value of all goods and services produced by businesses as a result of anglers' expenditures, was just over $1.6 billion.

SOUTHEAST (REGION I)

The so-called Panhandle area extending roughly from Yakutat south-southwest through Juneau and Ketchikan to the British Columbia border is a complex maze of islands, straits, and mountains. The saltwater salmon fishing here is outstanding, although some anglers find steelhead, along with river-resident trout, to be just as appealing.

Total spending by all anglers, resident and nonresident combined, for Southeast Alaska in 2007 was estimated to be $274 million. The total economic output came to $295 million, which supported 3,063 jobs and generated $22 million in state and local taxes.



SOUTHEAST MARINE (SUBREGION)

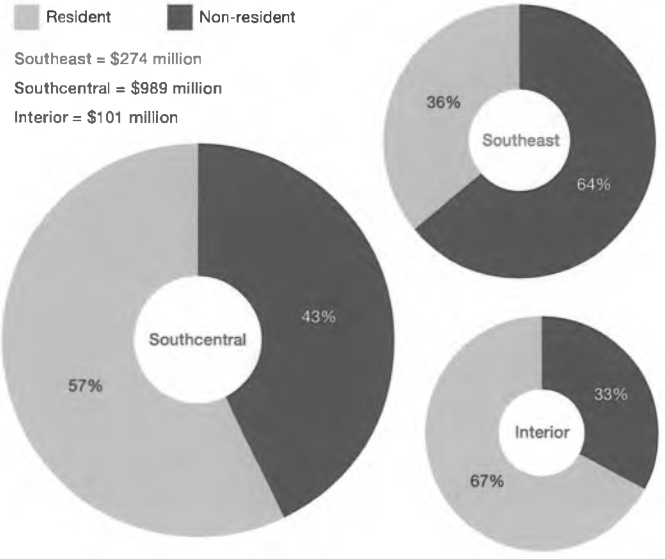
Within southeast Alaska, the popularity of salt-water fishing accounted for almost half of all angler spending. Saltwater anglers in southeast Alaska spent $132 million of the $274 million spent on sportfishing in southeast Alaska in 2007, which supported 1,897 jobs and created $14 million in state and local tax revenues.

SOUTHCENTRAL (REGION II)

This is by far the most popular angling region in Alaska as measured in total angler days. It includes Prince William Sound, Cook Inlet and the Anchorage area, as well as Kodiak Island and the Bristol Bay area to the west of Cook Inlet. All five salmon species are fished widely here in both salt- and fresh-water, along with halibut and other saltwater species. Trophy rainbow trout in the various Bristol Bay drainages are world-famous.

Anglers spent $989 million in the Southcentral region in 2007, supporting 11,535 area jobs and creating $91 million in state and local taxes.

RESIDENT AND NONRESIDENT EXPENDITURES BY REGION



Economic measures reported in this chart are based on regional IMPLAN model outputs using 2007 angler expenditures.







For More Details...

This report is a summary of a 300 page technical report available free from the Alaska Department of Fish and Game, Division of Sport Fish. The complete report presents detailed descriptions of the methods and data sources used in the study, as well as the complete results. Visit ***www.sf.adfg.state.ak.us/statewide/economics*** *to download a copy in PDF form. You may also contact the Department at (907) 267-2366, or william.romberg@alaska.gov, to request a printed copy of the report.*

Regional Economic EFFECTS *(cont.)*

COOK INLET (SUBREGION)

Notably, much of Southcentral's economic activity centers around the Cook Inlet area, partly because Anchorage and the Matanuska-Susitna valley are such large population centers with good fishing nearby. The Kenai River, for example, is an easy drive from Anchorage and is widely known among anglers as one of the world's foremost salmon rivers. In addition, there are large sport fisheries for halibut and other groundfish that are accessed from several communities that border Cook Inlet. In the Cook Inlet subregion alone (a subset of Southcentral region), anglers spent about $733 million in 2007, which supported 8,056 jobs and generated $55 million in state and local taxes.

INTERIOR (REGION III)

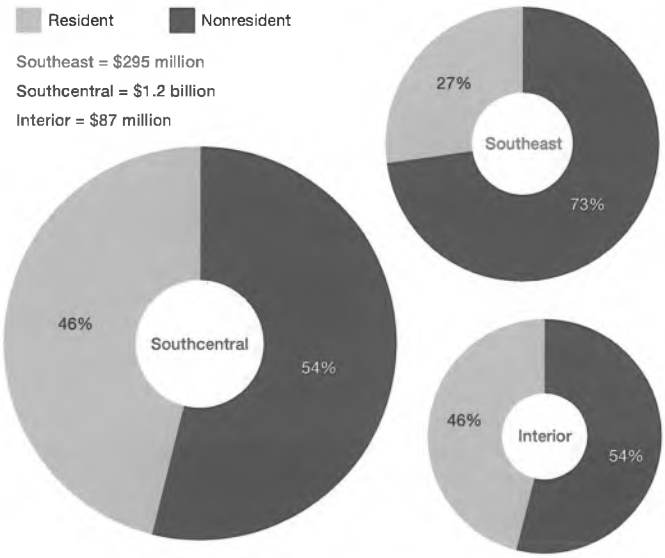
Among anglers, the northern two-thirds of the state could be called the road less traveled. This vast area contains many small communities and sport fisheries located off the road system with fisheries less accessible than places farther south in the state. However, the fishing is none the less exceptional, and in addition to salmon and trout there are fisheries for unique species such as sheefish, arctic char, and burbot, as well as huge northern pike found in the "flats" region of the lower Yukon River.

Angling traffic here is lighter than in other regions of the state but still significant. Total regional spending by all anglers in this region topped $101 million in 2007 and directly or indirectly supported 923 area jobs and $7 million in state and local taxes.

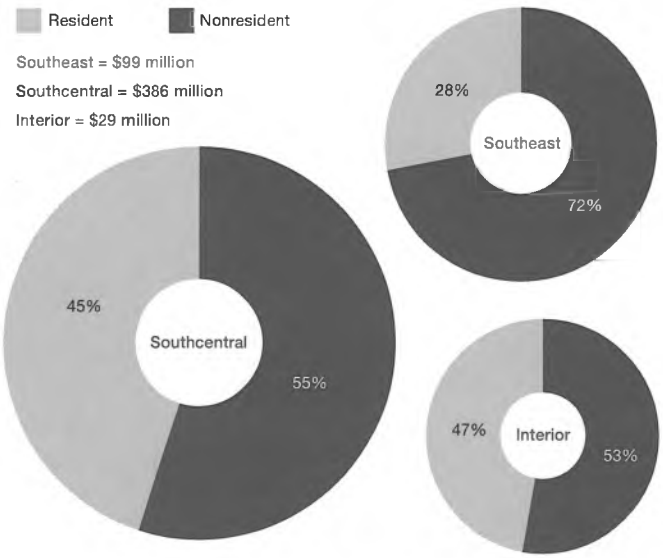


Total Angler Expenditures
$1.4 Billion

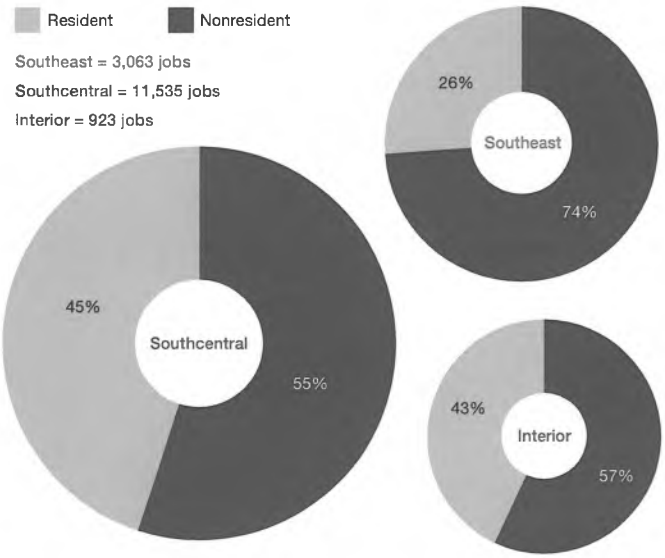
RESIDENT AND NONRESIDENT OUTPUT BY REGION



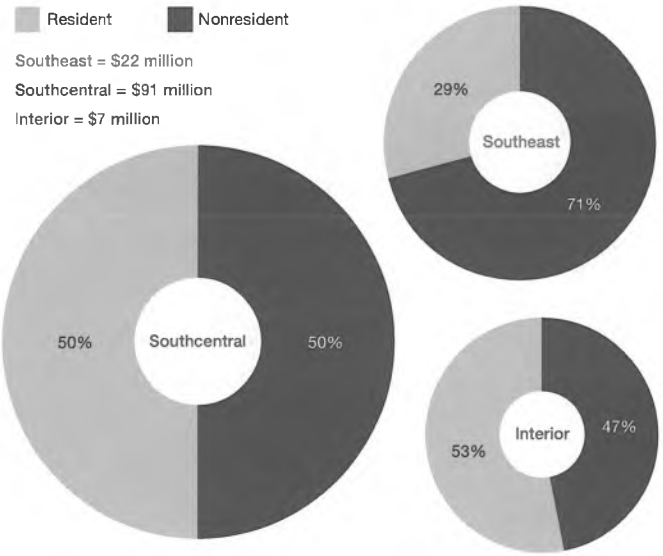
RESIDENT AND NONRESIDENT INCOME BY REGION



RESIDENT AND NONRESIDENT EMPLOYMENT BY REGION



RESIDENT AND NONRESIDENT STATE & LOCAL TAX REVENUES BY REGION



Sportfishing-related Jobs
15,879

Economic measures reported in these charts are based on regional IMPLAN model outputs using 2007 angler expenditures.

See page 11 for definitions of terms used on this page.

Economic Contributions of Sportfishing in Alaska, by Residency & Region, 2007

	Resident Anglers	Nonresident Anglers	All Anglers
ALASKA - STATEWIDE RESULTS			
Anglers' expenditures	$733,289,349	$652,498,723	$1,385,788,072
Output	$668,729,829	$938,863,856	$1,607,593,685
Income	$223,373,937	$321,882,151	$545,256,088
Jobs	6,442	9,437	15,879
Tax Revenues	$107,433,533	$138,881,701	$246,315,114
Local & State	*$56,509,573*	*$66,632,831*	*$123,142,404*
Federal	*$50,923,959*	*$72,248,870*	*$123,172,709*
SOUTHEAST REGION			
Anglers' expenditures	$98,613,993	$174,890,811	$273,504,804
Output	$79,385,025	$215,874,985	$295,260,010
Income	$27,316,008	$71,825,686	$99,141,694
Jobs	791	2,273	3,063
Tax Revenues	$12,227,368	$31,368,564	$43,595,932
Local & State	*$6,376,236*	*$15,686,783*	*$22,063,019*
Federal	*$5,851,132*	*$15,681,782*	*$21,532,913*
SOUTHCENTRAL REGION			
Anglers' expenditures	$560,955,071	$427,603,048	$988,558,119
Output	$534,838,006	$630,707,507	$1,165,545,513
Income	$174,829,996	$211,633,737	$386,463,733
Jobs	5,170	6,365	11,535
Tax Revenues	$86,563,199	$93,692,068	$180,255,267
Local & State	*$45,612,530*	*$45,187,101*	*$90,799,631*
Federal	*$40,950,668*	*$48,504,967*	*$89,455,636*
INTERIOR REGION			
Anglers' expenditures	$67,092,727	$33,467,910	$100,560,637
Output	$40,133,830	$46,578,879	$86,712,709
Income	$13,263,706	$15,300,176	$28,563,882
Jobs	399	524	923
Tax Revenues	$6,710,270	$6,708,875	$13,419,146
Local & State	*$3,825,310*	*$3,396,831*	*$7,222,141*
Federal	*$2,884,961*	*$3,312,044*	*$6,197,005*

Output = total economic activity generated by angler spending
Income = salaries, wages, employee benefits and proprietors' profits stimulated by anglers
Jobs = same as employment, these are the total number of both full-time and part-time jobs supported by angler spending
Tax Revenues = the total personal and business tax revenues earned by local, state, and federal government that are generated by angler spending

Economic Contributions of Sportfishing for Specific Subregions, 2007

	Resident Anglers	Nonresident Anglers	All Anglers
COOK INLET (A SUBREGION OF THE SOUTHCENTRAL REGION)			
Anglers' expenditures	$457,938,464	$275,030,511	$732,968,975
Output	$413,287,612	$414,602,226	$827,889,838
Income	$136,650,136	$142,124,416	$278,774,552
Employment	4,010	4,046	8,056
Tax Revenues	$67,097,024	$44,445,496	$111,542,520
Local & State	***$35,189,444***	***$20,091,926***	***$55,281,369***
Federal	***$31,907,580***	***$24,353,570***	***$56,261,150***
SOUTHEAST REGION - MARINE FISHING ONLY†			
Anglers' expenditures	$21,268,271	$110,345,177	$131,613,448
Output	$28,244,412	$138,794,141	$167,038,552
Income	$9,132,220	$44,692,671	$53,824,891
Employment	301	1,595	1,897
Tax Revenues	$4,791,024	$21,577,534	$26,368,559
Local & State	***$2,713,584***	***$11,473,357***	***$14,186,941***
Federal	***$2,077,440***	***$10,104,178***	***$12,181,618***

Output = total economic activity generated by angler spending
Income = salaries, wages, employee benefits and proprietors' profits stimulated by anglers
Jobs = same as employment, these are the total number of both full-time and part-time jobs supported by angler spending
Tax Revenues = the total personal and business tax revenues earned by local, state, and federal government that are generated by angler spending
†The contributions are for trip spending only, including travel packages. It was not possible to allocate equipment and real estate expenditures by type of water fished.

Definitions of Terms Used in this Report

Angler Expenditures: the dollars spent for the primary reason of sportfishing. Such expenditures include trip-related expenses for fishing (fuel, guide services, lodging, etc.), fishing tackle and other fishing equipment, the portion of ancillary equipment used for fishing that may have multiple uses (e.g., coolers, binoculars), and real estate maintenance and construction expenditures if used primarily for the pursuit of sportfishing.

Total Multiplier Effect (also known as Total Economic Activity): the results (measured in output, income, jobs and taxes) of the total rounds of business and consumer spending stimulated by anglers' original expenditures.

Income: generated as a result of anglers' expenditures, this includes total payroll, including salaries and wages, as well as benefits such as insurance, and retirement benefits paid to employees and business proprietors.

Employment: the total number of both full-time and part-time jobs supported as a result of anglers' expenditures.

Tax Revenues: the total tax revenues earned by local, state and federal governments as a result of anglers' expenditures. All forms of local, state and federal taxes are included.

ACKNOWLEDGEMENTS

Funding for this study was provided by the Alaska Legislature which approved a $229,800 Fish and Game Fund increment and a $200,000 General Fund increment to the Division of Sport Fish FY-2008 budget. The Division of Sport Fish would like to thank Southwick Associates for their dedicated work on this project as well as the many anglers and guide businesses who participated in this study by providing detailed information on their sportfishing-related expenditures in 2007.

Southwick Associates, based in Fernandina Beach, FL, was founded in 1989 to serve state fish and wildlife agencies and the sportfishing and hunting industries. From our north Florida offices, we continue to serve this core group, and now provide economic and business intelligence to many more.

SOUTHWICK ASSOCIATES
FISH AND WILDLIFE ECONOMICS AND STATISTICS

Citation: Economic Impacts and Contributions of Sportfishing in Alaska, Summary Report 2007. Alaska Department of Fish and Game, Division of Sport Fish. January, 2009. Anchorage, Alaska.

For more information, contact Bill Romberg, Alaska Department of Fish and Game. (907) 267-2366 or william.romberg@alaska.gov.

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Transition Team Topics: Better Integration of Business Intelligence



Professional Sportfishing Guide Services Board

- Assure Alaska's guided sport industry competes favorably with other world class destinations
  - Diligent oversight for sport fishing services industry – like any prudent investments
- Benefits of Industry Recognition & Regulation
  - Logbook program – permanent, vital tool

UNITED FISHERMEN OF ALASKA

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February 24, 2011

Representative Steve Thompson, Chairman
House Special Committee on Fisheries
Alaska State Legislature
State Capitol, 120 Fourth Street
Juneau, AK 99801-1182

RE: Support for HB 173 - An Act amending the termination date of the licensing of sport fishing operators and sport fishing guides; and providing for an effective date.

Dear Chairman Thompson and Committee Members,

UFA supports HB 173, which would extend the sunset date on the sport guide and vessel licensing program from January 1, 2012 to January 1, 2013. It is essential for the Department of Fish and Game to have a system of registration and communication with operators of fishing guide businesses to be able to measure activity and harvest for effective fisheries management. Without passage of HB 173, the registration and logbook program that is in place will not continue beyond the current year. Without such a system to accomplish the objectives regarding recreational fisheries in the Magnuson-Stevens Fishery Conservation and Management Act of 2005, it is our belief that the State of Alaska would be in jeopardy of losing management jurisdiction over marine fisheries to the federal government.

United Fishermen of Alaska is the largest statewide commercial fishing trade association, representing 38 commercial fishing organizations participating in fisheries throughout the state and its offshore waters.

Sincerely,

Mark Vinsel
Executive Director

Special Publication No. 09-11

Participation, Effort, and Harvest in the Sport Fish Business/Guide Licensing and Logbook Programs, 2006-2008

by

Dora Sigurdsson

and

Bob Powers

September 2009

Alaska Department of Fish and Game

Divisions of Sport Fish and Commercial Fisheries



Symbols and Abbreviations

The following symbols and abbreviations, and others approved for the Système International d'Unités (SI), are used without definition in the following reports by the Divisions of Sport Fish and of Commercial Fisheries: Fishery Manuscripts, Fishery Data Series Reports, Fishery Management Reports, and Special Publications. All others, including deviations from definitions listed below, are noted in the text at first mention, as well as in the titles or footnotes of tables, and in figure or figure captions.

Weights and measures (metric)

centimeter	cm
deciliter	dL
gram	g
hectare	ha
kilogram	kg
kilometer	km
liter	L
meter	m
milliliter	mL
millimeter	mm

Weights and measures (English)

cubic feet per second	ft^3/s
foot	ft
gallon	gal
inch	in
mile	mi
nautical mile	nmi
ounce	oz
pound	lb
quart	qt
yard	yd

Time and temperature

day	d
degrees Celsius	°C
degrees Fahrenheit	°F
degrees kelvin	K
hour	h
minute	min
second	s

Physics and chemistry

all atomic symbols	
alternating current	AC
ampere	A
calorie	cal
direct current	DC
hertz	Hz
horsepower	hp
hydrogen ion activity (negative log of)	pH
parts per million	ppm
parts per thousand	ppt, ‰
volts	V
watts	W

General

Alaska Administrative Code	AAC
all commonly accepted abbreviations	e.g., Mr., Mrs., AM, PM, etc.
all commonly accepted professional titles	e.g., Dr., Ph.D., R.N., etc.
at	@
compass directions:	
east	E
north	N
south	S
west	W
copyright	©
corporate suffixes:	
Company	Co.
Corporation	Corp.
Incorporated	Inc.
Limited	Ltd.
District of Columbia	D.C.
et alii (and others)	et al.
et cetera (and so forth)	etc.
exempli gratia (for example)	e.g.
Federal Information Code	FIC
id est (that is)	i.e.
latitude or longitude	lat. or long.
monetary symbols (U.S.)	$, ¢
months (tables and figures): first three letters	Jan,...,Dec
registered trademark	®
trademark	™
United States (adjective)	U.S.
United States of America (noun)	USA
U.S.C.	United States Code
U.S. state	use two-letter abbreviations (e.g., AK, WA)

Measures (fisheries)

fork length	FL
mideye to fork	MEF
mideye to tail fork	METF
standard length	SL
total length	TL

Mathematics, statistics

all standard mathematical signs, symbols and abbreviations	
alternate hypothesis	H_A
base of natural logarithm	e
catch per unit effort	CPUE
coefficient of variation	CV
common test statistics	(F, t, χ^2, etc.)
confidence interval	CI
correlation coefficient (multiple)	R
correlation coefficient (simple)	r
covariance	cov
degree (angular)	°
degrees of freedom	df
expected value	E
greater than	>
greater than or equal to	≥
harvest per unit effort	HPUE
less than	<
less than or equal to	≤
logarithm (natural)	ln
logarithm (base 10)	log
logarithm (specify base)	$\log_2$, etc.
minute (angular)	'
not significant	NS
null hypothesis	H_O
percent	%
probability	P
probability of a type I error (rejection of the null hypothesis when true)	α
probability of a type II error (acceptance of the null hypothesis when false)	β
second (angular)	"
standard deviation	SD
standard error	SE
variance	
population	Var
sample	var

SPECIAL PUBLICATION NO. 09-11

PARTICIPATION, EFFORT, AND HARVEST IN THE SPORT FISH BUSINESS/GUIDE LICENSING AND LOGBOOK PROGRAMS, 2006-2008

by

Dora Sigurdsson

and

Bob Powers

Division of Sport Fish Research and Technical Services, Anchorage

Alaska Department of Fish and Game
Division of Sport Fish, Research and Technical Services
333 Raspberry Road, Anchorage, Alaska, 99518-1599

September 2009

The Special Publication series was established by the Division of Sport Fish in 1991 for the publication of techniques and procedures manuals, informational pamphlets, special subject reports to decision-making bodies, symposia and workshop proceedings, application software documentation, in-house lectures, and became a joint divisional series in 2004 with the Division of Commercial Fisheries. Special Publications are intended for fishery and other technical professionals. Special Publications are available through the Alaska State Library, Alaska Resources Library and Information Services (ARLIS) and on the Internet: http://www.sf.adfg.state.ak.us/statewide/divreports/html/intersearch.cfm. This publication has undergone editorial and peer review.

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ABSTRACT

In 2006, 1,677 sport fishing businesses and 3,454 guides licensed under the Alaska Department of Fish and Game guide and business registration program, signifying intent to provide sport fishing services in Alaska. The program licensed 1,695 businesses and 3,531 guides in 2007, and 1,659 sport fishing businesses and 3,522 sport fishing guides in 2008. Of the 1,659 sport fishing businesses registered in 2008, 1,525 were combination owner/guide licenses. Based on the 2008 physical addresses of both the businesses and guides, 90% of the businesses were residents of Alaska, and 10% were from other residency strata (defined as nonresidents), 72% of the guides were residents and 28% were nonresidents.

Of the 2,553 saltwater logbooks issued in 2008, 2,089 were activated, and of the 2,538 freshwater logbooks issued in 2008, 1,785 were activated. Of those businesses that submitted logbook information in 2008, 58% offered saltwater services, and 42% offered freshwater guided services. In 2006, logbook records show that 1,368 saltwater vessels were active, 1,409 were active in 2007 and 1,355 were active in 2008. On average during those three years, 55% of the saltwater vessels were active in Southeast Alaska and 45% were active in Southcentral Alaska.

A total of 65,671 saltwater charter trips were conducted in 2006, 67,152 trips in 2007, and 62,006 trips in 2008 statewide. On average, 84% of the saltwater angler days were nonresidents, 12% were residents and 4% were crew, comped fishing or unknown residency. In freshwater, 46,781 trips were taken in 2006, 48,697 in 2007, and 48,501 in 2008. Of the statewide freshwater trips, 90% of the angler days were nonresidents, 8% were residents, and 2% were crew fishing or unknown residency.

Average saltwater salmon harvests between 2006 and 2008 show that coho and king salmon were the predominant species, consisting of 67% and 15% of the harvest respectively statewide. Saltwater bottomfish harvests between 2006 and 2008 show that Pacific halibut were the predominant species with 68% of the total saltwater harvest statewide. Total halibut harvest statewide ranged from 379,473 fish in 2007 to a low of 339,718 fish in 2008. In freshwater, coho salmon were the predominant harvested species, followed by sockeye and then king salmon.

Key words: Sport fishing, guide and business registration, freshwater logbook, saltwater logbook, participation, effort, harvest, sport fishing vessel, Pacific halibut, salmon, bottomfish, Southeast Alaska, Southcentral Alaska

BACKGROUND

The Alaska Department of Fish and Game (ADF&G) Division of Sport Fish (DSF) has operated a program since 1998 to register and license both sport fishing guides and sport fishing guide businesses and to collect information on sport fishing participation, effort, and harvest by saltwater and freshwater guided clients. This report briefly summarizes the approach, history, and results of this program for 2006 through 2008.

GUIDE AND BUSINESS REGISTRATION AND LICENSING

The activities of the guided sport fishing industry in Alaska have significantly increased in recent years with implications to fish allocation and management decisions. Resolution of related issues was hampered by lack of information regarding the industry and its impact on fishery resources in many parts of Alaska. The sport fishing guide and business registration and licensing programs were designed to provide a comprehensive system to better define this diverse industry throughout Alaska. A brief history of the statewide registration and licensing process follows.

Beginning in May 1995 the owner(s) of any business that engaged in sport fish guiding of anglers anywhere in Alaska were required to register their business information, employees acting as sport fishing guides for the business, and listing all vessels used for guiding. In 1997 sport fishing guides were required to register and provide information about the employing business (Dean 2001; Dean and Howe 1999).

In 1998, the Alaska Board of Fisheries (BOF) adopted new statewide sport fishing guide registration regulations and definitions during their February Statewide Finfish meeting in Girdwood, Alaska (5 AAC 75.075: *Sport Fishing Services and Sport Fishing Guide Services; License Requirements; Regulations of Activities)*. It should be stressed that this was a registration process, not a licensing process. No fees were required and businesses and guides were allowed to provide services in any area of the state, assuming other regulatory requirements were met. In 1998 ADF&G registered guide businesses and guides and stopped registering charter vessels, because the Commercial Fisheries Entry Commission (CFEC) implemented a licensing program for all vessels to be used for guided sport fishing. From 1998 through 2004, ADF&G continued to register sport fishing businesses and sport fishing guides.

On May 11, 2004, the Alaska Legislature adopted House Bill 452 (HB 452), that established licensing requirements for sport fishing guide business owners and sport fishing guides on a statewide basis. This bill was created to establish minimum professional standards that were required of both freshwater and saltwater sport fish guides and business owners before a license could be obtained. The standards were established to protect consumers and to promote the viability and legitimacy of a professional sport fish guide industry. Businesses providing sport fish guided services were now required to obtain a State of Alaska Occupational Business License and hold liability insurance with a minimum of $300,000 coverage for all incidents in a year (AS 16.40.260). Licensed sport fishing guides were required (1) to be citizens of the United States, Canada, or Mexico, (2) hold a current first aid card, (3) have a current year Alaska sport fishing license and (4) have a valid U.S. Coast Guard operator's license if they were to operate a motorized vessel in navigable waters. License application forms and the information collected have remained consistent in design from 2006 through 2008 (Appendix A).

LOGBOOKS

In February, 1998 the BOF adopted regulations (5 AAC 75.076) requiring logbooks for saltwater charter vessels statewide. Information on the amounts and locations of charter activity and actual participation and harvest by individual vessels and businesses was needed by the BOF for allocation and management of Chinook salmon *Oncorhynchus tshawytscha*, rockfish *Sebastes* spp., and lingcod *Ophiodon elongatus*, and by the North Pacific Fisheries Management Council (NPFMC) for allocation of Pacific halibut *Hippoglossus stenolepis*. To meet these information needs ADF&G implemented a saltwater sport fishing charter vessel logbook program for DSF Region I, Southeast Alaska (Southeast), and Region II, Southcentral Alaska (Southcentral; Table 1; Figure 1).

In 1999, the NPFMC was considering proposals to limit the guided sport halibut harvest. Their concerns were: (1) that growth in this fishery was reallocating resources away from the individual fishing quota (IFQ) commercial longline fishery, and (2) that in some areas there was overcapitalization and localized depletion of the halibut resource. NPFMC endorsed a two-prong approach to resolve the perceived impact of increased guided charter halibut fishing. The first was establishment of guideline harvest limits (GHL) for International Pacific Halibut Commission (IPHC) Areas 2C and 3A (Figure 2), and the second was a process to establish local area management plans for halibut fisheries in coastal communities.

Since 1998, the logbook design has undergone annual revisions, driven primarily by changes or improvements in the collection of halibut, lingcod and rockfish data through the logbook program, Statewide Harvest Survey (SWHS), and expanded port sampling programs. House Bill

452, adopted in 2004, not only established new licensing requirements, but also established a logbook reporting requirement for all freshwater businesses in addition to the existing saltwater reporting requirements. For various reasons, both technical and policy-based, information on halibut harvests was not collected from 2002 through 2005. The collection of halibut data was resumed in 2006. In addition, the 2006 logbook was redesigned to require reporting of angler license numbers and the harvest and release numbers by angler in an effort to improve reporting and facilitate evaluation of the quality of logbook data (Appendix C).

The data from logbooks are compiled to show where fishing effort occurs, the extent of participation, and the species and numbers of fish kept and released by individual clients. This information is used for regulation and the development and management of fisheries, for project evaluation, and for formulation of department policies and priorities that reflect angler needs, concerns, and preferences. It also provides ADF&G with a tool to promote management of Alaska's resources for sustained yield.

Table 1.–Division of Sport Fish regions and management areas.

Regions	
SE	Southeast Alaska
SC	Southcentral Alaska
AYK	Arctic-Yukon-Kuskokwim
Areas	
Southeast Alaska	
A	Ketchikan
B	Prince of Wales Island
C	Kake, Petersburg, Wrangell, Stikine
D	Sitka
E	Juneau
F	Haines-Skagway
G	Glacier Bay
H	Yakutat
Southcentral Alaska	
J	North Gulf Coast/Prince William Sound
K	Knik Arm Drainage
L	Anchorage
M	Susitna River Drainage
N	West Side Cook Inlet
P	Kenai Peninsula
Q	Kodiak
R	Naknek River Drainage/Alaska Peninsula Area
S	Kvichak River Drainage
T	Nushagak, Wood River and Togiak
Arctic-Yukon-Kuskokwim	
I	Upper Copper River Drainage
U	Tanana River Drainage
V	Kuskokwim River/Kuskokwim Bay Drainages
W	Norton Sound/Seward Peninsula
X	Northwest Alaska
Y	Yukon River Drainage
Z	North Slope/Brooks Range

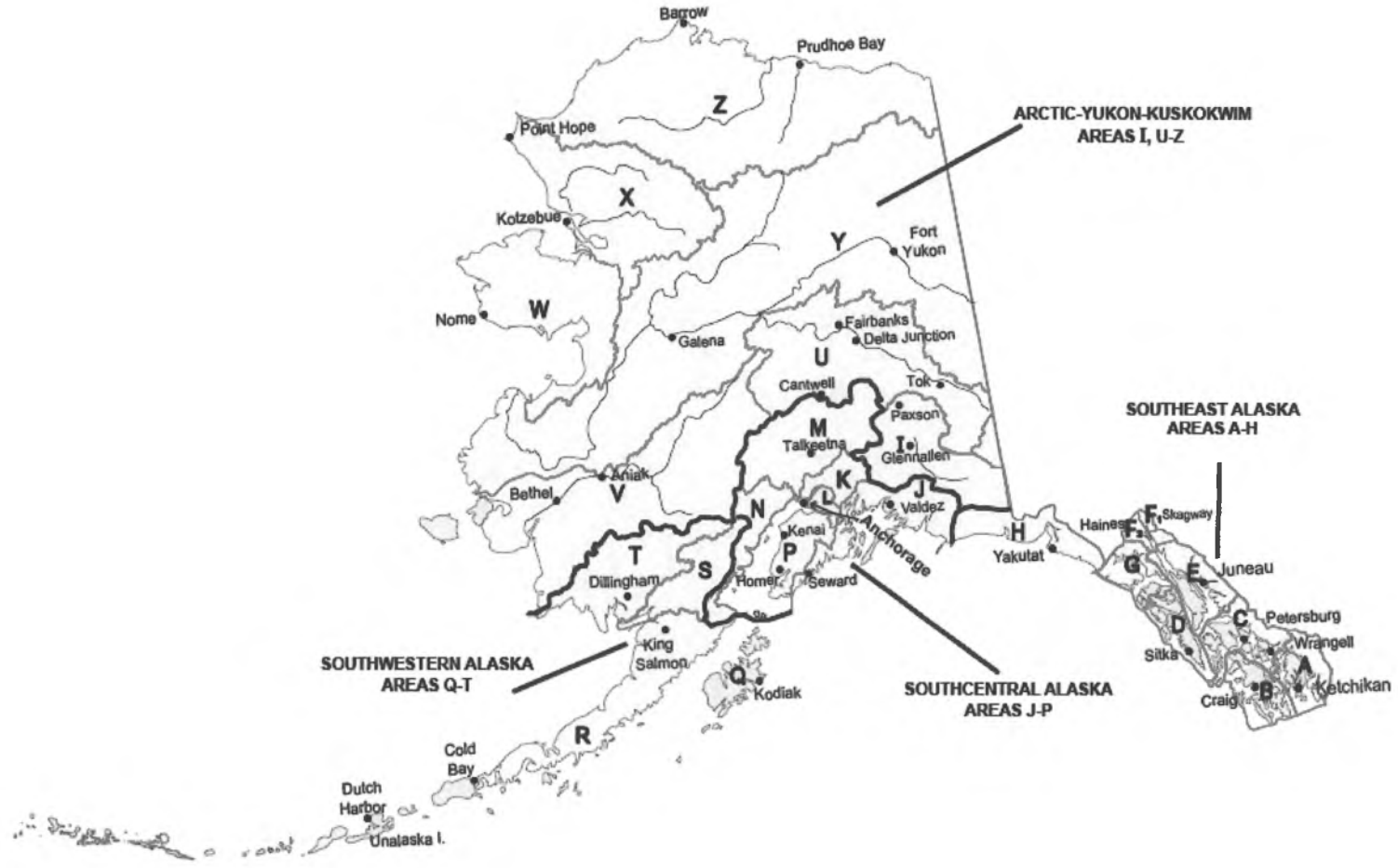

Figure 1.–Map of Alaska and Division of Sport Fish regions and management areas.

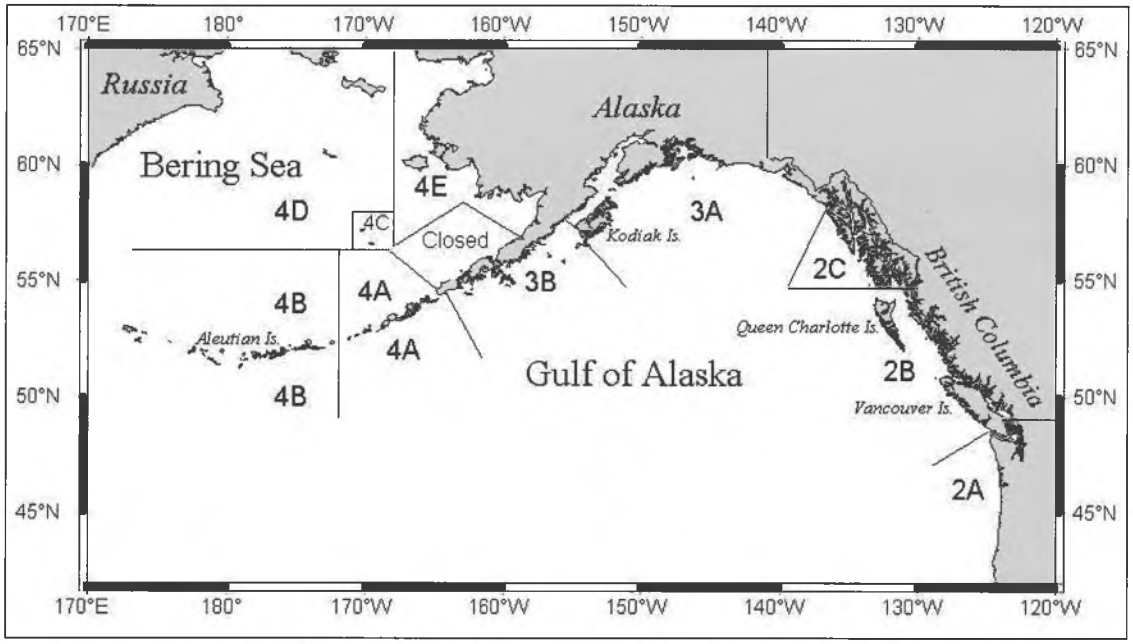

Figure 2.–International Pacific Halibut Commission (IPHC) regulatory areas.

Currently, a logbook record is required for every chartered or guided trip taken with clients, defined as an outing with one group of clients that ends when the clients and their fish (if fish were kept) are offloaded. Each trip is associated with an individual licensed business and guide.

VESSEL REGISTRATION

In addition to establishing a licensing program and statewide freshwater logbook requirement, HB 452 included establishment of a vessel registration program to be conducted by ADF&G as part of the logbook program to monitor the number of vessels used in the guided marine and freshwater fisheries. All boats used in marine or fresh water were referred to as "charter or guide boats" regardless of their size or the manner in which they are used. All vessels used in the charter guide industry were required to be registered with ADF&G. Vessel registration information was collected when logbooks were issued to a business. Registration information included the Department of Motor Vehicles or DMV number or the U.S. Coast Guard vessel documentation number. Upon completion of vessel registration with ADF&G, each vessel was provided with two decals and year tags to indicate that the vessel is used in the guide industry (Appendix B3 and B4). Decals must be applied and visible on both sides of the vessel.

METHODS

GUIDE AND BUSINESS LICENSING

Businesses and guides can be licensed to provide sport fishing guided services if they meet the minimum qualifications specified in regulation (AS 16.40.260 and AS 16.40.270).

During the month of January from 2006 through 2008, the Division of Sport Fish mailed renewal license applications to each sport fishing guide and sport fishing business that was licensed in the previous year. In addition, guides and businesses could obtain a license in person at local

ADF&G offices or through the Internet. The license applications could be used in any of three ways (Appendix A):

- To license a business only,
- To license a guide only,
- To license a combination business and guide (an owner/operator where the owner also conducted the guiding).

The licensing process collected business owner or guide name, permanent mailing information, permanent and inseason phone number if applicable. Additionally, the name of the business, name of the business owner, occupational business license number, insurance company information and insurance binder or policy number and effective dates were required. A guide is required to be a citizen of the United States, Canada, or Mexico, hold a current first aid card and have a current year Alaska sport fishing license along with any tags or permits required for specific fisheries. If a guide planned to operate a motorized vessel on navigable waters with clients on board, the guide was required to have a current U.S. Coast Guard Operator's License and provide that number and expiration date on the license application.

Unique license numbers were assigned according to how licensing occurred. License numbers did not remain the same in subsequent years. If an operator or guide licensed at an ADF&G office, a pre-numbered application was used and that number became the license number for that year. Renewal or internet license applications were randomly assigned numbers by the computer database that processed the information

Once the license applications were reviewed for completeness and accuracy, DSF mailed a wallet-sized license to each guide or business. Those applicants who licensed by going to an ADF&G office received a copy of their license, which allowed them to operate immediately. Those who licensed using the renewal application or by applying through the Internet, were required to wait until they received their license in the mail prior to operating or providing guiding services.

LOGBOOK DATA COLLECTION

A standard statewide saltwater logbook design was used from 2006 through 2008 (Appendix B). The freshwater logbook underwent very few changes between 2006 and 2008. Logbook reporting is a mandatory process governed by regulation (AS 16.40.280). As such, the reporting process was considered to be a census of all charter/guided trips. Logbooks were available and issued from ADF&G area offices located statewide, in addition to vendors located in Valdez and Seward.

Other than a few minor design changes, both the saltwater and freshwater logbooks collected the same information during all three years. Some changes were made to improve or simplify the use of the forms based on operator input, and to improve the capture of client and crew harvest information. Some of the annual design changes in the saltwater logbook were driven primarily by changes or improvements in the collection of halibut and rockfish data, and by requests from the NPFMC for information needed for allocation of halibut. In 2006, both logbooks were redesigned to require reporting of angler license numbers and the harvest and release numbers by angler in an effort to improve reporting and facilitate evaluation of the quality of logbook data. The most significant changes made to the saltwater logbook occurred between 2005 and 2006 (Appendix C).

Changes between the 2005 and 2006 saltwater logbooks included:

- The data page design went from a single page designed to collect information from nine different trips to a data page that collected information from one unique trip per page.
- A section to collect Business and Vessel Information was added. Business and Guide license numbers along with the Alaska Boat Registration number (AK. #) or U.S.C.G. documentation number was recorded on every data page. This information was intended to confirm that the information was associated with the correct business on record, and to validate the vessel registration information.
- A section to collect Trip information was added. Trip information collected the date fished, port or community where clients or fish were off-loaded, total number of clients on the vessel including those that did not fish, targeted species (salmon or bottomfish), primary statistical area fished, maximum number of rods fished, and number of boat hours fished. This design change resulted in more detailed information unique to each trip taken with a group of clients.
- A section to collect Individual Angler and Catch Information was added. In 2006, the collection of halibut information resumed. The new design also required the reporting of individual angler license numbers along with harvest and release numbers by angler in an effort to improve reporting and facilitate evaluation of the quality of logbook data.
- A signature line was added that required the guide who led the trip to sign their name certifying that the information was true and correct to the best of their knowledge.
- A notice statement drafted by the NPFMC was printed within the front cover of the 2006 saltwater logbook. The notice announced that a control date of December 9, 2005 was being established. Those businesses and guides not participating in the Southeast or Southcentral charter halibut industry by this date might not be eligible for future access and/or quota in these fisheries.

No significant changes took place in the freshwater logbook design between 2005 and 2006 (Appendix D).

Changes between the 2006 and 2007 saltwater logbooks include:

- Additional client information was obtained, to indicate if "comped" anglers fished. A "comped" angler was an angler who did not compensate the guide for that charter trip. By including "comped" anglers, the data captured by onsite dockside samplers and data from the logbook census were more comparable, since all anglers on board a charter vessel and their catches were now being counted.
- Vessel AK # or U.S.C.G. documentation numbers were no longer being collected on each data page. The vessel information collected during the logbook assignment to a business on the sign-out sheet was adequate.

No significant changes took place in the freshwater logbook design between 2006 and 2007 (Appendix D).

The changes to the saltwater logbook forms between 2007 and 2008 were in response to requests by the NPFMC in an effort to continue improvement in the collection of halibut information in preparation for a potential IFQ or moratorium program. Changes between the 2007 and 2008 saltwater logbooks include:

- A request to collect information on the port or community where the fishing trip began.
- Indicate the IPHC area fished: 2C, 3A, 3B or 4.
- The collection of the angler's first and last name in addition to the angler license number.
- The number of halibut kept year-to-date (YTD) in IPHC area 2C in anticipation of an annual limit on guided halibut harvest per client. The annual limit was never implemented but this column had already been added and logbooks distributed prior to the decision to not implement an annual halibut limit.
- The signature of an angler on the back side of each trip sheet if that angler kept halibut in 2C as verification of the information provided on the data page.

No significant changes took place in the freshwater logbook between 2007 and 2008 (Appendix D).

Saltwater Logbook Forms

A saltwater logbook consisted of the cover page, schedule of reporting deadlines, one logbook check out sheet to show the business to which the logbook was issued and register the saltwater vessel, a set of instructions for filling out the information on the logbook sheets, and 50 data sheets to record trip information. Data collection on each of the 50 pages consisted of:

- ADF&G business owner license number;
- ADF&G guide license number for the guide leading the trip;
- Date that fishing took place;
- Port or community where fishing began;
- Port or community of off loading,
- Total number of paying clients on the vessel (including those that did not fish, but not including "comped" anglers or crew members that fished);
- Primary statistical area fished while targeting salmon or bottomfish;
- Number of boat hours fished;
- Crew, client, and "comped" angler's current ADF&G sport fishing license or PID (permanent fishing license) number, birthdate of youth anglers under the age of 16;
- First and last name of each client and youth angler;
- Client residency(Alaska resident/nonresident of Alaska);
- A breakdown by fish species kept (and/or released) by each individual angler.

During a saltwater charter trip, the operator must decide if his/her gear or fishing methods are effectively targeting bottomfish, salmon or both. A 6-digit statistical code where most of the fish were caught or targeted is logged for each trip. Statistical maps were provided to the operator upon logbook issuance.

Saltwater species information collected included kept and released information for "large" Chinook (king salmon) 28" and longer and for "small" Chinook (king salmon) less than 28". Also recorded were coho *O. kisutch*, sockeye *O. nerka*, pink *O. gorbuscha*, and chum *O. keta*

salmon, halibut, lingcod, pelagic rockfish, yelloweye, and other nonpelagic rockfish, salmon shark *Lamna ditropis*, and a category for the number of all other species not already listed (Appendix C).

To determine the number of businesses and guides that were "active" in the industry, a cross reference is made to the logbooks to determine if actual guided trips were provided. If ADF&G received at least one charter vessel trip form that reported targeted effort, the charter operation turning in the form was considered an "active" bottomfish or salmon charter operator with an "active" vessel.

Freshwater Logbook Forms

A freshwater logbook consisted of the cover page, schedule of reporting deadlines, one logbook check out sheet to show the business to which the logbook was issued, a freshwater vessel registration page that collects the unique AK # assigned by the Department of Motor Vehicles (DMV) or a United States Coast Guard (USCG) documentation number and primary drainage, a set of instructions for filling out the information on the logbook sheets, and 50 data sheets to record trip information. Data collection on each of the 50 pages consisted of:

- ADF&G guide license number,
- Date that fishing took place,
- Specific name of river, stream or lake fished,
- Site code of site fished as reference within a list provided with each logbook,
- Number of logbook pages used for a specific trip,
- Name of any other species kept,
- Crew, client, and "comped" angler's current ADF&G sport fishing license number, and a youth angler designation for anglers under 16 years of age.
- Client residency,
- A breakdown by fish species kept and released.

Upon acquiring a freshwater logbook, the operator registers all vessels that may be used during the course of the fishing season. Freshwater vessel registration requires that the vessel already have a unique AK # assigned by DMV or a USCG documentation number. Freshwater vessels primarily have AK #'s. The operator must provide the AK # and indicate the primary freshwater drainage where the vessel will operate.

The freshwater logbook does not collect targeted species information like the saltwater logbook, it collects information on species kept and released regardless of what was targeted or sought after. A trip is counted if a logbook data page is submitted with effort information regardless of catch. Freshwater trips are assigned a region of the state based on the name of the site fished, each freshwater site is assigned a unique regional alpha code followed by a numeric code within the region in which it is located (Table 1).

Freshwater information collected were: kept and released numbers for king, coho, and sockeye salmon, cutthroat *O. clarkii*, rainbow and steelhead trout *O. mykiss*, lake trout *Salvelinus namaycush*, Dolly Varden *S. malma*, Arctic grayling *Thymallus arcticus*, northern pike *Esox lucius*, sheefish *Stenodus leucichthys* and a category for the number of all other fish not already listed (Appendix D).

Business operators are allowed to and even encouraged to pick up as many logbooks as they anticipated needing during the course of the season. The ability to acquire as many logbooks as are needed prevents them from having to make multiple trips to an ADF&G office. As a result, numerous businesses ended up getting more logbooks than were eventually used. Because of this, ADF&G differentiates between the number of logbooks issued versus the number that are actually used or activated.

LOGBOOK OUTREACH AND VERIFICATION

In December 2005, the Commissioner of the ADF&G issued a statement that detailed the strategies for assuring the accuracy of reporting of Pacific halibut harvest for the saltwater charter logbook. (Appendix E).

Outreach

An outreach program was initiated to reach as many operators as possible to field questions and to ensure compliance with the reporting requirements. The outreach program was conducted on-site (in the field) by ADF&G employees and off-site from the Anchorage ADF&G office.

On-site Logbook Inspections

Logbook outreach occurred in parts of Southeast and Southcentral regions in conjunction with existing creel survey and port sampling programs. "Courtesy logbook inspections" were conducted as time allowed by ADF&G creel and port sampling technicians during their regular dockside checks of the primary fisheries from May through September. In addition, management staff conducted periodic checks of charter logbooks, mostly in 2006. Logbooks were inspected to make sure that they were filled out correctly, and staff answered any questions about how they should be filled out. These checks were not intended for enforcement or for evaluating the accuracy of data but rather as another opportunity to encourage compliance and completeness and as an indicator of how important logbook data are to ADF&G. These inspections were conducted as time allowed by ADF&G creel and port sampling technicians during their regular dockside checks for the primary fisheries from May through September.

Off-site Logbook Review

The goal of the outreach program was to ensure compliance with all reporting requirements, by emphasizing education early in the season. Off-site outreach was conducted by the Division of Sport Fish, Research and Technical Services (RTS) staff in the Anchorage office. All logbook trip data was subject to a reporting deadline. Logbook data pages were required to be completed and returned to ADF&G on a weekly basis as specified in the instructions of both the saltwater and freshwater logbooks. Timely submission was a requirement to facilitate recall and to allow ADF&G staff to review each data page for completeness and legibility. All logbook data sheets were received by RTS in Anchorage where ADF&G data entry staff date-stamped each data page with the date received, reviewed each page for incomplete, illegible or erroneous information, and conducted phone calls to business owners and guides for follow up and clarification. Calls early in the season were intended to alleviate repeat errors in reporting which were thought to result in fewer calls being necessary later in the fishing season.

As logbook data sheets were received, RTS staff conducted reviews by monitoring all data for completion and legibility prior to data entry. In the event that some of the logbook data sheets required verification from the operator or guide, staff would place phone calls

Phone calls to the business owners and guides significantly improved the quality of the data, minimized reoccurring mistakes by the guide, increased compliance, and contributed to the outreach portion of this program. Logbook data entry staff contacted charter operators to resolve logbook reporting issues and to improve future reporting. These calls were intended to improve data quality and reinforce the message to the guide industry that logbook data are important and are consistently being reviewed. In 2006, 3,011 calls were made to operators, 1,415 in 2007 and 2,160 in 2008. Follow up phone calls have become a valuable outreach tool and will continue to be a standard procedure in the future.

Verification

Logbook data were compared to actual counts of harvested fish (verified) and to reported harvest data (unverified) from onsite interviews. These comparisons are ongoing and are part of a more comprehensive evaluation of logbook data quality (Meyer et al. 2008).

Two unique methods were used to conduct post-season verification of logbook data:

1. A comparison was made between logbook data and guided trip information collected from the Alaska Statewide Harvest Survey (SWHS; Jennings et al. 2007).
2. The data collected from the logbooks was compared to the data collected in the saltwater creel programs administered through ADF&G. Saltwater creel programs include the *Assessment of Recreational Halibut and Groundfish Harvest in Southcentral Alaska* program in Homer, the *Haines Marine Sport Fishery Harvest in Southeast Alaska*(Chapell *In prep*), and the *Harvest estimates for selected marine sport fisheries in Southeast Alaska* (Wendt and Jaenicke *In prep*).

RESULTS

GUIDE AND BUSINESS LICENSING

In 2006, 1,677 sport fishing businesses and 3,454 guides were licensed with ADF&G. In 2007, 1,695 businesses and 3,531 guides were licensed, and in 2008, 1,659 sport fishing businesses and 3,522 sport fishing guides were licensed with ADF&G to provide sport fishing services in Alaska. The total number of businesses and guides includes all saltwater and freshwater operators. Of the 1,659 sport fishing businesses licensed in 2008, 1,525 were combination owner/guide licenses. Physical addresses of both the businesses and guides in 2008 indicated that 90% of the businesses were Alaska residents, and 10% were from other residency strata (defined as nonresidents), 72% of the guides were residents and 28% were nonresidents.

The licensed businesses and guides were subtotaled by region for Southeast, Southcentral, and Other Alaska, including the Arctic-Yukon-Kuskokwim area and nonresident license applicants.

From 2006 through 2008, an average of 28% of the licensed businesses had physical addresses in Southeast, 57% in Southcentral, 5% had permanent addresses in other parts of Alaska, and 10% had nonresident addresses based on their license applications. From 2006 through 2008, an average of 22% of the licensed guides had permanent addresses in Southeast, while 47% in Southcentral, 4% in other parts of Alaska and 27% had nonresident addresses based on their license applications (Table 2).

Based on the submission of saltwater logbook data pages with trip information in 2006, 777 businesses provided saltwater services and 503 provided freshwater services, and 140 businesses

provided both freshwater and saltwater services. In 2007, 786 businesses provided saltwater services and 513 provided freshwater services and 132 businesses provided both freshwater and saltwater services. In 2008, 766 businesses provided saltwater services and 508 provided freshwater services and 122 businesses provided both freshwater and saltwater services (Table 3 and Table 4).

Table 2.–Number of licensed businesses and guides by region, 2006–2008.

Licensed Businesses [a]			
Region [b]	2006	2007	2008
Southeast	38	39	43
Southcentral	62	70	66
Other Alaska	5	2	2
Resident Total	105	111	111
Other U.S.	25	18	23
Foreign	0	0	0
Nonresident Total	25	18	23
Total business only licenses	130	129	134
Combination Licenses [c]			
Region			
Southeast	432	422	413
Southcentral	891	910	887
Other Alaska	71	74	75
Resident Total	1,394	1,406	1,375
Other U.S.	153	160	150
Foreign	0	0	0
Nonresident Total	153	160	150
Total	1,547	1,566	1,525
Total business only and combination business/guide licenses	1,677	1,695	1,659
Licensed Guides [d]			
Region			
Southeast	346	334	319
Southcentral	731	777	765
Other Alaska	66	75	80
Resident Total	1,143	1,186	1,164
Other U.S.	762	779	831
Foreign	2	0	2
Nonresident Total	764	779	833
Total	1,907	1,965	1,997
Total licensed guides	3,454	3,531	3,522

Note: Data are current as of 07/08/09.

[a] Business only licenses that do not include the owner as a guide.

[b] Region assigned based on physical address indicated at time of licensing.

[c] Combination licenses that include the business and the business owner as the guide.

[d] Guide license only, no business license.

Table 3.–Number of active saltwater businesses and guides by region, 2006–2008.

	Active Businesses[a]			Active Guides[b]		
Region[c]	2006	2007	2008	2006	2007	2008
SE	439	430	429	881	873	860
SC	479	488	459	772	766	740
Total[d]	917	918	888	1,603	1,602	1,562

Note: Data are current as of 07/16/09.

[a] Business counts are based on the business number listed on the signout sheet of a logbook (this can be a business only or a combined business/guide license).

[b] Guide counts are based on the guide number written on each log page (this can be a guide only or a combined business/guide license).

[c] Region is based on the port of offloading, salmon stat area and bottomfish stat area.

[d] Total is not additive because a business or guide could operate in both areas. Includes businesses and guides that offered both saltwater and freshwater services.

Table 4.–Number of active freshwater businesses and guides by region, 2006–2008.

	Active Businesses[a]			Active Guides[b]		
Region[c]	2006	2007	2008	2006	2007	2008
SE	69	73	70	173	177	178
SC	528	528	512	1,224	1,272	1,305
AYK	71	68	69	194	224	222
Site code missing	0	4	7	0	4	7
Total[d]	643	645	630	1,518	1,581	1,636

Note: Data are current as of 07/16/09.

[a] Business counts are based on the business number listed on the signout sheet of a logbook (this can be a business only or a combined business/guide license).

[b] Guide counts are based on the guide number written on each log page (this can be a guide only or a combined business/guide license).

[c] Region is based on the site code provided for the site fished on each log page.

[d] Total is not additive because a business or guide could operate in both areas. Includes businesses and guides that offered both saltwater and freshwater services.

VESSELS

Saltwater

The number of vessels registered to provide saltwater sport fishing charter services was 1,671 in 2006, 1,666 in 2007, and 1,604 in 2008. A vessel, though registered, is not considered "active" unless that vessel was used on a guided trip as indicated by the submission of a logbook data page. Of the 1,671 saltwater vessels registered in 2006, 1,368 were active, of the 1,666 vessels registered in 2007, 1,409 were active, and in 2008 of the 1,604 registered vessels, 1,355 were active in saltwater. Based on the primary port of operation indicated at registration and port of offloading, 746 saltwater vessels operated in Southeast, 621 operated in Southcentral, and 1 vessel operated in both Southeast and Southcentral in 2006. In 2007, 768 saltwater vessels operated in Southeast, 641 operated in Southcentral, and 0 vessels operated in both Southeast and Southcentral. In 2008, 759 saltwater vessels operated in Southeast, 596 operated in Southcentral, and 0 vessels operated in both Southeast and Southcentral (Table 5).

Logbook data indicate that vessels will target all possible species; bottomfish, salmon and both during the course of a fishing season (Table 6).

Table 5.–Number of registered and active saltwater vessels by region, 2006–2008.

	Registered Vessels			Active Vessels		
Region[a]	2006	2007	2008	2006	2007	2008
SE	926	918	907	747	768	759
SC	745	748	697	622	641	596
Total[b]	1,671	1,666	1,604	1,368	1,409	1,355

Note: Data are current as of 07/09/09.

[a] Region is based on primary port of operation listed on sign-out sheet and port of off loading, active is determined by the salmon or bottomfish statistical area.

[b] Total is not additive because vessels can operate in both areas.

Table 6.–Number of active saltwater vessels that made at least one trip in each target category, by region, 2006–2008.

		Target[a]			
Year	Region[b]	Salmon	Bottomfish	Both	No Statistical Area
2006	SE	631	495	637	5
	SC	383	551	486	6
	Total	1,014	1,046	1,123	11
2007	SE	637	494	676	49
	SC	377	576	495	32
	Total	1,014	1,070	1,171	81
2008	SE	623	534	649	56
	SC	325	546	441	22
	Total	948	1,080	1,090	78

Note: Data are current as of 07/09/09.

[a] Target is based on salmon and bottomfish statistical areas.

[b] Region is based on primary port of off loading, salmon statistical area and bottomfish statistical area.

Freshwater

Based on the primary drainage and sites fished, many more freshwater vessels operate in Southcentral than in other regions (Table 7).

Table 7.–Number of registered freshwater vessels by year and region, 2006–2008.

Year	SE	SC	AYK	Unknown	Total[a]
2006	131	1,640	219	98	2,086
2007	131	1,657	239	15	2,041
2008	122	1,738	261	8	2,128

Note: Data are current as of 07/14/09.

[a] Total not additive because a vessel could be registered and operate in more than one region.

TRIPS

Saltwater

Logbook data indicate that 65,671 saltwater charter trips were conducted statewide in 2006, 67,152 trips were conducted in 2007, and 62,006 trips were conducted in 2008. During all three years, a majority of the trips that targeted salmon only occurred in Southeast, whereas, the majority of trips that targeted bottomfish only occurred in Southcentral. During the same three years, operators in Southeast conducted significantly more trips in which both salmon and bottomfish were targeted on the same trip. If a statistical area fished was not provided, no targeted species was assigned (Table 8).

Table 8.–Number of saltwater trips by targeted species by region, 2006–2008.

		Species Targeted[a]				
Year	Region[b]	Salmon[c]	Bottomfish[c]	Both[c]	No Statistical Area	Total
2006	SE	14,309	6,146	18,628	5	39,088
	SC	3,481	15,555	7,537	10	26,583
	Total	17,791	21,702	26,165	15	65,671
2007	SE	12,759	6,144	20,633	62	39,598
	SC	2,876	16,489	8,145	44	27,554
	Total	15,635	22,633	28,778	106	67,152
2008	SE	11,338	7,368	18,634	109	37,449
	SC	2,135	15,733	6,617	72	24,557
	Total	13,473	23,101	25,251	181	62,006

Note: Data are current as of 07/09/09.

[a] Species targeted is based on the provision of salmon and bottomfish statistical areas.

[b] Region is based on the port of offloading, and salmon or bottomfish statistical areas.

[c] The same vessel can make multiple trips targeting either salmon, bottomfish or both.

Freshwater

In 2006, 46,781 freshwater guided fishing trips were taken, 48,697 were taken in 2007, and 48,501 taken in 2008. On average, 84% of the freshwater trips took place in Southcentral, 10% in the Arctic-Yukon-Kuskokwim (AYK) area, and 6% in Southeast (Table 9).

Table 9.–Number of freshwater trips by region, 2006–2008.

	Region[a]			
Year	SE	SC	AYK	Total
2006	3,038	39,512	4,231	46,781
2007	3,256	40,543	4,898	48,697
2008	3,113	40,587	4,801	48,501

Note: Data are current as of 07/16/09.

[a] Region is based on the area code on the site code listed on each log page.

[b] Unknown means the record didn't have a site code listed, thus a region could not be determined.

LOGBOOK TRIP EFFORT AND HARVEST

Statewide saltwater charter trips appear to have decreased in 2008 after a steady increase between 2006 and 2007, the number of angler days fished declined steadily since 2006. For freshwater guided fishing statewide, the number of trips and angler days fished appeared to remain steady with very slight adjustments (Table 10).

SALTWATER

An average of 82% of the saltwater logbooks that were issued were activated (effort or catch reported) each year. From 2006 through 2008, the saltwater logbook collected client residency. Records show that for those three years, 90% of the angler days of effort in the saltwater charter salmon fishery were conducted by nonresident anglers, compared with 8% by residents and 2% by crew, comped anglers or those of unknown residency. Records also indicate that for those three years, 82% of the angler days of effort in the saltwater charter bottomfish fishery were conducted by nonresident anglers, 14% by residents and 4% by crew fishing, comped anglers or those of unknown residency (Tables 11-16).

Based on the number of angler days fished from 2006 through 2008, 69% of the salmon participation took place in Southeast, and 31% in Southcentral. Within that same time period, 42% of the bottomfish participation took place in Southeast, and 58% occurred in Southcentral (Tables 11-16).

From 2006 through 2008 coho and king salmon were the predominant salmon species harvested, making up 67% and 15% respectively of the harvest statewide, with the remaining 18% consisting of a combination of other salmon (Tables 11, 13, 15).

Halibut were the most harvested bottomfish from 2006–2008, with 68% of the total harvest statewide Halibut harvests were 377,366 fish in 2006, 379,473 fish in 2007, and a low of 339,718 fish in 2008. Statewide, 32% of the halibut harvest occurred in Southeast and 68% occurred in Southcentral (Tables 12, 14, 16).

FRESHWATER

On average, 71% of the freshwater logbooks that were issued were actually activated. From 2006 through 2008, 8% of the freshwater participation occurred in Southeast, 84% occurred in Southcentral, and 8% took place in the Alaska-Yukon-Kuskokwim (AYK) or interior Alaska.

For those three years, 90% of the angler days of effort in the freshwater guided fishery were conducted by nonresident anglers, 8% were residents and 2% were crew fishing, comped anglers or those of unknown residency. The highest percent of nonresident fishing occurred in Southcentral.

From 2006 through 2008 coho, sockeye and king salmon were the predominent salmon species, making up 45%, 29% and 20% respectively on average of the harvest statewide, with the remaining 7% consisting of a combination of other salmon (Tables 17-19).

Table 10.–Saltwater and freshwater trips and angler days by region, 2006–2008.

Year	Region[a]	Saltwater		Freshwater	
		Trips	Angler Days	Trips	Angler Days
2006	SE	39,088	154,549	3,038	11,464
	SC	26,583	175,695	39,512	125,055
	AYK	0	0	4,231	10,888
	Total	65,671	330,244	46,781	147,407
2007	SE	39,599	158,551	3,256	11,671
	SC	27,553	163,964	40,543	126,387
	AYK	0	0	4,898	12,262
	Total	67,152	322,515	48,697	150,320
2008	SE	37,449	150,793	3,113	10,730
	SC	24,557	146,717	40,587	126,596
	AYK	0	0	4,801	11,833
	Total	62,006	297,510	48,501	149,159

Note: Data are current as of 08/28/09.

Table 11.–Saltwater salmon effort and harvest by region, 2006.

Region[a]	Type of Angler	Angler Days[b]	King salmon		Coho	Sockeye	Pink	Chum
			Large ≥ 28"	Small < 28"				
SE	Resident	2,028	1,676	29	2,021	7	254	50
	Nonresident	126,010	54,034	1,018	131,943	831	26,738	2556
	Crew	503	30	0	41	56	11	7
	Unknown	1,697	808	15	1,825	4	453	30
	Total	130,238	56,548	1,062	135,830	898	27,456	2,643
SC	Resident	13,250	1,613	102	15,670	106	662	33
	Nonresident	44,086	8,292	476	57,340	619	4,574	287
	Crew	7,560	532	57	3,643	100	227	10
	Unknown	468	26	1	718	14	89	0
	Total	65,364	10,463	636	77,371	839	5,552	330
Total	Resident	15,278	3,289	131	17,691	113	916	83
	Nonresident	170,096	62,326	1,494	189,283	1,450	31,312	2,843
	Crew	8,063	562	57	3,684	156	238	17
	Unknown	2,165	834	16	2,543	18	542	30
	Total	195,602	67,011	1,698	213,201	1,737	33,008	2,973

Note: Data are current as of 07/09/09.

[a] Region is based on the port of offloading, salmon statistical area and bottomfish statistical area.

[b] Angler days totals all anglers who fished on a day when a salmon statistical area was entered, plus angler days where an angler harvested a salmon when a bottomfish statistical area was provided.

Table 12.–Saltwater bottomfish effort and harvest by region, 2006.

Region[a]	Type of Angler	Angler Days[b]	Halibut	Lingcod	Rockfish			Salmon Shark
					Pelagic	Yelloweye	Other Non-Pelagic	
SE	Resident	1,973	2,425	239	433	284	260	0
	Nonresident	100,311	110,050	12,313	37,004	20,255	16,006	60
	Crew	592	176	37	70	6	19	0
	Unknown	1,421	1,771	172	704	222	230	0
	Total	104,297	114,422	12,761	38,211	20,767	16,515	60
SC	Resident	34,662	58,727	2,814	8,123	2,362	917	117
	Nonresident	104,143	175,281	6,835	24,846	4,893	2,072	104
	Crew	19,655	27,708	715	2,182	552	149	3
	Unknown	854	1,228	45	244	64	31	0
	Total	159,314	262,944	10,409	35,395	7,871	3,169	224
Total	Resident	36,635	61,152	3,053	8,556	2,646	1,177	117
	Nonresident	204,454	285,331	19,148	61,850	25,148	18,078	164
	Crew	20,247	27,884	752	2,252	558	168	3
	Unknown	2,275	2,999	217	948	286	261	0
	Total	263,611	377,366	23,170	73,606	28,638	19,684	284

Note: Data are current as of 07/09/09.

[a] Region is based on the port of offloading, bottomfish statistical area and salmon statistical area.

[b] Angler days totals all anglers who fished on a day when a bottomfish statistical area was entered, plus angler days where an angler harvested a bottomfish when a salmon statistical area was provided.

Table 13.–Saltwater salmon effort and harvest by region, 2007.

Region[a]	Type of Angler	Angler Days[b]	King salmon		Coho	Sockeye	Pink	Chum
			Large ≥ 28"	Small < 28"				
SE	Resident	1,892	1,332	13	2,454	4	545	97
	Nonresident	131,423	48,331	1,559	192,163	1,226	68,117	7772
	Comped	206	75	0	181	0	48	2
	Crew	193	27	0	122	8	10	3
	Unknown	476	70	4	576	3	233	32
	Total	134,190	49,835	1,576	195,496	1,241	68,953	7,906
SC	Resident	12,924	1,175	97	20,722	262	720	20
	Nonresident	45,803	6,947	468	70,041	1,196	3,846	204
	Comped	426	60	1	403	4	12	0
	Crew	579	4	0	131	0	8	0
	Unknown	267	15	0	473	1	33	0
	Total	59,999	8,201	566	91,770	1,463	4,619	224
Total	Resident	14,816	2,507	110	23,176	266	1,265	117
	Nonresident	177,226	55,278	2,027	262,204	2,422	71,963	7,976
	Comped	632	135	1	584	4	60	2
	Crew	772	31	0	253	8	18	3
	Unknown	743	85	4	1,049	4	266	32
	Total	194,189	58,036	2,142	287,266	2,704	73,572	8,130

Note: Data are current as of 07/09/09.

[a] Region is based on the port of offloading, salmon statistical area and bottomfish statistical area.

[b] Angler days totals all anglers who fished on a day when a salmon statistical area was entered, plus angler days where an angler harvested a salmon when a bottomfish statistical area was provided.

Table 14.–Saltwater bottomfish effort and harvest by region, 2007.

Region[a]	Type of Angler	Angler Days[b]	Halibut	Lingcod	Rockfish			Salmon Shark
					Pelagic	Yelloweye	Other Non-Pelagic	
SE	Resident	1,747	2,204	159	535	229	286	0
	Nonresident	109,487	120,798	8,429	46,267	19,155	18,078	54
	Comped	176	138	11	48	11	13	0
	Crew	227	79	9	28	18	11	0
	Unknown	314	352	8	92	41	73	0
	Total	111,951	123,571	8,616	46,970	19,454	18,461	54
SC	Resident	34,979	60,016	3,343	11,210	2,475	963	94
	Nonresident	113,337	193,271	11,044	40,488	6,601	2,529	95
	Comped	1,064	1,553	98	393	63	22	0
	Crew	1,166	259	21	60	12	4	0
	Unknown	518	803	66	179	39	8	1
	Total	151,064	255,902	14,572	52,330	9,190	3,526	190
Total	Resident	36,726	62,220	3,502	11,745	2,704	1,249	94
	Nonresident	222,824	314,069	19,473	86,755	25,756	20,607	149
	Comped	1,240	1,691	109	441	74	35	0
	Crew	1,393	338	30	88	30	15	0
	Unknown	832	1,155	74	271	80	81	1
	Total	263,015	379,473	23,188	99,300	28,644	21,987	244

Note: Data are current as of 07/09/09.

[a] Region is based on the port of offloading, bottomfish statistical area and salmon statistical area.

[b] Angler days totals all anglers who fished on a day when a bottomfish statistical area was entered, plus angler days where an angler harvested a bottomfish when a salmon statistical area was provided.

Table 15.–Saltwater salmon effort and harvest by region, 2008.

Region[a]	Type of Angler	Angler Days[b]	King salmon		Coho	Sockeye	Pink	Chum
			Large ≥ 28"	Small < 28"				
SE	Resident	1,762	427	6	1,762	1	371	22
	Nonresident	119,183	20,076	664	122,787	725	46,620	3323
	Comped	129	19	0	81	0	34	3
	Crew	136	6	0	99	0	7	0
	Unknown	476	24	2	343	4	260	9
	Total	121,686	20,552	672	125,072	730	47,292	3,357
SC	Resident	10,336	834	96	12,933	74	904	79
	Nonresident	36,752	4,437	505	47,005	678	4,907	118
	Comped	464	37	9	335	19	44	1
	Crew	763	19	0	164	2	8	1
	Unknown	194	4	2	260	8	10	0
	Total	48,509	5,331	612	60,697	781	5,873	199
Total	Resident	12,098	1,261	102	14,695	75	1,275	101
	Nonresident	155,935	24,513	1,169	169,792	1,403	51,527	3,441
	Comped	593	56	9	416	19	78	4
	Crew	899	25	0	263	2	15	1
	Unknown	670	28	4	603	12	270	9
	Total	170,195	25,883	1,284	185,769	1,511	53,165	3,556

Note: Data are current as of 07/09/09.

[a] Region is based on the port of offloading, salmon statistical area and bottomfish statistical area.

[b] Angler days totals all anglers who fished on a day when a bottomfish statistical area was entered, plus angler days were an angler harvested a salmon when a bottomfish statistical area was provided.

Table 16.–Saltwater bottomfish effort and harvest by region, 2008.

Region[a]	Type of Angler	Angler Days[b]	Halibut	Lingcod	Rockfish			Salmon Shark
					Pelagic	Yelloweye	Other Non-Pelagic	
SE	Resident	1,710	1,819	161	746	265	288	0
	Nonresident	107,631	108,155	7,307	67,901	17,991	20,420	26
	Comped	142	127	7	37	16	30	0
	Crew	164	67	4	92	8	23	0
	Unknown	409	386	20	187	48	149	0
	Total	110,056	110,554	7,499	68,963	18,328	20,910	26
SC	Resident	30,751	52,345	3,538	10,931	2,456	966	37
	Nonresident	102,876	172,889	12,718	39,881	6,458	2,580	31
	Comped	1,374	2,044	232	501	102	53	0
	Crew	1,781	1,281	46	230	34	7	0
	Unknown	391	605	32	138	19	16	0
	Total	137,173	229,164	16,566	51,681	9,069	3,622	68
Total	Resident	32,461	54,164	3,699	11,677	2,721	1,254	37
	Nonresident	210,507	281,044	20,025	107,782	24,449	23,000	57
	Comped	1,516	2,171	239	538	118	83	0
	Crew	1,945	1,348	50	322	42	30	0
	Unknown	800	991	52	325	67	165	0
	Total	247,229	339,718	24,065	120,644	27,397	24,532	94

Note: Data are current as of 07/09/09.

[a] Region is based on the port of offloading, bottomfish statistical area and salmon statistical area.

[b] Angler days counts all anglers who fished on a day when a bottomfish statistical area was entered plus any angler who harvested a bottomfish regardless of whether a bottomfish statistical area was provided.

Table 17.–Freshwater effort and harvest by region, 2006.

Region[a]	Type of Angler	Angler Days	Number Kept							
			King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Grayling	Dolly Varden
SE	Resident	106	4	41	30	3	0	0	0	2
	Nonresident	10,970	174	6,849	2,132	109	19	4	25	621
	Crew	179	15	103	91	1	0	0	0	1
	Unknown	209	0	178	21	0	0	0	0	7
	Total	11,464	193	7,171	2,274	113	19	4	25	631
SC	Resident	9,742	2,529	2,467	1,145	0	73	1	0	153
	Nonresident	111,956	20,988	40,480	26,207	6	1426	19	321	1961
	Crew	2,123	55	548	276	1	6	2	0	56
	Unknown	1,234	231	641	448	0	7	0	3	38
	Total	125,055	23,803	44,136	28,076	7	1,512	22	324	2,208
AYK	Resident	883	389	77	255	0	4	0	23	45
	Nonresident	9,573	1,786	3,277	1,013	0	23	0	184	535
	Crew	291	7	5	55	0	0	0	0	14
	Unknown	141	16	79	30	0	0	0	3	0
	Total	10,888	2,198	3,438	1,353	0	27	0	210	594
Total	Resident	10,731	2,922	2,585	1,430	3	77	1	23	200
	Nonresident	132,499	22,948	50,606	29,352	115	1,468	23	530	3,117
	Crew	2,593	77	656	422	2	6	2	0	71
	Unknown	1,584	247	898	499	0	7	0	6	45
	Total	147,407	26,194	54,745	31,703	120	1,558	26	559	3,433

Note: Data are current as of 07/10/09.

[a] Region is based on the SWHS area listed as the first character in the site code.

Table 18.–Freshwater effort and harvest by region, 2007.

Region[a]	Type of Angler	Angler Days	Number Kept										
			King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Lake Trout	Grayling	Dolly Varden	Pike	Sheefish
SE	Resident	300	15	205	41	4	0	0	0	0	1	0	0
	Nonresident	11,156	102	6,817	1,979	86	21	27	0	0	1598	0	0
	Comped	44	0	26	28	0	0	0	0	0	0	0	0
	Crew	117	3	105	27	1	0	0	0	0	0	0	0
	Unknown	54	2	25	5	0	0	0	0	0	1	0	0
	Total	11,671	122	7,178	2,080	91	21	27	0	0	1,600	0	0
SC	Resident	11,278	2,429	2,902	1,715	0	198	0	6	4	157	25	0
	Nonresident	112,358	18,675	36,019	35,189	22	2526	62	128	631	3621	147	2
	Comped	572	86	46	107	0	24	0	0	2	69	18	0
	Crew	1,296	52	237	460	1	51	0	0	7	38	4	0
	Unknown	883	131	220	274	0	26	0	0	0	63	2	0
	Total	126,387	21,373	39,424	37,745	23	2,825	62	134	644	3,948	196	2
AYK	Resident	928	426	38	216	0	5	0	2	52	38	40	1
	Nonresident	11,006	1,812	2,660	1,133	0	200	0	10	333	433	101	16
	Comped	125	47	39	20	0	1	0	0	20	17	117	0
	Crew	169	21	35	35	0	24	0	0	3	16	7	0
	Unknown	34	12	0	1	0	1	0	0	6	0	0	0
	Total	12,262	2,318	2,772	1,405	0	231	0	12	414	504	265	17
Total	Resident	12,506	2,870	3,145	1,972	4	203	0	8	56	196	65	1
	Nonresident	134,520	20,589	45,496	38,301	108	2,747	89	138	964	5,652	248	18
	Comped	741	133	111	155	0	25	0	0	22	86	135	0
	Crew	1,582	76	377	522	2	75	0	0	10	54	11	0
	Unknown	971	145	245	280	0	27	0	0	6	64	2	0
	Total	150,320	23,813	49,374	41,230	114	3,077	89	146	1,058	6,052	461	19

Note: Data are current as of 07/10/09.

[a] Region is based on the SWHS area listed as the first character in the site code.

Table 19.–Freshwater effort and harvest by region, 2008.

Region[a]	Type of Angler	Angler Days	Number Kept										
			King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Lake Trout	Grayling	Dolly Varden	Pike	Sheefish
SE	Resident	320	16	136	11	5	0	1	0	1	4	0	0
	Nonresident	10,143	69	5,686	1,069	20	7	1	0	0	586	0	0
	Comped	19	0	10	1	0	0	0	0	0	3	0	0
	Crew	197	7	94	4	0	0	0	0	0	4	0	0
	Unknown	51	0	5	2	0	0	0	0	0	5	0	0
	Total	10,730	92	5,931	1,087	25	7	2	0	1	602	0	0
SC	Resident	11,059	2,096	3,388	1,459	0	55	0	3	4	143	179	0
	Nonresident	113,089	16,967	47,724	30,937	0	614	9	159	254	1925	290	1
	Comped	299	38	97	59	0	0	0	0	0	12	3	0
	Crew	1,306	36	344	143	0	3	0	1	1	44	24	0
	Unknown	843	175	243	208	0	2	0	1	0	9	0	0
	Total	126,596	19,312	51,796	32,806	0	674	9	164	259	2,133	496	1
AYK	Resident	860	285	45	46	0	11	0	2	17	14	17	6
	Nonresident	10,828	1,569	2,676	573	0	57	2	3	61	404	52	54
	Comped	7	3	12	2	0	0	0	0	0	3	0	0
	Crew	112	8	30	26	0	10	0	0	5	10	0	0
	Unknown	26	5	0	1	0	0	0	0	0	0	0	0
	Total	11,833	1,870	2,763	648	0	78	2	5	83	431	69	60
Total	Resident	12,239	2,397	3,569	1,516	5	66	1	5	22	161	196	6
	Nonresident	134,060	18,605	56,086	32,579	20	678	12	162	315	2,915	342	55
	Comped	325	41	119	62	0	0	0	0	0	18	3	0
	Crew	1,615	51	468	173	0	13	0	1	6	58	24	0
	Unknown	920	180	248	211	0	2	0	1	0	14	0	0
	Total	149,159	21,274	60,490	34,541	25	759	13	169	343	3,166	565	61

Note: Data are current as of 07/10/09.

[a] Region is based on the SWHS area listed as the first character in the site code.

DISCUSSION

GUIDE AND BUSINESS LICENSING

The 2006 through 2008 ADF&G guide and business licensing process differed from the registration process prior to 2005 in terms of the approach used, fees, and the information collected on license applications. The current licensing approach reflects changes made in 2005 to reflect the new minimum requirements established by HB 452. Guides and businesses offering guided fishing services are now held to a higher standard of compliance than previous to 2005. Violations of the guide licensing statutes or regulations adopted under HB 452 are either violations or misdemeanors, and courts are authorized to revoke the license of the guide or business under certain conditions, such as repeated convictions within a three-year period.

ADF&G no longer collects the information collected in earlier years on the type (saltwater vs. freshwater) and location (regions/subareas) of services. The 2006-2008 licensing processes have been similar and provide a basis for establishing a long-term database of licensed businesses and guides. Charter/guide business and guide licensing still reflects the intent to operate, while actual activity is confirmed by the submission of logbook trip data.

LOGBOOKS

ADF&G initiated a mandatory saltwater charter logbook program in 1998. The BOF adopted regulations requiring annual registration of sport fishing guides and businesses, and logbook reporting. The logbook and registration/licensing program was intended to provide information on actual participation and harvest by individual vessels and businesses.

Recent emphasis from ADF&G management staff and NPFMC on more timely saltwater data spurred discussions on how to hasten logbook data availability. Currently, logbook data entry involves collecting logbook sheets from the guide, entering the logbook data into a logbook database, and editing the data. This process can take RTS from six to eight weeks. Discussions included the possibility of an electronic submission option that would provide data to ADF&G and NPFMC staff in a more timely manner. Any option for a logbook change would have to include a design that is appealing and easy for the guide industry to use, such that they would perceive it as beneficial to a process that they already consider "burdensome." Electronic reporting options were, at first, appealing to fulfill both management needs and halibut management needs for more timely information. Further discussions concluded that electronic reporting would still necessitate the use of a paper version of the logbook due to enforcement and trip recording requirements. Data would still need to be verified for errors, be entered accurately into a database, and be available for onsite inspection. There are currently no options for going "paperless", and no perceived benefit to managers or the industry that would result from the process. The "paperless" approach would require a change in regulation for reporting requirements along with extensive research into the cost of electronic reporting. The discussion for going "paperless" will continue however.

Upon further discussion and research, an alternative approach was considered. ADF&G programmers researched the option of developing a system that would electronically scan the image of a redesigned logbook data page. Scanned images would minimize data entry time but allow for data entry personnel to fix images flagged as unrecognizable, thus maintaining data accuracy and quality. This option is not any more "burdensome" to the industry and would

likely make the weekly reporting requirement more palatable knowing that the data would be more immediately available.

In 2010, a field test of the redesigned saltwater logbooks will be conducted to test the new scannable saltwater logbook data page and scanning software. Upon review of the test data pages and likely adjustments to the design, it is hoped that this new design will be fully adopted and implemented by 2011.

Preliminary results from verification studies comparing the accuracy of logbook harvest data with the statewide harvest survey estimates, and onsite creel programs are favorable. Logbook data will continue to be compared to counts from those two programs. Comparisons are ongoing and are part of a more comprehensive evaluation of logbook data quality. Logbook halibut data has been used extensively. Saltwater and freshwater logbook data have also been used for a variety of regulatory analyses for state managed species.

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Southeast and Southcentral regional and area staff, especially numerous front counter personnel, have been critical to the success of the ADF&G sport fishing guide and business licensing and logbook program. The above staff along with Rob Bentz, Bob Chadwick and Mike Jaenicke from Southeast, Scott Meyer, Matt Miller and Tom Vania from Southcentral, and Tom Taube from Fairbanks have also provided valuable comments during the process of registration and logbook form design.

Doug Vincent-Lang has provided valuable insight on the history of the program and facilitated numerous discussions with NOAA and IPHC. Bob Clark's thoughtful insight and direction has been very much appreciated. We also acknowledge the expertise and infinite patience exhibited by Joanne MacClellan in preparing this report. Her knowledge and willingness to assist is invaluable.

Kirk Brogdon of the division's Research and Technical Services section deserves considerable credit for designing and implementing efficient information management systems for data capture, cleaning, storage, and reporting. These systems, accessible via the division's Intranet, allowed area staff statewide to query the most up-to-date registration and logbook databases via their Internet browser.

Kathy Kush should be acknowledged for her incredible skills in streamlining the licensing process and making sure that all license applications are processed in a timely manner that has allowed the guides and businesses to start operation without delay.

Margaret Nussbaum, Diane Novinska, Jennifer Bond, Mary Yanagawa and several seasonal technicians deserve credit for receiving, entering, and filing the licensing and logbooks forms. With their perseverance, we met reporting deadlines that seemed nearly impossible with available staffing and workloads.

We also acknowledge the cooperation of the thousands of sport fishing guides and sport fishing businesses that licensed and completed their logbooks in a timely and compliant manner.

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APPENDIX A
SPORT FISH BUSINESS OWNER/GUIDE LICENSE APPLICATION

2006 SPORT FISH BUSINESS OWNER/GUIDE LICENSE

License #

Alaska Department of Fish and Game / Division of Sport Fish - RTS
333 Raspberry Road, Anchorage, Alaska 99518-1599
Telephone: (907) 267-2369 or (907) 267-2390
http://www.sf.adfg.state.ak.us/statewide/Guides/guide.cfm

FEES (CHECK ONE):

- ☐ $ 50.00 Guide License only
- ☐ $100.00 Business Owner License only
- ☐ $100.00 Combined Business Owner/Guide License

METHOD OF PAYMENT:

- ☐ Check #: _____
- ☐ Money Order #: _____
- ☐ Cash *(Anchorage, Juneau and Fairbanks offices ONLY)*
- ☐ Credit Card *(Anchorage, Juneau and Fairbanks offices ONLY or Internet)*

LICENSE MUST BE STAMPED BY ADF&G TO BE VALID

Make checks payable to: State of Alaska All fees are nonrefundable. Allow 10-14 days for processing

SEE REVERSE FOR INSTRUCTIONS

SECTION A. TO BE FILLED OUT BY ALL APPLICANTS.

Name of Business Owner or Guide: _____ (Last) _____ (First) _____ (M.I.)
Permanent Mailing Address: _____ (City) (State) (Zip)
Telephone Number: ( ) _____ In-season Telephone Number: ( ) _____
e-mail address if available: _____

SECTION B. TO BE FILLED OUT BY THE BUSINESS OWNER OR THEIR AGENT.

BUSINESS INFORMATION:
Name of Business: _____
Name of Business Owner: _____
State of Alaska Occupational Business License Number: _____ Expiration Date: _____
INSURANCE: *See detailed insurance requirements on back.*
Name of Insurance Company: _____
Policy/Binder #: _____ Effective Dates: From: _____ To: _____
Remember to get a logbook for your business at the nearest ADF&G office prior to commencement of guiding activities.

SECTION C. TO BE FILLED OUT BY THE GUIDE OR THEIR AGENT.

Are you a citizen of the United States, Canada, Mexico or a resident alien? Yes ☐ No ☐
Current First Aid card: Certifying agency: _____ Exp. Date: Mo:____Yr: ____
2006 Alaska Sport Fishing License # (not your Guide License #): _____
U.S. COAST GUARD OPERATOR'S LICENSE: *(See explanation on back)*
Do you plan to operate a motorized vessel in Navigable Waters? Yes ☐ No ☐ **If yes**, complete the next line.
U. S. Coast Guard Operator's License #: _____ Expiration Date: _____

SIGNATURE OF BUSINESS OWNER/AGENT or GUIDE:
I hereby certify that all information is true and correct and that I understand this information is subject to public disclosure.
X _____ **Circle one:** Applicant or Agent **Date:** _____

This temporary license application. must be signed and stamped by an ADF&G employee and in your possession before guiding activities begin. Keep this temporary license while operating until your permanet wallet-sized card arrives. Allow 10-14 days.

Name of ADF&G Representative *(print)*: _____ **Place of Issue:** _____
Signature: _____ **Date:** _____

Appendix A1.–Sport fish business owner/guide license application, 2006.

2007 SPORT FISH BUSINESS OWNER/GUIDE LICENSE

License #

Alaska Department of Fish and Game / Division of Sport Fish - RTS
333 Raspberry Road, Anchorage, Alaska 99518-1599
Telephone: (907) 267-2369 or (907) 267-2390
http://www.sf.adfg.state.ak.us/statewide/Guides/guide.cfm

CHECK ONE: **All fees are nonrefundable**

- ☐ $50.00 Guide Only License
- ☐ $100.00 Business Only License
- ☐ $100.00 Combined Business/Guide License
- ☐ $50.00 Guide Only Upgrade to Combination Business/Guide License

METHOD OF PAYMENT:

- ☐ Check # :_____ Make checks payable to State of Alaska
- ☐ Money Order #:_____
- ☐ Cash *(Anchorage, Juneau, Fairbanks offices ONLY)*
- ☐ Credit Card *(Anchorage, Juneau, Fairbanks offices ONLY or Internet)*

LICENSE MUST BE STAMPED BY ADF&G TO BE VALID

This is a temporary license good for 14 business days after date signed by Dept Representative

SEE REVERSE FOR INSTRUCTIONS

SECTION A. TO BE FILLED OUT BY ALL APPLICANTS.

Name of Business Owner or Guide: _____ (Last) _____ (First) _____ (M.I.)
Permanent Mailing Address : _____ (City) (State) (Zip)
Telephone Number: (___)_____ In-season Telephone Number: (___)_____
e-mail address if available: _____

SECTION B. TO BE FILLED OUT BY THE BUSINESS OWNER OR THEIR AGENT.

BUSINESS INFORMATION:
Name of Business: _____
Name of Business Owner: _____
Alaska Div. of Occupational Business License Number: _____ Expiration Date: _____
INSURANCE: *See detailed insurance requirements on back.*
Name of Insurance Company: _____
Policy/Binder #: _____ Effective Dates: From: _____ To: _____
Remember to get a logbook for your business at the nearest ADF&G office prior to commencement of guiding activities.

SECTION C. TO BE FILLED OUT BY THE GUIDE OR THEIR AGENT.

Are you a citizen of the United States, Canada, Mexico or a resident alien? Yes ☐ No ☐
Current First Aid card: Certifying agency: _____ Exp. Date: Mo: ____ Yr: ____
2007 Alaska Sport Fishing License # (not your Guide License #): _____
U.S. COAST GUARD OPERATOR'S LICENSE: *(See explanation on back)*
Do you plan to operate a motorized vessel in Navigable Waters? Yes ☐ No ☐ **If yes**, complete the next line.
U. S. Coast Guard Operator's License #: _____ Expiration Date: _____

SIGNATURE OF BUSINESS OWNER/AGENT or GUIDE:
I hereby certify that all information is true and correct and that I understand this information is subject to public disclosure.
X _____ **Circle one:** Applicant or Agent **Date:** _____

This temporary license must be signed and stamped by an ADF&G employee and in your possession before guiding activities begin. Keep this temporary license while operating until your permanet wallet-sized card arrives. Allow up to 14 business days.

Name of ADF&G Representative *(print)*: _____ **Place of Issue:** _____
Signature: _____ **Date:** _____

Appendix A2.–Sport fish business owner/guide license application, 2007.

2008 SPORT FISH BUSINESS OWNER/ GUIDE LICENSE APPLICATION

Alaska Department of Fish and Game / Division of Sport Fish - RTS
333 Raspberry Road, Anchorage, Alaska 99518-1599
Telephone: (907) 267-2369 or (907) 267-2390
http://www.sf.adfg.state.ak.us/statewide/Guides/guide.cfm

License #

This TEMPORARY LICENSE is good for 21 business days after date signed by Dept. Representative

CHECK ONE: (Complete Sections)

- ☐ $50.00 Guide Only License (A&C)
- ☐ $100.00 Business Only License (A&B)
- ☐ $100.00 Combined Business/Guide License (AB&C)

An agent for this business cannot apply as a guide on a combination license

All fees are nonrefundable

☐ $50.00 Guide Only Upgrade to Combination Business/Guide License

METHOD OF PAYMENT:

- ☐ Check # : _____ *Make checks payable to State of Alaska*
- ☐ Money Order #: _____
- ☐ Cash *(Anchorage, Juneau, Fairbanks offices ONLY)*
- ☐ Credit Card *(Anchorage, Juneau, Fairbanks offices ONLY or Internet)*

APPLICATION MUST BE STAMPED BY ADF&G TO BE VALID

SEE REVERSE FOR INSTRUCTIONS

SECTION A. ALL APPLICANTS COMPLETE THIS SECTION.

Name of Business Owner or Guide: _____ (Last / First / MI)

Permanent Mailing Address : _____ (City / State / Zip)

Telephone Number: (___) _____ In-season Telephone Number: (___) _____

Mail the 2008 License Here *(if different)*: _____ (City / State / Zip)

SECTION B. TO BE FILLED OUT BY THE BUSINESS OWNER OR THEIR AGENT.

BUSINESS INFORMATION:

Name of Business: _____

Name of Business Owner: _____

Alaska Div. of Occupational Business License Number: _____ Expiration Date: Mo/Date/Yr

INSURANCE: ***See detailed insurance requirements on back.***

Name of Insurance Company: _____

Policy/Binder #: _____ Effective Dates: From: _____ To: _____

Remember to get a logbook for your business at the nearest ADF&G office prior to commencement of guiding activities.

TEMPORARY LICENSE ONLY

SECTION C. TO BE FILLED OUT BY THE GUIDE OR THEIR AGENT.

Are you a citizen of the United States, Canada, Mexico or a resident alien? Yes ☐ No ☐

Current First Aid card: Certifying agency: _____ Exp. Date: Mo / Yr

2008 Alaska Sport Fishing License # (not your Guide License #): _____

U.S. COAST GUARD OPERATOR'S LICENSE: ***(See explanation on back)***

Do you plan to operate a motorized vessel in Navigable Waters? Yes ☐ No ☐ **If yes**, complete the next line.

U. S. Coast Guard Operator's License #: _____ Exp.Date: Mo/Date/Yr DOB: Mo/Date/Yr

SIGNATURE OF BUSINESS OWNER/AGENT or GUIDE:

I hereby certify that all information is true and correct and that I understand this information is subject to public disclosure. (NOTE: Making a false statement or omitting a material fact, is subject to a maximum penalty of $10,000 or 1 year imprisonment, or both, per AS 11.56.210.)

X _____ **Circle one:** Applicant or Agent **Date:** _____

This temporary license must be signed and stamped by an ADF&G employee and in your possession before guiding activities begin.

Name of ADF&G Representative *(print)*: _____ **Place of Issue:** _____

Signature: _____ **Date:** _____

Appendix A3.–Sport fish business owner/guide license application, 2008.

-continued-

INSTRUCTIONS FOR THE 2008 SPORT FISH BUSINESS OWNER/ GUIDE LICENSE APPLICATION

Attention: ***The following will apply without exception:***

1. **All applicable sections of the license application must be complete and legible prior to ADF&G validation. No "pending", "unknowns," or blanks will be accepted.**
2. **Incomplete license applications will be returned, resulting in a processing delay.**
3. **A signature is required.**
4. **This is a license application only. A *permanent* license will be mailed within 21 business days.**
5. **There may be requirements by other state and federal agencies to operate as a guide in Alaska.**

INSTRUCTIONS:

SECTION A: ALL applicants must complete this section.

SECTION B: BUSINESS OWNER OR THEIR AGENT - Complete this section if you are the owner/agent of the sport fishing business. This section should be filled out even if the owner does not intend to personally guide clients. An agent for this business **CANNOT** apply as a guide on the same application. A seperate license application must be submitted.

LIABILITY INSURANCE REQUIREMENT: General liability or marine protection that covers at least $100,000 for each incident and $300,000 for all incidents in a year. Insurance must cover **ALL** periods of time when the owner or owner's employees are providing sport fishing services to clients. Insurance must be current, **NOT** pending.

IMPORTANT NOTICE TO BUSINESS OWNERS

State regulation (5 AAC 75.075) requires that all operators providing sport fishing guide services in Alaska must apply annually for a license with the Department of Fish and Game **before** guiding services begin. Business owners are required to register all charter vessels with ADF&G and acquire a logbook prior to commencement of guiding activities. ***Guides hired by an operator must keep a copy of the business license in their possession while guiding.***

SECTION C: GUIDES - Complete this section if you intend to guide for a sport fish operation owned by someone other than you or if you are the business owner who also intends to guide (owner/operator).

U.S. COAST GUARD OPERATOR'S LICENSE: A licensed sport fish guide must have, at minimum, an OUPV or 6-pak U.S.C.G. operator's license in their possession while operating a motorized vessel with clients or transporting clients on a motorized vessel in navigable waters. Navigable waters are determined by the U.S. Coast Guard. Applicant must provide the U.S.C.G. license number, expiration date and date of birth (DOB).

IMPORTANT NOTICE TO GUIDES

State regulation (5 AAC 75.075) requires that all licensed guides providing sport fishing guide services in Alaska must apply annually for a license with the Department of Fish and Game ***before*** guiding activities begin.

WHAT A GUIDE MUST HAVE IN POSSESSION WHILE GUIDING

A sport fish business owner or guide should be able to present all documents required for licensing upon request by a representative of the department of fish and game, or any peace officer of the state. While engaged in providing sport fishing guide services, a sport fishing guide shall have the following readily available for inspection:

- A current sport fishing guide license;
- A copy of the current ADF&G sport fishing business license of the guide's employer;
- A current Alaska sport fishing license, tags, stamps or permits that are required to engage in the sport fishery for which the guide services are providing;
- An identification card issued to the sport fishing guide by a state or federal agency that bears a photo of the sport fishing guide.

APPENDIX B
VESSEL REGISTRATION FORMS, DECALS AND TAGS

ADF&G REPRESENTATIVE:

DO NOT ISSUE A LOGBOOK UNLESS THE APPLICANT HAS THE FOLLOWING:

- 2008 ADF&G Sport Fish Business and Guide License
- Current AK Vessel Number issued by DMV or Current U.S.C.G. Vessel Documentation No.

NONE OF THE ABOVE CAN BE "PENDING"

A logbook issued without the above items will result in a processing delay and a return of the sign-out sheet to the issuing office for your completion and follow-up. Subsequent data sheets will NOT be processed until the information is complete.

2008 ADF&G Sport Fish Business Owner and Guide License applications are available at all ADF&G offices or online at:

http://www.admin.adfg.state.ak.us/license/

AK Vessel Registration # is available from Alaska Div. of Motor Vehicles at (907)269-5551 or online at:

http://www.state.ak.us/local/akpages/ADMIN/dmv/reg/boat.htm

State of Alaska, Department of Fish & Game
Division of Sport Fish - RTS
333 Raspberry Rd.
Anchorage, AK 99518

2008 Saltwater Sport Fish Charter Logbook Sign-Out AND Vessel Registration

Must be completed

INSTRUCTIONS TO ADF&G REPRESENTATIVE: Please forward the white copy of this form to **Sport Fish Research & Technical Services, 333 Raspberry Rd., Anchorage, AK 99518.** ADF&G area offices should keep the pink copy.

SPORT FISH BUSINESS INFORMATION:

Name of Sport Fishing Business: _____

Sport Fish Business Owner License Number (avail. from ADF&G): 08- _____

(A logbook WILL NOT be issued without a current ADF&G Business License Number)

SPORT FISHING CHARTER VESSEL REGISTRATION:

DMV issued AK No. or Vessel U.S.C.G. Documentation No. *(REQUIRED)*: _____

(A logbook WILL NOT be issued without a current AK or U.S.C.G number)

Vessel Name: _____ *(Put vessel name and AK No. or U.S.C.G # on cover also)*

Primary Alaska port from which this vessel will operate during 2008: _____

DEPARTMENT USE ONLY

Did you issue a Stat. Area Map? YES ☐ **NO** ☐ **If No, Explain:**

ADF&G Representative: *(print)* _____

Area Office: _____ **Date of Issue:** _____

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Appendix B1.–Saltwater sport fish charter logbook sign-out and vessel registration form, 2008.

LOGBOOK NO.

2008 FRESHWATER SPORT FISH GUIDE

Vessel Registration

NOTE TO ADF&G REPRESENTATIVE

Confirm that the vessel information requested on the bottom of this page is complete. Every vessel that this business is intending to operate while providing sport fishing guided services, must be recorded.

Attach the white (top) copy of this page to the sign-out sheet, whether or not there are registered vessels. Mail the sign-out sheet and the vessel registration page to the Anchorage ADF&G RTS office.

REGISTERING YOUR VESSEL(S)

For each vessel you plan to use to conduct sport fishing guided activities, please fill out the information below.

If a vessel is newly purchased, leased or borrowed at anytime during the guiding season, it must have a current AK Number. or a U.S.C.G documentation number. If a vessel is added midseason, add it to the (pink) portion of this page and turn it in with your final logbook data sheet.

For purposes of vessel registration, vessels are defined as: **rafts, canoes, motorized and nonmotorized water vehicles.**

Single person float tubes are exempt from registration.

See page iv for detailed information on vessel registration.

VESSEL AK # (DMV) OR U.S.C.G. VESSEL DOCUMENTATION NO.	PRIMARY AK DRAINAGE/COMMUNITY THE VESSEL WILL OPERATE OUT OF IN 2008

Continue on another sheet if you have more vessels. Transfer the business name and logbook number onto that extra sheet.

Appendix B2.–Freshwater sport fish guide vessel registration form, 2008.



Appendix B3.–Vessel decal, 2006-2008.



Appendix B4.–Vessel tab, 2008.

APPENDIX C
SALTWATER LOGBOOK FORMS

State of Alaska
Department of Fish & Game
Division of Sport Fish

2006 Saltwater Charter Logbook and Vessel Registration

Vessel Name:

Vessel AK. or U.S.C.G. #

Please read the INSTRUCTIONS carefully as reporting requirements have changed.



LOGBOOK INSPECTION

Upon request from any representative of the department or any peace officer of the state, a person is required to present the Alaska Department of Fish and Game Saltwater Sportfishing Charter Vessel Logbook for inspection.

Appendix C1.–Saltwater charter logbook form, 2006.

-continued-

ALASKA DEPARTMENT OF FISH & GAME SALTWATER SPORT FISHING CHARTER TRIP LOGBOOK. LOGBOOK NO:
333 RASPBERRY RD., ANCHORAGE, ALASKA 99518. QUESTIONS: CALL (907) 267-2369.

COMPLETE THIS SECTION FOR EVERY TRIP

INSTRUCTIONS: Complete one row below for each client and crew who fished on this trip.

BUSINESS AND VESSEL INFORMATION

- 2006 ADF&G BUSINESS OWNER LICENSE #: _____ (if license # assigned to you by ADF&G).
- 2006 ADF&G GUIDE LICENSE #: _____ (If same as Business Owner license #, write down same #).
- VESSEL AK. OR U.S.C.G #: _____

TRIP INFORMATION

- DATE OF OFF-LOADING: MO: _____ DAY: _____ , 2006. (Date that fish or clients were offloaded from vessel).
- PORT OR SITE OF OFF-LOADING: _____ (Port or Site where fish or clients were off-loaded from vessel).
- TOTAL NO. CLIENTS ON THE VESSEL: _____ (Include those that did not fish).
- PRIMARY STAT AREA, NO. OF RODS FISHED & BOAT HOURS:

Targeted Species	Primary Stat. Area where most fish were caught. (6-digit Code)	Max. no. of Rods Fished	No. of Boat Hours Fished this Trip
Salmon			
Bottomfish			

- DAY NO. _____ OF _____ . (NO. OF CALENDAR DAYS FOR A MULTI-DAY TRIP).
- PAGE NO. _____ OF _____ . (TOTAL NO. OF PAGES FOR THIS TRIP).

RETURN LOGBOOK REPORTS WEEKLY

- LOGBOOK TRIP REPORTS MUST BE COMPLETED AFTER EACH TRIP BEFORE OFF-LOADING ANY CLIENTS OR FISH. (SEE PG. ## FOR NO DOCKING FACILITIES)
- RETURN COMPLETED TRIP SHEETS PER THE WEEKLY SCHEDULE PRINTED ON THE INSIDE OF THE FRONT COVER.
- LOGBOOK TRIP SHEETS MUST BE RECIEVED BY ADF&G OFFICES OR POSTMARKED BY THE DATE SPECIFIED ON THE SCHEDULE WITHIN THIS LOGBOOK.

Form 11-540 (01-2006)

INDIVIDUAL ANGLER AND CATCH INFORMATION

Sport Fishing License Number of each Client and Crew Fishing OR Record those anglers under 16 as "Youth Angler"(#1, #2 etc.)	Circle next to each license if Resident, Nonresident or Crew	Number of King Salmon: 28" and Larger		Number of King Salmon: "Shakers" Less Than 28"		Number of Other Salmon: Coho		Number of Other Salmon: Sockeye	Number of Other Salmon: Pink	Number of Other Salmon: Chum	Number of Halibut		Number of Lingcod		Number of Pelagic Rockfish (black bass, etc.)		Number of Yelloweye Rockfish		Number of Nonpelagic Rockfish (not including Yelloweye)		Number of Salmon Shark		All Other Fish (optional)
		Kept	Rels	Kept	Rels	Kept	Rels	Kept	Kept	Kept	Kept	Rels	Kept	Rels	Kept	Rels	Kept	Rels	Kept	Rels	Kept	Rels	Kept
		Salmon									Bottomfish												
	R N C																						
	R N C																						
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CERTIFICATION: I certify that the information contained in this document is true and correct to the best of my knowledge. X GUIDE SIGNATURE

CONTINUE ON NEXT PAGE IF MORE ANGLERS OR TRIPS.

1

Appendix C1.–Page 2 of 2.

State of Alaska
Department of Fish & Game
Division of Sport Fish

2007 Saltwater Charter Logbook and Vessel Registration

Vessel Name: *(THIS LOGBOOK MUST REMAIN WITH THIS VESSEL)*	***AND***	***Vessel AK. or U.S.C.G #:***

Please follow the INSTRUCTIONS carefully as they have changed.



LOGBOOK INSPECTION

Upon request from any representative of the department or any peace officer of the state, a person is required to present this Alaska Department of Fish and Game Saltwater Sportfishing Charter Vessel Logbook for inspection.

Appendix C2.–Saltwater charter logbook form, 2007.

-continued-

ALASKA DEPARTMENT OF FISH & GAME SALTWATER SPORT FISHING CHARTER TRIP LOGBOOK. **LOGBOOK NO:**
333 RASPBERRY RD., ANCHORAGE, ALASKA 99518. QUESTIONS: CALL (907) 267-2369.

COMPLETE THIS SECTION FOR EVERY TRIP

BUSINESS AND VESSEL INFORMATION

⇨ 2007 FISH & GAME BUSINESS OWNER LICENSE #: _____
(License # assigned to you by ADF&G).

⇨ 2007 FISH & GAME GUIDE LICENSE #: _____
(If same as Business Owner license #, write down same #).

TRIP INFORMATION

⇨ DATE FISHED: MO: _____ DAY: _____, 2007.

⇨ PORT OR COMMUNITY OF OFF-LOADING: _____
(Port or Community where fish or clients were off-loaded from vessel).

⇨ TOTAL NO. PAYING CLIENTS ON THE VESSEL: _____
(Include all paying clients, even those that did not fish and those who did not catch anything).
(DO NOT include "Comped" anglers and crew members that fished).

⇨ PRIMARY STAT AREA & BOAT HOURS:

Targeted Species	Primary Stat. Area where most fish were caught. (6-digit Code)	No. of Boat Hours Fished this Trip
Salmon		
Bottomfish		

⇨ PAGE NO. _____ OF _____ . (TOTAL NO. OF PAGES FOR THIS TRIP)

RETURN LOGBOOK REPORTS WEEKLY

⇨ RETURN COMPLETED TRIP SHEETS PER THE WEEKLY SCHEDULE PRINTED ON THE INSIDE OF THE FRONT COVER.

⇨ LOGBOOK TRIP SHEETS MUST BE RECEIVED BY ADF&G OFFICES OR POSTMARKED BY THE DATE SPECIFIED ON THE SCHEDULE WITHIN THE INSIDE FRONT COVER THIS LOGBOOK.



Form 11-140 (01-2007)

INSTRUCTIONS: Complete one row below for each client, non paying angler, and crew, who fished on this trip.

INDIVIDUAL ANGLER AND CATCH INFORMATION

Sport Fishing License Number of each Client, Non Paying angler, and Crew THAT FISHED AND Record those anglers under 16 as "Youth Angler"(#1, #2 etc.).	Circle next to each License # Resident, Nonresident, X for "Comped" or Crew	Number of King Salmon: 28" and Larger (Kept / Rels)	Number of King Salmon: "Shakers" Less Than 28" (Kept / Rels)	Number of Other Salmon: Coho (Kept / Rels)	Number of Other Salmon: Sockeye (Kept)	Number of Other Salmon: Pink (Kept)	Number of Other Salmon: Chum (Kept)	Number of Halibut (Kept / Rels)	Number of Lingcod (Kept / Rels)	Number of Pelagic Rockfish (Kept / Rels)	Number of Yelloweye Rockfish (Kept / Rels)	Number of Nonpelagic Rockfish (Kept / Rels)	Number of Salmon Shark (Kept)	All Other Fish (optional)
	R N X C													
	R N X C													
	R N X C													
	R N X C													
	R N X C													
	R N X C													
	R N X C													
	R N X C													
	R N X C													
	R N X C													
	R N X C													

CERTIFICATION: I certify that the information contained in this document is true and correct to the best of my knowledge. X _____ GUIDE SIGNATURE

CONTINUE ON NEXT PAGE IF MORE THAN 12 ANGLERS

Appendix C2.–Page 2 of 2.

State of Alaska
Department of Fish & Game
Division of Sport Fish

2008 Saltwater Charter Logbook and Vessel Registration

Vessel Name: *(THIS LOGBOOK MUST REMAIN WITH THIS VESSEL)*	***AND***	***Vessel AK. #:*** ***or*** ***U.S.C.G. #:***

Please follow the INSTRUCTIONS carefully as they have changed.



LOGBOOK INSPECTION

Upon request from any representative of the Department or any peace officer of the state, a person is required to present this *Alaska Department of Fish and Game Saltwater Sportfishing Charter Vessel Logbook* for inspection.

Appendix C3.–Saltwater charter logbook form, 2008.

-continued-

ALASKA DEPARTMENT OF FISH & GAME 2008 SALTWATER SPORT FISHING CHARTER TRIP LOGBOOK. **LOGBOOK NO.**
333 RASPBERRY RD., ANCHORAGE, ALASKA 99518. QUESTIONS: CALL (907) 267-2369.

COMPLETE THIS SECTION FOR EVERY TRIP

⇨ 2008 FISH & GAME BUSINESS OWNER LICENSE #: _____
(License # assigned to you by ADF&G).

⇨ 2008 FISH & GAME GUIDE LICENSE #: _____

TRIP INFORMATION

⇨ DATE FISHED: MO: _____ DAY: _____, 2008.

⇨ PORT OR COMMUNITY WHERE FISHING TRIP BEGAN: _____
(Port or Community where clients were loaded and trip began)

⇨ PORT OR COMMUNITY OF OFF-LOADING: _____
(Port or Community where fish or clients were off-loaded from vessel)

⇨ TOTAL NO. PAYING CLIENTS ON THE VESSEL: _____
(Include ALL paying clients, even those that did not fish and those who did not catch anything)
(DO NOT include "comped" anglers and crew members that fished)

⇨ PRIMARY STAT AREA & BOAT HOURS:

Targeted Species	Primary Stat. Area where most fish were caught. (6-digit Code)	No. of Boat Hours Fished this Trip
Salmon		
Bottomfish		

COMPLETE THE FOLLOWING FOR ALL TRIPS

Circle the IPHC Area Fished if HALIBUT were Kept during this trip: 2C 3A 3B or 4 (Circle Only One)

If HALIBUT were kept in more than one IPHC area during this trip, a separate logbook data sheet must be used for each IPHC area fished.

⇨ PAGE NO. _____ OF _____ (TOTAL NO. OF PAGES FOR THIS TRIP).

Form 11-540 (01-2008)

INSTRUCTIONS: Complete one row below for each angler who fished on this trip.

INDIVIDUAL ANGLER AND CATCH INFORMATION

Sport Fishing License Number AND printed name of each angler that fished OR Record those anglers under 16 by Birthdate (e.g., 8/28/1998) and First & Last Name.	Circle next to each License if Resident, Nonresident, X for "Comped" or Crew	Number of King Salmon: 28" and Larger (Kept / Rele)	Number of King Salmon: "Shakers" Less Than 28" (Kept / Rele)	Number of Other Salmon: Coho (Kept / Rele)	Number of Other Salmon: Sockeye (Kept)	Number of Other Salmon: Pink (Kept)	Number of Other Salmon: Chum (Kept)	Number of Halibut: Kept in 2C (Kept / Rele)	Number of Halibut: Kept in 3A (Kept / Rele)	Number of Halibut: Kept in 3B (Kept / Rele)	Number of Halibut: Kept in 4 (Kept / Rele)	Number of Lingcod (Kept / Rele)	Number of Pelagic Rockfish (black bass, etc) (Kept / Rele)	Number of Yelloweye Rockfish (Kept / Rele)	Number of Nonpelagic Rockfish (not including Yelloweye) (Kept / Rele)	Number of Salmon Shark (Kept)	All Other Fish (optional)
		SALMON						BOTTOMFISH									
1. LICENSE NUMBER / ANGLER NAME	R N X C																
2. LICENSE NUMBER / ANGLER NAME	R N X C																
3. LICENSE NUMBER / ANGLER NAME	R N X C																
4. LICENSE NUMBER / ANGLER NAME	R N X C																
5. LICENSE NUMBER / ANGLER NAME	R N X C																
6. LICENSE NUMBER / ANGLER NAME	R N X C																
7. LICENSE NUMBER / ANGLER NAME	R N X C																
8. LICENSE NUMBER / ANGLER NAME	R N X C																

CERTIFICATION: I certify that the information contained in this document is true and correct to the best of my knowledge. X GUIDE SIGNATURE

CONTINUE ON NEXT PAGE IF MORE THAN 8 ANGLERS.
CHECK IF TRIP INFORMATION IS CONTINUED ON NEXT PAGE: ☐

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Appendix C3.–Page 2 of 2.

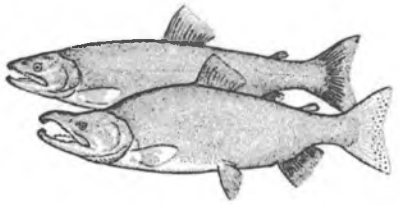
APPENDIX D
FRESHWATER LOGBOOK FORMS

2006 Freshwater Sport Fish Guide Logbook and Vessel Registration

LOGBOOK NO.

BUSINESS NAME

ADF&G BUSINESS LICENSE NO.



Please read the instructions carefully as reporting requirements have changed.

State of Alaska Department of Fish & Game
Division of Sport Fish

LOGBOOK INSPECTION

Upon request from any representative of the department or any peace officer of the state, a person is required to present the Alaska Department of Fish and Game Freshwater Sport Fish Guide Logbook for inspection.

Appendix D1.–Freshwater guide logbook form, 2006.

-continued-

Alaska Department of Fish & Game

Freshwater Sport Fish Trip Logbook

LOG BOOK #

333 RASPBERRY ROAD, ANCHORAGE, AK 99518 • QUESTIONS: (907) 267-2369

Logbook pages must be received at ADF&G offices (or postmarked) by the date specified on the inside cover.

RIVER / STREAM / LAKE (SPECIFY) _____ OF _____ TOTAL PAGES FOR THIS TRIP

SITE CODE _____ DATE _____

GUIDE LICENSE # _____ * WRITE-IN OTHER SPECIES HERE _____

SPORTFISH LICENSE #		SALMON			TROUT				OTHER	
List for each person fishing. Anglers under 16, enter as "Youth #1," etc.	KEPT / RELEASED	KING	COHO	SOCKEYE	CUTTHROAT	RAINBOW	STEELHEAD	A. GRAYLING	D. VARDEN	*
CIRCLE APPROPRIATE STATUS NON-RESIDENT RESIDENT CREW										
N R C	K									
	R									
N R C	K									
	R									
N R C	K									
	R									
N R C	K									
	R									
N R C	K									
	R									
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N R C	K									
	R									
N R C	K									
	R									

GUIDE SIGNATURE: I CERTIFY THIS DOCUMENT IS CORRECT TO THE BEST OF MY KNOWLEDGE.

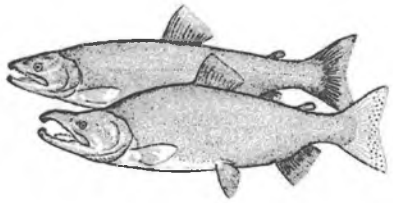
Appendix D1.–Page 2 of 2.

2007 Freshwater Sport Fish Guide Logbook and Vessel Registration

LOGBOOK NO.

BUSINESS NAME

ADF&G BUSINESS OWNER'S LICENSE NO.



Please follow the instructions carefully as they have changed.

State of Alaska Department of Fish & Game
Division of Sport Fish

LOGBOOK INSPECTION

Upon request from any representative of the department or any peace officer of the state, a person is required to present this Alaska Department of Fish and Game Freshwater Sport Fish Guide Logbook for inspection.

Appendix D2.–Freshwater guide logbook form, 2007.

-continued-

Alaska Department of Fish & Game

2007 Freshwater Sport Fish Trip Logbook

RETURN TO: 333 RASPBERRY ROAD, ANCHORAGE, AK 99518 • QUESTIONS: (907) 267-2369

LOGBOOK NO. _____

TRIP INFORMATION

ADF&G GUIDE LICENSE #: _____

DATE FISHED: _____ (Month) _____ (Day), 2007

_____
RIVER/STREAM/LAKE (SPECIFY)

_____
SITE CODE *(REFER TO SITE CODE LIST)*

PAGE NO. _____ OF _____
TOTAL NO OF PAGES FOR THIS TRIP

_____
* WRITE IN OTHER SPECIES HERE

Sport Fish License Number of each Client, Nonpaying angler, and Crew THAT FISHED AND Record all those anglers under 16 as "Youth Angler" (#1, #2 etc.)	Circle next to each License if Resident, Nonresident, X for "Comped" or Crew	KEPT / RELEASED	SALMON			TROUT				OTHER					
			KING	COHO	SOCKEYE	CUTTHROAT	RAINBOW	STEELHEAD	LAKE TROUT	DOLLY VARDEN	ARCTIC GRAYLING	NORTHERN PIKE	SHEEFISH	*
	R N X C	K												
		R												
	R N X C	K												
		R												
	R N X C	K												
		R												
	R N X C	K												
		R												
	R N X C	K												
		R												
	R N X C	K												
		R												
	R N X C	K												
		R												

CERTIFICATION: I certify that the information contained in this document is true and correct to the best of my knowledge.

X _____ GUIDE SIGNATURE

CONTINUE ON NEXT PAGE IF MORE THAN 6 ANGLERS.

RETURN WHITE COPY TO ADF&G

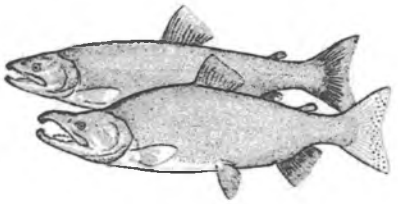
Appendix D2.–Page 2 of 2.

2008 Freshwater Sport Fish Guide Logbook and Vessel Registration

LOGBOOK NO.

BUSINESS NAME

ADF&G BUSINESS OWNER'S LICENSE NO.



Please follow the instructions carefully as they have changed.

State of Alaska Department of Fish & Game
Division of Sport Fish

LOGBOOK INSPECTION

Upon request from any representative of the Department or any peace officer of the state, a person is required to present this Alaska Department of Fish and Game Freshwater Sportfishing Guide Logbook for inspection.

Appendix D3.–Freshwater guide logbook form, 2008.

-continued-

Alaska Department of Fish & Game

2008 Freshwater Sport Fish Trip Logbook

RETURN TO: 333 RASPBERRY ROAD, ANCHORAGE, AK 99518 • QUESTIONS: (907) 267-2369

LOGBOOK NO. _____

TRIP INFORMATION

ADF&G GUIDE LICENSE #: _____

DATE FISHED: _____ (Month) _____ (Day), 2008

_____
RIVER / STREAM / LAKE (SPECIFY)

_____
SITE CODE *(REFER TO SITE CODE LIST)*

PAGE NO. _____ OF _____

TOTAL NO OF PAGES FOR THIS TRIP ↑

_____
* WRITE IN OTHER SPECIES HERE

Sport Fish License Number of each Client, Nonpaying angler, and Crew THAT FISHED AND Record all those anglers under 16 as "Youth Angler" (#1, #2 etc.)	Circle next to each License if Resident, Nonresident, X for "Comped" or C for Crew	KEPT / RELEASED	SALMON: KING	SALMON: COHO	SALMON: SOCKEYE	TROUT: CUTTHROAT	TROUT: RAINBOW	TROUT: STEELHEAD	TROUT: LAKE TROUT	OTHER: DOLLY VARDEN	OTHER: ARCTIC GRAYLING	OTHER: NORTHERN PIKE	OTHER: SHEEFISH	OTHER: *
	R N X C	K					KEPT							
		R					RELEASED							
	R N X C	K					KEPT							
		R					RELEASED							
	R N X C	K					KEPT							
		R					RELEASED							
	R N X C	K					KEPT							
		R					RELEASED							
	R N X C	K					KEPT							
		R					RELEASED							
	R N X C	K					KEPT							
		R					RELEASED							

CERTIFICATION: I certify that the information contained in this document is true and correct to the best of my knowledge.

X _____ GUIDE SIGNATURE

CONTINUE ON NEXT PAGE IF MORE THAN 6 ANGLERS.

RETURN WHITE COPY TO ADF&G

Appendix D3.–Page 2 of 2.

APPENDIX E
ADF&G COMMISSIONER STATEMENT

Conceptual Strategies for Assuring the Accuracy of Reporting of Pacific Halibut Harvest for the 2006 ADF&G Saltwater Charter Logbook

The Alaska Department of Fish and Game is going to reinstate the reporting of Pacific halibut harvest in the Saltwater Charter Logbook program for 2006. The following conceptual ideas are currently being considered as implementation strategies to address the need for accurate reporting of the harvest of Pacific halibut by saltwater charters:

- Reporting of kept and released for Pacific halibut will be at the level of the individual chartered client (angler).
- Unique identification information for each client will be required and will be reported with the associated kept and released information for each fish species. One of the following identifiers will be used to identify each client and their trip characteristics: (1) ADF&G Sport Fishing License number; (2) Permanent Identification Card number; (3) Disabled Veterans License number; or (4) name for underage anglers (or possibly identified by accompanying adult's license number). Collecting this information will enable cross-verification (charter operator versus client) of logbook information (see next bullet).
- Off-site (cross-) verification will involve follow-up mail surveys of chartered anglers, using the identifying information provided in the logbook reports, combined with the ADF&G license databases.
- Mandatory recording of all information for each chartered trip before clients and harvest are offloaded at the end of the trip.
- Reporting (i.e., turning in charter logbook sheets) will occur on a weekly basis. Weekly reporting will enable timely feedback to charter operators regarding possible reporting errors and omissions, so for example incomplete and missing data in logbooks (e.g., statistical areas missing digits, port of landing missing, no effort information recorded, etc.) can then be addressed in a timely and accurate manner.
- Dock-side creel surveys will provide verification of the number of clients and numbers of Pacific halibut kept will occur for a random subsample of locations and charter trips for a yet-to-be determined portion of saltwater charter trips in Southeast and Southcentral Alaska. Verification will involve direct counting of clients upon offloading, and direct observation and counting of harvested halibut.
- Stricter penalties for logbook violations were implemented in 2004 when the legislature passed guide licensing and reporting provisions.

As noted above these ideas are conceptual in nature, and specific implementation details are under development and subject to change.

Appendix E1.–December 2005 ADF&G commissioner statement detailing strategies for reporting of Pacific halibut harvest for the saltwater charter logbook.

APPENDIX F
SALTWATER LOGBOOK SUMMARIES BY AREA AND PORT OF OFFLOADING

Appendix F1.–Saltwater logbook salmon participation, effort, kept and released by area and port of offloading, Southeast Alaska, 2006.

Area	Port of Offloading	Businesses[a]	Vessels[a]	Trips	Angler Days	King Salmon ≥ 28"		King Salmon < 28"		Coho		Sockeye	Pink	Chum
						Kept	Released	Kept	Released	Kept	Released	Kept	Kept	Kept
A	Cedars Lodge	8	8	44	183	82	18	2	17	131	1	0	46	16
A	Clover Pass	13	16	343	1,322	543	69	3	152	3,359	107	6	432	186
A	Ketchikan	67	84	3,466	15,069	3,125	339	243	2,163	7,067	452	65	6,981	447
A	Knudson Cove	21	27	1,542	6,508	1,024	124	40	1,244	2,094	51	44	1,837	145
A	Salmon Falls	4	12	320	1,077	223	68	5	409	1,484	34	12	729	55
A	Salmon Landing	4	18	554	2,037	33	6	5	26	44	5	2	407	11
A	Other	16	37	1,134	3,357	461	75	14	523	872	17	6	410	299
B	Coffman Cove	5	6	216	932	305	41	11	132	198	8	0	65	22
B	Craig	32	68	2,469	8,400	4,640	940	22	137	10,845	197	10	1,430	30
B	Klawock	9	17	559	1,835	878	151	1	7	3,604	29	6	837	22
B	Thorne Bay	6	9	256	974	244	74	5	113	489	22	2	305	5
B	Whale Pass	6	11	231	772	192	40	7	331	92	13	0	51	1
B	Other	28	76	4,604	17,987	8,822	1,344	35	1,128	22,827	393	15	4,062	118
C	Kake	4	4	10	40	0	1	0	3	29	5	0	0	0
C	Petersburg	29	32	826	3,289	513	73	63	42	1,353	176	0	184	26
C	Wrangell	15	14	285	1,101	220	59	7	130	74	8	1	18	0
C	Other	5	9	258	940	155	18	2	37	185	18	0	26	0
D	Crescent Harbor	6	6	103	391	304	67	1	19	316	2	1	8	3
D	Port Alexander	6	6	169	605	330	144	0	10	497	83	204	15	0
D	Sitka	127	204	10,973	44,194	27,945	7,889	102	1,542	49,759	763	294	3,291	317
D	Tenakee	4	4	66	236	79	19	0	35	527	0	0	18	21
D	Other	11	27	829	2,989	1,255	235	13	103	3,391	192	28	512	129
E	Angoon	7	8	151	541	70	11	0	106	1,340	6	0	126	12
E	Auke Bay	42	50	2,311	10,286	792	60	66	1,081	6,657	277	87	1,867	445
E	Fishermans Bend	4	4	104	475	27	18	2	183	415	23	12	53	16
E	Juneau	26	40	532	2,123	193	55	5	142	1,432	90	9	444	38
E	Shelter Island	4	9	353	1,351	138	23	20	215	1,481	18	29	544	83
E	Other	15	27	1,025	3,924	554	41	13	708	5,660	142	4	540	80
F	Skagway	6	9	379	1,389	267	94	263	830	8	1	0	0	2
F	Haines	4	4	131	453	33	7	76	191	2	0	0	2	0
G	Bartlett Cove	10	17	191	715	109	14	7	6	172	13	1	32	0
G	Elfin Cove	14	25	1,360	5,471	1,913	524	4	190	4,442	94	15	386	33
G	Gustavus	16	23	1,109	4,420	258	87	8	60	2,311	53	15	1,019	26
G	Hoonah	19	21	925	3,942	122	33	9	76	1,103	247	17	372	35
G	Pelican	11	12	188	569	367	50	1	54	433	8	7	104	4
G	Other	6	8	250	995	65	9	1	20	474	62	2	290	13
H	Yakutat	9	14	796	3,533	258	32	6	19	655	14	2	8	3
	Other SE	2	2	26	124	9	3	0	0	8	0	2	5	0
SE Total		439	747	39,088	154,549	56,548	12,855	1,062	12,184	135,830	3,624	898	27,456	2,643

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 07/15/09.

[a] Business and vessel regional and total counts are not additive as they can offload at various ports.

Appendix F2.–Saltwater logbook salmon participation, effort, kept and released by area and port of offloading, Southcentral Alaska, 2006.

Area	Port of Offloading	Businesses[a]	Vessels[a]	Trips	Angler Days	King Salmon ≥ 28"		King Salmon < 28"		Coho		Sockeye	Pink	Chum
						Kept	Released	Kept	Released	Kept	Released	Kept	Kept	Kept
J	Cordova	9	12	203	857	0	0	0	0	492	296	5	122	111
J	Seward	102	142	5,439	42,681	1,057	57	176	90	44,892	422	126	1,163	39
J	Valdez	44	50	1,832	9,992	52	5	35	24	12,647	257	31	552	14
J	Whittier	28	30	637	3,247	8	8	8	3	900	36	156	113	20
J	Other	5	7	96	500	0	0	0	0	463	59	1	24	4
P	Anchor Point	48	53	1,682	10,137	623	23	20	6	737	5	24	422	7
P	Deep Creek	89	114	4,233	27,109	1,146	71	47	9	143	0	6	63	1
P	Homer	167	196	7,476	58,222	2,162	103	135	67	6,079	88	89	1,666	55
P	Ninilchik	20	24	511	2,924	176	12	2	0	5	0	2	7	3
P	Seldovia	7	7	140	803	5	0	1	0	79	3	1	38	4
P	Other	10	22	626	2,286	372	17	21	0	633	83	1	27	0
Q	Anton Larsen Bay	8	8	62	313	153	1	1	1	18	0	0	10	0
Q	Kodiak	35	35	1,155	6,258	2,693	49	118	30	3,120	101	26	821	14
Q	Larsen Bay	9	20	520	2,104	109	33	3	18	1,787	278	20	63	19
Q	Old Harbor	4	9	368	1,317	723	57	6	3	678	21	7	68	18
Q	Port Lions	9	9	350	1,512	897	34	28	10	892	300	5	65	5
Q	Ugak Bay	4	5	68	354	79	2	0	0	130	28	0	18	1
Q	Other	26	40	783	2,893	204	56	35	9	2,729	517	338	239	11
R	Other	11	14	175	636	2	0	0	0	65	28	1	4	3
	Other SC	4	8	227	1,550	2	0	0	0	882	10	0	67	1
SC Total		479	622	26,583	175,695	10,463	528	636	270	77,371	2,532	839	5,552	330

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 07/15/09.

[a] Business and vessel regional and total counts are not additive as they can offload at various ports.

Appendix F3.–Saltwater logbook salmon participation, effort, kept and released by region, statewide, 2006.

Region	Businesses	Vessels	Trips	Angler Days	King Salmon ≥ 28"		King Salmon < 28"		Coho		Sockeye	Pink	Chum
					Kept	Released	Kept	Released	Kept	Released	Kept	Kept	Kept
SE Total	439	747	39,088	154,549	56,548	12,855	1,062	12,184	135,830	3,624	898	27,456	2,643
SC Total	479	622	26,583	175,695	10,463	528	636	270	77,371	2,532	839	5,552	330
Total	917	1,368	65,671	330,244	67,011	13,383	1,698	12,454	213,201	6,156	1,737	33,008	2,973

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 07/15/09.

Appendix F4.–Saltwater logbook bottomfish participation, effort, kept and released by area and port of offloading, Southeast Alaska, 2006.

										Rockfish							
					Angler	Halibut		Lingcod		Pelagic		Yelloweye		Other Non-Pelagic		Salmon Shark	
Area	Port of	Businesses[a]	Vessels[a]	Trips	Days	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released
A	Cedars Lodge	8	8	44	183	231	77	11	1	0	0	21	0	1	2	0	0
A	Clover Pass	13	16	343	1,322	1,972	667	107	48	220	1	118	2	69	0	0	0
A	Ketchikan	67	84	3,466	15,069	5,581	2,264	330	253	798	494	711	118	1,319	646	2	41
A	Knudson Cove	21	27	1,542	6,508	913	128	13	3	69	26	90	3	167	17	11	5
A	Salmon Falls	4	12	320	1,077	890	124	26	5	49	2	34	0	91	3	0	0
A	Salmon Landing	4	18	554	2,037	385	185	3	2	220	84	456	44	783	127	0	0
A	Other	16	37	1,134	3,357	968	509	15	8	539	200	564	13	863	115	0	15
B	Coffman Cove	5	6	216	932	1,590	353	4	0	138	10	41	2	149	13	0	0
B	Craig	32	68	2,469	8,400	11,935	4,601	1,766	891	2,214	604	2,393	138	2,174	218	0	2
B	Klawock	9	17	559	1,835	3,303	1,330	403	212	1,460	302	153	33	932	390	0	1
B	Thorne Bay	6	9	256	974	650	203	79	80	160	137	288	16	232	29	0	0
B	Whale Pass	6	11	231	772	630	97	33	7	73	7	17	0	131	8	0	0
B	Other	28	76	4,604	17,987	19,971	6,036	3,124	1,579	5,187	3,475	3,651	181	3,119	1,713	7	6
C	Kake	4	4	10	40	15	6	0	3	14	25	2	0	1	2	0	0
C	Petersburg	29	32	826	3,289	3,270	4,303	29	54	234	188	136	22	116	56	0	0
C	Wrangell	15	14	285	1,101	588	455	16	6	63	105	34	29	90	159	0	0
C	Other	5	9	258	940	1,473	904	8	33	98	75	32	2	22	5	0	0
D	Crescent Harbor	6	6	103	391	78	32	31	30	53	10	46	0	14	0	0	0
D	Port Alexander	6	6	169	605	469	358	26	303	16	244	147	11	4	28	0	0
D	Sitka	127	204	10,973	44,194	30,527	6,649	4,473	6,902	19,768	4,033	9,735	676	3,883	565	15	26
D	Tenakee	4	4	66	236	365	99	0	0	17	41	8	6	11	79	0	0
D	Other	11	27	829	2,989	3,015	387	171	206	1,083	1,349	292	28	361	256	0	1
E	Angoon	7	8	151	541	485	121	2	0	45	1	20	2	40	8	0	0
E	Auke Bay	42	50	2,311	10,286	2,327	1,376	4	7	307	19	63	5	290	10	0	0
E	Fishermans Bend	4	4	104	475	214	738	0	0	0	28	2	0	0	33	0	0
E	Juneau	26	40	532	2,123	1,005	1,100	30	48	386	81	55	9	65	37	0	0
E	Shelter Island	4	9	353	1,351	1,239	614	1	1	226	0	14	0	184	0	0	0
E	Other	15	27	1,025	3,924	4,122	1,720	37	81	514	42	213	9	170	21	0	0
F	Skagway	6	9	379	1,389	11	11	0	0	6	0	0	0	15	72	0	0
F	Haines	4	4	131	453	86	35	0	0	2	0	0	0	6	0	0	0
G	Bartlett Cove	10	17	191	715	677	720	50	82	25	31	22	1	9	12	0	0
G	Elfin Cove	14	25	1,360	5,471	3,890	3,568	614	3,097	1,706	2,173	996	131	800	103	21	11
G	Gustavus	16	23	1,109	4,420	4,186	6,222	113	294	52	105	78	2	63	10	4	2
G	Hoonah	19	21	925	3,942	2,819	5,515	2	5	45	21	23	2	36	47	0	0
G	Pelican	11	12	188	569	616	225	33	356	192	268	139	20	55	39	0	0
G	Other	6	8	250	995	390	114	0	2	4	39	0	3	0	0	0	0
H	Yakutat	9	14	796	3,533	3,356	859	1,185	986	2,059	397	139	2	250	17	0	2
	Other SE	2	2	26	124	180	21	22	7	169	0	34	0	0	0	0	0
SE Total		439	747	39,088	154,549	114,422	52,726	12,761	15,592	38,211	14,617	20,767	1,510	16,515	4,840	60	112

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 07/15/09.

[a] Business and vessel regional and total counts are not additive as they can offload at various ports.

Appendix F5.–Saltwater logbook bottomfish participation, effort, kept and released by area and port of offloading, Southcentral Alaska, 2006.

										Rockfish							
					Angler	Halibut		Lingcod		Pelagic		Yelloweye		Other Non-Pelagic		Salmon Shark	
Area	Port of Offloading	Businesses[a]	Vessels[a]	Trips	Days	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released
J	Cordova	9	12	203	857	581	325	123	109	302	76	127	23	83	2	2	9
J	Seward	102	142	5,439	42,681	47,866	26,680	4,327	3,683	19,924	4,446	3,898	182	1,691	373	15	34
J	Valdez	44	50	1,832	9,992	9,335	8,575	1,830	1,223	1,480	122	1,349	124	310	39	171	58
J	Whittier	28	30	637	3,247	3,724	2,805	324	228	505	77	753	20	340	27	8	4
J	Other	5	7	96	500	501	248	18	15	94	40	99	4	70	7	5	1
P	Anchor Point	48	53	1,682	10,137	18,525	21,212	225	212	66	19	47	4	7	0	2	15
P	Deep Creek	89	114	4,233	27,109	49,889	64,178	32	6	11	0	9	0	2	0	2	7
P	Homer	167	196	7,476	58,222	102,442	171,735	2,362	1,391	4,288	1,474	814	54	311	126	4	161
P	Ninilchik	20	24	511	2,924	5,361	5,522	0	0	0	0	0	0	0	0	9	0
P	Seldovia	7	7	140	803	1,297	1,189	34	25	15	12	36	1	0	2	1	13
P	Other	10	22	626	2,286	3,315	4,411	1	50	33	210	1	0	0	0	0	0
Q	Anton Larsen Bay	8	8	62	313	505	379	0	1	10	64	0	0	0	0	0	0
Q	Kodiak	35	35	1,155	6,258	9,141	5,356	619	133	4,182	1,719	148	4	100	37	1	13
Q	Larsen Bay	9	20	520	2,104	2,710	6,830	68	93	545	119	54	0	30	0	2	3
Q	Old Harbor	4	9	368	1,317	1,323	772	60	19	558	227	177	5	52	2	0	0
Q	Port Lions	9	9	350	1,512	1,496	1,495	8	5	401	429	9	0	27	0	0	0
Q	Ugak Bay	4	5	68	354	203	133	15	18	152	265	0	0	2	5	0	0
Q	Other	26	40	783	2,893	2,940	2,789	238	121	374	742	100	27	11	78	1	8
R	Other	11	14	175	636	779	1,021	1	2	85	393	5	0	2	0	1	4
	Other SC	4	8	227	1,550	1,011	152	124	82	2,370	29	245	8	131	7	0	1
SC Total		479	622	26,583	175,695	262,944	325,807	10,409	7,416	35,395	10,463	7,871	456	3,169	705	224	331

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 07/15/09.

[a] Business and vessel regional and total counts are not additive as they can offload at various ports.

Appendix F6.–Saltwater logbook bottomfish participation, effort, kept and released by region, statewide, 2006.

					Halibut		Lingcod		Rockfish							
				Angler					Pelagic		Yelloweye		Other Non-Pelagic		Salmon Shark	
Region	Businesses	Vessels	Trips	Days	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released
SE Total	439	747	39,088	154,549	114,422	52,726	12,761	15,592	38,211	14,617	20,767	1,510	16,515	4,840	60	112
SC Total	479	622	26,583	175,695	262,944	325,807	10,409	7,416	35,395	10,463	7,871	456	3,169	705	224	331
Total	917	1,368	65,671	330,244	377,366	378,533	23,170	23,008	73,606	25,080	28,638	1,966	19,684	5,545	284	443

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 07/15/09.

Appendix F7.–Saltwater logbook salmon participation, effort, kept and released by area and port of offloading, Southeast Alaska, 2007.

Area	Port of Offloading	Businesses[a]	Vessels[a]	Trips	Angler Days	King Salmon ≥ 28"		King Salmon < 28"		Coho		Sockeye	Pink	Chum
						Kept	Released	Kept	Released	Kept	Released	Kept	Kept	Kept
A	Bar Harbor	4	4	49	162	36	8	1	24	73	3	0	153	7
A	Clover Pass	10	12	217	866	297	32	0	127	2,973	12	39	1,336	73
A	Ketchikan	72	101	4,531	19,351	2,931	365	390	2,839	14,191	331	154	23,383	1,280
A	Knudson Cove	21	29	1,301	5,585	765	93	20	1,115	3,330	88	46	7,563	706
A	Salmon Falls	4	17	434	1,405	274	35	9	280	3,673	36	47	3,453	364
A	Salmon Landing	4	10	302	1,130	20	1	6	20	34	0	0	202	21
A	Thomas Basin	5	8	185	620	16	1	0	5	45	9	0	174	6
A	Other	11	35	906	2,262	420	116	25	336	1,571	12	23	878	270
B	Coffman Cove	6	7	222	941	164	26	19	269	1,099	3	2	146	9
B	Craig	35	76	2,572	8,874	4,169	464	56	122	24,338	521	34	1,761	222
B	El Capitan Lodge	6	13	505	2,043	552	15	51	14	5,253	40	1	269	97
B	Klawock	11	21	696	2,256	627	37	0	10	6,347	83	0	850	94
B	Point Baker	4	5	100	443	0	0	0	0	57	1	1	429	1
B	Thorne Bay	7	9	273	1,014	139	16	2	220	1,256	0	2	538	51
B	Whale Pass	7	10	187	625	121	39	27	254	1,104	61	7	112	11
B	Other	18	59	3,669	14,363	5,938	701	122	789	22,664	199	97	9,342	472
C	Kake	5	7	59	205	1	0	0	1	150	3	0	128	17
C	Petersburg	28	35	819	3,317	405	12	19	22	1,087	224	7	880	22
C	Wrangell	11	10	244	955	235	33	20	74	452	41	5	61	7
C	Other	7	9	278	1,070	151	7	8	27	666	15	0	492	9
D	Crescent Harbor	4	5	222	833	552	15	2	31	1,152	6	2	101	15
D	Port Alexander	7	7	219	780	297	59	0	7	1,484	124	234	20	9
D	Sitka	117	195	10,746	43,907	24,886	3,589	347	1,378	73,644	1,426	288	5,871	1,126
D	Other	12	29	830	2,816	1,093	115	6	170	4,721	73	2	888	169
E	Angoon	9	11	369	1,299	221	52	3	402	1,549	31	1	273	54
E	Auke Bay	37	47	2,452	10,998	1,096	138	61	954	4,220	121	95	1,863	1,542
E	Juneau	27	40	415	1,582	120	66	3	65	579	33	4	106	29
E	Other	14	28	1,076	4,034	549	57	51	643	3,478	89	38	1,537	491
F	Skagway	5	7	406	1,421	179	91	100	669	0	0	0	4	2
F	Haines	4	4	108	375	70	0	127	125	0	0	0	3	0
G	Bartlett Cove	6	15	269	1,081	106	5	16	11	157	4	0	88	0
G	Elfin Cove	12	25	1,276	5,249	2,011	402	61	277	4,514	59	26	1,192	74
G	Gustavus	19	30	1,306	5,285	574	131	1	109	2,415	39	45	1,662	110
G	Hoonah	19	25	1,002	4,419	141	67	0	328	967	197	4	413	152
G	Pelican	6	8	220	742	337	46	12	39	758	17	2	68	6
G	Other	6	8	309	2,709	57	25	7	105	3,089	45	4	2,650	386
H	Yakutat	7	13	816	3,482	285	15	4	20	2,363	8	31	64	2
	Other SE	3	4	9	52	0	0	0	0	48	86	0	0	0
SE Total		430	768	39,599	158,551	49,835	6,874	1,576	11,881	195,501	4,040	1,241	68,953	7,906

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 07/15/09.

[a] Business and vessel regional and total counts are not additive as they can offload at various ports.

Appendix F8.–Saltwater logbook salmon participation, effort, kept and released by area and port of offloading, Southcentral Alaska, 2007.

Area	Port of Offloading	Businesses[a]	Vessels[a]	Trips	Angler Days	King Salmon ≥ 28"		King Salmon < 28"		Coho		Sockeye	Pink	Chum
						Kept	Released	Kept	Released	Kept	Released	Kept	Kept	Kept
J	Chenega	4	4	58	227	12	10	0	0	190	9	0	0	31
J	Cordova	7	9	173	679	1	0	0	0	242	22	1	66	1
J	Seward	104	143	5,700	42,142	661	44	113	47	58,473	803	438	1,760	25
J	Valdez	46	55	1,694	8,549	24	3	26	116	11,224	215	154	571	13
J	Whittier	31	34	753	3,537	19	0	0	3	1,527	588	56	118	64
P	Anchor Point	46	51	1,762	8,905	500	13	7	4	832	3	42	112	2
P	Deep Creek	87	116	4,428	24,327	670	23	21	4	208	1	2	18	0
P	Happy Valley	4	16	637	2,247	414	10	13	3	427	0	4	11	0
P	Homer	165	190	7,506	52,791	1,063	108	101	27	7,183	99	112	806	40
P	Ninilchik	15	15	446	2,139	105	7	0	0	19	0	0	0	0
P	Seldovia	10	11	195	869	4	1	0	0	127	1	5	56	0
P	Other	10	11	62	225	5	0	5	0	83	7	0	0	0
Q	Kodiak	38	38	1,326	6,029	3,661	77	98	21	2,314	102	23	608	20
Q	Larsen Bay	8	18	559	2,157	27	0	2	0	2,242	234	8	38	7
Q	Old Harbor	4	9	370	1,297	474	5	0	0	396	3	25	18	2
Q	Port Lions	10	12	424	1,819	353	20	26	9	1,831	71	8	100	3
Q	Raspberry Island	4	5	54	291	28	3	0	28	282	21	0	46	0
Q	Other	28	41	909	3,239	170	100	154	20	3,168	459	575	158	11
R	Chignik	4	4	16	49	0	0	0	0	10	0	0	0	0
R	Other	13	17	216	797	9	0	0	0	32	0	0	1	0
	Other SC	9	12	265	1,649	1	0	0	0	955	55	10	132	5
SC Total		488	641	27,553	163,964	8,201	424	566	282	91,765	2,693	1,463	4,619	224

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 07/15/09.

[a] Business and vessel regional and total counts are not additive as they can offload at various ports.

Appendix F9.–Saltwater logbook salmon participation, effort, kept and released by region, Statewide, 2007.

Region	Businesses	Vessels	Trips	Angler Days	King Salmon ≥ 28"		King Salmon < 28"		Coho		Sockeye	Pink	Chum
					Kept	Released	Kept	Released	Kept	Released	Kept	Kept	Kept
SE Total	430	768	39,599	158,551	49,835	6,874	1,576	11,881	195,501	4,040	1,241	68,953	7,906
SC Total	488	641	27,553	163,964	8,201	424	566	282	91,765	2,693	1,463	4,619	224
Total	918	1,409	67,152	322,515	58,036	7,298	2,142	12,163	287,266	6,733	2,704	73,572	8,130

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Data are current as of 07/15/09.

Appendix F10.–Saltwater logbook bottomfish participation, effort, kept and released by area and port of offloading, Southeast Alaska, 2007.

										Rockfish							
					Angler	Halibut		Lingcod		Pelagic		Yelloweye		Other Non-Pelagic		Salmon Shark	
Area	Port of Offloading	Businesses[a]	Vessels[a]	Trips	Days	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released
A	Bar Harbor	4	4	49	162	100	32	0	0	6	2	25	5	15	11	0	0
A	Clover Pass	10	12	217	866	1,319	164	83	7	251	0	118	1	41	0	0	0
A	Ketchikan	72	101	4,531	19,351	6,916	3,161	255	166	1,521	565	1,052	133	2,697	572	11	0
A	Knudson Cove	21	29	1,301	5,585	864	59	16	15	139	25	96	1	188	6	0	0
A	Salmon Falls	4	17	434	1,405	1,295	156	27	9	98	3	69	0	329	6	0	0
A	Salmon Landing	4	10	302	1,130	123	5	0	1	453	101	239	1	605	67	0	0
A	Thomas Basin	5	8	185	620	187	34	0	4	35	4	76	0	290	0	2	0
A	Other	11	35	906	2,262	915	75	31	1	376	29	268	10	874	182	0	0
B	Coffman Cove	6	7	222	941	1,633	813	1	2	50	2	45	1	110	1	0	0
B	Craig	35	76	2,572	8,874	13,378	4,786	1,372	1,698	2,236	808	2,048	84	1,418	219	1	0
B	El Capitan Lodge	6	13	505	2,043	2,307	719	174	409	352	582	298	26	225	78	0	0
B	Klawock	11	21	696	2,256	3,890	1,691	331	482	2,191	419	247	65	942	839	0	0
B	Point Baker	4	5	100	443	519	124	56	49	902	165	85	8	496	250	0	0
B	Thorne Bay	7	9	273	1,014	792	213	60	137	213	85	257	16	126	3	0	0
B	Whale Pass	7	10	187	625	392	82	6	0	20	0	12	0	53	4	0	0
B	Other	18	59	3,669	14,363	19,168	2,203	1,410	805	5,637	716	2,287	163	2,551	326	1	0
C	Kake	5	7	59	205	240	150	9	45	350	41	26	0	8	3	0	0
C	Petersburg	28	35	819	3,317	3,483	3,138	22	101	418	63	163	13	174	38	0	0
C	Wrangell	11	10	244	955	536	395	7	6	36	13	21	0	15	2	0	0
C	Other	7	9	278	1,070	1,663	787	17	28	170	11	36	0	59	0	0	0
D	Crescent Harbor	4	5	222	833	574	55	48	115	142	4	230	1	11	0	0	0
D	Port Alexander	7	7	219	780	612	335	26	279	129	957	141	10	26	38	0	0
D	Sitka	117	195	10,746	43,907	30,324	5,243	2,836	10,169	24,131	3,535	9,770	665	4,642	426	16	0
D	Other	12	29	830	2,816	2,564	335	124	93	693	476	268	18	247	35	0	0
E	Angoon	9	11	369	1,299	1,494	1,114	6	0	214	85	14	10	157	6	0	0
E	Auke Bay	37	47	2,452	10,998	3,109	1,457	6	36	300	27	60	5	454	30	3	0
E	Juneau	27	40	415	1,582	656	565	12	45	337	55	83	7	113	33	0	0
E	Other	14	28	1,076	4,034	3,908	1,379	24	16	638	26	174	1	373	17	0	0
F	Skagway	5	7	406	1,421	11	13	0	0	0	1	0	0	0	0	0	0
F	Haines	4	4	108	375	148	56	0	0	0	0	0	0	0	0	0	0
G	Bartlett Cove	6	15	269	1,081	1,222	1,158	52	201	48	16	41	7	7	2	0	0
G	Elfin Cove	12	25	1,276	5,249	4,387	2,435	439	2,469	2,388	1,132	824	62	788	113	13	0
G	Gustavus	19	30	1,306	5,285	6,112	7,714	126	389	425	127	200	16	166	37	7	0
G	Hoonah	19	25	1,002	4,419	3,157	9,153	2	0	49	15	12	1	53	8	0	0
G	Pelican	6	8	220	742	722	70	27	173	193	108	109	16	23	6	0	0
G	Other	6	8	309	2,709	1,812	1,083	4	4	15	13	3	7	4	35	0	0
H	Yakutat	7	13	816	3,482	3,036	755	1,007	908	1,814	178	57	0	181	4	0	0
	Other SE	3	4	9	52	3	0	0	0	0	0	0	0	0	1	0	0
SE Total		430	768	39,599	158,551	123,571	51,707	8,616	18,862	46,970	10,389	19,454	1,353	18,461	3,398	54	0

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent.Data are current as of 07/15/09.

[a] Business and vessel regional and total counts are not additive as they can offload at various ports.

Appendix F11.–Saltwater logbook bottomfish participation, effort, kept and released by area and port of offloading, Southcentral Alaska, 2007.

										Rockfish							
					Angler	Halibut		Lingcod		Pelagic		Yelloweye		Other Non-Pelagic		Salmon Shark	
Area	Port of Offloading	Businesses[a]	Vessels[a]	Trips	Days	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released
J	Chenega	4	4	58	227	339	145	66	190	404	41	35	1	3	0	0	0
J	Cordova	7	9	173	679	594	312	76	49	422	33	99	11	103	21	1	0
J	Seward	104	143	5,700	42,142	53,694	29,272	5,693	4,633	26,299	3,491	4,415	84	1,758	263	24	1
J	Valdez	46	55	1,694	8,549	8,625	9,089	1,963	1,332	2,785	203	1,783	213	401	126	148	0
J	Whittier	31	34	753	3,537	3,328	2,676	284	563	779	912	614	13	211	28	4	1
P	Anchor Point	46	51	1,762	8,905	16,573	22,981	124	257	75	12	26	0	1	0	0	0
P	Deep Creek	87	116	4,428	24,327	45,541	63,804	109	28	98	4	14	6	6	2	2	0
P	Happy Valley	4	16	637	2,247	3,405	3,543	3	0	0	0	0	0	0	0	0	0
P	Homer	165	190	7,506	52,791	97,213	151,973	4,428	2,740	6,624	1,505	951	22	339	36	5	0
P	Ninilchik	15	15	446	2,139	4,012	7,394	0	17	6	2	16	0	0	0	1	0
P	Seldovia	10	11	195	869	1,449	1,611	42	70	12	63	39	5	4	0	0	0
P	Other	10	11	62	225	217	306	4	13	0	0	1	0	0	0	0	0
Q	Kodiak	38	38	1,326	6,029	9,457	6,774	845	119	7,303	2,063	226	24	188	81	3	0
Q	Larsen Bay	8	18	559	2,157	2,794	6,317	61	33	1,183	188	160	7	145	14	0	0
Q	Old Harbor	4	9	370	1,297	1,277	503	113	43	1,513	1,060	208	2	49	33	1	0
Q	Port Lions	10	12	424	1,819	1,827	1,357	70	30	733	441	28	1	71	115	0	0
Q	Raspberry Island	4	5	54	291	212	305	36	15	49	157	0	0	2	9	1	0
Q	Other	28	41	909	3,239	3,430	3,294	542	310	1,254	3,712	186	23	50	62	0	0
R	Chignik	4	4	16	49	73	54	2	0	36	0	0	0	0	0	0	0
R	Other	13	17	216	797	1,072	1,542	5	5	149	553	23	0	4	0	0	0
	Other SC	9	12	265	1,649	770	411	106	131	2,606	249	366	36	191	105	0	0
SC Total		488	641	27,553	163,964	255,902	313,663	14,572	10,578	52,330	14,689	9,190	448	3,526	895	190	2

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 07/15/09.

[a] Business and vessel regional and total counts are not additive as they can offload at various ports.

Appendix F12.–Saltwater logbook bottomfish participation, effort, kept and released by region, statewide, 2007.

										Rockfish							
					Angler	Halibut		Lingcod		Pelagic		Yelloweye		Other Non-Pelagic		Salmon Shark	
Region	Businesses	Vessels	Trips	Days	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released	
SE Total	430	768	39,599	158,551	123,571	51,707	8,616	18,862	46,970	10,389	19,454	1,353	18,461	3,398	54	0	
SC Total	488	641	27,553	163,964	255,902	313,663	14,572	10,578	52,330	14,689	9,190	448	3,526	895	190	2	
Total	918	1,409	67,152	322,515	379,473	365,370	23,188	29,440	99,300	25,078	28,644	1,801	21,987	4,293	244	2	

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Data are current as of 07/15/09.

Appendix F13.–Saltwater logbook salmon participation, effort, kept and released by area and port of offloading, Southeast Alaska, 2008.

Area	Port of Offloading	Businesses[a]	Vessels[a]	Trips	Angler Days	King Salmon ≥ 28"		King Salmon < 28"		Coho		Sockeye	Pink	Chum
						Kept	Released	Kept	Released	Kept	Released	Kept	Kept	Kept
A	Clover Pass	9	10	151	601	109	12	2	58	1,663	7	15	1,095	11
A	Ketchikan	68	98	4,705	19,245	1,406	171	453	2,857	11,167	164	102	18,714	440
A	Knudson Cove	22	24	1,166	5,094	197	59	17	1,143	2,718	37	18	6,553	201
A	Other	17	41	1,198	3,160	314	97	12	631	5,000	32	47	3,979	407
B	Coffman Cove	6	7	150	617	15	12	21	98	314	1	2	85	0
B	Craig	32	70	2,430	8,058	1,076	365	14	171	18,214	381	62	1,083	17
B	El Capitan Lodge	4	11	472	1,840	151	28	4	29	2,874	4	0	11	4
B	Klawock	13	24	690	2,221	199	66	3	22	4,473	55	1	408	13
B	Point Baker	4	5	112	514	2	1	0	1	47	18	0	72	0
B	Port St Nicholas	4	6	79	279	55	1	0	1	581	4	0	5	2
B	Thorne Bay	7	12	293	1,057	19	30	8	327	1,010	25	38	727	12
B	Whale Pass	5	8	159	511	7	11	0	274	234	31	1	23	0
B	Other	21	62	3,701	14,574	1,455	484	19	818	21,243	128	60	4,587	67
C	Petersburg	26	33	790	3,042	221	28	4	70	743	9	1	42	9
C	Wrangell	13	12	223	936	102	20	0	262	202	7	0	18	2
C	Other	9	11	316	1,231	17	15	0	4	252	1	8	46	3
D	Crescent Harbor	5	7	131	504	141	25	0	0	453	1	1	55	2
D	Port Alexander	7	9	154	524	46	19	0	1	400	2	122	30	2
D	Sitka	124	198	10,397	42,517	12,238	5,969	46	1,329	37,502	320	132	4,222	336
D	Other	15	32	715	2,546	661	139	2	42	3,707	234	18	233	88
E	Angoon	11	14	270	983	20	31	1	38	1,086	0	1	146	13
E	Auke Bay	31	41	2,135	9,211	628	173	50	295	1,618	42	44	777	1,041
E	Juneau	30	43	477	1,949	51	47	2	44	329	26	0	103	83
E	Other	12	28	1,059	4,069	85	135	5	86	1,455	33	21	513	93
F1	Skagway	6	6	322	1,082	119	206	0	618	2	0	0	2	5
F2	Haines	4	4	94	301	34	10	0	129	0	0	0	1	1
G	Bartlett Cove	8	17	210	824	4	0	0	0	36	0	0	5	0
G	Elfin Cove	13	27	1,477	5,729	430	90	5	72	2,783	18	18	507	29
G	Excursion Inlet	4	6	155	4,258	55	1	0	1	1,637	3	4	2,624	396
G	Gustavus	18	37	1,338	5,365	201	35	0	61	1,481	12	6	358	15
G	Hoonah	15	20	689	3,112	31	75	0	51	209	77	5	177	53
G	Pelican	10	11	216	729	135	35	0	5	539	2	2	55	3
G	Other	4	6	149	573	16	4	0	5	65	25	0	27	6
H	Yakutat	8	13	815	3,487	307	27	4	139	1,030	2	1	9	3
	Other SE	5	5	11	50	5	0	0	0	5	0	0	0	0
SE Total		429	759	37,449	150,793	20,552	8,421	672	9,682	125,072	1,701	730	47,292	3,357

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 07/15/09.

[a] Business and vessel regional and total counts are not additive as they can offload at various ports.

Appendix F14.–Saltwater logbook salmon participation, effort, kept and released by area and port of offloading, Southcentral Alaska, 2008.

Area	Port of Offloading	Businesses[a]	Vessels[a]	Trips	Angler Days	King Salmon ≥ 28"		King Salmon < 28"		Coho		Sockeye	Pink	Chum
						Kept	Released	Kept	Released	Kept	Released	Kept	Kept	Kept
J	Cordova	5	7	102	349	0	0	0	0	54	18	2	32	4
J	Seward	98	136	5,182	39,091	354	27	57	57	38,711	485	261	2,838	32
J	Valdez	40	47	1,412	7,159	23	4	13	7	6,636	117	35	626	3
J	Whittier	28	31	755	3,726	5	0	1	1	617	114	107	195	93
J	Other	8	10	106	531	4	0	5	2	696	39	6	43	7
P	Anchor Point	44	49	1,419	7,297	222	6	21	10	249	0	7	158	1
P	Deep Creek	75	100	4,196	23,318	387	4	27	3	134	0	1	35	14
P	Homer	144	166	6,461	45,650	657	13	70	10	4,341	21	63	651	9
P	Ninilchik	27	29	487	2,197	89	0	4	0	0	0	0	1	0
P	Seldovia	8	8	176	784	5	0	0	0	104	0	0	35	0
P	Other	10	21	593	2,074	255	11	2	0	540	3	5	52	0
Q	Anton Larsen Bay	6	6	17	66	7	0	0	0	5	0	0	12	0
Q	Kodiak	47	49	1,350	5,839	2,583	120	242	131	3,265	76	16	704	15
Q	Larsen Bay	9	16	461	1,782	116	53	69	71	1,438	37	21	61	0
Q	Port Lions	11	14	329	1,325	190	10	14	16	887	38	7	152	4
Q	Raspberry Island	5	5	73	336	17	40	1	1	63	4	4	46	6
Q	Other	25	40	1,127	3,963	416	60	81	17	2,674	129	246	188	10
R	Other	9	14	176	596	0	0	0	0	55	49	0	1	1
	Other SC	6	9	135	634	1	0	5	0	228	0	0	43	0
SC Total		459	596	24,557	146,717	5,331	348	612	326	60,697	1,130	781	5,873	199

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 07/15/09.

[a] Business and vessel regional and total counts are not additive as they can offload at various ports.

Appendix F15.–Saltwater logbook salmon participation, effort, kept and released by region, Statewide, 2008.

Region	Businesses	Vessels	Trips	Angler Days	King Salmon ≥ 28"		King Salmon < 28"		Coho		Sockeye	Pink	Chum
					Kept	Released	Kept	Released	Kept	Released	Kept	Kept	Kept
SE Total	429	759	37,449	150,793	20,552	8,421	672	9,682	125,072	1,701	730	47,292	3,357
SC Total	459	596	24,557	146,717	5,331	348	612	326	60,697	1,130	781	5,873	199
Total	888	1,355	62,006	297,510	25,883	8,769	1,284	10,008	185,769	2,831	1,511	53,165	3,556

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Data are current as of 07/15/09.

Appendix F16.–Saltwater logbook bottomfish participation, effort, kept and released by area and port of offloading, Southeast Alaska, 2008.

										Rockfish							
					Angler	Halibut		Lingcod		Pelagic		Yelloweye		Other Non-Pelagic		Salmon Shark	
Area	Port of Offloading	Businesses[a]	Vessels[a]	Trips	Days	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released
A	Clover Pass	9	10	151	601	883	24	17	2	122	0	55	0	11	0	0	0
A	Ketchikan	68	98	4,705	19,245	5,527	2,059	148	165	1,064	276	1,190	103	3,542	366	0	1
A	Knudson Cove	22	24	1,166	5,094	604	89	8	14	50	9	53	4	119	3	0	0
A	Other	17	41	1,198	3,160	1,583	126	45	15	443	18	252	3	534	8	2	0
B	Coffman Cove	6	7	150	617	914	351	3	0	24	1	27	0	107	0	0	0
B	Craig	32	70	2,430	8,058	11,725	5,221	1,114	1,832	5,567	1,122	1,821	179	2,017	661	9	0
B	El Capitan Lodge	4	11	472	1,840	1,887	453	159	336	358	144	577	10	97	22	0	0
B	Klawock	13	24	690	2,221	3,971	1,262	281	448	2,559	415	213	110	851	496	0	0
B	Point Baker	4	5	112	514	439	154	66	101	1,205	319	146	43	385	197	0	0
B	Port St Nicholas	4	6	79	279	412	311	23	17	111	2	37	0	36	9	0	0
B	Thorne Bay	7	12	293	1,057	692	99	44	31	178	11	193	7	269	5	0	0
B	Whale Pass	5	8	159	511	366	127	2	2	24	14	5	0	28	23	0	0
B	Other	21	62	3,701	14,574	17,669	2,584	1,199	1,175	7,332	1,453	2,440	81	2,515	440	0	0
C	Petersburg	26	33	790	3,042	3,346	2,806	10	27	182	77	57	6	54	8	0	0
C	Wrangell	13	12	223	936	429	279	13	11	29	8	24	0	42	7	0	0
C	Other	9	11	316	1,231	1,661	532	33	145	1,982	568	120	20	110	52	0	0
D	Crescent Harbor	5	7	131	504	287	5	7	41	248	4	160	11	33	0	0	0
D	Port Alexander	7	9	154	524	365	120	22	108	183	20	112	6	19	12	0	0
D	Sitka	124	198	10,397	42,517	26,892	3,823	2,360	11,328	37,805	3,663	8,864	565	6,584	605	5	0
D	Other	15	32	715	2,546	1,930	420	66	96	634	666	191	24	313	297	0	0
E	Angoon	11	14	270	983	897	526	2	3	281	17	27	0	262	40	0	0
E	Auke Bay	31	41	2,135	9,211	2,376	1,325	3	4	412	25	54	2	537	19	0	0
E	Juneau	30	43	477	1,949	697	801	2	13	301	73	8	1	153	38	0	0
E	Other	12	28	1,059	4,069	3,964	2,106	25	35	946	11	262	12	500	27	2	0
F1	Skagway	6	6	322	1,082	5	4	0	0	0	0	0	0	0	0	0	0
F2	Haines	4	4	94	301	70	2	0	1	0	0	0	0	0	0	0	0
G	Bartlett Cove	8	17	210	824	730	557	31	105	36	24	13	0	27	8	0	0
G	Elfin Cove	13	27	1,477	5,729	5,198	2,794	458	3,540	4,087	573	1,081	81	1,401	94	6	0
G	Excursion Inlet	4	6	155	4,258	3,908	139	0	1	16	0	2	0	31	2	0	0
G	Gustavus	18	37	1,338	5,365	4,802	4,727	100	438	224	78	122	1	94	4	2	0
G	Hoonah	15	20	689	3,112	2,046	5,292	1	0	26	13	2	5	35	21	0	0
G	Pelican	10	11	216	729	627	107	45	195	164	46	95	8	22	5	0	0
G	Other	4	6	149	573	209	355	0	21	19	1	6	0	10	2	0	0
H	Yakutat	8	13	815	3,487	3,409	529	1,207	486	2,312	25	105	1	165	0	0	0
	Other SE	5	5	11	50	34	2	5	0	39	7	14	4	7	0	0	0
SE Total		429	759	37,449	150,793	110,554	40,111	7,499	20,736	68,963	9,683	18,328	1,287	20,910	3,471	26	1

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 07/15/09.

[a] Business and vessel regional and total counts are not additive as they can offload at various ports.

Appendix F17.–Saltwater logbook bottomfish participation, effort, kept and released by area and port of offloading, Southcentral Alaska, 2008.

										Rockfish							
					Angler	Halibut		Lingcod		Pelagic		Yelloweye		Other Non-Pelagic		Salmon Shark	
Area	Port of Offloading	Businesses[a]	Vessels[a]	Trips	Days	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released
J	Cordova	5	7	102	349	183	53	58	58	309	67	81	6	57	5	1	0
J	Valdez	40	47	1,412	7,159	6,818	4,990	1,886	985	2,153	59	1,470	169	345	27	45	0
J	Seward	98	136	5,182	39,091	50,194	26,642	6,536	4,314	28,723	3,156	4,375	142	2,101	241	10	0
J	Whittier	28	31	755	3,726	4,266	2,854	616	460	1,473	345	702	13	362	126	9	0
J	Other	8	10	106	531	342	197	69	164	289	86	63	19	70	55	0	0
P	Anchor Point	44	49	1,419	7,297	13,813	19,992	409	438	286	18	72	0	2	0	1	0
P	Deep Creek	75	100	4,196	23,318	43,555	60,633	117	47	197	1	16	0	1	0	0	0
P	Homer	144	166	6,461	45,650	82,104	114,970	4,594	2,566	5,861	967	1,016	54	242	35	0	0
P	Ninilchik	27	29	487	2,197	4,088	5,695	5	13	2	1	20	0	0	1	0	0
P	Seldovia	8	8	176	784	1,370	1,814	82	43	22	50	45	10	1	1	0	0
P	Other	10	21	593	2,074	3,163	3,783	2	1	0	0	0	0	0	0	0	0
Q	Anton Larsen Bay	6	6	17	66	88	84	1	0	34	0	0	0	0	0	0	0
Q	Kodiak	47	49	1,350	5,839	8,647	7,169	1,178	350	7,746	1,530	441	4	124	27	1	0
Q	Larsen Bay	9	16	461	1,782	2,692	6,808	48	71	596	178	135	3	74	71	0	0
Q	Port Lions	11	14	329	1,325	1,583	1,096	117	25	593	328	20	1	63	24	0	0
Q	Raspberry Island	5	5	73	336	333	381	39	22	73	131	4	0	19	0	0	0
Q	Other	25	40	1,127	3,963	4,218	4,315	700	500	2,489	2,590	478	15	135	200	0	0
R	Other	9	14	176	596	883	1,361	24	49	131	552	15	1	2	0	0	0
	Other SCI	6	9	135	634	824	267	85	48	704	26	116	16	24	51	1	0
SC Total		459	596	24,557	146,717	229,164	263,104	16,566	10,154	51,681	10,085	9,069	453	3,622	864	68	0

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 07/15/09.

[a] Business and vessel regional and total counts are not additive as they can offload at various ports.

Appendix F18.–Saltwater logbook bottomfish participation, effort, kept and released by region, statewide, 2008.

										Rockfish							
					Angler	Halibut		Lingcod		Pelagic		Yelloweye		Other Non-Pelagic		Salmon Shark	
Region	Businesses	Vessels	Trips	Days	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released	Kept	Released
SE Total	429	759	37,449	150,793	110,554	40,111	7,499	20,736	68,963	9,683	18,328	1,287	20,910	3,471	26	1
SC Total	459	596	24,557	146,717	229,164	263,104	16,566	10,154	51,681	10,085	9,069	453	3,622	864	68	0
Total	888	1,355	62,006	297,510	339,718	303,215	24,065	30,890	120,644	19,768	27,397	1,740	24,532	4,335	94	1

Note: Participation (number of businesses, vessels, trips, and angler days) was determined by number of trips, not by targeted species. Data are current as of 07/15/09.

APPENDIX G
FRESHWATER LOGBOOK SUMMARIES BY AREA

Appendix G1.–Freshwater logbook participation by site code and area, Southeast Alaska, 2006.

Area	Description	Trips	Businesses[a]	Guides[a]	Angler Days				
					Resident	Nonres	Unknown	Crew	Total
A	Other Lakes	75	7	18	0	349	3	0	352
A	Other Streams	99	5	14	0	417	7	0	424
B	Harris River	31	6	9	1	83	4	0	88
B	Staney Creek	52	5	8	0	120	8	0	128
B	Thorne System Stream and Lake	59	8	11	4	131	12	0	147
B	Sweetwater System Stream and Lake	14	4	6	0	44	3	0	47
B	Other Lakes	32	6	9	2	93	0	1	96
B	Other Streams	67	11	19	1	182	9	0	192
C	All Lakes and Streams	55	11	14	0	145	0	2	147
D	Eva Lake and Stream	13	4	9	0	48	0	2	50
D	Unspecified Streams	20	8	13	1	79	0	1	81
D	Baranof Lake (Warm Springs Lake)	34	4	8	0	91	0	1	92
D	Deer Lake (Baranof Island)	10	4	5	0	30	0	0	30
D	Nakwasina Sound Streams	19	5	5	0	78	0	0	78
D	Other Lakes	10	6	8	0	40	0	1	41
D	Other Streams	193	16	42	4	731	0	19	754
E	Admiralty Island Streams	283	10	28	4	1,051	4	0	1,059
E	Other Lakes	27	5	14	0	96	0	0	96
E	Other Streams	412	8	32	9	1,630	3	8	1,650
G	Mud Bay Creek (Chichagof Island)	34	7	10	0	102	0	6	108
G	Trail River (Chichagof Island)	22	5	7	2	114	0	7	123
G	Chicken Creek (Chichagof Island)	6	4	5	0	25	0	2	27
G	North Chichagof Island Streams	10	5	6	0	45	0	7	52
H	Situk River (reach unspecified)	441	5	14	31	955	5	51	1,042
H	Akwe River	94	4	7	17	418	1	42	478
H	Tsiu River	344	4	14	17	1,389	85	3	1,494
H	Other Lakes and Streams	396	8	20	11	1,637	29	26	1,703
	Other Lakes and Streams in SE	186	4	10	2	847	36	0	885
SE Total		3,038	69	173	106	10,970	209	179	11,464

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G2.–Freshwater logbook participation by site code and area, Southcentral Alaska, 2006.

Area	Description	Trips	Businesses[a]	Guides[a]	Angler Days				
					Resident	Nonres	Unknown	Crew	Total
J	East Prince William Sound Streams	93	4	9	25	433	0	4	462
J	Other Lakes and Streams	12	7	9	6	52	0	1	59
K	Knik Arm Streams	375	13	19	486	853	11	44	1,394
M	Willow Creek	88	13	14	40	146	0	1	187
M	Montana Creek	21	4	5	14	31	0	2	47
M	Clear Creek (Chunilna Creek)	80	9	16	31	276	15	1	323
M	Little Willow Creek	39	9	10	25	101	8	3	137
M	Kashwitna River	54	5	5	79	133	1	9	222
M	Talkeetna River	417	10	31	182	1,489	101	48	1,820
M	Other Lakes and Streams - East Susitna Drainage	72	13	16	24	155	2	4	185
M	Lake Creek	1,072	25	61	240	2,950	39	95	3,324
M	Talachulitna River	392	11	22	159	1,024	7	33	1,223
M	Fish Lake Creek and Fish Lakes	69	6	16	5	156	0	2	163
M	Yentna River Drainage (Remainder)	135	16	25	25	458	0	3	486
M	Yentna River	197	9	23	29	507	2	10	548
M	Deshka River (Kroto Creek) above weir	94	11	14	120	196	5	23	344
M	Deshka River (Kroto Creek) below weir	312	18	26	362	825	31	28	1,246
M	Indian Creek (into Yentna near Fish Lakes)	126	8	21	31	324	1	40	396
M	Other Lakes - West Susitna Drainage	6	4	5	2	22	0	0	24
M	Other Streams - West Susitna Drainage	44	7	10	20	124	0	3	147
M	Other Lakes and Streams	21	5	5	0	82	0	0	82
N	Chuitna River	115	15	27	31	374	1	1	407
N	Big River Lakes	912	16	43	128	3,265	97	7	3,497
N	Crescent Lake	16	8	11	0	74	3	0	77
N	Crescent River (Grecian River)	136	4	6	6	460	3	0	469
N	Kamishak River	162	10	34	2	488	0	5	495
N	Kustatan River	253	17	43	44	1,051	15	12	1,122
N	Bachatna Creek	12	5	7	0	52	0	0	52
N	Other Lakes and Streams	151	10	17	32	438	2	0	472
N	Wolverine Creek (by Big River Lakes)	809	15	42	96	2,887	101	6	3,090
P	Anchor River	52	9	10	0	166	2	4	172
P	Deep Creek	25	5	6	0	103	4	0	107
P	Russian River	88	13	19	10	169	1	2	182
P	Crescent Lake	18	4	7	0	66	4	0	70
P	Quartz Creek	18	6	6	3	46	0	0	49
P	Kasilof River below Highway	1,936	113	151	766	5,670	14	113	6,563
P	Kasilof River above Highway	47	14	15	11	139	2	6	158
P	Kasilof River reach not specified	57	18	21	25	155	2	0	182
P	Other Lakes	73	14	20	9	189	3	26	227
P	Other Streams	145	15	21	34	549	7	12	602

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Area	Description	Trips	Businesses[a]	Guides[a]	Angler Days				
					Resident	Nonres	Unknown	Crew	Total
P	Kenai River - Cook Inlet to Soldotna Bridge	9,026	237	328	3,980	29,029	220	102	33,331
P	Kenai River - Soldotna Bridge to Moose R	836	64	93	266	2,439	28	110	2,843
P	Kenai River - Moose River to Skilak Outlet	1,070	73	100	366	2,949	15	9	3,339
P	Kenai River - Skilak Inlet to Kenai Lake	1,983	43	83	561	5,500	75	97	6,233
P	Kenai River - reach not specified	86	18	19	35	244	4	2	285
Q	Buskin River	17	5	5	0	50	0	4	54
Q	Pasagshak River	15	4	4	0	38	0	11	49
Q	Roadside Streams	84	9	14	8	245	14	5	272
Q	Other Remote Lakes and Streams	351	24	40	34	1,260	5	126	1,425
Q	Roadside Lakes	54	8	12	6	161	0	5	172
Q	Olds River	15	6	6	1	58	0	2	61
Q	Ayakulik River (sometimes called Red River)	263	4	9	107	826	3	18	954
Q	Saltery River	229	7	11	69	752	7	39	867
Q	Browns Lagoon River	15	5	6	3	42	2	2	49
Q	Afognak Island Lakes and Streams	12	6	8	2	48	0	6	56
Q	Chiniak River	6	4	4	0	20	0	4	24
Q	Zachar Bay Streams	41	5	13	9	106	1	8	124
Q	Karluk Lake and River above Weir	205	9	19	7	941	14	24	986
Q	Karluk Lagoon and River below Weir	139	12	19	13	723	42	17	795
Q	Other Streams	26	4	7	0	77	1	8	86
R	Naknek River and Tributaries	560	27	62	103	1,310	4	126	1,543
R	Naknek Lake	61	6	11	19	214	0	1	234
R	Brooks River	346	20	75	29	793	5	21	848
R	Ugashik System	62	11	26	0	180	2	4	186
R	Becharof System	369	20	58	13	1,087	12	17	1,129
R	Brooks Lake	28	10	15	2	73	2	0	77
R	Chignik River	58	6	11	31	121	28	1	181
R	American Creek	460	20	62	59	1,180	4	15	1,258
R	Naknek River (Rapids Camp upstream to Naknek Lk)	478	14	38	38	1,072	12	83	1,205
R	Naknek River (dwnstream from Rapids Camp)	299	12	31	33	653	3	67	756
R	Other Alaska Peninsula / Aleutian Lakes and Streams	480	20	46	5	1,645	6	25	1,681
R	Other Streams	91	15	28	3	413	0	1	417
S	Kvichak River	973	26	100	101	2,026	24	9	2,160
S	Lower Talarik Creek	51	10	19	0	165	0	0	165
S	Copper River (Lake Iliamna Area)	569	14	36	19	1,251	11	1	1,282
S	Newhalen River	97	8	23	8	265	1	1	275
S	Alagnak (Branch) River	2,202	26	120	49	4,939	9	96	5,093
S	Lake Clark	81	7	21	2	245	0	0	247
S	Iliamna River	158	5	16	5	418	4	4	431
S	Kukaklek Lake	7	4	5	0	24	0	0	24
S	Kulik River	419	12	59	37	1,094	2	1	1,134
S	Iliamna Lake	74	8	24	3	216	4	0	223

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Area	Description	Trips	Businesses[a]	Guides[a]	Angler Days				
					Resident	Nonres	Unknown	Crew	Total
S	Nonvianuk Lake	30	10	15	7	58	0	0	65
S	Nonvianuk River (into Alagnak)	208	14	50	7	554	0	69	630
S	Tazimina River	68	7	22	3	164	1	0	168
S	Moraine Creek	645	22	107	30	1,522	23	56	1,631
S	Battle River	108	10	27	2	274	1	4	281
S	Funnel Creek	52	10	18	3	109	0	0	112
S	Nanuktuk Creek	103	13	33	8	231	0	0	239
S	Long Lake	26	5	8	1	86	0	0	87
S	Kijik River	21	4	10	0	72	0	0	72
S	Kijik Lake	9	4	7	0	28	0	0	28
S	Gibraltar River	145	10	27	8	321	0	1	330
S	Kukaklek River (Big Ku) (into Alagnak)	427	14	55	36	863	5	1	905
S	Little Kulik (into Nanuktuk Creek)	26	6	12	0	59	0	0	59
S	Other Lakes and Streams	17	6	9	0	41	0	0	41
T	Nushagak River System	226	22	34	17	552	4	66	639
T	Wood River Lakes System	265	10	50	3	627	6	5	641
T	Tikchik-Nuyakuk Lake System	138	8	24	7	271	3	1	282
T	Togiak River System	1,173	10	61	19	2,419	34	13	2,485
T	Mulchatna River	97	14	22	19	359	11	27	416
T	Agulowak River	499	9	45	5	1,019	8	3	1,035
T	Aleknagik Lake	150	5	22	1	367	4	2	374
T	Kulukak River	155	4	12	2	324	3	0	329
T	Agulukpak River	304	10	43	3	593	2	1	599
T	Nushagak River - upstream of Mulchatna River	368	15	46	5	734	0	2	741
T	Wood River	51	4	16	5	131	1	0	137
T	Nushagak River - Black Point to Sonar Site	1,225	32	110	210	3,443	34	56	3,743
T	Nushagak River - Sonar Site to Mulchatna	1,506	38	134	196	4,386	38	196	4,816
T	Other Lakes and Streams	232	8	22	0	461	5	0	466
	Other Lakes and Streams in SC	98	3	4	17	318	3	0	338
SC total		39,512	528	1,224	9,742	111,956	1,234	2,123	125,055

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G3.–Freshwater logbook participation by site code and area, AYK Alaska, 2006.

Area	Description	Trips	Businesses[a]	Guides[a]	Angler Days				
					Resident	Nonres	Unknown	Crew	Total
I	Tonsina River (Lower Tonsina River)	13	5	7	7	36	0	8	51
I	Klutina River	476	10	22	434	1,104	26	50	1,614
I	Gulkana River (reach unspecified)	29	4	5	47	56	3	3	109
I	Gulkana River (West Fork to Highway)	211	16	25	123	591	6	45	765
U	Tanana River	40	4	6	47	75	0	0	122
U	Other Lakes and Streams	132	6	12	48	482	5	19	554
V	Kanektok River (Quinhagak, Chosen)	1,428	8	51	42	2,846	8	5	2,901
V	Goodnews River	422	6	15	2	789	0	1	792
V	Holitna River	208	7	21	4	588	0	0	592
V	Other Streams - Kuskokwim Drainage below Aniak	336	6	19	31	742	2	121	896
V	Other Streams - Kuskowim Bay	132	5	16	0	289	4	10	303
V	Other Lakes and Streams	8	4	7	0	20	0	0	20
W	Streams of Seward Peninsula/Norton Sound	407	7	15	62	945	13	10	1,030
X	Streams of Northwest Alaska	53	5	5	4	172	0	11	187
Y	Streams of the Yukon River Drainage	333	6	14	32	832	74	8	946
	Other Lakes and Streams in AYK	3	2	2	0	6	0	0	6
AYK Total		4,231	71	194	883	9,573	141	291	10,888

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G4.–Freshwater logbook participation by region, 2006.

Region	Trips	Businesses[a]	Guides[a]	Angler Days				
				Resident	Nonres	Unknown	Crew	Total
SE	3,038	69	173	106	10,970	209	179	11,464
SC	39,512	528	1,224	9,742	111,956	1,234	2,123	125,055
AYK	4,231	71	194	883	9,573	141	291	10,888
Total	46,781	643	1,518	10,731	132,499	1,584	2,593	147,407

Note: Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G5.–Freshwater logbook effort and species kept by area and site, Southeast Alaska 2006.

Area	Description	Angler Days	Salmon							
			King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Dolly Varden	Grayling
A	Other Lakes	352	0	2	0	23	0	0	3	0
A	Other Streams	424	0	45	0	0	0	0	24	0
B	Harris River	88	0	4	0	0	0	0	0	0
B	Staney Creek	128	0	3	0	0	0	0	0	0
B	Thorne System Stream and Lake	147	0	49	0	0	0	0	13	0
B	Sweetwater System Stream and Lake	47	0	20	39	1	0	0	0	0
B	Other Lakes	96	0	24	2	0	0	0	7	0
B	Other Streams	192	0	37	9	0	1	0	3	0
C	All Lakes and Streams	147	0	22	0	11	4	0	3	0
D	Eva Lake and Stream	50	0	2	0	2	0	0	9	0
D	Unspecified Streams	81	0	19	0	2	0	0	53	0
D	Baranof Lake (Warm Springs Lake)	92	0	0	0	0	2	0	0	0
D	Deer Lake (Baranof Island)	30	0	39	0	0	2	0	1	0
D	Nakwasina Sound Streams	78	0	66	0	0	0	0	3	0
D	Other Lakes	41	0	0	24	7	0	0	0	0
D	Other Streams	754	0	20	14	17	7	0	52	1
E	Admiralty Island Streams	1,059	0	105	0	0	0	0	174	12
E	Other Lakes	96	0	28	0	7	0	0	16	0
E	Other Streams	1,650	0	77	24	3	0	0	5	0
G	Mud Bay Creek (Chichagof Island)	108	0	1	0	0	3	0	4	0
G	Trail River (Chichagof Island)	123	0	0	0	0	0	0	0	0
G	Chicken Creek (Chichagof Island)	27	0	0	0	0	0	2	12	0
G	North Chichagof Island Streams	52	0	81	5	0	0	0	13	0
H	Situk River (reach unspecified)	1,042	79	680	1,432	1	0	0	28	0
H	Akwe River	478	74	793	2	16	0	0	37	0
H	Tsiu River	1,494	0	3,179	0	0	0	2	5	0
H	Other Lakes and Streams	1,703	34	1,857	373	0	0	0	1	0
	Other Lakes and Streams in SE	885	6	18	350	23	0	0	165	12
SE Total		11,464	193	7,171	2,274	113	19	4	631	25

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G6.–Freshwater logbook effort and species released by area and site, Southeast Alaska 2006.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Dolly Varden	Grayling
			King	Coho	Sockeye					
A	Other Lakes	352	0	2	4	1,326	34	0	352	23
A	Other Streams	424	4	26	0	74	119	1	192	0
B	Harris River	88	0	23	0	6	0	1	223	0
B	Staney Creek	128	0	25	1	7	3	20	237	0
B	Thorne System Stream and Lake	147	0	28	4	62	17	20	535	0
B	Sweetwater System Stream and Lake	47	0	0	98	11	2	0	3	0
B	Other Lakes	96	0	8	7	68	5	0	114	0
B	Other Streams	192	0	12	95	240	106	23	334	0
C	All Lakes and Streams	147	26	16	23	272	55	51	102	0
D	Eva Lake and Stream	50	0	0	0	157	2	0	39	0
D	Unspecified Streams	81	0	19	10	20	247	0	439	0
D	Baranof Lake (Warm Springs Lake)	92	0	0	0	530	4	0	3	0
D	Deer Lake (Baranof Island)	30	2	25	0	0	10	0	0	0
D	Nakwasina Sound Streams	78	0	0	0	0	0	0	262	0
D	Other Lakes	41	0	15	0	5	14	0	59	0
D	Other Streams	754	0	86	0	361	230	4	3,883	91
E	Admiralty Island Streams	1,059	0	374	8	35	4	0	3,443	50
E	Other Lakes	96	0	129	2	121	2	0	245	0
E	Other Streams	1,650	0	134	15	26	5	7	4,354	0
G	Mud Bay Creek (Chichagof Island)	108	0	2	0	1	1	0	608	14
G	Trail River (Chichagof Island)	123	0	7	0	0	0	0	255	0
G	Chicken Creek (Chichagof Island)	27	0	0	0	10	0	1	200	0
G	North Chichagof Island Streams	52	0	28	0	5	0	0	158	0
H	Situk River (reach unspecified)	1,042	127	965	926	1	16	1,210	59	67
H	Akwe River	478	105	2,293	1	186	4	73	154	4
H	Tsiu River	1,494	0	9,939	1	0	0	25	12	0
H	Other Lakes and Streams	1,703	69	4,289	836	6	0	0	10	0
	Other Lakes and Streams in SE	885	0	29	473	3	0	0	891	7
SE Total		11,464	333	18,474	2,504	3,533	880	1,436	17,166	256

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G7.–Freshwater logbook effort and species kept by area and site, Southcentral Alaska, 2006.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Dolly Varden	Grayling
			King	Coho	Sockeye					
J	East Prince William Sound Streams	462	6	337	29	0	0	0	11	0
J	Other Lakes and Streams	59	0	60	49	0	0	0	6	0
K	Knik Arm Streams	1,394	379	1,045	3	0	3	0	1	0
M	Willow Creek	187	4	39	0	0	0	0	0	0
M	Montana Creek	47	4	0	0	0	0	0	0	0
M	Clear Creek (Chunilna Creek)	323	81	167	0	0	2	0	0	0
M	Little Willow Creek	137	12	161	0	0	0	0	0	0
M	Kashwitna River	222	110	181	3	0	0	0	0	0
M	Talkeetna River	1,820	390	405	4	0	1	0	15	0
M	Other Lakes and Streams - East Susitna Drainage	185	19	29	0	0	0	0	0	4
M	Lake Creek	3,324	682	1,831	23	1	41	0	0	5
M	Talachulitna River	1,223	236	666	2	0	4	0	1	0
M	Fish Lake Creek and Fish Lakes	163	14	0	0	0	0	0	0	0
M	Yentna River Drainage (Remainder)	486	110	176	0	0	26	0	0	0
M	Yentna River	548	143	110	6	0	8	0	2	3
M	Deshka River (Kroto Creek) above weir	344	259	13	0	0	1	0	0	0
M	Deshka River (Kroto Creek) below weir	1,246	713	593	0	0	2	0	0	0
M	Indian Creek (into Yentna near Fish Lakes)	396	97	566	0	0	0	0	0	0
M	Other Lakes - West Susitna Drainage	24	0	0	12	0	0	0	0	0
M	Other Streams - West Susitna Drainage	147	12	122	3	0	0	0	0	0
M	Other Lakes and Streams	82	2	37	6	0	0	0	3	4
N	Chuitna River	407	117	351	19	1	1	0	0	0
N	Big River Lakes	3,497	12	6,329	2,444	0	0	0	3	0
N	Crescent Lake	77	0	33	31	0	0	0	11	0
N	Crescent River (Grecian River)	469	0	756	468	0	0	0	23	0
N	Kamishak River	495	3	1,046	26	0	6	0	45	0
N	Kustatan River	1,122	2	2,841	37	0	0	0	18	0
N	Bachatna Creek	52	0	147	0	0	0	0	0	0
N	Other Lakes and Streams	472	8	436	9	0	1	0	32	0
N	Wolverine Creek (by Big River Lakes)	3,090	7	1,819	5,241	0	0	0	1	0
P	Anchor River	172	15	50	14	0	0	0	23	0
P	Deep Creek	107	4	44	0	0	0	0	24	0
P	Russian River	182	0	8	127	0	4	0	0	0
P	Crescent Lake	70	0	0	0	0	4	0	0	19
P	Quartz Creek	49	0	0	0	0	0	0	1	0
P	Kasilof River below Highway	6,563	1,883	1,581	180	0	1	6	125	3
P	Kasilof River above Highway	158	7	96	61	0	1	3	2	0
P	Kasilof River reach not specified	182	50	35	10	0	1	0	6	0
P	Other Lakes	227	4	0	7	0	87	0	1	0
P	Other Streams	602	105	325	9	0	0	0	50	0

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Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Dolly Varden	Grayling
			King	Coho	Sockeye					
P	Kenai River - Cook Inlet to Soldotna Bridge	33,331	8,099	5,422	1,210	0	227	0	174	17
P	Kenai River - Soldotna Bridge to Moose R	2,843	475	800	1,121	0	209	0	13	1
P	Kenai River - Moose River to Skilak Outlet	3,339	100	1,418	1,541	0	91	0	98	0
P	Kenai River - Skilak Inlet to Kenai Lake	6,233	16	176	2,709	0	95	0	70	0
P	Kenai River - reach not specified	285	48	20	130	0	0	0	1	0
Q	Buskin River	54	0	91	0	0	0	0	8	0
Q	Pasagshak River	49	0	10	24	0	0	0	4	0
Q	Roadside Streams	272	1	97	49	0	0	0	29	0
Q	Other Remote Lakes and Streams	1,425	124	366	668	0	2	1	202	0
Q	Roadside Lakes	172	9	28	6	0	1	0	97	0
Q	Olds River	61	0	8	0	0	0	0	1	0
Q	Ayakulik River (sometimes called Red River)	954	54	502	528	0	0	2	111	0
Q	Saltery River	867	0	507	108	0	0	0	359	1
Q	Browns Lagoon River	49	0	2	0	0	0	0	5	0
Q	Afognak Island Lakes and Streams	56	0	70	10	0	1	0	0	0
Q	Chiniak River	24	0	1	0	0	0	0	0	0
Q	Zachar Bay Streams	124	0	227	0	0	0	0	7	0
Q	Karluk Lake and River above Weir	986	587	81	65	0	3	7	61	0
Q	Karluk Lagoon and River below Weir	795	134	1,141	654	5	0	3	29	0
Q	Other Streams	86	0	0	1	0	0	0	125	0
R	Naknek River and Tributaries	1,543	496	828	288	0	29	0	9	0
R	Naknek Lake	234	0	0	5	0	0	0	0	0
R	Brooks River	848	0	0	0	0	36	0	0	0
R	Ugashik System	186	0	38	2	0	0	0	33	1
R	Becharof System	1,129	20	1,485	163	0	2	0	41	3
R	Brooks Lake	77	2	0	4	0	5	0	0	0
R	Chignik River	181	245	0	0	0	0	0	0	0
R	American Creek	1,258	0	0	0	0	16	0	25	0
R	Naknek River (Rapids Camp upstream to Naknek Lk)	1,205	110	745	965	0	13	0	0	0
R	Naknek River (dwnstream from Rapids Camp)	756	435	208	160	0	1	0	0	0
R	Other Alaska Peninsula / Aleutian Lakes and Streams	1,681	327	1,552	321	0	1	0	56	1
R	Other Streams	417	0	220	19	0	26	0	7	0
S	Kvichak River	2,160	34	361	1,145	0	91	0	0	62
S	Lower Talarik Creek	165	0	5	0	0	0	0	0	0
S	Copper River (Lake Iliamna Area)	1,282	0	0	394	0	56	0	0	0
S	Newhalen River	275	0	15	593	0	0	0	0	16
S	Alagnak (Branch) River	5,093	684	815	3,347	0	160	0	6	75
S	Lake Clark	247	0	0	10	0	0	0	4	2
S	Iliamna River	431	8	0	634	0	3	0	0	0

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Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Dolly Varden	Grayling
			King	Coho	Sockeye					
S	Kukaklek Lake	24	0	0	41	0	0	0	0	0
S	Kulik River	1,134	0	1	0	0	0	0	0	0
S	Iliamna Lake	223	0	10	103	0	10	0	0	0
S	Nonvianuk Lake	65	0	0	0	0	6	0	0	0
S	Nonvianuk River (into Alagnak)	630	0	1	13	0	20	0	0	0
S	Tazimina River	168	0	0	0	0	0	0	0	10
S	Moraine Creek	1,631	0	0	10	0	61	0	1	4
S	Battle River	281	0	0	0	0	0	0	0	0
S	Funnel Creek	112	0	0	0	0	1	0	0	0
S	Nanuktuk Creek	239	0	0	0	0	0	0	0	0
S	Long Lake	87	0	0	0	0	0	0	0	0
S	Kijik River	72	0	0	84	0	0	0	0	0
S	Kijik Lake	28	0	0	38	0	0	0	0	0
S	Gibraltar River	330	0	5	96	0	31	0	0	0
S	Kukaklek River (Big Ku) (into Alagnak)	905	0	6	129	0	17	0	0	0
S	Little Kulik (into Nanuktuk Creek)	59	0	0	0	0	0	0	0	0
S	Other Lakes and Streams	41	0	42	0	0	13	0	1	0
T	Nushagak River System	639	179	46	1	0	0	0	14	0
T	Wood River Lakes System	641	2	262	38	0	1	0	17	0
T	Tikchik-Nuyakuk Lake System	282	8	0	33	0	2	0	1	44
T	Togiak River System	2,485	1,036	1,996	136	0	13	0	97	2
T	Mulchatna River	416	46	152	49	0	20	0	11	31
T	Agulowak River	1,035	0	43	1,247	0	17	0	26	1
T	Aleknagik Lake	374	0	128	122	0	0	0	6	0
T	Kulukak River	329	4	97	0	0	0	0	0	0
T	Agulukpak River	599	0	0	71	0	12	0	4	12
T	Nushagak River - upstream of Mulchatna River	741	35	271	24	0	4	0	1	2
T	Wood River	137	0	241	92	0	6	0	2	0
T	Nushagak River - Black Point to Sonar Site	3,743	2,074	162	15	0	0	0	3	0
T	Nushagak River - Sonar Site to Mulchatna	4,816	2,905	394	15	0	13	0	7	1
T	Other Lakes and Streams	466	16	392	19	0	0	0	0	0
	Other Lakes and Streams in SC	338	0	213	3	0	3	0	38	0
	SC Total	125,055	23,803	44,136	28,076	7	1,512	22	2,208	324

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G8.–Freshwater logbook effort and species released by area and site, Southcentral Alaska, 2006.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Dolly Varden	Grayling
			King	Coho	Sockeye					
J	East Prince William Sound Streams	462	36	3,574	54	18	34	1	91	0
J	Other Lakes and Streams	59	0	37	120	4	0	0	131	0
K	Streams	1,394	72	625	24	6	3	0	10	0
M	Willow Creek	187	26	71	0	0	1,273	0	4	205
M	Montana Creek	47	3	0	0	0	398	0	0	8
M	Clear Creek (Chunilna Creek)	323	45	166	5	0	48	0	25	0
M	Little Willow Creek	137	28	212	0	0	16	0	0	0
M	Kashwitna River	222	63	52	20	0	33	0	0	0
M	Talkeetna River	1,820	517	575	15	1	281	3	696	140
M	Other Lakes and Streams - East Susitna Drainage	185	12	11	0	0	204	0	0	40
M	Lake Creek	3,324	1,131	1,541	51	2	2,512	3	4	857
M	Talachulitna River	1,223	903	3,019	46	0	1,387	0	72	297
M	Fish Lake Creek and Fish Lakes	163	9	0	0	0	1	0	0	0
M	Yentna River Drainage (Remainder)	486	154	690	20	0	357	0	27	120
M	Yentna River	548	188	14	3	14	222	0	17	26
M	Deshka River (Kroto Creek) above weir	344	159	22	2	0	519	0	0	5
M	Deshka River (Kroto Creek) below weir	1,246	179	1,391	0	2	69	0	0	1
M	Indian Creek (into Yentna near Fish Lakes)	396	71	215	3	0	1	0	0	0
M	Other Lakes - West Susitna Drainage	24	0	0	0	0	0	0	0	0
M	Other Streams - West Susitna Drainage	147	15	1,082	0	0	29	0	0	65
M	Other Lakes and Streams	82	6	25	9	0	6	0	0	187
N	Chuitna River	407	258	971	0	0	20	0	2	0
N	Big River Lakes	3,497	51	2,924	6,447	0	0	0	43	0
N	Crescent Lake	77	1	29	26	0	0	0	563	0
N	Crescent River (Grecian River)	469	4	296	148	0	0	0	943	0
N	Kamishak River	495	36	2,811	42	0	0	0	2,498	0
N	Kustatan River	1,122	0	1,609	12	0	0	0	238	3
N	Bachatna Creek	52	0	397	0	0	0	0	14	0
N	Other Lakes and Streams	472	60	1,481	15	0	48	0	943	0
N	Wolverine Creek (by Big River Lakes)	3,090	2	823	7,719	0	1	0	17	0
P	Anchor River	172	11	20	1	0	32	10	170	12
P	Deep Creek	107	3	46	0	0	0	4	39	0
P	Russian River	182	0	11	203	0	864	0	110	0
P	Crescent Lake	70	0	0	0	0	198	0	32	380
P	Quartz Creek	49	0	0	20	0	29	0	1,080	0
P	Kasilof River below Highway	6,563	1,501	71	37	2	200	217	1,039	23
P	Kasilof River above Highway	158	25	0	0	0	7	6	17	4
P	Kasilof River reach not specified	182	39	5	3	0	37	0	37	0
P	Other Lakes	227	20	0	29	0	1,217	33	10	128
P	Other Streams	602	322	1,096	5	0	213	6	468	0

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Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Dolly Varden	Grayling
			King	Coho	Sockeye					
P	Kenai River - Cook Inlet to Soldotna Bridge	33,331	5,746	448	390	0	3,997	0	2,536	23
P	Kenai River - Soldotna Bridge to Moose R	2,843	424	200	959	0	5,579	0	1,563	3
P	Kenai River - Moose River to Skilak Outlet	3,339	127	503	1,329	0	14,144	0	8,978	278
P	Kenai River - Skilak Inlet to Kenai Lake	6,233	21	128	3,478	0	21,475	0	19,750	818
P	Kenai River - reach not specified	285	23	4	6	0	771	0	799	0
Q	Buskin River	54	0	12	0	0	0	0	125	0
Q	Pasagshak River	49	0	2	7	0	0	0	44	0
Q	Roadside Streams	272	4	122	25	0	0	0	1,364	0
Q	Other Remote Lakes and Streams	1,425	18	2,374	488	0	370	295	2,975	12
Q	Roadside Lakes	172	70	129	40	0	0	6	271	0
Q	Olds River	61	5	18	0	0	0	0	3	0
Q	Ayakulik River (sometimes called Red River)	954	898	1,440	1,928	0	8	550	930	0
Q	Saltery River	867	0	625	108	0	29	14	2,363	0
Q	Browns Lagoon River	49	0	6	0	0	0	0	25	0
Q	Afognak Island Lakes and Streams	56	0	13	14	0	16	0	266	0
Q	Chiniak River	24	0	2	0	0	0	0	4	0
Q	Zachar Bay Streams	124	20	69	0	0	0	0	7	0
Q	Karluk Lake and River above Weir	986	1,315	301	795	0	19	517	2,361	1
Q	Karluk Lagoon and River below Weir	795	25	1,375	244	0	0	19	61	0
Q	Other Streams	86	0	6	0	0	1	0	452	0
R	Naknek River and Tributaries	1,543	716	827	402	0	3,750	0	1,601	371
R	Naknek Lake	234	0	4	52	0	1,937	0	579	3
R	Brooks River	848	0	11	520	0	7,608	5	39	9
R	Ugashik System	186	70	39	30	0	0	0	1,639	629
R	Becharof System	1,129	160	3,258	415	0	1,044	0	5,892	1,265
R	Brooks Lake	77	1	2	7	0	490	0	1	0
R	Chignik River	181	562	42	0	0	0	0	10	0
R	American Creek	1,258	0	0	93	0	6,506	0	13,852	163
R	Naknek River (Rapids Camp upstream to Naknek Lk)	1,205	248	250	1,110	0	1,891	0	196	70
R	Naknek River (dwnstream from Rapids Camp)	756	389	70	268	0	189	0	5	3
R	Other Alaska Peninsula / Aleutian Lakes and Streams	1,681	1,705	6,516	873	0	111	338	4,964	45
R	Other Streams	417	38	2,139	265	0	542	0	1,512	10
S	Kvichak River	2,160	227	1,409	3,734	0	18,008	0	154	2,715
S	Lower Talarik Creek	165	0	78	46	0	1,458	0	1	22
S	Copper River (Lake Iliamna Area)	1,282	0	3	1,695	0	10,783	0	133	1
S	Newhalen River	275	1	32	585	0	191	0	19	524
S	Alagnak (Branch) River	5,093	3,972	3,771	5,496	0	14,629	0	297	3,844
S	Lake Clark	247	0	0	10	0	0	0	62	1,103
S	Iliamna River	431	19	0	1,614	0	536	0	2,712	156

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Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Dolly Varden	Grayling
			King	Coho	Sockeye					
S	Kukaklek Lake	24	0	0	205	0	115	0	0	0
S	Kulik River	1,134	0	0	214	0	19,517	0	11	0
S	Iliamna Lake	223	0	21	80	0	1,573	0	1	32
S	Nonvianuk Lake	65	0	3	2	0	826	0	0	0
S	Nonvianuk River (into Alagnak)	630	8	12	56	0	6,407	0	1	61
S	Tazimina River	168	0	0	35	0	789	0	8	2,359
S	Moraine Creek	1,631	21	0	287	0	17,694	0	104	285
S	Battle River	281	0	0	174	0	1,689	0	0	163
S	Funnel Creek	112	0	0	3	0	1,448	0	17	0
S	Nanuktuk Creek	239	0	0	28	0	3,433	0	423	45
S	Long Lake	87	0	0	0	0	0	0	0	7
S	Kijik River	72	0	0	57	0	0	0	0	904
S	Kijik Lake	28	0	0	53	0	0	0	1	52
S	Gibraltar River	330	0	20	249	0	6,014	1	0	26
S	Kukaklek River (Big Ku) (into Alagnak)	905	1	55	526	0	13,531	0	24	167
S	Little Kulik (into Nanuktuk Creek)	59	0	1	2	0	1,133	0	64	2
S	Other Lakes and Streams	41	0	103	4	0	284	0	178	0
T	Nushagak River System	639	142	132	28	0	3,163	0	1,384	3,707
T	Wood River Lakes System	641	504	1,320	250	0	470	0	515	735
T	Tikchik-Nuyakuk Lake System	282	29	157	180	0	228	0	48	1,585
T	Togiak River System	2,485	6,022	11,715	117	0	1,004	5	2,420	109
T	Mulchatna River	416	206	475	53	0	1,584	0	276	1,110
T	Agulowak River	1,035	18	50	3,088	0	7,843	0	2,236	2,318
T	Aleknagik Lake	374	0	560	1,271	0	31	0	1,143	72
T	Kulukak River	329	471	1,947	57	0	40	0	18	0
T	Agulukpak River	599	0	0	524	0	3,986	0	1,200	1,134
T	Nushagak River - upstream of Mulchatna River	741	136	440	20	0	4,427	0	2,044	2,774
T	Wood River	137	2	312	123	0	6	0	1	1
T	Nushagak River - Black Point to Sonar Site	3,743	12,885	379	15	0	2	0	10	1
T	Nushagak River - Sonar Site to Mulchatna	4,816	14,514	1,598	34	0	246	0	44	204
T	Other Lakes and Streams	466	163	2,011	228	0	348	0	33	402
	Other Lakes and Streams in SC	338	35	61	0	0	257	0	433	37
	SC Total	125,055	57,911	73,512	50,068	49	224,429	2,033	100,522	32,861

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G9.–Freshwater logbook effort and species kept by area and site, AYK Alaska, 2006.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Dolly Varden	Grayling
			King	Coho	Sockeye					
I	Tonsina River (Lower Tonsina River)	51	51	18	0	0	0	0	0	0
I	Klutina River	1,614	1,614	842	0	913	0	1	0	154
I	Gulkana River (reach unspecified)	109	109	93	0	5	0	0	0	0
I	Gulkana River (West Fork to Highway)	765	765	385	0	63	0	3	0	0
U	Tanana River	122	122	6	0	0	0	0	0	0
U	Other Lakes and Streams	554	554	4	58	0	0	1	0	0
V	Kanektok River (Quinhagak, Chosen)	2,901	2,901	424	1,373	247	0	5	0	34
V	Goodnews River	792	792	76	238	109	0	0	0	21
V	Holitna River	592	592	135	112	10	0	0	0	12
V	Other Streams - Kuskokwim Drainage below Aniak	896	896	5	43	0	0	7	0	23
V	Other Streams - Kuskowim Bay	303	303	1	4	6	0	3	0	5
V	Other Lakes and Streams	20	20	0	0	0	0	0	0	0
W	Streams of Seward Peninsula/Norton Sound	1,030	1,030	130	1,280	0	0	0	0	319
X	Streams of Northwest Alaska	187	187	0	0	0	0	0	0	21
Y	Streams of the Yukon River Drainage	946	946	79	330	0	0	0	0	5
	Other Lakes and Streams in AYK	6	6	0	0	0	0	7	0	0
	AYK Total	10,888	2,198	3,438	1,353	0	27	0	594	210

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G10.–Freshwater logbook effort and species released by area and site, AYK Alaska, 2006.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Dolly Varden	Grayling
			King	Coho	Sockeye					
I	Tonsina River (Lower Tonsina River)	51	72	0	0	0	0	0	3	0
I	Klutina River	1,614	641	0	528	0	0	0	55	47
I	Gulkana River (reach unspecified)	109	157	0	0	0	7	0	0	200
I	Gulkana River (West Fork to Highway)	765	521	0	52	0	54	6	0	535
U	Tanana River	122	13	106	0	0	0	0	0	1,569
U	Other Lakes and Streams	554	0	38	0	0	629	0	38	769
V	Kanektok River (Quinhagak, Chosen)	2,901	2,333	6,576	1,709	0	7,532	0	17,685	1,356
V	Goodnews River	792	491	2,303	200	0	778	0	2,814	105
V	Holitna River	592	449	174	59	0	1	0	893	421
V	Other Streams - Kuskokwim Drainage below Aniak	896	824	1,485	172	0	3,704	0	5,920	2,948
V	Other Streams - Kuskowim Bay	303	66	1,568	37	1	1,477	0	1,359	205
V	Other Lakes and Streams	20	0	3	0	0	16	0	0	0
W	Streams of Seward Peninsula/Norton Sound	1,030	533	10,486	6	0	0	0	1,697	1,674
X	Streams of Northwest Alaska	187	0	0	0	0	0	0	487	310
Y	Streams of the Yukon River Drainage	946	318	2,305	47	5	1	0	238	3,782
	Other Lakes and Streams in AYK	6	0	0	0	0	12	0	0	0
	AYK Total	10,888	6,418	25,044	2,810	6	14,211	6	31,189	13,921

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G11.–Freshwater logbook effort and species kept by region, Statewide, 2006.

Region	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Dolly Varden	Grayling
		King	Coho	Sockeye					
SE	11,464	193	7,171	2,274	113	19	4	631	25
SC	125,055	23,803	44,136	28,076	7	1,512	22	2,208	324
AYK	10,888	2,198	6,418	3,438	0	27	0	594	210
Total	147,407	26,194	54,745	31,703	120	1,558	26	3,433	559

Note: Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G12.–Freshwater logbook effort and species released by region, Statewide, 2006.

Region	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Dolly Varden	Grayling
		King	Coho	Sockeye					
SE	11,464	333	18,474	2,504	3,533	880	1,436	17,166	256
SC	125,055	57,911	73,512	50,068	49	224,429	2,033	100,522	32,861
AYK	10,888	6,418	25,044	2,810	6	14,211	6	31,189	13,921
Total	147,407	64,662	117,030	55,382	3,588	239,520	3,475	148,877	47,038

Note: Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G13.–Freshwater logbook participation by site code and area, Southeast Alaska, 2007.

Area	Description	Trips	Businesses[a]	Angler Days						
				Guides[a]	Resident	Nonres	Comped	Unknown	Crew	Total
A	Other Lakes	69	4	12	3	341	1	0	0	345
A	Other Streams	182	6	17	5	590	3	4	0	602
B	Harris River	27	9	11	0	64	0	0	0	64
B	Luck Lake	17	4	6	0	47	0	0	0	47
B	Staney Creek	63	6	8	2	151	0	0	0	153
B	Thorne System Stream and Lake	43	8	11	2	117	1	0	0	120
B	Other Lakes	13	4	4	1	26	0	0	0	27
B	Other Streams	82	13	16	6	206	0	0	0	212
C	Lakes and Streams	53	11	12	0	163	6	1	5	175
D	Plotnikof and Rezanof System Streams and Lakes	8	4	6	1	39	0	0	0	40
D	Eva Lake and Stream	27	5	11	1	101	0	0	5	107
D	Sitkoh Creek and Lake (Chichagof Island)	10	5	6	1	23	0	0	0	24
D	Unspecified Streams	14	6	7	2	43	0	0	0	45
D	Katlian River	100	4	8	1	289	0	7	0	297
D	Nakwasina Sound Streams	54	4	8	0	157	0	1	0	158
D	Baranof System	61	7	19	10	193	2	1	1	207
D	Other Lakes	30	6	13	0	91	0	3	1	95
D	Other Streams	127	13	33	6	467	2	3	12	490
E	Dupont to Echo Cove (Juneau Road System)	21	5	9	0	62	0	0	1	63
E	Admiralty Island Streams	131	4	15	0	529	0	0	0	529
E	Chaik Bay Streams	51	4	12	0	188	0	0	0	188
E	Other Lakes and Streams	376	7	31	7	1,413	2	0	7	1,429
G	Mud Bay Creek (Chichagof Island)	26	7	9	0	117	2	0	0	119
G	Trail River (Chichagof Island)	18	5	6	3	92	0	1	8	104
G	North Chichagof Island Streams	26	4	11	0	116	0	0	0	116
G	Other Lakes and Streams	20	5	7	4	68	0	0	0	72
H	Situk River (reach unspecified)	512	7	15	77	1,131	11	9	8	1,236
H	Akwe River	187	4	8	79	671	1	11	59	821
H	Tsiu River	365	5	17	63	1,433	2	3	6	1,507
H	Other Lakes and Streams	422	13	23	25	1,675	11	4	4	1,719
	Other Lakes and Streams in SE	121	2	6	1	553	0	6	0	560
Southeast Total		3,256	73	177	300	11,156	44	54	117	11,671

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G14.–Freshwater logbook participation by site code and area, Southcentral Alaska, 2007.

Area	Description	Trips	Businesses[a]	Guides[a]	Angler Days					
					Resident	Nonres	Comped	Unknown	Crew	Total
J	Delight Lake	6	6	6	2	23	0	0	0	25
J	Other Lakes and Streams	90	9	12	38	368	1	0	9	416
K	Knik Arm Lakes and Streams	456	13	19	508	1,130	9	21	16	1,684
L	Anchorage Area Lakes and Streams	97	4	4	32	278	12	6	0	328
M	Willow Creek	93	8	11	42	153	1	1	3	200
M	Clear Creek (Chunilna Creek)	195	9	20	77	751	0	7	2	837
M	Sheep Creek	12	5	5	3	27	8	0	0	38
M	Little Willow Creek	28	5	4	39	58	0	4	0	101
M	Indian River (into Susitna)	30	4	6	12	93	0	1	0	106
M	Talkeetna River	363	9	24	145	1,417	2	32	10	1,606
M	Other Lakes - East Susitna Drainage	20	5	5	11	50	1	0	0	62
M	Other Streams - East Susitna Drainage	139	10	14	84	325	5	4	3	421
M	Lake Creek	1,344	21	58	367	3,444	14	10	67	3,902
M	Talachulitna River	425	10	30	64	1,342	8	8	8	1,430
M	Alexander Lake	6	4	6	0	22	0	0	1	23
M	Donkey Creek, Donkey Creek Slough	40	5	9	9	119	6	0	0	134
M	Fish Lake Creek and Fish Lakes	15	4	11	0	37	2	1	0	40
M	Yentna River Drainage (Remainder)	298	14	34	15	947	0	0	4	966
M	Yentna River	52	4	11	20	110	0	0	0	130
M	Deshka River (Kroto Creek) above weir	34	5	5	44	97	6	1	2	150
M	Deshka River (Kroto Creek) below weir	390	15	21	621	861	4	25	5	1,516
M	Indian Creek (into Yentna near Fish Lakes)	59	4	12	43	181	0	0	29	253
M	Other Lakes and Streams - West Susitna Drainage	70	10	15	42	190	0	0	5	237
M	Other Lakes and Streams	66	8	16	12	194	0	0	2	208
N	Chuitna River	136	15	24	35	508	1	3	1	548
N	Theodore River	32	4	5	13	77	2	0	4	96
N	Big River Lakes	959	30	44	196	3,395	0	33	3	3,627
N	Crescent Lake	33	14	18	11	138	0	0	0	149
N	Crescent River (Grecian River)	139	6	8	4	458	0	0	2	464
N	Kamishak River	143	7	28	8	336	1	1	8	354
N	Kustatan River	330	23	45	105	1,305	1	10	3	1,424
N	Bachatna Creek	19	7	9	8	65	0	1	0	74
N	Other Sites North Forelands to Susitna Drainage	23	5	5	0	93	0	0	0	93
N	Other Sites (South of North Forelands)	83	13	20	6	251	0	0	1	258
N	Wolverine Creek (by Big River Lakes)	915	24	46	150	3,374	5	62	3	3,594
P	Anchor River	46	5	9	9	149	2	6	7	173
P	Ninilchik River	100	5	8	5	443	13	2	12	475
P	Russian River	91	12	17	16	221	0	1	0	238
P	Swanson River Canoe Route Lakes	23	4	5	3	52	0	0	20	75
P	Crescent Creek	14	6	6	0	50	0	0	0	50

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Area	Description	Trips	Businesses[a]	Guides[a]	Angler Days					
					Resident	Nonres	Comped	Unknown	Crew	Total
P	Crescent Lake	8	5	7	0	26	0	0	0	26
P	Packers Lake (Creek) (Kalgin Island)	18	4	7	3	52	0	1	0	56
P	Quartz Creek	21	9	12	5	48	0	3	1	57
P	Russian Lake (Upper and Lower)	6	4	5	14	22	0	0	0	36
P	Kasilof River below Highway	2,022	106	152	844	5,762	47	38	70	6,761
P	Kasilof River above Highway	30	13	14	16	70	1	2	0	89
P	Kasilof River reach not specified	69	20	25	28	188	0	2	2	220
P	Other Lakes	38	8	8	7	90	0	0	12	109
P	Other Streams	197	12	24	30	600	10	1	14	655
P	Kenai River - Cook Inlet to Soldotna Bridge	8,439	221	308	4,179	25,525	92	276	67	30,139
P	Kenai River - Soldotna Bridge to Moose R	888	67	97	302	2,558	5	9	73	2,947
P	Kenai River - Moose River to Skilak Outlet	1,260	81	117	541	3,310	15	33	24	3,923
P	Kenai River - Skilak Inlet to Kenai Lake	1,981	41	78	670	5,434	24	105	70	6,303
P	Kenai River - reach not specified	553	47	58	184	1,626	8	18	4	1,840
Q	Buskin River	21	4	4	5	60	0	0	2	67
Q	Pasagshak River	36	6	6	8	104	0	0	3	115
Q	Roadside Streams	69	7	11	3	201	0	0	0	204
Q	Other Remote Lakes and Streams	272	17	29	37	913	0	1	57	1,008
Q	Roadside Lakes	40	5	9	0	148	0	0	0	148
Q	American River	10	4	4	2	26	0	0	1	29
Q	Dog Salmon Creek (Frazer River)	45	5	8	5	161	0	1	4	171
Q	Monashka Creek	4	4	4	1	10	0	1	0	12
Q	Olds River	16	6	6	5	49	0	0	1	55
Q	Ayakulik River (sometimes called Red River)	290	5	11	105	903	1	3	29	1,041
Q	Saltery River	228	9	18	31	790	1	5	17	844
Q	Afognak Island Lakes and Streams	9	5	5	5	33	0	0	2	40
Q	Zachar Bay Streams	61	6	13	8	188	0	0	1	197
Q	Karluk Lake and River above Weir	170	10	19	8	964	1	18	3	994
Q	Karluk Lagoon and River below Weir	153	10	18	2	864	1	0	3	870
Q	Unspecified Streams	12	4	6	4	41	0	1	1	47
R	Naknek River and Tributaries	699	21	54	217	1,594	3	8	74	1,896
R	Naknek Lake	95	4	10	36	339	8	0	10	393
R	Brooks River	328	24	78	43	784	1	3	25	856
R	Ugashik System	167	20	41	18	409	0	4	3	434
R	Becharof System	259	18	45	16	712	2	4	22	756
R	Brooks Lake	33	6	9	3	94	0	0	0	97
R	Chignik River	89	8	11	36	196	9	1	0	242
R	American Creek	460	19	65	51	1,091	2	27	13	1,184
R	Naknek River (Rapids Camp upstream to Naknek Lk)	548	14	35	83	1,213	0	8	121	1,425
R	Naknek River (dwnstream frm Rapids Camp)	270	12	27	34	573	0	6	47	660

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Area	Description	Trips	Businesses[a]	Guides[a]	Angler Days					
					Resident	Nonres	Comped	Unknown	Crew	Total
R	Other Alaska Peninsula / Aleutian Lakes and Streams	745	19	52	63	2,197	12	2	17	2,291
R	Other Lakes and Streams	64	13	28	3	181	0	0	7	191
S	Kvichak River	922	23	100	76	1,798	16	4	34	1,928
S	Lower Talarik Creek	40	8	13	1	117	4	0	1	123
S	Copper River (Lake Iliamna Area)	492	9	35	5	1,193	22	0	1	1,221
S	Newhalen River	137	8	25	29	329	26	1	1	386
S	Alagnak (Branch) River	2,157	24	102	55	4,641	1	26	35	4,758
S	Lake Clark	106	9	23	10	312	23	0	0	345
S	Kukaklek Lake	11	6	9	0	29	0	0	0	29
S	Kulik River	387	19	56	36	1,011	7	1	0	1,055
S	Lake Iliamna	282	11	37	11	711	22	2	5	751
S	Nonvianuk Lake	26	6	6	4	99	1	1	6	111
S	Nonvianuk River (into Alagnak)	135	15	40	14	342	0	4	13	373
S	Tazimina River	59	8	18	2	161	0	0	0	163
S	Moraine Creek	653	24	104	36	1,504	22	1	52	1,615
S	Upper Talarik Creek	28	4	14	1	99	3	0	0	103
S	Battle River	129	10	33	8	342	0	0	31	381
S	Funnel Creek	21	5	14	1	50	0	0	0	51
S	Nanuktuk Creek	100	10	28	3	198	0	2	0	203
S	Long Lake	52	6	12	0	122	5	0	0	127
S	Kijik Lake	5	4	4	0	15	0	0	2	17
S	Gibraltar River	127	10	31	3	316	17	1	1	338
S	Kukaklek River (Big Ku) (into Alagnak)	378	14	58	44	750	6	7	8	815
S	Little Kulik (into Nanuktuk Creek)	41	7	16	0	83	0	0	0	83
S	Other Lakes	7	6	6	0	24	0	0	0	24
S	Other Streams	42	8	15	0	104	1	0	0	105
T	Nushagak River System	180	18	31	36	449	2	1	1	489
T	Wood River Lakes System	326	13	54	12	715	2	0	4	733
T	Tikchik-Nuyakuk Lake System	146	6	23	0	293	0	0	0	293
T	Togiak River System	1,032	7	69	19	2,184	7	0	1	2,211
T	Mulchatna River	102	15	19	14	366	0	2	4	386
T	Agulowak River	482	10	54	10	943	3	1	0	957
T	Aleknagik Lake	123	6	17	2	291	0	0	0	293
T	Agulukpak River	351	11	50	4	677	2	0	2	685
T	Nushagak River - upstream of Mulchatna River	362	6	34	3	710	2	0	0	715
T	Wood River	43	4	14	1	99	0	0	0	100
T	Nushagak River - Black Point to Sonar Site	1,321	31	132	193	3,638	19	6	26	3,882
T	Nushagak River - Sonar Site to Mulchatna	1,177	34	120	188	3,511	12	2	37	3,750
T	Other Lakes and Streams	419	8	32	3	836	0	0	1	840
	Other Lakes and Streams in SC	5	4	4	0	15	0	0	0	15
SC Total		40,543	528	1,272	11,278	112,358	572	883	1,296	126,387

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G15.–Freshwater logbook participation by site code and area, AYK Alaska, 2007.

Area	Description	Trips	Businesses[a]	Guides[a]	Angler Days					
					Resident	Nonres	Comped	Unknown	Crew	Total
I	Gulkana River (Highway to Copper River)	17	4	4	14	54	0	0	0	68
I	Klutina River	500	11	28	428	1,181	18	0	30	1,657
I	Gulkana River (West Fork to Highway)	305	11	21	179	780	42	3	41	1,045
I	Other Lakes and Streams	43	5	9	42	92	0	4	3	141
U	Other Lakes	215	6	10	18	1,165	18	3	35	1,239
U	Other Streams	96	7	16	46	232	6	4	28	316
V	Kanektok River (Quinhagak, Chosen)	1,361	8	55	43	2,663	16	0	0	2,722
V	Goodnews River	616	6	19	8	1,130	1	0	0	1,139
V	Aniak River	275	4	17	6	645	6	8	0	665
V	Holitna River	184	6	18	4	421	0	10	5	440
V	Streams - Kuskokwim Drainages above Aniak	15	5	12	0	31	0	1	4	36
V	Lakes - Kuskokwim Drainages above Aniak	4	4	4	0	9	0	0	0	9
V	Kuskokwim Drainage below Aniak	142	6	20	5	328	6	1	11	351
V	Lakes and Streams - Kuskokwim Bay	86	6	14	1	212	0	0	0	213
W	Streams of Seward Peninsula/Norton Sound	409	5	14	89	793	3	0	0	885
Y	Streams of the Yukon River Drainage	609	7	22	28	1,225	8	0	12	1,273
	Other Lakes and Streams in AYK	21	3	3	17	45	1	0	0	63
AYK Total		4,898	68	224	928	11,006	125	34	169	12,262

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G16.–Freshwater logbook participation by region, 2007.

Region	Trips	Businesses[a]	Guides[a]	Angler Days					
				Resident	Nonres	Comped	Unknown	Crew	Total
SE	3,256	73	177	300	11,156	44	54	117	11,671
SC	40,543	528	1,272	11,278	112,358	573	883	1,296	126,388
AYK	4,898	68	224	928	11,006	125	34	169	12,262
Total	48,697	645	1,581	12,506	134,520	741	971	1,582	150,320

Note: Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G17.–Freshwater logbook effort and species kept by area and site, Southeast Alaska 2007.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
A	Other Lakes	345	0	0	0	3	0	0	0	0	0	0	0
A	Other Streams	602	0	98	0	7	0	0	0	35	0	0	0
B	Harris River	64	0	10	0	0	0	0	0	4	0	0	0
B	Luck Lake	47	0	3	0	0	0	0	0	0	0	0	0
B	Staney Creek	153	0	2	0	0	0	0	0	0	0	0	0
B	Thorne System Stream and Lake	120	0	3	0	1	1	0	0	10	0	0	0
B	Other Lakes	27	0	4	0	0	0	0	0	0	0	0	0
B	Other Streams	212	0	67	27	0	0	0	0	0	0	0	0
C	Lakes and Streams	175	0	31	15	0	0	0	0	1	0	0	0
D	Plotnikof and Rezanof System Streams and Lakes	40	0	10	0	0	0	0	0	0	0	0	0
D	Eva Lake and Stream	107	0	5	0	0	0	0	0	8	0	0	0
D	Sitkoh Creek and Lake (Chichagof Island)	24	0	0	0	2	17	0	0	1	0	0	0
D	Unspecified Streams	45	0	0	0	24	0	0	0	74	0	0	0
D	Katlian River	297	0	11	0	0	0	0	0	2	0	0	0
D	Nakwasina Sound Streams	158	0	0	0	0	0	0	0	0	0	0	0
D	Baranof System	207	0	22	0	0	2	0	0	0	0	0	0
D	Other Lakes	95	0	0	0	0	0	0	0	11	0	0	0
D	Other Streams	490	1	4	4	11	0	0	0	48	0	0	0
E	Dupont to Echo Cove (Juneau Road System)	63	0	65	0	0	0	0	0	9	0	0	0
E	Admiralty Island Streams	529	0	59	1	2	0	0	0	349	0	0	0
E	Chaik Bay Streams	188	0	0	0	0	0	0	0	60	0	0	0
E	Other Lakes and Streams	1,429	0	68	0	31	0	0	0	874	0	0	0
G	Mud Bay Creek (Chichagof Island)	119	0	3	0	0	0	0	0	31	0	0	0
G	Trail River (Chichagof Island)	104	0	0	0	0	0	0	0	0	0	0	0
G	North Chichagof Island Streams	116	0	0	0	0	0	0	0	37	0	0	0
G	Other Lakes and Streams	72	0	2	1	0	0	0	0	14	0	0	0
H	Situk River (reach unspecified)	1,236	25	408	1,283	0	0	26	0	3	0	0	0
H	Akwe River	821	84	1,041	20	8	0	1	0	9	0	0	0
H	Tsiu River	1,507	9	3,340	3	0	0	0	0	2	0	0	0
H	Other Lakes and Streams	1,719	3	1,904	589	1	0	0	0	8	0	0	0
	Other Lakes and Streams in SE	560	0	18	137	1	1	0	0	10	0	0	0
	SC Total	11,671	122	7,178	2,080	91	21	27	0	1,600	0	0	0

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G18.–Freshwater logbook effort and species released by area and site, Southeast Alaska 2007.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
A	Other Lakes	345	0	0	0	1,150	16	0	0	0	0	0	0
A	Other Streams	602	6	14	1	104	414	0	0	151	0	0	0
B	Harris River	64	0	4	0	5	0	3	0	12	0	0	0
B	Luck Lake	47	0	9	158	21	17	0	0	85	0	0	0
B	Staney Creek	153	0	23	12	21	9	18	0	112	0	0	0
B	Thorne System Stream and Lake	120	0	11	11	89	14	16	0	161	0	0	0
B	Other Lakes	27	0	4	0	34	1	2	0	56	0	0	0
B	Other Streams	212	0	29	69	285	71	3	0	345	0	0	0
C	Lakes and Streams	175	2	73	2	35	51	111	0	35	0	0	0
D	Plotnikof and Rezanof System Streams and Lakes	40	0	7	0	0	0	5	0	1	0	0	0
D	Eva Lake and Stream	107	0	4	1	77	3	1	0	283	0	0	0
D	Sitkoh Creek and Lake (Chichagof Island)	24	0	31	1	7	56	9	0	72	0	0	0
D	Unspecified Streams	45	0	9	1	0	33	11	0	251	0	0	0
D	Katlian River	297	0	1	0	0	1	0	0	2,161	0	0	0
D	Nakwasina Sound Streams	158	0	0	0	0	0	0	0	776	0	0	0
D	Baranof System	207	0	12	0	107	172	28	0	412	0	0	0
D	Other Lakes	95	0	0	4	295	6	0	0	135	0	0	0
D	Other Streams	490	8	19	46	42	75	21	0	3,792	0	0	0
E	Dupont to Echo Cove (Juneau Road System)	63	0	129	3	26	0	0	0	149	0	0	0
E	Admiralty Island Streams	529	0	217	6	30	4	0	0	1,190	0	0	0
E	Chaik Bay Streams	188	0	0	1	6	0	0	0	2,018	0	0	0
E	Other Lakes and Streams	1,429	0	21	0	25	0	3	0	5,429	0	0	0
G	Mud Bay Creek (Chichagof Island)	119	0	0	0	0	0	1	0	566	0	0	0
G	Trail River (Chichagof Island)	104	0	2	0	0	0	0	0	192	0	0	0
G	North Chichagof Island Streams	116	0	0	0	5	0	2	0	639	0	0	0
G	Other Lakes and Streams	72	0	11	0	1	0	0	0	275	0	0	0
H	Situk River (reach unspecified)	1,236	87	687	854	0	32	2,196	0	12	0	0	0
H	Akwe River	821	67	2,531	18	165	6	74	0	232	0	0	0
H	Tsiu River	1,507	0	6,470	6	0	3	3	0	5	0	0	0
H	Other Lakes and Streams	1,719	19	3,076	1,130	8	1	1	0	23	0	0	0
	Other Lakes and Streams in SE	560	0	1	211	0	0	0	0	317	0	0	0
	SE Total	11,671	189	13,395	2,535	2,538	985	2,508	0	19,887	0	0	0

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G19.–Freshwater logbook effort species kept by area and site, Southcentral Alaska, 2007.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
J	Delight Lake	25	0	31	33	0	0	0	0	0	0	0	0
J	Other Lakes and Streams	416	2	493	94	2	0	0	0	0	0	0	0
K	Knik Arm Lakes and Streams	1,684	363	937	35	0	1	0	0	0	0	0	0
L	Anchorage Area Lakes and Streams	328	32	155	14	0	0	0	0	9	0	0	0
M	Willow Creek	200	1	14	0	0	0	0	0	0	0	0	0
M	Clear Creek (Chunilna Creek)	837	105	434	76	0	1	0	0	6	0	0	0
M	Sheep Creek	38	6	10	0	0	0	0	0	0	0	0	0
M	Little Willow Creek	101	5	108	0	0	0	0	0	0	0	0	0
M	Indian River (into Susitna)	106	39	27	2	0	0	0	0	0	0	0	0
M	Talkeetna River	1,606	306	454	241	0	0	0	0	9	0	0	0
M	Other Lakes - East Susitna Drainage	62	0	0	0	0	11	0	10	0	20	10	0
M	Other Streams - East Susitna Drainage	421	125	93	21	0	8	0	0	1	0	0	0
M	Lake Creek	3,902	744	1,210	765	0	47	0	0	4	0	2	0
M	Talachulitna River	1,430	494	479	137	0	14	0	0	16	7	1	0
M	Alexander Lake	23	0	0	0	0	0	0	0	0	0	3	0
M	Donkey Creek, Donkey Creek Slough	134	60	5	8	0	16	0	0	0	0	25	0
M	Fish Lake Creek and Fish Lakes	40	2	22	0	0	0	0	0	0	0	44	0
M	Yentna River Drainage (Remainder)	966	167	213	39	0	6	0	6	1	6	0	0
M	Yentna River	130	15	106	0	0	0	0	0	0	0	0	0
M	Deshka River (Kroto Creek) above weir	150	149	0	0	0	1	0	0	0	0	1	0
M	Deshka River (Kroto Creek) below weir	1,516	622	271	0	0	0	0	0	0	0	0	0
M	Indian Creek (into Yentna near Fish Lakes)	253	2	371	3	0	1	0	0	0	0	4	0
M	Other Lakes and Streams - West Susitna Drainage	237	19	73	0	0	2	0	0	0	0	17	0
M	Other Lakes and Streams	208	29	46	5	0	0	0	2	0	0	2	0
N	Chuitna River	548	179	256	0	0	0	0	0	0	0	0	0
N	Theodore River	96	5	50	0	0	1	0	0	5	0	0	0
N	Big River Lakes	3,627	6	4,613	4,673	18	1	0	0	29	0	0	2
N	Crescent Lake	149	0	92	81	0	0	0	13	124	0	0	0
N	Crescent River (Grecian River)	464	3	730	516	0	0	0	4	77	0	0	0
N	Kamishak River	354	9	536	0	0	0	0	0	122	0	0	0
N	Kustatan River	1,424	0	3,576	53	0	0	0	0	52	0	0	0
N	Bachatna Creek	74	3	196	0	0	0	0	0	0	0	0	0
N	Other Sites North Forelands to Susitna Drainage	93	8	54	6	0	14	0	0	27	6	3	0
N	Other Sites (South of North Forelands)	258	3	306	22	0	0	0	0	63	0	0	0
N	Wolverine Creek (by Big River Lakes)	3,594	12	1,360	7,346	0	0	30	0	0	0	0	0
P	Anchor River	173	1	16	0	0	0	0	0	42	0	0	0
P	Ninilchik River	475	93	100	2	0	0	0	0	3	0	0	0
P	Russian River	238	0	1	143	0	2	0	0	1	0	0	0
P	Swanson River Canoe Route Lakes	75	0	2	0	0	1	0	0	0	0	0	0
P	Crescent Creek	50	0	15	78	0	0	0	0	19	1	0	0

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Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
P	Crescent Lake	26	0	0	0	0	6	0	0	0	3	0	0
P	Packers Lake (Creek) (Kalgin Island)	56	0	0	1	0	29	0	0	0	0	0	0
P	Quartz Creek	57	4	0	0	0	2	0	0	20	0	0	0
P	Russian Lake (Upper and Lower)	36	0	0	0	0	0	0	0	2	0	0	0
P	Kasilof River below Highway	6,761	2,553	793	279	0	2	10	0	136	0	0	0
P	Kasilof River above Highway	89	0	101	21	0	4	2	0	5	0	0	0
P	Kasilof River reach not specified	220	68	38	4	0	0	3	0	5	0	0	0
P	Other Lakes	109	0	0	0	0	11	0	4	0	1	0	0
P	Other Streams	655	1	195	1	0	51	1	0	13	0	0	0
P	Kenai River - Cook Inlet to Soldotna Bridge	30,139	6,613	5,610	1,281	3	146	0	1	125	1	0	0
P	Kenai River - Soldotna Bridge to Moose R	2,947	488	1,002	1,546	0	73	0	0	18	0	0	0
P	Kenai River - Moose River to Skilak Outlet	3,923	124	1,580	2,037	0	183	0	1	66	0	0	0
P	Kenai River - Skilak Inlet to Kenai Lake	6,303	10	88	2,145	0	193	0	0	61	0	0	0
P	Kenai River - reach not specified	1,840	163	293	433	0	48	0	0	23	4	0	0
Q	Buskin River	67	0	18	0	0	0	0	0	0	0	0	0
Q	Pasagshak River	115	0	18	31	0	0	0	0	13	0	0	0
Q	Roadside Streams	204	0	7	0	0	0	0	0	10	0	0	0
Q	Other Remote Lakes and Streams	1,008	1	480	123	0	5	2	0	172	0	0	0
Q	Roadside Lakes	148	0	32	1	0	0	0	0	18	0	0	0
Q	American River	29	0	4	0	0	0	0	0	4	0	0	0
Q	Dog Salmon Creek (Frazer River)	171	0	0	516	0	0	0	0	11	0	0	0
Q	Monashka Creek	12	0	0	0	0	0	0	0	1	0	0	0
Q	Olds River	55	0	17	0	0	0	0	0	3	0	0	0
Q	Ayakulik River (sometimes called Red River)	1,041	116	492	661	0	0	3	0	91	0	0	0
Q	Saltery River	844	0	247	78	0	0	0	0	650	1	0	0
Q	Afognak Island Lakes and Streams	40	0	104	0	0	1	1	0	0	0	0	0
Q	Zachar Bay Streams	197	0	236	0	0	0	0	0	40	0	0	0
Q	Karluk Lake and River above Weir	994	146	50	493	0	2	6	0	433	0	0	0
Q	Karluk Lagoon and River below Weir	870	48	454	1,639	0	1	4	0	60	0	0	0
Q	Unspecified Streams	47	0	0	0	0	0	0	0	4	0	0	0
R	Naknek River and Tributaries	1,896	575	892	836	0	44	0	0	30	6	4	0
R	Naknek Lake	393	0	0	79	0	1	0	6	0	0	3	0
R	Brooks River	856	5	0	15	0	22	0	0	0	0	0	0
R	Ugashik System	434	7	205	25	0	0	0	3	106	14	0	0
R	Becharof System	756	3	1,303	45	0	21	0	0	208	48	0	0
R	Brooks Lake	97	0	0	6	0	27	0	0	0	0	0	0
R	Chignik River	242	190	25	15	0	0	0	0	0	0	0	0
R	American Creek	1,184	0	0	22	0	123	0	0	119	0	0	0
R	Naknek R (Rapids Camp upstream to Naknek Lk)	1,425	80	806	1,491	0	8	0	0	4	1	0	0
R	Naknek River (dwnstream frm Rapids Camp)	660	241	193	270	0	0	0	0	0	0	0	0
R	Other Ak Peninsula / Aleutian Lakes and Streams	2,291	414	1,991	311	0	11	0	0	55	0	0	0

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Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
R	Other Lakes and Streams	191	0	259	10	0	0	0	0	0	0	11	0
S	Kvichak River	1,928	4	260	1,446	0	141	0	0	3	24	3	0
S	Lower Talarik Creek	123	0	0	0	0	0	0	0	0	0	0	0
S	Copper River (Lake Iliamna Area)	1,221	0	2	344	0	81	0	0	0	1	0	0
S	Newhalen River	386	0	5	459	0	0	0	0	0	0	0	0
S	Alagnak (Branch) River	4,758	540	601	3,903	0	322	0	5	9	68	0	0
S	Lake Clark	345	0	43	0	0	0	0	21	1	1	0	0
S	Kukaklek Lake	29	0	0	0	0	0	0	0	0	0	0	0
S	Kulik River	1,055	0	0	0	0	0	0	0	0	0	0	0
S	Lake Iliamna	751	0	0	778	0	3	0	0	15	0	0	0
S	Nonvianuk Lake	111	0	0	3	0	161	0	22	0	0	0	0
S	Nonvianuk River (into Alagnak)	373	0	2	25	0	197	0	4	0	9	0	0
S	Tazimina River	163	0	1	0	0	1	0	0	0	1	0	0
S	Moraine Creek	1,615	0	0	6	0	120	0	0	0	9	0	0
S	Upper Talarik Creek	103	0	88	0	0	4	0	0	0	0	0	0
S	Battle River	381	0	0	0	0	0	0	0	0	0	0	0
S	Funnel Creek	51	0	0	0	0	0	0	0	0	0	0	0
S	Nanuktuk Creek	203	0	0	0	0	30	0	0	3	0	0	0
S	Long Lake	127	0	0	0	0	0	0	0	0	0	2	0
S	Kijik Lake	17	0	0	0	0	0	0	0	1	1	0	0
S	Gibraltar River	338	0	4	177	0	15	0	0	1	0	0	0
S	Kukaklek River (Big Ku) (into Alagnak)	815	0	0	65	0	57	0	0	6	0	0	0
S	Little Kulik (into Nanuktuk Creek)	83	0	0	0	0	5	0	0	0	0	0	0
S	Other Lakes	24	0	0	28	0	0	0	0	0	0	0	0
S	Other Streams	105	0	8	52	0	0	0	0	0	0	0	0
T	Nushagak River System	489	73	2	4	0	1	0	2	24	0	0	0
T	Wood River Lakes System	733	1	114	112	0	38	0	0	301	45	31	0
T	Tikchik-Nuyakuk Lake System	293	3	0	0	0	0	0	30	10	24	1	0
T	Togiak River System	2,211	1,076	1,381	173	0	36	0	0	236	0	0	0
T	Mulchatna River	386	12	21	143	0	13	0	0	5	178	13	0
T	Agulowak River	957	0	1	973	0	161	0	0	30	20	0	0
T	Aleknagik Lake	293	0	150	82	0	0	0	0	12	0	0	0
T	Agulukpak River	685	0	0	16	0	44	0	0	28	3	0	0
T	Nushagak R - upstream of Mulchatna River	715	6	143	2	0	207	0	0	121	88	0	0
T	Wood River	100	0	191	99	0	5	0	0	0	2	0	0
T	Nushagak River - Black Point to Sonar Site	3,882	2,074	708	9	0	6	0	0	23	16	12	0
T	Nushagak River - Sonar Site to Mulchatna	3,750	2,093	288	8	0	0	0	0	3	6	4	0
T	Other Lakes and Streams	840	29	423	20	0	36	0	0	0	29	0	0
	Other Lakes and Streams in SC	15	3	0	10	0	0	0	0	0	0	0	0
	SC Total	126,387	21,373	39,424	37,745	23	2,825	62	134	3,948	644	196	2

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G20.–Freshwater logbook effort and species released by area and site, Southcentral Alaska, 2007.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
J	Delight Lake	25	0	7	43	0	0	0	0	0	0	0	0
J	Other Lakes and Streams	416	2	1,527	132	4	0	1	0	159	0	0	0
K	Lakes and Streams	1,684	51	70	64	0	9	0	0	17	0	0	0
L	Lakes and Streams	328	51	8	3	0	82	0	0	402	29	0	0
M	Willow Creek	200	3	8	0	0	1,537	0	0	2	75	6	0
M	Clear Creek (Chunilna Creek)	837	216	295	61	5	230	0	0	178	30	0	0
M	Sheep Creek	38	0	1	0	0	99	0	0	0	17	0	0
M	Little Willow Creek	101	6	34	29	0	4	0	0	0	0	0	0
M	Indian River (into Susitna)	106	112	1	0	0	19	0	0	0	3	5	0
M	Talkeetna River	1,606	381	417	190	2	143	0	6	511	28	0	0
M	Other Lakes - East Susitna Drainage	62	1	0	0	0	97	0	14	5	201	45	0
M	Other Streams - East Susitna Drainage	421	48	27	35	0	331	13	0	4	98	1	0
M	Lake Creek	3,902	775	344	934	4	4,025	44	14	4	122	109	10
M	Talachulitna River	1,430	1,198	1,498	238	0	1,778	0	0	56	406	93	0
M	Alexander Lake	23	0	0	0	0	0	0	0	0	0	363	0
M	Donkey Creek, Donkey Creek Slough	134	34	12	0	0	121	0	6	10	7	0	0
M	Fish Lake Creek and Fish Lakes	40	0	24	2	0	0	0	0	0	4	190	0
M	Yentna River Drainage (Remainder)	966	518	323	86	0	2,233	0	20	461	124	0	0
M	Yentna River	130	12	108	0	0	0	0	0	0	0	0	0
M	Deshka River (Kroto Creek) above weir	150	97	0	0	0	432	0	0	0	1	59	0
M	Deshka River (Kroto Creek) below weir	1,516	69	125	0	0	58	0	0	17	14	0	0
M	Indian Creek (into Yentna near Fish Lakes)	253	1	93	1	0	40	0	0	0	0	4	0
M	Other Lakes and Streams - West Susitna Drainage	237	104	137	0	0	63	0	0	1	61	0	0
M	Other Lakes and Streams	208	166	133	49	0	805	0	5	402	142	1	0
N	Chuitna River	548	449	552	0	0	77	0	0	8	0	0	0
N	Theodore River	96	44	183	0	0	21	0	0	28	0	0	0
N	Big River Lakes	3,627	0	1,330	8,320	34	10	0	1	116	0	0	8
N	Crescent Lake	149	3	3	325	0	0	0	84	1,288	37	0	0
N	Crescent River (Grecian River)	464	5	101	303	0	0	0	67	1,485	2	0	0
N	Kamishak River	354	22	724	5	17	0	0	0	2,625	0	0	0
N	Kustatan River	1,424	0	1,049	35	1	1	0	0	322	0	0	0
N	Bachatna Creek	74	0	195	0	0	0	0	0	3	0	0	0
N	Other Sites North Forelands to Susitna Drainage	93	3	60	3	0	67	0	0	313	5	87	0
N	Other Sites (South of North Forelands)	258	1	219	11	0	5	0	18	271	40	0	0
N	Wolverine Creek (by Big River Lakes)	3,594	31	311	8,754	0	1	30	61	7	0	0	0
P	Anchor River	173	12	20	0	0	2	10	0	544	0	0	0
P	Ninilchik River	475	685	29	0	0	3	33	0	10	0	0	0
P	Russian River	238	1	1	77	0	742	8	0	30	0	0	0
P	Swanson River Canoe Route Lakes	75	0	1	0	0	104	0	0	3	0	0	0
P	Crescent Creek	50	0	0	4	0	5	0	0	133	4	0	0

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Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
P	Crescent Lake	26	0	0	0	0	24	0	0	0	118	0	0
P	Packers Lake (Creek) (Kalgin Island)	56	0	0	0	0	496	0	0	1	0	0	0
P	Quartz Creek	57	0	0	33	0	35	0	0	741	0	0	0
P	Russian Lake (Upper and Lower)	36	0	0	10	0	37	0	0	43	0	0	0
P	Kasilof River below Highway	6,761	1,481	25	27	2	609	243	1	1,174	0	0	1
P	Kasilof River above Highway	89	59	6	7	0	16	6	0	151	0	0	0
P	Kasilof River reach not specified	220	26	0	0	0	2	5	0	18	0	0	0
P	Other Lakes	109	0	0	0	0	608	0	3	0	56	0	0
P	Other Streams	655	26	522	45	0	799	89	0	1,483	14	0	0
P	Kenai River - Cook Inlet to Soldotna Bridge	30,139	4,493	228	190	2	2,930	1	3	1,539	0	0	1
P	Kenai River - Soldotna Bridge to Moose R	2,947	481	198	857	4	5,359	5	1	1,097	0	0	1
P	Kenai River - Moose River to Skilak Outlet	3,923	119	489	1,049	0	21,530	7	13	10,134	5	0	2
P	Kenai River - Skilak Inlet to Kenai Lake	6,303	8	38	2,060	5	26,352	26	15	28,942	0	0	1
P	Kenai River - reach not specified	1,840	123	19	220	3	3,910	13	0	2,341	41	0	0
Q	Buskin River	67	0	50	0	0	0	2	0	54	0	0	0
Q	Pasagshak River	115	0	70	24	0	0	0	0	39	0	0	0
Q	Roadside Streams	204	0	27	1	0	0	0	0	494	0	0	0
Q	Other Remote Lakes and Streams	1,008	0	868	161	0	508	120	0	7,167	0	0	0
Q	Roadside Lakes	148	0	222	5	0	2	1	0	148	0	0	0
Q	American River	29	0	0	0	0	0	0	0	46	0	0	0
Q	Dog Salmon Creek (Frazer River)	171	0	16	178	0	36	46	0	38	0	0	0
Q	Monashka Creek	12	0	1	0	0	0	0	0	1	0	0	0
Q	Olds River	55	0	6	0	0	0	0	0	67	0	0	0
Q	Ayakulik River (sometimes called Red River)	1,041	1,737	1,793	1,811	0	26	828	0	1,838	0	0	0
Q	Saltery River	844	0	332	36	0	118	48	0	5,281	0	0	0
Q	Afognak Island Lakes and Streams	40	0	30	0	0	4	0	0	40	0	0	0
Q	Zachar Bay Streams	197	0	294	0	0	0	1	0	142	0	0	0
Q	Karluk Lake and River above Weir	994	380	145	1,555	0	49	318	0	3,277	0	0	0
Q	Karluk Lagoon and River below Weir	870	30	176	726	0	2	3	0	232	0	0	0
Q	Unspecified Streams	47	0	12	1	0	3	1	0	410	0	0	0
R	Naknek River and Tributaries	1,896	549	344	884	0	3,322	0	330	2,216	608	30	0
R	Naknek Lake	393	0	0	74	0	1,907	0	1,155	1,627	35	147	0
R	Brooks River	856	5	1	1,543	0	4,671	0	47	4	33	0	0
R	Ugashik System	434	175	662	53	0	0	0	13	2,130	312	0	0
R	Becharof System	756	16	1,539	221	0	493	0	21	4,610	770	16	0
R	Brooks Lake	97	0	1	77	0	844	0	76	46	2	0	0
R	Chignik River	242	346	12	22	0	7	0	0	370	0	0	0
R	American Creek	1,184	0	0	625	0	5,811	0	4	11,691	0	0	0
R	Naknek R (Rapids Camp upstream to Naknek Lk)	1,425	145	193	1,662	0	2,870	0	0	906	83	37	2
R	Naknek River (dwnstream frm Rapids Camp)	660	148	37	208	0	155	0	0	8	1	0	0
R	Other Ak Peninsula / Aleutian Lakes and Streams	2,291	1,769	3,144	643	0	904	429	0	5,245	0	0	12

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Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
R	Other Lakes and Streams	191	22	773	45	0	93	3	0	501	0	7	0
S	Kvichak River	1,928	14	979	2,510	0	17,698	0	1	159	3,821	10	0
S	Lower Talarik Creek	123	0	29	2	0	1,699	0	0	0	43	0	0
S	Copper River (Lake Iliamna Area)	1,221	0	3	1,453	0	13,548	0	0	96	55	26	0
S	Newhalen River	386	0	5	329	0	1,004	0	255	226	630	176	0
S	Alagnak (Branch) River	4,758	2,867	1,872	6,963	0	18,107	0	33	693	4,671	73	15
S	Lake Clark	345	0	12	2	0	83	0	306	141	2,147	32	0
S	Kukaklek Lake	29	0	0	30	0	534	0	0	5	3	0	0
S	Kulik River	1,055	0	0	15	0	19,455	0	193	9	9	0	0
S	Lake Iliamna	751	0	0	1,156	0	2,422	0	0	1,996	4	25	0
S	Nonvianuk Lake	111	0	0	0	0	1,108	0	34	0	0	0	0
S	Nonvianuk River (into Alagnak)	373	31	18	124	0	3,681	0	64	2	20	0	0
S	Tazimina River	163	0	0	12	0	449	0	23	27	1,036	30	0
S	Moraine Creek	1,615	0	0	768	0	19,781	0	23	98	484	2	0
S	Upper Talarik Creek	103	0	73	32	0	548	0	0	0	0	0	0
S	Battle River	381	0	0	653	0	2,651	0	10	24	117	0	0
S	Funnel Creek	51	0	0	3	0	508	0	0	18	1	0	0
S	Nanuktuk Creek	203	0	0	13	0	2,781	0	0	234	20	0	0
S	Long Lake	127	0	0	0	0	0	0	0	0	0	1,970	0
S	Kijik Lake	17	0	0	0	0	0	0	25	36	102	0	0
S	Gibraltar River	338	0	2	637	0	4,705	0	0	80	50	0	0
S	Kukaklek River (Big Ku) (into Alagnak)	815	1	0	224	0	11,192	0	15	126	137	2	0
S	Little Kulik (into Nanuktuk Creek)	83	0	0	22	0	1,073	0	1	86	12	1	0
S	Other Lakes	24	0	0	22	0	52	0	20	44	0	32	0
S	Other Streams	105	0	54	111	0	809	0	0	198	25	12	0
T	Nushagak River System	489	335	58	106	0	1,735	0	53	1,168	3,541	42	0
T	Wood River Lakes System	733	340	156	775	0	1,116	0	0	1,051	1,440	962	0
T	Tikchik-Nuyakuk Lake System	293	39	5	12	0	172	0	672	144	926	286	0
T	Togiak River System	2,211	7,248	2,990	336	0	880	0	0	5,484	117	111	0
T	Mulchatna River	386	337	516	444	0	1,684	0	25	754	1,719	165	0
T	Agulowak River	957	0	7	1,250	0	8,811	0	0	1,221	1,488	79	0
T	Aleknagik Lake	293	0	45	174	0	0	0	0	926	13	280	0
T	Agulukpak River	685	0	0	336	0	3,386	0	0	697	974	185	0
T	Nushagak R - upstream of Mulchatna River	715	85	316	27	0	3,546	0	0	2,363	2,246	23	0
T	Wood River	100	3	176	108	0	64	0	0	44	6	7	0
T	Nushagak River - Black Point to Sonar Site	3,882	12,209	2,270	10	0	395	0	0	236	395	86	0
T	Nushagak River - Sonar Site to Mulchatna	3,750	8,717	697	1	0	50	0	0	36	22	95	0
T	Other Lakes and Streams	840	999	2,206	242	0	1,153	0	25	144	631	6	0
	Other Lakes and Streams in SC	15	1	0	7	0	39	0	0	16	24	0	0
	SC Total	126,387	50,465	34,732	53,666	83	244,595	2,334	3,756	124,289	30,457	5,918	53

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G21.–Freshwater logbook effort species kept by area and site, AYK Alaska, 2007.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
I	Gulkana River (Highway to Copper River)	68	35	0	0	0	0	0	0	0	0	0	0
I	Klutina River	1,657	904	0	967	0	2	0	2	161	39	0	0
I	Gulkana River (West Fork to Highway)	1,045	671	0	64	0	0	0	0	0	7	0	0
I	Other Lakes and Streams	141	48	0	0	0	0	0	10	0	0	0	0
U	Other Lakes	1,239	3	233	7	0	101	0	0	2	0	16	0
U	Other Streams	316	14	41	0	0	0	0	0	0	78	7	0
V	Kanektok River (Quinhagak, Chosen)	2,722	301	796	210	0	94	0	0	130	8	0	0
V	Goodnews River	1,139	81	371	122	0	6	0	0	58	0	0	0
V	Aniak River	665	14	132	3	0	28	0	0	37	14	2	0
V	Holitna River	440	61	39	13	0	0	0	0	5	3	8	10
V	Streams - Kuskokwim Drainages above Aniak	36	0	18	0	0	0	0	0	0	0	0	0
V	Lakes - Kuskokwim Drainages above Aniak	9	0	0	0	0	0	0	0	0	0	0	0
V	Kuskokwim Drainage below Aniak	351	0	51	14	0	0	0	0	6	1	0	0
V	Lakes and Streams - Kuskokwim Bay	213	0	9	3	0	0	0	0	0	1	0	0
W	Streams of Seward Peninsula/Norton Sound	885	43	918	0	0	0	0	0	77	18	9	0
Y	Streams of the Yukon River Drainage	1,273	143	164	2	0	0	0	0	28	215	223	6
	Other Lakes and Streams in AYK	63	0	0	0	0	0	0	0	0	30	0	1
	AYK Total	12,262	2,318	2,772	1,405	0	231	0	12	504	414	265	17

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G22.–Freshwater logbook effort species released by area and site, AYK Alaska, 2007.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
I	Gulkana River (Highway to Copper River)	68	39	0	0	0	0	0	0	0	135	0	0
I	Klutina River	1,657	549	0	453	0	7	0	0	26	13	0	0
I	Gulkana River (West Fork to Highway)	1,045	528	0	101	0	15	0	23	0	58	0	0
I	Other Lakes and Streams	141	89	0	0	0	15	2	91	0	246	0	0
U	Other Lakes	1,239	0	20	1	0	961	1	0	0	341	88	0
U	Other Streams	316	29	149	0	0	0	0	0	0	2,826	72	0
V	Kanektok River (Quinhagak, Chosen)	2,722	1,627	4,375	1,300	0	9,579	0	5	14,551	1,818	13	0
V	Goodnews River	1,139	537	2,138	88	0	1,323	0	4	3,747	236	0	0
V	Aniak River	665	1,600	1,908	81	0	3,132	0	0	3,821	1,160	523	68
V	Holitna River	440	550	317	45	0	5	0	0	931	666	1,806	165
V	Streams - Kuskokwim Drainages above Aniak	36	27	61	12	0	53	0	0	43	66	35	0
V	Lakes - Kuskokwim Drainages above Aniak	9	0	0	0	0	0	0	52	0	67	12	0
V	Kuskokwim Drainage below Aniak	351	316	719	69	0	2,939	0	0	2,918	1,328	28	1
V	Lakes and Streams - Kuskokwim Bay	213	32	494	18	0	949	0	79	642	102	1	0
W	Streams of Seward Peninsula/Norton Sount	885	700	7,258	0	0	0	0	0	1,625	2,609	18	0
Y	Streams of the Yukon River Drainage	1,273	566	2,218	18	0	0	0	0	660	8,826	9,267	84
	Other Lakes and Streams in AYK	63	0	0	0	0	0	0	0	129	345	0	484
	AYK Total	12,262	7,189	19,657	2,186	0	18,978	3	254	29,093	20,842	11,863	802

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G23.–Freshwater logbook effort and species kept by region, Statewide, 2007.

Region	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
		King	Coho	Sockeye								
SE	11,671	122	7,178	2,080	91	21	27	0	1,600	0	0	0
SC	126,387	21,373	39,424	37,745	23	2,825	62	134	3,948	644	196	2
AYK	12,262	2,318	2,772	1,405	0	231	0	12	504	414	265	17
Total	150,320	23,813	49,374	41,230	114	3,077	89	146	6,052	1,058	461	19

Note: Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G24.–Freshwater logbook effort and species released by region, Statewide, 2007.

Region	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
		King	Coho	Sockeye								
SE	11,671	189	13,395	2,535	2,538	985	2,508	0	19,887	0	0	0
SC	126,387	50,465	34,732	53,666	83	244,595	2,334	3,756	124,289	30,457	5,918	53
AYK	12,262	7,189	19,657	2,186	0	18,978	3	254	29,093	20,842	11,863	802
Total	150,320	57,843	67,784	58,387	2,621	264,558	4,845	4,010	173,269	51,299	17,781	855

Note: Data are current as of 08/07/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G25.–Freshwater logbook participation by site code and area, Southeast Alaska, 2008.

Area	Description	Trips	Businesses[a]	Angler Days						
				Guides[a]	Resident	Nonres	Comped	Unknown	Crew	Total
A	Lakes and Streams	173	6	19	4	548	0	15	1	568
B	Eagle Creek (Bear Creek)	20	7	8	3	49	0	0	0	52
B	Harris River	20	6	8	0	52	0	0	1	53
B	Luck Lake	9	4	4	2	25	1	0	0	28
B	Staney Creek	42	9	11	2	105	0	0	2	109
B	Thorne System Stream and Lake	59	11	15	3	172	0	1	0	176
B	Sweetwater System Stream and Lake	13	4	4	0	40	0	0	0	40
B	Other Lakes and Streams	97	9	12	2	259	0	0	2	263
C	Lakes and Streams	57	10	11	11	160	0	0	1	172
D	Plotnikof and Rezanof System Streams and Lakes	25	6	9	2	77	0	0	0	79
D	Eva Lake and Stream	16	4	7	1	62	0	0	4	67
D	Sitkoh Creek and Lake (Chichagof Island)	17	5	8	0	55	0	0	0	55
D	Katlian River	78	5	8	0	237	2	1	0	240
D	Nakwasina Sound Streams	49	6	10	2	150	0	0	0	152
D	Saook Bay Streams	48	4	16	2	214	0	0	20	236
D	Fish Bay Streams	5	4	5	0	24	0	0	0	24
D	Other Lakes	36	6	7	4	93	0	0	3	100
D	Other Streams	187	14	37	16	616	0	0	6	638
E	Dupont to Echo Cove (Juneau Road System)	7	4	4	10	19	0	0	0	29
E	Admiralty Island Streams	196	6	23	5	801	1	0	7	814
E	Chaik Bay Streams	52	4	12	1	206	0	0	4	211
E	Other Lakes and Streams	379	7	27	6	1,470	0	10	4	1,490
G	Mud Bay Creek (Chichagof Island)	26	5	8	1	98	0	0	4	103
G	Trail River (Chichagof Island)	21	6	8	2	89	0	0	13	104
G	Chicken Creek (Chichagof Island)	43	4	14	1	174	0	0	1	176
G	North Chichagof Island Streams	9	4	6	2	31	0	0	1	34
G	Other Lakes and Streams	16	4	5	5	57	0	0	4	66
H	Akwe River	121	4	5	71	380	0	0	70	521
H	Situk River (above weir)	501	7	16	100	1,047	1	1	17	1,166
H	Situk River (below weir)	56	4	11	1	113	0	1	1	116
H	Other Lakes and Streams	613	14	34	61	2,194	14	3	30	2,302
	Other Lakes and Streams in SE	122	2	7	0	526	0	19	1	546
SE Total		3,113	70	178	320	10,143	19	51	197	10,730

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/12/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G26.–Freshwater logbook participation by site code and area, Southcentral Alaska, 2008.

Area	Description	Trips	Businesses[a]	Guides[a]	Angler Days					
					Resident	Nonres	Comped	Unknown	Crew	Total
J	Other Lakes	5	4	4	2	18	0	0	0	20
J	Other Streams	89	7	11	34	363	0	4	4	405
K	Knik Arm Lakes and Streams	492	14	22	583	1,234	15	11	46	1,889
M	Willow Creek	44	7	13	55	42	0	2	0	99
M	Clear Creek (Chunilna Creek)	64	9	11	18	237	3	6	1	265
M	Little Willow Creek	50	5	10	83	71	0	1	4	159
M	Indian River (into Susitna)	13	4	5	1	41	0	0	0	42
M	Talkeetna River	512	10	33	255	1,785	1	131	20	2,192
M	Other Lakes - East Susitna Drainage	11	4	4	6	27	0	0	0	33
M	Other Streams - East Susitna Drainage	118	10	13	76	306	3	1	3	389
M	Deshka River (Kroto Creek)	33	4	6	14	98	0	0	0	112
M	Lake Creek	1,195	26	64	290	3,073	10	1	41	3,415
M	Talachulitna River	913	13	44	145	2,418	5	1	23	2,592
M	Alexander Lake	16	5	7	1	44	0	0	0	45
M	Chelatna Lake	46	4	6	0	112	0	1	1	114
M	Eightmile Creek	42	4	7	16	95	0	0	4	115
M	Fish Lake Creek and Fish Lakes	152	11	24	62	337	0	0	9	408
M	Moose Creek (into Yentna)	26	4	8	7	51	0	0	1	59
M	Skwentna River	82	6	12	21	160	1	0	0	182
M	Susitna River	19	4	6	31	38	0	0	0	69
M	Yentna River Drainage (Remainder)	383	16	49	45	1,188	1	1	14	1,249
M	Yentna River	242	8	27	68	559	0	0	7	634
M	Deshka River (Kroto Creek) below weir	211	12	18	251	505	1	8	11	776
M	Indian Creek (into Yentna near Fish Lakes)	106	5	13	38	323	0	0	18	379
M	Other Lakes and Streams - West Susitna Drainage	87	13	21	60	208	1	0	13	282
M	Streams and Lakes	10	5	5	7	26	0	1	0	34
N	Chuitna River	54	11	15	6	215	0	0	0	221
N	Big River Lakes	1,351	32	51	189	5,127	1	10	2	5,329
N	Big River	5	4	4	0	14	0	0	2	16
N	Crescent Lake	56	16	21	7	234	0	3	1	245
N	Crescent River (Grecian River)	103	8	13	8	298	0	5	0	311
N	Kamishak River	73	7	21	0	248	1	0	6	255
N	Kustatan River	309	28	42	90	1,280	2	3	3	1,378
N	Silver Salmon Creek	42	4	5	0	141	0	1	0	142
N	Bachatna Creek	15	5	5	0	54	0	0	0	54
N	Other Sites North Forelands to Susitna Drainage	44	9	18	0	156	1	1	4	162
N	Other Sites (South of North Forelands)	63	13	21	1	240	0	0	0	241
N	Wolverine Creek (by Big River Lakes)	585	21	36	89	2,217	2	9	1	2,318
P	Anchor River	51	7	9	1	192	0	1	5	199
P	Ninilchik River	55	4	7	6	247	2	0	2	257
P	Deep Creek	43	5	7	2	160	1	0	15	178

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Area	Description	Trips	Businesses[a]	Guides[a]	Angler Days					
					Resident	Nonres	Comped	Unknown	Crew	Total
P	Russian River	137	15	22	20	276	0	3	0	299
P	Swanson River Canoe Route Lakes	16	4	4	19	27	0	0	12	58
P	Crescent Lake	44	4	9	0	125	0	0	0	125
P	Quartz Creek	31	6	8	0	51	0	2	0	53
P	Kasilof River below Highway	1,980	88	139	858	5,627	19	58	98	6,660
P	Kasilof River above Highway	28	10	11	8	75	1	1	4	89
P	Kasilof River reach not specified	97	19	21	47	268	0	1	0	316
P	Stocked Lakes	13	5	5	1	37	0	0	1	39
P	Other Lakes	47	15	18	18	148	0	0	11	177
P	Other Streams	105	11	17	36	367	1	4	0	408
P	Kenai River - Cook Inlet to Soldotna Bridge	8,560	211	321	4,243	25,574	120	236	61	30,234
P	Kenai River - Soldotna Bridge to Moose R	803	65	94	222	2,368	2	9	86	2,687
P	Kenai River - Moose River to Skilak Outlet	1,104	80	108	469	2,933	16	20	12	3,450
P	Kenai River - Skilak Inlet to Kenai Lake	2,381	40	94	874	6,548	13	54	83	7,572
P	Kenai River - reach not specified	175	31	37	62	479	4	11	1	557
Q	Buskin River	19	4	4	6	49	0	0	2	57
Q	Pasagshak River	38	7	7	24	88	0	0	3	115
Q	Roadside Streams	35	11	11	1	97	0	0	6	104
Q	Other Remote Lakes and Streams	296	20	32	49	940	4	0	5	998
Q	Roadside Lakes	45	6	8	9	155	3	0	2	169
Q	American River	16	6	6	1	37	0	0	1	39
Q	Buskin Lake	7	4	4	0	20	0	0	2	22
Q	Dog Salmon Creek (Frazer River)	98	6	16	11	327	0	0	5	343
Q	Olds River	21	7	7	6	63	0	0	0	69
Q	Ayakulik River (sometimes called Red River)	207	4	10	23	680	3	2	3	711
Q	Saltery River	349	11	17	97	1,056	4	4	10	1,171
Q	Uganik River	96	4	6	8	341	2	2	39	392
Q	Browns Lagoon River	15	5	6	0	54	0	0	1	55
Q	Zachar Bay Streams	33	4	8	1	96	0	0	5	102
Q	Karluk Lake and River above Weir	109	6	12	13	552	0	10	0	575
Q	Karluk Lagoon and River below Weir	100	5	14	3	588	1	8	0	600
R	Naknek River and Tributaries	684	22	66	165	1,590	11	6	109	1,881
R	Naknek Lake	66	5	10	10	215	3	0	5	233
R	Brooks River	317	20	73	34	783	7	4	5	833
R	Ugashik System	113	14	34	7	324	0	0	8	339
R	Becharof System	234	19	47	12	671	2	1	12	698
R	American Creek	595	19	71	60	1,512	1	0	1	1,574
R	Naknek River (Rapids Camp upstream to Naknek Lk)	639	18	49	43	1,562	3	6	92	1,706
R	Naknek River (dwnstream frm Rapids Camp)	276	14	33	39	604	0	1	42	686
R	Other Alaska Peninsula / Aleutian Streams	1,014	18	57	75	2,620	0	3	44	2,742
R	Other Alaska Peninsula / Aleutian Lakes	34	7	10	5	95	0	0	1	101
R	Other Streams	76	17	31	0	263	0	0	4	267

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Area	Description	Trips	Businesses[a]	Guides[a]	Angler Days					
					Resident	Nonres	Comped	Unknown	Crew	Total
S	Kvichak River	979	22	94	63	2,146	1	4	4	2,218
S	Lower Talarik Creek	51	6	20	2	140	0	1	0	143
S	Copper River (Lake Iliamna Area)	525	8	32	21	1,366	2	0	1	1,390
S	Gibraltar Lake	21	4	11	1	67	0	0	1	69
S	Newhalen River	111	9	28	21	418	0	0	2	441
S	Alagnak (Branch) River	1,813	22	106	26	4,083	4	6	54	4,173
S	Lake Clark	109	9	27	17	313	0	0	0	330
S	Kulik River	532	19	57	57	1,390	1	0	0	1,448
S	Lake Iliamna	229	13	34	5	668	1	0	1	675
S	Nonvianuk Lake	18	7	9	0	64	0	0	15	79
S	Nonvianuk River (into Alagnak)	142	17	45	18	363	0	0	18	399
S	Pike Lakes	8	4	6	0	17	0	0	0	17
S	Tazimina River	54	5	20	5	136	0	0	0	141
S	Moraine Creek	468	23	93	6	1,206	0	0	25	1,237
S	Upper Talarik Creek	29	4	14	0	111	0	0	0	111
S	Battle River	114	11	26	2	309	2	4	47	364
S	Funnel Creek	43	6	11	0	103	0	0	0	103
S	Nanuktuk Creek	126	9	36	3	299	0	0	0	302
S	Kijik River	19	5	10	0	64	0	0	0	64
S	Kijik Lake	10	4	6	1	39	0	0	0	40
S	Gibraltar River	96	8	24	2	262	0	0	1	265
S	Kukaklek River (Big Ku) (into Alagnak)	254	11	51	47	502	0	0	0	549
S	Battle Lake	6	4	4	3	9	0	0	0	12
S	Little Kulik (into Nanuktuk Creek)	61	8	18	2	139	0	0	0	141
S	Other Lakes and Streams	27	5	11	1	61	0	0	0	62
T	Nushagak River System	407	26	52	21	888	1	0	3	913
T	Wood River Lakes System	335	12	51	18	733	0	13	4	768
T	Tikchik-Nuyakuk Lake System	159	5	25	12	334	3	2	4	355
T	Togiak River System	841	8	62	36	1,758	3	19	2	1,818
T	Mulchatna River	118	17	24	11	397	0	13	0	421
T	Agulowak River	553	9	44	92	952	0	29	0	1,073
T	Aleknagik Lake	69	5	16	1	142	0	5	0	148
T	Agulukpak River	256	8	36	2	475	0	3	0	480
T	Nushagak River - upstream of Mulchatna River	172	9	20	3	324	0	0	3	330
T	Nushagak River - Black Point to Sonar Site	1,023	31	115	135	2,924	2	67	50	3,178
T	Nushagak River - Sonar Site to Mulchatna	1,420	31	123	236	4,256	5	29	34	4,560
T	Other Lakes	21	5	10	1	56	0	0	0	57
T	Other Streams	372	7	34	5	782	1	0	0	788
	Other Lakes and Streams in SC	133	8	8	36	326	2	0	0	364
SC Total		40,587	512	1,305	11,059	113,089	299	843	1,306	126,596

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/12/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G27.–Freshwater logbook participation by site code and area, AYK Alaska, 2008.

Area	Description	Trips	Businesses[a]	Guides[a]	Angler Days					
					Resident	Nonres	Comped	Unknown	Crew	Total
I	Klutina River	470	11	22	331	1,200	4	10	26	1,571
I	Gulkana River (reach unspecified)	75	5	8	58	165	0	0	16	239
I	Gulkana River (West Fork to Highway)	205	14	25	156	588	0	2	8	754
I	Other Lakes and Streams	11	4	5	9	19	0	0	0	28
U	Other Lakes	227	5	15	18	911	1	3	13	946
U	Other Streams	72	6	15	68	128	0	5	9	210
V	Kanektok River (Quinhagak, Chosen)	1,390	5	56	37	2,775	0	0	0	2,812
V	Goodnews River	583	6	20	18	1,041	0	0	0	1,059
V	Aniak River	380	7	19	17	814	0	0	0	831
V	Holitna River	223	7	21	7	525	1	0	3	536
V	Lakes and Streams - Kuskokwim Bay	97	5	14	0	198	0	0	5	203
V	Other Lakes and Streams - Kuskokwim Drainage	155	12	22	53	589	1	0	19	662
W	Streams of Seward Peninsula/Norton Sound	418	6	18	33	875	0	1	11	920
Y	Streams of the Yukon River Drainage	484	7	22	45	941	0	5	1	992
	Other Lakes and Streams in AYK	11	3	3	10	59	0	0	1	70
AYK Total		4,801	69	222	860	10,828	7	26	112	11,833

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/12/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G28.–Freshwater logbook participation by region, 2008.

Region	Trips	Businesses[a]	Guides[a]	Angler Days					
				Resident	Nonres	Comped	Unknown	Crew	Total
SE	3,113	70	178	320	10,143	19	51	197	10,730
SC	40,587	512	1,305	11,059	113,089	299	843	1,306	126,596
AYK	4,801	69	222	860	10,828	7	26	112	11,833
Total	48,501	630	1,636	12,239	134,060	325	920	1,615	149,159

Note: Data are current as of 08/12/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G29.–Freshwater logbook effort species kept by area and site, Southeast Alaska 2008.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
A	Lakes and Streams	568	0	83	0	0	0	0	0	4	0	0	0
B	Eagle Creek (Bear Creek)	52	0	0	0	0	0	0	0	0	0	0	0
B	Harris River	53	0	3	0	0	0	0	0	0	0	0	0
B	Luck Lake	28	0	0	0	0	0	0	0	7	0	0	0
B	Staney Creek	109	0	11	0	0	0	0	0	0	0	0	0
B	Thorne System Stream and Lake	176	0	56	0	1	0	0	0	42	0	0	0
B	Sweetwater System Stream and Lake	40	0	45	26	1	0	0	0	2	0	0	0
B	Other Lakes and Streams	263	0	51	7	0	0	0	0	1	0	0	0
C	Lakes and Streams	172	0	30	0	0	0	0	0	3	0	0	0
D	Plotnikof and Rezanof System Streams and Lakes	79	0	34	0	0	0	0	0	0	0	0	0
D	Eva Lake and Stream	67	0	0	0	1	1	0	0	14	0	0	0
D	Sitkoh Creek and Lake (Chichagof Island)	55	0	0	0	0	1	0	0	4	0	0	0
D	Katlian River	240	0	12	0	0	0	0	0	1	0	0	0
D	Nakwasina Sound Streams	152	0	0	0	0	0	0	0	0	0	0	0
D	Saook Bay Streams	236	0	0	0	0	0	0	0	19	0	0	0
D	Fish Bay Streams	24	0	0	0	0	0	0	0	0	0	0	0
D	Other Lakes	100	0	1	1	0	2	0	0	2	0	0	0
D	Other Streams	638	0	82	0	0	3	0	0	33	0	0	0
E	Dupont to Echo Cove (Juneau Road System)	29	0	13	0	0	0	0	0	7	0	0	0
E	Admiralty Island Streams	814	0	36	0	0	0	0	0	230	0	0	0
E	Chaik Bay Streams	211	0	2	0	0	0	0	0	53	0	0	0
E	Other Lakes and Streams	1,490	0	3	0	0	0	0	0	12	0	0	0
G	Mud Bay Creek (Chichagof Island)	103	0	0	0	0	0	0	0	41	0	0	0
G	Trail River (Chichagof Island)	104	0	0	0	0	0	0	0	2	0	0	0
G	Chicken Creek (Chichagof Island)	176	0	0	0	0	0	0	0	12	0	0	0
G	North Chichagof Island Streams	34	0	16	0	0	0	0	0	13	0	0	0
G	Other Lakes and Streams	66	0	30	0	0	0	0	0	0	0	0	0
H	Akwe River	521	42	657	1	2	0	0	0	24	0	0	0
H	Situk River (above weir)	1,166	0	578	498	16	0	1	0	7	0	0	0
H	Situk River (below weir)	116	0	33	311	0	0	0	0	15	0	0	0
H	Other Lakes and Streams	2,302	50	4,155	158	4	0	1	0	49	1	0	0
	Other Lakes and Streams in SE	546	0	0	85	0	0	0	0	5	0	0	0
	SE Total	10,730	92	5,931	1,087	25	7	2	0	602	1	0	0

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/12/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G30.–Freshwater logbook effort species released by area and site, Southeast Alaska 2008.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
A	Lakes and Streams	568	0	22	1	81	550	1	0	33	0	0	0
B	Eagle Creek (Bear Creek)	52	0	1	0	98	30	32	0	140	0	0	0
B	Harris River	53	0	10	0	0	0	6	0	10	0	0	0
B	Luck Lake	28	0	3	0	36	13	0	0	28	0	0	0
B	Staney Creek	109	0	17	1	5	0	19	0	176	0	0	0
B	Thorne System Stream and Lake	176	0	35	0	80	5	35	0	323	0	0	0
B	Sweetwater System Stream and Lake	40	2	42	27	35	4	1	0	10	0	0	0
B	Other Lakes and Streams	263	0	50	55	114	43	6	0	580	0	0	0
C	Lakes and Streams	172	0	3	0	188	147	78	0	101	0	0	0
D	Plotnikof and Rezanof System Streams and Lakes	79	0	25	0	0	2	37	0	41	0	0	0
D	Eva Lake and Stream	67	0	4	0	36	30	1	0	159	0	0	0
D	Sitkoh Creek and Lake (Chichagof Island)	55	0	1	0	218	188	6	0	157	0	0	0
D	Katlian River	240	0	9	0	0	0	0	0	704	0	0	0
D	Nakwasina Sound Streams	152	0	3	0	0	0	1	0	561	0	0	0
D	Saook Bay Streams	236	0	0	0	2	2	8	0	726	0	0	0
D	Fish Bay Streams	24	0	0	0	0	0	0	0	54	0	0	0
D	Other Lakes	100	4	0	0	103	105	3	0	231	0	0	0
D	Other Streams	638	6	92	0	129	44	91	0	4,144	0	0	0
E	Dupont to Echo Cove (Juneau Road System)	29	0	50	5	0	0	0	0	20	0	0	0
E	Admiralty Island Streams	814	0	89	13	47	10	4	0	2,439	0	0	0
E	Chaik Bay Streams	211	0	10	0	10	15	1	0	3,018	0	0	0
E	Other Lakes and Streams	1,490	0	39	3	19	0	5	0	7,052	21	0	0
G	Mud Bay Creek (Chichagof Island)	103	0	0	0	0	0	0	0	1,175	0	0	0
G	Trail River (Chichagof Island)	104	0	15	0	0	0	0	0	159	0	0	0
G	Chicken Creek (Chichagof Island)	176	0	0	0	4	0	1	0	800	0	0	0
G	North Chichagof Island Streams	34	0	0	0	0	0	0	0	60	0	0	0
G	Other Lakes and Streams	66	0	5	0	1	0	0	0	163	0	0	0
H	Akwe River	521	47	2,232	3	150	2	39	0	268	0	0	0
H	Situk River (above weir)	1,166	0	773	378	0	18	2,407	61	12	1	0	0
H	Situk River (below weir)	116	0	3	203	0	0	2	0	9	0	0	0
H	Other Lakes and Streams	2,302	40	9,849	90	8	0	36	3	187	0	0	0
	Other Lakes and Streams in SE	546	0	0	164	1	0	0	0	421	12	0	0
	SE Total	10,730	99	13,382	943	1,365	1,208	2,820	64	23,961	34	0	0

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/12/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G31.–Freshwater logbook effort and species kept by area and site, Southcentral harvest, 2008.

Area	Description	Angler Days	Salmon										
			King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
J	Other Lakes	20	0	15	0	0	0	0	0	13	0	0	0
J	Other Streams	405	1	403	16	0	0	0	0	14	0	0	0
K	Knik Arm Lakes and Streams	1,889	419	1,361	3	0	1	0	0	0	0	0	0
M	Willow Creek	99	12	5	0	0	6	0	0	0	3	0	0
M	Clear Creek (Chunilna Creek)	265	8	120	12	0	0	0	0	0	0	0	0
M	Little Willow Creek	159	11	143	1	0	1	0	0	0	0	0	0
M	Indian River (into Susitna)	42	5	4	0	0	0	0	0	0	0	0	0
M	Talkeetna River	2,192	396	897	666	0	2	0	0	3	0	0	0
M	Other Lakes - East Susitna Drainage	33	0	0	0	0	3	0	2	0	9	0	0
M	Other Streams - East Susitna Drainage	389	91	117	1	0	20	0	0	2	0	9	0
M	Deshka River (Kroto Creek)	112	29	0	0	0	5	0	0	0	0	0	0
M	Lake Creek	3,415	546	1,562	281	0	80	0	0	0	0	19	0
M	Talachulitna River	2,592	382	1,455	192	0	0	0	0	5	5	6	0
M	Alexander Lake	45	0	0	0	0	0	0	0	0	0	8	0
M	Chelatna Lake	114	0	0	0	0	0	0	41	0	1	1	0
M	Eightmile Creek	115	43	157	0	0	0	0	0	0	0	8	0
M	Fish Lake Creek and Fish Lakes	408	78	82	91	0	0	0	0	0	0	248	0
M	Moose Creek (into Yentna)	59	21	28	1	0	0	0	0	0	0	0	0
M	Skwentna River	182	23	148	19	0	0	0	0	0	0	0	0
M	Susitna River	69	1	18	0	0	0	0	0	0	0	0	0
M	Yentna River Drainage (Remainder)	1,249	251	560	41	0	14	0	0	5	0	31	0
M	Yentna River	634	141	592	12	0	0	0	0	0	0	0	0
M	Deshka River (Kroto Creek) below weir	776	164	467	3	0	5	0	0	0	0	1	0
M	Indian Creek (into Yentna near Fish Lakes)	379	45	361	1	0	0	0	0	0	0	5	0
M	Other Lakes and Streams - West Susitna Drainage	282	36	83	4	0	1	0	0	0	0	117	0
M	Streams and Lakes	34	2	10	0	0	15	0	0	0	0	5	0
N	Chuitna River	221	24	265	0	0	0	0	0	0	0	0	0
N	Big River Lakes	5,329	15	9,401	4,006	0	0	0	0	8	0	0	0
N	Big River	16	0	31	11	0	0	0	0	0	0	0	0
N	Crescent Lake	245	0	133	79	0	0	0	11	82	0	3	0
N	Crescent River (Grecian River)	311	0	518	121	0	0	0	3	58	0	0	0
N	Kamishak River	255	0	352	0	0	0	0	0	29	0	0	0
N	Kustatan River	1,378	4	3,648	13	0	1	0	0	37	0	0	0
N	Silver Salmon Creek	142	0	108	2	0	0	0	0	14	0	0	0
N	Bachatna Creek	54	0	151	0	0	0	0	0	0	0	0	0
N	Other Sites North Forelands to Susitna Drainage	162	1	105	26	0	0	0	1	13	1	0	0
N	Other Sites (South of North Forelands)	241	5	218	21	0	0	0	0	6	0	0	0
N	Wolverine Creek (by Big River Lakes)	2,318	0	988	4,475	0	0	0	0	3	0	0	0
P	Anchor River	199	42	16	0	0	0	0	0	66	0	0	0
P	Ninilchik River	257	52	38	0	0	0	0	0	13	0	0	0
P	Deep Creek	178	0	106	0	0	0	0	0	28	0	0	0

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Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
P	Russian River	299	0	1	203	0	0	0	0	0	0	0	0
P	Swanson River Canoe Route Lakes	58	0	0	0	0	3	0	0	0	1	0	0
P	Crescent Lake	125	0	0	173	0	0	0	1	11	123	0	0
P	Quartz Creek	53	0	0	0	0	0	0	0	6	0	0	0
P	Kasilof River below Highway	6,660	2,125	1,329	147	0	0	0	0	89	0	0	0
P	Kasilof River above Highway	89	9	78	4	0	1	0	0	3	0	0	0
P	Kasilof River reach not specified	316	132	6	17	0	0	0	0	2	0	0	0
P	Stocked Lakes	39	0	0	0	0	5	0	0	0	0	0	0
P	Other Lakes	177	0	0	5	0	17	0	0	0	2	0	0
P	Other Streams	408	0	185	3	0	0	0	0	1	0	0	0
P	Kenai River - Cook Inlet to Soldotna Bridge	30,234	6,522	8,823	621	0	73	0	0	76	0	0	0
P	Kenai River - Soldotna Bridge to Moose R	2,687	506	721	590	0	43	1	0	6	0	0	0
P	Kenai River - Moose River to Skilak Outlet	3,450	62	1,403	1,060	0	52	0	1	20	0	0	0
P	Kenai River - Skilak Inlet to Kenai Lake	7,572	3	196	2,947	0	68	0	5	76	0	0	0
P	Kenai River - reach not specified	557	74	102	154	0	1	0	0	0	0	0	0
Q	Buskin River	57	0	31	1	0	0	0	0	0	0	0	0
Q	Pasagshak River	115	0	42	43	0	0	0	0	8	0	0	0
Q	Roadside Streams	104	0	14	0	0	0	0	0	8	0	0	0
Q	Other Remote Lakes and Streams	998	2	363	631	0	1	0	0	103	0	0	0
Q	Roadside Lakes	169	0	69	3	0	0	0	0	15	0	0	0
Q	American River	39	0	4	0	0	0	0	0	6	0	0	0
Q	Buskin Lake	22	0	8	0	0	0	0	0	7	0	0	0
Q	Dog Salmon Creek (Frazer River)	343	10	0	894	0	0	0	0	20	0	0	0
Q	Olds River	69	0	18	0	0	0	0	0	0	0	0	0
Q	Ayakulik River (sometimes called Red River)	711	0	147	176	0	0	0	0	50	0	0	0
Q	Saltery River	1,171	11	444	1,147	0	0	0	13	379	1	0	0
Q	Uganik River	392	0	55	12	0	1	0	0	21	0	0	0
Q	Browns Lagoon River	55	0	22	5	0	0	0	0	8	0	0	0
Q	Zachar Bay Streams	102	0	74	0	0	0	0	0	40	0	0	0
Q	Karluk Lake and River above Weir	575	1	5	2	0	2	6	0	295	0	0	0
Q	Karluk Lagoon and River below Weir	600	0	604	609	0	4	0	0	58	0	0	0
R	Naknek River and Tributaries	1,881	361	1,136	586	0	1	0	0	0	0	0	0
R	Naknek Lake	233	0	0	0	0	0	0	5	3	0	3	0
R	Brooks River	833	0	1	10	0	0	0	0	0	0	0	0
R	Ugashik System	339	0	73	1	0	0	0	0	14	8	0	0
R	Becharof System	698	6	934	41	0	0	0	0	69	10	0	0
R	American Creek	1,574	0	9	0	0	31	0	3	66	0	0	0
R	Naknek R (Rapids Camp upstream to Naknek Lk)	1,706	82	1,523	1,720	0	11	0	0	15	0	0	0
R	Naknek River (dwnstream frm Rapids Camp)	686	298	422	209	0	0	0	0	3	1	0	0
R	Other Alaska Peninsula / Aleutian Streams	2,742	499	1,518	402	0	0	0	31	71	0	0	0
R	Other Alaska Peninsula / Aleutian Lakes	101	0	74	17	0	0	0	0	6	0	0	0

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Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
R	Other Streams	267	0	286	6	0	0	0	0	12	6	0	0
S	Kvichak River	2,218	66	357	2,267	0	29	0	0	4	27	0	0
S	Lower Talarik Creek	143	0	5	0	0	0	0	0	0	0	0	0
S	Copper River (Lake Iliamna Area)	1,390	0	0	236	0	0	0	0	0	0	0	0
S	Gibraltar Lake	69	0	0	3	0	0	0	0	0	0	0	0
S	Newhalen River	441	0	3	1,099	0	0	0	0	0	1	0	0
S	Alagnak (Branch) River	4,173	308	663	3,787	0	13	0	5	25	22	0	0
S	Lake Clark	330	0	0	2	0	0	0	3	0	0	0	0
S	Kulik River	1,448	0	0	0	0	50	0	0	0	0	0	0
S	Lake Iliamna	675	0	15	642	0	15	0	0	0	0	0	0
S	Nonvianuk Lake	79	0	0	19	0	1	0	4	0	0	0	0
S	Nonvianuk River (into Alagnak)	399	0	0	32	0	4	0	17	0	0	0	0
S	Pike Lakes	17	0	0	0	0	0	0	0	0	0	1	0
S	Tazimina River	141	0	0	2	0	0	0	0	0	2	0	0
S	Moraine Creek	1,237	0	0	4	0	27	0	0	0	4	0	0
S	Upper Talarik Creek	111	0	96	0	0	0	0	0	0	0	0	0
S	Battle River	364	0	0	0	0	17	0	0	0	0	0	0
S	Funnel Creek	103	0	0	0	0	3	0	0	0	0	0	0
S	Nanuktuk Creek	302	0	0	0	0	0	0	0	0	0	0	0
S	Kijik River	64	0	0	0	0	0	0	0	0	1	0	0
S	Kijik Lake	40	0	0	0	0	0	0	7	6	2	0	0
S	Gibraltar River	265	0	0	40	0	0	0	0	0	0	0	0
S	Kukaklek River (Big Ku) (into Alagnak)	549	0	0	276	0	4	0	1	0	0	0	0
S	Battle Lake	12	0	0	0	0	0	0	0	0	0	0	0
S	Little Kulik (into Nanuktuk Creek)	141	0	0	0	0	0	0	0	0	0	0	0
S	Other Lakes and Streams	62	0	10	0	0	0	0	0	0	0	0	0
T	Nushagak River System	913	245	52	3	0	5	0	0	3	0	1	0
T	Wood River Lakes System	768	14	317	154	0	2	0	0	14	2	1	0
T	Tikchik-Nuyakuk Lake System	355	0	0	120	0	1	0	9	1	5	21	0
T	Togiak River System	1,818	685	1,945	269	0	10	2	0	44	0	0	0
T	Mulchatna River	421	52	2	81	0	11	0	1	16	17	0	0
T	Agulowak River	1,073	0	26	995	0	0	0	0	14	2	2	0
T	Aleknagik Lake	148	0	67	41	0	0	0	0	0	0	3	0
T	Agulukpak River	480	0	0	6	0	6	0	0	11	0	0	0
T	Nushagak R - upstream of Mulchatna River	330	19	196	2	0	0	0	0	1	0	0	0
T	Nushagak River - Black Point to Sonar Site	3,178	1,825	296	16	0	2	0	0	3	0	0	0
T	Nushagak River - Sonar Site to Mulchatna	4,560	2,500	1,592	41	0	6	0	0	1	3	2	1
T	Other Lakes	57	0	0	0	0	0	0	0	0	0	1	0
T	Other Streams	788	46	472	81	0	0	0	0	0	0	0	0
	Other Lakes and Streams in SC	364	1	296	51	0	0	0	0	24	0	0	0
	SC Total	126,596	19,312	51,796	32,806	0	674	9	164	2,133	259	496	1

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/12/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G32.–Freshwater logbook effort and species released by area and site, Southcentral Alaska, 2008.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
J	Other Lakes	20	0	7	0	0	0	0	0	31	0	0	0
J	Other Streams	405	3	1,662	4	4	5	0	0	86	0	0	0
K	Knik Arm Lakes and Streams	1,889	40	146	0	0	246	0	0	0	0	0	0
M	Willow Creek	99	4	13	0	0	228	0	0	4	10	0	0
M	Clear Creek (Chunilna Creek)	265	22	32	18	0	55	0	0	23	13	0	0
M	Little Willow Creek	159	9	53	0	0	26	0	0	1	10	0	0
M	Indian River (into Susitna)	42	11	7	0	0	16	0	0	0	29	0	0
M	Talkeetna River	2,192	418	760	643	0	302	0	2	249	56	0	0
M	Other Lakes - East Susitna Drainage	33	0	0	4	0	7	0	4	128	101	48	0
M	Other Streams - East Susitna Drainage	389	24	38	18	0	202	0	0	8	10	12	0
M	Deshka River (Kroto Creek)	112	31	0	0	0	47	0	0	0	0	0	0
M	Lake Creek	3,415	355	728	370	0	2,594	0	0	1	1,024	35	0
M	Talachulitna River	2,592	991	2,918	599	0	1,266	0	0	137	589	56	0
M	Alexander Lake	45	0	0	0	0	0	0	0	0	0	723	0
M	Chelatna Lake	114	0	0	24	0	143	0	199	0	37	28	0
M	Eightmile Creek	115	9	147	0	0	6	0	0	0	0	0	0
M	Fish Lake Creek and Fish Lakes	408	16	23	49	0	0	0	0	0	0	87	0
M	Moose Creek (into Yentna)	59	18	4	0	0	0	0	0	0	0	0	0
M	Skwentna River	182	38	231	14	0	21	0	0	0	8	0	0
M	Susitna River	69	18	15	0	0	9	0	0	2	24	0	0
M	Yentna River Drainage (Remainder)	1,249	396	1,023	129	0	1,005	0	0	345	204	43	0
M	Yentna River	634	30	155	22	0	21	0	0	0	0	0	0
M	Deshka River (Kroto Creek) below weir	776	27	133	3	0	142	0	0	0	3	1	0
M	Indian Creek (into Yentna near Fish Lakes)	379	28	17	0	0	10	0	0	0	0	2	0
M	Other Lakes and Streams - West Susitna Drainage	282	13	140	5	0	4	0	0	2	11	310	0
M	Streams and Lakes	34	0	0	0	0	0	0	0	0	0	13	0
N	Chuitna River	221	14	428	0	0	22	0	0	31	0	0	0
N	Big River Lakes	5,329	0	1,574	6,553	0	2	0	0	72	0	0	0
N	Big River	16	0	12	2	0	0	0	0	29	0	0	0
N	Crescent Lake	245	4	6	89	0	89	0	57	1,105	42	14	0
N	Crescent River (Grecian River)	311	3	114	78	0	0	0	26	1,080	0	0	0
N	Kamishak River	255	0	477	0	0	0	0	0	1,606	5	0	0
N	Kustatan River	1,378	6	889	0	0	4	0	0	357	0	0	0
N	Silver Salmon Creek	142	0	222	2	0	0	0	0	197	0	0	0
N	Bachatna Creek	54	0	225	0	0	0	0	0	2	0	0	0
N	Other Sites North Forelands to Susitna Drainage	162	11	9	30	0	54	0	0	527	2	0	0
N	Other Sites (South of North Forelands)	241	1	332	15	0	3	0	0	670	0	0	0
N	Wolverine Creek (by Big River Lakes)	2,318	0	303	5,475	0	0	0	0	4	0	0	0
P	Anchor River	199	15	6	0	0	6	30	0	748	0	0	0
P	Ninilchik River	257	183	7	0	0	0	13	0	34	0	0	0
P	Deep Creek	178	94	41	0	0	2	45	0	78	0	0	0

-continued-

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Laake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
P	Russian River	299	0	1	164	0	525	0	0	111	1	0	0
P	Swanson River Canoe Route Lakes	58	0	0	0	0	161	0	0	0	0	0	0
P	Crescent Lake	125	1	0	39	0	30	0	8	74	107	0	0
P	Quartz Creek	53	0	0	26	0	15	0	0	625	1	0	0
P	Kasilof River below Highway	6,660	990	29	29	0	128	337	7	917	0	0	0
P	Kasilof River above Highway	89	7	0	0	0	12	7	0	12	0	0	0
P	Kasilof River reach not specified	316	55	5	0	0	12	1	0	13	0	0	0
P	Stocked Lakes	39	0	12	0	0	142	0	0	0	57	0	0
P	Other Lakes	177	0	15	12	0	553	0	0	83	302	0	0
P	Other Streams	408	1	307	42	0	241	14	0	798	121	0	0
P	Kenai River - Cook Inlet to Soldotna Bridge	30,234	2,304	310	130	0	2,111	0	0	1,202	0	0	0
P	Kenai River - Soldotna Bridge to Moose R	2,687	192	86	284	0	3,599	23	1	979	0	0	0
P	Kenai River - Moose River to Skilak Outlet	3,450	44	259	631	0	17,164	1	9	9,983	10	0	0
P	Kenai River - Skilak Inlet to Kenai Lake	7,572	14	132	2,179	1	26,761	2	41	28,552	29	1	0
P	Kenai River - reach not specified	557	33	29	24	0	900	0	0	1,409	0	0	0
Q	Buskin River	57	0	5	0	0	1	0	0	156	0	0	0
Q	Pasagshak River	115	0	121	10	0	0	0	0	17	0	0	0
Q	Roadside Streams	104	0	32	0	0	0	0	0	100	0	0	0
Q	Other Remote Lakes and Streams	998	158	470	2,059	0	76	85	0	1,297	8	0	0
Q	Roadside Lakes	169	0	161	15	0	0	0	0	34	0	0	0
Q	American River	39	0	1	0	0	0	0	0	200	0	0	0
Q	Buskin Lake	22	0	1	0	0	0	0	0	100	0	0	0
Q	Dog Salmon Creek (Frazer River)	343	12	60	1,181	0	10	51	0	146	0	0	0
Q	Olds River	69	0	2	2	0	0	0	0	114	0	0	0
Q	Ayakulik River (sometimes called Red River)	711	174	1,557	782	0	17	308	1	2,458	0	0	0
Q	Saltery River	1,171	0	231	885	0	59	3	10	3,232	2	0	0
Q	Uganik River	392	0	178	3	0	411	0	0	3,542	0	0	0
Q	Browns Lagoon River	55	0	0	0	0	0	0	0	19	0	0	0
Q	Zachar Bay Streams	102	0	72	0	0	0	0	0	44	0	0	0
Q	Karluk Lake and River above Weir	575	107	214	523	0	36	321	0	3,639	0	0	0
Q	Karluk Lagoon and River below Weir	600	7	204	369	0	0	21	0	576	0	0	0
R	Naknek River and Tributaries	1,881	425	959	616	1	4,281	0	742	1,666	776	55	0
R	Naknek Lake	233	0	5	52	0	956	7	418	163	93	164	0
R	Brooks River	833	0	1	819	3	4,108	0	41	99	6	0	0
R	Ugashik System	339	397	344	61	0	89	0	4	1,276	329	2	0
R	Becharof System	698	15	1,696	100	0	606	0	0	3,650	587	0	0
R	American Creek	1,574	0	6	261	0	7,532	0	18	13,329	81	8	0
R	Naknek R (Rapids Camp upstream to Naknek Lk)	1,706	310	344	1,082	0	3,319	0	12	456	46	11	0
R	Naknek River (dwnstream frm Rapids Camp)	686	147	118	249	0	246	0	0	10	0	45	0
R	Other Alaska Peninsula / AleutianStreams	2,742	1,679	6,231	500	0	560	490	27	3,673	1	0	0
R	Other Alaska Peninsula / Aleutian Lakes	101	0	206	7	0	251	0	50	32	8	0	0

-continued-

Appendix G32.–Page 3 of 3.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
R	Other Streams	267	2	993	8	0	995	0	2	304	53	35	0
S	Kvichak River	2,218	122	1,428	4,167	0	13,833	0	1	69	4,443	4	0
S	Lower Talarik Creek	143	0	66	11	0	1,837	0	0	6	60	0	0
S	Copper River (Lake Iliamna Area)	1,390	0	3	556	0	16,486	22	8	77	12	44	0
S	Gibraltar Lake	69	0	1	17	0	497	0	0	1	30	0	0
S	Newhalen River	441	0	2	629	0	502	0	30	35	471	126	0
S	Alagnak (Branch) River	4,173	1,064	1,347	5,162	1	9,659	2	49	388	3,253	3	1
S	Lake Clark	330	0	0	17	0	8	0	78	105	934	1,121	0
S	Kulik River	1,448	32	0	94	0	17,507	0	544	43	50	0	0
S	Lake Iliamna	675	0	0	1,698	0	1,525	4	2	2,238	0	10	0
S	Nonvianuk Lake	79	0	57	0	0	603	0	76	0	6	0	0
S	Nonvianuk River (into Alagnak)	399	1	47	111	14	3,057	0	70	28	6	0	0
S	Pike Lakes	17	0	0	0	0	0	0	0	0	0	101	0
S	Tazimina River	141	0	0	27	0	445	0	2	50	1,285	0	0
S	Moraine Creek	1,237	0	1	477	0	12,974	0	9	76	268	0	0
S	Upper Talarik Creek	111	0	129	25	0	540	0	1	0	1	0	0
S	Battle River	364	0	3	242	0	2,193	0	2	0	93	0	0
S	Funnel Creek	103	0	0	0	0	882	0	0	3	2	0	0
S	Nanuktuk Creek	302	0	0	20	0	3,714	0	1	668	100	0	0
S	Kijik River	64	0	0	0	0	0	0	0	0	617	0	0
S	Kijik Lake	40	0	0	0	0	0	0	35	30	185	0	0
S	Gibraltar River	265	0	3	192	0	3,992	0	0	0	6	0	0
S	Kukaklek River (Big Ku) (into Alagnak)	549	1	0	97	0	4,241	0	7	23	151	10	0
S	Battle Lake	12	0	0	0	0	104	0	3	0	0	0	0
S	Little Kulik (into Nanuktuk Creek)	141	0	0	2	0	1,469	0	1	125	9	0	0
S	Other Lakes and Streams	62	0	19	12	0	423	0	0	1	0	40	0
T	Nushagak River System	913	656	192	44	1	2,413	5	0	2,208	2,552	29	0
T	Wood River Lakes System	768	150	766	540	0	811	0	3	783	894	1,162	0
T	Tikchik-Nuyakuk Lake System	355	5	90	202	0	222	1	516	63	1,189	228	0
T	Togiak River System	1,818	1,211	8,489	247	1	874	0	65	3,974	54	32	0
T	Mulchatna River	421	218	563	47	0	780	5	28	954	1,722	15	0
T	Agulowak River	1,073	0	12	1,135	0	6,124	0	0	1,517	1,495	265	0
T	Aleknagik Lake	148	0	77	77	0	158	0	0	147	17	325	0
T	Agulukpak River	480	0	0	418	0	2,381	0	7	825	495	664	0
T	Nushagak R- upstream of Mulchatna River	330	40	282	22	0	1,518	0	0	1,105	1,183	0	0
T	Nushagak River - Black Point to Sonar Site	3,178	7,973	887	0	0	6	0	0	4	0	1	0
T	Nushagak River - Sonar Site to Mulchatna	4,560	8,434	7,420	68	0	136	1	14	134	155	40	1
T	Other Lakes	57	2	39	20	0	51	0	20	19	488	23	0
T	Other Streams	788	250	3,382	183	0	650	0	0	99	1,087	76	0
	Other Lakes and Streams in SC	364	29	28	7	0	90	0	0	381	21	0	0
	SC Total	126,596	30,094	53,627	43,856	26	195,149	1,799	3,251	108,826	28,130	6,012	2

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/12/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G33.–Freshwater logbook effort and species kept by area and site, AYK Alaska, 2008.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
I	Klutina River	1,571	688	4	266	0	4	0	0	84	21	0	0
I	Gulkana River (reach unspecified)	239	120	0	0	0	0	0	0	0	8	0	0
I	Gulkana River (West Fork to Highway)	754	384	0	11	0	0	2	0	1	0	0	0
I	Other Lakes and Streams	28	6	0	0	0	0	0	2	0	0	0	0
U	Other Lakes	946	0	117	9	0	68	0	0	1	2	20	0
U	Other Streams	210	10	36	0	0	0	0	0	3	10	0	0
V	Kanektok River (Quinhagak, Chosen)	2,812	243	813	194	0	0	0	0	39	1	0	0
V	Goodnews River	1,059	82	294	120	0	5	0	0	31	0	0	0
V	Aniak River	831	31	126	3	0	1	0	0	22	7	12	6
V	Holitna River	536	184	65	37	0	0	0	0	12	5	24	20
V	Lakes and Streams - Kuskokwim Bay	203	1	2	0	0	0	0	0	1	0	0	0
V	Other Lakes and Streams - Kuskokwim Drainage	662	0	90	3	0	0	0	3	7	6	0	0
W	Streams of Seward Peninsula/Norton Sound	920	49	972	4	0	0	0	0	225	8	0	0
Y	Streams of the Yukon River Drainage	992	72	244	1	0	0	0	0	5	15	12	8
	Other Lakes and Streams in AYK	70	0	0	0	0	0	0	0	0	0	1	26
AYK Total		11,833	1,870	2,763	648	0	78	2	5	431	83	69	60

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/12/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G34.–Freshwater logbook effort and species released by area and site, AYK Alaska, 2008.

Area	Description	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
			King	Coho	Sockeye								
I	Klutina River	1,571	193	1	58	0	5	0	0	12	18	0	1
I	Gulkana River (reach unspecified)	239	111	0	0	0	10	0	0	0	192	0	0
I	Gulkana River (West Fork to Highway)	754	226	0	4	0	17	0	21	1	10	0	0
I	Other Lakes and Streams	28	6	0	0	0	0	0	46	25	148	0	0
U	Other Lakes	946	0	31	9	0	772	0	0	1	189	54	0
U	Other Streams	210	3	28	0	0	1	0	0	15	1,288	100	4
V	Kanektok River (Quinhagak, Chosen)	2,812	842	6,041	588	1	7,195	0	2	9,737	1,501	26	0
V	Goodnews River	1,059	497	3,389	156	0	1,709	0	1	4,176	300	0	0
V	Aniak River	831	957	2,635	65	0	3,694	0	6	3,968	1,902	184	145
V	Holitna River	536	429	170	49	0	9	0	0	746	494	1,032	231
V	Lakes and Streams - Kuskokwim Bay	203	14	284	20	0	810	0	66	356	166	1	0
V	Other Lakes and Streams - Kuskokwim Drainage	662	149	1,149	17	0	5,730	0	16	6,025	2,753	3	0
W	Streams	920	373	5,036	5	0	0	0	0	2,770	1,636	25	6
Y	Streams	992	366	1,559	25	0	0	0	0	548	5,292	6,257	64
	Other Lakes and Streams in AYK	70	0	0	0	0	0	0	0	33	22	15	201
	AYK Total	11,833	4,166	20,323	996	1	19,952	0	158	28,413	15,911	7,697	652

Note: Responses of 3 or less businesses are not reported separately, to protect confidentiality of respondent. Data are current as of 08/12/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G35.–Freshwater logbook effort and species kept by region, Statewide, 2008.

Region	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
		King	Coho	Sockeye								
SE	10,730	92	5,931	1,087	25	7	2	0	602	1	0	0
SC	126,596	19,312	51,796	32,806	0	674	9	164	2,133	259	496	1
AYK	11,833	1,870	2,763	648	0	78	2	5	431	83	69	60
Total	149,159	21,274	60,490	34,541	25	759	13	169	3,166	343	565	61

Note: Data are current as of 08/12/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

Appendix G36.–Freshwater logbook effort and species released by region, Statewide, 2008.

Region	Angler Days	Salmon			Cutthroat	Rainbow	Steelhead	Lake trout	Dolly Varden	Grayling	Pike	Sheefish
		King	Coho	Sockeye								
SE	10,730	99	13,382	943	1,365	1,208	2,820	64	23,961	34	0	0
SC	364	29	28	7	0	90	0	0	381	21	0	0
AYK	11,833	4,166	20,323	996	1	19,952	0	158	28,413	15,911	7,697	652
Total	149,159	34,359	87,332	45,795	1,392	216,309	4,619	3,473	161,200	44,075	13,709	654

Note: Data are current as of 08/12/2009.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and areas.

HB 174

<TARGET><BILL>HB 174</BILL><SUBJECT>HB 174</SUBJECT><COMM>HRES27</COMM></TARGET>

REPRESENTATIVE
ERIC FEIGE
House District 12
House Resources Committee Co-Chair
Education Committee
Transportation Committee
Joint Armed Services Committee

Alaska State Legislature

During Session:
State Capitol Room 126
Juneau, Alaska 99801-1182
(907) 465-4859
Fax (907) 465-3799
1-888-465-4859

oil lease?

House of Representatives

Sponsor Statement

"An Act relating to the period in which a permit authorizing activities in the state related to mineral resources, oil or gas, or transportation projects is valid when activities authorized by the permit have been stayed by a court or administrative order."

Over the past several years the state of Alaska has established a permitting system and structure to help managers oversee various types of projects undertaken in Alaska. It is one of the most comprehensive permitting regimes in the world. Applicants must pass a rigorous system of checks to gain the permission of the state for their activities. They must reapply periodically to keep their permits current and up to date with changing regulations and other environmental conditions. I compare it to a pilot's checklist where items like the gear, flaps, and nosewheel steering are replaced by municipal, state and federal laws that need to be complied with.

Over the years, other organizations have used the court system to delay or terminate resource development projects throughout our state. In many cases they have attempted to obtain a stay of a project, effectively freezing a project in its tracks. Unfortunately the permits obtained for any project, usually at great expense, are often tied to the calendar and expire after a fixed time period. Environmental lawyers use the power of a stay to force a company to spend money on the renewal of permits and other expenses to bleed their cash reserves dry. Eventually the stay may be lifted and the suit determined to be frivolous, but the economic damage to a legitimate resource developer will be severe. This tactic does little beyond the existing permit system to advance the environments interests but hinders our resource based economy greatly.

HB 174 seeks to eliminate the "get a stay and bleed 'em" tactic employed by environmental lawyers. Under this bill, if an entity has obtained permits in conjunction with a project that is stayed as the result of court action then the expiration of those permits is automatically extended as long as the stay is in place. This in effect removes cost of permit renewal as a back door financial leveraging tactic and allows litigation to proceed fairly without undue cost to the defendant.

E-Mail: Representative.Eric.Feige@legis.state.ak.us

27th Legislature(2011-2011)

Bill History/Action for 27th Legislature

BILL: HB 174 **SHORT TITLE:** EXTENDING STAYED PERMITS

BILL VERSION:

CURRENT STATUS: (H) RES THEN JUD **STATUS DATE:** 02/25/11

SPONSOR(s): REPRESENTATIVE(s) FEIGE, Pruitt, Costello, Dick, Thompson, Saddler, Chenault, Johnson, Munoz, Hawker, T.Wilson, Fairclough, P.Wilson

TITLE: "An Act relating to the period in which a permit authorizing activities in the state related to mineral resources, oil or gas, or transportation projects is valid when activities authorized by the permit have been stayed by a court or administrative order."

Bill Number: Search Bills Next Bill

Full Text

Sponsor Statement

Display Committee Action with Bill History

Jrn-Date	Jrn-Page	Action
02/25/11	0344	(H) READ THE FIRST TIME - REFERRALS
02/25/11	0344	(H) RES, JUD
02/25/11	0344	(H) REFERRED TO RESOURCES
03/07/11	0393	(H) COSPONSOR(S): FAIRCLOUGH, P.WILSON

Similar Subject Match or Exact Subject Match

ADMINISTRATIVE PROCEDURE
COURTS
ENVIRONMENTAL CONCERNS
FISH & GAME (BOTH)
HIGHWAYS
INJUNCTIONS
MINERALS
MINING
MUNICIPALITIES
OIL & GAS
PERMITS
PUBLIC WORKS
RESOURCES
TRANSPORTATION

Bill Number: Display Bill

Next Bill

Return to Basis Main Menu (27th Legislature)

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
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FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM March 1, 2011

SUBJECT: Sectional summary of HB 174 (Work Order No. 27-LS0546\B)

TO: Representative Eric Feige
Attn: Linda Hay

FROM: Brian J. Kane BJK
Legislative Counsel

You have requested a sectional summary of HB 174, a bill relating to the period in which a permit authorizing activities in the state related to mineral resources, oil or gas, or transportation projects is valid when activities authorized by the permit have been stayed by a court or administrative order.

Please note that a sectional summary of a bill is not an authoritative interpretation of a bill. The bill itself is the best statement of its contents.

Section 1 of the bill, for purposes of Title 27 on mining, states that the amount of time in which a permit is valid shall be extended for an equal amount of time as the exploration, development, or production of mineral resources subject to the permit is stayed by an order of a court or administrative agency. The section also defines "court or administrative agency" and "permit."

Section 2 of the bill, for purposes of Title 31 on oil and gas, states that the amount of time in which a permit is valid shall be extended for an equal amount of time as the exploration, development, or production of mineral resources subject to the permit is stayed by an order of a court or administrative agency. The section also defines "court or administrative agency" and "permit."

Section 3 of the bill states that, for a project in the state transportation plan developed under AS 44.42.050 for which a permit is required, the amount of time in which a permit is valid shall be extended for an equal amount of time as the transportation project subject to the permit is stayed by an order of a court or administrative agency. The section also defines "court or administrative agency" or "permit."

BJK:plm
11-112.plm

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: **HB174**
() Publish Date

Identifier (file name) HB174-DNR-MLD-03-14-11
Title: EXTENDING STAYED PERMITS
Sponsor: Rep. Feige
Requester: House RES

Dept. Affected: Natural Resources
Appropriation: Resource Development
Allocation: Mining and Land Development
OMB Component Number: 2460

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (please identify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time	0	0	0	0	0	0	0
Part-time	0	0	0	0	0	0	0
Temporary	0	0	0	0	0	0	0

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version

Prepared by: Wyn Menefee, Acting Director — Phone: 269-8501
Division: Mining, Land & Water — Date/Time: 3/11/11 1:00 PM
Approved by: Daniel S. Sullivan — Date: 3/14/2011
Department of Natural Resources

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB174

Analysis

HB 174 requires state and municipal agencies, including the Department of Natural Resources (DNR), to extend the period of time for which certain authorizations are effective if the authorization has been stayed by a court or administrative order. Specifically, this bill applies to authorizations issued for mining activities under AS 27, projects authorized by the Oil & Gas Conservation Commission under AS 31, and transportation projects listed in the state transportation plan by the Alaska Department of Transportation & Public Facilities under AS 44.

DNR already routinely extends authorizations that have been stayed by a court or administrative order, therefore, the proposed legislation will not require the department to undertake any additional efforts that would require additional staff or resources.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: **HB174**
() Publish Date

HB174-DOT-SWDES-3-11-11
Title: Permit Extension
Sponsor: Rep Feige + 12
Requester: H RES

Dept. Affected: DOT&PF
Appropriation: Design & Construction
Allocation: SW Design & Engineering Svcs
OMB Component Number: 2357

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by: Brenda Hewitt
Division: Commissioner's Office
Phone: 465-4772
Date/Time: 3/13/11 12:00 AM

Approved by: Marc Luiken, Commissioner
Commissioner's Office
Date: 3/13/2011

(Revised 12/29/2010 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB174

Analysis

House Bill 174 requires state and municipal agencies to extend the time period for permits if the permit has been stayed by a court or administrative order.

This bill would have zero fiscal impact on the Department of Transportation.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **27-LS0546\B**
() Publish Date

Identifier (file name) HB174-DEC-CO-03-10-11
Title Extending Stayed Permits
Sponsor Representative Feige
Requester House Resources Committee

Dept. Affected Environmental Conserv
Appropriation Administration
Allocation Office of the Commissioner
OMB Component Number 633

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0		0.0	0.0	0.0	0.0	0.0
Grants	0.0		0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0		0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0		0.0	0.0	0.0	0.0	0.0
1004 GF	0.0		0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0		0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0		0.0	0.0	0.0	0.0	0.0
Other (please identify)	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time	0.0		0.0	0.0	0.0	0.0	0.0
Part-time	0.0		0.0	0.0	0.0	0.0	0.0
Temporary	0.0		0.0	0.0	0.0	0.0	0.0

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by Mary Siroky, Director
Division Administrative Services
Approved by Dan Easton
Deputy Commissioner

Phone (907) 465-5256
Date/Time 3/10/11 10:25 AM
Date 3/11/2011

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 174

Analysis

There are no fiscal impacts on the Department of Environmental Conservation programs from this proposed legislation.

HB 185

<TARGET><BILL>HB 185</BILL><SUBJECT>HB 185</SUBJECT><COMM>HRES27</COMM></TARGET>

HOUSE COMMITTEE REPORT

(9)
Date Referred to Committee: March 10, 2011 **FURTHER REFERRALS:**

Date of Committee Action: 3/28/2011

The RESOURCES Committee considered: **HB 185**

HOUSE BILL NO. 185
"An Act relating to an exemption from authorizations that may be required by the Department of Environmental Conservation for the firing or other use of munitions on active ranges."
HB 185-EXEMPT DISCHARGES FROM USE OF MUNITIONS

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB 185 (RES)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES**
*FN# is assigned by Chief Clerk's Office

*FN#	List by Dept(s):	Fiscal	Indet.	Zero
	DEC			X

***PREVIOUS* FISCAL NOTES**

FN#	List by Dept(s):	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
Berta Gardner	Gardner			X	
Lesil Foster	Foster	X			
Cathy Muñoz	Muñoz	✓			
Peggy Wilson	WILSON	↘			
[illegible]	HERRON	X			
[illegible]	Dick	↘			
Chair: [illegible]	FEIGE	X			
Chair: Paul Seaton	Seaton	X			

CS FOR HOUSE BILL NO. 185(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVE TAMMIE WILSON

A BILL

FOR AN ACT ENTITLED

"An Act relating to an exemption from authorizations that may be required by the Department of Environmental Conservation for the firing or other use of munitions on active ranges."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 46.03.100(e) is amended to read:

(e) This section does not apply to

(1) a person discharging only domestic sewage into a publicly owned treatment works;

(2) disposals subject to regulation under AS 31.05.030(e)(2);

(3) injection projects permitted under AS 31.05.030(h);

(4) discharges of solid or liquid waste material or water discharges from the following activities if the discharge is incidental to the activity and the activity does not produce a discharge from a point source, as that term is defined in regulations adopted under this chapter, into any waters of the United States:

(A) mineral drilling, trenching, ditching, and similar activities;

(B) landscaping;

(C) water well drilling and geophysical drilling; or

(D) drilling, ditching, trenching, and similar activities associated with facility construction and maintenance or with road or other transportation facility construction and maintenance; however, the exemption provided by this subparagraph does not relieve a person from obtaining a prior authorization under this section if the drilling, ditching, trenching, or similar activity will involve the removal of the groundwater, stormwater, or wastewater runoff that has accumulated and is present at an excavation site for facility, road, or other transportation construction or maintenance and a prior authorization is otherwise required by this section;

(5) bilge pumping, unless the bilge product pumped may be expected to yield an oily sludge, emulsion, or sheen on the surface of any water of the state;

(6) cooling water discharges from a boat or vessel into any surface water of the state; or

(7) the firing or other use of munitions in training activities conducted on active ranges, including active ranges operated by the United States Department of Defense or a United States military agency **or service**, unless **otherwise regulated under 33 U.S.C. 1251 - 1376 (Federal Water Pollution Control Act), as amended** [IT RESULTS IN A DISCHARGE INTO WATERS OF THE UNITED STATES].

27-LS0506\E
Bullard
3/14/11

CS FOR HOUSE BILL NO. 185( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE TAMMIE WILSON

A BILL

FOR AN ACT ENTITLED

"An Act relating to an exemption from authorizations that may be required by the Department of Environmental Conservation for the firing or other use of munitions on active ranges."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 46.03.100(e) is amended to read:

(e) This section does not apply to

(1) a person discharging only domestic sewage into a publicly owned treatment works;

(2) disposals subject to regulation under AS 31.05.030(e)(2);

(3) injection projects permitted under AS 31.05.030(h);

(4) discharges of solid or liquid waste material or water discharges from the following activities if the discharge is incidental to the activity and the activity does not produce a discharge from a point source, as that term is defined in regulations adopted under this chapter, into any waters of the United States:

(A) mineral drilling, trenching, ditching, and similar activities;

(B) landscaping;

(C) water well drilling and geophysical drilling; or

(D) drilling, ditching, trenching, and similar activities associated with facility construction and maintenance or with road or other transportation facility construction and maintenance; however, the exemption provided by this subparagraph does not relieve a person from obtaining a prior authorization under this section if the drilling, ditching, trenching, or similar activity will involve the removal of the groundwater, stormwater, or wastewater runoff that has accumulated and is present at an excavation site for facility, road, or other transportation construction or maintenance and a prior authorization is otherwise required by this section;

(5) bilge pumping, unless the bilge product pumped may be expected to yield an oily sludge, emulsion, or sheen on the surface of any water of the state;

(6) cooling water discharges from a boat or vessel into any surface water of the state; or

(7) the firing or other use of munitions in training activities conducted on active ranges, including active ranges operated by the United States Department of Defense or a United States military agency **or service**, unless **otherwise regulated under 33 U.S.C. 1251 - 1376 (Federal Water Pollution Control Act), as amended** [IT RESULTS IN A DISCHARGE INTO WATERS OF THE UNITED STATES].

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **27-LS0506\B**
() Publish Date

Identifier (file name) HB185-DEC-WQ-03-11-11
Title Exempt Discharges from Use of Munitions
Sponsor Representative T. Wilson
Requester House Resources Committee

Dept. Affected Environmental Conserv
Appropriation Division of Water
Allocation Water Quality
OMB Component Number 2062

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0		0.0	0.0	0.0	0.0	0.0
Grants	0.0		0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	0.0		0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0		0.0	0.0	0.0	0.0	0.0
1004 GF	0.0		0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0		0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0		0.0	0.0	0.0	0.0	0.0
Other (please identify)	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by Lynn J. Tomich Kent, Director
Division Water
Approved by Dan Easton
Deputy Commissioner

Phone (907) 269-7599
Date/Time 3/11/11 8:00 AM
Date 3/11/2011

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 185

Analysis

There are no fiscal impact on the Department of Environmental Conservation's Water programs from this proposed legislation.

STATE OF ALASKA

SEAN PARNELL, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

555 Cordova Street
Anchorage, AK 99501-2617
PHONE: (907) 269-7599
FAX: (907) 334-2415
http://www.state.ak.us/dec/

DIVISION OF WATER
DIRECTOR'S OFFICE

March 21, 2011

The Honorable Paul Seaton
House of Representatives
Alaska State Capitol, Room 102
Juneau, AK 99801-1182

The Honorable Eric Feige
House of Representatives
Alaska State Capitol, Room 126
Juneau, AK 99801-1182

Dear Representatives Seaton and Feige:

At the March 18 House Resources Committee meeting on CSHB 185, this Department and the Department of Law were asked to provide additional information to the committee. The Department has conferred with the Department of Law on the following information.

What does the Federal Water Pollution Control Act regulate?

The federal Clean Water Act (CWA) prohibits the discharge of pollutants, which includes munitions, into navigable waters without a permit. "Navigable waters" are defined as "waters of the United States, including the territorial seas." "Waters of the United States" are defined in EPA regulation as follows:

> 40 CFR 230.3(s) The term *waters of the United States* means:
> (1) All waters which are currently used, or were used in the past, or may be susceptible to use in interstate or foreign commerce, including all waters which are subject to the ebb and flow of the tide;
> (2) All interstate waters including interstate wetlands;
> (3) All other waters such as intrastate lakes, rivers, streams (including intermittent streams), mudflats, sandflats, wetlands, sloughs, prairie potholes, wet meadows, playa lakes, or natural ponds, the use, degradation or destruction of which could affect interstate or foreign commerce including any such waters:
> (i) Which are or could be used by interstate or foreign travelers for recreational or other purposes; or
> (ii) From which fish or shellfish are or could be taken and sold in interstate or foreign commerce; or
> (iii) Which are used or could be used for industrial purposes by industries in interstate commerce;
> (4) All impoundments of waters otherwise defined as waters of the United

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States under this definition;
(5) Tributaries of waters identified in paragraphs (s)(1) through (4) of this section;
(6) The territorial sea;
(7) Wetlands adjacent to waters (other than waters that are themselves wetlands) identified in paragraphs (s)(1) through (6) of this section; waste treatment systems, including treatment ponds or lagoons designed to meet the requirements of CWA (other than cooling ponds as defined in 40 CFR 423.11(m) which also meet the criteria of this definition) are not waters of the United States. Waters of the United States do not include prior converted cropland. Notwithstanding the determination of an area's status as prior converted cropland by any other federal agency, for the purposes of the Clean Water Act, the final authority regarding Clean Water Act jurisdiction remains with EPA.

The types of waters that are included in "waters of the United States" have been the subject of much litigation nationwide and its interpretation is continually in a state of flux as courts around the country interpret it on a case-by-case basis.

What is the old state policy vs. the "new" state policy regarding permitting of munitions discharges?

Alaska Statute (AS) 46.03.100 prohibits the discharge of solid or liquid waste to the lands and waters of the state. It has been longstanding state policy via AS 46.03.100(e)(7) to exempt firing ranges from these state permitting requirements.

The CWA, however, requires a permit for discharges of munitions to "waters of the United States" and in order for the Department to receive primacy to issue wastewater discharge permits under the CWA, we had to resolve the discrepancy between the CWA requirement and the longstanding state policy to exempt firing ranges from permit requirements. We did this in a change to AS 46.03.100(e)(7), passed in 2008 (sec. 4, ch. 17, SLA 2008), by adding a phrase to the existing state permitting exemption for firing ranges -- ". . . unless it results in a discharge into waters of the United States." While this change made Alaska's statutes consistent with the requirements of the CWA and was ultimately approved by the EPA in the state's request for primacy, it has the potential to cause the state to be more restrictive (i.e. more stringent) than the CWA or longstanding state policy. This is because the Department of Defense has been working with EPA on the federal requirement to obtain a permit for the discharge of munitions into waters of the United States. So, if that requirement changes, no CWA permit is required, and the state statute remains as is, then the state statute would still require a munitions range operator to obtain a permit, thus exceeding the requirements of the CWA. To avoid that scenario, the goal of CSHB 185 is to match the federal requirements by citing to the CWA.

CSHB 185 would only require the state to issue a permit if it is required to do so under the CWA. It is a subtle, but important change that will retain the state policy to exempt ranges from permitting requirements for munitions discharges to the

land and for discharges to waters that are not required to have a permit under the CWA.

Are non-military training ranges covered by the permit exemption of AS 46.03.100(e)(7)?

Yes - all firing ranges used for training activities on active ranges are exempt from state permitting requirements unless use of the ranges results in a discharge into waters of the United States. CSHB 185 will also exempt all firing ranges used for training activities on active ranges unless the discharge requires a permit under the Clean Water Act.

What is the definition of "active ranges?"

A military representative described "active ranges" from their perspective during the hearing. There is no legal definition of "active range" in state statutes, however, from a permitting perspective an "active range" is one where there are discharges occurring – the range is in use, or will be in use during the 5-year life of a permit (if a permit is required).

Sincerely,

Lynn J. Tomich Kent

Lynn J. Tomich Kent
Director

cc: Lindsay Wolter, Department of Law

Alaska State Legislature
House of Representatives
Representative Tammie Wilson

Interim
301 Santa Clause Lane
North Pole, AK 99705
(907) 488.0857 - Phone
(907) 488.4271 - Fax

Session
State Capitol
Juneau, AK 99801
Phone - (907) 465.4797
Fax - (907) 465.3884

Rep.Tammie.Wilson@legis.state.ak.us

Sponsor Statement

House Bill 185 –27th Legislature

HB 185 amends Alaska's Waste Management and Disposal Authorization (AS 46.03.100(e)) such that the use of military ranges can occur in accordance with the Federal Water Pollution Control Act.

Additionally, HB 185 clarifies that all military services, such as the U.S. Coast Guard, conducting training activities on an active range, would be exempt from regulation unless otherwise regulated under the Federal Water Pollution Control Act.

This amendment is important because current state law could be interpreted to restrict the use of Alaska military ranges in a way not required by federal law.

This bill is supported by DMVA, DEC, and the Region 10 USAF Regional Environmental Coordinator Office.

I appreciate the committee's consideration for this bill and request your support.

FEDERAL WATER POLLUTION CONTROL ACT (CLEAN WATER ACT)

33 U.S.C. §§ 1251-1387, October 18, 1972, as amended 1973-1983, 1987, 1988, 1990-1992, 1994, 1995 and 1996.

Overview. The Federal Water Pollution Control Act, popularly known as the Clean Water Act, is a comprehensive statute aimed at restoring and maintaining the chemical, physical and biological integrity of the nation's waters. Enacted originally in 1948, the Act was amended numerous times until it was reorganized and expanded in 1972. It continues to be amended almost every year.

Even prior to the enactment of the 1972 version of the Act, the Act authorized the Public Health Service to prepare comprehensive programs for eliminating or reducing the pollution of interstate waters and tributaries and improving the sanitary condition of surface and underground waters. Due regard was to be given to improvements necessary to conserve waters for public water supplies, propagation of fish and aquatic life, recreational purposes, and agricultural and industrial uses. A number of other provisions found in the current Act were adopted prior to 1972.

Primary authority for the implementation and enforcement of the Clean Water Act now rests with the U.S. Environmental Protection Agency (EPA). In addition to the measures authorized before 1972, the Act authorizes water quality programs, requires federal effluent limitations and state water quality standards, requires permits for the discharge of pollutants into navigable waters, provides enforcement mechanisms, and authorizes funding for wastewater treatment works construction grants and state revolving loan programs, as well as funding to states and tribes for their water quality programs. Provisions have also been added to address water quality problems in specific regions and specific waterways.

Discharge Permits. One of the most significant features of the 1972 Act is the creation of a national pollutant discharge elimination system (NPDES). Except as otherwise provided in the Act, industrial sources and publicly owned treatment works may not discharge pollutants into navigable waters without a permit. The Administrator may issue a permit for discharge upon condition that the discharge meets applicable requirements, which are outlined extensively in the Act and which reflect, among other things, the need to meet federal effluent limitations and state water quality standards. The Act also provides that, with EPA approval, a state may administer its own permit program in lieu of the federal program. There are special provisions on municipal and industrial stormwater discharges. § 1342.

EPA was required, by mid-1973, to promulgate guidelines for determining the degradation of the waters of the territorial seas, the contiguous zone and the oceans. These guidelines were to include, for example: the effect of disposal of pollutants on human health or welfare, including but not limited to plankton, fish, shellfish, wildlife, shorelines and beaches; the effect on marine life, changes in marine ecosystem diversity, productivity and stability, or species and community population changes; the effect of disposal of pollutants on aesthetic, recreation and economic values. Discharge permits may not be issued except in compliance with the guidelines. § 1343.

DEPARTMENT OF THE AIR FORCE
REGIONAL ENVIRONMENTAL COORDINATOR
SAN FRANCISCO, CALIFORNIA 94105-2230

9 March 2011

Clare R. Mendelsohn
Department of Defense
Regional Environmental Coordinator Region 10
50 Fremont St Ste 2450
San Francisco, CA 94105

The Honorable Tammie Wilson
Alaska House of Representatives
State Capitol, Room 415
Juneau, AK 99801-1182

Dear Representative Wilson:

As the Department of Defense (DOD) Regional Environmental Coordinator (REC) for the states in U.S. Environmental Protection Agency (US EPA) Region X, including Alaska, and on behalf of all the military services, I am responsible for coordinating responses to various environmental policies or regulatory matters of interest. I appreciate the opportunity to provide comments on the proposed amendment to Alaska's Clean Water Act (AK CWA).

DoD and Alaska have a long and proud history of cooperation. Alaska's military installations and training range areas within the state are crucial to DoD's worldwide mission. In this spirit of cooperation, DoD has worked with the Alaska Department of Environmental Conservation (ADEC), Alaska Office of the Attorney General, US EPA, the Alaska Military Force Advocacy and Structure Team (AMFAST), and other interested stakeholders to develop this amendment.

As background, under AS §46.03.100, the disposal of solid or liquid waste material into waters or onto land of the state is prohibited without authorization from ADEC. Importantly, the statute was amended in 2008 when Alaska sought US EPA approval of its CWA program (Alaska Pollutant Discharge Elimination System). As a result, the statutory exclusion for military ranges under AS §46.03.100(e)(7) was modified so that it now excludes "the firing or other use of munitions in training activities conducted on active ranges, including active ranges operated by the United States Department of Defense or a United States military agency, ***unless it results in a discharge into waters of the United States***."

This existing language in Alaska's statute ("unless it results in a discharge into waters of the United States") might be interpreted to restrict the use of Alaska military ranges in a way that is not required under the federal Clean Water Act. To alleviate this concern, the proposed amendment would allow the use of military ranges "unless otherwise regulated by the Federal Water Pollution Control Act." Besides helping ensure military ranges can be used in accordance with federal law, federal and Alaska state agencies agree this amendment will not jeopardize continued US EPA approval of Alaska's CWA program.

The benefit of the proposed amendment to the military in Alaska will be to ensure questions regarding the application of the AK CWA to military ranges are determined in accordance with the federal Clean Water Act. Moreover, while there may be uncertainty as to how the federal Clean Water Act program might apply to military ranges, the proposed amendment will not preclude Alaska agencies, the military, USEPA, or a private plaintiff from making any appropriate arguments under the federal statute. Thus, unless amended, the application of the AK CWA to military ranges might be inconsistent with the application of clean water programs in other states. Finally, because ADEC plans to apply its CWA program to munitions starting on October 31, 2011, DoD strongly supports passing this amendment in the 2011 legislative session.

In closing, this amendment will help ensure Alaska's continued capacity to host sustainable military readiness training for our outstanding airmen, soldiers, and sailors. We welcome the opportunity to provide you with any additional information as you consider this important legislation that has the potential to impact DoD installations.

Thank you for the opportunity to provide comment on this proposed amendment.

Sincerely



CLARE R. MENDELSOHN
DoD Regional Environmental Coordinator, Region 10

STATE OF ALASKA

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

OFFICE OF THE COMMISSIONER

Sean Parnell, GOVERNOR

P. O. BOX 5800

Ft Richardson, ALASKA 99505-5800

PHONE: (907) 428-6003

March 10, 2011

The Honorable Tammie Wilson
Alaska House of Representatives
State Capitol, Room 415
Juneau, Alaska 99801-1182

Representative Wilson,

I fully support the proposed amendment to the Alaska Clean Water Act. This amendment minimizes the opportunities for interruption to critical military training while maintaining a high level of environmental protection according to the Federal Water Pollution Control Act.

The United States Military presence in Alaska is vital to the state's safety, security, and economic stability. We must take every opportunity to empower the men and women of the military with the best training scenarios available. Alaska offers premier military training areas that are unmatched by any other location in the world. Although continued military training is critical, the protection of the natural environment on which the training is conducted is equally important. The amendment to the Alaska Clean Water Act both enhances military training capabilities and ensures the protection of Alaska's pristine environment.

Thank you for your efforts regarding this amendment. Your continued support of the United States Military in Alaska and your desire to protect Alaska's natural environment is very much appreciated.

Sincerely,

Thomas H. Katkus

Thomas H. Katkus
Major General, AKARNG
The Adjutant General-Alaska

HB 186

<TARGET><BILL>HB 186</BILL><SUBJECT>HB 186</SUBJECT><COMM>HRES27</COMM></TARGET>

ALASKA STATE LEGISLATURE
REPRESENTATIVE ALAN DICK

HOUSE DISTRICT 6

Alaska State Capitol
Juneau, Alaska 99801
Representative_Alan_Dick@legis.state.ak.us

(907) 465-4527
1-800-491-4527
(907) 465-2197 Fax

"STRONG VALUES IN UNCERTAIN TIMES"

Alatna
Allakaket
Alcan
Aniak
Anvik
Arctic Village
Beaver
Beluga
Bettles
Birch Creek
Boundary
Central
Chalkyitsik
Chandalar
Chandalar Lake
Chicken
Chistochina
Chitina
Chuathbaluk
Circle
Coldfoot Camp
Copper Center
Crooked Creek
Deltana
Dot Lake
Dry Creek
Eagle
Eagle Village
Evansville
Flat
Fort Greely
Fort Yukon
Fortuna Ledge
Gakona
Galena
Georgetown
Grayling
Gulkana
Healy Lake
Holy Cross
Hughes

Huslia
Kaltag
Kennicott
Kenny Lake
Koyukuk
Lake Minchumina
Lime Village
Livengood
Manley Hot Springs
Marshall
McCarthy
McGrath
Medfra
Mentasta Lake
Minto
Nabesna
Nenana
Nikolai
Northway
Nulato
Ophir
Rampart
Red Devil
Ruby
Russian Mission
Shageluk
Slana
Sleetmute
Stevens Village
Stony River
Takotna
Tanacross
Tanana
Tazlina
Telida
Tetlin
Tok
Tonsina
Tyonek
Venetie
Wiseman

MEMORANDUM

To: Representative Eric Feige, Co-Chair
Representative Paul Seaton, Co-Chair
House Resources Committee

From: Representative Alan Dick, District 6

Date: March 11, 2011

RE: Hearing Request for HB 186 – WOOD BISON

Dear Sirs,

I respectfully request you schedule House Bill 186 – *Wood Bison* – for hearing before the House Resources Committee for the earliest possible convenience. In furtherance of this request, please find attached:

Sponsor Statement
HB 186 – Version I

Electronic copies of the above are available on BASIS and will be transmitted to House Resource Committee staff.

Thank you for your Consideration,

Representative Alan Dick, House District 6

SPONSOR STATEMENT

House Bill 186
Wood Bison

Wood bison are an endangered species .The only herd of Wood bison in the whole United States resides in the Wildlife Conservation Center in Portage, AK awaiting release. They have been promised a 10-J exemption to the Endangered Species Act.

Alaska Department of Fish and Game has planned for years to introduce those bison into the Innoko River drainage, close to the villages of Shageluk, Anvik, Holy Cross and Grayling.

The people of that area have cooperated with ADF&G, unaware of the potential long-term, irreversible impact of introducing an endangered species.

The Federal Government has never passed up on an opportunity to lock up Alaskan lands. Environmental groups are not likely to wait long before filing litigation against the 10-J exemption.

The history of Federal and State governments, combined with the unwavering assault against development in Alaska by environmental groups makes the introduction of an endangered species an extremely risky venture that should not be undertaken without serious deliberation. This is not a scientific issue, nor a food issue. It is a totally political issue with grave long-term consequences for any region of the state.

This bill does not prohibit the introduction of the Wood Bison. It simply requires that the introduction occur with permission of the Alaska State Legislature. This safeguards people of any area of Alaska from the introduction of Trojan Bison without fully informed counsel.

In 40 years of conflict in the Delta Junction area the State of Alaska has done very little to resolve the unintended consequences that occurred from the introduction of Plains bison into the region in the 1920's. The unintended consequences that will result from the introduction of Wood bison into the Innoko area will be much more significant than those in the Delta area. Those who think they will be eating Wood bison in ten years will more likely become embroiled in a lawsuit within two.

Wood Bison and Polar Bears

The following thoughts are intended to show a correlation between what is happening with polar bears in Northern Alaska and what may happen on the middle Yukon if wood bison, which are an endangered species, are released into the wilderness. It is not a commentary on the wood bison themselves or on the various groups who have worked long and hard to help bring about what might have been a great idea if it weren't for wood bison having been listing as an endangered species.

"In the early 1970s, the polar bear numbers were estimated at about 5000, dwindled down significantly due to over-hunting. Today the bear population is five times higher at about 25,000 thanks to efforts made by the Marine Mammal Protection Act of 1972"[1].

It's funny how people are: Environmentalists believe what environmentalists believe and capitalist believe what capitalists believe. To a hard core environmentalist everything is evidence of the need for greater environmental activism. For example, even after acknowledging that there is disagreement in the field and that some groups claim bear populations to be as much as 5 times greater than in the 70's they still see the need to call for them to be listed as endangered (threatened is just not strong enough).

On the other hand capitalist believe what capitalists believe. They see the same evidence (of increasing numbers) and therefore see no need to even consider the polar bear as an issue. They want to proceed ahead with no concern.

The truth lies somewhere in the middle.

When Canada listed polar bears as nothing more than a "special concern" they were being realistic to the situation: Polar bears were not at risk of going extinct. Nunavut polar bear biologist, Mitchell Taylor, who was formerly responsible for polar bear conservation in the territory, insists that bear numbers are being sustained under current hunting limits[2].

But here in the US decisions were made based more on political than scientific evidence.

When the US listed them as threatened they turned it into more of a political than scientific decision. According to Cato Institute's Patrick Michaels they were basing their decision on "obsolete science".

Every reasonable American should consider himself or herself as an environmentalist, meaning someone who is rightly concerned with properly protecting the environment that we must all live in. But no reasonable American should base such important issues on either extreme environmentalism or on unfettered Capitalism. There needs to be a balance. Balance does not preclude responsible development of resources at the same time as protecting our environment.

Because of the polar bear being listed as "threatened" "Two environmental groups filed a notice that they plan to sue the federal government for not imposing new regulations concerning oil and gas development in Alaskan waters..."[1]. The Center of Biological Diversity and Pacific Environment are claiming that the Interior Department is in violation of the Endangered Species Act by allowing oil companies to continue their operations unchecked".

"On the other side of the pendulum swing comes a lawsuit that will sue the U.S. government for listing the polar bear as a threatened species, arguing that it'll slow development activities in Alaska. Any development requiring federal permits or funds would have to go through a time-consuming but required consultation, mandated by the Endangered Species Act making certain the polar bear was not being jeopardized".

This is what is happening in northern Alaska as a result of polar bears being listed with the lower designation of being a "threatened" but not "endangered" species.

Under the Endangered Species Act the government severely restricts one's ability to hunt, kill or eat an animal on either the threatened or endangered list, so that their population will increase, and the government restricts the use of the land for development in the area where such animals live (120 million acres in the case of polar bears) so that their population will increase.

The government has granted some exemptions for the wood bison that were previously imported into Alaska that have not yet been released into the wild. These exemptions remove many of the restrictions that normally apply to an endangered species. But we see from the above described situation with polar bears that regardless of the government's position regarding an exemption for these particular bison – special interest groups **do** sue the government about their decisions.

The same may happen to us here once the wood bison are introduced into the Lower Yukon. Some group, or groups, are likely to sue the government challenging the exemptions that have been given and if they prevail it doesn't matter at all that we have assurances in writing that they will not treat them as an endangered species.

No matter how much we might want to encourage the importation of large-game meat animals into our back yard for the advantage that it will be to us in the way of food – do we want them to be animals that **have already been labeled** as an Endangered Species and then hope against experience that the courts won't force the federal government to rescind their exceptions to the Endangered Species Act and restrict our rights to our own land while the bison population enlarges and the animals roam free?

Why not look into bringing in the same number of plains bison from the 4 existing herds that have been successfully living in the state for many years? The Delta Junction task force has asked the state to reduce the number of the herd in the area of Delta. Moving some of these bison might benefit both groups. The same benefits could accrue to the Innoko river area residents by importing plains bison but without the concern of them being an endangered species that exist with wood bison.

And why not consider importing moose (or even musk ox) from elsewhere in the state?

[1] http://www.thegreenrocket.com/2008/06/23/the-polar-bear-controversy-compiled/

[2] a b Taylor, Mitchell K. (6 April 2006) (PDF). Review of CBD Petition. Letter to the U.S. Fish and Wildlife Service. http://www.ff.org/centers/csspp/pdf/200701_taylor.pdf. Retrieved 8 September 2007.

BISON IN THE INNOKO

Posted on MarchUTCbSun, 06 Mar 2011 10:35:18 +0000000000amSun, 06 Mar 2011 10:35:18 +000011 21, 2011 by Representative Alan Dick

I'm really concerned about the Department of Fish and Game trying to introduce wood bison in the mouth of the Innoko, near Shageluk, Holy Cross, Anvik and Grayling. Wood bison are an endangered species. The ADF&G says they can get a 10J exemption for the Endangered Species Act and the Federal Government has never repealed a 10J exemption yet.

Right! And when did the Feds pass up a chance to lock up Alaska. I trust the governor, and trust the commissioner, but have absolutely NO trust for the Federal Government. They could introduce the bison, and two weeks later lift the 10J exemption and lock up the whole middle Yukon.

Look at what the Feds did with the polar bears. There are more polar bears than ever, and the Feds used their issues to lock up Northwestern Alaska.
ADF&G claims that the wood bison were in that area 500 years ago, but cultural historians have no record that I've been able to find.

Don't kid yourself. The Feds violated the Statehood act and locked up land with ANILCA. President Obama is trying to violate ANILCA to lock up more of Alaska – hundreds of thousands of acres.
I don't know what their plan is, but it doesn't include your best interest or mine.

At the same time, ADF&G has allowed the conflict to continue in Delta where the bison, introduced 80 years ago, are doing crop damage to farmers' crops. The community is divided, working groups have met again and again, but there is still NO solution to the bison problem in Delta Junction.

I'm working on a bill that will forbid ADF&G from introducing the bison without Legislative approval. The intent is that the bison could be introduced, but not without meaningful input from locals and those who represent them.

I have freely roamed Western Alaska, and would love to see the bison roam free too, but as things are their freedom may end up with our bondage. We cannot give the Feds yet another chance to lock up more of our land.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **HB 186 \I**
() Publish Date

Identifier (file name) HB186-DFG-WC-04-01-11
Title Wood Bison
Sponsor Representative Dick, Feige
Requester House Resources Committee

Dept. Affected ADF&G
Appropriation Wildlife Conservation
Allocation Wildlife Conservation
OMB Component Number 473

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version of bill.

Prepared by David Thomson, Administrative Operations Manager — Phone 465-6194
Division Wildlife Conservation — Date/Time 4/1/11 4:00 PM
Approved by Kevin Brooks, Administrative Services Director — Date 4/1/2011
Department of Fish and Game

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 186 \I

Analysis

House Bill 186 requires DF&G to receive legislative approval in order to import wood bison into the state or relocate them to a new area. DF&G will incur no costs associated with seeking legislative approval to import or relocate wood bison.

Dick

Information regarding backup materials provided in conjunction with HB186 – Wood Bison

Wood Bison – Proposed Rule to Downlist

Contains valuable information about Wood bison and notice that status might change to threatened.

Federal Register/Vol. 76, No. 26/Tuesday February 8, 2001/Proposed Rules

Substantiates the possible downlisting from Endangered to Threatened.

Quote from ADFG Wood Bison News – Issue Number 4, Winter 2008-09, p.6

Shows that it is not likely that Wood bison will be removed from the ESA list. Hopefully they will be downlisted to "Threatened" but may even remain listed as "Endangered". The article makes clear that a few y ears ago a similar situation existed where their status was being reviewed and it was hoped that they might be removed from the list completely, or be listed as "Threatened" rather than "Endangered" but the end result was the opposite of what was hoped for. Rather than being removed from the list completely, OR being downlisted, they were instead confirmed as "Endangered".

Blog to Constituents – Wood Bison and Polar Bears

This blog points out the similarity between Wood bison and Polar Bears. Polar bears are not listed as "Endangered". They have the lower designation of "Threatened". But, even with that lower listing FWS has taken the dramatic step of locking up 120,000,000 acres. This is what could happen in Interior Alaska if the Wood bison were in the wild and a federal judge somewhere was to strike down the anticipated 10J ruling.

ESA Blawg

1.)Shows how emotional this issue is. Here sensationalism is employed to entice readers to the blog by headlining what people hope to read.

2.) RE: Five Factor Analysis – Shows that threats to Wood bison are still present in factors A,C,D, and E. Also to note that tougher regulations may be employed against existing businesses in areas near threatened species.

Endangered Species Law & Policy

This document indicates that no 4(f) recovery plan has been issued yet <u>because</u> no wild population of Wood bison currently exist in the United States. Once they are introduced it is presumed that a 4(f) recovery plan will be written. How restrictive it will be remains to be seen but as seen from the previous supporting document it could have significant impact on existing businesses within the region.

Delta Bison Working Group Recommendations

Although this document pertains to an entirely different type of bison, that are NOT listed as threatened or endangered, this report of the Delta Bison Working Group is included because it shows the extent of efforts that have been ongoing for many years in an effort to resolve a conflict that has existed for over 30 years with STILL no resolution by the state. There ARE unintended consequences that could be avoided by fully considering such things BEFORE the animals are released into the wild.

Estimated Bison Damage to Delta Agricultural Fields – 2010

Shows the amount of damage in dollars that has continued unabated each year for many years in Delta while the state has done nothing about it. If similarly unintended consequences occur from release of Wood bison - should we expect the state to act differently towards us?

Bison on the Innoko – from my blog www.alandistrict6.org

Provides commentary to my constituents about this issue.

Intentional of Unintended Consequences – from my blog www.alandistrict6.org

Provides more commentary to my constituents about this issue.

Wood Bison – from my blog www.alandistrict6.org

Provides additional commentary to my constituents about this issue. I used this commentary as the basis for my video.

Wood Bison News

Provides valuable information about Wood bison and the effort to have them introduced into the wild in Alaska. The introduction of Wood bison into the wild in Alaska is an exciting project as evidenced in these publications. I am supportive of the effort if they are removed from the ESA list but not just downlisted to "threatened".

ERIC TWELKER
ATTORNEY AT LAW

Telephone:
(907) 789-6800

10430 Dock Street
Juneau, Alaska 99801

Fax: (907) 789-3742
E-mail: twelker@alaska.net

April 11, 2011

Alaska House of Representatives
Resources Committee
Representative Eric Feige, Co-Chair
State Capitol Room 126
Juneau, AK 99811

Re: HB 186, An Act relating to the authority of the commissioner of fish and game with regard to the importation or relocation of wood bison in the state.

Hon. Rep. Feige and Committee Members:

I submit this written testimony in opposition to HB 186 as an individual on my own behalf. I am an attorney with experience working to defend against environmental laws suits brought by groups seeking to stop development of public and private lands. I am a mining exploration geologist who, in years past, has worked in almost every part of Alaska. In addition to my knowledge and interest in the law and resource development, I have followed the wood bison issue for some years.

I am moved to submit this letter after reading a letter opposing wood bison reintroduction sent to the governor by the Alaska Miners Association. The AMA and other opponents of the reintroduction base their argument on an imagined worst-case scenario where the federal government and NGOs use Endangered Species Act status of the wood bison as a tool to block development. The Department of Fish and Game and the Department of Law have spent considerable time and effort attempting to rationally evaluate the application of the ESA and have conditioned the release on an ESA section 10(j) non-essential experimental population exemption. Despite this work, their analysis has been largely ignored or waived aside. In the case of some opponents, it has been wholly ignored to the point of making me wonder if they even know of it.

I submit that as a state we cannot base our decision on the sort of fear that is driving this issue. The ESA is a seriously flawed statute that contains countless avenues for third party litigation and bureaucratic interference. Its application by both the government and environmental groups has been opportunistic in the extreme. That is not going to go away. The ESA is a reality, and until we can change it, we just have to live with it. Because there are so many opportunities for ESA litigation, stopping wood bison introduction doesn't appreciably diminish the harmful effect of the ESA. Stopping the wood bison only hurts Alaska—and rural Alaska in particular.

Rural Alaska faces huge problems. It can't go without notice that people are leaving. Outside the cities, Alaska is being depopulated. People find it harder and harder to live in the bush. The state needs to help where it can. One of the ways to do this is to create resources that make it easier to live in the bush. Introduction of a Wood bison resource is something that can be done now.

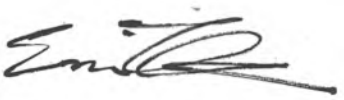
So, do we give up this here and now resource development opportunity because we fear that there will be some unknown attack on some unknown project to develop some unknown other resource at some unknown time in the future? This is nonsense.

The section 10(j) exemption appears to be workable on its face. While there has been litigation of some aspects of it in Wyoming, the efficacy of the rule has not been challenged there by any party. There is simply no reason to believe that it will not work here. And there is not any basis to believe that there would even be any increased litigation risk on the straightforward case that the wood bison introduction presents.

At base, this matter is the sort of technical and legal issue that is best left to experts in agencies accountable to the executive branch. A legislative forum for expression of fears does nothing to help evaluate legal risk under the ESA. It only confuses the matter while preventing Alaska from moving ahead with a worthwhile project.

I urge you to reject this bill.

Sincerely,



Eric Twelker

BILLING CODE 3510-22-S

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 226

[Docket No. 090224232-0457-04]

RIN 0648-AX50

Endangered and Threatened Species: Designation of Critical Habitat for Cook Inlet Beluga Whale

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Final rule.

SUMMARY: We, the National Marine Fisheries Service (NMFS), designate critical habitat for the Cook Inlet beluga whale (Delphinapterus leucas) distinct population segment (DPS) under the Endangered Species Act (ESA). Two areas are designated, comprising 7,800 square kilometers (3,013 square miles) of marine habitat. In developing this final rule we considered public and peer review comments, as well as economic impacts and impacts to national security. We have decided in the final rule to exclude the Port of Anchorage (POA) in consideration of national security interest. Additionally, consistent with the proposed rule, portions of military lands were determined to be ineligible for designation as critical habitat. We solicited comments from the public on all aspects of the proposed rule, and conducted four public hearings on the action. Along with the proposed rule, we published a draft economic impacts analysis, entitled "Draft RIR/4(b)(2) Preparatory Assessment/IFRA for the Critical Habitat Designation of Cook

Inlet Beluga Whale." This economic analysis has been completed to support the final designation. See "Final RIR/4(b)(2) Preparatory Assessment/FRFA for the Critical Habitat Designation of Cook Inlet Beluga Whale" for a discussion of these topics.

DATES: This rule will become effective on [insert date 30 days after date of publication in the FEDERAL REGISTER].

ADDRESSES: The final rule, maps, status reviews, and other materials supporting this final rule can be found on our Web site at: http://www.fakr.noaa.gov/.

FOR FURTHER INFORMATION CONTACT: Brad Smith (907-271-3023), Kaja Brix (907-586-7235), or Marta Nammack (301-713-1401).

SUPPLEMENTARY INFORMATION:

Rulemaking Background

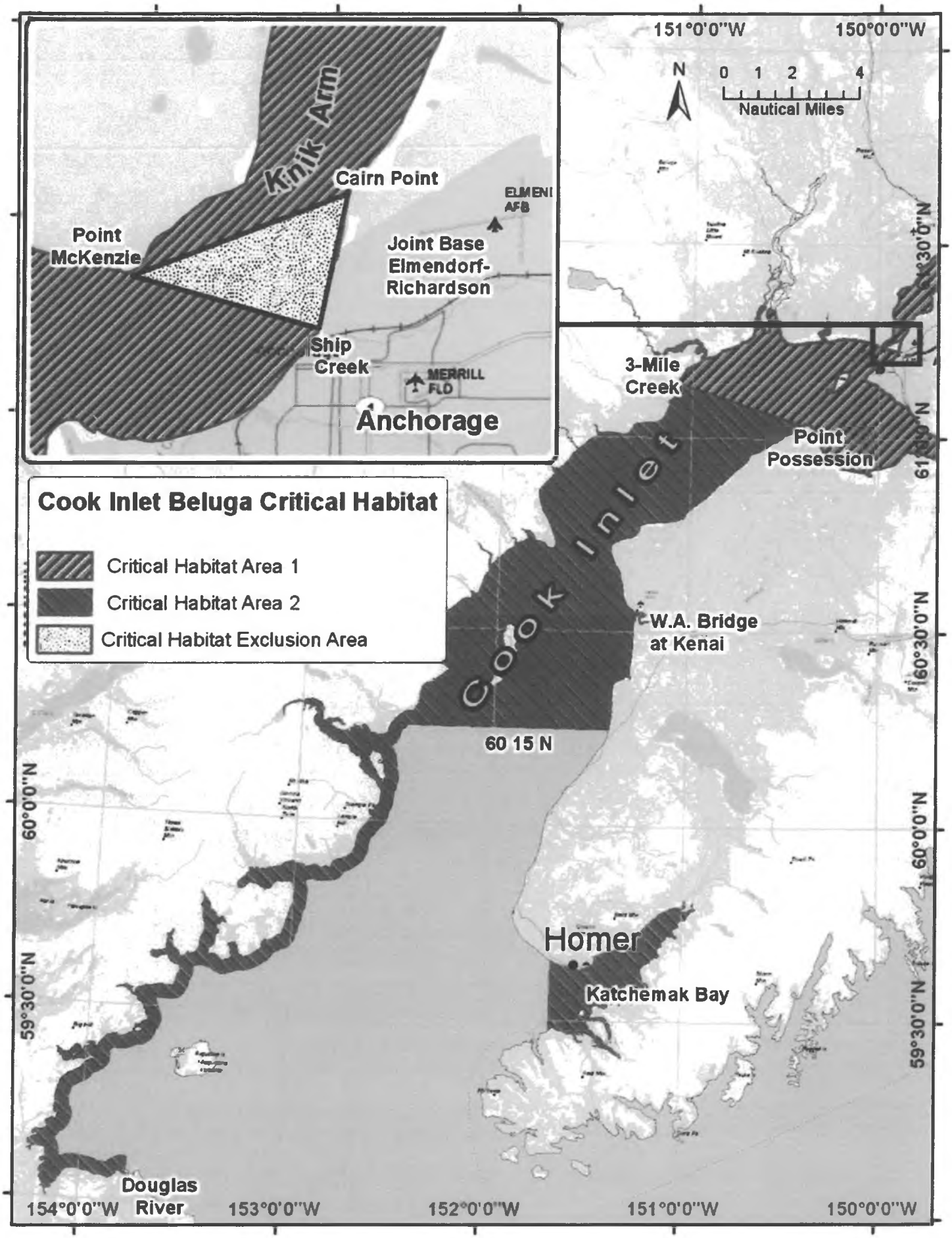
We are responsible for determining whether species, subspecies, or distinct population segments (DPSs) are threatened or endangered and for designating critical habitat for these species under the Endangered Species Act (ESA) (16 U.S.C. 1531 et seq.). On October 22, 2008, we published a Final Rule to list the Cook Inlet beluga whale as an endangered species (73 FR 62919). At the time of listing, we announced our intent to propose critical habitat for the Cook Inlet beluga whales. This critical habitat was subsequently proposed on December 2, 2009 (74 FR 63080). The proposed rule's critical habitat for the Cook Inlet beluga whale was determined by considering information received in response to our Advance Notice of Proposed Rulemaking, sighting reports, satellite telemetry data, The Traditional and Ecological Knowledge of Alaska Natives (TEK), scientific papers and other research, the biology and ecology of the Cook Inlet DPS of beluga whales, and information indicating the presence of one or more of the identified primary constituent elements (PCEs) within certain areas of their range.

The proposed rule identified "specific areas" within the geographical area occupied by the Cook Inlet beluga whale to be proposed as critical habitat.

We considered various alternatives to the critical habitat designation for the Cook Inlet beluga whale. The alternative of not designating critical habitat for the Cook Inlet beluga whale would impose no economic, national security, or other relevant impacts, but would not provide any conservation benefit to the species. This alternative was rejected because such an approach does not meet the legal requirements of the ESA and would not provide for the conservation of Cook Inlet beluga whale. The alternative of designating all eligible occupied habitat areas also was considered and rejected, because some areas within the occupied range were not considered to be critical habitat, and did not contain the identified physical or biological features that are essential to the conservation of the Cook Inlet beluga.

An alternative to designating critical habitat within all eligible occupied areas is the designation of critical habitat within a subset of these areas. Under section 4(b)(2) of the ESA, we must consider the economic impacts, impacts to national security, and other relevant impacts of designating any particular area as critical habitat. We have the discretion to exclude any particular area from designation as critical habitat if the benefits of exclusion (i.e., the impacts that would be avoided if an area were excluded from the designation) outweigh the benefits of designation (i.e., the benefits to the Cook Inlet beluga whale if an area were designated), so long as exclusion of the area will not result in extinction of the species. Exclusion under section 4(b)(2) of the ESA of one or more of the areas considered for designation would reduce the total impacts of designation. The determination to exclude any particular areas depends on our ESA 4(b)(2) analysis, which is described in detail in the ESA

4(b)(2) analysis report.


Knik Arm
Cairn Point
Point McKenzie
Joint Base Elmendorf-Richardson
ELMENI AFB
Ship Creek
MERRILL FLD
Anchorage
151°0'0"W
150°0'0"W
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0 1 2 4
Nautical Miles
3-Mile Creek
Point Possession
61°30'0"N
Cook Inlet
Cook Inlet Beluga Critical Habitat
Critical Habitat Area 1
Critical Habitat Area 2
Critical Habitat Exclusion Area
W.A. Bridge at Kenai
60°30'0"N
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60°0'0"N
Homer
Katchemak Bay
59°30'0"N
Douglas River
154°0'0"W
153°0'0"W
152°0'0"W
151°0'0"W
150°0'0"W

Linda Hay

From: Heather Rabinovitch [heatherr@msialaska.com]
Sent: Friday, April 08, 2011 9:23 AM
To: Rep. Eric Feige
Subject: AWCC position on wood bison release
Attachments: 2011.4 wood bison letter.docx

Categories: Linda, Mike

Representative Feige,

Attached please find the Alaska Wildlife Conservation Center's comments on HB 186. We believe that the rhetoric has outpaced reason on the subject of wood bison release, and that we should be working together on a mutually beneficial solution. Thank you for your consideration. If you have questions or need additional information, please do not hesitate to give me a call.

Mike Miller
Executive Director

ALASKA WILDLIFE CONSERVATION CENTER

Board of Directors:

Chris Von Imhof
President

Bruce Bustamante
Vice-President

Bruce Bustamante

Sharon Anderson

Toni Walker

Lana Johnson

Staff:

Mike Miller
Executive Director

Eve Dickmann
Director of Retail Operations

Kelly Miller
Director of Education

Ethan Tyler
Director of Business Development

Steve Mendive
Projects & Development

April 6, 2011

Re: Opposition to House Bill 186

Alaska has the unique opportunity to return to the wilds an extirpated species – the wood bison. We can release these magnificent animals into their traditional habitat in a way that protects the interests of our state, our residents, our nation and the animals themselves. This is truly a win-win situation for everyone – and an opportunity to correct a mistake mankind made almost a century ago.

Wood bison disappeared from Alaska about 100 years ago, probably as a result of over-hunting. Canada found a small herd of the animals in the 1960s, moved them to a protected area and let them multiply to the point they could be reintroduced into their historical range. Canada presently has six large, wild herds of wood bison that coexist with the nation's aboriginal inhabitants, its mining interests, its tourism business and its large oil and gas industry.

The project to reintroduce wood bison in Alaska dates back more than a decade. After extensive consultations and planning, the Alaska Department of Fish and Game (ADF&G) asked the Alaska Wildlife Conservation Center (AWCC) to support the animals until they could be released. The first bison arrived in 2006 from the Yukon Territory and another 50 arrived in 2008. Today, the herd numbers 86.

It has been our privilege to care for the bison at our nonprofit facility near Portage. AWCC does not charge the state for the care of the bison, or for the use of the land and our facilities. This has been our contribution to this project. But now it is time to begin returning the bison to their traditional home.

Wood bison are listed as an endangered species under the U.S. Endangered Species Act (ESA). The state, in cooperation with the Fish and Wildlife Service, has determined that the best way to address concerns is to establish a special federal rule to designate the bison as a "nonessential experimental population." The special rule – called 10(j) - removes many of the regulatory requirements that normally apply to endangered species and allows state management of the animals.

These 10(j) rules have proven to be highly effective in about two dozen cases and Alaska's wood bison meet the legal requirements for such a designation perfectly. ADF&G has repeatedly said it will not release wood bison into the wild until the final rule is in place and provides sufficient protection for other existing and future land uses. We support this approach.

Alaskans throughout the state want the bison released. The people of the lower Yukon and Innoko area support restoration. The GASH Fish and Game Advisory Committee, the Western Interior Regional Subsistence Advisory Council, the

ALASKA WILDLIFE CONSERVATION CENTER

Mid Yukon Kuskokwim Soil and Water Conservation District and the Tanana Chiefs Conference Lower Yukon Sub-region have adopted letters or resolutions of support.

Public meetings to discuss the project have attracted advocates from sport hunting groups, Native subsistence groups and watchable wildlife groups. It is rare that these diverse groups work so harmoniously on a mutually beneficial project.

Financial support has been as broad-based and has included the Safari Club, the Rasmuson Foundation, Teck-Cominco Ltd., UAF School of Natural Resources and Agricultural Sciences, Pope & Young Club, Wildlife Conservation Society, Ted Turner Foundation, the Natural Resource Conservation Service, UA Local 367, Greer Tank, Carlile Transportation Systems, the Anchorage Soil and Water Conservation District and Alyeska Resort.

The AWCC strongly opposes HB186 and instead encourages the Legislature to seek ways to help ADF&G move as expeditiously as possible to restore wood bison in the lower Yukon and Innoko areas.

We also would like you to stop by our facility and see these amazing animals up close.

Thank you for your consideration.

Mike Miller
AWCC Founder/Executive Director
907-301-7942 cell

http://www.youtube.com/watch?v=Td1a3VWWXZk&feature=player_embedded#at=15

Alaska Chapter SCI
PO Box 770511
Eagle River, AK 99577
(907) 980-9018

April 6, 2011

The Honorable Eric Feige, Co-Chair
The Honorable Paul Seaton, Co-Chair
House Resources Committee
State Capitol
Juneau, Ak 99801

Dear Representatives Feige and Seaton:

The following points were assembled by Safari Club International's legal counsel from their Washington D.C. office. SCI's legal team has been a leader in Endangered Species Act (ESA) litigation on listed species and has a solid track record in protecting the freedom to hunt. The members of the Alaska Chapter are strong supporters of the wood bison restoration project and believe the information provided here should arrest the growing paranoia surrounding this project.

We trust that upon careful review of the facts, the Legislature will choose not to support HB 186. We appreciate the concern that you all share regarding access to and development of our natural resources; however, we remain unconvinced that HB 186 is necessary to accomplish that goal. If the State cannot obtain a properly worded 10J ruling that allows development of our resources to move forward, then we would add our voice to those opposing placement of the bison at this time. Dismissing the rule making process now and succumbing to cries of opposition is no different in this instance than opposing Pebble Mine without allowing the permitting process to move forward.

We are confident that when reviewing the facts on the Wood Bison Restoration Project, the Legislature will see the wisdom of proceeding with caution and allow the process to move forward. It is our hope that this Icon of the American Spirit will generate the support to forestall HB 186 and give the principals involved in the current rule making process to resolve those issues of concern to Alaskans; thereby producing an acceptable resolution to this issue.

Sincerely,

Terry C. Holliday

Terry Holliday
President

SCI's Top Gun Chapter

The U.S. Fish and Wildlife Service Cannot Unilaterally Revoke or Change Rules Regarding the Designation or Management of an Experimental Population

- The U.S. Fish and Wildlife Service (FWS) can only designate an experimental population through formal rulemaking. Formal rulemaking requires public notice and an opportunity for the public (including the states) to comment. Similarly, special rules that govern the management and conservation of experimental populations can only be promulgated through formal rulemaking.

- The Endangered Species Act (ESA) provision on the designation of experimental populations states:

> Before authorizing the release of any population under subparagraph (A), the Secretary ***shall by regulation*** identify the population and determine, on the basis of the best available information, whether or not such population is essential to the continued existence of an endangered species or a threatened species. 16 U.S.C. §1539(j)(2)(B), (emphasis added).

- The ESA provision on regulations applicable to the management of experimental populations states:

> Whenever any species is listed as a threatened species pursuant to subsection (c) of this section, the Secretary ***shall issue such regulations*** as he deems necessary and advisable to provide for the conservation of such species. 16 U.S.C. §1533(d), (emphasis added).

- If formal rulemaking is required for the FWS to act, the FWS cannot remove, reverse or change that action without formal rulemaking. 5 U.S.C. §551(5).

- The FWS itself has recently taken the position in court, in the case involving the experimental wolf populations of Wyoming, Idaho and Montana, that a revocation of a wildlife populations' experimental status cannot be done unilaterally and requires formal rulemaking (including public notice and

comment). *Defenders of Wildlife v. Gould*, 08-cv-014 (DWM), Dkt. 110, Federal Defendants' Brief to Show Cause Pursuant to the Court's Order of January 28, 2011 at 5.

- Congress intended that the decisions about the designation of an experimental population and the types of take that will be permitted, by regulation, for that experimental population, are to be decided jointly by the FWS, the pertinent states, and the public. In the legislative history of the experimental population provisions, the drafters stated:

> "The Committee believes that involvement of state fish and wildlife agencies in the regulatory process is crucial. The Committee also believes that where experimental populations are released on, or near, private land, the landowners must be fully apprised of the release and the regulations under which the population will be managed.
>
> **Regulations should be viewed as an agreement among the federal agencies, the state fish and wildlife agencies and any landowners involved. Changes in the regulations should only be made after close consultation with all of the affected parties."** H.R. Rep. 97-567, September 17, 1982 (emphasis added).

LEGISLATIVE INFORMATION OFFICE

PO Box 1189

Suite 204, Colombo Building

Delta Junction, AK 99737

FACSIMILE TRANSMITTAL SHEET

TO: Linda Hay	FROM: Delta LIO
COMPANY:	DATE: April 6th 2011
FAX NUMBER: 465-3799	TOTAL NO. OF PAGES INCLUDING COVER: 2 Pages
PHONE NUMBER:	SENDER'S REFERENCE NUMBER: (907) 895-4236
RE:	YOUR REFERENCE NUMBER: (907) 895-5017 fax

NOTES/COMMENTS:

Please give copies to the Committe (HRES)

thanks

TESTIMONY ON HB 186
House Resources Committee 4/6/11
from Don Quarberg

Clarify comments by Rep Alan Dick that ADFG has done nothing to control bison damage to the Delta Agricultural Producers.

I've participated in the Delta Bison Management Advisory Group (DBW) for approx 30 years.

ADFG has:
- Cleared and developed several thousand acres of bison range
- Planted grasses and small grains as forage for the bison
- Developed a supply of fresh water
- Placed salt blocks to attract bison on to the range
- Conducted forage fertilization trails to improve forage quality
- Conducted alternative forage trails to identify new and better forages
- Altered forage production practices to provide higher quality forage.
- Cooperated with Univ. Researchers and others to improved the palatability of native grasses on the range
- Cooperated with the US Army to create additional forage on military lands
- Developed hunting regulations (accepted by the BOG) to improve the success of bison hunters in meeting the harvest objective.
  - 1: extended the hunting season
  - 2: established an early hunt on private lands to move any bison off private land
  - 3: allowed use of ground-based communications
- Have unsuccessfully attempted to work with landowners to allow hunting on all farmland (non-huntable farms become sanctuaries for bison).
- Have unsuccessfully attempted to create a share-cropping program with farmers to increase forage production on the bison range.

It should be noted that the Delta Bison Range was established by the legislature with no input from ADFG on selecting the location of this range.

Comments on HB 186:
- Should society not take the opportunity to reestablish a wildlife population that it was involved in extirpating?
- The Wood Bison reintroduction would create another wildlife asset for the State of Alaska.
- The Commissioner undergoes confirmation by the Legislature for appointment and is mandated by Statute and the Constitution to manage wildlife of Alaska. The Commissioner is on the job for 365 days, the legislature, only 90.
- Representative Dick's concern about the courts actions on the 10(J) ruling is valid. However, everything we do is subject to the interpretation of a judge. If this thought process prevailed throughout society, we wouldn't have the energy crisis we currently have as we would still be walking.
- HB 186 is unnecessary, oppose this legislation

APR 0 5 2011

April 5, 2011

To: House Resource Committee members
FAX: 465-3799

From: Jack Reakoff
Wiseman, Alaska ...House District 6

Regarding: HB 186- Wood Bison

FROM :REAKOFF FAX NO. :907 678 2007 Apr. 05 2011 04:10PM P1

APR 05 2011
1

Jack Reakoff
114 Newhouse Street
Wiseman, Alaska 99790

April 6, 2011
Dear Alaska Legislators,

HB 186 would hamstring the public State and Federal process regarding Wood Bison re-introduction in Alaska. The current public process has worked with landowners and all interested to discuss where Wood Bison would be appropriate. A special Legislative approval would be very cumbersome for sought every time Wood Bison were to be re-introduced after all parties had come to agreement. The Commissioner would be limited if a few additional Wood Bison were needed for genetic strengthening. This bill seeks to add another encumbrance to helping recover Wood Bison for Alaska's benefit. The micro management of Alaska's fish and wildlife is not necessary by the Alaska Legislature. **I am apposed to this bill** and supportive of re-establishment of Wood Bison where they are appropriate and non-conflict with other species and uses. There are safeguards in place and the public involvement is well adhered to by the Commissioner of Fish and Games office. The Delta Plains Bison conflicts with agriculture are not addressed in this bill.

The State of Alaska currently holds captive about 90 Wood Bison awaiting regulatory changes necessary for this species to again roam Alaska's wild lands. It is best for the species as a whole to be re-established into dispersed populations where they have occurred. It is best for the States captive Wood Bison population to be moved to natural habitat expeditiously. The people of the Western Interior of Alaska would like to see this species re-introduced in to Alaska's Western Interior Region, in Game Management Unit 21E.

I feel strongly that this species was indigenous in Alaska and would like to see the State of Alaska's plan proceed for reintroduction. The wood Bison population in Canada has recovered to the point that it is even questionable whether this species need even to be listed under threatened status. But at a minimum, Wood Bison need to be viewed as successfully recovering to no longer endangered status.

The Alaskan population would be considered non-essential to the main Wood Bison of North America. The people of Alaska would benefit from seeing them in the wild, and eventually having a population that can support some harvest by local people and other users. Alaskan Wood Bison listed **as threatened, and 10(j) non-essential population**, would have extreme benefit to Alaska and all Americans. Alaska holds some of the only habitat on US soil where Wood Bison were indigenous. With out regulatory changes, Wood Bison will not be allowed to free range their natural habitats.
This is what the 10(j) designation means, as taken from the Federal Register:
In 1982, Congress amended the Endangered Species Act by adding section 10(j), to provide for designation of "experimental populations." Prior to 1982,local citizens

often opposed reintroductions of listed species into unoccupied portions of their historical range because they were concerned about potential restrictions to Federal, State, and private activities. Under section 10(j), and our regulations at 50 CFR 17.81,the Service can designate reintroduced populations established outside the species' current range, but within its historical range, as "experimental". Our regulations at 50 CFR 17.80(b) state that a reintroduced population can be considered a "nonessential experimental
Population" (NEP) if the loss of that population would not appreciably reduce the likelihood of survival of the species in the wild. Regulatory requirements of sections 7 and 9 of the Act are considerably
reduced under a NEP designation. The Act further prohibits designating critical habitat for any NEP, and through section 4(d) of the Act, the
Service may develop regulations and management options specific to the species' needs that are necessary to promote the species' conservation.
In order to establish a NEP, we must first issue a proposed regulation pursuant to section 10(j) of the Act and consider public comments prior
to publishing a final regulation. Our regulations at 50 CFR 17.81 (d) require that, to the extent practicable, a regulation issued under section 10(j) of the Act represents an agreement between the Service,
the affected State and Federal agencies, and persons holding any interest in land that may be affected by the establishment of the NEP.

The Alaska Legislature should be supportive of the Federal regulatory changes of the Endangered Species Act (ESA) need to re-introduce Wood Bison back to their natural habitat. If any legislator is uncertain about the ESA 10(j) regulations the State AG's office will comment on their affect.

It would behoove the people of Alaska, if the Legislature were to send a resolution to the US Fish and Wildlife stating:

1) Support for Wood Bison (Bison bison athabascae) being at least down listed to threatened under the Endangered Species Act.

2) Request that Wood Bison in Alaska be listed as an experimental, and Non Essential Population (NEP) of section 10(j) of the ESA .

3) Requesting expeditious resolution to the 10(J) language agreement with all landowners.

The sooner the Wood Bison are re-introduced in the wild the sooner Alaskans will benefit from them. Our Wood Bison in captivity in Girdwood is not productive for current Alaskans or future Alaskans who will enjoy them. Establishing this population in GMU 21E will not conflict with agriculture or other uses.

Thank you for your consideration of this important issue,
Jack Reakoff

Linda Hay

From: Louie Flora
Sent: Thursday, April 07, 2011 8:56 AM
To: Linda Hay; House Resources
Cc: Paul Verhagen
Subject: FW: wolves & wood bison

non essential experimental pop. because of Canada

Does bill stop 'you from ~~develop~~ negotiating exemption or special rule ~~[illegible]~~ for take

Letter on HB 186

-----Original Message-----
From: Jan Flora [mailto:grewingk@gmail.com]
Sent: Wednesday, April 06, 2011 4:23 PM
To: Rep. Bob Herron
Cc: Rep. Paul Seaton
Subject: wolves & wood bison

Dear Rep. Herron:

I'm watching House Resources hear HB 186, Wood Bison. I'm glad Rep.
Dick introduced this bill, even though I don't necessarily agree with his conclusions. His warning to be aware of the possible unintended consequences of reintroducing this species into the wild has merit.

To give you one opinion about how the wood bison herd would do against wolves, my SO, a lifelong Alaskan cattle rancher, guesses that up to 30% of the herd could be pulled down by wolves in their first year out in the wild. Pen-raised animals won't have developed the herd instincts to deal with predators - they'll need to learn the hard way, but they *will* learn.

We run beef cattle on a state grazing lease in the summertime where bears (two kinds) and wolves are common. Our cows are pretty tame, but when wolves or coyotes show up, the cows chase them away from their calves. I don't think we've lost an animal to wolves in years.
The cows work as a unit to confront the wolves and run them off. But our wolves show up one or two at a time, not in the big packs that are common out in the Bush. (We've lost ~40 head to brown bears in recent years. That's a whole different story.)

I've watched our cows run dogs off our ranch. The canines are confronted by a wall of cows that move as a unit, clearly intending to surround and stomp on the dogs and put the horns to them, so the dogs flee. Bison are a lot bigger, wilder & woolier than Hereford cows and big packs of wolves work as a team, so the comparison is tenuous, but it still illustrates normal bovine instincts in animals that haven't been raised in a pen. (Cows & bison are kissing cousins.
They can interbreed. So can Woods & Plains Bison, to answer another question that came up in the committee meeting. The best beef cow we've ever owned was 1/8 bison.)

Our next door neighbor used to have a herd of Plains Bison. Bison are weird. They have fascinating herd dynamics. They're cool animals. I support the effort to put that herd of Wood Bison out in the Innoko.
Minto Flats isn't an appropriate place for them because of oil & gas potential and the ag-potential land in that area, but I think the Innoko is a good spot for them.

Respectfully submitted,

Jan Flora
Rainwater Ranch
Homer, Alaska

ALASKA MINERS ASSOCIATION, INC.

3305 Arctic Blvd., #105, Anchorage, Alaska 99503 • 907) 563-9229 • FAX: (907) 563-9225 • www.alaskaminers.org

April 4, 2011

Honorable Alan Dick
Alaska House of Representatives
Capitol Building
Juneau, AK 99811

RE: HB-186 Regarding Reintroduction of Wood Bison

Dear Representative Dick,

Thank you for sponsoring House Bill 186 regarding management of Wood Bison. We agree that it is crucial that, at a minimum, the Wood Bison not be reintroduced anywhere in Alaska until it has been authorized by the Alaska State Legislature.

However, we suggest that the bill be amended to state that **reintroduction of Wood Bison not be allowed until the U.S. Congress passes legislation that makes it certain that the Wood Bison cannot be listed as "endangered" or "threatened" under the Endangered Species Act**, and that such reintroduction must then subsequently be authorized by passage of an act by the Alaska State Legislature.

The plan to reintroduce Wood Bison has been a concern for the Alaska Miners Association from the time we first learned of the proposal and our concern continues to increase following the actions of the current Administration in Washington, D.C.

We are aware that some officials within the US Fish & Wildlife Service have stated that the Wood Bison would not be listed as "endangered", but as "threatened" and that they can provide a promise that nothing will be affected by such listed Bison. However we cannot allow the future of Interior Alaska to be based on only a promise. They must not be released if they are listed or can be listed in any way. This is the same agency that listed the Beluga Whale based on bad science and the Polar Bear based on political science. The USF&WS can no longer be considered a credible independent science-based voice. That agency is being driven by a political agenda and we have no confidence in any promise they could make.

If Wood Bison are released and remain listed as "threatened" activities and access in the area, and potentially throughout much of Interior Alaska, could be impacted. Once released Wood Bison will travel all through the area. Their presence or possibility of their presence would impact: roads between villages; mineral exploration of State, Federal and private Native-owned lands; development on State and private Native-owned lands; the road to Nome; roads between the Yukon and Kuskokwim rivers; etc.

There are more than 20 different species listed as endangered, threatened or candidates under the Endangered Species Act that already affect the coastal areas of Alaska. We must not allow Interior Alaska to be placed at any level of risk by of the Wood Bison.

The recent "Wild Lands" order 3310 by Secretary Salazar is the latest example of why some agencies cannot be trusted. The Wild Lands initiative is in clear violation of ANILCA. Yet this Administration has ordered the Bureau of Land Management to proceed with this illegal activity. It will now require court action to stop this attempt to subvert the law.

We recommend HB-168 be amended to read with new underlined and [removed bracketed]:

Sec. 16.05.054. Limitation on authority of commissioner in relation to wood bison. The commissioner may not import wood bison into the state or relocate or otherwise allow wood bison into the wild anywhere in [to a new area of] the state until the U.S. Congress passes legislation that makes it certain that the wood bison cannot be listed as "endangered" or "threatened" under the Endangered Species Act and without subsequent [prior] authorization by an act of the Alaska State Legislature [legislative approval]. Before giving authorization [approval] under this section, the legislature may take into consideration other statutes and regulations related to bison in other areas of the state, the management plans for those bison, and the mitigation of property damaged caused by those bison.

As the herd of Wood Bison now in Alaska continues to grow they add to the State's financial burden. We propose that until such time as the Congress passes the necessary legislation, and the legislature subsequently authorizes release, the excess animals be donated to homeless shelters and places like Beans Café and the Anchorage Gospel Rescue Mission for their use. This would be a tremendous benefit to those organizations.

Thank you for introducing this bill and for your consideration of our proposed amendment.

Sincerely,



Steven C. Borell, P.E.
Executive Director

Cc: Members of House Resources

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March 29, 2010

Fisheries and Ecological Services Office
U.S. Fish and Wildlife Service
1011 East Tudor Road
Anchorage, AK 99503

Fax: 907-786-3575
Email: woodbison-ak@fws.gov

Re: Request for Scoping Comments and Intent to Prepare an Environmental Assessment for the Proposed Designation of a Non-Essential Experimental Population of Wood Bison in Alaska

To Whom It May Concern:

Thank you for the opportunity to submit comments on the U.S. Fish and Wildlife Service's (USFWS) proposal to reintroduce a non-essential experimental population of wood bison (*Bison bison athabascae*) in Alaska pursuant to the Endangered Species Act (ESA). *See* 75 Fed. Reg. 8,736 (Feb. 25, 2010). Members of the Resource Development Council (RDC) who live, recreate and work in and around the areas proposed for wood bison reintroduction generally support the goal of recovering wild populations of wood bison, but are concerned that reintroduction may have significant impacts on economic and recreational activities.

RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism, and fisheries industries. RDC's membership includes Alaska Native corporations, local municipal governments, organized labor and industry support firms. The industries represented within RDC constitute the great majority of private sector economic activity and employment within Alaska. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

It is RDC's position that the reintroduction of wood bison currently being considered is not appropriate at this time given the uncertainty surrounding the status of the species and the lack of detailed information concerning potential impacts. As discussed in the comments below, prior to proceeding with any proposed rule, USFWS should: (1) clarify the status of wood bison under the ESA; (2) consult with landowners that will be potentially impacted by the reintroduction; (3) assess alternative locations for any reintroduction; and (4) prepare an

environmental impact statement that thoroughly examines the impacts of the proposed reintroduction.

1. USFWS Needs to Clarify the ESA Status of Wood Bison Prior to Reintroduction

Based on the unusual listing history of the wood bison under the ESA, and the current uncertainty regarding the protection afforded the species in the United States, USFWS should clarify the ESA status of wood bison prior to proceeding with the reintroduction of an experimental population. Wood bison were originally listed under the Endangered Species Convention Act of 1969 as an endangered species located in Canada.[1] At the time, the geographic location of the species was intended to provide "a general guide to the native countries or regions where the named animals are found. It is not intended to be definitive."[2] In 1973, pursuant to the current ESA, the species listed under the predecessor act were republished as the current list of threatened and endangered species. As a result, only the Canadian population of wood bison received protection under the ESA.

While USFWS has since stated that its intent was to list wood bison in its entirety, and recognized that the failure to do so was an oversight, the agency has declined to take the necessary procedural steps to list the species in the United States. In 1979, USFWS published a notice recognizing that, through an oversight, the United States populations of seven species, including wood bison, are not covered by the endangered classification given to the foreign populations of the species.[3] Specifically, due to the oversight, USFWS stated that "the native populations of these species are not listed as endangered, although foreign populations are listed and receive all the protection of the Act. . . . Until final action is taken on [a proposal to list the species], U.S. populations of the above species have no official standing under the Act."[4] In 1980, USFWS proposed to remedy the oversight regarding the seven foreign-listed species; however, USFWS declined to propose listing wood bison as endangered domestically because "no pure bred individuals of this subspecies are known to occur in the United States."[5] As a result, the ESA protections and prohibitions only apply to the wood bison in Canada.[6]

Further, the relevant regulations clearly demonstrate that any domestic wood bison do not have protection under the ESA. Specifically, in its list of threatened and endangered species, USFWS identifies only the vertebrate population of wood bison in Canada as endangered under the ESA.[7] While, like its processor statute, the relevant regulations caution that some of the data contained in the list are "nonregulatory in nature and are provided for the information of the reader,"[8] it is clear that other information in the list delineates the species and geographic areas to which ESA protection applies. Specifically, "[t]he columns entitled 'Common Name,'

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[1] *See* 35 Fed. Reg. 8,491 (June 2, 1970).
[2] *Id.* at 8,495.
[3] 44 Fed. Reg. 43,705 (July 25, 1979). USFWS noted that "[i]t has always been the intent of the Service that all populations of the above seven species deserve to be listed as endangered whether they occur in the United States or in foreign countries.").
[4] *Id.* (emphasis added).
[5] 45 Fed. Reg. 49,844, 49,844 (July 25, 1980).
[6] Because the ESA does not apply extraterritorially, the primary effect of the listing status is a restriction on the importation of wood bison.
[7] 50 C.F.R. § 17.11(h).
[8] 50 C.F.R. § 17.11(d).

'Scientific Name,' and 'Vertebrate Population Where Endangered or Threatened' define the species of wildlife within the meaning of the Act. Thus, differently classified geographic populations of the same vertebrate subspecies or species shall be identified by their differing geographic boundaries. . . ."[9] As a result, the regulatory distinction between designating wood bison as listed in Canada versus their entire range is significant because it establishes the geographic scope of ESA protections for the species.[10]

Until recently, USFWS and the Alaska Department of Fish and Game (ADF&G) concurred with this assessment of the wood bison's status under the ESA. In 2004, in response to request from ADF&G, USFWS provided written confirmation that any wood bison imported into Alaska would not need to be listed under the ESA at that time and that USFWS did not "intend" to list the species in the future.[11] ADF&G interpreted this "policy determination" to mean that, following a reintroduction, "wood bison would not have any special legal status that could affect other land use activities."[12] However, in 2008, the USFWS "clarified" the legal status of wood bison and provided recommendations on how to address wood bison in Alaska under the ESA.[13] Specifically, the USFWS stated that "[t]he wood bison is listed as endangered wherever found and, as such, would retain its endangered status if introduced into the United States."[14] This latest guidance from the USFWS contradicts the previous information from the agency regarding the status of wood bison under the ESA and creates significant legal uncertainty regarding the implications of wood bison reintroduction in Alaska. As such, based on the USFWS's correspondence, it is unclear if wood bison would be automatically treated as listed domestically under the ESA and what ESA protections would apply to wood bison in Alaska. Such uncertainty over a matter of introducing a listed species in the wild is unacceptable and the reintroduction should not proceed until it is resolved.

We strongly urge USFWS to definitively resolve the uncertainty regarding the listing status of the wood bison prior to proceeding with any reintroduction. Until this issue is settled, there will remain questions regarding the appropriate reintroduction procedures, the legality of establishing an experimental population, the impacts associated with any reintroduction, and the protections provided to affected landowners.

2. USFWS Should Delay Decision on Reintroduction until after a Determination on Whether Downlisting Wood Bison is Warranted

We note that USFWS is currently considering a petition to reclassify the wood bison from endangered to threatened under the ESA.[15] USFWS recently announced that the petition

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[9] 50 C.F.R. § 17.11(b) (emphasis added).

[10] Courts have recognized the importance of the geographic distinction because protections afforded by the ESA for reintroductions may vary depending upon where the species is located. *E.g.*, *Wyoming Farm Bureau Fed'n v. Babbitt*, 199 F.3d 1224, 1235 (10th Cir. 2000) (it is a "well-established fact [that] individual animals can and do lose [ESA] protection simply by moving about the landscape.").

[11] Specifically, the USFWS stated that they "intend to treat any wood bison imported into Alaska as a foreign listed species and have no intention of revising the [ESA] list so that they are listed domestically." Letter from USFWS to Kevin Duffy, Commissioner, Alaska Department of Fish and Game (Oct. 26, 2004).

[12] ADF&G, *Wood Bison Restoration in Alaska: A Review of Environmental and Regulatory Issues and Proposed Decisions for Project Implementation* at 15 (April 2007) (Environmental Review).

[13] Letter from USFWS to Denby Lloyd, Commissioner, Alaska Department of Fish and Game (Nov. 28, 2008).

[14] *Id.* (emphasis added).

[15] 74 Fed. Reg. 5,908 (Feb. 3, 2009).

presented substantial scientific and commercial information indicating that the reclassification of wood bison to threatened may be warranted and that it has commenced a status review of the species.[16] In its Request for Scoping Comments, USFWS also indicated that the status review may determine whether it would be appropriate to completely de-list the wood bison.[17] Given the uncertainty now associated with the future status of the wood bison, we request that USFWS complete its status review and establish the listing status of the species prior to making a determination on whether to establish an experimental population and/or proceed with reintroduction.

Notwithstanding the uncertainty regarding the current ESA status of the wood bison, a downlisting or de-listing could have significant implications for any reintroduction of the species into Alaska. If the species is downlisted to threatened, USFWS could reintroduce the species without establishing an experimental population and use its authority under section 4(d) to provide regulatory assurances similar to those provided pursuant to a section 10(j) reintroduction. However, we do not believe that this approach would be desirable, either for USFWS or affected landowners, because experimental populations provide greater assurances to landowners and reduce the statutory requirements and administrative burdens on USFWS. Notably, if the species is de-listed, there would arguably be no need, or legal justification, to establish an experimental population. However, as detailed below, this approach may impose significant risks for neighboring landowners should the reintroduced population falter in the future.

Assuming that the species is de-listed and the reintroduction successfully establishes a population of pure-bred wood bison in the United States, the USFWS could, either on its own initiative or pursuant to a petition by a third party, subsequently list the domestic wood bison population under the ESA.[18] We are aware of at least two examples where reintroduction projects resulted in the subsequent listing of the species under the ESA. First, in 1999 and 2000, the Colorado Division of Wildlife conducted a Canada lynx reintroduction program when the species was not listed under the ESA. However, on March 24, 2000, following litigation brought by environmental groups, the species was listed as threatened throughout the contiguous United States.[19] The USFWS classified all lynx, including the introduced individuals, as resident species and included them within the threatened species designation under the ESA. Second, from 1979 to 1988, a reintroduction program helped expand the Sierra Nevada segment of the California bighorn sheep from two to five subpopulations. In 1999, following a subsequent decline in numbers and a petition to list submitted by several environmental groups, USFWS listed the subpopulations as endangered.[20] These are cautionary examples to show that reintroduction of a species can result in an ESA listing which would (among other things) impact land use activity where the species has been reintroduced.

As a result of the uncertainty regarding the future listing status of wood bison under the ESA, we request that USFWS delay any decision on the proposed reintroduction program until after the status review is completed and any changes to the listing status are finalized. This

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[16] *Id.*
[17] 75 Fed. Reg. at 8,738.
[18] In response to a listing petition, USFWS would have to determine that any one of the five ESA section 4 listing factors was applicable. 16 U.S.C. § 1533(a)(1).
[19] 65 Fed. Reg. 16,051 (March 24, 2000).
[20] 64 Fed. Reg. 19,300 (Apr. 20, 1999) (emergency rule); 65 Fed. Reg. 20 (Jan. 3, 2000) (final rule).

would allow potentially affected landowners to more adequately assess the risks and impacts associated with the proposed reintroduction.

3. USFWS Should Clarify Its Policy on Revising the ESA Status of Experimental Populations Following a Reintroduction

As an important component to its proposal to reintroduce wood bison as an experimental population, USFWS should clarify its policy regarding whether the ESA status of an experimental population can be revised in the future. Specifically, we note that on September 8, 2009, several environmental groups filed a petition with USFWS to reclassify three non-essential experimental populations of black-footed ferret as endangered under the ESA. The petitioners asserted that this redesignation is necessary, among other reasons, to guarantee the continued survival of the populations, satisfy the goals of USFWS's recovery plan, and ensure that viable ferret populations exist in the wild. To date, it does not appear that USFWS has responded to the petition.

As you are aware, Congress amended the ESA in 1982 to authorize the release of experimental populations. In creating section 10(j), Congress hoped to "[relax] certain restrictions otherwise applicable to listed species and [to authorize] the Secretary to relax others."[21] The goal was to ease the concerns of impacted landowners and industries that reintroduced species would adversely impact their activities. To that end, and to provide some degree of regulatory stability, any regulation promulgated for a reintroduced experimental population "shall, to the maximum extent practicable, represent an agreement between the [USFWS] . . . and persons holding any interest in land which may be affected by the establishment of an experimental population."[22] We are concerned that Congress's intent will be undermined if USFWS determines that it has authority to reclassify experimental populations to restore the typical protections afforded threatened and endangered species following a reintroduction. Until USFWS addresses the black-footed ferret petition, or provides policy guidance regarding this issue, the uncertainty associated with the future status of experimental populations will have a significant chilling effect on affected landowner's acquiescence to such programs.

4. USFWS is Required to Consult with Impacted Landowners Prior to Reintroduction

Pursuant to its regulations, USFWS is required to "consult" with, among others, affected private landowners in "developing and implementing experimental population rules."[23] While the scope of the consultation is unclear, the regulations appear to require more than merely requesting comments on the reintroduction. For example, a court has found that public hearings, meetings with private groups, and exchanging correspondence constituted acceptable consultation.[24] Several of our members own land in or near one or more of the areas currently proposed for wood bison reintroduction. To date, federal consultation with these property owners has been minimal or, in most cases, non-existent. Assuming that USFWS proceeds with

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[21] H.R. Rep. No. 97-567, at 33 (1982).
[22] 50 C.F.R. § 17.81(d).
[23] 50 C.F.R. § 17.81(d).
[24] *Wyoming Farm Bureau Fed'n v. Babbitt*, 987 F. Supp. 1349, 1365 (D. Wyo. 1997), *rev'd on other grounds*, 199 F.3d 1224 (10th Cir. 2000).

the establishment of an experimental population under section 10(j), we request that USFWS contact each landowner to begin the consultation process necessary to develop the appropriate regulations regarding the protections that will apply to any reintroduced wood bison.

5. USFWS Should Include Regulatory Measures to Provide Assurances to Landowners that their Activities will not be Impacted by any Reintroduction

If USFWS decides to proceed with the reintroduction of a nonessential experimental population of wood bison, USFWS should specify what regulatory measures will be included to minimize the impact of the reintroduction on neighboring landowners. As various groups have expressed opposition to ADF&G's reintroduction proposal over the years, these measures are necessary to reduce local opposition to the program by providing assurances that activities currently conducted, and planned for the future, will be able to continue unaffected by the reintroduction. Also, USFWS should provide this information as early as possible during the development of any proposed reintroduction to provide landowners with a better opportunity to assess the potential impacts of the proposal.[25]

A nonessential experimental population is treated as a threatened species for most purposes under the ESA.[26] As a result, USFWS can promulgate regulations to relieve certain management restrictions.[27] Based on past practices, when compared to typical threatened species, it appears that USFWS has greater flexibility to exempt a broader range of activities impacting experimental populations from the section 9 prohibitions. For example, for most experimental populations, USFWS has stated that there is no liability for the take of an individual when it is accidental and incidental to an otherwise lawful activity.[28] In some cases, for predator species, USFWS has authorized direct taking in self-defense, harassment, or following a depredation.[29] USFWS should develop, with input from affected landowners, similar and appropriate measures prior to reintroducing an experimental population of wood bison.

6. Reintroduction Should Not Occur without Clarification of Appropriateness of Sport/Subsistence Hunting of the Species

One of the goals of the proposed reintroduction project is to reestablish wood bison populations that can be harvested on a sustained yield basis.[30] Given the ESA's mandate to conserve threatened and endangered species and the ecosystems upon which they depend, and section 10(j)'s requirement that an experimental population be established only when it will further the conservation of the species, it is not apparent that USFWS could authorize sport/subsistence hunting of any reintroduced experimental population of wood bison. USFWS

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[25] Note that USFWS is also required to consult with affected landowners in developing and implementing experimental population rules. 50 C.F.R. § 17.81(d).

[26] 16 U.S.C. § 1539(j)(2)(C). The primary differences are that nonessential experimental populations are treated as a proposed species for purposes of section 7 consultation, unless the population occurs in a National Wildlife Refuge or National Park, and USFWS cannot designate critical habitat. *Id.*

[27] 16 U.S.C. § 1533(d); 50 C.F.R. § 17.81(c) ("Any regulation . . . shall provide: . . . (3) Management restrictions, protective measures, or other special management concerns of that population. . . .").

[28] *See, e.g.*, 50 C.F.R. §§ 17.84 (special rules for vertebrates); 17.85 (special rules for invertebrates).

[29] *E.g.*, 50 C.F.R. §§ 17.84(c)(4) (red wolf); 17.84(k)(3) (Mexican gray wolf); 17.84(i)(3) & 18.84(n)(4) (gray wolf).

[30] 75 Fed. Reg. at 8,737.

should clarify its intentions and the legal justification supporting such a policy prior to proceeding with the reintroduction program.

As stated in sections 4(d) and 10(j), both the release of an experimental population and the applicable regulatory measures must provide for the conservation of the species. The ESA defines "conservation" as:

> To use and the use of all methods and procedures which are necessary to bring any endangered species or threatened species to the point at which the measures provided pursuant to this Act are no longer necessary. Such methods and procedures include, but are not limited to, all activities associated with scientific resources management such as research, census, law enforcement, habitat acquisition and maintenance, propagation, live trapping, and transplantation, and, in the extraordinary case where population pressures within a given ecosystem cannot otherwise be relieved, may include regulated taking.[31]

While, at this time, courts have not examined whether the phrase "conservation of such species" would prevent the USFWS from authorizing the hunting of a reintroduced experimental population, courts have prevented USFWS from authorizing the hunting of threatened species.[32]

The relevant legislative history indicates that, once determined, experimental populations are to be treated as separately listed threatened species.[33] Congress stated that "[t]his provision obliges the Secretary to issue such regulations as he deems necessary and advisable to provide for the conservation of the experimental population, just as he now does under subsection 4(d) for any other threatened species."[34] However, Congress also recognized a need to reduce conflicts with local landowners regarding the reintroduction of experimental populations. As a result, Congress stated that

> [w]here appropriate, the regulations may allow for the direct taking of experimental populations. For example, regulations pertaining to the release of experimental populations of predators, such as red wolves, will probably allow for

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[31] 16 U.S.C. § 1532(3) (emphasis added).

[32] In *Sierra Club v. Clark*, the Eighth Circuit examined the validity of USFWS regulations that would allow the limited sport trapping of gray wolves, then listed as a threatened species in Minnesota. 755 F.2d 608, 611 (8th Cir. 1985). The court concluded that the definition of conservation "limits the discretion of the Secretary to allow public sport hunting of threatened species." *Id.* at 615. As a result, the Eighth Circuit found that the Secretary could only authorize the regulated taking of a threatened species after a finding that population pressures within the species' ecosystem cannot otherwise be relieved, as specified in the statutory definition of "conservation." *Id.* at 613. Other courts have subsequently agreed that population pressure is the only circumstance that will justify authorizing the sport hunting of a threatened species. *E.g.*, *Christy v. Hodel*, 857 F.2d 1324, 1337-38 (9th Cir. 1988) (In upholding regulations allowing limited and controlled sport hunting of threatened grizzly bears in designated geographic region, the court concluded that "the Secretary is authorized to permit 'regulated taking,' *e.g.* limited sport hunting, but he must first find that 'population pressures within a given ecosystem cannot be otherwise relieved.'"); *Fund for Animals, Inc. v. Turner*, No. 91-2201, 1991 WL 206232, at *7 (D.D.C. Sept. 27, 1991) ("[T]he statute, as currently interpreted, does not authorize hunting whenever it would be a sound conservation tool. Congress has specifically limited the hunting of a threatened or endangered species to extraordinary cases of population pressures, and the Court is constrained to enforce that legislative restriction.").

[33] S. Rep. 418, 97th cong., 2d Sess. 8 (1982).

[34] *Id.*

> the taking of these animals if depredations occur or if the release of these populations will continue to be frustrated by public opposition.[35]

As a result, based on the ESA's statutory directives and Congressional intent, USFWS's ability to authorize directed taking is limited to relieving population pressures in extraordinary cases and, for predator species, if depredations occur or to alleviate public opposition.

On its face, it appears that reintroducing wood bison for the purpose of allowing hunting is contrary to the conservation requirements of the ESA and the need to recover the species. While we are not opposed to the authorization of sport/subsistence hunting in the future, should the species and experimental populations ever be de-listed, USFWS should clarify its intent regarding hunting of wood bison and identify the management measures and milestones that must be achieved before such an activity could be authorized.

7. USFWS Should Expand the Locations Being Considered for Reintroduction Beyond the Three Sites Currently Identified

In its scoping notice, USFWS indicates that it is only considering the reintroduction of wood bison in one or more of three sites: Yukon Flats, Minto Flats, and/or the lower Innoko-Yukon River area.[36] While we presume that the selection of these three sites was based upon prior analysis conducted by ADF&G, given the controversial nature of this proposal, USFWS should conduct its own, independent analysis to determine which locations in Alaska may be suitable for wood bison reintroduction.

Pursuant to the National Environmental Policy Act (NEPA), USFWS is required to consider a range of alternatives to the proposed action. In addition to a no action alternative, the relevant regulations require that USFWS "[r]igorously explore and objectively evaluate all reasonable alternatives, and for alternatives which were eliminated from detailed study, briefly discuss the reasons for their having been eliminated."[37] The sufficiency of alternatives considered depends upon whether the "selection and discussion of alternatives fosters informed decision-making and informed public participation."[38]

In identifying potential sites for wood bison reintroduction, ADF&G has not considered all reasonably appropriate sites in Alaska that may support such populations. In addition to the three sites identified in the scoping notice, ADF&G considered, but rejected, three other locations: Hogatza River, North Fork Kuskokwim River, and Aniak River.[39] The rationale for this decision was provided by an evaluation of potential wood bison habitat in Interior Alaska conducted during 2002-2005.[40] However, this study excluded large areas of potential wood

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[35] *Id.*
[36] 75 Fed. Reg. at 8,737.
[37] 40 C.F.R. § 1502.14(a) (emphasis added). Similarly, an EA must also include an examination of alternatives to the proposed action. 40 C.F.R. § 1508.9(b) (an EA "[s]hall include brief discussions of the need for the proposal, of alternatives as required by section 102(2)(E), of the environmental impacts of the proposed action and alternatives, and a listing of agencies and persons consulted.").
[38] *Morongo Band of Mission Indians v. F.A.A.*, 161 F.3d 569, 575 (9th Cir. 1998).
[39] *Id.* at 26.
[40] Gardner, C. L., M. Berger, and M. E. Taras, *Habitat Assessment of Potential Wood Bison Relocation Sites in Alaska.* ADF&G. Final Research Technical Report, Project 9.10 (2007).

bison habitat, notably areas that already support plains bison, occur within boroughs and national parks, and include large agricultural areas.[41] While we recognize the need to prevent conflicts between reintroduced populations and existing herds of native species and agricultural activities, there is no explanation for why borough or national park lands were omitted from consideration. This is particularly troubling when other private and federal lands have been identified as potential reintroduction sites and national park lands have served as successful reintroduction sites for other species, such as the gray wolf in Yellowstone National Park. Of the 365.5 million acres that make up Alaska, federal agencies currently claim 222 million acres, or 61% of the state. Further, Alaska is home to 147.9 million acres of conservation system units, of which 58 million acres are federally-designated Wilderness. Pursuant to its obligations under NEPA, USFWS should, at a minimum, examine these excluded federally owned lands to determine if areas suitable for wood bison reintroduction exist. Only after this analysis is conducted will USFWS be able to make a fully informed decision based on all the alternatives that may be reasonable and appropriate.

In addition, we note that USFWS has expressed reservations about the proposed reintroduction of wood bison into Yukon Flats. In 1997, and continuing to the present, USFWS has informed ADF&G that it could not support the proposal to reintroduce wood bison on Yukon Flats due to concerns about compatibility with the purposes of the Yukon Flats National Wildlife Refuge (YFNWR) and with USFWS policy on maintaining the biological integrity of refuges.[42] Recently, USFWS has indicated that it would prefer that the initial wood bison reintroduction occur in the Minto Flats or Innoko locations, but that its "concerns are not sufficient to object to [ADF&G's] proposal to pursue reintroduction of wood bison onto private lands in the Yukon Flats. . ."[43] Similarly, the lower Innoko-Yukon River recommended area is adjacent to the Innoko National Wildlife Refuge. Recognizing that, if wood bison are reintroduced on private lands near the YFNWR, or private and State of Alaska lands near the Innoko NWR, animals will eventually occur on refuge lands. USFWS should clarify and further explain its position on whether reintroduction in these areas would be compatible with the purposes of each refuge. Presumably, if reintroduction directly to refuge lands is incompatible, arguably, reintroduction to neighboring lands would also be incompatible because the wood bison would eventually migrate into the refuges.

8. USFWS Needs to Consider the Impacts of Reintroduction on the Ecosystem

Any time the reintroduction of a species is contemplated, it is important to consider the increased risks associated with impacts to the native ecosystem. This is true even if the species was once a part of the native ecosystem and was extirpated.

Wood bison have not been present in Alaska for at least 100 years. Arguably, in that time, the ecosystem has changed such that any reintroduction will disrupt existing ecological processes. USFWS must conduct a detailed and thorough examination of these impacts prior to authorizing any reintroduction. For example, and as discussed further below, USFWS needs to consider the effects of wood bison, and account for the magnitude of impacts associated with the number of species at carrying capacity, on native vegetation, water and soil quality, and native

[41] *Id.* at 3.
[42] Environmental Review at 70.
[43] *Id.* at 71 (citing letter by USFWS dated Nov. 2, 2006) (emphasis in original).

and domestic wildlife. While ADF&G provided an overview of these impacts in its Environmental Review, the level of detail and depth of analysis is not sufficient to support the proposed reintroduction, especially considering the large geographic areas that may be affected.[44]

The reintroduction of wood bison may also increase the risk of transmitting diseases to domestic livestock and current native species, such as moose, caribou, and plains bison. ADF&G has acknowledged that there are disease and health risks associated with the importation of wood bison. For example, wood bison are susceptible to bovine spongiform encephalopathy (BSE or mad cow disease), tuberculosis and brucellosis. Indeed, the importation of wood bison from Canada was precluded until recently by the threat of an outbreak of BSE.[45] While ADF&G intends to take every precaution possible to ensure that released wood bison are healthy and not a threat to other native species, there is no guarantee that the introduction of disease will be prevented. Even in controlled conditions, wood bison may develop serious illnesses that could pose threats to other wood bison, native species, and humans.[46] As such, USFWS should explain why this increased risk of disease introduction and proliferation is justified.

9. USFWS Needs to Consider the Impacts of Reintroduction on Neighboring Landowners

When considering appropriate sites for wood bison reintroduction, USFWS should also take into account the impacts any reintroduction program will have on neighboring landowners. Specifically, we are concerned that all three locations currently identified as potential reintroduction sites are also being considered for significant natural resource development projects. For example, various entities are currently considering: (1) natural gas exploration in the Nenana basin/Minto Flats; (2) natural gas and oil exploration in the Yukon Flats; (3) construction of a natural gas "bullet line" from North Slope Foothills to Anchorage which would cross a portion of the Minto Flats; and (4) the construction of the Donlin Creek gold project near the lower Innoko-Yukon River.

ADF&G has stated that it will first work to implement wood bison restoration in Minto Flats. This area is being strongly considered for a key in-state natural gas pipeline and where a group holding a State of Alaska Oil and Gas Exploration License and other leases has gathered over 200 miles of seismic data, recently drilled a well in 2009, and additional exploration for conventional natural gas is expected. ADF&G has also indicated that it will continue to pursue opportunities to restore wood bison in the Yukon Flats, which is also under serious consideration for major new economic developments. Recently, Doyon, Limited began conducting seismic testing in the Yukon Flats area to assess whether there are economic concentrations of oil and gas deposits. Finally, NovaGold Resources and Barrick Gold Corporation are proposing to develop the Donlin Creek gold mine on Calista land in the lower Innoko-Yukon River area approximately 30-40 miles east of potential wood bison habitat.

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[44] *Id.* at 33-45.
[45] *See* 72 Fed. Reg. 53,314 (Sept. 18, 2007).
[46] *See* 73 Fed. Reg. 50,834 (Aug. 28, 2008) (issuance of emergency permit to euthanize one adult wood bison held at the AWCC due to positive test for Cryptosporidium).

Each of these projects could provide an unprecedented economic boost to the respective regions and supply a steady source of jobs in areas that traditionally have high levels of unemployment. In addition, the projects will provide new business opportunities for companies to provide equipment, supplies, and other expertise in support of the resource exploration and extraction activities. Assuming that the projects proceed, there will be improved community sustainability and new tax and royalty revenue sources for the State of Alaska, the Alaska Mental Health Trust, the University of Alaska, the City of Nenana, Native corporations and others. Specific to Native Corporations, Congress enacted the Alaska Native Claims Settlement Act (ANCSA) to provide a means by which Alaska Natives could derive economic benefits from the resources around them. Native Corporations are the largest private landowners in Alaska, with title to tens of millions of acres of selected land throughout the state. ANCSA Section 7(i) ensures that 70% of all revenues received by each Regional Corporation from timber and subsurface estate resources must be divided among all 12 Regional Corporations in proportion to the number of Natives enrolled in each region. At least 50% of the revenues so received must be redistributed among the Village Corporations. It is therefore fair to assume that decisions made with respect to reintroduction of wood bison on Native Corporation lands will be felt statewide.

Regardless of the procedures used to reintroduce wood bison, by selecting one of the currently proposed sites, USFWS will create uncertainty and additional liability risks that may impact whether these valuable natural resource projects proceed. If USFWS authorizes reintroduction, the agency will be establishing a small number of animals in an ecologically-sensitive area. There is no guarantee that an interested party would not then petition USFWS to list the reintroduced species as threatened or endangered under the ESA, thereby triggering the section 9 take prohibitions, the designation of critical habitat, and section 7 consultation requirements. Even if, as USFWS recently stated, domestic wood bison are currently listed as endangered, a reintroduction without using the section 10(j) experimental population procedures would also impose the same ESA obligations. Likewise, even if the reintroduction proceeds pursuant to section 10(j), there are no assurances regarding how incidental take will be authorized and that, if circumstances change in the future, the experimental population or associated regulations will not be revised to provide greater protection to the species. Further, there is no means to provide assurances against third party litigation challenging any of these decisions.

It is well-established that the presence of a threatened or endangered species, even if designated as an experimental population, can have a chilling effect on any pending natural resource development project. This is caused by the additional administrative and regulatory burdens placed on the project proponent, the threat of potential liability for taking a listed species, and the possibility of litigation regarding the validity of the reintroduction or impacts of the proposed project on the species. USFWS should thoroughly consider these impacts on neighboring landowners, and the currently proposed projects, prior to authorizing any reintroduction of wood bison. Further, when considering a location for the reintroduction, USFWS should select an area with the least potential for future impacts with natural resource development activities. This will benefit both the economic viability of the proposed projects detailed above and reduce future anthropogenic impacts to the wood bison.

10. Because the Impacts of Any Wood Bison Reintroduction Are Likely to be Significant, USFWS Should Prepare an Environmental Impact Statement

An Environmental Impact Statement (EIS) must be prepared for "major federal actions significantly affecting the quality of the human environment."[47] The EIS provides a detailed and comprehensive analysis of the potential environmental impacts of the proposed action and must include an analysis of the environmental impact of alternatives to the proposed action.[48] In determining whether an action will have a significant impact, an agency may consider up to ten factors, including the degree to which the possible effects on the human environment are "highly uncertain or involve unique or unknown risks" and the "unique characteristics of the geographic area."[49] While we recognize that USFWS may first prepare an environmental assessment (EA) to examine the significance of any effects associated with a proposed project, we strongly urge USFWS to develop an EIS as, in our opinion, the effects of any wood bison reintroduction will be significant, particularly in the Yukon Flats area.

Reintroducing a species into its historic habitat is fraught with unique and uncertain risks. The sheer size of the land areas proposed for reintroduction indicates that impacts are likely to be significant. For example, the Yukon Flats restoration site is approximately 3,800 square miles, an area significantly larger than the State of Delaware, and the lower Innoko–Yukon River site is approximately 1,348 square miles, almost the size of the State of Rhode Island. As wood bison would be permitted to range freely, impacts associated with the reintroduction would be felt throughout these large geographic areas. While it is unclear if, at this point, comprehensive assessments have been conducted to catalogue the biota and aquatic and terrestrial resources existing in each reintroduction site, USFWS should engage in a detailed examination prior to authorizing any reintroduction to determine the native species present (and their densities), the quality of land and water resources, and the nature and extent of human activities (both present, proposed, and culturally significant) in the areas, and analyze the impacts associated with any reintroduction. Further, based on expected population growth and the carrying capacity of the location, the number of wood bison could range from approximately 500 to over 2,000 animals. It seems that, as wood bison numbers approach these levels, there would be significant environmental impacts to water quality, terrestrial resources, native species, and human activities, not to mention an increased risk of disease transmission.

When examining impacts, the USFWS must also consider the "unique characteristics of the geographic area such as proximity to historic or cultural resources, park lands, prime farmlands, wetlands, wild and scenic rivers, or ecologically critical areas."[50] We note that the Yukon Flats area contains large amounts of wetlands and two rivers, Beaver Creek and Birch Creek, that are designated as National Wild and Scenic Rivers. Pursuant to the NEPA requirements, USFWS should carefully examine any reintroduction-related impacts in this area given their heightened ecological sensitivity and intrinsic value.

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[47] 42 U.S.C. § 4332(2)(c).
[48] 42 U.S.C. §§ 4332(2)(C) & (E).
[49] 40 C.F.R. §§ 1508.27(b)(3)-(5). The human environment is defined to "include the natural and physical environment and the relationship of people with that environment." 40 C.F.R. § 1508.14. The NEPA regulations state that "economic or social effects are not intended by themselves to require preparation of an [EIS]." *Id.* However, if there are economic or social effects that are interrelated with natural or physical environmental effects, then the EIS must discuss the impacts of all of those effects.
[50] 40 C.F.R. § 1508.27(b)(3).

CONCLUSION

We believe that there are significant regulatory risks and environmental impacts associated with the proposal to reintroduce wood bison into Alaska. As we noted, at this time, there is uncertainty regarding the current listing status of wood bison under the ESA, and how the listing status may change in the future as USFWS determines whether to downlist or de-list the species. Further, it is unclear what assurances will be provided to impacted landowners through the section 10(j) process and what types of takings, sport/subsistence hunting or natural resource development, will be allowed in the future. These issues need to be resolved, through the clarification of relevant USFWS policies and consultations with impacted landowners, prior to the issuance of any proposed rule.

Further, we are concerned that ADF&G and USFWS have not sufficiently examined the potential environmental impacts associated with the currently proposed reintroduction. It is clear that the agencies have not properly considered other alternative sites that may provide suitable wood bison habitat. Further, the environmental effects analyses conducted to date are not comprehensive or detailed enough to provide sufficient information upon which to base a decision. Notably, ADF&G's Environmental Review only provided a cursory overview of the reintroduction areas, the potential habitat available, and the potential impacts that could be anticipated. This is particularly troubling given the huge geographic areas that may be affected should the reintroduction proceed. USFWS should take the requisite "hard look" at the environmental impacts associated with this proposal before authorizing any reintroduction of wood bison into Alaska.

Thank you for considering these comments.

Sincerely,



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April 11, 2011

The Honorable Craig Johnson, Chair
House Rules Committee
Alaska State House
Juneau, AK 99801

Dear Representative Johnson:

The Alaska Chapter of SCI is a major sportsman's conservation group here in Alaska and as such plays a major role in that community. We respectfully submit that HB 186 is a somewhat flawed bill and as such we oppose the passage of this legislation.

The wood bison restoration project has been, and remains a high priority for the hunting community. The proponents of this legislation would have us believe that their intent is not to kill the wood bison restoration project, but to simply require legislative approval before any proposed relocation can move forward. If that was true, why is the last sentence in the bill, and where is the fiscal note necessary to allow for any remediation of the problems in Big Delta? We respectfully submit that the way this bill is written, there can be no doubt that this legislation is intended to kill the project.

Over twenty years ago, the State of Alaska approached the hunting community, including Safari Club International and the Alaska Outdoor Council to support the restoration of wood bison into Alaska. We agreed and have spent hundreds of thousands of dollars supporting the project. The proponents of this legislation place a significant amount of importance on not trusting the federal government. Where is the remuneration clause in this legislation that would lead the hunting conservation community to believe the State of Alaska intended to deal with them in good faith by restoring those expended funds to them if the Legislature decides not to allow a relocation to take place?

There isn't any urgency to pass this poorly crafted solution to a non-problem. At this point, no release is being contemplated any earlier than the summer of 2013. Furthermore, the bill is based on misconceptions of the federal Endangered Species Act (ESA). Comparing the proposed release of wood bison under the 10 J rule to the listing of polar bears and belugas is akin to comparing apples and oranges.

Polar bears and Belugas were listed as existing species under a wholly different provision of the ESA, and not under a 10 J ruling. We don't disagree that those listings were questionable at best, if not downright fabricated. In fact SCI was one of the first groups to file suit on the polar bear listing. However, the 10 J rulemaking process is far different and involves more than just the United States Fish and Wildlife Service (USFWS). The reason the release date has been delayed is because the State and USFWS have not been able to come to agreement on the language.

There has been much made of the fact that this Legislature doesn't trust the federal government on this issue and that they will unilaterally rescind any rule to which the State may agree. If you read the law, that can't happen. The only method available to them to rescind a 10 J rule would be to reengage in another rulemaking process with the same principals at the table in which case we are actually stating we don't trust our own state government to block any detrimental changes. The fact is the State has much more say under a 10 J rule than under the rules within ESA used to list polar bears and belugas. The 10 J rule has never been overturned or rescinded. It can only be changed by the process outlined above.

We understand the concern of some Legislators; however, we believe that a legitimate review of the facts preclude the necessity for HB 186. However, if it is the perception of the Legislature that they would like to have some oversight in this matter, then we suggest the bill be amended accordingly. Strike the entire paragraph in the existing bill and replace with the following language:

"**Sec. 16.05.054. Limitation on authority of commissioner in relation to wood bison.** The commissioner may not import wood bison into the state or relocate wood bison to a new area of the state without submitting the relocation plan to the legislature for approval. The legislature must vote in the affirmative to prohibit the plan."

We are resolute in our opposition to HB 186 as it is currently written and respectfully request that the bill either be held in committee to allow legislators time to ascertain the facts presented in this letter, or that the committee adopts the above proposed language before moving HB 186 to the floor.

Sincerely,

Eddie Grasser

Eddie Grasser
SCI Region 33 Representative
Alaska & Hawaii

cc: Members of the House Rules Committee

Linda Hay

From: Heather Rabinovitch [heatherr@msialaska.com]
Sent: Friday, April 08, 2011 9:23 AM
To: Rep. Eric Feige
Subject: AWCC position on wood bison release
Attachments: 2011.4 wood bison letter.docx

Categories: Linda, Mike

Representative Feige,

Attached please find the Alaska Wildlife Conservation Center's comments on HB 186. We believe that the rhetoric has outpaced reason on the subject of wood bison release, and that we should be working together on a mutually beneficial solution. Thank you for your consideration. If you have questions or need additional information, please do not hesitate to give me a call.

Mike Miller
Executive Director

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CONSERVATION CENTER

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Steve Mendive
Projects & Development

April 6, 2011

Re: Opposition to House Bill 186

Alaska has the unique opportunity to return to the wilds an extirpated species – the wood bison. We can release these magnificent animals into their traditional habitat in a way that protects the interests of our state, our residents, our nation and the animals themselves. This is truly a win-win situation for everyone – and an opportunity to correct a mistake mankind made almost a century ago.

Wood bison disappeared from Alaska about 100 years ago, probably as a result of over-hunting. Canada found a small herd of the animals in the 1960s, moved them to a protected area and let them multiply to the point they could be reintroduced into their historical range. Canada presently has six large, wild herds of wood bison that coexist with the nation's aboriginal inhabitants, its mining interests, its tourism business and its large oil and gas industry.

The project to reintroduce wood bison in Alaska dates back more than a decade. After extensive consultations and planning, the Alaska Department of Fish and Game (ADF&G) asked the Alaska Wildlife Conservation Center (AWCC) to support the animals until they could be released. The first bison arrived in 2006 from the Yukon Territory and another 50 arrived in 2008. Today, the herd numbers 86.

It has been our privilege to care for the bison at our nonprofit facility near Portage. AWCC does not charge the state for the care of the bison, or for the use of the land and our facilities. This has been our contribution to this project. But now it is time to begin returning the bison to their traditional home.

Wood bison are listed as an endangered species under the U.S. Endangered Species Act (ESA). The state, in cooperation with the Fish and Wildlife Service, has determined that the best way to address concerns is to establish a special federal rule to designate the bison as a "nonessential experimental population." The special rule – called 10(j) - removes many of the regulatory requirements that normally apply to endangered species and allows state management of the animals.

These 10(j) rules have proven to be highly effective in about two dozen cases and Alaska's wood bison meet the legal requirements for such a designation perfectly. ADF&G has repeatedly said it will not release wood bison into the wild until the final rule is in place and provides sufficient protection for other existing and future land uses. We support this approach.

Alaskans throughout the state want the bison released. The people of the lower Yukon and Innoko area support restoration. The GASH Fish and Game Advisory Committee, the Western Interior Regional Subsistence Advisory Council, the

ALASKA WILDLIFE CONSERVATION CENTER

Mid Yukon Kuskokwim Soil and Water Conservation District and the Tanana Chiefs Conference Lower Yukon Sub-region have adopted letters or resolutions of support.

Public meetings to discuss the project have attracted advocates from sport hunting groups, Native subsistence groups and watchable wildlife groups. It is rare that these diverse groups work so harmoniously on a mutually beneficial project.

Financial support has been as broad-based and has included the Safari Club, the Rasmuson Foundation, Teck-Cominco Ltd., UAF School of Natural Resources and Agricultural Sciences, Pope & Young Club, Wildlife Conservation Society, Ted Turner Foundation, the Natural Resource Conservation Service, UA Local 367, Greer Tank, Carlile Transportation Systems, the Anchorage Soil and Water Conservation District and Alyeska Resort.

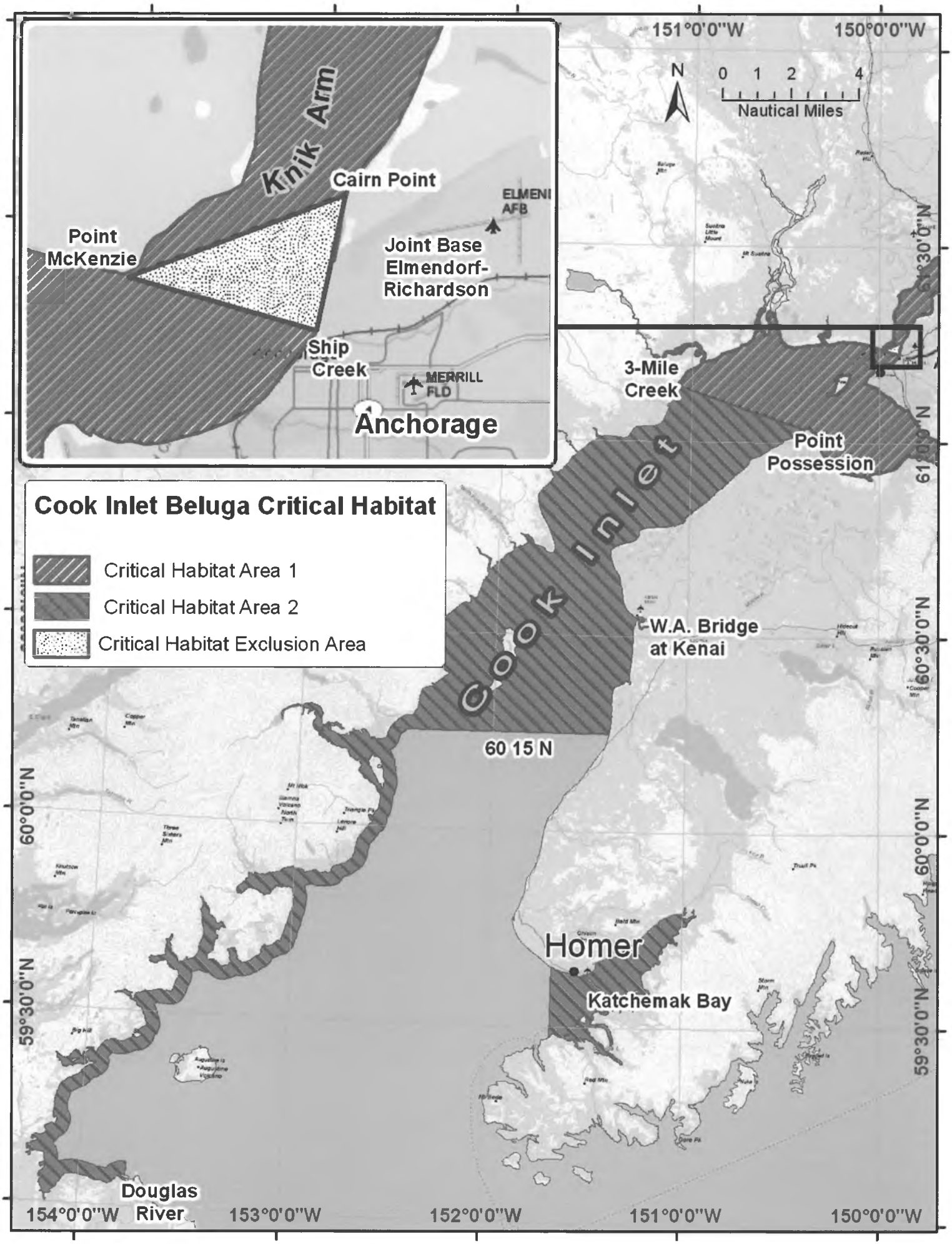
The AWCC strongly opposes HB186 and instead encourages the Legislature to seek ways to help ADF&G move as expeditiously as possible to restore wood bison in the lower Yukon and Innoko areas.

We also would like you to stop by our facility and see these amazing animals up close.

Thank you for your consideration.

Mike Miller
AWCC Founder/Executive Director
907-301-7942 cell

http://www.youtube.com/watch?v=Td1a3VWWXZk&feature=player_embedded#at=15


Knik Arm
Cairn Point
Point McKenzie
ELMENI AFB
Joint Base Elmendorf-Richardson
Ship Creek
MERRILL FLD
Anchorage
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150°0'0"W
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Katchemak Bay
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Douglas River
154°0'0"W
153°0'0"W
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151°0'0"W
150°0'0"W
Cook Inlet Beluga Critical Habitat
Critical Habitat Area 1
Critical Habitat Area 2
Critical Habitat Exclusion Area

BILLING CODE 3510-22-S

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 226

[Docket No. 090224232-0457-04]

RIN 0648-AX50

Endangered and Threatened Species: Designation of Critical Habitat for Cook Inlet Beluga Whale

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Final rule.

SUMMARY: We, the National Marine Fisheries Service (NMFS), designate critical habitat for the Cook Inlet beluga whale (Delphinapterus leucas) distinct population segment (DPS) under the Endangered Species Act (ESA). Two areas are designated, comprising 7,800 square kilometers (3,013 square miles) of marine habitat. In developing this final rule we considered public and peer review comments, as well as economic impacts and impacts to national security. We have decided in the final rule to exclude the Port of Anchorage (POA) in consideration of national security interest. Additionally, consistent with the proposed rule, portions of military lands were determined to be ineligible for designation as critical habitat. We solicited comments from the public on all aspects of the proposed rule, and conducted four public hearings on the action. Along with the proposed rule, we published a draft economic impacts analysis, entitled "Draft RIR/4(b)(2) Preparatory Assessment/IFRA for the Critical Habitat Designation of Cook

Inlet Beluga Whale." This economic analysis has been completed to support the final designation. See "Final RIR/4(b)(2) Preparatory Assessment/FRFA for the Critical Habitat Designation of Cook Inlet Beluga Whale" for a discussion of these topics.

DATES: This rule will become effective on [insert date 30 days after date of publication in the FEDERAL REGISTER].

ADDRESSES: The final rule, maps, status reviews, and other materials supporting this final rule can be found on our Web site at: http://www.fakr.noaa.gov/.

FOR FURTHER INFORMATION CONTACT: Brad Smith (907-271-3023), Kaja Brix (907-586-7235), or Marta Nammack (301-713-1401).

SUPPLEMENTARY INFORMATION:

Rulemaking Background

We are responsible for determining whether species, subspecies, or distinct population segments (DPSs) are threatened or endangered and for designating critical habitat for these species under the Endangered Species Act (ESA) (16 U.S.C. 1531 et seq.). On October 22, 2008, we published a Final Rule to list the Cook Inlet beluga whale as an endangered species (73 FR 62919). At the time of listing, we announced our intent to propose critical habitat for the Cook Inlet beluga whales. This critical habitat was subsequently proposed on December 2, 2009 (74 FR 63080). The proposed rule's critical habitat for the Cook Inlet beluga whale was determined by considering information received in response to our Advance Notice of Proposed Rulemaking, sighting reports, satellite telemetry data, The Traditional and Ecological Knowledge of Alaska Natives (TEK), scientific papers and other research, the biology and ecology of the Cook Inlet DPS of beluga whales, and information indicating the presence of one or more of the identified primary constituent elements (PCEs) within certain areas of their range.

The proposed rule identified "specific areas" within the geographical area occupied by the Cook Inlet beluga whale to be proposed as critical habitat.

We considered various alternatives to the critical habitat designation for the Cook Inlet beluga whale. The alternative of not designating critical habitat for the Cook Inlet beluga whale would impose no economic, national security, or other relevant impacts, but would not provide any conservation benefit to the species. This alternative was rejected because such an approach does not meet the legal requirements of the ESA and would not provide for the conservation of Cook Inlet beluga whale. The alternative of designating all eligible occupied habitat areas also was considered and rejected, because some areas within the occupied range were not considered to be critical habitat, and did not contain the identified physical or biological features that are essential to the conservation of the Cook Inlet beluga.

An alternative to designating critical habitat within all eligible occupied areas is the designation of critical habitat within a subset of these areas. Under section 4(b)(2) of the ESA, we must consider the economic impacts, impacts to national security, and other relevant impacts of designating any particular area as critical habitat. We have the discretion to exclude any particular area from designation as critical habitat if the benefits of exclusion (i.e., the impacts that would be avoided if an area were excluded from the designation) outweigh the benefits of designation (i.e., the benefits to the Cook Inlet beluga whale if an area were designated), so long as exclusion of the area will not result in extinction of the species. Exclusion under section 4(b)(2) of the ESA of one or more of the areas considered for designation would reduce the total impacts of designation. The determination to exclude any particular areas depends on our ESA 4(b)(2) analysis, which is described in detail in the ESA
4(b)(2) analysis report.

Legal Status Clarified by Bob Stephenson

Wood bison quietly graze amongst the autumn birches in the Northwest Territories, Canada.



Photo by Bob Stephenson, ADF&G

The future legal status of wood bison in Alaska was recently clarified following a review by the U.S. Fish and Wildlife Service (FWS). The Alaska Department of Fish and Game also reviewed the issues surrounding the legal status of wood bison and agrees with the conclusions reached by FWS. Wood bison are listed as a threatened species by Canada and as a foreign listed species in Canada under the U.S. Endangered Species Act (ESA). Because the species is listed in Canada, certain permits are required to import or export wood bison. In October 2004, the FWS determined that should wood bison be restored to Alaska, the ESA would not need to be modified to add the imported population as endangered or threatened, and that it does not intend to revise the list to include domestic wood bison populations. This means that wood bison in Alaska would have the same legal status as other resident wildlife, and would not be listed as threatened or endangered in the U.S.

Inside:

- Wood Bison Restoration Planning Set to Begin — Page 1
- History and Conservation of Wood Bison — Page 1
- Looking for Wood Bison Habitat in Alaska — Page 2
- Legal Status Clarified — Page 4

Wood Bison News - Number 1, Spring 2005

News of the Wood Bison restoration project.
To subscribe, visit our wood bison web site at http://wildlife.alaska.gov/management/game/wood_bison1.cfm.

Alaska Department of Fish & Game
1300 College Road
Fairbanks, Alaska
99701-1599

Contact:
Greig Gardner, 459-7329
Bob Stephenson, 459-7236
Fax: 907-452-6410
E-mail: woodbison@fishgame.state.ak.us

Name
Organization
address

First public meeting: April 27& 28 at the Wedgewood Resort in Fairbanks. 9:00 a.m. in the Gazebo Room.

Wood Bison News

Number 1, Winter 2005

Photo by C. Gates



Mature wood bison bull. Wood bison currently live in northwestern Canada, but were once present in much of Alaska.

Drawing courtesy W. Olsen

Wood bison public planning set to begin

by Margo Matthews

The Alaska Department of Fish & Game (ADF&G) is preparing to involve the public in decision-making and planning for wood bison restoration in Alaska. ADF&G has been exploring the possibility of restoring wood bison since 1991, in cooperation with various U.S. and Canadian agencies, tribal governments, and public groups. Scientific studies have been conducted, and preliminary talks with many segments of the public have helped identify potential issues and concerns and gauge the level of support for the idea. Now the public, landowners and natural resource managers will have an opportunity to formally consider the proposal.

ADF&G is about to establish a "Wood Bison Restoration Advisory Group" representing a variety of local, statewide and national interests, including people representing wildlife conservation, hunting, Native Alaskan, viewing, and environmental interests. ADF&G plans to conduct two or more meetings of the Advisory Group this spring and summer to help determine whether wood bison should be restored, and if so, to recommend locations for restoration.

"Returning wood bison to Alaska would help secure their future."

If the decision is made to move forward with restoring wood bison to Alaska, the next step **(continued on page 2)**

For more information or to subscribe to this newsletter visit our wood bison web site at:

http://wildlife.alaska.gov/management/game/wood_bison1.cfm

History and Conservation of Wood Bison

by Bob Stephenson

Alaska Department of Fish & Game
1300 College Road
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E-mail: woodbison@fishgame.state.ak.us

Bison were one of the most common large mammals in Alaska for a few hundred thousand years or more. Skeletal remains and historical accounts show that wood bison persisted in a large part of their original range in Alaska and Canada during the last 10,000 years, and played a role in the economies of Athabascan people in central and eastern Alaska during this period. Radiocarbon dates for bison skeletal remains range from over 40,000 to 170 years old. Wood bison were the last subspecies of bison to live in Alaska, occupying the state for most of the last 5,000 to 10,000 years. Wood bison and plains bison are the two subspecies of North American bison, but wood bison are better adapted than plains bison to northern environments.

Archaeological evidence and oral accounts from Native Alaskan elders show that **(Contnued on pg. 3)**

Looking for wood bison habitat in all the right places

by Craig Gardner

For thousands of years, bison roamed meadow habitats across most of Alaska. Bison are grazers, meaning they primarily eat grasses and sedges. Bison were once the most numerous and perhaps the most important large grazer in Alaska. Since their extirpation within the last few hundred years, no other animal has filled that role in Alaska's meadow ecosystems. Without bison, some characteristics of these meadow systems have probably changed. They are probably lower in species diversity and biological productivity and richness compared to when bison were present. One of the objectives of restoring wood bison to Alaska would be to reestablish a large grazer to help maintain these meadow ecosystems.



Photo by C. Gardner, ADF&G

Mike Taras up to his elbows in sedges, examining habitat quality in July 2004. These sedge meadows could provide wood bison with summer or winter habitat.

Before wood bison restoration could be seriously considered, we had to determine if there is still suitable habitat in Alaska that could support viable wood bison populations. To answer that question, ADF&G biologists began evaluating the large expanses of sedge and grass meadow systems in Interior Alaska in the early 1990s. Once potential areas were located, we evaluated habitat quality by measuring plant species composition and abundance, snow characteristics, and soil and water conditions, and compared the results with known wood bison ranges in Canada.

Studies conducted in Canada show that wood bison are dietary generalists, meaning they can use a variety of forage to meet their nutritional requirements for maintenance and growth. Wood bison do display preferences or certain types of meadows during different times of the year, and also prefer certain sedge and grass species because of their nutritional quality. However, if the most preferred sedge species are not present, wood bison have been found to thrive on lower quality forage, because of their ability to efficiently utilize nutrients.

Research has shown that wood bison do not occupy areas in which meadows are absent. In Canada, meadow habitats represent 5-20% of most ranges. Wood bison are well adapted to northern habitats and can handle relatively deep snow and extremely cold temperatures (less than -40° F.). The foraging activities of adult bison are not restricted by snow depths of up to 30 inches, and calves are not restricted in up to 24 inches of snow. Wood bison can withstand deeper snow without affecting mortality or productivity, as long as wind or icing does not increase snow density. **(continued on next page)**

Wood Bison Planning Set to Begin (continued from Page 1)

will be to establish a planning group for a specific area. This team would include representatives of local communities, wildlife conservation interests, wildlife viewing and habitat conservation interests, private landowners, ADF&G, and appropriate state and/or federal land management agencies. This group would address issues in greater detail, including those that apply to the local area, and develop implementation and management plans that would ensure that all wildlife users would share in the benefits of wood bison restoration.

ADF&G believes it is important for the public to play a major role in the decision-making and planning for this wildlife conservation initiative. If you are interested in participating or being informed of progress, call, e-mail, visit our web site, or visit our office. Our contact information is on Page One and Page Four of this newsletter.

Habitat (Continued from pg. 1)

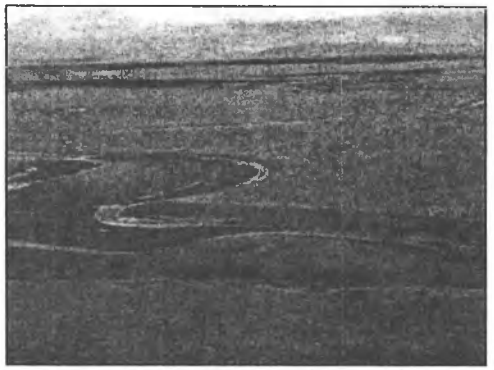
Based on our studies, there are several areas in Alaska that could support populations of wood bison and that can be considered as possible release sites. The Yukon Flats north of Fairbanks offers abundant high quality habitat and favorable snow conditions, and could support at least 2,000 wood bison. The Minto Flats area west of Fairbanks also contains suitable habitat, and could support over 400 wood bison. Other areas that show promise are the lower Innoko River valley near Shageluk and Holy Cross, the Hogatza River valley near Huslia and Hughes, and the North Fork of the Kuskokwim River valley near Lake Minchumina. These areas offer an abundance of the sedge and grass species favored by wood bison. Before these areas can be considered for wood bison restoration, though, additional snow surveys and spring access evaluations need to be completed. There are also a number of other areas in the Interior that appear to be suitable for wood bison. Hopefully, they will be evaluated sometime in the future.

Photo by W. Olsen



Cow wood bison with calf.

Photo by M. Taras, ADF&G



Vast expanses of wet sedge meadows in southwestern Alaska could provide wood bison with winter habitat.

Prior to their disappearance, bison were an important source of food for the Gwich'in on the Yukon Flats. Reverend David Salmon emphasized that "they lived on it" before moose became more common....Bison were said to be a "good animal," providing valuable food and material for the people. In discussing the history of bison in the region, Rev. Salmon often commented that the Yukon Flats "is their country ...they belong to it".



Rev. David Salmon

History and Conservation (Continued from pg. 1)

wood bison were hunted by humans until they disappeared from Alaska during the last few hundred years. The most likely reason for the extirpation of bison was the combined effects of hunting by humans and changes in habitat distribution. By 1900 only a few hundred wood bison remained in Canada, but as a result of conservation efforts there are now over 3,000 wood bison in healthy, free-ranging herds. Restoring one or more wood bison populations in Alaska is a high priority in wood bison conservation, and would help secure the long-term survival of this historically important northern mammal. Alaska, Canada, and a variety of public and private organizations have cooperated in developing the opportunity to restore wood bison in Alaska. These efforts will continue during the upcoming wood bison planning process.

For more information or to subscribe to this newsletter. Visit our wood bison web site at:

http://wildlife.alaska.gov/management/game/wood_bison1.cfm



WOOD BISON NEWS

Drawing courtesy of Wes Olson

Issue Number 5, Fall 2010

Target Date for First Wood Bison Release Set for Spring 2012

By Randy R. Rogers, Wildlife Planner

Nearly two years have passed since the winter 2008-2009 issue of the *Wood Bison News* was published, where we highlighted the successful import of wood bison from Canada. To people interested in the wood bison restoration project, but not involved in the details, it might seem like progress is slow or nonexistent. However, this is not the case. The Alaska Department of Fish and Game (ADF&G), the Alaska Wildlife Conservation Center and many others have been working diligently to move the project forward. We are carefully addressing the many issues involved and the pieces of the wood bison puzzle are beginning to fit together. This issue of the *Wood Bison News* details the progress we are making on several fronts. The wood bison health testing program is nearly complete and the herd is healthy and growing. A major effort is underway to establish regulations that will change the status of wood bison in Alaska under the Endangered Species Act. The U.S. Fish and Wildlife Service will complete the proposed regulations in the near future. These regulations will be available for public comment and should address concerns about potential impacts on other resource development activities and help clear the way for the initial release of wood bison.



Photo by Doug Lindstrand

Funding for the initial release is fairly well set with the award of a grant from the Wildlife Conservation Society and additional funding through the State Wildlife Grant program. This winter we will initiate planning and prepare for the first release of wood bison in the lower Innoko River area in spring 2012. We hope that success in the Innoko area will help clear the way to restore wood bison in other areas. A release in 2012 depends on completion of several important tasks. However, as noted by Division of Wildlife Conservation Director Corey Rossi, "***we are beginning to see the light at the end of the tunnel.***"

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Lower Innoko River Area Wood Bison Planning to Begin

ADF&G will begin a cooperative planning effort for wood bison restoration in the lower Innoko and Yukon River area in spring 2011 (see map on page 3). According to a habitat study conducted in 2003-2004, the lower Innoko/Yukon River area offers abundant forage and could support a minimum of 400 wood bison. The study also identified a large amount of potential habitat outside the intensively studied area which could support many more bison. The report noted concerns about extensive spring flooding in the area and the sometimes deep, late winter snowpack. These conditions could pose extra challenges for wood bison restoration, but overall the area's habitat makes it one of the three best sites in the state, along with Yukon Flats and Minto Flats.

The Grayling, Anvik, Shageluk and Holy Cross (GASH) Fish and Game Advisory Committee and the Western Interior Regional Subsistence Advisory Council have supported wood bison restoration in the lower Innoko area for several years. In October 2009 the GASH villages which comprise the Tanana Chiefs Conference Lower Yukon Subregion passed a joint resolution stating the subregion "***supports the Wood Bison Restoration in the Lower Yukon/Innoko River area and supports ADF&G to proceed to involve the tribes, local residents, Doyon, Ltd., and Tanana Chiefs Conference to develop a plan for reintroducing wood bison in our homelands.***"

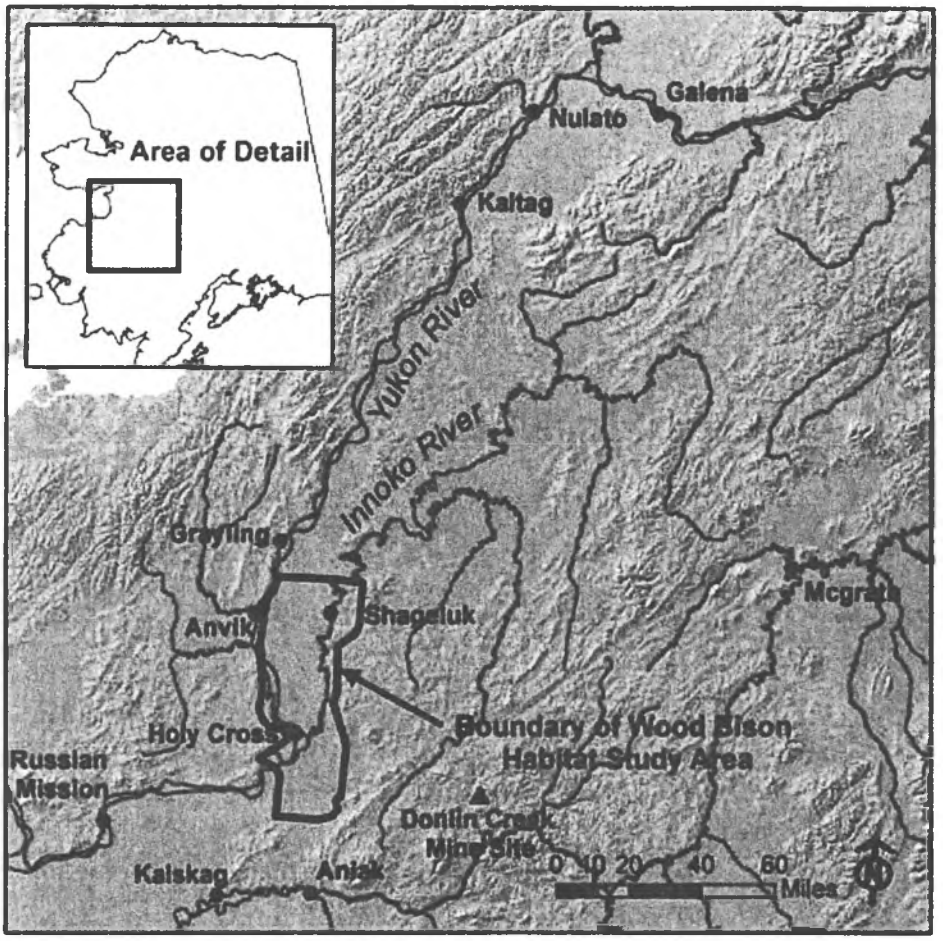
During the 2009 Alaska Federation of Natives meeting in Anchorage, members of the GASH village councils visited the Alaska Wildlife Conservation Center (AWCC) to get a first-hand look at the wood bison that might be set free in their area. Mike Miller and AWCC provided a great tour that was enjoyed by all. It is great to have the enthusiastic support of local residents to restore wood bison in this area!

Another important factor involved in the decision



People from the lower Yukon/Innoko communities and friends visited the wood bison at AWCC in October 2009.

to start planning for the Innoko site first is concern about possible impacts on other resource development activities due to the Endangered Species Act (ESA). As people who have been following the wood bison project may recall, in 2007 ADF&G proposed to begin planning for the Minto Flats site first. In January 2009 Doyon, Ltd., the regional Native corporation for interior Alaska, distributed a report that outlined their concerns that wood bison reintroduction could result in restrictions on oil and gas or other resource development.



Map showing the location of the lower Innoko River wood bison habitat study area

The state is also concerned about potential effects on resource development due to the ESA and wants to proceed with wood bison reintroduction in the most cautious and prudent manner possible to ensure that other resource development activities are not impeded. As a result, the Governor's Office asked ADF&G to work with the Alaska Department of Natural Resources (DNR) to evaluate the potential for other resource development at the three sites being considered for wood bison restoration and other areas to determine where wood bison could be reintroduced with the least risk to other resource development proposals.

Doyon is actively exploring for oil and gas on Yukon Flats and Minto Flats. There is also a proposal to construct a natural gas pipeline from the North Slope to Anchorage and one possible route would cross the eastern edge of Minto Flats. DNR is proposing to move forward with the Nenana-Totchaket agricultural project west of Nenana and is concerned that if wood bison are reintroduced on Minto Flats it might result in conflicts with agriculture similar to those involving the Delta plains bison herd. There is less potential for oil and gas or mineral deposits and no major resource developments proposed at the present time within the lower Innoko wood bison area. The proposed Donlin Creek mine is located about 30 miles southeast of potential wood bison habitat; however the prospect is located in hilly terrain where wood bison are not likely to go.

(Continued on page 4)

(Continued from page 3)

Overall, the evaluation indicated that the lower Innoko area has the least potential for conflicts with other resource development and is therefore the most feasible place for the first release of wood bison into the wild.



Extensive meadow systems mixed with forest along the Innoko River can provide high quality wood bison habitat.

ADF&G is working with the U.S. Fish and Wildlife Service, The Alaska Department of Law and DNR to develop special regulations designed to ensure that wood bison reintroduction does not restrict other resource development or land uses (see *New ESA Regulations* page 9). Once federal regulations are in place and have been evaluated by interested parties, we hope to proceed with planning efforts for the other areas. An important consideration is that Yukon Flats has the largest amount of high quality wood bison habitat in Alaska. Reestablishing a population in this area has the potential to provide the greatest benefits for people and for bison conservation over the long term.

ADF&G will conduct a cooperative planning process for each site where wood bison restoration is pursued. These planning efforts will involve all stakeholders including local and non-local residents, conservation groups including sportsmen's, environmental and Native organizations, resource development interests and affected state and federal agencies. Through these planning efforts we will determine the best location for each release site, establish initial herd size objectives, develop information and education programs to promote wood bison conservation and establish plans for monitoring each herd and other biological resources. We will also look to the future, to a time when each herd has grown enough to allow hunting, and work to develop strategies to ensure that local, non-local and, eventually, non-resident hunters have opportunities to harvest wood bison.

Later this winter ADF&G will send out an announcement to begin the planning process for the lower Yukon-Innoko River Area. We will seek nominations for people who can represent various interests on a planning committee. Please let us know if you have time and interest in working with us to develop plans for the first reintroduction of wood bison into the wild in Alaska.



Wood Bison News

Drawing by Wes Olson

Issue Number 4, Winter 2008-09

Wood Bison Imported From Canada!

Last June Alaska's wood bison restoration effort moved closer to the goal of reestablishing wild populations when 53 young wood bison were transported by truck from Elk Island National Park (EINP) near Edmonton over 2,000 miles and released at their temporary home at the Alaska Wildlife Conservation Center (AWCC). This was the culmination of several months of planning and preparation involving various state, provincial and federal agencies and organizations in the U.S. and Canada.

The bison were separated from a herd of about 350 animals last January and held in a quarantine facility as we arranged to obtain the remaining import and export permits. Initially the plan had been to conduct the import in March, during cool weather conditions. However, the final import permit required by the U.S. Department of Agriculture (USDA) could not be issued until early June. EINP staff was concerned about transporting the bison in hot summer weather, but fortunately it was cloudy and cool during most of the trip from Edmonton to Portage. Parks Canada staff separated the bison into groups of animals of similar size, and Pat Hoffman Trucking provided two trailers equipped with air shocks, which gave the bison a smooth ride, even over rough sections of the Alaska Highway. EINP Conservation Biologist Norm Cool and chief bison handler Archie Handel, as well as Bruce Chisholm with the Canadian Food Inspection Agency accompanied the two trucks on their nonstop, two day trip to AWCC. The bison traveled well, and were given water at Watson Lake and in Tok, where the volunteer fire department provided a pump truck to quickly fill the numerous water troughs.



Wood bison from Elk Island National Park in Canada arrived at their temporary new home at the Alaska Wildlife Conservation Center on June 19, 2008.



Tok Fire Department volunteer Bryan Thompson helps Bruce Chisholm water the bison.

On arrival at AWCC Bob Gerlach, the Alaska State Veterinarian, and Mike Philo the USDA veterinarian for Alaska, checked the identification of each animal before the bison bounded quickly out of the trailers and into their new pasture. Unfortunately, one of the bulls was injured by another bison during the transport and died a few days after arrival. All things considered, the transport of wood bison from Canada to Alaska went very well and the 52 bison have settled in and are doing fine at their new home at AWCC.

The successful transport is an important milestone in the restoration effort, which had its beginnings in the early 1990s, when Athabascan elders in the Fort Yukon area shared historical accounts describing how bison were an important resource for interior Alaska Natives as recently as a few hundred years ago. It is not often that we have an opportunity to restore an indigenous species to large expanses of high quality habitat in its original range. There is a lot of work left to do, but we are now a big step closer to seeing wood bison, one Athabascan name for which translates as "***big, hefty one on the land***," roaming free again in interior Alaska.



Wood bison bull in the transport trailer.

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Public Comment Shows Strong Support for Wood Bison Restoration by Randy Rogers, Wildlife Planner

In April 2007 the report "Wood Bison Restoration in Alaska: A Review of Environmental and Regulatory Issues and Proposed Decisions for Project Implementation" (Environmental Review or "ER") was released for public review and comment. A 12 page summary of the ER and a public comment response form were included in the spring 2007 issue of the Wood Bison News. The Alaska Department of Fish and Game (ADF&G) accepted comments on the ER through September 30, 2007 and received nearly 100 written responses. In addition, the ER was discussed at several state fish and game advisory committee meetings and presentations to other organizations were provided on request. Over 90% of the comments on the ER expressed support for ADF&G's efforts to restore wood bison in Alaska.

Over 90% of the comments received expressed support for the effort to restore wood bison in Alaska.

In the Environmental Review ADF&G concluded that wood bison restoration in Alaska can be accomplished with minimal or no negative environmental impacts, and that wood bison restoration can enhance the diversity of Alaska's wildlife resources and could provide significant benefits to people. The three sites evaluated for possible wood bison restoration are the Yukon Flats, Minto Flats and the lower Innoko–Yukon River area. ADF&G concluded that all three sites are suitable for wood bison restoration. The Department proposed to proceed with efforts to restore wood bison in Alaska and initiate site-specific planning efforts for both the Yukon Flats and Minto Flats locations, while also increasing efforts to discuss possible wood bison restoration in the lower Innoko–Yukon River area.

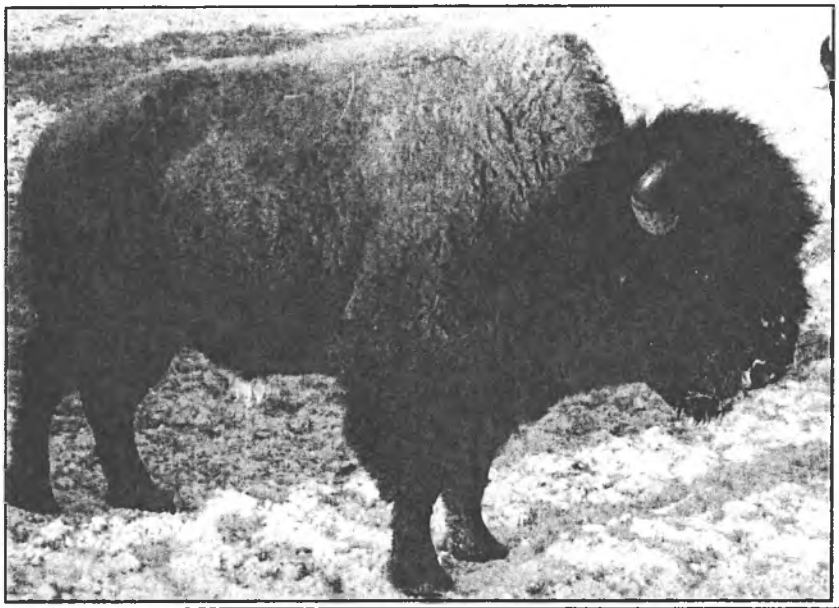
Numerous comments indicated a belief that wood bison restoration is an important wildlife conservation initiative and that it will enhance Alaska's natural and cultural heritage and ecosystem biodiversity. Several international wildlife conservation organizations including Safari Club International, Wildlife Conservation Society (WCS) and World Wildlife Fund endorsed wood bison restoration in Alaska as a significant wildlife conservation initiative. The Alaska Outdoor Council stated "The concept of restoring wood bison to their former range is a conservation goal of the highest order in terms of ecosystem and human values."

Many people submitted comments emphasizing the importance of both local and non-local hunters having opportunities to share in future harvest of wood bison. Some comments opposed establishing a subsistence priority for use of wood bison. Several also acknowledged that local residents have some proprietary interest in the use of local resources, and that there does need to be mechanisms to ensure that local residents have adequate opportunities to harvest wood bison. Several comments from local residents highlighted the importance of having opportunities to benefit from the harvest of wood bison near local villages, and the need to protect wood bison from illegal harvest, especially while the herds are growing.

ADF&G remains committed to ensuring that the benefits of wood bison restoration are shared among local and non-local residents of Alaska and others. Future harvest management will be an important topic during site-specific planning efforts in which both local and non-local interests will be involved.

Several respondents agreed that predation should not be a significant threat to wood bison restoration in Alaska, while others expressed concern that wolf predation on wood bison could be significant and limit success of the restoration effort. Based on experience in Canada, ADF&G continues to believe that predator control is not likely to be required to ensure that wood bison restoration is successful.

Several comments addressed the status of wood bison under the Endangered Species Act (ESA). Most of these comments emphasized the need for ADF&G to continue to work with the U.S. Fish and Wildlife Service (USFWS) and others to ensure that any risk of wood bison restoration interfering with other resource development is minimized.



(Continued on page 3)



Wood bison cow and calf at AWCC. Photo by Doug Lindstrand

(Continued from page 2)

Most comments received agreed with the ADF&G proposed action to start site-specific planning on both Yukon Flats and Minto Flats, and continue discussing possible wood bison restoration with residents of the lower Innoko/Yukon River area. There were a significant number of comments that recommended putting wood bison on state lands at Minto Flats where implementation costs would be lower because of road access and which is largely under the control of state land managers and the Alaska Board of Game.

Based on public comment and other considerations, Minto Flats will be the first priority for wood bison planning and restoration.

Some of the reasons for restoring wood bison on the Minto Flats first include:

- The majority of lands in the Minto Flats area are within the Minto Flats State Game Refuge, which was established to ensure protection and enhancement of habitat, conservation of fish and wildlife, and continuation of hunting, fishing, trapping and other compatible uses.
- The Minto-Nenana, Tanana-Manley-Rampart and Fairbanks State Fish and Game Advisory Committees (AC) have all expressed support for wood bison restoration on Minto Flats.
- Availability of road access to Minto Flats will help to reduce logistical complications and costs.
- Because there is little to no federal land in the Minto Flats area the Alaska Board of Game will have responsibility for decisions about subsistence use and future harvest allocation.

While the above factors are reasons to initially work towards establishing wood bison on Minto Flats, the size of the area limits the potential size of the herd to about 500 animals. Habitat assessments indicate that Yukon Flats can easily support a herd of 2,000 or more bison, and ADF&G remains committed to the objective of reestablishing one or more larger herds of wood bison to help maintain the genetic diversity of the subspecies and provide additional hunting and viewing opportunities.

The Yukon Flats and Grayling-Anvik-Shageluk-Holy Cross Advisory Committees have passed resolutions of support for wood bison restoration on the Yukon Flats and in the lower Innoko/Yukon River area. The Department hopes to proceed with wood bison restoration in one or both areas at the earliest opportunity.

Wood Bison Celebration Held at the Alaska Wildlife Conservation Center by Cathie Harms, Master of Ceremonies

On July 8 nearly 100 people attended a welcoming ceremony at the Alaska Wildlife Conservation Center (AWCC) in Portage for the wood bison that arrived at the facility in late June. AWCC Board of Director's President Chris Von Imhoff and Executive Director Mike Miller welcomed representatives from conservation organizations, state and federal agencies, Native groups and the government of Canada. Mike noted that he is honored to have the opportunity to be involved in the effort to restore a species back to its former range in Alaska.

The ceremony was held in a field of lupine on a point of land overlooking Turnigan Arm and the Chugach Mountains between two of AWCCs' wood bison pastures. Teck Cominco Alaska generously sponsored the event. Karl Hanneman, the company's Manager for Public and Environmental Affairs noted how it is fitting that a company with mining interests in both Canada and Alaska would support the international wood bison restoration project.

ADF&G Commissioner Denby Lloyd called wood bison restoration in Alaska "one of the most significant conservation initiatives in decades," and thanked Elk Island National Park in Alberta for their support and cooperation.

Elk Island National Park Superintendent Marilyn Peckett highlighted the international cooperation involved. John Morrison of the Alaska chapter of Safari Club and Bill Moritz of the Safari Club International Foundation pledged continuing assistance for the project. Kaush Arha,

(Continued on page 5)



AWCC Executive Director Mike Miller speaking at the wood bison welcoming ceremony.

Elk Island National Park of Canada: A Proud Partner in Alaska' Wood Bison Restoration Project

By Marilyn Peckett, Superintendent Elk Island National Park

It was my great pleasure to be present for the wood bison celebration at the Alaska Wildlife Conservation Center last July. It was an exciting day for Alaska and an exciting day for Canada. The United States and Canada have so much in common. Shared histories; shared experiences; and shared successes. The wood bison restoration project is one of those shared successes as we get one stop closer to the reintroduction of wood bison to Alaska.

We officially welcomed 53 wood bison from Elk Island National Park of Canada to the Alaska Wildlife Conservation Center. Historically, hundreds of thousands of bison roamed in North America. In the early part of the 20th century, the numbers of wood bison dwindled to a few hundred.

In 1978, the Committee on the Status of Endangered Wildlife in Canada initially assessed wood bison as endangered. This status was improved to threatened in 1988, thanks to successful recovery actions under the Canada National Wood Bison Recovery Program.

Through the efforts of that program, there are currently in excess of 4,000 wood bison in Canada. Canada is committed to the recovery of species at risk – such as the wood bison – not just in our country, but throughout its historic range.

As the Superintendent for Elk Island National Park, I am particularly proud of our contribution to the recovery of species. Elk Island, located near Edmonton in Alberta, has a long and successful history of relocating disease-free ungulates.

Dating as far back as 1937, Elk Island's herd of elk has been used as a source herd for re-establishing elk population throughout North America. Over the years, more than four thousand elk have been relocated in Canada in such places as Alberta, Saskatchewan, Ontario and Yukon.

This is a fine example of international cooperation for the protection and recovery of a species at risk.

In addition, we have assisted Kentucky, Tennessee and North Carolina in the United States to re-establish viable elk populations. Since 1967, Elk Island has provided disease-free bison for re-introduction throughout North America – and in 2006, we transferred 30 wood bison to the Republic of Sahka of the Russian Federation. And now we can add Alaska.

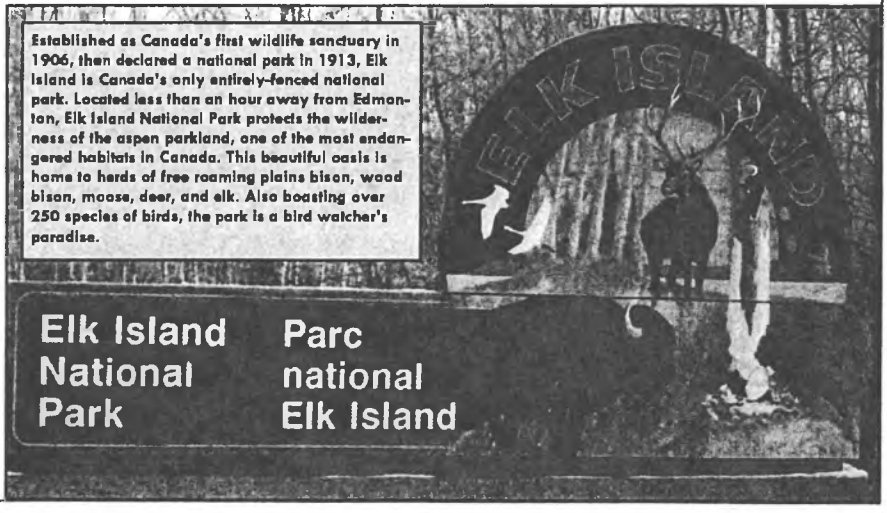
The transfer of wood bison from Elk Island to Alaska is a major milestone in the Alaskan wood bison restoration project. The bison transfer is also an important part of Canada's plan to ensure that several disease-free herds exist, not only in Canada, but also in other parts of their historic range.



Marilyn Peckett, Superintendent. Elk Island National Park, Canada.

This is a fine example of international cooperation for the protection and recovery of a species at risk. The great State of Alaska, Parks Canada, and Canada's Wood Bison Recovery team have been working on this international conservation project for over ten years with the assistance of other supporting departments in the United States and the Canadian Food Inspection Agency.

I would like to acknowledge the dedication and contribution that all parties have made in order for this project to move forward. We should all be proud of our efforts.



input in person, by mail, e-mail, or phone at any time during the rulemaking process.

Executive Order 13211

This Executive Order requires agencies to prepare Statements of Energy Effects when undertaking certain actions. However, this proposed rule is not a significant regulatory action under E.O. 13211, affecting energy supply, distribution, or use, and no Statement of Energy Effects is required.

Drafting Information

Theo Matuskowitz drafted these regulations under the guidance of Peter J. Probasco of the Office of Subsistence Management, Alaska Regional Office, U.S. Fish and Wildlife Service, Anchorage, Alaska. Additional assistance was provided by:

- Daniel Sharp, Alaska State Office, Bureau of Land Management;
- Sandy Rabinowitch and Nancy Swanton, Alaska Regional Office, National Park Service;
- Dr. Glenn Chen, Alaska Regional Office, Bureau of Indian Affairs;
- Jerry Berg, Alaska Regional Office, U.S. Fish and Wildlife Service; and
- Steve Kessler, Alaska Regional Office, U.S. Forest Service.

List of Subjects

36 CFR Part 242

Administrative practice and procedure, Alaska, Fish, National forests, Public lands, Reporting and recordkeeping requirements, Wildlife.

50 CFR Part 100

Administrative practice and procedure, Alaska, Fish, National forests, Public lands, Reporting and recordkeeping requirements, Wildlife.

Proposed Regulation Promulgation

For the reasons set out in the preamble, the Federal Subsistence Board proposes to amend 36 CFR part 242 and 50 CFR part 100 for the 2012–13 and 2013–14 regulatory years. The text of the proposed amendments to 36 CFR 242.24, 242.25, and 242.26 and 50 CFR 100.24, 100.25, and 100.26 is the final rule for the 2010–12 regulatory period (75 FR 37918; June 30, 2010), as modified by any subsequent Federal Subsistence Board action.

January 13, 2011.

Peter J. Probasco,

Acting Chair, Federal Subsistence Board.

January 13, 2011.

Steve Kessler,

Subsistence Program Leader, USDA–Forest Service.

[FR Doc. 2011–2679 Filed 2–7–11; 8:45 am]

BILLING CODE 3410–11–P; 4310–55–P

DEPARTMENT OF THE INTERIOR

Fish and Wildlife Service

50 CFR Part 17

[Docket No. FWS–R9–IA–2008–0123; MO 92210–1113FWDB B6]

RIN 1018–AI83

Endangered and Threatened Wildlife and Plants; Reclassifying the Wood Bison *(Bison bison athabascae)* Under the Endangered Species Act as Threatened Throughout Its Range

AGENCY: Fish and Wildlife Service, Interior.

ACTION: Proposed rule and notice of 12-month petition finding.

SUMMARY: We, the U.S. Fish and Wildlife Service (Service), propose to reclassify the wood bison (*Bison bison athabascae*) from endangered to threatened under the Endangered Species Act of 1973, as amended (Act). This proposed action is amended based on a review of the best available scientific and commercial data, which indicate that the endangered designation no longer correctly reflects the status of the wood bison. This proposal also constitutes our 12-month finding on the petition to reclassify this subspecies. We are seeking data and comments from the public on this proposed rule.

DATES: We must receive your written comments on this proposed rule by April 11, 2011 in order to consider them. We must receive your written request for a public hearing by March 25, 2011.

ADDRESSES: You may submit written comments and other information by either of the following methods:

- *Federal eRulemaking Portal: http://www.regulations.gov.* Follow the instructions for submitting comments.
- *U.S. mail or hand-delivery:* Public Comments Processing, Attn: FWS–R9–IA–2008–0123; Division of Policy and Directives Management; U.S. Fish and Wildlife Service; 4401 N. Fairfax Drive, Suite 222; Arlington, VA 22203.

We will post all comments on *http://www.regulations.gov.* This generally means that we will post any personal information you provide us (*see* the Public Comments section below for more information).

FOR FURTHER INFORMATION CONTACT: Marilyn Myers at U.S. Fish and Wildlife Service, Fisheries and Ecological Services, 1011 E. Tudor Road, Anchorage, Alaska 99503, or telephone 907–786–3559 or by facsimile at (907) 786–3848. If you use a telecommunications device for the deaf (TDD), please call the Federal Information Relay Service (FIRS) at 800–877–8339.

SUPPLEMENTARY INFORMATION:

Public Comments

We intend that any final action resulting from this proposed rule will be based on the best scientific and commercial data available and be as accurate and as effective as possible. Therefore, we request comments or information from the public, other concerned governmental agencies, the scientific community, industry, or any other interested party concerning this proposed rule to reclassify the wood bison as threatened. The comments that will be most useful and likely to influence our decisions are those that are supported by data or peer-reviewed studies and those that include citations to, and analyses of, applicable laws and regulations. Please make your comments as specific as possible and explain the basis for them. In addition, please include sufficient information with your comments (such as scientific journal articles or other publications) to allow us to authenticate any scientific or commercial information you include. We particularly seek comments concerning:

(1) Information on taxonomy, distribution, habitat selection and use, food habits, population density and trends, habitat trends, disease, and effects of management on wood bison;

(2) Information on captive herds, including efficacy of breeding and reintroduction programs, origin of parental stock, stock supplementation for genetic purposes, growth rates, birth and mortality rates in captivity, location of captive herds in comparison to wild populations, effects of captive breeding on the species, and any other factors from captive breeding that might affect wild populations or natural habitat;

(3) Information on the adequacy of existing regulatory mechanisms; trends in domestic and international trade of live specimens, sport-hunted trophies, or other parts and products; poaching of wild wood bison; illegal trade and enforcement efforts and solutions; and

Special Thanks to AWCC:
Our Key Partner in Wood Bison Restoration

The wood bison restoration project would be somewhere between very difficult to downright impossible to continue if it were not for the commitment from the people and the facility at the Alaska Wildlife Conservation Center (AWCC) near Portage, Alaska. Encompassing 175 acres at the head of Turnagain Arm, AWCC is a non-profit organization dedicated to wildlife viewing and education in a natural setting. AWCC provides for the daily care and feeding of Alaska's wood bison herd through a cooperative agreement with ADF&G. That's only the beginning of AWCC's vital role in the Alaska wood bison restoration project.



Bison eating hay that Mike and his crew spread every day

The driving forces behind the day to day maintenance and care of these magnificent animals are Mike and Kelly Miller who serve as AWCC's Executive Director and Director of Education. Last year Ethan Tyler was hired as AWCC's Development Director. In addition to these director positions AWCC has a dedicated staff, Board of Directors, and several enthusiastic college interns. All of these people work as a team to support AWCC's wildlife viewing and education programs. Over 100,000 people visit AWCC each year. The Millers' contribution to the wood bison project is even more notable when one realizes these tasks are all in addition to the other operations at AWCC.



Mike and Kelly Miller with their children Owen, and Abigail

There are now 80-some wood bison at AWCC and Mike tends to them every day. At the very least the bison must be fed. Hay, approximately 250 pounds per day, must be taken to the various pastures and spread out so that the bigger bison are not chasing smaller ones away and all of the bison have a chance to eat. Even during the summer when the animals are grazing, Mike must rotate them from pasture to pasture. This summer AWCC put forth an extraordinary effort to clear brush, fertilize and plant grass to maximize natural forage production in the wood bison pastures. The Millers and their staff repair fences, maintain the handling

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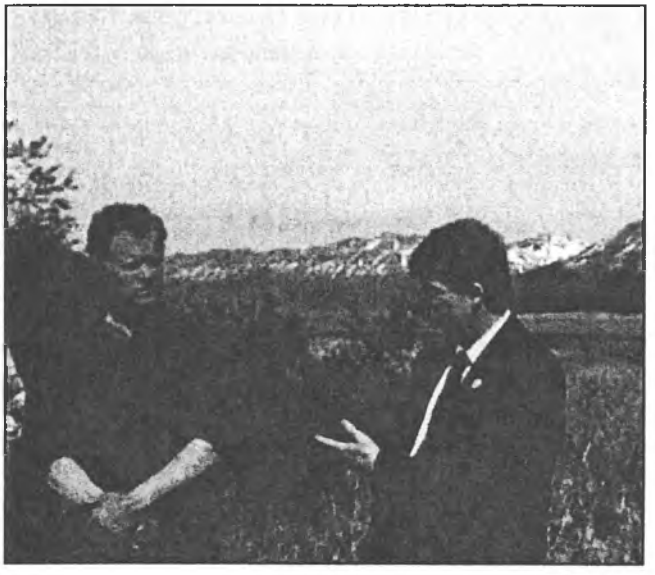
facilities, take care of numerous requests from those of us from ADF&G, and in general provide support beyond what we really know but can only imagine.

Beyond feeding, the Millers accomplish a full spectrum of other tasks involved with care of the wood bison herd. They are the first to notice health problems; then Mike works with ADF&G Wildlife Veterinarian Dr. Kimberlee Beckmen and others to determine how to best address any health issues. As an example, when a parasite problem was identified through fecal tests, Mike had to devise and implement the right feeding strategy to ensure that each bison received the necessary amount of grain with the de-worming supplement. The Millers are the first to see and provide care for newborn calves. At times Mike has had to report bison mortalities and work with Dr. Beckmen and State Veterinarian Dr. Bob Gerlach who conduct necropsies to ensure there are no health problems that could affect the entire herd or other animals.



AWCC hosted a meeting and tour for U.S. Fish and Wildlife Service Alaska Regional Director Geoff Haskett.

When the wood bison are run through the handling facility for health testing, AWCC has stepped forward to provide extensive support. During these handling events 20 to 40 people including veterinarians, biologists, and other handlers, converge on AWCC for a full week. Several AWCC staff and board members play vital roles such as squeeze chute operator Rick Henry and Steve Mendive. Mike and Kelly feed all of us, lodge some of us, provide facilities for the veterinary crew to work, and in general give extraordinary efforts to make the events go as smoothly as possible. The Millers have a wonderful way of making all of us welcomed as though we were family. In fact, they include their own family of two little children, Abigail and Owen at most of the gatherings.

The people at AWCC play a large role in educating the public about the wood bison restoration project. Wood bison are a regular feature in the AWCC newsletter *The Animal Ambassador*. AWCC hosted the Wood Bison Welcoming Ceremony held in July 2008 to celebrate the import of bison from Canada. They helped arrange a wood bison project display in the Sears Mall in Anchorage and have conducted presentations at the Alaska Travel Industry Association and other forums. AWCC is always willing to provide tours and detailed explanations of the wood bison project. For example, AWCC provided a tour for members of the Anvik, Shageluk, Grayling and Holy Cross Village Councils during the October 2009 Alaska Federation of Natives conference. They also hosted a meeting and tour for U.S. Fish and Wildlife Service Alaska Regional Director Geoff Haskett, ADF&G Director Corey Rossi and other agency staff last June. The Millers added their special brand of welcome to all of these events.

AWCC does not charge ADF&G for the daily care of the bison. Instead, the value of their services is credited as an in-kind donation for the ADF&G's State Wildlife Grant (SWG) Wood Bison Restoration Project. This in-kind donation has enabled ADF&G to obtain matching federal funds to support other wood bison project activities. In addition to their own substantial in-kind contributions, AWCC has taken a lead role in obtaining other partners for in-kind contributions. Even before it was possible to match funds through the SWG program, AWCC obtained the support of the Anchorage and Kenai Chapters of Safari Club International to provide funding for the health handling corral, squeeze chute and other facilities and equipment.

The complete list of in-kind partners is a long one, but the main message is that AWCC has been front and center in developing these partnerships. As a prime example, AWCC obtained the support of Carlile Transportation to haul hay and other feed to AWCC for the wood bison as an in-kind contribution (see back cover photo). Mike, Kelly and all of AWCC cheerfully take on any task necessary to help advance the wood bison project. When the red tape and bureaucracy involved in the project begin to seem overwhelming it is reassuring to know that people such as the Millers and organizations such as AWCC are working tirelessly to see the vision of free-ranging wood bison in Alaska become a reality.

In addition to wood bison AWCC has other animals such as moose, elk, musk ox, bears, eagles, and coyotes. At one time they had a herd of plains bison, but those were sold to make room for the growing wood bison herd. Visit the web site www.alaskawildlife.org to learn more about AWCC.

New ESA Regulations for Wood Bison in Process

The U.S. Fish and Wildlife Service (FWS) is cooperating with the State of Alaska to develop special regulations for wood bison in Alaska under the Endangered Species Act (ESA). These regulations are intended to address concerns of development interests about potential restrictions on other resource development related to the provisions of the ESA.

Wood bison are currently listed as "endangered" under the ESA, but the two regulations that will be proposed later this year would change this status. One is a special rule that will designate wood bison in Alaska as a "nonessential experimental population," or NEP, under section 10(j) of the ESA, and then specify how they will be managed. The special rule is designed to promote the conservation of wood bison and ensure that other land uses and natural resource development projects are not impeded by complications related to the ESA. Critical habitat cannot be designated with a NEP designation in place, The special rule will also allow "incidental take" so that if wood bison are harmed or killed during resource development or other lawful activities, enforcement actions will not be taken.

FWS is also reevaluating the current ESA listing as endangered and may change the status of wood bison to "threatened" throughout their range, or possibly remove wood bison from the list of endangered species. The proposed rules

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are likely to be published in late 2010. Once public comments have been evaluated, final rules will be published, and FWS hopes to finalize the NEP designation late next summer. Bison cannot be released until the NEP designation is in place, and an Environmental Assessment (EA) has been completed according to the requirements of the National Environmental Policy Act. The EA will be available for public comment at the same time as the proposal to designate wood bison in Alaska as a NEP. The State of Alaska will not reintroduce wood bison until regulations are in place that will prevent adverse effects on other resource development activities that are important to Alaska's economy.

When the Fish and Wildlife Service publishes the proposed regulations in the Federal Register, ADF&G will inform people of the opportunity for public comment. This will be an important milestone in the wood bison restoration effort, and we encourage interested people and organizations to review and comment on proposed regulations.

Wood Bison Project Awarded Grant From the Wildlife Conservation Society

Recently the Wildlife Conservation Society (WCS) announced that Alaska's wood bison project had been awarded a grant of $152,350 to help complete the initial reintroduction of wood bison to the wild. This was one of 17 grants awarded to conservation projects around the country with funds provided by the Doris Duke Charitable Foundation and managed by the WCS through its Wildlife Action Opportunities Fund. This program provides grants to conservation organizations, state fish and wildlife agencies, and tribal governments for innovative conservation projects that involve strong working partnerships and focus on implementing priority conservation actions identified in strategic habitat conservation plans. The wood bison project has so far been supported mainly with private donations and federal funds provided through the State Wildlife Grant (SWG) program. Funding from the Turner Foundation enabled ADF&G to import wood bison from Canada in 2008. The new WCS funds will also be used to match federal funds obtained through the SWG program.

The **Wildlife Conservation Society** was founded in 1895 with the goal of conserving wildlife and wild places. In addition to supporting worldwide conservation programs around the world, the WCS manages several wildlife parks in New York including the Bronx Zoo and Central Park Zoo. In the late 1800s and early 1900s the Bronx Zoo helped conserve some of the last remaining plains bison in North America. In 1905, Theodore Roosevelt and other conservationists formed the American Bison Society to save plains bison from extinction. Plains bison numbers have increased, and they are no longer in danger of extinction, but most are privately owned. In 2007, the Wildlife Conservation Society reestablished the American Bison Society to help increase the number of free-ranging bison. The WCS Institute has supported Alaska's wood bison restoration program on a national level for several years. ***ADF&G appreciates the opportunity to work in partnership with WCS and the American Bison Society to advance bison conservation in North America!***

Wood Bison Health Certification Nears Completion

For the last several years the wood bison at AWCC have undergone a comprehensive health testing and certification program with the ultimate goal of ensuring they are disease-free. Nearly all the required tests have been completed and the wood bison are well on their way to achieving the necessary health certification so they can be released to the wild.

The health testing program in Alaska is being conducted under the terms of a cooperative agreement between ADF&G, and the Office of the Alaska State Veterinarian within the Alaska Department of Environmental Conservation. The testing program includes the bison imported from Elk Island National Park (EINP) Canada in June 2008 ("2008 group"), the bison which had been transferred to AWCC by the U.S. Fish and Wildlife Service in 2003 ("2003 group"), as well as all offspring that have been born at AWCC. Like the imported group, the 2003 group also originated from stock from the EINP wood bison herd. Initially each group was kept in separate quarantined pastures to ensure that if one group had a disease problem it would not affect the other.

The two diseases of greatest concern with national and international significance are bovine tuberculosis (TB) and brucellosis. For example, the plains bison herd in Yellowstone National Park is infected with brucellosis. Some herds of wood bison in Canada have TB, brucellosis, or both. From an agricultural standpoint it is critical that each state, including Alaska, maintains its certification by the U.S. Department of Agriculture (USDA) as "TB and brucellosis free." We also must ensure that other Alaskan wildlife species are not exposed to these diseases. For those reasons we are taking extensive measures to be sure that wood bison herds established in Alaska do not have TB or brucellosis.

The wood bison herd at EINP has undergone surveillance for TB and brucellosis on a regular basis for over 30 years and is considered free of

(Continued on page 12)

Thanks to the many people who have helped to make the wood bison health testing program a success.

ADF&G Wildlife Veterinarian, Dr. Kimberlee Beckmen, and Alaska State Veterinarian, Dr. Robert Gerlach, led the effort to establish the necessary health testing protocols included in the herd health management plan. They have collaborated with other veterinary and wildlife professionals and overseen the veterinary procedures during the handlings and necropsies as well as interpreted test results. USDA Area Epidemiologist, Dr. Tom Brignole, provided assistance with TB testing. The USDA contributed funding to evaluate a new TB test procedure. Stephanie Crawford played a key role in processing and shipping samples to various laboratories and tracking results. Numerous biologists and other staff from ADF&G, Office of the State Veterinarian, and AWCC assisted with the handlings, as did people from the U.S. Fish and Wildlife Service, Bureau of Land Management and students from the University of Alaska Fairbanks and Anchorage. People from AWCC, and in particular Mike and Kelly Miller, played a crucial role in all phases of the operation by ensuring the handling facilities were operational and that food, lodging and logistical support were provided for the handling crew.

(Continued from page 11)

these diseases. Before the USDA issued a permit to allow wood bison from EINP to be imported to Alaska, they conducted an assessment which showed there is negligible risk that wood bison in EINP have TB or brucellosis (see the winter 2008-2009 issue of the *Wood Bison News*). The wood bison selected for possible import to Alaska were individually tested for TB, brucellosis and a variety of other diseases. Finally, based on the USDA risk assessment and negative disease test results the bison were cleared for import to Alaska by the Canadian Food Inspection Agency, the USDA, and the Alaska State Veterinarian. Before the bison were loaded into trucks to be transported to AWCC, each bison was inspected to ensure no winter ticks were present and then treated with an anti-parasite medication. The bison were even fed weed seed free hay before the trip to ensure that no exotic weed species were transported to Alaska.



Bison in corral before being separated into smaller groups in the wooden chutes

Each health testing operation, or "handling," requires a crew of 20 to 30 people including bison handlers, veterinarians, biologists, and equipment operators. A handling involves bringing the bison into a large circular corral, and then separating them into small groups and directing them through a series of small wooden pens, and into metal chutes where each animal is held separately, then onto a scale to be weighed, and finally into a "squeeze chute." The squeeze chute is a hydraulic apparatus that holds a bison tightly so it cannot move about and be injured, and so it cannot injure the people who are working on it. While in the squeeze chute, several things happen. If it does not already have an ear tag, numbered ear tags are attached for permanent identification. The veterinarians and their assistants take samples of blood and feces to be tested for diseases, and samples of blood and hair for genetic testing. Veterinarians evaluate the general health of each animal, review the herd health management plan, administer any treatment necessary



A good crew is essential to a successful handling. Participants have included people from AWCC, ADF&G, the Office of the Alaska State Veterinarian, University of Alaska, U.S. Fish and Wildlife Service, USDA, and the Bureau of Land Management.

and make adjustments to the herd health plan as needed. All bison receive an anti-parasite medication to control internal and external parasites. The samples collected are sent to various laboratories for analysis. Some results are available within days, while others can take several weeks.

The first handling in Alaska was conducted in November 2008 and involved only the 32 bison in the 2003 group. A second handling event in March 2009 included the 2003 and 2008 groups of wood bison; however the two herds were kept separate for quarantine purposes. Once the results from the March 2009 tests showed there were no differences in disease or parasite exposure in the two herds, the quarantine was lifted and the two groups were allowed to mix. Since then they have been treated as one large herd.

In February 2010 we conducted the third health testing operation. This handling was more challenging. The entire herd of about 80 bison had to be handled twice in less than a week to conduct the USDA certified "caudal fold" test for TB. Veterinarians administered a TB injection on the caudal fold at the base of the tail, and then checked for a reaction to the tuberculin 72 hours later.





Dr. Robert Gerlach (left) and Dr. Tom Brignole with Tom Seaton (above) taking samples from anesthetized bison



Bison is held safely in the hydraulic squeeze chute while veterinarian injects deworming treatment.

During each of the handlings a few adult bison refused to enter the chutes and had to be anesthetized so that the necessary samples could be obtained. During the March 2009 handling a large bull refused to enter the chute system and charged one of the handlers in the corral. Fortunately, he was not seriously injured. Because of this incident the handling procedures were modified to improve animal and personnel safety. For the most recent handling last February the five largest bulls were separated from the herd and anesthetized so they did not have to be moved through the handling facility. Even then, there were two other bison that would not enter the chutes and were anesthetized so their testing could be accomplished.

Test Results

As expected, repeated testing has shown that the wood bison at AWCC are free of TB and brucellosis. Nearly all the test results for a wide variety of other diseases being monitored have also been negative. The few disease issues we have encountered are described below.

In November 2008, a genetic test of fecal samples showed that one bull was potentially positive

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for Johne's disease, a bacterium which already occurs in some livestock in Alaska. Johne's disease can cause chronic diarrhea and result in health problems in domestic herds of bison and other livestock. It is not known to cause significant health problems in wild herds. Two follow-up fecal tests on this bison were negative. However, to be certain the animal was not capable of spreading the disease the bull was euthanized so that more laboratory testing could be conducted to determine whether the animal was infected. Johne's disease bacterium could not be identified, even with special stains and cultures, in any of the tissues taken during the necropsy and no abnormalities consistent with Johne's disease were found. Subsequent repeated testing and examinations have shown no signs consistent with Johne's disease. All other fecal and serum tests in the wood bison herd at AWCC have been negative.

Repeated testing has shown that the wood bison are free of TB and brucellosis, the two primary diseases of concern.

Like any animal herd, the wood bison do have internal parasites that cannot be completely eliminated. However, the parasite loads are reduced and effects minimized by routine deworming treatments. Injections of antiparasitic drugs were given at handlings. The entire herd is being treated every spring and fall with an anti-parasite medication mixed in grain. In addition, the herd is rotated into new pastures to help reduce re-infection from parasite eggs that are shed in the manure and build up in contaminated pastures.

Most of the bison are also fed grain that has been mixed with diatomaceous earth, which may also reduce gastrointestinal parasites. Recently ADF&G Wildlife Veterinarian, Dr. Kimberlee Beckmen, reported that the results from fecal parasite screens conducted in summer 2010 ***"are all acceptable and indicate the herd health plan and deworming treatments are effective."***

Births and Deaths

Thirty nine calves have been born since wood bison first arrived at AWCC in 2003. We have not encountered any infectious disease issues other than parasites, but there have been 16 mortalities, with 11 of those since March 2009. While we can determine the cause of some deaths (e.g., traumatic injuries such as fighting or goring from other bison), in other cases the cause of death is not entirely clear. Most involved young bison, and a few cases probably resulted from competition at feeding sites. Others may be related to stress and injuries that occurred during handling. Bison are known to harass one another more when they are stressed, or if they detect illness or injuries in other bison. Injuries that have occurred during competition for feed or in handling operations could have triggered attacks by other bison.

As part of the management plan, the wood bison are provided with supplemental hay and other feed at AWCC. Mike Miller and his staff distribute hay in several locations to reduce competition and allow all animals to feed. The Wood Bison Health Care Committee continues monitor the nutritional status of bison at AWCC and consult

with bison experts in both Canada and the United States to ensure the bison are getting the best care possible. We continue to learn about wood bison. For example, because bison will lose weight during winter no matter how much they are fed, AWCC focuses on providing rich summer pasture and some grain supplements so the animals have adequate fat reserves in the fall and to help assure successful breeding and healthy calves each spring.



Photo by Bob Sutherland

A newborn calf at AWCC with mother and curious on lookers. Cows are very attentive and protective of their newborns.

Alaska and the Wood Bison Project Lose a Great Friend

Alaska's wildlife and the wood bison project recently lost a great friend and supporter when Anchorage resident John A. Morrison, 85, passed away on Sept. 19, 2010. John had a lifelong passion for the outdoors and the environment. He began his career as wildlife biologist and researcher in Montana and Idaho, and received a Ph.D. in zoology from Washington State University in 1965. John conducted biological research in Puerto Rico, Oklahoma and Colorado from 1965 to 1977. His studies included animal behavior and environmental impact assessments for energy development projects.



John Morrison talking at the wood bison welcoming ceremony at AWCC

In 1978 John moved to Anchorage to head the U.S. Fish and Wildlife Service's Information Management System. After retirement in 1985, he was an adjunct professor at University of Alaska Anchorage and Alaska Pacific University. He worked for ADF&G from 1989 to 1995, and also volunteered extensively as a Boy Scout assistant leader, firearms training instructor, life coach for his grandchildren, and in supporting the Wood Bison Restoration Project. John received many awards for outstanding conservation work, and along with SCI, was an active supporter of wood bison since the early 1990s. John will be deeply missed by his many friends in Alaska and elsewhere.

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adfg=planning.main



Several organizations contributed funds to purchase a new John Deere tractor for the wood bison project. The banner above was printed as a sticker and posted in the back window of the new tractor, below right.





Once again, this fall Carlile Transportation is delivering hay to the Alaska Wildlife Conservation Center to support the wood bison project. Carlile's co-founder and CEO, Harry McDonald, stated:

"We make this contribution because we really like the facility at AWCC and we believe in what they do there."



Wood Bison News

Drawing courtesy of Wes Olson

Issue Number 3, Spring 2007

ADF&G Seeks Public Comment on Environmental Review of Wood Bison Restoration in Alaska

by David D. James, Division of Wildlife Conservation Regional Supervisor

On behalf of the Alaska Department of Fish and Game, Division of Wildlife Conservation (ADF&G/DWC), I am happy to announce completion of the report Wood Bison Restoration in Alaska: A Review of Environmental and Regulatory Issues and Proposed Decisions for Project Implementation (Environmental Review). This Environmental Review represents a significant milestone in the department's efforts to evaluate wood bison restoration in Alaska. Public comment on this report will have a major influence in determining whether the department continues to pursue wood bison restoration in Alaska and, if so, where we attempt to restore this historically important species.

Up to this point the proposal to restore wood bison has received support from a wide variety of organizations and individuals interested in Alaska wildlife management and wood bison conservation. In spring 2005 the department established a Wood Bison Restoration Advisory Group that included representatives of several state Fish and Game advisory committees, Native organizations, conservation groups, including both environmental and sportsman's organizations, and animal welfare interests. After thoroughly reviewing and discussing available information on wood bison, the group unanimously recommended that the department continue to pursue wood bison restoration. The members of this diverse advisory group showed a willingness to work together to achieve the common objective of returning wood bison to the wild in Alaska. Continuing this spirit of cooperation will be a key factor in the success of any restoration efforts that are pursued in the future.



Members of the Wood Bison Restoration Advisory Group after the June 2005 meeting.
From left to right: Arnold Hamilton, Ben Stevens, Nancy Fresco, Ron Silas, Ronnie Rosenberg, Bud Burris, and Bob Byrne (back).

Based on public input and thorough biological evaluation, ADF&G believes that wood bison restoration in Alaska represents an outstanding wildlife conservation opportunity and that wood bison restoration will ultimately provide benefits for local and non-local hunters and wildlife viewing enthusiasts. It is clear that wood bison are compatible with other wildlife species in the state and can play an important role in restoring and maintaining natural processes. The wood bison restoration project also has significance beyond Alaska.

The Wood Bison Advisory Group supported moving forward with wood bison restoration in Alaska and continuing to consider all three potential release sites.

Wood bison restoration in Alaska would help to achieve several goals in Canada's Wood Bison Recovery Plan and will contribute to international efforts to re-

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Alaska Wildlife Conservation Center Prepares to Play a Key Role in Wood Bison Restoration

The Alaska Wildlife Conservation Center (AWCC) continues to make preparations to play a key role in restoring wood bison in Alaska. Located at Portage, Alaska, AWCC is a nonprofit organization that provides wildlife viewing and education opportunities in a natural setting. For many years visitors have enjoyed seeing moose, muskoxen, plains bison, elk, black bears, grizzly bears, black-tailed deer and other animals. AWCC has worked closely with ADF&G for several years to develop the capacity to serve as a temporary holding facility for wood bison stock for restoration efforts.



Paul Williams, from the Yukon Flats community of Beaver, and AWCC Executive Director Mike Miller visit the wood bison at AWCC

In 2003, the U.S. Fish and Wildlife Service transferred 13 wood bison to AWCC. There are now 22 animals in the wood bison herd, and additional calves are expected this spring. About 65 acres in three separate enclosures have been set aside for wood bison.

The grazing enclosures for wood bison at AWCC have been created and maintained in part with support from the Natural Resource Conservation Service.

AWCC recently completed construction of a bison handling facility and hay barn with support from Safari Club International. If there is sufficient public support for wood bison restoration and a decision is made to move ahead with the effort, AWCC should be ready to support additional wood bison that could be imported from Canada in early 2008.

ADF&G and AWCC are completing a Memorandum of Agreement which will help guide future cooperative efforts, and also establish an Alaska wood bison restoration fund, which will provide a way for interested individuals and organizations to support the effort.

On April 20 AWCC received the Alaska Convention and Visitors Bureau award for "2007 Member of the Year." The award was given to AWCC for outstanding contributions to wildlife conservation and the visitor industry.



Wood bison corral at AWCC

ADF&G Seeks Public Comment

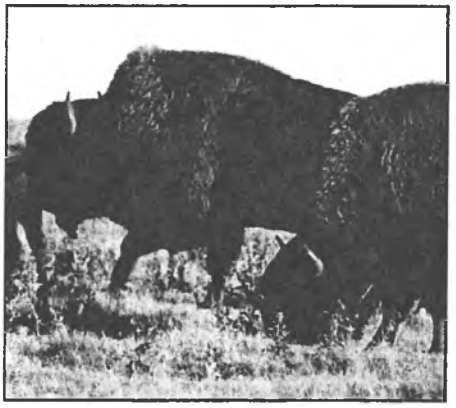
(Continued from page 1)

store the ecological role of bison throughout North America.

There are some remaining challenges described in the Environmental Review that must be addressed in a cooperative manner in order for the project to move forward. While the department has been preparing this Environmental Review we have also been pursuing several other actions that are necessary to restore wood bison in Alaska. If these actions resolve some regulatory and permitting issues in time, and sufficient public support is evident, we hope to import wood bison stock from Canada in winter 2007–08, and complete preparations to release wood bison into the wild by spring 2010 or 2011.

At present it appears that the issues related to importing bison can be resolved in the coming months, and that there is substantial public interest in working to prepare cooperative management plans to guide wood bison reintroduction and management in specific areas. Continued public support and advocacy from diverse wildlife users will be essential to achieving the wildlife conservation objective of restoring wood bison in Alaska and creating opportunities for diverse users to share in the benefits. ADF&G is pleased to provide the public with an additional opportunity to comment on this proposal to restore a historically important species to Alaska. If the public continues to support the project, we are eager to work with various wildlife users, landowners, local governments and managing agencies to evaluate and plan for wood bison restoration at specific locations in Alaska.

Chugach National Forest Proposes to Make Land Available for Wood Bison Pasture



The Chugach National Forest (CNF) is poised to make an important contribution to the wood bison restoration effort by providing additional land where wood bison can be held until they are released in the wild. CNF has prepared an Environmental Assessment (EA) for a proposal to allow ADF&G to use 27 acres of National Forest land adjacent to AWCC as a temporary pasture to help support wood bison. Public comment on the EA has strongly favored the proposal. If the EA is approved, ADF&G, AWCC, the USDA Natural Resource Conservation Service (NRCS) and CNF will complete a Memorandum of Understanding to guide use and care of the land.

Wildlife Transplant Policy Review Underway

ADF&G has initiated the process to evaluate possible wood bison restoration according to the DWC Wildlife Transplant Policy. DWC Director Matt Robus approved a scoping report, made a finding on the status of wood bison according to the classifications in the policy and established a Wildlife Transplant Policy Review Committee. The committee is chaired by Dr. Kris Hundertmark, Assistant Professor of Wildlife and Ecology at the University of Alaska-Fairbanks and includes ADF&G biologists responsible for the areas where wood bison restoration is being considered or who are involved in managing plains bison herds in Alaska.

After reviewing all of the available information on wood bison ecology and environmental effects, the committee unanimously agreed that wood bison restoration is not likely to effect a significant reduction in the range, distribution, habitat, or pre-existing human use of other species. They also emphasized the need to plan for adequate public access to bison and let herds grow to at least 400-500 animals, and to achieve higher levels wherever possible to help maintain genetic diversity. The findings of the committee are available for public review and comment and can be found in Appendix F in the Wood Bison Environmental Review. The committee will finalize its findings after considering public comment.

The Wood Bison Wildlife Transplant Policy Review Committee unanimously agreed that wood bison restoration is not likely to effect a significant reduction in the range, distribution, habitat, or pre-existing human use of other wildlife species.



Photo by Gary Lackie

Update on Wood Bison Import Efforts

USDA May Allow Import of Breeding Bovines: In January 2007 the USDA proposed new regulations that would again allow the import of bison and other bovines from Canada for breeding and other the purposes. Under the existing regulations, which were established in connection with concerns about "Mad Cow" disease, an exemption would be required to import wood bison. It is hoped that the new regulation will be finalized in time to allow Alaska to obtain additional stock without the need to obtain a special permit.

Importing Wood Bison from Canada: ADF&G is making plans to import an additional 40-50 wood bison from Elk Island National Park in Alberta in early 2008. The Department is working with the Alaska State Veterinarian and veterinarians in Canada to finalize health monitoring protocols for wood bison both before and after they are imported. An application for an import permit was submitted to the U.S. Fish and Wildlife Service in March 2007. This permit is required because wood bison in Canada are listed as endangered under the US Endangered Species Act. The application will be noticed in the federal register so that the public has an opportunity to comment, and a few months will probably be required for the process to be completed. While ADF&G is making preparations to proceed with wood bison restoration, actually doing so depends on public comment on the Environmental Review and other factors.

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Wood bison were the last subspecies of bison to naturally occur in Alaska. They were present for most of the last 5,000 to 10,000 years until they disappeared in the last few hundred years. Please take a moment to let us know what you think of the proposal to return wood bison to suitable habitat in interior Alaska.

A summary of the Environmental Review of Wood Bison Restoration in Alaska is enclosed. The complete report can be found at: http://www.wildlife.alaska.gov/index.cfm?adfg=game.restoration

Comments are welcome through June 30, 2007.

Wood Bison Restoration in Alaska



Painting by Randall Compton

A Wildlife Conservation Opportunity for the 21st Century

Fairbanks artist Randall Compton produced the above wood bison painting for Dr. Stephen Sutley. They have generously offered to allow ADF&G to use the artwork to help promote the wood bison restoration project. An image of the painting is on the cover of the wood bison Environmental Review. If the project continues to move forward, ADF&G may cooperate with other organizations to produce posters similar to the one shown above.

ADF&G would like to thank the following people who served on the Wood Bison Restoration Advisory Group:

- **Bud Burris, Fairbanks Advisory Committee (AC) and Alaska Outdoors Council**
- **Bob Byrne, Safari Club International, Washington, D.C.**
- **Paul Edwin, Chalkyitsik Village Council**
- **Nancy Fresco, Northern Alaska Environmental Center**
- **Arnold Hamilton, Grayling-Anvik-Shageluk- Holy Cross AC, Shageluk**
- **Ronnie Rosenberg, Animal Welfare considerations, Fairbanks**
- **Ron Silas, Minto Village Council**
- **Bruce Thomas and Ben Stevens, Council of Athabascan Tribal Governments, Fort Yukon**
- **Nicole Whittington-Evans, The Wilderness Society, Anchorage**

Thanks also to the Safari Club International Foundation and the Pope and Young Club for financial support to prepare the wood bison Environmental Review!

(Continued from page 3)

Deputy Assistant Secretary for Fish, Wildlife and Parks, U.S. Department of Interior, also endorsed restoring wood bison in Alaska.

Congratulatory remarks from Ted Turner of the Turner Foundation and the Turner Endangered Species Fund were read. Remarks contributed by Kent H. Redford of the Wildlife Conservation Society and American Bison Society acknowledged that Alaska's wood bison restoration project is particularly significant because there are few other places where the large-scale restoration of bison will be possible. He congratulated Alaska on moving toward the ecological restoration of North American bison, and concluded by saying, "We salute you and we salute wood bison as they make a major step in returning home to Alaska."

DWC Director Doug Larsen focused on how far we've come, and thanked the many cooperators and collaborators. Both Commissioner Lloyd and Larsen specifically thanked Bob Stephenson for conceiving the concept, working with Athabascan elders to document the presence and use of bison, and continuing efforts to restore the species in Alaska over the past 15 years. They also recognized the teamwork of Bob, Randy Rogers, David James and others which has enabled the Department to achieve significant progress in recent years.



Arnold Hamilton from the village of Shageluk voices his support at the wood bison ceremony.

Safari Club Provides Key Support for the Wood Bison Project

By John Morrison (adapted from comments made at the wood bison welcoming ceremony)

The Safari Club International (SCI) and its Foundation have actively supported the Alaska wood bison restoration project for many years. The Kenai Peninsula and Alaska chapters of SCI have also been closely involved. SCI has provided both political and financial support.

SCI became interested in supporting the project when we first heard about it in the mid 1990's. Soon afterward we learned of the importance of the Alaska Wildlife Conservation Center in its role for holding the bison and we saw the need to actively support the effort and take some responsibility.

Bob Stephenson and Mike Miller deserve credit for their determined efforts, patience and leadership in getting the project to success. Former SCI officer J. Y. Jones and I encouraged top officials in the Department of Interior in Washington, D.C. to expedite advancement of the project.

The chapter's commitment to support the project has not been based solely on the value of establishing another species to hunt. We already have three populations of plains bison that provide hunting by permits. We have been motivated by:

- Appreciation of the opportunity to re-establish a native species and restore a valuable member of the state's indigenous fauna.



John Morrison speaking on behalf of the Alaska and Kenai Chapters of SCI at the wood bison welcoming ceremony.

- The value of broadening the distribution of the wood bison and its genetic base to help insure its survival in North America.
- Provide the opportunity for research in the field and support the management of wood bison at AWCC.
- Give the public an opportunity to enjoy seeing the bison and learn about them.

Our foundation and chapters' support has included about one hundred thousand dollars obtained in our annual fund-raising programs and provided mainly for these activities:

- Providing funding to the ADF&G to contract with an environmental consultant to help with the necessary environmental review and analysis.
- Purchasing the squeeze chute and much of the handling facility at AWCC.
- Constructing a new hay barn at AWCC for storing food for wood bison and other animals.
- Purchasing hay
- Purchasing a stock trailer for moving wood bison and supplies and equipment.
- Helping to produce interpretive signs posted at the various enclosures at AWCC to inform visitors about wood bison and other animals.

Future possibilities for additional chapter support include:

- Providing funds for both the release of the animals and AWCC needs.
- Participating in planning with land owners and managers, and other public interest groups to develop recommendations to ADF&G for the management of the free-ranging populations of wood bison
- Once herds have grown sufficiently, support the harvest of animals under sustained yield principles, and with a system that allocates harvest fairly among local and other resident hunters as well as nonresidents.
- Supporting viewing and educational programs associated with free-ranging wood bison populations.

Congratulations Everyone!

By David James, ADF&G Regional Supervisor

It took many, many years for the wood bison project to accomplish the all-important first step: Import wood bison into Alaska in preparation for release into the wild. Seems obvious, huh? Should be simple enough you might think? Guess again.

Close to 15 years were required to reach this first step. On June 19th, 53 wood bison bolted out of the livestock vans in which they had spent the previous 50 hours into an enclosed area at the Alaska Wildlife Conservation Center at Portage, Alaska. ***Finally, the wood bison project was REAL!***

Although there are many more hurdles to clear before the most important goal is reached – releasing the wood bison into the wild – just getting them into Alaska was an event worth celebrating. And celebrate we did on July 8th; it was a fun and memorable event!

Many years ago we realized that the wood bison project would not succeed without broad public support. It took a great deal of time and effort to develop that support. However, without it there is no doubt in my mind we would have failed to get this far. There were times during the past decade and a half when the project was "half a bison hair" from being stopped. It is only through the growing and unflinching support of many organizations, agencies, and members of the public that we now have wood bison stock to use in restoring these animals in the wildlands of Alaska.

The essence of my message is a simple "thank you." There are too many individuals and organizations for me to name them in this short piece. But, as they say, you know who you are. Each and every contribution in time, money, or moral support was absolutely critical for the all-important first step of getting wood bison from Canada to Alaska.



Randy Rogers, Dr. Bob Gerlach, Bob Stephenson and David James celebrate the arrival of wood bison from Canada.

Your continued support will be necessary in the coming years as we develop specific site release plans and, in the interim, shepherd the captive wood bison through the quarantine period.

The ultimate reward for your support will be a living, wildlife legacy that future generations of Alaskans and others will look back on with gratitude to those who fought and worked so hard to make happen.

Many of the primary wood bison project contributors and supporters are listed on the back cover of this newsletter.

Status of Wood Bison Under the Endangered Species Act Revised

By Bob Stephenson

As was explained in the wood bison Environmental Review, the U.S. Fish and Wildlife Service (FWS) made a determination in 2003 that although wood bison are listed as "endangered in Canada" under the Endangered Species Act (ESA), wood bison brought into Alaska would not need to be listed as endangered. In December 2007, during the process of reviewing ADF&G's application for an import permit, the FWS revised this determination. A November 2008 letter from the Director of the FWS states, "The wood bison is listed as endangered wherever found and, as such, would retain its endangered status if introduced into the United States." In this letter the FWS also expressed support for the state's effort to reestablish free-ranging wood bison in Alaska.

Because at times in the past there had been public opposition to proposed reintroductions of endangered species due to concerns about restrictions on other land uses and activities, in 1982 Congress added a provision to the ESA to designate specific reintroduced populations of endangered species as "nonessential experimental populations" (NEPs). This is the provision of the ESA has been used for the reintroduction of wolves into Yellowstone National Park, black-footed ferrets, condors and other species. Under an NEP designation regulatory restrictions can be considerably reduced to make the reintroduction more compatible with other land uses.

ADF&G is working with FWS to designate wood bison in Alaska as an NEP. This will help ensure conservation of wood bison, minimize the potential for regulatory conflicts with other land uses and developments and allow regulated harvests at the appropriate time in the future. While this change in the status of wood bison under the ESA adds to the complexity of the project, in the long run this approach will prevent legal challenges that could be more disruptive to the project and other land uses.



Graphic by Teal Rogers

USDA Risk Assessment and Disease Testing Update

By Randy Rogers

As noted in the last issue of the Wood Bison News, for the last several years U.S. Department of Agriculture (USDA) regulations had prohibited all imports of bovines (cattle and bison) into the U.S. from Canada because of concerns about mad cow disease. In November 2007 the USDA adopted new regulations to once again allow bison imports and ADF&G submitted an application for a USDA import permit for wood bison soon thereafter. Because the Elk Island National Park (EINP) wood bison herd has been free of bovine tuberculosis (TB) and brucellosis for over 30 years and the wood bison to be imported to Alaska would be tested at least twice for TB and brucellosis before import, ADF&G anticipated little delay in obtaining the USDA permit. The situation didn't turn out to be quite that simple.

To make a long story short, USDA regulations are designed more for importing domestic livestock than wild animals. In March 2008 the USDA determined that a Risk Assessment (RA) would need to be completed. Dr. Bob Gerlach, the Alaska State Veterinarian, worked closely with USDA staff to discuss disease testing procedures and approaches that might be used to expedite the import permit.

Through an effort led by Dr. Freeda Isaac the USDA completed the RA in less than three months and the import permit was issued in June 2008. The USDA Risk Assessment concluded there is greater than 99.99 percent confidence that the wood bison herd at EINP is free of TB and brucellosis.

In addition, all the wood bison that were imported to Alaska, were tested for TB, brucellosis, respiratory viruses and other diseases and showed no sign of problems. They were also treated twice with medicine to eliminate parasites and were individually inspected by Dr. Bill Samuel from the University of Alberta to ensure that no winter ticks were present.

The USDA Risk Assessment concluded there is greater than 99.99% confidence that the wood bison from Elk Island National Park do not have TB or brucellosis.

The wood bison will be maintained in a double-fenced enclosure at AWCC for about two years, where additional tests, including at least two more TB and brucellosis tests, will be done before bison are released in the wild. This fall ADF&G Regional Supervisor David James established a Wood Bison Quarantine and Disease Testing Working Group to coordinate bison management and disease testing protocols at AWCC. The group includes Dr. Gerlach, ADF&G Wildlife Veterinarian Dr. Kimberlee Beckmen, Mike Miller, Director of AWCC, Bob Stephenson and Randy Rogers.

Wood Bison Round-Up!

by Bob Stephenson

On November 4 and 5 about 18 people participated in a successful effort to move 32 wood bison through the recently completed bison handling facility at AWCC. The handling involved the bison transferred to AWCC in 2003 as well as their offspring. The goal of the handling was to replace missing ear tags and obtain blood, hair and fecal samples for disease monitoring purposes and genetic analysis. Archie Handel, Chief Warder from EINP and Dr. Todd Shury, a veterinarian with Parks Canada travelled to Alaska to assist with this first round-up.



Bison wranglers split the herd into smaller groups for handling.



Bison groups were separated in the chutes.

The round-up was a success due to the efforts of the two experienced bison handlers from Parks Canada, biologists and veterinarians from the Alaska Department of Fish and Game and Office of the Alaska State Veterinarian, volunteers from the UAF student chapter of The Wildlife Society and several members of the AWCC staff, as well as some cooperation from the bison.

The bison were accustomed to entering the circular corral to feed, and had walked through the system of corrals and chutes in the past, but this time they were separated into smaller and smaller groups until each bison could be moved through a series of chutes ending in a hydraulically controlled squeeze chute, where it was restrained so it could be handled. The squeeze chute and metal holding corrals were donated by Safari Club International several years ago to help prepare for Alaska's wood bison restoration effort. AWCC then assembled the equipment and built a circular holding corral and an alley way to complete the facility. It was heartening to see the system work so well during the first attempt at handling bison.



The squeeze chute held the bison safely in place for their check-ups!

Thank you to all the staff and volunteers who made the first bison round-up a success!

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ADF&G gives thanks to the many wood bison project supporters!

- Alaska Outdoor Council
- Council of Athabascan Tribal Governments
- Wildlife Conservation Society
- American Bison Society
- Deloycheet, Inc.
- World Wildlife Fund
- Pope & Young Club
- World Conservation Union
- University of Alaska-Fairbanks
- Teck Cominco Alaska
- Home Depot
- GCI
- Chugach National Forest
- Carlile Transportation Systems
- U.S. Fish and Wildlife Service
- Natural Resource Conservation Service
- Anchorage Soil and Water Conservation District
- Canada's Wood Bison Recovery Team
- Parks Canada/Elk Island National Park
- Canadian Wildlife Service
- Canadian Food Inspection Agency
- U.S. Department of Agriculture
- Office of the Alaska State Veterinarian
- Alaska Board of Game
- Fish and Game Advisory committees and councils, tribal councils and local communities
- *....and many other individuals and organizations!*

Special thanks to:

- **The Turner Foundation for providing the essential grant that enabled ADF&G to acquire wood bison from Elk Island National Park, transport them to Alaska and more.**
- **Safari Club International and the Alaska and Kenai Chapters of SCI for extensive support (see article on p. 5).**
- **The Alaska Wildlife Conservation Center for its partnership in the project and dedication to quality care of the wood bison.**

Many of the contributions from private organizations and non-federal agencies have been used to receive matching federal funds through the State Wildlife Grant program. This has effectively doubled the value of the contributions to the project.



In two of the most recent donations to the wood bison project the UAF School of Natural Resources and Agricultural Sciences gave a discounted rate on bales of hay and Carlile Transportation donated the cost of trucking the hay from Palmer to AWCC.

Thank you UAF and Carlile!

Wood Bison
Proposed Rule to Downlist
Questions and Answers

What action is the U.S. Fish and Wildlife Service taking?

The U.S. Fish and Wildlife Service (Service) has prepared a status review of the wood bison (*Bison bison athabascae*) and is proposing to downlist the species under the Endangered Species Act (ESA). After evaluating the best scientific and commercial data available, the Service has determined that reclassifying the species from endangered to threatened is warranted.

Why is the wood bison being downlisted?

Because of recovery efforts, the wood bison is no longer in danger of extinction. Therefore, it is no longer appropriate the species be listed as endangered. However, because of continuing threats, the Service has determined the wood bison should remain listed under the ESA as threatened.

What are the main differences between wood and plains bison?

There are two closely related subspecies of bison: the wood bison and plains bison. Physical and genetic differences distinguish the two subspecies. The wood bison is the largest living, native terrestrial mammal in North America. The average weight of mature males is approximately 1 ton (2,000 pounds). A wood bison has a large triangular head, a thin beard and rudimentary throat mane, and a poorly-demarcated cape. The highest point of the hump of these animals is forward of their front legs; they have reduced chaps on their front legs, and their horns usually extend above the hair on their head. In contrast, the plains bison, the wood bison's closest relative, has a thick beard and full throat mane and well-developed chaps. The highest point of the hump is over the front legs and horns rarely extend above their bonnet of dense, curly hair. Plains bison are smaller and lighter in color than wood bison.

Where were wood bison found historically, and what is their range today?

Historically, the range of the wood bison was generally north of that occupied by the plains bison and included most boreal regions of northern Alberta; northeastern British Columbia; a small portion of northwestern Saskatchewan; the western Northwest Territories south and west of Great Slave Lake; the Mackenzie River Valley; most of The Yukon Territory; and much of interior Alaska. In Canada today herds are found in British Columbia, Alberta, Manitoba, and the Yukon and Northwest Territories. There has not been a wild population in the United States for the last few hundred years.

What kind of habitat do wood bison require and what do they eat?

The foraging habitats most favored by wood bison are grass and sedge meadows occurring on alkaline soils. These meadows are typically interspersed among tracts of coniferous forest, stands of poplar or aspen, bogs, fens, and shrublands. Wet meadows are rarely used in the summer, probably because of the energy required to maneuver through the mud, but they are used in late summer when they become drier, and in the winter when they freeze. In the summer, daily access to water is also important.

During late summer and fall, wood bison disperse into small groups for breeding. Forests are used as travel corridors between meadows, for summer shade, and for shelter in winter storms. Little foraging occurs in the forest.

What are the primary threats to wood bison populations?

Loss of wood bison habitat has occurred due to agricultural development, including commercial production of plains bison. In addition, there was likely loss of suitable meadow foraging habitat for wood bison from fire suppression in the 20th century, which led to forest encroachment into meadows. Although the level of human influence in the range of wood bison currently is low, the Service anticipates human population growth will continue, and loss of suitable habitat from agricultural development is expected in the foreseeable future. The presence of disease (bovine brucellosis and bovine tuberculosis) and diseased herds in and around Wood Buffalo National Park is recognized as a factor limiting recovery.

How large was the population historically? How large is it today?

During the early 1800s, wood bison numbers were estimated at 168,000, but by the late 1800s, the subspecies was nearly eliminated with only a few hundred remaining. Overharvest was the primary cause of the population decline. By 2000, when the last Canadian status review was conducted, the number of disease-free herds had grown to 6, with 2,800 individuals. Since 2000, an additional herd has been established bringing the total number to 7, and the number of disease-free, free-ranging wood bison has increased to approximately 4,400.

When was the wood bison listed under the Endangered Species Act?

Wood bison was listed in the United States as endangered under the 1969 Endangered Species Conservation Act when it was included on the first List of Endangered Foreign Fish and Wildlife, which was published in the Federal Register in 1970. In 1978, the Committee on the Status of Endangered Wildlife in Canada designated wood bison as endangered based primarily on the fact there were only about 400 disease-free wood bison; 100 in a captive herd and 300 in a free-ranging herd. In 1988, the wood bison was reclassified from endangered to threatened in Canada; however, it remains listed as endangered in the United States. In 2003, the Canadian Species at Risk Act (SARA) passed and the wood bison was listed as threatened under Schedule 1of the Act. For more information about SARA and the wood bison listing and recovery in Canada visit http://www.sararegistry.gc.ca/species/speciesDetails_e.cfm?sid=143#protection.

What has Canada done to recover the wood bison population?

In 1922, Wood Buffalo National Park (WBNP), Canada, was set aside for the protection of the last remnant population of wood bison which was estimated at 1,500-2,000 individuals. Between 1925 and 1928, over 6,600 plains bison were translocated to WBNP. These plains bison hybridized with the wood bison and introduced tuberculosis and brucellosis to the herd.

In 1959, an isolated northern population of relatively pure wood bison within WBNP was found. Two herds were established from these animals: the Mackenzie herd and the Elk Island National Park herd.

Most of the world population of wood bison is derived from the original 37 animals captured and relocated from the isolated northern population. Recovery actions, guided by the Canadian National Recovery Plan, have led to the establishment of seven free-ranging disease-free herds with a total of approximately 4,400 animals in Canada. In addition, regulations are in place to protect the animals and two captive populations, one in Alaska and one in Russia have been established. The United States has not conducted recovery actions.

Is there any connection between this proposed rule to reclassify the wood bison under the Endangered Species Act and the draft rule to establish a "Nonessential Experimental Population" under section 10(j) of the Endangered Species Act?

No. These two actions are independent of one another and are proceeding on different timelines.

What information is being requested during the 60-day public comment period?

The Service requests information from the public on the following topics:

- Information on taxonomy, distribution, habitat selection and use, food habits, population density and trends, habitat trends, disease, and effects of management on wood bison;
- Information on captive herds, including efficacy of breeding and reintroduction programs, origin of parental stock, stock supplementation for genetic purposes, growth rates, birth and mortality rates in captivity, location of captive herds in comparison to wild populations, effects of captive breeding on the species, and any other factors from captive breeding that might affect wild populations or natural habitat;
- Information on the adequacy of existing regulatory mechanisms; trends in domestic and international trade of live specimens, sport-hunted trophies, or other parts and products; poaching of wild wood bison; illegal trade and enforcement efforts and solutions; and oversight of reintroduction or introduction programs;
- Information on the effects of other potential threat factors, including contaminants, changes of the distribution and abundance of wild populations, disease episodes within wild and captive populations, large mortality events, the effects of climate change, or negative effects resulting from the presence of invasive species;
- Information on management programs for wood bison conservation in the wild, including private, tribal, or governmental conservation programs that benefit wood bison; and
- Current or planned activities within the geographic range of the wood bison that may impact or benefit the species; including any planned developments, roads, or expansion of agricultural enterprises.

Written comments and information concerning this proposal can be submitted by one of the following methods:

- Federal eRulemaking Portal: *http://www.regulations.gov*. Follow the instructions for submitting comments.
- U.S. mail or hand-delivery: Public Comments Processing, Attn: FWS-R9-IA-2008-0123; Division of Policy and Directives Management; U.S. Fish and Wildlife Service; 4401 N. Fairfax Drive, Suite 222; Arlington, VA 22203.

Comments must be received within 60 days, on or before April 11, 2011. The Service will post all comments on *http://www.regulations.gov*. This generally means the agency will post any personal information provided through the process. Requests for public hearings must be submitted within 45 days to the Service, in writing, at the address shown below by April 11, 2011.

Where can I find more information on the proposal?

The public may obtain a copy of the proposal at the Anchorage Regional Office, 1011 E. Tudor Road, Anchorage, Alaska, or by calling the Regional Office, 907-786-3309, and requesting a copy.

To learn more about the Endangered Species program, visit http://www.fws.gov/endangered/.

ESA BLAWG A THOUGHTFUL AND INDEPENDENT ENDANGERED SPECIES ACT LAW BLOG

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CORE ESA LINKS

Essential ESA
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- U.S. Fish & Wildlife Service Endangered Species Program
- NOAA Fisheries Policies
- NOAA Fisheries Office of Protected Resources
- U.S. Fish & Wildlife Service ESA Document Library
- U.S. Fish & Wildlife Service listed species search
- §10 No Surprises Rule
- §4 Listing Regs
- 5 Year Review Guidance
- §7 Consultation Regs

Notable ESA Summaries
- Earthjustice on ESA
- Endangered Species Bibliography
- Hunton & Williams on ESA
- National Wildlife Federation on ESA
- Pathfinder to ESA Information
- Federal Wildlife Laws Handbook
- Perkins Coie LLP on ESA
- U.S. Forest Service on ESA

LAWYERLY LINKS

Administrative Law Sources
- U.S. Code

« FWS announces revised critical habitat for Thread-Leaved Brodiaea, NOAA extends comment period on bearded and ringed seals | Main| FWS revises critical habitat for arroyo toad, but not vernal pool species »

FWS RECLASSIFIES WOOD BISON AS THREATENED, NOT ENDANGERED, SPECIES

Sensational but untrue headline. (See article below)

Category Federal Register

Bookmark :

DEPARTMENT OF THE INTERIOR Fish and Wildlife Service
50 CFR Part 17 / Docket No. FWS–R9–IA–2008–0123; MO 92210–1113FWDB B6 / RIN 1018–AI83
Endangered and Threatened Wildlife and Plants; Reclassifying the Wood Bison (Bison bison athabascae) Under the Endangered Species Act as Threatened Throughout Its Range
AGENCY: Fish and Wildlife Service, Interior.
ACTION: Proposed rule and notice of 12-month petition finding.
SUMMARY: We, the U.S. Fish and Wildlife Service (Service), propose to reclassify the wood bison (Bison bison athabascae) from endangered to threatened under the Endangered Species Act of 1973, as amended (Act). This proposed action is amended based on a review of the best available scientific and commercial data, which indicate that the endangered designation no longer correctly reflects the status of the wood bison. This proposal also constitutes our 12-month finding on the petition to reclassify this subspecies. We are seeking data and comments from the public on this proposed rule.

EXCERPT RE: HISTORY: During the early 1800s, wood bison numbers were estimated at 168,000, but by the late 1800s, the subspecies was nearly eliminated with only a few hundred remaining. In the words of Soper, wood "bison appear to have been practically exterminated," and based on the fate of plains bison, in which 40 to 60 million animals were reduced to just over 1,000 animals in less than 100 years overharvest may have been the cause for the decline. The fact that populations began to rebound once protection was in place and enforced supports this idea. In 1922, Wood Buffalo National Park (WBNP) was set aside for the protection of the last remnant population of wood bison. Since that time several additional herds have been established.

EXCERPT RE: PROGRESS TOWARDS RECOVERY: since 1978, the number of free-ranging, disease-free herds has increased from 1 to 7, and the number of wood bison has increased from approximately 400 to over 4,000. The first recovery goal of establishing 4 freeranging, disease-free herds with 400 or more animals has been met, and planning is underway to create one or more herds in Alaska. Although the number of herds needed to meet recovery goal 2 was not specified, progress has been made on the second goal with the establishment of diseasefree herds in Russia; Manitoba, Canada; and Alaska. The Hook Lake Bison Recovery Project was a well-planned, science-based attempt to conserve the genetic diversity of a diseased herd and would have contributed greatly to recovery goal 3. Although ultimately the project was unsuccessful, a great deal of knowledge was gained (Wilson et al. 2003, pp. 62–67). The wood bison recovery team is very aware of the need to maintain genetic diversity in the herds and establishes new herds with the goal of maintaining genetic diversity through multiple introductions (i.e., the Aishihik herd and Hook Lake herd). The establishment of six additional herds on the landscape since 1978 contributes to recovery goal 4. In addition, the captive population at Elk Island National Park has provided disease-free stock for those six additional herds and two captive herds. It is clear that there is active management of the herds, and multiple avenues of research are being funded and pursued regarding the biology and management of wood bison. Progress towards the recovery goals outlined in the national recovery plan, published by the National Wood Bison Recovery Team, is moving forward steadily.

U.S. Code of Federal Regulations
U.S. Federal Register
Federal APA & other administrative laws
FOIA
Data Quality Act
Data Quality Act OMB Regs
NEPA (via Council on Envtl. Quality)
NOAA on Data Quality Act
Regulatory Flexibility Act
Courts & case law
Federal courts
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ESA BIOLOGY

Educational sources
Animal Planet



EXCERPT RE: FIVE FACTOR ANALYSIS: The wood bison status review found that threats to wood bison are still present in factors A, C, D, and E. Habitat loss has occurred from agricultural development, and we expect losses will continue in concert with human growth and expansion of agriculture, including commercial bison production. The presence of bovine brucellosis and bovine tuberculosis constrains herd growth as managers attempt to maintain physical separation between diseased and disease-free wood bison and cattle herds, the diseased herds are occupying habitat that could be restored with disease-free herds, and disease in the largest potential donor population (WBNP herd) prevents those animals from being used in reintroduction projects. Plains bison are commercially produced in historical wood bison habitat. These operations remove potential habitat from wood bison recovery efforts and the escape of plains bison poses a threat to wood bison because of hybridization and the loss of genetic integrity. Finally, we found that regulatory mechanisms are inadequate to prevent disease transmission within Canada, and to prevent hybridization. Image above by FWS available online at IHEA Guide to Wildlife Identification.

POSTED BY KEITH RIZZARDI ON 02/08/2011

Permalink

ENDANGERED SPECIES LAW & POLICY NOSSAMAN LLP

Endangered Species Law and Policy

Posted at 10:12 AM on February 17, 2011 by David Miller

Fish and Wildlife Service Issues Proposed Rule to Reclassify Wood Bison From Endangered to Threatened



The Fish and Wildlife Service ("Service") recently announced (pdf) a proposed rule to reclassify the wood bison (*Bison bison athabascae*) from endangered to threatened under the Endangered Species Act ("ESA"). After completing a 12-month status review, the Service found that threats still affect the wood bison, with the largest threat being the loss of habitat caused by agricultural development, the presence of diseased wood bison and cattle herds on habitat that could be restored with disease-free herds, and the commercial production of plains bison in historical wood bison habitat. However, the Service found that these threats were not of sufficient imminence, intensity, or magnitude to indicate that the wood bison is presently in danger of extinction given the increase in the number of herds and population sizes, the ongoing management of the species, and protections provided by law. They therefore found that the wood bison is not endangered. Because threats to the wood bison still exist, however, the Service determined that the reclassification of the wood bison from endangered to threatened was warranted.

The wood bison is a relative of the American plains bison. Historically, the wood bison occupied Canadian ranges north of the plains bison. All wild wood bison presently are found in northwestern Canada. While woods bison populations were once estimated at about 168,000, the subspecies was nearly eliminated by the late 1800s. Like the plains bison, overharvest is estimated to be the major cause for the wood bison's decline.

ESA section 4(f) generally directs the Service to develop and implement recovery plans for endangered and threatened species, but no such plan has been instituted for the woods bison because no wild populations currently exist in the United States. However, in Canada, the National Wood Bison Recovery Team ("NWBRT") published a national recovery plan. This plan established four primary goals: (1) reestablish at least four discrete, free-ranging, disease-free, and viable populations of 400 or more wood bison in Canada; (2) foster the restoration of wood bison in other parts of their original range and in suitable habitat elsewhere; (3) ensure that the genetic integrity of wood bison is maintained without further loss as a consequence of human intervention; and (4) restore disease-free wood bison herds.

In 1978, there was only one free-ranging, disease-free herd with 300 individuals. However, a status review in 2000 revealed that the number of disease-free herds had increased to six, and the total population had grown to approximately 2,800 individuals. Since 2000, an additional disease-free, free-ranging herd has been established, bringing the total number of herds to seven and the total number of disease-free, free-ranging wood bison to approximately 4,400. Four of the seven existing herds have populations of 400 or more, thus meeting the NWBRT's first recovery goal. There are also four captive herds that have been established, though only three of those herds are currently viable.

The NWBRT previously petitioned the Service to reclassify the wood bison from endangered to threatened on November 26, 2007. After issuing a 90-day finding (pdf) concluding that the petition presented substantial scientific and commercial information indicating that reclassification may be warranted, the Service initiated a status review. The proposed reclassification of the wood bison constitutes the Service's 12-month finding on the petition to reclassify. The

input in person, by mail, e-mail, or phone at any time during the rulemaking process.

Executive Order 13211

This Executive Order requires agencies to prepare Statements of Energy Effects when undertaking certain actions. However, this proposed rule is not a significant regulatory action under E.O. 13211, affecting energy supply, distribution, or use, and no Statement of Energy Effects is required.

Drafting Information

Theo Matuskowitz drafted these regulations under the guidance of Peter J. Probasco of the Office of Subsistence Management, Alaska Regional Office, U.S. Fish and Wildlife Service, Anchorage, Alaska. Additional assistance was provided by:

- Daniel Sharp, Alaska State Office, Bureau of Land Management;
- Sandy Rabinowitch and Nancy Swanton, Alaska Regional Office, National Park Service;
- Dr. Glenn Chen, Alaska Regional Office, Bureau of Indian Affairs;
- Jerry Berg, Alaska Regional Office, U.S. Fish and Wildlife Service; and
- Steve Kessler, Alaska Regional Office, U.S. Forest Service.

List of Subjects

36 CFR Part 242

Administrative practice and procedure, Alaska, Fish, National forests, Public lands, Reporting and recordkeeping requirements, Wildlife.

50 CFR Part 100

Administrative practice and procedure, Alaska, Fish, National forests, Public lands, Reporting and recordkeeping requirements, Wildlife.

Proposed Regulation Promulgation

For the reasons set out in the preamble, the Federal Subsistence Board proposes to amend 36 CFR part 242 and 50 CFR part 100 for the 2012–13 and 2013–14 regulatory years. The text of the proposed amendments to 36 CFR 242.24, 242.25, and 242.26 and 50 CFR 100.24, 100.25, and 100.26 is the final rule for the 2010–12 regulatory period (75 FR 37918; June 30, 2010), as modified by any subsequent Federal Subsistence Board action.

January 13, 2011.

Peter J. Probasco,

Acting Chair, Federal Subsistence Board.

January 13, 2011.

Steve Kessler,

Subsistence Program Leader, USDA–Forest Service.

[FR Doc. 2011–2679 Filed 2–7–11; 8:45 am]

BILLING CODE 3410–11–P; 4310–55–P

DEPARTMENT OF THE INTERIOR

Fish and Wildlife Service

50 CFR Part 17

[Docket No. FWS–R9–IA–2008–0123; MO 92210–1113FWDB B6]

RIN 1018–AI83

Endangered and Threatened Wildlife and Plants; Reclassifying the Wood Bison *(Bison bison athabascae)* Under the Endangered Species Act as Threatened Throughout Its Range

AGENCY: Fish and Wildlife Service, Interior.

ACTION: Proposed rule and notice of 12-month petition finding.

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DATES: We must receive your written comments on this proposed rule by April 11, 2011 in order to consider them. We must receive your written request for a public hearing by March 25, 2011.

ADDRESSES: You may submit written comments and other information by either of the following methods:

- *Federal eRulemaking Portal: http://www.regulations.gov.* Follow the instructions for submitting comments.
- *U.S. mail or hand-delivery:* Public Comments Processing, Attn: FWS–R9–IA–2008–0123; Division of Policy and Directives Management; U.S. Fish and Wildlife Service; 4401 N. Fairfax Drive, Suite 222; Arlington, VA 22203.

We will post all comments on *http://www.regulations.gov.* This generally means that we will post any personal information you provide us (*see* the Public Comments section below for more information).

FOR FURTHER INFORMATION CONTACT: Marilyn Myers at U.S. Fish and Wildlife Service, Fisheries and Ecological Services, 1011 E. Tudor Road, Anchorage, Alaska 99503, or telephone 907–786–3559 or by facsimile at (907) 786–3848. If you use a telecommunications device for the deaf (TDD), please call the Federal Information Relay Service (FIRS) at 800–877–8339.

SUPPLEMENTARY INFORMATION:

Public Comments

We intend that any final action resulting from this proposed rule will be based on the best scientific and commercial data available and be as accurate and as effective as possible. Therefore, we request comments or information from the public, other concerned governmental agencies, the scientific community, industry, or any other interested party concerning this proposed rule to reclassify the wood bison as threatened. The comments that will be most useful and likely to influence our decisions are those that are supported by data or peer-reviewed studies and those that include citations to, and analyses of, applicable laws and regulations. Please make your comments as specific as possible and explain the basis for them. In addition, please include sufficient information with your comments (such as scientific journal articles or other publications) to allow us to authenticate any scientific or commercial information you include. We particularly seek comments concerning:

(1) Information on taxonomy, distribution, habitat selection and use, food habits, population density and trends, habitat trends, disease, and effects of management on wood bison;

(2) Information on captive herds, including efficacy of breeding and reintroduction programs, origin of parental stock, stock supplementation for genetic purposes, growth rates, birth and mortality rates in captivity, location of captive herds in comparison to wild populations, effects of captive breeding on the species, and any other factors from captive breeding that might affect wild populations or natural habitat;

(3) Information on the adequacy of existing regulatory mechanisms; trends in domestic and international trade of live specimens, sport-hunted trophies, or other parts and products; poaching of wild wood bison; illegal trade and enforcement efforts and solutions; and

ENDANGERED SPECIES LAW & POLICY NOSSAMAN LLP

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Estimated Bison Damage to Delta Agricultural Fields – 2010
Charles Knight

In the fall of 2010, I used aerial photos taken by Steve DuBois to indicate where bison damage was occurring in farmers' fields. I also visited the fields three times in August and twice in September and assessed damage by estimating yields and percent loss in damaged areas. I interviewed several farmers and offered an on-line survey to gather additional information on bison damage. Bison damage in 2010 was slightly higher than 2009. The 2010 harvest season was later in the Delta area than in 2009 due to rain which delayed harvest. The potato seed crop was also valued higher in 2010, taking into account the potential China seed potato market. I have summarized bison damage by type and amount.

Types of damage:

Grain down = barley, oat, or canola fields that had been trampled, wallowed, or eaten. Values were determined by field areas and percent losses estimated within each field.

Extra grain desiccation & drying costs = In an attempt to minimize bison damage to their crops, Delta farmers often harvest their grain earlier and at a higher grain moisture level than they would have if the bison threat were not present. In 2010, some grain was sprayed with a crop desiccant to facilitate an early harvest. In most cases, however, harvest time in the Delta area was dictated by the weather conditions rather than the presence of bison. Thus, additional drying costs were less in 2010 than in 2009. However, in 2010, some oats were harvested at moisture levels as high as 33% to avoid further bison damage. Additional costs of grain drying and crop desiccation were estimated following interviews with the farmers affected.

Grass, Hay and Straw = Hay fields along the Sawmill Creek and Gerstle River corridors get quite a bit of bison damage each year. Bison roll and graze in the uncut fields, eat and manure in the cut hay that is drying in the windrows, and ram their horns into the big round bales and rip up the wrapping materials and eat holes in them reducing the quality, storage, and ultimately the value. They also get into stacks of baled hay or straw and break open bales that are being stored. Farmers occasionally don't get their straw all baled in the fall and wait until spring to bale it. Bison eating, bedding down, and spreading manure on the straw during the fall and winter reduces quantity and quality. All of these losses have been lumped together in this category.

Potato Damage = a developing market in the area affected by bison is for virus-free seed potatoes. A large company in China is soliciting seed potato producers in Alaska to grow virus-free seed for export to China. Over 100 tons of potato seed from the 2010 crop in Delta area is being shipped to China this year. If this market develops as planned, as much as 50,000 acres of land in Alaska could be used for potato seed production in the near future. Bison running through potato fields step on and crack some tubers, and kick soil off others making them more susceptible to diseases and damage from the elements. A small amount of physical damage can cause considerable reduction in the value of the

crop. When stored, a few damaged potatoes can affect all the potatoes in the storage shed. Damaged potatoes must be dehydrated or they will cause the whole pile to rot. To dehydrate a small percentage of damaged potatoes, the entire storage unit must be kept warmer with dry air circulating through the pile to get rid of excess moisture. This results in weight loss in all tubers, not just the damaged ones. The dehydration will also contribute to a higher grade-out (flabby tubers) when sorting for marketable tubers. There is also concern that animals running through a field can break potato vines and possibly spread potato diseases from plant to plant.

Fence Damage = bison usually respect fences unless they are being pursued or are really attracted to a crop behind the fence. I had two reports of bison going through fences in 2010 causing more labor than actual materials damage.

Missed Opportunities = many farmers would like to plant higher cash-value crops than hay or barley, such as potatoes, oats, canola, field peas, wheat, or later maturing, higher yielding varieties of barley. However, most of these crops are highly attractive to bison or easily damaged by bison, and the farmers feel that they would be foolish to plant such crops as they would almost certainly be damaged by bison. Several farmers mentioned that these missed opportunities were the source of their greatest losses, however, it is impossible to place a value on something never ventured.

2010 Estimated Cost of Bison Damage:

Grain down (barley, oats & canola)		$58,238
Extra grain desiccation and drying costs		$10,650
Grass, grass hay, barley and oat straw		$38,065
Potato damage		$48,000
Fence damage (labor and materials)		$ 3,000
Missed opportunities		$?
	Total	**$157,953**

Wood Bison
Message to the people of Holy Coss, Anvik, Shageluk and Grayling
By House Representative Alan Dick

My main concern with the introduction of Wood Bison into our area is that the people of Holy Cross, Anvik, Shageluk and Grayling are going to end up a sad "Whereas..." in a sad petition to Washington DC where the government is no longer of by and for the people.
Once you know the facts, I don't think you will consider it for a nanosecond.

The wood bison that ADF&G plans to introduce into our district is the ONLY Wood Bison herd in the US.
Should we think for one minute that the Federal Government will uphold their 10-J exemption to the Endangered Species Act?
Should we think that the 10-j exemption will last one weekend before Environmental groups file a law suit against it? We won't be hunters. We will become litigators in lawsuits!

I wanted the bison in the headwaters of the Stony River until I learned the story. They are *Trojan Bison*. Once we allow them through the gates, they will destroy our country from within.

Look at Delta. They have Plains bison to hunt. Over 16,000 people apply for a permit each year and only 130 people get one. What will our chances be ten years from now when bison hunts are opened? (If our lawyers perform a miracle and protect us from the Federal and environmental nonsense.)
Do we want all those outsiders hunting in our backyard? Do we really think we will get a permit? Our chances are better at the local bingo hall.

Have you read the 10-J exemption to the Endangered Species Act. Here it is. There's nothing there that makes me feel safe.
The Feds have never rescinded a 10-J exemption yet... yet! When did the Feds pass up a chance to lie to Alaskans and take our land? When did the Feds not lie to Indians?

This is an endangered species we are talking about bringing into our country. These are the ONLY Wood Bison in the whole United States.
Look at the polar bears. Reliable sources say there are five times more polar bears now than there were in the 70's, but the Feds recently have taken charge of 120 million acres, from the Canadian border to below Kotzebue. And the polar bears aren't even endangered. I think the Feds are using the bears to lock up the country.
Doyon folks didn't want the bison in the Minto Flats and made sure they stayed in Portage.

Should we trust the Federal government?

Look at the Statehood Act
The Feds knew we didn't have many people to tax in order to run the State government, so the Feds agreed to develop the resources of Alaska. The state was to get 90% of the revenue to run the state. That was the Statehood Agreement act.

With ANILCA, President Carter violated the Statehood Act! The statehood act gave the State of Alaska 104 M acres of land. ANILCA locked up an equal amount, 104 M acres. The Feds promised they would NEVER do that again. Recently, President Obama, in violation of ANILCA, set in motion the process to take another huge chunk of Federal land in Alaska and lock that up too in the name of "wild lands."
They lie. Not once, but always. They lied with the statehood act, they lied with ANILCA, and now they are doing it again. Who in the Federal Government could sign a paper that you would believe?

I passed through Oregon when *one* Federal Judge shut down most of the logging industry in that state because of the spotted owl. Environmental groups said the Endangered spotted owl only nested in old growth trees, so they needed to be protected. Thousands of people were put out of work because of the owl.
But the truth is the spotted owl loves to nest in old pickup trucks and other such places. The environmentalists used the owl to lock up the state and put people out of work.

Recently on the House floor we passed HJR17 urging the Federal Government to reconsider the situation in Unalaska.
Unalaska had an exemption but the EPA revoked the exemption that Unalaska had regarding their water and secondary treatment plants. The EPA requirement is now an unfunded mandate of $9.5 million for treatment for cryptosporidium and there is NO cryptosporidium in Unalaska! The secondary treatment mandate is between $20-50 million. That totals over $6,500 for every man, woman and child in the town of 4,370 folks.
When Unalaska appealed, the EPA said "Too bad." The deadline for filing for an exemption had passed. They don't care about the people of Unalaska.
The reason I mention this is that we will be trusting in an exemption the same way Unalaska did.

Look how the Feds locked up the Tongass Forest. Remember, the Statehood Agreement said that Alaskans could develop resources on Federal lands and the state would get 90% of the revenue. Thousands of people were put out of their jobs by the Federal lockup of the Tongass. South East villages are dying now because there is no economy. Do we think the Feds care any more for us?

Should we trust the environmental groups? Do we think they will not immediately file a law suit against the 10-J exemption?
Do you remember how the environmental groups lied to the people of Alaska during the predator control issue? That is why we have few moose in many parts of the state. Environmental groups made big bucks on the wolf issue, bleeding money out of the uninformed people of the lower 48 to "save the wolves" that wiped out our moose population.
They would love to take your case to court... the ONLY wood bison herd in the United States.
This will be a big fund-raiser for them. They will make millions of dollars by challenging the 10-J exemption. We Alaskans have no way to fight back.

Should we trust our own State government? A herd of Plains Bison have been in Delta since the 20's. They are not an endangered species, but the Delta hunt is so popular, the State has ignored the cries of the Delta farmers for decades. The bison trampled $150,000 worth of barley just last year, but ADF&G hasn't done a thing about it. If the State won't do something for the Delta farmers, what makes us think they will do something for us against the Federal Government when the Trojan Bison have our land locked up?

Concern

The bill I have submitted to the House only requires the Department of Fish & Game to get permission from the Legislature before introducing the Endangered Bison into a location in Alaska. It doesn't prohibit the introduction of bison; it just helps keep folks from being buffalo-ed by the buffalo.
If the land gets locked up, does the State government lose? No. Biologists still get to have their pet project to study the bison.
Do professional hunting groups lose? Well they will lose the money they put into the project, but their country won't be locked up.
Who is the loser? The people who will be hurt the most are the people of Holy Cross, Anvik, Shageluk and Grayling, but the whole state will be negatively affected as well.

What is the best-case scenario?
In ten years we get a one-in-a-hundred chance to hunt a bison, while competing with scores of outsiders in our country.

What is the worst-case scenario? Your corporation land, and all surrounding Federal and State land, will be locked up while the bison roam free. We will spend our lives in court, and some Federal judge no one ever voted for, who could care less whether we live or die, will decide whether we can tip-toe on the tundra.

The effect of the release of the Trojan Bison will be irreversible. Once they are loose, the problems they bring will never go away.

People of Holy Cross, Grayling, Anvik and Shageluk I think introducing the bison into your backyard is a HUGE mistake.

Some of your young guys will go out on a snowy winter night to taste bison meat and will end up in Federal prison for killing an endangered species. The bison will be free roaming and the people will be locked up.

Let me make a suggestion. Tell Fish & Game you want Plains bison like Delta, Fairwell and Copper River. I bet Plains Bison taste just as good as Trojan Bison. You will get all the benefits with none of the risks.
Tell Fish and Game to find another place for the Endangered Bison.

The real solution is effective predator control to get our moose back.

I fear that we will become a very sad "Whereas" in a very sad petition to Washington DC that doesn't listen to our Governor or any other entity in this state.

Consider the facts and get back to me. Thanks.

Intentional or Unintended Consequences?

Bills are frequently passed and almost immediately thereafter lawsuits are filed challenging them. I can't imagine that people who understand this process would really believe that releasing an endangered species (Wood bison) into the wild near the Innoko River would be free from significant risk for the people of that area since those Wood Bison would immediately become the ONLY free ranging Wood bison herd in the United States. I can't imagine, given the history of broken treaties and bad dealings between the government and Native American's, that they would put sufficient trust in an exemption to warrant taking such a risk. BUT, assuming for a minute that everyone who is behind this project has nothing but the most noble of intentions I want to point out that even such things as ANILCA (that many people believe had the noblest of intentions) including intent regarding subsistence, ended up in the courts and in the end the intent of congress was replaced by the intent of the court.

Below is a quote about ANILCA that helps make clear that regardless of the intentions, even noble legislation often gets overturned in the courts.

"As with so many pieces of legislation, ANILCA's initial intent regarding subsistence was noble in purpose. Recognizing the uniqueness of life in rural Alaska, the statute promised the opportunity for traditional subsistence lifestyles for rural residents – Native and non-Native alike – and gave the state of Alaska the authority to oversee a unified system of fish and game management on both state and federal lands. In theory, this was supposed to unify wildlife management and ensure that the priorities of species conservation and subsistence harvesting came before sport hunting and commercial uses".

"But what is noble in purpose is frequently litigated in the courts. The state of Alaska's administration of subsistence hunting and fishing with its priorities for rural residents was challenged on the basis of a provision in the state constitution prohibiting exclusion or special privileges to take fish or game. The Alaska State Supreme Court ruled that the same privileges of subsistence for rural residents must be extended to urban residents. This ruling was strange but manageable on state lands; however, it placed the mandated state law squarely at odds with the rural subsistence priorities required by ANILCA for federal lands. The end result was that in 1990 federal agencies began to manage subsistence hunting on federal lands" [1].

Trusting the good will of the people involved in the Wood bison project is not the issue. The issue is: Why risk the lands of the people in this area? Why not ask for Plains bison (a non-endangered species) to be released in the area? Why not ask for improved moose management techniques, including predator control, in order to increase the amount of meat available for their freezers?

Sweden, with a land mass a lot smaller than ours, has a moose population of 500,000 (compared to 100,000 in Alaska), and an annual moose harvest of 120,000 (compared to a harvest of 8,000 in Alaska). Imagine increasing our moose harvest levels by 15! We could do a lot to help the people near the Innoko river without having to resort to importation of any type of bison.

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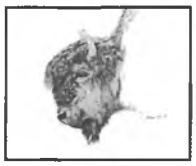
[1] Borneman, Walter R."Saga of a Bold Land." P. 506, 28 Mar. 2011. <http://books.google.com/books?id=A9QXxo-MeUEC&pg=PA505&lpg=PA505&dq=104+million+acres+ANILCA?&source=bl&ots=V0ti2GjXB8&sig=dPQEKaFmDIPS-rxfkAWi6G_vIBw&hl=en&ei=G2yOTfWkJpCbtwea65iyDQ&sa=X&oi=book_result&ct=result&resnum=9&ved=0CFAQ6AEwCA#v=onepage&q=104%20million%20acres%20ANILCA%3F&f=false>.



Wood Bison News

Drawing courtesy of Wes Olson

Issue Number 3, Spring 2007

ADF&G Seeks Public Comment on Environmental Review of Wood Bison Restoration in Alaska

by David D. James, Division of Wildlife Conservation Regional Supervisor

On behalf of the Alaska Department of Fish and Game, Division of Wildlife Conservation (ADF&G/DWC), I am happy to announce completion of the report Wood Bison Restoration in Alaska: A Review of Environmental and Regulatory Issues and Proposed Decisions for Project Implementation (Environmental Review). This Environmental Review represents a significant milestone in the department's efforts to evaluate wood bison restoration in Alaska. Public comment on this report will have a major influence in determining whether the department continues to pursue wood bison restoration in Alaska and, if so, where we attempt to restore this historically important species.

Up to this point the proposal to restore wood bison has received support from a wide variety of organizations and individuals interested in Alaska wildlife management and wood bison conservation. In spring 2005 the department established a Wood Bison Restoration Advisory Group that included representatives of several state Fish and Game advisory committees, Native organizations, conservation groups, including both environmental and sportsman's organizations, and animal welfare interests. After thoroughly reviewing and discussing available information on wood bison, the group unanimously recommended that the department continue to pursue wood bison restoration. The members of this diverse advisory group showed a willingness to work together to achieve the common objective of returning wood bison to the wild in Alaska. Continuing this spirit of cooperation will be a key factor in the success of any restoration efforts that are pursued in the future.



Members of the Wood Bison Restoration Advisory Group after the June 2005 meeting.
From left to right: Arnold Hamilton, Ben Stevens, Nancy Fresco, Ron Silas, Ronnie Rosenberg, Bud Burris, and Bob Byrne (back).

Based on public input and thorough biological evaluation, ADF&G believes that wood bison restoration in Alaska represents an outstanding wildlife conservation opportunity and that wood bison restoration will ultimately provide benefits for local and non-local hunters and wildlife viewing enthusiasts. It is clear that wood bison are compatible with other wildlife species in the state and can play an important role in restoring and maintaining natural processes. The wood bison restoration project also has significance beyond Alaska.

The Wood Bison Advisory Group supported moving forward with wood bison restoration in Alaska and continuing to consider all three potential release sites.

Wood bison restoration in Alaska would help to achieve several goals in Canada's Wood Bison Recovery Plan and will contribute to international efforts to re-

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Alaska Wildlife Conservation Center Prepares to Play a Key Role in Wood Bison Restoration

The Alaska Wildlife Conservation Center (AWCC) continues to make preparations to play a key role in restoring wood bison in Alaska. Located at Portage, Alaska, AWCC is a nonprofit organization that provides wildlife viewing and education opportunities in a natural setting. For many years visitors have enjoyed seeing moose, muskoxen, plains bison, elk, black bears, grizzly bears, black-tailed deer and other animals. AWCC has worked closely with ADF&G for several years to develop the capacity to serve as a temporary holding facility for wood bison stock for restoration efforts.



Paul Williams, from the Yukon Flats community of Beaver, and AWCC Executive Director Mike Miller visit the wood bison at AWCC

In 2003, the U.S. Fish and Wildlife Service transferred 13 wood bison to AWCC. There are now 22 animals in the wood bison herd, and additional calves are expected this spring. About 65 acres in three separate enclosures have been set aside for wood bison.

The grazing enclosures for wood bison at AWCC have been created and maintained in part with support from the Natural Resource Conservation Service.

AWCC recently completed construction of a bison handling facility and hay barn with support from Safari Club International. If there is sufficient public support for wood bison restoration and a decision is made to move ahead with the effort, AWCC should be ready to support additional wood bison that could be imported from Canada in early 2008.

ADF&G and AWCC are completing a Memorandum of Agreement which will help guide future cooperative efforts, and also establish an Alaska wood bison restoration fund, which will provide a way for interested individuals and organizations to support the effort.

On April 20 AWCC received the Alaska Convention and Visitors Bureau award for "2007 Member of the Year." The award was given to AWCC for outstanding contributions to wildlife conservation and the visitor industry.



Wood bison corral at AWCC

ADF&G Seeks Public Comment

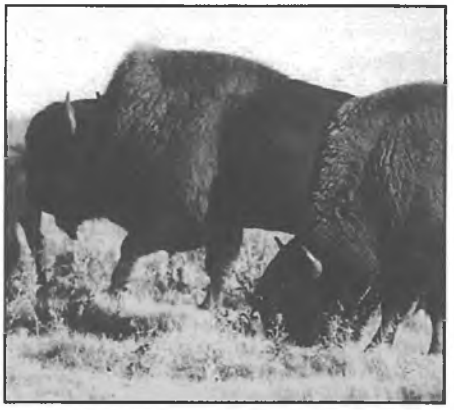
(Continued from page 1)

store the ecological role of bison throughout North America.

There are some remaining challenges described in the Environmental Review that must be addressed in a cooperative manner in order for the project to move forward. While the department has been preparing this Environmental Review we have also been pursuing several other actions that are necessary to restore wood bison in Alaska. If these actions resolve some regulatory and permitting issues in time, and sufficient public support is evident, we hope to import wood bison stock from Canada in winter 2007–08, and complete preparations to release wood bison into the wild by spring 2010 or 2011.

At present it appears that the issues related to importing bison can be resolved in the coming months, and that there is substantial public interest in working to prepare cooperative management plans to guide wood bison reintroduction and management in specific areas. Continued public support and advocacy from diverse wildlife users will be essential to achieving the wildlife conservation objective of restoring wood bison in Alaska and creating opportunities for diverse users to share in the benefits. ADF&G is pleased to provide the public with an additional opportunity to comment on this proposal to restore a historically important species to Alaska. If the public continues to support the project, we are eager to work with various wildlife users, landowners, local governments and managing agencies to evaluate and plan for wood bison restoration at specific locations in Alaska.

Chugach National Forest Proposes to Make Land Available for Wood Bison Pasture



The Chugach National Forest (CNF) is poised to make an important contribution to the wood bison restoration effort by providing additional land where wood bison can be held until they are released in the wild. CNF has prepared an Environmental Assessment (EA) for a proposal to allow ADF&G to use 27 acres of National Forest land adjacent to AWCC as a temporary pasture to help support wood bison. Public comment on the EA has strongly favored the proposal. If the EA is approved, ADF&G, AWCC, the USDA Natural Resource Conservation Service (NRCS) and CNF will complete a Memorandum of Understanding to guide use and care of the land.

Wildlife Transplant Policy Review Underway

ADF&G has initiated the process to evaluate possible wood bison restoration according to the DWC Wildlife Transplant Policy. DWC Director Matt Robus approved a scoping report, made a finding on the status of wood bison according to the classifications in the policy and established a Wildlife Transplant Policy Review Committee. The committee is chaired by Dr. Kris Hundertmark, Assistant Professor of Wildlife and Ecology at the University of Alaska-Fairbanks and includes ADF&G biologists responsible for the areas where wood bison restoration is being considered or who are involved in managing plains bison herds in Alaska.

After reviewing all of the available information on wood bison ecology and environmental effects, the committee unanimously agreed that wood bison restoration is not likely to effect a significant reduction in the range, distribution, habitat, or pre-existing human use of other species. They also emphasized the need to plan for adequate public access to bison and let herds grow to at least 400-500 animals, and to achieve higher levels wherever possible to help maintain genetic diversity. The findings of the committee are available for public review and comment and can be found in Appendix F in the Wood Bison Environmental Review. The committee will finalize its findings after considering public comment.

The Wood Bison Wildlife Transplant Policy Review Committee unanimously agreed that wood bison restoration is not likely to effect a significant reduction in the range, distribution, habitat, or pre-existing human use of other wildlife species.



Photo by Gary Lackie

Update on Wood Bison Import Efforts

USDA May Allow Import of Breeding Bovines: In January 2007 the USDA proposed new regulations that would again allow the import of bison and other bovines from Canada for breeding and other the purposes. Under the existing regulations, which were established in connection with concerns about "Mad Cow" disease, an exemption would be required to import wood bison. It is hoped that the new regulation will be finalized in time to allow Alaska to obtain additional stock without the need to obtain a special permit.

Importing Wood Bison from Canada: ADF&G is making plans to import an additional 40-50 wood bison from Elk Island National Park in Alberta in early 2008. The Department is working with the Alaska State Veterinarian and veterinarians in Canada to finalize health monitoring protocols for wood bison both before and after they are imported. An application for an import permit was submitted to the U.S. Fish and Wildlife Service in March 2007. This permit is required because wood bison in Canada are listed as endangered under the US Endangered Species Act. The application will be noticed in the federal register so that the public has an opportunity to comment, and a few months will probably be required for the process to be completed. While ADF&G is making preparations to proceed with wood bison restoration, actually doing so depends on public comment on the Environmental Review and other factors.

Wood Bison Restoration Project
Alaska Department of Fish and Game
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Wood bison were the last subspecies of bison to naturally occur in Alaska. They were present for most of the last 5,000 to 10,000 years until they disappeared in the last few hundred years. Please take a moment to let us know what you think of the proposal to return wood bison to suitable habitat in interior Alaska.

A summary of the Environmental Review of Wood Bison Restoration in Alaska is enclosed. The complete report can be found at: http://www.wildlife.alaska.gov/index.cfm?adfg=game.restoration

Comments are welcome through June 30, 2007.

Wood Bison Restoration in Alaska



Painting by Randall Compton

A Wildlife Conservation Opportunity for the 21st Century

Fairbanks artist Randall Compton produced the above wood bison painting for Dr. Stephen Sutley. They have generously offered to allow ADF&G to use the artwork to help promote the wood bison restoration project. An image of the painting is on the cover of the wood bison Environmental Review. If the project continues to move forward, ADF&G may cooperate with other organizations to produce posters similar to the one shown above.

ADF&G would like to thank the following people who served on the Wood Bison Restoration Advisory Group:

- **Bud Burris,** Fairbanks Advisory Committee (AC) and Alaska Outdoors Council
- **Bob Byrne,** Safari Club International, Washington, D.C.
- **Paul Edwin,** Chalkyitsik Village Council
- **Nancy Fresco,** Northern Alaska Environmental Center
- **Arnold Hamilton,** Grayling-Anvik-Shageluk– Holy Cross AC, Shageluk
- **Ronnie Rosenberg,** Animal Welfare considerations, Fairbanks
- **Ron Silas,** Minto Village Council
- **Bruce Thomas and Ben Stevens,** Council of Athabascan Tribal Governments, Fort Yukon
- **Nicole Whittington-Evans,** The Wilderness Society, Anchorage

Thanks also to the Safari Club International Foundation and the Pope and Young Club for financial support to prepare the wood bison Environmental Review!



Wood Bison News

Drawing by Wes Olson

Issue Number 4, Winter 2008-09

Wood Bison Imported From Canada!

Last June Alaska's wood bison restoration effort moved closer to the goal of reestablishing wild populations when 53 young wood bison were transported by truck from Elk Island National Park (EINP) near Edmonton over 2,000 miles and released at their temporary home at the Alaska Wildlife Conservation Center (AWCC). This was the culmination of several months of planning and preparation involving various state, provincial and federal agencies and organizations in the U.S. and Canada.

The bison were separated from a herd of about 350 animals last January and held in a quarantine facility as we arranged to obtain the remaining import and export permits. Initially the plan had been to conduct the import in March, during cool weather conditions. However, the final import permit required by the U.S. Department of Agriculture (USDA) could not be issued until early June. EINP staff was concerned about transporting the bison in hot summer weather, but fortunately it was cloudy and cool during most of the trip from Edmonton to Portage. Parks Canada staff separated the bison into groups of animals of similar size, and Pat Hoffman Trucking provided two trailers equipped with air shocks, which gave the bison a smooth ride, even over rough sections of the Alaska Highway. EINP Conservation Biologist Norm Cool and chief bison handler Archie Handel, as well as Bruce Chisholm with the Canadian Food Inspection Agency accompanied the two trucks on their nonstop, two day trip to AWCC. The bison traveled well, and were given water at Watson Lake and in Tok, where the volunteer fire department provided a pump truck to quickly fill the numerous water troughs.



Wood bison from Elk Island National Park in Canada arrived at their temporary new home at the Alaska Wildlife Conservation Center on June 19, 2008.



Tok Fire Department volunteer Bryan Thompson helps Bruce Chisholm water the bison.

On arrival at AWCC Bob Gerlach, the Alaska State Veterinarian, and Mike Philo the USDA veterinarian for Alaska, checked the identification of each animal before the bison bounded quickly out of the trailers and into their new pasture. Unfortunately, one of the bulls was injured by another bison during the transport and died a few days after arrival. All things considered, the transport of wood bison from Canada to Alaska went very well and the 52 bison have settled in and are doing fine at their new home at AWCC.

The successful transport is an important milestone in the restoration effort, which had its beginnings in the early 1990s, when Athabascan elders in the Fort Yukon area shared historical accounts describing how bison were an important resource for interior Alaska Natives as recently as a few hundred years ago. It is not often that we have an opportunity to restore an indigenous species to large expanses of high quality habitat in its original range. There is a lot of work left to do, but we are now a big step closer to seeing wood bison, one Athabascan name for which translates as "***big, hefty one on the land***," roaming free again in interior Alaska.

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Wood bison bull in the transport trailer.

Public Comment Shows Strong Support for Wood Bison Restoration by Randy Rogers, Wildlife Planner

In April 2007 the report "Wood Bison Restoration in Alaska: A Review of Environmental and Regulatory Issues and Proposed Decisions for Project Implementation" (Environmental Review or "ER") was released for public review and comment. A 12 page summary of the ER and a public comment response form were included in the spring 2007 issue of the Wood Bison News. The Alaska Department of Fish and Game (ADF&G) accepted comments on the ER through September 30, 2007 and received nearly 100 written responses. In addition, the ER was discussed at several state fish and game advisory committee meetings and presentations to other organizations were provided on request. Over 90% of the comments on the ER expressed support for ADF&G's efforts to restore wood bison in Alaska.

Over 90% of the comments received expressed support for the effort to restore wood bison in Alaska.

In the Environmental Review ADF&G concluded that wood bison restoration in Alaska can be accomplished with minimal or no negative environmental impacts, and that wood bison restoration can enhance the diversity of Alaska's wildlife resources and could provide significant benefits to people. The three sites evaluated for possible wood bison restoration are the Yukon Flats, Minto Flats and the lower Innoko–Yukon River area. ADF&G concluded that all three sites are suitable for wood bison restoration. The Department proposed to proceed with efforts to restore wood bison in Alaska and initiate site-specific planning efforts for both the Yukon Flats and Minto Flats locations, while also increasing efforts to discuss possible wood bison restoration in the lower Innoko–Yukon River area.

Numerous comments indicated a belief that wood bison restoration is an important wildlife conservation initiative and that it will enhance Alaska's natural and cultural heritage and ecosystem biodiversity. Several international wildlife conservation organizations including Safari Club International, Wildlife Conservation Society (WCS) and World Wildlife Fund endorsed wood bison restoration in Alaska as a significant wildlife conservation initiative. The Alaska Outdoor Council stated "The concept of restoring wood bison to their former range is a conservation goal of the highest order in terms of ecosystem and human values."

Many people submitted comments emphasizing the importance of both local and non-local hunters having opportunities to share in future harvest of wood bison. Some comments opposed establishing a subsistence priority for use of wood bison. Several also acknowledged that local residents have some proprietary interest in the use of local resources, and that there does need to be mechanisms to ensure that local residents have adequate opportunities to harvest wood bison. Several comments from local residents highlighted the importance of having opportunities to benefit from the harvest of wood bison near local villages, and the need to protect wood bison from illegal harvest, especially while the herds are growing.

ADF&G remains committed to ensuring that the benefits of wood bison restoration are shared among local and non-local residents of Alaska and others. Future harvest management will be an important topic during site-specific planning efforts in which both local and non-local interests will be involved.

Several respondents agreed that predation should not be a significant threat to wood bison restoration in Alaska, while others expressed concern that wolf predation on wood bison could be significant and limit success of the restoration effort. Based on experience in Canada, ADF&G continues to believe that predator control is not likely to be required to ensure that wood bison restoration is successful.

Several comments addressed the status of wood bison under the Endangered Species Act (ESA). Most of these comments emphasized the need for ADF&G to continue to work with the U.S. Fish and Wildlife Service (USFWS) and others to ensure that any risk of wood bison restoration interfering with other resource development is minimized.



(Continued on page 3)



Wood bison cow and calf at AWCC. Photo by Doug Lindstrand

(Continued from page 2)

Most comments received agreed with the ADF&G proposed action to start site-specific planning on both Yukon Flats and Minto Flats, and continue discussing possible wood bison restoration with residents of the lower Innoko/Yukon River area. There were a significant number of comments that recommended putting wood bison on state lands at Minto Flats where implementation costs would be lower because of road access and which is largely under the control of state land managers and the Alaska Board of Game.

Based on public comment and other considerations, Minto Flats will be the first priority for wood bison planning and restoration.

Some of the reasons for restoring wood bison on the Minto Flats first include:

- The majority of lands in the Minto Flats area are within the Minto Flats State Game Refuge, which was established to ensure protection and enhancement of habitat, conservation of fish and wildlife, and continuation of hunting, fishing, trapping and other compatible uses.
- The Minto-Nenana, Tanana-Manley-Rampart and Fairbanks State Fish and Game Advisory Committees (AC) have all expressed support for wood bison restoration on Minto Flats.
- Availability of road access to Minto Flats will help to reduce logistical complications and costs.
- Because there is little to no federal land in the Minto Flats area the Alaska Board of Game will have responsibility for decisions about subsistence use and future harvest allocation.

While the above factors are reasons to initially work towards establishing wood bison on Minto Flats, the size of the area limits the potential size of the herd to about 500 animals. Habitat assessments indicate that Yukon Flats can easily support a herd of 2,000 or more bison, and ADF&G remains committed to the objective of reestablishing one or more larger herds of wood bison to help maintain the genetic diversity of the subspecies and provide additional hunting and viewing opportunities.

The Yukon Flats and Grayling-Anvik-Shageluk-Holy Cross Advisory Committees have passed resolutions of support for wood bison restoration on the Yukon Flats and in the lower Innoko/Yukon River area. The Department hopes to proceed with wood bison restoration in one or both areas at the earliest opportunity.

Wood Bison Celebration Held at the Alaska Wildlife Conservation Center by Cathie Harms, Master of Ceremonies

On July 8 nearly 100 people attended a welcoming ceremony at the Alaska Wildlife Conservation Center (AWCC) in Portage for the wood bison that arrived at the facility in late June. AWCC Board of Director's President Chris Von Imhoff and Executive Director Mike Miller welcomed representatives from conservation organizations, state and federal agencies, Native groups and the government of Canada. Mike noted that he is honored to have the opportunity to be involved in the effort to restore a species back to its former range in Alaska.

The ceremony was held in a field of lupine on a point of land overlooking Turnigan Arm and the Chugach Mountains between two of AWCCs' wood bison pastures. Teck Cominco Alaska generously sponsored the event. Karl Hanneman, the company's Manager for Public and Environmental Affairs noted how it is fitting that a company with mining interests in both Canada and Alaska would support the international wood bison restoration project.

ADF&G Commissioner Denby Lloyd called wood bison restoration in Alaska "one of the most significant conservation initiatives in decades," and thanked Elk Island National Park in Alberta for their support and cooperation.

Elk Island National Park Superintendent Marilyn Peckett highlighted the international cooperation involved. John Morrison of the Alaska chapter of Safari Club and Bill Moritz of the Safari Club International Foundation pledged continuing assistance for the project. Kaush Arha,

(Continued on page 5)



AWCC Executive Director Mike Miller speaking at the wood bison welcoming ceremony.

Elk Island National Park of Canada: A Proud Partner in Alaska' Wood Bison Restoration Project

By Marilyn Peckett, Superintendent Elk Island National Park

It was my great pleasure to be present for the wood bison celebration at the Alaska Wildlife Conservation Center last July. It was an exciting day for Alaska and an exciting day for Canada. The United States and Canada have so much in common. Shared histories; shared experiences; and shared successes. The wood bison restoration project is one of those shared successes as we get one stop closer to the reintroduction of wood bison to Alaska.

We officially welcomed 53 wood bison from Elk Island National Park of Canada to the Alaska Wildlife Conservation Center. Historically, hundreds of thousands of bison roamed in North America. In the early part of the 20th century, the numbers of wood bison dwindled to a few hundred.

In 1978, the Committee on the Status of Endangered Wildlife in Canada initially assessed wood bison as endangered. This status was improved to threatened in 1988, thanks to successful recovery actions under the Canada National Wood Bison Recovery Program.

Through the efforts of that program, there are currently in excess of 4,000 wood bison in Canada. Canada is committed to the recovery of species at risk – such as the wood bison – not just in our country, but throughout its historic range.

As the Superintendent for Elk Island National Park, I am particularly proud of our contribution to the recovery of species. Elk Island, located near Edmonton in Alberta, has a long and successful history of relocating disease-free ungulates.

Dating as far back as 1937, Elk Island's herd of elk has been used as a source herd for re-establishing elk population throughout North America. Over the years, more than four thousand elk have been relocated in Canada in such places as Alberta, Saskatchewan, Ontario and Yukon.

This is a fine example of international cooperation for the protection and recovery of a species at risk.

In addition, we have assisted Kentucky, Tennessee and North Carolina in the United States to re-establish viable elk populations. Since 1967, Elk Island has provided disease-free bison for re-introduction throughout North America – and in 2006, we transferred 30 wood bison to the Republic of Sahka of the Russian Federation. And now we can add Alaska.

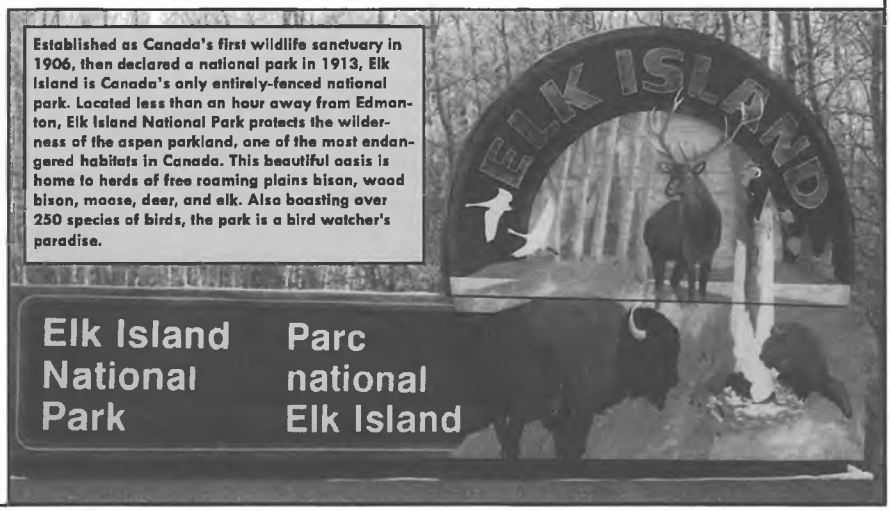
The transfer of wood bison from Elk Island to Alaska is a major milestone in the Alaskan wood bison restoration project. The bison transfer is also an important part of Canada's plan to ensure that several disease-free herds exist, not only in Canada, but also in other parts of their historic range.



Marilyn Peckett, Superintendent. Elk Island National Park, Canada.

This is a fine example of international cooperation for the protection and recovery of a species at risk. The great State of Alaska, Parks Canada, and Canada's Wood Bison Recovery team have been working on this international conservation project for over ten years with the assistance of other supporting departments in the United States and the Canadian Food Inspection Agency.

I would like to acknowledge the dedication and contribution that all parties have made in order for this project to move forward. We should all be proud of our efforts.



Established as Canada's first wildlife sanctuary in 1906, then declared a national park in 1913, Elk Island is Canada's only entirely-fenced national park. Located less than an hour away from Edmonton, Elk Island National Park protects the wilderness of the aspen parkland, one of the most endangered habitats in Canada. This beautiful oasis is home to herds of free roaming plains bison, wood bison, moose, deer, and elk. Also boasting over 250 species of birds, the park is a bird watcher's paradise.

Delta Bison Working Group Recommendations Following the January 11, 2011 Meeting

I. Recommendations and results from the December 9, 2009 Delta Bison Working Group meeting

The recommendations made through the December 9, 2009 meeting were based on the consensus of the full seven-member Delta Bison Working Group (DBWG). Members of the 7-person DBWG and the interests they represent are:

1. Leonard Jewkes- statewide hunting
2. John Sloan- Delta Junction business
3. Mike Schultz- Delta Agriculture
4. John Haddix- U.S. Army
5. Glen Wright- Delta Junction community
6. Don Quarberg- Delta Junction hunting
7. Phil Kaspari- Statewide agriculture and research

A. Recommendations to ADF&G

- Increase funding for bison habitat improvement. In FY 2009 and 2010 the ADF&G, Division of Wildlife Conservation (DWC) allocated increased funding for habitat improvement on the bison range and other Delta bison management activities.

- Allow use of herbicides on the Delta Junction Bison Range (DJBR). This is intended as an additional tool to improve production of bison forage.

  Most of the Working Group discussions on herbicide use have focused on the wet blade mower technique that selectively applies a small amount of herbicide and has been undergoing testing the last few years. A potentially extensive permitting process would be involved for ADF&G to obtain approval from the Alaska Department of Environmental Conservation to use herbicides on the DJBR.

B. Board of Game Proposals (primarily intended to ensure the harvest objective is achieved so the herd size can be controlled)

- Extend the authorized length of the Delta bison hunting season to July 1-June 30. This could help to remove animals that might remain in private agriculture lands year-round (adopted by the Board of Game in March 2010)

- Authorize same day airborne hunting (rejected by the Board of Game in March 2010 – the Board did approve a proposal to allow ground-based radio communication to help locate bison; see 5 AAC 92.080(7)(E))

- Prohibit taking of bison with highly visible radio-collars (adopted by the Board of Game in March 2010)

C. Recommendations to ADF&G and DNR, Division of Agriculture

- Establish an on-going crop damage assessment program. This is a cooperative effort between ADF&G and the Division of Agriculture and has now been conducted in the summers of 2009 and 2010.

D. Legislative Recommendations

- Increase the application fee for Delta bison hunting permits from $10 to $20. This measure is intended to increase available funding for improving bison habitat on the DJBR and other areas.

  This recommendation would require legislative action. As is presently the case, the legislature cannot dedicate funds from application fee revenues to a specific purpose (e.g.; Delta bison management) but the legislation could express this intent and, if additional funds from application fees are forthcoming, they could be directed to Delta bison management in the budgeting process. A draft legislative proposal has been submitted to ADF&G headquarters for consideration by the administration.

E. Other points of agreement

- The Delta Bison Working Group agreed that the long term solution to solving conflicts between bison and agriculture is fencing.

The Working Group did not reach agreement on whether the best approach to fencing is to:

a) enclose private agricultural lands to prevent bison from entering and damaging crops;
b) enclose the bison herd into the DJBR or some portion of the range, or;
c) to construct some type of "drift" or barrier fence to prevent the bison from moving from the DJBR into agricultural lands north of the Alaska Highway.

II. *Recommendations from the January 11, 2011Delta Bison Working Group meeting*

All members of the DBWG were present except for Glen Wright who could not attend due to medical reasons. The group worked to achieve consensus recommendations; however, where consensus was not reached majority rule voting was used and majority and minority recommendations are identified.

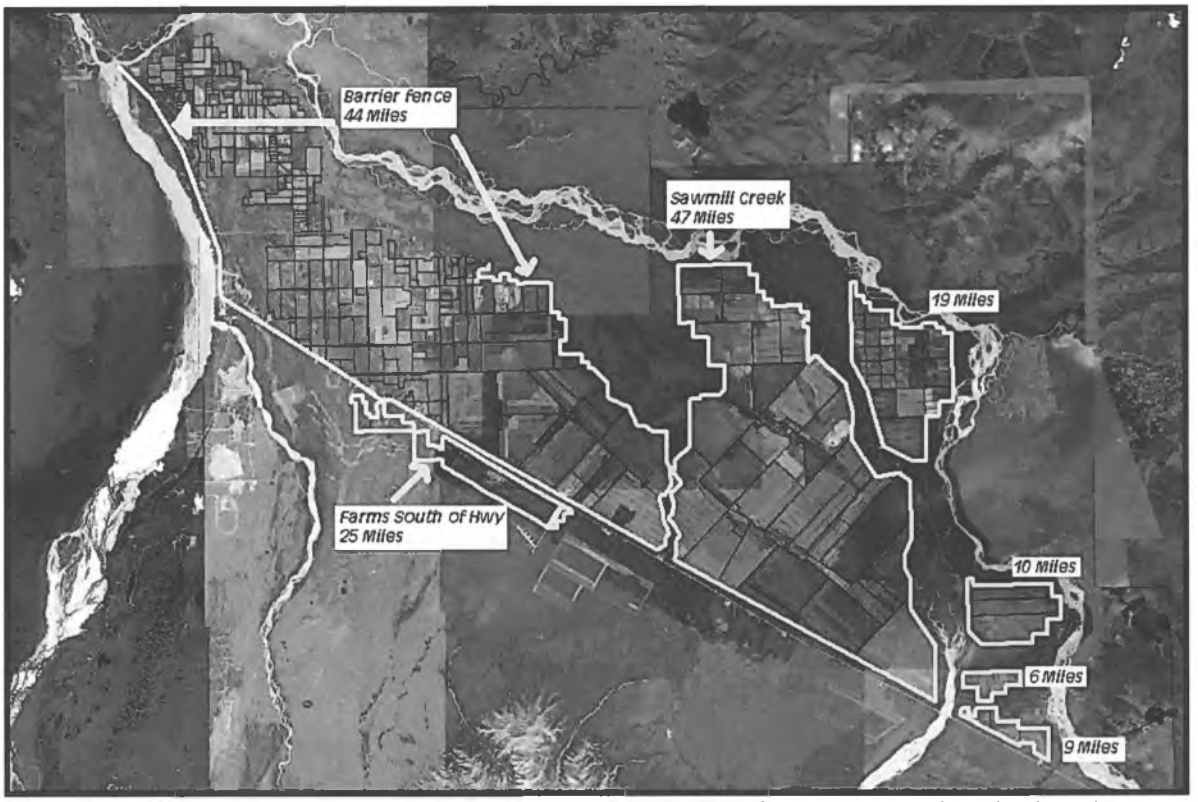
A. Fencing Recommendations

- The DBWG reaffirmed by consensus that the long term solution to solving conflicts between bison and agriculture is fencing.

- The DBWG did not achieve consensus on the best approach to fencing but developed majority and minority recommendations. Both proposals are conceptual and have details that must be worked out prior to final decisions and implementation. All fencing alternatives under consideration would involve significant funding which would likely require legislative action.

    - Majority recommendation (5-1 vote): The majority of the DBWG supported a proposal to fence private agricultural lands to keep bison out.

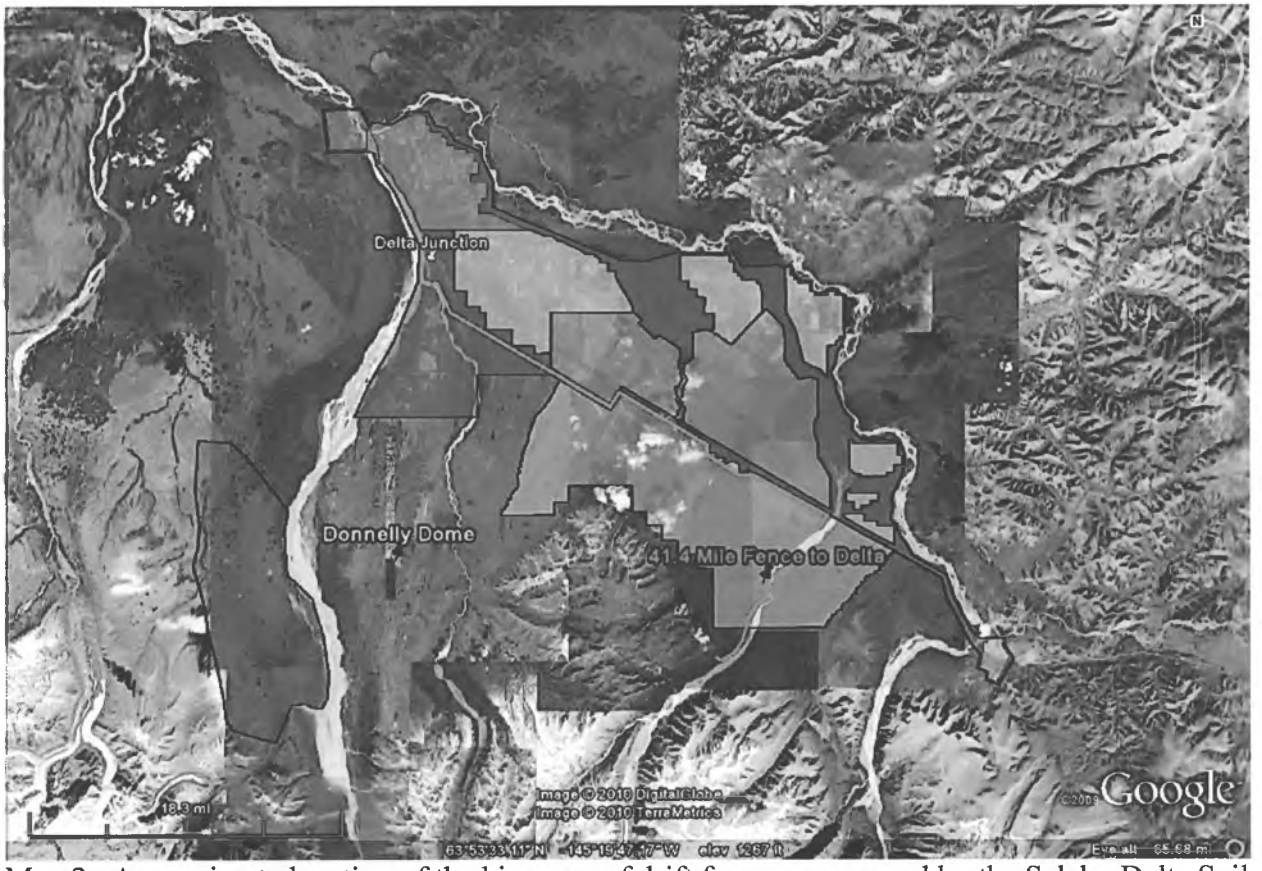
      Approximately 160 miles of fencing would be required (Map 1). Provisions of the proposal include:
        - Enclosing large blocks of contiguous agricultural lands as complete units with boundary fences rather than fencing individual farms. This approach will help reduce the total length of fence required and costs involved.
        - Constructing two sections of drift fence to the west of Sawmill Creek to prevent bison from entering agricultural and residential areas in the Delta-Clearwater and Tanana Loop Road areas. One section would run from the northern edge of the Delta I West agricultural block, northwest along the northern boundary of the Delta-Clearwater area, and then north to the edge of the Delta-Clearwater River. The Delta-Clearwater River seldom freezes over and the banks are steep, thus forming a barrier to the bison. The second (southern) section of the drift fence would run from the SW corner of the Delta I West agricultural block, along the Alaska Highway around Delta Junction and extend to the Tanana River by the Alyeska Pipeline Bridge. Because the drift fences would not be enclosed on the western ends there is no guarantee that bison would be prevented from going around the end of the drift fence and accessing private agricultural lands or the city of Delta Junction. Bison have utilized the Delta River as a corridor but have never been seen swimming up the Tanana under the bridge, consequently the drift fence should block their advance into the Tanana Loop area.
        - Maintain corridors between large blocks of agricultural land to allow movements of bison and other wildlife species (i.e. the Gerstle River and Sawmill Creek).
        - The necessary fencing should be paid for through a combination of legislative funding and cost-sharing by the involved owners of agricultural parcels.



Map 1. Approximate locations of recommended bison-proof fencing around agricultural areas and the Delta community (map prepared by Dan Proulx, Division of Agriculture).

- Minority opinion (1-5 vote): Construct a drift fence south of the Alaska Highway to prevent bison from migrating from the DJBR to private agricultural lands.

  The fence would extend from the Richardson Highway near the City of Delta Junction, to the west bank of the Gerstle River, and then up to a point on the Granite Mountains where the bison would be unlikely to travel. Approximately 45-50 miles of fence would be required, depending on where the western end is located. This approach would involve less total miles of fence than the approach of fencing in private agricultural lands but may have significant impacts on movements of other wildlife species in the area such as moose, wolves, and grizzly bears. Gates could be installed to allow movements of bison and other wildlife at times when agricultural operations would not be disrupted. Because the drift fence would not be enclosed on either end there is no guarantee that bison would be prevented from going around the fence and entering onto private agricultural lands. In the recent past, bison have migrated south along the Delta River to the confluence with the Tanana River. If they resumed this movement pattern the drift fence may be ineffective at preventing bison from approaching agricultural lands from the northwest. The western end of this drift fence would tie-in with the existing fencing around Ft. Greely and the Missile Defense compound, or extend to the Delta River. The bison often move down the Delta River, past Delta Junction and could move around the western end of this drift fence and gain access to the Tanana Loop area.



Map 2. Approximate location of the bison-proof drift fence as proposed by the Salcha-Delta Soil and Water Conservation District (map courtesy of Bryce Wrigley and the SWCD).

B. Hunting Recommendations

- Use the year-round hunting season authorized by the Board of Game to allow hunting of bison that remain in agricultural areas north of the Alaska Highway between May and July (DBWG consensus).
    - This hunt would be implemented on an as-needed basis, in cooperation with farmers, to eliminate bison that do not migrate out of agricultural areas and is intended to prevent bison from remaining in agricultural areas year-round.
    - Bison harvested in this hunt would be applied to the annual harvest quota.
    - The DBWG voted 4-2 to recommend the bag limit for this special hunt to be any bison. Those who voted against the any bison bag limit voiced concern for killing cows with very young calves as well as killing the young calves themselves, and preferred a bulls only bag limit.

- Establish an either sex bag limit when the regular Delta bison hunt is opened. Once the quota established by the Department for either cows or bulls is met, only bison of the remaining sex can be taken (DBWG consensus).

  This recommendation may require further departmental review to determine its legality.

C. Herd size Objective

- Majority recommendation (5-1 vote): As an interim measure until fencing is achieved, reduce the herd size objective from the present 360 bison pre-calving to a range of 275 – 325 bison pre-calving. Once fencing is completed the herd size should be based on the biological carrying capacity.

- Minority opinion (1-5 vote): Do not change the present herd size objective of 360 bison pre-calving.

D. Delta bison hunting permit application fee increase

- The DBWG reaffirmed their previous recommendation to raise the permit application fee from $10 to $20 (consensus).
    - The Working Group also reaffirmed that the intent of the fee increase is to provide additional funding to support habitat improvement on the DJBR and Delta bison management in general.

HB 189

<TARGET><BILL>HB 189</BILL><SUBJECT>HB 189</SUBJECT><COMM>HRES27</COMM></TARGET>

Alaska State Legislature

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REPRESENTATIVE MIKE CHENAULT
SPEAKER OF THE HOUSE

SPONSOR STATEMENT
HOUSE BILL 189
"An Act providing for the transfer of information of Alaska Gasline Development Corporation; and providing for an effective date."

In 2010, the 26th Alaska Legislature passed House Bill 369 requiring the development of an in-state natural gas pipeline plan to be delivered to the legislature by July 1, 2011, that provides for a natural gas pipeline that is operational by December 31, 2015. The Alaska Gasline Development Corporation has been established under AS 18.56.086 for this purpose and is working to meet its July 1, 2011 mandate. Progress reports are provided to the legislature from the Corporation on a monthly basis.

The Chair of the Joint In-State Gasline Development team has requested bill language that will allow the Corporation to enter into confidentiality agreements that would not be subject to public disclosure. This action is necessary to allow the Joint In-State Gasline Development team to carry out its functions as described under sec. 19, ch. 14, SLA 2009; "requiring expedited review and action by state agencies or entities relating to the in-state natural gas pipeline project."

Further, this bill will amend the original legislation to reflect certain changes to the Joint In-State Gasline Development team, which includes allowing for a chair's designee of the Alaska Railroad Corporation and removing the chief executive officer of the Alaska Natural Gas Development Authority.

Representative_Mike_Chenault@legis.state.ak.us

CS FOR HOUSE BILL NO. 189(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES CHENAULT, Johnson

A BILL

FOR AN ACT ENTITLED

"An Act relating to the Alaska Gasline Development Corporation and creating an exception to the public records statute for information provided to the Alaska Gasline Development Corporation; amending the composition of the Joint In-State Gasline Development Team; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 38.34.030(a) is amended to read:

(a) The Joint In-State Gasline Development Team is established in **the Alaska Gasline Development Corporation, a subsidiary of** the Alaska Housing Finance Corporation**, created under AS 18.56.086**. The development team consists of **four** [FIVE] members as follows:

(1) the commissioner of transportation and public facilities, or the commissioner's designee;

(2) the chair of the board of directors of the Alaska Railroad Corporation **or the chair's designee**;

(3) [THE CHIEF EXECUTIVE OFFICER OF THE ALASKA NATURAL GAS DEVELOPMENT AUTHORITY;

(4)] the in-state gasline project coordinator; and

(4) [(5)] the executive director of the Alaska Housing Finance Corporation.

*** Sec. 2.** AS 38.34.050 is amended by adding a new subsection to read:

(e) The Alaska Gasline Development Corporation may enter into a confidentiality agreement necessary to acquire information to carry out its functions. Information acquired under a confidentiality agreement is not subject to disclosure under AS 40.25.110. The Alaska Gasline Development Corporation may enter into confidentiality agreements with a public agency, as defined in AS 40.25.220, to allow release of information protected by a confidentiality agreement to that public agency. The portions of the records and files of a public agency bound by a confidentiality agreement that reflect, incorporate, or analyze information subject to a confidentiality agreement under this subsection are not public records. Confidentiality agreements entered into under this subsection are valid and binding against all parties in accordance with the terms of the confidentiality agreement.

*** Sec. 3.** AS 40.25.120(a) is amended to read:

(a) Every person has a right to inspect a public record in the state, including public records in recorders' offices, except

(1) records of vital statistics and adoption proceedings, which shall be treated in the manner required by AS 18.50;

(2) records pertaining to juveniles unless disclosure is authorized by law;

(3) medical and related public health records;

(4) records required to be kept confidential by a federal law or regulation or by state law;

(5) to the extent the records are required to be kept confidential under 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure or retain federal assistance;

(6) records or information compiled for law enforcement purposes, but

only to the extent that the production of the law enforcement records or information

(A) could reasonably be expected to interfere with enforcement proceedings;

(B) would deprive a person of a right to a fair trial or an impartial adjudication;

(C) could reasonably be expected to constitute an unwarranted invasion of the personal privacy of a suspect, defendant, victim, or witness;

(D) could reasonably be expected to disclose the identity of a confidential source;

(E) would disclose confidential techniques and procedures for law enforcement investigations or prosecutions;

(F) would disclose guidelines for law enforcement investigations or prosecutions if the disclosure could reasonably be expected to risk circumvention of the law; or

(G) could reasonably be expected to endanger the life or physical safety of an individual;

(7) names, addresses, and other information identifying a person as a participant in the Alaska Higher Education Savings Trust under AS 14.40.802 or the advance college tuition savings program under AS 14.40.803 - 14.40.817;

(8) public records containing information that would disclose or might lead to the disclosure of a component in the process used to execute or adopt an electronic signature if the disclosure would or might cause the electronic signature to cease being under the sole control of the person using it;

(9) reports submitted under AS 05.25.030 concerning certain collisions, accidents, or other casualties involving boats;

(10) records or information pertaining to a plan, program, or procedures for establishing, maintaining, or restoring security in the state, or to a detailed description or evaluation of systems, facilities, or infrastructure in the state, but only to the extent that the production of the records or information

(A) could reasonably be expected to interfere with the implementation or enforcement of the security plan, program, or procedures;

(B) would disclose confidential guidelines for investigations or enforcement and the disclosure could reasonably be expected to risk circumvention of the law; or

(C) could reasonably be expected to endanger the life or physical safety of an individual or to present a real and substantial risk to the public health and welfare;

(11) the written notification regarding a proposed regulation provided under AS 24.20.105 to the Department of Law and the affected state agency and communications between the Legislative Affairs Agency, the Department of Law, and the affected state agency under AS 24.20.105;

(12) records that are

(A) proprietary, privileged, or a trade secret in accordance with AS 43.90.150 or 43.90.220(e);

(B) applications that are received under AS 43.90 until notice is published under AS 43.90.160**;**

(13) information that is covered by a confidentiality agreement between the Alaska Gasline Development Corporation created under AS 18.56.086 and the provider of the information.

*** Sec. 4.** AS 38.34.050(e) and AS 40.25.120(a)(13) are repealed December 31, 2011.

*** Sec. 5.** Sections 1 - 3 of this Act take effect immediately under AS 01.10.070(c).

HOUSE COMMITTEE REPORT

(9)
Date Referred to Committee: March 10, 2011 **FURTHER REFERRALS:**

Date of Committee Action: 3-21-11

The RESOURCES Committee considered: **HB 189**

HOUSE BILL NO. 189
"An Act relating to the Alaska Gasline Development Corporation and creating an exception to the public records statute for information provided to the Alaska Gasline Development Corporation; amending the composition of the Joint In-State Gasline Development Team; and providing for an effective date."

HB 189-GASLINE DEV. TEAM/CORP. MEMBERS/INFO

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB 189 (RES)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[X] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *FN# is assigned by Chief Clerk's Office				
*FN#	List by Dept(s):	Fiscal	Indet.	Zero
✓	REV			✓

PREVIOUS **FISCAL NOTES**				
FN#	List by Dept(s):	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
Peggy Wilson	WILSON	X			
	HERRON			X	
	Dick	X			
Berta Gardner	Gardner			X	
Bob Foster	Foster	X			
Cathy Muñoz	Muñoz			✓	
Chair: Paul Seaton	SEATON	✓			
Chair:					

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **HB189**
() Publish Date

Identifier (file name): HB189-DOR-AHFC-03-18-11
Title Gasline Dev. Team/Corp. Members/Info
Sponsor Representatives Chenault
Requester House Resources Committee

Dept. Affected Revenue
Appropriation AK Housing Finance Corporation
Allocation AK Gasline Development Corp
OMB Component Number 2986

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (please identify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Part-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Temporary	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Why this fiscal note differs from previous version (if initial version, please note as such)

initial version

Prepared by Stacy Schubert, Director Government Relations & Public Affairs — Phone 907-301-4556
Division Alaska Housing Finance Corporation — Date/Time 10:43am; 3/18/11
Approved by Ginger Blaisdell, Director Administrative Services Division — Date 11:10am; 3/18/11
Department of Revenue

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB 189
2011 LEGISLATIVE SESSION

Analysis

This bill will allow the Alaska Gasline Development Corporation to enter into confidentiality agreements that would not be subject to public disclosure. This action is necessary to allow the Joint In-State Gasline Development team to carry out its functions as described under sec. 19, ch. 14, SLA 2009; "requiring expedited review and action by state agencies or entities relating to the in-state natural gas pipeline project."

Further, this bill will amend the original legislation to reflect changes to the Joint In-State Gasline Development team, including allowing for a chair's designee of the Alaska Railroad Corporation and removing the chief executive officer of the Alaska Natural Gas Development Authority.

No additional resources or staff are expected; therefore, there is no anticipated fiscal impact to the corporation.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
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FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM March 8, 2011

SUBJECT: Public records exception for the Alaska Gasline Development Corporation (Work Order No. 27-LS0621\A)

TO: Representative Mike Chenault
Speaker of the House
Attn: Tom Wright

FROM: Lisa Moritz Kirsch
Legislative Counsel

I have drafted the enclosed bill creating a public records exception for the Alaska Gasline Development Corporation (AGDC). I am writing to explain why I chose a different approach than the one you suggested.

The broad purpose of the public records act, which appears at AS 40.25, is to provide public access to public records. AS 40.25.110 provides in part that:

> Unless specifically provided otherwise, the public records of all public agencies are open to inspection by the public under reasonable rules during regular office hours.

This provision has been interpreted by the Supreme Court which noted that:

> There is a strong public interest in disclosure of the affairs of government and [sections AS 40.25.110 and 40.25.120] articulate a broad policy of open records. The right of citizen access to public records has been characterized as a fundamental right.[1]

While this fundamental right has not been directly linked to a specific constitutional provision, it appears likely the Alaska courts would include it in the penumbral rights under the constitution given that the Alaska Supreme Court has opined that public access is a fundamental right and applied a balancing test consistent with those used for

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[1] *Gwich'in Steering Committee v. State, Office of the Governor*, 10 P.3d 572, 578 (Alaska 2000) (citing *City of Kenai v. Kenai Peninsula Newspapers, Inc.*, 642 P.2d 1316, 1323-24 (Alaska 1982) (quoting *MacEwan v. Holm*, 226 Or. 27, 359 P.2d 413, 421-22 (1961) (en banc))).

constitutional rights when analyzing a decision to withhold public records. The Alaska Supreme Court cited this Oregon test with approval in *City of Kenai:*

> In balancing the interests referred to above, the scales must reflect the fundamental right of a citizen to have access to the public records as contrasted with the incidental right of the agency to be free from unreasonable interference. The citizen's predominant interest may be expressed in terms of the burden of proof which is applicable in this class of cases; the burden is cast upon the agency to explain why the records sought should not be furnished. Ultimately, of course, it is for the courts to decide whether the explanation is reasonable and to weigh the benefits accruing to the agency from non-disclosure against the harm which may result to the public if such records are not made available for inspection. (Citation omitted).[2]

The legislative findings and intent added to the public records act in 1990 support this interpretation:

> [P]ublic access to government information is a fundamental right that operates to check and balance the actions of elected and appointed officials and to maintain citizen control of government[.][3]

The request I received protected all information in the possession of the public corporation from release under the public records act. I am concerned that the sweeping approach you requested may be inconsistent with the intent of the act and the fundamental right of access to public documents acknowledged by the courts. This sweeping exception may also cause difficulties for the corporation if a provider of information relied on the exception to keep all of their information confidential and later contested AGDC's decision to release.

At Tom Wright's request, I spoke to attorney Ken Vassar. He expressed that the intent of the legislation was to give the public corporation the ability to release information at its discretion, as a private corporation would. I would argue that the right of the public access to information is so strong that even if the AGDC were a private corporation it might be compelled to release its documents.[4] However, AGDC is not a private corporation. Its documents are public records, and while AS 40.25.110 does allow for

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[2] *City of Kenai v. Kenai Peninsula Newspapers, Inc.*, 642 P.2d at 1323.

[3] Ch. 200, § 1, SLA 1990.

[4] *Federal Communications Commission v. AT & T Inc.*, WL 691243, 2011 U.S. LEXIS 1899 (March 1, 2011) (holding AT&T does not have a personal privacy interest in records provided to a public entity).

exceptions, it allows for them only where "specifically provided otherwise." When interpreting those specific exceptions to the public records act the courts have always narrowly construed them.[5] It is true that the public records act is only a statute, and can be subsequently amended by legislation, but the amendments or new provisions must harmonize with the unchanged existing law.

My second concern is that an exception for all information in the possession of AGDC might mislead the entity providing information into believing that everything provided to the corporation would remain confidential. It is true that an exception under AS 40.25.120 does not actually create confidentiality by its provisions, instead it typically excepts specific material that is confidential under some other law or rule. While it is not unreasonable to interpret a blanket exception to the release statute as a means of preventing mandatory release and allowing the AGDC discretion to release only when it chooses to release, it is also reasonable that a provider of information might rely on that exception to prevent any release at all.

My solution was to create an exception for information covered by a confidentiality agreement. This allows the parties involved to decide up-front what they consider confidential so there is less likelihood of confusion or contested releases. It also creates specificity as to what is excepted from the act, which I believe better matches the underlying intent of the public records act.

Please feel free to contact me if you have questions or concerns.

LMK:ljw:plm
11-153.ljw

Enclosure

[5] *Anchorage School Dist. v. Anchorage Daily News*, 779 P.2d 1191, 1193 (Alaska 1989); quoting, *Doe v. Alaska Superior Court,* 721 P.2d 617, 624 (Alaska 1986).

Sec. 01.10.070. Time statutes become law and take effect.

(a) All bills passed by the legislature become law upon the governor's signature or upon the governor's veto being overridden or, when the governor allows a bill to become law without signature, on the day after expiration of the period allowed for gubernatorial action by art. II, Sec. 17 of the Alaska Constitution. Acts become effective 90 days after becoming law, unless the legislature, by concurrence of two-thirds of the membership of each house, provides for another effective date.

(b) The actual effective date of an Act having no effective-date provision is determined by starting with the day after it is signed by the governor or the day after the governor's veto is overridden or the day after expiration of the period allowed for gubernatorial action by art. II, Sec. 17 of the Alaska Constitution, and counting 90 calendar days, the Act becoming effective at 12:01 a.m., Alaska Standard Time on the 90th day.

(c) The actual effective date and time of an Act having an immediate-effective-date provision is 12:01 a.m., Alaska Standard Time, on the day after it is signed by the governor or on the day after the governor's veto is overridden or on the day after expiration of the period allowed for gubernatorial action by art. II, Sec. 17 of the Alaska Constitution.

(d) An Act that specifies a definite effective date becomes effective at 12:01 a.m., Alaska Standard Time, on the date specified. However, if the specified definite effective date is on or before the day the governor signs the Act, the day the governor's veto is overridden, or the last day of the period allowed for gubernatorial action by art. II, sec. 17, Constitution of the State of Alaska, as applicable, the Act becomes effective at 12:01 a.m., Alaska Standard Time, on the day after the governor signs the Act, the governor's veto is overridden, or the period allowed for gubernatorial action by art. II, sec. 17, Constitution of the State of Alaska, expires, as applicable.

(e) When the governor allows a bill to become law without signature, the governor shall give written notice of that fact to the legislature. The date of this notice does not affect the date the bill becomes law or the date the Act takes effect.

(f) In this section

(1) "Act" means a bill which has become law;

(2) "bill" means a legislative document proposing an Act;

(3) "becomes effective" means becomes applicable; "effective date" does not mean date of enactment (or date of becoming law), although the two will coincide when a bill which has an immediate-effective-date provision is allowed to become law without the governor's signature;

(4) "becomes law" means is enacted; "enactment" occurs when any one of the following takes place:

(A) a bill which is passed by the legislature is signed by the governor;

(B) the period specified in art. II, Sec. 17 of the Alaska Constitution expires without gubernatorial action;

(C) the legislature overrides the governor's veto of a bill;

(5) "passed by the legislature" means that the required majority of each house of the legislature has taken final action in approving the same version of a bill.

History -

(Sec. 5 ch 62 SLA 1962; am Sec. 8 ch 126 SLA 1966; am Sec. 1 ch 115 SLA 1974; am Sec. 1 - 3 ch 6 SLA 1984; am Sec. 1 ch 20 SLA 2002)

Cross References -

For federal law concerning standard time, see 15 U.S.C. 260-267.

Decisions -

Applied in Atlantic Richfield Co. v. State, 705 P.2d 418 (Alaska 1985).

Stated in Rowe v. Burton, 884 F. Supp. 1372 (D. Alaska 1994).

Cited in North Slope Borough v. Sohio Petroleum Corp., 585 P.2d 534 (Alaska 1978); Fowler v. State, 70 P.3d 1106 (Alaska Ct. App. 2003); Allen v. Alaska Oil & Gas Conservation Comm'n, 147 P.3d 664 (Alaska 2006).

Article Notes -

Collateral References.- 73 Am. Jur. 2d, Statutes, Sec. 164 et seq.

82 C.J.S., Statutes, Sec. 548 et seq.

Sec. 38.34.040. Duties of the development team.

(a) The Joint In-State Gasline Development Team shall produce a project plan for the development of an in-state natural gas pipeline. The development team shall ensure that the project plan is completed and delivered to the legislature by July 1, 2011. The project plan must specify and document how an in-state natural gas pipeline can be designed, financed, constructed, and made operational by December 31, 2015.

(b) The Joint In-State Gasline Development Team shall assume executive authority over and managerial responsibility for all activities enumerated under sec. 19, ch. 14, SLA 2009, including work previously completed, work in process, and work for which money has been encumbered but that is not completed on April 27, 2010.

(c) The project plan must include specific plans to coordinate and facilitate construction, ownership, operation, and management of a natural gas pipeline serving Fairbanks, the Southcentral region of the state, and other communities whenever practicable, connecting with or enhancing the existing gas pipeline system, and reaching to tidewater in the Southcentral region of the state.

(d) The development team's work product must include an analysis of alternative possible routes and the selection of a route that, consistent with the other requirements of this section,

(1) is economically feasible;

(2) makes natural gas available to residents at the lowest possible cost;

(3) allows for connecting lines to serve industrial, residential, and utility customers along the entire route, and in other regions of the state that can be served at commercially feasible rates;

(4) uses state land and existing state highway and railroad rights-of-way to the maximum extent feasible;

(5) uses existing highway and railroad bridges, gravel sources, equipment yards, maintenance facilities, and other existing facilities and resources to the maximum extent feasible.

(e) With the intent that any project-related assets acquired or developed be available for transfer or sale to the entity best able to complete the project, the development team shall

(1) prepare plans and designs necessary for construction of the in-state natural gas pipeline project;

(2) coordinate with entities qualified to build, own, and operate the natural gas pipeline;

(3) identify, apply for, and obtain rights-of-way and other permits for the project route;

(4) work with other entities to promote gas supply and purchase contracts required for the project to be commercially viable;

(5) prepare cost estimates for the project design, construction, and operation to determine the project's economic feasibility and the projected cost of natural gas to consumers;

(6) coordinate with and, to the fullest extent possible, use existing work by other state agencies and entities before contracting for new reports and research and analysis;

(7) determine regulatory authority over the pipeline project and perform any necessary compliance requirements;

(8) identify and apply for, or support extension of, existing permits for export of Alaska natural gas if that export improves project economics and will reduce the price of natural gas to in-state consumers.

(f) Notwithstanding any other provision of law, any rights to a natural gas pipeline corridor obtained by a state agency under eminent domain may be transferred to a private entity.

(g) Notwithstanding any other provision of law, a state agency acquiring an interest in land by eminent domain may grant a permit authorizing a private person to construct, manage, and operate a gas pipeline over, under, along, across, or upon the land.

(h) In preparing the project plan required in this section, the development team may consider all aspects of the in-state natural gas pipeline project, including public, private, or joint construction alternatives, marketing of natural gas, financing alternatives for pipeline construction, procurement of natural gas from producers, maximization of local hire, opportunities for promoting value-added industries, gas-to-liquids manufacturing opportunities, production and delivery of liquefied natural gas or propane to Yukon River, Interior, and coastal communities, alternatives for transporting natural gas to other locations in the state, the acquisition of natural gas commitments sufficient to ensure the long-term feasibility of the in-state natural gas pipeline project, the development of a global natural gas trading hub in the state, and facilitating the project developer's commitment, to the maximum extent permitted by law, to

(1) hire qualified residents from throughout the state for management, engineering, construction, operations, maintenance, and other positions on the proposed project;

(2) contract with businesses located in the state;

(3) establish hiring facilities or use existing hiring facilities in the state; and

(4) use, as far as is practicable, the job centers and associated services operated by the Department of Labor and Workforce Development and an Internet-based labor exchange system operated by the state.

(i) The Joint In-State Gasline Development Team shall take all action necessary to complete its responsibilities under this section.

History -

(Sec. 4 ch 7 SLA 2010)

Cross References -

For transitional provisions applicable to the obligations of the Joint In-State Gasline Development Team that are prescribed in this section, see Sec. 11(a), ch. 7, SLA 2010, in the 2010 Temporary and Special Acts.

Sec. 38.34.050. Cooperation and access to information.

(a) The Joint In-State Gasline Development Team may have access to information of all state agencies that is directly related to the planning, design, construction, or operation of the in-state natural gas pipeline.

(b) All state agencies or entities shall cooperate with and, except for requests from the Alaska Gasline Inducement Act coordinator (AS 43.90.250), give priority to requests for information from the Joint In-State Gasline Development Team. The development team shall avoid duplicating studies, plans, and designs that have already been produced or otherwise obtained by other state entities.

(c) Notwithstanding any contrary provision of law, the Department of Natural Resources shall grant the Alaska Housing Finance Corporation a right-of-way lease under AS 38.35 for the gas pipeline transportation corridor if

(1) the corporation submits a complete right-of-way lease application under AS 38.35.050;

(2) the lease application is made the subject of notice and other reasonable and appropriate publication requirements under AS 38.35.070; and

(3) the corporation agrees to be bound by the right-of-way lease covenants set out in AS 38.35.120.

(d) Notwithstanding any contrary provision of law, a right-of-way lease granted under (c) of this section is subject to AS 38.05, except that the best interest findings requirements of AS 38.05 and the permit requirements of AS 38.05.850 do not apply to a lease made under this section.

History -

(Sec. 4 ch 7 SLA 2010)

Cross References -

For transitional provisions applicable to the obligations of state agencies and entities to the transfer of responsibilities for obligations and initiatives related to the project described in this chapter to the Alaska Housing Finance Corporation as the principal entity to carry out that project, see Sec. 11(b), ch. 7, SLA 2010, in the 2010 Temporary and Special Acts.

Sec. 40.25.110. Public records open to inspection and copying; fees.

(a) Unless specifically provided otherwise, the public records of all public agencies are open to inspection by the public under reasonable rules during regular office hours. The public officer having the custody of public records shall give on request and payment of the fee established under this section or AS 40.25.115 a certified copy of the public record.

(b) Except as otherwise provided in this section, the fee for copying public records may not exceed the standard unit cost of duplication established by the public agency.

(c) If the production of records for one requester in a calendar month exceeds five person-hours, the public agency shall require the requester to pay the personnel costs required during the month to complete the search and copying tasks. The personnel costs may not exceed the actual salary and benefit costs for the personnel time required to perform the search and copying tasks. The requester shall pay the fee before the records are disclosed, and the public agency may require payment in advance of the search.

(d) A public agency may reduce or waive a fee when the public agency determines that the reduction or waiver is in the public interest. Fee reductions and waivers shall be uniformly applied among persons who are similarly situated. A public agency may waive a fee of $5 or less if the fee is less than the cost to the public agency to arrange for payment.

(e) Notwithstanding other provisions of this section to the contrary, the Bureau of Vital Statistics and the library archives in the Department of Education and Early Development may continue to charge the same fees that they were charging on September 25, 1990, for performing record searches, and may increase the fees as necessary to recover agency expenses on the same basis that was used by the agency immediately before September 25, 1990. Notwithstanding other provisions of this section to the contrary, the Department of Commerce, Community, and Economic Development may continue to charge the same fees that the former Department of Commerce and Economic Development was charging on July 1, 1999, for performing record searches for matters related to banking, securities, and corporations, and may increase the fees as necessary to recover agency expenses on the same basis that was used by the former Department of Commerce and Economic Development immediately before July 1, 1999.

(f) Notwithstanding other provisions of this section to the contrary, the Board of Regents of the University of Alaska may establish reasonable fees for the inspection and copying of public records, including record searches.

(g) Notwithstanding other provisions of this section to the contrary, the board of directors of the Alaska Railroad Corporation may establish reasonable fees for the inspection and copying of public records, including record searches.

(h) Notwithstanding other provisions of this section to the contrary, the judicial branch may establish by court rule reasonable fees for the inspection and copying of public records, including record searches.

(i) Electronic information that is provided in printed form shall be made available without codes or symbols, unless accompanied by an explanation of the codes or symbols.

History -

(Sec. 3.22 ch 101 SLA 1962; am Sec. 2, 3 ch 200 SLA 1990; am Sec. 1 ch 58 SLA 1999; am Sec. 22 ch 14 SLA 2005)

Revisors Notes -

Formerly AS 09.25.110. Renumbered in 2000, at which time, in subsection (a), "AS 40.25.115" was substituted for "AS 09.25.115" to reflect the 2000 renumbering of AS 09.25.115. In 2004, in (e) of this section, a reference to "Department of Community and Economic Development" was changed to "Department of Commerce, Community, and Economic Development", in accordance with Sec. 3, ch. 47, SLA 2004.

Cross References -

For proof of public records, see Evid. R. 1005; for management and preservation of public records, see AS 40.21.

Amendment Notes -

The 2005 amendment, effective May 6, 2005, in the second sentence of subsection (e) deleted "division of banking, securities, and corporations in the" preceding "Department" and inserted "for matters related to banking, securities, and corporations."

AG Opinions -

As to confidentiality of oil and gas documents held by state agencies, see Nov. 24, 1980 Op. Att'y Gen.

When the taxpayer files the notice of appeal, a Department of Revenue hearing decision may be made public because the taxpayer is, in effect, waiving any right to confidentiality he may have had. June 16, 1983 Op. Att'y Gen., modifying March 12, 1980 Op. Att'y Gen. to the

extent that the time when the decision becomes a part of the public record is changed from the issuance of a court order to prepare the record to the filing of the notice of the appeal.

Certain provisions contained in a Subscriber Service Agreement with the Credit Bureau of Alaska, which provided that the subscriber (the Division of Accounting and Collections) agreed to make available to the credit bureau "all its consumer credit experience records pertaining to individuals located with the Bureau's geographic area of file building," did not violate the individual privacy of borrowers. May 11, 1984 Op. Att'y Gen.

Documents of the Alaska Real Estate Commission, including complaints (both licensing and surety fund), investigative files (to the extent that they do not contain constitutionally protected private information and insofar as the integrity of the investigation is not compromised), closed license files, hearing officer's proposed decisions, and subpoenas are public information and may not be kept confidential. Also, the hearing officer's proposed decisions are public record. 1984-2 Inf. Op. Atty. Gen. 269 (October 9; 166-154-85).

All materials received in response to the request for proposals (RFP) for the Anchorage Office Complex (AOC) were "public documents" subject to disclosure, but disclosure of certain records could have been delayed until a tentative contract award. During the evaluation process, the financial component of any proposal was not subject to disclosure. Further, the state or its agents could have properly declined to disclose records which would have compromised the anonymity of the aesthetic evaluation process. Jan. 30, 1985 Op. Att'y Gen.

The Office of Management and Budget (OMB) has the authority to provide the public with copies of the audits it receives under 2 AAC 45.010 (audits submitted by entities that have received state financial assistance from state agencies). Aug. 12, 1987 Op. Att'y Gen.

The Mental Health Board may have access to documents reflecting communications between the Department of Law and the Department of Health and Social Services to the extent that the commissioner of health and social services believes is appropriate. To the extent that the commissioner authorizes such access for documents which nonetheless are not subject to public disclosure (e.g., subject to the attorney/client privilege or the executive privilege), the board is required to preserve that confidentiality. Aug. 15, 1988 Op. Att'y Gen.

The names of purchasers of homes and condominiums, and the sales prices, are not confidential, and thus may be released to the public. Jan. 9, 1989 Op. Att'y Gen.

College transcripts of certified teachers or certificate applicants are not confidential, and they must be released at the request of a member of the public. Nov. 4, 1992 Op. Att'y Gen.

The policy favoring disclosure of public records supports the conclusion that records maintained by the charitable gaming division are open to public scrutiny. Any conclusion to the contrary would require compelling evidence of legislative intent to shroud these records in confidentiality. In the absence of such evidence, these records are open to public inspection. 1996 Op. Atty. Gen. No. 4.

Decisions -

For discussion of the history of this section, see City of Kenai v. Kenai Peninsula Newspapers, Inc., 642 P.2d 1316 (Alaska 1982).

Broad policy. - This section and AS 09.25.120 (now AS 40.25.120) articulate a broad policy of open records. City of Kenai v. Kenai Peninsula Newspapers, Inc., 642 P.2d 1316 (Alaska 1982).

The "agencies and departments" language used in this section must be read as referring to the agencies and departments of the governments to which the statute applies, but that language itself does not define what the applicable level of government is. City of Kenai v. Kenai Peninsula Newspapers, Inc., 642 P.2d 1316 (Alaska 1982) (decided prior to 1990 amendment).

The word "public" as used in this section and AS 09.25.120 (now AS 40.25.120) with "officer" refers both to state and local officials. City of Kenai v. Kenai Peninsula Newspapers, Inc., 642 P.2d 1316 (Alaska 1982).

Deliberative process privilege. - Legislative proposals by state departments and agencies sent to the Governor to aid him in deciding what legislation to propose to the legislature were predecisional and deliberative and fell within the deliberative process privilege. Capital Info. Group v. State, Office of Governor, 923 P.2d 29 (Alaska 1996).

Budget impact memoranda prepared by state department heads at the request of the director of the Office of Management and Budget pursuant to AS 37.07.050, although meeting the threshold requirements of the deliberative process privilege, were required to be disclosed by the terms of AS 37.07.050(g). Capital Info. Group v. State, Office of Governor, 923 P.2d 29 (Alaska 1996).

Application to municipalities. - The provisions of this section are applicable to municipalities. City of Kenai v. Kenai Peninsula Newspapers, Inc., 642 P.2d 1316 (Alaska 1982).

In light of the common law rule, legislative history, and the court's reading of the sections, the state supreme court will construe this section and AS 09.25.120 (now AS 40.25.120) as that court would have construed them prior to 1957, which is as a strong legislative declaration that records in the possession of municipalities shall be available for

public inspection, subject to exceptions based on need. City of Kenai v. Kenai Peninsula Newspapers, Inc., 642 P.2d 1316 (Alaska 1982).

Fees held proper. - Homer, Alaska regulations and municipal code charge a fee for the production of documents to the extent that such production exceeds five hours of working time, and such charges are not in violation of this section. Fuller v. City of Homer, Op. No. 5902, 113 P.3d 659 (Alaska 2005).

No fee allowed for time spent on privilege review. - "Production," under this section and under Homer, Alaska regulations, does not include a privilege review; where an individual was charged for the time spent on the production of records, remand was proper to determine if any time charged for was time spent on such a review. Fuller v. City of Homer, Op. No. 5902, 113 P.3d 659 (Alaska 2005).

Disclosure of applications for public posts. - Strong public interest in the disclosure of the affairs of government generally, and in an open selection process for high public officials in particular, requires public disclosure and inspection of applications for posts having substantial discretionary authority. City of Kenai v. Kenai Peninsula Newspapers, Inc., 642 P.2d 1316 (Alaska 1982).

Lawsuit settlement agreement terms. - A public agency may not circumvent the statutory disclosure requirements by agreeing to keep the terms of a lawsuit settlement agreement confidential. Anchorage Sch. Dist. v. Anchorage Daily News, 779 P.2d 1191 (Alaska 1989).

University of Alaska. - The legislature intended to include the University of Alaska within the scope of state agencies subject to the public records statute. Carter v. Alaska Pub. Employees Ass'n, 663 P.2d 916 (Alaska 1983).

The president of the University of Alaska is a public officer for purposes of this section. Carter v. Alaska Pub. Employees Ass'n, 663 P.2d 916 (Alaska 1983).

Disclosure withheld from Office of Governor. - Because the seven disputed documents were all predecisional and deliberative, and because plaintiff's need for the documents did not outweigh the interest of the Office of the Governor in preventing interference with its decisionmaking process, the documents were properly withheld as privileged. Gwich'in Steering Comm. v. State, 10 P.3d 572 (Alaska 2000).

Letters sent by citizens to governor regarding appointments are public records within the scope of the public records statute, AS 09.25.110 - 09.25.120 (now AS 40.25.110 - 40.25.120). Doe v. Alaska Superior Court, 721 P.2d 617 (Alaska 1986).

Exceptions to disclosure requirements. - Exceptions to the disclosure requirements of this section are construed narrowly in furtherance of the legislature's expressed bias in favor of broad public access. Municipality of Anchorage v. Anchorage Daily News, 794 P.2d 584 (Alaska 1990).

The Open Meetings Act, which provides for closed executive sessions when subjects potentially prejudicial to reputation are discussed, does not establish an express exception to the pro-disclosure requirements of the Public Records Act or otherwise permit the suppression of documents produced at such sessions. Municipality of Anchorage v. Anchorage Daily News, 794 P.2d 584 (Alaska 1990).

Sex offenders. - Alaska Sex Offender Registration Act (ASORA) requires release of information that is in part not otherwise public or readily available; taken in conjunction with AS 40.25.110(a), ASORA's treatment of this information, confirmed by the regulations, seems to require that the information be publicly available, and the harmful effects of ASORA stem not just from the conviction but from the registration, disclosure, and dissemination provisions. Doe v. State, 189 P.3d 999 (Alaska 2008).

Registry of users of marijuana for medical purposes. - Alaska's medical marijuana law does not require medical marijuana users to divulge any details about the debilitating conditions they suffer, and although it does require them to register and to identify their approving physicians, the law explicitly requires the department to keep the registry confidential; therefore, the law's confidential registration process does not violate the constitutional right to privacy. Rollins v. Ulmer, 15 P.3d 749 (Alaska 2001).

Child custody proceedings. - Although the public records law provides that public records are open to inspection, because AS 25.20.120 allows the court to close the records of child custody proceedings "if it is in the best interests of the child," an order sealing those records was proper. In Re Alaback, 997 P.2d 1181 (Alaska 1999).

Report of mayor's blue ribbon fiscal policy committee, appointed to investigate city's economic condition, was not exempt from ordinary disclosure requirements, where the report was the product of a public process and was intended for public dissemination. Municipality of Anchorage v. Anchorage Daily News, 794 P.2d 584 (Alaska 1990).

Documents for city petition for annexation. - Alaska Public Records Act, AS 40.25.110(a), required disclosure of documents used to prepare a city petition for annexation; the deliberative process privilege did not apply because the public's interest in having access to these documents outweighed the city's interest in confidentiality. Fuller v. City of Homer, 75 P.3d 1059 (Alaska 2003).

Time sheets. - Time sheets which indicate merely the hours worked for a public employer are included in the definition of "public records" in AS 09.25.220(3) (now AS 40.25.220(3)), and they are not subject to the confidentiality provisions of AS 39.25.080. Alaska Wildlife Alliance v. Rue, 948 P.2d 976 (Alaska 1997).

Under the right of privacy provision, Alaska Const., art. I, Sec. 22, the Department of Fish & Game was entitled to redact the names of public employees and private contractors from time sheets requested under the Public Records Act, where those individuals had received threats against their lives. Alaska Wildlife Alliance v. Rue, 948 P.2d 976 (Alaska 1997).

Superior court order requiring city library advisory board to release to a newspaper a performance evaluation report pertaining to a head librarian was affirmed, where the evaluation did not in any way deal with the personal, intimate, or otherwise private life of the librarian. Municipality of Anchorage v. Anchorage Daily News, 794 P.2d 584 (Alaska 1990).

Government bears burden of justifying denial of access. - When the government seeks to deny access to a particular public document, it is the government which bears the initial burden of presenting evidence justifying denial. Municipality of Anchorage v. Anchorage Daily News, 794 P.2d 584 (Alaska 1990).

A governmental agency is not entitled to delay access to a public document through the use of depositions where it has presented no prima facie defense to release. Municipality of Anchorage v. Anchorage Daily News, 794 P.2d 584 (Alaska 1990).

Applied in Meiners v. Bering Strait Sch. Dist., 687 P.2d 287 (Alaska 1984).

Cited in O'Leary v. Superior Court, 816 P.2d 163 (Alaska 1991).

Collateral Refs -

Admissibility of report of public officer or employee on cause of or responsibility for injury to person or damage to property. 69 ALR2d 1148.

Sec. 40.25.220. Definitions for AS 40.25.100 - 40.25.295.

In AS 40.25.100 - 40.25.295, unless the context otherwise requires,

(1) "electronic services and products" means computer-related services and products provided by a public agency, including

(A) electronic manipulation of the data contained in public records in order to tailor the data to the person's request or to develop a product that meets the person's request;

(B) duplicating public records in alternative formats not used by a public agency, providing periodic updates of an electronic file or data base, or duplicating an electronic file or data base from a geographic information system;

(C) providing on-line access to an electronic file or data base;

(D) providing information that cannot be retrieved or generated by the existing computer programs of the public agency;

(E) providing functional electronic access to the information system of the public agency; in this subparagraph, "functional access" includes the capability for alphanumeric query and printing, graphic query and plotting, nongraphic data input and analysis, and graphic data input and analysis;

(F) providing software developed by a public agency or developed by a private contractor for a public agency;

(G) generating maps or other standard or customized products from an electronic geographic information system;

(2) "public agency" means a political subdivision, department, institution, board, commission, division, authority, public corporation, council, committee, or other instrumentality of the state or a municipality; "public agency" includes the University of Alaska and the Alaska Railroad Corporation;

(3) "public records" means books, papers, files, accounts, writings, including drafts and memorializations of conversations, and other items, regardless of format or physical characteristics, that are developed or received by a public agency, or by a private contractor for a public agency, and that are preserved for their informational value or as evidence of the organization or operation of the public agency; "public records" does not include proprietary software programs.

History -

(Sec. 1 ch 115 SLA 1967; am Sec. 14 ch 59 SLA 1982; am Sec. 8 ch 200 SLA 1990; am Sec. 104 ch 4 FSSLA 1992; am E.O. No. 113 Sec. 18 (2005); am Sec. 21 ch 58 SLA 2010)

Revisors Notes -

Formerly AS 09.25.220. Renumbered in 2000, at which time "AS 40.25.100 - 40.25.220" was substituted for "AS 09.25.100 - 09.25.220" to reflect the 2000 renumbering of AS 09.25.100 - 09.25.220.

In 1994, former paragraphs (2)-(4) and (7) were renumbered as AS 09.25.390(1)-(4).

Amendment Notes -

The 2005 amendment, effective March 14, 2005, repealed former paragraph (4).

The 2010 amendment, effective June 10, 2010, in the section heading and in the introductory language, substituted "AS 40.25.100 - 40.25.295" for "AS 40.25.100 - 40.25.220".

AG Opinions -

Permanent fund dividend applications are most certainly included as records developed by a public agency preserved both for informational value and as evidence of the operation of the agency, i.e., they are public records. In 1990, the legislature passed laws directing the state to provide special notice when requiring a person to supply personal information so that the person may, among other things, challenge the accuracy or completeness of the information. As a part of this Act, the legislature adopted a definition of "personal information." This definition specifically excludes a person's name and address. Thus, a person's name and address are subject to disclosure, and the Department of Revenue must provide the names and addresses of PFD applicants to any member of the public who requests the information and pays the required fees. 1992 Inf. Op. Atty. Gen. 161 (April 1; 663-92-0163).

Decisions -

Public official. - The president of the University of Alaska is a public officer for purposes of AS 09.25.110 (now AS 40.25.110). Carter v. Alaska Pub. Employees Ass'n, 663 P.2d 916 (Alaska 1983).

Public records. - Time sheets which indicate merely the hours worked for a public employer are included in the definition of "public records" in this section, and they are not subject to the confidentiality provisions of AS 39.25.080. Alaska Wildlife Alliance v. Rue, 948 P.2d 976 (Alaska 1997).

Sec. 40.25.120. Public records; exceptions; certified copies.

(a) Every person has a right to inspect a public record in the state, including public records in recorders' offices, except

(1) records of vital statistics and adoption proceedings, which shall be treated in the manner required by AS 18.50;

(2) records pertaining to juveniles unless disclosure is authorized by law;

(3) medical and related public health records;

(4) records required to be kept confidential by a federal law or regulation or by state law;

(5) to the extent the records are required to be kept confidential under 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure or retain federal assistance;

(6) records or information compiled for law enforcement purposes, but only to the extent that the production of the law enforcement records or information

(A) could reasonably be expected to interfere with enforcement proceedings;

(B) would deprive a person of a right to a fair trial or an impartial adjudication;

(C) could reasonably be expected to constitute an unwarranted invasion of the personal privacy of a suspect, defendant, victim, or witness;

(D) could reasonably be expected to disclose the identity of a confidential source;

(E) would disclose confidential techniques and procedures for law enforcement investigations or prosecutions;

(F) would disclose guidelines for law enforcement investigations or prosecutions if the disclosure could reasonably be expected to risk circumvention of the law; or

(G) could reasonably be expected to endanger the life or physical safety of an individual;

(7) names, addresses, and other information identifying a person as a participant in the Alaska Higher Education Savings Trust under AS 14.40.802 or the advance college tuition savings program under AS 14.40.803 - 14.40.817;

(8) public records containing information that would disclose or might lead to the disclosure of a component in the process used to execute or adopt an electronic signature if the

disclosure would or might cause the electronic signature to cease being under the sole control of the person using it;

(9) [See delayed repeal note]. reports submitted under AS 05.25.030 concerning certain collisions, accidents, or other casualties involving boats;

(10) records or information pertaining to a plan, program, or procedures for establishing, maintaining, or restoring security in the state, or to a detailed description or evaluation of systems, facilities, or infrastructure in the state, but only to the extent that the production of the records or information

(A) could reasonably be expected to interfere with the implementation or enforcement of the security plan, program, or procedures;

(B) would disclose confidential guidelines for investigations or enforcement and the disclosure could reasonably be expected to risk circumvention of the law; or

(C) could reasonably be expected to endanger the life or physical safety of an individual or to present a real and substantial risk to the public health and welfare;

(11) the written notification regarding a proposed regulation provided under AS 24.20.105 to the Department of Law and the affected state agency and communications between the Legislative Affairs Agency, the Department of Law, and the affected state agency under AS 24.20.105;

(12) records that are

(A) proprietary, privileged, or a trade secret in accordance with AS 43.90.150 or 43.90.220(e);

(B) applications that are received under AS 43.90 until notice is published under AS 43.90.160.

(b) Every public officer having the custody of records not included in the exceptions shall permit the inspection, and give on demand and on payment of the fees under AS 40.25.110 - 40.25.115 a certified copy of the record, and the copy shall in all cases be evidence of the original.

(c) Recorders shall permit memoranda, transcripts, and copies of the public records in their offices to be made by photography or otherwise for the purpose of examining titles to real estate described in the public records, making abstracts of title or guaranteeing or insuring the titles of the real estate, or building and maintaining title and abstract plants, subject to reasonable rules and regulations as are necessary for the protection of the records and to

prevent interference with the regular discharge of the duties of the recorders and their employees.

History -

(Sec. 3.23 ch 101 SLA 1962; am Sec. 5 ch 200 SLA 1990; am Sec. 1 ch 113 SLA 1994; am Sec. 1 ch 102 SLA 1997; am Sec. 2 ch 65 SLA 1998; am Sec. 1 ch 3 SLA 2000; am Sec. 24 ch 28 SLA 2000; am Sec. 1 ch 36 SLA 2002; am Sec. 4 ch 164 SLA 2004; am Sec. 5 ch 22 SLA 2007; am Sec. 2 ch 76 SLA 2008)

Postponed Repeal Effective Date -.

Delayed repeal of paragraph (a)(9). - Under secs. 27 and 30, ch. 28, SLA 2000, as amended by sec. 3, ch. 34, SLA 2004, sec. 1, ch. 19, SLA 2009, and sec. 1, ch. 47, SLA 2010, paragraph (a)(9) of this section is repealed effective on the earlier of July 1, 2013, or the occurrence of the contingency described in sec. 30(2), ch. 28, SLA 2000, which is ""90 days after the date the chair of the Alaska Legislative Council notifies the revisor of statutes that in the previous state fiscal year the state did not receive and does not anticipate receiving federal funding for a statewide boating and safety education program; the director of the division of legislative finance shall notify the chair of the Alaska Legislative Council when the state, in the previous fiscal year, did not receive federal funding for a statewide boating and safety program; the chair of the Alaska Legislative Council may not give the notice described in this paragraph unless the notice is approved by a vote of a majority of the members of the Alaska Legislative Council."

Revisors Notes -

Formerly AS 09.25.120. Renumbered in 2000, at which time, in subsection (b), "AS 40.25.110 - 40.25.115" was substituted for "AS 09.25.110 - 09.25.115" to reflect the 2000 renumbering of AS 09.25.110 and 09.25.115.

Reorganized into subsections in 1994.

Amendment Notes -

The 2007 amendment, effective June 8, 2007, added paragraph (a)(12).

The 2008 amendment, effective July 1, 2008, deleted "and shall furnish proper and reasonable facilities to persons having lawful occasion for access to the public records for those purposes" following "abstract plants" in subsection (c), and deleted "in conformity to the direction of the court" following "rules and regulations" in that subsection.

AG Opinions -

Disclosing library use records, while deleting any references which would allow the library patron to be identified, should, in most cases, satisfy the policies underlying the Freedom of Information Act without interfering with privacy interests. There may, however, be some instances in which the release of names is necessary to accomplish an important public interest. Such requests should be reviewed on a case-by-case basis with advice from the Department of Law. July 13, 1984 Op. Att'y Gen.

The Alaska Judicial Council is a public agency, and its records are public records subject to the provisions of this section. Oct. 3, 1984 Op. Att'y Gen.

The Judicial Council is authorized to adopt rules and regulations regarding the confidentiality of its own records, provided they are consistent with state statutes, including this section. For those cases where considerations favoring disclosure are nearly equal to those favoring confidentiality, rules or regulations may, and indeed should, be adopted to set guidelines for use in deciding whether disclosure should be made. Oct. 3, 1984 Op. Att'y Gen.

Any letters concerning judicial applicants which are transferred by the Judicial Council to the governor remain confidential in the hands of the governor and should not be disclosed to the public. Oct. 3, 1984 Op. Att'y Gen.

Portions of trip memoranda prepared by the governor which related to personal matters were not public records subject to release. Further, the "public record" portion of the trip memoranda were communications which the governor's office, in its discretion, could have declined to release under the doctrine of executive privilege. Finally, even if the governor waived any claim to executive privilege, he should have declined to release material which compromised an individual's privacy rights, unless a waiver was obtained. Sept. 24, 1985 Op. Att'y Gen.

The radio frequencies of the Department of Fish and Games telemetry transmitters that are used to track wildlife in the state should not normally be disclosed to the public because this disclosure would be against the public interest. While there is no state statute specifically requiring these radio frequencies to be kept confidential, there are two other sources of "state law" under which records may be required to be kept confidential: (1) the right of privacy specified in article I, section 22 of the Alaska Constitution: and (2) the common-law "public interest" exception. Oct. 21, 1985 Op. Att'y Gen.

In response to a public records request received by the Division of Retirement and Benefits concerning former state troopers, firemen, and fish and wildlife protection officers who were receiving occupational disability benefits under the Public Employees' Retirement System (PERS), which request included asking for the recipients' names, former positions with the state, dates of injury, types of injury or disability, retirement dates, and amounts of

monthly benefits, the public interest was served by providing the requested information, but, in order to protect the privacy interests of the benefit recipients, all personal references and information that would have easily allowed identification of individuals had to be deleted. Aug. 6, 1986 Op. Att'y Gen.

The names and addresses of individual trappers, contained on Alaska Department of Fish and Game wolf sealing forms, are not expressly exempted from the public disclosure requirements of AS 09.25.110 (now AS 40.25.110), and there is no constitutional or common-law requirement for confidentiality. Sept. 3, 1986 Op. Att'y Gen.

Certain private business records in the possession of the Department of Commerce and Economic Development, which were submitted voluntarily, in order for the department to carry out its statutory duty to conduct economic development studies relating to domestic fish harvesting, which records included those used by seafood processors to formulate business plans for future years - data on volume/species mixes, target areas of the state, and market share information - were probably not a matter of public record, but this result may have varied depending on the content of particular documents. Without a regulation based on statutory or constitutional authority, the department had to, in each case, balance the interest of the business with the public's right to know. Dec. 8, 1986 Op. Att'y Gen.

Certain oil and gas leasing receipts from University of Alaska trust lands between 1981 and 1985 were improperly allocated among the Alaska permanent fund, the general fund, and the public school fund, and should have been allocated to the fund established under AS 14.40.100. This requirement stems directly from federal law, which supersedes the provisions of state law in this instance. 1987-1 Inf. Op. Atty. Gen. 233 (April 8; 663-87-0465).

Active investigation files of the Alaska Public Offices Commission (APOC) cannot be viewed and copied. There are at least three demonstrable public and private interests which, at least in the aggregate, outweigh the public's right to have access to these files: (1) the agency and the public have an interest in preserving the integrity and effectiveness of law enforcement investigations, and that interest may be jeopardized by the release of active investigative files; (2) release of unevaluated information to the public may unfairly impair the reputation of the subjects of the investigation, and may come perilously close to violating their due process rights guaranteed by the state and federal constitutions; and (3) Alaska's constitutional right to privacy requires APOC to use extreme caution in disclosing unverified or unevaluated charges of materials obtained by the agency in the course of an investigation. Apr. 30, 1987 Op. Att'y Gen.

The Child Support Enforcement Division could release a list of child support obligors who are in arrears, pursuant to a request by a newspaper under the state's public records statutes. In releasing this information, however, the division could not identify those cases

which were related to Aid to Family with Dependent Children. The division also had to explain to the newspaper that the existence of arrears was disputable by the individual obligors. May 30, 1989 Op. Att'y Gen.

Information in grant status reports by the former Alaska Science and Technology Foundation was public, and the reports had to be presented in open session in accordance with the Open Meetings Act. However, confidential information under former AS 37.17.090 could be presented in executive session, and omitted from a grant status report provided for public inspection. 1991 Op. Atty. Gen. No. 173.

The Workers' Compensation Division may not, in response to a public information request, release its electronic data base in its entirety, but may release the information contained in the data base if social security numbers are deleted. Public agencies are prohibited under the federal Privacy Act of 1974 from disclosing claimants' social security numbers if the claimants were not informed whether the disclosure was voluntary or mandatory or told of the potential uses of the numbers when the number was provided. Furthermore the release of an electronic data base that contains names matched with individual social security numbers in response to a public information request appears to violate the protections intended under the Privacy Act. Nov. 13, 1992 Op. Att'y Gen.

Teacher transcripts sent to the Alaska Department of Education for the purpose of obtaining teacher certification are not subject to the provisions of the Family Education Rights and Privacy Act of 1974 (FERPA), and are public records subject to disclosure upon request. 1992 Op. Atty. Gen. No. 235.

The first step when a request for records is received is to determine whether the requestor is involved in litigation, or is representing someone involved in litigation, with the state or one of its agencies. If so, the request must be denied. The person should be advised that the records can only be produced in response to a subpoena or discovery order. In other instances, a specific determination as to the existence of an exemption should be made, especially in cases related to criminal investigations. 1994 Op. Atty. Gen. No. 1.

Decisions -

For discussion of the history of this section, see City of Kenai v. Kenai Peninsula Newspapers, Inc., 642 P.2d 1316 (Alaska 1982).

Broad policy. - AS 09.25.110 (now AS 40.25.110) and this section articulate a broad policy of open records. City of Kenai v. Kenai Peninsula Newspapers, Inc., 642 P.2d 1316 (Alaska 1982).

Effect of "in the state" language. - When the legislature chose to say "in the state," and not "of the state" in the first sentence of this section, they were conscious of the fact that they were defining scope and had it been intended to limit the application of this section to state agencies and departments, it could easily and clearly have done so. City of Kenai v. Kenai Peninsula Newspapers, Inc., 642 P.2d 1316 (Alaska 1982).

The word "public" as used in AS 09.25.110 (now AS 40.25.110) and this section with "officer" refers both to state and local officials. City of Kenai v. Kenai Peninsula Newspapers, Inc., 642 P.2d 1316 (Alaska 1982).

Deliberative process privilege. - Legislative proposals by state departments and agencies sent to the Governor to aid him in deciding what legislation to propose to the legislature were predecisional and deliberative and fell within the deliberative process privilege. Capital Info. Group v. State, Office of Governor, 923 P.2d 29 (Alaska 1996).

Budget impact memoranda prepared by state department heads at the request of the director of the Office of Management and Budget pursuant to AS 37.07.050, although meeting the threshold requirements of the deliberative process privilege, were required to be disclosed by the terms of AS 37.07.050(g). Capital Info. Group v. State, Office of Governor, 923 P.2d 29 (Alaska 1996).

Alaska Public Records Act, AS 40.25.110(a), required disclosure of documents used to prepare a city petition for annexation; the deliberative process privilege did not apply because the public's interest in having access to these documents outweighed the city's interest in confidentiality. Fuller v. City of Homer, 75 P.3d 1059 (Alaska 2003).

Application to municipalities. - The provisions of AS 09.25.110 (now AS 40.25.110) and this section are applicable to municipalities. City of Kenai v. Kenai Peninsula Newspapers, Inc., 642 P.2d 1316 (Alaska 1982).

In light of the common law rule, legislative history, and the court's reading of the sections, the state supreme court will construe AS 09.25.110 (now AS 40.25.110) and this section as that court would have construed them prior to 1957, which is as a strong legislative declaration that records in the possession of municipalities shall be available for public inspection, subject to exceptions based on need. City of Kenai v. Kenai Peninsula Newspapers, Inc., 642 P.2d 1316 (Alaska 1982).

Criminal records. - Even if the superior court had the power to seal a court file for a convicted criminal, if presented with extraordinary circumstances to override public access, the superior court could reasonably conclude that defendant had not shown such extraordinary circumstances and the state laws and the court rules expressed a clear preference for public

records to remain accessible; thus, the superior court did not abuse its discretion when it denied defendant's motion to seal his court records. Johnson v. State, 50 P.3d 404 (Alaska Ct. App. 2002).

Disclosure of applications for public posts. - Strong public interest in the disclosure of the affairs of government generally, and in an open selection process for high public officials in particular requires public disclosure and inspection of applications for posts having substantial discretionary authority. City of Kenai v. Kenai Peninsula Newspapers, Inc., 642 P.2d 1316 (Alaska 1982).

Lawsuit settlement agreement terms. - A public agency may not circumvent the statutory disclosure requirements by agreeing to keep the terms of a lawsuit settlement agreement confidential. Anchorage Sch. Dist. v. Anchorage Daily News, 779 P.2d 1191 (Alaska 1989).

University of Alaska. - The legislature intended to include the University of Alaska within the scope of state agencies subject to the public records statute. Carter v. Alaska Pub. Employees Ass'n, 663 P.2d 916 (Alaska 1983).

Documents concerning citizen's petition to oust police chief were not subject to inspection since the citizens had a reasonable expectation that their contacts with the police department would not be publicly disclosed. Ramsey v. City of Sand Point, 936 P.2d 126 (Alaska 1997).

Letters sent by citizens to governor regarding appointments are public records within the scope of the public records statute, AS 09.25.110 - 09.25.120 (now AS 40.25.110 - 40.25.120). Doe v. Alaska Superior Court, 721 P.2d 617 (Alaska 1986).

Exceptions to disclosure requirements. - Exceptions to the disclosure requirements of this section are construed narrowly in furtherance of the legislature's expressed bias in favor of broad public access. Municipality of Anchorage v. Anchorage Daily News, 794 P.2d 584 (Alaska 1990).

The Open Meetings Act, which provides for closed executive sessions when subjects potentially prejudicial to reputation are discussed, does not establish an express exception to the pro-disclosure requirements of the Public Records Act or otherwise permit the suppression of documents produced at such sessions. Municipality of Anchorage v. Anchorage Daily News, 794 P.2d 584 (Alaska 1990).

Report of mayor's blue ribbon fiscal policy committee, appointed to investigate city's economic condition, was not exempt from ordinary disclosure requirements, where the report

was the product of a public process and was intended for public dissemination. Municipality of Anchorage v. Anchorage Daily News, 794 P.2d 584 (Alaska 1990).

Superior court order requiring city library advisory board to release to a newspaper a performance evaluation report pertaining to a head librarian was affirmed, where the evaluation did not in any way deal with the personal, intimate, or otherwise private life of the librarian. Municipality of Anchorage v. Anchorage Daily News, 794 P.2d 584 (Alaska 1990).

Government bears burden of justifying denial of access. - When the government seeks to deny access to a particular public document, it is the government which bears the initial burden of presenting evidence justifying denial. Municipality of Anchorage v. Anchorage Daily News, 794 P.2d 584 (Alaska 1990).

A governmental agency is not entitled to delay access to a public document through the use of depositions where it has presented no prima facie defense to release. Municipality of Anchorage v. Anchorage Daily News, 794 P.2d 584 (Alaska 1990).

Disclosure withheld from Office of Governor. - Because the seven disputed documents were all predecisional and deliberative, and because plaintiff's need for the documents did not outweigh the interest of the Office of the Governor in preventing interference with its decisionmaking process, the documents were properly withheld as privileged. Gwich'in Steering Comm. v. State, 10 P.3d 572 (Alaska 2000).

Governor's Reapportionment Board. - Where the Governor's Reapportionment Board ignored some written requests for records and released certain materials in an untimely manner, the Board violated the Public Records Act. Hickel v. Southeast Conference, 868 P.2d 919 (Alaska 1994).

Collateral Refs -

66 Am. Jur. 2d, Records and Recording Laws, Sec. 27-31.

76 C.J.S., Records, Sec. 8-20.

Validity, construction, and application of statutes making public proceedings open to the public. 38 ALR3d 1070.

Confidentiality of records as to recipients of public welfare. 54 ALR3d 768.

Validity, construction, and application of statutory provisions relating to public access to police records. 82 ALR3d 19.

Restricting access to judicial records of state courts. 84 ALR3d 598.

Payroll records of individual government employees as subject to disclosure to public. 100 ALR3d 699.

What constitutes "agency" for purposes of Freedom of Information Act (5 U.S.C. Sec. 552). 165 ALR Fed. 591.

Actions brought under Freedom of Information Act, 5 U.S.C.A. Sec. 522 et seq. - Supreme Court cases. 167 ALR Fed. 545.

What are interagency or intra-agency memorandums or letters exempt from disclosure under the Freedom of Information Act (5 U.S.C.A. 552(b)). 168 ALR Fed. 143.

What matters are exempt from disclosure under Freedom of Information Act (5 U.S.C.A. Sec. 552(b)) as "specifically authorized under criteria established by an executive order to be kept secret in the interest of national defense or foreign policy." 169 ALR Fed. 495.

What constitutes "confidential source" within Freedom of Information Act exemption permitting nondisclosure of confidential source and, in some instances, of information furnished by confidential source (5 U.S.C.A. Sec. 552(b)). 171 ALR Fed. 193.

Construction and application of FOIA exemption 7(f), 5 U.S.C.A. Sec. 552(b)(7)(F), which permits withholding of information compiled for law enforcement purposes if disclosure could reasonably be expected to endanger life or physical safety. 184 ALR Fed. 435.

Use of affidavits to substantiate federal agency's claim of exemption from request for documents under Freedom of Information Act (5 U.S.C.A. Sec. 552). 187 ALR Fed. 1.

When are government records reasonably "expected to interfere with enforcement proceedings" so as to be exempt from disclosure under Freedom of Information Act provision (5 U.S.C.A. Sec. 552(b)(7)(a)) exempting any information "compiled for law enforcement purposes" whenever it "could reasonably be expected to interfere with enforcement proceedings." 189 ALR Fed. 1.

Sec. 40.25.220. Definitions for AS 40.25.100 - 40.25.295.

In AS 40.25.100 - 40.25.295, unless the context otherwise requires,

(1) "electronic services and products" means computer-related services and products provided by a public agency, including

(A) electronic manipulation of the data contained in public records in order to tailor the data to the person's request or to develop a product that meets the person's request;

(B) duplicating public records in alternative formats not used by a public agency, providing periodic updates of an electronic file or data base, or duplicating an electronic file or data base from a geographic information system;

(C) providing on-line access to an electronic file or data base;

(D) providing information that cannot be retrieved or generated by the existing computer programs of the public agency;

(E) providing functional electronic access to the information system of the public agency; in this subparagraph, "functional access" includes the capability for alphanumeric query and printing, graphic query and plotting, nongraphic data input and analysis, and graphic data input and analysis;

(F) providing software developed by a public agency or developed by a private contractor for a public agency;

(G) generating maps or other standard or customized products from an electronic geographic information system;

(2) "public agency" means a political subdivision, department, institution, board, commission, division, authority, public corporation, council, committee, or other instrumentality of the state or a municipality; "public agency" includes the University of Alaska and the Alaska Railroad Corporation;

(3) "public records" means books, papers, files, accounts, writings, including drafts and memorializations of conversations, and other items, regardless of format or physical characteristics, that are developed or received by a public agency, or by a private contractor for a public agency, and that are preserved for their informational value or as evidence of the organization or operation of the public agency; "public records" does not include proprietary software programs.

History -

(Sec. 1 ch 115 SLA 1967; am Sec. 14 ch 59 SLA 1982; am Sec. 8 ch 200 SLA 1990; am Sec. 104 ch 4 FSSLA 1992; am E.O. No. 113 Sec. 18 (2005); am Sec. 21 ch 58 SLA 2010)

Revisors Notes -

Formerly AS 09.25.220. Renumbered in 2000, at which time "AS 40.25.100 - 40.25.220" was substituted for "AS 09.25.100 - 09.25.220" to reflect the 2000 renumbering of AS 09.25.100 - 09.25.220.

In 1994, former paragraphs (2)-(4) and (7) were renumbered as AS 09.25.390(1)-(4).

Amendment Notes -

The 2005 amendment, effective March 14, 2005, repealed former paragraph (4).

The 2010 amendment, effective June 10, 2010, in the section heading and in the introductory language, substituted "AS 40.25.100 - 40.25.295" for "AS 40.25.100 - 40.25.220".

AG Opinions -

Permanent fund dividend applications are most certainly included as records developed by a public agency preserved both for informational value and as evidence of the operation of the agency, i.e., they are public records. In 1990, the legislature passed laws directing the state to provide special notice when requiring a person to supply personal information so that the person may, among other things, challenge the accuracy or completeness of the information. As a part of this Act, the legislature adopted a definition of "personal information." This definition specifically excludes a person's name and address. Thus, a person's name and address are subject to disclosure, and the Department of Revenue must provide the names and addresses of PFD applicants to any member of the public who requests the information and pays the required fees. 1992 Inf. Op. Atty. Gen. 161 (April 1; 663-92-0163).

Decisions -

Public official. - The president of the University of Alaska is a public officer for purposes of AS 09.25.110 (now AS 40.25.110). Carter v. Alaska Pub. Employees Ass'n, 663 P.2d 916 (Alaska 1983).

Public records. - Time sheets which indicate merely the hours worked for a public employer are included in the definition of "public records" in this section, and they are not subject to the confidentiality provisions of AS 39.25.080. Alaska Wildlife Alliance v. Rue, 948 P.2d 976 (Alaska 1997).

LAWS OF ALASKA

2010

Source
SCS CSHB 369(FIN)

Chapter No.
_____

AN ACT

Relating to an in-state natural gas pipeline, the office of in-state gasline project coordinator, and the Joint In-State Gasline Development Team; requiring the development of an in-state natural gas pipeline plan, to be delivered to the legislature by July 1, 2011, that provides for a natural gas pipeline that is operational by December 31, 2015; directing the Joint In-State Gasline Development Team to assume responsibilities under sec. 19, ch. 14, SLA 2009; requiring expedited review and action by state agencies or entities relating to the in-state natural gas pipeline project; clarifying the purpose of the Alaska Natural Gas Development Authority; relating to definitions of certain terms that relate to a project that may be developed by the Alaska Natural Gas Development Authority; relating to an exemption from application of AS 38.35 for certain natural gas carriers; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

THE ACT FOLLOWS ON PAGE 1

AN ACT

Relating to an in-state natural gas pipeline, the office of in-state gasline project coordinator, and the Joint In-State Gasline Development Team; requiring the development of an in-state natural gas pipeline plan, to be delivered to the legislature by July 1, 2011, that provides for a natural gas pipeline that is operational by December 31, 2015; directing the Joint In-State Gasline Development Team to assume responsibilities under sec. 19, ch. 14, SLA 2009; requiring expedited review and action by state agencies or entities relating to the in-state natural gas pipeline project; clarifying the purpose of the Alaska Natural Gas Development Authority; relating to definitions of certain terms that relate to a project that may be developed by the Alaska Natural Gas Development Authority; relating to an exemption from application of AS 38.35 for certain natural gas carriers; and providing for an effective date.

* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE FINDINGS AND PURPOSE. (a) The legislature finds that

(1) by 2018, declining oil flow through the Trans Alaska Pipeline System will seriously diminish state revenue;

(2) Cook Inlet natural gas reserves are depleting at a rate that could cause significant short-term shortages for residential and commercial gas users in Southcentral Alaska by 2013;

(3) a proposed natural gas pipeline to deliver North Slope gas reserves to the North American domestic gas pipeline grid at a connection in central Alberta will not produce revenue for the benefit of the state before 2020;

(4) the state's significant reserves of natural gas should be made available on a priority basis in the state to enhance employment opportunities, expand the state's economy, and supply a significant portion of community energy needs;

(5) the Alaska Railroad Corporation is a public corporation charged with promoting economic development in the state, enjoys unique authority, and may issue revenue bonds to finance construction of a natural gas pipeline;

(6) the Alaska Natural Gas Development Authority is studying a pipeline spur, aggregating in-state demand for natural gas, and facilitating delivery of natural gas and natural gas liquids to Alaskans; and

(7) in light of competing demands for future uses of the state's North Slope natural gas reserves, an aggressive effort involving planning, permitting, and coordination of information sharing, of necessary agreements and commitments, and of commercial negotiations among interested parties is necessary for completion of construction of an in-state natural gas pipeline that will provide significant direct benefit to the people of the state at the earliest possible date.

(b) It is the purpose of sec. 4 of this Act

(1) to give general direction to the Joint In-State Gasline Development Team to plan and develop construction of a high pressure in-state natural gas pipeline sufficient to provide for the distribution of natural gas for residential and commercial purposes at locations along the pipeline route;

(2) to give general direction to the Joint In-State Gasline Development Team that, to the maximum extent practicable, the plan for development of an in-state natural gas pipeline required under AS 38.34.040 is compatible but not competitive with the projects described in AS 41.41 and AS 43.90; and

(3) to direct the executive director of the Alaska Housing Finance Corporation to oversee all aspects of the project described in sec. 4 of this Act.

* **Sec. 2.** AS 18.56.086 is amended to read:

Sec. 18.56.086. Creation of subsidiaries. The corporation may create subsidiary corporations for the purpose of financing or facilitating the financing of school construction, facilities for the University of Alaska, facilities for ports and harbors, prepayment of all or a portion of a governmental employer's share of unfunded accrued actuarial liability of retirement systems, or other capital projects. **A subsidiary corporation may also be created for the purpose of planning, constructing, and financing in-state natural gas pipeline projects or for the purpose of aiding in the planning, construction, and financing of in-state natural gas pipeline projects.** A subsidiary corporation created under this section may be incorporated under AS 10.20.146 - 10.20.166. The corporation may transfer assets of the corporation to a subsidiary created under this section. A subsidiary created under this section may borrow money and issue bonds as evidence of that borrowing, and has all the powers of the corporation that the corporation grants to it. However, a subsidiary created for the purpose of financing or facilitating the financing of prepayment of a governmental employer's share of unfunded accrued actuarial liability of retirement systems may borrow money and issue bonds only if the state bond rating is the equivalent of AA- or better and subject to AS 37.15.903. **A subsidiary corporation created for the purpose of planning, constructing, and financing in-state natural gas pipeline projects or for the purpose of aiding in the planning, construction, or financing of in-state natural gas pipeline projects is exempt from AS 36.30, including AS 36.30.015(d) and (f).** Unless otherwise provided by the corporation, the debts, liabilities, and obligations of a subsidiary corporation created under this section are not the debts, liabilities, or obligations of the corporation.

* **Sec. 3.** AS 36.30.850(b) is amended by adding a new paragraph to read:

(48) a subsidiary of the Alaska Housing Finance Corporation created under AS 18.56.086 for the purpose of planning, financing, or constructing in-state natural gas pipeline projects or for the purpose of aiding in the planning, financing, or constructing of in-state natural gas pipeline projects.

*** Sec. 4.** AS 38 is amended by adding new sections to read:

Chapter 34. In-State Natural Gas Pipeline.

Sec. 38.34.010. In-state gasline project coordinator. (a) The position of in-state gasline project coordinator is created in the Office of the Governor. The Office of the Governor shall provide administrative support for the position. The position shall continue until one year after commencement of commercial operation of the in-state natural gas pipeline.

(b) The governor shall appoint an individual to the position of in-state gasline project coordinator. The coordinator is in the exempt service under AS 39.25.110. The person serving as the in-state gasline project coordinator may be removed from the position at the discretion of the governor, who shall appoint another person to the position.

(c) The in-state gasline project coordinator shall collaborate with other state agencies or entities to coordinate and facilitate the provisions of AS 38.34.020.

Sec. 38.34.020. Expedited review and action by state agencies or entities. (a) A state agency or entity conducting a review or taking action relating to the in-state natural gas pipeline project under this chapter shall expedite the review or action in a manner consistent with the timely completion of the project.

(b) Notwithstanding any contrary provision of law, a state agency or entity may not include in any project certificate, right-of-way, permit, or other authorization a term or condition that is not required by law if the in-state gasline project coordinator determines that the term or condition would prevent or impair, in any significant respect, the expeditious construction and operation or expansion of the in-state natural gas pipeline project.

(c) Unless required by law, a state agency or entity may not add to, amend, or abrogate any certificate, right-of-way, permit, or other authorization if the in-state gasline project coordinator determines that the action would prevent or impair, in any

significant respect, the expeditious construction, operation, or expansion of the in-state natural gas pipeline project.

Sec. 38.34.030. Joint In-State Gasline Development Team. (a) The Joint In-State Gasline Development Team is established in the Alaska Housing Finance Corporation. The development team consists of five members as follows:

(1) the commissioner of transportation and public facilities, or the commissioner's designee;

(2) the chair of the board of directors of the Alaska Railroad Corporation;

(3) the chief executive officer of the Alaska Natural Gas Development Authority;

(4) the in-state gasline project coordinator; and

(5) the executive director of the Alaska Housing Finance Corporation.

(b) The executive director of the Alaska Housing Finance Corporation is the chair of the development team.

(c) The development team may hire staff, enter into contracts, and exercise other powers necessary to carry out its functions. The development team shall separately account for expenditures made to carry out its functions and submit to the legislature a quarterly report of those expenditures. The development team shall also submit to each member of the legislature monthly updates on the progress of the in-state natural gas pipeline project.

Sec. 38.34.040. Duties of the development team. (a) The Joint In-State Gasline Development Team shall produce a project plan for the development of an in-state natural gas pipeline. The development team shall ensure that the project plan is completed and delivered to the legislature by July 1, 2011. The project plan must specify and document how an in-state natural gas pipeline can be designed, financed, constructed, and made operational by December 31, 2015.

(b) The Joint In-State Gasline Development Team shall assume executive authority over and managerial responsibility for all activities enumerated under sec. 19, ch. 14, SLA 2009, including work previously completed, work in process, and work for which money has been encumbered but that is not completed on the effective

date of this subsection.

(c) The project plan must include specific plans to coordinate and facilitate construction, ownership, operation, and management of a natural gas pipeline serving Fairbanks, the Southcentral region of the state, and other communities whenever practicable, connecting with or enhancing the existing gas pipeline system, and reaching to tidewater in the Southcentral region of the state.

(d) The development team's work product must include an analysis of alternative possible routes and the selection of a route that, consistent with the other requirements of this section,

(1) is economically feasible;

(2) makes natural gas available to residents at the lowest possible cost;

(3) allows for connecting lines to serve industrial, residential, and utility customers along the entire route, and in other regions of the state that can be served at commercially feasible rates;

(4) uses state land and existing state highway and railroad rights-of-way to the maximum extent feasible;

(5) uses existing highway and railroad bridges, gravel sources, equipment yards, maintenance facilities, and other existing facilities and resources to the maximum extent feasible.

(e) With the intent that any project-related assets acquired or developed be available for transfer or sale to the entity best able to complete the project, the development team shall

(1) prepare plans and designs necessary for construction of the in-state natural gas pipeline project;

(2) coordinate with entities qualified to build, own, and operate the natural gas pipeline;

(3) identify, apply for, and obtain rights-of-way and other permits for the project route;

(4) work with other entities to promote gas supply and purchase contracts required for the project to be commercially viable;

(5) prepare cost estimates for the project design, construction, and

operation to determine the project's economic feasibility and the projected cost of natural gas to consumers;

(6) coordinate with and, to the fullest extent possible, use existing work by other state agencies and entities before contracting for new reports and research and analysis;

(7) determine regulatory authority over the pipeline project and perform any necessary compliance requirements;

(8) identify and apply for, or support extension of, existing permits for export of Alaska natural gas if that export improves project economics and will reduce the price of natural gas to in-state consumers.

(f) Notwithstanding any other provision of law, any rights to a natural gas pipeline corridor obtained by a state agency under eminent domain may be transferred to a private entity.

(g) Notwithstanding any other provision of law, a state agency acquiring an interest in land by eminent domain may grant a permit authorizing a private person to construct, manage, and operate a gas pipeline over, under, along, across, or upon the land.

(h) In preparing the project plan required in this section, the development team may consider all aspects of the in-state natural gas pipeline project, including public, private, or joint construction alternatives, marketing of natural gas, financing alternatives for pipeline construction, procurement of natural gas from producers, maximization of local hire, opportunities for promoting value-added industries, gas-to-liquids manufacturing opportunities, production and delivery of liquefied natural gas or propane to Yukon River, Interior, and coastal communities, alternatives for transporting natural gas to other locations in the state, the acquisition of natural gas commitments sufficient to ensure the long-term feasibility of the in-state natural gas pipeline project, the development of a global natural gas trading hub in the state, and facilitating the project developer's commitment, to the maximum extent permitted by law, to

(1) hire qualified residents from throughout the state for management, engineering, construction, operations, maintenance, and other positions on the

proposed project;

(2) contract with businesses located in the state;

(3) establish hiring facilities or use existing hiring facilities in the state; and

(4) use, as far as is practicable, the job centers and associated services operated by the Department of Labor and Workforce Development and an Internet-based labor exchange system operated by the state.

(i) The Joint In-State Gasline Development Team shall take all action necessary to complete its responsibilities under this section.

Sec. 38.34.050. Cooperation and access to information. (a) The Joint In-State Gasline Development Team may have access to information of all state agencies that is directly related to the planning, design, construction, or operation of the in-state natural gas pipeline.

(b) All state agencies or entities shall cooperate with and, except for requests from the Alaska Gasline Inducement Act coordinator (AS 43.90.250), give priority to requests for information from the Joint In-State Gasline Development Team. The development team shall avoid duplicating studies, plans, and designs that have already been produced or otherwise obtained by other state entities.

(c) Notwithstanding any contrary provision of law, the Department of Natural Resources shall grant the Alaska Housing Finance Corporation a right-of-way lease under AS 38.35 for the gas pipeline transportation corridor if

(1) the corporation submits a complete right-of-way lease application under AS 38.35.050;

(2) the lease application is made the subject of notice and other reasonable and appropriate publication requirements under AS 38.35.070; and

(3) the corporation agrees to be bound by the right-of-way lease covenants set out in AS 38.35.120.

(d) Notwithstanding any contrary provision of law, a right-of-way lease granted under (c) of this section is subject to AS 38.05, except that the best interest findings requirements of AS 38.05 and the permit requirements of AS 38.05.850 do not apply to a lease made under this section.

Sec. 38.34.060. Conflicts of interest. (a) If a member of the Joint In-State Gasline Development Team acquires, owns, or controls an interest, direct or indirect, in property, an organization, or a business that might be affected by the in-state natural gas pipeline project or other matter under consideration by the development team, the member shall immediately disclose the interest to the development team. The disclosure is a matter of public record and shall be included in the minutes of the first meeting of the development team held after the disclosure.

(b) The members of the development team are subject to AS 39.50 and AS 39.52.

Sec. 38.34.099. Definitions. In this chapter,

(1) "in-state natural gas pipeline" means a pipeline for transporting natural gas that runs from the North Slope to tidewater in the state;

(2) "North Slope" means that area of Alaska lying north of 68 degrees North latitude.

* **Sec. 5.** AS 38.35.220(a) is amended to read:

(a) Natural gas carriers **that operate as public utilities** holding easements, rights-of-way, or permits for pipelines on state public land on May 20, 1972, are unaffected by this chapter within the scope of their existing operations, normal expansions, and extensions thereof so long as their original or present purpose and function remains unchanged. **This exemption does not apply to a natural gas pipeline constructed outside of the**

(1) Southcentral region of the state;

(2) Matanuska-Susitna Borough;

(3) Kenai Peninsula Borough;

(4) Municipality of Anchorage;

(5) Chugach Regional Educational Attendance Area; or

(6) Copper River Regional Educational Attendance Area.

* **Sec. 6.** AS 39.25.110 is amended by adding a new paragraph to read:

(43) the in-state gasline project coordinator appointed under AS 38.34.010.

* **Sec. 7.** AS 41.41.010(a) is amended to read:

(a) There is established the Alaska Natural Gas Development Authority, the purpose of which is to provide one or more of the following services and functions in order to bring natural gas from the North Slope **or other regions of the state** to market, including

(1) the acquisition and conditioning of [NORTH SLOPE] natural gas;

(2) the design and construction of the pipeline system;

(3) the operation and maintenance of the pipeline system;

(4) the design, construction, **and** operation [,] of other facilities necessary for delivering the gas to market**, including markets in the state** [AND TO SOUTHCENTRAL ALASKA]; and

(5) the acquisition of natural gas market share sufficient to ensure the long-term feasibility of [THE] pipeline system **projects** [PROJECT].

*** Sec. 8.** AS 41.41.010(d) is amended to read:

(d) The acquisition of natural gas from the North Slope **and other regions of the state, including the Alaska outer continental shelf,** and its delivery to **markets in the state for use by markets in the state or to** tidewater for shipment to market by the authority **are** [IS AN] essential government **functions** [FUNCTION] of the state.

*** Sec. 9.** AS 41.41.990(3) is amended to read:

(3) "project" means the gas transmission pipeline, together with all related property and facilities, to extend from [THE PRUDHOE BAY AREA ON] the North Slope of Alaska **or other regions of the state to a market in the state, or be available to a market in the state, and** [EITHER] to tidewater at a point on Prince William Sound [AND THE SPUR LINE FROM GLENNALLEN TO THE SOUTHCENTRAL GAS DISTRIBUTION GRID] or [TO TIDEWATER AT A POINT ON] Cook Inlet, and includes planning, design, and construction of the pipeline and facilities as described in AS 41.41.010(a)(1) - (5).

*** Sec. 10.** AS 41.41.990 is amended by adding a new paragraph to read:

(4) "North Slope" means that part of the state that lies north of 68 degrees North latitude and includes the Brooks Range foothills.

*** Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITIONAL PROVISIONS. (a) In discharging its obligations, the Joint In-State Gasline Development Team shall

(1) seek letters of intent from buyers and sellers of natural gas to ship gas using the facilities of the project and, from information obtained, define the project parameters that would allow the project to be commercially viable;

(2) seek letters of interest from private pipeline construction and operating companies to develop the project;

(3) prepare and submit to the governor and the presiding officer of each house of the legislature, by December 15, 2010, any initial legislation necessary to advance the project;

(4) prepare and submit a report to the governor, the speaker of the house of representatives, and the president of the senate when each duty set out in (1) - (3) of this subsection is complete.

(b) The parties having responsibility for contracts, permit and acquisition applications, and studies in progress on the effective date of this Act initiated or entered into by the Office of the Governor or a state agency or entity that relate to an in-state natural gas pipeline shall transfer those obligations and initiatives to the Alaska Housing Finance Corporation. Transfer of those obligations and initiatives may not be unreasonably delayed. If the corporation forms a subsidiary under AS 18.56.086, as amended by sec. 2 of this Act, for the purpose of planning, constructing, and financing in-state natural gas pipeline projects or for aiding those projects, the corporation shall transfer the obligations and initiatives to its subsidiary.

*** Sec. 12.** This Act takes effect immediately under AS 01.10.070(c).

HB 191

<TARGET><BILL>HB 191</BILL><SUBJECT>HB 191</SUBJECT><COMM>HRES27</COMM></TARGET>

ALASKA STATE LEGISLATURE

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REPRESENTATIVE STEVE THOMPSON
DISTRICT 10

SPONSOR STATEMENT HB 191 – *"An Act establishing a state department of agriculture and food and relating to its powers and duties; relating to the powers and duties of the Department of Environmental Conservations and the Department of Natural Resources; and providing for an effective date."*

HB 191 was introduced at the request of the state-wide Alaska Farm Bureau. HB 191 establishes a new state Department of Agriculture and Food with the intent of using the current Division of Agriculture's budget. Currently, statutes and regulations that govern food, food products, land sales, loans, land development, and animals are spread between the Department of Natural Resources (DNR), and the Department of Environmental Conservation (DEC). HB 191 is an effort to stream-line government by bringing agriculture and agricultural foods products under the purview of one department.

A Department of Agriculture would allow for a singular focus that would enhance agriculture and food security in Alaska. Agricultural policy has been inconsistent and prone to changes with new administrations, retirements, or economic changes. This ever-changing policy has hampered the development of a strong agricultural economy.

In 1974, Governor Hammond stated that "the state needed a renewable resource economic base to sustain Alaska after the oil was depleted." In 1976, Governor Hammond in an effort to develop renewable sources in the state established the following goals:

- Broaden the economic base of the state through agriculture production;
- Stabilize real food cost by increasing local food;
- Provided alternative job opportunities through expanded agriculture;
- Improve rural life by developing an economic base through agriculture.

Today people want to know where their food is coming from, they want to feel the security of having a farmer growing and storing food close by, they want to be at the farmers market on Saturday buying food from their neighbor.

Under a Department of Agriculture farming can expand to meet the needs of Alaska's residents, providing meat, milk, vegetables and grains for the table. Alaska's biomass can be used to heat homes and power cars, and fiber can be used to manufacture goods. Agriculture is a renewable resource that provides independence and industry into the future for the State of Alaska.

E-Mail: Representative.Steve.Thompson@legis.state.ak.us
Website: www.akrepublicans.org/thompson/

More young people opportunity - better advocate

Hoop houses - Kodiak - local food demand = more focus = better advocate
sustainable food production

Delta Junction Bryce Wigley - Supportive - food independence
- Sustainable + rural development

Bruce Willard - can't nail anybody down
need secure market for product for $

Bill Burton - Leases can't get renewals addressed.

adopted for discussion

27-LS0458\B
Bannister
2/7/12

CS FOR HOUSE BILL NO. 191( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES THOMPSON BY REQUEST, Kerttula, Tuck, Lynn, Dick, Miller, Tammie Wilson, Muñoz

A BILL

FOR AN ACT ENTITLED

"An Act establishing a state department of agriculture and food and relating to its powers and duties; relating to the powers and duties of the Department of Environmental Conservation and the Department of Natural Resources; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 03.05.010 is amended to read:

Sec. 03.05.010. Powers and duties: agricultural products [OF COMMISSIONER OF NATURAL RESOURCES]. (a) The commissioner [OF NATURAL RESOURCES] shall

(1) direct, administer, and supervise promotional and experimental work, extension services, and agricultural projects for the purpose of promoting and developing the agricultural industry within the state, including such fields as horticulture, dairying, cattle raising, fur farming, grain production, vegetable production, and development of other agricultural products;

(2) procure and preserve all information pertaining to the development of the agricultural industry and disseminate that information to the public;

(3) assist prospective settlers and others desiring to engage in the agricultural industry in the state with information concerning areas suitable for agriculture**, including storage, sustainable and renewable farming practices,** and other activities and programs essential to the development of the agricultural industry in the state;

(4) review the marketing, financing, and development of agricultural products inside the state including transportation, with special emphasis upon local production, and negotiate for the marketing of agricultural products of the state with federal and state agencies operating in the state;

(5) regulate and control the entry into the state and the transportation, sale, or use inside the state of plants, seeds, vegetables, shell eggs, fruits and berries, nursery stock, animal feeds, remedies and mineral supplements, fertilizers, and agricultural chemicals in order to prevent the spread of pests, diseases, or toxic substances injurious to the public interest, and to protect the agricultural industry **from** [AGAINST] fraud, deception, and misrepresentation; in this connection the commissioner may require registration, inspection, and testing, and establish procedures and fees;

(6) regulate the farming of elk in a manner similar to the manner in which the commissioner regulates domestic animals and livestock, to the extent that is appropriate;

(7) implement the farm-to-school program established in AS 03.20.100;

(8) establish a food security program that includes record keeping of agricultural products stored on farms in the state and information about the number of days a supply of food is stored in the state; participation in the program by a farm is voluntary.

(b) To carry out the requirements of this title, the commissioner [OF NATURAL RESOURCES] may issue orders, regulations, quarantines, and embargoes relating to

(1) examination and inspection of **agricultural** premises containing products, articles, and commodities carrying pests;

(2) establishment of quarantines for eradication of pests;

(3) establishment of standards and labeling requirements pertaining to the sale of agricultural and vegetable seeds;

(4) tests and analyses **that** [WHICH] may be made and hearings **that** [WHICH] may be held to determine whether the commissioner will issue a stop order or quarantine;

(5) cooperation with federal and other state agencies.

* **Sec. 2.** AS 03.05.011(a) is amended to read:

(a) To carry out the requirements of this title relating to animals or animal products [OVER WHICH THE DEPARTMENT HAS JURISDICTION], the commissioner may

(1) issue orders or permits relating to or authorizing the examination, inspection, testing, quarantine, or embargo of animals or animal products, or **agricultural** premises containing or having contained animals or animal products, in order to prevent the spread of pests or contagious or infectious disease;

(2) conduct tests, analyses, and hearings to determine whether to issue an order or permit relating to animals or animal products under this section;

(3) cooperate with federal, state, municipal, and other governmental agencies regarding powers and duties under this section;

(4) issue orders or permits relating to or authorizing the custody, care, or destruction of animals or animal products **or agricultural premises** to prevent the spread of pests or contagious or infectious disease;

(5) designate points of entry for the admission of animals or animal products into the state; and

(6) issue orders or permits relating to, or authorizing the examination, testing, or care of, animals or animal products to be transported into, within, or from this state, in order

(A) to prevent the spread of pests or contagious or infectious disease; or

(B) to promote safe or sanitary conditions for the animals or animal products to be transported.

*** Sec. 3.** AS 03.05.011(b) is amended to read:

(b) The commissioner may

(1) adopt a schedule of fees or charges, and credit provisions, for services related to animals and animal products rendered by state veterinarians to farmers and others at their request, and all the receipts from the fees and charges shall be transmitted to the commissioner for deposit in the state treasury;

(2) designate individuals, independently or in cooperation with federal, state, municipal, or other governmental agencies, to carry out and enforce, under the direction of the state veterinarian, the requirements of this title relating to animals or animal products [OVER WHICH THE DEPARTMENT HAS JURISDICTION];

(3) enter into agreements with the federal government for controlling disease among animals and match federal payments for animals destroyed under those agreements from any appropriation available for this purpose;

(4) pay an owner of an animal destroyed under this section an amount from any appropriation available for this purpose; and

(5) adopt regulations under AS 44.62 (Administrative Procedure Act) to implement and interpret this section; when adopting regulations under this paragraph, the commissioner shall give substantial weight to the typical practices and standards in the state and in the United States of the industry for which the regulations are designed.

*** Sec. 4.** AS 03.05.013 is amended to read:

Sec. 03.05.013. State veterinarian. The commissioner [OF ENVIRONMENTAL CONSERVATION] may employ or appoint a person to act as the state veterinarian to carry out and enforce the requirements of this title relating to animals or animal products over which the **department** [DEPARTMENT OF ENVIRONMENTAL CONSERVATION] has jurisdiction. To be eligible for appointment as the state veterinarian, a person must be licensed or otherwise legally authorized under AS 08.98 to engage in the practice of veterinary medicine in the state.

*** Sec. 5.** AS 03.05.027(a) is amended to read:

(a) The commissioner [OF NATURAL RESOURCES] shall employ or appoint a state coordinator for noxious weed, invasive plant, and agricultural pest management and education.

*** Sec. 6.** AS 03.05.075(a) is amended to read:

(a) Elk may be raised and bred as domestic stock for commercial purposes, including the sale of meat, by a person who lawfully owns the elk and who holds a current valid elk farming license. The commissioner [OF NATURAL RESOURCES] may issue an elk farming license for the farming of elk to a person who applies on a form provided by the commissioner, pays the biennial elk farming license fee, and proves to the satisfaction of the commissioner that the person lawfully owns the elk, intends to raise and breed elk, and possesses facilities for maintaining the elk under positive control. Before issuing or renewing an elk farming license, the commissioner shall conduct a physical inspection of the elk farming facilities and determine that the facilities are in good repair and comply with the fencing standards established under (d) of this section. In this subsection, "lawfully owns" means ownership that was obtained without violating a state or federal law or regulation or a condition of a license or permit issued with respect to elk.

*** Sec. 7.** AS 03.05.075(b) is amended to read:

(b) The commissioner [OF NATURAL RESOURCES] shall provide to the Department of Fish and Game a copy of each application for an elk farming license received by the commissioner and each elk farming license issued by the commissioner.

*** Sec. 8.** AS 03.05.075(d) is amended to read:

(d) The commissioner [OF NATURAL RESOURCES] shall establish fencing standards for elk farming facilities to maintain elk under positive control. Proposed fencing standards shall be submitted to the commissioner of fish and game for review before the standards are adopted or amended.

*** Sec. 9.** AS 03.05.075(e) is amended to read:

(e) Notwithstanding other provisions of law, a license or permit is not required from the Department of Fish and Game in order to import, export, or possess elk for

the purpose of elk farming. Elk imported, exported, or possessed for the purpose of elk farming are subject to the provisions of this title and regulations adopted under this title by the commissioner [OF NATURAL RESOURCES OR THE COMMISSIONER OF ENVIRONMENTAL CONSERVATION] for domestic animals and livestock, to the extent they are made applicable to elk by the **commissioner** [COMMISSIONERS].

*** Sec. 10.** AS 03.05.090(a) is amended to read:

(a) A person who violates a provision of this chapter or a regulation, order, or quarantine made under authority of this chapter, or violates a provision of a permit issued under this chapter, or sells seeds failing to meet the labeling requirements, standards, and tests provided for by regulation of the commissioner [OF NATURAL RESOURCES OR THE COMMISSIONER OF ENVIRONMENTAL CONSERVATION] is guilty of a class A misdemeanor for each offense.

*** Sec. 11.** AS 03.05.090(c) is amended to read:

(c) If the **department** [DEPARTMENT OF ENVIRONMENTAL CONSERVATION] issues an order regarding, adopts a regulation on, issues a permit regarding, imposes a quarantine on, or orders an embargo on an animal or animal product that the **department** [DEPARTMENT OF ENVIRONMENTAL CONSERVATION] reasonably believes carries pests, a contagious disease, or an infectious disease, a consignee who knowingly receives, or a carrier who knowingly transports, the animal or animal product in violation of the order, regulation, permit, quarantine, or embargo is subject to a civil fine of not more than $500 for each violation.

*** Sec. 12.** AS 03.05.090(d) is amended to read:

(d) The **department** [DEPARTMENT OF ENVIRONMENTAL CONSERVATION] or a court of competent jurisdiction may impose the fine authorized by (b) or (c) of this section.

*** Sec. 13.** AS 03.05.100 is amended to read:

Sec. 03.05.100. Definitions. In this chapter, **unless the section or the context indicates otherwise,**

(1) "agricultural products" does not include fish, fisheries products,

animals, or animal products;

(2) "animal" means an animal other than a human being and includes a mammal, insect, bird, [FISH,] and reptile, whether wild or domestic, and whether living or dead**, but does not include fish or fisheries products**;

(3) "animal product" means a product, article, or commodity containing any part of an animal;

(4) "fish or fisheries products" means any aquatic animal, including amphibians, or aquatic plants or parts of those plants, animals, or amphibians that are usable as human food.

*** Sec. 14.** AS 03.09.020(a) is amended to read:

(a) The **commissioner** [DIRECTOR] of [THE DIVISION OF THE DEPARTMENT WITH RESPONSIBILITY FOR] agriculture **and food** shall **appoint an employee of the Department of Agriculture and Food to** serve as the director of the Board of Agriculture and Conservation. The director may employ staff and, as directed by the board, is responsible for the daily operations of the agricultural revolving loan fund (AS 03.10.040).

*** Sec. 15.** AS 03.10.050(g) is amended to read:

(g) The board may dispose of property acquired by the agricultural revolving loan fund through foreclosure, default, or other action arising out of agricultural loans or the sale of agricultural land. Disposals shall be conducted under regulations approved by the commissioner **of agriculture and food**. The regulations must ensure that the property is disposed of so as to maximize the return to the state and must require that the parcels of land that are composed primarily of cropland soils be restricted to agricultural uses and disposed of only to persons who are residents of the state.

*** Sec. 16.** AS 03.22.010 is amended to read:

Sec. 03.22.010. Establishment of plant materials center. The **department** [DEPARTMENT OF NATURAL RESOURCES], in cooperation with the college or department of the University of Alaska responsible for the Agricultural and Forestry Experiment Station, shall establish and maintain a plant materials center.

*** Sec. 17.** AS 03.22.040 is amended to read:

Sec. 03.22.040. Personnel. The department shall ensure that competent professional, secretarial, and subprofessional personnel necessary to carry on the work of the center are employed. The administrator of the plant materials center is a joint appointment between the **department** [DEPARTMENT OF NATURAL RESOURCES] and the college or department of the University of Alaska responsible for the Agricultural and Forestry Experiment Station.

* **Sec. 18.** AS 03.35.030 is amended to read:

Sec. 03.35.030. Notice, hearing, and order. Upon receipt of a petition for the establishment, addition, elimination, or dissolution of a controlled livestock district, the district judge shall set a time for hearing the petition not less than 30 days after its receipt. Notice of the time and place of the hearing and its purpose shall be posted in not less than three conspicuous public places within the proposed district, including a post office, for a period of at least 30 days before the hearing. If there is no post office within the proposed district, then the notice shall be posted in two conspicuous public places in the proposed district and in the post office nearest the proposed district. If, at the hearing, the district judge finds that the petition meets the requirements established under AS 03.35.020 and that notice of the hearing has been given, the district judge shall enter an order granting the request contained within the petition. The boundaries of the district are those proposed within the petition. The district judge shall certify to the clerk of the superior court for the judicial district a copy of the findings and order. The district judge shall send a copy of the order to the commissioner **of agriculture and food**.

* **Sec. 19.** AS 03.40.030(a) is amended to read:

(a) To adopt a brand or mark, a person shall forward to the commissioner [OF NATURAL RESOURCES] a facsimile of the brand or mark, together with a written application, and the recording fee of $2. Upon receipt, the commissioner shall record the brand or mark unless it is of record or conflicts or closely resembles that of some other person, in which case the commissioner shall return the facsimile and fee to the applicant. A brand described as being on either side of the animal may not be accepted or recorded.

* **Sec. 20.** AS 03.47.020 is amended to read:

Sec. 03.47.020. Importation of bees. All bees imported into the state shall be accompanied by a health certificate that states that the bees come from an apiary apparently free of bee diseases and that is signed by an apiary inspector determined to be qualified by the **department** [DIVISION].

* **Sec. 21.** AS 03.47.030(a) is amended to read:

(a) The **department** [DIVISION] shall investigate reported cases of diseased bees and cases of diseased bees discovered by the **department** [DIVISION].

* **Sec. 22.** AS 03.47.030(b) is amended to read:

(b) The **department** [DIVISION] shall take action necessary to prevent the spread of bee diseases. Bees or used beekeeping equipment found to contain the causative organisms of American foulbrood (Bacillus larvae) or European foulbrood (Streptococcus pluton) shall be immediately quarantined and treated within five days by

(1) chamber fumigation using ethylene oxide or other gases approved by the **department** [DIVISION];

(2) sterilization by boiling in lyewater for at least 15 minutes; or

(3) destruction of bees, bee combs, and frames by burning followed by burying 18 inches deep.

* **Sec. 23.** AS 03.47.030(d) is amended to read:

(d) A quarantine imposed under this section may not be removed until infected bees and used beekeeping equipment are destroyed or the **department** [DIVISION] determines through testing that the used beekeeping equipment is free of the disease.

* **Sec. 24.** AS 03.47.030(e) is amended to read:

(e) The **department** [DIVISION] shall adopt regulations necessary to carry out the purposes of this chapter.

* **Sec. 25.** AS 03.90.010 is amended to read:

Sec. 03.90.010. Definitions. In this title, unless otherwise indicated,

(1) "commissioner" means the commissioner of **agriculture and food** [NATURAL RESOURCES];

(2) "department" means the Department of **Agriculture and Food**

[NATURAL RESOURCES].

* **Sec. 26.** AS 14.07.020(a) is amended to read:

(a) The department shall

(1) exercise general supervision over the public schools of the state except the University of Alaska;

(2) study the conditions and needs of the public schools of the state, adopt or recommend plans, administer and evaluate grants to improve school performance awarded under AS 14.03.125, and adopt regulations for the improvement of the public schools;

(3) provide advisory and consultative services to all public school governing bodies and personnel;

(4) prescribe by regulation a minimum course of study for the public schools; the regulations must provide that, if a course in American Sign Language is given, the course shall be given credit as a course in a foreign language;

(5) establish, in coordination with the Department of Health and Social Services, a program for the continuing education of children who are held in detention facilities in the state during the period of detention;

(6) accredit those public schools that meet accreditation standards prescribed by regulation by the department; these regulations shall be adopted by the department and presented to the legislature during the first 10 days of any regular session, and become effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house;

(7) prescribe by regulation, after consultation with the state fire marshal and the state sanitarian, standards **to ensure** [THAT WILL ASSURE] healthful and safe conditions in the public and private schools of the state, including a requirement of physical examinations and immunizations in pre-elementary schools; the standards for private schools may not be more stringent than those for public schools;

(8) exercise general supervision over pre-elementary schools that receive direct state or federal funding;

(9) exercise general supervision over elementary and secondary correspondence study programs offered by municipal school districts or regional educational attendance areas; the department may also offer and make available to any Alaskan through a centralized office a correspondence study program;

(10) accredit private schools that request accreditation and that meet accreditation standards prescribed by regulation by the department; nothing in this paragraph authorizes the department to require religious or other private schools to be licensed;

(11) review plans for construction of new public elementary and secondary schools and for additions to and major rehabilitation of existing public elementary and secondary schools and, in accordance with regulations adopted by the department, determine and approve the extent of eligibility for state aid of a school construction or major maintenance project; for the purposes of this paragraph, "plans" include educational specifications, schematic designs, projected energy consumption and costs, and final contract documents;

(12) provide educational opportunities in the areas of vocational education and training, and basic education to individuals over 16 years of age who are no longer attending school;

(13) administer the grants awarded under AS 14.11;

(14) establish, in coordination with the Department of Public Safety, a school bus driver training course;

(15) require the reporting of information relating to school disciplinary and safety programs under AS 14.33.120 and of incidents of disruptive or violent behavior;

(16) establish by regulation criteria, based on low student performance, under which the department may intervene in a school district to improve instructional practices, as described in AS 14.07.030(14) or (15); the regulations must include

(A) a notice provision that alerts the district to the deficiencies and the instructional practice changes proposed by the department;

(B) an end date for departmental intervention, as described in AS 14.07.030(14)(A) and (B) and (15), after the district demonstrates three

consecutive years of improvement consisting of not less than two percent increases in student proficiency on standards-based assessments in mathematics, reading, and writing as provided in AS 14.03.123(f)(2)(A); and

(C) a process for districts to petition the department for continuing or discontinuing the department's intervention;

(17) notify the legislative committees having jurisdiction over education before intervening in a school district under AS 14.07.030(14) or redirecting public school funding under AS 14.07.030(15);

(18) assist the Department of **Agriculture and Food** [NATURAL RESOURCES] in developing and implementing the farm-to-school program established under AS 03.20.100.

* **Sec. 27.** AS 17.20.005 is repealed and reenacted to read:

Sec. 17.20.005. Powers and duties of commissioner of agriculture and food. To carry out the responsibilities of the Department of Agriculture and Food and the commissioner of agriculture and food under this chapter, the commissioner of agriculture and food may issue orders, regulations, permits, quarantines, and embargoes relating to

(1) agricultural food products, including

(A) inspection;

(B) standards of sanitation and handling methods for all phases of slaughtering, processing, storing, transporting, displaying, and selling;

(C) labeling; and

(D) the training, testing, and certification requirements for individuals who handle or prepare the products, their supervisors, and their employers to ensure their knowledge of food safety and sanitation principles and requirements;

(2) control and eradication of pests;

(3) labeling, subject to AS 17.20.013, and grading of milk and milk products and standards of sanitation for dairies offering to the public or selling milk or milk products to at least the minimum of current recommendations of the United States Public Health Service pasteurized milk ordinance as it may periodically be

revised;

(4) tests and analyses that may be made and hearings that may be held to determine whether the commissioner will issue a stop order or quarantine;

(5) transportation of, use of, disposal of, recalls of, or warnings concerning quarantined or embargoed items;

(6) cooperation with federal and other state agencies;

(7) written food safety disclosure statements by persons who sell directly to a consumer agricultural food products that are grown and processed by the sellers.

* **Sec. 28.** AS 17.20 is amended by adding a new section to article 1 to read:

Sec. 17.20.007. Powers and duties of commissioner of environmental conservation. To carry out the responsibilities of the Department of Environmental Conservation and the commissioner of environmental conservation under this chapter, the commissioner of environmental conservation may issue orders, regulations, permits, quarantines, and embargoes relating to

(1) the inspection of nonagricultural food products for sanitation and food safety, including

(A) standards of sanitation and handling methods for all phases of processing, storing, transporting, displaying, and selling of food; and

(B) the training, testing, and certification requirements for individuals who handle or prepare food, their supervisors, and their employers to ensure their knowledge of food safety and sanitation principles and requirements;

(2) nonagricultural food products, including

(A) inspection;

(B) standards of sanitation and handling methods for all phases of processing, storing, transporting, displaying, and selling;

(C) labeling; and

(D) the training, testing, and certification requirements for individuals who handle or prepare the products, their supervisors, and their employers to ensure their knowledge of food safety and sanitation principles

and requirements;

(3) enforcement of hazard analysis critical control point programs for seafood processing that are developed in cooperation with appropriate industry representatives or, to the extent not inconsistent with this chapter or regulations adopted under the authority of this chapter, that are established by regulations of the United States Food and Drug Administration as they may periodically be revised;

(4) standards and conditions for the operation and siting of aquatic farms and related hatcheries, including

(A) restrictions on the use of chemicals; and

(B) requirements to protect the public from contaminated aquatic farm products that pose a risk to health;

(5) monitoring aquatic farms and aquatic farm products to ensure compliance with this chapter and, to the extent not inconsistent with this chapter or regulations adopted under the authority of this chapter, with the requirements of the national shellfish sanitation program manual of operations published by the United States Food and Drug Administration as it may periodically be revised;

(6) tests and analyses that may be made and hearings that may be held to determine whether the commissioner will issue a stop order or quarantine;

(7) transportation of, use of, disposal of, recalls of, or warnings concerning quarantined or embargoed items;

(8) cooperation with federal and other state agencies.

*** Sec. 29.** AS 17.20.010 is amended to read:

Sec. 17.20.010. Definitions and standards for food. When, in the judgment of the commissioner **of agriculture and food**, honest and fair dealing in the interest of consumers will be promoted, the **Department of Agriculture and Food** [DEPARTMENT] shall adopt regulations fixing and establishing for **agricultural** food **products** or **classes** [CLASS] of **agricultural** food **products** a reasonable definition and standard of identity, a reasonable standard of quality, and reasonable standards of fill of container. In prescribing a definition and standard of identity for **agricultural** food **products** or **classes** [CLASS] of **agricultural** food **products** in which optional ingredients are permitted, the department shall, for the purpose of

promoting honesty and fair dealing in the interest of consumers, designate the optional ingredients **that** [WHICH] shall be named on the label. The definitions and standards adopted shall conform as far as practicable to the definitions and standards adopted under authority of the federal act. The **Department of Agriculture and Food** [DEPARTMENT] shall establish a mobile canned **agricultural** food **products** inspection service available upon request to **agricultural** food **product** packers or processors inside the state.

*** Sec. 30.** AS 17.20.010 is amended by adding a new subsection to read:

(b) When, in the judgment of the commissioner of environmental conservation, honest and fair dealing in the interest of consumers will be promoted, the Department of Environmental Conservation shall adopt regulations fixing and establishing for nonagricultural products or classes of nonagricultural fish products a reasonable definition and standard of identity, a reasonable standard of quality, and reasonable standards of fill of container. In prescribing a definition and standard of identity for nonagricultural food products or classes of nonagricultural food products in which optional ingredients are permitted, the department shall, for the purpose of promoting honesty and fair dealing in the interest of consumers, designate the optional ingredients that shall be named on the label. The definitions and standards adopted must conform as far as practicable to the definitions and standards adopted under authority of the federal act. The Department of Environmental Conservation shall establish a mobile canned nonagricultural food products inspection service available upon request to nonagricultural food product packers or processors inside the state.

*** Sec. 31.** AS 17.20.013(e) is amended to read:

(e) A dairy plant shall keep the original affidavit provided under (c) of this section on file for a period of not less than two years. The affidavit and corresponding records shall be made available for inspection by the commissioner **of agriculture and food**. If the milk product is to be labeled under (a) of this section, dairy plants supplying milk or cream to a processor or to a manufacturer of a milk product for use in the milk product shall supply the processor or manufacturer with a certificate stating that the producers of the supplied milk or cream have executed and delivered the affidavits as required by (c) of this section.

*** Sec. 32.** AS 17.20.013(f) is amended to read:

(f) All milk or cream from non-rBGH-treated cows used in the manufacturing or processing of milk products labeled under (a) of this section, and milk or cream supplied by a producer using an affidavit under (c) of this section, shall be kept completely separate from any other milk or cream throughout all stages of storage, transportation, and processing until the resulting milk products are in final packaged form in a properly labeled container. The dairy plant and the processor or manufacturer at each stage shall keep records of the separation and make them available to the commissioner **of agriculture and food** for inspection.

*** Sec. 33.** AS 17.20.030 is amended to read:

Sec. 17.20.030. Tolerances for added poisonous ingredients. A poisonous or deleterious substance added to food, except where the substance is required in the production of food or cannot be avoided by good manufacturing practice, is unsafe for purposes of the application of AS 17.20.020(a)(2). When the substance is required or cannot be avoided, the department **responsible under AS 17.20.005 - 17.20.075 for the particular food item involved** shall adopt regulations limiting the quantity of it to the extent necessary for the protection of public health. A quantity exceeding the limits fixed is unsafe for purposes of the application of AS 17.20.020(a)(2). While a regulation limiting the quantity of a substance in the case of any food is in effect, the food is not, by reason of bearing or containing an added amount of the substance, adulterated within the meaning of AS 17.20.020(a)(1). In determining the quantity of the added substance to be tolerated in or on food, the department **responsible under AS 17.20.005 - 17.20.075 for the particular food item involved** shall consider the extent to which the use of the substance is required or cannot be avoided in the production of each article and the other ways in which the consumer may be affected by that or other poisonous or deleterious substances.

*** Sec. 34.** AS 17.20.040(a) is amended to read:

(a) Food is misbranded if

(1) its labeling is false or misleading in any particular;

(2) it is offered for sale under the name of another food;

(3) it is an imitation of another food, unless its label bears, in type of

uniform size and prominence, the word "imitation" and, immediately **after that word** [THEREAFTER], the name of the food imitated;

(4) its container is made, formed, or filled so as to be misleading;

(5) it is in package form unless it bears a label containing (A) the name and place of business of the manufacturer, packer, or distributor; and (B) an accurate statement of the quantity of the contents in terms of weight, measure, or numerical count; however, under (B) of this paragraph, reasonable variations are permitted, and exemptions for small packages shall be established by regulations prescribed by the department **responsible under AS 17.20.005 - 17.20.075 for the particular food item involved**;

(6) a word, statement, or other information required by or under authority of this chapter to appear on the label or labeling is not prominently placed with the conspicuousness, [(] as compared with other words, statements, designs, or devices in the labeling, [)] and in terms that make it likely to be read and understood by the ordinary individual under customary conditions of purchase and use;

(7) it purports to be or is represented as a food for which a definition and standard of identity has been prescribed by regulations as provided by AS 17.20.010, unless (A) it conforms to the definition and standard, and (B) its label bears the name of the food specified in the definition and standard and the common names of optional ingredients other than spices, flavoring, and coloring present in the food as required by regulation;

(8) it purports to be or is represented as **a food for which a standard of**

(A) [A FOOD FOR WHICH A STANDARD OF] quality has been prescribed by regulations, and its quality falls below that standard, unless its label bears, in the manner and form the regulations specify, a statement that it falls below that standard; or

(B) [A FOOD FOR WHICH A STANDARD OF] fill of container has been prescribed by regulation as provided by AS 17.20.010 and it falls below the applicable standard of fill of container, unless its label bears, in the manner and form as the regulations specify, a statement that it falls

below that standard;

(9) it is not subject to the provisions of (7) of this subsection, unless it bears labeling clearly giving (A) the common or usual name of the food, if any, and (B) in case it is fabricated from two or more ingredients, the common or usual name of each ingredient; except that [, HOWEVER,] spices, flavorings, and colorings, other than those sold as **spices, flavorings, and colorings** [SUCH], may be designated as spices, flavorings, and colorings, without naming each; [HOWEVER,] to the extent that compliance with the requirements of (B) of this paragraph is impracticable [,] or results in deception or unfair competition, exemptions shall be established by regulations adopted by the department **with the responsibility under AS 17.20.005 - 17.20.075 for the particular food item involved**, but the requirements of (B) of this paragraph do not apply to food products that are packaged at the direction of purchasers at retail at the time of sale, the ingredients of which are disclosed to the purchasers by other means in accordance with regulations adopted by the department **with the responsibility under AS 17.20.005 - 17.20.075 for the particular food item involved**;

(10) it purports to be or is represented for special dietary uses, unless its label bears information concerning its vitamin, mineral, and other dietary properties the commissioner **of the department with the responsibility under AS 17.20.005 - 17.20.075 for the particular food item involved** determines to be, and by regulations prescribes as, necessary in order fully to inform purchasers as to its value for those uses;

(11) it bears or contains artificial flavoring, artificial coloring, or chemical preservative, unless it bears labeling stating that fact; [HOWEVER,] to the extent that compliance with the requirements of this paragraph is impracticable, exemption shall be established by regulations adopted by the department **with the responsibility under AS 17.20.005 - 17.20.075 for the particular food item involved**;

(12) the food is a farmed halibut, salmon, or sablefish product, unless

(A) the product is labeled to identify the product as farmed fish raised outside the state, if the product is sold in a packaged form; or

(B) the product is conspicuously identified as farmed fish raised outside the state, if the product is sold in an unpackaged form;

(13) the labeling, advertisement, or identification of the food is inconsistent with the labeling, advertisement, or identification provisions of AS 17.20.048 or 17.20.049;

(14) the food is a genetically modified fish or genetically modified fish product unless

(A) the food is conspicuously labeled to identify the fish or fish product as a genetically modified fish or fish product if the fish or fish product is sold in a packaged form; or

(B) the food is conspicuously identified as a genetically modified fish or fish product if the fish or fish product is sold in an unpackaged form.

* **Sec. 35.** AS 17.20.044(b) is amended to read:

(b) Meat, fish, and poultry that has been frozen must be labeled as a frozen food in accordance with regulations adopted by the commissioner **of the department with the responsibility under AS 17.20.005 - 17.20.075 for the food item**.

* **Sec. 36.** AS 17.20.044(c) is amended to read:

(c) The commissioner **of the department with the responsibility under AS 17.20.005 - 17.20.075 for the food item** shall adopt regulations that

(1) require frozen food labels for meat, fish, and poultry that has been frozen; and

(2) provide for the examination and inspection of meat, fish, and poultry to ascertain whether it has been frozen.

* **Sec. 37.** AS 17.20.050 is amended to read:

Sec. 17.20.050. Emergency permit control. When **a** [THE] department finds after investigation that the distribution in the state of a class of food **that the department has responsibility for under AS 17.20.005 - 17.20.075** may, by reason of contamination with microorganisms during the manufacture, processing, or packing, be injurious to health, and that the injurious nature cannot be adequately determined after the articles have entered commerce, **the department** [IT], in that

case only, shall adopt regulations providing for the issuance of permits to manufacturers, processors, or packers of that class of food, to which shall be attached the conditions governing the manufacture, processing, or packing of that class of food, for a temporary period of time as may be necessary to protect the public health. After the effective date of the regulations, and during the temporary period, no person may introduce or deliver for introduction into commerce the food so manufactured, processed, or packed by any manufacturer, processor, or packer unless the manufacturer, processor, or packer of it holds a permit issued by the commissioner **of the department that has responsibility under AS 17.20.005 - 17.20.075 for the particular food item**.

*** Sec. 38.** AS 17.20.060 is amended to read:

Sec. 17.20.060. Suspension and reinstatement of emergency permit. The commissioner **of the department that has responsibility under AS 17.20.005 - 17.20.075 for the particular food item** may suspend immediately upon notice a permit issued under AS 17.20.050 if it is found that the conditions of the permit have been violated. The holder of a suspended permit may apply for the reinstatement of the permit, and the commissioner **of the department that has responsibility under AS 17.20.005 - 17.20.075 for the particular food item**, immediately after prompt hearing and an inspection of the establishment, shall reinstate the permit if it is found that adequate measures have been taken to comply with and maintain the conditions of the permit as originally issued or as amended.

*** Sec. 39.** AS 17.20.065 is amended by adding a new subsection to read:

(c) In this section, "department" means the Department of Environmental Conservation.

*** Sec. 40.** AS 17.20.066 is amended by adding a new subsection to read:

(f) In this section, "commissioner" means the commissioner of environmental conservation.

*** Sec. 41.** AS 17.20.067 is amended to read:

Sec. 17.20.067. Seafood processing research. The commissioner **of environmental conservation** may conduct studies, research, experiments, and demonstrations, directly or through grants to or contracts with public or private

agencies, organizations, or individuals to

(1) improve sanitation practices in the processing of fish and fisheries products; and

(2) develop improved techniques for surveillance and inspection activities under this chapter.

* **Sec. 42.** AS 17.20.070 is amended to read:

Sec. 17.20.070. Inspection by department. An officer or employee designated by the commissioner **of the department that has responsibility under AS 17.20.005 - 17.20.075 for the factory, aquatic farm, or establishment** shall have access to a factory, aquatic farm, or establishment, the operator of which holds a permit from the commissioner **of the department with responsibility under AS 17.20.005 - 17.20.075 for the factory, aquatic farm, or establishment**, for the purpose of ascertaining whether the conditions of the permit are being complied with. Denial of access for inspection is ground for suspension of the permit until access is freely given.

* **Sec. 43.** AS 17.20.072 is repealed and reenacted to read:

Sec. 17.20.072. Enforcement authority. The department that has responsibility under AS 17.20.005 - 17.20.075 for a particular area of regulation is responsible for enforcing that area of regulation and may delegate the responsibility as appropriate.

* **Sec. 44.** AS 17.20.180 is amended to read:

Sec. 17.20.180. Regulations. The **Department of Agriculture and Food, the** Department of Environmental Conservation, and the Department of Health and Social Services may adopt regulations for the efficient enforcement of their respective portions of this chapter. Each department may make the regulations conform, in so far as practicable, with those adopted under the federal act.

* **Sec. 45.** AS 17.20.200(a) is amended to read:

(a) The commissioner of environmental conservation or an agent shall have free access at reasonable hours to a factory, warehouse, or establishment in which **nonagricultural food products** [FOODS] or cosmetics are manufactured, processed, packed, or held for introduction into commerce, to enter a vehicle being used to

transport or hold **nonagricultural food products** [THESE FOODS] or cosmetics in commerce, or to an aquatic farm in order to

(1) inspect a factory, warehouse, establishment, vehicle, or aquatic farm to determine if the provisions of the commissioner's respective portions of this chapter are being violated; and

(2) secure samples or specimens of a **nonagricultural** food **product**, aquatic farm product, or cosmetic.

* **Sec. 46.** AS 17.20.200 is amended by adding a new subsection to read:

(d) The commissioner of agriculture and food or the commissioner's agent shall have free access at reasonable hours to a factory, warehouse, or establishment in which agricultural food is manufactured, processed, packed, or held for introduction into commerce, to enter a vehicle being used to transport or hold the foods in commerce in order to

(1) inspect a vehicle, factory, warehouse, or establishment, except a retail establishment, to determine if the provisions of the commissioner of agriculture and food's respective portions of this chapter are being violated; and

(2) secure samples or specimens of an agricultural food product.

* **Sec. 47.** AS 17.20.220(a) is amended to read:

(a) The **commissioner of agriculture and food, the** commissioner of environmental conservation, and the commissioner of health and social services may have published from time to time reports summarizing judgments, decrees, and court orders **that** [WHICH] have been rendered under their respective portions of this chapter, including the nature of the charge and the disposition of it.

* **Sec. 48.** AS 17.20.220(b) is amended to read:

(b) The commissioner of environmental conservation may **disseminate** [HAVE DISSEMINATED] information regarding **nonagricultural** food **products** and cosmetics **that** [WHICH] the commissioner considers necessary in the interest of public health and the protection of the consumer against fraud. This section does not prohibit the commissioner from collecting, reporting, and illustrating the results of the commissioner's investigations.

* **Sec. 49.** AS 17.20.220 is amended by adding a new subsection to read:

(d) The commissioner of agriculture and food may disseminate information regarding agricultural food products that the commissioner considers necessary in the interest of public health and the protection of the consumer against fraud. This section does not prohibit the commissioner from collecting, reporting, and illustrating the results of the commissioner's investigations.

* **Sec. 50.** AS 17.20.230(a) is amended to read:

(a) Whenever the commissioner of environmental conservation finds or has probable cause to believe that a **nonagricultural** food **product** or cosmetic is adulterated, or so misbranded as to be dangerous or fraudulent within the meaning of this chapter, the commissioner shall affix to it a tag or other appropriate marking, giving notice that it is or is suspected of being adulterated or misbranded and has been detained or embargoed, and warning all persons not to remove or dispose of it by sale or otherwise until permission for removal or disposal is given by the commissioner or the court. A person may not remove or dispose of a detained or embargoed article by sale or otherwise without this permission.

* **Sec. 51.** AS 17.20.230 is amended by adding a new subsection to read:

(c) Whenever the commissioner of agriculture and food finds or has probable cause to believe that an agricultural food product is adulterated, or so misbranded as to be dangerous or fraudulent within the meaning of this chapter, the commissioner shall affix to it a tag or other appropriate marking, giving notice that it is or is suspected of being adulterated or misbranded and has been detained or embargoed, and warning all persons not to remove or dispose of it by sale or otherwise until permission for removal or disposal is given by the commissioner or the court. A person may not remove or dispose of a detained or embargoed article by sale or otherwise without this permission.

* **Sec. 52.** AS 17.20.240 is amended to read:

Sec. 17.20.240. Petition for libel for condemnation. When an article detained or embargoed under AS 17.20.230 has been found by the **commissioner of agriculture and food, the** commissioner of environmental conservation, or the commissioner of health and social services, as the case may be, to be adulterated or misbranded, the appropriate commissioner shall petition the superior court for a libel

for condemnation of the article. When that commissioner finds that a detained or embargoed article is not adulterated or misbranded, the commissioner shall remove the tag or other marking.

* **Sec. 53.** AS 17.20.250 is amended to read:

Sec. 17.20.250. Destruction of adulterated or misbranded goods. If the superior court finds that a detained or embargoed article is adulterated or misbranded, it shall, after entry of the decree, be destroyed at the expense of the claimant, under the supervision of the **commissioner of agriculture and food, the** commissioner of environmental conservation, or the commissioner of health and social services, as the case may be. Court costs and fees and storage and other proper expenses shall be taxed against the claimant of the article.

* **Sec. 54.** AS 17.20.260 is amended to read:

Sec. 17.20.260. Exemption from destruction. When the adulteration or misbranding can be corrected by proper labeling or processing of the article, and after entry of the decree and after costs, fees, and expenses have been paid and a good and sufficient bond, conditioned that the article will be properly labeled or processed has been executed, the court may order that the article be delivered to the claimant for labeling or processing under the supervision of the **commissioner of agriculture and food, the** commissioner of environmental conservation, or the commissioner of health and social services, as the case may be. The claimant shall pay the expense of supervision. The bond shall be returned to the claimant of the article on representation to the court by the appropriate commissioner that the article is no longer in violation of this chapter, and that the expenses of supervision have been paid.

* **Sec. 55.** AS 17.20.270 is amended to read:

Sec. 17.20.270. Immediate destruction of contaminated food. Meat, seafood, poultry, vegetable, fruit, or other perishable article in any room, building, vehicle of transportation, or other structure **that** [WHICH] is unsound, or contains filthy, decomposed, or putrid substance, or a substance that may be poisonous or deleterious to health or otherwise unsafe, is a nuisance. Whenever the commissioner of **the department that is responsible under AS 17.20.005 - 17.20.075 for the article or structure** [ENVIRONMENTAL CONSERVATION] finds [SUCH] an

article **that is a nuisance under this section**, the commissioner shall immediately condemn or destroy it or in any other manner render it unsalable as human food.

*** Sec. 56.** AS 17.20.280 is amended to read:

Sec. 17.20.280. Injunction proceedings. The **commissioner of agriculture and food, the** commissioner of environmental conservation, and the commissioner of health and social services may apply to the superior court for, and the court has jurisdiction to grant, a temporary or permanent injunction restraining a person from violating their respective portions of this chapter.

*** Sec. 57.** AS 17.20.290(b) is amended to read:

(b) The commissioner of environmental conservation or a designee of the commissioner is responsible for enforcing the provisions of (a)(1) - (10) of this section, if the subject of the prohibited act involves **nonagricultural** food **products** or cosmetics, and the provisions of (a)(12) of this section. This subsection does not limit the authority of peace officers.

*** Sec. 58.** AS 17.20.290 is amended by adding a new subsection to read:

(d) The commissioner of agriculture and food or a designee of the commissioner is responsible for enforcing the provisions of (a)(1) - (10) of this section, if the subject of the prohibited act involves an agricultural food product. This subsection does not limit the authority of peace officers.

*** Sec. 59.** AS 17.20.315(c) is repealed and reenacted to read:

(c) In this section, "department" means the Department of Agriculture and Food for violations of this chapter relating to agricultural food products, or the Department of Environmental Conservation for violations relating to other items.

*** Sec. 60.** AS 17.20.350 is amended to read:

Sec. 17.20.350. Report of minor violations. Nothing in this chapter requires [EITHER] the **commissioner of agriculture and food, the** commissioner of environmental conservation, or the commissioner of health and social services, as the case may be, to report minor violations of their respective portions of this chapter for prosecution, or for the institution of libel or injunction proceedings, when that commissioner believes that the public interest will be adequately served by a suitable written notice or warning.

* **Sec. 61.** AS 17.20.360 is amended to read:

Sec. 17.20.360. Attorney general to prosecute. The attorney general, to whom the **commissioner of agriculture and food, the** commissioner of environmental conservation, or the commissioner of health and social services, as the case may be, reports a violation of this chapter, shall institute appropriate proceedings in the superior court without delay and prosecute them in the manner required by law.

* **Sec. 62.** AS 17.20.370 is amended by adding new paragraphs to read:

(17) "agricultural food product" means a food product produced on a farm, except an aquatic farm, until the product leaves the farm and enters into commerce;

(18) "nonagricultural food product" means a food product that is not an agricultural food product.

* **Sec. 63.** AS 18.65.340(f)(1) is amended to read:

(1) "department" means a department of state government listed in **AS 44.17.005(2) - (16)** [AS 44.17.005(2) - (15)];

* **Sec. 64.** AS 37.05.146(c)(55) is amended to read:

(55) money received by the **Department of Agriculture and Food and the** Department of Environmental Conservation from the inspection of food under AS 17.20;

* **Sec. 65.** AS 38.07.030(a) is amended to read:

(a) An owner of agricultural land, or a lessee from the state of agricultural land, in the general vicinity of the land to be cleared or drained under AS 38.07.010(a) may apply to the commissioner to have the land cleared or drained or both along with the state land. The applicant's land shall be included in the contract of land to be cleared or drained if, in the discretion of the commissioner, the inclusion is feasible and furthers the agricultural policies of the [DIVISION OF THE] Department of **Agriculture and Food** [NATURAL RESOURCES WITH RESPONSIBILITY FOR AGRICULTURE].

* **Sec. 66.** AS 44.17.005 is amended to read:

Sec. 44.17.005. Offices and departments. There are in the state government the following principal offices and departments:

(1) Office of the Governor;

(2) Department of Administration;

(3) Department of Law;

(4) Department of Revenue;

(5) Department of Education and Early Development;

(6) Department of Health and Social Services;

(7) Department of Labor and Workforce Development;

(8) Department of Commerce, Community, and Economic Development;

(9) Department of Military and Veterans' Affairs;

(10) Department of Natural Resources;

(11) Department of Fish and Game;

(12) Department of Public Safety;

(13) Department of Transportation and Public Facilities;

(14) Department of Environmental Conservation;

(15) Department of Corrections;

(16) Department of Agriculture and Food.

*** Sec. 67.** AS 44.37.020(a) is amended to read:

(a) The Department of Natural Resources shall administer the state program for the conservation and development of natural resources, including ~~forests, parks,~~ and recreational areas, land, water, [AGRICULTURE, SOIL CONSERVATION,] and minerals including petroleum and natural gas, but excluding commercial fisheries, sport fish, game, and fur-bearing animals in their natural state.

*** Sec. 68.** AS 44.46.020(a) is amended to read:

(a) The Department of Environmental Conservation shall

(1) have primary responsibility for coordination and development of policies, programs, and planning related to the environment of the state and of the various regions of the state;

(2) have primary responsibility for the adoption and enforcement of regulations setting standards for the prevention and abatement of all water, land, subsurface land, and air pollution, and other sources or potential sources of pollution

of the environment, including by way of example only, petroleum and natural gas pipelines;

(3) promote and develop programs for the protection and control of the environment of the state;

(4) take actions that are necessary and proper to further the policy declared in AS 46.03.010;

(5) adopt regulations for

(A) the prevention and control of public health nuisances;

(B) the regulation of sanitation and sanitary practices in the interest of public health **under AS 03 and AS 17.20**;

(C) standards of cleanliness and sanitation **under AS 03 and AS 17.20** in connection with the construction, operation, and maintenance of a camp, cannery, food handling establishment, food manufacturing plant, mattress manufacturing establishment, industrial plant, school, barbershop, hairdressing, manicuring, esthetics, tattooing and permanent cosmetic coloring, body piercing, or ear piercing establishment, soft drink establishment, beer and wine dispensaries, and for other similar establishments in which lack of sanitation may create a condition that causes disease;

(D) the regulation of quality and purity of commercially compressed air sold for human respiration.

*** Sec. 69.** AS 44.46.025(a) is amended to read:

(a) Except as otherwise provided in AS 37.10.050 - 37.10.056, the Department of Environmental Conservation may adopt regulations that prescribe reasonable fees, and establish procedures for the collection of those fees, to cover the applicable direct costs, not including travel except in the case of a designated regulatory service, as that term is defined in AS 37.10.058, of inspections, permit preparation and administration, plan review and approval, and other services provided by the department relating to

(1) **nonagricultural food products, retail** [ANIMALS AND ANIMAL PRODUCTS UNDER AS 03.05;] food **establishments**, drugs, and cosmetics under AS 17.20; and public accommodations and facilities under AS 18.35;

(2) certificates of inspection for motor vehicles under AS 46.14.400 or

46.14.510;

(3) drinking water systems under AS 46.03.720;

(4) water and wastewater operator training under AS 46.30;

(5) waste management and disposal authorizations under AS 46.03.100;

(6) certification of laboratories conducting environmental analyses of public drinking water systems or of oil or hazardous substances, or conducting other analyses required by the department;

(7) certification of federal permits or authorizations under 33 U.S.C. 1341 (sec. 401, Clean Water Act);

(8) regulation of point source discharges of pollutants under the program authorized by AS 46.03.020(12);

(9) regulation of pesticides and broadcast chemicals registered under AS 46.03.320(a)(4), with a reasonable fee not to exceed $120;

(10) licensing of pesticide applicators under AS 46.03.320(b), with a reasonable fee not to exceed $25.

* **Sec. 70.** AS 44 is amended by adding a new chapter to read:

Chapter 48. Department of Agriculture and Food.

Sec. 44.48.010. Commissioner. The principal executive officer of the Department of Agriculture and Food is the commissioner of agriculture and food.

Sec. 44.48.020. Duties of department. (a) The department shall

(1) have primary responsibility for coordination and development of policies, programs, and planning related to commercial agriculture in the state;

(2) promote and develop programs for the protection and promotion of commercial agriculture in the state;

(3) obtain and distribute information on subjects connected with commercial agriculture;

(4) control and regulate the entry and transportation of seeds, plants, and other horticultural products into and within the state;

(5) control and eradicate the spread of pests injurious to plants, trees, vegetables, fruit, livestock, and poultry;

(6) aid in developing used and unused agricultural resources; and

(7) experiment and determine practical methods of growing, processing, soil analysis, eradication of obnoxious weeds, control of insects, and cheaper and more satisfactory methods of land clearing.

(b) The department may adopt regulations to implement its powers and duties.

Sec. 44.48.030. Fees for services. (a) The department may adopt regulations that establish reasonable fees, and establish procedures for the collection of those fees, to cover the applicable direct costs, except for travel unless for a designated regulatory service, of inspections, permit preparation, permit administration, plan review, plan approval, and other services provided by the department relating to

(1) the department's responsibilities under AS 03;

(2) the department's responsibilities under AS 17.20.

(b) The department may not charge a fee for a service that is provided by a municipality under a delegation of authority by the department to the municipality.

(c) Notwithstanding (a) of this section, the department may not charge a fee for an inspection, permit, or other service provided by the department under AS 03.05 to a school.

(d) In this section,

(1) "direct cost" has the meaning given in AS 37.10.058;

(2) "school" means a public school or private school for children of school age, or a head start center that receives federal financial assistance under 42 U.S.C. 9835;

(3) "school age" has the meaning given in AS 14.03.070.

Sec. 44.48.090. Definitions. In this chapter, "department" means the Department of Agriculture and Food.

* **Sec. 71.** AS 44.62.330(a)(16) is amended to read:

(16) **Department of Agriculture and Food,** Department of Health and Social Services, and Department of Environmental Conservation under AS 17.20 (Alaska Food, Drug, and Cosmetic Act), and Department of Commerce, Community, and Economic Development in connection with the licensing of embalmers and funeral directors under AS 08.42;

*** Sec. 72.** AS 03.05.011(e), 03.05.040(b), 03.05.050(b); AS 03.47.040(2); AS 03.55.190(3); AS 17.20.075; AS 44.37.030; and AS 44.62.330(a)(34) are repealed.

*** Sec. 73.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: REGULATIONS. The Department of Agriculture and Food, created under sec. 70 of this Act, the Department of Environmental Conservation, and the Department of Natural Resources may adopt, amend, and repeal regulations as necessary to implement this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before July 1, 2014.

*** Sec. 74.** Section 73 of this Act takes effect immediately under AS 01.10.070(c).

*** Sec. 75.** Except as provided in sec. 74 of this Act, this Act takes effect July 1, 2014.

ALASKA STATE LEGISLATURE

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REPRESENTATIVE STEVE THOMPSON
DISTRICT 10

SECTIONAL ANALYSIS (CSHB191 version B)

HB 191 – ***"An Act establishing a state department of agriculture and food and relating to its powers and duties; relating to the powers and duties of the Department of Environmental Conservation and the Department of Natural Resources; and providing for an effective date."***

Sec. 1. Amends AS 03.05.010, which deals with agriculture and food. Changes the responsible commissioner to the commissioner of agriculture and food (see new AS 03.05.100(5) in sec. 18). Adds some responsibilities to the list, including establishing a food security program. Exempts retail food establishments, food processing, and fish or fisheries product establishments from coverage of (b).

Sec.2. Amends AS 03.05.011(a), which relates to certain powers over animals and animal products. Exempts retail food establishments from its coverage.

Sec. 3. Amends AS 03.05.011(b) which relates to certain powers over animals and animal products. Exempts retail food establishments from its coverage.

Sec. 4. Amends AS 03.05.011(e) to change the commissioner and department responsible for AS 03.05.011 to the commissioner of agriculture and food and the Department of Agriculture and Food (DOAF).

Sec. 5. Adds the new section AS 03.05.012, which establishes the commissioner of environmental conservation and the Department of Environmental Conservation (DEC) as the responsible commissioner and department for this section.

Sec. 6. Amends AS 03.05.013 to change DOAF (based on the new definition in bill sec. 18) the commissioner and department are responsible for appointing or employing the state veterinarian for animal products over which DOAF has jurisdiction.

Sec. 7. Amends AS 03.05.027(a) to change DOAF (based on the definition in bill sec.18) the commissioner responsible for employing or appointing the state coordinator for noxious weed, invasive plant, and agricultural pest management.

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Sec. 11. Amends AS 03.05.075(b) relating to elk farming. Changing the responsible commissioner to the Commissioner of the Department of Agriculture and Food. The Commissioner of DOAF shall provide the Department of Fish and Game with copies of elk farming applications and licenses.

Sec. 12. Amends AS 03.05.075(d). Fencing standards for elk shall be established under the Department of Agriculture and Food.

Sec. 13. Amends AS 03.05.075(e) Putting the power to regulate elk farming in the Department of Agriculture and Food.

Sec. 14. Amends AS 03.05.090(a) for criminal penalties for violations of regulations under this chapter made by the Departments of Agriculture and Food and Department of Natural Resources.

Sec. 15. Amends AS 03.05.090(c) Setting forth civil fines for violations of quarantines or embargos made by the Departments of Agriculture and Food and Environmental Conservation.

Sec. 16. Amends AS 03.05.090(d) States that the Department of Agriculture and Food, the Department of Environmental Conservation or a court may impose civil fines authorized by this chapter.

Sec. 17. Amends AS 03.05.090(d). Redefines "animal" to exclude fish or fisheries products.

Sec. 18. Amends AS 03.05.100. Adds new definitions to this chapter, to include "commissioner" and "department" as DOAF for the chapter.

Sec. 19. Amends AS 03.09.020(a). To direct the Commissioner of Agriculture and Food to appoint an employee of DOAF as the director of the Board of Agriculture and Conservation to oversee the daily operations of the agricultural revolving loan fund (ARLF).

Sec. 20. Amends AS 03.10.050(g). The Commissioner of Agriculture and Food shall set the regulations for disposal of property acquired by the Board of Agriculture and Conservation to ensure that the property is disposed of as so to maximize the return to the state.

Sec. 21. Amends AS 03.13.050 to make DOAF the department responsible for implementing the chapter relating to federal crop insurance contributions (AS 03.13).

Sec. 22. Amends AS 03.20.080 to define as DOAF the "commissioner" and "department" for the article relating to agriculture and industrial fairs (AS 03.30.010 – 03.20.080).

Sec. 23. Amends AS 03.20.100(e) to designate the DOAF as the lead department in the farm-to school program.

Sec. 24. Amends AS 03.22.010 to change the DOAF as the department responsible for establishing and maintaining the plant materials center.

Sec. 25. Amends AS 03.22.040 to make DOAF one of the agencies that appoints the administrator of the plant materials center.

Sec. 26. Adds sec. 03.22.100 to define "department" for AS 03.22, the plant materials center chapter, as DOAF.

Sec. 27. Amends AS 03.35.030 to identify the commissioner of DOAF as the commissioner to whom a district judge sends a copy of an order related to the establishment, addition, elimination, or dissolution of a controlled livestock district.

Sec. 28. Amends AS 03.40.030(a) to identify the commissioner of DOAF as the commissioner to whom a person applies for a brand mark.

Sec. 29. Amends AS 03.40.270 to define "commissioner" in 03.40 as the Commissioner of the Department of Agriculture and Food.

Sec. 30. Amends AS 03.47.020 to make DOAF responsible for determining whether apiary inspectors are qualified.

Sec. 31- 35 makes DOAF the responsible department for bees and beekeeping.

Sec. 36. Amends AS 03.55.190 to put the care of animals under the DOAF.

Sec. 37. Adds sec. 03.58.090 to put organic food and agricultural products under the purview of the Department of Agriculture and Food.

Sec. 38. Amends AS 14.07.020(a) Setting out the role of the Department of Agriculture and Food in assisting in the development and implementation in the farm-to-school program.

Sec. 39. Repeals and reenacts AS 17.20.005 to give to the commissioner of DOAF the powers to regulate food except for fish and fisheries products.

Sec. 40. Adds sec. AS 17.20.007 Setting forth the duties of the Commissioner of the Department of Environmental Conservation to regulate fish and fisheries products (including seafood raising and processing) and to inspect retail food establishments.

Sec. 41. Amends AS 17.20.010 to direct DOAF to adopt regulations relating to definitions and standards for agricultural food and to establish a mobile canned agricultural food products inspection service.

Sec. 42. Adds a new subsection to AS 17.20.010, keeping the power to regulate fish and fish products under the Department of Environmental Conservation and to establish a mobile canned nonagricultural food inspection service.

Sec. 43 & 44. Put the duty to regulate hormone labeling in milk under the Department of Agriculture and Food.

Sec. 45. Amends AS 17.20.030 to make changes to conform the section to the new division of responsibilities between the departments.

Sec. 46. Amends AS 17.20.040(a) to make changes to conform the subsection to the new division of responsibilities between the departments. Also, makes stylistic and clarifying changes.

Sec. 47 & 48. Amends 17.20.044(b) and (C) Separating the responsibilities for the sales and labeling of frozen meat, fish, and poultry between the Department of Agriculture Food and the Department of Environmental Conservation.

Sec. 50. Amends AS 17.20.050 makes changes to conforming the responsibility for emergency permit controls between the Department of Agriculture and Food and the Department of Environmental Conservation.

Sec. 51. Amends AS 17.20.060 to make changes to conform the section to the new division of responsibilities between the departments.

Sec. 52 - 56. Amends AS 17.20.065-.072 to make changes to conform the section to the new division of responsibilities between the departments.

Sec. 57. Amends AS 17.20.180 to allow the Department of Agriculture and Food to adopt regulations for efficient enforcement of its respective portions of this chapter.

Sec. 58. Amends AS 17.20.200(a) to limit the food covered in this subsection to fish and fisheries products over which DEC has responsibility.

Sec. 59. Amends AS 17.20.200 to add an inspection equivalent to subsection (a) to cover DOAF's access and inspection authority.

Sec. 60. Amends AS 17.20.220(a), which relates to making reports about court actions, to add DOAF as a department that may issue reports.

Sec. 61. Amends AS 17.20.220(b), which relates to dissemination of information, to limit the food-related subjects to fish, fisheries products, and retail establishments to over which DEC has jurisdiction.

Sec. 62. Amends AS 17.20.220 to add information dissemination equivalent to subsection (a) to cover DOAF's information dissemination authority.

Sec. 63. Amends As 17.20.230(a), which relates to the Department of Environmental Conservation's power to detain or embargo fish or fish products that are dangerous or fraudulent.

Sec. 64. Amends AS 17.20.230 to give the Department of Agriculture and Food the power to detain or embargo agricultural food that is adulterated or misbranded in a manner that is dangerous or fraudulent.

Sec. 65. Amends AS 17.20.240 Adding the Department of Agriculture and Food to the departments that can petition for condemnation of a food.

Sec. 66. Amends AS 17.20.240 to allow the Department of Agriculture and Food to destroy adulterated or misbranded goods under its purview.

Sec. 67. Amends AS 17.20.260 gives the Department of Agriculture the oversight of relabeling of misbranded food items under the department's purview.

Sec. 68. Amends AS 17.20.260 to gives the Department of Agricultural and Food the oversight of destruction of contaminated food items under the department's purview.

Sec. 69. Amends AS 17.20.290(b) Giving the Department of Agriculture and Food the ability to apply to the superior court for injunctions against person's violating provisions of this chapter.

Sec. 70. Amends AS 17.20.290(b) , which relates to enforcement action taken on prohibited acts by DEC, to limit the food-related acts to fish, fisheries products, and retail food establishments.

Sec. 71. Amends AS 17.20.290 to add an enforcement action equivalent to subsection (b) to cover DOAF's enforcement action authority.

Sec. 72. Amends AS 17.20.315(c) gives the Department of Agriculture and Food the power to impose civil fines for serious violations of this chapter.

Sec. 73. Amends AS 17.20.350, to state that nothing in this chapter requires the Department of Agriculture and Food to report minor violations.

Sec. 74. Amends AS 17.20.360 to make a change to conform the section to the new division of responsibilities between the departments.

Sec. 75. Amends AS 17.20.370 to add definitions to AS 17.20 for "agricultural food".

Sec. 76. Amends AS 18.65.340(f) to make a conforming change.

Sec. 77. Amends AS 37.05.146(c)(55) to include DOAF food inspection receipts in a specific category of program receipts and to reflect the change in the division of responsibilities under AS 17.20.
Sec. 78. Amends AS 38.07.030(a), which relates to the clearing and draining of agricultural land, to change the responsibility to DOAF.
Sec. 79. Amends AS 44.17.005 to list the new DOAF as a principal department of the state.
Sec. 80. Amends AS 44.27.020(a) to remove agriculture and soil conservation from DNR's responsibility.
Sec. 81. Amends AS 44.46.020(a), which relates to DEC's duties, to limit the application of certain provisions because DOAF will be performing some activities in the same general categories.
Sec. 82. Amends AS 44.46.025(a), which relates to DEC's powers, to limit the application of certain provisions to reflect DEC's new food and animal related responsibilities under AS 03.05 and AS 17.20.
Sec. 83. Adds a new chapter to establish the new DOAF department.
Section 44.48.010. Establishes the commissioner of DOAF as the principal executive officer of DOAF.
Sec. 44.48.020. Establishes the duties of the DOAF.
Sec. 44.48.030. Authorizes DOAF to establish reasonable fees for its services relating to DOAF's responsibilities under AS 03 and AS 17.20. Prohibits DOAF from charging a fee for a service provided by a municipality under a delegation of authority from the municipality. Prohibits DOAF from charging a fee for a service provided under AS 03.05 to a school.
Sec. 44.48.090. Defines a term for the new chapter.
Sec. 84. Amends AS 44.62.330(a)(16) to add DOAF to the agencies enforcing AS 17.20 and that are subject to the general administrative adjudication provisions of AS 44.62.330 - 44.62.630 (part of the state's Administrative Procedure Act).
Sec. 85. Amends AS 44.62.330(a)(34) to change to DOAF the agency identified as subject to the general administrative adjudication provisions of AS 44.62.330 - 44.52.630 (part of the state's Administrative Procedure Act) concerning the Alaska grain reserve program under former AS 03.12.
Sec. 86. Repeals certain laws.
Sec. 87 Authorizes the DOAF, DEC, and DNR to begin adopting, amending, and repealing regulations as necessary to implement this Act.
Sec. 88. Makes bill sec. 87 effective immediately
Sec. 89. Makes the bill effective July 1, 2014, except as provided in bill sec. 88.

Explanation of CS Changes

HB 191 – *"An Act establishing a state department of agriculture and food and relating to its powers and duties; relating to the powers and duties of the Department of Environmental Conservation and the Department of Natural Resources; and providing for an effective date."*

Sec. 1, page 2, line 5. Removes reference to "food processing" language.

Sec 1, page 2, lines 24-26. Adds voluntary participation.

Sec. 5, page 4, line 29. Deletes references to fish and fisheries products.

Sec. 18, page 9, line 29. Deletes references to retail food.

Sec. 41, page 18, line 10. Amends definitions for standards and foods. Names the Department of Agriculture and Food to establish and fix regulations for agricultural food products or classes.

Sec. 49, page 23, line 22. Removes reference to retail food establishment.

Sec. 75, page 30, lines 25-30. Removes references to retail food.

ALASKA STATE LEGISLATURE

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REPRESENTATIVE STEVE THOMPSON
DISTRICT 10

SECTIONAL ANALYSIS (version M)

HB 191 – ***"An Act establishing a state department of agriculture and food and relating to its powers and duties; relating to the powers and duties of the Department of Environmental Conservations and the Department of Natural Resources; and providing for an effective date."***

Sec. 1. Amends AS 03.05.010, which deals with agriculture and food. Changes the responsible commissioner to the commissioner of agriculture and food (see new AS 03.05.100(5) in sec. 18). Adds some responsibilities to the list, including establishing a food security program. Exempts retail food establishments and fish or fisheries product establishments from coverage of (b).

Sec.2. Amends AS 03.05.011(a), which relates to certain powers over animals and animal products. Exempts retail food establishments from its coverage.

Sec. 3. Amends AS 03.05.011(b) which relates to certain powers over animals and animal products. Exempts retail food establishments from its coverage.

Sec. 4. Amends AS 03.05.011(e) to change the commissioner and department responsible for AS 03.05.011 to the commissioner of agriculture and food and the Department of Agriculture and Food (DOAF).

Sec. 5. Adds the new section AS 03.05.012, which provides powers over fish and fisheries products. Establishes the commissioner of environmental conservation and the Department of Environmental Conservation (DEC) as the responsible commissioner and department for this section.

Sec. 6. Amends AS 03.05.013 to change DOAF (based on the new definition in bill sec. 18) the commissioner and department are responsible for appointing or employing the state veterinarian for animal products over which DOAF has jurisdiction.

Sec. 7. Amends AS 03.05.027(a) to change DOAF (based on the definition in bill sec.18) the commissioner responsible for employing or appointing the state coordinator for noxious weed, invasive plant, and agricultural pest management.

Sec. 8. Amends AS 03.05.040(b) gives the power of inspection to the Commissioner of Agriculture and Food to inspect agricultural products and animals, with exceptions for retail food establishments and fish or fisheries products to DEC.

Sec. 9. Amends AS 03.05.050(b). Establishes which commissioners are responsible for carrying out this section dealing with animals, animal products, and agricultural products that violate regulations and are public nuisances. Changes to DOAF the commissioner for agricultural products and animals, except fish and fisheries products. Changes the responsibility of the commissioner of DEC to retail food establishments, fish or fisheries products, and fish or fisheries products establishments.

Sec. 10. Amends AS 03.05.075(a) relating to elk farming, licensing and elk farm inspections under the powers of the new DOAF.

Sec. 11. Amends AS 03.05.075(b) relating to elk farming. Changing the responsible commissioner to the Commissioner of the Department of Agriculture and Food. The Commissioner of DOAF shall provide the Department of Fish and Game with copies of elk farming applications and licenses.

Sec. 12. Amends AS 03.05.075(d). Fencing standards for elk shall be established under the Department of Agriculture and Food.

Sec. 13. Amends AS 03.05.075(e) Putting the power to regulate elk farming in the Department of Agriculture and Food.

Sec. 14. Amends AS 03.05.090(a) for criminal penalties for violations of regulations under this chapter made by the Departments of Agriculture and Food and Department of Natural Resources.

Sec. 15. Amends AS 03.05.090(c) Setting forth civil fines for violations of quarantines or embargos made by the Departments of Agriculture and Food and Environmental Conservation.

Sec. 16. Amends AS 03.05.090(d) States that the Department of Agriculture and Food, the Department of Environmental Conservation or a court may impose civil fines authorized by this chapter.

Sec. 17. Amends AS 03.05.090(d). Redefines "animal" to exclude fish or fisheries products.

Sec. 18. Amends AS 03.05.100. Adds new definitions to this chapter, to include "commissioner" and "department" as DOAF for the chapter. Also adds a definition of "retail food establishment" for the chapter.

Sec. 19. Amends AS 03.09.020(a). To direct the Commissioner of Agriculture and Food to appoint an employee of DOAF as the director of the Board of Agriculture and Conservation to oversee the daily operations of the agricultural revolving loan fund (ARLF).

Sec. 20. Amends AS 03.10.050(g). The Commissioner of Agriculture and Food shall set the regulations for disposal of property acquired by the Board of Agriculture and Conservation to ensure that the property is disposed of as so to maximize the return to the state.

Sec. 21. Amends AS 03.13.050 to make DOAF the department responsible for implementing the chapter relating to federal crop insurance contributions (AS 03.13)

Sec. 22. Amends AS 03.20.080 to define as DOAF the "commissioner" and "department" for the article relating to agriculture and industrial fairs (AS 03.30.010 – 03.20.080).

Sec. 23. Amends AS 03.20.100(e) to designate the DOAF as the lead department in the farm-to school program.

Sec. 24. Amends AS 03.22.010 to change the DOAF as the department responsible for establishing and maintaining the plant materials center.

Sec. 25. Amends AS 03.22.040 to make DOAF one of the agencies that appoints the administrator of the plant materials center.

Sec. 26. Adds sec. 03.22.100 to define "department" for AS 03.22, the plant materials center chapter, as DOAF.

Sec. 27. Amends AS 03.35.030 to identify the commissioner of DOAF as the commissioner to whom a district judge sends a copy of an order related to the establishment, addition, elimination, or dissolution of a controlled livestock district.

Sec. 28. Amends AS 03.40.030(a) to identify the commissioner of DOAF as the commissioner to whom a person applies for a brand mark.

Sec. 29. Amends AS 03.40.270 to define "commissioner" in 03.40 as the Commissioner of the Department of Agriculture and Food.

Sec. 30. Amends AS 03.47.020 to make DOAF responsible for determining whether apiary inspectors are qualified.

Sec. 31- 35 makes DOAF the responsible department for bees and beekeeping.

Sec. 36. Amends AS 03.55.190 to put the care of animals under the DOAF.

Sec. 37. Adds sec. 03.58.090 to put organic food and agricultural products under the purview of the Department of Agriculture and Food.

Sec. 38. Amends AS 14.07.020(a) Setting out the role of the Department of Agriculture and Food in assisting in the development and implementation in the farm-to-school program.

Sec. 39. Repeals and reenacts AS 17.20.005 to give to the commissioner of DOAF the powers to regulate food except for fish and fisheries products.

Sec. 40. Adds sec. AS 17.20.007 Setting forth the duties of the Commissioner of the Department of Environmental Conservation to regulate fish and fisheries products (including seafood raising and processing) and to inspect retail food establishments.

Sec. 41. Amends AS 17.20.010 to direct DOAF to adopt regulations relating to definitions and standards for agricultural food and to establish a mobile canned agricultural food inspection service.

Sec. 42. Adds a new subsection to AS 17.20.010, keeping the power to regulate fish and fish products under the Department of Environmental Conservation and to establish a mobil canned nonagricultural food inspection service.

Sec. 43 & 44. Put the duty to regulate hormone labeling in milk under the Department of Agriculture and Food.

Sec. 45. Amends AS 17.20.030 to make changes to conform the section to the new division of responsibilities between the departments.

Sec. 46. Amends AS 17.20.040(a) to make changes to conform the subsection to the new division of responsibilities between the departments. Also, makes stylistic and clarifying changes.

Sec. 47 & 48. Amends 17.20.044(b) and (C) Separating the responsibilities for the sales and labeling of frozen meat, fish, and poultry between the Department of Agriculture Food and the Department of Environmental Conservation.

Sec. 49. Amends AS 17.20.049(b) to reference the moving of the main part of this definition of "retail food establishment" to the general definition of "retail food establishment" for As 17.20 (in AS 17.20.370).

Sec. 50. Amends AS 17.20.050 makes changes to conforming the responsibility for emergency permit controls between the Department of Agriculture and Food and the Department of Environmental Conservation.

Sec. 51. Amends AS 17.20.060 to make changes to conform the section to the new division of responsibilities between the departments.

Sec. 52 - 56. Amends AS 17.20.065-.072 to make changes to conform the section to the new division of responsibilities between the departments.

Sec. 57. Amends AS 17.20.180 to allow the Department of Agriculture and Food to adopt regulations for efficient enforcement of its respective portions of this chapter.

Sec. 58. Amends AS 17.20.200(a) to limit the food covered in this subsection to fish and fisheries products over which DEC has responsibility.

Sec. 59. Amends AS 17.20.200 to add an inspection equivalent to subsection (a) to cover DOAF's access and inspection authority.

Sec. 60. Amends AS 17.20.220(a), which relates to making reports about court actions, to add DOAF as a department that may issue reports.

Sec. 61. Amends AS 17.20.220(b), which relates to dissemination of information, to limit the food-related subjects to fish, fisheries products, and retail establishments to over which DEC has jurisdiction.

Sec. 62. Amends AS 17.20.220 to add information dissemination equivalent to subsection (a) to cover DOAF's information dissemination authority.

Sec. 63. Amends As 17.20.230(a), which relates to the Department of Environmental Conservation's power to detain or embargo fish or fish products that are dangerous or fraudulent.

Sec. 64. Amends AS 17.20.230 to give the Department of Agriculture and Food the power to detain or embargo agricultural food that is adulterated or misbranded in a manner that is dangerous or fraudulent.

Sec. 65. Amends AS 17.20.240 Adding the Department of Agriculture and Food to the departments that can petition for condemnation of a food.

Sec. 66. Amends AS 17.20.240 to allow the Department of Agriculture and Food to destroy adulterated or misbranded goods under its purview.

Sec. 67. Amends AS 17.20.260 gives the Department of Agriculture the oversight of relabeling of misbranded food items under the department's purview.

Sec. 68. Amends AS 17.20.260 to gives the Department of Agricultural and Food the oversight of destruction of contaminated food items under the department's purview.

Sec. 69. Amends AS 17.20.290(b) Giving the Department of Agriculture and Food the ability to apply to the superior court for injunctions against person's violating provisions of this chapter.

Sec. 70. Amends AS 17.20.290(b) , which relates to enforcement action taken on prohibited acts by DEC, to limit the food-related acts to fish, fisheries products, and retail food establishments.

Sec. 71. Amends AS 17.20.290 to add an enforcement action equivalent to subsection (b) to cover DOAF's enforcement action authority.

Sec. 72. Amends AS 17.20.315(c) gives the Department of Agriculture and Food the power to impose civil fines for serious violations of this chapter.

Sec. 73. Amends AS 17.20.350, to state that nothing in this chapter requires the Department of Agriculture and Food to report minor violations.

Sec. 74. Amends AS 17.20.360 to make a change to conform the section to the new division of responsibilities between the departments.

Sec. 75. Amends AS 17.20.370 to add definitions to AS 17.20 for "agricultural food" and "retail food establishments".

Sec. 76. Amends AS 18.65.340(f) to make a conforming change.

Sec. 77. Amends AS 37.05.146(c)(55) to include DOAF food inspection receipts in a specific category of program receipts and to reflect the change in the division of responsibilities under AS 17.20.

Sec. 78. Amends AS 38.07.030(a), which relates to the clearing and draining of agricultural land, to change the responsibility to DOAF.

Sec. 79. Amends AS 44.17.005 to list the new DOAF as a principal department of the state.

Sec. 80. Amends AS 44.27.020(a) to remove agriculture and soil conservation from DNR's responsibility.

Sec. 81. Amends AS 44.46.020(a), which relates to DEC's duties, to limit the application of certain provisions because DOAF will be performing some activities in the same general categories.

Sec. 82. Amends AS 44.46.025(a), which relates to DEC's powers, to limit the application of certain provisions to reflect DEC's new food and animal related responsibilities under AS 03.05 and AS 17.20.

Sec. 83. Adds a new chapter to establish the new DOAF department.

Section 44.48.010. Establishes the commissioner of DOAF as the principal executive officer of DOAF.

Sec. 44.48.020. Establishes the duties of the DOAF.

Sec. 44.48.030. Authorizes DOAF to establish reasonable fees for its services relating to DOAF's responsibilities under AS 03 and AS 17.20. Prohibits DOAF from charging a fee for a service provided by a municipality under a delegation of authority from the municipality. Prohibits DOAF from charging a fee for a service provided under AS 03.05 to a school.

Sec. 44.48.090. Defines a term for the new chapter.

Sec. 84. Amends AS 44.62.330(a)(16) to add DOAF to the agencies enforcing AS 17.20 and that are subject to the general administrative adjudication provisions of AS 44.62.330 - 44.62.630 (part of the state's Administrative Procedure Act).

Sec. 85. Amends AS 44.62.330(a)(34) to change to DOAF the agency identified as subject to the general administrative adjudication provisions of AS 44.62.330 - 44.52.630 (part of the state's Administrative Procedure Act) concerning the Alaska grain reserve program under former AS 03.12.

Sec. 86. Repeals certain laws.

Sec. 87 Authorizes the DOAF, DEC, and DNR to begin adopting, amending, and repealing regulations as necessary to implement this Act.

Sec. 88. Makes bill sec. 87 effective immediately

Sec. 89. Makes the bill effective July 1, 2014, except as provided in bill sec. 88.

FISCAL NOTE

1a.

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 191**
Fiscal Note Number:
Publish Date:

Identifier (file name): HB 191-DNR-ARLF-3-23-12
Title: State Department of Agriculture and Food
Sponsor: THOMPSON
Requester: (H) RES

Dept. Affected: Natural Resources
Appropriation: Agriculture
Allocation: Agricultural Revolving Loan Program
OMB Component Number: 2235

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services				(472.9)			
Travel				(24.0)			
Services				(494.6)			
Commodities				(1,534.6)			
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**(2,526.1)**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1021	Agric RLF (DGF)				(2,526.1)			
TOTAL		**0.0**	**0.0**	**0.0**	**(2,526.1)**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time				-5			
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

To reflect FY 2013 Governor numbers.

Prepared by: Franci Havemeister
Division: Agriculture
Phone: 761-3867
Date/Time: 3/23/12 12:00 AM

Approved by: Daniel S. Sullivan
Department of Natural Resources
Date: 3/23/2012

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS 03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources to a newly created commissioner of the Department of Agriculture and Food. This fiscal note is based on FY 2013 Governor numbers.

This bill will take effect July 1, 2014.

FISCAL NOTE

1b.

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB191**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB191-GOV-OMB-3-23-12
Title: State Department of Agriculture and Food
Sponsor: Representative Thompson
Requester: HOUSE RESOURCES

Dept. Affected: Agriculture and Food
Appropriation: Agriculture Development
Allocation: Agricultural Revolving Loan Program
OMB Component Number: 2235

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates			
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services				472.9	472.9	472.9	472.9
Travel				24.0	24.0	24.0	24.0
Services				494.6	494.6	494.6	494.6
Commodities				1,534.6	1,534.6	1,534.6	1,534.6
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**2,526.1**	**2,526.1**	**2,526.1**	**2,526.1**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1108	Stat Desig (Other)							
1021	Agric RLF (DGF)				2,526.1	2,526.1	2,526.1	2,526.1
TOTAL		**0.0**	**0.0**	**0.0**	**2,526.1**	**2,526.1**	**2,526.1**	**2,526.1**

POSITIONS							
Full-time				5	5	5	5
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Updated for FY2013 Governor's Amended budget.

Prepared by: John Boucher, Senior Economist — Phone: 465-4677
Division: Office of Management and Budget — Date/Time: 3/23/2012 12:00pm
Approved by: Karen J Rehfeld, Director — Date: 3/23/2012
Office of Management and Budget

(Revised 11/18/2011 OMB)

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB191
2012 LEGISLATIVE SESSION

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources to a newly created commissioner of the Department of Agriculture and Food. This fiscal note is based on FY2013 Governor amended budget numbers.

2.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB191**
Fiscal Note Number:
Publish Date:

Identifier (file name): HB191-DNR-FAC-3-23-12
Title: Establish Department of Agriculture and Food
Sponsor: Rep. Thompson
Requester: (H) RES

Dept. Affected: Natural Resources
Appropriation: Administration and Support
Allocation: Facilities
OMB Component Number: 2999

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services				(54.0)			
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**(54.0)**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF				(54.0)			
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**(54.0)**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This is a updated form version for the second session of the 27th legislature. The identifier, appropriation, and allocation have been changed to reflect the revised DNR structure.

Prepared by: Jean Davis, Director — Phone: 465-2422
Division: Support Services — Date/Time: 3/23/12 12:00 AM
Approved by: Daniel S. Sullivan — Date: 3/23/2012
Department of Natural Resources

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS 03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources (DNR) to a newly created commissioner of the Department of Agriculture and Food. DNR pays $54.0/year in general fund from the allocation Facilities to support the Division of Agriculture lease costs.

This bill will take effect July 1, 2014.

FISCAL NOTE

3a.

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: HB 191
Fiscal Note Number:
Publish Date:

Identifier (file name): HB 191-DNR-PMC-3-23-12
Title: State Department of Agriculture and Food
Sponsor: THOMPSON
Requester: (H) RES

Dept. Affected: Natural Resources
Appropriation: Agriculture
Allocation: North Latitide Plant Material Center
OMB Component Number: 2204

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services				(1,757.6)			
Travel				(36.1)			
Services				(615.6)			
Commodities				(82.7)			
Capital Outlay				(194.2)			
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**(2,686.2)**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts				(370.0)			
1007	I-A				(65.2)			
1004	GF				(2,026.5)			
1005	GF/Prgm (DGF)				(16.2)			
1108	Stat Desig (Other)				(24.8)			
1061	CIP Rcpts (Other)				(183.5)			
TOTAL		**0.0**	**0.0**	**0.0**	**(2,686.2)**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time				-11			
Part-time				-11			
Temporary				-2			

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

To reflect FY2013 Governor's budget numbers and to reflect the new fiscal note form.

Prepared by: Franci Havemeister — Phone: 761-3867
Division: Agriculture — Date/Time: 3/23/12 12:00 AM
Approved by: Daniel S. Sullivan — Date: 3/23/2012
Department of Natural Resources

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS 03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources to a newly created commissioner of the Department of Agriculture and Food. This fiscal note is based on FY 2013 Governor numbers.

This bill will take effect July 1, 2014.

FISCAL NOTE

3b.

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB191**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB191-GOV-OMB-3-23-12
Title: State Department of Agriculture and Food
Sponsor: Representative Thompson
Requester: HOUSE RESOURCES

Dept. Affected: Agriculture and Food
Appropriation: Agriculture Development
Allocation: North Latitude Plant Material Center
OMB Component Number: 2204

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates			
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services				1,757.6	1,757.6	1,757.6	1,757.6
Travel				36.1	36.1	36.1	36.1
Services				615.6	615.6	615.6	615.6
Commodities				82.7	82.7	82.7	82.7
Capital Outlay				194.2	194.2	194.2	194.2
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**2,686.2**	**2,686.2**	**2,686.2**	**2,686.2**

FUND SOURCE					(Thousands of Dollars)			
1002	Federal Receipts				370.0	370.0	370.0	370.0
1004	GF				2,026.5	2,026.5	2,026.5	2,026.5
1005	GF/Prgm (DGF)				16.2	16.2	16.2	16.2
1007	I/A Rcpts (Other)				65.2	65.2	65.2	65.2
1061	CIP Rcpts (Other)				183.5	183.5	183.5	183.5
1108	Stat Desig (Other)				24.8	24.8	24.8	24.8
TOTAL		**0.0**	**0.0**	**0.0**	**2,686.2**	**2,686.2**	**2,686.2**	**2,686.2**

POSITIONS							
Full-time				11	11	11	11
Part-time				11	11	11	11
Temporary				2	2	2	2

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Updated for FY2013 Governor's Amended budget.

Prepared by: John Boucher, Senior Economist — Phone: 465-4677
Division: Office of Management and Budget — Date/Time: 3/23/2012 12:00pm
Approved by: Karen J Rehfeld, Director — Date: 3/23/2012
Office of Management and Budget

(Revised 11/18/2011 OMB)

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources to a newly created commissioner of the Department of Agriculture and Food. This fiscal note is based on FY2013 Governor amended budget .

4.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB191**
Fiscal Note Number:
Publish Date:

Identifier (file name): HB191-DNR-CB-3-23-12
Title: Establish Department of Agriculture and Food
Sponsor: Rep. Thompson
Requester: (H) RES

Dept. Affected: Natural Resources
Appropriation: Administration and Support
Allocation: Interdepartmental Chargebacks
OMB Component Number: 2998

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services				(52.8)			
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**(52.8)**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF				(52.8)			
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**(52.8)**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This is a updated form version for the second session of the 27th legislature. The identifier, appropriation, and allocation have been changed to reflect the revised DNR structure.

Prepared by: Jean Davis, Director — Phone: 465-2422
Division: Support Services — Date/Time: 3/23/12 12:00 AM
Approved by: Daniel S. Sullivan — Date: 3/23/2012
Department of Natural Resources

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS 03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources (DNR) to a newly created Commissioner of the Department of Agriculture and Food. DNR pays $52.8 ($23.1 for Human Resources and $29.7 for IT Chargebacks) in general fund from the allocation Interdepartmental Chargebacks to support the Division of Agriculture Human Resource and IT costs.

This bill will take effect July 1, 2014.

5.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 191**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB191-GOV-OMB-03-23-12
Title: Department of Agriculture and Food
Sponsor: Representative Thompson
Requester: House Resources

Dept. Affected: Agriculture and Food
Appropriation: Administrative Support
Allocation: Administrative Services
OMB Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates			
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services				1,161.7	1,161.7	1,161.7	1,161.7
Travel				15.0	15.0	15.0	15.0
Services				175.0	175.0	175.0	175.0
Commodities				15.0	15.0	15.0	15.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**1,366.7**	**1,366.7**	**1,366.7**	**1,366.7**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF				1,366.7	1,366.7	1,366.7	1,366.7
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**1,366.7**	**1,366.7**	**1,366.7**	**1,366.7**

POSITIONS							
Full-time				13	13	13	13
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Updated to incorporate latest salary schedules.

Prepared by: John Boucher, Senior Economist — Phone: 465-4677
Division: Office of Management and Budget — Date/Time: 3/23/2012 1:00pm
Approved by: Karen J. Rehfeld, Director — Date: 3/23/2012
Office of Management and Budget

(Revised 11/18/2011 OMB)

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB 191
2012 LEGISLATIVE SESSION

Analysis

HB 191 creates a new Department of Agriculture and Food. Although the programs and staff will be transferred from the Departments of Environmental Conservation and Natural Resources, an entirely new Office of the Commissioner and Division of Administrative Services will be created.

Funding and staffing are based on Office of the Commissioner staffs and funding in other departments. These are preliminary estimates only and would need to be refined closer to the actual set-up of the Office. This estimate excludes any initial set-up costs for the new office or the additional lease space required, which would increase the costs on a one-time basis in FY2015.

The 13 positions requested are:

Division Director (range 27B)	152,662
Budget Analyst III (range 19B)	97,673
Administrative Assistant II (range 14B)	73,740
Procurement Specialist III (rang 18B)	92,392
Supply Technician II (range 12B)	66,761
Accountant IV (range 20B)	103,463
Accounting Tech III (range 16B)	82,463
Accounting Tech II (range 14B)	73,740
Accounting Tech II (range 14B)	73,740
Accounting Tech I (range 12B)	66,761
Micro/Network Spec II (range 20B)	103,463
Micro/Network Spec I (range 18B)	92,392
Micro/Network Tech II (range 16B)	82,463
(vacancy adjustment)	(13)
Estimated Personal Services Costs	1,161,700

6.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 191**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB191-GOV-OMB-03-23-12
Title: Department of Agriculture and Food
Sponsor: Representative Thompson
Requester: House Resources

Dept. Affected: Agriculture and Food
Appropriation: Administration and Support
Allocation: Office of the Commissioner
OMB Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates			
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services				630.0	630.0	630.0	630.0
Travel				30.0	30.0	30.0	30.0
Services				100.0	100.0	100.0	100.0
Commodities				15.0	15.0	15.0	15.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**775.0**	**775.0**	**775.0**	**775.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF				775.0	775.0	775.0	775.0
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**775.0**	**775.0**	**775.0**	**775.0**

POSITIONS							
Full-time				5	5	5	5
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Updated to incorporate latest salary schedules.

Prepared by: John Boucher, Senior Economist — Phone: 465-4677
Division: Office of Management and Budget — Date/Time: 3/23/2012 1:00pm
Approved by: Karen J Rehfeld, Director — Date: 3/23/2012
Office of Management and Budget

(Revised 11/18/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 191

Analysis

HB 191 creates a new Department of Agriculture and Food. Although the programs and staff will be transferred from the Departments of Environmental Conservation and Natural Resources, an entirely new Office of the Commissioner and Division of Administrative Services will be created.

Funding and staffing are based on Office of the Commissioner staffs and funding in other departments. These are preliminary estimates only and would need to be refined closer to the actual set-up of the Office. This estimate excludes any initial set-up costs for the new office or the additional lease space required, which would increase the costs on a one-time basis in FY2015.

The five positions requested are:	
Commissioner (Range 30A)	$205,910
Deputy Commissioner (range 28A)	$170,409
Executive Secretary III (range 16A)	$81,999
Special Assistant to the Commissioner II (range 21A)	$108,175
Administrative Assistant (range 12A)	$64,442
Minus Vacancy adjustment of .02%	($135)
Estimated Personal Services Line	$630,000

7a.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 191**
Fiscal Note Number:
Publish Date:

Identifier (file name): HB 191-DNR-AG-3-23-12
Title: State Department of Agriculture and Food
Sponsor: THOMPSON
Requester: (H) RES

Dept. Affected: Natural Resources
Appropriation: Agriculture
Allocation: Agricultural Development
OMB Component Number: 455

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services				(1,570.5)			
Travel				(102.2)			
Services				(668.1)			
Commodities				(63.2)			
Capital Outlay				(7.0)			
Grants, Benefits				(100.0)			
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**(2,511.0)**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts				(761.4)			
1003	GF Match							
1004	GF				(1,229.6)			
1005	GF/Prgm (DGF)				(1.5)			
1108	Stat Desig (Other)				(30.0)			
1153	State Land (DGF)				(488.5)			
TOTAL		**0.0**	**0.0**	**0.0**	**(2,511.0)**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time				-15			
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

To reflect FY 2013 Governor numbers.

Prepared by: Franci Havemeister, Director — Phone: 761-3867
Division: Agriculture — Date/Time: 3/23/12 12:00 AM
Approved by: Daniel S. Sullivan, Commissioner — Date: 3/23/2012
Department of Natural Resources

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS 03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources to a newly created commissioner of the Department of Agriculture and Food. This fiscal note is based on FY2013 Governor numbers.

This bill will take effect July 1, 2014.

7b.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB191**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB191-GOV-OMB-3-23-12
Title: State Department of Agriculture and Food
Sponsor: Representative Thompson
Requester: HOUSE RESOURCES

Dept. Affected: Agriculture and Food
Appropriation: Agriculture Development
Allocation: Agricultural Development
OMB Component Number: 455

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates			
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services				1,570.5	1,570.5	1,570.5	1,570.5
Travel				102.2	102.2	102.2	102.2
Services				668.1	668.1	668.1	668.1
Commodities				63.2	63.2	63.2	63.2
Capital Outlay				7.0	7.0	7.0	7.0
Grants, Benefits				100.0	100.0	100.0	100.0
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**2,511.0**	**2,511.0**	**2,511.0**	**2,511.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts				761.4	761.4	761.4	761.4
1003	GF Match							
1004	GF				1,229.6	1,229.6	1,229.6	1,229.6
1005	GF/Prgm (DGF)				1.5	1.5	1.5	1.5
1108	Stat Desig (Other)				30.0	30.0	30.0	30.0
1153	State Land (DGF)				488.5	488.5	488.5	488.5
TOTAL		**0.0**	**0.0**	**0.0**	**2,511.0**	**2,511.0**	**2,511.0**	**2,511.0**

POSITIONS								
Full-time					15	15	15	15
Part-time								
Temporary								

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required,*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required;*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Updated for FY2013 Governor's Amended budget.

Prepared by: John Boucher, Senior Economist — Phone: 465-4677
Division: Office of Management and Budget — Date/Time: 3/23/2012 12:00pm
Approved by: Karen J Rehfeld, Director — Date: 3/23/2012
Office of Management and Budget

(Revised 11/18/2011 OMB)

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB191
2012 LEGISLATIVE SESSION

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources to a newly created commissioner of the Department of Agriculture and Food. This fiscal note is based on FY2013 Governor amended budget numbers.

8a.

FISCAL NOTE

STATE OF ALASKA cost ≠ codes
2012 LEGISLATIVE SESSION

Bill Version: **HB 191**
Fiscal Note Number:
Publish Date:

Identifier (file name): HB191-DEC-LS-12-03-11
Title: Department of Agriculture and Food
Sponsor: Representative Thompson by request
Requester: House Resources Committee

Dept. Affected: Environmental Conserv
Appropriation: Environmental Health
Allocation: Laboratory Services
OMB Component Number: 2065

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	***	***	***	***	***	***	***

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1007	I/A Rcpts (Other)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		***	***	***	***	***	***	***

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This fiscal note has been entered into the 2012 form with no changes from previous version.

Prepared by: Kristin Ryan, Director — Phone: (907) 269-7645
Division: Environmental Health — Date/Time: 12/3/11 9:30 AM
Approved by: Lynn Kent — Date: 12/22/2011
Deputy Commissioner

(Revised 8/17/2011 OMB)

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 191

Analysis

The Department of Environmental Conservation is unclear about aspects of the food safety regulatory portions of this bill and which department would be responsible for them. The Department needs clarification before finalizing a fiscal note. For example, there are hundreds of food processors in Alaska (birch syrup, salsa, tortillas, potato chips, jam, candy, etc.) that are not agricultural products but don't meet the definition of retail food.

FISCAL NOTE

86.

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 191**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB191-GOV-OMB-03-23-12
Title: Department of Agriculture and Food
Sponsor: Representative Thompson
Requester: HOUSE RESOURCES

Dept. Affected: Agriculture and Food
Appropriation: Food Safety
Allocation: Laboratory Services
OMB Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services				***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	***	***	***	***

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	***	***	***	***

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Updated for 2012 legislative session.

Prepared by: John Boucher, Senior Economist — Phone: 465-4677
Division: Office of Management and Budget — Date/Time: 3/23/2012 12:00pm
Approved by: Karen J Rehfeld, Director — Date: 3/23/2012
Office of Management and Budget

(Revised 11/18/2011 OMB)

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB 191
2012 LEGISLATIVE SESSION

Analysis

HB 191 creates a new Department of Agriculture and Food. Although it is clear that a portion of the existing programs and staff will be transferred from the Department of Environmental Conservation to the Department of Agriculture and Food, the Department of Environmental Conservation is currently unclear about what aspects of food safety regulatory responsibilities would be transferred to the Department of Agriculture and Food. This fiscal note is currently indeterminate

FISCAL NOTE

9.

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB191**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB191-GOV-OMB-3-23-12
Title: State Department of Agriculture and Food
Sponsor: Representative Thompson
Requester: HOUSE RESOURCES

Dept. Affected: Agriculture and Food
Appropriation: Administration and Support
Allocation: Administrative Services
OMB Component Number: 2204

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates			
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services				106.8	106.8	106.8	106.8
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**106.8**	**106.8**	**106.8**	**106.8**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1004	GF				106.8	106.8	106.8	106.8
1005	GF/Prgm (DGF)							
1007	I/A Rcpts (Other)							
1061	CIP Rcpts (Other)							
1108	Stat Desig (Other)							
TOTAL		**0.0**	**0.0**	**0.0**	**106.8**	**106.8**	**106.8**	**106.8**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Updated for FY2013 Governor's Amended budget.

Prepared by: John Boucher, Senior Economist — Phone: 465-4677
Division: Office of Management and Budget — Date/Time: 3/23/2012 12:00pm
Approved by: Karen J Rehfeld, Director — Date: 3/23/2012
Office of Management and Budget

(Revised 11/18/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB191

Analysis

This legislation moves the powers and duties of the Division of Agriculture (AS 03.05, 03.09, AS03.10, AS 03.22, AS 03.40, AS 03.90, AS 44.3) from the Commissioner of the Department of Natural Resources (DNR) to a newly created commissioner of the Department of Agriculture and Food.

This fiscal notes shows the allocation of general funds DNR pays to support the Agriculture Division in various Department of Adminsitratin costs.

$23,100 for Division of Personnel costs
$29,660 for ETS Telecommunications EPR charges
$54,000 for the Division of Agriculture lease costs.

This bill will take effect July 1, 2014

Division of Agriculture
Alaska Department of Natural Resources

Building a Sustainable Agriculture Industry

*** defining a strategic planning process for the Alaska Division of Agriculture****

January 30, 2009

Alaska GROWN

Division of Agriculture

Alaska Department of Natural Resources

January 30, 2009

Dear Alaskans;

This plan was developed by the Division of Agriculture, in cooperation with the industry, to build a sustainable agriculture industry. This report will be an evolving document, in that each year a committee will review and revise this plan as needed. It is important to note that the listed goals and steps must change over time, if we are to continue to meet the needs of the industry and assist them in providing food, fiber and energy to the people of Alaska.

ADOA has heard the concerns addressed by the aquaculture industry during the public comment period. The farming and growing of shellfish, Mariculture products in Alaska hold promising opportunities to become a viable industry and create new economic security in coastal Alaska. This industry has not been addressed in our long term plan as it does not currently fall under the Division of Agriculture.

I want to thank everyone who participated in drafting and finalizing this plan, and the Alaska State Farm Bureau membership who took the time to review and make comments at their annual meeting.

Please look for the Alaska Grown Label at your local stores – and support the Alaska Agriculture Industry.

Franci Havemeister, Director

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Alaska Division of Agriculture

The Long Term Plan for Agriculture

January 30, 2009

Introduction

The agricultural industry of Alaska contributes to the economy and well-being of the State. To continue to do so, agriculture must be a healthy and sustainable renewable resource industry.

The Alaska Division of Agriculture (ADOA) understands that its mission is not to guide the agriculture industry, but to assist and promote. In this plan, the ADOA has sought direction from industry to address its concerns and ongoing issues.

When considering the contents of this review and proposed planning process, readers should keep in mind that the ADOA believes that through open communication, education, and appropriate funding, producers will prosper and the citizens of Alaska will enjoy the benefits that Alaskan Agriculture offers.

Mission Statement

The mission of the Alaska Division of Agriculture is to promote and encourage the development of an agricultural industry in Alaska that is stable and profitable.

Vision Statement

The vision of the Alaska Division of Agriculture is to promote an economically stable agricultural industry for Alaska that can enhance the quality of life for its people, create sustainability of its communities, and encourage new business development opportunities for all Alaskans.

Background - Agriculture

Agriculture has played a role in Alaska over the past century. Prior to statehood, the people of Alaska realized the value of agriculture. This is noted with the state seal, originally designed in 1910, which portrays a farmer, his horse, and three shocks of wheat. Today, much of the general population does not understand the significance of agriculture, as the majority of the population is two or three generations removed from the farm. It is critical that we educate the citizens of Alaska, most importantly – the young people, of its importance and the value of being self sustainable, if Alaska is to maintain its agriculture industry.

Alaska's current policy reflects the boom-and-bust history of the State and territory that has often sought immediate profit at the expense of long-term stability. This does not fully reflect or recognize Alaska's potential for a diversified agricultural industry, the characteristics or the need for long-term stability. Numerous agricultural development projects, plans, analyses, reports, and studies have been undertaken, and issues and proposals have been debated. The industry and the State must now come together and create a plan that defines the role of the ADOA and in doing so assists the industry.

Alaska must continue to embrace the challenges and look for opportunities for the future. It must continue to incorporate good agriculture principles and good management practices, including food safety and security.

At present, factors that impact the industry are in the midst of change. Some of this dynamic change is positive as evidenced by several factors:

- The emergence of niche markets;
- Need for native plants used for revegetation;
- The increase in demand for "local grown" and community-based agriculture; and
- The desire for healthier lifestyles.

And some are negative:

- The lack of recognition of agriculture as a sustainable industry;
- The need for better linkages with land grant research, education and outreach;
- The need to ensure regulations and implementation allow the producer to continue to fill present markets as well as encourage new markets;
- The need for advocacy from state, university, federal, industry, local interest groups, and municipal and local governments; and
- The need for ongoing partnerships amongst the industry, local, state and federal agencies to move programs and services forward.

The ADOA must work in cooperation with the Board of Agriculture and Conservation (BAC), and improve communication among the University Alaska Fairbanks (UAF), industry representatives, the United States Department of Agriculture (USDA), local governments and communities, and organizations across the State to promote the development of a healthy and sustainable agricultural resource industry in Alaska. Alaska agriculture must be revitalized and become a stable industry that can then realize its potential in contributing to Alaska and maximizing the value of the land and its products for the citizens of Alaska.

Purpose of a Strategic Plan

A comprehensive and strategic understanding of the Alaskan agricultural industry is needed so that the State can direct its efforts and resources to best serve the industry, and in turn the citizens of Alaska. This review and strategic planning process is an attempt to understand the dynamics of the industry and to focus on meeting the needs of the industry both today and in the future. This strategic planning process will provide the Alaska Department of Natural Resources (ADNR) and the ADOA with a path towards identifying goals for the long-term growth and viability of the agricultural industry in Alaska and defines the role of the ADOA in accomplishing objectives for meeting these goals.

The ADNR recognizes that a plan with goals and specific objectives will provide a sense of stability that is needed for the industry to make informed decisions and to clearly understand the mission of the ADOA. Further, this plan will be an evolving effort, implemented by the ADOA. An annual joint review of the plan by ADOA, the BAC and industry will be presented by the ADOA to the Commissioner of the ADNR and will be available to the Governor and the Legislature. Input and involvement from both industry and agency will contribute to the overall success of creating and supporting an economically stable agricultural industry for Alaska.

This strategic plan was created to provide a tool to assist both ADOA and the industry. The document has been developed in thanks to interactive participation of public and private participants - producers, processors, agencies, educators, the general public, and legislators – and builds upon past efforts of the ADOA.

Some specific points need to be kept in mind:

- The agricultural industry must receive assurance that it is recognized and supported in its effort to develop and grow;

- It is critical that the core of Alaska's agricultural industry that is currently in place and/or its successful transition be supported, and be allowed to develop new priority programs/ initiatives;

- ADOA must work with industry and identify and creatively resolve issues that impede the growth of a successful agriculture industry;

- The ADOA will continue to provide services and programs needed to support and promote the agricultural industry;

- Strengths, underutilized abilities, and limited resources must be identified so that they may be enhanced and strengthened by additional investment, either State, Federal, or private; and

- ADOA and the agriculture industry must expand its base to include both non-agriculture sectors and non traditional agriculture regions of the state by creating partnerships; inclusionary programs for cooperative ventures and rural development/education projects.

A major part of this process requires that the ADOA initiate and support an engagement process that involves all aspects of Alaska agriculture. The proposed goals and objectives of this process reflect the following ten areas with which the ADOA has strategic programmatic linkages and where ADOA can assist the agricultural industry.

1. Agricultural development and marketing
2. Board of Agriculture and Conservation
3. Plant Material Center
4. Agricultural Revolving Loan Fund
5. Sustainable agricultural resources and services
6. Outreach, education and recruiting
7. Planning
8. Research
9. Energy
10. Infrastructure

This proposed review and plan provides comprehensive direction to allow both the agricultural industry and the State to forge a solid relationship so the industry can grow and prosper. The plan must be realistic and achievable to be successful. It must be based on a thorough understanding of the industry, thus requiring the industry's direct participation in its review, preparation and overall support.

Table 1 provides a list of individuals who participated in the development of this long term. These participants, in a joint effort with the ADOA, identified the proposed Goals and Objectives that comprehensively address issues relating to the Alaska agricultural industry.

Table 1: Participants

Name	Organization
Dick LeFebvre	ADNR
Jeff Werner	FFA/UAF
Don Lintelman	Northern Lights Dairy
Ben VanderWeele	Agriculture Producer
Allen Mitchell	UAF
Chad Padgett	USDA
Bill Allen	City of Palmer
Bernie Karl	Business Owner
Tony Nakazawa	UAF
Carol Lewis	UAF
Franci Havemeister	ADOA
Rep. Mark Neuman	AK Legislature
Bryce Wrigley	AK Farm Bureau
Ed Arobio	ADOA Northern Region
Charlie Knight	ADOA Northern Region
Ruby Hollembaek	Agricultural Producer
Stoney Wright	ADOA PMC
Douglas Warner	ADOA
Al Poindexter	BAC
Victoria Naegle	Agriculture in the Classroom
Steve Brown	UAF, Cooperative Extension
Lee Hecimovich	UAF, 4-H, Cooperative Ext.
John Schirack	BAC
Tom Paragi	ADF&G
PMC Advisory Board	
Division of Agriculture Staff	
Board of Agriculture & Conservation	

Proposed Goals 1 through 9 and Related Objectives

Proposed Goal 1. Agricultural development and marketing – The ADOA will continue to support and assist the producer in increasing market share and creating a food system.

Situation: The short growing season for traditional Alaskan agriculture has resulted in long-standing production and marketing challenges. The division will continue to work cooperatively with producers and growers to increase their market share in Alaska.

Objective 1.1: The ADOA will support and assist farmers' markets in increasing their market share with the establishment of a year-round market for *Alaska Grown* products.

Objective 1.2: The ADOA will work with farmers and producers to help form cooperatives or other appropriate business structures to support the sale of Alaskan agricultural products.

Objective 1.3: The ADOA will include in its planning process the potential for sustainable production and marketing of red meat in Alaska.

Objective 1.4: The ADOA will improve communication among the industry, ADOA and other federal and state agencies. The ADOA will work with the industry to improve communication with consumers. ADOA recognizes that good communication among all of the above plays a crucial role in the success of agriculture in Alaska. ADOA will explore the opportunity of utilizing alternative communication methods, via other farm cooperatives, etc.

Objective 1.5: The ADOA will build a strong base for Alaskan agriculture through partnerships, promotion, advocacy and communication. It will establish and cultivate champions and advocates of Alaskan agriculture, including individuals, organizations, government entities, and user groups.

Objective 1.6: The ADOA will work with other State of Alaska departments to support *Alaska Grown* by implementing a "buy Alaska policy" where feasible, and to take actions that ensure conformity with existing laws and regulations.

Proposed Goal 2. Board of Agriculture and Conservation – The BAC will work with ADOA in a comprehensive manner to support the growth and development of Alaskan agriculture.

Situation: The ADOA reports to the commissioner of the ADNR. The Governor appoints the members of the Board of Agriculture (BAC). The BAC consists of 7 members – 1 with general business or financial experience; 1 member of a statewide agricultural promotion organization; 1 member of a soil and water conservation district who is also engaged in commercial production agriculture; 4 members engaged in commercial production agriculture, each representing a different agricultural enterprise from the others, such as: livestock production, dairy, vegetable production, grain production, horticultural production, and greenhouse and hydroponic production. The BAC will work within their statutory authority, to promote the growth and development of Alaska Agriculture.

Objective 2.1: The BAC will continue to support the vision for Alaskan agriculture through input and personal expertise.

Objective 2.2: The BAC supports continued funding of ADOA with general funds.

Objective 2.3: The BAC requests that major issues and concerns affecting the agriculture industry and identified by the BAC be addressed by the Commissioner of ADNR.

Objective 2.4: BAC recommendations for policy, statutory, and /or regulatory changes will be considered by ADOA/ADNR.

Objective 2.5: The BAC/ADOA will work with industry to stabilize Mt. McKinley Meat and Sausage (MMM&S) until the private sector is able to assume responsibility.

Objective 2.6: The BAC/ADOA will explore opportunities to promote a Junior Farmer Loan Program, providing low interest loans to high school age children interested in exploring an agriculture endeavor.

Objective 2.7 ADOA/BAC will increase the agricultural land base, through identification of designated agricultural land and increased sales.

Objective 2.8: ADOA/BAC will identify agriculture lands at risk to suburban expansion in organized boroughs.

Proposed Goal 3. The Plant Material Center – ADOA will facilitate the development and sustainability of appropriate plant materials for Alaskan agriculture.

Situation: The Alaska Plant Materials Center (PMC) is the primary source of information in Alaska for seed production, harvest, and cleaning. The PMC is also the primary source of information on revegetation and seeding mixes used by the primary seed purchasers. However, the primary purpose of the PMC is the production of high quality; disease tested seed stocks to be used in production agriculture in Alaska. (See appendix A)

Objective 3.1: The PMC will reflect and anticipate the needs in Alaska to protect, support, enhance and expand Alaskan agriculture in terms of: appropriate plant materials for crop production; soil and water conservation programs and projects; noxious weed and invasive species, and increased activity in demonstration projects and education/outreach. Furthermore, the PMC will work to enhance its ties to the Natural Resources Conservation Service (NRCS) and the Soil and Water Conservation Districts (SWCD).

Objective 3.2: The ADOA, through the PMC will work cooperatively with other agencies, as climate changes occur, to address new crops and conservation issues.

Objective 3.3: The PMC must not lose sight of the fact that it is a crop production facility responsible for the production of high quality, disease tested, low generation crop seed. This material is the base for the production of Alaskan developed varieties. Crop production in Alaska depends on disease free, high quality seed.

Objective 3.4: Nearly all development projects require some form of revegetation following surface disturbance. The primary users of seed in Alaska are the Alaska Department of Transportation and Public Facilities, the Department of Defense, mining companies, and the oil industry. The use of native species in restoration should be encouraged and user's findings shared so all Alaska programs can benefit. The PMC will enhance is abilities to act as the state's land resources conservation laboratory.

Objective 3.5: The PMC must remain ever vigilant to industry/producer needs and changes in technology or policy directions and remain adaptable to the new conditions and economic environment. The PMC is the research and development arm of the ADOA; it is an economic development proponent and a new crop source for Alaska Agricultural producers. This requires stable and appropriate funding.

Proposed Goal 4. The Agricultural Revolving Loan Fund (ARLF) - The Agricultural Revolving Loan Fund is a critical component to the viability of Alaska agriculture, overseen by the Board of Agriculture & Conservation (BAC) and will be supported by ADOA.

Situation: The health of the Agricultural Revolving Loan Fund (ARLF) remains a critical component in Alaskan agriculture. This program offers low interest loans to the Alaskan agricultural industry. The ARLF within the ADOA has played and will continue to play an important role in creating a profitable and growing agricultural industry.

Objective 4.1: It is imperative to protect the health of the ARLF. The ADOA administrative staffing budget should not be drawn from this fund but funded through general funds.

Objective 4.2: The ARLF will work with government agency lenders and guarantors in an effort promote the growth of the agricultural industry. In forming these partnerships ADOA is confident it will further the development of the agricultural industry.

Objective 4.3: The ADOA and the agricultural industry support the recapitalization of the ARLF.

Objective 4.4: The ARLF will increase its marketing presence at agricultural functions and promote the use of its loan programs.

Proposed Goal 5. Sustainable agricultural resources and services – The ADOA will assist the Agricultural industry and continue to provide needed resources and services, which include inspection, regulatory requirements, and food safety and security.

Situation: ADOA inspection responsibilities and regulatory roles are essential for Alaska agriculture to grow and prosper. ADOA will continue to provide the industry with Inspection Services that are required to move product into commerce and work with industry to meet new requirements.

Objective 5.1: ADOA is aware that all laws and regulations related to preserving and/or enhancing farming must be carefully reviewed. ADOA will seek opportunities for input on new regulations affecting the agricultural industry, prior to agency review. ADOA will keep industry informed of possible regulation changes.

Objective 5.2: ADOA will work to expedite state grazing lease renewals, as well as work within regulation to provide terms that encourage continuity and profitable livestock production.

Objective 5.3: ADOA will work with federal and other state agencies to facilitate the import and export of plants and animals under the appropriate protocols that prevent the spread of disease or invasive species.

Proposed Goal 6. Outreach, education and recruiting –The ADOA will improve or establish outreach, education and recruiting initiatives to serve the agricultural industry of Alaska.

Situation: Agriculture is a critical industry in Alaska. A strong Alaska agricultural industry is vital for our state and national security. Alaskan agriculture growth requires ongoing education of agricultural producers and other industry professionals, potential new producers and consumers.

Objective 6.1: The ADOA will help coordinate and focus efforts to raise awareness of the importance of Alaskan agriculture to Alaska consumers, including issues of food security, sustainability, health benefits of locally grown foods, invasive species management and farmland protection.

Objective 6.2: The ADOA, to the extent it can, will provide and support programs, infrastructure and mechanisms that enable current Alaska farmers and processors to operate profitable businesses or organizations, and encourage Alaska's future farmers so the state is prepared for anticipated and needed growth in the industry.

Objective 6.3: The ADOA will focus on educational partnerships to promote Alaskan agriculture, explore internships at working farms, explore workforce training programs and identify and create new educational partnerships to promote Alaskan agriculture.

Objective 6.4: The ADOA will partner with Future Farmers of America (FFA) and 4-H programs to help develop tomorrow's agricultural leaders. ADOA will

partner with the State of Alaska Department of Education, Division of Career and Technical Education and Alaska's Agriculture in the Classroom and Farm to School programs to increase appreciation for agriculture in the general K-12 population, most of which has no connection to agriculture.

Proposed Goal 7. Planning – The ADOA's future plans for a changing Alaskan agriculture will encourage best practices.

Situation: Impediments to the growth of Alaskan agriculture include: insufficient low-cost energy supplies; lack of appropriate transportation for inter- and intra-state movement of products; lack of accessible land that has been identified as agricultural land; and insufficient appropriate protection to maintain or sustain lands in production. Efforts that address each of these issues must consider not only the future growth and development of Alaska agriculture as a whole, but consider their effects on the other issues as well.

Objective 7.1: Sustained yield agriculture has a future and rightful place in land use planning in Alaska. The ADOA will create a plan that incorporates a best management practice approach for the preservation of land having agricultural potential, conservation of soils and surface resources existing on those lands.

Objective 7.2: ADOA will encourage the agricultural community to develop State Farm Conservation Plans and/or Soil & Water Conservation Plans that incorporate a best practice approach, and protect agricultural land under the Right to Farm legislation.

Objective 7.3: ADOA will work with the Division of Mining Land & Water, SWCD and NRCS to review state land for possible agricultural use.

Objective 7.4: ADOA will inform the Agricultural community of area plan reviews that have the potential to affect agriculture and/or agricultural land sales.

Objective 7.5: The ADOA will review existing legislation and regulations to determine applications to agricultural land that allow such land to remain in agricultural production; such rules include taxation and regulations to protect agricultural lands, and regulations regarding waste disposal and application.

Proposed Goal 8. Research – The ADOA will ensure that stakeholders in the Alaska agricultural industry are made aware of existing and emerging technology and research in natural resources and agriculture.

Situation: Changing technology offers new opportunities for Alaskan agriculture to seize opportunities and/or address operational efficiency-related concerns. ADOA will seek opportunities to apply new research and emerging technologies to agriculture in Alaska.

Objective 8.1: The expansion of agriculture in Alaska will require the awareness and ability to implement the latest technology and research applicable to Alaska agriculture. The ADOA will work with the agricultural industry, state and federal agencies, the University and others to ensure this process.

Objective 8.2: The ADOA will look at the potential of a closer affiliation between the PMC, UAF, Agriculture, Forestry, and Experiment Station (AFES), and Agriculture Research Service (ARS) as well other cooperators.

Proposed Goal 9. Energy – The ADOA will seek opportunities to partner with others to establish energy or support initiatives for Alaska and Alaskan agriculture.

Situation: Energy, or the cost of energy, has always been an issue related to agriculture as well as other resource development. Federal and State legislation recognizes the enormity of the issue of rising energy costs. Energy costs are also driving energy demonstrations and innovation initiatives across the State. Wind, biomass, bio-fuel, geothermal sources, hydropower, energy conservation, and other alternative energy resources, can all play a role in the Alaskan agricultural industry.

Objective 9.1: The ADOA will support meaningful discussions on energy issues, technology, and implementation related to enhancing the viability, marketability, and profitability of Alaskan agriculture.

Objective 9.2: ADOA supports the development of an alternative fuel industry, through tax credits, infrastructure, direct grants and low interest loans.

Objective 9.3: ADOA supports the production of our natural resources and by-products, such as urea, which are critical to the expansion of the agricultural industry.

Proposed Goal 10. Infrastructure – Infrastructure needs as determined by Industry. These needs are not listed in preferential order, but have been put forward by the industry.

Situation: Alaska is lacking the infrastructure needed to see substantial agricultural growth.

Objective 10.1 -Infrastructure needs:

- Local meat processing capabilities are needed state wide.
- A stable dairy processing facility must be developed in the Mat-Su Valley.
- Manufacturing plant for urea, this will sell to Alaska farmers as well as an international market.
- Development of a phosphate mine.
- A vegetable processing plant to extend the market season for locally grown produce. (Mat-Su borough has done this study)
- Improved loading and unloading facilities for rail shipments
- Rail spur to Delta to carry fertilizers to farms and grain to markets.
- Formation of marketing cooperatives to insure consistent quality and supply, and develop new markets in the state.
- Access to natural gas for processing Alaskan products
- Production Credits Program for producers meeting certain levels of production targets.
- Increase accessibility of USDA inspections coupled with the ability to sell locally in diverse areas of the state.
- Develop Nenana agricultural area and other agricultural areas

Appendix A: Alaska Plant Materials Center Strategic Plan

Vision: The Alaska Plant Materials Center (PMC) serves Alaska's needs in the production foundation class seed of Alaska native plants and traditional crops. The PMC provides leadership, innovation, and initiative in Alaska for revegetation, erosion control and commercial crop and plant production in Alaska. The PMC has created and continues to modernize a high quality facility for seed production, harvest, and cleaning.

Mission: The broad mission of the Plant Materials Program throughout the United States is to "develop and transfer state-of-the-art plant science technology to meet customer and resource needs." The Alaska Plant Materials Center:

- Focuses on using plants as a natural way to solve conservation issues and re-establish ecosystem function;
- Collects, selects, and releases grasses, legumes, wildflowers, trees, shrubs, and general high latitude germplasm;
- Cooperates with public, private, commercial and tribal partners and land managers to apply new conservation methods using plants;
- Offers plant solutions to battle invasive species, heal lands damaged by natural disasters, reduce the effects of construction and resource development, and promote air and water quality;
- Produces disease-free seed of potatoes;
- Enhances economic opportunities for agriculture producers; and
- Expand programs to include alternative energy crops, forage crops for non-traditional livestock, horticulture crops for the future agricultural needs of Alaska producers.

Objectives: In general and as per legislative intent the objectives of the PMC are to:

- assemble, evaluate, select, and increase plant materials needed in soil and water conservation, agriculture, and industry, and maintain genetic purity of these materials;
- increase promising plant materials for field scale testing;
- test the promising materials in field plantings on sites that represent soil and climatic conditions not found at the center;
- maintain and provide for increase of basic seed stocks of plant materials for agricultural and conservation interests;

- make seed and plant materials available, for a fee if necessary, in such a manner as to avoid monopolistic control of basic stocks of these materials and encourage the development of a seed industry;
- support but not duplicate activities carried on by state or federally funded research programs in the state; and
- prepare, publish, and disseminate a summary report on all studies as they are completed.

Using these underlying charges, the PMC will move into the future with a renewed emphasis on service delivery and progressive program development. These guiding principles will evolve with market demands and Department/Division policy directives.

Objective 1: PMC Agriculture Support: The PMC will anticipate the need to protect, support, enhance and expand Alaska agriculture in terms of: appropriate plant materials for Alaska; soil and water conservation programs and projects; noxious weed and invasive species integration; and increased activity in demonstration projects and education/out reach. Furthermore, the PMC will work to enhance its ties to the Natural Resources Conservation Service and the Alaska Soil and Water Conservation Districts.

Objective 2: A Center for Revegetation Excellence: Nearly all development projects require some form of revegetation following surface disturbance. The use of native species in restoration should be encouraged and user's findings shared to all. The PMC will be the lead agency in the State of Alaska with regard to development, use and commercialization of native species for revegetation, erosion control and other resource development and agriculture activities.

Objective 3: Expanded PMC Services: Erosion control, storm water issues, and a litany of new revegetation topics are creating problems for the natural resource extraction and construction industries. The PMC, with its expertise in these areas, should be the home to the state's Land Use and Conservation Laboratory (LUCL). In full cooperation with industry, union training programs, land management agencies, NRCS and the SWCD's, the PMC will develop and demonstrate land and soil protection measures (best management practices [BMPs]) to preserve the quality of the waters and air of Alaska.

The PMC with the Natural Resource Specialist augmented staff can become the states land laboratory of proactive and progressive stewardship working hand-in-hand with the Conservation Districts and ADNR.

Objective 4: Regional Native Plant Production Centers: Solutions to developing sources of native seed are needed by resource industries. By establishing seed growing/collecting cooperatives in village and rural regions, local native plants and seed can be made available, marketed and thereby create a sustainable industry formed in a few villages close to resource development projects.

Objective 5: Alaska Natural Gas Pipeline Seed Source Development Project: In Canada, some of the first contracts awarded in association with the Mackenzie Gas Line have been for seed production. This is in-part due to the basic problem in seed production that time is required to build up stocks of seed and to develop the production fields needed to supply the anticipated demand. Expect the same to occur in Alaska. The PMC is critical for the seed requirements of large projects like the proposed natural gas line.

Objective 6: Extension Activities and Public Workforce Development: Educational programs from the PMC engender the intrinsic value of green space, agriculture land, and wilderness. These programs empower teachers, adults, and children to appreciate, understand, and become stewards of Alaskan land.

Objective 7: Ethnobotany and Harvest Manual: The Ethnobotany Project impacts not just plants and other forest species, but also people along the spectrum from Native Alaskans who may have the intellectual rights to the uses of traditional plants and depend on them for a subsistence lifestyle to those who wish to harvest those plants for commercial purposes on State land. Sustained yield of these resources is critical.

Through publications, presentations and trainings, as well as experience, the people on the Alaska Ethnobotany Project are in a position to positively impact the effect of commercial harvest of native Alaska plants in a sustainable manner on State land.

Objective 8: The Alaska State Seed Laboratory: The State's only official seed testing laboratory is certified by the national seed testing organization, Association of Official Seed Analysts (AOSA). It has been an official laboratory since 1998 and is the only one in the state of Alaska.

Essential services the laboratory provides are purity and germination tests, noxious weed seed examinations, tetrazolium testing, and grain moisture testing. New services could include: Endophyte Testing, Seed Vigor Testing, Leachate

Conductivity Analysis, Cold Test, Accelerated Aging, Herbarium Development, Dormancy Research, Rare and Endangered Plant Research and Outreach and Education

Objective 9: Alternative Forages for Non-traditional Animals: Acquisition and evaluation of plant material with potential use as forage is in demand by producers of musk ox, elk, yak, bison, reindeer, and other livestock. These animals need a variety of plants in their diets – plants which have not been cultivated yet or evaluated by the PMC. It is time for this activity to start at the PMC.

Objective 10: Potato Disease Control Project: The potato program produces and provides a local source of pathogen-tested seed tubers. It assists the continuing development of the Alaskan potato industry. The project produces and provides disease tested seed primarily to commercial seed growers. The use of clean seed helps reduce losses from disease and helps to prevent disease introduction; critical elements in Alaska's potato industry.

Objective 11: Horticulture Development Project: The ADOA, PMC recognize the fact that the Horticulture Industry is by far the largest and most significant segment of commercial and hobby plant production in Alaska. In the context of this objective primary and secondary users such as the landscape industry and general public grounds beautification will be included as horticulture. With that said the ADOA, PMC will request the ADNR secure funding to re-establish a horticulture development project at the PMC.

Appendix B: Definitions & Acronyms

The definition of agriculture is "The process, business, or science of producing food, feed, fiber, and other desired products by the cultivation of certain plants and the raising of domesticated animals (livestock). There are numerous branches of agriculture including: agronomy, animal husbandry, horticulture, floriculture, dairy production, and many others.

ADF&G – Alaska Department of Fish & Game
ADNR – Alaska Department of Natural Resources
ADOA- Alaska Division of Agriculture
AFES – Agriculture, Forestry, and Experiment Station
AOSA – Association of Official Seed Analysts
ARLF – Agricultural Revolving Loan Fund
ARS – Agriculture Research Service
BAC – Board of Agriculture & Conservation
BMP's – Best Management Practices
FFA – Future Farmers of America
LUCL – Land Use and Conservation Laboratory
MMM&S – Mt. McKinley Meat & Sausage
NRCS – Natural Resources Conservation Service
PMC – Plant Material Center
SWCD – Soil and Water Conservation Districts
UAF – University of Alaska, Fairbanks
USDA – United States Department of Agriculture

Alaska's State-Funded Agricultural Projects and Policy— Have They Been a Success?

A Senior Thesis

by Darcy Denton Davies

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Presented to the faculty of the School of Natural Resources and Agricultural Sciences, University of Alaska Fairbanks, and the Senior Thesis Committee: J. Greenberg, Chair, H. Geier, S. Sparrow.

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Delta Junction grain elevator at the modern farm co-op.

—AFES FILE PHOTO

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Abstract

In the 1970s and 1980s the state of Alaska invested millions of dollars to develop a large-scale agricultural industry. The Delta Barley Project and the Point MacKenzie Dairy Project were created to show that large-scale agriculture was possible in Alaska. This study looks at the major events and policy decisions that occurred and determines how the outcome of the demonstration projects was affected. An extensive literature review was conducted, focusing on state documents; key persons were also interviewed. The projects did not accomplish their original goals for a number of economic and political reasons. The positive aspects of development are that Alaska now has more land in private ownership, more infrastructure to support the industry, and a thriving agricultural community at Delta Junction.

Preface

The advancement of agriculture in Alaska in the 1970s and 1980s was considered one of the more important times for the Alaska agricultural industry. Numerous policy decisions were made during that period that has shaped the current industry. This thesis charts the history of the large-scale state-funded agricultural projects and identifies major events and management decisions. Through review of past agricultural management decisions, insight can be gained about the current state of agriculture in Alaska and what direction the industry is moving. This thesis will provide a historical overview of that era of development, as well as provide information to managers about past agricultural policy.

INTRODUCTION

In the late 1970s the State of Alaska developed a task force to address the advancement of an agricultural industry in Alaska. During this time the state had large budget surpluses due to incoming revenue from oil development on the North Slope (Lehne nd). The governor at the time established goals to develop renewable resource industries to spend oil revenues responsibly (AAAC 1981). During this time an exploratory soil survey was conducted, which identified over 20 million acres (8 million ha) of land suitable for agriculture. It was decided that Delta Junction was a good place to start a project demonstrating Alaska's capability for large-scale agriculture. The project land was sold through a lottery system and winners were put on a development schedule and given large loans to get their farms operating. Other tracts of land were surveyed for agricultural production, and a few years later the Point MacKenzie dairy demonstration project was auctioned at lottery, as well as the Delta expansion. Support facilities, such as meat processing plants and grain holding bins, were also planned and built.

The state spent millions of dollars to create this industry (Teal 1982), yet events took place that changed the intended outcome of the projects. It is still a controversial topic, as it is considered a blunder by some and a success by others. The objective of this study is to evaluate whether the major state-funded agricultural projects of the late 1970s and early 1980s accomplished their original goals, and to assess how policy decisions affected the outcome of the projects.

Review of Previous Investigations

There have been few complete studies done on the long-term effects of the agriculture projects. Many reports were published in the years directly following completion of the first phases of the projects, but most have failed to take a look at later, related events.. Geier and Lewis wrote in 1998 that farms may have been more successful had the state put smaller parcels up for lottery to "make it easier for initial success," which may have allowed for further expansion of the industry.

In 1987 Engelbrecht and Thomas conducted a study about how policy was implemented during this time. The study indicated that there were conflicting agency goals and poor co-operation between the Division of Natural Resources (DNR) and the Alaska Agricultural Action Council (AAAC), which led to many complications during execution of the projects. Over time these conflicts led to decreased public support of the agricultural projects, and the political standing of the AAAC diminished. They concluded that "the degree of success achieved in implementing new policies is largely dependent on the ability of the power interests to negotiate or force change."

Methods

I conducted an extensive literature review to reveal the history of the projects and state actions. Specifically, I reviewed state papers documenting the policies and actions since the 1970s. Documents from the AAAC were of particular importance. I analyzed statistical data from the Alaskan Agricultural Statistics to ascertain the changes in production since the 1970s. I interviewed key personnel to better understand various agencies' actions and positions on the issues, as well as to obtain information that has not been formally documented. The State of Alaska Division of Natural Resources - Division of Agriculture and the University of Alaska Fairbanks School of Natural Resources and Agricultural Sciences data were particularly significant. I also interviewed various project farmers to understand the state's actions from a producer's point of view. I followed the University of Alaska Fairbanks' Institutional Review Board's guidelines when conducting interviews.

HISTORY OF ALASKA AGRICULTURE

Alaska has historically been a land of subsistence and the 'hunting and gathering' way of life. Agriculture was first introduced during the 1700s, when Europeans first colonized Alaska (Snodgrass et al. 1982). The Russians began many small agricultural colonies in such areas as Yakutat, Ninilchik, and Kasilof. Cattle were introduced to the state at this time also.

When gold was discovered in Alaska there was a revival of agriculture. Homesteads were established and the farmers began producing crops for the many prospectors that had migrated into the state. By the time the gold rush had ended many permanent communities had already become established and were thriving. The Tanana Valley was the center of agricultural production up until the 1930s (Snodgrass et al. 1982).

The Matanuska colony was President Roosevelt's plan to breathe life into agriculture and revitalize people during the depression. In 1934, 202 impoverished families were relocated from the lower 48 states to Alaska (Lehne nd). During this time it was shown that agriculture was, in fact, viable in the state. The Matanuska Valley proved to be very capable of producing vegetable crops and became known for its dairy production.

As the Soil Conservation Service began mapping the soils in Alaska in the mid twentieth century, many areas were identified as having potentially arable soils (Snodgrass et al. 1982). In the end the figure reached over 20 million acres (8 million ha) of land suitable for agriculture. The discovery that the state had so much agricultural soil led to the publication of Alaska's Agricultural Production by the Alaska Rural Development Council and the idea of agricultural development again became an interest.



Plowing wheat in the Matanuska Valley, at the Matanuka Experiment Farm.

—AFES FILE PHOTO

Governor Hammond's Alaska

Governor Jay Hammond entered into office in December of 1974. This was a time of great wealth for the state following the discovery of oil at Prudhoe Bay in the 1960s. Governor Hammond believed the state needed a "renewable resource economic base to sustain [Alaska]" after the oil was depleted (Lehne nd). In 1976 Governor Hammond established the following goals to encourage the development of renewable resources in the state, including agriculture:

- Broaden the economic base of the state through agricultural production.
- Stabilize real food costs by increasing local food.
- Provide alternative job opportunities through expanded agriculture.
- Improve rural life by developing an economic base through agriculture.
- Assist in meeting national goals of increased food production for world needs.

(AAAC 1981)

These goals helped to shape future agricultural development in the state.

In 1975, the Federal-State Land Use Planning Commission for Alaska conducted an in-depth study on the feasibility of agriculture in Alaska . They concluded that agriculture was possible in Alaska and recommended that "a large demonstration area be developed," and that "efforts be made to designate a considerable portion of land for agriculture" (Faris and Hildreth 1975). This prompted Bob Palmer, Special Projects Coordinator for Governor Hammond, to establish an ad hoc committee to address the study (Lehne nd).

The committee investigated agricultural production and decided to focus on Delta Junction as the first project area. On August 5, 1978, 22 names were drawn by lottery for the opportunity to purchase agricultural rights to the demonstration area land, which totaled approximately 60,000 acres (24,281 ha). This marked the beginning of an era of large-scale state funded agricultural projects.

In 1979 the AAAC was created to manage the Delta project and recommend future projects to the legislature (AAAC 1979). It was composed of five members, three people from the state government and two from the private sector. It was chaired by the Office of the Governor's Special Projects Coordinator (AAAC 1979). This council was the influential body that made recommendations to the legislature, many of which were ultimately funded and completed.

The AAAC generated reasons why the state should support agricultural development. The five reasons are paraphrased as follows:

- Nonrenewable resource wealth must be used to develop renewable resource industries.
- Alaska has enough arable acreage to provide satisfying work and an enjoyable lifestyle for many Alaskans.
- Alaska should not import 98% of red meat and depend on a system that maintains only a four-day supply.
- Agriculture is an opportunity for rural people who wish to remain on historic land and participate in the economy of the state.
- The state can demonstrate that oil wealth is being used responsibly.

(AAAC 1981)

The AAAC devised many projects to expand the agriculture industry in Alaska. Additional projects were designed for land disposal, meat processing, grain handling, and transportation. Nearly all of the projects that the AAAC recommended to the legislature were funded, but not all were completed. It was also envisioned that 500,000 acres (202,343 ha) of land would be in cultivation by 1992 (AAAC 1982d).

The legislature was very supportive of agricultural development for a number of years, and from 1978–1982 over $41 million was appropriated to the various projects of the AAAC. In the mid 1980s the political climate changed, following certain setbacks of the projects and tightening fiscal constraints due to dropping oil prices (Lewis and Pearson 1990). Legislators became more reluctant to fund agricultural development, possibly because they were unable to determine how their constituents felt about the projects (Snodgrass et al. 1982). At this time there was also skepticism from the public about the ability of the AAAC and DNR to implement the projects in the public's best interests (Engelbrecht and Thomas 1987). Governor Bill Sheffield took office in 1982, and the administration's support on the previous levels of development was much reduced (Lewis 2007).

In 1984, the effective life of the AAAC concluded and it was not renewed by the legislature. All of its duties reverted back to the Director of the Division of Agriculture (Fowler 1992). Once the AAAC was inactivated no more projects were devised, and it marked the end of large-scale agricultural development in Alaska.

Delta

The Delta project was designed as an agricultural demonstration, and was intended to specialize in the production of small grains—particularly barley. The intent was to produce grains on a large scale to lower the cost of feed grains, which would in turn stimulate the livestock industry in Alaska (AAAC 1982a). Delta was selected as the site for the large-scale demonstration for a number of reasons. Most important, there was a road system, large areas of state land were available for disposal, agriculture was already practiced there, and the community specifically asked for agricultural development in the area (Lewis and Wooding 1978).

Barley was selected because it is a proven crop in Alaska and export markets had been identified to support the industry. It can mature at cool temperatures and has a short growing

season, both of which are required for successful growth in Alaska (Lewis and Wooding 1978). According to studies, Alaska land produced nearly twice as many bushels of barley per acre as the Great Plains area (Faris and Hildreth 1975). In Alaska's Agricultural and Forestry Experiment Station trials, the highest yielding varieties averaged 76 to 80 bushels per acre (Lewis and Wooding 1978). The barley was expected to be purchased by the small in-state market and eventually to a larger Asian export market (AAAC 1981). The consensus at the time was that Alaska could be competitive with other regions for the Asian markets if the quality and price of the grain was comparable (Thomas 1979).

Agricultural rights to the land of the Delta I project were sold by lottery on August 5, 1978. Twenty-two tracts were included in the sale, averaging 2,600 acres (1,052 ha) per tract, for a total project area of 60,000 acres (24,281 ha) (AAAC 1981). Pre-qualified applicants in the lottery were required to be Alaska residents, have capital of their own to spend, and management ability (Lehne nd). After being selected in the lottery, winners were sold the agricultural rights to the land through the Department of Natural Resources Division of Lands (Division of Legislative Audit 1991). Contracts and loans for land clearing and development were established between the lottery winner and the Governor's Office, but contracts were later transferred to the AAAC. Additional loans for tract development were supplied by the Agricultural Revolving Loan Fund (ARLF). Since the landowners only purchased the 'agricultural rights' to the land, as opposed to a fee simple title, it was much harder to receive loans for capital investments (Johnson 1984). Private lenders felt that loaning money for agricultural rights was too risky because the industry was unstable.

An extension of the first Delta demonstration area was conceived in 1979 and approved by the legislature in 1981 (AAAC 1981). This extension, called Delta II, was to follow the same principles as Delta I and with the extension the state would be able to produce enough grain to support the infrastructure surrounding processing, marketing, and transportation (AAAC 1982b). On March 13, 1982, 24,600 acres (9,955 ha) in 15 tracts were sold by outcry auction (AAAC 1982c). There were no pre-qualifications in the Delta II sale because it was determined by the state court to exceed the government's authority (Engelbrecht and Thomas 1987). Originally the state had proposed a sale of 55,000 acres (22,258 ha) in the expansion, but resource conflicts prompted postponement of the western portion, called Delta II West (AAAC 1982a). There were concerns about using the land for timber, as opposed to agriculture, as well as concerns about the damage the buffalo herd could inflict on potential crops (Engelbrecht and Thomas 1987).

Clearing the land proceeded quickly, and planting crops began in 1980 (AAAC 1981). That year there were crop failures due to adverse weather conditions and predation by a local free-ranging buffalo herd, and the acreage planted produced on average 30 bushels per acre. While some farms had losses of 20 to 50 percent (Lehne nd), some averaged over 75 bushels per acre (AAAC 1981). All of the grain produced that year, which was 6,000 tons, was sold in-state as livestock feed (AAAC 1982b). The next year, weather, in the form of an early snow, again caused crop loss. Grasshopper infestations also accounted for crop losses during the formative years (Hollembaek 2007). It is probable that these events contributed to the public's doubt about the capability of the project to succeed.

As grain production increased, so did the demand for in-state livestock feed (Lehne nd). The plan was to begin export of barley once there was a reasonable surplus, but as in-state demand increased, the date for export was delayed. At this time there was still no export grain elevator, and in 1983 the Division of Agriculture (DOAg) suggested that construction of the grain terminal be put on hold until production exceeded in-state markets and Alaska barley could be competitive with the world market (DOAg 1983). In the end the Seward export terminal was never completed and the dream of a large export market was not realized.

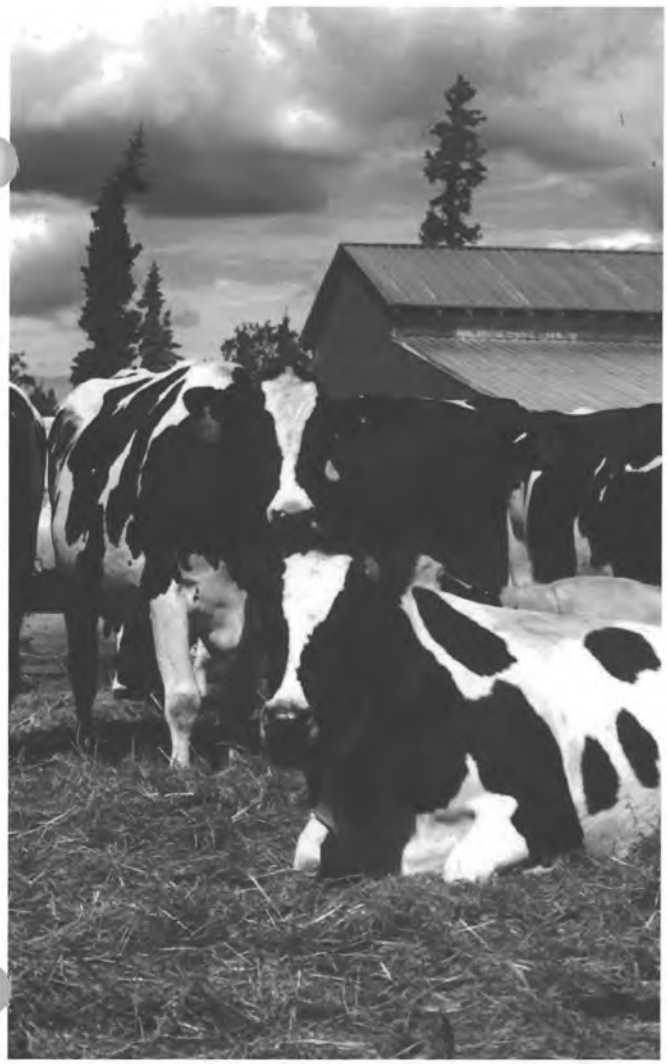
Also during this time the price of barley, and other agricultural crops, began declining internationally (Division of Legislative Audit 1986). The drop in international prices made imported grain cheaper than barley produced in Alaska (Lewis and Pearson 1990). Too little barley was being produced to



Barley harvest in Delta.
—AFES FILE PHOTO

export, and prices were too low for that to be an economical solution. As debt mounted, the number of farmers in Delta began decreasing (Division of Legislative Audit 1986). Farmers looked to in-state markets, but it was hard to compete with low prices from the lower 48 states. Some farmers thought that the state was responsible for the mounting debt because certain infrastructure, such as the export grain terminal, had never been completed and was deemed essential to the success of the farms in the University of Alaska's feasibility study and by the Alaska Agricultural Action Council. An investigation by the Division of Legislative Audit showed that farmers would be unable to have debt relieved by filing a lawsuit because the state had never guaranteed funding for additional infrastructure.

In 1990 the debt owed to the state by Delta project farmers totaled over $53 million, in 1990 dollars (Division of Legislative Audit 1991). The state began to restructure loans with farmers to see some return on its investment. The programs for debt restructuring were generally unavailable to landowners participating in federal assistance programs, such as the Conservation Reserve Program (CRP), that paid to keep land out of production. It was felt by some that the restructuring process was very subjective, and the way it was carried out created distrust of the ARLF.



Dairy cattle in Delta.
—AFES FILE PHOTO

By 1998 only seven of the original 37 landowners from both projects still retained ownership of their parcels (Geier and Lewis 1998). The rest of the parcels had either been sold by the original tract owner or foreclosed upon and resold by the state. Some of the large tracts that reverted back to state ownership were then subdivided and sold, which put farmers on smaller parcels. Original project farmers who had retained ownership of their land were likely involved in the Conservation Reserve Program or had needed less initial capital investment and therefore accumulated lower amounts of debt (Hollembaek 2007). Currently there are 56 Delta farmers on 29,000 acres (11,736 ha) enrolled in the CRP received a combined annual payment of $949,703 (Huelskotter, Pers. Comm. 2007[1]).

Delta Junction currently has a diverse agricultural community, though it is not as was envisioned at inception of the Delta Project. There are still farms that are producing traditional crops and livestock, as well as other farms that are producing alternative livestock and niche market crops, and it is viewed as an agricultural community. The goal of a large export market for small grains was never achieved and the export elevator at Seward was never completed. This, coupled with falling grain prices, led to farmers being unable to survive economically. Original project farmers either sold their land or tried to enter different markets. Those who survived and have remained in Delta are extremely loyal to the community and are supportive of the agricultural development that has occurred there.

Point MacKenzie

Point MacKenzie was designed as a dairy project to supply the Anchorage market, as well as to use the livestock feed being produced in Delta (Snodgrass et al. 1982). The dairy industry depends heavily on infrastructure and other industries, so it was assumed that a revitalized dairy industry would create jobs and boost the local economy. There was once a relatively large dairy industry in Alaska, but during the 1960s many farms either consolidated or went out of business. By expanding the existing industry it was believed that the production of dairy products would become more feasible through an economy of scale (AAAC 1979). Point MacKenzie was designed as a 15,000 acre (6,070 ha) project with 31 tracts, 19 of which were designated as dairies and 12 others that were to be supplemental farms for growing feed and other crops (AAAC 1981).

A feasibility study was conducted in 1980 that estimated the productivity of dairy operations at Point MacKenzie (Lewis et al. 1980). According to the study a farm could achieve a positive cash flow by the second year in operation, assuming that the price paid to the farmers remained at or above $16.84 per cwt (one hundred pounds of milk). The authors also stated the dairy industry could only grow if the farmers used best management

1. E-mail dated 18 April 2007 from Helga Huelskoetter. Program Technician, Farm Service Agency Northern County.

practices and if the processing sector became more efficient.

The project was scheduled for sale March 6, 1981 (Fowler 1992). The lottery took place, but was later thrown out by the court based on the fact that the state had required a farm conservation plan or dairy farming experience to qualify, which was deemed to be exceeding the state's own authority (Englebrecht and Thomas 1987). Two tracts were not included in the lawsuit because they were Matanuska-Susitna Borough land, and remained with the original lottery winner. Another lottery was held in September 1982, and this time no previous dairy farming experience was required to be considered for the lottery. The winners signed contracts that gave them agricultural rights to the land and established deadlines for land clearing, crop production, and production of milk.

Under the contract signed for the loans, farmers were expected to clear land, begin producing crops, and start milking cows in three years (Fowler 1992). At the start of the project milk prices were high, around $22 cwt, and farmers felt confident in their investments. By 1983 one farm had already begun producing milk and the others were clearing property in anticipation of milking cows. Milk was being sold to Matanuska Maid, the oldest milk processor in the state. Matanuska Maid is located in Anchorage and was a major catalyst in beginning the Point MacKenzie project (Lewis et al. 1980). At the end of 1983, Matanuska Maid was unable to repay its debts and filed for bankruptcy and the price paid to producers immediately dropped (Fowler 1992). These events brought public attention to instability in the dairy industry.

The loan limit from the Argicultral Revolving Loan Fund was capped at $1 million, and some farmers were already at or near this limit (Fowler 1992). Many farmers had initially invested in expensive barns, which left little or no money for other expenses, such as cows and equipment. The increased debt load made farms less likely to be successful.

Farmers had trouble staying on schedule, but were told the schedule was inflexible. Around this time the state took ownership of Matanuska Maid, which was deemed necessary to keep the dairy industry operating (Van Treeck 2006). The ARLF previously loaned $4.5 million to Matanuska Maid (Division of Audit and Management Services 1990), but even more compelling was the investment made in the dairies at Point MacKenzie. Without the processor, the state believed the dairy industry it was trying to create would inevitably fail (Alaska Ombudsman 1989). Matanuska Maid, because it was state owned, was required to purchase all the milk produced that met quality standards (Fowler 1992). Though most farmers faced financial challenges, milk was being produced in significant quantities by 1986, so much so that Matanuska Maid stopped importing milk, but at the same time their sales were down.

During this time the Matanuska area was going through a recession (Alaska Ombudsman 1989). Unemployment rates in the area rose to 12 percent, and bankruptcies increased 250 percent through 1984. Businesses in the area had to downsize and cut costs to survive. Local feed suppliers were unable to supply Point MacKenzie farmers because most could not afford to buy feed with cash, and suppliers were not willing to accept their credit. Farmers in the Point MacKenzie project began having problems repaying debt and keeping their dairies operating. As production decreased in 1988, Matanuska Maid began importing milk again. By 1990 over 50 percent of Matanuska Maid's milk was being imported, and coincidentally their sales began rising (Fowler 1992).

As of 1992, only two dairy producers remained at Point MacKenzie (Fowler 1992). This number has fluctuated through the years, but has stayed steady with at least one producer in Point MacKenzie at any time. The Point MacKenzie dairy project did not meet the expectations envisioned by the state. Some of the landowners at Point MacKenzie invested in the land as speculators, waiting to sell when the agricultural zones are lifted and the Knik Bridge is built (Fowler 1992). Instead of creating a sustainable industry, the state instead became owner of the primary milk processor in southcentral Alaska and watched as most of the dairy farms at Point MacKenzie underwent financial trouble and eventually failed. As dairies from Point MacKenzie defaulted on debts and went out of business, Matanuska Maid began importing more milk from out of state. Currently there are only nine grade A dairies in the state, down from sixteen at the height of Point MacKenzie's production in 1986 (Alaska Agricultural Statistics Service 1976–2006).

Nenana-Totchaket

The Nenana-Totchaket area has been considered an area with some of the most prime agricultural soils in the state (AAAC 1981). The proposed project was located west of the city of Nenana in a remote area. The original thought was that the producers would be linked to markets through the adjacent railroad, and agriculture would begin to expand westward. The Natural Resource Conservation Service (NRCS) (at that time the Soil Conservation Service) identified 175,000 acres (70,820 ha) of agricultural soils in the area between the Tanana and Kantishna Rivers. The feasibility study conducted assumed that this project would be much like Delta and be a small grain-producing area (AAAC 1982a).

In 1980 the legislature appropriated $500,000 for design and development of the project. In 1982 the AAAC asked the legislature to fund further development of the project and that a lottery sale for 75,000 acres (30,351 ha) take place as soon as possible (AAAC 1982a). In 1983 the Division of Agriculture suggested that the sale be delayed until analysis of the previous projects had been completed, to help determine if the investments needed to complete the Nenana-Totchaket project would result in sufficient benefits to Alaska (DOAg 1983). It is possible that funding for a bridge and access to the remote location was more than the legislature was willing to do, because no more appropriations were made and the project was never completed (Lewis 2007).

Infrastructure

The infrastructure proposed, which would support the grain, dairy, and red meat industries, was seen as a "vital link between the producer and the consumer" (AAAC 1979). It was viewed as essential to the economic success of the projects that certain facilities were in place. To make the facilities available to the producer quickly, the AAAC knew the facilities would have to be government owned and managed for a period, but felt that "as soon as possible, the ownership and management function should be transferred to the private sector" (AAAC 1979).

A grain elevator at port was considered a necessity to the success of a small grain export industry. Seward was selected as the preferred city for its location because it was connected to the railroad system (Lewis 2007). Under this plan, grain trucked to Fairbanks from Delta would be loaded on rail cars and travel to Seward, stopping along the way to deposit grain for livestock producers in various towns (AAAC 1982a). The AAAC recommended that the legislature spend $6.5 million to construct the terminal elevator.

Construction of the grain terminal began in 1981. The legality of the AAAC hiring contractors and leasing land was questioned, and work was halted later that year (Division of Internal Audit 1981, AAAC 1982a). Once Governor Sheffield took office no additional appropriations were made to fund the construction and the terminal elevator was never realized (Lewis 2007). Despite the $6.5 million invested, the state placed further grain terminal appropriations on hold until there was increased production to support it (AAAC 1983). It is also possible the state thought the terminal being built in Valdez would be suitable, and did not wish to fund a redundant facility (Hammond 1994). That additional investment never materialized and the Seward facility is currently a concrete pad still owned by the state and used for various purposes, none of which are grain exportation (Lewis 2007).

The city of Valdez began construction of a grain terminal concurrently with the Seward project. The city of Valdez thought that it should be the place of grain export since all the oil from the North Slope was being shipped out from the same location. The state did not support a grain terminal at Valdez because it was not a part of the railroad system (Lewis 2007), but Valdez built one regardless. The building site was chosen poorly, and the terminal needed approximately $500,000 in dredging to allow barges close enough to load grain (Alaska Cooperative Extension Service 2006). No grain was ever exported using the Valdez grain terminal.

A livestock processing facility was also deemed necessary to "complete the feed grain-livestock cycle" (AAAC 1981). Livestock numbers were expected to increase as grain production increased, and the existing slaughterhouses at the time would be unable to accommodate for the growth. The legislature appropriated $2.65 million for the development of these facilities (AAAC 1982a), in the form of loans to private builders (Teal 1982). A slaughterhouse was built in Fairbanks, but it was leased and later sold to Interior Alaska Fish Processors without ever being used for livestock slaughter (Knight 2007). Mt. McKinley Meat and Sausage (MMMS) was built in Palmer and began operation in December of 1983 (AAAC 1983).

The Palmer facility was designed to handle 100 hogs per day and 50 cattle. It stayed in operation for two years, but was foreclosed by the Agriculture Revolving Loan Fund in 1985 (Torgerson et al. 2003). The facility remained closed until 1987, when the Department of Corrections reopened it to use for rehabilitation and training of inmates. The MMMS continued to lose money and was unable to cover its operating expenses. In 2002 MMMS was able to cover operating expenses, but it was still unable to cover other expenses, such as wages. This was the closest it had come to being economical since its inception.

In 2002 the Division of Agriculture developed a request for proposals that would allow for a $1 per year lease to operate MMMS in an attempt to get the losing venture out of state control. Although there was a lot of interest in the proposal request, no one submitted a responsive proposal and MMMS remained state operated. MMMS debt is paid out of the ARLF, which is steadily decreasing in funds and entirely pays for the operation of the Division of Agriculture, so the division has continually tried to decrease expenses and transfer the facility to private ownership (Torgerson et al. 2003). It has been suggested in the past that the facility be shut down, but the state recognizes the need that MMMS meets for the community. Currently MMMS remains under state ownership and management, and steps are still being taken to minimize expenses and reduce losses (DeVilbiss 2006).

A grain handling facility was constructed in 1980 in Delta Junction that provided an elevator, drying, and storage for Delta grain producers (AAAC 1981). It cost approximately $1,300,000 in loans to a private business to construct, and had to be expanded almost immediately to deal with all the grain being produced in Delta. In 1985, when grain production dropped dramatically, it was foreclosed upon by the state (Alaska Cooperative Extension Service 2006). Currently it is owned by the ARLF, but is leased for $1 a year by the Alaska Farmers Cooperative, Inc. It is used for grain and fertilizer storage for farmers in the Tanana Valley.

Analysis

Through the years the Alaska state government spent millions of dollars to create a large scale agricultural industry. In appropriations alone, over $76 million, in 2006 dollars, was spent on the projects (Table 1). Even more millions of dollars were spent on the ARLF loans to farmers. It is debatable whether the funds expended were worth the benefits created. It is interesting to note that appropriations made to Delta I spanned a period of a few years, whereas all infrastructure appropriations came in a lump sum in one year.

Table 1. Direct Appropriations made by the Alaska Legislature, 1978–1982 (in 2006 $)

Project	Year*					Total
	1978	1979	1980	1981	1982	
Delta I	$11,296,253	$14,844,849	$3,671,072	$1,595,762	0	$31,407,936
Delta II	0	0	0	$15,136,876	0	$15,136,876
Point MacKenzie	0	0	$9,223,568	0	$392,286	$9,615,854
Nenana-Totchaket	0	0	$917,768	$840,760	0	$1,758,528
Infrastructure†	0	0	0	$18,748,949	0	$18,748,949
						$76,668,143

*PPI (all commodities), not seasonally adjusted, normalized to 2006

† includes processing facilities, export terminal, rail hopper cars, and marketing

Source: Teal, D. 1982. Financing agricultural projects in Alaska. Juneau: State of Alaska, House Research Agency report 81-5

The projects increased overall commodity production in the state for a period of time. Total acres planted in crops rose during the period that the Delta project was created (Fig 1). Represented in the total cropland are many agronomic crops, such as hay, oats, and grass, and acreage dedicated to those commodities was highest during the projects' initial years. Acres in cropland dropped after a few years, in the mid 1980s. This was when farmers at the Delta project were going through financial troubles, and the international price of grains had dropped. The peak in 1984 of 41,000 acres (16,592 ha) has not since been reached. It is important to note that acreage in cropland is presently at higher levels than before the agricultural projects were established. The 100,000 acres (40,469 ha) of project land put into private ownership appears to have made an impact on agricultural production, but not to the extent that was envisioned. The AAAC had a goal that 500,000 acres (202,343 ha) would be in production by 1992, and this obviously did not occur.

Acreage planted in barley increased dramatically in the years following the lottery for Delta I, but started to decline in the mid 1980s (Fig 2). The decline is due to a combination of factors, including dropping grain prices, farmer turnover,

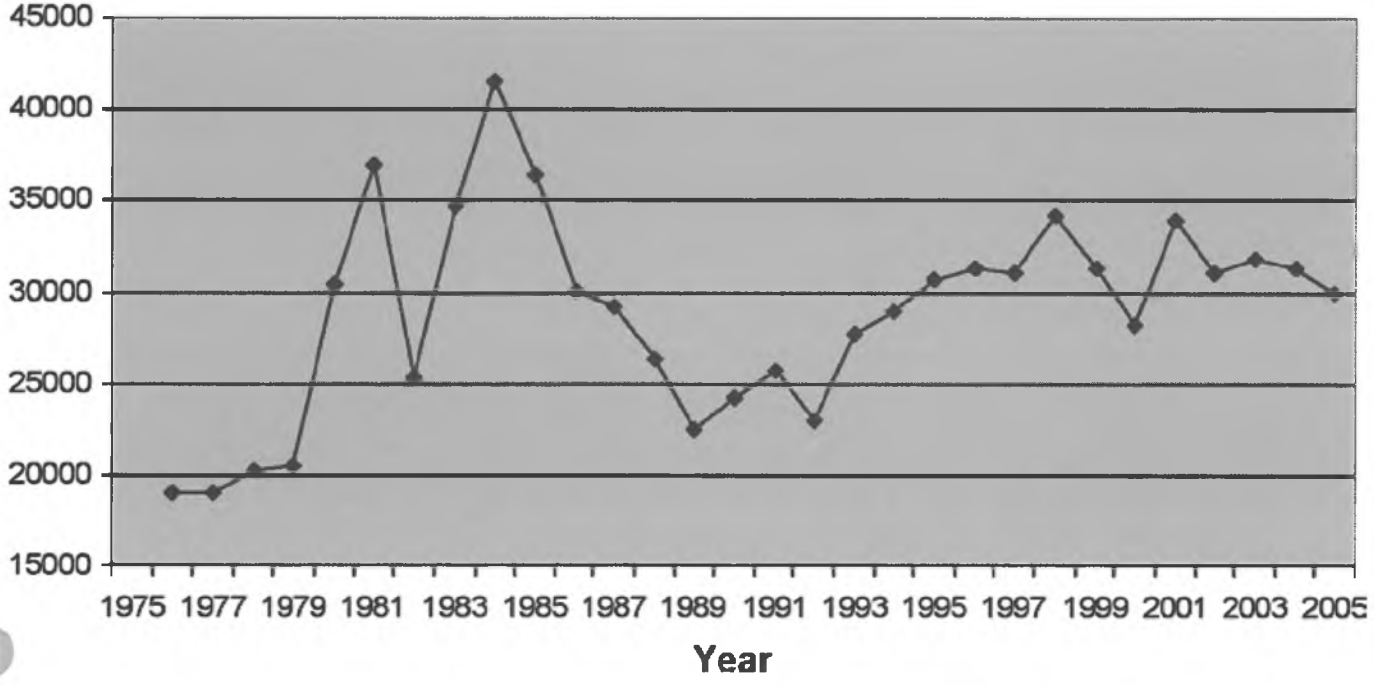


Figure 1. Alaska Cropland Utilization, 1976-2005. Source: Alaska Agricultural Statistics Service 1977–2006.

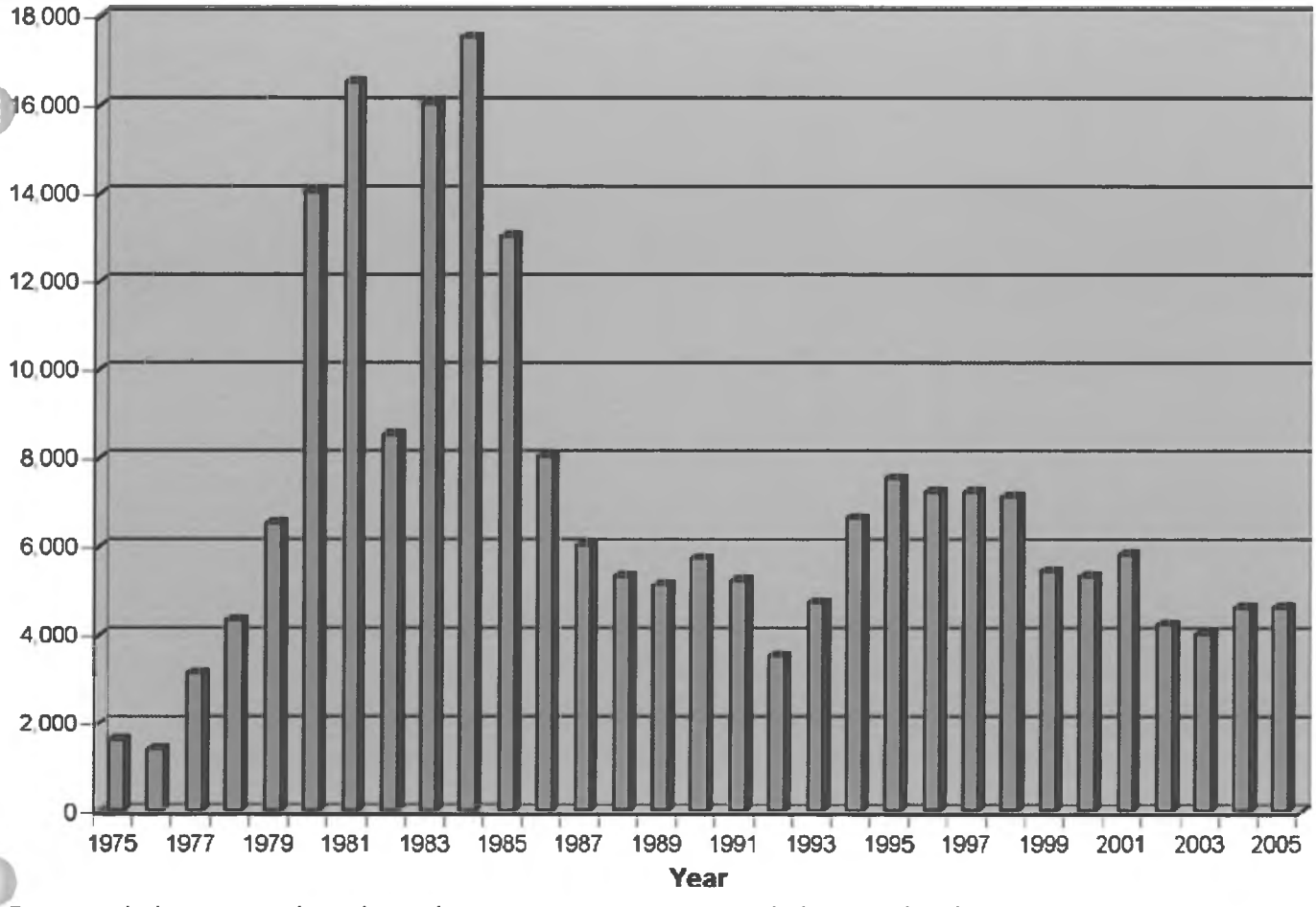


Figure 2. Alaska Acreage Planted in Barley, years 1975-2005. Source: Alaska Agricultural Statistics Service 1976–2006.

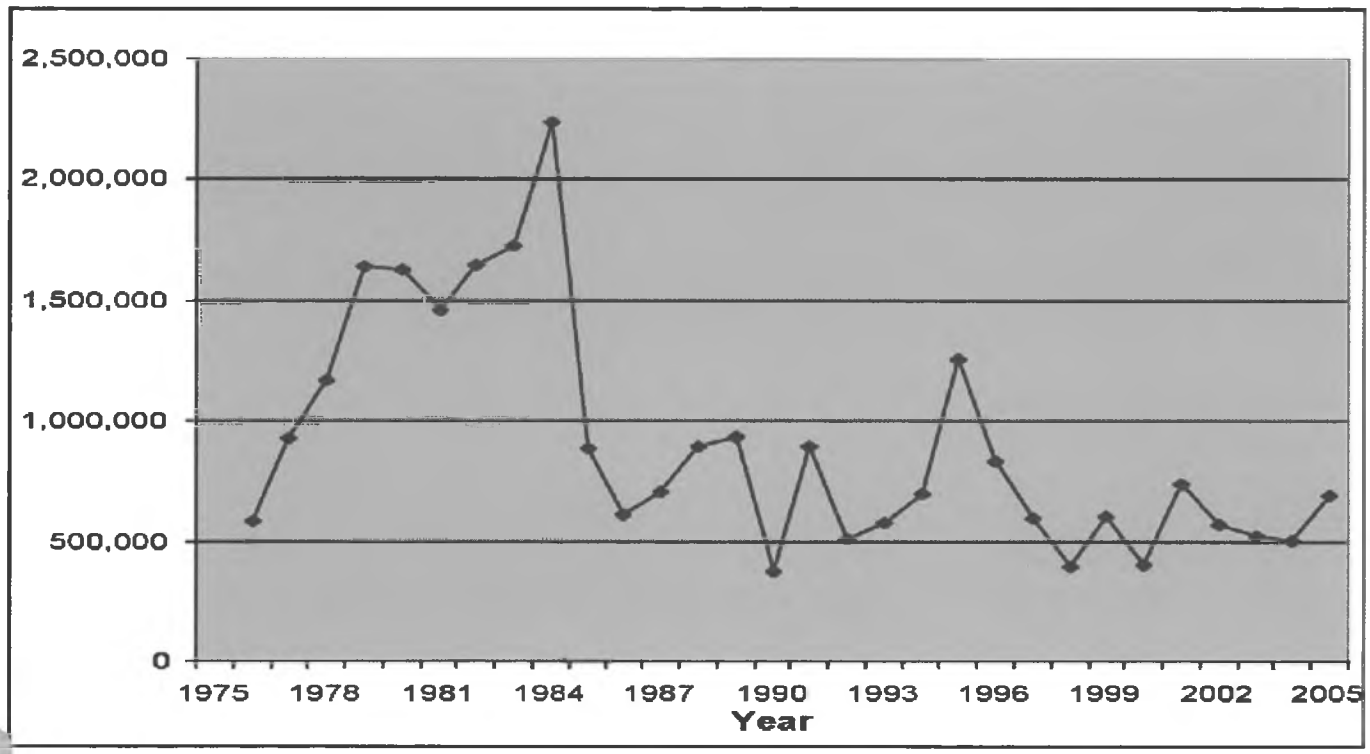


Figure 3. Alaska Cash Receipts for Barley, 1976–2005. PPI (all commodities), not seasonally adjusted, normalized to 2006 dollars. Source: Alaska Agricultural Statistics Service 1978–2006.

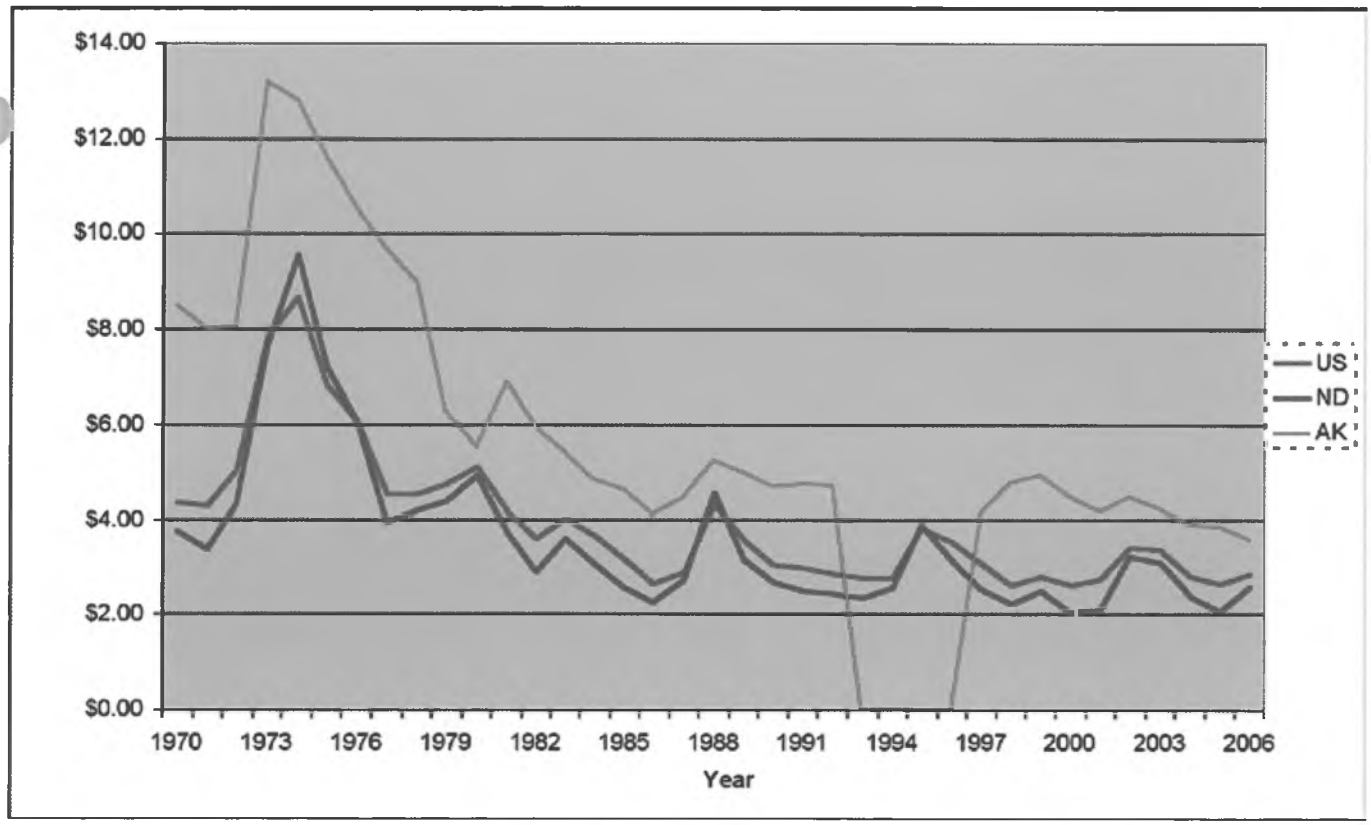


Figure 4. Barley Prices for the United States, North Dakota, and Alaska. Dollars per bushel, 1970–2006. PPI (all commodities), not seasonally adjusted, normalized to 2006 dollars. Source: USDA National Agricultural Statistics Service

and land being devoted to the Conservation Reserve Program. Barley production acreage has not fallen back to the low levels before 1978 and has remained between 4,000 and 8,000 acres (1,619-3,237 ha) over the past ten years. The projects affected barley production, but did not reach the expectations of the planners. The industry was supposed to grow to completely fill the in-state need and the surplus was to be sold on the world market. However, as prices dropped and production decreased the terminal was put on hold.

The cash receipts paid to farmers for barley peaked in 1984, at over $2 million (Fig 3). Considering that each project farmer owed close to or over a million dollars, it is clear why many farmers were unable to pay back their debts. Nationally, barley prices were high during the planning stages of the Delta I project, but have been on a downward trend since 1974 (Fig 4). It is interesting that barley prices had already began dropping when the ad hoc committee designed and created the Delta I project.

The level of milk production rose significantly during the late 1980s (Fig 5, p. 12). This rise can be attributed to the increased production from the Point MacKenzie project. Landowners were receiving large loans to bring farms into production swiftly, and some were quickly reaching the $1 million loan limit. The rapid rise in production began in 1984 and peaked in 1987 at 35,000,000 lbs. of milk produced in the state of Alaska. The increase envisioned by the project's creators in Alaska milk production was short lived, and by 1987 milk production began dropping. The decrease in production can be attributed to the numerous financial troubles that plagued area farmers, which led to foreclosures. Since 1991 production has remained relatively stable and comparable to production before the Point MacKenzie dairy project was established.

Based on the statistical data it is clear that project commodity production increased during the initial years of development, but drastically dropped in the mid to late 1980s. As farms in the Delta area accrued debt and were foreclosed upon, those acres went out of production. Many farms on Delta project land were placed into the Conservation Reserve Program (Knight 2007), which also accounts for the decrease in barley acreage. Milk production increased rapidly as farms were being subsidized and large investments were made to quickly begin milk production. Milk production decreased as debt mounted and farms were abandoned. The 'boom and bust' cycle exhibited by barley and milk production is indicative that the project goals were not achieved and that the projects were not sustainable, which is due to a number of factors.

Discussion

Governor Hammond had grand ideas about the creation of an agricultural industry from oil profits. The goals of his administration were to broaden the economic base of the state

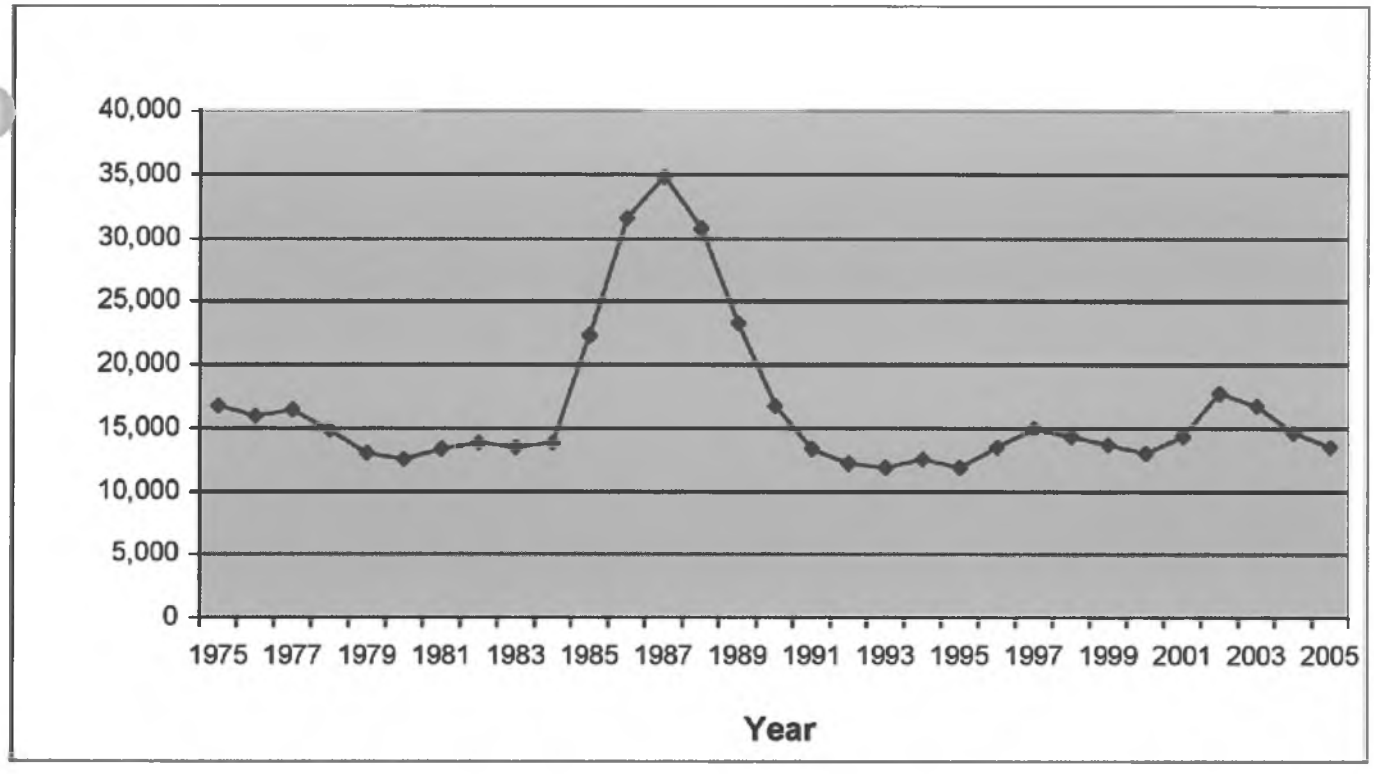


Figure 5. Alaska Milk Production, years 1975–2005. Source: Alaska Agricultural Statistics Service 1976–2006.

through agricultural production, stabilize real food costs by increasing local food, provide alternative job opportunities through expanded agriculture, improve rural life by developing an economic base through agriculture, and assist in meeting national goals of increased food production for world needs. Examination of the outcomes provides little evidence that any of these goals were achieved.

Agriculture is a minor component of Alaska's economy. Governor Hammond once said he believed "it is in fact possible that Alaska will be the prime agricultural state in the not too distant future" (Lehne nd). While Alaska does have dedicated farmers and agriculturalists, the industry is nowhere near the industrial scale that was envisioned in the design of the projects. Agriculture as an industry currently makes up less that one percent of the revenues earned from all resource industries in the state (Alaska Cooperative Extension Service 2006).

An increase in local food production has occurred, but not to the extent that was envisioned. Washington State is still the primary supplier of milk to the state, supplemented by the small amount produced in-state. Currently there are two milk bottlers in the state, Matanuska Maid and Northern Lights Dairy (Van Treeck 2006). [2] Northern Lights Dairy is located in Delta and uses only Alaska milk (Lewis and Pearson 1990). As of 1998, Matanuska Maid processed about 30 percent Alaska milk, with the rest imported (Division of Legislative Audit 1998). Alaska red meat production has increased since the 1970s, but so has the population of Alaska. The state still imports about 95 percent of its food (Alaska Cooperative Extension Service 2006), and increases in commodity production have probably been only enough to counteract population growth and keep food importation at the levels it was in the 1970s.

The development of Alaska agriculture came along as the importation of commodities was becoming more efficient. Currently there are no price incentives for Alaska to become self-sufficient, considering how the markets have changed and how effectively air and land transport have brought food and products to Alaska (Division of Legislative Audit 1998). Though this system is not infallible, as adverse circumstances can slow or stop transportation, it has worked well enough that Alaska has not substantially decreased its dependence on importing food.

As far as improving rural life by developing an economic base through agriculture and assisting in meeting goals of increased food production, this simply did not occur. Although the local economy of Delta has been affected by the agriculture practiced there, based on commodity production it is doubtful the Matanuska Valley's economy is greatly affected by the Point MacKenzie development. Nenana-Totchaket was never completed, so development of a western Alaska agriculture economy was not accomplished. Grain production never reached the levels that had been imagined and the export terminal was never finished, so Alaska does not play a role in meeting world grain needs.

In the late 1970s and early 1980s, the rest of the United States was experiencing a farm crisis (Public Agenda Foundation 1987). A third of the nation's farmers were experiencing

2. Editors' note: now one, since Matanuska Maid was shut down at the end of 2007 and is scheduled for sale.

financial troubles due to falling land values, low commodity prices, and mounting debt. The fiscal policies of the Carter and Reagan administrations escalated farmers' problems because the industry is extremely capital intensive, dependent on interest rates and heavily subsidized (Buttel 1989). Declines in United States commodity prices, including small grains, began in 1984 (Buttel 1989), which happens to be the peak year of Alaska barley production (Alaska Agricultural Statistics Service 1985). Alaska's attempt at creating an agriculture industry happened to coincide with this arduous time in American agriculture, from which it could not have benefited. Alaska farmers were at more of a disadvantage because the project land was bought at a time when agricultural lands had reached peak values, and it still took a few years of clearing and capital investment before the farmer could begin producing crops and making money (DOAg 1985).

There are federal government programs that have the potential to help stabilize commodity prices. The Commodity Credit Corporation (CCC) is managed by the Farm Service Agency (FSA), and its major functions are preservation of farm prices and income, as well as maintenance of supplies and balanced distribution of agricultural commodities.[3] Programs such as this could have helped to stabilize barley prices during the Delta project's formative years, but many farmers did not use the program. Some of the programs require a licensed grain elevator in the state for eligibility, which leaves Alaska's grain industry at a disadvantage (Alaska Cooperative Extension Service 2006).

The Conservation Reserve Program is one government program that helped farmers retain control of their land (Knight 2007). By paying farmers to keep 'conservation covers' on their land the farmers did not have to invest in capital for high-risk crop production that may not be of suitable quality or quantity to make land payments. This land was not under cultivation, and was set aside as wildlife habitat, which allowed some landowners to receive an income without actually farming the land (Geier and Lewis 1998).

The agricultural projects were created using a system that was very governmentally 'hands on' (Lewis and Pearson 1990). The land was made available by the state, the state gave loans to landowners to develop farms, and the state invested millions of dollars to build support facilities that were supposed to boost the industry. Eventually, administration changes coupled with project setbacks and tightening fiscal constraints due to dropping oil prices led to less political and financial support for the government-funded projects. Legislators began asking when "enough is enough" and how much more money should be expended on the agricultural projects (Lehne nd). Lewis and Pearson noted in their 1990 study that a "hands-off model" of agricultural development would probably be most successful in Alaska. This model has been exhibited by the vegetable industry, especially potatoes and carrots. The vegetable industry uses a smaller land base than grains, but received $4.7 million in cash receipts in 2005, compared with $787,000 for barley and oats (Alaska Agricultural Statistics Service 2006).

The trend in Alaska agriculture has shifted from traditional large-scale farms to smaller farms that produce for a niche market (Alaska Cooperative Extension Service 2006). Farmers' markets that supply local products to local consumers are growing statewide. There is room for growth in the alternative livestock industry, which emphasizes animals that are both well suited to Alaska and are a high value commodity. Currently, the most lucrative agricultural businesses in Alaska are greenhouses and aquaculture. The most traditional agronomic crop receiving the highest cash receipts is hay, which is mostly being used by recreational horse owners (Alaska Cooperative Extension Service 2006, Alaska Agricultural Statistics Service 2006).

The Delta project failed at creating a sustainable large-scale grain industry in Alaska. There have been positive outcomes from the Delta development, such as the agricultural community that has grown there. Dr. Lewis, Dean of the University of Alaska Fairbanks School of Natural Resources and Agricultural Sciences and co-author of the Delta and Point MacKenzie feasibility studies, has stated that the Delta project has shown that agriculture in Alaska is possible under certain conditions, and that it can be successful (2007), though the level of success envisioned in the large-scale agricultural projects has obviously not been achieved. The project did put large amounts of state-owned land into private ownership, and most of it is still being used for some type of agricultural enterprise.

The Point MacKenzie project has less success to show for all the money that was invested in it. Only two dairies remained in 1992 out of nineteen that were proposed, one of which was an original lottery winner (Fowler 1992). Point MacKenzie had many problems, such as lawsuits and the bankruptcy of Matanuska Maid, which hindered success. It is troubling that the state did not anticipate Matanuska Maid's impending bankruptcy. The project had been underway for less than a year before the processor declared bankruptcy. Probably the most detrimental factor to the project's success was the development time scale imposed on farmers. The project was designed with a development schedule that was too fast for nearly all of the farmers. They built up large amounts of debt quickly and were either unable to stay on schedule or make payments due to the decrease in milk prices. Lottery winners were not required to have dairy experience, and as such were unprepared for the circumstances that followed.

The Point MacKenzie project was based on numerous assumptions from the University of Alaska's feasibility study that did not materialize after inception. It was assumed that milk prices of $16.84 cwt would be sufficient for farmers to make a profit. However, later studies showed that the Point MacKenzie dairies needed up to $50.90 cwt to support their capital investments (Fowler 1992), which is an alarming difference. It was envisioned that Point MacKenzie farmers would be able to buy grain from the Delta project, but as grain prices dropped and farms pulled out of production, that was never realized. Land

3. Farm Service Agency website. Commodity Credit Corporation. http://www.fsa.usda.gov/FSA/webapp?area=about&subject=landing&topic=sao-cc

clearing costs were underestimated, which led to farmers quickly reaching their $1 million loan limit, along with excessive amounts being invested in capital expenses. Parts of the feasibility study were unrealistic, and it led to overoptimism about the potential risks and investments involved.

The Point MacKenzie project was envisioned as a large-scale dairy project, just as Delta was designed as a large-scale grain industry. The successes of the projects are that 100,000 acres (40,469 ha) have been transferred to private ownership and that there are now support facilities available to producers, even though most are state owned. In both cases, experience of the farmers was limited and large capital investments were either required or advocated, before profits could be achieved. Events not predicted by the development councils, such as adverse weather, deceased commodity values, and political decisions were detrimental to the outcome of the projects.

Based on the information and sources available, some lessons can be learned from the state-funded agricultural projects. The way that the projects were planned and carried out was instrumental to the outcome. The ideas proposed were grand and designed on an immense scale. Generally, creating an industry such as this would take generations to accomplish, but the planners tried to create it in a short time. Administration changes proved volatile for the projects in their formative years, and those routine changes of the political climate were not conducive to industry growth. Not only was there a high rate of farmer turnover, but project administrators also came and went, which created a loss of continuity.

There were setbacks in the early years, which were potentially minor events, but administrators saw this as a mark of failure, lessening their support for additional funding. It seemed as though some administrators were willing to cut their losses when the projects did not go exactly as planned. The industry was designed on an intricate scale with many interconnected parts, and each piece depended on the others. As certain parts fell though, such as the Seward Grain Terminal and the Matanuska Maid bankruptcy, the chance of success for the rest of the projects decreased. Government can create a climate to encourage industry growth, but it is inappropriate for government to entirely fund and create an industry.

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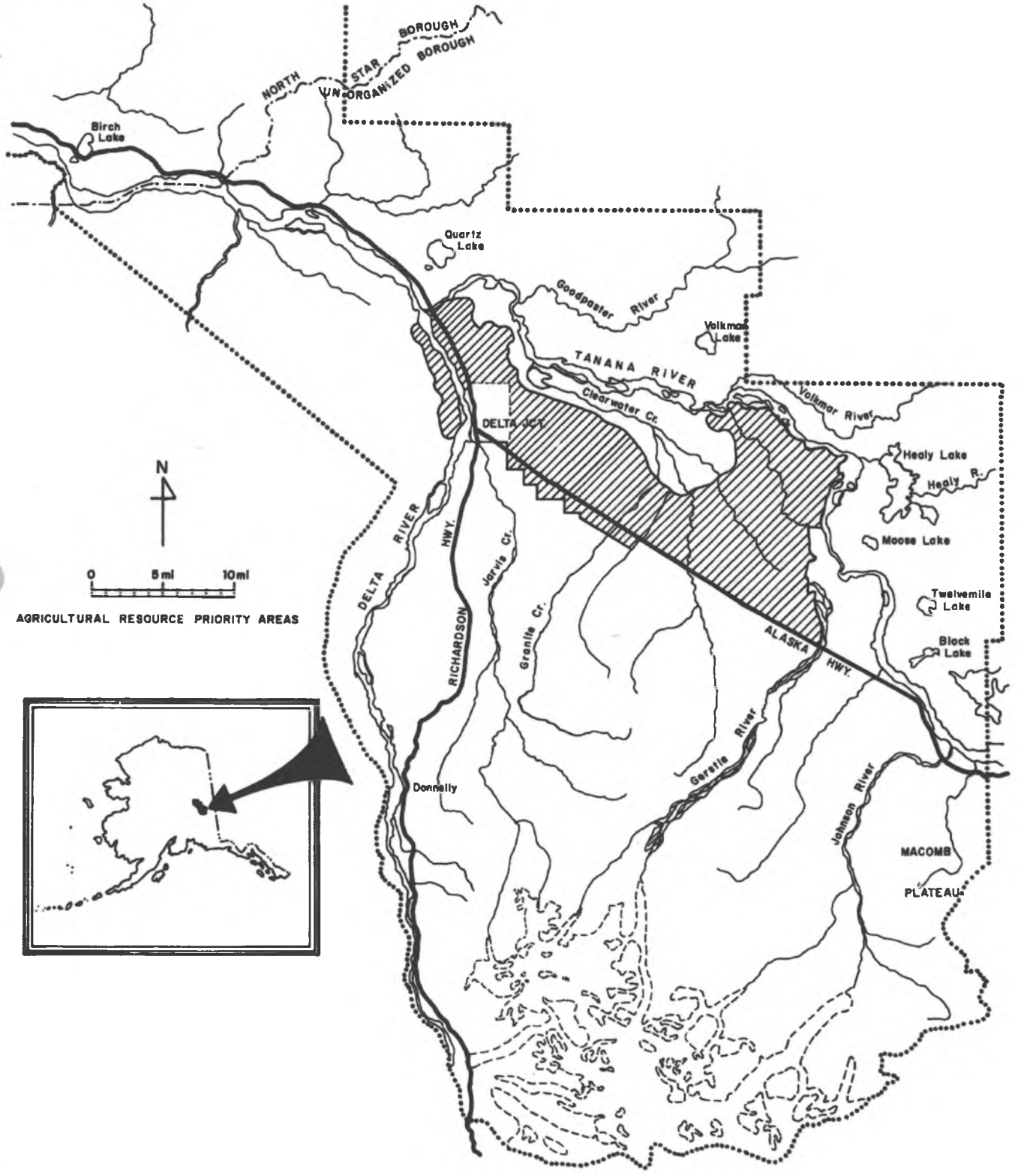
APPENDIX A: MAPS OF PROJECT AREAS

Delta



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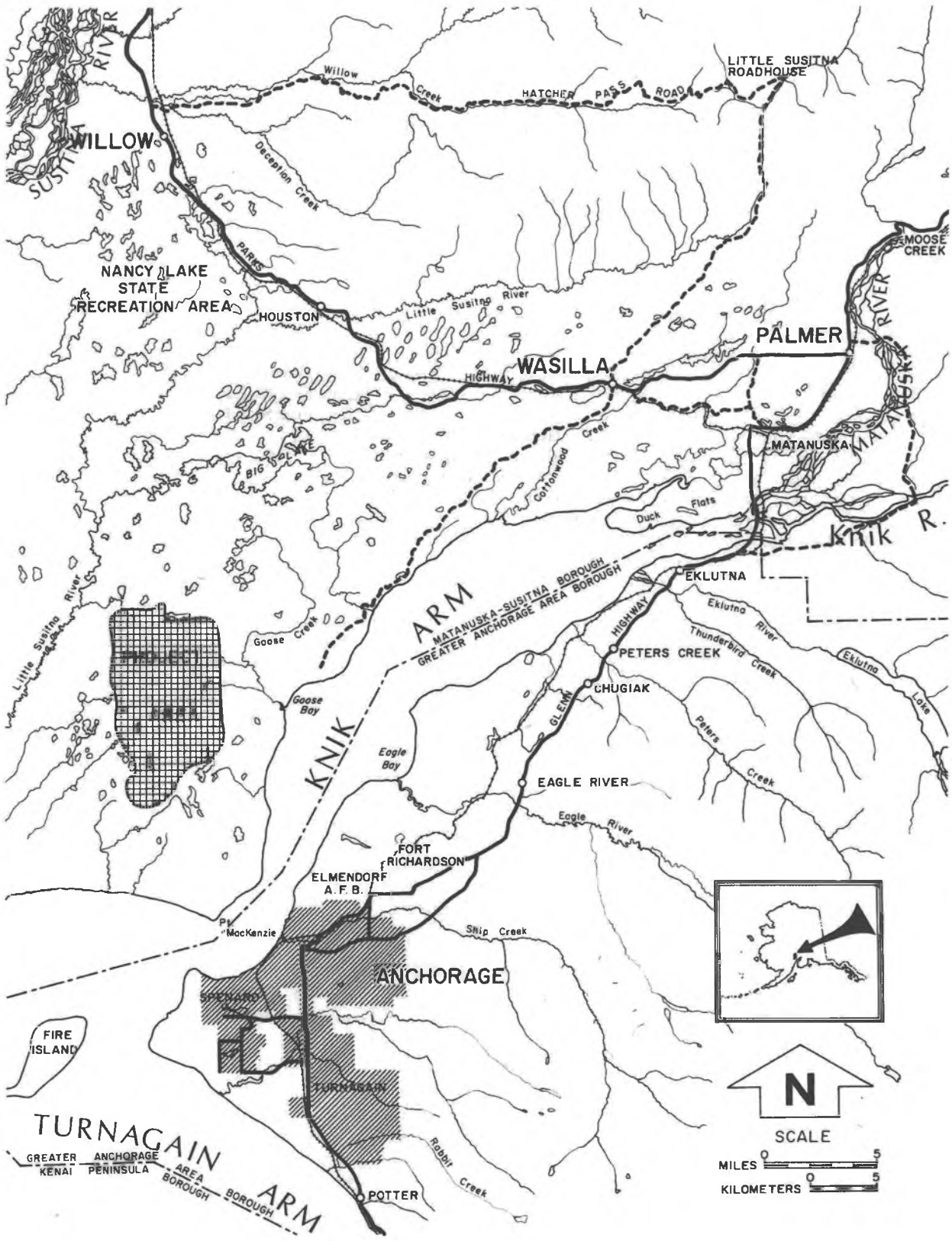
Point MacKenzie



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APPENDIX B: RAW DATA

Table 1. Direct appropriations made by the Alaska Legislature 1978-1982

Project	Year					Total
	1978	1979	1980	1981	1982	
Delta I	4,793,000	7,089,900	2,000,000	949,000	0	14,831,900
Delta II	0	0	0	9,001,900	0	9,001,900
Point MacKenzie	0	0	5,025,000	0	238,000	5,263,000
Nenana-Totchaket	0	0	500,000	500,000	0	1,000,000
Infrastructure*	0	0	0	11,150,000	0	11,150,000
					TOTAL:	**41,246,800**

*includes processing facilities, export terminal, rail hopper cars, and marketing

Source: Teal, D. 1982. Financing agricultural projects in Alaska. Juneau: State of Alaska, House Research Agency report 81-5

Figure 1. Alaska Cropland Utilization, 1976–2005

year	acres
1976	19017
1977	19005
1978	20181
1979	20432
1980	30484
1981	36881
1982	25284
1983	34671
1984	41503
1985	36351
1986	30040
1987	29134
1988	26344
1989	22422
1990	24200
1991	25653
1992	23016
1993	27758
1994	28940
1995	30726
1996	31322
1997	31064
1998	34184
1999	31340
2000	28256
2001	33903
2002	31095
2003	31807
2004	31312
2005	29895

Figure 2. Alaska Acreage Planted in Barley, years 1975–2005

year	acres planted
1975	1,600
1976	1,400
1977	3,100
1978	4,300
1979	6,500
1980	14,000
1981	16,500
1982	8,500
1983	16,000
1984	17,500
1985	13,000
1986	8,000
1987	6,000
1988	5,300
1989	5,100
1990	5,700
1991	5,200
1992	3,500
1993	4,700
1994	6,600
1995	7,500
1996	7,200
1997	7,200
1998	7,100
1999	5,400
2000	5,300
2001	5,800
2002	4,200
2003	4,000
2004	4,600
2005	4,600

Figure 5. Alaska Milk Production, years 1975–2005

year	lbs (1,000)
1975	16,800
1976	16,000
1977	16,400
1978	14,800
1979	13,000
1980	12,500
1981	13,400
1982	13,800
1983	13,500
1984	13,900
1985	22,200
1986	31,500
1987	34,800
1988	30,700
1989	23,300
1990	16,800
1991	13,300
1992	12,200
1993	11,900
1994	12,600
1995	11,900
1996	13,500
1997	15,000
1998	14,300
1999	13,600
2000	13,050
2001	14,360
2002	17,680
2003	16,700
2004	14,600
2005	13,500

Figure 3. Alaska Cash Receipts for Barley, 1977–2005. PPI (all commodities), not seasonally adjusted, normalized to 2006.

year	barley cash receipts	PPI	2006 $
1976	217,000	0.3708	585,221
1977	364,000	0.3935	925,032
1978	496,000	0.4243	1,168,984
1979	783,000	0.4776	1,639,447
1980	886,000	0.5448	1,626,285
1981	869,000	0.5947	1,461,241
1982	997,000	0.6067	1,643,316
1983	1,059,000	0.6142	1,724,194
1984	1,409,000	0.6289	2,240,420
1985	557,000	0.6257	890,203
1986	373,000	0.6077	613,790
1987	442,000	0.6237	708,674
1988	581,000	0.6487	895,637
1989	636,000	0.6809	934,058
1990	264,000	0.7055	374,203
1991	634,000	0.7069	896,874
1992	362,000	0.7109	509,214
1993	419,000	0.7214	580,815
1994	509,000	0.7307	696,592
1995	951,000	0.7569	1,256,441
1996	646,000	0.7746	833,979
1997	465,000	0.7741	600,698
1998	301,000	0.7548	398,781
1999	459,000	0.7612	602,995
2000	325,000	0.8053	403,576
2001	602,000	0.8141	739,467
2002	455,000	0.7954	572,039
2003	437,000	0.838	521,480
2004	450,000	0.8898	505,732
2005	660,000	0.9549	691,172

Figure 4. Barley Prices for the United States, ND, and AK. $/bushel, 1970-2006. PPI (all commodities), not seasonally adjusted, normalized to 2006.

		$/bu	$/bu	$/bu
PPI**	Year	US	ND	AK
0.223874	1970	$4.35	$3.75	$8.49
0.231205	1971	$4.29	$3.37	$8.00
0.241418	1972	$5.01	$4.31	$8.08
0.273169	1973	$7.83	$7.65	$13.18
0.324486	1974	$8.66	$9.55	$12.79
0.354416	1975	$6.83	$7.19	$11.57
0.370898	1976	$6.07	$6.04	$10.52
0.393599	1977	$4.52	$3.91	$9.65
0.424339	1978	$4.52	$4.19	$8.96
0.477628	1979	$4.75	$4.40	$6.28
0.544871	1980	$5.12	$4.92	$5.51
0.594772	1981	$4.17	$3.70	$6.89
0.606805	1982	$3.59	$2.90	$5.93
0.614288	1983	$4.02	$3.58	$5.37
0.629	1984	$3.64	$3.08	$4.85
0.625815	1985	$3.16	$2.56	$4.63
0.607715	1986	$2.65	$2.25	$4.11
0.623742	1987	$2.90	$2.73	$4.49
0.648819	1988	$4.32	$4.58	$5.24
0.680975	1989	$3.55	$3.16	$4.99
0.705546	1990	$3.03	$2.66	$4.68
0.707012	1991	$2.97	$2.50	$4.74
0.711007	1992	$2.87	$2.45	$4.71
0.721422	1993	$2.76	$2.34	$0.00
0.730775	1994	$2.78	$2.56	$0.00
0.756914	1995	$3.82	$3.86	$0.00
0.77466	1996	$3.54	$3.12	$0.00
0.774154	1997	$3.07	$2.53	$4.13
0.754942	1998	$2.62	$2.21	$4.77
0.761262	1999	$2.80	$2.51	$4.93
0.805349	2000	$2.62	$2.02	$4.47
0.814146	2001	$2.73	$2.10	$4.18
0.79549	2002	$3.42	$3.22	$4.46
0.83801	2003	$3.38	$3.09	$4.24
0.889883	2004	$2.79	$2.38	$3.88
0.954952	2005	$2.65	$2.08	$3.82
1	2006	$2.85	$2.60	$3.55

**, PPI (all commodities), not seasonally adjusted, normalized on 2006

ABOUT THE AGRICULTURAL AND FORESTRY EXPERIMENT STATION

The federal Hatch Act of 1887 authorized establishment of agricultural experiment stations in the U.S. and its territories to provide sicence-based research information to farmers. There are agricultural experiment stations in each of the 50 states, Puerto Rico, and Guam. All but one are part of the land-grant college system. The Morrill Act established the land-grant colleges in 1862. While the experiment stations perform agricultural research, the land-grant colleges provide education in the science and economics of agriculture.

The Alaska Agricultural Experiment Station was established in Sitka in 1898, also the site of the first experiment farm in Alaska. Subsequent stations were opened at Kodiak, Kenai, Rampart, Copper Center, Fairbanks, and Matanuska. The latter two remain. The Alaska station was not originally part of the Alaska land-grant college system. The Alaska Agricultural College and School of Mines was established by the Morrill Act in 1922. It became the University of Alaska in 1935. The Fairbanks and Matanuska farms are part the Agricultural and Forestry Experiment Station of the University of Alaska Fairbanks, which also includes the Palmer Research Center.

Early experiment station researchers developed adapted cultivars of grains, grasses, potatoes, and berries, and introduced many vegetable cultivars appropriate to Alaska. Animal and poultry management was also important. This work continues, as does research in soils and revegetation, forest ecology and management, and rural and economic development. Change has been constant as the Agricultural and Forestry Experiment Station continues to bring state-of-the-art research information to its clientele.

Agricultural and Forestry Experiment Station

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UNIVERSITY OF ALASKA FAIRBANKS

print

Securing Alaska's insecure food supply: With some help, Alaska could produce more

by Carol E. Lewis and Fred Schlutt Jr., Community Perspective
03.19.11 - 11:00 pm
Community Perspective

Thought about food lately? Maybe three times a day (or more)?

Thought about what would happen if our food supply was interrupted?

Benjamin Franklin said "When the well is dry, we know the worth of water." We would paraphrase: "When the food is gone, we will know the worth of food."

Alaska's food supply is not secure.

Food security includes not only availability of locally produced foods but also a mix of imported and exported food products. Most states and regions in the U.S. have a reasonable balance of locally produced, imported and exported foods. Alaska imports nearly all its food and is increasingly dependent on imported food. If this trend continues, Alaska's expanding population will require increased food imports during a time when energy plays an ever-increasing role in their cost.

Producing more food in Alaska is possible with help from university research, the Cooperative Extension Service and university-business partnerships. While Alaska currently does not depend on in-state production, there is no reason why it cannot. Lands are productive for crops and livestock, and the growing season can be extended with modern technologies.

State funding for a special project could make a world of difference in the state's dismal food security outlook. This joint project between UAF School of Natural Resources and Agricultural Sciences, the Agricultural and Forestry Experiment Station and UAF Cooperative Extension Service addresses food security by focusing on animal agriculture (reindeer, elk, bison, muskoxen, yaks, cattle, sheep, goats, hogs and poultry) and controlled environment vegetable production (controlling the length of the growing seasons and using local materials to manufacture soil). The proposal, which is before the Alaska Legislature via the University of Alaska budget, includes $300,000 per year during a five-year period for research, education and outreach.

We will focus on community development of local food production, including food science, food technologies, processing and human nutrition as well as production technologies, food preservation, and processing and storage for year-round consumption. Cultural considerations of food self-reliance, nutrition and appropriate crops and livestock for Alaska's diverse climate and geography will also be addressed.

The close linkage of the extension service, the experiment station and the school

will give us the opportunity to look at ways to help our farmers produce high-quality products to take the place of imported fresh, frozen and canned supplies, will potentially provide business opportunities for processing and distribution and will train students who, when they graduate, will be expert in bringing research and technology to users.

Why should you care? This type of important research and outreach affects the very food that will appear on your plate tonight.

While many people proclaim the virtues of local food via T-shirts or bumper stickers, are they willing to truly support a project that will make Alaska-grown food more abundant and accessible? Food insecurity for Alaskans is a grave concern but can only be addressed if we choose to make it a priority.

Alaska needs locally grown food. Are you willing to help by letting your legislators know you support this important project?

Carol E. Lewis is dean of the UAF School of Natural Resources and Agricultural Sciences and director of the Agricultural and Forestry Experiment Station. Fred Schlutt Jr. is director of the UAF Cooperative Extension Service and UAF vice provost for outreach.

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COOPERATIVE EXTENSION SERVICE
UNIVERSITY OF ALASKA FAIRBANKS

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March 7, 2012

To the State of Alaska - House Resource Committee

Re: **Hearing on HB 191: An Act Establishing a State Department of Agriculture and Food**

I am writing to voice my support for the reinstatement of a Department of Agriculture and Food within the Cabinet of the Governor of Alaska. I support Alaska Farm Bureau President Bryce Wrigley and the Alaska Farm Bureau (AFB) and their members in their support of this important issue.

A past Legislative Audit, in addressing the interests of ***future Alaska***, made a recommendation that the current DNR Division of Agriculture would be better suited to serving ***future Alaska*** if it had the status of a Department of Agriculture.

Alaska is evolving……individual Alaskans are now more than ever focusing on local food for local communities…..the efforts of the recent Alaska Food Policy Council and their focus on ***Alaska Grown***….the awareness that food security is an issue of growing concern given the singular points of entry from the lower-48 – a prolonged closure of the Port of Anchorage and the Ted Stevens International Airport as well as road access would leave the majority of Alaska at significant peril…..and other concerns suggest ***that the time has come!***

AFB President Wrigley says it best, "….*we continue to see little progress because DNR is preoccupied with oil and gas. Meanwhile, our food production capability languishes for lack of support. It takes time to develop a local food system to support our state - time that is surely and steadily slipping away. Not only are we in danger of losing our agriculture, we are about to lose the farming resources needed by the next generation of farmers.*"

I very much concur with AFB President Wrigley in his above summary of the issue. The cost to establish another seat at the Governor's cabinet would be minor in consideration of the opportunity cost to all Alaskans of the **"do nothing alternative"** which I most definitely do not support.

Thank you for considering my comments on this vital matter.

Sincerely,

Anthony T. Nakazawa

Anthony "Tony" Nakazawa

YAHOO! MAIL Classic

HB 191 Support Thursday, March 22, 2012 1:32 PM

From: "Cater Alaska" <info@cateralaska.com>
To: janehamilton99737@yahoo.com

Mr.Bryce Wrigley;

I support this bill and would like to see the reinstatement of a Division of Agriculture here in Alaska. For the best interest of all of our local sustainability and complete farming and agriculture needs, this bill is well supported by myself and my family. Please consider my name as a true advocate for this request.

Thank you,
Kirsten Pedersen, Wasilla

--

YAHOO! MAIL Classic

Re: HB-191 Hearing Monday Thursday, March 22, 2012 11:59 PM

From: "sandi schultz" <sandischultz@starband.net>
To: "Jane Hamilton" <janehamilton99737@yahoo.com>

I support HB 191. We need a Department of Agriculture to benefit farmers and consumers. This bill would bring all ag-related services together to better serve the producer and the consumer. sandi

Dare to be imperfect and one day there will tug at your sleeve a soulmate.
~Robert Brault

From: Jane Hamilton
Sent: Thursday, March 22, 2012 1:06 PM
To: undisclosed recipients:
Subject: HB-191 Hearing Monday

Alaska State Farm Bureau President Bryce Wrigley will be testifying during the House Resources committee hearing on Monday, March 26th. The hearing is scheduled for 1:00 P.M.

If you'd like to support the bill, please send an e-mail to the Farm Bureau executive director at janehamilton99737@yahoo.com by noon this Saturday if you have not already done so. Your statement need not be lengthy, a sentence or two will make a significant difference.

If you'd like to testify before the committee on Monday, please contact your local LIO Office. It's best to let them know that you'd like to testify ahead of time so they will be set up for you.

HB-191, establishing a Department of Agriculture and Food, was introduced by Representative Steve Thompson and is co-sponsored by Reps. Kerttula, Tuck, Lynn, Dick, Miller and Wilson. Currently, statutes and regulations that govern food, food products, land sales, loans land development and livestock are in multiple Departments. HB-191 would bring them together in one department. It's interesting to note that in 1947, the Territory of Alaska had a Department of Agriculture. Agriculture was later made a Division and put in the Department of Natural Resources. This bill would actually be re-instating what we used to have. Alaska and Rhode Island are now the only two states that do not have a Department of Agriculture.

YAHOO! MAIL Classic

Courses from France for AG degree via Quentin Idrac Friday, March 16, 2012 11:08 AM

From: "Ruby Peck-Hollembaek" <rhubarb99737@gmail.com>

To: "Carol Lewis" <celewis@alaska.edu>, "Jan Rowell" <Jan.Rowell@alaska.edu>, "Craig Gerlach" <scgerlach@alaska.edu>, "Milan Shipka" <mpshipka@alaska.edu>, "CES Delta" <cmroden@alaska.edu>

Cc: "Coghill, John (LAA)" <senator_john_coghill@legis.state.ak.us>, "Rep_Reggie_Joule" <Rep_Reggie_Joule@legis.state.ak.us>, "Senator_Joe_Paskvan" <Senator_Joe_Paskvan@legis.state.ak.us>, "Senator_Joe_Thomas" <Senator_Joe_Thomas@legis.state.ak.us>, Rep_Alan_Dick@legis.state.ak.us, Rep_Eric_Fiege@legis.state.ak.us, "Rep_David_Guttenberg" <Rep_David_Guttenberg@legis.state.ak.us>, "Rep_Scott_Kawasaki" <Rep_Scott_Kawasaki@legis.state.ak.us>, "rep_bob_miller" <rep_bob_miller@legis.state.ak.us>, Rep_Bill_Stoltze@legis.state.ak.us, Rep_Steve_Thompson@legis.state.ak.us, Rep_Tammie_Wilson@legis.state.ak.us

Bcc: janehamilton99737@yahoo.com

1 File (40KB)

courses pun

I was able to retrieve our exchange student, Quentin's course schedule.
I would love to see UAF be the university in Alaska that would offer such.
Thanks again.
Go UAF!

1. I would also envision that coursework and lectures might be available online for students. The tv channel 360 North often has lectures presented from UAS. I would hope that UAF could offer the same in regards to Alaska ag, afterall UAF is a lands grant college as we all know.
2. On another note, I see that TCC presenter gave an excellent grower school presentation. This might be incorporated too along with the CES Master Gardner's Course Curriculum. What great sources we already have, blueberry study from Pat Holloway, etc.
3. Here is the link https://www.facebook.com/StoreOutside in regards to Alaska's Intertribal Health...Gary Fergusen.
4. Also: Kineen's site:http://fresh49.com/
5. I envision a 30 minute weekly segment called something like "Sow Alaska"....not like a hog ;), but rather what we reap and sow.This 30 min. program would feature harvests of grown and wild food from around the state and "how to prepare it". Gary's is already doing segments in regards to traditional foods. KUAC would be a great station to present this.

Great to see everyone and I like that SARE has movement with their grassroots endeavors such as availability of land for people who want to farm but can't afford to buy a piece of land, greenhouse productions, community gardens, farmers' markets, barley flour, arctic chamomile, legislative interest in agriculture/food-again. We are only 1 of 2 states who do not have a cabinet level department of agriculture. Very sad considering everything. I promote the reinstatement of a cabinet level Department of Agriculture. HB 24 is a good initiative. Thank you. Ruby



Scott and Ruby Hollembaek
907/895-4715 (shop)
907/895-9810 (fax)

Game Ranch: ***www.bisonandelk.com***
Community Gardens: ***www.wecangrowit.blogspot.com***
Rhubarb: ***www.akrhubarb.blogspot.com***

Palmer Produce

4255 S. McKechnie Road
Palmer, Alaska
99645-9708
Phone (907) 745-3875 Office (907) 232-8253 Cell
E-mail: produce@att.net

House Natural Resources Committee
HB191 DEPARTMENT of Agriculture Hearing
Paul A. Huppert Testimony Statement

As a matter of introduction to my agricultural experience, after farming in Yakima Valley Washington, I moved with my family to Alaska and homesteaded in the MatSu Valley. We have farmed potatoes, vegetables and hay. We established Palmer Produce for our product whole sale marketing, as well as for other Producer's products. We have dealt with various facets of Alaskan agricultural production and marketing for over 50 years.

I. Comprehensive Plan for Alaskan Agriculture Development

There isn't one and there hasn't been one for years and years under the Department of Natural Resources (DNR). No industry can achieve progress without a viable plan in place.

A. Agriculture Industry Participation

It is imperative that the agriculture industry be thoroughly involved in any planning for Alaskan agricultural development. Additionally, planning should include the development of the applicable budget requirements.

The planning process is never complete. Any plan must be flexible and on-going to meet ever-changing needs. Once a plan is developed, the industry must continue to be involved through an open door policy. The Division of Agriculture under DNR has shut out the very industry they are supposed to serve.

B. Legislative Participation

Legislative participation is important so that they can be well informed as to the industry's input. Alaskan agriculture needs a "Department" of its own that is focused on a viable plan to actually develop Alaskan agriculture's potential.

II. Agricultural Revolving Loan Fund (ARLF)

The ARLF is critical to the funding of any development of agriculture as Private Banks do not give a high priority to Ag lending. DNR and the Division of Agriculture have essentially ignored the ARLF for years with no forward planning whatsoever.

A. Recapitalization

With essentially no more capital assets to liquidate, the ARLF funds are depleting. The fund needs reorganization that includes professional financial management prior to any recapitalization.

B. Loan Authority

I don't believe that the Board of Agriculture & Conservation (BAC) should sit as the ARLF Loan Committee. My experience on Bank Boards and as past Chairman of Commercial Fishing & Agriculture Bank (CFAB) is that there must be a Loan Committee as an independent unit made up of professional personnel within the organization who follow Statutory and Regulatory requirements. Additionally, regularly scheduled audits should be mandatory.

III. Agricultural Lands

Agriculture is not a priority for DNR and they have stymied ag land sales and development for years and years. We need a "Department" level of priority with a long term vision and focus for the future of Alaskan agriculture.

A. Agriculture Land Covenants

Public lands, both State and Federal, that could be classified as agricultural in Alaska is a very small percentage. Lands that meet ag classification should be classified for future needs. It is of primary importance to retain agricultural covenants on these ag lands for future generations.

Agriculture lands everywhere, not just in Alaska, had a rough time in their beginning development years. The Great Plains and the large irrigation projects, which I was involved in after WW II, had their detractors. Everyone who eats is fortunate that they still progressed forward through those tough times. Today, with our population, we need that continued production. In looking back, the next one hundred years will go by in the blink of an eye.

B. Agriculture Land Sales

There should be a review of current ag land inventory and it be made available to those interested in farming. Additionally, there should be a plan for future ag land inventory with surveys, appraisals, proper access, plus applicable budget support.

IV. Research

There isn't any, at least not any research that actually applies to truly developing Alaskan agriculture. There has been a disconnect between the Division of Agriculture Plant Material Center (PMC) and the University of Alaska for years under DNR.

A. New Crops

We are in desperate need of continued research for the future development of Alaskan agriculture. This is more critical than ever before with the loss of the Federal Arctic Research Services (ARS).

Vegetable seed production is a very high value crop. As an example, spinach seed sells for $1,800.00 per lb. in the lower 48 States. They have developed strains so they won't bolt; consequently, they have a problem getting seed. We had Harris Moran Seed Co. run trials on our farm. They discovered that due to our summer's long light, spinach would bolt and yield high quantities of seed. Our problem was getting it dry at the time of harvest; however, I believe we could use dryers.

Another example is that we can raise a gourmet product with fresh frozen peas but it takes 15,000 acres to put in a pea processing plant. I firmly believe Peas could be raised in the Delta area. The good part of this is that peas can be mechanically harvested and processed. We have already done the research on Peas. We just need a plan and progress forward.

V. Plant Material Center (PMC)

The Division of Agriculture's Plant Material Center is stuck in a 30-year time warp based on its origination. It's only priority seems to be re-vegetation. It is not responsive and is shut off from the agricultural industry's true development needs as a result of lack of direction and leadership under DNR.

A. Seed Potato Program

The Division of Agriculture has been aware of the most dreaded of potato diseases bacterial ring rot (BRR) in the MatSu Valley since at least 2008 when it was identified on the State's own Department of Corrections Pt. Mackenzie farm. However, the Division of Agriculture has taken no measures to eradicate the disease. There is zero tolerance for this potato disease in the lower 48 and the rest of the world.

The Division's Seed Potato Program promotes and suggests the use of Alaska certified potato seed, rather than imported seed, as a means to avoid introducing disease to Alaska. First, there is insufficient quantity of certified seed potatoes available in Alaska for commercial potato producers and retailers. Second, the credibility of Alaska's own potato seed certification program is a concern if the Division of Agriculture has known of the potato ring rot disease incidents for years and appears to have taken no measures to address it.

What is the State going to do about encouraging production of sufficient quantities of *quality* certified seed potatoes for Alaskan potato producers? What is the State going to do about eradicating the bacterial potato ring rot disease in Alaska? What is the State going to do about instilling confidence in the Alaska Potato Seed Certification Program? This is another example of the low priority given the Alaskan agriculture industry under DNR and the desperate need for a "Department" management level.

B. Export Crops

Alaska is the only State that is able to export seed potatoes to China. However, this is in jeopardy when we have potato bacterial ring rot in our own back yard.

It is Nationally a standard responsibility for a "Department" of Agriculture to protect the health of food produced and to protect the reputation of what we produce. Alaska can produce high value vegetable seed and compete on the world market with a "Department" of Agriculture leading the way.

VI. Ethics/Opens Meetings Act/Conflict of Interest

It is important that current laws regarding Ethics, Open Meetings Act and Conflicts of Interest be adhered to and enforced by State Department of Law. DNR has been invisible and silent in this regard when it comes to providing leadership and oversight of the Division of Agriculture and the Board of Agriculture.

VII. Conclusion

There have been several audits, followed by several promises, for changes by a number of DNR Commissioners & Deputy Commissioners, along with Division of Agriculture Directors, that have never come to pass. The 2002 Legislative Division of Agriculture Audit Conclusion still applies today and supports HB191 creating an Alaska DEPARTMENT of Agriculture.

> "Since our last audit, the division has made very little progress in advancing agriculture. In fact, we found that the lack of innovative leadership is actually hindering the expansion of Alaska agriculture. **The Legislature should statutorily restructure services to agriculture for a more aggressive pursuit of distinctive Alaskan opportunities.**"

I support HB191 that creates a "Department" of Agriculture to raise it to a cabinet level that is necessary for Alaskan agriculture's development. A "Department" of Agriculture's qualified Commissioner's #1 priority will be to address Alaskan agriculture issues that have mentioned and many, many more. DNR and the Division of Agriculture have had over 50 years, and failed, to bring Alaskan agriculture to a successful level.

YAHOO! MAIL Classic

HB-191 Hearing Thursday, March 22, 2012 9:51 PM

From: "Charlotte Brady" <charlotwilb9@aol.com>
To: "janehamilton99737@yahoo.com" <janehamilton99737@yahoo.com>

Ms. Hamilton,

I support this bill and would like to see the reinstatement of a Division of Agriculture here in Alaska. For the best interest of all of our local sustainability and complete farming and agriculture needs, this bill is well supported by myself and my family. Please consider my name as a true advocate for this request.

Thank you,
Charlotte Brady, Wasilla, AK

YAHOO! MAIL Classic

Re: AK Farm Bureau Requesting Your Support Tuesday, March 6, 2012 3:56 PM

From: "Rita Jo" <ritajo@alaskahardy.com>
To: "Jane Hamilton" <janehamilton99737@yahoo.com>

Jane here's my 2 cents on this issue

Bryce Wrigley, President
Alaska Farm Bureau

Dear Mr. Wrigley
I appreciate any work you do that furthers the option and or successful action that produces a Department of Agriculture. It is quite the trend now to grow your own food, and with over 150 high tunnels constructed in the last 3 years in our area, folks are very serious about increasing their production to feed themselves and extended families. They are all new growers in need of guidance in farming. Many of these new growers are anticipating have produce for Farmer's Market and for local grocery stores as well as local restaurants.

The newest industry to hit Alaska, growing peony for the cut flower market, is much further along than any of us ever thought would happen this quickly. Just this past month Fairbanks had their second session to help new growers and had over 40 attend. This offering was as a result of the close out of a New Growers session at the Alaska Peony Growers Conference in January where many were turned down due to room capacity and fire marshal rules. The conference itself was attended by 120 folks. The summer conference also had great attendance.

The Matanuska Valley peony growers are forming a regional group and have again over 40 folks getting together at different times to discuss possibilities.

Here on the Kenai Peninsula, we have over 50,000 cuts for this year's market at a minimum and probably triple that for next year. All these new growers are in need of advice.I am in support of HB 191 and would be more than willing to talk and answer questions about the peony industry to anyone interested.

Rita Jo Shoultz
907 235-4969
Fritz Creek Gardens
ritajo@alaskahardy.com
www.alaskahardy.com
Alaska Hardy Peony LLC
ritajo@alaskahardypeony.com
www.alaskahardypeony.com
Box 15226, Fritz Creek, AK 99603

> ----- Original Message -----
> **From:** Jane Hamilton
> **To:** undisclosed recipients:
> **Sent:** Tuesday, March 06, 2012 10:35 AM
> **Subject:** AK Farm Bureau Requesting Your Support
>
> --- On **Tue, 3/6/12, Jane Hamilton <***janehamilton99737@yahoo.com***>** wrote:

6 March 2012

In reference to HB 191,

The general public in the Alaskan interior see agriculture as a boutique industry. Most people do not know the capabilities of local agriculture is capable of going far beyond an urban farmers market. The Alaska DNR has done very little to change or enhance agriculture's image or capabilities.

The current situation awareness and danger of a local food and fuel supply slipping away is evident. HB 191 could change the stagnation or decline of agriculture in the state of Alaska.

Thanks,

Gar Blackledge
Delta Junction, Alaska

YAHOO! MAIL Classic

Re: AK Farm Bureau Requesting Your Support Tuesday, March 6, 2012 11:14 AM

From: "geobk@mtaonline.net" <geobk@mtaonline.net>
To: "Jane Hamilton" <janehamilton99737@yahoo.com>

Jane-I am in favor of a Department of Agriculture. I worked there for 12 years. George Crowther

--- janehamilton99737@yahoo.com wrote:

From: Jane Hamilton <janehamilton99737@yahoo.com>
To: undisclosed recipients: ;
Subject: AK Farm Bureau Requesting Your Support
Date: Tue, 6 Mar 2012 11:36:46 -0800 (PST)

--- On **Tue, 3/6/12, Jane Hamilton *<janehamilton99737@yahoo.com>*** wrote:

> From: Jane Hamilton <janehamilton99737@yahoo.com>
> Subject: AK Farm Bureau Requesting Your Support
> To: "Jane Hamilton" <janehamilton99737@yahoo.com>
> Date: Tuesday, March 6, 2012, 9:51 AM
>
> Below you will find a letter from Alaska Farm Bureau State President Bryce Wrigley. He is requesting a statement, comments, or even a one line comment in support of the passage of HB 191 which will reinstate a Department of Agriculture. Please send them to the Alaska Farm Bureau Office at PO Box 760 Delta Junction, AK 99737 or to me at my e-mail address - janehamitton99737@yahoo.com
>
> We encourage you to forward this to others who may not be Farm Bureau members.
> Please send your comments or statements as soon as possible. Thanks.
>
> Hello Farm Bureau Members-
>
> It has long been the priority of the Alaska Farm Bureau to promote and develop a dynamic agriculture industry in Alaska. HB 191, the bill to reinstate a Department of Agriculture, is the vehicle we are supporting to accomplish this because it will elevate agriculture to a higher level within government and allow for better coordination and development of our food production.

YAHOO! MAIL Classic

Re: AK Farm Bureau Requesting Your Support

Tuesday, March 6, 2012 6:40 PM

From: "gaylewind@juno.com" <gaylewind@juno.com>
To: janehamilton99737@yahoo.com

Jane,
Both Jim and I are very much in support of the Department of Agriculture. We totally concur with Bryce's comments.

Jim and Gayle Eastwood

---

53 Year Old Mom Looks 33
The Stunning Results of Her Wrinkle Trick Has Botox Doctors Worried
http://thirdpartyoffers.juno.com/TGL3131/4f56d8ec4ccbb1accf9fst04vuc

YAHOO! MAIL Classic

Re: Fw: HB-191 correction Thursday, March 8, 2012 11:39 AM

From: "jbbush@mtaonline.net" <jbbush@mtaonline.net>
To: "Jane Hamilton" <janehamilton99737@yahoo.com>

Bushes Bunches Farm is very much in support of HB191. Alaska's agriculture is finally beginning to be noticed worldwide, and we need to develop an organization that promotes agriculture to the enth degree. Not unlike the Copper River Salmon. Focus on agriculture. We need a Department of Agriculture ASAP. Had no idea it had been since territorial days. And I lived here when it was still a territory, so I know how long its been.

Sincerely,
Victoria Bush

--- janehamilton99737@yahoo.com wrote:

From: Jane Hamilton <janehamilton99737@yahoo.com>
To: Jane Hamilton <janehamilton99737@yahoo.com>
Subject: Fw: HB-191 correction
Date: Tue, 6 Mar 2012 20:10:47 -0800 (PST)

--- On **Tue, 3/6/12, Jane Hamilton *<janehamilton99737@yahoo.com>*** wrote:

> From: Jane Hamilton <janehamilton99737@yahoo.com>
> Subject: HB-191 correction
> To: "Jane Hamilton" <janehamilton99737@yahoo.com>
> Date: Tuesday, March 6, 2012, 7:09 PM
>
> Thanks to those of you who have sent in your comments and letters in support for HB 191.
> I'd like to regretfully point out that I spelled my own name incorrectly when I gave you my e-mail address earlier today. The correct address is:
> janehamilton99737@yahoo.com
> We are hopeful that we will be hearing from more of you soon!

YAHOO! MAIL Classic

Re: AK Farm Bureau Requesting Your Support

Wednesday, March 7, 2012 7:18 PM

From: "Marlene or John Wenger" <marwen@cvinternet.net>
To: "Jane Hamilton" <janehamilton99737@yahoo.com>

As a farmer and business owner, I am in support of HB 191 which will reinstate a Dept
of agriculture.
John Wenger

YAHOO! MAIL Classic

HB 191 Wednesday, March 7, 2012 7:08 PM

From: "Shirlene Wrigley" <swrigley@alaska.net>
To: "Jane Hamilton" <janehamilton99737@yahoo.com>

Dear Jane,

I do support HB 191 in reinstating the Department of Agriculture. I feel the time has come to support our food source in the state of Alaska. Considering the economy of our country the local food supply to sustain ourselves is very important to consider and plan for.

I do believe that we would have better results guiding our own industry through the Department of Agriculture from the prospect of the farmers than going through the DNR. Our goal is to grow enough food in our state to sustain ourselves and not totally rely on the transportation system from the lower 48.

Sincerely,

Rex Wrigley

Re: HB 191, Establishing a State Department of Agriculture and Food

I herewith extend my full support of HB 191. It is deeply disappointing to see that this important legislation, that enjoys considerable Legislative support, has never been heard in House Resources this year. It was sent to Resources last year.

In the dramatic growth of all forms of agriculture in Alaska, not least the promising and lucrative Peony business, it is high time, that Agriculture receive the state support it so desperately needs.

Please support HB 191.

Thank you,

Milli Martin
P.O. Box 2652
Homer, AK 99603
907-235-6652
Email: millimom@xyz.net

YAHOO! MAIL Classic

Support of Dept. of Agriculture

Wednesday, March 7, 2012 12:09 PM

From: "John Dart" <jdart@alaska.com>
To: janehamilton99737@yahoo.com

Dear Ms. Hamilton:

As a farmer and Farm Bureau member, I support the establishment of a Alaska Department of Agriculture. We are at a crossroad to expanding agriculture in the State and need a better separate system. Our needs will always fall to the wayside, as DNR simply doesn't have the time, funding, or expertise to fulfill all of the needs of a diversified agriculture here in our vast State.

Sincerely,

John Robert Dart
Farmer
Dart-AM Farms,LLC
P.O. Box 84
Manley Hot Springs, Alaska 99756

YAHOO! MAIL Classic

HB 191 Tuesday, March 6, 2012 7:52 PM

From: "Craige and Kathy Baker" <grayowl@mtaonline.net>
To: janehamilton99737@yahoo.com

Craige and Kathy Baker own and operate Gray Owl Farm, a greenhouse and sod business in the Mat-Su Valley. We were honored as the 2011 State Fair Farm Family of the Year. We have been associated with Alaskan agriculture since the Point MacKenzie Dairy Project in 1984 where Craige was a farm manager. We completely support the reinstatement of the Department of Agriculture in the State of Alaska. The Governor's recent programs to promote disaster preparedness is in perfect keeping with the promotin of a local food supply and self sufficiency. A department within the government would help insure that great ideas for Alaska's food supply are heard. Agriculture is a stand-alone, important industry that needs to be independent of the Department of Natural Resources. We appreciate your consideration and actively support HB 191.
Sincerely,
Craige & Kathy Baker
Gray Owl Farm
PO Box 2976
Palmer, Alaska 99645
907-745-0353

YAHOO! MAIL Classic

Re: AK Farm Bureau Requesting Your Support Thursday, March 8, 2012 10:22 AM

From: "Viola Amberg" <alaska.aitc@gmail.com>
To: "Jane Hamilton" <janehamilton99737@yahoo.com>

President Bryce,

Alaskans cannot eat crude oil - nor do we mine for food.

My name is Viola Amberg, and I live at 1335 Skyline Drive, Fairbanks, AK 99712 and we own a 400 acre farm parcel in the Copper Center area. I would like to voice my support for House Bill 191.

In March of 2011, Rep. Steve Thompson sponsored HB 191, a bill that would allow Alaskan residents to focus appropriate state resources on food production and security. HB 191 is good for all Alaskans.

The Department of Natural Resources has served its purpose; DNR has successfully fostered the growth of Alaskan agriculture; however, Alaska is now in a position to manage a dedicated department - specifically designed to further advance our state's agriculture potential.

At one time, DNR's Division of Agriculture made sense; however, on July 15, 1957 - Alaska's first major, commercial oil discovery took place... and a lot has changed since then. "Oil and Gas" have consumed the forefront of DNR's attention, leaving Alaskan Agriculture in its wake.

The dynamics of our state has changed, and Alaska's administration is obligated to change along with it.

Alaska is ready for the Agriculture "sub" Division to become what it was intentionally designed to be – the Alaska Department of Agriculture. Let's look to the future and secure Alaska's next generation's resources.

Sincerely,

Viola L. Amberg
violaamberg@gmail.com

On Tue, Mar 6, 2012 at 10:36 AM, Jane Hamilton <janehamilton99737@yahoo.com> wrote:

--- On **Tue, 3/6/12, Jane Hamilton <*janehamilton99737@yahoo.com*>** wrote:

> From: Jane Hamilton <janehamilton99737@yahoo.com>
> Subject: AK Farm Bureau Requesting Your Support
> To: "Jane Hamilton" <janehamilton99737@yahoo.com>
> Date: Tuesday, March 6, 2012, 9:51 AM
>
> Below you will find a letter from Alaska Farm Bureau State President Bryce Wrigley. He is requesting a statement, comments, or even a one line comment in support of the passage of HB 191 which will reinstate a Department of Agriculture. Please send them to the Alaska Farm Bureau Office at PO Box 760 Delta Junction, AK 99737 or to me at my e-mail address - janehamitton99737@yahoo.com

YAHOO! MAIL Classic

HB 191 Thursday, March 8, 2012 8:38 PM

From: "Charles Knight" <cknight.alaska@gmail.com>
To: "Jane Hamilton" <janehamilton99737@yahoo.com>

Alaska Farm Bureau

I support HB 191 to reinstate a Department of Agriculture. It is interesting to live in a country that has vast reserves of gas and oil, yet much of our fuel is imported from foreign countries (we blame that on Federal restrictions). At the same time, we live in a state with millions of acres of land with agricultural potential, and we import over 95% of our food. That is not due to Federal restrictions,but due to the fact that the Department of Natural Resources is much more interested in exporting gas and oil than they are in building communities and providing a secure food supply for Alaska residents. We need a Department of Agriculture to champion the development of renewable resources through agricultural production and processing.

Charles Knight
Farm Bureau Member

YAHOO! MAIL Classic

Re: HB 191 Letters of Support Monday, March 19, 2012 2:39 PM

From: "Carmen DeVilbiss" <windyriverfarm@gmail.com>
To: "Jane Hamilton" <janehamilton99737@yahoo.com>

I would like to send a note of support for HB 191 and encourage the passage of this bill to further benefit the people of the state of Alaska and help our state to become more food independent.
We as farmers need help removing the hurdles of bureaucracy that impede our industry and I think re-instating a Department of Agriculture would give us a voice with some influence in making that happen.
Sincerely, Gerald DeVilbiss

On Mon, Mar 12, 2012 at 2:43 PM, Jane Hamilton <janehamilton99737@yahoo.com> wrote:

> Just a reminder to send in your letters or a one line sentence of support for HB 191 which will re-instate a Department of Agriculture.
>
> We have received quite a few letters and comments from our membership. Marlene Wenger and Rex Wrigley are the only two Board members who have sent them to date.
>
> Bryce's letter outlining the reasons for the request is attached. Please remind your members to send their comments as well. The more we have, the better the impact we will have during the House Resource Committee hearing.

YAHOO! MAIL Classic

HB 191 Thursday, March 22, 2012 7:58 AM

From: "Ruby Peck-Hollembaek" <rhubarb99737@gmail.com>
Bcc: janehamilton99737@yahoo.com

It's time to ask the other 48 states to restructure their departments of agriculture and lower them to a division. If Alaska doesn't have a cabinet level department of agriculture and the politicians don't think we need it, other states must not need theirs' either. Do I believe this? Heck no! Up until the 1960's, we had a cabinet level department. Change happened then and the department was made into a division under the Department of Natural Resources. I believe this was just prior to pushing the pipeline through. We have to think of Alaska as an agricultural state, not just an oil, mining, timber and fishing state. Less than 1% of Alaska land is in private hands. We are special, not having a cabinet level department of agriculture, is not a good way to be special. Rhode Island and Alaska don't have a cabinet level, all other states do.

My opinion. Regards, Ruby

--
Scott and Ruby Hollembaek
907/895-4715 (shop)
907/895-9810 (fax)

Game Ranch: ***www.bisonandelk.com***
Community Gardens: ***www.wecangrowit.blogspot.com***
Rhubarb: ***www.akrhubarb.blogspot.com***

YAHOO! MAIL Classic

Re: AK Farm Bureau Requesting Your Support

Wednesday, March 7, 2012 7:13 PM

From: "Marlene or John Wenger" <marwen@cvinternet.net>
To: "Jane Hamilton" <janehamilton99737@yahoo.com>

As the Director for the Copper River Valley Farm Bureau I am in support of HB 191
which will reinstate a Dept of Agriculture.
Marlene Wenger

ALASKA FARM BUREAU, INC.

Bryce Wrigley, President
bjwrigley@gmail.com

Jane Hamilton, Executive Director
janehamilton99737@yahoo.com

December 22, 2010

Representative Steve Thompson
PO Box 70843
Fairbanks, Alaska 99709

Dear Representative Thompson

The Alaska Farm Bureau respectfully requests your support as we pursue the creation of a Department of Agriculture in the next legislative session.

A Department of Agriculture would replace the Division of Agriculture that is currently in the Department of Natural Resources (DNR) where time and attention are focused on oil and gas.

A Department of Agriculture is not a new concept. In fact, the Alaska Territorial Legislature originally created a Department of Agriculture in 1945 and Governor Ernest Gruening named George Gasser as the first Commissioner of Agriculture. His appointment was readily confirmed by the legislature, praised by Alaska newspapers and widely welcomed by Alaskans.

We envision a streamlined Department that would be funded at about the same level that the Division of Agriculture currently is. The Department should focus on development of agriculture as the best way to achieve food security. We need a department that is focused on, and is supportive of the industry. Alaska's citizens deserve one. Alaska's farmers and ranchers must have one to survive.

Food production and food security should be the number one priority in Alaska. There is approximately a 3-5 day supply of food in the state. The majority of all of our food comes from the Lower 48. We are dependent on a food distribution system that has been disrupted several times due to natural disasters as well as those created by man such as longshoremen's strikes and of course, September 11th.

Farmers and ranchers are thwarted by regulations that prohibit the growth of the industry, preventing us from resolving the food security dilemma. Inspection services for farm products, veterinary services, and farmland issues are currently functions of several different agencies and would be more efficient if located in a single department - a Department of Agriculture.

The phrase "If you eat, you are involved in agriculture" is not just a catchy tagline. It is a truism that all of us need to pay better attention to. We look forward to working together to improve Alaska's food security by increasing food production and ensuring that our citizens have access to an abundant, safe and healthy food supply grown in Alaska.

Over the next few weeks we will be providing you with additional information, which will serve to brief you more fully on this issue. If you have any questions, please don't hesitate to contact us. We look forward to working with you on this very important issue.

Sincerely,

Bryce Wrigley,
President,
Alaska Farm Bureau
bjwrigley@gmail.com
907-687-9924

ALASKA FARM BUREAU, INC.

Bryce Wrigley, President
biwrigley@wildak.net

Jane Hamilton, Executive Director
janehamilton99737@yahoo.com

To Whom it May Concern:

The Alaska Farm Bureau represents 350 farm families throughout the state of Alaska. At our Annual Meeting in November, we voted to pursue creation of a Department of Agriculture for Alaska. The motion passed unanimously.

For almost 30 years, agriculture has struggled to survive in the shadow of oil and gas. We do not resent or regret the attention that those natural resources receive, for we agree that at this time they drive the economic engine of the state. Unfortunately, after adequate attention has been focused on those resources, there is simply no more time in the day for DNR managers to address the vital importance of agriculture in Alaska.

We import almost all our food and as a result our food supply is in a precarious state in the event of any number of possible disruptions to transportation. We believe agriculture can do much to increase our food security – not only on the road system, but in remote rural communities as well.

A strong agricultural base is absolutely vital to Alaska for several reasons. Enhancing food security is just one. Improving rural communities by creating jobs and work allows rural residents to remain in their communities. Many secondary jobs are created when there is a strong agriculture industry, including jobs in transportation, processing, and marketing.

Most dollars from the sale of agricultural products stay in the community and state. Economists use a multiplier of 8 for such sales compared with about 2 or 3 for oil and gas. The result of this turnover is a stronger economic engine.

I could continue with the social benefit to remote rural villages, beset with alcohol, drugs, and violence. Millions of dollars are spent for intervention programs that treat the symptoms, but do not address the cause. I believe agriculture establishes a connection with the land and gives people a reason to live and work, and builds pride by providing for themselves.

The end result is that given the importance of agriculture to the social and economic health of Alaskans, there must be a more streamlined method of charting the course and accomplishing the mission of feeding Alaskans, than under the current system. The multiple layers of bureaucracy through wich plans,

budget, and initiatives must pass under the current structure provides too many opportunities to sideline critical functions because while they may meet the needs of the agriculture industry, they do not meet the priorities of DNR. Consequently, valuable resources to the state never make it to the cabinet level where agricultural resources can be coordinated among agencies to meet socio-economic needs.

Many are concerned about the cost of creating a new department. We believe that properly structured, the cost of a Department of Agriculture need not be significantly more than the current division. The discussion we should be having is whether the value of the new department, in efficiency, purpose, and widespread benefits to urban and rural residents alike, will make it a bargain for Alaska.

We believe it can.

Sincerely,

Bryce Wrigley,
President, Alaska Farm Bureau

PO Box 760 Delta Junction, Alaska 99737 Telephone: (907) 895-4752

ALASKA FARM BUREAU, INC.

Bryce Wrigley, President
bjwrigley@gmail.com

Jane Hamilton, Executive Director
janehamilton99737@yahoo.com

January 5, 2011

ALASKA NEEDS A DEPARTMENT OF AGRICULTURE – REASON #1

As explained in our last letter, the Alaska Farm Bureau is pursuing creating a Department of Agriculture. There are many significant reasons for this – benefiting the Alaskan consumer as well as the Alaskan farmer. In the next few weeks we will address some of them.

Agricultural Inspections need to be consistent, reliable and conducted by the same department.

The Division of Agriculture is currently responsible for inspecting crops and shell eggs (poultry), elk fencing and farming licenses and beehive registrations. Seed potato inspections are made in the field during the growing season as well as the crops after harvest. The Division of Agriculture administers seed potato and tomato plant regulations for nurseries and garden centers.

Producers participating in the Alaska Grown program are also subject to inspections to ensure produce meets the Alaska Grown quality requirements.

The Office of the State Veterinarian is responsible for the surveillance and control of animal diseases as well as the inspection of sanitary conditions of dairy farms, milk, cheese and ice cream processing equipment and facilities and the issuance of their permits.

There are specific regulations regarding the export and importation of both pets and domestic livestock. Wild bird flocks as well as domestic poultry are tested for H1N1 (Swine Flu). Domestic livestock are inspected and tested for several diseases such as Brucellosis, Johannes Disease, TB, etc.

The Office of the State Veterinarian is currently under the umbrella of the Department of Environmental Conservation. This separation from agriculture

coupled with the intense regulatory mindset of DEC results in disenfranchisement of the agriculture industry from one of the most important offices that should support development of a healthy local food production industry.

The Office of State Veterinarian used to be located in the Division of Agriculture and was viewed as a resource by the agriculture community. We propose returning the State Veterinarian to the Division of Agriculture because we believe it will serve the industry better by improving the working relationship between the State Veterinarian and agriculture.

We also propose transferring the inspection services of all local agricultural products to the new Department of Agriculture. There is a different mindset in the Division of Agriculture than what exists in the strict regulatory mentality of DEC. The Division of Agriculture has a mission to work with producers to accomplish food production. The Division of Agriculture already performs many inspections of agricultural products and when problems are found, their approach is to work with the producer to correct the problem.

This is not the policy of DEC, whose stance is to rigidly enforce regulations and ignore the calls of legislative oversight committees to modify overly strict rules that obstruct local food production. Regulations that ensure a safe food supply need not be a barrier to local food production systems if there is a willingness for the state and the industry to work together. However, that goal can best be achieved by inspections being housed in a Department of Agriculture with the goal of increasing our food security through increased local production and reasonable inspection standards.

In closing, we need to create a more business-friendly climate for food production and processing. Alaska needs to produce more of our own food to supply in-state needs in times of emergency. The importance of developing our food producing resources cannot be overstated. It will take time to increase our production and processing, so that it is available when it is needed. This process can best be accomplished with a Department of Agriculture that houses all the state services that affect agriculture.

Please contact us if you would like further clarification or additional information regarding this letter. We will be happy to provide documentation and examples of how the state agencies can participate in the development of a more secure food supply.

Sincerely,

Bryce Wrigley
President, Alaska Farm Bureau

PO Box 760 Delta Junction, Alaska 99737 Telephone: (907) 895-4752

Key Provisions of Dept. of Agriculture
from the Alaska Farm Bureau, Inc.

Using the current budget for the Division of Agriculture, we propose forming a Dept. of Agriculture for Alaska to more effectively guide agricultural policy during this critical time. Alaska is far too reliant on importation of food. When a disruption of the transportation occurs, which happens all too regularly, Alaskans suffer. This is especially obvious in the remote rural areas, but the major impacts would be felt in the urban centers, simply because the majority of Alaskans live there.

The state suffers from the lack of attention to agriculture. Let us consider that with agricultural products on the farms, storage barns, and feedlots of Alaskans, we become more able to weather the effects of natural disasters or widespread pandemic. Alaskan farms can produce the variety of food needed to provide a balanced diet.

What we lack is a focused agency that houses the needed services that government can and should provide. Inspection of locally produced food and processing is currently under DEC, as is the state veterinary. We believe moving both these functions back to Agriculture would greatly facilitate the development of agriculture and the attendant processing needs. There is a simple, but powerful difference the attitudes of facilitation and regulation exert on the business climate.

To this end, we suggest the following adjustments:

Creation of a Department of Agriculture – DNR is rightfully absorbed with oil, gas, and mining. There is no time and very little support for agriculture in the shadow of these topics. Yet feeding our citizens healthy, nutritious food and securing its supply for Alaska is important enough to warrant a higher level of support from the administration.

1. Under the Dept. of Agriculture, inspection services of all agricultural products and State Veterinary services would be transferred from DEC along with the budgets for those services.
2. ARLF would remain with the Dept. of Agriculture. This is important because banks will not lend on land subject to ag covenants. Therefore, lending options for ag producers are limited. Not only does the ARLF lend on farm enterprises, because it is housed under agriculture, there is a better understanding for the ag of the risks and opportunities relating to agriculture than other state loan programs have.
3. Plant Material Center (PMC) functions would continue with the new Department of Agriculture to develop and propagate seed for agriculture.
4. Oversight of all land classified for agricultural development will be moved to the Dept. of Agriculture. Alaska has a limited amount of land suitable for agriculture, much of which has been designated as such. When a borough, municipality, or the University receives land, those ag covenants do not transfer with the land. This reduces the amount of land available for growing agriculture. The state land

designated for ag development that currently remains, must be protected from losing those covenants. The Dept. of Agriculture is the logical entity to identify land for disposal to the private sector for development. They need to have funding to survey it, put in pioneer access to it, and dispose of it to people interested in farming and ranching.

5. Budget
    a. Recapitalize ARLF and stop funding operations from the loan fund. The fund was set up to revolve, however some operational cost are drawn from the loan fund, resulting in a gradual decline of money available for lending to farming operations.
    b. Fund all Dept of Agriculture functions from budget, including Mt. McKinley Meats, the loan officer positions, and any other expenditures currently being drawn from the ARLF. This legitimizes the functions performed by the Dept. of Agriculture with a budget, and preserves the corpus of the revolving loan fund.
    c. Include agriculture education in budget. This might be funded from a percentage of the sale agricultural land, but it is important that the next generation be informed about where their food comes from and what they can do to participate in that process or else food production in Alaska will only last for one generation.
    d. Statutory regulations regarding loan policies.
6. Develop a Food Safety plan for Alaska. The Department of Agriculture will develop a plan to address food security in Alaska by providing for the expansion of local production. There is no other method of ensuring our food security because all other sources depend on the same transportation system we currently depend on. Food produced in Alaska and stored in the vegetable barns and cellars, grain bins, feedlots, dairies, and ranges of Alaska are 2500 miles closer to their end user, greatly facilitating access to food in the event of a transportation disruption. Several aspects of this plan need to be put in place while there is time including:
    a. The scheduled sale of ag land. State owned land is not producing land. It must be put into the hands of farmers who are determined to work it and produce on it.
    b. Regulations need to be designed to encourage a cottage industry for food production and processing. Small scale operations will provide the pool from which larger operations will emerge as they see growth in their markets. One model for accomplishing this is in Oregon, which allows a small producer to sell to neighbors.
    c. The Dept. of Agriculture can play an important role in facilitating small scale infrastructure development including mobile processing, inspections, land disposal, village food production projects, and farm financing. It is critical that through it all, the Dept. of Agriculture stay focused on improving our food security by facilitating growth of agriculture.
    d. The Department of Agriculture must proactively renew expiring livestock leases in a timely manner. Livestock leases are integral to the red meat industry, which is vital to our food security. Some producers have been

waiting years to get their leases renewed while the state determines what the wisest and best use of the land is and whether the lease cost need to be raised. Boiled down to the essentials, the Dept. of Agriculture will recognize that:

- Grazing leases are indicative of Agricultural land, therefore it has already been determined that agriculture is the highest and best use for it.
- Improvements made by the leaseholder should be credited toward the lease price, not charged extra for. In other words, when a rancher has put in livestock wells or working facilities, he should not be charged extra for them by the state when the lease comes up for renewal since the state had no part in making the improvements. Instead, the improvements should weigh in favor of the rancher as evidence that he is a good risk.
- Preference rights should be allowed if the current leaseholder continues to raise animals. This encourages the rancher to invest in improvements because the expenses can be amortized over a longer period of time.
- New leases should be for a minimum of 20 years to allow reasonable stability for financing improvements and making management decisions such as increasing his herd.

Support Documentation for an Alaska Department of Agriculture and Food
From Ruby Hollembaek 04/07/2011

The History of Agriculture in Alaska and Support for a Department of Agriculture and Food (DAF)

In **1945 the Territorial Legislature created the Alaska Department of Agriculture** for the purpose of promotion and development of agriculture. Agriculture is specifically identified in the State constitution. Prior to statehood, there was a Territorial Commissioner of Agriculture (George W. Gasser) who headed the Alaska Department of Agriculture. (http://www.litsite.org/index.cfm?section=Digital-Archives&page=Industry&cat=Agriculture&viewpost=2&ContentId=2710) **Certain functions in agriculture were established prior to statehood, such as a creation of the Agricultural Revolving Load Fund in 1953 with a $1 million authorization**.

"The funds have dwindled because ARLF was set up to revolve, but it hasn't. **It has not received general funding since 1986 and $12 million total has been siphoned from the coffers to supply the Alaska Division of Agriculture's operating expenses since 2004**."[1] It should also be noted that funds have been siphoned off for other purposes other than funding the Division of Agriculture. There was a sizeable amount taken out for fire fighting. I believe that may have been in the $2 million mark.

"In Alaska in 1987 there were 1,026,732 acres of agriculture land in production, in 2007 there were 881,585 acres of land in production, a decrease of 15%. When looking at the agriculture we produce here as compared to the rest of the United States **we rank 50th in almost all areas**. (http://www.agcensus.usda.gov/). This is not because of lack of producible land, lack of water or acceptable growing season. There needs to be a change in the political outlook for agriculture in Alaska. [2]

It has been reported by a speaker at our **Alaska Farm Bureau** annual meeting held in November of 2010 that Indiana recently created a cabinet level Department of Agriculture and Food. Prior to this, I believe that there were only a few states (one of which is Alaska) who did not have a cabinet level department of agriculture. Vermont was another; they (in the last decade) were also successful in creating an Agency of Agriculture which is at the cabinet level. Upon review of the agricultural agencies in the United States, it appears that Rhode Island and Alaska may share the distinction of not having a cabinet level agency or department. I believe that Rhode Island and Anchorage may be the same size.

In a 147 page **Ten-Year Plan for Alaska's Agricultural Development** submitted by a committee in 1983, **Alaska Agricultural Action Council (AAAC)** members (Richard Lyon, Chairman Commissioner of the Department of Commerce and Economic Development; Richard Neve, Commissioner of Department of Environmental Conservation; Peter McDowell, Director Division of Budget and Management; Paul Huppert, Palmer farmer; and Steve Hamilton, Palmer Farmer; James Drew, UAF Dean School of Agriculture and Land Resources Management; and Weymeth E. Long, State Conservationist, USDA; for Governor Bill Sheffield sited that "The responsibilities of the AAAC and the Division of Agriculture either frequently overlap or fail to provide a necessary service. The AAAC was responsible for the Delta Project and for subsequent projects and has taken advocacy positions on behalf of the Alaska agricultural

[1] Alaska Business Monthly, March 2011 "Banking on Agriculture" p.64
[2] http://www.adlainc.blogspot.com

industry. Because the Division of Agriculture is a part of a large department (DNR), it has been unable to devote its complete attention to planning or administering projects."

"Coordination between financing and farm development is a serious problem. The ARLF is responsible for credit programs that are critical to the success or failure of agricultural projects, even though the AAAC has overall project responsibility. The ARLF is administered by the Division of Agriculture, with no coordination or responsibility shared with the AAAC. "

"Several options for administrative reorganization should be considered. These include combining the functions of both groups into one agency or the other, are combining the functions of both groups, along with other functions, into a Department of Agriculture. "

"At the very least, more coordination between the AAAC and the Division of Agriculture will be required as agricultural development continues. This would become easier if both were in a single organization. Ultimately, if the State of Alaska is to have a relatively larger agricultural industry, a Department of Agriculture should be considered. "

"The Resources Committee offered Ion **05/18/81 HCR 29** in the House for House concurrent resolution No. 29 (Finance) relating to the development of a plan for Alaska agricultural development. Whereas the legislature determines that the agricultural development goals of the state are to

1. **Promote self-sufficiency and to decrease dependency on imported foods;**
2. **Provide opportunities for Alaskan to produce their own food individually and collectively;**
3. **Provide employment for Alaska;**
4. **Provide nutritional food products from local sources for Alaska;**
5. **Develop a self-supporting agriculture industry in Alaska;**
6. **Encourage the export of surplus agricultural products; and**
7. **Ensure that agricultural development proceeds with sound environmental practices and energy efficiency;"** [3]

The Alaska Farm Bureau 2010 Resolution Platform was approved by those voting members (delegates) attending the annual meeting where they unanimously supported a cabinet level Department of Agriculture. The Alaska Farm Bureau submits Alaska's Long-Range Plans on a regular basis. These include agricultural entities of transportation, standards, marketing, land sales, tax issues, renewable energy, etc. Testifying for HB 191 in support of a Department of Agriculture and Food was Alaska Farm Bureau President, Bryce Wrigley; Lyall Brasier, Delta Farm Bureau President; Ruby Hollembaek , President Alaska Diversified Livestock Association, Inc.; and several producers from around the state one of which was Paul Huppert who was also an AAAC member with the 10 year report submitted in 1983. Another testimony was from a rancher who remembered when the transition happened from a Department of Agriculture and moved to a division under the Department of Natural Resources. I believe she was from Kodiak and if my memory serves me correctly, Kodiak Game Rancher, Bill Burton, read her testimony.

[3] Ten Year Plan for Alaska's Agricultural Development, p.108-114

"In a **report prepared for President Barack Obama and Secretary of the US Department of Agriculture, Tom Vilsack**, and based on forums conducted by State USDA Alaska Farm Service Agency Danny Consenstein and Alaska State Direction USDA Rural Development Jim Nordlund the following facts were derived from meetings held across Alaska (Fairbanks, Kotzebue, Juneau and Anchorage) to provide input on what works and what does not work when it comes to job creation and retention, especially in rural Alaska. Three areas for potential job growth emerged from all four meetings:

- Food Systems
- Renewable energy/energy efficiency
- Rural Infrastructure"

"Even in Alaska's urban areas, most purchased food has to travel thousands of miles just out reach grocery store shelves. To arrive in Alaska's remote communities, the journey is even farther. Spoilage rates and prices are both high, especially in rural villages. This challenge provides opportunities for innovation in developing methods for growing, processing and transporting food more locally and efficiently. These opportunities tie in directly to energy costs, training and infrastructure. "[4]

In an open letter to all Alaska Farmers, Bryce Wrigley says it best when he states:

"Farmers and ranchers are thwarted by regulations that prohibit the growth and expansion of the industry. Agencies providing inspection services, veterinary services and the oversight of land issues are currently functions of several different agencies. **Locating these basic agricultural services in a single Department of Agriculture will increase efficiency by focusing all the resources on the mission of providing food for Alaska.**"

As the former Department of Natural Resources retired land director, Glen Franklin, walked by my table at the Delta Farm Forum this last February, he asked who was behind the move to create a Department of Agriculture. I explained that I supported such a move. He stated, "It's about time." After dialogue, he said a commissioner would probably be paid half again as much as the division director is paid but he didn't see where the extra cost would be in creating such a move back to the original intentions of our state founding fathers. After all, DNR is housed in Fairbanks so a DOAF could be located as is in Palmer.

When asked what the legislature and Governors' office can do for Alaskan agriculture, my answer is: "The same thing you do for oil, gas, fisheries, and other resources in our land. We want to sit at the table with and conduct business about our product and available food, fiber and fuel for all Alaskans. We simply want a seat. **We want a cabinet level seat.** We don't want to be a division under a department. It hasn't worked. Nearly every state in the union has a cabinet level department or agency. With our unique geographical location, it is paramount that we return to the original Department of Agriculture that was in our first State constitution in 1945."

[4] Alaska Forums on Jobs and Economic Development, February 15, 2010 USDA, Rural Development Farm Service Agency, pgs.4-5

Respectfully and with high regards I submit this plea to continue with the movement of HB 191 for a Department of Agriculture and Food. Thank you for supporting Alaskan agriculture and regards to all who care.

From: Katrina Skidmore
Sent: Monday, March 26, 2012 8:46 AM
To: Louie Flora; Linda Hay
Subject: FW: Indiana's State Department of Agriculture's site

Katrina Skidmore
Legislative Information Officer
Delta Junction LIO
907.895.4236

From: Ruby Peck-Hollembaek [mailto:rhubarb99737@gmail.com]
Sent: Sunday, March 25, 2012 3:03 PM
To: Katrina Skidmore
Subject: Indiana's State Department of Agriculture's site

http://www.in.gov/isda/files/2009StrategicUpdate.pdf

Please include this on the bottom of my letter as a reference to Indiana's State Department of Agriculture.

Thank you. Ruby

--
Scott and Ruby Hollembaek
907/895-4715 (shop)
907/895-9810 (fax)

Game Ranch: ***www.bisonandelk.com***
Community Gardens: ***www.wecangrowit.blogspot.com***
Rhubarb: ***www.akrhubarb.blogspot.com***

Testimony March 26, 2012 re: HB191 Ruby Hollembaek HC 62 Box 5580 Delta Jct., AK 99737

The Alaska Department of Agriculture and Food would work with officials on the local, state and federal level to benefit all Alaskans involved in the agriculture industry. The Department's function would be to educate and serve those who have the power to improve the direction of the agriculture industry in Alaska. The Department would work with state agencies, rural communities, consumers, producers, and agricultural organizations to ensure that Alaska has laws and regulations that are based in science and do not impede economic development in agriculture.

The department would serve as a regulatory department by assisting agricultural businesses with the permit process required to conduct business in Alaska. They would promote the growth of agricultural businesses by serving as a liaison between agricultural businesses, state agencies, and local units of government.

By reinstating the Department of Agriculture, the department would ensure that agriculture remains a central part of the Alaskan economy.

When Alaska regains their Department of Agriculture, they would regain control of their own budget. At this time, the budget is small and lies beneath the Department of Natural Resources. No industry can be supported as an afterthought. That is what Alaskan agriculture has become over the last 2.5 decades, an afterthought.

"In a **report prepared (February 15, 2010) for President Barack Obama and Secretary of the US Department of Agriculture, Tom Vilsack**, and based on forums conducted by State USDA Alaska Farm Service Agency Danny Consenstein and Alaska State Director USDA Rural Development Jim Nordlund the following facts were derived from meetings held across Alaska (Fairbanks, Kotzebue, Juneau and Anchorage) to provide input on what works and what does not work when it comes to job creation and retention, especially in rural Alaska. Three areas for potential job growth emerged from all four meetings:

- Food Systems
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"Even in Alaska's urban areas, most purchased food has to travel thousands of miles just to reach grocery store shelves. To arrive in Alaska's remote communities, the journey is even farther. Spoilage rates and prices are both high, especially in rural villages. This challenge provides opportunities for innovation in developing methods for growing, processing and transporting food more locally and efficiently. These opportunities tie in directly to energy costs, training and infrastructure. "[1]

[1] Alaska Forums on Jobs and Economic Development, February 15, 2010 USDA, Rural Development Farm Service Agency, pgs.4-5

In an open letter to all Alaska Farmers, Bryce Wrigley states:

"Farmers and ranchers are thwarted by regulations that prohibit the growth and expansion of the industry. Agencies providing inspection services, veterinary services and the oversight of land issues are currently functions of several different agencies. **Locating these basic agricultural services in a single Department of Agriculture will increase efficiency by focusing all the resources on the mission of providing food for Alaska**."

I see an Alaska Department of Agriculture and Food being able to provide economic growth in food and agriculture for our state in jobs with money being reinvested in Alaska. I see it working closely with the Department of Economic and Community Development with efforts of increasing the industry, not for industry sake but for making our state stronger by providing agricultural endeavors that look at food, fiber and fuel. My husband and I operate a game ranch with bison and elk. We have no problem selling our bison or elk. We sell as farm/gate sales off our ranches. A Department of Agriculture would work with ranches such as ours, to increase the red meat industry for our state. A reinstatement of a Department of Agriculture would promote a revitalization for Alaska's livestock industry. Not only would producers provide red meat, they would also provide jobs for Alaskans. Alaskan agriculture would head up endeavors such as alternative fuels like barley burner stoves, straw pellet stoves and biomass possibilities. This department would define and nurture economic opportunity, including technology development, in the food, fuel and fiber sectors. A department would support growth in Alaskan agriculture by serving as an advocate at the local, state and federal level; defining and nurturing economic opportunity and enhancing the stewardship of natural resources on agricultural land. We are truly a renewable resource.

It's also about food security. Maybe a person walking around Alaska wearing an FAA (Future Farmers of America) jacket doesn't get the same head turning as a jacket from a petroleum based company, but it should. It should be a real head-turner. Agricultural producers for our state would influence job creation, security and economic development. It would increase regional and local food security. It would support economically efficient and ecologically sustainable agriculture. Family friendly farming are not dirty words. We might get dirty farming but we are very friendly.

All other states except the largest and smallest (Alaska & Rhode Island), have a cabinet level department for agriculture. We had one too until, I believe the early 1960's, just prior to the oil pipeline. We are special, not having a cabinet level department of agriculture is not a good way to be special. North Dakota now surpasses us as an oil producing state, the boom has come and gone once again. It is time to apologize to farmers, ranchers, producers and agriculture operators around the state for putting them on the back burner as an economical viability, for taking their industry out of a cabinet level status and placing them as a division under DNR. Our forefathers never intended that. They knew that Alaska needed agriculture. They knew it was imperative as a state, to be able to feed, clothe and keep themselves warm was just as important as any gold that was sought after.

It is time to reinstate the Alaska Department of Agriculture. It is time to support the Alaska Department of Agriculture and Food, HB 191. Thank you. *Ruby Peck-Hollembaek*

Ronald S. Klein
3316 Knik Ave
Anchorage, Alaska 99517

March 26, 2012

Representative Eric Feige
Representative Paul Seaton
Co-Chairs, House Resources Committee
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Subject: Comments on House Bill 191 "An Act establishing a state department of agriculture and food and relating to its powers and duties; relating to the powers and duties of the Department of Environmental Conservation and the Department of Natural Resources; and providing for an effective date.

Dear Representatives Feige and Seaton:

I am commenting on HB 191 which is the subject of a House Resources Committee meeting scheduled for March 26, 2012. Please include my comments in the hearing record. I am traveling today and unable provide verbal testimony. I have strong interest in growing Alaska's food industry through the development of markets for local food and enhancing Alaska's food security. I believe Alaska's foods can also attract be attractive in the national and global market, as is the case with our seafood.

I retired in October as the State's Food Safety and Sanitation Program Manager. I am Past-President of the Association of Food and Drug Officials which represents state agricultural and health department food safety directors and program managers on a national level to promote uniform, safe food systems in the United States. Nationally, I am a food safety and emergency preparedness subject matter expert for academia and an international food protection training institute. I am also a management consultant working toward state and federal implementation of the federal Food Safety Management Act of 2011 (FSMA). Locally, I volunteer my time as a member of the Governing Board of the Alaska Food Policy Council and part of the effort to help develop a market for safe, healthy, local foods.

My comments are my own and do not represent my clients, employers or any organization I am associated with.

I caution against carving off food safety responsibilities which reside within the Department of Environmental Conservation and moving them to a new Department.

In January 2011, Congress passed the Food Safety Modernization Act, which has a significant impact on local, state, and federal food safety programs. HB 191 does not take into account changes at the federal level which have an impact on state regulatory programs and producers. The Act is fostering the development of an Integrated Safety System comprised of state and federal food and public health

laboratories, epidemiologists, inspectors and first responders. This integrated system is designed to leverage local, state and federal resources in order to provide for the development of preventive controls from farm to fork and to facilitate quick, coordinated response to foodborne outbreaks. State, local, and federal partners are developing unified work plans, coordinating inspections and developing program standards to assure uniformity and consistency across the nation for manufactured food, feed, dairy, shellfish and retail food programs.

National program standards require significant training investments to ensure that staff has the scientific, technical, and communication skills necessary to work with industry. Industry, having been bit by recalls and foodborne disease associated with products that include strawberries, leafy greens, sprouts, red meat, peppers, has been re-examining its preventive controls and is taking steps to work with regulators to beef-up preventive controls through alliances that focus on specific products, such as produce, and processes, such as low acid and acidified canning.

Alaska is ahead of the curve nationally because it already has an integrated food safety system. Alaska does not have the problem that the federal government has where you have one agency looking at meat products and another looking at seafood products which are being produced in the same plant. Alaska is fortunate to have the State Veterinarian, Environmental Health Laboratory, and the Food Safety and Sanitation Program in one division. By having an integrated system, Alaska is able to efficiently train staff, develop unified work plans, and manage field travel for inspections in rural Alaska to effectively use resources. For example, when a dairy sample needs to be taken in Delta, the Food Safety and Sanitation Program can send a food safety inspection officer to Delta to take the sample for the dairy program, rather than having the dairy program send someone from Wasilla to take the sample. Communication is also streamlined for effective food borne illness surveillance and effective response in the event of foodborne illness outbreak.

Creating a new department and moving some food safety responsibilities will not change regulatory requirements. In addition to creating unnecessary costs to the state to develop a new regulatory program, it will result in increased expenses and confusion for operators whose activities fall within the purview of DEC and the new department. Alaska and producers would be better off if additional resources are provided to UAF Cooperative Extension for technical assistance to help farmers and producers develop the ability to build their businesses.

Please feel free to contact me at 907-351-4184 or ron.klein@gci.net if you have any questions or would like additional information.

Sincerely,

Ronald S. Klein

From: House Resources
ject: FW: Comment in re: HB 191

From: Louie Flora
Sent: Thursday, March 22, 2012 8:58 AM
To: House Resources
Subject: FW: Comment in re: HB 191

From: LIO Delta Junction
Sent: Thursday, March 22, 2012 8:44 AM
To: Rep. Alan Dick; Rep. Berta Gardner; Rep. Bob Herron; Rep. Cathy Munoz; Rep. Eric Feige; Rep. Neal Foster; Rep. Paul Seaton; Rep. Peggy Wilson; Rep. Scott Kawasaki
Subject: Comment in re: HB 191

I was asked to forward these comments to the House Resources Committee. Thanks, Katrina

Katrina Skidmore
Legislative Information Officer
Delta Junction LIO
[redacted].895.4236

It's time to ask the other 48 states to restructure their departments of agriculture and lower them to a division. If Alaska doesn't have a cabinet level department of agriculture and the politicians don't think we need it, other states must not need theirs' either. Do I believe this? Heck no! Up until the 1960's, we had a cabinet level department. Change happened then and the department was made into a division under the Department of Natural Resources. I believe this was just prior to pushing the pipeline through. We have to think of Alaska as an agricultural state, not just an oil, mining, timber and fishing state. Less than 1% of Alaska land is in private hands. We are special, not having a cabinet level department of [redacted]riculture, is not a good way to be special. Rhode Island and Alaska don't have a cabinet level, all other states do.

My opinion. Regards, Ruby

[redacted]tt and Ruby Hollembaek
907/895-4715 (shop)
907/895-9810 (fax)

Game Ranch: *www.bisonandelk.com*
Community Gardens: *www.wecangrowit.blogspot.com*
Rhubarb: *www.akrhubarb.blogspot.com*

Food production and food security must become a top priority of the state. There is approximately a 3-9 day supply of food in the state. We ship in almost all the food we consume. We are dependent and vulnerable on a food distribution system that has been disrupted numerous times due to natural and man caused disasters

Alaska must prepare for future events, including the possibility of a widespread pandemic in the lower 48 that could bring transportation to a halt. The farmers of Alaska can provide a basic food supply capable of sustaining life during a prolonged disaster.

Farmers and ranchers are thwarted by regulations that prohibit the growth and expansion of the industry. Agencies providing inspection services, veterinary services and the oversight of land issues are currently functions of several different agencies. Locating these basic agricultural services in a single Department of Agriculture would increase efficiency by focusing resources on the mission of providing food for Alaska.

We propose a 10-year goal for the new Department of Agriculture to increase local food production to a level that will provide a basic, balanced, life sustaining diet for 90 days. We think that properly constituted, the new Department of Agriculture could be funded at about the same level that the Division of Agriculture currently is. Critical functions such as the inspection of agricultural products would be moved from DEC, where there has been little effort to address the onerous and unreasonable burdens of basic processing, to the new department which would conduct inspections, but with a focus on helping processors of agricultural products succeed so that new markets can be opened.

There is a lot of assistance that we who are on the ground can provide as this department is designed. All agencies become entrenched in bureaucracy and red tape that builds up over time. Sometimes it needs to tipped upside down and empty the trash so the important things can be refocused on.

For nearly 3 decades, the morass of bureaucratic levels through which the Division of Agriculture must presently work has stonewalled budgets, needs, policies, and plans that could have worked to increase our food security. At all of those levels, initiatives have been ignored, not because they were not good initiatives, but because they did not meet the priorities of a larger DNR. The large and important responsibilities with which DNR must occupy itself simply do not allow an appropriate level of management for such a critical need as our food security.

We should have been growing our own food for the last 20 years, at least enough to insure that we could provide for ourselves when the barge didn't come in. Instead, we look back at 3 decades during which agriculture has consistently taken a back seat to other resource development. A dynamic agriculture industry

benefits Alaska in many more ways than just growing food. A vigorous agricultural policy could help resolve many of the social ills that exist in rural and remote Alaska. Agriculture connects people with the land and in the process, re-enthrones pride and industry and self-reliance. Would you rather entrust the future security of this state to a generation who had been raised to get up in the morning and do chores and work together or to a generation who spent the day with their pants around their knees and their hat on backward walking the malls because they had nothing to do? The decisions we make today determine where we will be in the future.

We wouldn't even be having this discussion of food security if we had stayed the course laid out 30 years ago. Ten years will pass whether or not we create this new department. But 10 years from now we will certainly look back and say either, "We wish we had done something," or "We sure are glad we did something".

I urge you to support the creation of a Dept of Agriculture, but let's do it right. We want it to be efficient to a level that doesn't currently exist in state agencies. We want it to be responsive, proactive, and serve the need of all Alaskans to have a secure supply of food. We want it to be empowered to work with other agencies to address educating the next generation of farmers and ranchers. We expect it to help the Dept of Health and Social Services and the Dept of Community and Economic Development fix the social breakdown in rural Alaska so that rural Alaskans no longer need to leave their home for the cities because they cannot find work.

Bryce Wrigley

NELSON FARMS

Delta Junction, Alaska

PO Box 70888, Fairbanks, Alaska 99707
Ron Nelson
907-322-6877
rnelson@alaska.net



ALASKA
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March 24, 2012

Re: HB 191

Bryce Wrigley
Alaska State Farm Bureau President

Hello Bryce,

As you know, there have been considerable efforts by Private Industry, the Division of Agriculture, the University of Alaska and the Department of Commerce related to what is at this point a failed attempt to develop an export potato seed market with China.

This project might have been a success had a Department of Agriculture existed to better coordinate and manage this effort. This is a clear example of what happens without a clear lead agency….efforts gets splintered and money is wasted.

The Division of Agriculture employees are doing a good job….but I believe would be able to be more effective and do a better job as the clear lead agency for agriculture in Alaska.

I support your efforts related to establishing a Department of Agriculture.

Thanks for your hard work on this goal.

Ron

Ron Nelson
Nelson Farms
Delta Junction

Support Documentation for an Alaska Department of Agriculture and Food
From Ruby Hollembaek 04/07/2011

The History of Agriculture in Alaska and Support for a Department of Agriculture and Food (DAF)

In **1945 the Territorial Legislature created the Alaska Department of Agriculture** for the purpose of promotion and development of agriculture. Agriculture is specifically identified in the State constitution. Prior to statehood, there was a Territorial Commissioner of Agriculture (George W. Gasser) who headed the Alaska Department of Agriculture. (http://www.litsite.org/index.cfm?section=Digital-Archives&page=Industry&cat=Agriculture&viewpost=2&ContentId=2710) **Certain functions in agriculture were established prior to statehood, such as a creation of the Agricultural Revolving Load Fund in 1953 with a $1 million authorization.**

"The funds have dwindled because ARLF was set up to revolve, but it hasn't. **It has not received general funding since 1986 and $12 million total has been siphoned from the coffers to supply the Alaska Division of Agriculture's operating expenses since 2004."**[1] It should also be noted that funds have been siphoned off for other purposes other than funding the Division of Agriculture. There was a sizeable amount taken out for fire fighting. I believe that may have been in the $2 million mark.

"In Alaska in 1987 there were 1,026,732 acres of agriculture land in production, in 2007 there were 881,585 acres of land in production, a decrease of 15%. When looking at the agriculture we produce here as compared to the rest of the United States **we rank 50th in almost all areas.** (http://www.agcensus.usda.gov/). This is not because of lack of producible land, lack of water or acceptable growing season. There needs to be a change in the political outlook for agriculture in Alaska. [2]

It has been reported by a speaker at our **Alaska Farm Bureau** annual meeting held in November of 2010 that Indiana recently created a cabinet level Department of Agriculture and Food. Prior to this, I believe that there were only a few states (one of which is Alaska) who did not have a cabinet level department of agriculture. Vermont was another; they (in the last decade) were also successful in creating an Agency of Agriculture which is at the cabinet level. Upon review of the agricultural agencies in the United States, it appears that Rhode Island and Alaska may share the distinction of not having a cabinet level agency or department. I believe that Rhode Island and the Anchorage area are near the same size.

In a 147 page **Ten-Year Plan for Alaska's Agricultural Development** submitted by a committee in 1983, **Alaska Agricultural Action Council (AAAC)** members (Richard Lyon, Chairman Commissioner of the Department of Commerce and Economic Development; Richard Neve, Commissioner of Department of Environmental Conservation; Peter McDowell, Director Division of Budget and Management; Paul Huppert, Palmer farmer; and Steve Hamilton, Palmer farmer; James Drew, UAF Dean School of Agriculture and Land Resources Management; and Weymeth E. Long, State Conservationist, USDA) for Governor Bill Sheffield sited that "The responsibilities of the AAAC and the Division of Agriculture either frequently overlap or fail to provide a necessary service. The AAAC was responsible for the Delta Project and for subsequent projects and has taken advocacy positions on behalf of the Alaska agricultural

[1] Alaska Business Monthly, March 2011 "Banking on Agriculture" p.64
[2] http://www.adlainc.blogspot.com

industry. Because the Division of Agriculture is a part of a large department (DNR), it has been unable to devote its complete attention to planning or administering projects."

"Coordination between financing and farm development is a serious problem. The ARLF is responsible for credit programs that are critical to the success or failure of agricultural projects, even though the AAAC has overall project responsibility. The ARLF is administered by the Division of Agriculture, with no coordination or responsibility shared with the AAAC. "

"Several options for administrative reorganization should be considered. These include combining the functions of both groups into one agency or the other, are combining the functions of both groups, along with other functions, into a Department of Agriculture. "

"At the very least, more coordination between the AAAC and the Division of Agriculture will be required as agricultural development continues. This would become easier if both were in a single organization. Ultimately, if the State of Alaska is to have a relatively larger agricultural industry, a Department of Agriculture should be considered. "

"The Resources Committee offered on **05/18/81 HCR 29** in the House for House concurrent resolution No. 29 (Finance) relating to the development of a plan for Alaska agricultural development. Whereas, the legislature determines that the agricultural development goals of the state are to:

1. **Promote self-sufficiency and to decrease dependency on imported foods;**
2. **Provide opportunities for Alaskan to produce their own food individually and collectively;**
3. **Provide employment for Alaska;**
4. **Provide nutritional food products from local sources for Alaska;**
5. **Develop a self-supporting agriculture industry in Alaska;**
6. **Encourage the export of surplus agricultural products; and**
7. **Ensure that agricultural development proceeds with sound environmental practices and energy efficiency;"** [3]

The Alaska Farm Bureau 2010 Resolution Platform was approved by those voting members (delegates) attending the annual meeting where they unanimously supported a cabinet level Department of Agriculture. The Alaska Farm Bureau submits Alaska's Long-Range Plans on a regular basis. These include agricultural entities of transportation, standards, marketing, land sales, tax issues, renewable energy, etc. Testifying for HB 191 in support of a Department of Agriculture and Food was Bryce Wrigley, Alaska Farm Bureau President; Lyall Brazier, Delta Farm Bureau President; Ruby Hollembaek, President Alaska Diversified Livestock Association, Inc.; and several producers from around the state. Testifying was Paul Huppert who was also an AAAC member with the 10 year report submitted in 1983. Another testimony was from a rancher who remembered the transition from a Department of Agriculture to a division under the Department of Natural Resources. I believe she was from Kodiak. Kodiak Game Rancher, Bill Burton, read her testimony if my memory serves me correctly. I believe that

[3] Ten Year Plan for Alaska's Agricultural Development, p.108-114

the transition from Department to Division occurred the early 1960's while changes were made in the state government system to ensure ANSCA and the expedience of the Alyeska Pipeline venture.

"In a **report prepared for President Barack Obama and Secretary of the US Department of Agriculture, Tom Vilsack**, and based on forums conducted by State USDA Alaska Farm Service Agency Danny Consensteln and Alaska State Direction USDA Rural Development Jim Nordlund the following facts were derived from meetings held across Alaska (Fairbanks, Kotzebue, Juneau and Anchorage) to provide input on what works and what does not work when it comes to job creation and retention, especially in rural Alaska. Three areas for potential job growth emerged from all four meetings:

- Food Systems
- Renewable energy/energy efficiency
- Rural infrastructure"

"Even in Alaska's urban areas, most purchased food has to travel thousands of miles just to reach grocery store shelves. To arrive in Alaska's remote communities, the journey is even farther. Spoilage rates and prices are both high, especially in rural villages. This challenge provides opportunities for innovation in developing methods for growing, processing and transporting food more locally and efficiently. These opportunities tie in directly to energy costs, training and infrastructure. "[4]

In an open letter to all Alaska Farmers, Bryce Wrigley says it best when he states:

"Farmers and ranchers are thwarted by regulations that prohibit the growth and expansion of the industry. Agencies providing inspection services, veterinary services and the oversight of land issues are currently functions of several different agencies. **Locating these basic agricultural services in a single Department of Agriculture will increase efficiency by focusing all the resources on the mission of providing food for Alaska**."

As the former Department of Natural Resources retired land director, Glen Franklin, walked by my table at the Delta Farm Forum this last February, he asked who was behind the move to create a Department of Agriculture. I explained that I supported such a move. He stated, "It's about time." After dialogue, he said a commissioner would probably be paid half again as much as the division director is paid but he didn't see where the extra cost would be in creating such a move back to the original intentions of our state founding fathers. After all, DNR is housed in Fairbanks so a DAF could be located as is in Palmer.

When asked what the legislature and Governors' office can do for Alaskan agriculture, my answer is: "The same thing you do for oil, gas, fisheries, and other resources in our land. We want to sit at the table with and conduct business about our product and available food, fiber and fuel for all Alaskans. We simply want a seat. **We want a cabinet level seat.** We don't want to be a division under a department. It hasn't worked. Nearly every state in the union has a cabinet level department or

[4] Alaska Forums on Jobs and Economic Development, February 15, 2010 USDA, Rural Development Farm Service Agency, pgs.4-5

Support Documentation for an Alaska Department of Agriculture and Food
From Ruby Hollembaek 04/07/2011

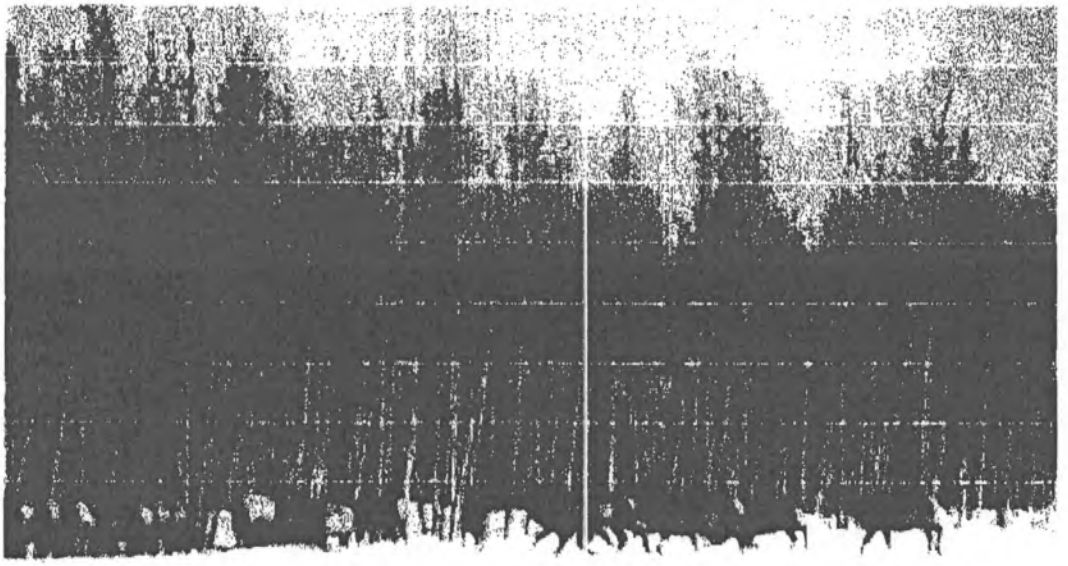
agency. With our unique geographical location, it is paramount that we return to the original Department of Agriculture that was in our first State Constitution in 1945."

Respectfully and with high regards I submit this plea to continue with the movement of HB 191 for a Department of Agriculture and Food. Thank you for supporting Alaskan agriculture and regards to all who care.

Ruby Hollembaek

Alaska Diversified Livestock Association, Inc. President www.adlainc.blogspot.com

Alaska Interior Game Ranch, Owner-Operator www.bisonandelk.com



Brasier Farms

2 ½ Mile Tanana Loop road

Delta Junction, Alaska, 99737

907-895-4961

Honorable Representative Thompson

Honorable Representative Kerttula

Thank you for sponsoring HB 191 establishing a state department of agriculture and food.

We have been an Alaska producer of Potatoes, Livestock , Forage, and Grain for 38 years.

The people of Alaska need a Department of Agriculture in order establish a vital food source for the security of the state. Food security is even more evident in light of the current events in the world today.

The Agriculture industry of the state needs a cabinet level position to keep the Governor and Legislature advised of the needs of the industry with out Multi tiered process which is now in place.

Thank You

Lyall Brasier

Subject: Department of Agriculture Letter
Date:

Kodiak Game Ranch
Box 1608
Kodiak, Alaska 99615

March 14, 2011

Representative Steve Thompson
Representative Beth Kerttula

This letter is in support of developing and reinstating a Department of Agriculture in our state. A Department is needed especially to sustain Alaska's food supply. The fact is that in the event of a catastrophe, the food supply for our citizens would last at the most just a few days!
Whereas the DNR has higher priorities than agricultural programs, a Department of Ag. would concentrate on Alaska's food source.
We need to reinstate a Department of Agriculture as we had in the past. Thank you.

Sincerely,
Bill Burton
Kathy Burton
Buck Burton

Kodiak Game Ranch

Attn: Rep S. Thompson
Beth Kertula

Re: HB191

As a farmer in Point Mackenzie, I would like to go on record in support of HB 191 I believe the attention to agriculture in this state has been sadly lacking. In fairness I attribute this to DNR having so many responsibilities, that by the time agriculture is looked at, there is little leadership and direction from the top. We need to ALL be moving in the same direction

This lack of attention can be seen from a lack of a true plan for the needs of Alaskans and its farmers. I think there are things in this bill that I do NOT agree with, but the one thing that this bill does, is address the inattention to Agriculture and allows agriculture to have a "seat at the table".

Sincerely,

Lynn Gattis
Gattis Farms
907-373-0300

PS I plan on testifying tomorrow on this bill

To Whom It May Concern:

I have been involved with the agriculture community in Kodiak since 1963 when we purchased a cattle ranch at Kalsin Bay. We took a big hit in the 1964 tidal wave loosing many of our purebred Scottish Highland cattle we had shipped all the way from Colorado. We revived and added a large lease and cattle from the adjoining ranch a few years later that resulted in a cattle ranch encompassing 50,000 acres of lease and we ran nearly 1000 head of cattle. At that time agriculture was at it's peak with seven large cattle operations on the road system on Kodiak.

I remember when the transition was made from the Department of Agriculture to the Division of Agriculture and the great concern the ranchers had about that change. The fear at that time was that the emphasis on support for agriculture in Alaska would be greatly diminished. The timing of this was also coupled with the Native Land Claim Settlement Act that allowed for native selection of lands that encroached on some of the lease hold interests.
Those fears have come to reality in the place agriculture has been able to hold in the state.

I strongly support the switch back to the Department of Agriculture. Agriculture in our state needs renewed emphasis and support if we are to increase the level of production to serve our needs. I recently saw a statistic that said we produce 3% of our food. I have recently taken part in the USDA hoop house project which is very exciting in trying to increase local production of vegetables. Please support the move to the Department of Agriculture.

Sincerely,

Marie Rice
10746 Bells Flats Road
Kodiak, Alaska 99615
(907) 487-2589
marieirice@gmail.com

Alaska Diversified Livestock, Association
8850 North Siminoo Circle
Palmer, Alaska 99645
Website: www.adlainc.blogspot.com
January 31, 2011

Dear Legislature and Governor's Office,

Please note that I was directed in our last Alaska Diversified Livestock Association meeting to write a letter of support in creating an Alaska Department of Agriculture. From our territorial history, it was apparent that Alaska form a department for agriculture. It was created under the territorial constitution. Things changed along the lines of this department when statehood was developed. This was an unfortunate step and we would like to see us reinstate a Department of Agriculture to supply resources for Alaskans for food, fiber and fuel using the truest renewable resources, farm products. Why is this change important you might ask. In Alaska in 1987 there were 1026732 acres of agriculture land in production. In 2007 there were 881585 acres of land in production, a decrease of 15% or > 145,000 acres. When looking at the agriculture we produce here as compared to the rest of the United States we rank 50th in almost all areas. (http://www.agcensus.usda.gov/) This is not because of lack of producible land, lack of water or acceptable growing season. There needs to be a change in the political outlook for agriculture in Alaska.

The Alaska Diversified Livestock Association has been in creation since 2001 when we felt it was imperative to form such a group to bring unity and a voice from livestock producers such as ourselves. We are encouraged with the public's interest in Alaska in regards to eating locally, alternative energy projects and Alaskan-made fiber. Our businesses are thriving although the prices of fuel have drastically affected our profit. The cost of fertilizer and fuel are challenging aspects of our raising feed for our livestock. However, we have faith and preserver. We continue to be a strong organization and meet twice annually to discuss our livestock business needs.

When asked what the legislature and Governor's Office can do for Alaskan agriculture, our answer is: "The same thing you do for oil, gas, fisheries, and other resources in our land. We want to sit at the table with and conduct business about our product and available food, fiber and fuel for all Alaskans. We simply want a seat. We want a cabinet level seat. We don't want to be a division under a department. Nearly every state in the union has a cabinet level department or agency. With our unique geographical location, it is paramount that we return to the original Department of Agriculture that was in our first State Constitution in 1945."

Should you need further information from us, feel free to contact us anytime. Thank you for supporting Alaskan agriculture.

Regards to all of us who eat Alaskan food, wear Alaskan fiber and fuel with Alaskan products,

Ruby K. Hollembaek

Ruby Hollembaek, President, ADLA, Inc.

Jane Pierson

From: [redacted]
Sent: Monday, March 14, 2011 3:15 PM
To: Jane Pierson

I have been involved in Agriculture all my life and in Alaska for the last fifty years. I was appointed to various Ag Councils and Boards. It became very apparent early on that Agriculture was about the fifth step child of DNR. Food production and the necessary research for the Northern latitude that is required will never happen as it should without a Department attention.

I own Palmer Produce, Inc. which wholesales Alaskan produce. Additionally, my family are involved in commercial production of vegtables and potatoes. HB191 is a very important bill for everyone who eats and works in Alaska.

Palmer Produce, Inc.

Paul A. Huppert

While I am not averse to essentially separating the Div. of Ag into it's own department to improve efficiencies, I do have some concerns. Foremost, in my mind, is who is on the slate to chair this new Department? As it stands right now, there is a razor thin line between government and the commercial producer when it comes to Ag (and all its programs, grants, loans, leases, etc) in the state. The key being: Commercial farms and producers. Nowhere do I see an avenue for a home gardener, hobbyist, small greenhouse, herbalist or any small operation considered or even contacted for input on this bill. And no expectation that the concerns of the "small farm" or home gardener would ever be included.

A defined mission or goal for a new Department would go a long ways toward gaining support for the bill as it stands now.

Regards-

T Heider
Su Valley Farm
Wasilla

March 15, 2011 Testimony on HB 191: Dept of Agriculture & Food before the House Economic Development, Trade and Tourism Comte

I am Gayle Eastwood. My husband and I have been importing different species of trees, to see what species would live here in Southeast. After the trees survive for a number of years, we would sell the trees. In Delta Junction, we have a ranch where we farm Hay, specifically Brome and Timothy, for sale. We can sell Alaskan Grown hay cheaper than we can buy and import that hay which is grown in either Canada or the Lower 48.

Thank you for listening to everyone and also to me.

I am here to testify on behalf of HB 191. In 1945, the Territorial Legislature created a Department of Agriculture. It was headed by a Territorial Commissioner, and was created to promote and develop agriculture here in Alaska. In 1953, they, further, authorized One Million Dollars to create the Agriculture Revolving Loan Fund (ARLF), which continues today, with a maximum cap of one million Dollars per loan. The ARLF was created to assist farmers in controlling animal diseases, plant pests, and other agricultural endeavors.

Alaska is only one of two states, Rhode Island being the other, in which there is not a Cabinet level Department of Agriculture. We DO have agriculture, and not just garden grown vegetables. In the Barley Project of Delta Junction, we have farmers who grow barley, wheat, oats, canola and potatoes. These are grown on a commercial scale. We also have farmers who raise sheep, cattle, yaks, bison, and other animals for commercial sale.

In Southeast Alaska, we also have farmers, on a smaller scale, who raise sheep and cattle, to name a few. We have nurseries where flowers and vegetable starts are started for others to have in their home vegetable gardens. Juneau and Petersburg have Farmers Markets during the summer.

A Department of Agriculture will benefit all these farmers and consumers, by assisting the farmers to improve their products thus providing a locally produced product reducing the freight costs of importing food stuffs from outside and increasing the vitamin content of fresher food.

If the Division of Agriculture remains in the Department of Natural Resources, the above would be greatly reduced. Being the "poor relation",

with oil and gas, coal, and other "natural" resources taking the majority of the time and money, designated by the legislature in the budget, agriculture would be on the "short end of the stick" for allocations.

Please approve the Department of Agriculture.

Gayle Eastwood
P.O. Box 1185
Petersburg, Alaska 99833
907-772-4307 or cell 907-518-4244
gaylewind@juno.com

Or

HC 62 Box 5312
Delta Junction, Alaska 99737
907-723-1132

Jane Pierson

From: Rep. Steve Thompson
Sent: Monday, March 21, 2011 12:33 PM
To: Jane Pierson
Subject: FW: HB 191

Follow Up Flag: Follow up
Flag Status: Flagged

From: Leslie Seddon [mailto:seddon5@mtaonline.net]
Sent: Friday, March 18, 2011 3:49 PM
To: Rep. Steve Thompson
Cc: Rep. Beth Kerttula; Rep. Chris Tuck; Rep. Bob Lynn; Rep. Alan Dick; Representative_Bob-Miller@legis.state.ak.us; Rep. Tammie Wilson
Subject: HB 191

Dear Representative Steve Thompson and other supporting Representatives,

House Bill 191 has recently come to the attention of many small, personal and/or family farmers in Alaska. I have spent three days reading the bill in its entirety and tracing it back to its roots. After much debate and discussion with two farming groups, we have come to the conclusion that this bill is exactly as stated to streamline the existing powers and duties of the DEC and DNR into one Department of Agriculture and Food.

It was pleasing to review the existing duties of educating the public about agriculture since we feel it is imperative that non food producing residents of our state share in the burden of providing for themselves. Even the city dwellers (no longer in the school system) would benefit from revisiting the skills of victory gardening. More emphasis on this education would increase self-reliance and decrease the dependency on government.

Unfortunately, it also adds verbiage that we cannot support as new legislation on page 2, lines 24 through 26 in regard to inventorying and reporting of stored food for the sake of food security. As you must have anticipated, we are against any such infringement of personal rights. The language in which the bill is currently written does not exclude the small, personal or family farm from government scrutiny. (I was not able to locate any definition of 'farm' in Alaska state law.) We would like to see these lines removed from this bill as they are objectionable and are not a part of the efforts to create (recreate) the Department of Agriculture & Food.

Finally, we are questioning the overall purpose of forming this department. Other than opening a final link in the chain of command for Federal intrusion, what benefit will it serve more than a few Alaskans?

I would appreciate any enlightenment on the above in regards to the proposed HB 191. I will be sharing your responses with the farming groups and am looking forward to hearing from you.

Thank you for your time,

Leslie Seddon
Wasilla, AK

Mat-Su/Alaska Farm Bureau

1100 South Colony Way, Palmer, Alaska 99645 746-0044 Fax 907-357-6777

May 9, 2007

Governor Sarah Palin
Office of the Governor
Sent via Fax to 907/465-3532
Juneau, AK 99811

Dear Gov. Palin:

The Mat-Su Chapter of the Alaska Farm Bureau watched with alarm as Alaska agriculture was forced to the brink of irrelevance by the Murkowski Administration's missteps. So far, the overreach and mistakes of that Administration seem to have been stemmed in Alaska's other industries.

Not so, however, with agriculture. Within the secret confines of what I truly hope are the most dysfunctional parts of state government, the Division of Agriculture, the Board of Agriculture and Conservation, and the Creamery Corporation Board continue as if an election hadn't occurred.

We are disappointed that our small industry has not yet experienced a change in leadership and approach. Perhaps after May 16, some small attention can be turned to the problems of an industry that, without a fast course correction, is poised to lose entire sectors.

The State of Alaska's agriculture leadership under the Murkowski Administration went about "helping" farmers by putting them out of business, suing them for trying to help themselves in marketing, presiding over the final failures of publicly owned processors, and dividing a weak industry against itself.

The late Earl Clabo, one of our most stalwart members and one of your most enthusiastic supporters, spearheaded the circulation of a "white paper for change" before the last election. It was signed by representatives not only of this organization, but of all the organizations involved in Alaska farming production. We thought it was a reasoned, thoughtful and restrained call for action. We submitted it to you in October, in a productive discussion with John Bitney. Please take another look at it.

Below, I will briefly outline the broad areas where the Mat-Su Chapter's initiatives and concerns over the past three years have been ignored or attacked.

1. Alaska Grown.

Reams of paper and hundreds of thousands in legal fees have been needlessly expended. Since the Agricultural Revolving Loan Fund pays the state's expenses in suing our chapter over this issue and Alaska Grown is not an ARLF asset, we believe these fees have been illegally expended as well.

To win its anti-farmer point of view, the Division has resorted to two rounds of personal attacks and attempts to instigate changes in leadership within the chapter. It has threatened and misrepresented and unethically called on others within the farming community to lobby against the chapter and marketing self-rule. Now, it is backtracking from a negotiated settlement agreement.

What is this issue that commands so much in state money and state employee ethical lapses?

Simply, the state feels it must own and micro-control every aspect of the Alaska Grown program, down to the tee-shirt sales that our group has slowly built up with our own work for over 21 years.

The state acknowledges that the program and its logo were developed together with the farmers. The state acknowledges that its own function is to certify that the farm products so stamped are of good quality and are grown here in Alaska. So why interfere with our promotional efforts?

Every other industry in this state is given the courtesy of a belief that industry representatives can best run an industrywide marketing program. Only farmers are considered too infantile for this.

A survey of other "Grown" programs across the nation shows that the only ones which can be said to work are the ones where the industry runs the program.

It is the farmers who make such programs work, and is we who have made the tee-shirts work.

Our recommendation: This suit should end immediately, while the state and the farmers begin an industry relationship like that with the Alaska Travel Industry Association.

2. Dairy Concerns.

Here the present Division leadership was not originally to blame; it is only their response to a long-standing problem that gave them ownership over the current debacle.

The mistake that triggered the decline of the dairy industry in Alaska was made in the 1980s. The state refused to sell the creamery back to a farm cooperative. Instead, it chose to retain ownership and control over Matanuska Maid.

Then, Matanuska Maid compounded the mistake by steadfastly holding to an industrial milk sales model, in a state where there is no industrial milk production.

Predictably, this model resulted in a steady decline of local milk production. It is now just a small fraction of the amount it was 20 years ago.

We have monitored and cajoled about this situation for the past several years, with increasing frustration in the last two years.

The current director pledged to us before his selection that he would see that the balance between processor and producer was redressed. He has broken this pledge.

His and the Board of Agriculture's response has ranged from the silly to the sinister. The silly was to advocate the dairy "industry" go back to one- and two-cow "farms" selling raw milk; never mind that that happens to be illegal. More sinister were the successful destruction of the two most recent attempts to dairy at Point MacKenzie, through targeted adverse loan actions and unfair pricing.

Just a week ago we learned that while the farmers have been stonewalled and blamed relentlessly, Matanuska Maid has secretly run up $700,000 in losses over the past two years. Its industrial model of importing milk and starving the locals is at last revealed as a failure.

The state was warned over and over that a policy of favoring a processor while starving the farmer was wrong, and contrary to its fiduciary responsibilities of preserving ARLF farm collateral.

Once again, the farmers were ignored and the concerns of our chapter ridiculed. Once again, the state chose to stick by state control over private production.

Our recommendation: Dairy industry policy in this state must be based on the necessities facing the actual dairy farmers in this state. Matanuska Maid has had over 20 years to try this, and has failed. Solutions to the problem of inadequate farmgate milk prices must be sought in the private sector, where the U.S. Department of Agriculture has recently invested in two innovative approaches.

3. Slaughterhouse.

Here, the current leadership simply decided to abruptly abandon the processing business after more than 20 years of state ownership. This decision was, commendably, modified to take proposals for private ownership of the plant.

Then, the one bidder was rejected. The stated reason for the rejection was that the person could not get non-ARLF operating funds to run the plant, and the plant could not be used as collateral.

Since we are not privy to the details, we cannot say whether this is the real reason or not. However, we note that the U.S. Department of Agriculture has a method of releasing grant assets for use in securing operating loans, without losing its interest in ensuring that projects are completed.

It seems to us that wise management might have adopted this approach.

Instead, the plant is still being operated by the state, but the meat prices to the producer have been lowered even further and the charges to the producer raised.

Once again, the farmer is blamed and penalized, while the industry becomes more miniscule.

Not only were we as a chapter and farmers ignored, but even farmer members of the Board of Agriculture were restrained from speaking freely on the slaughterhouse issue or voting on it.

Our recommendation: The slaughterhouse, just like sustainable dairy processors, must base its pricing policies on the needs of the farmers it serves. The current unstable, farmer-punitive system will never work. Either the privatization of the plant through gradual conversion to cooperative farmer marketing should begin, and/or the Department of Corrections should contribute added training dollars to the operation.

There are other missteps and lapses, and corresponding future opportunities, many of them discussed in the "white paper for change" previously mentioned.

Two of the examples given above heavily impact the Southcentral dairy and meat industries, and the third denies all farmers in the state a share in their own collective marketing symbol.

The rigid, secretive, dictated ways of the present have reached their logical conclusion: Failure.

It is past time for a fresh, farmer-centered approach to the business of farming in this state.

Please help.

Sincerely,

Karen Olson,
Executive Director

Representatives,

Here is my take on this bill:

You may have heard of the National Animal Identification System (NAIS). Here is a link to explain the overview of the program:

http://en.wikipedia.org/wiki/National_Animal_Identification_System

This proposed program met with serious opposition from the agricultural community and in 2010 the USDA decided to drop the program:

http://www.avma.org/onlnews/javma/mar10/x100315a.asp

Our cleaver federal government decided not to let it die quietly and through Executive Order, our president redirected this battle. Through executive order the USDA expanded the powers of one of its departments called Animal and Plant Health Inspection Service (APHIS).

APHIS is aligned in the following "chain of command"

WTO/EU

To

Codex Standards

To

OIE

To

United States

To

Executive Orders

To

Department of

Homeland Security

To

USDA

To

APHIS

To

The States (Alaska)

To

(Proposed Creation) of Department of Agriculture

Here is a link to USDA/APHIS where you can click and view their "Strategic Plan".

http://www.aphis.usda.gov/about_aphis/strategic_plan.shtml

As you can see in their plan, they have been given the authority of "surveillance and rcement" with the full power of Homeland security. What bothers me most are the statements :erning "international exports", "respond to conflicts between humans and wildlife", "APHIS also ives funding through user fees".

APHIS has been directed to respond to a wider range of emergencies in partnership with FEMA. includes identifying available resources during emergency response (Where the food is and how h do they have).

APHIS is expected to lead emergency response efforts related to animal and plant pest and ase outbreaks, as well as animal and plant health aspects of natural disasters and bioterrorism :ks. APHIS is also expected to support a wide range of other (unspecified) emergency response ts.

Proponents of HB191 say that it will consolidate all of Alaska's agricultural statues under one rtment and simplify addressing agriculture issues. This part is true but it works two ways. It also

es it easier for federal directives and policies to be implemented also. This is the main reason that I igainst this bill. When NAIS was being fought by farmers the states that had active Departments of culture were the first ones to start involuntary implementation of USDA directives.

In summary, I see passing HB191 will help facilitate the control over Alaska by the federal ernment.

Thank You Representatives for your time,

Cameron Seddon

Sent via e-mail:

There is no "food security" for Alaska at this time. Well over 90 percent of what we consume is barged up weekly from the L48. Years ago, stores used to manage a large reserve inventory of groceries, mostly due to shipping uncertainties. With the advent of increased competition and the "JIT" inventory management (so successful for WalMart) most stores these days have under a weeks' worth on hand, and less for items which are delivered more frequently. Add in the challenges of slide into a depression (shrinking economy, inflation, etc) most of these stores operate on a razor thin margin and they are all fighting for the consumer dollars still available.

The state has done nothing to address this either. The disasters of the Delta and Pt MacKenzie projects should teach us that government has no business being in business. Yet, the state spends (or makes available loans) millions of dollars in what can only be called subsidies for....well, basically the dairies. It sounded great in theory-grow the barley and oats in Delta, ship down to Southcentral to feed the dairy cows and everyone would benefit. Of course, their terms were beyond stupid-expecting a return in a few short years was impossible. In the L48, family farms were built over decades and sometimes centuries, as each generation cleared land and made improvements. It was set up to fail and I am pretty sure that some folks got what they wanted: 1000s of acres available for Anchorages' future expansion, right across the Inlet. But that's another subject altogether, lol

As our productive lands are gobbled up by developers who then go on to populate the landscape with cookie cutter subdivisions, there is no effort to expand Ag whatever. Yes, there are occasional lease sales, property sales, but most are not suitable for agriculture. And it comes with strings. Lots and lots of strings. A person only has "fee simple" (an equivalent, actually) to about five acres, the rest-only ag rights. In practical terms, the farmer pays only ag taxes on that land, not the "going rate" for residential. Can you imagine a farmer with 600 acres being able to pay the taxes at, say, the $38,000 per acre that is the norm here?

In fact, there is no unified program to provide food security in the state. There are no programs or support for small operations whatever. Someone who wishes to start a small herb farm has no resources, and neither do greenhouses, or truck farms, etc. Only those who have larger farms can get funding (loans).

If the new Ag Dept had a goal, a mission, to improve Alaska's food security and worked with people and farms (large AND small) to make it happen, then I would be behind it. But that is not the case. Most of the people involved in Ag right now at the state level, are folks who have failed at farming here already, and who now control the purse strings.

Support an Alaska Department of Agriculture and Food REINSTATE an Alaska Department of Agriculture

- http://www.thepetitionsite.com/2/support-an-alaska-department-of-agriculture/



- **Target:** Alaskans and State Legislature Body
- **Sponsored by:** Ruby Hollembaek, Farmer/Rancher

We are one of 2 states, Rhode Island and Alaska, who share the distinction of NOT having a cabinet level department or agency of agriculture.

Reinstate the Department of Agriculture.

In 1945, the Alaska Territorial Legislature created the Alaska Department of Agriculture for the purpose of promotion and development of agriculture. Agriculture is specifically identified in the State Constitution. Prior to statehood, there was a Territorial Commissioner of Agriculture who headed the Alaska Department of Agriculture. Certain functions in Agriculture were established prior to statehood, such as creation of the Agricultural Revolving Load Fund in 1953 with a $1 million authorization.

In 1953, major direction for the department was similar to what it is today - regulatory work including animal disease control, plant pest control and grading of produce, promotion of a larger and more stable agriculture industry by seeking larger markets and improving marketing techniques and providing financing of viable agricultural endeavors.

Alaska became a state in 1959, and statutory authorizations for agriculture were established in Title 03. Regulations were rapidly developed with adoption of the first regulations in July 1960 addressing surface sales, leases, homesteading (including auctions for amount of high bid and improvement of credits of up to 90% of the purchase price), as well as leasehold locations. Effective 5/23/64, regulations were amended so that timber sales, material sales and other uses were also allowed if consistent with public interest. Grazing leases were initiated in April 1970 as short-term leases only. Disposals of agricultural land were restricted to agricultural interest sales and leases effective August 1976, and amended in 1978 to clarify that disposal of leasable minerals could still take place. No exception was made for locatable minerals, non-agricultural surface leases, etc.

SUPPORT an Alaska Department of Agriculture and Food

An Act establishing a state department of agriculture and food and relating to its powers and duties; relating to the powers and duties of the Department of Environmental Conservation and the Department of Natural Resources; and providing for an effective date.

HB 191 was introduced at the request of the state-wide Alaska Farm Bureau. HB 191 establishes a new state Department of Agriculture and Food with the intent of using the current Division of Agriculture's budget. Currently, statutes and regulations that govern food, food products, land sales, loans, land development, and animals are spread between the Department of Natural Resources (DNR), and the Department of Environmental Conservation (DEC). HB 191 is an effort to stream-line government by bringing agriculture and agricultural foods products under the purview of one department.

A Department of Agriculture and Food would allow for a singular focus that would enhance agriculture and food security in Alaska. Agricultural policy has been inconsistent and prone to changes with new administrations, retirements, or economic changes. This ever-changing policy has hampered the development of a strong agricultural economy.

In 1974, Governor Hammond stated that "the state needed a renewable resource economic base to sustain Alaska after the oil was depleted." In 1976, Governor Hammond in an effort to develop renewable sources in the state established the following goals:

- Broaden the economic base of the state through agriculture production;
- Stabilize real food cost by increasing local food;
- Provided alternative job opportunities through expanded agriculture;
- Improve rural life by developing an economic base through agriculture.

Today people want to know where their food is coming from, they want to feel the security of having a farmer growing and storing food close by, they want to be at the farmers market on Saturday buying food from their neighbor.

Under a Department of Agriculture and Food, farming can expand to meet the needs of Alaska's residents, providing meat, milk, vegetables and grains for the table. Alaska's biomass can be used to heat homes and power cars, and fiber can be used to manufacture goods. Agriculture is a renewable resource that provides independence and industry into the future for the State of Alaska

we signed "Support an Alaska Department of Agriculture and Food REINSTATE an Alaska Department of Agriculture"

150
09:21, Nov 06, Mr. Scott Hollembaek, AK

149
11:33, Oct 27, Flora Deacon, AK

148
02:56, Oct 23, Mr. William Johnson, AK

147
14:29, Oct 22, Mr. David Poppe, AK

146
20:18, Oct 20, carrie sisson, AK
Yes

145
15:28, Oct 18, Mr. Cody Beus, AK

144
14:37, Oct 11, Mr. Brian Bourne, NJ

143
10:48, Oct 07, Name not displayed, AK

142
08:04, Oct 07, cheri dean, AK
yes

141
15:25, Sep 30, Ruth Edwards, AK

140
17:44, Sep 28, Leslie Bobo, AK
yesYES

139
08:29, Sep 24, Ms. Aimee Hollembaek, WA

138
11:15, Sep 22, Mr. Bill Burton, AK
Yes, we need to promote more Agriculture in Alaska to be able to take care of all the people in Ak. in case of some natural disastor, loss of outside transportation, or man made diastors.

137
17:36, Sep 18, Suzanne Taylor, AK

136
15:40, Sep 17, annie messer, AK
Thank you for caring about supporting citizens in the prospect of utilizing the resources we have in Alaska to promote agriculture.Do you care about where your food, fiber and fuel comes from? I DO, and am extremely worried about the influence of mega companies like monsnato has on agricultural and related legislastion.

135

10:29, Sep 16, Mrs. Bessie Meyer, AK

134

13:08, Sep 13, Ms. Diane Claassen, AK

133

14:28, Sep 10, Mrs. Kathleen Fields, AK

WE so need this.. and have for a long long time.

132

08:20, Sep 10, Brenda Peterson, AK

131

21:29, Sep 06, Jeannie Pinkelman, AK

130

13:55, Sep 06, Victoria Naegele, AK

A Department of Agriculture with more autonomy ought also to put more effort into educating young Alaskans on the sources of their food and fabric. This educational effort shouldn't be on the backs of Alaska farmers but part of a complete education promoted by the state for its students.

129

09:47, Sep 05, Mr. Stuart Davies, AK

I serve on the BAC. I care about Alaska being able to feed itself. Unfortunately, this topic has become a political football with many who previously supported this initiative changing sides and who are now not supporting it.I feel the Div. of Agriculture should support 100% local food production. I invite you to review the operations at Mount McKinley Meat and Sausage in Palmer and draw your own conclusions.

128

14:30, Sep 03, Mr. Scott McCasland, AK

127

19:41, Sep 02, Mr. Harold Moore, AK

126

06:26, Aug 19, Greg Kuijper, AK

Alaska is in a very unique situation when it comes to growing our own. The cost of shipping everything to AK is about to jump bigtime. When all our ships switch to low sulfur diesel from heavy fuel. Call your elected representative. Ask them what they're doing about this.

125

14:45, Aug 16, Mr. PAUL HUPPERT, AK

124

20:38, Aug 03, Ray Lasley, AK

123

13:12, Aug 03, Mr. Tom Aklestad, AK

Local ALASKA GROWN ALL THE WAY !ALASKA GROWN!! YOU HAVE NOT ENJOYED A GOOD FOOD ITEM UNLESS IT CAME FROM THE GREAT LAND!! ALASKA # 1.

122

14:41, Aug 02, Chet Chambers, AK

121

16:48, Aug 01, Chris DuBois, AK

120
22:56, Jul 26, Brian Olson, AK

119
23:28, Jul 19, Ms. Charlotte Jewell, AK
I support local business including agriculture & food production.

118
11:17, Jul 14, Dr. Patricia Holloway, AK

117
08:03, Jul 08, Roy Stamey, AK

116
17:39, Jul 05, Name not displayed, AK

115
21:38, Jul 03, Mr. Dale Gardner, AK

114
18:24, Jul 03, Margaret Wilson, AK
Yes, I live in the heart of the Matanuska Valley In Palmer, AK.

113
10:11, Jul 02, Mr. Thomas Aklestad, AK
Come on let Alaska in on all the funding and be recognized as part of the rest of the USA. Just look at ALL the resources we have here. It's a MEGA Bounty of natural resources here and it's not going any time soon.YES, It should be from our LOCAL RESOURCES! ALASKA all the way!! It can be done..

112
17:52, Jun 30, Sharon Walluk, AK

111
12:25, Jun 30, Aleks Pfaffe, AK
Absolutely. I want my food and supplies to come from as close to home as possible to support my community and reduce my carbon footprint.

110
12:15, Jun 29, Mr. kenneth blatchford, AK
kenneth e. blatchfordabsolutely

109
11:28, Jun 29, Mr. Brian Lyke, AK
I do! I wish there was more infrastructure for farmers in this state. A food processing facility would go a long way for agricultural sustainability in Alaska.

108
10:01, Jun 29, Mr. James Eastwood, AK

107
09:09, Jun 29, Mrs. Rebecca Radey, AK
YES!

106
09:07, Jun 29, Mr. LOWELL NOORLUN, MN

105
08:47, Jun 29, Ms. Pam Rule, AK

104
22:02, Jun 27, Mr. Deanna Cooper, AK
Shortest supply route the better

103
11:46, Jun 27, Lisa Sadleir-Hart, AK

102
14:08, Jun 26, Larry Marsh, AK
There is nothing more basic, more vital than food production. As a young state, we should be doing much, much more to ensure that the future of agriculture and food production in our state is a vital and sustainable economic component for all residents.Local and regional food production is the foundation for a more efficient and sustainable agricultural economy.

101
09:00, Jun 26, Name not displayed, AK

100
01:03, Jun 26, Tom Paragi, AK
I am also on the Board of Directors for Fairbanks Community Cooperative Market. Our goal is to open a full service grocery that will buy quality local products first, purchasing from outside of Alaska only when a quality local option is not available.

99
23:43, Jun 25, Dr. Bob Johnson, AK

98
23:21, Jun 25, Mr. Joe Want, AK

97
23:18, Jun 25, Ms. Sara Stoops, AK

96
17:09, Jun 25, Enke Gendendorj, AK
yes highly

95
06:05, Jun 25, Elinor Poll Ramos, AK

94
23:45, Jun 24, Randy Bozelle, AK

93
20:40, Jun 24, Neil Wagner, AK

92
20:17, Jun 24, Eli Fleischer, AK

91

15:50, Jun 24, Edda Mutter, AK

90

11:44, Jun 24, Deirdre Helfferich, AK

Local food production is more popular and more important an issue than ever. We cannot go on focusing on only one or two sectors in the Alaska economy; local agriculture production produces jobs, improves health, creates community, and makes Alaska more secure.

89

10:56, Jun 24, Ms. E Roderick, AK

88

10:24, Jun 24, Paula Williams, AK

Not only will this make Alaskans more food secure, but it will support a stronger and more diverse economy.yes.

87

08:45, Jun 24, Mrs. Chris Ford, AK

Yes! I have been struggling with raising Poultry as organic as possible in the town that I live in. It has been very challenging. I I prefer to by local when I can but no one farms grains here. I have resorted to feeding my birds wild greens in the summer and fish through out the year along with the organic grains I get at the local feed store.

86

07:23, Jun 24, Jane Eisemann, AK

We have barely scratched the surface of what we can do here in Alaska with regards to food and self reliance.Yes I care about where my food, fiber and fuel comes from. Of course the closer to home the better!

85

06:41, Jun 24, Susan Cable, AK

84

04:12, Jun 24, Mrs. Kate Veh, AK

Yes.

83

02:03, Jun 24, Mr. Maxwell Hobson, AK

82

01:57, Jun 24, Mrs. Diane Gustafson`, AK

We need this to enable our state to not rely on outside interests to provide for our peoples life needs.Yes, I want to enable our state to provide for its own constituents as well as create jobs for our people.

81

00:31, Jun 24, Mr. Brian Roberts, AK

80

00:29, Jun 24, Mr. Christopher Crews, AK

AK needs HUGE Ag investments right now. In 20 or 30 years It's going to be one of the only places in the US that shouldn't be in a perpetual drought condition and will have temps that allow food to grow.Absolutely!!

79

23:15, Jun 23, Dr. karl monetti, AK

78

21:14, Jun 23, Ms. Rosemary Froese, AK

77
20:50, Jun 23, Heather Preece, AK
It is so important that our food, fiber and fuel comes from as close to home as possible.

76
20:37, Jun 23, Sharon Ferguson, AK

75
19:54, Jun 23, Mrs. Joette Storm, AK
It is our personal responsibility to take action in securing our own food supply and protecting agricultural land and resources.

74
16:54, Jun 23, Ethan Stoops, AK
Thank you for caring about supporting citizens in the prospect of utilizing the resources we have in Alaska to promote agriculture.

73
16:53, Jun 23, Mrs. Anya Van Hoecke, AK

72
16:45, Jun 23, Mrs. Dawn Stoops, AK

71
16:12, Jun 23, Rhonda Hubbard, AK
Absolutely, and so should everyone else.

70
15:54, Jun 23, Ms. Martha Shaddy, AK

69
15:34, Jun 23, Ms. Shaun Lott, AK

68
15:16, Jun 23, Ms. Cindee Karns, AK
This is absolutely VITAL to Alaska's survival, but it also needs to go hand in hand with a small farm bill. I'm sure we want big corporate farms here planting franken corn.Yes, all Alaskans should care.

67
15:07, Jun 23, Terri Pauls, AK

66
15:05, Jun 23, Dora Wainwright, AK
Alaska Grown is very important for our state.

65
14:45, Jun 23, Dr. Craig Gerlach, AK
I support Alaskan agriculture, Alaskan farmers, and a strong local livestock and horticultural system, one that will produce local food for regional and statewide consumption.Yes I do care, and I prefer for food, fiber and fuel to be Alaska grown, Alaska produced.

64
14:05, Jun 23, Ms. Doris Robbins, AK

63

14:01, Jun 23, Ms. Catherine Whitney, AK

62

13:35, Jun 23, Frederick Vahl, AK

61

12:59, Jun 23, Ms. Debra Gritman, AK

Absolutely, it would be nice to have the US support itself. Maybe someday.

60

12:53, Jun 23, Susan Sommer, AK

59

12:52, Jun 23, Mrs. Donna Jones, AK

58

12:42, Jun 23, terrisa kercher, AK

57

12:33, Jun 23, Mr. Richard Seifert, AK

This is very important to all of us, and i am a member of the Board of the Fairbanks community Cooperative Market in order to help support and further such efforts through marketing and merchandising of local food, as well and educating about food security and healthy eating.

56

12:28, Jun 23, Mr. Greg Obeso, AK

55

11:56, Jun 23, Julie Smith, AK

54

11:54, Jun 23, Barbara Rowland, AK

See need to push NON-GMO AGRICULTURE IN ALASKA as we do this.YES!

53

11:52, Jun 23, Sue Singler, AK

52

09:33, Jun 23, Mr. Bryce Wrigley, AK

There is a great need for a more focused and proactive approach to increasing our food security. That cannot happen without a more autonomous agency. As currently constituted, any goal or initiative for developing agriculture must pass scrutiny of DNR, who evaluates agriculture's role with how it fits the overall goals of DNR.To direct the development of this critical resource long-term, it is vital to have a dynamic, forward thinking Department of Agriculture and Food that is not subservient to the vagaries of a much larger agency whose main focus is non-renewable resources development.

51

07:38, Jun 23, Shelley Rainwater, AK

50

07:36, Jun 23, Chris Johnson, AK

49

00:21, Jun 23, Mr. Ronald Illingworth, AK

48
23:41, Jun 22, Mr. David Johnson, AK

47
22:35, Jun 22, Mr. Charles Bingham, AK

46
13:48, Jun 10, Ms. Deb Blaylock, AK

45
19:03, Apr 14, Mrs. Patricia McMurren, AK

44
10:26, Apr 14, Mrs. cathleen melbostad, AK

43
14:39, Apr 11, Mrs. Robin Korte, AK

42
15:50, Apr 05, Ms. Janet Vanairsdale, AK

41
15:08, Apr 04, Ms. Heather McCausland, AK

40
15:58, Apr 01, Mr. Ed Laurson, CO

39
19:16, Mar 30, Mrs. Saskia Esslinger, AK

38
14:17, Mar 22, Jimmie Ellison, AK
You betca, this needs to be brought to the attention of ever Man, Woman and child in Alaska.

37
17:00, Mar 17, Dr. David Ianson, AK

36
17:28, Mar 07, Mr. David Selmser, AK

35
17:16, Feb 28, Nancy Richmond-Bentley, AK
Everything is local including food. Alaskans should have more support in their agricultural endeavors.

34
22:11, Feb 27, Edward Gagnon, AK

33
17:53, Feb 21, Holly Sheldon Lee, AK

32
13:33, Feb 18, Mrs. Anna Denis, AK

31
18:23, Feb 15, Ms. Anne-Corinne Kell, AK

30

16:17, Feb 15, Ms. Trisha Costello, AK

29

01:06, Feb 12, Ms. Mary Ernsberger, AK

28

14:57, Jan 31, Mr. Kevin Irvin, AK

27

16:30, Jan 29, Mrs. Doris Ethier,

26

01:15, Jan 21, Ms. Triena Slatter, AK

25

12:24, Jan 04, Mr. david lendrum, AK

24

04:44, Dec 29, Mr. STEVE KLEIN, VA

23

01:10, Dec 28, Mrs. Nina Stone, AK

22

03:53, Dec 26, Mrs. Petra Haisam, Egypt

21

22:19, Dec 25, Julie Luke, AK

20

09:13, Dec 18, Name not displayed, NJ

19

17:30, Dec 15, Ms. deboorah hayes, AK

18

17:15, Dec 15, Mr. Wes Hamrick, AK

17

15:58, Dec 15, Name not displayed, AK

16

15:02, Dec 15, Mrs. Jamie Woodside, AK

15

08:32, Dec 10, Mr. David N Moore, CT

14

20:25, Dec 07, Ms. Tahajra Worrell, Barbados

13

06:20, Dec 04, Ms. Emily Smith, PA

12

18:34, Dec 02, Mr. Chris Enders, MI

11

00:40, Dec 02, Mr. charles mclachlan, United Kingdom

10
08:13, Nov 30, Ms. Andrea Oefinger, CT

9
21:09, Nov 29, Mrs. Pam Boland, GA

8
20:01, Nov 29, Ms. Sacred Space, AB

7
16:49, Nov 29, Mr. David Dunkleberger, PA

6
14:34, Nov 29, Mrs. Jo Coelho, New Zealand
yes=the economy

5
14:30, Nov 29, Name not displayed, ON

4
13:19, Nov 29, Ms. Jacquie Bridonneau, France

3
11:58, Nov 29, Mr. mike barbieri, NV

2
11:15, Nov 29, Mr. Steve Fields, AK
I advocated this back in the early 90's when I sat on the SWCD Board. I was thought of as a pariah. Glad this is moving forward.

1
11:05, Nov 29, Ms. Ruby Hollembaek, AK
Let's make the next decade in Alaska's economic structure really count!

ALASKA FARM BUREAU, INC.

Bryce Wrigley, President
bjwrigley@gmail.com

Jane Hamilton, Executive Director
janehamilton99737@yahoo.com

March 15, 2011

Representative Steve Thompson
Alaska State Legislature
120 4th Street
State Capitol, Room 3
Juneau, Alaska 99801-1182

Dear Representative Thompson,

We wanted to take this opportunity to thank you for introducing HB 191 that creates a Department of Agriculture and Food. Agriculture has struggled to survive in the shadow of oil and gas for several decades. We understand the attention that oil and gas demand as they drive the economics of our state. This doesn't leave adequate attention to focus on agriculture and the importance of supplying a safe, secure and plentiful food supply to our citizens.

The Alaska Farm Bureau feels that this bill is important to every Alaskan citizen as well as the agricultural community. Since most of our food in imported, we are in a precarious position and vulnerable to the many disruptions to our transportation system that have occurred in the past and will, most likely, occur in the future. It is of the utmost importance that we produce our own safe and abundant source of food.

A Department of Agriculture and Food will give the industry the opportunity that is needed to ensure that locally grown food, - food produced in Alaska will be able to expand and develop to feed the citizens of Alaska.

If you have any questions about how HB 191 will improve and impact Alaska's agricultural industry, or if we can be of any assistance to you, please don't hesitate to contact me.

Sincerely,

Bryce Wrigley, President

PO Box 760 Delta Junction, Alaska 99737 Telephone: (907) 895-4752

ALASKA STATE LEGISLATURE

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REPRESENTATIVE STEVE THOMPSON
DISTRICT 10

MEMORANDUM

To: Chair Seaton, House Resource Committee

From: Representative Steve Thompson

Date: April 6, 2012

Re: House Resource Committee Members' Questions & the Answers regarding HB 191- DOAF Hearing on 3/26/12

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1. **Will DOAF issue licenses for elk farming?** Elk farming licenses would now be issued through DOAF, see page 5, lines 8-15. The DOAF Commissioner responsible for inspection of facilities; fencing standards. All provisions for elk farming will fall under DOAF.

2. **When DOAF provides elk licenses is there consultation with the Department of Fish & Game?**
   There is agency cooperation between DOAF and DF&G in regard to elk farming. F&G reviews the standards proposed by DOAF (i.e. fencing and escapement standards). DOAF provides a copy to DF&G of each application for elk farming license received and issued.

3. **Where is the Board on Invasive Species located? How would it interface with DOAF? Currently aquatic invasive species are handled by DF&G. Why not put it under DOAF?**

   (Response from DNR Legislative liaison, Esther Tempel via email- included and attached)

E-Mail: Representative.Steve.Thompson@legis.state.ak.us

In response to the question during the HB 191 hearing as to which department would have oversight of invasive species, I offer the following. Currently, DF&G has oversight over invasive species such as Atlantic Salmon, D. Vex, Northern Pike, etc. (http://www.adfg.alaska.gov/index.cfm?adfg=invasive.main). However, DNR does have an invasive plants coordinator housed in the Plant Materials Center. DNR's role focuses on plants such as spotted knapweed or Canada thistle that may impact agriculture (http://plants.alaska.gov/invasives/index.php). DF&G and DNR's roles do somewhat cross over in regards to elodea, as it is an aquatic plant.
I am not sure about DF&G, but the noxious weed, invasive plant, and agricultural pest manager is created in AS 03.05.027 and in the text, it says the commissioner of natural resources shall employ this person.
It looks like in Sec. 7 of your bill (Version A), you repealed AS 03.05.027 and changed it so that the commissioner of Agriculture oversees invasive plants. I don't think you have amended F&G's statutes, but I would imagine it would be best to keep their invasive species coordinator there in fish & game as really only invasive plants would directly affect Agriculture.

(Response from Alaska Farm Bureau): Currently the plant and insect invasive species is housed in Division of Ag. I don't believe there is an all invasive species board yet, although it is being discussed. Fish and Game should retain other invasive species. The aquatic invasive species we have been discussing for the last several years are marine species except for Spartina. My suggestion would simply be to put all plants and insects in DOAF and keep aquatics in Fish and Game.

4. **List of statutes that are being repealed and what they include:**

All of Title 3 will now fall under DOAF. All highlighted areas have been changed to Department of Agriculture.

Title 3. Agriculture, Animals, and Food
Chapter 05. Powers and Duties of Commissioners of Natural Resources and Environmental Conservation.

AS 03.05.011(e). **Powers of commissioner of environmental conservation-** (e) In this section, (1) "commissioner" means the commissioner of environmental conservation; (2) "department" means the Department of Environmental Conservation.

AS 03.05.040(b)- **Inspection-** (b) In this section, "commissioner" means commissioner of natural resources with respect to those products over which the commissioner of natural resources has jurisdiction under this title, and the commissioner of environmental conservation with respect to those products over which the commissioner of environmental conservation has jurisdiction under this title.

AS 03.05.050(b)- **Products in violation of regulations.** (b) In this section, "commissioner" means commissioner of natural resources with respect to those products over which the commissioner of natural resources has jurisdiction under this title, and the commissioner of environmental conservation with respect to those

products over which the commissioner of environmental conservation has jurisdiction under this title.

Chapter 47. Bees and Beekeeping Equipment.
AS 03.47.040(2)- Sec. 47. Bees and Beekeeping Equipment. **Definitions**. (2) "division" means the division of agriculture, Department of Natural Resources;

Chapter 55. Care of Animals; Control of Dogs.
AS 03.55.190(3)-**Definitions**. (3) "department" means the Department of Environmental Conservation.

Title 17. Food and Drugs. Chapter 20. Alaska Food, Drug, Cosmetic Act. Article 2. Food and Aquatic Farm Products.
AS 17.20.075- **(1)** "commissioner" means the commissioner of environmental conservation; **(2)** "department" means the Department of Environmental Conservation.

Title 44. State Government. Chapter 37. Department of Natural Resources.

AS 44.37.030- The Department of Natural Resources shall

(1) get and distribute information on subjects connected with agriculture;

(2) control and regulate the entry and transportation of seeds, plants, and other horticultural products;

(3) control and eradicate the spread of pests injurious to plants, trees, vegetables, livestock, poultry;

(4) aid in developing used and unused agricultural resources; and

(5) experiment and determine practical methods of growing, processing, soil analysis, eradication of obnoxious weeds, control of insects, and cheaper and more satisfactory methods of land clearing.

AS 44.62.330(a)(34) (a) The procedure of the state boards, commissions, and officers listed in this subsection or of their successors by reorganization under the constitution shall be conducted under AS 44.62.330 - 44.62.630.

(34) Department of Natural Resources concerning the Alaska grain reserve program under former AS 03.12; conducted under AS 44.62.330 - 44.62.630 is limited to named functions of the agency.

5. **Sec. 35-36 Check for responsibilities between DOAF and DEC.**
KRISTIN RYAN, DEC-report attached

6. **Does Section 51 of the bill add new authority to DOAF and then take it away from either DNR or DEC ?**

The new subsection, AS 17.20.230 (c), adds the authority for DOAF to have this same duty of enforcement with respect to an agricultural food product
Title 17. Alaska Food, Drug, and Cosmetic Act. Article 6. Enforcement. Detention or embargo of foods.
AS 17.20.230 (b) The Commissioners of Health & Social Services and Environmental Conservation retain their same duties.
Currently, the Commissioner of DEC has the authority over a food or cosmetic. **The amended version of (a) limits that Commissioner's authority to a nonagricultural food product or cosmetic. The Commissioner of DOAF will have the authority over agricultural foods or products.**

AS 17.20.230. Detention or Embargo of Goods.

(a) Whenever the commissioner of environmental conservation finds or has probable cause to believe that a food or cosmetic is adulterated, or so misbranded as to be dangerous or fraudulent within the meaning of this chapter, the commissioner shall affix to it a tag or other appropriate marking, giving notice that it is or is suspected of being adulterated or misbranded and has been detained or embargoed, and warning all persons not to remove or dispose of it by sale or otherwise until permission for removal or disposal is given by the commissioner or the court. A person may not remove or dispose of a detained or embargoed article by sale or otherwise without this permission.

(b) The commissioner of health and social services has the same duty with respect to drugs and devices as the commissioner of environmental conservation has with respect to food and cosmetics under (a) of this section.

AS 17.20.230 ***(Adding a new subsection)***

(c) Whenever the commissioner of agriculture and food finds or has probable cause to believe than an agricultural food product is adulterated, or so misbranded as to be dangerous or fraudulent within the meaning of this chapter, the commissioner shall affix to it a tag or other appropriate marking, giving notice that it is or is suspected of being adulterated or misbranded and has been detained or embargoed, and warning all persons not to remove or dispose of it by sale or otherwise until permission for removal or disposal is given by the commissioner or the court. A person may not remove or dispose of a detained or embargoed article by sale or otherwise without this permission.

7. **Soil & water Conservation Districts**

The Soil & Water Conservation Districts will stay under the Commissioner of DNR.

8. **Sec. 42 DEC responsibility over fish?**

Fish will be left with DEC and DF&G.

E-Mail: Representative.Steve.Thompson@legis.state.ak.us

9. **Summary of fiscal notes for the committee.** Hard copies of Fiscal Notes have been numbered to coordinate with the following table:

	ALLOCATION	DEPARTMENT RESPONSIBILITY	DNR (In thousands)	DOAF (In thousands)
1.	Agricultural Revolving Loan Program	DNR (Div. of Ag) to DOAF	(2,526.1) 1a.	2,526,1/yr FYI 15-18 1b.
2.	Facilities (Lease costs)	DNR (Div. of Ag) to DOAF	(54.0) 2.	
3.	North Latitude Plant Material Center-	DNR (Div. of Ag) to DOAF	(2,686.2) 3a.	2,686.2/yr FY 15-18 3b.
4.	Interdepartmental Chargebacks Human Resources and IT	DNR (Div. of Ag) to DOAF	(52.8) 4.	
5.	Administrative Services Salaries for support staff (13 positions) OMB	DNR (Div. of Ag) to DOAF		1,366,7/yr * FY 15-18 5.
6.	Office of the Commissioner (5 positions) OMB	DEC & DNR to DOAF		775.0 /yr * FY 15-18 6.
7.	Agricultural Development	DNR (Div. of Ag) to DOAF	(2,511.0) FY15 7a.	2,511.0/yr FY15-FY18 7b.
8.	Laboratory Services Food Safety	DEC to DOAF	Indeterminate 8a.	Indeterminate 8b.
9.	Administration & Support OMB	DNR (Div. of Ag) to DOAF		106.8 9.
			(7830.1)	9971.8

***Representative Thompson does not believe that there would need to be such a large staff in Administrative Services or in the Commissioner's Office in the DOAF.**

E-Mail: Representative.Steve.Thompson@legis.state.ak.us

Lynette Bergh

From: Tempel, Esther (DNR) <esther.tempel@alaska.gov>
Sent: Thursday, April 05, 2012 8:26 AM
To: Lynette Bergh
Subject: HB 191

Hi Lynette,

In response to the question during the HB 191 hearing as to which department would have oversight of invasive species, I offer the following. Currently, DF&G has oversight over invasive species such as Atlantic Salmon, D. Vex, Northern Pike, etc. (http://www.adfg.alaska.gov/index.cfm?adfg=invasive.main). However, DNR does have an invasive plants coordinator housed in the Plant Materials Center. DNR's role focuses on plants such as spotted knapweed or Canada thistle that may impact agriculture (http://plants.alaska.gov/invasives/index.php). DF&G and DNR's roles do somewhat cross over in regards to elodea, as it is an aquatic plant.

I am not sure about DF&G, but the noxious weed, invasive plant, and agricultural pest manager is created in AS 03.05.027 and in the text, it says the commissioner of natural resources shall employ this person.

It looks like in Sec. 7 of your bill (Version A), you repealed AS 03.05.027 and changed it so that the commissioner of Agriculture oversees invasive plants. I don't think you have amended F&G's statutes, but I would imagine it would be best to keep their invasive species coordinator there in fish & game as really only invasive plants would directly affect Agriculture.

I hope this helps,
Esther

Esther Cha Tempel
Legislative Liaison
Office of the Commissioner
Department of Natural Resources
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STATE OF ALASKA

Sean Parnell, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION
DIVISION OF ENVIRONMENTAL HEALTH

555 Cordova Street
Anchorage, Alaska 99501
PHONE: (907) 269-7644
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March 30, 2012

The Honorable Paul Seaton
House of Representatives
Alaska State Capitol, Room 102
Juneau, Alaska 99801-1182

Dear Representative Seaton,

During a hearing of the House Resources Committee on March 26th, 2012 the committee heard testimony on House Bill 191 which creates a new Agriculture and Food Department. During the hearing you asked if the Department of Environmental Conservation (DEC) had any recommendations for improvements for the draft legislation.

DEC has been working to offer more support to Alaska's agricultural community over the last two years. An essential part of a viable agricultural industry in Alaska is safe food. We have formed a working group with the Department of Natural Resources (DNR), Division of Agriculture, and the University of Fairbanks, Cooperative Extension Service to identify ways we can work together and improve the support we provide Alaska's growing industry.

During my testimony, I mentioned an unintended consequence of separating the state's food safety regulatory authority across two agencies. DEC currently permits approximately 170 food processors that are not seafood related. These operators are preparing jams, jellies, bottled water, sandwiches, tortillas, salsa, cakes, cookies, BBQ sauce and many other things. As CS HB 191(RES) is written, it is difficult to determine what food products are considered agricultural and would be regulated by the new department and which would stay under DEC's purview.

While this issue can be resolved through edits to the legislation, it is representative of the larger problem of dividing food safety responsibilities across two agencies. It is problematic on a national level and in other states that are organized this way.

Thirty years ago, the Alaska seafood inspection program, State Veterinarian's office, and retail food inspection program were in three different agencies. It

was inefficient and confusing causing a reorganization and centralization of all food safety programs within one agency.

Food safety principles are consistent throughout the industry. The inspectors require the same training and perform the same tasks. Alaska struggles to achieve adequate inspection frequencies as is, further dividing these responsibilities across two agencies will increase the State of Alaska's challenges of ensuring safe food products.

Past experiences in Alaska have confirmed it is better to locate all food safety programs in one agency. Please let me know if you need any additional information.

Respectfully,

Kristin Ryan

Kristin Ryan
Director

Cc: Representative Eric Feige
Representative Peggy Wilson
Representative Alan Dick
Representative Neal Foster
Representative Bob Herron
Representative Cathy Munoz
Representative Berta Gardner
Representative Scott Kawasaki
Representative Steve Thompson

Attached is additional back-up information for HB 191
from the Alaska Farm Bureau

Plan for agriculture

Goal: Provide enough local food to meet basic diet requirements for Alaskans for a period of 3 months within 10 years.

How

1. Put more ag land into private ownership.
    a. Look at smaller parcels, especially adjacent to population centers (1000 acres in 50 parcels in 2012)
    b. Homesteading program for ag land with food production incentives (2013)
    c. Develop mechanism for offering preference rights to purchasers of ag land who have ag experience. (2012)
    d. Look at agricultural land as a strategic resource needed for the security of Alaskans rather than a natural resource available to all residents equally
    e. Support a strong 4H and FFA program in the schools and gift 10 acres of agricultural land to each graduating senior who has gone through FFA and submits a business plan to farm the land. (2012)
    f. Aggressively promote food production enterprises in the remote rural areas based on available resources including arable land, climate, grazing potential, geothermal, or waste heat recovery (1 village in 2013, 3 in 2014, 10 in 2014, 20 in 2015)
2. Develop incentives for production of targeted food items
    a. Discover quantities grown, required, and needed to meet goal (end of 2011)
    b. Determine target food items critical to provide for basic nutritional needs (end of 2011)
    c. Production credit program to reduce taxes, interest rate, or forgive a portion of development costs (program rollout 2012)
    d. Grain reserve for animal production stability (1000 tons per year starting 2012)
3. Identify and assist with scalable processing alternatives to make food available year round
    a. Mobile slaughter facilities (2012)
    b. Farm business incubator model (2012)
    c. Provide inspection of agriculture products as a function of state government at no charge (2013)
    d. Design a plan template for an approved, inspected, low cost community kitchen for processing milk, vegetable, and fruit products (2012)
4. Fund research to develop more productive crop varieties
    a. Plant breeding program at UAF (2013)
    b. Vegetable seed development at PMC (2012)
    c. Some functions of state government should not have to be fully reimbursed if they provide a strategic value to our food security.
5. Develop in-state sources of fertilizer production
    a. Urea from an instate gas line (2017)
    b. Phosphate mine development (2015)
    c. Develop a source of agricultural lime (2014)
    d. Potash mine development (2015)
6. Regulation Review
    a. Develop Alaska regulations for inspection of food that will not be sold interstate (2012)
    b. Ease regulations that inhibit processing especially those related to paperwork (2012)

c. Develop easier application process for small start up processors similar to requirements for Farmer's Markets (2012)
d. Allow non-regulated face to face sales between the farmer and the public when gross receipts are less than $100,000 and the product was grown by the seller (2012)

7. Marketing
    a. Promote consumer use of Alaska grown foods for different reasons
        i. Developing rural communities
        ii. Lower carbon footprint
        iii. Increasing Alaska's food security
        iv. Fresher and longer shelf life
        v. Fewer crop diseases
        vi. Healthier
        vii. Economic value to keeping dollars in Alaska
8. Support
    a. Farm planning assistance
    b. FFA, 4H, and Ag in the Classroom
    c. Advocate with Dep. of Ed, DNR, DEC, legislature
    d. Agriculture advisory board

Main thrusts

1. Enhance communities
2. Ag development needs to be practical based on a goal of private ownership and self-sustaining communities
3. Agriculture needs to be compatible with resource conservation
4. State is committed to making ag land available for farming and to help develop and maintain incentives for ag investment and production.

Constraints

1. Widespread availability of farmland
2. Production costs
3. Marketing
    a. Cost
    b. Variability of quality
    c. Processing
    d. Transportation and marketing infrastructure
4. Incentives to produce food

Development strategy

1. Increase production efficiency

a. Reduce costs of farming by providing credit on favorable terms
b. Plan for a broad range of farms with a core of commercial farms large enough to produce at lower costs
c. Enable farmers to buy fertilizer, fuel, etc on favorable terms
d. Build efficient marketing and transportation system for crops and livestock
e. Provide research and technical assistance to increase yields and reduce operating costs

2. Market development

Questions

1. What future do you see for agriculture in Alaska?
2. Why should the state support an agricultural industry?
3. What are the primary reasons agriculture is struggling in Alaska?
4. What is the Division of Ag doing to address those problems?
5. With the loss of Agricultural Research service from Alaska, how does the division propose to provide research for new varieties of crops?
6. Have you made recommendations for selling more agricultural land and what has been the result of those recommendations?
7. What is Division of Ag's plan to increase our food security for Alaska?
8. What role should the Division of Ag have in the development of a viable agriculture industry in Alaska?
9. What restructuring changes do you recommend for the Division of Agriculture to meet the future needs of farmers and ranchers?
10. Explain how the Division of Ag allowed Bacterial Ring Rot to threaten the viability of the potato industry and what has been done to correct that?
11. How has DNR been responsive to your requests for support for agriculture?

Alaska Farm Bill Discussion

Increased awareness of Alaska's precarious situation relating to food security requires us to look at the current structure of the Division of Agriculture because it is the state agency whose mission it is to support the development of agriculture. A look at the ag statistics shows a gain of 70 farms in Alaska since 2002. They also show a loss of 20,000 acres during the same period. Cash receipts from agriculture from 2003 to the present are basically flat when not adjusted for inflation. When adjusted, agriculture receipts lost $4.8 million dollars or a loss of 15%. Clearly, agriculture is not developing as our opportunities would suggest we could. I believe that is in large part due to the lack of vision, direction, and support from the administration.

Developing agriculture is not a stand-alone goal, but should be part of a larger development process that involves most of the state agencies including DNR, Commerce and Economic Development, Public Safety, Health and Human Services, Energy, Transportation, Education, and the University of Alaska, Fairbanks.

The following outline identifies a few of the opportunities to work between agencies to not only expand agriculture, but also to improve overall the state's economic and social issues. Without a specified coordinator, such interagency collaboration will be impossible therefore, the governor's support is vital.

Energy

- Support development of alternative energy sources that can be grown and harvested from farms
    - Barley
    - Wood
    - Grass
    - Oil seed
- Instate development of natural gas industries
    - Urea for use in state as well as for export (Urea is a fertilizer)
    - Available natural gas for heating, food processing, greenhouse operations
    - Development of new industries utilizing Alaska natural gas

Research

- Research is desperately needed to develop and improve short season varieties that can be grown in Alaska. Today we are growing the same variety of barley developed over 30 years ago. Early maturing, frost-resistant cereal grain development cannot occur in a different climate zone.
- Disease-free potato seed
- Earlier maturing oilseed varieties for use as food and biodiesel
- Develop vegetable and fruit varieties for Alaska
- Targeted funding for crop research at university level to replace ARS research capabilities recently lost

Marketing

- Develop in-state markets of vegetables, meat, and dairy products
- Develop a sustained marketing campaign to reconnect consumers with locally grown produce
- Connect users of bio-energy with producers of bio-energy
- Vegetable processing facilities to extend marketing season for crops
- Focus on local marketing of farm products
- Alternative Fuel credits, grants, low interest loans to spur alternative fuel development from agriculture
- Expand the state's Alternative Energy grant program to include all forms of alternative energy, not just electricity generation
- Develop a food independence campaign to raise awareness among Alaskans.

Development

- Preservation of land suitable for agriculture
- Long term leases for grazing with credit for improvements to the lease.
- Timely grazing lease renewals for ranchers who are grazing animals and following a range management plan
- Offer more non-ag ground for housing development to relieve pressure on farmable ground.
- Open up land with pioneer access to speed development of farm ground.
- Mobile USDA-inspected slaughter facilities to promote sales of meat to regional markets
- Develop in-state emergency warehouse system for use during natural disasters
- Clarify that the wisest and best use for ag ground is for agriculture development
- Reinstate a Dept of Agriculture to oversee agriculture development geared toward food security. This is important because it requires involvement of higher levels of the administration.
- Board of Agriculture and Conservation should be an advisory board without loan authority, allow appointments from a larger pool of farmers, and include recommending policy development for agriculture, land disposal, new market and infrastructure development.
- Develop in-state resources for fertilizer including use of abundant natural gas to produce Urea, develop phosphate, potassium, and lime deposits to reduce fertilizer cost and increase yields.
- Use production credits to incentivize production of targeted crops needed to provide food security

Transportation

- Backhaul rates for agriculture on Alaska Railroad and State Ferry System.
- Improved loading/unloading facilities for farm products at railheads.
- Railroad spur to Alaska Farmer's Cooperative in Delta allowing shipment of fertilizers, grain, and hay.
- Consider subsidizing transportation of fertilizer until state sources can be developed.

Taxes

- Farmland that is producing at certain levels should be tax exempt or have a graduated tax reduction based on level of food production
- Farm buildings should be taxed at lowest rate
- Use a production credit program to encourage production of certain crops

Education

- Support ag education k-12 by requiring ag related instruction in the curriculum.
- Support for FFA in high school to encourage the new generation of food producers.
- Increase emphasis on agriculture at university level.

State of Alaska
Department of Natural Resources
Division of Agriculture

Director

This Director is the Division leadership position and is a Governor appointee that is not required any qualifications. There is no Deputy Director position resulting in the Director position being heavily involved in day to day office operations rather than budget, policy, planning, interagency contacts, etc. There has been 9 Directors in the last 16 years contributing to lack of administrative continuity. Alaskan agriculture requires a long term plan with a long term State commitment. It is understood that with new Administrations there may be new appointees; however, continuity can be preserved with a viable long term plan and management positions such as Deputies and Program Managers.

The Division's entire $7,000,000 budget process, including the Division, Plant Material Center (PMC) and the Agricultural Revolving Loan Fund (ARLF), is completed secretly by the Director with absolutely no input from the industry it is suppose to serve. The industry gets its budget decision news after-the-fact when they then have no opportunity to give input to the industry's budget needs or to lobby for support. Pursuant Regulation, the BAC is to review and approve the ARLF Budget before it is submitted to DNR. This has been ignored and circumvented by DNR and the Division of Agriculture for years.

A DEPARTMENT of Agriculture would require a Commissioner appointee with qualifications and Legislative confirmation, plus a Deputy to assist in carrying out the Departmental goals, including being accessible to the industry it serves. There are only two States in the Union, Alaska and Rhode Island, which do not have a Department of Agriculture. As a Department, there will be doors opened to Federal Programs and support that can help move Alaskan agriculture forward. As a Department, Alaskan agriculture issues will be brought forward at a cabinet level. A Department Commissioner will be dedicated full time to working with the Producers and the USDA to develop and promote Alaskan agriculture.

Board of Agriculture & Conservation (BAC)

The Governor appoints the Board members requiring essentially no qualifications and requires no Legislative confirmation. The BAC's primary purpose is to consider and take action on the Agricultural Revolving Loan Fund (ARLF) loans and real & personal assets. This has been problematic since the Board members generally lack the expertise to best manage the ARLF $23,000,000 portfolio.

The BAC has operated in more of a "closed door" arena the past few years and does not welcome statewide ag industry input on ag issues. The BAC has had issues related to ignoring Open Meetings Act & Ethics Laws and have been counseled by State attorneys on numerous occasions, along with given training. For lack of DNR leadership participation and a defined

State direction, they appear to be running amuck with inconsistent credit decisions and irresponsible ARLF asset management. Additionally, the BAC has improperly drawn themselves in to Division operations, including State personnel issues.

The BAC should not be involved in State management operations. They should be statutorily re-defined as an Advisory Board with qualifications, representing the Alaskan agricultural industry, reporting to a DEPARTMENT of Agriculture with an annual report to the Legislature.

Agricultural Revolving Loan Fund (ARLF)

The ARLF is critical to the funding of both existing operations and any future development of agriculture as Private Banks are not interested in high risk Ag lending. There are essentially only three farm loan programs in Alaska with the ARLF being the primary. The ARLF has no manager and presently has one loan officer in place to service the $23,000,000 portfolio including loans, real & personal assets. The ARLF has the potential to expand its services to include such programs as home loan participation with Alaska Housing Finance Corporation, Federal Farm Loan Guaranties, Production Credits, etc.

The ARLF has essentially been abandoned without a plan to just allow economics to claim its fate. DNR supported siphoning off over $12,000,000 from the ARLF for Division general fund operating expenses 1989-2008 - until industry demands stopped it. AS 38.05.059 Sale of Agricultural Land. provides for ag money from ag land sales to be separately accounted for and may be appropriated to the ARLF. This was done as a back door means to support and recapitalize the ARLF. The ARLF has never received any of these funds; rather, DNR has approved using these funds for some ag land expenses and for personnel salaries & benefits.

The ARLF is not truly "revolving" since it has survived by liquidation of its capital assets such as the recent Matanuska Maid real estate and corporate shares. Its funds have dwindled to approximately $5,000,000 with essentially no more assets to liquidate. There is evidence, including Legislative Audits, that statutory and regulatory review and updates are sorely needed. The ARLF is not responsibly managed and should be recapitalized only after reorganization.

Mt McKinley Meat & Sausage (MMM&S)

MMM&S has been an ARLF asset for more than 20 years and was received as result of bad debt recovery. This livestock slaughter facility located in Palmer operates in an old facility with deteriorating equipment and has consistently annual income loss. MMM&S operates within the ARLF budget; therefore, draws down on the fund. Unfortunately, ARLF assets fall under the Board of Agriculture authority where the BAC has no plan for it, except status quo. Again, the BAC should not be involved in State management operations.

MMM&S is the only south-central USDA approved slaughter facility and its issues have been ignored for years. It needs a viable short term and long term plan for the operation. Sporadic efforts have been made by the Division of Agriculture and the BAC over years for more cooperative working arrangements with the Department of Corrections (DOC) that provides MMM&S inmate labor. DOC receives the benefit of inmate training, yet the ARLF pays all the expense for the inmate labor. At one time there was a suggestion of building a new smaller efficient facility at the new Pt Mackenzie correctional facility.

A DEPARTMENT of Agriculture's concentrated effort with a same level Department of Corrections is necessary to move this off the mark.

The ARLF and its assets would be better managed under a DEPARTMENT of Agriculture that would provide professional level financial management and proper asset management. There must be a Loan Committee as an independent unit made up of professional personnel within the organization who follow Statutory and Regulatory requirements. Department level would open up higher agency cooperative efforts with Alaska Housing Corporation, USDA loan, emergency loan and grant programs.

Plant Material Center (PMC)

The PMC is a sizeable, but little known, research facility located outside of Palmer. The Statutory objective of the PMC are, in cooperation with the University of Alaska responsible for the Agricultural and Forestry Experiment Station, to assemble, evaluate, select, and increase plant materials needed in soil and water conservation, agriculture, and industry. They are to increase promising plant materials for field scale testing; maintain and provide for increase of basic seed stocks of plant materials for agricultural and conservation interests; and encourage the development of a seed industry.

The PMC's work for years has only been focused on re-vegetation seed, with the exception of seed for potatoes and a few older grain seed stocks; the PMC has made very little efforts in agricultural seed crop field trials and research. The agriculture industry is in desperate need of continued research for the future development of Alaskan agriculture.

Vegetable seed production is a very high value crop. As an example, spinach seed sells for $1,800.00 per lb. in the lower 48 States. They have developed strains so they won't bolt; consequently, they have a problem getting seed. Harris Moran Seed Co. ran trials on an Alaskan farm years ago and discovered that due to our summer's long light, spinach would bolt and yield high quantities of seed.

Another example is that we can raise gourmet products such as fresh frozen peas and broccoli. It would take 15,000 acres to put in a pea processing plant. Peas could be raised in the Delta area and can be mechanically harvested and processed.

Despite the statutory direction to work with other agencies, the PMC is disconnected from other research agencies. Research with genuine value for the agricultural industry would be best promoted by an establishment of a DEPARTMENT of Agriculture that would facilitate cooperative efforts between the PMC and other agencies such as State Forestry, the University of Alaska and their Extension Services.

The impressive PMC facilities, labs, equipment and fields are not being fully utilized. A Department re-organization should include reviewing the PMC's purpose to include serious research for agricultural seed crop field trials. This is now even more critical with the loss of the Federal Arctic Research Services (ARS). <u>Without Research, there is no future for Alaskan agriculture.</u>

Seed Potato Program

The seed potato program under the PMC is suffering infectious potato ring rot disease incidence in the Mat Su Valley that jeopardizes Alaska's commercial potato production and potato seed export. There is zero tolerance for this, the most dreaded of potato diseases, in the lower 48 states and the world. The Division of Agriculture has been aware of this serious disease in the Mat Su Valley since at least 2008 when it was identified by PMC staff on the State Pt Mackenzie Corrections farm.

Alaska is the only State in the Union cleared to export certified seed potatoes to China. Significant State funds have been invested in the Virus Free Seed Potato Project since 1994. This project is currently under a Legislative Audit and is in serious jeopardy with bacterial potato ring rot disease in our own back yard.

There is insufficient quantity of certified seed potatoes available in Alaska for commercial potato producers and retailers. The credibility of the State's potato seed certification program is a concern when they have been aware of potato ring rot disease and have taken no measures to eradicate.

There needs to be DEPARTMENT level leadership to encourage increased production of quality certified seed potatoes, eradicate bacterial potato ring rot disease and instill new confidence in the Alaska Potato Seed Certification Program.

PMC Advisory Board

Members appointed by the Division Director meet twice a year to provide input to the Director and the Plant Material Center Manager. Though the Board appears on the Division's organization chart, member's names are not posted; meetings are not noticed, minutes not published. It's unclear what its purposes or accomplishments are since they seem to conduct the State's business in a vacuum. This Board is under-utilized, should meet at least quarterly with public and agricultural industry participation strongly encouraged.

Marketing Assistance

Efforts to market Alaskan farm products, while well intentioned, simply lack vision. Signs, hats, bumper stickers, trinkets and media ads are not effectively helping producers and expanding ag production. Though there has been some success in the Farmer Markets; there is a lack of "higher" level of contact with major stores, wholesalers, distributors, institutions, etc. There tends to be a defense to why it can't happen, rather than having a "make it happen" approach.

The Farm to School Program is a very positive program; however, Alaska's agriculture plan must come full circle. There is a disconnect when we are impress the importance of agriculture to our school children while Alaskan agricultural operations are struggling with no State viable plan in place.

Even the jewel of the Division of Agriculture, The Alaska Grown Program, has suffered for lack of proper administration. DNR & the Division of Agriculture ignored a 2002 Legislative Budget & Audit recommendation for years to register the Alaska Grown Trademark with the US

Trademark Office. This resulted in years of litigation at a cost of $250,000 ($50,000 from the ARLF) and ill will within the industry.

There should be standard procedures established and promoted that coordinate *all* the Division services. They should flow through the applicable sections, Lands Information/Purchase >ARLF Loans>PMC/UofA/Extension Services Information >Marketing Information/Grants >Inspections Information, etc. Additionally, information should be provided that directs public to other agencies such as Soil & Water Conservations > USDA >Grants, etc. The State's agency for agriculture should be "the" source for information and assistance, particularly for beginning farmers. As much information as possible should be provided that can help them succeed, rather than each section working separately with tunnel vision without a scope of the bigger mission.

Marketing under a DEPARTMENT of Agriculture would most certainly have the contact benefits to encourage more institutional Alaskan products purchase. Department level communications and efforts with the State Department of Commerce would prove beneficial. Additionally, a Department level leadership would be more closely accountable to the Governor and Legislature for specific goals with measures to monitor its effectiveness.

Inspection Services

The Inspection Services Section has a narrow focus with no genuine consumer orientation. Although inspections are identified with consumer protection, inspections are actually limited to a few interested parties with some routine inspections of retail business that sell directly to Alaska consumers. Inspection services are provided for federal purchase contracts in accordance with a federal agreement.

This section presently employs 1 Inspector Manager, 3 Inspectors and an Office Assistant full time. They report for FY2011 544 inspections + 70 Federal Phytosanitary certificates issued + 12 Country of Origin Labeling Audits. These divided among 4 Inspectors is less than 1 per each work day. It seems that this section could be more effectively utilized to promote Alaskan agricultural products with a DEPARTMENT level of goals and mandates.

Agriculture Land Sales/Management

History tells us it all starts with the land. The Division has sold 10,000 acres in the last 10 years. 1,200 acres of that ag land was sold within the past 5 years with only 202 acres sold 2011. Keep in mind that grain farms require units of 1000 acres, not 100 acres to operate. Additionally, it is 3-5 years start up time for Alaskan farms before you can market a product. It can be much longer depending on road access, water access, clearing of virgin ground, and of course, capital available for start up expenses such as equipment, fuel, labor, buildings, seed fertilizer, etc. Land is the long term investment in Alaskan agriculture. DNR and the Division are dragging their feet in selling land and are not providing support assistance in getting it in to production.

There is consistent public demand for the State to free up more ag lands. A DEPARTMENT of Agriculture would be a force that could bring more efforts to address this. A Department could give direct attention to any necessary legislative changes, such as seeking less restrictive ways to develop and promote ag land purchases, including smaller scale units more easily started in to

production. Legislature approved Production Credits is used in many States as an incentive to ag producers. DNR has no interest whatsoever at working on statutory or regulatory changes related to agriculture. Without a Department to take the lead for change and development, Alaskan agriculture is going nowhere.

Statutory and/or Regulatory changes may be necessary to ease up burdensome restrictions. Cooperative efforts are needed with Federal, State, Boroughs, BIA, Mental Health Land Trust, etc. on land issues such as land trades, permits/leases, access, easements, etc. DNR and Division of Agriculture tend to take a defensive stance with excuses that there will be no change, for anything.

Agriculture lands everywhere, not just in Alaska, had a rough time in their beginning development years. The great plains and the large irrigation projects had their detractors. Everyone who eats is fortunate that they still progressed forward through those tough times. Today, with our population, we need that continued production.

Public lands, both State and Federal, that could be classified as agricultural in Alaska is a very small percentage. Lands that meet ag classification should be classified for future needs. There should be a review of current ag land inventory and it be made available to those interested in farming. Additionally, there should be a plan for future ag land inventory with surveys, appraisals and proper access and applicable budget support.

Northern Region Office

There is essentially no visible State agriculture representation in the Northern Region. There is just no direction, no goals, and no plan for a Northern Region Office to implement, to monitor, to support and report on. It's as if the 2 staff members and a vacant manager position are just observers but it's not even clear for what.

This office is critical to support the large northern region agricultural areas; however, only with a DEPARMENT of Agriculture level plan that can coordinate budget, land, water, transport, access, etc. issues with the other applicable Departments.

Examples of agricultural issues not being addressed by a Division

The Horticulture industry generates more than 40% of the Alaskan agriculture cash receipts; however, they don't appear to be a priority for the Division of Agriculture. Commercial greenhouses have had approximately a 50% increase of utility gas expense in the last five years, plus huge increase in freight expense to ship up soil, peat, pots, materials, etc. This minimizes their net cash flow that could go toward more jobs and expansion. They struggle finding sufficient labor during their peak season that work programs could be of assistance. They need a DEPARTMENT of Agriculture than can help facilitate cooperative efforts with agencies for such things as matching energy grants, alternative energy grants for more efficient heat systems, real estate property relief and even "go green" programs that promote recycling.

The Point Mackenzie Ag land soils are generally shallow and the only crop realistically suitable is hay production. At least one third of a producer's revenue goes toward fertilizer, the cost of

which has tripled in the last ten years. The sale price of hay has certainly not increased in kind. The closing of the Kenai Fertilizer Plant had a significant impact on farmers. The Producer's cost of fuel, fertilizer and equipment are the highest in the nation. That, coupled with Alaska's short growing season, makes a coordinated plan by the State and the Producers imperative.

Alaska only meets approximately 50% of its hay demand. There are innovative ways, such as reasonable off peak gas hay dryers, to increase quality hay production to better meet the demand. There should be support in marketing producer's hay by informing the public of availability. Alaska's transportation systems are limited and come with a high fuel price. The Producer's need coordinated assistance with programs that address their rising cost of fuel.

The Division of Agriculture focuses on protecting occupational preferences of a handful of rail belt commodity farmers, with the rest of Alaska, particularly the bush, largely ignored. They have no one serving as the entire ag industry's liaison. A DEPARTMENT level could coordinate funding with the State Denali Commission which provides millions of dollars in federal grants for the benefit of rural Alaska.

[redacted]

Conclusion

The Division of Agriculture's structure has become so strongly identified with the status quo that it is incapable of addressing what is required for the redirection of the future of Alaskan agriculture. The Division is broken both internally within its own sections and externally with the industry it is suppose to serve. Even as small as the Division is, sections and staff don't know what each other are doing and appear to work independently instead of as a teamwork unit. Externally, the industry has essentially given up after repeatedly faced with the Division's and the BAC's closed door mentality. DNR either does not have the time or does not have the inclination to provide the necessary leadership direction to the Division.

> "DNR asserts that agricultural leadership and innovation are simply not its responsibility. We disagree, though, believing that public resources must now be refocused on those programs with the most promise to significantly advance the State's economy. In short, responsible public choices are part of DNR's job." Pat Davidson, Legislative Auditor January 13, 2003

The Division of Agriculture's "Alaska's Plan for Agriculture" is not a plan. Rather, it is a draft of ambiguous policy statements that includes the word "must" at least twelve times without explanation of why or how. It repeatedly makes statements that the State is not responsible to direct the agriculture industry and is not the leader. This is proven with the continuing decline of commercial agriculture production in Alaska, lack of agriculture land sales, lack of crop research and lack of funding support for Alaskan agriculture. It states, "A comprehensive and strategic

plan for the Alaskan agriculture industry is needed…."; however, it is State direction and leadership that it so desperately needs to accomplish that.

With appreciation for the volunteer members of the "Agriculture Advisory Panel" and their efforts, they are not professional planners, not economists. There needs to be a professional facilitator to lead a group of professional individuals with a bigger vision for a viable plan to develop Alaskan agriculture. A group, such as the previous State Agriculture Action Council, would work with the DEPARTMENT of Agriculture and seek input from the industry; however, this council would make their recommendations to the Governor and the Legislature followed then by approved direction and applicable funding support.

The Division's mission and priority is supposed to promote and encourage the development of an agriculture industry in the State. However, lacking DNR leadership to set the goals and lacking Division management to carry them out has resulted in steps backward, not forward. There have been several audits, followed by several promises, for changes by a number of DNR Commissioners & Deputy Commissioners, along with Division of Agriculture Directors, that have never come to pass. The 2002 Legislative Division of Agriculture Audit Conclusion still applies today. That Audit conclusion was:

> **"Since our last audit, the division has made very little progress in advancing agriculture. In fact, we found that the lack of innovative leadership is actually hindering the expansion of Alaska agriculture. The Legislature should statutorily restructure services to agriculture for a more aggressive pursuit of distinctive Alaskan opportunities."**

DNR and a Division of Agriculture have had over 50 years, and failed, to bring Alaskan agriculture to a successful level. HB191 creates a DEPARTMENT of Agriculture to raise it to a cabinet level that is required for its development. A Department of Agriculture qualified Commissioner's #1 priority will be to address Alaskan agriculture issues that have been mentioned, along with so many more. We must have "a seat at the table" as a Department of Agriculture to open doors for leadership with greater visions.

Support an Alaska Department of Agriculture and Food REINSTATE an Alaska Department of Agriculture

- http://www.thepetitionsite.com/2/support-an-alaska-department-of-agriculture/



- **Target:** Alaskans and State Legislature Body
- **Sponsored by:** Ruby Hollembaek, Farmer/Rancher

We are one of 2 states, Rhode Island and Alaska, who share the distinction of NOT having a cabinet level department or agency of agriculture.

Reinstate the Department of Agriculture.

In 1945, the Alaska Territorial Legislature created the Alaska Department of Agriculture for the purpose of promotion and development of agriculture. Agriculture is specifically identified in the State Constitution. Prior to statehood, there was a Territorial Commissioner of Agriculture who headed the Alaska Department of Agriculture. Certain functions in Agriculture were established prior to statehood, such as creation of the Agricultural Revolving Load Fund in 1953 with a $1 million authorization.

In 1953, major direction for the department was similar to what it is today - regulatory work including animal disease control, plant pest control and grading of produce, promotion of a larger and more stable agriculture industry by seeking larger markets and improving marketing techniques and providing financing of viable agricultural endeavors.

Alaska became a state in 1959, and statutory authorizations for agriculture were established in Title 03. Regulations were rapidly developed with adoption of the first regulations in July 1960 addressing surface sales, leases, homesteading (including auctions for amount of high bid and improvement of credits of up to 90% of the purchase price), as well as leasehold locations. Effective 5/23/64, regulations were amended so that timber sales, material sales and other uses were also allowed if consistent with public interest. Grazing leases were initiated in April 1970 as short-term leases only. Disposals of agricultural land were restricted to agricultural interest sales and leases effective August 1976, and amended in 1978 to clarify that disposal of leasable minerals could still take place. No exception was made for locatable minerals, non-agricultural surface leases, etc.

SUPPORT an Alaska Department of Agriculture and Food

An Act establishing a state department of agriculture and food and relating to its powers and duties; relating to the powers and duties of the Department of Environmental Conservation and the Department of Natural Resources; and providing for an effective date.

HB 191 was introduced at the request of the state-wide Alaska Farm Bureau. HB 191 establishes a new state Department of Agriculture and Food with the intent of using the current Division of Agriculture's budget. Currently, statutes and regulations that govern food, food products, land sales, loans, land development, and animals are spread between the Department of Natural Resources (DNR), and the Department of Environmental Conservation (DEC). HB 191 is an effort to stream-line government by bringing agriculture and agricultural foods products under the purview of one department.

A Department of Agriculture and Food would allow for a singular focus that would enhance agriculture and food security in Alaska. Agricultural policy has been inconsistent and prone to changes with new administrations, retirements, or economic changes. This ever-changing policy has hampered the development of a strong agricultural economy.

In 1974, Governor Hammond stated that "the state needed a renewable resource economic base to sustain Alaska after the oil was depleted." In 1976, Governor Hammond in an effort to develop renewable sources in the state established the following goals:

- Broaden the economic base of the state through agriculture production;
- Stabilize real food cost by increasing local food;
- Provided alternative job opportunities through expanded agriculture;
- Improve rural life by developing an economic base through agriculture.

Today people want to know where their food is coming from, they want to feel the security of having a farmer growing and storing food close by, they want to be at the farmers market on Saturday buying food from their neighbor.

Under a Department of Agriculture and Food, farming can expand to meet the needs of Alaska's residents, providing meat, milk, vegetables and grains for the table. Alaska's biomass can be used to heat homes and power cars, and fiber can be used to manufacture goods. Agriculture is a renewable resource that provides independence and industry into the future for the State of Alaska

we signed "Support an Alaska Department of Agriculture and Food REINSTATE an Alaska Department of Agriculture"

 # 10

08:13, Nov 30, Ms. Andrea Oefinger, CT

 # 9

21:09, Nov 29, Mrs. Pam Boland, GA

 # 8

20:01, Nov 29, Ms. Sacred Space, AB

 # 7

16:49, Nov 29, Mr. David Dunkleberger, PA

 # 6

14:34, Nov 29, Mrs. Jo Coelho, New Zealand

yes=the economy

 # 5

14:30, Nov 29, Name not displayed, ON

 # 4

13:19, Nov 29, Ms. Jacquie Bridonneau, France

 # 3

11:58, Nov 29, Mr. mike barbieri, NV

 # 2

11:15, Nov 29, Mr. Steve Fields, AK

I advocated this back in the early 90's when I sat on the SWCD Board. I was thought of as a pariah. Glad this is moving forward.

 # 1

11:05, Nov 29, Ms. Ruby Hollembaek, AK

Let's make the next decade in Alaska's economic structure really count!

16:17, Feb 15, Ms. Trisha Costello, AK

29

01:06, Feb 12, Ms. Mary Ernsberger, AK

28

14:57, Jan 31, Mr. Kevin Irvin, AK

27

16:30, Jan 29, Mrs. Doris Ethier,

26

01:15, Jan 21, Ms. Triena Slatter, AK

25

12:24, Jan 04, Mr. david lendrum, AK

24

04:44, Dec 29, Mr. STEVE KLEIN, VA

23

01:10, Dec 28, Mrs. Nina Stone, AK

22

03:53, Dec 26, Mrs. Petra Haisam, Egypt

21

22:19, Dec 25, Julie Luke, AK

20

09:13, Dec 18, Name not displayed, NJ

19

17:30, Dec 15, Ms. deboorah hayes, AK

18

17:15, Dec 15, Mr. Wes Hamrick, AK

17

15:58, Dec 15, Name not displayed, AK

16

15:02, Dec 15, Mrs. Jamie Woodside, AK

15

08:32, Dec 10, Mr. David N Moore, CT

14

20:25, Dec 07, Ms. Tahajra Worrell, Barbados

13

06:20, Dec 04, Ms. Emily Smith, PA

12

18:34, Dec 02, Mr. Chris Enders, MI

11

00:40, Dec 02, Mr. charles mclachlan, United Kingdom

 # 48

23:41, Jun 22, Mr. David Johnson, AK

 # 47

22:35, Jun 22, Mr. Charles Bingham, AK

 # 46

13:48, Jun 10, Ms. Deb Blaylock, AK

 # 45

19:03, Apr 14, Mrs. Patricia McMurren, AK

 # 44

10:26, Apr 14, Mrs. cathleen melbostad, AK

 # 43

14:39, Apr 11, Mrs. Robin Korte, AK

 # 42

15:50, Apr 05, Ms. Janet Vanairsdale, AK

 # 41

15:08, Apr 04, Ms. Heather McCausland, AK

 # 40

15:58, Apr 01, Mr. Ed Laurson, CO

 # 39

19:16, Mar 30, Mrs. Saskia Esslinger, AK

 # 38

14:17, Mar 22, Jimmie Ellison, AK

You betca, this needs to be brought to the attention of ever Man, Woman and child in Alaska.

 # 37

17:00, Mar 17, Dr. David Ianson, AK

 # 36

17:28, Mar 07, Mr. David Selmser, AK

 # 35

17:16, Feb 28, Nancy Richmond-Bentley, AK

Everything is local including food. Alaskans should have more support in their agricultural endeavors.

 # 34

22:11, Feb 27, Edward Gagnon, AK

 # 33

17:53, Feb 21, Holly Sheldon Lee, AK

 # 32

13:33, Feb 18, Mrs. Anna Denis, AK

 # 31

18:23, Feb 15, Ms. Anne-Corinne Kell, AK

 # 30

14:01, Jun 23, Ms. Catherine Whitney, AK

 # 62

13:35, Jun 23, Frederick Vahl, AK

 # 61

12:59, Jun 23, Ms. Debra Gritman, AK

Absolutely, it would be nice to have the US support itself. Maybe someday.

 # 60

12:53, Jun 23, Susan Sommer, AK

 # 59

12:52, Jun 23, Mrs. Donna Jones, AK

 # 58

12:42, Jun 23, terrisa kercher, AK

 # 57

12:33, Jun 23, Mr. Richard Seifert, AK

This is very important to all of us, and i am a member of the Board of the Fairbanks community Cooperative Market in order to help support and further such efforts through marketing and merchandising of local food, as well and educating about food security and healthy eating.

 # 56

12:28, Jun 23, Mr. Greg Obeso, AK

 # 55

11:56, Jun 23, Julie Smith, AK

 # 54

11:54, Jun 23, Barbara Rowland, AK

See need to push NON-GMO AGRICULTURE IN ALASKA as we do this.YESI

 # 53

11:52, Jun 23, Sue Singler, AK

 # 52

09:33, Jun 23, Mr. Bryce Wrigley, AK

There is a great need for a more focused and proactive approach to increasing our food security. That cannot happen without a more autonomous agency. As currently constituted, any goal or initiative for developing agriculture must pass scrutiny of DNR, who evaluates agriculture's role with how it fits the overall goals of DNR.To direct the development of this critical resource long-term, it is vital to have a dynamic, forward thinking Department of Agriculture and Food that is not subservient to the vagaries of a much larger agency whose main focus is non-renewable resources development.

 # 51

07:38, Jun 23, Shelley Rainwater, AK

 # 50

07:36, Jun 23, Chris Johnson, AK

 # 49

00:21, Jun 23, Mr. Ronald Illingworth, AK

 # 77

20:50, Jun 23, Heather Preece, AK

It is so important that our food, fiber and fuel comes from as close to home as possible.

 # 76

20:37, Jun 23, Sharon Ferguson, AK

 # 75

19:54, Jun 23, Mrs. Joette Storm, AK

It is our personal responsibility to take action in securing our own food supply and protecting agricultural land and resources.

 # 74

16:54, Jun 23, Ethan Stoops, AK

Thank you for caring about supporting citizens in the prospect of utilizing the resources we have in Alaska to promote agriculture.

 # 73

16:53, Jun 23, Mrs. Anya Van Hoecke, AK

 # 72

16:45, Jun 23, Mrs. Dawn Stoops, AK

 # 71

16:12, Jun 23, Rhonda Hubbard, AK

Absolutely, and so should everyone else.

 # 70

15:54, Jun 23, Ms. Martha Shaddy, AK

 # 69

15:34, Jun 23, Ms. Shaun Lott, AK

 # 68

15:16, Jun 23, Ms. Cindee Karns, AK

This is absolutely VITAL to Alaska's survival, but it also needs to go hand in hand with a small farm bill. I'm sure we want big corporate farms here planting franken corn.Yes, all Alaskans should care.

 # 67

15:07, Jun 23, Terri Pauls, AK

 # 66

15:05, Jun 23, Dora Wainwright, AK

Alaska Grown is very important for our state.

 # 65

14:45, Jun 23, Dr. Craig Gerlach, AK

I support Alaskan agriculture, Alaskan farmers, and a strong local livestock and horticultural system, one that will produce local food for regional and statewide consumption.Yes I do care, and I prefer for food, fiber and fuel to be Alaska grown, Alaska produced.

 # 64

14:05, Jun 23, Ms. Doris Robbins, AK

 # 63

15:50, Jun 24, Edda Mutter, AK

90

11:44, Jun 24, Deirdre Helfferich, AK

Local food production is more popular and more important an issue than ever. We cannot go on focusing on only one or two sectors in the Alaska economy; local agriculture production produces jobs, improves health, creates community, and makes Alaska more secure.

89

10:56, Jun 24, Ms. E Roderick, AK

88

10:24, Jun 24, Paula Williams, AK

Not only will this make Alaskans more food secure, but it will support a stronger and more diverse economy.yes.

87

08:45, Jun 24, Mrs. Chris Ford, AK

Yes! I have been struggling with raising Poultry as organic as possible in the town that I live in. It has been very challenging. I I prefer to by local when I can but no one farms grains here. I have resorted to feeding my birds wild greens in the summer and fish through out the year along with the organic grains I get at the local feed store.

86

07:23, Jun 24, Jane Eisemann, AK

We have barely scratched the surface of what we can do here in Alaska with regards to food and self reliance.Yes I care about where my food, fiber and fuel comes from. Of course the closer to home the better!

85

06:41, Jun 24, Susan Cable, AK

84

04:12, Jun 24, Mrs. Kate Veh, AK

Yes.

83

02:03, Jun 24, Mr. Maxwell Hobson, AK

82

01:57, Jun 24, Mrs. Diane Gustafson`, AK

We need this to enable our state to not rely on outside interests to provide for our peoples life needs.Yes, I want to enable our state to provide for its own constituents as well as create jobs for our people.

81

00:31, Jun 24, Mr. Brian Roberts, AK

80

00:29, Jun 24, Mr. Christopher Crews, AK

AK needs HUGE Ag investments right now. In 20 or 30 years It's going to be one of the only places in the US that shouldn't be in a perpetual drought condition and will have temps that allow food to grow.Absolutely!I

79

23:15, Jun 23, Dr. karl monetti, AK

78

21:14, Jun 23, Ms. Rosemary Froese, AK

 # 106

09:07, Jun 29, Mr. LOWELL NOORLUN, MN

 # 105

08:47, Jun 29, Ms. Pam Rule, AK

 # 104

22:02, Jun 27, Mr. Deanna Cooper, AK

Shortest supply route the better

 # 103

11:46, Jun 27, Lisa Sadleir-Hart, AK

 # 102

14:08, Jun 26, Larry Marsh, AK

There is nothing more basic, more vital than food production. As a young state, we should be doing much, much more to ensure that the future of agriculture and food production in our state is a vital and sustainable economic component for all residents.Local and regional food production is the foundation for a more efficient and sustainable agricultural economy.

 # 101

09:00, Jun 26, Name not displayed, AK

 # 100

01:03, Jun 26, Tom Paragi, AK

I am also on the Board of Directors for Fairbanks Community Cooperative Market. Our goal is to open a full service grocery that will buy quality local products first, purchasing from outside of Alaska only when a quality local option is not available.

 # 99

23:43, Jun 25, Dr. Bob Johnson, AK

 # 98

23:21, Jun 25, Mr. Joe Want, AK

 # 97

23:18, Jun 25, Ms. Sara Stoops, AK

 # 96

17:09, Jun 25, Enke Gendendorj, AK

yes highly

 # 95

06:05, Jun 25, Elinor Poll Ramos, AK

 # 94

23:45, Jun 24, Randy Bozelle, AK

 # 93

20:40, Jun 24, Neil Wagner, AK

 # 92

20:17, Jun 24, Eli Fleischer, AK

 # 91

16:48, Aug 01, Chris DuBois, AK

120

22:56, Jul 26, Brian Olson, AK

119

23:28, Jul 19, Ms. Charlotte Jewell, AK

I support local business including agriculture & food production.

118

11:17, Jul 14, Dr. Patricia Holloway, AK

117

08:03, Jul 08, Roy Stamey, AK

116

17:39, Jul 05, Name not displayed, AK

115

21:38, Jul 03, Mr. Dale Gardner, AK

114

18:24, Jul 03, Margaret Wilson, AK

Yes, I live in the heart of the Matanuska Valley In Palmer, AK.

113

10:11, Jul 02, Mr. Thomas Aklestad, AK

Come on let Alaska in on all the funding and be recognized as part of the rest of the USA. Just look at ALL the resources we have here. It's a MEGA Bounty of natural resources here and it's not going any time soon.YES, It should be from our LOCAL RESOURCES! ALASKA all the way!! It can be done..

112

17:52, Jun 30, Sharon Walluk, AK

111

12:25, Jun 30, Aleks Pfaffe, AK

Absolutely. I want my food and supplies to come from as close to home as possible to support my community and reduce my carbon footprint.

110

12:15, Jun 29, Mr. kenneth blatchford, AK

kenneth e. blatchfordabsolutely

109

11:28, Jun 29, Mr. Brian Lyke, AK

I do! I wish there was more infrastructure for farmers in this state. A food processing facility would go a long way for agricultural sustainability in Alaska.

108

10:01, Jun 29, Mr. James Eastwood, AK

107

09:09, Jun 29, Mrs. Rebecca Radey, AK

YES!

10:29, Sep 16, Mrs. Bessie Meyer, AK

 # 134

13:08, Sep 13, Ms. Diane Claassen, AK

 # 133

14:28, Sep 10, Mrs. Kathleen Fields, AK

WE so need this.. and have for a long long time.

 # 132

08:20, Sep 10, Brenda Peterson, AK

 # 131

21:29, Sep 06, Jeannie Pinkelman, AK

 # 130

13:55, Sep 06, Victoria Naegele, AK

A Department of Agriculture with more autonomy ought also to put more effort into educating young Alaskans on the sources of their food and fabric. This educational effort shouldn't be on the backs of Alaska farmers but part of a complete education promoted by the state for its students.

 # 129

09:47, Sep 05, Mr. Stuart Davies, AK

I serve on the BAC. I care about Alaska being able to feed itself. Unfortunately, this topic has become a political football with many who previously supported this initiative changing sides and who are now not supporting it.I feel the Div. of Agriculture should support 100% local food production. I invite you to review the operations at Mount McKinley Meat and Sausage in Palmer and draw your own conclusions.

 # 128

14:30, Sep 03, Mr. Scott McCasland, AK

 # 127

19:41, Sep 02, Mr. Harold Moore, AK

 # 126

06:26, Aug 19, Greg Kuijper, AK

Alaska is in a very unique situation when it comes to growing our own. The cost of shipping everything to AK is about to jump bigtime. When all our ships switch to low sulfur diesel from heavy fuel. Call your elected representative. Ask them what they're doing about this.

 # 125

14:45, Aug 16, Mr. PAUL HUPPERT, AK

 # 124

20:38, Aug 03, Ray Lasley, AK

 # 123

13:12, Aug 03, Mr. Tom Aklestad, AK

Local ALASKA GROWN ALL THE WAY !ALASKA GROWN!! YOU HAVE NOT ENJOYED A GOOD FOOD ITEM UNLESS IT CAME FROM THE GREAT LAND!! ALASKA # 1.

 # 122

14:41, Aug 02, Chet Chambers, AK

 # 121

 # 150

09:21, Nov 06, Mr. Scott Hollembaek, AK

 # 149

11:33, Oct 27, Flora Deacon, AK

 # 148

02:56, Oct 23, Mr. William Johnson, AK

 # 147

14:29, Oct 22, Mr. David Poppe, AK

 # 146

20:18, Oct 20, carrie sisson, AK

Yes

 # 145

15:28, Oct 18, Mr. Cody Beus, AK

 # 144

14:37, Oct 11, Mr. Brian Bourne, NJ

 # 143

10:48, Oct 07, Name not displayed, AK

 # 142

08:04, Oct 07, cheri dean, AK

yes

 # 141

15:25, Sep 30, Ruth Edwards, AK

 # 140

17:44, Sep 28, Leslie Bobo, AK

yesYES

 # 139

08:29, Sep 24, Ms. Aimee Hollembaek, WA

 # 138

11:15, Sep 22, Mr. Bill Burton, AK

Yes, we need to promote more Agriculture in Alaska to be able to take care of all the people in Ak. in case of some natural disastor, loss of outside transportation, or man made diastors.

 # 137

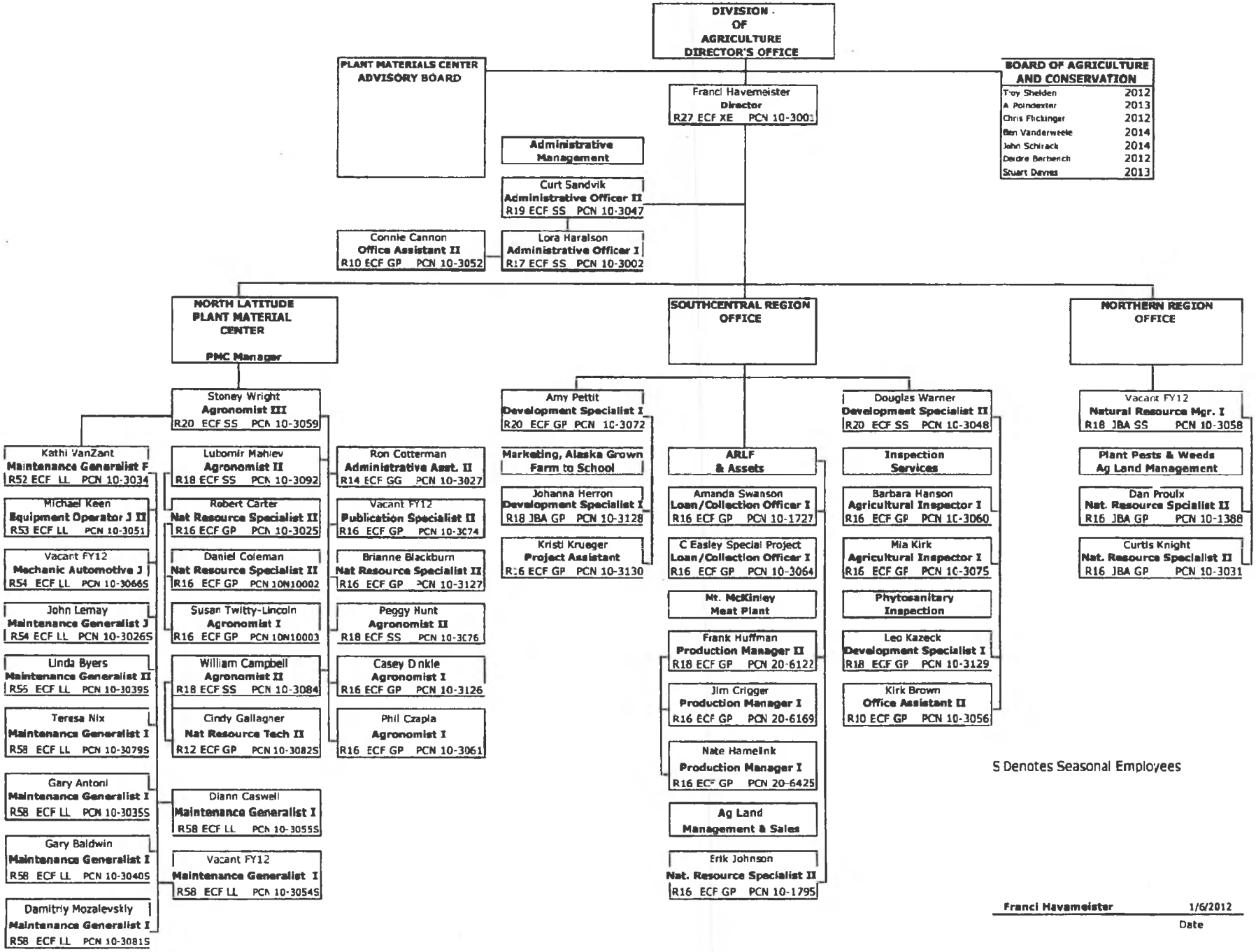
17:36, Sep 18, Suzanne Taylor, AK

 # 136

15:40, Sep 17, annie messer, AK

Thank you for caring about supporting citizens in the prospect of utilizing the resources we have in Alaska to promote agriculture.Do you care about where your food, fiber and fuel comes from? I DO, and am extremely worried about the influence of mega companies like monsnato has on agricultural and related legislastion.

 # 135



S Denotes Seasonal Employees

Franci Havemeister 1/6/2012

Date

Organization Jan 6-2012

December 10, 2002

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
SELECTED ISSUES

November 29, 2002

Audit Control Number

10-30017-03

The objectives of this audit were to evaluate: (1) the Division of Agriculture's human resource management; (2) the use of division assets, including expenditures for operations and management of physical resources; (3) the effectiveness of the working relationship among Division of Agriculture, the new Board of Agriculture and Conservation, and other entities involved in Alaska agriculture.

The audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology section.

Pat Davidson, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 of the Alaska Statutes and a special request by the Legislative Budget and Audit Committee, we conducted an audit of the Department of Natural Resources, Division of Agriculture (DOAg).

Objectives

The objectives of the audit were as follows:

- To evaluate DOAg's human resource management.
- To evaluate the use of DOAg assets, including expenditures for operations and management of physical resources.
- To evaluate the effectiveness of the working relationship among DOAg, the new Board of Agriculture and Conservation (BAC), and other entities involved in Alaska agriculture.

Scope and Methodology

Field work for the audit included the following:

- Review of statutes, regulations, board activities, and DOAg documents since our prior audits.[1]
- Interviews with state agencies,[2] federal agencies,[3] and affected members of the public.
- Attendance at meetings of the BAC and the Creamery Corporation board of directors, as well as a review of selected minutes since our prior audits.
- Review of supporting documentation for 294 judgmentally-selected, high-risk DOAg expenditures in the time period of FY 00 through FY 02.
- Visits to various government supported agriculture projects.

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[1] Special Audit of Agricultural Revolving Loan Fund, Audit Control No. 10-4557-98 (March 31, 1998); Special Audit of Matanuska Maid, Audit Control No.10-4545-98 (September 30, 1998).

[2] DOAg staff (all offices and facilities); BAC board members; Creamery Corporation board members; personnel of DNR, Department of Law, Department of Administration, Department of Environmental Conservation, and the University of Alaska.

[3] Farm Service Agency; Natural Resources Conservation Service; Agriculture Research Service; Cooperative State Research, Education, and Extension Service; and Agriculture Statistics Service.

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ORGANIZATION AND FUNCTION

The Division of Agriculture (DOAg) is organized within the Department of Natural Resources (DNR).

The division's FY 03 operating budget consists of three components: $1,495,400 for agriculture development; $2,527,200 for the plant materials center; and $743,900 for Agriculture Revolving Loan Program administration. Approximately 43% of the division's operating budget is funded by federal receipts and 44% by the Agriculture Revolving Loan Fund. There are 31 permanent full-time and 24 permanent part-time budgeted positions.[4] Except for two exempt positions, the employees are represented by three labor unions.

DOAg's main office is located in Palmer. The plant materials center (PMC) is an industrial/laboratory complex consisting of several buildings located on a tract in the rural Mat-Su Valley near Pioneer Peak. Also located in the rural Mat-Su Valley on Trunk Road is the division's nursery that consists of a building and two large greenhouses. DOAg also has a northern region satellite office located in a state office building in Fairbanks.

The functions of DOAg are divided as follows:

- Sales and leases of state land with agricultural covenants. The division is responsible for selling and administering Title 38 (Public Land) property with agricultural covenants.

- Institutional advertising. The division administers the Alaska Grown program and provides assistance to producers in getting their products sold.

- Inspections. This division provides inspections and grading of agriculture products. It also provides field inspections for seed certification and disease control.

- Alaska Natural Resource and Conservation & Development Board. The board's enabling legislation is codified in AS 41.10. The board represents the State for the Alaska Soil and Water Conservation District.

- Board of Agriculture and Conservation (BAC). Alaska Statutes 03.09 and 03.10 establishes the Board of Agriculture and Conservation and defines the powers of the board. This citizen board has seven members[5] appointed by the governor who serve

[4] Twenty-five permanent full-time positions and 17 permanent part-time positions were filled.

[5] AS 03.10.050(b) provides, in pertinent part, as follows:

Members shall have the following qualifications: (1) one member shall have general business or financial experience; (2) one member shall be a member of a statewide agriculture promotion organization; (3) one member shall be a member of a soil and water conservation district established under AS 41.10.130(a) who is also engaged in commercial production agriculture; (4) four members shall be engaged in commercial production agriculture; each shall represent a different agriculture enterprise from the others, such as livestock production, dairy, vegetable production, grain production, horticultural production, and greenhouse and hydroponic production.

staggered three-year terms. The board currently is responsible for loan approvals, agriculture policy discussions, and overall oversight of state-owned agriculture facilities.

- Farm loans. The division currently processes and services Agriculture Revolving Loan Fund (ARLF) loans, which are approved by the BAC board. The servicing of ARLF loans includes collections and the sales of repossessed property and collateral.

- Oversight of farm-related industrial facilities. The division owns farm-related industrial facilities that are the aftermath of failed private sector projects. Some of these are operated by the division while others are made available to the private sector under various arrangements.

- Applied research. PMC's enabling legislation is codified in AS 03.22. PMC is to provide for the production and development of plant materials. PMC is basically the state repository for Alaska seed and is responsible for encouraging the development of the seed industry.

- Miscellaneous. Two specialized functions of the division are livestock identification branding and game farming regulation (e.g., elk).

REPORT CONCLUSIONS

Since our last audit, the Division of Agriculture (DOAg) has made very little progress in advancing agriculture. In fact, we found that the lack of innovative leadership is actually hindering the expansion of Alaska agriculture. We also found problems with the management of human resources and physical resources at the division.

Our detailed conclusions follow.

Lack of innovative leadership hinders Alaska agriculture expansion

Top DOAg management

Our previous audits[6] reported on the need for DOAg to refocus its strategy from dairy farming to the discovery of specialties (niches) that capitalize on the distinctive Alaska strengths. These strengths and others we list in Exhibit 1. There has been no significant progress in these areas.

EXHIBIT 1

DISTINCTIVE ALASKA STRENGTHS NEGLECTED BY DOAg's CURRENT STRATEGY

- Tourism (European, Asian, Lower 48)
- Air cargo (world's fifth busiest)
- Worldwide mystique and image of Alaska
- Federal financial support (nation's highest per capita)
- Alaska Native heritage
- Extensive in-state military presence
- Key military logistics position for Pacific Rim readiness
- Cultural diversity (second only to Hawaii)
- Major portion of the nation's freshwater supply
- Availability of federal Denali Commission funding for programs that benefit Rural Alaska

In fact, DOAg views its primary role as to emulate the commodity farming of the Lower 48 (dairy, red meat, grain).[7] Under a philosophy of "import substitution," the current director considers his major accomplishment to be the substantial sales of state land for further experimentation with Alaskan "meat and potatoes" farming.

The placement of land in the private sector is treated as an end in itself. There is no vision as to how this would translate into profitable farm businesses, versus mere expansion of government benefits,[8] subsidies, entitlements, and litigation from those who claim DNR has failed them.[9]

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[6] Special Audit of Agricultural Revolving Loan Fund, Audit Control No. 10-4557-98 (March 31, 1998); Special Audit of Matanuska Maid, Audit Control No.10-4545-98 (September 30, 1998).

[7] In the case of dairy farming, there is little genuine economic justification for the State to perpetuate this tradition. See Special Audit of Agricultural Revolving Loan Fund, Audit Control No. 10-4557-98 (March 31, 1998); Special Audit of Matanuska Maid, Audit Control No. 10-4545-98 (September 30, 1998).

[8] Those favoring further projects traditionally expect that the State will hand out the costly infrastructure that a private subdivider would include in the price of the lot. See S.J. Komarnitsky, "State looks at opening more land for farming projects: Thousands of acres in Mat-Su among areas considered," *Anchorage Daily News,* Dec. 2, 2002, pp. A-1, A-6.

In short, DOAg's unfocused approach simply emphasizes the volume of "farmland" that has been re-privatized. Such nearsightedness is reminiscent of the unquestioned "jungle" in the popular business leadership example of Exhibit 2.

EXHIBIT 2

EXCERPT FROM MICHIGAN DAIRY REVIEW

Consider this analogy from Stephen Covey's "The 7 Habits of Highly Effective People." Envision a group of people cutting their way through the jungle with machetes. They're the producers, the problem solvers. They're cutting through the undergrowth, clearing it out.

The managers are behind them, sharpening their machetes, writing policy, and bringing in improved technology.

The leader is the one who climbs the tallest tree, surveys the entire situation, and yells, "Wrong jungle!"

But how do the busy, efficient producers and managers often respond? "Shut up! We're making progress."

Source: Michigan State University, *Michigan Dairy Review*, May 1999, p. 1.

The lack of innovation is particularly troubling since small-scale commodity farms are no longer considered viable even in the Lower 48. Even the academicians that, decades ago, advocated Alaska dairy and grain farming have retreated to espouse "differentiated" specialties (distinctive niches).[10] Though the reaction of DOAg since our last audit has been continued efforts to protect the occupational preferences of a handful of Railbelt commodity farmers, the rest of Alaska, particularly the "bush," still continues to be largely ignored.

However, whether the strategy is the status quo or untried niches,[11] DOAg has failed to actively pursue a substantial potential source of federal funding. The Denali Commission,

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[9] The State has no obligation to provide every service to every location in Alaska. However, an expectation of expanded state services would accompany another "Point MacKenzie" type project in an inaccessible area. Once DNR agrees to extend a service to an area, the State assumes liability for negligence in providing that service. *See Angabooguk v. State Dept. of Natural Resources,* 26 P.3d 447 (Alaska 2001) (homeowners claiming that DNR was negligent in fighting the Big Lake fire).

[10] See Carol E. Lewis and Roger W. Pearson, "Alaska's agricultural industry," *Agroborealis* (summer/fall 1996), p. 23 (*"Alaska must penetrate national and international niche markets. Entering the commodity markets is unlikely."*); James V. Drew, *A Tale of Two Agricultures,* plenary lecture to Fourth Conference of the Circumpolar Agricultural Association, Aug. 27-29, 2001, Akureyri, Iceland (*"[T]he near term success of agricultural development in Alaska . . . will depend on the ability of Alaska farmers to develop and supply specialty markets."*); Carol E. Lewis, Roger W. Pearson, and Charles W. Knight, "Agriculture in Alaska," report for the Alaska Science and Technology Foundation, 1998, pp. 2, 13 (*"[There] has been expanding interest by [Alaska] producers in products that can add value or be sold in niche markets"; "Premium prices can be obtained . . . in specialty markets where products are differentiated."*).

[11] Potential niches have not been adequately explored due to the lack of collaboration among researchers. For instance, the popular national market for herbal remedies could recognize the contributions of Alaska's Native heritage. See Ann Garibaldi, *Medicinal Flora of the Alaska Natives* (University of Alaska, 1999). Neglected linkages among DNR, Native organizations, and rural Alaska would, of course, need to be pursued. Another potential niche could be distinctive products added to the military logistics flights that pass through Alaska en route to Pacific Rim readiness forces. DNR may wish to consult the University for assistance, given its new business logistics program and the recently retired generals now serving as university president and business school dean. A third little-explored niche is the development of brewing hops that capitalize on the mystique of Alaska. Some niches may profit from partnerships with major agribusiness in the Lower 48. For instance, such businesses may contract with farmers for production of specialized seeds not found elsewhere.

Unlike the large scale production of generic commodities, profitable niche products can be supplied from a wide diversity of small "alternative" farms (farms with orientations that are organic, lifestyle, commuter, hobby, religious, or therapeutic). We agree with a recent Oregon extension service publication in which a faculty member opines that such alternative farms "*bring an awareness of agriculture and land management to urban life*" and that "*there is room for everyone in [his state's] agriculture today.*"

which serves Alaska exclusively, provides millions of dollars in federal grants for projects that benefit rural Alaska. While each year the commission plans its funding around a particular rural need, DOAg has not aggressively sought a year dedicated to farming projects or even offered the commission an individual to serve as the agricultural industry's liaison.

DOAg's efforts to "market" Alaska farm products, while well-intentioned, have similarly lacked vision. Signs, hats, bumper stickers, and media ads are intended to convince consumers to purchase available Alaska products. With a few successful exceptions, Alaska farmers simply wait to see what is actually available for harvest and then offer it to a local outlet, an extremely basic, small-scale approach.

Under the true consumer-driven "marketing" strategy that drives mainstream America, DOAg would take a different approach. DOAg would spend less time networking with other states' officials and more time discovering new products that major distributors[12] would like Alaskans to start supplying for the rest of the world.[13]

Once again, the disappointing performance is in DOAg's failure to find new products that distributors want and Alaska producers can readily produce. The growth-stunting assumption is that Alaskans will buy whatever local farmers produce.

Further evidence of the lack of a genuine consumer orientation is found in the narrow focus of DOAg inspection programs. Although inspections are identified with consumer protection, inspections are actually limited to a few interested parties. For example, DOAg is to provide inspection of fresh fruits and vegetables in accordance with a federal agreement. These inspections are mainly provided for federal purchase contracts, and upon request for a service charge, to distributors, wholesalers, or retailers that usually question shipments. There are no routine inspections of retail businesses that sell directly to Alaska consumers.

We see no reason why inspection services, including inspecting potatoes for quality and disease, cannot be performed within the context of the more routine Department of Environmental Conservation's (DEC) health inspections to protect consumers. Thus, in Recommendation No. 1 we suggest refocusing agriculture inspections to better protect retail consumers by moving the function to DEC.

The State of Alaska can no longer afford to subsidize a perceived "right to farm." Affluent corporate farmers need to coordinate their annual cash flow, like other successful businesses,

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[12] When approaching the marketing executives of major distributors, state officials should think beyond the handful of existing distributors that currently service Alaska grocery stores. For instance, profitable Alaska niches may be found through contact with major Lower 48 chains that manufacture and retail specialty items to the gourmet, health food, physical fitness, and alternative remedy markets. An example would be the Wild Oats Markets, a publicly-traded corporation with 102 natural food grocery stores in 23 states and Canada (see www.naturesnorthwest.com). In short, under a true modern "marketing" approach, a feasible market is discovered before the item is produced.

[13] Iowa State University has reported that the average U.S. grocery store now stocks items from over 100 countries. For this reason, we recommend that the more aggressive discovery of new farm products for export be entrusted to the Department of Commerce and Economic Development's Division of International Trade.

through a visit to their local banker. Perpetually failing farmers need to be weaned from the entitlement culture and find something else to do. True entrepreneurs with a vision for promising niches should be encouraged in accountable ways.

EXHIBIT 3

OUTMODED ASSUMPTIONS THAT HINDER AGRICULTURAL PROGRESS

- Farmers need the government to take care of them
- Government can run a business better than the private sector
- Customers need to buy whatever farmers grow
- Real farmers serve generic commodity markets (not niches)
- Waste byproducts are someone else's problem
- Waste byproducts are some other agency's problem
- Produce it now, worry about "marketing" later
- Rules are for private businesses; government businesses are free to do whatever they want



Unfortunately, the current DOAg structure has become so strongly identified with the status quo that it is incapable of the leadership required for the redirection of Alaska agriculture over the coming decades, see Exhibit 3. There is a meaningful role for Alaska agriculture, but the current structure is unlikely to ever find it. To reverse this trend, a major reassignment of DOAg functions is necessary. This reassignment will be consistent with Governor Murkowski's recently-issued Administrative Order No. 202, which encourages performance audit recommendations *"for consolidation and reorganization of departments, divisions, and duties."* See Recommendation No. 1.

Fragmented, disjointed research facilities

Despite agriculture's minor presence in Alaska, a considerable variety of researchers of the subject are stationed in various agencies around the state, see Exhibit 7, page 16. Also, as we observed with DOAg's management, the efforts of these individual scientists have so far not resulted in any profitable niches that have prevailed as a fixture in the Alaska economy.

In states with major agribusiness, the federally-funded cooperative extension service has historically been the vital link between theoretical research and farmers that need to earn a living. However, unlike in the Lower 48, neither DOAg nor the University (current organizational home of cooperative extension) has actively sought to focus Alaska's extension agents on traditional problems like dairy herds, crop diseases, and failing farm waste treatment systems.

In fact, unlike other states, Alaska's cooperative extension service is not even associated with an agricultural school or an agricultural agency. Rather, it continues to reside in the university's College of Rural Alaska, where its handful of well-meaning agents service Railbelt hobby gardeners more than working farms.

DOAg itself has a sizeable, but little-known, research facility known as the Plant Materials Center (PMC). Despite the statutory direction to work with other agencies, we found the scientists at this laboratory to be conscientious but disconnected from other research agencies within even the same community. The losers from all of this fragmented research are those who farm for a living today, as well as those who might do it tomorrow if profitable niches were discovered. Even the statute's requirement for a joint DOAg-University appointment of the PMC's administrator has been circumvented by DOAg over the past decade.

This lack of collaboration among agencies is certainly not the norm for scientists from state agencies, the university, or the federal government. Researchers from all three have successfully worked together for years in Alaskan consortiums that directly benefit the public in tangible ways. Six examples would be the Alaska Volcano Observatory, Alaska Earthquake Information Center, Tsunami Warning Network, Geologic Materials Center, Moose Research Center, and ARLIS[14] reference library. While participating agencies share facilities, projects, and personnel in such consortiums, all agencies retain their individual identities.

Research with genuine value to the public would be best promoted by establishment of an Alaskan Agriculture Research Consortium that consists of mandatory participation by all state-funded researchers and negotiated memoranda of understanding with federal agencies, see Recommendation No. 1. To assure maximum utility of the consortium's work-product, it is essential that Alaska's cooperative extension service be directly administered by the new consortium rather than the College of Rural Alaska.

Despite the long-term benefit to Alaska agriculture, it is not realistic to expect, after decades of separatism, that the existing personalities from autonomous groups such as DOAg and the university will ever voluntarily initiate such a consortium.[15] Therefore, the legislature needs to directly, formally, and explicitly mandate it through amendments to the statutes that govern the PMC and the university system.

A more meaningful role for the
new Board of Agriculture and Conservation

Monitoring the consortium's research would be a more significant role for the new Board of Agriculture and Conservation (BAC) than being enmeshed like a bankers' loan committee in the minutia of ever-dwindling DOAg loans. As we note in Recommendation No. 1, the details of approving and servicing loans belong, not with an agricultural policy board, but rather with the financial specialists that administer other state loans to businesses.

More specifically, the BAC should on a regular basis review the consortium's proposed research projects and the progress on existing ones. In an advisory capacity to consortium scientists, the

[14] Alaska Resources Library and Information Services.

[15] Governor Murkowski, in his recently-issued Administrative Order No. 202, encourages performance audit recommendations *"for consolidation and reorganization of departments, divisions, and duties."*

BAC should prioritize proposals based on their anticipated utility to Alaska farmers and the potential for discovering profitable niches. The consortium's annual budget request should include a BAC report to the legislature on the following: (1) progress on research projects that the board considers to have direct value to existing farmers; (2) progress on research projects that are exploring potential new niches that capitalize on particular Alaskan strengths; and (3) new niches that have been profitably implemented by Alaskan farmers as a result of consortium research.

Human resources mismanaged

Although there are noteworthy accomplishments,[16] overall we found that human resource management at DOAg is plagued by numerous problems, see Exhibit 4.

The commissioner's office acknowledges there is a general problem, but attributes it to a lack of strong decisive leadership at the division level and to inherent diseconomies of scale for a small division. We note however, the division director is an appointed executive and subject to direction by the commissioner and the governor. There is authority to remedy the leadership void at the division if the commissioner or governor so chooses to direct their efforts to this situation.

[16] In 2001, the Plant Materials Center staff asked Occupational Safety and Health to conduct a safety and health evaluation of its program and facilities. Although the inspection found numerous safety and health hazards, PMC staff not only worked diligently to fix the hazards, but held safety meetings and trainings to address the concerns.

EXHIBIT 4

PROBLEMS IN HUMAN RESOURCE MANAGEMENT THAT DEGRADE DOAg's ADVANCEMENT OF ALASKA AGRICULTURE

- Uncertainty as to employer expectations for performance and professional behavior (sporadic formal evaluations, infrequent coaching and mentoring, no action plans to correct specific deficiencies, no use of progressive discipline system)
- Careless screening of job applicants for any criminal background or dangerous driving records (incomplete applications, little verification, lax follow-up of disclosures to assess risk to public and coworkers)
- Inadequate safeguards for accurate communication of pay rates and benefits to hirees
- Ambiguity as to employee accountability and chain of command
- Employee confusion over Ethics Act boundaries between official and private behavior
- Neglect of escalating reclassification disputes (duties have expanded to do more with less)
- Lack of routine positive "one-on-one" feedback for employee achievement and innovation
- No professional development plans to inspire senior career employees
- Frustrated career advancement for long-timers (few promotions due to small division size)
- Lack of continuing, proactive professional intervention in the publicly-embarrassing office "civil war"
- No referrals of troubled workers to the Employee Assistance Program (festering personal issues that risk stress-related workers' compensation claims, hostile workplace disputes, OSHA complaints, and labor grievances)
- Neglected personal safety of employees with custody of cash
- Work assignments hindered by unresolved personal safety issues about toxic substances (reasonable use of pesticides)
- Continuous drain of DOAg resources to ongoing employment disputes

Physical resources mismanaged

We found several deficiencies in the management of assets. We placed these deficiencies into the following four categories.

1. Environmental stewardship

Responsible planning for waste is an important aspect of every industry. Here in Alaska, the State does not hesitate in holding local industries such as mining, petroleum extraction, and cruise ships responsible for unpleasant byproducts of their successes. The obvious byproduct of the livestock industry is manure, which is heavily monitored by the federal Environmental Protection Agency in the Lower 48. In Alaska, there is very little animal waste monitoring. Exhibit 5 explains why animal waste is of concern.

Despite claims Alaska is the land of "*eco-friendly agricultural practices,*"[17] we found otherwise. We observed, and had confirmed by DEC's professionals, extensive, uncontained[18] stockpiling of manure that threatens the area's watershed. In fact, neglected manure at one Mat-Su dairy compelled the state's veterinarian to suspend the dairy's operating permit out of fear of local water contamination.

DOAg and BAC's approach to developing agriculture is placing state agriculture lands into the private sector and granting loans and leases for agriculture purposes. Planning for animal waste management is not treated as an integral part of this promotion. Environmental concerns involving animal waste apparently are regarded as someone else's or some other agency's problem, which is inconsistent with the governor's overall position concerning the environment.[19] Additionally, we note that the State as a landlord may be liable for uncorrected hazards such as pollution that harms neighbors.

Although technically called the Board of Agriculture *and Conservation*, the board's potential in conservation matters has so far been unrealized. Since DOAg and its board have neglected the waste treatment aspect of environmental stewardship, DEC with the assistance of the cooperative extension service will need to spearhead the responsibility[20] in

EXHIBIT 5

LIVESTOCK WASTE: A WATER QUALITY CONCERN

- *Runoff from livestock operations enters water bodies when poor maintenance of waste lagoons, improper design of storage structures, improper storage of animal waste, and excessive rainfall result in spills and leaks of manure-laden water.*
- *Overapplication of manure to cropland is another source of animal waste runoff.*
- *When livestock manure and other animal waste spills or leaks into surface or ground water, it can create an immediate threat to public health and water resources.*
- *This runoff has nutrients, such as nitrogen and phosphorus, that in excess cause algae and other microorganisms to reproduce in waterways, creating unsightly and possibly harmful algae blooms. Explosive algae populations can lower the level of dissolved oxygen, which can cause fish and other aquatic organisms to die.*



- *Spills from ruptured waste lagoons and other faulty storage facilities have killed tens of thousands of fish.*
- *Animal waste runoff can also be a threat to the health of people who come into contact with affected waters because some of the microbes (bacteria, protozoa, and viruses) in animal waste can cause disease.*

Source: U.S. Environmental Protection Agency, *Proposed Regulations to Address Water Pollution from Concentrated Animal Feeding Operations*, publication no. 833-F-00-016 (March 2001).

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[17] This claim was made in a state-funded, full-page color advertisement that was printed in the Anchorage Daily News on November 15, 2002.

[18] For example, the auditor saw an unlined, unfenced manure pit as large as an Olympic-size swimming pool. Persons interviewed estimated it to be somewhere between 12 to 30 feet deep.

[19] Governor Knowles stated in Administrative Order No. 200 that "*Alaska must step up and focus its efforts to assess the health of our waters and to maintain vigilant stewardship, as well as act to restore polluted waters.*"

[20] We commend the Department of Environmental Conservation's Division of Air and Water Quality for taking corrective action to address the immediate manure problems at Point MacKenzie.

addressing animal waste management practices. As an essential part of this regulatory responsibility, the State should not enter into sales, loans, leases, or dairy permits unless the agreement's terms provide a feasible plan for waste disposal.

A farm conservation plan is a regulatory requirement for any Title 38 sale of state agricultural land.[21] Such a plan includes the buyer's proposed arrangements for water conservation which, of course, reasonably includes the protection of the area's watershed from waste and contamination. We believe that DNR should also require a farm conservation plan as a condition in leases of state agricultural land and as a condition of farm projects financed with ARLF loans. More specifically, DNR should ensure a rigorous review of the capability of a potential buyer or tenant to deal with the inevitable issue of animal waste. This technical review will benefit from assistance as necessary from specialists at DEC and the cooperative extension service.

Potential resources so far unutilized by DOAg include the following: (1) cooperative extension agents from Lower 48 universities who specialize in livestock waste management; (2) civil engineering faculty from the University of Alaska; (3) extensive online technical information from agencies both Outside and in Canada; and (4) National Guard training exercises to prepare for the realities of damaged waste treatment facilities from warfare or natural disasters.[22]

Finally, we note the recent, well-publicized demands by the governor and Alaska's congressional delegation for disclosure of the adequacy of military cleanups from experiments with chemical and biological weapons that were conducted along the Gerstle River near Delta Junction. Since some state land placed in agricultural projects is found along the Gerstle River, the Department of Natural Resources should be sure to assess the significance, if any, to area farms as the disclosures come forth.

2. Oversight over major state-owned facilities

The state owns five major agricultural facilities. They include:

- The old feed mill in Palmer, currently used by Matanuska Maid to mold containers and service trucks.
- The Mt. McKinley Meat & Sausage plant, currently used to process dairy farm byproducts and other surplus livestock.
- The former Delta granary building, currently used by local farmers.

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[21] See 11 AAC 67.177.

[22] The Alaska National Guard has a long history of adapting its training in ways that assist state and local agencies with community service, ranging from disasters (Big Lake forest fire, 1964 earthquake) to law enforcement (protection of local police during dangerous raids) to education (helicopter retrieval of remote fossils) to community celebrations (air delivery of Fairbanks-bound statue from Seattle) to the environment (disposal of junk cars near Palmer). Construction assistance with Point MacKenzie farm systems could provide realistic training for events when the Guard would be dispatched to address larger public treatment systems damaged by natural disaster or warfare.

- The former Fairbanks meat plant, now being used as a private fish plant.

- The Matanuska Maid dairy processing plant in Anchorage.

We encountered a variety of problems in DOAg's handling of these largely obsolete assets. The state-owned feed mill building in downtown Palmer is occupied by Matanuska Maid under a very informal unwritten, rent-free "courtesy" lease. The continued operation of the Mt. McKinley Meat & Sausage plant is uncertain since the Department of Corrections declines to operate it further with prison labor.[23] The former granary in Delta Junction is essentially provided rent free ($1 per year) to a group of individuals. The lease to the Fairbanks fish plant has expired and is now a month-to-month arrangement. Finally, the State has lost meaningful control over the Matanuska Maid dairy, see Recommendation No. 2.

Since the division and the board have failed to provide adequate oversight of its operational assets, the State would be best served by placing these assets with an agency that can provide the expertise and experience. We believe that agency is the Alaska Industrial Development and Export Authority (AIDEA). The legislature should direct AIDEA to develop a plan in getting these assets into the private sector, and report back to the legislature on its status.

Additionally, the current volume of ARLF loans no longer warrants a separate loan servicing function. The ARLF fund would benefit from economies of scale and a professional banking environment by transferring this function to the Department of Commerce and Economic Development's Division of Investments. See Recommendation No. 1.

3. Traditional safeguards over public funds and equipment

Due to legislative concern as to the proper use of DOAg funds, we selected approximately 300 risk-based expenditures. Overall, we found DOAg's purchasing and payment controls acceptable. However, due to the diseconomies of scale inherent in a small division, DOAg was not able to implement some standard safeguards to protect state money and equipment.

We found the traditional safeguards listed in Exhibit 6 were not in effect at the time of the audit, though a few have since been remedied.[24] This diseconomy of scale can be remedied by the restructuring in Recommendation No. 1.

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[23] Like the Mat Maid dairy plant, DOAg acquired this asset when the private owner defaulted on a state loan. DOAg recently issued an RFP that solicited private operation of the meat plant. Even with a lease of only $1 per year, there was no interest by Alaska businesses.

[24] DNR's financial services reportedly has taken action to address and monitor the federal tax reporting requirement. Department of Administration, Division of Finance will also be adding information into the state's administrative manual. Additionally, arrangements are being completed to improve the personal safety of cash custodians.

4. Integrity of the state-owned "Alaska Grown" trademark

The "Alaska Grown" symbol is a trademark owned by DNR. According to DOAg's website, those who grow or process farm products are permitted to use the "Alaska Grown" trademark with the understanding that (1) food products are 100% locally grown or (2) processed products have 75% of contents produced in Alaska. Though a valuable asset, we find DOAg neglecting to protect the integrity of this trademark.

EXHIBIT 6

MISSING SAFEGUARDS OVER PUBLIC FUNDS AND EQUIPMENT

- Separation of job functions to maximize the security of cash
- Missing accountability tags on expensive equipment
- Inconsistent, ambiguous tracking of Alaska Grown expenditures
- Neglect of mandatory federal tax reporting of customer payments with large amounts of currency
- Unresolved insurance responsibility when outside parties use DOAg machinery
- Lax custody of currency from informal sales
- Compromised personal safety of cash custodians

Although the trademark is registered with DCED and thus has protection within Alaska, it is not registered with the U.S. trademark office. Particularly in view of the Internet, persons in other states and countries may potentially dilute it by using it in a deceptive fashion. Additionally, the absence of control over the use of the trademark may ultimately relegate it to the nation's public domain (like the term "aspirin"). A symbol of respect can even be degraded into an object of ridicule.[25]

DNR should work with DCED to proactively preserve this "Alaska Grown" trademark.

[25] A parody of the symbol already appears on a T-shirt with an image of an illicit cash crop.

EXHIBIT 7

RECOMMENDED STATUTORY RESTRUCTURING TO REDIRECT AND REVITALIZE INNOVATIVE ALASKAN AGRICULTURAL DEVELOPMENT

Function	***Current Placement***	***Most Feasible Reassignment***
State's top agricultural official *Currently responsible for a "micro-division" of less than 30 permanent full-time employees*	DOAg director	DNR deputy commissioner *Niche discovery and promotion, corporate relations, regulations, Alaska Grown program, Lower 48 publicity, industry liaison to Denali Commission*
Inspection of farms and farm products to protect consumers (quality) and public health (disease) (including federal contracts)	DOAg	DEC Environmental Health
Sales and leases of state land with agricultural covenants (AS 38)	DOAg	DNR Mining, Land and Water
Farm loans	DOAg (BAC)	DCED Investments *Approval and servicing of ARLF loans, management and custody of ARLF funds*
Oversight of farm-related industrial facilities (non-research)	DOAg (BAC)	AIDEA board of directors and staff
Agricultural research	DOAg Plant Materials Center	Plant Materials Center statutorily reconstituted under DNR as the Alaska Agricultural Research Consortium (AARC)
	Cooperative Extension Service (UAF College of Rural Alaska)	Cooperative Extension Service statutorily moved into AARC
	UAF School of Agriculture (including experiment stations) Alaska Science & Tech. Found.	Applied research work statutorily linked to AARC, consultation with BAC for all agricultural research projects
	Federal agencies: NRCS, ARS, FSA	MOUs negotiated with federal agencies for consortium participation
Farmer participation in state agricultural policies	DOAg (BAC)	BAC statutorily redefined as an advisory board to the Alaska Agricultural Research Consortium and the DNR's deputy commissioner for agriculture *No BAC role in operations (loan approvals, land sales, or facilities oversight)*
Export niche discovery	DOAg	DCED International Trade and Market Development
Game farming regulation	DOAg	DF&G Wildlife Conservation
Livestock identification branding	DOAg	DNR State Recorder's Office

Abbreviations: DCED = Department of Community and Economic Development; BAC = Board of Agriculture and Conservation; MOU = memorandum of understanding; UAF = University of Alaska Fairbanks; DEC = Department of Environmental Conservation; AIDEA = Alaska Industrial Development and Export Authority; ARLF = Agricultural Revolving Loan Fund; NRCS = Natural Resource Conservation Service; ARS = Agricultural Research Service; FSA = Farm Service Agency

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The legislature should statutorily restructure services to agriculture for a more aggressive pursuit of distinctive Alaskan opportunities.

Our conclusions above detail a wide spectrum of specific problems, such as the continuing lack of profitable niches, disjointed research efforts, human resources mismanagement, and deficiencies in the use of physical assets. We find that the current structure of a small division is both perpetuating these problems and actually hindering the advancement of Alaskan agriculture development, rather than facilitating it. The inherent limitations of this small division will continue to narrow the vision of Alaska agriculture to extinction, rather than invigorate it.

We recommend that the legislature take aggressive action to redirect Alaska agriculture. We find no existing services expendable. These services simply need to be redistributed where they can benefit from the economies of scale, teamwork, and breadth of vision found in more innovative corners of the state and federal systems, see Exhibit 7.

Recommendation No. 2

The Department of Natural Resources (DNR) should consult the attorney general concerning state oversight of Mat Maid.

Just before the new Board of Agriculture and Conservation (BAC) assumed oversight of the Division of Agriculture (DOAg) facilities, the DOAg director surrendered meaningful control over the Matanuska Maid dairy and, in effect, gave its top management and board of directors the freedoms of private ownership while unconditionally immunizing them from any liabilities (even those arising out of crimes).

The Mat Maid dairy is organized as a corporation with DNR owning 100% of its stock, although there has been some public confusion.[26] When the legislature by statute created the BAC effective July 1, 2000, the DOAg director perceived that the new board, rather than himself, would exercise the oversight votes as DNR's shareholder "proxy." There was also a fear that the new board would eliminate the corporation's separate board of directors and directly supervise the dairy's business operations.

Thus, in the two weeks before the new BAC board took effect, the DOAg director took dramatic steps to cement and protect the autonomy of Mat Maid's top management and board

[26] For example, a recent newspaper editorial erroneously implied that Mat Maid is now in private ownership. See "Agriculture in Alaska? More state farm assistance won't make this dog hunt," *Anchorage Daily News,* Dec. 3, 2002, p. B-4.

of directors. This was accomplished through unilateral changes to the articles of incorporation that were sought by Mat Maid and signed by DOAg's director as proxy. Those changes, which were arranged in secrecy, occurred without notice to the public, without a public shareholder meeting, and without review by the Department of Law or the DNR commissioner. Three days later, the changes were promptly reinforced after a two-hour, unrecorded, executive session of Mat Maid's board, a closed meeting that culminated in the board's immediate adoption of amended bylaws.

If the incoming governor's administration wishes to reestablish public accountability and control over Mat Maid, the attorney general can advise as to the options.

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[redacted]
To pete fellman

1/31/12
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Hi Peter,
Another suggestion.
if you have time give the Legislative audit another review. The problems are essentially the same and Legislative Audit recommended that it be re-organized because it was not achieving its purpose.
The Division of Ag is still not achieving its purpose. The key might be to use some of the audit's same points to defend the re-organization to being a DEPARTMENT, rather than splitting it up. We have to make the case that elevating it, will allow it to meet its purpose.

[redacted]

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legislative packet

From: [redacted]
Sent: Tue 1/31/12 3:58 PM
To: pete fellman (petefellman@hotmail.com)

Hi Peter,
I suggest that you provide the Division of Agriculture Organizational Chart to the Resources Committee with any packet, or at least have it available.
It is going to be easier to speak to them about the current organization versus a new organization. If they can see it, you can better illustrate the effective changes. Even if we decide the Dept is not going to make it, you can use this to encourage some postive change.
If you take each section of the Division and describe what it's purpose is then how it could be better if elevated with department leadership, it might be clearer how lopsided it is in some areas and understaffed in others. Correcting that balance would help.
Bryce

Fw: Alaska Potato Ring Rot - "Not to worry" says Director Havemeister

From: [redacted]
Sent: Tue 1/31/12 11:21 AM
To: [redacted]

--- Begin forwarded message:

From: [redacted]
To: "Bill Stoltze Rep." <Rep_Bill_Stoltze@legis.state.ak.us>
Subject: Fw: Alaska PotatoRring Rot - "Not to worry" says Director Havemeister
Date: Tue, 31 Jan 2012 11:53:11 -0800 (PST)

Director Franci Havemeister's response when asked at the Board of Agriculture & Conservation January 30, 2012 meeting about a rumor about potato ring rot.

"Dont worry, it wasn't seed stock. It was from one of the table grower's stock". No further discussion.

We all know that Director Havemeister loves dairy cows but does she know anything at all about potato production? Seed potatoes are the source of market potatoes. And it appears the source of the ring rot is seed potatoes certified by the State Seed Potato Program. And if the highly infectious bacterial ring rot is not eradicated, it will devastate the Alaska potato industry in short time.

Keep in mind that that the State Division of Agriculture, the State Board of Agriculture and the State Division of Agriculture Director Havemeister all were fully aware of bacterial potato ring rot at the State Pt MacKenzie Corrections Farm 2008 and kept quiet.

Alaska is the only State in the Union cleared to export certified seed potatoes to China with significant funds invested in the Alaska Seed Potato Export Project. However, this in in jeopardy with infectious bacterial potato ring rot in our own back yard.

This, the most dreaded potato disease, will not just go away by pretending it is trivial. There is zero tolerance for this potato disease in the lower 48 and rest of the World. There is lots to be worried about.

We need someone in authority to worry about this.

Resource Committee meeting 01-18-2012 - Division of Agricutlure

From: [redacted]
Sent: Mon 1/30/12 5:18 PM
To: petefellman@hotmail.com

Questions from the Resources Committee members to Division of Agriculture Director Franci Havemeister:

"What was the distribution of the 18 ARLF loans that you made last year, by area, industry, etc. Franci said" I don't know".
We are only talking 18 loans and the ARLF monthly reports track this information.

"Why are we waiting for private industry to tell us how to address the Governor's initiative on Food Security?" Franci's response was, "We can't grow more than we can use."
We are not even close to growing what we can use and how could you begin to make the response when you don't know the actual stats.

"What are your measures?" Franci said, "Provide core services".
Good bureaucratic response.

"Are you working with any new innovations?" Franci said, " We are working with the University on a root crop"
The answer was really just no.

"What about the Federal ARS absence?" Franci's response, "We hope to take up some services"
Like what, when and the cost....a plan.

"Are you working with the stores on displacing imported products with Alaska Grown Products?" Franci said, "We try but we have no control on what stores bring in"
"Are you successful?" Franci said, "Somewhat"
Okay, that's like saying we try a little, accomplish a little and that's all we are going to do.

"Are you working with the University on antioxidants & Blueberries?" Franci's response, "Blueberries are not an ag product"
So, your answer is no and I don't intend to work with the University on them.

"Are you working on promoting Alaska Grown products in Alaska SE stores?" Franci said, "No, because its cheaper to barge product from Seattle to the SE".
It's called marketing for a reason. Get on it.

"Are your working on any export marketing efforts" Franci, "No, no surplus to sell"
Back to square one - Your own mission statement is to promote the development of agriculture. Get on that too.

"How are you promoting new farmers? We do not see it in your presentation. There is no coordinated effort with the State or the University. Have you made any budgetary request for that?" Franci, "No.
Good grief.

Fw: See history AK Dept of Ag - 1945

From: [redacted]
Sent: Tue 1/10/12 4:56 PM
To: Pete Fellman (PeteFellman@hotmail.com); Bryce Wrigley (deltaswcd@wildak.net)

Pete-
The AK Farm Bureau Board of Directors discussed whether the bill's wording should be changed from "create" a Department of Agriculture to "reinstate" a Department of Agriculture. Have you and Bryce discussed this for the session yet?
Good information about it in the e-mail below as well as the link.

--- On **Fri, 11/12/10, Milan Shipka <*mpshipka@alaska.edu*>** wrote:

From: Milan Shipka <mpshipka@alaska.edu>
Subject: See history AK Dept of Ag - 1945
To: "Bill & Kathy Burton" <billkathybuckburton@hotmail.com>, "Ruby Hollembaek" <buffalogal@wildak.net>, "Jane Hamilton" <janehamilton99737@yahoo.com>
Date: Friday, November 12, 2010, 11:31 AM

http://www.litsite.org/index.cfm?section=Digital-Archives&page=Industry&cat=Agriculture&viewpost=2&ContentId=2710

Look down to 1945; Here is the paragraph;

Just before the war ended, the Alaska Territorial Legislature in 1945 created an Alaska Department of Agriculture, and Gov. Ernest Gruening named George Gasser Alaska's first Commissioner of Agriculture. His appointment was readily confirmed by the legislature, praised by Alaska newspapers, and widely welcomed by Alaskans. In accepting the appointment, "Doc" Gasser resigned his position on the University of Alaska faculty, a position he'd held since 1928.

Hope this helps,
Milan

--
Milan P Shipka, PhD
Professor of Animal Science and Extension Livestock Specialist
Program Chair; Agriculture and Horticulture Extension
Associate Director; Agricultural and Forestry Experiment Station
School of Natural Resources and Agricultural Sciences
Cooperative Extension Service
University of Alaska Fairbanks

"We need more ag land sales. Why is there so little? What's the problem? Franci's response, "Not a problem. It's just a process. And there is ag land out there now that is not in production".
Poor defensive response.

"Recommends looking at more favorable lease terms to encourage new farmers" Franci's response "You are looking at a PERMIT form, not a lease. Leases are more favorable."
Ouch. Way to go, correcting a Legislator.

Surprised at the interest in the Ak Peony Growers Association comments. They appear to be requesting $500,000 annually for 5 years for research. When the gentleman said that one acre of peonies would bring in $100,000 someone needed to point out that was gross sales, not net.
We still seem to be missing the priority of farming for FOOD.

Indiana's Successful Movement to Move their Ag Dept. to a Cabinet Level

From: [redacted]
Sent: Tue 1/31/12 6:22 AM
To: pete fellman (petefellman@hotmail.com); Bryce Wrigley (bjwrigley@gmail.com)

i believe this is as a good as a place to start to push for the reinstatement of a Department of Agriculture for the state. To our advantage, we have a history of having a cabinet level department prior to the push for the Alaska pipeline in the 1960's. I was directed to this site by the Indiana Ag Dept. I am not a policy maker, legislative guru, etc. but I think reviewing this along with Vermont's would be so beneficial. I know, as if we all don't have enough to do. Until we get at the cabinet level, Alaska ag and food will always be below natural resources...we are different, we are truly a renewable resource. Ruby

Legislative Development

IMPORTANT NOTICE: This version of the Indiana Code is current through the 2011 Regular Session of the Indiana General Assembly. To determine if a section of the Indiana Code was added, amended, or repealed in the 2011 Regular Session, click on the TABLE OF CITATIONS AFFECTED hyperlink below. The text of the Public Laws (P.L.) enacted in the 2011 Regular Session of the General Assembly can be found by clicking on the 2011 ENROLLED ACTS hyperlink below.
http://www.in.gov/legislative/ic/code/title15/index.html

Policy Development

ISDA works with elected officials on the local, state and federal level to benefit all Hoosiers involved in the agriculture industry. The Department's function is to educate and to serve those who have the power to improve the direction of the agriculture industry in Indiana. The Department works with state agencies, rural communities, consumers, producers, and agricultural organizations to ensure Indiana has laws and regulations that are based in science and do not impede economic development in agriculture. http://www.in.gov/isda/2337.htm

Ag Advocacy

From our fields to our farmer's markets to our barns to our vineyards and orchards, Indiana producers and farmers are committed to growing the very best in food products for Hoosier families every day. Our dedication to our families, animals and environment uphold a proud Hoosier tradition of meeting the nutritional needs of the world through the meats, milk, fruits, vegetables and more produced from one corner of the state to the other, all the while, fueling our local economy.
http://www.in.gov/isda/2542.htm

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ISDA > Policy Development

Policy Development

ISDA works with elected officials on the local, state and federal level to benefit all Hoosiers involved in the agriculture industry. The Department's function is to educate and to serve those who have the power to improve the direction of the agriculture industry in Indiana. The Department works with state agencies, rural communities, consumers, producers, and agricultural organizations to ensure Indiana has laws and regulations that are based in science and do not impede economic development in agriculture.

For more on Legislative Issues, please contact Sarah Simpson, Director of Agricultural Policy.

State Legislation

Contact Your Legislator
2011 Legislative Summary
2010 Legislation
2009 Legislation
State Agriculture Statutes



State Regulatory

CFO/CAFO Rules: The Indiana Department of Environmental Management (IDEM) has completed the rulemaking process for the promulgation of new confined feeding operation (CFO) and concentrated animal feeding operation (CAFO) regulations. On 11/9/11, the Water Pollution Control Board approved new CFO and new CAFO regulations, which will go into effect on July 1, 2012.

The Office of the Indiana State Chemist will hold a public hearing on **December 6th** regarding new requirements for fertilizer application. Learn more

Federal Legislation

2012 Farm Bill Information

--
Scott and Ruby

- Forms IN.gov
- Hoosier Homestead Award Application Form
- Indiana Agritourism and Farmer's Market Online Directory
- Indiana Conservation Partnership Reports
- Indiana Forest Products Community
- Indiana MarketMaker
- Soil & Water Conservation Districts Online Directory

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Top FAQs I Want To...

1. Does ISDA have a grant so I can start a farm?
2. Who do I speak with regarding the Hoosier Homestead Award?
3. My Indiana farm has been in my family for over 100 years. How can I obtain the Hoosier Homestead Award?
4. What is a flex fuel vehicle, and where can I buy E85?



Federal Regulatory

ISDA Comments on Department of Labor Proposed Child Labor Rules

The US Department of Labor is currently accepting comments on proposed changes to the child labor regulations to strengthen the safety requirements for young workers employed in agriculture. Click here for information on how to submit comments.

5. How do I reach my local soil and water conservation district?
6. How do I contact my local extension office?

More FAQs »

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907/895-4715 (shop)
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- Sitemap
- IN.gov User Survey
- Web Awards
- 1-317-232-8770

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Game Ranch: *www.bisonandelk.com*
Community Gardens: *www.wecangrowit.blogspot.com*
Rhubarb: *www.akrhubarb.blogspot.com*

Today's BAC meeting

From: [redacted]
Sent: Mon 1/30/12 8:42 PM
To: Pete Fellman (petefellman@hotmail.com)

Franci reported that the Division of Ag 2 hour meeting with the Resources Committee went very, very, very well. She "mentioned" that Bryce Wrigley gave testimony and then went on about the wonderful peony testimony. She gave no description at all of the Wrigley testimony.

Alaska's Plan for Agriculture - DRAFT

From: [redacted]
Sent: Mon 1/30/12 5:20 PM
To: petefellman@hotmail.com
1 attachment
Jan272012AgPlanDRAFT.pdf (710.9 KB)

Pete,

You may share this with whoever you want to, including the Resources Committee. [redacted] is willing to testify at future hearings if needed.

m[redacted]

----- Original Message -----
From [redacted]
To: Bill Stoltze Rep. ; Beth Kertulla
Sent: Friday, January 27, 2012 6:38 PM
Subject: Alaska's Plan for Agriculture DRAFT

First, this is not a plan. Rather, it is a draft of ambiguous policy statements that includes the word "must" at least twelve times without explanation of why or how.

It repeatedly makes statements that the State is not responsible to direct the agricultural industry and is not the leader. This is proven with the continuing decline of commercial ag production in Alaska, lack of ag land sales, lack of crop research and lack of funding support for Alaskan agriculture. It states, "A comprehensive and strategic plan for the Alaskan agriculture industry is needed...."; however, it is State direction and leadership that is so desperately needed to accomplish that.

It states shellfish farming holds promising opportunity; however, is not under the authority of the Division of Agriculture. They should read their own regulations that provide the definition of agriculture that includes "fish". Instead of shutting doors to support opportunity, they should be opening them.

The statement that the ARLF needs recapitalized when available cash drops below two million in itself is admittance of no long term commitment for agricultural plans. If the ARLF annual budget is approximately $1 million and you loan an average of $2 million a year with insufficient income and assets to liquidate to revolve....then, of course, there is no long term State commitment when the industry cannot depend on the ARLF to fund their long term farm plans.

"The primary purpose of the Plant Material Center (PMC) is the production of high quality, disease tested seed stocks to be used in production agriculture in Alaska." Really, because their historical stats indicate their primary purpose is re vegetation seed with no crop research for the future. Additionally, the Potato Seed Program under the PMC is suffering infectious potato ring rot disease that jeopardizes commercial potato production and potato seed export.

With appreciation for the volunteer members of the "Agriculture Advisory Panel" and their efforts, they are not professional planners, not economists. You need a professional facilitator to lead a group of professional individuals with a bigger vision for a viable plan to develop Alaskan agriculture. A group, such as the previous State Agriculture Action Council, would seek input from the industry; however, would make their recommendations to the Governor and the Legislature. This then has a better chance of credibility followed by funding support and maybe, just maybe, a long term commitment.

questions

From: [redacted]
Sent: Tue 1/17/12 9:34 PM
To: pete fellman (petefellman@hotmail.com)
1 attachment
Doc1.docx (11.5 KB)

Hi Peter. I would like to discuss these attached questions with you as soon as you can call me tomorrow. Some might be better left alone, but I wanted to make sure we are on the same page.
Thanks,
[redacted]

---------- Forwarded message ----------
From: [redacted]
Date: Tue, Jan 17, 2012 at 4:25 PM
Subject: Document1
To: petefellman@hotmail.com
Cc: [redacted]

Division of Agriculture Organization Chart

From: [redacted]
Sent: Tue 1/31/12 1:35 PM
To: [redacted] petefellman@hotmail.com
1 attachment
Document.pdf (291.0 KB)

I recommend that you provide the Division of Agriculture Organizational Chart to the Resources Committee with any packet, or at least have it available.

It is going to be easier to speak to them about the current organization versus a new organization, whether a DEPARTMENT or a re-organization. If they can see it, you can better illustrate the effective changes. Even without a Department success, you can use this to encourage some postive change.

My first thought is to take each section of the Division and describe what it's purpose is then how it could be better if elevated with department leadership. I will try to put together some comments with that outline in mind, forward it to you[redacted]and let you and Pete discuss what you want to do with it.



BAC meeting - DEPARTMENT of Ag comments

Back to messages |

[redacted]

1/31/12
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I spoke with someone that attended the BAC 01/30/2012 meeting and I asked about the DEPARTMENT of Agriculture comments in the second public session.

I was told that BAC Chair Vanderweele made a statement that he was opposed to creating a DEPARTMENT of Agriculture because it would just create more bureacracy, more rules , more expense and would not help the farmers.

BAC member Stu Davies spoke in favor of a DEPARTMENT because DNR has not been supportive of agriculture and it would get agricultural issues to the Governor's level.

Another BAC Board member (maybe Berberich) commented we could try a DEPARTMENT and then if it didn't work go back to being a Division.

That's pretty much the comments that were made.

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Dept of Ag

From: [redacted]
Sent: Thu 2/02/12 1:51 PM
To: 'pete fellman' (petefellman@hotmail.com)

Hi Peter,

I am working with someone on a document that should be helpful in laying out how a Dept of Ag would be able to advance agriculture better. I hope it will be what the legislators need to see in order to convince them to stop looking at it as growing government and look at it as adapting to benefit Alaska with rural jobs, increased food security, and increasing our economic strength.. I will be in Anchorage meeting with the Dep. Commissioner for DCCED, but I will send this to you as soon as it is done, which should be pretty soon.

[redacted]

Re:

From [redacted]
Sent: Wed 2/01/12 12:33 PM
To: pete fellman (petefellman@hotmail.com)

It's true he will not be our senator next year, but he still has agriculture in his District doesn't he? It might be that Huggins would be willing to put one up to get the discussion, but judging from the support we have had for 191 from the Democrats, is there one of them that would put it up from a food security standpoint. I wondere about Lyman Hoffman, who undoubtedly knows about Tim Meyers in Bethel. Franci's comment about southeast getting their food from Washington is irritating and if I was a senator from there, and had picked up on that comment, I would be rethinking what kind of support the Division of Ag has been to developing Alaskan agriculture. The fact that it is cheaper to get it from Washington has nothing to do with whether we should make Alaska Grown available there. Some, maybe many, will buy it because it is Alaskan.
Maybe you could visit with some of the co sponsors in the house and see if they have a working relationship with any Senators who they think might sponsor a companion bill to get the discussion out there. We really have to elevate the discussion or we will not see any improvement in the food security down the road. There has to be someone who can see the value of that.
I appreciate all your work Peter. This is near and dear to both our hearts so we invest a lot of ourselves in it. Thank you for your dedication.
[redacted]

On Wed, Feb 1, 2012 at 8:46 AM, pete fellman <petefellman@hotmail.com> wrote:

> [redacted] I thinking I will take a shot at the Senate and a companion bill, at least prime the pump. The problem is we dont have a Senator that has to run for office next year. Coghill is our Senator now, but he will not be next year and the seat is open.

Reinstating an Alaska Department of Agriculture. Merry Christmas and Happy Holidays from Alaska Interior Game Ranch, Inc.

From: **Ruby Peck-Hollembaek** [redacted]

Sent: Fri 12/23/11 8:09 AM

To: Bryce Wrigley (deltaswcd@wildak.net); Jane Hamilton (janehamilton99737@yahoo.com); Rep_Wes_Keller@legis.state.ak.us; Rep_Bob_Herron (Rep_Bob_Herron@legis.state.ak.us); Rep_Kurt_Olson@legis.state.ak.us; Rep_Cathy_Munoz@legis.state.ak.us; Rep_Neal_Foster@legis.state.ak.us; Rep_Steve_Thompson@legis.state.ak.us; Rep_Berta_Gardner@legis.state.ak.us; Rep_Chris_Tuck (Rep_Chris_Tuck@legis.state.ak.us); Rep_Reggie_Joule (Rep_Reggie_Joule@legis.state.ak.us); Rep_Bill_Stoltze@legis.state.ak.us; Coghill, John (LAA) (senator_john_coghill@legis.state.ak.us)

2 attachments

DOA Petition.docx (50.1 KB) , WantAPieceOfMe1.jpg (120.0 KB)

I believe we have the verbiage wrong when we request to CREATE an Alaska Department of Agriculture, the correct verb should be REINSTATE. History proves it. It is my understanding that it was not reorganized into a division until the 1960's prior to pushing the Alaska pipeline through.
Ruby Hollembaek

Sites below reference a Department of Agriculture. Please feel free to use any information that I provide for distribution. Again, according to my research, we are only 1 of 2 states, us and Rhode Island (ironically the largest and smallest of the US) who do not have a cabinet level Department of Agriculture.

1. http://books.google.com/books?id=z0MEAAAAMBAJ&pg=PA62&lpg=PA62&dq=Alaska+Commissioner+of+Department+of+Agriculture+Gasser&source=bl&ots=FI1UAy2fMS&sig=d6MWxw9kKSiCXcrQm6Vh10J7jwo&hl=en&sa=X&ei=Lqr0TurmBpSUtwfk_bnPBg&ved=0CCwQ6AEwAw#v=onepage&q=Alaska%20Commissioner%20of%20Department%20of%20Agriculture%20Gasser&f=false

2. http://books.google.com/books?id=vj8ZAAAAYAAJ&pg=PA284&lpg=PA284&dq=Alaska+Commissioner+of+Department+of+Agriculture+Gasser&source=bl&ots=rR4Z6Mhhz5&sig=31m9tDDud7n5cS7vNqY3WBV-E60&hl=en&sa=X&ei=Lqr0TurmBpSUtwfk_bnPBg&ved=0CDkQ6AEwBg#v=onepage&q=Alaska%20Commissioner%20of%20Department%20of%20Agriculture%20Gasser&f=false

3. http://www.litsite.org/index.cfm?section=Digital-Archives&page=Industry&cat=Agriculture&viewpost=2&ContentId=2710

4. http://www.uaf.edu/files/snras/Agro%2030-1.pdf

5. http://www.alaska.edu/uajourney/history-and-trivia/ces-outreach-began-in-mat/

6. http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=11&ved=0CB0QFjAAOAo&url=http%3A%2F%2Fscience-in-farming.library4farming.org%2FGrass-Range-Weeds%2FGrasslands-in-Alaska%2FAGRICULTURE-IN-VARIOUS-LOCALITIES-1.html&ei=Aaz0TsflOcWEtgeO3oXQBg&usg=AFQjCNFn30eITkG4FmqO3Iy3IMAzKKDkpg&sig2=UudLKbK52YPV6ugRtJd3AA

7. http://ttip.tuzzy.org/collect/ttimes/index/assoc/HASH0639.dir/doc21.pdf#xml=http://ttip.tuzzy.org:80/cgi-bin/ttimes.exe?a=pdfh&pdfxml=1&qbare=&d=HASH0639cc22e7d4ecc185ef6c.4.4

8. http://astheysawit.com/2310-1945-alaska.html

PS. Congratulations to Representative Stoltze for Alaska Farm Bureau 2012 Legislature of the Year. Rightly deserved, thank you for your tireless effort in ensuring Alaska has agriculture as an entity for this and future generations.

--

Scott and Ruby Hollembaek
907/895-4715 (shop)
907/895-9810 (fax)

Game Ranch: *www.bisonandelk.com*
Artwork: *www.akmosaic.com*
Community Gardens: *www.wecangrowit.blogspot.com*
Rhubarb: *www.akrhubarb.blogspot.com*

Palmer Produce

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February 1, 2012

State of Alaska
Department of Natural Resources
Division of Agriculture
1800 Glenn Highway, Suite 12
Palmer, Alaska 99645-6736

Attention: Douglas Warner
Manager, Regulatory and Inspection Programs

Re: January 17, 2012 Retailer Notice regarding seed potato sales

Dear Mr.Warner:

Your notice properly advises retailers of the importance of preventing potato late blight disease and sudden oak death; however, incredibly makes no mention of infectious potato ring rot disease. There is zero tolerance for this potato disease in the lower 48 and the rest of the world. The Division of Agriculture is fully aware of the high incident of this, the most dreaded of potato diseases, in Alaska. The Division of Agriculture has been aware of this serious potato disease in the Mat Su Valley since at least 2008 and appears to be trying to hide it in hopes it will simply just go away.

Your program promotes and suggests the use of Alaska certified potato seed, rather than imported seed, as a means to avoid introducing disease to Alaska. First, there is insufficient quantity of certified seed potatoes available in Alaska for commercial potato producers and retailers. Second, the credibility of Alaska's own potato seed certification program is a concern if you have known of the potato ring rot disease incidents for years and appear to have taken no measures to eradicate it.

Alaska is the only State in the Union cleared to export certified seed potatoes to China and significant funds have been invested in the Alaska Seed Potato Export Project. However, this is in jeopardy with bacterial potato ring rot in our own back yard.

What is the State going to do about encouraging production of sufficient quantities of *quality* certified seed potatoes for Alaskan potato producers? What is the State going to do about eradicating the bacterial potato ring rot disease in Alaska? What is the State going to do about instilling confidence in the Alaska Potato Seed Certification Program? I understand at the Board of Ag. Meeting the Director informed a member of the board that this was not anything to be concerned about. It was only in table stock. Table Stock comes from certified seed..I hope someone gets concerned about it.

Sincerely,

PALMER PRODUCE, INC.



Paul A. Huppert, President

cc: Governor Sean Parnell
DNR Commissioner Daniel Sullivan
Division of Agriculture Director Franci Havemeister
Representative Beth Kerttula
Representative Bill Stoltze
Alaska Farm Bureau President Bryce Wrigley

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

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January 8, 2003

Ms. Pat Davidson, Legislative Auditor
Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

Dear Ms. Davidson:

Re: Preliminary Report – Audit Control # 10-30017-03 a Special Report on the Department of Natural Resources, Division of Agriculture, November 29, 2002

The Department of Natural Resources (DNR) received your Preliminary Report regarding the Division of Agriculture (DOAg) Audit and appreciates the time and effort you and your organization put into this audit. The following provides background information regarding how and why DOAg performed their functions. You will also find DNR's comments in relation to the report's Conclusions, Findings and Recommendations:

Background:

The purpose of the audit was to review DOAg's human resource management; use of assets; and the effectiveness of the working relationship among DOAg, the new Board of Agriculture and Conservation (BAC), and other entities involved in Alaska agriculture. The timeframe used for this evaluation is roughly 1998 – 2002, a period during which the Legislature renewed interest in the operations and budgets of the DOAg and mandated a shift in focus. From 1998-2000 DNR worked with the Legislature to establish the BAC. From the implementation of the BAC in 2000 through 2002 DNR assisted the newly appointed BAC to become fully functioning as directed by the Legislature. In this same time frame the DOAg's budget changed as follows:

	FY1998	FY2002
Federal	$ 445.4	$1,676.9
GF/PR	$ 229.0	$ 16.0
LDIF	$ 0.0	$ 174.7
CIP	$ 0.0	$ 156.5
ARLF, I/A, & SDPR	$1,476.0	$2,046.9
Total Budget:	$2,150.4	$4,071.0

The reductions in state GF support forced DNR to look for alternative funding sources in an effort to extend the life of the ARLF. DNR successfully expanded the use of federal receipts authority and deleted ARLF funding for the land disposal program (the legislature provides a separate funding source for this activity).

The change of direction and budgets, combined with some errors made by DOAg Management caused some staff unrest, to this we agree.

One of DOAg's goals during this time was to sell its repossessed agricultural properties to get them back into private hands. DOAg experienced success in this endeavor and continues its efforts to sell the "major" agriculture facilities. DNR, including the DOAg, firmly believes that the private sector can do a better job farming those assets than can state government.

Concurrent with the above mentioned shifts in funding and organizational structure, good management of the ARLF loan portfolio resulted in the lowest default rate (less than one percent) in the history of the ARLF.

DNR's response to your specific recommendations follow.

Recommendation No. 1

The legislature should statutorily restructure services to agriculture for more aggressive pursuit of distinctive Alaska opportunities.

DNR assumes the new administration will take this recommendation and its components under advisement. In 2000 the legislature created the BAC as a management and directing tool. This response does not attempt to support or rebut the suggested parsing out of DOAg functions. Rather than respond to each individual placement, DNR pledges to work with the legislature, the BAC, and the industry to successfully accomplish whatever is deemed appropriate.

Recently DNR evaluated transferring the responsibility of ARLF loan examination to the Division of Investments. DNR felt that preliminary activities, namely separation of the functions of loan examination and asset management, needed to occur prior to any transfer. This concept will be discussed further with the new Administration.

Recommendation No. 2

DNR should consult the attorney general concerning state oversight of Mat Maid.

We agree with this recommendation.

Report Conclusions:

The audit report concludes that the division has made very little progress in advancing agriculture; and, in fact, that the lack of innovative leadership is actually hindering the expansion of Alaska agriculture.

Agency position:

DNR does not agree with this conclusion and specifically objects to the statement that DOAg is hindering the expansion of Alaska agriculture! To measure progress there needs to be a standard to measure against.

The auditors attribute the lack of progress to:

#1 - Lack of innovative leadership hinders Alaska Agriculture expansion

DNR disagrees with this conclusion. It is a combination of market forces and resources dedicated to farming activities by the Legislature that impact the expansion of the Alaska agricultural industry. DNR and the Legislature measure the success of DOAg against its established Mission & Measures. Specifically, the Legislature measures the success of the DOAg as follows:

"The monetary value of agricultural products grown in the state that are sold domestically or exported".

In 1998 this number was $27,511,000. Three years later, the monetary value of agricultural products increased by 9.6%, to $30,152,000. DNR considers $2.6 million a very respectable increase. Using these criteria, DNR feels that DOAg has been successful despite limited resources.

The level of innovation suggested by this audit requires resources, in terms of staff and dollars, not currently available to the division. The day-to-day demands on state employees at DOAg are already substantial.

In addition, current state policy is purposely one of NOT directing agricultural development. Agriculture in Alaska is still routinely criticized for the state-sponsored projects of twenty-five years ago. We have moved beyond that and look to the future. The division is tasked to assist and support farmers as they innovate, not to direct their activities.

DOAg successfully provided support services for farmers entering niche markets or expanding production for traditional markets. The division pursued federal funding, sold repossessed agricultural land, and provided necessary inspection and marketing assistance. Following is a sampling of accomplishments during the past decade:

- ✓ Sold over 55,000 acres of agricultural covenant State of Alaska (State) lands (120 parcels), both ARLF and Title 38, bringing over $12 million in return to the State. With only one exception, DOAg did not tell purchasers what to grow or how to farm. To encourage farmers to purchase and to discourage speculators, purchase requirements are generally limited to a minimal clearing requirement for Title 38 sale contracts. Recent media coverage of possible new disposal areas has generated dozens of inquiries from Alaskans.

- ✓ Specialty crops and products have been encouraged through loans, marketing efforts and direct staff support. These crops and products include but are not limited to: fresh cut vegetables, baby-peeled carrots, cheese curds, alternative livestock (elk, bison, yak, reindeer, llamas, and alpacas), organic crops, greenhouse production, and farmers' markets. Our modest financial contribution to USDA Farmers Markets, Women Infant and Children Program (WIC), and Senior coupon

- ✓ Programs has significantly helped small farmers seeking niches (jelly and jams, birch syrup products, organic farmers, etc.) to expand and become profitable.

- ✓ Developed and promoted several specialty niches, actively cooperated with and assisted in the development of six Farmers Markets throughout Alaska (Anchorage, Fairbanks, Homer, Kenai, Eagle River, and Wasilla) and DOAg is currently working on the development of a market in Southeast Alaska.

- ✓ The Cooperative Marketing Program (CMP) funded 19 producer driven promotional projects across Alaska, and 15 of the 19 contracts were for niche type markets. The Kenatzie tribe in Kenai has been a participant in the CMP. Some of the non-traditional products include: aquaculture through the Shellfish farmers, natural teas from rural and southeast Alaska, farmed game meats, organically grown grains and produce for human consumption, family owned greenhouses and nursery producers. Aquaculture shows potential and the division is working with growers, cooperatives, and associations to promote and define this market with the limited staff resources that are available at the division.

- ✓ New products for major distributors: Developed and found markets for Alaska Reindeer products. Product demand for this market continues to go unmet for several reasons, all of which are out of DOAg control.

- ✓ Routine inspection of retail businesses: DOAg staff inspects locally produced products at the shipping point and packing warehouses. This corrects problems with product quality before it enters the marketing chain and provides the efficiency of visiting one packing warehouse instead of several stores. Existing statutory authority only requires the inspection and labeling of potatoes for grade requirements. USDA Licensed Inspection staff does retail produce surveillance as time allows reviewing other produce that is labeled to a USDA grade. Current staffing limitations restrict the ability to conduct more inspections at the retail level.

- ✓ International Trade: DOAg staff cooperated with the Division of Community & Economic Development (DCED), Division of International Trade to develop and identify markets for Alaska Grown products. They also worked with DNR's Division of Forestry, DCED's, International Trade, and USDA to promote the international marketing of Alaskan logs. We welcome the continuation and expansion of these relationships to identify and develop international markets.

- ✓ DOAg supported, through marketing and infrastructure maintenance, "meat and potatoes" farming and commodity farmed dairy, red meat, and grain production. The following examples demonstrate DOAg's successes in this area. DOAg rebuilt the Mount McKinley Meat and Sausage Plant (MMMS) after a major fire in 1997. DOAg aggressively and successfully marketed a record potato crop in 2001 through the ***Alaska Grown program***. The agricultural land disposal program resulted in additional Southcentral dairies (not a sale requirement) and a subsequent 40% increase in milk production between 1994 and 2002.

- ✓ The Director of DOAg approached USDA Rural Development leadership regarding Denali Commission funding for agriculture on two occasions. The focus of the Denali Commission at that time was to support "bush communities." Again in 2001, the Northern Region office approached the Denali Commission concerning development projects at Delta Junction. The Denali Commission informed the regional office that projects in the rail belt were not being considered at that time. In recent months, focus shifted to more rural (road accessible) projects. The division continues to maintain contact with Denali Commission members and supports future efforts by the new administration to pursue similar contacts, including the concept of an agricultural industry liaison, and additional federal funding as envisioned by the audit report.

- ✓ The Division has worked with other federal funding agencies with great success. The Director estimates $9-10 million in federal funding has been requested and received over the past five years. Much of this money has been in support of the Plant Material Center (PMC) projects (Seed Lab, Plant Quarantine Facility, Cold Regions Research, Germplasm Repository, and Native Plant Commercialization). Marketing and value-added grants have approached $700,000. DOAg is successfully partnering with the Bureau of Indian Affairs (BIA) on a significant road project in the Delta area, and has language in the USDA appropriations bill for FY 2003 for significant grants or loans to Matanuska Maid Dairy.

- ✓ DOAg created the Cooperative Marketing Program (CMP). This matching small grant marketing program is driven by producers' ideas and allows them to make their own decisions about marketing efforts. The CMP generated over $70,000 in advertising for niche and mainstream agricultural products in its first year. Federal grants funded the program at $50,000 for the past two years and the program generated in excess of $100,000 in advertising efforts. Positive sales reflect industry support for this new project. The primary beneficiaries are the "niche growers."

- ✓ Import Substitution does not just relate to "meat and potatoes" farming. It includes native plants, re-vegetation grass seed and vegetables. Since half of all vegetables and potatoes consumed by Alaskans are processed or frozen, the Division supports a federal grant award to the Mat-Su Farm Bureau Chapter to quantify the market for value-added vegetables in our institutional markets, e.g., school lunch programs, correctional facilities, pioneer homes, etc. If feasible, this could double the market for Alaska vegetable farmers growing carrots, potatoes, broccoli, peas, etc.; all are crops that do well here. There is potential for a shared use of a proposed Central Kitchen facility with the Matanuska–Susitna School District or partial utilization of the ASI Plant in Anchorage. This approach is exactly what is leading to successful, non-commodity small farms across the country.

- ✓ An analysis of the USDA statistics shows that contrary to what made up the product mix of ten to fifteen years ago; grain and milk production, while still important, has been overtaken by vegetable and greenhouse production. With State assistance, not direction, sustainable consumer-driven production is occurring. Alaska agriculture cash receipts have returned to the record level of cash receipts from the late 1980s without significant State investment.

- ✓ The PMC has been a national leader in the use and development of Native Seed as a regionally competitive crop for local farmers. Very few states have devoted as much resource to these new crops, as has Alaska through the PMC. Native plant seed is a crop adapted to our state and a crop that is not overly affected by commodity market prices and/or competition from other areas

in the nation. It is a crop that is developed, grown, marketed, priced and used in Alaska. No other crop can make this claim.

- ✓ Agriculture in Alaska is not driven by State developed marketing or product decisions. We sell agricultural lands, monitor contracts, assist with marketing, inspect agricultural product including raw logs and elk fences, make loans for agricultural development, service existing loans, assist the BAC, respond to public requests; all with a handful of staff in each section. The Division has done this knowing those services are being paid for from the corpus of the Agriculture Revolving Loan Fund (ARLF). To do more would require additional draws from the fund, or additional federal resources or an unlikely infusion of state general funds. Agriculture in Alaska is growing in a steady and responsible fashion. The statistics verify this.

- ✓ There are not any "affluent corporate farms in Alaska"; we have 500-700 relatively small family farms.

In summary, DOAg has been successful in many niche areas. They acquired new federal funding and inspections were aimed at areas supported by federal funds. The industry or the Legislature did not mandate pursuing the niches in Exhibit 1, nor has it been funded. All of DOAg's accomplishments were achieved in an environment of change and at a time when the objective was to get repossessed ARLF assets and other Agricultural properties back into the private sector. DNR feels DOAg has been successful in achieving this objective.

DNR takes exception to Exhibit 2 and the statement that "DOAg's unfocused approach simply emphasizes the volume of "farmland" that has been re-privatized". Are the auditors suggesting by their inclusion of Exhibit 2 that either the BAC or the Legislature is sending the DOAg into the wrong jungle? The DOAg inherited assets of a failed agriculture policy established during the early 80's. Current legislative direction is for the DOAg to be self-supporting with ARLF and federal funds. The disposal of repossessed properties is nearly complete. Disposal of state owned agricultural land has been highlighted as a primary action requested by the Alaskan agricultural community and is also a means of promoting agriculture and protecting the ARLF. The DOAg is now able to step out into new ventures, as determined appropriate by the Legislature and the BAC. However, accomplishments achieved in meeting the DOAg Mission and Measures deserve to be acknowledged. DNR and the BAC respectively recommend that Exhibit 2 and all reference to it be removed from the audit report.

Through Exhibit 3 the auditors assign assumptions to the DOAg that are not subscribed to by DOAg and DNR. DOAg's practices also do not conform to footnote 8, which implies the State is to provide the costly infrastructure. Our hope is to have the private sector operate without government assistance. DNR does not assume that government can run a business better than the private sector. However, when the private sector fails and their operation is financed with State funds, DOAg is responsible for protecting the State's financial interest.

The audit mentions the entitlement culture from which the farmers need to be weaned. Farmers are not provided subsidies. DOAg sells land and assets at appraised values. The recent land disposals are at appraised values and any additional infrastructure is at the cost of the buyer.

DOAg practices fiscal responsibility by appropriately managing the assets of the State; this requires repossessing properties when the borrower fails to comply with contractual obligations. DOAg

attempts to place that parcel back into the private sector, which in some instances, may require a lower than appraised value sale price. DOAg cannot increase the monetary value of agricultural products grown in the state that are sold domestically or exported if the division's repossessed property inventory remains out of production.

#2 - Fragmented, disjointed research facilities

DNR disagrees with the statement that the effort of our research failed to result in any profitable niches. Public research in itself cannot produce profit. It is the entrepreneur utilizing the results of research that will create profit. DOAg may have potentially profitable results from research but it is the private sector that must take the next step. There are examples of realized profits as a result of our research. New crop releases from the PMC have given some seed growers sustainable profit.

The comment that the PMC is, in our opinion, inaccurate. We believe that within its areas of specialization the PMC is well recognized and respected in Alaska, throughout the nation, and, to a degree, internationally. Unfortunately, the PMC staff are so specialized that they do not have the luxury of broad public visibility. The PMC is the primary scientific and technical information resource for several outside entities, including, but not limited to the: Alaska Department of Transportation and Public Facilities, Alaska Department of Fish and Game, U.S Air Force in Alaska, Corps of Engineers in Alaska, Department of Environmental Conservation, and the U.S. Public Health Service. These and a number of other state and federal agencies interact with the PMC concerning issues of re-vegetation, erosion control, land reclamation, and habitat enhancement/restoration. In addition to a large professional level customer base, the PMC staff fields a substantial number of requests from the public and is the primary resource for the seed growers in Alaska. The PMC is well known by those who need to know.

It is interesting to note that for a little known facility the PMC seems to bring in a great deal of funding from a broad-based federal agency pool. No agency is required to work with the PMC. Agencies seek out the PMC for assistance based on the PMC's reputation and abilities. The wide spread cooperative agreements and arrangements the PMC has with a multitude of agencies and private sector companies benefits not only the PMC; it is the primary means of marketing the seed grown by the Alaska Seed Growers.

The audit calls the PMC a research facility. In reality, most of what the PMC does is to provide support in the form of information and production of seed and potatoes. These are services, not research. The PMC does complete research in relation to production crops, as there is a critical need for this among producers.

While governmental coordination can always improve, the DOAg can only work cooperatively with those who wish to and have resources to do so. In recent years, Cooperative Extension Service (CES) has taken significant budget cuts. Yet they have been able to reestablish a half time extension position for livestock, and that individual has worked with dairy farmers and non-traditional livestock owners. Ever since late blight was found in the 1998 potato crop, CES, the University Experiment station, and the DOAg have funded a modest pest scout program. DOAg continues to work with USDA APHIS, most recently on pest and disease programs funded through homeland security. The PMC is actively working with USDA ARS through the Arctic Germplasm

repository. Though limited by the small nature of the industry, the various federal, University, and state agencies focused on agriculture in Alaska do cooperate extensively.

The conclusion includes a reference to the fact that the legislature needs to directly, formally, and explicitly mandate an Alaskan Agriculture Research Consortium through amendment of statutes for the PMC and the university system to work together. DNR welcomes a discussion regarding this with a focus to practical outcomes and adequacy of funding.

The BAC believes that attention must be given to the fact that the UAF is a land grant institution and the federal formula funding for agricultural research and extension can only go to the Land Grant University in each state. That university by law is obligated to teach agriculture. This could result in less federal monies being available.

#3 - A more meaningful role for the new Board of Agriculture and Conservation

The legislation that created the BAC has been in effect since July 1, 2000. Among the stated goals was continuity of agricultural policy between administrations, increased industry control of critical ARLF infrastructure assets, regulation promulgation authority, and management of the ARLF. The BAC has worked diligently since its formation two years ago to implement the legislation and adopt regulations that will further its mission. Additional involvement in research and development issues is a good idea. Only recently, having finished the arduous process of developing and implementing regulations, and faced with the Mt. McKinley Meat and Sausage (MMMS) disposal effort, has the BAC been afforded the luxury of entertaining long-range policy issues for agriculture in Alaska. DNR believes they are now well positioned to take on that task.

#4 - Human Resources (HR) Mismanaged

While the past Director of DOAg has acknowledge personal weaknesses in human resource management, over the course of his tenure he communicated the basic premise that professional behavior is expected.

The Department did address most of the bullets in Exhibit 4 and offers the following:

Careless screening of job applicants for any criminal background or dangerous driving records (incomplete applications, little verification, lax follow-up of disclosures to assess risk to public and co-workers)

This is an inaccurate statement. All applicant profiles and supporting documentation are thoroughly reviewed. If a conviction(s) is reported on an applicant profile and supporting documentation, the conviction(s) is evaluated in accordance with Personnel Rule 2 AAC 07.091 and with established Department of Administration, Standard Operating Procedures. The review and findings are in the central personnel files not in the Division's.

Inadequate safeguards for accurate communication of pay rates and benefits to hirees.

DNR's Human Resources staff consistently strive to provide accurate information regarding pay and benefits. Our systems are set up with a cross certification process. When errors are discovered, immediate steps are taken to correct the error.

Employee confusion over Ethics Act boundaries between official and private behavior.

DNR acknowledges some employees may have been confused. On June 6, 2002 a meeting was held with all the Palmer Agriculture employees (except the PMC staff) to distribute and review statewide polices and procedures. The meeting was conducted by the Human Resources Manager, Assistant Human Resources Manager, and the Special Assistant to the Commissioner. The Special Assistant to the Commissioner, as the designated Ethics Supervisor for the department, delivered a presentation on the statewide Ethics Act, distributed a copy of the Ethics handbook and conducted a question and answer session.

Recent reports from the Ethics investigator find no ethic violations occurred within the scope of review.

Neglect of escalating reclassification disputes (duties have expanded to do more with less).

All the collective bargaining units recognize that the Employer retains the right to manage its affairs, to determine the kind and nature of work to be performed and to direct the work force. The positions in the Division of Agriculture are correctly and appropriately classified. If an individual employee believes their position is inappropriately classified they may obtain a review of their position by utilizing their collective bargaining process.

#5 - Physical Resources Mismanaged

1. Environmental Stewardship

The Division is committed to high agricultural environmental standards, and has taken proactive steps to ensure it. To compare us to the other natural resource industries is fair; to imply they have not had their own challenges is not realistic. In order to limit potential environmental problems, DOAg, as a condition of sale of agricultural lands, requires contact with the most capable government resource, the USDA Natural Resource Conservation Service (NRCS). State government has no budget to perform such services. DOAg requires a farm conservation plan before a contract is executed. While that does not ensure environmental compliance for a private property owner, it does establish an initial contact with professionals who can assist with the variety of issues involved in farm development, including animal waste management.

The DOAg website lists reference sites for farmers, both national and international. EPA and USDA are currently working on Concentrated Animal Feeding operation regulations. It is one of the biggest issues facing large corporate farms in the U.S. Alaska has no farms in that category. DOAg acknowledges challenges on a specific farm. Division personnel, including the loan officer, asset manager, and BAC representatives continue to monitor and work toward resolution of the problem. DOAg supported the DEC action referenced in the audit and communicated to the farmer the serious nature of the infraction. As a result of communications with other agencies, DOAg is

aware that an Environmental Quality Improvement Program (EQIP) grant had been secured and that construction of an adequate system is occurring.

The DEC is the responsible agency for dairy permits and DOAg is aware they conduct water sampling of farm wells. To our knowledge, there has been no violation of water quality. While DOAg acknowledges isolated problems, the division has dedicated resources to fix them.
On Pt. MacKenzie, Tract 15 was the responsibility of BAC as an ARLF asset and was fixed. The situation has been corrected, with the exception of spreading stockpiled manure. This byproduct is valuable and applied correctly is no threat to the water resource and is an efficient and effective fertilizer source. The division and ARLF have sold these properties and do not entertain leases of farm facilities. Private property owners are urged to contact the appropriate regulatory and support agencies.

The reference to the test at Ft. Greeley / Gerstle River speaks to a much larger environmental issue which the division will track, regardless of responsibility. For several years DNR reviewed, and continues to review, the agricultural area along the Gerstle River for contamination. No contamination has been found.

The mischaracterization of an advertisement in the November 15, 2002 edition of the Anchorage Daily News suggests bias. DOAg agreed, based on our CMP program, to support an ad that was conceived largely by the Mat Valley vegetable growers through the local Farm Bureau Chapter. If the auditors question the amount of herbicides, pesticides and GMO products that were referred to, please provide documentation. Suggesting that one failed lagoon, recognized and with its problems being corrected, as evidence of some massive agricultural environmental problem in Alaska shows a lack of agricultural knowledge and expertise.

2. Oversight regarding major state owned facilities

Of the five facilities listed, the former **Fairbanks Meat Plant**, now serving as a fish processing plant, is under consideration for disposal. With the more disposable assets returned to private ownership, division staff will begin to investigate and propose strategies for disposal of this asset.

The other four assets are critical infrastructure assets for agriculture in Alaska. They are best suited to oversight by the BAC, with its agricultural expertise.

The Matanuska Maid dairy is running in the black. No public funds have been expended on this facility in more than a decade. Auditors may suggest that Alaskans do not support local milk production because of higher consumer prices, but customers continue to vote with their dollars everyday to keep this business in a profitable situation. USDA funding of new physical plant for Mat Maid remains a real possibility.

The **Feed Mill facility in Palmer** is managed as an asset of Mat Maid. Because of the shortage of space in Anchorage at the primary facility, this location performs critical functions, including bottle and jug making and vehicle maintenance. A new physical plant could make this a disposable asset.

The **Mt. McKinley Meat and Sausage** plant has been offered to the private sector twice in the past two years. The BAC has scheduled a public hearing on January 15, 2003 to discuss further attempts to dispose of the facility.

The **Alaska Farmers Coop facility** is a fertilizer blending facility, as well as a grain storage and grain drying facility that was constructed in the late 1970s. This facility provides a service to any interior farmer looking to either purchase bulk fertilizer or access grain facilities. This makes it an important infrastructure asset for interior farmers. This facility receives no State funding.

3. Traditional safeguards over public funds and equipment

DNR is pleased to note that after extensive review of over 300 risk-based transactions, the auditors found purchasing and payment controls acceptable. The division has addressed a number of the suggestions in Exhibit 6 and will continue to look at strengthening safeguards over public funds and equipment.

4. Integrity of the state owned "Alaska Grown" trademark

DNR agrees this trademark should be registered with the US trademark office. The DOAg has recently contacted users in an effort to develop an updated and proactive policy with regard to its use.

DNR appreciates the opportunity to respond and looks forward to working on implementation of the improvements suggested in this report.

Sincerely,

Marty Rutherford,
Acting Commissioner

Cc: Dean Brown, Acting Director, Division of Agriculture
Nico Bus, Acting Director, Support Services Division

January 13, 2003

Members of the Legislative Budget
and Audit Committee:

We have reviewed the response to our preliminary audit on the Department of Natural Resources (DNR), Division of Agriculture (DOAg). Nothing contained in this response gives us cause to reconsider our findings.

DNR's response underscores our concerns rather than refutes them. DNR persists in its defense of the status quo that benefits its small DOAg constituency.

First, DNR refuses to acknowledge that the State faces a serious fiscal crisis in which limited resources must be refocused on serious business opportunities. Despite a small division dedicated to "agriculture," federal farm statistics continue to show a small role for farming in the state's economy.[1]

Second, the approach of the response demonstrates deference to existing beneficiaries more than decisive planning for the advancement of the state's agriculture. In fact, DNR asserts that agricultural leadership and innovation are simply not its responsibility. We disagree, though, believing that public resources must now be refocused on those programs with the most promise to significantly advance the state's economy. In short, responsible public choices are part of DNR's job.

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[1] The 2001 production statistics cited by DNR demonstrate the small nature of Alaska agriculture, not its success. To begin with, the $30.1 million in receipts from Alaska production represents the *gross* amount received rather than any indication of the *net* profitability of farms. The four main components of the $30.1 million are commercial greenhouses (47%), potatoes (11%), hay (10%), and milk (9%).

The "record" potato crop for the entire state is actually harvested from a total of less than 1½ square miles. The harvested area of its hay crop ranks only above Delaware and Rhode Island in comparison to the Lower 48. Alaska has fewer milk cows than any other state. Despite all of DOAg's "Alaska Grown" publicity campaigns, federal statistics also show that the state's entire crops of carrots, lettuce, and cabbage are each harvested from total areas of less than *one-tenth* of a square mile.

DNR's assertion of "500-700 relatively small family farms" is based on surveys conducted by the U.S. Department of Agriculture (USDA). However, per the USDA statistician, the self-reporting threshold for the federal definition of an Alaskan "farm" is only actual or *potential* sales of at least $1,000. Thus, the USDA statistics do not indicate the number of commercially viable farms. Even under USDA definitions Alaska is ranked last in the nation in terms of the number of farms.

Further, DNR's assertion that Alaska is devoid of any "affluent corporate farmers" is inconsistent with the department's own records and those of the Department of Community and Economic Development.

In summary, we reaffirm the findings and conclusions presented in the report.

Pat Davidson, CPA
Legislative Auditor

HB 195

<TARGET><BILL>HB 195</BILL><SUBJECT>HB 195</SUBJECT><COMM>HRES27</COMM></TARGET>

REPRESENTATIVE
ERIC FEIGE
House District 12

House Resources Committee Co-Chair
Education Committee
Transportation Committee
Joint Armed Services Committee

Alaska State Legislature

House of Representatives

During Session:
State Capitol Room 126
Juneau, Alaska 99801-1182
(907) 465-4859
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Sponsor Statement

An Act relating to the regulation and use of pesticides and broadcast chemicals

The application of pesticides and broadcast chemicals safely and effectively controls invasive species, unwanted plants, insects, fungus, and other diseases and provides other benefits to humans and animals. Rigorous testing and application standards protect the environment and the public.

Products are developed and tested first to meet safety standards established by the Environmental Protection Agency, and then registered for use on a state-by-state basis.

Commercial applicators are trained, tested, and certified by the State of Alaska before they can use pesticides. These certified applicators apply many of the same products available to the general public at retail stores, but must be more knowledgeable than the average consumer before they can use the product.

The state of Alaska requires agencies to obtain a permit from the Department of Environmental Conservation (DEC) before they apply pesticides and broadcast chemicals on public land, or where public funds are used. The DEC permit requires collection of unnecessary information, delays application of the product, increases costs to the state and other government agencies, and does not increase safety related to product application. This permit is not required for application on private property.

Alaska Statute allows the Department of Environmental Conservation to create regulations that are specific to application of pesticides and broadcast chemicals on public land or with public funds. However, DEC created this permit procedure that is not risk-based and that is an unnecessary burden to itself and other state agencies.

This bill repeals the authority of the Department of Environmental Conservation to regulate application of pesticides and broadcast chemicals on public land or with public funds in a different manner than it requires of commercial applicators working on private property. It will not change the safety or licensing requirements for the application of pesticides or broadcast chemicals.

Email: Representative.Eric.Feige@legis.state.ak.us

LEGAL SERVICES

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LEGISLATIVE AFFAIRS AGENCY
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Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM March 23, 2011

SUBJECT: Sectional summary of HB 195 (Work Order No. 27-LS0635\B)

TO: Representative Eric Feige
Attn: Michael Paschall

FROM: Alpheus Bullard TLAB
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Sections 1 and 2. Conform statutory citations in two statutory sections with the deletion of a paragraph in sec. 3 of the bill.

Section 3. Removes a paragraph from AS 46.03.320(a) that specifically permits the Department of Environmental Conservation (department) to "regulate and supervise the distribution, application, or use of pesticides and broadcast chemicals in any state project or program or by a public agency under the jurisdiction of the state[.]"

Section 4. Changes the meaning of "public place" in AS 46.03.320(c).

Section 5. Amends a provision in uncodified law to conform a statutory citation in that provision with the deletion of a paragraph in sec. 3 of the bill.

Section 6. Deletes AS 46.03.330 (Public pesticide programs).

TLAB:plm
11-176.plm

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **27-LS0635\B**
() Publish Date

Identifier (file name) HB195-DEC-SWM-03-18-11
Title Pesticides and Broadcast Chemicals
Sponsor Representative Feige
Requester House Resources Committee

Dept. Affected Environmental Conserv
Appropriation Environmental Health
Allocation Solid Waste Management
OMB Component Number 2344

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0		0.0	0.0	0.0	0.0	0.0
Grants	0.0		0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0		0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0		0.0	0.0	0.0	0.0	0.0
1004 GF	0.0		0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0		0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0		0.0	0.0	0.0	0.0	0.0
Other (please identify)	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time	0.0		0.0	0.0	0.0	0.0	0.0
Part-time	0.0		0.0	0.0	0.0	0.0	0.0
Temporary	0.0		0.0	0.0	0.0	0.0	0.0

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by Kristin Ryan, Director
Division Environmental Health
Approved by Dan Easton
Deputy Commissioner

Phone 907-269-7645
Date/Time 3/24/11 5:00 PM
Date 3/25/2011

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 195

Analysis

This bill would have no fiscal impact on DEC.

(2) establish procedures for processing, reviewing, and approving or disapproving applications for the siting and operation of privately owned hazardous waste management facilities.

(c) The department may authorize the siting and operation of privately owned hazardous waste management facilities in accordance with factors and requirements established under this section.

(d) The department shall hold public hearings in each house district in which a hazardous waste management facility site is proposed to be located. The department shall give reasonable public notice of the time, date, and place of each public hearing at least 30 days before the hearing. The public shall be afforded an opportunity at each hearing to submit written and oral testimony concerning a potential site.

(e) In this section, "intrinsic suitability" of a site means that, based on existing data on the inherent and natural attributes, physical features, and location of the site, there is no known reason why a waste management facility that may be located in the site could not reasonably be expected to qualify for a permit under AS 46.03.302 .

Sec. 46.03.314. Reports on management sites and facilities. [Repealed, Sec. 62 ch 21 SLA 1991].

Repealed or Renumbered

Sec. 46.03.316. Hazardous waste reduction and recycling program. [Repealed, Sec. 4 ch 88 SLA 1990].

Repealed or Renumbered

Sec. 46.03.317. Hazardous waste reduction matching grants.

(a) A hazardous waste reduction grant account is established in the general fund. It consists of appropriations made to it.

(b) The department may issue matching grants from money in the account to businesses, local governments, industry trade associations, labor organizations, or nonprofit organizations for the purpose of feasibility analysis and evaluation of ways to implement hazardous waste reduction.

(c) Grants under this section

(1) must be matched on a dollar-for-dollar basis by the grantee in cash or in kind;

(2) may not exceed $10,000 for any single proposal or project.

(d) The department shall establish an advisory committee, consisting of five members, to assist the department in reviewing and evaluating grant applications under this section. The advisory committee must include

(1) an officer or employee of the department;

(2) a representative of the University of Alaska;

(3) a professional civil or chemical engineer with experience in environmental engineering;

(4) an owner or representative of a small business; and

(5) a public member.

Article 05. PESTICIDE CONTROL

Sec. 46.03.320. Regulation of pesticides and broadcast chemicals.

(a) The department may

(1) regulate the transportation, testing, inspection, packaging, labeling, handling, and advertising of pesticides and broadcast chemicals offered for sale or placed in commerce for use in the state;

(2) regulate and supervise the distribution, application, or use of pesticides and broadcast chemicals in any state project or program or by a public agency under the jurisdiction of the state;

(3) regulate or prohibit the use of pesticides and broadcast chemicals;

(4) register pesticides and broadcast chemicals for sale or distribution.

(b) The department may provide by regulation for the licensing of or temporary license waiver for private applicators of restricted-use pesticides, for persons engaged in the custom, commercial, or contract spraying or application of pesticides and broadcast chemicals, and for other persons engaged in the spraying or application of pesticides and broadcast chemicals in public places. A person engaged in the custom, commercial, or contract spraying or application of pesticides and broadcast chemicals may, by regulation, be required to secure a surety bond or liability insurance.

(c) A person may not apply a pesticide or broadcast chemical in a public place unless licensed by the department or otherwise authorized under a regulation of the department. The department shall by regulation provide for reasonable public notification, including written notice posted on the application site, when pesticides and broadcast chemicals are applied in a public place. In this subsection, "public place" means (1) common areas of an apartment building or other multi-family dwelling; (2) that portion of a government office or facility to which access is not ordinarily restricted to employees; and (3) plazas, parks, and public sports fields.

(d) In this section, "multi-family dwelling" means a building that includes more than four single-family dwellings.

Sec. 46.03.330. Public pesticide programs.

(a) An officer, agent, or employee of the state, or of a borough or city of any class, may not direct, carry out, or participate in the spraying or application of a pesticide or broadcast chemical in any program or project involving funds, materials, or equipment of the state, borough, or city, except in accordance with regulations adopted by the department under AS 46.03.320 .

(b) Before a public project that would affect land owned separately by two or more persons is initiated, the person directing the program shall give public notice of the program in the manner required by regulations of the department. The department shall conduct a public hearing on the proposed program if a hearing is requested by the governing body of the affected borough or city, or by a petition signed by at least 50 residents. The requirement for public notice or public hearing may be waived if the commissioner determines that a public emergency exists.

(c) The provisions of this section apply to home rule municipalities.

Article 06. UNDERGROUND STORAGE TANK SYSTEMS

Sec. 46.03.360. , 46.03.363l Board of storage tank assistance; Reports. [Repealed, Sec. 2 ch 102 SLA 2006].

Repealed or Renumbered

Sec. 46.03.365. Regulation of underground petroleum storage tank systems.

(a) The department shall develop a program to abate and prevent pollution from underground petroleum storage tank systems through the adoption of regulations under AS 44.62 (Administrative Procedure Act). Consistent with other provisions in AS 46.03.360 - 46.03.450, the regulations may govern

(1) notification and registration;

(2) inspection and record keeping;

(3) construction, installation, and performance;

(4) maintenance, operation, and repair;

(5) technical standards, including standards for spill and overfill control, corrosion prevention, and release detection and reporting;

(6) financial responsibility;

(7) certification of underground petroleum storage tank system workers;

(8) corrective action and cost recovery;

(9) closure and abandonment;

(10) enforcement of regulations; and

Questions & Answers About Pesticides

The Need for Pesticides

Why do we use pesticides?

Pesticides (the generic term for insecticides, herbicides and fungicides) control weeds, insect pests and fungal and other diseases. The benefit of pesticides lies in their ability to manage a pest (weed, insect or disease) problem that potentially could become out of control and could endanger your health or the health of your family, pets and plants, or threaten the quality of your home, lawn, school or business.

Professional Applicators

Who are professional applicators?

Professional applicators are people trained to apply or direct the application of pesticides as part of their jobs, generally for a fee. Professional applicators are those who apply pesticides to property other than their own.

What type of license or certification is required to apply pesticides?

There are two types of pesticides: general use pesticides and restricted use pesticides. General use pesticides are those purchased by the public in garden centers and retail outlets, which can be applied by homeowners without special training, just by following directions on the product label. General use pesticides are also applied by professional applicators, although professionals may have a greater choice of products or quantities from which to choose and more sophisticated application equipment.

Restricted use pesticides can be applied only by certified applicators or individuals operating under the supervision of certified applicators. To become certified, professional applicators must demonstrate, through testing, practical knowledge of pests related to the category of certification for which the individual is applying.

These minimum standards for certification are established by the U. S. Environmental Protection Agency (EPA) and each state's lead agency for pesticides is responsible for enforcement. A state may establish more stringent requirements for certification, according to needs within that particular state. Generally, it is the Cooperative Extension Service that is responsible for training and testing pesticide applicators. Training classes are usually offered in individual counties throughout a state. Certified applicators must also renew their training regularly by attending approved continuing education programs.

Professional Products

Rep Feige

Do professional applicators use products that are different than those used by the homeowner?

Most people are surprised to find that the pesticides regularly used by professionals are often the same as general use products available to homeowners. Licensed professionals may occasionally use restricted-use products (materials not available to the general public) to solve pest problems that are not responsive to general use products and which may require more sophisticated application technology. These few restricted-use products require extra care and precaution by those who handle the concentrated material when preparing application mixes. Therefore, only certified applicators may purchase and use or supervise the application of restricted-use products.

Are there risks associated with pesticide use?

How safe are the pesticides used by professionals and homeowners?

If pesticides are handled and applied with care according to label directions, they do not represent an unreasonable risk to people, non-target organisms or the environment. Each pesticide has met the safety testing standards set by EPA.

What can I do to minimize any risks to me or to my family?

The simplest way to minimize risk is to read the entire product label and follow all instructions, especially protective clothing requirements. Be sure to store all pesticides securely and out of the reach of children and pets. Regardless of whether you or a professional applies the pesticide, keep people and pets away from the treated area immediately following application.

If the product requires that you stay off or away from the treated area after application, it will be stated on the label. Although many products used on home lawns have no specific reentry recommendations prescribed by the product label, a good rule of thumb is to stay off a treated area until it has thoroughly dried or settled (for granular products) following pesticide application.

Do pesticide applications harm dogs and cats?

No, not if label instructions are followed. All pesticides are carefully tested before they can be registered by the EPA and are sold. Part of this testing includes determining possible effects on non-target organisms, such as pets.

When can pets return to pesticide-treated areas?

If there are any requirements regarding when pets can return to treated areas, these instructions will be on the label. Remember, some pesticides are developed and formulated for use on pets.

Are golfers at risk from pesticides when playing on a golf course?

No. There is no scientific evidence that golfers face any health risks from the pesticides used to maintain golf courses. Once a liquid or dry product is applied and the turfgrass is dry or the product has been watered in, there is very little chance of exposure to golfers or others who enter the area.

How do we know that these products aren't harmful to humans or wildlife?

The pesticide industry is one of the most highly regulated industries in the United States. Before a product is registered by the EPA, it must be rigorously tested for human health and environmental safety. This process can take up to 10 years and involve up to 120 different tests and studies. Today, manufacturers may invest as much as $150 to $185 million or more in product safety testing before a new pesticide ever comes to the market. These safety tests are required, designed and reviewed by EPA scientists and are conducted according to EPA standards.

How can an insecticide control insects and not be harmful to people and pets?

It is a well-established medical and scientific principle that the amount of a substance used determines whether it is harmful. With pesticides, the amount of product needed to control insects is many orders of magnitude lower than an amount that would affect mammals, such as humans and pets. Remember, exposure alone does not equal risk or harm.

Do pesticides cause cancer in people exposed to low doses of pesticides over a period of time?

No. As used, pesticides do not cause cancer. Before a pesticide product can be registered and marketed, it must first be evaluated as to its potential risks, including any risk of causing cancer. Only products determined by EPA to have met the Agency's rigid testing requirements can be registered by the EPA. There is no specialty pesticide on the market known to cause cancer in humans.

The American Medical Association's Council on Scientific Affairs states that there is only conjectural evidence at best that pesticides may be carcinogenic. Dr. Bruce Ames, University of California at Berkeley, states, "There is no convincing evidence from either epidemiology or toxicology that pesticides are of interest as causes of human cancer."

Does use of aquatic herbicides present a problem with fish, swimmers and drinking water quality?

No, the testing requirements for registration of an aquatic herbicide are even more restrictive than those applied to products for use on crops and ornamentals, because EPA recognizes the added sensitivity of aquatic ecosystems and the diversity of water uses. The label provides information on the chemical compound(s) comprising the active ingredient(s) of the herbicide, directions for correct use on target plant species, warnings and use restrictions. Selection of the appropriate herbicide requires consideration of the temporary restrictions on water use that may

be required following treatment. The label will specify timing of any use restrictions to assure protection of people, animals and the environment.

Regulation of Pesticides

Who regulates pesticides and their uses?

EPA is the primary pesticide regulatory agency. Under the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA), all products that contain pesticides must be registered with EPA before they can be lawfully sold or distributed. EPA registration means that pesticide registrants have submitted required scientific research data concerning the risks associated with the use of the pesticide, that EPA has reviewed the data and that EPA finds the data acceptable. In fact, it is illegal for EPA to grant registration to any pesticide product until the Agency is satisfied, by scientific data, that the product can be used safely.

Before EPA approves the use of a pesticide product, it must make a finding, based on sufficient scientific data, that the product can be used safely according to the proposed use instructions. Any new information that comes to light subsequently on possible or actual adverse effects of the product, whether to health or the environment, must be reported promptly to EPA. Furthermore, EPA must reevaluate the safety finding each time a new use is approved or a change is made to the use instructions for the product.

The Federal Trade Commission (FTC)
The FTC has regulatory powers covering advertising in any medium, whether transmitted orally or in written form. The FTC requires that all advertising materials and claims, including sales presentations, must be scientifically accurate and not deceptive to the consumer.

State Governments
The designated state agency is usually the Department of Environmental Protection or Conservation or the Department of Agriculture. Virtually all states require licensing, testing and certification before a company can apply pesticides commercially. Many states also regulate pesticide advertising within their borders. The designated state agency also registers all pesticides to be used within the state. Pesticide companies and most professional applicators have stringent product stewardship programs to ensure the responsible use of their products. As a consumer, as with any contractor, make sure your professional applicator is properly certified and licensed. Each product must meet the EPA testing standards.

Are EPA registrations a statement of product safety?

EPA registrations are granted only after exhaustive review of the test data required for the registration process. As part of the registration process, a product label is developed. When the label is followed, the product can be used without unreasonable risk to the applicator, the public and the environment.

Are product labels adequate to allow users to use the products safely?

Product labels provide adequate information to the users about how to use these products safely. The U.S. EPA also has an ongoing Label Improvement Program that allows the Agency to require new labeling information or to require updates and revisions that make the label as user friendly as possible.

Testing Products

How extensively tested are pesticides?

Pesticide production is one of the most highly regulated industries in the United States. Before a product is registered by the EPA, it must be rigorously tested for potential human health and environmental effects. This process can take up to 10 years and involves up to 120 different tests and studies.

Today, manufacturers may invest $150- 185 million or more in product testing before a new pesticide ever comes to the market.

Most pesticides have registrations for multiple uses, many include uses on various food crops. This means even more testing has been done to satisfy the requirements of multiple registrations.

Are pesticides fully tested before they are used?

Yes. And, the process of pesticide registration is ongoing. Even though a pesticide is fully tested at the time it is registered, this is not the end of the process. As science advances, testing abilities change, and as new tests are developed, it is necessary to upgrade the information base on pesticides. In addition, it is not uncommon for additional tests to be required by EPA to maintain a registration or to register a product for additional uses.

The public should not be alarmed to hear that additional tests are performed for products already on the market. Rather, they should be reassured that the registration process is an ongoing effort to ensure that the information supporting the registration is always state-of-the-art.

Movement of Pesticides from Application Site

What is the likelihood that pesticides applied to lawns will get into groundwater?

There is very little likelihood that pesticides applied to lawns will end up in groundwater. Well-managed turf prevents runoff into water. In studies at The Pennsylvania State University for the U.S. Geological Survey, researchers found that the impact of well-managed turfgrass on water quality is so positive that the potential for water pollution from lawn pesticides and fertilizers is considerably less than other urban pollutants not associated with well-managed turfgrass areas.

An Ohio State University study found that thatch and other underlying soil residues retained nearly all the applied pesticides during the first two weeks after application. Residues in the soil were less than one part per million over 34 weeks of sampling. This means virtually all the

applied pesticide was staying in the thatch layer and surface residues rather than moving into underground water.

Presence of pesticides in well water is minimal. There are no known reported cases of adverse health effects from pesticide-contaminated water. Even in areas where pesticide use is most heavily concentrated, the presence of pesticides in wells has been found to be minimal or nonexistent.

"Present" does not mean harmful. Advances in analytical chemistry have made it possible to detect the presence of substances at levels never thought possible. The ability to detect chemicals at parts per million has virtually been replaced by measurements at parts per billion, parts per trillion and parts per quadrillion. As a comparison, a part per million is analogous to one second in 12.5 days, part per billion is analogous to one second in 32 years, and a part per trillion is analogous to one second in 32,000 years. To find a substance present in water has more to do with the ability to detect its presence, not a determination of risk.

Isn't the wind drift a problem with pesticide application?

Drift is a concern only if proper precautions are not taken by the applicator.

Two types of drift may cause chemicals to move off target. Particle drift occurs when the wind scatters small spray droplets off the intended application site. Vapor drift occurs when chemicals evaporate and move with air currents to other sites. Vapor drift is not common among specialty products. In either case, an applicator should be aware of wind conditions that could cause drift..

If pesticides are applied to my lawn, is there risk to people in my house?

Even if there was drift or tracking, the amount of pesticide that could get into the house is very low.

In addition, maximum exposure is at the site of application, the lawn. The maximum application rates for the lawn has already been determined through required EPA testing, including the determination that this maximum rate of application will not result in unreasonable risk to humans.

Any amount of product that might get into the house will be far less than the amount allowed on the lawn. Therefore, any potential risk will be far less, or non-existent.

Notification of Pesticide Application

How can I find out when pesticide applications have been made or will be made?

Upon request by the customer, professional applicators should voluntarily provide information to the homeowner regarding the pesticides used and the application schedule. Most companies will provide copies of product information at the time of sale or upon request. If you have not received such information, ask your professional.

Some states require posting following application. Several states offer a registry, which is a listing of persons who wish to be notified when adjacent properties will be treated with pesticides. Even in areas where a registry does not exist, good professional companies are willing to provide notification to individuals upon request.

Integrated Pest Management

What is IPM, and how does it work?

Integrated pest management (IPM) is a continuous system of controlling pests (weeds, diseases, insects or others) in which pests are identified, action thresholds are considered, all possible control options are evaluated and selected control(s) are implemented. Control options—which include biological, chemical, cultural, manual and mechanical methods—are used to prevent or remedy unacceptable pest activity or damage. Choice of control option(s) is based on effectiveness, environmental impact, site characteristics, worker/public health and safety, and economics. The goal of an IPM system is to manage pests and the environment to balance benefits of control, costs, public health and environmental quality. IPM takes advantage of all appropriate pest management options.

IPM System Components
IPM systems rely on accurate determination of optimum control timing and selection of appropriate method(s). Implementation requires current comprehensive information on pests and control options. As a system, IPM programs include a series of three steps:

1. **Monitor the site for presence of pest.** Critical components of monitoring include accurately identifying the pest, the presence of the pest, level of infestation and acquiring knowledge of requirements and life cycles of the pest.
2. **Determine the action threshold below which the pest can be tolerated.** Action thresholds are determined by factors such as severity of the problem caused by the pest, health or property concerns related to the pest, and user needs for the site where the pest is found.
3. **Initiate preventive or curative action to avoid surpassing the established threshold by selecting the appropriate control method(s):** biological, chemical, cultural, manual, mechanical. The selected method(s) of protection must balance considerations of economics, efficacy, worker/public health and safety, and potential hazards to property and the environment. Following applications, the continuous IPM process begins again.

IPM in Schools

Pests pose serious risks to children's health in schools. At the same time, the use of pesticides in schools can be challenging because of heightened concerns and misinformation. It is important to remember pesticides can be used safely and responsibly to control pests such as insects, rodents and weeds as part of a balanced integrated pest management program.

Cockroaches, ants, wasps, head lice and rats are the pests most commonly found in schools, and they do more than disrupt the learning environment. These pests pose increasing health and safety risks to children. Children, just by nature of their size, are more vulnerable to vector-borne diseases (carried by insects) because their immune systems are still developing. Consider some of the problems with pests in the school environment:

- Cockroaches can live and breed by the thousands in classrooms and cafeterias. They carry germs from filthy surfaces to cafeteria tables and classroom desks. Cockroaches are the leading cause of asthma incidents in urban youth. The more children are exposed to cockroaches, the more allergic they become.
- Mosquitoes carry deadly diseases. West Nile Virus, a deadly encephalitis virus that is transmitted to people, birds and horses by virus-carrying mosquitoes, is rampaging across the country. The number of cases of West Nile Virus continues to escalate as the spread of the disease marches across the country and into Canada. The CDC reported that for the year 2004 there were 2539 total human cases of West Nile virus reported in the United States. Of these, 100 were fatal.
- Rats and mice are often found living in and under school buildings. Rodents contaminate stored food with their droppings and urine, and spread the deadly hantavirus pulmonary syndrome (HPS), an infectious disease. The American Lung Association reports that "[a]s of September 2004, a total of 379 laboratory-confirmed cases of HPS have been reported in the United States, including 32 retrospectively identified cases that occurred before 1993. Thirty-six percent of all reported cases have resulted in deaths."
- Fire ants build their nests and routinely forage on school grounds, lawns, parks and even in schools, homes, health care facilities and nursing homes. These nests often contain more than 100,000 ants. During recess and physical education classes, children are often stung when they step into nests while playing. Fire ants can infl ict hundreds of painful stings to children. Scientists reported at the 2005 Imported Fire Ant Conference that 80 human deaths have been attributed to anaphylactic shock from bites. Five of these deaths occurred in nursing homes. More than half of the U.S. population, including children, are allergic to poison ivy, poison oak and poison sumac. Contact with each of these plants causes severe skin irritation, intense itching and burning, as well as blistering. A Wisconsin school district banned the use of herbicides to control poison ivy and other weeds. The decision was later reversed when a student had to undergo a 22-day course of steroids to treat a poison ivy rash. Other weeds, such as crabgrass and dandelions, can cause injury when children trip over them on playgrounds and sports fields.

These types of problems have caused schools to implement pest management programs. Many are turning to Integrated Pest Management or IPM.

Communication Is Key

To be effective, a pest management team has to establish clear lines of communication and designated roles of responsibility. Often, the school board sets the overall pest management policy, provides funding and monitors the results. It is important that the school board have an understanding of IPM . Sometimes school boards are pressured to completely eliminate the use of pesticides by by activists politically opposed to pesticides. School boards try this approach, only to discover that the judicious use of pesticides is needed to economically and effectively

control pest populations found in and around schools. Extensive research and solid science show pesticides pose little or no risk to the health of children or adults when used according to label instructions. Thus, pesticides are an essential component of successful IPM.

Establishing a Program

In addition to effective communications, an IPM program must include a written policy and a knowledgeable coordinator. A written policy is essential. IPM is doomed to fail without broad understanding and commitment by all stakeholders, including faculty, staff, board members and parents. A written policy helps to gain consensus and provides continuity.

Once a policy is in place, a staff person should coordinate the overall program. Whether the entire program is implemented internally or the majority of services are contracted to a pest control professional, it is critical to have a knowledgeable person on staff.

Success of IPM in schools is also dependent upon full cooperation of administrators, faculty, maintenance/custodial staff, parents and students.

RISE is the national association representing the manufacturers, formulators, distributors and other industry leaders in volved with specialty pesticide and fertilizer products used in turf, ornamental, pest control, aquatic and terrestrial vegetation management and other non-food/fiber applications.

Visit our Web sites at http://www.pestfacts.org/; http://www.westnilevirusfacts.org/; and http://www.schoolpestfacts.com/.

ARR

AS 46.03.320. Regulation of Pesticides and Broadcast Chemicals.

(a) The department may

(1) regulate the transportation, testing, inspection, packaging, labeling, handling, and advertising of pesticides and broadcast chemicals offered for sale, or placed in commerce for use in the state;

~~**(2)** regulate and supervise the distribution, application, or use of pesticides and broadcast chemicals in any state project or program, or by a public agency under the jurisdiction of the state;~~

(2~~3~~) regulate or prohibit the use of pesticides and broadcast chemicals;

(3~~4~~) register pesticides and broadcast chemicals for sale or distribution.

(b) The department may provide by regulation for the licensing of or temporary license waiver for private applicators of restricted-use pesticides, for persons engaged in the custom, commercial, or contract spraying or application of pesticides and broadcast chemicals, and for other persons engaged in the spraying or application of pesticides and broadcast chemicals in public places. A person engaged in the custom, commercial, or contract spraying or application of pesticides and broadcast chemicals may, by regulation, be required to secure a surety bond or liability insurance.

(c) A person may not apply a pesticide or broadcast chemical in a public place unless licensed by the department or otherwise authorized under a regulation of the department. The department shall by regulation provide for reasonable public notification, including written notice posted on the application site, when pesticides and broadcast chemicals are applied in a public place. In this subsection, "public place" means (1) common areas of an apartment building or other multi-family dwelling; (2) that portion of a government office or facility that is accessible to the general public~~to which access is not ordinarily restricted to employees~~; and (3) plazas, parks, and public sports fields.

(d) In this section, "multi-family dwelling" means a building that includes more than four single-family dwellings.

~~AS 46.03.330. Public Pesticide Programs.~~

~~(a)~~ ~~An officer, agent, or employee of the state, or of a borough or city of any class, may not direct, carry out, or participate in the spraying or application of a pesticide or broadcast chemical in any program or project involving funds, materials, or equipment of the state, borough, or city, except in accordance with regulations adopted by the department under AS 46.03.320.~~

~~(b)~~ ~~Before a public project that would affect land owned separately by two or more persons is initiated, the person directing the program shall give public notice of the program in the manner required by regulations of the department. The department shall conduct a public hearing on the proposed program if a hearing is requested by the governing body of the affected borough or city, or by a petition signed by at least 50 residents. The requirement for public notice or public hearing may be waived if the commissioner determines that a public emergency exists.~~

~~(c)~~ ~~The provisions of this section apply to home rule municipalities.~~

ADEC Pesticide Permit Applications from State Agencies or on State-Owned Land – 2006 – 2011

Applicant	Location	Date of Application/Date of DEC Decision	Comments
ADOT&PF	Anchorage Airport	Application Date: 4/15/2008 DEC Decision: 5/22/2008 (approved)	Use of insecticides and herbicides at state-owned airport.
Alaska Railroad	Rail Line Indian to Seward	Application Date: 5/22/2009 DEC Decision: 4/30/2010 (approved)	Proposal to use Aquamaster (glyphosate) herbicide for weed control. Public process included 3 public hearings and received over 100 comments. ADEC approved permit and spraying occurred in 2010; however, environmental groups have continued to fight to overturn or stay decision through administrative and legal avenues.
Alaska Railroad	Entire Rail Line	Application Date: 6/13/2006 DEC Decision: 2/28/2007 – (denied)	Proposal to used Razor Pro (glyphosate), Solution Water Soluble (2,4-D), and Oust Extra (sulfometuron methyl) herbicides. Public process included 7 public hearings and comment deadline was twice extended, with 1,083 comments received. ADEC denied permit due label violations – EPA did not allow application of Oust Extra to water which was proposed by application.
Alaska Railroad	Anchorage Yard	Application Date: 10/15/2010 DEC Decision: pending	One public hearing, with ongoing public comment period. Proposal to use Aquamaster (glyphosate) for weed control.
Alaska Railroad	Fairbanks/Healy Yards	Application Date: 12/16/2010 DEC Decision: pending	One public hearing, with ongoing public comment period. Proposal to use Aquamaster (glyphosate) for weed control.
ADF&G	Arc Lake – Soldotna Area	Application Date: 7/28/2008 DEC Decision: 8/28/2008 (approved)	Use of rotenone to eliminate invasive pike in lake. Permit required due to State agency conducting activity.
ADF&G	Cheney Lake - Anchorage	Application Date: 7/16/2008 DEC Decision: 9/8/2008 (approved)	Use of rotenone to eliminate invasive pike in lake. Permit required due to State agency conducting activity.
ADF&G	Sand Lake – Anchorage	Application Date: 6/8/2009 DEC Decision: 8/3/2009 (approved)	Use of rotenone to eliminate invasive pike in lake. Permit required due to State agency conducting activity.
ADF&G	Scout Lake – Soldotna Area	Application Date: 6/8/2009 DEC Decision: 8/3/2009 (approved)	Use of rotenone to eliminate invasive pike in lake. Permit required due to State agency conducting activity.
ADF&G	Yakutat Lakes	Application Date: 01/11/2008 DEC Decision: 2/28/2008 (approved)	Use of rotenone to eliminate invasive pike in lake. Permit required due to State agency conducting activity.
ADF&G	Kodiak Area	Application Date: Unknown DEC Decision: 3/14/2005 (approved)	Use of herbicide to control invasive weeds on state right of way.

ADEC Pesticide Permit Applications from State Agencies or on State-Owned Land – 2006 – 2011

Applicant	Location	Date of Application/Date of DEC Decision	Comments
Fairbanks International Airport	Fairbanks	Application Date: 02/23/2006 DEC Decision: 04/18/2006 Application Date: 02/09/2007 DEC Decision: 3/8/2007 (approved)	Vegetation control using Roundup. (airport owned by state).
Flint Hills	Anchorage Bulk Fuel Terminal	2008 – Application Date: 01/22/2008 DEC Decision: 2/25/2008 (approved) 2010 –Application Date: 5/25/2010 DEC Decision: 6/10/2010 (permit application incomplete)	Vegetation control at bulk fuel terminal (state right of way).
Golden Valley Electric	Fairbanks area substations	Application Date: 03/13/06 DEC Decision: 4/21/2006 (approved) 1/4/2008 (renewal approved)	Herbicide for weed and brush control (state owned land).
ADNR	Plant Materials Center - Palmer	2007 - Application Date: 01/02/2007 DEC Decision: 2/15/2007 (approved) 2008 - Application Date: Unknown DEC Decision: 2/19/2008 (approved) 2010 - Application Date: 9/24/2009 DEC Decision: 5/3/2010 (renewal approved) 2011 - Application Date: 2/16/2011 DEC Decision: pending	Use of various insecticides and herbicides at State owned/operated experimental agriculture facility. Permit has come under increasing interest from environmental groups, including 2 requests for informal review of ADEC's renewal decision in 2010.
ADOC	Point McKenzie Correctional Center	2007 - Application Date: 01/25/2007 DEC Decision: 4/2/2007 (renewal approved) 2008 - Application Date: 02/01/2008 DEC Decision: 2/27/2008 (approved) 2010 - Application Date: Unknown DEC Decision: 2/2/2010 (renewal approved)	Use of insecticides, herbicides and fungicides related to agricultural production at state-owned and operated facility.

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Applicant	Location	Date of Application/Date of DEC Decision	Comments
City of Valdez	Valdez	2006 - Application Date: 03/17/2006 DEC Decision: 5/16/2006 (approved) 2008 - Application Date: 03/12/2008 DEC Decision: 3/28/2008 (renewal approved) 2010 – Application Date: 3/30/2010 DEC Decision: 4/26/2010 (application incomplete – see comment**)	Mosquito Control along roads and in water bodies. ** 2010 - ADEC determined that the application of insecticide along city-owned rights-of-way only (no application to adjacent land) did not require a permit. ADEC stated that application to water would still require a permit – the application was incomplete, and no permit was issued for water application.
Alaska Veterans and Pioneer Home	Alaska Veterans Home - Palmer	Application Date: 03/07/2008 DEC Decision: 3/14/2008 (approved)	Application of herbicide to control broadleaf weeds on State-owned land.

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FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **HB 195**
() Publish Date

HB195-DOT-TMS-03-29-11
Title Pesticides and broadcast chemicals
Sponsor Representative Feige
Requester House Resources

Dept. Affected DOTPF
Appropriation Administration and Support
Allocation Transportation, Mgt and Security
OMB Component Number 2607

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by Brenda Hewitt, Legislative Liaison
Division Commissioner's Office
Phone 465-4772
Date/Time 3/29/11 11:00 AM

Approved by Marc Luiken
Commissioner
Date 3/30/11 5pm

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB 195
2011 LEGISLATIVE SESSION

Analysis

HB 195 allows the Department of Transportation and Public Facilities (DOTPF) to use EPA approved broadcast herbicide and pesticide chemicals that are available to the general public to maintain state infrastructure such as buildings, roads and rights of way without first securing a permit from the Department of Environmental Conservation.

Safety is a high priority at DOTPF. Vegetation, if left alone will grow out of control, blocking visibility (signs, traffic, wildlife) that could endanger motorists. Vegetation management is also important to maintain the integrity of the paved surface; to prevent erosion; to maintain drainage; to protect wildlife, and to enhance the beauty of the roadside. DOTPF currently spends approximately $5 million dollars annually on vegetation management statewide. Currently, vegetation management is conducted using mechanical (heavy equipment) and manual methods. The DOTPF's goal is to cut most vegetation on a 3 to 5 year cycle. However, in some areas, brush is cut annually and in some areas, grass is mowed multiple times per summer. In some cases, shoulders under guardrails have been paved over in order to inhibit the growth of plants that destabilize roadbeds. This adds to the cost of construction and would be unnecessary should this bill become law.

The addition of herbicides to the DOTPF vegetation management toolbox would allow the department to utilize herbicides under a detailed vegetation management. Utilizing herbicides in certain areas would reduce and/or eliminate the amount of mechanical cutting required, thereby allowing maintenance crews to concentrate their efforts on other important safety issues. The use of herbicides immediately adjacent to our asphalt pavements will protect the pavement and help to minimize damage caused by erosion and vegetation growing through the pavement.

Herbicides can be used in the control of invasive plant species within the right-of-way. This is a growing concern in Alaska. It is difficult and at times impossible to control invasives by mechanical brush cutting alone. Another use of herbicides is in the treatment of fast growing willows along the roadside. These willows attract moose and increases the likelihood of vehicle crashes with wildlife.

Allowing the DOTPF to utilize safe and targeted broadcast chemicals reduces the amount of labor and equipment required to manage our vegetation on state owned property, department maintenance crews can accomplish other vital maintenance activities that are currently being deferred.

We do not see the need for additional fiscal resources to implement this bill.

Zaumseil Letter

From: Imlorijean@aol.com
Sent: Friday, March 04, 2011 11:26 AM
To: sean.parnell@alaska.gov; mead.treadwell@alaska.gov
Cc: Sen. Lyman Hoffman
Subject: Regarding HB97

We are Troy and Lori Zaumseil and are writing to request that you support the passage of HB97 which will allow the Division of Ag to retain the statewide coordinator position, addressing noxious weeds and invasive plants. The bill is set to be heard in the House Resources Committee on Monday and move forward from there. Alaska is at such a critical place in preventing/managing the economic and ecological impact from invasive threats and maintaining the continuity of efforts is imperative.

Troy and I became involved in this issue several years ago when we found a Canada Thistle growing in a plant we purchased at a local box store. This extremely noxious and invasive plant was covered by Alaska statute (albeit a very old and outdated one), and yet when we tried to make a report to the Division of Agriculture, we were disturbed to find that they had neither staff nor funding to follow up on this serious situation. That began a journey for us as concerned citizens, property owners, gardeners, outdoors people and voters. After contacting the legislative body, we also began speaking--first to community councils then to state conventions (Alaska Forum on the Environment, CNIPM, Master Gardeners, etc) and eventually we were invited to address the opening session of the National Invasive Weeds Awareness Week in Washington D.C. to talk about Alaska's fight to protect valuable resources from invasion. During that first year, HB330 was introduced by Rep Craig Johnson and later passed unanimously by the Alaska Legislature in a demonstration of how the system CAN work for ordinary citizens who ask their representatives to protect their interests and then those elected officials take action. Troy and I have spoken about our involvement and pride in our Alaska system in presentations we have given all over Alaska and Outside, not only in D.C., but in Nevada, Oregon and Florida as well. We were asked by US Fish and Wildlife Service to speak in Allakaket, Bettles and Coldfoot this past summer and were able to educate residents of interior Alaska on the threats to their way of life posed by invasive species. Without an organized statewide program, Alaska will not be eligible for federal funding and the individual efforts of state and federal agency staffers will be far less effective. We ask you, once again, to protect the citizens you serve by voting for HB97 and allowing this work to continue uninterrupted. Prevention and Early detection are the most economical and efficient method to address the problem. Delay or disruption would certainly result in higher cost to the state's taxpayers.

In addition, we are asking that you request action be taken by the State Department of Transportation.

Travel corridors are the proven vector for invasive species to move through and into an area, and Alaska is extremely vulnerable to this scenario. It is imperative that DOT take positive action to PREVENT the spread of invasives and no longer be the passive conduit to ALLOW the spread. Roadways all over the state have noxious plants growing in the right of ways and airports also have infestations, and all of these are allowing noxious weeds to be spread into pristine areas that are defenseless when these seeds and plant parts are transported through or onto them. The Department needs to be given a mandate to address this issue so that their budget allocations can be made accordingly. The DEC approval process to treat noxious weeds is so cumbersome as to be nearly ineffective and needs to be streamlined to allow effective and efficient treatment. While Troy and I are not versed in the workings of state bureaucracy, we are confident that those in receipt of this e-mail will be able to take the necessary steps to bring DOT and DEC into step with assisting in the problem and not adding to it.

Thank you so much for your time and attention

Lori and Troy Zaumseil
9015 Dewberry St
Anchorage, AK 99502
907-602-3604

Alaska Railroad Corporation
Vegetation Control Cost Overview – March 2011

Compiled by Tom Brooks, Alaska Railroad Chief Engineer

Cost Comparison: Herbicide vs. Manual/Mechanical Methods

The Alaska Railroad Corporation (ARRC) has used a combination of mechanical methods (using heavy equipment such as a brush cutter and ballast regulator) and manual methods (workers using weed-eaters, small mowers, hand-pulling, etc.) to control vegetation since the early 1980s. In 2010, ARRC included chemicals in the mix, having obtained a permit to apply herbicides in the Seward Rail Yard and along about 30 miles of the track between Seward and Indian. Herbicides are not appropriate for all vegetation control situations, and the railroad will always need to employ a combination of mechanical, manual and chemical methods to adequately control vegetation.



A Railroad track maintenance worker manually controls weeds in the Seward yard. Herbicides are far more effective for controlling vegetation within the rail yards.



A brushcutter provides mechanical vegetation control along the track and shoulder. Vegetation in this area is more effectively controlled with herbicides.



The herbicide AquaMaster is applied by a licensed contractor using a low-volume, low-pressure equipment to direct the herbicide only where it is intended.

If ARRC were able to increase the use of herbicides in appropriate areas, safety improvements could be realized at substantially lower cost. The following comparison takes into account the costs of vegetation control such as track crew labor, equipment use (fuel/maintenance), herbicide contractor fees, etc. It does not include regulatory costs, such as herbicide permitting expenses, regulatory fines, etc.

The Alaska Railroad's Engineering and Maintenance of Way departments estimate the railroad could save more than $250,000 per year – or nearly a quarter (24%) of the vegetation control budget – by increasing its use of herbicides from 7% of the budget to 14% of the total.

Final 2011 Vegetation Control Program – Actual Budget and Plan
(Without Permitting Costs)

Cost Area	Method Employed	2011 Budget	% of Budget
Brush further than 12 ft from tracks	Manual & Mechanical	$ 492,000	47 %
Track and Shoulder Vegetation	Mechanical	$ 282,000	27 %
Track and Shoulder Vegetation	Manual	$ 200,000	19 %
Track and Shoulder Vegetation	Chemical	$ 75,000	7 %
Total		**$ 1,049,000**	**100 %**

Hypothetical 2011 Program
(Increased Chemical Control, Estimated):

Cost Area	Method Employed	2011 Budget	% of Budget
Brush more than 12' from tracks	Manual & Mechanical	$ 492,000	47 %
Track and Shoulder Veg	Mechanical	$ 100,000	10 %
Track and Shoulder Veg	Manual	$ 50,000	5 %
Track and Shoulder Veg	Chemical	$ 150,000	14 %
Savings **		**$ 257,000**	**24 %**
Total		**1,049,000**	**100 %**

** Estimated savings does not include favorable cost results from increased effectiveness of chemical control, including savings from safer railroad operations and reduced regulatory fines from the Federal Railroad Administration.

Herbicide Permitting Costs

The cost to obtain an herbicide permit from the Alaska Department of Environmental Conservation (ADEC) is substantial in terms of money spent and staff resources dedicated to the task. During previous unsuccessful attempts at obtaining a permit – most recently in 2006 – the public and agencies requested research be conducted to determine how herbicides behave in Alaska's environment. In response, in 2008 the Alaska Railroad commissioned a multi-year herbicide study conducted by the University of Alaska Fairbanks (UAF) Alaska University Transportation Center (AUTC).

With research underway, the Alaska Railroad has since applied for three herbicide permits:

1. **Seward Yard** and 30 miles along the track from Seward to Indian — Permit process began in 2009, with ADEC approving a 2-year permit in 2010.
2. **Anchorage Yard** — Permit process began in late 2010. A public hearing took place February 18, 2011, and the public comment deadline was March 16, 2011.
3. **Fairbanks & Healy Yards** and nearby branch tracks — Permit process began in late 2010. A public hearing took place February 22, 2011, and the public comment deadline ws March 16, 2011.

Herbicide Permit Cost Summary (2008 to present):

UAF Study to Evaluate Use of Herbicides in Alaska	$ 189,000
Legal Fees to Defend 2009 ADEC Permit (ongoing [1])	87,000
Expert in Toxicology	46,000
ADEC Permit Public Hearing Related Costs [2]	12,000
Total Herbicide Permit Costs, to date:	$ 334,000

[1] Environmental groups continue to litigate the permit issued to ARRC in 2010 based on procedural arguments.

[2] Hearing costs include advertisements, facility rental and catering, court reporter, etc.

Time spent by Alaska Railroad staff is not included, only third-party costs. However, ARRC staff time has been considerable. For example, ARRC personnel have collectively spent hundreds of hours to compile and submit the permit application, organize and publicize public hearings, oversee and respond to agency requirements, create public information materials and dedicated web site section, respond to public and media inquiries, document the permit process, etc.

Federal Regulatory Agency Warning and Action

The Federal Railroad Administration (FRA) is the federal agency with authority to regulate the safety of railroads operating within the United States. Annually, FRA regulators inspect ARRC tracks to identify any non-compliance

Federal Railroad Administration Assessment and Warning

In April 2009, the FRA notified ARRC that its vegetation control was inadequate. The FRA's Chief Safety Officer Jo Strang said:

> Persistent vegetation on and around the track structure presents a recognized safety risk. Overgrown vegetation can brush the sides of rolling stock, obstruct the visibility of railroad signs and signals, and interfere with railroad employees performing normal trackside duties. Plant roots growing under the tracks can also undermine the rail bed by preventing proper drainage.
>
> Particularly troublesome is the fact that overgrown vegetation can hinder railroad employees from visually inspecting crossties, fasteners, tie plates, rail bolts and other parts of the track structure. This can lead to track defects that go undetected and result in accidents. Considering that ARRC transports over a half million passengers and 30,000 freight cards containing hazardous materials each year, an accident on the railroad could be catastrophic. Proper track inspections are essential, particularly during the summer months when ARRC's passenger travel is at its peak, and the vegetation problem is at its worst.
>
> Since 1997, FRA has written 947 defects and 74 violations for vegetation safety issues and concerns against the ARRC. However, recent FRA observations have confirmed that the growth rate and location of vegetation along the 500 miles of ARRC track continue to get worse, despite these enforcement actions.
>
> ARRC should be aware that continued violation of FRA requirements will result in significantly increased civil penalties. More violations and defects will likely be taken, and civil penalties may be assessed at the maximum level of $16,000 per violation. If ARRC's vegetation management problems persists or worsens, FRA may use additional enforcement tools… These tools could include the following: … speed restrictions… An emergency order removing affected track from service.

These comments were excerpted from a written warning letter dated April 15, 2009. The entire letter is available on the Alaska Railroad's website, www.AlaskaRailroad.com (click on Environmental, then Vegetation Management).

Federal Railroad Administration Fines for Inadequate Control, 2009 and 2010

Annually, FRA regulators inspect ARRC tracks to identify any non-compliance with federal regulations and recommend civil penalties.

Year	Total Non-compliant Vegetation Defects	Recommended for Civil Penalty
2009	728 locations	97
2010	299 locations	24

Between 2000 and 2008, the ARRC paid about $50,000 in FRA fines for vegetation. Within its April 2009 letter of warning, the FRA indicated that ARRC could expect greater levels of enforcement. During 2009 and 2010, enforcement levels were indeed greatly increased. To date, the ARRC and FRA have not settled the amounts of 2009 or 2010 fines that will ultimately be paid. In 2010, the FRA did favorably note the increase in ARRC control efforts including the use of herbicides. The FRA has put the 2009 fines on hold pending further efforts and evaluation. ARRC estimates the fines for 2009 alone, if enforced, would be between $100,000 and $2 million.



Track is quickly covered with fast-growing weeds during Alaska's long summer days.



The herbicide works effectively on weeds between the ties, without migrating or lingering in the soil.











NATIONAL PESTICIDE APPLICATOR CERTIFICATION CORE MANUAL



NATIONAL PESTICIDE APPLICATOR CERTIFICATION

CORE MANUAL







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Additional Applicator Requirements

Applicators for specific categories are responsible for the material covered in the following manuals and guides. Some of these materials are available for free download, while others must be purchased. Manuals can be quite large and can take awhile to download based on your browser connection.

	CATEGORY	MANUAL
1.	**Regulatory Pest Control** - State, federal or other governmental employees who apply pesticides to control regulated pests. Example: A city employee who uses rodenticide to control rats.	Michigan State University Regulatory Pest Management E-2055, Jan. 2006. Alaska Regulatory Pest Management Supplemental Information Rat Control for Alaska Waterfront Facilities
2.	**Demonstration and Research Pest Control** - Government employees, extension agents, or researchers who advise or make recommendations about pesticide use, demonstrate proper use or techniques, or conduct field research on pesticide use. Examples: A cooperative extension agent who makes recommendations to homeowners about which type of pesticide to use, or a university researcher studying the efficacy of pesticides in northern climates.	Oregon Pesticide Safety Education Program Demonstration and Research Pest Control Manual Alaska Demonstration and Research Pest Control Supplemental Information
3.	**Private Agricultural Pest Control** - Individuals who want to apply restricted use pesticides to agricultural crops or commodities, greenhouses, nurseries, animals, etc. Example: A farmer who applies a restricted use pesticide to a crop.	Washington State University Agricultural Week Management Principals MISC0167 Washington State University Introduction to Insect and Disease Management MISC0175 EPA How to Comply with WPS Manual Alaska Agricultural Pest Control Supplemental Information
4.	**Ornamental and Turf Pest Control** - Applicators who use pesticides to control outdoor pests on landscaping lawns or turf. Example: Groundskeepers who use weed and lawn feed products on client's lawn or apply fungus control to ornamental plants, or a tree care company that injects trees to control aphids.	Washington State University Turf and Ornamental Weed Management Principals EM035 Washington State University Introduction to Insect and Disease Management MISC0175 Alaska Ornamental and Turf Pest Management Supplemental Information

	CATEGORY	MANUAL
5.	**Anti-fouling Paint** - Individuals who apply anti-fouling paint that inhibits the growth of algae, barnacles, marine borers, and other aquatic life on boat hulls.	Alaska Anti-Fouling Paint Applicator Manual
6.	**Aquatic Pest Control** - Individuals who apply pesticides to any type of surface water, including lakes, ponds, streams, etc. Example: A Fish and Game employee who applies rotenone to eradicate invasive northern pike.	Michigan State University Aquatic Pest Management E-2437, February 2006 Alaska Aquatic Pest Management Supplemental Information
7.	**Industrial, Institutional, Structural, and Health-Related Pest Control** - Individuals who apply pesticides to buildings or structures, including homes, restaurants, schools, hospitals, warehouses, storage units, or any other structures. Example: A pest control company that sprays for spiders inside someone's home, a carpet cleaning company that uses anti-bacterial sanitizer, or a mold remediation company that uses anti-fungal products to control mold.	Washington State University Pest Management Study Manual for Pest Control Operators EM019 Alaska Structural Pest Control Supplemental Information
8.	**Public Health Pest Control** - Individuals in the health care or environmental health field who use or recommend pesticides. Example: A public health nurse who recommends pesticides for bedbug control or an environmental health officer who recommends pesticides for sanitation at a restaurant.	Florida Public-Health Pesticide Applicator Training Manual (all except Chapters 3 & 6) Alaska Public Health Manual
9.	**Right-of-Way Pest Control** - Individuals who use pesticides to control unwanted vegetation along rights-of-way for roads, railroads, power lines, pipelines, etc.	Washington State University Rights-of-Way Vegetation Management EM029 Alaska Right-of-Way Pest Management Supplemental Information
10.	**Mosquito and Biting Fly Pest Control** - Individuals who apply pesticides to control mosquitoes or biting flies.	Florida Public-Health Pesticide Applicator Training Manual, Chapter 3 - Mosquitoes Florida Public-Health Pesticide Applicator Training Manual, Chapter 6 - Flies Alaska Mosquito and Biting Fly Management Supplement
11.	**Aerial Pest Control** - Individuals who apply pesticides by aircraft, including fixed-wing, rotary-wing, and air cushion vehicles. Aerial applicators must also have a valid pilot's license.	National Aerial Applicator's Manual (Coming Soon!) Alaska Aerial Pest Control Manual Supplemental Information

	CATEGORY	MANUAL
12.	**Forest Pest Control** - Individuals who use pesticides for forestry vegetation management programs, for controlling forest insects, or for maintaining logging roads.	Michigan State University Forest Pest Management Insects and Diseases of Alaskan Forests Alaska Forest Pest Management Supplemental Information
13.	**Wood Preservatives** - Applicators who apply wood-preservative pesticides on a commercial or contract basis, to public places, on state owned land or rights-of-way, or apply restricted use wood preservative products.	Oregon State University Wood Preservation and Wood Products Treatment Training Manual EM-8403 Alaska Wood Preservatives Supplemental Information
14.	**Restricted Use Pesticide Dealer** - Individuals who sell or distribute restricted use pesticides to other certified applicators.	Alaska Restricted Use Pesticide Dealer Manual

From the Alaska Department of Environmental Conservation

PIED PIPER
Alaska's Pest Control Experts
Since 1965
2440 E 88th Ave, Suite A • Anchorage, AK 99507
mail@paratex-pp.com • www.paratex-pp.com
907-344-2538 • (AK 800) 478-2538
A bedbug FREE! COMPANY

April 1, 2011
Re: HB195

Honorable Co-Chairs, Mr Feige & Mr Seaton
Honorable Vice-Chair Ms Wilson
Honorable Committee Members:

First let me thank the honorable Mr Feige and his staff for the fine work done on preparing and introducing HB195. The major thrust of this bill is clearly defined, and well past due in the opinion of industry. Please except the full support of this Bill from the pest control community here in Alaska, with one concern addressed below (par 3).

For many years, the State Department of Environmental Conservation (ADEC) has maintained a close watch over the safety of pesticide applications in our state. While we have not always seen eye-to-eye on some factors of their oversight, our industry has been blessed with the overall fairness and scientific application of Federal and State regulations on our activities and products. Unfortunately, as this Bill addresses, it has had its hands shackled in its ability to present a united application of these regulations to certain non-commercial applicators. As a result, it has spent large numbers of hours on permitting processes and subsequent required hearings, to be allowed to simply affirm regulation already in place by State Statute and Department Regulation. I will be the first to admit that this has reduced their ability to protect the general public on issues of safety and enforcement in other areas including our idustry's activities. As a result, I can personally attest to some questionable actions, which I will keep private, that have occurred over the years. While I have tried to address these on a personal level where possible, I believe some are a result of unnecessary time spent by ADEC on the permitting and duplicate oversight of a small number of applicators and users that have a very safe record on issues of pesticide choice and application. I believe that the recommendations addressing AS 46.03.320 as written in HB195 are well past due. On a 'housekeeping' note, I do believe, on a matter of documentation, that this action will also negate AS 46.03.330 (as I understand it) and should be included in this action.

I do have a concern about the recommended change per Section 4 to AS 46.03.320 as written in this Bill. When this definition was discussed in its inception, the stakeholders and sponsors sought to find the appropriate language to provide any needed protection of the public, while avoiding unnecessary burdens on the addressed facilities. I believe the language as currently written provides that. The change recommended here adds unnecessary confusion to the definition AND unnecessary cost to the facility. In actuality, there is virtually no area of a facility that is not accessible to the "general public" if an employee or vendor were to escort them there. In that case, the escort would no doubt be present to point out any application concerns that may be present, and other "posting" requirements addressed elsewhere would provide the level of safety sought by previous Legislators. What this change will create, however, is that the facility would be REQUIRED to have a Certified Applicator on staff OR hire at additional expense an outside Commercial Applicator, to apply even the least toxic pesticide (including ADEC governed "green" pesticides and certain cleaning and sanitizing compounds). In my opinion, this section should be removed form HB195.

I remain at your service, via phone or e-mail, to provide any clarification on the matters addressed herein, or any other matter pertaining to pesticide use and safety in our great State.

Respectfully,

Ken (Kenneth J) Perry
President/General Manager
mail@paratex-pp.com

HB

229

<TARGET><BILL>HB 229</BILL><SUBJECT>HB 229</SUBJECT><COMM>HRES27</COMM></TARGET>

27-LS0764\I
Bullard
2/13/12

CS FOR HOUSE BILL NO. 229( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE FEIGE

A BILL

FOR AN ACT ENTITLED

"An Act relating to the duties of the Big Game Commercial Services Board; relating to activities, including violations and penalties, under the supervision of the Big Game Commercial Services Board; and creating a retired status master guide-outfitter license."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 08.54.600(c) is amended to read:

(c) **In addition to the regulations required under (a) of this section, the** [THE] board may adopt regulations [AS] the board considers appropriate**, including regulations** to

(1) establish a code of ethics for professions regulated by the board;

(2) establish requirements for the contents of written contracts to provide big game hunting services and transportation services to clients;

(3) authorize the department to request a copy of a big game hunting services or transportation services contract entered into by a person licensed under this

Wade Willis
resident hunter

chapter.

*** Sec. 2.** AS 08.54 is amended by adding a new section to read:

Sec. 08.54.608. Retired status master guide-outfitter license. (a) On retiring from guiding or outfitting, or both, and on payment of an appropriate one-time fee, an individual who has held a master guide-outfitter license issued under AS 08.54.610 that has not been suspended or revoked under AS 08.54.710 may apply for a retired status master guide-outfitter license. An individual holding a retired status master guide-outfitter license may not guide or outfit in the state under the retired status license. A retired status license is valid for the life of the license holder and does not require renewal.

(b) An individual with a retired status master guide-outfitter license may apply for a new registered guide-outfitter license under AS 08.54.610.

*** Sec. 3.** AS 08.54.610(d) is amended to read:

(d) **Notwithstanding AS 08.54.750, a** [A] person who is licensed as a registered guide-outfitter may be employed by another registered guide-outfitter to **provide the services of a class-A** [PERFORM THE FUNCTIONS OF A REGISTERED GUIDE-OUTFITTER OR CLASS-A ASSISTANT GUIDE IN THE GAME MANAGEMENT UNIT FOR WHICH THE PERSON IS CERTIFIED UNDER AS 08.54.600 OR OF AN] assistant guide in any game management unit.

*** Sec. 4.** AS 08.54.610(e) is amended to read:

(e) A registered guide-outfitter who contracts for a guided hunt shall be

[(1) PHYSICALLY PRESENT IN THE FIELD WITH THE CLIENT AT LEAST ONCE DURING THE CONTRACTED HUNT; AND

(2)] in the field **supervising** and participating in the contracted hunt **and conducting the hunt**, unless the hunt is being conducted by a class-A assistant guide or a registered guide-outfitter employed by the contracting registered guide-outfitter.

*** Sec. 5.** AS 08.54.710 is amended by adding a new subsection to read:

(j) The board may suspend or permanently revoke a transporter license or any class of guide license if the board finds after a hearing that the licensee engaged in conduct involving unprofessionalism, moral turpitude, or gross immorality.

*** Sec. 6.** AS 08.54.720(f) is amended to read:

(f) In addition to the penalties set out in (b) - (e) of this section and a disciplinary sanction imposed under AS 08.54.710,

(1) the court may order the board to suspend the guide license or transporter license of a person who commits a misdemeanor offense set out in (a)(1), (3) - (5), (7), **(8),** (17), (18), or (19) of this section for a specified period of not more than three years;

(2) the court shall order the board to suspend the guide license or transporter license of a person who commits a misdemeanor offense set out in (a)(2) or **(9) - (14)** [(8) - (14)] of this section for a specified period of not less than one year and not more than five years;

(3) the court shall order the board to suspend the guide license or transporter license for a specified period of not less than three years, or to permanently revoke the guide license or transporter license, of a person who commits an offense set out in (a)(15) or (16) of this section; and

(4) all guns, fishing tackle, boats, aircraft, automobiles, or other vehicles, camping gear, and other equipment and paraphernalia used in, or in aid of, a violation of (a) of this section may be seized by persons authorized to enforce this chapter and may be forfeited to the state as provided under AS 16.05.195.

*** Sec. 7.** AS 08.54.770(a) is amended to read:

(a) The department shall set fees under AS 08.01.065 for each of the following:

(1) registered guide-outfitter license;

(2) class-A assistant guide license;

(3) assistant guide license;

(4) transporter license;

(5) **retired status master guide-outfitter license;**

(6) license application fee.

*** Sec. 8.** AS 08.54.790 is amended by adding new paragraphs to read:

(11) "any class of guide license" does not include a retired status master guide-outfitter license;

(12) "licensee" means a person to whom a license, other than a retired status master guide-outfitter license, has been issued under this chapter.

REPRESENTATIVE
ERIC FEIGE
House District 12
House Resources Committee Co-Chair
Education Committee
Transportation Committee
Joint Armed Services Committee

Alaska State Legislature



House of Representatives

During Session:
State Capitol Room 126
Juneau, Alaska 99801-1182
(907) 465-4859
Fax (907) 465-3799
1-888-465-4859

SPONSOR STATEMENT – HB 229

An Act relating to activities, including violations and penalties, under the supervision of the Big Game Commercial Services Board.

HB 229 makes changes in statute recommended by members of the Big Game Commercial Services Board addressing changes to rules regarding the administration and licensing of guides.

Big game guides are regulated under statute and regulation and oversight is provided by the Big Game Commercial Service Board. The proposed changes provide more flexibility in where guides can work when contracting with another guide, allows a registered guide-outfitter more flexibility in the use of class-A guides, and changes penalties for minor procedural violations by guides.

E-Mail: Representative.Eric.Feige@legis.state.ak.us

Alaska State Legislature

REPRESENTATIVE
ERIC FEIGE
House District 12

House Resources Committee Co-Chair
Education Committee
Transportation Committee
Joint Armed Services Committee

During Session:
State Capitol Room 126
Juneau, Alaska 99801-1182
(907) 465-4859
Fax (907) 465-3799
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House of Representatives

Sectional Analysis – HB 229 Version I

Sec. 1: Provides additional authority to the Big Game Commercial Services Board to create regulations to administer the regulation of big game guides. Under current statute, the board is limited to regulations that are "required" under statute.

Sec. 2: Creates a provision in statute for a retired master guide-outfitter license that recognizes those that have earned a master guide-outfitter license. No privileges are granted under the license to provide guiding services.

Sec. 3: Clarifies language to specify that a guide-outfitter may provide the services of a class-A assistant guide under the control of a contracting guide-outfitter anywhere the contracting guide-outfitter is licensed to contract hunts.

Sec. 4: Changes the requirements for a registered guide-outfitter to require them to be in the field supervising, participating in, and conducting a hunt as defined under regulation by the board, unless a class-A assistant guide is conducting the hunt.

Sec. 5: Provides the board with the power to suspend or revoke a license of someone engaged in conduct involving unprofessionalism, moral turpitude, or gross immorality.

Sec. 6: Changes penalties for certain violations to allow a court to order the board to suspend a license instead of requiring a court to order the board to suspend a license.

Sec. 7: Authorizes the department to set a fee for the new retired master guide-outfitter license.

Sec. 8: Conforming language to specify the holder of a retired master guide-outfitter license may not guide.

Prepared by Michael Paschall, Office of Rep. Eric Feige, February 14, 2012

Email: Representative.Eric.Feige@legis.state.ak.us

Boards & Commissions Factsheets

BIG GAME COMMERCIAL SERVICES

Board: Big Game Commercial Services Board
Board identification number: 042

Department: DEPARTMENT OF COMMERCE COMMUNITY AND ECONOMIC DEV

Authority: AS 08.54.591; Const. Art III Section 26

Status: Active

Sunset date: 6/30/2012

Requirements: Legislative Confirmation and Financial Disclosure

Prohibitions: None

Term: 4 years

Description: 9 members - 8 appointed by Governor: 2 members who are licensed registered guide-outfitters; 2 members who are licensed transporters, 1 member of the Board of Game chosen by the Board of Game and who does not hold a guide or transport license, 2 members who represent private landholders affected by guided hunting or transportation activities/services and who do not hold a license under this board, and 2 public members.

Function: Licenses and regulates the activities of providers of commercial services to big game hunters in the interest of the state's wildlife resources.

Chair: Governor selects

Special facts: Big Game Commercial Services Board replaced the Guide Board which was repealed on 6/30/89. Serve at the pleasure of the governor. The governor may select the chair. A majority constitutes a quorum. A member who has served all or part of two successive terms may not be reappointed unless four years have elapsed since the person last served on the Board.

Compensation: Standard Travel and Per Diem. No additional compensation.

Meetings: At least twice annually, plus panel meetings; 14 days maximum.

For further information contact:
Karl Marx
Occupational Licensing Examiner
Corporations, Business, and Professional Licensing
DCCED, P.O. Box 110806 M/S 0806
Juneau, AK 99811-0806
Phone: (907) 465-2543, FAX: (907) 465-2974

Big Game Commercial Services Roster

Go to the Big Game Commercial Services Home page

We appreciate your interest in Boards and Commissions. For further information contact the Boards and Commissions staff at (907) 465-3500 or at **boards@alaska.gov**.

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STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Division of Corporations, Business and Professional Licensing

Sean Parnell, Governor
Susan Bell, Commissioner
Don Habeger, Director

Big Game Commercial Services Board

February 9, 2012

Dear Senator Menard and Representative Feige,

The Big Game Commercial Serves Board supports House Bill 229 and Senate Bill 190 for improving the guide industry in Alaska. The Board was reinstated 7 years ago and has worked on these concerns during the meetings. These changes are housekeeping measures the board feels are needed for a healthy industry. The Board was unanimous in the vote in support of submitting this Bill and its contents. We respectfully ask for the passage of this legislation.

Sincerely,

Paul Johnson

Paul Johnson
Chair, BGCSB

P.O. Box 110806, Juneau, AK 99811-0806
Telephone: (907) 465-2543 Fax: (907) 465-2974 Website: http://www.commerce.state.ak.us/occ/pgui.htm

ALASKA

PROFESSIONAL HUNTERS ASSOCIATION, INC.

HC 60 Box 229C, Copper Center, AK 99573
Phone: 907-822-3755 Fax: 907-822-3752
Email:office@alaskaprohunter.orgwww.alaskaprohunter.org

Dear Representative Feige,

I'm writing thank you for sponsoring HB 229 and affirm the support of the Alaska Professional Hunters Association for this important bill. As the sitting president of the APHA and a lifelong Alaskan and second generation Registered Guide I know firsthand how burdensome unclear and, or, contradictory statutes and regulations can be. HB 229 will alleviate some of this burden by clarifying the relationship between Registered Guides when they work for each other and, at the same time, protecting the value of the Class A Assistant Guide license. The APHA also appreciates the creation of a retired, non-active, license so that respected, retired guides can stay licensed and not cut into fixed, retirement incomes. This is essential to maintaining the social continuity, of an industry that respects its elders and provides a career path that includes substantial time as an apprentice.

The APHA has always pushed for greater professional competency and accountability. For this reason we vigorously support giving the Big Game and Commercial services board the ability to suspend or revoke guide or transporter licensed for unprofessional behavior, moral turpitude and gross immorality. Having operators, representing themselves as guides, who are amoral or chronically immoral or unprofessional hurts our membership in a business that relies on reputation and word of mouth business. Alaska deserves to have the best and most ethical guides harvesting its big game resource.

In closing I want to once again thank the honored members or the legislature that have taken the time to consider HB 229 and carry it through the process on the behalf of me and my organizations livelihoods! I also want to state that many APHA members have spent their personal time advising and working on drafting HB 229 as recognition of the collaborated effort between your office and our membership. For the sake of brevity I have only used a few examples of the positive aspects of HB 229 but we do support the bill in its entirety.

Thank You,

Gary LaRose

Gary LaRose, President Alaska Professional Hunters Association

Dear Representative Feige,

Thank you for your sponsorship and support of HB229 which will provide for a retired status master guide-outfitter license. I initially proposed this provision some 2-3 years ago and had about given up hope for the possibility of passage. While it has not yet passed, hope springs eternal?
I will support passage of the combined HB 229 / SB 190 in any manner possible. Please call on me if I can help.

Sincerely,
dickgun

Dick Gunlogson
Master Guide / Outfitter (Ret)
Willow, Alaska

Received via e-mail 08 Feb. 2012

Linda Hay

From: Wayne <args@mtaonline.net>
Sent: Friday, February 10, 2012 12:16 PM
To: Sen. Linda Menard; Sen. Charlie Huggins
Cc: Rep. Eric Feige
Subject: SB 190 and HB 229

Senator Menard and Senator Huggins,

Thank you for Sponsoring SB190. I've lived in Wasilla since 1984, got my registered guide license in 1986, started our family run business – Alaska Remote Guide Service in 1987, and upgraded my registered guide-outfitter license to master guide-outfitter status a few years back. To my knowledge, there have been no changes to the Big Game Commercial Service Board Statutes since 1994 or before. I think your bill and Representative Feige's HB229 help address some key issues in bringing the statutes current with several changes that have taken place since then in the guide industry. Most of us in the industry want to do what is right, but it is very hard to understand what that is, even after reading the statutes and regulations several times. In fact I was in a working group at the BGCSB meeting in Fairbanks two years ago, when we were discussing supervision and participation issues. Several guides were present along with some top level enforcement personnel. I think it's fair to say that all of us were at least some what confused about what was expected by us in the statutes.

I've been in attendance at every commercial service board meeting for the past several years, and worked in and led several committees that dealt with several issues in this bill. The key concerns that most interested me personally were 08.54.610 (d) and (e). The current requirement in 08.54.610 (e) (1) that the bill asks to delete, works fine for large operations that are lucky enough to have a lodge or main camp in the same Guide Use Area where they hunt. Everybody gets flown to the lodge to start with and then head out hunting from there. By so doing, this requirement has been met. In operations where the main camp or lodge is in a different guide use area or in many smaller operations, meeting this requirement can be a lot more complicated, and requiring the guide to do so can actually impact the quality of the client's hunt and the service that the guide is able to provide.

While the above mentioned points in the bill are my main focus, I fully agree with and support every provision that your bill deals with. I have spent a lot of personal time and effort to help get these issues put forward. As this bill moves forward, feel free to contact me concerning any questions or concerns that may arise, and let me know how I can help. Thank you again for you help!

Sincerely,

Wayne Kubat
Alaska Remote Guide Service
PO Box 874867
Wasilla, Alaska 99687
Phone/Fax:907-376-9568

Linda Hay

From: Kelly Vrem <kelly@vrem.com>
Sent: Tuesday, February 07, 2012 3:48 PM
To: Rep. Eric Feige
Subject: HB 229

Hello,

I would like to express my support for HB 229. As you know I am Master Guide and a resident of your House district. I addition I am on the Big Game Commercial Services Board. HB 229 will benefit the guide industry. It clarifies some regulations and allows the board to deal with misbehaving guides. We appreciate your efforts.

Kelly Vrem

Sutton AK

Sent from my iPad

Adopted

#1

27-LS0764\I.1
Bullard
2/16/12

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: CSHB 229( ), Draft Version "I"

Page 2, lines 25 - 27:

Delete "hunt is being conducted by a class-A assistant guide or a registered guide-outfitter employed by the contracting registered guide-outfitter"

Insert "**board adopts regulations permitting** [HUNT IS BEING CONDUCTED BY] a class-A assistant guide or a registered guide-outfitter employed by **a** [THE] contracting registered guide-outfitter **to conduct a hunt for a contracting registered guide-outfitter**"

With Amendment I.1 Section 4 will read:

(e) A registered guide-outfitter who contracts for a guided hunt shall be in the field supervising and participating in the contracted hunt and conducting the hunt unless the board adopts regulations permitting a class-A assistant guide or a registered guide outfitter employed by a contracting registered guide outfitter to conduct a hunt for a contracting registered guide-outfitter.

HOUSE BILL NO. 229

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE FEIGE

Introduced: 4/6/11
Referred:

A BILL

FOR AN ACT ENTITLED

"An Act relating to activities, including violations and penalties, under the supervision of the Big Game Commercial Services Board."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 08.54.610(d) is amended to read:

(d) **Notwithstanding AS 08.54.750, a** [A] person who is licensed as a registered guide-outfitter may

(1) be employed by another registered guide-outfitter to perform the functions of a registered guide-outfitter **in a** [OR CLASS-A ASSISTANT GUIDE IN THE] game management unit for which the **other** person is certified **as a registered guide-outfitter** under AS 08.54.600**;** or

(2) provide the services of a class-A [OF AN] assistant guide in any game management unit.

*** Sec. 2.** AS 08.54.610(e) is amended to read:

(e) A registered guide-outfitter who contracts for a guided hunt shall be licensed by Game management unit 3 units

New Text Underlined *[DELETED TEXT BRACKETED]*

[(1) PHYSICALLY PRESENT IN THE FIELD WITH THE CLIENT AT LEAST ONCE DURING THE CONTRACTED HUNT; AND

(2)] in the field and participating in the contracted hunt, unless the hunt is being conducted by a class-A assistant guide or a registered guide-outfitter employed by the contracting registered guide-outfitter.

* **Sec. 3.** AS 08.54.710 is amended by adding a new subsection to read:

(j) The board may suspend or permanently revoke a transporter license or any class of guide license if the board finds after a hearing that the licensee engaged in conduct involving unprofessionalism, moral turpitude, or gross immorality.

* **Sec. 4.** AS 08.54.720(d) is amended to read:

(d) In addition to a disciplinary sanction imposed under AS 08.54.710, a person who commits an offense set out in (a)(15) **or (16)** of this section is guilty,

(1) for a first offense, of a misdemeanor and is punishable by a fine of not more than $30,000 or by imprisonment up to one year, or both;

(2) for a second or subsequent offense, of a class C felony.

* **Sec. 5.** AS 08.54.720(f) is amended to read:

(f) In addition to the penalties set out in **(b) - (d)** [(b) - (e)] of this section and a disciplinary sanction imposed under AS 08.54.710,

(1) the court may order the board to suspend the guide license or transporter license of a person who commits a misdemeanor offense set out in (a)(1), (3) - (5), (7), **(8),** (17), (18), or (19) of this section for a specified period of not more than three years;

(2) the court shall order the board to suspend the guide license or transporter license of a person who commits a misdemeanor offense set out in (a)(2) or **(9) - (14)** [(8) - (14)] of this section for a specified period of not less than one year and not more than five years;

(3) the court shall order the board to suspend the guide license or transporter license for a specified period of not less than three years, or to permanently revoke the guide license or transporter license, of a person who commits an offense set out in (a)(15) or (16) of this section; and

(4) all guns, fishing tackle, boats, aircraft, automobiles, or other

vehicles, camping gear, and other equipment and paraphernalia used in, or in aid of, a violation of (a) of this section may be seized by persons authorized to enforce this chapter and may be forfeited to the state as provided under AS 16.05.195.

*** Sec. 6.** AS 12.55.125(e) is amended to read:

(e) Except as provided in (i) of this section, a defendant convicted of a class C felony may be sentenced to a definite term of imprisonment of not more than five years, and shall be sentenced to a definite term within the following presumptive ranges, subject to adjustment as provided in AS 12.55.155 - 12.55.175:

(1) if the offense is a first felony conviction and does not involve circumstances described in (4) of this subsection, zero to two years; a defendant sentenced under this paragraph may, if the court finds it appropriate, be granted a suspended imposition of sentence under AS 12.55.085, and the court may, as a condition of probation under AS 12.55.086, require the defendant to serve an active term of imprisonment within the range specified in this paragraph;

(2) if the offense is a second felony conviction, two to four years;

(3) if the offense is a third felony conviction, three to five years;

(4) if the offense is a first felony conviction, and the defendant violated AS 08.54.720(a)(15) **or (16)**, one to two years.

*** Sec. 7.** AS 08.54.720(e) is repealed.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version HB 229
() Publish Date

Identifier (file name) HB229-CCED-CBPL-04-07-11
Dept. Affected DCCED

Title Big Game Commercial Services Board
Appropriation Corporations, Business and Professional Licensing
Allocation Corporations, Business and Professional Licensing

Sponsor Representative Feige
Requester House Resources Committee
OMB Component Number 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by Don Habeger, Director
Phone 465-2536
Division Corporations, Business and Professional Licensing
Date/Time 4/7/11 2:30 PM
Approved by Susan K. Bell, Commissioner
Date 4/7/2011
Commerce, Community, and Economic Development

(Revised 1/27/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 229

Analysis

HB 229 will allow registered guides to act as a class-A assistant in game management units where the guides have not passed a certification exam.

This bill also aligns the statute with regulatory changes, will increase the consequences for operating with an expired license, and provides for other changes regarding the administration and licensing of guides. The department does not anticipate any fiscal impact associated with this legislation.

Statutes and Regulations

Big Game Commercial Services Board

January 2011

(Centralized Statutes and Regulations not included)

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING

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CHAPTER 54.
BIG GAME GUIDES AND RELATED OCCUPATIONS.

Article

1. **Big Game Guides and Transporters (AS 08.54.591 – AS 08.54.680)**
2. **Enforcement (AS 08.54.710 – AS 08.54.790)**

ARTICLE 1.
BIG GAME GUIDES AND TRANSPORTERS.

Section

591. Creation and membership of board
595. Board assistance
600. Duties of board
605. Eligibility for licenses
610. Registered guide-outfitter license
620. Class-A assistant guide license
630. Assistant guide license
640. Law enforcement officers and game biologists
650. Transporter license
660. Renewal of guide and transporter licenses
670. Failure to renew
680. Financial responsibility and other requirements for guides and transporters

Sec. 08.54.591. CREATION AND MEMBERSHIP OF BOARD. (a) For the purposes of licensing and regulating the activities of providers of commercial services to big game hunters in the interest of the state's wildlife resources, there is created the Big Game Commercial Services Board. For administrative purposes, the board is in the Department of Commerce, Community, and Economic Development.

(b) The board consists of nine members as follows:

(1) two members who are current, licensed registered guide-outfitters;

(2) two members who are licensed transporters;

(3) one member of the Board of Game who is chosen by the Board of Game and who does not hold a guide or transport license;

(4) two members who represent private landholders affected by guided hunting activities or transportation services and who do not hold a license issued under this chapter; and

(5) two public members.

Sec. 08.54.595. BOARD ASSISTANCE. State agencies shall provide the board with information, data, or technical assistance requested by the board for the purposes of licensing and regulating the activities of providers of commercial services to big game hunters.

Sec. 08.54.600. DUTIES OF BOARD. (a) The board shall

(1) prepare and grade

(A) a qualification examination for a registered guide-outfitter license that requires demonstration that the applicant is qualified generally to provide guided and outfitted hunts and, in particular, possesses knowledge of fishing, hunting, and guiding laws and regulations; and

(B) a certification examination for each game management unit in which the registered guide-outfitter intends to provide big game hunting services; the examination must require demonstration that the registered guide-outfitter is qualified to provide guided and outfitted hunts in the game management unit for which the registered guide-outfitter seeks to be certified and, in particular, must require demonstration that the registered guide-outfitter possesses knowledge of the terrain, transportation problems, game, and other characteristics of the game management unit;

(2) authorize the issuance of registered guide-outfitter, master guide-outfitter, class-A assistant guide, assistant guide, and transporter licenses after the applicant for the license satisfies the requirements for the license;

(3) impose appropriate disciplinary sanctions on a licensee under AS 08.54.600 - 08.54.790;

(4) require an applicant for issuance or renewal of any class of guide license or of a transporter license to state in a written and signed document whether the applicant's right to obtain, or exercise the privileges granted by, a hunting, guiding, outfitting, or transportation services license is revoked or suspended in this state or another state or in Canada;

(5) regularly disseminate information regarding examinations and other qualifications for all classes of guide licenses to residents of the rural areas of the state;

(6) adopt procedural and substantive regulations required by this chapter;

(7) provide for administration of examinations for registered guide-outfitters at least twice a year;

(8) meet at least twice annually.

(b) The board shall provide for administration of an oral examination for a registered guide-outfitter license or for a game management unit certification if requested at the time of application for the license.

(c) The board may adopt regulations as the board considers appropriate to

(1) establish a code of ethics for professions regulated by the board;

(2) establish requirements for the contents of written contracts to provide big game hunting services and transportation services to clients;

(3) authorize the department to request a copy of a big game hunting services or transportation services contract entered into by a person licensed under this chapter.

Sec. 08.54.605. ELIGIBILITY FOR LICENSES. (a) Notwithstanding AS 08.54.610, 08.54.620, 08.54.630, 08.54.650, and 08.54.660, a person may not receive or renew a registered guide-outfitter license, master guide-outfitter license, class-A assistant guide license, assistant guide license, or transporter license if

(1) the person has been convicted of

(A) a violation of a state or federal hunting, guiding, or transportation services statute or regulation for which

(i) the person was imprisoned for more than five days within the previous five years;

(ii) an unsuspended fine of more than $2,000 was imposed in the previous 12 months;

(iii) an unsuspended fine of more than $3,000 was imposed in the previous 36 months; or

(iv) an unsuspended fine of more than $5,000 was imposed in the previous 60 months;

(B) a felony within the last five years; or

(C) a felony offense against the person under AS 11.41 within the last 10 years; or

(2) the person's right to obtain, or exercise the privileges granted by, a hunting, guiding, outfitting, or transportation services license is suspended or revoked in this state or another state or in Canada.

(b) Notwithstanding (a) of this section, (a)(1)(B) and (C) of this section are not applicable to offenses committed by a person who receives or received any class of guide license or a transporter license under sec. 13, ch 33, SLA 1996, if the offense was committed before May 23, 1996. This subsection does not apply when a person applies for a license that is different from the class of guide license or the transporter license received under sec. 13, ch 33, SLA 1996.

(c) A person may not receive a certification for a game management unit if the person is prohibited by (a) of this section from receiving or renewing a registered guide-outfitter license or master guide-outfitter license.

Sec. 08.54.610. REGISTERED GUIDE-OUTFITTER LICENSE. (a) A natural person is entitled to a registered guide-outfitter license if the person

(1) is 21 years of age or older;

(2) has practical field experience in the handling of firearms, hunting, judging trophies, field preparation of meat and trophies, first aid, photography, and related guiding and outfitting activities;

(3) either

(A) has passed the qualification examination prepared by the board under AS 08.54.600; or

(B) provides evidence of 25 years of experience as a class-A assistant guide or class-A assistant guide-outfitter;

(4) has passed a certification examination prepared by the board under AS 08.54.600 for at least one game management unit;

(5) has legally hunted big game in the state for part of each of any five years in a manner directly contributing to the person's experience and competency as a guide;

(6) has been licensed as and performed the services of a class-A assistant guide or assistant guide, or of a class-A assistant guide-outfitter or assistant guide-outfitter under former AS 08.54.300 - 08.54.590, in the state for a part of each of three years;

(7) is capable of performing the essential duties associated with guiding and outfitting;

(8) has been favorably recommended in writing by eight big game hunters whose recommendations have been solicited by the department from a list provided by the applicant, including at least two favorable recommendations for each year of any three years during which the person was a class-A assistant guide or assistant guide, or a class-A assistant guide-outfitter or assistant guide-outfitter under former AS 08.54.300 - 08.54.590;

(9) has provided proof of financial responsibility if required by the department under AS 08.54.680; and

(10) has applied for a registered guide-outfitter license on a form provided by the department and paid the license application fee and the registered guide-outfitter license fee.

(b) A master guide-outfitter license authorizes a registered guide-outfitter to use the title master guide-outfitter, but is for all other purposes under this chapter a registered guide-outfitter license. A natural person is entitled to receive a renewable master guide-outfitter license if the person

(1) is, at the time of application for a master guide-outfitter license, licensed as a registered guide-outfitter under this section;

(2) has been licensed in this state as a registered guide or a guide-outfitter, under former AS 08.54.010 - 08.54.240, former AS 08.54.300 - 08.54.590, or this chapter, for at least 12 of the last 15 years, including the year immediately preceding the year in which the person applies for a master guide-outfitter license;

(3) submits a list to the department of at least 25 clients for whom the person has personally provided guiding or outfitting services and the person receives a favorable evaluation from 10 of the clients selected from the list by the department; and

(4) applies for a master guide-outfitter license on a form provided by the department and pays the application fee, if any.

(c) A registered guide-outfitter may contract to guide or outfit hunts for big game and may provide transportation services, personally or through an assistant, to big game hunters who are clients of the registered guide-outfitter.

(d) A person who is licensed as a registered guide-outfitter may be employed by another registered guide-outfitter to perform the functions of a registered guide-outfitter or class-A assistant guide in the game management unit for which the person is certified under AS 08.54.600 or of an assistant guide in any game management unit.

(e) A registered guide-outfitter who contracts for a guided hunt shall be

(1) physically present in the field with the client at least once during the contracted hunt; and

(2) in the field and participating in the contracted hunt, unless the hunt is being conducted by a class-A assistant guide or a registered guide-outfitter employed by the contracting registered guide-outfitter.

Sec. 08.54.620. CLASS-A ASSISTANT GUIDE LICENSE. (a) A natural person is entitled to a class-A assistant guide license if the person

(1) is 21 years of age or older;

(2) applies for a class-A assistant guide license on a form provided by the department and pays the license application fee and the license fee;

(3) possesses a current first aid card issued by the Red Cross or a similar organization; and

(4) either

(A) has

(i) been employed during at least three calendar years as any class of licensed guide in the game management unit for which the license is sought; and

(ii) at least 10 years' hunting experience in the state; military service outside of the state for not more than three years shall be accepted as part of the required 10 years' hunting experience;

(B) provides

(i) evidence that the person physically resides in the game management unit in which the person is to be employed;

(ii) evidence that the person has had at least 15 years' hunting experience in the game management unit in which the person is to be employed; military service outside of the state for not more than three years shall be accepted as part of the required 15 years' hunting experience; and

(iii) a written recommendation from a registered guide-outfitter who intends to employ the person as a class-A assistant guide; or

(C) provides evidence that the person

(i) physically resides in the game management unit in which the person is to be employed;

(ii) has at least 10 years' hunting experience in the state; military service outside of the state for not more than three years shall be accepted as part of the required 10 years' hunting experience; and

(iii) has passed a class-A assistant guide training course approved by the board.

(b) A class-A assistant guide

(1) may not contract to guide or outfit a big game hunt;

(2) shall be employed by and under the supervision of a registered guide-outfitter who has contracted with the client for whom the class-A assistant guide is conducting the hunt;

(3) may take charge of a camp and provide guide services from the camp without the contracting registered guide-outfitter being in the field and participating in the contracted hunt if the contracting registered guide-outfitter is supervising the guiding activities;

(4) may not perform functions of a class-A assistant guide outside of the game management unit for which the license is issued; and

(5) may be employed by a registered guide-outfitter to perform the functions of an assistant guide in any game management unit.

Sec. 08.54.630. ASSISTANT GUIDE LICENSE. (a) A natural person is entitled to an assistant guide license if the person

(1) is 18 years of age or older;

(2) has legally hunted big game in the state during two calendar years;

(3) possesses a first aid card issued by the Red Cross or a similar organization;

(4) either

(A) obtains a written recommendation from a registered guide-outfitter who intends to employ the person as an assistant guide; or

(B) provides evidence that the person passed an assistant guide training course approved by the board; and

(5) applies for an assistant guide license on a form provided by the department and pays the license application fee and the license fee.

(b) An assistant guide

(1) may not contract to guide or outfit a big game hunt;

(2) shall be employed by a registered guide-outfitter and under the supervision of a registered guide-outfitter or class-A assistant guide while the assistant guide is in the field on guided hunts; and

(3) may not take charge of a camp or provide guide services unless the contracting registered guide-outfitter is in the field and participating in the contracted hunt or a registered guide-outfitter or class-A assistant guide employed by the contracting guide is physically present and supervising the hunt.

Sec. 08.54.640. LAW ENFORCEMENT OFFICERS AND GAME BIOLOGISTS. (a) Notwithstanding AS 08.54.610 - 08.54.630 and except as provided in (b) of this section, a person may not hold, or earn experience credits to apply for, a registered guide-outfitter license under this chapter, while the person is a law enforcement officer and for three months after terminating the person's status as a law enforcement officer.

(b) A registered guide-outfitter license, class-A assistant guide license, or assistant guide license issued under this chapter, or under former provisions of AS 08.54.300 - 08.54.590, after May 16, 1992, is suspended if the person to whom the license is issued subsequently becomes a law enforcement officer. A person whose license is subject to suspension under this subsection shall notify the department that the person has become a law enforcement officer within 30 days after becoming a law enforcement officer. The suspension of a license under this subsection remains in effect until three months have elapsed from the date on which the licensee provides written notification to the department of the fact that the person is no longer a law enforcement officer. A person whose license is suspended under this subsection is not required to renew the license or pay license renewal fees for the period of suspension. Once a suspension of a license is terminated, the licensee may provide, without further payment of a guide license fee, the guide services authorized by the license for the remainder of the licensing period in which the suspension is terminated. Notwithstanding other provisions of this subsection, if a person whose license is suspended under this subsection fails to notify the department within one year after the person is no longer a law enforcement officer, the person's license lapses and the person is eligible for reissuance of the license only as provided in AS 08.54.670. The board may adopt regulations to implement this subsection.

(c) A person who holds any class of guide license and who is employed by the Department of Fish and Game or a federal wildlife management agency may not, while employed by the department or agency as a game or wildlife biologist and for 12 months after leaving employment with the department or agency as a game or wildlife biologist, engage in providing big game hunting services in a game management unit in which the person conducted game or wildlife management or research activities for the department or agency at any time during the preceding 12 months.

(d) In this section, "law enforcement officer" means a person who is

(1) employed by the Department of Public Safety as a state trooper or as a law enforcement officer engaged in fish and wildlife protection; or

(2) employed as a fish and wildlife law enforcement officer by the United States Department of the Interior or the United States Department of Agriculture.

Sec. 08.54.650. TRANSPORTER LICENSE. (a) A person is entitled to a transporter license if the person

(1) applies for a transporter license on a form provided by the department; and

(2) pays the license application fee and the license fee.

(b) A transporter may provide transportation services and accommodations to big game hunters in the field at a permanent lodge, house, or cabin owned by the transporter or on a boat with permanent living quarters located on salt water. A transporter may not provide big game hunting services without holding the appropriate license.

(c) A transporter shall provide an annual activity report on a form provided by the department. An activity report must contain all information required by the board by regulation.

Sec. 08.54.660. RENEWAL OF GUIDE AND TRANSPORTER LICENSES. (a) An applicant for renewal of a registered guide-outfitter, class-A assistant guide, assistant guide, or transporter license shall submit

(1) a request for renewal of the license on a form provided by the department; and

(2) the appropriate license fee for the next licensing period.

(b) The department may not renew a registered guide-outfitter license under this section unless all fees have been paid in full and the registered guide-outfitter has signed an affidavit that all hunt records due during the term of the current license have been filed with the department.

(c) The department may not renew a transporter license unless all fees have been paid in full and the transporter has signed an affidavit that all activity reports due during the term of the current license have been filed with the department.

Sec. 08.54.670. FAILURE TO RENEW. The department may not issue a license to a person who held a registered guide-outfitter, class-A assistant guide, or assistant guide license and who has failed to renew the license under this chapter for four consecutive years unless the person again meets the qualifications for initial issuance of the license.

Sec. 08.54.680. FINANCIAL RESPONSIBILITY AND OTHER REQUIREMENTS FOR GUIDES AND TRANSPORTERS. (a) The department may require a registered guide-outfitter, who contracts to guide or outfit a big game hunt, or a transporter to provide proof of financial responsibility up to the amount of $100,000. A registered guide or transporter may demonstrate financial responsibility by assets, insurance, or a bond in the requisite amount.

(b) If a registered guide-outfitter, class-A assistant guide, or assistant guide personally pilots an aircraft to transport clients during the provision of big game hunting services, the registered guide-outfitter, class-A assistant guide, or assistant guide shall have a commercial pilot's rating or a minimum of 500 hours of flying time in the state.

(c) On or after January 1, 2006, a registered guide-outfitter may not provide big game hunting services and a transporter may not provide transportation services unless the registered guide-outfitter or transporter has entered into a written contract with the client for the provision of those services. A contract to provide big game hunting services must include at least the following information: the name and guide license number of the registered guide-outfitter, the name of the client, a listing of the big game to be hunted, the approximate time and dates that the client will be in the field, a statement as to what transportation is provided by the registered guide-outfitter, a statement as to whether accommodations and meals in the field are provided by the registered guide-outfitter, and a statement of the amount to be paid for the big game hunting services provided. A contract to provide transportation services must include at least the following information: the name and transporter license number of the transporter, the name of the client, a listing of the big game to be hunted, the approximate time and dates that the client will be in the field, and a statement of the amount to be paid for the transportation services provided. A registered guide-outfitter or transporter shall provide a copy of contracts to provide big game hunting services or transportation service, as appropriate, to the department upon the request of the department. Except as necessary for disciplinary proceedings conducted by the board and as necessary for law enforcement purposes by the Department of Public Safety and the Department of Law, a copy of a contract provided to the department is confidential. The department may provide a copy of contracts in the possession of the department to the Department of Fish and Game or the Department of Natural Resources upon the request of that department if the department receiving the copy agrees to maintain the confidentiality of the contracts.

ARTICLE 2.
ENFORCEMENT.

Section

710. Discipline of guides and transporters
720. Unlawful acts
730. Injunction against unlawful action
740. Responsibility of guide or transporter for violations
750. Use area registration
760. Hunt records; confidentiality of hunt records and activity reports
770. License and examination fees
785. Chapter not applicable
790. Definitions

Sec. 08.54.710. DISCIPLINE OF GUIDES AND TRANSPORTERS. (a) The board may impose a disciplinary sanction in a timely manner under (c) of this section if the board finds that a licensee

(1) is convicted of a violation of any state or federal statute or regulation relating to hunting or to provision of big game hunting services or transportation services;

(2) has failed to file records or reports required under this chapter;

(3) has negligently misrepresented or omitted a material fact on an application for any class of guide license or a transporter license; or

(4) has breached a contract to provide big game hunting services or transportation services to a client.

(b) *[Repealed, Sec. 4 ch 49 SLA 2008.]*

(c) The board may impose the following disciplinary sanctions, singly or in combination:

(1) permanently revoke a license;

(2) suspend a license for a specified period;

(3) censure or reprimand a licensee;

(4) impose limitations or conditions on the professional practice of a licensee;

(5) impose requirements for remedial professional education to correct deficiencies in the education, training, and skill of the licensee;

(6) impose probation requiring a licensee to report regularly to the board on matters related to the grounds for probation;

(7) impose a civil fine not to exceed $5,000.

(d) The board shall permanently revoke a transporter license or any class of guide license if the board finds after a hearing that the license was obtained through fraud, deceit, or misrepresentation.

(e) The board shall suspend or permanently revoke a transporter license or any class of guide license without a hearing if the court orders the board to suspend or permanently revoke the license as a penalty for conviction of an unlawful act. If the board suspends or permanently revokes a license under this subsection, the board may not also impose an administrative disciplinary sanction of suspension or permanent revocation of the same license for the same offense for which the court ordered the suspension or permanent revocation under AS 08.54.720.

(f) A certified copy of a judgment of conviction of a licensee for an offense is conclusive evidence of the commission of that offense in a disciplinary proceeding instituted against the licensee under this section based on that conviction, regardless of whether the conviction resulted from a plea of nolo contendere or the conviction is under appeal, unless the conviction is overturned on appeal.

(g) A person whose license is suspended or revoked under this section may not engage in the provision of big game hunting services or transportation services during the period of license suspension or revocation.

(h) If the board revokes a license under this section, the person whose license has been revoked shall immediately surrender the license to the department.

(i) *[Repealed, Sec. 4 ch 49 SLA 2008.]*

Sec. 08.54.720. UNLAWFUL ACTS. (a) It is unlawful for a

(1) person who is licensed under this chapter to knowingly fail to promptly report, unless a reasonable means of communication is not reasonably available, to the Department of Public Safety, and in no event later than 20 days, a violation of a state or federal wildlife or game, guiding, or transportation services statute or regulation that the person reasonably believes was committed by a client or an employee of the person;

(2) person who is licensed under this chapter to intentionally obstruct or hinder or attempt to obstruct or hinder lawful hunting engaged in by a person who is not a client of the person;

(3) class-A assistant guide or an assistant guide to knowingly guide a big game hunt except while employed and supervised by a registered guide-outfitter;

(4) person who holds any class of guide license or transporter license to knowingly enter or remain on private, state, or federal land without prior authorization during the course of providing big game hunting services or transportation services;

(5) registered guide-outfitter to knowingly engage in providing big game hunting services outside of

(A) a game management unit for which the registered guide-outfitter is certified; or

(B) a use area for which the registered guide-outfitter is registered under AS 08.54.750 unless the registration requirement for the area has been suspended by the Department of Fish and Game;

(6) person to knowingly guide without having a current registered guide-outfitter, class-A assistant guide, or assistant guide license and a valid Alaska hunting license in actual possession;

(7) registered guide-outfitter to knowingly fail to comply with AS 08.54.610 (e);

(8) person who is licensed under this chapter to knowingly

(A) commit or aid in the commission of a violation of this chapter, a regulation adopted under this chapter, or a state or federal wildlife or game statute or regulation; or

(B) permit the commission of a violation of this chapter, a regulation adopted under this chapter, or a state or federal wildlife or game statute or regulation that the person knows or reasonably believes is being or will be committed without

(i) attempting to prevent it, short of using force; and

(ii) reporting the violation;

(9) person without a current registered guide-outfitter license to knowingly guide, advertise as a registered guide-outfitter, or represent to be a registered guide-outfitter;

(10) person without a current master guide-outfitter license to knowingly advertise as, or represent to be, a master guide-outfitter;

(11) person without a current registered guide-outfitter license to knowingly outfit a big game hunt, provide outfitting services, advertise as an outfitter of big game hunts, or represent to be an outfitter of big game hunts;

(12) person to knowingly provide transportation services to big game hunters without holding a current registered guide-outfitter license or transporter license;

(13) person without a current transporter license to knowingly advertise as, or represent to be, a transporter;

(14) class-A assistant guide or an assistant guide to knowingly contract to guide or outfit a hunt;

(15) person licensed under this chapter to knowingly violate a state statute or regulation prohibiting waste of a wild food animal or hunting on the same day airborne;

(16) person to knowingly provide big game hunting services or transportation services during the period for which the person's license to provide that service is suspended or revoked;

(17) registered guide-outfitter, except in the defense of life or property, to knowingly personally take

(A) big game while accompanying a client in the field; or

(B) a species of big game if the registered guide-outfitter is under contract with a client to provide a guided hunt for that species of big game and the client is in the field;

(18) person who is licensed as a registered guide-outfitter, a class-A assistant guide, or an assistant guide, except in the defense of life or property, to knowingly personally take big game while a client of the registered guide-outfitter by whom the person is employed is in the field unless the person is not participating in, supporting, or

otherwise assisting in providing big game hunting services to a client of the registered guide-outfitter by whom the person is employed; or

(19) person who is licensed as a transporter, or who provides transportation services under a transporter license, to knowingly accompany or remain in the field with a big game hunter who is a client of the person except as necessary to perform the specific duties of embarking or disembarking big game hunters, their equipment, or big game animals harvested by hunters; this paragraph does not apply to a person who holds both a transporter license and a registered guide-outfitter license issued under this chapter when the person has a contract to provide guiding services for the client.

(b) In addition to a disciplinary sanction imposed under AS 08.54.710, a person who commits an offense set out in (a)(1) - (7), (17), (18), or (19) of this section is guilty of a misdemeanor and is punishable by a fine of not more than $10,000 or by imprisonment up to one year, or both.

(c) In addition to a disciplinary sanction imposed under AS 08.54.710, a person who commits an offense set out in (a)(8) - (14) of this section is guilty of a misdemeanor and is punishable by a fine of not more than $30,000 or by imprisonment up to one year, or both.

(d) In addition to a disciplinary sanction imposed under AS 08.54.710, a person who commits an offense set out in (a)(15) of this section is guilty,

(1) for a first offense, of a misdemeanor and is punishable by a fine of not more than $30,000 or by imprisonment up to one year, or both;

(2) for a second or subsequent offense, of a class C felony.

(e) In addition to a disciplinary sanction imposed under AS 08.54.710, a person who violates (a)(16) of this section is guilty of a class C felony.

(f) In addition to the penalties set out in (b) - (e) of this section and a disciplinary sanction imposed under AS 08.54.710,

(1) the court may order the board to suspend the guide license or transporter license of a person who commits a misdemeanor offense set out in (a)(1), (3) - (5), (7), (17), (18), or (19) of this section for a specified period of not more than three years;

(2) the court shall order the board to suspend the guide license or transporter license of a person who commits a misdemeanor offense set out in (a)(2) or (8) - (14) of this section for a specified period of not less than one year and not more than five years;

(3) the court shall order the board to suspend the guide license or transporter license for a specified period of not less than three years, or to permanently revoke the guide license or transporter license, of a person who commits an offense set out in (a)(15) or (16) of this section; and

(4) all guns, fishing tackle, boats, aircraft, automobiles, or other vehicles, camping gear, and other equipment and paraphernalia used in, or in aid of, a violation of (a) of this section may be seized by persons authorized to enforce this chapter and may be forfeited to the state as provided under AS 16.05.195.

(g) Upon conviction of a person for committing an offense set out in (a) of this section, the execution of sentence may not be suspended and probation may not be granted except on the condition that the minimum term of imprisonment is served. Imposition of sentence may not be suspended.

Sec. 08.54.730. INJUNCTION AGAINST UNLAWFUL ACTION. When in the judgment of the board, a person has engaged in an act in violation of AS 08.54.620(b), 08.54.630(b), 08.54.650(b), 08.54.710(g), or 08.54.720(a) or the regulations adopted under these statutes, the board may apply to the appropriate court for an order enjoining the action. Upon a showing by the board that the person is engaging in the act, the court shall grant injunctive relief or other appropriate order without bond.

Sec. 08.54.740. RESPONSIBILITY OF GUIDE OR TRANSPORTER FOR VIOLATIONS. (a) A registered guide-outfitter who contracts to guide or outfit a big game hunt is equally responsible under AS 08.54.710 for a violation of a state or federal wildlife or game or guiding statute or regulation committed by a person while in the course of the person's employment for the registered guide-outfitter.

(b) A transporter who provides transportation services is equally responsible under AS 08.54.710 for a violation of a state or federal wildlife or game, guiding, or transportation services statute or regulation committed by a person while in the course of the person's employment for the transporter.

Sec. 08.54.750. USE AREA REGISTRATION. (a) At least 30 days before conducting big game hunting services within a guide use area, a registered guide-outfitter shall inform the department, in person or by registered mail on a registration form provided by the department, that the guide-outfitter will be conducting big game hunting services in the use area. A registered guide-outfitter may not withdraw or amend a guide use area registration during the calendar year in which the registration was submitted to the department.

(b) A registered guide-outfitter may not register for, or conduct big game hunting services in,

(1) more than three guide use areas during a calendar year; or

(2) a guide use area that is outside of a game management unit for which the registered guide-outfitter is certified under AS 08.54.600.

(c) Notwithstanding (a) and (b) of this section, a registered guide-outfitter may register to conduct big game hunting services within a guide use area at any time before beginning operations in the guide use area and may

conduct big game hunting services in a guide use area, or for a big game species in a guide use area, that is not one of the three guide use areas for which the registered guide-outfitter has registered under (b) of this section if the Department of Fish and Game has determined by regulation that it is in the public interest to suspend the registration requirements for that guide use area or for all guide use areas in a game management unit or game management subunit for a big game species within those guide use areas.

(d) Notwithstanding (b) of this section, a registered guide-outfitter who is registered in three guide use areas may also register for and conduct big game hunting services in a portion of one additional guide use area on federal land adjacent to a guide use area in which the registered guide-outfitter is already registered if the board finds that the portion of the adjacent guide use area for which the registered guide-outfitter is seeking to be registered would otherwise remain unused by a registered guide-outfitter because the boundaries of guide use areas do not coincide with boundaries of federal big game guide concession or permit areas.

(e) Notwithstanding (b) of this section, a registered guide-outfitter who is registered in three guide use areas may also register for and conduct big game hunting services for wolf, black bear, brown bear, or grizzly bear in guide use areas within a game management unit or portion of a game management unit where the Board of Game has identified predation by wolf, black bear, brown bear, or grizzly bear as a cause of the depletion of a big game prey population or a reduction of the productivity of a big game prey population that is the basis for the establishment of an intensive management program in the game management unit or portion of the game management unit or for the declaration of the biological emergency in the game management unit or portion of the game management unit. A registered guide-outfitter may only conduct hunts in a guide use area under this subsection for the big game species identified by the Board of Game as the cause of the depletion or reduction of productivity of a big game prey population.

(f) At least 60 days before providing transportation services to, from, or in an area as may be determined by the board, a transporter shall inform the department, in person or by registered mail on a registration form provided by the department, that the transporter will be providing transportation services to, from, or in the use area. The board may establish transporter use areas and adopt regulations to implement this subsection as the board considers necessary.

(g) In this section, "guide use area" means a geographic area of the state identified as a guide-outfitter use area by the former Big Game Commercial Services Board established under former AS 08.54.300 and described on a set of maps titled Guide-Outfitter Use Area Maps, dated June 22, 1994, as amended by the board as the board considers necessary.

Sec. 08.54.760. HUNT RECORDS; CONFIDENTIALITY OF HUNT RECORDS AND ACTIVITY REPORTS. (a) The department shall collect and maintain hunt records provided by a registered guide-outfitter. A registered guide-outfitter shall submit to the department a hunt record for each contracted hunt within 60 days after the completion of the hunt. A hunt record must include a list of all big game hunters who used the guiding or outfitting services of the registered guide-outfitter, the number of each big game species taken, and other information required by the board. The department shall provide forms for reporting hunt records.

(b) The department shall make hunt records received under this section, and activity reports received under AS 08.54.650, available to state agencies, federal law enforcement agencies, and other law enforcement agencies if requested. Aggregated data compiled from hunt records and activity reports may be included in reports by the department. For all other purposes, the hunt records and activity reports are confidential and are not subject to inspection or copying under AS 40.25.110 - 40.25.125.

(c) Forms, records, and reports required under this chapter may be distributed, received, and stored electronically.

Sec. 08.54.770. LICENSE AND EXAMINATION FEES. (a) The department shall set fees under AS 08.01.065 for each of the following:

(1) registered guide-outfitter license;
(2) class-A assistant guide license;
(3) assistant guide license;
(4) transporter license;
(5) license application fee.

(b) The license fee for the registered guide-outfitter, class-A assistant guide, or assistant guide license is in addition to the fee required for a hunting license issued by the Department of Fish and Game under AS 16.05.340.

(c) An applicant for a qualifying examination for a registered guide-outfitter license shall pay a fee established by regulations adopted under AS 08.01.065.

(d) The fee for the transporter license must be equal to the fee for the registered guide-outfitter license.

(e) The amount of the license fee for a nonresident shall be two times the amount of the license fee for a resident.

Sec. 08.54.785. CHAPTER NOT APPLICABLE. The provisions of this chapter do not apply to a person providing, for compensation or with the intent to receive compensation, only accommodations to a big game hunter in the field at

(1) a permanent lodge, house, or cabin on private land owned by the person; or
(2) a state or federal cabin on state or federal land.

Sec. 08.54.790. DEFINITIONS. In this chapter,

(1) "big game" means brown bear, grizzly bear, caribou, moose, black bear, bison, Sitka blacktail deer, elk, mountain goat, musk-ox, and mountain or Dall sheep; "big game" includes wolf and wolverine when taken under hunting regulations;

(2) "big game hunting service" means a service for which the provider of the service must obtain a registered guide-outfitter, class-A assistant guide, or assistant guide license; "big game hunting service" includes guiding services and outfitting services;

(3) "board" means the Big Game Commercial Services Board;

(4) "compensation" means payment for services including wages or other remuneration but not including reimbursement for actual expenses incurred;

(5) "department" means the Department of Commerce, Community, and Economic Development;

(6) "field" means an area outside of established year-round dwellings, businesses, or other developments associated with a city, town, or village; "field" does not include permanent hotels or roadhouses on the state road system or state or federally maintained airports;

(7) "game management unit" means one of the 26 geographic areas defined by the Board of Game for game management purposes;

(8) "guide" means to provide, for compensation or with the intent or with an agreement to receive compensation, services, equipment, or facilities to a big game hunter in the field by a person who accompanies or is present with the big game hunter in the field either personally or through an assistant; in this paragraph, "services" includes

(A) contracting to guide or outfit big game hunts;

(B) stalking, pursuing, tracking, killing, or attempting to kill big game;

(C) packing, preparing, salvaging, or caring for meat, except that which is required to properly and safely load the meat on the mode of transportation being used by a transporter;

(D) field preparation of trophies, including skinning and caping;

(E) selling, leasing, or renting goods when the transaction occurs in the field;

(F) using guiding or outfitting equipment, including spotting scopes and firearms, for the benefit of a hunter; and

(G) providing camping or hunting equipment or supplies that are already located in the field;

(9) "outfit" means to provide, for compensation or with the intent to receive compensation, services, supplies, or facilities, excluding the provision of accommodations by a person described in AS 08.54.785, to a big game hunter in the field, by a person who neither accompanies nor is present with the big game hunter in the field either personally or by an assistant;

(10) "transportation services" means the carriage for compensation of big game hunters, their equipment, or big game animals harvested by hunters to, from, or in the field; "transportation services" does not include the carriage by aircraft of big game hunters, their equipment, or big game animals harvested by hunters

(A) on nonstop flights between airports listed in the Alaska supplement to the Airmen's Guide published by the Federal Aviation Administration; or

(B) by an air taxi operator or air carrier for which the carriage of big game hunters, their equipment, or big game animals harvested by hunters is only an incidental portion of its business; in this subparagraph, "incidental" means transportation provided to a big game hunter by an air taxi operator or air carrier who does not

(i) charge more than the usual tariff or charter rate for the carriage of big game hunters, their equipment, or big game animals harvested by hunters; or

(ii) advertise transportation services or big game hunting services to the public; in this sub-subparagraph, "advertise" means soliciting big game hunters to be customers of an air taxi operator or air carrier for the purpose of providing air transportation to, from, or in the field through the use of print or electronic media, including advertising at trade shows, or the use of hunt broker services or other promotional services.

CHAPTER 75.
BIG GAME COMMERCIAL SERVICES BOARD.

Article

1. **Guide License Qualifications (12 AAC 75.100 - 12 AAC 75.140)**
2. **Registered Guide-Outfitter Operations (12 AAC 75.200 - 12 AAC 75.260)**
3. **Professional Ethics Standards for Guides (12 AAC 75.300 - 12 AAC 75.340)**
4. **Transportation Services (12 AAC 75.400 - 12 AAC 75.450)**
5. **General Provisions (12 AAC 75.900 - 12 AAC 75.990)**

ARTICLE 1.
GUIDE LICENSE QUALIFICATIONS.

Section

100. Application for registered guide-outfitter examination
105. Application for master guide-outfitter license
110. Registered guide-outfitter examinations
112. Game management unit certification examination
115. Registered guide-outfitter exempt from examination
117. Registered guide-outfitter reexamination
120. Application for class-A assistant guide license
130. Application for assistant guide license
140. Term of guide licenses
145. Application for a transporter license

12 AAC 75.100. APPLICATION FOR REGISTERED GUIDE-OUTFITTER EXAMINATION. (a) An applicant for a registered guide-outfitter license who is applying under AS 08.54.610(a)(3)(A) must submit,

(1) at least 120 days before the date of the next scheduled registered guide-outfitter examination,

(A) the applicable fees required in 12 AAC 02.230;

(B) a completed application on a form provided by the department; the applicant must indicate if the applicant will be contracting to provide big game commercial services during the licensing period for which the applicant is applying;

(C) a list of hunters for whom the applicant has provided big game hunting services in compliance with AS 08.54.610(a)(8);

(D) a written certification by the applicant on a form provided by the department certifying the applicant's

(i) practical field experience as required in AS 08.54.610(a)(2);

(ii) capability to perform "essential duties associated with guiding and outfitting" as defined in 12 AAC 75.990; and

(iii) successful experience guiding sheep, moose, brown bear, mountain goat, and caribou hunts, if the applicant is seeking licensure for one of these species; the applicant must have been involved in a minimum of three harvests on a guided hunt for each of these listed species in order to be licensed for that species;

(E) a signed statement from the applicant certifying that the applicant meets the eligibility requirements in AS 08.54.605;

(F) a form completed by the applicant listing the dates that the applicant hunted in the state and certifying that the applicant meets the requirements in AS 08.54.610(a)(5); and

(G) the applicant's license number and dates of licensure as a class-A assistant guide, class-A assistant guide-outfitter, assistant guide, or assistant guide-outfitter in the state; and

(2) at least 45 days before the date of the next scheduled registered guide-outfitter examination,

(A) a complete report of criminal justice information under AS 12.62, including fish and wildlife violations, and if a state other than this state is the applicant's primary state of residence, an equivalent report issued by that other state; and

(B) for each guiding, outfitting, transportation, or other hunting services license, if any, issued to the applicant by another state or by a jurisdiction of Canada, verification from the issuing government body that the license has not been suspended or revoked.

(b) For the purposes of determining the applicable license fee under (a) of this section, the applicant shall state on the application form whether the applicant is a resident.

(c) The department will not schedule an applicant for the registered guide-outfitter examination unless the department has received all letters of recommendation required under AS 08.54.610(a)(8) at least 45 days before the date of the examination.

(d) In addition to meeting the requirements of (a) – (c) of this section, an applicant must

(1) have participated in contracted hunts for 125 days over a minimum of three years with at least eight clients; and

(2) submit, at least 45 days before the date of the next scheduled registered guide-outfitter examination, an

affidavit signed by an employing registered guide-outfitter attesting that the applicant has met the requirements of this subsection and including a completed form assessing the applicant's skills and abilities in the following areas and explaining negative responses:

(A) hunting regulations;
(B) guiding regulations;
(C) meat care and preservation;
(D) cape and trophy care;
(E) trophy judging;
(F) photography;
(G) ethics;
(H) logistics;
(I) stalking;
(J) safety procedures;
(K) first aid;
(L) emergency protocol;
(M) firearm use and safety;
(N) knowledge of property ownership.

(e) The department will schedule an applicant to sit for the registered guide-outfitter examination if items in (a) – (d) of this section are received and verified before the scheduled examination date.

(f) An applicant who appears for an examination and chooses not to take a scheduled test forfeits the examination fees.

Authority: AS 08.54.600 AS 08.54.605 AS 08.54.610

12 AAC 75.105. APPLICATION FOR MASTER GUIDE-OUTFITTER LICENSE. (a) The department will issue a license as a master guide-outfitter to a person who meets the requirements of AS 08.54.610(b) and this section. An applicant for a master guide-outfitter license must submit

(1) a completed application on a form provided by the department;

(2) the applicable fees required in 12 AAC 02.230;

(3) a list of 25 big game hunters for whom the applicant has personally provided guiding or outfitting services in compliance with AS 08.54.610;

(4) for each guiding, outfitting, transportation, or other hunting services license, if any, issued to the applicant by another state or by a jurisdiction of Canada, verification from the issuing government body that the license has not been suspended or revoked;

(5) the favorable evaluations required under AS 08.54.610(b)(3); and

(6) an affidavit identifying the years for which the applicant is requesting to receive guide experience credit.

(b) For the purposes of determining the applicable license fee, the applicant shall state on the application form whether the applicant is a resident.

Authority: AS 08.54.600 AS 08.54.605 AS 08.54.610

12 AAC 75.110. REGISTERED GUIDE-OUTFITTER EXAMINATIONS. (a) To be eligible for a registered guide-outfitter license, an applicant must pass the

(1) qualification examination, which includes a practical examination covering

(A) trophy judging of actual antlers and horns;
(B) aging of animals;
(C) sexing of mountain goats and bears; and
(D) caping an animal; for this portion of the examination, the applicant must provide a visual recording of the applicant caping an animal; and

(2) game management unit examination for at least one game management unit.

(b) The minimum score required to pass the qualification and game management unit registered guide-outfitter examinations is 75 percent on each examination.

(c) *Repealed 11/24/2007.*

(d) *Repealed 11/24/2007.*

(e) *Repealed 7/30/2006.*

(f) *Repealed 11/24/2007.*

Authority: AS 08.54.600 AS 08.54.605 AS 08.54.610

12 AAC 75.112. GAME MANAGEMENT UNIT CERTIFICATION EXAMINATION. (a) The department will schedule an applicant to sit for the certification examination for a game management unit if the applicant submits, at least 45 days before the date of the next scheduled examination,

(1) a written request and applicable examination fees established in 12 AAC 02.230; and

(2) proof satisfactory to the department of having, for at least 60 days within the game management unit for which the applicant is requesting certification, performed one or more of the following activities in the field:

(A) guiding;

(B) hunting;

(C) trapping;

(D) camping; in this subparagraph, "camping" means using a vehicle, tent, or shelter, or arranging bedding, or both, to stay overnight in the field, regardless of whether the stay is for personal purposes or in a camp as defined in 12 AAC 75.990;

(E) surveying game.

(b) An applicant may take examinations for no more than three game management units at a time.

(c) The department will certify an applicant for a game management unit if the applicant

(1) meets the requirements of this section;

(2) passes the certification examination testing, for the game management unit for which certification is sought, the applicant's knowledge on terrain, game, geography, transportation, logistics, and land ownership; and

(3) is a registered guide-outfitter with a valid license; if the applicant does not already have a valid registered guide-outfitter license, the department will issue certification when the applicant

(A) has met all the qualification requirements of AS 08.54 and this chapter for initial issuance of a registered guide-outfitter license and is issued that license; or

(B) has timely renewed an expired registered guide-outfitter license in accordance with AS 08.54.660 and 08.54.670.

(d) The department will schedule an applicant to sit for a game management unit certification examination if the proof required under (a)(2) of this section is verified before the scheduled examination date.

(e) An applicant who appears for an examination and chooses not to take a scheduled test forfeits the examination fees.

Authority: AS 08.54.600 AS 08.54.610

12 AAC 75.115. REGISTERED GUIDE-OUTFITTER EXEMPT FROM EXAMINATION. (a) An applicant for a registered guide-outfitter license who is applying under AS 08.54.610(a)(3)(B) must submit,

(1) at least 120 days before the date of the next scheduled examination for game management unit certification,

(A) the applicable fees required in 12 AAC 02.230;

(B) a completed application on a form provided by the department;

(C) a list of hunters for whom the applicant has provided big game hunting services in compliance with AS 08.54.610(a)(8);

(D) a written certification by the applicant on a form provided by the department certifying the applicant's

(i) practical field experience as required in AS 08.54.610(a)(2);

(ii) capability to perform "essential duties associated with guiding and outfitting" as defined in 12 AAC 75.990; and

(iii) successful experience guiding sheep, moose, brown bear, mountain goat, and caribou hunts, if the applicant is seeking licensure for one of these species; the applicant must have been involved in a minimum of three harvests on a guided hunt for each of these listed species in order to be licensed for that species;

(E) a signed statement by the applicant certifying that the applicant meets the eligibility requirements in AS 08.54.605;

(F) a form completed by the applicant listing the dates that the applicant has hunted in the state and certifying that the applicant meets the requirements of AS 08.54.610(a)(5); and

(G) the applicant's license number and dates of licensure that meet the requirements of AS 08.54.610(a)(3)(B), verifying at least 25 years of qualifying experience; and

(2) at least 45 days before the date of the next scheduled examination for game management unit certification,

(A) a complete report of criminal justice information under AS 12.62, including fish and wildlife violations, and if a state other than this state is the applicant's primary state of residence, an equivalent report issued by that other state; and

(B) for each guiding, outfitting, transportation, or other hunting services license, if any, issued to the applicant by another state or by a jurisdiction of Canada, verification from the issuing government body that the license has not been suspended or revoked; and

(C) an affidavit and form completed and signed by an employing registered guide-outfitter assessing the applicant's skills and abilities in the following areas and explaining negative responses:

(i) hunting regulations;

(ii) guiding regulations;

(iii) meat care and preservation;

(iv) cape and trophy care;

(v) trophy judging;

(vi) photography;

(vii) ethics;
(viii) logistics;
(ix) stalking;
(x) safety procedures;
(xi) first aid;
(xii) emergency protocol;
(xiii) firearm use and safety;
(xiv) knowledge of property ownership.

(b) For the purposes of determining the applicable license fee, the applicant shall state on the application form whether the applicant is a resident.

(c) The department will not schedule an applicant for the game management unit examination unless the department has received all letters of recommendation required under AS 08.54.610(a)(8) at least 45 days before the date of the examination.

(d) *Repealed 7/30/2006.*

(e) An applicant who appears for an examination and chooses not to take a scheduled test forfeits the examination fees.

Authority: AS 08.54.600 AS 08.54.605 AS 08.54.610

12 AAC 75.117. REGISTERED GUIDE-OUTFITTER REEXAMINATION. (a) An applicant who fails a registered guide-outfitter examination may apply for reexamination any time within two years after the date of the first examination. If, within two years after the date of the first examination, the applicant fails to apply for reexamination, the applicant must apply again for initial licensure, and must meet the qualifications in AS 08.54 and this chapter for initial issuance of a registered guide-outfitter license.

(b) An applicant who fails a certification examination for a game management unit may apply for reexamination any time within two years after the date of the first examination. If, within two years after the date of the first examination, the applicant fails to apply for reexamination, and if the applicant

(1) has not already passed a certification examination as required under AS 08.54.610(a)(4) for initial licensure, is not already licensed as a registered guide-outfitter, or on or before the date of reexamination has failed under AS 08.54.660 and 08.54.670 to renew a license for four consecutive years, the applicant must apply again for initial licensure, and must meet the qualifications in AS 08.54 and this chapter for initial issuance of a registered guide-outfitter license; or

(2) either is already licensed as a registered guide-outfitter or has an expired license for which, on or before the date of reexamination, the four consecutive-year period for renewal under AS 08.54.660 and 08.54.670 has not run, and if the failed certification examination is for an additional game management unit, the applicant must apply again under 12 AAC 75.112 and must meet the requirements in that section to sit for the examination.

(c) To apply for reexamination, an applicant must submit, at least 45 days before the date of the examination,

(1) a written request for reexamination; and

(2) the examination fee required in 12 AAC 02.230 for the requested examination.

(d) The department may, if staff resources allow, waive the application deadline in (c) of this section.

(e) An examination score is valid for no more than two years. If the examination is a

(1) registered guide-outfitter examination, and if, within two years after the date of the examination, the applicant is not issued a license as a registered guide-outfitter, the applicant must apply again for initial licensure, and must meet the qualifications in AS 08.54 and this chapter for initial issuance of a registered guide-outfitter license;

(2) certification examination for a game management unit and is required under AS 08.54.610(a)(4) for initial licensure, and if, within two years after the date of the examination, the applicant is not issued a license as a registered guide-outfitter, the applicant must apply again for initial licensure, and must meet the qualifications in AS 08.54 and this chapter for initial issuance of a registered guide-outfitter license; or

(3) certification examination for an additional game management unit, not required under AS 08.54.610(a)(4) for initial licensure, and if the applicant has an expired registered guide-outfitter license for which, within the two-year period that the examination score is valid, the four consecutive-year period for renewal under AS 08.54.660 and 08.54.670 runs out, the applicant may not apply that score to meet the initial licensure requirements in AS 08.54.610(a)(4).

Authority: AS 08.54.600 AS 08.54.610 AS 08.54.670
AS 08.54.605 AS 08.54.660

12 AAC 75.120. APPLICATION FOR CLASS-A ASSISTANT GUIDE LICENSE. (a) The department will issue a license as a class-A assistant guide to an applicant who meets the requirements of AS 08.54.620 and this section.

(b) Before a class-A assistant guide license will be issued, the department must receive

(1) the fees required in 12 AAC 02.230;

(2) a completed application on a form provided by the department;

(3) verification of the applicant's applicable employment, residency, and hunting experience required under AS 08.54.620(a)(4); an applicant applying for a class-A assistant guide license under

(A) AS 08.54.620(a)(4)(A) and this section shall submit

(i) verification, from employing registered guides or guide-outfitters, of experience spanning three years as described in AS 08.54.620(a)(4)(A)(i); and

(ii) an affidavit that the applicant has had the hunting experience required in AS 08.54.620(a)(4)(A)(ii);

(B) AS 08.54.620(a)(4)(B) and this section shall submit

(i) the evidence required in AS 08.54.620(a)(4)(B)(i) of physical residency;

(ii) three affidavits of hunting experience from individuals who certify that the applicant has had the hunting experience required in AS 08.54.620(a)(4)(B)(ii); and

(iii) a letter of recommendation from a licensed registered guide-outfitter who intends to employ the applicant as a class-A assistant guide;

(4) a copy of the applicant's valid first aid card issued by the Red Cross or a similar organization recognized by the department;

(5) a signed statement from the applicant certifying that the applicant meets the eligibility requirements in AS 08.54.605;

(6) a complete report of criminal justice information under AS 12.62, including fish and wildlife violations, and if a state other than this state is the applicant's primary state of residence, an equivalent report issued by that other state; and

(7) for each guiding, outfitting, transportation, or other hunting services license, if any, issued to the applicant by another state or by a jurisdiction of Canada, verification from the issuing government body that the license has not been suspended or revoked.

(c) A class-A assistant guide licensed under AS 08.54.620(a)(4)(B) may be certified for additional game management units in which the licensee does not reside if that licensee also meets the requirements of AS 08.54.620(a)(4)(A).

Authority: AS 08.54.600 AS 08.54.605 AS 08.54.620

12 AAC 75.130. APPLICATION FOR ASSISTANT GUIDE LICENSE. The department will issue a license as an assistant guide to an applicant who meets the requirements of AS 08.54.630 and this section. An assistant guide license applicant shall submit

(1) the fees required in 12 AAC 02.230;

(2) a completed application on a form provided by the department;

(3) a copy of the applicant's valid first aid card issued by the American Red Cross or a similar organization recognized by the department;

(4) a form completed by the applicant listing the dates the applicant has hunted in the state and certifying that the applicant meets the requirements in AS 08.54.630(a)(2);

(5) a written recommendation or evidence as required in AS 08.54.630(a)(4);

(6) a signed statement from the applicant certifying that the applicant meets the eligibility requirements in AS 08.54.605;

(7) a complete report of criminal justice information under AS 12.62, including fish and wildlife violations, and if a state other than this state is the applicant's primary state of residence, an equivalent report issued by that other state; and

(8) for each guiding, outfitting, transportation, or other hunting services license, if any, issued to the applicant by another state or by a jurisdiction of Canada, verification from the issuing government body that the license has not been suspended or revoked.

Authority: AS 08.54.600 AS 08.54.605 AS 08.54.630

12 AAC 75.140. TERM OF GUIDE LICENSES. Registered guide-outfitter, class-A assistant guide, and assistant guide licenses expire on December 31 of odd-numbered years.

Authority: AS 08.01.100 AS 08.54.600

12 AAC 75.145. APPLICATION FOR A TRANSPORTER LICENSE. (a) The department will issue a license as a transporter to an applicant who meets the requirements of AS 08.54.650 and this section. An applicant for a transporter license must submit

(1) a completed application on a form provided by the department;

(2) the applicable fees required in 12 AAC 02.230;

(3) proof of financial responsibility in accordance with 12 AAC 75.420;

(4) copies of the Federal Aviation Administration and United States Coast Guard licenses applicable to the applicant's operations; and

(5) the name of one individual who is responsible for managing the transporter's business activities.

(b) In addition to meeting the requirements in (a) of this section, an applicant that is a

(1) corporation must submit proof of either a certificate of incorporation or a certificate of authority in good standing under AS 10, and if the corporation is organized in this state, proof of articles of incorporation in good standing under AS 10;

(2) limited liability company, proof of either articles of organization or registration in good standing under AS 10.50;

(3) limited liability partnership, proof of either a statement of qualification or a statement of foreign qualification in good standing under AS 32.06.911 – 32.06.925; or

(4) limited partnership, proof of either a certificate of limited partnership or registration in good standing under AS 32.11.

(c) To change the individual identified under (a)(5) of this section, a licensed transporter must file with the department, within 20 days after the date of the change, a written statement verifying the change and identifying the new individual responsible for managing the transporter's business activities.

(d) A licensed transporter shall notify the department in accordance with 12 AAC 02.900 if the transporter's mailing address changes.

Authority: AS 08.54.600 AS 08.54.650 AS 08.54.660

ARTICLE 2.
REGISTERED GUIDE-OUTFITTER OPERATIONS.

Section

200. Registered guide-outfitter providing services
205. Distribution and use of hunt record booklets
210. Hunt record
220. Proof of financial responsibility
230. Guide-outfitter use area registration
235. Guide-outfitter use area maps
240. Supervision
250. Participation in a hunt
260. Registered guide-outfitter contract requirements
265. Guide use area boundary changes

12 AAC 75.200. REGISTERED GUIDE-OUTFITTER PROVIDING SERVICES. (a) In addition to the restrictions in AS 08.54.720, a registered guide-outfitter may provide transportation services only in a guide use area for which the guide-outfitter is registered, unless the guide-outfitter also holds a transporter license.

(b) A registered guide-outfitter who provides transportation or outfitting services in a guide use area, for which the guide-outfitter is registered, shall complete a hunt record for each client transported or outfitted.

Authority: AS 08.54.600 AS 08.54.610 AS 08.54.750

12 AAC 75.205. DISTRIBUTION AND USE OF HUNT RECORD BOOKLETS. (a) The department will issue a booklet of pre-numbered hunt records to a registered guide-outfitter with a valid license who has proof of financial responsibility in accordance with 12 AAC 75.220 on file with the board. Once the department issues the booklet, the board

(1) will consider the pre-numbered hunt records to be in the possession of the registered guide-outfitter; and

(2) may discipline the registered guide-outfitter under AS 08.54.710(a)(2) if the

(A) registered guide-outfitter loses or misplaces the booklet of pre-numbered hunt records, or fails to return the hunt records as required under this section or upon the department's request;

(B) booklet of pre-numbered hunt records is damaged or destroyed while in the registered guide-outfitter's possession; or

(C) booklet of pre-numbered hunt records, while in the registered guide-outfitter's possession, is used in a manner that violates AS 08.54.760, this section, or 12 AAC 75.210.

(b) The pre-numbered hunt records must be used sequentially in numerical order and only by the assigned registered guide-outfitter. Hunt records may not be shared.

(c) All copies of a hunt record must be completed in accordance with 12 AAC 75.210. Copies must be distributed in accordance with 12 AAC 75.210.

(d) A voided pre-numbered hunt record must be returned to the department.

(e) *Repealed 3/21/2010.*

(f) A maximum of 50 pre-numbered hunt records will be issued to a registered guide-outfitter and may be in the registered guide-outfitter's possession at any given time. An additional booklet of pre-numbered hunt records may be issued. However, upon a written request and showing of good cause, as determined by the department, a

registered guide-outfitter may have more than 50 pre-numbered hunt records assigned and in the registered guide-outfitter's possession.

(g) A registered guide-outfitter who misplaces or loses a hunt record booklet shall submit to the department

(1) a notarized statement documenting the loss of the booklet of pre-numbered hunt records; and

(2) client information not already submitted to the department under 12 AAC 75.210.

Authority: AS 08.54.600 AS 08.54.660 AS 08.54.760

12 AAC 75.210. HUNT RECORD. (a) The hunt record required by AS 08.54.760 must be on a form provided by the department. On or after January 1, 2008, a registered guide-outfitter shall use a pre-numbered hunt record booklet issued under 12 AAC 75.205. Before a hunt, a registered guide-outfitter who contracts to guide, transport, or outfit a hunt shall complete or have completed the portions of the hunt record form that provide

(1) the client's name, address, and hunting license number;

(2) the contracting registered guide-outfitter's name, address, original signature attesting to the accuracy of the information supplied on the hunt record form, and registered guide-outfitter license number;

(3) big game tag numbers, by species;

(4) harvest ticket numbers, by species; and

(5) the names and guide license numbers of all registered guide-outfitters, class-A assistant guides, and assistant guides who will accompany the client in the field.

(b) A copy of the hunt record must be with the client for the duration of a hunt.

(c) At the conclusion of the hunt, the registered guide-outfitter shall complete the applicable remaining portions of the hunt record including

(1) the dates the client was in the field;

(2) the species of big game hunted;

(3) for each animal taken, the

(A) date taken;

(B) guide use area and specific location in which the animal was taken;

(C) sex; and

(D) estimated pounds of meat transported out of the field;

(4) the date the registered guide-outfitter complied with the client communication requirements in 12 AAC 75.240;

(5) the client's original signature attesting to the accuracy of the information supplied on the hunt record form; and

(6) the method of transportation used by the client during the hunt.

(d) *Repealed 10/19/96.*

(e) The registered guide-outfitter shall send the completed original hunt record to the department within 60 days after completion of the hunt. The registered guide-outfitter shall furnish one copy of the completed hunt record to the client and retain one copy for four years at the registered guide-outfitter's regular place of business.

(f) A hunt record must be produced for inspection upon request by an agent of the board or department or any state or federal enforcement agent authorized to enforce guiding, game, or game management statutes or regulations.

(g) To comply with AS 08.54.660, an applicant for renewal of a registered guide-outfitter license shall certify on the renewal form provided by the department that all hunt records required under AS 08.54.760 have been submitted to the department in accordance with (e) of this section.

(h) When a big game hunting client contracts to hunt big game with more than one registered or master guide-outfitter, a separate hunt record must be completed by each registered or master guide-outfitter and each client. The department will not accept hunt records signed by more than one guide-outfitter.

Authority: AS 08.54.600 AS 08.54.660 AS 08.54.760

12 AAC 75.220. REGISTERED GUIDE-OUTFITTER PROOF OF FINANCIAL RESPONSIBILITY. (a) *Repealed 12/1/2007.*

(b) An applicant who intends to contract to guide or outfit a big game hunt shall

(1) certify that the applicant has and will maintain during the licensing period, assets, general liability insurance, or a bond totaling at least a minimum of $100,000 that will be available for payment of a judgment against the applicant resulting from the applicant's big game hunting services; and

(2) list the assets, insurance, or bond, including, if applicable,

(A) a description of the assets, their fair market value less any liens, identification of any liens against the assets, and the location of the assets; and

(B) the name of the company issuing the insurance or bond, the policy or bond number, and the amount and type of coverage supplied by the insurance or bond.

(c) A registered guide-outfitter who indicated on the application for initial license or renewal that the registered guide-outfitter would not contract to guide or outfit a big game hunt shall notify the department and provide the information required in (b) of this section before the registered guide-outfitter may contract to guide or outfit a big game hunt.

(d) A registered guide-outfitter shall notify the department within 10 days of any change to the information reported under (b) of this section.

(e) The department may require additional documentation to substantiate the information provided in (b) of this section before approving an applicant for initial licensure or license renewal.

Authority: AS 08.54.600 AS 08.54.610 AS 08.54.680

12 AAC 75.230. GUIDE USE AREA REGISTRATION. (a) The department will register an applicant in a guide use area if the applicant meets the requirements of AS 08.54.750 and this section. For each guide use area for which a registered guide-outfitter is registering, the registered guide-outfitter shall submit the following information on a form provided by the department:

(1) the applicant's registered guide-outfitter license number;

(2) the guide use area for which the registered guide-outfitter is registering;

(3) the location of the registered guide-outfitter's camp;

(4) documentation from the landowner or land manager that the applicant has the authorization to provide big game hunting services on at least 5,000 contiguous acres of the uplands in the guide use area; proof of prior year authorization, if still valid, will be accepted to meet the requirement of this paragraph; a letter of intent to authorize use for the current year, from the landowner or land manager, will be accepted to meet the requirement of this paragraph;

(5) whether registration is for a single calendar year or multiple calendar years.

(b) Unless it is issued for multiple calendar years, a guide use area registration issued under AS 08.54.750 and this section expires on December 31 of each year. A registration for multiple calendar years expires on December 31 of the last year for which it is issued. To re-register, the registered guide-outfitter must again submit a complete application under (a) of this section.

(c) A registered guide-outfitter may register for a maximum of five calendar years ending on December 31, including the calendar year in which the registration becomes effective. A registration for multiple calendar years may be withdrawn or changed annually, with the withdrawal or change to take effect on or after January 1 of the next calendar year.

(d) In accordance with AS 08.54.750, a registration will be considered effective 30 days after the date the registration is submitted to the department, or 30 days after the date the application is considered complete, whichever is later.

(e) A registered guide-outfitter who is registered in three guide use areas may register for and conduct big game hunting services in a portion of one additional guide use area on federal land adjacent to a guide use area for which the registered guide-outfitter is already registered if the registered guide-outfitter meets the requirements of (a)(1) – (4) of this section, and submits

(1) the guide use area map that identifies the portion of the additional guide use area that is located on federal land and is adjacent to a guide use area for which the registered guide-outfitter is currently registered; and

(2) a letter from the federal landholder that states that the area would otherwise remain unused by a registered guide-outfitter because the boundaries do not coincide with boundaries of a federal big game guide concession or permit area.

Authority: AS 08.54.600 AS 08.54.750

12 AAC 75.235. GUIDE-OUTFITTER USE AREA MAPS. The set of maps titled *Guide-Outfitter Use Area Maps*, dated June 22, 1994, as amended December 2009, also titled *Guide-Outfitter Use Area Maps*, is adopted by reference. This set of maps prepared by the Department of Natural Resources depicts the boundaries of the guide use areas established under AS 08.54.750(e).

Authority: AS 08.54.600 AS 08.54.750

Editor's note: Copies of the *Guide-Outfitter Use Area Maps*, adopted by reference in 12 AAC 75.235, are available for inspection at the Department of Natural Resources, Division of Mining, Land and Water offices in Anchorage at the Robert B. Atwood Building, 550 W. 7th Avenue, Suite 900C, and in Fairbanks at 3700 Airport Way, and at the Department of Commerce, Community, and Economic Development, Division of Corporations, Business and Professional Licensing office in Juneau at the State Office Building, 9th Floor, 333 Willoughby Avenue. Electronic equivalents of the *Guide-Outfitter Use Area Maps* are also available through the Department of Natural Resources, Division of Mining, Land and Water website at: http://dnr.alaska.gov/mlw/gcp/gua.cfm.

12 AAC 75.240. SUPERVISION. (a) A registered guide-outfitter who contracts to guide a hunt shall plan, direct, and monitor the big game hunting services provided to the client.

(b) At the conclusion of the hunt, a registered guide-outfitter who contracts to guide a hunt shall evaluate the performance of the assistant guide, class-A assistant guide, or registered guide-outfitter involved in the hunt to determine whether the big game hunting services provided to the client were satisfactory.

(c) To comply with (b) of this section, the contracting registered guide-outfitter shall verbally communicate, by telephone or radio, or in person, with the client and the assistant guide, class-A assistant guide, or registered guide-outfitter involved in the hunt, separately or together, at least once within 10 days after the conclusion of the hunt. The contracting registered guide-outfitter shall obtain the necessary information to evaluate the performance of the assistant guide, the class-A assistant guide, or registered guide-outfitter and determine whether the big game hunting services were provided safely, in accordance with state and federal law, and to the satisfaction of the client.

(d) The contracting registered guide-outfitter shall make a good faith effort to verbally communicate with the client to obtain the necessary information to evaluate the performance of the assistant guide, class-A assistant guide, or registered guide-outfitter. If the attempt to verbally communicate with the client is unsuccessful, the contracting registered guide-outfitter shall write to the client and request the necessary information to evaluate the performance of the assistant guide, the class-A assistant guide, or registered guide-outfitter. The contracting registered guide-outfitter shall write to the client within 60 days after the conclusion of the hunt.

(e) A registered guide-outfitter shall document on the hunt record the date the registered guide-outfitter complied with the verbal, or if applicable the written, client communication requirements in (c) and (d) of this section.

(f) A noncontracting registered guide-outfitter or class-A assistant guide supervising an assistant guide shall be available in the same guide use area, or an adjacent guide use area with a common border, to direct and monitor the big game hunting services provided to the client.

(g) *Repealed 7/30/2006.*

Authority: AS 08.54.600 AS 08.54.610 AS 08.54.620 AS 08.54.630 AS 08.54.710

12 AAC 75.250. PARTICIPATION IN A HUNT. (a) A registered guide-outfitter who contracts to guide a hunt and who is participating in a hunt as required in AS 08.54.630(b)(3) shall be present in the field in person with the client and any guide not certified for the unit at least once during the hunt to discuss with the client and the guide the big game hunting services provided.

(b) A registered guide-outfitter who contracts to guide a hunt and who is participating in a hunt as required in AS 08.54.630(b)(3) shall be in communication, either personally or through an agent, with the assistant guide, who is in the field with the client, at least once during the hunt if the hunt is longer than five days. This communication is in addition to the in-person contact required in (a) of this section.

(c) In this section, "communication" includes in-person contact, radio contact, telephone contact, and signaling.

(d) A registered guide-outfitter who contracts to outfit a hunt shall

(1) before leaving a client in the field, advise the client of the date, time, and location at which the registered guide-outfitter will pick up the client and the course of action the client should follow if the registered guide-outfitter is unable to pick up the client as planned;

(2) either personally or through a class-A assistant guide, an assistant guide, or a licensed transporter, transport the client into and out of the field at the planned date, time, and location, unless prevented by weather, mechanical problems, or other safety concerns; and

(3) check on or communicate with a client in the field as agreed to before transporting that client.

Authority: AS 08.54.600 AS 08.54.610 AS 08.54.620 AS 08.54.630 AS 08.54.710

12 AAC 75.260. REGISTERED GUIDE-OUTFITTER CONTRACT REQUIREMENTS. (a) A contracting registered guide-outfitter shall deliver a written contract to the client within 90 days after receipt of a deposit, or before services are provided, whichever is earlier.

(b) A contract must

(1) include the name, license number, and signature of the guide-outfitter, and must include the name of the guide-outfitter's business if it is different from the name of the individual guide-outfitter;

(2) include the name and signature of the client;

(3) list each big game animal to be hunted, and must identify the primary animal to be hunted;

(4) list the approximate times and dates that the client will be in the field;

(5) list the number of hunting days and dates for each species, if appropriate;

(6) state the cost and payment schedule;

(7) state the amount of the trophy fee, if any, and must identify who is responsible for the cost of the license and tags;

(8) state the extra transportation cost, if any;

(9) include a statement of services provided, including lodging, meals, number of clients per guide, trophy care and shipping, care of meat, and clarification of who is responsible for what;

(10) set out the deposit refund or transfer policy upon cancellation;

(11) include a statement about compensation for any delay of the client arriving in the field on schedule or for the client departing the field before the contracted hunt ends; and

(12) identify who is responsible for private and federal land use fees.

(c) A registered guide-outfitter shall retain a copy of the contract for at least four years.

Authority: AS 08.54.600 AS 08.54.720 AS 08.54.790
AS 08.54.680

12 AAC 75.265. GUIDE USE AREA BOUNDARY CHANGES. (a) The board may propose to amend guide use area boundaries

(1) on its own motion;

(2) upon the recommendation of the Department of Fish and Game; or

(3) in response to a petition from another person.

(b) At least 90 days before the date of a board meeting at which guide use area boundaries changes are proposed, the department will publish, in a newspaper of general circulation, a notice soliciting petitions to propose amendments to guide use area boundaries. To be considered for proposal by the board at the board's next meeting, a petition must be received by the department no later than 60 days after the notice is published.

(c) If the board proposes to amend guide use area boundaries, the board will mail notice of the proposed amendment to

(1) each registered guide-outfitter with a valid license who is registered for a guide use area the boundaries of which are proposed for amendment;

(2) the Department of Natural Resources;

(3) the Department of Fish and Game; and

(4) the Department of Public Safety.

(d) The board may amend guide use area boundaries after considering whether

(1) the Department of Fish and Game objects to the proposed amendment; and

(2) amendment of existing guide use area boundaries is necessary in order to respond to

(A) big game conservation and management concerns, including

(i) abundance and diversity of big game;

(ii) the historical harvest of big game in an area; and

(iii) existing administrative boundaries established for wildlife management purposes;

(B) law enforcement concerns;

(C) land ownership in an area;

(D) administrative restrictions;

(E) the existence of boundaries that can be readily identified in the field;

(F) the accessibility of an area and other transportation considerations;

(G) the existence of complementary and noncomplementary land uses within an area;

(H) recommendations of the Department of Natural Resources;

(I) the existing facilities within the area;

(J) any public comment received; and

(K) other considerations relevant to the drawing of guide use area boundaries.

Authority: AS 08.54.600 AS 08.54.750

ARTICLE 3.
PROFESSIONAL ETHICS STANDARDS FOR GUIDES.

Section

300. (Repealed)
310. (Repealed)
320. (Repealed)
330. (Repealed)
340. Professional ethics standards for guides

12 AAC 75.300. PROFESSIONAL COMPETENCE STANDARDS FOR GUIDES. *Repealed 7/30/2006.*

12 AAC 75.310. RESPONSIBILITIES OF GUIDES. *Repealed 7/30/2006.*

12 AAC 75.320. TRANSPORTING MEAT. *Repealed 4/6/2001.*

12 AAC 75.330. DUTIES OF A REGISTERED GUIDE. *Repealed 4/6/2001.*

12 AAC 75.340. PROFESSIONAL ETHICS STANDARDS FOR GUIDES. (a) **Unethical activities.** As used in AS 08.54.710(b) and this chapter in reference to a registered guide-outfitter, assistant guide, or class-A assistant guide, "unethical"

(1) means failing to or being unfit to meet a professional standard of conduct that satisfactorily and safely implements, under field conditions, the knowledge, skills, qualifications, and judgment required for the license held; and

(2) includes

(A) failing to comply with the standards set out in (b) – (f) of this section;

(B) failing to fulfill a condition or requirement established as a disciplinary sanction under AS 08.54.710;

(C) failing to fulfill the supervision, hunt participation, and other requirements of this chapter; and

(D) failing to report to the board, within 30 days after the date of conviction, a conviction in this state, another state, or the United States for a

(i) violation of a state or federal statute or regulation related to hunting;

(ii) violation of a state or federal statute or regulation relating to guiding, outfitting, transportation, or other hunting services; or

(iii) felony.

(b) **Compliance with law.** All classes of guides shall

(1) comply with applicable state and federal statutes and regulations; and

(2) obtain prior authorization as appropriate before entering or remaining on private, state, or federal land during the course of providing big game hunting services.

(c) **Client and employee care standards.** All classes of guides shall

(1) take every reasonable measure to assure the safety and comfort of the client, including ensuring that during the hunt

(A) adequate supplies are present to provide first aid for injuries that are reasonably expected in the field;

(B) sufficient supplies are present to provide for emergencies, including food, clothing, and a source of heat; and

(C) food and shelter are present that are normally considered satisfactory under field conditions;

(2) avoid intentionally, recklessly, or carelessly exposing an employee or client to undue hazards;

(3) advise clients and employees involved in a hunt of the applicable state and federal statutes and regulations relating to hunting, land use, wildlife, big game hunting services, and conservation;

(4) ensure that the proper hunting licenses, hunt record, game tags, and harvest reports for the big game species being hunted are in the client's possession before the hunt begins;

(5) ensure that the appropriate tags are attached to any game taken by a client and all game is sealed or marked as required by 5 AAC 92;

(6) advise a client before a hunt of the game population in the hunting area; and

(7) provide remuneration in a complete and timely manner of debts or refunds owed to clients or contracting guides, or wages owed to an employee.

(d) **Field craft standards.** All classes of guides shall

(1) use every lawful means at the licensee's disposal to bag a wounded animal while it is in danger of escaping, or, in a serious emergency, while human life or well-being is endangered;

(2) barring unforeseen conditions, properly prepare according to generally accepted procedures, all antlers, horns, hides, and capes to be delivered to the taxidermist or to the client at the conclusion of a hunt in a satisfactory and unspoiled condition, unless the guide is providing only outfitting and transportation services for the client;

(3) endeavor to salvage all meat of animals taken by clients, in accordance with state statutes and regulations;

(4) except for brown bear, grizzly bear, wolves, and wolverine, transport the meat of a big game animal taken by the client in accordance with 5 AAC 92;

(5) respect gear, equipment, food, shelter, and camps established by other users;

(6) avoid staging unused or unattended camps and gear to discourage other users from utilizing a location;

(7) allow appropriate buffer areas between hunters and camps in order to avoid disrupting hunts and hunting experiences; in Game Management Unit 9, a person holding any class of guide license may not place a camp within two miles of a permanent structure or permanent camp being used for big game guiding purposes, unless agreed upon in a written agreement between the involved parties;

(8) avoid using an aircraft in any manner to spot big game for the purpose of taking a specific animal, unless specifically authorized under statute or regulation;

(9) avoid utilizing, in any manner, global positioning system (GPS) or other electronic devices to assist in the taking of a big game animal; and

(10) respond personally or through an assistant to requests for assistance communicated during the hunt; a contracting or employing guide must respond within a reasonable time based on the urgency of the request, weather conditions, and other safety factors.

(e) **Standards for cooperation with law enforcement officers and for conservation awareness.** All classes of guides shall

(1) cooperate with state or federal law enforcement officers;

(2) provide any information to assist law enforcement or state and federal wildlife officials; and

(3) practice sound wildlife conservation and create an awareness of conservation needs and practices when dealing with the public.

(f) **Standards of professionalism.** A guide of any class may not

(1) make guarantees as to the success of a hunt or the number of animals to be taken on a hunt;

(2) shall provide supervision as required from a guide of that class, and make a good faith effort to make the verbal or, if applicable, the written client communication as required in 12 AAC 75.240;

(3) if permitted to advertise or sell big game hunts under AS 08.54, may not advertise or sell big game hunts to be conducted solely on tidelands; in this paragraph, "tidelands" has the meaning given in AS 38.05.965; and

(4) if permitted to advertise under AS 08.54, may not misrepresent services by false or misleading advertising.

Authority: AS 08.54.600 AS 08.54.680 AS 08.54.710

ARTICLE 4.
TRANSPORTATION SERVICES.

Section

395. Distribution and use of transporter activity report booklets
400. Transporter activity report
410. Term of transporter license
420. Proof of transporter's financial responsibility
430. (Repealed)
440. Professional ethics standards for providers of transportation services
450. Transporter contract requirements
460. Species-specific licensing

12 AAC 75.395. DISTRIBUTION AND USE OF TRANSPORTER ACTIVITY REPORT BOOKLETS. (a) Upon request, the department will issue a booklet of pre-numbered transporter activity reports to a transporter with a valid license. Once the department issues the booklet, the board

(1) will consider it to be in the possession of the transporter until it is returned; and

(2) may discipline the transporter under AS 08.54.710(a)(2) if the

(A) transporter loses or misplaces the booklet, or fails to return it as required under this section or upon the department's request;

(B) booklet is damaged or destroyed while in the transporter's possession; or

(C) booklet, while in the transporter's possession, is used in a manner that violates AS 08.54.650, this section, or 12 AAC 75.400.

(b) The pre-numbered transporter activity reports must be used sequentially in numerical order and only by the assigned transporter. Transporter activity reports may not be shared.

(c) All four copies of a transporter activity report must be completed in accordance with 12 AAC 75.400. The first three copies must be distributed in accordance with 12 AAC 75.400. The fourth copy must remain in the booklet.

(d) A voided transporter activity report must remain in the booklet.

(e) Once all pre-numbered transporter activity reports contained in a booklet have been used, the booklet with the remaining copies must be returned to the department.

(f) A maximum of 150 pre-numbered transporter activity reports will be issued to a transporter and may be in the transporter's possession at any given time. Upon return of a completed booklet, an additional booklet of pre-numbered transporter activity reports may be issued. However, upon a written request and showing of good cause, as determined by the department, a transporter may have more than 150 pre-numbered transporter activity reports assigned and in the transporter's possession.

(g) A transporter who misplaces or loses a transporter activity report booklet shall submit to the department

(1) a notarized statement documenting the loss of the booklet; and

(2) client information not already submitted to the department under 12 AAC 75.400.

Authority: AS 08.54.600 AS 08.54.650 AS 08.54.660

12 AAC 75.400. TRANSPORTER ACTIVITY REPORT. (a) Each activity report required by AS 08.54.650 must be on a form provided by the department. On or after January 1, 2008, a transporter shall use a pre-numbered transporter activity report booklet issued under 12 AAC 75.395. On or before February 1 of each year, a transporter shall submit to the department completed activity reports for each client transported during the previous calendar year.

(b) On the day a client is transported, a transporter shall complete the portions of the transporter activity report that provide the

(1) name, address, and license number of the transporter;

(2) client's name, address, and hunting license number;

(3) date the client was transported into the field;

(4) specific location to which the client was transported and the game management unit, and subunit if applicable, of each location; and

(5) method of transportation used.

(c) Immediately after transporting the client out of the field, the transporter shall complete the applicable remaining portions of the transporter activity report including

(1) the date the client was transported out of the field;

(2) the specific location from which the client was transported out of the field, including the game management unit, and subunit if applicable;

(3) for each animal taken, the sex and estimated pounds of meat transported out of the field; and

(4) the signature and printed name of the person who transported the client to and from the field, attesting to the accuracy of the information supplied on the transporter activity report.

(d) The transporter shall send the original activity report to the department in accordance with (a) of this section. The transporter shall furnish one copy of the activity report to the client and retain one copy for four years at the transporter's regular place of business.

(e) The transporter shall make the transporter activity report available for inspection upon request by an agent of the board or department or any state or federal enforcement agent authorized to enforce guiding, game, or game management statutes or regulations.

Authority: AS 08.54.600 AS 08.54.650 AS 08.54.660

12 AAC 75.410. TERM OF TRANSPORTER LICENSE. A transporter license expires on December 31 of odd-numbered years.

Authority: AS 08.01.100 AS 08.54.600

12 AAC 75.420. PROOF OF TRANSPORTER'S FINANCIAL RESPONSIBILITY. (a) *Repealed 12/1/2007.*

(b) An applicant for a transporter license shall

(1) certify that the applicant has and will maintain during the licensing period, assets, general liability insurance, or a bond totaling at least a minimum of $100,000 that will be available for payment of a judgment against the applicant resulting from the applicant's transportation services; and

(2) list the assets, insurance, or bond, including, if applicable,

(A) a description of the assets, their fair market value less any liens, identification of any liens against the assets, and the location of the assets; and

(B) the name of the company issuing the insurance or bond, the policy or bond number, and the amount and type of coverage supplied by the insurance or bond.

(c) A transporter shall notify the department within 10 days of any change to the information reported under (b) of this section.

(d) The department may require additional documentation to substantiate the information provided in (b) of this section before approving an applicant for licensure or license renewal.

Authority: AS 08.54.600 AS 08.54.650 AS 08.54.660 AS 08.54.680

12 AAC 75.430. PROFESSIONAL COMPETENCE STANDARDS FOR PROVIDERS OF TRANSPORTATION SERVICES. *Repealed 7/30/2006.*

12 AAC 75.440. PROFESSIONAL ETHICS STANDARDS FOR PROVIDERS OF TRANSPORTATION SERVICES. (a) **Unethical activities.** As used in AS 08.54.710(b) and this chapter in reference to a transporter or a registered guide-outfitter who provides transportation services, "unethical"

(1) means failing to or being unfit to meet a professional standard of conduct that satisfactorily and safely implements, under field conditions, the knowledge, skills, qualifications, and judgment required for a transporter; and

(2) includes

(A) failing to comply with the standards set out in (b) – (d) of this section; and

(B) failing to comply with a condition or requirement established as a disciplinary sanction in AS 08.54.710.

(b) **Compliance with law.** A transporter or registered guide-outfitter providing transportation services shall

(1) comply with applicable state and federal statutes and regulations; and

(2) obtain prior authorization as appropriate before entering or remaining on private, state, or federal lands during the course of providing transportation services.

(c) **Client care and transportation standards.** A transporter or registered guide-outfitter providing transportation services shall

(1) take every reasonable measure to ensure the safety and comfort of the client, including ensuring that while the licensee is providing transportation services

(A) adequate supplies are present to provide first aid for injuries that are reasonably expected while providing transportation services; and

(B) sufficient supplies are present to provide for emergencies, including food, clothing, and a source of heat;

(2) before leaving a client in the field, advise the client of the date, time, and location at which the transporter or registered guide-outfitter will pick up the client and the course of action the client should follow if the transporter or registered guide-outfitter is unable to pick up the client as planned;

(3) transport the client into and out of the filed at the planned date, time, and location, unless prevented by weather, mechanical problems, or other safety concerns;

(4) check on or communicate with a client in the field as agreed to before transporting that client;

(5) clearly define rates and services to prospective clients before booking and acceptance of deposits, and shall avoid misleading prospective clients through false or fictitious advertising;

(6) be willing and capable of making financial restitution to a client for any breach of contract owing to no fault of the client;

(7) avoid staging unused or unattended camps and gear to discourage other users from utilizing a location;

(8) endeavor to transport all meat of animals taken by clients, in accordance with state statutes and regulations;

(9) avoid using an aircraft in any manner to spot big game for the purpose of taking a specific animal;

(10) avoid utilizing, in any manner, global positioning system (GPS) or other electronic devices to assist in the taking of a big game animal;

(11) avoid herding, driving, or chasing animals with the use of mechanically powered equipment;

(12) avoid overbooking clients such that the transporter or registered guide-outfitter is unable to take otherwise reasonable measures to ensure the safety and comfort of clients already in the field;

(13) allow appropriate buffer areas between hunters and camps transported by the same service to avoid disrupting hunts and hunt experiences; and

(14) avoid making guarantees as to the success of a hunt or the number of animals to be taken on a hunt.

(d) **Standards for cooperation with law enforcement officers and for conservation awareness.** A transporter or registered guide-outfitter providing transportation services shall

(1) cooperate with state or federal law enforcement officers;

(2) provide any information to assist law enforcement or state and federal wildlife officials; and

(3) practice sound wildlife conservation and create an awareness of conservation needs and practices when dealing with the public.

Authority: AS 08.54.600 AS 08.54.710 AS 08.54.720 AS 08.54.790

12 AAC 75.450. TRANSPORTER CONTRACT REQUIREMENTS. (a) A transporter or a registered guide-outfitter contracting solely to provide transportation services shall deliver a written contract to the client

(1) within 90 days after receipt of a deposit, and before transportation services are provided; or

(2) as soon as possible, and before transportation services are provided, if a deposit is received less than 90 days before transportation services are to be provided.

(b) A written contract to provide transportation services must

(1) include the name, license number, and signature of the transporter or guide-outfitter, and must include the name of the transporter's or guide-outfitter's business if it is different from the name of the individual transporter or guide-outfitter;

(2) include the name and signature of the client;

(3) list each big game animal to be hunted;

(4) state the cost, payment schedule, and specific weight limitation, if any;

(5) set out the deposit refund or transfer policy upon cancellation;

(6) state that services are for transportation only;

(7) state that guide services are not provided;

(8) state that the client is responsible for salvage of the meat during the hunt;

(9) state that the client is responsible for salvage of the meat after the hunt unless the meat is legally transferred to a third party;

(10) identify the methods of communication with the transporter during the time clients are in the filed, such as use of a satellite phone, VHF radio, overflight, or signal device;

(11) state who is responsible for the cost of extra trips to transport meat if necessary;

(12) include the following statement: "A licensed transporter may provide transportation services with accommodations only at a permanent lodge, house, or cabin owned by the transporter or on a boat with permanent living quarters located on salt water. A licensed transporter may not accompany or remain in the field with a big game hunter who is a client of the transporter except as necessary to perform transportation services"; and

(13) include the following statement: "A licensed transporter may not provide vehicles, fuel, camping, hunting, or game processing equipment, or any hunting services such as skinning, caping, or cleaning of game, glassing, and packing in the field, including from a permanent structure or on a boat on salt water."

(c) A transporter shall retain a copy of the contract for at least four years.

Authority: AS 08.54.600 AS 08.54.650 AS 08.54.680 AS 08.54.720 AS 08.54.790

12 AAC 75.460. SPECIES-SPECIFIC LICENSING. (a) A registered guide-outfitter who was initially licensed on or after July 30, 2006, and who wishes to contract to guide a hunt for sheep, moose, brown bear, mountain goat, or caribou, must have the specific species named on the registered guide-outfitter's license as an authorized species.

(b) To qualify for the species to be added to an existing license, the registered guide-outfitter must submit

(1) a completed application on a form provided by the department; and

(2) an affidavit signed by the registered guide-outfitter certifying that the registered guide-outfitter has been involved in a minimum of three harvests on guided hunts for that species.

Authority: AS 08.54.600 AS 08.54.610 AS 08.54.740

ARTICLE 5.
GENERAL PROVISIONS.

Section

900. License renewal
910. Failure to file
920. Hunting, guiding, and practical experience
930. Department request for copy of contract
940. Compensation: form and time received
990. Definitions

12 AAC 75.900. LICENSE RENEWAL. (a) The license renewal requirements in AS 08.54.660 and 08.54.670 apply to persons licensed under AS 08.54.591 – 08.54.790.

(b) *Repealed 12/1/2007.*

(c) *Repealed 12/1/2007.*

(d) An applicant for renewal of a registered guide-outfitter license must submit

(1) a complete renewal application on a form provided by the department;

(2) the license renewal fees required in 12 AAC 02.230;

(3) if the applicant will contract to guide or outfit a big game hunt during the licensing period for which the applicant is applying, proof of financial responsibility as required in AS 08.54.680(a);

(4) a statement regarding whether the applicant contracted to guide or outfit big game hunts during the concluding licensing period; and

(5) the affidavit required by AS 08.54.660(b).

(e) An applicant for renewal of a transporter license must submit

(1) a complete renewal application on a form provided by the department;

(2) the license renewal fees required in 12 AAC 02.230;

(3) proof of financial responsibility as required in AS 08.54.680(a);

(4) a statement regarding whether the applicant provided transportation services during the concluding licensing period;

(5) the name of one individual who is responsible for managing the transporter's business activities;

(6) copies of the Federal Aviation Administration and United States Coast Guard licenses applicable to the applicant's operations;

(7) the proof required under the applicable provisions of 12 AAC 75.145(b), if the applicant is a corporation, limited liability company, limited liability partnership, or limited partnership; and

(8) the affidavit required by AS 08.54.660(c).

(f) An applicant for renewal of a class-A assistant guide or assistant guide license must submit

(1) a complete renewal application on a form provided by the department;

(2) the license renewal fees required in 12 AAC 02.230; and

(3) the names of the guide-outfitters that employed the applicant during the concluding licensing period.

(g) For the purposes of determining the applicable license renewal fee, the applicant shall state on the application form whether the applicant is a resident.

Authority: AS 08.01.100 AS 08.54.600 AS 08.54.660 AS 08.54.670

12 AAC 75.910. FAILURE TO FILE. In AS 08.54.710(a)(2), "failed to file records or reports required under this chapter" includes

(1) failure to file a record or report timely; or

(2) submitting a record or report that is substantially incomplete.

Authority: AS 08.54.600 AS 08.54.710

12 AAC 75.920. HUNTING, GUIDING, AND PRACTICAL EXPERIENCE. (a) The hunting, guiding, or practical field experience required under AS 08.54.610 – 08.54.630 will only be accepted by the board if the applicant's hunting and guiding licenses issued by this state were valid and unencumbered during the time period for which experience is claimed.

(b) For purposes of satisfying the hunting experience requirements in AS 08.54.620 the applicant must document at least 20 days of big game hunting activity in a calendar year in order to receive credit for one year, and must also show the harvest of one big game animal in this state.

(c) For purposes of satisfying the hunting experience requirements in AS 08.54.630 the applicant must document at least 30 days of big game hunting activity in a calendar year in order to receive credit for one year, and must also show the harvest of one big game animal in this state.

Authority: AS 08.54.600 AS 08.54.610 AS 08.54.630
AS 08.54.605 AS 08.54.620

12 AAC 75.930. DEPARTMENT REQUEST FOR COPY OF CONTRACT. Upon opening an investigation or receiving a complaint on behalf of the board, the department may request a copy of the client contract required under AS 08.54.680. The department will make that request in writing, and will identify the name of the client whose contract is being requested. Within 30 days after receiving the request, the registered guide-outfitter or transporter shall provide a copy of the requested contract to the department. The department may extend that deadline by an additional 30 days.

Authority: AS 08.54.600 AS 08.54.680

12 AAC 75.940. COMPENSATION: FORM AND TIME RECEIVED. For the purposes of "compensation" as defined in AS 08.54.790, "payment for services" includes receiving remuneration, directly or indirectly, for any provision of services, equipment, or facilities in the field to a person who, in fact,

(1) engages in big game hunting; and

(2) uses or benefits from the services, equipment, or facilities.

Authority: AS 08.54.600 AS 08.54.790

12 AAC 75.990. DEFINITIONS. (a) Unless the context requires otherwise, in AS 08.54 and this chapter,

(1) "board" means the Big Game Commercial Services Board;

(2) "camp" means a primary base of operations in the field for the hunt;

(3) "department" means the Department of Commerce, Community, and Economic Development;

(4) "essential duties associated with guiding and outfitting" includes providing, in compliance with AS 08.54 and this chapter, the services listed in AS 08.54.790(8) – (10).

(b) Unless the context requires otherwise, in this chapter,

(1) "resident" has the meaning given in AS 16.05.940;

(2) "specific location" means the name commonly used for a drainage, mountain, lodge, camp, landing strip, or valley that is a documented place name or is commonly used by people frequenting the location.

Authority: AS 08.54.600 AS 08.54.620 AS 08.54.710
AS 08.54.610 AS 08.54.630

Boards & Commissions Roster

BIG GAME COMMERCIAL SERVICES (042)

Member	Date Appointed	Reappointed	Term Expires
Paul E. Johnson Licensed Registered Guides-Outfitters -- Chair Gull Cove Lodge P.O. Box 22 Elfin Cove, AK 99825	7/24/2005	3/1/2009	3/1/2013
Robert D. Mumford Public 13391 Baywind Drive Anchorage, AK 99516	3/3/2006	3/1/2010	3/1/2014
Dirk Nickisch Licensed Transporters P.O. Box 9053 Coldfoot, AK 99701	11/19/2008	3/1/2009	3/1/2013
Karen Polley Public 17315 Point Lena Loop Road Juneau, AK 99801	3/1/2011		3/1/2013
Brenda A. Rebne Private Landholders/Restricted Ahtna Contractors 1928 Kulik Circle Anchorage, AK 99504	1/28/2008		3/1/2012
Ted H. Spraker Designated Game Board Member/Restricted 49230 Victoria Avenue Soldotna, AK 99669	6/8/2005	3/1/2008	3/1/2012
Raymond Stoney Private Landholders/Restricted P.O. Box 70	5/1/2006		3/1/2010

Kiana, AK 99749			
Kelly Vrem Licensed Registered Guides-Outfitters P.O. Box 546 Palmer, AK 99645	3/1/2011		3/1/2015
Leif Wilson Licensed Transporters 40-Mile Air P.O. Box 539 Tok, AK 99780	3/23/2006	3/1/2007	3/1/2011

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Boards & Commissions Factsheets

BIG GAME COMMERCIAL SERVICES

Board: Big Game Commercial Services Board
Board identification number: 042

Department: DEPARTMENT OF COMMERCE COMMUNITY AND ECONOMIC DEV

Authority: AS 08.54.591; Const. Art III Section 26

Status: Active

Sunset date: 6/30/2012

Requirements: Legislative Confirmation and Financial Disclosure

Prohibitions: None

Term: 4 years

Description: 9 members - 8 appointed by Governor: 2 members who are licensed registered guide-outfitters; 2 members who are licensed transporters, 1 member of the Board of Game chosen by the Board of Game and who does not hold a guide or transport license, 2 members who represent private landholders affected by guided hunting or transportation activities/services and who do not hold a license under this board, and 2 public members.

Function: Licenses and regulates the activities of providers of commercial services to big game hunters in the interest of the state's wildlife resources.

Chair: Governor selects

Special facts: Big Game Commercial Services Board replaced the Guide Board which was repealed on 6/30/89. Serve at the pleasure of the governor. The governor may select the chair. A majority constitutes a quorum. A member who has served all or part of two successive terms may not be reappointed unless four years have elapsed since the person last served on the Board.

Compensation: Standard Travel and Per Diem. No additional compensation.

Meetings: At least twice annually, plus panel meetings; 14 days maximum.

For further information contact:
Karl Marx
Occupational Licensing Examiner
Corporations, Business, and Professional Licensing
DCCED, P.O. Box 110806 M/S 0806
Juneau, AK 99811-0806
Phone: (907) 465-2543, FAX: (907) 465-2974

Big Game Commercial Services Roster

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Linda Hay

From: Kelly Vrem <kelly@vrem.com>
Sent: Tuesday, February 07, 2012 3:48 PM
To: Rep. Eric Feige
Subject: HB 229

Hello,

I would like to express my support for HB 229. As you know I am Master Guide and a resident of your House district. I addition I am on the Big Game Commercial Services Board. HB 229 will benefit the guide industry. It clarifies some regulations and allows the board to deal with misbehaving guides. We appreciate your efforts.

Kelly Vrem

Sutton AK

Sent from my iPad

Linda Hay

F Wayne <args@mtaonline.net>
Sent: Friday, February 10, 2012 12:16 PM
To: Sen. Linda Menard; Sen. Charlie Huggins
Cc: Rep. Eric Feige
Subject: SB 190 and HB 229

Senator Menard and Senator Huggins,

Thank you for Sponsoring SB190. I've lived in Wasilla since 1984, got my registered guide license in 1986, started our family run business – Alaska Remote Guide Service in 1987, and upgraded my registered guide-outfitter license to master guide-outfitter status a few years back. To my knowledge, there have been no changes to the Big Game Commercial Service Board Statutes since 1994 or before. I think your bill and Representative Feige's HB229 help address some key issues in bringing the statutes current with several changes that have taken place since then in the guide industry. Most of us in the industry want to do what is right, but it is very hard to understand what that is, even after reading the statutes and regulations several times. In fact I was in a working group at the BGCSB meeting in Fairbanks two years ago, when we were discussing supervision and participation issues. Several guides were present along with some top level enforcement personnel. I think it's fair to say that all of us were at least some what confused about what was expected by us in the statutes.

I've been in attendance at every commercial service board meeting for the past several years, and worked in and led several committees that dealt with several issues in this bill. The key concerns that most interested me personally were 08.54.610 (d) and (e). The current requirement in 08.54.610 (e) (1) that the bill asks to delete, works fine for large operations that are lucky enough to have a lodge or main camp in the same Guide Use Area where they hunt. Everybody gets flown to the lodge to start with and then head out hunting from there. By so doing, this requirement has been met. In operations where the main camp or lodge is in a different guide use area or in many smaller operations, meeting this requirement can be a lot more complicated, and requiring the guide to do so can actually impact the quality of the client's hunt and the service that the guide is able to provide.

W the above mentioned points in the bill are my main focus, I fully agree with and support every provision that your bill deals w I have spent a lot of personal time and effort to help get these issues put forward. As this bill moves forward, feel free to contact me concerning any questions or concerns that may arise, and let me know how I can help. Thank you again for you help!

Sincerely,

Wayne Kubat
Alaska Remote Guide Service
PO Box 874867
Wasilla, Alaska 99687
Phone/Fax:907-376-9568

ALASKA

PROFESSIONAL HUNTERS ASSOCIATION, INC.

HC 60 Box 229C, Copper Center, AK 99573
Phone: 907-822-3755 Fax: 907-822-3752
Email:office@alaskaprohunter.orgwww.alaskaprohunter.org

Dear Representative Feige,

I'm writing thank you for sponsoring HB 229 and affirm the support of the Alaska Professional Hunters Association for this important bill. As the sitting president of the APHA and a lifelong Alaskan and second generation Registered Guide I know firsthand how burdensome unclear and, or, contradictory statutes and regulations can be. HB 229 will alleviate some of this burden by clarifying the relationship between Registered Guides when they work for each other and, at the same time, protecting the value of the Class A Assistant Guide license. The APHA also appreciates the creation of a retired, non-active, license so that respected, retired guides can stay licensed and not cut into fixed, retirement incomes. This is essential to maintaining the social continuity, of an industry that respects its elders and provides a career path that includes substantial time as an apprentice.

The APHA has always pushed for greater professional competency and accountability. For this reason we vigorously support giving the Big Game and Commercial services board the ability to suspend or revoke guide or transporter licensed for unprofessional behavior, moral turpitude and gross immorality. Having operators, representing themselves as guides, who are amoral or chronically immoral or unprofessional hurts our membership in a business that relies on reputation and word of mouth business. Alaska deserves to have the best and most ethical guides harvesting its big game resource.

In closing I want to once again thank the honored members or the legislature that have taken the time to consider HB 229 and carry it through the process on the behalf of me and my organizations livelihoods! I also want to state that many APHA members have spent their personal time advising and working on drafting HB 229 as recognition of the collaborated effort between your office and our membership. For the sake of brevity I have only used a few examples of the positive aspects of HB 229 but we do support the bill in its entirety.

Thank You,

Gary LaRose

Gary LaRose, President Alaska Professional Hunters Association

STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Division of Corporations, Business and Professional Licensing

Sean Parnell, Governor
Susan Bell, Commissioner
Don Habeger, Director

Big Game Commercial Services Board

February 9, 2012

Dear Senator Menard and Representative Feige,

The Big Game Commercial Serves Board supports House Bill 229 and Senate Bill 190 for improving the guide industry in Alaska. The Board was reinstated 7 years ago and has worked on these concerns during the meetings. These changes are housekeeping measures the board feels are needed for a healthy industry. The Board was unanimous in the vote in support of submitting this Bill and its contents. We respectfully ask for the passage of this legislation.

Sincerely,

Paul Johnson

Paul Johnson
Chair, BGCSB

P.O. Box 110806, Juneau, AK 99811-0806
Telephone: (907) 465-2543 Fax: (907) 465-2974 Website: http://www.commerce.state.ak.us/occ/pgui.htm

Dear Representative Feige,

Thank you for your sponsorship and support of HB229 which will provide for a retired status master guide-outfitter license. I initially proposed this provision some 2-3 years ago and had about given up hope for the possibility of passage. While it has not yet passed, hope springs eternal?
I will support passage of the combined HB 229 / SB 190 in any manner possible. Please call on me if I can help.

Sincerely,
dickgun

Dick Gunlogson
Master Guide / Outfitter (Ret)
Willow, Alaska

Received via e-mail 08 Feb. 2012

Alaska State Legislature

Please enter into the record my testimony to the House Resources
Committee name

Committee on HB 229, dated 4-6-11
Bill/Subject

I'm a master guide and I support this bill a some of the issues it's dealing with. There ~~ase~~ a lot of confusion with participation & supervision in the current statutes that ~~n~~eed to be clarified. This bill is a good start.

Signed: Wayne Kubat
Testifier

Self
Representing (Optional)

PO Box 874867, Wasilla, AK 99687
Address

907-376-9568
Phone number

Alaska State Legislature

Please enter into the record my testimony to the Resource Committee
committee name

committee on HB 299 dated 4-8-11.
bill/subject

I am in support of H.B. 299 - with a little tweaking.

Signed: Mel Hillis
Testifier

Self
Representing (Optional)

3131 Evans Circle Anchorage 99507
Address

344-8585
Phone No.

Reply | Reply to All | Forward

HB 229

fearknot@gci.net [fearknot@gci.net]

Sent: Friday, April 08, 2011 2:19 PM

To: LIO Fairbanks

I want to express my support for HB 229. We have worked on this for a few years and though it may need a few changes I fully support this bill. I want to thank Rep Faige for his help with this.

Bob Summers
Guide/Deltana Outfitters
907-347-7204

Sent from my iPhone

Written Testimony on HB 229
4/8/11 House Resources

Representative Scott Kawasaki

Alaska State House • District 9 • Fairbanks

1292 Sadler Way #308

Fairbanks, Alaska 99701

907.456.7423

http://www.akdemocrats.org/index.php?con_id=31

From: Joe Want [mailto:wantj43@gmail.com]
Sent: Thursday, February 16, 2012 11:05 PM
To: Michael Paschall
Cc: Rep. Alan Dick; Rep. Bob Herron; Rep. Cathy Munoz; Rep. Neal Foster; Rep. Paul Seaton; Rep. Scott Kawasaki; Rep. Peggy Wilson; Rep. Berta Gardner
Subject: HB 229

Michael

Having listened to the House Resources Committee hearing on HB229, I believe there is a disparity between the perception and reality of how the guiding industry is defining "supervision".

The **concern** is in part inexperienced assistant guides conducting hunts with little or no direct supervision. The answer to the question, "when an assistant guide is put in a spike-camp with a client, how often during a ten day hunt must he/she have direct contact with a guide?", will present a more accurate representation of actually guiding practices.

Proposed amendment to HB229.

"The Big Game Commercial Services Board shall develop direct supervision requirements for assistant guides and class a assistant guides by a registered guide or master guide."

Thank you

Louie Flora

From: Rep. Paul Seaton
Subject: FW: HB 229

From: Joe Want [mailto:wantj43@gmail.com]
Sent: Friday, February 17, 2012 10:22 AM
To: Rep. Scott Kawasaki
Cc: Rep. Alan Dick; Rep. Berta Gardner; Rep. Bob Herron; Rep. Cathy Munoz; Rep. Neal Foster; Rep. Paul Seaton; Rep. Peggy Wilson
Subject: Re: HB 229

Good morning Scott,
Yes, it is more of a licensing issue. I certainly respect and understand different individuals have varying views and come to different conclusions when presented with the same information. However, I don't believe that an accurate portrayal of how the guiding industry defines "supervision" was presented at the hearing, on HB 229, on Wednesday.
The underlying issue is one of licensing and professional standards and not primarily "resource".
I strongly support the Big Game Commercial Services Board, however, the bottom lines are protection of the public and the resource and without stronger direction from the legislature I do not believe either will be accomplished.
I appreciate your's and the efforts of your fellow committee members working on these issues.
Joe Want
907-457-4736
wantj43@gmail.com

On Thu, Feb 16, 2012 at 11:10 PM, Rep. Scott Kawasaki <Representative_Scott_Kawasaki@legis.state.ak.us> wrote:

Hi Joe...My staff member Jessie said that she had a great conversation with you today. I have told the chairman that I would like the bill in the Labor and Commerce committee that deals with licensing and occupational issues. We originally had the bill in committee for game/allocation issues, but it doesn't seem like the underlying issue. What would you say if we had the bill moved to the other committee? None of the current members are clued in to the nuances of licensure and it just seems more appropriate.

Thank you for the comments online and at public testimony. I respect your testimony from a Fairbanksan who has been in the business for a long time. Let me know if I can do anything else for you...sjk

p.s. Hi to Matt and Joe...sjk

Joe Want

907-457-4736

wantj43@gmail.com

HB 263

<TARGET><BILL>HB 263</BILL><SUBJECT>HB 263</SUBJECT><COMM>HRES27</COMM></TARGET>

27-LS1053\E
Bullock
2/17/12

CS FOR HOUSE BILL NO. 263( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES GARDNER, GARA, TUCK, AND KAWASAKI, Kerttula

A BILL

FOR AN ACT ENTITLED

"An Act relating to information concerning oil and gas taxes, including information about expenditures that must be provided in order to claim an oil and gas production tax credit for those expenditures, and relating to the disclosure and publication of that information; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* **Section 1.** AS 43.55.030(a) is amended to read:

(a) A producer that produces oil or gas from a lease or property in the state during a calendar year, whether or not any tax payment is due under AS 43.55.020(a) for that oil or gas, shall file with the department on March 31 of the following year a statement, under oath, in a form prescribed by the department, giving, with other information required **by the department under a regulation adopted by the department**, the following:

(1) a description of each lease or property from which oil or gas was produced, by name, legal description, lease number, or accounting codes assigned by

the department;

(2) the names of the producer and, if different, the person paying the tax, if any;

(3) the gross amount of oil and the gross amount of gas produced from each lease or property, and the percentage of the gross amount of oil and gas owned by the producer;

(4) the gross value at the point of production of the oil and of the gas produced from each lease or property owned by the producer and the costs of transportation of the oil and gas;

(5) the name of the first purchaser and the price received for the oil and for the gas, unless relieved from this requirement in whole or in part by the department;

(6) the producer's qualified capital expenditures, as defined in AS 43.55.023, other lease expenditures under AS 43.55.165, and adjustments or other payments or credits under AS 43.55.170;

(7) the production tax values of the oil and gas under AS 43.55.160;

(8) any claims for tax credits to be applied; [AND]

(9) calculations showing the amounts, if any, that were or are due under AS 43.55.020(a) and interest on any underpayment or overpayment**; and**

(10) for each expenditure that is the basis for a credit claimed under AS 43.55.023 or 43.55.025, a description of the expenditure, a detailed description of the purpose of the expenditure, and a description of the unit, lease, or property for which the expenditure was incurred; notwithstanding AS 40.25.100(a) and AS 43.05.230(a), information submitted under this paragraph shall be published by the department on the Internet and shall be disclosed to the legislature in a report submitted within 10 days after the convening of the next regular legislative session following the date a statement is filed under this section.

*** Sec. 2.** AS 43.55.030(e) is amended to read:

(e) An explorer or producer that incurs a lease expenditure under AS 43.55.165 or receives a payment or credit under AS 43.55.170 during a calendar

year but does not produce oil or gas from a lease or property in the state during the calendar year shall file with the department on March 31 of the following year a statement, under oath, in a form prescribed by the department, giving, with other information required **by the department under a regulation adopted by the department**, the following:

(1) the producer's qualified capital expenditures, as defined in AS 43.55.023, other lease expenditures under AS 43.55.165, and adjustments or other payments or credits under AS 43.55.170; [AND]

(2) if the explorer or producer receives a payment or credit under AS 43.55.170, calculations showing whether the explorer or producer is liable for a tax under AS 43.55.160(d) or 43.55.170(b) and, if so, the amount**; and**

(3) for each expenditure that is the basis for a credit claimed under AS 43.55.023 or 43.55.025, a description of the expenditure, a detailed description of the purpose of the expenditure, and a description of the unit, lease, or property for which the expenditure was incurred; notwithstanding AS 40.25.100(a) and AS 43.05.230(a), information submitted under this paragraph shall be published by the department on the Internet and shall be disclosed to the legislature in a report submitted within 10 days after the convening of the next regular legislative session following the date a statement is filed under this section.

* **Sec. 3.** This Act takes effect July 1, 2012.

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Representative Berta Gardner

House District 24

Changes in CS Ver E

Page 2, line 22: added "unit" to lease or property

Page 2, line 24: AS 40.25.100(a) to remove any possible public disclosure prohibitions

Page 2, line 25: changed "may" to "shall" and removed "disclosed to the public" and inserted "be published by the department on the internet"

Page 3, line 14: added "unit" to lease or property

Page 3, line 15: AS 40.25.100(a) to remove any possible public disclosure prohibitions

Page 3, line 17: changed "may" to "shall" and removed "disclosed to the public" and inserted "be published by the department on the internet"

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Representative Berta Gardner

House District 24

Sectional Analysis
CSHB 263 Ver. E

Section 1: Amends 43.55.030(a), requiring that producers who will be applying a tax credit against their production tax liability to disclose what they did, where they did it and the purpose of that expenditure. It requires the Department of Revenue to report the information to the legislature 10 days after the start of session and publish it on the internet.

Section 2: Amends 43.55.030(e), requiring that producers and explorers who do not have a production tax liability, but will be applying for tax credit certificates, to disclose what they did, where they did it and the purpose of that expenditure. It requires the Department of Revenue to report the information to the legislature 10 days after the start of session and publish it on the internet.

ALASKA STATE LEGISLATURE

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Representative Gardner, Gara, Tuck, and Kawasaki

Sponsor Statement

House Bill 263 – Production Tax Credit; Disclosures

Since Alaska went to a net profits tax on oil and gas, Alaska has invested $4 billion in tax credits to explorers and producers. In so doing, our intention has been to have some skin in the game by buying down the risk for other investors, and ultimately, to recover our investment through increased oil in the pipeline. Is our $4 billion investment heading toward success, or are we paying for routine maintenance or for investments which would have been made without our participation?

In any business partnership, all parties need to know the return on their investments, yet after five years of investments, Alaskans do not know with any certainty what we have bought with our significant investment. To hold ourselves and the industry accountable, Alaskans need to have public descriptions of where our money is going.

This legislation will provide the state with information on our investments. It asks tax payers who file for tax credits, to agree to release a description, the purpose, and the general location of the expense as a condition of participation in the credit program.

Assessment of Alaska's oil and gas exploration credits to determine the effectiveness is vital information. If the State is going to continue to dramatically buy down any oil companies risk in exploration and production, we need to be sure our investments are going to efforts that further development in Alaska and put more oil in the pipeline. Having this information will allow us to understand the strengths and weaknesses of the system in order to effectively incentivize increased production.

Please join us in passage of this legislation. If you have any questions, please contact Representative Gardner's staff, Noah Hanson, at 465-4068 or Noah_Hanson@legis.state.ak.us.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM February 16, 2012

SUBJECT: Confidentiality of information that would be available to the public under CSHB 263( ) (Work Order No. 27-LS1053\D)

TO: Representative Berta Gardner
Attn: Noah Hanson

FROM: Donald M. Bullock Jr.
Legislative Counsel

You asked whether the amendment to AS 43.55.030(a) in sec. 1 of the above-referenced bill and the amendment to AS 43.55.030(e) in sec. 2 of the above-referenced bill violate a prohibition against the disclosure of the information.

The type of information that would be disclosed under the bill is currently confidential under AS 43.05.230(a). That subsection reads as follows:

> (a) It is unlawful for a current or former officer, employee, or agent of the state to divulge the amount of income or the particulars set out or disclosed in a report or return made under this title, except
>
> (1) in connection with official investigations or proceedings of the department, whether judicial or administrative, involving taxes due under this title;
>
> (2) in connection with official investigations or proceedings of the child support enforcement agency, whether judicial or administrative, involving child support obligations imposed or imposable under AS 25 or AS 47;
>
> (3) as provided in AS 38.05.036 pertaining to audit functions of the Department of Natural Resources;
>
> (4) as provided in AS 43.05.405 - 43.05.499; and
>
> (5) as otherwise provided in this section or AS 43.55.890.

In your bill, the new language in AS 43.55.030(a)(10) in sec. 1 and in AS 43.55.030(e) in sec. 2 each contain the phrase, "**notwithstanding AS 43.05.230(a)**," which means that the information may be disclosed by the Department of Revenue despite a provision that would otherwise protect the information. This allows the Department of Revenue to disclose the information without regard to AS 43.05.230(a).

While the language in the bill removes the disclosure prohibition under AS 43.05.230(a), AS 40.25.100(a) also shields tax information from the public. That subsection reads as follows:

> (a) Information in the possession of the Department of Revenue that discloses the particulars of the business or affairs of a taxpayer or other person is not a matter of public record, except as provided in AS 43.05.230(i) or for purposes of investigation and law enforcement. The information shall be kept confidential except when its production is required in an official investigation, administrative adjudication under AS 43.05.405 - 43.05.499, or court proceeding. These restrictions do not prohibit the publication of statistics presented in a manner that prevents the identification of particular reports and items, prohibit the publication of tax lists showing the names of taxpayers who are delinquent and relevant information that may assist in the collection of delinquent taxes, or prohibit the publication of records, proceedings, and decisions under AS 43.05.405 - 43.05.499.

In the enclosed CSHB 263( ), I added AS 40.25.100(a) to precede the citation to AS 43.05.230(a) so that the disclosure required in the bill is not subject to either of the two statutes.

If I may be of further assistance, please advise.

DMB:ljw
12-132.ljw

Enclosure

Production Tax Credits

Total Production Tax Credit Impact through FY 2012
($M)

	Pre-2008	2008	2009	2010	2011*	2012*	Total
Tax Credit Certificates	116	131	308	361	458	133	1,507
Credits Applied Against Production Tax Liability	557	378	333	412	405	400	2,485
Total by Year	673	509	641	773	863	533	3,992

*Estimated pending final true-ups

Data Transparency

GCA
Gaffney, Cline & Associates

- **Relative to other regimes Alaska is handicapped in its decision making by the small amount of either confidential or reliable public data on energy operations**

- **Consequently, the producers are the only ones that can provide the legislators with the true picture**
  - Where is the money being spent?
  - What is the upside potential?
  - Why isn't more investment occurring?
  - With HB 110, will they now be investing for the upside ?

Access to Information

- Relevant Statutes
- Department Will Not Use Subpoena Power
- The Department Overuses Taxpayer Confidential Designations
- Department Will Not Agree to a Joint Administrative Agreement

Access to Information

491. SARB observed the following in its Certificate of Determination for the 2007 assessment year:

> The Board also found that the Owners failed to take advantage of the opportunity to provide the Division with persuasive data to challenge the reserves estimates or throughput projections used by the Division if the Owners have such data. The Board found that the Owners chose not to the [sic] share information that the Owners and their parent companies possess regarding throughput and proven reserves with the Division or the Board and instead chose to present evidence and testimony from outside experts who did not have access to the information the Owners possess that was not already in the public record, and who lacked adequate direct experience with, or expertise about, the TAPS or the Alaska North Slope reserves.

Gleason Decision ¶ 491

Access to Information

5. AS 43.56.080 grants the Division certain investigative powers when assessing AS 43.56 properties, including the power to "enter any premise necessary for the investigation during reasonable hours," to "examine property and appropriate records," and to compel owner representatives "to appear for examination under oath by the department." There was no persuasive evidence presented at the trial de novo that the Division has ever exercised these powers with respect to the valuation of TAPS.

Gleason Decision ¶ 5

Access to Information

6. The Division broadly interprets what it considers "taxpayer confidential" information under applicable statutes and will not disclose such information to the Municipalities specifically or to the public generally. The Division considers all information that it receives from a taxpayer as "taxpayer confidential," even if it does not contain the particularities of a taxpayer's business affairs and is obtainable from the public domain. As a result, the Division did not provide the Owners' new replacement cost study by Stantec Consulting, Inc. ("Stantec") to the Municipalities.

Gleason Decision ¶ 6

Access to Information

7. AS 43.56.060(g) provides that "[t]he department may enter into agreements with a municipality for the cooperative or joint administration of the assessing authority conferred on the department by this section." The North Slope Borough previously had such an agreement with the Department. The City of Valdez and Fairbanks North Star Borough have never been parties to joint assessment agreements with the Department.

Gleason Decision ¶ 7

Access to Information

8. In its 2010 decision, SARB expressed its concerns regarding the Division's assessment practices:

> The Board believes that it is time for the Division to address the problems created by the way it handles taxpayer confidential information in the assessment process. The Division's failure to provide interested parties with the information on which the assessment was made in time to allow those parties meaningful input in the determination of the property's assessed value, before that determination is subject to limited review of an appeal before the Board, has the potential to throw the fundamental fairness of the AS 43.56 assessment process into question. The Board believes that, due to the Division's current practices with regard to the use of taxpayer confidential information in its AS 43.56 assessments, that process is close to broken and is headed in the wrong direction.

This Court concurs with the Board's observations in this regard.

Gleason Decision ¶ 8

Access to Information

Information at DOR Level

- History of TAPS Valuation
- DOR Process
- Access to Taxpayer Information
- Treatment of Taxpayer Information
- Consequence of Lack of Access to Information

Access to Information

History of TAPS Valuation

- DOR relying on TSM based rates lead the assessments falling from over $8 billion in the mid-1980s to $2.75 billion in 2001 [Gleason Decision ¶ 30]
- For decades the valuation of TAPS was a negotiated process that largely excluded the Municipalities
- The Municipalities fully engaged the process for the 2005 assessment

Access to Information

Observation About DOR's Process

- Key DOR staff are fair, dedicated, and highly competent
- The SARB has also been balanced and diligent
- However the DOR process–as related to information relied on in the taxation process–is close to broken. [Gleason Decision ¶ 8]

Access to Information

Access to Confidential Information

- Taxing authorities typically compel information
  - DOR can subpoena information, depose taxpayer representatives, and investigate property and records [AS 43.56.080; AS 29.45.130; AS 43.55.040(a)]
- DOR policy is to work cooperatively with industry, so it does not exercise these powers [Gleason Decision ¶ 8]
- Thus, DOR relies on information that a taxpayer volunteers or that is publicly available

Access to Information
Taxpayer Information

- The Alaska Public Records Act, AS 40.25.110, requires State documents to be subject to public examination

- Exception exists under AS 40.25.100(a) for tax information "that discloses the particulars of the business or affairs of a taxpayer" in which case the "information shall be kept confidential except when . . . required in an official investigation [or proceeding]"

- AS 43.05.230(a) also makes it unlawful to "divulge the amount of income or the particulars set out or disclosed in a report or return" except in conjunction with "investigations or proceedings"

Access to Information

Taxpayer Information

DOR narrowly reads taxpayer confidentiality statutes, denying public access to:

- All information provided by taxpayers
  - Non-sensitive correspondence, hypothetical studies, publicly available information, etc.
- Information provided for its production forecasting, which is a budgeting function [2007-2009 Trial Tr. 8813-14, Tr. 10874-877]
- The Municipalities
  - AS 43.56.060(g) allows for joint administration of taxes
  - North Slope Borough had such an agreement until recently

Access to Information

Consequence of Information Access

- Industry acts to prevent the best information from harming its position on taxes
  - Low flow documents
  - Royalty trust statements removed
  - BP Pipelines no longer participating in reserves function [2007-2009 Trial Tr. 11480]
  - As a matter of policy DOR does not compel the production of useful information
- DOR does not make publicly available taxpayer information in its possession
- Result–DOR and Legislature do not have access to information necessary to be informed about oil and gas tax issues in Alaska

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Representative Berta Gardner

House District 24

Disclosure Requirements for Film Tax Credits

- Name of Tax Payer
- Project Title
- Amount of Alaska expenditure
- Production Schedule
- Production Type
- Communities where expenditures occurred
- Wages paid to residents and non-residents
- Costs in instate Alaska shipping, shipping to Alaska, location fees, facility rentals, equipment rentals, services, food and lodging
- Amount of tax credit that is rewarded

Total Amount paid in tax credits: **$24,329,051.20**
2 ½ fiscal years

HB 276

<TARGET><BILL>HB 276</BILL><SUBJECT>HB 276</SUBJECT><COMM>HRES27</COMM></TARGET>

adopted as comm. work draft 3/12/12.

27-LS1193\D
Nauman/Bullock
3/2/12

CS FOR HOUSE BILL NO. 276( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES THOMPSON, DICK, MILLETT, TUCK, AND MILLER, Tammie Wilson, Kawasaki

A BILL

FOR AN ACT ENTITLED

"An Act providing for a credit against the oil and gas production tax for costs incurred for conducting seismic exploration and drilling certain oil or natural gas exploration wells in certain basins; and relating to a limit on certain oil and gas production tax credits."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 43.55.025(a) is amended to read:

(a) Subject to the terms and conditions of this section **and except as provided in (q) of this section**, a credit against the production tax levied by AS 43.55.011(e) is allowed for exploration expenditures that qualify under (b) of this section in an amount equal to one of the following:

(1) 30 percent of the total exploration expenditures that qualify only under (b) and (c) of this section;

(2) 30 percent of the total exploration expenditures that qualify only under (b) and (d) of this section;

(3) 40 percent of the total exploration expenditures that qualify under (b), (c), and (d) of this section;

(4) 40 percent of the total exploration expenditures that qualify only under (b) and (e) of this section; [OR]

(5) 80, 90, or 100 percent, or a lesser amount described in (*l*) of this section, of the total exploration expenditures described in (b)(1) and (2) of this section and not excluded by (b)(3) and (4) of this section that qualify only under (*l*) of this section**;**

(6) the lesser of $22,500,000 or 80 percent of the total exploration drilling expenditures described in (n) of this section that qualify under (b), (c), and (p) of this section; or

(7) the lesser of $7,500,000 or 75 percent of the total seismic exploration expenditures described in (o) of this section that qualify under (b), (c), and (p) of this section.

*** Sec. 2.** AS 43.55.025(c) is amended to read:

(c) To be eligible for **a** [THE 30 PERCENT] production tax credit authorized by (a)(1)**, (3), (6), or (7)** of this section [OR THE 40 PERCENT PRODUCTION TAX CREDIT AUTHORIZED BY (a)(3) OF THIS SECTION], exploration expenditures must

(1) qualify under (b) of this section; and

(2) be for an exploration well, subject to the following:

(A) before the well is spudded,

(i) the explorer shall submit to the commissioner of natural resources the information necessary to determine whether the geological objective of the well is a potential oil or gas trap that is distinctly separate from any trap that has been tested by a preexisting well;

(ii) at the time of the submittal of information under (i) of this subparagraph, the commissioner of natural resources may request from the explorer that specific data sets, ancillary data, and reports including all results, and copies of well data collected and data

analyses for the well be provided to the Department of Natural Resources upon completion of the drilling; in this sub-subparagraph, well data include all analyses conducted on physical material, and well logs collected from the well and sample analyses; testing geophysical and velocity data including vertical seismic profiles and check shot surveys; testing data and analyses; age data; geochemical analyses; and access to tangible material; and

(iii) the commissioner of natural resources must make an affirmative determination as to whether the geological objective of the well is a potential oil or gas trap that is distinctly separate from any trap that has been tested by a preexisting well and what information under (ii) of this subparagraph must be submitted by the explorer after completion, abandonment, or suspension under AS 31.05.030; the commissioner of natural resources shall make that determination within 60 days after receiving all the necessary information from the explorer based on the information received and on other information the commissioner of natural resources considers relevant;

(B) for an exploration well other than a well to explore a Cook Inlet prospect, the well must be located and drilled in such a manner that the bottom hole is located not less than three miles away from the bottom hole of a preexisting well drilled for oil or gas, irrespective of whether the preexisting well has been completed, suspended, or abandoned;

(C) after completion, suspension, or abandonment under AS 31.05.030 of the exploration well, the commissioner of natural resources must determine that the well was consistent with achieving the explorer's stated geological objective.

*** Sec. 3.** AS 43.55.025 is amended by adding new subsections to read:

(n) The persons that drill the first four exploration wells in an area described in (p) of this section on state or private lands for the purpose of discovering oil or gas that penetrate and evaluate a prospect in a basin described in (p) of this section are eligible for a credit under (a)(6) of this section. A credit may not be taken for more

than two exploration wells in a single area described in (p)(1) - (6) of this section. A person or an affiliate of a person may qualify for a credit for not more than two wells under this subsection. The department shall make a determination of the order in which the wells are drilled based on the date and time that the drill bit first turns to the right for the purpose of drilling the well. A person planning to drill an exploration well on private land and to obtain a credit under this subsection shall obtain written consent from the owner of the oil and gas interest for the full public release of all well data collected within two years after receiving a credit under this section and in conjunction with and compliance with the data submission requirements in (f)(2) of this section. The written consent of the owner of the oil and gas interest must be submitted to the commissioner of natural resources before approval of the proposed exploration well. In addition to the requirements in (c) of this section and submission of the written consent of the owner of the oil and gas interest, a person planning to drill an exploration well shall obtain approval from the commissioner of natural resources before the well is spudded. Before approving the exploration well, the commissioner of natural resources must make an affirmative finding that the exploration well is in the best interest of the state based on the following: the location of the well; the proximity to a community in need of a local energy source; the proximity of existing infrastructure; the experience and safety record of the explorer in conducting operations in remote or roadless areas; the projected cost schedule; whether seismic mapping and seismic data sufficiently identify a particular trap for exploration; whether the targeted and planned depth and range are designed to penetrate and fully evaluate the hydrocarbon potential of the proposed prospect and reach the level below which economic hydrocarbon reservoirs are likely to be found, or reach 12,000 feet or more true vertical depth; and whether the exploration plan provides for a full evaluation of the wellbore below surface casing to the depth of the well. Exploration expenditures eligible for the credit in this subsection must be incurred for work performed after June 1, 2012. Whether the exploration well for which a credit is requested under this subsection is located within an area and a basin described under (p) of this section shall be determined by the commissioner of natural resources and reported to the commissioner. A taxpayer that obtains a credit under this subsection

may not claim a tax credit under AS 43.55.023 or another provision in this section for the same exploration expenditure.

(o) The persons that conduct the first four seismic exploration projects in the areas described in (p) of this section for the purpose of discovering oil or gas in a basin are eligible for the credit under (a)(7) of this section. A credit may not be taken for more than one seismic exploration project in a single area described in (p)(1) - (6) of this section. Exploration expenditures eligible for the credit in this subsection must be incurred for work performed after June 1, 2012. A person planning to conduct a seismic exploration project on private land and to obtain a credit under this subsection shall obtain written consent from the owner of the oil and gas interest for the full public release of all geophysical data and compliance with the data submission requirements in (f)(2) of this section. To qualify for a credit under this subsection, a person shall submit the written consent of the owner of the oil and gas interest for the release of data if applicable, and all data required under (f)(2) of this section to the Department of Natural Resources and shall agree in writing that all seismic data requirements submitted under the requirements of (f)(2) of this section may be made public within two years after receiving the credit in this subsection. A person or an affiliate of a person may qualify for a credit for more than one seismic exploration project under this subsection. A person intending to qualify for the tax credit under this subsection shall obtain approval from the commissioner of natural resources before the commencement of the seismic exploration activities. Before approving a seismic exploration project, the commissioner shall make an affirmative finding that the seismic exploration project is in the best interest of the state based on the location of the project, the projected cost schedule, the data acquisition and data processing plan, the reasons for choosing the particular area for seismic exploration, and the experience and safety record of the person in conducting seismic exploration operations in remote or roadless areas. Whether the seismic exploration project for which a credit is requested under this subsection is located in a basin described in (p) of this section shall be determined by the commissioner of natural resources and reported to the commissioner. A taxpayer that obtains a credit under this subsection may not claim a tax credit under AS 43.55.023 or another provision in this section for

the same exploration expenditure.

(p) The activity that is the basis for a credit claimed under (a)(6) and (n) of this section or (a)(7) and (o) of this section must be for the exploration of a basin and within the following areas whose central points are determined using the World Geographic System of 1984 datum,

(1) 100 miles from 66.896128 degrees North, -162.598187 degrees West;

(2) 150 miles from 64.839474 degrees North, -147.72094 degrees West;

(3) 50 miles from 62.776428 degrees North, -164.495201 degrees West;

(4) 50 miles from 62.110357 degrees North, -145.530551 degrees West;

(5) 100 miles from 58.189868 degrees North, -157.371104 degrees West;

(6) 100 miles from 56.005988 degrees North, -160.56083 degrees West.

(q) The amount of credit for an exploration expenditure under (a)(1) - (4) of this section for an expenditure that is also a lease expenditure under AS 43.55.165 is reduced by the amount necessary so that the tax benefit percentage is not more than 65 percent of the exploration expenditure. In this subsection, "tax benefit percentage" means the sum of the average monthly tax rate under AS 43.55.011(e) and (g) for the calendar year in which the credit is taken and the percentage of the exploration expenditure that may be taken as a credit under (a)(1) - (4) of this section.

AMENDMENT #1

TO: CSHB 276 VERSION D

Page 2, Line 14: Delete **(c)**

Explanation:

Subsection (c) applies to exploration wells. The new credit at 43.55.025(a)7 on page 2, lines 12 through 14 is for seismic only, not for an exploration well.

adopted U.C.

ALASKA STATE LEGISLATURE

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REPRESENTATIVE STEVE THOMPSON
DISTRICT 10

SPONSOR STATEMENT FOR HOUSE BILL 276 (27-LS1193\D)

"An Act providing for a credit against the oil and gas production tax for costs incurred for conducting seismic exploration and drilling certain oil or natural gas exploration wells in certain basins; and relating to a limit in certain oil and gas production tax credits."

HB276 is designed to incentivize seismic exploration and exploration drilling in certain areas of the State of Alaska that contain underexplored basins located in close proximity to a community in need of a local energy source. Due to complications associated with many basins' remote locations, they have stayed unexplored. HB276 is modeled after the Cook Inlet tax credits that successfully triggered a stampede of exploration. At a time when economic growth and development in a good portion of Alaska is crippled by high energy prices and the lack of reliable energy supplies, this legislation strongly encourages companies to invest in underexplored, frontier basins, located near energy challenged communities. In Alaska, the constituencies of seventeen House Districts still rely on expensive heating oil. Fairbanks, the second largest city in Alaska is located just 50 miles away from the Nenana Basin, a frontier-basin that shows potential, but lacks investors. HB276 is an effort to help not only Fairbanks but other regions of the state that are being crippled by high energy prices.

The seismic tax credits will apply to the first four persons that perform seismic exploration in four different areas identified by the bill. The credit will be for the lesser of $7,500,000 or 75% of the total seismic exploration expenditures. The drilling credit is for the first four exploration wells in an area described in the bill with no more than two wells in any single area. The exploration drilling credit is for the lesser of $22,500,000 or 80% of the total exploration drilling expenditures.

Incentivizing exploration in basins located near energy starved regions of Alaska that show potential for production of gas and/or oil is another step that will help support the economy and well-being of businesses and families in Alaska who are currently suffering from high energy costs and the lack of reliable energy supplies.

E-mail Representative_Steve_Thompson@legis.state.ak.us

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REPRESENTATIVE STEVE THOMPSON
DISTRICT 10

Sectional House Bill 276 (version D)

Sec. 1. Establishes the new frontier basin credits for seismic and drilling exploration.

Sec. 2. Conforming amendment to add the new frontier basin credits to eligibility requirements under AS 43.55.025(b) and (c).

Sec. 3. AS 43.55.025 is amended by adding new subsections:

(n) Describes the frontier basin drilling credits and their requirements.

(o) Describes the frontier basin seismic credits and their requirements.

(p) Lists the six areas within the State of Alaska that qualify for the frontier basin credits.

(q) Is designed to treat explorers and producers equally in the state contribution rate to a project. Section (q) ensures that the combination of an exploration credit under AS 43.55.025, plus deductibility against production tax cannot exceed 65% state participation except for the credits given for the "stampede" and "frontier" portions of AS 43.55.025 (l)(n) and (o).

E-mail Representative_Steve_Thompson@legis.state.ak.us

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

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Rick Rogers
2011-2012 Executive Committee
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March 12, 2012

Co-Chairs Feige and Seaton
House Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, AK 99801

Re: House Resources Hearing on CS HB 276 – Oil and Gas Tax Credits

Dear Co-Chairs Feige and Seaton and Members of House Resources:

The Resource Development Council (RDC) writes to express support for CS HB 276, oil and gas tax credits in areas south of the Brooks Range to outside the Cook Inlet basin, including the Nenana and Selawik basins.

RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism and fisheries industries. RDC's membership includes Alaska Native Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

RDC supports the much needed development of oil and gas resources in Interior and western Alaska, regions that relies heavily on high priced heating fuel. Much of the area under consideration is near existing infrastructure, and Fairbanks, which could be a practical market for the oil and gas.

Not only is it a top priority for RDC to advocate for tax policy and incentives that enhance the State of Alaska's competitiveness for all industries, but also to support measures to reverse the Alaska oil and gas production decline. This includes legislation that results in new exploration and development.

Additionally, oil and gas exploration and production in Interior and rural Alaska would provide other benefits, such as new, well-paying jobs, and increased tax and royalty income to the state.

Thank you for the opportunity to comment.

Sincerely,

Marleanna Hall
Projects Coordinator
Resource Development Council

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035
Phone: 907-276-0700 Fax: 907-276-3887 Email: resources@akrdc.org Website: akrdc.org

Frontier Stampede Template
DNR technical team discussion document
February 16, 2012

Overview

- **This discussion document does not constitute an endorsement of this legislation by DNR in any way**
- DNR understands that the purpose of the proposed legislation is to define a program to promote conventional oil and gas exploration on state and native lands in frontier basins where there is possibility for local or regional use;
- DNR also understands that a secondary purpose would be to secure geologic and geophysical data for state use and public release;
- If the Legislature chooses to implement such a program, DNR suggests the following be considered as minimum provisions and scope:

Provisions and Scope:

- Any potential tax credits should be Implemented under AS 43.55.025 – the current exploration licensing statutes should not be altered;
- A maximum of 75% tax credit for either geophysical exploration or exploration drilling up to a maximum dollar limit per project (a recon 2D seismic program can cost $10 million or more per geophysical project, a remote site exploration well can cost $20 to $30 million per well depending on location and depth);
- Any credits should be applicable only to conventional oil and/or gas exploration on state lands, state waters, and private lands, south of 68 degrees North latitude, and not encompassed by the Cook Inlet areawide lease sale boundary;
- The credits should not be applicable to federal lands or waters;
- All credits should be subject to pre-qualification by the Commissioner of the Department of Natural Resources based on a finding that supporting the proposed exploration project is in the public interest;
- All credits should be restricted to proven, experienced, safe operators;
- DNR recommends defining geographic areas that will be eligible for this program (with township-range/legal description boundaries). Further, DNR recommends the Legislature set limits in this legislation on the number of geophysical projects and wells allowed in each area. A preliminary map (Attachment) accompanies this document, showing the ten areas of the state DNR suggests could be made eligible for credits.
- The areas indicated encompass sedimentary basins with sufficient depth and rock type to maintain some potential for conventional gas, and possibly oil. There is a wide range of potential, with the smallest and shallowest basins generally having the least potential.

For Discussion Purposes

- Projects within the boundaries defined for the following areas could be considered eligible for geophysical and/or drilling credits:
    - Nenana basin
    - Northern Alaska Peninsula
    - Southern Alaska Peninsula
    - Yukon Flats basin
    - Susitna basin
    - Kotzebue basin
    - Copper River basin
- Projects within the boundaries defined for the following areas should initially be eligible for geophysical credits only:
    - Y-K delta
    - Holitna basin
    - Minchumina basin
- Exploration expenditures for which the credit is claimed must be for work conducted in a defined time period.

Geophysical Exploration:

- DNR recommends a maximum 75% credit for 2-D or 3-D seismic or other geophysical exploration with a maximum cap per acquisition project (where "project" means all data collected within the boundaries of an eligible area in any given crew-season).

Recommended Pre-qualification requirements for geophysical exploration:

- The Commissioner of DNR must make an affirmative determination that supporting the proposed geophysical exploration project is in the public interest based on a presentation from operator and seismic contractor to DNR-DOG;
- Presentation must detail the location, exploration rationale, size, acquisition plan, processing plan, and anticipated cost schedule;
- Contractor must have a proven history of acquisition/processing in remote road-less areas;
- The data licensee must agree to data submission requirements as per AS 43.55.025(f)(2);
- If the exploration is conducted on privately owned land, the person claiming a tax credit under this program must secure and demonstrate pre-approval of the private landowner (including native corporations) for the full public release of all geophysical data collected after 3 years from the completion date + 30 day public notice, notwithstanding provisions under AS 43.55.025(f)(2)(C)(i – ii) to the contrary.

Post-acquisition requirements for seismic or other geophysical project:

- Final approval of the tax credit will be subject to the Commissioner of DNR determining that the operator fulfilled the data submission requirements.

For Discussion Purposes

Exploration Drilling:

- DNR recommends a maximum 75% credit for drilling costs, with a maximum limit per well (costs could include mob-demob, drilling completion, testing; costs should exclude rig modification);
- Drilling costs will be scrutinized to industry standards for remote operations;
- Cost over-runs will be responsibility of operator;
- Recommend 50% payback provision if well results in discovery that goes into sustained production (as per jack-up credit 025(l));

Pre-qualification requirements for a well:

- The Commissioner of DNR must make an affirmative determination that supporting the proposed exploration drilling project is in the public interest based on a presentation from operator to DNR-DOG;
- The operator should have a proven history of safe oil & gas drilling operations;
- Operator must demonstrate a seismically mapped prospect, providing sufficient interpreted seismic data and mapping to identify the intended trap, target depth or depth range, and planned total drilling depth;
- show that the prospect falls within a sedimentary basin capable of hosting a functioning petroleum system; identify anticipated source, reservoir, and seal intervals and their expected characteristics;
- must agree to drill either to economic basement, or at least 12,000 feet true vertical depth if basement is not penetrated;
- any credits must only be for the first well to penetrate the proposed trap;
- must agree to conduct a full evaluation of the entire wellbore below surface casing according to best practices for oil and gas exploration (**see data collection program below**);
- must agree to penetrate and thoroughly evaluate the hydrocarbon potential of the pre-approved prospect;
- must agree to submit all geological, geophysical, and engineering data collected to the Division of Oil and Gas for public release according to the requirements of AS 43.55.025(f)(2);
- if the exploration is conducted on privately owned land, the person claiming a tax credit under this program must secure and demonstrate pre-approval of the private landowner (including native corporations) for the full public release of all well and geophysical data collected, notwithstanding provisions under AS 43.55.025(f)(2)(C)(i – ii) to the contrary.
- Must include total estimated cost of project including cost of infrastructure to transport product to intended market and funding mechanism for development

Post-drill requirements for a well:

- Final post-drill approval of the tax credit will be subject to the Commissioner of DNR determining that the well penetrated and evaluated the pre-approved frontier basin prospect , and that the operator has fulfilled the data submission requirements.

For Discussion Purposes

Well Data Collection Program:

- The operator must;
- collect a standard full suite of open hole logs of the entire wellbore below surface casing including minimum of mudlog, gamma ray, spontaneous potential, resistivity, sonic, bulk density, and neutron porosity;
- make a good faith effort to collect representative full diameter core or rotary sidewall core for reservoir quality analysis,
- make a good faith effort to collect fluid samples and conduct analyses of total dissolved solids for use in calculating hydrocarbon saturation;
- if logs or samples identify potentially producible hydrocarbons, well completion and flow testing for illustrative purposes only If the well is completed and tested, data collection and post-drill submission must include all test data, test interpretations, and all cased hole logs.

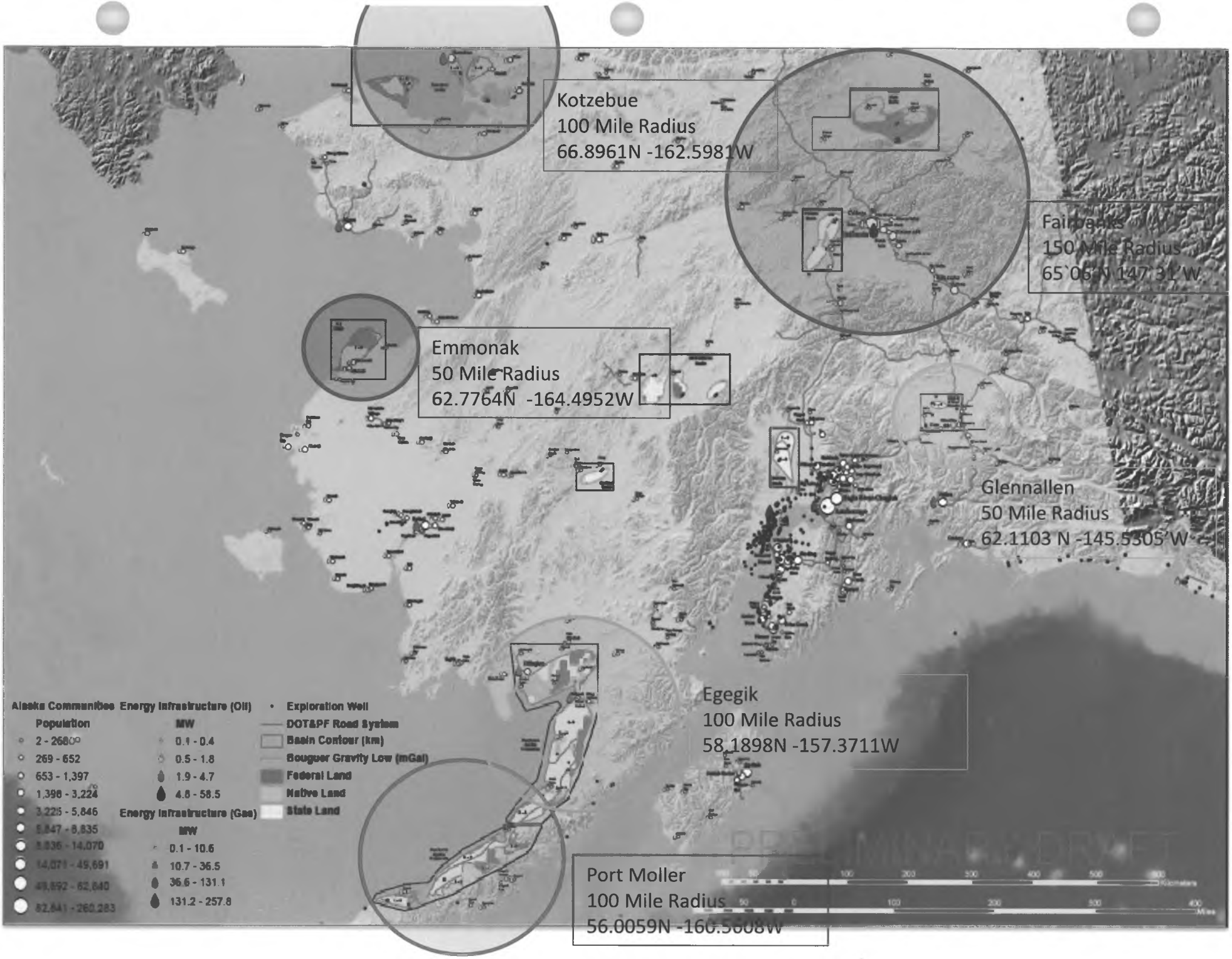
Attachment:

Preliminary map (DGGS-DOG) for illustrative purposes only showing areas which the legislature could deem eligible for tax credit project support, provided all pre-qualification criteria are met. Proposed eligible areas are not yet formally defined, adopted, or legally described.

Questions/Concerns:

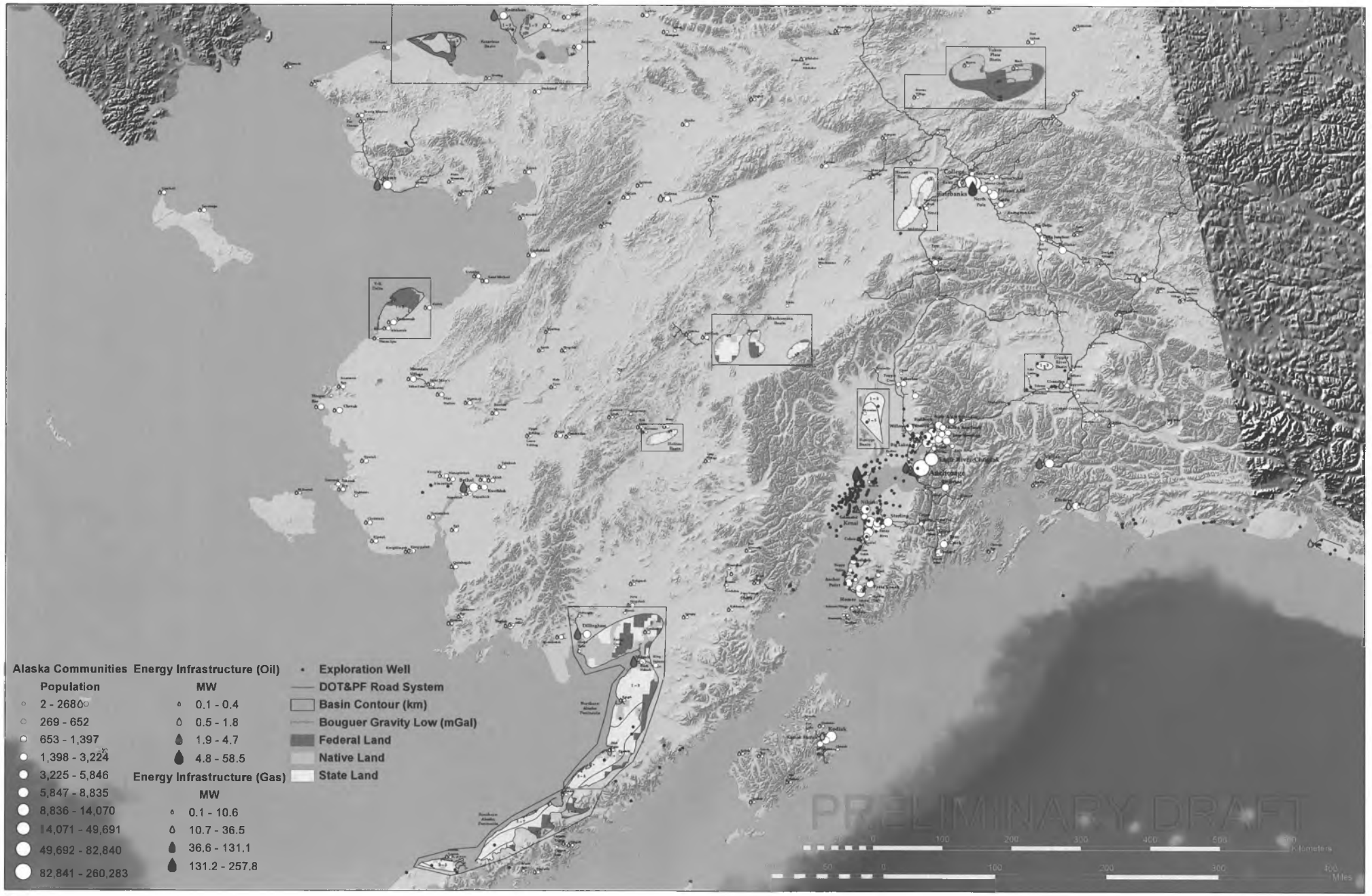
- How will the state limit financial exposure? One possibility would be to consider limiting to no more than one seismic and 1 well in each defined eligible area with a financial maximum
- What expenses are included? Recommend ensuring that provisions of 15 AAC 55.360 apply to this program.
- Some basins are very remote, and far from infrastructure or population. The minimum of 25% "skin in the game" will potentially limit any efforts where economic feasibility is non-existent.

For Discussion Purposes


Kotzebue
100 Mile Radius
66.8961N -162.5981W
Fairbanks
150 Mile Radius
65`06`N 147`31`W
Emmonak
50 Mile Radius
62.7764N -164.4952W
Glennallen
50 Mile Radius
62.1103 N -145.5305`W
Egegik
100 Mile Radius
58.1898N -157.3711W
Port Moller
100 Mile Radius
56.0059N -160.5608W
Alaska Communities
Population
2 - 2680
269 - 652
653 - 1,397
1,398 - 3,224
3,225 - 5,846
5,847 - 8,835
8,836 - 14,070
14,071 - 49,691
49,692 - 82,640
82,641 - 260,283
Energy Infrastructure (Oil)
MW
0.1 - 0.4
0.5 - 1.8
1.9 - 4.7
4.8 - 58.5
Energy Infrastructure (Gas)
MW
0.1 - 10.6
10.7 - 36.5
36.6 - 131.1
131.2 - 257.8
Exploration Well
DOT&PF Road System
Basin Contour (km)
Bouguer Gravity Low (mGal)
Federal Land
Native Land
State Land

ALASKA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS
DIVISON OF OIL & GAS

REGIONS FOR POTENTIAL FRONTIER BASIN OIL AND GAS EXPLORATION



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REPRESENTATIVE STEVE THOMPSON
DISTRICT 10

MEMORANDUM

To: Representatives Eric Feige, Co-Chair
House Resources Committee

Representative Paul Seaton, Co-Chair
House Resources Committee

From: Representative Steve Thompson

Date: January 25, 2012

Re: Hearing request for HB276 ***"An Act providing for a credit against the oil and gas production tax for costs incurred in drilling certain oil or natural gas exploration wells in the Nenana Basin"***

Please consider this memo as a request for the House Resources Committee to hear HB276.

The following documents will are provided and will be sent via email:

- Sponsor Statement for HB276
- HB276 (27-LS1193\A)
- CSHB276 (27-LS1193\M)
- Explanation of Changes from version A to version M

Thank you.

E-Mail: Representative.Steve.Thompson@legis.state.ak.us
Website: www.akrepublicans.org/thompson/

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REPRESENTATIVE STEVE THOMPSON
DISTRICT 10

SPONSOR STATEMENT FOR HOUSE BILL 276 (27-LS1193\M)

"An Act providing for a credit against the oil and gas production tax for costs incurred in drilling certain oil or natural gas exploration wells in the Nenana Basin"

HB276 is designed to incentivize exploration drilling in the underexplored Nenana Basin. The Nenana Basin has shown great potential, but has remained underdeveloped due to complications associated with its remote location. HB276 is modeled after the Cook Inlet tax credits that successfully triggered a stampede of exploration. At a time when economic growth and development in the Interior is crippled by high energy prices and the lack of reliable energy supplies, this legislation will strongly encourage companies to invest in this high potential, frontier basin, located just 50 miles from Fairbanks. HB276 has the potential to not only benefit the Interior but all Alaskans on the railbelt and beyond.

The tax credits will apply to the first three persons that drill an exploration well to the depth of 8,000 feet for the purposes of discovering gas or oil, and are structured as follows:

- The first person that drills an exploration well is credited 100 percent of costs, or $25 million, whichever is less;
- The second exploration well drilled is entitled to a credit of 90 percent, or up to $22.5 million;
- The third exploration well is credited at 80 percent, or up to $20 million.

If the exploration results in sustained oil and/or gas production from a reservoir discovered by the drilling, then 50 percent of the credits awarded will be repaid to the state.

Incentivizing exploration in basins that are located near energy starved regions of Alaska showing a high potential for production of gas and/or oil is another step, which will help support the economy and well-being of businesses and families in Alaska who are suffering from high energy costs and the lack of reliable energy supplies.

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REPRESENTATIVE STEVE THOMPSON
DISTRICT 10

HB276 Explanation of Changes between Versions A and Version M

Page 2, Lines 24-31, Page 3, Line1 – The payback provisions were changed in version "M" to 50 percent of the amount of the credit to be repaid in equal monthly installments over a 10-year period commencing 60 days after the start of sustained production. This payback provision is cleaner than in version "A" that called for a monthly installment greater than 1/240th of the total amount of the credit or 10 percent of the gross value for the month proceeding the month the payment is due.

E-mail Representative_Steve_Thompson@legis.state.ak.us

27-LS1193\M
Bullock
1/18/12

CS FOR HOUSE BILL NO. 276( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES THOMPSON, DICK, MILLETT, TUCK, AND MILLER

A BILL

FOR AN ACT ENTITLED

"An Act providing for a credit against the oil and gas production tax for costs incurred in drilling certain oil or natural gas exploration wells in the Nenana Basin."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 43.55.025(a) is amended to read:

(a) Subject to the terms and conditions of this section, a credit against the production tax levied by AS 43.55.011(e) is allowed for exploration expenditures that qualify under (b) of this section in an amount equal to one of the following:

(1) 30 percent of the total exploration expenditures that qualify only under (b) and (c) of this section;

(2) 30 percent of the total exploration expenditures that qualify only under (b) and (d) of this section;

(3) 40 percent of the total exploration expenditures that qualify under (b), (c), and (d) of this section;

(4) 40 percent of the total exploration expenditures that qualify only

under (b) and (e) of this section; or

(5) 80, 90, or 100 percent, or a lesser amount described in (*l*) **or (n)** of this section, of the total exploration expenditures described in (b)(1) and (2) of this section and not excluded by (b)(3) and (4) of this section that qualify only under (*l*) **or (n)** of this section.

*** Sec. 2.** AS 43.55.025 is amended by adding a new subsection to read:

(n) The first three persons that drill an exploration well for the purpose of discovering oil or gas in the Nenana Basin are eligible for the credit under this subsection. To qualify for the credit under this subsection, the well for which the credit is claimed must be drilled to a depth greater than 8,000 feet or, if authorized by the commissioner of natural resources before the drill bit first turns to the right for the purpose of drilling the well, to a target depth of less than 8,000 feet, but not less than 5,000 feet. The person that drills the first exploration well is entitled to a credit in the amount of 100 percent of its exploration well expenditures or $25,000,000, whichever is less; the person that drills the second exploration well is entitled to a credit in the amount of 90 percent of its exploration well expenditures or $22,500,000, whichever is less; and the person that drills the third exploration well is entitled to a credit in the amount of 80 percent of its exploration well expenditures or $20,000,000, whichever is less. A person or an affiliate of a person may qualify for a credit for more than one well under this subsection. The department shall make a determination of the order in which the wells are drilled based on the date and time that the drill bit first turns to the right for the purpose of drilling the well. Exploration expenditures eligible for the credit in this subsection must be incurred for work performed after December 31, 2011. If the exploration well for which a credit is received under this subsection results in sustained production of oil or gas from a reservoir discovered by the exploration well, and notwithstanding that the credit may have been transferred under (g) of this section, 50 percent of the amount of the credit received shall be repaid to the department by the person that received the credit in equal monthly installments over a 10-year period commencing 60 days after the start of sustained production of oil or gas. Whether the exploration well for which a credit is requested under this subsection is located in the Nenana Basin, reached the required depth, or resulted in

sustained production of oil or gas from a reservoir discovered by the exploration well shall be determined by the commissioner of natural resources and reported to the commissioner. A taxpayer that obtains a credit under this subsection may not claim a tax credit under AS 43.55.023 or another provision in this section for the same exploration expenditure. In this subsection,

(1) "reservoir" means an oil or gas accumulation, discovered and evaluated by testing, that is separate from any other accumulation of oil or gas;

(2) "sustained production" means production of oil or gas from a reservoir into a pipeline or other means of transportation to market, but does not include testing, evaluation, or pilot production.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB276**
Fiscal Note Number:
Publish Date:

Identifier (file name): HB276-DNR-O&G-01-28-12
Dept. Affected: Department of Natural Resources
Title: OIL/GAS PRODUCTION TAX CREDITS: NENANA
Appropriation: Oil and Gas
Allocation: Oil and Gas
Sponsor: Representative Thompson
Requester: House Resources Committee
OMB Component Number: 439

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)								
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	***	***	***	***	***	***	***

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version, not applicable

Prepared by: William C. Barron — Phone: 269-7493
Division: Division of Oil and Gas — Date/Time: 1/28/12 12:00 AM
Approved by: Daniel Sullivan — Date: 1/28/2012
Department of Natural Resources

(Revised 8/17/2011 OMB)

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB276
2012 LEGISLATIVE SESSION

Analysis

HB 276 modifies AS 43.55.025 to provide for a credit for drilling the first three exploration wells in the Nenana Basin that target a deeper stratum.

The credit would be equal to 100% of the cost of the first exploration well, 90% for the second, and 80% for the third. The maximum well expenditure eligible for the credit would be $25 million per well. Under section 2, this credit would be in lieu of any tax credit under AS 43.55.023. If the wells drilled resulted in sustained commercial production, the taxpayer would have to pay back half the amount of the credit received in monthly installments over a 10-year period, or 10% of gross receipts, whichever is less.

This credit is more generous than the credits currently available to an explorer in the Nenana Basin under AS 43.55.023. In the event that the exploration well does not result in a commercial find, the credits reimburse the explorer for virtually all of the costs of the wells. If a commercial find is made, then the explorer recovers virtually all the capital up-front, as the explorer only has to pay back half the amount of the credit in monthly installments over the first 10 years of production.

The impact on royalties is indeterminate positive. It is dependent on a commercial discovery being made. HB 276 will probably make such a discovery more likely. Up to now, the wells that have been drilled in the Nenana Basin have targeted shallower strata. Deeper strata appear to be more gas prospective, but are more expensive to drill. If a commercial discovery is made, the State will likely receive royalty revenue. Currently, the State is the predominant owner of the mineral estate in the Nenana Basin, owning 1.25 million acres. The State issued an exploration license in the area covering almost 500,000 acres that expires in October of 2012. The State will not receive any direct revenues from this licensed area until it is converted to a lease.

Under HB 276, the Department has some direct administrative tasks to perform. The DNR must verify that the location of the well is in the Nenana Basin, and verify that the well has reached the required depth (8,000 feet). DNR can also authorize wells to be drilled to less than 8,000 feet (but more than 5,000 feet). The DNR must also verify that a well has resulted in sustained production of oil or gas, which then kicks in the pay back obligation. If a commercial find is made, the DNR will also have to convert the exploration license to a lease, and also perform tasks associated with permitting and leasing. These tasks are part of DNR's ongoing operations and thus no additional fiscal impact is expected.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 276**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB276-DOR-TAX-01-27-12
Title: Oil/Gas Production Tax Credits: Nenana
Sponsor: Representatives Thompson, Dick, Millett, Tuck, Miller
Requester: (H) RES

Dept. Affected: Revenue
Appropriation: Taxation and Treasury
Allocation: Tax
OMB Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)								
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	***		***	***	***	***	***

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This is the initial version of the bill.

Prepared by: Cherie Nienhuis, Commercial Analyst — Phone 907-269-1019
Division: Tax — Date/Time 1/27/12, 1:00pm
Approved by: Alicia Egan, Oil & Gas Legislative Liaison — Date 1/28/2012
Department of Revenue

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 276

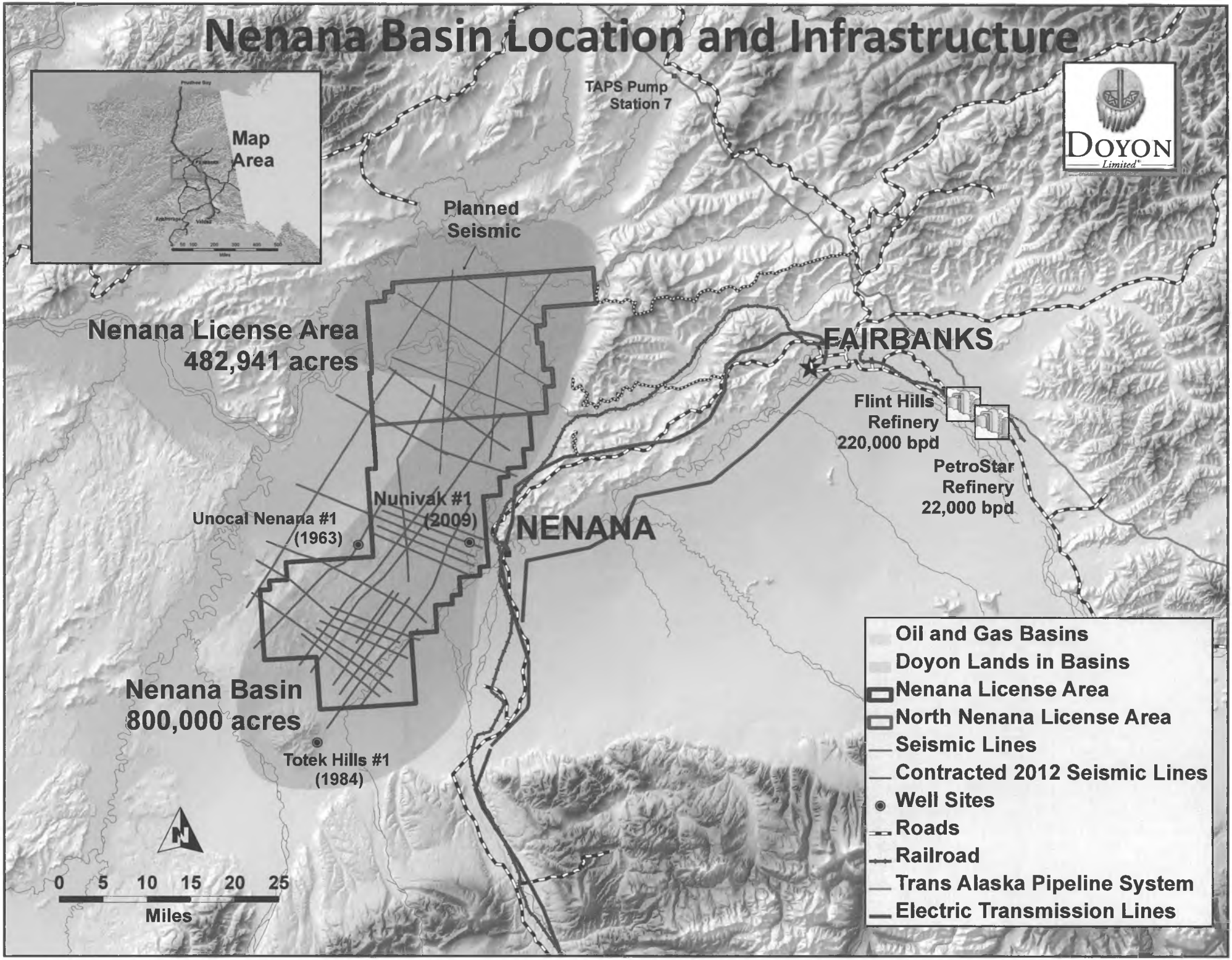
Analysis

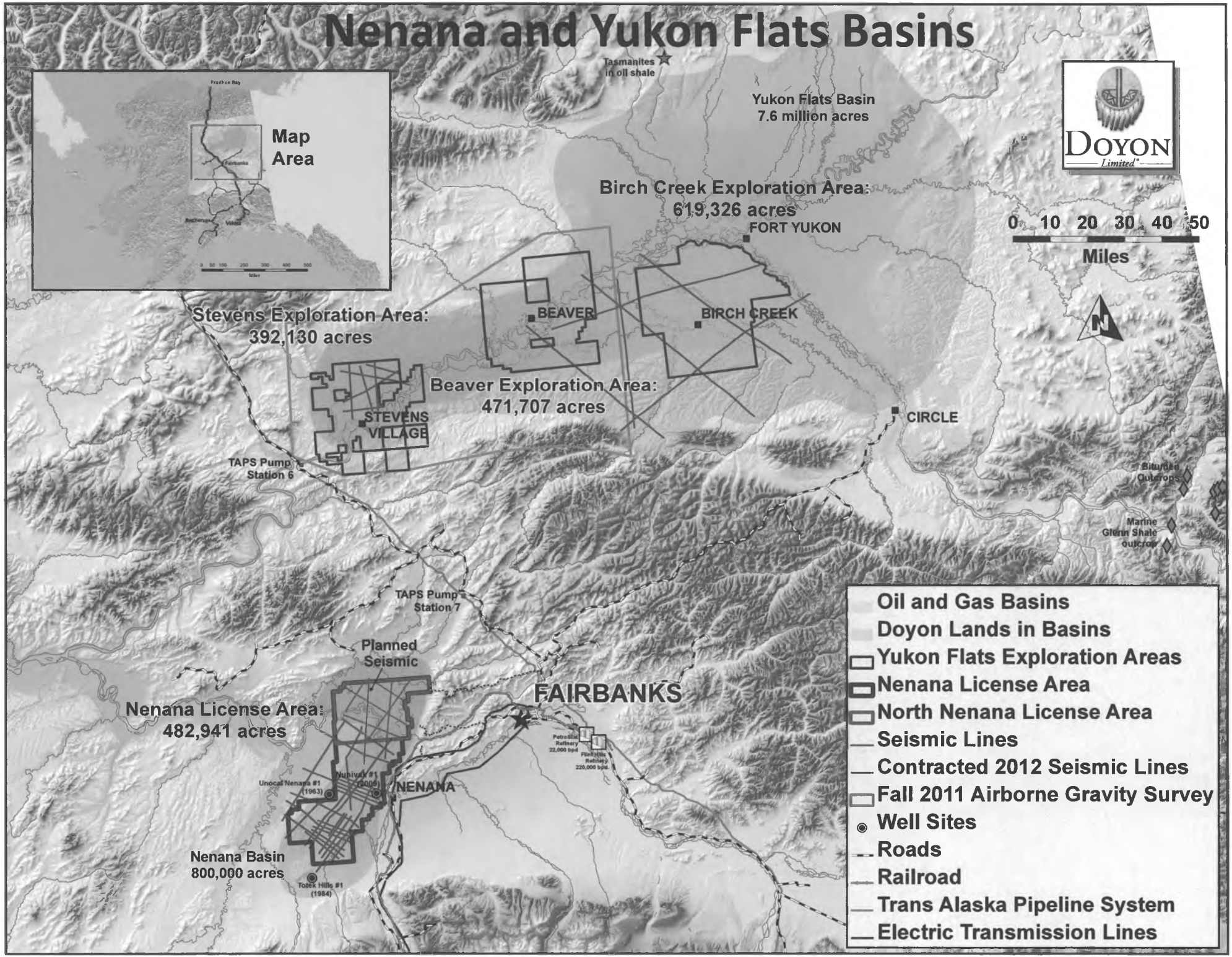
***The revenue impact of this bill is indeterminate.

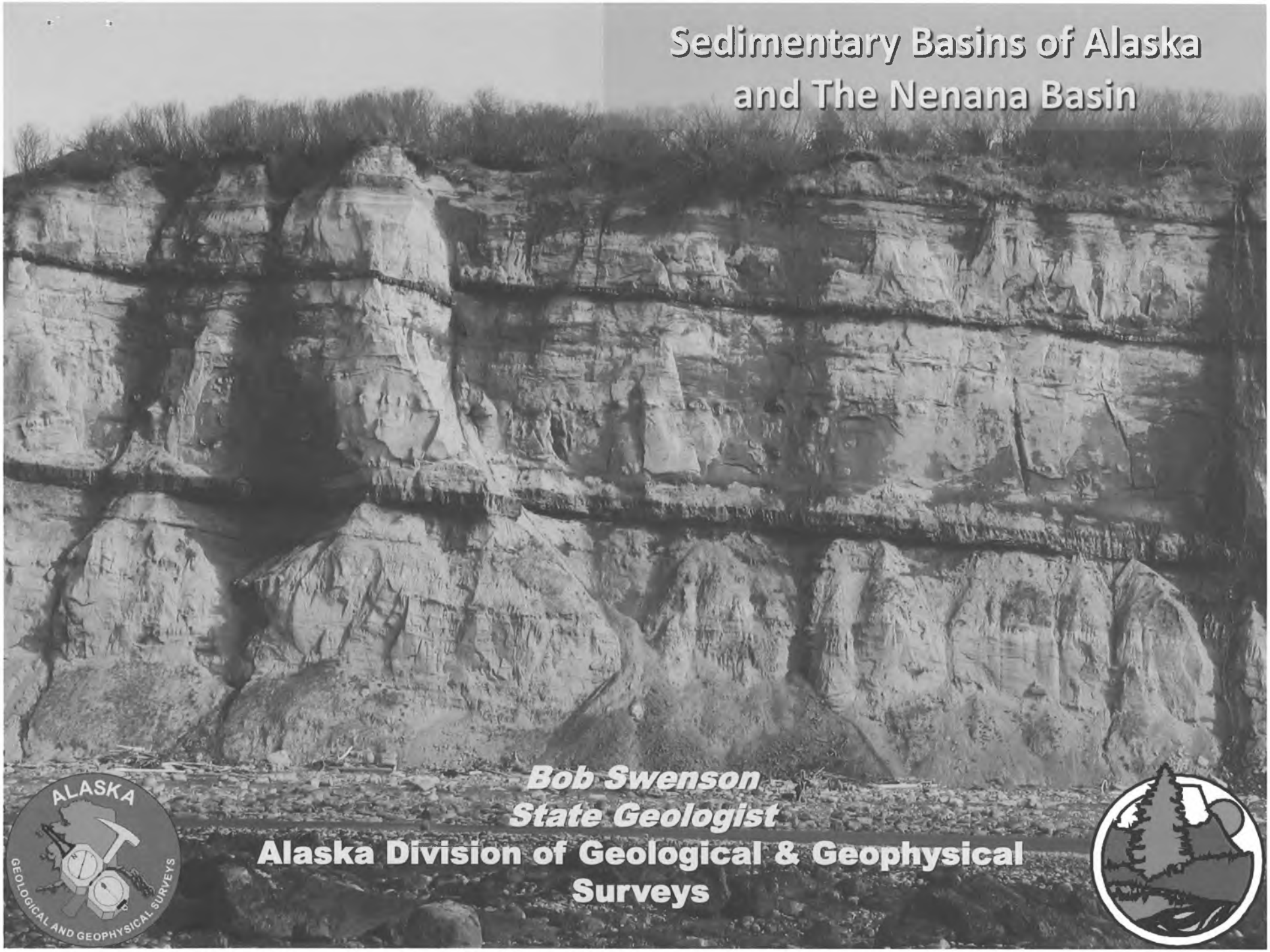
This bill expands the production tax credit authorized at AS 43.55.025 to a maximum credit of 100 percent of the total exploration expenditures for drilling to a depth greater than 8,000 feet (unless otherwise authorized by the commissioner of the Department of Natural Resources) for drilling an exploration well for the purpose of discovering oil or gas in the Nenana Basin. The bill proposes to grant the full 100 percent of exploration expenditures to a person who drills a qualifying well under this credit, 90 percent to a person who drills the second qualifying well under this credit, and 80 percent to a person who drills the third qualifying well under this credit. A maximum of $25 million in exploration well expenditures per well will qualify under this credit, resulting in maximum credit limits of $25 million, $22.5 million, and $20 million for the first three wells. Only expenditures occurring after December 31, 2011 and before July 1, 2016 would qualify under the bill. If the exploration well for which credit is received results in paying quantities of production, the person(s) who received the credit will pay back to the state 50 percent of the credit received in monthly installments over 10 years. The monthly installment shall be the greater of 1/240th of the total amount of the credit received or 10 percent of the gross value at the point of production for the month preceding the month the payment is due.

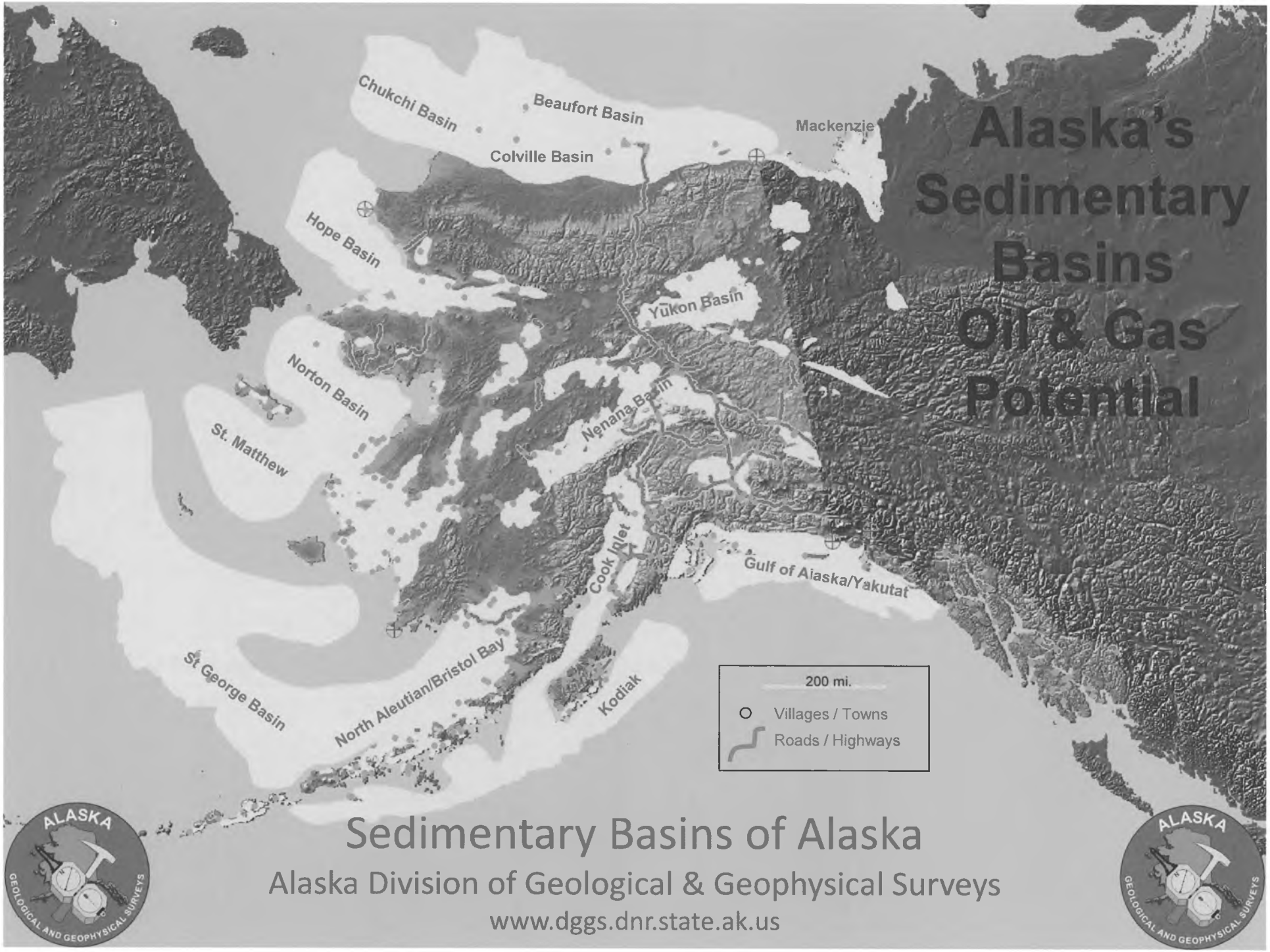
The fiscal impact of this bill is indeterminate. If three qualifying wells are drilled at $25 million apiece, the immediate revenue impact to the state would be $67.5 million. Under this scenario, if paying quantities of production are found, the state could be reimbursed up to $33.75 million of the credits over the 10 years following the start of sustained production.

The Department of Revenue could administer the provisions of this bill with existing resources.


Nenana Basin Location and Infrastructure
Map Area
TAPS Pump Station 7
DOYON Limited
Planned Seismic
Nenana License Area
482,941 acres
FAIRBANKS
Flint Hills Refinery
220,000 bpd
PetroStar Refinery
22,000 bpd
Nunivak #1
(2009)
Unocal Nenana #1
(1963)
NENANA
Nenana Basin
800,000 acres
Totek Hills #1
(1984)
0 5 10 15 20 25
Miles
Oil and Gas Basins
Doyon Lands in Basins
Nenana License Area
North Nenana License Area
Seismic Lines
Contracted 2012 Seismic Lines
Well Sites
Roads
Railroad
Trans Alaska Pipeline System
Electric Transmission Lines


Nenana and Yukon Flats Basins
Tasmanites in oil shale
Yukon Flats Basin
7.6 million acres
DOYON Limited
Map Area
Prudhoe Bay
Fairbanks
Anchorage
Valdez
Birch Creek Exploration Area:
619,326 acres
FORT YUKON
0 10 20 30 40 50
Miles
Stevens Exploration Area:
392,130 acres
BEAVER
BIRCH CREEK
Beaver Exploration Area:
471,707 acres
STEVENS VILLAGE
CIRCLE
TAPS Pump Station 6
Bituden Outcrop
Marine Glenn Shale outcrop
TAPS Pump Station 7
Planned Seismic
FAIRBANKS
Nenana License Area:
482,941 acres
Petro Star Refinery 22,000 bpd
Flint Hills Refinery 220,000 bpd
Unocal Nenana #1 (1963)
Nubivak #1 (2009)
NENANA
Nenana Basin
800,000 acres
Totek Hills #1 (1984)
Oil and Gas Basins
Doyon Lands in Basins
Yukon Flats Exploration Areas
Nenana License Area
North Nenana License Area
Seismic Lines
Contracted 2012 Seismic Lines
Fall 2011 Airborne Gravity Survey
Well Sites
Roads
Railroad
Trans Alaska Pipeline System
Electric Transmission Lines


Sedimentary Basins of Alaska
and The Nenana Basin
Bob Swenson
State Geologist
Alaska Division of Geological & Geophysical
Surveys
ALASKA
GEOLOGICAL AND GEOPHYSICAL SURVEYS



Sedimentary Basins of Alaska

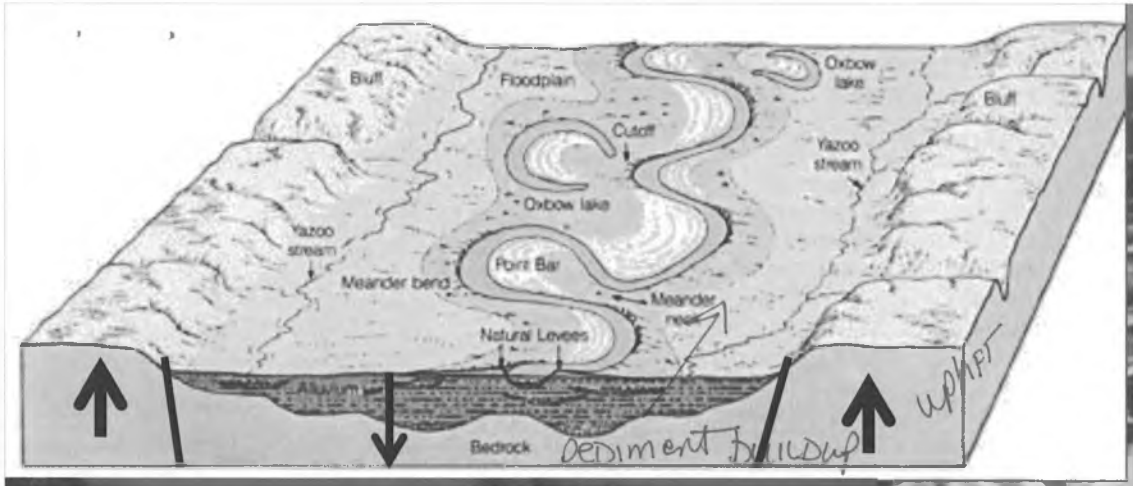
Alaska Division of Geological & Geophysical Surveys

www.dggs.dnr.state.ak.us

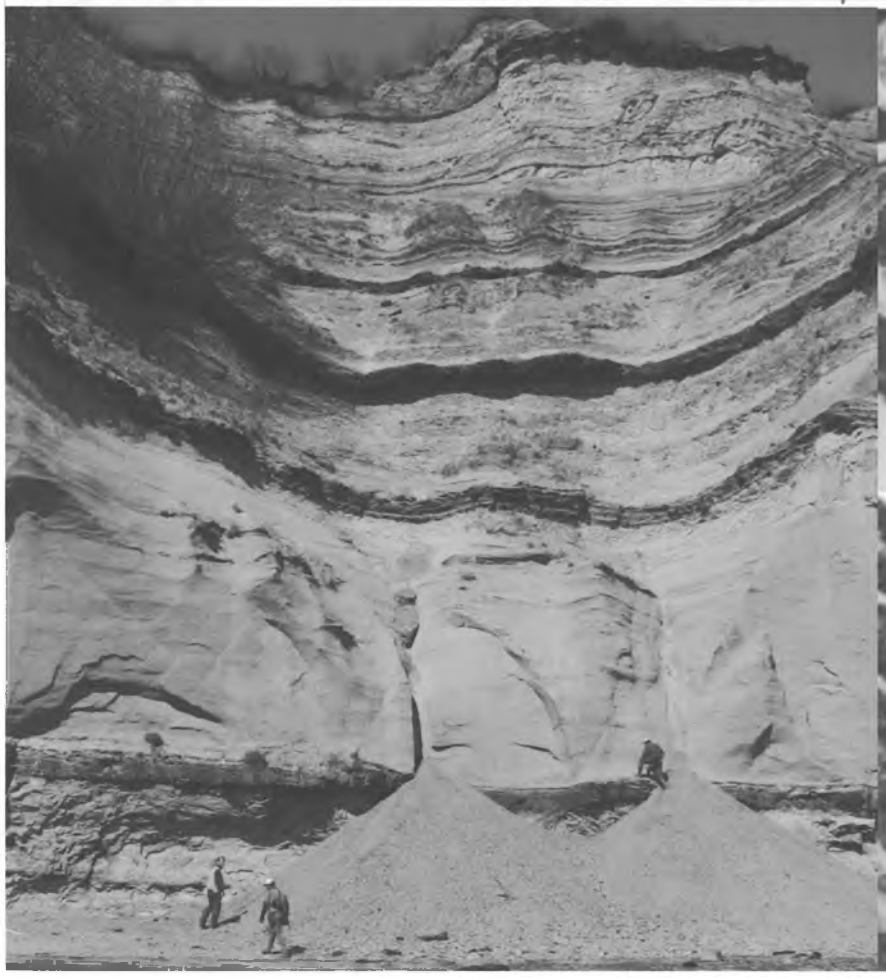
Alaska is Complex, Both Topographically & Geologically

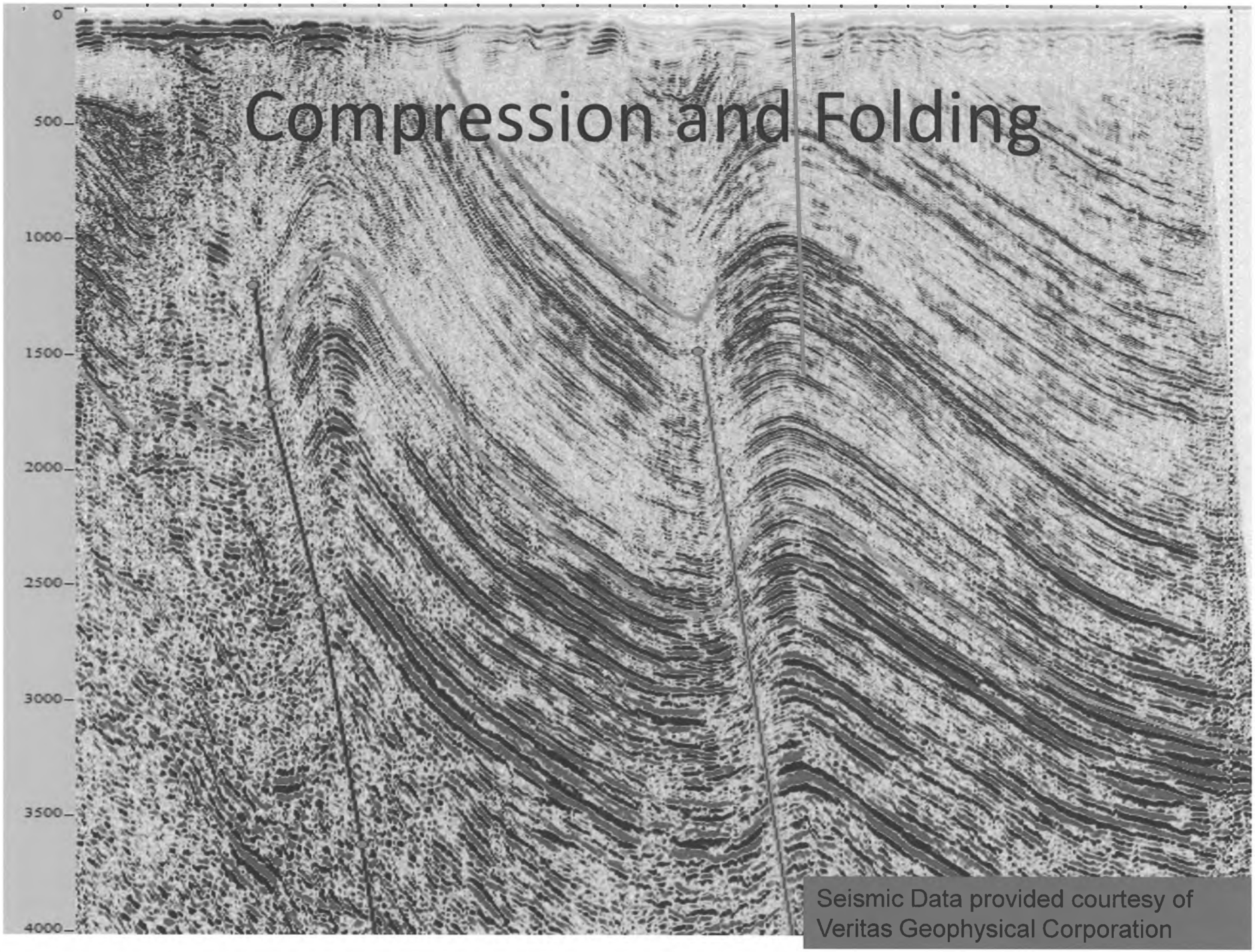


Tertiary Basin Depositional Systems

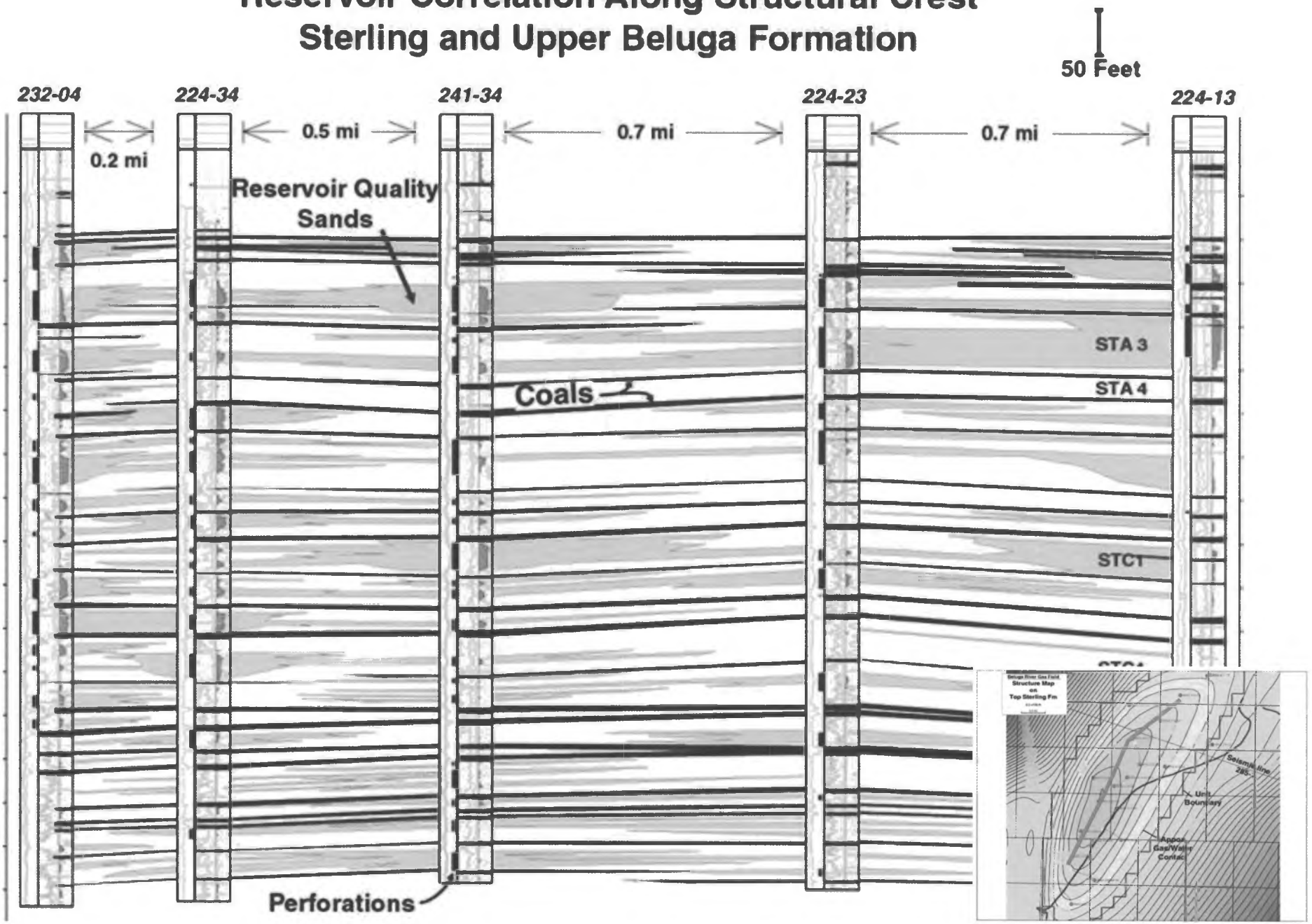


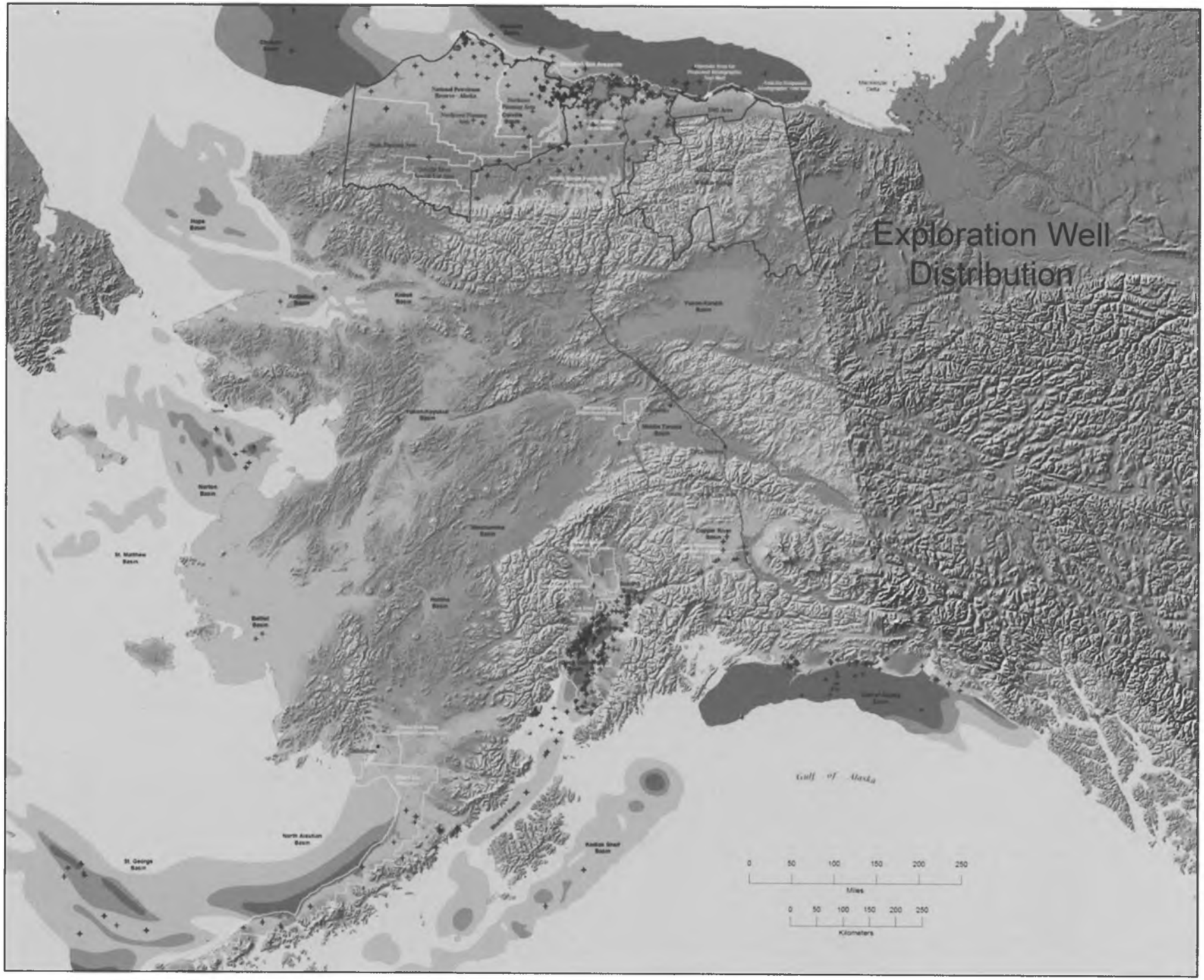





Compression and Folding
0
500
1000
1500
2000
2500
3000
3500
4000
Seismic Data provided courtesy of
Veritas Geophysical Corporation

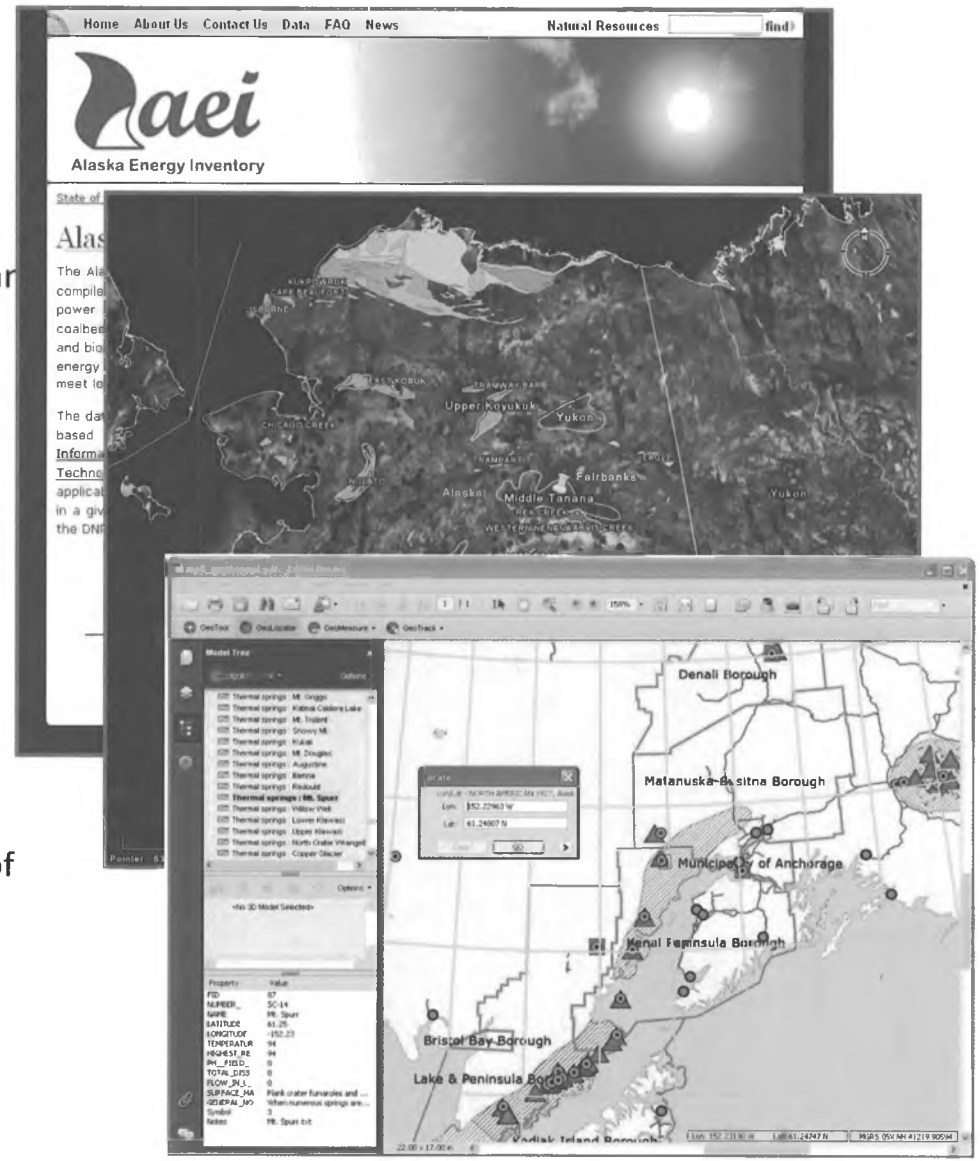
Beluga River Gas Field
Reservoir Correlation Along Structural Crest
Sterling and Upper Beluga Formation



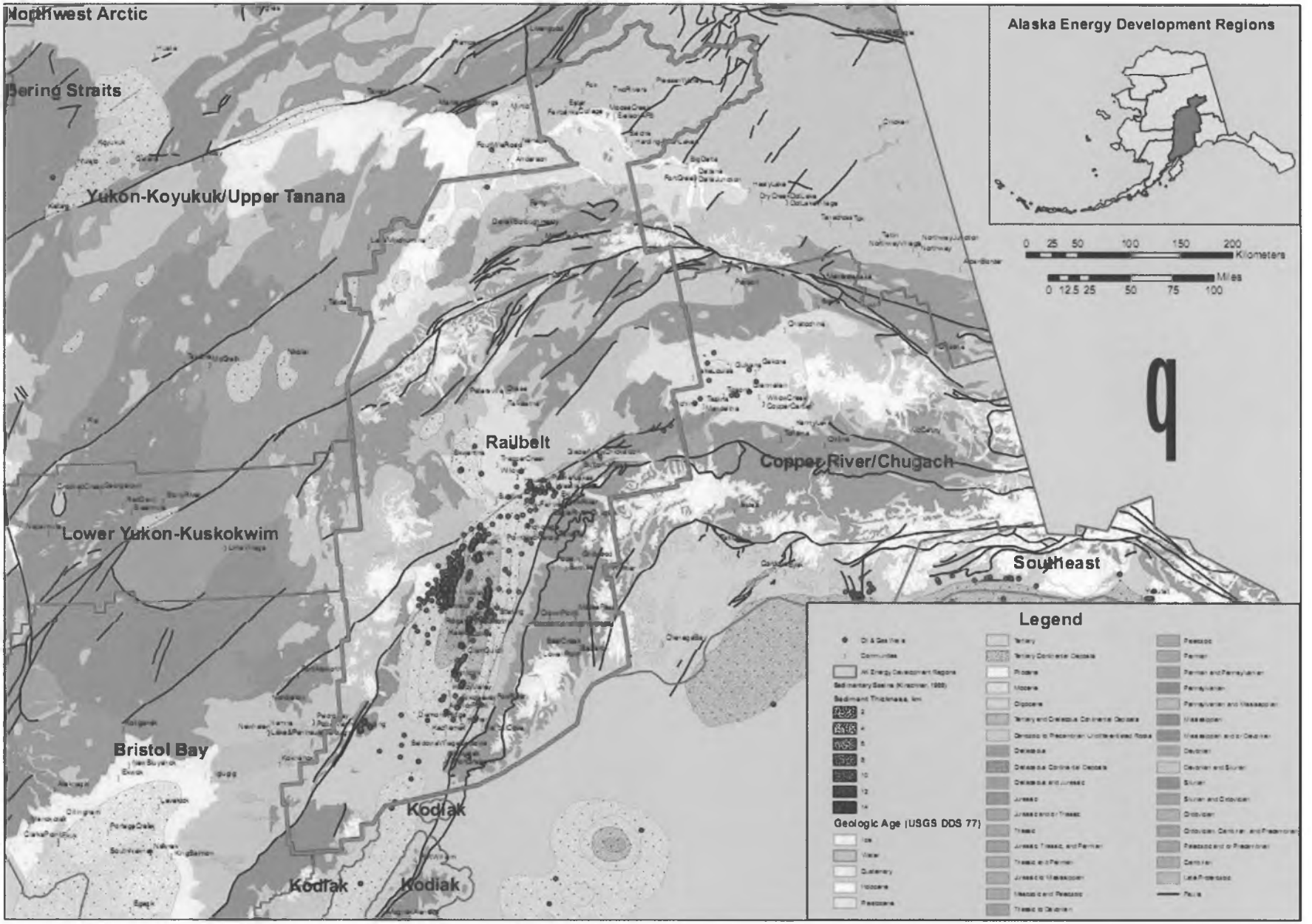

Exploration Well Distribution
Gulf of Alaska
0 50 100 150 200 250
Miles
0 50 100 150 200 250
Kilometers

Alaska Energy Data Inventory

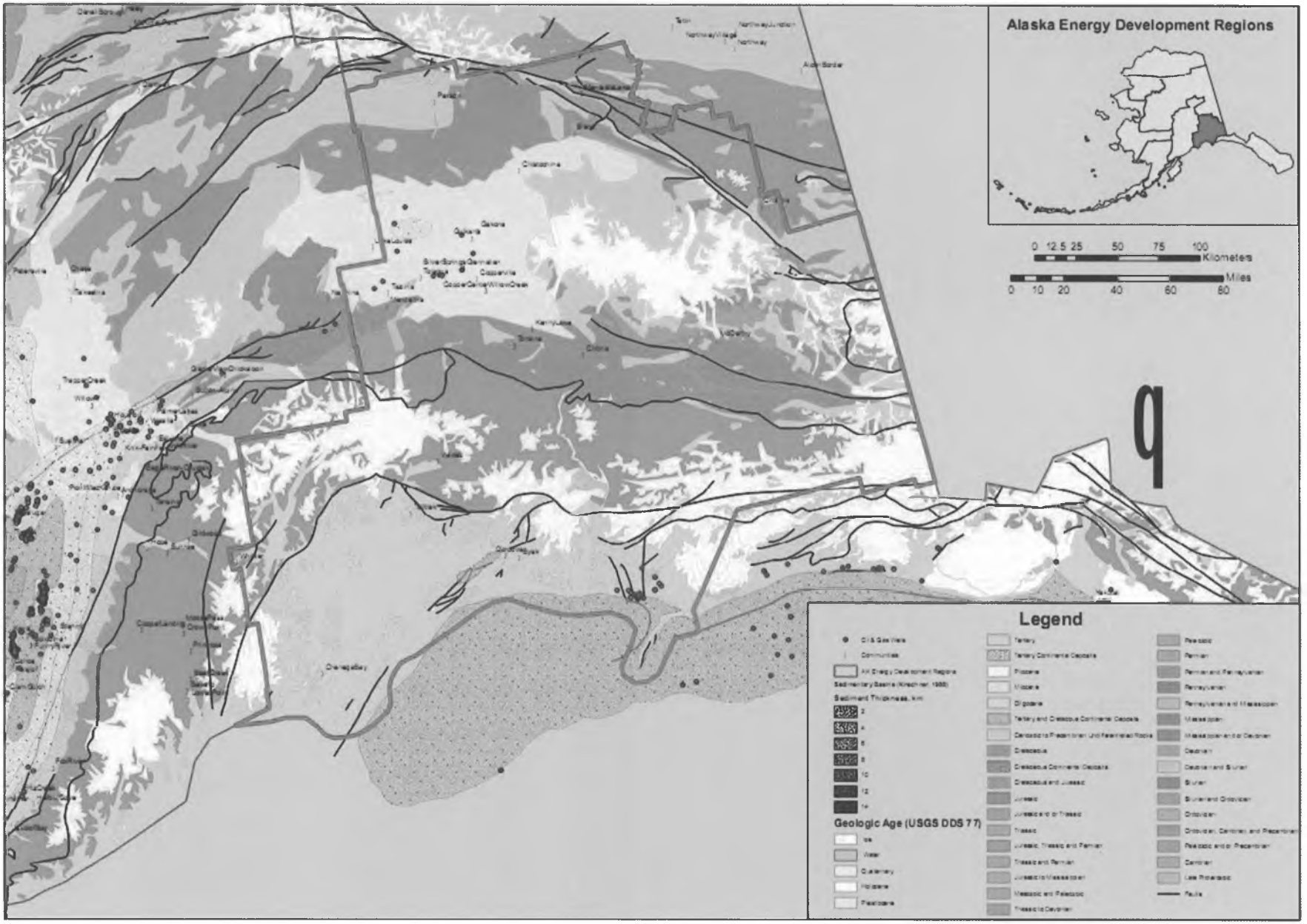
- Consolidating Alaska's energy resources data
  - Resource data suitable for electrical power generation and space heating needs
  - Natural gas, coal, coalbed and shalebed methan gas hydrates, geothermal, wind, hydro, and biomass
  - Available energy meeting local needs?
- Making the data accessible
  - Alaska Mapper, Google Earth, and Terrago Technologies' GeoPDF format
  - http://energyinventory.alaska.gov
  - Query and download data; view data with existing infrastructure
- Involvement
  - DGGS, Alaska Energy Authority, DNR Division of Forestry, DNR LRIS, UAF/GINA
  - CCHRC, USGS, USDOE, DNR DOG, BLM, DMLW, Div. Agriculture, DEC



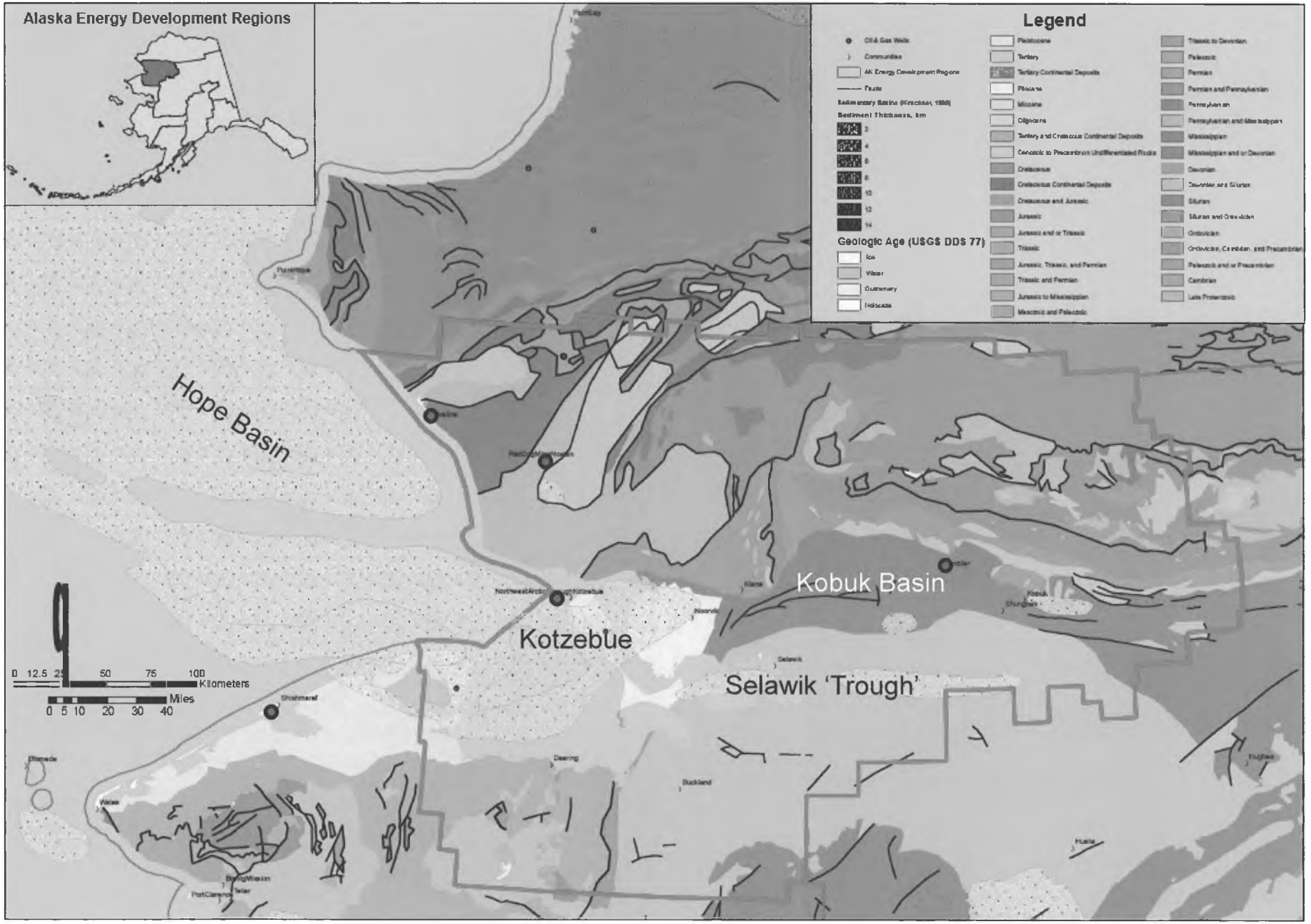
Geology of the Railbelt Energy Region, Alaska



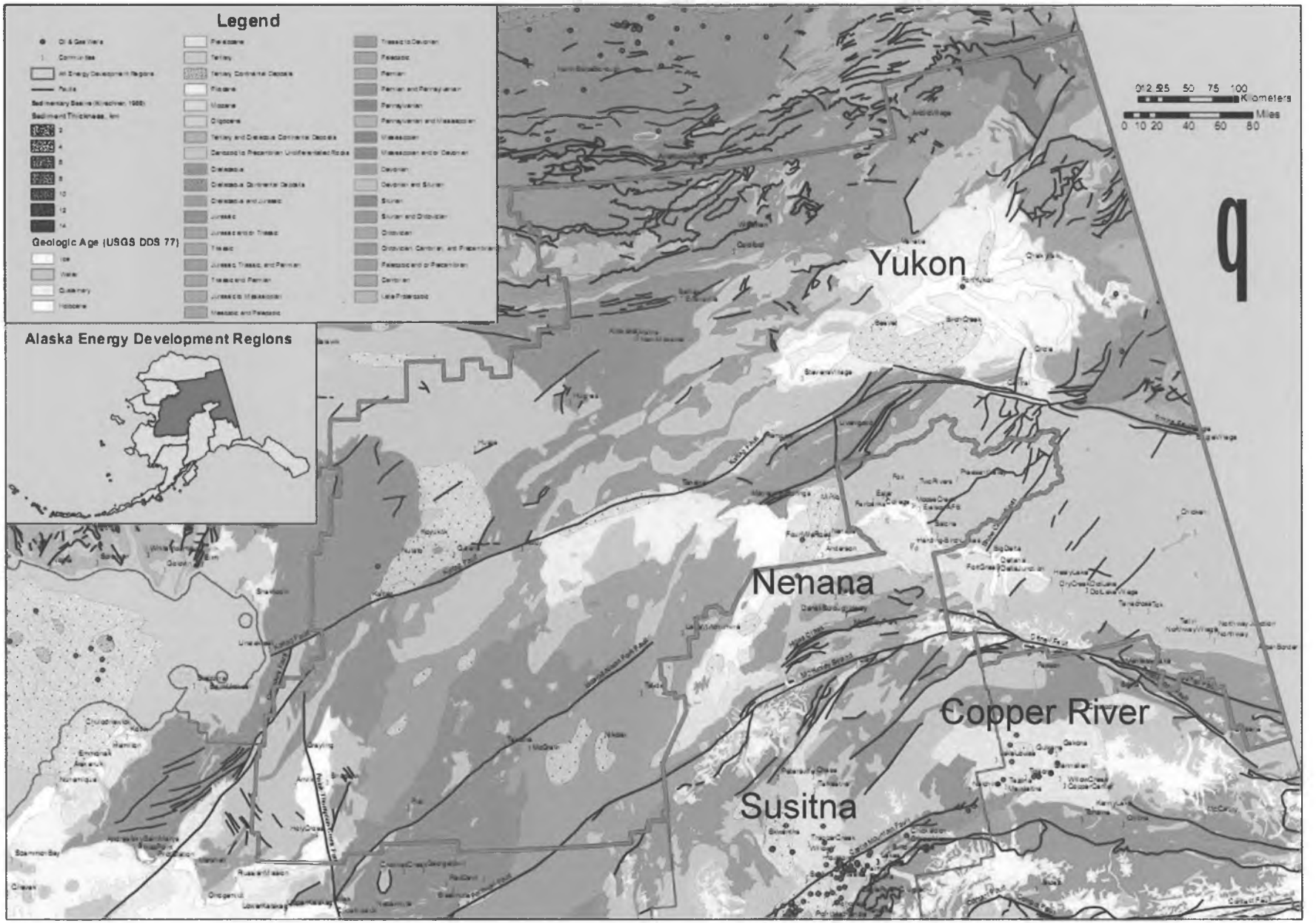
Geology of the Copper River/Chugach Energy Region, Alaska



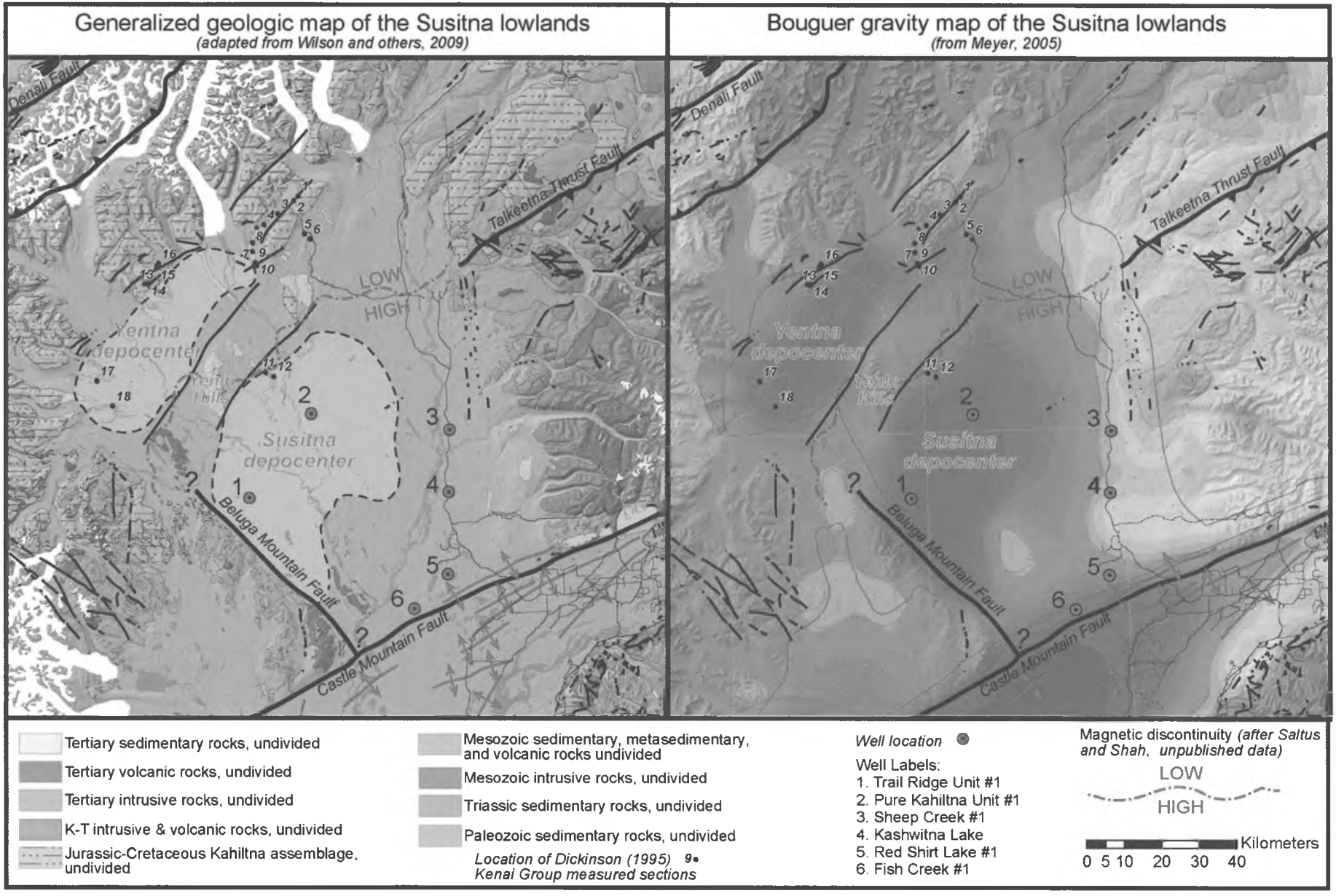
Geology of the Northwest Arctic Energy Region, Alaska



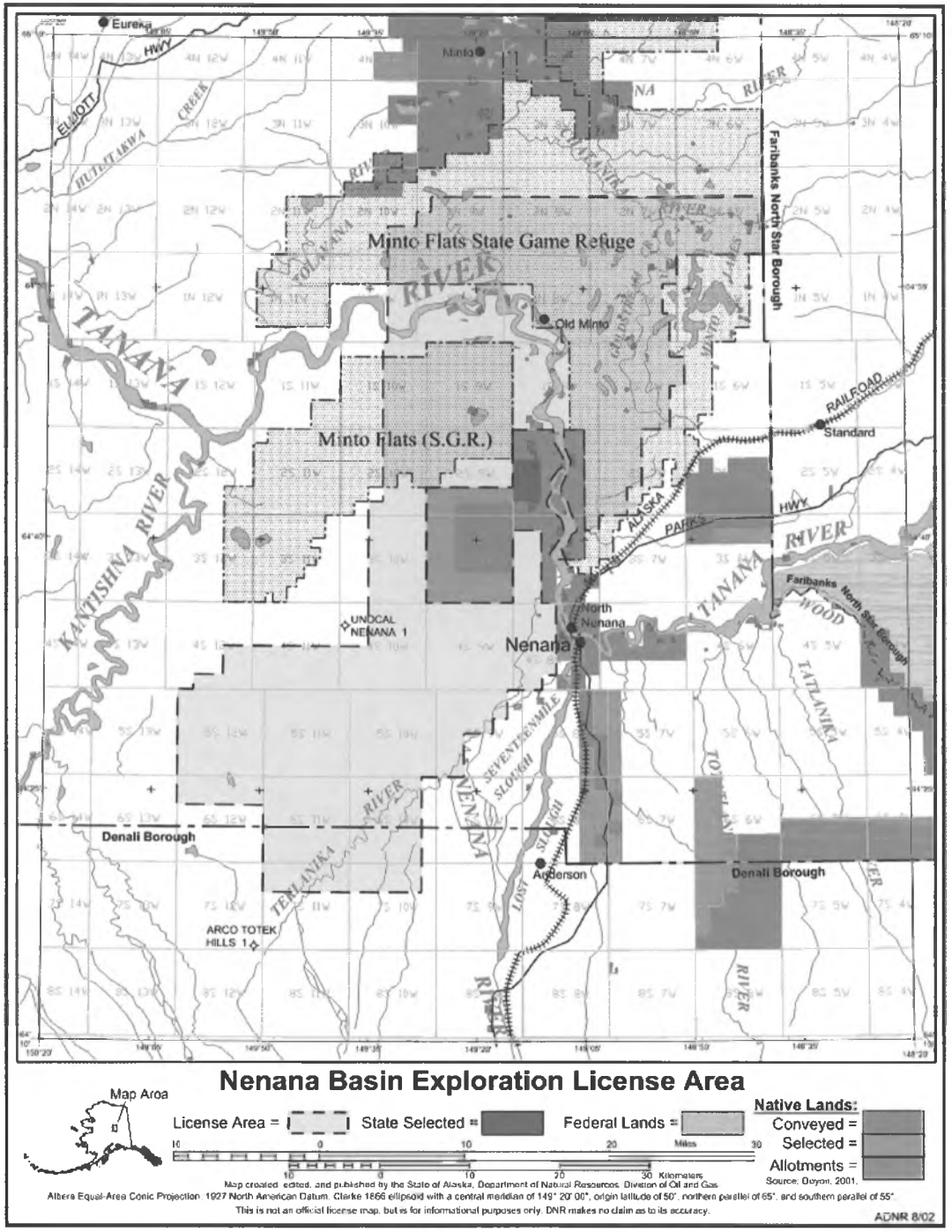
Geology of the Yukon-Koyukuk/Upper Tanana Energy Region, Alaska



Susitna Basin

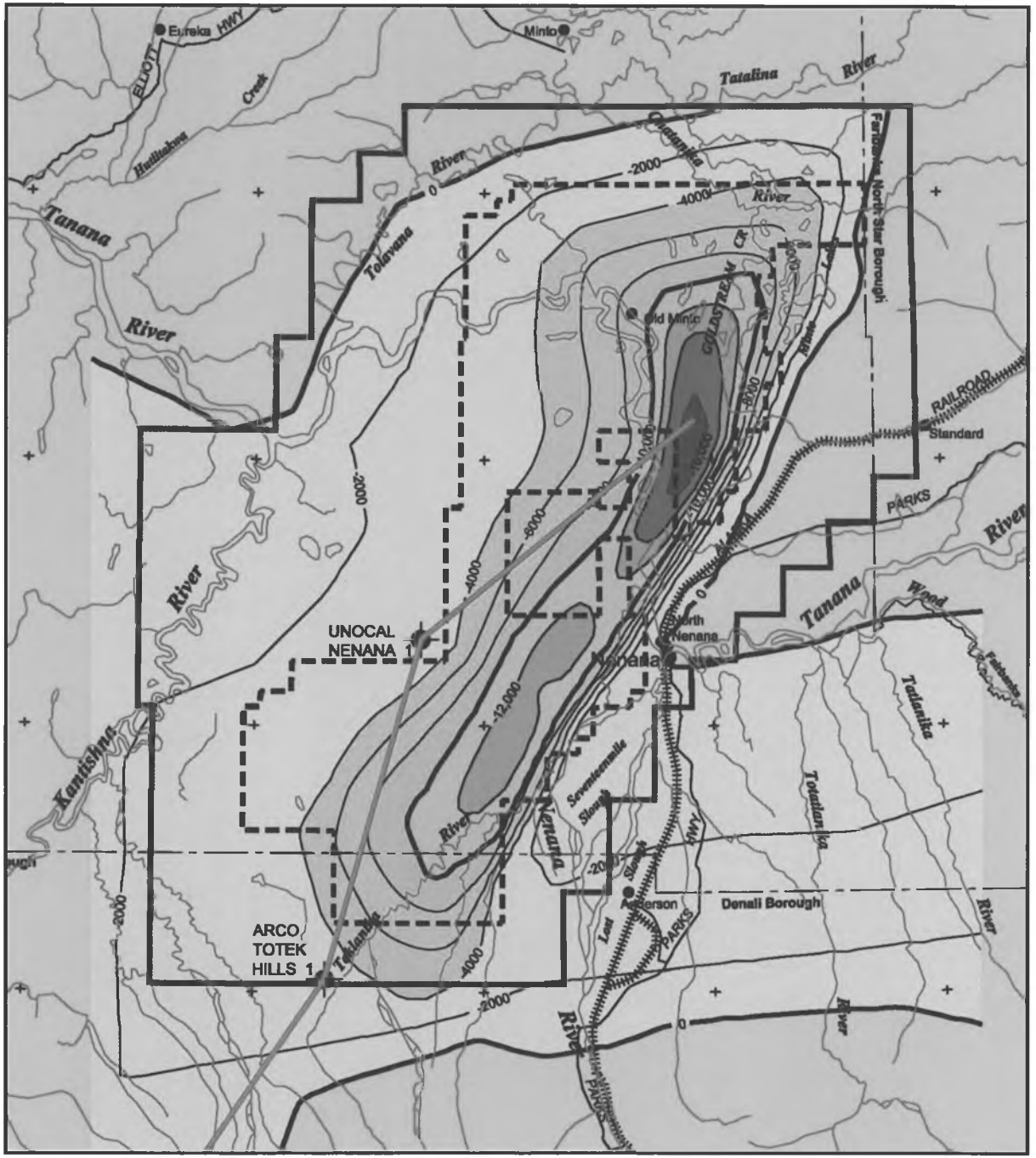


Land Status Nenana Basin Area



Nenana Basin

Thickness of Sedimentary Basin
Interpreted Gravity



Contour Interval = 2,000 Ft.

ods 2/02

Nenana Basin Statistics
Pre - 2009



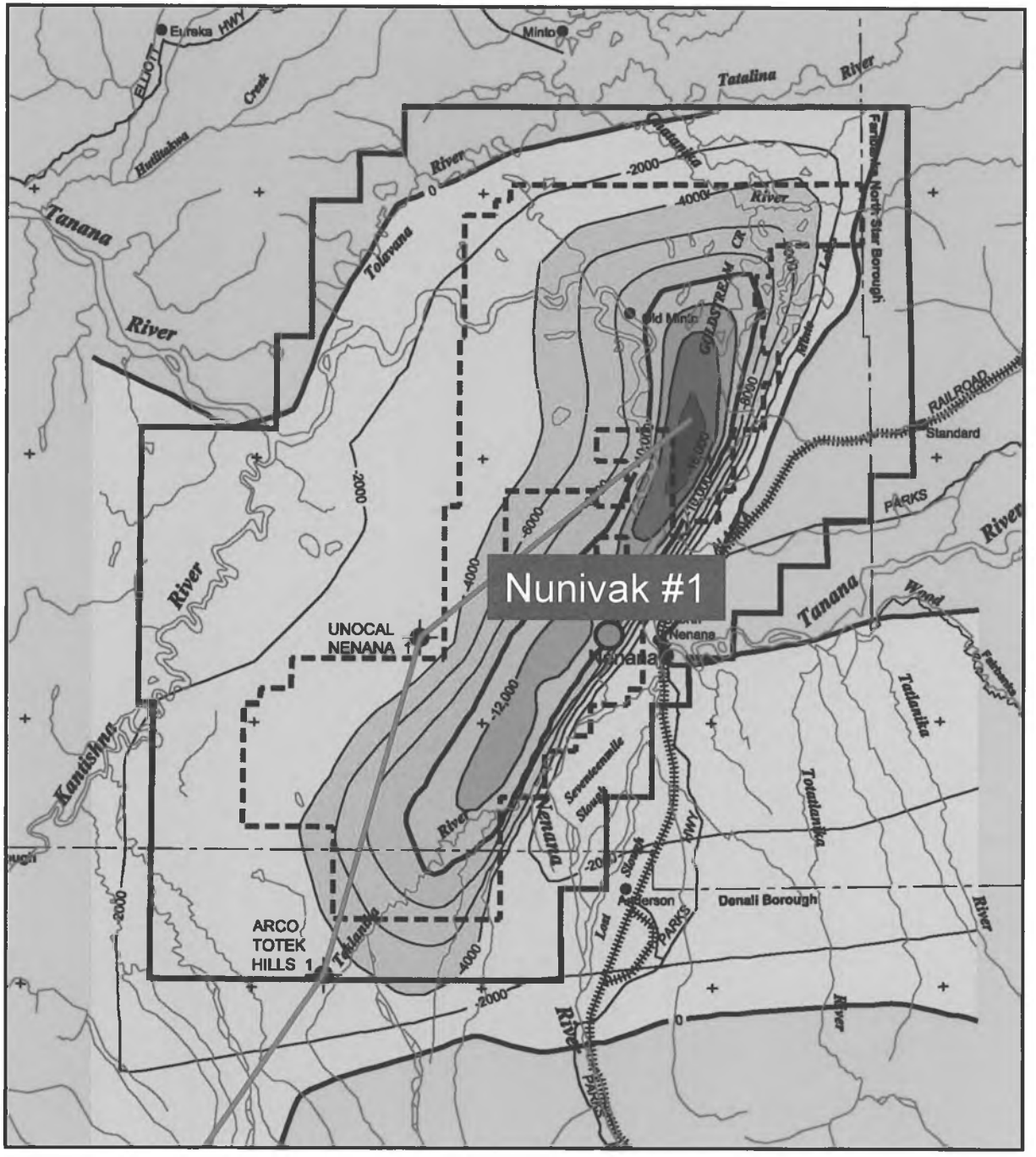
- Tertiary Non Marine Basin Fill
  - Up to 18,000 Ft Thick (Seismic).
  - Time-equivalent to Cook Inlet's productive Kenai Group.
  - Potential for oil is low due to thin low-organic source rocks & thermal history.
  - 350 miles 2-D seismic data in southern and central basin areas (1981-82)
- The range of possible reserve outcomes is wide and poorly constrained
  - Terrestrial Kerogens and Coal Sourced Gas
- 2 Wells Drilled on Basement Highs
  - Unocal Nenana #1 (1962) – 3,062' deep, coal seam gas shows.
  - ARCO Totek Hills #1 (1984) – 3,590' deep, coal seam gas shows.
  - Entire Section not Penetrated
  - Good Reservoir in Shallow Section
  - Potential for CBM and conventional gas is good
  - Potential for oil unknown
- Significant Deformation on Southern Margin
  - Likely Associated with Southern Basin Bounding Faults

Nenana Basin

Thickness of Sedimentary Basin
Interpreted Gravity

Recent Activity
- 2D seismic
- Nunivak #1 Drilled 2009
- Calibration of basin models with new data

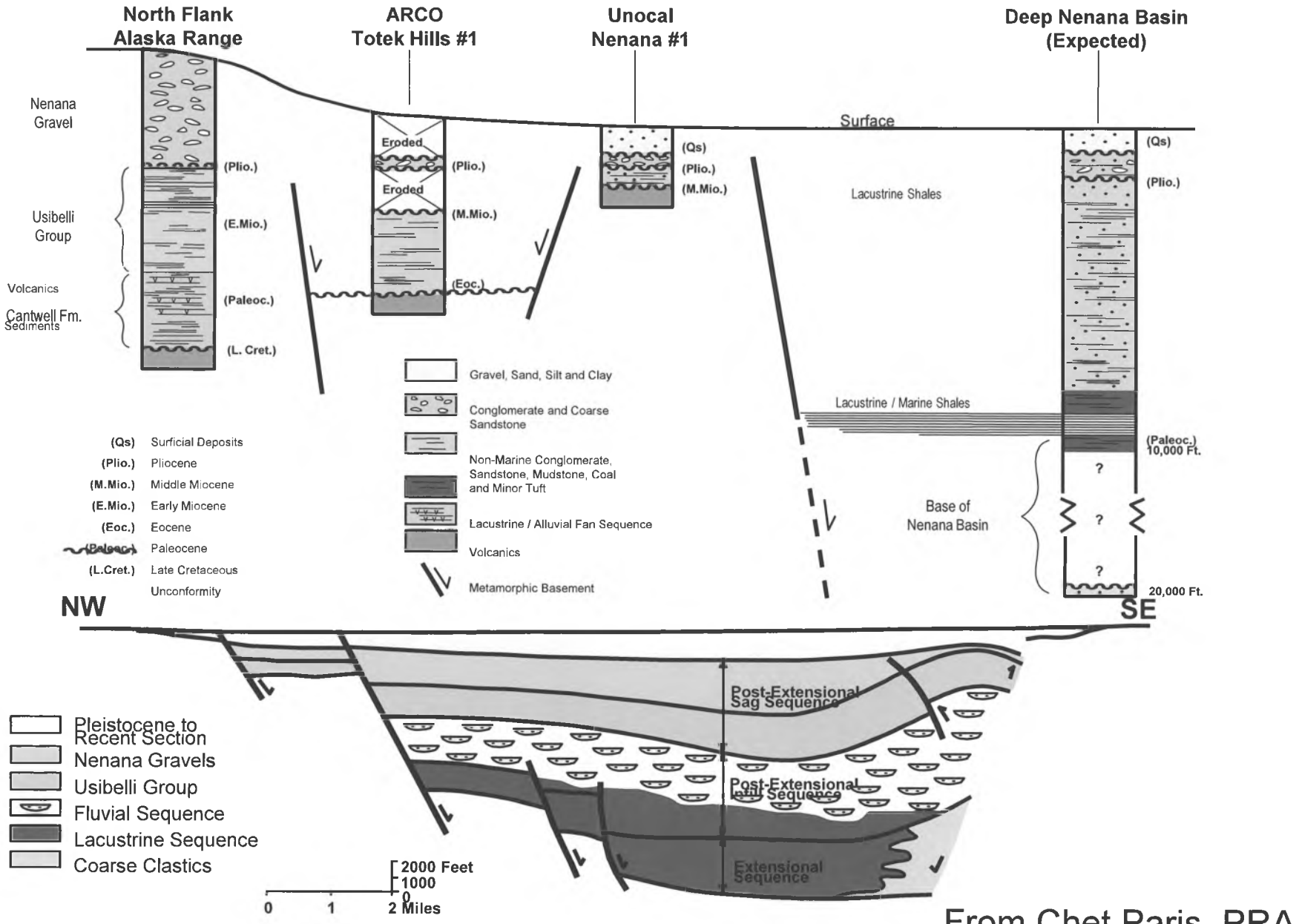
Contour Interval = 2,000 Ft.



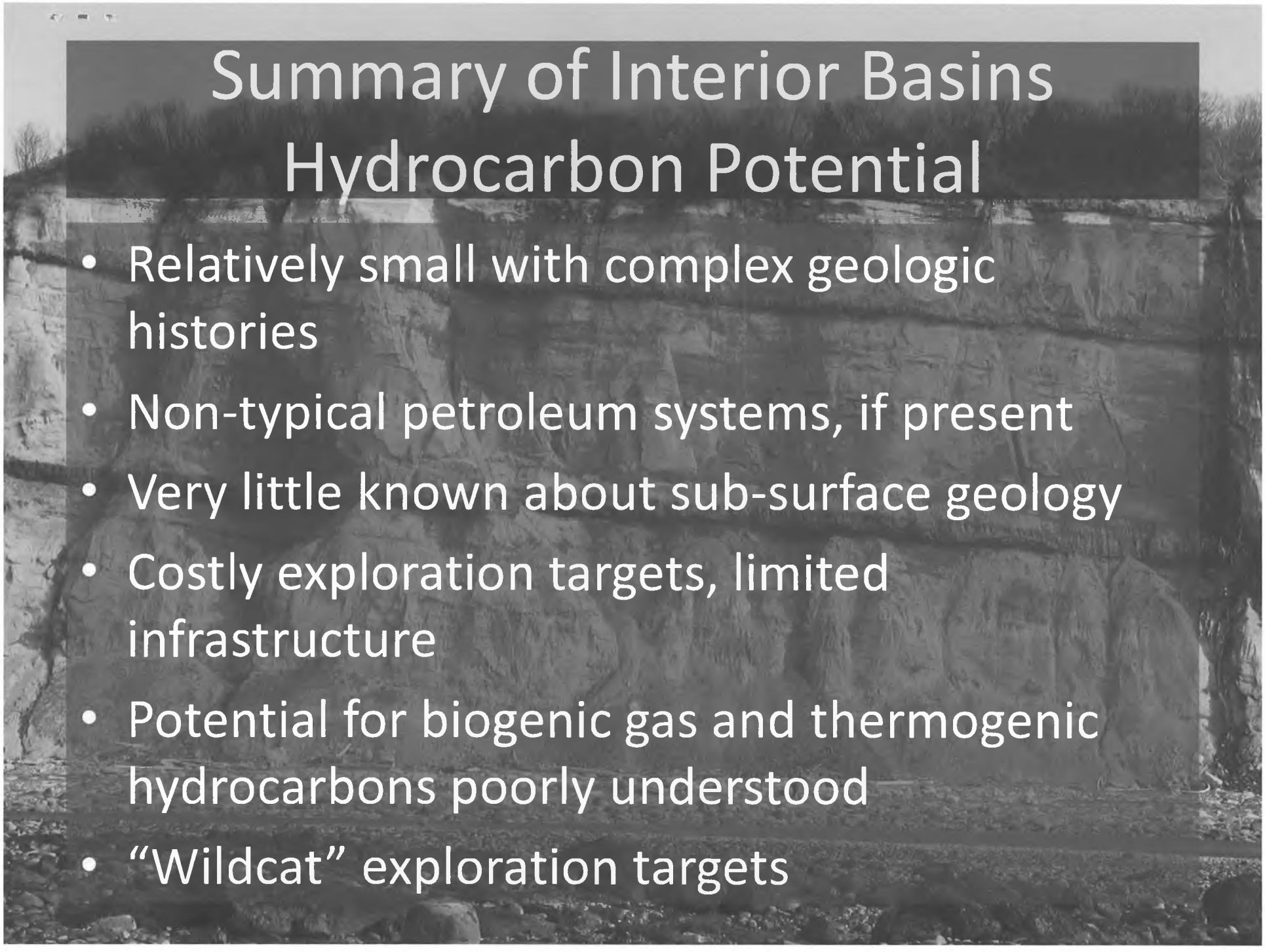
Recent Data On Nenana Basin

- Oil & Gas Journal, January 9, 2012
- Significant Findings by Authors
  - Up to 25,000 ft of Tertiary strata
  - Thick Paleocene section encountered
  - Trace oil & gas shows noted in Paleocene section during drilling (indicates an operating petroleum system)
  - Geochemical analysis of drill samples shows elevated levels of HI and S2 values -- oil prone
  - Basin history modeling suggests potential for active petroleum system

Nenana Basin



From Chet Paris, PRA



Summary of Interior Basins Hydrocarbon Potential

- Relatively small with complex geologic histories
- Non-typical petroleum systems, if present
- Very little known about sub-surface geology
- Costly exploration targets, limited infrastructure
- Potential for biogenic gas and thermogenic hydrocarbons poorly understood
- “Wildcat” exploration targets

Nenana Basin

Interior Alaska
Natural Gas Exploration

Doyon, Limited
April 24, 2009

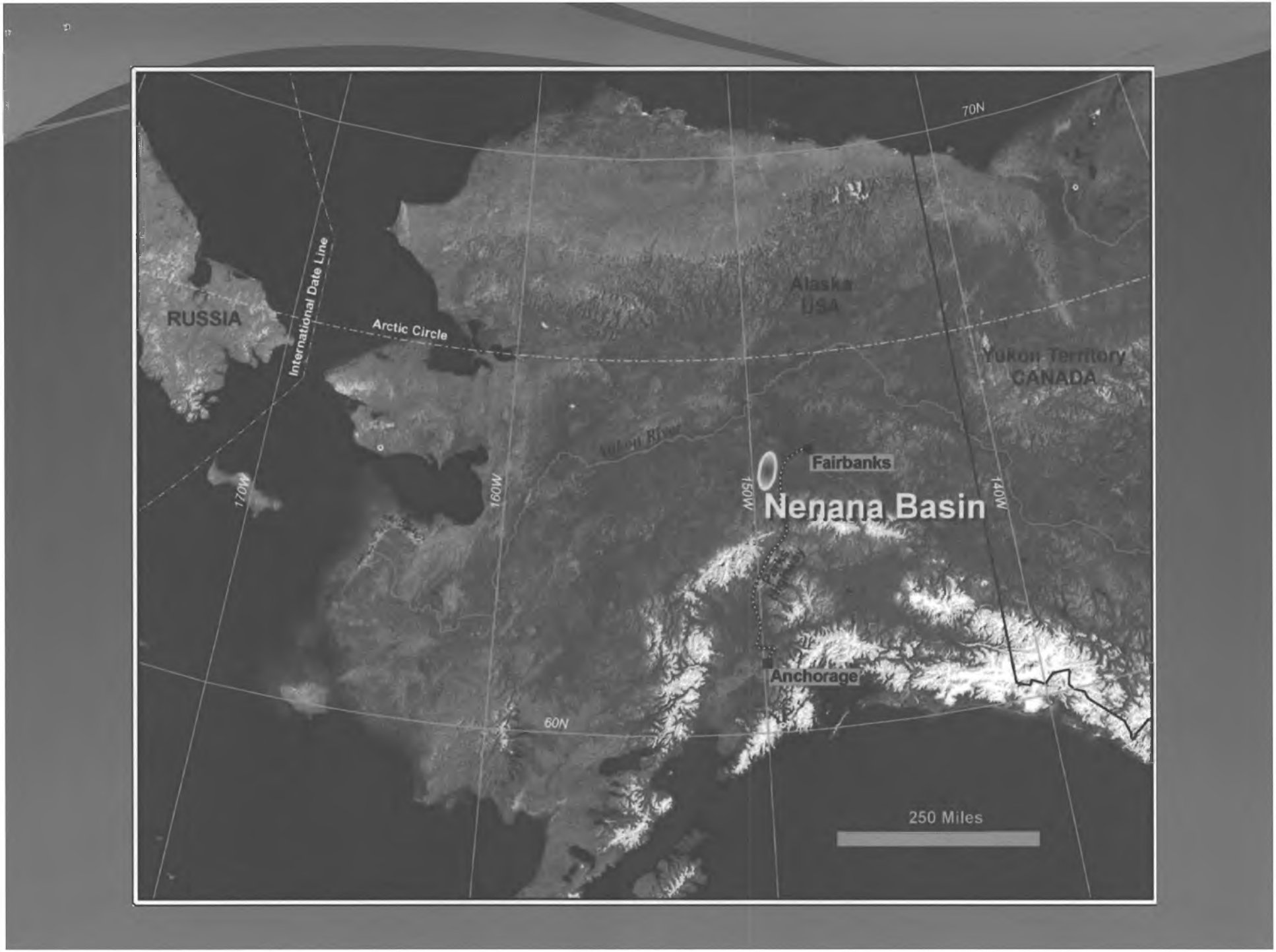
Alaska Miners Association
Fairbanks Chapter

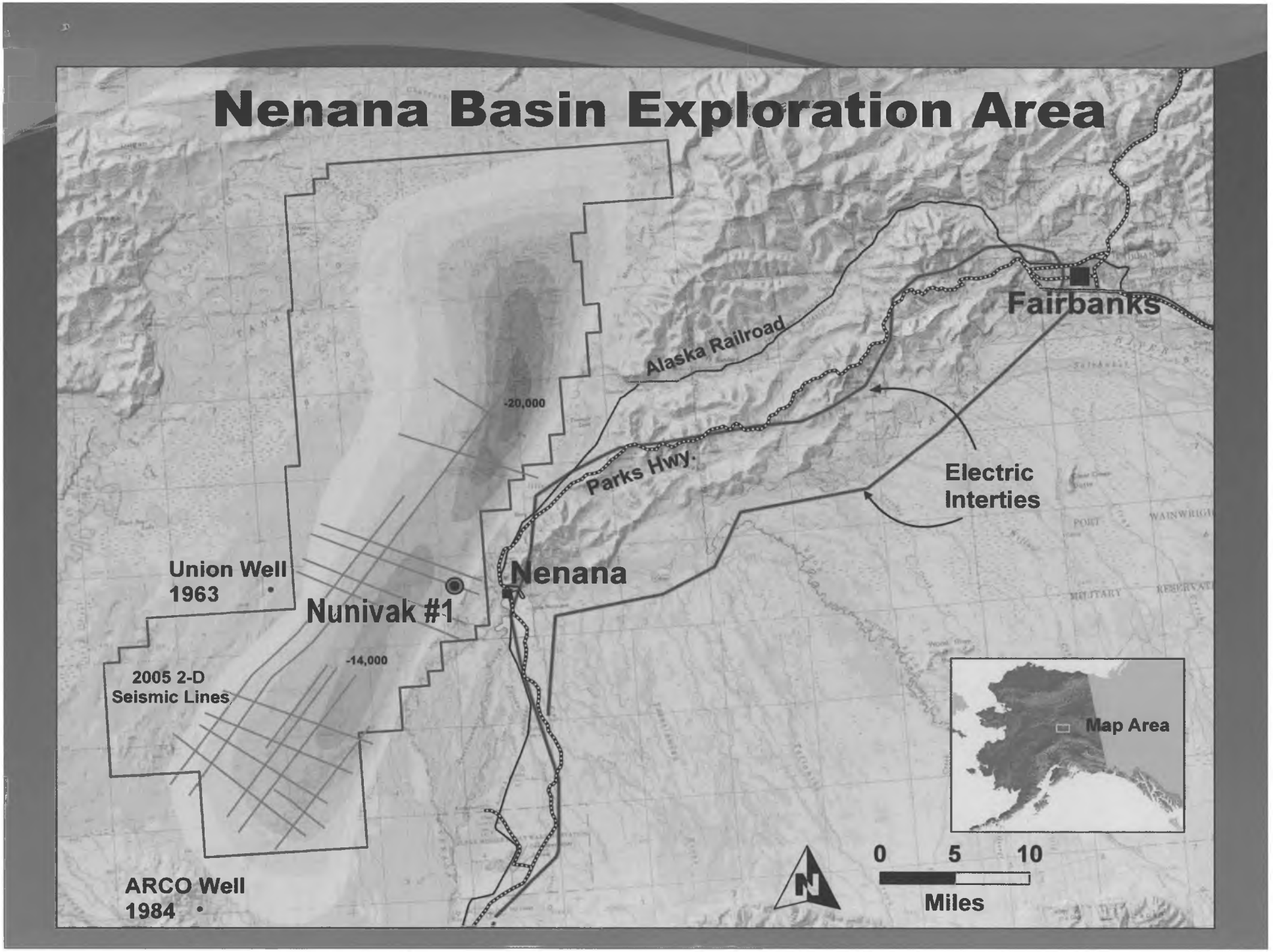
NENANA BASIN OVERVIEW

- 500,000 acre contiguous land package
  - State of Alaska, Mental Health Trust, Doyon/Toghottehele, University of Alaska
- 212 miles of 2-D seismic gathered in 2005
- 1-6 Tcf conventional natural gas potential
  - Cook Inlet has produced about 7 Tcf since early 1960s
  - Oil possible, Big Oil interest in 1980s
- 10,500' well - committed summer 2009
  - 4 trail miles from Nenana--MHT lands—much on existing ROW
- Adjacent to infrastructure
  - Parks Highway
  - Alaska Railroad
  - Interties

Nenana Investors

- Doyon, Limited
- Rampart Energy (Denver)
- Arctic Slope Regional Corporation
- Usibelli Energy


70N
RUSSIA
International Date Line
Arctic Circle
Alaska
USA
Yukon Territory
CANADA
Yukon River
Fairbanks
Nenana Basin
170W
160W
150W
140W
Anchorage
60N
250 Miles


Nenana Basin Exploration Area
Fairbanks
Alaska Railroad
-20,000
Parks Hwy.
Electric
Interties
Union Well
1963
Nenana
Nunivak #1
-14,000
2005 2-D
Seismic Lines
Map Area
ARCO Well
1984
0
5
10
Miles

ACCESS

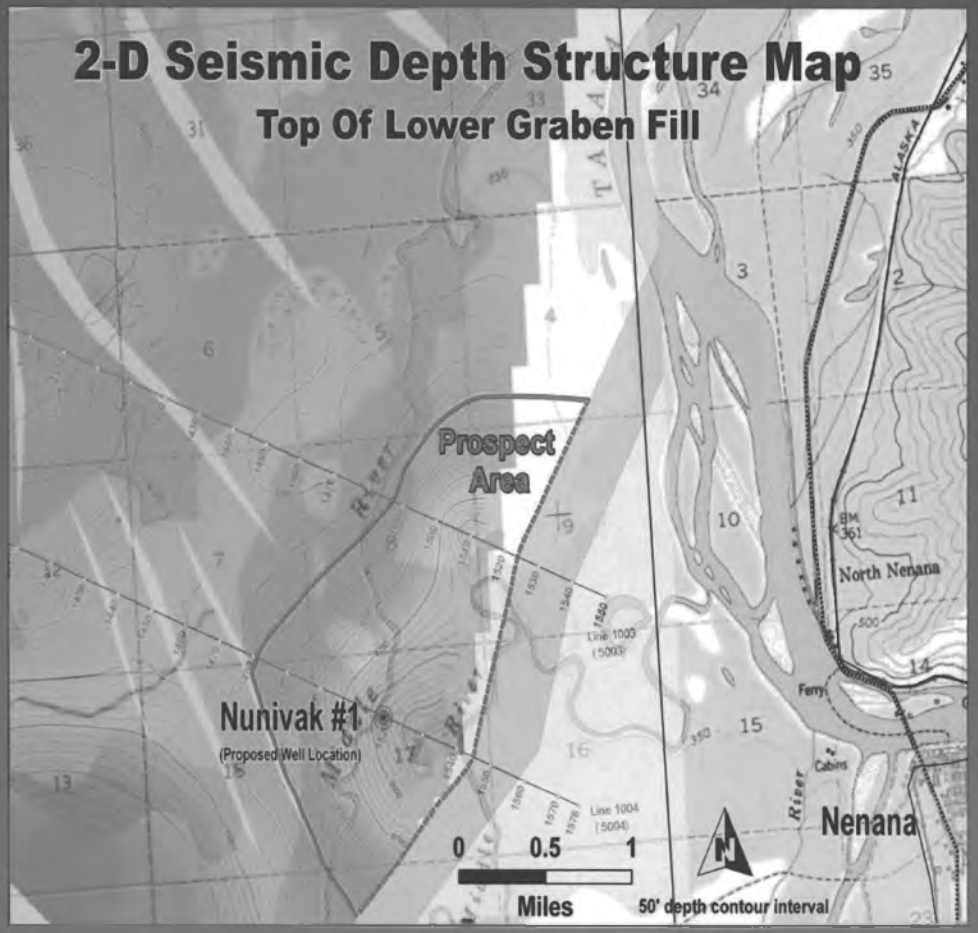
- **Adjacent to Parks Highway**
  - 50 highway miles to Fairbanks
  - 280 highway miles to Southcentral gas system
- **Adjacent to Alaska Railroad system**
- **Adjacent to major power transmission system**

Summer 2009 Drill Program

- 10, 500 ft. vertical hole--$15 million
- About 4 miles from Nenana River on old ROW/trail
- Trail will be improved/temporary bridges
- Doyon Drilling Arctic Wolf and DDI crews
- Civil work by Brice/Arctic Construction; winter construction of summer access substantially complete
- Barge/ferry support system to cross the Nenana River in summer

Summer 2009 Drill Target

- Prospect
  - up to 200 Bcf
- Median case
  - @ 60 Bcf
- Dry hole
- 2000 acres +/-



Exploration History

- 1962 & 1984: Two shallow wells drilled at basin's edge
- Early 1980s seismic shoots, pre-State lease sale
- Early 2002 lease from Doyon to Texas-based Andex Resources
- Late 2002: +/-500,000 acre State exploration license secured by Andex with Doyon assistance
- Smaller, adjacent lease acquired from Mental Health Land Trust soon thereafter
- 2004: Andex joined by Doyon, ASRC, and Usibelli Energy
- 2005: Commissioned modeling effort and shot 214 miles of additional 2D seismic

Exploration History (2)

- 2006: Prospective areas and preliminary drill sites identified
- 2007: Andex withdraws as operator of the project over production tax and drilling cost concerns
- Summer 2008: Rampart agrees to invest and act as operator
- Fall 2008: Drilling rig secured for '09 summer drilling season
- Spring 2009: Road construction begins near Nenana
- Summer 2009: Anticipated spud date of the Nunivak #1 well

Previous Drilling Results

- **Unocal Nenana #1 1963**
  - -Breached Anticline
  - -3052', TD'd in Basement
  - -2150' Nenana Gravel
  - -650' of thin Usibelli Group (Lignite Creek?)

- **Arco Totek Hills #1 1984**
  - -Breached anticline
  - -3590', TD'd in Basement
  - -117' Nenana Gravel
  - -117-3128' Usibelli Group, mainly Healy Creek
  - -No Sanctuary or Suntrana present

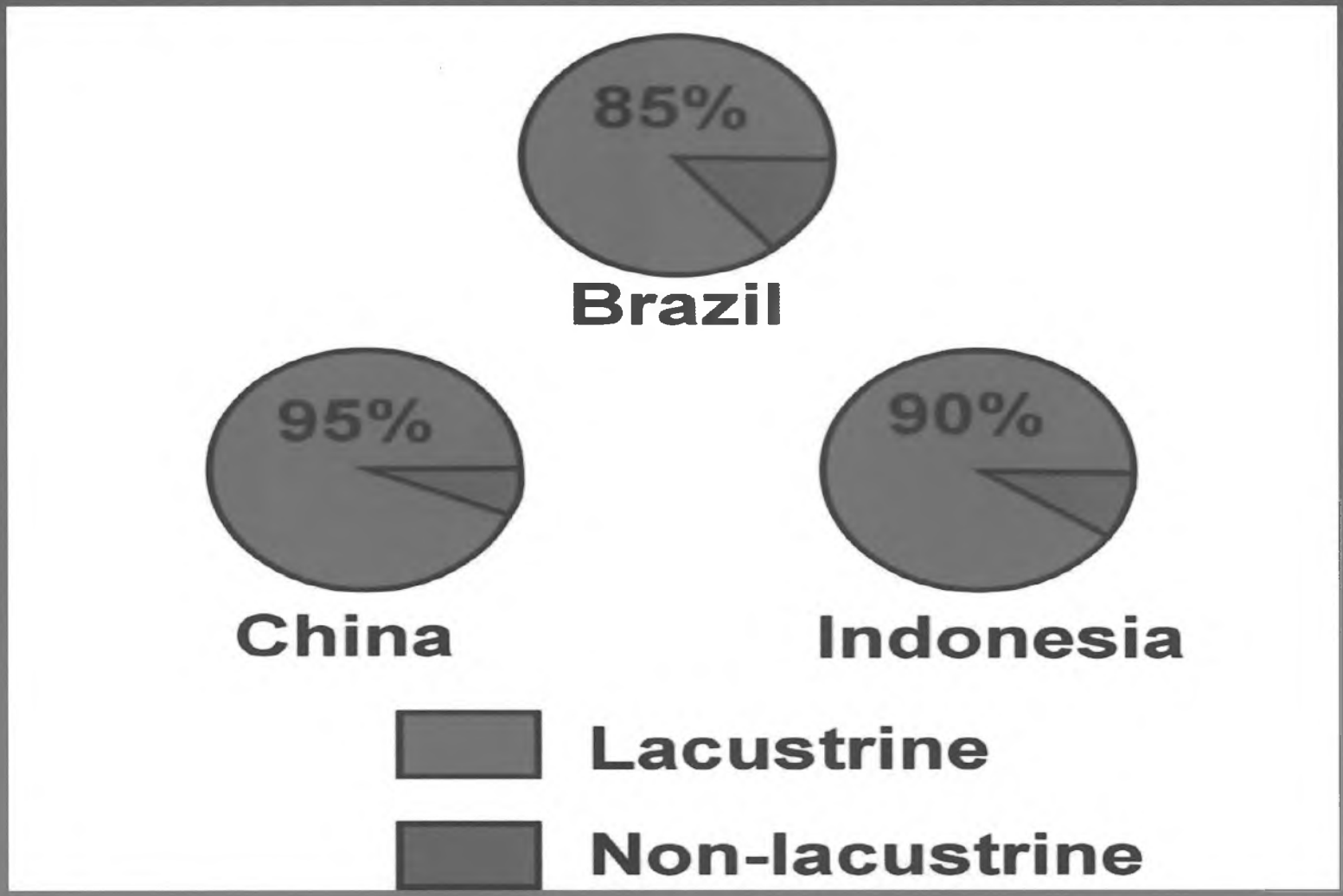
Current Basin Observations

- Poorly constrained stratigraphy
- Two previously-drilled wells, but on the edge of basin
- No large, 4-way dip structures
- Very sparse seismic grid
- Gravity data does excellent job in defining general basin geometry

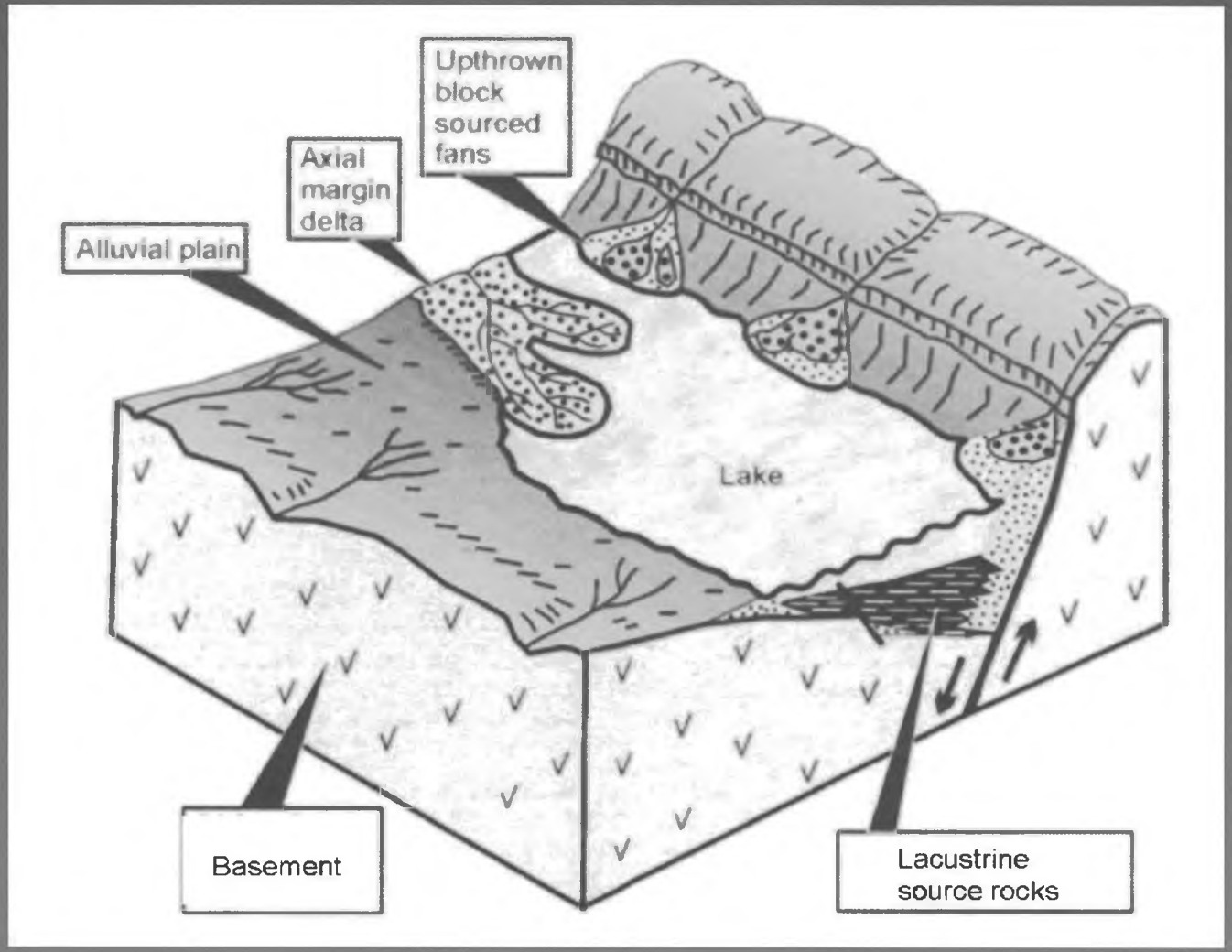
Geologic Summary

- Tertiary lacustrine extensional basin
- 14,000' and 20,000' twin depocenters
- Coals and shales as sources
- Variety of possible traps
- Drill target on seismic indications of fluid saturated rocks (gas sands)
- Looks like other gas producing Tertiary lacustrine basins

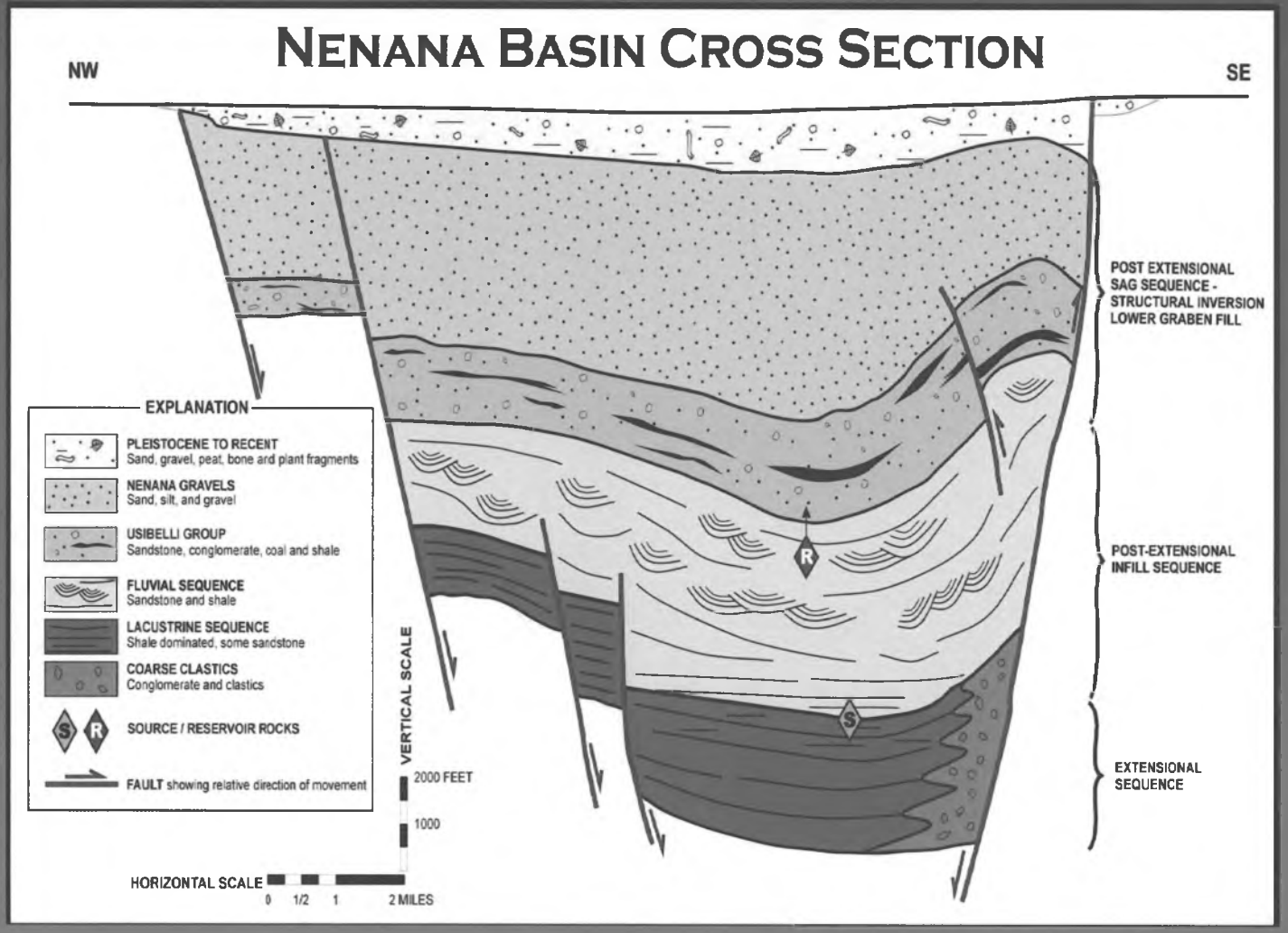
Relative Importance of Lacustrine Source Rocks in Three Areas



Lacustrine Basin Depositional Model



Nenana Basin Cross Section



Source Rocks

- **Usibelli Group Coals**
- **Lacustrine Shales**
  - -Olive-gray shales between 1,500’ and 2,000’ in the Arco Totek Hills #1
  - -Moderate to high organic carbon content
  - -Becomes progressively more anoxic with depth
  - -Immature in Totek Hills well

Reservoir Rocks

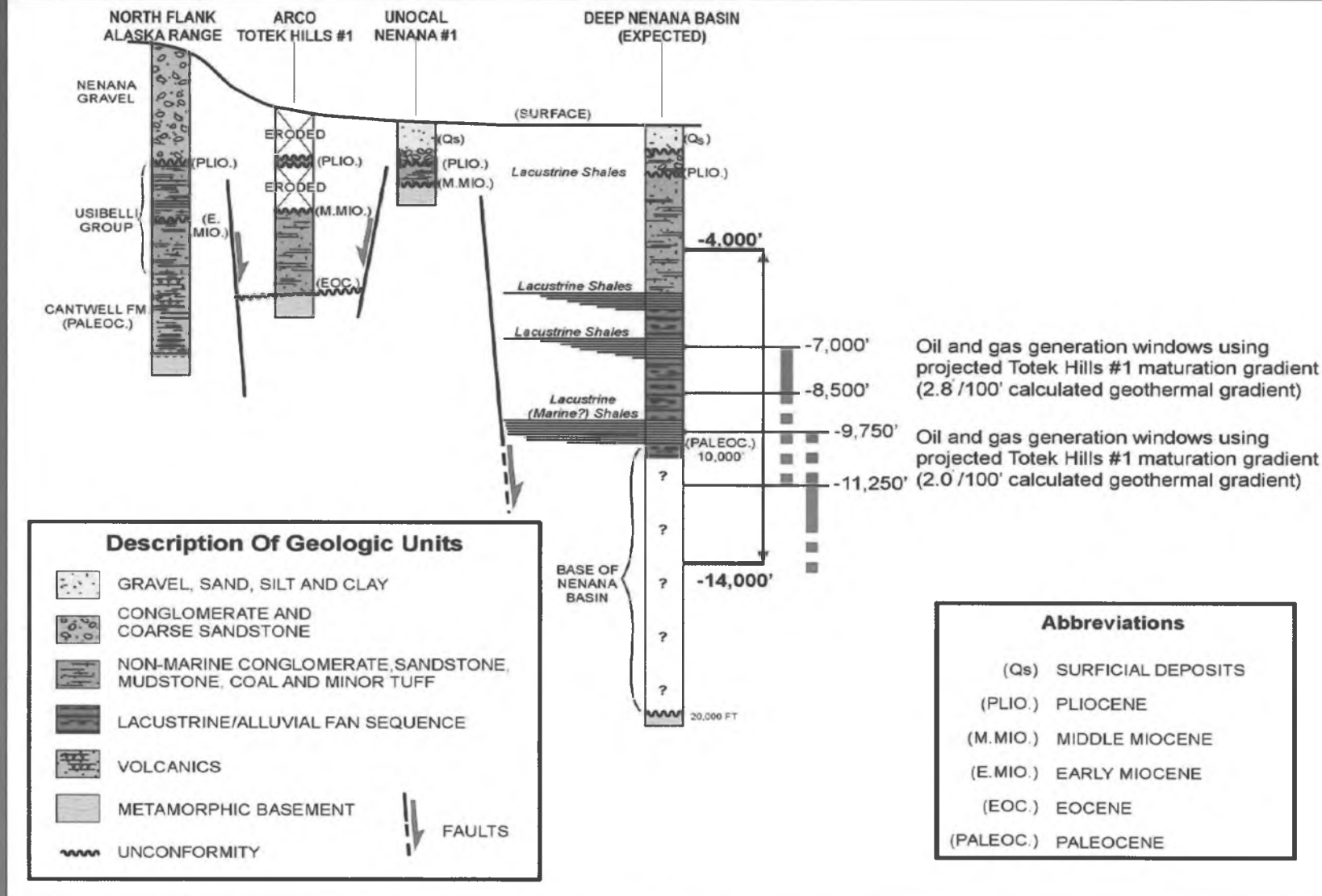
- **Fine to pebbly fluvial sandstone (mainly med. to coarse grained)**

- **In the Arco Totek Hills #1 well**
  - average porosity of 17.4% (range 7.1 –27.5%)
  - average permeability of 11.65 md (range 0.44 –43 md)

- **Porosities up to 34% in outcrop**

- **Sublitharenites to litharenites (abundant metamorphic rock fragments)**

Nenana Basin Stratigraphic Sections



Basin Modeling Results
(Platte River Associates)

- Assumes geothermal gradient 2.5°F/100 ft.
- Assumes gas expulsion from Lower Cantwell - Lower Suntrana (thermogenic) only
- Mid-late maturity at 9,300-10,500'
- Roughly 250,000 acres of mature source
- Expulsion 24 MY-present

Basin Modeling Results (2)

Gas Expelled

- P10 = 55 TCF
- P50 = 72 TCF
- P90 = 94 TCF

Risked Reserve Potential

- P10 = 10.0 TCF
- P50 = 2.6 TCF
- P90 = 0.8 TCF

No Assessment of biogenic gas, ex. Usibelli group

Goals For First Well

- Obtain representative stratigraphic information on the basin
- Test applicability of AVO as hydrocarbon indicator
- Most importantly-determine if the Nenana Basin is a petroliferous basin

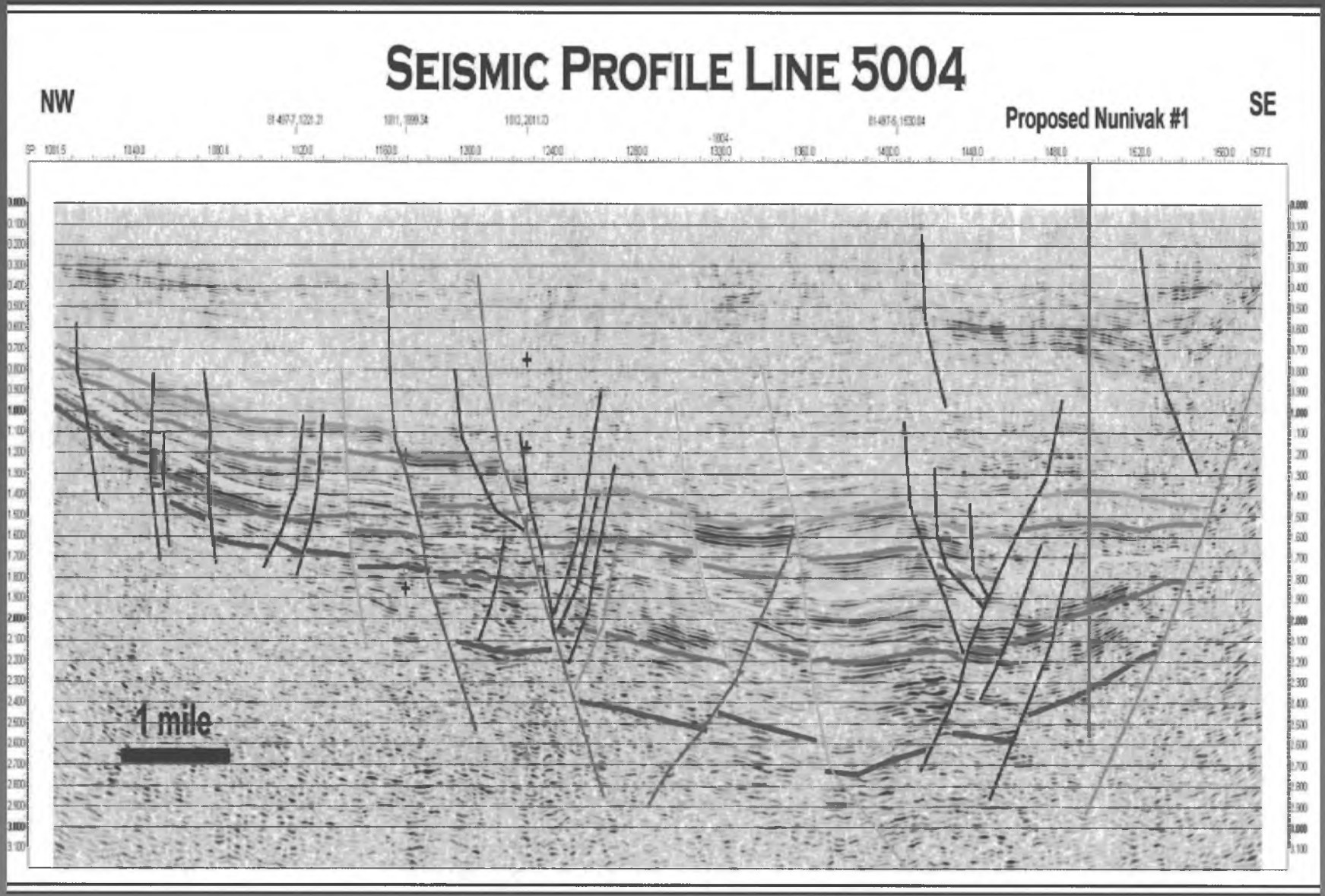
Criteria For First Well Location

- Choose location that will test a thick section not seen in previous wells
- Assume mainly vertical migration of hydrocarbons-stay immediately adjacent to deepest depocenters
- Assume that if any oil-prone, lacustrine source rocks exist, they will exist only in the deeper sub-basins

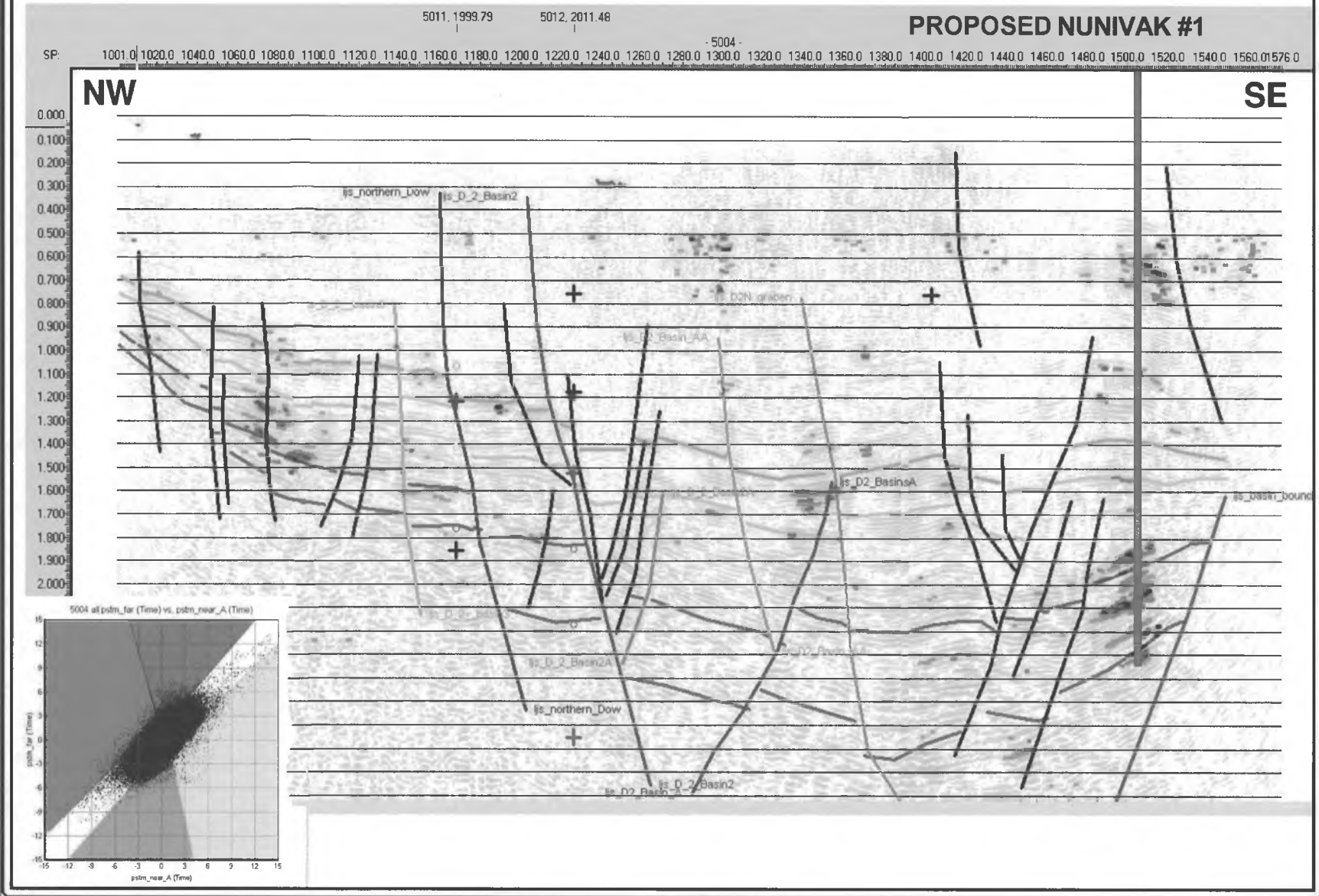
Criteria For First Well Location (2)

- Location must be directly on seismic line
- Strong preference for amplitude-supported prospect
- No preference given for logistical ease of drilling operations

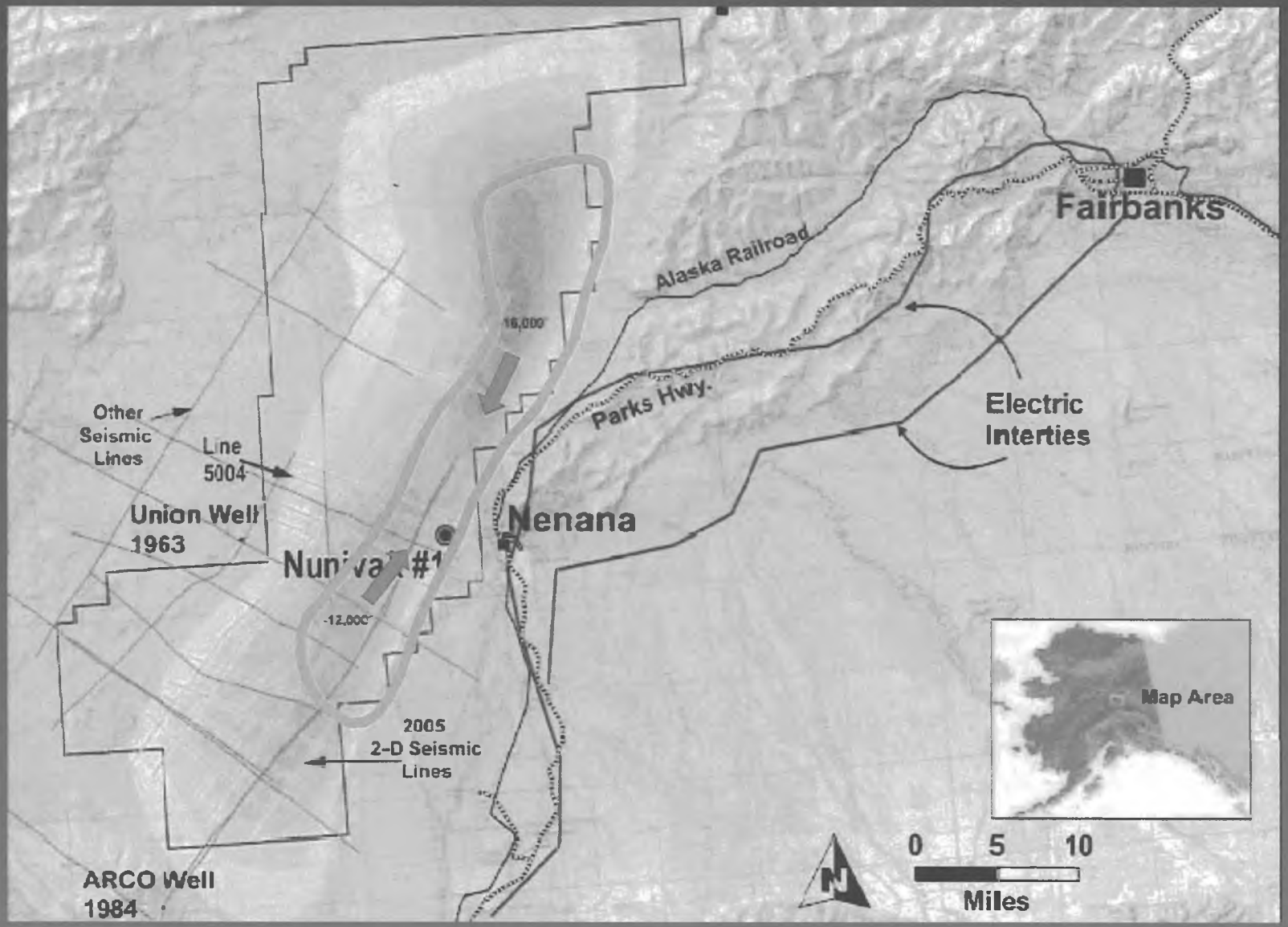
SEISMIC PROFILE LINE 5004



Seismic Line 5004 -AVO Anomalies



Migration from Twin Depocenters?



Nunivak #1

- AVO-supported fault trap
- Located in optimal position to receive charge coming from adjacent sub-basins
- Located to test stratigraphic section not encountered in previously-drilled wells
- 3 miles from rail belt, MEFS of 150 Bcf (pipeline to FBX)

Nunivak #1- Cost Estimate

•Rig Mobilization	$1.5 million
•Roads and Location	3.3 million
•Tangible Drilling Costs	0.6 million
•Intangible Drilling Costs	7.0 million
•Completion and Testing	2.5 million
	$14.9 million

Doyon Drilling's *Arctic Wolf* Rig

- To be mobilized to the Nunivak #1 location following break-up of the Nenana River

- Anticipated spud date: mid-June 2009



Nunivak #1 Access Route



Nunivak #1 – Access Road



Future (Success-Case) Activity

- Utilize wellbore sonic data to refine existing seismic interpretation
- Acquire 3D seismic over the Nunivak prospect area to assist in development
- Acquire additional 2D seismic data over the northern portion of the basin
- Drill additional wells to establish reserves, deliverability, and viable market alternatives

CORE TARGET MARKET

- **Pipeline Gas to Fairbanks/North Pole**
- Replace distillates: 10-15 Bcf/y or more
  - Residential and commercial heating
  - Power generation
  - Refineries
- Likely need 15-20 year supply of gas at 10 Bcf/y to justify a private sector pipeline (150-200 Bcf)

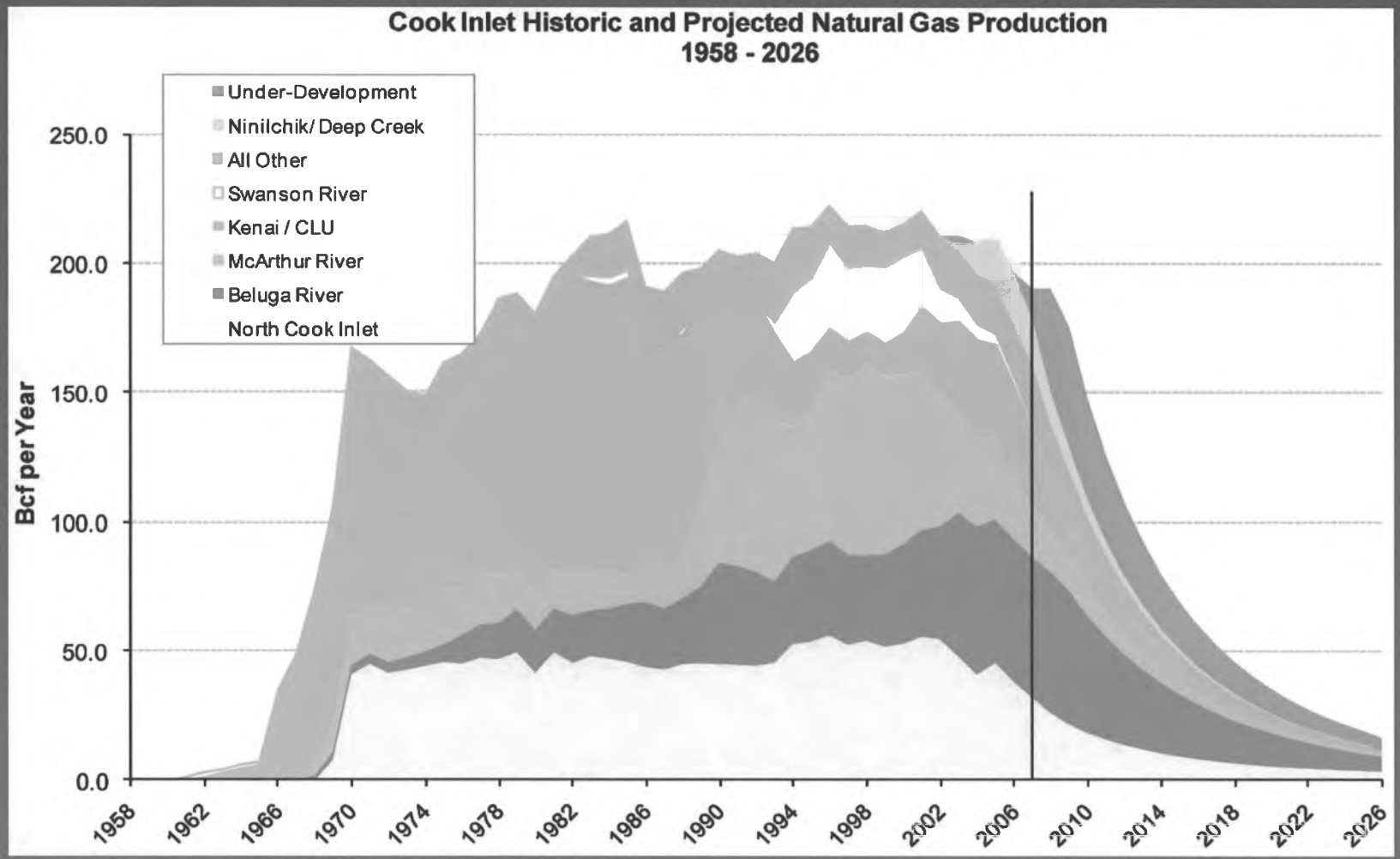
OTHER MARKETS

- **Power Generation at Nenana**
  - Fairbanks imports 40 Mw to 70 Mw each day
  - Increasingly more expensive
- Interties nearby and available space
- Power could go North and South
- Less gas reserves needed—nearest term possibility
- 4 Bcf/y or more
  - More if Intertie south of Healy upgraded

OTHER MARKETS

- **Pipeline gas to Anchorage**
- Increasing shortages which will be severe
- 30 Bcf/y to 70 Bcf/y deficit by 2015
- Alternative to Bullet Line from North Slope?
- Will need larger reserve base, but should be much less than a NS Foothills project
- Possible for Nenana

Cook Inlet Gas Production Decline



Project Threats/Challenges

- Wood Bison reintroduction in Nenana basin
  - Need to place them elsewhere in Alaska where not in conflict with development
  - Or, get Congressional action removing them from ESA jurisdiction
- ANGDA's Prudhoe Bay propane by truck proposal
  - Public money/ownership competing with private enterprise
  - Industrial users essential to support pipeline to Fairbanks from Nenana
- FNG's expanded Prudhoe Bay LNG by truck proposal
  - $250m public debt/ownership competing with private enterprise
  - Industrial users essential to support pipeline to Fairbanks from Nenana
  - Nenana option
- Permitting and rig availability

Summary

- Large gas resource possible
- Don't need a large resource for viable Fairbanks projects
- Nearby infrastructure/access allows for early and fast development
- In field power generation possible by 2012
- Pipeline gas to Fairbanks harder to predict but possible by 2013 or 2014

HB 280

<TARGET><BILL>HB 280</BILL><SUBJECT>HB 280</SUBJECT><COMM>HRES27</COMM></TARGET>

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version **HB280**
Fiscal Note Number
() Publish Date

Identifier (file name) HB280-DNR-O&G-02-10-12
Title OIL & GAS CREDITS: KOTZEBUE/SELAWIK
Sponsor Rep. Joule, Millett, and Chenault
Requester House Resources Committee

Dept. Affected Department of Natural Resources
Appropriation Oil and Gas
Allocation Oil and Gas
OMB Component Number 439

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	***	***	***	***	***	***	***

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This is the initial fiscal note for HB 280.

Prepared by William C. Barron, Director — Phone 907-269-8800
Division Division of Oil and Gas — Date/Time 2/10/12 5:00 PM
Approved by Daniel Sullivan, Commissioner — Date 2/10/2012
Department of Natural Resources

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB280
2012 LEGISLATIVE SESSION

Analysis

HB 280 modifies AS 43.55.025 to provide a production tax credit for drilling the first three exploration wells in the Kotzebue and Selawik basin.

The credit would be equal to 100% of the cost of the first exploration well, 90% for the second well, and 80% for the third well. The maximum well expenditure eligible for the credit would be $30 million per well. The credit would be in lieu of any tax credit under AS 43.55.023 for the exploration expenditure. If the wells drilled result in sustained production of oil or gas, 50% of the credit must be paid back over a 10-year period in equal installments.

The credit is more generous than the credits currently available to an explorer in the Kotzebue and Selawik basins under AS 43.55.023. In the event that the exploration well does not result in a commercial find, the credits reimburse the explorer for virtually all of the costs of the wells. If a commercial find is made, the explorer will recover most of their capital up-front, and only has to pay back half of the amount of the credit over the first 10 years of production. The pay-back requirement is not limited to a percentage of gross receipts, but is to be made in equal installments.

The impact on state royalties is indeterminate. A positive or negative impact is dependent upon 1) a commercial discovery being made and 2) whether the discovery and subsequent production is on state lands. The two previous wells drilled in the basin elicited no oil or gas. The Kotzebue/Selawik basin prospects appear to be onshore where there is little state land. In the basin area, onshore land ownership is mostly a mix of native corporation and federal lands. Oil or gas production outside state land generally prohibits the state from collecting royalties. However, if a discovery is made on federal land, the State and impacted communities might receive a share of the federal royalty.

Under HB 280, the Department has some direct administrative tasks to perform. The DNR must verify that the location of the well is the Kotzebue or Selawik basin, and verify that the well has reached the required depth of 2,000 feet. DNR can authorize wells to be drilled to less than 2,000 feet. The DNR must also verify that a well has reached a sustained production of oil or gas, which then triggers in the pay back obligation. These activities are within the normal scope of work for the Division of Oil and Gas; therefore, we expect no new positions or additional expenditures.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version **HB 280**
Fiscal Note Number
() Publish Date

Identifier (file name) HB280-DOR-TAX-02-13-12
Title Oil & Gas Tax Credits: Kotezbue/Selawik
Sponsor Representatives Joule, Chenault, Millett
Requester (H) RES

Dept. Affected Revenue
Appropriation Taxation and Treasury
Allocation Tax
OMB Component Number 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	***		***	***	***	***	***

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This is the initial version of the bill.

Prepared by Cherie Nienhuis, Commercial Analyst
Division Tax
Approved by Jerry Burnett, Director Administrative Services
Department of Revenue

Phone 907-269-1019
Date/Time 2/13/12, 12:00pm
Date 2/13/2012

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 280

Analysis

The revenue impact of this bill is indeterminate.

This bill expands the production tax credit authorized at AS 43.55.025 to a maximum credit of 100 percent of the total exploration expenditures for drilling to a depth greater than 2,000 feet (unless otherwise authorized by the commissioner of the Department of Natural Resources) for drilling an exploration well for the purpose of discovering oil or gas in the Kotzebue or Selawik basins. The bill proposes to grant the full 100 percent of exploration expenditures to a person who drills a qualifying well under this credit, 90 percent to a person who drills the second qualifying well under this credit, and 80 percent to a person who drills the third qualifying well under this credit. A maximum of $30 million in exploration well expenditures per well will qualify under this credit, resulting in maximum credit limits of $30 million, $27 million, and $24 million for the first three wells. Only expenditures occuring after December 31, 2011 and before July 1, 2016 would qualify under the bill. If an exploration well for which credit is received results in paying quantities of production, the person(s) who received the credit will pay back to the state 50 percent of the credit received in monthly installments over 10 years beginning 60 days after the start of sustained production of oil or gas.

Any credits issued as a result of this legislation could be eligible for a refund under the Oil and Gas Tax Credit Fund at AS 43.44.028 and would require appropriation by the legislature.

The bill has an immediate effective date.

The fiscal impact of this bill is indeterminate. If three qualifying wells are drilled at $30 million apiece, the immediate revenue impact to the state would be $81 million. Under this scenario, if paying quantities of production are found, the state could be reimbursed up to $40.5 million of the credits over the 10 years following the start of sustained production.

The Department of Revenue could administer the provisions of this bill with existing resources.

Representative Reggie Joule
Alaska State Legislature District 40

Sponsor Statement for HB 280
Oil & Gas Tax Credits: Kotzebue/Selawik Basin

HB 280 is designed to incentivize exploration drilling in the underexplored Kotzebue/Selawik Basin. The Kotzebue/Selawik Basin has shown potential, but has remained underdeveloped due to complications associated with its remote location. HB 280 is modeled after the Cook Inlet tax credits that successfully spurred exploration in that region. Economic growth and development in the Northwest region is crippled by the regions remoteness, high energy prices and the lack of reliable energy supplies, this legislation will strongly encourage companies to invest in this frontier basin. HB 280 has the potential to not only benefit Alaska through expanded exploration but local communities as well by increasing available local reliable and affordable energy resources.

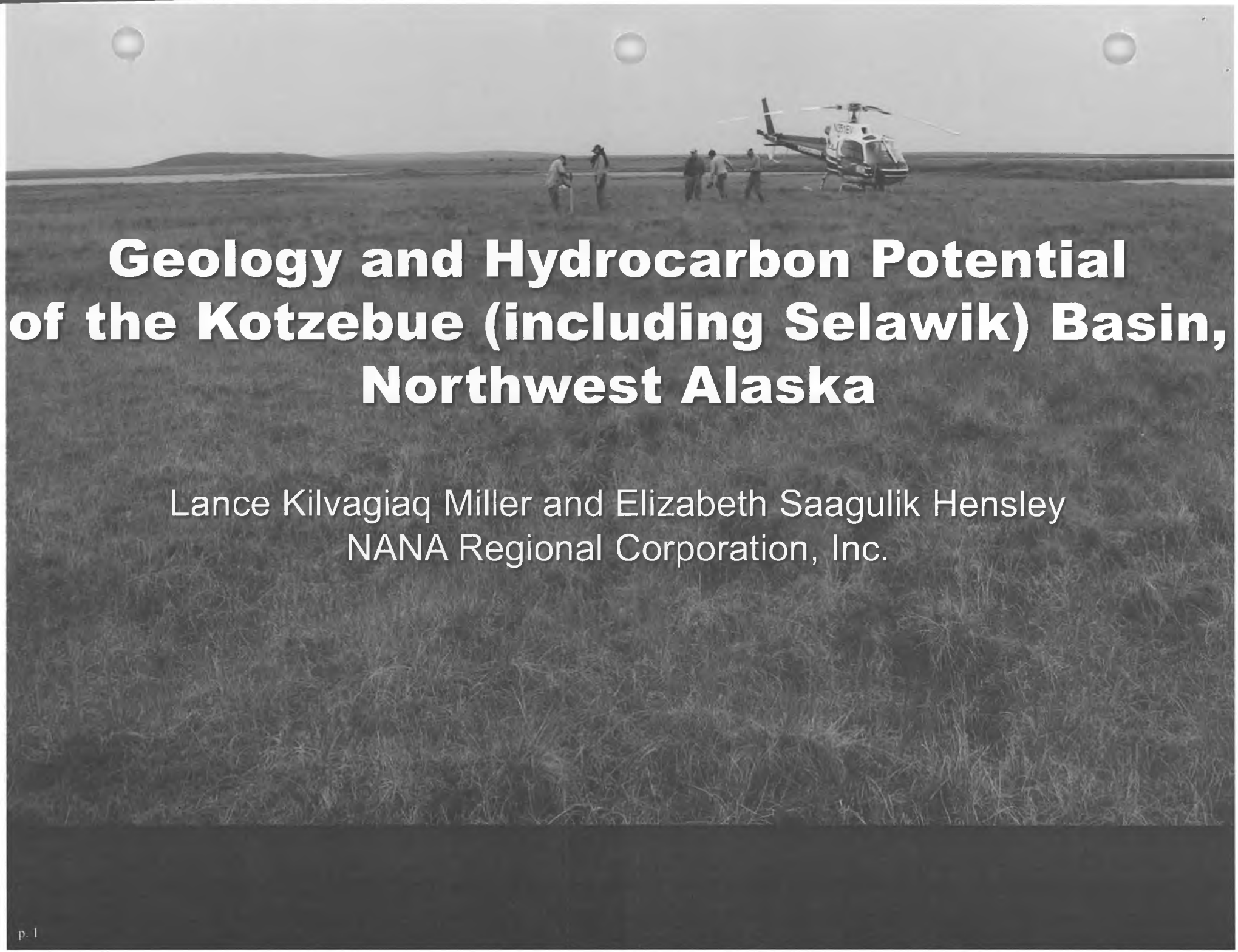
The tax credits will apply to the first three persons that drill an exploration well to the depth greater than 2,000 feet for the purposes of discovering gas or oil, and are structured as follows:

- The first person that drills an exploration well is credited 100 percent of costs, or $30 million, whichever is less;
- The second exploration well drilled is entitled to a credit of 90 percent, or up to $27 million;
- The third exploration well is credited at 80 percent, or up to $24 million.

If the exploration results in sustained oil and/or gas production from the discovered reservoir; then 50 percent of the credits awarded will be repaid to the state.

Incentivizing frontier basins for exploration that show a high potential for production of gas and/or oil near energy starved regions of Alaska will help support the Alaskan families and the economy. Frontier basin exploration is the next step Alaska must take to solve the high cost of energy in Rural Alaska while providing new opportunities for exportation and in-state use of our resources.

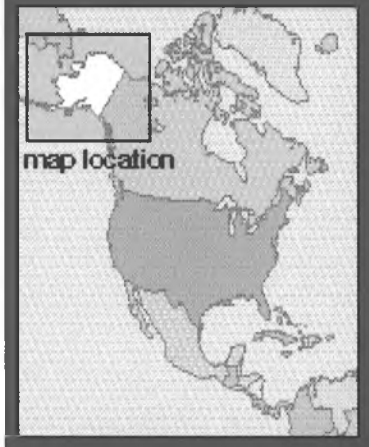
DRAFT



Geology and Hydrocarbon Potential of the Kotzebue (including Selawik) Basin, Northwest Alaska

Lance Kilvagiaq Miller and Elizabeth Saagulik Hensley
NANA Regional Corporation, Inc.

Kotzebue Basin Location



- Basin 350 x 80 miles
- Onshore NW AK and offshore Chukchi Sea
- Separated from Hope Basin by Kotzebue Arch
- Depocenters ~ 20,000 ft Tertiary & probably Cretaceous

Hope Basin
Herald Arch
Chukchi Basin
RUSSIA
Chukchi Sea
Beaufort Sea
Kotzebue Arch
North Slope
Prudhoe Bay
Brooks Range
Kotzebue
Seward Peninsula
Kotzebue Basin
Trans AK Pipeline
Fairbanks
ALASKA
Anchorage
Bering Sea
Cook Inlet
Valdez
Gulf of Alaska

Basin Comparison

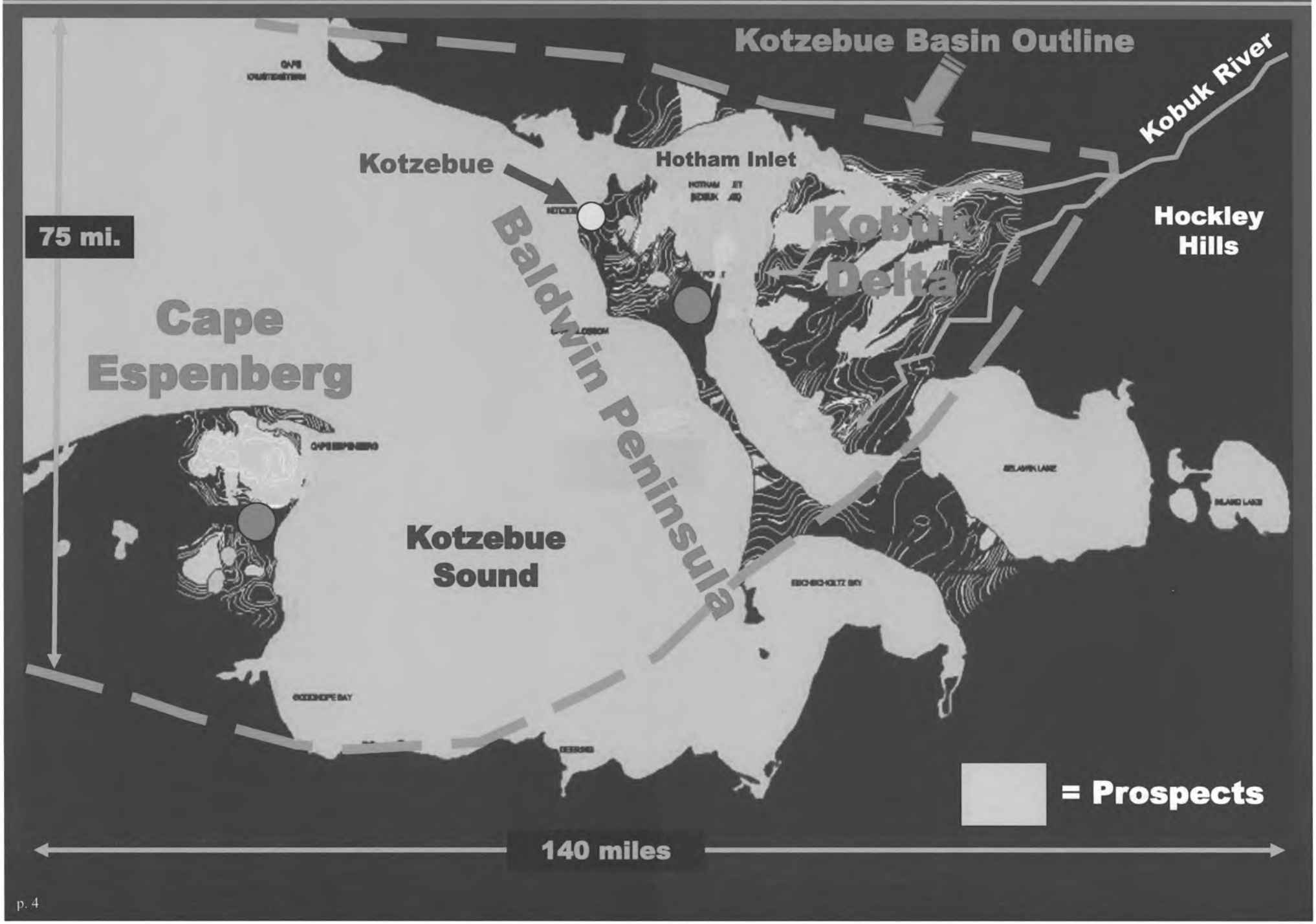


Kotzebue Basin

Cook Inlet Basin

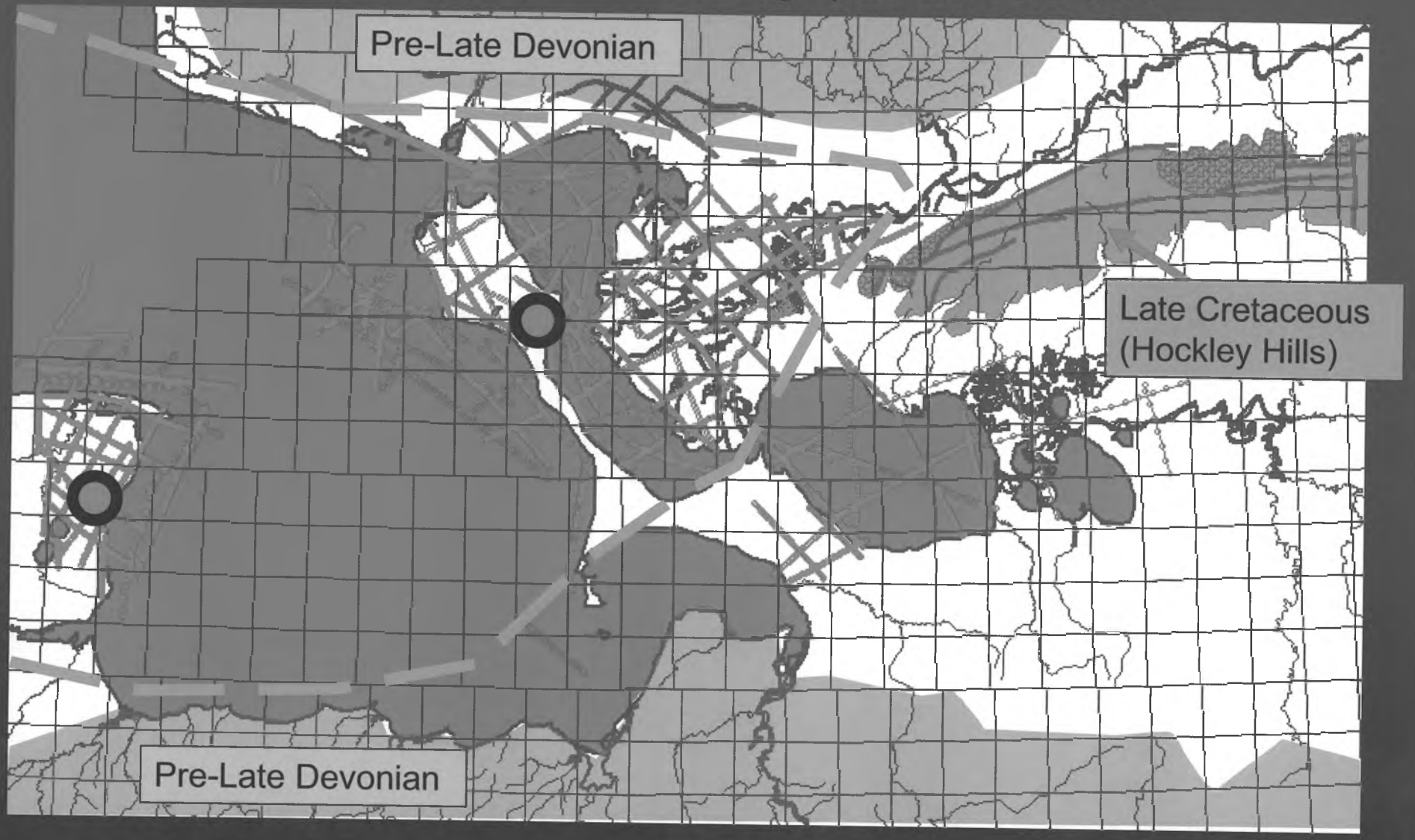
Base map from USGS: Geologic Map of North America

Local Geography

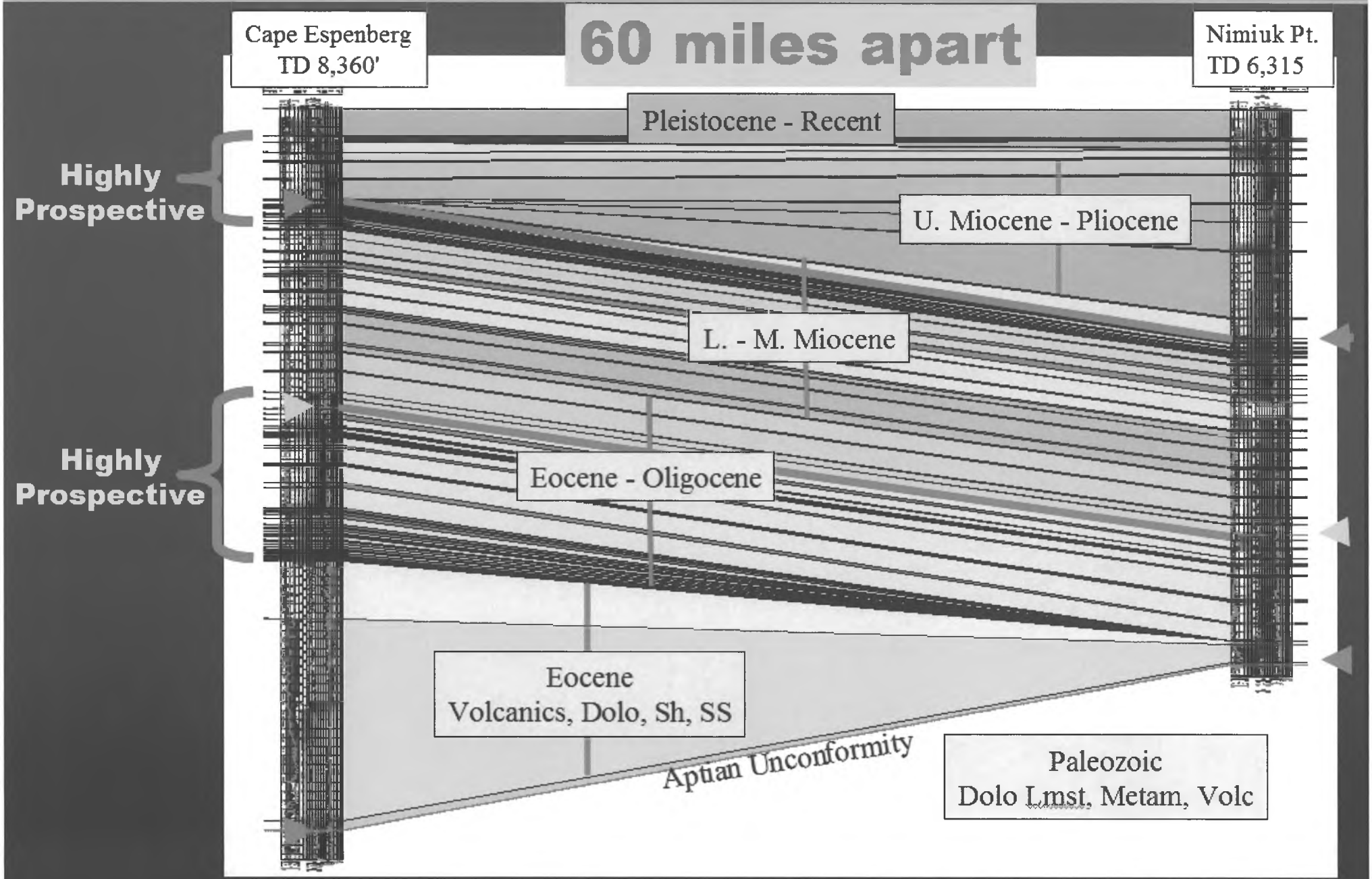


Exploration History and Data

- SOCAL (now Chevron): frontier exploration - early to mid 1970s
- 1500 miles 2D seismic, gravity and aeromagnetic data
- Outcrop and subsurface studies and two stratigraphic test wells 1974

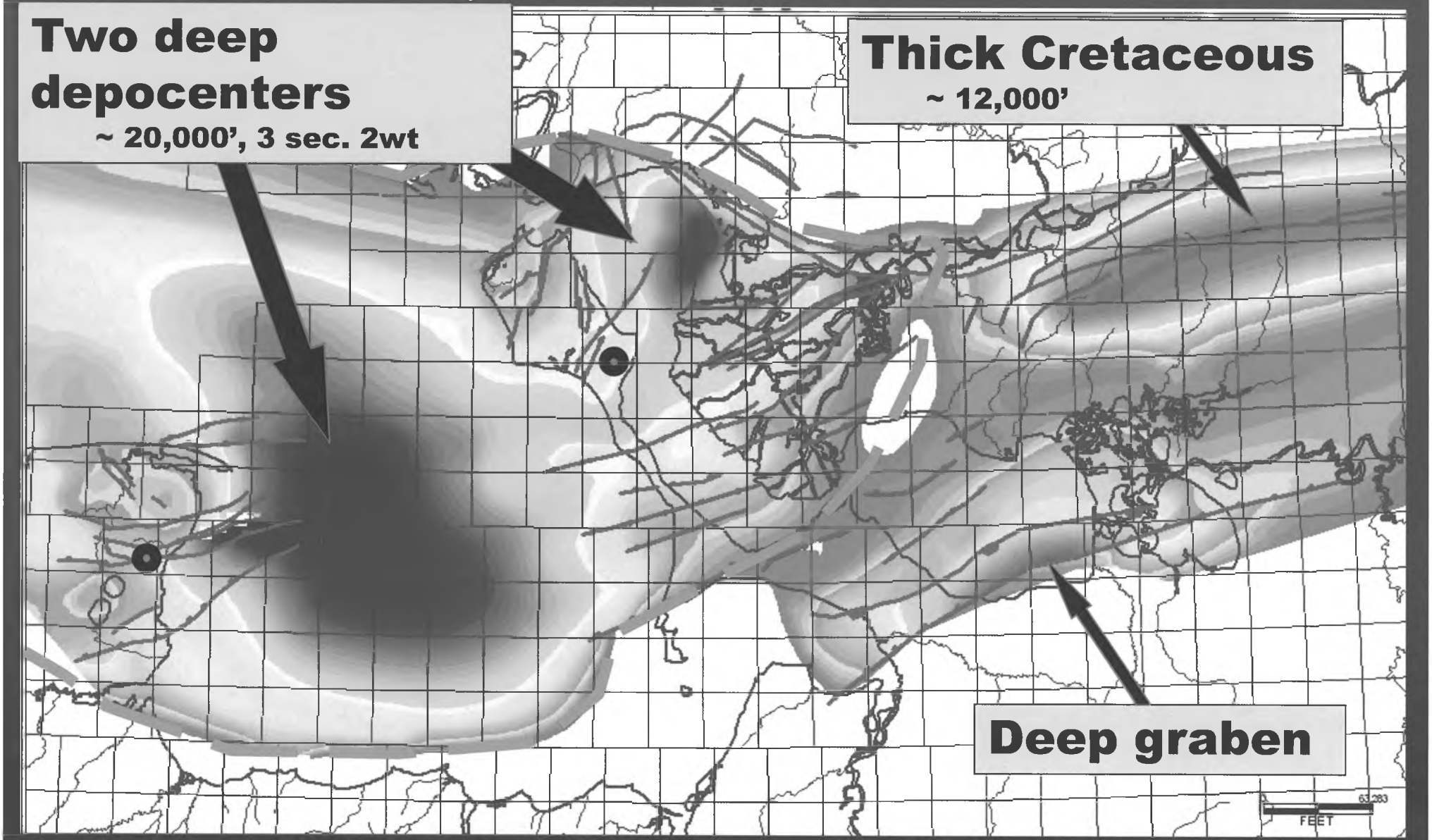


Primary Reservoir Targets



Basin Overview

- Time Structure: Top Acoustic Basement

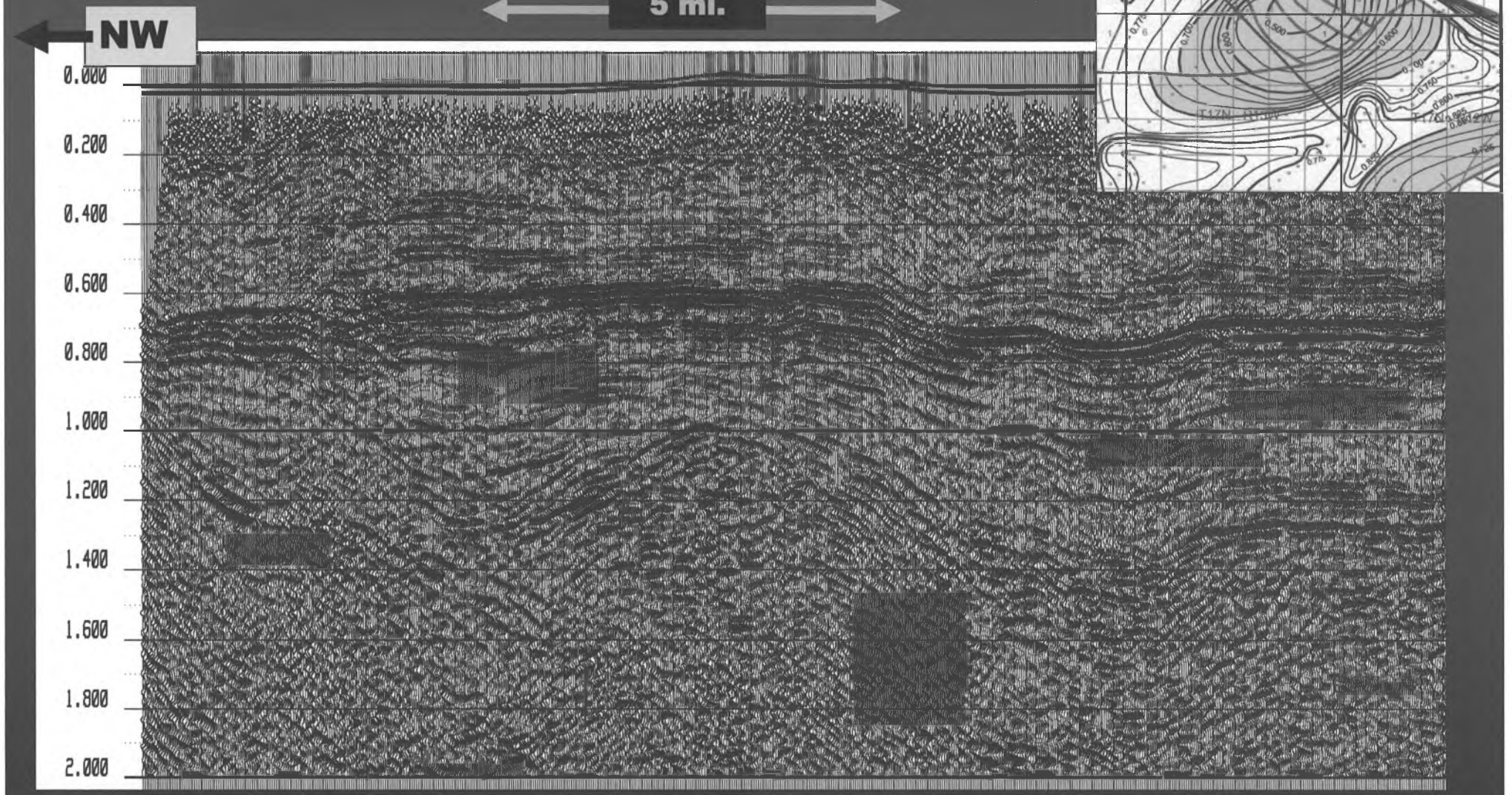


2 of the 30 Prospects



Amaouk Creek Prospect

- PSTM

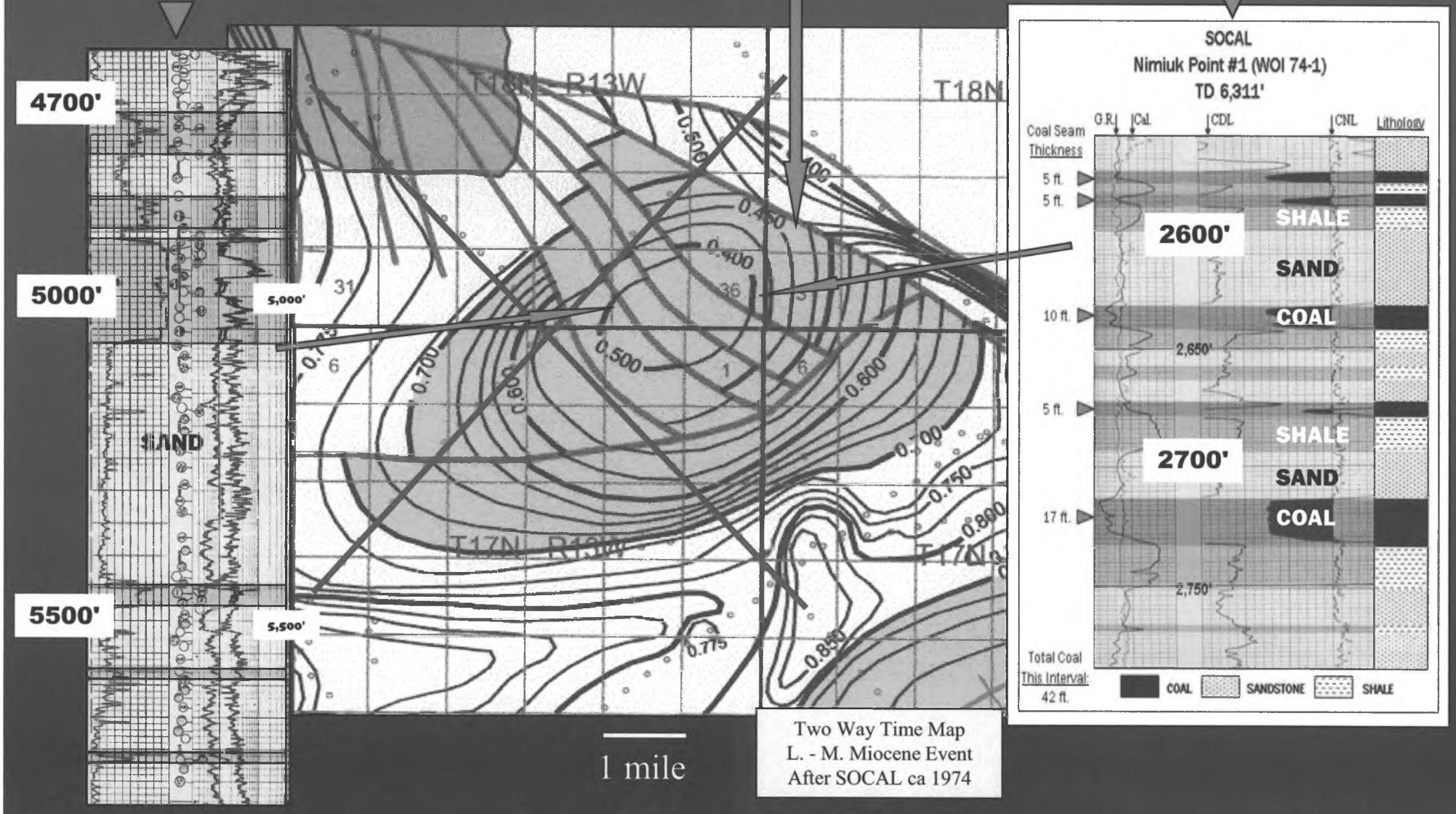


Amaouk Creek Prospect

Eocene – Oligocene Objectives

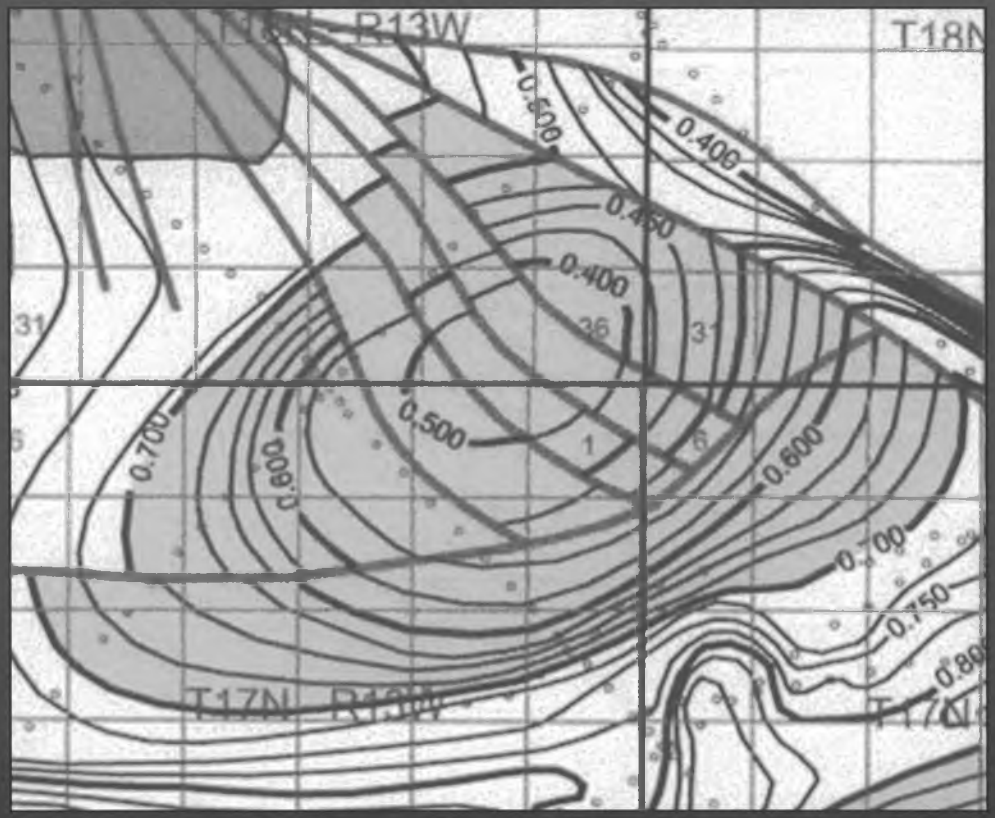
27 square miles closure

Miocene Objectives



Amaouk Creek Prospect: Comparison to Partial Analogues

Amaouk Creek Prospect

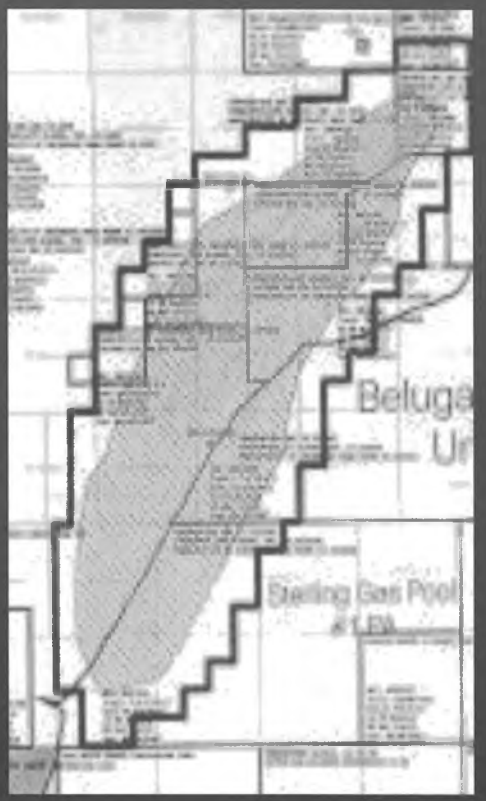


Cook Inlet Gas Fields

Kenai Gas Field
Structure Map
Top Beluga Fm.
Cum.: 2.4 TCF



Beluga River Gas Field
Structure Map
Top Sterling Fm.
Cum.: 1.2 TCF



Maps at same horizontal scale

Key Points

- Major unexplored deep (20,000') sedimentary basin
  - similar in size to Cook Inlet & San Joaquin-Sacramento Basins
- Potential significant petroleum producing province
- Favorable hydrocarbon system
- Many large targets – structural and stratigraphic
- Has proved difficult to attract exploration financing
- This is a wildcat play
- Incentives will help with local, regional and perhaps statewide energy solutions

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A HUNT FOR GIANT OIL AND GAS RESERVES



Northwest Alaska, LLC & NANA Regional Corp.

NORTHWEST ALASKA OIL AND GAS PLAY

Southern Chukchi Sea – *Onshore* Kotzebue Basin



~2.2 million mineral acres (NANA fee)
~30 prospects: 3,000-9,000' depth
Most-likely risked reserves of 9 premier prospects:
3.1 billion barrels oil-equivalent
READY TO DRILL 2012

NW ALASKA LLC: Office 661-324-3916: ESCHNER@TRIOPETROLEUM.COM, ROWLEE@TRIOPETROLEUM.COM, TBESCHNER@AOL.COM

Northwest Alaska, LLC & NANA Regional Corp.





Project Summary

The Kotzebue Basin may contain giant oil and gas reserves. Located offshore under the southern Chukchi Sea and onshore in northwest Alaska, it is one of the major sedimentary basins of North America, with 20,000 feet or more of Tertiary and Cretaceous basin-fill. The basin is about the same size as the prolific Alaska Cooke Inlet Basin (cumulative 10 TCFG) and is interpreted to have a petroleum system similar to that of the Cooke, including:

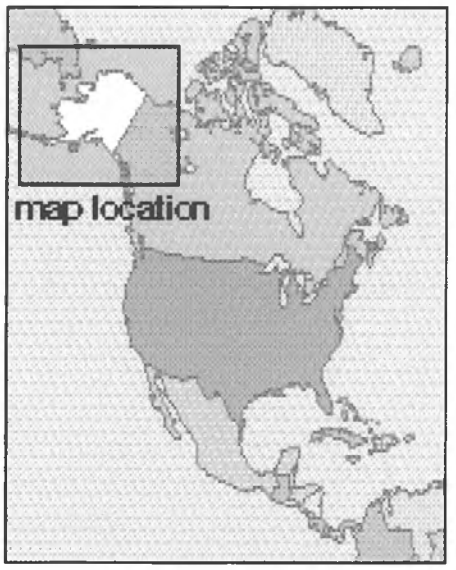
•a self-sourcing biogenic (microbial) gas system associated with thick Tertiary nonmarine coals and carbonaceous mudstones that are in the present-day biogenic gas window at 0-6,000 feet, and
•a thermogenic oil-gas system in deeper basinal source areas between 6,000-20,000+ feet

In the 1970s, SOCAL collected a vast amount of data in the area and drilled two stratigraphic test wells that encountered thick, highly-prospective sequences of interbedded sandstone, conglomerate, mudstone and coal, with oil and gas shows. These stratigraphic test wells did not evaluate prospects, but did demonstrate that hydrocarbons are present and that the components critical for major hydrocarbon accumulations are also present – thick and highly porous and permeable reservoirs (sandstone and conglomerate), source (mudstone and coal), seal (mudstone), and large potential traps (structural and stratigraphic). There is also potential in fractured and weathered basement reservoirs, and in shallow traps sealed by permafrost.

Approximately thirty prospects are identified, some of which are immense, potential giants. The Cape Espenberg Prospect, located near the cape, is a shallow anticlinal dome with approximately 70 square miles of structural closure. The Amaouk Creek Prospect, located north of the Kobuk Delta, is an anticline with approximately 30 square miles of structural closure. These two prospects are assigned most-likely risked recoverable reserves of 1.65 billion barrels oil equivalent.

NANA Regional Corporation controls the onshore portion of the basin (mineral interests covering 2.2 million acres) and is working jointly with NW Alaska, LLC to advance the exploration and development project. These companies are seeking one or more additional significant partners to join the project.

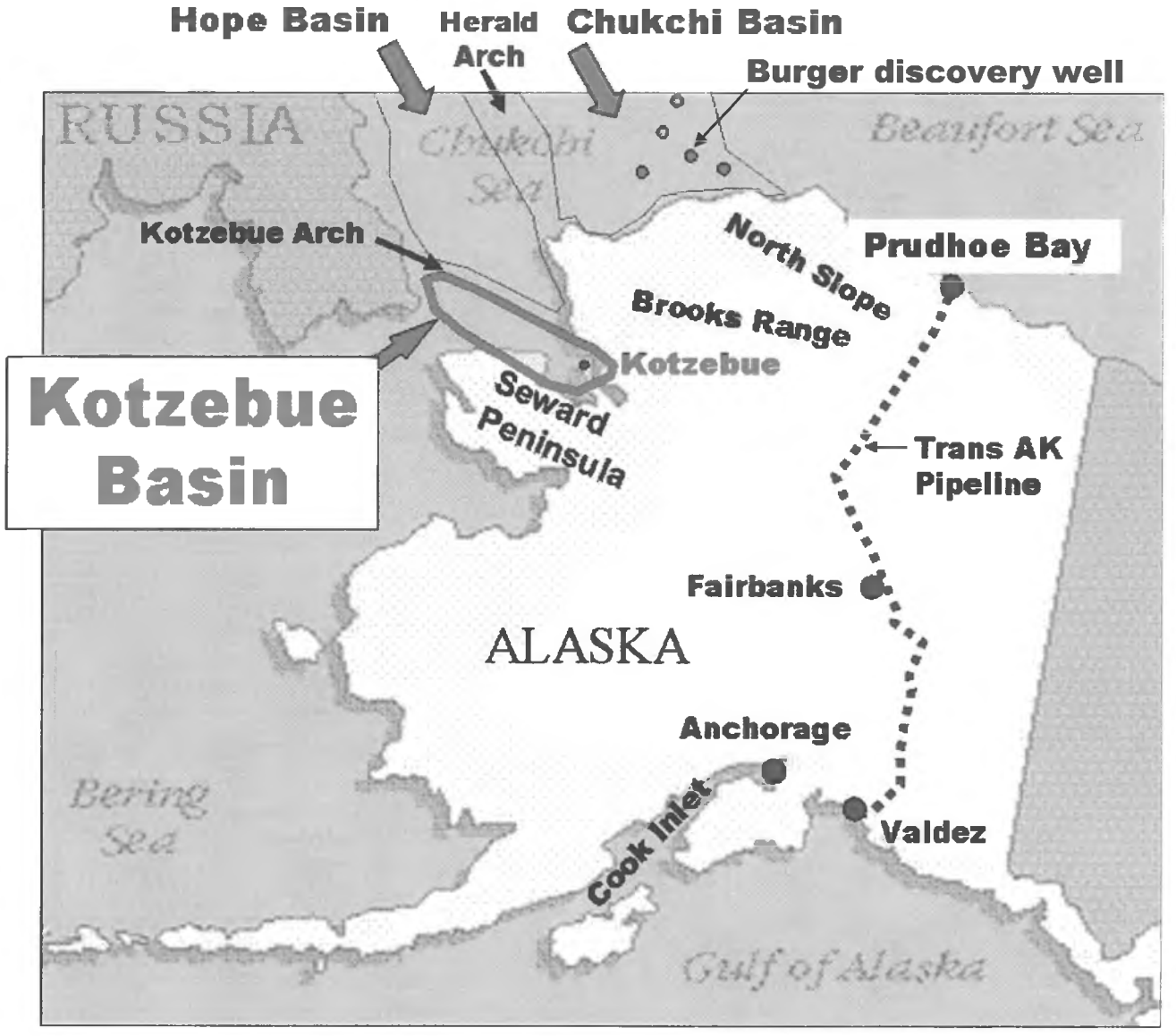
Important Notice: The data provided here are believed to be valid, and the interpretations are considered to represent reasonable judgment. However, NW Alaska LLC, NANA Regional Corporation and their associates, advisors and consultants, do not warrant the validity of the data and interpretations and shall not be liable for any losses or damages that stem from their use. Oil and gas exploration projects have intrinsic risks, including but not limited to loss of an entire investment. Actual project results may be substantially different from those postulated here. This oil and gas play is appropriate for sophisticated companies and individuals with significant experience in the petroleum industry, who should conduct their own evaluation of the data and risks. This is a nonexclusive offering, subject to prior sale, and may be withdrawn by the presenting parties at any time.

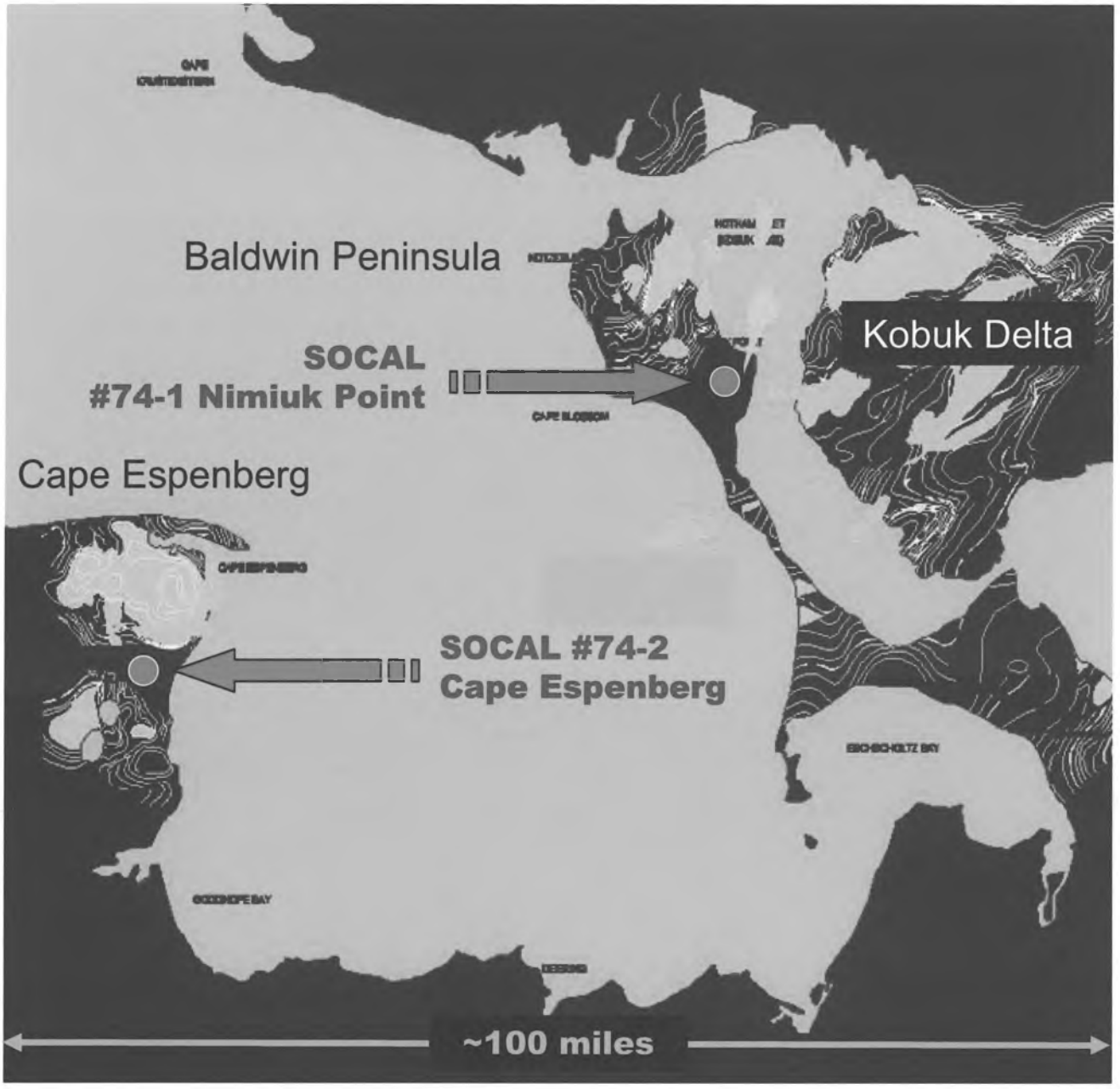


Northwest Alaska, LLC & NANA Regional Corp.

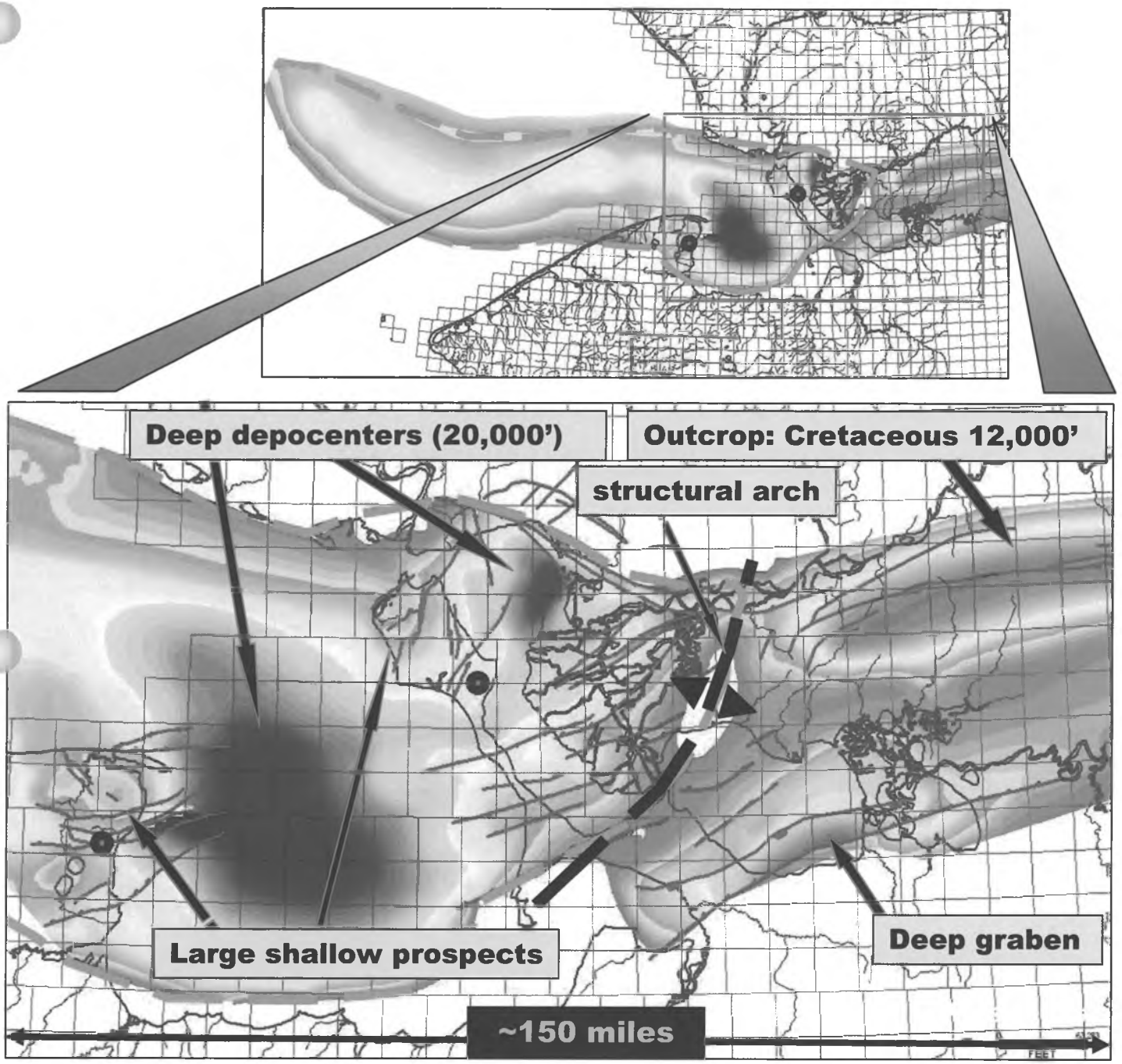
The Kotzebue Basin is located primarily offshore under the southern Chukchi Sea, and also onshore under the lands of the NANA Regional Corporation. The oil and gas play is onshore, under NANA's 2.2 million mineral acres.

The basin is 350 miles long by 80 miles wide, and it contains 20,000 feet or more of Tertiary and Cretaceous basin-fill. Structural arches and sub-basins separate the Kotzebue Basin from the greater Chukchi Basin to the north, where significant oil-gas reserves have been discovered and billions of dollars spent on federal leases.



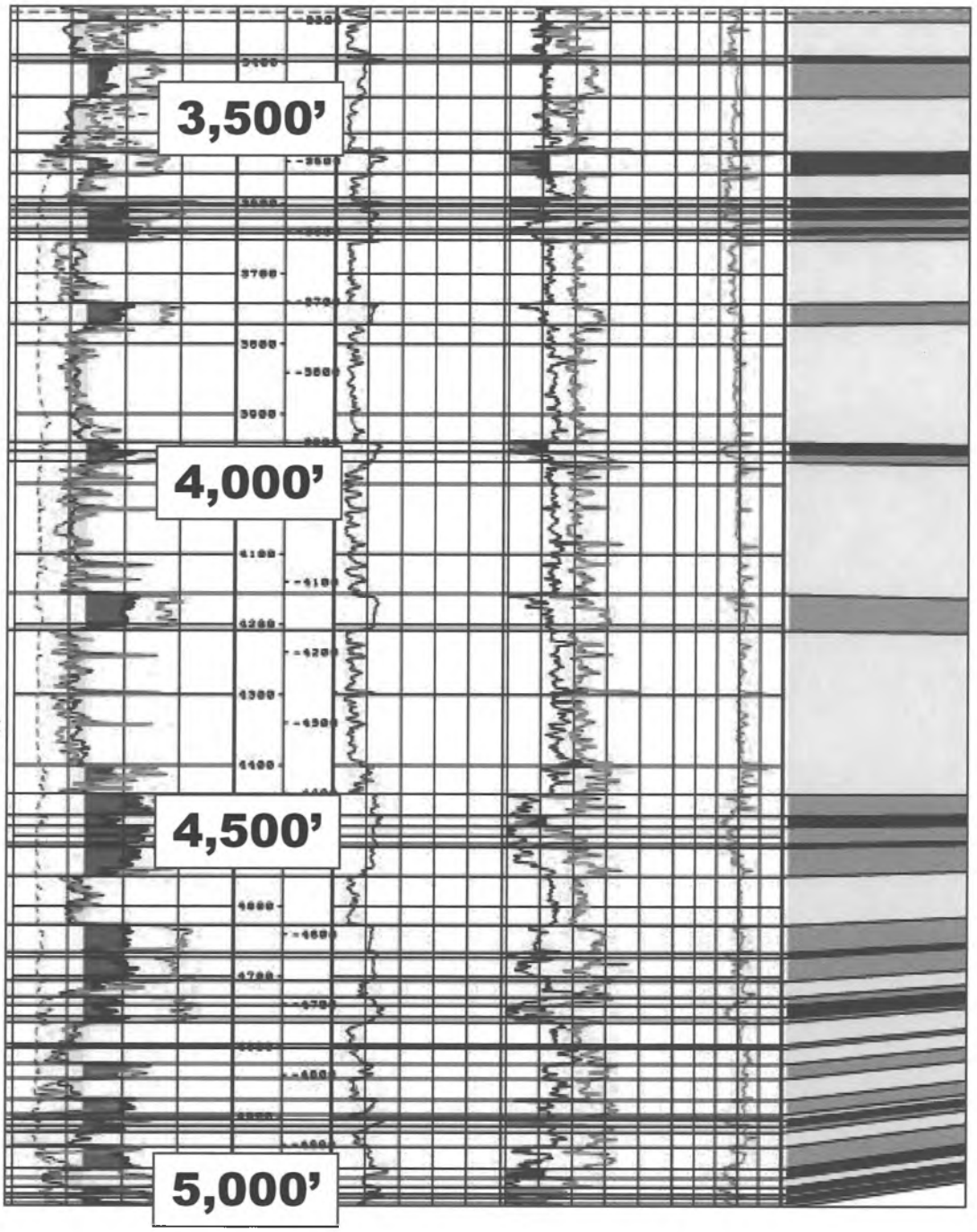


Shown here are areas of land (black), water (blue), petroleum prospects (orange) and the locations of the two stratigraphic test wells (red dots). Note that prospects occur primarily in three land areas: Cape Espenberg, the Kobuk Delta and the Baldwin Peninsula.



Shown here is a Time Structure Map of Top Acoustic Basement (Paleozoic). Dark blue areas have approximately 20,000 feet of Tertiary and probably Cretaceous basin-fill above basement, grading to shallow areas in dark red. Note locations of large shallow prospects at Cape Espenberg and the Baldwin Peninsula, two major deep depocenters, a shallow structural arch on the east flank of the basin, and location of outcrops of 12,000' of Cretaceous. Locations of the two stratigraphic test wells also shown.





100 ft

Shown here is an example of a highly-prospective interval that was drilled in one of the stratigraphic test wells. It is a 1,700 foot thick interval of Eocene-Oligocene strata, comprised of thick, stacked sandstone reservoir targets (yellow), stacked layers of mudstone source and seal beds (brown), and layers of coal source rocks (black). There are about 15 distinct sand bodies (reservoir targets), 10-200 feet thick each. This is a primarily nonmarine fluvial sequence, probably a mixture of low sinuosity braided and high sinuosity meandering systems.

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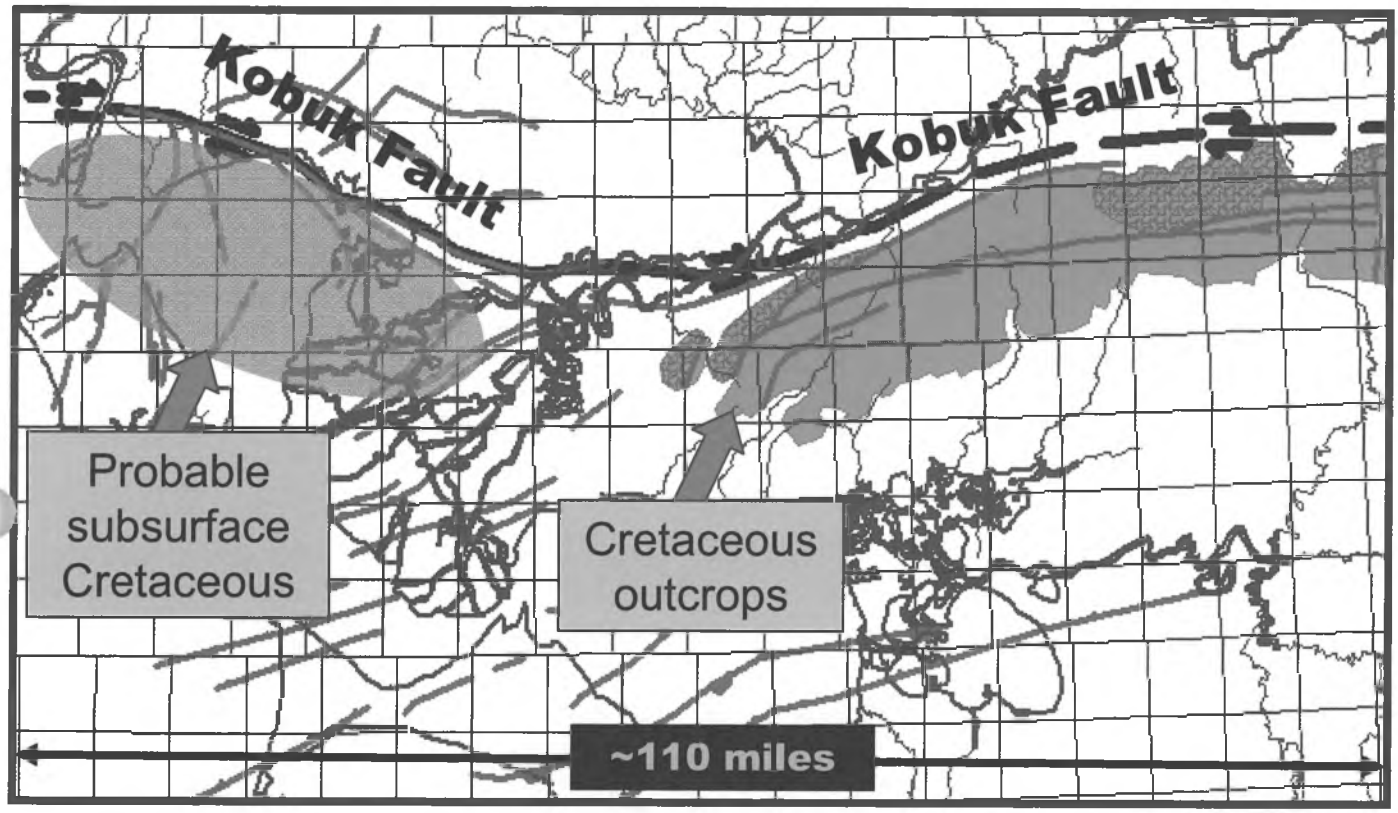
- Approximately 12,000 feet of Cretaceous sedimentary rocks are present in outcrops located about 12 miles east of the Kotzebue Basin (e.g., in the Hockley Hill area). The Cretaceous outcrops occur primarily on the down-dropped, southern side of the major right-lateral Kobuk fault and, based on seismic interpretation, also occur in the Kotzebue Basin. Cretaceous strata provide reservoir targets (sandstone and conglomerate), oil and gas source rocks (mudstone, shale, limestone, coal) and seals (shale and mudstone). Photos are of local outcrops of Cretaceous rocks.





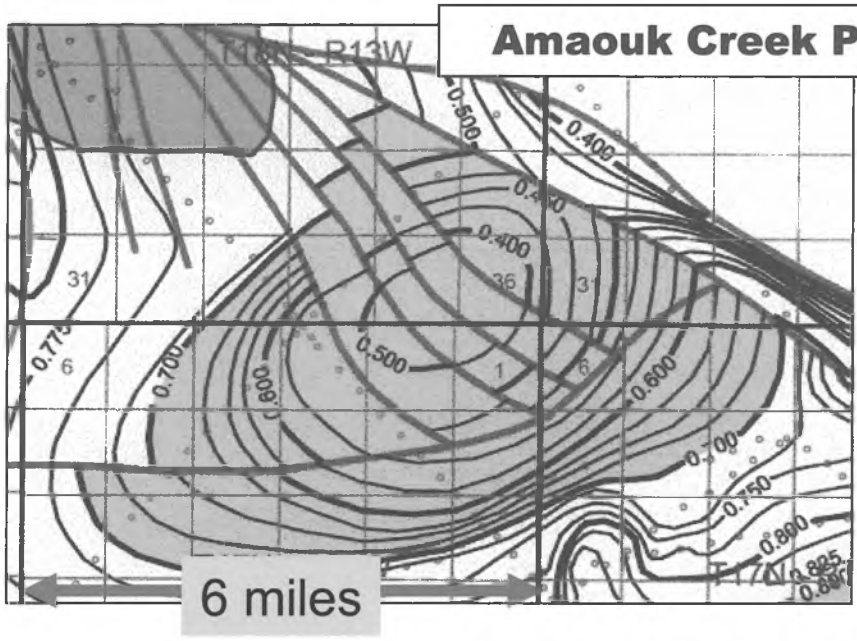


A HUNT FOR GIANT OIL AND GAS RESERVES

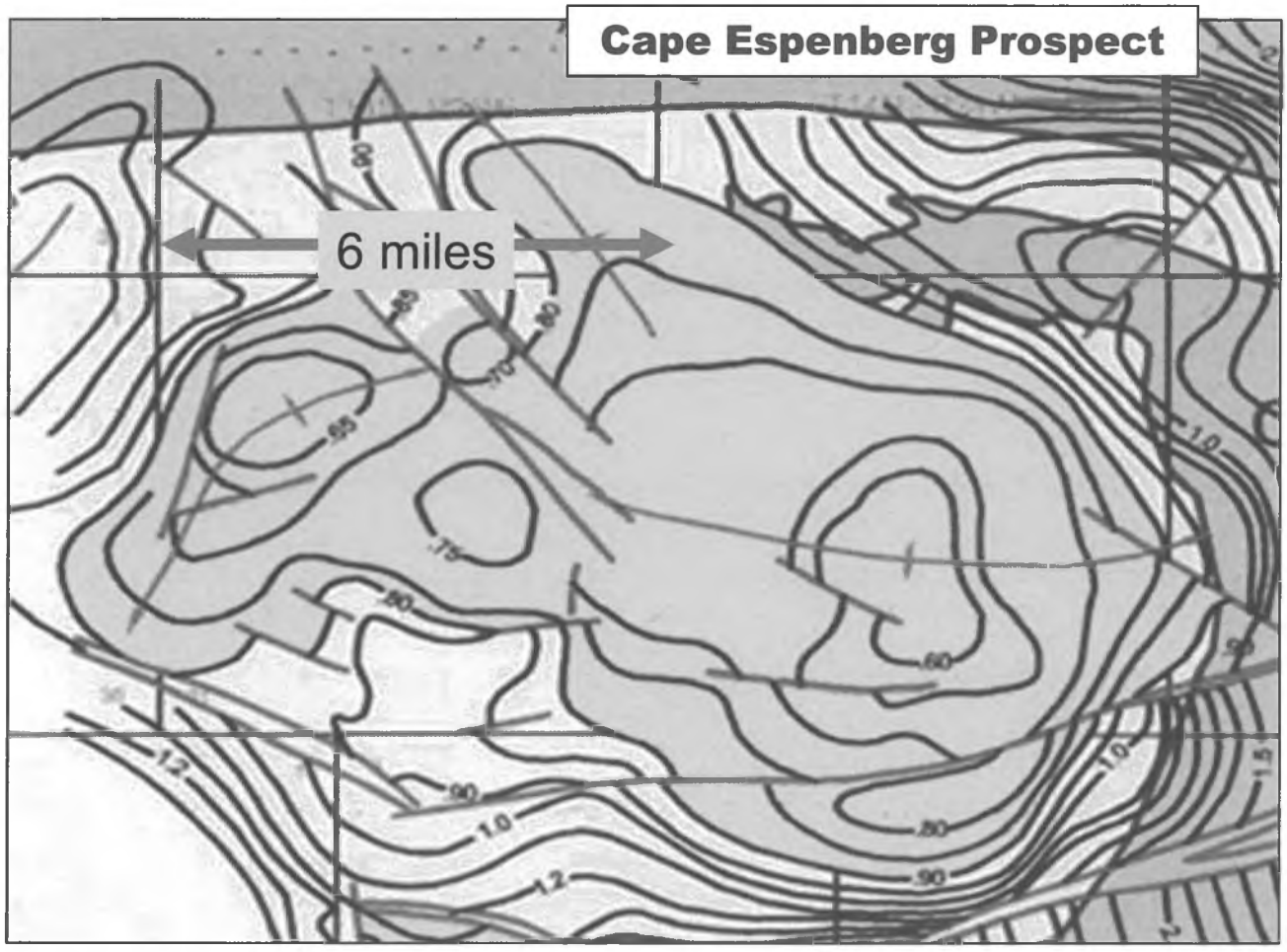


- **Structure maps of two of the premier prospects**
- **Both maps at same horizontal scale**

Amaouk Creek Prospect



Cape Espenberg Prospect



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A HUNT FOR GIANT OIL AND GAS RESERVES

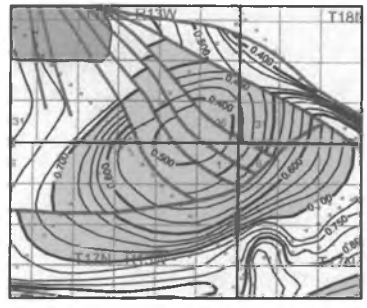


•Comparison of the Cape Espenberg and Amaouk Creek prospects with two partial-analogue giant gas fields – the Kenai and Beluga River gas fields, Cooke Inlet Basin, Alaska
•All maps at same horizontal scale

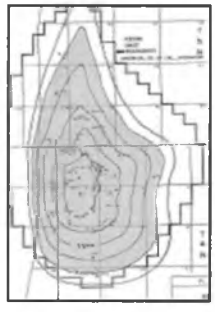
Cape Espenberg Prospect



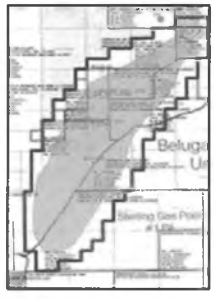
Amaouk Creek Prospect



Kenai Gas Field
Top Beluga Fm.
Cum.: 2.4 TCF



Beluga River Gas Field
Top Sterling Fm.
Cum.: 1.2 TCF



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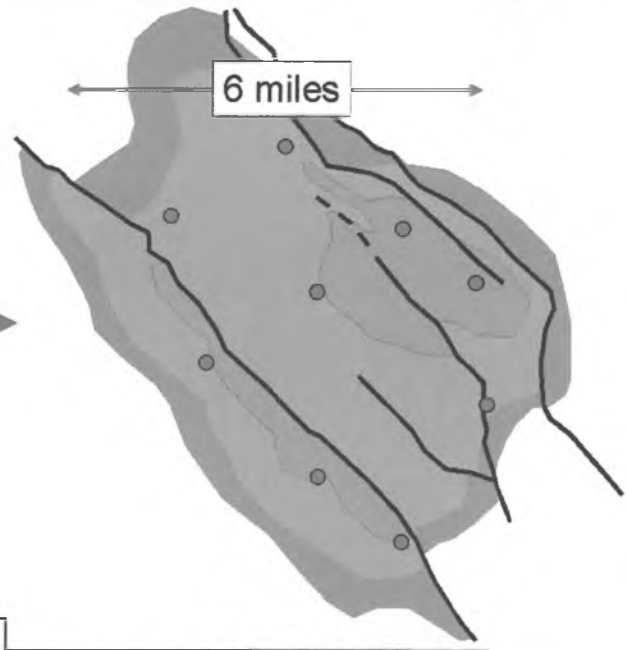
A HUNT FOR GIANT OIL AND GAS RESERVES

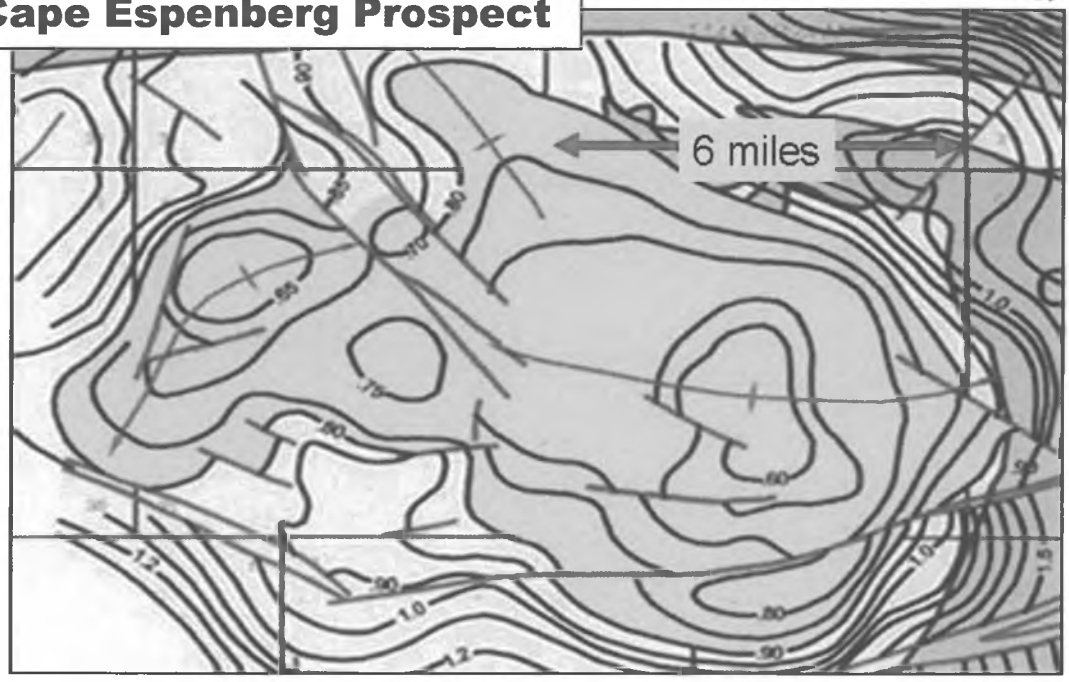


•Comparison of the Cape Espenberg Prospect with the partial-analogue giant Suban Gas Field, South Sumatra Basin, Indonesia
•Both maps at same horizontal scale

Suban Gas Field
Fractured-Weathered
Basement Reservoir
> 7 TCF gas-in-place



Cape Espenberg Prospect

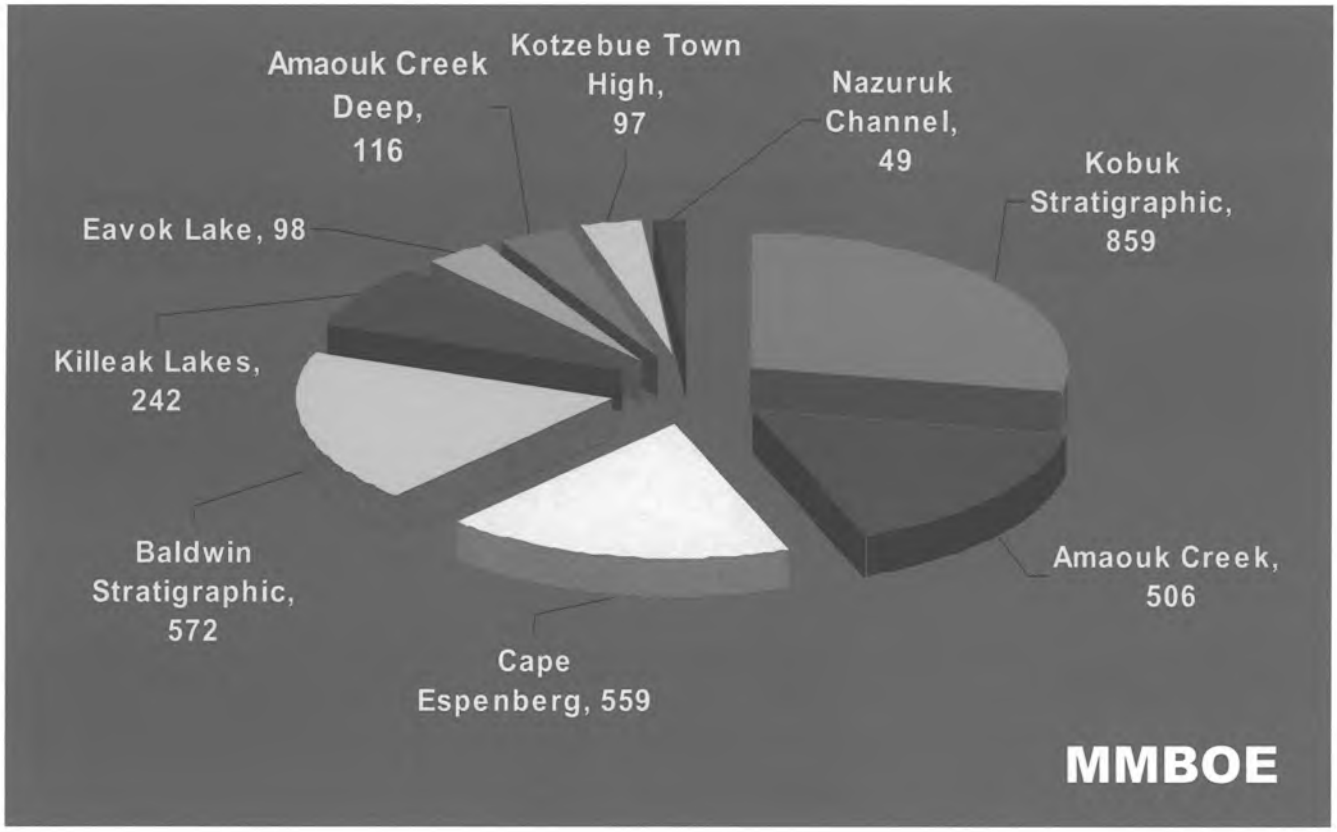


In addition to primary reservoir targets in stacked Tertiary sandstones, this prospect has deeper, secondary reservoir targets in Paleozoic (pre-Late Devonian) rocks, including limestone, dolomite, marble, schist and quartzite, which were subaerially exposed and weathered for millions of years. The Paleozoic has immense potential as weathered and/or fractured reservoir, similar to the that at the partial-analogue giant Suban Field (> 7 TCF original gas-in-place), although the Suban structure appears to be smaller.



A HUNT FOR GIANT OIL AND GAS RESERVES

For nine premier prospects:
Risked, most-likely, recoverable reserves:
2.8 billion barrels oil + 1.9 trillion cubic feet gas
or
3.1 billion barrels oil-equivalent



A HUNT FOR GIANT OIL AND GAS RESERVES



Northwest Alaska, LLC & NANA Regional Corp.

NORTHWEST ALASKA OIL AND GAS PLAY

Southern Chukchi Sea – *Onshore* Kotzebue Basin

Contact Information

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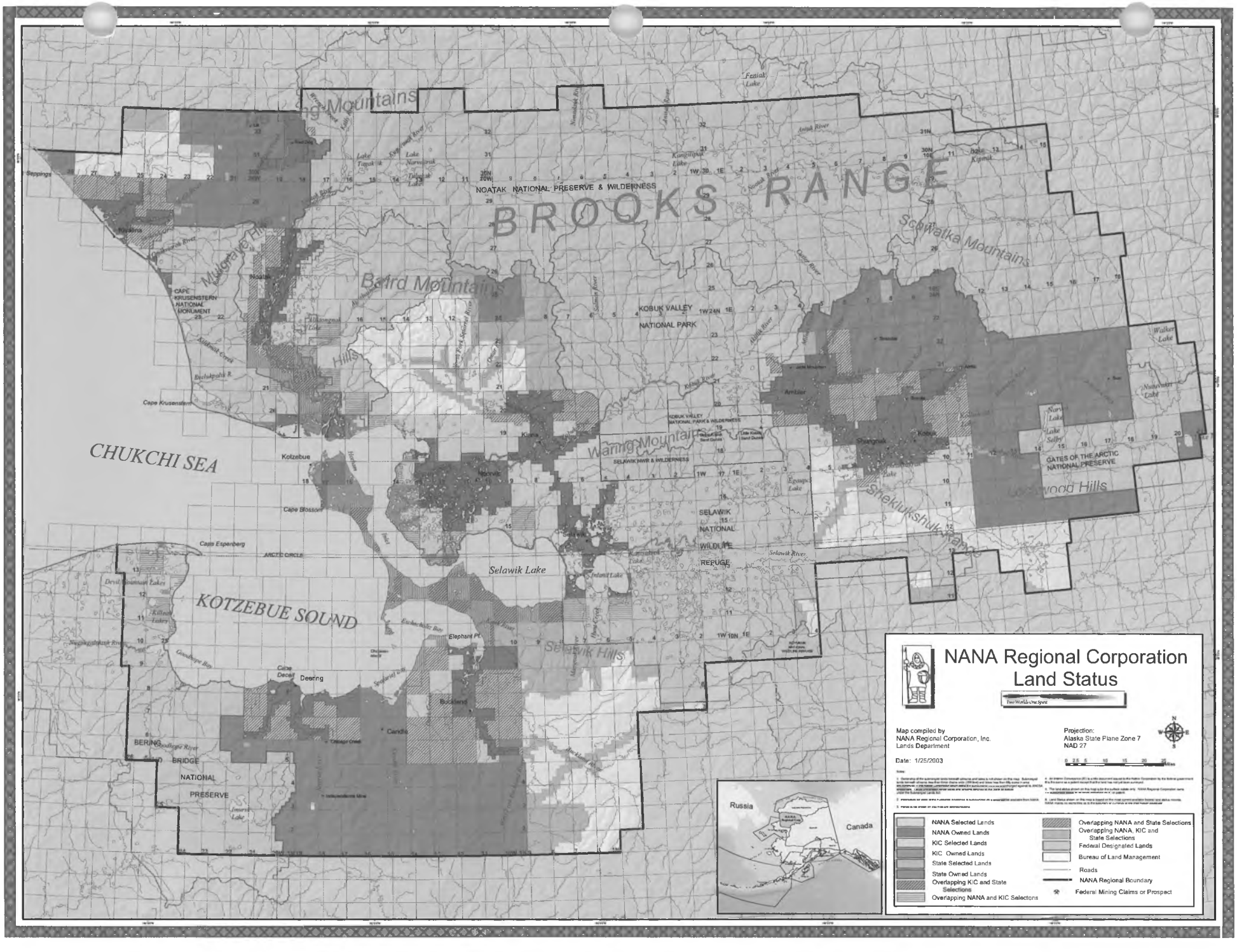
fax: 303-770-6925
tbeschner@aol.com


BROOKS RANGE
NOATAK NATIONAL PRESERVE & WILDERNESS
CAPE KRUSENSTERN NATIONAL MONUMENT
KOBUK VALLEY NATIONAL PARK
KOBUK VALLEY NATIONAL PARK & WILDERNESS
SELAWIK NWR & WILDERNESS
SELAWIK NATIONAL WILDLIFE REFUGE
GATES OF THE ARCTIC NATIONAL PRESERVE
BERING BRIDGE NATIONAL PRESERVE
CHUKCHI SEA
KOTZEBUE SOUND
Selawik Lake
Baird Mountains
Waring Mountains
Schwatka Mountains
Sheklukshuk Range
Selawik Hills
Kotzebue
Noatak
Kiana
Ambler
Shungnak
Kobuk
Deering
Buckland
Candle
Cape Krusenstern
Cape Blossom
Cape Espenberg
Cape Deceit
Elephant Pt.
Russia
Canada
NANA Regional Corporation
Land Status
Two Worlds One Spirit
Map compiled by
NANA Regional Corporation, Inc.
Lands Department
Date: 1/25/2003
Projection:
Alaska State Plane Zone 7
NAD 27
NANA Selected Lands
NANA Owned Lands
KIC Selected Lands
KIC Owned Lands
State Selected Lands
State Owned Lands
Overlapping KIC and State Selections
Overlapping NANA and KIC Selections
Overlapping NANA and State Selections
Overlapping NANA, KIC and State Selections
Federal Designated Lands
Bureau of Land Management
Roads
NANA Regional Boundary
Federal Mining Claims or Prospect

HB

289

<TARGET><BILL>HB 289</BILL><SUBJECT>HB 289</SUBJECT><COMM>HRES27</COMM></TARGET>

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

M E M O R A N D U M February 28, 2012

SUBJECT: One editorial change in CSHB 289(RES)
(Work Order No. 27-LS1216\D)

TO: Representative Paul Seaton
Co-Chair of the House Resources Committee
Attn: Louie Flora

FROM: Donald M. Bullock Jr.
Legislative Counsel

Enclosure is the bill referenced above that includes the reduction in qualifying capacity and reduction in qualifying expanded capacity from 1,000,000 gallons to 25,000 gallons. Please read this draft carefully to ensure that it is consistent with the committee's intent.

Following a review of the final version of this bill, one editorial change was made. The terms defined in AS 43.20.047(*l*) in sec. 3 of the bill are now listed in alphabetical order, but were not in the previous version -- 27-LS1216\I. This editorial change is not a substantive change and is made to conform the bill to the drafting manual and style used in the Alaska Statutes.

If I may be of further assistance, please advise.

DMB:ljw
12-166.ljw

Enclosure

27-LS1216\I
Bullock
2/20/12

CS FOR HOUSE BILL NO. 289( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE THOMPSON

A BILL

FOR AN ACT ENTITLED

"An Act relating to a an above-ground liquefied natural gas storage facility; relating to the tax credit for an investment in an above-ground liquefied natural gas storage facility; relating to the regulation of gas storage as a utility; relating to the powers and duties of the director of the division of lands and to lease fees for a liquefied natural gas storage facility on state land; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* **Section 1.** AS 38.05 is amended by adding a new section to read:

Sec. 38.05.096. Exemption from rental payments on land leased for certain liquefied natural gas storage facilities. (a) A person leasing state land for a liquefied natural gas storage facility other than a gas storage facility subject to AS 38.05.180(u) may request an exemption from lease payments as provided in this section. The exemption is applicable for the periods described in (b) of this section.

(b) The exemption is available for the calendar year in which the liquefied

natural gas storage facility commences commercial operation and for each of the nine calendar years immediately following the first year of commercial operation. However, an exemption is not applicable for the calendar year after the facility ceases commercial operation or for any subsequent calendar year.

(c) The lessee shall provide the director with any information the director requests to determine whether the lessee qualifies for the exemption.

(d) Information related to state land leased for a liquefied natural gas storage facility qualifying for the exemption in this section is public information and may be furnished to the Regulatory Commission of Alaska. On request, the director shall provide the name of each person using state land leased for a liquefied natural gas storage facility, the years for which an exemption was granted, and the amount of the exemption.

(e) A person receiving an exemption for a payment under this section that contracts to store liquefied natural gas for a utility regulated under AS 42.05 shall reduce the storage price to reflect the value of the exemption.

(f) In this section,

(1) "ceases commercial operation" and "commences commercial operation" have the meanings given in AS 31.05.032;

(2) "liquefied natural gas storage facility" means a tank that is available for the storage of liquefied natural gas.

*** Sec. 2.** AS 42.05.990(3) is amended to read:

(3) "natural gas storage facility" means a facility that receives natural gas volumes **either as gas or liquefied natural gas** from customers, holds the gas volumes in a reservoir, **tank, depleted or nearly depleted pool, or other above-ground containment structure,** and delivers the gas volumes to the customer; in this paragraph, "facility" includes

(A) all parts of the facility from the point at which the natural gas volumes are received by the facility from the customer to the point at which the natural gas volumes are delivered by the facility to the customer; **and**

(B) [A FACILITY CONSISTING OF A RESERVOIR,

EITHER UNDERGROUND OR ABOVEGROUND, AND] one or more of the following components of the facility:

(i) pipe;

(ii) compressor stations;

(iii) station equipment;

(iv) injection and extraction wells;

(v) on-site or remote monitoring, supervision, and control facilities;

(vi) gas processing plants and gas treatment plants, but not including a liquefied natural gas or manufacturing plant or facility;

(vii) other equipment necessary to receive, place into **storage** [THE RESERVOIR], monitor, remove from **storage** [THE RESERVOIR], process, and deliver natural gas;

* **Sec. 3.** AS 43.20 is amended by adding a new section to article 1 to read:

Sec. 43.20.047. Above-ground liquefied natural gas storage facility tax credit. (a) A person that is an owner of an above-ground liquefied natural gas storage facility described in (b) of this section that commences commercial operation before January 1, 2020, may apply a refundable credit against a tax liability that may be imposed on the person under this chapter or receive the amount of the credit in the form of a payment for the taxable year in which the liquefied natural gas storage facility commences commercial operation. The tax credit or payment under this section may not exceed the lesser of $15,000,000 or 50 percent of the costs incurred to establish or expand the above-ground liquefied natural gas storage facility. The tax credit in this section is in addition to any other credit under this chapter for which the person is eligible.

(b) To qualify for the credit in this section, an above-ground liquefied natural gas storage facility

(1) must have a liquefied natural gas storage volume of not less than 1,000,000 gallons of liquefied natural gas, or, if the credit is claimed for an expansion, the expansion must have increased the capacity of an existing above-ground liquefied natural gas storage facility by more than 1,000,000 gallons;

↑ 1 week GVEA 2, mil gal tank 350,000 gal

1 mil = 15 days 12.1q = 1 mcf

(2) may not have been in operation as an above-ground liquefied natural gas storage facility before January 1, 2011, unless the tax credit in this section is based on the expansion of the above-ground liquefied natural gas storage facility after December 31, 2011;

(3) must be regulated under AS 42.05 as a utility and be available to furnish the service of natural gas storage to customers, utilities, or industrial facilities; in this paragraph, "service of natural gas storage" has the meaning given in AS 42.05.990, except that, in this paragraph, the natural gas storage is limited to the service of liquefied natural gas storage;

(4) if located on state land and leased or subject to a lease under AS 38.05, must be in compliance with the terms of the lease; and

(5) must have commenced commercial operation on or before the date the person takes a credit under (a) of this section or applies for a payment under (a) of this section.

(c) To claim the credit or request a payment, a person shall submit to the department a certification of the capacity of the above-ground liquefied natural gas storage facility measured in gallons or the capacity of an expansion to an existing above-ground liquefied natural gas storage facility measured in gallons, the date that the liquefied natural gas storage facility commenced commercial operation, the date that any expansion to the facility commenced commercial operation, and other information required by the department.

(d) A person applying the credit under this section against a liability under this chapter shall claim the credit on the person's return. A person entitled to a tax credit under this section that is greater than the person's tax liability under this chapter may request a refund or payment in the amount of the unused portion of the tax credit.

(e) The department may use money available in the oil and gas tax credit fund established in AS 43.55.028 to make a refund or payment under (d) of this section in whole or in part if the department finds that (1) the claimant does not have an outstanding liability to the state for unpaid delinquent taxes under this title; and (2) after application of all available tax credits, the claimant's total tax liability under this chapter for the calendar year in which the claim is made is zero. In this subsection,

"unpaid delinquent tax" means an amount of tax for which the department has issued an assessment that has not been paid and, if contested, has not been finally resolved in the taxpayer's favor.

(f) For the purpose of determining the amount of the credit under this section, the costs incurred to establish an above-ground liquefied natural gas storage facility or to expand an above-ground liquefied natural gas storage facility shall be submitted to the department with verification by an independent certified public accountant, licensed in the state. The volume of working liquefied natural gas storage or volume of the expansion to an existing above-ground liquefied natural gas storage facility shall be verified by a professional engineer licensed in the state with relevant experience.

(g) A person may not receive a credit under this section for the acquisition of an above-ground liquefied natural gas storage facility for which a credit has been taken under this section.

(h) If the above-ground liquefied natural gas storage facility for which a credit was received under this section ceases commercial operation during the nine calendar years immediately following the calendar year in which the liquefied natural gas storage facility commences commercial operation, the tax liability under this chapter of the person who claimed the credit shall be increased, and a person not subject to the tax under this chapter that received a payment under (d) and (e) of this section shall be liable to the state in the amount determined in this subsection. The amount of the increase in tax liability or liability to the state

(1) for a person subject to the tax under this chapter, shall be determined and assessed for the taxable year in which the liquefied natural gas storage facility ceases commercial operation, regardless of whether the liquefied natural gas storage facility subsequently resumes commercial operation;

(2) for a person not subject to the tax due under this chapter, shall be determined and assessed as of December 31 of the calendar year in which the liquefied natural gas storage facility ceases commercial operation, regardless of whether the liquefied natural gas storage facility subsequently resumes commercial operation; and

(3) is equal to the total amount of the credit taken or received as a payment under (d) of this section, as applicable, multiplied by a fraction, the

numerator of which is the difference between 10 and the number of calendar years for which the liquefied natural gas storage facility was eligible for a tax credit under this section and the denominator of which is 10.

(i) The issuance of a refund under this section does not limit the department's ability to later audit or adjust the claim if the department determines, as a result of the audit, that the person that claimed the credit was not entitled to the amount of the credit. The tax liability of the person receiving the credit under this chapter is increased by the amount of the credit that exceeds that to which the person was entitled. If the tax liability is increased under this subsection, the increase bears interest at the rate set by AS 43.05.225 from the date the refund was issued.

(j) A person claiming a tax credit under this section for a liquefied natural gas storage facility that ceases commercial operation within nine calendar years immediately following the calendar year in which the liquefied natural gas storage facility commences commercial operation shall notify the department in writing of the date the liquefied natural gas storage facility ceased commercial operation. The notice must be filed with the return for the taxable year in which the liquefied natural gas storage facility ceases commercial operation.

(k) A refund under this section does not bear interest.

(*l*) In this section,

(1) "liquefied natural gas storage facility" means a gas storage facility in which liquefied natural gas is stored in a tank or other above-ground containment structure;

(2) "ceases commercial operation" means that the above-ground liquefied natural gas storage facility fails to add or withdraw 20 percent or more of its working capacity of liquefied natural gas during a calendar year after the calendar year in which the above-ground liquefied natural gas storage facility commences commercial operation;

(3) "commences commercial operation" means the first input of liquefied natural gas into a liquefied natural gas storage facility for purposes other than testing.

* **Sec. 4.** AS 43.55.028(a) is amended to read:

(a) The oil and gas tax credit fund is established as a separate fund of the state. The purpose of the fund is to purchase transferable tax credit certificates issued under AS 43.55.023 and production tax credit certificates issued under AS 43.55.025 and to pay refunds **and payments** claimed under AS 43.20.046 **or 43.20.047**.

* **Sec. 5.** AS 43.55.028(g) is amended to read:

(g) The department may adopt regulations to carry out the purposes of this section, including standards and procedures to allocate available money among applications for purchases under this chapter and claims for refunds **and payments** under AS 43.20.046 **or 43.20.047** when the total amount of the applications for purchase and claims for refund exceed the amount of available money in the fund. The regulations adopted by the department may not, when allocating available money in the fund under this section, distinguish an application for the purchase of a credit certificate issued under AS 43.55.023(m) or a claim for refund under AS 43.20.046 **or AS 43.20.047**.

* **Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).

ALASKA STATE LEGISLATURE

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REPRESENTATIVE STEVE THOMPSON
DISTRICT 10

Explanation of Changes version A to Version I (2.22.12)

- Moves above-ground natural gas storage facilities into their own section of law in AS 43.20.
- The size of a storage tank facility applying for a credit must be verified by a professional engineer.
- For the purposes of determining the amount of the credit, the costs incurred to establish an above ground facility shall be submitted to the department with verification by an independent certified public accountant, licensed in the state.
- Clarifies how a person not subject to taxes under this chapter can claim a payment.

E-mail Representative_Steve_Thompson@legis.state.ak.us

ALASKA STATE LEGISLATURE

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REPRESENTATIVE STEVE THOMPSON
DISTRICT 10

Sponsor Statement HB 289 version I

"An Act relating to an above-ground liquefied natural gas storage facility; relating to the tax credit for an investment in an above-ground liquefied natural gas storage facility; relating to the regulation of gas storage as a utility; relating to the powers and duties of the director of the division of lands and to lease fees for a liquefied natural gas storage facility on state land; and providing for an effective date."

The cost of energy is crippling a good portion of Interior Alaska's economy. The ever increasing expense of heating homes and operating businesses during the long, cold, dark winter hurts the ability of Interior Alaskans to put food on the table today and plan for the future. The Fairbanks community spends over $600 million per year on space heating, pays the highest natural gas prices in the country and does not receive the state energy incentives or subsidies available to residents and communities in other regions of our state.

House Bill 289 incents the private sector's delivery of lower cost natural gas to Interior Alaska by extending tax credits to a liquid natural gas trucking project for the Interior. A new credit for construction of above-ground liquefied gas storage tanks makes this program more flexible to fit the varying needs of gas delivery throughout the state. This legislation applies to tanked storage with a minimum volume of one million gallons. The amount of the credit is limited to 50% of construction costs up to $15 million. This allows areas of Alaska that do not have depleted gas reservoirs available, as Cook Inlet does, to receive a monetary incentive for costs associated with constructing above-ground tanks for storing LNG.

HB 289 would allow Golden Valley Electric Association, Flint Hills Refinery or another gas supplier to take concrete steps toward delivering sizeable volumes of trucked natural gas to the Interior. All money from these credits for tanked storage would be under the oversight of the Regulatory Commission of Alaska, ensuring that any savings are passed along to the rate payer thereby lowering costs and keeping more dollars in the local community.

I urge you to join me in lowering Interior Alaska's energy costs by supporting House Bill 289.

E-mail Representative_Steve_Thompson@legis.state.ak.us

ALASKA STATE LEGISLATURE

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Juneau, Alaska 99801-2186
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REPRESENTATIVE STEVE THOMPSON
DISTRICT 10

Sectional Analysis for Sponsor Substitute for HB 289 version \I (dated 2.21.12)

Section 1. AS 38.05.096 Creates a new section under AS 38.05 that allows eligible above ground liquefied natural gas tank storage facilities, sited on state lands, to request an exemption from rental payments. The exemption could extend for up to ten years following the commencement of commercial operations as long as the facility continues to operate. Information regarding the rental exemption is deemed to be "public" and is available to the RCA upon request. A person receiving a rental exemption must adjust the storage charge downward to reflect this state benefit and pass it through to the storage customers. The intent of this new section of law is to mirror the existing benefit offered to natural gas storage operations that eligible to apply for a rental payment exemption under AS 38.05.180(u).

Section 2. AS 42.05.990(3) Amends the definition of "natural gas storage facility" and "facility" in AS 42.05.990(3) to assure that tank storage, or storage in a depleted or nearly depleted pool are afforded the same benefit that geologic natural gas storage already enjoys.

Section 3. Adds a new section to AS 43.20

AS 43.20.047. Creates a new credit for a liquefied natural gas storage facility of 1,000,000 gallons or more or an expansion of an existing facility of 1,000,000 gallons or more. The credit is capped at fifteen million dollars or 50 percent of the development cost whichever is less. This credit is in addition to any other credits for which the storage facility is eligible under this chapter. States that the liquefied natural gas storage facility must be regulated by the Regulatory Commission of Alaska and establishes how the credit or payment shall be disbursed. Sets forth how a person who has received a credit shall repay the credit if the facility ceases commercial operations within the nine calendar years immediately following the calendar year in which the facility commenced commercial operations. This section also defines "liquefied natural gas storage facility", "ceases commercial operation" and "commences commercial operation".

E-mail Representative_Steve_Thompson@legis.state.ak.us

Sections 4 & 5. Make conforming amendments to accommodate the new tax credits under AS 43.20.047.

Section 6. Establishes an immediate effective date for the legislation.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB289**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB289-DOA-AOGCC-2-3-12
Title: Natural Gas Storage Tax Credit/Regulation
Sponsor: Representative Thompson
Requester: House Resources

Dept. Affected: Administration
Appropriation: AOGCC
Allocation: Alaska Oil and Gas Conservation Commission
OMB Component Number: 2010

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Not Applicable, Initial version.

Prepared by: Dan Seamount, Commissioner
Division: DOA-Alaska Oil and Gas Conservation Commission
Approved by: John Cramer, Deputy Commissioner
Department of Administration

Phone: (907) 793-1221
Date/Time: 2/18/12 3:06 PM
Date: 2/3/2012

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB289

Analysis

There would be a minimial amount of additional work for the Alaska Oil and Gas Conservation Commission (AOGCC) resulting from this bill and it could be managed by existing staff members. Therefore, the AOGCC submits a zero fiscal note.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 289**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB289-DOR-TAX-02-20-12
Title: Natural Gas Storage Tax Credit/Regulation
Sponsor: Representative Thompson
Requester: House Resources

Dept. Affected: Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	***	***	***	***	***	***	***

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This is the initial version of the bill.

Prepared by: Cherie Nienhuis, Commercial Analyst
Division: Tax
Approved by: Alicia Egan, Legislative Liaison
Department of Revenue

Phone: 907-269-1019
Date/Time: 2/20/12; 3pm
Date: 2/20/2012

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 289

Analysis

The revenue impact of this bill is indeterminate.

This bill makes several amendments to the corporate income tax credit authorized at AS 43.20.046 and exempts certain gas storage facilities from lease rental payments. Significant amendments include the following:

1. A new section is added that exempts from lease rental payments the gas storage facilities identified in this bill. Therefore, the revenue impact should include only the additional natural gas storage facilities that may be added under this bill. The revenue impact of this provision is indeterminate at this time.

2. The definition of "natural gas storage facility" has been changed to differentiate tanks and depleted or nearly depleted pools, and distinctions have been made in the volumes that qualify for each type of storage facility. Nontank storage must have a working capacity of at least 500 million cubic feet of gas and tank storage must have a capacity of at least 1 million gallons. One cubic foot of gas equals about 7.4805 gallons; therefore 1 million gallons equals 133,681 cubic feet (or 133.681 thousand cubic feet) of gas.

3. The basis for the maximum tax credit has been changed from the lesser of $15 million or 25% of the costs incurred to establish a gas facility, to a maximum of $15 million, earned at a rate of $1.50 per 1,000 cubic feet of working gas storage capacity. With this change, a 10 million gallon storage facility would earn a tax credit of approximately $2,000, regardless of how much it cost to establish the facility (10 million gallons divided by 7.4805 gallons per cubic foot, divided by 1,000, times $1.50.

4. In the case of a gas storage facility ceasing commercial operation during the nine calendar years following the year that the facility commences commercial operation, the liability to the state must be assessed as of December 31 of the year that the facility ceases operation. For practical purposes, this means that audits must be completed on the facility operations in the year that the operation is ceased. As written, a change of this nature would place a greater burden on the auditors to initiate and conclude an audit in a much shorter timeframe for these operations.

The bill has an immediate effective date.

The Department of Revenue anticipates that it would be able to administer the provisions of this bill with existing resources.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 289**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB289-DCCED-RCA-02-03-12
Title: Natural Gas Storage Tax Credit/Regulation
Sponsor: Representative Thompson
Requester: House Resources

Dept. Affected: DCCED
Appropriation: Regulatory Commission of Alaska
Allocation: Regulatory Commission of Alaska
OMB Component Number: 2417

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1141	RCA Rcpts (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version

Prepared by: T. W. Patch, Chairman
Division: Regulatory Commission of Alaska
Approved by: JoEllen Hanrahan, Director Administrative Services
Commerce, Community, and Economic Development

Phone: 276-6222
Date/Time: 2/3/2012 3:30 p.m.
Date: 2/3/2012

(Revised 11/28/2011 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 289

Analysis

This legislation is relating to a gas storage facility; relating to the tax credit for a gas storage facility; relating to the powers and duties of the Alaska Oil and Gas Conservation Commission; relating to the regulation of natural gas storage as a utility; relating to the powers and duties of the director of the division of lands and to lease fees for a gas storage facility on state land; and providing for an effective date.

The RCA expects to implement the provisions of this legislation with existing resources.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version **HB289**
Fiscal Note Number
() Publish Date

Identifier (file name) HB289-DNR-MLW-02-17-12
Title Natural Gas Storage Tax Credit/Regulation
Sponsor Rep. Thompson
Requester House Resources

Dept. Affected Department of Natural Resources
Appropriation Land & Water Resources
Allocation Mining Land & Water
OMB Component Number 3002

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	***	***	***	***	***
FUND SOURCE			(Thousands of Dollars)				
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Prgm (DGF)							
1037 GF/MH (UGF)							
1178 temp code (UGF)							
TOTAL	**0.0**	**0.0**	***	***	***	***	***
POSITIONS							
Full-time	**0**						
Part-time	**0**						
Temporary	**0**						
CHANGE IN REVENUES	**(12.5)**		***	***	***	***	***

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by Brent Goodrum, Division Director
Division Mining Land & Water
Approved by Daniel S. Sullivan, Commissioner
Department of Natural Resources

Phone (907) 269-8625
Date/Time 02-17-2012/ 5:00
Date 2/18/2012

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB289

Analysis

HB 289 creates an exemption from land lease payments (for leases issued under AS 38.05.070-105), for up to ten calendar years from date of issuance, for lands leased for gas storage facilities (other than under AS 38.05.180(u)).

This lease payment exemption will reduce revenues equal to the lease payments due to the state related to these types of leases for the years the exemption is allowed. Currently there is one qualifying lease with an annual rent of $12,500 based on the fair market value of the land leased. The total fiscal impact of this proposed legislation after FY 13 is indeterminate because the number of gas storage leases that may be issued in the future is unknown. Future leases may be issued under oil and gas leases issued under AS 38.05.180.

The legislation will not affect the lease issuance or maintenance operations of the department .

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version **HB289**
Fiscal Note Number
() Publish Date

Identifier (file name) HB289-DNR-O&G-02-17-12
Title Natural Gas Storage Tax Credit/Regulation
Sponsor Representative Thompson
Requester House Resources Committee

Dept. Affected Department of Natural Resources
Appropriation Oil & Gas
Allocation Oil & Gas
OMB Component Number 439

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	***	***	***	***	***	***	***

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, Initial Version

Prepared by William C. Barron, Director
Division Division of Oil and Gas
Approved by Daniel S. Sullivan, Commissioner
Department of Natural Resources

Phone 907-269-8800
Date/Time 2/17/12 5:00 PM
Date 2/18/2012

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB289

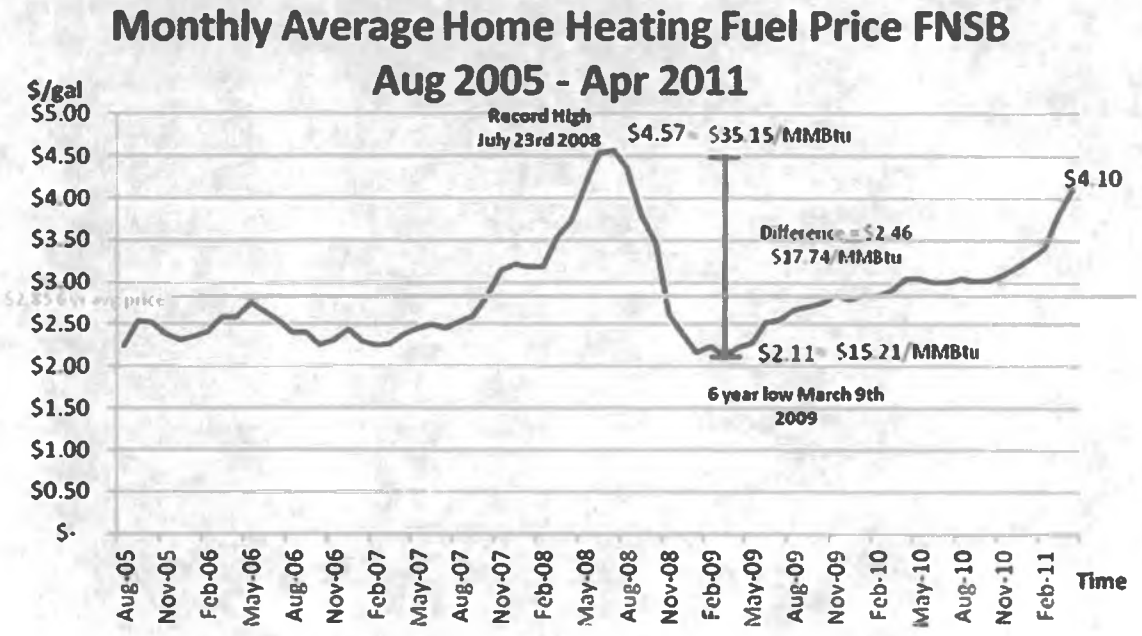
Analysis

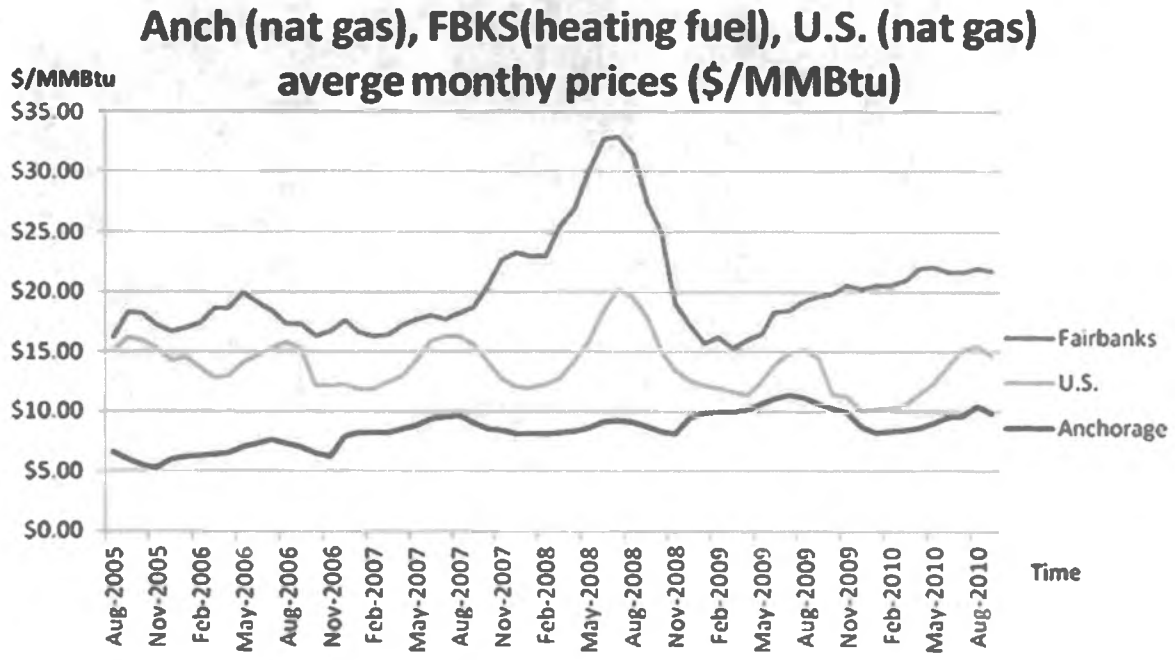
HB 289 extends provisions encouraging gas storage in subsurface gas storage to also cover tank storage. Section 2 provides that the lessee of a surface lease for gas storage can receive a 10 year exemption from making lease payments. Sections 4 and 5 extend the Alaska corporate income tax credit for subsurface gas storage facilities to tank storage, requiring that a tank be able to store 1,000,000 gallons of gas to qualify.

There is no anticipated fiscal impact to the Division of Oil and Gas. The application of tax credits will have an indeterminate impact on the revenues acquired by the Division.

HB 289 also allows a business entity not subject to the Alaska Corporate Income tax to receive the credit in the form of a cash payment. In addition, for both surface and subsurface storage, the credit under AS 43.20.046(a) can also now exceed 25% of the storage facility cost as long as the total credit for a single facility does not exceed $15 million.

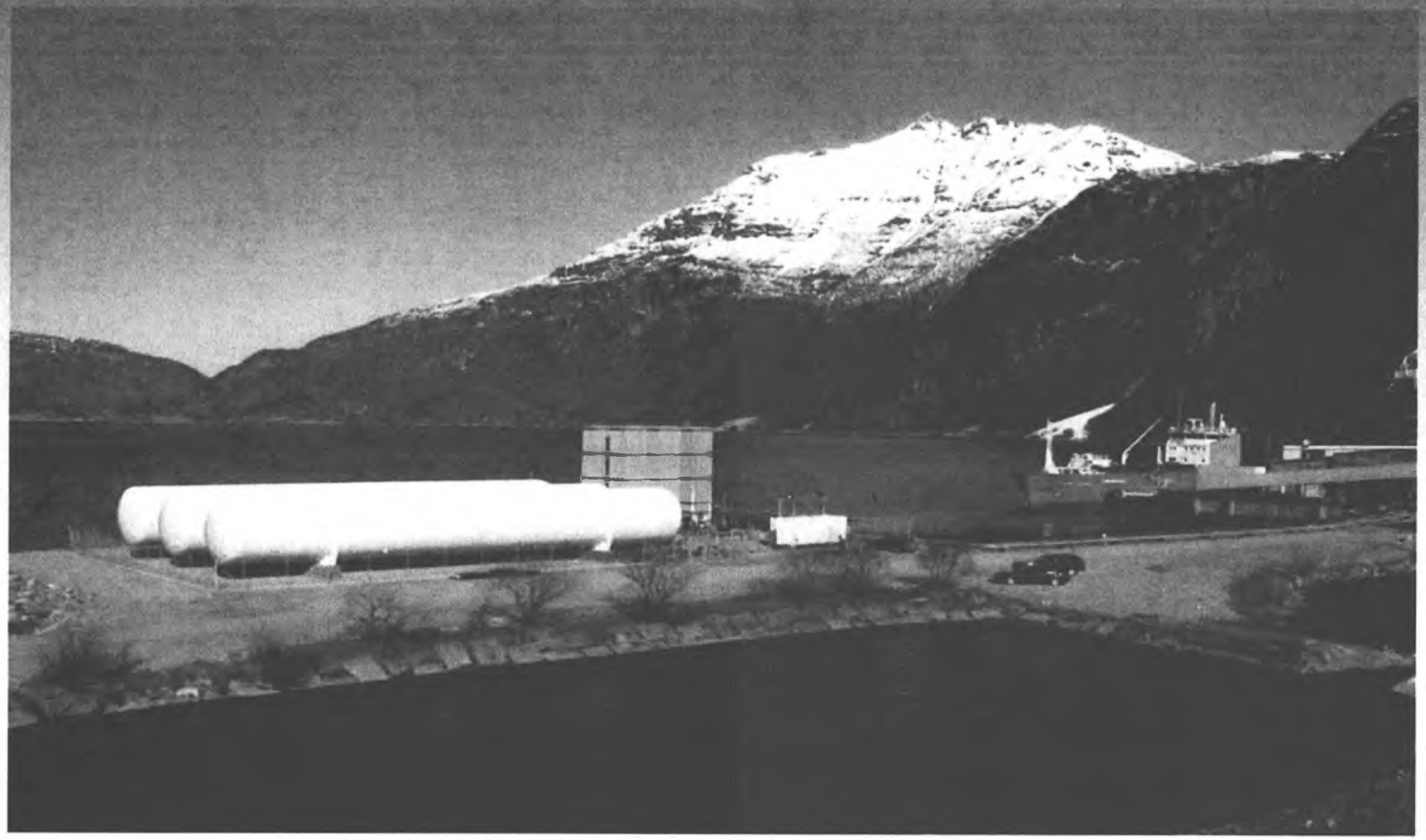
To the extent new markets are not accessed, the impact of the credit is indeterminate. The credit might not increase the netback value of the gas for royalty purposes because a gas storage facility is regulated under this section, with the value of the credit likely passed on to the consumer. The State's royalty value also might be more or less for gas removed from a lease and put into storage versus gas removed from the lease and sold.





Source: Data obtained from Energy Information Administration 2011

Small Scale LNG Receiving Terminal



Knutsen OAS
Shipping


2000 M3 LNG Storage tank

Louie Flora

From: Hans R. Tveitaskog <hrt@knutsenot.com>
Sent: Thursday, February 03, 2011 3:23 AM
To: Louie Flora
Subject: RE: Coastal LNG distribution in Alaska

Louie,

The delivery ports for Pioneer Knutsen in Norway would have population from let's say 200 up to 2-3000. However, we do not have any grid for household distribution. The LNG is used for small industry, aluminium industry, ferries running on LNG, and offshore support vessels also running on LNG.

The batches could be between 200 cub.m. up to full cargo. The biggest receiving terminal today I believe is approx 2000 cub.meters. Reason for being approximate on these figures is that receiving terminals have not been within our scope of delivery. For same reason I neither have the investment costs at this stage.
Most of them, however, are very simple. Fenced in insulated tanks with a minimum of piping, valves, and instrumentation. Gasification module has to be included. These simple plants are unmanned, and operated by vessel's crew during cargo transfer. This requires location of plant in close vicinity of the vessel.

For more large scale supply, we are also looking into supply of LNG for a planned gas power station for electric power supply to a community of approx 400.000 people, farming and small industry. Just to show that we are looking into "all sizes" of supply.

Please also note that we are presently developing a vessel that will take both LNG and oil products like Heavy fuel, Diesel, or gas-oils in separate tanks in order to satisfy various consumers on the same roundtrip.

Sorry not to be able to answer your cost question at this stage.

Best regards

Hans Tveitaskog

From: Louie Flora [mailto:Louie_Flora@legis.state.ak.us]
Sent: 2. februar 2011 17:19
To: Hans R. Tveitaskog
Subject: RE: Coastal LNG distribution in Alaska

Thank you for your prompt response. Can you provide our office with population details about the ports that you deliver small batches of LNG to, and the sizing and cost of the storage tanks for these small communities?

Louie Flora
Staff, Representative Paul Seaton
Alaska State Legislature
(907) 465-3923

From: Hans R. Tveitaskog [mailto:hrt@knutsenot.com]
Sent: Wednesday, February 02, 2011 3:43 AM
To: Louie Flora
Subject: Coastal LNG distribution in Alaska

Good morning,

HB

295

<TARGET><BILL>HB 295</BILL><SUBJECT>HB 295</SUBJECT><COMM>HRES27</COMM></TARGET>

Representative Mike Hawker
Alaska State Legislature

Session:
State Capitol
Juneau, AK 99801
907 465-4949 direct
800 478-4950 toll free
907 465-4979 fax

Interim:
716 W 4th Avenue
Anchorage, AK 99501
907 269-0244 office
907 269-0248 fax

House District 32:
Eagle River
Anchorage
Rainbow
Indian
Bird
Girdwood
Portage
Whittier
Sunrise
Hope

House Bill 295
Sponsor Statement

"An Act approving an interim classification by the commissioner of natural resources closing certain land within the Glacier Creek and Winner Creek drainages to new mineral entry; and providing for an effective date."

House Bill 295 is the next step in a long process to create a world-class, four-season recreational destination in the community of Girdwood – ensuring that lands that have been set aside for recreational use for the past two decades remain that way.

Specifically, the bill would approve Mineral Order 1121 (MO 1121), which closes to new mineral entry approximately 5,580 acres of state-owned and state-selected lands in the Glacier-Winner Creek Drainages. MO 1121 builds upon more than twenty years of planning, studies and use of the Girdwood Valley area and is consistent with both the Turnagain Arm Management Plan and the Girdwood Area Plan. Approving this mineral closure will provide the necessary assurance that future conflicts over appropriate land use will be avoided.

This action benefits community members and visitors by expanding outdoor recreation activities as well as the local economy, by spurring increased public and private sector investment in the development of recreational and tourism opportunities and, in turn, increased jobs and economic prosperity.

The closure of these lands has undergone an extensive public process and is supported by local residents, Girdwood 2020, the Alyeska Resort and other local businesses, the Municipality of Anchorage Heritage Land Bank, the Department of Natural Resources and the Alaska Miners Association.

Staff Contact: Juli Lucky 465-3733

4/4/2012

State of Alaska
Department of Natural Resources
Division of Mining, Land, and Water

FINDING OF THE COMMISSIONER
AS 38.05.185(a) and 38.05.300(c)

MINERAL ORDER (Closing) 1121
Glacier-Winner Creek Drainages

The Southcentral Regional Manager of the State of Alaska, Department of Natural Resources, Division of Mining, Land, and Water recommends thru the Director's Office that the Commissioner close to new mineral entry approximately 5,580 acres of state and state selected lands within the Upper Girdwood Valley (see Attachment A) in accordance with AS 38.05.185(a) and 38.05.300(c). The purpose of this closure is to support and promote additional recreational development in the Glacier and Winner Creek drainages near Girdwood, Alaska.

Mineral Order (MO) 1121 compliments Mineral Closing Order 593, Amendments 1, 2, and 3.

Background:
The need for a Mineral Closing Order in this area became apparent some time ago when numerous federal mining claims were staked while the federal government was in the processes of conveying these lands to the State of Alaska. As the Municipality of Anchorage was interested in these lands for recreational development, they purchased the claims so that there would be no conflict between surface and sub-surface users. During the formulation of the Turnagain Arm Management Plan, the Anchorage Assembly requested that the State close the area to new mineral staking. In the early 1990's the Commissioner of the Department of Natural Resources closed this area to mineral entry on approximately 10,000 acres of state, state selected, and municipal lands in the Girdwood Valley under Mineral Closing Orders 593 (including amendments 1 and 2). This closure had a term limit of ten years. In 2002, the Commissioner extended the mineral closing order for another ten year term through MCO 593 Amendment 3 (MCO 593 A3). This extension will expire on April 2, 2012.

In accordance with AS 38.05.300(c), MCO 593 A3 was presented to the 2003 Alaska State Legislature for approval. That approval was granted through House Bill (HB) 139 which enacted as ch. 8, SLA 2003. Sec. 4 of that act provides that should the DNR Commissioner certify to the governor and the revisor of statutes on or before April 2, 2012, that development of a resort as described in sec. 1 of the act and as provided in

and Municipality of Anchorage land use plans has begun, the expiration of the closing order would not take effect.

Originally, DNR public noticed that all mineral closing actions for this area would be conducted under MO 1121. It was the intent of DNR to bundle all of the MCOs together and eliminate the confusion the various amendments have caused. However, after consulting with the Department of Law, it was determined that the best course of action was to certify that recreational development has occurred per legislative requirements outlined within ch. 8, SLA 2003. Therefore, a separate process of certifying development has already occurred will parallel this finding, thus eliminating the expiration date for those lands affected by the third amendment of MCO 593 and negating the need to include them within MO 1121.

Recommended Actions under this Finding:

1. Issue Mineral Order 1121 (closure) per AS 38.05.185(a) as mineral entry (mining) is incompatible with the significant surface use development activities occurring within the Glacier and Winner Creek drainages near Girdwood.

2. Transmit and introduce Mineral Order 1121 within the first 10 days of the 2012 legislative session for legislative approval per AS 38.05.300(c).

Rationale for Mineral Closures within the Glacier and Winner Creek Drainages:
Community interest in expanding recreational opportunities within the Girdwood Valley has increased significantly within the last decade. Local interest groups, private businesses, and governmental agencies have developed Nordic ski trails, expanded backcountry helicopter and snowcat skiing opportunities, upgraded local trails including the Winner Creek Trail system, and Alyeska Resort has commissioned the development of a Master Development Plan to promote skier based recreational facilities within the Glacier and Winner Creek drainages. Furthermore, in July 2011 a legislative appropriation of 3.5 million dollars to extend Arlberg Road was approved to fund the necessary road development project to secure access into the Winner Creek area. This extension project is designed to encourage additional recreational infrastructure including, a Nordic trail facility; expanding the existing Nordic trail systems; additional parking areas; and land necessary for additional lodging and real estate opportunities.

If the lands in the Girdwood area were to open to mineral entry and claims staked, it would interfere with the planned, orderly development of the area and could interfere with attempts of developers to obtain financing. Additionally mining activity in this area would be incompatible with the management intent for Management Units 3a and 3b described in the Turnagain Arm Management Plan, which recognizes that this area should be closed to mineral entry. By not taking action to close this area to mineral entry, the possibility exists that mineral staking could occur, in the same way that it did previously with the Municipality of Anchorage. This approach is inconsistent with the intent of AS 38.05.185 which provides for the closure of areas where an apparent incompatibility exists. Substantial recreational development has already occurred and a

development plan has been drafted that provides for recreational use and infrastructure development of this area. The reopening of this area to mineral entry would be incompatible with these existing and planned recreational activities.

Term Length:
The previous mineral orders in this area have been subject to a term limit, in large part based on the stipulation in the area plan that the closures be of ten year duration. However, in its entirety the area plan states "This closure is in effect until ten years from the date of conveyance of this land to the state, at which time the land may be re-opened to mineral entry *if resort development is not likely to occur."* Until recently, it was not apparent when and how this type of development would occur, but this aspect has changed and development on a long-term basis is now much more probable.

One large factor in favor of vacating the "termed" MCO approach is a recent change in ownership of Alyeska Resort. When the first mineral closure was instituted over 20 years ago, the then owner of Alyeska Resort strongly indicated no desire to expand ski area facilities beyond its current boundary, stating that any such expansion of ski area facilities would have to be addressed by a third party. That situation alone made it very difficult for a third party to find it financially feasible to create new skier services in the area which would meet the requirement for a long-term mineral closure.

The current owner of Alyeska Resort is committed to extensive upgrades of equipment and facilities at the resort and to the development of increasingly diverse recreation opportunities within the area of closure. In fact, this change in ownership has resulted in millions of dollars being spent for recreational and infrastructure development to date. Additionally, continued upgrades are planned for the resort, including new lift systems. Forecasted lift upgrades at the Alyeska Resort within the next several years will cost millions of dollars for which public and private financing is available. However, if the Glacier and Winner Creek drainages are subjected to another Mineral Order with a term limit imposed, investment in new lift systems – as well as other important infrastructure improvements—are not likely to occur due to the absence of long term certainty. Alyeska Resort has stated that it is committed to investing capital dollars into infrastructure but not if the area is open to mineral entry.

There is significance to the condition of new ownership at the resort that goes beyond the financial realities. This owner is a highly skilled owner/operator in the ski resort business and is acutely aware of the importance and significance of the resource values in this area. Not just for the opportunity to expand recreational services beyond the current resort's boundary, but for the values development in the surrounding area offer his existing operation at the resort. Increasing the diversity of recreational choices in the surrounding backcountry increases the value of Alyeska Resort as a destination. A diversity of attractions in the area as a whole will lead to increased demand for services, development of jobs, and opportunity for new entrepreneurs. Expansion of recreational based facilities into the Glacier Winner Creek Valley is shown to be feasible by a detailed analysis and technical feasibility study commissioned and paid for by Alyeska Resort. When such an expansion might occur is more closely related to economic conditions.

Agency Review:
An Interagency Review was initiated on January 6, 2011 and concluded on January 18, 2011. Included in the review were Alaska Department of Transportation and Public Facilities, Alaska Department of Environmental Conservation, Alaska Department of Fish and Game, Bureau of Land Management, U. S. Forest Service, Municipality of Anchorage, and Cook Inlet Region Incorporated. Within the Department of Natural Resources, the Divisions of Mining, Land, and Water; Parks and Outdoor Recreation; and the Geological & Geophysical Surveys were included in the review. In total, one "no objection" comment and three agency comments were received.

Agency Comments:

U.S. Forest Service/Glacier Ranger District

Supports the mineral closure in favor of the recreational development in the Girdwood area. Closure is in accordance with current U.S. Forest Service management intents.

MOA Heritage Land Bank

Fully supportive of the mineral closure. MOA lands in the upper Girdwood Valley have a mix of commercial, residential, and recreational values which are inconsistent with mineral entry. They would prefer if the closure was permanent.

ADGGS

The Alaska Division of Geological & Geophysical Surveys reviewed the lands within MO 1121 for mineral resources. They have reported that the USGS and BLM reports are good and thorough summaries for the potential of locatable minerals in this area and that there are no known mineral prospects within the closure area.

Public Notice:
Pursuant to AS 38.05.945, a draft Commissioner's Finding was advertised for a 30 day public comment period, starting on January 20, 2011. This notice was run in both the Anchorage Daily News and the Turnagain Times. Courtesy notices were mailed to interested parties located in and around the mineral closure area on January 19, 2011. The deadline to submit comments was set for February 21, 2011. However, as that date turned out to be a state holiday, the deadline was extended to February 22 so as to accommodate those who tried to submit comments on the last day.

Public Comment Summary:
During the public notice period, DNR received ten public comments in favor of the mineral closure. Below is a summary of those submitted reasons:

- Important for the continued sustainability and viability of the Alyeska resort.
- Important for any possible expansion of the Alyeska Resort.
- Important to maintain the natural view shed for locals and tourist alike.

- Mining is inconsistent with recreation and tourism development and only benefits a few while recreation is available for everyone's enjoyment.
- Several residents did not want to live next to "full blown mining" but also felt that recreational gold panning was acceptable.
- Important to protect current and future recreational development including;
    - Alyeska Resort
    - Expanding Nordic ski trails
    - The upgraded Winner Creek trail system
    - Commercial snowcat and helicopter skiing activities
- A mineral closure in this area would be consistent with the Turnagain Arm Management Plan, Alaska Statehood Act, Alaska state law, and various natural resource court decisions.

Furthermore, nine of the commenters stated that they wanted the mineral closure to either be indefinite or permanent. One comment was submitted by Crow Creek Mine which stated that they supported the intent of the mineral closure, but they recommended instituting a term limit of 10 to 15 years on lands not under a recreational lease so as to prevent a "permanent" closure.

- **DNR Response**: The State of Alaska has the ability to open or close land to new mineral entry through mineral orders. Typically these mineral orders do not have an expiration date. The State of Alaska does not have the ability to make a mineral order permanent. This was purposely set up this way so that future generations can address changes in land use. The Girdwood mineral orders which were established in 1991 were unusual in that the orders had a termination date. This was purposely done so as to trigger a review of land use patterns in the upper Girdwood Valley every ten years. At this time, DNR has determined that sufficient recreational development has begun in the Girdwood area and in order to protect current recreational activities and promote further development, DNR will not place an expiration date on this mineral closure order.

Crow Creek Mine recommended including land within Township 11 North Range 2 East, Seward Meridian: Section 33: SE1/4 SW1/4 All lands lying SE of Crow Creek Road, and Section 34: SE1/4SW1/4 all lands lying East of Crow Creek Road within MO 1121. According to Crow Creek Mine, this would exclude and not impact the U.S. Survey 11872 and federal mining claim recordations AA 56277, AA 56278, AA 56282 and AA 56283.

- **DNR Response**: Mineral Order 1121 (MO 1121) does not include the area described above. Instead, this area is already covered under Mineral Closing Order 593, Amendment 3 (MCO 593A3). It is important to recognize, neither mineral closing order has any effect on U.S. Survey 11872 and federal mining claim recordations AA 56277, AA 56278, AA 56282 and AA 56283 as they are not state owned lands. So long as Crow Creek Mine's federal mining claims are active, these lands are not eligible to be conveyed to the state. If at some point in

time this area is conveyed to the state, MCO 593A3 will then affect the area described.

During the adjudication of MO 1121, an error in the Tentative Approval (TA) for this area was discovered in which two federal mining claims (AA 56277 and AA 56278) were inadvertently excluded from the TA. For this reason, DNR will pursue an amendment to the legal description for MCO 593A3 to read as follows: Township 11 North, Range 2 East, Section 34: SW1/4 all land lying east of Crow Creek Road, SE1/4; excluding mining claim recordations AA 56277, AA 56278, AA 56282 and AA 56283 and U.S. Survey 11872.

Signature page follows:

Commissioner's Decision:
In accordance with of AS 38.05.185(a) and AS 38.05.300(c), I find that the best interest of the State of Alaska and its residents are served by issuing Mineral Order 1121 for closure to mineral entry the described lands within Attachment A. The closure is necessary and proper in order to protect current recreational activities and to promote further development in the Girdwood area. This Administrative Finding determines that mining would be incompatible with the significant surface uses on state land, including potential land disposals such as a recreational development lease (AS 38.05.073), and does not place any term limit on the closure.

The effective date of this closure is to be 30 days after the approval of Mineral Order 1121 by the Commissioner of the Department of Natural Resources. Mineral Order 1121 closes all state land described in Attachment A until such time that the Department determines that they are no longer required for this function. The described state selected lands within Mineral Order 1121 will automatically take effect upon conveyance to the state.

Recommended By: Richard B. Thompson 9/16/2011
Richard B. Thompson
Southcentral Regional Land Manager Date

Concurrence: 9/16/2011
Brent Goodrum, Director Date
Division of Mining, Land & Water

Approved: FOR 10/11/2011
Daniel S. Sullivan, Commissioner Date
Alaska Department of Natural Resources

Request for Reconsideration:
A person affected by this decision may request reconsideration, in accordance with 11 AAC 02. Any reconsideration request must be received by 5:00 pm on November 1, 2011 and may be mailed or delivered to Daniel S. Sullivan, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400. Anchorage, Alaska 99501; faxed to 1-907-269-8918, or sent by electronic mail to dnr.appeals@alaska.gov. If reconsideration is not requested by that date or if the commissioner does not order reconsideration on his own motion, this decision goes into effect as a final order and decision on November 14, 2011. Failure of the commissioner to act on a request for reconsideration within 30 days after issuance of this decision is a denial of reconsideration and is a final administrative order and decision for purposes of an appeal to Superior Court. The decision may then be appealed to Superior Court within a further 30 days in accordance with the rules of the court, and to the extent permitted by applicable law. An eligible person must first request reconsideration of this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND AND WATER

[ ] Northern Region
3700 Airport Way
Fairbanks, AK 99709
(907) 451-2705

[x] Southcentral Region
550 W. 7th Ave, Suite 900C
Anchorage, AK 99501-3577
(907) 269-8503

[ ] Southeast Region
400 Willoughby, #400
Juneau, AK 99801
(907) 465-3400

MINERAL ORDER 1121
Closing Lands to Mineral Entry

I. Legal Description/Geographic Location: Glacier and Winner Creek Drainages, Girdwood, AK

II. This mineral order is based upon the attached Commissioner's Finding and the written documentation contained in: MO 1121

III.

File Number	Legal Description	Acreage

Please see Attachment A

IV. This order is subject to valid existing rights and issued under the authority granted by AS 38.05.185 - 38.05.275 to the Department of Natural Resources. The above described lands are hereby **CLOSED** to entry under the locatable mineral and mining laws of the State of Alaska.

Concur: _____ 9/16/2011
Brent Goodrum, Director — Date
Division of Mining, Land and Water

Approved: _____ 10/11/2011
Daniel S. Sullivan, Commissioner — Date
Department of Natural Resources

ATTACHMENT A

MINERAL ORDER NO. 1121

Containing approximately 5,580 acres
within the Glacier and Winner Creek Drainages near Girdwood, AK

LEGAL DESCRIPTION

State owned lands affected by this MO are further described as follows:

Township 10 North 2 East, Seward Meridian

Section 9: E½SE¼NE¼ within the Chugach National Forest
E½SE¼ within the Chugach National Forest
Section 10: SW¼SW¼NE ¼,
S½NW¼ except for the N½NE¼SE¼NW¼,
SW¼, W½SE¼, W½SW¼NE¼SE¼,
SE¼SE¼ except for the NE¼SE¼SE¼
Section 14: W½
Section 15: All
Section 16: E½E½ within the Chugach National Forest
Section 21: E½NE¼NE¼ within the Chugach National Forest
Section 22: N½N½

Totaling approximately 1,540 acres

State selected lands included within this MO:

Township 11 North Range 3 East, Seward Meridian

Section 20: SE¼
Section 21: W½SW¼
Section 28: W½W½
Section 29: All
Section 30: S½
Section 32: NE¼
Section 33: NW¼NW¼

Township 11 North Range 2 East, Seward Meridian

Section 25: S½SE¼

Township 10 North Range 3 East, Seward Meridian

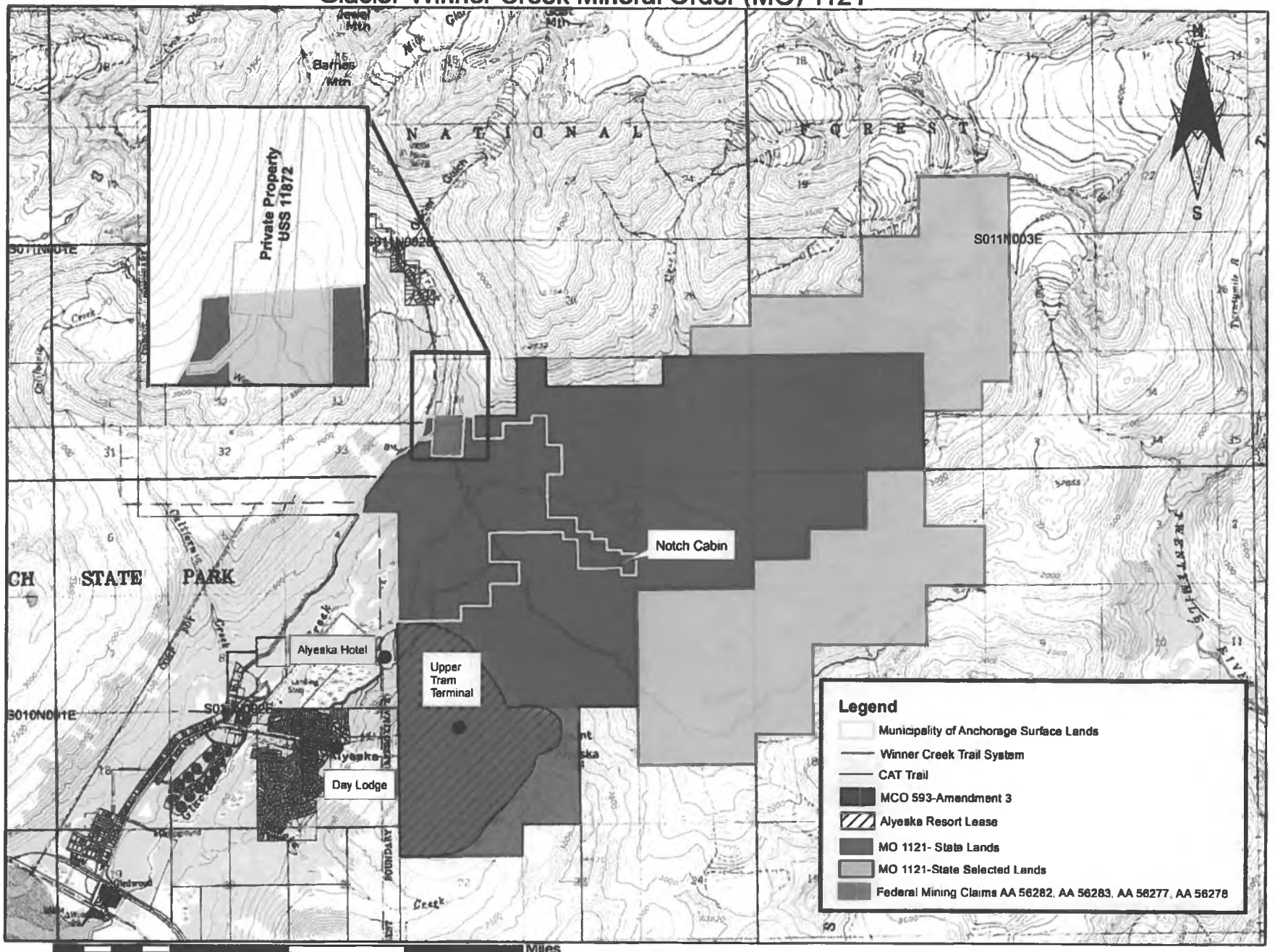
Section 5: NW¼, S½
Section 6: SE¼, S½SW¼
Section 7: SW¼, N½
Section 8: NW¼
Section 18: N½NW¼

Township 10 North 2 East, Seward Meridian

Section 12: All
Section 13: N½

Totaling approximately 4,040 acres

Glacier-Winner Creek Mineral Order (MO) 1121



DNR, DML&W, August 2011

GIRDWOOD 2020

P.O. Box 1102
Girdwood, Alaska 99587
www.girdwood2020.org

Executive Committee

Diana Stone Livingston, Chair
Hank Hosford, Secretary
Carl Propes, Treasurer

Gary Bucy
Randall Call
Larry Cash
Larry Daniels
Dick Day
Jeff Demain
Bryan Epley
Alexandra Fletcher
Bob Gross
Di Hiibner
Lana Johnson
Lynn Johnson
Philip Livingston
David McVeigh
Dave Parish
Sherron Perry
John Rense
Dave Stratton
Ethan Tyler
Dave Wilson

Jim Barnett, Honorary Member
Per Bjorn-Roli, Honorary Member
Chris von Imhof, Honorary Member

February 17, 2011

Mr. Rick Thompson, Regional Land Manager
Alaska Department of Natural Resources
Division of Mining, Land and Water
Southcentral Region Land Office
550 West Seventh Avenue, Suite 900C
Anchorage, AK 99501-3577

Subject: Girdwood 2020 Supports Proposed Finding of the Commissioner Mineral Order 1121

Mr. Thompson:

Thank you for this opportunity to comment in support of the referenced Proposed Finding of the Commissioner, Mineral Order 1121. Girdwood 2020 is a citizen's group that advocates for thoughtful resort, recreation and community development in the Girdwood Valley. We also advocate for the region's natural setting and the mountain gateway community lifestyle this area offers. Our organization realizes that a healthy community has a good economy, and to that end we support wise valley infrastructure as well as education and employment consistent with a mountain resort community. Our membership includes both Girdwood residents and non-resident property owners, and other interested parties, all committed to the area.

Girdwood 2020 recognizes the importance of mineral resources to the State of Alaska and the role mining played in the origins of our community, so we did not arrive at our position lightly. Natural resource revenues are the backbone of our State and we all enjoy the job and infrastructure benefits provided by mineral revenues. However, most of the Girdwood area has been under mineral closure for the past decade based on its potential for a recreation-based economy. During that time significant progress has been made towards the recreational development proposed in the Girdwood Area Plan completed in 1994.

The Girdwood Area Plan is the best guide for land use in this area. The plan recognizes the potential for a variety of recreational uses, and acknowledges that the area could eventually become a high quality four season development of international scope.

In its present configuration, the Girdwood area is an economic generator that provides activities to Alaska residents and visitors. Improvements of the past ten years include trail enhancement, a major overhaul of Alyeska Resort's ski and support facilities, and new biking and hiking venues. A public visitor center focusing on the Girdwood Valley's history has been opened at the top of the Alyeska Resort Tram.

Under construction today is a major multi-use Nordic all season loop in the Girdwood upper valley. The first 5K is nearly completed and when opened will accommodate Nordic activities, hikers, bikers and other trail users, at all times of the year. When the full trail design is realized we expect it to attract more major winter events and visitors to Alaska.

The present owner of Alyeska Resort embraces the vision contemplated in the Girdwood Area Plan. In addition to many resort improvements, the owner is providing real estate opportunities that will enhance commercial and visitor related business in the area.

Over the past ten years, Girdwood 2020 has confirmed widespread support for the concept of four season recreation development in the area. Numerous statewide organizations, leaders and government agencies came together to sign a memorandum of understanding in support of the concept. We have conducted two independent surveys that found overwhelming support for recreational development among the residents of Girdwood and Anchorage. Furthermore, the State and Federal governments have funded significant infrastructure and road improvements that support the growth of the community and recreational development.

I say with certainty that this letter of support expresses the convictions of Girdwood 2020's membership that the portions of the Girdwood Valley now closed to mining activity should continue to be closed.

You may contact me for clarification and further information. Thank you.

Sincerely,

Diana Stone Livingston, Chair
Girdwood 2020
Email: dstoneliv@livingstonalaska.com
Phone: 907-351-5722

ALASKA MINERS ASSOCIATION, INC.
[illegible]

February 6, 2012

The Hon. Cathy Giessel
The. Hon. Bill Hawker
State Capital
Juneau, Alaska

Re: SB181 and HB285

Dear Senator Giessel and Representative Hawker;

As you both are aware, the Alaska Miners Association is a long established group dedicated to promoting the responsible development of Alaska's mineral resources. The Alaska Miners Association is a non-profit membership organization established in 1939 to represent the mining industry in Alaska. The AMA is composed of more than 1400 individual prospectors, geologists and engineers, vendors, suction dredge miners, small family mines, junior mining companies, and major mining companies. Our members look for and produce gold, silver, platinum, diamonds, lead, zinc, copper, coal, limestone, sand and gravel, crushed stone, arrnor rock, and other materials. Our members live and work throughout the state.

We recently took up the questions that are addressed in your respective bills as identified above, regarding a mineral closure order in the Glacier and Winter Creek drainages in the Girdwood area. We are specifically appreciative of the process followed by DNR, in evaluating the proposed areas as to their mineral potential and other values. We support the closure orders and agree with the assessment that these lands are properly suitable for expansion of the recreation uses. We would note that should such use cease, we would like to see the closure orders reversed and the areas reopened to mineral development.

Again, we appreciate the chance to comment and support the effort to accomplish these particular withdrawals. Thanks to you both for all of the hard work and dedication you provide to the citizens of Alaska in your roles as legislators.

Please feel free to contact me if you have further questions or need additional information.

Cordially,

Fred Parady
Executive Director

HB 298

<TARGET><BILL>HB 298</BILL><SUBJECT>HB 298</SUBJECT><COMM>HRES27</COMM></TARGET>

REPRESENTATIVE PAUL SEATON

SESSION ADDRESS
State Capitol Building
Juneau, Alaska 99801-1182
(907) 465-2689
Fax: (907) 465-3472
1-800-665-2689

INTERIM ADDRESS
345 W. Sterling Highway
Homer, Alaska 99603
(907) 235-2921
Fax: (907) 235-4008
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ALASKA STATE LEGISLATURE
House District 35

Sponsor Statement

HB 298

HB 298 repeals the requirement that sand and gravel operators pay the mining license tax. This tax costs the state nearly as much to administer as it is raises. The Department of Revenue agrees that the mining license tax on sand and gravel operators is burdensome and labels the sand and gravel tax a "nuisance tax." During the last five years, the Department of Revenue collected between $206,000 and $320,000 annually in mining license tax revenue on sand and gravel operations and spent nearly $150,000 each year to administer the tax.

Sand and gravel is processed into multiple products such as concrete, asphalt, concrete block and wide variety of aggregates. Each of the final products have a different expense track associated with them. They are sold at retail, wholesale and at competitive bid prices. Each of these products, their cost of extraction, transportation, various expense tracks from processing and multiple sales prices are part of the many permutations that sand and gravel operators use to calculate their mining license tax. The Department of Revenue ensures compliance through a very detailed audit. The cost of these audits to businesses often exceeds the tax amount paid by the business.

Between 40% and 60% of sand and gravel mined in the state is used in public works projects. The mining license tax payment on these projects is paid by the state and local governments through the increased cost of the projects. This "left pocket/right pocket" payment is a burden to the Department of Revenue auditors does not raise any additional funds for the state.

Repealing the mining license tax requirement for sand and gravel operators will remove a significant burden to Alaska businesses, and will allow the Department of Revenue to direct their auditing capabilities on higher cost mineral mining operations.

http://www.RepPaulSeaton.com
Email: Rep_Paul_Seaton@legis.state.ak.us

27-LS1263\A.1
Bullock
1/31/12

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 298

Page 1, line 1:

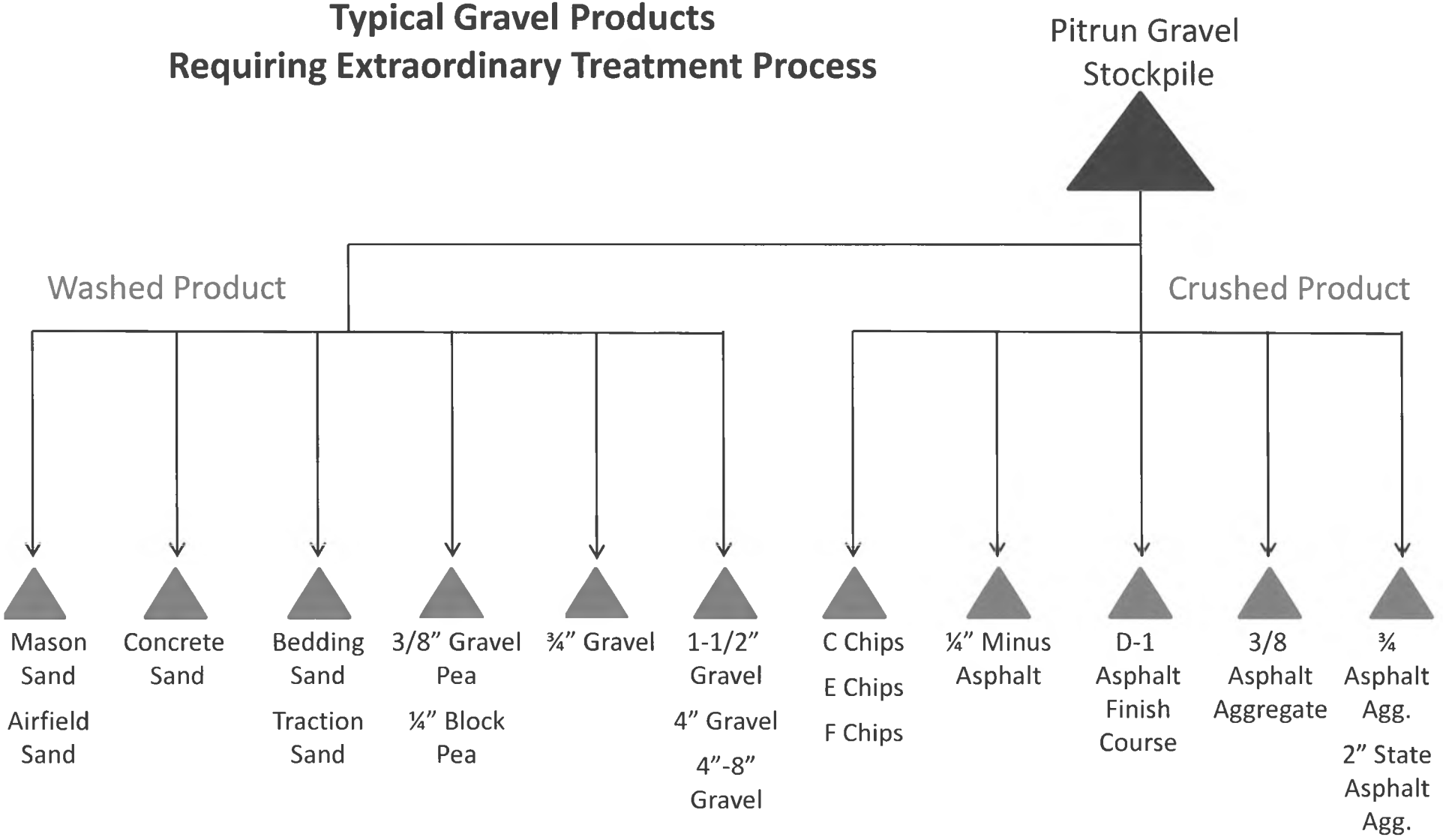
Delete "**sand and gravel**"

Insert "**quarry rock, sand and gravel,**"

Page 2, line 3, following "**earth.**":

Insert "**quarry rock.**"

Typical Gravel Products
Requiring Extraordinary Treatment Process



FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB298**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB298-DNR-DMLW-1-30-12
Title: Exemptions from Mining Tax
Sponsor: Representative Seaton
Requester: House Resources

Dept. Affected: Department of Natural Resources
Appropriation: Land & Water Resources
Allocation: Mining Land & Water
OMB Component Number: 3002

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version

Prepared by: Brent Goodrum
Division: Mining Land & Water
Approved by: Daniel S. Sullivan
Commissioner

Phone: (907) 269-8625
Date/Time: 01-30-2012 / 4:00 PM
Date: 1/30/2012

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB298

Analysis

Section 1 of HB 298 removes a sentence from AS 43.65 which effectively exempts mining of sand and gravel from the mining license tax.

Section 2 of HB 298 also amends the definition of mining under AS 43.65 to exclude "marketable earth" as a product that is extracted, mined, or taken from the earth. It also excludes marketable earth, sand and gravel from the definition of mining as the ordinary treatment processes applied by mine owners or operators to obtain the commercially marketable product. Therefore, by removing the mining of sand, gravel and marketable earth from this section, the mining of these products are exempt from the mining license tax.

If enacted, this bill takes into effect July 1, 2012. This bill is expected to have zero fiscal impact on the Department of Natural Resources.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 298**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB298-DOR-TAX-01-27-12
Title: Exemptions From Mining Tax
Sponsor: Representatives Seaton and Kawasaki
Requester: (H) RES

Dept. Affected: Revenue
Appropriation: Taxation and Treasury
Allocation: Tax
OMB Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES		(150.0)	(300.0)	(300.0)	(300.0)	(300.0)	(300.0)

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version.

Prepared by: Johanna Bales, Deputy Director — Phone: 269-6628
Division: Tax — Date/Time: 1/27/12 9:30 AM
Approved by: Jerry Burnett, Director Administrative Services — Date: 1/30/2012
Department of Revenue

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB 298
2012 LEGISLATIVE SESSION

Analysis

Bill Language:
This bill would exempt sand and gravel and marketable earth from the mining license tax. During FY 2011, the Department received 182 mining license tax returns from sand and gravel operators. Included in those tax returns was activity from the extraction of other marketable earth such as peat, top soil, and the like. Only 17 of those 182 taxpayers paid tax. Under the current mining license tax structure, taxpayers do not pay tax if their current year net mining license taxable income is less than $40,000. Most sand and gravel taxpayers do not have more than $40,000 in net income annually and, therefore, do not pay tax. They are, however, required to obtain a mining license and file a mining license tax return each year.

Revenues:
During the past five years, the state has received the following amount of mining license tax revenue from sand and gravel operations:

Fiscal Year	# of Licensees	Sand & Gravel Tax	Total Mining Tax Revenue	Sand & Gravel Tax (Percent of Total)
2007	11	$267,592	$79,141,526	.3%
2008	38	$285,314	$54,408,228	.5%
2009	140	$260,355	$16,044,139	1.6%
2010	131	$206,830	$29,725,100	.7%
2011	189	$320,360	$43,338,119	.7%

Based on previous filings, the Department expects that total mining license tax revenues will decrease each year by approximately $300,000. This bill has an effective date of July 1, 2012, which would result in decreased revenue in FY 2013 of approximatley $150,000 as taxpayers, which file on a calendar year basis, would report and pay tax on 6 months of activity (January 1, 2012 through June 30, 2012).

Sand and gravel operators that currently use their mining license in lieu of a business license will be required to obtain a business license each year. The state could see a small increase in business license revenue as a result of this bill.

Expenditures:
During the past five years , the Department has expended approximately $150,000 each fiscal year on the examination and audit of sand and gravel tax returns. Staff used to conduct those examinations were diverted from other excise tax programs to focus on sand and gravel taxpayers as the Department was aware that there was a significant number of non-filers in this tax type. As you can see from the above data, compliance efforts by the Department which started in FY 2007 resulted in the number of licensees increasing dramatically from only 11 in FY 2007 to 189 in FY 2011. However, there was not a dramatic increase in revenues as most taxpayers brought into compliance had less than $40,000 in mining license net income and, therefore, paid no tax. The Department does not expect to reduce staff as a result of this legislation as most resources that currently focus on sand and gravel mining have been re-assigned to compliance activities and audits of other excise taxes.

HC Contractors
FAIRBANKS · ALASKA

PO Box 80688
Fairbanks, AK. 99708

Telephone (907) 488-5983
Fax (907) 488-9830

January 30, 2012

To: Representative Eric Feige

Re. HB298 Mining Tax

Representative Feige:

Our companies are engaged in construction of roads, and building sites locally around Fairbanks utilizing our owned gravel sources.
We have been reporting and paying the mining tax.
November 24, 2009 the State of Alaska Department of Revenue requested and audit of our records. A request for extension by the Department of Revenue was received July, 2011. Over 2 years have passed without resolution.

This process is costly and burdensome:

1. The rules are not clearly defined leaving determination of the rules open to interpretation.
2. The audit process is time consuming, burdensome, frustration and costly for companies to comply. Records are voluminous and have to be transferred by mail. It is as if we are in a legal suit rather than regulation compliance.

Most of H C Contractors work is public work. This will only increase the cost of doing work on those contracts. The extra cost will be added to the contracts so the government dollars will pay the tax back to the government through the increase. This is a futile process.

The mining tax on local gravel sources needs to be repealed. These are not mineral resources. This will save money for all of us.
Thank you.

Sincerely,

William Hoople
President, H C Contractors, Inc.

SAMUEL P. TROTZKE, CPA
664 Feliz St.
North Pole, AK 99705
(907) 488-4967

January 30, 2012

State of Alaska
Honorable Legislators
Juneau, Alaska

Sent via email

RE: House Bill 298

Dear Honorable Legislators:

I would like to express my support for House Bill 298, in the Legislature of the State of Alaska, Twenty-Seventh Legislature – Second Session.

The above referenced House Bill, as introduced on January 25, 2012, would exempt sand and gravel mines from the requirement to calculate and pay the annual mining license tax. I am supportive of removing the requirement that sand and gravel mines be subject to the mining license tax as the law currently reads.

Current statutes and regulations are vague and difficult to understand. I have had many conversations with State of Alaska employees at the Department of Revenue regarding this tax. It is my belief that each person reading the regulations could reasonably draw different conclusions with respect to similar fact patterns making the calculations of the tax difficult and expensive for the mining operations.

Please vote in favor of removing this burdensome tax requirement from sand and gravel operators as the costs of preparing, reviewing and filing the mining tax returns are greater than the benefits derived from the tax for both the operators and the State of Alaska.

Thank you for your kind attention to this matter. Please feel free to contact me should you have further questions.

Respectfully,

S. T

Sam Trotzke

ASSOCIATED GENERAL CONTRACTORS of ALASKA

8005 Schoon Street • Anchorage, Alaska 99518
Telephone (907) 561-5354 • Fax (907) 562-6118

3750 Bonita Street • Fairbanks, Alaska 99706
Telephone (907) 452-1809 • Fax (907) 456-8599

January 31, 2012

Representative Eric Feige
State Capitol, Room 126
Juneau, AK 99801-1182

Re: HB 298

Dear Representative ~~Feige~~: Eric

On behalf of the Associated General Contractors of Alaska, a construction trade association of over 650 business members, representing the majority of the construction industry in Alaska, I ask for your support of HB 298.

Working with our affected companies last spring, we realized that the present mining license tax structure was poorly applied to aggregate production in the construction industry.

Last summer we started working with the Department of Revenue on the problems with the present tax as it applies to quarry rock and sand and gravel operations in Alaska and how the present requirements could be improved on a revenue neutral basis. After researching the revenue to the State and the cost of administration, it was recommend that quarry rock and sand and gravel operations should be exempted from the requirements.

This has been a cooperative effort between industry and the administration. We quickly recognized that this was a true nuisance tax. For the State, it produced little revenue. For the construction industry, it is very complicated to calculate and even more complicated to audit, for relatively little revenue to the state and many times more expense to industry. When you consider that the majority of the mined and processed product goes into public works projects, government is paying most of the associated costs and the tax, at the expense of our projects.

I urge you to support HB 298 and this exemption to the mining license tax.

Sincerely,

John MacKinnon
Executive Director
Associated General Contractors of Alaska

AS&G a subsidiary of Alaska Basic Industries
ANCHORAGE SAND and GRAVEL CO., INC.
1040 O'Malley Road • Anchorage, AK 99515 • Toll-free: (888) 349-3133 • Phone: (907) 349-3333
Fax: (907) 344-2844 • www.anchsand.com

WRITTEN TESTIMONY IN FAVOR OF HOUSE BILL NO. 298

I am Ben Simmons, Vice President – Controller, of Anchorage Sand and Gravel Co., Inc. I have been employed in this capacity for the past 37 years. I have extensive experience with Chapter 43.65 Mining License Tax, filing required tax returns and responding to audits. Based upon my experience and knowledge of the Mining License Tax statute, the following testimony is respectfully submitted.

- **Ambiguous.** The Mining License Tax Statute as it pertains to sand and gravel is very ambiguous and difficult to apply to sand and gravel operations. All mining operations covered by the statute is basically one item (ie. Gold, silver, coal, etc.), with the exception of sand and gravel which can be between 20-30 products. Therefore, applying the statute to sand and gravel requires analysis of 20-30 different items instead of one. In the past 30 years I have been involved in three audits which included 1-3 years of tax returns each. Each audit was handled differently than the previous and final dispositions were settlement agreements with no real guidance for future return filings. The major points of contention are always "fair market value" and "ordinary treatment process" and value of sand and gravel used internally. The statute contains definitions of each, but each is difficult to apply to sand and gravel operators. For instance, operators in vertically integrated companies (typically suppliers) have very different processes from operators who are general contractors. AS&G is a vertically integrated company (supplier) which sells approximately 70% of its mined product to third parties and uses 30% internally. Mining operators who are general contractors sell approximately 30% of their mined product to third parties and use 70% internally (for asphalt, road beds, building pads, etc.). Suppliers' internal sales would include aggregates for asphalt, ready mix concrete, concrete block, sacked goods, etc.
- **Inconsistent application of tax and No "market price" for sand and gravel.** The statute requires internal sales to be valued at "fair market value after they have been subjected to ordinary treatment processes". Unlike gold, silver, lead, zinc, etc., there is no exchange or commodities board one can go to and get the "market or field price" for sand and gravel. So when determining the value to be used for internal use of sand and gravel auditors generally rely on the average sales price by product to third parties. This approach does not take into account bid prices for large quantities, high prices for hard to make specs or simple value added for additional handling. These prices are determined on a product by product basis from one producer to another, so the amount of tax paid by one producer can vary greatly from another

on exactly the same product. Therefore, fair application of the tax is not consistent from one taxpayer to the next.

- **Burdensome.** A great deal of time is required to gather and generate the necessary information for filing a tax return. The current thinking at the Department of Revenue Auditing Division is that "fair market price" should be determined on a product by product basis. AS&G currently makes and inventories between 20-30 aggregate products, so gathering information is very time consuming. In addition, if audited the time requirement and expense grows significantly. Our last audit for tax years 2005-2006 took almost 18 months and costs to AS&G in time and attorney expenses were well over $50,000.00 just complying with requests for information and meetings.
- **Non-productive tax.** It is my belief that the amount of taxes collected from sand and gravel producers is insignificant compared to the cost to the state. During previous audits through discovery it was determined that the state had collected slightly more than $200,000 in mining taxes and AS&G accounted for approximately 50% of this. I can only assume that audit costs are greater than revenue.

In summary, ambiguity as it pertains to sand and gravel, inconsistent application of tax, no markets or indexes for sand and gravel, burdensome and time consuming to comply and non-productive tax are reasons why sand and gravel should be exempted from the Mining License Tax statute. Government (local, state and federal) is the end customer for the majority of our products and ultimately pays this tax and our expense. An exemption from this tax for sand and gravel producers should reflect lower costs of materials to construction projects. It will not be readily identifiable due to the competitive nature of the construction industry, but costs of construction materials should be lower.

Respectfully,

Ben D. Simmons
V.P. Controller

From: Rep. Paul Seaton
Subject: FW: Mining License Tax - Bill Number HB298

From: Brian Vreeling [mailto:BVreeling@COLASKA.com]
Sent: Monday, January 30, 2012 5:38 PM
To: Rep. Paul Seaton; Rep. Eric Feige; Rep. Peggy Wilson; Rep. Alan Dick; Rep. Neal Foster; Rep. Bob Herron; Rep. Cathy Munoz; Rep. Berta Gardner; Rep. Scott Kawasaki
Cc: John@aggak.org
Subject: RE: Mining License Tax - Bill Number HB298

Colaska, Inc. operates as an integrated construction business that owns and leases multiple sand and gravel pits throughout Alaska. Our activities include extracting sand & gravel and processing these extracts into different marketable products. These products are either sold externally to third-party customers or utilized internally in making redi-mix concrete, asphalt hot mix, or on road construction projects.

The Mining License Tax law as it currently exists places an undue hardship and burden on sand and gravel operations to comply with for several reasons.

Firstly, as an integrated business that has some operations considered 'mining activities' and others that are not, it has proven to be difficult to carve out our mining activities from our integrated activities to file a meaningful mining income tax return on an annual basis. This carving requires us to spend much more time to prepare and create the mining income tax return than it does to prepare our corporate income tax return for the IRS and the State of Alaska.

Secondly, we are currently being audited by the Department of Revenue (DOR) for two years of our mining tax returns. The audit process started more than a year ago and is now just coming towards an end. Because of our integrated operations, it has been difficult for the DOR to apply the mining tax law as it currently exists to our situation. Again having integrated activities, it has proven to be very onerous for the DOR to audit a carved out piece of our entire business. To date we have spent well in excess of a combined 800 hours in our organization complying with the audit and responding to audit requests. This is in addition to the hours and costs expended by the DOR on this audit.

Thirdly, the ultimate consumer of our products is the government. In 2011, 78% of our revenues came from public sources. The cost of the mining tax itself, as well as our internal costs to comply with this tax are being passed on to our customers, which the majority is coming from government funds.

In summary, as the Vice President of Finance of a company that must comply with the Mining License Tax, I whole heartedly support House Bill No. 298 to exempt sand and gravel and marketable earth mining operations. My support comes from direct experience in the cost and efforts to comply with the current law which by far exceed the tax revenue generated from it.

Yours truly,
Brian Vreeling, CPA
Vice President, Finance
Colaska, Inc.
4000 Old Seward Highway, Suite 101
Anchorage, Alaska 99503

COLASKA
Alaska, USA

January 31, 2012

Dear Representative Seaton:

As President of one of Alaska's large, road construction companies that must comply with the Mining License Tax, I am informing you that House Bill No. 298 has my full support, and I encourage you to vote for its passage.

Colaska, Inc. operates as an integrated construction business that owns and leases multiple sand and gravel pits throughout Alaska. Our activities include extracting sand & gravel and processing these extracts into different marketable products. These products are either sold externally to third-party customers or utilized internally in making redi-mix concrete, asphalt hot mix, or on road construction projects, the majority of which are public works projects.

We are currently being audited by the State of Alaska, Department of Revenue (DOR) for two years of our mining tax returns. The audit process started more than a year ago and is now just coming towards an end. It has been difficult for the DOR to apply the mining tax law as it currently exists to a company like ours that performs integrated activities. To date we have spent well in excess of a combined 800 hours in our organization complying with the audit and responding to audit requests. This is in addition to the hours and costs expended by the DOR on this audit with a minimal revenue result.

At a time when we are trying to encourage business and growth in our great State of Alaska, I believe there are much better places to spend our time and energy than trying to resurrect a "make work" program that probably does not cover its own costs.

Please vote for house Bill #298.

Sincerely,

COLASKA, INC.

Ben A. Northey, CPC
President

AGGPRO EMULSION PRODUCTS NORTH POLE ANCHORAGE University REDI-MIX FAIRBANKS, AK PACIFIC ASPHALT GENERAL CONTRACTORS QAP SECON EXCLUSIVE PAVING

Colaska, Inc. • 4000 Old Seward Highway • Suite 101 • Anchorage AK 99503
(907) 273-1000 phone • (907) 273-1099 fax



February 1, 2012

Representative Paul Seaton
Co-Chair of House Resources Committee
State Capitol Room 102
Juneau, Alaska 99801

Reference: House Bill No. 298
"An Act exempting sand and gravel and marketable earth mining operations from the mining license tax; and providing for an effective date."

Dear Representative Seaton:

Great Northwest, Inc. is a privately held civil contractor based in Fairbanks that contracts primarily with the State of Alaska and the federal government to construct roads, airports and building sites. Currently the State of Alaska taxes the revenue we receive from the sale of sand and gravel, and peat moss mined from our material sites in Fairbanks, Delta and Healy and used in these projects. While the mining license tax is paid for by Great Northwest, the money to pay for the tax is generated through the sale of sand and gravel and peat moss to our customers. The State of Alaska and the federal government represent approximately 90% of our sales and, therefore, indirectly pay for 90% of our mining license tax.

Over the past ten years Great Northwest has paid approximately seventy-eight hundred dollars ($7,800) in sand and gravel, and peat moss mining license taxes. For the past year we have been being audited by the State of Alaska Department of Revenue for calendar years 2008 and 2009. We are hoping that these audits will be concluded by July or August of this year. To date we have expended approximately 200 staff hours working with the State auditors supplying documents as requested and helping to answer questions that arise during the audit. In order to conduct the audit the State of Alaska has flown two auditors to Fairbanks twice and provided them with approximately three days room and board each trip. I am confident that if you look at the money expended by the State of Alaska to conduct the audit of our books you will find that they spent more money auditing two years of our records than they collected from us

(907) 452-5617 ● Fax (907) 456-7779 ● P.O. Box 74646 ● Fairbanks, Alaska 99707
800-440-8924 ● 2975 Van Horn Road ● Fairbanks, Alaska 99709
e-mail: info@grtnw.com Web Page: www.grtnw.com

in 10 years. Incidentally, while we paid $7,800 since 2001 in mining license taxes, to date the audit has determined that we over paid our taxes by $500.

In addition to the cost of an audit, we must cover the cost of preparing the annual mining license tax return. Each year our office staff spends approximately 80 hours preparing the return.

The mining license tax paid for the extraction of sand and gravel, quarry rock, topsoil and peat moss is a nuisance tax. The vast majority of the income used to pay for the tax comes from the construction of local, state and federal projects; therefore, the taxing body is paying the tax. In Great Northwest, Inc.'s case and I suspect in the cases of most miners of sand and gravel, rock, topsoil and peat moss, the State of Alaska spends more money collecting the tax than the revenue generated. I applaud your sponsoring HB 298 and look forward to its passage. If I can be of any help as the bill winds its way through the legislature, please let me know.

Thank you.

Sincerely,
Great Northwest, Inc.



Anton K. Johansen

Copy:

Representative Alan Dick
Representative Eric Feige
Representative Neal Foster
Representative Berta Gardner
Representative Bob Herron
Representative Scott Kawasaki
Representative Cathy Munoz
Representative Peggy Wilson

COLASKA
Alaska, USA

4000 Old Seward Hwy., Suite 101
Anchorage, Alaska 99503
Tel : (907) 273-1000
Fax: (907) 273-1099
www.colaska.com

January 30, 2012

Reference: Mining License Tax - Bill Number HB298

I believe the Mining License Tax law places an undue hardship and burden on all sand and gravel operations.

Colaska, Inc. owns and leases many sand and gravel pits throughout Alaska. We extract sand & gravel and process these extracts into different marketable products. These products are either sold externally to third-party customers or utilized internally in making redi-mix concrete, asphalt hot mix, or on our road construction projects, the majority of which are public works projects.

We have some operations that are considered 'mining activities' and others that are not. The time we have spent to prepare and create the mining income tax return is more time than we have spent to prepare our corporate income tax return for the IRS and the State of Alaska. The end result is that it will add to the cost of all construction.

As the Vice President of Operations of a company that must comply with the Mining License Tax, I whole heartedly support House Bill No. 298 to exempt sand and gravel and marketable earth mining operations. My support comes from direct experience in the cost and efforts to comply with the current law which by far exceed the tax revenue generated from it.

Yours truly,

COLASKA, INC.

Jon Fuglestad
Vice President, Operations
4000 Old Seward Highway, Suite 101
Anchorage, Alaska 99503

Linda Hay

From:	Marc Cottini <marccottini@questengineers.com>
Sent:	Wednesday, February 01, 2012 7:15 AM
To:	Rep. Paul Seaton
Cc:	Rep. Eric Feige; Rep. Peggy Wilson; Rep. Alan Dick; Rep. Neal Foster; Rep. Bob Herron; Rep. Cathy Munoz; Rep. Berta Gardner; Rep. Scott Kawasaki
Subject:	House Bill 298: Exempt sand and gravel operations from the State of Alaska mining license tax

Dear Committee Members,

My name is Marc Cottini and I represent many small sand and gravel operators in the Matanuska-Susitna Borough. I represent these individuals, small companies, and trusts as a professional civil engineer and as an owner of a small gravel screening business.

During the past six years, I have also worked for these individuals, small companies, and trusts in order to ensure their compliance with State of Alaska regulations. Part of this compliance work has been filling out forms for the mining license tax and assisting others with these tax forms. To date, these individuals, small companies, and trusts have **never paid a penny** for mining taxes! Simply, because they never earn enough money in these small sand and gravel operations in order to exceed the current exemption of $40,000.

Instead, we as a small gravel screening businesses spend approximately 8 hours every year filling out mining license tax forms for each pit that we operate in. Plus, we spend an additional two hours helping the individuals, small companies, and trusts (i.e. whom we pay gravel royalties to) fill out their mining license tax forms. Yes, every year I spend the better part of one full week filling out mining license tax forms and assisting others with their mining license tax forms. At the end of this process no money is ever paid to the State of Alaska..... what a waste of time!

In conclusion, the mining license tax is an undue burden and hardship on small sand and gravel businesses. Please exempt sand and gravel operations from the mining license tax.

Sincerely,

Marc Cottini

Linda Hay

From: Jae Won <JWon@COLASKA.com>
Sent: Wednesday, February 01, 2012 9:28 AM
To: Representative_Paul_Seaton@legis.state.ak.us; Representative_Eric_Feige@legis.state.ak.us; Representative_Peggy_Wilson@legis.state.ak.us; Representative_Alan_Dick@legis.state.ak.us; Representative_Neal_Foster@legis.state.ak.us; Representative_Bob_Herron@legis.state.ak.us; Representative_Cathy_Munoz@legis.state.ak.us; Representative_Berta_Gardner@legis.state.ak.us; Representative_Scott_Kawasaki@legis.state.ak.us
Cc: John@agcak.org
Subject: Mining License Tax - Bill Number HB298

Representatives,

I am writing this letter to support House Bill No. 298.

I am a controller of QAP, a general contracting company. QAP owns and leases over dozen pits throughout Alaska, mainly support our construction activity. Our main construction activity is road construction as well as airport runways throughout rural Alaska.

To comply with current Mining License Tax law, it puts additional burden on the company due to the complexity of the law. Current law requires us to generate a separate income statement for the sand and gravel operation by each location. This requirement in general is proving to be difficult as QAP utilizes sand and gravel pits to support its construction activity. To comply with this law, we are having to have add costs to construction budget, which ultimately increases the construction cost for the government.

Currently QAP is being audited by Department of Revenue for two years of our Sand and Gravel operations. The audit process is becoming a burden on our company as well as DOR staff. It has been over a year since it began, and is still ongoing. It has been difficult for us and DOR staff to comply with current tax law. We have spent over 200 hours gathering data for DOR. I am sure that DOR has spent additional 200 hours if not more to understand the information provided. In summary, this law is adding additional cost for the company as well as DOR.

Again, I would like to express my support for House Bill No. 298.

Sincerely,
Jae Won
Controller
QAP
240 West 68th Avenue
Anchorage, AK 99517
907-522-2211

SECON
SOUTHEAST ALASKA

P.O. Box 32159 Juneau, Alaska 99801 (907) 780-5145 Fax (907) 780-5896

January 27, 2012

Representative Paul Seaton
State Capitol Room 102
Juneau, Alaska, 99801

RE: House Bill No. 298 "An Act exempting sand quarry rock and gravel and marketable earth mining operations from the mining license tax; and providing for an effective date."

Dear Representative Seaton:

Thank you for your support in sponsoring this important piece of legislation. Though this bill is short, it will remove a burdensome tax and benefit the citizens of Alaska.

Secon is an integrated business, and the mining activities we undertake are a very small part of our operations. However, segregating the mining activities to prepare the State of Alaska mining tax return takes almost as much time as it does to prepare our Federal and State income tax returns.

The audit of two years of our mining tax returns by the Department of Revenue (DOR) has been overwhelming to say the least. Secon has spent approximately 200 hours gathering information and preparing schedules, two DOR auditors were on site in our offices in 2011for five days each – and the audit is still not complete. Our corporate offices in Anchorage have spent considerable more time than this compiling and consolidating the information for the audit.

All of the sand, rock, and gravel that we mine stays here in Alaska. The majority of it is used in government public works projects (roads, bridges, sidewalks, airports, etc.) along with private projects (driveways, home foundations, gravel for icy roads, etc.) The costs of preparing the mining license tax return and complying with DOR audit requests is passed on the end user of products, which is the State Alaska and the citizens of Alaska.

Thank you for your time and support of this bill and for your service to our wonderful state.

Sincerely,

Julie A Olson

Julie Olson, CPA
Controller

Cc: Representative Cathy Munoz

Sheep Creek Development, LLC
P.O. Box 71577
Fairbanks, AK 99707

January 31, 2012

Alaska House of Representative and Senate Members
Capitol Building

Re: HB 298 and SB 176

Dear House and Senate Members:

I am writing this letter to request your support for HB 298 and SB 176.

Sheep Creek Development and one of our individual members own substantial parcels of patented mining claims which were purchased with millions of cubic yards of stacked and processed tailings and fines produced as a byproduct of gold dredge and placer mining operations performed by the former owners.

During 2008, the State of Alaska, Department of Revenue attempted to incorrectly impose the MLT and its requirements on our company. We spent significant sums retaining legal and mining tax professionals, and hundreds of uncompensated hours of personal time, to document and assert our position that we were and are not miners. While it appears DOR informally agreed with our position, it is certainly possible that they could revisit the matter at a future date. Passage of this bill would provide certainty for us and the many other companies who purchased old mining claims with tailings on them which DOR has incorrectly asserted or asserts are subject to the MLT.

Unlike other minerals taxed under the MLT which are combusted or shipped out of state, sand and gravel and the tailings and fines we sell are used and still remain in Alaska. Our largest sales are to publicly funded projects for roads, sidings, etc. but we also sell to homeowners trying to build their driveway or a pad for their new home. Passage will lower the cost of infrastructure for all Alaskans, level the playing field between sand and gravel companies and eliminate the type of burdensome defense costs we have experienced.

Please vote to pass this legislation and do not hesitate to email or call me should you have any further questions regarding this matter.

Sincerely,

Jon Cook
Managing Member
Sheep Creek Development, LLC
(907)322-0362 – Cell
joncook@gci.net

Linda Hay

From: Tim Hroza <THroza@COLASKA.com>
Sent: Wednesday, February 01, 2012 9:01 AM
To: Rep. Paul Seaton; Rep. Eric Feige; Rep. Peggy Wilson; Rep. Alan Dick; Rep. Neal Foster; Rep. Bob Herron; Rep. Cathy Munoz; Rep. Berta Gardner; Rep. Scott Kawasaki
Cc: John@agcak.org; Ben Northey; Brian Vreeling; Julie Olson
Subject: RE: Mining License Tax - Bill Number HB298

The Mining License Tax law puts a lot of burden on businesses that extract sand and gravel to build roads and infrastructure in Alaska. The Mining License Tax Return (MLTR) requires us to segregate the mining activities of our business and that has proven to be very difficult for Colaska because of the way we track our sand and gravel activities. We spend an inordinate amount of time preparing this data every year to comply with the MLTR as well as preparing mining license renewals every year for gravel pits that we infrequently use.

Additionally, we have been going through a Dept of Revenue MLTR Audit for the past year and it also has proven to be an very arduous experience. As Corporate Controller and gatherer of the data from our Regional Controllers and staff, we collectively has spent hundreds of hours preparing schedules, pulling invoices and answering a plethora of questions regarding the MLTR and we still haven't come to the end of the audit.

Finally, the ironic part of this whole ordeal is that almost 80% of our sand and gravel production eventually gets sold to the State of Alaska DOT and local governments in the form of new and/or improved roads via the contracts that were awarded to Colaska. The bottom line is that any additional costs acquired to generate the sales of these sand gravel products translate to additional costs to our customers, mainly the State of Alaska and local governments.

In summary, as the Corporate Controller of a company that must comply with the Mining License Tax, I whole heartedly support House Bill No. 298 to exempt sand and gravel and marketable earth mining operations. My support comes from direct experience in the cost and efforts to comply with the current law which by far exceed the tax revenue generated from it.

Tim Hroza
Colaska Inc.
Corporate Controller
907-273-1013

From: Rep. Paul Seaton
Subject: FW: House Bill 298

From: Matt Early [mailto:Matt@twinpeaksconstruction.net]
Sent: Monday, January 30, 2012 2:46 PM
To: Rep. Paul Seaton
Cc: Rep. Eric Feige; Rep. Alan Dick; Rep. Neal Foster; Rep. Peggy Wilson; Rep. Bob Herron; Rep. Cathy Munoz; Rep. Berta Gardner; Rep. Scott Kawasaki
Subject: House Bill 298

Rep. Seaton –
As the Construction Project Manager for Twin Peaks Construction, I would like to speak on behalf of House Bill 298, for which I understand that a hearing is taking place this Wednesday, Feb. 1, 2012.
Twin Peaks is a relatively small civil construction company providing work on public projects throughout the State for a variety of entities.
We strongly support this bill exempting sand and gravel sales from the State mining tax. As it stands now, as mentioned most of our projects are for public entities, including the state of Alaska. This tax effectively adds to the cost of construction for our company, and thus needs to be accounted for in our bid. Thus this tax currently causes the costs of public construction projects to increase. Furthermore, current law essentially takes the money out of one pocket in the State and puts it in another, as it costs additional monies to contracting entities such as the Department of Transportation, but provides revenue for the Department of Revenue. However, with all bids and projects we do, we add on markup and overhead costs to any actual costs we anticipate, which can run up to 20%. So, in essence, the State is taking money out of one pocket and only getting 80% of that money back, not to mention the administrative costs incurred by the Department of Revenue to review and process these tax returns.
Thanks much for your consideration of this information in your decision.
Take care,
Matt

Matthew Early
Project Manager
Twin Peaks Construction, Inc.
(907) 235-3802 Ext.24 Phone
(907) 235-1042 Fax
(907) 299-9900 Cell
matt@twinpeaksconstruction.net

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February 1, 2012

Representative Paul Seaton
Representative Eric Feige
House Resources Committee Co-Chairs
State Capitol
Juneau, AK

Email transmission to: Representative_Paul_Seaton@legis.state.ak.us
Representative_Eric_Feige@legis.state.ak.us

Re: House Bill 298 "An Act exempting sand and gravel and marketable earth mining operations from the mining license tax; and providing for an effective date."

Dear Representative Seaton and Representative Feige,

Later today you will be receiving testimony on HB 298 regarding the taxation of sand and gravel operations in the State of Alaska. Please consider the following comments as you discuss the numerous merits of this bill.

Sand & Gravel tax return

There is no clear guidance on how to comply with the mining return. While this is manifested in many ways, from a sand & gravel standpoint – and especially for a company engaged in additional processing or use of the aggregate - there are some calculations / allocations that don't make economic sense. These sometimes work in the state's favor and other times in the company's.

Sand & Gravel tax return audits

The state's resources that were spent in auditing our returns (labor, airfare, hotels etc) could have had a much bigger impact auditing different areas. For the years in question there was much less use or sale of aggregates than the current years which in turn would reduce the chance of collecting enough additional revenue to justify the cost of the audit.
The company also suffers financially in complying with the filing of the return and any subsequent audits. We have spent over 150 hours searching for and copying documents, preparing schedules and answering

questions. The cost to the company has included labor, postage, office supplies (paper) and the opportunity cost of the employee's time that would have been better spent elsewhere.

The current taxation system requires a company to report based upon their tax year. Our financial statements are prepared by calendar year and our state and federal taxes are reported with a year end of March 31st. While our current accounting system is configured to accommodate the "routine" filings for state and local corporate taxes, it is not customized to provide the data required by the mining tax return, which must be extracted from our financial statements. This therefore requires that significant additional time be spent reconciling the two financial reporting periods in order to comply with the return requirements. Internally, the best solution would be to keep separate ledgers but this is cost prohibitive with our current set-up.

If the tax for sand & gravel is not abolished it should at the very least be simplified so that compliance is no longer burdensome.

Sand & Gravel tax paid by DOT

While we could focus merely on the fact that administering this tax costs more than it raises, that doesn't address the core issue of who is paying most of the tax – the State of Alaska Department of Transportation. The majority of the aggregates removed from our Interior pits finds its way into a state road or airport project, which means the state is actually taxing itself, and costing itself additional administrative expense in the process.

Our state economy is in a precarious state. It is of utmost importance that we get the most bang for our buck in all areas of state government. The sand and gravel tax system works against that end. Please support HB 298.

Respectfully,

John Godzina, CPA
Controller

CC:

Representative Peggy Wilson:	Representative_Peggy_Wilson@legis.state.ak.us
Representative Alan Dick:	Representative_Alan_Dick@legis.state.ak.us
Representative Neal Foster:	Representative_Neal_Foster@legis.state.ak.us
Representative Bob Herron:	Representative_Bob_Herron@legis.state.ak.us
Representative Cathy Munoz:	Representative_Cathy_Munoz@legis.state.ak.us
Representative Berta Gardner:	Representative_Berta_Gardner@legis.state.ak.us
Representative Scott Kawasaki:	Representative_Scott_Kawasaki@legis.state.ak.us
John MacKinnon, AGC	

Linda Hay

From: Zac Campbell <ZCampbell@COLASKA.com>
Sent: Wednesday, February 01, 2012 11:52 AM
To: Representative_Paul_Seaton@legis.state.ak.us; Representative_Eric_Feige@legis.state.ak.us; Representative_Peggy_Wilson@legis.state.ak.us; Representative_Alan_Dick@legis.state.ak.us; Representative_Neal_Foster@legis.state.ak.us; Representative_Bob_Herron@legis.state.ak.us; Representative_Cathy_Munoz@legis.state.ak.us; Representative_Berta_Gardner@legis.state.ak.us; Representative_Scott_Kawasaki@legis.state.ak.us
Subject: Mining License Tax - Bill Number HB298

I work for Colaska, Inc. as an Assistant Controller for its subsidiary QAP in Anchorage. We are a diversified construction company that works mainly on public road and airport construction projects in Anchorage and rural parts of Alaska. Along with asphalt and concrete manufacturing activities, we own several sand and gravel pits that provide materials to our construction projects as unprocessed and finished products.

My experience with Alaska Mining Tax dates back to 2009. I've found the process of filing mining tax returns to be an arduous and lengthy task. The instructions for filing returns are very vague and leave room for interpretation. It is also difficult for companies structured like QAP to isolate "mining activities" because we are operating in several different construction related areas. To accommodate mining tax requirements we've had to modify how we account for our sand and gravel operations. In 2010, QAP was chosen for mining tax audit by Department of Revenue. Two years of QAP's mining tax returns have been under this audit process for more than a year. I would estimate I've spent approximately 80 hours working on the audit alone, not to mention the hours of my staff.

The internal cost of filing mining tax returns and working on audits as well as the actual mining tax itself is ultimately passed on to our customers. Our main customer is Alaska Department of Transportation and approximately 80% of our revenue is generated from AKDOT projects. I question whether or not the revenue generated by the current mining tax law exceeds the cost of compliance which is ultimately passed on to the state. I support House Bill No. 298 for the aforementioned reasons.

Sincerely,

Zac Campbell
Assistant Controller
Colaska Inc. dba QAP

Brice

301 Cushman St., Ste 200
P.O. Box 70668
Fairbanks, Alaska 99707
907/452-2512
907/452-5018 (fax)
samrobert@briceinc.com

January 31st, 2012

Ref: House Bill No. 298 "An Act exempting sand quarry rock and gravel and marketable earth mining operations from the mining license tax; and providing for an effective date."

Dear Representative Seaton and House Resource Committee Members:

Thank you for your support of HB298. This bill will remove a burdensome tax to the benefit of the citizens of Alaska.

Brice Companies are based in Fairbanks, AK and include Browns Hill Quarry located on Badger Road between North Pole and Fairbanks. Browns Hill Quarry provides quarry rock and sand and gravel products for sale to the public as well as a majority of the public works projects in the area for roads, driveways, erosion control and landscaping. In the recent past, we have had to comply with an onerous audit of the Mining License Tax by the Department of Revenue (DOR). This audit required us to spend a significant amount of additional time with our staff and the hiring of an outside CPA firm over a two year period to finalize our response. The cost of this audit by the DOR to our company was significant and does not correlate with the amount of tax revenue generated. Our Mining License payments during the 2 year audit would not have covered the costs of the DOR auditors to the State for the hours of effort expended.

All of the quarry rock, sand and gravel products we mine at Browns Hill Quarry stay in Alaska. Costs to prepare and pay the Mining License Tax and audit expenses are passed on to our customers, Alaskans.

Thank you for your time and support of this bill.

Sincerely,

Sam Robert Brice

Sam Robert Brice, President
Brice Incorporated

CALISTA CORPORATION
www.calistacorp.com

January 31, 2012

Representative Paul Seaton
Representative Eric Feige
Representative Peggy Wilson
Representative Alan Dick
Representative Neal Foster

Representative Bob Herron
Representative Cathy Munoz
Representative Berta Gardner
Representative Scott Kawasaki

Alaska State Capital Building
Juneau, Alaska, 99801

Re: House Bill 298

Dear Representatives:

On behalf of Calista Corporation, this letter is to inform you that we support House Bill 298 which will exempt sand, quarry rock and gravel mining from the State of Alaska Mining License Tax. The existing law does not fit the industry; is a huge annual paperwork exercise for small operators and land owners; and creates a large burden to Alaska Department of Revenue while generating very little revenue.

HB298 will effectively eliminate a needless workload for industry professionals and the Department of Revenue Auditors. State Mining Tax Law (AS 43.65) assumes a level of technical sophistication that is more typical of the large metal mining industry, and which simply does not exist for sand, quarry rock, and gravel operators'. In Alaska these type operations do not have reserves or even data needed to calculate the type of information that is being requested in any reliable form or manner. For the construction companies and royalty-receiving land owners to collect and provide the information necessary to - calculate reserves, accurately comply with the existing data requirements, and annually file tax returns, would render most operations uneconomical due to the capitalization and operational costs; as well as, preclude adequate funding needed for the already challenged public works projects and programs existing in Alaska.

As an example, several years ago Department of Revenue advised operators and land owners they were out of compliance and must file for the preceding 5 years. It took Calista's Senior Geologist *full time efforts for the equivalent of one year* to compile a database from available but limited records of 50 regional sand and gravel borrow site operations with the result being no state tax revenue. Currently, compliance with existing law requires two professionals two weeks a year to compile data and complete returns for several dozen small operations. Such operations provide critical construction material for needed public works projects and the state negligible revenue if any despite the high expense that is borne by the state and the operators.

Calista strongly supports implementation of HB 298 to provide relief to operators, landowners and Department of Revenue Auditors. Thank you for the opportunity to comment on this important piece of legislation.

Respectfully,

Andrew Guy
President and Chief Executive Officer

301 Calista Court, Suite A, Anchorage, AK 99518
t: (907) 279-5516 • f: (907) 272-5060 • calista@calistacorp.com

HB 325

<TARGET><BILL>HB 325</BILL><SUBJECT>HB 325</SUBJECT><COMM>HRES27</COMM></TARGET>

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MEMORANDUM February 23, 2012

SUBJECT: Differences between HB 325 and the initiative establishing an Alaska coastal management program
(Work Order No. 27-LS1050\I)

TO: Representative Alan Austerman
Majority Leader
Attn: Erin Harrington

FROM: Alpheus Bullard
Legislative Counsel

This memorandum describes the differences between the ballot initiative that would reestablish an Alaska coastal management program and House Bill 325. The memo uses the formatting and sections of the bill as a starting point. The memo is organized by AS section in HB 325, with the corresponding initiative section in parentheses; my comments relating to changes made and changes you may wish to consider making are in italics following each section.

Generally
Throughout the bill there are significant changes relating to spelling, grammar, word usage, and organization. Citations to state and federal law[1] were added and amended, and the bill sections reorganized to conform with the Manual of Legislative Drafting.

Because some sections were moved into uncodified law, the remaining codified sections are numbered differently than they are in the initiative. Also, the bill uses available

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[1] Throughout the bill, the citation "16 U.S.C. 1451 - 1464 (Coastal Management Act of 1972)" is changed to "16 U.S.C. 1451 - 1466 (Coastal Management Act of 1972), as amended[.]" This change includes all the provisions of the current federal chapter on coastal zone management in the citation, and should help ensure that the state's program would remain consistent with the applicable federal law.

Citations have been added to clarify how the statutes are intended to work together, for example, providing a citation at sec. 46.40.330(2), a section that directs the proposed Division of Ocean and Coastal Management to adopt certain regulations after those regulations have been approved by the Alaska Coastal Policy Board ("board") to the applicable section under which the board approves regulations (sec. 46.40.320(a)(1)).

numbers in AS 46.40 rather than creating a new chapter. Some of the section titles (catchlines) have been altered to more accurately describe the provisions' effects.

Sec. 46.40.310 (46.41.010). Alaska Coastal Policy Board. Establishes an Alaska Coastal Policy Board ("board") in the Department of Commerce, Community, and Economic Development ("department"). The board consists of nine public members, and their alternates, appointed by the governor from the coastal regions of the state, as well as the commissioners of the Department of Environmental Conservation, the Department of Fish and Game, the Department of Natural Resources, and the Department of Commerce, Community and Economic Development. It specifies membership terms, quorum and meeting requirements, board structure and governance details, and that the department will provide administrative support for the board.

The city of Dillingham is added to the bill's sec. 46.40.310(a)(1)(C).

The initiative provides that the governor would appoint "nine public members and alternates." It also provides that the "[p]ublic members of the board or their alternates are entitled to per diem and travel expenses authorized by law. . ." The initiative is otherwise silent as to the role of alternate members. The bill provides how public alternates must be selected and appointed (one from each region described in sec. 46.40.310(a)(1)), when an alternate for a designated member may attend a meeting in the place of that member (I assume that was the intended function of the alternatives, since a different means is provided for filling vacancies), and when a public member may receive per diem and travel expenses.

While both the bill and the initiative provide that five public members and two designated members of the board constitute a quorum, the bill additionally provides that the board may not take action without the affirmative votes of at least six members.

You may want to consider making board members subject to legislative confirmation.

Sec. 46.40.320 (46.41.020). Powers and duties of the board. Establishes the duties and powers of the board.

Sec. 46.40.330 (46.41.030). Division of ocean and coastal management. Establishes a division of ocean and coastal management within the department. Provides the duties of the division.

Sec. 46.40.340 (46.41.040). Alaska coastal management program regulations. Provides what regulations must be adopted under the Alaska Coastal Management Program ("program"). Directs that regulations be adopted relating to (1) program standards, (2) criteria for the preparation and approval of district coastal management plans ("plans"), and (3) consistency review procedures for coastal activities and projects.

Move the initiative's sec. 46.41.040(b), which provides that coastal management districts, coastal district boundaries, and approved coastal management plans that were in effect

on June 30, 2011 are restored and incorporated into the program, to a "transition" section at the end of the bill.

Sec. 46.40.350 (46.41.050). Objectives. Requires that the program be consistent with certain objectives.

Sec. 46.40.360 (46.41.060). Development of district coastal management plans. Requires districts to develop and adopt plans. Provides plan requirements. Provides criteria for board approval of plans.

Section 46.41.060 of the initiative included a subsection (c) that defined when an enforceable policy is preempted; the bill does not. The subsection did no more than describe the legal principle of preemption, which will apply whether or not the principle is described.

no change in legal doctrine

Sec. (46.41.070).
This initiative provision was moved to an uncodified section that appears at the end of the bill.

Sec. 46.40.370 (46.41.080). Implementation of district coastal management plans. Requires districts to implement plans. Provides how a plan must be implemented. Provides that a plan for a district that does not exercise zoning or other controls "on the use of resources" within its coastal area will be implemented by "appropriate state agencies."

Sec. 46.40.380 (46.41.090). Compliance and enforcement. Requires municipalities and state resource agencies to regulate land and water controls in conformity with district plans. Provides that the superior court has jurisdiction to enforce orders of the board and the department.

Sec. 46.40.390 (46.41.100). Coastal management plans in the unorganized borough. States that coastal resource service areas ("service areas") established in the unorganized borough may exercise all authority and perform those duties required by the program.

Sec. 46.40.400 (46.41.110). Coastal resource service areas. Provides how service area boundaries will be determined.

This section contains a drafting error. AS 46.40.400(c) should read: "A determination by the commissioner under (b) of this section may be made only before a coastal resource area ***is established under AS 46.40.410."*** *(Emphasis added). This subsection should be corrected.*

Sec. 46.40.410 (46.41.120). Establishment of coastal resource service areas. Permits a service area to be established by a vote at an election after either the submission to the board of (1) a petition from a certain percentage of the voters within the proposed service

area or (2) a resolution from a certain percentage of the city and village councils in the proposed service area.

The initiative text contains a reference to a subsection "(c)" that does not exist. This is removed from the bill.

Sec. 46.40.420 (46.41.130). Coastal resource service area boards. Requires each service area to have an elected service area board. Provides for board duties and powers, board composition and membership, election of board members, terms of office, vacancies, and the recall of board members.

Sec. 46.40.430 (46.41.140). Elections in coastal resource service areas. Directs the lieutenant governor to administer the elections for service area board members and the organization of service areas.

Sec. 46.40.440 (46.41.150). Preparation of district coastal management plan by the Department of Commerce, Community and Economic Development. Permits the board to submit a district plan to the legislature for consideration if (1) the residents of a service area reject the establishment of that service area at an election and (2) the board finds that major economic activity has occurred, or will occur, in the proposed service area. Such plans are prepared by the department upon request of the board. Further permits the department, in consultation with the service area, to prepare a plan for a service area that has been established under sec. 46.40.410, but that has not been able to make substantial progress in the preparation of an approvable plan.

For clarity, on page 11, line 8, "organization" should be replaced with "establishment." Similarly, at page 11, line 17, "organized" should be replaced with "established," and at page 11, lines 19 and 21, "organization" with "establishment."

In the initiative, this section is titled "Preparation of district coastal management program by the Department of Commerce, Community and Economic Development." In the bill, "program" has been changed to "plans."

Under the initiative's sec. 46.41.150(a), the board may direct the department to "prepare and recommend for consideration by the council and for submission to the legislature a district coastal management plan for the service area." In the bill, "council" has been changed to "board" (this provision is modeled on a provision from the period in which the state's program had a "council") and the requirement that the plan be submitted to the legislature, has been removed because the initiative does not authorize the legislature to approve, disapprove, or make any recommendations relating to a district coastal management plan for a service area.

Sec. 46.40.450 (46.41.160). Approval of plans in coastal resource service areas. Establishes a process for a plan to be reviewed by cities and villages within a service

area, prior to (1) adoption by the service area board and (2) approval by the (Coastal Policy) board. Establishes parameters for plan review by cities and villages.

In the initiative, this section contains a definition for "village." That definition has been moved into the chapter's definitions at sec. 46.40.500.

Sec. 46.40.460 (46.41.170). Cooperative administration. Provides that a city that is within the coastal area, but that is not part of a coastal service area, will be included within an adjacent service area, unless the city's governing body opts out. Provides that a municipality and a service area are not restricted from engaging in cooperative or joint administration of functions.

Sec. 46.40.470 (46.41.180). Construction with other laws. States that the bill's provisions may not be construed to diminish various state and municipal powers and duties.

Sec. 46.40.500 (46.41.900). Definitions. Provides definitions for the bill's provisions.

There are a number of changes here. The definition of "consistency review" is amended to conform with the duties of the board and the department as those duties are provided in the initiative, a definition of "elevation" is provided, the definition of "project" has been changed, and a definition of "village" is added.

On page 16, line 17, following "and," the word "includes" is missing. This should be remedied.

If you have further questions, please do not hesitate to contact me.

TLAB:ljw:plm
12-153.ljw

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MEMORANDUM March 5, 2012

SUBJECT: Article XI, section 4's "substantially the same" and the initiative establishing an Alaska Coastal Management Program (Work Order No. 27-LS1430)

TO: Representative Alan Austerman
Attn: Erin Harrington

FROM: Doug Gardner
Director
and
Alpheus Bullard
Legislative Counsel

You asked whether a bill modeled on the provisions of the former Alaska Coastal Management Program, as those provisions would have been amended by the substantive portions of CCSHB 106 (27-GH1965\N) (HB 106),[1] would be interpreted as "substantially the same" as the initiative entitled "An Act establishing the Alaska Coastal Management Program."

Discussion

While both HB 106 and the initiative have the same general purpose -- establishing a state coastal management program -- the means by which that purpose is effectuated would be different. Given the relative scarcity of prior court cases interpreting the state constitution's art. XI, sec. 4 "substantially the same" language, it's not entirely clear to what degree this difference might result in HB 106 and the initiative being interpreted as not substantially the same.[2]

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[1] For the purposes of this memorandum, "HB 106" means the prior program as it would have been modified by that bill.

[2] When there is little case law, often it is helpful to turn to the minutes of Alaska's constitutional convention. While the article on direct legislation was the subject of extensive debate and discussion at the convention, in this case the minutes do not, as our court has observed, contain any "helpful discussion of what was the intended scope of the words 'substantially the same measure.'" *Warren v. Boucher*, 543 P.2d 731, 735 (Alaska 1975).

Under art. XI, sec. 4 of the Constitution of the State of Alaska[3] a proposed initiative is void if a law is enacted that is "substantially the same measure" as the proposed initiative.[4] Under AS 15.45.210, the lieutenant governor, with the concurrence of the attorney general, is responsible for determining whether an Act of the legislature is substantially the same as a proposed initiative.[5]

The question of whether an initiative and a legislatively enacted bill are "substantially the same" has been taken up only twice by our courts. In *Warren v. Boucher*, 543 P.2d 731 (Alaska 1975), the court was tasked with examining an initiative and a legislative bill relating to campaign finance reform. In *Warren,* the legislation "was broad and complicated, touching upon a great range of topics, including campaign spending limits, reporting of contributions and expenses, restrictions on anonymous contributions, penalties for non-compliance, the creation of an elections oversight committee to monitor elections, and several other topics." *State of Alaska v. Trust the People Initiative Committee*, 113 P.3d 613, 621 (Alaska 2005). In the second case, *Trust the People*, the court examined legislation that was "simple and straightforward, essentially dealing with only one substantive topic: filling of a U.S. Senate vacancy." *Id.* In both cases, the court employed the same test in deciding whether a bill and an initiative were substantially the same.

---

[3] Article XI, sec. 4, Constitution of the State of Alaska states:

> **INITIATIVE ELECTION.** An initiative petition may be filed at any time. The lieutenant governor shall prepare a ballot title and proposition summarizing the proposed law, and shall place them on the ballot for the first statewide election held more than one hundred twenty days after adjournment of the legislative session following the filing. If, before the election, substantially the same measure has been enacted, the petition is void.

[4] This constitutional provision is unusual. Of the 21 state constitutions that permit citizens to propose laws through a petition process, we are aware of only one other state with a constitutional provision that permits its legislature to void an initiative through the passage of a measure that is "substantially the same." Article III, section 52(d) of the Wyoming constitution provides, in part, "If before the election, substantially the same measure has been enacted, the [initiative] petition is void." This clause in the Wyoming constitution has not yet been interpreted by a court.

[5] AS 15.45.210 states:

> **Determination of void petition.** If the lieutenant governor, with the formal concurrence of the attorney general, determines that an act of the legislature that is substantially the same as the proposed law was enacted after the petition had been filed, and before the date of the election, the petition is void and the lieutenant governor shall so notify the committee.

A. "Substantially the same" test in *Warren v. Boucher*

The test of how similar a bill and an initiative must be for the bill to invalidate the initiative was first articulated in *Warren v. Boucher*:

> It is clear that the legislative act need not conform to the initiative in all respects, and that the framers intended that the legislature should have some discretion in deciding how far the legislative act should differ from the provisions of the initiative. The question, of course, is how great is the permitted variance before the legislative act becomes no longer substantially the same.
>
> Upon reflection we have concluded that the legislature's discretion in this matter is reasonably broad. If in the main the legislative act achieves the same general purpose as the initiative, if the legislative act accomplishes that purpose by means or systems which are fairly comparable, then substantial similarity exists. It is not necessary that the two measures correspond in minor particulars, or even as to all major features, if the subject matter is necessarily complex or requires comprehensive treatment. The broader the reach of the subject matter, the more latitude must be allowed the legislature to vary from the particular features of the initiative.

543 P.2d at 736.

B. "Substantially the same" test revisited in *Trust the People*

In *Trust the People*, the court cited the *Warren v. Boucher* test:

> A court must first determine the scope of the subject matter, and afford the legislature greater or lesser latitude depending on whether the subject matter is broad or narrow; next, it must consider whether the general purpose of the legislation is the same as the general purpose of the initiative; and finally it must consider whether the means by which that purpose is effectuated are the same in both the legislation and the initiative.

Trust the People, 113 P.3d at 621.

1. Scope of subject matter

Turning to the first part of the test, as articulated by the court in *Trust the People*, it should be noted that the subject matter of this initiative, the establishment of an Alaska Coastal Management Program, is relatively complex and its reach is broad. Correspondingly, the legislature's discretion to vary from particular features of the initiative is broader in this instance than it might be in the context of a different initiative (i.e. the filling of a U.S. Senate vacancy in *Trust the People*). As the court described its

treatment of the legislatively enacted campaign finance bill in the *Warren v. Boucher* case:

> The legislature had made numerous changes to the initiative that implicated the scope of the law, its enforcement mechanisms, and other structural issues concerning the regulation of campaign finance reform. But because these changes were seen as promoting the shared goals of both the bill and the initiative, we were willing to accept the legislature's bill as "substantially the same" as its initiative counterpart, even though there were in fact differences in the texts.

Trust the People at 621 (footnote omitted).

HB 106 would most likely be interpreted to satisfy this element of the test. While direct comparison between the campaign finance legislation at issue in *Warren v. Boucher* and the legislation here is difficult, arguably a program that seeks to coordinate and unify permitting activities for all projects and activities in the state's coastal area between federal, state, and local governments, their respective agencies, and local inhabitants is more complex than legislation governing election contributions and expenditures in state election campaigns. So, in this instance, the court is likely to permit the legislature at least as much latitude to vary from the specific terms of the initiative as it allowed in *Warren v. Boucher*.[6]

2. Purpose of legislation and initiative

The next part of the test consists of examining whether the purposes of the legislation and the initiative are the same. The *Warren v. Boucher* test asks whether "the legislative act achieves the same general purpose as the initiative." *Id.* The establishment of a state coastal management program under both HB 106 and the initiative would, if approved by the National Oceanic and Atmospheric Administration (NOAA) Office of Ocean and Coastal Resource Management under the Coastal Management Act of 1972 (16 U.S.C. §§ 1451 - 1465), enable the state to formally review and influence federal activities affecting Alaska, allow the state to receive Coastal Zone Management Act grant funds, reestablish a coordinated permitting process for projects requiring state and federal authorizations, and result in greater local participation in state and federal permitting processes. Additionally, for a state coastal management program to be approved, the Secretary of Commerce must find that the program includes certain program elements that are consistent with Congressional declaration of policy (purpose) found at 16 U.S.C. § 1452.[7] Both HB 106 and the initiative are likely to be found to meet these federal

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[6] The dissent in *Warren v. Boucher* pointed out: "of the 19 separate sections of the initiative, only six are the same as the statute," and "seven sections have been eliminated entirely by the statute." *Id.* at 741 (Erwin, J., dissenting). *Trust the People* at 621 n.30.

[7] See 16 U.S.C. § 1455(d)(2) for a list of the program elements.

requirements. Similarly, the program's scope and organization are much the same in HB 106 and the initiative, the prior program's sec. 45.40.020 (objectives) and the initiative's sec. 45.41.050 (objectives) are in large part the same, and the initiative even goes so far as to provide that coastal districts, district boundaries, and coastal district management plans approved under the prior program are incorporated into the initiative's program (see initiative sec. 46.41.040(b)). Consequently, the general purpose of HB 106 and the initiative would likely be interpreted as the same satisfying the second element of the *Trust the People* test.[8]

3. "Means" and the issue of local control

The third prong of the test involves considering whether the means by which this general purpose is effectuated is the same in the bill and the initiative. It is here that HB 106 and the initiative could be found to differ, because the initiative provides for greater local participation and control than the state's former coastal management program as it would have been modified by HB 106.

The former program, at the time of its repeal, was housed within the Department of Natural Resources, and that department was responsible for coordinating consistency reviews, reviewing and approving coastal management plans, offering technical assistance to coastal resource districts, and offering statutory and regulatory changes to improve coastal management.[9] Instead of direct state agency control of the program, the

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[8] In *Warren v. Boucher*, the court examined the difference between two sets of campaign finance rules and the respective difference in their probable operation. In the present case, the most salient differences between the initiative and HB 106 cannot be characterized as those differences that might exist between two disparate sets of rules, but in how decision making power is allocated between the executive branch of state government and the coastal regions of the state. While this balance of power is an important component of the initiative, a court is not likely to find that the initiative's allocation of greater power to the local governments and the residents of the coastal regions of the state and their representatives on the initiative's Coastal Policy Board is a "purpose" of the initiative, but a means of effectuating "a balanced approach to development and protection of coastal resources." (This language is from the initiative sponsor's "Short-form Description of Initiative," which provides "This initiative would establish a coastal management program for Alaska. Alaska is the only state without an approved coastal management program. The initiative seeks a balanced approach to development and protection of coastal resources." Available on March 2, 2012, at http://www.elections.alaska.gov/petitions/11ACMP/11ACMP_Proposed_Language.pdf.)

[9] The consistency review process, in which private and public land and water uses and natural resources in the coastal zone are managed in a manner consistent with the policies of a state's coastal management program, is the heart of the 1972 Coastal Management Act (16 U.S.C. §§ 1450 - 1464).

initiative vests control of the program in an Alaska Coastal Policy Board (Board),[10] the majority of whose members are residents of the coastal regions of the state.[11] Similarly, the former program prevented coastal resource districts or areas from adopting enforceable policies relating to air, land, and water quality issues that are under the Department of Environmental Conservation's authority ("DEC carve-out"),[12] whereas the initiative does not.

An argument could be made that the initiative's (1) establishment of a Board with regulatory authority over the program, made up of residents from the coastal regions of the state, (2) elimination of the "DEC carve-out," and (3) greater emphasis on program elements relating to local control and participation, are not fairly comparable to the program that would be reestablished under HB 106.[13]

Alaska Coastal Policy Board. The greatest single factor which a court may consider as not substantially the same comparing the initiative and HB 106, is the role and responsibilities of the initiative's Alaska Coastal Policy Board. Note that in the *Warren v. Boucher* case, the court indicated, in the context of legislation governing election contributions and expenditures, that moving a compliance mechanism from the lieutenant governor to an "election campaign commission" did not vitiate the "aims of the initiative." *Boucher* at 739. If the legislature did the same here, and restored the program to one supervised by the executive branch, would a court be so likely to find that such a change renders the program not "substantially the same"? It may be, in contrast to *Warren v. Boucher* -- where the location of the enforcement mechanism was seen as complimentary to the purposes of the initiative -- that here a court could interpret the legislature's action as "vitiating" the local control and local participation aspects contained in the initiative. In eliminating the Board, with its power to adopt regulations and otherwise make law by interpreting them, HB 106 could be interpreted by a court as not substantially the same as the initiative, despite the broader discretion afforded the legislature based on the complexity of the coastal zone program.

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[10] While CCSHB 106 established a board, the board was advisory in nature. See secs. 3 and 12 of 27-GH1965\N.

[11] The initiative's Board would be located in the Department of Commerce, Community, and Economic Development.

[12] See former AS 46.40.040(b), AS 46.40.040(c), and AS 46.40.096(i). For a discussion of the "DEC carve-out," see the Alaska Coastal Management Program Audit Part I, pages 25 - 27, available March 2, 2012, at: http://www.legaudit.state.ak.us/pages/digests/2011/30060adig.htm.

[13] In *Warren v. Boucher*, the court found that the means for accomplishing the purpose were "fairly comparable," even thought they did not "correspond . . . as to all major features." 543 P.2d at 736.

"DEC Carve- Out." The second significant difference, the absence of the "DEC carve-out" from the initiative, on its own, is not likely to be interpreted as creating enough of a variance between the initiative and HB 106, given the latitude accorded the legislature in a complex matter that requires comprehensive treatment, for a court to find HB 106 not substantially the same. While incorporating the "DEC carve out" would limit the scope of regulations the Board could adopt and what enforceable policies a coastal district could adopt, given the existing range of limitations placed on what sort of enforceable policies could be adopted under the initiative's sec. 46.41.060(b)(2), this is a less likely outcome.

Local Control and Participation. The initiative's greater emphasis on local participation and local control, and the values of local participation and control, is found in the initiative's sec. 46.41.050(1) and (9) - (11), which amend the prior program's objectives to add new language and new paragraphs relating to local participation and control. It's difficult to state what substantive effects these additional objectives might be interpreted to have. The initiative's added objectives can be summarized as (1) "coordination of planning and decision-making . . . among levels of government," (2) "participation of the public, local governments, and agencies of the state and federal governments," and (3) requiring state resource agencies to carry out their duties, powers and responsibilities in the manner provided by the initiative. What it might mean in practice for the program to "be consistent with [these] objectives" (see initiative's sec. 46.41.050) is impossible to predict.[14]

C. Conclusion

It is hard to predict how the lieutenant governor, or a court, would interpret the significance of this different balance of power between state agencies and local governments in determining whether the bill would be "substantially the same" as the

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[14] While the addition of these objectives might not affect the subject matter, scope, or purpose of the program, because policy considerations relating to "coordination and participation" between "levels of government" (namely the balance of power between state agencies and local governments) animated the debate that surrounded the former program during the First Session of the 27th Legislature and the two subsequent special sessions, it may be important to note that in the context of a "substantially the same" evaluation of an initiative and a competing legislatively enacted bill by a court, these policy considerations, taken in isolation, are unlikely to exercise the same gravity. In *Trust the People*, the court noted that

> [w]hile the state raises serious policy arguments in favor of [the legislatively enacted bill], they relate to the wisdom of the legislation -- and thus are more properly directed to the voters considering the proposed initiative -- and not to the question whether the proposed initiative and the [legislatively enacted bill] are substantially the same.

Id. at 624.

initiative. While it may be useful for discussion to consider each component of HB 106 and the initiative separately and apply the substantially similar test from *Warren v. Boucher*, consideration of the entire program utilizing this test is difficult. Perhaps the best conclusion to a macro application of the test in *Warren v. Boucher* to HB 106 and the initiative is to observe that if each of the features discussed above individually raised "substantially the same concerns," then it would be likely that when all key differences were combined, that a court would find it a very close question as to whether HB 106 is substantially the same as the initiative.

You asked if this "substantially the same" analysis would be different if the initiative was compared with CSSB 45(CRA) (27-GS1965\B.A). It would not. The differences between CCSHB 106 (27-GH1965\N) and CSSB 45(CRA) are not significant for the purposes of the analysis. A comparison document is enclosed.

TLAB:ljw
12-177.ljw

Enclosure

Representative Alan Austerman

House Majority Leader

Alaska State Legislature

Sectional Analysis for Version I

"An Act establishing an Alaska Coastal Management Program"

Section 1. Development of Alaska Coastal Management Program. Section 1 establishes and outlines the responsibilities of the Alaska Coastal Policy Board and the method by which the board members are appointed; establishes the requirements of the Department of Commerce, Community and Economic Development (DCCED) under this chapter, including the establishment of the Division of Ocean and Coastal Management; provides for the development of program regulations; provides the objectives with which the program must be consistent; provides the method for the development of district coastal management plans and their implementation; as well as the method for developing and implementing plans in unorganized borough, including the means for establishing coastal resource services areas and electing their boards; and the means for the DCCED to prepare and approve plans when a local board is unable or unavailable to do so.

Section 1 contains three Articles.

Article 1. Development of Alaska Coastal Management Program (ACMP). This article establishes the Coastal Policy Board; establishes the powers and duties of the board; creates a Division of Ocean and Coastal Management within the (DCCED); directs DCCED to make regulations related to the program; provides the objectives with which the program must be consistent; provides for the development of district coastal management plans; provides for the implementation of district coastal management plans; and provides for municipal and state agency enforcement of regulations or controls in conformity with district coastal management plans.

> **Sec. 46.40.310** creates (a) the **Alaska Coastal Policy Board** in DCCED. The board consists of (1) 9 public members and 9 alternate public members appointed by the Governor from a list of at least three nominees submitted by the coastal districts of each region, and must be appointed from one of each of 9 (A-I) geographic regions. The board also has four designated members who are

(2) the commissioners of Department of Environmental Conservation (DEC), Alaska Department of Fish and Game (ADF&G), Department of Natural Resources (DNR), and DCCED.

Sec. 46.40.320 establishes the **Powers and Duties of the Board**, which include review and approval of regulations necessary to implement the Alaska Coastal Management Program in conformity with the federal Coastal Zone Management Act of 1972. The board will also initiate planning work, approve coastal district management plans, establish coordination among state agencies in the development and implementation of the ACMP, evaluate effectiveness of district coastal management plans and direct the department to apply for grants and other funding that become available for coastal planning and management. The board also has the power to contract for necessary services.

Sec. 46.40.330 establishes the **Division of Ocean and Coastal Management** in the DCCED. The division's responsibilities include rendering all federal consistency determinations authorized by Sec. 307 of the Coastal Zone Management Act of 1972, as well as state consistency determinations for project requiring multiple state permits. The division can also develop and adopt regulations that have been approved by the board, under AS 44.62 (Administrative Procedures Act). The division also ensures that coastal districts have the data and information they need to carry out their responsibilities under this legislation, and develops and maintains a financial assistance program to aid the districts in developing their plans.

Sec. 46.40.340 directs DCCED to develop **Alaska Coastal Management Program Regulations.** These are to include (1) statewide standards for the ACMP and for developing and approving district plans and (2) consistency review procedures, including the circumstances under which projects will be excluded from the requirement of a consistency review.

Sec. 46.40.350 establishes the **Objectives** with which the ACMP must be consistent.

Sec. 46.40.360 provides the requirements of coastal districts in the **Development of District Coastal Management Plans** and requires that districts base plans on existing comprehensive plans or new comprehensive resource plans or resources statements of needs. It also requires that the plan (1) delineate the area subject to the plan, (2) include a statement, list or definition of the land and water uses subject to the plan, (3) state the enforceable policies to be applied to the uses subject to the plan, (4) designate any special management areas and (5) state the enforceable policies relevant to the special management areas. This section also outlines the requirements and limitations of plans that can be approved by the board.

Sec. 46.40.370 describes the process for the **Implementation of District Coastal Management Plans**, with either the state or municipalities implementing the plans depending on whether the municipalities have zoning or other controls on the use of resources within the coastal area.

Sec. 46.40.380, Compliance and Enforcement, establishes (a) the requirement that municipalities and state agencies administer regulations and control in conformity of district coastal management plans, and that (b) the superior courts of the state have jurisdiction to enforce lawful orders of the board and the department under this chapter.

Article 2. Coastal Management Plans in the Unorganized Borough

Article 2 outlines the procedure that allows areas of the coastal regions of the state to organize into Coastal Resource Service Areas for the purposes of developing and implementing Coastal Management Plans.

Sec. 46.40.390 establishes that **Coastal Resource Service Areas** (CRSA) can exercise the duties outlined in this chapter, while **Sec. 46.40.400** outlines the process for establishing these areas. Regional attendance areas (REAs) are to be used as the basis for establishing CRSAs, while the DCCED commissioner has the ability to combine two or more REAs into a single CRSA if the combination meets certain criteria.

Sec. 46.40.410 provides the procedure for the **Establishment of Coastal Resource Service Areas** and includes methods of (1) petition by residents of the proposed CRSA or (2) submission of resolutions by city or tribal councils. Elections on the question of the establishment of the proposed CRSA are to be administered by the lieutenant governor within the time bnframe of 60 to 90 days after receiving a request from the board.

Sec. 46.40.420 provides for the election of **Coastal Resource Service Area Boards**, with provisions for number of members, term length, the role of the lieutenant governor in administering elections, dates of elections (to coincide with elections of members of REA boards under AS 14.08.071, Elections and Advisory Votes); vacancy, recall of members, and per diem and honoraria.

Sec. 46.40.430 establishes that elections will be administered by the lieutenant governor in keeping with AS 15 (Alaska Election Code) and that the state will pay the costs of the election.

Sec. 46.40.440 provides for the DCCED to prepare district coastal management plans in areas where the people have (a) rejected, in an election under AS 46.40.410, the creation of a service

area. This ability is limited to areas where the Alaska Coastal Policy Board finds that a major economic development activity has or will occur in the service area that was proposed in the vote. In addition, the DCCED will prepare plans at the request of the board (b) in areas where CRSAs have failed to make substantial progress in preparation of their program within certain timeframes. This section provides for consultation with residents of the affected area, and (c) requires that the board meet with CRSAs board members before a plan is prepared under (b) of this section to determine whether the plan can be completed within the time limits outlined in (b).

Sec. 46.40.450 provides for a review process before the **Approval of Plans in Coastal Resource Service Areas**, and includes a process for review by city and traditional village councils. City councils are limited to objection to elements of the plan pertaining to areas within their corporate boundaries, and traditional councils are limited to those resources within two miles of the village.

Article 3. General Provisions

Sec. 46.40.460 provides that cities within the coastal area can be included in an adjacent service area unless it formally rejects such an inclusion. It also allows for joint administration of functions between a municipality and a CRSA.

Sec. 46.40.470 provides limitations on this chapter and how it is construed with regard to other state laws and state and municipal functions.

Sec. 46.40.500 provides **Definitions** for the purposes of this chapter.

Sec. 2: Transition

Section 2 provides that coastal districts, CRSAs, coastal district boundaries, and coastal management plans that were in effect on June 30, 2011, are revived and incorporated into the ACMP.

It also provides for review of the district's coastal management plans within one year of the effective date of this legislation.

Version I—February 17, 2012

Representative Alan Austerman
House Majority Leader

Alaska State Legislature

Sponsor Statement for House Bill 325: Alaska Coastal Management Program

House Bill 325, an Act Establishing an Alaska Coastal Management Program (ACMP), closely adheres to the intent of the citizens' initiative of the same purpose, though the legislation has been drafted per the requirements of the Alaska Legislature's *Manual on Legislative Drafting*.

The initiative's sponsors appear to have been successful in collecting adequate signatures for the certification of the initiative petition, and it is therefore nearly certain that a vote on the issue will be scheduled for a statewide election in coming months. The initiative, per Article XI of the Constitution, is to be "placed on the ballot for the first statewide election held more than one hundred twenty days after the adjournment of the legislative session following the filing." The statewide primary on August 28, 2012 is the election that meets this description (assuming an April 22nd adjournment, August 20th would be the 120th day following the adjournment of the legislature).

The constitution also says that "if, before the election, substantially the same measure has been enacted, the petition is void."

Through the success of the signature collection process, Alaskans have sent a strong signal to the legislature that the reestablishment of an Alaska Coastal Management Program is an important policy question. Barring action by the Legislature, however, there will not be an opportunity for members of the public to engage in public debate on the merits of the finer points of the measure. Instead, August's vote will be a simple up/down vote on the existing initiative.

The Alaska Legislature has the opportunity to consider HB 325, and to engage in a public dialogue to determine if there are elements of the initiative that should be corrected or clarified in order that the program, as enacted, best meets the needs and intent of Alaskans. Furthermore, by working HB 325 through the legislative process, the Legislature will bring greater attention to the details of the ballot initiative than has yet been seen with respect to this initiative.

Any questions on HB 325 should be directed to my staff, Erin Harrington, at (907) 465-2487.

~ Representing Alaska State House District 36 ~
Akhiok | Igiugig | Iliamna | Karluk | Kodiak | Kokhanok | Larsen Bay | Levelock
Newhalen | Nondalton | Old Harbor | Ouzinkie | Pedro Bay | Port Alsworth | Port Lions

Louie Flora

From: Rep. Paul Seaton
Subject: FW: My testimony for HB325 the Coastal Zone Management Program

From: D. Robbins [mailto:drobbins.r@gmail.com]
Sent: Sunday, March 11, 2012 2:12 PM
To: Rep. Eric Feige; Rep. Peggy Wilson; Rep. Paul Seaton
Cc: Rep. Scott Kawasaki; Rep. Berta Gardner; Rep. Bob Herron; Rep. Cathy Munoz; Rep. Neal Foster; Rep. Alan Dick; Rep. Beth Kerttula
Subject: My testimony for HB325 the Coastal Zone Management Program

Co-Chairs Feige and Seaton,
Vice-Chair Wilson,

Please pass HB325 *Coastal Zone Management Program.* Especially for Alaska with our huge coastline, this is critical legislation. Alaska needs to have a say on what is happening to our coasts whether South, North, East of West.

So much is about to take place in the North that we could be sitting back with our hands tied unless Alaska has a say in it.

We have ongoing issues along all our coasts that may not catch the attention of Alaskans miles away at the moment, but the locals will see the actual facts in light of how they experience it affecting them and us at a later date. We need to have people on top of this.

I'm sure the appointed board as a whole will get the correct picture of the issue and act properly for the whole of Alaska.

Thank you for giving this your consideration!

Doris Robbins

--
Doris Robbins

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MEMBERS

Alaska State Chamber of Commerce

Alaska Wilderness Recreation & Tourism Association

Chugach Alaska Corporation

City of Cordova

City of Homer

City of Kodiak

City of Seldovia

City of Seward

City of Valdez

City of Whittier

Community of Chenega Bay

Community of Tatitlek

Cordova District Fishermen United

Kenai Peninsula Borough

Kodiak Island Borough

Kodiak Village Mayors Association

Oil Spill Region Environmental Coalition

Port Graham Corporation

Prince William Sound Aquaculture Corporation

March 28, 2012

Representative Paul Seaton
Alaska State Legislature
State Capitol Room 102
Juneau AK, 99801

Subject: Support for HB 325 Alaska's Coastal Management Program

Dear Representative Seaton:

The Prince William Sound Regional Citizens Advisory Council (PWSRCAC) is a non-profit organization formed to protect communities in Prince William Sound, and in nearby waters extending to Kodiak Island and Cook Inlet, from crude oil spills. Our members include coastal communities that suffered from the Exxon Valdez oil spill. Before the Alaska Coastal Management program (ACMP) was amended in 2003, the PWSRCAC was an official reviewing agency for projects reviewed for consistency with the program.

The PWSRCAC urges that the role of local communities be preserved and protected in HB 325: Alaska Coastal Management Program (ACMP). PWSRCAC also recommends a minor amendment to the bill that would re-establish the regional citizens' advisory councils as review participants during project consistency reviews when a project requires an oil discharge prevention and contingency plan.

The old ACMP was allowed to expire last year. Soon after, a ballot initiative was proposed to recreate the program as it originally existed, rather than in the weakened form it had when it expired. The principal difference is that the original program provided, as the ballot initiative would do, local communities with a meaningful role in the process, including the ability to protect their own local resources with enforceable standards such as those related to air and water pollution as long as those standards do not conflict with state or federal law.

In 2009 PWSRCAC urged the legislature to retain the participation and authority of local communities in issues of air and water pollution. In its final years, the weakened ACMP had reduced local participation and local authority to a minimal level in general and had specifically eliminated all

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local authority to impose standards related to air and water pollution through a provision known as the "DEC carve-out" because the Alaska Department of Environmental Conservation (ADEC) handles those issues at the state level. PWSRCAC stresses the importance of ensuring that ADEC remain included as a designated agency member in HB 325.

We still believe that meaningful local participation to prevent pollution of important local resources is the key component of any new ACMP program. We firmly believe, as we urged years ago, that this authority is critical.

For the many coastal communities in the state, which include 75 percent of Alaska's population, the heart of the ballot initiative is the reestablishment of the authority of local communities to promulgate their own standards, including those over air and water pollution. These communities will likely strongly oppose any measure that weakens their role in the ACMP. Any bill cutting the local role back to what existed in the weakened version of the program before it expired will not be viewed as substantially similar to the initiative and so cannot reasonably replace it. Communities interested in preserving their local voice and activities under ACMP will need to campaign vigorously for the ballot initiative if there is no bill that preserves their strong role.

Alaska is the only coastal state without a coastal management program, a valuable tool for the state as well as local communities in reviewing federal development. Alaska's coastal communities deserve genuine authority to protect their own resources, including fishing, hunting, and subsistence. We urge that the role of local communities be preserved and protected in HB 325.

Thank you for considering our recommendations. Please feel free to contact Stan Jones, PWSRCAC's Director of Administration and External Affairs, if you have any questions or would like to discuss this issue further. Stan can be reached at 907-273-6230.

Sincerely,

Mark Swanson
Executive Director

cc: Commissioner Larry Hartig, ADEC
PWSRCAC Board of Directors

HB

328

<TARGET><BILL>HB 328</BILL><SUBJECT>HB 328</SUBJECT><COMM>HRES27</COMM></TARGET>

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Nauman
4/7/12

CS FOR HOUSE BILL NO. 328(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES SEATON, Gardner

A BILL

FOR AN ACT ENTITLED

"An Act relating to the oil and gas corporate income tax; relating to the credits against the oil and gas corporate income tax; making conforming amendments; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 21.96.070(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under more than one provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.075, AS 43.20.014, **AS 43.21.310,** AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding $5,000,000; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed $5,000,000 for the affiliated group; in this paragraph, "affiliated group" has the

New Text Underlined *[DELETED TEXT BRACKETED]*

meaning given in AS 43.20.073.

* **Sec. 2.** AS 21.96.070(d), as amended by sec. 7, ch. 92, SLA 2010, is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under more than one provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.075, AS 43.20.014, **AS 43.21.310,** AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding $150,000.

* **Sec. 3.** AS 21.96.075(c) is amended to read:

(c) A contribution claimed by a taxpayer as a credit under this section may not

(1) be the basis for a credit claimed under more than one provision of this title;

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, AS 43.20.014, **AS 43.21.310,** AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding $5,000,000; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed $5,000,000 for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.073; or

(3) be claimed as a credit unless the contribution qualifies for the credit under (d) of this section.

* **Sec. 4.** AS 21.96.075(c), as amended by sec. 10, ch. 92, SLA 2010, is amended to read:

(c) A contribution claimed by a taxpayer as a credit under this section may not

(1) be the basis for a credit claimed under more than one provision of this title;

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, AS 43.20.014, **AS 43.21.310,** AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding $150,000; or

(3) be claimed as a credit unless the contribution qualifies for the credit

under (d) of this section.

* **Sec. 5.** AS 29.60.599(1) is amended to read:

(1) "barrel," when used with reference to oil, **means the quantity of oil contained in 42 United States gallons of 231 cubic inches each, measured at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds a square inch** [HAS THE MEANING GIVEN IN AS 43.20.072];

* **Sec. 6.** AS 41.09.010(b) is amended to read:

(b) An exploration incentive credit extended under (a) of this section may be applied against

(1) a payment or obligation against which a credit authorized by AS 38.05.180(i) may be claimed;

(2) taxes payable under AS 43.20 **or AS 43.21, as applicable**; and

(3) oil and gas bonus payments due the state under AS 38.05.180(f).

* **Sec. 7.** AS 43.20.011 is amended by adding a new subsection to read:

(g) For purposes of calculating the tax under (e) of this section, the taxable income of a corporation engaged in the production or transportation of crude oil or natural gas shall be determined in accordance with AS 43.21.

* **Sec. 8.** AS 43.20.014(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title;

(2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter; and

(3) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, **AS 43.21.310,** AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding $5,000,000; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed $5,000,000 for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.073.

* **Sec. 9.** AS 43.20.014(d), as amended by sec. 18, ch. 92, SLA 2010, is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title;

(2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter; and

(3) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, **AS 43.21.310,** AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding $150,000.

* **Sec. 10.** AS 43.20.073(f) is amended to read:

(f) This section does not apply to taxpayers subject to **AS 43.21** [AS 43.20.072 ENGAGED IN

(1) THE PRODUCTION OF OIL OR GAS FROM A LEASE OR PROPERTY IN THE STATE; OR

(2) THE TRANSPORTATION OF OIL OR GAS BY REGULATED PIPELINE IN THE STATE].

* **Sec. 11.** AS 43.21 is amended by adding new sections to read:

Article 1. Determination of Taxable Income.

Sec. 43.21.200. Application. This chapter applies to every corporation doing business in the state that derives income from the production of oil or gas from a lease or property in the state or from the pipeline transportation of oil or gas in the state. The tax calculated under this chapter is measured by the total taxable income of the corporation during the tax period as defined by AS 43.21.210 - 43.21.250 and is calculated at the rates established under AS 43.20.011(e).

Sec. 43.21.210. Internal Revenue Code adopted by reference. (a) 26 U.S.C. 1 - 1399 and 6001 - 7872 (Internal Revenue Code), as amended, are adopted by reference as a part of this chapter. These portions of the Internal Revenue Code have full force and effect under this chapter unless excepted to or modified by other provisions of this chapter.

(b) When portions of the Internal Revenue Code incorporated by reference as provided in (a) of this section refer to rules and regulations adopted by the United

States Commissioner of Internal Revenue, or hereafter adopted, those portions shall be regarded as regulations adopted by the department under and in accord with the provisions of this chapter, unless and until the department adopts specific regulations in place of those portions conformable with this chapter.

Sec. 43.21.220. Determination of taxable income from oil and gas production. (a) The taxable income of a corporation from the production of oil and gas from a lease or property in the state is the corporation's net income as calculated in accordance with this section.

(b) Gross income of a corporation from oil and gas production is the sum of the gross value at the point of production of oil or gas produced from a lease or property in the state, any gain or loss resulting from the sale of a lease, and any gain or loss resulting from the sale of property used in the production of oil and gas in the state. The department shall by regulation determine a uniform method of establishing the gross value at the point of production. For the purpose of determining the gross value at the point of production under this subsection, the department shall use AS 43.55.150 for the determination of transportation costs.

(c) Net income from oil and gas production shall be determined by deducting from gross income the following:

(1) royalties paid in kind or in value;

(2) taxes imposed under AS 43.55 that are actually paid or incurred by the corporation on the production from a lease or property in the state;

(3) taxes imposed under AS 29.45.080 - 29.45.090 and AS 43.56 that are actually paid or incurred by the corporation on property used directly in the production of oil or gas from a lease or property in the state, including property used in production, gathering, treatment, or preparation of the oil or gas for pipeline transportation, but only if those property tax payments were due and payable only after the date of commercial production from the lease or property with which the property was associated;

(4) the direct costs incurred by or for the corporation in operating the lease or property, including the direct costs of producing, gathering, treating, or preparing the oil or gas for pipeline transportation, but net of any payments received

for those activities and not including any indirect cost or overhead expense;

(5) depreciation, under 26 U.S.C. 167 (Internal Revenue Code) or another reasonable method as the department may by regulation establish, on property used directly in the production, gathering, treatment, or preparation of the oil or gas for pipeline transportation, including amortization of capitalized interest for investments in that property at a rate not to exceed the average cost to the taxpayer of borrowed capital during the year in which the interest is capitalized; for purposes of this paragraph, property capitalized under AS 43.20 shall maintain its adjusted basis, less any depreciation taken under AS 43.20 and any amount attributable to that property received as a credit under this title;

(6) the amortization of lease acquisition payments and taxes paid or incurred under AS 29.45.080, 29.45.090, or AS 43.56, including capitalized interest, for or on producing properties before the commencement of commercial production from the lease or property for which the property is being used;

(7) interest expense of the corporation, not capitalized during construction, that was paid or incurred in connection with property in the state; however, the interest expense may not exceed that portion of the total interest paid by the consolidated business of which the corporation is a part, determined by multiplying the total interest by a fraction, the numerator of which is the value of the corporation's real and tangible personal property used directly in the production of oil or gas from a lease or property in the state and the denominator of which is the value of all real and tangible personal property of the consolidated business; in this paragraph, "total interest paid by the consolidated business" does not include interest expense arising from intercompany obligations within the consolidated business except to the extent that the interest expense reflects a pass-through of interest on a third-party borrowing by the parent or other member of the consolidated business with the purpose, expressed at the time of the third-party borrowing, of financing Alaska business activity of the taxpayer corporation;

(8) expenses incurred by the corporation after December 31, 2012, of unsuccessful exploration of oil or gas in the state, including the acquisition costs of abandoned properties, dry hole costs, and the costs of geologic and geophysical

exploration related to those abandoned properties;

(9) general overhead or administrative expense incurred by the corporation attributable to deriving income from the production of oil or gas from a lease or property in the state to the extent that the general overhead or administrative expense does not exceed that portion of the total general overhead or administrative expense incurred by the consolidated business of which the corporation is a part, determined by multiplying the total general overhead or administrative expense by a fraction, the numerator of which is the value of the corporation's real and tangible personal property used directly in the production of oil or gas from a lease or property in the state and the denominator of which is the value of all real and tangible personal property of the consolidated business;

(10) the amount of income from the production of oil and gas from a lease or property that is divided among the regional Native corporations under 43 U.S.C. 1606(i) (sec. 7(i), Alaska Native Claims Settlement Act, P.L. 92-203);

(11) net operating loss carry forward amounts accrued from taxes paid under AS 43.20 or AS 43.21 for expenditures related to the production of oil or gas from a lease or property in the state or from pipeline transportation of oil or gas in the state, except that a net operating loss amount that resulted from an expenditure that was also the basis of a credit under this title may not be deducted under this paragraph.

(d) Deductions from gross income under this section may not include expenses previously deducted on a return filed under AS 43.20.

(e) If a corporation subject to this chapter shares the production or proceeds of the production from a lease or property through a working interest, royalty interest, overriding royalty interest, production payment, net profit interest, joint venture, or other agreement, the taxpayer shall allocate the deductions from gross income between the corporation and the persons with whom the corporation has the agreement in accordance with the terms of the agreement.

Sec. 43.21.230. Determination of income from oil and gas pipeline transportation. (a) Except as provided in (c) of this section, taxable income attributable to the transportation of oil in a pipeline engaged in interstate commerce in this state is the amount reported or that would be required to be reported to the Federal

Energy Regulatory Commission or its successors as net operating income, less those portions of interest and general overhead or administrative expense attributable to the pipeline transportation of oil in the state, except that taxable income shall also include taxes on or measured by income. The department shall establish regulations governing the determination of interest and general overhead or administrative expense attributable to pipeline transportation of oil in the state.

(b) Except as provided in (c) of this section, taxable income attributable to the transportation of natural gas in a pipeline engaged in interstate commerce in this state is the amount reported or that would be required to be reported to the Federal Energy Regulatory Commission as net operating income, less that portion of interest and general overhead or administrative expense attributable to pipeline transportation in the state, except that the taxable income shall also include taxes on or measured by income. The department shall establish regulations governing the determination of interest and general overhead or administrative expense attributable to pipeline transportation of natural gas in the state.

(c) Taxable income attributable to the transportation of oil or natural gas in this state of a corporation not under the jurisdiction of the Federal Energy Regulatory Commission, or of a corporation under the jurisdiction of the Federal Energy Regulatory Commission but not reporting the operation of pipelines in the state separately from the operation of pipelines elsewhere, shall be based on an amount equal to the amount that would have been reported to the Federal Energy Regulatory Commission under (a) of this section in the case of oil pipelines, or under (b) of this section, in the case of natural gas pipelines, had the corporation been, in fact, under the jurisdiction of the Federal Energy Regulatory Commission for the taxable year and required to report on the operation of pipelines in the state separately from the operation of pipelines elsewhere.

Sec. 43.21.240. Determination of income from activities other than oil and gas production or pipeline transportation. (a) Taxable income of a corporation subject to this chapter from activities in this state other than the production of oil or gas from a lease or property in the state or the pipeline transportation of oil or gas in the state shall be determined in accordance with the method established in art. IV of

AS 43.19.010 and in AS 43.20.071, as modified by (b) - (d) of this section.

(b) The total taxable income of a consolidated business is its entire income less the portion of that entire income attributable to worldwide production and pipeline transportation of oil and gas. In this subsection, for a member of a consolidated business who is

(1) required to file under the Internal Revenue Code, "entire income" means the taxpayer's taxable income as the term is used in AS 43.20.011 - 43.20.065;

(2) not required to file under the Internal Revenue Code, "entire income" means an income determination prepared in accordance with generally accepted accounting principles, except that a taxpayer may elect to report income as the income would be determined under (1) of this subsection.

(c) The numerator and denominator of the property factor, of the payroll factor, and of the sales factor shall be calculated without reference to that portion of property, payroll, or sales directly related to the production of oil or gas from a lease of property in the state or the pipeline transportation of oil or gas in the state.

(d) The value attributed to vessels transporting Alaska oil or gas of a consolidated business that are not owned or effectively owned by the consolidated business shall be excluded from the property factor.

Sec. 43.21.250. Applicability of tax to a consolidated business. The provisions of this chapter apply to a consolidated business whether or not the taxpayer is the parent or controlling corporation.

Article 2. Calculation of Tax; Returns.

Sec. 43.21.300. Calculation of tax. (a) The amount of the tax payable on the taxable income of a corporation subject to tax under this chapter shall be determined using the tax rates in AS 43.20.011(e).

(b) For purposes of this chapter, the department may combine taxable income of corporations subject to tax under this chapter who are part of the same consolidated business.

(c) If the methods of allocation and apportionment provided in this chapter do not fairly represent the extent of a corporation's business activity in the state, the corporation may petition for or the department may require, in respect to all or any

part of the corporation's business activity, if reasonable, the employment of any method authorized under art. IV, sec. 18, AS 43.19.010 (Multistate Tax Compact), to carry out an equitable allocation and apportionment of the corporation's income. The commissioner shall include in the annual report required in AS 43.21.410 a report on all relief granted under this subsection, including, for each case, a statement of the changes in tax liability resulting from the granting of relief, the tax years involved, and a description of the method of determining taxable income that was substituted for the methods provided in this chapter.

Sec. 43.21.310. Income tax education credit. (a) A taxpayer is allowed as a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) for vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;

(4) for a facility or an annual intercollegiate sports tournament by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(5) for Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state; and

(6) for education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government.

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000;

(2) 100 percent of the next $200,000 of contributions; and

(3) 50 percent of the amount of contributions that exceed $300,000.

(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title;

(2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter; and

(3) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding $5,000,000; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed $5,000,000 for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.073.

(e) The credit under this section may not reduce a person's tax liability under this chapter to below zero for any tax year. An unused credit or portion of a credit not used under this section for a tax year may not be sold, traded, transferred, or applied in a subsequent tax year.

(f) In this section,

(1) "school district" means a borough school district, a city school district, a regional educational attendance area, or a state boarding school;

(2) "vocational education" means organized educational activities that offer a sequence of courses that provides individuals with the academic and technical knowledge and skills the individuals need to prepare for further education and for careers other than careers requiring a baccalaureate, master's, or doctoral degree.

Sec. 43.21.320. Credits. In addition to the credit allowed under AS 43.21.310, a credit under AS 43.20.043, 43.20.044, or 43.20.046 may also be applied against the tax levied under this chapter, unless a credit for the same expenditure has been taken against a tax levied under AS 43.20 or AS 43.55.

Sec. 43.21.330. Returns and payment of taxes. (a) A corporation subject to tax under this chapter and required to make a return under the Internal Revenue Code

shall, within 30 days after the federal return is required to be filed, submit a return setting out

(1) the amount of tax due under this chapter, less credits claimed against the tax; and

(2) other information the department may require to carry out the purposes of this chapter.

(b) The return shall be made under oath or shall contain a written declaration that it is made under penalty of perjury and shall be made on a form prescribed by the department.

(c) On request by the department, a taxpayer shall furnish to the department a true and correct copy of each annual tax return the taxpayer has filed with the United States Internal Revenue Service. Every taxpayer shall notify the department in writing of any modification of the taxpayer's federal income tax return and of a recomputation of tax or determination of deficiency. A full statement of the facts must accompany this notice. The notice shall be filed within 60 days after the final determination of the modification, recomputation, or deficiency, and the taxpayer shall pay the additional tax or penalty under this chapter. For purposes of this section, a determination shall be considered to be final at the time an amended federal return is filed or a notice of deficiency or an assessment is mailed to the taxpayer by the Internal Revenue Service, except that in no event shall a determination be considered final for purposes of this section until the taxpayer has exhausted the taxpayer's rights of appeal under federal law.

(d) The total amount of tax imposed by this chapter is due and payable to the department at the same time and in the same manner as the tax payable to the United States Internal Revenue Service, including quarterly estimated tax prepayments, except that a taxpayer with an estimated tax liability of less than $1,000,000 for the year is not required to make quarterly prepayments of the estimated tax.

(e) A tax due under this section is payable even if the assessment is under appeal or the validity, enforceability, or application of this chapter or any provision of this chapter is challenged before the department or in the courts.

(f) An unpaid amount of an installment payment required under (d) of this

section that is not paid when due shall be treated as an underpayment under 26 U.S.C. 6655 (Internal Revenue Code) and shall accrue interest at a rate appropriate for the state prescribed in regulation.

Article 3. Administrative Matters.

Sec. 43.21.400. Regulations. The department shall adopt regulations in accordance with AS 44.62 (Administrative Procedure Act) to implement this chapter. In the adoption of regulations under this section, the department shall use the 1981 regulations adopted under former provisions of this chapter as guidance. Regulations adopted under this section must include methods for accounting for

(1) intercompany transactions in a fair and equitable manner and to prevent purposeful tax evasion or manipulation of income or deductions, including transactions for costs incurred by a party outside of the state that are related to oil or gas production from a lease or property in the state or to pipeline transportation of oil or gas in the state; and

(2) transactions between parent and subsidiary companies.

Sec. 43.21.410. Public reporting. (a) The commissioner shall compile and transmit to the legislature an annual report of state revenue and the implementation of taxation policies under this chapter. The report must include total aggregate income tax paid by corporations subject to this chapter and aggregate income and deductions by category, classified so as to prevent the identification of particular returns or reports.

(b) The legislative auditor shall notify the legislature on or before the first day of each regular session that the annual report reviewing the actions of the department in administering this chapter is available.

Sec. 43.21.420. Information disclosure. Notwithstanding AS 43.05.320, the department shall disclose to a legislator, on request, information collected from a taxpayer to the extent that

(1) the taxpayer is a publicly traded company;

(2) the information has been filed in a quarterly, annual, or other periodic report to the United States Securities Exchange Commission; and

(3) the information has been made public by the United States

Securities Exchange Commission.

Sec. 43.21.499. Definitions. Unless the context requires otherwise, the definitions contained in AS 43.55.900 are applicable to this chapter. In addition, in this chapter,

(1) "consolidated business" means a corporation or group of corporations having more than 50 percent common ownership, direct or indirect, or a group of corporations in which there is common control, either direct or indirect, as evidenced by an arrangement, contract, or agreement;

(2) "Internal Revenue Code" has the meaning given in AS 43.20.340.

* **Sec. 12.** AS 43.21.310(a), added by sec. 11 of this Act, is amended to read:

(a) A taxpayer is allowed as a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses **and** [,] programs [, AND FACILITIES] by a school district in the state;

(3) [FOR VOCATIONAL EDUCATION COURSES, PROGRAMS, AND FACILITIES] by a state-operated vocational technical education and training school [;

(4) FOR A FACILITY OR AN ANNUAL INTERCOLLEGIATE SPORTS TOURNAMENT BY A NONPROFIT, PUBLIC OR PRIVATE, ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A REGIONAL ACCREDITATION ASSOCIATION;

(5) FOR ALASKA NATIVE CULTURAL OR HERITAGE PROGRAMS AND EDUCATIONAL SUPPORT, INCLUDING MENTORING AND TUTORING, PROVIDED BY A NONPROFIT AGENCY FOR PUBLIC SCHOOL STAFF AND FOR STUDENTS WHO ARE IN GRADES KINDERGARTEN THROUGH 12 IN THE STATE; AND

(6) FOR EDUCATION, RESEARCH, REHABILITATION, AND

FACILITIES BY AN INSTITUTION THAT IS LOCATED IN THE STATE AND THAT QUALIFIES AS A COASTAL ECOSYSTEM LEARNING CENTER UNDER THE COASTAL AMERICA PARTNERSHIP ESTABLISHED BY THE FEDERAL GOVERNMENT].

* **Sec. 13.** AS 43.21.310(b), added by sec. 11 of this Act, is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; **and**

(2) 100 percent of the next **$100,000** [$200,000] of contributions [; AND

(3) 50 PERCENT OF THE AMOUNT OF CONTRIBUTIONS THAT EXCEED $300,000].

* **Sec. 14.** AS 43.21.310(d), added by sec. 11 of this Act, is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title;

(2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter; and

(3) when combined with credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding **$150,000** [$5,000,000; IF THE TAXPAYER IS A MEMBER OF AN AFFILIATED GROUP, THEN THE TOTAL AMOUNT OF CREDITS MAY NOT EXCEED $5,000,000 FOR THE AFFILIATED GROUP; IN THIS PARAGRAPH, "AFFILIATED GROUP" HAS THE MEANING GIVEN IN 43.20.073].

* **Sec. 15.** AS 43.55.019(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, AS 43.20.014, **AS 43.21.310,** AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding $5,000,000; if the taxpayer is a member of an

affiliated group, then the total amount of credits may not exceed $5,000,000 for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.073.

* **Sec. 16.** AS 43.55.019(d), as amended by sec. 25, ch. 92, SLA 2010, is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, AS 43.20.014, **AS 43.21.310,** AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding $150,000.

* **Sec. 17.** AS 43.56.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, AS 43.20.014, **AS 43.21.310,** AS 43.55.019, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding $5,000,000; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed $5,000,000 for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.073.

* **Sec. 18.** AS 43.56.018(d), as amended by sec. 32, ch. 92, SLA 2010, is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, AS 43.20.014, **AS 43.21.310,** AS 43.55.019, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding $150,000.

* **Sec. 19.** AS 43.65.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, AS 43.20.014, **AS 43.21.310,** AS 43.55.019, AS 43.56.018, AS 43.75.018, or AS 43.77.045, result in the total amount of the credits exceeding $5,000,000; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed $5,000,000 for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.073.

* **Sec. 20.** AS 43.65.018(d), as amended by sec. 39, ch. 92, SLA 2010, is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, AS 43.20.014, **AS 43.21.310,** AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.77.045, result in the total amount of the credits exceeding $150,000.

* **Sec. 21.** AS 43.75.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, AS 43.20.014, **AS 43.21.310,** AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.77.045, result in the total amount of the credits exceeding $5,000,000; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed $5,000,000 for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.073.

* **Sec. 22.** AS 43.75.018(d), as amended by sec. 46, ch. 92, SLA 2010, is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, AS 43.20.014, **AS 43.21.310,** AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.77.045, result in the total amount of the credits exceeding $150,000.

*** Sec. 23.** AS 43.77.045(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, AS 43.20.014, **AS 43.21.310,** AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018, result in the total amount of the credits exceeding $5,000,000; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed $5,000,000 for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.073.

*** Sec. 24.** AS 43.77.045(d), as amended by sec. 53, ch. 92, SLA 2010, is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, 21.96.075, AS 43.20.014, **AS 43.21.310,** AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018, result in the total amount of the credits exceeding $150,000.

*** Sec. 25.** AS 43.82.210(a) is amended to read:

(a) If the commissioner approves an application and proposed project plan under AS 43.82.140, the commissioner may develop proposed terms for inclusion in a contract under AS 43.82.020 for periodic payment in lieu of one or more of the following taxes that otherwise would be imposed by the state or a municipality on the qualified sponsor or member of a qualified sponsor group as a consequence of

participating in an approved qualified project:

(1) oil and gas production taxes and oil surcharges under AS 43.55;

(2) oil and gas exploration, production, and pipeline transportation property taxes under AS 43.56;

(3) **oil and gas corporate income tax under AS 43.21;** [REPEALED]

(4) Alaska net income tax under AS 43.20;

(5) municipal sales and use tax under AS 29.45.650 - 29.45.710;

(6) municipal property tax under AS 29.45.010 - 29.45.250 or 29.45.550 - 29.45.600;

(7) municipal special assessments under AS 29.46;

(8) a comparable tax or levy imposed by the state or a municipality after June 18, 1998;

(9) other state or municipal taxes or categories of taxes identified by the commissioner.

*** Sec. 26.** AS 43.20.072 is repealed.

*** Sec. 27.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. AS 43.21, added by sec. 11 of this Act, applies to taxable income earned or received after December 31, 2012.

*** Sec. 28.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REGULATIONS. (a) The Department of Revenue may adopt regulations necessary to implement AS 43.21, added by sec. 11 of this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the law implemented by regulation.

(b) The Department of Revenue shall provide by regulation for a transition for a corporation subject to tax under AS 43.20 before December 31, 2012, to avoid double taxation of the same income or double deduction of the same expense of the corporation as a result of becoming subject to tax under AS 43.21, added by sec. 11 of this Act.

(c) The Department of Revenue may adopt regulations necessary to provide a five-year transition period for the adoption of applicable depreciation schedules.

* **Sec. 29.** Sections 2, 4, 9, 12 - 14, 16, 18, 20, 22, and 24 of this Act take effect on the effective date specified in sec. 57, ch. 92 SLA 2010, as amended by sec. 15, ch. 7 FSSLA 2011, and as may be further amended.

* **Sec. 30.** Section 28 of this Act takes effect immediately under AS 01.10.070(c).

* **Sec. 31.** Except as provided in secs. 29 and 30 of this Act, this Act takes effect January 1, 2013.

27-LS1142\I
Nauman
3/27/12

CS FOR HOUSE BILL NO. 328(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES SEATON, Gardner

A BILL

FOR AN ACT ENTITLED

"An Act relating to the oil and gas corporate income tax; relating to the credits against the oil and gas corporate income tax; making conforming amendments; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 29.60.599(1) is amended to read:

(1) "barrel," when used with reference to oil, **means the quantity of oil contained in 42 United States gallons of 231 cubic inches each, measured at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds a square inch** [HAS THE MEANING GIVEN IN AS 43.20.072];

*** Sec. 2.** AS 41.09.010(b) is amended to read:

(b) An exploration incentive credit extended under (a) of this section may be applied against

(1) a payment or obligation against which a credit authorized by AS 38.05.180(i) may be claimed;

(2) taxes payable under AS 43.20 **or AS 43.21, as applicable**; and

(3) oil and gas bonus payments due the state under AS 38.05.180(f).

*** Sec. 3.** AS 43.20.011 is amended by adding a new subsection to read:

(g) For purposes of calculating the tax under (e) of this section, the taxable income of a corporation engaged in the production or transportation of crude oil or natural gas shall be determined in accordance with AS 43.21.

*** Sec. 4.** AS 43.20.073(f) is amended to read:

(f) This section does not apply to taxpayers subject to **AS 43.21** [AS 43.20.072 ENGAGED IN

(1) THE PRODUCTION OF OIL OR GAS FROM A LEASE OR PROPERTY IN THE STATE; OR

(2) THE TRANSPORTATION OF OIL OR GAS BY REGULATED PIPELINE IN THE STATE].

*** Sec. 5.** AS 43.21 is amended by adding new sections to read:

Article 1. Determination of Taxable Income.

Sec. 43.21.200. Application. This chapter applies to every corporation doing business in the state that derives income from the production of oil or gas from a lease or property in the state or from the pipeline transportation of oil or gas in the state. The tax calculated under this chapter is measured by the total taxable income of the corporation during the tax period as defined by AS 43.21.210 - 43.21.240 and is calculated at the rates established under AS 43.20.011(e).

Sec. 43.21.210. Determination of taxable income from oil and gas production. (a) The taxable income of a corporation from the production of oil and gas from a lease or property in the state is the corporation's net income as calculated in accordance with this section.

(b) Gross income of a corporation from oil and gas production is the sum of the gross value at the point of production of oil or gas produced from a lease or property in the state, any gain or loss resulting from the sale of a lease, and any gain or loss resulting from the sale of property used in the production of oil and gas in the state. The department shall by regulation determine a uniform method of establishing the gross value at the point of production. For the purpose of determining the gross

value at the point of production under this subsection, the department shall use AS 43.55.150 for the determination of transportation costs.

(c) Net income from oil and gas production shall be determined by deducting from gross income the following:

(1) royalties paid in kind or in value;

(2) taxes imposed under AS 43.55 that are actually paid or incurred by the corporation on the production from a lease or property in the state;

(3) taxes imposed under AS 29.45.080 - 29.45.090 and AS 43.56 that are actually paid or incurred by the corporation on property used directly in the production of oil or gas from a lease or property in the state, including property used in production, gathering, treatment, or preparation of the oil or gas for pipeline transportation, but only if those property tax payments were due and payable only after the date of commercial production from the lease or property with which the property was associated;

(4) the direct costs incurred by or for the corporation in operating the lease or property, including the direct costs of producing, gathering, treating, or preparing the oil or gas for pipeline transportation, but net of any payments received for those activities and not including any indirect cost or overhead expense;

(5) depreciation, under 26 U.S.C. 167 (Internal Revenue Code) or another reasonable method as the department may by regulation establish, on property required to be capitalized under 26 U.S.C. (Internal Revenue Code) and used directly in the production, gathering, treatment, or preparation of the oil or gas for pipeline transportation, including amortization of capitalized interest for investments in that property at a rate not to exceed the average cost to the taxpayer of borrowed capital during the year in which the interest is capitalized;

(6) the amortization of lease acquisition payments and taxes paid or incurred under AS 29.45.080, 29.45.090, or AS 43.56, including capitalized interest, for or on producing properties before the commencement of commercial production from the lease or property for which the property is being used;

(7) interest expense of the corporation, not capitalized during construction, that was paid or incurred in connection with property in the state;

however, the interest expense may not exceed that portion of the total interest paid by the consolidated business of which the corporation is a part, determined by multiplying the total interest by a fraction, the numerator of which is the value of the corporation's real and tangible personal property used directly in the production of oil or gas from a lease or property in the state and the denominator of which is the value of all real and tangible personal property of the consolidated business; in this paragraph, "total interest paid by the consolidated business" does not include interest expense arising from intercompany obligations within the consolidated business except to the extent that the interest expense reflects a pass-through of interest on a third-party borrowing by the parent or other member of the consolidated business with the purpose, expressed at the time of the third-party borrowing, of financing Alaska business activity of the taxpayer corporation;

(8) expenses incurred by the corporation after December 31, 2012, of unsuccessful exploration of oil or gas in the state, including the acquisition costs of abandoned properties, dry hole costs, and the costs of geologic and geophysical exploration related to those abandoned properties;

(9) general overhead or administrative expense incurred by the corporation attributable to deriving income from the production of oil or gas from a lease or property in the state to the extent that the general overhead or administrative expense does not exceed that portion of the total general overhead or administrative expense incurred by the consolidated business of which the corporation is a part, determined by multiplying the total general overhead or administrative expense by a fraction, the numerator of which is the value of the corporation's real and tangible personal property used directly in the production of oil or gas from a lease or property in the state and the denominator of which is the value of all real and tangible personal property of the consolidated business;

(10) the amount of income from the production of oil and gas from a lease or property that is divided among the regional Native corporations under 43 U.S.C. 1606(i) (sec. 7(i), Alaska Native Claims Settlement Act, P.L. 92-203).

(d) Deductions from gross income under this section may not include expenses previously deducted on a return filed under AS 43.20.

(e) If a corporation subject to this chapter shares the production or proceeds of the production from a lease or property through a working interest, royalty interest, overriding royalty interest, production payment, net profit interest, joint venture, or other agreement, the taxpayer shall allocate the deductions from gross income between the corporation and the persons with whom the corporation has the agreement in accordance with the terms of the agreement.

Sec. 43.21.220. Determination of income from oil and gas pipeline transportation. (a) Except as provided in (c) of this section, taxable income attributable to the transportation of oil in a pipeline engaged in interstate commerce in this state is the amount reported or that would be required to be reported to the Federal Energy Regulatory Commission or its successors as net operating income, less those portions of interest and general overhead or administrative expense attributable to the pipeline transportation of oil in the state, except that taxable income shall also include taxes on or measured by income. The department shall establish regulations governing the determination of interest and general overhead or administrative expense attributable to pipeline transportation of oil in the state.

(b) Except as provided in (c) of this section, taxable income attributable to the transportation of natural gas in a pipeline engaged in interstate commerce in this state is the amount reported or that would be required to be reported to the Federal Energy Regulatory Commission as net operating income, less that portion of interest and general overhead or administrative expense attributable to pipeline transportation in the state, except that the taxable income shall also include taxes on or measured by income. The department shall establish regulations governing the determination of interest and general overhead or administrative expense attributable to pipeline transportation of natural gas in the state.

(c) Taxable income attributable to the transportation of oil or natural gas in this state of a corporation not under the jurisdiction of the Federal Energy Regulatory Commission, or of a corporation under the jurisdiction of the Federal Energy Regulatory Commission but not reporting the operation of pipelines in the state separately from the operation of pipelines elsewhere, shall be based on an amount equal to the amount that would have been reported to the Federal Energy Regulatory

Commission under (a) of this section in the case of oil pipelines, or under (b) of this section, in the case of natural gas pipelines, had the corporation been, in fact, under the jurisdiction of the Federal Energy Regulatory Commission for the taxable year and required to report on the operation of pipelines in the state separately from the operation of pipelines elsewhere.

Sec. 43.21.230. Determination of income from activities other than oil and gas production or pipeline transportation. (a) Taxable income of a corporation subject to this chapter from activities in this state other than the production of oil or gas from a lease or property in the state or the pipeline transportation of oil or gas in the state shall be determined in accordance with the method established in art. IV of AS 43.19.010 and in AS 43.20.071, as modified by (b) - (d) of this section.

(b) The total taxable income of a consolidated business is its entire income less the portion of that entire income attributable to worldwide production and pipeline transportation of oil and gas. In this subsection, for a member of a consolidated business who is

(1) required to file under the Internal Revenue Code, "entire income" means the taxpayer's taxable income as the term is used in AS 43.20.011 - 43.20.065;

(2) not required to file under the Internal Revenue Code, "entire income" means an income determination prepared in accordance with generally accepted accounting principles, except that a taxpayer may elect to report income as the income would be determined under (1) of this subsection.

(c) The numerator and denominator of the property factor, of the payroll factor, and of the sales factor shall be calculated without reference to that portion of property, payroll, or sales directly related to the production of oil or gas from a lease of property in the state or the pipeline transportation of oil or gas in the state.

(d) The value attributed to vessels transporting Alaska oil or gas of a consolidated business that are not owned or effectively owned by the consolidated business shall be excluded from the property factor.

Sec. 43.21.240. Applicability of tax to a consolidated business. The provisions of this chapter apply to a consolidated business whether or not the taxpayer is the parent or controlling corporation.

Article 2. Calculation of Tax; Returns.

Sec. 43.21.300. Calculation of tax. (a) The amount of the tax payable on the taxable income of a corporation subject to tax under this chapter shall be determined using the tax rates in AS 43.20.011(e).

(b) For purposes of this chapter, the department may combine taxable income of corporations subject to tax under this chapter who are part of the same consolidated business.

(c) If the methods of allocation and apportionment provided in this chapter do not fairly represent the extent of a corporation's business activity in the state, the corporation may petition for or the department may require, in respect to all or any part of the corporation's business activity, if reasonable, the employment of any method authorized under art. IV, sec. 18, AS 43.19.010 (Multistate Tax Compact), to carry out an equitable allocation and apportionment of the corporation's income. The commissioner shall include in the annual report required in AS 43.21.410 a report on all relief granted under this subsection, including, for each case, a statement of the changes in tax liability resulting from the granting of relief, the tax years involved, and a description of the method of determining taxable income that was substituted for the methods provided in this chapter.

Sec. 43.21.320. Credits. A credit under AS 43.20.043, 43.20.044, or 43.20.046 may also be applied against the tax levied under this chapter, unless a credit for the same expenditure has been taken against a tax levied under AS 43.20 or AS 43.55.

Sec. 43.21.330. Returns and payment of taxes. (a) A corporation subject to tax under this chapter and required to make a return under the Internal Revenue Code shall, within 30 days after the federal return is required to be filed, submit a return setting out

(1) the amount of tax due under this chapter, less credits claimed against the tax; and

(2) other information the department may require to carry out the purposes of this chapter.

(b) The return shall be made under oath or shall contain a written declaration that it is made under penalty of perjury and shall be made on a form prescribed by the

department.

(c) The total amount of tax imposed by this chapter is due and payable to the department at the same time and in the same manner as the tax payable to the United States Internal Revenue Service, including quarterly estimated tax prepayments, except that a taxpayer with an estimated tax liability of less than $1,000,000 for the year is not required to make quarterly prepayments of the estimated tax.

(d) A tax due under this section is payable even if the assessment is under appeal or the validity, enforceability, or application of this chapter or any provision of this chapter is challenged before the department or in the courts.

(e) An unpaid amount of an installment payment required under (c) of this section that is not paid when due bears interest (1) at the rate provided for an underpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from the date the installment payment is due until March 31 following the calendar year of production; and (2) as provided for a delinquent tax under AS 43.05.225 after that March 31. Interest accrued under (1) of this subsection that remains unpaid after that March 31 is treated as an addition to tax that bears interest under (2) of this subsection.

(f) Notwithstanding any contrary provision of AS 43.05.280,

(1) an overpayment of an installment payment required under (c) of this section bears interest at the rate provided for an overpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from the later of the date the installment payment is due or the date the overpayment is made, until the earlier of

(A) the date the overpayment is refunded or applied to an underpayment; or

(B) March 31 following the calendar year of production;

(2) except as provided under (1) of this subsection, interest with respect to an overpayment is allowed only on any net overpayment of the payments required under (c) of this section that remains after the later of March 31 following the calendar year of production or the date that the statement required is filed;

(3) interest is allowed under (2) of this subsection only from a date that

is 90 days after the later of March 31 following the calendar year of production or the date that the statement required is filed; interest is not allowed if the overpayment was refunded within the 90-day period;

(4) interest under (2) and (3) of this section is paid at the rate and in the manner provided in AS 43.05.225(1).

(g) Notwithstanding any contrary provision of AS 43.05.225 or (e) or (f) of this section, if the amount of a tax payment, including an installment payment, due under (c) of this section is affected by the retroactive application of a regulation adopted under this chapter, the department shall determine whether the retroactive application of the regulation caused an underpayment or an overpayment of the amount due and adjust the interest due on the affected payment as follows:

(1) if an underpayment of the amount due occurred, the department shall waive interest that would otherwise accrue for the underpayment before the first day of the second month following the month in which the regulation became effective, if

(A) the department determines that the producer's underpayment resulted because the regulation was not in effect when the payment was due; and

(B) the producer demonstrates that it made a good faith estimate of its tax obligation in light of the regulations then in effect when the payment was due and paid the estimated tax;

(2) if an overpayment of the amount due occurred and the department determines that the producer's overpayment resulted because the regulation was not in effect when the payment was due, the obligation for a refund for the overpayment does not begin to accrue interest earlier than the following, as applicable:

(A) except as otherwise provided under (B) of this paragraph, the first day of the second month following the month in which the regulation became effective;

(B) 90 days after an amended statement and an application to request a refund of production tax paid is filed, if the overpayment was for a period for which an amended statement was required to be filed before the

regulation became effective.

Article 3. Administrative Matters.

Sec. 43.21.400. Regulations. The department shall adopt regulations in accordance with AS 44.62 (Administrative Procedure Act) as appropriate to administer and enforce this chapter.

Sec. 43.21.410. Public reporting. (a) The commissioner shall compile and transmit to the legislature an annual report of state revenue and the implementation of taxation policies under this chapter. The report must include total aggregate income tax paid by corporations subject to this chapter and aggregate income and deductions by category, classified so as to prevent the identification of particular returns or reports.

(b) The legislative auditor shall notify the legislature on or before the first day of each regular session that the annual report reviewing the actions of the department in administering this chapter is available.

Sec. 43.21.420. Information disclosure. Notwithstanding AS 43.05.320, the department shall disclose to a legislator, on request, information collected from a taxpayer to the extent that

(1) the taxpayer is a publicly traded company;

(2) the information has been filed in a quarterly, annual, or other periodic report to the United States Securities Exchange Commission; and

(3) the information has been made public by the United States Securities Exchange Commission.

Sec. 43.21.499. Definitions. Unless the context requires otherwise, the definitions contained in AS 43.55.900 are applicable to this chapter. In addition, in this chapter,

(1) "consolidated business" means a corporation or group of corporations having more than 50 percent common ownership, direct or indirect, or a group of corporations in which there is common control, either direct or indirect, as evidenced by an arrangement, contract, or agreement;

(2) "Internal Revenue Code" has the meaning given in AS 43.20.340.

* **Sec. 6.** AS 43.82.210(a) is amended to read:

(a) If the commissioner approves an application and proposed project plan under AS 43.82.140, the commissioner may develop proposed terms for inclusion in a contract under AS 43.82.020 for periodic payment in lieu of one or more of the following taxes that otherwise would be imposed by the state or a municipality on the qualified sponsor or member of a qualified sponsor group as a consequence of participating in an approved qualified project:

(1) oil and gas production taxes and oil surcharges under AS 43.55;

(2) oil and gas exploration, production, and pipeline transportation property taxes under AS 43.56;

(3) **oil and gas corporate income tax under AS 43.21;** [REPEALED]

(4) Alaska net income tax under AS 43.20;

(5) municipal sales and use tax under AS 29.45.650 - 29.45.710;

(6) municipal property tax under AS 29.45.010 - 29.45.250 or 29.45.550 - 29.45.600;

(7) municipal special assessments under AS 29.46;

(8) a comparable tax or levy imposed by the state or a municipality after June 18, 1998;

(9) other state or municipal taxes or categories of taxes identified by the commissioner.

* **Sec. 7.** AS 43.20.072 is repealed.

* **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. AS 43.21, added by sec. 5 of this Act, applies to taxable income earned or received after December 31, 2012.

* **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REGULATIONS. (a) The Department of Revenue may adopt regulations necessary to implement AS 43.21, added by sec. 5 of this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the law implemented by regulation.

(b) The Department of Revenue shall provide by regulation for a transition for a

corporation subject to tax under AS 43.20 before December 31, 2012, to avoid double taxation of the same income or double deduction of the same expense of the corporation as a result of becoming subject to tax under AS 43.21, added by sec. 5 of this Act.

(c) The Department of Revenue may adopt regulations necessary to provide a five-year transition period for the adoption of applicable depreciation schedules.

*** Sec. 10.** Section 9 of this Act takes effect immediately under AS 01.10.070(c).

*** Sec. 11.** Except as provided in sec. 10 of this Act, this Act takes effect January 1, 2013.

HB 328 CS Work-draft Version I changes from Version B (Corrected)

Prepared by the office of Representative Seaton

- Adds gains and losses from the sale of leases or properties used in the production of oil and gas to the calculation of gross income for determining taxable income. (Page 2, lines 28 and 29)

- Deletes the requirement that the Department of Revenue calculate a taxpayer's net income. Under version I a company is required to calculate its own tax liability. The Department was concerned with the administrative burden of calculating a taxpayer's tax liability. (Page 3 line 3, page 5 line 4 and page 5 line 30)

- Requires depreciation under current Internal Revenue Code in the calculation of a taxpayer's net income. Deletes the requirement that for the depreciation of property, taxpayers use the Internal Revenue Code depreciation schedule from 1981. (Page 3, line 19)

- Deletes requirement that depreciation be calculated on a percentage depletion basis. The Department was concerned that percentage depletion was not a customary depreciation method, and that it allows recovery in excess of cost. Replaces percentage depletion with depreciation under current Internal Revenue Code. (Page 3, line 19)

- Requires that property must be capitalized for purposes of deducting depreciation in determining net income. Previous language did not specifically require capitalization of property. (Page 3, line 21)

- Requires quarterly estimated payments as is current practice. However, taxpayers with an estimated liability of less than one million dollars for the year may file annually. Inserts section imposing interest on underpayment and overpayment of quarterly installments. (Page 8 and Page 9)

- Allows a five-year transition period for taxpayers to align to the current Internal Revenue code depreciation schedule from the 1981 schedule which is currently in effect. (Page 12, lines 4 and 5)

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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Juneau, Alaska 99801-1182
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MEMORANDUM February 24, 2012

SUBJECT: Sectional Summary for HB 328 (Work Order No. 27-LS1142\B)

TO: Representative Paul Seaton
Attn: Louie Flora

FROM: Emily Nauman
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1 amends the definition of "barrel" in AS 29.60.599; substituting it with the text that will be lost with the repeal of AS 43.20.072.

Section 2 extends the exploration incentive credit provided by AS 41.09.010 to AS 43.21.

Section 3 directs corporations engaged in production or transportation of crude oil or natural gas to determine net income under AS 43.21.

Section 4 substitutes a descriptive list exempting oil and gas companies from the affiliated group reporting requirements of AS 43.20.073(f) with a reference exempting taxpayers subject to AS 43.21.

Section 5 adds AS 43.21, the former Oil and Gas Corporate Income Tax that was repealed in 1982. Credits applicable to income taxes paid under AS 43.20 are extended to AS 43.21 in AS 43.21.320, with exception of the education tax credit, which is not extended to income taxes calculated under AS 43.21. A requirement that legislators have access to information provided by corporations to the SEC has been added at AS 43.21.420. Additionally, minor changes have been made, including updating dates, cross references, and language.

Section 6 extends periodic payment provisions for stranded gas development projects to taxes paid under AS 43.21.

Section 7 repeals AS 43.20.072, the previous oil and gas tax provisions.

Section 8 states that AS 43.21 applies only to taxable income earned or received after December 31, 2012.

Section 9 directs the Department of Revenue to develop regulations to effect AS 43.21 and to develop transitional regulations.

Section 10 gives an immediate effective date to sec. 9, allowing the department to proceed with development of regulations immediately.

Section 11 gives the effective date for the remainder of the bill as January 1, 2013.

ELN:plm
12-127.plm

FISCAL NOTE

STATE OF ALASKA cost ≠ codes
2012 LEGISLATIVE SESSION

Bill Version: **HB 328**
Fiscal Note Number: 1
Publish Date:

Identifier (file name): HB328-DOR-TAX-02-27-12
Title: Oil and Gas Corporate Taxes
Sponsor: Representatives Seaton and Gardner
Requester: (H) RES

Dept. Affected: Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services			246.6	493.2	493.2	493.2	493.2
Travel				25.0	25.0	25.0	25.0
Services			2.3	4.7	4.7	4.7	4.7
Commodities							
Capital Outlay			5.0				
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**253.9**	**522.9**	**522.9**	**522.9**	**522.9**

FUND SOURCE				(Thousands of Dollars)				
1002	Federal Receipts							
1003	GF Match							
1004	GF			253.9	522.9	522.9	522.9	522.9
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**253.9**	**522.9**	**522.9**	**522.9**	**522.9**

POSITIONS							
Full-time			4	4	4	4	4
Part-time							
Temporary							

CHANGE IN REVENUES	**0.0**	**0.0**	***	***	***	***	***

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial fiscal note.

Prepared by: Johanna Bales, Deputy Director — Phone (907) 269-6628
Division: Tax — Date/Time 2/27/2012 3:30 p.m.
Approved by: Jerry Burnett, Director Administrative Services — Date 2/28/2012
Department of Revenue

(Revised 8/17/2011 OMB)

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB 328
2012 LEGISLATIVE SESSION

Analysis

Bill Language:
This bill would repeal the current corporate income tax on oil and gas corporations under AS 43.20.072 (worldwide combination and apportionment) and replace it with a corporate income tax based on separate accounting. Current oil and gas corporate income tax is based on a formula where total worldwide income of a corporation's unitary group is apportioned to Alaska based on the amount of property, extraction and sales attributable to Alaska. This bill would require Alaska oil and gas corporations to calculate income tax for their oil and gas producing and transportation companies based on income earned solely in Alaska. If oil and gas companies are also engaged in activities other than oil and gas production and transportation, this bill would require those companies to calculate and pay tax on those other activities based on worldwide combination and apportionment. This bill would require oil and gas corporations to file a return by April 15 each year providing information the department needs to calculate each corporation's taxable income and income tax. This bill requires the department to calculate each corporation's income tax and send an assessment by August 15 each year to each company subject to the tax. Corporations must then pay the amount of tax as calculated by the department by September 30 of each year. This bill also requires the department to prepare a report each year showing the aggregate amount of income and deductions by category reported by all oil and gas corporate income tax taxpayers. The department would also be required to disclose specific information about a taxpayer if the taxpayer is a publicly traded company and if the information was included in a report filed with the US Securities Exchange Commission (SEC) and the SEC publicly disclosed the information.

Revenues:
The department does not have enough information to accurately and fully estimate the change in oil and gas corporate income tax as a result of this legislation. Preliminary estimates show that under separate accounting, oil and gas corporations would have paid approximately $250 million more during each of the last 5 fiscal years in corporate income tax if this legislation had been in effect. This bill has an effective date of January 1, 2013. Oil and gas corporations would report under the new method beginning in April 2014 and tax would not be due until September 30, 2014. Therefore, we do not expect to see a change in corporate income tax as a result of this legislation until FY 2015.

Expenditures:
As stated above, this bill would require the Department of Revenue to calculate the amount of tax due by each oil and gas corporation operating in the state based on information each company provided the department. The department would have approximately 4 months to make the calculation of corporate income tax and send assessments to each taxpayer. In addition, the department would be required under this legislation to prepare a report showing aggregate information of all taxpayers and specific information of publicly traded companies. Under the current oil and gas corporate income tax, the calculation of taxable income starts with federal taxable income and then is adjusted for certain Alaska modifications. Currently, the department relies on federal corporate income tax audits as an additional audit resource. As such, the department does not audit down to the invoice level. The calculation of taxable income under separate accounting does not start with federal taxable income and, as such, the department will not be able to rely on federal audits to ensure that taxpayers are properly reporting and must conduct full scale audits including auditing down to the invoice level. There are currently 26 oil and gas corporate income tax filers. The department will have to calculate each taxpayers tax liability each year and conduct more comprehensive audits as well as provide a report each year to the legislature. The department believes it will need four additional corporate income tax auditor III's to handle the increased work as a result of this legislation. In addition, the department will need increased travel funds of approximately $25,000 each year to spend enough time at a corporation's place of business to conduct in depth audits.

REPRESENTATIVE PAUL SEATON

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ALASKA STATE LEGISLATURE
House District 35

Sponsor Statement HB 328

Separate Accounting

HB 328 requires international oil producers to pay their 9.4% Alaska Income Tax on profit made in Alaska just like companies operating only in Alaska. HB 328 replaces the current tax method under which oil companies pay a proportion of their worldwide profits calculated for their production from Alaska operations. This worldwide apportionment of corporate income tax allows oil companies to write off less profitable international or Lower 48 domestic production against their highly profitable Alaska production.

HB 328 reinstitutes Separate Accounting which simply means the companies pay on profits made in Alaska. Alaska instituted Separate Accounting from 1978 to 1982 because the state was subsidizing overseas investments by oil companies under the appointment method of calculating income taxes. During the four years that companies paid tax on their Alaska profits, about $1.8 billion dollars more was collected than would have been collected under the worldwide apportionment method. The oil companies sued on numerous grounds and lost on all points at trial. The case was appealed to the Alaska Supreme Court.

There was concern in 1981 over an increasing liability for repayment if Separate Accounting was overturned by the Supreme Court, so the state returned to worldwide apportionment awaiting case resolution. The Alaska Supreme Court upheld the states right to collect Corporate Income Tax via Separate Accounting in 1985. Oil companies then appealed to the U.S. Supreme Court which dismissed the appeal because Alaska's Separate Accounting law did not raise any federal constitutional or statutory question. Since that time, Alaska has not availed itself of its right to calculate oil company corporate income tax based on profits made in Alaska.

It was estimated that, during for the four years in which the state required Separate Accounting, the state received an additional $1.8 billion, or $450 million per year. If we multiply $450 million by the 30 years that we have not collected Corporate Income Tax through Separate Accounting, this equals approximately $13.5 billion in lost revenue to the state.

http://www.RepPaulSeaton.com
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According to a 2000 testimony by Dan Dickenson with the Department of Revenue, Alaska lost $4.6 Billion from 1982 – 1997 by not utilizing Separate Accounting.

International energy consultant Pedro Van Meurs, who has advised Alaska and numerous jurisdictions on modifications to their petroleum tax regimes, is a strong supporter of calculating state corporate tax based on costs and revenues attributed to oil production in Alaska. Other jurisdictions such as Norway utilize separate accounting. All of the major producers operating in Alaska have been complying with the separate accounting terms in those jurisdictions.

Government Take is used for comparative attractiveness of investment in different jurisdictions. Alaska's rate of 9.4% is used for Corporate Income Tax in these comparisons. Since 9.4% is used for these comparisons we should be collecting the 9.4% tax on the profits made in Alaska.

State of Alaska
Department of Revenue

Commissioner Bryan Butcher

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The Honorable Paul Seaton
Alaska State Representative
State Capitol, Room 102
Juneau, Alaska 99801

April 3, 2012

Re: CS for House Bill 328 version I - Separate Accounting

Dear Representative Seaton:

As requested, we reviewed the CS to House Bill 328 which was drafted after taking into consideration our comments and concerns in our March 15, 2012 letter and further comments and concerns we voiced during meetings with you and your staff. The CS, as drafted, addresses some, but not all of our concerns and most of the policy issues we identified in our previous letter do not appear to be addressed at all. In addition, new language added in some areas of the bill have increased the bill's confusion and complexity. We have reiterated those items that we identified in our previous letter and discussions which we believe have not been addressed in the CS and identified other concerns we have because of new language inserted in the CS. We have also expanded on some of the issues that were discussed previously.

A. The previous version of the bill allowed the Department to require estimated tax payments, but there was no statutory penalty for failure to make those payments. We suggested adding language to impose a penalty, as under the Internal Revenue Code (IRC) Sec. 6655, using Alaska interest rates. Language has been added to require estimated tax payments per the IRC, but the estimated tax "penalty" was added by including substantially all of the language covering estimated payments and penalties from AS 43.55, the production tax. These provisions do not fit well together and cause additional confusion. Specifically, the use of a March 31 date conflicts with the IRC which specifies a tax payment due date of March 15. In addition, estimated tax payments are required to be made monthly for production tax whereas the IRC requires corporations to make quarterly estimated tax payments.

B. The language in sections 3 and 5 of the bill state that a corporation is subject to AS 43.21 (separate accounting) only if the corporation is engaged in the production or transportation of crude oil or natural gas. Our understanding of this language is that a company that is engaged in the exploration and/or development of an oil or gas lease in Alaska must calculate its taxable income based on water's edge formulary apportionment under AS 43.20.073. During discussions with you, we voiced our concerns with the fact that oil and gas

exploration companies would not be able to write off expenses incurred in Alaska for those exploration and development activities conducted prior to production as there is no provision in this bill that allows net operating losses calculated under AS 43.20 to offset income under AS 43.21. This concern has not been addressed in the CS.

C. Lease acquisition payments, petroleum property taxes, and interest incurred prior to production would not be allowed to be deducted against future production income. Although language in AS 43.21.210(c)(6) allows amortization of lease acquisition payments, petroleum property taxes, and capitalized interest before commencement of commercial production, AS 43.21.210(d) specifically disallows a deduction for items that were expensed under AS 43.20. In addition, there is no language that requires these expenses to be capitalized and there is no language dictating how amortization is to be calculated.

D. There is no language that requires certain property to be capitalized and depreciated. AS 43.21.210(c)(5) allows depreciation on property required to be capitalized under the Internal Revenue Code, but this language does not require property to be capitalized for Alaska tax purposes. In the preceding paragraph, AS 43.21.210(c)(4), corporations are allowed to deduct all direct costs. As there is no language that requires property to be capitalized, corporations could deduct the entire cost of property used on a producing lease in the year the property was acquired and also take depreciation on that same property if the property was required to be capitalized under the IRC.

E. AS 43.21.210(c)(7) allows interest expense to be deducted provided the interest was not capitalized during construction. As there is no language in AS 43.21 that requires interest expense to be capitalized during construction, this language makes no sense. If it is the intent of the bill sponsor to require interest to be capitalized during the construction phase, language is needed. Additionally, if the construction phase of a project takes place prior to production, that activity is required to be reported under AS 43.20. There is no language in this bill that addresses how capitalized interest and other items, such as depreciable property that was reported while the company was subject to AS 43.20 is suppose to be treated once a company is subject to AS 43.21.

F. AS 43.21.210(c)(8) allows expenses that were incurred on dry holes, abandoned wells, and unsuccessful exploration to be deducted from gross income. However, those expenses would have already been deducted in the calculation of taxable income under AS 43.20 if they were incurred in a year prior to when the corporation began producing. AS 43.21.210(d) specifically prohibits expenses that were deducted on a return filed under AS 43.20 to be deducted in the computation of taxable income under AS 43.21. The real problem here is that there is no provision to address net operating losses that an oil and gas exploration company incurred prior to production.

G. The education tax and film production tax credits are not allowed as credits against the tax due under AS 43.21. Was this your intent?

H. Under current law, the Internal Revenue Code is adopted, which provides rules for intercompany transactions within the federal consolidated filing corporate group. It is our understanding from conversations with you that the intent is that all expenses incurred by a corporation or any member of the corporation's consolidated business that were for oil and gas production or transportation activity in the state will be allowed as a deduction. However, the way the language is constructed, only those corporations that derive income from oil or gas production or transportation in the state are subject to AS 43.21. If expenses are incurred by a sister corporation in support of the production company, but the sister corporation is not a producer, then the sister corporation must calculate its Alaska corporate income tax liability under AS 43.20. There is no mechanism in the language to allow these deductions in the computation of tax due under AS 43.21.

I. Decoupling from the IRC causes several uncertainties and potential unintended consequences. Following are some examples of unintended consequences. Please keep in mind that these examples are not all inclusive and many other unintended consequences could surface over time.

(1) Under IRC Sec. 162(f), fines and penalties paid by a corporation to a government for the violation of any law are not deductible in the calculation of taxable income. If fines and penalties incurred by a corporate income taxpayer under AS 43.21 are a direct lease expense, they are allowed as a deduction.

(2) Subchapter S Corporations engaged in oil and gas production in Alaska are not currently subject to Alaska's corporate income tax. They will be subject to Alaska corporate income tax under AS 43.21.

(3) Intangible drilling costs are required to be capitalized and depreciated under current Alaska corporate income tax. Under AS 43.21, these expenses will be allowed to written off in the year in which they are incurred. However, if these expenses were incurred prior to production, they will not be allowed to be written off at all.

(4) Dividend income received by a parent corporation from a subsidiary producing or transporting oil or gas in Alaska may or may not be taxable. We are uncertain as to the sponsors intent regarding this type of income.

(5) The bill does not require an amended return if there is a federal audit or federal amended return.

(6) Charitable contributions made by a corporation solely engaged in oil and gas production activity do not appear to be deductible.

(7) Federal law requires that capital gains and losses be separated into specific "baskets" with specific rules for netting of those gains and losses. We are unable to determine the correct gain calculation where there are, for example, capital losses in the "Other" group and capital gains in Production or Pipeline group of activities.

(8) The taxable income from "Other" activities is equal to the Federal Taxable Income, but the statute does not "adopt" the Internal Revenue Code, Treasury Regulations, and federal Rulings. It is unclear what the sponsor's intent is, with respect to application of tax accounting rules. In addition, I would also note that this also means that we would no longer adopt federal penalties, such as the Substantial Understatement penalty or the Erroneous refund penalty.

We did our best to analyze this bill as quickly as possible and identified those issues of which we are most concerned. We will continue to analyze the bill and provide you additional feedback as our analysis continues. If you have questions about this letter or corporate income taxes in general, please contact Johanna Bales at 269-6628 or Robynn Wilson at 269-6634 of the Tax Division.

Sincerely,

Bruce Tangeman
Deputy Commissioner

State of Alaska
Department of Revenue

Commissioner Bryan Butcher

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The Honorable Paul Seaton
Alaska State Legislature
State Capitol, Room 102
Juneau, Alaska 99801

March 16, 2012

Re: House Bill 328 - Separate Accounting

Dear Representative Seaton,

We were asked to provide suggestions to make the bill workable from a Tax Administration standpoint. I have listed five suggestions below (Items A-E). Unfortunately, there are several areas where we are unable to offer suggestions because the sponsor's intent is not known. I have listed those items below as Policy Issues (Items 1-6).

A. The bill mirrors old Chapter 21, which started with the same revenue point as Production Tax. However, Production Tax in 1978 was not a tax on net profits. At the current time, Production Tax is calculated with specific deductions as allowed under AS 43.55.165. The bill, as drafted, uses the original separate accounting deductions. The deductions, although similar, are not the same as those allowed for Production Tax. This potentially produces a mismatch of allowable expenses, and greatly increases complexity in administration.

Suggestion: Consider defining "Taxable income from oil and gas production" as Production Tax Value under Chapter 55

B. Sec. 43.21.340 allows the Department to require estimated tax payments, but there is no statutory penalty for failure to make those payments

Suggestion: Add language to impose penalty, as under the Internal Revenue Code Sec. 6655, using Alaska interest rates.

C. Sec. 43.21.330 requires the Department to calculate taxable income and send the taxpayer an "assessment" by August 15. This is generally not a workable mechanism for income tax; it is more commonly used in property tax.

Suggestion: Require the taxpayer to calculate its tax and file a tax return 30 days after the taxpayer files its federal return. (See current 43.20.030)

D. Page 3, line 17 requires depreciation be calculated on a "percentage depletion basis." It is unclear how such a depreciation method would work. This is not a customary depreciation method for either book purposes or tax purposes. Further, it is my understanding that Percentage Depletion allows recovery in excess of cost. We note that the old (repealed) Chapter 21 required the use of the Unit of Production method, which is an acceptable (though not common) method of depreciation.

Suggestion: If Suggestion A above is not adopted, then change "percentage depletion basis" to "unit of production method" (as in old Chapter 21) or on the basis of IRC Sec167, as it read on 6/30/81 (as in current 43.20.072) or simply on the basis of Sec. 167.

E. Because current 43.20.072 requires that an asset be capitalized and depreciated over its useful life, taxpayers will have unamortized basis at the point that Separate Accounting would be effective.

Suggestion: Provide a transition rule to allow a taxpayer to write off its remaining Alaska basis over a period of five years.

Policy Issues: As noted above, there are several other areas which will require a policy call, and so we are unable to make a workable suggestion until we understand the sponsor's intent:

In essence, the bill divides the corporate group into three baskets: Production activities, Pipeline activities, and Other. The taxable income of the "Other" group is Federal Taxable Income (under the Internal Revenue Code) while taxable income of the Production and Pipeline activities are accounted for under state-specific rules. This division of the corporate group yields several difficulties:

1. Under current law, the Internal Revenue Code is adopted, which provides rules for intercompany transactions within the federal consolidated filing corporate group. The bill, as drafted, de-couples certain parts (not even certain corporations) from the measurement of federal taxable income. It is unclear how any intercompany transaction should be accounted for where the transaction occurs between a company engaged in Production activities and a company engaged in Other (non-production) activities. This is true for revenue/expense items such as interest, engineering fees, and other services. It also applies to recognition of certain gains/losses on intercompany sales of assets within the corporate group. We are unable to determine sponsor's intent in this area.

2. Similar to Item 1 above, the Internal Revenue Code provides direction on the deduction of intercompany dividends. We are unable to determine the correct potential treatment of dividends paid between a company engaged in Production activities and a company engaged in Other (non-production) activities, under the bill, as drafted.

3. Federal law (currently adopted) requires that capital gains and losses be separated into specific "baskets" with specific rules for netting of those gains and losses. We are unable to determine the correct gain calculation where there are, for example, capital losses in the "Other" group and capital gains in Production or Pipeline group of activities.

4. If the "Other" group of activities includes a federal deduction for charitable contributions, it is unclear how "taxable income" will be calculated for purposes of properly limiting the charitable contribution. For federal purposes, this is calculated on the consolidated Federal Taxable Income amount. For current state purposes, it is calculated based on the taxable income of the unitary combined group.

De-coupling from the Internal Revenue Code will present other uncertainties from a policy standpoint:

5. If an asset is sold in, for example, Year 2 of its useful life, the Internal Revenue Code requires the calculation of a taxable gain, commonly known as "depreciation recapture." Since this bill appears to allow immediate write-off of Production activity assets, it is unclear whether the sponsor intends that there be a gain calculated and taxed.

6. The taxable income from "Other" activities is equal to the Federal Taxable Income, but the statute does not "adopt" the Internal Revenue Code, Treasury Regulations, and federal Rulings. It is unclear what the sponsor's intent is, with respect to application of tax accounting rules. In addition, I would also note that this also means that we would no longer adopt federal penalties, such as the Substantial Understatement penalty or the Erroneous refund penalty.

This list is not all-inclusive, but is intended to reach the big-picture items.

If you need further assistance, please contact Johanna Bales at 269-6628 or Robynn Wilson at 269-6634 of the Tax Division.

Sincerely,

Bruce Tangeman
Deputy Commissioner



AOGA

OIL & GAS:
FUELING
ALASKA'S
ECONOMY

House Resources Committee

March 16, 2012

Kara Moriarty, Executive Director

AOGA Member Companies



Corporate Income Taxes

Question:
How much income of a multistate or international business is properly attributable to its in-state assets and activities so it can be taxed by that state?

Separate Accounting

Looks at what the business actually has and does in the state and then seeks to determine directly the net-income as if that in-state portion of the business stood alone – separate from the rest of the business.

Separate Accounting

Challenges:

- In-state portion of a business does not actually stand alone from the rest of the business.

- Very complicated and difficult to unravel transactions between or among parts of the same overall business.

- IRS has intense, detailed regulations governing transactions between corporate affiliates, which separate accounting requires.

Apportionment

Starts with a "pie" containing the apportionable income for the in-state and outside business together and then determines how wide a "slice" is attributable to the income-generating potential of the in-state portion of the business. It is the "slice" that is then taxes by the state.

Apportionment

- Avoids the need to unravel transactions.

- Avoids the analytical difficulties that arise when a unitary business as a whole is greater than the sum of its individual parts.

- The width of a company's "slice" of their respective business's "pie" is the average of the percentages of that business's real or tangible property (at cost), its sales, and its oil and gas production that is present within the state.

TOP FIVE OIL COMPANIES
CORPORATE INCOME TAX COMPARISON

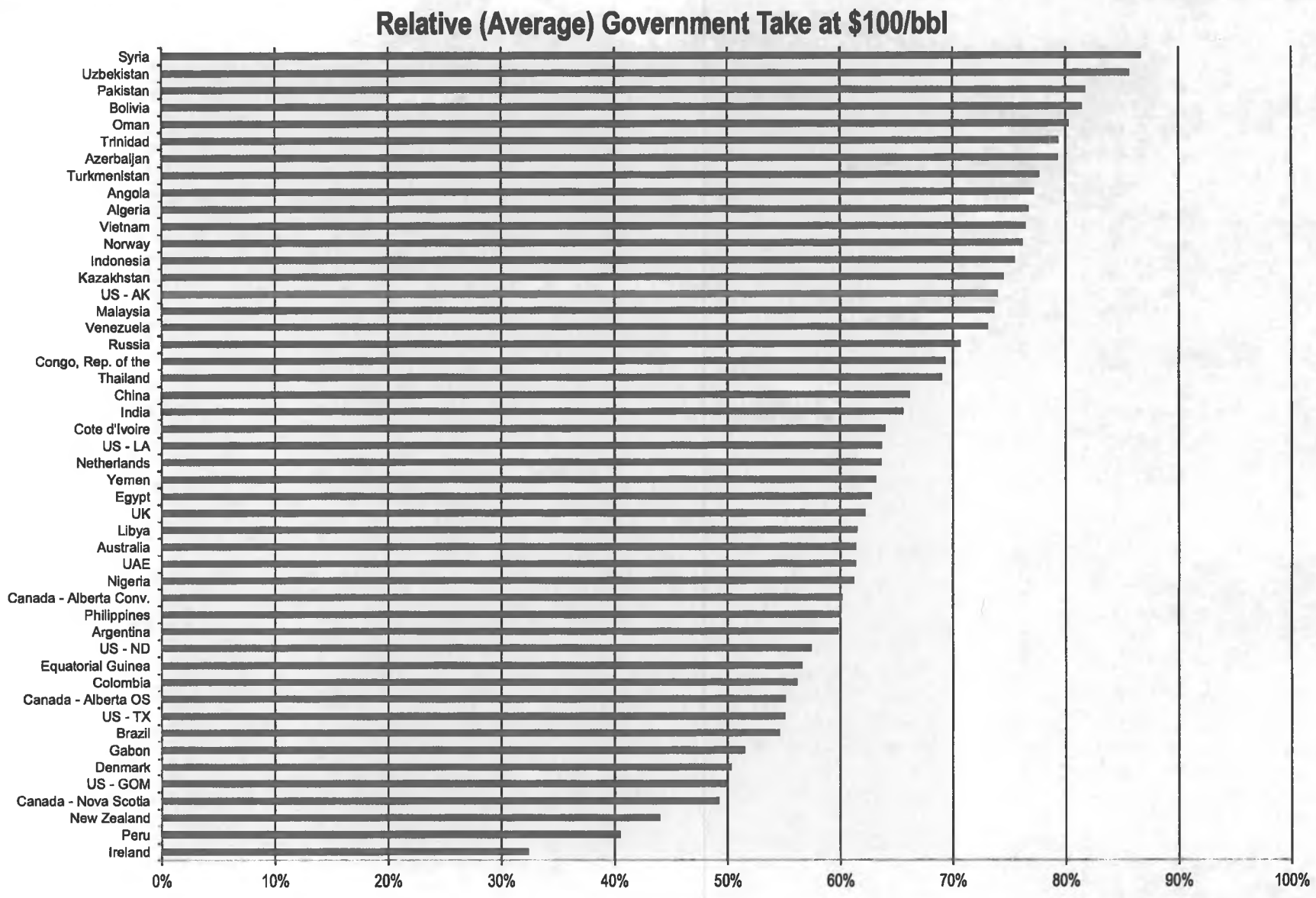
	2006	2007	2008	2009	2010	Avg.
Production Tax Value (PTV)	8,269,253,754	12,373,309,410	16,639,085,462	8,123,576,735	10,267,505,397	
Production Tax net of Credits	1,648,686,505	3,486,434,327	7,121,145,726	2,033,891,379	3,023,427,665	
PTV net of Production Tax/ Subtotal Production Income	6,620,567,249	8,886,875,083	9,517,939,736	6,089,685,356	7,244,077,732	
Transportation Income *	(24,892,884)	186,438,182	(653,974,506)	(456,078,939)	(454,804,489)	
Taxable Income **(A)**	6,595,674,365	9,073,313,265	8,863,965,230	5,633,606,417	6,789,273,243	
Tax @ 9.4% **(B)**	619,993,390	852,891,447	833,212,732	529,559,003	638,191,685	
Actual Corporate Income Tax Paid **(C)**	630,307,274	570,389,248	642,563,992	293,204,318	385,633,537	
Difference **(B - C)**	(10,313,884)	282,502,199	190,648,740	236,354,685	252,558,148	190,349,978
Effective Tax Rate Paid **(C /A)**	9.6%	6.3%	7.2%	5.2%	5.7%	

* Using FERC Form 6, Net Carrier Operating Income. Certain companies may include Transportation activities outside of Alaska.

(A) Taxable income does not include apportioned other income.

(C) Certain 2006-2008 returns are audited and/or amended.

Regime Competitiveness: Relative Government Take



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Eagle Ford could nudge Alaska for COP

ConocoPhillips' plans to invest $2 billion this year on liquids-rich shale plays could mean the Lower 48 edges out Alaska oil

Eric Lidji

For Petroleum News

ConocoPhillips' most recent quarterly report presented a typical view of the Houston major's exploration and production activities in the United States, but not a complete one.

Discussing the future with analysts in late March, company executives suggested that the balance between Alaska and the Lower 48 might be changing in the coming years.

For a while now, ConocoPhillips has earned more from its exploration and production activities in Alaska than it has in the Lower 48, sometimes a little and sometimes a lot.

Of the $2.7 billion the company earned from E&P worked in the United States last year, $1.7 billion came from Alaska and the rest came from the Lower 48. In the first quarter of 2011, the company earned $549 million in Alaska and $314 million in the Lower 48.

Those earnings don't reflect production levels, though.

ConocoPhillips produced 629,000 barrels of oil equivalent per day in the first

quarter, or 364,000 bpd of oil and natural gas liquids and 1.6 billion cubic feet of natural gas.

That production is lopsided by region. In the Lower 48, ConocoPhillips produced 150,000 bpd of oil and 1.5 billion cubic feet of natural gas per day, while in Alaska the company produced 214,000 bpd of oil and 67 million cubic feet of natural gas per day.

Alaska is usually more profitable for ConocoPhillips because oil trades at a premium to natural gas. And with the delivered price of Alaska North Slope crude oil at around $123 per barrel and Henry Hub at around $4.60 per mcf, that spread has rarely been wider.

So when you crunch the numbers, Alaska accounted for about 63 percent of ConocoPhillips' U.S E&P profits and 35 percent of its production in the first quarter.

COP investing in shale

That balance could flip in the next few years, though.

ConocoPhillips is investing heavily in three liquids-rich shale plays in the Lower 48 this year, the Eagle Ford of South Texas, the North Barnett of North Texas and the Bakken of North Dakota, and also plans to ramp up operations in the Permian basin of West Texas.

The company plans to spend $2 billion in those plays this year to produce some 170,000 barrels of oil per day by 2013, Greg Garland, senior vice president for exploration and production in the Americas, said at the March analysts meeting. That target, if achieved, would push the Lower 48 ahead of Alaska, both in terms of production and profits.

Like many companies, ConocoPhillips is incredibly bullish about liquids-rich Lower 48 shale right now and plans to drill 450 gross wells across the four plays this year. That's in addition to the 240 wells the company plans to drill in "other competitive areas."

13 rigs in Eagle Ford this year

In the Eagle Ford alone, ConocoPhillips budgeted $1.4 billion this year, with plans to run 13 rigs and three dedicated hydraulic fracturing crews to drill 144 wells on 220,000 acres with the goal of producing 30,000 boe per day by the end of the year, 75 percent liquids.

"The Eagle Ford is a game changer," Garland said. "It's a game changer for the industry and for our company."

In the Bakken, ConocoPhillips holds 460,000 acres with a resource potential of

400 million barrels of oil equivalent and more than 1,700 "high-value drilling opportunities."

ConocoPhillips expects to produce 20,000 boe per day from the Bakken this year.

ConocoPhillips budgeted $400 million in the Permian basin and North Barnett Shale this year. The company holds 65,000 acres with a resource potential of some 200 million barrels of oil equivalent in the North Barnett, and more than 1 million acres with a resource potential of 700 million barrels of oil equivalent in the prolific Permian basin.

ConocoPhillips expects to produce 65,000 boe per day from the two plays this year.

Alaska budget flat

By comparison, ConocoPhillips "will invest $350 million in exploitation this year, all at very good returns," Garland said. ConocoPhillips budgeted $900 million for capital expenses in Alaska this year, but expects actual spending to be somewhat lower.

"We expect ConocoPhillips Alaska's 2011 capital budget spending to be basically flat from 2010," ConocoPhillips spokeswoman Natalie Lowman told Petroleum News in February. "The 2011 capital budget includes contingency funding if we are successful in getting improvements in State fiscal terms, and resolving permitting issues with Alpine satellites." ConocoPhillips spent $730 million in 2010, its lowest level since 2007.

ConocoPhillips did not drill any traditional North Slope exploration wells this winter or last winter, but maintains ventures, such as the Alpine West satellite and Chukchi Sea prospects that it plans to pursue as soon as it overcomes permitting and legal hurdles.

Garland said ConocoPhillips still likes its "strong cash margins" in Alaska, as well as its "significant infrastructure position" and "extensive operating capability."

Shale plays remain immature

ConocoPhillips likes the Eagle Ford because of economics.

Garland said the play offered $45 per barrel margins last year, twice the average of ConocoPhillips' global portfolio. Since January 2010, well costs have fallen 40 percent.

Those plays face some obstacles, though, particularly in the short term.

Garland said that resources like rigs and hydraulic fracturing crews are "stretched

thin" in the Eagle Ford, and CFO Jeff Sheets said that some production in the Eagle Ford could remain shut-in until pipeline infrastructure catches up to drilling levels, around 2013.

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Memorandum

TO: Representative Paul Seaton

FROM: Chuck Burnham, Legislative Analyst

DATE: February 28, 2012

RE: ConocoPhillips: Net Exploration and Production Income and Income Taxes by Selected Jurisdiction
LRS Report 12.198

You asked for an account of the net exploration and production income and income taxes paid by ConocoPhillips Company for every year in which financial information for Alaska operations were delineated from that of other jurisdictions[1]. You further asked that we make certain calculations based on that information.

Prior to its August 2002 merger with Phillips Petroleum, Conoco was not an independent publicly traded company and was therefore not required to file the extensive financial disclosure documents required by the U.S. Securities and Exchange Commission (SEC).[2] Upon the completion of the merger, the combined company became ConocoPhilllips (hereafter identified by its stock symbol "COP" and began having its stock traded on the New York Stock Exchange). Among the annual SEC filings required of public companies is the form "10-K," which includes extensive financial and operations information. We gleaned all of the information in this report from the 10-K filings of COP from its first report in 2003 through the most recent report in 2011.

Table 1 (following page) shows selected net exploration and production (E&P) income and income tax information for COP for the eleven years 2000-2010.[3] In accordance with your request, the table also includes our calculation of Alaska net E&P income as a percentage of U.S. and overall net E&P income. As you can see, COP's Alaska net E&P income ranged from $829 million in 2000 to $2.55 billion in 2005.[4] Similarly wide variability in profit was seen across the jurisdictions in which COP operates, with total U.S. net E&P income ranging from $1.15 billion in 2002 to nearly $5 billion in 2008. (Please note that net E&P income figures for 2009 do not reach 100 percent in Figures 2 and 4 for 2009 because the company lost $37 million in its lower 48 operations. Therefore, in effect, Alaska represented the total of domestic net E&P income for that year.)

Alaska income taxes are not specifically delineated but rather included in the category "state and local" income taxes. Those taxes ranged from $21 million in 2002 to $621 million in 2005.[5] Federal income taxes for U.S. operations varied from $120 million in 2002 to $4.26 billion in 2007. Following Table 1 are a series of figures that graphically illustrate COP's net E&P income and income taxes by selected jurisdiction.

We hope this is helpful. If you have questions or need additional information, please let us know.

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[1] Exploration and production are "upstream" activities and exclude "downstream" activities such as refining and marketing.

[2] Technically, Conoco was acquired by Phillips Petroleum; however, this was largely for accounting purposes. Phillips, although publicly traded prior to the merger, did not report Alaska financial information separately from that of other U.S. operations.

[3] Although the merger did not occur until 2002, the SEC requires companies new to the Commission's regulation to include data from the immediate two years prior to becoming publicly traded.

[4] All dollar figures are rounded.

[5] The unusually low domestic tax collections in 2002 are likely a product of write-offs and deferrals taken as part of the merger process.

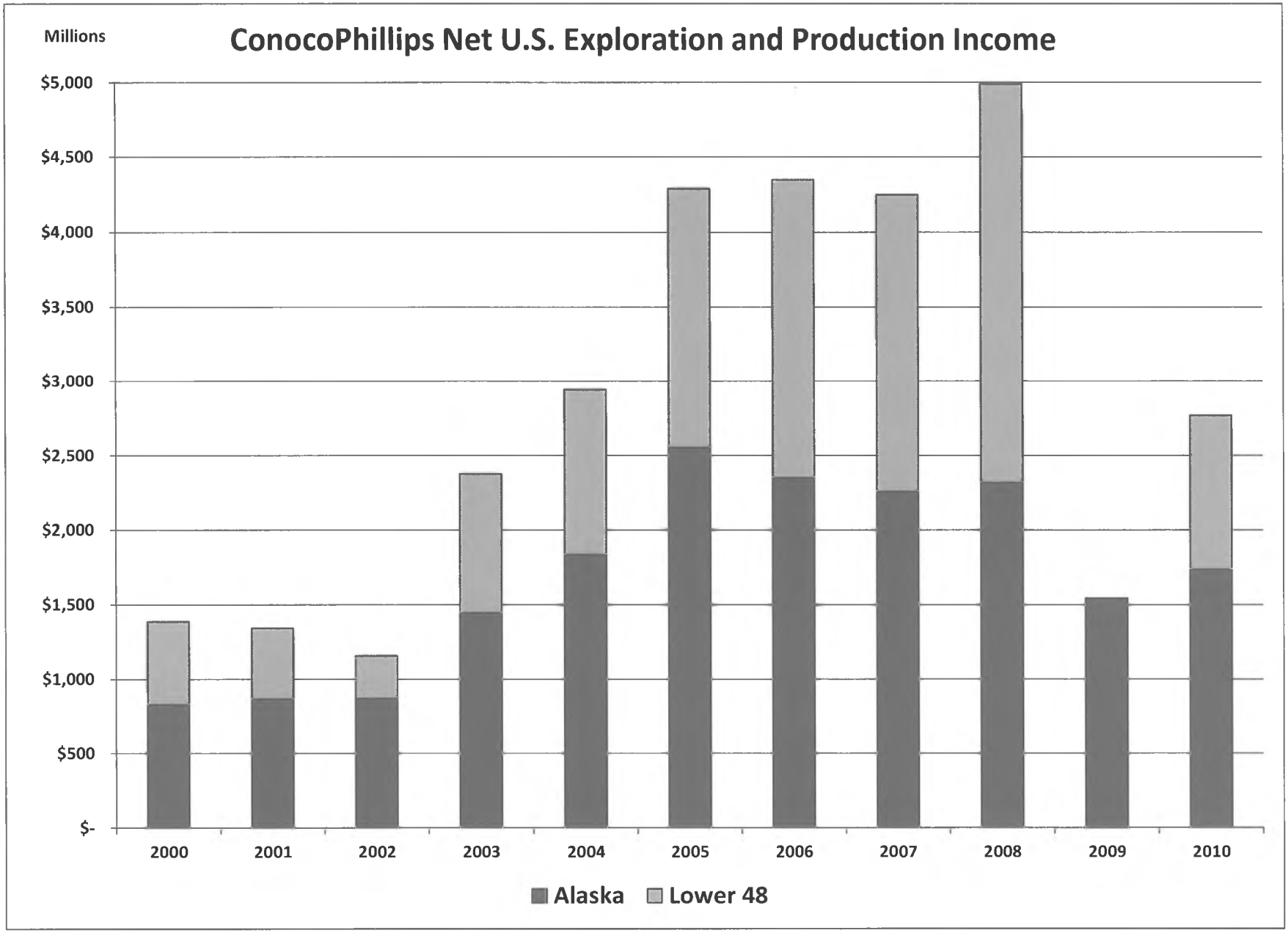
Table 1: ConocoPhillips: Net Exploration and Production Income and Income Taxes

(Millions of Dollars)

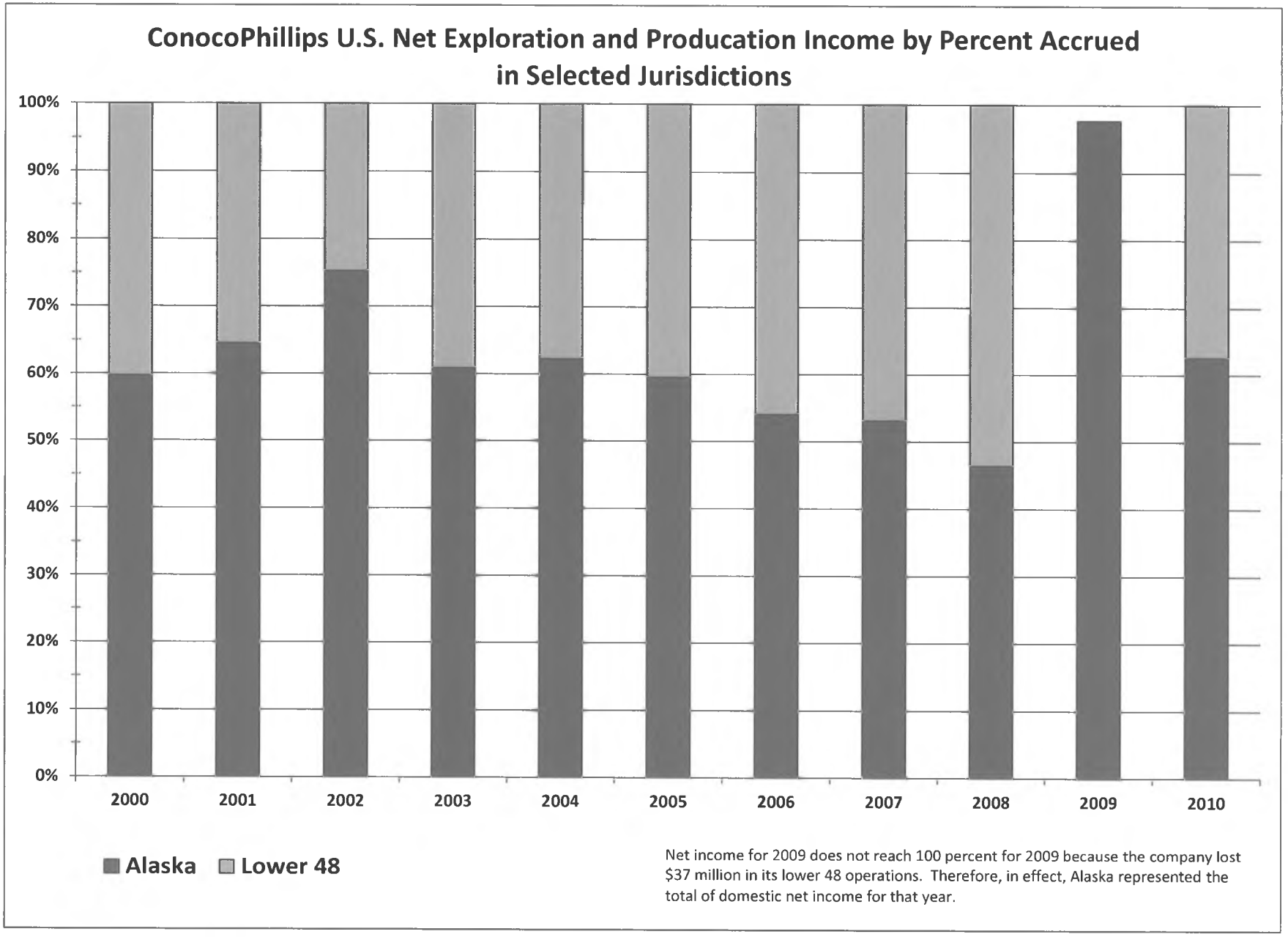
Net Income												
Jurisdiction	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Totals**
Alaska	$ 829	$ 866	$ 870	$ 1,445	$ 1,832	$ 2,552	$ 2,347	$ 2,255	$ 2,315	$ 1,540	$ 1,735	$ 829
Lower 48	$ 559	$ 476	$ 286	$ 929	$ 1,110	$ 1,736	$ 2,001	$ 1,993	$ 2,673	$ (37)	$ 1,033	$ 559
U.S. Total	$ 1,388	$ 1,342	$ 1,156	$ 2,374	$ 2,942	$ 4,288	$ 4,348	$ 4,284	$ 4,988	$ 1,503	$ 2,768	$ 1,388
International	$ 557	$ 357	$ 593	$ 1,928	$ 2,760	$ 4,142	$ 5,500	$ 367	$ 6,976	$ 2,101	$ 6,430	$ 557
Total	$ 1,945	$ 1,699	$ 1,749	$ 4,302	$ 5,702	$ 8,430	$ 9,848	$ 4,615	$11,964	$ 3,604	$ 9,198	$ 1,945
Income Taxes												
State & Local	$ 114	$ 117	$ 21	$ 173	$ 269	$ 621	$ 574	$ 564	$ 431	$ 124	$ 317	$ 114
Federal	$ 694	$ 555	$ 120	$ 1,173	$ 2,335	$ 3,809	$ 4,236	$ 4,256	$ 3,018	$ 627	$ 2,093	$ 694
International	$ 1,092	$ 968	$ 1,302	$ 2,398	$ 3,658	$ 5,477	$ 7,973	$ 6,561	$10,316	$ 4,339	$ 5,923	$ 1,092
Total	$ 1,900	$ 1,640	$ 1,443	$ 3,744	$ 6,262	$ 9,907	$12,783	$11,381	$13,765	$ 5,090	$ 8,333	$ 1,900
Selected Calculations												
Alaska Net Income as Percent of Overall Total	42.6%	51.0%	49.7%	33.6%	32.1%	30.3%	23.8%	48.9%	19.3%	42.7%	18.9%	42.6%
Alaska NetIncome as Percent of U.S. Total	59.7%	64.5%	75.3%	60.9%	62.3%	59.5%	54.0%	52.6%	46.4%	100.0%	62.7%	59.7%

Notes: Exploration and production are "upstream" activities and exclude "downstream" activities such as refining and marketing.

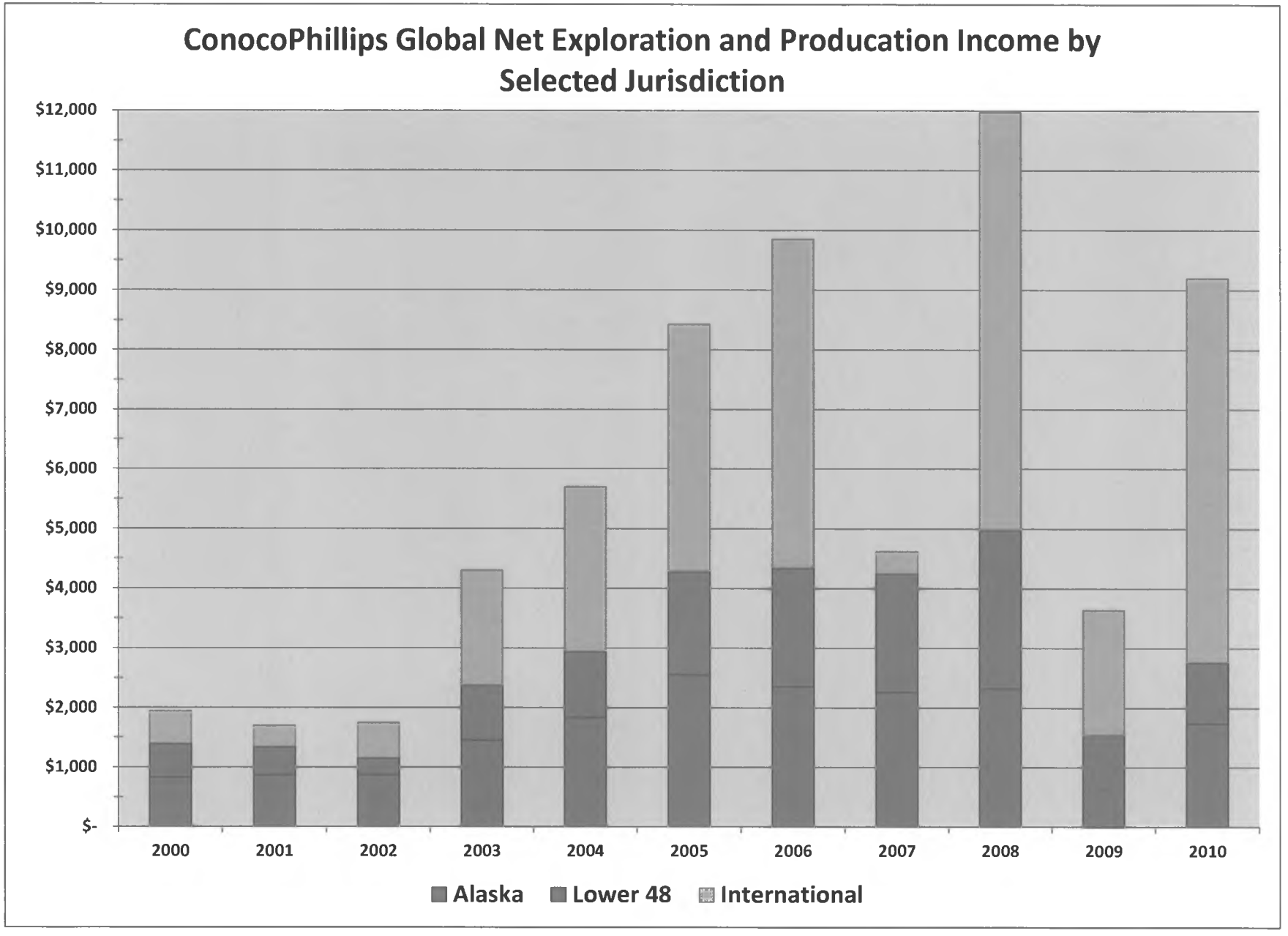
Source: Annual filings of form 10-K with the U.S. Securities and Exchange Commission posted to the EDGAR online database, *http://www.sec.gov/edgar/searchedgar/webusers.htm* .



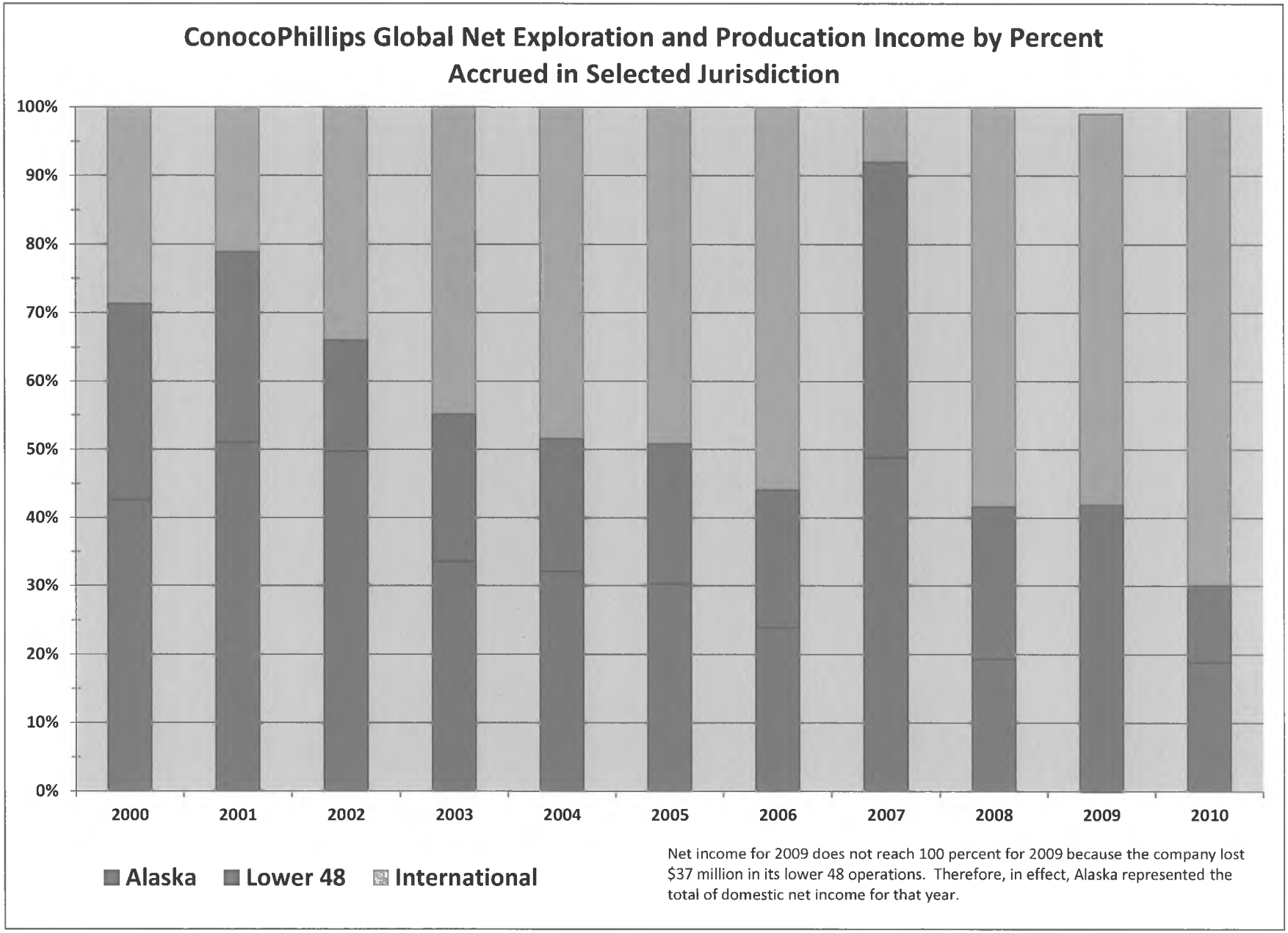
Legislative Research Services Report 12.198, Figure 1, February 2012



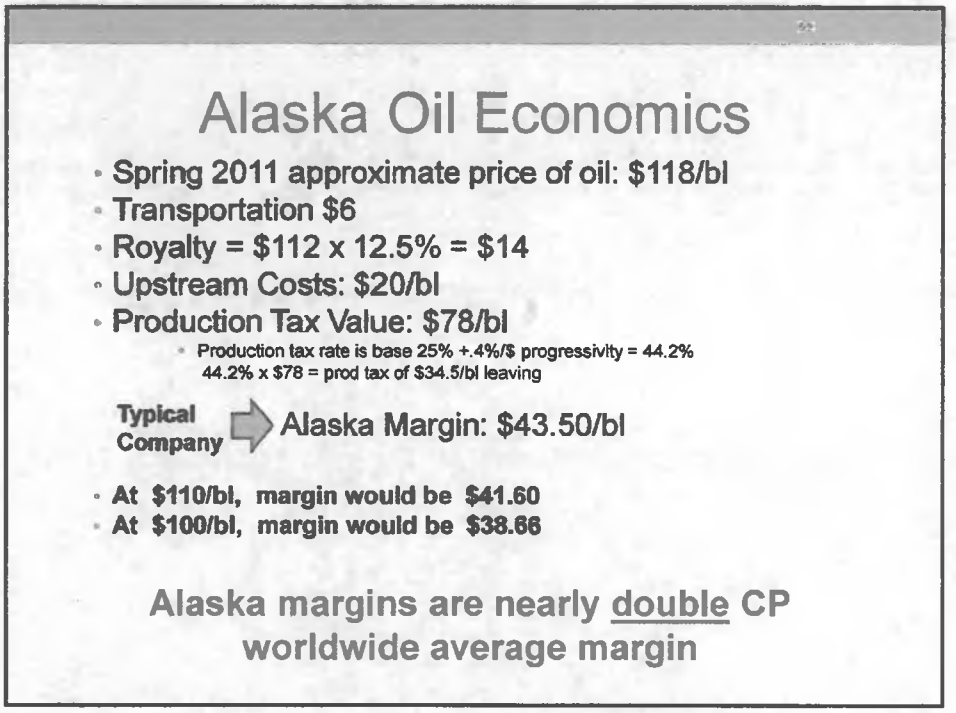
Legislative Research Services Report 12.198, Figure 2, February 2012



Legislative Research Services Report 12.198, Figure 3, February 2012



Legislative Research Services Report 12.198, Figure 4, February 2012



Alaska is close to Eagle Ford at nearly twice the global portfolio average margin. Therefore, comparative oil profits do not explain the low reinvestment rate for Alaska. The companies tell us that each has its own 'hurdle rate' for return on investment before a project can be profitable enough to be selected for investment. Obviously, nearly double the margin of funded projects pass that test.

We now know that the upstream cost for ConocoPhillips is only $15.48/bl in Alaska instead of the assumed $20/bl. This means that an additional $4.52 per barrel is added to the typical company margin, making ConocoPhillips' Alaska Margin **$48.02/bl.**

"On average, it costs ConocoPhillips $15.48 to produce a barrel of oil in Alaska" – Mary Ann Kah, ConocoPhillips' Chief Economist
January 15th, 2012 Alaska Journal of Commerce *Slope producers lay out scenario with proposed oil changes*

Slide prepared by the office of Representative Seaton. Full presentation available at http://housemajority.org/seaton/pdfs/27/HB_110_Aces_or_Not_11292011.pdf

1 of 1 DOCUMENT

Atlantic Richfield Co. v. State

File No. S-52; No. 2965

Supreme Court of Alaska

705 P.2d 418*; *1985 Alas. LEXIS 295*; *86 Oil & Gas Rep. 406

August 16, 1985

SUBSEQUENT HISTORY: [**1] As Amended.

PRIOR HISTORY: Appeal from the Superior Court of State of Alaska, Third Judicial District, Anchorage, Victor D. Carlson, Judge.

COUNSEL: J. W. Bullion, Ralph I. Miller, Thompson & Knight, Dallas, Texas; Mark L. Hazelwood, Robert E. McManus, Atlantic Richfield Co., Dallas, Texas; and William B. Rozell, John F. Clough, III, Faulkner, Banfield, Doogan & Holmes, Juneau, Alaska for Appellant Atlantic Richfield Co. and ARCO Pipe Line Co.

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David A. Nelson, Terrence G. Perris, James J. Maiwurm, Howard J. C. Nicols, Squire, Sanders & Dempsey, Cleveland, Ohio; William H. Lutz, Jr., Squire, Sanders & Dempsey, Miami, Florida; Richard H. Hahn, Standard Oil Co., Cleveland, Ohio; and Richard O. Gantz, Carl J. D. Bauman, Hughes, Thorsness, Gantz, Powell & Brundin, Anchorage, Alaska, for Appellant Sohio Alaska Petroleum Co., Sohio Pipe Line Co., and BP Alaska, Inc.

Mitchell Rogovin, George [**2] T. Frampton, Jr., Michael D. Lowe, Jeffrey Blattner, Rogovin, Huge & Lenzner, Washington, District of Columbia; Jonathan K. Tillinghast, Birch, Horton, Bittner, Monroe & Pestinger, Juneau, Alaska; John R. Messenger, Preston, Thorgrimson, Ellis & Holman, Anchorage, Alaska; Deborah Vogt, Kathyrn Kolkhorst, Assistant Attorneys General, Juneau, Alaska, and Norman C. Gorsuch, Attorney General, Juneau, Alaska, for Appellees.

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Robert H. Carpenter, Jr., Assistant Attorney General, William J. Guste, Jr., Attorney General of Louisiana, Baton Rouge, Louisiana, for Amicus Curiae State of Louisiana.

Robby R. Long, Jackson, Mississippi, for Amicus Curiae Mississippi State Tax Commission.

JUDGES: Burke, Chief Justice, Rabinowitz, Matthews, and Moore, Justices. Compton, Justice, not participating.

OPINION BY: BURKE

OPINION

[*420] This is an appeal brought by several major oil producing companies in Alaska [1] challenging the constitutionality of the Oil and Gas Corporate Income Tax, Former AS 43.21 (repealed 1982) ("the Oil Tax"). [2] The issue is whether the State of [**3] Alaska must, as a matter of constitutional law, use the formula apportionment method to determine the portion of each corporation's worldwide oil production and pipeline transportation income that can be attributed to Alaska. During the tax years 1978 to 1981 the state used separate accounting, instead of formula apportionment, to determine taxable production and pipeline transportation income.

1 Atlantic Richfield Company and ARCO Pipeline Company (collectively "ARCO"), Exxon Corporation and Exxon Pipeline Company (collectively "Exxon"), and BP Alaska, Inc. and Sohio Pipe Line Company (collectively "Sohio").

2 AS 43.21 (Ch. 110, § 3, SLA 1978; am. ch. 113, §§ 28-32, SLA 1980; am. ch. 116, §§ 6-11, § 17 SLA 1981) was repealed effective January 1, 1982. Ch. 116, § 19, SLA 1981. For convenience, we refer to the Oil Tax by the former statutory section numbers throughout this opinion. *See* Appendix 1 for the full text of AS 43.21.

Various actions challenging the constitutionality of the Oil Tax were [**4] consolidated on August 27, 1980, in the superior court. [3] Appellants ARCO, Exxon, and Sohio argued below that the Oil Tax violated the commerce, due process, contract, and *equal protection clauses of the United States Constitution*, as well as the equal protection clause of the Alaska Constitution and the state constitutional and statutory provisions against retroactivity. They sought a refund of taxes paid under the Oil Tax.

3 Other oil companies were also involved initially in the litigation, but were dismissed upon agreeing to defer their constitutional claims pending resolution of this case.

On November 12, 1981, the state moved for summary judgment seeking a declaration that the Oil and Gas Corporate Income Tax Act is constitutional. The trial court rejected the oil companies' claims of unconstitutionality and granted the state's motion for summary judgment. We affirm.

I. THE OIL TAX

In 1959, Alaska adopted the three-factor apportionment formula of the Uniform Division of Income for Tax Purposes Act [**5] (UDITPA) to determine the share of income of an integrated (unitary) interstate business subject to Alaska income taxation. AS 43.20.130 (repealed 1975). [4] The apportionment formula relies on three indicators of business activity -- payroll, property and sales -- to compute Alaska's share of taxable income. *Id.* The value of property, payroll and sales in Alaska is compared to the value of property, payroll and sales of the corporation worldwide. The resulting ratio is then multiplied by the corporation's apportionable net income worldwide to arrive at an approximation of Alaska's share of taxable income.

4 In 1970, Alaska adopted the Multistate Tax Compact, enacted as *AS 43.19.010*. It is basically a restatement of UDITPA with a few minor changes. The three-factor apportionment formula is now described at *AS 43.19.010*, art. IV, §§ 9-15.

Prior to the enactment of the Oil Tax in 1978, all of the income tax liability of oil companies was determined under the formula apportionment method. Under the Oil [**6] Tax, a different methodology, separate [*421] accounting, [5] was implemented to calculate the production and pipeline transportation income subject to Alaska taxation. The goal of the separate accounting method was to determine that portion of the value of a barrel of oil attributable to the oil being produced, i.e., taken from the ground. AS 43.21.020.

5 The oil companies dispute whether the methodology of the Oil Tax is in fact "true" separate accounting. *See infra* section II. B.

The separate accounting of oil production income began with the determination of gross production revenue or "gross income." [6] The Oil Tax defined gross income as the value of the oil at the point of production, i.e., the wellhead price. AS 43.21.020(b). Essentially, gross income equalled the price at which the oil was sold, or could be sold, to a refinery less transportation expenses. AS 43.21.020(b). The price at which oil was sold, or could be sold, to a refinery obviously did not include refining and marketing [**7] costs and profits. These costs and profits were thus excluded in determining the gross income figure for Alaskan oil. In addition, a number of other costs were deducted from gross income. "Upstream" costs, such as exploration expenses, royalties, lease acquisition and development costs, and general overhead and administrative expenses, and "downstream" costs, such as transportation and marketing costs were deducted from gross income. AS 43.21.020(c). The end result was net production income, which was [*422] taxed at the 9.4% rate applicable to all other corporate income at that time. Former *AS 43.20.011* (amended, repealed and reenacted 1981).

6 The following graph, submitted by the State of Alaska, illustrates the estimated revenues, costs and profits contained in each barrel of Alaskan oil

during the years 1978-80:

[SEE ILLUSTRATION IN ORIGINAL]

The Oil Tax used a similar methodology to tax income from the pipeline transportation of oil and gas in Alaska. The items of income and expense related [**8] to Alaska pipeline transportation were keyed to the amount reported by the oil companies to the Federal Energy Regulatory Commission as net operating income. AS 43.21.030. The validity of this portion of the Oil Tax is also at issue in this case, though the parties focus primarily on the taxation of production income.

Under AS 43.21.040, all other income of the oil companies continued to be taxed under the UDITPA formula apportionment method. Such other income was primarily from marketing and refining operations. In computing this income, worldwide oil production and pipeline transportation income was subtracted from the total amount of income subject to apportionment by Alaska. Then the three-factor formula was applied, again with the production and pipeline income in Alaska deleted. The result attributed to Alaska a portion of worldwide refining and marketing income of the oil company approximating the share of such activities occurring in Alaska. This income, like the production and pipeline income, was taxed at the rate of 9.4%. Former *AS 43.20.011* (amended, repealed and reenacted 1981).

The Oil Tax was repealed effective January 1, 1982. Ch. 116, § 19, SLA 1981. It [**9] was replaced with a modified apportionment formula for the ensuing tax years. *AS 43.20.072*. The legislature took this step primarily to avoid a further increase in the possible $1.8 billion liability caused by this litigation.

II. THE OIL TAX IS "TRUE" SEPARATE ACCOUNTING

There are three basic methods by which the income of a multistate enterprise can be divided among the states entitled to tax the enterprise's income: separate accounting, specific allocation by situs and formula apportionment. The state claims the Oil Tax is true separate accounting, while the oil companies contend it is specific allocation by situs.

A. *The Three Methods For Division Of Income*

1. *Separate Accounting*

Separate accounting attempts to carve out of the taxpayer's overall business the income derived from sources within a single state, and by accounting analysis, to determine the profits attributable to that portion of the business. [7] Income within the state is determined without reference to the success or failure of the taxpayer's activities in other states. [8] In the case of goods (such as crude oil) sent to another state for processing, separate accounting values these goods at the price [**10] which could be obtained for them in their unprocessed form when leaving their state of origin. [9] In other words, separate accounting recognizes that crude oil has a marketable value before it is refined.

7 *See generally* J. Hellerstein, State Taxation: Corporate Income and Franchise Taxes para. 8.3, at 323 - 327 (1983).

8 P. Hartman, Federal Limitations on State and Local Taxation § 9.17, at 522 (1981).

9 G. Altman & F. Keesling, Allocation of Income in State Taxation 38 (2d ed. 1950).

2. *Specific Allocation by Situs*

Specific allocation by situs refers to the method of dividing a tax measure (in whole or in part) by tracing particular property, receipts, or income to their source state, and attributing the item *in its entirety* to that state. [10] This method is troublesome because more than one state is likely to have a legitimate basis for taxing the same item, especially when the tax is one measured by income. [11] The specific allocation [*423] method has been used commonly with [**11] "non-business" income such as income from dividends, patent and copyright royalties, and gains or losses from the sale of capital assets. [12] Under UDITPA, some non-business income of this nature is allocated in its entirety to the situs state. *See AS 43.19.010*, art. IV, §§ 5-8.

10 J. Hellerstein, *supra* note 7, para. 8.4, at 328.

11 *Id.*

12 *Id.* at 329.

Confusion may arise because the separate accounting methodology is very similar to the specific allocation approach. Both methods attempt to trace income to an identifiable source. The primary difference in the two methods is that separate accounting looks to the activities in the state and seeks to determine the income related to

that activity. Specific allocation attributes income according to situs, or some other specific characteristic of the business enterprise, rather than on the basis of where the income itself was earned. Moreover, specific allocation results in *all* of a specified type of income and *all* associated [**12] profits being allocated to one state. Separate accounting, on the other hand, attempts to segregate out *only* those profits attributable to activities within the state for taxation by that state.

3. *Formula Apportionment*

Formula apportionment is the method commonly used to divide the income of a unitary business [13] among various jurisdictions in which the business operates. The formula method, "unlike separate accounting, does not purport to identify the precise geographical source of a corporation's profits; rather, it is employed as a rough approximation of a corporation's income that is reasonably related to the activities conducted within the taxing State." [14] The formula method assumes that the total income of a business enterprise results from certain income producing factors - typically property, payroll and sales. The value of the corporation's property, payroll and sales within the taxing state is compared with the value of these factors outside the taxing state. The resulting ratio is then multiplied by the total apportionable net income worldwide of the multi-state corporation. [15]

13 "[A] unitary business may be defined simply as any business which is carried on partly within and partly [outside] the taxing jurisdiction." Keesling & Warren, *The Unitary Concept In the Allocation of Income,* 12 Hastings L.J. 42, 46 (1960).

[**13]

14 *Moorman Mfg. v. Bair, 437 U.S. 267, 273, 57 L. Ed. 2d 197, 204, 98 S. Ct. 2340 (1978).*

15 P. Hartman, *supra* note 8, § 9.18, at 523-524.

B. *The Oil Tax Is Separate Accounting*

The oil companies equate the Oil Tax with the specific allocation by situs method. They contend that the Oil Tax attributes *all* of the income and profits from oil production and transportation to Alaska. Their argument ignores the difference between the Oil Tax and the specific allocation method. The Oil Tax does not attribute income from the production of oil *in its entirety* to Alaska, the source state. Instead, it attempts to tax only that portion of income from the oil which is fairly related to Alaskan production activities. While total revenue for a barrel of oil during 1978-80 was approximately $26.64, only $6.77 was deemed production income attributable to Alaskan activities and subject to the Oil Tax. [16] In segregating from total income a portion related only to activities in the state, the Oil Tax operates as a separate accounting system.

16 The wellhead price did not include refining and marketing costs and profits. The following deductions were also taken from the wellhead price: royalties, native corporation revenue sharing, production, *ad valorem* and windfall profit taxes, direct operating expenses, exploration, acquisition, and development costs, uncapitalized interest and general overhead and administrative expenses inside and outside Alaska (including a reasonable profit). AS 43.21.020(c); *15 AAC 21.200* (Eff. 2/22/79). *See* graph *supra* note 6.

[**14] The companies argue that the Oil Tax is not true separate accounting because it fails to take into account the profit-producing nature of activities occurring outside [*424] Alaska. For example, the geological and geophysical analysis of the Prudhoe Bay area was conducted primarily outside Alaska. The companies argue that only the expenses associated with these outside activities are deductible in computing income subject to the Oil Tax. Thus, in their view, the Oil Tax taxes profits earned outside Alaska.

The state contends that oil companies can deduct profits attributable to general overhead or administrative activities outside of Alaska. Under Department of Revenue regulations, profits associated with such activities could be deducted if the taxpayer in fact considered them profit generally and reported them as such to the stockholders. *15 AAC 21.290(b)* (Eff. 2/22/79, am. 3/26/82). The oil companies claim that the Security Exchange Commission prohibits the allocation of profits in this manner, citing *15 U.S.C. § 78m(b)(2)(b)(ii) (1982).* This section provides that every issuer of a security subject to the provision must have an internal accounting system that permits [**15] preparation of financial statements "in conformity with generally accepted accounting principles or any other criteria applicable to such statements." The parties' experts disagree on the acceptability, under general accounting

principles, of allocating profits to general overhead and administrative activities. Even if we assume that the allocation of profits to these activities is not generally accepted, *15 U.S.C. § 78m(b)(2)(B)(ii)* allows the use of "other criteria" in financial statements. If, as the oil companies claim, profits exist that are actually attributable to general overhead and administrative activities outside of Alaska, the Securities Exchange Act does not prevent them from reporting such profits to their shareholders, and then deducting them from their Alaska income tax.

Although amended after the repeal of the Oil Tax in 1982, *15 AAC 21.290(b)* (Eff. 2/22/79, am. 3/26/82) operates retroactively. [17] The oil companies, therefore, may amend their tax reports and returns to deduct any outside-generated profits attributable to general overhead and administrative activities associated with Alaskan oil production not previously deducted in computing Alaskan taxable income. [**16]

17 The only logical interpretation of the 1982 amendment to *15 AAC 21.290(b)* is that it operates retroactively for the tax years 1978-81. It cannot be meaningfully applied prospectively because it was adopted *after* the Oil Tax was no longer in effect. We must assume that the process of amending *15 AAC 21.290(b)* was intended to be operative. We cannot imagine that the Department of Revenue ("Department") would engage in a futile act. *See* 2A C. Sands, Sutherland Statutory Construction § 45.12, at 54 (4th ed. 1984).

The retroactivity of the Department's regulations is governed by the Alaska Administrative Procedure Act, *AS 44.62.240*. Under this statute, an "interpretative regulation," such as *15 AAC 21.290(b)*, may be retroactive only if the agency "has adopted no earlier inconsistent regulation and has followed no earlier course of conduct inconsistent with the regulation." The Department's earlier omission of a deduction for outside-generated profits attributable to general overhead and administration associated with Alaskan oil production could be construed as inconsistent conduct with the 1982 amendment to *15 AAC 21.290(b)*. *AS 44.62.240*, however, is concerned with the issues of fairness and notice. *See, e.g.,* AS 43.21.050(d) (authorizing Department to fashion an equitable tax if relief from an unfair allocation is required). In this case, a retroactive interpretation of the 1982 amendment confers a benefit on the oil companies by allowing an additional tax deduction not previously available. Unlike many retroactive enactments, *15 AAC 21.290(b)*, as amended, does not create a harsh or unfair result for the affected parties. Therefore, the 1982 amendment to *15 AAC 21.290(b)* operates retroactively for the tax years 1978-81.

[**17] The companies also assert that the Oil Tax is an inappropriate methodology because it presumes that crude oil has a value, i.e., that income has been generated when the oil is merely brought out of the ground. The oil companies argue that oil has no value whatsoever until it is sold.

The oil companies cite our decision in *Sjong v. State, Department of Revenue, 622 P.2d 967 (Alaska 1981), appeal dismissed, 454 U.S. 1131, 71 L. Ed. 2d 284, 102 S. Ct. 986 (1982)*, for the proposition that the oil has no value until it is sold. We find their reliance misplaced. In *Sjong,* we upheld an apportioned net income tax assessed [*425] against a nonresident crab fisherman, who fished exclusively in the international waters surrounding Alaska and sold his catch only to Alaska processors and canneries. Sjong claimed that no taxable income could be attributed to the state because he caught the crabs in international waters. We responded that "the process of fishing results in no profits until the catch is sold to processors in Alaska." *622 P.2d at 972* (footnote omitted). Obviously, profits do not result from crab fishing or oil production until the product is sold. This does [**18] not negate the fact that profits generated by the sale are partly attributable to the inherent value of the crab or oil at its point of production.

In the state's view, the extraction of a natural resource, in and of itself, generates income. Thus, it argues that it is reasonable to attribute the income identified with the extraction of oil, measured in terms of "wellhead value," to the state in which the oil was extracted. The state is joined in this position by Amicus Curiae, the states of Louisiana, Mississippi and Oklahoma, all which have long employed separate accounting to tax oil production income. [18]

18 *See also Texas Co. v. Cooper, 236 La. 380, 107 So. 2d 676, 687-91 (La. 1958)* (rejected

argument that production of oil, in absence of sale, does not result in taxable income); *Magnolia Petroleum v. Oklahoma Tax Comm'n, 190 Okla. 172, 121 P.2d 1008, 1013 (Okla. 1941)* ("Oil produced in the state had an easily ascertainable market price that would represent the value of the product attributable wholly to Oklahoma.").

[**19] The United States Supreme Court has likewise recognized the inherent value generated by the extraction of natural resources. In upholding the constitutionality of Montana's severance tax on coal mined in the state, the Court reasoned that "the entire value of the coal, before transportation, originates in . . . . [Montana], and mining of the coal depletes the resource base and wealth of the State, thereby diminishing a future source of taxes and economic activity." *Commonwealth Edison v. Montana, 453 U.S. 609, 624, 69 L. Ed. 2d 884, 898, 101 S. Ct. 2946 (1981)* (footnote omitted). Before it is transported for sale, oil, like coal, has inherent value, to which profits and income can properly be attributed. [19]

19 While party to a tax suit in South Carolina, Exxon recognized the existence of oil's wellhead value. In its brief, Exxon asserted that "E&P [exploration and production] income is fully earned at the wellhead, and . . . . [is] functionally independent of . . . . refining and marketing operations." Appellant's Opening Brief at 19, *Exxon v. South Carolina Tax Comm'n, 273 S.C. 594, 258 S.E.2d 93 (S.C. 1979), appeal dismissed, 447 U.S. 917, 65 L. Ed. 2d 1109, 100 S. Ct. 3005 (1980)*. Exxon went on to note that their witness

> testified that the posted field price was also accepted by the accounting profession as a reliable, independent measure of the value of crude oil at the wellhead. Using this value, ... the net income earned by exploration and production could be and is accurately measured. This is in accordance with generally accepted accounting principles, because crude oil has a known, realizable value.

Id. at 26.

[**20] We hold that the Oil Tax is fundamentally a separate accounting method for dividing income, distinct from both the specific allocation by situs and formula apportionment methods.

C. *Separate Accounting More Accurately Attributes Income Generated from Alaskan Oil Than Does Formula Apportionment*

The use of separate accounting to apportion the income of a unitary business, such as each of the companies in this litigation, has been roundly criticized. [20] The United States Supreme Court has noted:

> The problem with this method is that formal accounting is subject to manipulation and imprecision, and often ignores or captures inadequately the many subtle and largely unquantifiable transfers of [*426] value that take place among the components of a single enterprise.

Container Corp. of America v. Franchise Tax Board, 463 U.S. 159, 164-65, 77 L. Ed. 2d 545, 553, 103 S. Ct. 2933 (1983) (citation omitted). For instance,

> while it [separate accounting] purports to isolate portions of income received in various States, [it] may fail to account for contributions to income resulting from functional integration, centralization of management, and economies [**21] of scale. Because these factors of profitability arise from the operation of the business as a whole, it becomes misleading to characterize the income of the business as having a single identifiable "source." Although separate geographical accounting may be useful for internal auditing, *for purposes of state taxation it is not constitutionally required.*

Mobil Oil v. Commissioner of Taxes, 445 U.S. 425, 438, 63 L. Ed. 2d 510, 521, 100 S. Ct. 1223 (1980) (emphasis added; citations omitted).

20 *See, e.g.,* G. Altman & F. Keesling, *supra* note 9, at 38 ("It is obvious, however, that a separate accounting, no matter how detailed, is basically false if the business done in more than one state is of a unitary character, ..."); Dexter,

The Unitary Concept in State Income Taxation of Multistate - Multinational Businesses, 10 Urb. Lawyer 181, 207 (1978) ("The use of separate accounting to attribute unitary income to a taxing jurisdiction is conceptually inconsistent.").

These criticisms, however, [**22] are inapplicable to the oil and gas industry. The standard three-factor formula apportionment method was "developed and designed to meet the needs of manufacturing and mercantile industries, and [is] poorly adapted to a good many other businesses." [21] The United States Supreme Court has noted that the three-factor formula is "necessarily imperfect":

> First, the one-third-each weight given to the three factors is essentially arbitrary. Second, *payroll, property, and sales still do not exhaust the entire set of factors arguably relevant to the production of income.*

Container Corp. of America v. Franchise Tax Board, 463 U.S. at 183 n.20, 77 L. Ed. 2d at 565 n.20 (emphasis added). An assumption made in the use of formula apportionment is that *"major* income-producing elements can be identified and that these major elements contribute the largest portion of the unitary income of the taxpayer." [22]

21 J. Hellerstein, *supra* note 7, para. 10.9, at 689.

22 A. Cohen, Apportionment and Allocation Formulae and Factors Used by States in Levying Taxes Based on or Measured by Net income of Manufacturing, Distributive and Extractive Corporations 14 (1954). [Record 1561]

[**23] A unique characteristic of unitary oil and gas businesses is that the major income-producing element is the value of the oil and gas reserves in the ground. While this element can be readily identified, it is not recognized under traditional formula apportionment methods. [23] Instead, the typical factors used are property, payroll and sales, none of which accurately reflects the oil and gas corporations' activities in Alaska. The property factor includes only the original cost of the wells and the lease, which do not necessarily represent the value of the oil reserves themselves. *See AS 43.19.010,* art. IV, § 11. As a result, the Prudhoe Bay field is valued at about one percent of its actual worth. [24] Under UDITPA, the payroll factor includes only wages paid to employees based in the state. *AS 43.19.010,* art. IV, §§ 13-14. Oil production, however, is not a labor-intensive industry. Moreover, much of the production work is done by employees based in other states, or by independent contractors, whose earnings do not appear in the payroll factor. Finally, and most importantly, the sales receipts under UDITPA are credited solely to the destination state. *AS 43.19.010,* art. [**24] IV, § 16. The oil companies and the state agree that only a "tiny fraction" of the oil produced in Alaska is actually sold within the state.

23 *Id.*

24 *See* B. Sorensen, Memorandum to the Honorable Nels A. Anderson, Jr. (May 27, 1976) (discussing state corporate income tax).

For all of the above reasons, separate accounting, not formula apportionment, is the prevailing method throughout the United States for reporting income from oil production. [25] The Comptroller General's [*427] report explains that states use separate accounting to determine the income division for unitary oil and gas businesses "because it conforms more to [the businesses'] financial accounting procedures and . . . . more accurately reflects income than formula apportionment." [26]

25 Rudolph, *State Taxation of Interstate Business: The Unitary Business Concept and Affiliated Groups,* 25 Tax L. Rev. 171, 191 (1970). Of the top five producing states, three - Alaska, Louisiana and Oklahoma - require the use of separate accounting to determine income attributable to oil production. Texas imposes no corporate income tax, and California requires formula apportionment. Statistical Abstract of the United States at 730 (1983). *But see Cal. Rev. & Tax Code Ann. § 25137* (West 1979) (allowing separate accounting, or other alternative methods of apportionment, when total formula apportionment does "not fairly represent the extent of the taxpayer's business activity in this state.").

[**25]

26 GAO Report to the Chairman, House Committee on Ways and Means: Key Issues Affecting State Taxation of Multijurisdictional Corporate Income Need Resolving 3 (1982).

[Record 17,023].

Alaska has not employed separate accounting to divide the income of all unitary businesses. According to the state, the Alaska legislature turned to separate accounting for oil producing businesses only after it determined that the use of formula apportionment to compute Alaska's share of oil production income would seriously underestimate the production income that was rightly subject to taxation by this state. [27]

> 27 The Oil Tax was enacted only after it was considered by two legislatures over a four year period. Sixty-three hearings were held and dozens of studies and reports were made.

The oil companies cite portions of legislative history to show that the Oil Tax was imposed in an effort to unilaterally effect a renegotiation [**26] of oil leases so as to shift the cost of Alaska's government to the oil industry. The legislature, however, formally declared that the income tax of corporations engaged in oil production or pipeline transportation would be computed under the Oil Tax because the formula apportionment method did not fairly represent the extent of those corporations' oil production and transportation activities in Alaska. Ch. 110, § 1, SLA 1978. To look beyond this articulated basis would lead to a "parade of legislators' affidavits containing their perceptions" of the Oil Tax's purpose. *Alaska Public Employees Association v. State, 525 P.2d 12, 16 (Alaska 1984)*. We have recently disapproved of such inquiries. *Id.* The United States Supreme Court has also declined to search for the "real" motive beyond the legislature's expressed purposes when adjudicating equal protection and commerce clause challenges. In *Minnesota v. Clover Leaf Creamery, 449 U.S. 456, 66 L. Ed. 2d 659, 101 S. Ct. 715 (1981)* the Court stated that it would

> assume that the objectives articulated by the legislature are actual purposes of the statute, unless an examination of the circumstances forces us to conclude [**27] that they "could not have been a goal of the legislation."

449 U.S. at 463 n.7, 66 L. Ed. 2d at 668 n.7 (quoting *Weinberger v. Wiesenfeld, 420 U.S. 636, 648 n.16, 43 L. Ed. 2d 514, 525 n.16, 95 S. Ct. 1225 (1975)*). Nothing in the record leads us to conclude that accurate and fair allocation could not have been the legislature's goal in enacting the Oil Tax. [28]

> 28 *See, e.g.,* Minutes of Senate Finance Committee (May 21, 1977): "The income tax is not designed to pick up additional money but to try to establish equal treatment between companies operating within the state." (Statement of Senator Chancy Croft) [Record 4759]; Minutes of Senate Resource Committee (February 22, 1978): "If we're seeking to raise money -- I think the most effective way is through a severance tax." (Statement of Commissioner Sterling Gallagher [Record 1704]); Office Memo to Senator Rader from Kay Brown (December 22, 1977): "Separate accounting [is the] most equitable method because under it every corp[oration] pays [the] same effective tax rate." (Statement of Senator Chancy Croft) [Record 1661]; Testimony Before House/Senate Resources Committees (January 25, 1978): "The purpose [of separate accounting] is not to get higher taxation, but it gives you a direct fix on what the profitability of the industry's operations are." (Statement of consultant Milton Lipton) [Record 1941]

[**28] The fact that the traditional formula apportionment method inaccurately reflects the oil companies' income and profits derived from Alaskan production activities is [*428] illustrated in the case of Sohio. The oil companies maintain that during 1978-80, when the Oil Tax was in effect, an average of only 10% of Sohio's payroll, 12% of its sales and 50% of its property were in Alaska. At the same time, Sohio indicated in its 1980 annual report that over 90% of its total oil production derived from the reserves in Alaska. [Record 1559] A media report offered by the state, with which the oil companies did not take issue, indicated that Alaskan oil had elevated Sohio from seventeenth to seventh in earnings in the oil industry:

> Once severely short of crude, Sohio's bonanza from its huge reserves of Alaskan oil skyrocketed 1979 profits to $1.2 billion, a phenomenal 2,200% blast in just one decade. [29]

Clearly the traditional formula apportionment method would inadequately reflect the phenomenal value of the

companies' oil reserves in Alaska.

29 *Investing a Mountain of Cash Before the Oil Runs Out: An Oil Giant's Dilemma,* Bus. Wk. 60 (August 25, 1980). [Record 684]

[**29] III. SUMMARY JUDGMENT WAS PROPER

The oil companies argue that there are numerous disputed issues of fact which preclude summary judgment for the state. Several of the alleged disputed issues of fact are irrelevant to the constitutional challenge and do not preclude summary judgment. [30] Other claims by the oil companies reduce to the assertion that the characterization of the Oil Tax as a separate accounting methodology is a disputed issue of fact. The state argues that the question as to whether the Oil Tax is a form of separate accounting is a question of law. We agree with the state that a trial is not required in this case. The characterization of the Oil Tax is at most a "legislative fact" which is not the type of factual issue for which trial is necessary. *See State v. Erickson, 574 P.2d 1, 4-6 (Alaska 1978).* As the trial court held, "the asserted issues of material fact do not preclude summary judgment in any event because they are facts only in the sense that they provide premises in the process of legal reasoning. They are not that type of fact for which a trial is mandated."

30 For example, whether the oil companies had, themselves, measured their income by methods similar to those used by the Oil Tax is irrelevant.

[**30] Finally, the oil companies claim that it is a disputed issue of fact whether the Oil Tax results in double taxation because it reaches income earned outside Alaska. An income attribution method, be it single-factor or three-factor formula apportionment or separate accounting, is not constitutionally invalid merely because it may result in taxation of some income that did not have its source in the state. *See Moorman Manufacturing v. Bair, 437 U.S. 267, 272, 57 L. Ed. 2d 197, 204, 98 S. Ct. 2340 (1978).* Even if facts demonstrate that the Oil Tax reaches income earned outside Alaska, as alleged by the oil companies, the statute will be stricken only upon "clear and cogent evidence" that the income Alaska attributes to itself is "out of all appropriate proportions to the business transacted in [the] State," or has "led to a grossly distorted result." *Container Corp. of America v. Franchise Tax Board, 463 U.S. at 170, 77 L. Ed. 2d at 556* (citations omitted). Nothing in the record demonstrates that the Oil Tax led to a "grossly distorted result" or that it is "out of all appropriate proportions" to the business of extracting billions of barrels of oil from reserves located [**31] within Alaska.

Disposition by summary judgment was appropriate in this case because no issue of material fact remained. The record provided the trial judge with a sufficient background to reach a decision. [31] *See Kelly v.* [*429] *Zamarello, 486 P.2d 906, 914 (Alaska 1971); cf. Ault v. Alaska State Mortgage Association, 387 P.2d 698, 701-02 (Alaska 1963).*

31 An extensive record was developed, which is divisible into three categories. First, the bulk of the record consists of the legislative history of the Oil Tax. Second, competing affidavits from various economists and accountants present divergent economic theories on how oil production income is generated, and how, as a matter of policy, it should be divided among the states for taxation purposes. Finally, a large number of affidavits submitted by the companies describe the various activities associated with oil production which occur outside Alaska.

IV. CONSTITUTIONAL CHALLENGES TO THE OIL TAX

A. *Background*

When state corporate income [**32] taxes were first adopted, [32] separate accounting was regarded as the most precise method for dividing the income of a multistate corporation for taxation purposes. [33] Although apportionment formulas were employed by states and their use approved by the United States Supreme Court, [34] separate accounting was initially viewed as a benchmark by which to judge the reasonableness of state apportionment formulas. Thus, in *Hans Rees' Sons, Inc. v. North Carolina, 283 U.S. 123, 128, 75 L. Ed. 879, 905, 51 S. Ct. 385 (1931),* the Supreme Court invalidated a state's apportionment formula under federal due process because the taxpayer showed that under separate accounting only 17% of the income was attributable to the state, whereas under the apportionment formula used, the state taxed from 66% to 85% of the corporation's income.

32 Wisconsin adopted the first corporate income tax in 1911. J. Hellerstein, *supra* note 7, para.

1.2, at 5.

33 *Id.* para. 8.3, at 324.

34 *Underwood Typewriter v. Chamberlain, 254 U.S. 113, 65 L. Ed. 165, 41 S. Ct. 45 (1920).*

[**33] The use of separate accounting as a basis for challenging state formula apportionment methods was eventually rejected in *Butler Brothers v. McColgan, 315 U.S. 501, 86 L. Ed. 991, 62 S. Ct. 701 (1942).* There, the Court acknowledged that an apportionment formula could be invalidated only if the taxpayer established by clear and cogent evidence that the formula taxed extraterritorial values. The Court held that the fact that no net income would be attributable to the state under separate accounting was insufficient to invalidate an apportionment formula.

> It is true that appellant's separate accounting system for its San Francisco branch attributed no net income to California. But . . . . [that] does not prove appellant's assertion that extraterritorial values are being taxed.

315 U.S. at 507, 86 L. Ed. at 996.

The Court developed the doctrine that if a multistate business is unitary, then the use of a formula apportionment method by the state is presumptively valid. [35] In the instant litigation, all of the companies involved are unitary businesses. Thus, it is undisputed that the use of an apportionment formula would have been a permissible means of attributing [**34] a portion of the companies' income to Alaska.

35 *See* J. Hellerstein, *supra* note 7, para. 8.7, at 338-343.

This case presents an interesting twist on previous constitutional challenges to state taxation methods by corporate taxpayers.

> In the past, apportionability often has been challenged by the contention that income earned in one State may not be taxed in another if the source of the income may be ascertained by separate geographical accounting.

Mobil Oil v. Commissioner of Taxes, 445 U.S. at 438, 63 L. Ed. 2d at 521. Conversely, in this litigation, the oil companies seek to defeat Alaska's separate accounting method by arguing that formula apportionment is *required* for unitary businesses. In recent years, the Court's endorsement of formula apportionment as the preferred method to divide income of a unitary business has become increasingly apparent. [36] However, we do not interpret [*430] this preference as being a constitutional ruling that formula apportionment *must* [**35] be employed in lieu of separate accounting.

36 *See, e.g., Exxon v. Wisconsin Dep't of Revenue, 447 U.S. 207, 229-30, 65 L. Ed. 2d 66, 85, 100 S. Ct. 2109 (1980); Mobil Oil v. Commissioner of Taxes, 445 U.S. 425, 446, 63 L. Ed. 2d 510, 526, 100 S. Ct. 1223 (1980).*

While separate accounting is not constitutionally required, [37] and while it may have some weaknesses when applied to some unitary businesses, [38] this methodology has not been rejected as unconstitutional. The United States Supreme Court in *Container Corp.* concluded that:

> Both geographical accounting and formula apportionment are imperfect proxies for an ideal which is not only difficult to achieve in practice, but difficult to describe in theory . . . .
>
> But we see no evidence demonstrating that the margin of error (systematic or not) inherent in the three-factor formula is greater than the margin of error (systematic or not) inherent in . . . . separate accounting . . . .

463 U.S. at 182, 183-84, 77 L. Ed. 2d at [**36] *564, 565.*

37 *See Mobil, 445 U.S. at 438, 63 L. Ed. 2d at 521; Exxon v. Wisconsin Dep't of Revenue, 447 U.S. at 223, 65 L. Ed. 2d at 81.*

38 *See Mobil, 445 U.S. at 438, 63 L. Ed. 2d at 521; Earth Resources v. State, Dep't of Revenue, 665 P.2d 960, 966 (Alaska 1983).*

B. *Due Process*

The oil companies claim that the Oil Tax is unconstitutional because it taxes extraterritorial values. They claim that the state impermissibly taxes all of their

production income from Alaska oil, despite the contributions that other states have made to those earnings in terms of research, management and sales.

"As a general principle, a state may not tax value earned outside its borders." *Earth Resources v. State, Department of Revenue, 665 P.2d 960, 966 (Alaska 1983)* (quoting *ASARCO v. Idaho State Tax Commission, 458 U.S. 307, 315, 73 L. Ed. 2d 787, 794, 102 S. Ct. 3103 (1982)*); *Container Corp. of America v. Franchise Tax Board, 463 U.S. at 164, 77 L. Ed. 2d at 552*. Any attempt to tax extraterritorial [**37] values would be an unconstitutional taking of property under the due process clause. [39]

39 The due process clause of the fourteenth amendment provides in part:

> Nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

U.S. Const. amend. XIV, § 1.

Due process imposes two requirements before a state may tax income generated in interstate commerce. First, a "minimal connection" must exist between the interstate activities and the taxing state. Second, the income attributed to the taxing state must bear a rational relationship to intrastate values of the enterprise. *Exxon v. Wisconsin Department of Revenue, 447 U.S. 207, 219-220, 65 L. Ed. 2d 66, 79, 100 S. Ct. 2109 (1980)*; *Mobil Oil v. Commissioner of Taxes, 445 U.S. at 436-37, 63 L. Ed. 2d at 520*; *Moorman Manufacturing v. Bair, 437 U.S. at 272-73, 57 L. Ed. 2d at 204*.

The first requirement - a minimal connection [**38] - is established if the corporation "avails itself of the 'substantial privilege of carrying on business' within the State." *Exxon v. Wisconsin Department of Revenue,* 447 U.S. at 220, 65 L. Ed. 2d 79 (quoting *Mobil, 445 U.S. at 437, 63 L. Ed. 2d at 520*, quoting *Wisconsin v. J.C. Penney Co., 311 U.S. 435, 444-45, 85 L. Ed. 267, 271, 61 S. Ct. 246 (1940)*). Clearly, a nexus exists between the oil production and transportation activities of ARCO, Exxon, and Sohio, and the State of Alaska.

As to the second requirement, the United States Supreme Court has not required absolute precision in determining a state's share of interstate income. In *Moorman Manufacturing v. Bair, 437 U.S. 267, 57 L. Ed. 2d 197, 98 S. Ct. 2340*, an animal feed company which manufactured its product in Illinois and sold it in Iowa challenged the constitutionality of Iowa's statutory [*431] apportionment formula. Instead of the typical three-factor (payroll, property and sales) formula, Iowa used a single-factor formula based exclusively on sales. The corporation argued that this formula resulted in extraterritorial taxation and violated the due process and *commerce clauses of the federal Constitution*. [**39] In addressing the rational relationship requirement, the Supreme Court stated:

> States have wide latitude in the selection of apportionment formulas and . . . . a formula-produced assessment will only be disturbed when the taxpayer has proved by "clear and cogent evidence" that the income attributed to the State is in fact "out of all appropriate proportion to the business transacted . . . . in that State," or has "led to a grossly distorted result."

437 U.S. at 274, 57 L. Ed. 2d at 205 (citations omitted). The Court found the taxpayer had failed to demonstrate any arbitrary result in its case, and thus the tax survived the due process challenge.

More recently the United States Supreme Court has expressly refused to constitutionally require a particular income attribution method to the exclusion of all others. In *Container Corp. of America v. Franchise Tax Board, 463 U.S. 159, 77 L. Ed. 2d 545, 103 S. Ct. 2933*, the Supreme Court upheld California's inclusion of the income of Container Corporation's foreign subsidiaries in the state's apportionment formula. The corporation argued that inclusion of this income violated both the due process and commerce clauses, [**40] because the same income California was subjecting to apportionment was taxed by foreign jurisdictions under a separate accounting methodology. In rejecting this argument, the Court noted:

> In the case of a more-or-less integrated business enterprise operating in more than one State, ... arriving at precise territorial allocations of "value" is often an

> elusive goal, both in theory and in practice. For this reason and others, *we have long held that the Constitution imposes no single formula on the States,* and that the taxpayer has the "distinct burden of showing by 'clear and cogent evidence' that [the state tax] results in extraterritorial values being taxed . . . ."
>
> *One way of deriving locally taxable income is on the basis of formal geographical or transactional accounting* [separate accounting].

463 U.S. at 164, 77 L. Ed. 2d at 552-53 (citations omitted, emphasis added).

We hold that the Oil Tax satisfies the second requirement of the due process clause. It makes a reasonable attempt to attribute only that income to Alaska that was generated in Alaska, while excluding expenses and profits generated beyond Alaska's borders. Under a separate accounting [**41] approach, income is viewed as earned when and where the principal operating activity occurs. Support activities are universally accounted for only as expenses, whether they occur in or outside the income-producing state. As with other states' separate accounting methods, the Oil Tax allows for the deduction of costs and profits from marketing, refining and transportation, and expenses related to other support activities. [40] Moreover, Alaska's tax is unique in allowing a deduction for out-of-state profits as well as costs of general overhead and administrative activities incident to Alaskan oil production and transportation, if the companies report them as such. *See 15 AAC 21.290(b)* (Eff. 2/22/79, am. 3/26/82). By allowing all of these deductions, the Oil Tax is intended to tax only those profits associated with the companies' activities within the state. Thus, the Oil Tax taxes only a portion of the companies' income, although by a technique quite different from formula apportionment. [41] Because the Oil Tax operates [*432] to tax only a portion of the companies' income, we hold that it satisfies the dual requirements of due process.

> 40 *See* La. Income Tax Reg. art. 47:244.A (1985); *Miss. Code Ann. § 27-7-23(b)(3)* (1983); *Okla. Stat. Ann. tit. 68, § 2358*, A.4.a, b, c (1985); *see also Webb Resources v. McCoy, 194 Kan. 758, 401 P.2d 879, 890 (Kan. 1965).*

[**42]

> 41 *See Container Corp., 463 U.S. at 188, 77 L. Ed. 2d at 568* (Formula apportionment and separate accounting are "two distinct methods of allocating the income of a multinational enterprise.").

C. *Commerce Clause*

We have previously recognized that the commerce clause [42] "places restraints upon the taxing power of states similar to those of the due process clause. In fact, these two constitutional limits overlap to a great extent." *Sjong v. State, Department of Revenue, 622 P.2d at 973.* Generally, if a state tax "is applied to an activity with a substantial nexus with the taxing State, is fairly apportioned, does not discriminate against interstate commerce and is fairly related to the services provided by the State," there is no impermissible burden on interstate commerce. *Complete Auto Transit v. Brady, 430 U.S. 274, 279, 51 L. Ed. 2d 326, 331, 97 S. Ct. 1076 (1977).* The nexus and fair apportionment factors have been discussed in the previous due process section. We now turn to a consideration of the other two factors of the *Complete Auto Transit* test.

> 42 The commerce clause is set forth in article I, § 8 of the United States Constitution:
>
> > The Congress shall have Power To . . . . regulate Commerce with foreign Nations, and among the several States, and with the Indian tribes; . . . .

[**43] The oil companies contend that the Oil Tax violates the commerce clause because it inevitably results in overlapping or duplicative taxation, thus discriminating against businesses engaged in interstate commerce. They claim that recent United States Supreme Court decisions on the subject of multiple taxation render the Oil Tax unconstitutional, citing *Japan Line v. County of Los Angeles, 441 U.S. 434, 60 L. Ed. 2d 336, 99 S. Ct. 1813 (1979)*, *Mobil Oil v. Commissioner of Taxes, 445 U.S. 425, 63 L. Ed. 2d 510, 100 S. Ct. 1223*, and *Exxon v. Wisconsin Department of Revenue, 447 U.S. 207, 65 L. Ed. 2d 66, 100 S. Ct. 2109.* We disagree.

In *Japan Line,* six Japanese companies challenged a California property tax on shipping containers. The

Japanese-owned containers were subject to a property tax on 100% of their value in their home port of Japan. Under California's tax, all containers in the state on a specified tax day were subject to an apportioned *ad valorem* property tax. The companies contended that California's tax, as applied to their containers, created multiple taxation and violated the commerce clause.

The Court in *Japan Line* assumed that the *Complete* [**44] *Auto Transit* test was met. However, because taxation of instrumentalities of foreign commerce was at issue, the Court found it necessary to inquire whether California's tax, notwithstanding its fair apportionment, created a substantial risk of international multiple taxation. *441 U.S. at 451, 60 L. Ed. 2d at 349.* In this regard, the Court contrasted taxation of interstate instrumentalities with that of international instrumentalities:

> In order to prevent multiple taxation of interstate commerce, this Court has required that taxes be apportioned among taxing jurisdictions, so that no instrumentality of commerce is subjected to more than one tax on its full value. The corollary of the apportionment principle, of course, is that no jurisdiction may tax the instrumentality in full. "The rule which permits taxation by two or more states on an apportionment basis precludes taxation of all of the property by the state of the domicile . . . . Otherwise there would be multiple taxation of interstate operations." The basis for this Court's approval of apportioned property taxation, in other words, has been its ability to enforce full apportionment by all potential taxing bodies.

[**45] *441 U.S. at 446-47, 60 L. Ed. 2d at 347* (citations omitted). While the Court could require apportionment among the states for property taxation purposes, it obviously could not prevent Japan from taxing 100% of the value [*433] of the containers. The Court held California's nondiscriminatory tax unconstitutional because it resulted in actual multiple taxation of instrumentalities of international commerce. [43]

> 43 The Court indicated that it need not decide "under what circumstances the mere *risk* of multiple taxation would invalidate a state tax, or whether this risk would be evaluated differently in foreign, as opposed to interstate, commerce." *441 U.S. at 452 n.17, 60 L. Ed. 2d at 350 n.17* (emphasis in original).

The oil companies in the present litigation argue that if Alaska had been the home port instead of Japan in *Japan Line,* the Supreme Court would have invalidated Alaska's 100% *ad valorem* tax. We agree that Alaska would not be entitled to apply a property tax to the full value [**46] of instrumentalities of foreign commerce. But the oil companies' attempt to equate a property tax on the full value of goods used in foreign commerce with the Oil Tax is inappropriate. While the single situs property tax may be analogous to the specific allocation by situs method of income taxation, it is a totally different species from separate accounting. [44] The Oil Tax, as a separate accounting division-of-income method, does not automatically conflict with an apportionment method and result in double taxation. [45] Because separate accounting and formula apportionment can coexist without overlapping tax bases, *Japan Line* does not require invalidation of the Oil Tax. [46]

> 44 *See* discussion *supra* section II. A. 2.
>
> 45 *Container Corp., 463 U.S. at 194-95, 77 L. Ed. 2d at 572.*
>
> 46 There is language in *Japan Line* to the effect that an "unapportioned" tax will not be sustained. *441 U.S. at 447, 60 L. Ed. 2d at 347.* However, this statement must be read in context. In the property tax area, separate accounting is not even a viable theory for dividing income. Allocation of the full property to one state or apportionment among several states are the only two options. Since allocation of the full property value to one of several proper taxing jurisdictions is unconstitutional, apportionment is the only permissible means of dividing the value of property used in interstate commerce for property taxation purposes.

[**47] In *Mobil Oil v. Commissioner of Taxes, 445 U.S. 425, 63 L. Ed. 2d 510, 100 S. Ct. 1223*, the Court upheld the constitutionality of the inclusion of foreign

source dividend income in the total income subject to taxation by Vermont. Mobil argued that Vermont could not tax its dividend income because New York, the state of commercial domicile, had the power under the commerce clause to allocate all of the dividend income to itself. Allowing Vermont to tax a share of the income by apportionment would, therefore, result in double taxation if New York implemented such a tax. In this situation, the Court considered the risk of multiple taxation to be sufficient since the specific allocation by situs method was "theoretically incommensurate" with apportionment. 47 The Court found that if one method were constitutionally preferable, a tax based on the other method could not be sustained. *445 U.S. at 444-45, 63 L. Ed. 2d at 525.*

> 47 *Cf. Moorman, 437 U.S. at 277, 57 L. Ed. 2d at 207.*

Instead of accepting Mobil's [**48] argument that specific allocation by situs was preferable, the Court found apportionment to be the better approach. While the Court chose not to rule on the constitutionality of a hypothetical New York tax, the Court stated that in theory New York could not exclusively tax Mobil's dividend income since

> the dividends reflect income from a unitary business, part of which is conducted in other states. In that situation, the income bears relation to benefits and privileges conferred by several states. These are the circumstances in which apportionment is *ordinarily* the accepted method.

Id. at 446, 63 L. Ed. 2d at 526 (emphasis added).

Several months after the *Mobil* case, the Court decided *Exxon v. Wisconsin Department of Revenue, 447 U.S. 207, 65 L. Ed. 2d 66, 100 S. Ct. 2109. Exxon,* like this litigation, involved state taxation of oil production [*434] income. Exxon's activities in Wisconsin were limited to the marketing of petroleum products. Exxon challenged Wisconsin's inclusion of oil production income in the income subject to apportionment by Wisconsin. Exxon argued that production of oil and marketing of oil were two distinct operations. [**49] In Exxon's view, since it could illustrate by separate accounting that these two activities were distinct, Wisconsin could not constitutionally include production income in the tax base for apportionment.

Exxon contended that the commerce clause required the allocation of all income derived from exploration and production functions to the situs state, rather than inclusion in the apportionment formula. Exxon asserted that since the producing state was constitutionally entitled to allocate all production income to itself, non-producing states could not tax an apportioned share of this same income.

To this, the Supreme Court replied:

> We do not agree. As was the case with income from intangibles, there is nothing "talismanic" about the concept of situs for income from exploration and production of crude oil and gas. Presumably, the States in which appellant's crude oil and gas production is located are permitted to tax in some manner the income derived from that production, there being an obvious nexus between the taxpayer and those States. However, "there is no reason in theory why that power should be exclusive when the [exploration and production income as distinguished [**50] through separate functional accounting] reflect[s] income from a unitary business, part of which is conducted in other States. In that situation, the income bears relation to benefits and privileges conferred by several States. These are the circumstances in which apportionment is ordinarily the accepted method."
>
> In short, the Commerce Clausedoes not require that any income which a taxpayer is able to separate through accounting methods and attribute to exploration and production of crude oil and gas be allocated to the States in which those production centers are located. *The geographic location of such raw materials does not alter the fact that such income is part of the unitary business of the interstate enterprise and is subject to fair apportionment among all States to which there is a sufficient nexus with the*

interstate activities of the business.

447 U.S. at 229-30, 65 L. Ed. 2d at 85 (emphasis added; citations omitted).

Basically, both the oil companies and the state view *Japan Line, Mobil* and *Exxon* as prohibiting allocation of oil production income entirely to the situs state. The debate focuses on whether the Oil Tax allocates all oil production [**51] income to Alaska, as the oil companies contend, or is instead a distinct method of dividing the production income, as the state contends. Because we hold that the Oil Tax is a distinct method of dividing oil production income by use of separate accounting, its constitutional validity is not directly determined by these three cases. [48]

48 *See* W. Hellerstein, Memorandum to Mr. Milton Barker (April 20, 1981) (discussing proposed Oil Tax). [Record 17,091]

While *Mobil* and *Exxon* indicate the Court's strong endorsement of the use of apportionment formulas, the Court clearly implied that the use of separate accounting is constitutionally permissible under the commerce clause. [49] The constitutional preference for apportionment of "unitary" dividend income in *Mobil* stemmed from the fact that the two competing methods at issue -- specific allocation and formula apportionment -- were "theoretically incommensurate." [*435] *Mobil, 445 U.S. at 444, 63 L. Ed. 2d at 525.* [50]

49 In both *Exxon* and *Mobil,* the Court stated that separate accounting "is not constitutionally required." *Exxon, 447 U.S. at 223, 65 L. Ed. 2d at 81*; *Mobil, 445 U.S. at 438, 63 L. Ed. 2d at 521.*
[**52]

50 *See* W. Hellerstein, *supra* note 48, at 2. [Record 17,093]

The type of duplicative taxation found unacceptable in *Japan Line, Exxon* and *Mobil* all involved one taxing jurisdiction using the specific allocation by situs method, while another used apportionment. In other words, one taxing jurisdiction taxed the whole pie, while another taxed a slice. In such a situation, double taxation is inevitable, and one method has to be chosen over another. By contrast, in *Moorman Manufacturing v. Bair, 437 U.S. 267, 57 L. Ed. 2d 197, 98 S. Ct. 2340*, two jurisdictions used different apportionment formulas. Each took only a slice of the pie, but since they used different formulas to divide the pie, the Court recognized that there was high probability of some overlap. While the potential for overlap existed, it certainly was not inevitable, and the Court upheld Iowa's apportionment method. The Court held that prevention of duplicative taxation should be effected by a national uniform rule for the division of income, but that the "Constitution . . . . is neutral with respect to [**53] the content of any uniform rule." *Id. at 279, 57 L. Ed. 2d at 208.* Given the absence of federal legislation, the Court was unwilling to specify that a particular methodology was constitutionally preferable. While acknowledging a clear risk of multiple taxation in a variety of situations due to the divergence in division-of-income techniques employed by the various states, the Court found such risk preferable to choosing one technique as constitutionally superior to another. *Id. at 278-80, 57 L. Ed. 2d at 207-09.*

The oil companies in the present litigation acknowledge that *Moorman* evidenced the Supreme Court's high degree of tolerance for apportionment formulas. But in their view, this tolerance does not extend beyond the apportionment method. They claim that *Moorman* does not sanction the use of Alaska's Oil Tax because the tax is not apportioned. We disagree. First, as we have previously explained, the Oil Tax utilizes a division-of-income method. Second, while *Moorman* pertained to the conflict presented when two jurisdictions employ different types of formula apportionment, the principle of the opinion was that non-uniform state taxes are inevitable and [**54] constitutionally permissible. Since *Moorman,* the Court has continued to maintain that states enjoy broad leeway in their choice of division-of-income methods. *See Container Corp. of America v. Franchise Tax Board, 463 U.S. at 164, 77 L. Ed. 2d at 552.*

Container Corp. closely resembles the situation in this case. In *Container Corp.,* California sought to determine its share of total income by use of formulary apportionment, while foreign jurisdictions employed separate accounting. [51] Discussing discrimination against interstate commerce, the Court reiterated its view that the Constitution does not require the elimination of all overlapping taxation on the interstate level. *463 U.S. at 171, 77 L. Ed. 2d at 557.* Thus, if the problem were limited to the interstate level, "the fact that different jurisdictions applied different methods of taxation . . . . would probably make little constitutional difference." *463 U.S. at 185, 77 L. Ed. 2d at 566.*

51 *See* discussion *supra* section IV. B.

[**55] In *Container Corp.,* the Court faced the additional complication of international commerce. Even so, the Court upheld the tax, distinguishing *Japan Line* on the ground that Japan's specific allocation by situs method necessarily resulted in double taxation.

> Here, by contrast, we are faced with two distinct methods of allocating the income of a multi-national enterprise. The "arm's-length" approach [i.e., separate accounting] divides the pie on the basis of formal accounting principles. The formula apportionment method divides the same pie on the basis of a mathematical generalization. Whether the combination of the two methods results in the [*436] same income being taxed twice or in some portion of income not being taxed at all is dependent solely on the facts of the individual case.

463 U.S. at 188, 77 L. Ed. 2d at 568 (footnote omitted). The Court held that the two taxing methods do "not create an *automatic* 'asymmetry'." *Id. at 194-95, 77 L. Ed. 2d at 572.* "It would be perverse, [therefore,] simply for the sake of avoiding double taxation, to require California to give up one allocation method that sometimes results in double taxation [**56] in favor of another allocation method that also sometimes results in double taxation." *Id. at 193, 77 L. Ed. 2d at 571.* The fact that the Court found the two methods could coexist on the international level, where duplicative taxation is viewed more strictly, makes separate accounting a quite permissible alternative when only interstate commerce is involved, as is the case in the present litigation.

The Supreme Court has repeatedly recognized that neither separate accounting nor formula apportionment will result in the attribution of the exact amount of income earned in the state to that particular state. Some multiple taxation may result when one jurisdiction employs one method and another uses a different approach. This threat is inherent in any system where state attribution methods are nonuniform. But a state does not offend the commerce clause merely because its method of dividing income is different from that of its neighbors. *Moorman Manufacturing v. Bair, 437 U.S. at 278-80, 57 L. Ed. 2d at 208-09.*

We have already explained that the separate accounting method employed by the State of Alaska does not tax all profits generated from Alaskan oil production and does [**57] not impermissibly attribute extraterritorial values to Alaska. Using the leeway it retains absent a federal uniform approach, the Alaska legislature chose a constitutionally permissible method of income division, albeit not the one "ordinarily" employed for most other types of unitary businesses.

We hold that the Oil Tax comports with the requirements of the *Complete Auto Transit* test and creates no impermissible burden on interstate commerce. The location of the oil fields in Prudhoe Bay creates a substantial "nexus" between the oil companies' activities and the State of Alaska. [52] As discussed above, the Oil Tax is fairly apportioned to represent only that part of the companies' income generated from its Alaskan activities -- oil and gas production and transportation. As in *Container Corp.,* the Oil Tax does not inevitably result in multiple taxation. Moreover, any possible overlap created by Alaska's use of separate accounting and other jurisdictions' use of different income division methods is not the fault, in the constitutional sense, of Alaska. Thus, the Oil Tax does not discriminate against interstate commerce. Finally, because the oil companies all benefit from [**58] the "substantial privilege" [53] of extracting oil in Alaska, the Oil Tax is fairly related to services provided in the state.

52 *See Exxon v. Wisconsin Dep't of Revenue, 447 U.S. at 229, 65 L. Ed. 2d at 85.*

53 *See Commonwealth Edison v. Montana, 453 U.S. at 628-29, 69 L. Ed. 2d at 901.*

D. *Federal and State Equal Protection*

The oil companies assert that the Oil Tax violates both state and federal equal protection since it "arbitrarily [and] irrationally subject[s] a special group of taxpayers to treatment not accorded taxpayers at large." They argue, in effect, that using a distinct method of taxation for multistate oil companies, but not for any other unitary businesses, violates equal protection. We reject the oil companies' equal protection challenge.

The analysis under Alaska's equal protection clause involves a three-step process. *Alaska Pacific Assurance v. Brown, 687 P.2d 264, 269-70 (Alaska 1984)* [hereinafter [*437] cited as ALPAC]; *State v. Ostrosky, 667 P.2d* [**59] *1184, 1192-94 (Alaska 1983), appeal*

dismissed, 467 U.S. 1201, 81 L. Ed. 2d 339, 104 S. Ct. 2379 (1984); *State v. Erickson, 574 P.2d 1, 11-12 (Alaska 1978)*. [54] First, in order to ascertain the appropriate level of review, the nature of the constitutional interest affected must be identified. *ALPAC,* 687 P.2d at 269. Next, the validity of the statutes' purpose must be analyzed in light of the interest impinged. *Id.* Lastly, the means chosen must be examined, also in light of the interest, to insure that they are sufficiently related to the goals of the statute. *Id. at 269-70.*

> 54 In determining questions of equal protection under the Alaska Constitution, we employ a single test. As we stated in *State v. Erickson, 574 P.2d 1, 12 (Alaska 1978)*:
>
> > Such a test will be flexible and dependent upon the importance of the rights involved. Based on the nature of the right, a greater or lesser burden will be placed on the state to show that the classification has a fair and substantial relation to a legitimate governmental objective.

[**60] The interest involved here, freedom from disparate taxation, lies at the low end of the continuum of interests protected by the equal protection clause. [55] Regarding the statute's purpose, the oil companies claim that greed and other improper motives led the Alaska legislature to enact the Oil Tax. The state, however, has adequately established that a primary purpose of the Oil Tax was to rectify a perceived underestimation of oil production and pipeline transportation income that occurred with the application of an apportionment formula. The goal was to insure that the tax rate assessed to the oil companies on this income was commensurate with the rate applicable to the income of other corporations in the state. Ch. 110, § 1, SLA 1978. Taxing the oil companies differently to rectify a perceived inequity was the legislature's attempt to prevent disparate treatment; thus, the validity of this purpose in light of the companies' interest is established. Finally, the means chosen were sufficiently related to the goals of the legislation. The use of separate accounting, rather than formula apportionment, increased the amount of production and transportation income subject to Alaska [**61] taxation and more fairly represented the extent of the business activities of the oil companies in Alaska.

> 55 *See Regan v. Taxation with Representation of Washington, 461 U.S. 540, 547, 76 L. Ed. 2d 129, 138, 103 S. Ct. 1997 (1983). See generally* P. Hartman, *supra* note 8, § 3.1, at 131-38.

The Oil Tax did not adversely affect any fundamental interest, nor did it contain a suspect classification. Thus, to be upheld under the federal analysis, it need only to have been rationally related to a legitimate state interest. *Exxon v. Eagerton, 462 U.S. 176, 195-96, 76 L. Ed. 2d 497, 513, 103 S. Ct. 2296 (1983)*. The rational basis standard is particularly easy to meet in the area of taxation. The United States Supreme Court has stated that "legislatures have especially broad latitude in creating classifications and distinctions in tax statutes." *Regan v. Taxation with Representation of Washington, 461 U.S. 540, 547, 76 L. Ed. 2d 129, 138, 103 S. Ct. 1997 (1983)*. The Oil Tax clearly bore a rational [**62] relationship to the state's goal of correcting a perceived inequity in the tax structure.

While the oil companies dispute the underlying premise that the Oil Tax rectifies inequities, the legislature could have reasonably concluded that the Oil Tax would more accurately compute the companies' income generated in Alaska. Thus, the Oil Tax survives the equal protection challenge, under both the United States and the Alaska Constitutions.

E. *Contract Clause*

The oil companies argue that the Oil Tax is invalid because it impairs the obligation of the state's lease contracts with them. [56] They contend that the tax increases the state's share under the lease [*438] contracts, and that such modification of the terms of the leases violates the contract clause of the United States Constitution. [57]

> 56 The State of Alaska began issuing oil and gas leases a few months after passage of the Alaska Land Act, 38.05, in 1959. The first oil and gas leases at Prudhod Bay were issued in 1964 the state entered into lease contracts with the oil companies, whereby the state sold the companies whatever gas and oil might be found on the leaseholds in exchange for "bonus" payments and royalties of 12 1/2%.

[**63]

57 "No State shall . . . . pass any . . . . Law impairing the Obligation of Contracts . . . ." *U.S. Const., art. I, § 10, cl. 1.*

This argument is without merit. No lease provision has been impaired. In entering into the leases the state could not, [58] and did not, contract away its power as a sovereign to tax income earned in the state. *Merrion v. Jicarilla Apache Tribe, 455 U.S. 130, 71 L. Ed. 2d 21, 102 S. Ct. 894 (1982)* disposes of this issue:

> Contractual arrangements remain subject to subsequent legislation by the presiding sovereign. Even where the contract at issue requires payment of a royalty for a license or franchise issued by the governmental entity, the government's power to tax remains unless it "has been specifically surrendered in terms which admit of no other reasonable interpretation." *St. Louis v. United R. Co., 210 U.S. 266, 280, 52 L. Ed. 1054, 28 S. Ct. 630 (1908).*

455 U.S. at 148, 71 L. Ed. 2d at 36 (citations omitted); *see also Exxon v. Eagerton, 462 U.S. at 187-94, 76 L. Ed. 2d at 508-12.*

58 The Alaska Constitution provides: "The power of taxation . . . . shall not be . . . . contracted away, except as provided in this article." *Alaska Const. art. IX, § 1.*

[**64] VIII. RETROACTIVITY OF THE OIL TAX

The Oil Tax Act was signed into law on July 8, 1978. [59] Section 4 of the Act provided that it would apply retroactively to January 1, 1978. Section 5 provided the Act would be "effective" immediately. While the Senate voted 16 to 4 to approve section 5, the entire Oil Tax Act only passed by a vote of 11 to 9. Thus, at no time did more than 11 senators vote to approve section 4.

59 Ch. 110, SLA 1978.

The companies argue that the Act may not constitutionally be made applicable to income earned prior to July 8, 1978. They interpret *article II, § 18 of the Alaska Constitution* [60] and *AS 01.10.070(a)* [61] as requiring the approval of two-thirds majority of each house of the legislature to give retroactive effect to a new law. The companies argue that even though a two-thirds vote was attained for an immediate effective date, a two-thirds vote was also required to enact section 4, applying the Act retroactively to January 1, 1978. We disagree.

60 *Alaska Const. art. II, § 18* provides:

> Laws passed by the legislature become effective ninety days after enactment. The legislature may, by concurrence of two-thirds of the membership of each house, provide for another effective date.

[**65]

61 *AS 01.10.070(a)* contains language paralleling *Alaska Const. art. II, § 18.*

AS 01.10.090 states that "no statute is retrospective unless expressly declared therein." A two-thirds vote requirement does not appear in that section, nor elsewhere in Alaska law. The legislature, however, has recognized that where retroactive application of a portion or all of a bill is desired, an immediate effective date, which does require a two-thirds vote under article II, § 18 and *AS 01.10.070(a)*, should be used in conjunction with the retroactivity section. Legislative Affairs Agency, *Manual of Legislative Drafting* 11 (1977); Uniform Rules of the Alaska State Legislature, Rule 10 (May 3, 1977). Accordingly, because two-thirds of the legislature voted to make the Oil Tax Act immediately effective, a separate two-thirds vote for the Act to be retroactive was not constitutionally required. The Oil Tax was properly retroactive to January 1, 1978.

The superior court's action in granting the state's motion for summary judgment is AFFIRMED.

APPENDIX 1

AS 43.21, Oil and Gas Corporate Income Tax provided:

[**66] Sec. 43.21.010. Application [Repealed effective January 1, 1982]. AS 43.21.010 - [*439] 43.21.120 applies to every corporation doing business in the state which derives income from the production of oil or gas from a lease or property in the state or from the

pipeline transportation of oil or gas in the state. The tax calculated under AS 43.21.010 - 43.21.120 is measured by the total taxable income of the corporation during the tax period as determined under AS 43.21.020 -- 43.21.040 and is calculated at the rates established under *AS 43.20.011(e)*.

Sec. 43.21.020. Determination of taxable income from oil and gas production [Repealed effective January 1, 1982]. (a) The taxable income of a corporation from the production of oil and gas from a lease or property in the state shall be the corporation's net income as calculated by the department in accordance with this section.

(b) Gross income of a corporation from oil and gas production shall be the gross value at the point of production of oil or gas produced from a lease or property in the state. The department shall by regulation determine a uniform method of establishing the gross value at the point of production. [**67] In making its determination the department may use the actual prices or values received for the oil or gas, the posted prices for the oil or gas in the same field, or the prevailing prices or values of oil or gas in the same field. In addition, in its determination of gross value at the point of production of oil or gas produced from a lease or property, the department shall determine the reasonable costs of transportation from the point of sale to the point of production of the oil or gas. Transportation costs set by a tariff properly on file with the Alaska Pipeline Commission or other regulatory agency shall be considered prima facie reasonable, but if a tariff properly on file with a regulatory agency is subsequently amended, changed, or overturned retroactively, the reasonable costs of transportation shall be recomputed for that period using the newly determined tariff.

(c) Net income from oil and gas production shall be determined by the department by deducting from gross income the following:

(1) royalties paid in kind or in value;

(2) taxes imposed under *AS 43.55.011 - 43.55.150* and AS 43.57.010 which are actually paid or incurred by the corporation on the production [**68] from a lease or property in the state;

(3) taxes imposed under *AS 43.56.010 - 43.56.210* and AS 29.53.010 - 29.53.460 which are actually paid or incurred by the corporation on property used directly in the production of oil or gas from a lease or property in the state, including property used in production, gathering, treatment, or preparation of the oil or gas for pipeline transportation, but only if those property tax payments were due and payable only after the date of commercial production from the lease or property with which the property was associated;

(4) the direct costs incurred by or for the corporation in operating the lease or property, including the direct costs of producing, gathering, treating, or preparing the oil or gas for pipeline transportation, but not of any payments received for those activities and not including any indirect cost or overhead expense;

(5) depreciation (using the unit of production method or such other reasonable methods as the department may by regulation establish) on property used directly in the production, gathering, treatment, or preparation of the oil or gas for pipeline transportation including amortization of capitalized interest for [**69] investments in this property at a rate not to exceed the average cost of borrowed capital to the taxpayer during the year in which it is capitalized;

(6) the amortization of lease acquisition payments and taxes paid or incurred under *AS 43.56.010 - 43.56.210* and AS 29.53.010 - 29.53.460 (including capitalized interest on both) for or on producing properties before the commencement of commercial production from the lease or property for which the property is being used;

[*440] (7) interest expense of the corporation not capitalized during construction, that was paid or incurred in connection with property in Alaska; however, unless (f) of this section applies,

the interest expense may not exceed that portion of the total interest paid by the consolidated business of which the corporation is a part, determined by multiplying the total interest by a fraction, the numerator of which is the value of the corporation's real and tangible personal property used directly in the production of oil or gas from a lease or property in the state and the denominator of which is the value of all real and tangible personal property of the consolidated business; in this subsection, "total interest [**70] paid by the consolidated business" does not include interest expense arising from intercompany obligations within the consolidated business except to the extent that the interest expense reflects a pass-through of interest on a third-party borrowing by the parent or other member of the consolidated business with the purpose, expressed at the time of the third-party borrowing, of financing Alaska business activity of the taxpayer corporation;

(8) expenses incurred by the corporation after December 31, 1977, of unsuccessful exploration of oil or gas in the state including the acquisition costs of abandoned properties, dry hole costs, and the costs of geologic and geophysical exploration related to those abandoned properties;

(9) general overhead or administrative expense incurred by the corporation attributable to deriving income from the production of oil or gas from a lease or property in the state to the extent, except as provided in (f) of this section, that it does not exceed that portion of the total general overhead or administrative expense incurred by the consolidated business of which the corporation is a part, determined by multiplying the total general overhead or administrative [**71] expense by a fraction, the numerator of which is the value of the corporation's real and tangible personal property used directly in the production of oil or gas from a lease or property in the state and the denominator of which is the value of all real and tangible personal property of the consolidated business;

(10) the amount of income from the production of oil and gas from a lease or property that is divided among the regional Native corporations under sec. 7(i) of the Alaska Native Claims Settlement Act. (P.L. 92-203);

(11) the tax imposed by *sec. 4986 of the Internal Revenue Code* that is paid or incurred by the taxpayer for oil production from leases or properties in the state.

(d) Deductions from gross income under this section shall not include expenses previously deducted on a return filed under *AS 43.20.011 - 43.20.350.*

(e) Where a corporation subject to AS 43.21.010 - 43.21.120 shares the production or proceeds of the production from a lease or property through a working interest, royalty interest, overriding royalty interest, production payment, net profit interest, joint venture or other agreement, the department shall allocate the deductions from gross income [**72] between the corporation and the persons with whom it has such an agreement in accordance with the terms of the agreement.

(f) If a corporation demonstrates to the satisfaction of the department that it paid or incurred actual expenses for interest or for general overhead or administration attributable to deriving income from the production of oil or gas from a lease or property in the state in an amount greater than the amount determined under (c)(7) or (c)(9) of this section, the department may allow the corporation to deduct the greater amount.

Sec. 43.21.030. Determination of income from oil and gas pipeline transportation [Repealed effective January 1, 1982]. (a) Except as provided in (c) of this section, taxable income attributable to the transportation of oil in a pipeline engaged in interstate commerce in Alaska shall be determined [*441] by the department and shall be the amount reported or that would be required to be reported to the Federal Energy Regulatory Commission or its successors as net operating income,

less those portions of interest and general administrative expense attributable to the pipeline transportation of oil in the state, except that taxable [**73] income shall also include taxes on or measured by income. The department shall establish regulations governing the determination of interest and general administrative expense attributable to pipeline transportation of oil in the state.

(b) Except as provided in (c) of this section, taxable income attributable to the transportation of natural gas in a pipeline engaged in interstate commerce in Alaska shall be determined by the department and shall be the amount reported or that would be required to be reported to the Federal Energy Regulatory Commission as net operating income less that portion of interest and general administrative expense attributable to pipeline transportation in the state, except that the taxable income shall also include taxes on or measured by income. The department shall establish regulations governing the determination of interest and general administrative expense attributable to pipeline transportation of natural gas in the state.

(c) Taxable income attributable to the transportation of oil or natural gas in Alaska of any corporation not under the Federal Energy Regulatory Commission jurisdiction, or of a corporation under the jurisdiction of the Federal [**74] Energy Regulatory Commission but not reporting the operation of pipelines in Alaska separately from the operation of pipelines elsewhere, shall be determined by the department and shall be based upon an amount equal to that which would have been reported to the Federal Energy Regulatory Commission under (a) of this section in the case of oil pipelines, or (b) of this section in the case of natural gas pipelines, had the corporation been, in fact, under Federal Energy Regulatory Commission jurisdiction for the taxable year and required to report on the operation of Alaska pipelines separately from the operation of pipelines elsewhere.

Sec. 43.21.040. Determination of income from activities other than oil and gas production or pipeline transportation [Repealed effective January 1, 1982]. (a) Taxable income of a corporation subject to AS 43.21.010 - 43.21.120 from activities in this state other than the production of oil or gas from a lease or property in the state or the pipeline transportation of oil or gas in the state shall be determined in accordance with the method established in art. IV of *AS 43.19.010* and in *AS 43.20.071*, as modified by (b) - (f) of this section.

(b) The [**75] total taxable income of the consolidated business is its entire income less the portion of that entire income attributable to worldwide production and pipeline transportation of oil and gas. In this section,

> (1) for a member of a consolidated business who is required to file under the Internal Revenue Code, "entire income" means taxable income under Subtitle F and chapter 1 of Subtitle A of the Internal Revenue Code of 1954, as amended, except that those provisions adopted after December 31, 1975, which change or modify exemptions from tax are not adopted by reference as a part of this section until the second January 1 following the effective date of the federal law;
>
> (2) for a member of a consolidated business who is not required to file under the Internal Revenue Code, "entire income" means book income, except that a taxpayer may elect to report his income as the income would be determined under (1) of this subsection.

(c) The numerator and denominator of the property factor, of the payroll factor and of the sales factor shall be calculated without reference to that portion of property, payroll or sales directly related to the production of oil or gas from a lease of property [**76] in the state or the pipeline transportation of oil or gas in the state.

(d) Repealed by § 17 ch. 116, SLA 1981.

(e) Repealed by § 17 ch. 116, SLA 1981.

[*442] (f) The value attributed to vessels transporting Alaskan oil or gas of the consolidated business which are not owned or effectively owned by the consolidated business shall be excluded from the property factor.

Sec. 43.21.050. Assessment of income and tax [Repealed effective January 1, 1982]. (a) The department shall assess taxable income and the amount of tax

payable on that taxable income.

(b) On or before August 15 of each year the department shall send to every corporation taxable under AS 43.21.010 - 43.21.120 a notice of assessment showing the amount of income taxable under AS 43.21.010 - 43.21.120 for the previous year and the amount of tax payable on that taxable income.

(c) For purposes of AS 43.21.010 - 43.21.120 the department may combine taxable incomes of corporations subject to tax under AS 43.21.010 - 43.21.120 who are part of the same consolidated business.

(d) If the methods of allocation and apportionment provided in AS 43.21.010 - 43.21.120 do not fairly represent the extent of a corporation's [**77] business activity in the state, the corporation may petition for or the department may require, in respect to all or any part of the corporation's business activity, if reasonable, the employment of any method authorized under art. IV, sec. 18, of the Multistate Tax Compact (*AS 43.19.010*) to effectuate an equitable allocation and apportionment of the corporation's income. The commissioner shall include in his annual report required in AS 43.21.110 a report on all relief granted under this subsection, including for each case a statement of the changes in tax liability resulting from the granting of relief, the tax years involved, and a description of the method of determining taxable income that was substituted for those provided in AS 43.21.010 - 43.21.120.

Sec. 43.21.060. Returns [Repealed effective January 1, 1982]. On or before April 15 of each year, a corporation subject to tax under AS 43.21.010 - 43.21.120 shall submit a return in a form prescribed by the department setting out information required by the department to determine taxable income. For purposes of AS 43.21.010 - 43.21.120, the department may require corporations subject to tax under AS 43.21.010 - 43.21.120 [**78] who are part of the same consolidated business to file a single return.

Sec. 43.21.070. Payment of tax [Repealed effective January 1, 1982]. The tax levied under AS 43.21.010 - 43.21.120 is payable to the department on or before September 30 of each year or in installments, including prepayments of estimated tax, at the times and under the conditions the department may by regulation require. This tax is payable on the due date set out in this section even though the assessment is under appeal or the validity, enforceability or application of AS 43.21.010 - 43.21.120 or any provision of AS 43.21.010 - 43.21.120 is challenged before the department or in the courts.

Sec. 43.21.080. Transitional rules [Repealed effective January 1, 1982]. The department shall provide by regulation transition rules for corporations subject to tax under *AS 43.20.011 - 43.20.350* before July 9, 1978 to avoid double taxation of the same income or double deduction of the same expense of those corporations as a result of becoming subject to tax under AS 43.21.010 - 43.21.120.

Sec. 43.21.090. Regulations [Repealed effective January 1, 1982]. The department may adopt regulations in accordance with [**79] the Administrative Procedure Act (*AS 44.62.010 - 44.62.650*) as appropriate to administer and enforce AS 43.21.010 - 43.21.120.

Sec. 43.21.100. Penalties [Repealed effective January 1, 1982]. The penalties established in *AS 43.20.011 - 43.20.350* apply to AS 43.21.010 - 43.21.120.

Sec. 43.21.110. Public reporting [Repealed effective January 1, 1982]. (a) The commissioner of revenue shall compile and transmit to the legislature an annual consolidated report of state revenues and taxation policies under AS 43.21.010 - 43.21.120. [*443] This report shall include total aggregate income tax paid by corporations covered under AS 43.21.010 - 43.21.120 and aggregate income and deductions by category, so classified as to prevent the identification of particular returns or reports.

(b) The legislative auditor shall transmit to the legislature an annual report reviewing the actions of the department in administering AS 43.21.010 - 43.21.120.

Sec. 43.21.120. Definitions [Repealed effective January 1, 1982]. Unless the context requires otherwise the definitions contained in *AS 43.55.140* are applicable to AS 43.21.010 - 43.21.120. In addition, in AS 43.21.010 - 43.21.120

(1) [**80] "base of operations" means the closest point on land to the offshore oil or gas production operations from which goods, services and supplies flow to those offshore oil or gas production operations;

(2) "consolidated business" means a corporation or group of corporations having more than 50 per cent

common ownership direct or indirect, or a group of corporations in which there is common control either direct or indirect as evidenced by any arrangement, contract or agreement.

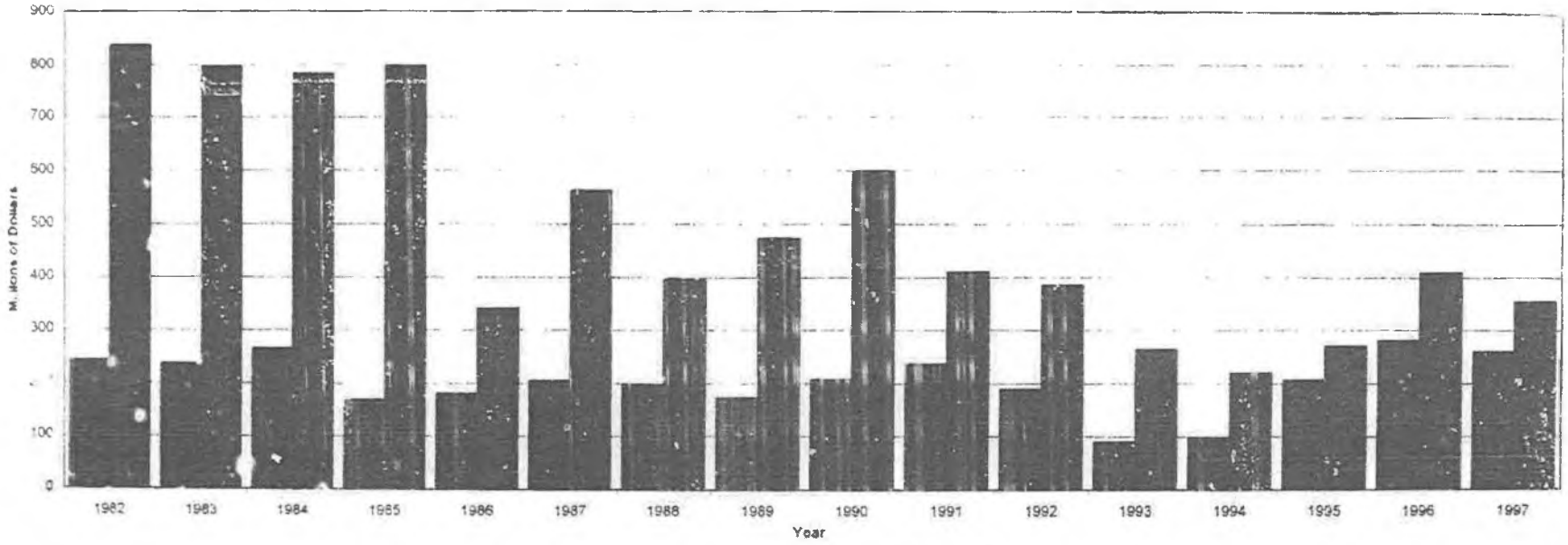
Burke, Chief Justice, Rabinowitz, Matthews, and Moore, Justices. Compton, Justice, not participating.

Comparison of Actual Oil and Gas Corporate Income Tax Collected with Estimated Revenues using a Separate Accounting Income Tax Approach (In Millions)

	Actual O&G Income Tax Collected	Estimated Separate Accounting Revenues	Difference
1982	242.50	837.62	595.12
1983	236.00	796.15	560.15
1984	265.10	782.86	517.76
1985	163.60	797.00	628.40
1986	181.00	341.00	160.00
1987	205.00	562.00	357.00
1988	198.00	396.00	198.00
1989	174.00	473.00	299.00
1990	208.00	598.00	390.00
1991	237.00	410.00	173.00
1992	189.00	385.00	196.00
1993	90.00	264.00	174.00
1994	98.00	219.00	121.00
1995	206.00	270.00	64.00
1996	281.00	408.00	127.00
1997	259.00	355.00	96.00
TOTALS	**$3,238.20**	**$7,894.63**	**$4,656.43**

Source: 1986-97 calendar year data from DOR letter D. Dickinson to J. Donohue Sept. 23, 1999; 1982-85 fiscal data is from DOR report dated Oct. 31, 1985, Wright to Nordale, In re HB353; data for second half of 1985 not available at this time.

Comparison of Actual Oil and Gas Corporate Income Tax Collected with Estimated Revenues using a Separate Accounting Income Tax Approach Assuming Existing AS 43.20 Rate



Source: 1986-97 calendar year data from DOR letter, D. Dickinson to J. Donohue, 9/23/99; 1982-85 fiscal data is from DOR report dated 10/31/85, Wright to Nordale, in re HB353. Data for second half of 1985 not available at this time. Since the actual income tax collections for FY82 (the phase out year) included revenue from both separate accounting and modified apportionment, the actual income tax collections for FY82 depicted on the chart includes an estimate of revenue from modified apportionment as if it had been in effect for the entire fiscal year.

To: Rep. Paul Seaton

From: Roger Marks

Date: March 9, 2012

Re: Jurisdictions that Require Separate Accounting - Revised

Per your March 1 request to Rep. Hawker, the following discusses the jurisdictions both international and domestic that require separate accounting for deriving taxable income for oil and gas corporate income taxes. This memo supersedes my March 7 note.

At the national level, of the 57 countries in BP's 2011 "Statistical Review of World Energy"[1] that produce either a minimum of 80,000 barrels per day of oil, or 0.1 billion cubic feet per day of gas (see attached), nearly all of them impose a corporate income tax.[2] (Iran, Libya, Mexico, and Trinidad and Tobago do not.)

At the national level, in all cases the tax is calculated on a separate accounting basis. This takes one of three different forms. In some cases the taxable income is ring fenced on a project basis or an area basis. In some cases taxable income is based on the worldwide income of the domestic producers (recognizing foreign taxes paid). And in some cases the taxable income is based on domestic sourced income. But again, in all cases, a separate accounting approach is used to derive taxable income for corporate income taxes at the national level.

At the sub-national level, there are only two instances where political subdivisions are empowered to levy corporate income taxes: the United States (state level) and Canada (provincial level). In most other nations local income is usually raised through either gross proceeds taxes, or indirect taxes such as sales or property taxes.

In the U.S. there are 24 oil producing states that have a corporate income tax. Twenty-two of them use apportionment. In general they use payroll, sales, and property factors. Some states use equal weight for all three factors. Some give greater weights to some factors over others. Some do not use all the factors. Only Alaska uses an extraction (production) factor to derive oil and gas income (in lieu of payroll). (This is tied up in the history of the relationship between the state corporate income tax and the production tax in Alaska.)

Some of these states use worldwide income to apportion. Some use water's edge.

In one of these states, Louisiana, the taxpayer can solicit the state to use separate accounting if a) it can demonstrate apportionment yields an unfair result, b) the unit of the taxpayer's business operating in the state could be successfully operated independently of the units in other states, c) the unit makes all of its sales in the state or derives all of its gross revenues from sources in the state, *and* d) any merchandise or products sold by the unit in the state are either i) produced by

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[1] BP Statistical Review of World Energy, June 2011

[2] Sources: Ernst & Young, KPMG. Van Meurs, Wood Mackenzie

the taxpayer in Louisiana, ii) purchased by the taxpayer from nonaffiliated sources, iii) purchased from an affiliated source at not more than the price at which similar merchandise or products in similar quantities could be purchased from nonaffiliated sources, *or* iv) transferred from another department of the taxpayer's business at not more than the actual cost to the taxpayer. It is unclear how many taxpayers, if any, are doing this, but I would opine that given the criteria, most major integrated producers would not qualify for separate accounting.

Two states use separate accounting for oil and gas: Mississippi and Oklahoma.

In Canada the provinces apportion worldwide income using a 50/50 sales/payroll factor formula.

Production[a]

Thousand barrels daily	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Change 2010 over 2009	2010 share of total
US	7733	7665	7626	7400	7228	6885	6841	6847	6734	7271	7513	3.2%	8.7%
Canada	2721	2677	2858	3004	3085	3041	3208	3297	3251	3224	3336	4.3%	4.2%
Mexico	3460	3560	3585	3789	3824	3760	3683	3471	3167	2979	2956	-0.8%	3.7%
Total North America	13904	13901	14069	14193	14137	13686	13732	13615	13152	13474	13806	2.5%	16.6%
Argentina	819	830	818	806	754	725	716	699	682	676	651	-1.8%	0.8%
Brazil	1288	1337	1420	1565	1542	1716	1909	1932	1890	2029	2137	5.3%	2.7%
Colombia	711	627	601	564	561	554	583	561	616	685	801	16.9%	1.0%
Ecuador	400	416	421	427	535	541	545	520	514	495	495	*	0.6%
Peru	100	98	98	92	94	111	116	114	120	145	157	8.2%	0.2%
Trinidad & Tobago	138	135	155	164	152	171	174	154	143	151	146	-4.1%	0.2%
Venezuela	3039	3142	2895	2554	2907	2937	2808	2613	2558	2438	2471	1.4%	3.2%
Other S. & Cent. America	130	137	152	153	144	142	139	141	130	133	131	-1.6%	0.2%
Total S. & Cent. America	6813	6722	6659	6514	6690	6958	6885	6836	6654	6753	6994	3.5%	9.0%
Azerbaijan	282	301	311	313	315	452	664	985	915	1033	1037	0.5%	1.3%
Denmark	383	348	371	368	390	377	342	311	287	265	249	-6.8%	0.3%
Italy	95	86	115	116	113	127	120	122	108	95	106	11.7%	0.1%
Kazakhstan	744	836	1018	1111	1297	1366	1426	1464	1554	1688	1757	4.4%	2.1%
Norway	3346	3418	3333	3264	3169	2980	2779	2561	2469	2358	2137	-9.4%	2.5%
Romania	131	130	127	123	119	114	105	99	98	93	e9	-4.7%	0.1%
Russian Federation	6536	7056	7698	8544	9287	9652	9789	9979	9886	10035	10270	2.2%	12.9%
Turkmenistan	144	162	182	202	193	192	186	198	207	210	216	2.8%	0.3%
United Kingdom	2667	2476	2483	2257	2078	1809	1636	1638	1526	1452	1339	-7.7%	1.6%
Uzbekistan	177	171	171	166	152	126	125	114	114	107	e7	-12.8%	0.1%
Other Europe & Eurasia	465	486	501	500	497	469	458	453	432	411	374	-7.0%	0.5%
Total Europe & Eurasia	14955	15450	16305	16873	17560	17542	17586	17915	17580	17746	17661	-0.4%	21.8%
Iran	3855	3802	3709	4183	4248	4234	4286	4222	4327	4190	4245	0.9%	5.2%
Iraq	2614	2523	2116	1344	2030	1833	1999	2143	2428	2442	2460	0.8%	3.1%
Kuwait	2206	2148	1935	2229	2475	2618	2680	2636	2782	2480	2506	0.8%	3.1%
Oman	959	960	904	824	756	778	742	715	754	813	e85	5.0%	1.0%
Qatar	757	754	764	870	992	1028	1110	1197	1378	1345	1569	13.5%	1.7%
Saudi Arabia	9401	9200	8328	10164	10838	11114	10853	10449	10846	9893	10007	0.7%	12.9%
Syria	545	581	548	527	496	450	435	415	388	375	385	2.7%	0.5%
United Arab Emirates	2620	2561	2390	2695	2847	2983	3149	3063	3088	2750	2840	3.5%	3.3%
Yemen	450	455	457	449	420	416	380	345	304	287	264	-7.9%	0.3%
Other Middle East	48	47	48	48	48	54	32	35	33	37	38	0.6%	*
Total Middle East	23647	23170	21858	23442	24681	25466	25674	25399	26908	24620	25161	1.7%	32.3%
Algeria	1576	1562	1680	1852	1946	2015	2003	2016	1903	1818	1809	-0.3%	2.0%
Angola	746	742	905	870	1103	1405	1421	1684	1875	1784	1e51	3.8%	2.3%
Chad	–	–	–	24	168	173	153	144	127	118	122	3.5%	0.2%
Republic of Congo (Brazzaville)	254	234	238	217	223	245	278	239	241	270	292	8.1%	0.4%
Egypt	781	758	751	740	721	696	697	710	722	742	736	-0.6%	0.9%
Equatorial Guinea	91	177	230	286	351	358	342	350	347	307	274	-10.8%	0.3%
Gabon	327	301	235	240	235	234	235	230	235	230	245	6.5%	0.3%
Libya	1475	1427	1375	1485	1673	1745	1815	1820	1820	1652	1059	0.5%	2.0%
Nigeria	2156	2274	2103	2238	2431	2499	2420	2306	2113	2061	2402	16.7%	2.9%
Sudan	174	217	241	265	301	305	331	468	480	479	4a6	1.5%	0.6%
Tunisia	78	71	74	68	71	73	70	97	88	83	e0	-4.7%	0.1%
Other Africa	144	134	135	138	164	154	153	166	162	156	143	-8.0%	0.2%
Total Africa	7804	7897	8228	8411	9396	9902	9918	10219	10204	9858	10098	4.3%	12.2%
Australia	809	733	730	624	582	560	551	555	565	570	562	0.9%	0.6%
Brunei	193	203	210	214	210	206	221	194	175	168	172	2.5%	0.2%
China	3252	3306	3346	3401	3481	3637	3706	3737	3809	3800	4071	7.1%	5.2%
India	726	727	753	756	773	738	782	769	788	754	e26	9.8%	1.0%
Indonesia	1456	1387	1289	1176	1130	1090	996	972	1003	990	9a6	-0.3%	1.2%
Malaysia	735	719	757	776	793	759	747	763	768	739	716	-3.1%	0.8%
Thailand	176	191	204	236	223	285	296	305	321	331	334	0.9%	0.4%
Vietnam	328	350	354	364	427	398	367	337	317	345	370	6.9%	0.5%
Other Asia Pacific	200	195	193	195	235	298	305	320	340	329	312	-4.7%	0.3%
Total Asia Pacific	7874	7811	7837	7742	7854	7969	7948	7951	8084	7978	8350	4.9%	10.2%
Total World	74093	74956	74785	77075	e9540	e10465	e11729	e11544	e12915	e9776	e7995	-2.2%	100.0%
of which: OECD	21691	21314	21440	21174	20775	19870	19463	19114	18414	18471	18a80	0.2%	22.1%
Non-OECD	53361	53650	53260	55900	50733	61616	62266	62400	63600	61807	63605	2.7%	77.9%
OPEC	31145	30640	29261	31020	33776	34061	35008	34757	35722	33065	34324	2.5%	41.5%
Non-OPEC[b]	35734	36606	35907	35556	35385	34695	34315	35991	33486	33809	34267	1.9%	41.7%
European Union	3403	3285	3039	3128	2902	2650	2422	2398	2222	2098	1951	-6.5%	2.4%
Former Soviet Union	9014	9660	9533	10499	11407	11839	12316	12795	12827	13214	13464	2.0%	16.6%

[a] Includes crude oil, shale oil, oil sands and NGLs (the liquid content of natural gas where this is recovered separately). Excludes liquid fuels from other sources such as biomass and coal derivatives.
[b] Less than 0.05%.
[c] Includes Former Soviet Union.
Note: Annual changes and shares of total are calculated using million tonnes per annum figures.

Production*

Billion cubic metres	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Change 2010 over 2009	2010 share of total
US	543.2	555.5	536.0	540.6	526.4	511.1	524.0	545.8	570.8	582.8	**611.0**	4.7%	19.3%
Canada	182.2	186.5	187.9	184.7	183.7	187.1	188.4	182.5	176.4	163.9	**159.6**	-2.5%	5.0%
Mexico	38.9	38.2	39.4	41.1	43.6	45.0	51.6	53.6	54.2	54.9	**55.3**	0.7%	1.7%
Total North America	764.7	780.1	763.5	766.8	753.8	743.3	763.9	781.8	801.5	801.8	**825.1**	2.9%	26.0%
Argentina	37.4	37.1	36.1	41.0	44.9	45.6	46.1	44.5	44.1	41.4	**40.1**	-3.0%	1.3%
Bolivia	3.2	4.7	4.9	6.4	9.8	11.9	12.8	13.8	14.3	12.3	**14.4**	16.8%	0.4%
Brazil	7.5	7.7	9.2	10.0	11.0	11.0	11.3	11.2	12.7	11.7	**14.4**	23.5%	0.5%
Colombia	5.9	6.1	6.2	6.1	6.4	6.7	7.0	7.5	9.1	10.5	**11.3**	7.2%	0.4%
Peru	0.3	0.4	0.4	0.5	0.9	1.5	1.8	2.7	3.4	3.5	**7.2**	108.4%	0.2%
Trinidad & Tobago	14.5	15.5	18.0	26.3	27.3	31.0	36.4	38.0	39.3	40.6	**42.4**	4.4%	1.3%
Venezuela	27.9	29.6	28.4	25.2	26.4	27.4	31.5	29.5	30.0	28.7	**28.5**	-0.7%	0.9%
Other S. & Cent. America	3.4	3.5	3.4	3.1	3.1	3.4	4.1	3.9	3.7	3.7	**3.6**	-0.9%	0.1%
Total S. & Cent. America	100.3	104.5	106.7	118.7	131.7	138.6	151.1	152.5	157.6	151.9	**161.2**	6.2%	5.0%
Azerbaijan	5.1	5.0	4.7	4.6	4.5	5.2	6.1	9.8	14.8	14.8	**15.1**	2.2%	0.5%
Denmark	8.2	8.4	8.4	8.0	9.4	10.4	10.4	9.2	10.1	8.4	**8.2**	-3.0%	0.3%
Germany	16.9	17.0	17.0	17.7	16.4	15.9	16.6	14.3	13.0	12.2	**10.6**	-12.7%	0.3%
Italy	15.2	14.0	13.4	12.7	11.9	11.1	10.1	8.9	8.5	7.3	**7.6**	3.6%	0.2%
Kazakhstan	10.4	10.5	10.2	12.6	20.0	22.6	23.9	26.8	29.8	32.5	**33.6**	3.3%	1.1%
Netherlands	58.1	62.4	60.3	58.1	68.5	62.5	61.6	60.5	66.6	62.7	**70.5**	12.4%	2.2%
Norway	49.1	53.0	66.5	73.1	78.5	86.0	87.6	89.7	90.3	103.7	**106.4**	2.5%	3.3%
Poland	3.7	3.9	4.0	4.0	4.4	4.3	4.3	4.3	4.1	4.1	**4.1**	0.5%	0.1%
Romania	13.8	13.6	13.2	13.0	12.8	12.4	11.9	11.5	11.4	11.3	**10.9**	-2.9%	0.3%
Russian Federation	528.5	526.2	538.8	581.5	573.3	580.1	595.2	592.0	601.7	527.7	**588.9**	11.6%	18.4%
Turkmenistan	42.5	46.4	48.4	53.5	52.8	57.0	60.4	65.4	66.1	36.4	**42.4**	16.4%	1.3%
Ukraine	16.2	16.6	17.0	17.6	18.4	18.6	18.7	18.7	19.0	19.3	**18.6**	-3.8%	0.6%
United Kingdom	108.4	105.8	103.6	102.9	96.4	88.2	80.0	72.1	69.6	59.7	**57.1**	-4.3%	1.8%
Uzbekistan	51.1	52.0	51.9	52.0	54.2	54.0	54.5	59.1	62.2	60.9	**59.1**	-1.5%	1.8%
Other Europe & Eurasia	11.1	10.9	11.2	10.6	11.0	10.9	11.5	10.6	10.3	9.7	**10.0**	3.0%	0.3%
Total Europe & Eurasia	938.9	948.0	967.4	1001.9	1032.3	1038.0	1051.7	1053.2	1080.5	960.8	**1048.1**	7.8%	32.6%
Bahrain	9.8	9.1	9.5	9.6	9.8	10.7	11.3	11.8	12.7	12.8	**13.1**	2.4%	0.4%
Iran	60.2	66.0	75.0	81.5	84.9	103.5	108.6	111.9	116.3	131.2	**138.5**	5.6%	4.3%
Iraq	3.2	2.8	2.4	1.6	1.0	1.5	1.5	1.5	1.9	1.2	**1.3**	8.7%	*
Kuwait	9.8	10.5	9.5	11.0	11.9	12.2	12.5	12.1	12.8	11.2	**11.6**	3.5%	0.4%
Oman	9.7	14.0	16.0	16.5	18.5	19.8	23.7	24.0	24.1	24.8	**27.1**	9.4%	0.8%
Qatar	23.7	27.0	29.5	31.4	33.2	45.8	50.7	63.2	77.0	89.3	**116.7**	30.7%	3.6%
Saudi Arabia	49.8	53.7	56.7	60.1	65.7	71.2	73.5	74.4	80.4	78.5	**83.9**	7.0%	2.6%
Syria	5.5	5.0	6.1	6.2	6.4	5.5	5.7	5.6	5.3	5.7	**7.8**	37.3%	0.2%
United Arab Emirates	38.4	44.9	43.4	44.8	46.3	47.8	48.0	50.3	50.2	48.8	**51.0**	4.5%	1.6%
Yemen	–	–	–	–	–	–	–	–	–	0.8	**6.2**	704.6%	0.2%
Other Middle East	0.3	0.3	0.9	0.8	1.5	1.9	2.8	3.0	3.7	3.1	**3.5**	15.0%	0.1%
Total Middle East	206.1	233.3	241.2	262.9	285.1	319.9	338.1	357.8	384.3	407.1	**469.7**	15.2%	14.4%
Algeria	84.4	78.2	80.4	82.8	80.0	88.2	84.5	84.6	85.8	79.6	**80.4**	1.1%	2.5%
Egypt	21.0	25.2	27.3	30.1	33.0	42.5	54.2	56.7	59.0	62.7	**61.3**	-2.2%	1.9%
Libya	5.9	6.2	5.9	5.5	8.1	11.3	13.2	15.3	15.9	15.9	**15.8**	-0.6%	0.5%
Nigeria	12.5	14.9	14.2	19.2	22.8	22.4	28.4	35.0	35.0	24.8	**33.6**	35.7%	1.1%
Other Africa	6.5	6.9	6.6	7.2	8.9	9.9	10.4	12.3	15.8	16.3	**17.6**	8.4%	0.6%
Total Africa	130.3	131.5	134.4	144.9	154.7	174.3	191.2	203.1	211.5	199.2	**209.8**	4.9%	6.5%
Australia	31.2	32.1	32.2	32.7	35.8	37.2	40.2	41.9	41.6	47.9	**50.4**	5.1%	1.6%
Bangladesh	10.0	10.7	11.4	12.3	13.2	14.5	15.3	16.3	17.9	19.7	**20.8**	5.3%	0.6%
Brunei	11.3	11.4	11.5	12.4	12.2	12.0	12.6	12.3	12.2	11.4	**12.2**	6.7%	0.4%
China	27.2	30.3	32.7	35.0	41.5	49.3	58.6	69.2	80.3	85.3	**96.8**	13.5%	3.0%
India	26.4	26.4	27.6	29.5	29.2	29.6	29.3	30.1	30.5	30.2	**50.9**	29.7%	1.6%
Indonesia	65.2	63.3	69.7	73.2	70.3	71.2	70.3	67.6	69.7	71.9	**82.0**	14.0%	2.6%
Malaysia	45.3	46.9	48.3	51.8	53.9	61.1	63.3	64.6	64.7	64.1	**66.5**	3.7%	2.1%
Myanmar	3.4	7.0	8.4	9.6	10.2	12.2	12.6	13.5	12.4	11.5	**12.1**	4.8%	0.4%
Pakistan	21.5	22.7	24.6	30.4	34.5	35.5	36.1	36.8	37.5	38.4	**39.5**	2.7%	1.2%
Thailand	20.2	19.6	20.5	21.5	22.4	23.7	24.3	26.0	28.8	30.9	**36.3**	17.4%	1.1%
Vietnam	1.6	2.0	2.4	2.4	4.2	6.4	7.0	7.1	7.5	8.0	**9.4**	16.7%	0.3%
Other Asia Pacific	9.0	9.5	10.9	10.7	10.1	11.1	14.2	16.9	17.7	17.9	**17.3**	-3.4%	0.5%
Total Asia Pacific	272.1	282.0	300.2	321.6	337.4	363.0	383.7	402.2	420.7	440.4	**493.2**	10.3%	15.4%
Total World	**2413.4**	**2476.0**	**2513.4**	**2616.5**	**2694.0**	**2776.9**	**2880.7**	**2950.5**	**3062.1**	**2975.9**	**3193.3**	**7.3%**	**100.0%**
of which: OECD	1073.9	1096.6	1096.4	1092.8	1091.9	1076.4	1092.9	1102.2	1134.3	1126.3	**1159.6**	2.9%	36.5%
Non-OECD	1339.5	1381.4	1433.0	1519.7	1602.1	1701.6	1787.9	1848.3	1927.8	1849.5	**2033.5**	9.9%	63.5%
European Union	231.9	230.8	227.6	223.6	227.3	213.0	201.3	187.5	180.4	171.5	**174.9**	2.0%	5.5%
Former Soviet Union	654.2	657.1	671.4	702.1	723.4	737.7	752.0	772.1	783.8	690.9	**757.9**	9.7%	23.7%

*Excluding gas flared or recycled.

Source: Includes data from Cedigaz.

*Less than 0.05%.

Notes: As far as possible, the data above represent standard cubic metres (measured at 15°C and 1013 mbar), because it is derived directly from tonnes of oil equivalent using an average conversion factor, it does not necessarily equate with gas volumes expressed in specific national terms.

Annual changes and shares of total are calculated using million tonnes of oil equivalent figures.

Natural gas production data expressed in billion cubic feet per day is available at www.bp.com/statisticalreview

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- **Use the peel-off label**. Remove the label and place it in the name and address area of your return. If the label is NOT correct, neatly mark through incorrect information and plainly print or type correct information on the label. DO NOT USE THIS LABEL ON COMPUTER GENERATED FORMS.
- **Use the envelope enclosed inside this booklet.**
- Additional schedules and attachments may be stapled to your return.
- C-Corporations and S-Corporations have separate forms booklets. If you received the wrong booklet, please call (601) 923-7000 for the correct set of forms and instructions.
- **Web site** - Please visit our web site located at **http://mstc.state.ms.us** to find any updates to the instructions and/or worksheets that are contained in this booklet. Click on **Tax Area** in the index and then on **Corporate Income and Franchise Tax, Partnerships, LLP, LLC**.

CHANGES FOR 1999:

Attention: Multistate Taxpayers. The 1997 Regular Session of the Mississippi Legislature changed the way that the Mississippi receipts for the franchise tax apportionment ratio is calculated. Starting for years ending on or after January 1, 1999, taxpayers that apportion their income to Mississippi using an apportionment method that includes a sales or receipts ratio will no longer use the income tax ratio to calculate the Mississippi receipts for the franchise tax apportionment ratio. See instructions in this booklet for details. (1997 House Bill 1816)

NEW 1999 LEGISLATION

The 1999 Regular Session of the Mississippi Legislature deleted the requirement to use the cost method of accounting in determining the ratio to be used by holding corporations to make the holding company exclusion of capital from its capital base for tax years ending after 3/16/99. (Senate Bill 2740) Amended Section 27-13-9(2)

A new tax credit was added that provides an income tax credit to certain taxpayers who incur cost for approved reforestation practices. Corporations and Partnerships must use Form 83-315 and Individuals are to use Form 80-315. (House Bill 832) See instructions inside. Created Section (cite unknown at time of printing)

For years beginning on or after 1/1/99 dividends received by a holding corporation, as defined in Section 27-13-1, from a subsidiary corporation, as defined in Section 27-13-1 are excluded from income tax. (Senate Bill 2919).

GENERAL INSTRUCTIONS

HOW TO FILL OUT FORMS

Use Black Ink when preparing these returns.

Indicating a Loss - To indicate a loss (negative income), shade the minus (-) box next to the dollar amount. See the example on page 7 of these instructions.

WHO MUST FILE

Every corporation, domesticated or qualified to do business in Mississippi, and every corporation engaged in business in Mississippi or having sources of income from Mississippi, must file a Mississippi combination return of corporate income and franchise tax, Form 83-105.

Every corporation domesticated or qualified to do business in Mississippi must file a return even though the corporation is inactive or not otherwise engaged in business. **SUCH A CORPORATION REMAINS SUBJECT TO THE FILING REQUIREMENTS UNTIL SUCH TIME AS THE CORPORATION IS OFFICIALLY DISSOLVED OR WITHDRAWN THROUGH THE OFFICE OF THE MISSISSIPPI SECRETARY OF STATE.**

Foreign corporations engaged in business in Mississippi or having sources of income in this state who have not qualified to transact business in this state through the offices of the Secretary of State are subject to the measure of the income and franchise tax levy. Corporations exempt from one or more of the levies covered by the combination report must indicate their authority for the exemption.

Under Section 27-7-23(c)(1) and Section 27-13-7 of the Mississippi Code of 1972, as amended, every foreign corporation (those chartered outside Mississippi) which has obtained a certificate of authority from the Secretary of State to do business in Mississippi, or which is in fact doing business, as defined in the Mississippi Code Sections above, regardless of qualifications, is subject to the income/franchise tax levy and is required to file annual income/franchise tax returns unless the corporation is specifically exempt from tax within the purview of Code Section 27-7-29 and Section 27-13-63.

Any corporation subject to the filing requirements noted in the paragraph above MUST FILE AN INCOME/FRANCHISE TAX RETURN BASED ON THE INCOME FROM ITS ACTIVITY, AND ON THE CAPITAL EMPLOYED IN THE STATE. When a corporation obtains a certificate of authority from the Secretary of State to do business in

shall in no case be less than the assessed value of the Mississippi property of the organization for the year preceding the year in which the return is due.

(2) (a) For the purpose of this section, for tax returns for tax years ending before January 1, 1999, an organization which uses a formula method of apportionment in making income tax returns to this state shall determine its gross receipts from business carried on in Mississippi by applying to total unitary receipts the ratio achieved, or which would be achieved, by such formula and adding to the result of such application any nonunitary Mississippi receipts.

(b) For the purpose of this section, for tax returns for tax years ending on or after January 1, 1999, the gross receipts of an organization that is required to use a formula method of apportionment in making income tax returns to this state shall be the same (both as to gross receipts from business carried on in Mississippi and gross receipts wherever located) as the gross receipts (or sales) used for the receipts or sales factor in the applicable income tax formula. However, gross receipts from business carried on in Mississippi, for the purposes of this section, shall also include any receipts from the taxpayer's business operations which are not apportioned but rather are directly allocated or assigned to this state. If the taxpayer is required to use a formula method of apportionment in making income tax returns which does not have a receipts or sales factor, then the receipts factor for the franchise tax formula shall be determined by regulation of the commission.

The amount of capital apportioned to Mississippi is computed on line 14, Form 83-110.

The section of Form 83-110 concerning the assessed values of all real and personal property in Mississippi must be completed by all corporations. Sections 27-13-9 and 27-13-13, Mississippi Code of 1972, provide that the amount of the determined capital in Mississippi shall in no case be less than the assessed value of the Mississippi property of the corporation for the year preceding the year in which the return is due.

Taxable capital and the net franchise tax due are calculated on lines 16 through 20 of Form 83-110. The amount of taxable capital shown on line 17 should be entered on line 1, Form 83-105. The net franchise tax due as shown on line 20 should be entered on line 2, Form 83-105.

INSTRUCTIONS FOR COMPUTING TAXABLE INCOME

Generally, all domestic and foreign corporations having income from sources within Mississippi must complete Form 83-122, Computation of Net Taxable Income Schedule, which makes adjustments for additions to and deductions from Federal ordinary income due to differences in Federal and Mississippi laws, in arriving at the net income (loss) for State purposes.

Total Assignment of Income. If the business activity in respect to any trade or business of the corporation occurs within this state, and if by reason of such business activity the corporation is not taxable in another state, the total net income (loss) of the corporation is assigned to Mississippi.

Direct or Separate Accounting. Any taxpayer, taxable both within and without this State, which maintains or could maintain books of account detailing allocation of receipts and expenditures reflecting clearly the business income attributable to property owned or business done in this State, shall determine Mississippi net business income (loss) from such business activity on the basis of direct or separate accounting. See Regulation 806 for guidelines and details. Multistate entities filing direct accounting must complete Form 83-124, Direct Accounting Income Statement. Multistate construction contractors must complete page 2 of Form 83-124.

Apportionment of Business Income. If the business activity in respect to any trade or business of a taxpayer occurs both within and without this state, and if by reason of such business activity the taxpayer is taxable in another state, the portion of the net income (loss) arising from such trade or business which is derived from sources within this state, shall, where direct or separate accounting of net income (loss) is not feasible, be determined by apportionment in accordance with the formulas prescribed by Regulation 806. In such case, the taxpayer must complete Form 83-125, Mississippi Business Income Apportionment Schedule.

Allocation of Nonbusiness Income. Nonbusiness income (loss) shall be allocated by multistate corporations within and without this state in accordance with the provisions of Regulation 806.

Divisional Accounting. If the business activity in respect to any trade or business of a taxpayer is conducted on a division basis and division or divisions of the taxpayer are "doing business" within this state, the Mississippi taxable income of the taxpayer, where separate accounting is or can be maintained on each division, shall, at the election of the Commissioner, be determined on a divisional basis in lieu of a company-wide accounting basis. See Regulation 806.

CONSOLIDATED OR COMBINED INCOME TAX RETURNS FOR AFFILIATED GROUP OF CORPORATIONS

Under certain conditions and limitations, an affiliated group of corporations shall have the privilege of making, or the Commissioner may require, a consolidated or combined return for the tax year in lieu of separate returns. Mississippi Regulation 807 shall govern with respect to the manner and basis for filing consolidated or combined returns of an affiliated group of corporations.

EACH corporation of an affiliated group of corporations eligible for and electing to file in a combined income tax return must file its own Mississippi corporate income tax return (Form 83-105) and each corporation must complete and attach to their respective return all applicable schedules including the schedule for computation of net income (loss), Form 83-122.

One corporation of the group of corporations must be designated as the Reporting Corporation for purposes of reporting income(loss) for the group. This is indicated on page 1, line 3, of Form 83-105. In addition to the regular income tax return, the designated Reporting Corporation must complete and attach to its return Form 83-310, Summary of Net Income of Corporations. (Please refer to instructions on Form 83-310). The combined net income (loss) (Form 83-310, column C) of the affiliated group must be reported by the Reporting Corporation on its return by entering such amount on page 1, line 4, Form 83-105. Other included members of the group should enter "zero" on page 1, line 4, Form 83-105 and must indicate the name and I.D. number of the Reporting Corporation in the space provided.

A Mississippi consolidated tax return is where two or more 100% Mississippi corporations file as one corporation for income tax purposes. Form 83-310 is not filed in this case, as only one income tax return is being filed by the reporting corporation for the group.

Consolidated or combined reporting is authorized only with respect to the income tax levy. Mississippi law does **NOT** authorize consolidated or combined reporting for franchise tax; therefore, separate returns are required of all corporations chartered to do business in Mississippi or which are in fact doing business in Mississippi.

Mississippi income tax due on the combined net income of the affiliated group must be determined and reported by the Reporting Corporation. In case of delinquency or failure on the part of the Reporting Corporation to report and pay the income tax due, each included member of the affiliated group is severally liable for the tax on a consolidated or combined return and for any determined deficiency thereon.

An affiliated group of corporations required by the Commissioner to file a consolidated or combined income tax return must do so in accordance with the provisions of Mississippi Regulation 807, or from specific instructions from the Commissioner.

NET OPERATING LOSSES

For any taxable year ending after December 31, 1997, the period for net operating loss carrybacks and net operating loss carryovers shall be the same as those established by the Internal Revenue Code and the rules, regulations, rulings and determinations promulgated thereunder. §27-7-17(1)(l) of the Mississippi Code of 1972, as amended, was amended so that when the Internal Revenue Code loss carryback and carryforward periods change, the Mississippi carryback and carryforward will change as well.

For years ended on or before December 31, 1997 the following applies: A net operating loss for any tax year ending after December 31, 1991, could be carried back to the taxable year preceding the year of the loss. A net operating loss for any tax year ending after December 31, 1992, can be carried back to the 2 taxable years preceding the year of the loss. A net operating loss for any tax year ending after December 31, 1993, can be carried back to the 3 taxable years preceding the year of the loss. Carry the net operating loss to the earliest year first. A short taxable year counts as a taxable year. A taxpayer can elect to relinquish the entire carryback period with regard to a net operating loss from an eligible year, but once this election is made, it cannot be changed.

Prior to January 1, 1992, Mississippi allowed a 5 year NOL carryforward but no carryback.

Form 83-155 or other comparable schedule must be attached, or the NOL will not be allowed.

CAPITAL GAINS AND LOSSES

The Federal Schedule D and Federal Form 4797 cannot be used for the Mississippi return, but the federal forms have been replaced with similar state forms. Federal Schedule D has been replaced by state Form 83-135. Federal Form 4797 has been replaced by state Forms 83-140 and 83-145. The reason for this is that for state purposes some types of gains and

losses must be allocated and some must be apportioned. A taxpayer should only use the forms that apply to it.

Mississippi Form 83-135 should be substituted for Federal Schedule D. It provides for both apportioning capital gains and losses and allocating capital gains and losses to Mississippi on one page. All corporations that are not multistate (100% of their income is reported to Mississippi) should use Form 83-135, Column f. Multistate corporations may need to use both Columns f and g. A multistate corporation must segregate gains and/or losses into business (see Regulation 806 for state definition of business income) and nonbusiness. If the corporation apportions income, then business gains or losses would be apportioned and nonbusiness gains or losses would be allocated. Business gains or losses subject to apportionment would be computed on Form 83-135, Column g. Nonbusiness gains or losses allocated to Mississippi would be computed on Form 83-135, Column f, and would include only the allocated Mississippi property and amounts.

Mississippi Form 83-140 should be substituted for Federal 4797 and should be used for gains or losses that are allocated directly to Mississippi. Form 83-145 should also be substituted for Federal Form 4797, but it should be used for gains or losses that are apportioned to Mississippi.

If a corporation files showing all of its income in Mississippi, the state form should still be used. The correct form(s) to use are Forms 83-135 and 83-140. The state form should still be used because the state capital loss carryforward may be different and some of the items that flow into the federal forms (casualty and theft losses, etc.) may be different for state purposes.

For Mississippi income tax purposes, a multistate corporation either allocates (directly assigns) or apportions income.

If a taxpayer files using separate accounting (allocates), then income is directly assigned to the different states in which the taxpayer is doing business. Even if separate accounting is used, any general or administrative income, such as business dividends should be apportioned between the states in which the corporation is doing business. If a corporation files using separate accounting, then any gains or losses other than G&A gains or losses should be computed on the correct state form (Form 83-135 or Form 83-140) for allocation. The G&A gains or losses should computed on the correct state form (Form 83-135 or Form 83-145) for apportionment. Both forms (if used) would then be attached to the return and the Mississippi amounts computed on the form(s) entered into the appropriate income schedule.

If a taxpayers files using an apportionment formula, then income is apportioned (on a percentage basis) among the states in which the taxpayer is doing business. Gains or losses from the sale of business assets (Mississippi's definition of business assets, not the federal definition; see Regulation 806 for more detail) is apportioned. Gains or losses from the sale of nonbusiness assets are allocated. For gains or losses that are apportioned use Form 83-135 or Form 83-145. For gains or losses that are allocated use Form 83-135 or Form 83-140.

Forms 83-140 and 83-145 have not been included in this booklet. They may be obtained by calling 601-923-7800 or requested on our web site located at http://mstc.state.ms.us.

Long Term Capital Gains from Sales of Stock/Interest in Domestic (Mississippi) Corporations, Limited Partnerships or Limited Liability Companies

The 1997 Regular Session of the Mississippi Legislature amended Section 27-7-9 of the Mississippi Code of 1972 to clarify how gains that are not recognized from the sale of interests in certain Mississippi businesses are treated for income tax purposes and for related purposes. The amendment was effective March 18, 1997 and codified in Section 27-7-9(f)(10) and is generally effective for taxpayers whose tax year begins from and after that date. A copy of the amendment is reproduced on page 2 of Form 83-135, 1999 Allocable and Apportionable Capital Gains and Losses Schedule included in this booklet.

"Domestic" means the corporation, limited partnership, or limited liability company must have been incorporated or formed in the State of Mississippi.

Capital Loss Carrybacks/Carryforwards. Effective for tax years beginning on or after January 1, 1992, the capital loss provisions were changed for Mississippi income tax purposes. Prior to the change, capital losses could be deducted against other income, but they were not allowed to be carried forward. After the law change, capital losses can only offset capital gains, but a capital loss can be carried back to the 3 taxable years preceding the loss year and be carried over to the 5 years succeeding the loss year. All provisions of the Internal Revenue Code in regard to limitations on capital losses, capital loss carrybacks and carryovers and holding periods shall be applicable.

BUSINESS INCOME OF PRODUCERS OF MINERAL OR NATURAL RESOURCE PRODUCTS

Taxpayers engaged in the trade or business of producing oil, gas, other liquid hydrocarbons, sulphur, coal, sand, gravel and other mineral or natural resource products, except timber, shall determine Mississippi net business income from such activity on a direct or separate accounting basis. The Mississippi gross business income from the production of mineral or natural resources shall include: (a) Sales of natural or mineral resources produced in Mississippi and sold in this state; (b) the market value, at the time of transfer, of all natural or mineral resources produced in this state and transferred by the taxpayer to another state for sale, refining, processing or manufacturing, provided that if the natural or mineral resources are sold by means of an "arms-length" transaction prior to refining, processing or manufacturing, the market value prescribed herein shall not exceed the selling price; and (c) the market value at the time of transfer, of all natural or mineral resources produced by the taxpayer in Mississippi and transferred to a refinery, processing plant, or manufacturing facility of the taxpayer in Mississippi.

A natural resource product shall be deemed to be sold in Mississippi if it is located in this state at the time title thereto passes to the purchaser. In the absence of specific proof of value of natural resources at the time of transfer from the state, the value of natural resources at the time of production shall be determined in accordance with the methods prescribed for the determination of "gross income from the property" for purposes of percentage depletion for federal income tax purposes.

INCENTIVE CREDITS

Incentive credits may be used to offset all or part of the corporate income tax liability. For any of these credits to be allowed, schedules must be attached showing the computations.

Form 83-401, Income Tax Credit Summary, should be completed and attached as a part of the return.

The following is a brief description of the major credits allowed under State statutes:

Jobs Tax Credit. A credit is allowed for increasing employment levels in certain types of business. For a credit to be allowed, the business must be primarily engaged in manufacturing, processing, warehousing, distribution, wholesaling, or research and development; or designated by rule and regulation by the Department of Economic and Community Development as air transportation and maintenance facilities, final destination or resort hotels having a minimum of 150 guest rooms, or movie industry studios, or telecommunications enterprises.

The amount of the credit is determined by the classification of the county in which the qualified job is located. The 82 counties are divided into 3 groups. These groups are less developed, moderately developed and developed.

Credit is allowed annually for each net new full time job created for 5 years beginning with years 2 through 6 after the creation of the job. Credit is not allowed for a year if the net employment increase falls below the minimum level. The dollar credit per employee and the minimum number of new jobs needed to be created, in a given year, to qualify for this credit is listed below.

County Classification	Minimum No. of Jobs in a Given Year	Dollar Credit Per Job
Less Developed	10 or More	$2,000 Annually
Moderately Developed	15 or More	$1,000 Annually
Developed	20 or More	$ 500 Annually

The number of jobs created is calculated by taking the average level of employment for the given year (taxpayers reporting period for income tax) less the average level of employment of the prior reporting prior (12 months). The Corporate Tax Section should be consulted if short periods are involved. This is the only credit that involves the use of an average increase over the prior year in its calculation.

Form 83-450, New Jobs Credit Schedule, must be completed and attached to the return.

National and Regional Headquarters Credit. A credit of $500 for each net new full-time employee is allowed for any company establishing or transferring its national or regional headquarters from within or outside the State of Mississippi. The headquarters credit is available to any company regardless of the business in which it engages except for businesses engaged in the transportation, handling, storage, processing or disposal of hazardous waste.

Research and Development Jobs Skills Credit. A $500 credit is authorized for each full-time employee in any new job requiring research and development skills. Specific examples of jobs requiring research and development skills are chemists and engineers. Qualification of other jobs for this credit would require as a minimum a bachelors degree in a scientific or technical field of study from an accredited four (4) year college or university, employment in the area of expertise and compensation at a professional level. The research and development job credit is available to any company regardless of the business in which it engages.

A business interested in qualifying for the research and development jobs tax credit should request approval in writing and provide the following information for each individual research and development position: (1) Title, (2) Purpose, (3) Education requirements, (4) Experience requirements, (5) Hours worked per week, (6) Salary or compensation and (7) Expected hire date. The applicant will be notified on approval of the application for credit.

2000 OKLAHOMA INCOME TAX FORMS AND INSTRUCTIONS FOR PARTNERSHIPS

Packet contains:

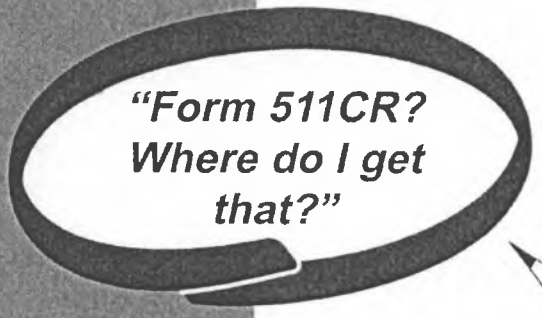
- Instructions for completing the Form 514
- Two 514 partnership income tax forms
- One return envelope

Filing date:

- Your Oklahoma return is due the same date as your Federal return.

Need assistance or have a tax question?

- Phone, fax, e-mail, web or in-person, there are many ways to reach us! Check out page 7 for all the options!



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You also can e-mail in tax questions.

Check it out today!

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Adjustments by the IRS...

Taxpayers who file "consents" extending the time for making of Federal adjustments, automatically extend the time for making State adjustments. Also, the taxpayer is required to furnish copies of all Revenue Agents' reports.

Amended Returns...

Use Form 514 for all amended returns. Place an "X" in the space provided, in the upper right hand corner of the form, next to the form number (514X). Enclose the Federal amended Form 1065 when applicable.

Allocable Income or Loss...

Part One, Column A and Part Four, Column A is to be completed by all partnerships.

Part One, Column B is to be completed by partnerships deriving all of their income from within Oklahoma and by partnerships whose business is oil and gas production, mining, farming, or rental within and without Oklahoma, on a direct accounting basis.

Apportionment Income or Loss...

Part Two is to be completed by partnerships conducting a business of a unitary nature. A unitary business is one whose income is derived from the conduct, in more than one state, of a single business enterprise (commonly called unitary business) all the factors of which are essential to the realization of an ultimate gain derived from the enterprise as a whole, and not from its component parts which are too closely connected and necessary to each other to justify division or separate allocation. Partnerships consisting of business other than oil and gas production, mining, farming or rentals operating in more than one state should compute their Oklahoma income by using the three factor formula consisting of Sales, Payroll and Property. (Section 2358 (A) (4) and Section 2358 (A) (5) of the Oklahoma Statutes Title 68). When a partnership has capital gains (or other allocable items such as depletion) a separate schedule must be furnished showing the Oklahoma portion and the total amount claimed on the Federal Return.

Oklahoma Depletion in Lieu of Federal Depletion...

Oklahoma depletion on oil and gas well production, at the option of the taxpayer, may be computed at 22% of gross income derived from each Oklahoma property during the taxable year, but limited to 50% of the net income (computed without the allowance for depletion) from each property. Any depletion deduction allowable is the amount so computed minus Federal depletion claimed. If Oklahoma options are exercised, the Federal depletion not used due to 65% limit may not be carried over. Lease bonus received is considered income subject to depletion. If depletion is claimed on a lease bonus and no income is received as a result of non-producing properties, upon expiration of the lease, such depletion must be restored. A complete schedule by property must be furnished.

Agricultural Commodity Processing Facility Exclusion...

Owners of agricultural commodity processing facilities may exclude 15% of their investment in a new or expanded agricultural commodity processing facility located within Oklahoma. Agricultural commodity processing facility means building, structures, fixtures and improvements used or operated primarily for the processing or production of agricultural commodities to marketable products. The investment is deemed made when the property is placed in service.

Attach a separate schedule showing the type of investment(s), the date placed in service, the cost, the total exclusion and the exclusion available for each partner. Do not include this exclusion in the Oklahoma distributive income, each partner shall report their allowable share of the exclusion on the designated line of their individual return.

(continued on page 4)



Don't Forget to Sign the Return!

» » Admin. and Research
» Alcohol
» Coal
» **Corporation Income**
Electronic Filing «
Electronic Payment «
Forms «
Publications «
Calendar Info «
» Estate
» Fiduciary
» Financial Institutions
» Fuels
» Income Tax Withholding
» Individual Income
» Oil and Gas Severance
» Property
» Sales and Use
» S Corp and Partnership
» Telecommunications
» Tobacco

» Disaster Relief
» Tax Incentives
» Tax Professionals

- Career Opportunities
- Frequently Asked Questions
- Miscellaneous Tax Forms and Publications

600 E. Boulevard Ave.
Bismarck, ND 58505-0599

701.328.7088 phone

Corporation Income

Every corporation engaged in business in North Dakota or having sources of income in North Dakota must file a North Dakota corporation income tax return. The return is due on the 15th day of the fourth month following the close of the tax year. Returns of tax-exempt organizations reporting unrelated business taxable income are due on the 15th day of the fifth month after the close of the tax year. Returns filed by cooperatives are due on the 15th day of the ninth month following the close of the tax year.

Tax rates: The current tax rates for corporations, which apply to tax years beginning on or after January 1, 2011, are shown below:

If taxable income is:			
Over	But not over	**The tax is:**	
$ 0	$ 25,000	1.68%	of North Dakota Taxable Income
25,000	50,000	$ 420.00	+ 4.23% of amount over $25,000
50,000		1,477.50	+ 5.15% of amount over $50,000

If a corporation elects to use the water's edge method to apportion its income, the corporation will be subject to an additional 3.5% surtax on its North Dakota taxable income.

Prior years' tax rates: For the tax rates that apply to corporations for tax years prior to 2011, see **Corporation Income Tax Rates** - (33kb pdf)

IN THE SUPREME COURT FOR THE STATE OF ALASKA

ATLANTIC RICHFIELD COMPANY; ARCO PIPE LINE COMPANY; BP ALASKA, INC.; EXXON CORPORATION; EXXON PIPELINE COMPANY; SOHIO ALASKA PETROLEUM COMPANY; and SOHIO PIPE LINE COMPANY,	)	
Appellants,	)	
vs.	)	
STATE OF ALASKA; ALASKA DEPARTMENT OF REVENUE; ALASKA DEPARTMENT OF ADMINISTRATION; COMMISSIONER OF REVENUE ROBERT D. HEATH, and COMMISSIONER OF ADMINISTRATION LISA RUDD,	)	Supreme Court No. S-52
Appellees.	)	Superior Court Nos. 3AN-79-1903 Civil 3AN-80-1542 Civil

APPENDIX A OF BRIEF OF APPELLEES

11. The estimated interest that would be payable on a refund of the difference between AS 43.21 and AS 43.20 tax liabilities:

YEAR	INTEREST ON ESTIMATED REFUND*
1978	$ 40,000,000
1979	89,000,000
1980	138,000,000
1981	159,000,000
TOTAL	$426,000,000

*Interest through 4/27/84

12. The estimated total refund liability of the State is:

YEAR	ESTIMATED TOTAL REFUND LIABILITY
1978	$ 122,000,000
1979	311,000,000
1980	570,000,000
1981	821,000,000
TOTAL	$1,824,000,000

Further your affiant saith naught.

Robert D. Heath, Commissioner
Department of Revenue

SUBSCRIBED AND SWORN TO before me this 27th day of April, 1984.

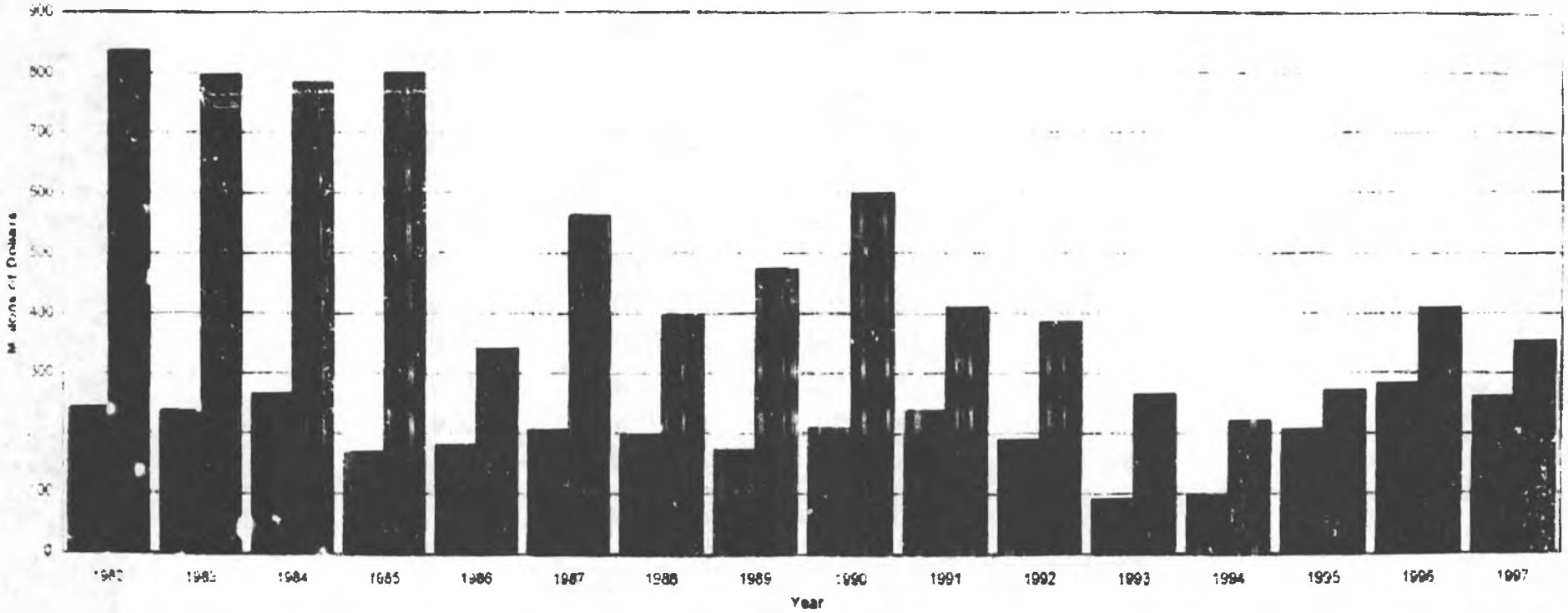
Notary Public, State of Alaska
My commission expires: 12/19/84

Comparison of Actual Oil and Gas Corporate Income Tax Collected with Estimated Revenues using a Separate Accounting Income Tax Approach (In Millions)

	Actual O&G Income Tax Collected	Estimated Separate Accounting Revenues	Difference
1982	242.50	837.62	595.12
1983	236.00	796.15	560.15
1984	265.10	782.86	517.76
1985	163.60	797.00	628.40
1986	181.00	341.00	160.00
1987	205.00	562.00	357.00
1988	198.00	396.00	198.00
1989	174.00	473.00	299.00
1990	208.00	598.00	390.00
1991	237.00	410.00	173.00
1992	189.00	385.00	196.00
1993	90.00	264.00	174 00
1994	98.00	219.00	121.00
1995	206.00	270.00	64.00
1996	281.00	408.00	127.00
1997	259.00	355.00	96.00
TOTALS	**$3,238.20**	**$7,894.63**	**$4,656.43**

Source: 1986-97 calender year data from DOR letter D. Dickinson to J. Donohue Sept. 23, 1999; 1982-85 fiscal data is from DOR report dated Oct. 31, 1985, Wright to Nordale, In re HB363; data for second half of 1985 not available at this time.

Comparison of Actual Oil and Gas Corporate Income Tax Collected with Estimated Revenues using a Separate Accounting Income Tax Approach Assuming Existing AS 43.20 Rate



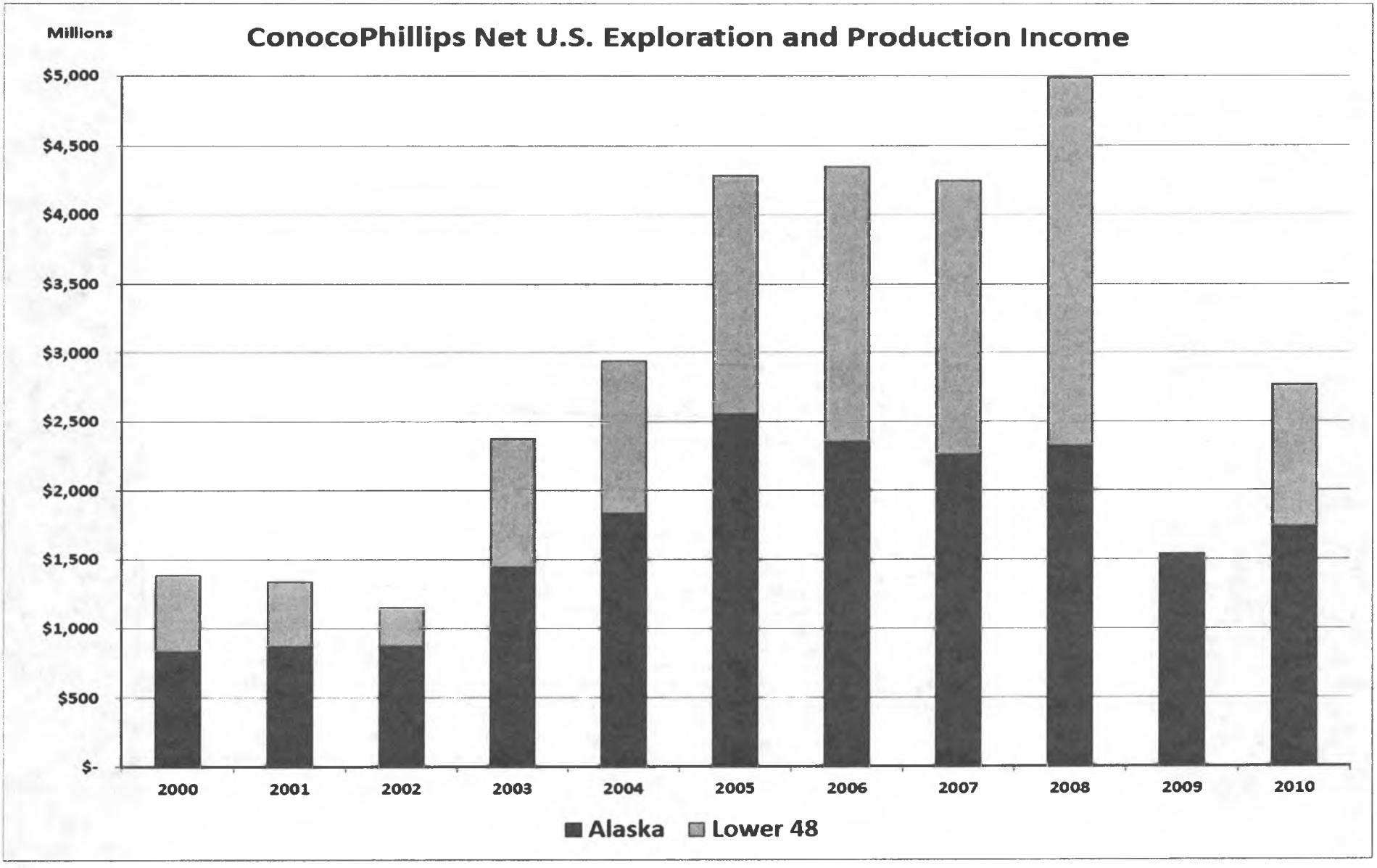
Source: 1986-97 calendar year data from DOR letter, D. Dickinson to J. Donohue, 9/23/99, 1982-85 fiscal data is from DOR report dated 10/31/85, Wright to Nordale, in re HB353. Data for second half of 1985 not available at this time. Since the actual income tax collections for FY82 (the phase out year) included revenue from both separate accounting and modified apportionment, the actual income tax collections for FY82 depicted on the chart includes an estimate of revenue from modified apportionment as if it had been in effect for the entire fiscal year.

Analysis

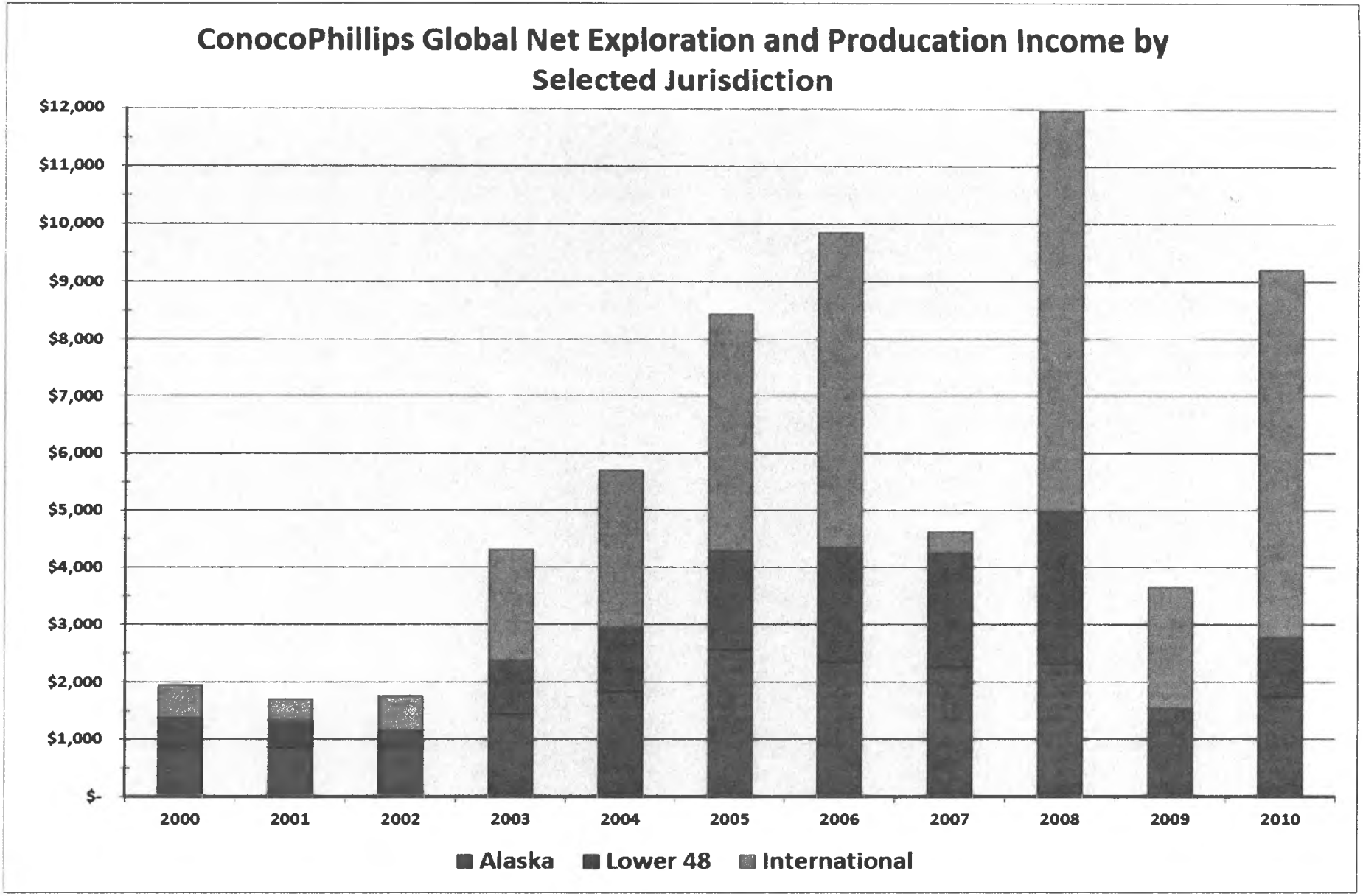
Bill Language:
This bill would repeal the current corporate income tax on oil and gas corporations under AS 43.20.072 (worldwide combination and apportionment) and replace it with a corporate income tax based on separate accounting. Current oil and gas corporate income tax is based on a formula where total worldwide income of a corporation's unitary group is apportioned to Alaska based on the amount of property, extraction and sales attributable to Alaska. This bill would require Alaska oil and gas corporations to calculate income tax for their oil and gas producing and transportation companies based on income earned solely in Alaska. If oil and gas companies are also engaged in activities other than oil and gas production and transportation, this bill would require those companies to calculate and pay tax on those other activities based on worldwide combination and apportionment. This bill would require oil and gas corporations to file a return by April 15 each year providing information the department needs to calculate each corporation's taxable income and income tax. This bill requires the department to calculate each corporation's income tax and send an assessment by August 15 each year to each company subject to the tax. Corporations must then pay the amount of tax as calculated by the department by September 30 of each year. This bill also requires the department to prepare a report each year showing the aggregate amount of income and deductions by category reported by all oil and gas corporate income tax taxpayers. The department would also be required to disclose specific information about a taxpayer if the taxpayer is a publicly traded company and if the information was included in a report filed with the US Securities Exchange Commission (SEC) and the SEC publicly disclosed the information.

Revenues:
The department does not have enough information to accurately and fully estimate the change in oil and gas corporate income tax as a result of this legislation. Preliminary estimates show that under separate accounting, oil and gas corporations would have paid approximately $250 million more during each of the last 5 fiscal years in corporate income tax if this legislation had been in effect. This bill has an effective date of January 1, 2013. Oil and gas corporations would report under the new method beginning in April 2014 and tax would not be due until September 30, 2014. Therefore, we do not expect to see a change in corporate income tax as a result of this legislation until FY 2015.

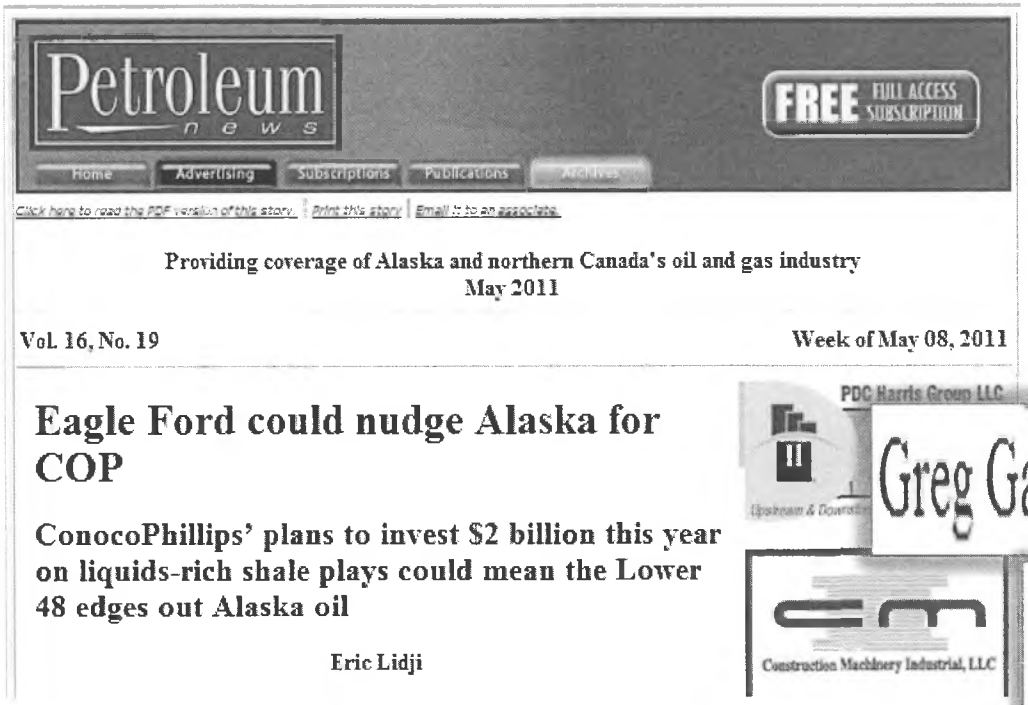
Expenditures:
As stated above, this bill would require the Department of Revenue to calculate the amount of tax due by each oil and gas corporation operating in the state based on information each company provided the department. The department would have approximately 4 months to make the calculation of corporate income tax and send assessments to each taxpayer. In addition, the department would be required under this legislation to prepare a report showing aggregate information of all taxpayers and specific information of publicly traded companies. Under the current oil and gas corporate income tax, the calculation of taxable income starts with federal taxable income and then is adjusted for certain Alaska modifications. Currently, the department relies on federal corporate income tax audits as an additional audit resource. As such, the department does not audit down to the invoice level. The calculation of taxable income under separate accounting does not start with federal taxable income and, as such, the department will not be able to rely on federal audits to ensure that taxpayers are properly reporting and must conduct full scale audits including auditing down to the invoice level. There are currently 26 oil and gas corporate income tax filers. The department will have to calculate each taxpayers tax liability each year and conduct more comprehensive audits as well as provide a report each year to the legislature. The department believes it will need four additional corporate income tax auditor III's to handle the increased work as a result of this legislation. In addition, the department will need increased travel funds of approximately $25,000 each year to spend enough time at a corporation's place of business to conduct in depth audits.



Legislative Research Services Report 12.198, Figure 1, February 2012



Legislative Research Services Report 12.198, Figure 3, February 2012



Petroleum news

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Providing coverage of Alaska and northern Canada's oil and gas industry
May 2011

Vol. 16, No. 19 Week of May 08, 2011

Eagle Ford could nudge Alaska for COP

ConocoPhillips' plans to invest $2 billion this year on liquids-rich shale plays could mean the Lower 48 edges out Alaska oil

Eric Lidji

PDC Harris Group LLC

Upstream & Downstream

Construction Machinery Industrial, LLC

Greg Garland, senior vice president for exploration and production in the Americas

ConocoPhillips likes the Eagle Ford because of economics.

Garland said the play offered $45 per barrel margins last year, twice the average of ConocoPhillips' global portfolio. Since January 2010, well costs have fallen 40 percent.

Alaska Oil Economics

- Spring 2011 approximate price of oil: $118/bl
- Transportation $6
- Royalty = $112 x 12.5% = $14
- Upstream Costs: $20/bl
- Production Tax Value: $78/bl
  - Production tax rate is base 25% +.4%/$ progressivity = 44.2%

44.2% x $78 = prod tax of $34.5/bl leaving

Typical Company → Alaska Margin: $43.50/bl

- **At $110/bl, margin would be $41.60**
- **At $100/bl, margin would be $38.66**

Alaska margins are nearly <u>double</u> CP worldwide average margin

HB 340

<TARGET><BILL>HB 340</BILL><SUBJECT>HB 340</SUBJECT><COMM>HRES27</COMM></TARGET>

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 340- RES**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB340-DNR-MLW-02-26-12
Title: PETERSVILLE RECREATIONAL MINING AREA
Sponsor: REP. NEUMAN
Requester: (H) RES

Dept. Affected: Department of Natural Resources
Appropriation: Land & Water Resources
Allocation: Mining Land & Water
OMB Component Number: 3002

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
FUND SOURCE			(Thousands of Dollars)				
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Prgm (DGF)							
1037 GF/MH (UGF)							
1178 temp code (UGF)							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
POSITIONS							
Full-time	0	0	0	0	0	0	0
Part-time	0	0	0	0	0	0	0
Temporary	0	0	0	0	0	0	0
CHANGE IN REVENUES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version, not applicable

Prepared by: Brent Goodrum, Director
Division: Mining, Land & Water
Approved by: Daniel S. Sullivan, Commissioner
Department of Natural Resources

Phone: 269-8600
Date/Time: 2/26/12 9:00 AM
Date: 2/26/2012

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 340- RES

Analysis

HB 340 removes several mining claims from the Petersville Recreational Mining Area established under AS 41.23.630(f). DNR expects there to be no fiscal impact on DNR or the State from this proposed legislation.

ALASKA STATE LEGISLATURE

Member:
House Finance Committee
Legislative Budget & Audit Committee

Chair:
House Budget Sub Committees on:
- Department of Administration
- Department of Labor and Workforce Development

Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-2679
Fax: (907) 465-4822
Toll Free (800) 505-2678

Interim:
600 E. Railroad Ave
Wasilla, AK 99654
Phone: (907) 376-2679
Fax: (907) 373-4745

Representative Mark Neuman

Rep.Mark.Neuman@legis.state.ak.us

Representative Feige & Representative Seaton

The following individuals will be available to testify or call in for the hearing. Once you have identified the date, we will be better able to confirm whether they will be calling or attending in person.

1) Michele Stevens
2) Director of Land, Mining, and Water
3) Alaska Miners Association.
4) (Possibly the past Commissioner of DNR?)

Please provide us the number you would like him to call.

Sincerely,

Mark Neuman

Representative Mark Neuman

ALASKA STATE LEGISLATURE

Member:
House Finance Committee
Legislative Budget & Audit Committee

Chair:
House Budget Sub Committees on:
- Department of Administration
- Department of Labor and Workforce Development

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Phone: (907) 376-2679
Fax: (907) 373-4745

Representative Mark Neuman
Rep.Mark.Neuman@legis.state.ak.us

Sponsor Statement

HB 340, Petersville Recreational Mining Area

The Petersville Recreational Mining Area was enacted under House Bill 46 in 1997 and consists of two areas near Petersville in the Upper Susitna Valley. The northern of the two areas is presently open for recreational mining. The southern area which this legislation addressed is still closed.

The area is still closed due to past mineral leases and agreements between the State of Alaska, Ms. Michele Steven, and the Federal Bureau of Land Management (BLM) being unable to be executed.

Termination of the legislative designation of the southern part of Petersville Recreational Mining Area, identified in AS 41.23.630(f). Will untangle certain land issues and move the area closer to opening for mineral entry.

Version 27-LS1342\A

SEC 21 TOWNSHIP 28N RANGE 8W OF THE SEWARD MERIDIAN, ALASKA

LEGEND

BASE INFORMATION

- HYDROGRAPHY
- SURVEY LINE
- SURVEY LOT LINE
- TOWNSHIP/SECTION GRID
- 1/4 SECTION LINE
- HIGHWAY
- ROAD
- TRAIL
- RAILROAD
- ELECTRICAL POWER LINE
- TELEPHONE LINE
- PIPELINE
- AIRPORT/LANDING STRIP
- HORIZONTAL CONTROL
- CONTROL MONUMENT

STATUS INFORMATION

- TITLE
- BOUNDARY
- CLASSIFICATION
- DISPOSAL
- MUNICIPAL
- RESTRICTION
- FEDERAL ACTION
- MENTAL HEALTH TRUST
- LIMITS OF ACTION
- NAVIGATIONAL AID
- CABIN PERMIT
- TRAPPING CABIN PERMIT
- TRESPASS LOCATION

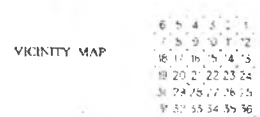
SURFACE WATER RIGHTS
- APPLICATION
- PERMIT
- CERTIFICATE

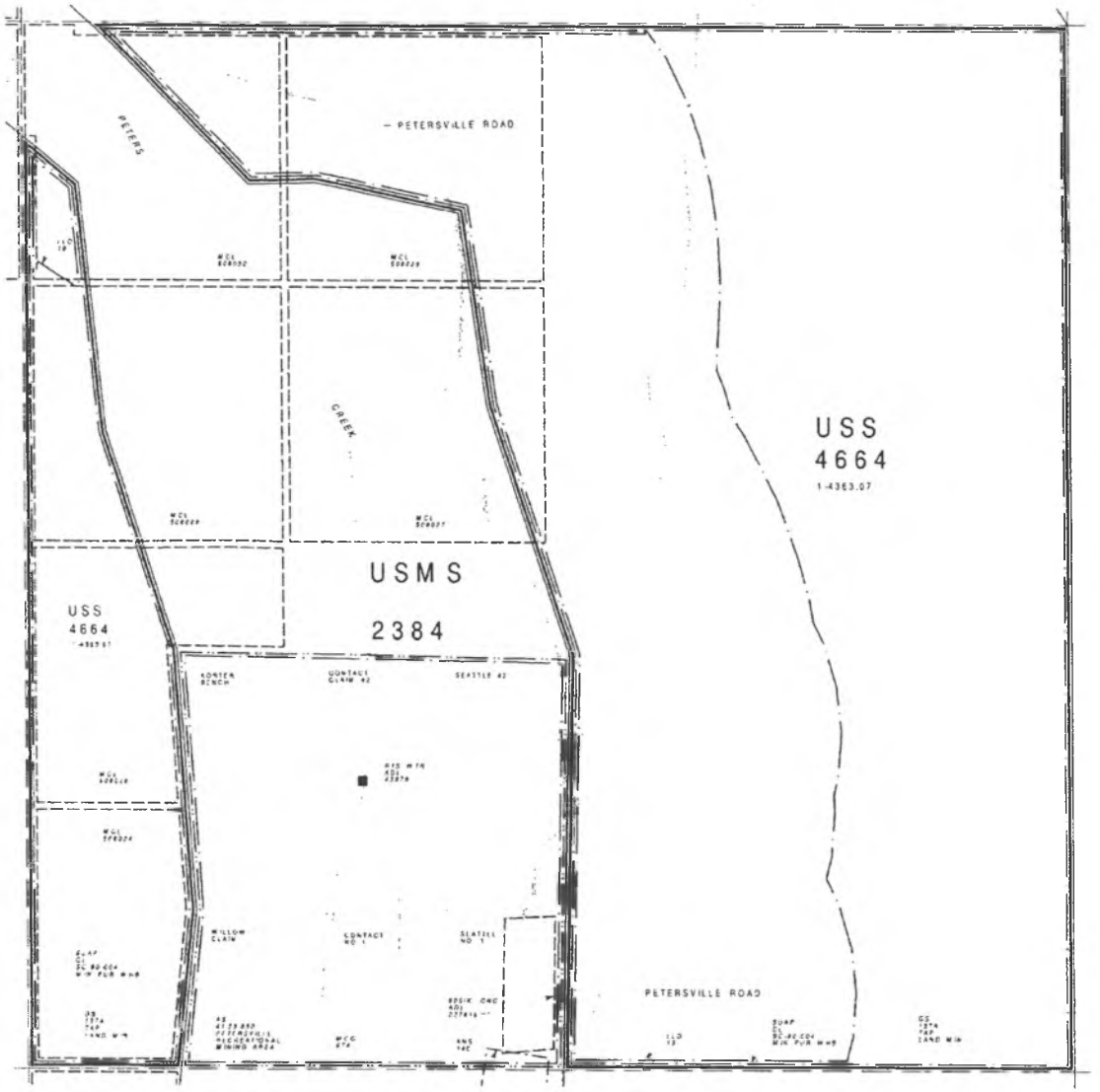
SUB-SURFACE WATER RIGHTS
- APPLICATION
- PERMIT
- CERTIFICATE

IN STREAM FLOW RESERVATION
- APPLICATION
- CERTIFICATE

DAM, WEIR, BARRIER
- APPLICATION
- PERMIT
- CERTIFICATE

VICINITY MAP





GRAPHIC ILLUSTRATION ONLY.
SOURCE DOCUMENTS REMAIN THE OFFICIAL RECORD.
CONSULT LAND ADMINISTRATION SYSTEM (LAS)
CASEFILE FOR ADDITIONAL INFORMATION

SCALE

ATTENTION STATUS PLAT USERS: ON THIS PLAT, ALL STATUS LINES CLOSE FOR ACTIONS THAT EXTEND INTO ADJACENT TOWNSHIPS. THIS INCLUDES STATUS LINES SUCH AS DISPOSAL, MUNICIPAL, TITLE, CLASSIFICATION, ETC. PLEASE REFER TO ADJACENT TOWNSHIPS OR LAS TO DETERMINE IF ACTIONS EXTEND BEYOND THE BOUNDARIES SHOWN ON THIS PLAT. REMEMBER TITLE, CLASSIFICATION, AND RESTRICTION LINES ALWAYS CLOSE ON ALL PLATS

STATUS PLAT

THE STATE OWNS ALL LAND UNDER WATERS THAT ARE NAVIGABLE IN FACT, ARE SUBJECT TO THE EBB AND FLOW OF THE TIDES, OR ARE RIPARIAN OR LITTORAL TO UPLANDS OWNED BY THE STATE

BASED ON:

COORDINATES
ALASKA STATE PLANE ZONE 4
SE CORNER OF TOWNSHIP
X 889231.097
Y 3094155.331
LAT 62° 27' 55.831" N
LONG 156° 39' 21.435" W

HYDROGRAPHY
USGS TALKEETNA (B2) AND (C2) REVISED BY BLM FROM AERIAL HIGH ALTITUDE PHOTOGRAPHY 1979 - 1985

LAND NET
BLM PROJECTION DIAGRAM NO. 70, APPROVED 11/20/1950
USGS, CREATING FRACT. S. BOUNDS, ACCEPTED 01/03/1968
USS 4664 ACCEPTED 04/01/1968
USMS 2384, APPROVED 03/16/1994

OTHER ACTIONS AFFECTING DISPOSAL OR USE OF STATE LANDS. SEE THE LAS CASEFILE OR ORIGINAL SOURCE DOCUMENTS FOR ADDITIONAL INFORMATION

ENTIRELY WITH MATANUSKA-SUSITNA BOROUGH
ENTIRELY WITH TALKEETNA RECORDING DISTRICT
SUBJECT TO SUSITNA AREA PLAN
GS 133, PATENT 50-87-0060 PER ANSCA ACCEPTED 05/03/1988
GS 1378, TENTATIVE APPROVAL, EXCLUDING MINING CLAIM RECORDATIONS AA-9606 THRU AA-39011, AA-39018, AA-39042, AA-39090 THRU AA-41702, AA-41704, AA-41705 AND AA-42110 WHICH ARE LOCATED WITHIN USMS 2384

A PRODUCT OF THE
STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
LAND RECORDS INFORMATION SECTION

PLAT CURRENT TO 10/24/2001. REFER TO THE DNR STATUS PLAT TRACKING SYSTEM (SPATS) FOR OTHER PENDING ACTIONS ON THIS TOWNSHIP/RANGE

CHECKED BY: DAVE LUCK

SEC 21
SP
TWP 28N
RNG 8W
SM

VERSION: AA/Ado 8.0.2/Tue Feb 22 08:08:14 PST 2000

ARC Update

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND AND WATER

SEAN PARNELL, GOVERNOR

DIRECTOR'S OFFICE
550 W. 7th AVE., SUITE 1070
ANCHORAGE, ALASKA 99501-3579

PHONE (907) 269-8600
FAX (907) 269-8904

April 9, 2010

The Honorable Charlie Huggins
Alaska State Senate
State Capitol
Juneau, Alaska 99801

Re: Your Letter of January 29, 2010 on the Petersville Recreational Mining Area

Dear Senator Huggins:

Your letter of January 29, 2010 asked what steps would be needed to reverse the recreational mining designation for the southern portion of the Petersville Recreational Mining Area. The Petersville Recreational Mining Area was enacted under House Bill 46 in 1997 and consists of two areas near Petersville. One area now open for recreational mining is referred to as the northern area and covers 300 acres. The other area is not yet state owned, therefore it is closed to recreational and other mining. This is referred to as the southern area covering 200 acres. The southern area is closed because the federal Bureau of Land Management (BLM) has not yet conveyed the land to the State. The holdup on conveyance has been because of a lease that the BLM is issuing to Michele Stevens for 5 acres within this southern area. We believe that the lease is scheduled to be issued in the near future. Since 1997, the northern recreational mining area has not had much use due in part to difficult access.

To terminate the legislative designation of the southern area, the enabling statute (AS 41.23.630) will need to be modified. In AS 41.23.630 – Petersville Recreational Mining Area, the **following verbiage under Section (f)(1) would have to be removed from the statute in order eliminate the southern portion of the Petersville Recreational Mining Area:**

> [SECTIONS 21 AND 28; ALDER NO. 1; ALDER NO. 2; COTTONWOOD NO. 3; COTTONWOOD NO. 4; SEATTLE NO. 2; CONTACT NO. 1; CONTACT NO. 2; WILLOW CLAIM; KORTER BENCH.]

If the above statutory language were removed, the Commissioner of DNR would then need to issue a Mineral Opening Order to make these lands open to mineral entry (under AS 38.05.185). The land transfer from the BLM would also need to occur before the lands can be open to mineral entry, although "At Risk" claims could be staked by anyone prior to the land transfer. These at risk claims would

convert to regular state claims following conveyance of the lands to the State by the BLM.

We believe that these recreational mining areas represent a unique opportunity for weekend enthusiasts and visitors to our State to enjoy the outdoors and the fun of non-mechanized mining. If the area is open to mining claims, we expect that a few recreational suction dredge miners may object to then being locked out by the new claimants that would stake mining claims. Other than Ms. Stevens, DNR has not heard from any other members of the public that the Recreational Mining Area should be terminated. In addition, there is no assurance that Michelle Stevens would be the first to stake claims for the law is in favor of whoever stakes the claim first after the land becomes open. It is likely that a number of claimants would end of with conflicting claims. It is likely that the Department of Fish and Game may have concerns about any large-scale mining on the active portion of the Creek.

Please feel free to contact me if you would like additional information.

Sincerely,

Dick Mylius, Director
DNR Division of Mining, Land and Water

cc: Michele Stevens
Tom Irwin, Commissioner, DNR
Rick Fredericksen, DNR, DMLW, Mining Section Chief

Sean Parnell, Governor
Third Floor, Capitol
P.O. Box 110001
Juneau, Alaska 99811-0001

January 26, 2012

Dear Governor Parnell:

We respectively urge your support for legislation to adjust the Petersville Recreation Mining Area established on May 8, 1997.

As the former Director, Mining and Water Management and former Deputy Commissioner, Department of Natural Resources, we were directly involved in the initial decisions leading to the establishment of the Petersville Recreation Mining Area and we strongly support the legislation to amend that Petersville Recreation Mining Area designation.

Background:

Prior to the Mineral Closing Order, MCO# 674, on June 2, 1994 there were numerous meetings with Ms. Michele Stevens the then owner of approximately 500 acres of State mining claims located on federal land selected by the State. Ms. Stevens proposed to operate a mining concession including a museum and public campground as well as using her mining equipment to facilitate public access to the placer gold known to be in the area. Her concept for a concession-type operation was in part based on the successful commercial operations at the Crow Creek Mine on private land at Girdwood and the El Dorado Gold Mine located on Mental Health Trust land near Fairbanks.

The Director of Mining and Water Management and other members of the Division inspected the 500 acres and adjacent active mining operations in the Petersville area included Ms. Stevens' historic buildings and structures and equipment used when the area was being mined under federal mining law. The Department subsequently determined the 500 acres would make a valuable addition to the areas set aside in Alaska for the general public to pan for gold without being in conflict with a mining claim owner, and therefore initiated the 1994 Mineral Closing Order (MCO).

The original public recreation mining areas in Alaska involved abandoned mining claims, hence Ms. Stevens was requested to gift her 500 acres of mining claims that otherwise would automatically fall into place when the State received title to the land from the federal government. Ms. Stevens did this concurrently with the MCO being imposed.

The State has received title to land in the Petersville area that includes approximately 280 acres of the mining claims Ms. Stevens gifted to the State and that area is now open to public use as a public recreation mining area. Until recently, transfer of the federal land including the remaining 220 acres surrounding Ms. Stevens' historic building and structures has been delayed until the

State and Bureau of Land Management could reach agreement on how to handle the buildings and structures. These buildings and structures were eventually deeded to Ms. Stevens. This issue has been resolved and the land is now ready for transfer to State ownership.

The agreement in 1994 between the Department of Natural Resources and Ms. Stevens was for the Department to authorize Ms. Stevens to operate a commercial recreation mining business on the 220 acres of land surrounding her buildings and structures. Subsequently, the Department determined that it could not legally issue a non-competitive commercial lease to fulfill the agreement with Ms. Stevens. In 2006 DNR determined there actually was a legal way to proceed, whereby a commercial mining business could be operated on a portion of a state mining claim or claims by establishing a miscellaneous land use lease, provided there was concurrence with the state mining claim holder.

However, and very unfortunately, the 2006 approach cannot be followed for lands designated by statute as a recreational mining area since there are no underlying private interests to the minerals. The proposed legislative amendment to the Petersville Recreation Mining Area established in 1997 contains two provisions to correct the problems the Department and Ms. Stevens have been trying to resolve. The pending legislation would: 1) Reinstate Ms. Stevens' full mineral rights to those portions of her mining claims ADLs 508020-508026 that she gifted to the State in this southern area; and 2) It would remove the statutory designation and allow the DNR to fulfill its original agreement with Ms. Stevens. The proposed amendment does not affect the approximately 280 acres of land that will remain in the Petersville Recreation Mining Area.

In summary, we respectively request your support in correcting a situation that evolved and allow the state to honor its commitments to Ms. Stevens

Sincerely,

Signed

Jules V. Tileston
4740 Cambridge Way
Anchorage, AK 99503
phone: 907-561-0540

Signed

Marty K. Rutherford
2371 Loussac Drive
Anchorage, AK 99517
phone: 907-317-4728

SEC 28 TOWNSHIP 28N RANGE 8W OF THE SEWARD MERIDIAN, ALASKA

LEGEND

BASE INFORMATION

- HYDROGRAPHY
- SURVEY LINE
- SURVEY LOT LINE
- TOWNSHIP/SECTION GRID
- SECTION LINE
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- ROAD
- TRAIL
- RAILROAD
- ELECTRICAL POWER LINE
- PIPELINE
- AIRPORT RUNWAY STRIP
- HORIZONTAL CONTROL
- CONTROL MONUMENT

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- DISPOSAL
- MUNICIPAL
- RESTRICTION
- FEDERAL ACTION
- MENTAL HEALTH TRUST
- LIMITS OF ACTION
- NAVIGATIONAL AID
- CABIN PERMIT
- TRESPASS CABIN PERMIT
- TRESPASS LOCATION

SURFACE WATER RIGHTS
- APPLICATION
- PERMIT
- CERTIFICATE

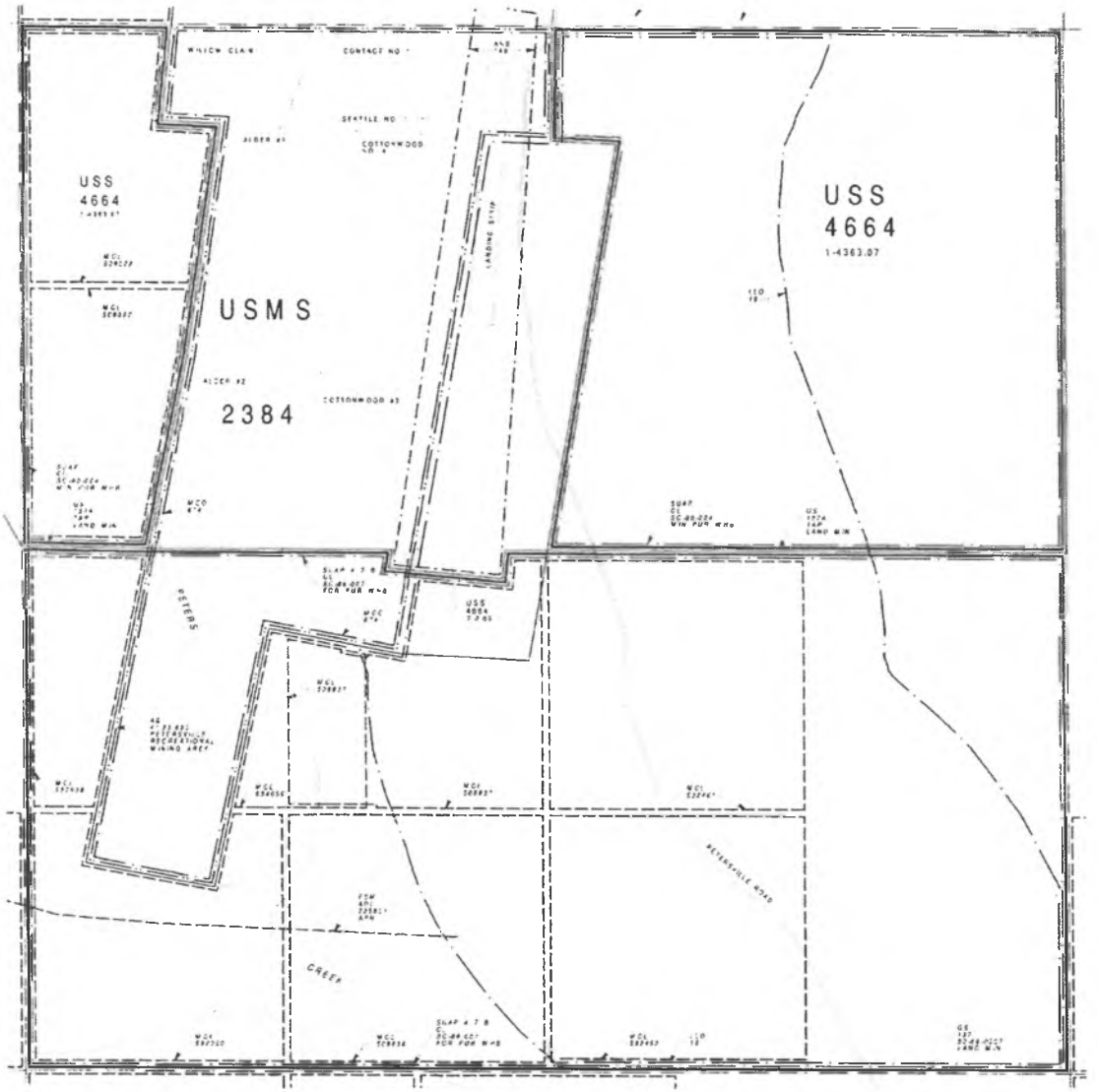
SUB-SURFACE WATER RIGHTS
- APPLICATION
- PERMIT
- CERTIFICATE

IN-STREAM FLOW RESERVATION
- APPLICATION
- CERTIFICATE

DAM, WEIR, BARRIER
- APPLICATION
- PERMIT
- CERTIFICATE

VICINITY MAP





GRAPHIC ILLUSTRATION ONLY.
SOURCE DOCUMENTS REMAIN THE OFFICIAL RECORD.
CONSULT LAND ADMINISTRATION SYSTEM (LAS)
CASEFILE FOR ADDITIONAL INFORMATION

SCALE

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STATUS PLAT

THE STATE OWNS ALL LAND UNDER WATERS THAT ARE NAVIGABLE IN FACT, ARE SUBJECT TO THE EBB AND FLOW OF THE TIDES, OR ARE REGARDED OR LITTORAL TO UPLANDS OWNED BY THE STATE

BASED ON:

COORDINATES:
ALASKA STATE PLANE ZONE 4
SE CORNER OF TOWNSHIP
N 1870731.767
E 1046170.183
LAT. 62°37'55.832"N
LONG 150°19'23.452"W

PHOTOGRAPHY:
USGS TALKEETNA (B2) AND (C2) REVISED 81 BEAVER
AERIAL HIGH ALTITUDE PHOTOGRAPHY 1978, 1979

LAND SURVEY:
BLM PROTRACTION DIAGRAM NO. 16, APPROVED 11/16/1979
USMS, CREATING TRACT A, 23.440+/- ACRES, ACCEPTED 01/16/1986
USS 4664, ACCEPTED 12/01/1988
USMS 2384, APPROVED 04/14/1994

OTHER ACTIONS AFFECTING DISPOSAL OR USE OF STATE LANDS. SEE THE LAS CASEFILE OR ORIGINAL SURVEY DOCUMENTS FOR ADDITIONAL INFORMATION:

ENTIRELY WITH MATANUSKA-SUSITNA BOROUGH
ENTIRELY WITH TALKEETNA RECORDING DISTRICT
SUBJECT TO SUSITNA AREA PLAN
GS 2372, DATED 9/6/1978, PER ITEMS ACCEPTED 01/15/1988
GS 2373, TENTATIVE APPROVAL EXCLUDING MINING CLAIM RECORDATIONS AA- 29600 THRU AA- 29611, AA- 29615, AA- 31042, AA- 31099 THRU AA- 31102, AA- 31106, AA- 31109 AND AA- 32116 WHICH ARE LOCATED WITHIN USMS 2384

A PRODUCT OF THE
STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
LAND RECORDS INFORMATION SECTION

SEC 28
SP
TWP 28N
RNG 8W
SM

PLAT CURRENT TO 10/24/2000. REFER TO THE DNR STATUS PLAT DRAWING SYSTEM (SPDS/MS) FOR OTHER PENDING ACTIONS ON THIS TOWNSHIP(S).

CHECKED BY: DAVE LUCK

ARC 9 plotter

USER: [illegible]
DATE: Friday, October 24, 2003 at 9:52 AM

VERSION: ArcInfo 8.0.2, Tue Feb 22 08:08:14 PST 2000

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM March 23, 2012

SUBJECT: Amending the land description for the Petersville Recreational Mining Area (HB 340; Work Order No. 27-LS1342\A)

TO: Representative Mark Neuman
Attn: Morgan Hopson

FROM: Donald M. Bullock Jr.
Legislative Counsel

HB 340 amends the description of land and water that are included in the Petersville Recreational Mining Area (Petersville). You asked whether this bill violates the prohibition against local and special legislation in art. II, sec. 19, Constitution of the State of Alaska.[1] Passage of the bill is not prohibited by art. II, sec. 19.

The establishment of the area is authorized by art. VIII, sec. 7, Constitution of the State of Alaska. Section 7 authorizes the legislature to acquire special purpose sites and to preserve and administer the sites for the "use, enjoyment, and welfare of the people."[2] A description of the area is consistent with acquiring and administering a specific area for the people, and HB 340 amends the description of Petersville.

While a description of any limited area in the state is necessarily local, the constitutional authority to acquire and administer Petersville necessarily requires a description of the area within Petersville. HB 340 amends the description of that area. Given the context, the local or special prohibition is likely inapplicable.

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[1] Article II, sec. 19. Local or Special Acts. The legislature shall pass no local or special act if a general act can be made applicable. Whether a general act can be made applicable shall be subject to judicial determination. Local acts necessitating appropriations by a political subdivision may not become effective unless approved by a majority of the qualified voters voting thereon in the subdivision affected.

[2] Article VIII, sec. 7. Special Purpose Sites.
The legislature may provide for the acquisition of sites, objects, and areas of natural beauty or of historic, cultural, recreational, or scientific value. It may reserve them from the public domain and provide for their administration and preservation for the use, enjoyment, and welfare of the people.

You may wish to review the reasons for excluding the mining claims listed in the bill. Although the designation of the specific area may be necessary for the establishment and administration of the area, the basis for excluding previously included land and water should be consistent with the management of Petersville for the people of the state.

If I may be of further assistance, please advise.

DMB:plm
12-187.plm

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

SEAN PARNELL, GOVERNOR

1031 WEST 4TH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501-1994
PHONE: (907)269-5100
FAX: (907)276-3697

March 8, 2012

The Honorable Eric Feige
House of Representatives
Alaska State Capitol, Room 126
Juneau, Alaska 99801

The Honorable Paul Seaton
House of Representatives
Alaska State Capitol, Room 102
Juneau, Alaska 99801

Re: HB 340

Dear Representatives Feige and Seaton:

The House Resources Committee requested the Department of Natural Resources (DNR) and the Department of Law (DOL) to provide answers to legal questions about House Bil No. 340. This bill relates to the reservation of certain mining claims from all uses incompatible with the purposes for establishing the Petersville Recreational Mining Area. Much of the land in question, although still owned by the federal government, has been selected by the state to fulfill the state entitlement from the federal government.

First, the Committee asked whether DNR and DOL can assure the Legislature that mining locations recently made by "Golden Girls LLC" (Michele Stevens) are valid locations on state selected lands, such that if HB 340 passed and Mineral Closing Order No. 674 were lifted, Golden Girls LLC would be in possession of these locations once the state-selected land is transferred to the State of Alaska. The DNR and DOL cannot guarantee to the Legislature that these locations would be considered valid in such an instance.

The Alaska Supreme Court has held that a locator of state-selected lands "acquired mining rights at the time of location." *Moore v. Dept. of Natural Res.*, 992 P.2d 576, 581 (Alaska 1999). Here, at the time of the location by Golden Girls LLC, Alaska Statute 41.23.630 was in effect. Alaska Statute 41.23.630(d) states that, "[t]he Petersville Recreational Mining Area *is* closed to mineral entry under AS 38.05.185-38.05.275" (emphasis added). This language could be interpreted to mean that at the time Golden Girls LLC located claims, the area was closed to such "at-risk" staking (described in AS

38.05.275). Therefore, the DNR and DOL cannot assure the legislature that the recent "Golden Girls LLC" locations would be considered valid if HB 340 passed and Mineral Closing Order No. 674 were lifted, as AS 41.23.630 was in full effect at the time of location.

Second, the Committee asked whether the Sponsor could draft legislation that directly reinstates certain mining locations to Michele Stevens. Such legislation could be legally problematic. There could be an issue regarding Article II, Section 19 of the Alaska Constitution, which states that, "[t]he legislature shall pass no local or special act if a general act can be made applicable." The Alaska Supreme Court evaluates "special acts" constitutional challenges with a test which examines the "legislative goals and the means used to advance them to determine whether the legislation bears a fair and substantial relationship to legitimate purposes." *Baxley v. State*, 958 P.2d 422, 430 (Alaska 1998) (internal citations and quotations omitted). Although property is unique in nature, legislation relating to mining claims may at least have to include similarly-situated mining claims.

Please feel free to contact me at 269-5211 or Ed Fogels at 269-8423 with any additional questions or concerns.

Sincerely,

MICHAEL C. GERAGHTY
ATTORNEY GENERAL

By: 
Ashley Brown
Assistant Attorney General
Oil, Gas & Mining Section

ACB/jde

cc: Representative Mark Neuman
Cori Badgley
Ed Fogels
Heather Brakes
Sonia Christensen

HB

356

<TARGET><BILL>HB 356</BILL><SUBJECT>HB 356</SUBJECT><COMM>HRES27</COMM></TARGET>

Dirk Craft
Rep Pruitt

27-LS1343\M

HOUSE BILL NO. 356

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES PRUITT, Keller, Stoltze, Neuman, Feige, Petersen, Johnson, Fairclough

Introduced: 2/22/12
Referred: Resources

A BILL

FOR AN ACT ENTITLED

"An Act relating to land management by the Board of Game and Department of Natural Resources for trapping and sport and subsistence hunting."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* **Section 1.** AS 16.05 is amended by adding a new section to read:

Sec. 16.05.839. Game land management. (a) When open and closed seasons and areas are established by the Board of Game under AS 16.05.255, the board shall manage land under the department's authority to prevent, to the greatest extent practicable, any net loss of acreage available for trapping and sport and subsistence hunting.

(b) Not later than March 31 of each year, the commissioner shall submit a report to the legislature describing land managed by the department that

(1) was closed to trapping or sport or subsistence hunting the previous year and the reasons for the closures; and

(2) was opened to trapping or sport or subsistence hunting to comply

Time

with the no-net-loss-of-acreage provision of (a) of this section.

* **Sec. 2.** AS 38.04.065 is amended by adding new subsections to read:

(j) The commissioner shall

(1) keep land managed by the Department of Natural Resources open for trapping and sport and subsistence hunting unless the department determines the land must be closed for reasons relating to public safety, fish or game management, conservation, development of natural resources, or homeland security;

(2) manage land under the authority of the Department of Natural Resources to support, promote, and enhance trapping and sport and subsistence hunting to the extent authorized by state law;

(3) manage land under the authority of the Department of Natural Resources to prevent, to the greatest extent practicable, any net loss of acreage available for trapping and sport and subsistence hunting .

(k) Not later than March 31 of each year, the commissioner shall submit a report to the legislature describing land managed by the Department of Natural Resources that, during the previous year, was

(1) closed to trapping or sport or subsistence hunting, and the reasons for the closures; and

(2) opened to trapping or sport or subsistence hunting to comply with (j)(3) of this section.

Dalton Hwy - restricted offroad motor vehicle areas

Alaska State Legislature

Session:
State Capitol Rm. 421
Juneau, AK 99801
Phone: (907) 465-3438
Fax: (907) 465-4565

Interim:
716 W 4th Avenue
Anchorage, AK 99501-2133
Phone: (907) 269-0100
Fax: (907) 269-0105

Representative Lance Pruitt
Co-Chair, House Energy Committee

Sponsor Statement

HB 356
No Net Loss of Hunting Lands

House Bill 356 would require the state to manage land under its authority to prevent, to the greatest extent practicable, any net loss of acreage available for trapping and sport and subsistence hunting. The purpose of this would be to maintain at least the level of public hunting land that currently exists.

Hunters understand and appreciate the importance of conservation as much as any outdoor enthusiast. Through preservation of hunting lands, we are ensuring that hunters will continue to protect the wildlife habitats valued by all Alaskans. License and tag fees match federal dollars and help protect the conservation of wildlife statewide. Every license lost through receding public hunting lands would negatively impact the management and protection of our wildlife resources and habitats.

The goal of this legislation is to create a baseline number of public hunting areas to make sure we have the same number of hunting opportunities tomorrow as we do today. Support HB 356 and help keep public hunting opportunities and sporting heritage from diminishing for future generations of Alaskans.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 356**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB356-DNR-MLW-03-31-12
Title: Land Management: Hunting/Fishing/Trapping
Sponsor: Rep. Pruitt
Requester: (H)RES

Dept. Affected: Dept. of Natural Resources
Appropriation: Land & Water Resources
Allocation: Mining, Land & Water
OMB Component Number: 3002

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	***	**0.0**	***	***	***	***	***

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		***	**0.0**	***	***	***	***	***

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	***	**0.0**	***	***	***	***	***

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version, not applicable

Prepared by: Brent Goodrum, Director — Phone: 907-269-8625
Division: Mining, Land & Water — Date/Time: 3/30/12 5:00 PM
Approved by: Daniel S. Sullivan, Commissioner — Date: 3/31/2012
Department of Natural Resources

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB 356
2012 LEGISLATIVE SESSION

Analysis

Section 2 of HB 356 requires that the Commissioner of the Department of Natural Resources keep land managed by the department "open" for trapping and hunting unless DNR determines the land must be "closed" for reasons relating to public safety, fish or game management, conservation, development of natural resources, or homeland security. The legislation also requires the commissioner to manage land under the authority of DNR to 1) support, promote, and enhance trapping and sport and subsistence hunting to the extent authorized by state law, and 2) to manage land under the authority of the Department of Natural Resources to prevent, to the greatest extent practicable, **any net loss** of acreage available for trapping and sport and subsistence hunting. Lastly HB 356 requires the commissioner to prepare and submit an annual report to the legislature describing land managed by DNR that, during the previous year, was: 1) closed and the reasons for the closures, and 2) opened to trapping or sport or subsistence hunting.

This fiscal note assumes that this legislation establishes a new, overriding, land management policy for the department giving priority to the support, promotion and enhancement of hunting and trapping based land uses, with the purpose that there be **no net loss** of acreage available for hunting and trapping, over other discretionary land uses the department considers. Because there is no ready supply of other lands to replace lands DNR may convey out of the public domain (no replacement lands available from federal or private sources) DNR assumes that mitigation for the loss of such land is not a viable option.

Therefore, this fiscal note assumes that to comply with the "support, promotion and enhance", and "no-net-loss of land available for hunting and trapping" standards mandated in the legislation, DNR would be compelled to curtail land conveyances and land use authorizations to the greatest extent practicable, including: mining permits, leases; land sales, leases; tideland leases, shore fish permits and leases; land use permits; preference right leases; municipal entitlement conveyances; material sales; agricultural housing rights; public and charitable sales and leases.

INDETERMINATE FISCAL IMPACT

At this time, it is difficult to predict the fiscal impact of this legislation on the department. DNR expects there to be an impact on the time required by MLW to issue a conveyance or authorization. Each decision would require an additional review under the standards and policies set in this legislation. MLW has over 100 employees engaged in the adjudication and issuance of authorizations that could be affected by this legislation. Individually, the additional review requirement would not be significant but in aggregate, the effect of the new requirement would require the equivalent of one or two staff members (NRS II or III's) to offset the increased use of staff time to comply with this requirement.

Under proposed subsection AS 38.04.065(k), the division would be required to set up and maintain a complex database in its lands records system to track the removal, addition or return (status) of land in and out of the public domain (land available for the public to use for hunting or trapping). This database would be used to comply with the annual reporting requirement of this subsection. This would require at least one month of time from an Analyst Programmer V. Additionally, every division adjudicator would be required to maintain and update the database to maintain an accurate tally of lands removed from or added to the public domain for use in compiling the annual report. Again, while individually the additional status tracking effort would not be significantly burdensome to the adjudicator; in aggregate the effect of the new requirement would require additional staff to offset the increased use of staff time.

FISCAL NOTE

STATE OF ALASKA cost ≠ codes
2012 LEGISLATIVE SESSION

Bill Version **HB 356 \A**
Fiscal Note Number
Publish Date

Identifier (file name) HB356-DFG-CO-03-31-12
Title LAND MANAGEMENT: HUNTING/FISHING/TRAPPING
Sponsor REPRESENTATIVE(s) Pruitt, Keller, Stoltze, et al.
Requester House Resources Committee

Dept. Affected Fish and Game
Appropriation Administration and Support
Allocation Commissioner's Office
OMB Component Number 2175

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version of the fiscal note.

Prepared by Ben Mulligan, Legislative Liaison
Division Commissioner's Office
Approved by Kevin Brooks, Administrative Services Director
Department of Fish and Game

Phone 907-465-6137
Date/Time 3/31/12 10:10AM
Date 3/31/2012

(Revised 8/17/2011 OMB)

FISCAL NOTE

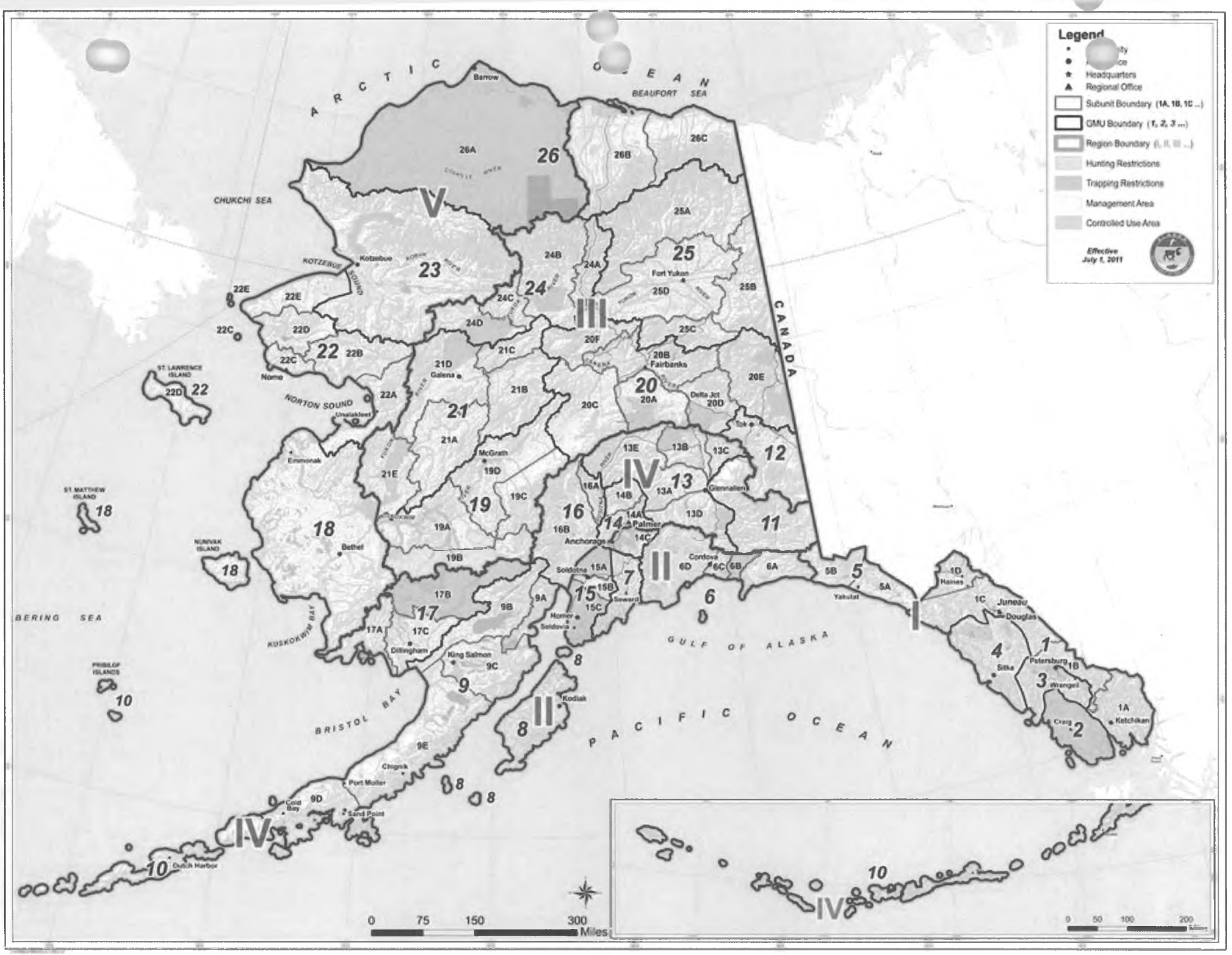
STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 356 \A

Analysis

House Bill 356 requires the Board of Game to manage land under ADF&G's authority, to the greatest extent practicable, to prevent any net loss of acreage available for hunters and trappers when the board establishes open and closed seasons. The Commissioner must also submit an annual report, no later than March 31st of each year, describing land managed by ADF&G that was closed to trapping, sport, or subsistence hunting the previous year and the reasons for the closures; and the land that was opened to comply with the directive under the proposed statute AS 16.05.839.

After consulting with the Boards Support Section and the Wildlife Conservation Division, ADF&G finds there will be no fiscal impact associated with HB 356.


Legend
Headquarters
Regional Office
Subunit Boundary (1A, 1B, 1C ...)
GMU Boundary (1, 2, 3 ...)
Region Boundary (I, II, III ...)
Hunting Restrictions
Trapping Restrictions
Management Area
Controlled Use Area
Effective July 1, 2011
ARCTIC OCEAN
BEAUFORT SEA
CHUKCHI SEA
BERING SEA
BRISTOL BAY
GULF OF ALASKA
PACIFIC OCEAN
CANADA
KOTZEBUE SOUND
NORTON SOUND
KUSKOKWIM BAY
ST LAWRENCE ISLAND
ST MATTHEW ISLAND
NUNIVAK ISLAND
PRIBILOF ISLANDS
Barrow
Kotzebue
Nome
Unalakleet
Emmonak
Galena
McGrath
Fort Yukon
Fairbanks
Delta Jct
Tok
Glennallen
Bethel
Anchorage
Palmer
Soldotna
Homer
Seldovia
Seward
Cordova
Kodiak
Dillingham
King Salmon
Chignik
Port Moller
Cold Bay
Sand Point
Dutch Harbor
Yakutat
Haines
Juneau
Douglas
Sitka
Petersburg
Wrangell
Craig
Ketchikan
0 75 150 300 Miles
0 50 100 200

Alaska Chapter SCI
PO Box 770511
Eagle River, AK 99577
(907) 980-9018

March 16, 2012

The Honorable Lance Pruitt
Alaska State House
State Capitol, Room 421
Juneau, AK 99801

Dear Representative Pruitt,

As one of the leading chapters in the world's foremost hunter-conservationist organization, we wish to express our appreciation for your willingness to introduce HB 356 "An Act relating to land management by the Board of Game and Department of Natural Resources for trapping and sport and subsistence hunting" better known as "No Net Loss" legislation. This legislation is part of a package of agreed upon actions at a gathering of sportsman's groups from around the nation. Sponsored by the NRA and the National Shooting Sports Foundation, this legislation will hopefully stem the loss of public lands available for hunting.

SCI Alaska Chapter has been the leader in preserving the freedom to hunt here in Alaska with effective leadership on issues of wildlife management, preservation of legitimate methods and means of harvesting wildlife and a leading role in important education efforts to preserve important outdoor traditions here in Alaska. We preserved effective predator/prey management at the ballot box in 2008 so our ungulate herds could become more abundant; we engineered the win in 2004 to preserve bear baiting as a legitimate hunting method; and we have been a leading supporter of the Outdoor Heritage Foundation which provides a multitude of education programs designed to get Alaskans, especially children, back outdoors and active in traditional pursuits such as hunting, fishing and trapping.

We look forward to working with you on this legislation and loo forward to its passage by the Legislature. If you have need of our technical assistance or our professional help in moving this bill forward, please don't hesitate to contact us. Our lead on governmental affairs is Eddie Grasser who has many years experience as a hunting and fishing guide, as well as a long history of working within the legislative process.

Sincerely,

Terry C. Holliday

Terry Holliday
President

cc: House Resources Committee
Legislative Outdoor Heritage Caucus

SCI's Top Gun Chapter

Linda Hay

From: Rep. Paul Seaton
Sent: Friday, March 30, 2012 4:24 PM
To: Linda Hay
Subject: FW: HB 356

From: Steve Parizek [mailto:sparizek@acsalaska.net]
Sent: Friday, March 30, 2012 2:35 PM
To: Rep. Paul Seaton
Subject: HB 356

Mr. Seaton-

I would like to voice my support for the No Net Loss bill. If I understand it correctly, this will enable users and our group to help acquire and maintain trails for all users.

Sincerely,

Steve Parizek, Pres. Snomads Inc.

Linda Hay

F[redacted]: Rep. Paul Seaton
Sent: Friday, March 30, 2012 4:23 PM
To: Linda Hay
Subject: FW: HB356

From: ALan JAquish [mailto:alanjaquish@yahoo.com]
Sent: Friday, March 30, 2012 12:18 PM
To: Rep. Alan Dick; Rep. Berta Gardner; Rep. Bob Herron; Rep. Cathy Munoz; Rep. Neal Foster; Rep. Paul Seaton
Subject: HB356

Dear Representatives,

I strongly support HB356 and would ask that you support it also.
Thank you for your service.

Sincerely,
Alan Jaquish
Anchorage

Linda Hay

From: Gary E. Hess <gdhess@aptalaska.net>
Sent: Friday, March 30, 2012 12:15 PM
To: Rep. Eric Feige; Rep. Paul Seaton; Rep. Peggy Wilson; Representative_Allen_Dick@Legis.state.ak.us; Rep. Neal Foster; Rep. Bob Herron; Represestative_Cathy_Munoz@Legis.state.ak.us; Rep. Berta Gardner; Rep. Scott Kawasaki
Subject: House Bill #356

Dear Representative: As the former longtime Chairman of the Upper Lynn Canal Fish & Game Advisory Committee & also former longtime member of the Chilkat Bald Eagle Advisory Board I would like to show my support of House Bill # 356 & would sincerely Hope that you would also support the bill. Thank You. Gary E. Hess

Linda Hay

F[illegible]: lisa.e@gci.net on behalf of Tom Embley <tembley@circleplumbingandheating.com>
Sent: Friday, March 30, 2012 12:25 PM
To: Rep. Eric Feige
Subject: Support of HB 356

Please support the Following in its entirety.
HB 356 would require that current land managed by the Department of Natural Resources (DNR) and the Department of Fish and Game (DFG) remains open for "trapping and sport and subsistence hunting." Furthermore, any land that has to be closed for reasons pertaining to public safety or wildlife management must be compensated for by the opening of the same amount of land elsewhere.

Linda Hay

F[illegible]: Cort Bro <seabrob@hotmail.com>
Sent: Friday, March 30, 2012 11:55 AM
To: Rep. Paul Seaton; Rep. Eric Feige; representative_scott_kawasaki@legis.state.ak.usrepresentative; _peggy_wilson@legis.state.ak.us; Rep. Alan Dick; representative_neal_foster@legis.state.ak.usrepresentative; _bob_herron@legis.state.ak.usrepresentative; _cathy_munoz@legis.state.ak.usrepresentative; _berta_gardner@legis.state.ak.us
Subject: Vote to support HB356.

Vote to support HB356.
Vote to support HB356.
Vote to support HB356.
Vote to support HB356.

Linda Hay

F[redacted]: oldduckhunter@gci.net
Sent: Friday, March 30, 2012 7:57 AM
To: Rep. Eric Feige
Subject: HB 356

Hello Mr. Feige,

I urge you to support HB 356, this legislation is perhaps late in coming but better late than never. Over the past 40 years I have seen the deterioration of available public lands for hunters. Hunters paved the way for most of the trails that lead into the back country and now are being excluded. Hunters pay much more than their fair share towards conservation and management of all wildlife species and while we don't feel we deserve more access than others, we certainly feel it should be equal.

Sincerely,

Steven A. Meyer
P.O. Box 2652
Kenai, Alaska 99611
(907) 252-0071

HB 360

<TARGET><BILL>HB 360</BILL><SUBJECT>HB 360</SUBJECT><COMM>HRES27</COMM></TARGET>

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version **HB360**
Fiscal Note Number
() Publish Date

Identifier (file name) HB360-DNR-MLW-03-15-12
Title Interstate Mining Compact & Commission
Sponsor House State Affairs Committee
Requester (H) RES

Dept. Affected Department of Natural Resources
Appropriation Land and Water Resources
Allocation Mining, Land and Water
OMB Component Number 3002

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel	20.0		20.0	20.0	20.0	20.0	20.0
Services	40.0		40.0	40.0	40.0	40.0	40.0
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**60.0**	**0.0**	**60.0**	**60.0**	**60.0**	**60.0**	**60.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF	60.0		60.0	60.0	60.0	60.0	60.0
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**60.0**	**0.0**	**60.0**	**60.0**	**60.0**	**60.0**	**60.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version, not applicable

Prepared by Brent Goodrum, Director — Phone 269-8501
Division Mining, Land & Water — Date/Time 3/15/12 12:00 AM
Approved by Daniel S. Sullivan, Commissioner — Date 3/15/2012
Department of Natural Resources

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB360

Analysis

This bill would authorize Alaska to join and participate in the Interstate Mining Compact.

This fiscal note has two components, annual membership and travel.

Membership Dues:
Membership in the commission requires annual dues paid by each party state. The amount of dues to be paid by each party state is covered under Article VII of the Compact and Bylaws. There are currently 19 member states, Alaska's addition would bring that total to 20.

Specifically; each party state is required to pay one half of the commission's annual budget, in equal shares. With Alaska as a member, Alaska's portion would be 1/20th of half the annual budget. The other half of the annual budget is also paid by the member states but is paid in proportion to the value of the minerals, ores and other solid matter mined in each member state.

DNR estimates that Alaska's share for dues in the first membership-year will be approximately $40.0. This amount will fluctuate in future years based on the amount of the commission's annual budget and the value of the minerals, ores and other solid matter mined in Alaska annually. This value is based on national valuation reports prepared by federal agencies to insure impartial uniformity assementof mining data. If the annual dues are significantly higher than $40.0, DNR may request supplemental funding in that year.

Travel costs:
Membership and participation in the Interstate Mining Compact Commission will require two or more trips per year by Commissioner, department staff, and possibly other representives of the Governor's office. The department estimates $20.0 per year for this expense.

Alaska State Legislature

Chairman
State Affairs Committee

Member
Judiciary Committee
Energy Special Committee
Joint Armed Services Special Committee
Military and Veterans' Affairs Committee

Finance Subcommittees
Administration
Corrections
Military and Veterans' Affairs

A Communication From
REPRESENTATIVE BOB LYNN
District 31 Anchorage

E-Mail: Representative_Bob_Lynn@legis.state.ak.us

Session:
Alaska State Capitol #108
Juneau, AK 99801-1182

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Sponsor Statement
HB 360

"An Act enacting the Interstate Mining Compact and relating to the compact; relating to the Interstate Mining Commission; and providing for an effective date."

This act authorizes the State to join and participate in the Interstate Mining Compact Commission.

Alaska has a unique and important relationship with mining. It was the lure of gold that brought thousands of eager prospectors, and served as the founding purpose for many cities and communities. As the territory and later the State grew, zinc, lead, coal, sand, gravel, and other subsurface products all played roles in this all-important sector. Today, mining is Alaska's second-largest industry, and it continues to thrive.

Alaska's five operating mines – Ft. Knox, Greens Creek, Red Dog, Usibelli, and Pogo – employ more than 2,000 people combined. The mining industry also creates public revenue by paying both state and local taxes. Interest in Alaska's mining potential continues to spur new exploration and investment in the subsurface minerals of the Last Frontier.

The Interstate Mining Compact Commission is a coalition of mining states that join together to represent the environmentally sound resource development interests of its members on a national level. Established in 1971, the IMCC recognizes the basic importance of the mining industry to the nation, and believes that the collective voice of mining states is an important aspect in preserving and advocating for states' rights. IMCC regularly serves as the spokesperson for mining states in Washington D.C., and works to represent the member states efficiently and articulately to executive agencies.

Mining was foundational to Alaska's statehood. It continues to be a major economic driver and will play an important role in the state's future. Joining the IMCC gives Alaska the opportunity to build on our successes, share what works with others, work together to build a better mining industry, and foster a better understanding and constructive relationship with the federal agencies. I urge your support of HB 360.

HB 360 – Interstate Mining Compact & Commission
Sectional Analysis

Passage of HB 360 would elevate Alaska from associate membership to full membership in the Interstate Mining Compact Commission, allowing the Governor to be an active, voting member.

Section 1: Amends AS 27 by adding:

- Sec. 27.08.010, which contains and enacts into law the Interstate Mining Compact, which includes the following articles:
  - **Article 1:** Findings and Purpose – finds the importance of mining to the state and proposes to support environmentally sound mining,
  - **Article 2:** Definitions – defines "mining" and "state",
  - **Article 3:** State Programs – ensures a member state has adequate mining regulations, which Alaska does,
  - **Article 4:** Powers – specifies the power of the Commission to study, make recommendations, and gather and disseminate information on mining-related issues,
  - **Article 5:** The Commission – creates the Commission,
  - **Article 6:** Allows the Commission to establish Advisory, Technical, and Regional Committees,
  - **Article 7:** Finance – details how the Commission's finances are to be handled,
  - **Article 8:** Entry Into Force and Withdrawal – describes that states must enact the compact to participate and must repeal the act to withdraw,
  - **Article 9:** Effects on Other Laws – maintains that the compact does not limit, repeal, or supersede any state laws,
  - **Article 10:** Construction and Severability – Provides that all phrases, clauses, sentences and provisions are severable;
- Sec. 27.08.020, which provides for an alternate; and
- Sec. 27 27.08.030, which requires the Interstate Mining Compact Commission to file its bylaws and amendments with the Department of Natural Resources.

Section 2: Provides for an immediate effective date.

Interstate Mining Compact Commission

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Welcome

The Interstate Mining Compact Commission is a multi-state governmental agency / organization that represents the natural resource interests of its member states. First envisioned in 1964, the Commission came into existence in 1970 with the entry of its first four states. Since that time, 19 additional states have enacted legislation bringing them into the Compact, and 5 additional states have become associate members as they pursue enactment of legislation which will make them full members. The Commission established its headquarters in the Northern Virginia suburbs of Washington, D.C. in 1988. The states are officially represented by their Governors who serve as Commissioners. The Commission operates through several committees composed of duly appointed representatives of the Governors from their respective Departments of Natural Resources or Environmental Protection.

IMCC Staff

Gregory E. Conrad - Executive Director

Beth A. Botsis - Director of Programs

Phyllis Plummer - Bookkeeper

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Interstate Mining Compact Background

The mining industry is one of the most basic and important in the Nation. Our manufacturing activities, transportation systems, and the comfort of our homes depend on the products of mining. Yet it is also true that generations of mining operations have had their effect on the surface of our land and on the condition of other resources. There is an urgent need to find improved means of turning mined lands to their most useful functions and to find ways of reducing the undesirable effects of mining operations on other property and resources. The necessary programs should be undertaken with due regard for the interests of all land and other resource users, including homeowners, ming and other industries, recreationsists, conservationists, and the general public.

Governmental action to assist mining industries in their efforts to become more efficient in their methods, thereby increasing yields at lower costs, also is in the public interest. Such activities can and should go hand in hand with programs aimed at improving the usefulness of the surface of mined land.

Individual states have the power to establish and maintain programs of land and other resource development, restoration and regulation appropriate to cope with the surface effects of mining. The Interstate Mining Compact would not shift responsibility for such programs. On the other hand, states acting singly without reference to actions in other jurisdictions labor underserious handicaps in mounting desirable programs. While physiographic, climatic and regional differences in density of population and varying availability of recreational facilities make the application of rigid, single standards inappropriate, fundamental equity would be served by making it possible for individual states to construct their programs in such a way that those mining operations which actually are similarly situated be afforded similar types of assistance and be subjected to comparable regulatory patterns. There is much that an insterstate agency like the Interstate Mining Commission established by this compact could do to develop and pool experience in dealing with mining problems.

The Interstate Mining Compact could do much to overcome the limitations just outlined. The Interstate Compact to Conserve Oil and Gas (in successful operation for about thirty-five years and now participated in by virutally every oild and gas producing jurisdiction of the United States), suggests some of the accomplishments that might result from interstate efforts in the field of the mining of solid substances. "The form statute for the conservation of oil and gas," and the many other suggestions of the Interstate Oil Compact Commission, have brought an inceasing degree of comparability into state programs affecting the production of oil and natural gas. Also, that Commission serves as a forum for the exchange of useful information in its field of interest. While the focus of an Interstate Mining Compact as here envisaged would be somewhat different from that of the Oil and Gas Compact, and while its format bears only slight resemblance to the Oil and Gas Compact, its basic approach is the same. By adopting the compact, states would obligate themselves to undertake and maintain certain types of programs. In addition, an interstate body with roots in each of the party states and an ability to facilitate the sharing of knowledge would be placed in operation.

The Interstate Mining Compact had its beginnings in 1964. In April of that year in Roanoke, Virginia, the Council of State Governments held a conference on surface mining, attended by state and federal legislative and administrative officials, by mining industry representatives, and by conservationists. In the aftermath of this meeting, the Southern Governors' Conference, that Fall, called on the Council of State Governments to assist the states in developingone or more compacts to deal with surface mining problems. These initiatives led to the subsequent adoption in many states of strengthened laws and programs for regulating surface mining; and to supplement these intra-state activities, the Interstate Mining Compact was drafted and became available for their consideration in the legislative sessions of 1996.

The Compact, Article by Article

It may be helpful to present a brief article-by-article description of the Compact. In

particular, a number of matters which appear rather cryptic in statutory language can be illustrated in order to supply a fuller idea of the considerations behind key provisions of the Compact's ten articles.

Article I – "Findings and Purposes"

This provides the general setting for the compact. It puts into language customary for declarations of legislative intent the considerations to be employed in interpreting the policies underlying the compact and its objectives.

Article II – "Definitions"

With only two exceptions, the words and phrases used in the compact should be taken in their ordinary dictionary meanings. The words "mining" and "State" are specially defined for the purposes of the Compact.

The definition of "mining" includes more than surface mining and more than would probably be included in mining as sometimes conceived. While the problem of effects on the surface of land and water are frequently identified as effects of surface mining processes, all mining operations have some effects on the surface. Consequently, for compact purposes, mining is defined in such a way as to include the surface effects of any kind of mining within the scope of the compact. If the Interstate Mining Commission were a regulatory or law making body, this novel definition could raise questions of considerable scope. However, in view of the entirely recommendatory character of the proposed Commission, it has seemed desirable to permit a wide scope for activities under the compact.

Also, it should be noted that the definition of "mining" is broad enough to include quarrying and excavation for the removal of a wide variety of materials. Such operations can present the same kinds of problems with respect to effects on land and water surface as so operations conducted in furtherance of activities more commonly understood to be mining.

Both deep mining and the various kinds of surface mining are involved. However, certain operations conducted underground are not meant to be encompassed, because they have no demonstrable effect on the surface. On the other hand, surface subsidence, underground mine fires, and the deposit of wastes above ground (whether associated with surface or deep mining operations) do have effects on the surface. Consequently, the definition of "mining" in the compact would cover them.

"State" obviously means any one of the fifty states. In order to open the compact to participation by the Commonwealth of Puerto Rico and the Territories, the word is specially defined.

Article III – "State Programs"

Each of the party states will continue to be the regulatory authority in fields related to the compact. The only function of the interstate agency established by the compact is to study and make recommendations with respect to mining, as defined by the compact, and to study and make recommendations designed to assist the mining industries to improve their techniques. On the other hand, it is thought essential that each party state obligate itself to undertake programs in the key areas to which it applies as set forth in this article. It will be noted that the emphasis is on state programs to accomplish certain results. In certain instances, voluntary measures of nongovernmental entities may be the means of accomplishing necessary objecives; in others, law and administration of a regulatory or other character may be necessary. Depending on the conditions and circumstances prevailing in each of the states, the various ingredients of the program may be used in differing combination. However, this articled is a pledge that the states will have programs adequate to the purposes of the compact.

Article IV – "Powers"

This aritcle enumerates a number of powers which the Interstate Mining Commission may exercise. All of them are of a study, recommendatory or consultative character. This implements one of the basic purposes of the compact, and where necessary, formulates the experience and expert research and thought necessary for the implementation of their individual programs.

Article V – "The Commission"

Although this article is lenghty, most of its provisions are of a more or less routine

character and deal with the internal management on the Interstate Mining Commission's day-by-day affairs. Two features of the article which merit special attention are the actual creation and composition of the Interstate Mining Commission, and the voting procedures for it.

The Governors of the party states are to be the commissioners. This means one commissioner from each party state. However, it was considered essential to provide mechanisms for the representation of the state by a Governor's alternate, when the Governor himself could not carry out his responsibilities in compact work in person. To accomplish this purpose, the article requires that there be in each party state an advisory body to counsel the Governor in matters relating to the compact. Thos body must include representatives of mining industries, conservation interests, and other public and private interests. While the precise composition and functioning ot this advisory board is a matter for each state to consider and implement in its own way, Section 2 of the Suggested Enabling Act which accompanies the compact should be consulted for an illustration of what might be done along these lines. In order to assure the connection between the Governor's work on the Interstate Mining Commission and this advisory body, the article also requires that the Governor's alternate be a member of the advisory board.

The voting procedures contained in this article are divided into two parts. The net effect of the provision (assuming a membership of fifty-four jurisdictions) would be to require twenty-eight affirmative votes for the taking of certain specified important actions by the Commission, such as the making of recommendations or the authorization of certain kinds of studies, and to require only a majority of those present and voting on more routine business.

Article VI – "Advisory, Technical, and Regional Committees"

Because of the variety of interests and commodities involved in various aspects of mining and the use of mined lands, it is doubtful that any agency, however expert or representative, could contain within its own membership all of the necessary knowledge and awareness of the problems which the Interstate Mining Commission will have to consider. Consequently, this article gives the Commission authority to assemble and use advisory, technical, and regional committees of the widest possible scope. The committee structure authorized by this article and the state advisory groups required by Article V provide two means of making sure that the Commission will have the benefit of the views and knowledge of all relevant segments of the community.

Article VII – "Finance"

The basic support of the Interstate Mining Commission is to come from appropriations made by the party states. However, with a large number of jurisdictions participating, it is unlikely that the appropriation requested from any single state would be very large. The article contains a formula for the apportionment of appropriation requests. In part this formula is dependent on a comparison of relative values of ores and other solid matter mined in the party states. In making such comparisons, the Commission is authorized to use publicly available sources of information. For example, the U.S. Bureau of the Census and of Mines now publish data of this sort. In particular, the "Minerals Yearbook" of the Bureau of Mines contains state-by-state breakdown of the kind that could be used. The article also contains recognition of a power, conferred elsewhere in the compact, to accept gifts and grants to aid its work. The article also contains audit and accounting safeguards.

Article VIII – "Entry Into Force and Withdrawal"

Adoption by four states will be necessary to bring the compacy into effect. Withdrawal by a state is possible upon enactment of a repeal of the compact and one year's notice to the other states. This notice provision is designed to give the other party states and the Commission an opportunity to adjust compact activities in accordance with the new situation.

Article IX – "Effect on Other Laws"

Since the compact operates in a field where there is already much state legislation, this article gives specific assurance that none of these other statutes are impaired or repealed by implication.

Article X – "Construction and Severability"

This is a technical provision of standard character and language.

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Associate Member States

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Wyoming

Member State Contact Information

The IMCC Membership Directory with state contact information can be accessed here: **Membership Directory**

Benefits of Membership

Quarterly newsletter - "The Compact"
Annual National Reclamation Awards Program
Annual National Mineral Education Awards Program
Special Informational Studies and Reports
Annual Reports of activities
Membership Directory
Annual and Mid-Winter Meetings
Interaction opportunities with other states and federal government officials

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What We Do

The Commission exercises several powers on behalf of the states, all of which are of a study, recommendatory or consultative nature. The Commission does not possess regulatory powers, as some Compacts do. The Commission provides a forum for interstate action and communication on issues of concern to the member states. It is the potential to stimulate the development and production of each state's mineral wealth through effective regulatory programs that draws many of the states together in the prosecution of the Commission's work. Given the environmental sensitivities associated with this objective, a significant portion of the Commission's work is dedicated to the environmental protection issues naturally associated with this mineral development. It is the significant value and clout that comes from "compacting" together and speaking with a strong, united voice that can make a difference in each state's efforts to implement effective regulatory programs that will conserve natural resources and secure a vibrant state (and thus national) mineral economy.

Initiatives

- Liaison with Federal government and Congress
- Monitoring of regulatory and legislative developments
- Development and communication of State positions and recommendations on Federal rulemakings and national legislation
- Information gathering and dissemination
- Coalition building with related State organizations
- Interaction with environmental and industry groups
- Public mining and minerals education outreaches

Issues pursued by IMCC

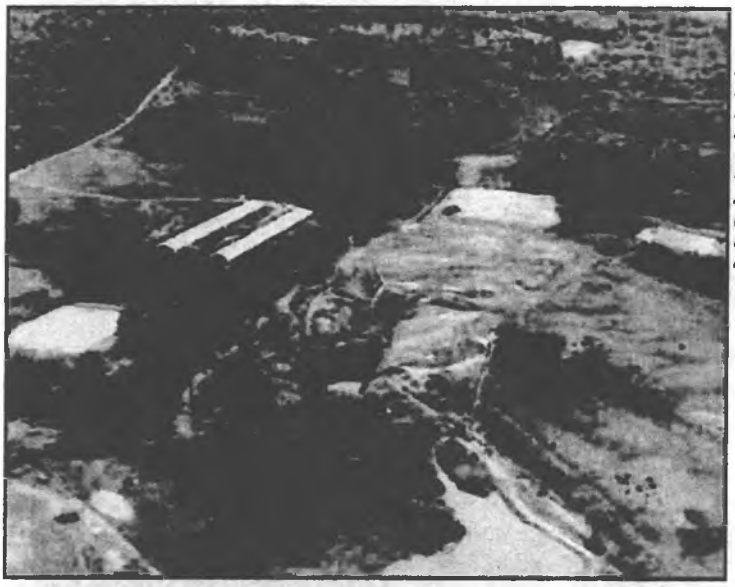
- Mine waste regulation under the Resources Conservation and Recovery Act (RCRA)
- Regulatory implementation issues arising under the Surface Mining Control and Reclamation Act (SMCRA) such as: primacy, federal oversight, enforcement, the Applicant/Violator System, bonding, citizen participation, acid mine drainage, single source coal reporting, national technology transfer, and environmental protection standards
- Reform of the 1872 Mining Law
- Groundwater and stormwater regulations
- Inactive and abandoned mine reclamation
- Underground Mine Mapping
- Mine Placement of Coal Combustion Wastes
- Mine Safety and Health Issues
- Zoning and other land use restrictions

Committees

- Abandoned Mine Lands (AML) and Reauthorization of the AML Program under SMCRA
- Awards
- Education Work Group
- Finance & Administrative
- Environmental Affairs, Coal Section

- Environmental Affairs, Noncoal Section
- Mine Safety and Health
- Resolutions

Photos of Active Mining and Reclamation of one site:



Russ & Sons, Inc. Russ and Sons No.1 Mine, Sebastian County, Greenwood, Arkansas (Active Mining). April 18, 1990



Russ & Sons, Inc. Russ and Sons No.1 Mine, Sebastian County, Greenwood, Arkansas (Reclamation). June 15, 1993

See More Photos...

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Participants – HB 360 Testimony

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Memorandum

TO: Senator Cathy Giessel
FROM: Chuck Burnham, Legislative Analyst
DATE: February 28, 2012
RE: Alaska Membership in Interstate Compacts and Commissions
LRS Report 12.212

You asked for an account of interstate compacts and commissions that Alaska has joined including where in statute each is codified, and the identity of the state's designated representatives to the agreements.

We located 23 unique interstate compacts and commissions in Alaska Statute to which the state is a signatory. Those agreements, their statutory citations, years of the state's joinder, and designated representatives are delineated in the attached table. Full text of each agreement and listings of their member states are available on the website of the Council of State Governments' National Center for Interstate Compacts at *http://apps.csg.org/ncic/*.

We hope this is helpful. If you have questions or need additional information, please let us know.

Interstate Compacts and Commissions in Alaska Statute

Agreement	Citation	Year of Joinder	Alaska Designees
Western Regional Education Compact	AS § 14.44.010-040	1955	Diane Barrans, Executive Director, Alaska Commission on Postsecondary Education
Compact on Mental Health	AS § 47.30.880	1957	Melissa Stone, Director, Dept. of Health and Social Services (DHSS), Division of Behavioral Health
Interstate Compact for Juveniles	AS § 47.15.010-080	1960	Barbara Murray, Program Officer, DHSS Office of Youth Corrections
Western Corrections Compact	AS § 33.36.060-100	1961	Joe Schimdt, Commissioner, Dept. of Corrections (DOC)
Pacific Marine Fisheries Compact	AS § 16.45.010-040	1962	Cora Campbell, Commissioner, Dept. of Fish and Game
National Guard Mutual Assistance Compact	AS § 26.25.010-030	1968	Governor Sean Parnell
Western Interstate Energy Compact	AS § 41.98.110-150	1969	Unclear
Agreement on Qualifications of Educational Personnel	AS § 14.20.620-650	1970	Mike Hanley, Commissioner, Dept. of Education and Early Development (DEED)
Multistate Tax Compact	AS § 43.19.010-050	1970	Bryan Butcher, Commissioner, Dept. of Revenue
Compact on Placement of Children	AS § 47.70.010-080	1976	Christy Lawton, Director, DHSS Office of Children's Services
Civil Defense and Disaster Compact	AS § 26.23.120	1977	Repealed
Compact for Education	AS § 14.44.050-060	1980	Esther Cox, President, State Board of Education; Senator Bettye Davis; Representative Carl Gatto; Mike Hanly, Commissioner DEED; Governor Sean Parnell; Carl Rose, President, Association of Alaska School Boards; and Karl Wing, Student Body President, University of Alaska Anchorage

Interstate Compacts and Commissions in Alaska Statute (continued)

Agreement	Citation	Year of Joinder	Alaska Designees
Interstate Compact to Conserve Oil and Gas	AS § 46.04.100	1980	Daniel Seamount, Jr., Alaska Oil and Gas Conservation Commission
Agreement on Detainers	AS § 33.35.010	1981	Joe Schimdt, Commissioner, DOC
Northwest Compact on Low-Level Radioactive Waste Management	AS § 46.45.010-020	1983	Douglas Dasher, Radiation Program Manager, Dept. of Environmental Conservation
Interstate Corrections Compact	AS § 33.36.010-040	1984	Joe Schimdt, Commissioner, DOC
Driver License Compact	AS § 28.37.010-190	1986	Whitney Brewster, Director, Division of Motor Vehicles, Dept. of Administration
Interstate Compact on Adoption and Medical Assistance	AS § 47.05.090	1998	KariLee Pietz, Program Officer, DHSS Office of Children's' Services
National Crime Prevention and Privacy Compact	AS § 12.64.010	2001	Kathryn Monfreda, Chief, Criminal Records and Identification Bureau, Dept. of Public Safety
Emergency Management Assistance Compact	AS § 26.23.135-136	2002	John Madden, Director, Division of Homeland Security and Emergency Management, Dept. of Military and Veterans Affairs
Interstate Compact for Adult Offender Supervision	AS § 33.36.010-040	2002	Ronald Taylor, Director, DOC Division of Probation and Parole
Interstate Insurance Product Regulation Compact	AS § 21.42.700-705	2007	Linda Hall, Director, Division of Insurance, Dept. of Commerce, Community, and Economic Development
Interstate Compact on Educational Opportunity for Military Children	AS § 14.34.010	2009	Mike Hanley, Commissioner, Dept. of Education and Early Development

Notes: Although we believe our research to be thorough, there may be additional interstate compacts and commissions to which Alaska is a party that we were unable to locate through our efforts.
Source: Alaska Statutes, Internet searches, and the National Center for Interstate Compacts (*http://apps.csg.org/ncic/Default.aspx*).

Testimony of Gregory E. Conrad, Executive Director, Interstate Mining Compact Commission before the House Resource Committee re HB 360 – March 19, 2012

Good afternoon. My name is Gregory Conrad and I serve as Executive Director of the Interstate Mining Compact Commission. I appreciate the opportunity to testify today in support of H.B. 360, a bill to authorize the state of Alaska to join the Compact as a full member state. As you know, Alaska has been an associate member of the Compact since 2006, during which time the state has had an opportunity to learn more about the benefits and services that IMCC provides to its member states. I believe you will hear directly from a representative of the Department of Natural Resources about Alaska's experience to date, which I understand has been very positive. It is based on this experience that the state has chosen to move forward with the legislation that is necessary to bring the state into the Compact as a full member. In this regard, I would be happy to answer any questions you may have today about the work of the Compact and how it will directly benefit Alaska.

The specific matter I have been asked to address with you today is why Alaska should become a full member. As with other state government organizations, it is the active participation and commitment of the full member states that carries the organization forward in terms of both support and leadership. Upon becoming a full member through the enactment of legislation, the state of Alaska will have a formal vote in guiding the direction of the Compact. Alaska will also be in a position to chair the various standing committees of the Compact and to thereby help lead the Compact in directions that are favorable to both Alaska and the member states. Alaska will continue to enjoy the many other benefits to which it has been exposed over the past six years, including access to all IMCC communications, meetings, programs, and initiatives. Alaska's participation as a full member

will also be recognized and understood by those who work with the Compact on a regular basis, including both the Congress and the federal agencies, and this brings a greater degree of recognition and influence regarding Alaska's participation in our work. IMCC's presence in Washington, DC allows us to monitor federal agency and congressional initiatives that might impact states' rights as well as development constraints on mineral issues. I believe that Alaska's participation in the organization opens avenues for the state to be heard in unique and valuable ways not otherwise available to it and to be supported with the clout that comes from 24 states speaking together as one voice. And since IMCC is focused solely on mining and related environmental protection issues with the federal government, we are able to delve deeper into the concerns that matter most to Alaska in this critical area of resource use and protection.

I know I speak for all of the member states of the Compact in encouraging the Committee to seriously consider and hopefully approve this legislation to bring Alaska in as our newest full member state. I would be happy to answer any questions you may have or provide additional information. Thanks for the opportunity to participate in today's hearing.

HB

361

<TARGET><BILL>HB 361</BILL><SUBJECT>HB 361</SUBJECT><COMM>HRES27</COMM></TARGET>

HOUSE BILL NO. 361 as amended

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/29/12
Referred:

A BILL

FOR AN ACT ENTITLED

"An Act relating to the Alaska Land Act, including certain lease, sale, and other disposal of state land and materials; relating to production royalties from miners; relating to rights to use state water; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 38.05.055 is amended to read:

Sec. 38.05.055. Auction sale <u>or sealed bid</u> procedures. Unless another method of sale is required under this chapter, AS 38.08, or AS 38.09, the sale of state land shall be made at public auction **<u>or by sealed bid, at the discretion of the director,</u>** to the highest qualified bidder as determined by the director. The director may accept bids and sell state land under this section at no less than 70 percent of the appraised fair market value of the land. To qualify to participate under this section in a public auction **<u>or sale by sealed bid</u>** of state land that is other than commercial, industrial, or agricultural land, a bidder shall have been a resident of the state for at least one year immediately preceding the date of the **<u>sale</u>** [AUCTION] and submit

proof of that fact, as the commissioner requires by regulation. A bidder may be represented by an attorney or agent at **a public** [THE] auction. An aggrieved bidder may appeal to the commissioner within five days after the sale for a review of the director's determination. The sale shall be conducted by the director, and, at the time of sale, the successful bidder shall deposit an amount equal to five percent of the purchase price. The director shall immediately issue a receipt containing a description of the land or property purchased, the price bid, and the amount deposited. The receipt shall be acknowledged in writing by the bidder.

*** Sec. 2.** AS 38.05.065(a) is amended to read:

(a) The contract of sale for land sold at public auction **or by sealed bid** under AS 38.05.055 shall require the remainder of the purchase price to be paid in monthly, quarterly, or annual installments over a period of not more than 20 years, with interest at the rate provided in (i) of this section. Installment payments plus interest shall be set on the level-payment basis.

*** Sec. 3.** AS 38.05.069(a) is amended to read:

(a) After consulting with the Board of Agriculture and Conservation (AS 03.09.010), on a determination that the highest and best use of unoccupied land is for agricultural purposes and that it is in the best interests of the state to sell or lease the land, the commissioner shall grant to an Alaska resident owning and using or leasing and using land for agricultural purposes a first option [AT THE AUCTION] to purchase or lease the unoccupied land situated adjacent to land presently held by the Alaska resident for the amount of the high bid received at public auction **or by sealed bid**. If more than one Alaska resident qualifies for a first option under this section, eligibility for the first option shall be determined by lot and the option must be exercised on the conclusion of the public auction **or opening of sealed bids**. A parcel of agricultural land sold under this section may not be less than 20 acres, and a parcel of agricultural land that is acquired by exercise of the option granted in this subsection may not exceed 320 acres. Agricultural land that is acquired under this section must be used for agricultural purposes as required by law.

*** Sec. 4.** AS 38.05.069(c) is amended to read:

(c) Under this section,

(1) the director may transfer state land classified for agriculture only for agricultural purposes;

(2) the sale or lease shall be at public auction **or by sealed bid**.

*** Sec. 5.** AS 38.05.070(b) is amended to read:

(b) The director, with the approval of the commissioner, shall determine the land to be leased and the limitations, conditions, and terms of the lease. The director shall preserve reasonable and traditional access to state land and water. If the appraised value of the transaction is **$10,000** [$5,000] a year or less the director may negotiate a lease for a period not to exceed 10 years, and on the limitations, conditions, and terms that the director considers are in the best interests of the state. A lease negotiated under this subsection is not eligible for a preference under AS 38.05.102.

*** Sec. 6.** AS 38.05.070 is amended by adding new subsections to read:

(d) If, after notice under AS 38.05.945 soliciting interest for a competitive auction, the department determines that only one potential bidder has expressed interest in bidding, the director may cancel the competitive auction and negotiate a lease and its conditions and terms that the director determines to be in the best interests of the state.

(e) The director may renew a lease issued under this section, AS 38.05.075, or 38.05.810 upon its expiration if the lease is in good standing and the lease renewal is determined to be in the best interests of the state. A renewal issued under this subsection is not subject to AS 38.05.035(e). A lease may only be renewed once for a term no longer than the initial term of the lease.

*** Sec. 7.** AS 38.05.073(g) is amended to read:

(g) After soliciting proposals under (e) of this section, if the commissioner determines that two or more potential lessees are acceptable, the commissioner may select the potential lessee who submits the highest bid during **a public** [AN] auction or by sealed bids, whichever method the commissioner chooses. The minimum bid must equal the amount established by the commissioner plus the administrative fee established under (k) of this section. The commissioner shall also require the potential lessee to make an earnest money deposit under AS 38.05.860(b). After the

commissioner selects a potential lessee, the commissioner may begin negotiations with the potential lessee to develop the terms and conditions for the lease.

* **Sec. 8.** AS 38.05.075(a) is amended to read:

(a) Except as provided in AS 38.05.035, 38.05.070, 38.05.073, 38.05.082, 38.05.083, 38.05.087, 38.05.102, 38.05.600, 38.05.810, and this section, **when competitive interest has been demonstrated or the commissioner determines that it is in the state's best interests,** leasing shall be made at public auction **or by sealed bid, at the discretion of the director,** to the highest qualified bidder as determined by the commissioner. **A bidder may be represented by an attorney or agent at a public auction.** In the public notice of a lease to be offered at public auction **or by sealed bid**, the commissioner shall specify a minimum acceptable bid and the lease compensation method. The lease compensation method shall be designed to maximize the return on the lease to the state and shall be a form of compensation set out in AS 38.05.073(m). An aggrieved bidder may appeal to the commissioner within five days for a review of the determination. The leasing shall be conducted by the commissioner and the successful bidder shall deposit at the **public** auction **or with the sealed bid** the first year's rental or other lease compensation as specified by the commissioner, or that portion of it that the commissioner requires in accordance with the bid. The commissioner shall require, under AS 38.05.860, qualified bidders to deposit a sum equal to any survey or appraisal costs reasonably incurred by another qualified bidder acting in accordance with the regulations of the commissioner or incurred by the department under AS 38.04.045 and AS 38.05.840. If a bidder making a deposit of survey or appraisal costs is determined by the commissioner to be the highest qualified bidder under this subsection, the deposit shall be paid to the unsuccessful bidder who incurred those costs or to the department if the department incurred the costs. All costs for survey and appraisal shall be approved in advance in writing by the commissioner. The commissioner shall immediately issue a receipt containing a description of the land or interest leased, the price bid, and the terms of the lease to the successful qualified bidder. If the receipt is not accepted in writing by the bidder under this subsection, the commissioner may offer the land for lease again under this subsection. A lease, on a form approved by the attorney general, shall be

signed by the successful bidder and by the commissioner [WITHIN THE PERIOD SPECIFIED IN THE AUCTION NOTICE].

* **Sec. 9.** AS 38.05.083(a) is amended to read:

(a) The commissioner may offer to the public for lease at public auction **or by sealed bid** under AS 38.05.075 or by negotiation under AS 38.05.070 a site for aquatic farming or related hatchery operations. Before a final decision to issue or renew a lease under this section, the commissioner shall give notice and allow opportunity for comment in accordance with AS 38.05.945 and may hold a hearing to take testimony. Before a final decision to issue or renew a lease under this section, the commissioner shall consider all relevant comment or testimony submitted under this section, AS 38.05.945, or 38.05.946.

* **Sec. 10.** AS 38.05.110(a) is amended to read:

(a) The commissioner shall provide for cruises of timber **on** [AND APPRAISALS OF OTHER MATERIALS IN OR UPON] state land and shall assess the supply of and current markets for timber on [AND OTHER MATERIALS IN] privately owned land in close proximity to state land to determine

(1) the timber [AND OTHER MATERIALS] that should be offered for sale; and

(2) the terms of sale of the timber [OR OTHER MATERIALS].

* **Sec. 11.** AS 38.05.120 is amended to read:

Sec. 38.05.120. Disposal procedure. Timber [AND OTHER MATERIALS] shall be sold either by sealed bids or public auction, depending on which method is determined by the commissioner to be in the best interests of the state, to the highest qualified bidder as determined by the commissioner. An aggrieved bidder may appeal to the commissioner within five days after the sale for a review of the determination. The sale shall be conducted by the commissioner, and at the time of sale the successful bidder shall deposit the amount specified in the terms of sale. The means by which the amount of deposit is determined shall be prescribed by appropriate regulation. The commissioner shall immediately issue a receipt containing a description of the timber [OR MATERIALS] purchased, the price bid, and the terms of sale. The receipt shall be accepted in writing by the bidder. A contract of sale, on a form approved by the

attorney general, shall be signed by the purchaser and the contract shall be signed by the commissioner on behalf of the state. The commissioner may impose conditions, limitations, and terms considered necessary and proper to protect the interests of the state. Violation of any provision of this chapter or the terms of the contract of sale subjects the purchaser to appropriate legal action.

*** Sec. 12.** AS 38.05.212(a) is amended to read:

(a) In exchange for and to preserve the right to extract and possess the minerals produced, the holder of a mining claim, leasehold location, or mining lease, including a mining lease under AS 38.05.250, shall pay a royalty on all minerals produced from land subject to the claim, leasehold location, or mining lease during each calendar year**, or each fiscal year if the miner does not file the mining license tax on a calendar year basis. The department may exempt, by regulation, small operations from the production royalty otherwise required by this section**.

*** Sec. 13.** AS 38.05.250(c) is amended to read:

(c) Each submerged land mining lease shall be for a period of up to 20 years and for so long as there is production in paying quantities from the leased area. **A submerged land mining lease may be renewed for a period of up to 20 years at the discretion of the director if the director determines that the renewal is in the best interests of the state.**

*** Sec. 14.** AS 38.05 is amended by adding new sections to read:

#6

Article 14A. Material Sales.

Sec. 38.05.550. Disposal of materials. (a) All materials owned in fee by the state may be sold or conveyed as provided in AS 38.05.550 - 38.05.565.

(b) Materials may only be sold or removed from sources or sites designated by the department. The department shall issue a decision under AS 38.05.035(e) that the sale and extraction of materials from that location is in the best interests of the state at the time each source or site is designated. The department shall give notice, in accordance with AS 38.05.945, of the department's decision to designate a source or site for the sale and extraction of materials. After decision and notice, the department may sell materials continuously, without further finding or notice, from that designated source or site under this section until the source or site is closed by the

department.

(c) Each sale of materials must be made through a materials sales contract on a form that has been approved by the attorney general. At the time of each sale the department shall determine

(1) the location of the source or site from which materials are to be removed;

(2) the method of disposal as provided in AS 38.05.555 - 38.05.565; and

(3) the limitations, conditions, and terms of sale, which shall address the utilization, development, and maintenance of the source of the materials.

(d) The commissioner shall provide for valuation of materials in or upon state land. Materials sold or conveyed under AS 38.05.550 - 38.05.565 may, at the director's discretion, be sold either at

(1) representative regional sales prices periodically determined by the commissioner for each type of material and for defined geographic regions, under procedures established by regulation; public notice under AS 38.05.945 must be made whenever the commissioner revises the representative regional sales prices;

(2) fair market value determined by appraisal completed and approved within two years of the date of sale; or

(3) a price less than appraised value, determined under AS 38.05.810(a).

Sec. 38.05.555. Negotiated sales and personal use of materials. (a) Notwithstanding any other provision of AS 38.05.550 - 38.05.565, the director may negotiate the sale of any amount of materials from a source or site designated under AS 38.05.550(b). The period of a contract for a sale of materials negotiated under this section may not exceed five years.

(b) Sales of materials under this section must be made at a representative regional sales price set by the commissioner under AS 38.05.550(d)(1) unless

(1) the director determines that it is in the best interests of the state to sell the materials at fair market value determined by an appraisal provided by the department;

(2) the applicant, at its own cost, elects to provide an appraisal, acceptable to the department, determining the fair market value of the materials to be sold; or

(3) the sale is to a state or federal agency, or political subdivision under AS 38.05.810(a) and the material to be extracted and removed is used for public purposes; sales under this paragraph may be at a price less than appraised value as determined by the director.

(c) Subsequent sales of similar materials from the same source or site may be made by the department at the price established by an appraisal provided under (b) of this section.

(d) Individual negotiated contracts for the sale of materials authorized by (a) of this section are not subject to AS 38.05.035(e) or 38.05.945.

(e) Materials from a source or site designated under AS 38.05.550(b) may be extracted and removed for personal use without cost up to a limit of two cubic yards per person within a one calendar year period. Extraction and removal of materials under this subsection must be approved by the department before extraction operations.

Sec. 38.05.560. Competitive sales of materials. (a) The department shall offer materials from a source or site designated under AS 38.05.550(b) for competitive sale if the department determines that

(1) the sale would result in an exclusive use by the purchaser of a designated source or site;

(2) materials available at a designated source or site are insufficient to supply all anticipated buyers;

(3) the size of the designated source or site is too small to accommodate the extraction operations of all anticipated buyers; or

(4) it is in the best interests of the state.

(b) Notice of a competitive sale of materials from a source or site designated under AS 38.05.550(b) shall be given under AS 38.05.945(a)(4) and shall

(1) describe the location of the designated source or site, and the type and quantity of the materials to be sold;

(2) solicit potential bidders to register with the department to participate in the proposed sale; only persons registered to bid at a proposed sale of materials may bid; and

(3) include the minimum bid for materials to be sold.

(c) A notice of competitive sale required under (b) of this section may be combined with a notice required under AS 38.05.550.

(d) If, after notice under (b) of this section, only one potential bidder has registered to bid at a proposed competitive sale, the competitive sale may be cancelled and the materials sold by negotiation under AS 38.05.555.

(e) Materials sold under this section may be sold either by sealed bid or by public outcry or online auction, in the discretion of the department, to the highest qualified bidder as determined by the department. An aggrieved bidder may appeal to the commissioner under AS 44.37.011 within five days after the sale for a review of the determination. The sale shall be conducted by the director or the director's designee, and at the time of sale the successful bidder shall deposit the amount specified in the terms of sale. The means by which the amount of deposit is determined shall be prescribed by regulation. The director shall immediately issue a receipt containing a description of the materials purchased, the price bid, and the terms of sale. The receipt shall be accepted in writing by the bidder. A contract of sale, on a form approved by the attorney general, shall be signed by the purchaser and the contract shall be signed by the director on behalf of the state. The director may impose conditions, limitations, and terms considered necessary and proper to protect the interests of the state.

Sec. 38.05.562. Violations. Violation of any provision of AS 38.05.550 - 38.05.565 or the terms of the contract of sale subjects the purchaser to appropriate legal action.

Sec. 38.05.565. Sale or disposal of materials for special purposes. (a) The department may negotiate the sale or otherwise dispose of materials from sources or sites other than those designated under AS 38.05.550(b) to

(1) municipalities, other state and federal agencies, or other entities under AS 38.05.872; sales under this section may be at less than fair market value and

materials may be disposed of free of charge if the director determines that such a disposal is in the public interest;

(2) a licensed public utility or a licensed common carrier under AS 38.05.810(e); sales under this section shall be at representative regional sales prices determined under AS 38.05.550(d)(1); or

(3) a holder of a permit, land lease, or right-of-way issued by the department, if the materials to be extracted and removed during the construction, use, or maintenance of a facility authorized by a permit, land lease, or right-of-way, are necessary and incidental to the primary purpose of the permit, land lease, or right-of-way, and the materials are put to beneficial use in a way that alters the character, usefulness, or availability of the materials in their native forms; the department may authorize the sale of materials under terms of the permit, land lease, or right-of-way; sales of materials under this paragraph must be at

(A) the representative regional sales price established under AS 38.05.550(d)(1) unless the sale is to a state or federal agency, political subdivision, or other entity under AS 38.05.810(a); or

(B) a price less than appraised value as determined by the director if the sale is to a state or federal agency, political subdivision, or other entity under AS 38.05.810(a) and the materials to be extracted and removed are used for public purposes.

(b) If materials are moved within and not removed from the boundaries of a permit, land lease, or right-of-way issued by the department, without altering the character, usefulness, or availability of the materials in their native forms, the applicant may not be required to purchase the materials.

(c) In this section, "land lease"

(1) means a lease issued under AS 38.05.070 - 38.05.105;

(2) does not include a lease issued under AS 38.05.131 - 38.05.275.

* **Sec. 15.** AS 38.05.810(b) is amended to read:

(b) Notwithstanding AS 38.05.070 - 38.05.080 and 38.05.095, the director, upon application filed by an applicant eligible under (b) - (d) of this section, may, by negotiation and without **competitive bid** [PUBLIC AUCTION] in the manner

prescribed in (b) - (d) of this section, lease state land for a term of not more than 55 years. Before leasing, the director shall prepare a land use plan and a land classification to insure that the proposed use is compatible with area utilization. Before the land may be leased under (b) - (d) of this section, it must be shown to the satisfaction of the director that the land is to be used for an established or definitely proposed project, and that the eligible applicant has the financial ability to carry out the project. The commissioner may establish limitations on the acreage which may be leased under (b) - (d) of this section to an applicant.

* **Sec. 16.** AS 38.05.810(e) is amended to read:

(e) The lease, sale, or other disposal of state land at appraised fair market value may be negotiated with a licensed public utility or a licensed common carrier by the director with the approval of the commissioner if the utility or carrier reasonably requires the land for the conduct of its business under its license. **Notwithstanding AS 38.05.550 - 38.05.565, the sale of materials necessary for construction, use, or maintenance of property leased, sold, or disposed of under this section may be negotiated by the director.** A lease with a licensed public utility that is an electric utility entered into under this subsection may not include, as part of the rent or other fee that is negotiated or charged, an amount that is based on or determined by a percentage of gross revenue for renewable energy produced by the electric utility.

* **Sec. 17.** AS 38.05.872 is repealed and reenacted to read:

Sec. 38.05.872. Disposition of state land and resources for flood control projects. (a) The department may make conveyances of title or other interests in state land, provide for exchange of land, or make other arrangements with respect to state land, as necessary to meet federally established requirements of flood control projects authorized inside the state by the United States.

(b) The commissioner may convey materials at less than fair market value to municipalities, other state and federal agencies, or other entities, and make other arrangements for land and materials as mitigation of a flooding area where excess material deposition significantly contributes to the flooding, consistent with a site–specific flood mitigation plan approved by the commissioner and determined to be in the best interests of the public.

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* **Sec. 18.** AS 38.05.945(b) is amended to read:

(b) When notice is required to be given under this section,

(1) the notice must contain sufficient information in commonly understood terms to inform the public of the nature of the action and the opportunity of the public to comment on it;

(2) if the notice is of a preliminary written finding described in (a)(3)(A) of this section, the department shall give notice at the beginning of the public comment period for the preliminary written finding, notifying the public of the right to submit comments; the department shall give notice by

(A) **posting notice on the Alaska Online Public Notice System for at least 30 consecutive days** [PUBLICATION OF A LEGAL NOTICE IN NEWSPAPERS OF STATEWIDE CIRCULATION AND IN NEWSPAPERS OF GENERAL CIRCULATION IN THE VICINITY OF THE PROPOSED ACTION AT LEAST ONCE A WEEK FOR TWO CONSECUTIVE WEEKS];

(B) publication of a notice in display advertising form **describing the proposed action and referencing the online notice required in (A) of this paragraph in newspapers of statewide circulation and in newspapers of general circulation in the vicinity of the proposed action, if available,** [IN THE NEWSPAPERS DESCRIBED IN (A) OF THIS PARAGRAPH] at least once a week for two consecutive weeks;

(C) public service announcements on the electronic media serving the area to be affected by the proposed action; and

(D) one or more of the following methods:

(i) **publication of a legal notice in newspapers of statewide circulation or in newspapers of general circulation in the vicinity of the proposed action, if available, at least once a week for two consecutive weeks;**

(ii) [(i)] posting in a conspicuous location in the vicinity of the action;

(iii) [(ii)] notification of parties known or likely to be

affected by the action; or

(iv) [(iii)] another method calculated to reach affected parties;

(3) if the notice is of an action described in (a) of this section, other than notice of an action under (a)(3)(A) of this section, the department shall give notice at least 30 days before the action by **posting notice on the Alaska Online Public Notice System for at least 30 consecutive days** [PUBLICATION IN NEWSPAPERS OF STATEWIDE CIRCULATION AND IN NEWSPAPERS OF GENERAL CIRCULATION IN THE VICINITY OF THE PROPOSED ACTION] and **by** one or more of the following methods:

(A) **publication of a notice in display advertising form describing the proposed action and referencing the online notice required in this paragraph in newspapers of statewide circulation and in newspapers of general circulation in the vicinity of the proposed action, if available, at least once a week for two consecutive weeks;**

(B) [(A)] publication through public service announcements on the electronic media serving the area affected by the action;

(C) [(B)] posting in a conspicuous location in the vicinity of the action;

(D) [(C)] notification of parties known or likely to be affected by the action;

(E) publication of a legal notice, at least 30 days before the action, briefly describing the proposed action and referencing the online notice required in this paragraph in newspapers of statewide circulation and in newspapers of general circulation in the vicinity of the proposed action, if available; or

(F) [(D)] another method calculated to reach affected persons.

*** Sec. 19.** AS 38.05.945(b), as amended by sec. 18 of this Act, is further amended to read:

(b) When notice is required to be given under this section,

(1) the notice must contain sufficient information in commonly understood terms to inform the public of the nature of the action and the opportunity

of the public to comment on it;

(2) if the notice is of a preliminary written finding described in (a)(3)(A) of this section, the department shall give notice at the beginning of the public comment period for the preliminary written finding, notifying the public of the right to submit comments; the department shall give notice by

(A) posting notice on the Alaska Online Public Notice System for at least 30 consecutive days;

(B) publication of a notice in display advertising form describing the proposed action and referencing the online notice required in (A) of this paragraph in newspapers of statewide circulation and in newspapers of general circulation in the vicinity of the proposed action, if available, at least once a week for two consecutive weeks;

(C) public service announcements on the electronic media serving the area to be affected by the proposed action; and

(D) one or more of the following methods:

(i) publication of a legal notice in newspapers of statewide circulation or in newspapers of general circulation in the vicinity of the proposed action, if available, at least once a week for two consecutive weeks;

(ii) posting in a conspicuous location in the vicinity of the action;

(iii) notification of parties known or likely to be affected by the action; or

(iv) another method calculated to reach affected parties;

(3) if the notice is of an action described in (a) of this section, other than notice of an action under (a)(3)(A) of this section, the department shall give notice at least 30 days before the action by posting notice on the Alaska Online Public Notice System for at least 30 consecutive days and by one or more of the following methods:

(A) publication of a notice in display advertising form describing the proposed action and referencing the online notice required in

this paragraph in newspapers of statewide circulation and in newspapers of general circulation in the vicinity of the proposed action, if available, at least once a week for two consecutive weeks;

(B) publication through public service announcements on the electronic media serving the area affected by the action;

(C) posting in a conspicuous location in the vicinity of the action;

(D) notification of parties known or likely to be affected by the action; **or**

(E) [PUBLICATION OF A LEGAL NOTICE, AT LEAST 30 DAYS BEFORE THE ACTION, BRIEFLY DESCRIBING THE PROPOSED ACTION AND REFERENCING THE ONLINE NOTICE REQUIRED IN THIS PARAGRAPH IN NEWSPAPERS OF STATEWIDE CIRCULATION AND IN NEWSPAPERS OF GENERAL CIRCULATION IN THE VICINITY OF THE PROPOSED ACTION, IF AVAILABLE; OR

(F)] another method calculated to reach affected persons.

* **Sec. 20.** AS 38.05.965(10) is repealed and reenacted to read:

(10) "materials"

(A) means all common variety rock and minerals of any quality, that are saleable and not subject to location under state or federal mining laws;

(B) includes aggregate, riprap, railroad ballast, road ballast, road metal, peat, silt, loam, sand, gravel, and quarry stone;

* **Sec. 21.** AS 46.15.155(a) is amended to read:

(a) Notwithstanding any contrary provision of this chapter, the commissioner may authorize the temporary use of a significant amount of water, as determined by the department by regulation, for a period of time not to exceed five consecutive years **for each authorization**, if the water applied for has not been appropriated in accordance with this chapter. **In the commissioner's discretion, a new authorization for the temporary use of a significant amount of water may be issued for a project at or before the expiration of the existing authorization issued for the**

same project.

* **Sec. 22.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REVISOR'S INSTRUCTION. The revisor of statutes is instructed to change

(1) the heading of Article 4 of AS 38.05 from "Disposal of Timber and Materials" to "Disposal of Timber";

(2) the catchline of AS 38.05.110 from "Sale of timber and materials; account" to "Sale of timber".

* **Sec. 23.** Section 19 of this Act takes effect July 1, 2017.

* **Sec. 24.** Except as provided in sec. 23 of this Act, this Act takes effect July 1, 2012.

27-GH2717\A.3
Bailey
3/5/12

AMENDMENT #1 set aside 3/-3/5

OFFERED IN THE HOUSE BY REPRESENTATIVE DICK

TO: HB 361

Page 8, following line 17:

Insert a new subsection to read:

"(f) Notwithstanding (b) - (e) of this section, for the purpose of creating incentives for the development of peat as a heat or energy source, the director may negotiate the sale of peat to individuals, organized or unorganized communities, tribal governments, or private profit or nonprofit organizations. Under this subsection, the director shall provide,

(1) for personal use by an individual or for testing or product development, not more than 20,000 cubic feet of peat free of charge; or

(2) for users requiring more than 20,000 cubic yards, the required amount of peat at 20 percent of the appraised fair market value."

27-GH2717\A.3
Bailey
3/5/12

AMENDMENT #1

OFFERED IN THE HOUSE BY REPRESENTATIVE DICK

TO: HB 361

Page 8, following line 17:

Insert a new subsection to read:

"(f) Notwithstanding (b) - (e) of this section, for the purpose of creating incentives for the development of peat as a heat or energy source, the director may negotiate the sale of peat to individuals, organized or unorganized communities, tribal governments, or private profit or nonprofit organizations. Under this subsection, the director shall provide,

(1) for personal use by an individual or for testing or product development, not more than 20,000 cubic yards of peat free of charge; or

(2) for users requiring more than 20,000 cubic yards, the required amount of peat at 20 percent of the appraised fair market value."

Biomass
Barley
willbes

Regional sales

Market

27-GH2717\A.5
Bailey
3/13/12

AMENDMENT #2

OFFERED IN THE HOUSE

TO: HB 361

Page 5, following line 19:

Insert a new bill section to read:

"* **Sec. 11.** AS 38.05.115 is amended to read:

Sec. 38.05.115. Limitations and conditions of sale. (a) The commissioner shall determine the timber [AND OTHER MATERIALS] to be sold [,] and the limitations, conditions, and terms of sale. The limitations, conditions, and terms shall include the utilization, development, and maintenance of the sustained yield principle, subject to preference among other beneficial uses. The commissioner may negotiate sales of timber [OR MATERIALS] without advertisement and on the limitations, conditions, and terms that are considered to be in the best interests of the state. Within a one-year period, the commissioner may not negotiate a sale without advertisement to the same purchaser of

[(1)] more than 500 M.B.M. or equivalent other measure of timber [;

(2) EXCEPT AS PROVIDED IN (3) OF THIS SUBSECTION, MORE THAN 25,000 CUBIC YARDS OF MATERIALS; OR

(3) MORE THAN 100,000 CUBIC YARDS OF MATERIALS TO A COMMON CARRIER HOLDING A LEASE UNDER AS 38.35].

(b) Negotiated sales not exceeding 50 M.B.M. or the equivalent other measure of timber [OR 2,500 CUBIC YARDS OF MATERIALS] are exempt from the provisions of AS 34.15.150.

(c) The limitations of this section are not applicable to timber **that** [WHICH] becomes state property under the provisions of AS 45.50.210 - 45.50.235."

Renumber the following bill sections accordingly.

Page 13, line 28:

Delete "sec. 18"

Insert "sec. 19"

Page 16, line 9:

Delete "Section 19"

Insert "Section 20"

Page 16, line 10:

Delete "sec. 23"

Insert "sec. 24"

27-GH2717\A.6
Bailey
3/13/12

#3

AMENDMENT

OFFERED IN THE HOUSE

TO: HB 361

Page 6, line 22:

Delete "in fee"

27-GH2717\A.7
Bailey
3/13/12

#4

AMENDMENT

OFFERED IN THE HOUSE

TO: HB 361

Page 15, line 23:

Delete "and quarry stone"

Insert "stone, pumice, and common clay"

27-GH2717\A.4
Bailey
3/13/12

#6

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE DICK

TO: HB 361

Page 8, following line 17:

Insert a new subsection to read:

"(f) Notwithstanding (a) - (e) of this section, for the purpose of creating incentives for the development of peat as a source of heat or power, the director shall negotiate the sale of peat to individuals, organized or unorganized communities, tribal governments, or private profit or nonprofit organizations. Under this subsection, the director shall provide,

(1) for personal use by an individual or for testing or product development for commercial use, not more than ~~20,000~~ 30,000 cubic yards of peat a year at no cost for a period not to exceed 10 years; or

(2) for users requiring more than 20,000 cubic yards a year, the amount of peat required by the user for a period not to exceed 10 years at the price of

(i) 20 percent of the representative regional sales price determined by the director under AS 38.05.550(d)(1); or

(ii) 20 percent of the fair market value determined by an appraisal completed under AS 38.05.550(d)(2), if the applicant provides the appraisal at the applicant's expense and the appraisal is approved by the commissioner."

Amendment to Amendment A.4

Line 7: Delete material

Insert: (1) for personal use by an individual not to exceed 200 cubic yards per year for personal use at no cost

Line 8 and line 9: Delete material

Insert: (2) for testing or product development for commercial use, not more than ~~2000~~ cubic yards per year at no cost for a period not exceed ~~5~~ 10 years

Renumber accordingly

Line 10: Delete "20,000"

Insert "~~2,000~~"

Conceptual #1 #6

Amendment to Amendment A.4 Adopted

Line 7: Delete material

Insert: (1) for personal use by an individual not to exceed 200 cubic yards per year for personal use at no cost

Line 8 and line 9: Delete material

Insert: (2) for testing or product development for commercial use, not more than 2000 cubic yards per year at no cost for a period not exceed 5 years

Renumber accordingly

Line 10: Delete "20,000"

Insert "2,000"

Conceptual #2 to Amendment #6 — Withdrawn

Delete "For testing or Product development"

Delete "5" Insert "10"

Conceptual #3 Adopted

Delete "for testing or Product development"

Delete "2000" replace w/ "30,000 total"

Delete "per year"

Delete "5" Insert "10"

Conceptual #4 to 6 - Withdrawn

After Subparagraph 1 insert "or"
Subparagraph 2 insert "or"

Conceptual #5 to Amended #6 - Adopted

Insert "or"s

"For uses ~~Begun~~ more than 30,000 cubic ~~yards~~" over 10 year Period" (?)

Conceptual #6 to Amended 6 - ~~Kalamazoo~~ - Adopted
Delete "shall" Line 4 and line 6
Insert "May"

Amendment # 6 as Amended

Page 8, following line 17: Look ok ?

Insert a new subsection to read:

"(f) Notwithstanding (a)-(e) of this section, for the purpose of creating incentives for the development of peat as a source of heat or power, the director may negotiate the sale of peat to individuals, organized or unorganized communities, tribal governments, or private profit or nonprofit organizations. Under this subsection the director may provide,

(1) for personal use by an individual not to exceed 200 cubic yards per year for personal use at no cost; or

(2) for commercial use not more than 30,000 cubic yards total at no cost for a period not to exceed 10 years; or

(3) for commercial users requiring more than 30,000 cubic yards total over a 10 year period, the amount of peat required by the user for a period not to exceed 10 years at the price of

(i) 20 percent of the representative regional sales price determined by the director under AS 38.05.550(d)(1); or

(ii) 20 percent of the fair market value determined by an appraisal completed under AS 38.05.550 (d)(2), if the applicant provides the appraisal at the applicant's expense and the appraisal is approved by the commissioner."

Proposed Amendments to HB 361 either by amendment or committee substitute.
Proposed by DNR on 3/13/12

1) Below is a proposed change to AS 38.05.115 that was accidentally omitted in the original submission to the Legislature. This is a critical part of separation of material sales and timber sales statutes. Also the material sales issues addressed in the deleted paragraphs are covered under our new material sales Article (14A) in Sec. 14 of the bill. Leaving this section uncorrected would cause a conflict/confusion between the laws if HB 361 were to become law. The new material sales Article relies on the public notice and best interest decision to create material sale sites with size limitations, providing the option to offer without further public notice negotiated sales of any volume not exceeding five year contracts from those sites. AS 38.05.115 would be amended as follows:

AS 38.05.115. Limitations and conditions of sale.

(a) The commissioner shall determine the timber [AND OTHER MATERIALS]to be sold, and the limitations, conditions, and terms of sale. The limitations, conditions, and terms shall include the utilization, development, and maintenance of the sustained yield principle, subject to preference among other beneficial uses. The commissioner may negotiate sales of timber [OR MATERIALS]without advertisement and on the limitations, conditions, and terms that are considered to be in the best interests of the state. Within a one-year period, the commissioner may not negotiate a sale without advertisement to the same purchaser of [

(1)] more than 500 M.B.M. or equivalent other measure of timber[;

(2) EXCEPT AS PROVIDED IN (3) OF THIS SUBSECTION, MORE THAN 25,000 CUBIC YARDS OF MATERIALS; OR

(3) MORE THAN 100,000 CUBIC YARDS OF MATERIALS TO A COMMON CARRIER HOLDING A LEASE UNDER AS 38.35].

(b) Negotiated sales not exceeding 50 M.B.M. or the equivalent other measure of timber [OR 2,500 CUBIC YARDS OF MATERIALS]are exempt from the provisions of AS 34.15.150.

(c) The limitations of this section are not applicable to timber which becomes state property under the provisions of AS 45.50.210- 45.50.235.

2) A second issue is under proposed statute AS 38.05.550(a) Disposal of materials (SEC. 14 OF THE BILL). We have to eliminate the words "in fee" from the first sentence as this may not allow for sale of materials from Tentatively Approved lands. Another point is title 38 does not refer to lands "owned in fee" and this is a new term in the Lands Act. Therefore Section 14 page 6 line 22 would be modified as follows:
Sec. 38.05.550. Disposal of materials. (a) All materials owned [IN FEE] by the

3) A third issue is with the definition of "materials" under section 20 of the bill. As written the bill proposes to change the existing definition to one we suggested and includes a

list of different types of materials in subchapter (B). The problem is that the new list omits the terms "stone, pumice and common clay". "Quarry stone" may cover "stone" as an equivalent term but there is some question. However, the omission of "pumice and common clay" may lead to the interpretation that the omission was intended by the legislature to remove those types of materials as materials. This we do not want. The simplest thing is to replace "quarry stone" with "stone" (as there is no definition of quarry stone and stone is a more commonly understood term) and add back in the terms "pumice and common clay" to the list in sub-chapter (b). This section of the bill should read:

* **Sec. 20.** AS 38.05.965(10) is repealed and reenacted to read:

(10) "materials"

(A) means all common variety rock and minerals of any quality, that are saleable and not subject to location under state or federal laws;

(B) includes aggregate, riprap, railroad ballast, road ballast, road metal, peat, silt, loam, sand, gravel, stone, pumice and common clay;

FISCAL NOTE

STATE OF ALASKA cost ≠ codes
2012 LEGISLATIVE SESSION

Bill Version **HB 361**
Fiscal Note Number **1**
Publish Date **2/29/12 (H)**

Identifier (file name) 0717-DFG-SFD-2-22-12
Title PERMIT REFORM
Sponsor GOVERNOR
Requester Rules by Request of the Governor

Dept. Affected ADF&G
Appropriation Sport Fisheries
Allocation Sport Fisheries
OMB Component Number 464

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version.

Prepared by Charles O. Swanton, Director — Phone 465-6189
Division Sport Fish Division — Date/Time 2/22/2012 3:18PM
Approved by Cora Campbell — Date 2/22/2012
Commissioner

(Revised 8/17/2011 OMB)

FISCAL NOTE #1

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 361

Analysis

There is no anticipated fiscal impact upon the Sport Fish Division.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 361**
Fiscal Note Number: **2**
Publish Date: **2/29/12 (H)**

Identifier (file name): LL0717-DOT-SWD-2-21-12
Dept. Affected: DOT&PF
Title: Permit Reform
Appropriation: Design, Engineering & Construction
Stwd Design & Eng Services
Sponsor: Governor
Requester: Rules by Request of the Governor
OMB Component Number: 2357

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0		0.0	0.0	0.0	0.0	0.0
Grants, Benefits	0.0		0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts	0.0		0.0	0.0	0.0	0.0	0.0
1003	GF Match	0.0		0.0	0.0	0.0	0.0	0.0
1004	GF	0.0		0.0	0.0	0.0	0.0	0.0
1005	GF/Prgm (DGF)	0.0		0.0	0.0	0.0	0.0	0.0
1037	GF/MH (UGF)	0.0		0.0	0.0	0.0	0.0	0.0
1178	temp code (UGF)							
TOTAL		0.0		0.0	0.0	0.0	0.0	0.0

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	0.0		0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version

Prepared by: Brenda Hewitt, Legislative Liaison — Phone: 465-4772
Division: DOT&PF — Date/Time: 2/21/12 5:00 PM
Approved by: Marc Luiken, Commissioner — Date: 2/21/12 5pm

Revised 8/17/2011 OMB)

FISCAL NOTE #2

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 361

Analysis

This legislation relates to the Alaska Land Act and the disposal of state land and materials expanding options for the method of sale. The department does not see any fiscal impact from the changes proposed in this legislation.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 361**
Fiscal Note Number: **3**
(H) Publish Date: **2/29/12**

Identifier (file name): LL0717-DNR-MLW -02-27-12
Title: DNR Permitting Efficiency Bill
Sponsor: Governor
Requester: Rules by Request of the Governor

Dept. Affected: Department of Natural Resources
Appropriation: Land & Water Resources
Allocation: Mining Land & Water
OMB Component Number: 3002

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time	0	0	0	0	0	0	0
Part-time	0	0	0	0	0	0	0
Temporary	0	0	0	0	0	0	0

CHANGE IN REVENUES	***	***	***	***	***	***	***

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version.

Prepared by: Brent Goodrum, Director — Phone: 269-8600
Division: Mining, Land & Water — Date/Time: 2/27/12 2:00 PM
Approved by: Daniel S. Sullivan, Commissioner — Date: 2/27/2012
Department of Natural Resources

(Revised 1/17/2012 OMB)

FISCAL NOTE #3

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 361

Analysis

LL 0717 proposes to make changes to the Alaska Land Act that are intended to increase efficiency, certainty and timeliness of DNR's land permitting, leasing, mining and land sales programs to permitting applicants.

These proposed changes are not anticipated to have a fiscal impact on the department or the State with the exception of the proposed revision to AS 38.05.212(a), Section 12 of the bill. Under that proposed revision the department would have the authority to exempt, by regulation, small operations from the production royalty. While the definition and threshold level for consideration would need to be established through regulation, DNR anticipates that the net reduction in actual royalties paid to the state under this exemption could be around $10,000 per year. This is because mining operations are allowed to deduct certain operating costs against any royalty due to the state and it is anticipated that the deductions allowed most small operations would equal or exceed any royalty due. Most small operations actually pay no royalty but are still required to go through the accounting and filing operations. The primary benefit of this proposed statute change would come from the cost savings of both DNR and the small operators' administrative efforts to track, calculate and report minimal royalty payments. DNR would then be able to apply this savings in staff time to other, more pressing mining issues.

Because the number of small operations and the threshold level for this exemption must be established through the regulatory process, and because of the variability of the price of metals, DNR cannot provide an estimate of the actual reduction in royalty income at this time. As such the actual reduction to the state's revenue is indeterminate.

The other sections of the bill will either create efficiencies or prevent inefficiencies. The revisions will benefit both the applicant and the State. The applicant will be saved time and cost by the changes.

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Governor Sean Parnell
STATE OF ALASKA

February 27, 2012

The Honorable Gary Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens,

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to the Alaska Land Act, including certain lease, sale, and other disposal of State land and materials; relating to production royalties from miners; and relating to rights to use State water. This bill will reduce the permitting burden and costs of applicants by creating efficiencies, streamlining, and eliminating redundancies in the permit application process.

This bill would accomplish the following:

(1) Allow the Department of Natural Resources to use sealed bid procedures, rather than public auction, if appropriate, for certain leasing and disposal of State land;

(2) Raise the monetary cap for negotiating leases of State land from $5,000 to $10,000;

(3) Give the Department of Natural Resources more flexibility regarding when to issue negotiated leases of land, as opposed to using a competitive bid process;

(4) Allow the Department of Natural Resources to renew mineral and land leases under certain conditions without conducting the same process for initiating a new lease;

(5) Separate out the respective rules and procedures for timber sales and material sales, such as for rock and gravel;

(6) Allow the Department of Natural Resources to convey materials as needed for flood control purposes;

(7) Allow the Department of Natural Resources to exempt small mining operations from having to pay production royalties; and

(8) Provide more flexibility to the Department of Natural Resources in how they notify the public of proposed decisions.

Collectively, these various changes represent an effort by the Department of Natural Resources to make its administration of these programs more efficient. If enacted, these changes will help the Department improve its ability to responsibly manage the State's land and resources in accordance with constitutional principles and statutory directives.

Sincerely,

Sean Parnell
Governor

Enclosure

HB 361: Disposals of State Resources

Sectional Analysis

For the House Resources Committee • February 29, 2012

Sections 1 through 4 of the bill revise land sales statutes to clarify that the Division of Mining, Land, and Water can use sealed bids instead of public auctions as the Department of Natural Resources has done for many years.

Sec. 5 revises leasing statutes to increase the appraised value of the transaction from $5,000 to $10,000 per year in order to qualify for negotiated leases.

Sec. 6 revises the statute by adding new subsections to the land leasing laws:

(d) This section revises land leasing laws to provide for conversion of a public, competitive offering process to a negotiated, non-competitive process if after public notice only one interested party expresses interest in acquiring the lease.

(e) This section revises land leasing laws to provide for renewals upon expiration of a lease issued under AS 38.05.070, 38.05.075, or 38.05.810. This would allow for a lease to be renewed one time at the discretion of the director of MLW if certain established conditions are satisfied.

Sections 7 through 9 revise land leasing statutes to clarify that MLW can use sealed bids instead of public auctions.

Sections 10 and 11 separate material sales from timber sales in the statutes. Timber sales would remain under AS 38.05.110 – 123 and a new section would be established for material sales (sand, gravel, rip-rap, stone etc.) under Section 14 of this bill. This will clarify the purposes, methods and procedures for these two different types of property sales, which would provide more certainty to the sales processes.

Sec. 12 changes this statute to conform to the Department of Revenue's mining license tax laws and allow miners to file MLT either by calendar year or the company's fiscal year. This section also gives DNR the authority to exempt, by regulation, small operations from the production royalty.

Sec. 13 revises mining statutes to allow the director of the Division of Mining, Land and Water to extend or renew a submerged land mining lease for up to a period of 20 years.

Sec. 14 proposes to revise the Alaska Land Act by adding new sections under a new Article (14A) to deal specifically with Material Sales. This proposed change, associated with proposed changes under Sections 10 and 11, is intended to separate the two very different types of property sales.

The substantive changes to the material sales statutes under this section separate out the respective rules and procedures for timber sales and material sales (such as for rock and gravel).

The proposed changes would:

- Allow the state to solicit competitive interest in material sales, and if there is none, avoid the longer competitive process;
- Establish how prices would be determined and allow for more use of the representative regional sales price rather than requiring appraisals of the material for each sale;
- Clarify that material may be sold at less than fair market value for certain instances that are in the public interest as related to conditions set in AS 38.05.872; and
- Allow material use that is incidental to other authorizations to be sold without a separate material sale authorization.

Sec. 15 revises public and charitable use statutes to clarify that DNR may negotiate the lease of state land without competitive bid as opposed to public auction. This change amends this section of the law to conform to changes proposed in Sections 1-4, and 7-9 of the bill.

Sec. 16 revises public and charitable use statutes to allow DMLW to negotiate within the leasing process the sale of material necessary for construction, use, maintenance of property leased under AS 38.05.810.

Sec. 17 repeals and reenacts the statute that allows the department to convey materials as needed for certain flood control purposes.

Sec. 18 revises public notice statutes in order to modernize public notice requirements for disposals of property rights.

Sec. 19 repeats Sec. 18 except that it removes the option to post a legal notice referencing the online notification in a newspaper of statewide circulation as of July 1, 2017 per section 23. That option was included as a transitional option to help the public transition to online methods.

Sec. 20 changes the definition of "materials" within the Alaska Lands Act.

Sec. 21 changes Alaska Water Law to clarify that temporary water use permits may be renewed.

Sec. 22 provides instruction to the revisor of statutes to make organizational changes to correspond with the proposed separation of timber sales and material sales being proposed in Sections 10, 11, and 14 of this bill.

Sec. 23 provides that Section 19 of the Act takes effect on July 1, 2017.

Sec. 24 provides that, except as provided in sec. 23 of the Act, the Act takes effect July 1, 2012.

HB 361: Disposals of State Resources

Briefing Paper

For the House Resources Committee • February 29, 2012

The Division of Mining, Land and Water in the Department of Natural Resources has identified over 30 statutory changes that would help reduce applicant costs, create efficiencies by streamlining processes, reduce redundancies, and reduce opportunities for legal challenges. These changes would reduce the permitting burden on the applicant and free more time for staff to work on processing applications. Department of Law has drafted a bill that includes some of the highest priority changes that relate to the certain leasing and disposal programs and to water rights that are administered by the Department of Natural Resources.

The bill would accomplish the following primary objectives:

1) Give the department more flexibility on when to issue negotiated leases. as opposed to using a competitive bid process

   - The proposed changes would give DNR more flexibility to negotiate leases where appropriate for a term of up to 15 years, which would improve processing times and decrease administrative expenses.
   - Monetary caps would be raised from $5000 to $10,000 on negotiated leases. The consumer Price Index and land values have increased statewide over the last decade and the monetary cap for negotiating leases has not been adjusted to reflect these changes in value. This would allow more leases to be negotiated rather than having to be offered competitively, which is more time consuming and delays the issuance of the lease.[1]
   - Offering more negotiated leases reduces the time it takes to issue leases and reduces costs to the applicant. This will help us reduce the backlog, and help ensure we are not hampering private-sector development by unnecessarily delaying lease issuances.

2) Allow department discretion in renewing certain land leases in good standing for term equal to initial term

   - Significantly reduces the administrative cost to the state for executing a new lease at the end of the primary term for these types of lease
   - Reduces cost and processing time for lessee at point of renewal when lessee is in good standing and following all the terms of their initial authorization.

1. Often leases that are offered competitively do not receive any competitive bidders, thus the time does not add any benefit to the process. This change would not prevent the state from offering competitively if it determined there was a competitive interest.

3) Separate out the respective rules and procedures for timber sales and material sales (such as for rock and gravel)

- Timber and material sale statutes are intertwined, which has led to misinterpretations because many of the existing statutes are specific to only timber or material sales, but not both.
- The proposed changes would provide clarity and efficiency for the material sales process by:
  - Allowing the state to solicit competitive interest in material sales, and if there is none, avoid the longer competitive process. This would allowing sales to be offered through a more efficient negotiated sale process
  - Eliminating multiple duplicative decision processes for material sites that will have multiple sales
  - Establishing how prices would be determined and allowing for more use of the representative regional sales price rather than requiring appraisals of the material, thus reducing cost and processing time for applicants
  - Clarifying that material may be sold at less than fair market value for certain instances that are in the public interest
  - Allowing material use that is incidental to other authorizations to be sold without a separate material sale authorization, reducing processing time and cost for applicants
  - Defining materials in such a way as to add clarity and avoid lengthy disputes
  - Allowing the department to convey materials as needed for certain flood control purposes
- The proposed statute changes would ease the permitting burden on the private sector by allowing material sales to be issued more quickly and efficiently. Also, these changes would improve access to state materials for public benefit, such as to municipalities.

4) Clarify that temporary water use permits may be renewed

- Under current statutes, a permittee must reapply for a Temporary Water Use Authorization (TWUA) permit if their project lasts longer than five years. The application must be submitted at the five-year mark and re-adjudicated by staff, even if the use is for the same amount of water from the same source for the same purposes.
- The proposed change would allow the division to provide a new TWUA at the five-year mark—if the water use is the same—without a formal decision process. This would allow applicants to avoid delays during renewal, and would save the division staff time which could be utilized for processing other authorizations.

5) Allow the department to use sealed bid procedures, rather than public auction, where appropriate

for what

- This change would clarify that DNR can use sealed bids to facilitate pubic auctions. The sealed-bid auction option is a more efficient and often more revenue positive option. Using this option will reduce the time it takes to sell or lease state land.
- Without this change, DNR could be challenged on the fact that it cannot utilize sealed bid auctions for public auctions, creating inefficiencies, and making it more difficult for the private sector to obtain state land.

6) Modernize public notice requirements for disposals of property rights

time frame

- Enables the department to notice disposals of property rights via the Alaska Online Public Notice System and de-emphasize notice given in printed media
- Helps to limit the cost of public noticing, as the cost for noticing in newspapers is continuing to increase as the popularity of print media decreases
- Increases flexibility for the department on how we issue public notices

7) Give the department the authority to exempt small mining operations from having to pay production royalties

- Creates a savings for small-production miners and the state—amounts being produced from these operations are diminutive and not worth the state's cost to complete the accounting and processing of the royalty

8) Revise a portion of the mining licensing tax law to allow companies to file their licensing tax by either calendar year or fiscal year

- Allows for a simplified process and administrative savings for filing, both for the state and the company
- Helps to coordinate licensing tax processing between the state and company, which creates efficiencies

9) Allow the director of the Division of Mining, Land and Water to extend or renew a submerged land mining lease for up to a period of 20 years

- Significantly reduces the administrative cost to the state for executing a new lease at the end of the primary term for these types of lease

only if in production

- Benefits the lessee by providing them more certainty in renewing their lease, pending that they are in good standing with the state and in compliance with the terms of their lease

MEMORANDUM
Department of Natural Resources

STATE OF ALASKA
Office of the Commissioner

TO:	Rep. Eric Feige, Co-Chair Rep. Paul Seaton, Co-Chair	DATE:	March 13, 2012
		TELEPHONE:	465-4730
FROM:	Esther Tempel, Legislative Liaison	SUBJECT:	HB 361 Follow-Up

During the March 5, 2012 hearing on HB 361, the following questions were raised. Please find below the responses from the Division of Mining, Land and Water along with the original questions that were asked (bolded).

Please let me or Dep. Director Wyn Menefee know if you require any further information or have any additional questions.

Note all references to the bill are working off of version 27-GH2717\A

How many leases would be affected by point one of the briefing paper (allowing more leases to be negotiated)?

Let us first clarify that this does not retroactively affect any existing leases. It only applies to future applications for leases. We can not accurately predict how many leases will be applied for and where. We can only look at the historical data and generalize the response.

The goal is to move more lease application processing from full competitive process to negotiated process. There are two parts of the bill that address this effort to shorten the processing time and reduce costs to the applicants. A negotiated process avoids the necessity to prepare an auction brochure, wait 30 additional days after posting notice of the auction, hold the auction and then issue the lease. (See attached chart)

On the first part under Section 5 (on page 3 line 5): the intent is to raise the initial threshold for allowing the director discretion to negotiate leases when the yearly appraised value of the transaction (i.e., rental value) does not exceed $10,000 and the term will not exceed 10 years. The vast majority of our leases do not exceed this value. Most leases are already below the existing $5000 threshold and only a handful of leases would be affected by this change each year. For example, certain larger tracts near communities or on the North Slope (leases of land outside of oil and gas lease boundaries or for non-oil and gas development) could exceed the $5,000 value. Raising the threshold to $10,000 would not automatically move the leases to the negotiated process, but rather provide the director discretion to use the negotiated process.

The second part under Section 6 (on page 3 line 14) would affect many more leases. The intent of part (d) is to first solicit competitive interest in an area where we have a lease application, and if there is no interest other than the applicant, we would begin to negotiate the lease with the applicant, thus avoiding the competitive auction process. We get between 10 – 20 lease applications per year that could potentially be affected by this revision.

Currently these revisions would allow this type of negotiated process for any lease that falls under AS 38.05.070. This includes leasing of uplands, and tide, submerged or shorelands except for resource extraction such as timber, mining or oil and gas leasing. The revisions are broad enough to be applicable for recreational facilities development, aquatic farm, hatchery, and shore fishery leasing. Where more specific statutes are applicable, such as in the shore fishery leasing under AS 38.05.082, the more specific statutes would prevail if there was a conflict.

Under briefing paper point 2, list what types of leases would be affected by this renewal clause?

This revision in Section 6 (on page 3 line 19) allows the director to renew leases that are in good standing one time. Because this revision is in AS 38.05.070 and includes direct references to leases issued under AS 38.05.075 (leasing procedures) and those issued under AS 38.05.810 (public and charitable leases), the renewal clause affects leases of uplands, and tide, submerged or shorelands except

for resource extraction such as timber, mining or oil and gas leasing. This could include everything from docks to lodges to energy production to storage facilities. It is applicable for recreational facilities development, aquatic farm, hatchery, and shore fishery leasing. It would not include leases under the Remote Recreational Cabin Site Program or agricultural preference rights.

Can renewals be applied for before the expiration of the lease?

There are three sections of HB361 that addresses renewals, sections 6 (general leases), 13 (submerged mineral leases), and 21 (temporary water use authorizations). There was concern expressed that lessees should have the ability to apply for renewal sooner than at the point of lease expiration. In all cases the statute would allow leases to be applied for before point of expiration. DNR would seek a determination of whether the lessee would want a renewal in sufficient time before expiration to allow for the renewal decision to be made before expiration. In some cases there may be some reasonable restrictions that would limit how far before the date of expiration a request for renewal could be received. For instance in aquatic farming and mineral leasing, there are requirements of annual reporting of production. DNR would not consider renewal of the lease more than a year before date of expiration to allow time for review of the last year's production reports to determine if the lessee was still in good standing following the stipulations in the lease. Note existing AS 38.05.250(c) allows for submerged mineral leases to be renewed year by year as long as there is production in paying quantities from the leased area, but does not allow for renewals of 20 year terms. This revision under section 13 allows the longer term renewal that provides more certainty for the lessee in business planning.

Do current land leases provide any first right of refusal to give the current lessee the upper hand on reissuance?

Under the current statutes, any reissuance of a lease at the end of a term would require a competitive process. If there was competitive interest and a new applicant were to win the auction, they would be required to reimburse the previous lessee for any of the improvements that the first lessee had built provided that they want to continue in the same use of the land. But the first lessee does not have the first right of refusal.

Under briefing paper point 4, verify that you could issue TWUA before end of term if it makes sense.

As mentioned before, under the revision in section 21, the temporary water use authorizations can be issued at or before the end of the lease.

Clarification of briefing paper point 8: it is mining royalty not mining license tax.

As a reminder, point 8 on the briefing paper is incorrect in saying that we are revising mining licensing tax law referring to Section 12 on page 6 of the bill. We are instead revising the mining royalty law. The statute revision is correct but the briefing paper used an incorrect term when referring to Section 12. The change in Section 12 does not conflict with the Department of Revenue's regulations which state that the mining license tax year is the same as that person's tax year for federal income tax purposes.

Follow up on Agricultural preference right auction question from Representative Seaton

The committee questioned whether the changes suggested in Section 3 (on page 2 line 22) adversely affected the state getting adequate compensation and would be used to stifle bidding. Upon further review of this section, DNR does not believe that the revision to allow the use of sealed bids in any way alters the probable outcome of an agricultural auction held under this section of statute. This area of statute in AS 38.05.069 provides an agricultural preference right. The apparent reason for the existence of this section is to allow agricultural land owners the right to broaden their land ownership if adjacent agricultural land becomes available. This preference right only comes into play when the commissioner has determined that the highest and best use of the unoccupied land to be leased is for agricultural use, and the adjacent owner is an Alaskan resident already using that adjacent parcel for agricultural purposes. This provides the right of the existing farmer to meet high bid to expand their farm. Whether the auction occurs through sealed bid or outcry auction, the adjacent land owner knows they can match high bid to purchase adjacent land through the preference right. They have no incentive to put in a high bid through sealed bid or to drive up the price through an outcry auction. They would wait to match the high bid in either event. Therefore it would not affect the outcome of the auction.

The revision DNR suggests does not address the underlying issue of whether the agricultural preference under the existing statute is the best policy; rather we seek to bring consistency in statute regarding the use of sealed bids or auctions. If there is a desire by the committee to address the underlying policy question of whether the state should offer the agricultural preference in the first place, we suggest that it be done in a separate statute revision.

Leasing actions required by HB361

Lease Application defines request	Below $10,000 and less than 10 year term	Over $10,000 or over 10 year term	
	Option to Negotiate without soliciting competitive interest	Through public notice solicit for competitive interest	
		No competitive interest expressed	*Competitive interest expressed*
	Requires best interest decision	Negotiate any terms	Prepare and hold auction
	Requires formal public notice	Requires best interest decision	Requires best interest decision
		Requires formal public notice, although initial notice would suffice	Requires formal public notice both at the outset and for auction
			Requires publication of auction brochure
			Requires additional 30 day public notice of auction

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
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State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM March 13, 2012

SUBJECT: Sale of timber and materials; drafting issues (HB 361, Work Order No. 27-GH2717\A.5)

TO: Representative Paul Seaton
Co-Chair of the House Resources Committee
Attn: Louie Flora

FROM: Dennis C. Bailey
Legislative Counsel

This memo accompanies the draft amendment making additional separations between the sale of timber and the sale of materials as set out in HB 361. Please be aware of the following issues that have come to my attention during drafting and review.

1. AS 41.24.470(b) also refers to timber or materials. Do you want to make changes to that subsection similar to the changes made in amendment 27-GH2717\A.5?

2. AS 38.05.860(b) addresses earnest money deposit issues for the sale of state land, minerals, timber, or materials to be made by sealed bid. Do you want to consider changes to this subsection as well?

3. Please understand that the current version of the bill is the original version from the Governor's office and has not been through our revising process. We expect to receive it for revising when it first becomes a committee substitute. The process can be expedited if you request a draft committee substitute before the bill is passed out of committee.

If I may be of further assistance, please advise.

DCB:plm
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State considers hunting rights for Alaska landowners

Large landowners would get special permits to big game.

By RICHARD MAUER

(03/04/12 19:01:03)

Six weeks before he learned he was under criminal investigation for violating his department's hunting rules, state Wildlife Division Director Corey Rossi told his staff about a pet project -- unprecedented in Alaska -- to give private landowners special rights to hunt big game, even out of season, and to be able to sell those rights to whomever they want.

Rossi lost his job in January with the filing of a criminal complaint that cited him for 12 misdemeanor violations during a 2008 bear hunt. He has pleaded not guilty and his case is moving through District Court in Anchorage.

But his project to privatize some of Alaska's game lives on in the Parnell administration. At least one deputy commissioner is still working on the landowner permit project. Rossi's replacement, Doug Vincent-Lang, says it remains under active consideration, though he needs time to review it.

"We don't waste time on ideas that have absolutely no merit," Vincent-Lang said.

The idea that wild game is a public resource and not the property of a landowner is a long-held doctrine in Alaska and most of North America. But that idea is being challenged, at least on a limited basis, by advocates of intensive game management, who argue that granting special game rights to property owners will encourage them to make life easier for big game on their land. One of the leading advocates of that position is the organization Sportsmen for Fish and Wildlife, in which Rossi was an active member before taking over the Wildlife Division.

According to Rossi's minutes of the Nov. 1-2 meeting of Wildlife Division leaders and others in Fish and Game, the attorney general's office was already drafting a new law that would implement the project. A budget was under development to manage the project with new staff positions, Rossi wrote.

"There is initial draft language, and the governor's office has asked for a full legal review," Rossi wrote.

Rossi's minutes were distributed this month by Vincent-Lang. A copy was leaked to the Daily News.

Owning hunting rights

The proposal would encourage owners of large private tracts to increase "public-interest benefits" on their land. They could do that by allowing access to hunters, improving habitat for species such as moose, or killing predators, Rossi wrote.

In return, landowners would get special hunting permits "that the landowner would be allowed to use or sell, perhaps with special authorizations such as the ability to hunt outside normal hunting seasons on their lands."

The proposal is modeled on similar programs in western states like Utah and Colorado, where it has been promoted by chapters of the advocacy group Sportsmen for Fish and Wildlife and its sister organization Sportsmen for Habitat. The organization has a big expo in Salt Lake City every year where it auctions special permits.

In the West, large landowners are mainly ranchers. In Alaska, Rossi noted in his minutes, they are Alaska Native corporations.

Mark Richards, co-chairman of the grassroots organization Alaska Backcountry Hunters and Anglers, said Alaska hunters wouldn't be the beneficiaries of Rossi's proposal.

"It doesn't take a rocket scientist to figure out who would win by privatizing more hunts in Alaska," Richards said in an email from his remote Interior cabin some 60 miles north of Eagle. "It would be the orgs that get the permits to auction off, and the wealthy hunters who could afford to buy them."

Sportsmen for Fish and Wildlife and similar organizations would also get "more power and influence to further game the system," Richards asserted.

Rossi has a strong connection to Sportsmen for Fish and Wildlife. In 2007, he was one of three founders of its Alaska chapter.

He was also a big-game guide. He was working as a guide for three out-of-state bear hunters in 2008 when he lied on his post-hunt reports to the state and failed to properly seal bear hides, according to the charges.

The June bear hunt took place about six months before he was brought into the Fish and Game department by then-Gov. Sarah Palin. She created a new position for him, assistant commissioner for "abundance management" -- the idea of managing moose and caribou to provide the greatest possible number of animals for hunters.

In 2010, Gov. Sean Parnell elevated Rossi to wildlife director, the official in charge of managing hunting and big-game habitat in Alaska. It was a controversial appointment because Rossi lacked a college degree and scientific training. But he was an expert at killing predators and vermin and had the backing of hunters who wanted fewer bears and wolves and more moose.

"With Director Rossi at the wheel, we at SFW look forward to some real positive changes within the Department that are long overdue!" executive director Dane Crowley of Sportsmen for Fish and Wildlife Alaska wrote at the time.

Constitution an obstacle?

In the minutes from the meeting in November, Rossi said the private-hunting project would require the Legislature to create a new kind of "landowner permit." He wanted the authority to dole out such permits at the department's discretion.

"Some discussions have occurred with various Native groups who have expressed strong interest in the concept, though at least one has firmly said it is not interested in providing hunter access," he wrote. "It is expected that for the program to move forward, the legislature would need to provide specific funding for the program, and new staff positions would be needed. There are many details still to be worked out, but the idea is moving forward."

One obstacle could be the Alaska Constitution. The Constitution provides that all resources, including wildlife, are "reserved to the people for common use." In the landmark 1989 McDowell

decision, the Alaska Supreme Court threw out a law that violated the equal access provision by giving rural residents priority over urban dwellers to fish and game.

Given that history, would it be possible for landowners to get more rights to game than others?

"Could a constitutional law be written? Yeah, sure it could," said Kevin Saxby, a senior assistant attorney general who advises the department on hunting issues. "The goal of the law would be to open up more access for more Alaskans, I presume, so that would serve the common use and the equal access provisions in Article 8 of the Constitution."

Saxby said he has only done "a tiny bit of work" on the initiative and wouldn't say whether that included writing a draft version of a bill. "Anything more is confidential until the governor makes a decision" to take the issue to the Legislature, he said.

Byron Bateman, president of Sportsmen for Fish and Wildlife in South Weber, Utah, said in a telephone interview that landowner permits in his state have "increased the opportunity for the ordinary citizen to be able to hunt some of these private lands that they would not have been able to afford."

He described Utah's hunting and landowner programs as an example for other states to follow.

"Utah has been a model as to we how we manage all of our wildlife in the West. We've increased a lot of different populations," he said.

Sportsmen for Fish and Wildlife, along with the like-minded Mule Deer Foundation, hosts the Western Hunting and Conservation Expo in Salt Lake City, where special permits from around the West are auctioned. Among the hundreds auctioned over the weekend of Feb. 9-12 were about a dozen private landowner permits from Utah.

Bateman said those permits sold in the range of $9,000 to $18,500 each. Another indication of the value of permits appeared on Sportsmen for Fish and Wildlife's 2010 nonprofit tax returns, the most recent available. The returns show the organization raised $2.4 million from selling permits, though it didn't break down how much of those were landowner permits. It did report how much it spent buying landowner permits: $563,000.

The returns show Sportsmen for Fish and Wildlife spent $1.1 million on conventions and conferences -- nearly as much as the $1.4 million it spent on big-game habitat improvements, conservation, moving wildlife and studies.

To end hunting 'socialism'

Rossi's move to give landowners special rights to the wildlife on their property coincides with the ideology of Don Peay, a Utah guide and founder of Sportsmen for Fish and Wildlife.

Peay, who stressed that the Utah chapter isn't trying to push its view in Alaska or even with the Alaska chapter, said it's time to revisit the widely accepted principle in the United States and Canada that game is a public resource. Peay described that egalitarian doctrine, found in Alaska's state constitution and laws throughout the West, as "socialism." It offers no economic incentive for landowners to kill predators, improve big game habitat and even provide food and water for target species.

"We understand the North American model where wildlife belongs to the people, but we're also seeing dramatic reductions in game populations in the western United States under that model," he said. Population pressure, habitat loss from development and the rise of environmental

organizations opposed to predator control have put pressure on game herds that weren't envisioned when the laws were written a century or more ago, he said.

"When wildlife is a very highly valued asset, people want more of it and they'll invest additional funds to make sure it's abundant," Peay said.

The same is true of professional guides and outfitters, he added. "They tend to be more involved to make sure there's abundant game herds than a lot of guys who just buy their license the day before the hunt starts and then, when game disappears, the masses tend to complain -- but what did they do to allow that situation to happen and why weren't they more involved to fix it?"

Valerie Conner, conservation director for the Alaska Center for the Environment, said she doubted most Alaskans were ready to abandon or modify the concept of wildlife as a public resource. And managing wildlife to promote just moose and caribou for the benefit of guides and some sportsmen "is draconian," she said.

"It's an ecosystem out there, and the bears and wolves and other predators play a really vital role. They're just leading us down this path to eliminate as many predators as they can and create a game farm," she said. "If you're really concerned about managing on an ecosystem-wide basis, you wouldn't be taking out all the bears and wolves and incentivizing landowners to kill all the predators on their land. It's insane."

With the Alaska Board of Game and, increasingly, the Department of Fish and Game, representing primarily trappers, guides and abundance hunters, Conner said, there's almost no one speaking out for tourism and wildlife viewing in an official capacity.

"Diversity is equally as important as abundance," she said. "There's nobody on that board who represents the thousands of Alaskans who simply appreciate wildlife for its intrinsic value or to go look at it."

Reach Richard Mauer at rmauer@adn.com or 257-4345.

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STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

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February 28, 2012

Mr. Michael Payne
Office of Protected Resources
National Marine Fisheries Service
1315 East-West Highway
Silver Springs, MD 20910

Re: NMFS DEIS for Effects of Oil and Gas Activities in the Arctic Ocean

Dear Mr. Payne,

The State of Alaska reviewed the Draft Environmental Impact Statement (DEIS) for the Effects of Oil and Gas Activities in the Arctic. The stated purpose of the DEIS currently out for public comment has expanded significantly from the State's understanding to include the evaluation of potential effects of a Very Large Oil Spill, as well as the potential effects of seismic activity and alternate approaches for the Bureau of Ocean Energy Management (BOEM) to issue geophysical (G&G) permit decisions. Neither of these topics were considered in the original Environmental Impact Statement (EIS), so we were very surprised to find them being addressed in what we assumed was going to be an evaluation of the effects of Outer Continental Shelf (OCS) activities as they relate to authorizing the take of marine mammals incidental to oil and gas activities pursuant to the Marine Mammal Protection Act (MMPA). Per National Environmental Policy Act (NEPA) requirements, the public should have been informed about the expansion of the original EIS scope at a minimum, and the lead federal agency should have offered additional scoping opportunities to gather comments from the public, affected State and local agencies, and other interested stakeholders. This is a significant oversight of the NEPA process.

The DEIS addresses potential environmental impacts of oil and gas exploration in both State and federal waters of Alaska's OCS. For this reason, the State of Alaska should have been consulted during the EIS process, if not asked to join the EIS team as a Cooperating Agency. Unfortunately, since your agency made no attempt to collaborate with the State of Alaska, the restrictions, outcomes, and mitigation measures within the DEIS extend beyond the scope and jurisdiction of the National Marine Fisheries Service (NMFS), duplicate and contradict existing State lease stipulations and mitigation measures, and display an overreach of federal authorities and regulatory oversight.

Recognizing the significant role Alaska plays with regard to America's energy security, President Obama issued Executive Order 13580, "Interagency Working Group on Coordination of Domestic Energy Development and Permitting in Alaska," on July 12, 2011. The Executive Order tasks the Working Group to:

- Ensure the sharing and integrity of scientific and environmental information and cultural and traditional knowledge among agencies to support the permit evaluation process for onshore and offshore energy development projects in Alaska

- Coordinate federal engagement with States, localities, and tribal governments, as related to energy development and permitting issues in Alaska

It is disappointing that the goals of this presidential order are not being followed with respect to this DEIS process.

Furthermore, it is not clear from reading the DEIS why additional restrictions based on possible outcomes from the DEIS are needed when federal regulations already exist and where mitigation is already being evaluated in separate OCS EIS documents. For example, under the MMPA, incidental take authorizations are issued by NMFS for offshore activities to limit marine mammal encounters to negligible impacts. Incidental take authorizations and impacts to marine mammals in Alaska's OCS have most recently been evaluated as part of a separate DEIS which closed for public comment only one month ago by BOEM and for the 5-year (2012-2017) OCS Oil and Gas Leasing Program. It is not clear how your NEPA document may tier from other OCS EIS documents that are at a later stage of the NEPA process.

The DEIS is duplicative and presents additional OCS EIS documents without clearly identifying how mitigation from each document may be integrated into other federal decisions, particularly where multiple EIS's are evaluating oil and activities in the OCS. Furthermore, it is troubling that your agency's DEIS has failed to describe which specific action has triggered the NEPA process, explaining only that conceptual ideas of seismic effects from possible OCS oil and gas activities are being evaluated. This vague understanding of conceptual ideas would complicate and limit the ability to properly assess environmental impacts and provide suitable mitigation.

The four action alternatives evaluated in the DEIS include very restrictive drilling programs that do not accurately reflect the current number of companies holding leases in Alaska's OCS. Inevitability, this oversight and inclusion of an unrealistic range of alternatives would prevent certain companies from developing their OCS leases. Allowing only two exploratory drilling programs within a season and in the Beaufort and Chukchi Seas would significantly curtail leaseholder's abilities to develop their leases and prevents the economic viability of developing these areas. There are six operators holding leases in the Chukchi Sea and 18 operators with leases in the Beaufort Sea. The allowable exploratory actions in each of the alternatives are unrealistic and the decision making for choosing this level of allowable activity in the DEIS alternatives is arbitrary and should be re-evaluated.

Other proposed mitigation measures include seasonal closures that would reduce the potential to explore within the already brief open water season by approximately 50 percent. These closures further restrict an already short window of opportunity for companies to commence exploration activities. There are additional "special habitat area" closures that arbitrarily block lease access, and it is not made clear under which authority NMFS can impose these additional sensitive area closures. These proposed restrictions, individually and totally, would significantly limit the ability to develop Alaska's OCS.

We suggest that the efforts undertaken while developing this DEIS be re-evaluated to ensure adherence to the public process and for overall NEPA compliance. Furthermore, collaboration with other State, federal, and local stakeholders, as well as experts from the oil and gas industry, is essential to help improve the DEIS. For example, we understand from conversations with the Environmental Protection Agency (EPA) that they will be releasing their Ocean Discharge Criteria Evaluation (ODCE) soon, as part of the process of renewing the Arctic National Pollutant Discharge Elimination System (NPDES) General Permits for the Beaufort Sea and Chukchi Sea. Section 403(c) of the Clean Water Act requires that NPDES permits for ocean discharges be issued in compliance with the Ocean Discharge Criteria for preventing unreasonable degradation of ocean waters. It is not clear how NOAA

and BOEM can address the persistence of pollutants, bioaccumulation, and vulnerability of biological communities without the benefit of EPA evaluation. To note, the proposed zero discharge mandate described in the Arctic DEIS may be lacking EPA's critical input on the matter, possibly contradicting EPA's direction based on the pending ODCE evaluation. The EPA released the Arctic NPDES General Permits for public comment in March, 2012, but it is not clear yet when they will be releasing the ODCE for agency comment.

The State of Alaska has significant concerns regarding the mitigation measures and potential restrictions proposed in the DEIS, which if enforced, contradict President Obama's goal of reducing the nation's reliance on foreign oil. "Meeting this new goal of cutting our oil dependence depends largely on … finding and producing more oil at home, and reducing our dependence on oil with cleaner alternatives fuels …" (Speech at Georgetown University, March 29, 2011).

Furthermore, the State questions the economic analysis used for the DEIS, which did not accurately capture the positive economic benefits that would be realized from developing Alaska's OCS. Seismic surveys and potential exploration drilling would lend to positive impacts on economic growth, resident and worker employment opportunities, additional access for future development, as well as the royalty revenue, and production and property tax revenues that would result from developing Alaska's OCS.

Development of Alaska's OCS would greatly help secure our nation's energy needs. Studies estimate that the Alaska Arctic has more undiscovered oil than any Arctic nation. These studies estimate that the OCS contains 27 billion barrels of conventional oil and 132 trillion cubic feet of natural gas. Studies have also shown that development in Alaska's Beaufort and Chukchi Seas could result in the production of 700,000 barrels of oil per day for 40 years, in turn supplying more jobs, income, and energy for our state and nation, lowering our nation's trade deficit.

Finally, it is unclear whether NOAA intends to extend the public comment period to accommodate the postponed public meetings to be held in Kaktovik and Nuiqsut, Alaska in March. It seems appropriate to keep the public comment period open for all public entities until public meetings have been completed, versus closing the comment period on February 28, 2012, as currently proposed.

The Alaska OCS region is a vast yet untapped resource which has the potential to increase our nation's energy security, provide thousands of high-paying jobs, and generate billions of dollars in revenue. The State of Alaska has a vested interest in seeing those resources responsibly developed. From the federal perspective, exploration and development in the Alaska OCS region is important to the nation as a whole, especially considering sky rocketing oil and gas prices, which threaten economic recovery.

President Obama's Executive Order 13580, "Interagency Working Group on Coordination of Domestic Energy Development and Permitting in Alaska," was issued for the purpose of coordinating the "efforts of Federal agencies responsible for overseeing the safe and responsible development of onshore and offshore energy resources and associated infrastructure in Alaska and to help reduce our dependence on foreign oil."

As a result of the Executive Order, we were encouraged that the Obama Administration's views toward responsible oil and gas development were becoming more positive. However, this NMFS DEIS for the Effects of Oil and Gas Activities in the Arctic seems clearly to go against the goals and spirit of the Executive Order. The DEIS does not assess a particular project, is duplicative, creates the need for additional OCS EIS documents, and is based upon questionable authority. We are therefore concerned that the Executive Order is not being taken seriously, particularly in regard to creating a more coordinated, efficient process for Alaska OCS exploration, permitting, and development.

For these reasons, I am copying Deputy Secretary of the Interior, David Hayes and Deputy Assistant to the President on Energy and Climate Change, Heather Zichal, given that they are in charge of efforts to make energy development and permitting in Alaska more efficient. I encourage you to work with Mr. Hayes and Ms. Zichal to better harmonize this DEIS effort with the President's goals under Executive Order 13580.

We offer our general comments as well as those specific to the DEIS in the attached enclosure
Sincerely,

Daniel S. Sullivan
Commissioner

Enclosure

cc: David Hayes, U.S. Deputy Secretary of the of the Interior
Heather Zichal, Deputy Assistant to the President for Energy and Climate Change
Randy Ruaro, Deputy Chief of Staff, Office of the Governor
Kip Knudson, Director of State and Federal Relations, Office of the Governor
Larry Hartig, Commissioner, Alaska Department of Environmental Conservation
Joseph Balash, Deputy Commissioner, Alaska Department of Natural Resources
Ed Fogels, Deputy Commissioner, Alaska Department of Natural Resources
Jeff Jones, Special Assistant, Office of the Governor
William Barron, Director, Division of Oil and Gas, Alaska Department of Natural Resources
Thomas Crafford, Director, Office of Project Management and Permitting, Alaska Department of Natural Resources
Mark Robbins, Associate Director, Office of the Governor
Gary Mendivil, Office of the Commissioner, Alaska Department of Environmental Conservation
Sara Longan, Office of Project Management and Permitting, Alaska Department of Natural Resources

CSHB 361(FIN): Disposals of State Resources
Briefing Paper

April 3, 2012

The Division of Mining, Land and Water in the Department of Natural Resources has identified over 30 statutory changes that would help reduce applicant costs, create efficiencies by streamlining processes, reduce redundancies, and reduce opportunities for legal challenges. These changes would reduce the permitting burden on the applicant and free more time for staff to work on processing applications. Department of Law has drafted a bill that includes some of the highest priority changes that relate to the certain leasing and disposal programs and to water rights that are administered by the Department of Natural Resources.

The bill would accomplish the following primary objectives:

1) Give the department more flexibility on when to issue negotiated land leases, as opposed to using a competitive bid process

   - The proposed changes would give DNR more flexibility to negotiate leases after solicitation of competitive interest where only one party seeks the lease.
   - Negotiating leases rather than conducting the full process for a competitive lease will improve processing times and decrease administrative expenses.
   - Monetary caps would be raised from $5,000 to $10,000 on negotiated leases. The consumer Price Index and land values have increased statewide over the last decade and the monetary cap for negotiating leases has not been adjusted to reflect these changes in value. This would allow more leases to be negotiated rather than having to be offered competitively, which is more time consuming and delays the issuance of the lease.[1]
   - Offering more negotiated leases reduces the time it takes to issue leases and reduces costs to the applicant. This will help us reduce the backlog, and help ensure we are not hampering private-sector development by unnecessarily delaying lease issuances.
   - This change does not apply to oil and gas leases.

2) Allow department discretion in renewing certain land leases in good standing for term equal to initial term

   - Significantly reduces the administrative cost to the state for executing a new lease at the end of the primary term for these types of lease.

---

1. Often leases that are offered competitively do not receive any competitive bidders, thus the time does not add any benefit to the process. This change would not prevent the state from offering competitively if it determined there was a competitive interest.

- Includes the requirement for a lease to be used for purpose of original decision in order to be considered in good standing.
- Reduces cost and processing time for lessee at point of renewal when lessee is in good standing and following all the terms of their initial authorization.
- This change does not apply to oil and gas or mineral leases.

3) Separate out the respective rules and procedures for timber sales and material sales (such as for rock and gravel)

- Timber and material sale statutes are intertwined, which has led to misinterpretations because many of the existing statutes are specific to only timber or material sales, but not both.
- The proposed changes would provide clarity and efficiency for the material sales process by:
    - Allowing the state to solicit competitive interest in material sales, and if there is none, avoid the longer competitive process. This would allow sales to be offered through a more efficient negotiated sale process
    - Eliminating multiple duplicative decision processes for material sites that will have multiple sales
    - Establishing how prices would be determined and allowing for more use of the representative regional sales price rather than requiring appraisals of the material, thus reducing cost and processing time for applicants
    - Clarifying that material may be sold at less than fair market value for certain instances that are in the public interest
    - Allowing material use that is incidental to other authorizations to be sold without a separate material sale authorization, reducing processing time and cost for applicants
    - Defining materials in such a way as to add clarity and avoid lengthy disputes
    - Allowing the department to convey materials as needed for certain flood control purposes
- The proposed statute changes would ease the permitting burden on the private sector by allowing material sales to be issued more quickly and efficiently. Also, these changes would improve access to state materials for public benefit, such as to municipalities.

4) Allow the department to use sealed bid procedures, rather than public auction, where appropriate

- This change would clarify that DNR can use sealed bids to facilitate pubic auctions. The sealed-bid auction option is a more efficient and often more revenue positive option. Using this option will reduce the time it takes to sell or lease state land.

- Without this change, DNR could be challenged on the fact that it cannot utilize sealed bid auctions for public auctions, creating inefficiencies, and making it more difficult for the private sector to obtain state land.
- This change addresses statutes that affect land sales, land leasing, contracts, agricultural preferences, and aquatic farm leasing, but does not affect oil and gas leasing.

5) Modernize public notice requirements for disposals of property rights
   - Enables the department to notice disposals of property rights via the Alaska Online Public Notice System and de-emphasize notice given in printed media.
   - Helps to limit the cost of public noticing, as the cost for noticing in newspapers is continuing to increase as the popularity of print media decreases.
   - Increases flexibility for the department on how we issue public notice.
   - Existing statutes require 30 day public notice for disposals of property rights.
6) Give the department the authority to exempt small mining operations from having to pay production royalties
   - Creates a savings for small-production miners and the state—amounts of locatable minerals being produced from these operations are diminutive and the state's cost to complete the accounting and processing of the royalty is more than the revenue collected.
7) Revise a portion of the mining royalty law to allow companies to file their mining royalty by either calendar year or fiscal year
   - Allows for a simplified process and administrative savings for filing, both for the state and the company.
   - Helps to coordinate mining royalty processing between the state and company, which creates efficiencies.
8) Allow the director of the Division of Mining, Land and Water to extend or renew a submerged land mining lease for up to a period of 20 years
   - Significantly reduces the administrative cost to the state for executing a new lease at the end of the primary term for these types of lease.
   - Benefits the lessee by providing them more certainty in renewing their lease, pending that they are in good standing with the state with adequate production and in compliance with the terms of their lease.

CSHB 361(RES): DISPOSALS OF STATE RESOURCES

SECTIONAL ANALYSIS

APRIL 3, 2012

Sections 1 through 5 of the bill revise land sales statutes to clarify that the Division of Mining, Land, and Water can use sealed bids instead of public auctions as the Department of Natural Resources has done for many years.

Sec. 6 revises leasing statutes to increase the appraised value of the transaction from $5,000 to $10,000 per year in order to qualify for negotiated leases.

Sec. 7 revises the statute by adding new subsections to the land leasing laws:

(d) This section revises land leasing laws to provide for conversion of a public, competitive offering process to a negotiated, non-competitive process if after public notice only one interested party expresses interest in acquiring the lease.

(e) This section revises land leasing laws to provide for renewals upon expiration of a lease issued under AS 38.05.070, 38.05.075, or 38.05.810. This would allow for a lease to be renewed one time at the discretion of the director of MLW if certain established conditions are satisfied.

Sections 8 through 12 revise land leasing statutes to clarify that MLW can use sealed bids instead of public auctions.

Sections 13 through 15 separate material sales from timber sales in the statutes. Timber sales would remain under AS 38.05.110 – 123 and a new section would be established for material sales (sand, gravel, rip-rap, stone etc.) under Section 18 of this bill. This will clarify the purposes, methods and procedures for these two different types of property sales, which would provide more certainty to the sales processes.

Sec. 16 changes this statute to conform to the Department of Revenue's mining license tax laws and allow miners to pay their mining royalty either by calendar year or the company's fiscal year, whichever year they file their mining license tax. This section also gives DNR the authority to exempt, by regulation, small operations from the production royalty.

Sec. 17 revises mining statutes to allow the director of the Division of Mining, Land and Water to extend or renew a submerged land mining lease for up to a period of 20 years.

Sec.18 revises the Alaska Land Act by adding new sections under a new Article (13A) to deal specifically with Material Sales. This proposed change, associated with proposed changes under Sections 13 through 15, is intended to separate the two very different types of property sales.

The substantive changes to the material sales statutes under this section separate out the respective rules and procedures for timber sales and material sales (such as for rock and gravel).

The proposed changes would:

- Allow the state to solicit competitive interest in material sales, and if there is none, avoid the longer competitive process;
- Establish how prices would be determined and allow for more use of the representative regional sales price rather than requiring appraisals of the material for each sale;
- Clarify that material may be sold at less than fair market value for certain instances that are in the public interest as related to conditions set in AS 38.05.872;
- Allow material use that is incidental to other authorizations to be sold without a separate material sale authorization; and
- Allow the use and sale of peat to create another alternative fuel for heat and power generation for personal and commercial use.

Sec. 19 revises public and charitable use statutes to clarify that DNR may negotiate the lease of state land without competitive bid as opposed to public auction. This change amends this section of the law to conform to changes proposed in Sections 1-5, and 8-12 of the bill.

Sec. 20 revises public and charitable use statutes to allow DMLW to negotiate within the leasing process the sale of material necessary for construction, use, maintenance of property leased under AS 38.05.810.

Sec. 21 repeals and reenacts the statute that allows the department to convey materials as needed for certain flood control purposes.

Sec. 22 revises public notice statutes in order to modernize public notice requirements for disposals of property rights.

Sec. 23 repeats Sec. 22 except that it removes the option to post a legal notice referencing the online notification in a newspaper of statewide circulation as of July 1, 2017 per section 25. That option was included as a transitional option to help the public transition to online methods.

Sec. 24 changes the definition of "materials" within the Alaska Lands Act.

Sec. 25 separates out material sales from AS 41.23.470(b). There was a conflict with a reference to AS 38.05.115 once material sales were separated out in that section.

Sec. 26 provides instruction to the revisor of statutes to make organizational changes to correspond with the proposed separation of timber sales and material sales being proposed in Sections 13, 14, 15 and 18 of this bill.

Sec. 27 provides that Section 23 of the Act takes effect on July 1, 2017.

Sec. 28 provides that, except as provided in sec. 27 of the Act, the Act takes effect July 1, 2012.

10 Year Leases

	ADL	Name	Industry	Size	Length
1	220410	Susitna Duck Club	Commercial rec	< 1 acre	10 Years
2	228642	US F&G	Small comm site	<1 acre	10 Years
3	225566	Mountaineering Club of AK	Mt. hut	< 1 acre	10 Years
4	221799	Mark's Guide Service	Guide site	1 acre	10 Years
5	227956	Alaska Rainbow Lodge	Guide site	1 acre	10 Years
6	222642	USFWS Comm Site	Small comm site	1 acre	10 Years

Mid length Leases

	ADL	Name	Industry	Size	Length
1	44350	AT&T Comm Site	Large comm site	< 1 acre	25 Years
2	44351	AT&T Comm Site	Large Comm site	< 1 acre	25 Years
3	229762	FAA-Rainy Pass	Weather station	< 1 acre	20 Years
4	229109	Backcountry Adventures	Guide site	3.54 acres	30 Years
5	228829	Copper River EMA	Ambulance station	2 acres	30 Years
6	227818	Iditarod Area School District	Science Camp	2 acres	20 Years
7	60911	P&C Lease, Alascom	Large comm site	3.67 acres	20 Years
8	67915	P&C Lease, USDHS Coast Guard	Small dock	87.3 acres	20 Years
9	221779	Negotiated Lease	Shore Fishery	1 acres	20 Years
10	223655	Tideland Lease	Small dock	< 1 acre	20 Years

55 Year Leases

	ADL	Name	Industry	Size	Length
1	230925	CINGSA	Gas Injection	7 acres	55 Years
2	223351	TDX Dock at St. Paul	Crab Processing	10 acres	55 Years
3	64269	Amerada Hess Pipeline Corp	Dock	435.2 acres	55 Years
4	32549	Hilcorp Alaska-Cook Inlet	O&G Dock	170 acres	55 Years
5	36127	Subdivision Lease	Residential-1963	1.6 acres	55 Years
6	57396	Mt. Eyak Ski Resort	City of Cordova	508 acres	55 Years
7	60211	William Wren	Dock	7.9 acres	55 Years

SB 219 Lease Renewal Chart

Issue Original lease	Reissue under current Law	Reissue under Revised Law for existing leases	Reissue under Revised Law for new leases
Agency Notice	Agency Notice	Agency Notice	Initially decide if going to renew; other more important use? Another use would warrant full AS 38.05.035(e) decision process
Preliminary Decision	Preliminary Decision	Public Notice	Public Notice was given at initial lease but will also be done at renewal
Public Notice	Public Notice	Administrative Record of Decision	Administrative Record of Decision
Final Decision	Final Decision	Appeal	Appeal
Appeal	Appeal	Appraisal every 5 years	Appraisal every 5 years
Early Entry Authorization	Appraisal every 5 years	Issue Lease Renewal	Issue Lease Renewal
Survey and Appraisal	Issue new Lease		
Issue Lease			

Under current statutes, the Division of Mining, Land and Water are unable to renew leases and instead have to reissue new leases.

Leasing actions required by CSHB361(FIN)

Lease Application defines request	Below $10,000 and less than 10 year term	Over $10,000 or over 10 year term	
	Option to Negotiate without soliciting competitive interest	Through public notice solicit for competitive interest	
		No competitive interest expressed	*Competitive interest expressed*
	Requires best interest decision	Negotiate any terms	Prepare and hold auction
	Requires formal public notice	Requires best interest decision	Requires best interest decision
		Requires formal public notice, although initial notice would suffice	Requires formal public notice both at the outset and for auction
			Requires publication of auction brochure
			Requires additional 30 day public notice of auction

Information provided by the Department of Natural Resources, Division of Mining, Land and Water.

HB 365

<TARGET><BILL>HB 365</BILL><SUBJECT>HB 365</SUBJECT><COMM>HRES27</COMM></TARGET>

27-LS1439\A.1
Bullard
3/16/12

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON

TO: HB 365

Page 2, line 11:

Delete "activities of the department and activities regulated by the department"

Insert "activities regulated by the department in that limited or isolated geographic area"

Conceptual Amendment

Offered in the House

By Representative Seaton

Add “marine” before “aquatic invasive species” throughout the bill

ALASKA STATE LEGISLATURE

House Resources Committee

Rep. Paul Seaton, Co-Chair

State Capitol Building, Room 102

Juneau, AK 99801 – 1182
Phone (907) 465-2689
Fax (907) 465-3472
Rep.Paul.Seaton@legis.state.ak.us

Rep. Eric Feige, Co-Chair

State Capitol Building, Room 126

Juneau, AK 99801-1182
Phone (907) 465-4859
Fax (907) 465-3799
Rep.Eric.Feige@legis.state.ak.us

Sponsor Statement
HB 365

Didemnum vexillumis (DVex) also known as Sea Vomit, is an aggressive tunicate invader that grows rapidly and has few known natural predators. It creates metabolic toxins that help it smother substrates and other organisms to create monoculture infestations from intertidal, subtidal to deep sea habitats. As demonstrated in a recent infestation in Whiting Harbor near Sitka the rapid spread of DVex is a threat to the mariculture industry, commercial fisheries and ecosystem integrity.

HB 365 provides the Alaska Department of Fish and Game (ADF&G) the statutory authority to swiftly address outbreaks of aquatic invasive species such as Dvex. Other species of concern include *Didymosphenia geminate (aka Rock Snot) and Northern Pike.*

HB 365 requires ADF&G, in coordination with the Department of Environmental Conservation and the Department of Natural Resources, to establish a plan of coordination and response to an aquatic invasive species outbreak and colonization in a limited and isolated geographic area.

HB 365 gives ADF&G the authority to use chemical, biological, mechanical, or physical methods to deal with the outbreak. It allows for expedited review of plans for dealing with invasive species, and directs ADF&G staff to prioritize eradication of the invasive species over other management issues for the limited and specific area.

Sea Vomit, Rock Snot and other aquatic invasive species have the potential to seriously impact our lucrative commercial fishing, mariculture, and recreational fishing industries. HB 365 gives Alaska the tools to combat this threat.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version **HB 365**
Fiscal Note Number
() Publish Date

Identifier (file name) HB365-DEC-SWM-03-15-12
Title Aquatic Invasive Species
Sponsor House Resources Committee
Requester House Resources Committee

Dept. Affected Environmental Conservation
Appropriation Environmental Health
Allocation Solid Waste Management
OMB Component Number 2344

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0		0.0	0.0	0.0	0.0	0.0
Grants, Benefits	0.0		0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts	0.0		0.0	0.0	0.0	0.0	0.0
1003	GF Match	0.0		0.0	0.0	0.0	0.0	0.0
1004	GF	0.0		0.0	0.0	0.0	0.0	0.0
1005	GF/Prgm (DGF)	0.0		0.0	0.0	0.0	0.0	0.0
1037	GF/MH (UGF)	0.0		0.0	0.0	0.0	0.0	0.0
1178	temp code (UGF)	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time	**0**	0	0	0	0	0	0
Part-time	**0**	0	0	0	0	0	0
Temporary	**0**	0	0	0	0	0	0

CHANGE IN REVENUES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by Kristin Ryan, Director — Phone (907) 269-7645
Division Environmental Health — Date/Time 3/15/2012 14:00 pm
Approved by Lynn Kent — Date 3/16/2012
Deputy Commissioner

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB 365
2012 LEGISLATIVE SESSION

Analysis

HB 365 has no fiscal impact to the Department of Environmental Conservation. Current Division of Environmental Health staff could absorb the amount of time required to cooperate with the Department of Fish and Game in establishing the plan and responding to invasive species attacks.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB 365**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB365-DEC-WQ-03-15-12
Title: Aquatic Invasive Species
Sponsor: House Resources Committee
Requester: House Resources Committee

Dept. Affected: Environmental Conservation
Appropriation: Water
Allocation: Water Quality
OMB Component Number: 2062

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0		0.0	0.0	0.0	0.0	0.0
Grants, Benefits	0.0		0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
FUND SOURCE			(Thousands of Dollars)				
1002 Federal Receipts	0.0		0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0		0.0	0.0	0.0	0.0	0.0
1004 GF	0.0		0.0	0.0	0.0	0.0	0.0
1005 GF/Prgm (DGF)	0.0		0.0	0.0	0.0	0.0	0.0
1037 GF/MH (UGF)	0.0		0.0	0.0	0.0	0.0	0.0
1178 temp code (UGF)	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
POSITIONS							
Full-time	0	0	0	0	0	0	0
Part-time	0	0	0	0	0	0	0
Temporary	0	0	0	0	0	0	0
CHANGE IN REVENUES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by: Michelle Bonnet, Director — Phone: (907) 261-7599
Division: Water — Date/Time: 3/15/12 1:20 PM
Approved by: Lynn Kent, Deputy Commissioner — Date: 3/16/2012

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB 365
2012 LEGISLATIVE SESSION

Analysis

HB 365 has no fiscal impact to the Department of Environmental Conservation. Current Division of Water staff could absorb the amount of time required to cooperate with the Department of Fish and Game in establishing the plan and responding to invasive species attacks.

FISCAL NOTE

STATE OF ALASKA cost ≠ codes
2012 LEGISLATIVE SESSION

Bill Version **HB 365 \A**
Fiscal Note Number
Publish Date

Identifier (file name) HB365-DFG-SFD-03-16-12
Title AQUATIC INVASIVE SPECIES
Sponsor HOUSE RESOURCES COMMITTEE
Requester House Resourses Committee

Dept. Affected Fish and Game
Appropriation Sport Fisheries
Allocation Sport Fisheries
OMB Component Number 464

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services	499.0		218.0	*	*	*	*
Travel	105.0		53.2				
Services	245.0		125.0				
Commodities	5.0		2.5				
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**854.0**	**0.0**	**398.7**	*	*	*	*

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF	854.0		398.7				
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1024	Fish/Game (Other)							
	TOTAL	**854.0**	**0.0**	**398.7**	*	*	*	*

POSITIONS							
Full-time							
Part-time							
Temporary	6.0		6				

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This is the initial fiscal note.

Prepared by Charles O. Swanton, Director — Phone 907-465-6184
Division Sport Fisheries — Date/Time 3/16/12 5:00 PM
Approved by Kevin Brooks, Administrative Services Director — Date 3/16/2012
Department of Fish and Game

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB 365 \A
2012 LEGISLATIVE SESSION

Analysis

House Bill 365 would require dedicated staff to be hired specifically to address each of six identified (Northern Pike, D.vexillum-Tunicate, Elodea-pondweed, Water Milfoil, European Green Crab, Spartina Cordgrass)invasive species threats to marine and freshwaters across the state. A template for a rapid response plan would be developed specific to each species which would include vectors of transmission, synthesis of background knowledge, documented or perceived distribution and identified threat to specific areas or locations and effective control or eradication methods.

Upon completion, a series of facilitated meetings would take place between identified state, federal and municipal agencies, along with other stakeholder organizations to catalog authorities and available resources specific to rapid response. In addition, a series of facilitated public meetings would be held to receive and document public input and knowledge to be incorporated into a draft plan. Each hired staff member would be specifically assigned to a species and would therefore become the subject matter expert for that species should the need for a response plan be necessary.

The final task would be compiling all of the pertinent information and publishing a final rapid response plan to be implemented by all of the affected parties. We anticipate that these plans will take 18 months to complete and the full year cost is shown in FY13 and a 1/2 year cost is shown in FY14.

Personnel for this project would consist of the department's existing invasive species program coordinator (Range 18) for 12 months to supervise and coordinate plan development. The six project leaders each dealing with a single species would be range 18 long term non-perms whom would be responsible for plan development and finalization within an 18 month period.

Each species would have a series of meetings which would be facilitated by an outside contractor whom would also be required to assist with the drafting following each meeting. We anticipate six meetings per species costing about $10.0 per meeting.

This fiscal note does not reflect the costs associated with implementing any of the plans this legislation directs ADF&G to develop. It would be extremely difficult to estimate those costs at this time resulting in an indeterminate cost for FY15 and beyond.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HB365**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HB365-DHSS-EPI-3-16-12
Title: Aquatic Invasive Species
Sponsor: Resources Committee
Requester: House Resources Committee

Dept. Affected: Health and Social Services
Appropriation: Public Health
Allocation: Epidemiology
OMB Component Number: 296

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable. Initial version.

Prepared by: Ward B. Hurlburt, M.D., MPH / Chief Medical Officer-Director
Division: Public Health
Approved by: Nancy Rolfzen, Assistant Commissioner
DHSS Finance & Management Services

Phone: 269-6754
Date/Time: 3/16/12 12:00 AM
Date: 3/16/2012

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB365
2012 LEGISLATIVE SESSION

Analysis

This is a zero fiscal note.

This bill would require an unspecified department (presumably the Alaska Department of Fish and Game) to establish a rapid response and management plan for addressing occurrences of aquatic invasive species in limited geographic areas of Alaska. Development of this plan would need to be done in cooperation with other state agencies. For Health and Social Services, this bill would allow a forum to discuss and respond to invasive aquatic species with a direct impact on human health. An example of such a species could be a novel mosquito (which spends part of its life in freshwater) to Alaska that is capable of transmitting diseases (e.g., West Nile virus) not previously experienced locally in the state. There might also be indirect impacts to human health. An example of this may be the introduction of a new predatory fish species that could affect local fish stocks and impact food stability or may contain differing levels of harmful contaminants in the flesh (e.g., mercury in Northern pike). Either situation could ultimately impact human health and would require a multi-agency response, given jurisdictions and expertise. Based on the past work of a similar Council and other related issues (e.g., rat eradication), the department would likely not play a primary role but would be available to provide relevant input as needed. The department anticipates that the involvement in the rapid response and management plan would be accomplished with existing resources and would result in no fiscal impact.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version **HB365**
Fiscal Note Number
() Publish Date

Identifier (file name) HB365-DNR-AG-03-17-12
Title Aquatic Invasive Species
Sponsor House Resources
Requester (H) RES

Dept. Affected Natural Resources
Appropriation Agriculture
Allocation N. Latitude Plant Materials Center
OMB Component Number 2204

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services	71.0						
Travel	5.0						
Services	3.7						
Commodities	4.5						
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**84.2**	**0.0**	***	***	***	***	***

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF	84.2						
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**84.2**	**0.0**	***	***	***	***	***

POSITIONS							
Full-time							
Part-time							
Temporary	**1**						

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version.

Prepared by Franci Havemeister, Director
Division Division of Agriculture
Approved by Daniel S. Sullivan, Commissioner
Department of Natural Resources

Phone 907-761-3867
Date/Time 3/17/12 4:00 PM
Date 3/17/2012

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA **BILL NO.** HB365
2012 LEGISLATIVE SESSION

Analysis

HB 365 establishes a new section in AS 16.05 that directs the Department of Fish & Game to work with the Department of Natural Resources to establish a rapid response and management plan for addressing occurrences of aquatic invasive species in limited or isolated geographical areas.

This fiscal note covers the costs associated with helping the Department of Fish & Game develop a Rapid Response Plan in FY13 and does not cover the costs associated with implementation of that plan. Not knowing what would be required for plan implementation makes it difficult to predict what the cost would be resulting in an indeterminate cost for FY14 and beyond.

It is anticipated that in order to help develop the plans, the Division of Agriculture would need a long-term, non-perm Natural Specialist Range 16, plus mandatory position costs, travel, and computer equipment. It is assumed that development of a rapid response and management plan would take up to one year and that some travel would be needed in order to coordinate with the Department of Fish & Game.

At this point in time, the only known invasive aquatic plant is Elodea . Elodea can be spread from bodies of water by aircraft, which means that this invasive species is not isolated to a single geographic area. The removal of Elodea would be carried out in the following methods: manual removal by divers, suction dredging, or chemical application.

There have been no prior eradication efforts for invasive aquatic plants in Alaska; but there have been some estimates done in both the Fairbanks and Anchorage area regions for removal of Elodea.
Eradication of aquatic plants are multi-year processes. An estimate for removal of Elodea in Sand Lake in Anchorage was $210.0 over three years using herbicides. The Fairbanks Soil and Water Conservation District estimated that over a 5 year period it would about $322.4 for mechanical control in Chena Slough.

These are examples of potential costs that may be included in a future rapid repsonse or management plan.

Louie Flora

From: housemajority_email@housemajority.org
Sent: Monday, March 19, 2012 9:10 AM
To: Rep. Paul Seaton
Subject: HB 365: Action, not more planning, is what is needed!

+----------+
DO NOT REPLY DIRECTLY TO THIS EMAIL: your reply will go to enews@housemajority.org To correspond with the author Hit 'Reply' or 'Forward'.
Then change the TO: address to tlwurtz@alaska.edu If suspected Spam please forward to: support@housemajority.org
+----------+

From: tlwurtz@alaska.edu

Dear Rep. Seaton,
Thanks for your interest in invasive species and your sponsorship of HB 365. I don't know if you're aware that ADF&G wrote a long, detailed invasive species management plan ten years ago, and then put it on a shelf and ignored it. You can find the old plan by googling "ADF&G Aquatic Invasive Species Plan." The real question is: why isn't ADF&G acting on the plan that they themselves wrote? It is a very good plan, just needs commitment. I'm afraid that HB 365 will just allow ADF&G to spend more time writing a new plan that won't be implemented either.
Thank you.
Trish Wurtz, Fairbanks

~ Tricia L. Wurtz
Zip Code: 99708

+----------+
DO NOT REPLY DIRECTLY TO THIS EMAIL: your reply will go to enews@housemajority.org To correspond with the author Hit 'Reply' or 'Forward'.
Then change the TO: address to tlwurtz@alaska.edu If suspected Spam please forward to: support@housemajority.org
+----------+

Linda Hay

From: Tim Stallard <weeds.free.ak@gmail.com>
Sent: Monday, March 19, 2012 11:08 AM
To: Rep. Paul Seaton; Rep. Eric Feige; Rep. Peggy Wilson; Rep. Alan Dick; Rep. Neal Foster; Rep. Bob Herron; Rep. Cathy Munoz; Rep. Berta Gardner; Rep. Scott Kawasaki
Subject: HB 365 is needed to address Alaska's aquatic invasive species

Categories: Linda

Hello members of the House Resources Committee,

Thank you for proposing and considering HB 365 - "An Act relating to the rapid response to, and control of, aquatic invasive species." I hope you will support this measure.

Alaska's environment and the natural resources upon which we depend for jobs, development, tourism, and quality of life are under threat by the rapid spread of damaging invasive species. Despite our isolation and extreme climate these aggressive alien species are skilled at hitch-hiking on cargo ships, fishing and pleasure boats, float planes, heavy equipment, vehicle tires, commodities (gravel, straw, mulch, soil), etc.

As you are likely aware, invasive species cause many billions of dollars of damage each year in the lower 48 and we are just beginning to see these impacts in Alaska. The best solution is to prevent the arrival of new species in the first place with invasive species-free commodities and good "hygiene" - For example wash the boat, plane, equipment, etc. free of any weed seeds or invasive species prior to arrival in a clean part of Alaska. While we need to do more to prevent the spread of invasive species, it is still inevitable that a few will sneak in. Thus it is essential that we have the ability to detect these alien invaders as early as possible and respond as quickly as possible. This is known as Early Detection/ Rapid Response (EDRR).

I know its politically easier to act after everyone recognizes a major problem, but the sooner we can detect and eradicate or control the most damaging species the better - this will save us a tremendous amount of money and heartache in the long run.

A specific example of a fresh water aquatic invasive species is Elodea (water weed) which is currently known in the Fairbanks, Anchorage, and Cordova areas. This plant is easily spread by small fragments. It has the ability to choke up lakes and slow moving water and degrade salmon spawning habitat. It was recently discovered in Anchorage's Sand Lake - which is used by float planes. We are very concerned that without action, it will soon spread to Lake Hood and from there throughout southcentral and southwest Alaska. USFWS biologists estimate it will cost about $210,000 to plan for and apply aquatic herbicide to Sand Lake - but we believe we can eradicate the plant from this lake with a three year effort. Note that herbicides are a last resort, but in the case of this aggressive weed, herbicides represent a much lower ecological cost than allowing Elodea to take over and spread.

I read through the text of HB 365 and this proposed bill appears to me to perfectly address the need for ADF&G to develop an EDRR plan and act in coordination with other state, federal, local, and private entities. Of course such efforts require funding to be successful, but I understand that needs to be addressed separately in a different process.

I don't see any changes that need to be made to this proposed legislation, except that there may be a comma out of place or word order issue in Sec. 16.05.093 (c) that begins on line 5 of page two of the bill. I believe in the intent of this sentence, but it doesn't make sense to me the way it is written. Also, perhaps something could/should be added to this bill to address the issue of prevention?

At the risk of asking for too much, we need a similar comprehensive statewide effort to deal with the rapid invasion of

terrestrial invasive plants. DNR has an excellent Invasive Species Coordinator, but more resources are needed to address damaging invasive land plants. Perhaps most importantly, Alaska DOT needs to take an active role in preventing the spread of invasive weeds and controlling the many weeds along state Rights of Way, airports, snow dumps and gravel pits.

Please don't hesitate to contact me if I can provide any additional information.

Thank you,

Tim Stallard
Invasive Plant Program Coordinator
Anchorage Park Foundation

(907) 347-2214

Keeping Weeds OUT of the Picture

UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

March 19, 2012

Representative Paul Seaton, Co-Chair
Representative Eric Feige, Co-Chair
House Resources Committee
Alaska State Legislature
120 4th St, State Capitol, Room 3
Juneau, AK 99801-1182

RE: Support for HB 365 Regarding Marine Invasive Species

Dear Co-Chairmen Seaton & Feige, and Committee Members,

United Fishermen of Alaska (UFA) is the largest statewide commercial fishing trade association, representing 37 commercial fishing organizations participating in fisheries throughout the state and its offshore federal waters. UFA member groups have long been concerned with the number of marine invasive species that have been identified in Alaska or have the potential to be introduced here. If rapid response capabilities are not established in advance, or if invasives and their transporting vectors are not identified at early stages, they pose potentially devastating effect on the state's fishery resources and the livelihoods of fishing fleets.

UFA commends the committee for drawing attention to this issue through sponsorship of HB 365, and we recommend support in the legislature. Thank you for your attention to this issue, and your support of HB 365.

Sincerely,

Mark Vinsel
Executive Director

MEMBER ORGANIZATIONS

Alaska Bering Sea Crabbers • Alaska Crab Coalition • Alaska Independent Fishermen's Marketing Association
Alaska Independent Tendermen's Association • Alaska Longline Fishermen's Association • Alaska Scallop Association • Alaska Trollers Association
Alaska Whitefish Trawlers Association • Aleutian Pribilof Islands Community Development Association • Armstrong Keta • At-sea Processors Association
Bristol Bay Reserve • Bristol Bay Regional Seafood Development Association • Cape Barnabas Inc. • Concerned Area "M" Fishermen
Cook Inlet Aquaculture Association • Cordova District Fishermen United • Crab Group of Independent Harvesters • Douglas Island Pink and Chum
Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • North Pacific Fisheries Association
Northern Southeast Regional Aquaculture Association • Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation
Purse Seine Vessel Owner Association • Seafood Producers Cooperative • Southeast Alaska Herring Conservation Alliance
Southeast Alaska Fisherman's Alliance • Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners
Southern Southeast Regional Aquaculture Association • United Catcher Boats • United Cook Inlet Drift Association
United Southeast Alaska Gillnetters • Valdez Fisheries Development Association

Didemnum vexillum (Dvex) in Sitka, AK

Prepared for House Resources Committee
1/23/2012

Marnie Chapman
University of Alaska Southeast - Sitka Campus
1332 Seward Ave., Sitka AK 99835
907-747-7702

Acknowledgements

- Alaska Department of Fish and Game
- AmeriCorps
- National Oceanographic and Atmospheric Administration
- San Francisco State University Romberg Tiburon Center for Environmental Studies
- Sitka Tribe of Alaska
- Sitka Sound Science Center
- US Coast Guard and Coast Guard Auxiliary
- US Fish and Wildlife Service
- **All the people in Sitka and outside of Sitka that have come together to support this project**

Dvex in Sitka

- Explosive growth and potential for spread
- Whiting Harbor infestation
  - First contain, then eradicate.
- Reduce possibilities for reintroduction
- Learn more about the biology of Dvex and potential impacts in Alaska

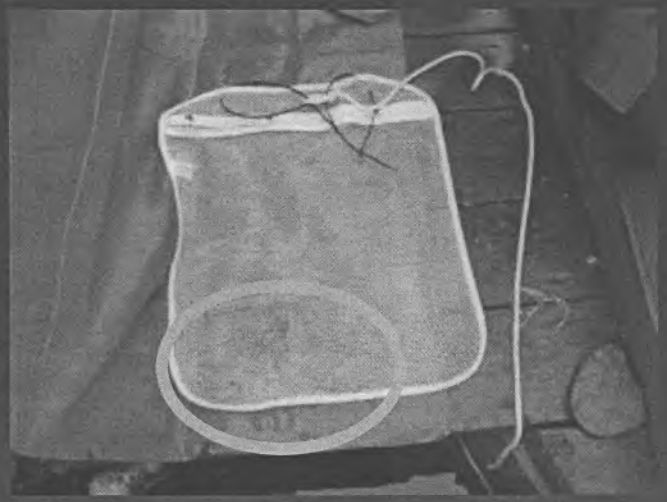
Growth Over 10 Week Period

Appearance on 6/24/11

Whiting Harbor, Sitka, AK



6/24/11



6/24/11



6/24/11

7/9/11



7/22/11



8/5/11



8/16/11



9/1/11





6/24/11
(10 weeks previous)



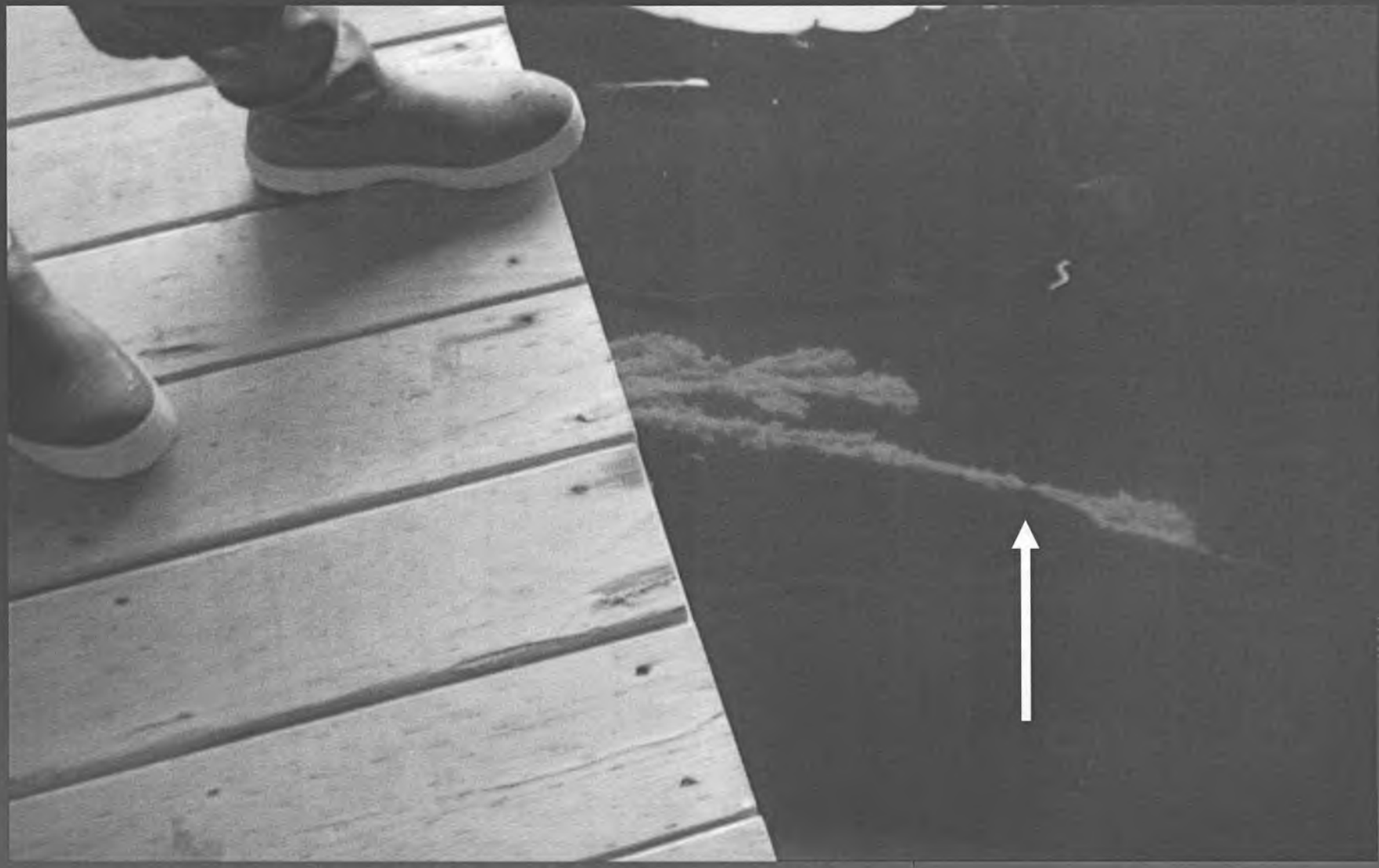
9/1/11

"Dangles"

Typical 7-14 day growth of dangles.



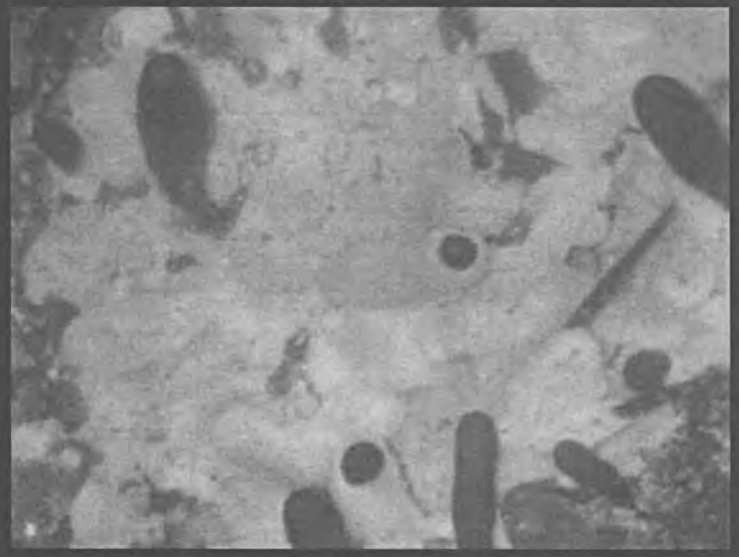
Dangles attenuate and break free

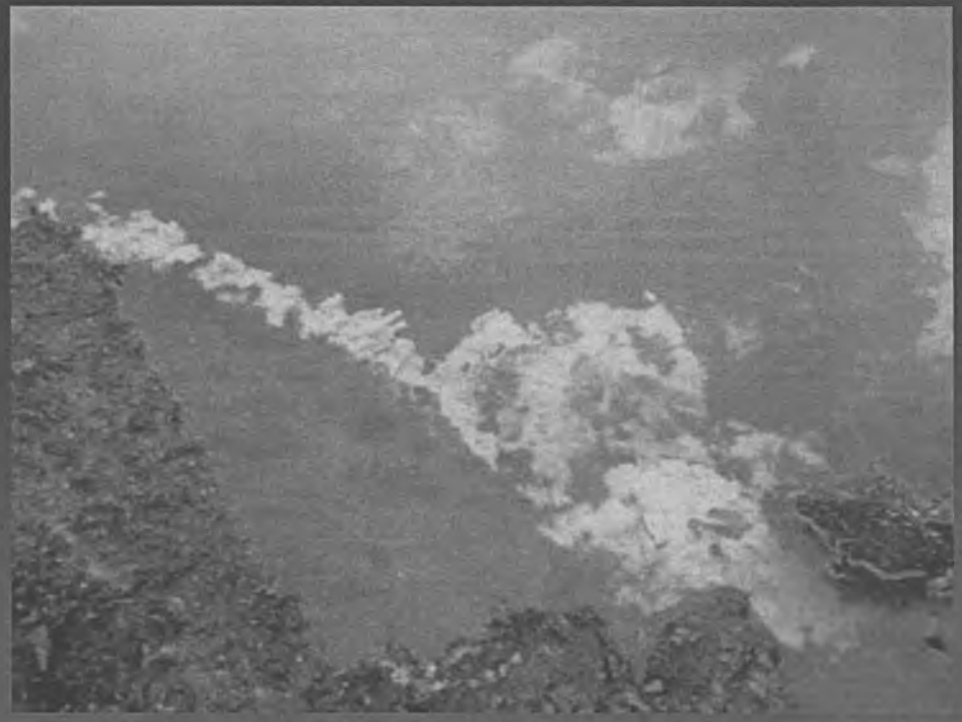


Within a few days ……



Intertidal Dvex
Sitka, Alaska







Dvex in Sitka

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Whiting Harbor infestation
First contain, then eradicate.

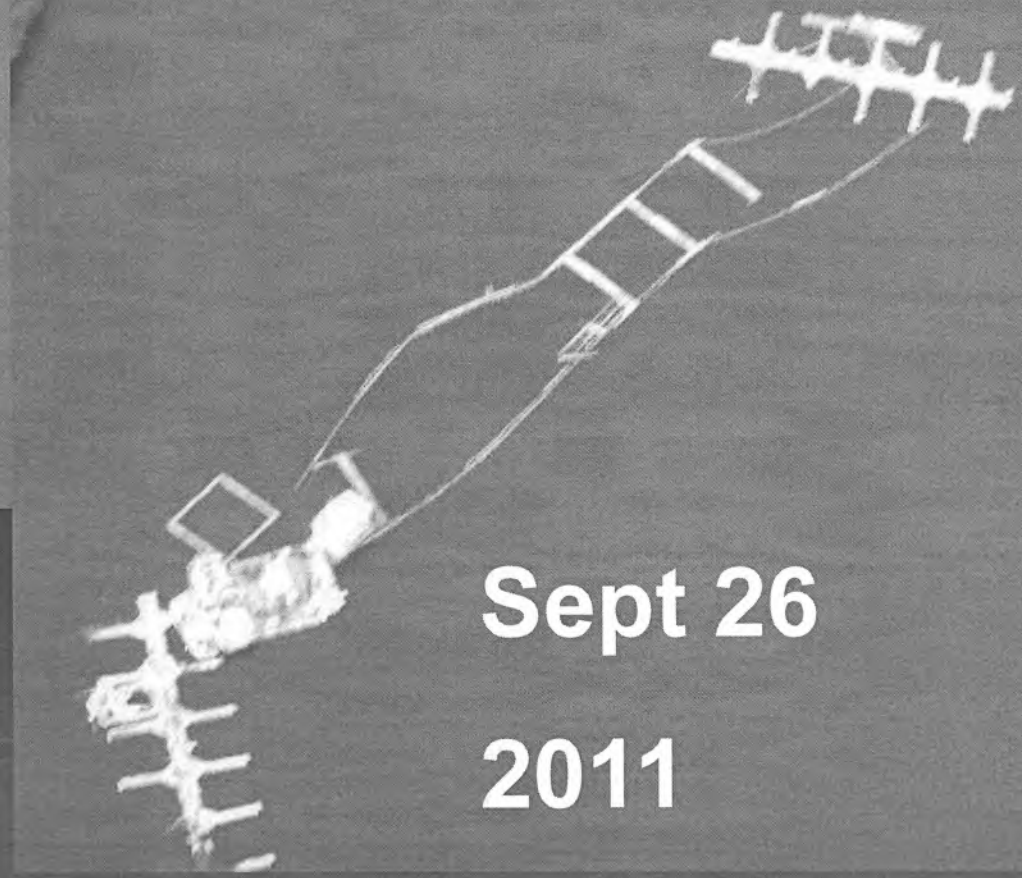
- We all have been saying "Whiting docks are deteriorating and may carry Dvex out of Whiting"
- In fall of 2011, more than a year after Dvex discovery we lost dock structures out of Whiting
- Much has been cleaned up after storms
- There is still a rapidly deteriorating dock structure in Whiting that is heavily infested with Dvex and not well secured.
- Ability to quickly identify and carryout containment is crucial for communities. Still needs to be addressed in Sitka

Whiting Farm Deterioration



Summer

2010



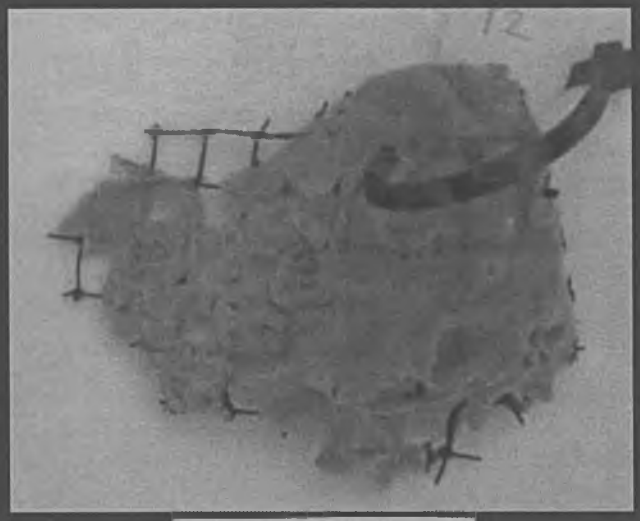
Sept 26

2011

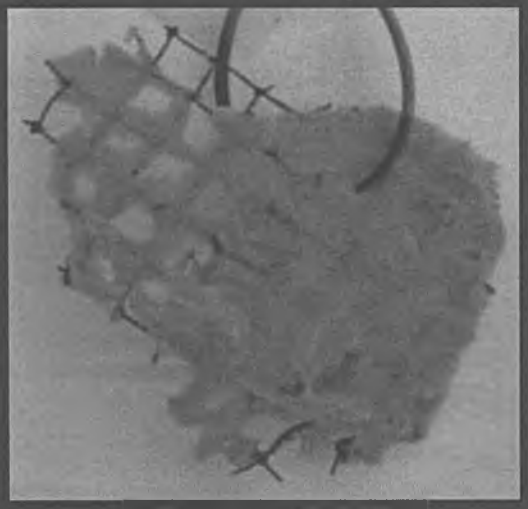
Eradication

- We need to learn how to eradicate
- Smithsonian Environmental Research Center is testing eradication methods.
- This spring the plan is to scale up and try application of salt to limited area of sub-tidal habitat.

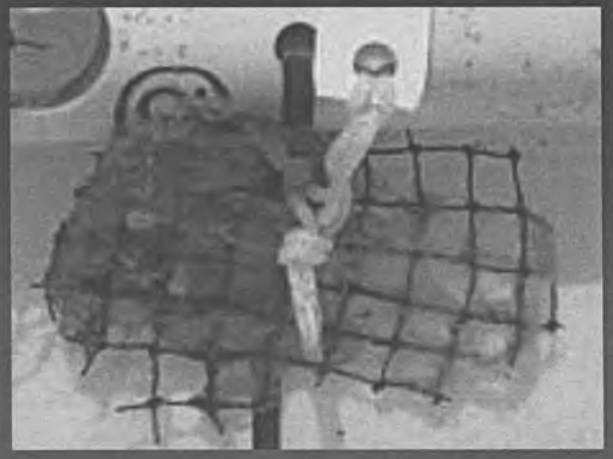
10% Acetic Acid (5 min)



Before



After



1 Week



3 Weeks

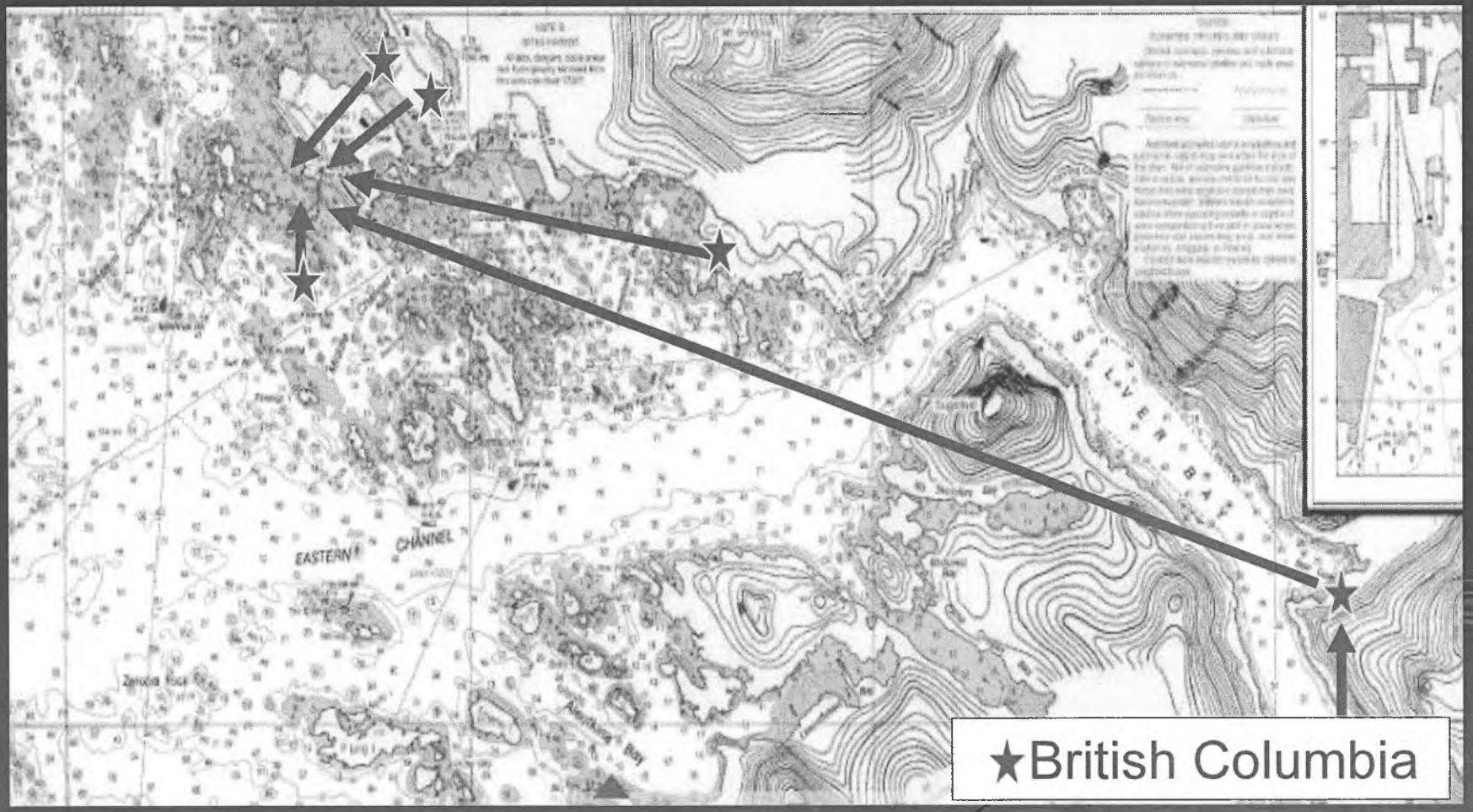
Dvex in Sitka

- Explosive growth and potential for spread
- Whiting Harbor infestation
  - First contain, then eradicate.
- Reduce possibilities for reintroduction
- Learn more about the biology of Dvex and potential impacts in Alaska

Reduce possibilities for reintroduction

- Ballast water, hull fouling, etc. all important
- Movement of docks other floating infrastructure has huge potential for spread of marine invasive species
- Moving a dock moves an entire habitat
- Very common in SE AK
- No legislation (?), little public awareness

Whiting docks pieced together from local and distant sources



Dvex in Sitka

- Explosive growth and potential for spread
- Whiting Harbor infestation
  - First contain, then eradicate.
- Reduce possibilities for reintroduction
- Learn more about the biology of Dvex and potential impacts in Alaska

Learn more about the biology of Dvex and potential impacts in Alaska

- Population genetics
- Distribution
- Ecological interactions and impacts
- Sexual reproduction & reproductive cycles
- Asexual reproduction & growth
- Considerations for containment & radication

Impacts for Sitka and Alaska are Unknown

- Example: Herring Eggs (below)
- We know patches of Dvex can reach nearly 100% coverage Whiting.
- We do not know if herring will spawn on Dvex or if herring eggs can survive on Dvex.



Where do we go from here?
Where does Dvex go from here?



Whiting Harbor
Sitka, Alaska

Balancing the Interests of the Economy & Great Lakes Ecosystem

by Tim Anderson



BATTLE OVER INVASIVE SPECIES
CHICAGO—Brett Kirbach of Illinois Marine Towing stands watch while working on the Windy City tow boat. State leaders are striving to balance the sometimes competing interests of the economy and the Great Lakes ecosystem.

© Getty Images/Scott Olson

Policymakers are striving to find a balance between protecting the delicate ecosystem of the Great Lakes and preserving much-needed jobs.

The problem comes in the form of invasive aquatic species entering the Great Lakes.

Take, for example, the case of sea lamprey, a fish native to the Atlantic Ocean that came to, and then spread throughout, the lakes via manmade shipping canals built in the 1800s.

By the middle of the 20th century, sea lampreys were wreaking havoc on the Great Lakes ecosystem and fishing industry. The population of lake trout was decimated. To this day, the U.S. and Canadian governments are spending millions of dollars a year to control this non-native fish.

More than 180 nonindigenous species have been detected in the Great Lakes. Some are harmless, but others—such as the sea lamprey—have had a profound ecological impact.

Wisconsin Rep. Cory Mason, whose district borders Lake Michigan and also includes some of the state's treasured 15,000 inland lakes, is all too familiar with the impact these invasions can have.

"We've certainly had to deal with the zebra mussel problems in Lake Michigan, and invasive species in our inland lakes change how people can use them," Mason said. "They affect our quality of life. And once they're here, there is no redoing it. They're here permanently."

Tough New Standards

Led in part by lawmakers like Mason, states have taken a lead role over the past decade in trying to keep invasive species out of the Great Lakes.

Today, the fight is centered in New York, which plans to begin enforcing the toughest standards on ballast water discharges in the country next year.

Late in 2011, Mason spearheaded a letter-writing campaign—signed by 21 Wisconsin lawmakers—urging New York to stand by its rules.

"Because of its geographic location, New York is a first-in port of entry, so a tougher standard in that state means protecting the entire basin," Mason said.

He points out that invasive species are not only an ecological threat, but also have an economic consequence. A study by University of Notre Dame researcher David Lodge estimated that these non-native species cost the Great Lakes region $200 million a year.

But some state and federal leaders believe New York's rules go too far in trying to address the threat.

While the seaway has opened up a new pathway for invasive species to come to the Great Lakes, it has opened up new economic opportunities for the region to trade with the



rest of the world.

Governors in Indiana, Ohio and Wisconsin say New York's new rules will close these opportunities.

The state's discharge standard is incompatible with current ballast water treatment technologies, the governors wrote in a letter last year to New York Gov. Andrew Cuomo, and will "possibly force the closure of the St. Lawrence Seaway and imperil thousands of maritime-related jobs."

That letter prompted Mason's letter to New York.

Since the seaway began operating in 1959, more than 2.5 billion metric tons of goods valued at more than $375 million have been moved through it. A 2011 study done on behalf of the Great Lakes shipping industry estimated that the economic activity related to the seaway supports 227,000 jobs in the region.

Over the past half-century, the ballast water of ocean-going ships has been the leading source of nonindigenous species introductions in the Great Lakes, and is the cause of notorious invaders such as the zebra mussel and round goby entering the freshwater system.

States have responded by adopting mandatory ballast water treatment programs and discharge standards. Michigan established the first state-level permitting program in 2005; other states have since followed.

"States like New York have basically said, 'We are not going to tolerate this source of pollution anymore, and we're going to try and figure out how to deal with it,'" said Joel Brammeier, president and CEO of the Alliance for the Great Lakes. "One way to deal with it is through the rapid development of (ballast water) technology, in order to achieve a standard to protect the Great Lakes."

The idea is to establish a standard of treatment that reduces the number of viable organisms in ballast water discharges. But as Brammeier noted, "States are not of one mind on this issue."

The letters written by Mason and the three governors illustrate this divide.

Still, some lawmakers would like the eight Great Lakes states to find consensus on a uniform discharge standard for ballast water.

In late 2011, the Michigan Legislature passed a package of bills that in part call on the state's Department of Environmental Quality to lead such an effort.

The legislative package, sponsored by Sen. Howard Walker, also establishes a 19-member Aquatic Invasive Species Advisory Council, which will revise Michigan's laws, regulations and programs, as well as update the state's Aquatic Invasive Species Management Plan.

The Federal Response

Meanwhile, New York's proposed rules have prompted a strong response from some federal lawmakers. In late 2011, the U.S. House passed legislation stripping states of their authority to create ballast water regulations stronger than those at the federal level.

The same measure would establish a federal ballast water discharge standard that is the same as the one set by the United Nations' International Maritime Organization, known as the IMO. As of early 2012, not enough member countries had ratified the IMO standard to be enforced.

New York's pending discharge standard is 100 times more stringent than the UN standard for existing vessels.

In contrast, states such as Minnesota and Wisconsin have established ballast water programs using the IMO standard. And both the U.S. Environmental Protection Agency and U.S. Coast Guard are moving ahead with plans to tie a federal standard to the IMO standard.

While a discharge standard remains a priority for many, some past actions have helped in the fight against invasive species. Starting in 2006, all overseas vessels entering the Great Lakes were required to conduct saltwater flushing and ballast water exchanges. Since then, there have been no reports of invasive species entering the lakes via ocean-going vessels.

But there are limits to the efficacy of these practices in preventing the introduction of invasive species.

The IMO standard adds another layer of protection to these existing practices. States such as New York and California have decided that even this standard is not enough, while others say anything above it simply is not feasible.



"(Invasive species) affect our quality of life. And once they're here, there is no redoing it. They're here permanently."

—Wisconsin Rep. Cory Mason

HB 3001

<TARGET><BILL>HB3001</BILL><SUBJECT>HB3001</SUBJECT><COMM
>HRES27</COMM></TARGET>

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Governor@Alaska.Gov

Governor Sean Parnell
STATE OF ALASKA

April 18, 2012

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault,

Alaska's oil belongs to Alaskans, and oil production drives Alaskan opportunity. Alaskan engineers, contractors, and maintenance personnel earn their livelihoods from oil production; but so – indirectly – do restaurateurs, retailers, working men and women of all trades, and business owners. Oil production also supports the public sector, providing revenue that creates opportunities for schools, public safety, roads, libraries, energy infrastructure, and many other services for Alaskans.

Alaskans are well aware that oil production from the legacy fields is declining. The costs of maintaining a declining field go up, and higher cost barrels of oil get left in the ground if they are not economic to produce. That is the risk – that without meaningful tax change for legacy fields as well as new fields, a larger percentage of Alaskans' resource will remain locked in the ground. We can avoid this risk and ensure a more prosperous future for Alaskans if we are willing to continue working to increase oil production in all of Alaska's fields.

We must take decisive action to ensure that Alaska's petroleum resources are developed sensibly, starting with a tax structure that is designed not to maximize short-term revenues, but rather to ensure Alaska's long-term competitiveness. The Legislature has completed much study, the public is better informed, and the House and Senate now have positions on the table.

I am submitting a piece of legislation that blends the positions of the House and Senate into a comprehensive approach that will bring economic opportunity to Alaskans for generations to come. Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill proposing amendments to Alaska's oil and gas production tax. The bill would provide tax incentives for the oil and gas industry to increase exploration for new sources and greater development of existing fields.

The bill incentivizes new oil and gas production on the North Slope by providing a 30 percent exclusion, based on gross value at the point of production, from the production tax value used to calculate the base rate and the progressivity tax for the first ten years of sustained production from fields that were not, as of January 1, 2008, within a unit or in commercial production. For currently producing North Slope fields, the bill establishes an exclusion of 40 percent of gross value at the

point of production from the monthly production tax value used to calculate the progressivity tax. The bill caps progressivity by establishing a 60 percent maximum rate. Finally, the bill would extend tax incentives for well lease expenditures available elsewhere in the state through AS 43.55.023(l) to North Slope activities and would allow producers to apply tax credits in one year. These changes are designed both to encourage development of new, currently undeveloped leases or properties, and from known fields in the state.

These changes to Alaska's oil tax regime would foster new production sources and encourage further development of current sources to stem the decline in North Slope production.

I urge your prompt and favorable action on this measure.

Sincerely,

Sean Parnell
Governor

Enclosure

HOUSE BILL NO. 3001

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - THIRD SPECIAL SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 4/18/12
Referred:

A BILL

FOR AN ACT ENTITLED

"An Act relating to adjustments to oil and gas production tax values based on a percentage of gross value at the point of production for oil and gas produced from leases or properties north of 68 degrees North latitude; relating to monthly installment payments of the oil and gas production tax; relating to the determinations of oil and gas production tax values; relating to oil and gas production tax credits including qualified capital credits for exploration, development, or production; making conforming amendments; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 43.55.011(e) is amended to read:

(e) There is levied on the producer of oil or gas a tax for all oil and gas produced each calendar year from each lease or property in the state, less any oil and gas the ownership or right to which is exempt from taxation or constitutes a landowner's royalty interest. Except as otherwise provided under (f), (j), (k), and (o) of

this section, the tax is equal to the sum of

(1) the annual production tax value of the taxable oil and gas as calculated under AS 43.55.160(a)(1)**, as adjusted by AS 43.55.162 if applicable,** multiplied by 25 percent; and

(2) the sum, over all months of the calendar year, of the tax amounts determined under (g) of this section.

*** Sec. 2.** AS 43.55.011(g) is amended to read:

(g) For each month of the calendar year for which the producer's average monthly production tax value under AS 43.55.160(a)(2) per BTU equivalent barrel of the taxable oil and gas is more than $30, the amount of tax for purposes of (e)(2) of this section is determined by multiplying the monthly production tax value**, as adjusted by AS 43.55.162 if applicable,** of the taxable oil and gas produced during the month by the tax rate calculated as follows:

(1) if the producer's average monthly production tax value per BTU equivalent barrel of the taxable oil and gas for the month is not more than $92.50, the tax rate is 0.4 percent multiplied by the number that represents the difference between that average monthly production tax value per BTU equivalent barrel and $30; or

(2) if the producer's average monthly production tax value per BTU equivalent barrel of the taxable oil and gas for the month is more than $92.50, the tax rate is the sum of 25 percent and the product of 0.1 percent multiplied by the number that represents the difference between the average monthly production tax value per BTU equivalent barrel and $92.50, except that the sum determined under this paragraph may not exceed **35** [50] percent.

*** Sec. 3.** AS 43.55.020(a) is amended to read:

(a) For a calendar year, a producer subject to tax under **AS 43.55.011** [AS 43.55.011(e) - (i)] shall pay the tax as follows:

(1) an installment payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each month of the calendar year on the last day of the following month; except as otherwise provided under (2) of this subsection, the amount of the installment payment is the sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be

applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount of the installment payment may not be less than zero:

(A) for oil and gas **not subject to AS 43.55.011(o)** produced from leases or properties in the state outside the Cook Inlet sedimentary basin [BUT NOT SUBJECT TO AS 43.55.011(o)], other than leases or properties subject to AS 43.55.011(f), the greater of

(i) zero; or

(ii) the sum of 25 percent and the tax rate calculated for the month under AS 43.55.011(g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the leases or properties under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from the leases or properties during the month for which the installment payment is calculated;

(B) for oil and gas produced from leases or properties subject to AS 43.55.011(f), the greatest of

(i) zero;

(ii) zero percent, one percent, two percent, three percent, or four percent, as applicable, of the gross value at the point of production of the oil and gas produced from all leases or properties during the month for which the installment payment is calculated; or

(iii) the sum of 25 percent and the tax rate calculated for the month under AS 43.55.011(g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for those leases or properties under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from those leases or properties during the month for which the installment payment is calculated; **for oil and gas for which an adjustment to the monthly production tax value is made by AS 43.55.162(a) or (b),**

the same adjustment is made to the remainder under this sub-subparagraph;

(C) for oil and gas **subject to AS 43.55.011(j), (k), or (o)** produced from each lease or property [SUBJECT TO AS 43.55.011(j), (k), OR (o)], the greater of

(i) zero; or

(ii) the sum of 25 percent and the tax rate calculated for the month under AS 43.55.011(g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible under AS 43.55.160 for oil or gas, respectively, produced from the lease or property from the gross value at the point of production of the oil or gas, respectively, produced from the lease or property during the month for which the installment payment is calculated;

(2) an amount calculated under (1)(C) of this subsection for oil or gas produced from a lease or property subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as applicable, for gas or set out in AS 43.55.011(k)(1) or (2), as applicable, for oil, but substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable gas produced during the month for the amount of taxable gas produced during the calendar year and substituting in AS 43.55.011(k)(1)(A) or (2)(A), as applicable, the amount of taxable oil produced during the month for the amount of taxable oil produced during the calendar year;

(3) an installment payment of the estimated tax levied by AS 43.55.011(i) for each lease or property is due for each month of the calendar year on the last day of the following month; the amount of the installment payment is the sum of

(A) the applicable tax rate for oil provided under AS 43.55.011(i), multiplied by the gross value at the point of production of the

oil taxable under AS 43.55.011(i) and produced from the lease or property during the month; and

(B) the applicable tax rate for gas provided under AS 43.55.011(i), multiplied by the gross value at the point of production of the gas taxable under AS 43.55.011(i) and produced from the lease or property during the month;

(4) any amount of tax levied by AS 43.55.011(e) or (i), net of any credits applied as allowed by law, that exceeds the total of the amounts due as installment payments of estimated tax is due on March 31 of the year following the calendar year of production.

*** Sec. 4.** AS 43.55.023(a) is amended to read:

(a) A producer or explorer may take a tax credit for a qualified capital expenditure as follows:

(1) notwithstanding that a qualified capital expenditure may be a deductible lease expenditure for purposes of calculating the production tax value of oil and gas under AS 43.55.160(a), unless a credit for that expenditure is taken under AS 38.05.180(i), AS 41.09.010, AS 43.20.043, or AS 43.55.025, a producer or explorer that incurs a qualified capital expenditure may also elect to apply a tax credit against a tax levied by AS 43.55.011(e) in the amount of 20 percent of that expenditure; [HOWEVER, NOT MORE THAN HALF OF THE TAX CREDIT MAY BE APPLIED FOR A SINGLE CALENDAR YEAR;]

(2) a producer or explorer may take a credit for a qualified capital expenditure incurred in connection with geological or geophysical exploration or in connection with an exploration well only if the producer or explorer

(A) agrees, in writing, to the applicable provisions of AS 43.55.025(f)(2); and

(B) submits to the Department of Natural Resources all data that would be required to be submitted under AS 43.55.025(f)(2).

*** Sec. 5.** AS 43.55.023(d) is amended to read:

(d) Except as limited by (i) of this section, a person that is entitled to take a tax credit under this section that wishes to transfer the unused credit to another person or

obtain a cash payment under AS 43.55.028 may apply to the department for **a** transferable tax credit **certificate** [CERTIFICATES]. An application under this subsection must be in a form prescribed by the department and must include supporting information and documentation that the department reasonably requires. The department shall grant or deny an application, or grant an application as to a lesser amount than that claimed and deny it as to the excess, not later than 120 days after the latest of (1) March 31 of the year following the calendar year in which the qualified capital expenditure**, well lease expenditure,** or carried-forward annual loss for which the credit is claimed was incurred; (2) the date the statement required under AS 43.55.030(a) or (e) was filed for the calendar year in which the qualified capital expenditure**, well lease expenditure,** or carried-forward annual loss for which the credit is claimed was incurred; or (3) the date the application was received by the department. If, based on the information then available to it, the department is reasonably satisfied that the applicant is entitled to a credit, the department shall issue the applicant **a** [TWO] transferable tax credit **certificate for** [CERTIFICATES, EACH FOR HALF OF] the amount of the credit. [THE CREDIT SHOWN ON ONE OF THE TWO CERTIFICATES IS AVAILABLE FOR IMMEDIATE USE. THE CREDIT SHOWN ON THE SECOND OF THE TWO CERTIFICATES MAY NOT BE APPLIED AGAINST A TAX FOR A CALENDAR YEAR EARLIER THAN THE CALENDAR YEAR FOLLOWING THE CALENDAR YEAR IN WHICH THE CERTIFICATE IS ISSUED, AND THE CERTIFICATE MUST CONTAIN A CONSPICUOUS STATEMENT TO THAT EFFECT.] A certificate issued under this subsection does not expire.

*** Sec. 6.** AS 43.55.023(g) is amended to read:

(g) The issuance of a transferable tax credit certificate under (d) **of this section** or **former** (m) of this section or the purchase of a certificate under AS 43.55.028 does not limit the department's ability to later audit a tax credit claim to which the certificate relates or to adjust the claim if the department determines, as a result of the audit, that the applicant was not entitled to the amount of the credit for which the certificate was issued. The tax liability of the applicant under AS 43.55.011(e) and 43.55.017 - 43.55.180 is increased by the amount of the credit

that exceeds that to which the applicant was entitled, or the applicant's available valid outstanding credits applicable against the tax levied by AS 43.55.011(e) are reduced by that amount. If the applicant's tax liability is increased under this subsection, the increase bears interest under AS 43.05.225 from the date the transferable tax credit certificate was issued. For purposes of this subsection, an applicant that is an explorer is considered a producer subject to the tax levied by AS 43.55.011(e).

*** Sec. 7.** AS 43.55.023(*l*) is amended to read:

(*l*) A producer or explorer may apply for a tax credit for a well lease expenditure incurred in the state [SOUTH OF 68 DEGREES NORTH LATITUDE] after **December 31, 2012** [JUNE 30, 2010], as follows:

(1) notwithstanding that a well lease expenditure incurred in the state [SOUTH OF 68 DEGREES NORTH LATITUDE] may be a deductible lease expenditure for purposes of calculating the production tax value of oil and gas under AS 43.55.160(a), unless a credit for that expenditure is taken under (a) of this section, AS 38.05.180(i), AS 41.09.010, AS 43.20.043, or AS 43.55.025, a producer or explorer that incurs a well lease expenditure in the state [SOUTH OF 68 DEGREES NORTH LATITUDE] may elect to apply a tax credit against a tax levied by AS 43.55.011(e) in the amount of 40 percent of that expenditure; [A TAX CREDIT UNDER THIS PARAGRAPH MAY BE APPLIED FOR A SINGLE CALENDAR YEAR;]

(2) a producer or explorer may take a credit for a well lease expenditure incurred in the state [SOUTH OF 68 DEGREES NORTH LATITUDE] in connection with geological or geophysical exploration or in connection with an exploration well only if the producer or explorer

(A) agrees, in writing, to the applicable provisions of AS 43.55.025(f)(2); and

(B) submits to the Department of Natural Resources all data that would be required to be submitted under AS 43.55.025(f)(2).

*** Sec. 8.** AS 43.55.023(n) is amended to read:

(n) For the purposes of (*l*) [AND (m)] of this section, a well lease expenditure incurred in the state [SOUTH OF 68 DEGREES NORTH LATITUDE] is a lease

expenditure that is

(1) directly related to an exploration well, a stratigraphic test well, a producing well, or an injection well other than a disposal well, located in the state [SOUTH OF 68 DEGREES NORTH LATITUDE], if the expenditure is a qualified capital expenditure and an intangible drilling and development cost authorized under 26 U.S.C. (Internal Revenue Code), as amended, and 26 C.F.R. 1.612-4, regardless of the elections made under 26 U.S.C. 263(c); in this paragraph, an expenditure directly related to a well includes an expenditure for well sidetracking, well deepening, well completion or recompletion, or well workover, regardless of whether the well is or has been a producing well; or

(2) an expense for seismic work conducted within the boundaries of a production or exploration unit.

*** Sec. 9.** AS 43.55.028(e) is amended to read:

(e) The department, on the written application of a person to whom a transferable tax credit certificate has been issued under AS 43.55.023(d) or **former AS 43.55.023(m)** [(m)] or to whom a production tax credit certificate has been issued under AS 43.55.025(f), may use available money in the oil and gas tax credit fund to purchase, in whole or in part, the certificate if the department finds that

(1) the calendar year of the purchase is not earlier than the first calendar year for which the credit shown on the certificate would otherwise be allowed to be applied against a tax;

(2) [REPEALED

(3) REPEALED

(4)] the applicant does not have an outstanding liability to the state for unpaid delinquent taxes under this title;

(3) [(5)] the applicant's total tax liability under AS 43.55.011(e), after application of all available tax credits, for the calendar year in which the application is made is zero;

(4) [(6)] the applicant's average daily production of oil and gas taxable under AS 43.55.011(e) during the calendar year preceding the calendar year in which the application is made was not more than 50,000 BTU equivalent barrels; and

(5) [(7)] the purchase is consistent with this section and regulations adopted under this section.

*** Sec. 10.** AS 43.55.028(g) is amended to read:

(g) The department may adopt regulations to carry out the purposes of this section, including standards and procedures to allocate available money among applications for purchases under this chapter and claims for refunds under AS 43.20.046 when the total amount of the applications for purchase and claims for refund exceed the amount of available money in the fund. The regulations adopted by the department may not, when allocating available money in the fund under this section, distinguish an application for the purchase of a credit certificate issued under **former** AS 43.55.023(m) or a claim for refund under AS 43.20.046.

*** Sec. 11.** AS 43.55.160(a) is repealed and reenacted to read:

(a) Except as provided in (b) of this section and AS 43.55.162, for the purposes of

(1) AS 43.55.011(e), the annual production tax value of taxable oil, gas, or oil and gas subject to this paragraph produced by a producer during a calendar year is equal to the gross value at the point of production of that oil, gas, or oil and gas, respectively, taxable under AS 43.55.011(e), less the producer's lease expenditures under AS 43.55.165 for the calendar year that are applicable to the oil, gas, or oil and gas, as applicable, in that category produced by the producer, as adjusted under AS 43.55.170; this paragraph applies to

(A) oil and gas produced during the first 10 consecutive years after the start of sustained production or during the first 10 consecutive years of sustained production after the effective date of this section, whichever is later, from leases or properties north of 68 degrees North latitude that were not, as of January 1, 2008, either within a unit or in commercial production, other than gas produced before 2022 and used in the state;

(B) oil and gas not subject to (A) of this paragraph produced from leases or properties north of 68 degrees North latitude other than gas produced before 2022 and used in the state;

(C) oil and gas produced from leases or properties in the state

outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude; this subparagraph does not apply to gas produced before 2022 and used in the state;

(D) oil produced before 2022 from a lease or property in the Cook Inlet sedimentary basin;

(E) gas produced before 2022 from a lease or property in the Cook Inlet sedimentary basin;

(F) gas produced before 2022 from a lease or property in the state outside the Cook Inlet sedimentary basin and used in the state;

(G) oil and gas produced from a lease or property, no part of which is north of 68 degrees North latitude, other than oil or gas described in (C), (D), (E), or (F) of this paragraph;

(2) AS 43.55.011(g), the monthly production tax value of taxable oil, gas, or oil and gas produced by a producer during a calendar month, for which a separate production tax value is required to be calculated under this paragraph, is equal to the gross value at the point of production of that oil, gas, or oil and gas, respectively, taxable under AS 43.55.011(e), less 1/12 of the producer's lease expenditures under AS 43.55.165 for the calendar year that are applicable to the oil, gas, or oil and gas, respectively, in that category produced by the producer during the calendar month, as adjusted under AS 43.55.170; a separate monthly production tax value must be calculated for each category of oil, gas, or oil and gas for which a separate annual production tax value is required to be calculated under (1) of this subsection.

*** Sec. 12.** AS 43.55.160(e) is amended to read:

(e) Any adjusted lease expenditures under AS 43.55.165 and 43.55.170 that would otherwise be deductible by a producer in a calendar year but whose deduction would cause an annual production tax value calculated under (a)(1) of this section of taxable oil or gas produced during the calendar year to be less than zero may be used to establish a carried-forward annual loss under AS 43.55.023(b). However, the department shall provide by regulation a method to ensure that, for a period for which a producer's tax liability is limited by AS 43.55.011(j), (k), or (o), any adjusted lease

expenditures under AS 43.55.165 and 43.55.170 that would otherwise be deductible by a producer for that period but whose deduction would cause a production tax value calculated under **(a)(1)(D), (E), or (F)** [(a)(1)(C), (D), OR (E)] of this section to be less than zero are accounted for as though the adjusted lease expenditures had first been used as deductions in calculating the production tax values of oil or gas subject to any of the limitations under AS 43.55.011(j), (k), or (o) that have positive production tax values so as to reduce the tax liability calculated without regard to the limitation to the maximum amount provided for under the applicable provision of AS 43.55.011(j), (k), or (o). Only the amount of those adjusted lease expenditures remaining after the accounting provided for under this subsection may be used to establish a carried-forward annual loss under AS 43.55.023(b). In this subsection, "producer" includes "explorer."

*** Sec. 13.** AS 43.55 is amended by adding a new section to read:

Sec. 43.55.162. Reduction of production tax value for certain oil and gas. (a) For purposes of AS 43.55.011(e)(1) and (2), the annual production tax value for a calendar year under AS 43.55.160(a)(1) and the monthly production tax value for a month under AS 43.55.160(a)(2) of oil and gas produced during the first 10 consecutive years after the start of sustained production or during the first 10 consecutive years after the effective date of this section, whichever is later, from leases or properties north of 68 degrees North latitude that were not, as of January 1, 2008, either within a unit or in commercial production, are reduced by 30 percent of the gross value at the point of production of that oil and gas produced from those leases or properties during the calendar year or during the month respectively.

(b) For purposes of AS 43.55.011(e)(2), the monthly production tax value for a month of oil and gas produced from leases or properties north of 68 degrees North latitude, other than oil and gas subject to (a) of this section, is reduced by 40 percent of the gross value at the point of production of that oil and gas produced during the month from those leases or properties.

(c) The annual and monthly production tax value may not be reduced under this section below zero.

(d) The tax rate under AS 43.55.011(g) shall be determined before the

application of the reduction provided by this section.

(e) This section does not apply to gas produced before 2022 and used in the state.

(f) If the annual or monthly gross value at the point of production is zero or below, an adjustment is not made under this section.

* **Sec. 14.** AS 43.55.023(m) is repealed.

* **Sec. 15.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. (a) Sections 7 and 8 of this Act apply to expenditures incurred after December 31, 2012.

(b) Sections 1 - 3 and 11 - 13 of this Act apply to oil, gas, or oil and gas produced after December 31, 2012.

(c) Sections 4 - 6 of this Act apply to expenditures incurred after December 31, 2011.

* **Sec. 16.** The uncodified law of the State of Alaska is amended by adding a new section to read:

RETROACTIVITY. Sections 4 - 6, 9, 10, and 14 of this Act are retroactive to January 1, 2012.

* **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: REGULATIONS. The Department of Revenue may adopt regulations to implement this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the provision of this Act implemented by the regulations.

* **Sec. 18.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REVISOR'S INSTRUCTION. If HCS CSSB 23(RLS) am H passed by the Twenty-Seventh Alaska State Legislature becomes law, the revisor of statutes shall give preference to this Act if a conflict arises among provisions when consolidating these Acts into the Alaska Statutes.

* **Sec. 19.** Sections 1 - 3, 7, 8, and 11 - 13 of this Act take effect January 1, 2013.

* **Sec. 20.** Except as provided in sec. 19 of this Act, this Act takes effect immediately under

AS 01.10.070(c).

FISCAL NOTE

STATE OF ALASKA cost ≠ codes
2012 LEGISLATIVE SESSION

Bill Version: **HB 3001**
Fiscal Note Number: **1**
Publish Date: **4/18/12 (H)**

Identifier (file name): 0358-DOR-TAX-04-18-12
Title: Oil and Gas Production Tax
Sponsor: Request of the Governor
Requester: Governor

Dept. Affected: Revenue
Appropriation: Treasury and Taxation
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF	0.0		0.0	0.0	0.0	0.0	0.0
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	***		***	***	***	***	***

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This is the initial version of the bill.

Prepared by: Dan Stickel and Cherie Nienhuis, Economists — Phone: 907-465-3279
Division: Tax — Date/Time: 04/18/12 10:30am
Approved by: Bryan D. Butcher, Commissisoner — Date: 4/18/2012
Department of Revenue

(Revised 8/17/2011 OMB)

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 3001

Analysis

The revenue impact of this bill is indeterminate.

This bill makes several changes to the oil and gas production tax system. Each of the major changes, along with its potential revenue impact, is discussed below.

1. **A gross revenue exclusion is created for calculating the base tax and the progressive tax for North Slope production in areas that were not unitized or in commercial production as of January 1, 2008.** For production from qualifying areas, the production tax value is adjusted by 30 percent of the gross value at point of production for purposes of calculating the base tax and progressive tax due. The tax rates are calculated before application of this adjustment, and the production tax value may not be reduced below zero. The qualifying new fields provisions are effective for the first 10 years of production, after which the field would be taxed at the same rate as non-qualifying production. The effective date of this provision is 1/1/2013. Estimated revenue impacts based on our Fall 2011 revenue forecast assumptions, and illustrations of higher production levels, are shown in following tables.

2. **A gross revenue exclusion is created for calculating the progressive tax for North Slope production in areas that were unitized or in commercial production as of January 1, 2008.** For production from qualifying areas, the production tax value is adjusted by 40 percent of the gross value at point of production for purposes of calculating the progressive tax due (no change in calculation of the base tax). The tax rates are calculated before application of this adjustment, and the production tax value may not be reduced below zero. The effective date of this provision is 1/1/2013. Estimated revenue impacts based on our Fall 2011 revenue forecast assumptions, and illustrations of higher production levels, are shown in following tables.

3. **The maximum production tax rate is reduced from 75% to 60%.** Currently, the maximum production tax rate is 75% (25% base rate and 50% progressive rate) which would apply at a production tax value of $342.50 per barrel. This bill reduces the maximum rate to 60% (25% base rate and 35% progressive rate) which would apply at a production tax value of $192.50. The effective date of this provision is 1/1/2013. While this provision would provide a benefit and maintain the efficacy of the tax system at extremely high prices, we do not forecast a revenue impact because prices are expected to be lower than what would be needed to invoke the 60% maximum rate.

4. **The provision requiring that credits be taken over two years is eliminated.** This provision would result in companies using credits earlier than they would without this change, and except for time value of money impact, it is revenue neutral. This provision applies to expenditures after 12/31/2011. Using the Fall 2011 forecast assumptions, this provision is expected to increase credits taken in CY 2012 by around $400 million (presented in FY 13 for this fiscal note). Since the credit redemption is brought forward, not increased, a corresponding decrease in credit redemption would be expected in CY 2013 (presented in FY 2014). The impact would be seen in both tax liabilities and credits for refund, which are paid through appropriation.

5. **The 40% credit for well lease expenditures is expanded to include qualified expenditures incurred north of 68 degrees North Latitude.** This provision applies to expenditures incurred after 12/31/2012. Over the time horizon of this fiscal note, we estimate this provision will have an annual fiscal impact of between $200 million and $400 million annually. The fiscal impact would be seen in both tax liabilities and credits for refund, which are paid through appropriation. These estimates do not include any additional production or investment that might result from this bill.

FISCAL NOTE #1

STATE OF ALASKA **BILL NO. HB 3001**
2012 LEGISLATIVE SESSION

Analysis

Estimated Change In Production Tax and Royalty Revenue (in $millions) and illustrations with additional production - impact of gross revenue exclusion only *					
Year	Estimated Change	Forecast + 5%	Forecast + 10%	Forecast + 15%	Forecast + 20%
FY 2013	-$575	-$525	-$400	-$300	-$150
FY 2014	-$1,075	-$800	-$550	-$300	-$50
FY 2015	-$900	-$650	-$450	-$200	$25
FY 2016	-$900	-$700	-$475	-$225	$0
FY 2017	-$850	-$650	-$425	-$225	$0
FY 2018	-$1,025	-$800	-$600	-$375	-$125

* In addition to our estimate of the fiscal impact of this provision, this table illustrates the production tax and royalty (including PF and SF contributions) fiscal impact of this bill with additional production, versus status quo with forecasted production. For purposes of this illustration, we simply increase all forecast production and costs by a flat percentage beginning 1/1/2013.

Estimated Change In Production Tax Revenue (in $millions) and illustrations with additional production - impact of gross revenue exclusion only *					
Year	Estimated Change	Forecast + 5%	Forecast + 10%	Forecast + 15%	Forecast + 20%
FY 2013	-$575	-$575	-$500	-$500	-$400
FY 2014	-$1,075	-$900	-$775	-$650	-$525
FY 2015	-$900	-$775	-$675	-$550	-$425
FY 2016	-$900	-$800	-$675	-$550	-$450
FY 2017	-$850	-$750	-$625	-$525	-$400
FY 2018	-$1,025	-$900	-$800	-$675	-$525

* In addition to our estimate of the fiscal impact of this provision, this table illustrates the production tax only fiscal impact of this bill with additional production, versus status quo with forecasted production. For purposes of this illustration, we simply increase all forecast production and costs by a flat percentage beginning 1/1/2013.

Analysis

Provisions in Bill and their Estimated Fiscal Impact as compared to Fall 2011 Forecast ($millions)						
Brief Description of Provisions	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**
1, 2. Gross revenue exclusion for new and existing fields.	-$575	-$1075	-$900	-$900	-$850	-$1025
3. Maximum tax rate changed from 75% to 60%.	$0	$0	$0	$0	$0	$0
4. Eliminate the provision that credits must be taken over two years.(1)	-$400	$400	$0	$0	$0	$0
5. Expand the well lease expenditure credit to include expenditures in areas north of 68 degrees North Latitude.(1)	-$200 to -$400	-$200 to -$400	-$200 to -$400	-$200 to -$400	-$200 to -$400	-$200 to -$400
TOTAL FISCAL IMPACT	**-$1175 to -$1375**	**-$875 to -$1075**	**-$1100 to -$1300**	**-$1100 to -$1300**	**-$1050 to -$1250**	**-$1225 to -$1425**

(1) The fiscal impact for these provisions would be seen both in changes to tax liability (ie, change in revenues) and in changes to credits available for refund, which are funded through the appropriation process (ie, change in expenditures).

Department of Revenue

Gross revenue exclusion for North Slope production and production tax credits

SECTIONAL ANALYSIS HB 3001

Tax calculations and monthly payments

Section 1: Amends AS 43.55.011(e), which levies the oil and gas production tax, to account for adjustments as set out in new AS 43.55.162 to the annual production tax value used to determine the levy of tax for certain new production from leases or properties north of 68 degrees North latitude. This change is effective January 1, 2013, and applies to oil and gas produced after December 31, 2012.

Section 2: Amends AS 43.55.011(g), the progressivity tax, to provide for adjustments under new AS 43.55.162 to the progressivity tax calculated for production from new and currently producing North Slope fields. For oil and gas production statewide, the percentage of the progressivity tax that can be added to the 25% base tax is reduced from 50% to 35% percent, for a total maximum tax of 60%. This change is effective January 1, 2013, and applies to oil and gas produced after December 31, 2012.

Section 3: This is a conforming amendment to AS 43.55.020(a), monthly installment payments, to include the tax adjustment under AS 43.55.162 if applicable, for monthly payment of estimated taxes for oil and gas produced from leases or properties on the North Slope.

Well lease expenditure credit and tax credit certificates

Section 4: AS 43.55.023(a) is amended to remove the requirement that tax credits for qualified capital expenditures be applied against taxes over two years. Tax credits could be used in a single calendar year, instead of split over two years. This change would be effective January 1, 2012.

Section 5: AS 43.55.023(d) is amended to provide that transferable tax credit certificates will be issued as one certificate and to remove the requirements that capital expenditures, well lease expenditures, and carried-forward annual loss certificates be applied against taxes over two years. This change would be effective January 1, 2012.

Section 6: A conforming amendment is made to AS 43.55.023(g), issuance of tax credit certificates, to account for the change that the tax credit certificate may be applied in a single calendar year.

Section 7: Amends AS 43.55.023(*l*) to expand the 40% well lease expenditure credit to qualified expenditures made for exploration or development wells north of 68 degrees North latitude. This change is effective for expenditures made after December 31, 2012.

Section 8: Amends AS 43.55.023(n) defining well lease expenditures, to include the expansion of the 40% credit to expenditures made for exploration or development wells north of 68 degrees North latitude.

Sections 9-10: These conforming amendments to AS 43.55.028(e) and (g) account for the repeal of AS 43.55.023(m) related to issuance of tax credit certificates and applications to the oil and gas tax credit fund for purchase of the tax credit certificate.

Section 11: AS 43.55.160(a), determination of annual and monthly production tax values, is repealed and reenacted to reorganize and clarify the calculation of annual and monthly production tax values that must be determined for each category of production to which a special tax calculation applies. This section is amended to recognize two new categories of production on land north of 68 degrees North latitude to reflect the new categories set out by AS 43.55.162. This section also simplifies the directions related to monthly production tax value calculations in subsection (2) that must be calculated for each category of oil, gas, or oil and gas for which an annual production tax value must be calculated.

Section 12: A conforming amendment is made to AS 43.55.160(e), determination of excess lease expenditures available for calculation of the carried-forward annual loss credit for categories of production subject to tax limitations.

Gross Revenue Exclusion

Section 13: Amends AS 43.55 to add a new section, AS 43.55.162. Subsection (a) establishes a new reduction (exclusion) to production tax value that is applied to the 25% base rate and progressivity. The reduction (exclusion) to production tax value is 30% of gross value at the point of production for the first 10 years of sustained production from a lease or property that was not in a unit or in commercial production as of January 1, 2008.

Subsection (b) establishes a reduction in the production tax value for purposes of applying progressivity for oil and gas produced from leases or property north of 68 degrees North latitude and not subject to subsection (a). The reduction to production tax value is 40% of gross value at the point of production.

Subsection (c) provides that the annual and monthly production tax value may not be less than zero and that if the applicable gross value of the oil and gas used to calculate the adjustment under AS 43.55.162 is zero or below, no adjustment is made.

Subsection (d) provides that the progressivity tax rate shall be determined before the application of the AS 43.55.162 adjustment. This section is effective January 1, 2013 for oil and gas produced after December 31, 2012.

Technical and Effective Dates

Section 14: Repeals AS 43.55.023(m) so that the department will issue one tax certificate regardless of the location of the exploration, development, or production expenditures.

Section 15: Application section setting out that production after December 31, 2012 qualifies for the tax rates and expenditures after December 31, 2011 qualify for the expanded well lease expenditure credit.

Section 16-20: Provisions for retroactivity, revisor's instructions, and effective dates.



Presentation to the
House Resources Committee
April 20, 2012

HB 3001
Goals

- To incentivize production on the North Slope, both within and outside existing units
- To generate additional jobs and activity for the Alaska economy
- To build on work already undertaken in legislative committees during the regular session
- To maintain existing structure of ACES, with slight modifications
- To maintain alignment of working interest owners by not tying incentives to individual companies

HB 3001
Key Provisions

- 30% gross revenue exclusion for calculating base tax and progressive tax for qualifying new North Slope fields
- 40% gross revenue exclusion for calculating progressive tax for other North Slope fields
- Maximum tax rate changed from 75% to 60%
- Extends 40% well lease expenditure credit to North Slope
- Allows capital credits to be redeemed in the year earned (currently must be spread over 2 years)

HB 3001
Hybrid of Other Tax Proposals

- Gross revenue exclusion introduced in Senate Finance Committee during regular session as a way to incentivize production
- Production tax cap of 60% introduced in Senate Resources Committee during regular session as a way to limit state take at high oil prices
- Well lease expenditure credit introduced and enacted in 2010 through Cook Inlet Recovery Act (HB 280)

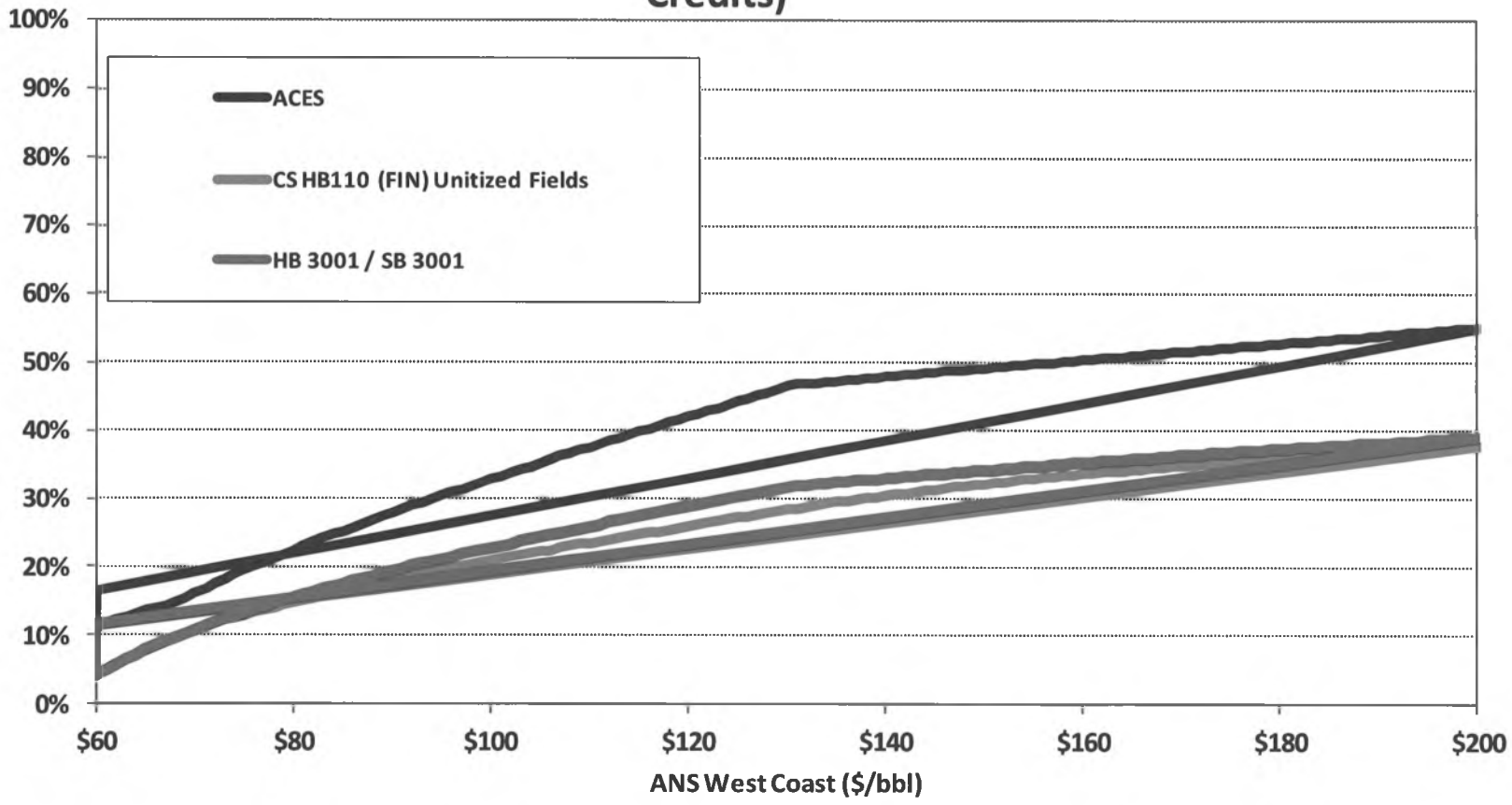
How the Gross Revenue Exclusion Works

FY 2013 Production Tax Estimates - for ILLUSTRATION ONLY - Assumes HB/SB 3001 in place for all of FY13

	Column A	B	C	D	E
		Price	Barrels	ACES ($M)	HB/SB 3001 Existing ($M)
1	**Avg ANS Oil Price ($/bbl) & Daily Production (bbls)**	$109.47	555,227	$60.8	$60.8
2	Sales value total barrels		202,657,895	$22,185.1	$22,185.1
3					
4	**Downstream (Transportation) Costs ($/bbl)**				
5	ANS Marine Transportation	-$2.70			
6	TAPS Tariff	-$4.96			
7	Other	-$0.91			
8	Total Transportation Costs	-$8.56	202,657,895	($1,735.3)	($1,735.3)
9					
10	Wellhead value total barrels	$100.91		$20,449.9	$20,449.9
11	Royalty, Federal and other barrels		-30,158,081	($3,043.2)	($3,043.2)
12	Gross value at Point of Production (GVPP)		172,499,814	$17,406.7	$17,406.7
13					
14	**Deductible Lease Expenditures**				
15	Deductible Operating Expenditures	-$13.75		($2,372.5)	($2,372.5)
16	Deductible Capital Expenditures	-$15.36		($2,648.9)	($2,648.9)
17	Total Lease Expenditures	-$29.11	172,499,814	($5,021.5)	($5,021.5)
18					
19	**Production Tax**				
20	Production Tax Value (PTV)			$12,385.2	$12,385.2
21	Base Tax (25%*PTV)			$3,096.3	$3,096.3
22	Production Tax Value per barrel	$71.80			
23	Progressive Tax Rate	16.7%			
24	Gross Revenue Exclusion (40% * GVPP)			N/A	($6,962.7)
25	Production Tax Value or Adjusted Production Tax Value			$12,385.2	$5,422.6
26	Progressive Tax (Progressive Tax Rate * PTV or APTV)			$2,070.7	$906.6
27	Total Tax before credits			$5,167.0	$4,002.9
28	DELTA - Total Tax before credits				($1,164.1)
29					
30	**Credits (estimated)**			($450.0)	($750.0)
31	**Estimated Total Tax after credits**			**$4,717.0**	**$3,252.9**
32	DELTA - Total Tax after credits				($1,464.1)

See Page 104 of Fall 2011 Revenue Sources Book regarding the limitations of this presentation format.

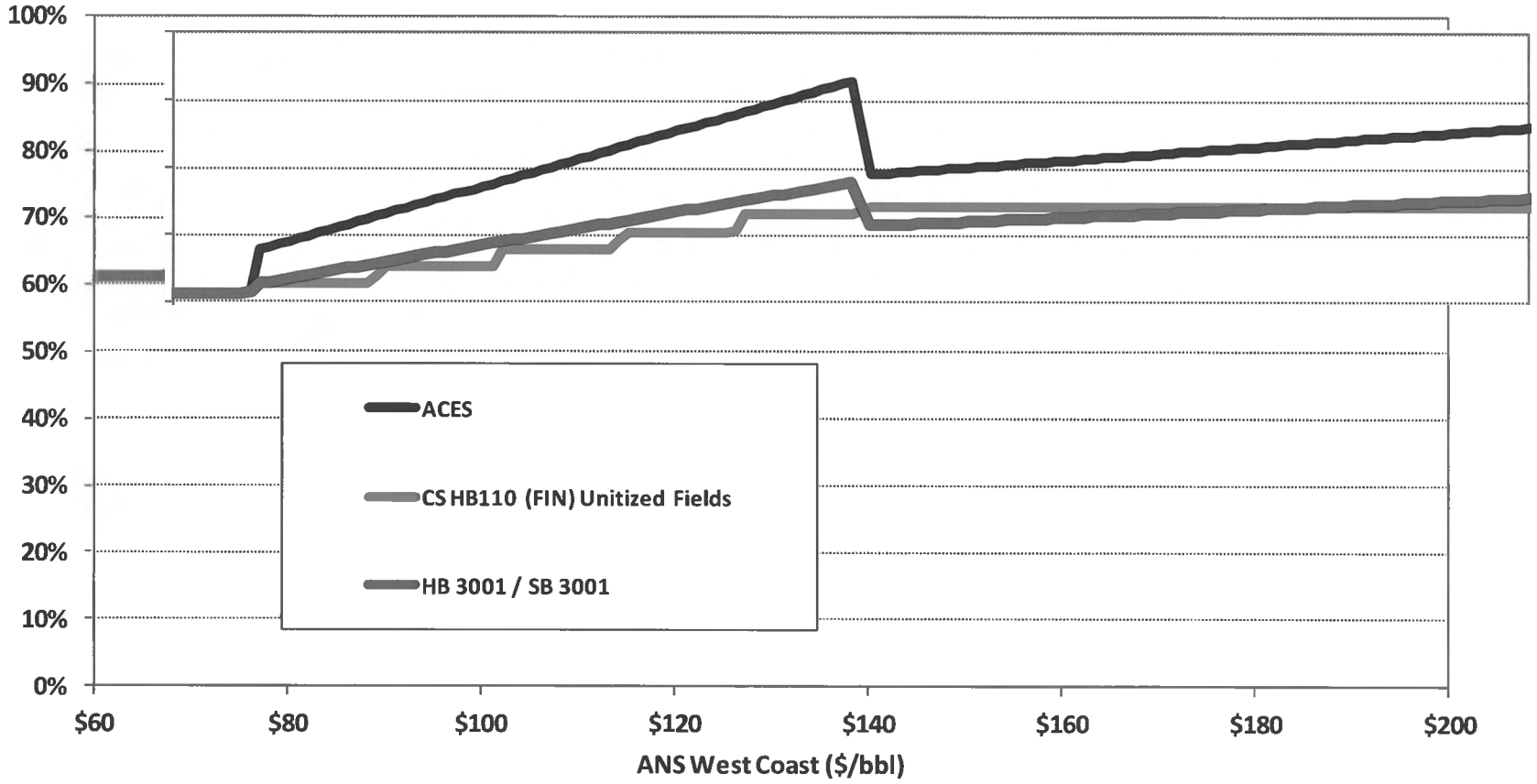
Effective production tax rates



Assumes FY 2013 Transport costs of $8.56/ bbl, Opex of $13.75 per taxable barrel, and Capex of $15.36 per taxable bbl.

Marginal Government Take

Marginal Government Take for existing production



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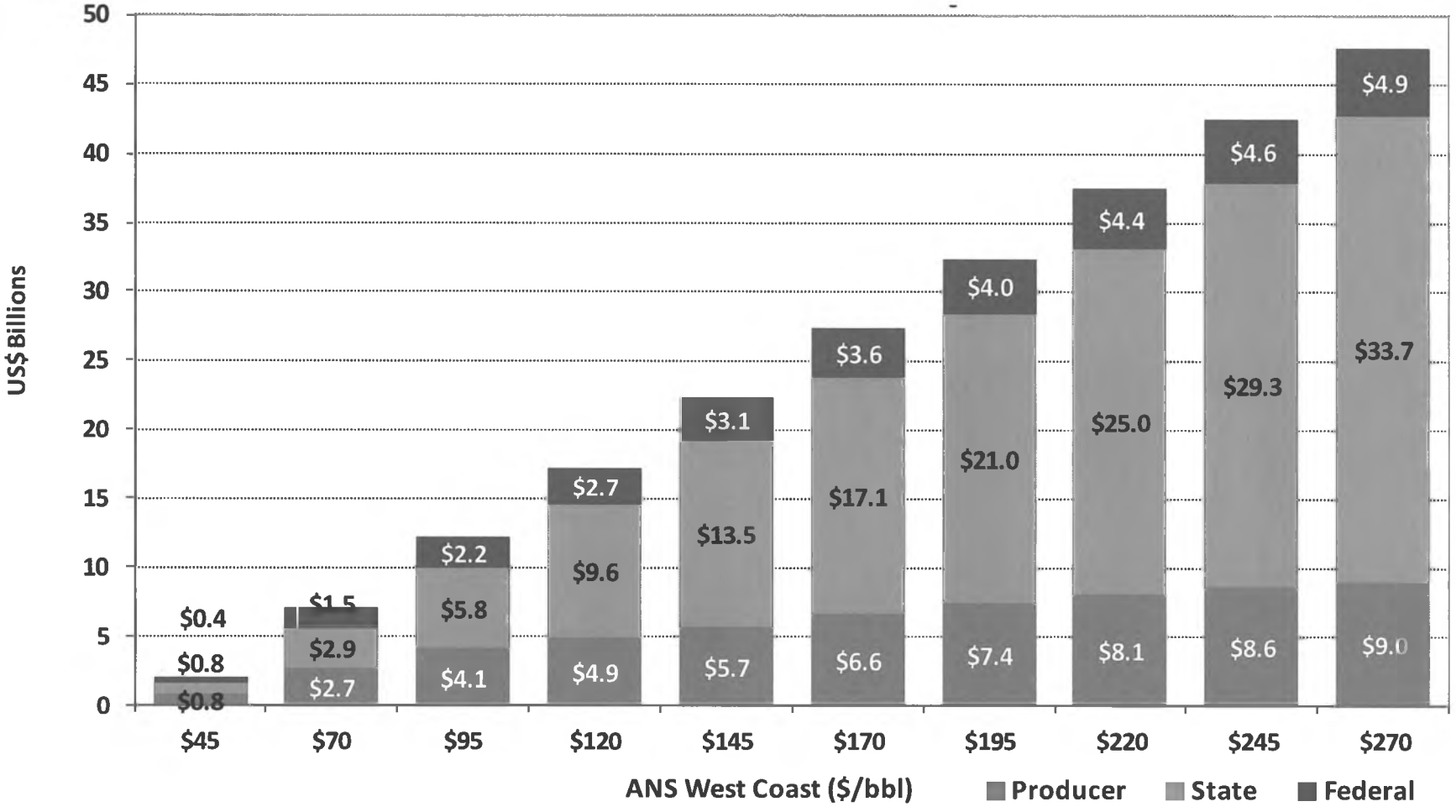
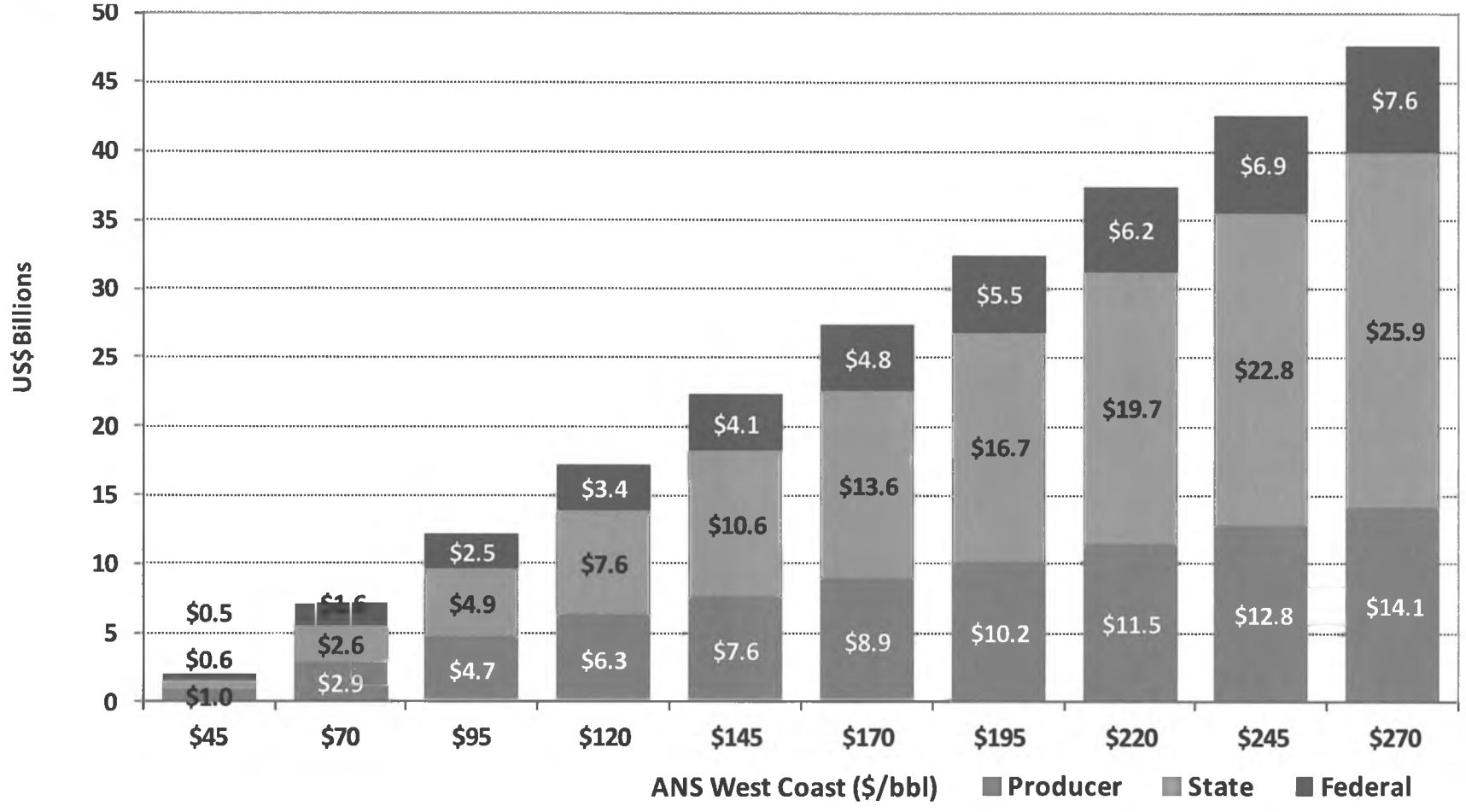
Absolute Profit – ACES



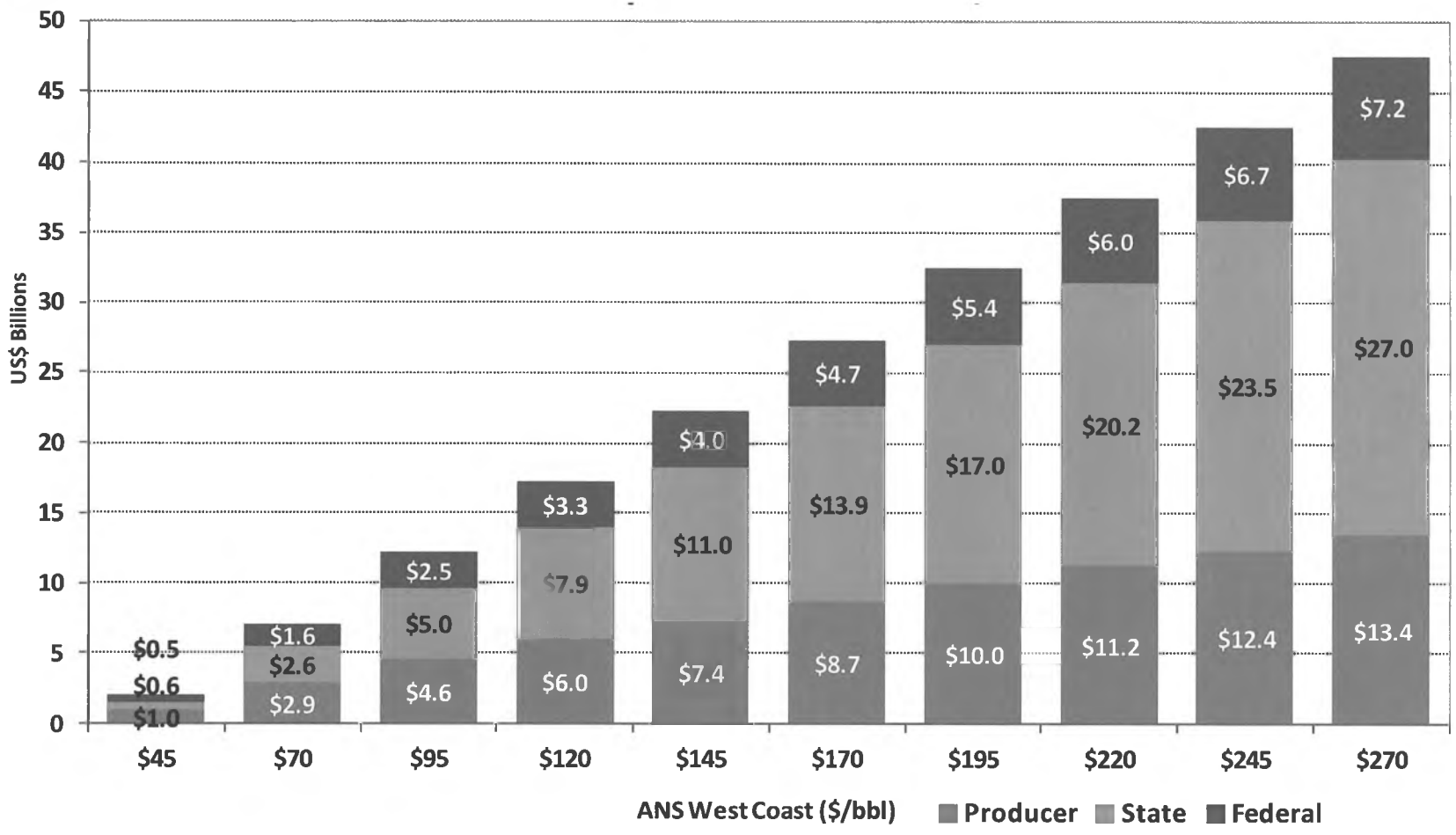
Assumes FY 2013 Transport costs of $8.56/ bbl, Opex of $13.75 per taxable barrel, and Capex of $15.36 per taxable bbl.

Absolute Profit – CSHB 110 (FIN)



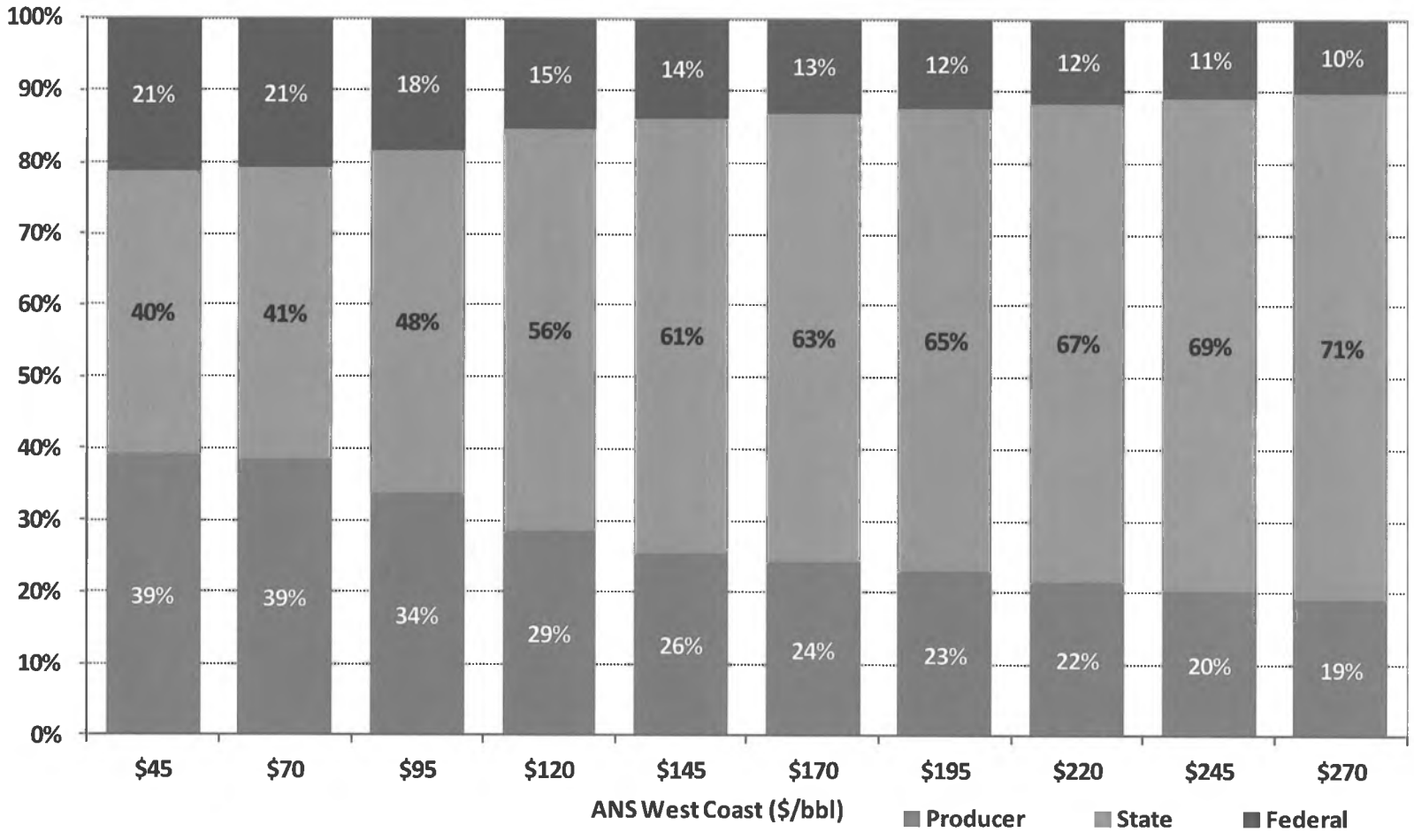
Assumes FY 2013 Transport costs of $8.56/ bbl, Opex of $13.75 per taxable barrel, and Capex of $15.36 per taxable bbl.

Absolute Profit – HB 3001



Assumes FY 2013 Transport costs of $8.56/ bbl, Opex of $13.75 per taxable barrel, and Capex of $15.36 per taxable bbl.

Share of Profit – ACES



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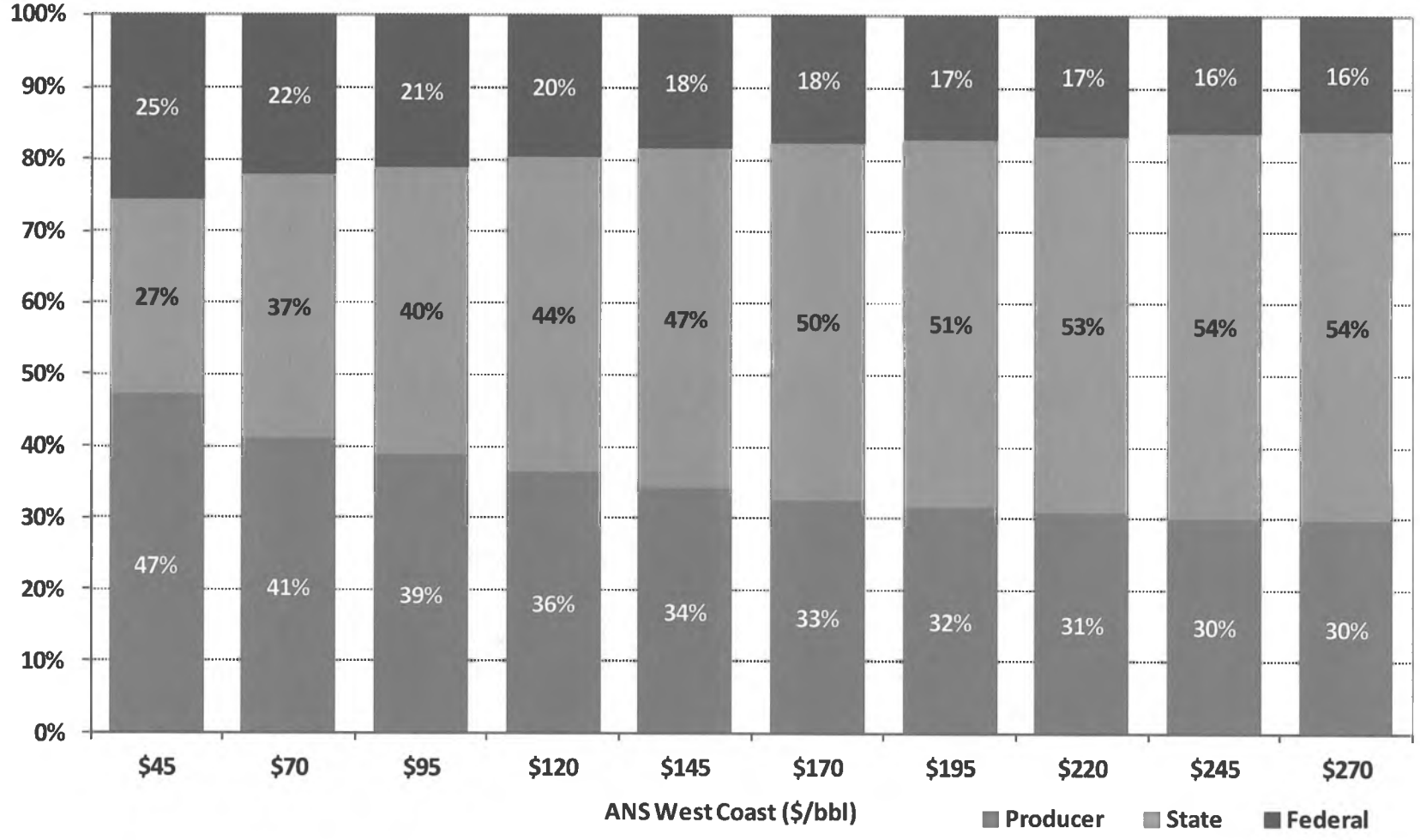
Share of Profit – CSHB 110 (FIN)



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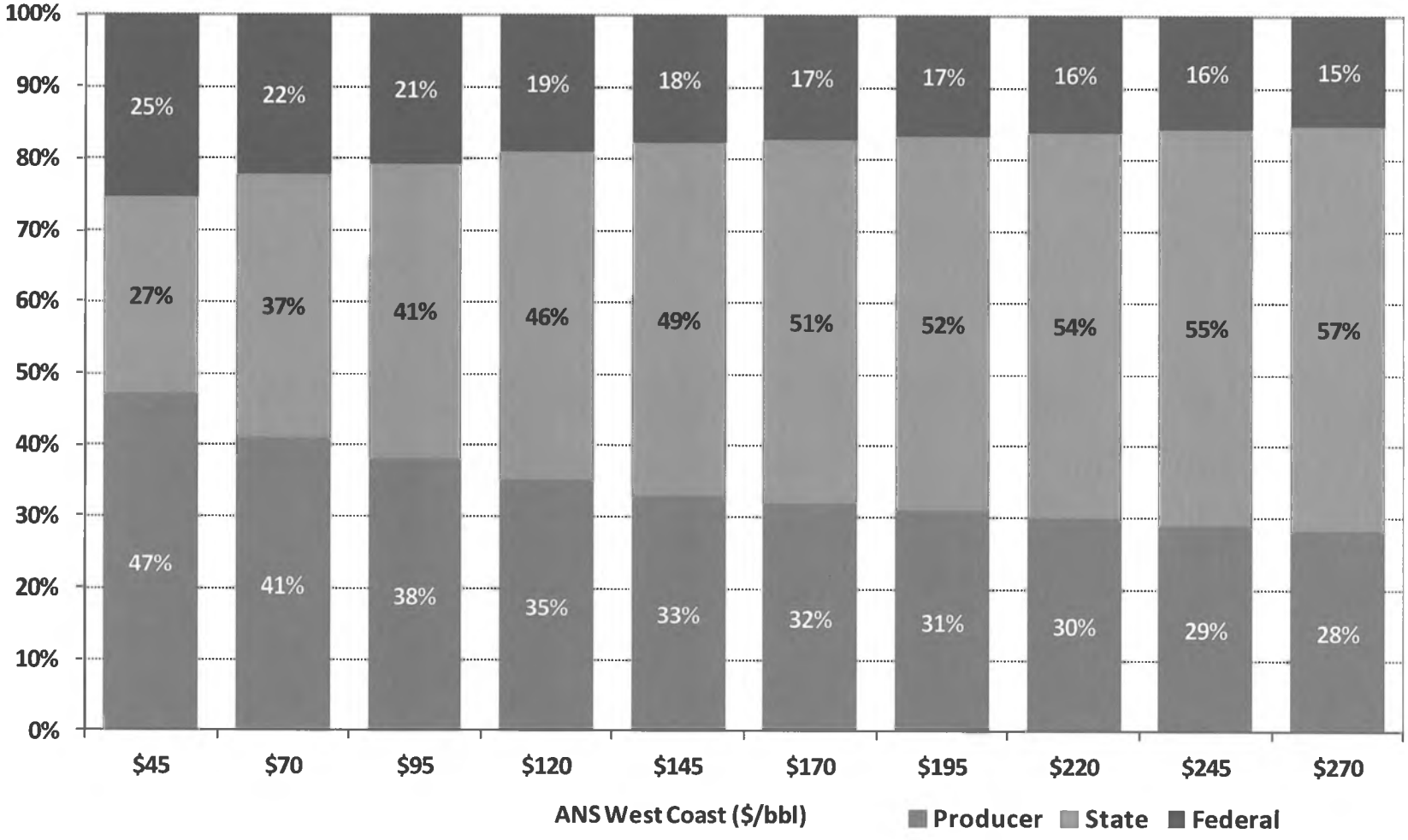
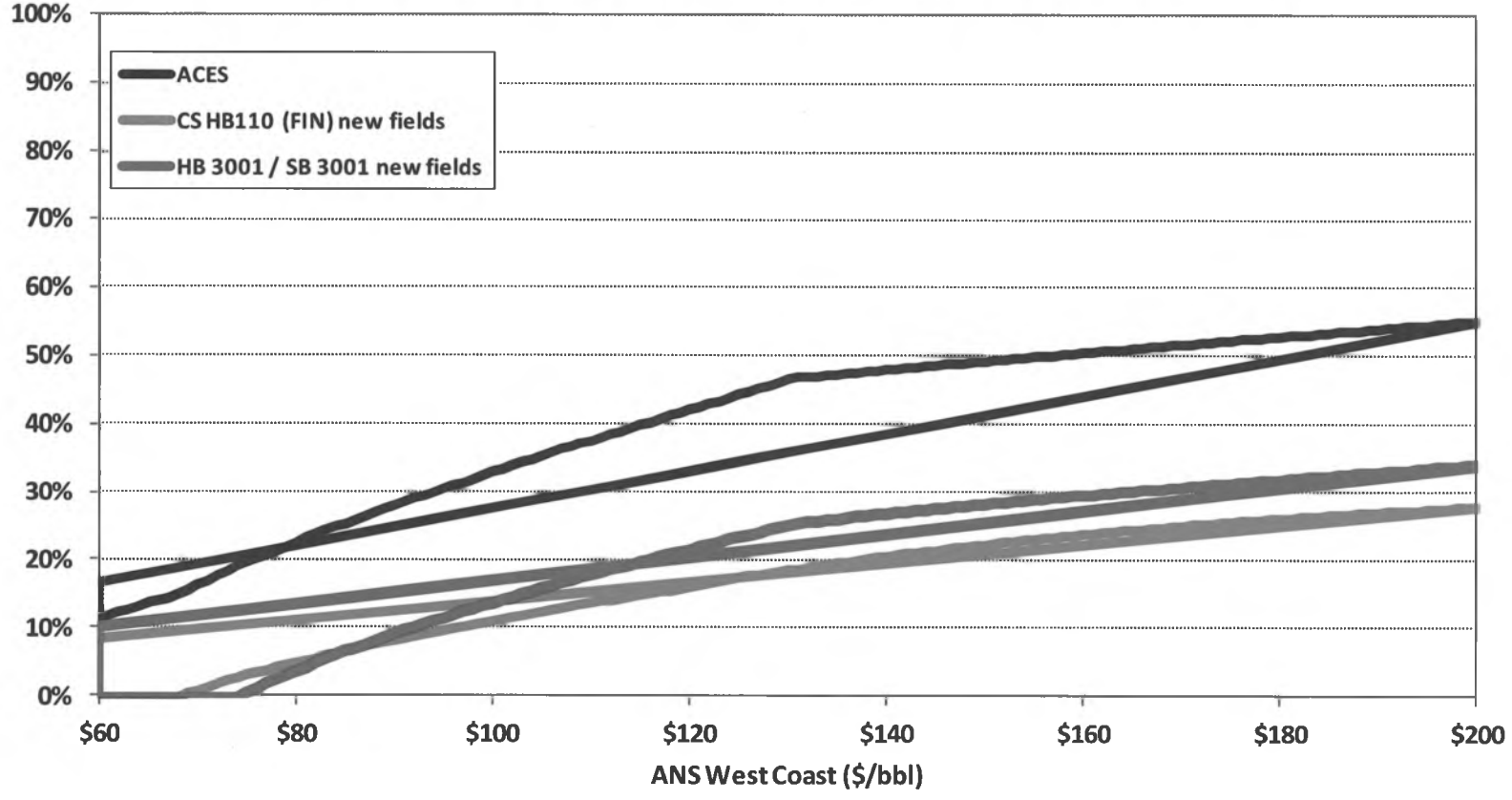
Share of Profit – HB 3001



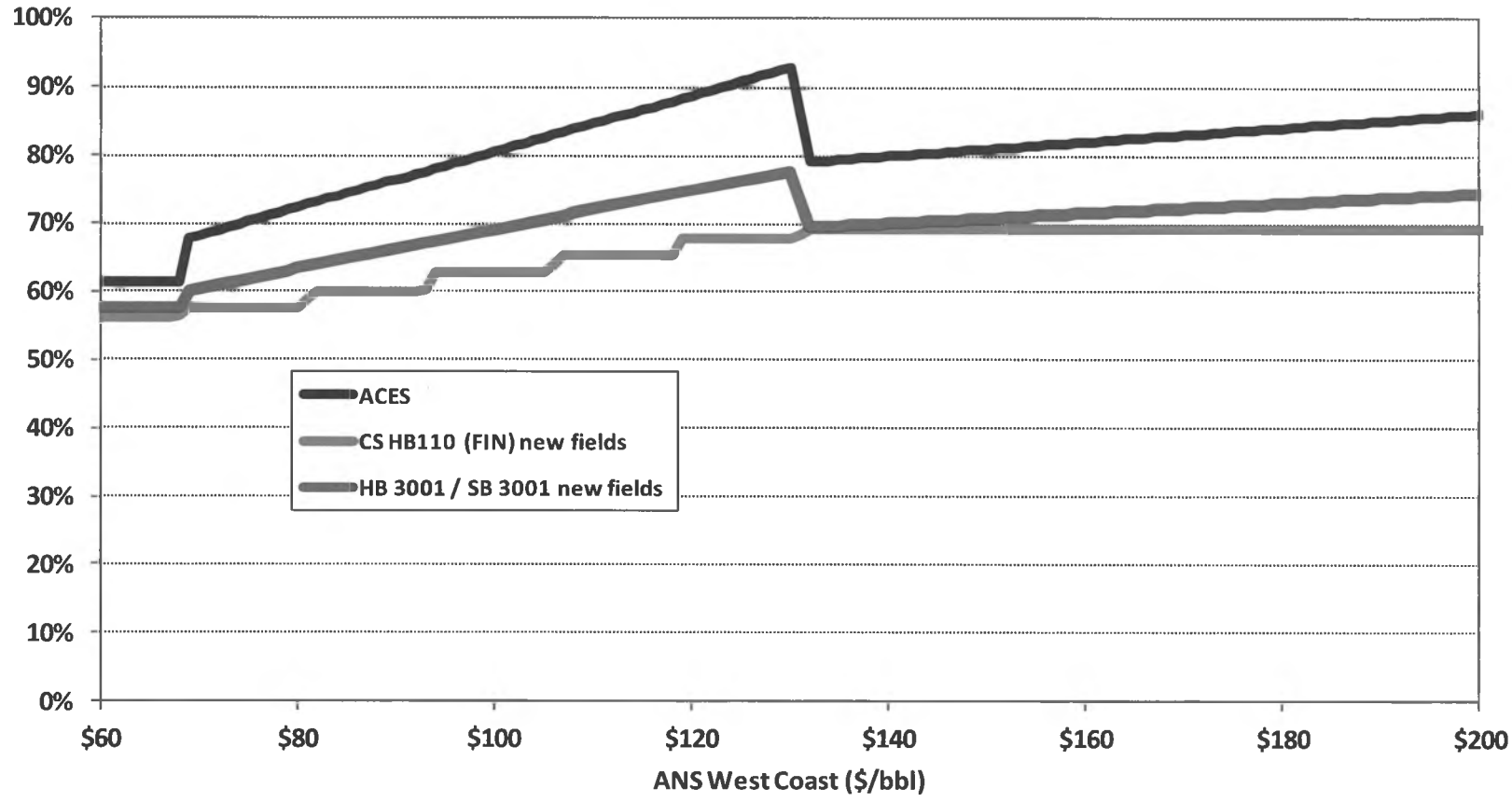
Assumes FY 2013 Transport costs of $8.56/ bbl, Opex of $13.75 per taxable barrel, and Capex of $15.36 per taxable bbl.

Effective production tax rates – new fields



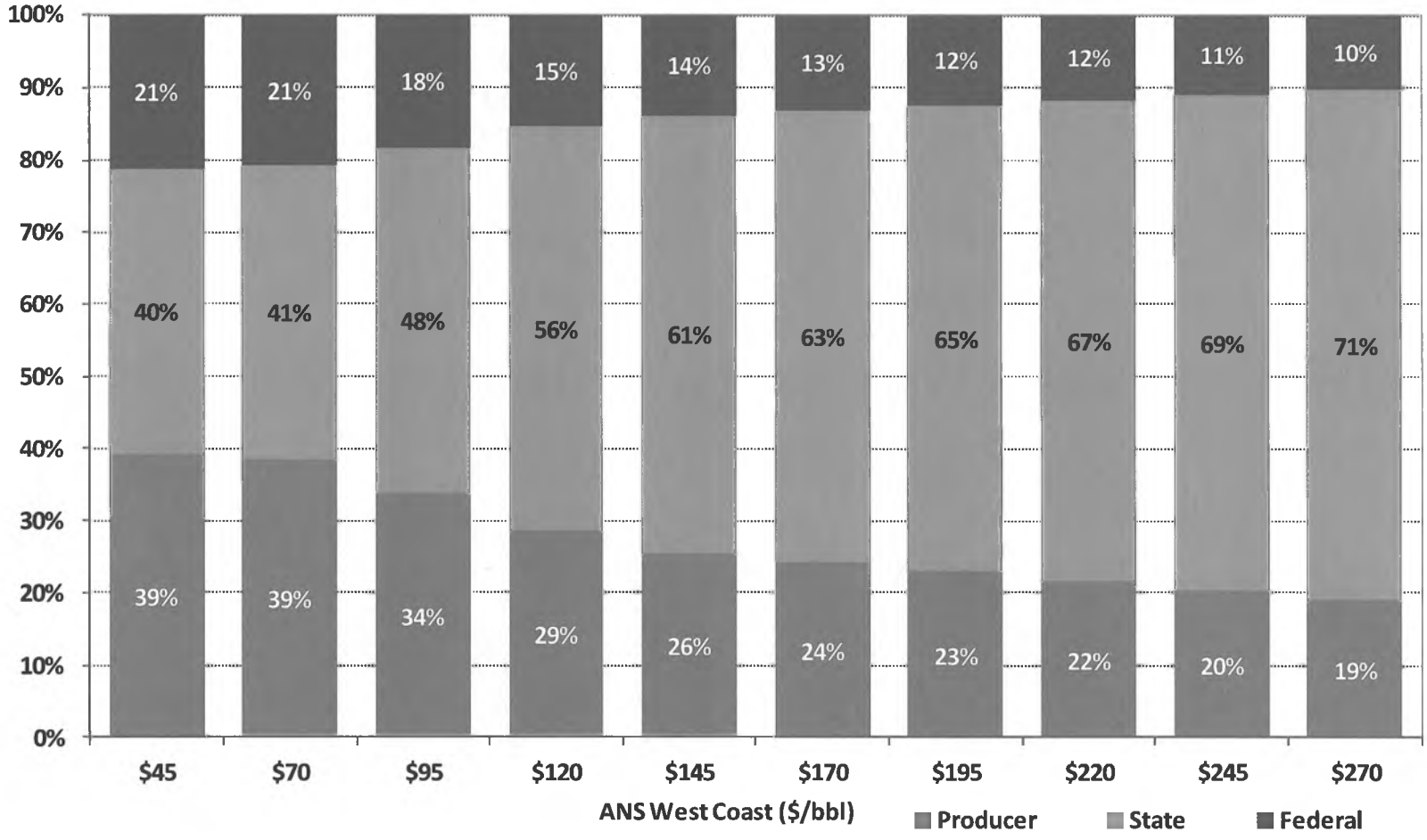
Assumes FY 2013 Transport costs of $8.56/ bbl, Opex of $13.75 per taxable barrel, and Capex of $15.36 per taxable bbl.

Marginal Government Take – new fields



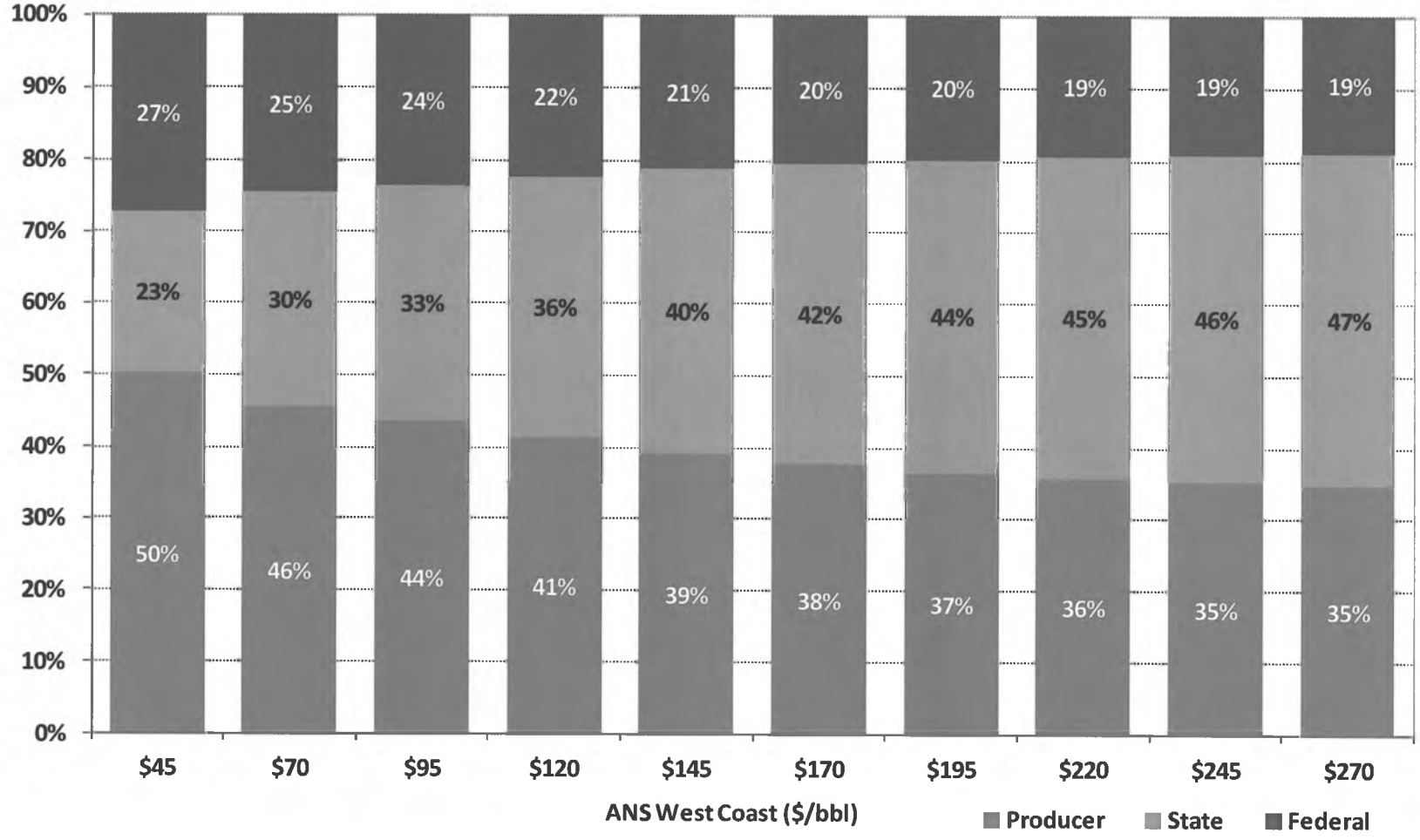
Assumes FY 2013 Transport costs of $8.56/ bbl, Opex of $13.75 per taxable barrel, and Capex of $15.36 per taxable bbl.

Share of Profit – ACES new fields



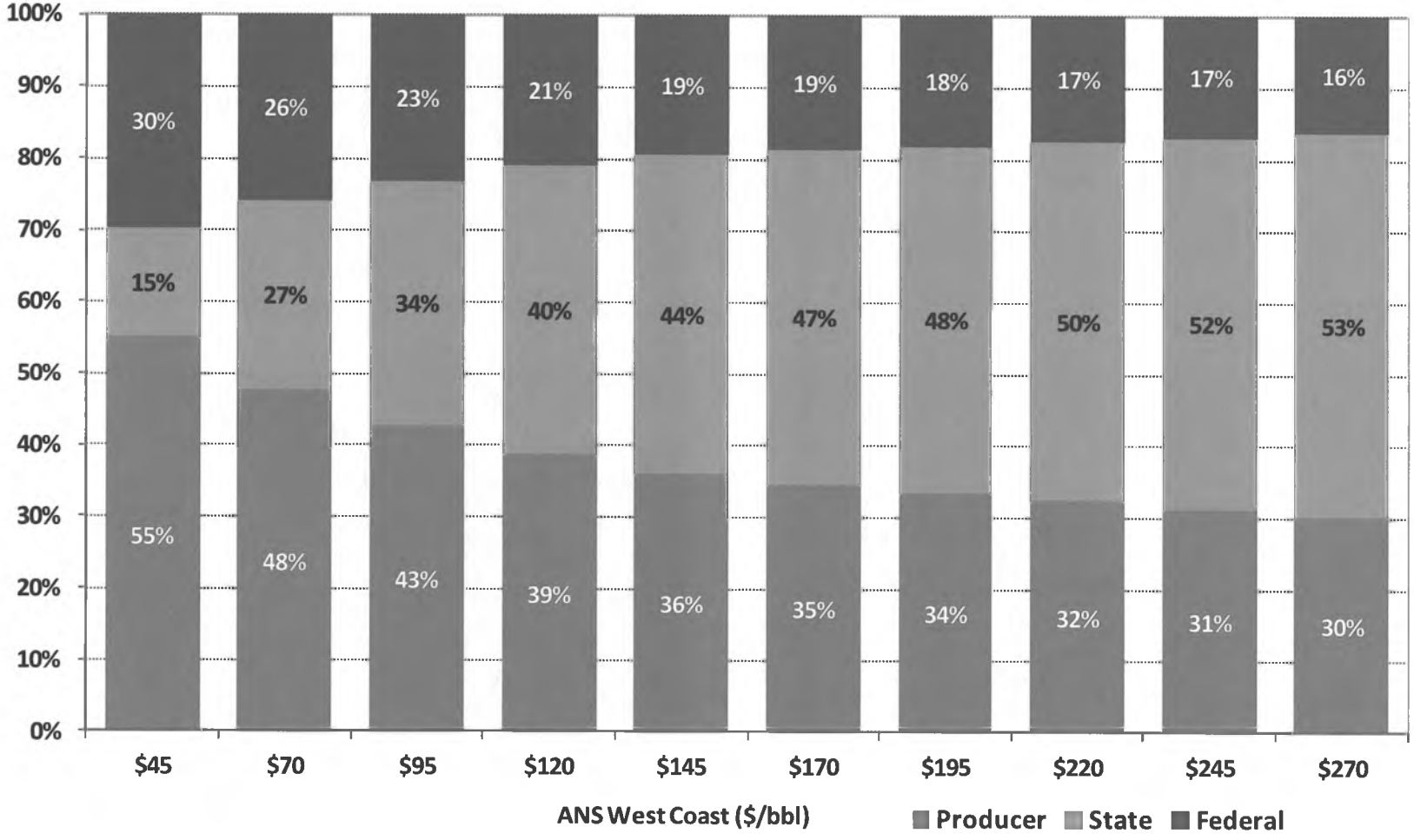
Assumes FY 2013 Transport costs of $8.56/ bbl, Opex of $13.75 per taxable barrel, and Capex of $15.36 per taxable bbl.

Share of Profit – CSHB 110(FIN) new fields



Assumes FY 2013 Transport costs of $8.56/ bbl, Opex of $13.75 per taxable barrel, and Capex of $15.36 per taxable bbl.

Share of Profit – HB 3001 new fields



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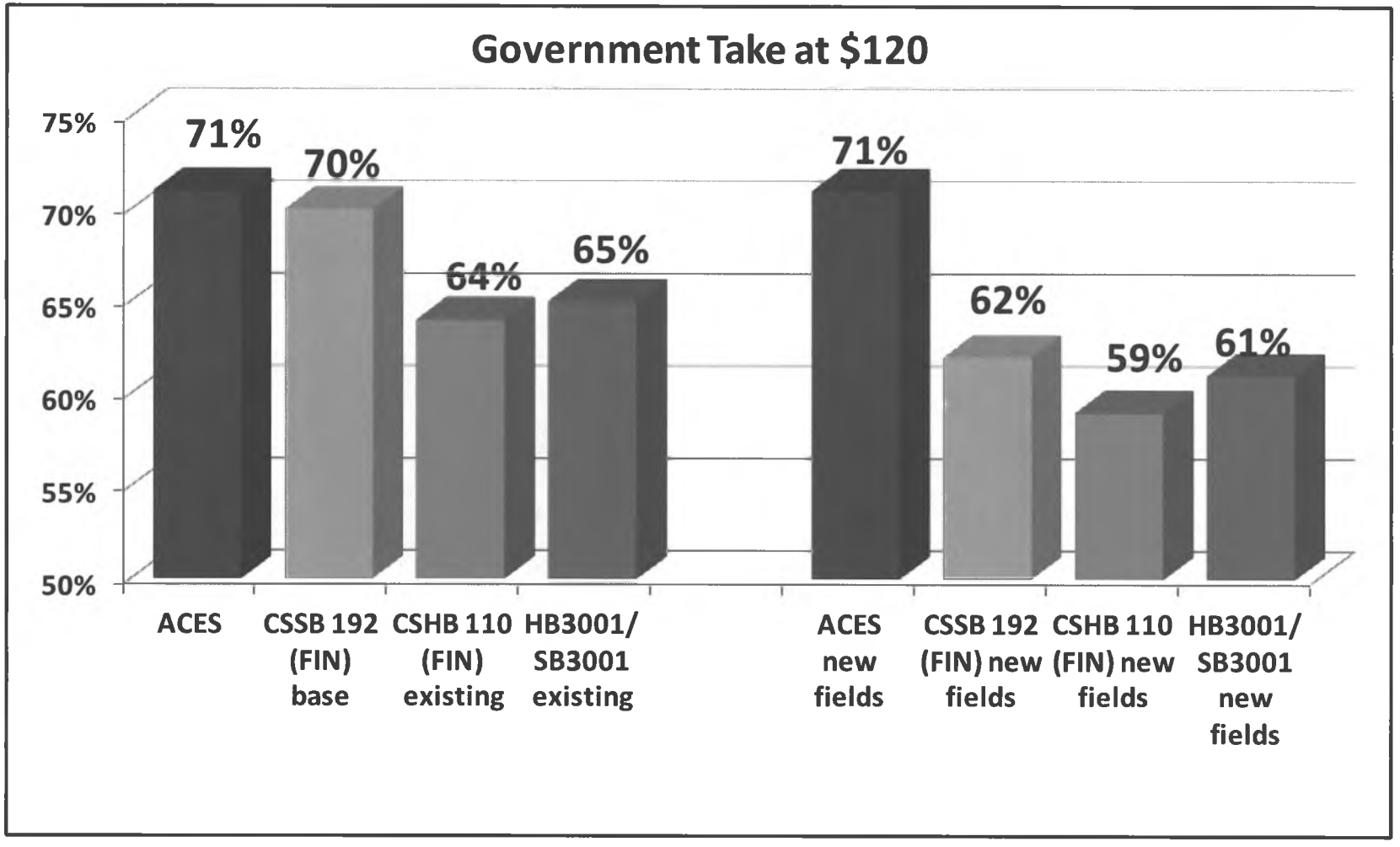
Government Take - comparison



Assumes FY 2013 Transport costs of $8.56/ bbl, Opex of $13.75 per taxable barrel, and Capex of $15.36 per taxable bbl.

HB 3001
Summary

- Provisions in HB 3001 / SB 3001 represent "meaningful change"
- Meaningful change is needed to incentivize development of Alaska's oil resources
- Meaningful change is needed to stimulate jobs and economic activity for Alaska's economy
- Producers have committed to additional investment contingent on meaningful change

Questions?

Alaska's Production Tax: Discussing the Issue

Presentation to the
House Resources Committee
April 21, 2012
Alaska Department of Revenue

Facts to Begin the Conversation

- Oil prices have been at all time highs for several years
- Other oil producing regions have been enjoying production and employment booms
- Competition is high - many other areas to invest around the world

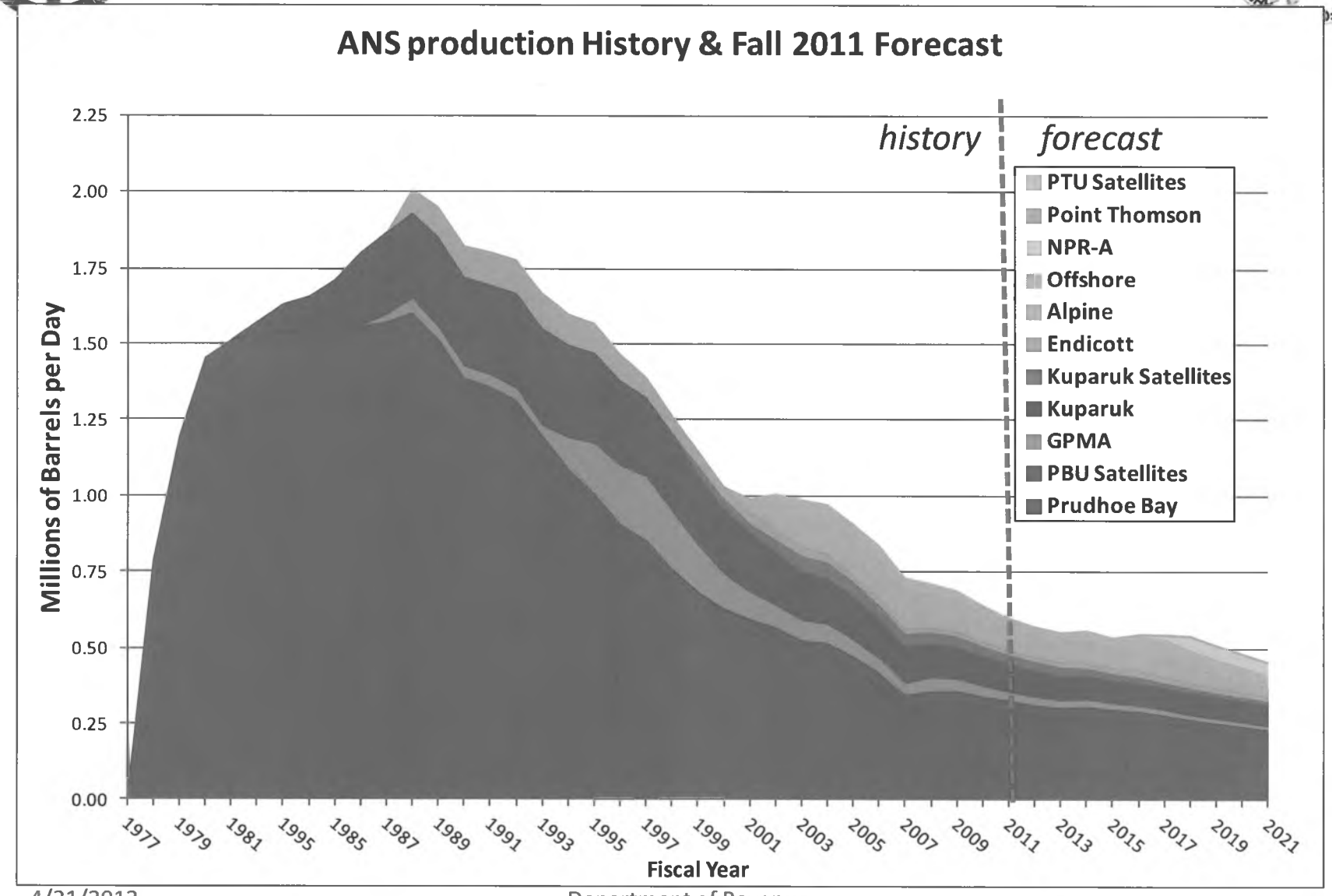
According to the USGS, It's Certainly Not A Resource Issue.....

- There's no debating.....Alaska is a world-class energy basin
- Cumulative production through 2010 over 16B barrels
- Oil: Estimated to have 40B barrels of conventional oil
- Gas: Estimated to have 236 TCF of conventional natural gas
- Plus tens of billions of heavy & viscous oil as well as shale oil & gas

More Important Points

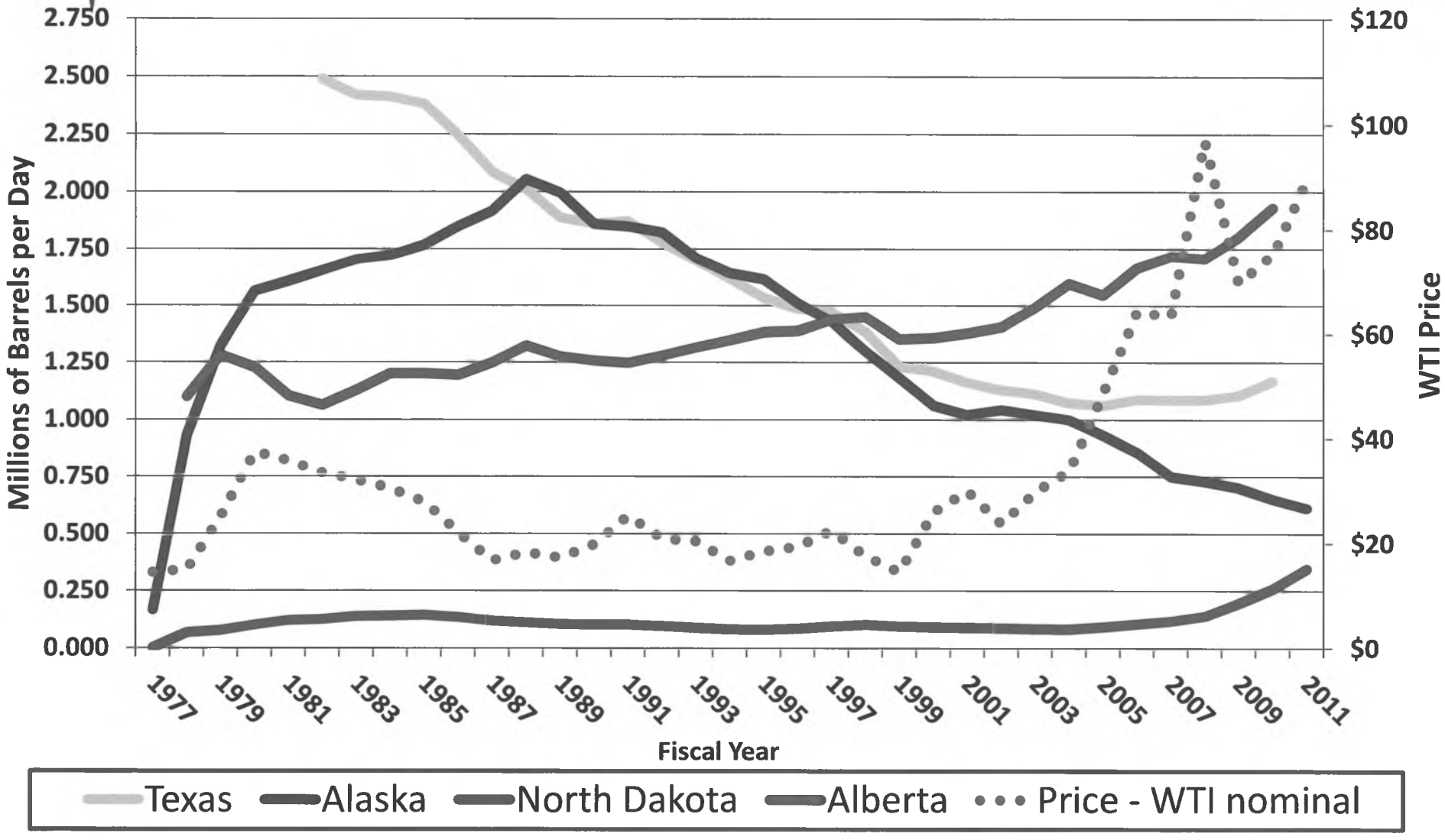
1. As a State, we are in a position we've never been in before
2. PPT/ACES Debate: "Actual" information utilized? Unfortunately No……was not available
3. Decision makers, through no fault of their own, had to rely on modeling, forecasts, projections, theoretical assumptions
4. We now have the luxury to look back and see what actually happened over the past 5 years
5. What do we see? Record high oil prices lead to oil & employment booms in competing oil producing regions
6. And Alaska continues to decline……..

Historical Oil Production



Historical Oil Production:

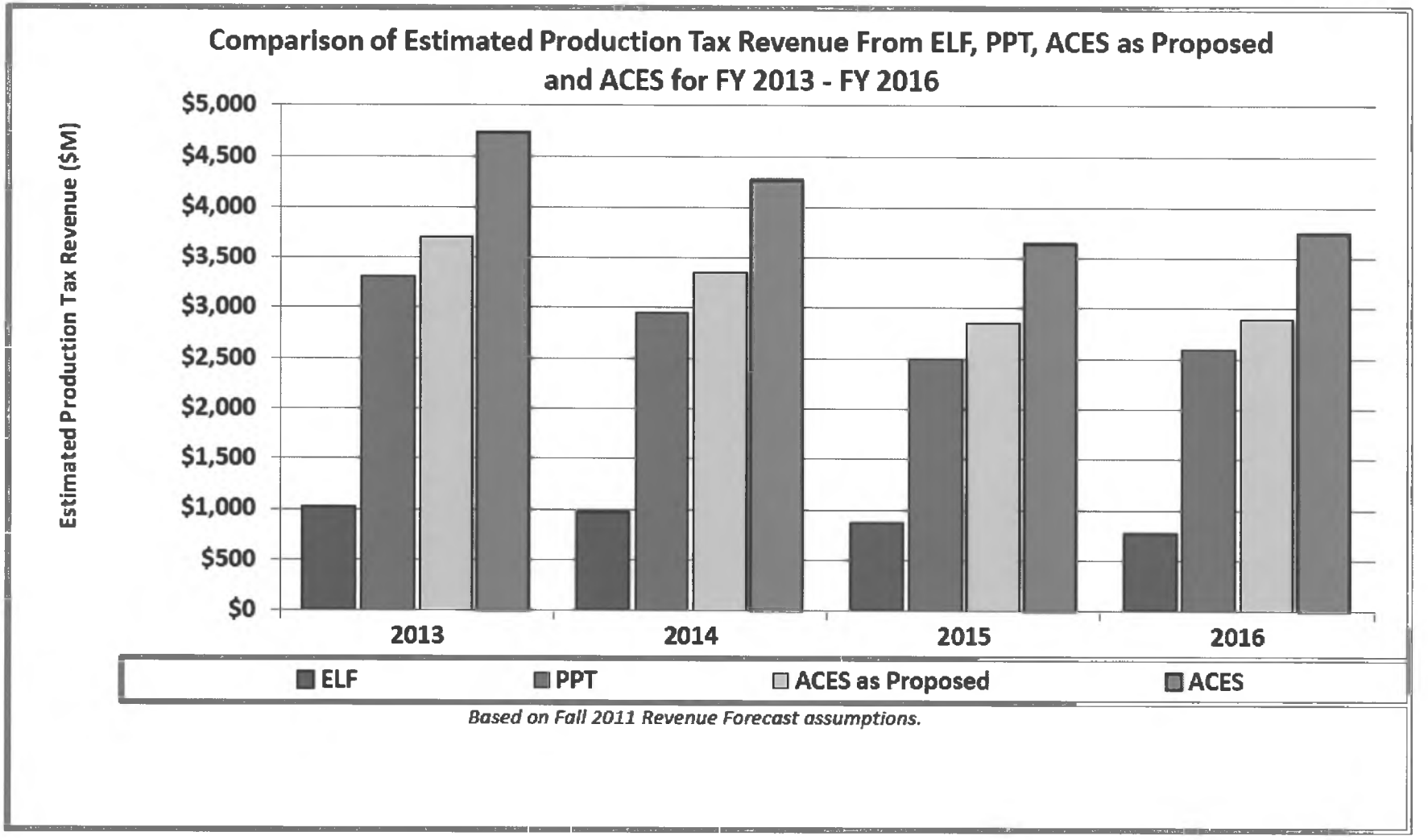
How Did Our Competition Fare When Prices Spiked?



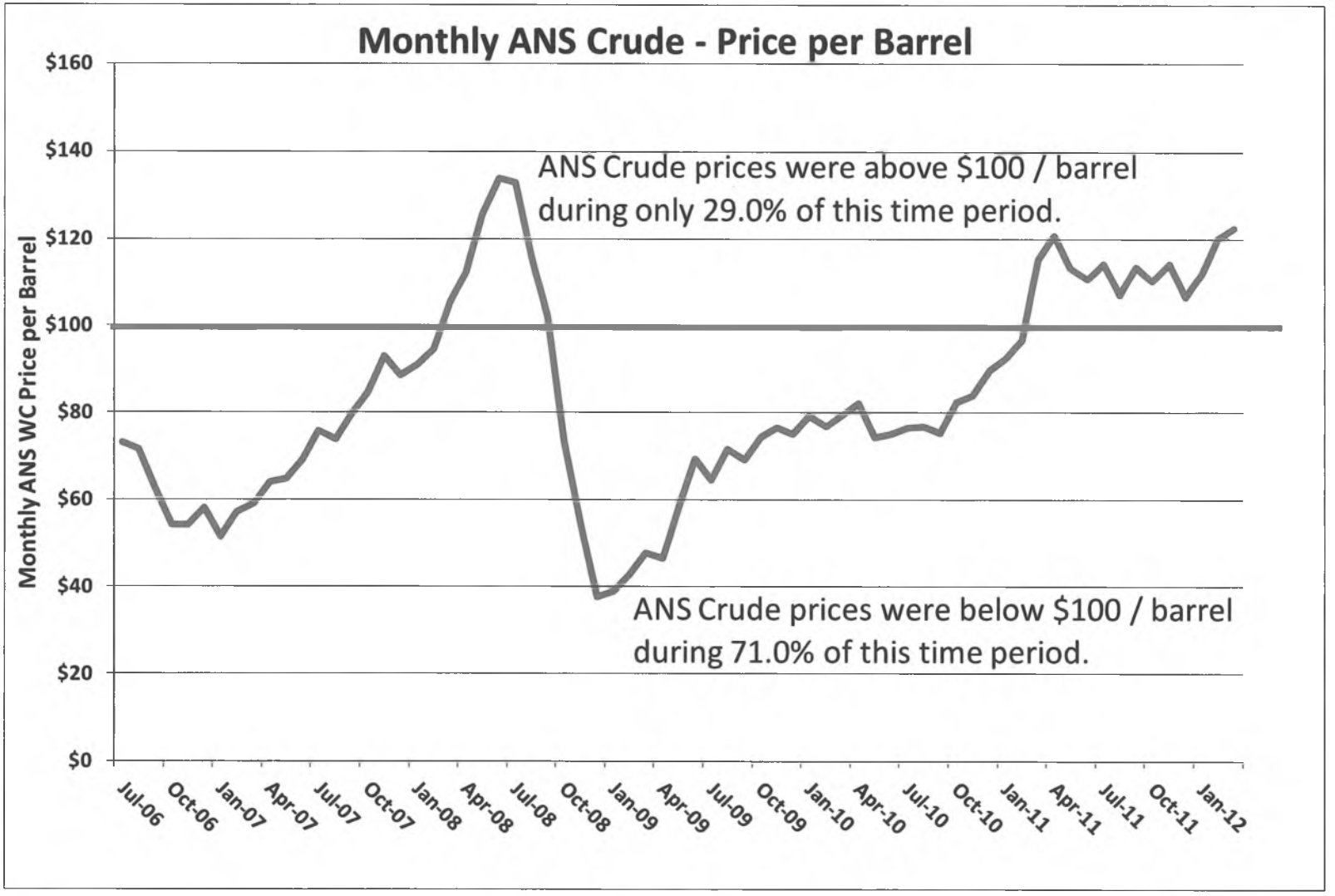
Two Distinct Elements of ACES: Can't discuss one without the other

1. Tax Credits:
   - ❑ Very generous tax credits made available over past several years help spur the anticipated exploration
   - ❑ Enthusiasm of explorers encouraging but they will eventually need to become or partner with producer
2. Production Tax:
   - ❑ Very progressive at high oil prices which makes AK not as attractive when compared to other world-wide options
   - ❑ This "windfall tax", while filling AK state coffers during the short term, is contributing to competitiveness issue long term

ELF, PPT & ACES: Did The Pendulum Swing Too Far?



Monthly ANS Crude Prices Under Net Tax System




STATE OF ALASKA
TAX
DIVISION
DEPARTMENT OF REVENUE


DOR
CSSD - AMHTA - ANGDA - Tax - Treasury - ARMB - AMBBR - APFC - PFD - AHFC -

Questions?

TESTIMONY OF JOHN K. NORMAN

HOUSE RESOURCES COMMITTEE

HB 3001: OIL AND GAS PRODUCTION TAX

APRIL 21, 2012

GOOD MORNING. FOR THE RECORD MY NAME IS JOHN NORMAN. I AM THE PUBLIC COMMISSIONER FOR THE ALASKA OIL AND GAS CONSERVATION COMMISSION.

COMMISSIONER FOERSTER IS TRAVELING AND SENDS HER REGRETS THAT SHE CANNOT BE HERE.

I AM HERE TO PROVIDE A CHARACTERIZATION OF POTENTIAL SOURCES OF INCREASED OIL AND GAS PRODUCTION FOR THE STATE OF ALASKA.

I'LL BREIFLY DISCUSS THE FOLLOWING POTENTIAL RESOURCES:

- LEGACY FIELDS
- NEW DISCOVERIES
- HEAVY OIL
- SHALE OIL
- CONDENSATE FROM PT THOMSON
- OCS OIL
- ANWR OIL

- BEAUFORT SEA OIL; AND FINALLY
- NORTH SLOPE GAS (AND GTL)

FOR EACH OF THESE RESOURCES, I WILL DESCRIBE ITS POTENTIAL FOR INCREASING PRODUCTION AND SOME OF THE CHALLENGES ASSOCIATED WITH THAT INCREASE.

LEGACY FIELDS:

THE LEGACY FIELDS ARE ALASKA'S BIRD IN THE HAND. WE COUNT ON THESE FIELDS DAY IN AND DAY OUT; SO WE CERTAINLY DON'T WANT TO IGNORE THEIR IMPORTANCE OR TAKE THEM FOR GRANTED. DURING THE REGULAR SESSION COMMISSIONER FOERSTER TESTIFIED THAT THE HEALTH OF ALL THE FIELDS ON THE NORTH SLOPE DEPENDS TO SOME DEGREE ON THE HEALTH OF PRUDHOE BAY AND THAT THIS WILL BE TRUE FOR THE FORESEEABLE FUTURE (LIKE HAVING AN ANCHOR TENANT IN A SHOPPING MALL). YOU MAY REMEMBER THAT THE ORIGINAL ESTIMATE FOR PRUDHOE BAY RECOVERY WAS ABOUT 9 BILLION BARRELS. WE'VE ALREADY PRODUCED OVER 11 BILLION BARRELS AND, WITH CURRENT TECHNOLOGY, THERE ARE STILL ABOUT TWO BILLION BARRELS OF OIL LEFT TO BE PRODUCED FROM THE PRUDHOE OIL POOL. THAT'S JUST WHAT'S LEFT, AND (WITH POSSIBLE EXCEPTION OF THE BAKKEN IN NORTH DAKOTA) IT'S BIGGER THAN ANY NEW DISCOVERY IN NORTH AMERICA IN THIS MILLENNIUM. THESE 2 BILLION BARRELS CANNOT BE

TAKEN FOR GRANTED; THE PRUDHOE BAY OWNERS ARE EXSPENDING LOTS OF TECHNICAL EFFORT AND MONEY TO FINESSE THIS ADDITIONAL OIL OUT OF THE GROUND. NEGATIVE IMPACTS ON PROFITABILITY (SUCH AS DROP IN OIL PRICE, INCREASE IN TAXATION, OR INCREASED REGULATORY BURDEN) WILL PUT SOME OF THESE 2 BILLION BARRELS AT RISK. CONVERSELY, THERE IS POTENTIAL FOR INCREASED ULTIMATE RECOVERY FROM PRUDHOE BAY, GIVEN ADVANCES IN TECHNOLOGY AND/OR POSITIVE IMPACTS ON PROFITABILITY. WE DON'T HAVE CONTROL OVER TECHNOLOGY ADVANCES OR OIL PRICE BUT WE CAN CERTAINLY USE CAUTION IN INCREASING THE BURDEN ON THE OPERATOR, EITHER THROUGH TAXATION OR REGULATION. I'VE TALKED ABOUT PRUDHOE BAY, BUT THIS CHARACTERIZATION IS VALID FOR THE OTHER LEGACY FIELDS AS WELL.

NEW DISCOVERIES:

NEW DISCOVERIES ARE ALREADY POSITIVELY IMPACTING THE PRODUCTION PROFILE IN ALASKA AND WE SHOULD CONTINUE TO ENCOURAGE OPERATORS TO TAKE THE RISKS TO EXPLORE FOR THESE RESERVOIRS. UNFORTUNATELY IT IS NOT LIKELY THAT WE WILL FIND ANOTHER PRUDHOE BAY IN THE AREAS WHERE WE CURRENTLY ALLOW EXPLORATION. THE EASY-TO-FIND FIELDS HAVE BEEN FOUND IN COOK INLET AND THE CENTRAL NORTH SLOPE. THAT SAID, THERE'S NOTHING WRONG WITH FINDING AN ALPINE, A NORTH STAR, AN OOOGURUK, OR A

NIKAITCHUK. SEVERAL "SMALL" FIELDS ADD UP TO A BIG ONE. I CALL THESE "SMALL" FIELDS, BUT I MUST REMIND YOU THAT SIMILAR FIELDS IN THE LOWER 48 WOULD BE CONSIDERED HUGE – IT'S THE COSTS ASSOCIATED WITH OUR REMOTE AND HOSTILE ENVIRONMENT THAT MAKE US VIEW A QUARTER BILLION BARREL DISCOVERY AS "SMALL." BUT, REMEMBER, WHAT MAKES THESE FIELDS VIABLE IS THEIR PROXIMITY TO THE INFRASTRUCTURE FOR THE LEGACY FIELDS. AS WE GET FURTHER AND FURTHER FROM THAT INFRASTRUCTURE, THE CHALLENGES OF COMMERCIALIZING A NEW DISCOVERY ONLY INCREASE.

HEAVY OIL:

FOR HEAVY AND VISCOUS OIL, THE RESOURCE ESTIMATE VARIES DEPENDING ON WHOSE NUMBERS YOU USE, BUT JUST ABOUT EVERYONE AGREES THAT THERE ARE OVER 20 BILLION BARRELS OF POTENTIAL ON THE NORTH SLOPE. BUT THIS IS NOT AN EASY RESOURCE TO COMMERCIALIZE. PRODUCING OIL FROM THIS KIND OF RESERVOIR IS LIKE FILLING A SANDBOX WITH MOLASSES AND THEN TRYING TO EXTRACT THE MOLASSES WITH A DRINKING STRAW. THE KEY TO DEVELOPING THIS RESOURCE WILL BE ADVANCES IN TECHNOLOGY AND THE NORTH SLOPE OPERATORS ARE WORKING ON THIS TECHNOLOGY AS WE SPEAK.

SHALE OIL:

SHALE OIL DEVELOPMENT HAS CREATED A BOOM IN THE LOWER 48, FROM PENNSYLVANIA TO NORTH DAKOTA. SHALE IS USUALLY THE SOURCE FOR THE OIL THAT WE FIND IN CONVENTIONAL RESERVOIRS. NOT ALL OF THE OIL IS ABLE TO MIGRATE FROM THE SHALE INTO THE CONVENTIONAL RESERVOIR AND THIS RESIDUAL OIL IS THE TARGET IN SHALE OIL DEVELOPMENTS. IN SOME WAYS, THE GEOLOGICAL RISK IS LOW BECAUSE WE KNOW THE SOURCE ROCK IS THERE AND THAT IT CONTAINS OIL. THE BIG RISKS LIE IN WHETHER THERE IS ENOUGH OIL AND WHETHER IT IS MOVEABLE. THE ONLY WAY TO FIND OUT IS TO DRILL IT, EVALUATE IT, AND ATTEMPT TO PRODUCE IT. WE HAVE EXPLORATION INCENTIVES IN PLACE AND THESE HAVE ALREADY PIQUED THE INTEREST OF AT LEAST ONE SHALE OIL EXPLORER, GREAT BEAR.

GAS LIQUIDS:

LET'S MOVE TO GAS LIQUIDS. DIFFERENT AGENCIES AND COMPANIES HAVE DIFFERENT ESTIMATES ON THE AMOUNT OF CONDENSATE ASSOCIATED WITH THE GAS IN THE POINT THOMSON FIELD, BUT IT'S AT LEAST 200 TO 400 MILLION BARRELS, NO MATTER WHO YOU ASK. THANKS IN PART TO THE RECENT SETTLEMENT OF THE PT THOMSON LITIGATION, THE PT THOMSON OPERATOR IS WORKING TOWARD A CYCLING PILOT PROJECT TO RECOVER THESE LIQUIDS AND SEND THEM TO TAPS. THIS IS ANOTHER EXAMPLE OF A KNOWN RESOURCE WITH AN UNCERTAIN

OUTCOME. WE KNOW THE CONDENSATE IS THERE; WE JUST DON'T KNOW IF CYCLING TO RECOVER IT WILL BE COMMERCIALLY VIABLE. AND THAT'S WHAT THE OPERATOR'S PILOT PROJECT WILL DETERMINE.

OCS:

EARLIER I SAID THAT THE LEGACY FIELDS ARE ALASKA'S BIRD IN THE HAND. OCS OIL IS OUR BIRD IN THE BUSH. THERE IS SIGNIFICANT POTENTIAL TO MAKE A LARGE OIL DISCOVERY; OTHERWISE SHELL WOULDN'T BE SO PATIENT IN ATTEMPTING TO EXPLORE THERE. EVEN THOUGH SUCH A DISCOVERY WOULD BE IN FEDERAL WATERS, THE BENEFITS TO ALASKANS WOULD BE ENORMOUS – EVERYTHING FROM JOBS TO EXTENDING THE LIFE OF TAPS. OTHER THAN GEOLOGIC RISK, THE GREATEST OBSTACLE TO OCS OIL IS THE OBSTRUCTIONIST POLICIES OF OUR OWN FEDERAL GOVERNMENT. ALASKANS SHOULD CONTINUE TO EXERT INFLUENCE IN EVERY WAY POSSIBLE TO TEMPER THESE POLICIES.

ANWR:

SPEAKING OF OBSTRUCTIONIST POLICIES, NO DISCUSSION OF ALASKA PRODUCTION OPPORTUNITIES WOULD BE COMPLETE WITHOUT AT LEAST MENTIONING ANWR. NO ONE KNOWS WHAT THE TRUE POTENTIAL IS THERE, AND THE ONLY WAY TO FIND OUT IS TO DRILL. AGAIN, WE NEED TO CONTINUE TO EXERT INFLUENCE EVERY WAY POSSIBLE TO TEMPER

THE OBSTRUCTIONIST POLICIES THAT DENY US THE OPPORTUNITY EVEN TO ASSESS AND QUANTIFY THIS POTENTIAL.

BEAUFORT SEA:

BEAUFORT SEA OIL IS ALREADY BEING PRODUCED. NORTH STAR, ENDICOTT, AND PART OF OOOGURUK ARE ALL IN THE BEAUFORT SEA. THERE ARE LIKELY OTHER OIL DEPOSITS YET TO BE DISCOVERED HERE AND AT LEAST ONE SUCH EXPLORATION EFFORT IS IN THE PLANNING – LIBERTY. LIBERTY WILL BE IN FEDERAL WATERS, BUT A SUCCESS THERE WILL STILL REAP BENEFITS FOR ALASKANS. LIBERTY IS NOT WITHOUT ITS RISKS. LIBERTY IS PLANNED TO BE DEVELOPED USING ULTRA-EXTENDED-REACH DRILLING STARTING FROM THE ENDICOTT ISLAND AND TRAVELING OUT AND UNDERGROUND FOR SEVERAL MILES. THE SORT OF DRILLING REQUIRED FOR LIBERTY DEVELOPMENT PUSHES THE LIMITS OF CURRENT DRILLING TECHNOLOGY. FOR THIS AND OTHER REASONS THE OPERATOR IS WORKING UNDER A DECELERATED SCHEDULE – USING CAUTION TO ENSURE THAT THE TECHNICAL RISKS AND CHALLENGES ARE ALL ADDRESSED BEFORE WORK BEGINS.

NORTH SLOPE GAS:

THE LAST RESOURCE I WILL ADDRESS IS NORTH SLOPE GAS. I DON'T HAVE A LETTERMAN TOP TEN, BUT HERE ARE THE TOP TWO REASONS NOT TO ACCELERATE PRODUCTION AND SALE OF NORTH SLOPE GAS.

1. RIGHT NOW EVERY BIT OF KNOWN NORTH SLOPE GAS IS ASSOCIATED WITH AN OIL RESERVOIR AND EITHER IS OR WILL BE BENEFICIALLY USED TO GET MORE OIL OUT OF THE GROUND.
2. THE RULE OF THUMB USED TO BE THAT ONE BARREL OF OIL WAS WORTH SIX THOUSAND CUBIC FEET OF GAS. WITH OIL CURRENTLY SELLING FOR ABOUT $120 PER BARREL AND GAS SELLING FOR ABOUT $3 PER THOUSAND CUBIC FEET, ONE BARREL OF OIL IS WORTH ABOUT 40 THOUSAND CUBIC FEET OF GAS. USING THIS MATH, THE ENTIRE 34 TCF OF KNOWN NORTH SLOPE GAS IS WORTH LESS THAN HALF OF THE OIL LEFT IN THE PRUDHOE BAY OIL POOL.

THEREFORE, WHY SELL GAS FOR THIS DECREASED VALUE, ESPECIALLY IF SELLING IT ALSO MEANS YOU'RE GOING TO GET LESS OF YOUR OIL OUT OF THE GROUND?

I WAS ALSO ASKED TO ADDRESS GTL. GTL IS JUST A WAY OF PACKAGING GAS. AND AT THIS TIME AT LEAST, IT'S THE MOST WASTEFUL WAY POSSIBLE. TO CONVERT THE GAS TO A LIQUID USING CURRENT TECHNOLOGY USES UP ABOUT 40 PER CENT OF THE RESOURCE. ENOUGH SAID.

THIS CONCLUDES MY PREPARED REMARKS. I'LL BE HAPPY TO TAKE QUESTIONS.

Potential for increasing production

Joint House Resources and Energy Committee

21 April 2012

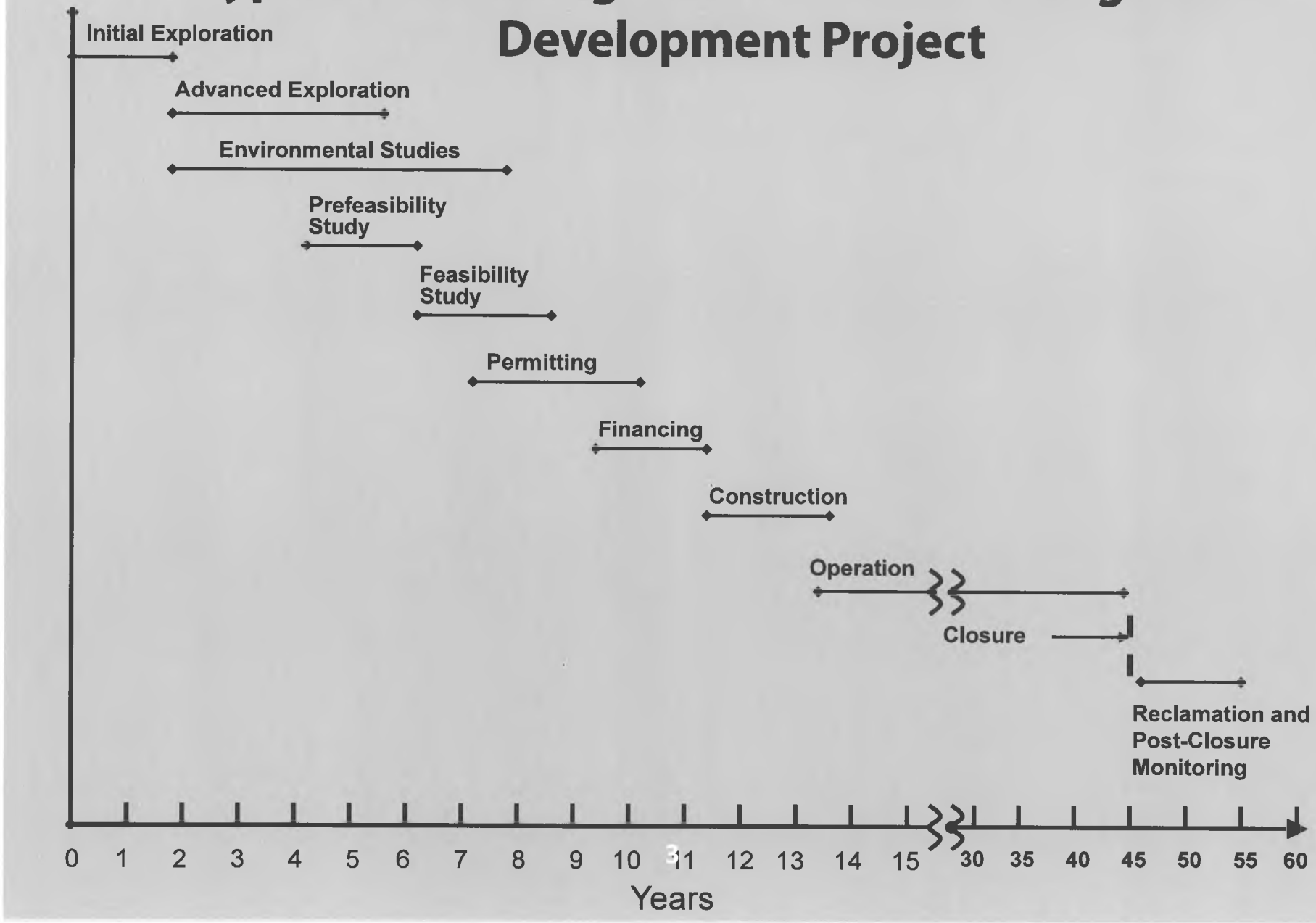
William C. Barron

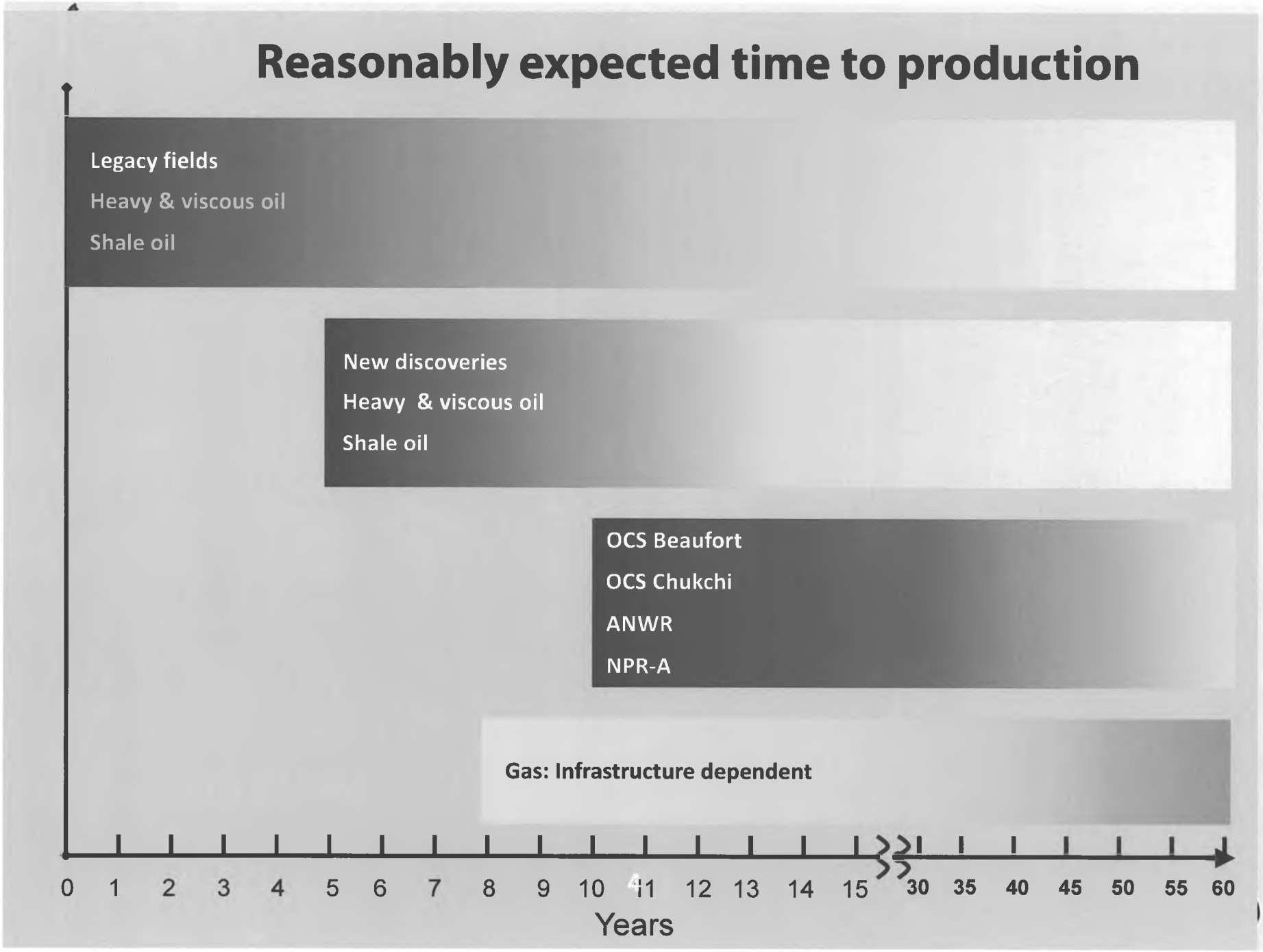
Division of Oil and Gas

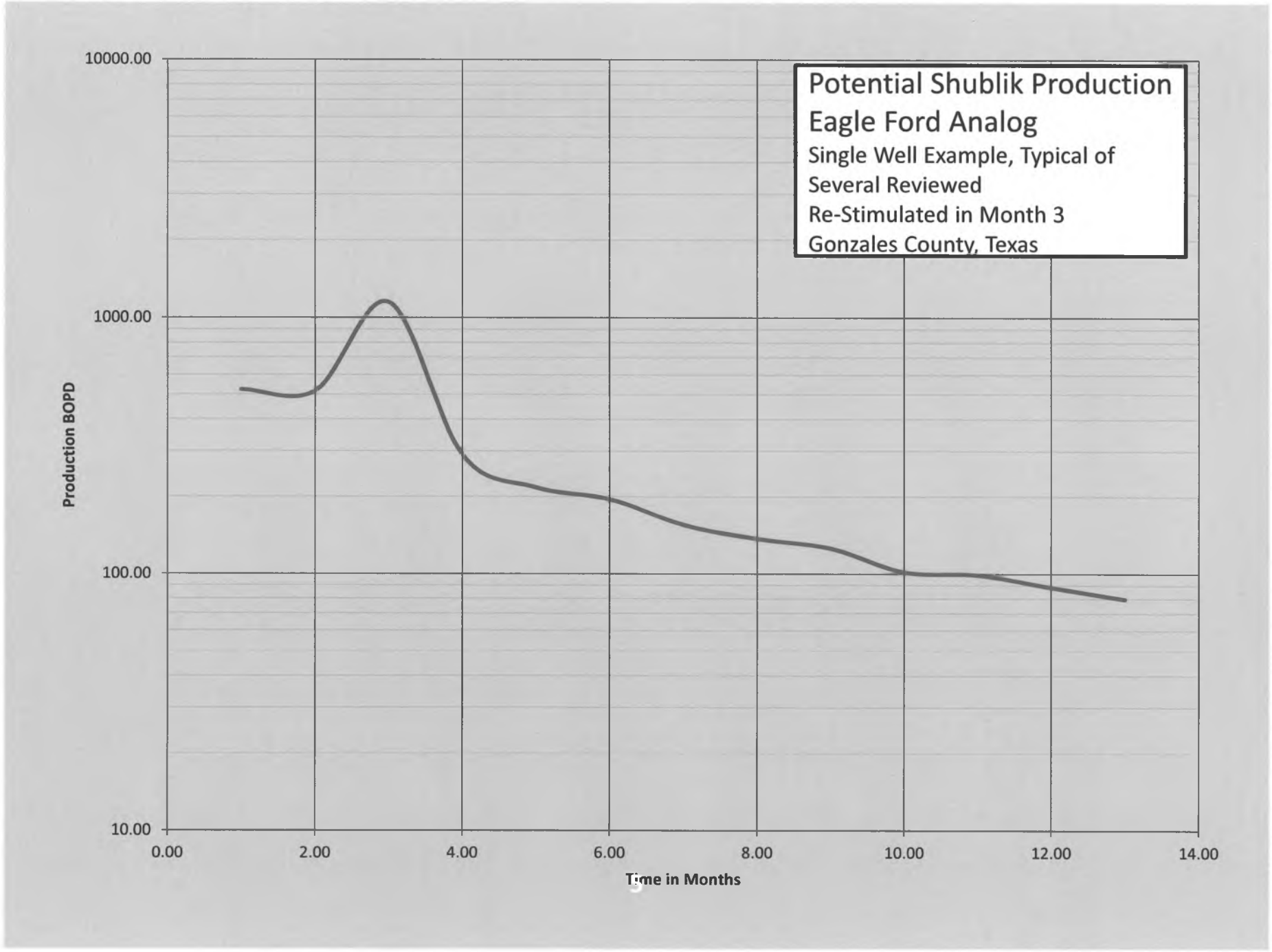
Barriers to new production

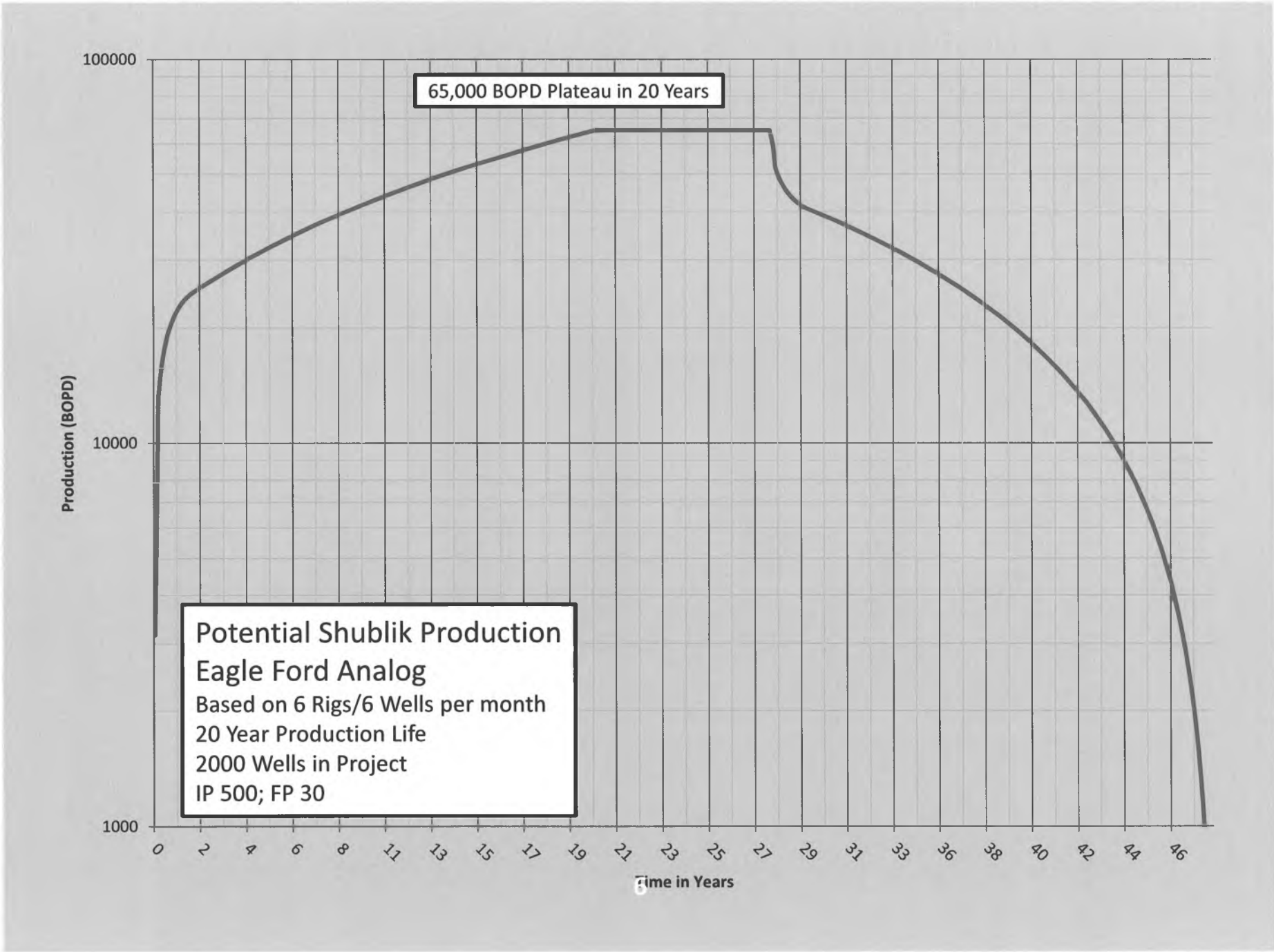
- Winter exploration season only
- Cost of development
- Lack of physical infrastructure
  - Roads
  - Power distribution systems
- Facility capacity & limitations, age
- Environmental/subsistence issues & permitting
- Fear of litigation-related delays
- Fiscal certainty

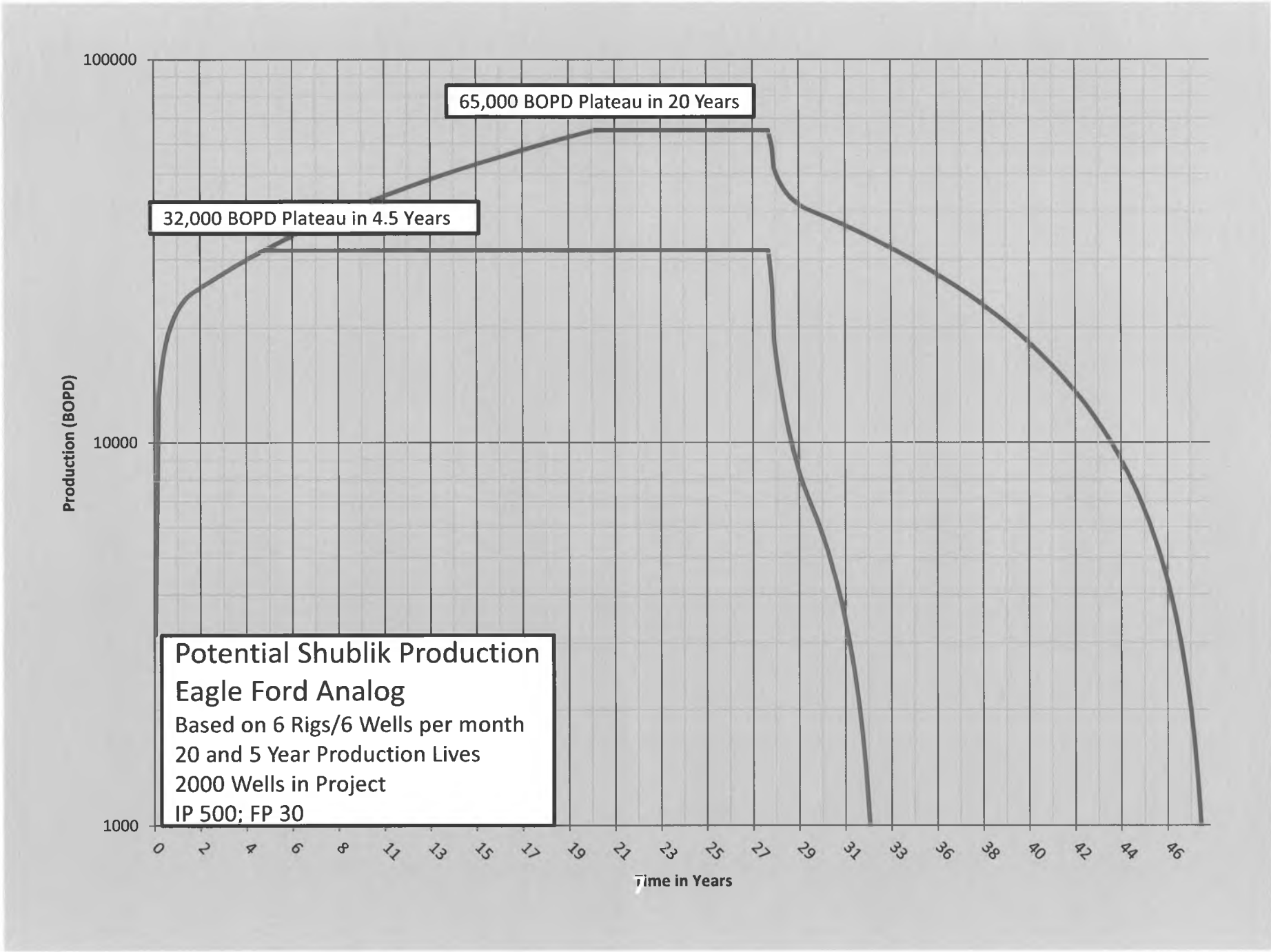
Typical Permitting Time Frame for a Large Scale Development Project




Reasonably expected time to production
Legacy fields
Heavy & viscous oil
Shale oil
New discoveries
Heavy & viscous oil
Shale oil
OCS Beaufort
OCS Chukchi
ANWR
NPR-A
Gas: Infrastructure dependent
0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 30 35 40 45 50 55 60
Years


Potential Shublik Production
Eagle Ford Analog
Single Well Example, Typical of Several Reviewed
Re-Stimulated in Month 3
Gonzales County, Texas
10000.00
1000.00
100.00
10.00
Production BOPD
0.00
2.00
4.00
6.00
8.00
10.00
12.00
14.00
Time in Months


65,000 BOPD Plateau in 20 Years
Potential Shublik Production
Eagle Ford Analog
Based on 6 Rigs/6 Wells per month
20 Year Production Life
2000 Wells in Project
IP 500; FP 30
Production (BOPD)
100000
10000
1000
0 2 4 6 8 11 13 15 17 19 21 23 25 27 29 31 33 36 38 40 42 44 46
Time in Years


100000
10000
1000
Production (BOPD)
65,000 BOPD Plateau in 20 Years
32,000 BOPD Plateau in 4.5 Years
Potential Shublik Production
Eagle Ford Analog
Based on 6 Rigs/6 Wells per month
20 and 5 Year Production Lives
2000 Wells in Project
IP 500; FP 30
0 2 4 6 8 11 13 15 17 19 21 23 25 27 29 31 33 36 38 40 42 44 46
Time in Years

What will it take to reach the goal?

- Collaborative and competitive environment
- Minimize all barriers
- Access all fields and all types of oil

Regional Activity & PFC Energy Assessment

Country	Activity	PFC Energy Assessment
USA Alaska (Core)	• ConocoPhillips' assets in Alaska are legacy assets acquired from Arco Alaska in 2000 and include the Greater Prudhoe Area, Greater Prudhoe Bay Area, Greater Kuparuk Area, Western North Slope, and Cook Inlet Area. The company's largest producing area in Alaska is the Greater Prudhoe Area, a collection of mature, long-life fields. Production from the Alaska portfolio has been in slow decline since the late-1980s following a decade of growth made possible by commissioning of the ~2.1 mmbo/d capacity Trans Alaska Pipeline System (TAPS) in 1977. In 2010, net production from Alaska averaged 230 mb/d of oil and 82 mmcf/d of gas, accounting for ~36% of US production. • ConocoPhillips and BP have been joint proponents of the **Alaska Gas Pipeline** (or **Denali Pipeline**), intended to accelerate commercialization of Prudhoe Bay gas through Western Canada and into US markets. In 2010, the partners officially withdrew their support for the proposed project, in response to continued US gas price weakness and absence of buyer commitments. This places substantial uncertainty around further commercialization of ConocoPhillips' Alaska gas resources. • Activity in the ConocoPhillips-operated Greater Kuparuk Area (GKA), has recently focused on development of viscous oil resources. The GKA, located 40 miles west of Prudhoe Bay on the North Slope, includes the Kuparuk field and its satellites: West Sak, Tarn, Tabasco, Meltwater, and Palm. Heavy oil resources **West Sak** and **Ugnu** (52.2% w.i., operated) are potential projects currently in the appraisal phase. Expected gross peak production is ~23 mboe/d.	**Material harvest position.** As Alaska's largest oil and gas producer, ConocoPhillips holds a leading position in the region. Although the company continues to target smaller projects within the GKA (West Sak and Ugnu) and NPR-A (Alpine West, Greater Moose's Tooth unit and Fiord West), ConocoPhillips will ultimately need expanded access to US and/or Asia gas markets in order to reverse the downward production trend in Alaska.



Capital Allocation and Global Portfolio Review:

Discussion Slides for the Alaska House Resources Committee

April 21, 2012

Tony Reinsch
Senior Director, Upstream & Gas
PFC Energy

PFC Energy

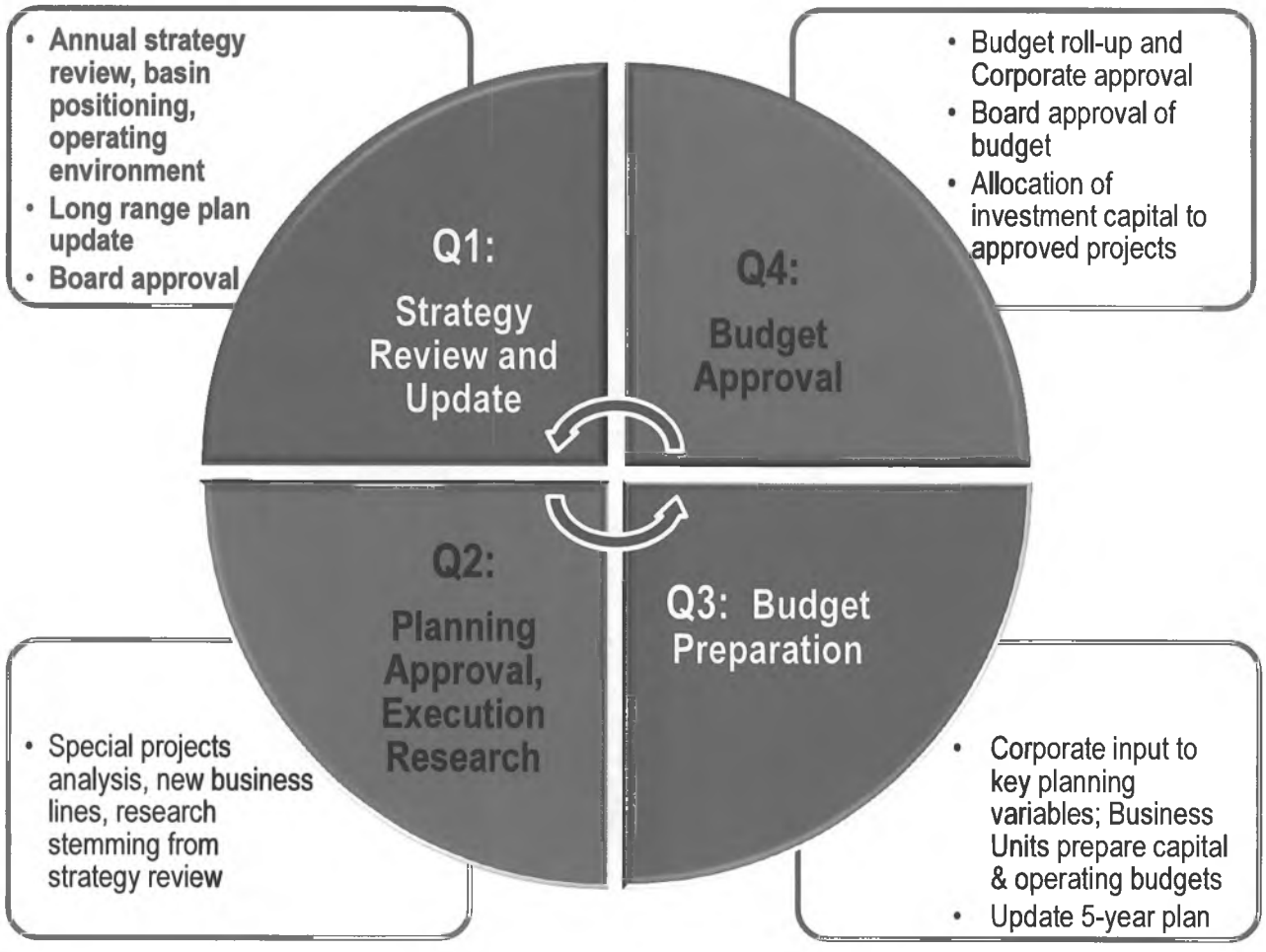
Oil & Gas Company Decision Making: Capital Allocation, Budget and Long-Range Planning

Points to Address: Discussion of Company Behaviors and Decision Making

- Key considerations for companies in making investment decisions, including decisions on whether to develop particular resources in the near term or postpone development
- Key metrics including ROCE, NPV, IRR, consideration of asset metrics versus portfolio metrics, and differences between integrated vs non-integrated companies

Annual Planning Cycle

Oil and gas companies follow a standardized process linking the annual Budget cycle to the Long Range Plan and corporate Strategy



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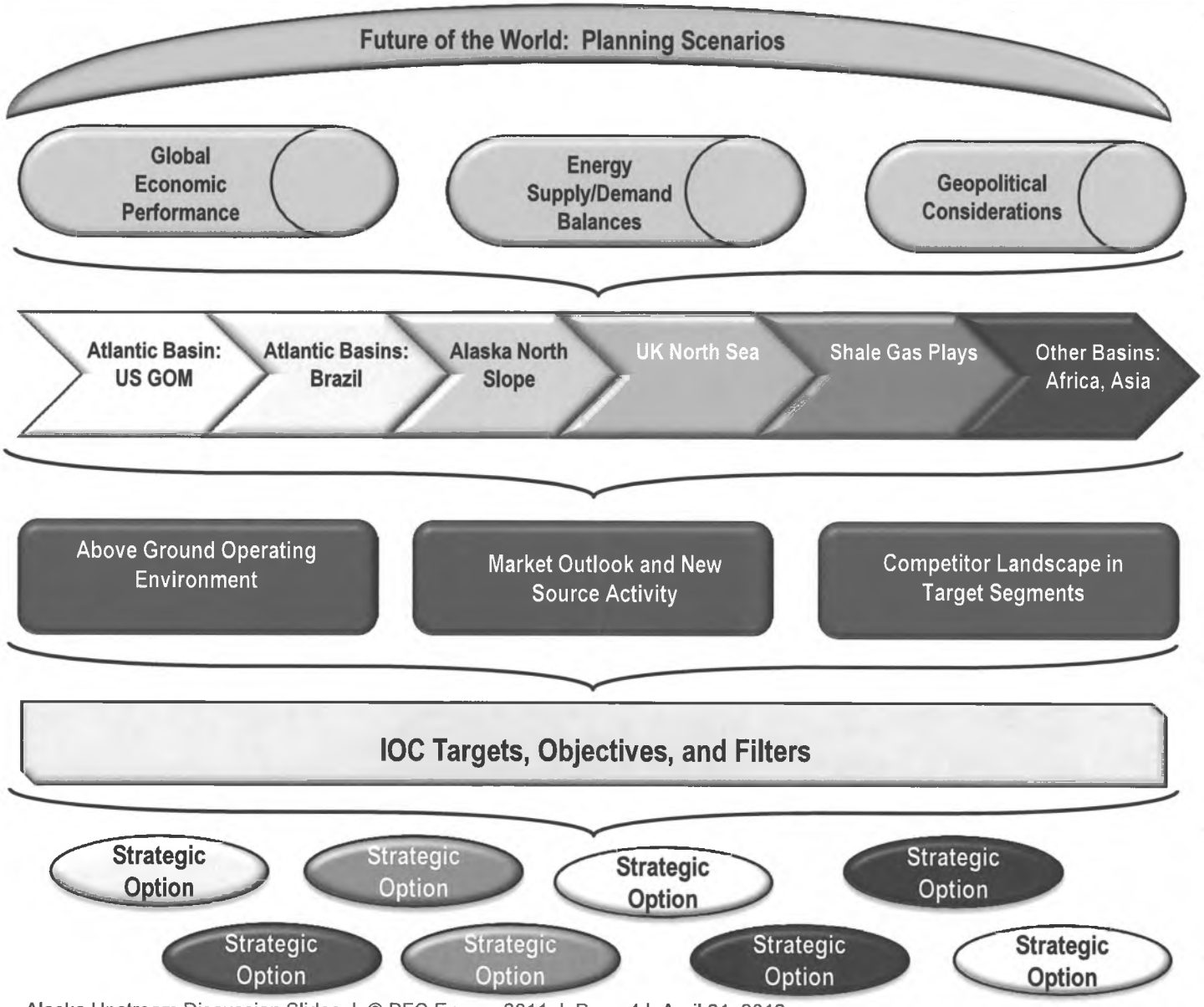
Strategy, Planning and Positioning



External Planning Environment: Identifying key uncertainties and forcing factors that will impact company Strategy and Long Run Planning

Preferred Operating Regions and Basins

Above ground risk, Potential "No Go" Geography

Blockers, Enablers, Gaps, Logjams; Determine materiality "Size of the Prize"

Identify Filters for Option Selection

Strategic Options: Robust across scenarios, Consistent with Objectives and Filters

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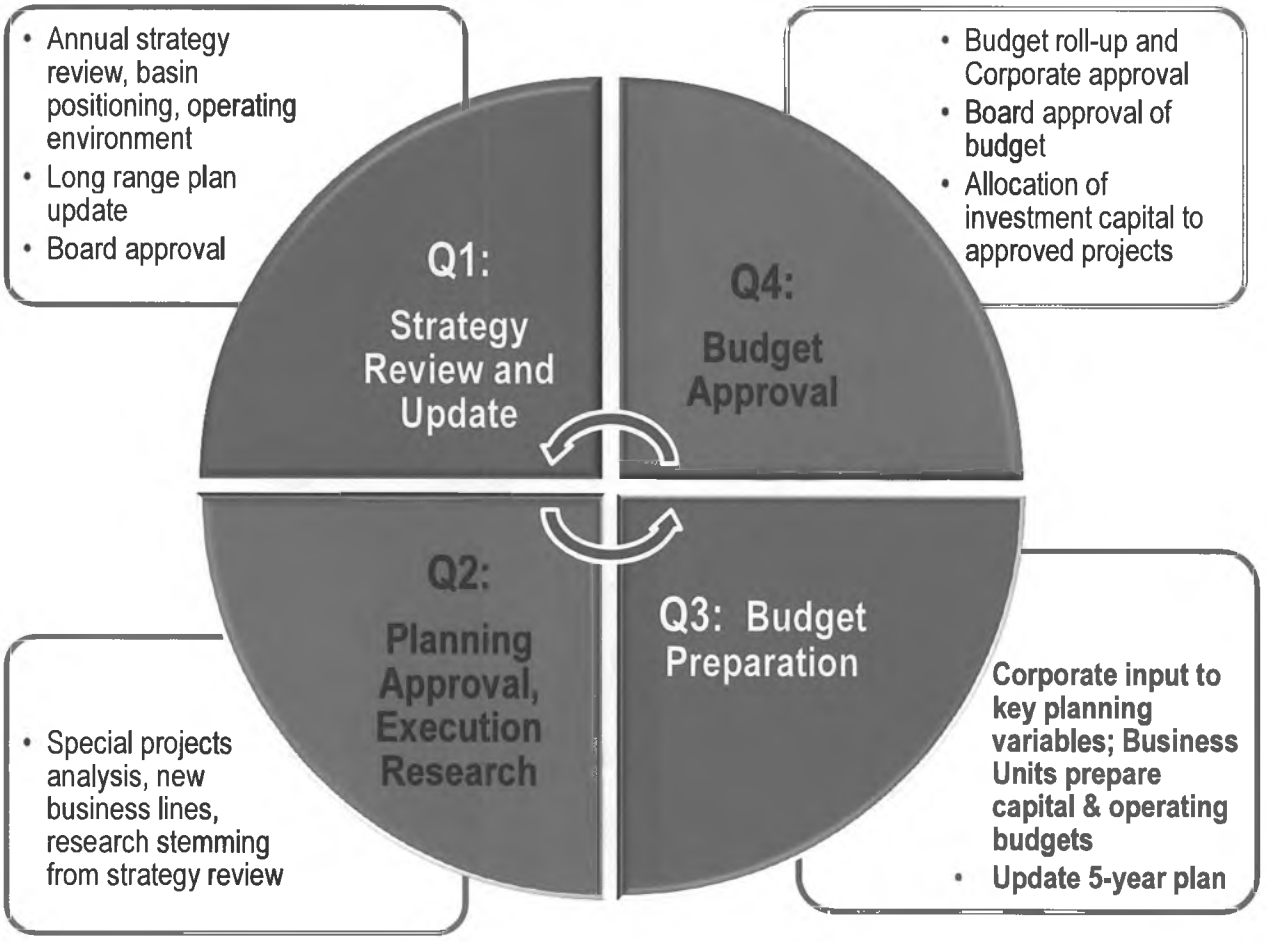
Annual Planning Cycle



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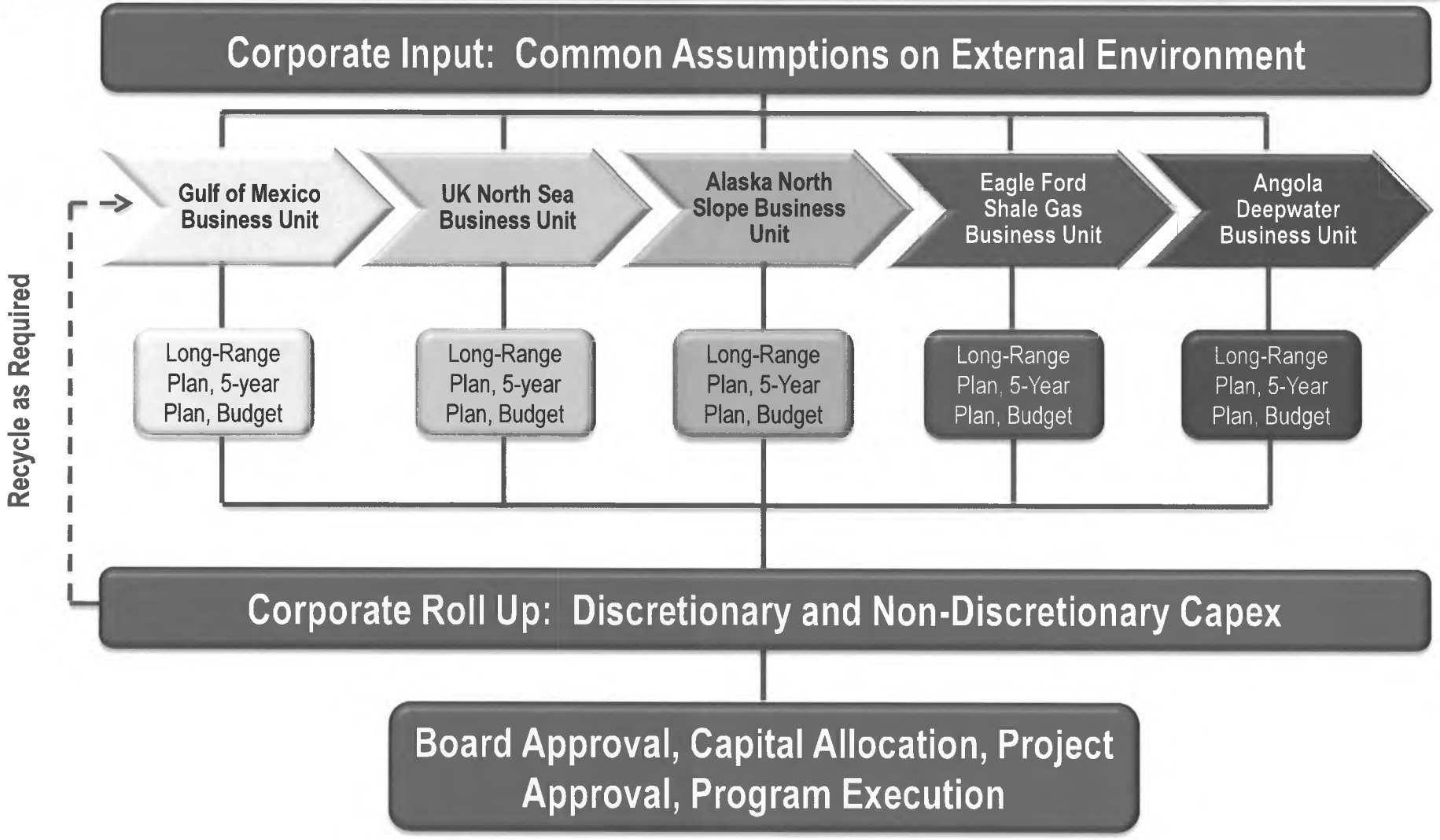
Planning Cycle and Capital Allocation



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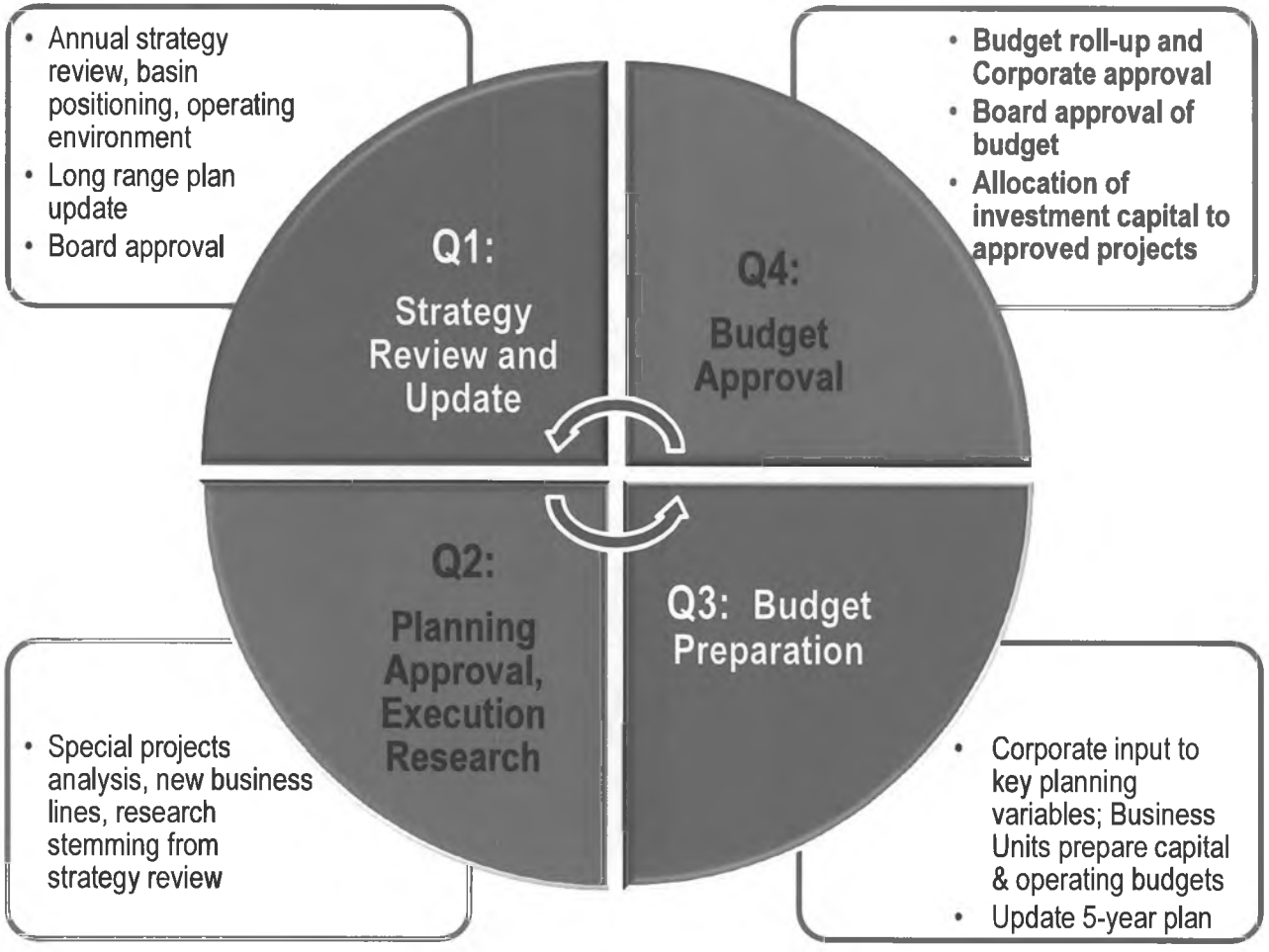
Annual Planning Cycle



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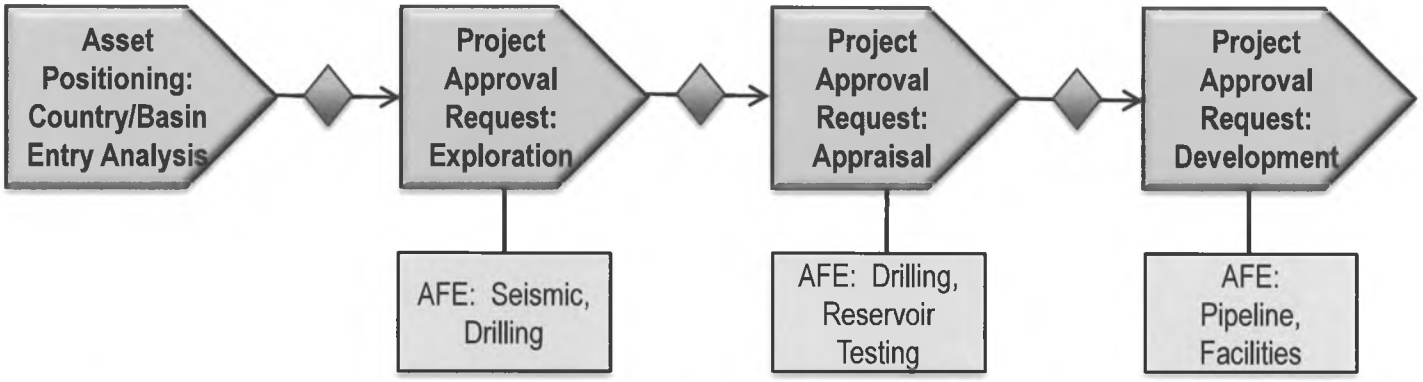
Attracting Capital: The Project Approval Process

- Materiality, total capex exposure, full-cycle economics/metrics, are all considerations in determining whether an IOC will position, or continue to invest, in a particular asset, basin, country.
- Each project is disaggregated into "discrete investment decisions", in the form of Project Approval Requests (PARs), creating a natural *stage-gate* for capital approval and allocation.
  - A PAR can extend beyond a single fiscal year budget, depending on scope of the work program. Represents ***non-discretionary*** capex at the start of the budget year
  - Each PAR has one or a series of associated Approval for Expenditure (AFE) documents for a specific activity or capex element
  - Sum of AFEs for a calendar year = ***capital Budget***
- Each stage-gate creates an opportunity for the Company to continue, amend, suspend, or exit/divest

Asset Modelling and Decision Process: Materiality and Total Capex Exposure



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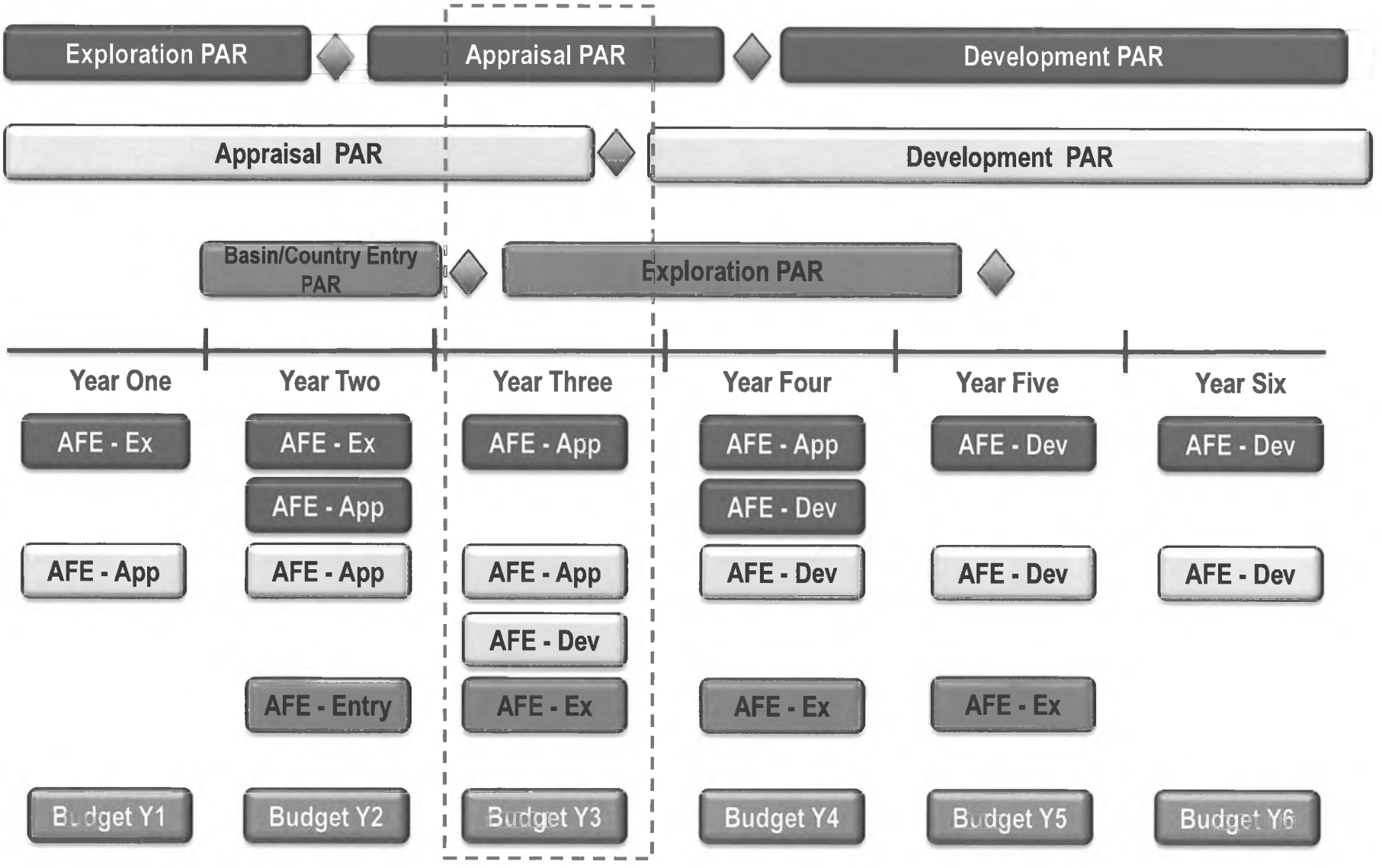
Business Control Architecture:
PAR => AFE => Budget



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Upstream Financial Metrics: Measuring Performance

- **Growth** .. Ability to manage the "top line."
  - CAGR in Production and Reserves relative to target
  - Quality of growth .. Where, how, consistent or not
  - Plowback Rate. .. To show relative growth intentions between different regions

- **Profitability** .. Ability to manage the "bottom line."
  - Upstream Cash flows
  - Upstream Net Income
  - Upstream Production Costs

  } Absolute and "per boe" basis

- **Efficiency** .. Ability to manage capital.
  - Upstream ROCE
  - Finding costs, F&D costs, Replacement Costs

- **Cash Flow** .. Ability to manage investment/re-investment in the portfolio.
  - Financial Strategy (debt targets, debt/capital ratio, dividend requirements)
  - Self-financing nature of portfolio (free cash flow versus capex: regional and global)

- **Risk** .. Ability to manage a diversified portfolio.
  - Financial Risk: Debt-to-Capital ratio, financial flexibility
  - New Source Risk: Thinner margin barrels dominating new source volumes

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Project Selection and Decision Metrics

Energy companies employ a variety of Benchmarks or Metrics to rank investment opportunities and to allocate financial capital. Some of the more common include:

- Pay-out period; length of time required to recoup financial capital being placed at risk. Simplest selection metric, important to firms with scarce capital resources. No reference to project value after pay-out
- Internal Rate of Return; discount rate at which PV of costs = PV of revenues
- Net Present Value; PV of costs less PV of revenue flows (using discount rate reflecting cost of capital, cost of borrowing, or other);
  - NPV/boe; incorporates concept of investment efficiency
  - NPV/Investment; incorporates assessment of return to the investment dollar. Also referred to as **PVPI**
- Recycle Ratio: Netback or profit per boe divided by F&D cost per boe. A measure of project or corporate profitability (target >1)
- Discounted and Undiscounted Net Cash Flow Profiles; measure of availability of free cash flow for follow on or alternative investments
- Maximum Negative Cash Flow Exposure; useful in situations where access to financial capital is an issue. What is the maximum exposure being undertaken by the firm
- Net Booked Reserves; contribution of the projects to corporate value (based on bookable reserves, amongst other measures)
- Capex/boe; cost per barrel of production capacity. Burdens the projects by the cost of infrastructure, facilities, etc. Tends to favor less complex, more mature capex alternatives

Project Metrics: Net Present Value

- **Net Present Value (NPV)**: The estimated value of a project when all future net cash flows are discounted to the present at an appropriate rate (the "discount factor"). If NPV > 0, then the project is expected to deliver a return greater than the cost of development, including a return on capital invested (accounted for in the discount rate).
- Advantages:
  - **Time value at corporate rate included**
  - **Can be calculated exactly**
  - **Can accommodate risk**
    - **NOTE: Above ground risk incorporated through discounting of costs and/or revenue flows, *NOT* through use of alternative discount rates**
  - **Useful for valuing projects**
  - **Discount rate reflects corporate preference for opportunity cost of investment capital (e.g., market interest rate, cost of equity capital, weighted average cost of capital (debt and equity))**
- Disadvantages:
  - **Difficult to rank projects. Significantly different capital and expenditure profiles can deliver the same NPV, due to the effect of discounting.**
    - **E.g., very large cash flows in a future time period can have the same "present value" as small cash flows in forward years. This may not, however, have the same impact and value for the company treasury**

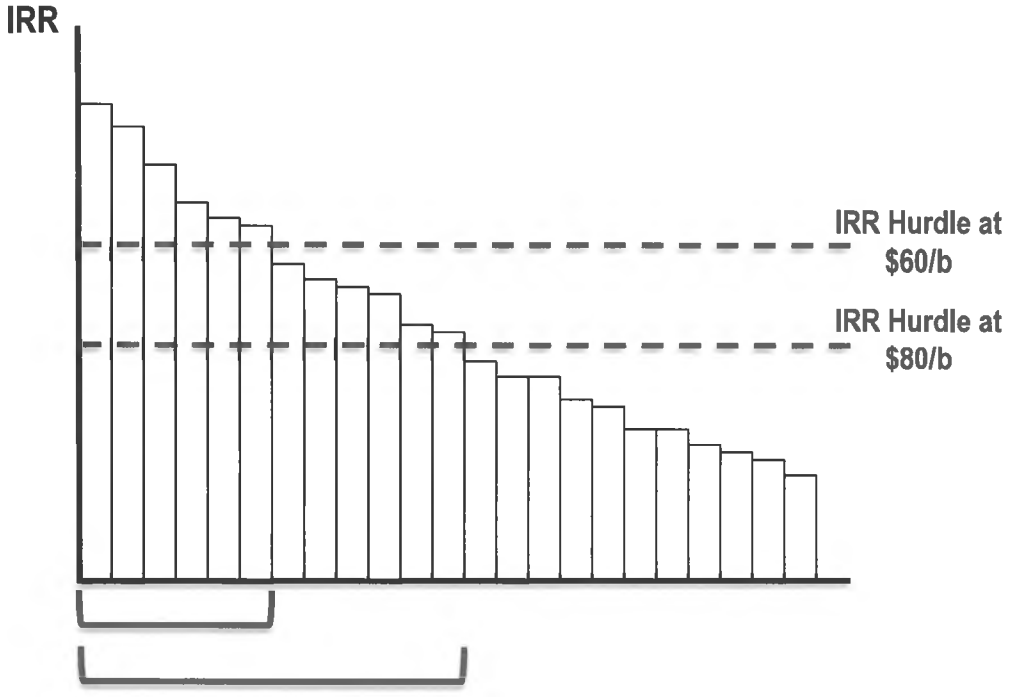
Project Decision Variables: Internal Rate of Return

- **Internal Rate of Return (IRR)**: The discount rate that equates all future cash inflows to outflows at a point in time (usually the present)
- Advantages:
  - **Easy to understand.**
  - **Incorporates time value**
  - **Can be compared to a required minimum (or hurdle rate)**
  - **Independent of magnitude of cash flows.**
- Disadvantages:
  - **Multiple rates of return are possible in cases of material cash flow volatility (e.g., large positive and negative swings over project life); uncomfortable for decision makers looking for unique decision criteria**
  - **Doesn't measure absolute worth of the project**
  - **Not useful for single project analysis**
  - **Implicit assumption that interim cash flow is invested at calculated IRR (issue for high return projects) => overstates the true project value**

Capital Allocation: IRR Hurdle Rate

- Eligible projects ranked by IRR:
  - **Eligibility based on series of discrete project metrics within each PAR**
  - **Metrics change at each stage of the project cycle, as risks are addressed and estimates become more certain**
  - **Examples:**
    - **NPV10 > 0**
    - **PVPI > 1.3**
    - **Payback < 3 years**
- Corporate establishes a "hurdle" IRR number. Projects with IRR's in excess of the hurdle rate attract budget capital, while those below the hurdle rate are not funded

Capital Allocation using IRR Hurdle Rate



- Issues with IRR Hurdle Rate:
  - **Increase in free cash flow (due to, say, rise in energy prices) => increased capital budget => lower Hurdle rate in order to undertake additional projects => reduce overall portfolio quality and lower efficiency of capital employed. Evidenced in *cycles of value destruction* within the industry**
  - ***Gaming the system*: Project managers have an incentive to overstate the "size of the prize" or understate costs, in order to attract investment capital to proposed projects**
  - **IRR ranking does not speak to *materiality* => equivalent IRR's can have substantially different capex and revenue profiles**

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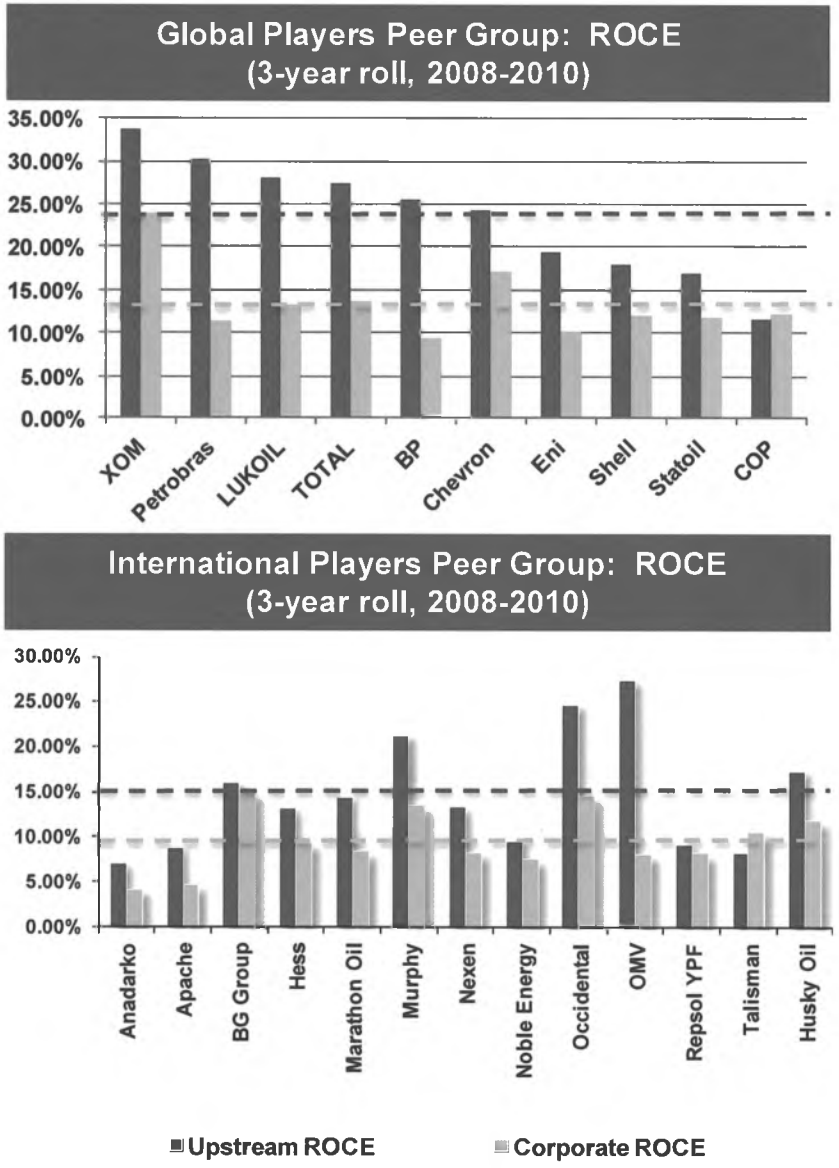
Portfolio Efficiency: Return on Capital Employed (ROCE)

- **Return on Capital Employed**:
  - ROCE = [(Net profit before interest and taxes) / (Gross Capital employed)] x 100
  - Where:
    - Gross capital employed = Fixed assets + Investments + Current assets OR
    - Gross capital employed = Share Capital + General & Capital Reserves + Long term loans
    - (+) Correlation with production, commodity prices
    - (-) Correlation with upstream spending
  - Indicates how well management has used the investment made by owners and creditors into the business.
  - The higher the return on capital employed, the more efficient the firm is in using its funds. Over time, ROCE reveals whether the profitability of the company is improving or eroding



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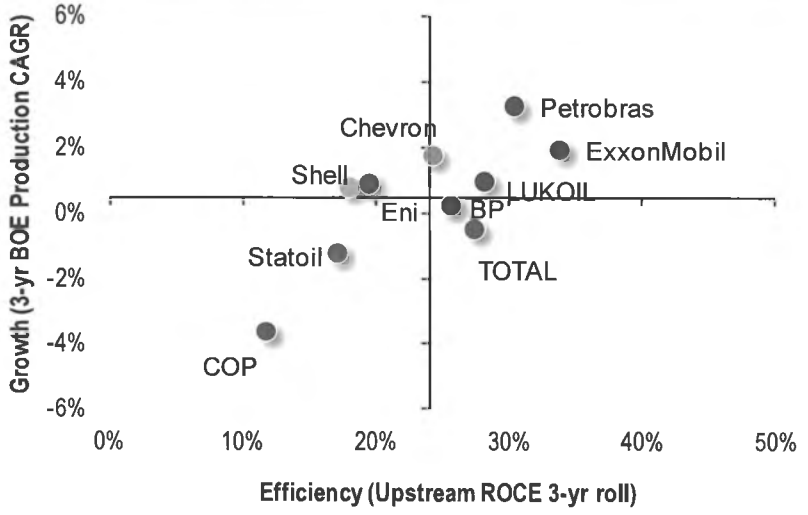
Portfolio Efficiency: Return on Capital Employed (ROCE)

- **Issues with ROCE**:
  - Major capital project investments increase the denominator in advance of revenue (profit) impacts in the numerator => *penalizes the IOC for major capital investment undertakings*
    - Explains in part why it is unusual to find companies with high ROCE and high growth metrics
  - Once in place, the scale of major capital project investments tend to deliver superior ROCE performance => *bias toward large asset portfolios*
    - Exception is deepwater developments, where high, short plateaus and steep production declines can result in highly volatile ROCE outcomes
  - Depreciation creates *bias in favor of mature portfolio*: More mature the asset base, the lower the denominator (capital exposed) and the higher the ROCE (all else being equal)

Global Players Peer Group: Growth v Efficiency



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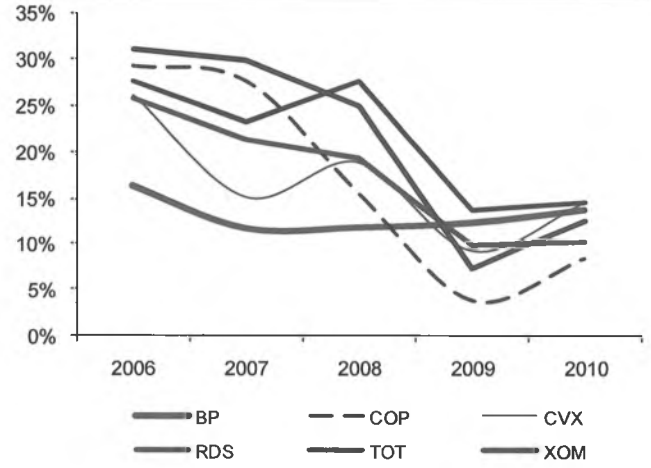
Special Issue: Integration vs. De-Integration

Arguments For Integration

- Superior market/financial management over commodity cycle
  - Counter: Collapse in Downstream profitability has seen a rise in successful "pure play" refining companies
- Integration is important for molecule management; ensures sophisticated refining capacity is in place for particular crudes
  - Counter: Independent energy producers are not hitting roadblocks in this regard; independent refiners are responsive to requirements.

Downstream ROCE – Selected Integrated IOCs (3-year roll)



- Integration is relevant for specific oil developments (e.g., Canadian oil sands, Venezuela heavy, high wax or acid content)
- Integration is a technical differentiator amongst energy companies => enhance ability to secure projects
  - Counter: The ability to build a refinery—which few integrated energy players have actually done recently—has little in common with the ability to execute on complicated upstream projects
- Integration allows participation in the Downstream Non-OECD growth story
  - Counter: The rapid petroleum product demand growth regions (China, Middle East, India) are dominated by National Oil Companies (NOCs) or quasi-NOCs, that choose partners based on what they bring to the table

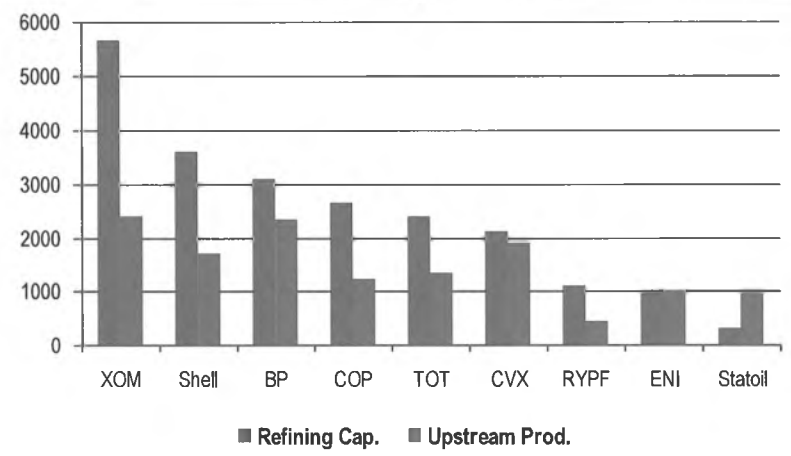
PFC Energy

Special Issue: Integration vs. De-Integration

Arguments Against Integration

- Capital markets value integrated IOCs below the sum of their parts
  - Counter: Expensive to split a company => if there is any identifiable value, should remain integrated (e.g., refining-petchems)
- Strategic focus: In many integrated companies, the Downstream sector is neglected strategically at the expense of Upstream positioning and growth—particularly in the current climate of narrow refining margins and sustained, high oil prices.
  - Counter: Unless the integrated IOC is certain that refining margins and economics will never recover, there is merit to retaining this mechanism for optimal capital allocation between sectors
- Materiality: There are few materially, physically integrated IOCs remaining
  - ExxonMobil and TOTAL have pursued integration between refining and petrochemicals, and there are strong arguments to continue this form of integration
  - Statoil, Eni, and Repsol are integrated on the basis of past roles as quasi-NOCs, and would likely face considerable government opposition to de-integration
- The world has evolved: more flexible and liquid trading markets and improved market & industry regulation have eroded whatever market management or cross subsidization benefits integrated IOCs derived from Downstream presence/dominance over the first 70+ years of their existence.

Refining Capacity versus Upstream Oil Production
Selected Integrated IOCs, 2010 (mboe/d)

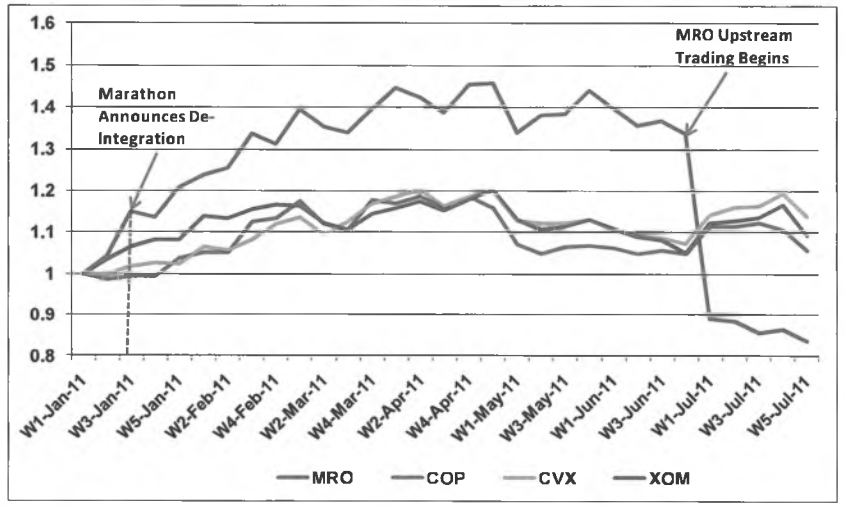


PFC Energy

Special Issue: Integration vs. De-Integration

- *Share appreciation* appears the Number One driver for de-integration. Marathon and ConocoPhillips have both concluded that integration hides value that can otherwise be secured through greater management focus, transparency, and more appropriate strategy and execution within the de-integrated entities
- *Market development arguments* for a Downstream presence have largely ended
  - BP, TOTAL, Shell all divesting from Africa in favor of "pure play" refiners and marketers
  - No remaining examples where downstream presence is key to upstream success.

Weekly Share Price Performance, Selected IOCs (Week 1, January 2011 = 1.0)



- Improvements in internal decision processes and external regulation have eroded any value that could be secured through *cross-subsidization or barriers to competitor entry*
  - Rate of return regulation in midstream operations, open-access provisions, increased sophistication in both project and portfolio analysis => few opportunities remaining for active market manipulation
- There are *technical drivers* for integration, related to specific crude types and processing challenges (e.g., Canadian oil sands, Brazil waxy heavy crude, Venezuela ultra-heavy, Chad acidic crudes). However, these benefits can be secured through contracts and JV or partnering agreements with third party refiners

Conclusion: Pressure for further de-integration moves will come from "share appreciation" arguments, most likely directed to Chevron and Shell (and BP once its portfolio has re-stabilized)

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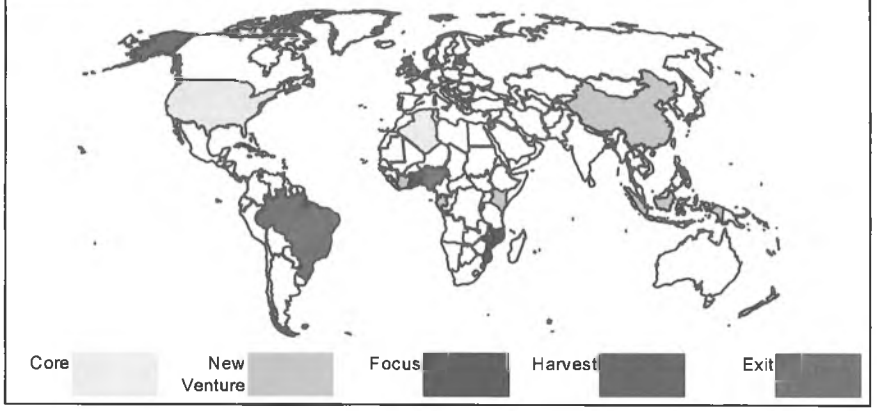
Special Issue: Basin Designation and Allocation of Free Cash Flow

- **"Core Area": Stable stream of net cash flows, and is material to the company. Can contribute to investment activity in other regions, but requires more than replacement level investment in order to maintain core area status. Tends to corresponds to a company's legacy assets.**
- **"Focus Area": Significant contributor to projected new source production and reserves growth in the medium- to long-term. Typically a net consumer of free cash flow until significant production levels are achieved.**
- **"New Venture": Areas new to the company—may be unexplored to fairly mature. Company has few, if any, assets and investment inflows can be modest (positions are usually characterized by exploration activity).**
- **"Harvest Area": Produces positive net cash flow, with Investment activity typically at/below replacement level. Limits to growth from lack of geological potential, competitor landscape, limited "room to run", etc.**

Global Areas of Upstream Operations

		US	Algeria	China	Cote d'Ivoire	Gabon	Indonesia	Kenya	Liberia	New Zealand	Sierra Leone
Liquids	(mboe/d)	30	23	0	0	0	0	0	0	0	0
Gas	(mboe/d)	38	0	0	0	0	0	0	0	0	0

		Ghana	Mozambique	Benin	Brazil	Faroe Islands	Malta	Nigeria	Qatar	T&T	United Kingdom
Liquids	(mboe/d)	0	0	0	0	0	0	0	0	0	0
Gas	(mboe/d)	0	0	0	0	0	0	0	0	0	0



- **"Sit & Hold": Substantial resource base but investment delayed due to unattractive fiscal terms or significant above ground risks. Company may hold large projects in this area but is holding back the pace of investment (more common for National Oil Companies).**
- **"Exit/Potential Exit": For reasons including lack of materiality, limits to future growth, change in strategy, the company has/is expected to make a decision to exit (asset sales, asset swaps, relinquishment of acreage).**

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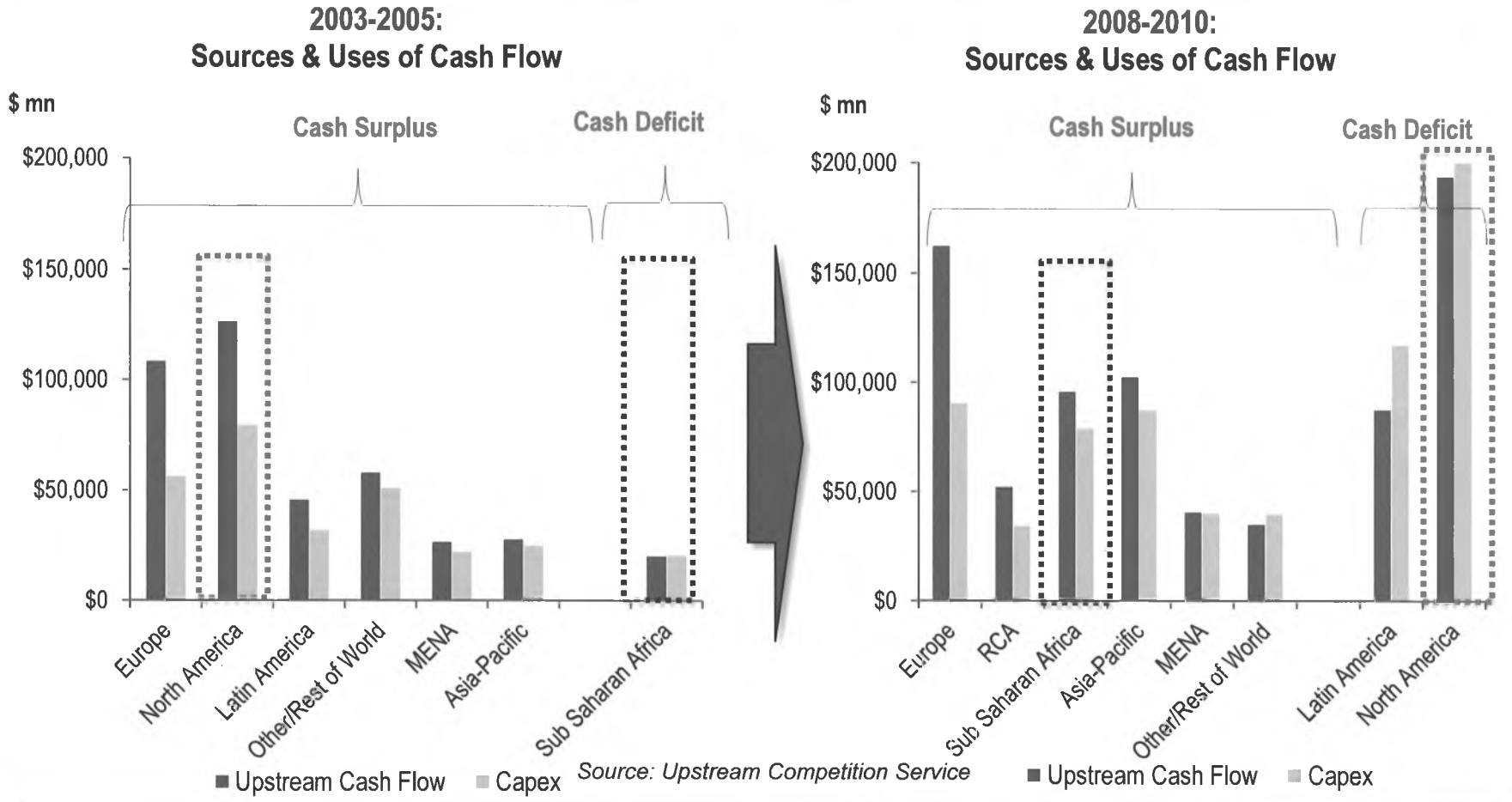
Special Issue: Basin Designation and Allocation of Free Cash Flow



Source: Upstream Competition Service

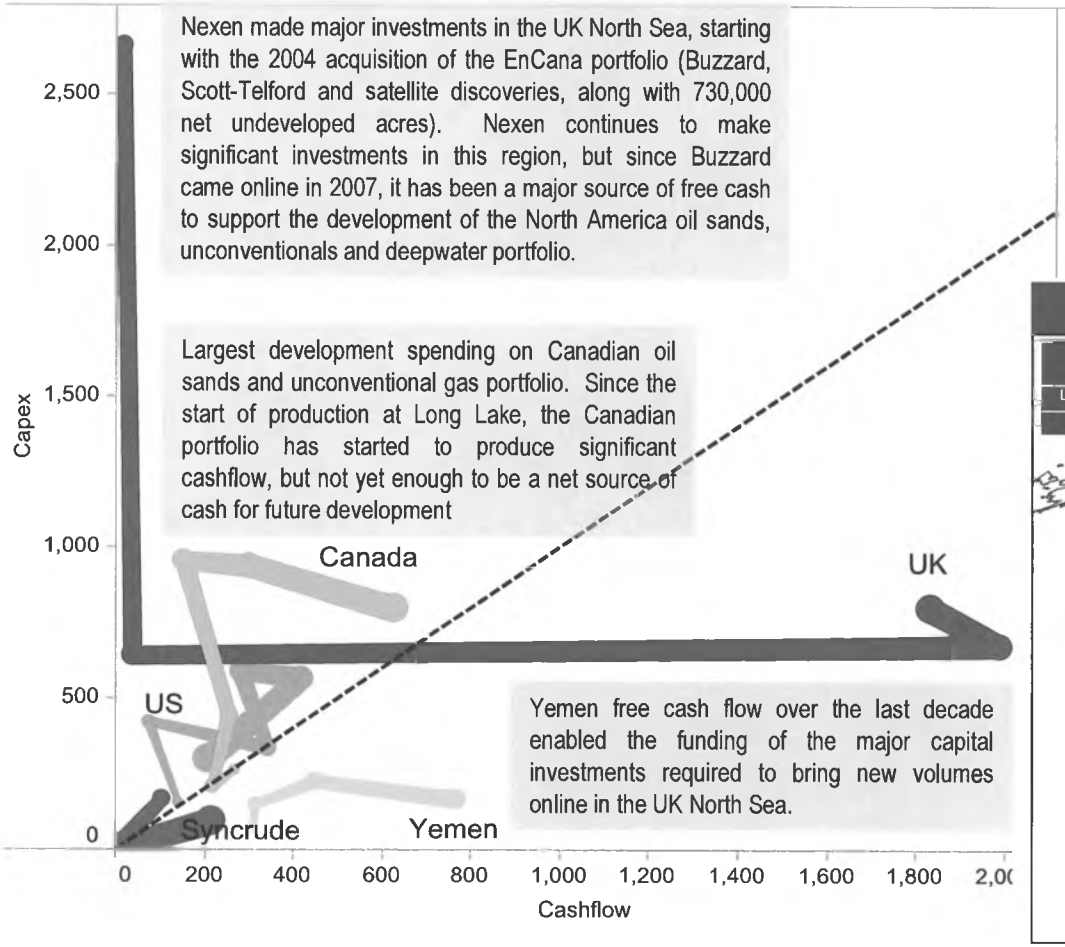
Along with Europe, Sub-Saharan Africa is now a key cash generating region for the large Upstream companies—with surplus cash flow now supporting growth in North America

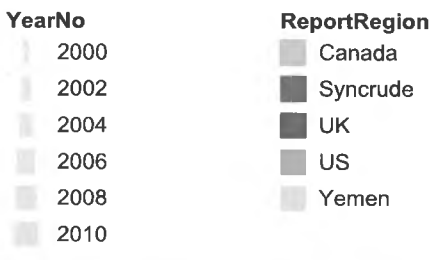
** Includes data from the following companies: Anadarko, Apache, BG, BHP, BP, CNRL, Chevron, ConocoPhillips, Devon, EnCana, Eni, ExxonMobil, Hess, Husky Oil, Marathon, Murphy, Nexen, Noble Energy, Oxy, Petrobras, Repsol YPF, Santos, Shell, Statoil, Suncor, Talisman, TOTAL, Woodside*

PFC Energy

Example: Nexen Inc.

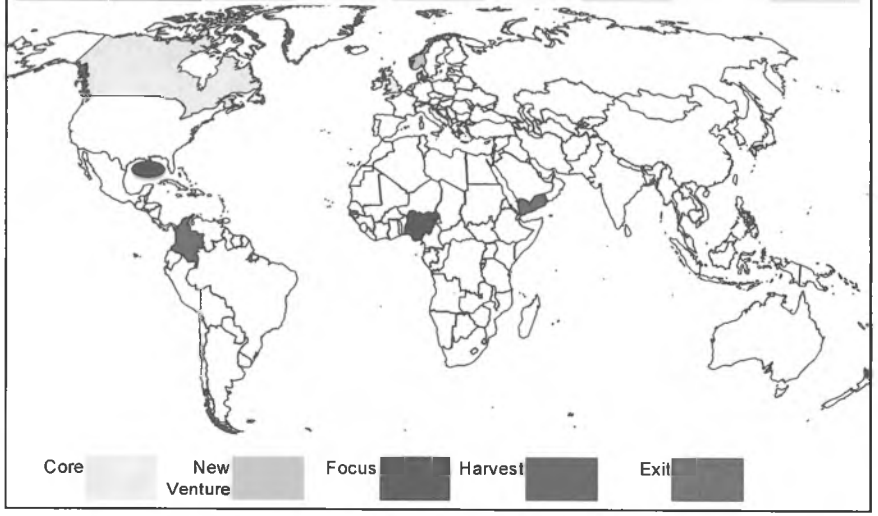
- Free cash flow from Yemen/Masila block directed to North Sea (Buzzard) assets; then from North Sea to Canadian oil sands and shale gas assets.
- Currently in Exit process in Yemen and shifting to Harvest in the UK





Global Areas of Upstream Operations

		Canada	United Kingdom	USA	Nigeria	Yemen	Colombia	Norway
Liquids	(mboe/d)	41	104	8	0	23	2	0
Gas	(mboe/d)	19	6	16	0	0	0	0



PFC Energy

Questions & Discussion

Global Strategy & Portfolio Overview of Major Alaska Producers

- BP
- ConocoPhillips
- ExxonMobil

PFC Energy

BP: Company Overview

Strategic Signature

- BP is a global integrated company, with production in 16 countries and upstream operations in an additional 10 countries.
- In 2011, total global production averaged ~3,400 mboe/d, making it the second largest company in the peer group (superseded by ExxonMobil (~4,513 mboe/d). The Russia & Central Asia (RCA) and North America regions accounted for ~55% of 2011 production.
- Much of the post-Macondo portfolio rationalization program (targeting $30 bn in asset sales including mid/downstream assets) has been completed. The result is a pared down and more focused geographic portfolio.
- BP expects growth of 1%-2% per annum through 2015 from a 3-pronged growth strategy:
  - **Deepwater Basins**: US GOM, Angola, Egypt, Brazil
  - **Global Gas**: US, Trinidad & Tobago, North Sea
  - **Giant Oil Fields**: Russia, Alaska, Iraq, others.
- Committed ~$20 bn net investment to 16 projects sanctioned over 2010-2011. Will curb ROCE performance for the coming 2-3 years.
- With the burden of the Macondo oil spill and reparations continuing through the mid-term, BP will be hard pressed to outperform its peers on any key metrics, leaving the company open to calls for more radical restructuring.

Company Overview

- **HQ:** London
- **Employees:** 79,700
- **2011 Reserves:** 17,330 mmboe
- **2011 Production:** 3,400 mboe/d
- **3 Yr Production Growth:** -3.53% CAGR (2008-2011)
- **April 2012 Market Cap:** $133 bn
- **April 2012 P/E Ratio:** 6.15
- **2011 Corp Revenue:** $375 bn
- **2011 Upstream Capex (Est.):** $17 bn

Technological Competence

EOR & Recovery	Offshore	Heavy Oil	Unconven-tionals	Oil Sands	LNG
✓	✓	✓	✓	✓	✓

Partnership History

Date	Partner	Region (or Country)	Type
2007	Husky	Canada	Sunrise Oil Sands
2008	Chesapeake	US	Unconventional
2009	CNPC	Iraq	Rumaila TSA
2011	Reliance	India	Offshore Gas

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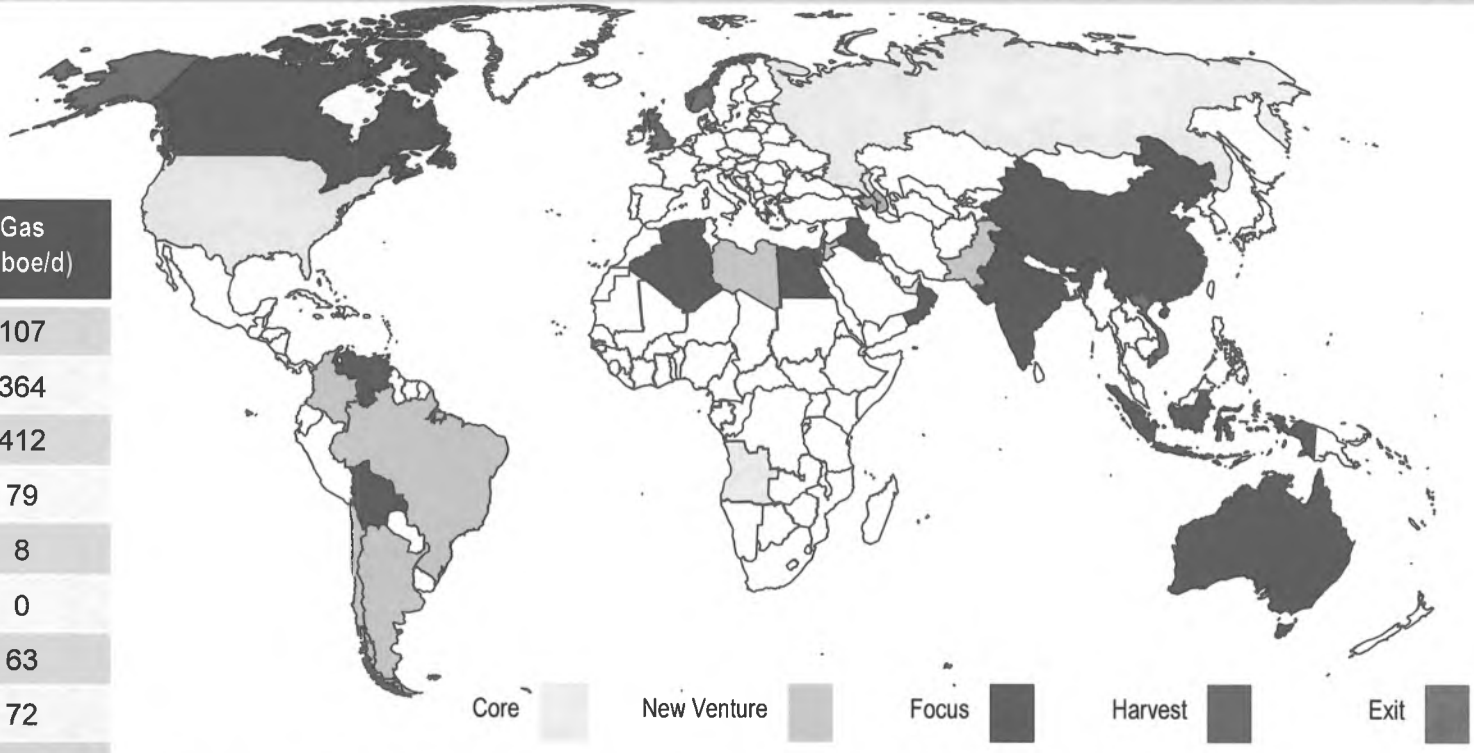
BP: Global Areas of Upstream Operations



	Liquids (mboe/d)	Gas (mboe/d)
Russia	856	107
US	594	364
T&T	36	412
UK	137	79
UAE	190	8
Angola	170	0
Argentina	75	63
Egypt	59	72
Azerbaijan	103	22
Australia	30	77
Indonesia	2	71
Norway	40	3
Canada	7	34
Algeria	17	21
Pakistan	10	25
Venezuela	23	2

	Liquids (mboe/d)	Gas (mboe/d)
China	0	16
Vietnam	0	13
Bolivia	0	2
Brazil	0	0
Chile	0	0

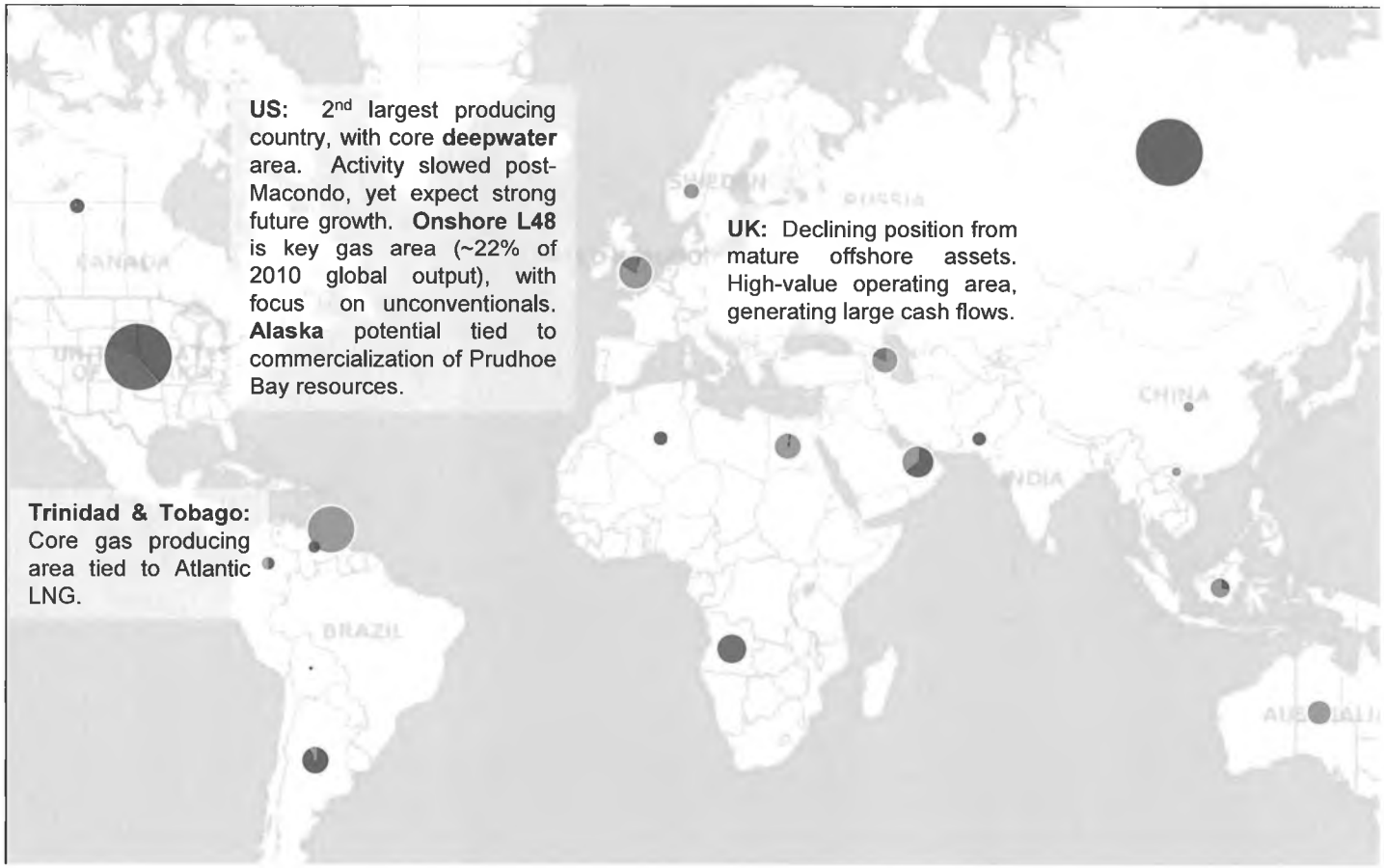
	Liquids (mboe/d)	Gas (mboe/d)
Iraq	0	0
Oman	0	0
Jordan	0	0
Libya	0	0
India	0	0

PFC Energy

BP Global Production Portfolio - 2010

Canada: modest conventional production, with future potential tied to oil sands

Russia: BP's largest producing country (963 mboe/d), representing ~26% of 2010 output. Substantial long term growth potential. Continued interest in Russia (and Arctic) expansion, despite limitations arising from the TNK-BP joint venture.



US: 2nd largest producing country, with core **deepwater** area. Activity slowed post-Macondo, yet expect strong future growth. **Onshore L48** is key gas area (~22% of 2010 global output), with focus on unconventionals. **Alaska** potential tied to commercialization of Prudhoe Bay resources.

UK: Declining position from mature offshore assets. High-value operating area, generating large cash flows.

Trinidad & Tobago: Core gas producing area tied to Atlantic LNG.

mboe/d

0
500
1,000
1,345

Asset Type

- Conventional Onshore
- Conventional Shallow
- Deepwater
- Oil Sands
- Other
- Unconventional

Azerbaijan: Participation in 2 large-scale projects: Azeri-Chirag-Guneshli & Shah Deniz.

UAE: Core position through equity affiliates, though concession are being re-negotiated

India: 2011 Partnership with Reliance for exploration in shallow and deepwater.

Australia and **Indonesia** are key gas producing areas tied to investments in LNG.

Argentina: onshore & shallow water assets (held by PAE) were to be sold to Bridas, but transaction failed in 4Q:11.

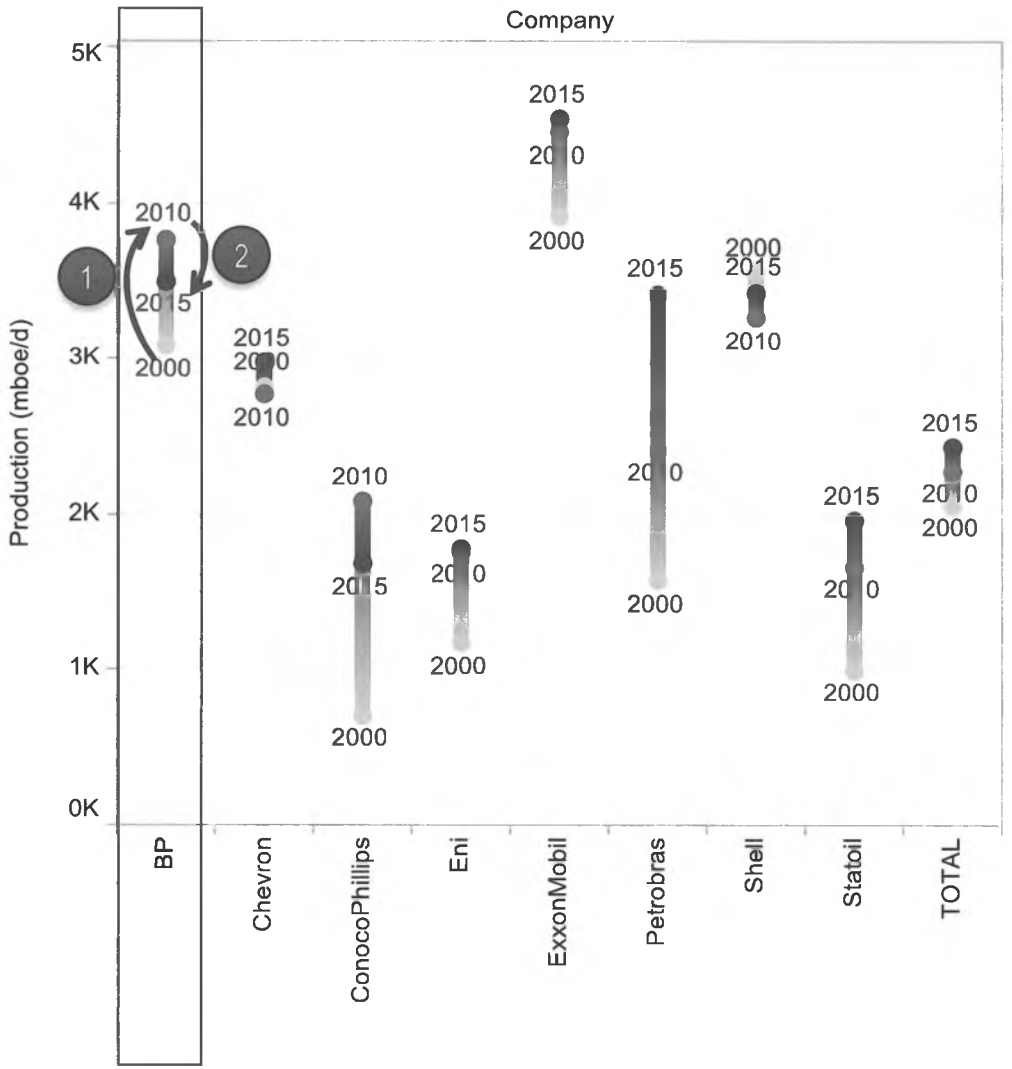
Angola: Sole presence in SSA is Angola deepwater. High growth from 2002-2009, now challenged with start-up of several unsanctioned projects

Iraq: Development of Rumailia oil field

PFC Energy

Total Portfolio Evolution: BP vis-à-vis the Competition

Production (mboe/d) in 2000, 2010 and 2015 (PFC Forecast): BP and Peers



In 2010, BP was the second largest producer of the peer group. BP and COP are the only two companies forecast to deliver production declines over the 2010-2015 period.

1. **2000-2010:** Production increases from ~3,080 mboe/d to ~3,780 mboe/d due to addition of Russia (~960 mboe/d), Trinidad & Tobago (~250 mboe/d) and Angola (~170 mboe/d). This expansion offsets declines from Europe (-660 mboe/d and North America -350 mboe/d) .

2. **2011-2015:** BP's production is expected to decline from 2000-2015, due mostly to the post-Macondo asset divestiture program, combined with curbed activity in the GOM deepwater.

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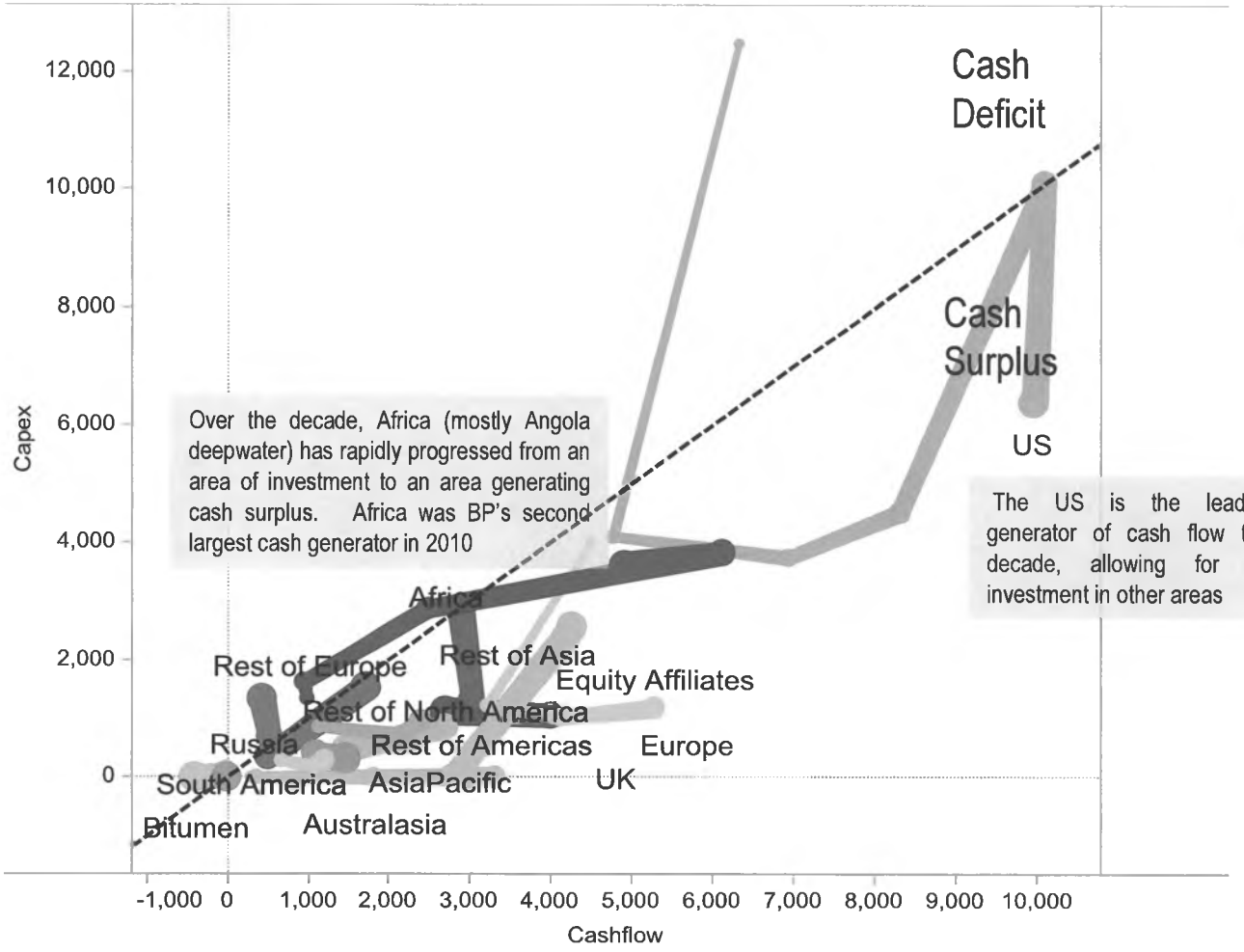
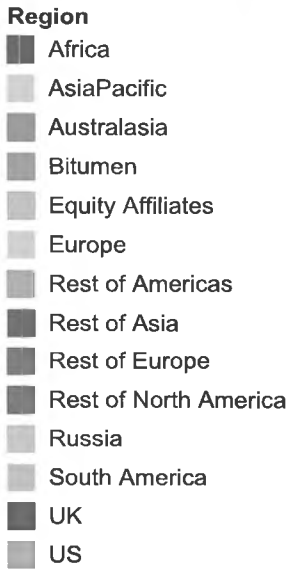
How the Portfolio is Financed: Sources and Uses of Cash

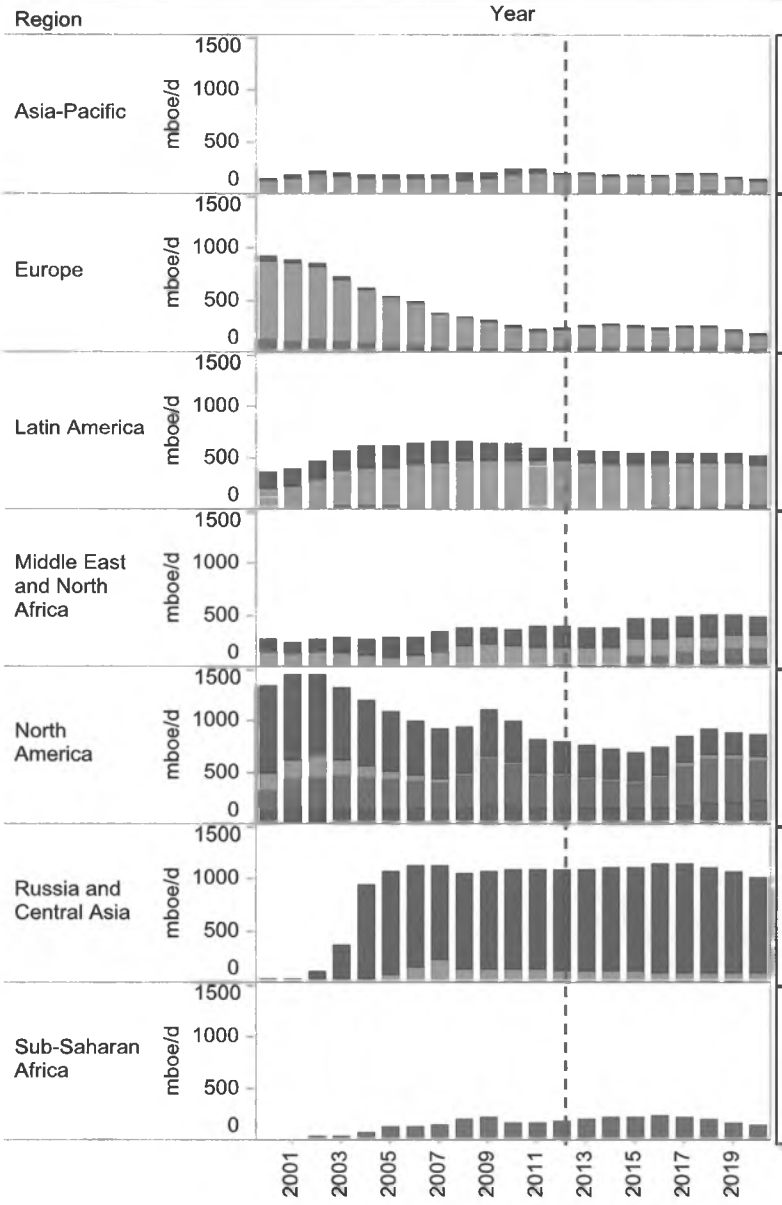






PFC Energy

Global Production: Evolution of the Portfolio



Asia Pacific: Relatively small producing area (~6% of 2010 output). Production largely from offshore Australia and Indonesia with lesser volumes from China. Partnership with Reliance (India) creates exploration opportunities. Focus on deepwater and CBM. Divested assets in Pakistan and farmed down in Vietnam.

Europe: Mature and generally declining production position in the UK and Norway, mostly in shallow waters. Exploration and development projects are ongoing, often leveraging BP's existing infrastructure and assets in the region.

Latin America: Growth driven by shallow water gas developments in Trinidad & Tobago. Focus on onshore gas commercialization in Bolivia. Failed to sell Argentine assets (held through PAE) to Bridas in 2011. Brazil deepwater offers mid- to long-term potential from newly acquired deepwater acreage.

Middle East & North Africa: Position built from collaboration with NOCs (Adma-Opco, GUPCO, Sonatrach, LNOC, etc.). Substantial new source growth expected from Iraq, Egypt deepwater, offshore Oman. Exploration opportunities in Jordan.

North America: Second largest production region & largest cash flow generator. Deepwater GOM holds significant growth potential after years of investment. US L48 portfolio is material, yet declining, source of gas, with a growing emphasis on shale gas. Additional future growth from Canadian oil sands.

Russia & Central Asia: Principally comprised of TNK-BP venture created in 2003, now BP's largest source of production, characterized as long-life, slow decline output. In Azerbaijan, production is from large-scale ACG and Shah-Deniz. The Region is the largest source of new source volumes through 2015.

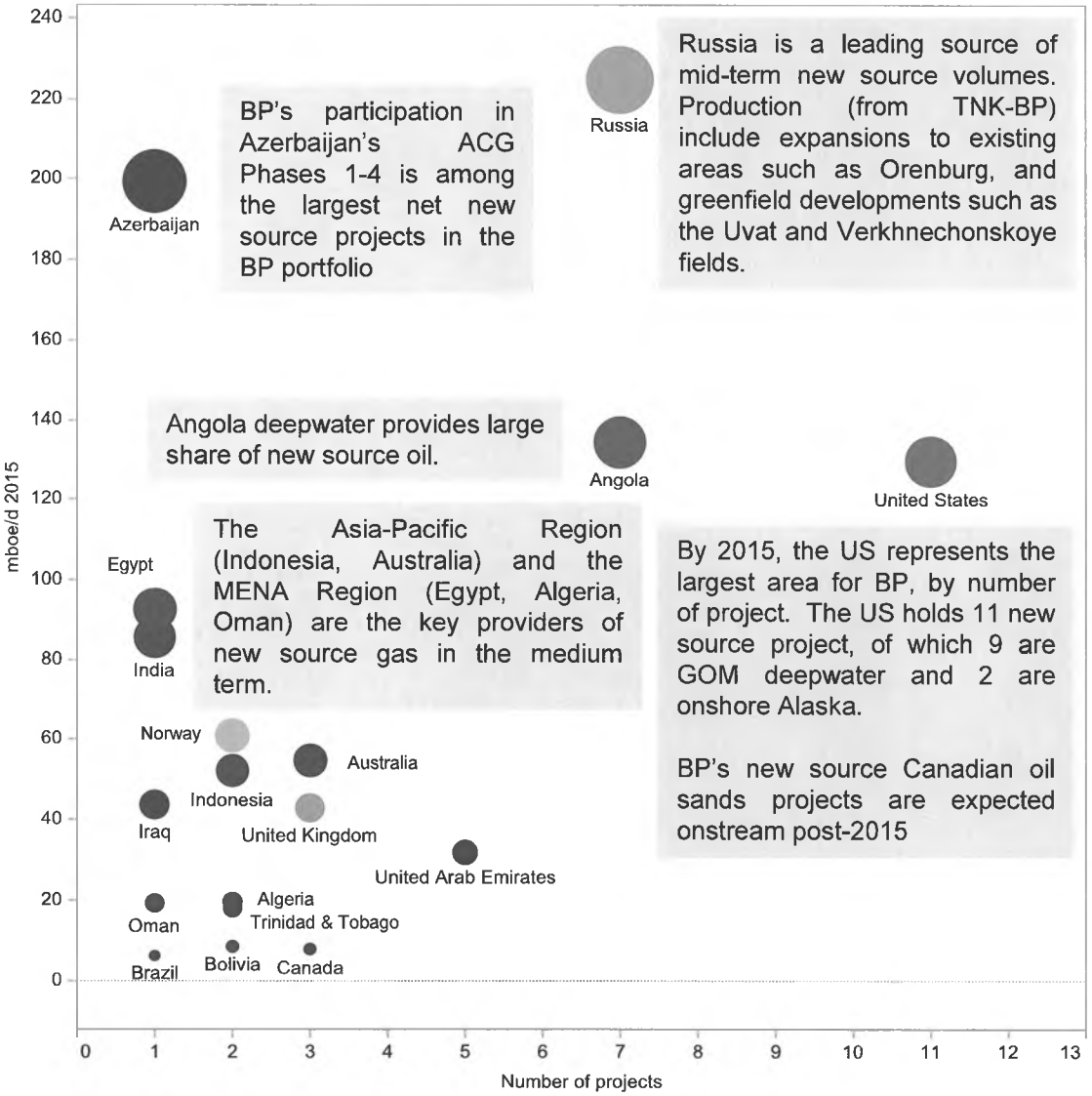
Sub-Saharan Africa: Operates only in the Angola deepwater play, which quickly emerged as a key oil-producing country. BP has collaborated with operators TOTAL (Block 17) and Chevron (Block 15). In the future, development of BP-operated blocks 31 and 18 is expected to reverse the recent decline in production.

Asset Type
- Conventional Onshore
- Conventional Shallow
- Deepwater
- Oil Sands
- Other
- Unconventional

PFC Energy

Global Production:
Country Growth Project Analysis

BP: New Source Production – Number of Projects by 2015 Production and Oil/Gas Split



BP's new source portfolio is driven by (1) Deepwater projects (Angola and US GOM); and (2) Russia (mostly onshore oil).

Asia-Pacific region is ags-weighted.

Unconventional resources and oil sands deliver materiality post-2020.

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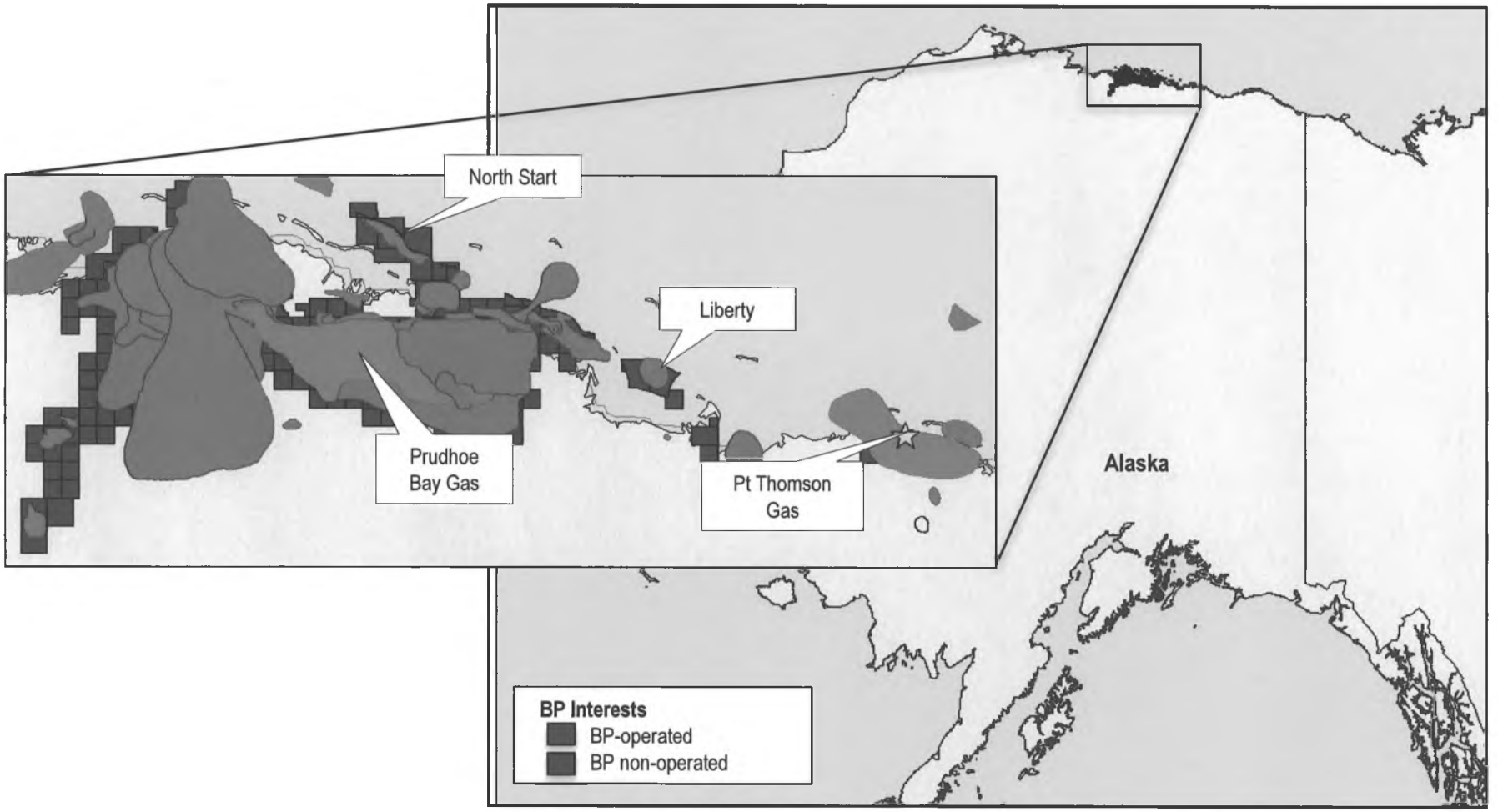
BP in Alaska



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BP Alaska Activity & PFC Energy Assessment

Alaska Designation	Activity	PFC Energy Assessment
Harvest Area	• Most of BP's assets are located on the **North Slope**, where production volumes have generally declined because of the maturity of the asset base and/or gas infrastructure constraints. Liquid production has declined from ~224 mboe/d in 2006 to ~166 mboe/d in 2010, while gas production has fallen from ~67 mmcf/d to ~46 mmcf/d over the same period. • BP's largest source of production is the **Greater Prudhoe Area** (26% w.i., operated), covering ~150,000 acres with more than 1,000 active wells. Gas resources are currently stranded because of the lack of pipeline capacity to southern markets. BP and ConocoPhillips had teamed up to propose a new natural gas pipeline (**Denali**) to run from Prudhoe Bay through western Canada to US markets. However, in May 2011, the partners announced that plans for the pipeline had been terminated, citing the lack of long-term purchase contracts. The proposed pipeline would have accommodated 4 bcf/d of natural gas. • BP and partners are moving forward with the development of gas liquids on the ~8 tcf **Point Thomson** field (32% w.i., non-operator). The gas cycling project is expected to produce ~10 mb/d of liquids; first production is targeted for 2014. Full field development awaits gas transport infrastructure. • In the **Beaufort Sea**, BP has suspended work on the extended-reach drilling program on the **Liberty** oil field (100% w.i.), pending revision of project design and schedule. • BP is also seeking to develop viscous (**Kuparuk**) and heavy (**Milne**) oil resources on the North Slope.	**Current production volumes are modest and declining, yet significant potential lies in the long-term commercialization of Prudhoe Bay and Point Thomson gas resources. Cancellation of the Denali gas pipeline proposal leaves BP as a potential supplier to an alternative pipeline/LNG export option, should one be approved and developed.**

PFC-Identified Challenges

- **Re-establish its operator profile in the global deepwater:** While its competitors extend their commitments to global LNG, unconventional shale gas exploitation, and oil sands development in order to drive future portfolio growth, BP has deepened its commitment to the global deepwater play, despite the ongoing fallout from the Macondo oil spill. Expansion of its US GOM lease holdings (through the Devon portfolio acquisition), entry into the Brazil deepwater, and a material commitment to the K-G Basin deepwater play in India, together with phased field development offshore Angola and West Nile Delta in Egypt, positions BP as arguably the premier deepwater player in the Global Player peer group. BP will be under the spotlight regarding its future conduct and performance throughout the global deepwater basins.
- **Resolve shareholder relationship issues within the TNK-BP JV:** Accounting for ~29% of total worldwide production in 2011 (and ~40% of total worldwide oil production), the TNK-BP position is absolutely core to the BP portfolio from a volumetric perspective. However, the unsuccessful attempt to partner with Rosneft in the Russia Arctic raises concern over how much value TNK-BP can continue to create for BP. With TNK-BP now focused on international expansion, must BP settle for lower returns from what has until now been a highly lucrative position?
- **Complete the portfolio rationalization process:** The strength of the global asset transactions market prompted BP to expand its divestiture program from an initial $20 bn to $30 bn, divesting large swaths of its portfolio deemed non-Core and/or non-aligned with the company's growth focus. While the company did not plan on the depth of portfolio rationalization undertaken to date, this is a rare opportunity to high-grade asset holdings with the blessing of shareholders and analysts alike. BP is expecting to complete the divestiture process by end-2012.
- **Determine a path forward in the Brazil deepwater:** Having secured Brazil government approval to acquire the Devon asset portfolio, BP has established a foothold in the Brazil deepwater, with potentially the largest operated pre-salt portfolio outside Petrobras. The next step is to determine the appropriate approach to growth in the pre-salt play. With legislation now in place granting NOC Petrobras a minimum 30% w.i. and operatorship in all unlicensed pre-salt acreage, this may be another case of executing a strategic alliance (similar to that secured with Reliance in India and proposed with Rosneft in the Russia Arctic).
- **Accelerate development of US Onshore unconventional gas resource:** BP received a very competitive price for the Permian Basin and Western Canada conventional gas assets sold to Apache (totaling ~75 mboe/d of production and ~340 mmboe of reserves, equivalent to ~$24.60/boe of reserves in the ground or ~$109,000/flowing boe of production). This is particularly so given what is shaping up to be an extended period of gas price weakness in the North America market. To make up for lost volumes, BP may look to accelerate production from its ~10 tcf of reserves in the Woodford, Fayetteville, Haynesville, and Eagle Ford shale gas plays.
- **Accelerate development of BP's oil sands leases:** BP has built up a material oil sands lease portfolio in Western Canada, including 50% w.i. in the Sunrise in situ development project (sanctioned in November 2010), a 75% w.i. in the Terre de Grace in situ project (secured in March 2010 from Value Creation for ~$900 mn), and 50% w.i. in the Kirby in situ oil sands leases (with the other 50% divested to Devon in March 2010). Full development of these projects could represent 500-600 mbo/d of stable, long-life oil production, complementing the "Giant Oil Fields" growth platform and providing a portfolio buffer against the steep decline production profiles associated with deepwater developments.

PFC Energy

ConocoPhillips: Company Overview

Strategic Signature

- March 2010, ConocoPhillips announces a new strategic pathway: Direct proceeds from a ~$15 bn asset and joint venture divestment program to:
  - reduce its debt-to-capital position;
  - increase near-term shareholder returns;
  - shift further out of the downstream, and
  - position the company for future growth from a smaller but higher-value portfolio position.
- Since the 2010-2012 Restructuring Plan, ConocoPhillips has:
  - executed on ~$7 bn in asset sales
  - divested its entire 20% equity interest in LUKOIL, and
  - directed proceeds from these sales to debt reduction and share repurchase.
- July 2011, ConocoPhillips announces a restructuring, to create ***two separate corporate entities***, Downstream (Phillips 66) and a pure play, E&P company (ConocoPhillips).
- Production expected to decline to ~1.5 mmboe/d in 2012, recovering to 1.64-1.69 mmboe/d by 2015. The company will rely on a large, diversified upstream portfolio positioned heavily in OECD countries (US, Canada, Australia, UK, and Norway, which accounted for ~72% of worldwide production in 2010).
- Growth of 0.5% per annum from 2012 through 2015 is forecast to come from Global Gas/LNG, SAGD Oil Sands, and Unconventional developments. However, as ConocoPhillips now stands to compete with the Independent, non-integrated oil & gas companies, the company's future strategy remains uncertain.

Company Overview

- **HQ:** Houston, TX
- **Employees:** 29,600
- **2011 Reserves:** 8,387 mmboe
- **2010 Production:** 1,610 mboe/d
- **3 Yr Production Growth:** -30.68% CAGR (2008-2011)
- **Apr 2012 Market Cap:** $3.3 bn
- **Apr 2012 P/E Ratio:** 8.12
- **2011 Corp Revenue:** $235 bn
- **2011 Upstream Capex:** $13.5 bn

Technological Competence

EOR & Recovery	Offshore	Heavy Oil	Unconven-tionals	Oil Sands	Other
✓	✓		✓	✓	

Partnership History

Date	Partner	Region (or Country)	Type
2003	LUKOIL	Russia	Various
2006	Cenovus	Canada	Oil Sands
2008	Origin Energy	Australia	LNG

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ConocoPhillips: Global Areas of Upstream Operations



Country	Liquids (mboe/d)	Gas (mboe/d)
USA L48	142	279
USA Alaska	230	14
USA GOM	18	3
Russia	336	42
Canada	109	164
United Kingdom	74	101
Norway	137	35
Indonesia	17	232
Australia/ Timor Sea	31	58
China	68	0
Libya	46	1
Nigeria	20	24
Vietnam	24	2
Algeria	13	0
Qatar	3	9

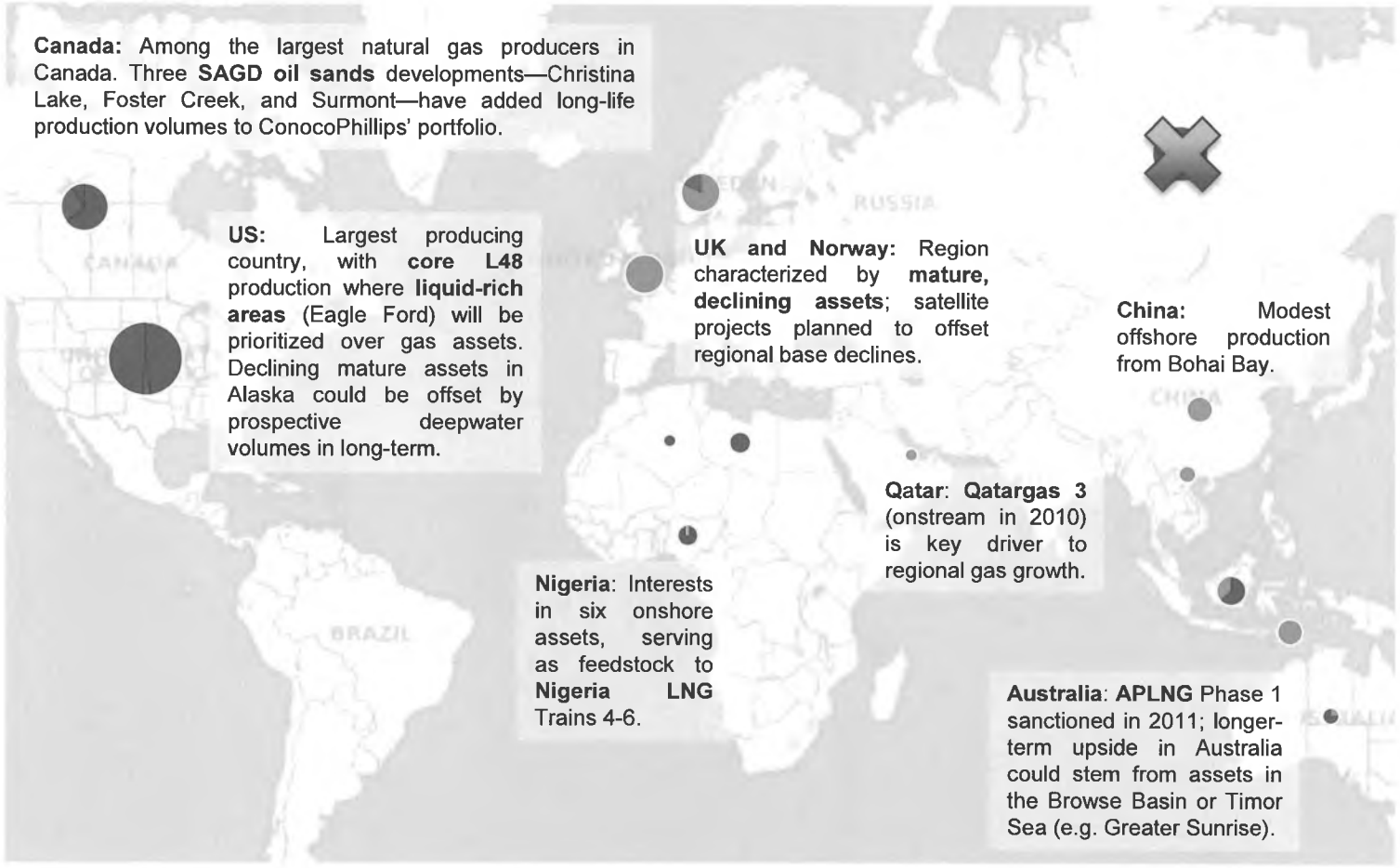
Country	Liquids (mboe/d)	Gas (mboe/d)
Angola	0	0
Bangladesh	0	0
Brunei	0	0
Greenland	0	0
Kazakhstan	0	0
Malaysia	0	0
Poland	0	0
Peru	0	0

Core
New Venture
Focus
Harvest
Exit

PFC Energy

ConocoPhillips Global Production Portfolio - 2010

Russia: LUKOIL sale leaves ConocoPhillips with modest production from its two joint ventures in Russia (Polar Lights Company and Naryanmarneftegaz). Regional production declines from **21% of worldwide production in 2009 to 3% in 2011**.



Canada: Among the largest natural gas producers in Canada. Three **SAGD oil sands** developments—Christina Lake, Foster Creek, and Surmont—have added long-life production volumes to ConocoPhillips' portfolio.

US: Largest producing country, with **core L48** production where **liquid-rich areas** (Eagle Ford) will be prioritized over gas assets. Declining mature assets in Alaska could be offset by prospective deepwater volumes in long-term.

UK and Norway: Region characterized by **mature, declining assets**; satellite projects planned to offset regional base declines.

China: Modest offshore production from Bohai Bay.

Qatar: **Qatargas 3** (onstream in 2010) is key driver to regional gas growth.

Nigeria: Interests in six onshore assets, serving as feedstock to **Nigeria LNG** Trains 4-6.

Australia: **APLNG** Phase 1 sanctioned in 2011; longer-term upside in Australia could stem from assets in the Browse Basin or Timor Sea (e.g. Greater Sunrise).

Algeria: Onshore oil field production; additional volumes from El Merk (EMK) expected for 2012 start-up.

Libya: Legacy onshore Waha concession; above ground conflict will delay new source oil projects.

mboe/d

0
500
1,000
1,345

Asset Type

- Conventional Onshore
- Conventional Shallow
- Deepwater
- Oil Sands
- Other
- Unconventional

Vietnam: Continued development of mature Cuu Long Basin; **potential divestment target**.

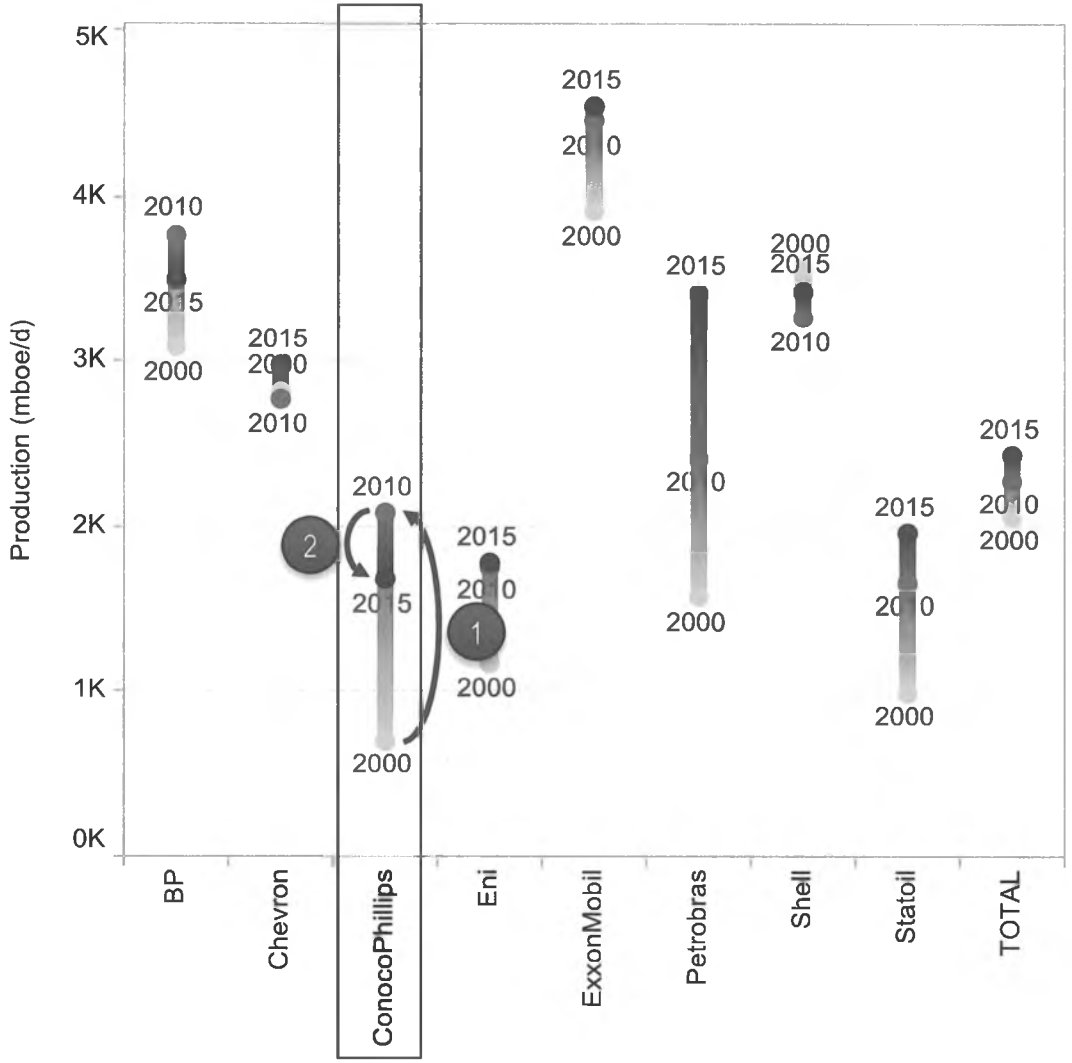
Malaysia: Development of **deepwater** fields (Gumusut-Kakap and Kebabangan) will bring Malaysia into ConocoPhillips' producing country portfolio.

Indonesia: Largest contributor to Asia-Pacific production; ongoing development of **Corridor PSC** and **South Natuna Block B**.

PFC Energy

Total Portfolio Evolution: ConocoPhillips vis-à-vis the Competition

Production (mboe/d) in 2000, 2010 and 2015 (PFC Forecast): ConocoPhillips and Peers



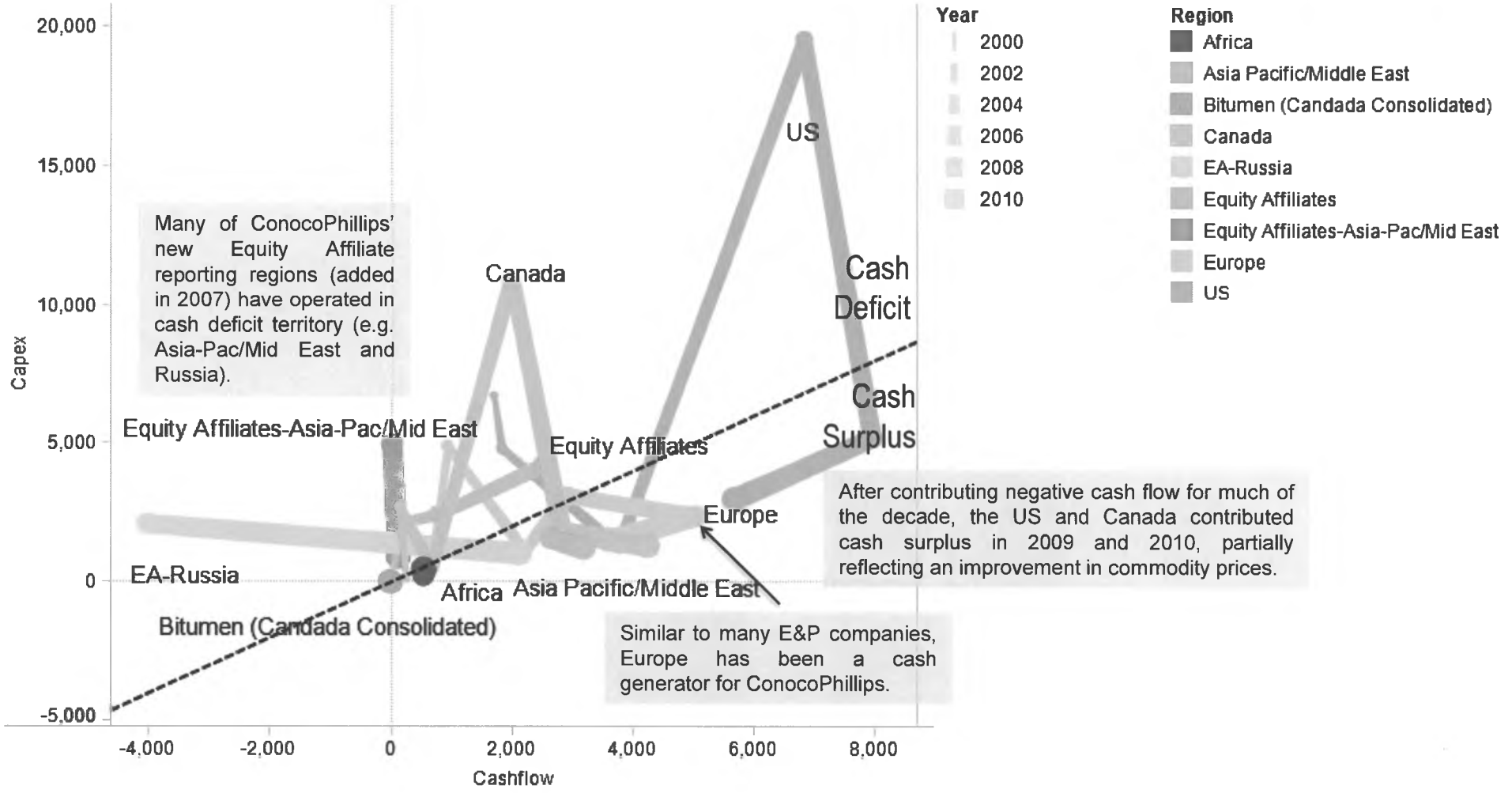
ConocoPhillips' 2010-2012 Restructuring Plan will see the company become the largest of the Independent, non-integrated international oil & gas companies, compared to its former position as the third-smallest of PFC Energy's expanded Global Player peer group.

1. **2000-2010:** Production increases largely driven by the merger of Conoco and Phillips in the beginning of the decade (growing volumes from 698 mboe/d in 2000 to 1,082 mboe/d in 2002) and the Burlington Resources purchase in 2006 (growing volumes from 1,824 mboe/d in 2005 to 2,358 mboe/d in 2006). The gradual acquisition of a 20% stake in LUKOIL was a key driver to mid-decade growth.

2. **2011-2015:** ConocoPhillips's production is expected to decline from 2010-2015, due to the company's intensive asset divestiture program (the initial ~$15 bn asset and joint venture divestment program was expanded in 2011 when ConocoPhillips announced it would shed an additional $5-$10 bn in non-Core assets by end-2012). Volumes are forecast to decline from ~2,078 mboe/d in 2010 to ~1,674 mboe/d in 2015.

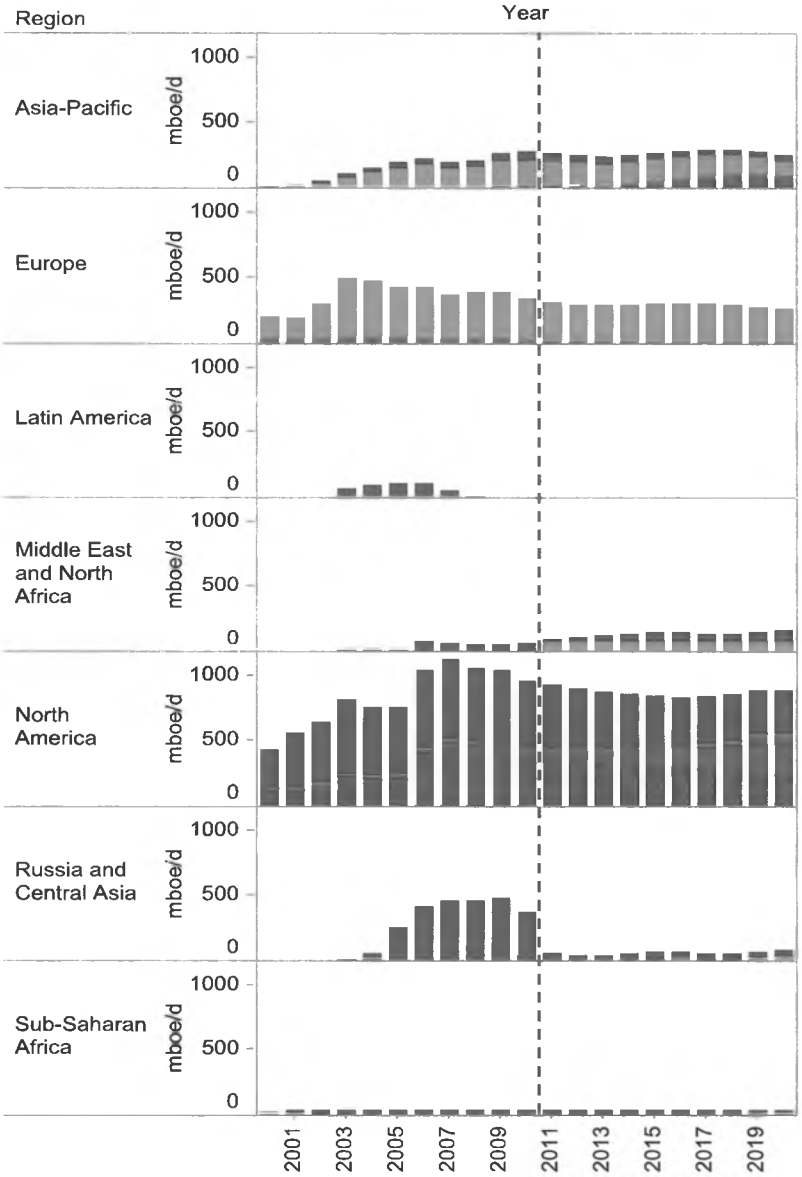
PFC Energy

How the Portfolio is Financed: Sources and Uses of Cash



PFC Energy

Global Production: Evolution of the Portfolio



Asia Pacific: Project queue 14 projects deep makes Asia-Pacific the largest development pipeline in all of ConocoPhillips' portfolio. Region estimated to occupy 20% of 2011 upstream capex. New projects in both legacy countries (Indonesia, Vietnam) are being complimented by start ups in Malaysia (Gumusut-Kekap, Kebabangan) and Australia (APLNG).

Europe: Mature and generally declining production position in the UK and Norway, mostly in shallow waters. Satellite projects poised to somewhat offset base declines.

Latin America: After reaching historic peak production in 2005, volumes fell to zero in 2009. The Latin America portfolio, largely acquired through the Burlington transaction, has never been a material part of ConocoPhillips' global operations. With no new volumes anticipated in the portfolio, a complete exit from the region could be likely.

Middle East & North Africa: Future growth is largely tied to the Qatargas 3 LNG project and El Merk (EMK) in Algeria. Longer-term growth is poised to stem from Libya (as yet unsanctioned joint NC 98 and North Gialo developments) assuming a timely re-commencement of upstream activities.

North America: Largest production region & cash flow generator. New growth initiatives focus on exploitation of Eagle Ford shale liquids and Canadian oil sands (Christina Lake, Foster Creek, and Surmont), which are projected to reverse the decline in Canadian production by 2014 and deliver medium- and long-term volume growth.

Russia & Central Asia: LUKOIL sale leaves ConocoPhillips with only modest production from its two joint ventures in Russia and few growth opportunities within the remaining portfolio. The sole growth asset is an 8.4% stake in the Kashagan field, which continues to face major challenges.

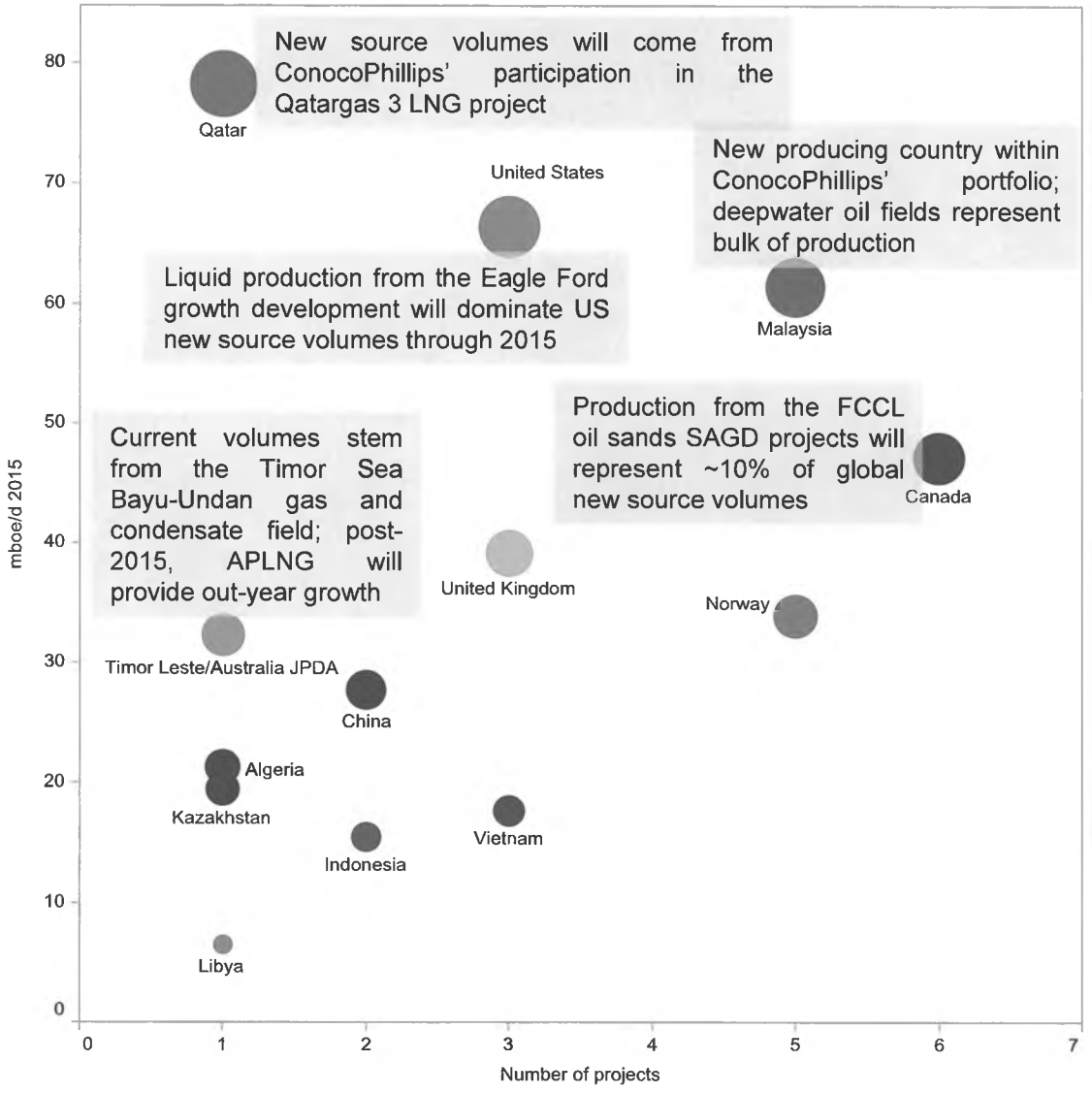
Sub-Saharan Africa: Onshore assets serve as feedstock to Nigeria LNG Trains 4-6. Longer-term upside tied to feedstock for the yet-to-be-sanctioned Brass LNG plant, while 2011 re-positioning in Angola could provide exploration opportunities critical to securing new source ventures for long-term growth.

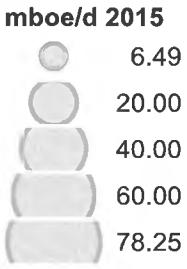
Asset Type
- Conventional Onshore
- Conventional Shallow
- Deepwater
- Oil Sands
- Other
- Unconventional

PFC Energy

Global Production:
Country Growth Project Analysis

ConocoPhillips: New Source Production – Number of Projects by 2015 Production and Oil/Gas Split







ConocoPhillips's new source portfolio is driven by (1) Shallow water gas production (Qatar); (2) Canadian SAGD Oil Sands Developments; and (3) US Unconventional production (Eagle Ford).

Deepwater projects, sourced mainly from the Asia-Pacific region (Malaysia) and the US GOM deepwater (mostly non-operated positions), will ramp up steadily over the decade; by 2020 deepwater is poised to represent 7% of global volumes (compared to ~2% in 2010).

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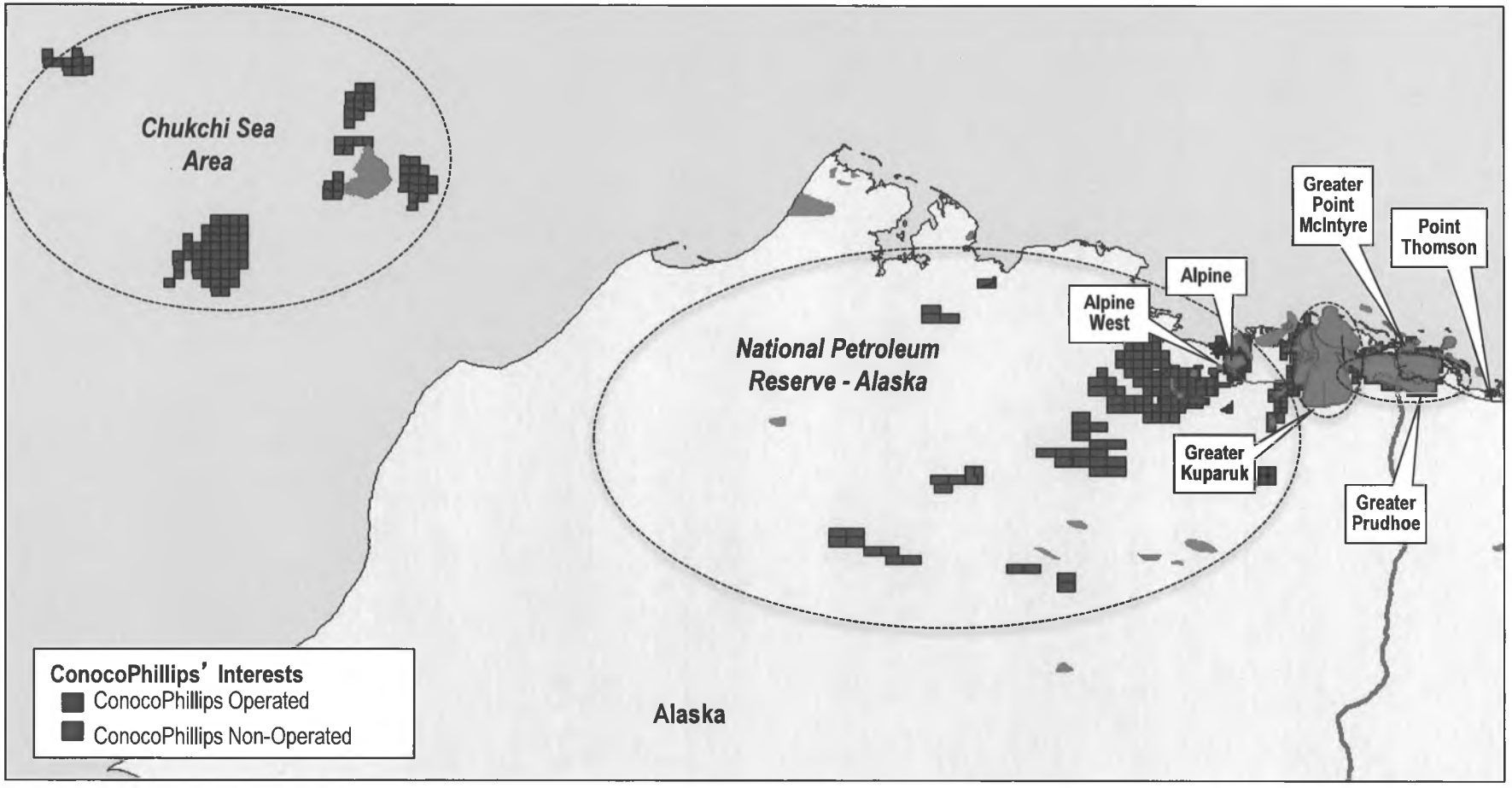
ConocoPhillips in Alaska – North Slope



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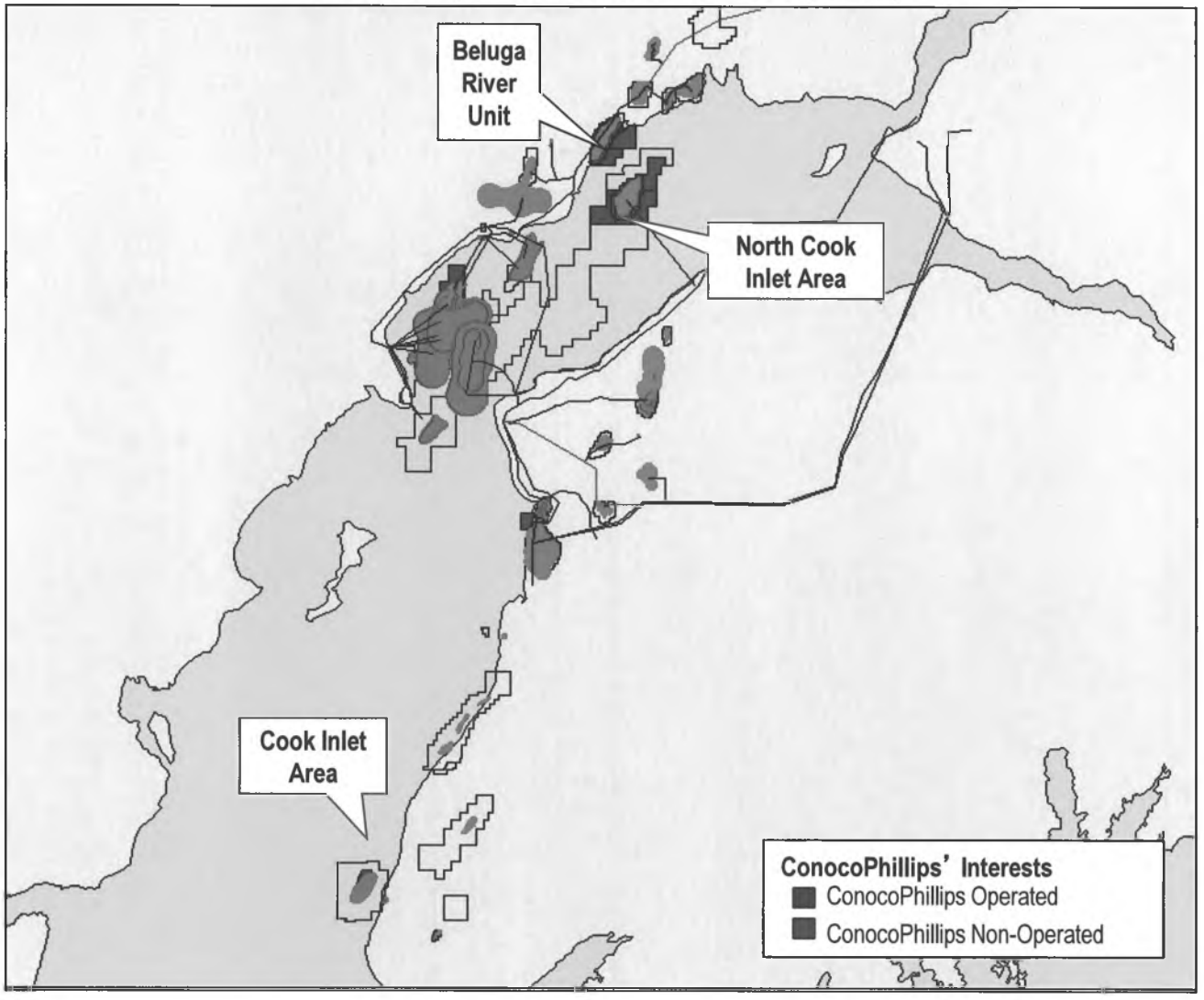
ConocoPhillips in Alaska – Cook Inlet

ConocoPhillips' Interests in the Cook Inlet (Alaska)



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ConocoPhillips **Alaska Activity & PFC Energy Assessment**

Alaska Designation	Activity	PFC Energy Assessment
Core Area	• ConocoPhillips' assets in Alaska are legacy assets acquired from Arco Alaska in 2000 and include the Greater Prudhoe Area, Greater Prudhoe Bay Area, Greater Kuparuk Area, Western North Slope, and Cook Inlet Area. The company's largest producing area in Alaska is the Greater Prudhoe Area, a collection of mature, long-life fields. Production from the mature Alaska portfolio has been in slow decline since 2004. In 2010, net production from Alaska averaged 230 mb/d of oil and 82 mmcf/d of gas, accounting for ~21% of US production. • ConocoPhillips and BP have been joint proponents of the **Alaska Gas Pipeline** (or **Denali Pipeline**), intended to accelerate commercialization of Prudhoe Bay gas through Western Canada and into US markets. In 2010, the partners officially withdrew their support for the proposed project, in response to continued US gas price weakness and absence of buyer commitments. This places substantial uncertainty around further commercialization of ConocoPhillips' Alaska gas resources. • Activity in the ConocoPhillips-operated Greater Kuparuk Area (GKA), has recently focused on development of viscous oil resources. The GKA, located 40 miles west of Prudhoe Bay on the North Slope, includes the Kuparuk field and its satellites: West Sak, Tarn, Tabasco, Meltwater, and Palm. Heavy oil resources **West Sak** and **Ugnu** (52.2% w.i., operated) are potential projects currently in the appraisal phase. Expected gross peak production is ~23 mboe/d.	As Alaska's largest oil and gas producer, ConocoPhillips holds a leading position in the region. Although the company continues to target smaller projects within the GKA (West Sak and Ugnu) and NPR-A (Alpine West, Greater Moose's Tooth unit and Fiord West), ConocoPhillips will ultimately need expanded access to Asia gas markets in order to reverse the downward production trend in Alaska.

COP Alaska Activity & PFC Energy Assessment

Alaska Designation	Activity	PFC Energy Assessment
Core Area	• In the Western North Slope, ConocoPhillips faces regulatory challenges surrounding project development in the NPR-A region. In order to offset declines at the **Alpine** field (78% w.i., operated) and its three satellites, Nanuq, Fiord, and Qannik, ConocoPhillips is exploring development of additional satellite fields in the adjacent NPR-A, an area that requires distinct permit approval. **Alpine West** (or **CD-5**), a proposed Alpine satellite project, has been significantly delayed due to local opposition and regulatory barriers. Most recently, in early 2010, the U.S. Army Corps of Engineers denied a permit for a bridge that would provide access to the CD-5 site, a move that will further delay the project (originally planned for 2012) and several additional developments that would depend on the infrastructure. Other possible projects on the NPR-A include the **Greater Moose's Tooth** unit and **Fiord West**, which are both in appraisal phases. • While ConocoPhillips has three primary gas fields in the Alaska region–the North Cook Inlet, Beluga River, and Point Thomson–**Point Thomson** (5% w.i., non-operated) remains the only potential new source development. In 2010, development activities continued with the drilling of two appraisal wells. First production of gas liquids is anticipated in 2014. Longer-term growth potential lies in commercialization of the gas reserves, which is in turn dependent on construction of a long-distance gas trunk line. • In 2010, ConocoPhillips and Statoil engaged in an asset swap wherein ConocoPhillips sold a 25% w.i. in 50 of its **Chukchi Sea** leases to Statoil in exchange for financial payment and a 50% w.i. interest in 16 Statoil-operated Gulf of Mexico leases, as well as Statoil's 25% w.i. in five additional GOM leases already operated by ConocoPhillips. All of the involved GOM blocks are in the emerging Lower Tertiary play. ConocoPhillips plans to begin exploratory drilling on its Chukchi acreage in 2013.	

PFC Energy

PFC-Identified Challenges

- **Competing as a "Pure Play" E&P Company**: The separation of ConocoPhillips into two, stand-alone Upstream and Downstream entities is scheduled to be finalized in 1H:2012. The ~85% of total portfolio value residing in E&P assets will thereby become the largest "pure play" E&P Independent, a competitor landscape position the company held uncomfortably prior to the Burlington Resources acquisition in 2006. Can ConocoPhillips Upstream compete successfully in the Independent's space by delivering either leading shareholder returns or leading production growth? Or has it simply re-established its original dilemma—too large to compete with the faster moving International Independents, and too small to compete with the Global Players? And if so, does it survive?
- **Re-Establishing a Value Proposition**: ConocoPhillips' new strategic focus on Sustained Value Generation is intended to re-establish the company's competitive advantage in the E&P space. In the near-term, the 2010-2013 Restructuring Plan will deliver a smaller company with limited medium-term production growth and improved, but unlikely to be leading, ROCE and financial performance. Clearly, the cannibalization of the company's assets and recycling of proceeds to shareholders in order to shore up share valuation and total shareholder returns is a stop-gap strategy at best. Given continuing financial and operational challenges (ROCE, production cost, upstream net income, etc.), ConocoPhillips may struggle to deliver a value proposition that will compete successfully in either the Global Player or International Independents peer group.
- **Improving Operational Performance**: While showing improvement in finding and development costs, ConocoPhillips ranks at or near the bottom of the expanded Global Players peer group in net income/boe, production costs/boe, and Upstream ROCE. The current portfolio high-grading has already delivered Upstream ROCE improvement (from 7% in 2009 to 10% in 2010) and should deliver improvement in operational metrics; both Syncrude and the LUKOIL holdings were arguably underperforming positions. With long lead time, large scale, capital intensive developments like Qatargas 3, Jasmine, Kashagan Phase 1, and Surmont poised to deliver material production and cash flow, ConocoPhillips should see the flow-through benefits in terms of more competitive ROCE and operational metrics.
- **Delivering Production Growth**: The share repurchase program accompanying portfolio rationalization under the Restructuring Plan is projected to deliver ~3% growth in per share production in 2010 and 2011. However, physical volumes will decline in absolute terms over the 2010-2011 period—by ~208 mboe/d in 2010 from 2009 levels, and a further ~360 mboe/d in 2011 from 2010. The only region poised to deliver higher production volumes in 2020 versus 2010 is the relatively minor MENA region, projected to reach ~177 mboe/d in 2020 versus 72 mboe/d in 2010. New source volumes in Canada and the North Sea will struggle to offset mature asset declines, delivering flat production in the core North America and Europe regions, while the LUKOIL sell-down will dampen what was once considered a core driver of future growth for the company. While boasting a 10 bn boe resource base, it is not clear how ConocoPhillips will deliver the promised surge in organic growth over the 2015-2020 period from its captured portfolio—although the enhanced capex spend in the Eagle Ford play is a good starting point. Barring a material acquisition (certainly not out of the question), the company will be looking to its exploration portfolio to deliver a medium term "engine of growth".

ExxonMobil: Company Overview

Strategic Signature

- ExxonMobil: largest global integrated oil and gas company
  - ~4,513 mboe/d in 2011; production in 21 countries, with upstream operations in an additional 20 countries.
- Growth strategy based on scale, basin dominance, and execution excellence => continuously seek access to investment opportunities of adequate size and materiality.
- Faced with (i) commissioning of the final elements of the company's Qatar project portfolio, (ii) declining production from its Europe and Asia-Pacific portfolios, (iii) roadblocks to materiality in Brazil deepwater, Venezuela extra-heavy, and Equatorial Margin, and (iv) already holding a considerable stake in the Canadian oil sands, ExxonMobil took an aggressive move into unconventional shale gas exploitation.
- The 2009 acquisition of XTO Energy brings materiality to ExxonMobil's technical expertise in tight gas, CBM, and shale oil and gas exploitation, with ~2.3 bcf/d and 87 mboe/d of production, proved reserves of ~2.3 bn boe, and a resource base of 7.5 bn boe.
- Will seek to leverage XTO into a global unconventional portfolio.
- Acquisition drove a 13% increase in production in 2010, returning ExxonMobil to first place amongst its peers

Company Overview

- **HQ:** Irving, Texas
- **Employees:** 83,600
- **2011 Reserves:** 24,922 mmboe
- **2011 Production:** 4,513 mboe/d
- **3 Yr Production Growth:** 4.53% CAGR (2008-2011)
- **Apr 2012 Market Cap:** $402 bn
- **Apr 2012 P/E Ratio:** 10.1
- **2011 Corp Revenue:** $3433bn
- **2011 Upstream Capex:** ~$28 bn

Technological Competence

EOR & Recovery	Offshore	Heavy Oil	Unconven-tionals	Oil Sands	Other
✓	✓		✓	✓	✓

Partnership History

Date	Partner	Region (or Country)	Type
2011	Sinopec	China	Unconventional
2011	Rosneft	Russia	Offshore Oil & Gas

ExxonMobil has a limited history of partnership, preferring instead to purchase and operate material positions independently

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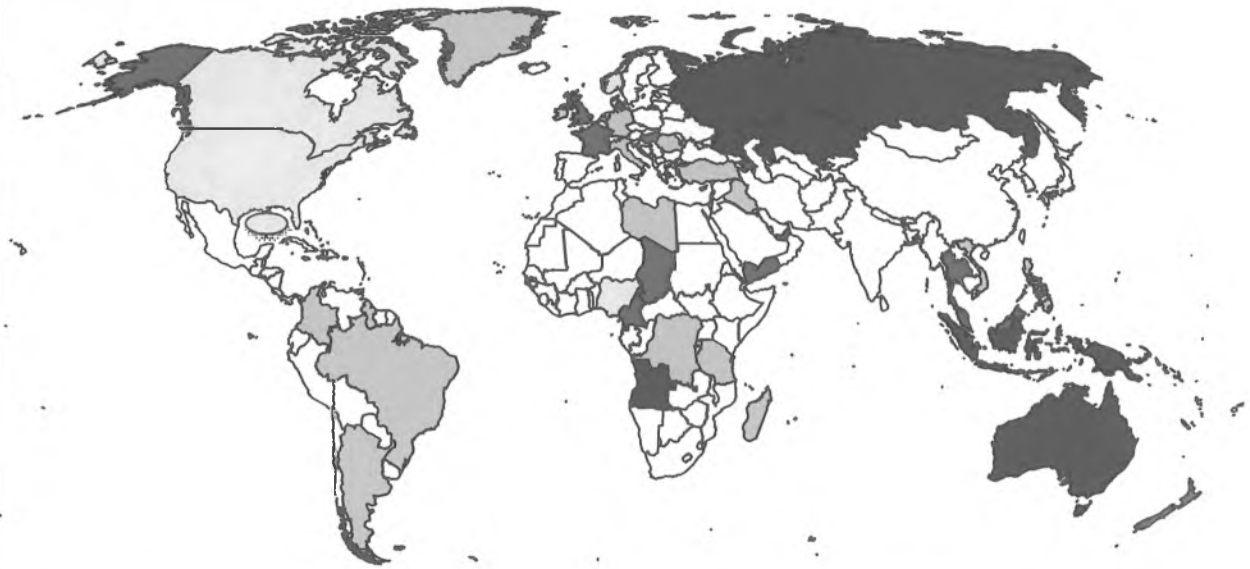
ExxonMobil: Global Areas of Upstream Operations

Country	Liquids (mboe/d)	Gas (mboe/d)
Qatar	232	644
USA	408	433
Nigeria	391	2
Norway	246	117
Netherlands	0	340
Canada	242	86
UAE	246	0
United Kingdom	80	92
Kazakhstan	127	24
Angola	141	0
Malaysia	48	86
Australia	51	55
Germany	0	91
Equatorial Guinea	53	0
Russia	43	8
Indonesia	13	36
Chad	43	0
Azerbaijan	21	0
Argentina	0	9
Papua New Guinea	7	0
Thailand	0	4



Country	Liquids (mboe/d)	Gas (mboe/d)
Brazil	0	0
Cameroon	0	0
Colombia	0	0
Congo	0	0
Greenland	0	0
Guyana	0	0
Hungary	0	0
Iraq	0	0
Ireland	0	0
Italy	0	0
Libya	0	0

Country	Liquids (mboe/d)	Gas (mboe/d)
Madagascar	0	0
New Zealand	0	0
Philippines	0	0
Poland	0	0
Romania	0	0
Tanzania	0	0
Turkey	0	0
Vietnam	0	0
Yemen	0	0

Core
New Venture
Focus
Harvest
Exit

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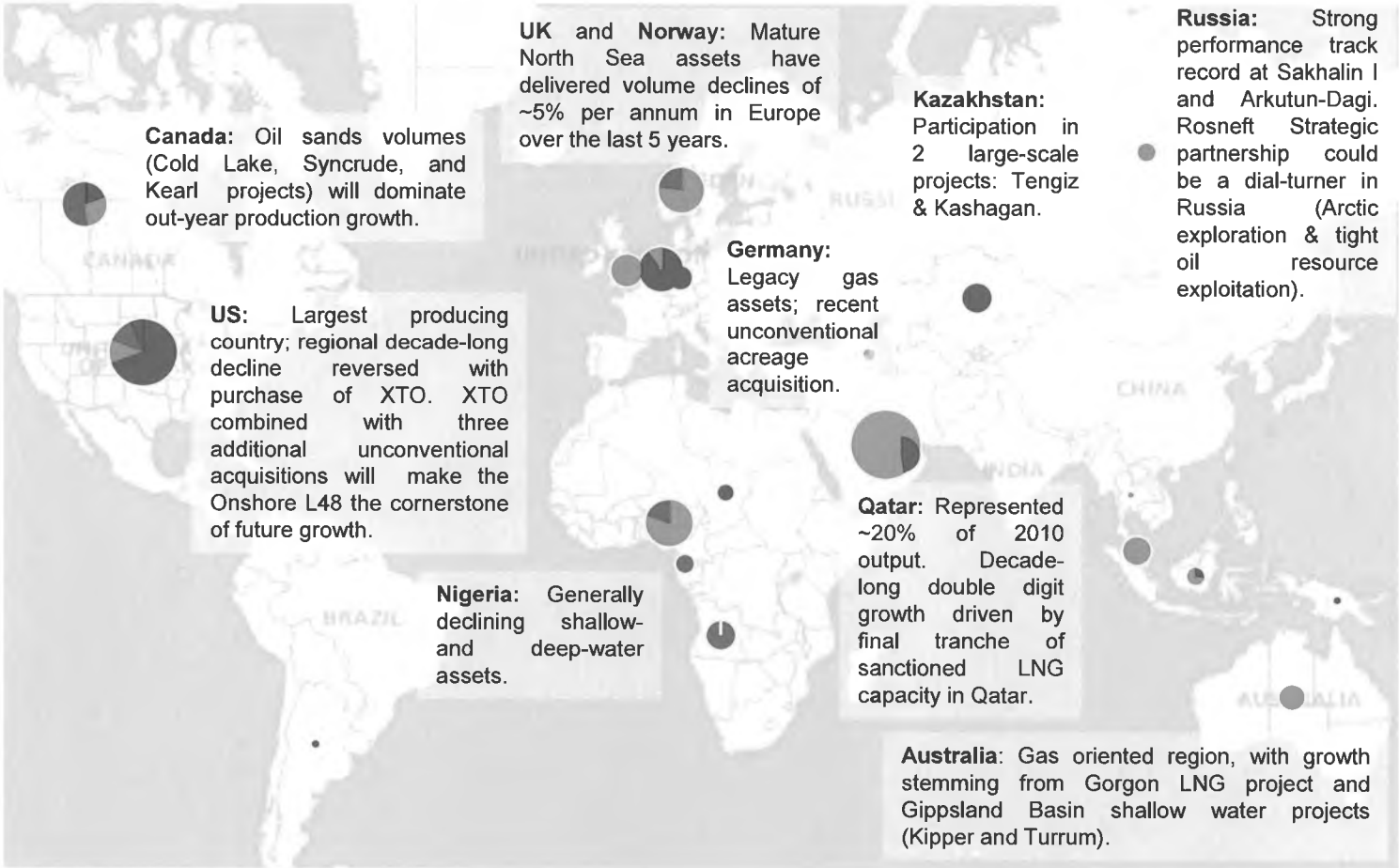
ExxonMobil Global Production Portfolio - 2010



Canada: Oil sands volumes (Cold Lake, Syncrude, and Kearl projects) will dominate out-year production growth.

UK and **Norway:** Mature North Sea assets have delivered volume declines of ~5% per annum in Europe over the last 5 years.

Germany: Legacy gas assets; recent unconventional acreage acquisition.

Kazakhstan: Participation in 2 large-scale projects: Tengiz & Kashagan.

Russia: Strong performance track record at Sakhalin I and Arkutun-Dagi. Rosneft Strategic partnership could be a dial-turner in Russia (Arctic exploration & tight oil resource exploitation).

US: Largest producing country; regional decade-long decline reversed with purchase of XTO. XTO combined with three additional unconventional acquisitions will make the Onshore L48 the cornerstone of future growth.

Nigeria: Generally declining shallow- and deep-water assets.

Qatar: Represented ~20% of 2010 output. Decade-long double digit growth driven by final tranche of sanctioned LNG capacity in Qatar.

Australia: Gas oriented region, with growth stemming from Gorgon LNG project and Gippsland Basin shallow water projects (Kipper and Turrum).

Indonesia: Near-term gas volumes will hold production steady as ExxonMobil positions for new ventures in the unconventional space (coal bed methane).

Malaysia: Key gas producing area; focus on enhanced oil recovery (EOR) and field life extension schemes.

Argentina: legacy, declining gas assets; recent acreage positioning in prospective shale Neuquen Basin.

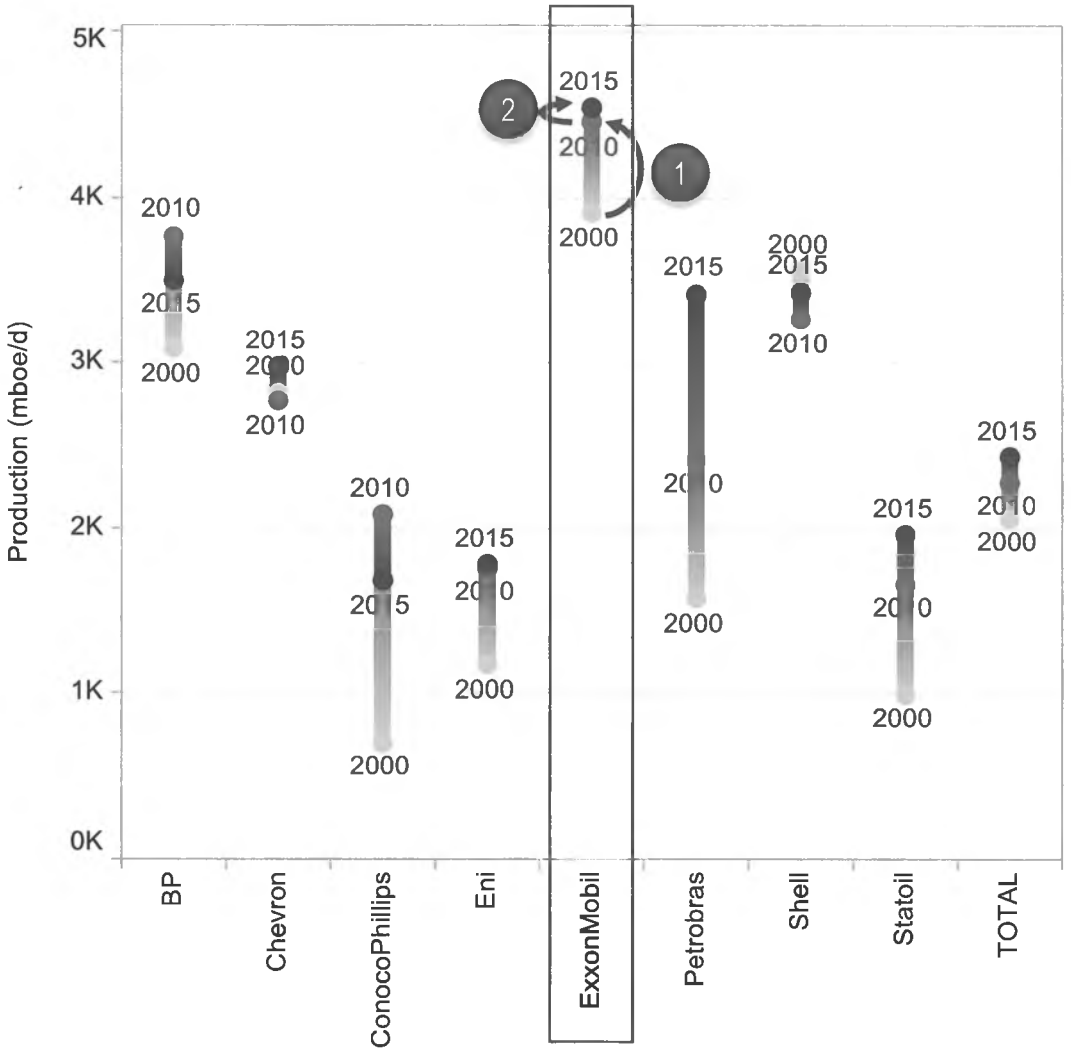
Angola: Multi-field new source developments (Kizomba Satellites Phase 1, Pazflor, and CLOV) drive regional growth.

Papua New Guinea: Formerly small contributor to the ExxonMobil portfolio, PNG will rise in prominence within the portfolio through the monetization of gas reserves at PLNG.

PFC Energy

Total Portfolio Evolution: ExxonMobil vis-à-vis the Competition

Production (mboe/d) in 2000, 2010 and 2015 (PFC Forecast): ExxonMobil and Peers



Averaging ~4.45 mmboe/d in 2010, ExxonMobil continues to lead its peer group in terms of production.

1 **2000-2010:** Production oscillated through the decade, landing in 2009 at roughly the same level as 2000 (roughly ~3.9 mmboe/d), before rising 13% in 2010 (~6% excluding the XTO acquisition), reaching ~4.45 mmboe/d. For a company that has prided itself on organic reserves and production growth, the XTO acquisition marks a considerable departure in growth strategy for ExxonMobil.

2 **2011-2015:** Modest volume growth, reaching ~4.54 mmboe/d in 2015. While PFC Energy estimates are lower than ExxonMobil targets, the absence of guidance regarding growth projects associated with the XTO portfolio makes the pace of future growth uncertain.

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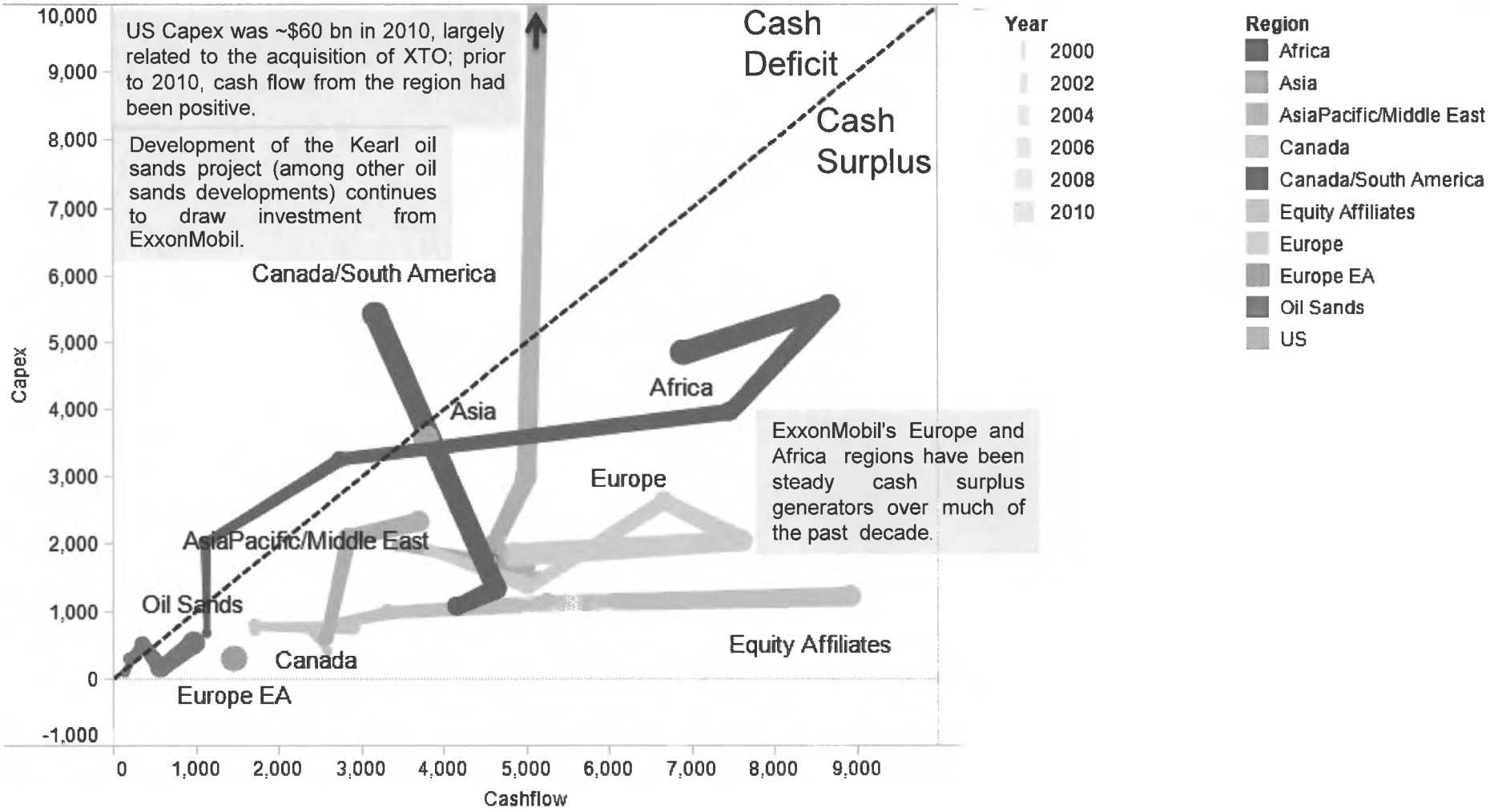
How the Portfolio is Financed: Sources and Uses of Cash



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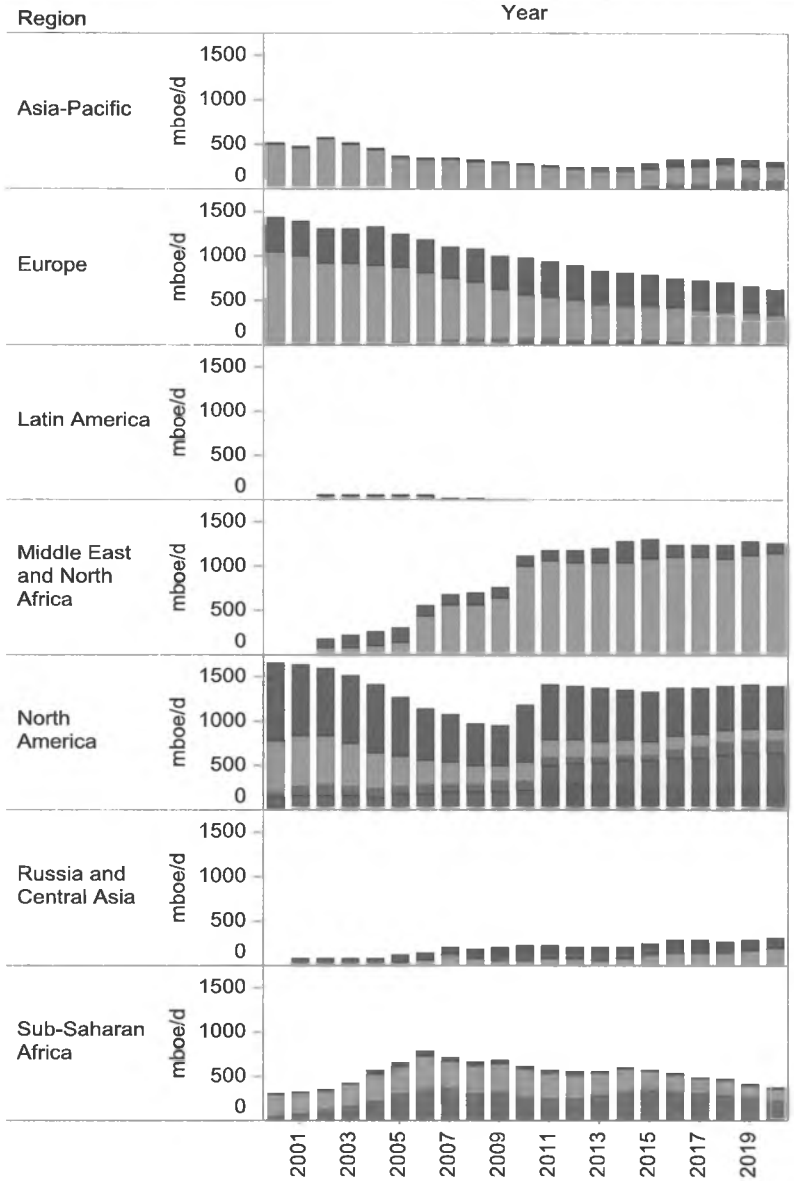
Global Production: Evolution of the Portfolio



Asia Pacific: Declines in ExxonMobil's relatively mature Asia-Pacific portfolio have been consistent for most of the past decade. A revival in regional production (though medium to long term in nature) is based primarily on two large gas export projects: Papua New Guinea LNG and Gorgon LNG (Australia).

Europe: Mature and generally declining production position. Positive net cash flow enables, in part, financing of frontier exploration in both unconventionals and the deepwater: ExxonMobil will seek to leverage the capabilities of XTO in Germany and Poland, while also assessing the prospectivity of the Turkish Black Sea.

Latin America: At 9 mboe/d, the region has no material impact on the ExxonMobil portfolio. Production is sourced solely from mature, declining gas assets in Argentina. The recent acquisition of 130,000 net acres of prospective shale gas resource in the Neuquen basin is part of a global strategy to leverage XTO capabilities in unconventional resource plays.

Middle East & North Africa: The rapid growth in MENA production that ExxonMobil experienced between 2002 and 2010 is on the cusp of reaching plateau, as the final Qatargas, RasGas, and Al-Khaleej phases have come onstream. While ExxonMobil will record growth from the West Qurna I project, upside in Iraq remains unclear.

North America: The acquisition of XTO Energy will drive a resurgence in regional production. A focus on Fayetteville, Haynesville/Bossier, Barnet, and Woodford shale gas plays, and transitioning portfolio to a more balanced oil:gas ratio in the out-years. A suite of Canadian oil sands developments and potential offshore projects will also contribute growth.

Russia & Central Asia: Major growth 2005-2010 was driven by a handful of mega-projects (Tengiz and Kashagan, Sakhalin I, and Azeri-Chirag-Guneshli); future performance relies heavily on subsequent development phases of these projects, most of which face challenges. The Rosneft partnership could provide additional long-term opportunity.

Sub-Saharan Africa: Growth in SSA has leveled off as new developments struggle to keep pace with steep deepwater decline rates. The primary bright spot in portfolio is Angola, where three new projects (Pazflor, Kizomba Satellites, and PSVM) are scheduled to come onstream over the next two years.

Asset Type
- Conventional Onshore
- Conventional Shallow
- Deepwater
- Oil Sands
- Other
- Unconventional

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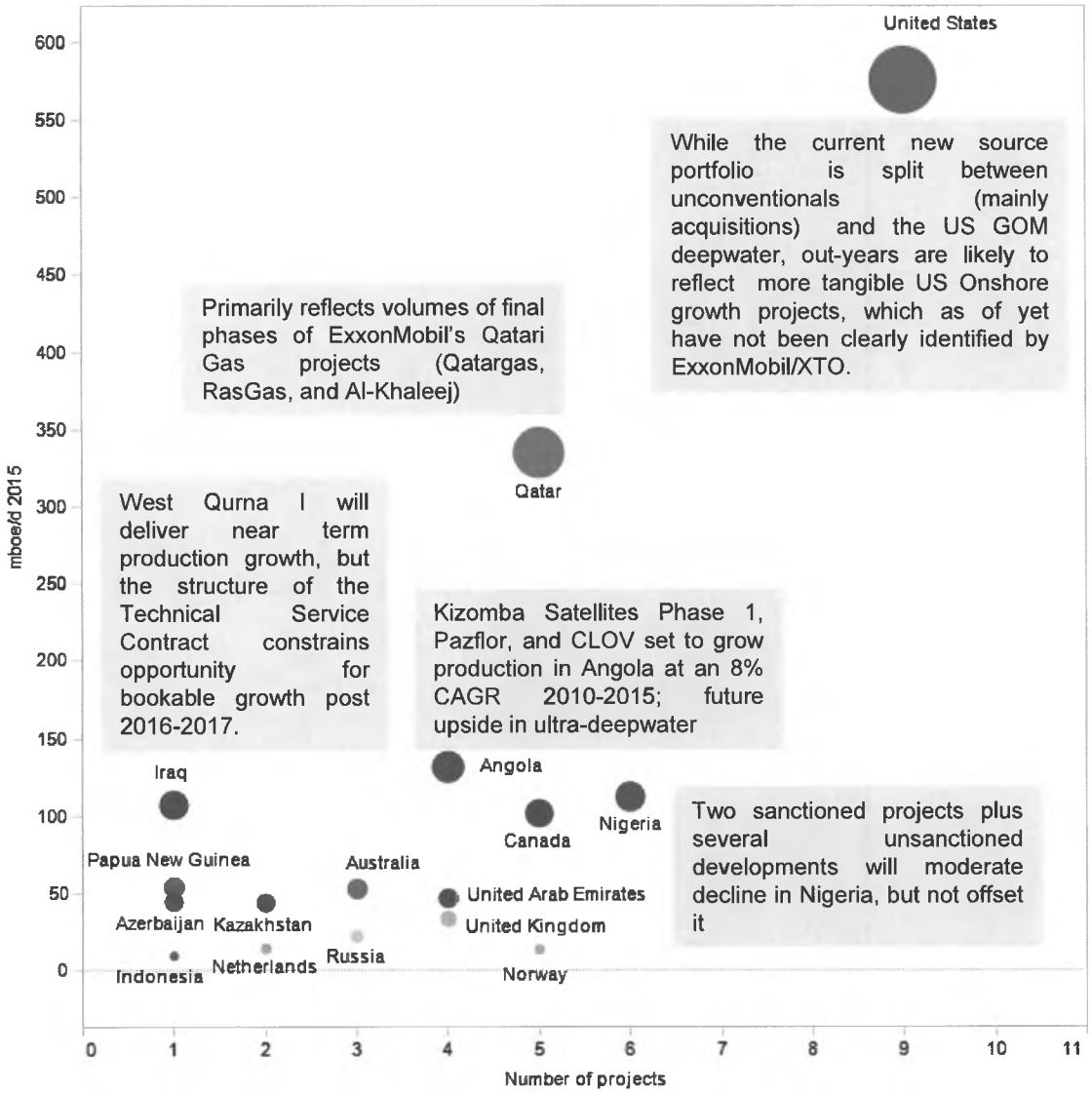
Global Production:
Country Growth Project Analysis

ExxonMobil: New Source Production – Number of Projects by 2015 Production and Oil/Gas Split



ExxonMobil's US new source portfolio will dwarf new source production from all other countries. Through 2015, the US will contribute nearly 40% of global new source incremental volumes, 99% of which will stem from the company's unconventional activities (acquisitions plus the Piceance tight gas development).

International unconventional developments to remain largely immaterial until 2020 or thereafter.

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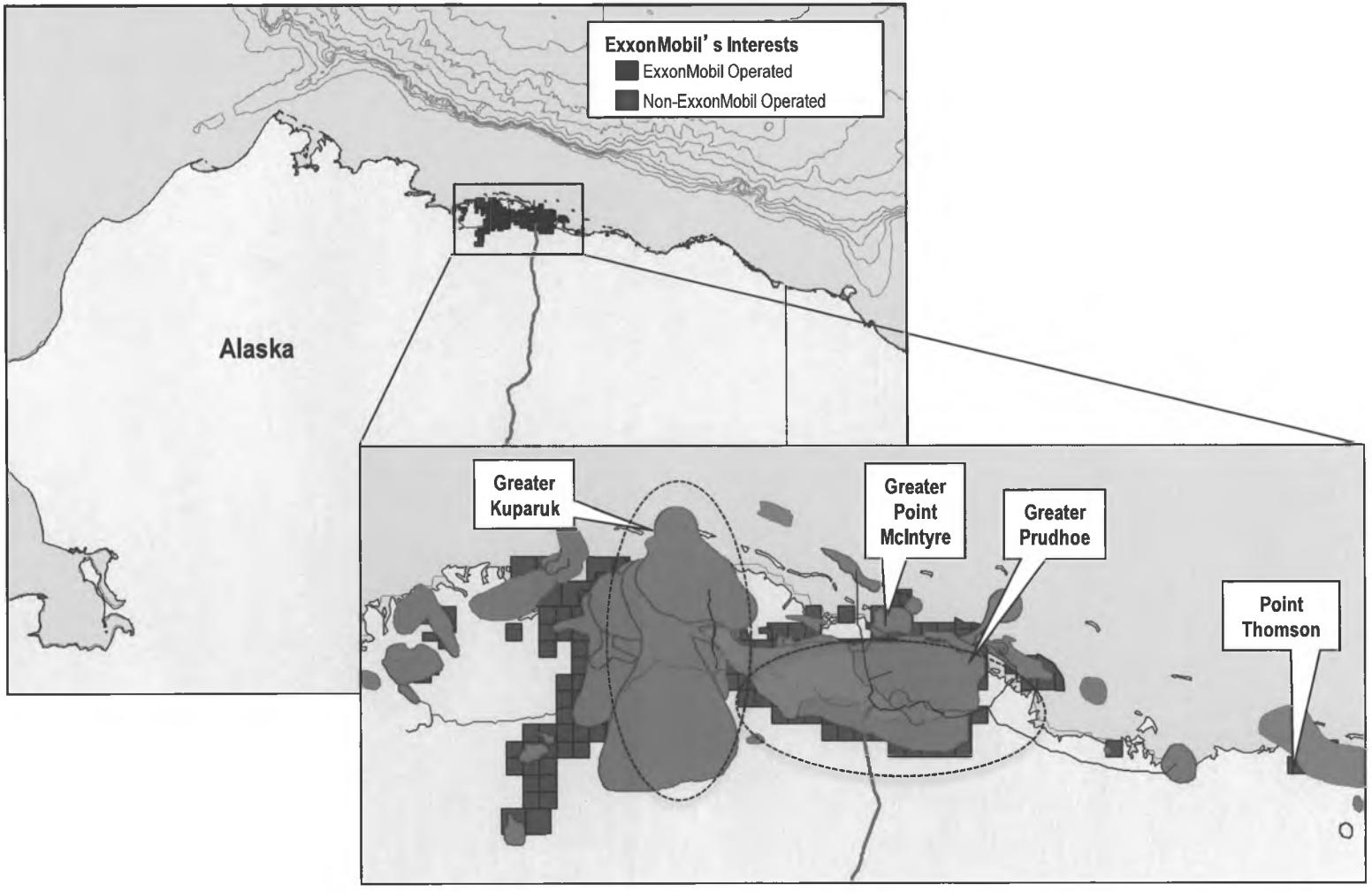
ExxonMobil in Alaska – North Slope



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ExxonMobil **Alaska Activity & PFC Energy Assessment**

Alaska Designation	Activity	PFC Energy Assessment
Harvest Area	• In Alaska, ExxonMobil holds interests in the **Greater Prudhoe**, **Greater Point McIntyre**, and **Greater Kuparuk** areas. The company is one of the largest North Slope producers, although production from the region is declining; 2010 net production averaged 117 mb/d of liquids. • Development activities continued at **Point Thomson** in 2010 (35% w.i., operated), and first production of gas liquids is anticipated in 2014. The longer-term potential lies in commercialization of the gas reserves, which is dependent on building a gas pipeline.	**Material harvest position.** As the largest holder of discovered gas resources on the North Slope and a co-operator of the Prudhoe Bay Western Region development, ExxonMobil holds a leading position in Alaska.

PFC Energy

PFC-Identified Challenges

- **Deliver on unconventional resource positioning**: The XTO Energy acquisition and subsequent shale gas acreage transactions have made ExxonMobil a force in the North America unconventional resource play. That said, the company has provided limited guidance on pace of forward development despite continued acreage accumulation. Furthermore, given the weak US gas price environment, it is unclear how rapidly ExxonMobil's management will grow sales volumes. ExxonMobil is counting on additional long-term value arising from the XTO transaction through development of its expanding portfolio of International unconventional resource holdings.
- **Execute on Asia-Pacific LNG Projects**: ExxonMobil has a queue of LNG developments in Asia-Pacific, including Gorgon LNG (operated by Chevron), PNG LNG, and the potential Scarborough gas field development, all of which are poised to generate longer-term volume growth. Each of these projects comes with significant technical challenges—CO_2 capture and disposal at Gorgon LNG, remote gas field development and long distance pipeline transport in the case of PNG LNG, and the remote offshore location of the Scarborough field in the Carnarvon Basin (which may result in the field being dedicated as feedstock supply to the Pluto or Wheatstone LNG projects, rather than a greenfield LNG development). Performance will be critical to ensuring long-term regional portfolio growth.
- **Maintain leadership in share buy-back and dividend performance**: ExxonMobil has been a clear peer group leader in returns to shareholders, distributing ~$19.7 bn through dividends and share buy-backs in 2010 and spending ~$114 bn on share repurchase over the 2006-2010 period. With the increased emphasis being placed on unconventional gas resources to deliver future volume growth, shareholders will be looking for ExxonMobil to continue its leading dividend and share buy-back performance, as the core differentiator from its faster growing (in volumetric terms) peer group companies.
- **Replace volume growth from Qatar North Field commercialization**: With full ramp-up of the final four liquefaction trains at the RasGas and Qatargas LNG complexes, and continued imposition of a development moratorium for the North Field resource by the Qatar government, ExxonMobil will be challenged to deliver material global growth.
  - It is not clear how aggressively ExxonMobil will look to develop its US Onshore unconventional gas resources, given current and projected gas pricing in the North America market;
  - Monetization of captured frontier gas resources in North America (Alaska North Slope, Mackenzie Delta) continues to face delays in the form of regulatory hurdles (recently removed for the Mackenzie Valley gas pipeline project) and gas market supply-demand balances => renewed interest in Alaska LNG expansion;
  - Development of captured oil reserves in the Caspian region have experienced significant delays and cost over-runs, and are coming under increased political risk through accelerating resource nationalism;
  - ExxonMobil was successful in securing a growth position in Iraq through the West Qurna-1 redevelopment project, but positioning in Kurdistan exploration appears to have cost them a spot in Iraq's 4th Licensing Round. It is not clear that Iraq can become a Core growth area for the company.

PFC Energy

Questions & Discussion

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PFC Energy has adjusted data where necessary in order to render it comparable among companies and countries, and used estimates where data may be unavailable and or where company or national source reporting methodology does not fit PFC Energy methodology. This has been done in order to render data comparable across all companies and all countries.

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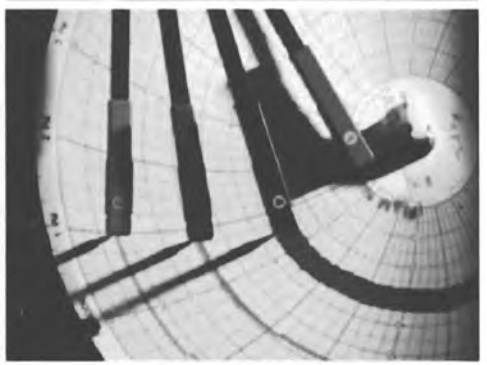
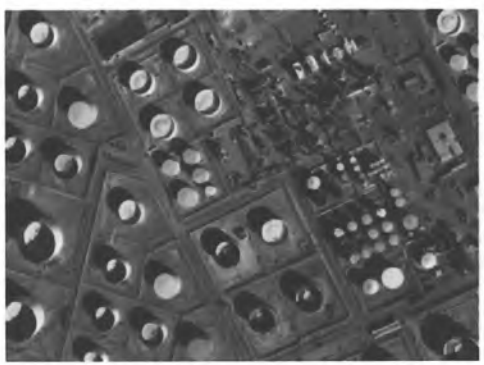
A trusted advisor to energy companies and governments for over twenty five years

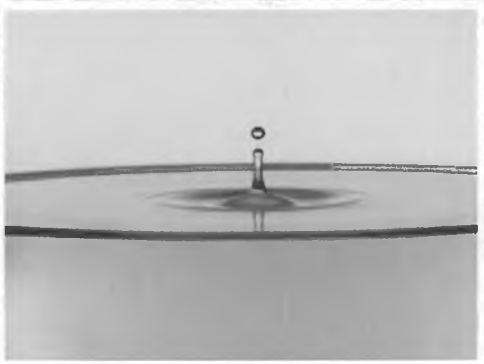














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Discussion Slides: Alaska House Resources Committee

April 23, 2012

Janak Mayer
Manager, Upstream & Gas
PFC Energy

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Alaska's Oil & Gas Competitive Context

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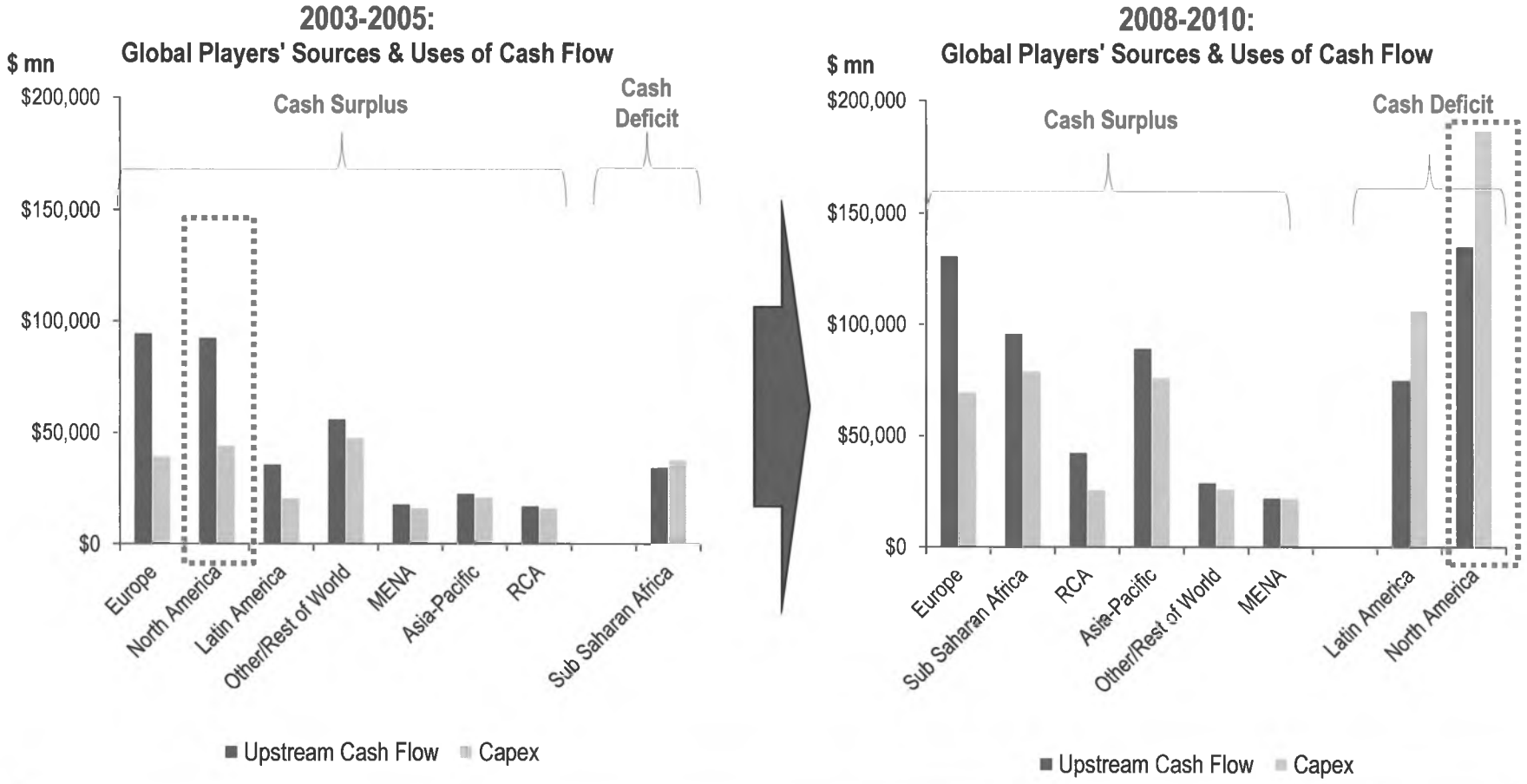
Fixed-Royalty Jurisdictions in US Lower 48 Are A Key Competitor to Alaska for Investment Dollars



It is now an exception not to be targeting unconventionals in North America as a major growth platform.

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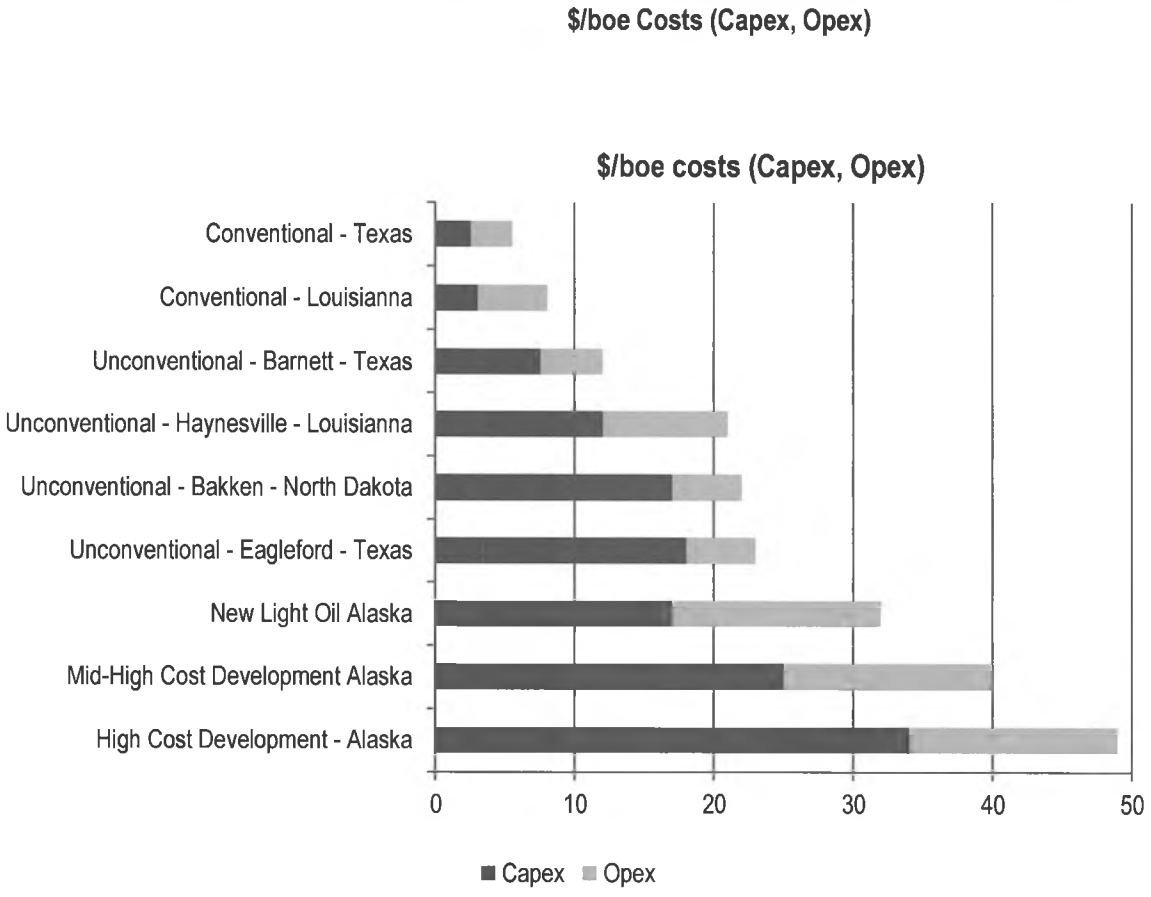
Alaska's Days of "Easy Oil" Are Gone: High Costs and High Government Take Present Challenges



Costs are significantly higher in Alaska than the Lower 48 – even compared to unconventionals. Meanwhile, Alaska's Government Take has risen significantly over recent years, meaning new project economics can be very challenging

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Relative Government Take (Definition)

$$\textbf{Relative Government Take} = \frac{\text{Government Take}}{\text{Divisible Income}}$$

Divisible Income equals Gross Revenues less costs, including capex and transportation costs.

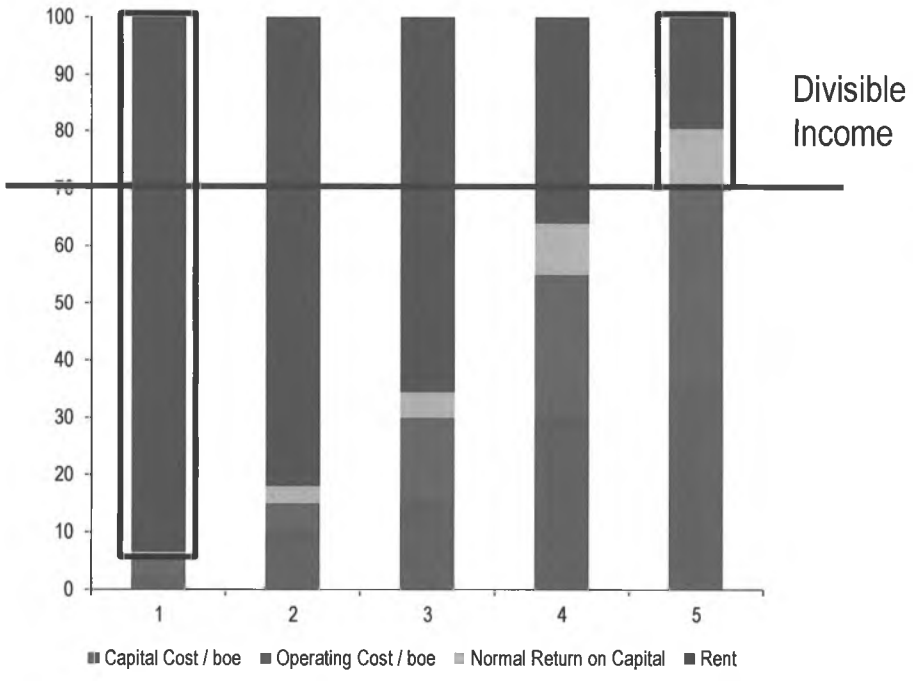
Government Take includes all payments the government mandates in its function as a sovereign:

- Royalties
- Land rental fees, property taxes
- Production taxes
- Income taxes

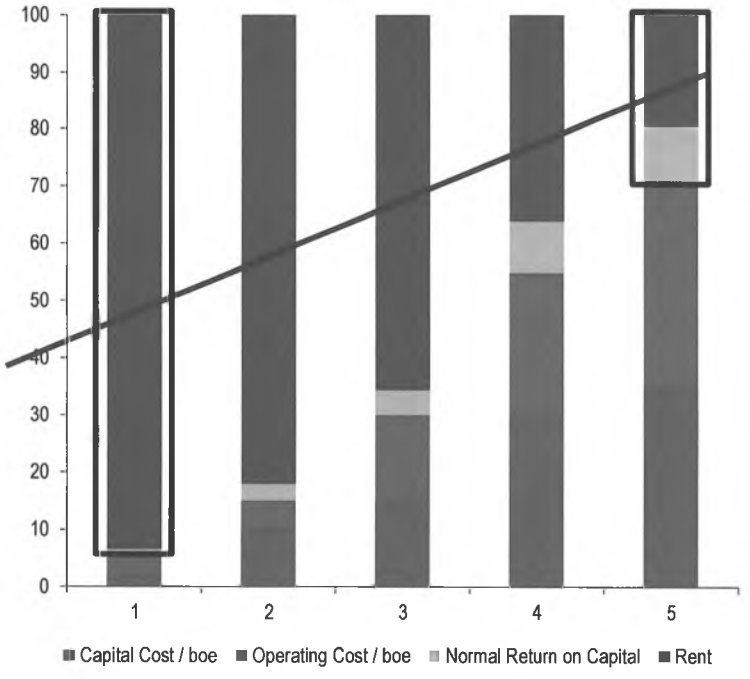
Government Take does not include amounts the government earns via a direct equity stake

Fixed Royalty v Profit Based Fiscal Systems

Incidence of a 30% Fixed Royalty on 5 Different Projects



Incidence of a 50% Profit-Based Tax on 5 Different Projects



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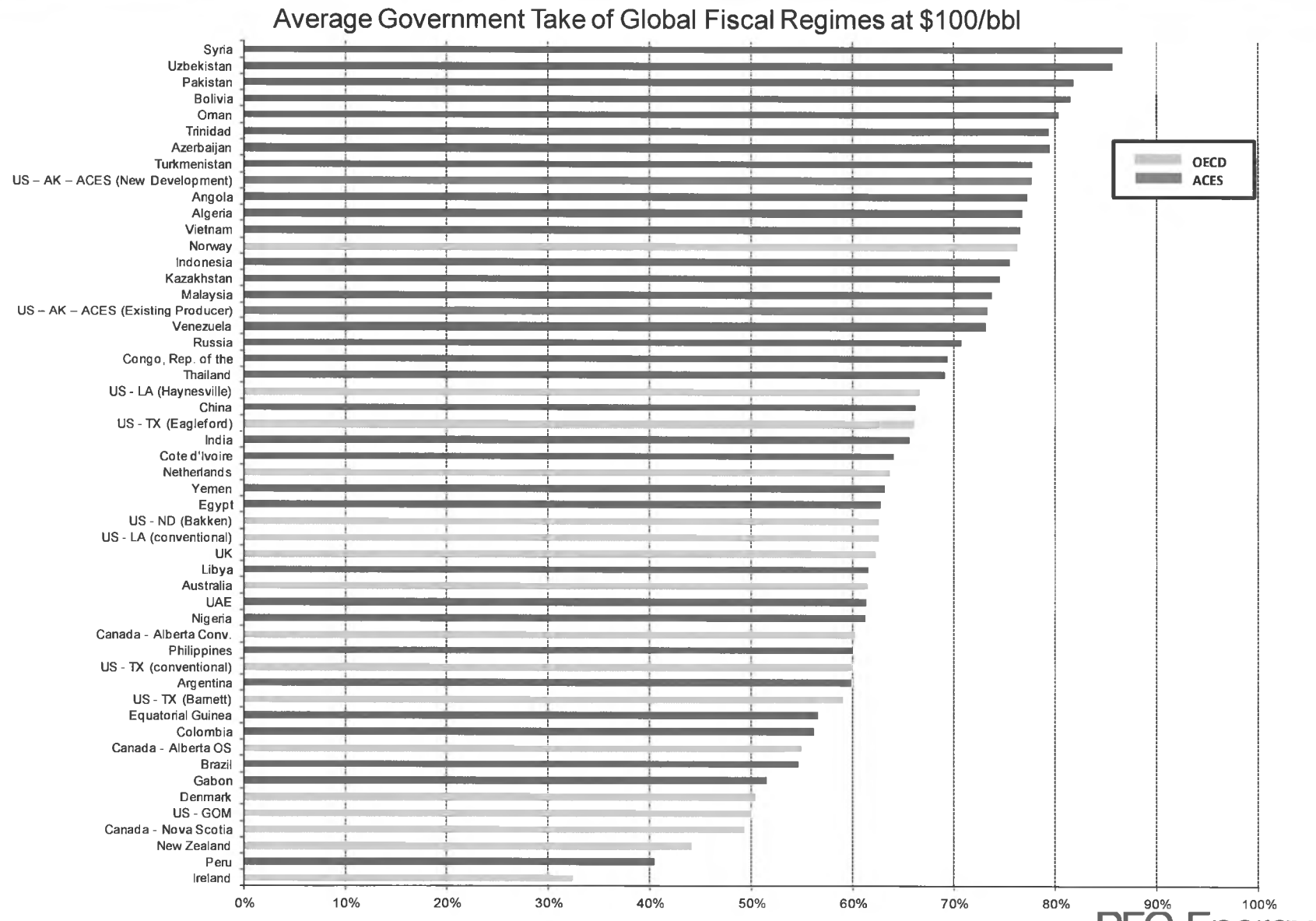
Regime Competitiveness: Average Government Take



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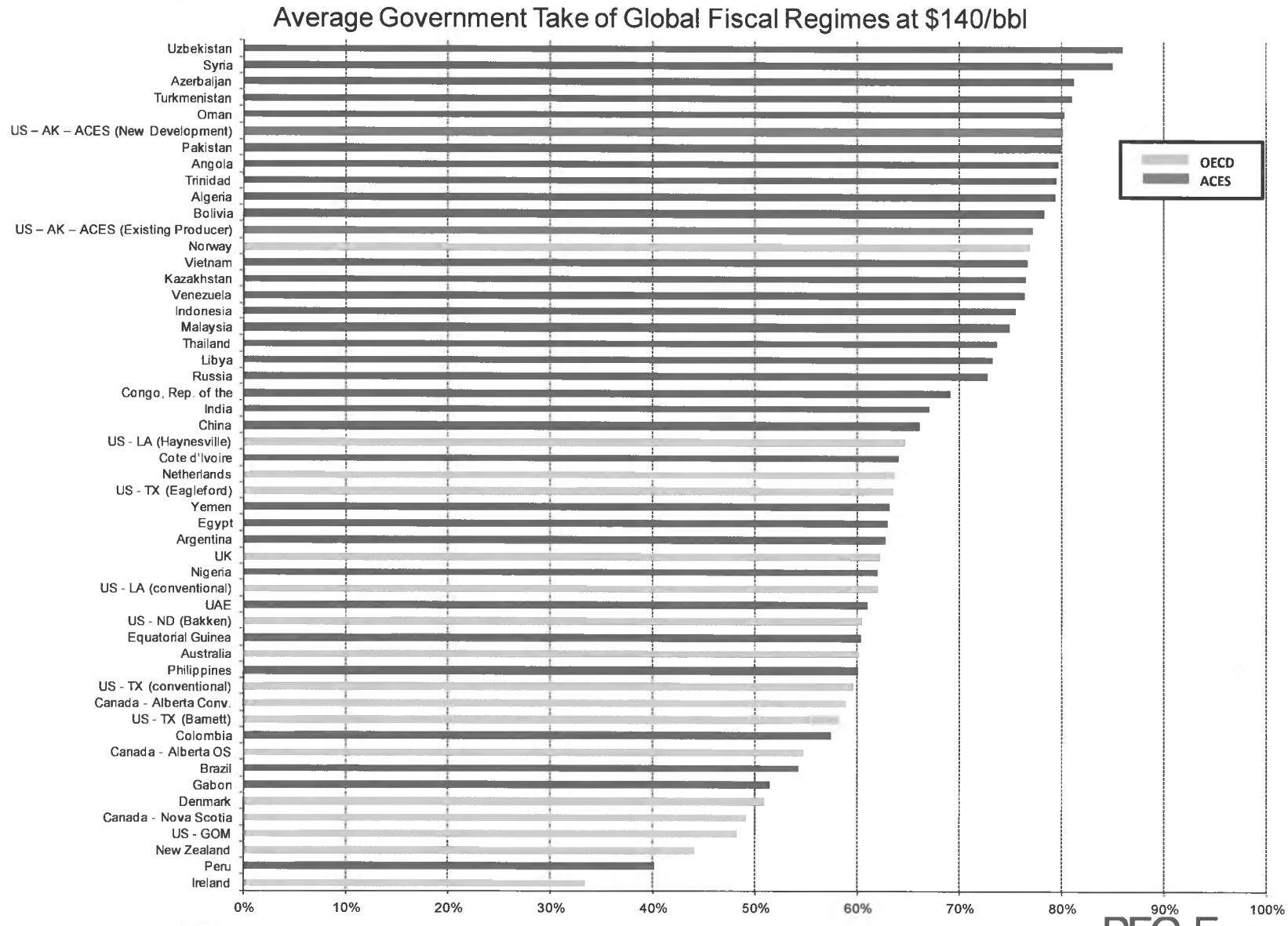
Regime Competitiveness: Average Government Take



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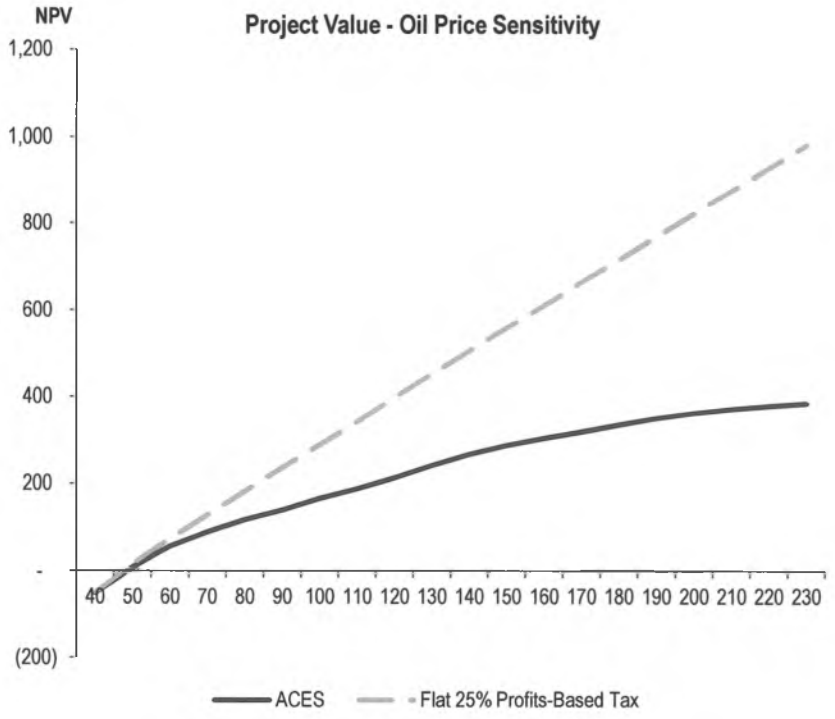
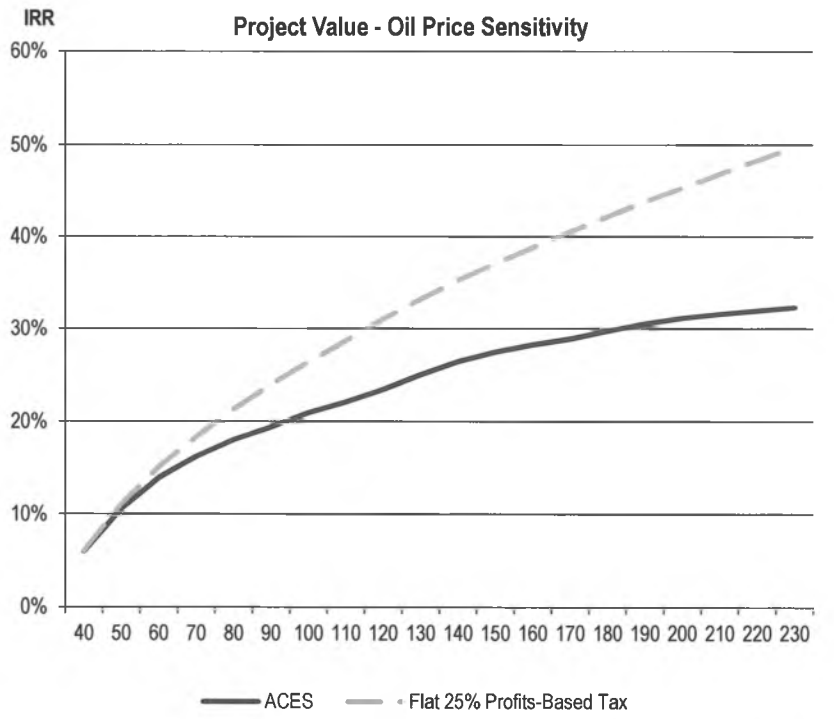
Effect of Progressivity on Price Upside





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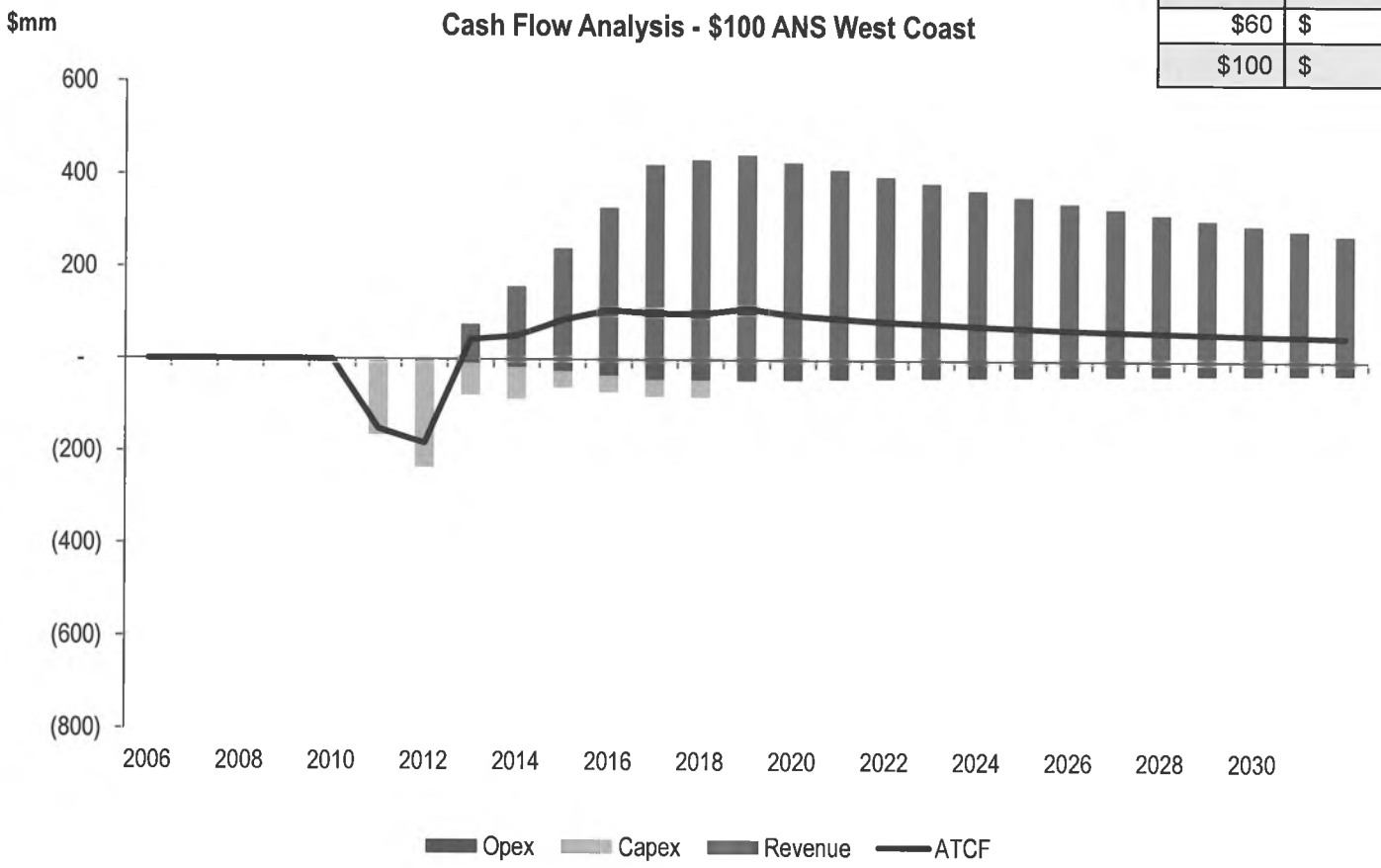
Low Cost Light Oil: Hypothetical 10 mb/d Project Cashflows ($13/bbl Capex, $10/bbl Opex)

Price	NPV	IRR
$40	$ (52)	6%
$60	$ 55	14%
$100	$ 166	21%



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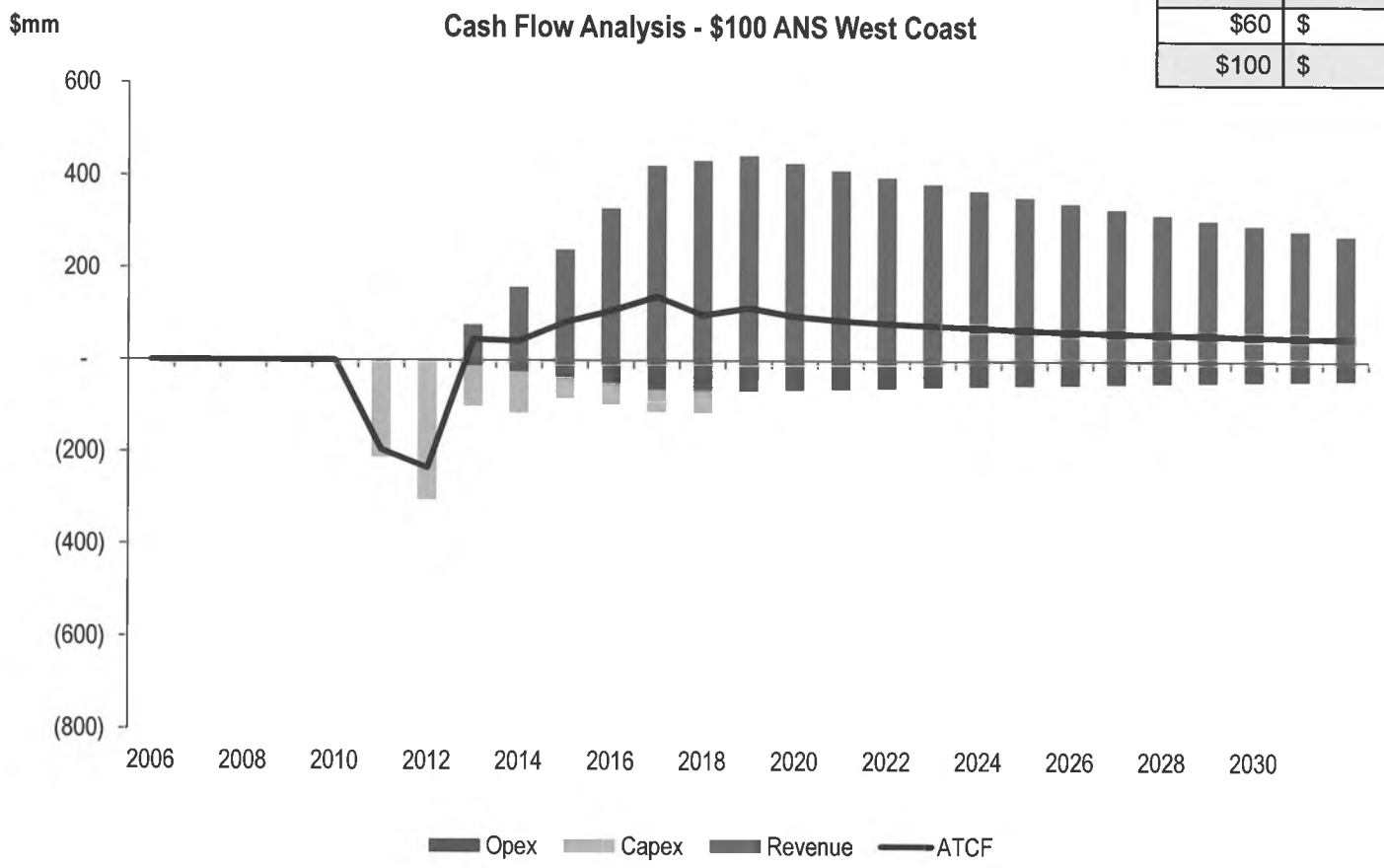
New Light Oil: Hypothetical 10 mb/d Project Cashflows ($17/bbl Capex, $15/bbl Opex)

Price	NPV	IRR
$40	$ (167)	-11%
$60	$ (24)	9%
$100	$ 113	16%



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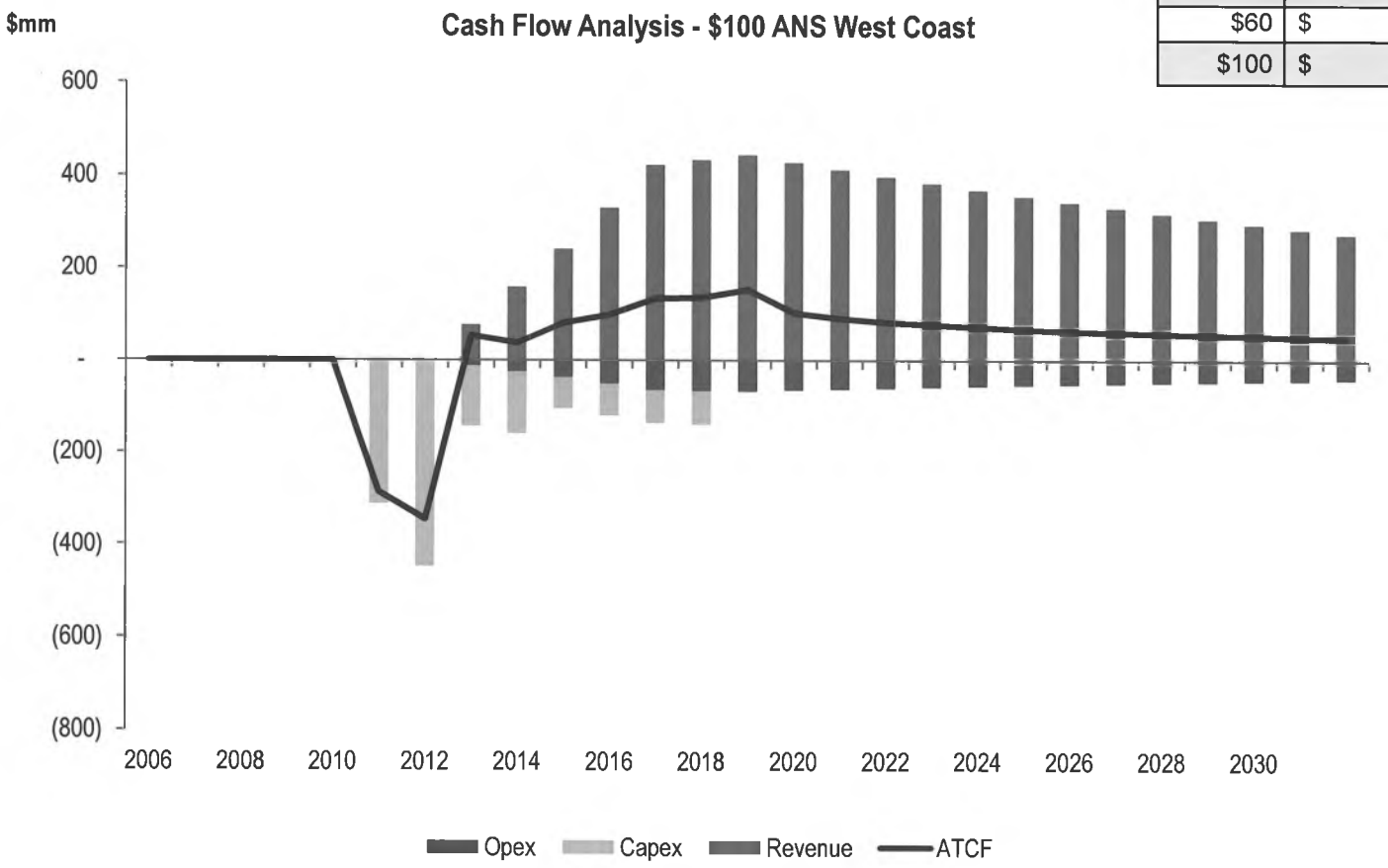
Mid-High Cost Project: Hypothetical 10 mb/d Project Cashflows ($25/bbl Capex, $15/bbl Opex)

Price	NPV	IRR
$40	$ (304)	
$60	$ (140)	4%
$100	$ 24	11%



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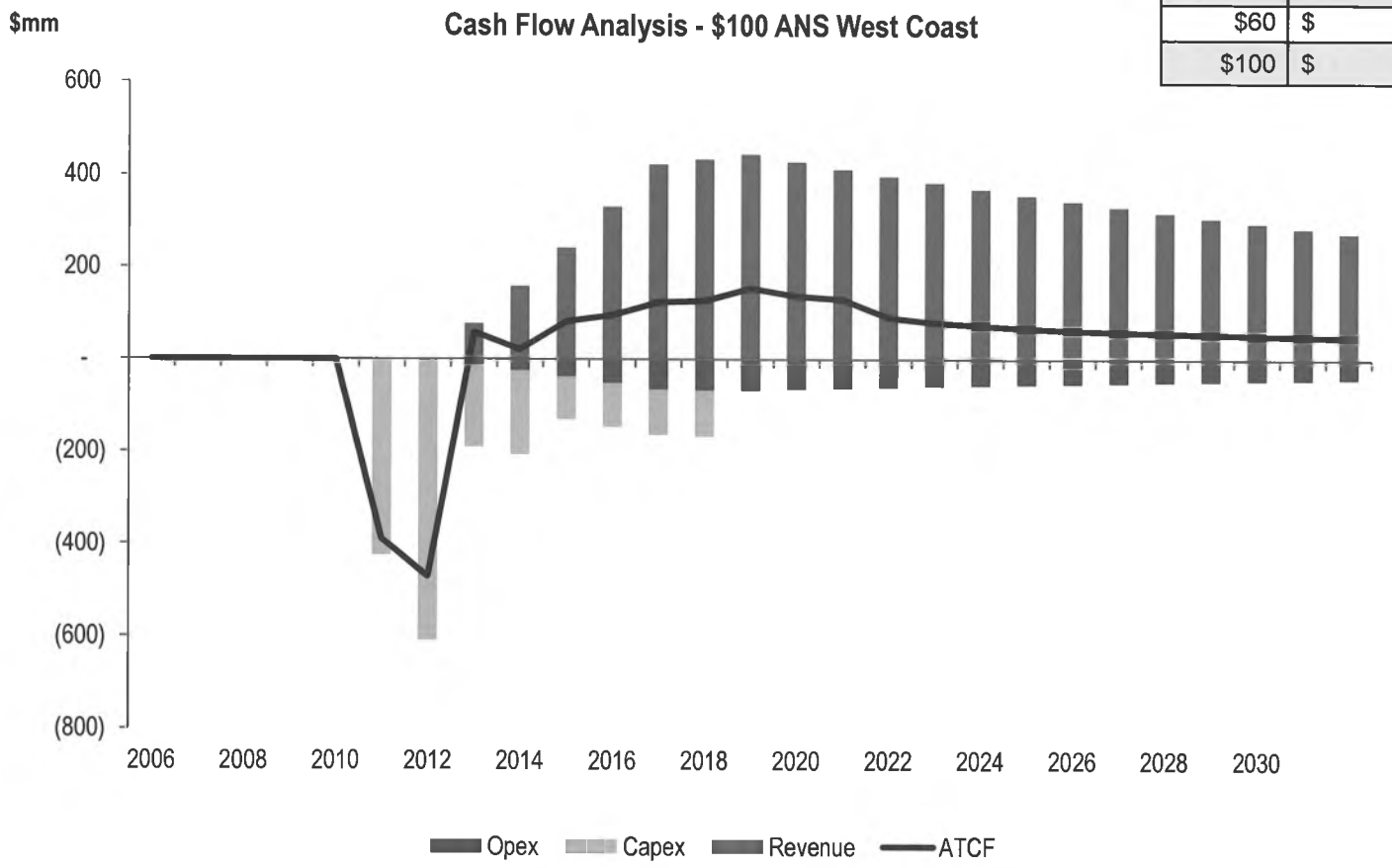
High Cost Project: Hypothetical 10 mb/d Project Cashflows ($34/bbl Capex, $15/bbl Opex)

Price	NPV	IRR
$40	$ (456)	
$60	$ (285)	1%
$100	$ (92)	7%



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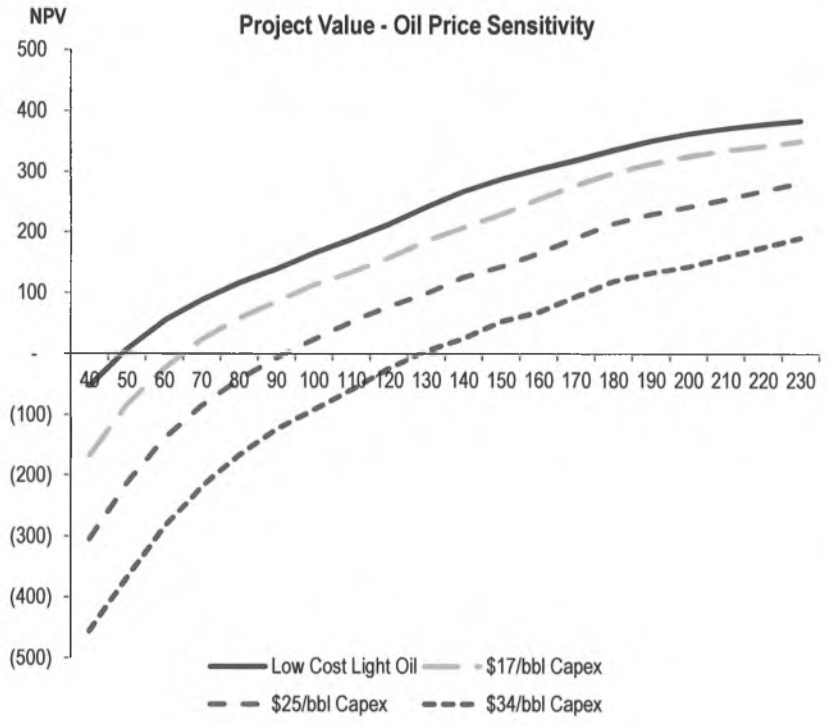
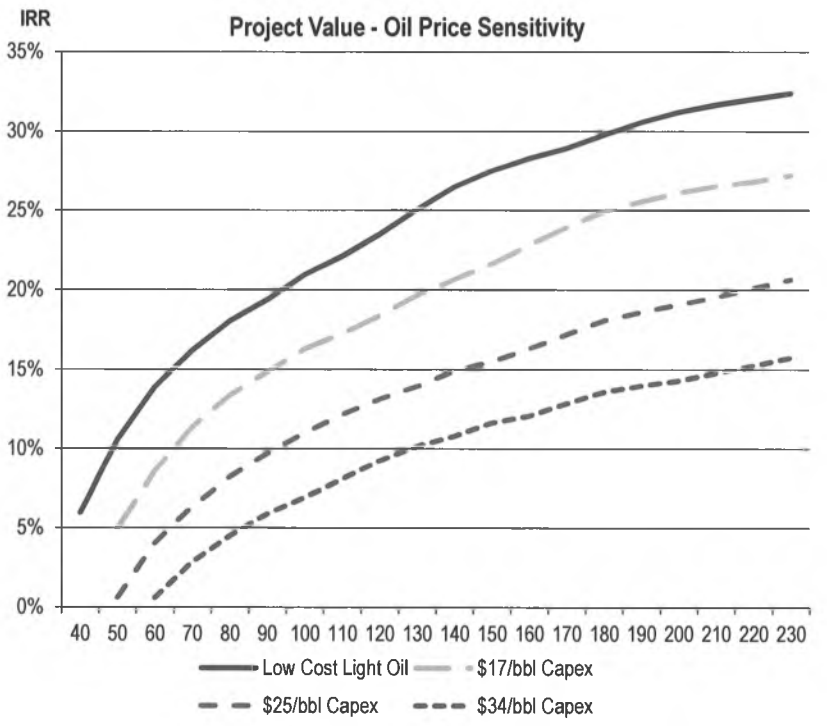
Project Value Under ACES: Cost and Price Sensitivity





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ACES – Effective as a Harvest Area Fiscal Regime

- ACES appears to work well as a "harvest" regime
  - Existing **mature fields remain profitable**, including capital work required to achieve ~6% decline (renewal capex)
  - **Maximum 'rent'** extracted from a declining production base is captured for the state
- ACES inhibits the development of new projects and resources that might help stem or even reverse the decline
  - ACES is **not progressive with regard to costs**, so high government take applies even to very high cost projects
  - Existing system of capital credits etc appears to do more to encourage 'renewal capex' than it does new production spending
  - Progressivity can have a major **detrimental impact on breakeven prices** for high-cost projects at current oil prices

Options to Spur New Developments

Approach	Implementation Options	Advantages	Disadvantages
Uniform lowering of Government Take	•Bracketing •Reduced Base Rate •Increased Progressivity Thresholds •Reduced Progressivity Rates •Progressivity Caps	•Does not require increased complexity •May present opportunities for simplification	•Incentivizing new high cost resources through this method alone requires giving substantial 'rent' back to producers on the mature producing assets
Differentiation between old and new production	•Allowance for New Oil •Switching in part away from Net Profits taxation to Gross Revenue Taxation, to enable different tax rates for different production streams without separate cost accounting and tax returns •Use of some combination of definitions for incremental production, ie base decline rate, regulator-agreed new programs, new areas	•Allows significant reductions in Govt Take on new and costlier developments (including heavy oil etc) without requiring significant reductions on the mature producing assets	•Administrative difficulties around definitions of 'new production'
Enhancements to cost progressivity of ACES	•Changes to allowable cost deduction or credits mechanism etc to provide greater 'uplift' for high capital and operating costs, while restricting negative Production Tax in marginal cases •Enhancements to royalty relief	•Does not require structural change away from ACES	•Increases already high complexity and opacity •May exacerbate problem of poor cost control incentives •Increases likelihood of unintended consequences •Likely less significant impact than new production differentiation

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Analysis of HB 3001

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Options to Spur New Developments

Approach	Implementation Options	Advantages	Disadvantages
Uniform lowering of Government Take	•Bracketing •Reduced Base Rate •Increased Progressivity Thresholds •Reduced Progressivity Rates •Progressivity Caps	•Does not require increased complexity •May present opportunities for simplification	•Incentivizing new high cost resources through this method alone requires giving substantial 'rent' back to producers on the mature producing assets
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HB 3001 – Main Aspects

- For production from new North Slope fields, 30% gross revenue exclusion
  - Applies to calculation of both base and progressive tax amounts
  - Does not apply to progressivity rate calculation
  - Applies for 10 years
- For all other North Slope production, 40% gross revenue exclusion
  - Applies to calculation of progressive tax amount only
  - Does not apply to base tax amount or to progressivity rate calculation
  - Applies indefinitely
- Maximum progressive tax rate capped at 60% (reduced from 75%)
- 40% Well Lease Expenditure Credit applied to North Slope
- Capital credits redeemed in single year (rather than spread over two)

Understanding the Gross Revenue Exclusions

	Price /Barrel	Barrels	ACES ($mm)	HB 3001 Existing	HB 3001 New Fields
ANS Oil Price	$ 109.47	555,227.00			
Total Annual Production		202,657,895	$ 22,185	$ 22,185	$ 22,185
Royalty Barrels		(30,158,081)	$ (3,301)	$ (3,301)	$ (3,301)
Taxable Barels		172,499,814	$ 18,884	$ 18,884	$ 18,884
Total Transportation Costs	$ (8.56)		$ (1,477)	$ (1,477)	$ (1,477)
Gross Value at Point of Production (GVPP)		172,499,814	$ 17,407	$ 17,407	$ 17,407
Total Lease Expenditures	$ (29.11)		$ (5,021)	$ (5,021)	$ (5,021)
Production Tax Value (PTV)	**$ 71.80**		**$ 12,385**	**$ 12,385**	**$ 12,385**
30% GVPP Allowance					$ 5,222
40% GVPP Allowance				$ 6,963	
Adjusted PTV for Base Tax			$ 12,385	$ 12,385	$ 7,163
Adjusted PTV for Progressive Tax			$ 12,385	$ 5,423	$ 7,163
Base Production Tax - 25%			$ 3,096	$ 3,096	$ 1,791
Progressive Production Tax - 16.72%			$ 2,071	$ 907	$ 1,198
Production Tax before Credits			$ 5,167	$ 4,003	$ 2,989
Credits			$ 450	$ 750	$ 750
Estimated Total Tax After Credits			$ 4,717	$ 3,253	$ 2,239

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Purpose of Gross Revenue Exclusion Concept

- ACES Production Tax is a profit-based tax – ie it taxes wellhead revenue net of costs
- Under the ACES structure, varying either the base or the progressive rates for some forms of production and not others introduces significant complexity – requires 'ring-fencing' to allocate costs between different streams of production
- Gross Revenue Exclusion is a concept that makes it possible to reduce government take on some streams of production but not others, without requiring ring-fencing
- In HB 3001, however, it is also used to reduce government take across all North Slope fields
  - This could also be accomplished through simply lowering progressivity
  - Approximately equivalent to reducing progressivity from .4% to .15%

FY 2013 Revenue Comparison

ANS West Coast Oil Price	Production Tax				Total State Take				Total Government Take				Cash to Companies				FY 2013 % Government Take			
	ACES	HB 3001 (ex 40% Well Credit)	HB 3001 (With 40% Well Credit)	HB110	ACES	HB 3001 (ex 40% Well Credit)	HB 3001 (With 40% Well Credit)	HB110	ACES	HB 3001 (ex 40% Well Credit)	HB 3001 (With 40% Well Credit)	HB110	ACES	HB 3001 (ex 40% Well Credit)	HB 3001 (With 40% Well Credit)	HB110	ACES	HB 3001 (ex 40% Well Credit)	HB 3001 (With 40% Well Credit)	HB110
40	(233)	(233)	(528)	(323)	1,413	1,413	1,142	1,330	1,616	1,616	1,441	1,563	378	378	554	432	81%	81%	72%	78%
50	82	82	(213)	(8)	2,148	2,148	1,877	2,065	2,803	2,803	2,628	2,750	1,218	1,218	1,393	1,271	70%	70%	65%	68%
60	513	513	218	423	2,989	2,989	2,719	2,907	4,060	4,060	3,884	4,006	1,988	1,988	2,164	2,042	67%	67%	64%	66%
70	996	957	662	864	3,878	3,842	3,572	3,757	5,347	5,323	5,148	5,268	2,727	2,751	2,927	2,806	66%	66%	64%	65%
80	1,736	1,493	1,198	1,339	5,002	4,779	4,509	4,638	6,787	6,642	6,466	6,550	3,314	3,459	3,635	3,551	67%	66%	64%	65%
90	2,613	2,111	1,816	1,898	6,252	5,792	5,522	5,597	8,308	8,010	7,834	7,883	3,819	4,118	4,293	4,245	69%	66%	65%	65%
100	3,628	2,813	2,518	2,522	7,629	6,881	6,611	6,615	9,913	9,427	9,251	9,254	4,241	4,727	4,903	4,900	70%	67%	65%	65%
110	4,782	3,597	3,302	3,210	9,132	8,046	7,776	7,692	11,599	10,893	10,718	10,663	4,582	5,287	5,463	5,517	72%	67%	66%	66%
120	6,073	4,464	4,169	3,963	10,761	9,287	9,017	8,829	13,367	12,409	12,233	12,111	4,840	5,798	5,974	6,096	73%	68%	67%	67%
130	7,503	5,414	5,119	4,783	12,517	10,603	10,333	10,026	15,218	13,974	13,798	13,598	5,016	6,260	6,435	6,635	75%	69%	68%	67%
140	8,550	6,193	5,898	5,645	13,922	11,764	11,494	11,261	16,841	15,438	15,262	15,111	5,420	6,823	6,998	7,149	76%	69%	69%	68%
150	9,623	6,989	6,694	6,507	15,352	12,940	12,670	12,498	18,479	16,911	16,736	16,624	5,808	7,376	7,551	7,663	76%	70%	69%	68%
160	10,730	7,806	7,511	7,370	16,813	14,135	13,864	13,735	20,138	18,397	18,222	18,137	6,175	7,916	8,092	8,176	77%	70%	69%	69%
170	11,873	8,644	8,349	8,232	18,306	15,349	15,078	14,971	21,818	19,896	19,720	19,650	6,522	8,444	8,620	8,690	77%	70%	70%	69%
180	13,049	9,503	9,208	9,095	19,830	16,581	16,311	16,208	23,518	21,406	21,231	21,163	6,849	8,960	9,136	9,203	77%	70%	70%	70%
190	14,261	10,382	10,087	9,957	21,386	17,833	17,563	17,444	25,239	22,929	22,753	22,676	7,155	9,464	9,640	9,717	78%	71%	70%	70%
200	15,506	11,282	10,987	10,820	22,974	19,104	18,834	18,681	26,980	24,464	24,289	24,189	7,440	9,955	10,131	10,230	78%	71%	71%	70%

Note: Consistent with DOR methodology, these revenue numbers do not include payments for tax credits which are not claimed against current production, as these are accounted for separately in the budget. In 2013, DOR forecasts a potential liability of $400mm for these credits.

Well Credit impact has been estimated assuming 40% of Capex dollars are Well Expenditures, qualifying for the 40% Well Credit. Actual impact will vary depending on proportion of Capex qualifying for the Well Credit.

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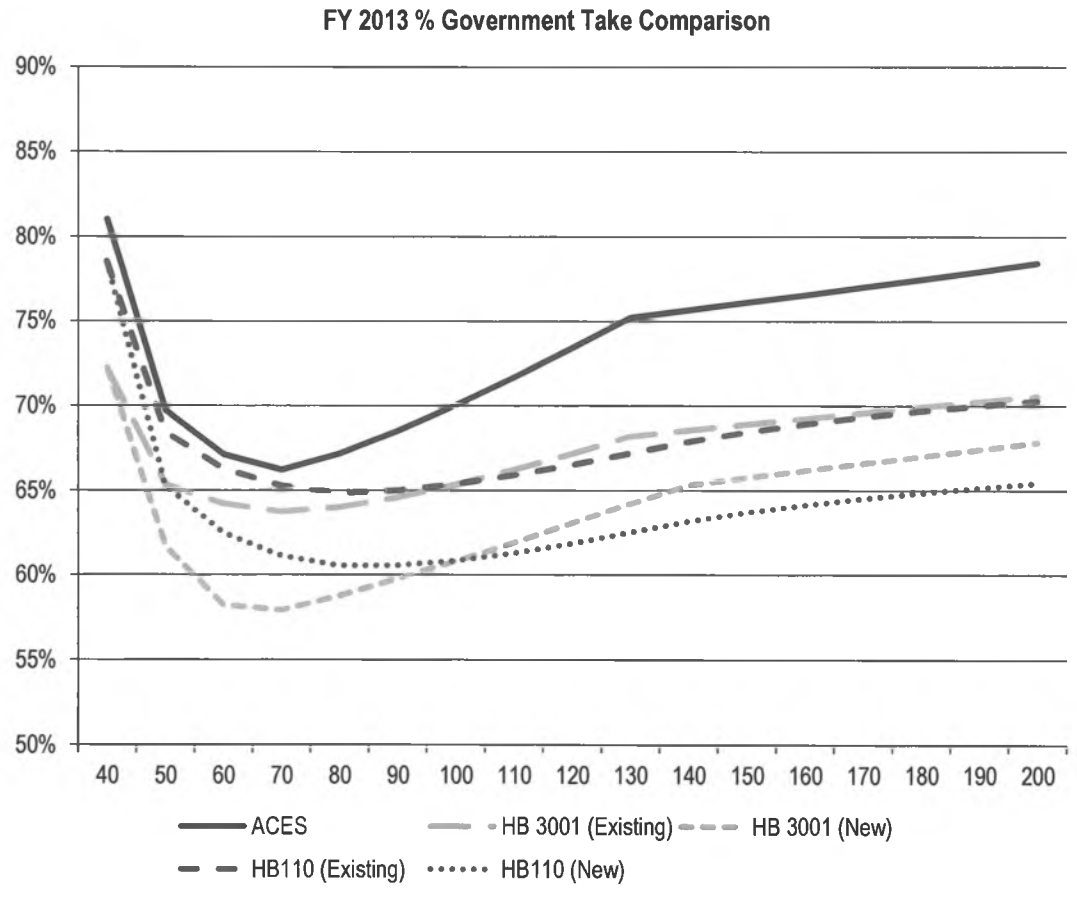
FY 2013 Government Take Comparison

Price	FY 2013 % Government Take				
	ACES	HB 3001 (Existing)	HB 3001 (New)	HB110 (Existing)	HB110 (New)
40	81%	72%	72%	79%	79%
50	70%	65%	62%	68%	65%
60	67%	64%	58%	66%	62%
70	66%	64%	58%	65%	61%
80	67%	64%	59%	65%	61%
90	69%	65%	60%	65%	61%
100	70%	65%	61%	65%	61%
110	72%	66%	62%	66%	61%
120	73%	67%	63%	67%	62%
130	75%	68%	64%	67%	63%
140	76%	69%	65%	68%	63%
150	76%	69%	66%	68%	64%
160	77%	69%	66%	69%	64%
170	77%	70%	67%	69%	65%
180	77%	70%	67%	70%	65%
190	78%	70%	67%	70%	65%
200	78%	71%	68%	70%	65%



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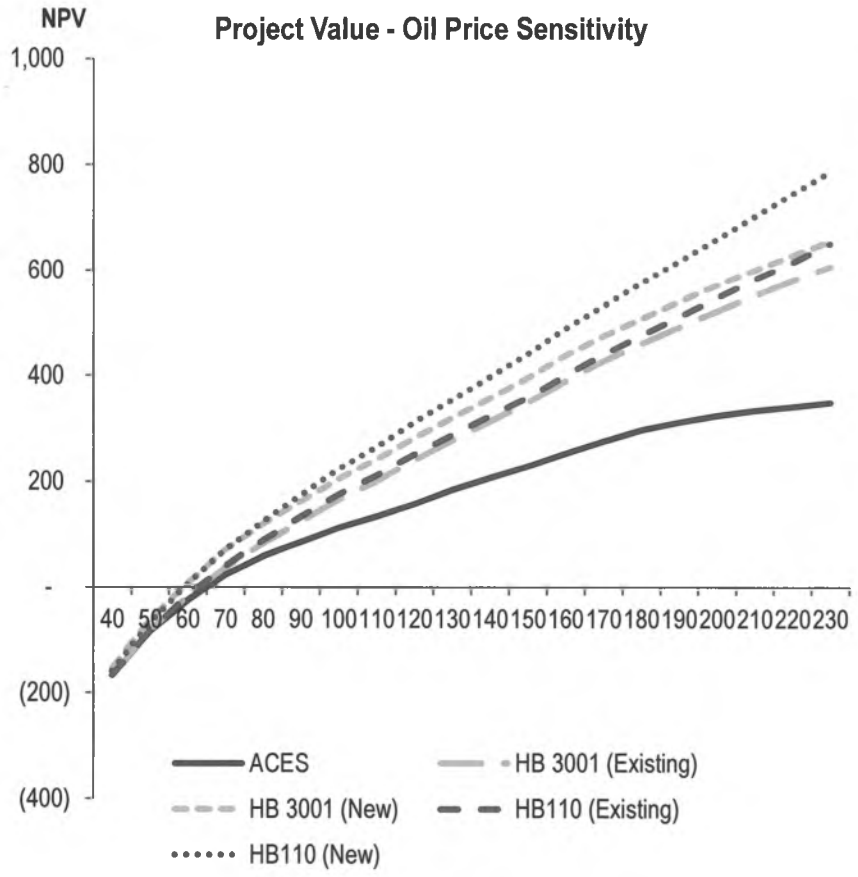
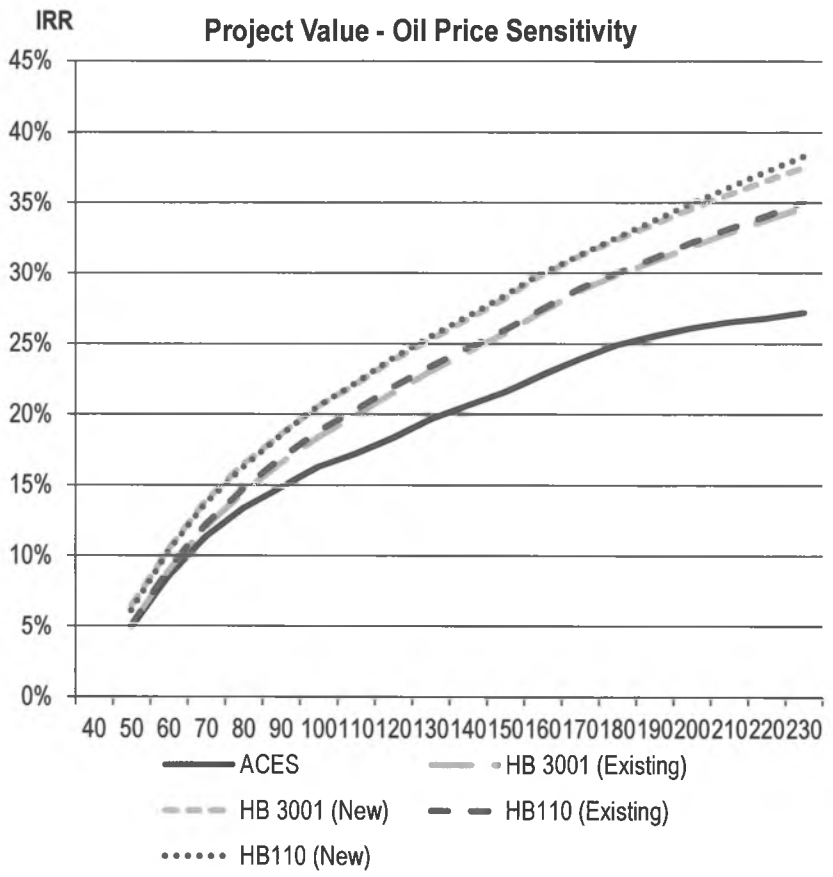
$17/bbl Field: Project Value Under Different Fiscal Options





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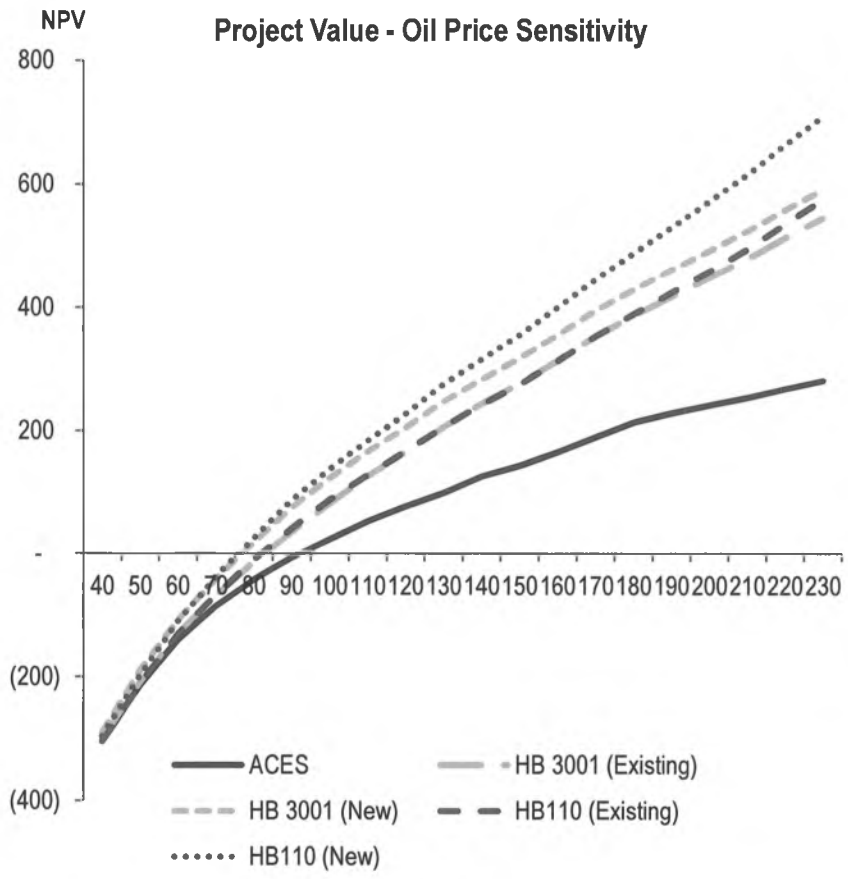
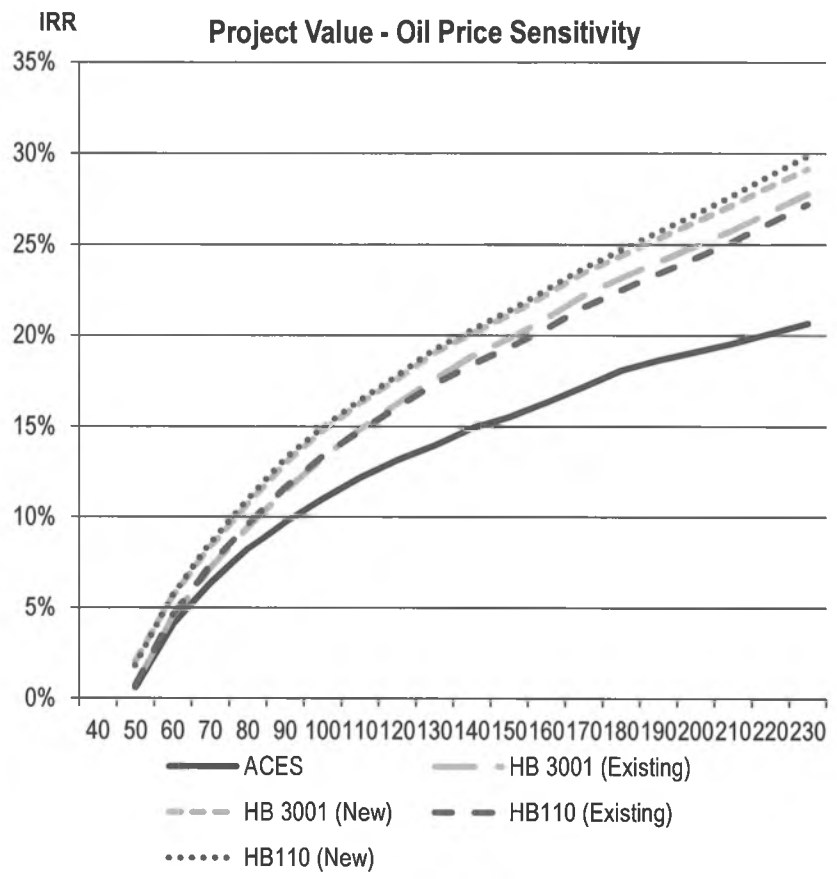
$25/bbl Field: Project Value Under Different Fiscal Options





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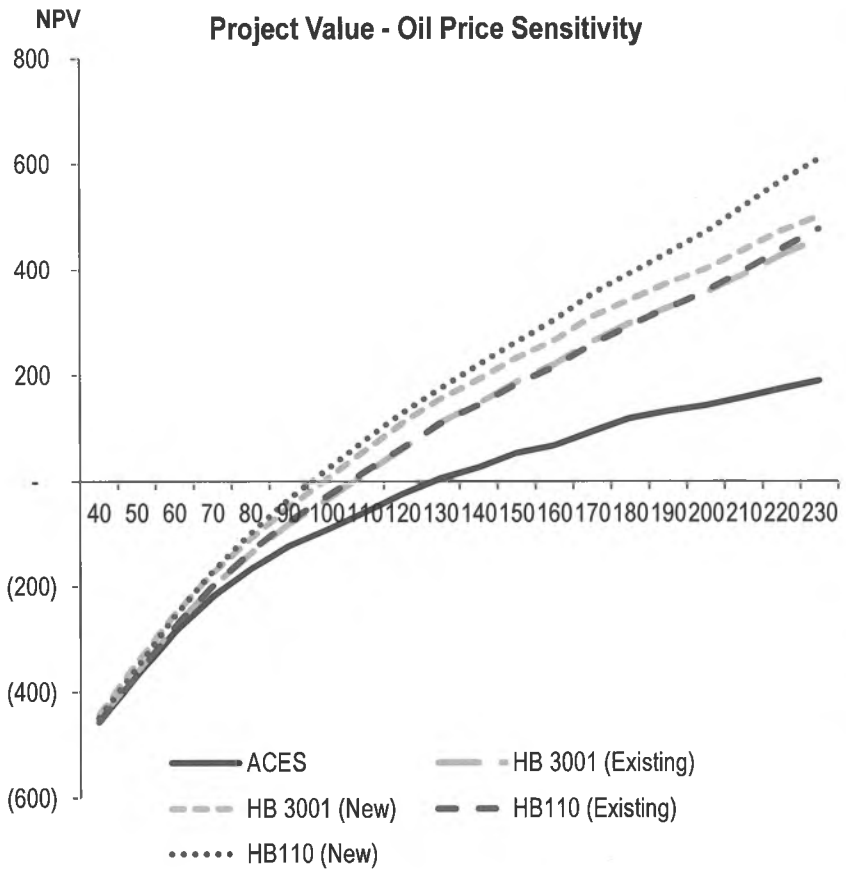
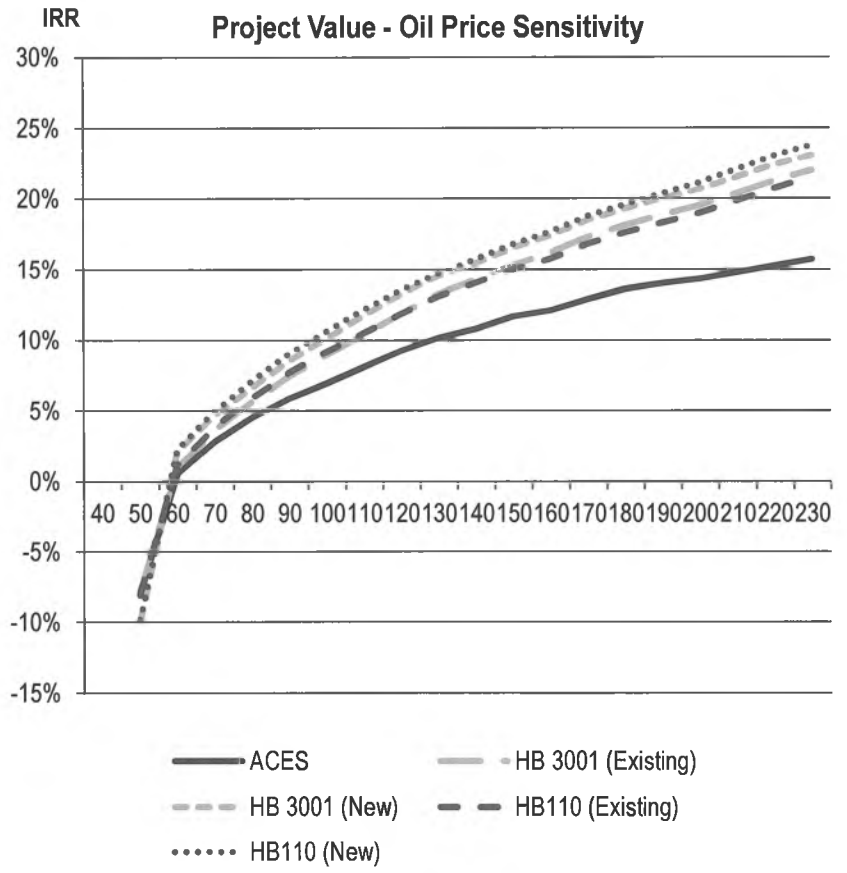
$34/bbl Field: Project Value Under Different Fiscal Options





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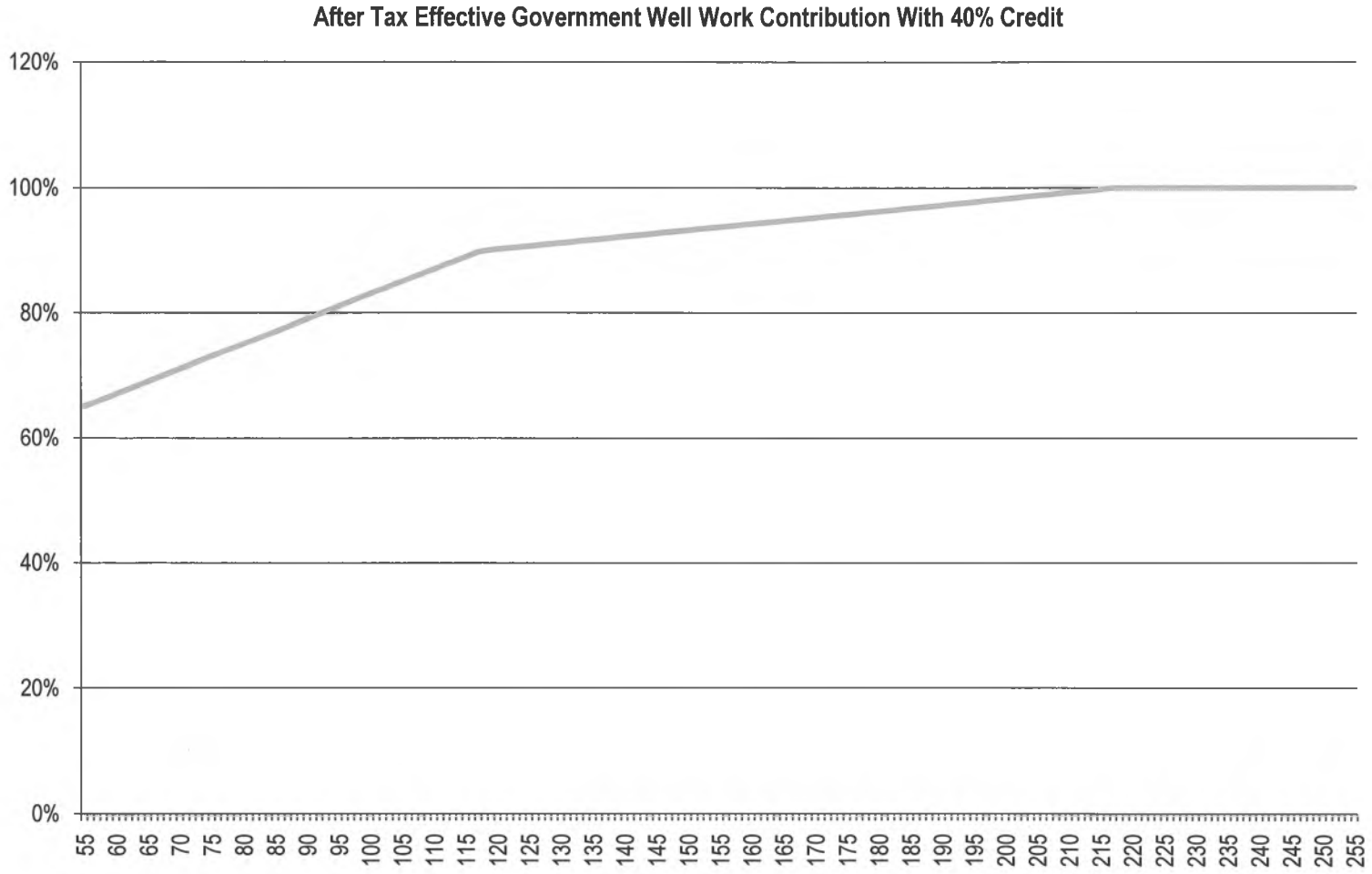
40% Well Credits Create High Levels of Government Support



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Key Issues

- Across-the-board reduction in government take is simplest approach, but requires forgoing significant revenue on activities that are currently economic
- If, hypothetically, decline on legacy fields could be reduced to 2% from 6%, revenue from 2020 onward could be higher than under current scenario; revenue until that point would be significantly reduced
- Alternative approach is to endeavor to differentiate between existing v incremental production from legacy fields
  - Significant complexities to doing this effectively
- HB3001 does not address other key issues with ACES including
  - Oil / Gas decoupling
  - High levels of spending support through high credits & progressivity

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PFC Energy

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PFC Energy has adjusted data where necessary in order to render it comparable among companies and countries, and used estimates where data may be unavailable and or where company or national source reporting methodology does not fit PFC Energy methodology. This has been done in order to render data comparable across all companies and all countries.

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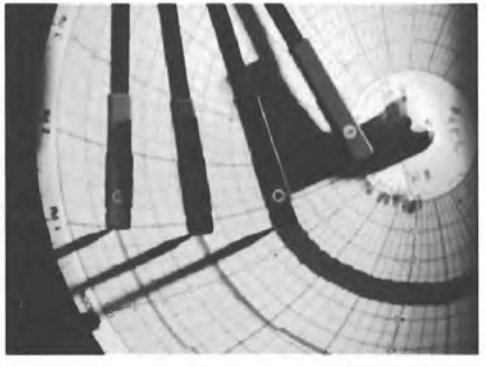
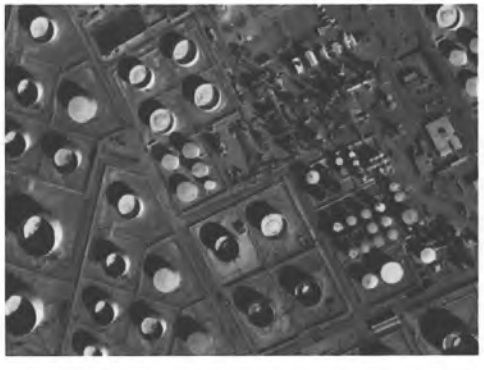
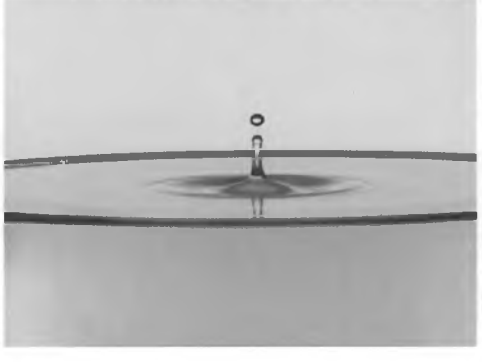








PFC Energy

Decline Curves

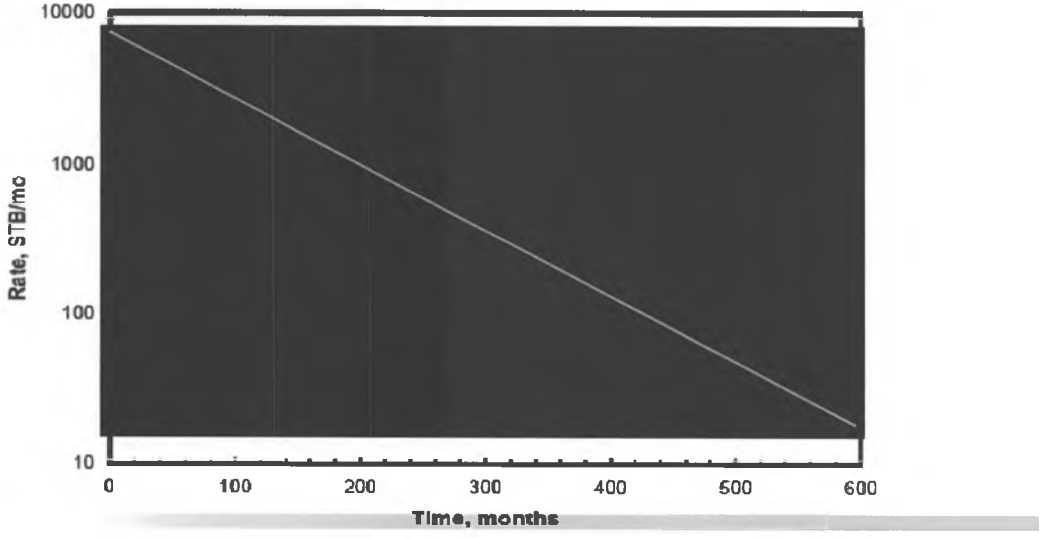
Joint House Resources and Energy Committees

23 April 2012

William C. Barron

Division of Oil and Gas

Decline Curve Shapes: Semilog Rate-Time



- Exponential b=0, $q_t=q_i\exp^{(-Dt)}$
- Hyperbolic decline b>1 :$q_t=q_i/(1+bD_it)^{(-1/b)}$
- Harmonic Decline where b=1, $q_t=qi/(1+D_it)$

Where: t= time of interest, q_t= rate at time t, q_i=initial rate, D_i is decline rate at time 0 (1/time), b=Arps' decline constant describing curvature of simi-log rate vs. time

Items Affecting Production

Adding Production

- Well Drilling
- Well Maintenance
- Enhanced Oil Recovery
- New Facilities, Infrastructure, Debottlenecking
- New Technology

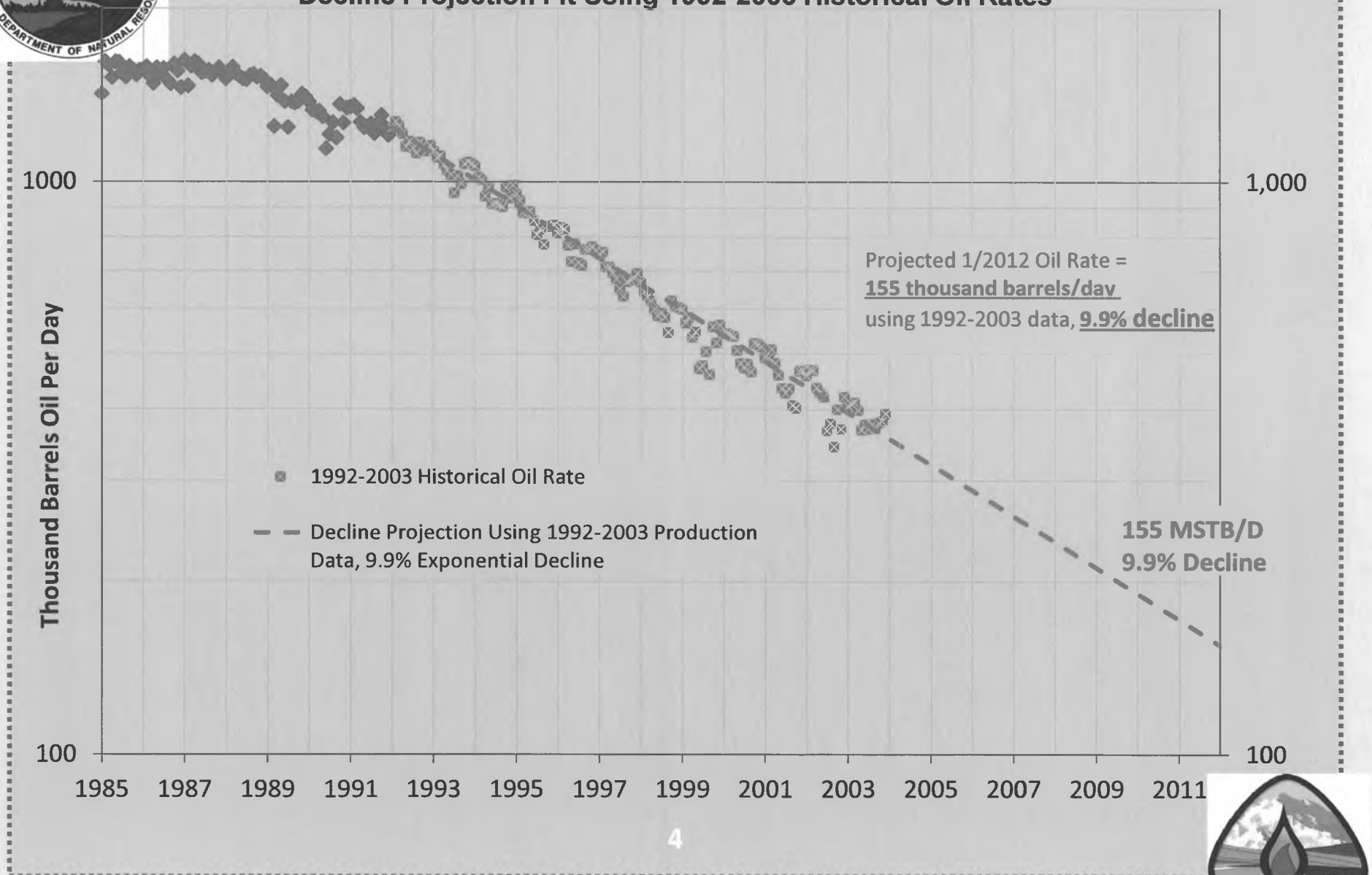
Decreasing Production

- Aging facilities and infrastructure
- Gas and Water Handling
- Well Failures
- Decreasing new well rate with time
- Costs

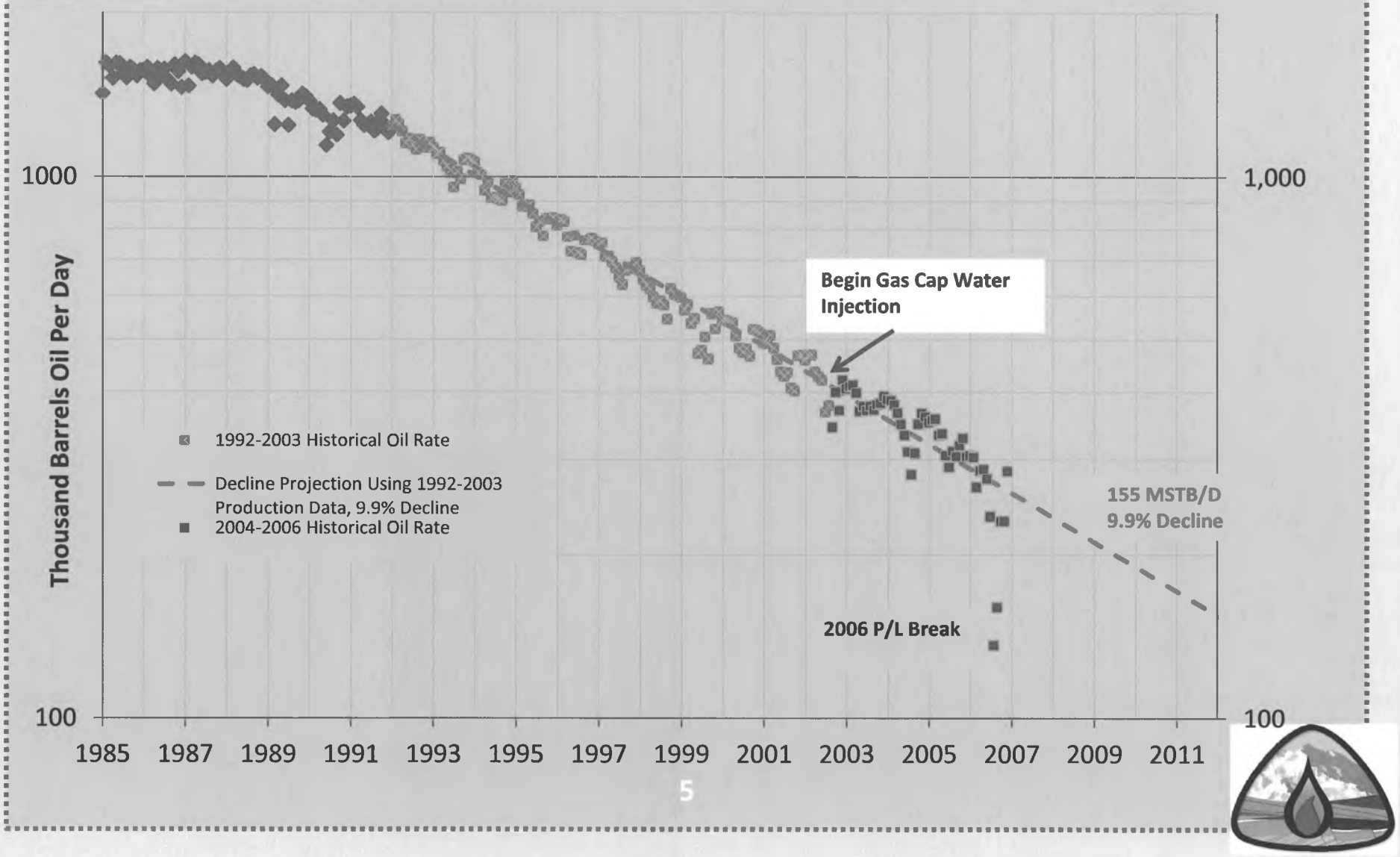


PBU Initial Participating Area

Decline Projection Fit Using 1992-2003 Historical Oil Rates

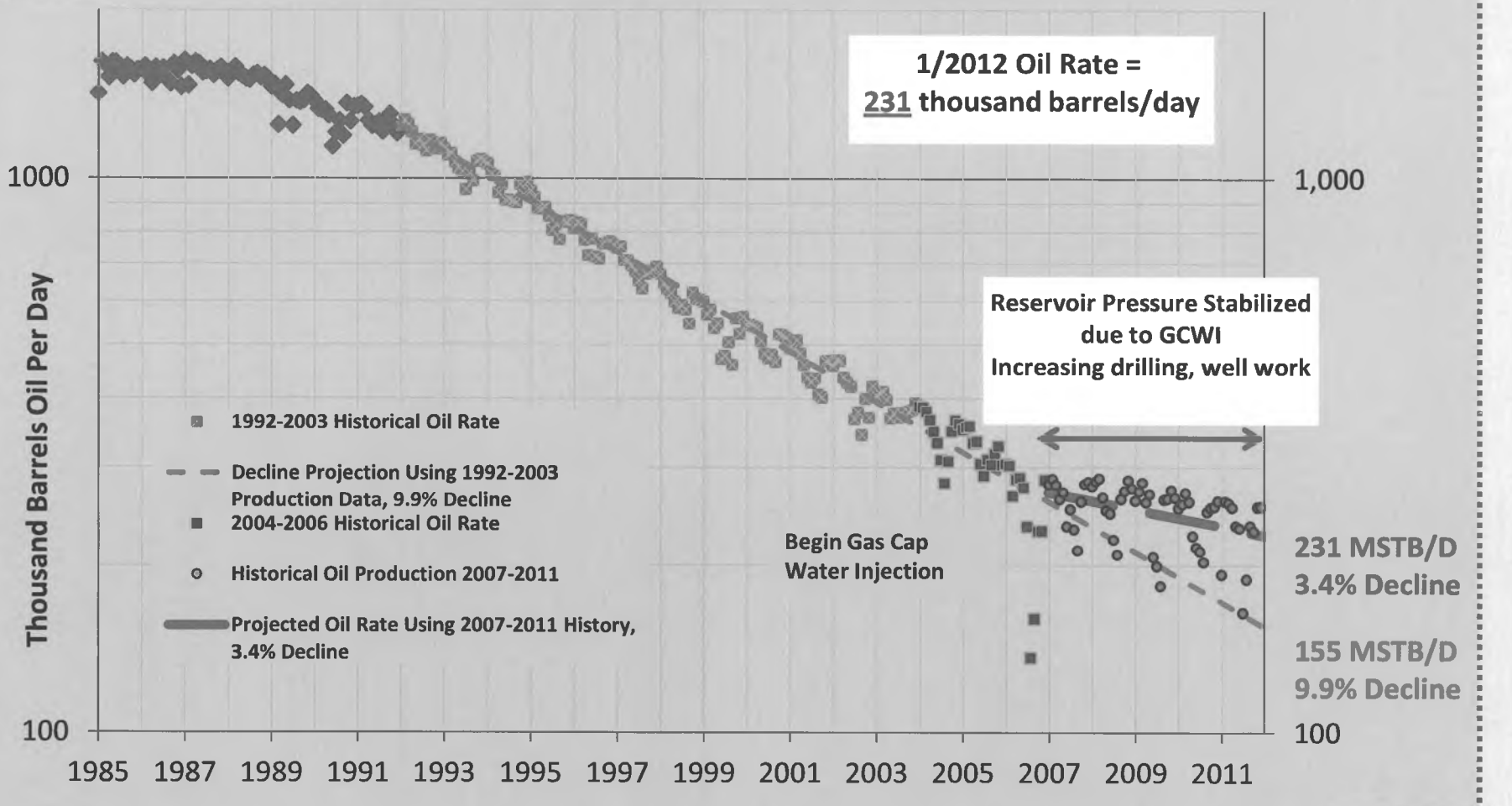


PBU Initial Participating Area



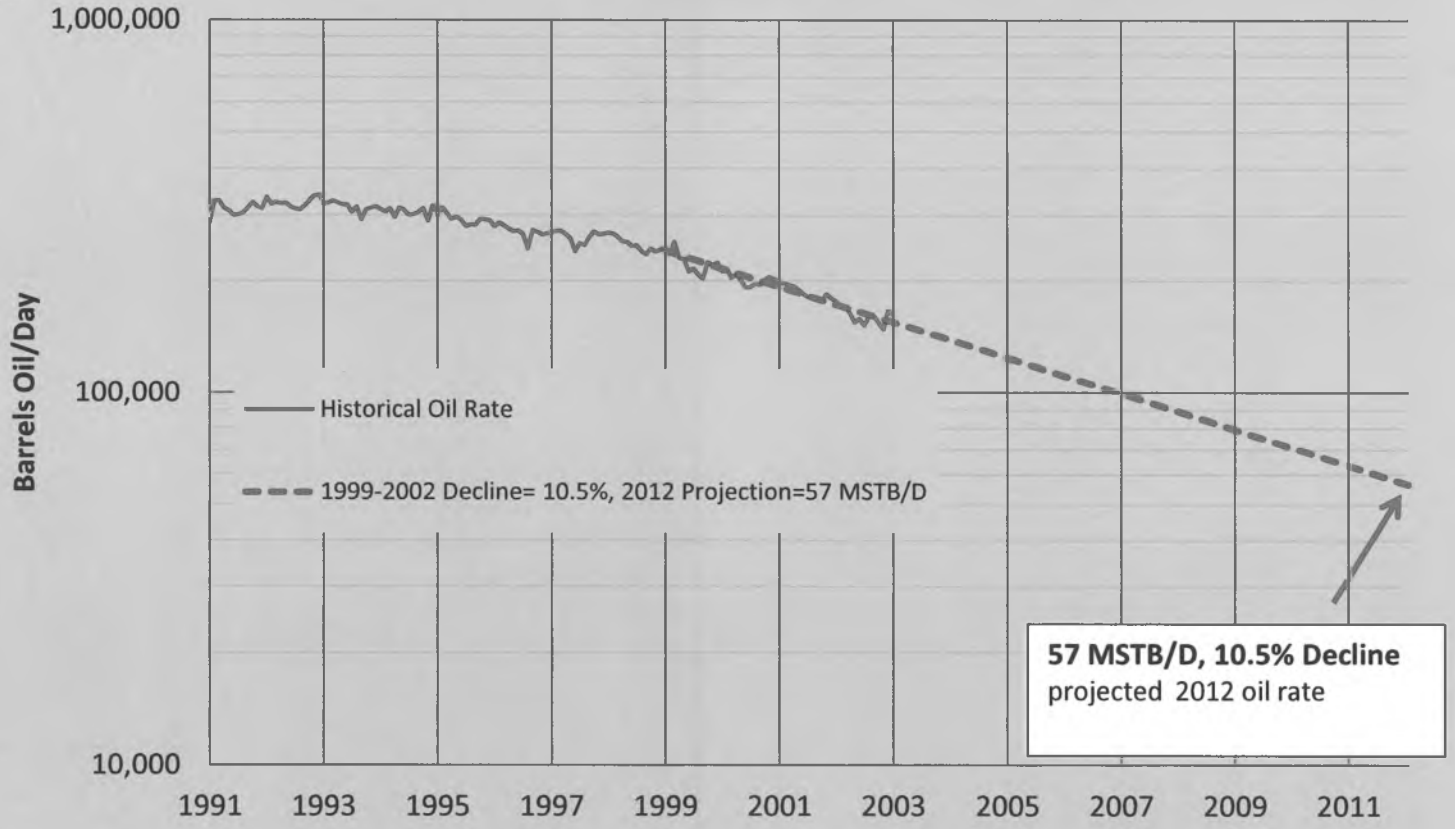
PBU Initial Participating Area

Decline Projection Using 2007-2011 Data
Effect of Gas Cap Water Injection, Drilling, Well Work
Oil Rate increase of +/- 75 thousand barrels/day

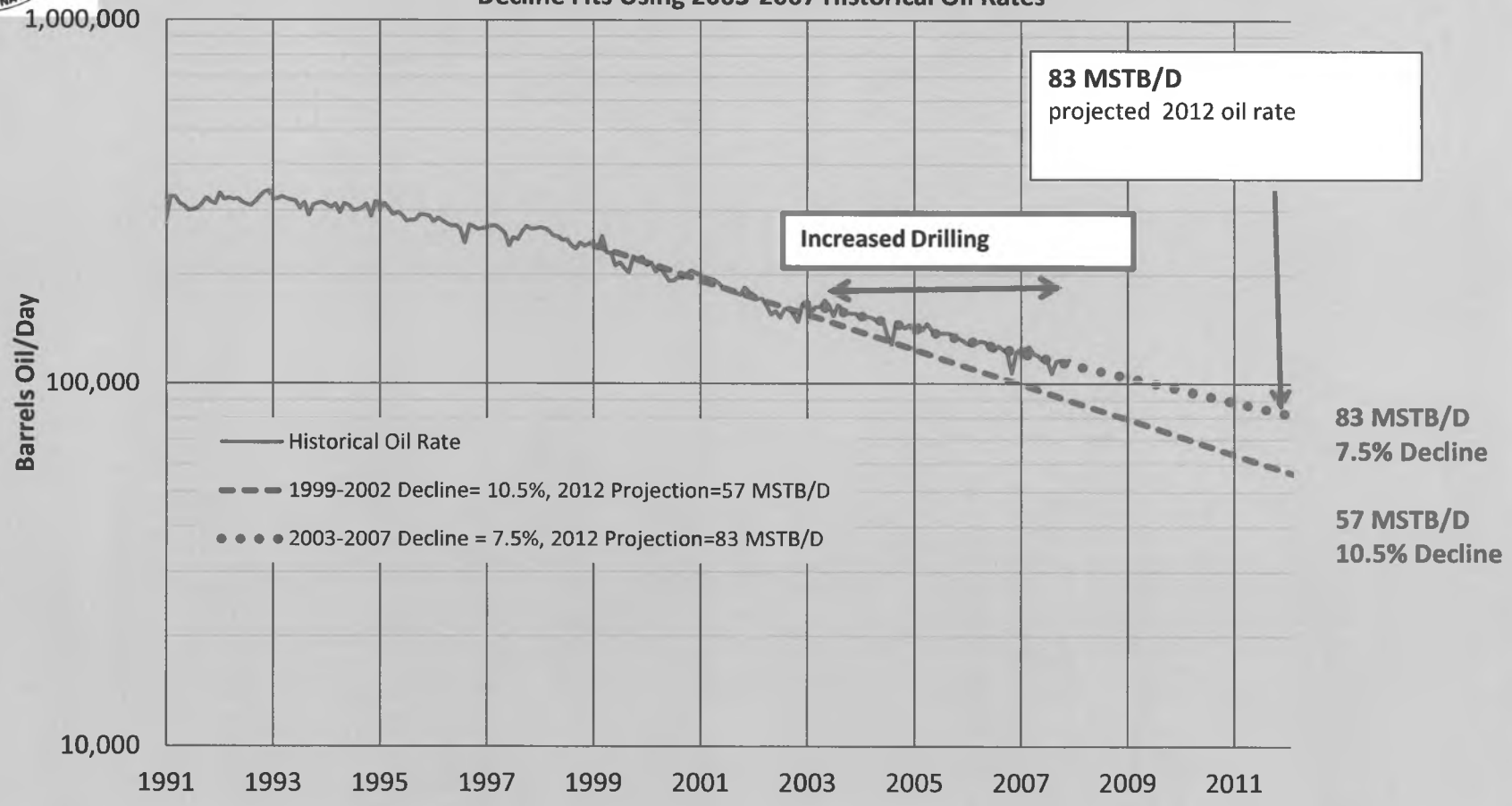


Kuparuk River Unit - Kuparuk Participating Area

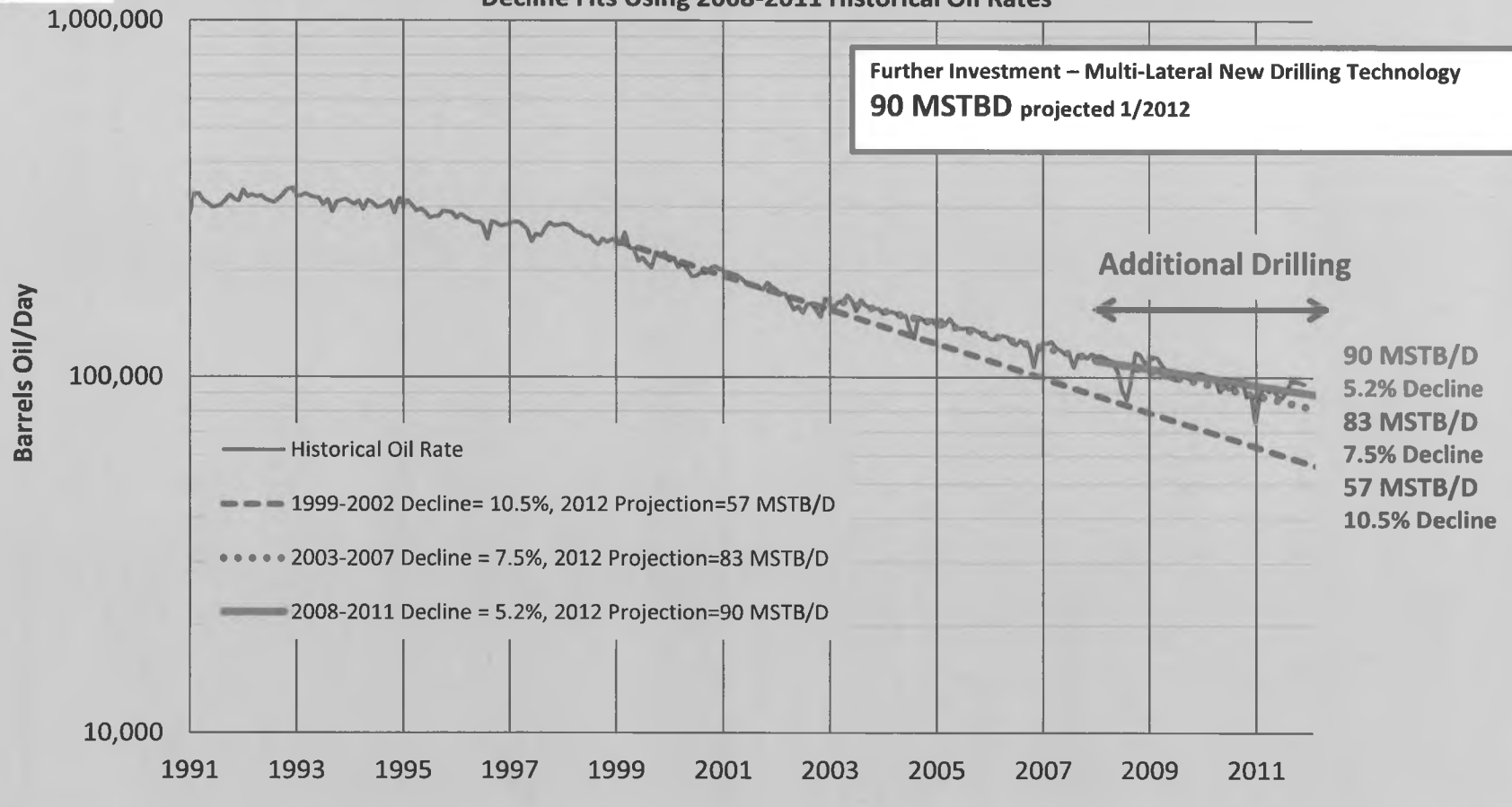
Decline Fits Using 1999-2002 Historical Oil Rates

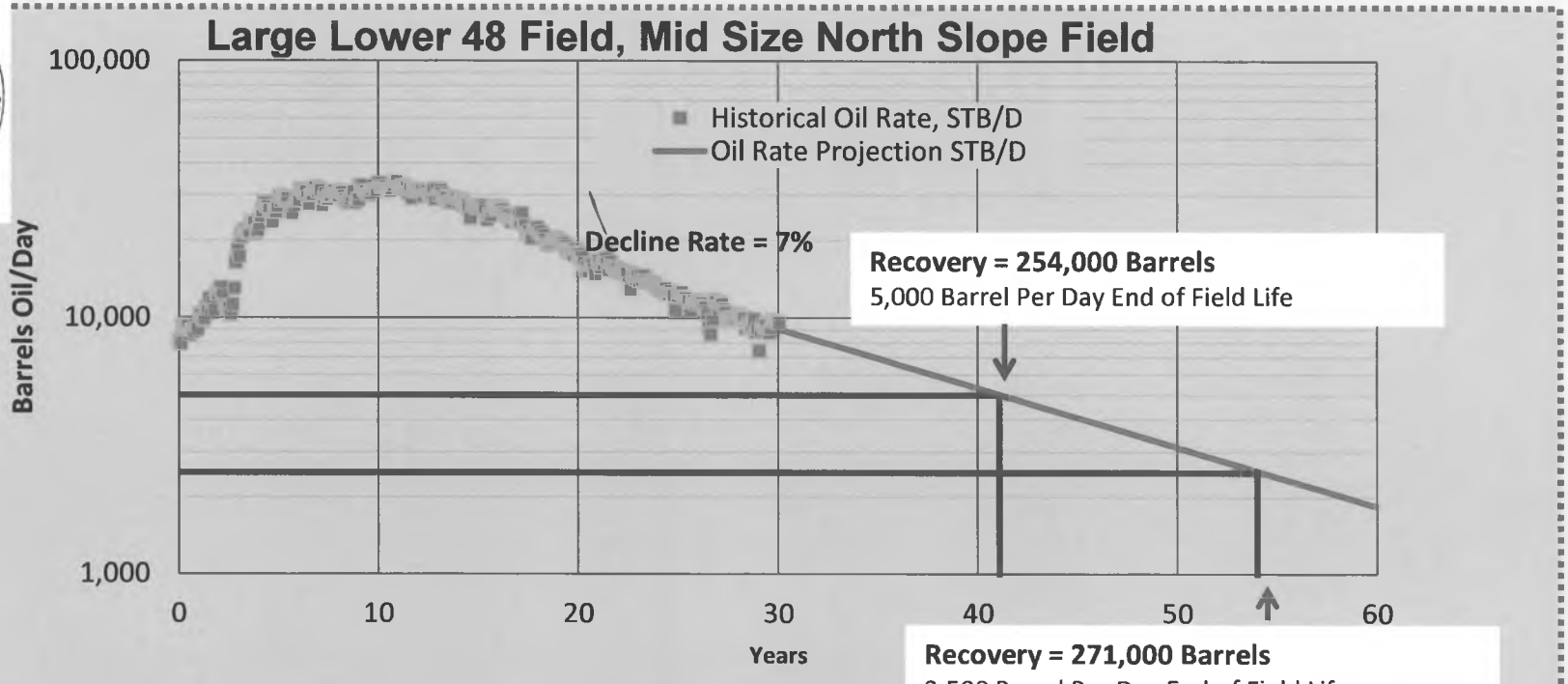


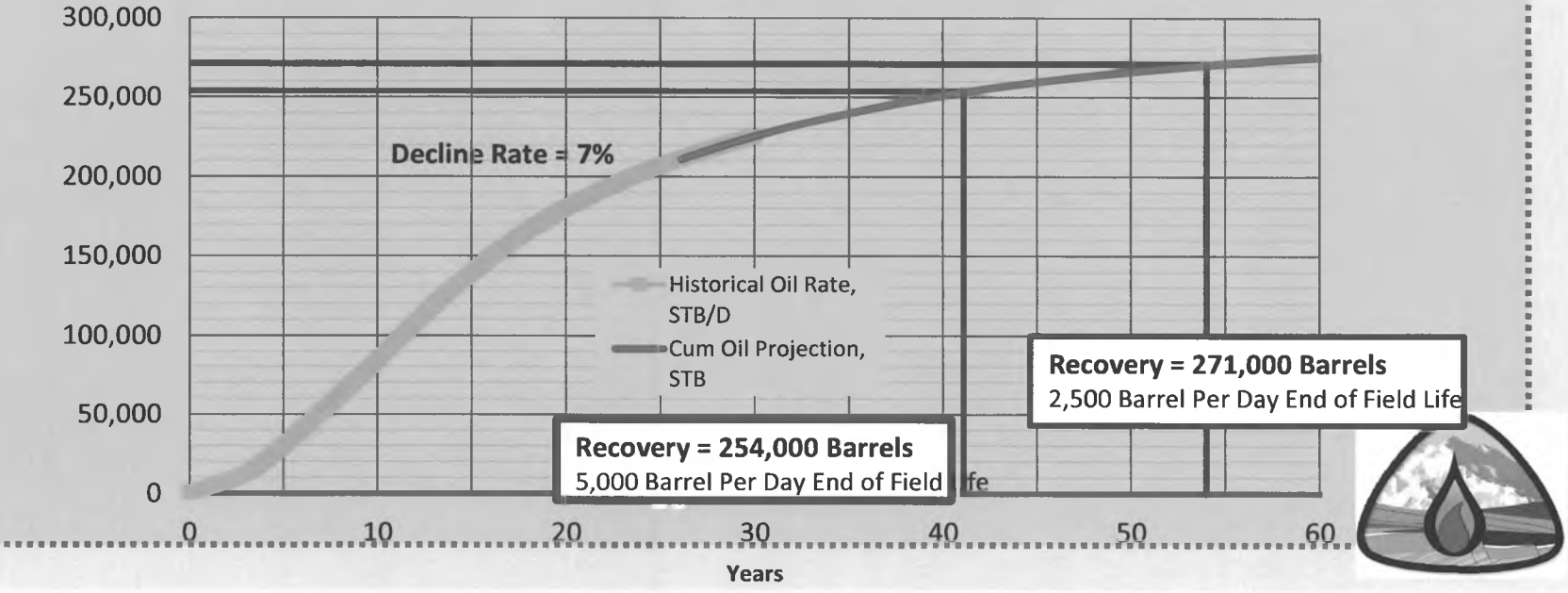
Kuparuk River Unit - Kuparuk Participating Area

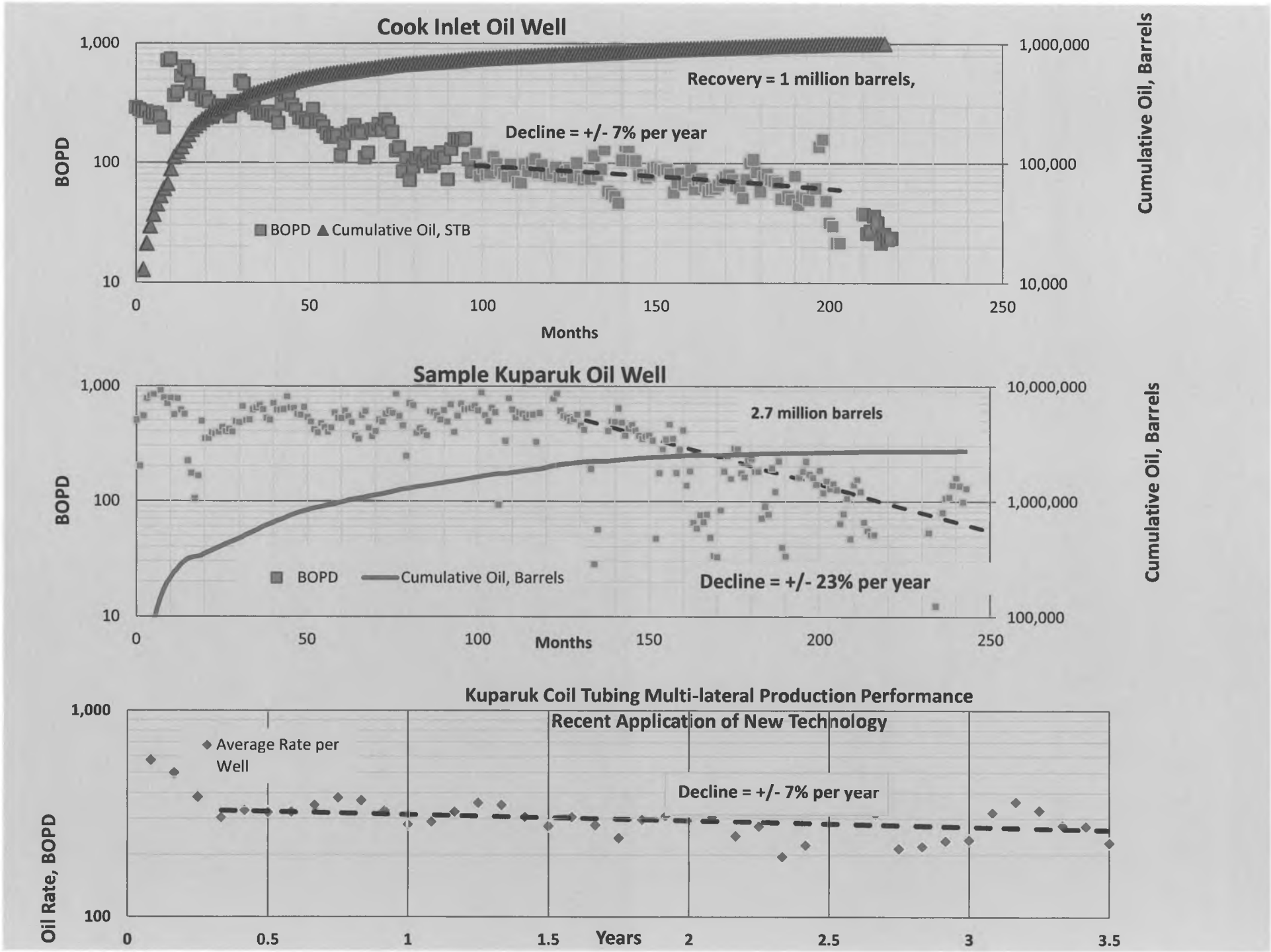


Kuparuk River Unit - Kuparuk Participating Area

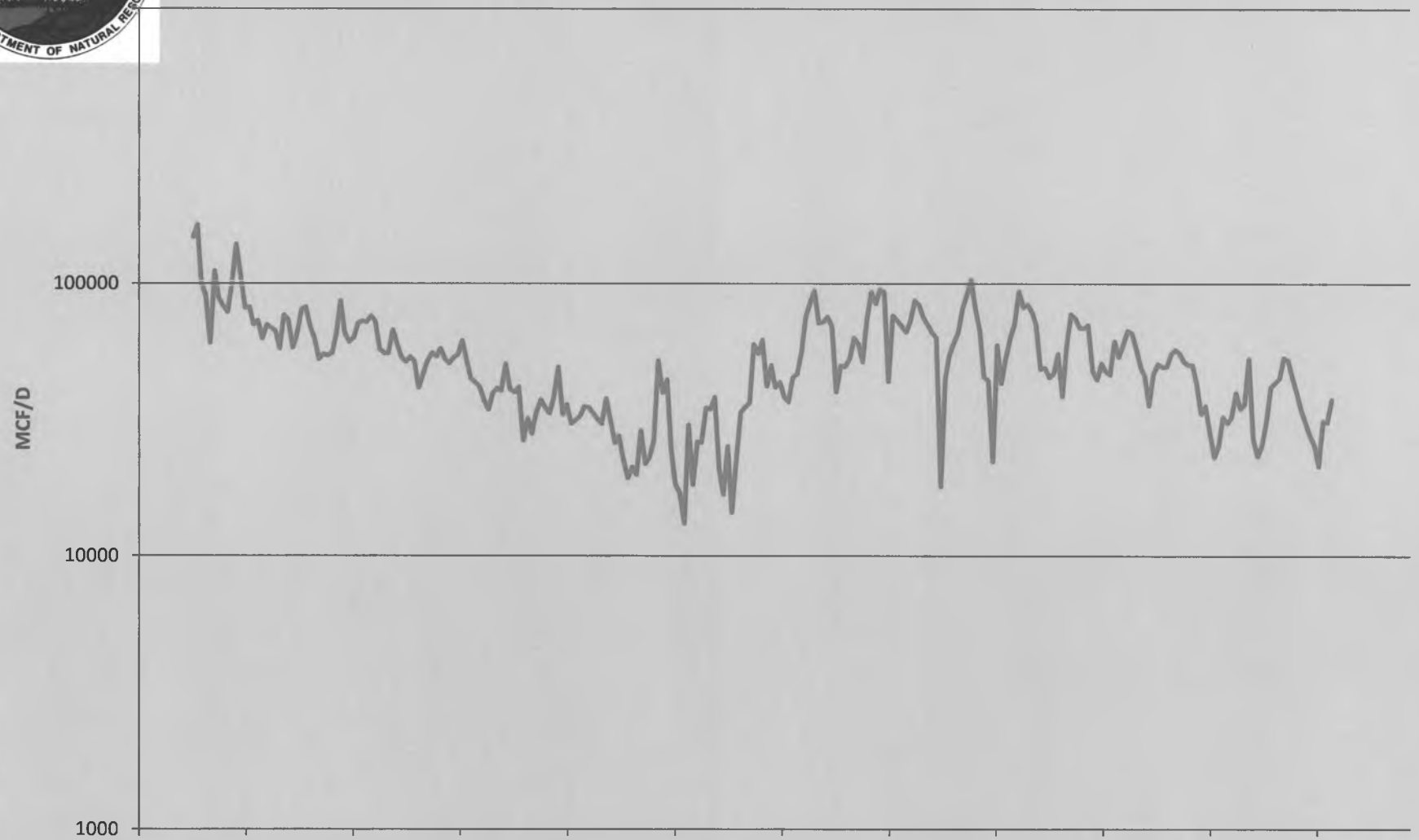



Large Lower 48 Field, Mid Size North Slope Field
100,000
10,000
1,000
Barrels Oil/Day
Historical Oil Rate, STB/D
Oil Rate Projection STB/D
Decline Rate = 7%
Recovery = 254,000 Barrels
5,000 Barrel Per Day End of Field Life
0
10
20
30
40
50
60
Years
Recovery = 271,000 Barrels
2,500 Barrel Per Day End of Field Life

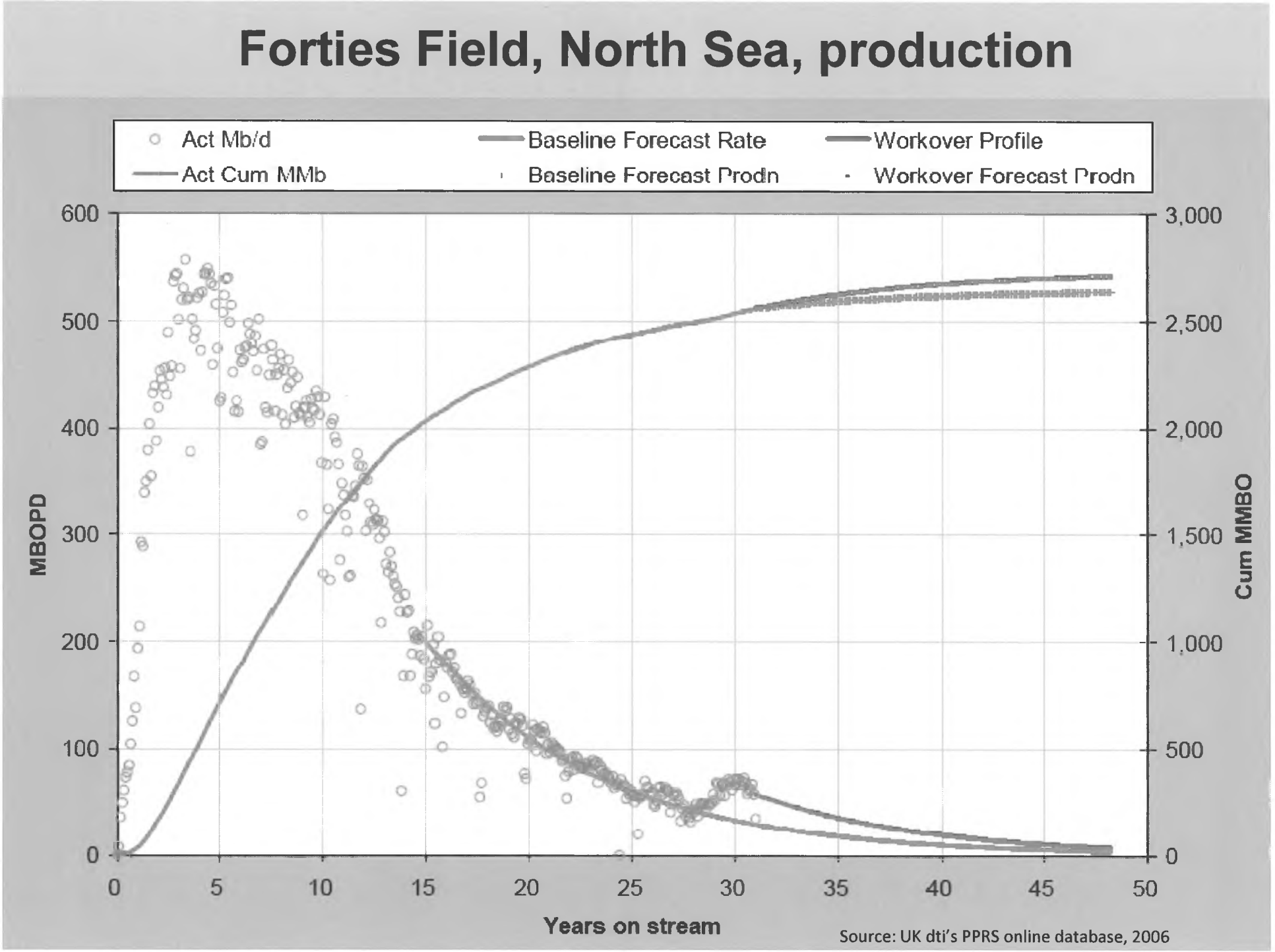

300,000
250,000
200,000
150,000
100,000
50,000
0
Cumulative Oil, Barrels
Decline Rate = 7%
Historical Oil Rate, STB/D
Cum Oil Projection, STB
Recovery = 254,000 Barrels
5,000 Barrel Per Day End of Field Life
Recovery = 271,000 Barrels
2,500 Barrel Per Day End of Field Life
0
10
20
30
40
50
60
Years


Cook Inlet Oil Well
1,000
100
10
BOPD
0
50
100
150
200
250
Months
1,000,000
100,000
10,000
Cumulative Oil, Barrels
Recovery = 1 million barrels,
Decline = +/- 7% per year
BOPD
Cumulative Oil, STB
Sample Kuparuk Oil Well
1,000
100
10
BOPD
0
50
100
Months
150
200
250
10,000,000
1,000,000
100,000
Cumulative Oil, Barrels
2.7 million barrels
BOPD
Cumulative Oil, Barrels
Decline = +/- 23% per year
Kuparuk Coil Tubing Multi-lateral Production Performance
Recent Application of New Technology
1,000
100
Oil Rate, BOPD
Average Rate per Well
Decline = +/- 7% per year
0
0.5
1
1.5
Years
2
2.5
3
3.5

Kenai Gas Field Daily Gas Production in mcf/d



Forties Field, North Sea, production



Source: UK dti's PPRS online database, 2006

What will it take to reach the goal?

- Collaborative and competitive environment
- Minimize all barriers
- Access all fields and all types of oil

Rep Seaton

bp

BP Exploration (Alaska) Inc
PO Box 196612
900 East Benson Boulevard
Anchorage, Alaska 99519-6612

April 27, 2012

Co-Chair Eric Feige
Co-Chair Paul Seaton
House Resource Committee
State Capitol MS3100
Juneau, AK 99801-1182

Dear Co-Chairs Feige and Seaton:

During the House Resource Committee's deliberations on April 25, 2012 regarding HB 3001, Representative Gardner asked whether BP included the $5 billion of incremental growth projects that would progress with meaningful tax change, in our September 2011 submission to support the Department of Revenue (DOR) preparation of the Fall 2011 Revenue Source Book. Please accept this letter as BP's response to the question.

Context
In the DOR's Fall 2011 Revenue Source Book, production data is represented in three categories (see DOR Fall 2011 Revenue Source Book, page 39):

1) Currently Producing: This includes producing fields with ongoing activity/investment with production declining averaging approximately 6%-11%
2) Under Development: This includes various projects at different levels of maturity, and represents a total (Currently Producing plus Under Development) of approximately 4%.
3) Under Evaluation: Includes projects with various challenges to progress; these options, when added to the Currently Producing and the Under Development, manage the total decline rate to approximately 3%.

It is important to note that the DOR creates its own production forecast and only uses producer data as a "sense check", not as direct input. Furthermore, the DOR uses the three categorizations above in support of its own forecasting methodology and producers do not submit data using the same structure however we do discuss the categories with the DOR when we answer their questions regarding our submission.

BP Data Submittal

In BP's September 2011 submission to the DOR, BP included data from two groups of data:

1) Group 1: Our base plan, which forecasts a 6%-8% production decline in the near and mid-term. This is the data set that we use for our own internal business planning purposes and is consistent with slide 9 of BP's testimony before your Committee on April 25, 2012 (see the sum of the blue and green bricks of the 2020 Production bar)
2) Group 2: Our incremental set of opportunities, which are currently economically challenged and require efficiency and technology improvements to progress to sanction, or a change in state production taxes to reduce the efficiency and technology challenges. This production is primarily reflective of the $5 billion of additional opportunities that BP has communicated externally as moving forward with meaningful tax change, as well as a few other options that are less mature and which we would expect to impact production in outer-years. We consider these projects to fall under the DOR's category of "Under Development" or "Under Evaluation". Once again, this is consistent with slide 9 of BP's testimony of April 25 (the mustard brick of the 2020 Production bar).

BP has been pleased to support the DOR's efforts to continuously improve its production forecasting methodology and we remain available to discuss this matter further in the future.

Please let me know if you have any remaining questions or concerns.

Sincerely,

Damian Bilbao
Head of Finance, Developments and Resources

cc: House Resource Committee Members
House Special Committee on Energy Members

Alaska's Budget Outlook



House Resources and Energy Committees

April 25, 2012

Office of Management and Budget

Budget Vision

Governor Parnell's vision

Economic Growth and Strengthening Families

Budget Principles

Guiding principles

- Fiscal Restraint
- Strategic Investments
- Cash Reserves
- Focus on Results

Budget Priorities

Focus on Administration's strategic investment priorities

- Resource Development
- Education
- Public Safety
- Transportation/Infrastructure
- Military Support

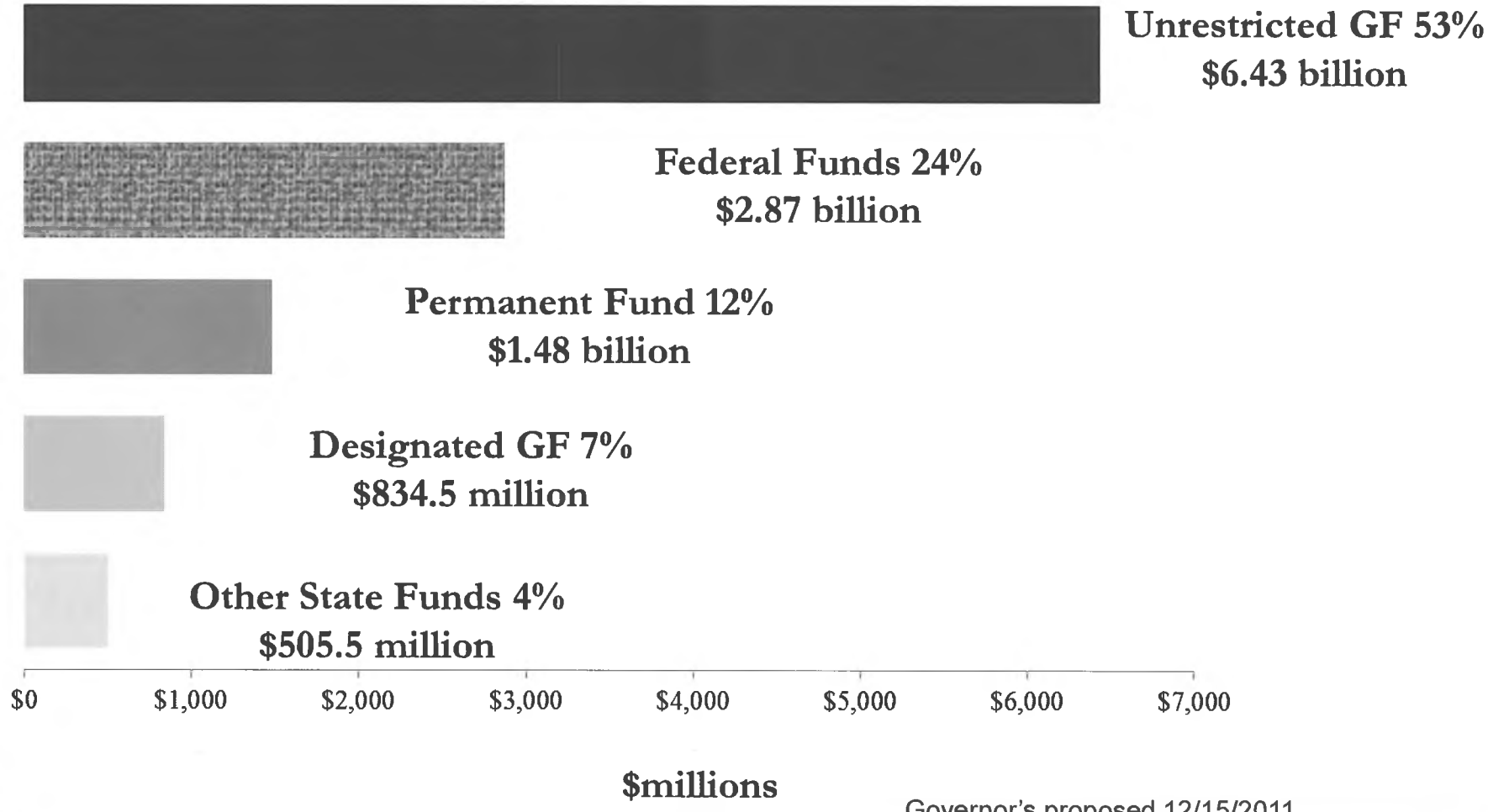
FY2012/2013 Revenue & Savings

Budget Restraint = Surplus

Unrestricted General Funds	FY2012	FY2013
Revenue (FY12 includes $53.6 reapprop./carry forward)	$9,869.9	$8,440.1
Spending	$7,352.1	$7,679.8
Available Balance	$2,516.8	$760.3
Savings (deposits to SBR)	$1,750.0	$250.0
Opportunity for add'l Savings	$766.8	$510.3
Total potential savings		$3,277.1

FY2013 Proposed Budget Sources of Funds

Total FY2013 Proposed Budget $12.1 Billion

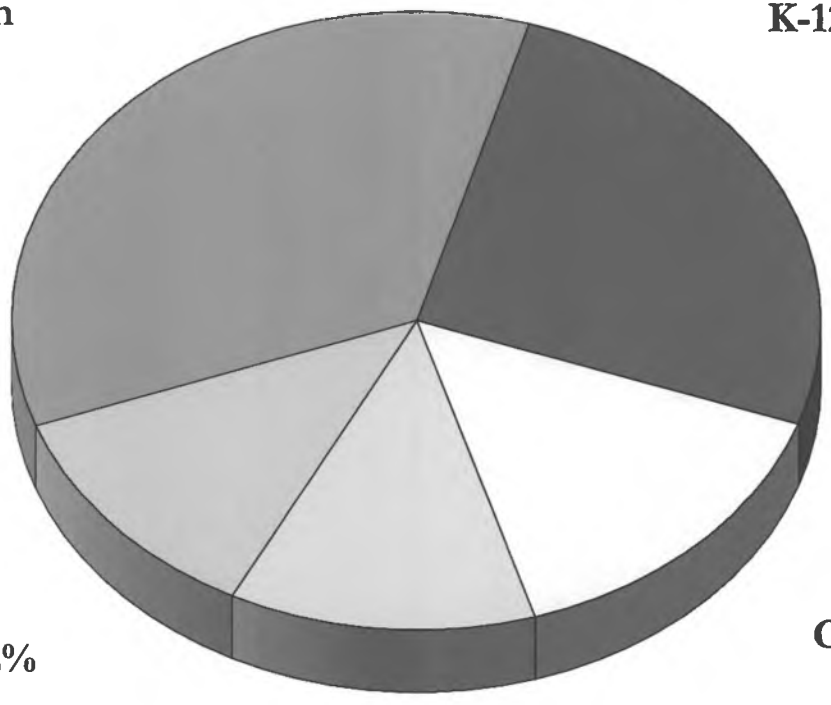


Governor's proposed 12/15/2011

FY2013 Proposed Expenditures by Category

Agency Nonformula 35%
$4.24 Billion

K-12 & Other Formula 26%
$3.13 Billion



Statewide
Appropriations 12%
$1.44 Billion

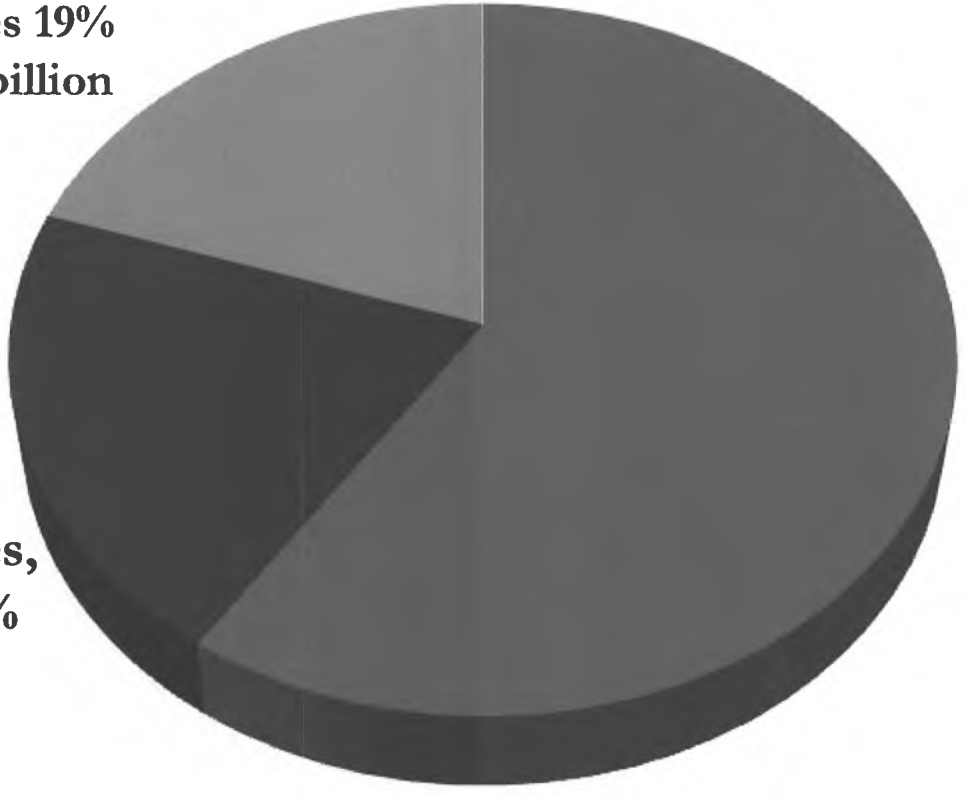
Capital Budget 15%
$1.80 Billion

Permanent Fund 12%
$1.48 Billion

Total Funds = $12,120.6 million

FY2013 Proposed Budget- Another Perspective

60% of Alaska's budget benefits communities, organizations and individuals through grants, direct payments and capital project funding



Includes duplicate funds, savings, investments and the Permanent Fund

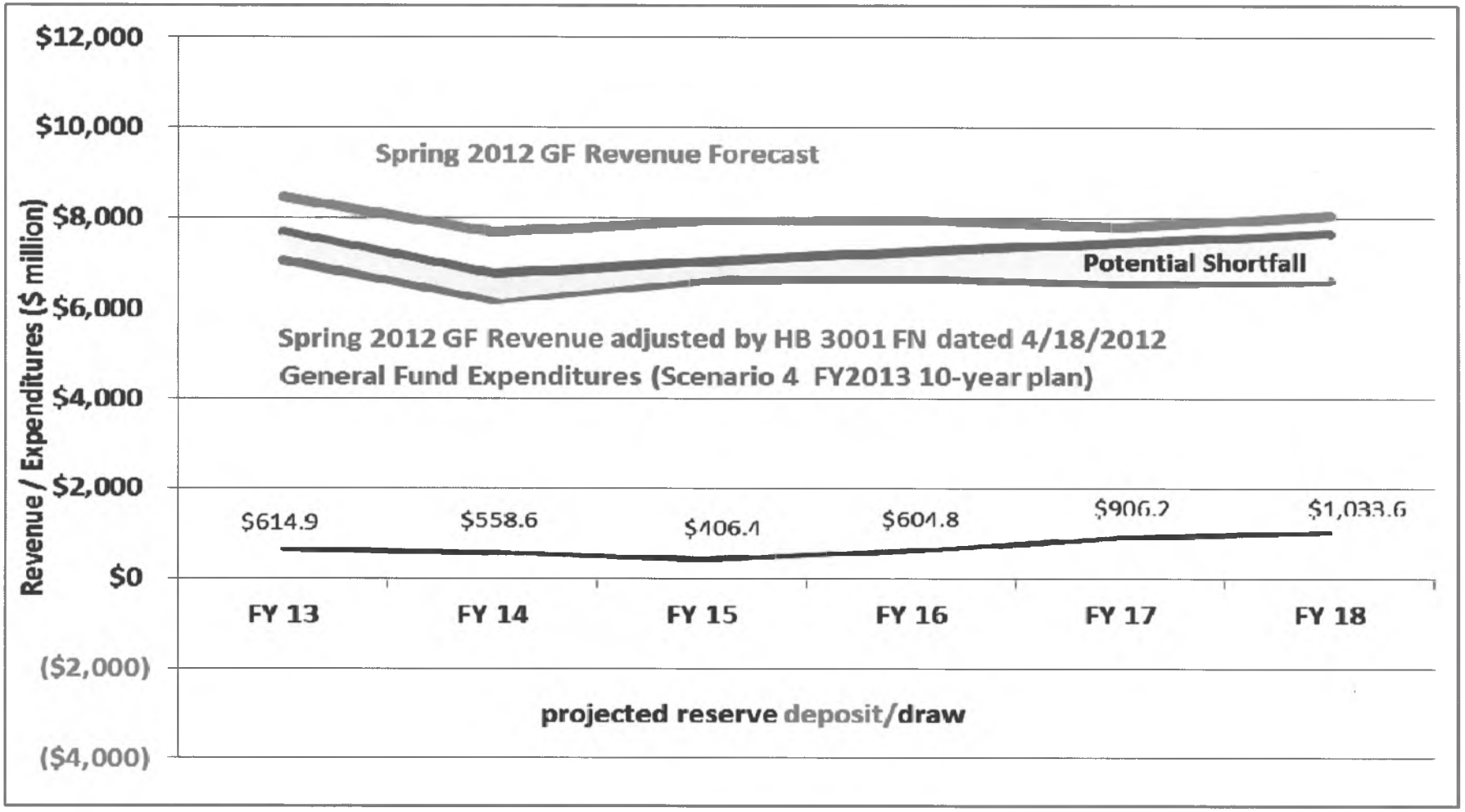
Governor's proposed 12/15/2011

Ten-Year Fiscal Plan

Guiding principles

- Develop Alaska's Natural Resources
- Restrain spending
- Save for future generations of Alaskans

Revenues v Expenditures adjusted for HB 3001



Source: Spring 2012 Revenue forecast. DOR fiscal note dated 4/18/2012. FY2013 10 -year plan Scenario 4 (Governor's FY2013 proposed budget with 4% annual GF expenditure growth, PERS/TRS State Assistance projections and capital capped at $1.0 B GF annually.

Appropriations projections in the plan do not represent a commitment by the Administration to propose spending or generate revenue at a particular level in FY2012, FY2013 or any future year.

Revenues v Expenditures adjusted for HB 3001

Fall 2012 Spring forecast, adjusted for HB 3001 with FY2013 10-year plan expenditures

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Forecast Oil Price ($ / bbl.) Spring 2012	**$110.44**	**$109.12**	**$114.53**	**$113.29**	**$111.31**	**$114.16**
(Amounts below in $ Millions)						
Spring 2012 Forecast General Fund Unrestricted	**$8,440**	**$7,680**	**$7,923**	**$7,967**	**$7,807**	**$8,055**
HB 3001 Fiscal Note Adjustments	$1,375	$1,475	$1,300	$1,300	$1,250	$1,425
General Fund Revenues Adjusted for HB 3001	***$7,065***	***$6,205***	***$6,623***	***$6,667***	***$6,557***	***$6,630***
General Fund Expenses	$7,680	$6,764	$7,029	$7,271	$7,463	$7,663
Budget Surplus/(Shortfall)	**$(615)**	**$(559)**	**$(406)**	**$(605)**	**$(906)**	**$(1,034)**
CBRF Total	$11,256	$11,869	$12,518	$13,205	$13,932	$14,702
Statutory Budget Reserve Balance	$4,416	$ 3,855	$3,445	$2,873	$1,928	$891
TOTAL RESERVES	**$15,672**	**$15,724**	**$15,963**	**$16,042**	**$15,860**	**$15,593**

Source: Department of Revenue Spring 2103 Forecast. Dept. of Revenue fiscal note for HB 3001 dated 4/18/2012.

FY2013 10-year plan Scenario 4 (governor's FY13 proposed budget with 4% annual GF expenditure growth , PERS/TRS State Assistance projections and capital capped at $1.0 B GF annually.

Appropriations projections in the plan do not represent a commitment by the Administration to propose spending or generate revenue at a particular level in FY2012, FY2013 or any future year.

For More Information on the Budget

http://www.omb.alaska.gov

Karen J. Rehfeld, Director

Office of Management and Budget

907.465.4660

Karen.Rehfeld@alaska.gov



AOGA

OIL & GAS: FUELING ALASKA'S ECONOMY

House Resources & Energy Committees

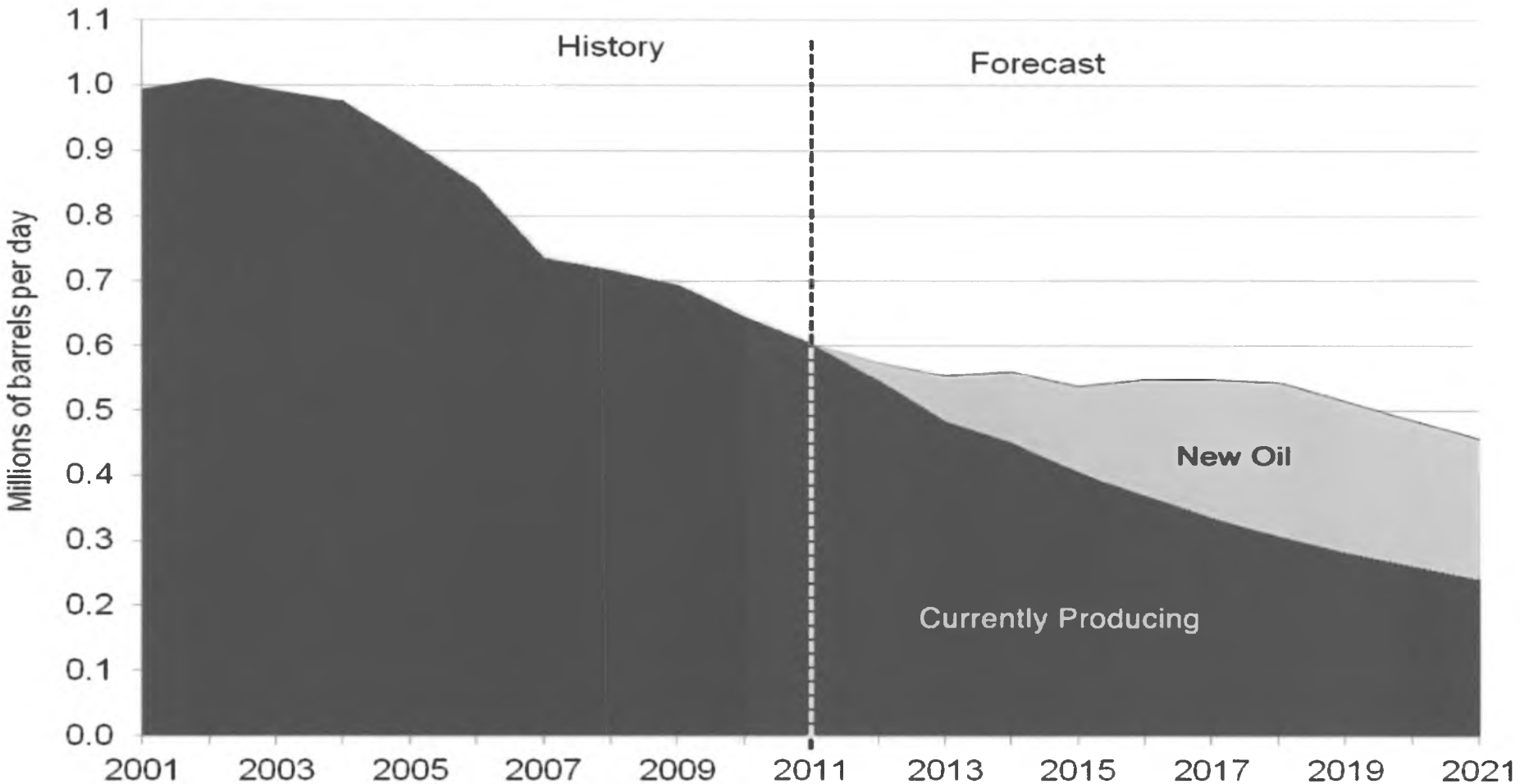
April 25, 2012

Kara Moriarty, Executive Director

AOGA Member Companies

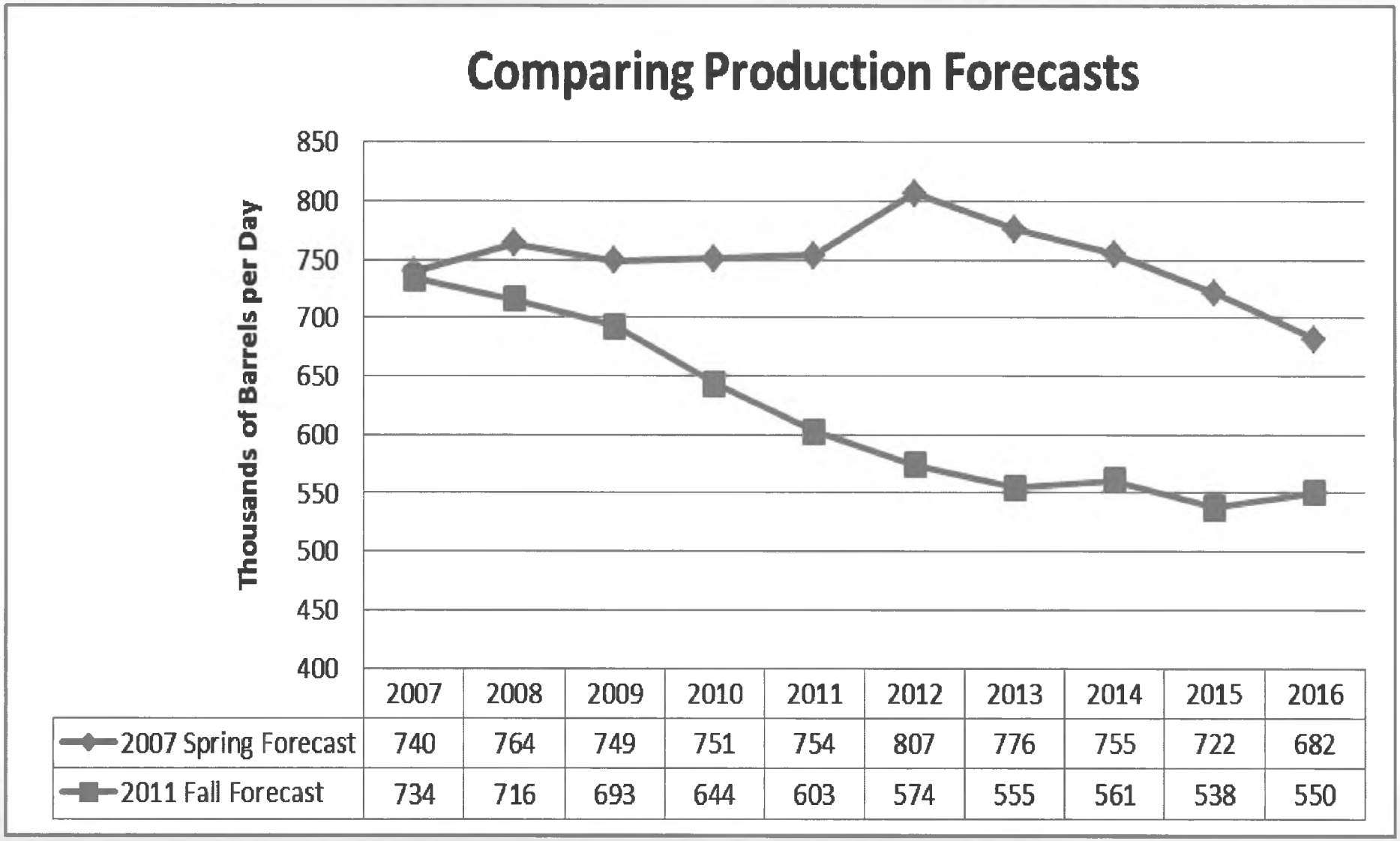


Production Decline Is Real



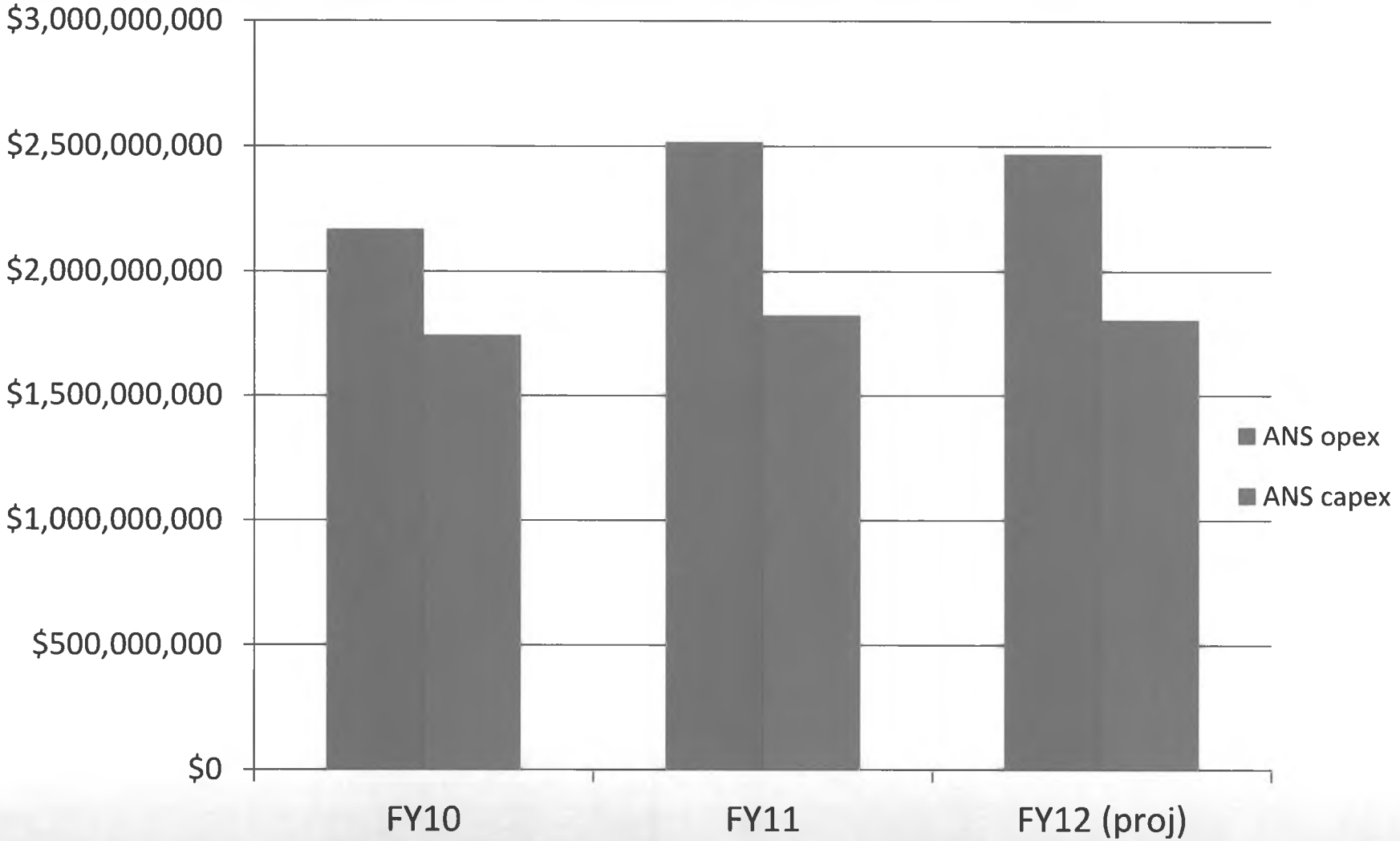
Source: State of Alaska

Forecast in 2007 vs. 2011 Actual Production



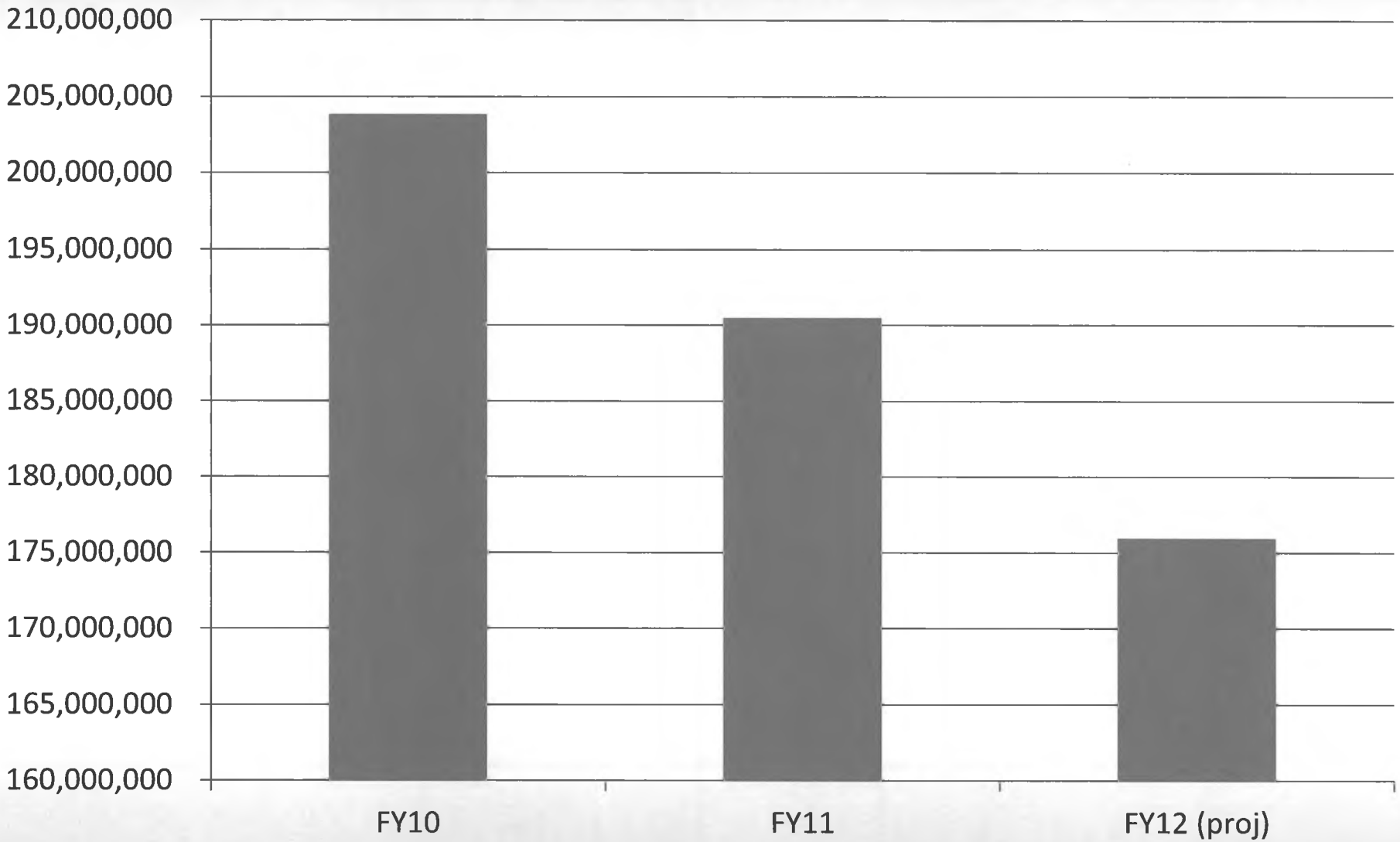
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
2007 Spring Forecast	740	764	749	751	754	807	776	755	722	682
2011 Fall Forecast	734	716	693	644	603	574	555	561	538	550

Current Industry Investment



Source: Department of Revenue

Current Industry Investment = Declining Production



Total Taxable ANS Production – Source: Department of Revenue

Rich In Resources

RESOURCE POTENTIAL	
STATE LAND	**FEDERAL LAND**
Cook Inlet 599 mbo and 19 tcf gas	**Offshore Arctic** 27 bbo and 132 tcf gas
Onshore North Slope Conventional: 5 bbo and 35 tcf gas Heavy/Viscous: 24-33 bbo Unconventional: 2 bbo and 80 tcf gas	**NPR-A** 896 mbo and 53 tcf gas **ANWR** 10 bbo and 3.5 tcf gas

mbo – million barrels of oil bbo – billion barrels of oil tcf – trillion cubic feet

Alaska's Future is Under Our Feet



ExxonMobil Production Company
P. O. Box 196601
Anchorage, Alaska 99519-6601
907 561 5331 Telephone
907 564 3677 Facsimile

Dale Pittman
Alaska Production Manager
Joint Interest U.S.

ExxonMobil
Production

April 25, 2012

The Honorable Representative Paul Seaton
The Honorable Representative Eric Feige
Co-Chairmen, House Resources Committee
State Capitol Building, Room 124
Juneau, Alaska 99801-1182

Dear Representatives Seaton and Feige:

Thank you for the invitation to testify before the House Resources Committee on HB 3001 and on the need for meaningful reform to Alaska's high production tax structure and please accept my apologies as work commitments do not allow me to appear in person to provide ExxonMobil's views on these important topics. I am grateful for the time we spent together yesterday discussing these issues.

ExxonMobil appreciates the careful examination by your committee and other committees within both bodies of the Legislature on these critical issues to ensure the appropriate balance between the level of government take and encouraging an active, healthy oil and gas industry in Alaska.

Simply put, Alaska's production tax is too high to attract the additional investment necessary to fully develop Alaska's oil and gas resources in the decades ahead. It is essential that Alaska develop a tax structure that will encourage long-term, material development of all of Alaska's resource potential to support State revenues, secure jobs and stem production decline. Meaningful tax reform like that proposed in HB 3001 is an important and necessary first step to achieving that goal.

HB 3001 is a substantial improvement to Alaska's current production tax as it provides significant reform across all levels of production, both new fields and resource development opportunities in existing fields. Alaska needs new production from all fields, not just new developments, but also from existing fields which represent the only known resources capable of stemming Alaska's production decline.

Alaska is currently producing approximately 600,000 barrels of oil per day from the North Slope. Industry currently invests more than $1 billion per year just to maintain current North Slope oil production decline at six to seven percent and without that continued investment, the annual production decline would be in the range of 12 to 15 percent annually. While economic investments in existing fields will continue, the number of economic opportunities decreases with each successive year.

Without meaningful tax reform that includes the legacy fields, Alaska should expect to continue at, or likely below, the Department of Revenue's production forecasts.

Production from the legacy fields not only provides the core of the State's revenues, it sustains the current North Slope infrastructure and the operation of TAPS. The legacy field production and these assets are essential to allow the producers of the existing non-legacy fields on the North Slope, and the developers of any new fields that may be discovered, to economically process and transport their oil from the North Slope to refinery destinations. Without healthy legacy fields, the prospects of any future new fields or developments become even more economically challenged and the probability of Alaska reaching its desired goal of long-term sustained production levels more difficult.

HB 3001, as proposed, will begin to address this critical issue. The proposed enhanced in-fill drilling tax credits and reduction to the progressivity tax would encourage additional drilling and well work activity in legacy fields such as the Prudhoe Bay Unit. This kind of developmental drilling in the core field on the North Slope is critical to Alaska's future, particularly over the next five to ten years. Production decline must be stemmed until new developments can be discovered, progressed and brought on production.

Considerable attention has been placed on making Alaska more competitive relative to other taxing regimes and while that focus is extremely important, it is only part of the overall examination that needs to be undertaken. Benchmarking government take against other areas is a useful tool for gauging basic competitiveness, but that analysis alone does not provide the full picture of investment health. Another key indicator is whether investment in new production activities is growing. That growth is not occurring in Alaska.

As your consultants and the Department of Revenue have testified, spending on the North Slope has remained relatively flat since the enactment of ACES. But what needs to be clarified is that the majority of that investment has not been for new exploration and development opportunities that would bring new production. It is also worth noting that costs for this investment activity have gone up, so while some may argue there has been additional investment, it does not necessarily translate into more activity.

At today's oil prices, fiscal policy that encourages investment should result in near record levels of activity, yet that is not happening in Alaska. Under ACES, the State is not attracting the necessary investment to increase production. Without meaningful reform, Alaska's fiscal regime will prevent the State from attracting the necessary investments to enable Alaska to reach its goal of significantly increasing oil production.

ExxonMobil continues to support Governor Parnell's and the Legislature's efforts toward substantive tax reform and we believe the Governor's HB 3001 provides meaningful change. While Alaska's fiscal regime will still remain one of the highest progressive tax structures in the world if HB 3001 is enacted in its current form, it is ExxonMobil's firm belief that investment activity in Alaska will significantly increase, leading to greater development, increased production and reliable, long term state revenues. Although ExxonMobil does not currently operate production in the state, we fully support both of our operators, ConocoPhillips at Kuparuk and BP at Prudhoe Bay in their continued commitment to invest in Alaska and to pursue all additional investments that become viable with meaningful tax reform such as that proposed in HB 3001.

The need for Alaska to develop a competitive fiscal regime to attract the levels of investments that the North Slope requires is one of the most important issues facing the State's economic future. ExxonMobil remains hopeful that the dialogue in your Committee and with the entire Legislature for needed, meaningful tax reform will continue and will ultimately lead to the development of a competitive fiscal regime to support the full development of the State's vast oil resources.

Thank you again for the opportunity to provide ExxonMobil's input on HB 3001 and the need for meaningful tax reform.

Sincerely,



DDP:jpc

xc: Governor Sean Parnell
Members of the House Resources Committee
Members of the House Energy Committee

Joint
House Resources Committee
House Energy Committee

Testimony re: HB 3001

April 25, 2012

NYSE: PXD

www.pxd.com









Pioneer Natural Resources, Alaska

Forward Looking Statements

PIONEER
NATURAL RESOURCES

Except for historical information contained herein, the statements, charts and graphs in this presentation are forward-looking statements that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements and the business prospects of Pioneer are subject to a number of risks and uncertainties that may cause Pioneer's actual results in future periods to differ materially from the forward-looking statements. These risks and uncertainties include, among other things, volatility of commodity prices, product supply and demand, competition, the ability to obtain environmental and other permits and the timing thereof, other government regulation or action, the ability to obtain approvals from third parties and negotiate agreements with third parties on mutually acceptable terms, international operations and associated international political and economic instability, litigation, the costs and results of drilling and operations, availability of equipment, services and personnel required to complete the Company's operating activities, access to and availability of transportation, processing and refining facilities, Pioneer's ability to replace reserves, implement its business plans or complete its development activities as scheduled, access to and cost of capital, the financial strength of counterparties to Pioneer's credit facility and derivative contracts and the purchasers of Pioneer's oil, NGL and gas production, uncertainties about estimates of reserves and resource potential and the ability to add proved reserves in the future, the assumptions underlying production forecasts, quality of technical data, environmental and weather risks, including the possible impacts of climate change, and acts of war or terrorism. These and other risks are described in Pioneer's 10-K and 10-Q Reports and other filings with the Securities and Exchange Commission. In addition, Pioneer may be subject to currently unforeseen risks that may have a materially adverse impact on it. Pioneer undertakes no duty to publicly update these statements except as required by law.

Pioneer Alaska Profile

PIONEER
NATURAL RESOURCES

Overview:

- Anchorage HQ
- 70 + full-time AK employees
- ~120 AK contract workers
- 1st independent operator on NS

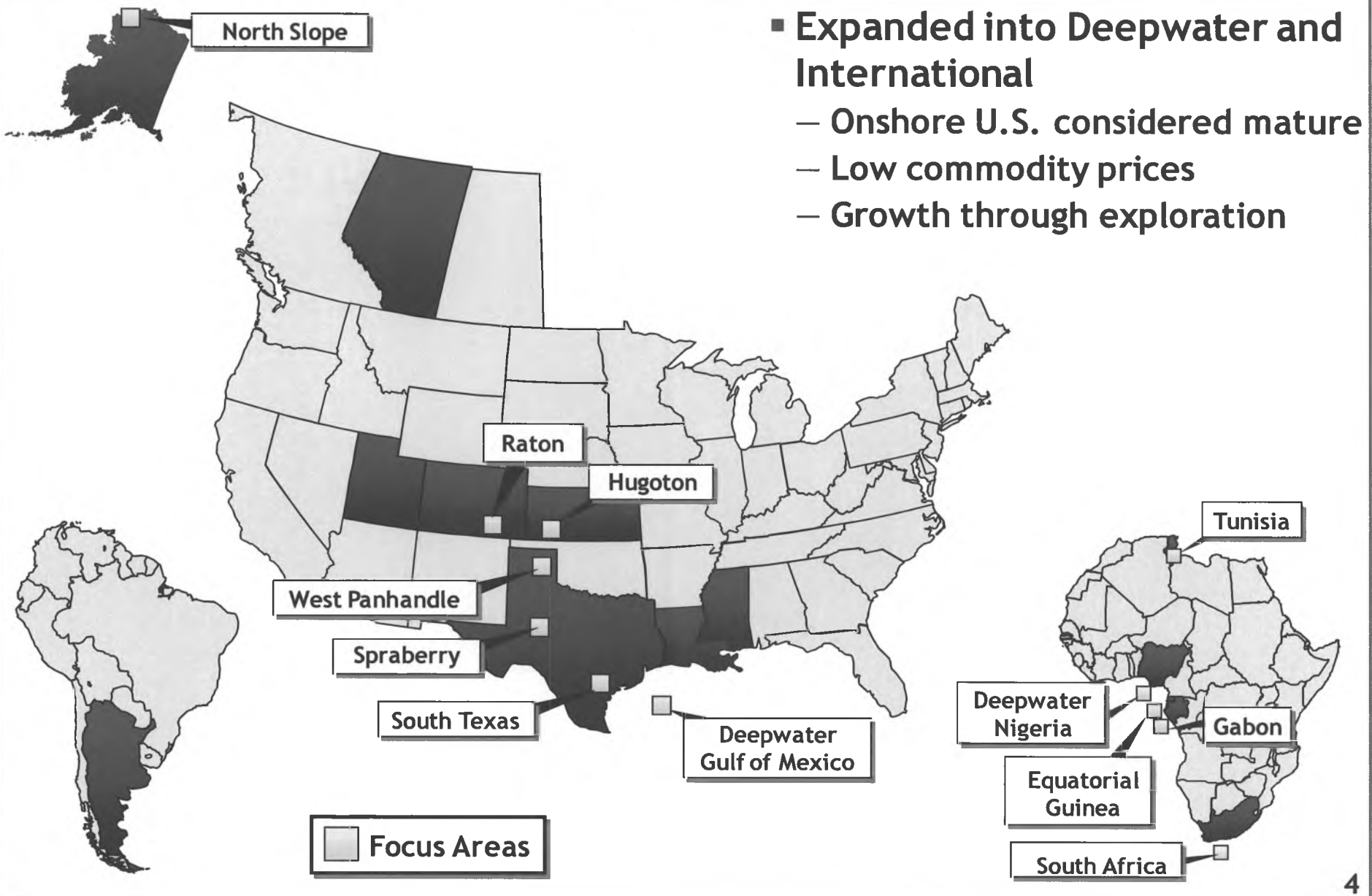
Oooguruk Quick Facts:

- IOGCC Award winning project
- 70% Pioneer (operator) / 30% Eni
- 120-150MMBO resource potential (net)
- 2011 Production ~6,900BOPD (gross)
- ~$1B capital investment (project)



Pioneer: 1997 - 2005 Deepwater / International Focus

PIONEER NATURAL RESOURCES



- Expanded into Deepwater and International
  - Onshore U.S. considered mature
  - Low commodity prices
  - Growth through exploration

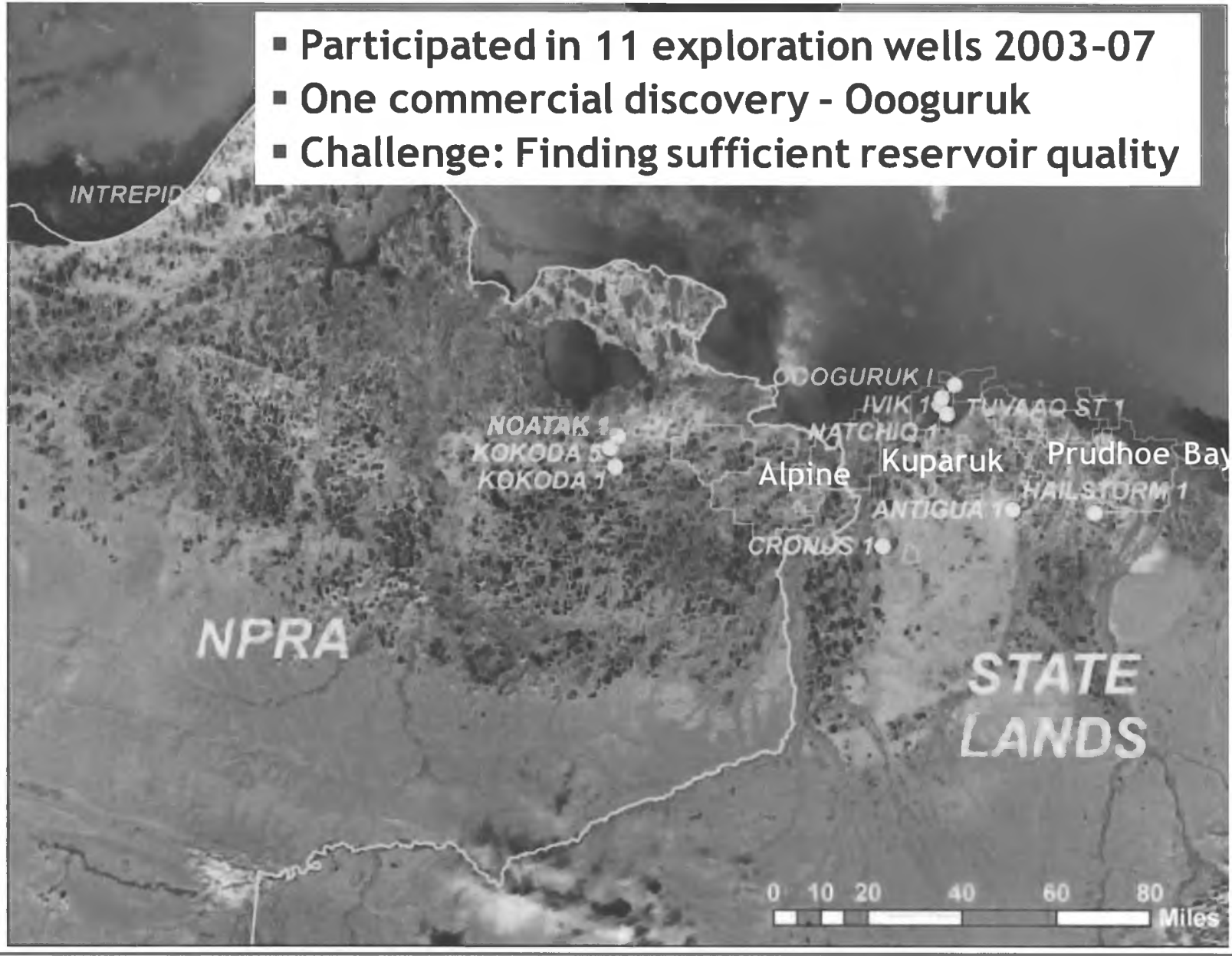
Why Alaska in 2002?

PIONEER
NATURAL RESOURCES

- **Worldwide exploration focus**
- **Alaska - large, oil resource potential in the U.S.**
- **Limited competition for resources**
- **State actively courting independents**
  - Exploration credits, low severance tax (ELF)
  - Available acreage at a low cost
- **Independent mindset**
  - Quick decision making
  - Lower cost structure

North Slope Exploration History

PIONEER
NATURAL RESOURCES



Alaska's Severance Tax

PIONEER
NATURAL RESOURCES

- **Pre 2007: ELF (Oooguruk project sanction)**
  - Low rate fields - no severance tax
  - Exploration Credits introduced (2003)
- **2007: PPT (Oooguruk construction)**
  - Additional credits and deductions introduced
  - 22.5% net profits tax
  - Moderate progressivity
- **2008: ACES (Oooguruk first production)**
  - Credits and deductions rate adjustments
  - 25% base tax rate
  - Aggressive progressivity (not indexed)
  - Maximum tax rate of 75%

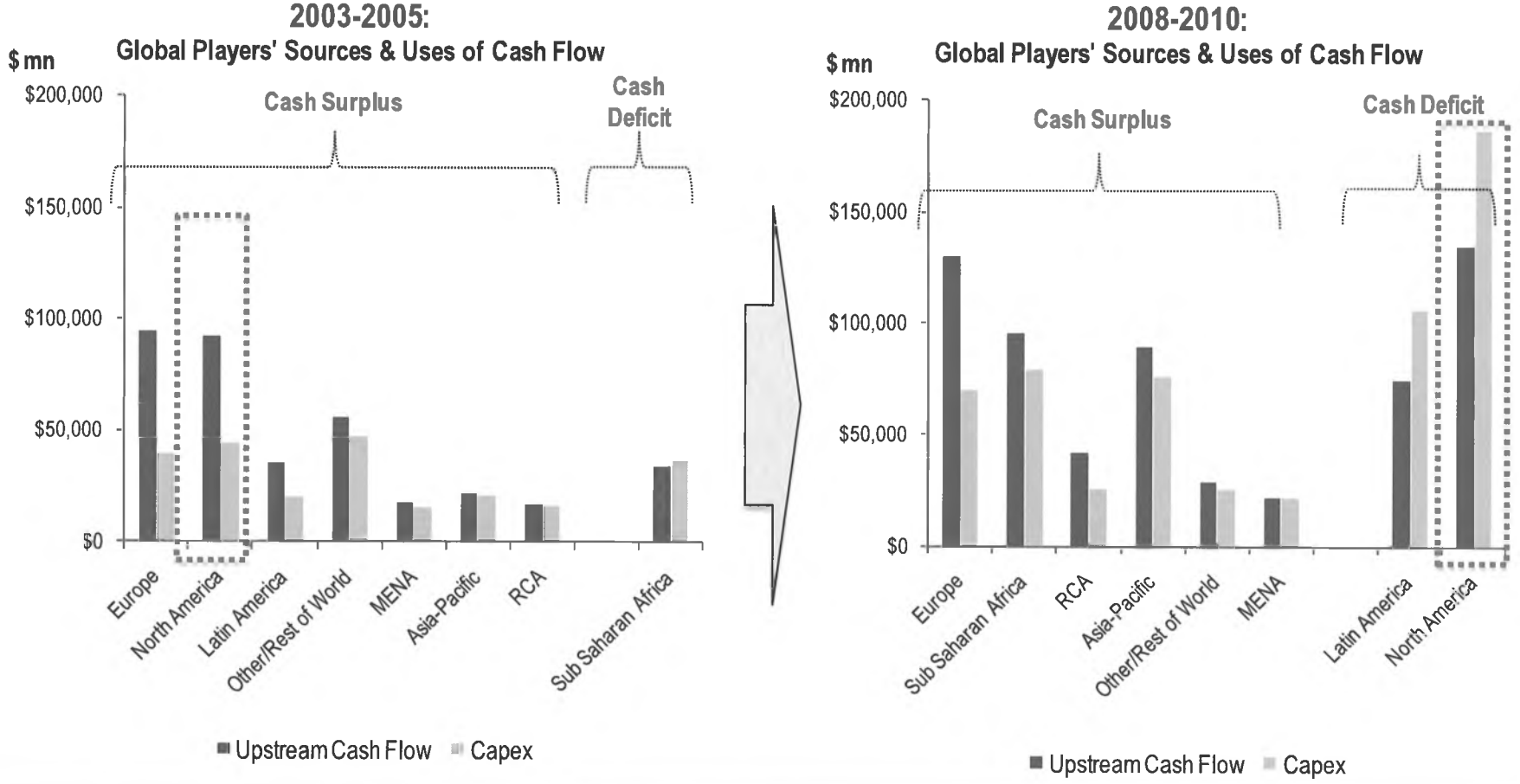
8 Years Later - What Else Has Changed?

PIONEER NATURAL RESOURCES

- **Oil and gas prices**
- **Technology**
  - Horizontal well improvements
  - Fracture stimulation technology
- **Result has been a boom in resource play development in North America**

Fixed-Royalty Jurisdictions in US Lower 48 Are A Key Competitor to Alaska for Investment Dollars

PIONEER NATURAL RESOURCES

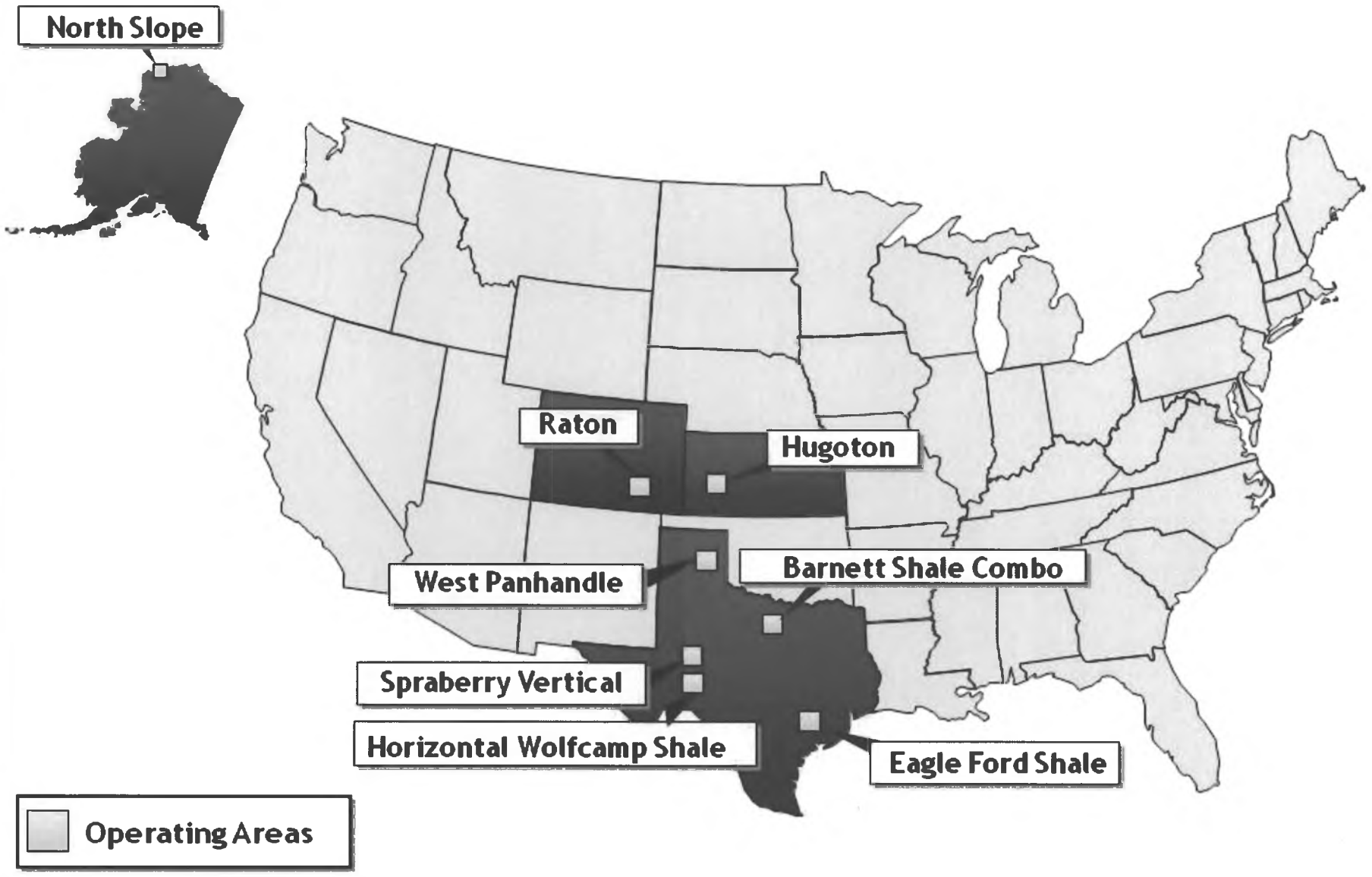


It is now an exception <u>not</u> to be targeting unconventionals in North America as a major growth platform.

* Source: PFC Energy

Current Pioneer Operations Footprint

PIONEER NATURAL RESOURCES

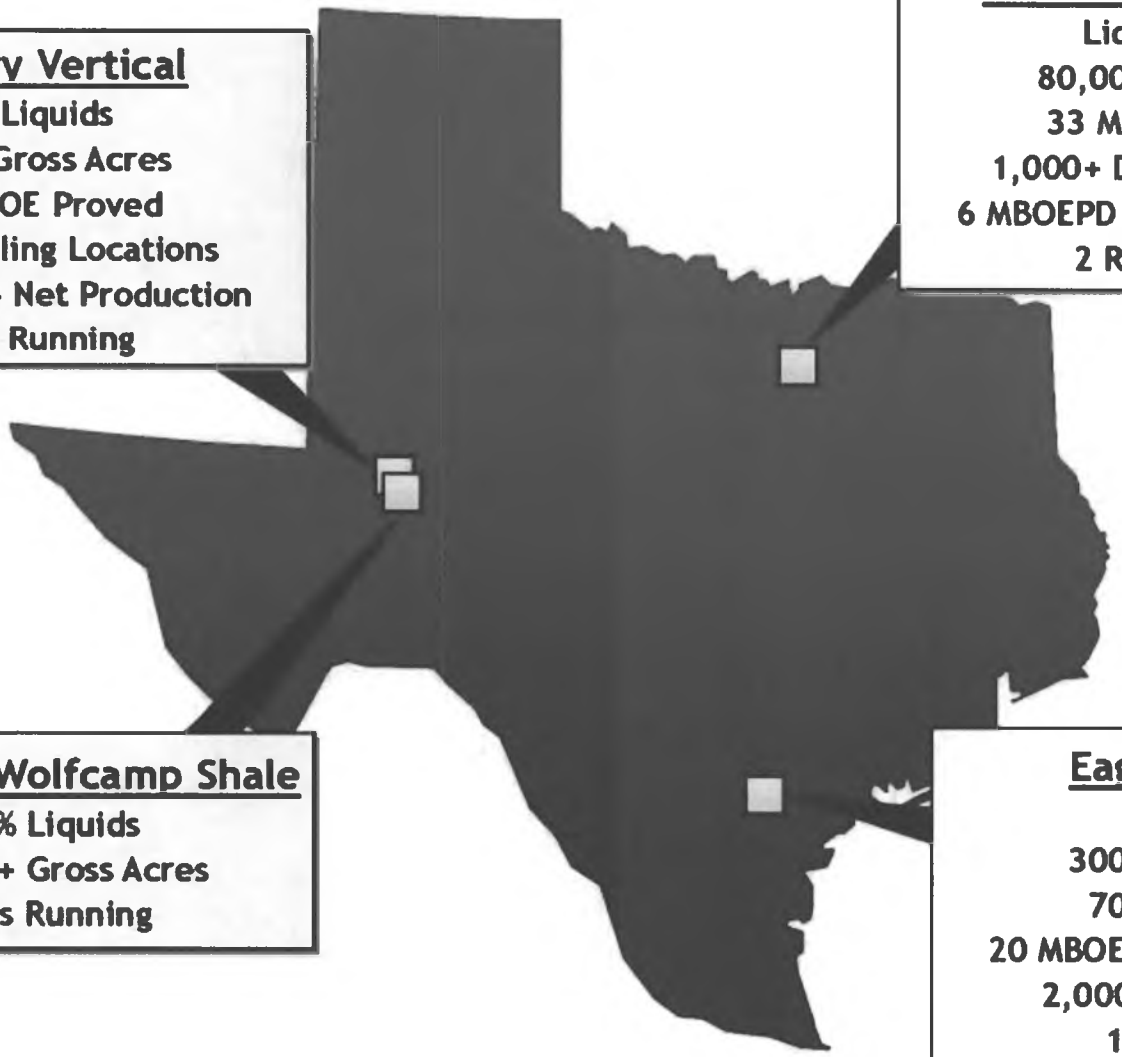


Major Focus Areas

PIONEER NATURAL RESOURCES

Spraberry Vertical
~90% Liquids
900,000 Gross Acres
609 MMBOE Proved
20,000+ Drilling Locations
53 MBOEPD Q4 Net Production
41 Rigs Running

Barnett Shale Combo
Liquids & Gas
80,000 Gross Acres
33 MMBOE Proved
1,000+ Drilling Locations
6 MBOEPD Q4 Net Production
2 Rigs Running

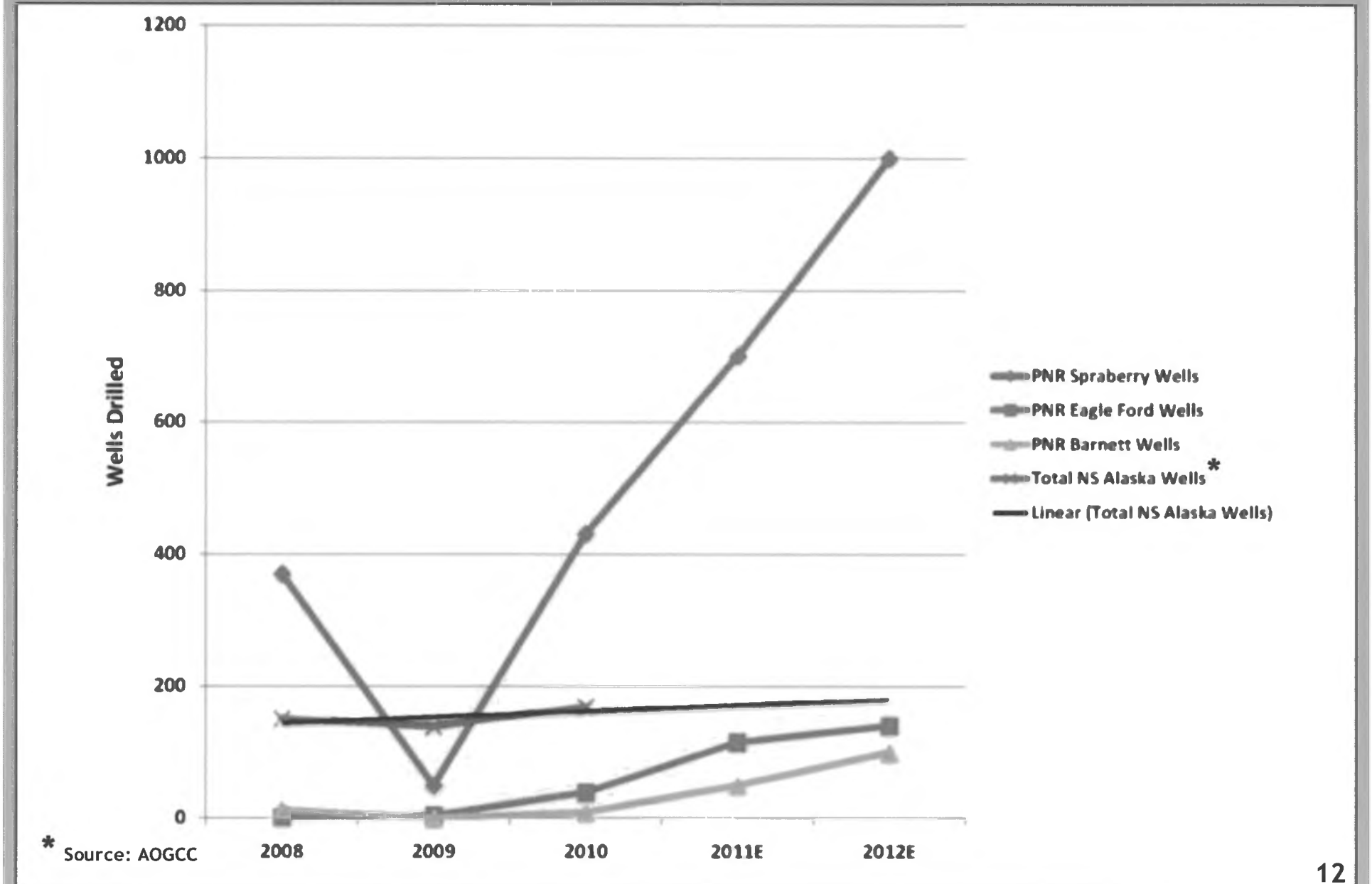


Horizontal Wolfcamp Shale
~90% Liquids
400,000+ Gross Acres
3 Rigs Running

Eagle Ford Shale
Liquids & Gas
300,000 Gross Acres
70 MMBOE Proved
20 MBOEPD Q4 Net Production
2,000 Drilling Locations
12 Rigs Running

Competition for Capital

PIONEER NATURAL RESOURCES



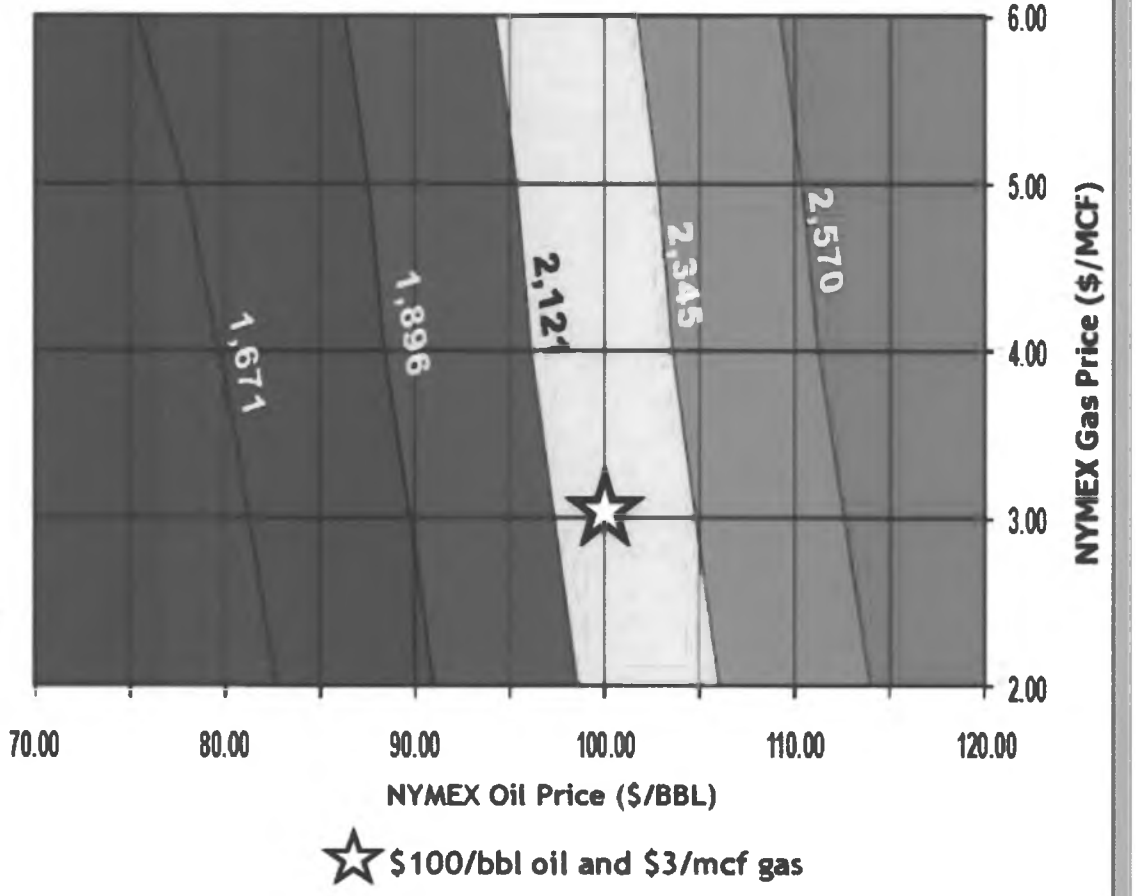
* Source: AOGCC

2012E Capital Spending and Cash Flow[1]

PIONEER NATURAL RESOURCES

- **Capital program includes:**
  - Drilling capital: $2.4 B
    - $1,525 MM Spraberry Vertical
      - Includes $100 MM for infrastructure
    - $275 MM Horizontal Wolfcamp Shale
      - Includes $25 MM for seismic and coring
    - $130 MM Eagle Ford Shale (net of carry)
    - $215 MM Barnett Shale Combo
    - $135 MM Alaska
    - $120 MM Other (includes land capital for existing assets)
  - Vertical integration and facilities: $0.4 B
    - $300 MM sand mine
    - $100 MM pressure pumping and well service equipment
- **Capital program funded from:**
  - Operating cash flow of $2.2 B
  - Equity offering proceeds of $0.5 B
  - Inventory reduction of $0.1 B

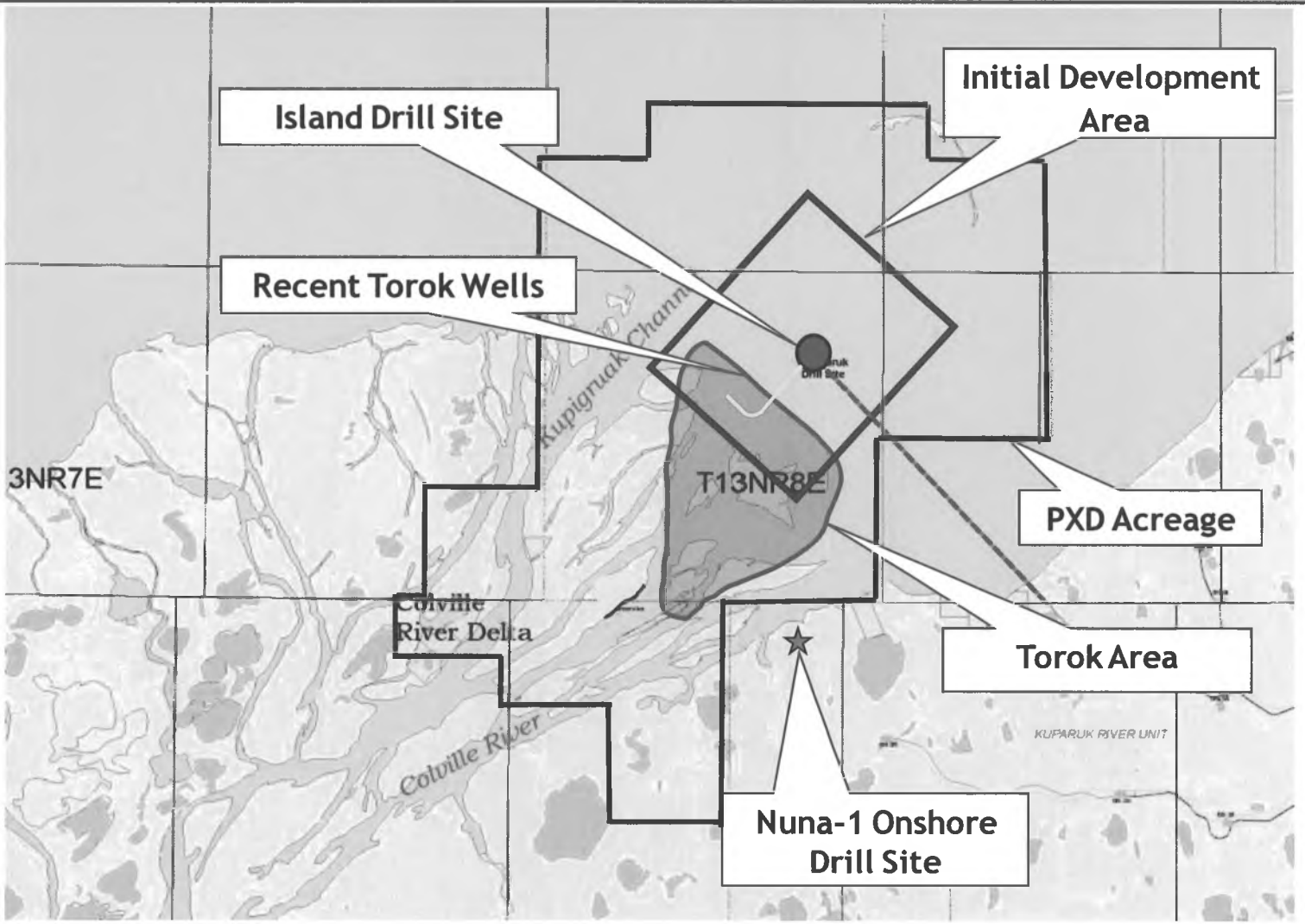
Sensitivity to Commodity Prices ($ MM)



1) Capital spending excludes acquisitions, asset retirement obligations, capitalized interest and G&G G&A

What's Next? Oooguruk potential

PIONEER
NATURAL RESOURCES





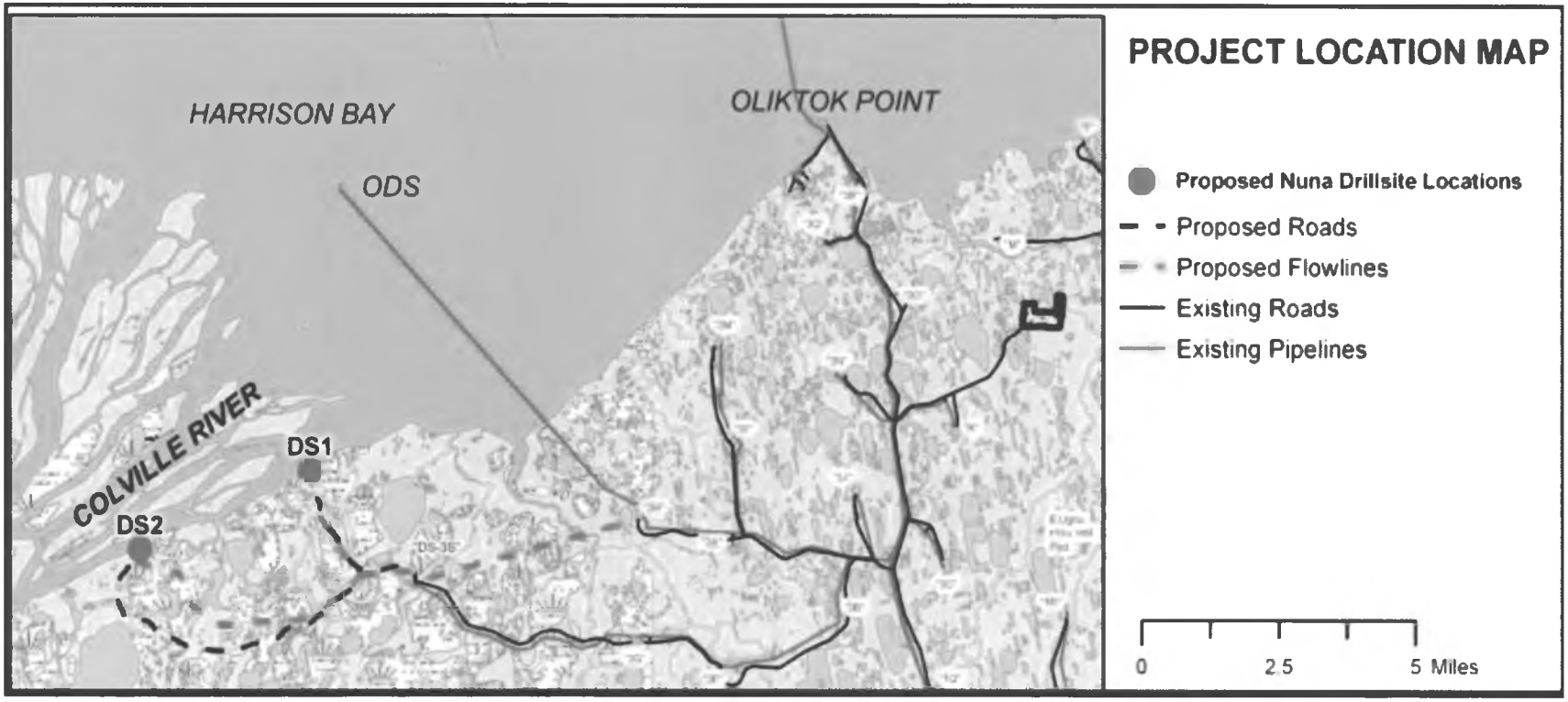


PIONEER

Expansion Project Scope

PIONEER NATURAL RESOURCES

- 1 or 2 onshore drillsites connected to Oooguruk tie-in pad
- Large, but challenged oil resource
- Project contingent upon pilot waterflood success
- Must compete with low risk, high margin projects in L48



Competition For Alaska - An *Independent's* View

PIONEER NATURAL RESOURCES

Alaska Relative to Lower 48 Resource Plays:

- **Resource**

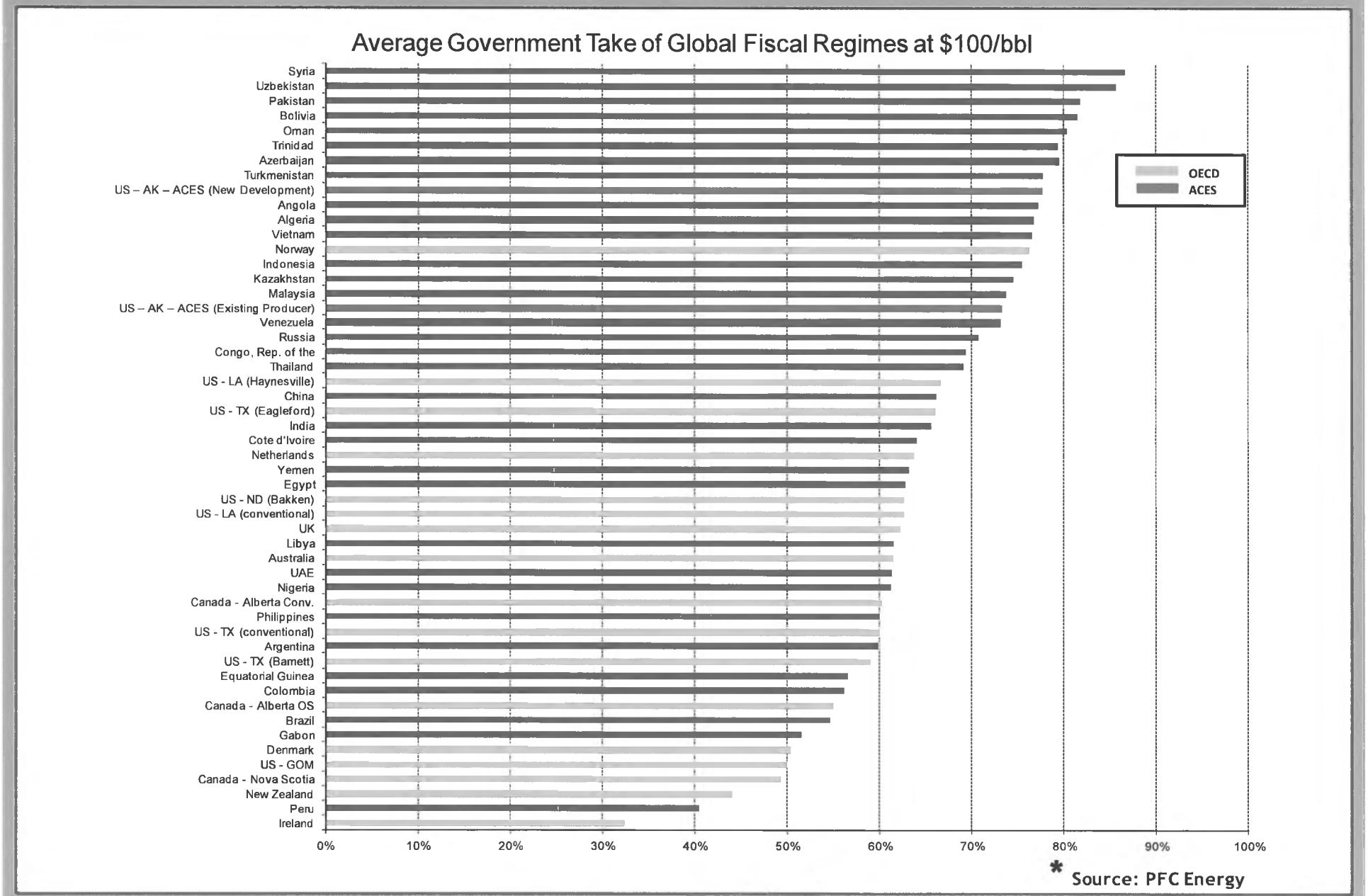
Resource Report Card	Alaska	Lower 48
Resource Potential	✓	✓
Resource Competition	✓	
Oil Bias	✓	
Regulatory Process Ease		✓
Land Acquisition	✓	

- **Profitability**

Profitability Report Card	Alaska	Lower 48
Cycle Times / Payback		✓
Execution Risk		✓
Operational Flexibility		✓
Low Operating Cost		✓

Average Government Take ($100/BBL)

PIONEER NATURAL RESOURCES



HB 3001

PIONEER
NATURAL RESOURCES

- **Incents wide array of projects**
- **Reduces the negative impact of progressivity**
- **Makes Alaska projects significantly more competitive**
- **Missing?**
  - Small Producer Tax Credit extension

Closing Thoughts

PIONEER NATURAL RESOURCES

- **Our Alaska projects must compete with L48 resource plays with:**
  - Large resource potential in Pioneer's back yard
  - Short project cycle times and lower operating costs
  - Very favorable fiscal terms
  - Much lower capital cost
- **Oooguruk expansion**
  - New project - new barrels in TAPS
  - Create ~500 construction jobs
  - Create ~100 development jobs
- **HB 3001 will have a positive, material impact**
  - Increased investment credits for well related costs
  - 40% Gross reduction and progressivity cap lowering



BP Testimony to House Resources and House Energy

Damian Bilbao, Head of Finance, Developments and Resources

April 25, 2012

Agenda

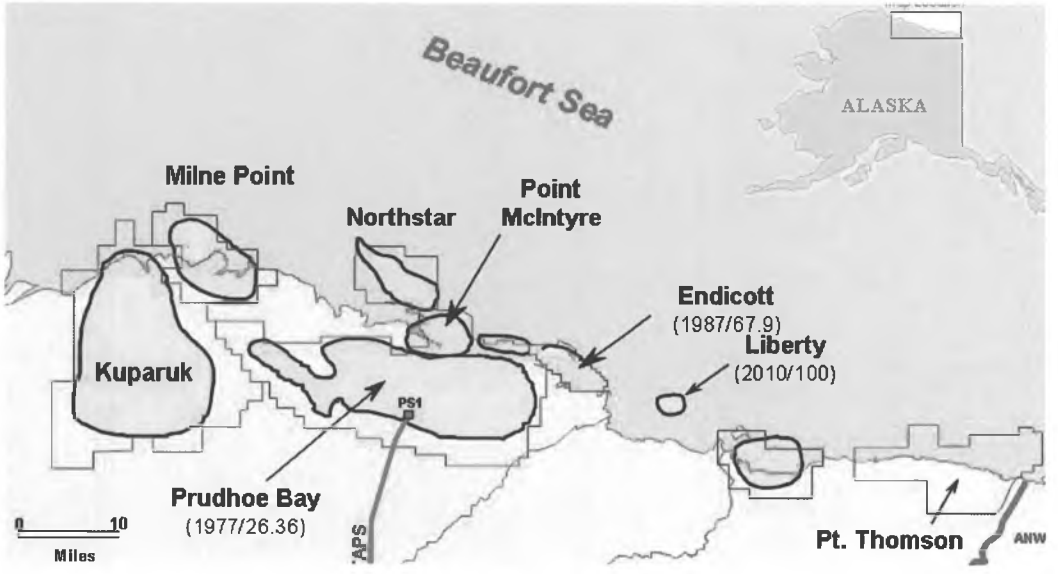
BP in Alaska

How BP makes investment decisions

What could growth in investment mean for Alaska's future

BP in Alaska since 1959

- 53 years in Alaska
  - Office opened in 1959
- $13.4 billion in upstream spend with Alaska Firms the last 10 years
- 2,100 Employees (82% Alaska residents)
  - 275 APICC students hired in last 10 years
  - 54 internships, 100+ fulltime jobs in last 5 years
- 6,000+ Contractors
- $70 million of direct community investment since 2001



Agenda

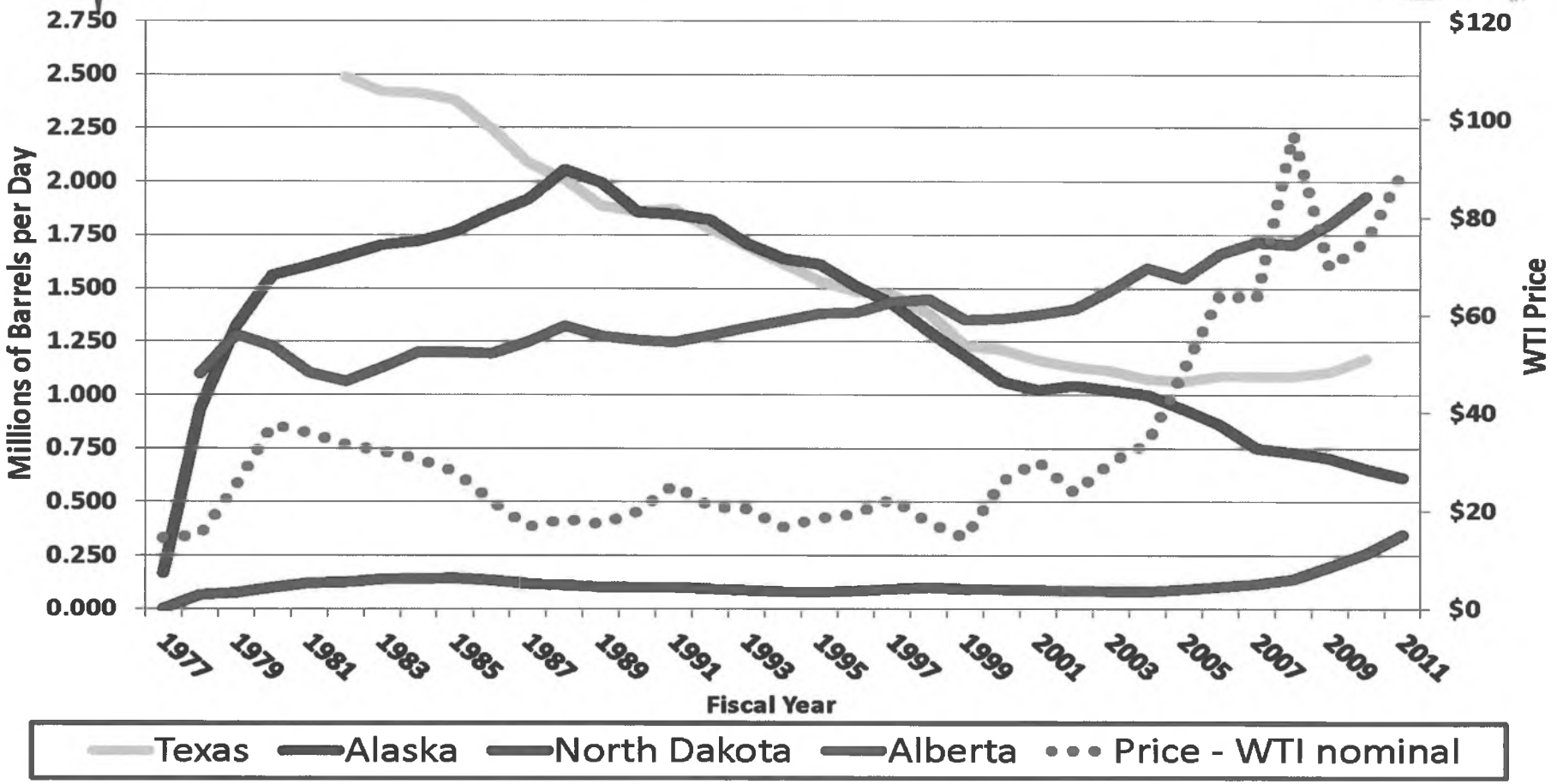
BP in Alaska

How BP makes investment decisions

What could growth in investment mean for Alaska's future

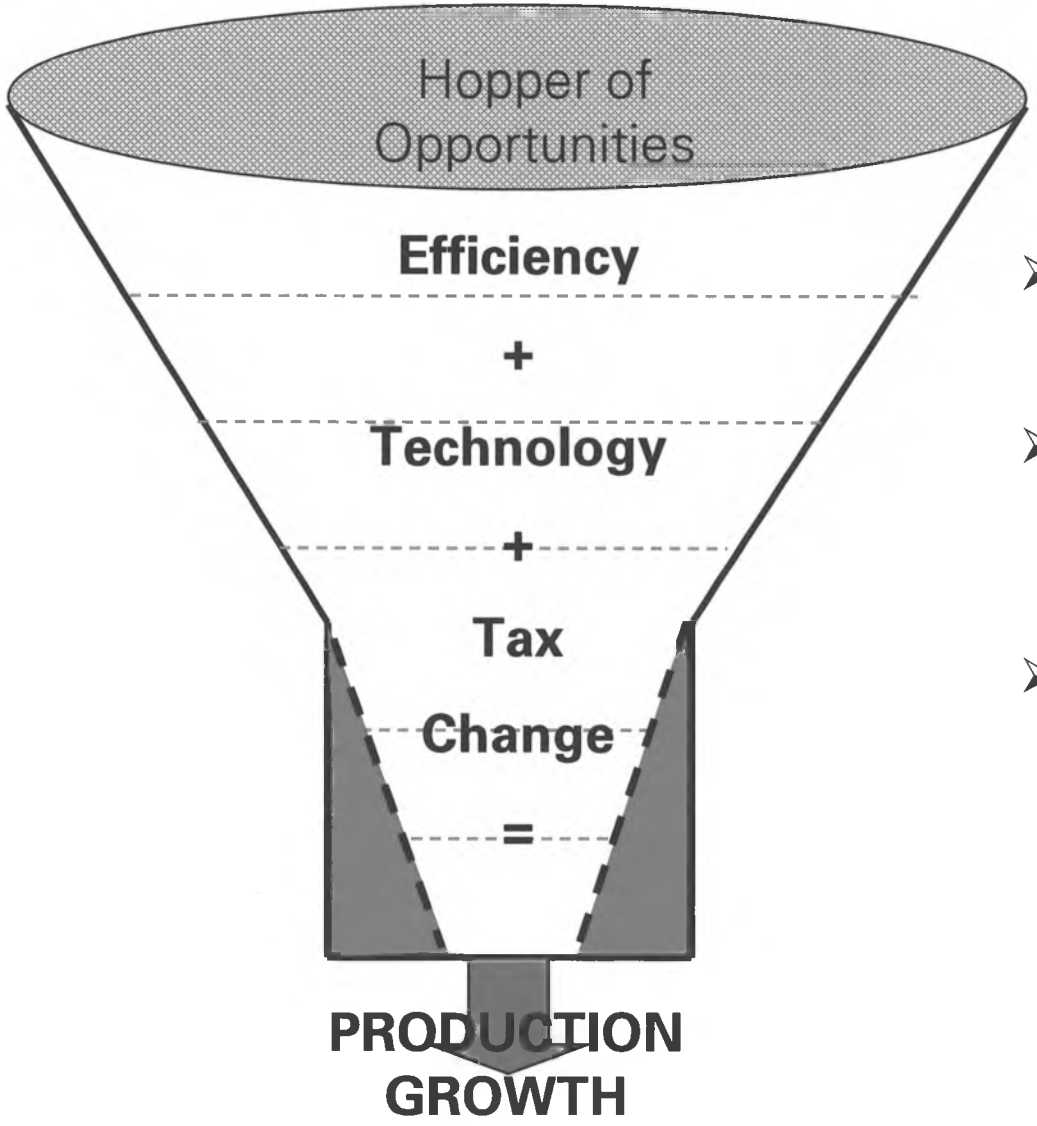
Global investment is limited and goes to the most attractive regions

Historical Oil Production:
How Did Our Competition Fare When Prices Spiked?



Source: DOR presentation to House Resources, April 21, 2012

The tax policy will greatly influence how many projects move forward



- Healthy base business
- Brightwater, Multi-lateral drilling, Lo Sal, etc.
- $5 billion in potential new investment
  - Prudhoe I Pad
  - Kuparuk Eastern NEWS
  - Prudhoe Sag @ scale
  - Add'l drilling in legacy fields

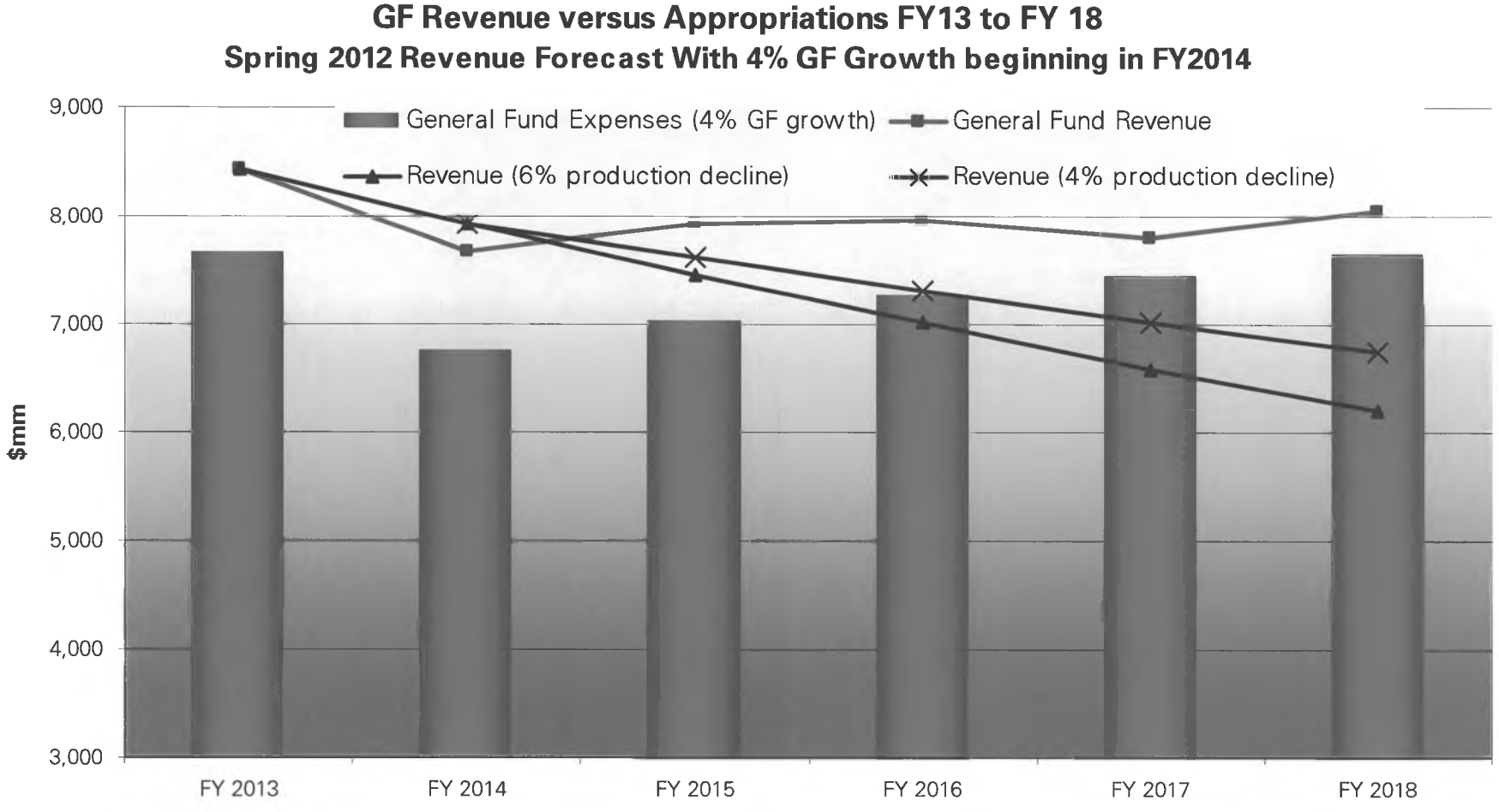
Agenda

BP in Alaska

How BP makes investment decisions

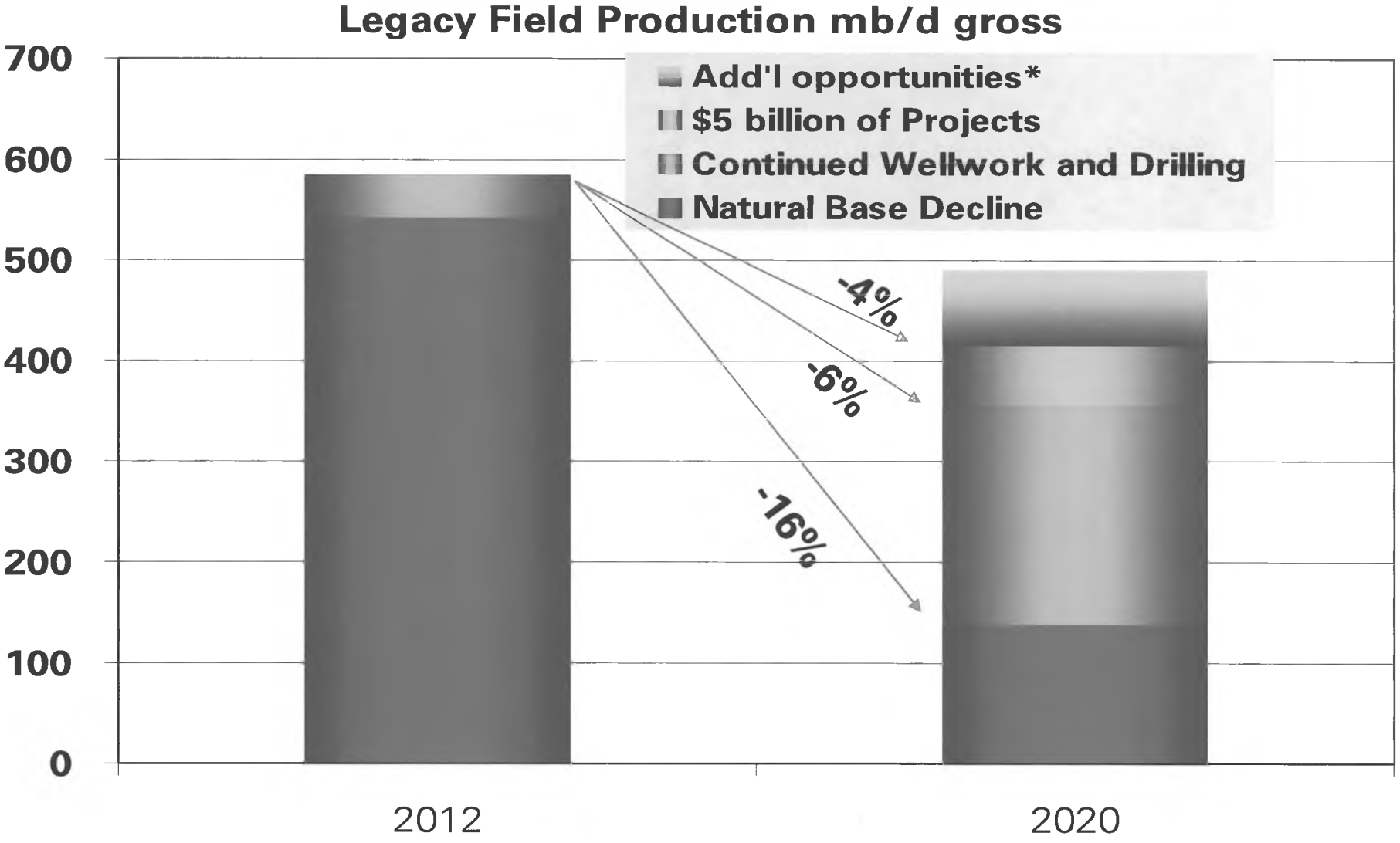
What could growth in investment mean for Alaska's future

Declining production is a crisis



Source: Office and Management and Budget presentation to House Resources, April 25, 2012

Two-thirds of production in 2020 derives from activity performed from 2012 to 2020



* Indicative

Key Messages

- ACES is a no growth policy that bets Alaska's future on high oil prices
- Legacy fields are the only near-term option for new production
- If taxes do not change, our business will have to
- Other regions, like Alberta, have lowered taxes and increased investment and production

ConocoPhillips
Alaska

House Resources Committee
Discussion of HB3001

Scott Jepsen, VP External Affairs
Dan Clark, Manager Strategy and Portfolio Management
ConocoPhillips Alaska

April 25, 2012

Outline

ConocoPhillips
Alaska

- ConocoPhillips Latest Financial Performance
- Alaska Potential
- Fiscal Framework Discussion
- ConocoPhillips Commitment

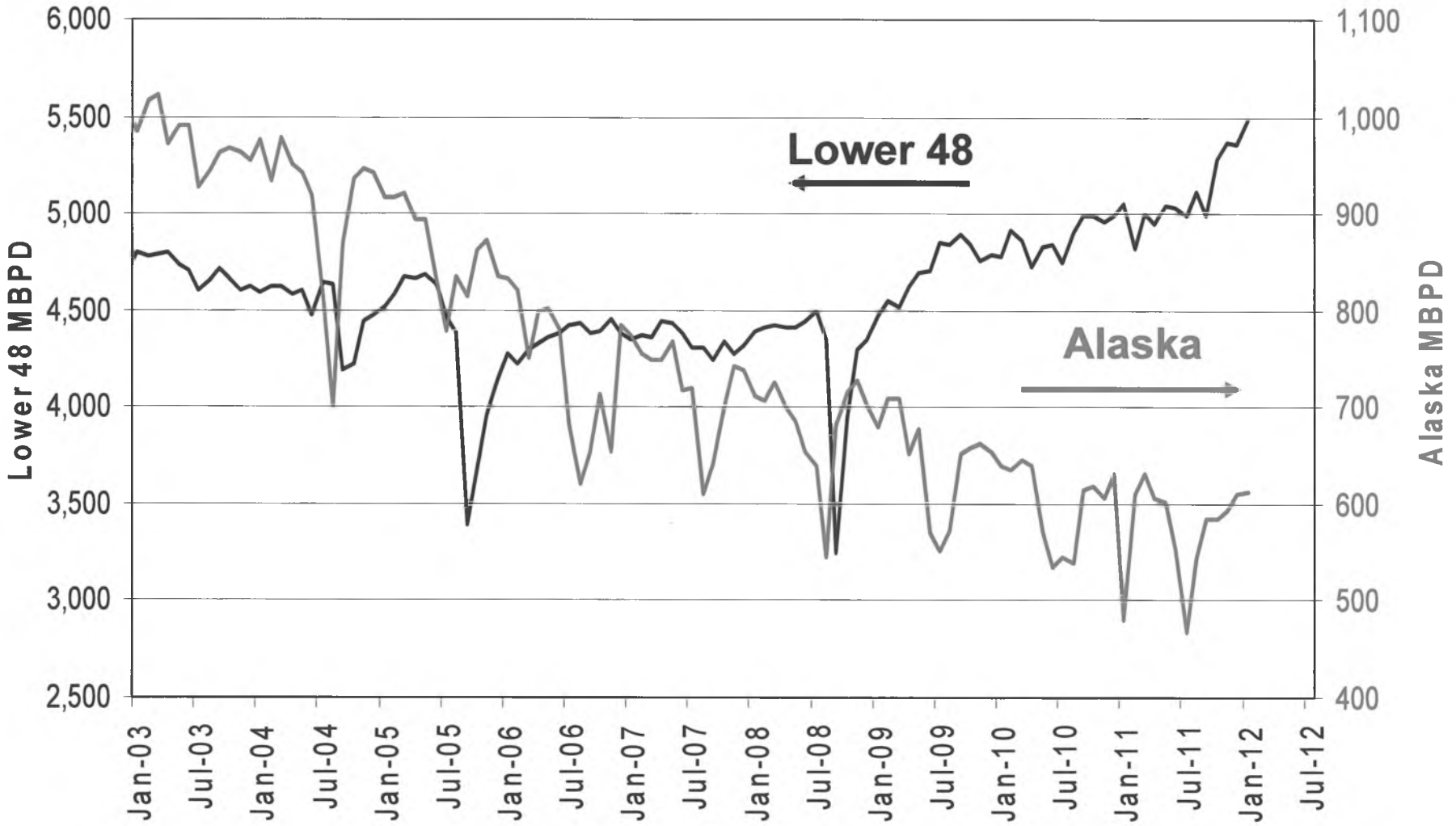
Latest Financial Performance

ConocoPhillips Alaska

- Alaska First Quarter 2012 Earnings
  - Paid $1.5 billion in taxes and est. royalties; earned $616 million
  - $13.1 million per day of taxes and est. royalties to State of Alaska
  - $16.5 million per day of total government take
  - $173 million higher than 4th quarter 2011 due to timing of sales and increased prices

Production is Declining in Alaska

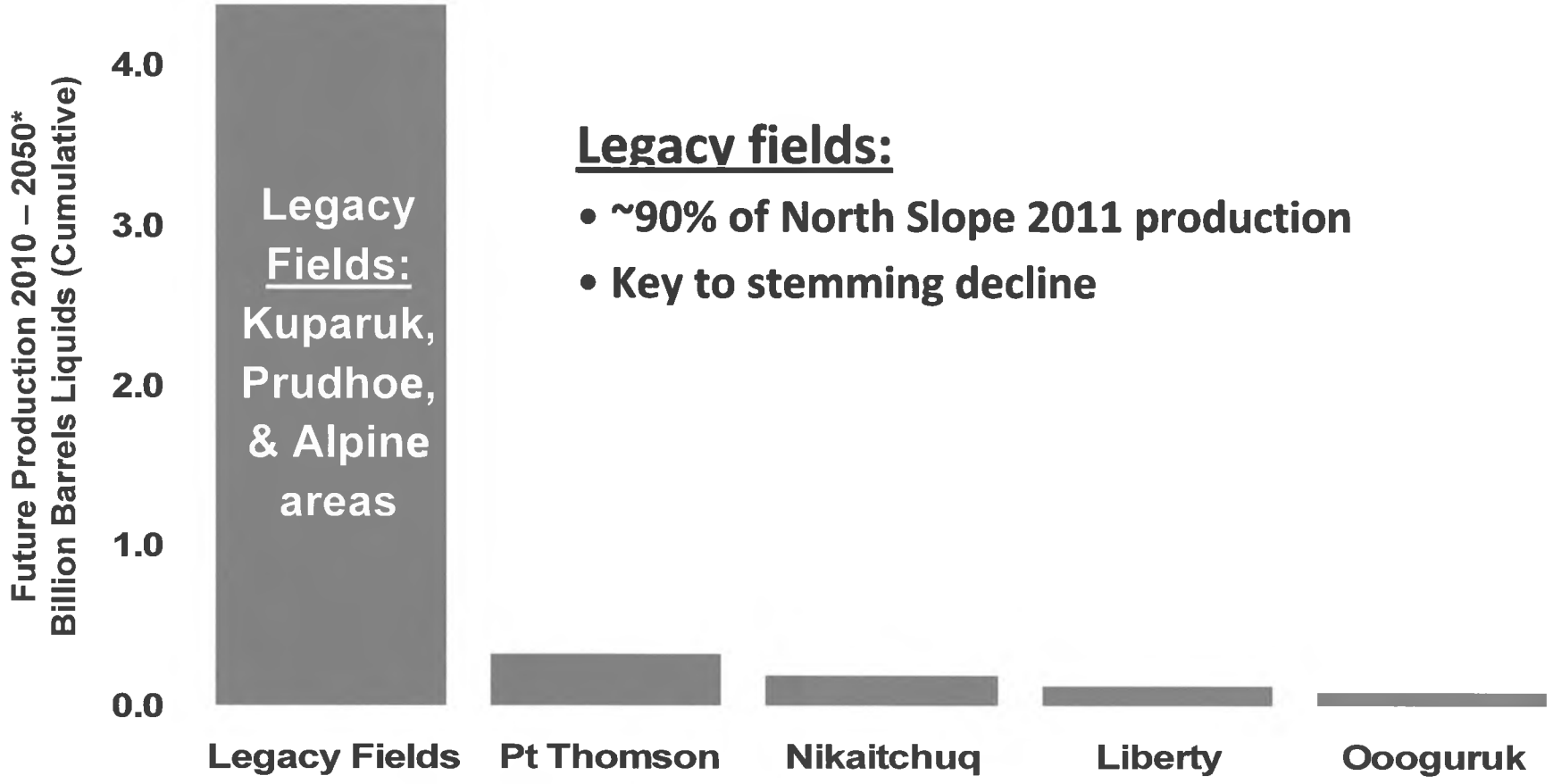
ConocoPhillips Alaska



Source: Energy Information Administration (EIA)

Legacy Fields are Key to Future Production

ConocoPhillips Alaska



Legacy fields:

- ~90% of North Slope 2011 production
- Key to stemming decline

Realization of legacy field potential dependent upon attracting additional capital investment

Source: DOR 2009 production forecast 2010 – 2050 volumes

Opportunities within Legacy Fields

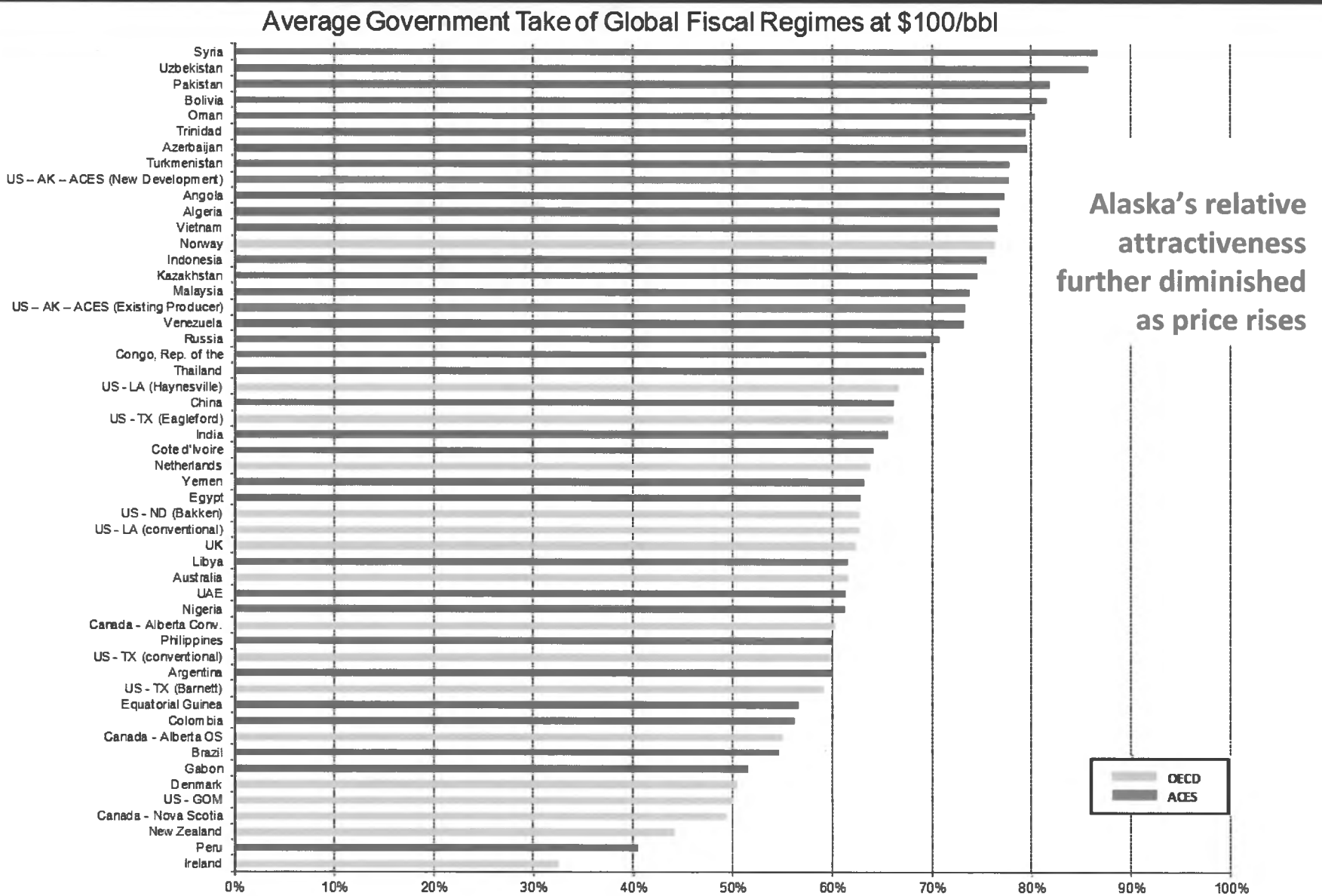
ConocoPhillips Alaska

- Drilling technology is opening new opportunities for light oil development
  - Designer wells
  - Thin sand targets
  - Opportunities can support more rigs in Western North Slope, Prudhoe
  - High costs, technical risks significant
- Viscous oil maturing
  - Have made technological advancements
  - Core area West Sak on line at 14,000 BOPD
  - Evaluating next significant investment (Eastern NEWS)
    - Challenged technically and commercially
    - More engineering needed
- Additional exploration, satellite opportunities
- Evaluating heavy oil technologies
  - Long standing efforts to develop heavy oil is continuing
  - No commercially viable technology identified to date

Cost, production/reserves, technical, regulatory and fiscal framework considerations will determine level of capital investment

ACES - High Average Government Take

ConocoPhillips Alaska

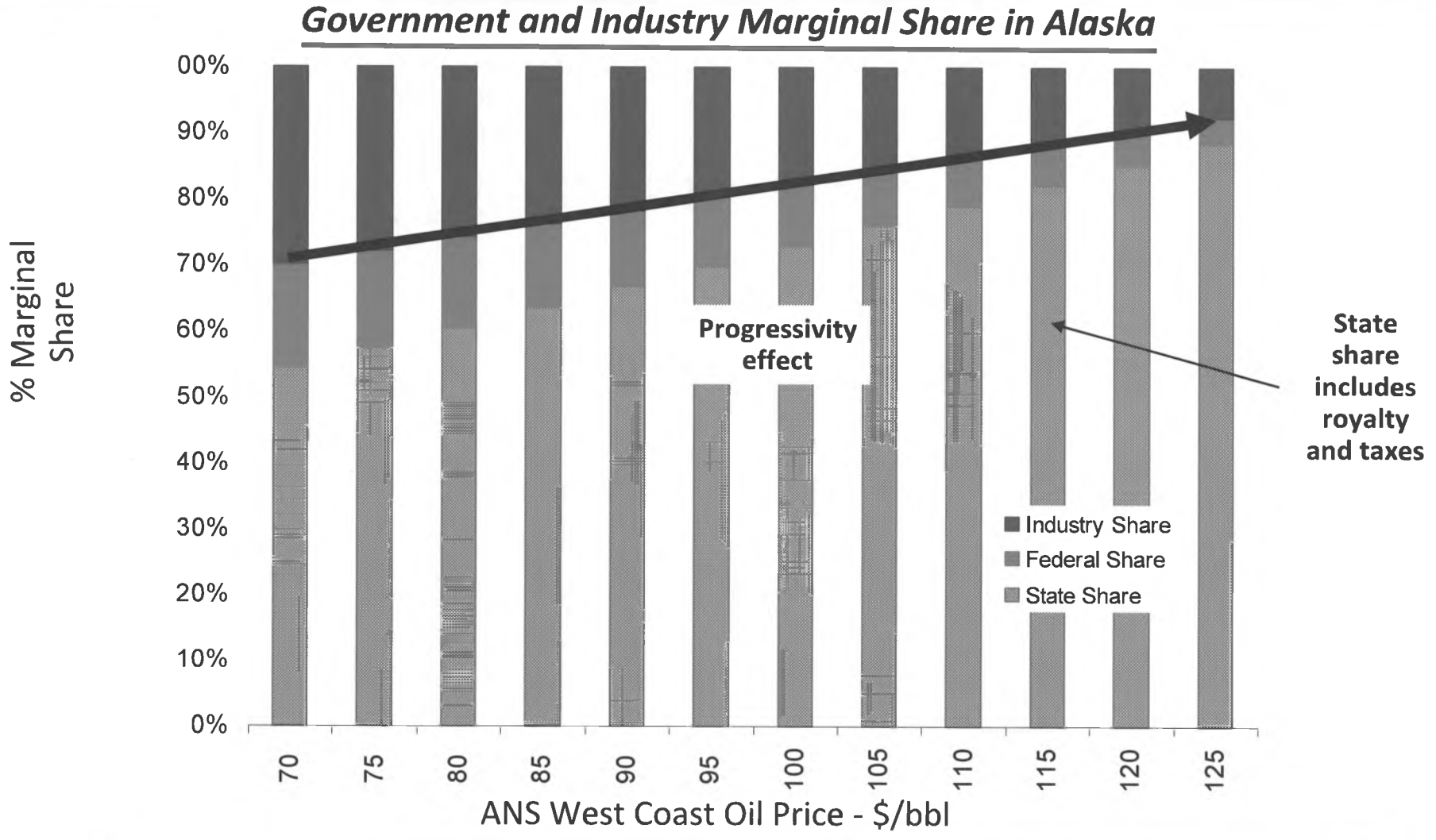


Alaska's relative attractiveness further diminished as price rises

Source: PFC Energy, Alaska House Resources Committee Discussion Slides, April 23, 2012

ACES Takes Away the Upside

ConocoPhillips Alaska



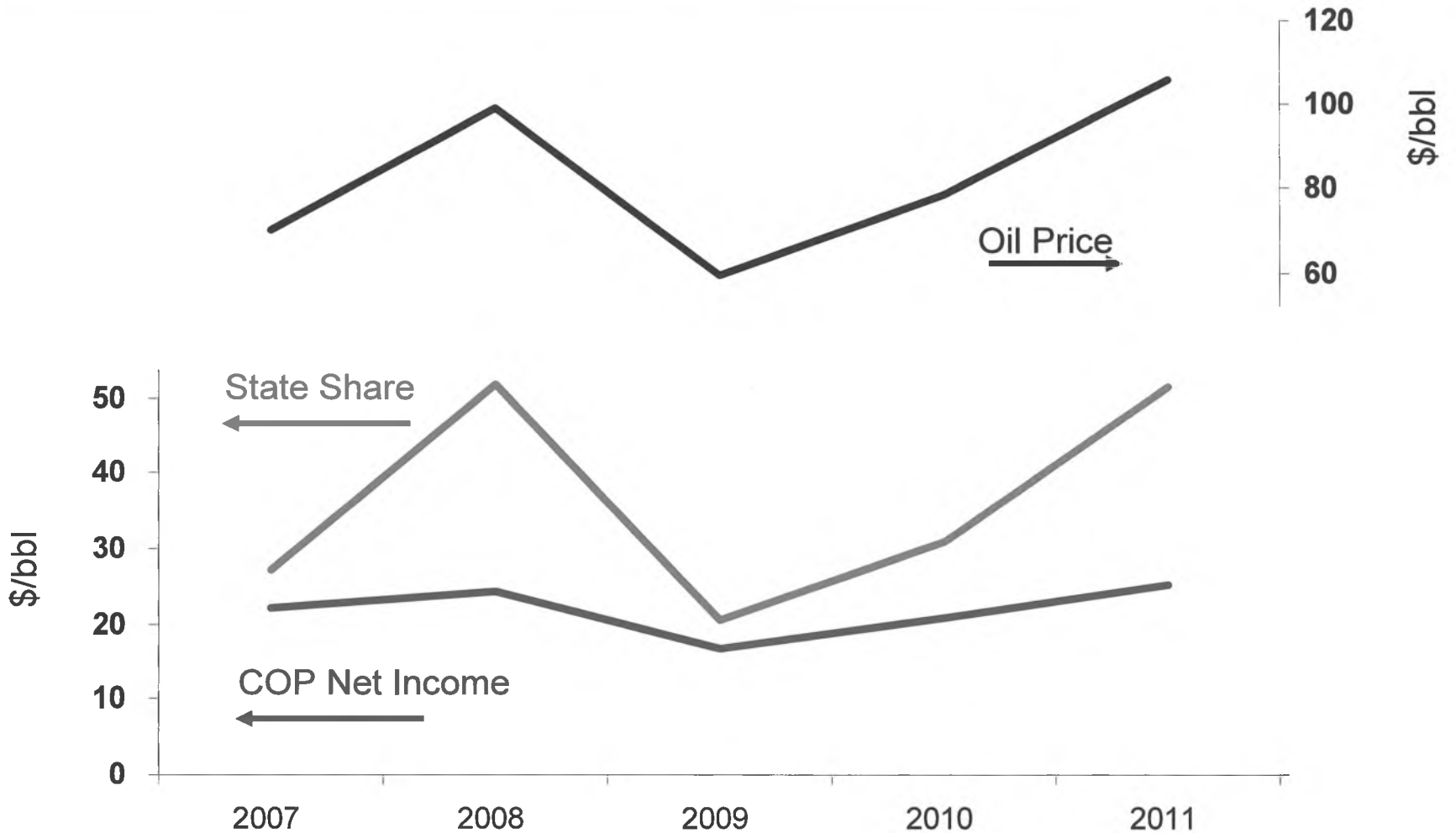
By comparison, industry marginal share in L48 40% to 50%

Based on Fall 2011 RSB for FY2013
Assume 35% federal tax rate, 9.4% SIT rate

Alaska Share includes royalty, severance tax, income tax, and property tax

ACES Takes Away the Upside

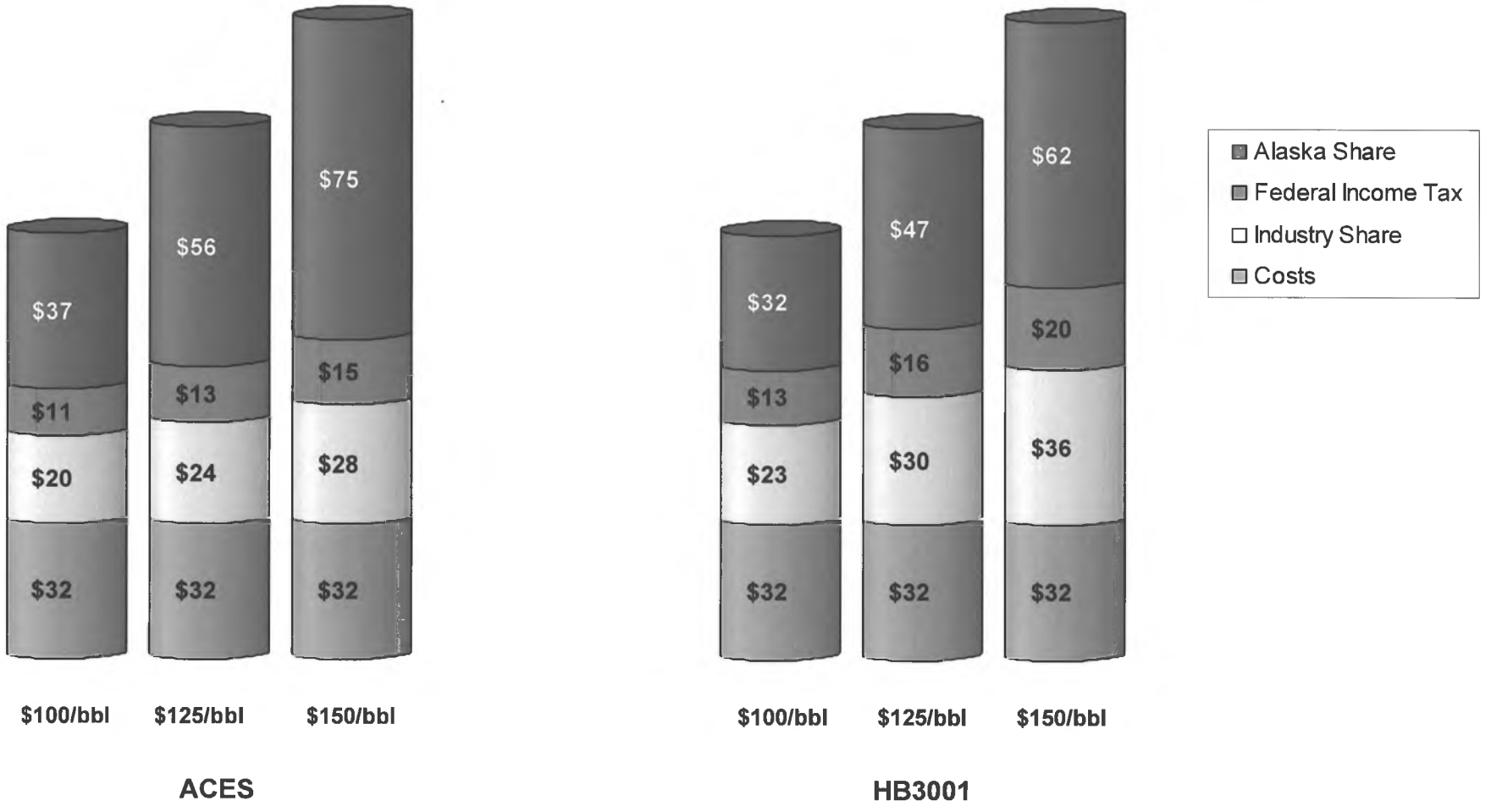
ConocoPhillips Alaska



Source: ConocoPhillips 10-K

HB3001 Provides More Equitable Split

ConocoPhillips Alaska

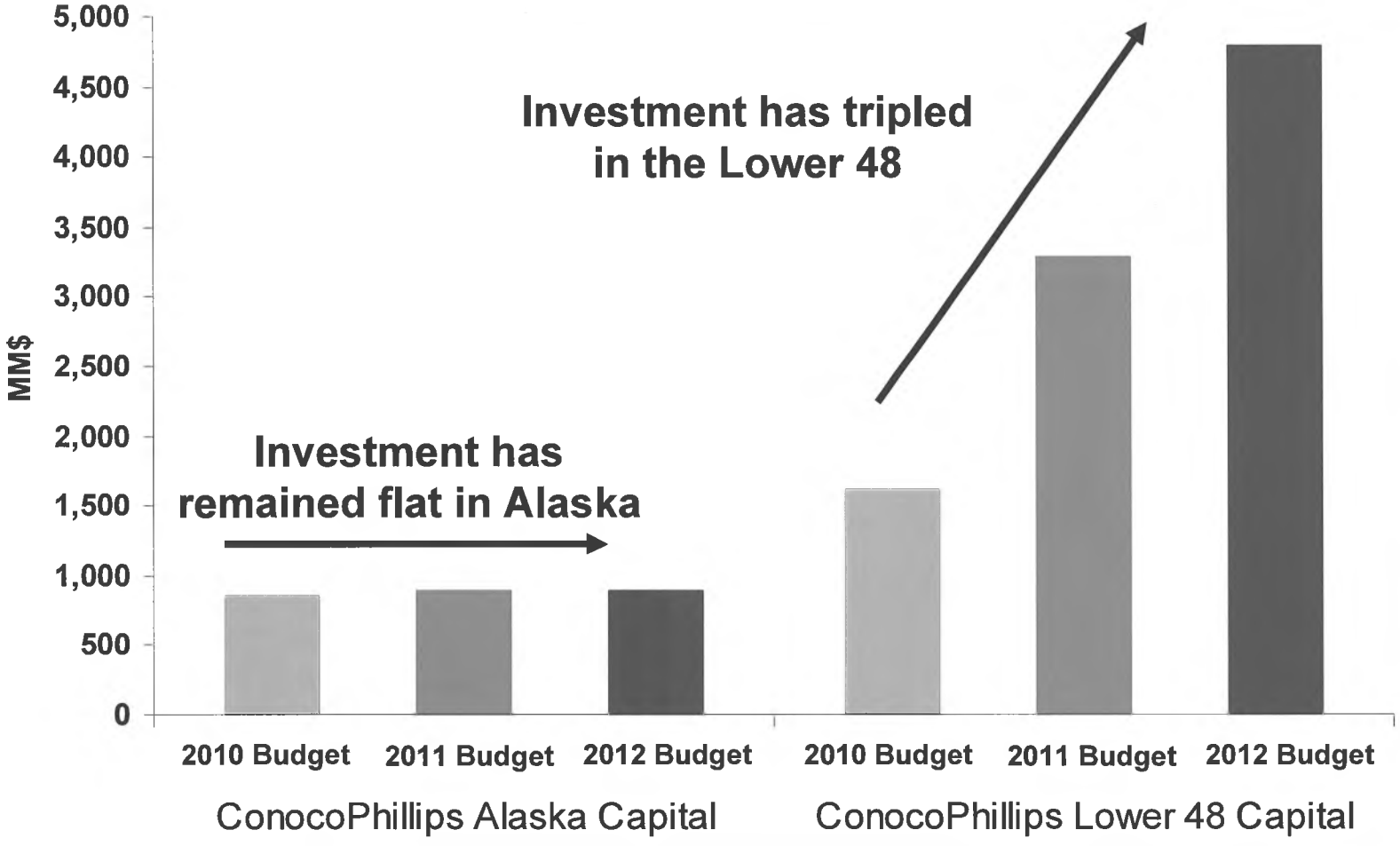


Based on Fall 2011 RSB for FY2013
Assume 35% federal tax rate, 9.4% SIT rate

Alaska Share includes royalty, severance tax, income tax, and property tax
Assume 35% of capex is eligible for 40% credits under HB3001

ConocoPhillips Capital Expenditures

ConocoPhillips Alaska



Investment flows where investor has upside

Source: ConocoPhillips 10K

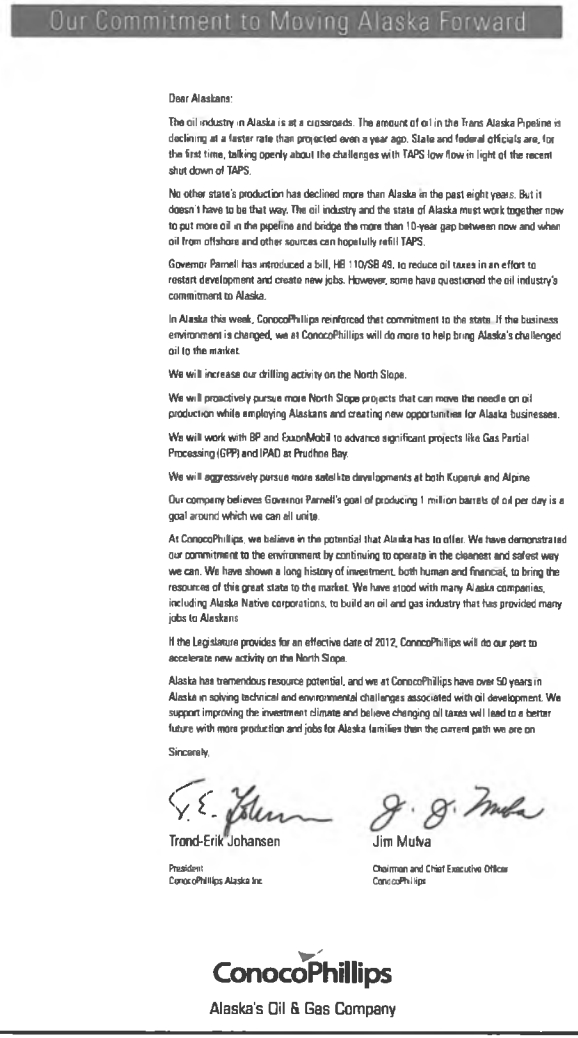
ConocoPhillips Commitment

ConocoPhillips Alaska

Last spring, ConocoPhillips made the following commitments to Alaska if HB110 or similar legislation is passed:

- We will pursue increased drilling activity on the North Slope
- We will aggressively pursue more satellite developments at Alpine and Kuparuk
- We will work with partners to develop major projects at Prudhoe Bay
- We will proactively pursue other projects that can move the needle on oil production

An Open Letter to All Alaskans from ConocoPhillips



Our Commitment to Moving Alaska Forward

Dear Alaskans:

The oil industry in Alaska is at a crossroads. The amount of oil in the Trans Alaska Pipeline is declining at a faster rate than projected even a year ago. State and federal officials are, for the first time, talking openly about the challenges with TAPS low flow in light of the recent shut down of TAPS.

No other state's production has declined more than Alaska in the past eight years. But it doesn't have to be that way. The oil industry and the state of Alaska must work together now to put more oil in the pipeline and bridge the more than 10-year gap between now and when oil from offshore and other sources can hopefully refill TAPS.

Governor Parnell has introduced a bill, HB 110/SB 49, to reduce oil taxes in an effort to restart development and create new jobs. However, some have questioned the oil industry's commitment to Alaska.

In Alaska this week, ConocoPhillips reinforced that commitment to the state. If the business environment is changed, we at ConocoPhillips will do more to help bring Alaska's challenged oil to the market.

We will increase our drilling activity on the North Slope.

We will proactively pursue more North Slope projects that can move the needle on oil production while employing Alaskans and creating new opportunities for Alaska businesses.

We will work with BP and ExxonMobil to advance significant projects like Gas Partial Processing (GPP) and IPAD at Prudhoe Bay.

We will aggressively pursue more satellite developments at both Kuparuk and Alpine.

Our company believes Governor Parnell's goal of producing 1 million barrels of oil per day is a goal around which we can all unite.

At ConocoPhillips, we believe in the potential that Alaska has to offer. We have demonstrated our commitment to the environment by continuing to operate in the cleanest and safest way we can. We have shown a long history of investment, both human and financial, to bring the resources of this great state to the market. We have stood with many Alaska companies, including Alaska Native corporations, to build an oil and gas industry that has provided many jobs to Alaskans.

If the Legislature provides for an effective date of 2012, ConocoPhillips will do our part to accelerate new activity on the North Slope.

Alaska has tremendous resource potential, and we at ConocoPhillips have over 50 years in Alaska in solving technical and environmental challenges associated with oil development. We support improving the investment climate and believe changing oil taxes will lead to a better future with more production and jobs for Alaska families than the current path we are on.

Sincerely,

Trond-Erik Johansen
President
ConocoPhillips Alaska Inc.

Jim Mulva
Chairman and Chief Executive Officer
ConocoPhillips

ConocoPhillips
Alaska's Oil & Gas Company

HCR

2

<TARGET><BILL>HCR 2</BILL><SUBJECT>HCR
2</SUBJECT><COMM>HRES27</COMM></TARGET>

Why honor President Reagan's Centennial?
"President Ronald Reagan inspired freedom and changed the world. The example of his leadership continues to inspire us today. Because of his legacy, captive nations were freed, a Cold War was ended, economic freedom flourishes, and Americans were made proud again.

President Reagan always believed that America's best days were ahead. We are reminded of that spirit of optimism and the principles he championed as our president; courage in the face of oppression, the spirit of patriotism, support for a strong national defense, a belief in economic opportunity and an unwavering commitment to the cause of freedom.

Remembering that 'freedom is never more than one generation away from extinction' is a fair warning that America will only be great so long as it passes on these lessons of freedom to future generations. Through the Ronald Reagan Presidential Centennial, Americans have the opportunity to do just that.

- Ronald Reagan Presidential Foundation and Library.

Places named for former President Ronald Reagan*
22 States have named 81 places (schools, roads, sports fields, mountains and medical centers) in his honor.
Alaska has recognized the former president, declaring Feb. 6 Ronald Reagan Day several times, but has nothing to serve as a permanent memorial honoring the 40th President.

Alabama

- Ronald Reagan Memorial Highway (portion of Interstate 65 from Birmingham to Decatur)
- Ronald Reagan Spirit of America Field, Decatur. (Reagan visited the field in 1984)

Arizona

- The Ronald Reagan Fundamental School, Yuma, Arizona
- Ronald Reagan Road, Kingman, Arizona

California
Institutions

- The Ronald Reagan Presidential Library and Center for Public Affairs in Simi Valley
- Ronald Reagan California Republican Center, Burbank, California (Headquarters of the California State Republican Party, renamed in 1996)
- Ronald Reagan Community Center, El Cajon, California (Formerly named the "El Cajon Community Center", renamed in 2004)
- Ronald Reagan State Office Building, Los Angeles (renamed in 1990)
- The Ronald Reagan UCLA Medical Center, Los Angeles. (Dedicated in 2000, opened in 2008)
- Ronald Reagan Federal Building and Courthouse in Santa Ana (renamed in 1999)
- Reagan Center, Los Angeles (associated with Childhelp USA)
- Reagan Ranch Leadership Academy, Santa Barbara (affiliated with the Young America's Foundation)

Schools

- Ronald Reagan Elementary School, Bakersfield, California
- Ronald Reagan Elementary School in Chowchilla, California
- Ronald Reagan Sports Park, Temecula, California (Formerly named "Rancho California Sports Park", renamed in 2005)
- Ronald Reagan Park, Diamond Bar, California

Roads

- Ronald Reagan Freeway (State Route 118, previously named Simi Valley-San Fernando Valley Freeway, renamed in 1994)

Other

- Ronald Reagan Distinguished American Award, presented annually since 1991 by the Jonathan Club, Los Angeles.
- Reagan Room at The Jonathan Club, Los Angeles.
- The Ronald Reagan Penthouse at the Century Plaza Hotel in Los Angeles (the suite is the entire 30th floor of the hotel, and was one of Reagan's favorites)

Colorado

- The Ronald Reagan Highway (Interstate 25 throughout El Paso County)

Florida

- Florida's Turnpike designated the Ronald Reagan Turnpike, though the existing name was not changed.
- Ronald Reagan Post Office Building, West Melbourne, Florida
- Ronald W. Reagan Doral High School, a high school in the suburbs of Miami
- Ronald Reagan Avenue, Miami, Florida renamed from its numerical name a major corridor in Miami.
- Ronald Reagan Parkway, Hillsborough County, Florida
- Ronald Reagan Boulevard, Seminole County County Road 427, which kept the existing number but had all street signs changed
- Ronald Reagan Parkway, formerly Polk County County Road 54
- A 25-mile section of Florida State Road 9A in North Jacksonville was designated Ronald Reagan Highway

Georgia

- Ronald Reagan Drive in Evans, Columbia County
- Ronald Reagan Parkway in Gwinnett County

Illinois

Institutions

- The Ronald W. Reagan Society at Eureka College, Eureka, Illinois, a national group of donors who support the living legacy of Ronald Reagan at his college alma mater.
- The Ronald and Nancy Reagan Research Center, Alzheimer's Association, Chicago
- Birthplace of Ronald Reagan (111 S. Main St. Tampico, now a museum)
- Ronald Reagan Boyhood Home National Historic Site (in Dixon, Illinois)
- Reagan Park, Tampico (named 1985, formerly Railroad Park)

Roads

- Ronald Reagan Highway (U.S. Highway 14)
- Ronald Reagan Memorial Tollway (Interstate 88)
- Ronald Reagan Trail
- Reagan Drive, Eureka, Illinois (named in 1979)
- Reagan Way, Dixon, Illinois (A portion of Hennepin Avenue where Reagan walked from his home to the swimming hole as a youth)

Schools

- Ronald W. Reagan Middle School in Dixon, formerly Madison School.
- Reagan Physical Education Center, Eureka College renamed in 1970 (previously named for Reagan and his brother Neil.
- Ronald Reagan Peace Garden, Eureka College (includes a piece of the Berlin Wall)
- Ronald W. Reagan Exhibit, Eureka College
- Ronald W. Reagan Leadership Program, Eureka College

Indiana

- Ronald Reagan Expressway, (Interstate 469), Fort Wayne, Indiana
- Ronald Reagan Corridor, Hendricks County, Indiana

Louisiana

- Ronald Reagan Highway (US 190)

Mississippi

- The Reagan Hope Home

Missouri

Ronald Reagan Parkway, Lake St. Louis, Missouri

Nebraska

Ronald W. Reagan Elementary School, Omaha, Nebraska

New Hampshire

- Mount Reagan - (NH legislature changed name in 2003, but it conflicts with "Mount

Clay", still recognized by the U.S. Board on Geographic Names)

New Jersey

- Ronald Reagan School #30 - Elizabeth, New Jersey

New York

- Ronald Reagan Boulevard - Warwick, New York

North Carolina

- Ronald W. Reagan High School, Pfafftown, Forsyth County

Ohio

- Ronald Reagan Cross County Highway (State Route 126 north of Cincinnati), 1997
- Reagan Parkway (East-West Thoroughfare on the north side of town) Medina, Ohio
- Reagan Park, Medina, Ohio
- Ronald Reagan Voice of Freedom Park, West Chester, Ohio

Pennsylvania

- Ronald Reagan Federal Building and Courthouse, in Harrisburg (named on March 9, 2004)
- Ronald Reagan Drive, in the Philadelphia suburb of Richland Township (2002)
- Ronald Reagan Drive, in the Pittsburgh suburb of McCandless Township (2006)

Texas

- Ronald Reagan Avenue, Hickory Creek, Texas
- Ronald Reagan High School, San Antonio, Texas
- Ronald Reagan Memorial Highway, Arlington, Texas
- Ronald Reagan Middle School, Grand Prairie, Texas
- Ronald Reagan Building, Harris County Department of Education, Houston, Texas

Virginia

- Ronald Reagan Washington National Airport (formerly Washington National Airport)
- Ronald Reagan Washington National Airport Metro Station (formerly National Airport Metro Station) On April 19, 2001 the WMATA Board voted to not rename the station. However, subsequent Republican Party Congressional threats to withhold funding caused the renaming over the objection of local leaders and residents.
- Ronald Wilson Reagan Memorial Highway (State Route 234, dedicated to Reagan in 2005), Prince William County
- The Reagan Building (Richmond City)

Washington, DC

- Ronald Reagan Building and International Trade Center, 1300 Pennsylvania Avenue NW
- Ronald Reagan Chair in Public Policy at the Heritage Foundation
- Ronald Reagan Institute of Emergency Medicine at George Washington University Hospital (the hospital to which Ronald Reagan was taken immediately after the March 30, 1981 assassination attempt on him and named after him on the tenth anniversary of the assassination attempt.)
- The Ronald Wilson Reagan Republican Center of the National Republican Senatorial Committee

Wisconsin

- Ronald Wilson Reagan College Preparatory High School, Milwaukee

*Data from the Ronald Reagan Presidential Foundation and Library.

Places in Alaska named after former presidents: (Based on data from the USGS)

- **Mount McKinley** – Denali National Park - Named after President William McKinley
- **Harding Ice Field** – Located in the Kenai Mountains - Named after President Warren G. Harding
- **Washington Monument Rock** – Ketchikan, In Thorne Arm near Revillagigedo Channel – Named for resemblance to Washington Monument in Washington D.C.
- **Jefferson Peak** – Near Petersburg – Named after Thomas Jefferson, author of the Declaration of Independence and third President of the United States.
- **Grant Point** – located between Izembek Lagoon and Applegate Cove, 8 mi. NW of village of Cold Bay – Named after President Ulysses S. Grant.
- **Grant Peak** – In the Sitka Coast Mountains – Named after President Ulysses S. Grant.
- **Lincoln Island** – In the Lynn Canal near Juneau – Named after President Abraham Lincoln.

- **Lincoln Peak** – Near Angoon – Named after President Abraham Lincoln.
- **Cleveland Peninsula** – between Prince of Wales and Revillagigedo Is. – Names after President Grover Cleveland.
- **Mount Cleveland** – Near Skagway – Named after President Grover Cleveland.
- **Cleveland Passage** – Extends along the eastside of Whitney Island – Named after President Grover Cleveland.
- **Fillmore Peak** – Located in the Juneau Coastal Mountains – Named after President Millard Fillmore.
- **Roosevelt Harbor** – In Wrangell - probably named for President Theodore Roosevelt.
- **Roosevelt Island** – In the Yukon River, Southwest of Russian Mission – Named for President Franklin D. Roosevelt.
- **Roosevelt Lagoon** – located at the mouth of the Naha River – Named for President Theodore Roosevelt.
- **Roosevelt Creek** – Located 45 miles southeast of Nenana - Prospectors in 1905 for President Theodore Roosevelt.
- **Kennedy Entrance** - Between the Barren Islands and the Chugach Islands of the Kenai Peninsula, connecting the Gulf of Alaska with Cook Inlet – Named after President John F. Kennedy.

U.S. Board on Geographic Names

Search Domestic Names -- Download Domestic Names -- Search Foreign Names -- Search Antarctic Names

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Undersea Features

Member Directory

Links

The U.S. Board on Geographic Names is a Federal body created in 1890 and established in its present form by Public Law in 1947 to maintain uniform geographic name usage throughout the Federal Government. The Board comprises representatives of Federal agencies concerned with geographic information, population, ecology, and management of public lands. Sharing its responsibilities with the Secretary of the Interior, the Board promulgates official geographic feature names with locative attributes as well as principles, policies, and procedures governing the use of domestic names, foreign names, Antarctic names, and undersea feature names.

The original program of names standardization addressed the complex issues of domestic geographic feature names during the surge of exploration, mining, and settlement of western territories after the American Civil War. Inconsistencies and contradictions among many names, spellings, and applications became a serious problem to surveyors, map makers, and scientists who required uniform, non-conflicting geographic nomenclature. President Benjamin Harrison signed an Executive Order establishing the Board and giving it authority to resolve unsettled geographic names questions. Decisions of the Board were accepted as binding by all departments and agencies of the Federal Government.

The Board gradually expanded its interests to include foreign names and other areas of interest to the United States, a process that accelerated during World War II. In 1947, the Board was recreated by Congress in Public Law 80-242. The usefulness of standardizing (not regulating) geographic names has been proven time and again, and today more than 50 nations have some type of national names authority. The United Nations stated that "the best method to achieve international standardization is through strong programs of national standardization." Numerous nations established policies relevant to toponomy (the study of names) in their respective countries.

In this age of geographic information systems, the Internet, and homeland defense, geographic names data are even more important and more challenging. Applying the latest technology, the Board on Geographic Names continues its mission. It serves the Federal Government and the public as a central authority to which name problems, name inquiries, name changes, and new name proposals can be directed. In partnership with Federal, State, and local agencies, the Board provides a conduit through which uniform geographic name usage is applied and current names data are promulgated.

For geographic feature names policies applying to the United States, or to the use of foreign geographic names, Antarctica names, and undersea feature

names by the United States, see the respective items in the main menu on the left. Any person or organization, public or private, may make inquiries or request the Board to render formal decisions on proposed new names, proposed name changes, or names that are in conflict. Minutes of the Board's meetings are available. Communications concerning the Board should be addressed to:

Lou Yost
Executive Secretary
U.S. Board on Geographic Names
U.S. Geological Survey
12201 Sunrise Valley Drive, MS 523
Reston, Virginia 20192-0523
Phone: (703) 648-4552
FAX: (703) 648-4549
BGNEXEC@usgs.gov

U.S. Department of the Interior | U.S. Geological Survey
URL: http://geonames.usgs.gov/index.html
Page Contact Information: GNIS Manager
Page Last Modified: Friday, 01-May-2009 08:27:10 MDT

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: **HCR 2**
() Publish Date

House Concurrent Resolution NO. 2
Title: "Urging the Alaska Historical Commission to prepare recommendations for the naming of a geographical feature..."
Sponsor: Representative Stoltze
Requester: House Resources Committee

Dept. Affected: Legislature
Appropriation: B&A Committee, Leg Council
Allocation: & Subcommittees, Leg Operating Budget
OMB Component Number: 783; 775

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

This legislation has zero fiscal impact on the Legislative Affairs Agency.

Prepared by: Shane Miller, Finance Manager — Phone: 465-6626
Division: Legislative Affairs Agency — Date/Time: 2/3/11 10:26 AM
Approved by: Pamela Varni, Executive Director — Date: 2/3/2011
Legislative Affairs Agency

(Revised 12/29/2010 OMB)

Analysis

This fiscal note has zero impact on the Legislative Affairs Agency.

HCR

23

<TARGET><BILL>HCR 23</BILL><SUBJECT>HCR 23</SUBJECT><COMM>HRES27</COMM></TARGET>

ALASKA STATE LEGISLATURE

HOUSE FINANCE COMMITTEE

Rep. Bill Thomas, Co-Chair
State Capitol, Room 505
Juneau, AK 99801-1182
Phone (907) 465-3732
Fax (907) 465-2652

Official Business

Rep. Bill Stoltze, Co-Chair
State Capitol, Room 515
Juneau, AK 99801-1182
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HCR 23 – Establishing the Alaska Arctic Policy Commission

Sponsor Statement

The Alaska Northern Waters Task Force (ANWTF) was established in 2010 to identify the opportunities and challenges of a changing Arctic. Arctic Nations are anticipating the development of northern shipping routes, mineral extraction, oil and gas exploration, commercial fisheries, and tourism. Some of this change has already started to occur. The ANWT completed its final report on January 30, 2012. The report includes recommendations in six Arctic policy areas: Governance, Oil & Gas Development, Marine Transportation, Fisheries, Infrastructure, and Research. The report is by far the broadest and most detailed statement of Alaska's Arctic policy to date, yet much work remains to fully expound upon all the diverse issues that the Task Force brought forward.

While the United States has an official written Arctic Policy (National Security Presidential Directive (NSPD)-66), Alaska does not. Most of the other Arctic Nations and the Northwest Territories already have established Arctic policies. As the jurisdiction that makes the United States an Arctic nation and as the only U.S. state that is home to Arctic residents, Alaska needs an Arctic policy of its own. Alaska needs to position itself now regarding the nation's Arctic policy – Alaska cannot take that leadership role without understanding what its own priorities should be. This is especially critical considering the United States will be chairing the Arctic Council from 2015-2017. The Arctic Policy Commission will provide the legislature an opportunity to remain engaged in the ongoing Arctic dialogue and to help shape future Alaskan Arctic policy.

Toward this end, HCR 23 creates in the legislative branch an Alaska Arctic Policy Commission. The 16-member Commission would include:

- 3 senators appointed by the Senate President (one acting as Co-Chair)
- 3 representatives appointed by the House Speaker (one acting as Co-Chair)
- 1 member from the executive branch appointed by the Governor
- 9 members appointed jointly by the President and the Speaker representing:
    - The federal government
    - A tribal entity
    - The mining industry
    - The oil & gas industry
    - The University of Alaska
    - Fisheries
    - A local government
    - A coastal community
    - An international Arctic organization

Over the course of two years, the Alaska Policy Commission will hold meetings in Arctic areas of the state as well as Anchorage and Fairbanks. The Commission is tasked with providing preliminary recommendations on Alaska's Arctic policy by January 30, 2014 and delivering a final report by January 30, 2015.

Conceptual Amendment #1

by Seaton

Page 3 line 6

following ~~follows~~.

"of which B through I will be Alaska residents"

Conceptual Amend #2 by Herron

BACKGROUND: US IS AN ARCTIC NATION...

Whereas it is the policy of US to involve the Arctic's indigenous communities in decisions that affect them (i.e. Alaska)

Concept #2

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION
DRAFT DRAFT DRAFT DRAFT DRAFT

Bill Version: **HCR 23**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HCR23-LEG-COU-2-3-12 DRAFT
Title: "Establishing and relating to the Alaska Arctic Policy Commission"
Sponsor: House Finance Committee
Requester: House Finance Committee

Dept. Affected: Legislature
Appropriation: Legislative Council
Allocation: Council & Subcommittees
OMB Component Number: 783

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services	131.1		131.1	67.2			
Travel	125.1		123.0	2.0			
Services			20.0				
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**256.2**	**0.0**	**274.1**	**69.2**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF	256.2		274.1	69.2			
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
	TOTAL	**256.2**	**0.0**	**274.1**	**69.2**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by: Jessica Geary, Finance Manager — Phone: 465-6626
Division: Legislative Affairs Agency — Date/Time:
Approved by: Pamela Varni, Executive Director — Date:
Legislative Affairs Agency

(Revised 1/17/2012 OMB)

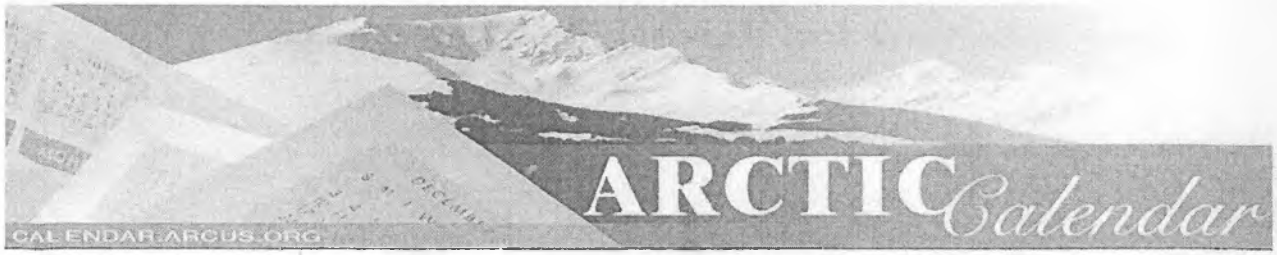
FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HCR 23

Analysis

HCR 23 establishes the Alaska Arctic Policy Commission in the Legislative Branch. The Commission consists of 16 members composed of six Legislators, one member of the Executive Branch and nine public members. Travel funding is included in this fiscal note. Meetings will be held in Barrow, Nome, Kotzebue, Unalaska, Fairbanks, and Anchorage at Legislative Information Offices or local government facilities at no rental cost to the Commission. One range 23 position will be hired to staff the Commission. Their salary is included in this fiscal note. Funding for professional services contracts is included in this fiscal note. The Commission shall develop an Arctic policy for the state and produce a strategy for the Implementation of an Arctic policy to address the areas of the state, including the economic, ecological, and security effects to benefit the state and its residents. Costs to teleconference meetings and print the proposals and reports due in January of 2014 and in January 2015 will be absorbed in the Legislative Affairs Agency Budget.



About the Calendar
Upcoming Events
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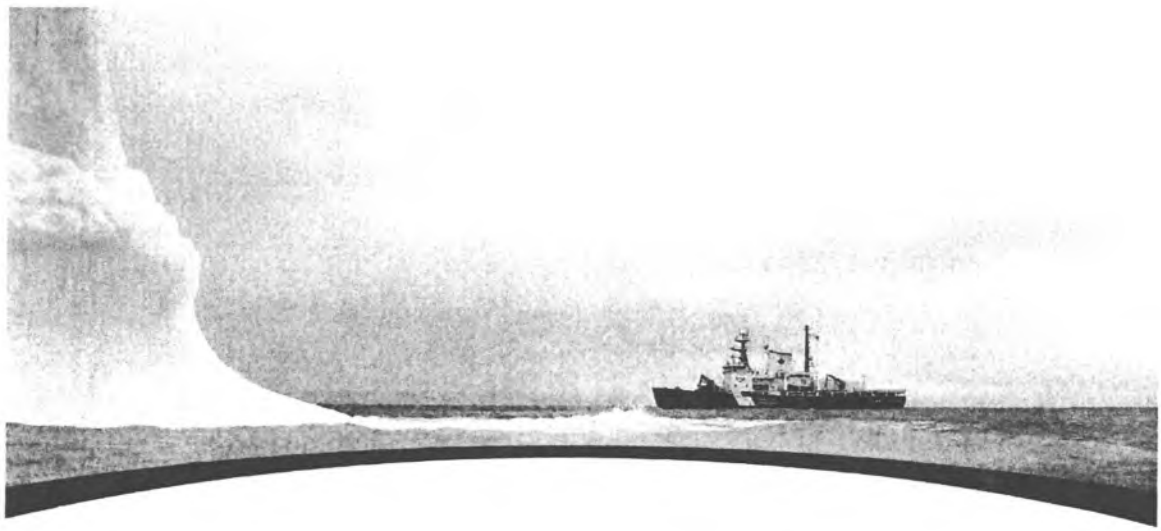
Arctic Calendar of Events | Results

February 14, 2012	**The Standing Committee of Parliamentarians of the Arctic Region (SCPAR)** *Stockholm, Sweden*
February 15, 2012	**Arctic Policy Forum** *Anchorage, Alaska*
February 15 – 17, 2012	**Community Earth System Model - Polar Climate Working Group Meeting** *Boulder, Colorado*
February 17, 2012	**SMOSIce User Workshop** *Hamburg, Germany*
February 18 – 19, 2012	**Workshop: R/V Sikuliaq Science Planning** *Salt Lake City, Utah*
February 20 – 24, 2012	**2012 Ocean Sciences Meeting** *Salt Lake City, Utah*
February 24, 2012	**Arctic Ocean Energy Development** *Washington, D.C.*
February 29 – March 3, 2012	**Alaska Anthropological Association 39th Annual Meeting** *Seattle, Washington*
March 7 – 9, 2012	**42nd International Arctic Workshop** *Winter Park, Colorado*
March 19 – 22, 2012	**Sea-Level and Adjustment of the Land: Observations and Models (SLALOM) 2012** *Athens, Greece*
March 28 – 30, 2012	**5th Western Alaska Interdisciplinary Science Conference and Forum: "Resilience in a changing world"** *Dillingham, Alaska*
April 12 – 13, 2012	**Leadership for the Arctic - An Interdisciplinary Academic Conference** *New London, CT*
April 19 – 22, 2012	**Arctic Science Summit Week 2012** *Montreal, Canada*
April 22 – 27, 2012	**European Geosciences Union General Assembly 2012** *Vienna, Austria*
April 22 – 27, 2012	**IPY 2012 "From Knowledge to Action" Conference** *Montreal, Canada*
April 26 – 27, 2012	**David C. Sego Symposium** *Edmonton, Alberta, Canada*
April 27 – 28, 2012	**USARC Commission Meeting** *Montreal, Canada*
April 30 – May 2, 2012	

	The Arctic Forum 2012 and the 24th ARCUS Annual Meeting *Washington, D.C.*
May 2 – 4, 2012	**American Polar Society 75th Anniversary Meeting and Symposium, "The Polar Regions in the 21st Century: Globalization, Climate Change and Geopolitics"** *New York, New York*
May 3, 2012	**Gateways North: Expansion, Convergence, and Change** *Manitoba, Canada*
May 7 – 11, 2012	**44th International Liege Colloquium on Ocean Dynamics** *Liege, Belgium*
May 15 – 17, 2012	**Canadian Hydrographic Conference: The Arctic, Old Challenges, New Approaches** *Scotiabank Conference Centre, Niagara Falls, Canada*
May 21 – 24, 2012	**32nd EARSeL Symposium 2012** *Mykonos Island, Greece*
May 22 – 24, 2012	**18th International Symposium on Polar Sciences** *Jeju Island, Republic of Korea*
May 27 – 28, 2012	**USARC Commission Meeting** *Montreal, Canada*
May 28 – June 1, 2012	**International Symposium on Seasonal Snow and Ice** *Lahti, Finland*
June 5 – 7, 2012	**69th Annual Meeting of the Eastern Snow Conference** *Claryville, New York*
June 12 – 14, 2012	**26th International Forum for Research into Ice Shelf Processes (FRISP)** *Utö, Stockholms Archipelago, Sweden*
June 12 – 14, 2012	**26th International Forum for Research into Ice Shelf Processes (FRISP)** *Uto, Stockholms Archipelago, Sweden*
June 17 – 22, 2012	**2nd Arctic Materials (Arctic M-2012) Symposium as part of the ISOPE 2012** *Rhodes, Greece*
June 17 – 22, 2012	**ISOPE-2012 Rhodes Conference; The 22nd International Ocean and Polar Engineering Conference** *Rhodes, Greece*
June 24 – 28, 2012	**2012 National Marine Educators Association Annual Conference** *Anchorage, Alaska*
June 24 – 29, 2012	**International Symposium on Glaciers and Ice Sheets in a Warming Climate** *Fairbanks, Alaska*
June 25 – 29, 2012	**Tenth International Conference on Permafrost** *Tyumen, Russia*
July 2 – 6, 2012	**8th international Workshop: Micromorphology of Glacigenic Sediments** *Queen Mary University, London, UK*
July 13 – 25, 2012	**SCAR 2012: Antarctic Science and Policy Advice in a Changing World** *Portland, Oregon*
July 29 – August 1, 2012	**The Arctic Imperative Summit** *Girdwood, Alaska*

August 5 – 10, 2012	**15th International Congress on Circumpolar Health** *Fairbanks, Alaska*
August 19 – 22, 2012	**"Sustainable Infrastructure Development In A Changing Cold Environment"; The Fifteenth International Specialty Conference on Cold Regions Engineering** *Quebec City, Canada*
August 24 – 28, 2012	**The Arctic Imperative Summit** *Girdwood, Alaska*
September 5 – 6, 2012	**37th Annual Meeting British Branch of International Glaciological Society** *Aberdeen, Scotland*
September 9 – 17, 2012	**Geomorphology and Quaternary Palaeogeography of Polar Regions** *St. Petersburg, Russia*
September 16 – 23, 2012	**5th International Workshop on Ice Caves** *Barzio and Milano, Italy*
September 17 – 20, 2012	**ICETECH 2012: International Conference and Exhibition on Performance of Ships and Structures in Ice** *Banff, Alberta, Canada*
September 24 – 29, 2012	**"20 years of Progress in Radar Altimetry" Symposium** *Venice-Lido, Italy*
October 24 – 28, 2012	**Arctic/Inuit/Connections: Learning from the Top of the World** *Washington, D.C.*





STATEMENT ON CANADA'S ARCTIC FOREIGN POLICY

Exercising Sovereignty
and Promoting Canada's
NORTHERN STRATEGY
Abroad

Government of Canada Gouvernement du Canada

Canada

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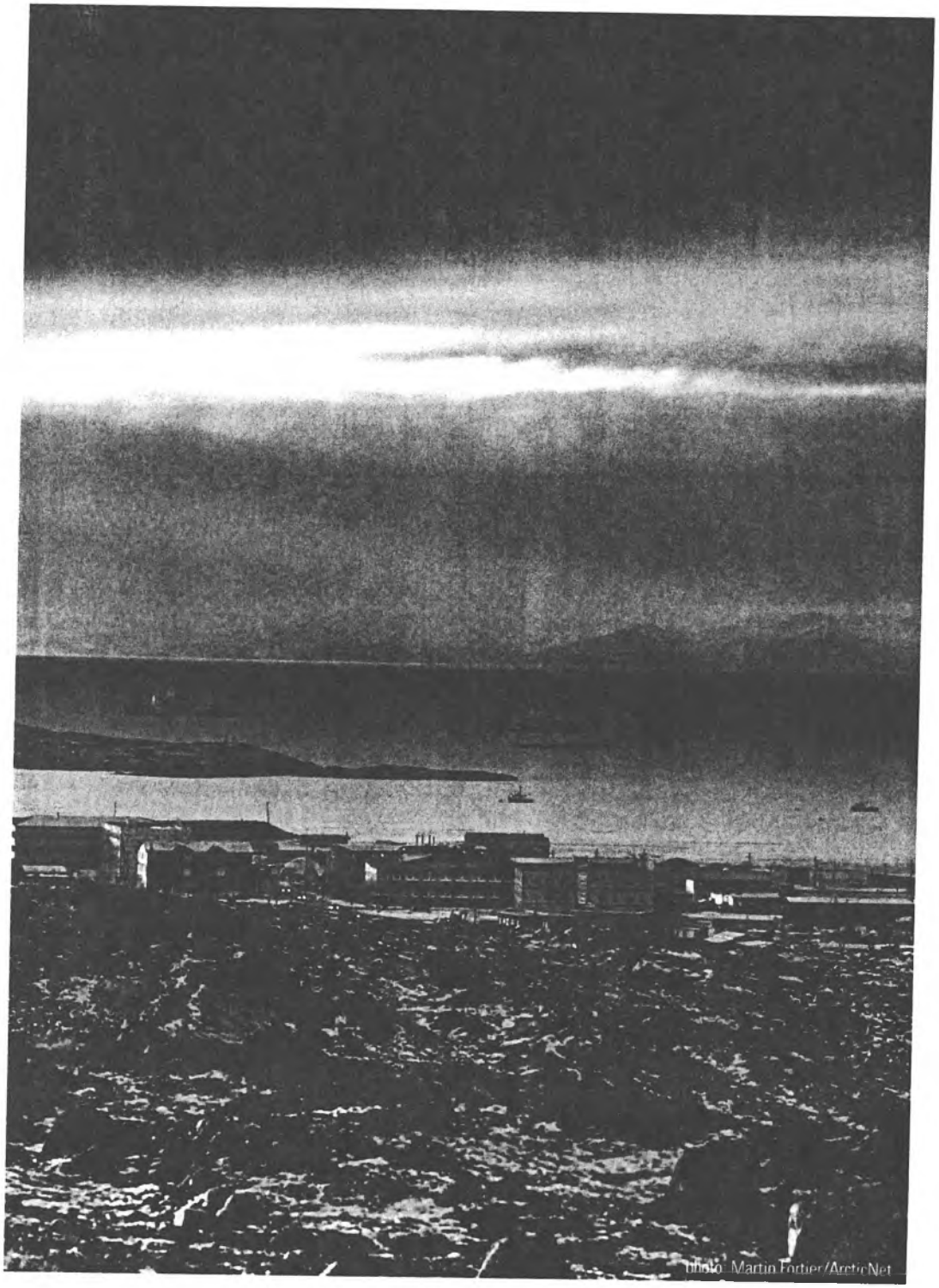

Photo: Martin Fortier/ArcticNet

Introduction

The Arctic is fundamental to Canada's national identity. It is home to many Canadians, including indigenous peoples, across the Yukon, the Northwest Territories and Nunavut, and the northern parts of many Canadian provinces. The Arctic is embedded in Canadian history and culture, and in the Canadian soul. The Arctic also represents tremendous potential for Canada's future. Exercising sovereignty over Canada's North, as over the rest of Canada, is our number one Arctic foreign policy priority.

Our vision for the Arctic is a stable, rules-based region with clearly defined boundaries, dynamic economic growth and trade, vibrant Northern communities, and healthy and productive ecosystems. This Arctic foreign policy statement articulates how the Government of Canada will promote this vision, using leadership and stewardship. It elaborates on Canadian interests in the Arctic and how Canada is pursuing these.

New opportunities and challenges are emerging across the Arctic and North, in part as a result of climate change and the search for new resources. The geopolitical significance of the region and the implications for Canada have never been greater. As global commerce charts a path to the region, Northern resources development will grow ever more critical to Northern economies, to the peoples of the North and to our country as a whole. The potential of the North is of growing interest to Canada, to other Arctic states and, increasingly, to others far from the region itself.

While the opportunities are great, there are also important social, economic and environmental challenges. Some of these have important international dimensions. Over time, increased access to the Arctic will bring more traffic and people to the region. While mostly positive, this access may also contribute to an increase in environmental threats, search and rescue incidents, civil emergencies and potential illegal activities. How the region as a whole evolves will have major implications for Canada and our role as an Arctic power.

The Government of Canada has launched an ambitious Northern Strategy to respond to these opportunities and challenges. Our Northern Strategy lays out four areas where Canada is taking action to advance its interests both domestically and internationally and to help unlock the North's true potential: exercising sovereignty; promoting economic and social development; protecting our environmental heritage; and improving and devolving Northern governance. In pursuing each of these pillars in our Arctic foreign policy, Canada is committed to exercising the full extent of its sovereignty, sovereign rights and jurisdiction in the region.

> "The geopolitical importance of the Arctic and Canada's interests in it have never been greater. This is why our government has launched an ambitious Northern Agenda based on the timeless responsibility imposed by our national anthem, to keep the True North strong and free."
>
> Prime Minister Stephen Harper, August 28, 2008, Inuvik, Northwest Territories

Given our extensive Arctic coastline, our Northern energy and natural resource potential, and the 40 percent of our land mass situated in the North, Canada is an Arctic power. We are taking a robust leadership role in shaping the stewardship, sustainable development and environmental protection of this strategic Arctic region, and engaging with others to advance our interests.

As we advance the four pillars of our Northern Strategy, our international efforts will focus on the following areas:

- engaging with neighbours to seek to resolve boundary issues;
- securing international recognition for the full extent of our extended continental shelf;
- addressing Arctic governance and related emerging issues, such as public safety;
- creating the appropriate international conditions for sustainable development;

- seeking trade and investment opportunities that benefit Northerners and all Canadians;
- encouraging a greater understanding of the human dimension of the Arctic;
- promoting an ecosystem-based management approach with Arctic neighbours and others;
- contributing to and supporting international efforts to address climate change in the Arctic;
- enhancing our efforts on other pressing environmental issues;
- strengthening Arctic science and the legacy of International Polar Year;
- engaging Northerners on Canada's Arctic foreign policy;
- supporting Indigenous Permanent Participant organizations; and
- providing Canadian youth with opportunities to participate in the circumpolar dialogue.

Exercising Sovereignty

In our Arctic foreign policy, the first and most important pillar towards recognizing the potential of Canada's Arctic is the exercise of our sovereignty over the Far North. Canada has a rich history in the North, and Canada's sovereignty is the foundation for realizing the full potential of Canada's North, including its human dimension. This foundation is solid: Canada's Arctic sovereignty is long-standing, well established and based on historic title, founded in part on the presence of Inuit and other indigenous peoples since time immemorial.

> "In exercising our sovereignty...we are not only fulfilling our duty to the people who called this northern frontier home, and to the generations that will follow; we are also being faithful to all who came before us...."
>
> Prime Minister Stephen Harper, August 28, 2008, Inuvik, Northwest Territories

Canada exercises its sovereignty daily through good governance and responsible stewardship. It does so through the broad range of actions it undertakes as a government—whether related to social and economic development, Arctic science and research, environmental protection, the operations of the Canadian Forces or the activities of the Canadian Coast Guard and Royal Canadian Mounted Police. We exercise our sovereignty in the Arctic through our laws and regulations, as we do throughout Canada.

We are putting the full resources of the Government of Canada behind the exercise of our sovereignty, sovereign rights and jurisdiction in the Arctic. We are taking a whole-of-government approach. Since taking office, the Prime Minister and many federal cabinet ministers have made regular visits to Canada's North. Further evidence of the priority the Government of Canada is placing on the North was the meeting of G-7 finance ministers in Nunavut in February 2010.

Since 2007, the Government of Canada has announced a number of initiatives to enhance our capacity in the North and to exercise, responsibly, our sovereignty there. These include significant new commitments to allow Canada to better monitor, protect and patrol its Arctic land, sea and sky and to keep pace with changes in the region.

Within the next decade, Canada will launch a new polar icebreaker. This will be the largest and most powerful icebreaker ever in the Canadian Coast Guard fleet.

The *Canada First* Defence Strategy will give the Canadian Forces the tools it needs to provide an increased presence in the Arctic. Through this strategy, Canada is investing in new patrol ships that will be capable of sustained operation in first-year ice to ensure we can closely monitor our waters as they gradually open up and maritime activity increases. In order to support these and other Government of Canada vessels operating in the North, Canada is investing in a berthing and refuelling facility in Nanisivik.

Canada is also expanding the size and capabilities of the Canadian Rangers, drawn primarily from indigenous communities, that provide a military presence and Canada's "eyes and ears" in remote parts of Canada. A new Canadian Forces Arctic Training Centre is also being established in Resolute Bay.

Canada and the United States work together to better monitor and control Northern airspace through our cooperation in NORAD, the North American Aerospace Defence Command. Canadian Forces will also take advantage of new technologies to enhance surveillance capacity of our territory and its approaches.

Canadian Forces Operation Nanook, an annual sovereignty operation that takes place in Canada's Arctic, shows the government's commitment to protecting and demonstrating control over the air, land and sea within our jurisdiction. In 2010, Operation Nanook will include collaboration with the United States and Denmark in order to increase interoperability and exercise a collective response to emerging cross-border challenges.

This increased Canadian capacity demonstrates Canada's presence in the region and will also ensure that we are better prepared to respond to unforeseen events.

Moving forward, our international agenda will complement these efforts further. Three priority areas that Canada will pursue in the Arctic are: seeking to resolve boundary issues; securing international recognition for the full extent of our extended continental shelf wherein we can exercise our sovereign rights over the resources of the seabed and subsoil; and addressing Arctic governance and related emerging issues, such as public safety.

On the first priority, Canada will seek to resolve boundary issues in the Arctic region, in accordance with international law. Our sovereignty over Canadian Arctic lands, including islands, is undisputed—with the single exception of Hans Island, a 1.3-square-kilometre Canadian island which Denmark claims.

With regard to Arctic waters, Canada controls all maritime navigation in its waters. Nevertheless, disagreements exist between the United States and Canada regarding the maritime boundary in the Beaufort Sea (approximately 6,250 square nautical miles) and between Canada and Denmark over a small part of the maritime boundary in the Lincoln Sea. All disagreements are well managed, neither posing defence challenges for Canada nor diminishing Canada's ability to collaborate and cooperate with its Arctic neighbours. Canada will continue to manage these discrete boundary issues and will also, as a priority, seek to work with our neighbours to explore the possibility of resolving them in accordance with international law.

On the second priority, Canada will secure international recognition for the full extent of our extended continental shelf wherein we can exercise our sovereign rights over the resources of the seabed and subsoil. Most known Arctic natural resources lie within the exclusive economic zones of Arctic states—200 nautical miles extending from the coastal baselines. States have sovereign rights to explore and exploit living and non-living marine resources in their respective exclusive economic zones. Arctic coastal states also have existing rights to resources on their extended continental shelves beyond their exclusive economic zones.

The United Nations Convention on the Law of the Sea (UNCLOS) explicitly recognizes the rights of coastal states such as Canada over the natural resources of the seabed and subsoil beyond 200 nautical miles from their coastal baselines and sets out a process by which a state may determine the limits within which it may exercise those rights. Canada will make its submission to the United Nations Commission on the Limits of the Continental Shelf in December 2013 and is currently engaged in the scientific, technical and legal work needed to delineate the outer limits of its continental shelf. Autonomous underwater vehicles—with Canadian technology at their heart—are being used to collect some of the needed data. Canada is investing significantly to ensure that Canada secures international recognition for the full extent of its continental shelf in both the Arctic and Atlantic oceans.

The other Arctic coastal states also have extended continental shelves and are involved in a similar process. To maximize data collection in a challenging physical environment, encourage exchange of information and minimize future differences, Canada has been working closely with neighbouring Arctic Ocean coastal states. We will act on a priority basis to ensure Canada has a sound submission by the 2013 deadline. Any overlaps with the submissions of neighbouring states will be resolved through peaceful means in accordance with international law.

Beyond concrete steps on boundaries, Canada's sovereignty agenda will also address Arctic governance and related emerging issues, such as public safety. Increasingly, the world is turning its attention northward, with many players far removed from the region itself seeking a role and in some cases calling into question the governance of the Arctic. While many of these players could have a contribution to make in the development of the North, Canada does not accept the premise that the Arctic requires a fundamentally new governance structure or legal framework. Nor does Canada accept that the Arctic nation states are unable to appropriately manage the North as it undergoes fundamental change.

Canada, like other Arctic nations, stands by the extensive international legal framework that applies to the Arctic Ocean. Notably, UNCLOS, as referred to earlier, provides the legal basis for delineation of continental shelves and goes well beyond this to address the protection of the marine environment, freedom of navigation, marine scientific research, conservation and utilization of marine living resources, and other uses of the sea.

However, within this broad legal framework, new challenges are emerging. Until now, the Arctic Ocean's inaccessibility has meant that the region was largely insulated from the sort of safety and law enforcement challenges present in regions further south. However, decreasing ice cover will lead, over time, to increases in shipping, tourism and economic development in the Arctic Ocean region. While the full extent of the

changes will take many decades to realize, Canada and other Arctic Ocean coastal states must begin to prepare for greater traffic into the region, with sometimes negative effects.

Regional solutions, supported by robust domestic legislation in Arctic states, will be critical. Canada will work in concert with other Arctic nations through the Arctic Council[1] (the primary forum for collaboration among the eight Arctic states), with the five Arctic Ocean coastal states on issues of particular relevance to the Arctic Ocean, and bilaterally with key Arctic partners, particularly the United States.

We will need to consider how to respond to issues such as emergency response and search and rescue capability and potential future problems related to emergencies (including environmental), organized crime, and illegal trafficking in drugs and people. One very important initiative is the current effort within the Arctic Council to negotiate a search and rescue agreement for the Arctic. Information sharing, coordination of efforts, and pooling resources are all concrete ways in which partnership may be beneficial.

The recently held Arctic Ocean Foreign Ministers meeting was an important step not only in advancing our collaboration on continental shelf delineation but also in encouraging forward thinking on the emerging issues in the region. The meeting publicly demonstrated leadership and partnership by Canada and other coastal states on responsible management of the Arctic Ocean.

Protecting national sovereignty, and the integrity of our borders, is the first and foremost responsibility of a national government. We are resolved to protect Canadian sovereignty throughout our Arctic.

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[1] The Arctic Council brings together eight member states (Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden and the United States) and six Arctic indigenous groups called Permanent Participants.

Promoting Economic and Social Development

Creating a dynamic, sustainable Northern economy and improving the social well-being of Northerners is essential to unleashing the true potential of Canada's North and is an important means of exercising our sovereignty.

"Not only is the North a land of raw and majestic beauty that has inspired generations of authors, artists and adventurers, and not only is it the home to a rich culture shaped through the millennia by the wisdom of Aboriginal people, but it also holds the potential to be a transformative economic asset for the country."

Prime Minister Stephen Harper, August 18, 2009, Iqaluit, Nunavut

The potential for wealth and job creation through resource development, both living and non-living, is great. Canada is the world's third largest diamond producer. It is estimated that one-fifth of the world's petroleum reserves lie in the Arctic. That is why the Government of Canada is investing significantly in mapping the energy and mineral potential of the North. Managed in a sustainable manner, Canada's incredible endowment, including living marine resources such as fisheries, will contribute to the prosperity of Northerners and all Canadians for generations. These resources can and will be a cornerstone of sustained economic activity in the North and a key to building prosperous indigenous and Northern communities.

In addition to investments in mapping in the North, the Government of Canada has made a wide variety of recent commitments related to promoting Northern social and economic development. These include measures to improve regulatory systems across the North, to address infrastructure needs including housing, to create the Canadian Northern Economic Development Agency, and to support improvement in indigenous skills and employment.

Ensuring sustainable development in the Arctic involves working closely with territorial governments and Northerners and through key international institutions like the Arctic Council to build self-sufficient, vibrant and healthy communities. The well-being of the people of the North—its inhabitants and communities—is fundamental.

Canada will actively promote Northern economic and social development internationally on three key fronts: take steps to create the appropriate international conditions for sustainable development, seek trade and investment opportunities that benefit Northerners and all Canadians, and encourage a greater understanding of the human dimension of the Arctic to improve the lives of Northerners.

First, Canada will take steps to create the appropriate international conditions for sustainable development in the Arctic, complementing domestic measures to support economic development. This involves understanding the opportunities and challenges of Arctic energy and resource development and developing regulations, guidelines and standards that are informed by Arctic science and research, including traditional knowledge. In no area is this more critical than in oil and gas development.

As an emerging clean energy superpower, Canada will continue to support the responsible and sustainable development of oil and gas in the North. Along with the rest of the international community, we have witnessed the terrible environmental, social and economic impacts of the oil spill in the Gulf of Mexico.

Canada recognizes and values the importance of working closely with other Arctic states and will take every step possible to prevent such an event in Canadian waters. Canada is showing leadership at home in Arctic safety and environmental requirements for offshore drilling through the review undertaken by the National Energy Board. Moreover, Canadians and our Arctic neighbours can be assured that no drilling will occur in Canada's deep Beaufort Sea until at least 2014.

Canada is a party to a number of bilateral and multilateral agreements and is actively engaged in various international forums, including the Arctic Council, on matters relating to the protection of the marine environment. In the wake of the oil spill in the Gulf of Mexico, we are furthering our collaboration at the appropriate levels, in particular with the United States and Denmark/Greenland in light of our common interests in the Arctic marine environment.

The 2007 Arctic Council Oil and Gas Assessment examined the impacts of current oil and gas activities in the Arctic and potential impacts related to possible future activities. The Oil and Gas Assessment found that while extensive oil and gas exploration activity and production have occurred in parts of the Arctic, much potential exists for future oil and gas development. Related risks need to be managed carefully. Canada made significant contributions to the Assessment.

The Arctic Council, with significant Canadian participation, updated its Arctic Offshore Oil and Gas Guidelines in 2009. These guidelines recommend standards, technical and environmental best practices, management policy and regulatory controls for Arctic offshore oil and gas operations. Canada will act on the request from the Arctic Council that all states apply these guidelines as minimum standards throughout the Arctic and will encourage others to do so as well.

Arctic shipping is another key area of focus. The 2009 Arctic Marine Shipping Assessment is the first comprehensive review of circumpolar shipping activities and provides important information about possible future shipping activities and their potential impacts. Among its findings, the Assessment noted that Arctic shipping has increased significantly, with more voyages to the Arctic and between Arctic destinations. However, the various Canadian internal waterways known as Canada's "Northwest Passage" are not predicted to become a viable, large-scale transit route in the near term, in part because mobile and unpredictable ice in the Passage poses significant navigational challenges and other routes are likely to be more commercially viable.

The Arctic Marine Shipping Assessment also provides guidance on enhancing Arctic marine safety, protecting Arctic peoples and environment, and building Arctic marine infrastructure. Based on these recommendations, the 2009 Arctic Council Ministerial supported the development of a mandatory polar code for shipping by the International Maritime Organization (IMO). As an IMO member, Canada will continue to play a leading role in the development of this code. We, along with other Arctic Council states, have also agreed to work together towards an international agreement on search and rescue operations for the Arctic by 2011.

Within the IMO context, Canada has also assumed responsibility for providing navigational warning and meteorological services to facilitate the safe management of marine traffic in two Arctic areas. These cover substantial areas of Arctic waters, including the Northwest Passage. Through this initiative, Canada will deliver services that help mitigate the risks associated with increased Arctic shipping. These services will also enhance environmental protection of the Arctic marine environment, support Northern residents in their maritime activities, and provide necessary services for coastal and marine-based resource development.

Canada is playing a key role in the creation of the Arctic Regional Hydrographic Commission to improve our understanding of the features of the Arctic Ocean and its coastal areas, essential knowledge for safe navigation. Canada has offered to host the Commission's inaugural meeting in fall 2010.

Second, Canada will continue to seek trade and investment opportunities that benefit Northerners and all Canadians.

Canada will enhance its trading ties with other Arctic states. We have recently implemented a free trade agreement with the European Free Trade Association (EFTA) member countries, which include Iceland and Norway. This agreement has the potential to enhance trade and investment between Northern regions of our respective countries. We are also seeking to build new trade ties with other Arctic states to create these

same links between our respective Northern regions. These Northern commercial relationships can serve as conduits to expand trade and investment relations not only with our immediate Northern neighbours but also with other states such as those in central Asia and Eastern Europe.

Improving air and sea transportation links to create enhanced access across the polar region can help encourage Arctic trade and investment opportunities. For instance, investments have been made to upgrade the Port of Churchill, Manitoba, to facilitate increased export options and the flow of two-way trade with other Northern ports.

Third, Canada will continue to encourage a greater understanding of the human dimension of the Arctic to improve the lives of Northerners, particularly through the Arctic Council. The Arctic Council's Arctic Human Development Report was the first comprehensive assessment of human well-being to address the entire Arctic region. Canada will continue to play a leadership role in Arctic Council initiatives in this area and to host the Secretariat for the Council's Sustainable Development Working Group. For example, the 2008 Arctic Indigenous Languages Symposium, organized by the Inuit Circumpolar Council with support from the Government of Canada, underlined the importance of preserving and strengthening indigenous languages.

Addressing human health issues in Northern communities is also critically important. Canada has been supporting efforts through the Arctic Council and International Polar Year research to better understand the issues and then develop and implement appropriate health policies. The results of international collaboration are all aimed at improving the health conditions of residents in the Arctic. Canada will play a lead role in the Arctic Council on a range of new health-related projects, including the development of a circumpolar health observatory, a comparative review of circumpolar health systems, and a comparative review of circumpolar nutritional guidelines.

Canada's commitment to Northern economic and social development includes a deep respect for indigenous traditional knowledge, work and cultural activities. Going forward, Canada will promote a better understanding of the interests, concerns, culture and practices of Northerners, including with regard to seals and polar bears. In this context, Canada is committed to defend sealing on the international stage. Seals are a valuable natural resource, and the seal hunt is an economic mainstay for numerous rural communities in many parts of Canada including the North.

Protecting the Arctic Environment

The Arctic environment is being affected by events taking place far outside the region. Perhaps the most well-known example is climate change, a phenomenon which originates outside the Arctic but is having a significant impact on the region's unique and fragile environment. The resulting rapid reduction in Arctic multi-year sea ice has had, and will continue to have, profound consequences for the peoples and communities of the Arctic. What happens in the Arctic will have global repercussions on accelerating climate change elsewhere.

Strong environmental protection, an essential component of sustainable development, starts at home and is another important way in which Canada exercises its sovereignty in the North. Canada has long been at the forefront in protecting the Arctic environment. As far back as the 1970s, Canada enacted the Arctic Waters Pollution Prevention Act (AWPPA) to protect its marine environment, taking responsibility for enacting and enforcing anti-pollution and shipping safety laws applicable to a larger area of Arctic waters. In August 2009, the application of the AWPPA was extended from 100 to 200 nautical miles. In addition, regulations requiring vessels to report when entering and operating within Canadian Arctic waters have been finalized and are in force from July 1, 2010.

“Canada takes responsibility for environmental protection and enforcement in our Arctic waters. This magnificent and unspoiled region is one for which we will demonstrate stewardship on behalf of our country, and indeed, all of humanity.”

Prime Minister Stephen Harper, August 27, 2008, Tuktoyaktuk, Northwest Territories

These measures and others such as plans to establish a national marine conservation area in Lancaster Sound send a clear message to the world. Canada takes responsibility for environmental protection and enforcement in our Arctic waters. We are demonstrating stewardship in this magnificent ecological region.

Canada is committed to planning and managing Arctic Ocean and land-based activities domestically and internationally in an integrated and comprehensive manner that balances conservation, sustainable use and economic development—ensuring benefits for users and the ecosystem as a whole. We are acting domestically while cooperating internationally. Internationally, we will act in the following four ways: promote an ecosystem-based management approach with our Arctic neighbours and others; contribute to and support international efforts to address climate change in the Arctic; enhance efforts on other pressing international issues, including pursuing and strengthening international standards; and strengthen Arctic science and the legacy of International Polar Year.

First, Canada will continue to promote an ecosystem-based management approach with its Arctic neighbours and others.

In accordance with Canada's Oceans Act, Canada is working with land claim authorities, governments, industry and communities to implement an ecosystem approach in the Beaufort Sea and has identified ecologically significant marine species and places. This is part of a broader ecosystem approach in the Arctic by the Government of Canada that also includes activities related to the international co-management of species in the Arctic whose habitat crosses national borders (e.g. caribou, polar

bears and Arctic birds). These activities fall under international conventions and agreements such as the United Nations Convention on Biological Diversity, the Migratory Bird Treaty, and the Agreement on the Conservation of Polar Bears. International collaborative Arctic science and research is a fundamental aspect of the Government of Canada's participation in such agreements.

Canada and its Arctic neighbours are the stewards of unique wildlife such as polar bears. The Government of Canada recognizes the importance of indigenous knowledge and the need to use it in tandem with Western science in our efforts to better understand polar bears and their habitat.

Canada has signed a Memorandum of Understanding with the United States for the conservation and management of a shared polar bear population. In addition, Canada has developed agreements with other Arctic nations to jointly manage polar bears, narwhals and belugas. This work must continue in order to manage other shared species.

As part of its mandate, the Arctic Council has been playing a lead role in identifying large marine ecosystems in the region and determining best practices in ocean management. Canada will play a leadership role in the Arctic Council's Arctic Ocean Review which aims to strengthen and ensure the sustainable development of the Arctic Ocean. In pursuing strengthened Arctic Ocean stewardship, we will work with other interested partners and users of the Arctic Ocean as well as through regional and international organizations, including the Arctic Council and the IMO.

2010 is the International Year of Biodiversity and the Arctic is the focus of considerable attention. Canada will continue to lead the Arctic Council's Circumpolar Biodiversity Monitoring Program to ensure information on population status and trends for Arctic species and ecosystems is available and supports initiatives such as the Arctic Biodiversity Assessment. The Council has recently developed the Arctic Species Trend Index, which provides decision-makers with a valuable tool for managing and predicting Arctic wildlife populations. Tracking the index over time will facilitate this prediction of trends and identify species and groups experiencing rapid change.

Canada will continue to establish terrestrial and marine protected areas in the Arctic and monitor biodiversity and ecological integrity. Canada recognizes that ecologically sensitive areas are essential for the conservation of Arctic species including polar bears, caribous, migratory birds, and marine mammals and other aquatic species. These sensitive areas play a key role in the survival and recovery of species at risk. They also provide significant ecotourism opportunities to an expanding market of Canadians and international visitors.

Canada has made significant progress in establishing protected areas in over 10 percent of our North, designating 80 protected areas covering nearly 400,000 square kilometres. These areas include 11 national parks, six national wildlife areas and 16 migratory bird sanctuaries and will protect habitat for a wide variety of species.

Canada continues to plan for additional protected areas in the North and has an ambitious program to expand the national park system, including the creation of three new national parks. The Government of Canada is moving forward in consultation with communities and industry to add nearly 70,000 square kilometres to Canada's Northern protected areas network. Canada will be finalizing a Policy Framework for Canada's National Network of Marine Protected Areas that will guide marine protected area establishment, including the five marine ecoregions found in the Arctic. The creation of the majority of existing national parks in the Arctic proceeded hand-in-hand with land claim negotiations, as are all of the new national park proposals.

Second, Canada will continue to actively contribute to and support international efforts to address climate change in the Arctic, including both mitigation and adaptation in the Arctic. Climate change is having a disproportionate impact on the Arctic, and the Arctic Council's 2004 Arctic Climate Impact Assessment heightened global awareness of the problem.

Canada recognizes that climate change is a global challenge requiring a global solution. To that end, the government is committed to contributing to the global effort by taking action to reduce Canada's greenhouse gas emissions through sustained action domestically to build a low-carbon economy, working with our North American partners and constructively engaging with our international partners to negotiate a fair, environmentally effective and comprehensive international climate change regime based on the Copenhagen Accord. Canada has been, and continues to be, very active in these international negotiations, and will seek to ensure that consideration is given to the Arctic's unique set of climate change-related challenges in every relevant forum.

New evidence suggests that certain short-term factors are having an impact on the rate of climate change. The 2009 Arctic Council Ministerial approved the formation of a task force on "short-lived climate forcers" in the Arctic. While climate agents or forcers, such as black carbon,[2] contribute significantly to climate change, they can potentially be brought under control much more quickly than long-term contributors such as carbon dioxide. The task force will identify existing and new measures to reduce emissions of these forcers and will recommend further immediate action.

Canada has been, and will continue to be, active in climate change adaptation initiatives. Canada played an important role in the Arctic Council's recent Vulnerability and Adaptation to Climate Change in the Arctic project. Underlining the importance of community involvement in planning for and responding to climate change adaptation is one of Canada's key contributions. Canada recognizes that enhanced action on adaptation will be a significant component of the post-2012 climate change negotiations under the United Nations Framework Convention on Climate Change. Canada plays an active and constructive role in those discussions.

In support of these objectives, the Government of Canada has been working in close partnership with Northern communities and governments to assess risks, vulnerabilities

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[2] Black carbon (soot and methane), released by car engines and fires, can darken ice and snow, increasing their rate of melting.

and opportunities related to a changing climate. Over the last two years, over 60 projects have been funded in the Canadian Arctic that have led to the development of community and regional adaptation plans, increasing knowledge and understanding of climate-related implications and the development of strong partnerships essential to implementing adaptation action.

Third, Canada will enhance its efforts on other pressing environmental issues, including pursuing and strengthening international standards, where appropriate. Canada will continue to engage in the negotiation of an international regime on access to genetic resources and the sharing of their benefits, under the Convention on Biological Diversity. Researchers around the world are interested in genetic resources found in extreme environments like the Arctic. We recognize the importance of these issues to Northerners and Northern communities.

Persistent organic pollutants and mercury, released far from the Arctic, have had serious impacts on Arctic peoples. Canada and the Inuit Circumpolar Council[3] played an important role in the negotiation of the Stockholm Convention on Persistent Organic Pollutants. Canada will continue to address the problems arising from these contaminants, including waste management practices in the North, and will engage actively in global negotiations to reduce mercury emissions.

Canada is setting an international example with the Federal Contaminated Sites Action Plan. The government is providing $3.5 billion over 15 years to address federal contaminated sites, with the majority of resources directed to contaminated sites in the North. Canada is contributing to the global effort to address mercury emissions with a plan to implement new environmental performance standards that will reduce greenhouse gas emissions and pollutants such as mercury from coal-fired electricity generating plants. An international agreement on the reduction of mercury emissions will help reduce the impact of mercury on the health and the environment of Canadians, particularly in the North.

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[3] Formerly the Inuit Circumpolar Conference

Fourth, Canada will contribute to strengthening Arctic science and the legacy of International Polar Year. Arctic science forms an important foundation for Canada's Northern Strategy, providing the knowledge necessary for sound policy and decision-making both on domestic and international issues. To ensure that Canada remains a global leader in Arctic science, the Government of Canada has committed to establishing a new world-class research station in the High Arctic that will serve Canada and the world, and work is proceeding on its development. The station will anchor a strong research presence in Canada's Arctic and to complement these efforts, Canada has also invested in upgrading existing research facilities in over 30 sites across the Arctic.

Canada made one of the largest single contributions of any country to International Polar Year and will be hosting its final wrap-up event in Montreal in April 2012. Canada is also taking a lead role in the Arctic Council's Sustaining Arctic Observing Networks project. Its purpose is to further international engagement in developing sustained and coordinated pan-Arctic observing and data-sharing systems, particularly related to environmental, social, economic and cultural issues.

Improving and Devolving Governance: Empowering the Peoples of the North

The Government of Canada is committed to providing Canadian Northerners with more control over their economic and political destiny. Canada is taking steps to endorse the United Nations Declaration on the Rights of Indigenous Peoples in a manner fully consistent with Canada's Constitution and laws. In recent decades, Canada's Northern governments have taken on greater responsibility for many aspects of their region's affairs. Progress is continuing in this area and represents another way in which Canada is exercising its sovereignty in the Arctic. Canada's North is also home to some of the most innovative, consultative approaches to government in Canada and the world. Through land claim and self-government agreements, indigenous communities are developing made-in-the-North policies and strategies to address their unique economic and social challenges and opportunities.

“We're committed to helping the region and its residents realize their true potential.”

Prime Minister Stephen Harper, March 10, 2008, Yellowknife, Northwest Territories

Canada recognizes and values the important role Northern governments, Arctic Indigenous organizations at the Arctic Council (known as Permanent Participant organizations) and other Northerners have played, and will continue to play, in shaping Canada's international actions. Canada's Arctic foreign policy bolsters our domestic efforts for strong governance in the North in the following three ways.

First, Canada will engage with Northerners on Canada's Arctic foreign policy. Through the Canadian Arctic Council Advisory Committee, Northern governments and Indigenous Permanent Participant organizations in Canada[4] will have the opportunity to actively participate in shaping Canadian policy on Arctic issues. We will continue to meet regularly in Canada's North to find common ground and work towards common objectives.

Second, the Government of Canada will continue to support Indigenous Permanent Participant organizations in Canada, including financially, to contribute to strengthening their capacity to fully participate in the activities of the Arctic Council. Furthermore, Canada will encourage other Arctic Council states to support the participation of their Permanent Participant organizations. Canada will also support the continued unique status of Permanent Participant organizations at the Arctic Council, which was created to provide for their active participation and full consultation. As interest by non-Arctic players in the work of the Council grows, Canada will work to ensure that the central role of the Permanent Participants is not diminished or diluted.

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[4] There are six Arctic Council Permanent Participant organizations, of which three have significant membership in Canada. These are the Inuit Circumpolar Council, the Gwich'in Council International, and the Arctic Athabaskan Council.

Third, Canada will provide Canadian youth with opportunities to participate in the circumpolar dialogue. The Canadian Arctic Council Advisory Committee chose three young Canadians to attend the 2009 Arctic Council Ministerial meeting. Their participation enhanced the contribution of the Canadian delegation at this meeting, and this successful initiative is one that Canada will continue to support.

The Way Forward

The rapid pace of change and growing importance of the Arctic requires that we enhance our capacity to deliver on Canada's priorities on the international scene. Facing the challenges and seizing the opportunities that we face often require finding ways to work with others: through bilateral relations with our neighbours in the Arctic, through regional mechanisms like the Arctic Council, and through other multilateral institutions.

The United States is our premier partner in the Arctic and our goal is a more strategic engagement on Arctic issues. This includes working together on issues related to the Beaufort Sea, on Arctic science, on Aboriginal and Northern issues, and on a common agenda that we might pursue when first Canada and then the United States chairs the Arctic Council starting in 2013. We are also working with Russia, Norway, Denmark, Sweden, Finland and Iceland to advance shared interests such as trade and transportation, environmental protection, natural resource development, the role of indigenous peoples, oceans management, climate change adaptation and scientific cooperation.

However, the key foundation for any collaboration will be acceptance of and respect for the perspectives and knowledge of Northerners and Arctic states' sovereignty. As well, there must be recognition that the Arctic states remain best placed to exercise leadership in the management of the region.

Canada was the first chair of the Arctic Council (1996-98) and will be chairing the Council again starting in 2013. The Arctic Council is the leading multilateral forum

through which we advance our Arctic foreign policy and promote Canadian Northern interests. It is a consensus-based, high-level intergovernmental forum that promotes the environmental, social and economic aspects of sustainable development and environmental protection in the Arctic region. The unique structure of the Council brings both the eight Arctic states and the six Arctic Indigenous Permanent Participants together around a common agenda—enhancing the strength and effectiveness of this unique multilateral forum.

Canada will engage with Northern governments and Permanent Participants to ensure that the Arctic Council continues to respond to the region's challenges and opportunities, thus furthering our national interests.

From Canada's perspective, the Council needs to be strengthened to ensure that it is equipped to address tomorrow's challenges. Canada will act on several fronts.

First, we will pursue a greater policy dialogue within the Council. The Council has traditionally played a strong role in science, research, monitoring and assessments, and the development of guidelines (e.g. for oil and gas) in some select areas. Canada will play a proactive role as the Council moves forward to encourage the implementation of guidelines, the development of "best practices" and, where appropriate, the negotiation of policy instruments. The current negotiation of a regional search and rescue agreement (the first ever attempt at a binding instrument under the rubric of the Arctic Council) will serve as an important test case and will inform the scope for future policy endeavours. Canada will also work to ensure that the research activities of the Council continue to focus on key emerging issues to ensure that solid knowledge underpins the policy work of the Council.

Second, Canada will lead efforts to develop a more strategic communications role for the Arctic Council. As the profile of the Arctic increases, the image of the Council and information about the broad range of cutting-edge work that it is doing need to

be bolstered. In this vein, a greater outreach role for the Council will increase both the understanding of the interests of Arctic states and people, and of the Council and its mandate.

Third, Canada will work with other member states to address the structural needs of the organization. While the current informal nature of the body has served Canada well for many years, the growing demands on the organization may require changes to make it more robust. Canada will work with other Arctic states to develop options, including with respect to the role of the Council, related "secretariat" functions, and funding issues.

Beyond the Arctic Council, Canada will work through other multilateral institutions such as the International Maritime Organization and the United Nations Framework Convention on Climate Change towards global solutions to issues like polar shipping regulations and climate change. Arctic-specific organizations such as the Standing Committee of Parliamentarians for the Arctic Region, the Northern Forum, and the University of the Arctic are important partners on a variety of issues.

The increasing accessibility of the Arctic has led to a widespread perception that the region could become a source of conflict. This has led to heightened interest in the Arctic in a number of international organizations including NATO and the Organization for Security and Co-operation in Europe. Canada does not anticipate any military challenges in the Arctic and believes that the region is well managed through existing institutions, particularly the Arctic Council. We will continue to monitor discussion of Arctic issues in other international forums and intervene when necessary to protect Canada's interests.

Canada is taking other steps to demonstrate leadership, such as the 2010 Arctic Ocean Foreign Ministers meeting. In addition, a new Arctic regional policy and program centre at Canada's Embassy in Norway has been established, strengthening our

on-the-ground interaction and influence in the region. This Canadian International Centre for the Arctic Region is part of a broader concerted effort to support Canada's foreign policy goals and commercial linkages through analysis, advocacy and outreach—further enhancing Canada's presence on Arctic issues abroad.

Conclusion

Through our Arctic foreign policy, we will deliver on the international dimension of our Northern Strategy. We will show leadership in demonstrating responsible stewardship while we build a region responsive to Canadian interests and values, secure in the knowledge that the North is our home and our destiny.

Through our Arctic foreign policy, we are also sending a clear message: Canada is in control of its Arctic lands and waters and takes its stewardship role and responsibilities seriously. Canada continues to stand up for its interests in the Arctic. When positions or actions are taken by others that affect our national interests, undermine the cooperative relationships we have built, or demonstrate a lack of sensitivity to the interests or perspectives of Arctic peoples or states, we respond.

Cooperation, diplomacy and respect for international law have always been Canada's preferred approach in the Arctic. At the same time, we will never waver in our commitment to protect our North.

"The True North is our destiny...To not embrace its promise now at the dawn of its ascendancy would be to turn our backs on what it is to be Canadian...As Prime Minister Diefenbaker said...in 1961, 'There is a new world emerging above the Arctic Circle.' It is this world, a new world for all the peoples of the Arctic regions that we in Canada are working to build."

Prime Minister Stephen Harper, August 2008, Inuvik, Northwest Territories



[National Security Presidential Directives - NSPDs]

NSPD-66 / HSPD-25

the White House
President George W. Bush

National Security Presidential Directive and Homeland Security Presidential Directive

January 9, 2009

NATIONAL SECURITY PRESIDENTIAL DIRECTIVE/NSPD – 66
HOMELAND SECURITY PRESIDENTIAL DIRECTIVE/HSPD -- 25

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SECRETARY OF THE INTERIOR
THE SECRETARY OF COMMERCE
THE SECRETARY OF HEALTH AND HUMAN SERVICES
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF ENERGY
THE SECRETARY OF HOMELAND SECURITY
ASSISTANT TO THE PRESIDENT AND CHIEF OF STAFF
ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION AGENCY
DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET
DIRECTOR OF NATIONAL INTELLIGENCE
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS
COUNSEL TO THE PRESIDENT
ASSISTANT TO THE PRESIDENT AND DEPUTY NATIONAL SECURITY ADVISOR FOR INTERNATIONAL ECONOMIC AFFAIRS
ASSISTANT TO THE PRESIDENT FOR HOMELAND SECURITY AND COUNTERTERRORISM
CHAIRMAN, COUNCIL ON ENVIRONMENTAL QUALITY
DIRECTOR OF THE OFFICE OF SCIENCE AND TECHNOLOGY POLICY
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
COMMANDANT, U.S. COAST GUARD
DIRECTOR, NATIONAL SCIENCE FOUNDATION

SUBJECT: Arctic Region Policy

I. PURPOSE

A. This directive establishes the policy of the United States with respect to the Arctic region and directs related implementation actions. This directive supersedes Presidential Decision Directive/NSC-26 (PDD-26; issued 1994) with respect to Arctic policy but not Antarctic policy; PDD-26 remains in effect for Antarctic policy only.

B. This directive shall be implemented in a manner consistent with the Constitution and laws of the United States, with the obligations of the United States under the treaties and other international agreements to which the United States is a party, and with customary international law as recognized by the United States, including with respect to the law of the sea.

II. BACKGROUND

A. The United States is an Arctic nation, with varied and compelling interests in that region. This directive takes into account several developments, including, among others:

1. Altered national policies on homeland security and defense;

2. The effects of climate change and increasing human activity in the Arctic region;

3. The establishment and ongoing work of the Arctic Council; and

4. A growing awareness that the Arctic region is both fragile and rich in resources.

III. POLICY

A. It is the policy of the United States to:

1. Meet national security and homeland security needs relevant to the Arctic region;

2. Protect the Arctic environment and conserve its biological resources;

3. Ensure that natural resource management and economic development in the region are environmentally sustainable;

4. Strengthen institutions for cooperation among the eight Arctic nations (the United States, Canada, Denmark, Finland, Iceland, Norway, the Russian Federation, and Sweden);

5. Involve the Arctic's indigenous communities in decisions that affect them; and

6. Enhance scientific monitoring and research into local, regional, and global environmental issues.

B. **National Security and Homeland Security Interests in the Arctic**

1. The United States has broad and fundamental national security interests in the Arctic region and is prepared to operate either independently or in conjunction with other states to safeguard these interests. These interests include such matters as missile defense and early warning; deployment of sea and air systems for strategic sealift, strategic deterrence, maritime presence, and maritime security operations; and ensuring freedom of navigation and overflight.

2. The United States also has fundamental homeland security interests in preventing terrorist attacks and mitigating those criminal or hostile acts that could increase the United States vulnerability to terrorism in the Arctic region.

3. The Arctic region is primarily a maritime domain; as such, existing policies and authorities relating to maritime areas continue to apply, including those relating to law enforcement.[1] Human activity in the Arctic region is increasing and is projected to increase further in coming years. This requires the United States to assert a more active and influential national presence to protect its Arctic interests and to project sea power throughout the region.

4. The United States exercises authority in accordance with lawful claims of United States sovereignty, sovereign rights, and jurisdiction in the Arctic region, including sovereignty within the territorial sea, sovereign rights and jurisdiction within the United States exclusive economic zone and on the continental shelf, and appropriate control in the United States contiguous zone.

5. Freedom of the seas is a top national priority. The Northwest Passage is a strait used for international navigation, and the Northern Sea Route includes straits used for international navigation; the regime of transit passage applies to passage through those straits. Preserving the rights and duties relating to navigation and overflight in the Arctic region supports our ability to exercise these rights throughout the world, including through strategic straits.

6. Implementation: In carrying out this policy as it relates to national security and homeland security interests in the Arctic, the Secretaries of State, Defense, and Homeland Security, in coordination with heads of other relevant executive departments and agencies, shall:

a. Develop greater capabilities and capacity, as necessary, to protect United States air, land, and sea borders in the Arctic region;

b. Increase Arctic maritime domain awareness in order to protect maritime commerce, critical infrastructure, and key resources;

c. Preserve the global mobility of United States military and civilian vessels and aircraft throughout the Arctic region;

d. Project a sovereign United States maritime presence in the Arctic in support of essential United States interests; and

e. Encourage the peaceful resolution of disputes in the Arctic region.

C. **International Governance**

1. The United States participates in a variety of fora, international organizations, and bilateral contacts that promote United States interests in the Arctic. These include the Arctic Council, the International Maritime Organization (IMO), wildlife conservation and management agreements, and many other mechanisms. As the Arctic changes and human activity in the region increases, the United States and other governments should consider, as appropriate, new international arrangements or enhancements to existing arrangements.

2. The Arctic Council has produced positive results for the United States by working within its limited mandate of environmental protection and sustainable development. Its subsidiary bodies, with help from many United States agencies, have developed and undertaken projects on a wide range of topics. The Council also provides a beneficial venue for interaction with indigenous groups. It is the position of the United States that the Arctic Council should remain a high-level forum devoted to issues within its current mandate and not be transformed into a formal international organization, particularly one with assessed contributions. The United States is nevertheless open to updating the structure of the Council, including consolidation of, or making operational changes to, its subsidiary bodies, to the extent such changes can clearly improve the Council's work and are consistent with the general mandate of the Council.

3. The geopolitical circumstances of the Arctic region differ sufficiently from those of the Antarctic region such that an "Arctic Treaty" of broad scope -- along the lines of the Antarctic Treaty -- is not appropriate or necessary.

4. The Senate should act favorably on U.S. accession to the U.N. Convention on the Law of the Sea promptly, to protect and advance U.S. interests, including with respect to the Arctic. Joining will serve the national security interests of the United States, including the maritime mobility of our Armed Forces worldwide. It will secure U.S. sovereign rights over extensive marine areas, including the valuable natural resources they contain. Accession will promote U.S. interests in the environmental health of the oceans. And it will give the United States a seat at the table when the rights that are vital to our interests are debated and interpreted.

5. Implementation: In carrying out this policy as it relates to international governance, the Secretary of State, in coordination with heads of other relevant executive departments and agencies, shall:

   a. Continue to cooperate with other countries on Arctic issues through the United Nations (U.N.) and its specialized agencies, as well as through treaties such as the U.N. Framework Convention on Climate Change, the Convention on International Trade in Endangered Species of Wild Fauna and Flora, the Convention on Long Range Transboundary Air Pollution and its protocols, and the Montreal Protocol on Substances that Deplete the Ozone Layer;

   b. Consider, as appropriate, new or enhanced international arrangements for the Arctic to address issues likely to arise from expected increases in human activity in that region, including shipping, local development and subsistence, exploitation of living marine resources, development of energy and other resources, and tourism;

   c. Review Arctic Council policy recommendations developed within the ambit of the Council's scientific reviews and ensure the policy recommendations are subject to review by Arctic governments; and

   d. Continue to seek advice and consent of the United States Senate to accede to the 1982 Law of the Sea Convention.

D. **Extended Continental Shelf and Boundary Issues**

1. Defining with certainty the area of the Arctic seabed and subsoil in which the United States may exercise its sovereign rights over natural resources such as oil, natural gas, methane hydrates, minerals, and living marine species is critical to our national interests in energy security, resource management, and environmental protection. The most effective way to achieve international recognition and legal certainty for our extended continental shelf is through the procedure available to States Parties to the U.N. Convention on the Law of the Sea.

2. The United States and Canada have an unresolved boundary in the Beaufort Sea. United States policy recognizes a boundary in this area based on equidistance. The United States recognizes that the boundary area may contain oil, natural gas, and other resources.

3. The United States and Russia are abiding by the terms of a maritime boundary treaty concluded in 1990, pending its entry into force. The United States is prepared to enter the agreement into force once ratified by the Russian Federation.

4. Implementation: In carrying out this policy as it relates to extended continental shelf and boundary issues, the Secretary of State, in coordination with heads of other relevant executive departments and agencies, shall:

    a. Take all actions necessary to establish the outer limit of the continental shelf appertaining to the United States, in the Arctic and in other regions, to the fullest extent permitted under international law;

    b. Consider the conservation and management of natural resources during the process of delimiting the extended continental shelf; and

    c. Continue to urge the Russian Federation to ratify the 1990 United States-Russia maritime boundary agreement.

E. **Promoting International Scientific Cooperation**

1. Scientific research is vital for the promotion of United States interests in the Arctic region. Successful conduct of U.S. research in the Arctic region requires access throughout the Arctic Ocean and to terrestrial sites, as well as viable international mechanisms for sharing access to research platforms and timely exchange of samples, data, and analyses. Better coordination with the Russian Federation, facilitating access to its domain, is particularly important.

2. The United States promotes the sharing of Arctic research platforms with other countries in support of collaborative research that advances fundamental understanding of the Arctic region in general and potential Arctic change in particular. This could include collaboration with bodies such as the Nordic Council and the European Polar Consortium, as well as with individual nations.

3. Accurate prediction of future environmental and climate change on a regional basis, and the delivery of near real-time information to end-users, requires obtaining, analyzing, and disseminating accurate data from the entire Arctic region, including both paleoclimatic data and observational data. The United States has made significant investments in the infrastructure needed to collect environmental data in the Arctic region, including the establishment of portions of an Arctic circumpolar observing network through a partnership among United States agencies, academic collaborators, and Arctic residents. The United States promotes active involvement of all Arctic nations in these efforts in order to advance scientific understanding that could provide the basis for assessing future impacts and proposed response strategies.

4. United States platforms capable of supporting forefront research in the Arctic Ocean, including portions expected to be ice-covered for the foreseeable future, as well as seasonally ice-free regions, should work with those of other nations through the establishment of an Arctic circumpolar observing network. All Arctic nations are members of the Group on Earth Observations partnership, which provides a framework for organizing an international approach to environmental observations in the region. In addition, the United States recognizes that academic and research institutions are vital partners in promoting and conducting Arctic research.

5. Implementation: In carrying out this policy as it relates to promoting scientific international cooperation, the Secretaries of State, the Interior, and Commerce and the Director of the National Science Foundation, in coordination with heads of other relevant executive departments and agencies, shall:

a. Continue to play a leadership role in research throughout the Arctic region;

b. Actively promote full and appropriate access by scientists to Arctic research sites through bilateral and multilateral measures and by other means;

c. Lead the effort to establish an effective Arctic circumpolar observing network with broad partnership from other relevant nations;

d. Promote regular meetings of Arctic science ministers or research council heads to share information concerning scientific research opportunities and to improve coordination of international Arctic research programs;

e. Work with the Interagency Arctic Research Policy Committee (IARPC) to promote research that is strategically linked to U.S. policies articulated in this directive, with input from the Arctic Research Commission; and

f. Strengthen partnerships with academic and research institutions and build upon the relationships these institutions have with their counterparts in other nations.

F. **Maritime Transportation in the Arctic Region**

1. The United States priorities for maritime transportation in the Arctic region are:

   a. To facilitate safe, secure, and reliable navigation;

   b. To protect maritime commerce; and

   c. To protect the environment.

2. Safe, secure, and environmentally sound maritime commerce in the Arctic region depends on infrastructure to support shipping activity, search and rescue capabilities, short- and long-range aids to navigation, high-risk area vessel-traffic management, iceberg warnings and other sea ice information, effective shipping standards, and measures to protect the marine environment. In addition, effective search and rescue in the Arctic will require local, State, Federal, tribal, commercial, volunteer, scientific, and multinational cooperation.

3. Working through the International Maritime Organization (IMO), the United States promotes strengthening existing measures and, as necessary, developing new measures to improve the safety and security of maritime transportation, as well as to protect the marine environment in the Arctic region. These measures may include ship routing and reporting systems, such as traffic separation and vessel traffic management schemes in Arctic chokepoints; updating and strengthening of the Guidelines for Ships Operating in Arctic Ice-Covered Waters; underwater noise standards for commercial shipping; a review of shipping insurance issues; oil and other hazardous material pollution response agreements; and environmental standards.

4. Implementation: In carrying out this policy as it relates to maritime transportation in the Arctic region, the Secretaries of State, Defense, Transportation, Commerce, and Homeland Security, in coordination with heads of other relevant executive departments and agencies, shall:

   a. Develop additional measures, in cooperation with other nations, to address issues that are likely to arise from expected increases in shipping into, out of, and through the Arctic region;

   b. Commensurate with the level of human activity in the region, establish a risk-based capability to address hazards in the Arctic environment. Such efforts shall advance work on pollution prevention and response standards; determine basing and logistics support requirements, including necessary airlift and icebreaking capabilities; and improve plans and cooperative agreements for search and rescue;

   c. Develop Arctic waterways management regimes in accordance with accepted international standards, including vessel traffic-monitoring and routing; safe navigation standards; accurate and standardized charts; and accurate and timely environmental and navigational information; and

   d. Evaluate the feasibility of using access through the Arctic for strategic sealift and humanitarian aid and disaster relief.

G. **Economic Issues, Including Energy**

1. Sustainable development in the Arctic region poses particular challenges. Stakeholder input will inform key decisions as the United States seeks to promote economic and energy security. Climate change and other factors are significantly affecting the lives of Arctic inhabitants, particularly indigenous communities. The United States affirms the importance to Arctic communities of adapting to climate change, given their particular vulnerabilities.

2. Energy development in the Arctic region will play an important role in meeting growing global energy demand as the area is thought to contain a substantial portion of the world's undiscovered energy resources. The United States seeks to ensure that energy development throughout the Arctic occurs in an environmentally sound manner, taking into account the interests of indigenous and local communities, as well as open and transparent market principles. The United States seeks to balance access to, and development of, energy and other natural resources with the protection of the Arctic environment by ensuring that continental shelf resources are managed in a responsible manner and by continuing to work closely with other Arctic nations.

3. The United States recognizes the value and effectiveness of existing fora, such as the Arctic Council, the International Regulators Forum, and the International Standards Organization.

4. Implementation: In carrying out this policy as it relates to economic issues, including energy, the Secretaries of State, the Interior, Commerce, and Energy, in coordination with heads of other relevant executive departments and agencies, shall:

   a. Seek to increase efforts, including those in the Arctic Council, to study changing climate conditions, with a view to preserving and enhancing economic opportunity in the Arctic region. Such efforts shall include inventories and assessments of villages, indigenous communities, subsistence opportunities, public facilities, infrastructure, oil and gas development projects, alternative energy development opportunities, forestry, cultural and other sites, living marine resources, and other elements of the Arctic's socioeconomic composition;

   b. Work with other Arctic nations to ensure that hydrocarbon and other development in the Arctic region is carried out in accordance with accepted best practices and internationally recognized standards and the 2006 Group of Eight (G-8) Global Energy Security Principles;

   c. Consult with other Arctic nations to discuss issues related to exploration, production, environmental and socioeconomic impacts, including drilling conduct, facility sharing, the sharing of environmental data, impact assessments, compatible monitoring programs, and reservoir management in areas with potentially shared resources;

   d. Protect United States interests with respect to hydrocarbon reservoirs that may overlap boundaries to mitigate adverse environmental and economic consequences related to their development;

   e. Identify opportunities for international cooperation on methane hydrate issues, North Slope hydrology, and other matters;

   f. Explore whether there is a need for additional fora for informing decisions on hydrocarbon leasing, exploration, development, production, and transportation, as well as shared support activities, including infrastructure projects; and

   g. Continue to emphasize cooperative mechanisms with nations operating in the region to address shared concerns, recognizing that most known Arctic oil and gas resources are located outside of United States jurisdiction.

H. **Environmental Protection and Conservation of Natural Resources**

1. The Arctic environment is unique and changing. Increased human activity is expected to bring additional stressors to the Arctic environment, with potentially serious consequences for Arctic communities and ecosystems.

2. Despite a growing body of research, the Arctic environment remains poorly understood. Sea ice and glaciers are in retreat. Permafrost is thawing and coasts are eroding. Pollutants from within and outside the Arctic are contaminating the region. Basic data are lacking in many fields. High levels of uncertainty remain concerning the effects of climate change and increased human activity in the Arctic. Given the need for decisions to be based on sound scientific and socioeconomic information, Arctic environmental

research, monitoring, and vulnerability assessments are top priorities. For example, an understanding of the probable consequences of global climate variability and change on Arctic ecosystems is essential to guide the effective long-term management of Arctic natural resources and to address socioeconomic impacts of changing patterns in the use of natural resources.

3. Taking into account the limitations in existing data, United States efforts to protect the Arctic environment and to conserve its natural resources must be risk-based and proceed on the basis of the best available information.

4. The United States supports the application in the Arctic region of the general principles of international fisheries management outlined in the 1995 Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of December 10, 1982, relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks and similar instruments. The United States endorses the protection of vulnerable marine ecosystems in the Arctic from destructive fishing practices and seeks to ensure an adequate enforcement presence to safeguard Arctic living marine resources.

5. With temperature increases in the Arctic region, contaminants currently locked in the ice and soils will be released into the air, water, and land. This trend, along with increased human activity within and below the Arctic, will result in increased introduction of contaminants into the Arctic, including both persistent pollutants (e.g., persistent organic pollutants and mercury) and airborne pollutants (e.g., soot).

6. Implementation: In carrying out this policy as it relates to environmental protection and conservation of natural resources, the Secretaries of State, the Interior, Commerce, and Homeland Security and the Administrator of the Environmental Protection Agency, in coordination with heads of other relevant executive departments and agencies, shall:

   a. In cooperation with other nations, respond effectively to increased pollutants and other environmental challenges;

   b. Continue to identify ways to conserve, protect, and sustainably manage Arctic species and ensure adequate enforcement presence to safeguard living marine resources, taking account of the changing ranges or distribution of some species in the Arctic. For species whose range includes areas both within and beyond United States jurisdiction, the United States shall continue to collaborate with other governments to ensure effective conservation and management;

   c. Seek to develop ways to address changing and expanding commercial fisheries in the Arctic, including through consideration of international agreements or organizations to govern future Arctic fisheries;

   d. Pursue marine ecosystem-based management in the Arctic; and

   e. Intensify efforts to develop scientific information on the adverse effects of pollutants on human health and the environment and work with other nations to reduce the introduction of key pollutants into the Arctic.

IV. Resources and Assets

A. Implementing a number of the policy elements directed above will require appropriate resources and assets. These elements shall be implemented consistent with applicable law and authorities of agencies, or heads of agencies, vested by law, and subject to the availability of appropriations. The heads of executive departments and agencies with responsibilities relating to the Arctic region shall work to identify future budget, administrative, personnel, or legislative proposal requirements to implement the elements of this directive.

GEORGE W. BUSH

# # #

[1] These policies and authorities include Freedom of Navigation (PDD/NSC-32), the U.S. Policy on Protecting the Ocean Environment (PDD/NSC-36), Maritime Security Policy (NSPD-41/HSPD-13), and the National Strategy for Maritime Security (NSMS).

Source: The White House



Alaska State Legislature

Findings & Recommendations of the



Alaska Northern Waters Task Force

January, 2012

src: USCG

ALASKA STATE LEGISLATURE

FINDINGS & RECOMMENDATIONS OF THE ALASKA NORTHERN WATERS TASK FORCE



JANUARY, 2012

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Executive Summary

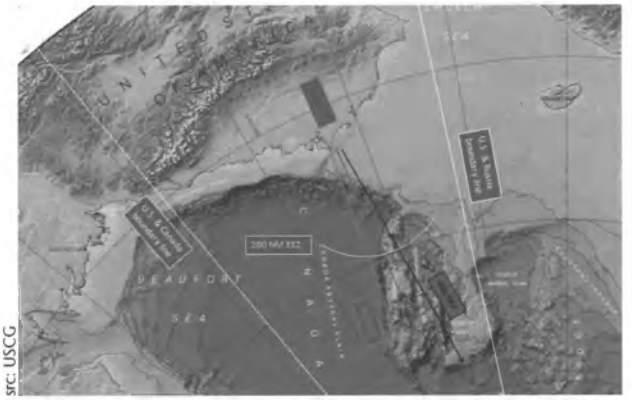
Diminishing sea ice and the intensifying worldwide race for natural resources has rapidly increased international interest in the Arctic. Arctic Nations are anticipating the development of northern shipping routes, mineral extraction, oil and gas exploration, commercial fisheries, and tourism. For Alaska, the economic benefits over the long term could be substantial. But how will we confront the challenges and opportunities awaiting us in the Arctic while also providing for sustainable communities and protecting the environment?

In 2010, the Alaska State Legislature established the Alaska Northern Waters Task Force (ANWTF) to identify opportunities to increase the state's engagement with these issues. On both the state and federal level, the task force has found many urgent needs. The following are its topmost recommendations:

1. Statewide public testimony gathered by the task force made it clear that the state and federal governments must provide Alaskans with meaningful opportunities to participate in Arctic policy and Outer Continental Shelf development decisions. Many local government officials, tribal government representatives, and individuals expressed a need for timelier, more frank, and more thorough information from state and federal authorities regarding policies and activities off Alaska's coasts. The task force believes that consistent, structured communication and consultation—particularly with those Alaskans likely to be most impacted by evolving conditions—is the best way to build consensus, advance responsible policies, and stimulate broadly beneficial economic development.

2. The state of Alaska has only just begun to grapple with the challenges and opportunities developing in the far north. It is imperative the state be strategically involved and in a leadership role in the development of policies affecting the state, its communities, and citizens. It is therefore among the task force's highest priorities to press for the creation of a commission to develop a comprehensive state strategy for the Arctic. As the Arctic changes, the decisions Alaska faces will continue to evolve and grow in complexity. An Alaskan Arctic Commission will enable Alaska to more effectively respond to unfolding developments and will jumpstart Alaska's preparations to ensure that the interests of the state and its people are protected.

3. The ANWTF recommends that the Alaska State Legislature and the state of Alaska continue to urge the United States Senate to ratify the United Nations Convention on the Law of the Sea (UNCLOS). Joining the more than 160 nations that have ratified UNCLOS will enable the U.S. to legitimize its claims to resources in areas of the Continental Shelf that extend beyond the 200-mile Exclusive Economic Zone. To quote President George W. Bush, who, like President Barack Obama, supports U.S. ratification of the convention, "It will give the United States a seat at the table when the rights that are vital to our interests are debated and interpreted."



src: USCG

Map shows the extent of the US Continental Shelf off Alaska's Arctic coast.

The following pages summarize top recommendations among the many task force findings in areas including Arctic governance, oil and gas development, marine transportation, infrastructure, fisheries, and research. The full report of the task force, including these and additional recommendations in-depth, follows.

Governance

Changes in the Arctic make it necessary to evaluate the adequacy of existing Arctic governance structures and to consider adjusting these systems or creating new ones to better suit developing needs. At the international level, Arctic Nations must strengthen their relations and enhance regulatory frameworks and policy mechanisms to address pressing issues. We in Alaska must ensure that our Arctic residents and the state of Alaska have a strong voice in these matters.

1. The ANWTF supports the development and implementation of a comprehensive U.S. Arctic strategy. This strategy should ensure that national interests are balanced with Alaska state interests, so that commitments to safeguard the environment and the wellbeing of the region's communities and cultures accompany all plans to advance economic development.

2. The ANWTF recommends that the state of Alaska

and the United States participate in the adoption of international agreements for shipping, fisheries, oil and gas development, and other transboundary issues. It is in our interest to ensure all parties develop resources in the region safely and responsibly.

3. The ANWTF recommends the state of Alaska and the Alaska State Legislature support greater international cooperation through the Arctic Council. Having recognized that the Arctic Council is the world's predominant intergovernmental forum for Arctic governance, the ANWTF recommends greater state engagement with the council and its working groups and encourages the council's member countries to support expanding its mandate as an institution for forging multilateral agreements among Arctic Nations.

Oil and Gas Development

A warming Arctic provides new opportunities and challenges for oil and gas development. The U.S. Geological Survey estimates that 13 percent of the Earth's undiscovered oil reserves and 30 percent of undiscovered gas reserves are in the Arctic.

1. The ANWTF recommends that the state of Alaska and the United States develop a framework for the identification, acquisition, and sharing of data and other information to support leasing, permitting, and other agency decisions.

2. The ANWTF recommends that the state of Alaska and the United States support continued improvement in the ability of industry and the government to prevent, contain, control, clean up, and remediate spills in the Arctic. These measures should include contingency plans and response capabilities for all large commercial vessels operating in Arctic waters, including vessels travelling internationally in "innocent passage."

3. The ANWTF recommends that the University of Alaska establish an oil spill research center.

Marine Transportation

Maritime powers have been searching for a shorter route from the Atlantic to Asian waters for centuries. The warming Arctic raises the feasibility of two such routes: the Northern Sea Route, north of Russia, and the Northwest Passage, north of Canada and Alaska. Shipping traffic—already increasing—is expected to surge in the decades ahead. We must take steps to establish secure and environmentally sound marine transportation in the region as soon as possible.

1. The ANWTF recommends that the United States, with the participation of the state of Alaska, work with the international community to finalize the Polar Code for ships operating in Arctic waters and examine whether to establish an offshore vessel routing scheme for circumpolar marine traffic, including through the Aleutians.

2. The ANWTF supports increasing short- and long-range navigational aids in the North American Arctic and extending Automatic Identification System



src: commons.wikimedia.org

(AIS) vessel tracking across the North Slope waters to Tuktoyaktuk, in the Northwest Territories.

3. The ANWTF endorses completing the Aleutian Islands Risk Assessment and recommends that the state of Alaska continue to support and participate in the United States Coast Guard Port Access Route Study.

Fisheries

As sea ice diminishes and some commercial fish species move into northern waters, interest in fisheries north of the Bering Strait has increased. However, currently there is not nearly enough information available to make sustainable management of commercial fisheries possible there, and in 2009 the North Pacific Fishery Management Council approved a moratorium on fishing in these waters. The ANWTF believes the state of Alaska and the U.S. government should continue in its precautionary policy, but the moratorium should not cause Alaska to postpone research into viable commercial fisheries north of the Bering Strait.

1. The ANWTF recommends greatly increasing fisheries-related research and monitoring in the region.

2. The ANWTF encourages the state of Alaska and the U.S. government to continue actively negotiating fisheries-related transboundary accords with other nations.

3. The ANWTF recommends that the state of Alaska and federal authorities prepare strategies to maximize the degree to which local communities and resident Alaskans will benefit from the development of commercial fisheries in waters north of the Bering Strait.

Infrastructure

Immediate investment in Arctic infrastructure is a foremost priority for Alaska and the entire United States. Increased human activity related to shipping, oil and gas development, commercial fishing, and tourism will require, at a minimum, new ports and safe harbors, equipment and facilities for oil spill response, additional Polar Class icebreakers for the U.S. fleet, and improved charting and mapping.

1. The ANWTF recommends the Alaska State Legislature and the state of Alaska continue to urge the federal government to forward base the United States Coast Guard in the Arctic and to fund the construction of additional icebreakers and ice-capable vessels for the U.S. fleet.
2. The task force recommends the state of Alaska and the federal government continue efforts to develop deep-draft ports and additional safe harbors in northern waters as soon as possible.
3. The ANWTF supports increased funding to expedite the National Ocean and Atmospheric Administration's (NOAA) Hydrographic Arctic mapping. The task force particularly supports updated mapping of coastal navigation routes and entrance routes to coastal villages.

Research

Worldwide climate change is already having an impact on the Arctic, where temperatures are rising twice as quickly as those in more southern latitudes. Profound transformations are underway in its complex ecosystems. These changes are expected to trigger unprecedented degrees of human activity in the region. As a consequence, transformation in the far north will accelerate all the more, not just environmentally, but also on socioeconomic levels. Under these circumstances, the need for wide-ranging scientific research and monitoring in the Arctic has never been more pressing. We must continue to gather essential baseline information about the environment and its dynamics in order to become better able to discern shifting conditions. In turn, our understanding of the implications of changes there will increase, and we will improve our ability to prepare for and mitigate impacts.

1. The ANWTF recommends that the state of Alaska and the federal government identify priorities for Arctic research. By ranking priorities funding can be targeted more effectively and research can be better coordinated. Major knowledge gaps will be closed far more quickly.
2. The ANWTF recommends improving the exchange of research information and integration of data management. Faster and more extensive integration of data collected by state and federal agencies, academics, and industry would yield enormous benefits for all stakeholders.
3. The ANWTF recommends increased long-term monitoring of the Arctic, including routine surveys of key chemical, physical, and biological parameters of the Beaufort and Chukchi Seas and associated coastal plains. In order to better understand, quantify, and predict the effects of changes in both marine and terrestrial Arctic ecosystems, Alaska must increase our long-term monitoring of a wide range of environmental characteristics.

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Alaska State Legislature

Alaska Northern Waters Task Force

January, 2012 Report

www.anwtf.com

The Alaska Northern Waters Task Force would like to thank the many communities throughout the state that welcomed us and took the time to help us understand the issues they face. The task force thanks the specialists, dedicated public servants, local leaders, and concerned citizens who addressed our group. Presenters gave their time and traveled great distances to share their knowledge. The task force would also like to acknowledge the work of the late Bill Noll, who with others began the conversation that ultimately led to the creation of the task force.

This report contains information on many topics and identifies a number of opportunities and concerns. It also includes recommendations to prepare communities and state government for changes in the Arctic. In a number of instances there is already work underway that may address the opportunity or concern that underlies a recommendation. In those cases, the recommendation should be read as encouraging the good work that is already being done, whether that work is being done by local communities, state and federal agencies, universities, companies, or other organizations and individuals.

A quote from a resident of Wales, Alaska, on the Bering Strait:
"From here we can see into tomorrow."

Introduction

The Arctic is warming at twice the rate of the rest of the planet.[1] The years 2005 to 2010 were the warmest measured there since record keeping began around 1880. Recent predictions foresee an entirely ice-free Arctic summer within four decades.

Diminishing sea ice and the intensifying worldwide demand for natural resources has rapidly increased international interest in the far north. In addition to the eight Arctic Nations—the United States, Russia, Canada, Iceland, Denmark (Greenland), Norway, Finland, and Sweden—other governments are eyeing the economic potential of the resource rich region. They include China, Japan, South Korea, and the European Union.[2]

These nations and others are anticipating the development of northern shipping routes that will bring savings in time and fuel costs, and they recognize a new frontier for mineral extraction, oil and gas exploration, commercial fisheries, and tourism. There are many challenges accompanying these opportunities, including the preservation of communities and cultures confronted with thawing glaciers and permafrost, intensifying storm surges and coastal erosion, and declining populations of migratory animals.[3]

In 2010, the Alaska State Legislature established the Alaska Northern Waters Task Force (ANWTF) to increase the state's engagement with these issues.[4] The task force studied a vast quantity of scientific, social, and economic research. It consulted with more than 65 experts from universities, the U.S. military, non-governmental organizations, and dozens of state and federal agencies.[5] During twelve meetings in Juneau, Anchorage, Barrow, Wainwright, Kotzebue, Nome, Wales, Bethel, and Unalaska, the task force listened to thoughtful testimony delivered by hundreds of Alaskans, many already impacted by transforming conditions.[6]

In some areas of planning and preparation Alaska and the federal government lag behind other Arctic Nations. On both the state and federal level, the task force has identified numerous urgent needs, many of them deeply intertwined.



For example, to prepare for dramatically increased shipping—whether through the Northwest Passage or through the Northern Sea Route—Alaska must begin developing deep draft ports and safe harbors in northern waters as soon as possible; support the completion of the United States Coast Guard (USCG) Port Access Route Study; and encourage the development of a Bering Strait vessel traffic separation scheme. Moreover, the USCG needs to establish bases considerably nearer to the Arctic, and all involved parties must increase research to understand possible impacts on Arctic communities and the marine life on which they depend.

The subject of icebreakers provides perhaps the most telling example of policy shortcomings at the federal level. As of 2011, Russia had a fleet of eight active nuclear powered icebreakers, with plans to launch a ninth by 2015. Intent on being a player in trans-Arctic shipping, China owns the world's largest non-nuclear icebreaker and has funded construction of a second that will be ready by 2013. Sweden, Finland, Canada, South Korea, and Japan are also adding to their icebreaking fleets. However, the United States has just one active icebreaker—the USCG vessel Healy. Meanwhile, the 1970s-era icebreaker Polar Star has been sidelined in "Caretaker" status in Seattle since 2006, and its sister ship, the Polar Sea, has been decommissioned. Despite persistent appeals from many quarters—including from Alaska Lieutenant Governor Mead Treadwell, former chair of the United States Arctic Research Commission—Congress has not yet legislated funding to add new polar class icebreakers to the United States fleet.

The state of Alaska has only just begun to grapple with these and many other pressing issues. Although a number of individuals in state government have duties important to resolving issues and advancing opportunities described in this report, no one person is tasked with coordinating or prioritizing these efforts as part of an overarching Arctic strategy. Apart from the Alaska Northern Waters Task Force, there have never been personnel in state government—not even a single individual—focused exclusively on these complex concerns. It is therefore among the task force's highest priorities to press for the creation of a commission to develop a comprehensive state strategy for the Arctic. As the Arctic changes, the decisions Alaska faces will continue to evolve and grow in complexity. An Alaskan Arctic Commission re-

1. For the purposes of this report the Arctic is defined using the definition found in the Arctic Research and Policy Act (ARPA). See Appendix A.
2. China and South Korea have increased their research in the area, are constructing icebreakers, and have established a permanent research station at Svalbard.
3. To learn more about recent environment changes see National Oceanic and Atmospheric Administration's (NOAA) newest report card. Richter-Menge, J., M.O. Jeffries and J.E. Overland, Eds., 2011: Arctic Report Card 2011. http://www.arctic.noaa.gov/reportcard..
4. See Appendix B for the full text of House Concurrent Resolution 22. See Appendix C for the Alaska Northern Waters Task Force member's biographies and Appendix D for the member roster.
5. See Appendix E for a list of the presenters.
6. See Appendix F for the list and dates of the hearings.

sponsible for these issues on state, national, and international levels will enable Alaska to more effectively respond to unfolding developments and will jumpstart our preparations to ensure that the state and its peoples' interests are protected long into the future.

This report summarizes the Alaska Northern Waters Task Force's recommendations on Arctic issues affecting Alaska. The recommendations are in the following six areas:

- **Governance**
- **Planning & Infrastructure Investment**
- **Oil & Gas Development**
- **Fisheries**
- **Marine Transportation**
- **Research**



Membership And Duties Of The Task Force

The Alaska Northern Waters Task Force includes state legislators, leaders from Arctic communities, and representatives of key federal and state agencies.

Members of the task force are as follows:

- Representative Reggie Joule, Chair, Kotzebue
- Senator Bert Stedman, Vice-Chair, Sitka
- Senator Lyman Hoffman, Bethel
- Representative Bob Herron, Bethel
- Larry Hartig, Commissioner, Alaska Dept. of Environmental Conservation
- Chuck Greene, Vice-President, NANA Corp., Kotzebue
- Chris Hladick, City Manager, Unalaska
- Edward Itta, Former Mayor, North Slope Borough
- Dave Kubiak, Chair, Alaska Marine Conservation Council, Kodiak
- Denise Michels, Mayor, Nome

Alternate members of the task force include:

- Senator Donald Olson, Golovin
- Representative Bryce Edgmon, Dillingham
- Cora Campbell, Commissioner, Department of Fish & Game
- Richard Glenn, Vice President, Arctic Slope Regional Corporation, Barrow

The United States Coast Guard served as the federal liaison and was represented by Rear Admiral Christopher Colvin until May 19, 2011. Upon Rear Admiral Colvin's departure, Rear Admiral Thomas Ostebo served as the federal liaison.

The duties of the task force are as follows:

1. Assess and facilitate creation of a state and federal commission responsible for overseeing the development of state and federal northern ocean waters;
2. Facilitate regional coordination, cooperation, and outreach regarding the creation of the commission to keep local stakeholders informed and to incorporate their input into the process;
3. Identify and coordinate efforts of mutual concern for federal, state, and local agencies, as well as international interests, in the creation of the commission; and
4. Conduct hearings in the Arctic and Sub-Arctic regions of Alaska.

Agendas, presentations, recordings of hearings, and other pertinent information regarding the task force can be found at the following website: www.anwtf.com.

Governance

"Most of the Arctic, like most of the world, is commonly owned. With ownership comes the obligation to manage our resources for the benefit of the total. To do that, we must understand the reality, the richness, and the responsibility of the North."

—Former Alaska Governor Wally Hickel

Introduction

The Arctic is transforming, largely due to a changing climate and increased globalization of economic activities. These rapid changes make it necessary to explore the adequacy of existing Arctic governance structures and to consider adjusting these systems or creating new ones to better suit developing needs. Arctic Nations must enhance cooperation at regional and international levels as they each develop and refine their regulatory frameworks and policy mechanisms on Arctic issues. Alaska must ensure its Arctic residents and the state of Alaska have a strong voice in these matters.

Developing the resource rich Arctic in a way that maintains sustainable communities and limits adverse impacts to the environment will require unprecedented cooperation among Arctic Nations. This level of cooperation will require changes in how Arctic Nations think about sovereignty and territorial boundaries on both land and water. Traditional sector-based regulation will not effectively safeguard the environment from damage. Each Arctic Nation must recognize that how they develop their resources can impact not only themselves but also their neighbors. Working together, the Arctic Nations can foster productive, sustainable development while respecting the entire region's fragile ecosystems and the cultures and quality of life of its inhabitants.

Over the past year, it has become apparent to the ANWTF that the United States lacks a national vision for the Arctic and has no comprehensive strategy for its future. The state of Alaska has supported environmentally sound resource development in the Arctic and elsewhere in the state as the primary means to provide for an economy and jobs for all Alaskans. The ANWTF believes it would benefit the state, as discussions on Arctic issues and opportunities continue with the federal government and internationally, to collect the different elements of state policies relating to the Arctic into one definitive document. Substantial efforts are necessary on both the national and state level to prepare for changes in the Arctic and to ensure responsible stewardship of the U.S. Arctic far into the future.

National and International Actions

1. The ANWTF Recommends that the Alaska State Legislature and the State of Alaska Continue to Urge the United States Senate to Ratify the United Nations Convention on the Law of the Sea.

The Alaska State Legislature and Governor Sean Parnell are on record supporting the United States Senate ratification of the United Nations Convention on the Law of the Sea (UNCLOS). The United States is the only major maritime power and the only Arctic Nation that is not a party to the convention. More than 160 nations and the European Union have joined UNCLOS. Congressional ratification will substantially benefit our country's economic and national security interests. The ANWTF strongly encourages the state of Alaska to continue to support ratification, and it appreciates the efforts of Senators Mark Begich and Lisa Murkowski, who are working with their colleagues in the U.S. Senate to ratify UNCLOS.

International cooperation in the Arctic must be strengthened with the force of law recognized by all Arctic parties. Public testimony and comments from international, national, and state representatives indicate that legal frameworks are already in place for Arctic governance over certain matters.[1] The Law of the Sea Convention provides a mechanism to resolve disputes.

An annex to the convention negotiated under President George H. W. Bush and finalized in 1994 put to rest concerns regarding diminished national sovereignty. Since then, every U.S. president has endorsed ratification. On May 15, 2007, President George W. Bush said, "[Ratification] will secure U.S. sovereign rights over extensive marine areas, including the valuable natural resources they contain. Accession will promote U.S. interests in the environmental health of the oceans. And it will give the United States a seat at the table when the rights that are vital to our interests are debated and interpreted."

Ratification of UNCLOS will enable the U.S. to peacefully legitimize its Extended Continental Shelf claims in the Arctic and gain access to additional oil and gas reserves. Under the convention, nations can submit claims to submerged lands and the resources there if they demonstrate that their continental margin extends beyond the 200-mile Exclusive Economic Zone (EEZ). UNCLOS also secures open sea lanes for maritime commerce and corridors for submarine cables and pipelines.

1. Global agreements related to Arctic issues include the United Nations Framework Convention on Climate Change, the Stockholm Convention on Persistent Organic Pollutants, the Treaty of Spitsbergan, which provides for access to the Svalbard Archipelago, and the International Maritime Organization's guidelines for shipping. Regional agreements also exist, such as the joint management agreement between Norway and Russia regarding fishing and the agreement between Canada and the United States regarding co-management of the Porcupine Caribou Herd.

United States military, national security, and business interests support ratifying UNCLOS. By failing to act, the United States jeopardizes its effectiveness in shaping future ocean policies, risks its ability to improve its strategic position in the Arctic, and imperils economic opportunities afforded under the convention. The United States should ratify UNCLOS as quickly as possible.

2. The ANWTF Supports the Continued Development of a Comprehensive United States Arctic Strategy, Including Necessary Funding For Its Implementation.

A comprehensive U.S. Arctic strategy must be developed to implement current domestic Arctic policy. This strategy should carefully balance national interests with Alaska state interests. Commitments to safeguard the environment and preserve the traditions and wellbeing of the region's communities and cultures should accompany all strategies for economic development. Alaska should not only support this effort but also contribute to it, given that Alaska's residents are clearly among those Americans who know the U.S. Arctic best.

On January 9, 2009, President George W. Bush adopted a U.S. Arctic Policy through National Security Presidential Directive 66 (NSPD-66) and Homeland Security Presidential Directive 25 HSPD-25).[1] Under the Obama Administration, this policy still stands. In addition to addressing national security and homeland security needs, it calls on the U.S. to:

- Protect the Arctic environment and conserve its biological resources;
- Ensure that natural resource management and economic development in the region are environmentally sustainable;
- Involve the Arctic's indigenous communities in decisions that affect them; and
- Enhance scientific monitoring and research into local, regional, and global environmental issues.

The policy also endorses ratification of UNCLOS and calls for continuing participation in the Arctic Council; negotiation of agreements with other Arctic Nations regarding increased human activity in the region; and continuing cooperation with other countries on Arctic issues through the United Nations.

On July 19, 2010, building on President Bush's directive, President Obama signed an Executive Order[2] establishing the first ever National Policy for the Stewardship of the Ocean, Our Coasts, and the Great Lakes, which adopts the Final Recommendations of the Interagency Ocean Policy Task Force (IOPTF)[3] and directs federal agencies to implement these recommendations.

A cabinet-level National Ocean Council (NOC) has been created to carry out the National Policy. It has established a Governance Coordinating Committee to formally engage with states, tribes, and local governments. Mark Robbins, Associate Director of the Office of the Governor in Washington, D.C., was selected in consultation with Governor Parnell to represent the Alaska region on the 18-member committee.

The implementation of Coastal and Marine Spatial Planning—a comprehensive, ecosystem-based approach for coordinating sustainable uses of our oceans and coasts—is among the NOC's priority objectives. The council has called for the creation of nine regional planning bodies—consisting of federal, state, and tribal authorities—to develop coastal and marine spatial plans. According to the existing framework, Alaska will be a region unto itself, with its own planning body.

As the NOC moves forward and U.S. Arctic policy becomes further defined, the state of Alaska should work with federal agencies to ensure that state interests and the interests of Alaska's Arctic communities are fully recognized and incorporated.

3. The ANWTF Recommends that the State of Alaska and the United States Encourage and Participate in the Adoption of International Agreements for Shipping, Fisheries, Oil and Gas, and Other Transboundary Issues.

Arctic Nations will benefit from agreements to ensure all parties develop resources in the region safely and responsibly. Cooperation between the United States, Canada, and other Arctic Nations in areas including marine research, seafloor mapping, and vessel tracking is encouraging, but more such accords are needed. Marine life, oil spills, and shipping accidents do not respect national boundaries.

The ANWTF recommends that international standards related to Arctic oil and gas infrastructure be established among all Arctic Nations. These should include requirements for the design, construction, transportation, installation, operation, and removal of offshore structures. An international agreement on oil spill response standards is also essential. Reflecting the level of risk such development brings to the region, these standards should be particularly rigorous. Both the Arctic Council and the International Organization for Standardization have begun work toward these goals. In May 2011, the Arctic Council established a

1. The full text of the Arctic Policy can be found at: http://www.fas.org/irp/offdocs/nspd-66.htm

2. The full text of the Presidential Executive Order can be found at: http://www.whitehoUSe.gov/the-press-office/executive-order-stewardship-ocean-our-coasts-and-great-lakes

3. The full text of the Interagency Ocean Policy Task Force Final Recommendations can be found at: http://www.whitehoUSe.gov/files/documents/OPTF_FinalRecs.pdf

task force to develop an international instrument on Arctic marine oil pollution preparedness and response. The recommendations are to be presented jointly at the next Ministerial meeting in 2013. In light of oil and gas development already underway in some regions of the Arctic, the ANWTF encourages finalization of this work as soon as possible.

The U.S. government should also continue international negotiations regarding the management of Arctic marine life. Northern fisheries are covered by international agreements in waters within the 200-mile Exclusive Economic Zones of coastal nations. However, high Arctic waters beyond those limits are unregulated. We must reach agreements with other Arctic Nations to cooperatively research fish stocks and sustainably manage transboundary marine life of all kinds. These accords should be finalized as soon as possible, before commercial fishing expands into the high Arctic.

As part of any marine life agreement, the Arctic Nations should consider establishing an international fisheries management organization for the Arctic. The state of Alaska and its Arctic communities should be represented in any such organization that is formed.

4. The ANWTF Recommends that the Alaska State Legislature and the State of Alaska Support and Encourage Greater International Cooperation through the Arctic Council and Inuit Circumpolar Council-Alaska.

There is a need for on-going, proactive, international cooperation on Arctic issues. Having recognized that the Arctic Council is the world's predominant intergovernmental forum for Arctic governance, the ANWTF recommends greater state engagement with the council and its workgroups and encourages its member countries to support expanding its mandate as an institution for forging multilateral and mutually beneficial agreements among Arctic Nations.

Established in 1996, the Arctic Council is an intergovernmental group that includes representatives from the governments of Canada, Denmark (including the Faroe Islands and Greenland), Finland, Iceland, the Russian Federation, Norway, Sweden, and the United States.[1] The chairmanship of the council alternates between the member states every two years. Presently, Sweden holds the chair. In 2013 Canada will assume the chairmanship, and in 2015 it moves to the United States.

The state of Alaska is represented at Arctic Council and Senior Arctic Official meetings. The state also monitors and contributes to Arctic Council work groups and task forces.

No other international body provides a forum for such a diversity of perspectives on matters related to the Arctic. In particular, northern indigenous peoples play an active role in the council's activities. Organizations granted Permanent Participant status by the council include the Aleut International Association (AIA)[2], Arctic Athabascan Council (AAC)[3], Gwich'in Council International (GCI)[4], Inuit Circumpolar Council (ICC), Russian Association of Indigenous Peoples of the North (RAIPON), and the Saami Council. Permanent Participants enjoy full consultation rights in Arctic Council deliberations and decisions.

The Arctic Council's work is supported by experts in six working groups who conduct research and prepare analyses to inform the deliberations of the council and other international bodies. Their areas of concentration include sustainable development, Arctic monitoring and assessment, Arctic contaminants, protection of the marine environment, emergency prevention and preparedness, and conservation of flora and fauna.

In May of 2011, the members of the Arctic Council formalized a search and rescue agreement that details Arctic emergency response.[5] It is the first binding legal instrument to have originated with the organization. The Arctic Council also created a task force to develop an international instrument on Arctic marine oil pollution preparedness and response, and the Emergency Preparedness Prevention and Response work group initiated a project to develop a summary of best prevention practices for marine oil pollution. The director of the Division of Oil Spill Prevention and Response, within the Alaska Department of Environmental



1. For more information on the Arctic Council go to: http://www.arctic-council.org

2. The AIA is based in Anchorage. For more information on the AIA go to: http://www.aleut-international.org/index.html

3. The AAC is comprised of 18 Canadian and Alaskan village members, with more than half being Alaskan. For more information on the AAC go to: http://www.arcticathabaskancouncil.com/aac/?q=node/5

4. For more information on the GCI go to: http://www.gwichin.org/

5. The details of the Search and Rescue agreement can be found at: http://arctic-council.npolar.no/en/meetings/2011-nuuk-ministerial/docs/

Conservation (DEC), has been an active participant on the U.S. delegation working on these documents. Potentially, these efforts will serve as models for mutual support and cooperation among Arctic Nations.

Because the Arctic Council has been instrumental in moving the international agenda forward, it makes sense for the state of Alaska to continue to support and participate in its efforts. In order to strengthen the Arctic Council, the ANWTF makes the following recommendations:

- The ANWTF recommends that the US government support expanding the Arctic Council's mandate to include discussions on environmental security. Given greater authority, the council will be better able to advance agreements on shipping, commercial fishing, environmental protection, and oil and gas development.
- The ANWTF agrees with Aspen Institute and the Arctic Governance Project Steering Committee[1] findings that stronger and more stable funding should be secured for the Arctic Council. In turn, the council would be better equipped to provide resources to its Permanent Participants for increased involvement in council forums.
- The ANWTF also supports enlarging the number of non-Arctic nations that enjoy Observer status at the Arctic Council, however, not in such a way that would weaken the influence granted to the council's Permanent Participants.
- The state of Alaska should continue participation in the Emergency Prevention and Preparedness Working Group and Task Force of the Arctic Council and become active in other Arctic Council initiatives by attending related forums. Presently, the state of Alaska moderates bimonthly meetings for an Arctic Council Ad Hoc Working Group. This serves in large part to allow the U.S. Department of State to provide updates on Arctic Council activities and receive input from Alaskans. The state should continue these periodic reports and otherwise work to keep Alaskans informed of progress in these endeavors.

Additionally, the task force recommends the state of Alaska and the Alaska State Legislature support the efforts of the Inuit Circumpolar Council (ICC).[2] Founded in 1977 by the late Eben Hopson of Barrow, Alaska, the Inuit Circumpolar Council has grown into a major international non-government organization representing approximately 150,000 Inuit of Alaska, Canada, Greenland, and Chukotka (Russia). In addition to holding Permanent Participant status with the Arctic Council, the ICC holds Consultative Status II at the United Nations. ICC-Alaska represents Inuit from Alaska at the Circumpolar Council.

ICC Alaska's long involvement with the Arctic Council is a valuable asset. In order to enhance collaboration on matters of mutual interest before the Arctic Council and the ICC, the state of Alaska and the Alaska State Legislature should establish means for regular communications with ICC-Alaska and grow a better working relationship.

State and Local Involvement

1. The ANWTF Recommends that the Alaska State Legislature Create a Commission to Develop an Alaskan Arctic Strategy.

Many complex issues are emerging in the Arctic that hold enormous ramifications for Alaska's future. The state of Alaska and others have only just begun to grapple with these challenges and opportunities.

The Alaska State Legislature should create a commission to develop a comprehensive, long-term Arctic strategy to help guide and coordinate the many critical decisions Alaska faces in the years ahead. The Alaskans assembled for this commission should properly reflect the wide diversity of stakeholders in the U.S. Arctic.

This commission's responsibilities should include coordinating efforts between the Legislature, the Administration, and Alaska's Congressional Delegation to effectively communicate Alaska's needs concerning the Arctic to the U.S. federal government. The commission should also work to enhance the state's engagement at the international level, both to keep the state responsive to relevant developments and to ensure that Alaska's manifold interests are understood and acknowledged by all others concerned with the region.

2. The ANWTF Recommends that the Responsibilities of an Alaska Arctic Strategy Commission Include Substantial Communication and Consultation with Alaskans.

The commission formed to create an Alaskan Arctic strategy should adopt formal processes for Alaskans to receive information and provide input on Arctic and oceans issues. During ANWTF hearings in coastal communities across the state, it was clear that Alaskans must be provided opportunities to participate in Arctic policy and Outer Continental Shelf development decisions. Many local government officials, tribal government representatives, and individuals expressed a need for timelier, more frank, and more thorough information from state and federal authorities regarding policies and activities off our coasts.

The task force believes that consistent structured communication and consultation—particularly with those Alaskans

1. . For the full Arctic Governance Project Report go to: http://img9.cUStompublish.com/getfile.php/1219555.1529.wyaufxvxuc/AGP+Report+April+14+2010[1].pdf?return=arcticgovernance.cUStompublish.com

2. . More information about ICC can be found at: http://library.arcticportal.org/99/

likely to be most impacted by evolving conditions—is the best way to build consensus, advance responsible policies, and stimulate broadly beneficial economic development.

3. The ANWTF Recommends that Communities and Organizations in Alaska's Arctic Communities Consider Forming an Arctic Working Group.

Residents across Alaska's Arctic should consider forming an Arctic working group to build region-wide consensus on priority issues and advance their interests at the state, national, and international levels. Through such a working group, Arctic communities and organizations would be able to collaborate on positions that clearly address local needs, including the preservation of essential indigenous traditions and ways of life. The working group could also serve a valuable communications role, helping to keep its constituent communities abreast of related issues in Alaska, in Washington D.C., and abroad.



The task force holds a community meeting.

The formation of such a working group would be particularly timely, given that the chairmanship of the Arctic Council moves to Canada in 2013 and, in turn, to the U.S. in 2015. This should provide North American interests excellent opportunities to advance their objectives.

4. The ANWTF Recommends that the State of Alaska Continue the Dialogue Regarding a Coastal Zone Management Program.

The Alaska State Legislature should continue to discuss re-establishing a coastal zone management program as a mechanism for coordination, consultation, and consensus building with coastal communities and the federal government on matters of resource development.

5. The ANWTF Recommends that Alaska Continue Participating in the Pacific Northwest Economic Region's Arctic Caucus.

The Pacific Northwest Economic Region (PNWER) is a non-partisan forum for regional planning whose membership includes governmental, business, and non-profit representatives from Alaska, Idaho, Montana, Oregon, and Washington in the U.S., and Alberta, British Columbia, Saskatchewan, Yukon Territory, and Northwest Territories in Canada.

In 2009, PNWER members from Alaska, Yukon, and Northwest Territories formed the Arctic Caucus in order to explore issues of common interest, including development opportunities and responsible environmental safeguards. The caucus's current priorities include strategies to maximize opportunities for North American interests when the two-year chairmanship of the Arctic Council moves to Canada in 2013 and to the U.S. in 2015.



Residents of Wales bringing in fish during a task force visit to the community.

Alaska should continue to support the participation of its members in the PNWER Arctic Caucus as advocates for Alaska's interests.

Oil and Gas Exploration and Development

Introduction

According to a 2008 U.S. Geological Survey (USGS) report, "The extensive Arctic continental shelves may constitute the geographically largest unexplored prospective area for petroleum remaining on Earth." The USGS estimates that 13% of the world's undiscovered oil reserves and 30% of the undiscovered gas reserves are in the Arctic.[1] To put that into perspective, if these estimates are accurate, it would be the equivalent of adding two Saudi Arabias to the world's global reserves.

The USGS estimate includes:

- 90 billion barrels of oil.
- Nearly 1,700 trillion cubic feet of natural gas.
- 44 billion barrels of natural gas liquids.

These amounts are in addition to the 240 billion barrels, or about 10 percent of the world's known petroleum reserves, that have already been discovered. [2]



Eighty-four percent of these new amounts estimated by USGS are predicted to be located offshore. The report puts one third of the estimated oil in the circum-Arctic region of Alaska and the Alaska Outer Continental Shelf (OCS). The Chukchi and Beaufort Sea areas off Alaska's north coast rank behind the Gulf of Mexico for domestic resources.[3]

The state of Alaska and a number of the companies that have operations here have decades of experience in exploring and developing oil reservoirs in the Arctic. Although most of the production (over 15 billion barrels) has come from wells on the North Slope, there have also been 78 wells drilled in the Arctic Ocean, 33 wells in the Bering Sea, and 695 wells in Cook Inlet. The safety and environmental record associated with exploration and development work has largely been good, with no major spills or casualties.

However, the challenges of operating in the Arctic must always be respected. As exploration and perhaps development extend farther offshore and farther from existing operations on the North Slope, these challenges will intensify. Careful evaluation of risks and implementation of mitigation measures will be critical each step of the way, and constant vigilance will be a mandate.

New OCS exploration and development will occur in steps over time, with perhaps a decade or more between the discovery of any new reservoir and its development. Current exploration plans limit drilling on the OCS to open water periods, with a buffer before seasonal ocean ice starts to form again in the fall. This allows a period of time for addressing drilling problems or spills without the additional complication of ice. Once a well goes into production it would likely be operating year-round, as would any associated pipelines and other facilities needed to move the oil to shore for processing and transportation to markets. It will be important to use the time leading up to the production phase to identify any new measures that should be taken to minimize the risk of spills.

The state of Alaska must also track the exploration and development of oil and gas resources occurring elsewhere in the Arctic, including offshore areas near Norway, Greenland, Iceland, Russia, and Canada. Norway and Russia already have producing wells off their shores. The Baltic Sea, which freezes annually, is a major transportation corridor for shipment of crude oil by tanker through ice-infested waters. State-of-the-art, purpose-built ice-breaking tankers equipped with emergency towing systems, advanced mechanical recovery systems for oil in ice, and recovered oil storage capacity provide valuable insights for operating in broken ice. The experience of Russia, where there are ice conditions similar to conditions in Arctic Alaska, may also prove instructive. We must also look at the risks to Alaskan waters and shores from spills in the Canadian Arctic and from tankers passing from Russia to Pacific ports. Canada could be looking at deep water drilling in the Eastern Beaufort Sea off their shore in the near future. The Canadian National Energy Board (NEB) has recently completed a review of offshore drilling practices based on lessons learned from the Gulf of Mexico spill and other recent incidents. The NEB report contributes additional valuable knowledge for how to safely operate in the Arctic. Lastly, cooperation with other Arctic Nations, and with individual states and provinces, could help enhance abilities to prevent and respond to spills.

There will also be continuing production from existing and new reservoirs on the North Slope, including perhaps from

1. See USGS Circum-Arctic Resource Appraisal website at http://energy.USgs.gov/arctic/.
2. USGS Fact Sheet 2008-3049: Circum-Arctic Resource Appraisal: Estimates of Undiscovered Oil and Gas North of the Arctic Circle; at http://pubs.U.S.gs.gov/fs/2008/3049/.
3. Department of the Interior, "Estimated Undiscovered, Economically Recoverable Resources," http://www.doi.gov/whatwedo/energy/ocs/upload/UERR-map-2012-2017-80-NoYear-Note.pdf.

unconventional oil sources such as shale formations. New technologies and systems may be needed to tap these reservoirs, and with them, new methods and means for regulators to oversee the safety of these operations and provide environmental protection.

The Trans-Alaska Pipeline System (TAPS) has been transporting crude oil from the North Slope to Valdez for over three decades. Continued production on and around the North Slope is extending the operating life of TAPS beyond its original design life. This is necessitating modifications up and down TAPS. Another challenge to the continued safe operation of TAPS is the decline in the flow of oil through the system. The flow is currently (2011) at about 600,000 barrels per day, less than one third of the average daily flow at peak production in the late 1980s. Lower flow rates mean less heat in the line and a longer time for the oil to travel from the North Slope to Valdez. With cooler oil in the line there is less time the line can be shut down or slowed down in winter before ice and wax formation begin to occur in the system, possibly making it impossible to safely restart the line until systems thaw in the summer season. There is the need to consider, among other measures, adding heat to certain areas of the line to avoid longer periods of shutdown or slowdown of TAPS.

There is the prospect of the commercialization of natural gas produced from the North Slope and nearby areas. Although there aren't the same environmental risks associated with the production, storage, and transmission of natural gas as there are with crude oil, there are other environmental concerns. One of these is greenhouse gas (GHG) emissions associated with the production, transmission, and eventual burning of natural gas. There is much interest around the world in moving to natural gas as an affordable yet less carbon-intense fuel for heat and power. The gas produced on the North Slope varies by production field. Prudhoe Bay gas contains about 12 mol% carbon dioxide, which is one of the primary GHGs and is not marketable. If the U.S Congress or EPA chose to regulate the emissions of GHGs, the carbon dioxide in the North Slope gas may have to be removed and re-injected underground rather than released to the atmosphere. It takes a lot of energy to produce energy. It is likely a much larger quantity of natural gas would be burned on the North Slope to power the compressors, generators, and other equipment needed to produce and move the gas. There would be a volume of GHG released from the burning of this fuel. Lastly, there is the carbon in the natural gas that would be released when it is burned by the ultimate consumers of the gas. The U.S. Environmental Protection Agency currently does not have limits on the concentrations of GHGs that are allowable in the atmosphere (thus what amounts may be emitted), and the U.S. does not impose any kind of tax or fee on GHG emissions. If this changes, it could affect the economics of a North Slope natural gas project.

The ANWTF heard from a number of stakeholders during field hearings conducted in Barrow, Wainwright, Kotzebue, Wales and Nome about the potential benefits and detriments of Arctic oil and gas exploration and development. There was broad concern about the likelihood of a large oil spill and the impacts it could have on the fragile Arctic environment. Such a spill could impact subsistence and other cultural practices of the local people for decades. Stakeholders reminded the ANWTF of the need to be cautious and respectful of the environment and to learn from the local knowledge of the people who have lived sustainably in the Arctic for many generations.

The ANWTF also heard from scientists about the need for better scientific knowledge of Arctic ecosystems, the stresses that may already be present from the current climatic warming, and what additional impacts marine transportation and drilling could have on the Arctic. They also described the need to advance mechanical recovery of oil in water, particularly where ice is also present, and other response options.

The ANWTF recognizes that as draft plans, leases, permits, and other proposed authorizations are put together and distributed for public and agency review, it will be vitally important to have the input of local knowledge and the best science, and where there are critical gaps in our knowledge, to acknowledge this and work diligently to timely and constructively address these gaps.

The ANWTF recognizes and appreciates the many efforts that are already underway by local governments, organizations, federal and state agencies, universities, and industry to develop ways to make future activities in the Arctic safer and more protective of the environment and culture of indigenous people. It is intended that the recommendations below support the continuation and possible enhancement of these efforts, including through better coordination and cooperation among local people, all levels of government, international organizations, and industry to maximize the sharing of knowledge and the arrival at positive outcomes.

1. The ANWTF Recommends that the State of Alaska and the United States Develop a Framework for the Identification, Acquisition, and Sharing of Data and Other Information to Support Leasing, Permitting, and Other Agency Decisions.

The many decisions that will be made by federal and state agencies regarding OCS leasing, exploration, and development will be based on data and other information, some of which may not currently exist or be readily accessible. This creates the risk that agency decisions could be delayed while important information is collected or that agency decisions

could go forward without consideration of all relevant information. There is also the need to monitor for impacts in the Arctic from increased activity and to take these impacts into consideration in future permitting decisions. Good coordination among federal and state agencies and other organizations involved in data collection, data integration, and scientific research will help assure that any data or science gaps will be identified and timely addressed.

To this end, the ANWTF recommends:

- State and federal agencies with responsibilities relating to OCS leasing, exploration and development, and oil spill prevention, preparedness, and response collaborate to identify future research that would contribute key data or knowledge to enhance and augment the permitting processes in a timely manner.
- Federal and state agencies, universities, and others coordinate and enhance the sharing and accessibility of scientific data and local knowledge. Data and local knowledge that are important to future decisions relating to OCS activities should be reasonably accessible to the public, researchers, and industry and government agencies. Creating reliable syntheses of studies and reports may also be helpful in providing a broader understanding of important facts and avoiding a duplication of effort.
- Federal and state agencies survey current efforts to develop baseline information and track potential changes in key biological and physical conditions relevant to the sustainability of Arctic ecosystems and species, including walrus, ice seals, bowhead whales, fish, birds, and other marine mammals that inhabit the Beaufort and Chukchi Seas. Identify any additional monitoring that would be helpful in making future resource decisions or responding to spills and other accidents. Identify potential means for collecting these data.
- Greater involvement by the state of Alaska and its universities in international, regional (with Russia and Canada), national, and statewide collaborations on Arctic scientific research. This includes active participation with the U.S. Arctic Research Commission and with U.S. agencies involved with the work of the Research Commission, the North Pacific Research Board, and the North Slope Science Initiative, among others.

2. The ANWTF Recommends that the State of Alaska and the United States Support Continued Improvement in the Ability of Industry and Government to Prevent, Contain, Control, Clean-up, and Remediate Spills into Arctic Waters.

Any spill of oil or hazardous substances into open water is a challenge to clean up. The Arctic environment creates additional challenges, such as ice cover and broken ice conditions. Mechanical recovery of oil is the primary cleanup strategy in both state and federal oil spill planning requirements. Other response options, such as igniting the volatile portions of spilled oil (in-situ burning) or applying dispersants, may reduce the impacts of the oil on the environment. In-situ burning was developed in Alaska to augment removal of oil in broken ice to accommodate offshore drilling in state waters. The state has developed guidelines for the use of this response tool, and its usefulness has been demonstrated in the Gulf of Mexico spill and recent industry tests in cold water ice conditions. The window for use of in-situ burning in Arctic conditions is actually extended by cold temperatures, which reduces volatilization. Improvements to mechanical recovery of oil in ice using brush and oleophilic technologies are progressing. Submerged application of dispersants in the Gulf of Mexico significantly reduced the volume of dispersants needed when compared to conventional surface applications. More research will allow continued advancements in spill response technologies to better understand the benefits, or detriments, of the use of mechanical recovery, in-situ burning, and dispersants.

All of the above points to the importance of doing what we reasonably can to prevent spills from ever happening. Realistically, the probability of a spill ever occurring will not get all the way to zero. Thus, it is necessary to be prepared to respond to spills in ways to minimize their consequences. Damages from spills will be reduced if the spill is contained within a smaller area and the source of the spill is stopped quickly. Still, some risk will remain that a spill in open water could not be contained quickly and would migrate towards coastal areas. This creates the need to be able to respond to a spill that covers a large area, encompassing different environments (offshore open ocean, near shore areas, tidelands, estuaries, and shorelines) requiring different response tactics. Virtually all marine spills in Alaska are supported with an on-water response capability because of the lack of road access to coastal shorelines. This requires federal, state, and local governmental entities to work together on spills that cross multiple jurisdictional boundaries. It also raises questions about how industry and agencies will support a response that could last weeks if not longer, particularly in the Arctic, where there is less infrastructure in place.

Russia and Canada are Alaska's neighbors and share the goals of preventing spills and responding effectively to those that may occur. Bilateral agreements between Russia and the United States for combating pollution in the Bering and Chukchi Seas and between Canada and the United States for Dixon Entrance and the Beaufort Sea are the means for coordinating joint efforts to prevent, prepare for, and respond to incidents which may threaten or cause transboundary marine pollution. The state of Alaska also has jurisdiction over state waters and is coupled to the federal response sys-

tem through the Unified Plan for Response to Oil and Hazardous Substance Releases and a formal Memorandum of Agreement. With increased shipping through the Arctic and Bering Strait and oil and gas development being planned for the Chukchi Sea and both the Canadian and U.S. portions of the Beaufort Seas, it is essential that the state and the U.S. Coast Guard aggressively advance international cooperation and coordination for preparedness and response with Russia and Canada.

To this end, the ANWTF recommends:

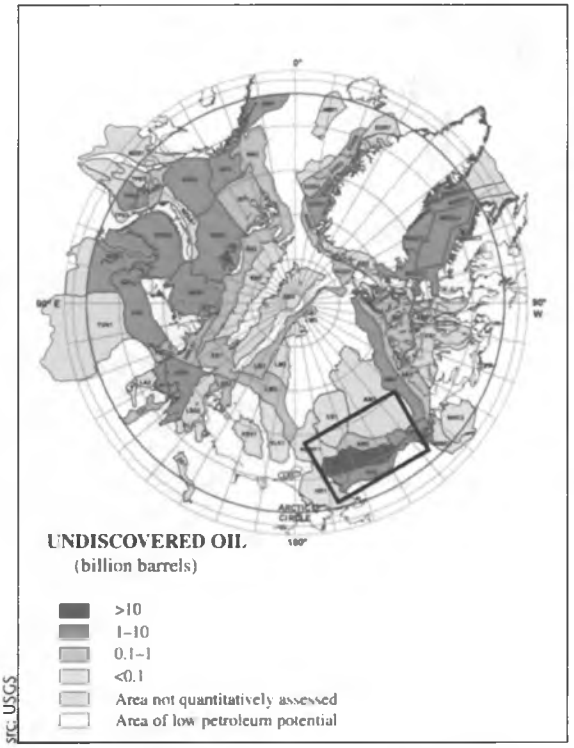
- State and federal agencies with direct responsibilities for oil spill prevention, preparedness, and response work cooperatively with industry, local officials, and other stakeholders to develop a framework to periodically share information on their respective efforts to reduce the probability and severity of oil spills in the Arctic. The purpose would not be to duplicate current agency or industry efforts to comply with federal and state law, but rather to enhance communication and transparency on issues of mutual concern and seek additional synergies and means for improving oil spill prevention, preparedness, and response.
- Update current agreements or memoranda of understanding among state and federal agencies that describe the state of Alaska's role in the review and consideration of spill prevention and response provisions in federal OCS exploration and contingency plans.
- State and federal agencies should enhance oil spill preparedness and response through forums by which on-scene coordinators and incident commanders in Alaska can provide recommendations for improvement based on operational experience.
- State and federal agencies should work jointly under the existing bilateral agreements to formally plan, prepare, and drill for mutual aid and a joint international response with Russia and Canada for transboundary spills which may impact Alaskan waters.
- Enhance coordination among state and federal agencies, industry, and stakeholders in the preparation of government regional response plans and facility-specific plans prepared by industry.
- State and federal agencies and industry should be encouraged to work with people in coastal communities where spills could occur to incorporate local knowledge into the spill contingency plans and to enhance local initial response capabilities.
- State and federal agencies should timely address any outstanding science or other issues relating to the use of in-situ burning or dispersants in responding to spills in marine waters. The Unified Plan for Alaska should provide for pre-approval of the use of in-situ burning and dispersants in accordance with appropriate findings and consultations by the federal and state on-scene coordinators.
- The state of Alaska, which has primary jurisdiction over the flow lines that carry the mixture of crude oil, water, gas, and other material from the wellhead to a processing facility where the oil is extracted, should continue to develop and implement its current program to oversee the safe operation and maintenance of these lines and encourage development of practicable means to reliably monitor for leaks from these lines. This will become all the more critical as the number of subsea or buried flow lines (as well as surface flow lines) may likely increase in the future. Pipeline leak detection helps identify leaks early and avoid small leaks that could continue undetected for longer periods of time, resulting in larger spills.
- State and federal agencies should work with Alyeska Pipeline Service Company, its owners, and other stakeholders to timely identify and address risks associated with operating TAPS at decreasing flows. The pipeline is critical to bringing North Slope oil to market and crosses hundreds of miles of Arctic environment.
- The state of Alaska should encourage collaborations among companies operating on the OCS to share best practices, fund research, and establish goals, expectations, and voluntary monitoring and reporting programs that drive the industry towards continuous improvement in increasing safety and reducing environmental risks.
- The state of Alaska should also encourage collaborations among industry and government, both at international and domestic levels, to develop better means to track and mechanically recover oil in ice and broken ice conditions in the Arctic. There are a number of existing collaborations that the state should continue to encourage, including the Joint Industry Partnership.
- The state agencies with primary responsibilities for well safety, control, spill response, and leasing (the Alaska Oil and Gas Conservation Commission, the Alaska Department of Environmental Conservation, and the Alaska Department of Natural Resources) should continue to coordinate their efforts relating to well safety and control risks, response planning standards, and the evaluation of the value of establishing state requirements for safety and environmental management systems.
- DEC should maintain its relationships with neighboring jurisdictions to exchange information and share resources to reduce the risk of spills. This includes participating in mutual aid agreements, transboundary spill planning, training exercises, and research.

3. The ANWTF Recommends that the State of Alaska Set a Goal to be a Leader in the Safe Exploration and Production of Oil and Gas in the Arctic.

Over the last three decades, companies operating on the North Slope and in Cook Inlet pioneered a number of important technologies and programs in the oil and gas industry. These include advancements in extended-reach drilling and enhanced oil recovery, to name two. The TAPS, when it was completed over 30 years ago, was considered an outstanding engineering accomplishment. Over the past 20 years, the state, along with federal agencies, industry, response cooperatives, and local oversight organizations, has developed and maintained oil spill planning, preparedness, and response capabilities for Cook Inlet and Prince William Sound that are models for what can be achieved with innovation, commitment, and cooperation.

Alaska is home to indigenous people who have lived here sustainably for thousands of years and have a deep respect and understanding of the natural Arctic environment. They have been important contributors to the success of scientists studying the area and the companies that work there.

Alaska should be a leader in any development of oil and gas resources in the Arctic. The University of Alaska is well positioned to support this effort along with state agencies. Currently, the University of Alaska Fairbanks (UAF) is proposing to establish a research center focused on oil spill prevention and preparedness in the Arctic. Experts across the university are already engaged in numerous research projects related to Arctic oil spills; the center would help consolidate these efforts. This center will allow UAF to partner with state and federal agencies, industry, and other academic institutions on their work.



Assessment units of the Circum-Arctic Oil and Gas Assessment, color-coded according to the mean estimated undiscovered, technically recoverable oil resources. The black rectangle outlines the approximate location of the Alaska North Slope and Beaufort and Chukchi Seas OCS areas. Modified from Gautier and others (2009) by the U.S. Geological Survey.

To this end, the ANWTF recommends:

- Development of the University of Alaska as a center of excellence for research of practical and deployable technologies that can be used by government agencies and industry to reduce the probability and severity of spills in Arctic waters, whether from vessels or fixed facilities such as drilling platforms and pipelines.
- Collaborations with local governments and other regional entities that will help integrate local knowledge with science and improve the understanding of the risks of offshore oil and gas operations in the Arctic.
- Alaska's continued participation in international and national venues, including Arctic Council working groups, where best practices and knowledge are shared, and where additional research can be done together.

4. The ANWTF Recommends that the State of Alaska Encourage Congress to Raise Liability Limits and Fund Oil-Spill-in-Ice Research.

The state of Alaska and the Legislature should encourage Congress to raise the liability limit for oil spills and increase the per incident pay out from the Oil Spill Liability Trust Fund. They should also encourage Congress to fund oil-spill-in-ice research by appropriating the Oil Pollution Act of 1990 resources as originally intended. DEC should participate in the Interagency Coordinating Committee on Oil Pollution Research (ICCOPR) established under the Oil Pollution Act to advocate for development of Arctic-specific oil spill research and development.

Marine Transportation

Introduction

Within the next ten to twenty years, the loss of perennial sea ice is expected to open Arctic waters for a part of each year to new shipping routes. Maritime powers have been searching for a shorter route from the Atlantic to Asia for centuries. The melting Arctic raises the possibility of two such routes:

- The Northern Sea Route runs along Russia's northern border from Murmansk to Providenya and could be used for trade between northeast Asia and northern Europe.
- The Northwest Passage runs through the Canadian Arctic Islands and the Alaskan Arctic Ocean and could be used for trade between northeast Asia and North America.



Source: Hugo AhleniUS, UNEP/GRID- Arendol

The economic benefits of these new routes could be significant. Of the two sea lanes, the Northern Sea Route holds particular promise due to superior depth, summers freer of ice, and comparatively direct routing. Therefore, it is anticipated that this will be the preferred Arctic sea lane in the near future. Ships sailing between East Asia and Western Europe could save more than 40% in transportation time and fuel costs by navigating this route instead of the Suez Canal.

Currently, most Arctic marine traffic is destinational, delivering goods and supplies to the Arctic or transporting minerals out of the region. In 2006, it was estimated that some 6,000 vessels operated in or transited the Arctic in tourism, minerals mining, oil and gas exploration, military operations, and other activities. Today this number has reached more than 7,000, and many nations are actively building more ships designed to operate in Arctic waters. Notably, traffic related to eco-tourism is expanding rapidly in the region. In 2004, an estimated 1.2 million passengers visited the Arctic; by 2007 this number had doubled.

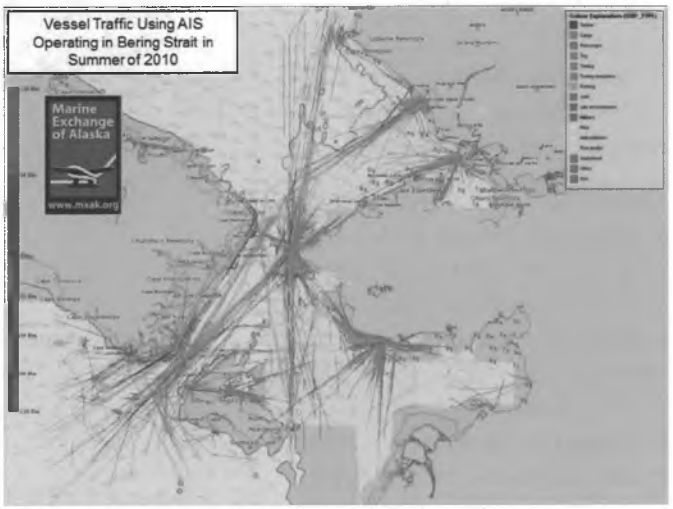
With increased shipping and marine traffic comes increased risk of vessel groundings, spills, collisions, pollutants, noise disturbances, and invasive species. This risk is particularly high due to the lack of detailed navigational charts, reliable weather forecasting, vessel traffic separation protocols, search and rescue infrastructure, and overall maritime domain awareness throughout the Arctic.

Based on these factors the ANWTF makes the following recommendations:

1. The ANWTF Recommends that the United States Work with the International Community to Finalize the Polar Code and Establish a Bering Strait Vessel Traffic Separation Scheme.

Maritime shipping is regulated through international treaties that establish standards for the safety and security of maritime operations. These standards are agreed upon through the International Maritime Organization (IMO), an agency of the United Nations.

Currently, ships navigating the Arctic are governed by the same requirements as any other open water ships. The IMO



Vessel Traffic in the Bering Strait Region during the summer of 2010 as depicted by the Marine Exchange of Alaska.

needs to finalize the Polar Code to supplement international maritime and environmental conventions that already apply in the Arctic. The Polar Code can provide additional requirements regarding rescue equipment, passenger safety, firefighting, ice navigation, and navigation in uninhabited areas. Additionally, the code can include requirements for ship construction, design, equipment, crew training, and operations. The IMO should also consider measures or regulatory frameworks to provide safety mechanisms for the regions of the central Arctic Ocean beyond coastal state jurisdiction.

The Polar Code is currently being drafted, and the rules are expected to be in force by 2014. The United States and Alaska should be actively involved in discussions with the IMO to ensure that Alaska's unique needs are met.

The United States and Russia need to begin a process with the IMO of establishing Bering Strait routing measures.

Clearly, all transient traffic in the future, regardless of the route taken, must transit the Bering Strait. This remote, narrow, and hazardous international strait is located in an environmentally sensitive area with little to no search and rescue or maritime disaster-response capability within 800 miles. Increased vessel traffic in the future will make this area particularly vulnerable to maritime disasters. It is only prudent that basic routing measures and vessel monitoring systems be put in place to reduce the risk of calamity in the Bering Strait.

2. The ANWTF Recommends the Establishment of Non-Tank Vessel Rules and Standards for Arctic Transit.

Today the most likely environmental threat to the Arctic is an incident involving a non-tank vessel. These are typically large commercial vessels with fuel tanks in excess of one million gallons of fuel and related hazardous cargos. These vessels make up the greatest percentage of transits, and they have proven over time to be the vessels most likely to experience an accident that puts them in jeopardy of sinking or running aground. Non-tank Vessel rules will require these vessels to meet more stringent standards of responsible-party requirements and allow government agencies to provide greater oversight.

Immediate implementation of the USCG Non-tank Vessel Response Plan (NTVRP) rules would advance development of a response capability as well as marine firefighting and salvage capacity in the Aleutians. This is critical in an area of the state that supports the largest commercial fishery in the country. This rule would require vessel response plans for non-tank vessels calling in U.S. ports. In combination with the tank vessel rule already in place, this rule would place the burden of providing sufficient salvage, firefighting, and response capabilities on all vessels passing through the Aleutians that call on U.S. ports. The requirement to comply with these rules would provide the necessary incentives for vessel owners/operators to fund increased salvage and spill response capabilities in the Aleutians. It may also be the means for financing an appropriate rescue tug for this economically and biologically important resource area.

3.The ANWTF Recommends that Navigational Charts and Other Aids to Navigation be Updated and Improved along with Vessel Tracking and Automatic Identification Systems (AIS).

For safe shipping, existing nautical charts for the Arctic need to be updated. In an effort to reduce the likelihood of accidents, an assessment of navigational needs should be undertaken to identify priority actions and target locations most likely to present hazards. Short and long range navigation aids will be needed, including buoys, iceberg and other sea-condition warning systems, high-risk-area vessel-traffic management systems, and improved communication technology.

Alaska currently has over 70 automatic identification stations that track vessels in Alaskan waters. The existing Automatic Identification System should be expanded across Alaskan northern waters beyond the Canadian border to Tuktoyuktuk. This should be a high priority. The current system—an international government/industry partnership—serves vital governmental and private sector needs by aiding safe, secure, efficient, and environmentally sound maritime operations. Expanding AIS will provide a clear record of transport across the U.S. Arctic waters, particularly for vessels servicing Canadian western Arctic communities or bound for transit through the Northwest Passage. AIS also provides emergency contact information, port data, locations of other vessels, and navigational information via the internet. Expanding the AIS network across the western Arctic will also allow for compliance under the International Maritime Organization Guidelines for Ships Operating in Polar Waters (Resolution A.1024(26)).

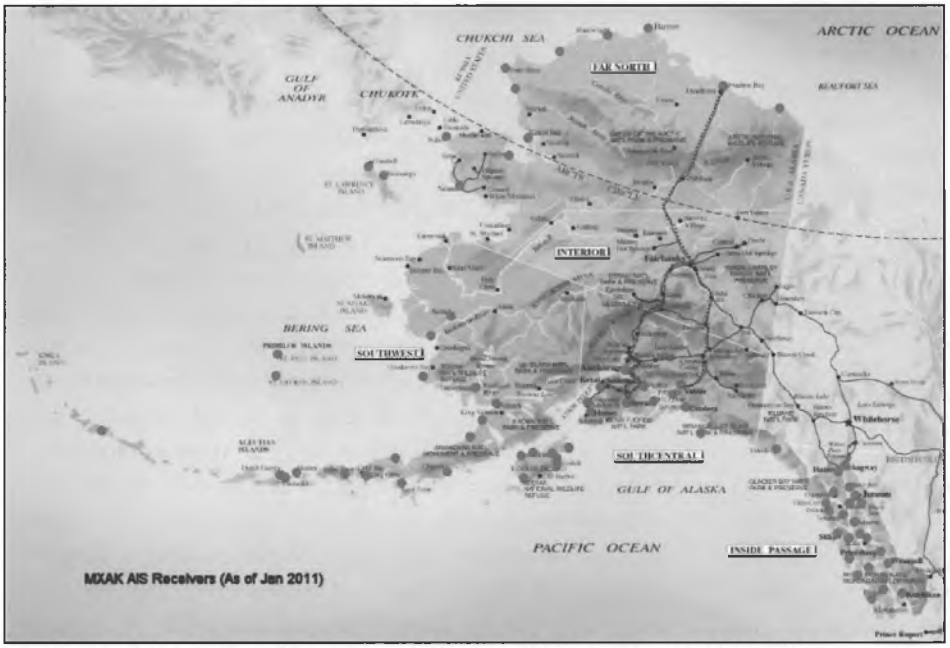
The Alaska State Legislature and the state of Alaska should continue to support the expansion of vessel tracking in the Arctic. The task force encourages the organizations and agencies involved in vessel tracking to pursue all channels of funding to increase their vessel tracking range.

4. Alaska Northern Waters Task Force Supports the National Oceanic and Atmospheric Administration's (NOAA) Hydrographic Arctic Mapping and Recommends that NOAA Also Include Detailed Near-Shore Bathymetric Mapping.

The ANWTF supports increased funding to expedite the mapping of the Arctic regions of Alaska, with particular support for updated mapping of coastal navigation routes and entrance routes to coastal villages.

The ANWTF concurs with the 2011 National Hydrographic Survey Priorities for Alaska. However, NOAA priorities for Alaska in the Bering Strait should be moved from priority two to priority one. The Bering Strait is the shipping choke point in Alaska's northern waters. It is imperative that up-to-date bathymetric information be provided for safe navigation. The ANWTF encourages the exchange of this information with the Russian government so that both governments have complete mapping of the entire strait.

The task force also supports NOAA's efforts to fund additional tidal observations to close the tidal data gap in accordance with the 2008 NOAA Network Gap Analysis for the National Water Level Observation Network. These increased observations will allow the joining of the digital mapping initiative vertical data with the Mean High Water and Mean Lower Low Water data that determine own-



Locations of the Marine Exchange of Alaska's AIS Receivers as of Jan 2011.

ership and jurisdiction of state, federal, Native, and private lands.

The ANWTF also encourages public release of bathymetric data collected by the U.S. Navy that would not threaten our national security, as well as public release of bathymetric data collected by private industry that would not threaten their proprietary economic interests.

5. The ANWTF Recommends that the Alaska State Legislature and the State of Alaska Continue to Support Maritime Training Centers in Alaska.

The need for trained and experienced mariners to operate in the Arctic is clear. The task force highly recommends the development of training programs throughout Alaska that can produce competent seafarers for safe operations in the Arctic. Specialized training—such as a USCG approved Ice Navigator curriculum that would implement the recommendations of the Arctic Marine Shipping Assessment and be consistent with the future requirements of the IMO Polar Code—is essential. In addition, qualifications, training, and experience standards for operation of icebreakers, arctic lightering operations, and high latitude navigation should be considered to ensure that increased maritime commerce in the Arctic is developed safely.

The ANWTF sees a real opportunity for Alaska to become the U.S. center of excellence in Arctic maritime training and seafarer development. Building on the state's strong university system, institutions such as the AVTEC Maritime Training Center, and practical training opportunities in Alaska's ice covered waters, this state is uniquely positioned to become an international leader in high latitude navigation safety training.

6. The ANWTF Supports Completion of the Aleutian Islands Risk Assessment; State of Alaska Participation in the U.S. Coast Guard Port Access Route Study; and Development of a Bering Strait Vessel Traffic Separation Scheme.

Aleutian Islands Risk Assessment

The Aleutian Islands Risk Assessment is a joint venture between the National Fish & Wildlife Foundation, the USCG, and the Alaska Department of Environmental Conservation. The project was organized in response to the grounding of the M/V Selendang Ayu in 2004 and the oil spill it caused. It is a multi-phase risk assessment of maritime transportation in the Bering Sea and the Aleutian Archipelago. Phase A of the Aleutian Island Risk Assessment has been completed.[1]

The study mainly focused on traffic following the great circle route through the Aleutian Islands and Bering Sea. The guiding principles applied to the analysis of risk reduction options were that prevention measures take priority over response measures and all measures should be realistic and practical.

The advisory panel assembled for the project developed recommendations for risk reduction options in two categories: those recommended for immediate implementation and those recommended for further study in Phase B of the assessment.

Options for immediate implementation include:

- Develop an enhanced vessel monitoring and reporting program;
- Enhance towing capabilities on USCG cutters, and increase cutter presence in the Aleutians;
- Stage additional emergency towing systems in the Aleutians.

1. The findings of the Aleutian Islands Risk Assessment can be found at http://aleutiansriskassessment.com/.

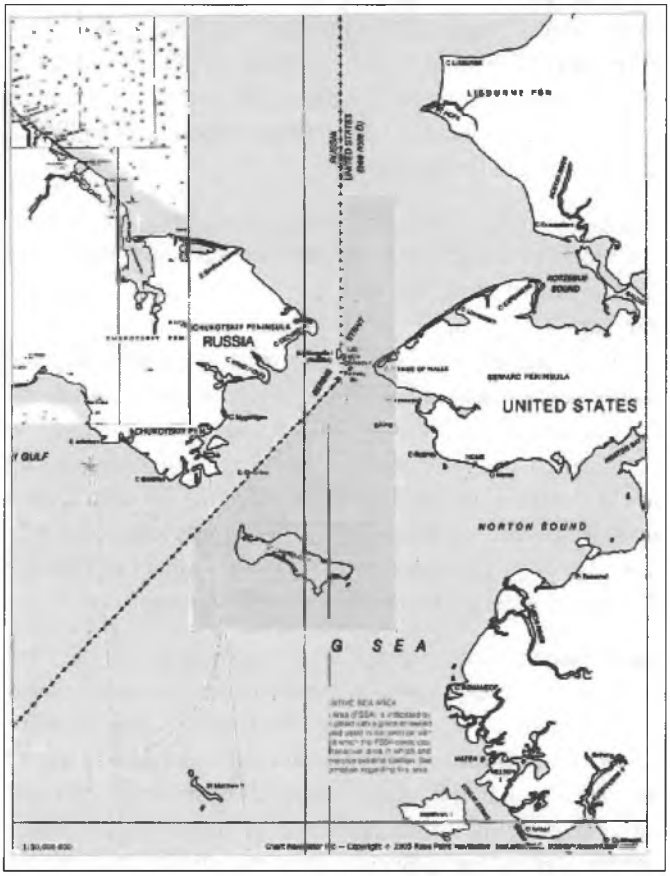
Options recommended for additional development or study in Phase B, prior to full implementation, include:

- Increase rescue tug capability in the Aleutians;
- Increase salvage and spill response capability in the Aleutians;
- Determine the boundaries of IMO Particularly Sensitive Sea Areas, and develop recommendations for associated protective measures;
- Strengthen the Aleutians Subarea Contingency Plan.

The ANWTF recommends that the risk assessment move forward with those risk reduction options that were identified by the advisory panel for immediate implementation. In addition, it is recommended that an additional risk reduction option be evaluated in Phase B of the project. A key consideration for reducing the risk of groundings and spills is offshore vessel routing for circumpolar traffic to provide timeframes for responding to disabled vessels. Offshore vessel routing has been successfully employed along the Pacific west coast and is a primary, cost-effective tool for reducing risk.

Bering Strait Port Access Route Study and Vessel Traffic Separation Scheme

The ANWTF recommends that the state of Alaska participate in and support the efforts of the USCG Port Access Route Study of the Bering Strait. Alaska should work with the USCG and Russia to bilaterally assess the risk of increased shipping through the Bering Strait and analyze the options for staging international assets to respond to that risk. The location of staging areas in Nome or other Alaska coastal locations should be considered for U.S. assets. Provideniya or other Russian coastal areas should be considered for Russian assets. This effort would contribute greatly to the development of any future IMO-led effort to establish internationally binding ship routing measures, such as a Bering Strait Vessel Traffic Separation Scheme.



The shaded region represents the Study Area for the USCG's Bering Strait Port Access Route Study as described in 75 FR 68568.

Planning and Infrastructure Investment

Introduction

A number of state initiatives are underway to look at the potential needs and feasibility of infrastructure projects in Alaska's Arctic region. These include the Alaska Department of Transportation and Public Facilities' (ADOTPF) Industrial Use Roads Study, several Arctic Ports studies, and similar work relating to possible land transportation links to Nome, Ambler, and the Umiat region.

Changes in temperature and precipitation are likely to hold enormous implications for both existing and future construction of all sorts. The ability to better predict and understand the effects of phenomena such as widespread thawing of permafrost will help Alaska prepare for considerable maintenance issues on existing roads, airports, buildings, and pipelines. Just as importantly, it will aid engineers when it comes to properly siting, designing, and constructing new infrastructure capable of withstanding future changes in their specific environments. These important concerns have also been examined in ADOTPF's "Impact of Climate Change on Alaska's Transportation Infrastructure."

These changes also pose significant challenges to some communities in Arctic coastal and riverine areas, most notably those located along the Bering and Chukchi Seas. A number of communities are threatened with increased rates of coastal erosion and flooding as a result of storm activity and battered shorelines once protected by shore-fast ice. These problems could become chronic as the climate warms, seasonal sea ice retreats, and destructive coastal storms become more frequent. These important concerns have been recognized in reports issued by the state of Alaska's Climate Change Subcabinet Immediate Action and Adaptation work groups.

Immediate investment in Arctic infrastructure is a foremost priority for Alaska and the entire United States. Alaska will need to explore ways to attract substantial sources of capital investment in addition to state and federal funding. Action is needed to enable the responsible development of resources; facilitate, secure, and benefit from new global transportation routes; and safeguard Arctic residents and ecosystems.

This investment will improve the safety, security, and reliability of transportation in the region—a goal established by the U.S. Arctic Policy signed by President Bush in 2009. As interest and activity in the Arctic continues to rise, America's preparedness in the region becomes ever more important to national security.

Increased human activity related to shipping, oil and gas development, commercial fishing, and tourism will require, at a minimum, new ports and safe harbors, equipment and facilities for oil spill response, additional Polar Class icebreakers for the U.S. fleet, and improved charting and mapping.

The U. S. Coast Guard's needs in these areas well illustrate the magnitude of infrastructure investment necessary in the Arctic. The Search & Rescue (SAR) agreement recently negotiated by the eight Arctic Nations through the Arctic Council commits the United States to search and rescue response in regions of the Arctic. Domestically, the National Contingency Plan requires the U.S. Coast Guard to oversee oil spill planning and preparedness in coastal waters and to supervise any oil spill response. Additionally, the U.S. Coast Guard's mission is to protect the public, the environment, and U.S. economic interests in the nation's ports and waterways, along the coast, on international waters, or in any maritime region as required for national security.[1]

At present, the Coast Guard has very limited Arctic emergency response capabilities and no permanent bases on Alaska's North Slope to support its operations. Basic needs there include communications, housing, and support facilities. It is especially notable that the Coast Guard has only one operational Polar Class icebreaker, the USCG Cutter Healy. Clearly, the Coast Guard does not have the assets required to carry out its expanding mission in the Arctic.

With transformation in the Arctic calling for a broad spectrum of new facilities on such a large scale, the state of Alaska must take an active role in regional planning efforts with communities and their stakeholders. This will help communities develop local strategies and ensure that the state is getting the most return on investment for local projects. Some communities may not have the resources to adequately prepare for the future, and the state should take this opportunity to help increase local capacity for the benefit of all Alaskans.

1. The ANWTF Recommends that the Alaska State Legislature Urge the United States to Forward Base the U.S. Coast Guard in the Arctic.

As human activity increases in Alaska's northernmost waters, the need to establish a Coast Guard base in the Arctic grows. The most northern Coast Guard base in the United States is in Kodiak, Alaska, more than 1,000 miles from pos-

1. The Coast Guard has 11 Statutory (non-discretionary) missions: Search and Rescue, Maritime Safety, Ports & Waterways Security, Drug Interdiction, Migrant Interdiction, National Defense, Living Marine Resources, Marine Environmental Protection, Aids to Navigation, Ice Operations, and Law Enforcement.

sible Chukchi Sea drilling sites and nearly as far from existing Arctic shipping lanes in the Bering Strait.[1] This distance causes untenable logistical problems that negatively impact response times and capabilities. The Coast Guard must have a greater overall presence in the Arctic, with the ability to stage assets closer to future shipping, oil and gas drilling, and commercial fishing activities.

The federal government should begin planning immediately to establish an Arctic base, and it must also move forward on interim measures for search and rescue and oil spill response in the region. The latter include working with communities to site required equipment at strategic locations, upgrading regional airports and associated storage facilities to enable efficient airlifting of assets, and increasing communications infrastructure.

2. The ANWTF Recommends that the Alaska State Legislature Urge the United States to Fund Icebreakers and Other Ice-capable Vessels.

At present, the United States has only one Polar Class icebreaker in service, the Coast Guard's Healy. A second Polar Class icebreaker, the Polar Star, is undergoing extensive repairs in Seattle and is not expected to return to service until 2013. Its sister ship, the Polar Sea, was decommissioned in 2011.

Meanwhile, Russia has a fleet of eight service-ready nuclear powered icebreakers, including an ice-breaking container ship. A ninth is under construction and will join their fleet in 2015. China owns the world's largest non-nuclear icebreaker and plans to launch a second by 2013. Canada has committed $38 billion to a 30-year plan to build additional icebreakers and other ice-strengthened ships suitable for Arctic service. Sweden, Finland, South Korea, and Japan are adding icebreakers to their fleets.[2]

The United States Coast Guard Cutter Healy is a medium strength vessel used most recently as a platform for scientific research. Its design is less suited to military missions. Congress has appropriated $60 million for repairs to the Polar Star. At this level of funding, its overhaul is estimated to provide for seven to ten years of additional service—the same length of time the Coast Guard estimates is required to design and construct a new Polar Class icebreaker, at a cost of about $860 million.

This limited number of icebreakers presents a major challenge to the Coast Guard mission in Alaska. Having ice-capable vessels is vital to maintain sovereignty, continue scientific research, and provide emergency and oil spill response. Overreliance on the Healy, which was not designed to meet all these challenges, poses risks for the United States and Alaska.

The ANWTF urges the state of Alaska to prevail upon the U.S. government to fund the construction of new heavy icebreakers and additional cutters for the U.S. Coast Guard. The Coast Guard is developing a long term vessel asset plan, but so far it has been unable to secure funding. It is expected that additional vessels will be required in support of oil spill response; these vessels must be capable of year-round Arctic operations. Immediate steps should be taken to begin construction of these assets.

Further, the ANWTF supports planning for other necessary facilities for search and rescue responsibilities, spill clean-up equipment and response vessels, and research. The Coast Guard needs this infrastructure to fulfill its mission.

3. The ANWTF Recommends that the Alaska State Legislature Support Search and Rescue Coordination Centers along the Coast to Assist Federal and State Responders.

The ANWTF supports search and rescue efforts at all levels—federal, state, and local. Because the USCG doesn't have an Arctic presence, local communities are often the first responders to an emergency.

The state of Alaska should coordinate planning with the USCG and local communities to develop strategies for increased search and rescue capabilities in the Arctic. Strategies may include purchase of equipment, training, and increased communications capability at the community level.

Other countries are already moving ahead with similar initiatives. Russia is currently in the process of building ten search and rescue centers along its Arctic coast line. Given the size of the Alaskan Arctic, effective local response will be critical. State planning should begin immediately.

4. The ANWTF Recommends Supporting the University of Alaska Fairbanks Scenarios Network for Alaska and Arctic Planning.

Scientists reviewing weather data for Alaska believe the state has been experiencing a warming trend with drier conditions in parts of the state. The ANWTF heard presentations on impacts this could have on Arctic communities and businesses. They include, among others, drier conditions in Interior Alaska resulting in more frequent and severe forest fires; species moving outside their historical ranges and perhaps displacing other species; changes in the active layer and permafrost in areas of the state resulting in loss of structural support and other adverse effects on roads and infrastructure; increase in the rate of coastal erosion in areas of

1. To put this distance into perspective, the distance between Kodiak and Barrow is about the distance between Los Angeles and Seattle.

2. For a list of ice breaker assets around the world go to: http://www.globalsecurity.org/military/world/icebreakers-list.htm

the state; and changes in hydrology including loss of surface ponds used for drinking water. It is important for state and local governments and industry to have a better understanding of possible future climatic conditions in the state when planning long-term infrastructure and critical services.

The University of Alaska Fairbanks formed the Scenarios Network for Alaska and Arctic Planning (SNAAP) to help decision makers understand possible future climate scenarios and their impacts in the state. SNAAP has developed data-driven models and scenarios for specific areas of the state that describe possible effects from longer-term changes in air temperature and precipitation. SNAAP has been working with other researchers to integrate down-scaled climatic models with terrestrial models to make predictions of landscape changes and the implications of such changes (melting permafrost, shifting and intensity of fire regimes, etc.) on the state's roads, airports, ports, pipelines, and rural communities. Both marine and terrestrial models should include predictions of impacts on resource development and related infrastructure. Such models would inform future infrastructure development and management.

The ANWTF recommends the state of Alaska support the work being done by SNAAP and encourages making this information, along with any important caveats on the limitations on such climatic predictions, available to state agencies, local governments, and the public to assist them in their long-term planning. The ANWTF believes this information could also be useful to agencies and organizations involved in setting standards for construction around the state.

5. The ANWTF Recommends Continuing the Analysis and Development of Ports and Safe Harbors in the Arctic Region.

Studies by the U.S. Coast Guard, the U.S. Navy, the Arctic Council, the U.S. Army Corps of Engineers, and the Alaska Department of Transportation and Public Facilities all identify the need to develop ports and harbors in Arctic Alaska. Given the long lead times for such construction, ports should be among the highest priorities for Arctic infrastructure.

Building on the findings of the 2008 and 2011 state/federal Alaska Regional Ports Workshops and the 2011 Arctic Ports Charette, the state of Alaska and the U.S. Army Corps of Engineers should continue analyzing options for deep- and medium-draft port and safe harbor construction in the Alaskan Arctic. The state should convene an industry-focused Alaska Arctic Ports Workshop to assess the pros and cons of alternative locations and types of ports, address environmental conditions and engineering approaches, and explore funding alternatives.

Locations to consider include:

- St. Paul Island in the Pribilof Islands. Here there is an existing harbor for the Central Bering Sea fishing fleet and fish processing facilities.
- St. Lawrence Island. There is no existing sea port on St. Lawrence.
- Nome/Teller. A medium-draft port exists at Nome. Considerations include expanding the Nome causeway, improving the Nome-Teller road, and developing a seasonal deep-draft port at Port Clarence Bay off Teller.
- Kotzebue/Cape Blossom. A shallow-draft port complex exists at Kotzebue. During the ice-free season, deep-draft freighters anchor 15 miles out to sea and cargo is lightered to port. Shallow-draft barges deliver cargo to area communities. Cape Blossom, across Kotzebue Sound, offers a potential deep-draft port site.
- Mekoryuk. Located on Nunivak Island, Mekoryuk has no boat harbor but does have moorage for small boats protected by a breakwater.
- Cape Thompson. Located on the Chukchi Sea about 26 miles southeast of Point Hope, Cape Thompson has previously been considered for a port site. It is located on a promontory with bulk rip-rap and aggregate potential and is broadly sheltered from the north by the spit of Point Hope. It has an old airstrip but is otherwise largely undeveloped.
- Wainwright. Wainwright is the nearest village to the Chukchi Sea OCS leases and is located on Wainwright Inlet, which is capable of sheltering shallow- to medium-draft vessels. It is located 90 miles west of Barrow. The city presently does not have a seaport.
- Point Franklin. Located between Wainwright and Barrow, Point Franklin and its adjacent barrier islands may serve as a shelter and possible port site for shallow- to medium-draft vessels.
- Barrow. With a population of more than 4000, Barrow boasts considerable infrastructure despite its remote location and is the geographic midpoint between the active exploration areas in the Beaufort and Chukchi Seas. Just east of Point Barrow is Eluitkaak Pass, which is the "notch" between the Barrow spit and the barrier islands of Elson Lagoon. Eluitkaak Pass is about 50 feet deep at its deepest, although it shallows at both ends toward the north and the south. Elson Lagoon, although shallow, is protected from the open ocean by barrier islands. At present there is no protected harbor at Barrow.
- Prudhoe Bay. Prudhoe Bay has been extensively developed for oil industry support. There is a causeway and dock system on the east and west sides of Prudhoe Bay that currently services the line-haul barges that transport drilling and production infrastructure to the North Slope. The community, made up almost entirely of oil industry

employees, is connected year-round to the North American road system by the Dalton Highway.

- Mary Sachs Entrance. This is a channel between barrier islands located about 60 miles north and east of Prudhoe Bay.

Plans for the development of deep-draft ports and improved safe harbors in northern waters should be intended also to improve access to inland resources in the region. Consideration should be given to the proximity of exploitable natural resources and access to them by navigable inland waterways or through the construction of railways or roads.

A key economic factor in the viability of developing natural resources in Alaska is the distance to an ocean port. Natural resources within 100 miles of a coast line typically have a higher probability of development due to shipping proximity. Development of resource transportation corridors to Arctic ports is critical for both shipping of product to market and for resupply of materials and equipment necessary for resource exploration, development, and extraction. Options for public-private partnerships (P3's) should be explored as a mechanism to capitalize development of the resource deposits and provide a return on investment to the state and private sector industries. Port planning for the Arctic should include a prioritized strategy for approaches to specific resource deposits and options for developing infrastructure to support exploration, development, and transportation of the resource.

6. The ANWTF Recommends the State of Alaska Consider Proposals to Expand Fiber Optic Cable Routes Across Northern Waters.

The retreat of sea ice and stability of the sea floor in the Arctic is creating interest in a potential fiber optic cable route from London to Tokyo via the Canadian Northwest Passage and Alaskan Arctic. Just as shipping routes are significantly shorter across the northern waters, so would be cable routes.

Linking Alaska's Arctic communities to trans-Arctic cable routes would bring many benefits. Increased communications will be needed in support of the Coast Guard's mission, including search and rescue and oil-spill response operations. Better communications are also required for the safe operations of ships transiting the region and offshore oil field development activities. At the same time, broadband links would enhance economic development and distance learning opportunities for Arctic communities.

The state should consider an assortment of strategies. In 2010, Kodiak Kenai Cable Company developed an international consortium for a Tokyo-London link with a landing at Prudhoe Bay. The company also proposed branches linking Kodiak with the more remote communities of Dutch Harbor, Nome, Kotzebue, and Barrow before rejoining the primary cable at the Prudhoe Bay landing. While this proposal was unsuccessful in obtaining funding, the effort produced valuable research, and the related Arctic Cable Company has now been formed.

On land, GCI's Terra SW has connected 65 coastal villages and communities in the Bristol Bay and Yukon-Kuskokwim Delta regions to a fiber optic/microwave network. GCI is exploring expanding the network to include the communities of northwest Alaska. On the North Slope of Alaska, the Arctic National Broadband Network initiative explored developing broadband capability between Barrow and Nuiqsut.

The state should continue to encourage fiber optic cable ventures that will include links to coastal hub communities and industry bases adjoining the northern waters.

7. The ANWTF Recommends that the State of Alaska Explore Models to Access Funding for Arctic Infrastructure.

As the state of Alaska determines its priorities for Arctic infrastructure projects, the Alaska Industrial Development and Export Authority (AIDEA) should begin examining which categories of projects are likely to meet its criteria for funding and which will need additional or wholly alternative sources.

The state should consult with financing and investment specialists to explore strategies to attract additional sources of capital to infrastructure priorities. Such considerations could include private sector investment as well as the creation of state, national, and international development corporations.

Fisheries

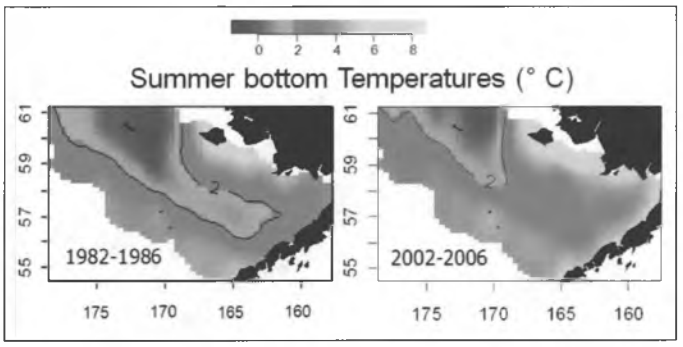
Introduction

As sea ice diminishes and some commercial fish species move into northern waters, interest in fisheries north of the Bering Strait has increased. However, in 2009 the North Pacific Fishery Management Council approved a National Marine Fisheries Service management plan establishing a moratorium on commercial fishing in these waters, including the Chukchi and Beaufort Seas.[1] While there are some 100 known species of fish in northern Arctic waters, their population dynamics and ecology are poorly understood. And while scientists have discovered that a number of species such as cod, herring, and pollock are expanding northward in the Bering Sea, there is currently not nearly enough information available to make sustainable management of commercial fisheries possible north of the Bering Strait.

Changes occurring and in store for the Arctic are expected to have significant impacts on Arctic fish stocks. Understanding the effects of salinity and temperature changes, the loss of sea ice, ocean acidification, and increased human activity will require considerable study and monitoring of fish stocks over a significant period of time.

On one hand, changes in the Arctic may lead some fish populations to reach levels that allow for gainful, responsibly managed commercial fisheries. On the other, developing conditions might also harm existing fish populations, including subsistence resources. Thus, while the changing Arctic may create significant new economic opportunities for Alaskans in the form of commercial fisheries, the future may also yield troubling impacts on the subsistence way of life that has sustained the region's peoples for thousands of years.

For these reasons, the ANWTF believes the state of Alaska and the U.S. government should continue with precautionary policies regarding Arctic fisheries. At the same time, state and federal agencies should greatly increase fisheries-related research in the region, should remain active in the negotiation of fisheries-related transboundary accords with other nations, and should prepare strategies for commercial fisheries structures and management in the region in anticipation of future developments.



1. The ANWTF Recommends the State of Alaska Support a Comprehensive Arctic Fisheries Research and Monitoring Plan.



The current moratorium on Arctic commercial fisheries in the U.S. Exclusive Economic Zone should not postpone Arctic fisheries research. Since the ban was established in 2009, research in the region has not significantly increased. There is a critical need to establish baseline data on fish stocks and to conduct other relevant studies to enable future decision making.

The state of Alaska should support increased research by state agencies, the University of Alaska and other institutions, and the National Marine Fisheries Service in the following areas:

- Baseline studies of the fishery resources of Arctic Alaska.
- Surveys to estimate biomass of potentially harvestable species.
- Ecosystem-based studies to evaluate potential effects of fisheries on other fish species, marine mammals, and seabirds.
- Research on specific productivity parameters—rates of growth, recruitment, and natural mortality—to estimate potential sustainable fishery yields.
- Socioeconomic studies to evaluate benefits and costs to communities along the Arctic coast.

The Alaska Department of Fish & Game should continue to closely monitor all fisheries-related research in the Arctic in order to anticipate and prepare for a possible lifting of the moratorium on commercial fisheries in the region.

2. The ANWTF Recommends the State of Alaska Develop Strategies in Anticipation of the Establishment of State Waters Arctic Fisheries.

Alaska's state government should consider measures to maximize the degree to which local communities might benefit from the development of commercial fisheries in Arctic wa-

1. For the full text of the NPFMC's Management Plan go to: http://www.fakr.noaa.gov/npfmc/PDFdocuments/fmp/Arctic/ArcticFMP.pdf

ters within the state's management jurisdiction, which extends three miles from shore. It is the duty of the state of Alaska and the Alaska State Legislature to promote the development of predominantly resident fisheries.

If future research indicates that state-waters commercial fisheries can be safely established and sustainably managed in the Arctic, the state should create policies and programs to develop and manage those fisheries to the maximum benefit of the people of the region and the state. These efforts should include programs and workshops through the Commercial Fisheries Entry Commission along with the Division of Economic Development and the University of Alaska's Marine Advisory Program to prepare residents of Arctic communities to participate in commercial fisheries at all levels.

The Alaska Department of Transportation and Public Facilities should examine the need for increased infrastructure—including boat harbors, shipping facilities, and airstrips—to enable fish harvesting and onshore processing operations to be based in Arctic coastal communities.

If it appears that fisheries are likely to be established that target species whose stocks cross state and federal management boundaries, the Alaska Department of Fish & Game and the Board of Fisheries should work with the National Marine Fisheries Service and the North Pacific Fishery Management Council to ensure that regulations and management agreements are in place for the conduct of fisheries in a sustainable manner.

3. The ANWTF Recommends that the State of Alaska and the Federal Government Develop Management Programs that Benefit Coastal Communities in Anticipation of the Establishment of Federal Waters Arctic Fisheries.

The state of Alaska and the federal government should be prepared to institute programs in Arctic communities that ensure local residents have access to Arctic fisheries developed in federal waters.

Any Individual Transferable Quota systems considered for Arctic fisheries should include provisions—such as Community Development Quota and Community Quota Entity programs—to secure a substantial degree of local ownership, participation, and stewardship in such fisheries.

The ANWTF encourages all relevant agencies, boards, and councils to consider innovations to management systems—established or otherwise—that would guarantee Arctic fisheries resources would be sustainably regulated in a manner that most equitably benefits Alaskans.

When considering future appointments to the North Pacific Fishery Management Council, the governor of Alaska should select a candidate with considerable knowledge and experience related to the state's northernmost waters.



Research

Introduction

Worldwide climate change is having an outsized impact on the Arctic, where temperatures are rising twice as quickly as elsewhere on Earth. Profound transformations are underway in its complex ecosystems. These changes are expected to trigger unprecedented degrees of human activity in the region. As a consequence, transformation in the far north will accelerate all the more, not just environmentally, but also on socioeconomic levels.

Under these circumstances, the need for wide-ranging scientific research and monitoring in the Arctic has never been more pressing. We must continue to gather essential baseline information about the environment and its dynamics in order to become better able to discern shifting conditions. In turn, our understanding of the implications of changes there will increase, and we will improve our ability to prepare for and mitigate impacts.

The enormous amount of research that will be required in the years ahead presents an extraordinary opportunity for Alaska's university system. The Arctic is certain to become an ever more prominent international focal point in the coming decades. Already recognized for exceptional programs for study of the far north, the University of Alaska is in the position to become among the world's foremost institutions for marine and terrestrial Arctic research. The state of Alaska should actively support the university in this endeavor.

Research in the Arctic is already substantial. The state of Alaska has supported the valuable work of the U.S. Arctic Research Commission for more than twenty years and will continue to do so in the future. During its nearly two years of hearings, the ANWTF examined the research of more than 20 state and federal agencies, quasi-governmental institutions, universities, and NGOs. On more than one occasion, scientists who came before the task force remarked that they had only become aware of the work of a colleague in the same agency after seeing that colleague's presentation to the task force. There is obviously opportunity for more collaboration among scientists and researchers focused on the Arctic.

Inevitably, as more government agencies and other institutions converge on the region there are going to be inefficiencies and redundancies. Therefore, the task force encourages greater coordination of research activities. This would not only increase efficiency and reduce duplicative work; it would also improve data management, sharing, and synthesis efforts.

Many specific research needs for the Arctic are addressed in other sections of this report. The recommendations below primarily speak to broader concerns related to scientific investigation in the region.

1. The ANWTF Recommends the State of Alaska and the Federal Government Identify Priorities for Arctic Research.

There have been several recent analyses of Arctic research to identify gaps in the scientific knowledge needed to develop resources responsibly there. The latest, by the U.S. Geological Survey (USGS), included more than 50 findings and recommendations.[1] However, the USGS report, like previous efforts, did not clearly prioritize the many research needs it documented.[2] Prioritizing additional necessary research is particularly important in light of the limited funding for such projects.

The state, the federal government, and other stakeholders should come together in conjunction with the University of Alaska to determine Arctic research priorities as soon as possible. By ranking priorities we can target funding more effectively and better coordinate efforts. Major knowledge gaps will be closed far more quickly.

2. The ANWTF Recommends Improving the Exchange of Research Information and Integration of Data Management.

The pace at which results from Arctic studies and monitoring projects are shared and integrated is too slow. A stronger effort to consolidate and coordinate data is needed. This is particularly crucial to enabling timely synthesis of multiple studies in order to refine and amplify their findings. Improved distribution of real-time monitoring data can be of substantial immediate value, to aid in emergency responses and to support weather and ice conditions forecasts.

Faster and more extensive integration of data collected by state and federal agencies, academics, and industry would yield enormous benefits for all stakeholders. Several entities

1. U.S. Department of the Interior and the U.S. Geological Survey. 2011. An Evaluation of the Science Needs to Inform Decisions on the Outer Continental Shelf Energy Development in the Chukchi and Beaufort Seas, Alaska. Circular 1370. http://pubs.usgs.gov/circ/1370/pdf/circ1370.pdf. The Pew Environment Group and Ocean Conservancy commissioned an independent review of the U.S. Geological Survey's report. The Pew report can be found at: http://www.pewenvironment.org/uploadedFiles/PEG/Publications/Report/USGS-Report-Review-Sept2011.pdf

2. For example, among the top priorities should be identifying and protecting areas of special biological importance. Some areas in the Beaufort Sea have already been identified as ecologically sensitive, including Ledyard Bay, Hanna Shoal, Barrow Canyon, and the Boulder Patch. Some studies have been done to synthesize data on these ecological hotspots, but further research is still needed. Such designated areas should be given priority in research and monitoring programs to reach a better understanding of the underlying features and processes that make them important.

are already working toward this goal, including the Alaska Ocean Observing[1] System and the North Slope Science Initiative[2]. These and other such efforts need to be encouraged and supported.

3. The ANWTF Supports Increased Long-Term Monitoring of the Arctic, Including Routine Surveys of Key Chemical, Physical, and Biological Parameters of the Beaufort and Chukchi Seas:

In order to better understand, quantify, and predict the effects of on-going changes in both marine and terrestrial Arctic ecosystems, we must increase our long-term monitoring of a wide range of environmental characteristics.

Current research indicates that the Arctic is changing at a faster pace than recent modeling predicted. The state has many ongoing monitoring programs (including wildlife monitoring through the Department of Fish and Game and water and air quality monitoring through the Department of Environmental Conservation) that could be interwoven into a broader effort to provide a seamless network across jurisdictions. Establishment of such a monitoring system should be a top priority.

Increased monitoring will strengthen our baseline knowledge of the Arctic and enhance our capacity to accurately measure its transformation. As Alaska becomes more able to anticipate changes and predict their effects, we will have greater likelihood for success in efforts to moderate impacts. This will contribute significantly to responsible and sustainable approaches to all categories of development in the region.



1. Find more information about Alaska Ocean Observing Systems at http://www.aoos.org/.
2. Find more information about the North Slope Science Initiative at: http://www.northslope.org/

4. The ANWTF Recommends Support for Comprehensive Surveys of Alaska Native Marine and Subsistence Use.

Several reports have noted a scarcity of detailed information on marine uses by Arctic indigenous peoples, and much of the existing data on land-based subsistence practices is lacking in specificity and breadth. Projects initiated by the North Slope Borough, the Northwest Arctic Borough, and the city of Wainwright are researching Native marine and subsistence uses in Alaska's Arctic with groundbreaking comprehensiveness.

These studies will provide invaluable baseline documentation of Native Alaskans' traditional uses of resources—information that is particularly critical in light of increasing environmental changes and accelerating development activities in the region. More knowledge in these areas will help all stakeholders identify and minimize potential conflicts and socioeconomic impacts that may result from increased human activities. These projects will also provide valuable baseline data for recommended research on the social, cultural, and economic impacts that changes in the Arctic are having on its inhabitants.

5. The ANWTF Recommends the Use of Traditional Knowledge in Alaska Based Arctic Research.

The testimony of many Alaska Natives during hearings in several locations across the state supported the task force's conviction that the local and traditional knowledge gathered by Alaska's indigenous peoples over thousands of years is critically important to a fuller understanding of our northern ecosystems and the multitude of marine and land-based resources within them.



When the Arctic Council was established in 1996, its declaration recognized "the traditional knowledge of the indigenous people of the Arctic" and acknowledged "its importance and that of Arctic science and research to the collective understanding of the circumpolar Arctic."

The policy on traditional knowledge adopted by the government of Canada's Northwest Territories in 1997 states that "aboriginal traditional knowledge is a valid and essential source of information about the natural environment and its resources."

The Circumpolar Universities Association, whose more than 50 members include the University of Alaska, Dartmouth College, the Russian State Hydrometeorological Institute, and the University of Aberdeen, states in its Ethical Principles for the Conduct of Research in the North, "The research should take into account the knowledge and experience of the people and respect that knowledge and experience in the research process. The incorporation of relevant traditional knowledge into all stages of research is encouraged."

As additional research into the Arctic continues in Alaska, the ANWTF recommends that the local and traditional knowledge of the state's indigenous inhabitants be incorporated into all relevant areas of study.

6. The ANWTF Recommends Improved Sea Ice, Wind, and Current Forecasts and Trajectories.

The ANWTF endorses increased study and monitoring of a wide range of Arctic environmental features, but it would particularly like to emphasize the need to improve sea ice forecasting and predictive modeling.

The continuing loss of perennial sea ice is a major driver of consequential changes across the region. Diminishing sea ice affects transportation access, regional weather, marine mammal habitat, marine food webs, and countless aspects of the lives of Arctic residents. The understanding of ice as a habitat also has implications for oil spill response and damage assessment.

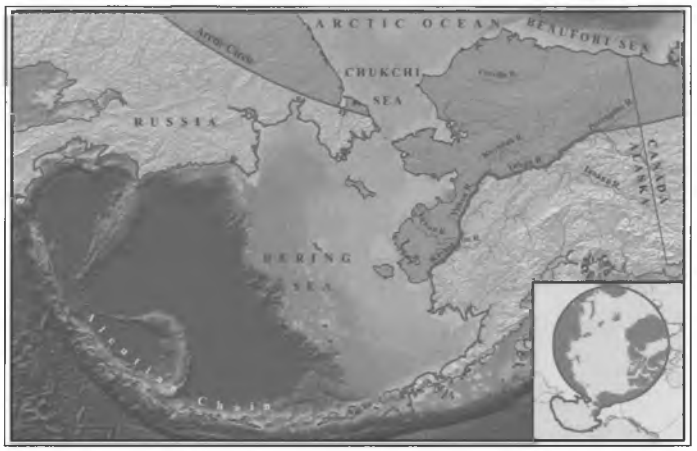
As tourism, oil and gas exploration, and shipping increase in the region, floating sea ice will present a major threat to maritime safety and increase the potential for oil spills. Improved daily and weekly modeling of ice conditions and better wind, current, and trajectories forecasts are among the most urgent immediate needs in the Arctic. There is currently no up-to-date sea ice atlas and little capacity to formulate reliable seasonal predictions—critical tools for shipping and off-shore development operational planning. New seasonal prediction services will also benefit communities and support the management of protected marine resources.

Appendix A

Definition of the Arctic

Arctic Boundary as Defined by the Arctic Research and Policy Act (ARPA)

All United States and foreign territory north of the Arctic Circle and all United States territory north and west of the boundary formed by the Porcupine, Yukon, and Kuskokwim rivers; all contiguous seas, including the Arctic Ocean and the Beaufort, Bering, and Chukchi seas; and the Aleutian chain.



Appendix B

House Concurrent Resolution 22

HCR022c -1- CSHCR 22(FIN)
26-LS1622\W

Establishing and relating to the Alaska Northern Waters Task Force.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS Alaska is the only Arctic state in the nation; and

WHEREAS recent warming trends have resulted in the depletion of Arctic perennial sea ice by nine percent a decade; and

WHEREAS, according to the National Aeronautics and Space Administration, the rate of depletion is accelerating because of the interaction among the ice, oceans, and atmosphere; and

WHEREAS rapidly retreating sea ice is altering fish and wildlife habitats and affecting the accessibility and viability of certain species, on which many local communities rely for nutritional and cultural purposes; and

WHEREAS reduced sea ice is affecting polar route navigation by opening oceans previously frozen year-round; and

WHEREAS the new accessibility of the Northern waters is resulting in increased marine transportation, access to resources, tourism, fisheries, and the presence of United States government agencies in the North; and

WHEREAS the waters of Northern Alaska are of national security and strategic importance to the United States and the State of Alaska; and

WHEREAS, because of national security concerns, the United States Coast Guard is increasing its presence in the North and has plans to build new infrastructure to support its heightened activity, including housing and office facilities and possibly a deep water port; and

WHEREAS Northern Alaska contains important mineral and other resources both in state waters and on the outer continental shelf; and

WHEREAS commercial activities, including resource development, and the revenue they generate for the state may be significantly affected by the changing Arctic waters; and

WHEREAS those changes will affect local communities, businesses, the state, and the natural resources on which they rely; and

WHEREAS there is no comprehensive state plan for Alaska's Northern waters; and

WHEREAS various federal agencies and international bodies are working together to form a commission to address the changing ocean patterns and the opportunities and problems that may arise as a result of those changing patterns; and

WHEREAS the State of Alaska should be involved in the process of forming the commission; and

WHEREAS a comprehensive plan to address the warming ocean, including the economic, ecological, and security effects, will benefit the state and its residents;

BE IT RESOLVED by the Alaska State Legislature that the

Alaska Northern Waters Task Force is created in the legislative branch and shall consist of 11 members as follows:

(1) two senators appointed by the President of the Senate;

(2) two representatives appointed by the Speaker of the House of Representatives; and

(3) seven members appointed jointly by the President of the Senate and the Speaker of the House of Representatives, as follows:

(A) five public members, three of whom reside in coastal areas of the state;

(B) one member representing the executive branch of state government;

(C) one member representing the federal government; and be it

FURTHER RESOLVED that a vacancy on the task force shall be filled in the manner of the original appointment; and be it

FURTHER RESOLVED that the legislators on the task force shall select a chair from among themselves and the chair may assign staff to provide support to the task force; and be it

FURTHER RESOLVED that the public members, and, if the member does not receive reimbursement for expenses from the federal government, the federal government member of the task force may receive per diem and travel expenses authorized for boards and commissions under AS 39.20.180; and be it

FURTHER RESOLVED that the task force may meet during and between legislative sessions and the duties of the task force include the following:

(1) assess and facilitate creation of a state and federal commission responsible for overseeing the development of state and federal northern ocean waters;

(2) facilitate regional coordination, cooperation, and outreach regarding the creation of the commission to keep local stakeholders informed and to incorporate their input into the process;

(3) identify and coordinate efforts of mutual concern for federal, state, and local agencies, as well as international interests in the creation of the commission; and

(4) conduct hearings in the Northern region of the state to fulfill its purpose; and be it

FURTHER RESOLVED that the task force shall provide recommendations regarding the formation of the commission and shall deliver a preliminary report of its findings to the legislature by January 20, 2012, and deliver a final report to the legislature on January 30, 2012, together with legislative proposals for consideration; and be it

FURTHER RESOLVED that the task force shall be available for legislative hearings regarding its final report and recommendations; and be it

FURTHER RESOLVED that the continuation or termination of the task force shall be reevaluated during the Second Regular Session of the Twenty-Seventh Alaska State Legislature.

Appendix C

Biographies

Representative Reggie Joule, Chair, Northern Waters Task Force



Representative Reggie Joule was born in Nome on July 14, 1952, to Alfred and Vera Huff. He was adopted at birth by grandparents Tony and May Joule. As a young boy Rep. Joule lived in St. Michaels and Deering and traveled extensively with his parents, as he went with them wherever they taught. His father was a well-known Inupiaq teacher from the village of Point Hope. Kotzebue has been Rep. Joule's home since 1958. He graduated from Cooper Valley High School in 1970.

Rep. Joule has been elected to the Alaska State House of Representatives continuously since 1996. Currently he is a bush legislator in coalition with the House Majority. He serves as a member of the House Finance Committee, chair of the House Finance Subcommittee on the Health & Social Services Operating budget, and chair of the Bush Caucus. Previously he has served on the Kotzebue City Council, the NANA Regional School Board, the local Dog Mushers Association, the NANA Regional and Village Corporation Board, the statewide Alcohol and Drug Abuse Advisory Board, the Governor's Council on Disabilities, the Governor's Interim Commission on Children and Youth, the Alaska Human Resource Investment Council, and the Native Scholars Advisory Board. He is a highly recognized Bundle Carrier for the Sobriety Movement. Rep. Joule is currently serving his eighth term in the Alaska House of Representatives.

Senator Bert Stedman, Vice-Chair, Northern Waters Task Force



Senator Bert Stedman represents Southeast Alaska in the Alaska State Senate and serves as vice-chairman of the Alaska Northern Waters Task Force.

A fourth-generation Alaskan, Senator Stedman was raised in Petersburg and Sitka, spending several years working in commercial fishing and construction. After receiving a business degree from the University of Oregon in 1985, Senator Stedman founded Pioneer Capital Management, the Sitka investment firm he manages today.

In 2003 Senator Stedman was appointed to represent Senate District A in the Alaska State Legislature by Governor Frank Murkowski. Senator Stedman was elected to the seat in 2004 and 2008. Previously the Senator served four years on the Sitka City & Borough Assembly and eight years on the Sitka Planning Commission.

Senator Stedman has served as co-chairman of the Senate Finance Committee since 2007. He is vice-chair of the Legislative Budget & Audit Committee, and he is a member of Legislative Council, the Senate Rules Committee, and the Senate Resources Committee. In 2011 he was elected vice-chairman of the Energy Council.

The senator resides in Sitka with his wife Lureen and daughter Susie.

Senator Lyman Hoffman



Senator Lyman Hoffman was born and raised in Bethel and has lived on the Kuskokwim River for most of his life. He graduated from Bethel High School in 1968 and earned a degree in Business Administration from the University of Alaska Fairbanks in 1974. He and his wife Lillian raised two children—Trina and Douglas—in Bethel, and they are now the proud grandparents of three granddaughters.

Senator Hoffman has a long history of public service, both in volunteer and elected positions. Organizations he has served in Bethel include the Planning Commission, Bethel Family Clinic, Bethel Native Corporation, Bethel Pre-maternal Home, Yukon-Kuskokwim Health Corporation, and the Lower Kuskokwim Development Corporation.

Senator Hoffman was first elected to the Alaska Legislature as a representative in 1987, and he reached the Senate in 1995. He is now part of the Bi-Partisan Senate Working Group. He serves as co-chair of the Senate Finance Committee and co-chair of the Legislative Budget and Audit Committee. In recent years, he has focused on implementing and funding programs for energy rebates, weatherization, and alternative energy. He is a member of the Renewable Energy Funding Advisory Committee and is actively working on projects to produce affordable energy.

Representative Bob Herron



Representative Bob Herron has represented the 38th District in the Alaska State House since 2008. He was previously the government and public relations director for the Yukon Kuskokwim Health Corporation. His Southwest Alaska district ranges from Nunivak Island to Upper Kalskag to Bethel and Platinum. He previously served as the Bethel City manager (1998-2005), legislative aide in the office of Sen. Lyman Hoffman (1987-1994), and general manager/partner with Swanson's Theater/Bethel Cablevision. Rep. Herron also has owned and operated a number of businesses, including Bethel Drilling & Welding, Blue Sky Estates, Golden Eagle, Kisaralik Unlimited, and North Star Gas.

He currently serves as chairman of the Economic Development Trade & Tourism Committee and vice-chair of Legislative Council. He serves on four Finance Sub-Committees, and on the House Fisheries, Health & Social Services, and Resources Committees.

Rep. Herron is active in PNWER's Arctic Caucus. In 2011 he sponsored legislation highlighting the Alaska Legislature's formal recognition of the Arctic Caucus and legislation urging the U.S. Senate to ratify the Law of the Sea Treaty.

Larry Hartig, Commissioner, Alaska Department of Environmental Conservation



Commissioner Larry Hartig is an attorney with more than 20 years' experience in environmental law, regulations, permits, and land use issues. Prior to his appointment in 2007 as commissioner of the Department of Environmental Conservation, he was in private practice as an attorney with the Anchorage law firm of Hartig Rhodes Hoge & Lekisch, PC. Joining the firm in 1983, Mr. Hartig worked primarily on environmental, natural resources, and commercial matters. His practice included assisting clients in obtaining environmental and other permits for natural resource development projects as well as projects involving environmental compliance and cleanup of contaminated properties. Clients included government, private developers, industry, and Native Corporations, among others. He also worked as a landman in the Land/Legal Department of Alyeska Pipeline Service Company between 1972 and 1976.

Mr. Hartig has a B.A. from the University of Utah and received his J.D. from Lewis and Clark College. He is a member of the Exxon Valdez Oil Spill Trustee Council and serves on the board of the Alaska Permanent Fund Corporation. He is also a member of the Alaska Bar Association and a former member of the State Board of Forestry.

Chuck Greene, NANA Regional Corporation

Chuck Greene is currently Vice-President of Government and Community Affairs for NANA Regional Corporation. Prior to this role, Mr. Greene worked in government relations with the NANA Development Corporation. Before joining the NANA team, Mr. Greene served as mayor of the Northwest Arctic Borough for 13 years and was a special assistant to the governor of Alaska. Mr. Greene is a board member of the Resource Development Council and has served on many other boards, including the Kotzebue City Council, Kikitagruk Inupiat Corporation, Inuit Circumpolar Council-Alaska, the state Alcohol Beverage Control Board, and the Rural Governance and Empowerment Commission. Mr. Greene also served his country in the United States Navy for four years, two of which were in Vietnam.



Chris Hladick, City Manager, Unalaska

Chris Hladick is a long-standing city manager in Alaska with over twenty years of varied experience in capital projects such as docks and harbors, power projects, water and wastewater plants, landfills, shore protection, bridges, and multiple additional facilities. He has an in-depth background in strategic planning, having also volunteered his time to help community organizations reach their goals. Mr. Hladick has been city manager for Unalaska/Dutch Harbor for the past 11 years. Having lived in the Arctic during his tenure in Alaska, he has a special interest in the region and has testified before the State Legislature regarding the need to ratify the Law of the Sea Treaty. Mr. Hladick is versed in Bering Sea commercial fishing issues and has worked closely with the Coast Guard regarding search and rescue missions, clean-up of shipwrecks, and port of refuge incidents. He has served on a variety of governing boards over the years.



Edward Saggan Itta, Barrow

Edward Itta is an Inupiat whaler and hunter. He is committed to protecting the Inupiat subsistence heritage and ensuring the long-term social and economic viability of all the communities of Alaska's North Slope. Mr. Itta was elected mayor of the North Slope Borough in 2005 and re-elected in 2008. He is a member of the federal Outer Continental Shelf Policy Committee, a member of the Barrow Whaling Captains Association, and a past commissioner of the Alaska Eskimo Whaling Commission. Mr. Itta also served as president of the North Slope Borough School Board and was vice-chairman of the federal subsistence advisory council for northern Alaska. He and his wife, Elsie, have two children and four grandchildren.



Dave Kubiak, Alaska Marine Conservation Council

Dave Kubiak, an Alaska resident for the past 47 years, retired from teaching English at Kodiak High School in 1996. He has fished commercially out of Kodiak for crab and salmon and currently fishes halibut and Pacific cod. Mr. Kubiak also uses his boat for research chartering and limited tour chartering. He has served on various community boards and committees and is past chair of the Alaska Marine Conservation Council.



Denise Michels, Mayor, Nome



Denise Michels was elected Mayor of the City of Nome in October 2003. Born and raised in Nome, she is the first Alaskan Native and first woman to serve in this capacity. As mayor, she works closely with an appointed city manager, the Nome City Council, and other elected and appointed boards and commissions. The mayor is the chief spokesperson for the city, representing community legislative priorities to the Alaska Legislature and the U.S. Congressional delegation. She continues to focus on public safety, community, and economic and infrastructure development, and she promotes bringing diverse groups and residents together.

The position of mayor in Nome can be characterized as a "full time job with part-time pay." Mayor Michels is employed as Director of Transportation by Kawerak, Inc., a Native not-for-profit service organization. She and her husband, Terry Michels, have also owned and operated several businesses in Nome. Mayor Michels is past president for the Alaska Conference of Mayors and the Alaska Municipal League and past co-chair of the Public Works and Infrastructure Committee.

Mayor Michels is a shareholder of Bering Straits Native Corporation and Sitnasuak Native Corporation and is a Nome Eskimo tribal member. She is a member of the Alaska Airlines Northwest Community Advisory Board and the Resource Development Council. Her past memberships include serving BLM's Resource Advisory Council, the Governor's Transition Team for the Department of Military and Veterans Affairs, the Advisory Committee of the Alaska Military Force Advocacy and Structure Team, DOTPF's Long Range Transportation Plan 2010 Update, and the Governor's Subcabinet on Climate Change Adaptation Advisory Work Group on Public Infrastructure.

Federal Liaison

Rear Admiral Thomas P. Ostebo, United States Coast Guard



Rear Admiral Thomas P. Ostebo assumed the duties as Commander, Seventeenth Coast Guard District, in May 2011. He is responsible for all Coast Guard operations throughout Alaska.

In his previous assignment, Rear Admiral Ostebo was the Coast Guard's Assistant Commandant for Engineering and Logistics (CG-4). He was responsible for all naval, civil, aeronautical, and industrial engineering and logistics for the Coast Guard's $25 billion capital plant. Rear Admiral Ostebo graduated from the U.S. Coast Guard Academy in 1981 with a Bachelors of Science in Mathematics and Computer Science and earned a Master of Science in Industrial Administration from Purdue University's Krannert School of Business. He completed a Senior Fellowship in National Security at Harvard University in 2002 and a Senior Fellowship at the Naval War College in 2005. Additionally, he is a Program Manager Level III Certified Acquisition Professional and a Level I Certified Logistician.

His military decorations include three Legions of Merit, the Distinguished Flying Cross, three Meritorious Service Medals, two CG Commendation Medals, and the CG Achievement Medal.

Alternate Members

Senator Donald Olson, Golovin

Born in 1953, Senator Donald (Donny) Olson grew up in the native village of Golovin, Alaska. Senator Olson earned his M.D. in 1983. After completing a medical internship, he returned to rural Alaska to fulfill a life-long dream of practicing medicine in his home area. He later studied law at the University of Colorado, Boulder, and he finished his formal schooling at Emmanuel College, at Cambridge University in England, where he studied international and maritime law.



Senator Olson served on the Alaska State Medical Board from 1994 until 2000, when he was elected state senator. In addition to saving lives as a doctor, Senator Olson has participated in aerial searches for missing aircraft and lost individuals. He has flown his own airplane or helicopter in searches. Also a Reindeer Herder, Senator Olson personally financed and conducted an airlift rescue of reindeer off Hagemeister Island in 1992. Having the only ski-equipped commercial bush plane in Nome, he does all the off-airport flying out of Nome, including service to the ice runway at Little Diomede.

Travel for education, business, and adventure has taken Senator Olson to Russia, Greenland, Norway, Japan, China, South Korea, United Kingdom, France, Germany, Belgium, Switzerland, Austria, New Zealand, Australia, Canada, and Mexico. Lately, Senator Olson values spending time with his family. He and his wife Willow are raising two sons, Martin and Donald Jr.

Representative Bryce Edgmon, Dillingham

Representative Bryce Edgmon was born in Dillingham, Alaska, in 1961. Also raised in Dillingham, Rep. Edgmon fished commercially for Bristol Bay salmon and herring for more than twenty years. A graduate of the University of Alaska Anchorage with a degree in Business Administration, Rep. Edgmon has worked as the Community Development Quota manager for the Department of Commerce, Community & Economic Development and is a former chief operating officer for the Bristol Bay Economic Development Corporation.



Presently, the representative is chairman of the board of Choggiung Ltd., the Alaska Native village corporation for Dillingham, Ekuk, and Portage Creek.

A state legislator since January 2007, Rep. Edgmon currently holds a seat on the House Finance Committee, with chairmanships of the Department of Transportation and Department of Corrections Finance Subcommittees. In the 26th Legislature, he was chairman of the House Special Committee on Fisheries and co-chair of the House Energy Committee. Additionally, he has served on the Resources and Education Committees and the ADF&G, Revenue, CCED, and Transportation Finance Subcommittees. He lives with his wife Melody and their children Evan and Emma in Dillingham.

Cora Campbell, Commissioner, Department of Fish and Game

Commissioner Cora Campbell is a lifelong Alaskan, a sport-fishing and outdoor enthusiast, and an advocate for sustaining Alaska's world-class fishing, hunting, and wildlife viewing opportunities. Ms. Campbell worked in the commercial fishing industry beginning the early 1990s. In addition to being a commercial fisher, she served as executive director for a regional fishing association and was a member of numerous boards and committees.



After serving as Governor Sarah Palin's fisheries policy advisor, she became Governor Sean Parnell's policy advisor for fisheries, wildlife, environmental conservation, natural resources, Arctic issues, and climate change. In December 2010, Governor Parnell appointed Ms. Campbell commissioner of the Alaska Department of Fish and Game. Among her duties, she represents the state of Alaska on numerous bodies, including the North Pacific Fishery Management Council, which oversees commercial and sport fisheries in federal waters off Alaska, and the Exxon Valdez Oil Spill Trustee Council, which addresses effects and recovery from the 1989 oil spill.

Richard Savik Glenn

A resident of Barrow, Alaska, Richard Glenn is executive vice-president of Lands and Natural Resources at Arctic Slope Regional Corporation (ASRC). He is a member of ASRC's board of directors. ASRC is the Alaska Native-owned regional corporation for the Inupiat Eskimos of Alaska's North Slope. ASRC owns approximately five million acres of surface and subsurface lands and has more than ten thousand Inupiat shareholders.



Mr. Glenn is a certified professional geologist in Alaska and has experience in onshore and offshore Arctic geologic processes. He was appointed twice to the U.S. Arctic Research Commission and has served on many boards and commissions, most dedicated to science or education. Mr. Glenn is a founding member and board president of the Barrow Arctic Science Consortium, a non-profit organization dedicated to bringing visiting researchers and local Arctic experts together.

Appendix D

Roster of Northern Waters Task Force Members

Representative Reggie Joule, District 40, Kotzebue, Chair
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Senator Lyman Hoffman, District S, Bethel
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Representative Bob Herron, District 38, Bethel
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Chuck Greene, Vice President,
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Chris Hladick, City Manager, Unalaska
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Unalaska, AK. 99685

Edward Itta, North Slope Borough, former Mayor
Email: esitta@gci.net
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Barrow, AK. 99723

Dave Kubiak, Alaska Marine Conservation Council
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Kodiak, AK, 99615

Mayor Denise Michels, Nome
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Nome, AK. 99762

Representative Bryce Edgmon
District 37, Dillingham (alt.)
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Senator Donald Olson, District T (alt.)
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Cora Campbell, Commissioner,
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Richard Glenn, Arctic Slope Regional Corporation,
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(Public alt.)
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Federal Liasion:
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17th CG District
Commander (D)
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Juneau, AK. 99502-5517

(Rear Admiral Christopher Colvin served as the federal liaison until May 19, 2011)

Staff to task force: Christine Hess
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Juneau, AK 99801

Appendix E

List of Presenters

Ahlstrom, William.....Elder, St. Mary's

Amos, Howard.....Elder, Mekoryuk

Andreassen, Nils.....Executive Director, Institute of the North

Andrew, Tim.....Natural Resource Manager, Association of Village Council Presidents

Boardman, Stephen.....District Chief, Civil Project Management Branch, U.S. Corps of Engineers

Brubaker, Mike.....Director, Community Environmental Health, Alaska Native Tribal Health Consortium

Brune, Jason.....Executive Director, Resource Development Council

Coffey, Mike.....Maintenance and Operations Chief, Alaska Department of Transportation

Colvin, Christopher.....Commander of the 17th District, U.S. Coast Guard (Rear Admiral)

Connor, Billy.....University of Alaska Transportation Center

Crane, Kathleen (Dr.).....Arctic Research Programs, NOAA Co-Chair, Arctic Council's Circumpolar Biodiversity Marine Monitoring Program

Crockett, Marilyn.....Executive Director, Alaska Oil and Gas Association

DeMaster, Douglas (Dr.).....NOAA Science and Research Director, Alaska Fisheries Science Center

Dietrick, Larry.....Director, Division of Spill Prevention and Response, Alaska Department Environmental Conservation

Fitzgerald, Dan.....North Slope Borough, North Slope Science Initiative

Furgione, Laura.....Deputy Assistant Administrator, Weather Services, NOAA; Deputy Director, National Weather Service

Garay, Pater (Captain).....Alaska Marine Pilots

Hartig, Larry.....Commissioner, Alaska Department of Environmental Conservation

Heiman, Marilyn.....Director, Pew Environmental Group, U.S. Arctic Program

Holland-Bartels, Leslie.....United States Geological Survey

Holman, Amy.....Alaska Regional Coordinator, NOAA

Itta, Edward.....Mayor, North Slope Borough (former); Former President, Inuit Circumpolar Council

Kelty, Frank.....Natural Resource Analyst, City of Unalaska

Kenney, Frederick.....Judge Advocate General and Chief Counsel, U.S. Coast Guard (Rear Admiral)

Kruse, Gordon.....President's Professor of Fisheries, School of Fisheries Division and Ocean Sciences, University of Alaska, Fairbanks

LaBelle-Hammer, Nettie (Dr.) Associate Vice Chancellor for Research; Director, Office of Research Integrity, University of Alaska, Fairbanks

Laraux, Kenneth.....Elder, Bethel

Leighty, Wayne.....Commercial Regulatory Analyst, Shell Oil

Lisius, Jeffrey.....Assistant Area Port Director, U.S. Customs and Border Protection

Loten, Jennifer.....Canadian Consul, Canadian Consulate, Anchorage

Lukshin, Michael.....Engineer, Alaska Department of Transportation and Public Facilities

MacLean, Steve.....Protected Species Coordinator and Fisheries Analyst, North Pacific Fishery Management Council

Macrander, Michael.....Venture Support Integration Group Science Team Leader, Shell Alaska

Magone, Dan.....Owner, Magone Salvage

Marquardt, Shirley.....Mayor, Unalaska

McCammon, Molly.....Director, Alaska Ocean Observing Systems

McCarthy, Colleen.....Communications Manager, Shell Oil

Michels, Denise.....Mayor, Nome

Moran, Kate (Dr.).....Senior Policy Analyst, White House Office of Science and Technology Policy

Murkowski, Lisa (Senator).....United States Senator for the state of Alaska

Nick, Robert.....Elder, Nunapitchuk

Okleasik, Tom.....Planning Director, Northwest Arctic Borough, Subsistence Mapping

Ostebo, Thomas (Rear Adm.) ...Commander, 17th District, U.S. Coast Guard

Page, Edward.....Executive Director, Marine Exchange of Alaska

Pekich, Lisa.....Community Relations, ConocoPhillips

Pete, Mary.....Commissioner, U.S. Arctic Research Commission

Rosa, Cheryl (Dr.).....Deputy Director, United States Arctic Research Commission

Schnabel, Billy.....Water and Environmental Research Center, University of Alaska, Fairbanks

Sfraga, Mike.....Vice- Chancellor, University of Alaska, Fairbanks

Shake, Kristen.....School of Fisheries and Ocean Sciences, University of Alaska, Fairbanks

Shaw, Adam (Captain).....U.S. Coast Guard, 17th District

Sheehan, Glenn (Dr.).....Executive Director/Senior Scientist, Barrow Arctic Science Consortium

Smith, Melanie.....Audubon Alaska

Stotts, Jimmy.....President, Inuit Circumpolar Council-Alaska

Street, Steve.....Director of Cultural and Environmental Sciences, Association of Village Council Presidents

Suydam, Robert (Dr.).....North Slope Borough, North Slope Science Initiative

Tom, Stanley.....Elder, Newtok

Toohey, Cam.....Governmental Affairs Manager, Shell Exploration and Production Co., Alaska

Uchytil, Carl (Captain).....U.S. Coast Guard, 17th District

Ulmer, Fran.....Chair, U.S. Arctic Research Commission

Venes, Elias.....Elder, Bethel

Whalen, Carter (Captain).....Alaska Marine Pilots

Wheeler, Polly.....Coordinator, NW Interior Forest - Landscape Conservation, U.S. Fish and Wildlife

White, Dan.....Associate Dean, Research University of Alaska, Fairbanks

Appendix F

Hearing Schedule

The task force held meetings around the state as follows:

- Anchorage, October 1, 2010
- Barrow, December 2–3, 2010, in conjunction with PNWER's Arctic Caucus
- Juneau, March 14, 2011
- Kotzebue, July 6–7, 2011
- Nome and Wales, July 8–9, 2011
- Unalaska, August 24, 2011
- Bethel, October 10, 2011
- Anchorage, October 11, 2011
- Anchorage, October 19, 2011, in conjunction with Alaska Federation of Natives
- Anchorage, December 15–16, 2011

Many members of the task force also participated in the Arctic Imperative Summit in Girdwood, June 19–21; PNWER's Arctic Caucus Meeting, August 17–19 in Yellowknife, Northwest Territories, Canada; and the Norway Policy Tour, August 27–September 4, Norway.

HJR

8

<TARGET><BILL>HJR 8</BILL><SUBJECT>HJR
8</SUBJECT><COMM>HRES27</COMM></TARGET>

Representative Scott Jiu Wo Kawasaki

Alaska State Legislature District 9 Fairbanks

Sponsor Statement for HJR 8

"Urging the United States Food and Drug Administration to Deny an Application to Sell Genetically Engineered Salmon in the United States"

House Joint Resolution 8 (HJR8) is introduced to urge the United States Food and Drug Administration (FDA) to deny any application to sell genetically engineered salmon in the United States. HJR8 also calls on Congress to enact product labeling requirements that include the words "Genetically Modified" which are prominently displayed on the package if the application is approved by the FDA.

Recently, the FDA held hearings to approve a hybrid Atlantic salmon as the first genetically engineered animal for human consumption. The FDA's consideration for approval of this "frankenfish" is a risky precedent and a threat to Alaska's wild salmon. The hybrid Atlantic salmon has been engineered by crossing Chinook salmon growth genes and an antifreeze gene from an eel, the ocean pout. The genes allow the new creation dubbed the AquAdvantage salmon to grow about twice as fast as its natural cousin.

Salmon farms in Canada, Europe and South America have been criticized for crowded conditions, fecal contamination, use of chemicals, proliferation of disease and escapees. Atlantic salmon have been caught in Alaska's waters, escaping from neighboring fish farms in British Columbia; many infested with sea lice. They are considered an invasive species by Alaskans.

HJR8 will send the clear message to the Federal Government, Alaska's Congressional Delegation, the Food and Drug Administration and President Obama that the Alaska State Legislature does not condone the growth, sale or release of genetically engineered salmon in the United States. Please join me in supporting House Joint Resolution 8 and help make Alaska's salmon safe.

CS FOR HOUSE JOINT RESOLUTION NO. 8(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES KAWASAKI, Miller, Peggy Wilson, Kerttula, Thompson, Gara, Seaton, Austerman, Herron

A RESOLUTION

Urging the United States Food and Drug Administration to deny any application to sell genetically engineered salmon in the United States; urging compliance with the provision of P.L. 110-85 (Food and Drug Administration Amendments Act of 2007) that requires the Commissioner of Food and Drugs to consult with the National Marine Fisheries Service of the National Oceanic and Atmospheric Administration regarding a report on environmental risks associated with genetically engineered seafood products; and urging that product labeling requirements include the words "Genetically Modified" prominently displayed on the front of the package if the application is approved by the United States Food and Drug Administration.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS an application has been submitted to the United States Food and Drug Administration to market genetically engineered salmon for human consumption in the United States; and

WHEREAS this is the first genetically engineered animal intended to be used as food in the United States; and

WHEREAS a biological opinion issued by the United States Fish and Wildlife Service and the National Marine Fisheries Service of the National Oceanic and Atmospheric Administration to the United States Army Corps of Engineers in 2003 expresses concerns that transgenic salmon would threaten and adversely affect wild Atlantic salmon, currently on the Endangered Species List; and

WHEREAS federal agencies are required by 16 U.S.C. 1536(a) (sec. 7 of the Endangered Species Act) to consult with fisheries agencies when an action may affect a protected species; and

WHEREAS the applicant proposes fertilization and incubation on Prince Edward Island, Canada, and shipment of the eyed-eggs to Panama for grow-out and processing, all processes that would occur outside the jurisdiction of the United States; and

WHEREAS the applicant has already bred and produced transgenic salmon and shipped them for commercial market tests; and

WHEREAS the applicant proposes shipment of processed fish to the United States for retail sale; and

WHEREAS the proposed activities pose a threat to wild salmon in the Pacific Northwest and Alaska; and

WHEREAS genetically engineered fish has not been the subject of thorough scientific research and testing to ensure that its consumption by humans is safe in the long term; and

WHEREAS many consumers of wild salmon purchase the product for its widely recognized health benefits, and lack of testing could weaken consumer confidence in all salmon products; and

WHEREAS the state's wild seafood industry, which is extremely important to the state and local economies, could be severely affected by the sale of genetically engineered salmon;

BE IT RESOLVED that the Alaska State Legislature urges the United States Food and Drug Administration to deny any application to sell genetically engineered salmon in the United States; and be it

FURTHER RESOLVED that the Alaska State Legislature urges compliance with the

provision of P.L. 110-85 (Food and Drug Administration Amendments Act of 2007) that requires the Commissioner of Food and Drugs to "consult with the Assistant Administrator of the National Marine Fisheries Service of the National Oceanic and Atmospheric Administration to produce a report on any environmental risks associated with genetically engineered seafood products, including the impact on wild fish stocks"; and be it

FURTHER RESOLVED that, if the application is approved by the United States Food and Drug Administration despite strong environmental and human health concerns, product labeling requirements should include the words "Genetically Modified" prominently displayed on the front of the package.

COPIES of this resolution shall be sent to the Honorable Barack Obama, President of the United States; the Honorable Joseph R. Biden, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable John Boehner, Speaker of the U.S. House of Representatives; the Honorable Timothy F. Geithner, United States Secretary of the Treasury; the Honorable Tom Vilsack, United States Secretary of Agriculture; Margaret A. Hamburg, M.D., Commissioner of Food and Drugs, United States Food and Drug Administration; and the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

passed U.C.

27-LS0376\M.1
Kane
3/9/11

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE KAWASAKI

TO: CSHJR 8(FSH)

Page 2, following line 13:

Insert a new clause to read:

"**WHEREAS** the applicant has already bred and produced transgenic salmon and shipped them for commercial market tests; and"

this is actually language requested by Rep Herron according to Kawa. staff

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **HJR 8**
() Publish Date

HJR8-LEG-COU-2-9-11
Title "Oppose Genetically Engineered Salmon."
Sponsor Representative Scott Kawasaki
Requester House Special Committee on Fisheries, Resources

Dept. Affected Legislature
Appropriation Legislative Council
Allocation Council and Subcommittees
OMB Component Number 783

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE	(Thousands of Dollars)						
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

This Legislation has zero fiscal impact on the Legislative Affairs Agency.

Prepared by Shane Miller, Finance Manager — Phone 465-6626
Division Administrative Services Division — Date/Time 2/9/11 1:15 PM
Approved by Pamela Varni, Executive Director — Date 2/9/2011
Legislative Affairs Agency

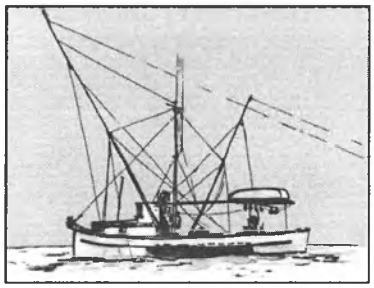
(Revised 12/29/2010 OMB)

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HJR 8

Analysis

This fiscal note has zero impact on the Legislative Affairs Agency.



Alaska Trollers Association
130 Seward #205
Juneau, AK 99801
(907)586-9400 phone
(907) 586-4473 fax
ata@gci.net

March 10, 2011

Representative Eric Feige, Co-Chairman
Representative Paul Seaton, Co-Chair
Representative Peggy Wilson, Vice-Chairman
House Resources
Juneau, AK 99811

RE: HJR 8 Genetically Modified Salmon and Labeling Requirements

Dear Representatives Feige, Seaton, Wilson, and Committee Members:

The Alaska Trollers Association (ATA) strongly supports HJR 8, which seeks among other things to persuade the Food and Drug Administration (FDA) to deny the approval and marketing of genetically engineered salmon in the United States.

ATA is pleased to read the strong policy statements embodied in HJR 8. We believe the resolution appropriately reflects not only the concerns and wishes of most Alaskan's, but also those of a vast majority of American citizen's.

It is time the public be allowed the opportunity to openly consider and debate the issues surrounding the most intimate of topics – our nation's food supply. The scientific community is not yet done analyzing the risks of genetically engineered foods, but it is well known that there are professional disagreements regarding its safety. Poll after poll has reveals the public's distrust of genetically engineered foods, yet the FDA has been allowed to conduct its analysis under a cloak of secrecy, in order to protect the patent rights of the companies involved. How can that be?

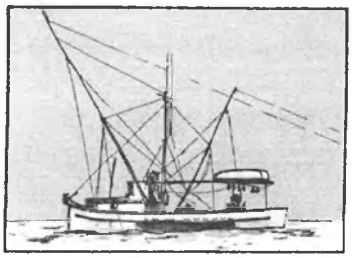
Here in Alaska our concerns extend beyond the food on our plates to the fish with tails that transit our waters. Farmed fish from British Columbia and Washington State escape on a regular basis and are already harvested in our fisheries. Our members are concerned about the impact of those fish on our wild stocks - everything from disease transmission to disruption on the spawning grounds. What new impacts will genetically engineered fish bring? At this point, we just don't know, but the risk seems far too high for a fish dependent state like our own.

I have attached for the record ATA's comments to the FDA on genetically engineered salmon and labeling requirements. This issue is of significant concern to our association. Should you have additional questions, or if I can otherwise be of help, please don't hesitate to contact me.

Thank you for considering ATA's point of view on this matter.

Best regards,

Dale Kelley, Executive Director



Alaska Trollers Association
130 Seward #205
Juneau, AK 99801
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November 21, 2010

Division of Dockets Management (HFA-305)
5630 Fishers Lane, Rm 1061
Rockville, MD 20852

RE: **Docket No. FDA-2010-N-0385** Labeling of AquAdvantage genetically engineered salmon

To Whom It May Concern:

The Alaska Trollers Association (ATA) represents hook and line salmon fishermen operating off the coast of Alaska, where our salmon resource is healthy and our fisheries are well-managed. Our members take quite seriously the job of delivering a wholesome, high quality product to market and are firmly committed to sound science underpinning the decisions made regarding the food people eat.

ATA strongly opposes the genetic engineering of seafood. For the record, ATA requests FDA reconsider its basis and rationale for approving GE animals for consumption and conduct the appropriate studies to prove the claim that this product, and how it will be raised, will ultimately be safe for human health and the environment.

FDA does not appear to have conducted the necessary science, and has not allowed the public access to adequate information, time, and forums to have meaningful input into the issue, yet all signals suggests that the product will be approved. Therefore we are also compelled to say that our members strongly support mandatory labeling to distinguish GE salmon if it ever should reach the marketplace.

Fishermen are particularly alarmed by the cavalier approach the nation has taken on the issue of genetically engineered foodstuffs. One quickly called hearing on the East Coast, during fishing season, where participation was limited – with small amounts of information released just days before the hearing -- does not amount to an acceptable public process.

The failure of our country to vision a transparent approval process and strict regulatory program for genetically engineered animals/foods is shameful. FDA's own published, non-binding, *Guidance for Industry Regulation of Genetically Engineered Animals Containing Heritable Recombinant DNA Constructs* includes this qualifier:

> *This guidance represents the Food and Drug Administration's (FDA's) current thinking on this topic. It does not create or confer any rights for or on any person and does not operate to bind FDA or the public.*

Does this mean that FDA has no intention of regulating the corporations who will hold valuable patents to GE animals that likely have a ready market worth untold amounts of money? As small businessmen who operate under significant international, national, and state regulatory burdens in order to produce healthy food for the nation and world, it is our hope that FDA, and our nation's policymakers, will further clarify their intent in this regard.

In reading through FDA's documents it was interesting to see the emphasis on the need to prevent mislabeling of a product. We completely agree and believe that identifying GE salmon with a label would simply be a matter of truth in advertising.

How could an Atlantic salmon – essentially a sea-run trout – that is gene spliced with a true Pacific salmon and a non-salmonid -- be considered anything BUT genetically engineered? Once you allow it to be modified, it becomes different and the level of risk changes, period. Your own scientists pointed that out during the 1990s debate on FDA's policy on GE plants. It stands to reason that GE salmon should bear a label revealing the very basic fact that it is engineered, simply so the consumer can make an informed choice.

While FDA and industry backgrounders try to calm the public by explaining that these fish will be just like any other Atlantic salmon, that's simply not true. Wild Atlantic salmon are not genetically modified. Farmed Atlantic salmon are selectively bred, but not yet modified. Engineered salmon certainly aren't like any other salmon, yet the public could easily become confused about which fish are modified and which are not, and opt out of salmon altogether. Those of us in the seafood industry know far too well that there exists a great deal of confusion when it comes to the seafood market. Our industry could bear a direct cost if this happens.

Most importantly, how are you so certain that the salmon, chemically, is the same as wild Atlantic salmon, at the minutest levels? Where are the rigorous, published studies to back that up? What about over generations of breeding and under different conditions and production rules? Will biomarkers have any affect now, or in the future, on the composition of the fish (not to mention the health risk)?

It is already well documented that when it comes to safe food production and GE, the jury is out amongst the scientific community. FDA's own veterinary advisory committee suggested that the science presented was incomplete, particularly if these fish will be raised outside of the two test farms and under full scale production scenarios.

For many years, a variety of scientists – from federal agency staff, to academics, and farm and fisheries professionals – have questioned whether or not genetically modified animals and plants are safe. At minimum, questions regarding toxicity and allergens do not appear to have been thoroughly vetted and resolved. FDA's own regulations mandate that new substances be subjected to peer reviewed studies prior to determining them 'safe' (21 CFR Sec. 170.30 (a-b)). How can FDA move ahead without adequate science?

Add to that the complication of farmed GE salmon, which may be fed some combination of GE foods and be subjected to a variety of pharmaceuticals and pesticides during the culture phase. Many of these farms, including the two GE test farms, aren't even in the US and all countries and states are likely to be governed by a variety of conflicting laws. How will modified animals respond to various foods, chemicals, and conditions? How can FDA be sure it and other agencies can foresee, monitor, and control any changes in toxicity, or the development of new metabolites that may result from genetic engineering of animals across generations? Will inspections of foreign and domestically farmed seafood have to be increased to monitor such issues? There is a raft of potential dangers to the environment should these fish escape, and even if they don't, since no one has analyzed or discussed with the public the impact of large, production scale closed containment. Where will the funding for this, and more, come from?

Who will be doing the necessary research, monitoring, and enforcement – FDA? And, where are the appropriate human and environmental and economic risk analyses? Previous statements from FDA give us little hope and make us wonder what other agency, if any, will take on this role? In 1998 FDA stated that it had, *...not found it necessary to conduct comprehensive scientific reviews of foods derived from bioengineered plants.* Your policies haven't changed much since that time. FDA has also claimed that it has no public process obligation under NEPA for this issue, nor does it have labeling authority, since it is not regulating GE salmon. So, who is in charge of exploring this issue in a more meaningful, scientific, and bioethical way? Why should the animal be approved before that's done?

It appears that FDA and the nation are more than willing to place the burden of proving or disproving food safety on either a multi-national industry that stands to gain financially from GE salmon; or the small seafood industry that stands to lose by being overwhelmed by increased farmed production or consumer fears about salmon; or, perhaps even the consumer themselves.

Labeling of GE foods boils down to one of the most fundamental of human needs and rights –access to wholesome foods and information about how they are produced. While the GE salmon may ultimately prove safe and wholesome, there is no doubt that it is unlike any other salmon available today. It is a processed food at its most basic level, and should be labeled accordingly, particularly when no independent science exists to prove that it is safe. Such a label is not misleading, nor is it in any way false, it is simply telling the consumer the truth about a type of food that until just a few years ago was inconceivable. People should have the right to choose.

While FDA might not currently believe that GE salmon is markedly different, we have to wonder what other countries might think, and why, since so many of them have strongly disagreed with the US on this and other policy questions swirling around GE foods. While current trade agreements and the tendency to lean towards agency discretion may be forcing the hand of the courts and nations, there is obviously no consensus amongst scientists on the matter of GE food and policy. In the court of public appeal, we suggest most people do believe GE salmon is different, and most aren't certain it's safe, therefore, it should be labeled.

Furthermore, there are many reasons beyond food safety that people may choose to avoid GE foods. Social, cultural, religious, and other factors all have a role in food selection. Respect for those choices can also be accomplished through labeling.

While the use of genetic engineering may be appropriate and beneficial for a variety of purposes, such as medical advancement, it does not appear that the science exists to underpin decisions with regard to what, if any, genetically engineered foods belong in the food chain and environment.

Additionally, a clearly articulated set of publicly negotiated policies, along with relevant statutory, regulatory, research, monitoring, enforcement, and remediation programs do not even appear to be in development.

Until such time as the public is adequately brought into the debate; appropriate, peer reviewed, science shows genetically engineered salmon to be safe for human health and the environment; and, the appropriate statutory and regulatory sideboards are in place, ATA does not believe FDA should issue its approval for GE seafood products. If FDA goes against what appears to be the will of a vast majority of Americans, then labeling of any GE seafood product should be mandatory.

Thank you for considering ATA's point of view. Please let me know if I can answer questions on ATA's position or be of assistance to FDA as you work through this matter.

Best regards,

Dale Kelley
Executive Director

food&waterwatch

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Members of the House Committee on Resources
120 E 4th Street
Juneau, AK 99801

February 26, 2011

RE: Support for HJR 8 pertaining to Genetically Engineered Salmon and Labeling

Dear Co-Chairs Feige and Seaton, Vice-Chair Wilson, and Members of the House Committee on Resources,

Food & Water Watch (FWW) is a national consumer advocacy organization that advocates for safe, wholesome food produced in a humane and sustainable manner, and public rather than private control of water resources, including oceans, rivers and groundwater. We work with various community outreach groups around the world to create an economically and environmentally viable future. The FWW Fish Program works specifically to promote safe and sustainable seafood for consumers, while helping to protect the environment and support the long-term well being of coastal and fishing communities.

We support HJR 8, sponsored by Representative Kawasaki, which would urge the United States Food and Drug Administration (FDA) to deny *any* application to sell genetically engineered (GE) salmon the United States. In the case that an application is approved, the resolution calls on the agency to have strict labeling requirements, including a prominent "Genetically Modified" label on the front of product packaging.

The adoption of HJR 8 is of particular urgency due to an application before the FDA to approve the sale of AquaBounty's GE AquaAdvantage salmon for human consumption in the United States. If the application is approved, a dangerous precedent will be set that could open the door to GE fish farming in the United States, threatening fisheries nationwide, including those in Alaska.

One of the most serious consumer concerns regarding AquaBounty's GE salmon is that FDA has no adequate means to assess the fish as a GE animal intended as a human food product. FDA is currently proceeding to approve the GE fish through its process for reviewing a *new animal drug*.[i] This is wholly inappropriate. This process is meant for review of new drugs used on animals, not for production of new animals, especially those that will be eaten by humans as a source of nourishment. While the current law makes this an animal drug issue, there should also be a formal evaluation with public meetings by FDA's Center for Food Safety and Applied Nutrition (CFSAN) to review this product's potential health effects on humans.

Additionally, as disclosed to us through a Freedom of Information Act request, the FDA did not properly consult with National Oceanic and Atmospheric Administration or with the National Marine Fisheries Service on the environmental risks associated with

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AquaBounty's application. Therefore, we support HJR 8's call for the agency to follow proper procedures when reviewing applications for GE salmon.

We thank you for the opportunity to comment on HJR 8 and look forward to working with the State legislature to ensure the health of Alaskan fisheries and safe seafood for consumers.

Sincerely,

Christina Lizzi
Policy Analyst, Fish Program
clizzi@fwwatch.org

Marianne Cufone, Esq.
Director, Fish Program
mcufone@fwwatch.org

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[i] Food and Drug Administration. "Consumer Q&A: Genetic Engineering." Page updated October 28, 2009. Available at http://www.fda.gov/AnimalVeterinary/DevelopmentApprovalProcess/GeneticEngineering/GeneticallyEngineeredAnimals/ucm113672.htm

Southeast Alaska Fishermen's Alliance
9369 North Douglas Highway
Juneau, AK 99801
Phone: 907-586-6652 Email: seafa@gci.net
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February 10, 2011

Representative Steve Thompson, Chairman
House Special Committee on Fisheries
Alaska State Legislature
State Capitol, 120 Fourth Street
Juneau, AK 99801-1182

Dear Chairman Thompson and Committee Members,

RE: Support HJR 8

Southeast Alaska Fishermen's Alliance (SEAFA) supports HJR 8, a resolution urging FDA to deny an application to sell genetically engineered salmon in the US and requiring product labeling if the product is approved.

SEAFA has been in opposition to genetically engineered fish since the beginning of the permit process in approximately 2000. As you know the process to consider the application has been flawed as the FDA only looked at the aspect if the fish were safe for human consumption but failed to consult adequately with NMFS. Genetically engineered fish must be considered in light of the effect to the environment as well much as you would evaluate the effect of an invasive species.

Salmon is an important resource in the State of Alaska for commercial, personal use, subsistence, and sport fishermen and approval of genetically modified salmon into the environment and market place can be damaging. SEAFA members fully support the House Joint Resolution 8 and urges a speedy approval by the Alaska State Legislature.

Sincerely,

Kathryn Hansen

Kathy Hansen
Executive Director

THE CENTER FOR
FOOD SAFETY

February 10, 2011

Testimony to Alaska House of Representatives on House Joint Resolution 8 (HJR8)

Jaydee Hanson
Senior Policy Analyst

Good afternoon. My name is Jaydee Hanson and I am the Senior Policy Analyst for the Center for Food Safety, an organization based in Washington, D.C. that works to protect human health and the environment by curbing the proliferation of harmful food production technologies. Thank you for allowing me the opportunity to provide testimony today on this important and precedent setting decision.

Overview of Flawed Process

As you are aware, on August 25, 2010, U.S. Food and Drug Administration (FDA) officials announced their process for making a decision on an application relating to the first genetically engineered (GE) animal intended for human consumption, the AquAdvantage Salmon (AA Salmon) produced by Aqua Bounty Technologies. FDA held two back to back public meetings in September less than three weeks after announcing they would probably approve the application to discuss the AA Salmon. The first FDA meeting was a convening of the Veterinary Medicine Advisory Committee (VMAC) on September 19-20 to consider issues regarding the safety and effectiveness of the transfer of genes from two fish species into an Atlantic salmon as a "new animal drug" (NAD) that is the subject of the GE fish new animal drug application (NADA).' Unlike other animal drugs, these new "drugs" reside in every cell of the animal while it is eaten. The second meeting was a public hearing on September 21 to present the public with FDA's existing legal framework for food labeling, and to receive public input on whether food from GE Salmon should be labeled."

The decision-making process proposed by FDA failed to provide the public with sufficient time or available data that would have allowed for full and meaningful participation prior to the VMAC and labeling meetings. The exceedingly short timelines for public comment were exacerbated by the lack of transparency. AquaBounty filed a New Animal Drug (NAD) application for AquAdvantage salmon with FDA in 2001, yet the agency chose not to disclose any data relating to its decision until just 10 working days before the public meeting. Despite the short time line, some 79, 000 people wrote the FDA asking them not to approve the salmon.

FDA's announcement regarding its process is the first of its kind, for any GE food animal. Similarly the decision whether to label any such GE animal if approved will be a first. FDA and the VMAC recognize that whether or not to approve the first GE animal for use as food is a critical and precedent-setting decision. As such, the public must demand that FDA must require additional environmental and food safety data as well as gather as much information as possible about its next steps from all interested parties, especially the public.

The data the FDA provided to the public on food safety was altogether deficient given that the FDA had 10 years to review the product. The study on changes in the morphology of the new GE salmon involved only 12 fish. The limited study on possible allergic reactions involved only 6 fertile GE fish and 6 infertile GE fish. These small sample sizes are completely inadequate for a full review of the health and safety of these fish when they are raised in a commercial operation. The absence of data on disease resistance and inadequate nutritional composition data leave the safety of these animals largely unknown. Additionally, the Environmental Assessment (EA), a less comprehensive review, compiled by AquaBounty for the FDA is inherently flawed and does not take into account the full and broad range of impacts the approval of the GE salmon will have on the environment, such as what would happen if these fish escaped.

The VMAC raised many concerns during the public meeting regarding small sample sizes, incomplete data, questionable culling practices, the numerous physical abnormalities that may occur after fish reach market size and poor scientific assessments. Regarding the potential allergenicity, one Committee member noted "I don't have adequate evidence to determine if it's safe." This was followed by his colleague who said "the short answer as a professor is I don't know." In light of the numerous unknowns raised throughout the VMAC meeting, FDA officials announced that any approval will require post-market review and data requirements. Yet the VMAC expressed its concerns with FDA's plan to require post-market reviews as sufficient for gaps in current safety data. Post-market review and labeling are not an adequate substitution for proper regulation and safety assessments. Additionally, Dr. Gary Thorgaard, the only fisheries biologist on the committee, called on FDA to conduct a full Environmental Impact Statement, a sentiment reiterated by other members of the Committee.

Human Health Risks of Genetically Engineered Salmon

We are very concerned about the potential toxicity, allergenicity, and diseases posed by the commercialization of transgenic fish. While data on human health impacts of GE fish are sparse, especially since FDA has yet to share all the data it has reviewed, there is cause for concern. With regard to food allergies, FDA stated: "the technical flaws in this [AquaBounty's allergy] study so limit its interpretation that we cannot rely on its results."[v] Additionally, AquaBounty salmon went largely untested for increased disease susceptibility, despite focal inflammations and elevated white blood cell counts suggestive of infection.[vi]

Disease is a massive problem in crowded farmed salmon operations, and increased susceptibility would mean unhealthy fish treated liberally with antibiotics, resistant bacteria, and antibiotic residues in fish [6].Some research suggests that transgenic fish may be susceptible to more diseases than fish currently grown in aquaculture facilities.[v] Consequently, the amount of antibiotics given to transgenic fish may be higher than the amount currently given to farmed fish; already farmed salmon are given more antibiotics than any other livestock by weight. Aqua Bounty Technologies provided no data on their antibiotic use with these fish. The absence of data on disease resistance and inadequate nutritional composition data leaves the safety of these animals largely unknown. By eating genetically engineered farmed fish treated with more antibiotics humans will be ingesting antibiotics that may be harmful.[vii] Indeed, some antibiotics are toxic and can even cause fatal allergic reactions.[viii] Finally, if these genetically engineered fish increase the use of antibiotics in aquaculture, they would also exacerbate the significant problem of antibiotic resistant bacteria.

The potential human health concerns connected with the use of antibiotics in aquaculture, including the unique role transgenic fish may play in exacerbating such use, must be fully assessed by FDA.

A 2009 study commissioned by the European Union revealed that fish engineered to grow faster have a resultant high tolerance to environmental toxins.[viii] The study's authors expressed grave concerns that both toxins and growth hormones engineered into the fish had a high potential to end up in consumers' bodies, calling for further tests to determine safety.

Ecological Risks of Genetically Engineered Salmon

Genetically engineered fish pose serious risks to wild populations of fish and our marine environment. Each year millions of farmed salmon escape from open-water net pens, outcompeting wild populations for resources and straining ecosystems. We believe any approval of GE salmon would represent a serious threat to the survival of native salmon populations, many of which have already suffered severe declines.

Escaped GE salmon can pose an additional threat – genetic pollution resulting from what scientists call the "Trojan gene" effect. Research published in the *Proceedings of the National Academy of Sciences* notes that a release of just sixty GE fish into a wild population of 60,000 would lead to the extinction of the wild population in less than 40 fish generations. It could be inferred that the fish could also breed with Atlantic salmon being farmed in the Pacific Basin.

In addition to the threat of these GE salmon displacing native salmon populations, such farming of these GE salmon could encourage the propagation of deadly fish diseases, the concentration of harmful wastes and industrial drugs and chemicals escaping into open waters, and the over-fishing of vast quantities of non-commercial fish to feed carnivorous farmed fish, such as salmon; it generally takes three pounds of wild fish to grow one pound of farmed salmon[ix]. Since these salmon have been engineered for fast growth, it stands to reason that their feed requirements will be even higher.

Economic Risks to Fishermen

A potential escape of GE salmon will both directly and indirectly affect the livelihoods of the tens of thousands of salmon fishers and fishing communities in the U.S. and will have ripple effects throughout markets. In the Northeastern United States, wild Atlantic salmon is on the endangered species list and commercial fishing is prohibited. Therefore, the escape of GE salmon would pose serious risks to the restoration of wild populations of fish and any approval of GE fish will have direct and indirect effects on wild stocks as well as the fisheries themselves.

As you are well aware, in the Northwest the salmon industry is a paramount sector of the economy. The seafood industry in Alaska is the largest private sector employer creating 56,600 direct and 22,000 indirect jobs annually, more jobs than oil, gas and mining combined.[x] In 2007, the overall value of the Alaska seafood industry alone was over $1.5 billion paid to fishermen and $3.6 billion at the wholesale level. Total 2007 value at the dock for the non-Indian commercial salmon fisheries within Washington, Oregon and California was $11.6 million.[xi] Research published by Andrew Dyke and U. Rashid Sumaila notes that wild fisheries can also have significant economic impacts in other sectors, such as agriculture, forestry, manufacturing and financial services, observing that "changes in the fishing industry could affect livelihoods in and the viability of many economic sectors." The researchers found that regionally, every $1 of fisheries-sector output supports more than $3 of output throughout the North American economy.[xii] Many of Alaska's salmon processors are based in Seattle and elsewhere in Washington, Oregon or California, meaning that revenue and value is generated and spread across many states. At the same time, the increased demands by salmon farms for forage fish and fishmeal additionally affect the health of wild stocks and place an added stress on wild fisheries.

Additionally, the risk of market confusion or rejection resulting from GE salmon approval would have additional effects on the U.S. salmon and seafood industry. Consumer confusion about what types of salmon or seafood are genetically engineered may deter shoppers from purchasing such products. This confusion would be made worse by the absence of mandatory GE labeling requirements. Approving GE salmon is a sharp contradiction to the agreements the United States has signed at the North Atlantic Salmon Conservation Organization, where transgenic salmonids are considered a serious threat to wild salmon. Furthermore, GE salmon could result in trade disparities and the potential loss of foreign markets that may have differing opinions on labeling or safety assessments - for example in the EU, all GE animals must be labeled. Virtually, every European and Canadian fish farming association has announced that their members will not grow these GE salmon. If the US approves these GE salmon for growth in the US without labeling. Consumers will fear that every US salmon is genetically engineered. Concerns over potential food contamination or environmental impacts may also affect consumer choice in the U.S. which could lead to consumers' forgoing buying wild and farmed salmon altogether. A recent poll from Lake Research Partners found that 91 percent of Americans felt FDA should not introduce GE fish and meat into the marketplace.[xiii] A 2008 Consumer Reports poll found that 95 percent of respondents said they thought food from genetically engineered animals should be labeled.[xiv]

Labeling

To ensure meaningful public comment and confidence in the Agency's processes, the agency should have separately convened the labeling hearing, only if and after any initial decision on approval. To have a discussion about labeling presupposes that FDA has already made up its mind on the approval without proper input, yet even labeling is not an adequate substitution for proper regulation and safety assessments prior to approval. The deadline for comments on the labeling of the fish was Nov. 22, 2010 and this time some 400,000 people asked the FDA to require labeling. The public clearly wants these fish labeled.

Should FDA decide to approve the transgenic salmon despite overwhelming consumer opposition and potential threats to the environment, human health, and native salmon populations, mandatory labeling must be unconditional.

Conclusion

I would like to finish by expressing the Center for Food Safety's support for House Joint Resolution 8 (HJR8), which we feel takes the necessary strides toward protecting human health, the environment and Alaska's thriving fishing economy from the risks association with genetically engineered salmon.

Respectfully Submitted,

Jaydee Hanson

Senior Policy Analyst
Center for Food Safety
(202)547-9359 | jhanson@icta.org

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[i] Federal Register / Vol. 75, No. 165 / Thursday, August 26, 2010 / Notices/ pp. 52605. (Public VMAC Meeting)
[ii] Federal Register / Vol. 75, No. 165 / Thursday, August 26, 2010 / Notices/ pp. 52602. (Public Meeting on Labeling)
[iii] *AquAdvantage Salmon Briefing Packet for Veterinary Medicine Advisory Committee*, Center for Veterinary Medicine, Food and Drug Administration, Sept. 20, 2010, page 104

[iv] Briefing Packet, p. 41: "Comprehensive disease challenge tests have not been conducted on these fish." "An increased presence of focal inflammation in various tissue types in AquAdvantage salmon has the ***strongest correlation*** with the presence of the AquAdvantage construct [inserted gene] among the findings in this study. That these fish ***may*** have been immunocompromised as a result of seasonality ***or other factors*** confounds the interpretation of these findings." In other words, FDA waves off the strongest finding of difference between GE and control salmon with airy speculation, and fails to demand further study to clarify these "confounded" findings. In particular, FDA does not demand "comprehensive disease challenge" tests to determine, based on SCIENCE and DATA, whether these GE salmon are more susceptible to disease. This is inexcusable, particularly given peer-reviewed literature showing that salmon engineered with a growth hormone gene are more susceptible to a significant salmon pathogen (*Vibrio anguillarum*) that causes the devastating salmon disease vibriosis than non-GE salmon. See Jhingan et al (2003). "Disease resistance, stress response and effects of triploidy in growth hormone transgenic coho salmon," Journal of Fish Biology 63: 806-823. For elevated white blood cell (lymphocyte) counts, see p. 35, and Figure 5, p. 147).

[v] William Muir et al., Possible ecological risks of transgenic organism release when transgenes affect mating success: Sexual selection and the Trojan gene hypothesis, 96 PNAS 13853-13856, at 13853 (Nov. 23, 1999).

[vi] Rebecca Goldberg and Tracy Triplett. Murky Waters: The Environmental Effects of Aquaculture in the U.S. (p 44). Environmental Defense Fund (1997).

[vii] Id.

[viii] Centre for Aquaculture and Environmental Research. (2009) "Ecological Risk Assessment of Transgenic Salmon." Study commissioned by the European Union, the Swedish Research Council Formas and the University of Gothenburg. Vancouver, Canada.

[ix] Naylor et al, Effect of Aquaculture on World Fish Supplies. Nature, Vol.405, June 29, 2000, pg.1017-1024 and Dr. Rebecca Goldberg, Murky Waters: Environmental Effects of Aquaculture in the United States. Environmental Defense Fund, October 1997.

[x] Northern Economics of Anchorage (January 2009) *The Seafood Industry in Alaska's Economy*. Commissioned by the Marine Conservation Alliance, At-sea Processors Association and the Pacific Seafood Processors Association.

[xi] Pacific Fishery Management Council. 2008. *Review of 2007 Ocean Salmon Fisheries*. (Document prepared for the Council and its advisory entities.) Pacific Fishery Management Council, 7700 NE Ambassador Place, Suite 200, Portland, Oregon 97220-1384

[xii] Dyck, A.J. and U.R. Sumaila. 2010. Economic impact of ocean fish populations in the global fishery. *Journal of Bioeconomics*. DOI: 10.1007/s10818-010-9088-3 [See attached summary by PEW Environment Group]

[xiii] Lake Research Partners, Commissioned by Food and Water Watch. 9/20/10 http://documents.foodandwaterwatch.org/release-FWW-Omnibus.pdf

[xiv] Consumer Reports. 11/11/08 http://www.greenerchoices.org/pdf/foodpoll2008.pdf

From: nis@mosquitonet.com
Sent: Wednesday, February 09, 2011 7:42 PM
To: Rep. Scott Kawasaki
Subject: GE Salmon

Categories: GM Fish Bill

Scott, Sen Begich has introduced S 230 to ban genetically engineered salmon so if this becomes federal law it should solve the problem. But i agree that any genetically engineered food if approved, should be conspicuously labeled as such so the public can make the decision to buy or not to buy the product. If the feds won't establish this requirement, the state should for sale of such products in AK.

Thanks for your service.

Herbert R.Melchior
nis@mosquitonet.com

From: Kristine Niles [krniles@alaska.edu]
Sent: Wednesday, February 09, 2011 4:08 PM
To: Rep. Scott Kawasaki
Subject: thank you for taking on the farmed salmon propositions

Follow Up Flag: Follow up
Flag Status: Flagged

Categories: GM Fish Bill

Scott,
I thank you for introducing bills that will protect our wild salmon from the potential ravages of farming and hybridizing salmon. It has happened time and again that by farming salmon- inevitably some escape and decimate the local populations of salmon because they are usually much more aggressive hybrid salmon species or they introduce pathogens that in turn decimate the local salmon populations through infection, and yet companies continue to farm salmon.

Dipnetting at Chitna is my family's main source of meat throughout the year. It is a healthy source of omega-3's and they have such low mercury levels that I can eat them throughout my pregnancy. It is vital to my family that the salmon remain strong and healthy!

I also support your efforts to ensure that all genetically modified salmon along with farmed salmon are required to be labeled as such. I, for one, will always purchase wild salmon over farmed or genetically modified.

Thank you for fighting to maintain out wild Alaskan salmon populations,
Kristine Niles
--
Kristine Niles, B.S.
Nutrition Research Technician
Center for Alaska Native Health Research
University of Alaska Fairbanks
(907)474-5486

Congress of the United States

Washington, DC 20510

February 8, 2011

The Honorable Mike Chenault
Speaker
Alaska State House of Representatives
State Capitol Room 208
Juneau AK, 99801

Dear Speaker Chenault:

Alaska's Congressional delegation supports passage of House Joint Resolution 8 (HJR8) to urge the United States Food and Drug Administration (FDA) to deny any application to sell genetically engineered salmon in the United States. HJR8 also calls on Congress to enact product labeling requirements to include the words "Genetically Modified" prominently displayed on the package if the application is approved by the FDA.

HJR8 would support comparable legislation now pending before the U.S. Senate and House of Representatives and send a clear signal of disapproval of "frankenfish" by the Alaska State Legislature.

The FDA's consideration of a hybrid Atlantic salmon as the first genetically engineered animal for human consumption is a risky precedent and a threat to Alaska's wild salmon. The genes allow the creation to grow about twice as fast as its natural cousin and raise serious questions about the potential impacts of this engineered species on human health, wild salmon and its habitat, and the economy of coastal fishing communities.

The FDA process to review this proposal has taken place mostly behind closed doors, without meaningful consultation with the National Marine Fisheries Service and leaves much to be desired.

Alaska was correct in banning finfish farming in state waters over 20 years ago and instead focusing its attention on the sustainable management of wild salmon stocks. Last summer's harvest of 169 million salmon worth $534 million to fishermen demonstrates the productivity and economic value of Alaska's wild salmon.

Salmon farms in Canada, Europe and South America have been criticized for crowded conditions, contamination, use of chemicals, proliferation of disease and escapees. Atlantic salmon have been caught in Alaska's waters after escaping from neighboring fish farms in British Columbia with many infested with sea lice. They are rightly considered an invasive species by Alaskans.

HJR8 will send a clear message to the Food and Drug Administration and President Obama that the Alaska State Legislature does not condone the growth, sale or release of genetically engineered salmon in the United States.

We applaud the leadership of Representatives Scott Kawasaki, Bob Miller, Peggy Wilson, Beth Kerttula, and Steve Thompson in this matter and urge full passage of HJR8 by the Alaska State Legislature.

Sincerely,

Lisa Murkowski
United States Senator

Mark Begich
United States Senator

Don Young
Congressman

Cc: Alaska State House of Representatives

UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

February 4, 2011

Representative Steve Thompson, Chairman
House Special Committee on Fisheries
Alaska State Legislature
State Capitol, 120 Fourth Street
Juneau, AK 99801-1182

Dear Chairman Thompson and Committee Members,

United Fishermen of Alaska supports bill HJR 8.

UFA is on record with the U.S Food and Drug Administration (FDA) in opposition to approval of genetically modified salmon for production and consumption in the U.S. However, if approved for production and consumption in this country., we have strongly requested that FDA regulations require that salmon or any other genetically modified seafood products be clearly labeled as such.

Alaska has world-leading sustainable fishery management practices and we have gone to great effort and expense to differentiate our seafood products in the marketplace. We are very concerned that, if genetically modified salmon is allowed to be sold in the U.S. at all or not labeled clearly if allowed, Alaska fishermen and coastal communities will suffer job losses and economic hardship due to consumer confusion about the wholesomeness of salmon in general.

United Fishermen of Alaska represents 38 Alaska Commercial fishing organizations, and hundreds of individual fishermen and related businesses. We support HJR8 and thank you for your attention to this matter.

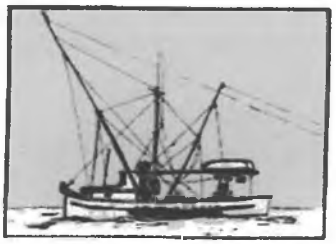
Sincerely,

Mark Vinsel

Mark Vinsel
Executive Director

MEMBER ORGANIZATIONS

Alaska Bering Sea Crabbers • Alaska Crab Coalition • Alaska Independent Fishermen's Marketing Association
Alaska Independent Tendermen's Association • Alaska Longline Fishermen's Association • Alaska Scallop Association • Alaska Trollers Association
Alaska Whitefish Trawlers Association • Aleutian Pribilof Islands Community Development Association • Armstrong Keta • At-sea Processors Association
Bristol Bay Reserve • Bristol Bay Regional Seafood Development Association • Cape Barnabas Inc. • Concerned Area "M" Fishermen
Cook Inlet Aquaculture Association • Cordova District Fishermen United • Crab Group of Independent Harvesters • Douglas Island Pink and Chum
Fishing Vessel Owners Association • Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association
North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association • Petersburg Vessel Owners Association
Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owner Association • Seafood Producers Cooperative
Southeast Alaska Herring Conservation Alliance • Southeast Alaska Fishermen's Alliance • Southeast Alaska Regional Dive Fisheries Association
Territorial Sitka Sound • Southern Southeast Regional Aquaculture Association • United Catcher Boats • United Cook Inlet Drift Association
United Fishermen of Alaska (affiliates) • United Fishermen's Marketing Association



Alaska Trollers Association
130 Seward #205
Juneau, AK 99801
(907) 586-9400 phone
(907) 586-4473 fax

February 3, 2011

Representative Steve Thompson, Chairman
House Fisheries Committee
Alaska State Legislature
Juneau, AK 99811

RE: HJR 8 Opposing Genetically Engineered Salmon

Dear Representative Thompson and Committee Members:

The Alaska Trollers Association (ATA) strongly supports HJR 8, which encourages Congress to ban the sale of genetically engineered (GE) salmon in the United States; comply with consultation requirements, as defined in the Food and Drug Administration Amendments Act of 2007 (FDA); and, requires labeling should the nation allow the sale of GE salmon.

ATA represents hook and line commercial salmon fishermen. Our members take quite seriously the job of delivering a wholesome, high quality product to market and are firmly committed to sound science underpinning the decisions made regarding the food people eat. ATA is also concerned about the health of fishing communities, most of which have already suffered the negative impacts of seafood markets glutted with farmed fish.

ATA strongly opposes the genetic engineering of seafood and has called on FDA to deny approval of these engineered animals. To date, FDA has failed to conduct the appropriate studies to prove the claim that this product, and how it will be raised, will ultimately be safe for human health and the environment. Despite that fact, FDA has signaled that the product may be approved. Therefore we are also compelled to say that our members strongly support mandatory labeling to distinguish GE salmon if it ever should reach the marketplace. We are proud that Alaska has already taken action to support labeling for such products and we support strengthening and enforcing the existing law.

Fishermen are particularly alarmed by the cavalier approach the nation has taken on the issue of genetically engineered foodstuffs. FDA is treating the approval of genetically engineered salmon as if it were a drug. This has shrouded the process in secrecy, in part to protect the patent rights of the developers. The failure of our country to vision a transparent approval process and strict regulatory program for genetically engineered animals/foods is shameful and potentially harmful.

It is already well documented that when it comes to safe food production and GE, the jury is out amongst the scientific community. FDA's own veterinary advisory committee suggested that the science presented was incomplete, particularly if these fish will be raised outside of the two test farms studied and under full scale production scenarios. We can be certain this is the goal.

While FDA and industry backgrounders try to calm the public by explaining that these fish will be just like any other Atlantic salmon, that's simply not true. Once you allow an organism to be modified, it becomes different and the level of risk changes, period. FDA's own scientists pointed that out during the 1990s debate on FDA's policy on GE plants. GE salmon could pose enhanced allergy risks to consumers. This issue lacks robust study and is not well-understood by the consuming public.

Those of us in the seafood industry know far too well that there exists a great deal of confusion when it comes to the seafood market. Engineered salmon certainly aren't like any other salmon, yet the public could easily become confused about which fish are modified and which are not, and opt out of salmon altogether if they fear they are not safe. Our industry could bear a direct cost if this happens.

It appears that FDA and the nation are more than willing to place the burden of proving or disproving food safety on either a multi-national industry that stands to gain financially from GE salmon; or the smaller seafood industry that stands to lose by being overwhelmed by increased farmed production or consumer fears about salmon; or, perhaps even the public themselves if problems arise.

While FDA might not currently believe that GE salmon is markedly different, we have to wonder what other countries think, and why, since so many of them have strongly disagreed with the US on this and other policy questions swirling around GE foods. While current trade agreements and the tendency to lean towards agency discretion may be forcing the hand of the courts and nations, there is obviously no consensus amongst scientists on the matter of GE food and policy. In the court of public appeal, we suggest most people do believe GE salmon is different, and most aren't certain it's safe, therefore, if approved, it should be labeled.

Labeling of GE foods boils down to one of the most fundamental of human needs and rights –access to wholesome foods and information about how they are produced. While the GE salmon may ultimately prove safe, there is no doubt that it is unlike any other salmon available today. It is a processed food at its most basic level, and should be labeled accordingly, particularly when no independent science exists to prove that it is safe. Such a label is not misleading, nor is it in any way false, it is simply telling the consumer the truth about a type of food that until just a few years ago was inconceivable. People should have the right to choose.

Furthermore, there are many reasons beyond food safety that people may choose to avoid GE foods. Social, cultural, religious, and other factors all have a role in food selection. Respect for those choices can also be accomplished through labeling.

While the use of genetic engineering may be appropriate and beneficial for a variety of purposes, such as medical advancement, it does not appear that the science exists to underpin decisions with regard to what, if any, genetically engineered foods belong in the food chain and environment. We hope you will agree, and vote to support HJR8.

Thank you for considering ATA's point of view. Please let me know if I can answer questions on ATA's position or otherwise be of assistance as you work through this matter.

Best regards,

Dale Kelley

Dale Kelley
Executive Director

From: bobsal@gci.net
Sent: Wednesday, February 02, 2011 12:45 PM
To: Rep. Scott Kawasaki
Subject: GMOs and Frankenfish

Categories: GM Fish Bill

Dear Mr. Kawasaki,
This is in response to your note to me about my letter to the editor on GMOs.
Here are two great sites regarding GMOs, both involving Jeffrey Smith, an expert on the subject.
The discussion mainly revolves around the big chemical companies and seed involvement.
The results from seed modification is disastrous and there is no reason to believe messing around with the genetics of fish will have a different outcome.
The greed by both the chemical companies and our federal involvement has the potential for great harm to the world's people, not just American's.

On a different note from GMOs is the USDA Food Guidelines for the American Diet. Government involvement thirty to fifty years ago has lead to the increased health problems of cancer, diabetes, obesity and mental health problems. They still cannot see the forest for the trees, as to the problem, blaming the people, instead of the high carbohydrate and low-fat recommendations. This problem should be investigated by legislators as it would go a long way to solving the high expense of healthcare.

I am thankful for the interest by a legislator. Sincerely, Sally Stuart

http://www.responsibletechnology.org
The Institute for Responsible Technology (IRT)
The Institute for Responsible Technology is a world leader in educating policy makers and the public about genetically modified (GM) foods and crops. We investigate and report their risks and impact on health, environment, the economy, and agriculture, as well as the problems associated with current research, regulation, corporate practices, and reporting.

http://www.seedsofdeception.com/Public/Home/index.cfm
International bestselling author Jeffrey M. Smith is the leading spokesperson on the health dangers of Genetically Modified Organisms (GMOs). He documents how the world's most powerful Ag biotech companies bluff and mislead critics, and put the health of society at risk. At this site is a video well worth the time to watch.

There are a myriad links to good sites regarding how wrong the USDA Guidelines are. These are just a start to get your interest.
http://www.hulu.com/watch/196879/fat-head this movie explains in a humorous but accurate way how wrong the current recommendations are by the USDA.
Many bloggers have a scientific background and are up to date on the documented research, whereas, doctors seem to be indoctrinated in the low carb theory from medical school and not open minded.
http://www.fathead-movie.com/index.php/2011/02/01/fat-kids-and-thermodynamics/ blog: by Tom Naughton
http://www.westonaprice.org/ Sally Fallon

From: litsaofalaska@yahoo.com
Sent: Friday, January 21, 2011 5:15 PM
To: Rep. Scott Kawasaki
Subject: Please Introduce Bill to Label GMO Foods

Categories: GM Fish Bill

evangelia vlasakakis
1601 hilton avenue
fairbanks, AK 99701-4017

January 21, 2011

The Honorable Scott Kawasaki
Alaska House of Representatives
State Capitol
Juneau, AK 99801-1182

Dear Representative Kawasaki:

Like most consumers, I want to avoid foods that contain genetically modified organisms, but they are not labeled.

In fact, the federal government does nothing to regulate, or guarantee the safety of, agricultural crops -- and now food animals -- that have been altered with foreign genes. There has never been a longitudinal scientifically rigorous health study on the impacts of eating genetically altered foods.

The little science there is shows that GMOs are more likely to trigger novel allergies, are less nutritious, sprayed with more herbicides, and contain elevated levels of hormones that correlate with common cancers.
And, there's no doubt that the most common GMO foods are linked to epidemic levels of obesity and diet-related diseases. These include artery-clogging meat and milk products from animals fed GMO grains, trans fats from GMO vegetable oils, and high fructose (GMO) corn syrup.

Public health depends on labeling GMO foods so consumers can avoid them.
Mandatory GMO labels are popular with consumers, consistently earning polling numbers politicians dream of.

I am hoping that you and your colleagues in the state legislature can help. Please stand up for consumers' right to know and truth in labeling by introducing a bill to label GMO foods this year.

I look forward to hearing from you on this important topic.

Sincerely,

evangelia vlasakakis

From: sltack63@hotmail.com
Sent: Thursday, January 13, 2011 2:49 PM
To: Rep. Scott Kawasaki
Subject: Please Introduce Bill to Label GMO Foods

Categories: GM Fish Bill

Stephen Tack
304 Noyes St.
Fairbanks, AK 99701-3045

January 13, 2011

The Honorable Scott Kawasaki
Alaska House of Representatives
State Capitol
Juneau, AK 99801-1182

Dear Representative Kawasaki:

Like most consumers, I want to avoid foods that contain genetically modified organisms, but they are not labeled.

In fact, the federal government does nothing to regulate, or guarantee the safety of, agricultural crops -- and now food animals -- that have been altered with foreign genes. There has never been a longitudinal scientifically rigorous health study on the impacts of eating genetically altered foods.

The little science there is shows that GMOs are more likely to trigger novel allergies, are less nutritious, sprayed with more herbicides, and contain elevated levels of hormones that correlate with common cancers.
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Mandatory GMO labels are popular with consumers, consistently earning polling numbers politicians dream of.

I am hoping that you and your colleagues in the state legislature can help. Please stand up for consumers' right to know and truth in labeling by introducing a bill to label GMO foods this year.

I look forward to hearing from you on this important topic.

Sincerely,

Stephen Tack

Chris Wood
Chief Executive Officer

January 6, 2011

Representative Scott Kawasaki
Alaska State Capitol
Juneau, AK 99801

Dear Representative Kawasaki:

On behalf of Trout Unlimited's 140,000 members nationwide, I would like to thank you for formally opposing AquaBounty's proposal to produce and distribute genetically modified salmon in the U.S. We commend you on your leadership and for ensuring that Alaska's wild fish and fisheries are protected from potentially irreversible threats.

As you know, AquaBounty Technology's proposal to the U.S. Food and Drug Administration is concerning for multiple reasons. Trout Unlimited is particularly concerned about the Food and Drug Administration not properly investigating the potential environmental consequences to wild stocks when genetically modified fish escape into the wild. That is why we support your move to ban the production of genetically engineered fish in Alaska's waters as a way to ensure that Alaska's salmon fisheries are not compromised by this experimental technology. It is encouraging to see Alaska's lawmakers continue to make wild fish a priority and to protect this sustainable and renewable resource from harmful industries and actions.

Trout Unlimited has been working for several years with salmon retailers, restaurants and commercial fishermen to promote the sustainable harvest of wild salmon from places such as Alaska's Bristol Bay (see www.whywild.org). Our focus is on maintaining productive habitat that supports abundant salmon runs, sustainable fisheries, and healthy communities. Our work has helped build public awareness so that salmon consumers around the country can make informed choices that support our nation's sustainable salmon fisheries. Having genetically engineered salmon on grocery store shelves and restaurant menus without proper labeling would create confusion among salmon consumers, making it more difficult for them to make an educated decision. Lack of labeling could also discourage consumers who are opposed to genetically modified fish from buying salmon at all, thus impacting Alaska's salmon fishing industry and communities. Your proposed bill to require labeling of any genetically modified and farmed fish sold in Alaska will enable Alaskan consumers to continue making informed decisions when they purchase salmon and the ability to vote with their dollars for wild Alaska salmon.

Alaska Fun Center
1817 College Road
Fairbanks, AK 99709

www.alaskafuncenter.com

Fax Transmission

☐ Please call to confirm receipt

☐ Please respond by return fax

☐ Call only if transmission is incomplete

Date: 1/5

To: Scott Kawasaki

Fax number: 456-3346

From: Bill Larry

Our phone: (907) 452-3455
Our fax: (907) 451-8134

1 **# of pages including cover page:**

Notes:

Just wanted to clarify. I would like the "Bill" to state that Any genetic manipulation, adding chromosones, genes or gene splicing will Not be allowed. We don't want to give Fish a Game a way to manipulate or get around the intent of the "Bill".

Lets remember these are the guy who can't even get their filters to work at the new FBKS hatchery.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration
Silver Spring, MD 20993

December 6, 2010

Representative Scott Kawasaki
Alaska State Legislature, Interior Delegation
State Capitol, Room 428
Juneau, AK 99801-1182

Dear Representative Kawasaki:

Thank you and Senators Joe Thomas, Albert Kookesh, and Joe Paskvan and Representatives Woodie Salmon, Mike Kelly, and David Guttenberg for the letter dated October 4 concerning AquAdvantage Salmon. We share your view that this product is of particular public interest. The Food and Drug Administration (FDA or the agency) is committed to a thorough review process that is transparent to the public and comprehensive in its attention to safety for humans, for animals, and for the environment.

FDA regulates genetically engineered (GE) animals under the new animal drug provisions of the Federal Food, Drug, and Cosmetic Act. Legally, the genetic material, or rDNA construct, used to engineer the salmon, meets the definition of a drug because it is intended to affect the structure or function of the animal. This regulatory pathway prohibits introducing food from the AquAdvantage Salmon into the United States without specific FDA approval. As part of the approval process, the producer of the GE salmon with the rDNA construct must meet safety standards not only for the animal, but also for the environment and for any food derived from the animal.

Environmental Safety

With regard to the environment, FDA's regulations implement the National Environmental Policy Act (NEPA), and require the agency to assess the environmental impact of an approval. For AquAdvantage Salmon, this requirement has meant evaluating the sponsor's plans for preventing the escape or breeding of the genetically engineered salmon by use of multiple, redundant systems of mechanical, biological, and geographical containment. These include the production of single sex, sterile populations of genetically engineered salmon by AquaBounty, and keeping them contained in inland tanks in areas unsuitable for survival outside the facility. With on-going consultation with sister agencies such as the National Oceanic and Atmospheric Administration, FDA will analyze the possibility of escape, survival, and breeding as part of its determination of the likelihood of any significant impact on the environment, including on populations of wild salmon. The specific conditions of use being considered by the agency are described in our briefing materials were made available to the public before the found at our Web site at:

http://www.fda.gov/downloads/AdvisoryCommittees/CommitteesMeetingMaterials/VeterinaryMedicineAdvisoryCommittee/UCM224762.pdf.

If this application were to be approved, it would be approved only for the particular conditions of use specified in the application. If the sponsor wishes to make any changes in location, in containment systems, or in the genetic alteration, then a new application and environmental assessment will be required, and will be subject to the same rigorous safety standards.

Food Safety

In addition to adherence to our statutory and regulatory requirements to demonstrate food safety as outlined in our guidance for industry, (http://www.fda.gov/downloads/AnimalVeterinary/GuidanceComplianceEnforcement/GuidanceforIndustry/UCM113903.pdf), FDA's review is also consistent with internationally-adopted scientific consensus guidelines for the food safety assessment of foods from GE animals as outlined by the Codex Alimentarius, (http://www.codexalimentarius.net/download/standards/11023/CXG_068e.pdf). FDA conducts on-site inspections to ensure (among other things) the accuracy of the data submitted pursuant to these studies. In addition to information from studies conducted by the sponsor, the agency reviews relevant studies from peer-reviewed journals. FDA reviewers use this combination of materials to reach an independent judgment on the safety of any changes caused by the genetic construct.

FDA also considers specific food safety issues, such as allergenicity. Because salmon are finfish, which as a group are among the eight most allergenic foods in the United States, the AquAdvantage Salmon would likely cause allergic reactions in anyone who is already allergic to conventionally bred salmon. FDA is looking closely at the biology of the GE salmon to determine if there is cause to believe the AquAdvantage Salmon would pose additional allergy issues for persons who at present eat salmon safely.

FDA's Review Process

The AquAdvantage Salmon review has followed the procedure described in Guidance for Industry 187, "Regulation of Genetically Engineered Animals Containing Heritable Recombinant DNA Constructs," which was issued in final form in 2009 after public comment.

Key steps to date have included:

- Web publication of background documents on August 25, 2010. These documents contained detailed information on the review process, on the AquAdvantage Salmon, and on the ecology and biology of salmon in general. They presented a summary of all the information and data on which FDA relied for its analyses to date, and an explanation for the preliminary conclusions it would present to an advisory committee for discussion. See http://www.fda.gov/NewsEvents/PublicHealthFocus/ucm224089.htm for these documents.

- FDA held a public Veterinary Medicine Advisory Committee (VMAC) meeting, on September 19-20, 2010. Members of the public were invited to provide written comments for the committee and to make oral presentations.

- FDA had a second meeting, on September 21, 2010, to offer the public a chance to engage in a focused discussion on requirements for food labeling and how they might apply to foods derived from AquAdvantage Salmon in the event that the agency approves AquaBounty's application. Members of the public were invited to speak at the labeling meeting, and to submit written comments both before and after the meeting. Written comments were accepted for 60 days following the labeling meeting (until November 22).

FDA has not made a decision on the AquAdvantage Salmon application. The agency's next steps entail a review of the VMAC meeting discussions and any new information brought to the agency's attention, as well as completion of the environmental review and analysis.

If FDA's environmental review results in a proposed finding of no significant impact (FONSI), the agency will publish a *Federal Register* notice to announce the availability of the environmental assessment and the FONSI, and invite public comment on these documents for 30 days.

If FDA decides to prepare an environmental impact statement (EIS), either initially or after reviewing public comment on a proposed FONSI, the public will have an opportunity to participate in the EIS development process. Either of these actions must be completed before the new animal drug application could be approved.

Food Labeling

If FDA approves the AquAdvantage Salmon, the agency will have to decide on the question of labeling food from the salmon. The September 21 meeting provided a chance for members of the public to learn about the relevant food labeling principles and federal court decisions. These were summarized in a background document available at: http://www.fda.gov/Food/LabelingNutrition/FoodLabelingGuidanceRegulatoryInformation/TopicSpecificLabelingInformation/ucm222608.htm.

FDA may require special labeling for "material" differences, such as nutritional content or range of uses (e.g., usability for frying). But as interpreted by the courts to date, the fact that a food comes from a GE source does not trigger mandatory food labeling absent a material change in the food itself. Food labels are geared to informing consumers about the attributes of the product, not about the production method. As a result, it has been held that consumer interest alone is not sufficient for FDA to force a manufacturer to put something on the label.

Manufacturers are free, however, to offer information to consumers provided it is truthful and not misleading. Therefore, if food from this salmon is permitted for sale in the United States, sellers will be free to label the foods as GE or non-GE to meet consumer demand, provided it is truthful and not misleading. This is similar to the system used for other foods, in which terms such as "natural" are used on voluntary basis to meet a growing consumer interest in the

information, whether or not the foods have attributes that could trigger a mandatory labeling requirement.

Thank you again for your interest in this matter. If you have any further questions or concerns, please let us know.

Sincerely,

Margaret A. Hamburg, M.D.
Commissioner of Food and Drugs

Cc: Senator Joe Thomas, Alaska State Legislature, Interior Delegation
Senator Albert Kookesh, Alaska State Legislature, Interior Delegation
Senator Joe Paskvan, Alaska State Legislature, Interior Delegation
Representative Woodie Salmon, Alaska State Legislature, Interior Delegation
Representative Mike Kelly, Alaska State Legislature, Interior Delegation
Representative David Guttenberg, Alaska State Legislature, Interior Delegation

COMMITTEE ON ARMED SERVICES
COMMITTEE ON
COMMERCE, SCIENCE, AND TRANSPORTATION

MARK BEGICH
ALASKA

COMMITTEE ON VETERANS' AFFAIRS
COMMITTEE ON THE BUDGET

United States Senate
WASHINGTON, DC 20510

November 17, 2010

The Editor
Time
Time & Life Building, Rockefeller Center
New York, NY 10020-1393

Via email to: letters@time.com

To the Editor:

Time's editors must have been watching too many mad scientist movies if they consider genetically-engineered salmon among the 50 best inventions of the year (Nov. 22, page 73).

Despite the supposed advantage of growing twice as fast as wild salmon, serious concerns remain about the environmental and human health impacts of these gene-spliced fish. There are glaring deficiencies in the Food and Drug Administration's closed-door review process and public opposition to eating these creatures is so strong proponents are fearful of labeling their product what it is: genetically-engineered.

Want more salmon? Here's a better idea: protect its natural habitat, maintain water quality and manage wild stocks for sustainability. That's what Alaska has done for over 50 years and now returns of wild salmon are at historically high levels. And wild salmon taste a lot better than anything you'll ever cook up in a laboratory.

Let's leave "Frankenfish" on the operating table and not the dinner table.

Sincerely,

Mark Begich
United States Senator

Cordova District Fishermen United
509 First Street | P.O. Box 939 | Cordova AK 99574
Ph: (907) 424 3447 | Fax: (907) 424 3430 | Email: cdfu@ak.net

CORDOVA DISTRICT FISHERMEN UNITED
RESOLUTION 2010-10-08

A RESOLUTION by the CORDOVA DISTRICT FISHERMEN UNITED (CDFU) BOARD of DIRECTORS OPPOSING GENETICALLY ENGINEERED ANIMALS INTENDED FOR HUMAN CONSUMPTION, SPECIFICALLY THE AQUADVANTAGE SALMON PRODUCED BY AQUABOUNTY TECHNOLOGIES (DOCKET NO. FDA-2010-N-0001).

WHEREAS, the approval of genetically modified salmon, the first such hybrid to be considered for human consumption, is unprecedented, risky and a threat to the survival of wild species;

WHEREAS, the escape of genetically engineered farmed salmon into the wild carries the risk that genetic material from these fish will invade wild gene pools of native Pacific salmon populations;

WHEREAS, approving genetically engineered salmon is a sharp contradiction to the agreements the United States has signed with the North Atlantic Salmon Conservation Organization, where transgenic salmonids are considered a serious threat to wild salmon;

WHEREAS, the methodology of scientific research conducted by AquaBounty supporting the safety of consuming genetically engineered salmon is inadequate. Further independent research is necessary to demonstrate the long-term effects of human consumption of genetically engineered salmon;

WHEREAS, there was insufficient opportunity for the public to weigh in on this important issue;

WHEREAS, emphasis should be placed on protecting and maintaining the sustainability of wild salmon stocks as opposed to developing and introducing genetically engineered versions of wild foods into the consumer market;

WHEREAS, millions of farmed salmon have escaped from open-water net pens, outcompeting wild populations for resources and straining ecosystems. The approval of GE salmon would represent a serious threat to the survival of native salmon populations, many of which have already suffered severe declines related to salmon farms and other man-made impacts;

WHEREAS, unlabeled GE salmon may force consumers to fear all types of salmon, further hindering an already strained wild fisheries industry.

NOW THEREFORE BE IT RESOLVED that Cordova District Fishermen United urges the FDA to delay approval of genetically engineered salmon until it can conduct independent, well-designed, long-term studies on the effects of consuming genetically engineered fish.

NOW THEREFORE BE IT FURTHER RESOLVED that Cordova District Fishermen United opposes the introduction of genetically engineered salmon into the marketplace.

NOW THEREFORE BE IT FURTHER RESOLVED that in the event of the approval of AquAdvantage GE salmon, Cordova District Fishermen United supports clear and mandatory labeling differentiating genetically engineered salmon from wild or farmed salmon enabling consumers to make informed purchasing decisions.

NOW THEREFORE LET IT BE RESOLVED that if approved by the FDA, genetically engineered salmon must be farmed in secure, self-contained, land-based facilities.

Adopted by the CDFU Board of Directors on October 8, 2010.

Signed: .....

Rochelle van den Broek, Executive Director

Signed: .....

Jerry McCune, President

ALASKA STATE LEGISLATURE
INTERIOR DELEGATION

Senator Joe Thomas
Chairman
(907) 465- 2327
Fax: (907) 465-5241
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Local office:
1292 Sadler Way Ste. 308
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Delegation Members:
Senator Joe Thomas
Senator Albert Kookesh
Senator Joe Paskvan
Senator John Coghill
Representative Woodie Salmon
Representative Mike Kelly
Representative David Guttenberg
Representative Scott Kawasaki
Representative Jay Ramras
Representative Tammie Wilson
Representative John Harris

October 4, 2010

Margaret A. Hamburg, M.D.
Commissioner
Food and Drug Administration
10903 New Hampshire Avenue
Silver Spring, MD 20993

Dear Commissioner,

The Interior Delegation of the Alaska Legislature is writing to convey our overwhelming opposition to the genetically engineered AquaAdvantage salmon proposed for marketing by AquaBounty. There are clear issues concerning the safety of consuming the AquaAdvantage salmon, the ability to contain the engineered fish, and the process by which this product is certified.

We feel there are too many unanswered questions concerning the potential dangers of this product. Our biggest concern is the potential damage to the population of wild salmon which is vital to the Alaska economy. The AquaAdvantage salmon could wreak havoc on local populations if any were to escape and intermingle with wild salmon. Interbreeding could devastate natural populations. AquaBounty assures that no genetically engineered fish could escape, and even if they did they could not breed, but these claims are not backed up by definitive scientific research. They admit that as many as five percent of the engineered salmon could be immune from the sterilization process. If AquaBounty sells modified salmon eggs to other commercial farms, which they currently plan to do, the risk of escape and destruction will only increase.

Additionally, the health hazards surrounding the AquaAdvantage salmon have not been fully investigated. Given that the FDA is currently not planning on labeling genetically engineered fish, this could pose a health hazard for consumers. People who want to avoid genetically modified salmon would have no way of knowing what they are buying, and many may choose to not purchase salmon at all. The testimony from Consumers Union states that studies were done using much smaller fish than those normally consumed, and that too few fish were in the samples. The data provided by AquaBounty was deemed incomplete by the Consumers Union. One study even showed a potential risk of allergic reaction triggered by the salmon. In short, the studies done by AquaBounty on their own product, upon which are you basing your decision, are inadequate.

The wild salmon fishing industry is vital to Alaska as a source of jobs, revenue and food. Genetically engineered salmon pose a grave threat to Alaska's economy, especially if the FDA does not require AquaBounty to label the fish as modified. If these fish are not labeled, a wary public may avoid salmon altogether, harming our economy.

A decision of this importance and with the potential health and economic impacts should only be made after all public concerns are satisfied beyond any doubt. We urge you to withhold your approval of this application. Thank you for your consideration of our concerns.

Sincerely,

Senator Joe Thomas, Chairman

Representative Woodie Salmon

Senator Albert Kookesh

Representative Mike Kelly



Senator Joe Paskvan Representative



David Guttenberg

Representative Scott Kawasaki

cc: The Honorable Barack Obama, President of the United States
The Honorable Mark Begich, United States Senate
The Honorable Lisa Murkowski, United States Senate
The Honorable Don Young, United States House of Representatives
Bernadette M. Dunham, D.V.M., Ph.D., Director, Center for Veterinary Medicine, Food and Drug Administration
Aleta Sindelar, Center for Veterinary Medicine (HFV-3), Food and Drug Administration

UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
NORTHEAST REGION
One Blackburn Drive
Gloucester, MA 01930-2298

NOV 19 2003

Christine Godfrey
Chief, Regulatory Branch
Construction/ Operations Division
New England District, Corps of Engineers
696 Virginia Road
Concord, Massachusetts 01742-2751

Ref: Transmittal of Final Biological Opinion and Response to Comments on Draft F/NER/2002/00936

Dear Ms. Godfrey:

Enclosed is a biological opinion (Opinion) issued by the National Marine Fisheries Service (NOAA Fisheries) on the U.S. Army Corps of Engineers (ACOE) proposed continuation and modification of existing permits authorizing the installation and maintenance of net pens to raise finfish off the coast of Maine. The NOAA Fisheries national Section 7 tracking number is F/NER/2002/00936.

The Opinion is submitted in accordance with section 7 of the Endangered Species Act (ESA) of 1973, as amended (16 U.S.C. 1531 *et seq.*). This Opinion concludes that the proposed continuation and modification of existing permits authorizing the installation and maintenance of fish pens in the state of Maine (including incorporation of the special conditions to protect the Gulf of Maine Distinct Population Segment (DPS) of Atlantic salmon) may adversely affect but is not likely to jeopardize the continued existence of the endangered Atlantic salmon within the DPS. Please note that any changes to the proposed action, including any changes to the special conditions proposed to protect wild Atlantic salmon, may change the conclusion in this Opinion and would warrant further Section 7 consultation. No other federally-listed species is likely to be affected by the proposed action.

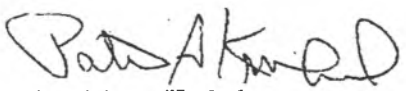
While the ACOE's proposed permit modifications do contain conditions for the protection of wild Atlantic salmon, the incorporation of these conditions does not eliminate the potential for the permitted activities to result in "take" of Atlantic salmon within the DPS; therefore, an Incidental Take Statement (ITS) has been issued with this Opinion. The anticipated incidental take from the existing aquaculture industry's marine sites that were the subject of this consultation (42 sites) is the detection at weirs or traps of up to 21 escaped fish per year, based on a three year rolling average. If the ITS is exceeded, consultation must be reinitiated. To validate the ITS, the ACOE must implement the non-discretionary Reasonable and Prudent Measures contained therein. Discretionary Conservation Recommendations are also included with this Opinion.

Reinitiation of this consultation is required if: (1) the amount or extent of taking specified in the ITS is exceeded; (2) new information reveals effects of these actions may affect listed species or critical habitat in a manner or to an extent not previously considered; (3) project activities are subsequently modified in a manner that causes an effect to the listed species that was not considered in this Opinion; (4) significant changes to the proposed action are made that may change the conclusion in this Opinion; or (5) a new species is listed or critical habitat designated that may be affected by the identified actions. If any one of the conditions requiring reinitiation of consultation is triggered, the ACOE should contact NOAA Fisheries. Alternatively, NOAA Fisheries may provide written advice to the ACOE relative to the need to reinitiate consultation. Requests for reinitiation must be in writing and must contain sufficient information to record the nature of the change in the action or its effects and the rationale for any modifications.

Conclusion

NOAA Fisheries greatly appreciate your cooperation during this Section 7 consultation. If you have any questions concerning this Opinion, please contact Jessica Anthony of my staff at (978) 281-9328 ext 6532. We look forward to working with you in the future to ensure compliance with permit conditions and protection of the Atlantic salmon DPS.

Sincerely,



Patricia A. Kurkul
Regional Administrator

cc:
Jessica Anthony - NOAA Fisheries
Rick Bennett - USFWS
Wende Mahaney - USFWS

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Print

FDA ignored FWS and NOAA biological opinions on GMO salmon?

Alaska Dispatch

Documents released in October indicate the The U.S. Fish and Wildlife Service and NOAA's National Marine Fisheries Service issued biological opinions that growing genetically modified salmon in marine net pens would pose a threat to wild Atlantic salmon protected under the Endangered Species Act and should be prohibited. A FOIA request by the Center for Food Safety, a non-profit group which says its mission is "to protect human health and the environment by curbing the use of harmful food production technologies and by promoting organic and other forms of sustainable agriculture," resulted in the release of biological opinions issued by the agencies in 2003 and 2001, as well supplemental documents. The documents indicate that the FDA was aware of the opinions as it conducted recent hearings over AquaBounty's genetically modified AquAdvantage salmon. Read more of the non-profit's statement concerning the documents, and find links to the documents themselves, here.

Read more of the Dispatch

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The Washington Post

FDA rules won't require labeling of genetically modified salmon

Advertisement

By Lyndsey Layton
Saturday, September 18, 2010; 11:20 PM

As the Food and Drug Administration considers whether to approve genetically modified salmon, one thing seems certain: Shoppers staring at fillets in the seafood department will find it tough to pick out the conventional fish from the one created with genes from another species.

Despite a growing public demand for more information about how food is produced, that won't happen with the salmon because of idiosyncracies embedded in federal regulations.

The FDA says it cannot require a label on the genetically modified food once it determines that the altered fish is not "materially" different from other salmon - something agency scientists have said is true.

Perhaps more surprising, conventional food makers say the FDA has made it difficult for them to boast that their products do not contain genetically modified ingredients.

The labeling question has emerged as the FDA determines whether to approve the fish, an Atlantic salmon known as AquAdvantage that grows twice as fast as its natural counterpart. The decision carries great weight because, while genetically modified agriculture has been permitted for years and engineered crops are widely used in processed foods, this would be the first modified animal allowed for human consumption in the United States.The AquAdvantage salmon has been given a gene from the ocean pout, an eel-like fish, and a growth hormone from a Chinook salmon.

'The public wants to know'

Consumer advocates say they worry about labeling for genetically engineered beef, pork and other fish, which are lining up behind the salmon for federal approval.

"The public wants to know and the public has a right to know," said Marion Nestle, a professor in the Nutrition, Food Studies and Public Health Department at New York University. "I think the agency has discretion, but it's under enormous political pressure to approve [the salmon] without labeling."

The debate will be taken up this week, with an advisory committee meeting Sunday and Monday on whether to allow the modified fish, and a separate panel meeting Tuesday on whether the fish should be labeled. The panels will offer recommendations to the FDA commissioner, who will decide both matters.

The biotechnology industry is opposed to mandatory labeling, saying it will only bewilder a public that is not well informed about genetic engineering.

"Extra labeling only confuses the consumer," said David Edwards, director of animal biotechnology at the Biotechnology Industry Organization. "It differentiates products that are not different. As we stick more labels on products that don't really tell us anything more, it makes it harder for consumers to make their choices."

The FDA defends its approach, saying it is simply following the law, which prohibits misleading labels on food. And the fact that a food, in this case salmon, is produced through a different process, is not sufficient to require a label.

The controversy comes at a time when Americans seem to want to know more about their food - where it is

grown, how it is produced and what it contains. Books criticizing industrial agriculture have become bestsellers, farmers markets are expanding and organic food is among the fastest-growing segments of the food industry.

The FDA itself is part of a new effort to improve nutrition information on processed foods.

In the European Union and Japan, it is nearly impossible to find genetically modified foods, largely because laws require labeling, said William K. Hallman, director of the Food Policy Institute at Rutgers University. "No one wants to carry products with such a label," he said. "The food companies figure that consumers won't buy it."

There is nothing to stop salmon producers or food makers in the United States from voluntarily labeling their products as genetically engineered - except a fear of rejection in the marketplace, Hallman said. "I don't know of a single company that does that," he said.

The FDA maintains it can only require labeling if a genetically engineered food is somehow different from the conventional version - if it has an unusual texture, taste, nutritional component or allergen, for example.

Although some consumer advocates maintain there are important differences, the agency's scientists have already said they see no "biologically relevant" variations between the AquAdvantage salmon and traditional salmon.

Consumers could be certain of getting the non-modified version if they bought salmon labeled as "wild," but most salmon consumed in this country is farmed.

Ever since the FDA approved the first genetically altered material for use in food in 1992, when Monsanto developed a synthetic hormone injected into cows to increase milk production, the agency has held that it cannot require food producers to label products as genetically engineered.

In the intervening years, the use of genetically engineered crops has skyrocketed; 93 percent of this year's soybean crop is genetically engineered, according to the U.S. Agriculture Department.

Byproducts of those crops - soy lecithin, for example - are found in thousands of processed foods from chocolate bars to breakfast cereal; none is labeled as containing genetically modified ingredients.

No 'Hormone Free' either

The labeling matter is further complicated because the FDA has maintained a tough stance for food makers who don't use genetically engineered ingredients and want to promote their products as an alternative. The agency allows manufacturers to label their products as not genetically engineered as long as those labels are accurate and do not imply that the products are therefore more healthful.

The agency warned the dairy industry in 1994 that it could not use "Hormone Free" labeling on milk from cows that are not given engineered hormones, because all milk contains some hormones.

It has sent a flurry of enforcement letters to food makers, including B&G Foods, which was told it could not use the phrase "GMO-free" on its Polaner All Fruit strawberry spread label because GMO refers to genetically modified organisms and strawberries are produce, not organisms.

It told the maker of Spectrum Canola Oil that it could not use a label that included a red circle with a line through it and the words "GMO," saying the symbol suggested that there was something wrong with genetically engineered food.

"This to me raises questions about whose interest the FDA is protecting," said Rep. Dennis J. Kucinich (D-Ohio), who has introduced legislation that would require labeling for genetically engineered food. "They are clearly protecting industry and not the public."

One state with a sizable salmon fishing industry - Alaska - passed a law in 2005 that requires labeling of any genetically engineered fish sold there.

"One side of the argument says let's give consumers sovereignty over their food choices," Hallman said. "The other says we've done the science on this and it's no different, so if we put a label on it, we're implying it's somehow risky and that's like government imposed false advertising."

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AQUACULTURE September 23, 2010, 5:00PM EST

This Genetically Altered Salmon Is No Fish Story

Inching toward FDA approval, AquaBounty's mega-fish stir critics

By Molly Peterson

For 15 years, AquaBounty Technologies has tried to win U.S. approval to sell a genetically modified salmon that can reach full size up to twice as fast as its naturally occurring brethren. Now the effort by the Waltham (Mass.) company may be drawing to a close. U.S. Food and Drug Administration advisers last week held what may be the agency's final hearing on whether AquaBounty's salmon is safe to eat.

The FDA hasn't set the timing of a final decision. Its staff, though, has already agreed that the meat from the altered fish is safe and has no biologically relevant differences from that of the naturally occurring variety. So AquaBounty's fish finally may be headed for American kitchens. FDA approval could make the salmon the first in a series of animals with mix-and-match DNA that have the potential to change the U.S. food chain.

AquaBounty's Atlantic salmon contain a growth gene implanted from another variety of salmon that's activated by DNA from an eel-like creature called the ocean pout. The altered fish can grow to "market weight" of as much as 13 pounds in two or three years, compared with three to four years required for natural salmon, says Chief Executive Officer Ronald L. Stotish.

The company would sell its AquAdvantage brand salmon eggs to fish farms isolated from the ocean that then could see their catch reach supermarkets in about two years. Stotish says the enhanced fish could "increase the availability of a high-quality product that is indistinguishable from the traditional food."

Not everyone is firing up their grills just yet. Groups opposed to genetically modified foods on Sept. 16 held a protest in Washington. "Today it's a fish that we're talking about. But very soon it will be genetically engineered pigs, chicken, and our beloved cows," Ben & Jerry's CEO Jostein Solheim told protesters.

Critics say they're particularly miffed that the FDA is reviewing AquaBounty's altered fish as a veterinary drug rather than creating a new review process for gene-altered foods. FDA spokeswoman Siobhan DeLancey says the genetic material used in the AquaBounty fish meets the statutory definition of a veterinary drug because it alters the structure and function of the animal. She says veterinary drug approval is stringent: "The review of the AquAdvantage salmon, conducted under that process, includes a rigorous analysis of food safety and application of a stringent safety standard: 'reasonable certainty of no harm'"

The FDA's decision, critics say, allows some testing data reviewed by regulators to be kept confidential, as trade secrets. "They're obviously using this veterinary designation to keep the data confidential," says Wenonah Hauter, executive director of Food & Water Watch, an environmental and food-safety group in Washington. "I think they're afraid of the public reaction."

Alaska Senators Mark Begich and Lisa Murkowski, whose state harvested 163 million commercial salmon last year, are also against AquAdvantage. "Let's call this genetically engineered fish for what it is: Frankenfish."

Begich said in a statement. "Approval of genetically modified salmon, the first such hybrid to be considered for human consumption, is unprecedented, risky, and a threat to the survival of wild species."

The modified fish, all female, are sterile, so they can't reproduce with regular salmon, Stotish says. "People who take the time to look" at the regulatory data "will satisfy themselves that the FDA has taken a very cautious, very robust regulatory approach," he says.

Stotish says 97 percent of the total tonnage of salmon now consumed in the U.S. is imported. Almost 427,000 tons, valued at $1.39 billion, was imported last year from countries led by Chile, Canada, and Norway, according to Agriculture Dept. data. Although he says it's too early to project the sales potential of AquAdvantage eggs, Stotish says the fast-growing salmon could help domestic fisheries gain a larger share of the market.

The genetically engineered salmon eggs are produced at an AquaBounty facility in Prince Edward Island, Canada, and the fish are grown to market weight at an AquaBounty farm in Panama. If the FDA approves the aquaculture company's salmon, another company would sell the Panama-grown fish in the U.S., Stotish told reporters at a Sept. 20 FDA advisory panel meeting. He declined to identify the company because the product hasn't been approved yet. "AquaBounty does not plan to be in the fish business," he said. "We're a technology company."

The bottom line: *Although genetically modified crops have been used for 20 years, AquaBounty's gene-altered salmon is facing fierce scrutiny and protests.*

Peterson is a reporter for Bloomberg News.

× Click here to find out more!

Canadian 'Frankenfish' Named One of 2010 Top Inventions

FDA could soon approve genetically modified salmon, lawsuit threatened

By Joan Delaney
Epoch Times Staff

Last Updated: Dec 30, 2010 *Created:* Dec 30, 2010



Salmon wait to be processed at a fish factory in Chile. A controversial fast-growing genetically engineered salmon developed in Canada could soon be approved for sale in the U.S. (Francisco Negroni/AFP/Getty Images)

A controversial fast-growing genetically engineered salmon developed in Canada has been named one of the 50 best inventions of 2010 in the online version of Time Magazine.

U.S. biotech company AquaBounty Technologies Inc.'s GE salmon—dubbed "Frankenfish" by environmentalists—could soon be approved for sale in the U.S.

AquaBounty plans to produce the GE salmon eggs at its facility on Prince Edward Island, then ship them to Panama to be grown and processed in controlled facilities.

The company is currently seeking approval from the Food and Drug Administration (FDA) to sell the salmon in the U.S. If it gets the green light, the salmon, called AquAdvantage, will be the first GE animal ever approved for human consumption.

AquaBounty engineered Atlantic salmon to grow faster by inserting a growth hormone from Chinook salmon and genetic material from the eel-like ocean pout, which can survive in extremely cold waters. The technology was developed by scientists at Newfoundland's Memorial University.

"The problem is that salmon make bad farm animals; it takes 3 lb. (1.36 kilos) of feed to grow 1

lb. (.45 kilo) of salmon," Time said. "AquAdvantage Atlantic salmon can grow twice as fast, making them easier to farm."

But opposition to the transgenic salmon—from environmental and consumer groups, food safety advocates, and commercial and recreational fisheries associations, among others—has been growing on both sides of the border.

Just last week, the U.S. chapter of Trout Unlimited said it is prepared to take legal action if the FDA approves AquAdvantage for sale.

Trout Unlimited CEO Chris Wood says the FDA is not equipped to estimate the environmental risk posed by GE animals and doesn't have any fisheries scientists—"and that's who we need looking at this now."

Related Articles

- Has the FDA Already Decided About Genetically Engineered Salmon? Part 2
- 'Frankenfish,' Genetically Modified Salmon, Face Review by FDA Panel

"We are not a litigious organization, but we are just so profoundly concerned that while the FDA may have done a great job in terms of looking at the potential impacts on human health of genetically modified salmon, the FDA is patently unqualified to be able to look at the potential environmental effects of allowing these fish to be brought to market."

'Enviropig' Next?

The FDA declared in September that the genetically altered salmon are safe to eat and "are not expected to have a significant impact" on the environment.

AquaBounty has said there will be tight regulations around marketing the salmon. But that's not enough, says Wood.

"Once these get on the market and other countries get a hold of them and other companies get a hold of them, there's no guarantees and there's no assurances or safeguards that they won't be released into the environment, either inadvertently or intentionally.

"We want to see the affects of that almost inevitability very carefully studied and researched before the government makes a decision."

Biotech opponents in Canada fear that if AquaBounty's salmon is approved for the U.S. market, Canadians will be the next to find unlabelled GE salmon on their store shelves—followed by the GE "Enviropig" engineered by scientists at the University of Guelph. The university has asked Health Canada to approve Enviropig for human consumption.

A coalition representing fisheries and oceans conservation, environmental, and social justice groups—60 organizations in all—is working to block the GE salmon completely in Canada.

The coalition has released a statement of

"The consequences of an accident are so huge that the risks are just

"categorical objection" to the raising of GE fish and fish eggs and has called on Environment Minister John Baird to take action to prevent the eggs from being produced in Canada.

'...the risks are just too big to consider releasing this GE salmon.'—Lucy Sharratt

Lucy Sharratt of the Canadian Biotechnology Action Network calls the technology dangerous and says the GE salmon pose a "profound threat" to wild fish if they escape.

"There's always going to be a risk, and the consequences of an accident are so huge that the risks are just too big to consider releasing this GE salmon. Consumers don't want it. Even the aquaculture industry doesn't want it. So it's not wanted and yet it represents a huge risk to an endangered wild fish population."

Minimal Risk of Escape

AquaBounty, which does not yet have permission from Environment Canada to commercially produce its salmon eggs in P.E.I., says the likelihood of escape is minimal due to stringent containment measures at its land-based facilities in both P.E.I. and Panama.

If an accidental escape did occur, "environmental conditions at the facilities are such that survival of the organisms would be highly unlikely," the company said in its Environmental Risk Assessment.

"We believe the economic and environmental benefits of our salmon will very effectively help to meet the demand for food from the growing world population," said Ronald Stotish, president and CEO of AquaBounty, in an August press release.

Ruth Salmon, spokeswoman for the Canadian Aquaculture Industry Alliance, says the aquaculture industry doesn't support producing genetically engineered salmon for human consumption.

"We have done quite a bit of research and the market doesn't want [GE salmon], our customers don't want it," Salmon told the Vancouver Sun.

"The aquaculture industry knows that if genetically engineered salmon are approved, consumers will start rejecting farmed salmon as a means of avoiding genetically engineered salmon," says Sharratt.

"There's going to be a huge consumer backlash and it's the aquaculture industry that's going to feel that when consumers stop buying farmed salmon."

Related Articles

- Has the FDA Already Decided About Genetically Engineered Salmon? Part 2
- 'Frankenfish,' Genetically Modified Salmon, Face Review by FDA Panel

A U.S. survey conducted in September found that, overall, 78 percent of adults believe the FDA

should not approve GE salmon for human consumption, compared to 16 percent who want to see it approved.

A group of 12 U.S. organizations, including the Union of Concerned Scientists, Greenpeace, and the Ocean Conservancy, has sent a letter to President Barack Obama and the FDA demanding that the agency conduct a rigorous environmental impact study before deciding whether to approve the GE salmon.

REPRESENTATIVE PAUL SEATON, Co-CHAIRMAN
HOUSE RESOURCES COMMITTEE 3/11/2011
HJR 8 OPPOSE GENETICALLY MODIFIED SALMON

HJR

9

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9</SUBJECT><COMM>HRES27</COMM></TARGET>

Alaska State Legislature

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Representative Lance Pruitt
Co-Chair, House Energy Committee

Sponsor Statement

HJR 9
Endorsing ANWR Leasing

House Joint Resolution 9 urges the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge to oil and gas exploration and development.

The Alaska National Interest Lands Conservation Act of 1980 prohibited leasing or other development leading to production of oil and gas from the Arctic National Wildlife Refuge. Today domestic demand for oil continues to rise while domestic crude production continues to fall, with the result that the United States imports additional oil from foreign sources.

The oil industry has shown at Prudhoe Bay, as well as at other locations along the Arctic coastal plain, that it is capable of conducting responsible oil and gas activity without adversely affecting the environment or wildlife populations.

HJR 9 mirrors and endorses previous Legislature's resolutions in enthusiastically supporting the opening of ANWR for responsible development. It is paramount that the 27th Alaska Legislature joins these past efforts in sending a unified resolution to Congress.

Alaska State Legislature

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Representative Lance Pruitt
Co-Chair, House Energy Committee

Summary of Changes from HJR 9 Version A to Draft CS Version B

HJR 9
Endorsing ANWR Leasing

The following language was added to the title paragraph on page 1 line 1: "relating to oil and gas exploration, development, production, and royalties; and relating to renewable and alternative energy technologies." This change was made to better reflect all of the language included in the resolution.

Removed "any" from page 3 line 21. This sounded redundant in its usage.

Added "and alternative" to page 3 line 22 and page 4 line 5. Alternative adds additional sources of energy generation that renewable alone does not.

"the Alaska State Legislature urges that oil and gas exploration, development, and production" added to page 3 line 29. This was added for clarification.

HJR 9 Endorsing ANWR Leasing

27-LS0379\B

Please prepare a new CS with the following amendment adopted in House Resources Committee on Wednesday, Feb. 23rd.:

Page 2 – line 6 - it should read "...the state and nation's future energy independence"

Please call if there is any further clarification needed – I would like to turn this in to the clerk's office tomorrow before 4 p.m.

Thanks

Linda Hay # 3715

predominantly Inupiat Eskimo, are supportive of development in the "1002 study area"; and

WHEREAS oil and gas exploration and development of the coastal plain of the refuge and adjacent land could result in major discoveries that would reduce our nation's future need for imported oil, help balance the nation's trade deficit, and significantly increase the nation's security; and

WHEREAS the state's ~~+~~ nation's future energy independence would be enhanced with additional natural gas production from the North Slope of Alaska including what are expected to be significant gas reserves in the Arctic National Wildlife Refuge, and the development of those reserves would enhance the economic viability of the proposed Alaska Natural Gas Pipeline; and

WHEREAS domestic demand for oil continues to rise while domestic crude production continues to fall, with the result that the United States imports additional oil from foreign sources; and

WHEREAS development of oil at Prudhoe Bay, Kuparuk, Endicott, Lisburne, and Milne Point has resulted in thousands of jobs throughout the United States, and projected job creation as a result of coastal plain oil development will have a positive effect in all 50 states; and

WHEREAS Prudhoe Bay production is declining; and

WHEREAS the Trans Alaska Pipeline System, a transportation facility that is a national asset and that would cost billions of dollars to replace, would have its useful physical life extended for a substantial period if the additional reserves of recoverable oil from the coastal plain were produced; and

WHEREAS, while new oil field developments on the North Slope of Alaska, such as Alpine, Northstar, and West Sak, may temporarily slow the decline in production, only giant coastal plain fields have the theoretical capability of increasing the production volume of Alaska oil to a significant degree; and

WHEREAS opening the coastal plain of the Arctic National Wildlife Refuge now allows sufficient time for planning environmental safeguards, development, and national security review; and

WHEREAS the 1,500,000-acre coastal plain of the refuge makes up only eight percent of the 19,000,000-acre refuge, and the development of the oil and gas reserves in the

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CS FOR HOUSE JOINT RESOLUTION NO. 9( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES PRUITT, Stoltze, Lynn, Johnson, Costello, Hawker, Chenault, Peggy Wilson, Thompson, Gardner

A RESOLUTION

Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge to oil and gas exploration, development, and production; relating to oil and gas exploration, development, production, and royalties; and relating to renewable and alternative energy technologies.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS, in 16 U.S.C. 3142 (sec. 1002 of the Alaska National Interest Lands Conservation Act (ANILCA)), the United States Congress reserved the right to permit further oil and gas exploration, development, and production within the coastal plain of the Arctic National Wildlife Refuge; and

WHEREAS the oil industry, the state, and the United States Department of the Interior consider the coastal plain to have the highest potential for discovery of very large oil and gas accumulations on the continent of North America, estimated to be as much as 10,000,000,000 barrels of recoverable oil; and

WHEREAS the "1002 study area" is part of the coastal plain located within the North Slope Borough, and many of the residents of the North Slope Borough, who are

predominantly Inupiat Eskimo, are supportive of development in the "1002 study area"; and

WHEREAS oil and gas exploration and development of the coastal plain of the refuge and adjacent land could result in major discoveries that would reduce our nation's future need for imported oil, help balance the nation's trade deficit, and significantly increase the nation's security; and

WHEREAS the state's future energy independence would be enhanced with additional natural gas production from the North Slope of Alaska including what are expected to be significant gas reserves in the Arctic National Wildlife Refuge, and the development of those reserves would enhance the economic viability of the proposed Alaska Natural Gas Pipeline; and

WHEREAS domestic demand for oil continues to rise while domestic crude production continues to fall, with the result that the United States imports additional oil from foreign sources; and

WHEREAS development of oil at Prudhoe Bay, Kuparuk, Endicott, Lisburne, and Milne Point has resulted in thousands of jobs throughout the United States, and projected job creation as a result of coastal plain oil development will have a positive effect in all 50 states; and

WHEREAS Prudhoe Bay production is declining; and

WHEREAS the Trans Alaska Pipeline System, a transportation facility that is a national asset and that would cost billions of dollars to replace, would have its useful physical life extended for a substantial period if the additional reserves of recoverable oil from the coastal plain were produced; and

WHEREAS, while new oil field developments on the North Slope of Alaska, such as Alpine, Northstar, and West Sak, may temporarily slow the decline in production, only giant coastal plain fields have the theoretical capability of increasing the production volume of Alaska oil to a significant degree; and

WHEREAS opening the coastal plain of the Arctic National Wildlife Refuge now allows sufficient time for planning environmental safeguards, development, and national security review; and

WHEREAS the 1,500,000-acre coastal plain of the refuge makes up only eight percent of the 19,000,000-acre refuge, and the development of the oil and gas reserves in the

refuge's coastal plain would affect an area of only 2,000 to 7,000 acres, which is less than one-half of one percent of the area of the coastal plain; and

WHEREAS 8,900,000 of the 19,000,000 acres of the refuge have already been set aside as wilderness; and

WHEREAS the oil industry has shown at Prudhoe Bay, as well as at other locations along the Arctic coastal plain, that it is capable of conducting oil and gas activity without adversely affecting the environment or wildlife populations; and

WHEREAS the state will strive to ensure the continued health and productivity of the Porcupine Caribou herd and the protection of land, water, and wildlife resources during the exploration and development of the coastal plain of the Arctic National Wildlife Refuge; and

WHEREAS the oil and gas industry is developing directional drilling technology that will allow horizontal drilling in a responsible manner by minimizing the development footprint within the Arctic National Wildlife Refuge and this directional drilling technology may be capable of drilling from outside of the boundaries of the 1002 study area; and

WHEREAS the oil industry is using innovative technology and environmental practices in the new field developments at Alpine and Northstar, and those techniques are directly applicable to operating on the coastal plain and would enhance environmental protection beyond traditionally high standards; and

WHEREAS the continued competitiveness and stability of the state and its economy require that the Alaska State Legislature consider national trends toward renewable energy development; and

WHEREAS the Alaska State Legislature encourages the use of revenue from development in the Arctic National Wildlife Refuge for the development of renewable and alternative energy resources in the state;

BE IT RESOLVED that the Alaska State Legislature urges the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge to oil and gas exploration, development, and production; and be it

FURTHER RESOLVED that the Alaska State Legislature urges that oil and gas exploration, development, and production activity be conducted in a manner that protects the environment and the naturally occurring population levels of the Porcupine Caribou herd on which the Gwich'in and other local residents depend, that uses directional drilling and other

advances in technology to minimize the development footprint in the 1002 study area, and that uses the state's work force to the maximum extent possible; and be it

FURTHER RESOLVED that the Alaska State Legislature urges the United States Congress to pass legislation opening the 1002 study area for oil and gas development while continuing to work on measures for increasing the development and use of renewable and alternative energy technologies; and be it

FURTHER RESOLVED that the Alaska State Legislature opposes any unilateral reduction in royalty revenue from exploration and development of the coastal plain of the Arctic National Wildlife Refuge and any attempt to coerce the State of Alaska into accepting less than the 90 percent of the oil, gas, and mineral royalties from the federal land in the state that was promised to the state at statehood.

COPIES of this resolution shall be sent to the Honorable Barack Obama, President of the United States; the Honorable Joseph R. Biden, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable Ken Salazar, United States Secretary of the Interior; the Honorable John Boehner, Speaker of the U.S. House of Representatives; the Honorable Nancy Pelosi, Minority Leader of the U.S. House of Representatives; the Honorable Harry Reid, Majority Leader of the U.S. Senate; the Honorable Mitch McConnell, Minority Leader of the U.S. Senate; the Honorable Jeff Bingaman, Chair of the Energy and Natural Resources Committee of the U.S. Senate; the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress; and all other members of the 112th United States Congress.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: **HJR 009**
() Publish Date

HJR009-LEG-COU-2-21-11
Title: "Endorsing ANWR Leasing"
Sponsor: Representative Pruitt
Requester: House Resources Committee

Dept. Affected: Legislature
Appropriation: Legislative Council
Allocation: Session Expenses
OMB Component Number: 782

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by: Shane Miller, Finance Manager — Phone 465-6626
Division: Administrative Services Division — Date/Time 2/21/11 11:16 AM
Approved by: Pamela Varni, Executive Director — Date 2/21/2011
Legislative Affairs Agency

(Revised 12/29/2010 OMB)

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HJR 009

Analysis

This fiscal note has zero impact on the Legislative Affairs Agency.

U.S. GOVERNMENT INFORMATION GPO

I

112TH CONGRESS
1ST SESSION

H. R. 49

To direct the Secretary of the Interior to establish and implement a competitive oil and gas leasing program that will result in an environmentally sound program for the exploration, development, and production of the oil and gas resources of the Coastal Plain of Alaska, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 2011

Mr. YOUNG of Alaska introduced the following bill; which was referred to the Committee on Natural Resources, and in addition to the Committees on Energy and Commerce and Science, Space, and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To direct the Secretary of the Interior to establish and implement a competitive oil and gas leasing program that will result in an environmentally sound program for the exploration, development, and production of the oil and gas resources of the Coastal Plain of Alaska, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "American Energy Independence and Price Reduction Act".

SEC. 2. DEFINITIONS.

In this Act:

(1) COASTAL PLAIN.—The term "Coastal Plain" means that area described in appendix I to part 37 of title 50, Code of Federal Regulations.

(2) SECRETARY.—The term "Secretary", except as otherwise provided, means the Secretary of the Interior or the Secretary's designee.

SEC. 3. LEASING PROGRAM FOR LANDS WITHIN THE COASTAL PLAIN.

(a) IN GENERAL.—The Secretary shall take such actions as are necessary—

(1) to establish and implement, in accordance with this Act and acting through the Director of the Bureau of Land Management in consultation with the Director of the United States Fish and Wildlife Service, a competitive oil and gas leasing program that will result in an environmentally sound program for the exploration, development, and production of the oil and gas resources of the Coastal Plain; and

(2) to administer the provisions of this Act through regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other provisions

that ensure the oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, their habitat, subsistence resources, and the environment, including, in furtherance of this goal, by requiring the application of the best commercially available technology for oil and gas exploration, development, and production to all exploration, development, and production operations under this Act in a manner that ensures the receipt of fair market value by the public for the mineral resources to be leased.

(b) REPEAL.—

(1) REPEAL.—Section 1003 of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3143) is repealed.

(2) CONFORMING AMENDMENT.—The table of contents in section 1 of such Act is amended by striking the item relating to section 1003.

(c) COMPLIANCE WITH REQUIREMENTS UNDER CERTAIN OTHER LAWS.—

(1) COMPATIBILITY.—For purposes of the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd et seq.), the oil and gas leasing program and activities authorized by this

section in the Coastal Plain are deemed to be compatible with the purposes for which the Arctic National Wildlife Refuge was established, and no further findings or decisions are required to implement this determination.

(2) ADEQUACY OF THE DEPARTMENT OF THE INTERIOR'S LEGISLATIVE ENVIRONMENTAL IMPACT STATEMENT.—The "Final Legislative Environmental Impact Statement" (April 1987) on the Coastal Plain prepared pursuant to section 1002 of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3142) and section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)) is deemed to satisfy the requirements under the National Environmental Policy Act of 1969 that apply with respect to prelease activities, including actions authorized to be taken by the Secretary to develop and promulgate the regulations for the establishment of a leasing program authorized by this Act before the conduct of the first lease sale.

(3) COMPLIANCE WITH NEPA FOR OTHER ACTIONS.—Before conducting the first lease sale under this Act, the Secretary shall prepare an environmental impact statement under the National Envi-

ronmental Policy Act of 1969 with respect to the actions authorized by this Act that are not referred to in paragraph (2). Notwithstanding any other law, the Secretary is not required to identify nonleasing alternative courses of action or to analyze the environmental effects of such courses of action. The Secretary shall only identify a preferred action for such leasing and a single leasing alternative, and analyze the environmental effects and potential mitigation measures for those two alternatives. The identification of the preferred action and related analysis for the first lease sale under this Act shall be completed within 18 months after the date of enactment of this Act. The Secretary shall only consider public comments that specifically address the Secretary's preferred action and that are filed within 20 days after publication of an environmental analysis. Notwithstanding any other law, compliance with this paragraph is deemed to satisfy all requirements for the analysis and consideration of the environmental effects of proposed leasing under this Act.

(d) RELATIONSHIP TO STATE AND LOCAL AUTHORITY.—Nothing in this Act shall be considered to expand or limit State and local regulatory authority.

(e) SPECIAL AREAS.—

(1) IN GENERAL.—The Secretary, after consultation with the State of Alaska, the city of Kaktovik, and the North Slope Borough, may designate up to a total of 45,000 acres of the Coastal Plain as a Special Area if the Secretary determines that the Special Area is of such unique character and interest so as to require special management and regulatory protection. The Secretary shall designate as such a Special Area the Sadlerochit Spring area, comprising approximately 4,000 acres.

(2) MANAGEMENT.—Each such Special Area shall be managed so as to protect and preserve the area's unique and diverse character including its fish, wildlife, and subsistence resource values.

(3) EXCLUSION FROM LEASING OR SURFACE OCCUPANCY.—The Secretary may exclude any Special Area from leasing. If the Secretary leases a Special Area, or any part thereof, for purposes of oil and gas exploration, development, production, and related activities, there shall be no surface occupancy of the lands comprising the Special Area.

(4) DIRECTIONAL DRILLING.—Notwithstanding the other provisions of this subsection, the Secretary may lease all or a portion of a Special Area under terms that permit the use of horizontal drilling tech-

nology from sites on leases located outside the Special Area.

(f) LIMITATION ON CLOSED AREAS.—The Secretary's sole authority to close lands within the Coastal Plain to oil and gas leasing and to exploration, development, and production is that set forth in this Act.

(g) REGULATIONS.—

(1) IN GENERAL.—The Secretary shall prescribe such regulations as may be necessary to carry out this Act, including rules and regulations relating to protection of the fish and wildlife, their habitat, subsistence resources, and environment of the Coastal Plain, by no later than 15 months after the date of enactment of this Act.

(2) REVISION OF REGULATIONS.—The Secretary shall periodically review and, if appropriate, revise the rules and regulations issued under subsection (a) to reflect any significant biological, environmental, or engineering data that come to the Secretary's attention.

SEC. 4. LEASE SALES.

(a) IN GENERAL.—Lands may be leased pursuant to this Act to any person qualified to obtain a lease for deposits of oil and gas under the Mineral Leasing Act (30 U.S.C. 181 et seq.).

(b) PROCEDURES.—The Secretary shall, by regulation, establish procedures for—

(1) receipt and consideration of sealed nominations for any area in the Coastal Plain for inclusion in, or exclusion (as provided in subsection (c)) from, a lease sale;

(2) the holding of lease sales after such nomination process; and

(3) public notice of and comment on designation of areas to be included in, or excluded from, a lease sale.

(c) LEASE SALE BIDS.—Bidding for leases under this Act shall be by sealed competitive cash bonus bids.

(d) ACREAGE MINIMUM IN FIRST SALE.—In the first lease sale under this Act, the Secretary shall offer for lease those tracts the Secretary considers to have the greatest potential for the discovery of hydrocarbons, taking into consideration nominations received pursuant to subsection (b)(1), but in no case less than 200,000 acres.

(e) TIMING OF LEASE SALES.—The Secretary shall—

(1) conduct the first lease sale under this Act within 22 months after the date of the enactment of this Act;

(2) evaluate the bids in such sale and issue leases resulting from such sale, within 90 days after the date of the completion of such sale; and

(3) conduct additional sales so long as sufficient interest in development exists to warrant, in the Secretary's judgment, the conduct of such sales.

SEC. 5. GRANT OF LEASES BY THE SECRETARY.

(a) IN GENERAL.—The Secretary may grant to the highest responsible qualified bidder in a lease sale conducted pursuant to section 4 any lands to be leased on the Coastal Plain upon payment by the lessee of such bonus as may be accepted by the Secretary.

(b) SUBSEQUENT TRANSFERS.—No lease issued under this Act may be sold, exchanged, assigned, sublet, or otherwise transferred except with the approval of the Secretary. Prior to any such approval the Secretary shall consult with, and give due consideration to the views of, the Attorney General.

SEC. 6. LEASE TERMS AND CONDITIONS.

(a) IN GENERAL.—An oil or gas lease issued pursuant to this Act shall—

(1) provide for the payment of a royalty of not less than 12½ percent in amount or value of the production removed or sold from the lease, as deter-

mined by the Secretary under the regulations applicable to other Federal oil and gas leases;

(2) provide that the Secretary may close, on a seasonal basis, portions of the Coastal Plain to exploratory drilling activities as necessary to protect caribou calving areas and other species of fish and wildlife;

(3) require that the lessee of lands within the Coastal Plain shall be fully responsible and liable for the reclamation of lands within the Coastal Plain and any other Federal lands that are adversely affected in connection with exploration, development, production, or transportation activities conducted under the lease and within the Coastal Plain by the lessee or by any of the subcontractors or agents of the lessee;

(4) provide that the lessee may not delegate or convey, by contract or otherwise, the reclamation responsibility and liability to another person without the express written approval of the Secretary;

(5) provide that the standard of reclamation for lands required to be reclaimed under this Act shall be, as nearly as practicable, a condition capable of supporting the uses which the lands were capable of supporting prior to any exploration, development, or

production activities, or upon application by the lessee, to a higher or better use as approved by the Secretary;

(6) contain terms and conditions relating to protection of fish and wildlife, their habitat, subsistence resources, and the environment as required pursuant to section 3(a)(2);

(7) provide that the lessee, its agents, and its contractors use best efforts to provide a fair share, as determined by the level of obligation previously agreed to in the 1974 agreement implementing section 29 of the Federal Agreement and Grant of Right of Way for the Operation of the Trans-Alaska Pipeline, of employment and contracting for Alaska Natives and Alaska Native Corporations from throughout the State;

(8) prohibit the export of oil produced under the lease; and

(9) contain such other provisions as the Secretary determines necessary to ensure compliance with the provisions of this Act and the regulations issued under this Act.

(b) PROJECT LABOR AGREEMENTS.—The Secretary, as a term and condition of each lease under this Act and in recognizing the Government's proprietary interest in

labor stability and in the ability of construction labor and management to meet the particular needs and conditions of projects to be developed under the leases issued pursuant to this Act and the special concerns of the parties to such leases, shall require that the lessee and its agents and contractors negotiate to obtain a project labor agreement for the employment of laborers and mechanics on production, maintenance, and construction under the lease.

SEC. 7. COASTAL PLAIN ENVIRONMENTAL PROTECTION.

(a) NO SIGNIFICANT ADVERSE EFFECT STANDARD TO GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.—The Secretary shall, consistent with the requirements of section 3, administer the provisions of this Act through regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other provisions that—

(1) ensure the oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, their habitat, and the environment;

(2) require the application of the best commercially available technology for oil and gas exploration, development, and production on all new exploration, development, and production operations; and

(3) ensure that the maximum amount of surface acreage covered by production and support facilities, including airstrips and any areas covered by gravel berms or piers for support of pipelines, does not exceed 2,000 acres on the Coastal Plain.

(b) SITE-SPECIFIC ASSESSMENT AND MITIGATION.—The Secretary shall also require, with respect to any proposed drilling and related activities, that—

(1) a site-specific analysis be made of the probable effects, if any, that the drilling or related activities will have on fish and wildlife, their habitat, subsistence resources, and the environment;

(2) a plan be implemented to avoid, minimize, and mitigate (in that order and to the extent practicable) any significant adverse effect identified under paragraph (1); and

(3) the development of the plan shall occur after consultation with the agency or agencies having jurisdiction over matters mitigated by the plan.

(c) REGULATIONS TO PROTECT COASTAL PLAIN FISH AND WILDLIFE RESOURCES, SUBSISTENCE USERS, AND THE ENVIRONMENT.—Before implementing the leasing program authorized by this Act, the Secretary shall prepare and promulgate regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other

measures designed to ensure that the activities undertaken on the Coastal Plain under this Act are conducted in a manner consistent with the purposes and environmental requirements of this Act.

(d) COMPLIANCE WITH FEDERAL AND STATE ENVIRONMENTAL LAWS AND OTHER REQUIREMENTS.—The proposed regulations, lease terms, conditions, restrictions, prohibitions, and stipulations for the leasing program under this Act shall require compliance with all applicable provisions of Federal and State environmental law, and shall also require the following:

(1) Standards at least as effective as the safety and environmental mitigation measures set forth in items 1 through 29 at pages 167 through 169 of the "Final Legislative Environmental Impact Statement" (April 1987) on the Coastal Plain.

(2) Seasonal limitations on exploration, development, and related activities, where necessary, to avoid significant adverse effects during periods of concentrated fish and wildlife breeding, denning, nesting, spawning, and migration.

(3) That exploration activities, except for surface geological studies, be limited to the period between approximately November 1 and May 1 each year and that exploration activities shall be sup-

ported, if necessary, by ice roads, winter trails with adequate snow cover, ice pads, ice airstrips, and air transport methods, except that such exploration activities may occur at other times if the Secretary finds that such exploration will have no significant adverse effect on the fish and wildlife, their habitat, and the environment of the Coastal Plain.

(4) Design safety and construction standards for all pipelines and any access and service roads, that—

(A) minimize, to the maximum extent possible, adverse effects upon the passage of migratory species such as caribou; and

(B) minimize adverse effects upon the flow of surface water by requiring the use of culverts, bridges, and other structural devices.

(5) Prohibitions on general public access and use on all pipeline access and service roads.

(6) Stringent reclamation and rehabilitation requirements, consistent with the standards set forth in this Act, requiring the removal from the Coastal Plain of all oil and gas development and production facilities, structures, and equipment upon completion of oil and gas production operations, except that the Secretary may exempt from the requirements of this

paragraph those facilities, structures, or equipment that the Secretary determines would assist in the management of the Arctic National Wildlife Refuge and that are donated to the United States for that purpose.

(7) Appropriate prohibitions or restrictions on access by all modes of transportation.

(8) Appropriate prohibitions or restrictions on sand and gravel extraction.

(9) Consolidation of facility siting.

(10) Appropriate prohibitions or restrictions on use of explosives.

(11) Avoidance, to the extent practicable, of springs, streams, and river system; the protection of natural surface drainage patterns, wetlands, and riparian habitats; and the regulation of methods or techniques for developing or transporting adequate supplies of water for exploratory drilling.

(12) Avoidance or minimization of air traffic-related disturbance to fish and wildlife.

(13) Treatment and disposal of hazardous and toxic wastes, solid wastes, reserve pit fluids, drilling muds and cuttings, and domestic wastewater, including an annual waste management report, a hazardous materials tracking system, and a prohibition

on chlorinated solvents, in accordance with applicable Federal and State environmental law.

(14) Fuel storage and oil spill contingency planning.

(15) Research, monitoring, and reporting requirements.

(16) Field crew environmental briefings.

(17) Avoidance of significant adverse effects upon subsistence hunting, fishing, and trapping by subsistence users.

(18) Compliance with applicable air and water quality standards.

(19) Appropriate seasonal and safety zone designations around well sites, within which subsistence hunting and trapping shall be limited.

(20) Reasonable stipulations for protection of cultural and archeological resources.

(21) All other protective environmental stipulations, restrictions, terms, and conditions deemed necessary by the Secretary.

(e) CONSIDERATIONS.—In preparing and promulgating regulations, lease terms, conditions, restrictions, prohibitions, and stipulations under this section, the Secretary shall consider the following:

(1) The stipulations and conditions that govern the National Petroleum Reserve-Alaska leasing program, as set forth in the 1999 Northeast National Petroleum Reserve-Alaska Final Integrated Activity Plan/Environmental Impact Statement.

(2) The environmental protection standards that governed the initial Coastal Plain seismic exploration program under parts 37.31 to 37.33 of title 50, Code of Federal Regulations.

(3) The land use stipulations for exploratory drilling on the KIC–ASRC private lands that are set forth in appendix 2 of the August 9, 1983, agreement between Arctic Slope Regional Corporation and the United States.

(f) FACILITY CONSOLIDATION PLANNING.—

(1) IN GENERAL.—The Secretary shall, after providing for public notice and comment, prepare and update periodically a plan to govern, guide, and direct the siting and construction of facilities for the exploration, development, production, and transportation of Coastal Plain oil and gas resources.

(2) OBJECTIVES.—The plan shall have the following objectives:

(A) Avoiding unnecessary duplication of facilities and activities.

(B) Encouraging consolidation of common facilities and activities.

(C) Locating or confining facilities and activities to areas that will minimize impact on fish and wildlife, their habitat, and the environment.

(D) Utilizing existing facilities wherever practicable.

(E) Enhancing compatibility between wildlife values and development activities.

(g) ACCESS TO PUBLIC LANDS.—The Secretary shall—

(1) manage public lands in the Coastal Plain subject to subsections (a) and (b) of section 811 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3121); and

(2) ensure that local residents shall have reasonable access to public lands in the Coastal Plain for traditional uses.

SEC. 8. EXPEDITED JUDICIAL REVIEW.

(a) FILING OF COMPLAINT.—

(1) DEADLINE.—Subject to paragraph (2), any complaint seeking judicial review of any provision of this Act or any action of the Secretary under this Act shall be filed—

(A) except as provided in subparagraph (B), within the 90-day period beginning on the date of the action being challenged; or

(B) in the case of a complaint based solely on grounds arising after such period, within 90 days after the complainant knew or reasonably should have known of the grounds for the complaint.

(2) VENUE.—Any complaint seeking judicial review of any provision of this Act or any action of the Secretary under this Act may be filed only in the United States Court of Appeals for the District of Columbia.

(3) LIMITATION ON SCOPE OF CERTAIN REVIEW.—Judicial review of a Secretarial decision to conduct a lease sale under this Act, including the environmental analysis thereof, shall be limited to whether the Secretary has complied with the terms of this Act and shall be based upon the administrative record of that decision. The Secretary's identification of a preferred course of action to enable leasing to proceed and the Secretary's analysis of environmental effects under this Act shall be presumed to be correct unless shown otherwise by clear and convincing evidence to the contrary.

(b) LIMITATION ON OTHER REVIEW.—Actions of the Secretary with respect to which review could have been obtained under this section shall not be subject to judicial review in any civil or criminal proceeding for enforcement.

SEC. 9. FEDERAL AND STATE DISTRIBUTION OF REVENUES.

(a) IN GENERAL.—Notwithstanding any other provision of law, of the amount of adjusted bonus, rental, and royalty revenues from Federal oil and gas leasing and operations authorized under this Act—

(1) 50 percent shall be paid to the State of Alaska; and

(2) except as provided in section 12(d), the balance shall be transferred to the ANWR Alternative Energy Trust Fund established by this Act.

(b) PAYMENTS TO ALASKA.—Payments to the State of Alaska under this section shall be made semiannually.

SEC. 10. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.

(a) IN GENERAL.—The Secretary shall issue rights-of-way and easements across the Coastal Plain for the transportation of oil and gas—

(1) except as provided in paragraph (2), under section 28 of the Mineral Leasing Act (30 U.S.C. 185), without regard to title XI of the Alaska National Interest Lands Conservation Act (30 U.S.C. 3161 et seq.); and

(2) under title XI of the Alaska National Interest Lands Conservation Act (30 U.S.C. 3161 et seq.), for access authorized by sections 1110 and 1111 of that Act (16 U.S.C. 3170 and 3171).

(b) TERMS AND CONDITIONS.—The Secretary shall include in any right-of-way or easement issued under subsection (a) such terms and conditions as may be necessary to ensure that transportation of oil and gas does not result in a significant adverse effect on the fish and wildlife, subsistence resources, their habitat, and the environment of the Coastal Plain, including requirements that facilities be sited or designed so as to avoid unnecessary duplication of roads and pipelines.

(c) REGULATIONS.—The Secretary shall include in regulations under section 3(g) provisions granting rights-of-way and easements described in subsection (a) of this section.

SEC. 11. CONVEYANCE.

In order to maximize Federal revenues by removing clouds on title to lands and clarifying land ownership patterns within the Coastal Plain, the Secretary, notwithstanding the provisions of section 1302(h)(2) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3192(h)(2)), shall convey—

(1) to the Kaktovik Inupiat Corporation the surface estate of the lands described in paragraph 1 of Public Land Order 6959, to the extent necessary to fulfill the Corporation's entitlement under sections 12 and 14 of the Alaska Native Claims Settlement Act (43 U.S.C. 1611 and 1613) in accordance with the terms and conditions of the Agreement between the Department of the Interior, the United States Fish and Wildlife Service, the Bureau of Land Management, and the Kaktovik Inupiat Corporation effective January 22, 1993; and

(2) to the Arctic Slope Regional Corporation the remaining subsurface estate to which it is entitled pursuant to the August 9, 1983, agreement between the Arctic Slope Regional Corporation and the United States of America.

SEC. 12. LOCAL GOVERNMENT IMPACT AID AND COMMUNITY SERVICE ASSISTANCE.

(a) FINANCIAL ASSISTANCE AUTHORIZED.—

(1) IN GENERAL.—The Secretary may use amounts available from the Coastal Plain Local Government Impact Aid Assistance Fund established by subsection (d) to provide timely financial assistance to entities that are eligible under paragraph (2) and that are directly impacted by the exploration for or

production of oil and gas on the Coastal Plain under this Act.

(2) ELIGIBLE ENTITIES.—The North Slope Borough, the City of Kaktovik, and any other borough, municipal subdivision, village, or other community in the State of Alaska that is directly impacted by exploration for, or the production of, oil or gas on the Coastal Plain under this Act, as determined by the Secretary, shall be eligible for financial assistance under this section.

(b) USE OF ASSISTANCE.—Financial assistance under this section may be used only for—

(1) planning for mitigation of the potential effects of oil and gas exploration and development on environmental, social, cultural, recreational, and subsistence values;

(2) implementing mitigation plans and maintaining mitigation projects;

(3) developing, carrying out, and maintaining projects and programs that provide new or expanded public facilities and services to address needs and problems associated with such effects, including firefighting, police, water, waste treatment, medivac, and medical services; and

(4) establishment of a coordination office, by the North Slope Borough, in the City of Kaktovik, which shall—

(A) coordinate with and advise developers on local conditions, impact, and history of the areas utilized for development; and

(B) provide to the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate an annual report on the status of coordination between developers and the communities affected by development.

(c) APPLICATION.—

(1) IN GENERAL.—Any community that is eligible for assistance under this section may submit an application for such assistance to the Secretary, in such form and under such procedures as the Secretary may prescribe by regulation.

(2) NORTH SLOPE BOROUGH COMMUNITIES.—A community located in the North Slope Borough may apply for assistance under this section either directly to the Secretary or through the North Slope Borough.

(3) APPLICATION ASSISTANCE.—The Secretary shall work closely with and assist the North Slope

Borough and other communities eligible for assistance under this section in developing and submitting applications for assistance under this section.

(d) ESTABLISHMENT OF FUND.—

(1) IN GENERAL.—There is established in the Treasury the Coastal Plain Local Government Impact Aid Assistance Fund.

(2) USE.—Amounts in the fund may be used only for providing financial assistance under this section.

(3) DEPOSITS.—Subject to paragraph (4), there shall be deposited into the fund amounts received by the United States as revenues derived from rents, bonuses, and royalties from Federal leases and lease sales authorized under this Act.

(4) LIMITATION ON DEPOSITS.—The total amount in the fund may not exceed $11,000,000.

(5) INVESTMENT OF BALANCES.—The Secretary of the Treasury shall invest amounts in the fund in interest bearing government securities.

(e) AUTHORIZATION OF APPROPRIATIONS.—To provide financial assistance under this section there is authorized to be appropriated to the Secretary from the Coastal Plain Local Government Impact Aid Assistance Fund $5,000,000 for each fiscal year.

SEC. 13. ANWR ALTERNATIVE ENERGY TRUST FUND.

(a) ESTABLISHMENT OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the "ANWR Alternative Energy Trust Fund", consisting of such amounts as may be transferred to the ANWR Alternative Energy Trust Fund as provided in section 9.

(b) EXPENDITURES FROM ANWR ALTERNATIVE ENERGY TRUST FUND.—

(1) IN GENERAL.—Amounts in the ANWR Alternative Energy Trust Fund shall be available without further appropriation to carry out specified provisions of the Energy Policy Act of 2005 (Public Law 109–58; in this section referred to as "EPAct2005") and the Energy Independence and Security Act of 2007 (Public Law 110–140; in this section referred to as "EISAct2007"), as follows:

To carry out the provisions of:	**The following percentage of annual receipts to the ANWR Alternative Energy Trust Fund, but not to exceed the limit on amount authorized, if any:**
EPAct2005:	
Section 210	1.5 percent
Section 242	1.0 percent
Section 369	2.0 percent
Section 401	6.0 percent
Section 812	6.0 percent
Section 931	19.0 percent
Section 942	1.5 percent
Section 962	3.0 percent
Section 968	1.5 percent
Section 1704	6.0 percent
EISAct2007:	

To carry out the provisions of:	The following percentage of annual receipts to the ANWR Alternative Energy Trust Fund, but not to exceed the limit on amount authorized, if any:
Section 207	15.0 percent
Section 607	1.5 percent
Title VI, Subtitle B	3.0 percent
Title VI, Subtitle C	1.5 percent
Section 641	9.0 percent
Title VII, Subtitle A	15.0 percent
Section 1112	1.5 percent
Section 1304	6.0 percent.

(2) APPORTIONMENT OF EXCESS AMOUNT.—Notwithstanding paragraph (1), any amounts allocated under paragraph (1) that are in excess of the amounts authorized in the applicable cited section or subtitle of EPAct2005 and EISAct2007 shall be reallocated to the remaining sections and subtitles cited in paragraph (1), up to the amounts otherwise authorized by law to carry out such sections and subtitles, in proportion to the amounts authorized by law to be appropriated for such other sections and subtitles.

○

HJR 11

<TARGET><BILL>HJR 11</BILL><SUBJECT>HJR 11</SUBJECT><COMM>HRES27</COMM></TARGET>

Alaska House of Representatives

Session: Jan. – Apr.
State Capitol Building
Room 412
Juneau, AK 99801
907.465.3879
Fax 907.465.2069

Interim: May – Dec.
Anchorage LIO
716 W 4th Ave.
Anchorage, AK 99501
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Representative Charisse Millett

District 30

January 25, 2011
Bill Version: 27-LS0187\M

House Joint Resolution 11

Sponsor Statement

"Urging the United States Congress to refrain from passing legislation that designates land in Area 1002 of the Arctic National Wildlife Refuge as wilderness"

House Joint Resolution 18 urges the United States Congress to reject any legislation seeking a wilderness designation for Area 1002 of the Arctic National Wildlife Refuge.

The U.S. Fish and Wildlife Service is drafting a new Comprehensive Conservation Plan for ANWR and the draft report is due out by late March 2011. No matter what the report recommends, it will renew calls for a wilderness designation. Not only will a wilderness designation lock it up – it will throw away the key.

Legislation has already been introduced in the US House of Representatives (H.R. 139) to make the coastal plain of ANWR a wilderness area.

The 1002 Area could be the largest untapped onshore oil prospect in the United States and that makes it both a national refuge and a strategic resource. The two are not incompatible.

Congress deliberately set aside Area 1002 for future oil and gas exploration. Lawmakers at the time understood the day may come when those reserves will be needed to fuel the economy and reduce the flow of imported oil into America.

Alaska needs new jobs to grow its economy and new revenue to fund basic services like education, public safety and transportation infrastructure. America needs a stable, safe and secure supply of energy to help the economy get back on its feet. ANWR can do all of that without harming the fragile arctic environment.

Locking up a two thousand acre area that makes up less than one percent of the refuge and holds an estimated 10,400,000,000 barrels of oil does not make sense for America's economy and national security.

HJR 11 has been referred to the House Resources Committee. For more information, contact Representative Millett at (907) 465-3879.

###

Prepared by Jeff Turner, Staff for Rep. Millett on January 25, 2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: **HJR 11**
() Publish Date

House Joint Resolution NO. 11
Title: "Urging the United States Congress to refrain from passing legislation that that designates land in Area 1002 of the Arc..."
Sponsor: Representative Millett
Requester: House Resources Committee

Dept. Affected: Legislature
Appropriation: B&A Committee, Leg Council
Allocation: & Subcommittees, Leg Operating Budget
OMB Component Number: 783; 775

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

This legislation has zero fiscal impact on the Legislative Affairs Agency.

Prepared by: Shane Miller, Finance Manager — Phone 465-6626
Division: Legislative Affairs Agency — Date/Time 2/3/11 10:32 AM
Approved by: Pamela Varni, Executive Director — Date 2/3/2011
Legislative Affairs Agency

(Revised 12/29/2010 OMB)

Analysis

This fiscal note has zero impact on the Legislative Affairs Agency.

ANWR TALKING POINTS

HJR 12

- More than 75 percent of Alaskans support opening ANWR
- Past legislatures and governors has unanimously supported oil and gas exploration and production in ANWR
- ANWR is America's best chance for a major oil discovery
- That makes it a wildlife refuge and a strategic resource – the two are not incompatible
- The country needs the oil and natural gas within the 1002 Area of ANWR now more than ever
- The recession in the Lower-48 may be headed our way
- Alaska needs the new jobs to grow its economy and the revenue so we can pay for basic state services like education
- A safe, steady supply of domestic oil fuels the economy and helps get the economy back on its feet
- We cannot give up on ANWR

HJR 11

- Any future natural gas pipeline will need the gas in ANWR to heat homes, businesses and generate power in Alaska and the Lower-48
- Locking up a two thousand acre area that makes up less than one percent of the refuge and holds an estimated 10 billion barrels of oil is bad economic and national security policy
- The Inupiat Eskimos living in and around ANWR support onshore development in the 1002 Area
- These resolutions are important - we have to send the message to congress and the Obama administration that ANWR must be part of an overall national energy strategy
- Alaska is doing its part in the global renewable energy production effort

- But it will not happen overnight - we will have to rely on a mix of renewable and non-renewable sources of energy

- The Central Arctic Caribou Herd – which migrates through Prudhoe Bay – has expanded to from 3,000 to 32,000 animals since the pipeline began shipping oil

- The region also has healthy bear, fox and bird populations

THE IMPACT OF ANILCA ON THE POTENTIAL DESIGNATION OF THE COASTAL PLAIN OF ANWR AS A NATIONAL MONUMENT

Prepared by

PATTON BOGGS LLP

For

THE ALASKA STATE LEGISLATURE

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INTRODUCTION

In 1980, Congress enacted the Alaska National Interest Lands Conservation Act ("ANILCA" or the "Act"), transferring approximately 105 million acres of public lands in Alaska into various conservation units and withdrawing many of these lands from further development. The legislation followed several years of debate over the disposition of Alaska lands and a series of unilateral Executive withdrawals in Alaska under the Federal Land Policy and Management Act ("FLPMA") and the Antiquities Act. By the time ANILCA passed, Congress had considered several versions of the legislation. To enact the legislation, the advocates of ANILCA made concessions that were intended to foreclose future withdrawals of Alaska lands from natural resource development.[1]

In addition to the lands set aside in national parks and comparable units through ANILCA, Congress created the Arctic National Wildlife Refuge ("ANWR") from the existing Arctic National Wildlife Range and other public lands.[2] Recognizing its extraordinary potential for oil and gas development, Congress designated approximately fifteen percent of ANWR bordering the Beaufort Sea—an area known as the "coastal plain"[3]—as a special study area to determine both its natural resource potential and its environmental values. *See generally* ANILCA § 1002, 16 U.S.C. § 3142. Unlike the national parks, wilderness areas, and wildlife refuges created through ANILCA, the ultimate status of the coastal plain was left for a future Congress to determine.

Some have suggested that President Clinton should designate the coastal plain of ANWR a national monument under the Antiquities Act[4] and thereby permanently withdraw the area "from all

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[1] *See* discussion *infra*, Section III.

[2] *See* ANILCA § 303(2), Pub. L. No. 96-487, 94 Stat. 2371, 2390 (1980); Pub. Land Order 2214, 25 Fed. Reg. 12,598-99 (1960) (establishing Arctic National Wildlife Range). President Carter sought to expand the Refuge in 1980 under the Federal Land Policy and Management Act ("FLPMA"). *See* Pub. Land Order 5711, 45 Fed. Reg. 9716 (Feb. 12, 1980). ANILCA, however, specifically rescinded this withdrawal. ANILCA § 1322, 16 U.S.C. § 3209.

[3] ANILCA § 1002(b), 16 U.S.C. § 3142(b). The coastal plain represents approximately 1.5 million of the 19.6 million acres that comprise ANWR.

[4] Under the Antiquities Act, 16 U.S.C. §§ 431-433, the President may declare "historic landmarks, historic and prehistoric structures, and other objects of historic or scientific interest," which are located on lands owned or controlled by the Government, to be national monuments. 16 U.S.C. § 431.

forms of entry, location, selection, sale, leasing, or other disposition under the public land laws."[5] The Alaska State Legislature has requested that Patton Boggs LLP determine whether ANILCA prohibits this designation. We have analyzed the issue and conclude that ANILCA precludes a permanent withdrawal of the coastal plain under the Antiquities Act.

DISCUSSION

I. THE TEXT OF ANILCA FORBIDS DESIGNATION OF ANWR'S COASTAL PLAIN AS A NATIONAL MONUMENT UNDER THE ANTIQUITIES ACT.

The plain language of ANILCA § 1326's prohibition on unilateral executive withdrawals, coupled with the text of related provisions, demonstrates that Congress intended to preclude the President from acting alone to effect a permanent withdrawal of the coastal plain under the Antiquities Act.

A. The Plain Language Of Section 1326 Prohibits National Monument Designations Without The Approval Of Congress.

Section 1326(a) of the statute plainly proscribes any permanent monument designation without the approval of Congress:

> No future executive branch action which withdraws more than five thousand acres, in the aggregate, of public lands within the State of Alaska shall be effective except by compliance with this subsection. To the extent authorized by existing law, the President or the Secretary may withdraw public lands in the State of Alaska

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[5] Recent designations under the Antiquities Act have included this withdrawal language. *See, e.g.*, Proclamation No. 7263, 65 Fed. Reg. 2815-20 (Jan. 18, 2000) (establishing Agua Fria National Monument); Proclamation No. 7264, 65 Fed. Reg. 2821-23 (Jan. 18, 2000) (establishing California Coastal National Monument); Proclamation No. 7265, 65 Fed. Reg. 2825-29(Jan. 18, 2000) (establishing Grand Canyon-Parashant National Monument); Proclamation No. 7266, 65 Fed. Reg. 2831-34 (Jan. 18, 2000) (enlarging Pinnacles National Monument); Proclamation No. 7295, 65 Fed. Reg. 24,095-100(Apr. 25, 2000) (establishing Giant Sequoia National Monument); Proclamation No. 7317, 65 Fed. Reg. 27,243-47 (June 13, 2000) (establishing Canyons of the Ancients National Monument); Proclamation No. 7318, 65 Fed. Reg. 37,249-52 (June 13, 2000) (establishing Cascade Siskiyou National Monument); Proclamation No. 7319, 37,252-57 (June 13, 2000) (establishing Hanford Reach National Monument); Proclamation No. 7320, 65 Fed. Reg. 37,258-62 (June 13, 2000) (establishing Ironwood Forest National Monument); Proclamation No. 7329, 65 Fed. Reg. 43,671-75 (July 13, 2000) (establishing President Lincoln and Soldiers' Home National Monument).

A "withdrawal" is distinguishable from a "reservation" in that a withdrawal "is negative, forbidding certain uses, while a reservation is a positive declaration of future use." 1 GEORGE C. COGGINS & ROBERT L. GLICKSMAN, PUBLIC NATURAL RESOURCES LAW § 1.02[1][d], at 1-14.

> exceeding five thousand acres in the aggregate, which withdrawal shall not become effective until notice is provided in the Federal Register and to both Houses of Congress. Such withdrawal *shall* terminate unless Congress passes a joint resolution of approval within one year after the notice of such withdrawal has been submitted to Congress.

16 U.S.C. § 3213(a) (emphasis added). Section 1326(a) reflects Congress' careful allocation of authority for future withdrawals of lands in Alaska. If the putative withdrawal involves a significant amount of land (*i.e.*, over five thousand acres), Congress must pass a joint resolution confirming the withdrawal in order for it to become permanent. Should Congress decline to pass the resolution within one year of receiving notice, the withdrawal terminates.

Therefore, any Executive Branch withdrawal post-dating ANILCA that exceeds five thousand acres will expire at the end of one year unless Congress expressly approves it. It follows, of course, that the Administration could not effect a permanent withdrawal of the sort contemplated in a national monument designation without contravening section 1326(a). Thus, short of a congressional resolution, there can be no new permanent national monuments in Alaska.

B. Even If Section 1326(a) Does Not Prohibit Monument Designation Of The Coastal Plain, Section 1002 Precludes Any Such Unilateral Executive Action.

Congress made clear in ANILCA that the coastal plain was an area separate and apart from the remainder of ANWR. Section 1002's detailed scheme for ANWR's coastal plain demonstrates that Congress reserved the decision-making authority with respect to this area, leaving no room for Executive discretion. Through section 1002, Congress:

> provide[d] for a comprehensive and continuing inventory and assessment of the fish and wildlife resources of the coastal plain of the [ANWR]; an analysis of the impacts of oil and gas exploration, development, and production, and [authorized] exploratory activity within the coastal plain in a manner that avoids significant adverse effects on the fish and wildlife and other resources.

ANILCA § 1002(a), 16 U.S.C. § 3142(a). This section mandates a baseline study assessing (i) fish and wildlife and their habitat, and (ii) the potential impacts of oil and gas exploration, development and production. ANILCA § 1002(c), 16 U.S.C. § 3142(c). It requires a later report to Congress examining these topics in more detail as well as setting forth the Secretary of the Interior's recommendations regarding oil and gas exploration, development, and production in the coastal

plain.[6] ANILCA § 1002(h), 16 U.S.C. § 3142(h). Pending completion of the studies, Congress withdrew the coastal plain from entry and appropriation under the mining law as well as from operation of the mineral leasing laws. ANILCA § 1002(i), 16 U.S.C. § 3142(i). Further, Congress prohibited oil and gas production in ANWR as a whole until authorized by Congress. ANILCA § 1003, 16 U.S.C. § 3143.

This legislative structure leaves no room for any exclusive act of the Executive Branch. Any national monument designation of the coastal plain would contradict congressional direction—namely, that Congress should in the first instance, determine the possibility of more extensive preservation efforts or, alternatively, future oil and gas development.

C. Other Provisions Confirm That ANILCA Prohibits A National Monument Designation Of ANWR's Coastal Plain.

Other provisions of ANILCA demonstrate that Congress intended to prevent the President's unilateral designation of ANWR's coastal plain as a national monument. The Act's statement of purpose and its prohibition on studies for withdrawals confirm that Congress intended to prevent national monument designation.

1. *Congress' Statement of Purpose demonstrates that Congress intended to prohibit future Executive Branch withdrawals.*

To counterbalance massive conveyance of land into units withdrawn from development, ANILCA's authors foreclosed future, additional withdrawals in Alaska. More specifically, through ANILCA, Congress intended to strike a balance between (i) preservation of environmental features and (ii) development of Alaska's natural resources. In its "statement of purpose," Congress explicitly found:

> This Act provides *sufficient protection for the national interest in the scenic, natural, cultural and environmental values on the public lands in Alaska, and at the same time provides adequate opportunity for satisfaction of the economic*

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[6] In 1987, after several years of study and completion of a comprehensive report, the Department of the Interior recommended development. *See* U.S. DEP'T OF THE INTERIOR, FISH AND WILDLIFE SERVICE, GEOLOGICAL SURVEY, AND BUREAU OF LAND MANAGEMENT, ARCTIC NATIONAL WILDLIFE REFUGE, ALASKA, COASTAL PLAIN RESOURCE ASSESSMENT, REPORT AND RECOMMENDATION TO THE CONGRESS OF THE UNITED STATES AND FINAL LEGISLATIVE ENVIRONMENTAL IMPACT STATEMENT (1987).

> *and social needs of the State of Alaska and its people*; accordingly, the designation and disposition of the public lands in Alaska pursuant to this Act are found to represent a *proper balance between the reservation of national conservation system units and those public lands necessary and appropriate for more intensive use and disposition, and thus Congress believes that the need for future legislation designating new conservation system units, new national conservation areas, or new national recreation areas, has been obviated thereby.*

ANILCA § 101(d), 16 U.S.C. § 3101(d) (emphasis added). Clearly, Congress believed sufficient land had been withdrawn in Alaska to satisfy environmental concerns. The drafters recognized that withdrawing additional land from potential development could have devastating impacts upon Alaska's economy.

Congressional intent could not have been more clear: ANILCA was intended to strike the proper balance between preservation and development and to eliminate the need for future set-asides of conservation areas in Alaska. It would hardly have been Congress' intent to allow a Presidential withdrawal in this context. Accordingly, interpreting section 1326(a) to preclude permanent national monument designation of the coastal plain is entirely consistent with this statement of congressional purpose.

2. *By prohibiting even a study for the purpose of a further withdrawal, Congress confirmed that it had precluded designations under the Antiquities Act.*

Further, Congress was so concerned about the potential for a future administration's unilateral withdrawal that it even proscribed studies for the purpose of withdrawing lands in Alaska. Section 1326(b) forbids "further studies of Federal lands in the State of Alaska for the single purpose of considering the establishment of a conservation system unit, national recreation area, national conservation area, or for related or similar purposes . . . unless authorized by this Act or further Act of Congress." ANILCA § 1326(b), 16 U.S.C. § 3213(b). Thus, Congress plainly intended to prevent even a "study" of the potential for a withdrawal of the sort contemplated by the advocates of national monument designation. Obviously, Congress did not envision allowing a withdrawal while prohibiting a study in preparation for that withdrawal. Accordingly, section 1326(a) should be read to coincide with Congress' intent as manifested in other provisions of the Act: further designations outside the legislative process are simply prohibited.

II. FORMER WITHDRAWALS OF ANWR'S COASTAL PLAIN DO NOT AFFECT SECTION 1326(A)'S PROHIBITION AGAINST PERMANENT NATIONAL MONUMENT DESIGNATIONS.

The advocates of a national monument designation have suggested that section 1326(a)'s prohibition on permanent withdrawals does not apply to any contemplated monument designation of the coastal plain because the area has already been "withdrawn"—either by section 1002 or through withdrawals prior to the passage of ANILCA. The argument is unfounded.

Section 1326(a) applies to "future executive branch action which withdraws more than five thousand acres . . . of public lands within the state of Alaska." As with many withdrawals, a designation of the coastal plain under the Antiquities Act would effect a withdrawal on property that already carries some development restrictions.

Under the current scheme, the coastal plain is set aside for study and, potentially, for further congressional action either completely withdrawing the land or opening it for development of its natural resources. To the extent ANILCA effects a withdrawal, it is only "until otherwise provided for" by separate legislation. *See* ANILCA § 1002(i), 16 U.S.C. § 3142(i). The national monument designation, by contrast, contemplates a permanent withdrawal from development. Thus, a designation under the Antiquities Act would constitute an additional "withdrawal" within the meaning of section 1326(a).

Advocates intend that the proposed designation would protect the coastal plain under the Antiquities Act by permanently withdrawing that area, subjecting it to a separate management scheme, and preventing future resource development. That withdrawal would be separate and distinct from Congress' initial limited withdrawal of the coastal plain in ANILCA § 1002(i). It follows, of course, that the potential designation falls well within the "withdrawals" that cannot be made without congressional concurrence. Indeed, were it otherwise, *i.e.*, if the proposed designation effected no further "withdrawal," the designation would be pointless.[7]

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[7] Some advocates of monument designation have also suggested that such a designation would not constitute a "future" executive withdrawal because the area had already been withdrawn in the 1960s. This argument misses the mark. First, to the extent the 1960 withdrawal establishing the Arctic National Wildlife Range is inconsistent with ANILCA's treatment of the coastal plain, ANILCA prevails, and the earlier withdrawal has no effect. *See* ANILCA § 305, Pub. L. No. 96-487, 94 Stat. 2371, 2390 (1980); Pub. Land Order 2214, 25 Fed. Reg. 12,598-99 (1960) (establishing Arctic National Wildlife Range). Further, the 1960 withdrawal

(continued . . .)

III. ANILCA'S LEGISLATIVE HISTORY CONFIRMS THAT CONGRESS INTENDED SECTION 1326 TO PROHIBIT PERMANENT NATIONAL MONUMENT DESIGNATIONS WITHOUT CONGRESSIONAL APPROVAL.

The bill that became ANILCA was the Senate-passed H.R. 39 (96th Cong., 2d Sess., Aug. 19, 1980). Section 1326 was not included in the original bill passed by the House in the 96th Congress and referred to the Senate for consideration. Similarly, section 1326 was not included in the version of H.R. 39 reported to the full Senate by the Senate Committee on Energy and Natural Resources ("Senate Energy Committee"), which initially considered the House-passed Alaska lands bill. Instead, section 1326 was included in a floor amendment in the nature of a substitute for the Senate Energy Committee-reported bill, co-sponsored by Senator Tsongas. Amendment No. 1961 (As Modified), Calendar No. 442; 126 CONG. REC. S11063 (daily ed. Aug. 18, 1980) (Sen. Tsongas calling up the modified amendment). Therefore, little direct legislative history on this provision exists. What little history exists, however, supports the interpretation that Congress intended section 1326 to prohibit further permanent withdrawals without its approval. Further, a prior version of the bill included a section remarkably similar to section 1326. The legislative history of this provision also supports this interpretation.

A. ANILCA's Purpose

ANILCA's legislative history demonstrates that Congress intended to retain authority over further public lands withdrawals in Alaska. Discussing a precursor to the bill that ultimately became ANILCA, Senator Hatfield, who would later co-sponsor such bill, criticized Executive withdrawals as an inadequate land management tool and stated categorically that it was "the responsibility of *Congress* to make these important land classification decisions," including "where to establish . . . wilderness." 126 CONG. REC. S9400 (daily ed. July 21, 1980) (remarks of Sen. Hatfield) (emphasis

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explicitly did *not* withdraw the area from oil and gas development. Specifically, the Public Land Order withdrew the lands "from all forms of appropriation under the public land laws, including the mining *but not the mineral leasing laws*." 25 Fed. Reg. at 12,598 (emphasis added). Oil and gas development on federal lands can only take place under the aegis of the mineral leasing laws. Any withdrawal contemplated under the Antiquities Act, which would of necessity withdraw the area from oil and gas development, would constitute a withdrawal above and beyond that effected by the 1960 creation of the Wildlife Range. Therefore, even if the 1960 withdrawal were somehow relevant, any monument designation would indeed constitute a "future" withdrawal of public lands for purposes of section 1326(a).

added). Further, Senator Tsongas, another co-sponsor and the chief architect of the bill that would become ANILCA, both criticized Executive withdrawals as a land management tool and expressed his belief that the final disposition of Alaska lands was for Congress to make. *See* 126 CONG. REC. S9423-24 (daily ed. July 21, 1980) (remarks of Sen. Tsongas).

B. Legislative History Of ANILCA § 1326

Over the years that the Alaska lands legislation was considered, the Alaska delegation had repeatedly emphasized the detrimental economic impact of withdrawing 105 million acres of land from development in Alaska. *See, e.g.*, S. REP. NO. 96-413, at 434 (1979).[8] Because the language that ultimately became law was a floor amendment substituted for the legislation passed out of the Senate Energy Committee, there are no committee reports directly interpreting section 1326. Nonetheless, the principal sponsor of the legislation, Senator Tsongas, described the import of section 1326. The sponsor explained that by including this amendment the legislation would:

> Add a "no more" provision. This is one of the State [of Alaska's] seven consensus points . . . . Basically *it provides that any future executive withdrawal for conservation system unit purposes would terminate if not ratified by passing a joint resolution of Congress within 1 year after the notice of such withdrawal has been submitted to Congress.*

126 CONG. REC. S11118 (daily ed. Aug. 18, 1980) (remarks of Sen. Tsongas) (emphasis added).[9] Thus, the direct legislative history of the provision leaves no room for dispute: any further withdrawal would require the concurrence of Congress and unilateral executive action is proscribed.

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[8] Senator Gravel criticized the bill passed out of the Senate Energy Committee, complaining:

> We cannot continue to be exposed to the threats and intimidation of a zealous Executive which may feel in the future that the Congress did not meet the Administration's desires for land designations in Alaska. *Thus, absent from this bill is a provision barring further conservation system designations through administrative action such as the Antiquities Act. Obviously, the Congress could act again in the future if it were so inclined, but the arbitrary permanent removal of federal lands from the public domain can no longer be left to the Executive in Alaska.*

S. REP. NO. 96-413, at 434 (1979) (letter from Sen. Gravel) (emphasis added).

[9] The bill that ultimately became ANILCA originated on the Senate floor as an amendment in the nature of a substitute for the version of H.R. 39 reported by the Senate Energy Committee. *See* Amendment No. 1961 (As Modified), Calendar No. 442; 126 CONG. REC. S11063 (daily ed. Aug. 18, 1980) (Sen. Tsongas calling up the modified amendment). Senator Tsongas was the substitute bill's principal architect. His comments on

(continued . . .)

C. Legislative History Of Section 1326's Predecessor

The Alaska lands bill reported by the House Committee on Interior and Insular Affairs ("House Interior Committee") on April 18, 1979, contained a section very similar to ANILCA § 1326. *See* H.R. REP. NO. 96-97, Part I, at 115 (1979). That section provided:

> Sec. 1209. Notwithstanding any other provision of law, *no further studies or withdrawals of Federal lands in Alaska except those authorized by this Act shall be conducted unless authorized by concurrent resolution of Congress.*

Id. at 253 (emphasis added). Section 1209 was added to the bill to indicate that Congress intended this act to contain the full and complete public lands withdrawals in Alaska:

> The designation of national interest lands in Alaska has been a controversial subject. A major concern of many involved has been whether further studies or withdrawals of public land in Alaska will occur in the future. *The Committee feels that the areas designated by this Act, along with accompanying special studies and wilderness review provisions, completes the contribution of Alaska's public lands to the national conservation systems. Further studies or withdrawals should be accomplished with the agreement of a future Congress, consistent with its constitutional authority to determine the disposition of the Nation's publicly owned lands. This section prohibits the executive branch from instituting such studies or withdrawals without the concurrence of Congress by joint resolution.*

Id. (emphasis added). The Committee further explained that section 1209:

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the Senate floor indicated that his substitute bill was a "compromise" bill. *See* 126 CONG. REC. S11116 (daily ed. Aug. 18, 1980) (Sen. Tsongas); 126 CONG. REC. S10794 (daily ed. Aug. 5, 1980) (Sen. Tsongas). The compromise was specifically designed to address "the legitimate interests of the people of Alaska, as expressed by their Senators" during the Senate Energy Committee hearings. 126 CONG. REC. S9423 (daily ed. July 21, 1980) (Sen. Tsongas); 126 CONG. REC. S10794 (daily ed. Aug. 5, 1980) (Sen. Tsongas). The interests expressed in committee included inclusion of a "no more" provision in the Alaska lands legislation to restrict the exercise of Executive authority in Alaska, as revealed by transcripts of Senate Energy Committee mark up hearings on the Alaska lands bill. *See Senate Comm. on Energy and Natural Resources, Markup Session on S.9, Alaskan Lands Bill, reprinted in* XXXII Alaska Dep't of Fish and Game, Public Law 96-487, Alaska National Interest Lands Conservation Act, Legislative History, at 632, 637-43 (1981) (hearing of Oct. 30, 1979). In this same context, Senator Tsongas added that any lands conservation bill that did not take into account other Alaskan interests was "simply ill founded and ill fated." 126 CONG. REC. S9423-24 (daily ed. July 21, 1980) (remarks of Sen. Tsongas). Thus, ANILCA's prime sponsor recognized that balance and compromise were vital to enactment of a law resolving "once and for all" the Alaska lands issue. *Id.*

> [p]rovides that no further studies or withdrawals of Federal lands in Alaska except those authorized by this Act shall be conducted unless authorized by concurrent resolution of Congress. The purpose of this section is to insure that Congress reviews any proposed study or withdrawal prior to it being undertaken by the executive branch. *It is the opinion of the committee that this Act fulfills the needs for the establishment of conservation system units in Alaska and that no future studies should be conducted without first being authorized by Congress.*

Id. at 314 (emphasis added).

In addition to the specific intent underlying section 1209, the Committee's report reflected its strong belief in the importance and role of the balance struck among a multitude of competing interests. *See generally id.* at 138-41. For example, the Committee noted that one of the bill's "fundamental attributes" was that it was "balanced as it protects the 'crown jewels of Alaska' without denying the U.S. needed resources or trampling the legitimate rights and needs of Alaskans." *Id.* at 138. Section 1209 and the classification of ANWR were integral parts of this carefully-crafted legislative balance. *See generally id.* at 138-39.

Thus, the House Interior Committee regarded language very similar to ANILCA § 1326 as completing the land disposal and classification process in Alaska. In addition, the House Interior Committee plainly contemplated that Congress, not the President, would make any future decisions regarding land disposals or classifications in Alaska.

IV. THE PROHIBITION AGAINST UNILATERAL PRESIDENTIAL WITHDRAWALS IS CONSTITUTIONAL.

A. ANILCA § 1326(a) Is Readily Distinguishable From The "Legislative Veto" Struck Down By The Supreme Court In *Chadha*.

Despite suggestions by supporters of national monument designation for ANWR's coastal plain, ANILCA's "no more" clause is not a legislative veto of the sort found unconstitutional in *Immigration & Naturalization Service v. Chadha*, 462 U.S. 919 (1983). The statute at issue in *Chadha* "authorized one House of Congress, by resolution, to invalidate the decision of the Executive Branch, pursuant to authority delegated by Congress to the Attorney General of the

United States, to allow a particular deportable alien to remain in the United States."[10] *Id.* at 923. In *Chadha*, therefore, the Supreme Court addressed the constitutionality of a statutory provision that permitted one House of Congress to override, or effectively to "veto," an action taken by the Executive Branch. The Court held this provision to be unconstitutional because it amounted to legislative action taken without regard to the procedures mandated by Article I of the Constitution. *Id.* at 956-58. First, the statute violated principles of bicameralism because it permitted a veto of Executive action by a resolution passed by only *one* House of Congress. *Id.* at 954-57. Second, the statute constituted a legislative act that had not been presented to the President, in violation of the Presentment Clauses, Article I, § 7. *Id.*

ANILCA § 1326(a) in no way resembles the statute struck down by the Supreme Court in *Chadha*. The supposedly offending language in section 1326(a) provides, in pertinent part, that "Such [presidential] withdrawal shall terminate unless Congress passes a joint resolution of approval within one year after the notice of such withdrawal has been submitted to Congress." ANILCA § 1326(a), 16 U.S.C. § 3213(a). The provision does not involve unilateral action by one House of Congress. Instead, the statute requires passage by both Houses and presentment to the President before any national monument designation may extend beyond the one-year time frame delineated in section 1326. In addition, the provision does not purport to veto or override an action taken by the Executive. In contrast, the congressional action detailed in this provision supports the actions of the Executive. Thus, the provision is constitutionally sound.

B. Section 1326(a) Does Not Violate The Principles Of Bicameralism.

The bicameralism requirement for legislative action springs from Article I of the Constitution: "All legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate *and* House of Representatives." U.S. CONST., art. I, § 1 (emphasis added). Further, section 7 provides: "Every Bill which shall have passed the House of Representatives *and* the Senate, shall, before it becomes a Law, be presented to the President of the

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[10] Through this statute, Congress had delegated to the Executive Branch the authority to permit deportable aliens to remain in the United States. 462 U.S. at 954. However, Congress retained the ability to reverse, through resolution passed by only one House, a decision made by the Executive to exercise this authority. *Id.* at 925.

United States . . . ." *Id.*, art. I, § 7, cl. 2 (emphasis added). The bicameral nature of the legislature was established to "assure[] that the legislative power would be exercised only after opportunity for full study and debate in separate settings." *Chadha*, 462 U.S. at 951. As mentioned above, the Court in *Chadha* struck the legislative veto in part on bicameralism grounds because the statute only required passage of the resolution by one House of Congress. *Id.* at 954-57.

Unlike the scheme in *Chadha*, ANILCA § 1326(a) requires a *joint* resolution that, by definition, must pass both Houses.[11] ANILCA's "no more" provision, therefore, clearly does not implicate the bicameralism requirement.

C. The "No More" Clause Does Not Violate The Presentment Clauses Of The Constitution.

As with bicameralism, the Framers required presentment to the President when Congress acts in its legislative capacity. Article I, section 7 provides in part: "Every Bill which shall have passed the House of Representatives and the Senate, *shall, before it becomes law, be presented to the President of the United States* . . . ." U.S. CONST., art. I, § 7, cl. 2 (emphasis added). In addition:

> ***Every*** Order, ***Resolution***, or Vote *to which the Concurrence of the Senate and House of Representatives may be necessary* . . . ***shall be presented to the President of the United States;*** *and before the Same shall take Effect, shall be approved by him, or being disapproved by him, shall be repassed by two thirds of the Senate and House of Representatives*, according to the Rules and Limitations prescribed in the Case of a Bill.

Id., cl. 3 (emphasis added). Presentment was considered a critical check on the power of the Legislature and, in conjunction with bicameralism, "represents the Framers' decision that the legislative power of the Federal Government be exercised in accord with a single, finely wrought and exhaustively considered, procedure." *Chadha*, 462 U.S. at 951.

Unlike the resolution considered in *Chadha*, ANILCA § 1326 involves a *joint resolution*. A joint resolution is the same as a bill in that, to become effective, it must pass both Houses of

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[11] That a joint resolution requires the concurrence of both Houses of Congress is not at issue. HOW OUR LAWS ARE MADE, Part IV (Jan. 31, 2000) (ed. Charles W. Johnson) <http://thomas.loc.gov/home/lawsmade.bysec/formsofaction.html>. *See also* CONGRESSIONAL QUARTERLY'S UNDERSTANDING CONGRESS, Part VI, § I.A.2(b) (1997).

Congress and *be presented to the President.*[12] HOW OUR LAWS ARE MADE, *supra*, Part IV. *See also* UNDERSTANDING CONGRESS, *supra*, Part VI, § I.A.2(b). Indeed,

> [t]here is little practical difference between a bill and a joint resolution and *the two forms are often used interchangeably*. . . . Statutes that have been initiated as bills have later been amended by joint resolution and vice versa. *Both are subject to the same procedure* . . . .
>
> . . . .
>
> *Joint resolutions . . . become law in the same manner as bills.*

HOW OUR LAWS ARE MADE, *supra*, Part IV (emphasis added). Therefore, ANILCA's joint resolution requirement ensures that any congressional action taken must pass both Houses and be presented to the President before it can become effective.[13] ANILCA's "no more" provision does not exempt the resolution at issue from this constitutional requirement. Given that courts must construe statutes to avoid constitutional issues,[14] the last sentence of section 1326(a) does not raise presentment issues because it does not preclude adherence to the constitutional procedures required for the "activation" of a joint resolution—passage by both Houses and presentment to the President. *See also Alaska v. Brown*, 850 F. Supp. 821, 825-26 (D. Alaska 1994) (upholding as

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[12] There exists one exception to presentment of joint resolutions. Joint resolutions that propose amendments to the Constitution are not presented to the President for approval but are instead sent to the states for ratification. HOW OUR LAWS ARE MADE, *supra*, Part IV.

[13] The Court's discussion of the presentment issue in *Chadha* supports the conclusion that presentment is required for a joint resolution to take effect. The Court noted:

> Presentment to the President and Presidential veto were considered so imperative that the draftsmen took special pains to assure that these requirements could not be circumvented. *During the final debate on Art. I, § 7, cl. 2, James Madison expressed concern that it might easily be evaded by the simple expedient of calling a proposed law a "resolution" or "vote" rather than a "bill." As a consequence, Art. I, § 7, cl. 3 . . . was added.*

Chadha, 462 U.S. at 947 (emphasis added) (citation omitted). As noted above, clause 3 requires presentment of *every resolution* passed by the House and Senate.

[14] *Public Citizen v. Department of Justice*, 491 U.S. 440, 465-66 (1989) (constructions that cast doubt on a statute's constitutionality should be avoided); *Edward J. DeBartolo Corp. v. Florida Gulf Coast Bldg. & Constr. Trades Council*, 485 U.S. 568, 575 (1988) ("[E]very reasonable construction must be resorted to, in order to save a statute from unconstitutionality.").

constitutional similar provision wherein Congress in essence approved Executive action via joint resolution).

D. Section 1326(a) Does Not Violate Separation Of Powers Principles.

Supporters of national monument designation for the coastal plain may argue that section 1326(a) violates separation of powers principles. This argument may take the form that Congress, through the last sentence of section 1326(a), attempted to exercise Executive authority by taking upon itself—and away from the President—authority to implement either the Antiquities Act or ANILCA. An examination of the case law addressing separation of powers and the history of national monument designation demonstrates that this argument carries little weight.

Separation of powers is based upon the Constitution's division of the Federal government into three separate Branches—Legislative, Executive, and Judicial—in order to diffuse power. *Bowsher v. Synar*, 478 U.S. 714, 721 (1986). Although these three Branches must be "entirely free from the control or coercive influence, direct or indirect, of either of the others, the Framers did not require—and indeed rejected—the notion that the three Branches must be entirely separate and distinct." *Mistretta v. United States*, 488 U.S. 361, 380 (1989) (citations, internal quotations omitted). Instead, the courts have recognized "that the greatest security against tyranny—the accumulation of excessive authority in a single Branch—lies not in hermetic division among the Branches, but in a carefully crafted system of checked and balanced power within each Branch." *Id.* at 381. The Framers recognized, therefore, that the Branches must be permitted to work together and to have a degree of overlapping responsibility in order to govern effectively. *Id.* (citation omitted). In keeping with this philosophy, the Court has struck down as unconstitutional laws "that either accrete to a single Branch powers more appropriately diffused among separate Branches or that undermine the authority and independence of one or another coordinate Branch,"[15] while upholding statutes "that to some degree commingle the functions of the Branches, but that pose no danger of either aggrandizement or encroachment." *Id.* at 382.

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[15] *See, e.g., Chadha*, 462 U.S. 919 (striking provision that permitted Congress to override an Executive decision without following the Article I procedures required for legislative acts); *Bowsher*, 478 U.S. 714 (striking provision that invested Legislative officer with Executive authority).

In assessing a constitutional challenge based on separation of powers, one must consider whether (i) Congress followed the procedures outlined in Article I for legislative action; (ii) Congress invested in itself either executive or judicial powers; and (iii) the statute disrupts the functioning of a coordinate Branch of government. *Metropolitan Wash. Airports Auth. v. Citizens for the Abatement of Aircraft Noise, Inc.*, 501 U.S. 252, 274 (1991); *Stop H-3 Ass'n v. Dole*, 870 F.2d 1419, 1436 (9th Cir. 1987). This memorandum has already addressed the first of these prongs, and section 1326(a) clearly does not run afoul of this mandate because section 1326(a) does not preclude, and indeed provides for, adherence to Article I procedures.

Likewise, section 1326(a) does not invest Congress with Executive functions. The Executive Branch interprets laws enacted by Congress so as to implement legislative mandates. *Bowsher*, 478 U.S. at 733. Pursuant to section 1326(a), Congress does not carry out such a function. First, through the Antiquities Act, Congress exercised its constitutional authority pursuant to the Property Clause and delegated to the President the power to designate national monuments to protect items of historic and/or scientific value on lands already owned or controlled by the Federal government. *See* 16 U.S.C. § 431. Second, in ANILCA, Congress exercised its constitutional authority to alter its prior Antiquities Act delegation to the President by placing a one-year time limit on all large withdrawals within the state of Alaska.[16] *See* ANILCA § 1326(a), 16 U.S.C. § 3213(a). Finally, through the last sentence of section 1326(a), Congress may choose to lift the limitation that it placed upon the Antiquities Act delegation of authority to the President with respect to a particular withdrawal. This action, therefore, is clearly not an executive function; rather, it is a legislative one that only becomes effective after Article I's requirements—passage by both Houses and presentment to the President—have been met. Because the final sentence of section 1326(a) does no more than repeal, for a specific withdrawal, a limitation that Congress constitutionally placed

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[16] Congress clearly has the ability to limit prior delegations of authority provided it complies with Article I's procedural mandates for legislative actions. *Stop H-3*, 870 F.2d at 1434-35 & n.24 ("Simply put, Congress may change its mind, so long as it complies with the Constitution's requirements for action that alters the delegation of authority to the Executive branch."). *See also id.* at 1435 n.24 ("Appellants have not presented, and we have not found, any authority forbidding Congress to alter a legislative grant of authority by means of new legislation . . . ."). Indeed, the Supreme Court in *Chadha* recognized that Congress could have altered the authority that it had delegated to the Attorney General (an Executive officer) by following Article I's requirements for the passage of legislation—passage by both Houses and presentment to the President. *Chadha*, 462 U.S. at 954, 956.

upon the Antiquities Act delegation of authority to the President and because any congressional action under this provision only becomes effective after passage by both Houses and presentment to the President, the final sentence of section 1326(a) does not violate the Constitutional principle of separation of powers.

Finally, ANILCA's "no more" provision does not interfere with or disrupt the functions of the Executive Branch. Unlike the statutory provision in *Chadha*, no "veto" exists in ANILCA § 1326(a). In *Chadha*, the statute permitted Congress to override, or "veto," a decision of the Executive. In contrast, the final sentence of section 1326(a) permits Congress to further the intent of the Executive by lifting a limitation that it constitutionally placed on the President's power to designate a national monument. At the same time, any congressional action under section 1326(a) cannot become effective until either the President approves the joint resolution lifting the time limitation for a specific withdrawal or Congress overrides a Presidential veto. The Executive, therefore, plays an important role in the section 1326(a) process: (i) any national monument designation must originate with the Executive, and (ii) the President must approve (or his veto must be overridden by Congress) any alteration in the limited duration of the Executive's monument designation under ANILCA. The Framers' system of checks and balances between the Executive and Legislative Branches remains intact, and section 1326(a) does not violate any separation of powers principles.[17]

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[17] Even if a court were to determine that the joint resolution approval provision of the final sentence of ANILCA § 1326(a) is invalid on constitutional grounds, the language requiring congressional approval is clearly severable from the remainder of section 1326(a). Courts do not declare more of a statute unconstitutional than is necessary. *Alaska Airlines, Inc. v. Brock*, 480 U.S. 678, 684 (1987) (quoting *Regan v. Time, Inc.*, 468 U.S. 641, 652 (1984) (plurality opinion)). If consistent with congressional intent, the invalid portion of a statute may be severed from the remainder where "what is left is fully operative as a law." *Id.* (quoting *Buckley v. Valeo*, 424 U.S. 1, 108 (1976) (per curium)). When determining whether the unconstitutional portion is severable from the remainder, one must consider whether the remaining portion of the statute "will function in a *manner* consistent with the intent of Congress." *Id.* at 685 (emphasis original). Congress, through ANILCA, intended to limit the authority of the Executive Branch to effect permanent withdrawals within the state of Alaska. If the language requiring congressional approval of the Executive's withdrawal in the final sentence of section 1326(a) were stricken (*i.e.*, "unless Congress passes a joint resolution of approval within"), the remainder of this subsection would remain fully operable and would accurately reflect congressional intent—all permanent withdrawals made by the Executive Branch exceeding five thousand acres would expire at the end of one year. Therefore, if a court were to invalidate the final sentence of section 1326(a), the remainder of this subsection would nonetheless preclude a permanent monument designation of the coastal plain.

E. The Property Clause Confirms Congressional Authority To Prevent The President From Unilaterally Effecting A Permanent Withdrawal.

The Property Clause of the United States Constitution grants Congress unique and powerful authority to manage federal lands. U.S. CONST., art. IV, § 3, cl. 2. The Property Clause provides that "Congress shall have the power to dispose of and make all needful Rules and Regulations respecting the Territory and other Property belonging to the United States . . . ." *Id.* Because Congress enacted ANILCA under the authority of the Property Clause, any analysis of the constitutionality of ANILCA § 1326(a) must take into account the broad discretion and authority that the Clause grants to Congress.

The Supreme Court has consistently interpreted the Property Clause as providing Congress with plenary power to manage federal lands. By way of illustration, in *United States v. Midwest Oil Co.*, the Court noted that "Congress not only has a legislative power over the public domain, but it also exercises the power of the proprietor therein." 236 U.S. 459, 474 (1915). The Court in *Midwest Oil* further reasoned that "the land laws are not of a legislative character in the highest sense of the term 'but savor somewhat of mere rules prescribed by an owner of property for its disposal.'" *Id.* at 474 (quoting *Butte City Water Co. v. Baker*, 196 U.S. 119, 126 (1905)). In *United States v. California*, 332 U.S. 19, 27 (1947), the Court determined that Congress' proprietary interest in public lands gives it constitutional prerogatives that transcend those that it enjoys in its purely legislative role. The Court in *Kleppe v. New Mexico* reiterated the far-ranging power of Congress to act pursuant to the Property Clause by holding that the Clause,

> in broad terms, gives Congress the power to determine what are "needful" rules "respecting" the public lands. And while the furthest reaches of the power granted by the Property Clause have not yet been definitively resolved, we have repeatedly observed that "[t]he power over the public land thus entrusted to Congress is without limitations."

426 U.S. 529, 539 (1976) (citations omitted).

Thus, even setting aside the apparent constitutionality of section 1326(a), when Congress acts in its proprietary capacity pursuant to the Property Clause, it holds authority beyond what its limits may be in other spheres of its exercise of legislative powers. It follows that Congress may constrain the Executive Branch to a far greater degree when Congress exercises its "plenary"

authority over public lands.[18] In ANILCA, Congress acted in its proprietary capacity when it set forth the designations and administrative schemes for the disposition and management of federal lands in Alaska. Acting as the nation's "principal agent" [19] in administering Alaska's federal lands, Congress certainly has the constitutional authority to retain approval power over any additional permanent withdrawal of federal land in Alaska. *See* ANILCA § 1326(a), 16 U.S.C. § 3213(a).

Regardless of the degree to which the Property Clause expands Congress' powers, ANILCA's system for governing future permanent withdrawals is constitutionally sound. Specifically, ANILCA § 1326(a) is constitutional because it is well within the acknowledged scope of the Property Clause and fulfills the bicameralism and presentment requirements in Article I of the Constitution. While the Property Clause may not immunize patently unconstitutional efforts at congressional land management,[20] it clearly provides Congress with sufficient authority to require its concurrence in future permanent withdrawals of specific federal lands. Therefore, ANILCA § 1326(a)'s system for governing the withdrawal of federal land in Alaska is constitutionally valid.

CONCLUSION

The plain language of ANILCA dictates that the Administration may not designate the coastal plain of ANWR a national monument under the Antiquities Act and thereby permanently withdraw this area from development without congressional approval. The text of section 1326(a) is abundantly clear: in the absence of ratification by congressional joint resolution, no further withdrawals for longer than one year are permitted. By prescribing an evaluation of the coastal plain to guide Congress as to the area's ultimate disposition, ANILCA's authors confirmed that Congress never intended a withdrawal by presidential fiat. Two other provisions of ANILCA (i) expressed the congressional determination that there should be no further withdrawals, and (ii) prohibited future

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[18] *See also National Wildlife Federation v. Watt*, 571 F. Supp. 1145, 47 (D.D.C. 1983) (stating in dicta that "it is not at all clear that" a provision in FLPMA that empowered one House of Congress to order the Secretary of the Interior to withdraw land was "void. Indeed [it] may well be authorized by Article IV, Section 3, of the Constitution, independently of Article I, the subject of the *Chadha* decision.")

[19] *Butte City Water Co. v. Baker*, 196 U.S. 119, 126 (1905).

[20] *Metropolitan Wash. Airports Auth. v. Citizens for the Abatement of Aircraft Noise*, 501 U.S. 252, 254 (1991) (Congress cannot use the Property Clause to circumvent the Constitution).

studies addressing further withdrawals. None of these provisions is consistent with a unilateral permanent designation under the Antiquities Act. If there were any doubt remaining about the import of ANILCA, the legislative history clarifies that the "no more" language was essential to passage of the legislation and that it was intended to preclude further incursions upon Alaska's natural resources.

Section 1326(a) is constitutional. Decisions addressing separation of powers issues would not invalidate a legislative scheme that requires that Congress affirm a future withdrawal through a joint resolution presented to the President. The plenary authority over public lands confirms that the Constitution does not preclude legislation of the sort that retains the balanced authority of the Legislative and Executive Branches of the government over management of federal lands. Accordingly, we conclude that ANILCA forbids withdrawal of the coastal plain as a national monument under the Antiquities Act.

U.S. GOVERNMENT INFORMATION GPO

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112TH CONGRESS
1ST SESSION

H. R. 139

To preserve the Arctic coastal plain of the Arctic National Wildlife Refuge, Alaska, as wilderness in recognition of its extraordinary natural ecosystems and for the permanent good of present and future generations of Americans.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 2011

Mr. MARKEY introduced the following bill; which was referred to the Committee on Natural Resources

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A BILL

To preserve the Arctic coastal plain of the Arctic National Wildlife Refuge, Alaska, as wilderness in recognition of its extraordinary natural ecosystems and for the permanent good of present and future generations of Americans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Udall-Eisenhower Arctic Wilderness Act".

SEC. 2. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—The Congress finds the following:

(1) Americans cherish the continued existence of expansive, unspoiled wilderness ecosystems and wildlife found on their public lands, and feel a strong moral responsibility to protect this wilderness heritage as an enduring resource to bequeath undisturbed to future generations of Americans.

(2) It is widely believed by ecologists, wildlife scientists, public land specialists, and other experts that the wilderness ecosystem centered around and dependent upon the Arctic coastal plain of the Arctic National Wildlife Refuge, Alaska, represents the very epitome of a primeval wilderness ecosystem and constitutes the greatest wilderness area and diversity of wildlife habitats of its kind in the United States.

(3) President Dwight D. Eisenhower initiated protection of the wilderness values of the Arctic coastal plain in 1960 when he set aside 8,900,000 acres establishing the Arctic National Wildlife Refuge expressly "for the purpose of preserving unique wildlife, wilderness and recreational values".

(4) In 1980, when the Congress acted to strengthen the protective management of the Eisenhower-designated area with the enactment of the Alaska National Interest Lands Conservation Act (Public Law 96–487), Representative Morris K.

Udall led the effort to more than double the size of the Arctic National Wildlife Refuge and extend statutory wilderness protection to most of the original area.

(5) Before the enactment of the Alaska National Interest Lands Conservation Act, the House of Representatives twice passed legislation that would have protected the entire Eisenhower-designated area as wilderness, including the Arctic coastal plain.

(6) A majority of Americans have supported and continue to support preserving and protecting the Arctic National Wildlife Refuge, including the Arctic coastal plain, from any industrial development and consider oil and gas exploration and development in particular to be incompatible with the purposes for which this incomparable wilderness ecosystem has been set aside.

(7) When the Arctic National Wildlife Refuge was established in 1980 by paragraph (2) of section 303 of the Alaska National Interest Lands Conservation Act (Public Law 96–487; 94 Stat. 2390; 16 U.S.C. 668dd note), subparagraph (B)(iii) of such paragraph specifically stated that one of the purposes for which the Arctic National Wildlife Ref-

uge is established and managed would be to provide the opportunity for continued subsistence uses by local residents, and, therefore, the lands designated as wilderness within the Refuge, including the area designated by this Act, are and will continue to be managed consistent with such subparagraph.

(8) Canada has taken action to preserve those portions of the wilderness ecosystem of the Arctic that exist on its side of the international border and provides strong legal protection for the habitat of the Porcupine River caribou herd that migrates annually through both countries to calve on the Arctic coastal plain.

(9) The extension of full wilderness protection for the Arctic coastal plain within the Arctic National Wildlife Refuge will still leave most of the North Slope of Alaska available for the development of energy resources, which will allow Alaska to continue to contribute significantly to meeting the energy needs of the United States without despoiling the unique Arctic coastal plain of the Arctic National Wildlife Refuge.

(b) STATEMENT OF POLICY.—The Congress hereby declares that it is the policy of the United States—

(1) to honor the decades of bipartisan efforts that have increasingly protected the great wilderness ecosystem of the Arctic coastal plain;

(2) to sustain this natural treasure for the current generation of Americans; and

(3) to do everything possible to protect and preserve this magnificent natural ecosystem so that it may be bequeathed in its unspoiled natural condition to future generations of Americans.

SEC. 3. DESIGNATION OF ADDITIONAL WILDERNESS, ARCTIC NATIONAL WILDLIFE REFUGE, ALASKA.

(a) INCLUSION OF ARCTIC COASTAL PLAIN.—In furtherance of the Wilderness Act (16 U.S.C. 1131 et seq.), an area within the Arctic National Wildlife Refuge in the State of Alaska comprising approximately 1,559,538 acres, as generally depicted on a map entitled "Arctic National Wildlife Refuge—1002 Area Alternative E—Wilderness Designation" and dated October 28, 1991, is hereby designated as wilderness and, therefore, as a component of the National Wilderness Preservation System. The map referred to in this subsection shall be available for inspection in the offices of the Secretary of the Interior.

(b) ADMINISTRATION.—The Secretary of the Interior shall administer the area designated as wilderness by subsection (a) in accordance with the Wilderness Act as part

of the wilderness area already in existence within the Arctic National Wildlife Refuge as of the date of the enactment of this Act.

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AUTHENTICATED
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I

112TH CONGRESS
1ST SESSION

H. R. 49

To direct the Secretary of the Interior to establish and implement a competitive oil and gas leasing program that will result in an environmentally sound program for the exploration, development, and production of the oil and gas resources of the Coastal Plain of Alaska, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 2011

Mr. YOUNG of Alaska introduced the following bill; which was referred to the Committee on Natural Resources, and in addition to the Committees on Energy and Commerce and Science, Space, and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To direct the Secretary of the Interior to establish and implement a competitive oil and gas leasing program that will result in an environmentally sound program for the exploration, development, and production of the oil and gas resources of the Coastal Plain of Alaska, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "American Energy Independence and Price Reduction Act".

SEC. 2. DEFINITIONS.

In this Act:

(1) COASTAL PLAIN.—The term "Coastal Plain" means that area described in appendix I to part 37 of title 50, Code of Federal Regulations.

(2) SECRETARY.—The term "Secretary", except as otherwise provided, means the Secretary of the Interior or the Secretary's designee.

SEC. 3. LEASING PROGRAM FOR LANDS WITHIN THE COASTAL PLAIN.

(a) IN GENERAL.—The Secretary shall take such actions as are necessary—

(1) to establish and implement, in accordance with this Act and acting through the Director of the Bureau of Land Management in consultation with the Director of the United States Fish and Wildlife Service, a competitive oil and gas leasing program that will result in an environmentally sound program for the exploration, development, and production of the oil and gas resources of the Coastal Plain; and

(2) to administer the provisions of this Act through regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other provisions

that ensure the oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, their habitat, subsistence resources, and the environment, including, in furtherance of this goal, by requiring the application of the best commercially available technology for oil and gas exploration, development, and production to all exploration, development, and production operations under this Act in a manner that ensures the receipt of fair market value by the public for the mineral resources to be leased.

(b) REPEAL.—

(1) REPEAL.—Section 1003 of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3143) is repealed.

(2) CONFORMING AMENDMENT.—The table of contents in section 1 of such Act is amended by striking the item relating to section 1003.

(c) COMPLIANCE WITH REQUIREMENTS UNDER CERTAIN OTHER LAWS.—

(1) COMPATIBILITY.—For purposes of the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd et seq.), the oil and gas leasing program and activities authorized by this

section in the Coastal Plain are deemed to be compatible with the purposes for which the Arctic National Wildlife Refuge was established, and no further findings or decisions are required to implement this determination.

(2) ADEQUACY OF THE DEPARTMENT OF THE INTERIOR'S LEGISLATIVE ENVIRONMENTAL IMPACT STATEMENT.—The "Final Legislative Environmental Impact Statement" (April 1987) on the Coastal Plain prepared pursuant to section 1002 of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3142) and section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)) is deemed to satisfy the requirements under the National Environmental Policy Act of 1969 that apply with respect to prelease activities, including actions authorized to be taken by the Secretary to develop and promulgate the regulations for the establishment of a leasing program authorized by this Act before the conduct of the first lease sale.

(3) COMPLIANCE WITH NEPA FOR OTHER ACTIONS.—Before conducting the first lease sale under this Act, the Secretary shall prepare an environmental impact statement under the National Envi-

ronmental Policy Act of 1969 with respect to the actions authorized by this Act that are not referred to in paragraph (2). Notwithstanding any other law, the Secretary is not required to identify nonleasing alternative courses of action or to analyze the environmental effects of such courses of action. The Secretary shall only identify a preferred action for such leasing and a single leasing alternative, and analyze the environmental effects and potential mitigation measures for those two alternatives. The identification of the preferred action and related analysis for the first lease sale under this Act shall be completed within 18 months after the date of enactment of this Act. The Secretary shall only consider public comments that specifically address the Secretary's preferred action and that are filed within 20 days after publication of an environmental analysis. Notwithstanding any other law, compliance with this paragraph is deemed to satisfy all requirements for the analysis and consideration of the environmental effects of proposed leasing under this Act.

(d) RELATIONSHIP TO STATE AND LOCAL AUTHORITY.—Nothing in this Act shall be considered to expand or limit State and local regulatory authority.

(e) SPECIAL AREAS.—

(1) IN GENERAL.—The Secretary, after consultation with the State of Alaska, the city of Kaktovik, and the North Slope Borough, may designate up to a total of 45,000 acres of the Coastal Plain as a Special Area if the Secretary determines that the Special Area is of such unique character and interest so as to require special management and regulatory protection. The Secretary shall designate as such a Special Area the Sadlerochit Spring area, comprising approximately 4,000 acres.

(2) MANAGEMENT.—Each such Special Area shall be managed so as to protect and preserve the area's unique and diverse character including its fish, wildlife, and subsistence resource values.

(3) EXCLUSION FROM LEASING OR SURFACE OCCUPANCY.—The Secretary may exclude any Special Area from leasing. If the Secretary leases a Special Area, or any part thereof, for purposes of oil and gas exploration, development, production, and related activities, there shall be no surface occupancy of the lands comprising the Special Area.

(4) DIRECTIONAL DRILLING.—Notwithstanding the other provisions of this subsection, the Secretary may lease all or a portion of a Special Area under terms that permit the use of horizontal drilling tech-

nology from sites on leases located outside the Special Area.

(f) LIMITATION ON CLOSED AREAS.—The Secretary's sole authority to close lands within the Coastal Plain to oil and gas leasing and to exploration, development, and production is that set forth in this Act.

(g) REGULATIONS.—

(1) IN GENERAL.—The Secretary shall prescribe such regulations as may be necessary to carry out this Act, including rules and regulations relating to protection of the fish and wildlife, their habitat, subsistence resources, and environment of the Coastal Plain, by no later than 15 months after the date of enactment of this Act.

(2) REVISION OF REGULATIONS.—The Secretary shall periodically review and, if appropriate, revise the rules and regulations issued under subsection (a) to reflect any significant biological, environmental, or engineering data that come to the Secretary's attention.

SEC. 4. LEASE SALES.

(a) IN GENERAL.—Lands may be leased pursuant to this Act to any person qualified to obtain a lease for deposits of oil and gas under the Mineral Leasing Act (30 U.S.C. 181 et seq.).

(b) PROCEDURES.—The Secretary shall, by regulation, establish procedures for—

(1) receipt and consideration of sealed nominations for any area in the Coastal Plain for inclusion in, or exclusion (as provided in subsection (c)) from, a lease sale;

(2) the holding of lease sales after such nomination process; and

(3) public notice of and comment on designation of areas to be included in, or excluded from, a lease sale.

(c) LEASE SALE BIDS.—Bidding for leases under this Act shall be by sealed competitive cash bonus bids.

(d) ACREAGE MINIMUM IN FIRST SALE.—In the first lease sale under this Act, the Secretary shall offer for lease those tracts the Secretary considers to have the greatest potential for the discovery of hydrocarbons, taking into consideration nominations received pursuant to subsection (b)(1), but in no case less than 200,000 acres.

(e) TIMING OF LEASE SALES.—The Secretary shall—

(1) conduct the first lease sale under this Act within 22 months after the date of the enactment of this Act;

(2) evaluate the bids in such sale and issue leases resulting from such sale, within 90 days after the date of the completion of such sale; and

(3) conduct additional sales so long as sufficient interest in development exists to warrant, in the Secretary's judgment, the conduct of such sales.

SEC. 5. GRANT OF LEASES BY THE SECRETARY.

(a) IN GENERAL.—The Secretary may grant to the highest responsible qualified bidder in a lease sale conducted pursuant to section 4 any lands to be leased on the Coastal Plain upon payment by the lessee of such bonus as may be accepted by the Secretary.

(b) SUBSEQUENT TRANSFERS.—No lease issued under this Act may be sold, exchanged, assigned, sublet, or otherwise transferred except with the approval of the Secretary. Prior to any such approval the Secretary shall consult with, and give due consideration to the views of, the Attorney General.

SEC. 6. LEASE TERMS AND CONDITIONS.

(a) IN GENERAL.—An oil or gas lease issued pursuant to this Act shall—

(1) provide for the payment of a royalty of not less than 12½ percent in amount or value of the production removed or sold from the lease, as deter-

mined by the Secretary under the regulations applicable to other Federal oil and gas leases;

(2) provide that the Secretary may close, on a seasonal basis, portions of the Coastal Plain to exploratory drilling activities as necessary to protect caribou calving areas and other species of fish and wildlife;

(3) require that the lessee of lands within the Coastal Plain shall be fully responsible and liable for the reclamation of lands within the Coastal Plain and any other Federal lands that are adversely affected in connection with exploration, development, production, or transportation activities conducted under the lease and within the Coastal Plain by the lessee or by any of the subcontractors or agents of the lessee;

(4) provide that the lessee may not delegate or convey, by contract or otherwise, the reclamation responsibility and liability to another person without the express written approval of the Secretary;

(5) provide that the standard of reclamation for lands required to be reclaimed under this Act shall be, as nearly as practicable, a condition capable of supporting the uses which the lands were capable of supporting prior to any exploration, development, or

production activities, or upon application by the lessee, to a higher or better use as approved by the Secretary;

(6) contain terms and conditions relating to protection of fish and wildlife, their habitat, subsistence resources, and the environment as required pursuant to section 3(a)(2);

(7) provide that the lessee, its agents, and its contractors use best efforts to provide a fair share, as determined by the level of obligation previously agreed to in the 1974 agreement implementing section 29 of the Federal Agreement and Grant of Right of Way for the Operation of the Trans-Alaska Pipeline, of employment and contracting for Alaska Natives and Alaska Native Corporations from throughout the State;

(8) prohibit the export of oil produced under the lease; and

(9) contain such other provisions as the Secretary determines necessary to ensure compliance with the provisions of this Act and the regulations issued under this Act.

(b) PROJECT LABOR AGREEMENTS.—The Secretary, as a term and condition of each lease under this Act and in recognizing the Government's proprietary interest in

labor stability and in the ability of construction labor and management to meet the particular needs and conditions of projects to be developed under the leases issued pursuant to this Act and the special concerns of the parties to such leases, shall require that the lessee and its agents and contractors negotiate to obtain a project labor agreement for the employment of laborers and mechanics on production, maintenance, and construction under the lease.

SEC. 7. COASTAL PLAIN ENVIRONMENTAL PROTECTION.

(a) NO SIGNIFICANT ADVERSE EFFECT STANDARD TO GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.—The Secretary shall, consistent with the requirements of section 3, administer the provisions of this Act through regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other provisions that—

(1) ensure the oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, their habitat, and the environment;

(2) require the application of the best commercially available technology for oil and gas exploration, development, and production on all new exploration, development, and production operations; and

(3) ensure that the maximum amount of surface acreage covered by production and support facilities, including airstrips and any areas covered by gravel berms or piers for support of pipelines, does not exceed 2,000 acres on the Coastal Plain.

(b) SITE-SPECIFIC ASSESSMENT AND MITIGATION.—The Secretary shall also require, with respect to any proposed drilling and related activities, that—

(1) a site-specific analysis be made of the probable effects, if any, that the drilling or related activities will have on fish and wildlife, their habitat, subsistence resources, and the environment;

(2) a plan be implemented to avoid, minimize, and mitigate (in that order and to the extent practicable) any significant adverse effect identified under paragraph (1); and

(3) the development of the plan shall occur after consultation with the agency or agencies having jurisdiction over matters mitigated by the plan.

(c) REGULATIONS TO PROTECT COASTAL PLAIN FISH AND WILDLIFE RESOURCES, SUBSISTENCE USERS, AND THE ENVIRONMENT.—Before implementing the leasing program authorized by this Act, the Secretary shall prepare and promulgate regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other

measures designed to ensure that the activities undertaken on the Coastal Plain under this Act are conducted in a manner consistent with the purposes and environmental requirements of this Act.

(d) COMPLIANCE WITH FEDERAL AND STATE ENVIRONMENTAL LAWS AND OTHER REQUIREMENTS.—The proposed regulations, lease terms, conditions, restrictions, prohibitions, and stipulations for the leasing program under this Act shall require compliance with all applicable provisions of Federal and State environmental law, and shall also require the following:

(1) Standards at least as effective as the safety and environmental mitigation measures set forth in items 1 through 29 at pages 167 through 169 of the "Final Legislative Environmental Impact Statement" (April 1987) on the Coastal Plain.

(2) Seasonal limitations on exploration, development, and related activities, where necessary, to avoid significant adverse effects during periods of concentrated fish and wildlife breeding, denning, nesting, spawning, and migration.

(3) That exploration activities, except for surface geological studies, be limited to the period between approximately November 1 and May 1 each year and that exploration activities shall be sup-

ported, if necessary, by ice roads, winter trails with adequate snow cover, ice pads, ice airstrips, and air transport methods, except that such exploration activities may occur at other times if the Secretary finds that such exploration will have no significant adverse effect on the fish and wildlife, their habitat, and the environment of the Coastal Plain.

(4) Design safety and construction standards for all pipelines and any access and service roads, that—

(A) minimize, to the maximum extent possible, adverse effects upon the passage of migratory species such as caribou; and

(B) minimize adverse effects upon the flow of surface water by requiring the use of culverts, bridges, and other structural devices.

(5) Prohibitions on general public access and use on all pipeline access and service roads.

(6) Stringent reclamation and rehabilitation requirements, consistent with the standards set forth in this Act, requiring the removal from the Coastal Plain of all oil and gas development and production facilities, structures, and equipment upon completion of oil and gas production operations, except that the Secretary may exempt from the requirements of this

paragraph those facilities, structures, or equipment that the Secretary determines would assist in the management of the Arctic National Wildlife Refuge and that are donated to the United States for that purpose.

(7) Appropriate prohibitions or restrictions on access by all modes of transportation.

(8) Appropriate prohibitions or restrictions on sand and gravel extraction.

(9) Consolidation of facility siting.

(10) Appropriate prohibitions or restrictions on use of explosives.

(11) Avoidance, to the extent practicable, of springs, streams, and river system; the protection of natural surface drainage patterns, wetlands, and riparian habitats; and the regulation of methods or techniques for developing or transporting adequate supplies of water for exploratory drilling.

(12) Avoidance or minimization of air traffic-related disturbance to fish and wildlife.

(13) Treatment and disposal of hazardous and toxic wastes, solid wastes, reserve pit fluids, drilling muds and cuttings, and domestic wastewater, including an annual waste management report, a hazardous materials tracking system, and a prohibition

on chlorinated solvents, in accordance with applicable Federal and State environmental law.

(14) Fuel storage and oil spill contingency planning.

(15) Research, monitoring, and reporting requirements.

(16) Field crew environmental briefings.

(17) Avoidance of significant adverse effects upon subsistence hunting, fishing, and trapping by subsistence users.

(18) Compliance with applicable air and water quality standards.

(19) Appropriate seasonal and safety zone designations around well sites, within which subsistence hunting and trapping shall be limited.

(20) Reasonable stipulations for protection of cultural and archeological resources.

(21) All other protective environmental stipulations, restrictions, terms, and conditions deemed necessary by the Secretary.

(e) CONSIDERATIONS.—In preparing and promulgating regulations, lease terms, conditions, restrictions, prohibitions, and stipulations under this section, the Secretary shall consider the following:

(1) The stipulations and conditions that govern the National Petroleum Reserve-Alaska leasing program, as set forth in the 1999 Northeast National Petroleum Reserve-Alaska Final Integrated Activity Plan/Environmental Impact Statement.

(2) The environmental protection standards that governed the initial Coastal Plain seismic exploration program under parts 37.31 to 37.33 of title 50, Code of Federal Regulations.

(3) The land use stipulations for exploratory drilling on the KIC–ASRC private lands that are set forth in appendix 2 of the August 9, 1983, agreement between Arctic Slope Regional Corporation and the United States.

(f) FACILITY CONSOLIDATION PLANNING.—

(1) IN GENERAL.—The Secretary shall, after providing for public notice and comment, prepare and update periodically a plan to govern, guide, and direct the siting and construction of facilities for the exploration, development, production, and transportation of Coastal Plain oil and gas resources.

(2) OBJECTIVES.—The plan shall have the following objectives:

(A) Avoiding unnecessary duplication of facilities and activities.

(B) Encouraging consolidation of common facilities and activities.

(C) Locating or confining facilities and activities to areas that will minimize impact on fish and wildlife, their habitat, and the environment.

(D) Utilizing existing facilities wherever practicable.

(E) Enhancing compatibility between wildlife values and development activities.

(g) ACCESS TO PUBLIC LANDS.—The Secretary shall—

(1) manage public lands in the Coastal Plain subject to subsections (a) and (b) of section 811 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3121); and

(2) ensure that local residents shall have reasonable access to public lands in the Coastal Plain for traditional uses.

SEC. 8. EXPEDITED JUDICIAL REVIEW.

(a) FILING OF COMPLAINT.—

(1) DEADLINE.—Subject to paragraph (2), any complaint seeking judicial review of any provision of this Act or any action of the Secretary under this Act shall be filed—

(A) except as provided in subparagraph (B), within the 90-day period beginning on the date of the action being challenged; or

(B) in the case of a complaint based solely on grounds arising after such period, within 90 days after the complainant knew or reasonably should have known of the grounds for the complaint.

(2) VENUE.—Any complaint seeking judicial review of any provision of this Act or any action of the Secretary under this Act may be filed only in the United States Court of Appeals for the District of Columbia.

(3) LIMITATION ON SCOPE OF CERTAIN REVIEW.—Judicial review of a Secretarial decision to conduct a lease sale under this Act, including the environmental analysis thereof, shall be limited to whether the Secretary has complied with the terms of this Act and shall be based upon the administrative record of that decision. The Secretary's identification of a preferred course of action to enable leasing to proceed and the Secretary's analysis of environmental effects under this Act shall be presumed to be correct unless shown otherwise by clear and convincing evidence to the contrary.

(b) LIMITATION ON OTHER REVIEW.—Actions of the Secretary with respect to which review could have been obtained under this section shall not be subject to judicial review in any civil or criminal proceeding for enforcement.

SEC. 9. FEDERAL AND STATE DISTRIBUTION OF REVENUES.

(a) IN GENERAL.—Notwithstanding any other provision of law, of the amount of adjusted bonus, rental, and royalty revenues from Federal oil and gas leasing and operations authorized under this Act—

(1) 50 percent shall be paid to the State of Alaska; and

(2) except as provided in section 12(d), the balance shall be transferred to the ANWR Alternative Energy Trust Fund established by this Act.

(b) PAYMENTS TO ALASKA.—Payments to the State of Alaska under this section shall be made semiannually.

SEC. 10. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.

(a) IN GENERAL.—The Secretary shall issue rights-of-way and easements across the Coastal Plain for the transportation of oil and gas—

(1) except as provided in paragraph (2), under section 28 of the Mineral Leasing Act (30 U.S.C. 185), without regard to title XI of the Alaska National Interest Lands Conservation Act (30 U.S.C. 3161 et seq.); and

(2) under title XI of the Alaska National Interest Lands Conservation Act (30 U.S.C. 3161 et seq.), for access authorized by sections 1110 and 1111 of that Act (16 U.S.C. 3170 and 3171).

(b) TERMS AND CONDITIONS.—The Secretary shall include in any right-of-way or easement issued under subsection (a) such terms and conditions as may be necessary to ensure that transportation of oil and gas does not result in a significant adverse effect on the fish and wildlife, subsistence resources, their habitat, and the environment of the Coastal Plain, including requirements that facilities be sited or designed so as to avoid unnecessary duplication of roads and pipelines.

(c) REGULATIONS.—The Secretary shall include in regulations under section 3(g) provisions granting rights-of-way and easements described in subsection (a) of this section.

SEC. 11. CONVEYANCE.

In order to maximize Federal revenues by removing clouds on title to lands and clarifying land ownership patterns within the Coastal Plain, the Secretary, notwithstanding the provisions of section 1302(h)(2) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3192(h)(2)), shall convey—

(1) to the Kaktovik Inupiat Corporation the surface estate of the lands described in paragraph 1 of Public Land Order 6959, to the extent necessary to fulfill the Corporation's entitlement under sections 12 and 14 of the Alaska Native Claims Settlement Act (43 U.S.C. 1611 and 1613) in accordance with the terms and conditions of the Agreement between the Department of the Interior, the United States Fish and Wildlife Service, the Bureau of Land Management, and the Kaktovik Inupiat Corporation effective January 22, 1993; and

(2) to the Arctic Slope Regional Corporation the remaining subsurface estate to which it is entitled pursuant to the August 9, 1983, agreement between the Arctic Slope Regional Corporation and the United States of America.

SEC. 12. LOCAL GOVERNMENT IMPACT AID AND COMMUNITY SERVICE ASSISTANCE.

(a) FINANCIAL ASSISTANCE AUTHORIZED.—

(1) IN GENERAL.—The Secretary may use amounts available from the Coastal Plain Local Government Impact Aid Assistance Fund established by subsection (d) to provide timely financial assistance to entities that are eligible under paragraph (2) and that are directly impacted by the exploration for or

production of oil and gas on the Coastal Plain under this Act.

(2) ELIGIBLE ENTITIES.—The North Slope Borough, the City of Kaktovik, and any other borough, municipal subdivision, village, or other community in the State of Alaska that is directly impacted by exploration for, or the production of, oil or gas on the Coastal Plain under this Act, as determined by the Secretary, shall be eligible for financial assistance under this section.

(b) USE OF ASSISTANCE.—Financial assistance under this section may be used only for—

(1) planning for mitigation of the potential effects of oil and gas exploration and development on environmental, social, cultural, recreational, and subsistence values;

(2) implementing mitigation plans and maintaining mitigation projects;

(3) developing, carrying out, and maintaining projects and programs that provide new or expanded public facilities and services to address needs and problems associated with such effects, including firefighting, police, water, waste treatment, medivac, and medical services; and

(4) establishment of a coordination office, by the North Slope Borough, in the City of Kaktovik, which shall—

(A) coordinate with and advise developers on local conditions, impact, and history of the areas utilized for development; and

(B) provide to the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate an annual report on the status of coordination between developers and the communities affected by development.

(c) APPLICATION.—

(1) IN GENERAL.—Any community that is eligible for assistance under this section may submit an application for such assistance to the Secretary, in such form and under such procedures as the Secretary may prescribe by regulation.

(2) NORTH SLOPE BOROUGH COMMUNITIES.—A community located in the North Slope Borough may apply for assistance under this section either directly to the Secretary or through the North Slope Borough.

(3) APPLICATION ASSISTANCE.—The Secretary shall work closely with and assist the North Slope

Borough and other communities eligible for assistance under this section in developing and submitting applications for assistance under this section.

(d) ESTABLISHMENT OF FUND.—

(1) IN GENERAL.—There is established in the Treasury the Coastal Plain Local Government Impact Aid Assistance Fund.

(2) USE.—Amounts in the fund may be used only for providing financial assistance under this section.

(3) DEPOSITS.—Subject to paragraph (4), there shall be deposited into the fund amounts received by the United States as revenues derived from rents, bonuses, and royalties from Federal leases and lease sales authorized under this Act.

(4) LIMITATION ON DEPOSITS.—The total amount in the fund may not exceed $11,000,000.

(5) INVESTMENT OF BALANCES.—The Secretary of the Treasury shall invest amounts in the fund in interest bearing government securities.

(e) AUTHORIZATION OF APPROPRIATIONS.—To provide financial assistance under this section there is authorized to be appropriated to the Secretary from the Coastal Plain Local Government Impact Aid Assistance Fund $5,000,000 for each fiscal year.

SEC. 13. ANWR ALTERNATIVE ENERGY TRUST FUND.

(a) ESTABLISHMENT OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the "ANWR Alternative Energy Trust Fund", consisting of such amounts as may be transferred to the ANWR Alternative Energy Trust Fund as provided in section 9.

(b) EXPENDITURES FROM ANWR ALTERNATIVE ENERGY TRUST FUND.—

(1) IN GENERAL.—Amounts in the ANWR Alternative Energy Trust Fund shall be available without further appropriation to carry out specified provisions of the Energy Policy Act of 2005 (Public Law 109–58; in this section referred to as "EPAct2005") and the Energy Independence and Security Act of 2007 (Public Law 110–140; in this section referred to as "EISAct2007"), as follows:

To carry out the provisions of:	**The following percentage of annual receipts to the ANWR Alternative Energy Trust Fund, but not to exceed the limit on amount authorized, if any:**
EPAct2005:	
Section 210	1.5 percent
Section 242	1.0 percent
Section 369	2.0 percent
Section 401	6.0 percent
Section 812	6.0 percent
Section 931	19.0 percent
Section 942	1.5 percent
Section 962	3.0 percent
Section 968	1.5 percent
Section 1704	6.0 percent
EISAct2007:	

To carry out the provisions of:	The following percentage of annual receipts to the ANWR Alternative Energy Trust Fund, but not to exceed the limit on amount authorized, if any:
Section 207	15.0 percent
Section 607	1.5 percent
Title VI, Subtitle B	3.0 percent
Title VI, Subtitle C	1.5 percent
Section 641	9.0 percent
Title VII, Subtitle A	15.0 percent
Section 1112	1.5 percent
Section 1304	6.0 percent.

(2) APPORTIONMENT OF EXCESS AMOUNT.—Notwithstanding paragraph (1), any amounts allocated under paragraph (1) that are in excess of the amounts authorized in the applicable cited section or subtitle of EPAct2005 and EISAct2007 shall be reallocated to the remaining sections and subtitles cited in paragraph (1), up to the amounts otherwise authorized by law to carry out such sections and subtitles, in proportion to the amounts authorized by law to be appropriated for such other sections and subtitles.

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June 7, 2010

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Dear Mr. Voss:

The Citizens' Advisory Commission on Federal Areas has considered the Notice of Intent to revise the Comprehensive Conservation Plan (CCP) for the Arctic National Wildlife Refuge and prepare an environmental impact statement. We note that this planning process also will include a review of refuge rivers for potential recommendation for inclusion in the National Wild and Scenic River System and review of refuge lands for potential recommendation for inclusion within the National Wilderness Preservation System. We appreciate the opportunity to offer the following scoping comments for consideration by the refuge planning team.

Public Involvement

The Commission thanks you for providing the briefing and answering questions about the CCP revision at our June 2nd meeting in Fairbanks. We are encouraged by the extensive public outreach effort made by you and your staff during this initial phase of the plan revision. We are particularly pleased that the public meetings did not simply follow the "open house" format, but included the opportunity for the public to provide testimony as part of the planning record. Also, giving attendees the option of presenting testimony in an open forum or by meeting one on one with a member of the refuge staff is commendable. As you know, the Arctic Refuge receives more attention than other unit in the refuge system, making public involvement a critical part of this plan revision. We are confident that you will offer the same level of opportunities for public involvement in each phase of the process. The Commission is available to assist with future public outreach efforts or to again distribute information through our newsletter if that would be helpful.

Wilderness Review

The Commission is strongly opposed to the development of new recommendations for designation of additional wilderness within the Arctic Refuge. The question of additional

wilderness designations for all national wildlife refuge units in Alaska was previously addressed in studies mandated by ANILCA Section 1317. The study for the Arctic Refuge was conducted in conjunction with the development of the current CCP. The November 1988 Record of Decision for the CCP and Final Environmental Impact Statement selected a plan alternative that represented the exiting management situation and did not include a wilderness proposal.

The Commission supports retention of this decision, primarily because the 8.0 million acres of designated wilderness already within the Arctic Refuge is sufficient. Maintaining the remainder of the refuge in a non-wilderness status will allow the Service a measure of flexibility to respond to changing circumstances or management needs. Existing statutory and regulatory authorities provide sufficient protections for refuge values and purposes without reducing management options by imposing an additional layer of restrictions on the Service, cooperating agencies such as the Alaska Department of Fish and Game or the public.

The restrictions imposed by wilderness designation in Alaska are slightly less restrictive because of the special provisions of ANILCA. In spite of those special provisions, however, it is our considered opinion that each Federal land management agency has adopted wilderness policies that are more restrictive than was intended by Congress. These policies can unnecessarily restrict public activities and use, even those of a transitory nature that have no impact to refuge resources.

During the CCP revision process we would encourage the Service to look at how these policies are applied to the existing wilderness area in the refuge. The CCP should contain a table or summary of those activities and uses that are allowed and those that are restricted within designated wilderness. Included in the CCP should be a discussion of the applicable Service polices, regulations and statutes which guide wilderness management. Plan alternatives and refuge management policies should also allow for special circumstances where restrictions on the use of mechanized or power equipment can be waived for medical reasons or to accommodate handicapped individuals.

1002 Area

Although the ANILCA Section 1317 recommendations were never submitted to Congress by the Secretary, Congress has considered the question of wilderness in the 1002 area of the Arctic Refuge many times. There have been bills proposed in both the House and the Senate in each of the last 11 Congresses. At least 22 bills proposing wilderness designation for the 1002 Area have been introduced. Several other bills also contained wilderness proposals for lands within the Arctic Refuge. To our knowledge, none of these bills has advanced beyond committee. Given this and the controversial nature of wilderness designation in Alaska overall, the Commission would suggest that the time and effort in conducting wilderness studies in the 1002 area (Coastal Plain Wilderness Review Units) as well as the Brooks Range and Porcupine Plateau Wilderness Review Units could be better spent on other important management issues.

Wild and Scenic River Studies

The Commission is also opposed to studies and/or recommendations for additional wild and scenic rivers within the Arctic Refuge. As we have stated above on the wilderness study issue, existing statutory and regulatory authorities are more than adequate to protect all rivers and

waters within the refuge. In fact, one of the purposes of the refuge is to ensure "water quality and necessary water quantity within the refuge." We see no need to conduct wild and scenic river studies that will divert staff resources from other management issues.

Access

Under the current CCP and regulations, there are no restrictions for the Arctic Refuge on public access via snowmachine, motorboat, airplane or nonmotorized surface transportation. Even though there have been increases in public use and visitation, Commission members who are knowledgeable about the refuge see no need for any restrictions at this time. While we are aware that restrictions may be implemented only through the closure process and subject to the criteria found in the regulations at 50 CFR §36.42, the findings in the environmental impact statement and the revised CCP will heavily influence any decisions on future proposals for public access restrictions. This issue should be thoroughly and objectively examined as part of this revision.

Visitor Use Survey

We recently learned that implementation of the revised visitor use survey will be delayed until after the plan revision is completed. The Service should reconsider this decision and release the visitor survey for this season so that this information can be included in the CCP revision.

Cabins

Guidance for cabin management in the current CCP was developed prior to the promulgation of regulations for the use and construction of cabins within national wildlife refuges in Alaska. At the time the CCP was adopted, cabins were managed under a regional policy that was not uniformly applied and which was not consistent with the provisions of ANILCA. Formal cabin regulations were not adopted until 1994.

The Service estimated in the original CCP that there were 37 cabins on refuge lands used for trapping or other customary and traditional subsistence uses. According to the CCP, 25 of those were used to "some degree" and 12 were not being actively used. Twelve of the cabins were under special use permit. The CCP (pg. 210) states: "The Service eventually will place all of the cabins on refuge lands under permit, or declare them abandoned after researching their pattern of use."

The CCP goes on to say that a detailed inventory of cabins and their uses on refuge lands will be conducted. It also says that before declaring a cabin abandoned, the Service will research it pattern of use and that all cabins determined to be abandoned will be disposed of in accordance with Service policy.

We have no specific information on the present status of cabins or cabin permits on the Arctic Refuge. We do understand that there are fewer cabins being used or under permit than when the original CCP was adopted. The revised CCP should include the results of the cabin inventory and the current status of cabins on the Arctic Refuge. The original CCP states that the Service has no plans for constructing or designating new public use cabins, but points out that cabins may be constructed or designated if necessary for refuge management and or public health and safety. We suggest inclusion of at least one alternative that would allow either the designation of existing cabins or construction of new cabins for public use in the non-wilderness portions of the

refuge. Consistent with ANILCA Section 1315(d), the need for public use cabins or shelters for public health and safety purposes within the designated wilderness portion of the refuge should also be considered in the alternatives. There is a significant segment of the public that considers public use cabins within conservation system units as both appropriate and desirable.

Again, the Commission appreciates the opportunity to provide these comments. We look forward to working with the refuge staff on the development of this plan revision and the environmental impact statement. We would welcome the opportunity to participate in planning team meetings along with other State personnel, if appropriate and if you think that participation would be helpful. When convenient, we also encourage you to provide updates that can be included in our monthly newsletter. Please contact us if you have questions or if we can clarify any of our comments.

Sincerely,

Stan Leaphart

Stan Leaphart
Executive Director

STATE OF ALASKA

SEAN PARNELL, Governor

CITIZENS' ADVISORY COMMISSION
ON FEDERAL AREAS

3700 AIRPORT WAY
FAIRBANKS, ALASKA 99709

PHONE: (907) 374-3737
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November 12, 2010

Richard Voss
Refuge Manager
Arctic National Wildlife Refuge
101 12th Avenue, Room 236
Fairbanks, AK 99701-6237

Dear Mr. Voss:

In scoping comments on the revision of the Comprehensive Conservation Plan (CCP) for the Arctic National Wildlife Refuge, the Citizens' Advisory Commission on Federal Areas expressed its opposition to the review of rivers within the refuge for possible recommendation for inclusion in the National Wild and Scenic River System. At our regular meeting in Anchorage on October 21 & 22, 2010, Commission members voted unanimously to reaffirm that opposition. We offer the following comments on the *Draft Wild and Scenic River Eligibility Report* by way of explanation for our action.

As we have stated in our scoping comments, existing statutory and regulatory authorities are more than adequate to protect all rivers and waters within the refuge. A primary purposes of the refuge is to ensure "water quality and necessary water quantity within the refuge." (ANILCA Section 303(2)(B)(iv)). This overlying statutory purpose, coupled with the fact that at least portions of 7 of the ten rivers and lakes determined to be eligible are located within designated wilderness, makes any additional designation redundant and unnecessary.

Our objections to the conduct of any studies for the purposes of developing recommendations for additional wild and scenic river designations are based on a clear reading of ANILCA Section 1326(b) which states: *"No further studies of Federal lands in the State of Alaska for the single purpose of considering the establishment of a conservation system unit, national recreation area, national conservation area, or for related or similar purposes shall be conducted unless authorized by this Act or further Act of Congress."*

By definition, a wild and scenic river is a conservation system unit and any study of rivers within the Arctic Refuge for possible designation is a violation of Section 1326. We are aware that federal agencies have circumvented this prohibition on further studies by including them as part

of various plan revisions such as the current effort for the ANWR CCP. Nevertheless, such actions violate both the letter and the intent of this section of ANILCA and should be abandoned.

The Commission particularly objects to the inclusion of the Porcupine River in this current study effort. The Porcupine River was designated for study by Section 604(a) of ANILCA. As the current *Eligibility Report* (pg. 2) acknowledges, the National Park Service completed an eligibility and suitability report for the Porcupine River from its confluence with the Yukon River upstream to the Canadian – United States border. In that report, the entire river segment was found to be eligible, but not suitable. The Porcupine River was determined unsuitable largely because the 1985 report recognized that it was a legally defined navigable river. As such, the lands compromising the riverbed and both banks below the ordinary high water marks are owned by the State of Alaska.

This ownership was confirmed on May 9, 2005 when the Bureau of Land Management issued a Recordable Disclaimer of Interest (Serial No. AA-85085) for *"The lands underlying the Porcupine River between the lines of ordinary high water marks on its banks, from its confluences with the Yukon River upstream approximately 214 river miles to the 60-foot wide neutral strip from the Untied States – Canada International Boundary.."* It is disappointing to note that the current eligibility report does not include this information or even recognize State ownership.

The final study report was submitted by President Reagan to Congress on April 26, 1985 as required by ANILCA 604(b) and the Wild & Scenic Rivers Act Section 5(b)(5). The required study for the Porcupine River is complete and no further action on the part of the U.S. Fish & Wildlife Service is necessary unless or until such time as Congress may chose to act on the previously prepared study. The U.S. Fish & Wildlife Service is exceeding its authority under both ANILCA and the Wild and Scenic River Act to conduct any further examination of this river as part of the CCP revision or any other planning process.

It is also inappropriate for the U.S. Fish & Wildlife Service to conduct a study of a State owned river. As the Service is aware, there is a mechanism under Section 2(a) of the Wild and Scenic Rivers Act by which a river, which has been designated as a wild, scenic or recreational river pursuant to an act of a state legislature, can be added to the federal system. The Commission suggests that if the Service feels there is a compelling need for the Porcupine River to be included in the Wild and Scenic River System, the agency, through the Secretary of the Interior, should petition the Alaska State Legislature for state designation.

Two lakes, Peters Lake and Schrader Lake, (collectively know as the Neruokpuk Lakes) have been determined to be eligible for designation. Section 16(a) of the Wild and Scenic Rivers Act defines the term river "*as a flowing body of water or estuary or a section, portion, or tributary thereof, including rivers, streams, creeks, runs, kills, rills, and small lakes.*" (emphasis added) The *Eligibility Report* (Table 3-1, pg. 12) describes these lakes as "*the two largest and most northern arctic alpine lakes in North America. The two large, deep, connected lakes are surrounded by steep slopes.....*" (emphasis added).

While the Wild and Scenic Rivers Act offers no clarification of what constitutes a "small" lake, the Neruokpuk Lakes do not qualify under the statutory definition of "river" for the purposes of eligibility, based on the report's description of them as the two "largest" alpine lakes in North America. Consequently, they should be dropped from further consideration.

In conclusion, we again urge the Service to discontinue any further study efforts for the purpose of making recommendations for additions to the Wild and Scenic River System within the Arctic National Wildlife Refuge. Our review of the summary of public scoping comments submitted indicates that there are many important management and resources related issues more deserving of attention in this plan revision and subsequent implementation. We appreciate the opportunity to comment. Please contact our office if you have questions or if we need to clarify any of our comments.

Sincerely,

Stan Leaphart

Stan Leaphart
Executive Director

ANWR:

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Support for H.J.R. 11
27th Alaska State Legislature 1st Session

Arctic Power strongly supports House Joint Resolution 11 introduced to the Alaska State Legislature Jan 21, 2011.

At the opening of each Congress for the past ten years, bills have been introduced to declare the 10-02 area of ANWR "wilderness lands" as defined by the National Wilderness Act of 1964. To date not a single measure has gained support and most have died in committee. Additionally letters have been drafted by Congressmen to the President to either declare the 10-02 as wilderness or, in one case, ban all development of any kind north of the Brooks Range. These letters are often signed by 50-80 congressmen and women and are sent off to the White House. None have yet gained enough traction to cause passage of legislation.

Despite the lack of success in these measures, and that many on Capitol Hill brand these attempts as politically "dead-on-arrival", the fact remains that up to a third of the US Senate and a quarter of the US House actually believe that locking up Alaskan lands is a good thing and Alaskans simply do not know what is best for themselves when it comes to land management. Sadly, very few of those who sign these letters or bills have actually been to Alaska, let alone ANWR, and many support these bills purely on political grounds. As a fact we at Arctic Power know that very few Congressmen or women actually know the issues, the lands, or the history of Arctic oil and gas exploration at all.

As ANWR is the single most legislated energy issue of the modern era, HJR 11 will be a extremely important voice for the people of Alaska in responding to the misguided wishes of certain members of Congress keen on Federal land grabs. It is the voice of the people of Alaska that is often not heard in the Halls of Congress and deliberately left of out the ANWR "wilderness" letters sent to the White House. HJR 11 will be an official message that we, as residents of this state, can take to Washington to help assure our voices are heard.

After ANILCA passed in 1980, Alaska was given reason to breathe a sigh of relief, though at a cost of 105 million acres of our state's land. Today 61% of our state is controlled by Washington and fully 1/3rd of all Federal lands nationally lie in Alaska. Over half of all national wilderness lands or fifty-eight million acres exist in Alaska including 8 million acres (42%) of ANWR itself. Alaska also contains 70% of the nation's national parks and 80% of all the nation's wildlife refuge land. One must ask when is enough enough? Regardless of the rule of law of ANILCA itself, we simply do not need more protected lands.

Demands for wilderness designation of the 10-02 area by anyone inside or outside of Alaska completely and deliberately ignores that Alaskans, both individually and through laws put in place by their elected officials, have acted responsibly and practiced careful conservation and protection of the ecology for 30 years across the entire Arctic. The environmental Armageddon many environmental groups preached never happened. But still, those in favor of 10-02 wilderness designation artfully ignore the now 66,000 strong Central Arctic Caribou Herd migrating, calving and feeding within the largest oil field on the North American continent. A situation which was deemed impossible by the environmental lobby and their supporters in 1972.

Apart from the basic fact that ANILCA specifically did not designate the 10-02 as wilderness lands, ANILCA also states that the Federal Government's fill of claims to Alaskan lands have been met and that no Alaskan land, anywhere in the state, may be taken out of public use without a specific decision by Congress. In 1987, the Department of Interior carried out the letter of the law of ANILCA and recommended opening the 10-02 to oil exploration and development, and; in 1995, Congress fulfilled ANILCA by voting to do so. What has changed since then with regard to ANWR land is almost nothing at all. The Porcupine Caribou Herd fluctuates, as it always has and will, the local governments still strongly support development and overall statewide public support remains at a high 78%. Yet Alaska, year in year out, must battle against bill after bill, letter after letter, campaign after campaign the attempts of environmentalists and misguided US Congressmen and women to keep open the option to responsibly use our lands. Even the current Comprehensive Conservation Plan by the US Fish and Wildlife Service will most likely break the ANILCA law and, in April, come out with a recommendation for a wilderness designation of the 10-02 area. It is our great wish that this effort be stopped, that the US Fish and Wildlife Service know through HJR 11 and the force of law that this is not only not the wish of Alaskans, but it is also against the law of the land.

We at Arctic Power do not agree with those in the US Congress who want wilderness designation for the 10-02 area. We strongly believe they do not fully understand the issue and many are completely unwilling to listen to the voices of the people of Alaska.

We at Arctic Power do believe Alaskans know what is best for Alaskans and that a vast majority of Alaskans support passage of HJR 11 and responsible development of the 10-02 area of ANWR. We strongly support this resolution and recommend its passage.

Sincerely
Mike Navarre Co-Chair ARCTIC POWER
Eric Helzer Co-Chairman ARCTIC POWER

RESOURCE DEVELOPMENT COUNCIL

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Ex-Officio Members
Senator Mark Begich
Senator Lisa Murkowski
Congressman Don Young
Governor Sean Parnell

February 2, 2011

Representative Eric Feige and Representative Paul Seaton, Co-Chairmen
House Resources Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801

Re: HJR 11, Urging the U.S. Congress to oppose new Wilderness designations on the Coastal Plain of ANWR

Dear Representative Feige and Representative Seaton:

The Resource Development Council for Alaska (RDC) is writing to support HJR 11, which opposes new Wilderness designations in the Arctic National Wildlife Refuge (ANWR).

RDC is an Alaskan business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism, and fisheries industries. Our membership includes all of the Alaska Native Regional Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to expand the state's economic base through the responsible development of our natural resources.

RDC is not only strongly opposed to the expansion of Wilderness areas in ANWR, we support opening the "1002 area" of ANWR's coastal plain to oil and gas development. At a minimum, the option of future energy development in the 1002 area should be kept open, considering national economic and energy security imperatives. However, a Wilderness designation over the 1002 area would forever close what is considered America's best onshore prospect for major oil and gas discoveries.

RDC is advocating for the State of Alaska's and, indeed, our nation's interests in recommending the 1002 area be opened to responsible oil and gas exploration and development, as was recommended by the Department of Interior and Congress in the 1980s and 1990s. RDC is strongly opposed to new federal Wilderness designations in ANWR and the mere implication of such consideration is inconsistent with promises that were made in the Alaska National Interest Lands Conservation Act (ANILCA).

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The 1002 area was excluded from the Wilderness designation in a compromise struck under ANILCA over 30 years ago. In exchange, Congress doubled the size of the refuge and designated eight million acres outside the 1002 area as Wilderness. In recognizing the 1002 area's enormous oil and gas potential, Congress mandated a study of the 1002 area's petroleum resources, as well as its wildlife and environmental values. In 1987, the Department of the Interior recommended the 1002 area be opened "to an orderly oil and gas leasing program." A 1987 Environmental Impact Statement (EIS) noted in its summary that impacts from "exploration and development drilling were minor or negligible on all wildlife resources on the 1002 area" and that production would directly "affect only 0.8 percent of the 1002 area." In 1995, Congress voted to open the area to responsible oil and gas development, but President Bill Clinton vetoed the bill. ANILCA Section 1001(e) specifically limited the study period for Wilderness considerations in ANWR's coastal plain to eight years from the date of signing the act. The 1987 EIS addressed the issue and rejected Alternative E, Wilderness designation of the 1002 area. The EIS pointed out that "such a designation is not necessary to protect the 1002 area environment and is not in the best interest of the nation."

Moreover, Section 101 states that the need for future Conservation System Units (CSUs) in Alaska has been obviated by the ANILCA withdrawals (105 million acres statewide) and Section 102(4) includes Wilderness in the definition of a CSU. In addition, Congress recognized that for Alaska to "satisfy the economic and social needs of the State of Alaska and its people" access is essential.

Alaska already contains 58 million acres of federal Wilderness. This is larger than New York, New Jersey, Connecticut, Rhode Island, Massachusetts, Vermont and New Hampshire combined. In fact, Alaska accounts for 53 percent of America's federal Wilderness areas. We don't need more Wilderness in Alaska, we are already sufficiently protected. This point is acknowledged in Section 1326(a), which states that administrative closures, including the Antiquities Act, of more than 5,000 acres cannot be used in Alaska. Section 1326(b) adds emphasis to the "No More" clause in noting that federal agencies must first seek the permission of Congress before even studying lands in Alaska for Wilderness consideration.

In conclusion, the 1002 area of ANWR should not only continue to be excluded from Wilderness designation, it should be opened up to responsible onshore oil and gas exploration and development. Our national security and Alaska's economy depend on it. Moreover, we can have oil and gas development in a very small area of ANWR while maintaining the special values of the refuge. Given the majority of Alaskans support oil and gas development in ANWR and are opposed to a Wilderness designation over the 1002 area, RDC strongly encourages the passage of HJR 11.

Sincerely,



Carl Portman
Deputy Director

YOUNG Introduces Pro ANWR HR.49

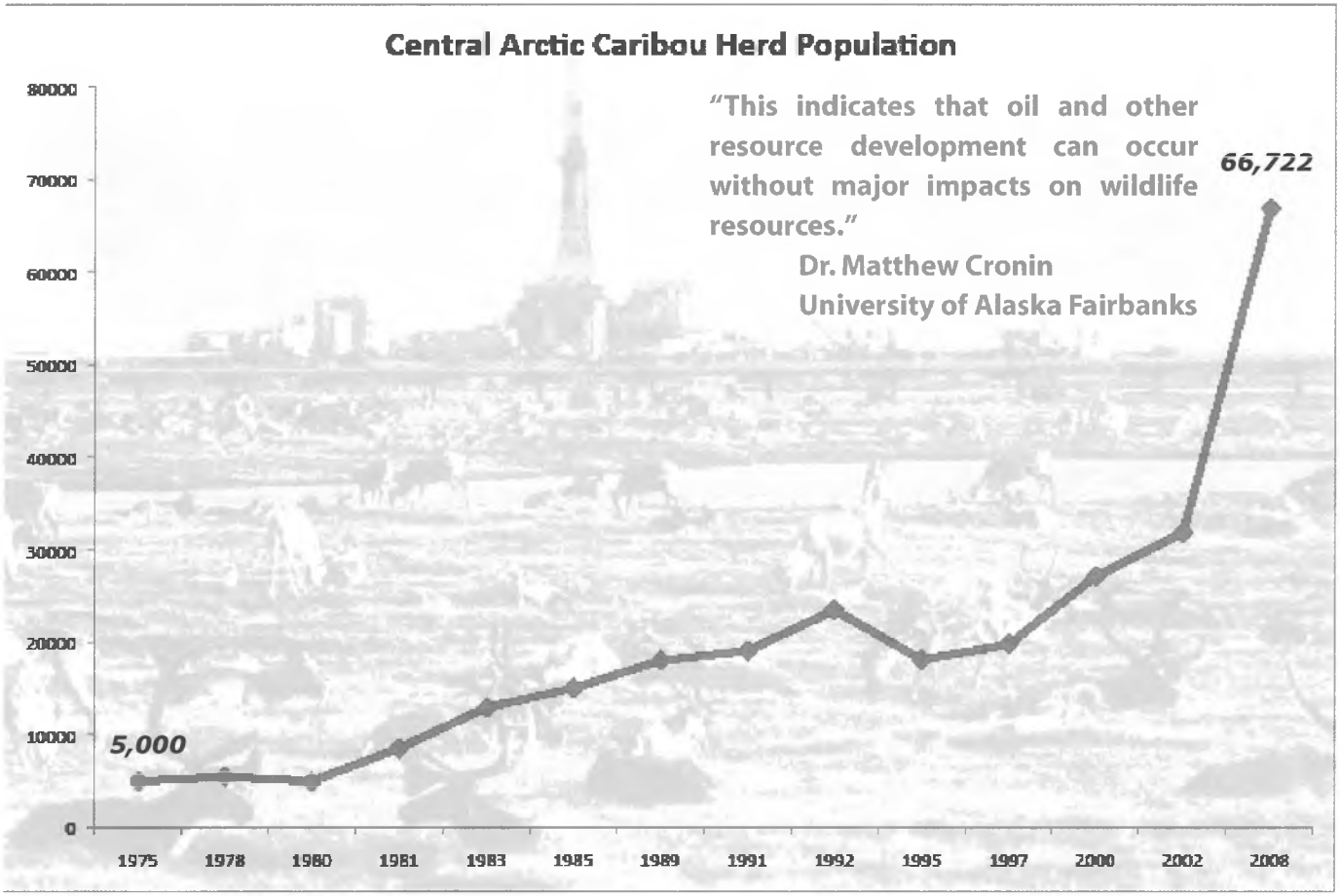
Washington – Representative Don Young of Alaska introduced the American Energy Independence and Price Reduction Act H.R.49 named after his home state. The act calls for the opening of the 10-02 Area of ANWR to oil and gas exploration and gives the Secretary of Interior permission to lease a minimum of 200,000 acres of the 1.5 million acre coastal plain area 22 months after presidential signatures of passage. The act also limits surface footprint of development to 2000 acres out of the 1.5 million which would include airfields, roads, drill pads, oil pumping facilities, and even pipelines supports.

2000 acres is equivalent to 3.1 square miles yet would not be contiguous. The proceeds from any lease sales or production taxes would be split 50/50 between the State of Alaska and the Federal Government. The Federal Governments monies must be used to fill an “ANWR Alternative Energy Trust Fund” to promote alternative energy projects from the Energy Policy Act of 2005 and the Energy Independence and Security Act of 2007. H.R. 49 would also provide a trust fund holding up to 11 million dollars in assistance for native communities impacted by the development. Lands owned by the Kaktovik peoples and subsurface rights of Arctic Slope Regional Corporation (total of 110,000 acres) would be honored and not subject to a split with the State or Federal Government. All lands would be subject to development using only the best available technologies and environmental protection permits. All facilities would also be required to be removed after production ceased. The bill further states that a noncontiguous 45,000 acres of the 10-02 can be specifically selected by the Secretary as “Special Area” due to cultural or scenic or scientific importance. Those special areas would be exempt from drilling infrastructure but subsurface directional drilling from adjacent leases would be allowed.

Overall the bill is nearly identical to bills Young has offered in the previous Congress. Since debate began in 1980 hundreds of pro ANWR bills have been introduced 16 bills promoting ANWR development in the last Congress alone. None managed to pass. The overall trend of ANWR legislation has been to incorporate alternative energies into bill language with a tie to a production tax fed trust fund as is the case with HR 49. Other bills include provisions to directly promote nuclear, coal, wind and solar energy or an “all of the above” approach. Pro ANWR bills, all of which have passed under Representative Young’s watch, number 12 successful votes, while the Senate has only mustered 3 successful votes. The bill will now be passed onto the Natural Resources Committee where it will be debated and voted upon. It is likely the bill will successfully reach the floor sometime this spring and the House will vote and pass the measure under Speaker Boehner who is strongly supportive of the measure. Because of the partisan nature of the issue and Democratic control of the Senate, the bill will not likely pass there. President Obama has also been decidedly against oil and gas exploration in the State and in ANWR in particular. His veto is almost certain. So far 7 co-sponsors have signed on to the bill. Reps: Bartlett (MD-6), Carter (TX-13), Culberson (TX-7), Duncan (TN-2), Long (MO-7), Miller (MI-10), Ross(FL-12).

You can view the bill on the Library of Congress’s THOMAS web site here:
http://www.thomas.gov/cgi-bin/query/z?c112:H.R.49:

Co-existing with oil development, Central Arctic caribou herd thrives, population at record high



The Alaska Department of Fish and Game has reported that the Central Arctic caribou herd, which occupies summer ranges that include the Prudhoe Bay and Kuparuk oil fields, grew sharply in numbers between 2002 and 2008.

The herd included approximately 67,000 animals in summer 2008, compared to 32,000 in 2002. The herd had less then 5,000 animals in 1975, several years before North Slope oil production commenced.

The Teshekpuk Lake herd to the west of Kuparuk also increased in population to 64,000 animals in 2008, up from 45,000 in 2002. The two herds are the only ones in the Arctic known to be increasing at this time, the Department said. The other two Alaskan Arctic herds, the Western Arctic herd, whose range is west and south of the Teshekpuk Lake herd, and the Porcupine herd, with a summer range in Arctic National Wildlife Refuge east of Prudhoe Bay and winter ranges in the Brooks Range and Canada, are decreasing, as are many herds across Canada.

The department has not yet determined the causes of the changes in numbers in the different herds, but believes good reproduction rates, good weather, low predation and good habitat have combined to allow the Central Arctic and Teshekpuk Lake herds to increase rapidly. Movement among the herds may also account for some of the relative increases and decreases in numbers.

The increase in population is good news for many North Slope communities that hunt caribou. The Teshekpuk herd is an important subsistence resource for Barrow and villages in the region while the Central Arctic herd is commonly hunted by Alaskans from all over the state.

"Although some local disturbance impacts may occur, North Slope oil field developments have not resulted in decreased numbers of caribou," noted Dr. Matthew Cronin, a specialist in animal genetics and a research associate professor at the University of Alaska Fairbanks School of Natural Resources and Agricultural Sciences in Palmer. "This indicates that oil and other resource development can occur without major impacts on wildlife resources," Cronin added. "The North Slope oilfields and caribou herds are a good example of achieving multiple use management."

THE ALLIANCE

...for responsible development of Alaska's Oil, Gas & Mineral Resources

February 1st, 2011

Honored Members of the House Resources Committee:

Please accept this letter on behalf of the Alliance's 500 members and their 35,000 employees.

Our organization fully supports HJR 11- a resolution urging Congress to refrain from passing legislation that designates land in ANWR as wilderness.

Jobs are our future. Any attempt to thwart responsible resource development in Alaska is a threat to our member companies and to their employees.

Please support HJR 11.

Respectfully,

Rebecca Logan

General Manager

The Alliance

Seafarers
International
Union of
North America,
AFL-CIO

Michael Sacco
President

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January 21, 2011

The Honorable Barack Obama
1600 Pennsylvania Avenue, NW
Washington, DC 20500

RE: Monument Designation for ANWR

Dear Mr. President:

I am aware of an ongoing effort by some environmental organizations and members of Congress to encourage you to declare the Arctic National Wilderness Area (ANWR) a national monument. The Seafarers International Union is opposed to such a designation and, respectfully, we urge you not to consider such an action. Doing so would close off a vital resource that has the potential for creating thousands of good paying jobs, especially seafaring jobs, that our economy desperately needs.

Our membership has been safely moving oil on tankers from Valdez to the Lower 48 and Hawaii for decades. We are confident that, if given the chance, our members will do the same with oil extracted from ANWR. We have been working with our contracted companies, including our leading tanker operator Alaska Tanker Company (ATC), to ensure that all oil moved is done so as safely and cleanly as possible. ATC's safety record for responsibly transporting this oil is unblemished – with over 14 million man-hours of transfers without a lost-time injury. And in the last eight years, ATC has moved nearly 1.3 billion barrels of oil without losing a single drop.

Mr. President, like you, we are committed to creating good paying jobs for middle class Americans. We view the opening of ANWR for responsible drilling as a way to create good paying jobs for Americans while at the same time helping to reduce our dependence on foreign sources of energy. Having played a key role in the cleanup of the BP oil spill, we recognize the concerns many have about safe and responsible drilling, but we are confident that the resources available in ANWR can be extracted and transported safely – because we've been doing it for decades. Our membership believes that a national monument designation for ANWR is a bad policy decision and one that would have a direct, harmful impact on our members and their families.

We look forward to continuing to work with you and your administration to strengthen job opportunities for working families across America.

Sincerely,

Michael Sacco
President

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Governor Sean Parnell
STATE OF ALASKA

January 26, 2011

The Honorable Kenneth L. Salazar
Secretary
United States Department of the Interior
1849 C Street, NW
Washington, DC 20240

Dear Mr. Secretary,

I have grave concerns about Secretarial Order 3310 and associated policies, which appear to allow the Bureau of Land Management (BLM) to create de facto wilderness in a state without Congressional oversight. My concerns center on how the Order imposes a new "Wild Lands" designation for BLM to administer, and on the Interior's intention to conduct wilderness reviews in the BLM planning process.

The new "Wild Lands" designation places a higher priority on protection of "wilderness characteristics," as defined by the Wilderness Act, which effectively trumps most other land uses. Putting such a sweeping initiative in place overnight, with no Congressional direction and no advance consultation with affected states or the public, is unfathomable. This approach not only runs counter to President Obama's January 21, 2009 Memorandum entitled *Transparency and Open Government* and similar supplemental directives, but federal law as well.

The following outlines my specific concerns with Order 3310 and accompanying planning guidance:

- By designating "Wild Lands," Order 3310 usurps congressional authority where the Interior improperly acted as an administrative surrogate for Congressionally-designated Wilderness;

- In Alaska, where most of BLM's 86 million acres retain their wilderness values, the heavily-weighted default protection of wilderness characteristics could easily render most BLM lands de facto wilderness areas absent BLM's multiple-use direction. This would have a devastating effect on Alaska's people, economy, and land use and access. Thus, the Order directly conflicts with the "no more" clauses in the Alaska National Interest Lands Conservation Act (ANILCA) as well as the Federal Land Policy and Management Act (FLPMA);

- The Order is, for all practical purposes, an end-run around ANILCA, which I predict will lead to egregious social and economic consequences for Alaskans. Without the explicit provisions of ANILCA that apply to conservation system units, BLM Wild Lands will likely

be managed *more restrictively* in Alaska than ANILCA-designated Wilderness managed by the National Park Service, Fish and Wildlife Service, or Forest Service;

- The Order purports to seek "balance" between responsible resource development and protection of wilderness characteristics; yet there is a strong presumption in favor of wilderness-style protection. For that reason, this Order will have a severe chilling effect on future proposals designed to create jobs in resource development once an area is designated Wild Lands. This approach also contradicts BLM's multiple use mandate under FLPMA;

- BLM managers' discretion to determine where and when "impairment" of wilderness characteristics is "appropriate" is subject to undue scrutiny and approval in Washington DC, where decisions tend to be political and knowledge of local conditions, issues, and needs is diluted, at best;

- Last, but certainly not least, BLM has no authority whatsoever to apply this policy to the National Petroleum Reserve-Alaska because it is not subject to FLPMA.

These and other key issues are discussed in more depth in an attachment.

I know other western states are similarly concerned, if not appalled, by this new policy. Our state, and likely many others, would be best served by the former policy regarding wilderness reviews and recommendations that respected the preferences of State and local elected officials. Barring that, any new policy and associated planning direction must first undergo formal State and public review and compliance with the National Environmental Policy Act, and as appropriate, the Administrative Procedure Act.

In addition, no such policy should be applicable to the National Petroleum Reserve-Alaska. I urge you to work with the State Director of BLM in Alaska to ensure Secretarial direction does not run counter to the "balance" already established by ANILCA for Alaska.

Sincerely,

Sean Parnell
Governor

cc: The Honorable Lisa Murkowski, United States Senate
The Honorable Mark Begich, United States Senate
The Honorable Orrin Hatch, United States Senate
The Honorable Don Young, United States House of Representatives
The Honorable Mike Simpson, Chair, Interior Appropriations Committee, United States House of Representatives
The Honorable Rob Bishop, Chair, Natural Resources Subcommittee on National Parks, Forests and Public Lands, United States House of Representatives,

The Honorable Jan Brewer, Governor, State of Arizona
The Honorable Matt Mead, Governor, State of Wyoming
The Honorable Butch Otter, Governor, State of Idaho
The Honorable Brian Sandoval, Governor, State of Nevada
The Honorable Gary R. Herbert, Governor, State of Utah
The Honorable Mark Shurtleff, Attorney General, State of Utah
The Honorable Tom Horne, Attorney General, State of Arizona
The Honorable Bruce Salzburg, Attorney General, State of Wyoming
The Honorable Lawrence Wasden, Attorney General, State of Idaho
Tom Strickland, Assistant Secretary, Fish, Wildlife and Parks, United States Department of the Interior
Kim Elton, Interior Director of Alaska Affairs, United States Department of the Interior
Pat Pourchot, Special Assistant to the Secretary for Alaska Affairs, United States Department of the Interior
Robert Abby, Director, Bureau of Land Management
Bud Cribley, State Director for Alaska, Bureau of Land Management
John W. Katz, Director of State/Federal Relations and Special Counsel, Office of the Governor
Greg Conrad, Interstate Mining Compact Commission
Western Governors Association
Conference of Western Attorney Generals
Alaska Miners Association
Resource Development Council
Association of Fish and Wildlife Agencies
Western Association of Fish and Wildlife Agencies

Attachment to Governor Sean Parnell's Letter Regarding Interior Secretarial Order 3310

The Alaska National Interest Lands Conservation Act (ANILCA)

The Order Inventory and Planning Guidance Questions and Answers (Q&A) relies on several provisions of ANILCA to justify application in Alaska; however, the Order fails to recognize the full context of the law and the many other provisions that contributed to the "proper balance" referred to in Section 101(d) of ANILCA. Specifically, the Q&A document claims that Section 1320 of ANILCA "invites" BLM to designate wilderness in Alaska. We agree ANILCA Section 1320 provides BLM the authority to make wilderness recommendations to Congress; however, contrary to the Order, Section 1320 specifically prohibits the presumptive management of land for its wilderness characteristics without Congressional action. While the Order distinguishes between recommending designated wilderness and administratively designating Wild Lands, there is a very fine line between the two, as the basis for both is the Wilderness Act, and any lands set aside as Wild Lands will be managed to preserve the wilderness characteristics as defined by Section 2(c) of the Wilderness Act. In addition, ANILCA Section 1326(b) states:

> *No further studies of Federal lands in the State of Alaska for the single purpose of considering the establishment of a conservation system unit, national recreation area, national conservation areas or for related or similar purposes shall be conducted unless authorized by this Act or further Act of Congress.* [emphasis added]

The underlined language broadens the scope of the provision beyond defined conservation system units (CSUs). Wild Lands are essentially administrative CSUs. Choosing to preserve wilderness character and administratively designating Wild Lands circumvents both Congress and the statutory intent behind ANILCA Sections 1320, 1326(b), and 101(d). In addition, the on-the-ground effects of a Wild Lands designation will likely resemble the administrative "withdrawal" that Congress prohibits in Section 1326(a), and thus are inappropriate.

The Order also ignores ANILCA's hard-fought provisions that protect access for traditional activities and to resources that are the bedrock of Alaska's economy. In contrast to Congressionally-designated conservation system units (CSUs), including Wilderness and Wilderness Study Areas, many of ANILCA's essential provisions would not apply to designated Wild Lands on general BLM lands. These provisions include, but are not limited to:

- Section 1102 Title XI transportation and utility systems;
- Section 1110(a) motorized access for traditional activities and for travel to and from villages and homesites;
- Section 1110(b) inholder access (vs. Section 1323(b) that currently applies);
- Section 1111 temporary access;
- Section 1310 navigation and communication facilities;
- Section 1314(c) taking of fish and wildlife; or
- Section 1315(c) and (d) new and existing cabins.

The importance of these provisions cannot be over-emphasized. For example, the Title XI process for considering transportation and utility systems is critical in Alaska where there are few roads. Congress assumed general BLM lands would remain available for this purpose. While we understand such corridors are not automatically prohibited in designated Wild Lands, we have little doubt that once wilderness characteristics have been identified as warranting protection, applicants would be forced into an excessively costly process or to utilize alternate routes that could end up precluding a legitimate access need.

In another example, ANILCA purposefully differentiated Section 1110(b) inholder access requirements for CSUs (including Wilderness areas) and Section 1323(b) inholder access provisions that apply to general BLM land. Section 1110(b) gives inholders a stronger right of access in areas designated for more restrictive management (CSUs). The stronger inholder access guarantee would not apply to inholdings within Wild Lands on general BLM lands, which could be highly problematic for individual land owners.

These differences, among others, illustrate that Congress understood the importance of balancing conservation objectives with special accommodations for Alaskans.

In addition, the "proper balance" referenced in Section 101(d) is further predicated on continued multiple use management on BLM lands in Alaska. The Order also speaks of the need to protect "rare opportunities for solitude…" as a basis for the new policy. This objective is apparently reflective of "Lower 48" circumstances where remote and primitive areas are the exception ("rare"), not the norm. As we have seen many times over the last several decades, cookie cutter federal land management policies do not fit in Alaska.

The Q&A (Page 6) claims "*There has never been a statewide wilderness inventory in Alaska.*" This assertion is offensive to those Alaskans who lived through the lengthy studies and deliberations leading up to ANILCA. Contrary to the Q&A claim, numerous reviews, inventories and studies were conducted pursuant to the Section 17(d)(1) and (d)(2) withdrawal processes initiated by the Alaska Native Claims Settlement Act (ANCSA). Virtually all these studies focused on BLM lands, and those deemed by Congress to have the highest national interest for conservation purposes eventually ended up in over 100 million acres of conservation system units, including 57 million acres of designated Wilderness. The BLM Kobuk-Seward Resource Management Plan adopted in 2008 documents this history (Page 14):

> *Alaska lands were inventoried, reviewed, and studied for their wilderness values under the Wilderness Act criteria beginning in 1971 when Congress enacted ANCSA. For eight years thereafter, the Department evaluated national parks, forests, wildlife refuges, wild and scenic rivers, and other lands for potential designation as wilderness.*
>
> *Subsequently, Congress passed ANILCA, which preserved more than 150 million acres in specially protected conservation units. This represents more than 40% of the land area of the State of Alaska, and about 60% of the Federal land in Alaska. Pursuant to ANILCA, more than one-third of the lands preserved in conservation units, or 57 million acres, were formally designated as wilderness.*

Examples of such pre-ANILCA studies include a 28-volume EIS completed in 1974 and another EIS signed by Secretary Cecil Andrus in 1978.

National Petroleum Reserve – Alaska (NPRA)

The State is especially alarmed by the extension of the Order to the National Petroleum Reserve – Alaska (NPRA). The Q&A document does not disclose the authority under which the Department of the Interior believes BLM may designate Wild Lands in NPRA. It simply states the BLM "*must inventory lands in the NPR-A and may designate Wild Lands in the NPR-A as part of its integrated activity planning for the area.*" The State strongly disagrees that BLM has such authority. Federal law prohibits BLM from exercising its land use planning authority under Section 202 of FLPMA in the Reserve, and also prohibits wilderness designation recommendations under Section 603 of FLPMA. In particular, land use planning and management in the Reserve is subject to the requirements of the Naval Petroleum Reserves Production Act of 1976, as amended. The Production Act provides no authority for applying the Wild Lands Order to NPR-A, and BLM is therefore prohibited from doing so.

De Facto Wilderness

Secretarial Order 3310 and the associated polices provide BLM with the ability to create de facto wilderness without Congressional oversight. The Order is largely based on authorities, values, and definitions in the Wilderness Act of 1964. In debates leading up to passage of the Wilderness Act, Congress struggled with how far to extend their new mandate. They considered automatically including "primitive" lands, roughly equivalent to the new "Lands with Wilderness Characteristics;" but in the end developed Section 3(b) of the Act, which established a suitability process that ended with Congressional approval. Below are some relevant remarks by Senator Peter Dominick from the Congressional record (Senate Bill 4) leading up to passage of the Wilderness Act:

> *. . . the difficulty is that we are grouping together and putting into one system, without any particular legislative scrutiny, a vast area of land known as primitive lands, which have not been classified by the executive department or reviewed by Congress, to see whether this is the most useful purpose for that particular group of public lands.*
>
> *. . . Congress, should have the right to determine, after recommendation by the executive department, which of these primitive lands or which group of these primitive lands should be brought into the wilderness system, and that they should not all be blanketed in at the same time.* [Congressional Record 109 (1963) pg. 5890]

Congress clearly rejected the option to delegate the creation of wilderness areas to the Executive branch; yet the creation of a new system of BLM Wild Lands is a thinly veiled effort to do just that. Department officials argued during the press conference that since a Wild Lands designation is not permanent, they are not "locked up." Yet conventional wisdom and experience show that once an area is placed in a formalized protective status through a plan, altering that status or accommodating competing uses becomes much more difficult, especially since plans are only updated every 15-20 years, sometimes less often.

The single-minded approach to wilderness characteristics is explicitly illustrated in the Order (Section 4 Policy): "*Where the BLM concludes that protection of wilderness characteristics is appropriate, the BLM shall designate these lands as "Wild Lands" through the planning process.*" [emphasis added] BLM has additional or alternative tools to maintain opportunities for primitive recreation in combination with other public use and/or reasonable development without applying a Wild Lands designation. Furthermore, the policy provides no standards to determine when BLM shall conclude that "*protection of wilderness characteristics is appropriate.*"

Also, just as Wild Lands are essentially de facto Wilderness areas, they also mimic Wilderness Study Areas – even though the Q&A (Page 3) attempts to dismiss the similarities. The draft planning Chapter 6300-2 (.3) describes a process whereby the State Directors will determine whether they will "*...develop a recommendation for Congress to designate Wild Lands as units within the National Wilderness Preservation System.*"

"Balance" is Not Achieved

The Order and policies purport to seek "balance" between responsible resource development and protection of wilderness characteristics. As stated in the Q&A document: "*Balance will be achieved through a public process where lands with energy potential and lands with wilderness characteristics will be identified, evaluated, and managed in accordance with the new policy and the BLM's multiple use mandate.*" Yet if "balance" is the goal, the planning policy need only require an improved inventory of all resources and values, including wilderness characteristics. Area managers would then retain the discretion to do the local "balancing" within the context of a plan. Instead, the policy imposes a default decision to protect wilderness character, unless the local manager can make a proactive determination that impairment of wilderness characteristics is appropriate. Making wilderness character a higher priority than other land uses is not "balance," nor is it consistent with FLPMA's multiple use mandate.

Parenthetically, we note that the Q&A quote above, while referencing "*lands with energy potential,*" is curiously silent regarding mineral resources. We understand that mining is not necessarily precluded by the presence of wilderness characteristics; but the lack of recognition of mineral potential in this context may be indicative of bias against mining.

To avoid a Wild Lands designation, or authorize a development project, or use that could affect wilderness character, BLM must determine that "*impairment*" of such wilderness characteristics is "*appropriate.*" These terms set a high bar, and force BLM to make determinations in a negative context, rather than weighing all the options and making a positive choice toward a desired condition. This negative context adds built-in bias to the deliberative process.

Furthermore, it appears any attempt to steer away from wilderness protection at the State level must be approved in Washington DC by individuals far removed from local issues and control. This is especially problematic for Alaska where an understanding of Alaska's geography, economy, culture, infrastructure, resource development potential, and laws such as ANILCA seem to be poorly understood in Washington DC.

Unfunded Mandate

The Order also represents an unfunded mandate to BLM. Environmental organizations are poised to provide inventory information about wilderness characteristics. According to an

Anchorage Daily News article published on November 6, 2010, the Washington DC based conservation group, the Wilderness League, opened an office in Fairbanks, Alaska. The article quotes the League's stated purpose as "*...securing wilderness designations in the National Petroleum Reserve-Alaska...and on other BLM lands in eastern Interior.*" We are concerned BLM will have insufficient resources to review and either confirm or invalidate wilderness characteristics "nominated" by pro-wilderness interest groups, leading to excessive protection in areas where wilderness characteristics are already compromised. Also, based on the date of this article, we are disappointed the administration apparently engaged in informal consultation with environmental groups who seemed to be aware of the content of this policy before anyone else.

Affect on State Administrative Activities

The effects of a Wild Lands designation on State fish and wildlife management activities is not clear. For example, the use of motorized or mechanical transport and equipment is restricted in designated Wilderness; however, the new policy does not clarify whether similar restrictions would apply to public use or State management activities in administratively designated Wild Lands. The State of Alaska holds primary authority, jurisdiction, and responsibility to manage, control, or regulate all fish and wildlife within federal lands, including uses thereof, unless specifically preempted by federal law. Nothing in the Wilderness Act, FLPMA, or Order 3310 should be construed as an expansion of federal authority or oversight over this traditional State responsibility.

Policy is Confusing and Contradictory

The Order and accompanying direction to BLM are confusing and potentially contradictory – enabling abuse by those seeking a back door way to pursue wilderness protection at the expense of other legitimate uses. For example, the Q&A issued with Order 3310 indicates that "*BLM will consider wilderness values among the broad range of other potential resource values and uses for the public lands in accordance with its multiple-use mission, and make a decision about whether and to what extent to protect those wilderness characteristics.*" However, the Order directs all BLM offices to "*protect those inventoried wilderness characteristics when undertaking land use planning and when making project-level decisions by avoiding impairment of such wilderness characteristics unless BLM determines that impairment of wilderness characteristics is appropriate and consistent with applicable requirements of law and other resource considerations.*" The Order instructs BLM to place a higher priority on protection of wilderness characteristics than other uses contemplated by FLPMA's multiple use mandate.

BLM cannot manage land based on an inventory alone. Land management decisions may only be made in accordance with an adopted plan. This intent is appropriately represented in the Q&A document, which states "*When the BLM decides to protect LWCs through a land use plan decision, it will designate these areas as "Wild Lands." This determination will be made through a public land use planning process....*" (emphasis added) The Order, however, states "*Where the BLM concludes that protection of wilderness characteristics is appropriate, the BLM shall designate these lands as "Wild Lands" through the planning process,*" which essentially directs BLM to make an either/or choice between "protection" and "impairment" before the formal planning process has even begun. This pre-planning decision process is also mirrored in the policy Section (.06) of the draft BLM Manual 6300-2; however, the section entitled "Procedures for Considering LWCs in Land Use Planning" is more consistent with direction in

the Q&A document. These differences need to be reconciled to ensure that any management decisions concerning LWC's occur within a planning process, following public review.

Many questions also arise from the Order and associated documents, including:

- What flexibility will managers and State Directors have in determining Lands with Wilderness Characteristics and deciding which lands are appropriate for Wild Lands designation?
- How would the presence of inholdings, mining claims, rights-of-way, and other valid existing rights affect the inventory of wilderness characteristics and the likelihood of a Wild Lands designation?
- How will the Order affect the future of outdated ANCSA Section 17(d)(1) withdrawals?
- Will BLM conduct a "minimum requirements analysis" on State or federal administrative activities on Wild Lands?
- Have you considered that ANILCA Section 811 significantly constrains BLM's options to restrict access for subsistence purposes, including off-highway vehicles?
- How will long-standing recreational use of airplanes, snowmachines, and off-highway vehicles be addressed?
- What is the relationship between a Wild Lands designation, Areas of Critical Environmental Concern, the National Landscape Conservation System, and other classifications of land with conservation objectives?

Lack of State Consultation and Public Review

In conclusion, Secretarial Order 3310 is a dramatic departure from all previous approaches to BLM management, especially in Alaska. As these comments illustrate, the Order sets entirely new standards, challenges conventional wisdom regarding management of multiple use lands, and raises legal and policy questions. As such, much more rigorous justification and analysis of consequences and impacts are essential; along with an opportunity for formal State and public review. Compliance with the National Environmental Policy Act is also required – most likely through an environmental impact statement given the potential foreseeable impacts.

A rigorous public review process is consistent with

- President Obama's January 21, 2009 Memorandum entitled *Transparency and Open Government.*
- Open Government Directive from the Office of Management and Budget directing all executive departments and agencies to take specific actions to implement the principles stated in the President's memorandum.
- The Department of the Interior's own Open Government Plan assembled by a multi-functional team from across the Department.
- The Federal Land Policy and Management Act (FLPMA) and BLM planning regulations regarding State and public involvement.

The above policies, directives, regulations, and laws require rigorous public discourse.

HJR 17

<TARGET><BILL>HJR 17</BILL><SUBJECT>HJR 17</SUBJECT><COMM>HRES27</COMM></TARGET>

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY & REGIONAL AFFAIRS

Representative Cathy Muñoz, Chair
State Capitol Building, Room 403
Juneau, Alaska 99801-1182
Phone (907) 465-3744
Fax (907) 465-2273
Rep.Cathy.Muñoz@legis.state.ak.us

Rep. Alan Austerman, Rep. Sharon Cissna, Rep. Alan Dick, Rep. Neal Foster
Rep. Berta Gardner, Rep. Dan Saddler

HJR 17 Water & Wastewater Regulation
Sponsor Statement

This resolution urges Congress to bring forth legislation that would direct the Environmental Protection Agency (EPA) to provide consistent and reasonable standards in their regulation of drinking water and wastewater discharge in Alaska.

Communities across Alaska have historically struggled with Federal policy that fails to recognize geographical, economic, and environmental challenges unique to our state. The Alaska State Legislature, through this resolution, identifies the Alaska Department of Environmental Conservation (ADEC) as best suited to remain the primary regulatory agency in Alaska to administer State & Federal drinking water and wastewater guidelines. HJR 17 encourages policy that will continue to allow 76 coastal communities to work with the ADEC to maintain reasonable & preferential management of water and wastewater systems.

Current changes in EPA policy are creating an uncertain future for many Alaskan communities. The House Community & Regional Affairs Committee feels strongly it is time for intervention from our Congress directing the EPA to identify practical standards for different regions in the country and to work with individual states through a consistent and sensible manner.

HJR 17 sends a strong message of concern from the Alaska State Legislature to Congress, the President, and other state legislatures in our country. Our Alaskan communities depend on federal regulatory agencies such as the EPA to understand and recognize the challenges we face in Alaska to survive. HJR 17 urges Congress to take appropriate measures to assure communities in Alaska may participate and create common sense solutions for a healthy environment.

Terry Harvey 465-3882 for additional info.

CS FOR HOUSE JOINT RESOLUTION NO. 17(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

A RESOLUTION

Urging the United States Congress to pass legislation concerning regulation of drinking water and wastewater treatment by the United States Environmental Protection Agency.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the Alaska Department of Environmental Conservation has had the primary enforcement responsibility for regulating public drinking water systems since 1978; and

WHEREAS the United States Environmental Protection Agency approved the Department of Environmental Conservation's program for primacy on regulating wastewater discharge and drinking water; and

WHEREAS it is the policy of the state to conserve, improve, and protect its natural resources and environment and to control water, land, and air pollution to enhance the health, safety, and welfare of the people of the state and their overall economic and social well-being; and

WHEREAS, on January 18, 2011, President Barack Obama signed Executive Order 13563 to improve regulation and regulatory review in government, which directs federal agencies to identify the best, most innovative, and least burdensome tools for achieving

regulatory ends while taking into account the benefits and costs; and

WHEREAS, in 33 U.S.C. 1251 - 1387 (Federal Water Pollution Control Act) (Clean Water Act), as amended, the United States Congress declared that it is the policy of the United States Congress to recognize, preserve, and protect the primary responsibilities and rights of states to prevent, reduce, and eliminate pollution and to plan the development and use of land and water resources; and

WHEREAS over-regulating and using unnecessary standards by the United States Environmental Protection Agency in the state will create an increased cost of living for the residents of small communities in the state, where the cost of living is already burdensome; and

WHEREAS the United States Environmental Protection Agency has adopted regulations and established policies relating to the treatment of drinking water and wastewater that will have a major effect on the economies of and jobs in small communities in the state and will limit the ability of small communities to address other priorities; and

WHEREAS federal funding for state village sanitation projects declined by more than $42,500,000 between 2004 and 2011; and

WHEREAS the President's proposed budget for the federal fiscal year 2012 reduces nationwide funding for the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund by nearly $950,000,000; and

WHEREAS the Republican caucus in the United States House of Representatives has proposed to cut an additional $950,000,000 in funding for the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund;

BE IT RESOLVED that the Alaska State Legislature urges the United States Congress to pass legislation that provides reasonable standards for the treatment of drinking water and wastewater treatment for communities in different regions of the country and with different population sizes; and be it

FURTHER RESOLVED that the Alaska State Legislature urges the United States Congress to pass legislation imposing a moratorium that prohibits the United States Environmental Protection Agency from adopting a new policy or adopting new regulations concerning drinking water and wastewater treatment for a period of at least two years except to directly address an imminent health or environmental emergency; and be it

FURTHER RESOLVED that the Alaska State Legislature urges the United States Congress to pass legislation requiring the United States Environmental Protection Agency to identify all regulatory activity concerning drinking water or wastewater treatment that the United States Environmental Protection Agency plans to undertake during the next 10 years and, using multiagency expertise and objective cost-benefit analyses, to describe the cumulative effect that the planned United States Environmental Protection Agency regulation will have on state and local governments.

COPIES of this resolution shall be sent to the Honorable Barack Obama, President of the United States; the Honorable Joseph R. Biden, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable John Boehner, Speaker of the U.S. House of Representatives; the Honorable Lisa P. Jackson, Administrator of the U.S. Environmental Protection Agency; the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress; and the presiding officers of the legislatures of each of the other 49 states.

ALASKA STATE LEGISLATURE

House Resources Committee

Rep. Paul Seaton, Co-Chair

State Capitol Building, Room 102

Juneau, AK 99801 – 1182
Phone (907) 465-2689
Fax (907) 465-3472
Rep.Paul.Seaton@legis.state.ak.us

Rep. Eric Feige, Co-Chair

State Capitol Building, Room 126

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Fax (907) 465-3799
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-MEMORANDUM-

Date: March 22, 2011

To: Suzi Lowell, Chief Clerk

From: Representative Paul Seaton, Co-Chairman
Representative Eric Feige, Co-Chairman
House Resources Committee

Re: Waiver of HJR 17 from Committee

The following members agree to waive **House Joint Resolution 17 – WATER AND WASTEWATER REGULATION** from House Resources Committee

Rep. Eric Feige, Co-Chair

Rep. Paul Seaton, Co-Chair

Rep. Peggy Wilson, Vice Chair

Rep. Alan Dick

Rep. Bob Herron

Rep. Cathy Munoz

Rep. Berta Gardner

Rep. Scott Kawasaki

Rep. Neal Foster

HJR 19

<TARGET><BILL>HJR 19</BILL><SUBJECT>HJR 19</SUBJECT><COMM>HRES27</COMM></TARGET>

ALASKA STATE LEGISLATURE

HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE, & TOURISM

Representative Bob Herron, Chair

Rep. Neal Foster, Rep. Berta Gardner, Rep. Reggie Joule, Rep. Wes Keller, Rep. Cathy Muñoz, Rep. Kurt Olson, Rep. Steve Thompson, Rep. Chris Tuck

MEMORANDUM

Date: March 8, 2011

To: Rep. Eric Feige, House Resources Co-Chair
Rep. Paul Seaton, House Resources Co-Chair

From: Rep. Bob Herron

RE: HJR 19, Supporting Ratification of Law of the Sea

I respectfully request a hearing in House Resources for **HJR 19, "Urging the United States Senate to ratify the United Nations Convention on the Law of the Sea."**

HJR 19 urges the United States Senate to ratify the United Nations Convention on the Law of the Sea (UNCLOS), also known as the Law of the Sea treaty (LOST). This resolution will help Alaska's Senate delegation bring the Law of the Sea treaty to the Senate floor for a vote on ratification. Ratification of this treaty is important to protect United States interests concerning the use and development of the high seas off Alaska.

In her annual address to the Alaska State Legislature February 24, 2011, United States Senator Lisa Murkowski called on the Legislature to once again pass a resolution urging United States Senate ratification of UNCLOS.

Under the treaty, member nations can claim an exclusive economic zone (EEZ) to 200 miles, with sovereign rights to explore, develop, and manage the resources within that zone. A claim can extend beyond the 200 mile limit if the continental shelf can be proven to extend beyond 200 miles. It is estimated that the northern seabed off Alaska and beyond the 200-mile limit could be as large as the state of California.

If you have any questions or need additional information, please contact myself or my staff Rob Earl at 465.4942.

27-LS0608\I
Kane
3/9/11

CS FOR HOUSE JOINT RESOLUTION NO. 19( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE, AND TOURISM

A RESOLUTION

Urging the United States Senate to ratify the United Nations Convention on the Law of the Sea.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the United Nations Convention on the Law of the Sea preserves freedom of navigation as a basic right of all countries; and

WHEREAS the United Nations Convention on the Law of the Sea permits member nations to claim an exclusive economic zone out to 200 nautical miles from shore, with an exclusive sovereign right to explore, manage, and develop all living and nonliving resources, including deep sea mining, within that exclusive economic zone; and

WHEREAS the United States Arctic Research Commission estimates that the United Nations Convention on the Law of the Sea would permit the United States to lay claim beyond the present 200-mile exclusive economic zone to an area of the Arctic Ocean seabed north of Alaska that is about the size of California; and

WHEREAS, by not joining the Convention, the United States is forfeiting sovereign rights to and international recognition of an expansion of United States resource jurisdiction by as much as 1,000,000 square kilometers of ocean, an area half the size of the Louisiana

Purchase; and

WHEREAS, with nearly one-third of all the world's hydrocarbons being produced off-shore, the United States would be unwise to ignore the need for access to extended oil and gas resources on the outer continental shelf; and

WHEREAS the United States Geological Survey estimates that the Arctic contains conventional oil and gas resources totaling approximately 90,000,000,000 barrels of oil, 1,669 trillion cubic feet of natural gas, and 44,000,000,000 barrels of natural gas liquids, amounting to more than one-fifth of the world's undiscovered, recoverable oil and natural gas resources; and

WHEREAS American energy and deep-seabed companies are at a disadvantage in making investments in the outer continental shelf because of the legal uncertainty over the outer limit of the federal continental shelf; and

WHEREAS the United States, as a major maritime power and as the country with the largest exclusive economic zone and one of the largest continental shelves, stands to gain more from the Convention in terms of economic and resource rights than any other country; and

WHEREAS other Arctic nations have been asserting their sovereignty in the Arctic and making extended continental shelf claims under the United Nations Convention on the Law of the Sea; and

WHEREAS the United States, with 1,000 miles of Arctic coast off of the State of Alaska, remains the only Arctic nation that has not ratified the United Nations Convention on the Law of the Sea; and

WHEREAS, until the United States ratifies the United Nations Convention on the Law of the Sea, the United States will not become a full partner in cooperative efforts of Arctic nations to address the manifold problems of the region; and

WHEREAS, until the United States ratifies the United Nations Convention on the Law of the Sea, the United States cannot participate in deliberations to amend provisions of the Convention that relate to the

(1) oil, gas, and mineral resources in the Arctic Ocean and other northern waters;

(2) conduct of essential scientific research in the world's oceans;

(3) right of the United States to the use of the seas;

(4) rules of navigation;

(5) effect of the use of the seas on world economic development; and

(6) environmental concerns related to the use of the seas; and

WHEREAS the United States continues to reject a carefully negotiated accord that enjoys overwhelming international consensus, one that has been adjusted specifically to meet the demands set out by President Ronald Reagan two decades ago; and

WHEREAS the United Nations Convention on the Law of the Sea will have sizable beneficial effects on virtually all states, both coastal and noncoastal, because the United States is heavily dependent on the use, development, and conservation of the world's oceans and their resources; and

WHEREAS 161 nations have ratified the United Nations Convention on the law of the sea, including almost all of the world's maritime powers; and

WHEREAS ratification of the United Nations Convention on the Law of the Sea has been pending before the United States Senate since 1994, and seven hearings on the treaty were held by the United States Senate Committee on Foreign Relations in 2003, 2004, and 2007; and

WHEREAS, despite favorable reports by the United States Senate Committee on Foreign Relations regarding the United Nations Convention on the Law of the Sea in 2004 and 2007, the United States Senate has yet to vote on the ratification of the Convention; and

WHEREAS all six of the United States military leaders making up the Joint Chiefs of Staff support Senate ratification of the United Nations Convention on the Law of the Sea; and

WHEREAS ratification of the United Nations Convention on the Law of the Sea has wide bipartisan support; and

WHEREAS, in 2009, the Twenty-Sixth Alaska State Legislature passed a similar resolution to this one;

BE IT RESOLVED that the Alaska State Legislature again strongly urges the United States Senate in emphatic terms to please ratify the United Nations Convention on the Law of the Sea as soon as possible.

COPIES of this resolution shall be sent to the Honorable Joseph R. Biden, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable John F. Kerry,

Chair of the U.S. Senate Committee on Foreign Relations; the Honorable Richard G. Lugar, ranking Republican on the U.S. Senate Committee on Foreign Relations; the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S. Senators, members of the Alaska delegation in Congress; and all other members of the United States Senate.

CS FOR HOUSE JOINT RESOLUTION NO. 19(EDT)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE, AND TOURISM

Offered:
Referred:

Sponsor(s): HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE, AND TOURISM

A RESOLUTION

Urging the United States Senate to ratify the United Nations Convention on the Law of the Sea.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the United Nations Convention on the Law of the Sea preserves freedom of navigation as a basic right of all countries; and

WHEREAS the United Nations Convention on the Law of the Sea permits member nations to claim an exclusive economic zone out to 200 nautical miles from shore, with an exclusive sovereign right to explore, manage, and develop all living and nonliving resources, including deep sea mining, within that exclusive economic zone; and

WHEREAS the United States Arctic Research Commission estimates that the United Nations Convention on the Law of the Sea would permit the United States to lay claim beyond the present 200-mile exclusive economic zone to an area of the Arctic Ocean seabed north of Alaska that is about the size of California; and

WHEREAS, by not joining the Convention, the United States is forfeiting sovereign rights to and international recognition of an expansion of United States resource jurisdiction by as much as 1,000,000 square kilometers of ocean, an area half the size of the Louisiana

Purchase; and

WHEREAS, with nearly one-third of all the world's hydrocarbons being produced off-shore, the United States would be unwise to ignore the need for access to extended oil and gas resources on the outer continental shelf; and

WHEREAS the United States Geological Survey estimates that the Arctic contains conventional oil and gas resources totaling approximately 90,000,000,000 barrels of oil, 1,669 trillion cubic feet of natural gas, and 44,000,000,000 barrels of natural gas liquids, amounting to more than one-fifth of the world's undiscovered, recoverable oil and natural gas resources; and

WHEREAS American energy and deep-seabed companies are at a disadvantage in making investments in the outer continental shelf because of the legal uncertainty over the outer limit of the federal continental shelf; and

WHEREAS the United States, as a major maritime power and as the country with the largest exclusive economic zone and one of the largest continental shelves, stands to gain more from the Convention in terms of economic and resource rights than any other country; and

WHEREAS, other Arctic nations have been asserting their sovereignty in the Arctic and making extended continental shelf claims under the United Nations Convention on the Law of the Sea; and

WHEREAS the United States, with 1,000 miles of Arctic coast off of the State of Alaska, remains the only Arctic nation that has not ratified the United Nations Convention on the Law of the Sea; and

WHEREAS, until the United States ratifies the United Nations Convention on the Law of the Sea, the United States will not become a full partner in cooperative efforts of Arctic nations to address the manifold problems of the region; and

WHEREAS, until the United States ratifies the United Nations Convention on the Law of the Sea, the United States cannot participate in deliberations to amend provisions of the Convention that relate to the

(1) oil, gas, and mineral resources in the Arctic Ocean and other northern waters;

(2) conduct of essential scientific research in the world's oceans;

(3) right of the United States to the use of the seas;

(4) rules of navigation;

(5) effect of the use of the seas on world economic development; and

(6) environmental concerns related to the use of the seas; and

WHEREAS the United States continues to reject a carefully negotiated accord that enjoys overwhelming international consensus, one that has been adjusted specifically to meet the demands set out by President Ronald Reagan two decades ago; and

WHEREAS the United Nations Convention on the Law of the Sea will have sizable beneficial effects on virtually all states, both coastal and noncoastal, because the United States is heavily dependent on the use, development, and conservation of the world's oceans and their resources; and

WHEREAS ratification of the United Nations Convention on the Law of the Sea has been pending before the United States Senate since 1994, and hearings on the treaty were held by the United States Senate Committee on Foreign Relations in 1994, 2003, and 2004, and on September 27, 2007, and October 4, 2007; and

WHEREAS, despite favorable reports by the United States Senate Committee on Foreign Relations regarding the United Nations Convention on the Law of the Sea in 2004 and 2007, the United States Senate has yet to vote on the ratification of the Convention; and

WHEREAS all six of the United States military leaders making up the Joint Chiefs of Staff support Senate ratification of the United Nations Convention on the Law of the Sea; and

WHEREAS ratification of the United Nations Convention on the Law of the Sea has wide bipartisan support; and

WHEREAS, in 2009, the Twenty-Sixth Alaska State Legislature passed a similar resolution to this one;

BE IT RESOLVED that the Alaska State Legislature again strongly urges the United States Senate in emphatic terms to please ratify the United Nations Convention on the Law of the Sea as soon as possible.

COPIES of this resolution shall be sent to the Honorable Joseph R. Biden, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable John F. Kerry, Chair of the U.S. Senate Committee on Foreign Relations; the Honorable Richard G. Lugar, ranking Republican on the U.S. Senate Committee on Foreign Relations; the Honorable Lisa

Murkowski and the Honorable Mark Begich, U.S. Senators, members of the Alaska delegation in Congress; and all other members of the United States Senate.

ALASKA STATE LEGISLATURE

HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE, & TOURISM

Representative Bob Herron, Chair

Rep. Neal Foster, Rep. Berta Gardner, Rep. Reggie Joule, Rep. Wes Keller,
Rep. Cathy Muñoz, Rep. Kurt Olson, Rep. Steve Thompson, Rep. Chris Tuck

Sponsor Statement

HJR 19, "Urging the United States Senate to ratify the United Nations Convention on the Law of the Sea."

HJR 19 urges the United States Senate to ratify the United Nations Convention on the Law of the Sea (UNCLOS), also known as the Law of the Sea treaty (LOST). This resolution will help Alaska's Senate delegation bring the Law of the Sea treaty to the Senate floor for a vote on ratification. Ratification of this treaty is important to protect United States interests concerning the use and development of the high seas off Alaska.

The Law of the Sea treaty governs many aspects of oceans, such as mapping, state area control, environmental control, marine scientific research, economic and commercial activities, transfer of technology and the settlement of disputes relating to ocean matters.

161 countries are signatories to the treaty, including all of the Arctic nations with the exception of the United States.

In her annual address to the Alaska State Legislature February 24, 2011, United States Senator Lisa Murkowski called on the Legislature to once again pass a resolution urging United States Senate ratification of UNCLOS. United States participation in the Law of the Sea Treaty was approved in 1994 by President Clinton after work was done on portions of the treaty to address concerns raised by President Reagan. Entities and persons on record supporting ratification are all United States Presidents since Reagan, the United States Coast Guard, the Department of the Navy, the State Department, the Joint Chiefs of Staff, AT&T, The American Petroleum Institute, The International Association of Drilling Contractors, and the National Oceans Industries Association and many others.

Under the treaty, member nations can claim an exclusive economic zone (EEZ) to 200 miles, with sovereign rights to explore, develop, and manage the resources within that zone. A claim can extend beyond the 200 mile limit if the continental shelf can be proven to extend beyond 200 miles. It is estimated that the northern seabed off Alaska and beyond the 200-mile limit could be as large as the state of California.

Key features of the Law of the Sea treaty include the following:

- Coastal States exercise sovereignty over their territorial sea which may not exceed 12 nautical miles; foreign vessels are allowed "innocent passage" through those waters;
- Ships and aircraft of all countries are allowed "transit passage" through straits used for international navigation; States bordering the straits can regulate navigational and other aspects of passage;
- Coastal States have sovereign rights in the 200-nautical mile EEZ with respect to natural resources and certain economic activities, and exercise jurisdiction over marine science research and environmental protection;
- All other States have freedom of navigation and over flight in the EEZ, as well as freedom to lay submarine cables and pipelines;
- All States enjoy the traditional freedoms of navigation, over-flight, scientific research and fishing on the high seas; they are obliged to adopt, or cooperate with other States in adopting, measures to manage and conserve living resources;
- States are bound to prevent and control marine pollution and are liable for damage caused by violation of their international obligations to combat such pollution;
- All marine scientific research in the EEZ and on the continental shelf is subject to the consent of the coastal State, but in most cases they are obliged to grant consent to other States when the research is to be conducted for peaceful purposes and fulfils specified criteria;
- States Parties are obliged to settle by peaceful means their disputes concerning the interpretation or application of the Convention;
- Disputes can be submitted to the International Tribunal for the Law of the Sea established under the Convention, to the International Court of Justice, or to arbitration. Arbitration is also available and, in certain circumstances, submission to it would be compulsory. The Tribunal has exclusive jurisdiction over deep seabed mining disputes.

The State of Alaska has much to gain from international recognition of the United States' 200 mile EEZ and extended continental shelf and much to lose if we are the only Arctic nation not to extend our ocean boundaries.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version **HJR 19**
() Publish Date

HJR19-LEG-COU-3-7-2011
Title "Support for United Nations Convention on the Law of the Sea"
Sponsor House Special Committee on Econ Dev, Trade & Tourism
Requester House Special Committee on Econ Dev, Trade & Tourism

Dept. Affected Legislature
Appropriation Legislative Council
Allocation Session Expenses
OMB Component Number 782

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Initial Version

Prepared by Shane Miller, Finance Manager
Division Administrative Services Division
Approved by Pamela Varni, Executive Director
Legislative Affairs Agency

Phone 465-6626
Date/Time 3/7/11 1:04 PM
Date 3/7/2011

(Revised 12/29/2010 OMB)

Analysis

This fiscal note has zero impact on the Legislative Affairs Agency.

PREPARED STATEMENT OF REAR ADMIRAL CHRISTOPHER C. COLVIN, COMMANDER, SEVENTEENTH COAST GUARD DISTRICT, U.S. COAST GUARD, DEPARTMENT OF HOMELAND SECURITY

Good morning, Mr. Chairman and distinguished members of the Committee. I am Rear Admiral Christopher C. Colvin, Commander of the Seventeenth Coast Guard District. It is an honor to appear before you today to provide you information about how accession to the United Nations Convention on the Law of the Sea would benefit the United States Coast Guard in the performance of its missions and in protecting the American people.

In my current position, I am responsible for directing Coast Guard operations, including search and rescue, maritime safety, environmental protection, fisheries law enforcement and military readiness, in Alaska and portions of the North Pacific Ocean, the Arctic Ocean, and the Bering Sea. Units under my command patrol over 3.8 million square miles of ocean and 33,000 miles of coastline. Coast Guard aircraft and vessels monitor more than 950,000 square miles off the Alaskan coast to enforce U.S. fisheries laws. The Coast Guard patrols an even larger area of the North Pacific to stop large scale, high seas drift netting and other illegal fishing practices. I also consider maritime safety and environmental protection to be priority missions. Over 15 percent of the oil that America produces each day transships through the Port of Valdez. Alaska is the world's second most popular cruise destination, bringing nearly one million passengers to its waters every year. The safety of these ships and passengers and protection of the waters in and around Alaska are critical missions.

Due to my time in Service, I have become one of the most experienced mariners in the Coast Guard. I have been assigned to six cutters and have commanded three; the last of which included conducting combat operations in the Middle East in support of Operation Iraqi Freedom. In general, I have spent about half of my afloat career conducting fisheries patrols in Alaska and the other half conducting drug patrols in the Caribbean. I once calculated that I've spent about three years of my life on patrol in the Bering Sea. I have also served as the Chief of Staff and Chief of Operations of the Coast Guard Atlantic Area. Just before my present assignment, I served as the Deputy Director for Operations at the U.S. Northern Command.

The breadth of these assignments—encompassing Coast Guard operations in the Caribbean Sea, the Gulf of Mexico, the Bering Sea, and the Atlantic, Pacific, and Arctic Oceans—provides me with the experience necessary to comment on the many beneficial effects that becoming party to the Law of the Sea Convention would have on U.S. Coast Guard missions.

The Law of the Sea Convention created a comprehensive legal regime that provides the Coast Guard with the legal certainty and stability to exercise its navigational rights and freedoms, to protect fisheries, to control marine pollution, and to maintain a legal order of the oceans against criminals and terrorists. From the Coast Guard perspective, public order of the oceans is best established and maintained by a stable, universally accepted law reflective of U.S. national interest. The navigation provisions of the Law of the Sea Treaty are reflective of customary international law.

One of the core foundations of the Convention was codification of rights and responsibilities of states as port States, flag States, and coastal States. It clarifies and delimits seaward territorial claims by coastal States to ensure navigational freedoms while at the same time recognizing the U.S.'s interest as a coastal State with sovereignty to protect its living and non-living marine resources. The result is an appropriate balance between the exclusive interests of coastal States and the interests of maritime States. It limits the maximum breadth of the territorial sea that a coastal State could claim to 12 nautical miles. Our fishery conservation management interests, as reflected in the Magnuson-Stevens Fishery Conservation Management Act of 1977, were instrumental in the international development of the concept of the 200-nautical mile Exclusive Economic Zone (EEZ). In the EEZ, all nations enjoy freedoms of navigation and overflight as on the high seas, while the coastal State possesses sovereign rights to protect and exploit the living and non-living marine resources. The United States, with the world's largest and richest EEZ, is perhaps the greatest beneficiary of this concept.

The Convention also calls for international cooperation among States in preserving the world's high-seas fisheries. An example of such cooperation is the UN ban on high seas drift net fishing and other illegal fishing practices. Each year, the Coast Guard patrols the North Pacific to conduct boardings and inspections under the Convention on the Conservation and Management

of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean. Over two dozen nations participate in this effort, which is a direct outcome of the Law of the Sea Convention.

The Convention also provides a comprehensive framework for the prevention, reduction, and control of maritime pollution. The Coast Guard conducts a wide-ranging port-state-control program to purge our waters of substandard ships and is assisting other nations in doing the same. The Convention carefully balances the rights of coastal States to adopt certain measures to protect the marine environment adjacent to their shores with the right of a flag State to set and enforce standards and requirements concerning the operation of its vessels. Moreover, it does all this without unduly burdening international maritime navigation and sea-borne trade.

The Coast Guard already relies heavily on the navigational freedoms and overflight rights codified in the Law of the Sea Convention. These protections allow the use of the world's oceans to meet changing national security requirements. In this regard, worldwide mobility requires undisputed access through international straits and archipelagic waters. The Convention ensures that our Coast Guard cutters will have their sovereign immunity protected wherever in the world they may be operating. In addition, the Convention limits a nation's territorial sea to no more than 12 nautical miles, beyond which all nations enjoy a high seas navigation regime that includes the freedom to engage in law enforcement activities. The Convention codifies the right to operate freely beyond a nation's territorial sea and protects this right by limiting excessive maritime claims that can have the effect of creating maritime safe havens for drug traffickers and other criminals. Each year, Coast Guard maritime interdiction operations occurring on international waters result in the seizure of tens of thousands of pounds of cocaine, dozens of vessels, and hundreds of arrests. Most of these seizures take place on distant maritime transit routes far from our shores. However, during bi-lateral negotiations, several nations have, in the past, questioned our authority to contest some of their excessive maritime claims simply because we have yet to become party to the Convention.

The Convention contains effective provisions for dealing with illegal activities at sea. Article 108 of the Convention requires international cooperation in the suppression of the transport of illegal drugs. The United Nations Convention against Illicit Traffic in Narcotic Drugs and

Psychotropic Substances, also known as the 1988 Vienna Convention, is a fine example of this. The United States has been at the forefront of international cooperation in the war against illegal drugs, and the use of ocean space to transport them. We have aggressively pursued bilateral agreements with many nations that border drug transit zones as well as States with large registries to facilitate the effective interdiction of vessels suspected of transporting illegal drugs and the eventual prosecution of the drug traffickers. During discussions with these nations, we emphasize the Convention's call for cooperation and premise each agreement on concepts codified within the Convention. Articles 100-107 detail the international legal principles dealing with acts of piracy at sea. Other provisions prohibit the transport of slaves, the operation of stateless vessels, and other activities in violation of international norms.

The Convention also contains provisions that enhance our ability to interdict foreign-flagged vessels off our own coasts. The Convention codifies a coastal nation's right to establish a 12-nautical mile contiguous zone just beyond the territorial sea, where it may exercise control to prevent and punish infringements of its customs, immigration, fiscal, and sanitary laws. Adoption by the U.S. of an expanded contiguous zone has doubled the area where we can exercise these increased authorities. The benefits of the contiguous zone against traffickers surreptitiously shipping their illicit products to U.S. shores are clear.

As the lead Federal agency for maritime safety and security, the Coast Guard believes that U.S. accession to the 1982 UN Convention on the Law of the Sea would benefit the Coast Guard in its efforts to improve maritime safety and ensure the security of our maritime borders, thus promoting homeland security. The Convention recognizes that various UN subsidiary bodies may serve as competent international organizations for the further development of certain aspects of the law of the sea. The International Maritime Organization has always been the recognized competent international organization for maritime safety and marine environmental protection. More recently, it has assumed a similar role in port facility and vessel security. The Coast Guard has worked at the IMO to amend the SOLAS Convention for vessel and port facility security, to enhance maritime domain awareness through Long Range Identification and Tracking (LRIT) of vessels bound for U.S. ports and waters, and to increase the operational effectiveness of the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation

(SUA Convention). The negotiations necessary to support efforts such as these take place in the context of the overwhelming number of nations at IMO being parties to the Law of the Sea Convention. Because of this fact, the Law of the Sea Convention provides the framework for the discussions and agreements. Although we have enjoyed success in the international security agreements so far, those negotiations have not always been easy. Frankly, the fact that the United States is not a party to the Law of the Sea Convention, when the overwhelming number of our international partners are parties, has repeatedly placed us in a difficult negotiating position at IMO and other forums.

In summation, while I am not in a position to express an Administration or Coast Guard position on the specific Resolution that this committee is considering, I am of the opinion that the provisions of the Law of the Sea Convention fairly balance the interests of coastal nations to control activities off their coasts with the freedom of navigation and overflight rights of all nations. The practical effect for the United States is to control economic activities within the world's largest Exclusive Economic Zone, while enabling our forces and merchant vessels to freely operate in every part of the globe. The Convention guarantees our military and transportation industries critical navigation and overflight rights. And U.S. fishermen enjoy exclusive fishing out to 200 nautical miles. In the view of the Coast Guard, the Convention for the Law of the Sea greatly improves our ability to protect the American public as well as our efforts to manage our ocean resources and to protect the marine environment. Becoming a party to the Convention would significantly enhance our global position in maritime affairs.

Thank you for the opportunity to make this informational appearance before you today.

Coast Guard commander urges treaty ratification

THE ASSOCIATED PRESS

JUNEAU — The departing commander of the Coast Guard's 17th District, which includes Alaska, said the U.S. must ratify the Law of the Sea treaty to ensure access to and control over a rich oil and mineral bed that is getting attention from China.

Rear Admiral Christopher Colvin said the U.S. would gain exclusive control of the ocean bottom up to 440 miles off the Alaska northern coast, according to KTOO-FM.

"That's important territory on the bottom," Colvin said. "It has oil, gas and minerals that will be very valuable."

The U.S. has exclusive control of 200 miles of ocean bed off the coast, and Colvin said Chinese mineral exploration crews are working in the area that would turn over to U.S. control if it ratified the treaty.

"(The Chinese) have an icebreaker, they're building another icebreaker, the world's largest non-nuclear icebreaker to go along with the previous one," Colvin said. "They're doing scientific research probably for energy exploration because there's lots of energy on the Chuchki Plateau."

Colvin will be transferred in May to the Coast Guard's Pacific Area Command in Alameda, Calif., where he'll be second in command of Pacific operations.

The European Union and 160 nation states have ratified the Law of the Sea treaty. The United States is one of 18 countries that have signed, but not ratified it.

The treaty, first put forward by the United Nations in 1982, would establish a governing system for the use of the ocean for military, transportation and mineral extraction purposes.

U.S. Sen. Lisa Murkowski, who is pushing for ratification of the treaty, said she has faced questions that first surfaced during the administration of President Ronald Reagan concerning the U.S. ceding its sovereignty by ratifying the treaty.

"They ask, what does this do to America's sovereignty?" Murkowski said. "By failing to ratify the treaty, by failing to be at the table, we give up that sovereignty ourselves."

Last week, Murkowski told the state Legislature she'll push for ratification of the Law of the Sea treaty this spring or summer. She said Senate Foreign Relations Committee Chair John Kerry and President Barack Obama are behind the measure, but it faces opposition in Congress.

Murkowski also asked U.S. Department of Homeland Security Secretary Janet Napolitano for an update on the Coast Guard's icebreaker fleet.

Obama's budget proposal calls for decommissioning the icebreaker the Polar Sea, which would leave the U.S. with only one icebreaker for the next two years — the Healy, which can't break heavy ice.

IBRU International Boundaries

Durham University

Maritime jurisdiction and boundaries in the Arctic region



- Internal waters
- Canada territorial sea and EEZ
- Potential Canada continental shelf beyond 200 nm
- Denmark territorial sea and EEZ
- Denmark claimed continental shelf beyond 200 nm
- Potential Denmark continental shelf beyond 200 nm)
- Iceland EEZ
- Iceland claimed continental shelf beyond 200 nm
- Norway territorial sea and EEZ / Fishery zone Jan Mayen) / Fishery protection zone (Svalbard)
- Norway claimed continental shelf beyond 200 nm
- Russia territorial sea and EEZ
- Russia claimed continental shelf beyond 200 nm
- Overlapping Norway / Russia EEZ
- Overlapping Norway EEZ / Russia claimed continental shelf beyond 200 nm
- Overlapping Norway / Russia claimed continental shelf beyond 200 nm
- USA territorial sea and EEZ
- Potential USA continental shelf beyond 200 nm
- Overlapping Canada / USA EEZ
- Straight baselines
- Agreed boundary
- Median line
- 350 nm from baselines
- 100 nm from 2500 m isobath (beyond 350 nm from baselines)
- Svalbard treaty area
- Iceland - Norway joint zone
- Norway - Russia 'Grey Area' (agreed fishing regime)
- Canada EEZ boundary claim
- Eastern Special Area

Notes

1. The depicted potential areas of continental shelf beyond 200 nautical miles (nm) for Canada, Denmark and the USA are theoretical maximum claims assuming that none of the states claims continental shelf beyond median lines with neighbouring states where maritime boundaries have not been agreed. **In reality, the claimable areas may fall well short of the theoretical maximums** (see the summary of the definition of the outer limit of the continental shelf below). It is also possible that one or more states will claim areas beyond the median lines.

   Where the continental margin of a coastal state extends beyond 200 nm from the state's territorial sea baseline, the outer limit of the continental shelf is defined with reference to two sets of points: (i) points 60 nm from the foot of the continental slope; (ii) points at which the thickness of sedimentary rocks is at least 1% of the shortest distance from the points in question to the foot of the continental slope. The outer limit of the continental shelf is defined by a series of straight lines (not exceeding 60 nm in length) connecting the seawardmost of the points in the two sets described above. This map does not attempt to depict such lines, which can only be identified with precision through bathymetric and seismic surveys. However, it is possible to depict the 'cut-off' limit beyond which states may not exercise continental shelf jurisdiction regardless of the location of the foot of the continental slope and the thickness of sediment seaward of that point. The cut-off limit is the seawardmost combination of two lines: (i) a line 350 nm from the state's territorial sea baseline; (ii) a line 100 nm seaward of the 2,500 metre isobath. Both the 350 nm line and (where it runs seaward of the 350 nm line) the 2,500 m + 100 nm lines are depicted on the map. The 2,500 m + 100 nm line is derived from the US National Geophysical Data Center's etopo2 bathymetry dataset.

2. The depicted claims of Denmark and Iceland to continental shelf beyond 200 nm in the northeast Atlantic Ocean are defined in the "Agreed Minutes on the Delimitation of the Continental Shelf beyond 200 Nautical Miles between the Faroe Islands, Iceland and Norway in the Southern Part of the Banana Hole of the Northeast Atlantic" of 20 September 2006. The agreed division of the continental shelf in this area is subject to confirmation by the Commission on the Limits of the Continental Shelf (CLCS) that there is a continuous continental shelf in the area covered by the agreement. Neither Denmark nor Iceland has yet made a submission to the CLCS.

3. An executive summary of Norway's submission to the CLCS of 27 November 2006 is available at http://www.un.org/Depts/los/clcs_new/submissions_files/nor06/nor_exec_sum.pdf. The Commission has yet to respond to Norway's submission.

4. Maps and coordinates defining the area covered by Russia's submission to the CLCS of 20 December 2001 are available at http://www.un.org/Depts/los/clcs_new/submissions_files/submission_rus.htm. The Commission asked Russia to revise its submission relating to its continental shelf in the Arctic Ocean.

5. Norway and the Soviet Union agreed a partial maritime boundary in Varangerfjord in 1957 but disagree on the alignment of their maritime boundary in the Barents Sea: Norway claims the boundary should follow the median line, while Russia seeks a 'sector' boundary extending due north (but deviating around the 1920 Svalbard Treaty area). As the Barents Sea is an important fishery for both states, in January 1978 the two governments agreed on a fishing regime in the so-called "Grey Zone", a 19,475 nm² area covering 12,070 nm² of overlapping EEZ claims, 6,588 nm² of undisputed Norwegian EEZ and 817 nm² of undisputed Russian EEZ. Within the Grey Zone Norway and Russia have jurisdiction over their own fishing vessels.

6. Canada argues that the maritime boundary in the Beaufort Sea was delimited in the 1825 treaty between Great Britain and Russia defining the boundary between Alaska and the Yukon as following the 141° W meridian "as far as the frozen ocean". The USA argues that no maritime boundary has yet been defined and that the boundary should follow the median line between the two coastlines. The area of overlap between the two claims is more than 7,000 nm².

7. Under a treaty signed in February 1920, Norway has sovereignty over the Svalbard archipelago and all islands between latitudes 74° and 81° north and longitudes 10° and 35° east. However, citizens and companies from all treaty nations enjoy the same right of access to and residence in Svalbard. Right to fish, hunt or undertake any kind of maritime, industrial, mining or trade activity are granted to them all on equal terms. All activity is subject to the legislation adopted by Norwegian authorities, but there may be no preferential treatment on the basis of nationality. Norway is required to protect Svalbard's natural environment and to ensure that no fortresses or naval bases are established. 39 countries are currently registered as parties to the Svalbard treaty.

8. The Eastern Special Area lies more than 200 nm from the baseline of the USA but less than 200 nm from the baseline of Russia. Under the June 1990 boundary agreement between the two states, the Soviet Union agreed that the USA should exercise EEZ jurisdiction within this area. A second Eastern Special Area and a Western Special Area (in which the opposite arrangement applies) were established adjacent to the boundary south of 60° north. The agreement has yet to be ratified by the Russian parliament but its provisions have been applied since 1990 through an exchange of diplomatic notes.

Agreed maritime boundaries

Canada-Denmark (Greenland): continental shelf boundary agreed 17 December 1973.

Denmark (Greenland)-Iceland: continental shelf and fisheries boundary agreed 11 November 1997.

Denmark (Greenland)-Norway (Jan Mayen): continental shelf and fisheries boundary agreed 18 December 1995 following adjudication by the International Court of Justice.

Denmark (Greenland)-Iceland-Norway (Jan Mayen) tripoint agreed 11 November 1997.

Denmark (Greenland)-Norway (Svalbard): continental shelf and fisheries boundary agreed 20 February 2006.

Iceland-Norway (Jan Mayen): fisheries boundary following the 200 nm limit of Iceland's EEZ agreed 28 May 1980; continental shelf joint zone agreed 22 October 1981 following the report of the Conciliation Commission.

Russia-USA: single maritime boundary agreed 1 June 1990 (see also note 8).

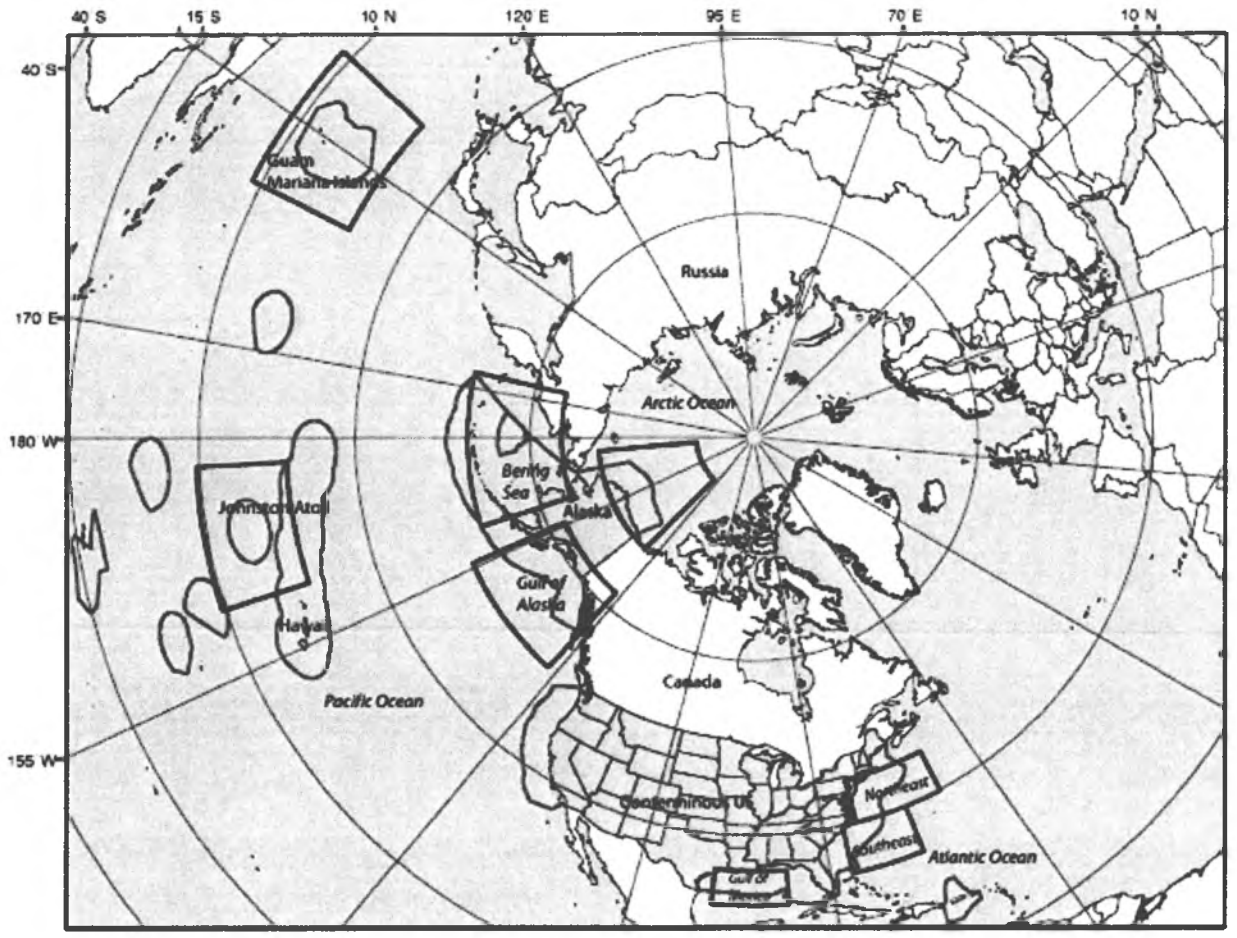

Figure 2: Eight regions (in red) adjacent to the United States and its dependences, where there likely exists extended continental shelf (ECS) beyond 200 nautical miles (in blue) identified by Mayer et al.(2002), The compilation and analysis of data relevant to a U.S. Claim under the United Nations Law of the Sea Article 76: A Preliminary Report. The regions presented in this figure are the result of an academic study, do not represent a formal position of the United States, and are without prejudice to any rights that the United States has with respect to its continental shelf.

US Department of State
Extended Continental Shelf Project

3. Law of the Sea and Governance of Shipping in the Arctic and Antarctic

David L. VanderZwaag

3.1 Introduction

The 1982 UN Law of the Sea Convention (LOSC), which came into force in November 1994, might be described as setting the legal foundations for marine environmental protection and controlling marine resource exploitations in all the world's oceans, including the Polar seas. Having 320 articles and nine Annexes, the Convention sets out a basic requirement for all states to protect and preserve the marine environment (Art. 194) and to cooperate in developing global standards for shipping (Art. 211) and global and regional standards for land-based marine pollution (Art. 207), ocean dumping (Art. 210) and seabed activities (Art. 208). States also have an obligation to subject all activities under their jurisdiction or control which may cause substantial pollution or significant harmful changes to the marine environment to environmental impact assessment procedures (Art. 206).

While LOSC clearly applies to both the Arctic and Antarctic marine areas, two major differences in application stand out in light of the presence of recognised coastal states and port states in the Arctic but not in the Antarctic. Many of the Convention's provisions focus on clarifying the rights and responsibilities of coastal states in the five zones of national jurisdiction, internal waters, the territorial sea, a contiguous zone, the exclusive economic zone (EEZ) and a continental shelf. While five coastal states (Canada, Denmark/Greenland, Norway, the Russian Federation and the United States) surround the Arctic Ocean and thus those states are clearly bestowed powers to pass and enforce national laws in those zones, the Antarctic does not have generally recognised coastal states. Seven states (Argentina, Australia, Chile, France, New Zealand, Norway and the United Kingdom) have historic territorial claims on the continent which have been "frozen" by the Antarctic Treaty (Art. IV). The LOSC also recognises the powers of port states over ships choosing to enter their ports, such as the right to inspect vessels for their seaworthiness and to prevent unseaworthy ships from sailing before being re-

paired. While all five Arctic coastal states are clearly port states with corresponding inspection and enforcement powers, the Antarctic continent does not have generally recognised port states in the actual region.

Shipping is a growing concern in both Polar Regions. Cruise ship visits have been on the increase with corresponding human safety and environmental concerns. The Arctic appears to be on the verge of a new era in commercial shipping with vast hydrocarbon and mineral resources and growing interest in transpolar shipping that may substantially cut transport distances between Europe and Asia. Navigation in the Arctic by military vessels and other ships on governmental service is also expected to rise. For example, the Government of Canada has announced a commitment to build new Arctic patrol vessels and to construct a vessel refuelling facility in Nanisivik, Nunavut. Both Polar Regions are remote, raising special challenges for emergency responses and search and rescue in case of accident. Navigating in ice and freezing temperatures are common challenges although the Arctic may be even more treacherous in light of a greater proportion of thicker multi-year ice.

A key social and political difference between the Polar Regions is the presence of indigenous communities and an overall human population of about 4 million in the Arctic, while the Antarctic hosts scientific stations with temporary teams of scientists. The potential human impacts of shipping which are a special concern in the Arctic include the interference caused to traditional hunting and harvesting activities and the overwhelming of small communities with tourists. Indigenous rights over marine areas and resources have yet to be fully resolved in the Arctic adding another layer of political and legal complexity not present in the Antarctic.

This chapter provides a broad overview of the law of the sea and shipping governance arrangements applicable to the Arctic and the Antarctic. The realities and challenges connected with the LOSC are first described for each region. The similarities and differences in regional approaches to addressing shipping safety and vessel-source pollution, including related environmental threats, are then surveyed. The maritime safety and pollution "main sails" are highlighted, namely, the (1974) International Convention on Safety of Life at Sea (SOLAS) and the (1973) International Convention for the Prevention of Pollution from Ships, as modified by the (1978) Protocol Relating Thereto (MARPOL 73/78) as well as further supportive conventions and guidelines ('jib sails') to the two central agreements governing international shipping. The chapter concludes by summarising the differences and commonalities in law of the sea and shipping governance approaches in the Polar Regions and highlights the many issues still needing to be resolved such as the adoption of a mandatory code for shipping in Polar waters.

This chapter, by attempting to provide a broad overview of Polar law relating to law of the sea and shipping governance, by necessity omits detailed discussion of some legal topics. A review of international agree-

ments relating to liability and compensation in case of marine accidents, such as an oil spill, is therefore beyond the scope of this paper. The effort to address seafarer working and living conditions, such as food, medical care and wages, through a consolidated 2006 Maritime Labour Convention, is not discussed nor are the international customs and contractual practices of ship owners and commercial interests surveyed. For example, marine insurance contracts may be critical for ensuring Polar shipping ventures actually occur and the cost of insurance may be a major constraint. The International Maritime Organization (IMO) has developed over 50 treaty instruments and hundreds of other measures, including codes and guidelines, over the years to control shipping and only some of the most important and relevant documents to Polar shipping can be summarised.

3.2 Law of the Sea Realities and Challenges

3.2.1 Arctic Law of the Sea Realities

The law of the sea reality for the Arctic is at the same time both simple and complex. The LOSC provides as easy to understand division of rights to living and non-living marine resources. Arctic coastal states are given exclusive rights to exploit fisheries, minerals, hydrocarbons and energy resources within their 200–nautical mile (n.m.) EEZs. Where the natural prolongation of continental shelves extends beyond 200–n.m., coastal states have the right to exploit sedentary species, such as shellfish, and mineral resources on the seabed. In the high seas water column beyond national 200–n.m. zones, various freedoms of the sea apply whereby all states may have access to living resources and shipping routes. For the deep seabed beyond national jurisdiction, the International Seabed Authority, a management organisation established pursuant to the LOSC and based in Jamaica, would be responsible for licensing and regulating any mineral exploration or exploitation activity should it arise. The Agreement to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982, adopted in 1994, sets out further "rules of the game" in relation to deep seabed mineral policy including provisions on technology transfer and the financial terms of contracts.

The 1982 Convention also clearly bestows substantial coastal state jurisdiction to undertake and control marine scientific research in Arctic waters. Coastal states have the exclusive right to conduct marine scientific research in their territorial seas and such research can only be undertaken with the express consent and under conditions set by the coastal state (Art. 245). Marine scientific research in the EEZ and on the continental shelf is also subject to coastal state consent which should be normally given (Art. 246(2)). Exceptions where consent may be refused

include where a project is of direct significance for the exploration and exploitation of natural resources or where a project involves drilling into the continental shelf, the use of explosives or the introduction of harmful substances into the marine environment (Art. 246(5)).

The LOSC is also straightforward in establishing various state responsibilities both within and beyond national zones of jurisdiction in the Arctic. For example, coastal states are obligated to ensure proper conservation and management measures so living resources in the EEZ are not endangered by over-exploitation and such measures must avoid seriously threatening the reproduction levels of associated or dependent species (Art. 61(2)(4)). States are required to cooperate directly or through sub-regional or regional organisations to ensure the conservation of fish stocks shared across national EEZs (Art. 63(1)) and stocks that straddle an EEZ and the high seas (Art. 63(2)). States must take all measures necessary to prevent, and control pollution of the marine environment from any source (Art. 194(1)) and seek to minimise to the fullest possible extent the release of toxic or noxious substances (Art. 194(3)(a)). States are required to protect and preserve rare or fragile ecosystems and the habitat of threatened or endangered species (Art. 194(5)). The intentional or accidental introduction of alien species to the marine environment which may cause significant harmful changes is to be avoided (Art. 196(1)). States are also required to cooperate in conserving and managing living resources in the high seas and to consider establishing sub-regional or regional fisheries organisations (Art. 118).

With broad acceptance that the Arctic Ocean is a semi-enclosed sea, Article 123 of LOSC urges states bordering such an area to cooperate in managing the conservation of living marine resources, in protecting and preserving the marine environment and in coordinating scientific research activities. Two key criteria must be met for the Arctic Ocean to be considered a semi-enclosed sea as defined in Article 122 of LOSC. First, the Arctic Ocean must be deemed a "sea," a term that is not defined in the Law of the Sea Convention. Second, the Arctic Ocean must consist entirely or primarily of the territorial seas and EEZs of two or more coastal states.

A further overlay of cooperative obligations emanates from the 1995 UN Agreement on Straddling and Highly Migratory Fish Stocks (Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of 10 December 1982 Relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks). The Agreement urges the application of precautionary and biodiversity protective approaches to fisheries management (Art. 5). The Agreement also calls for the strengthening of existing regional fisheries management organisations and arrangements with management mandates for straddling or highly migratory fish stocks (Art. 13). Coastal states and states fishing on the high seas are to consider es-

tablishing a new regional fisheries management organisation or arrangement where no such organisation or arrangement exists (Art. 8(5)). This latter obligation might be described as a "prospective" for the Arctic as it remains to be seen whether viable commercial fish stocks exist in the high seas pocket in the central Arctic Ocean and whether states will wish to support the opening up of new fisheries areas.

The LOSC has cast a complex web of jurisdictional entitlements and limitations for the three categories of states concerned with Arctic shipping – coastal states, flag states, and port states. These categories are reviewed in turn.

3.2.1.1 Coastal State Jurisdiction and Control

Canada, Denmark (Greenland), Norway, the Russian Federation and the United States have coastal frontage on the Arctic Ocean and thus are considered as coastal states which can exert legislative and enforcement control over foreign ships in offshore waters. The amount of control varies with the zones of coastal state jurisdiction. The greatest powers exist in internal waters, the waters closest to the coastal state, and the powers become less according to the distance offshore with least control existing over foreign vessels navigating above an extended continental shelf beyond 200–n.m.

In internal waters, a coastal state has total sovereignty. Thus, if it wishes, the state may prohibit entry of certain ships, such as those carrying hazardous cargoes and may impose "zero discharge" limits on specific pollutants. The only limit on this maximum power is the customary duty to allow foreign ships in distress, such as those facing a major storm, to seek refuge in sheltered waters.

Internal water status can be claimed in various ways. LOSC recognises the right of coastal states to draw closing lines across mouths of geographical bays, ports and harbours and the marine areas on the landward side of the lines are considered internal. A coastal state is allowed to draw straight baselines around a deeply indented coastline or where there is a fringe of islands in the immediate vicinity of the coast, and the waters enclosed would be internal. Internal waters might also be claimed based upon their being recognised as such historically.

Within the territorial sea limit which may extend 12–n.m. from the low-water line along the coast or outside enclosed internal waters, the coastal state has full sovereignty but that sovereignty is subject to the right of foreign ships to enjoy innocent passage. Passage is considered innocent so long as it is continuous and expeditious and not prejudicial to the peace, good order, or security of the coastal state. The Convention lists various activities that are considered non-innocent including: carrying out of research or surveys, any fishing activities and any act of wilful or serious pollution in contravention of the Convention.

While the LOSC allows coastal states to adopt pollution control and navigational safety laws applicable to foreign ships transiting through the territorial sea, it places key limits on this authority. Coastal states cannot impose design, construction, crewing or equipment standards on foreign ships unless giving effect to generally accepted international rules or standards. Coastal states are also prohibited from imposing requirements on foreign ships which have the practical effect of denying or impairing the right of innocent passage. Coastal states can require foreign ships to use designated sea lanes or traffic separation schemes, but before doing so the state must consider the recommendations of the IMO and take into account any channels customarily used for international navigation.

Coastal states may also claim a 12 n.m. contiguous zone adjacent to the territorial sea to a seaward limit of 24 n.m. In a contiguous zone a coastal state may exercise necessary control over foreign ships to prevent infringement of its customs, fiscal, immigration or sanitary laws and to punish infringement of such laws committed within its territory or territorial sea. For example, a state might seek to enforce a law prohibiting any garbage disposal in its territorial sea against a foreign ship navigating within the contiguous zone that had previously disposed of garbage in the territorial sea.

In a coastal state's 200–n.m. EEZ, legislative and enforcement jurisdiction over foreign vessels is substantially curtailed. A coastal state cannot impose its own pollution standards on such vessels but is restricted to only imposing international pollution standards. Actual arrests and detention of a foreign ship is only allowed if there is a discharge causing or threatening major damage to the coastline, interests or resources of the coastal state. Monetary penalties may only be imposed for such EEZ pollution infringements.

Where the natural prolongation of a coastal state's continental shelf extends beyond 200–n.m. from the baselines from which the territorial sea is measured, the coastal state has very limited control over foreign shipping activities occurring in waters above the extended continental margin. A coastal state may establish safety zones around artificial islands or structures involved in seabed exploration or exploitation activities, and no such activities may be carried out without the coastal state's consent. A coastal state in exercising its rights over the continental shelf must not cause any unjustifiable interference with navigation or with other freedoms such as fishing.

A coastal state bordering a strait used for international navigation is severely restricted in controlling foreign shipping because of the right of all ships to transit passage. A coastal state may only impose international pollution control standards, not stricter national regulations. Sea lanes and traffic separation schemes may be established but only with IMO approval. A submarine exercising transit passage may remain submerged

whereas an innocent passage through the territorial sea a submarine is required to navigate on the surface and to show its flag.

While the various national zones of jurisdiction are applicable to all the world's oceans including the Arctic, the LOSC has recognised special hazards of navigation in ice-covered waters and has given extra powers for coastal states to pass and enforce laws for control of vessel source pollution for those waters. A coastal state may adopt stricter than international pollution standards normally applicable in the EEZ. Article 234 provides:

> Coastal States have the right to adopt and enforce non-discriminatory laws and regulations for the prevention, reduction and control of marine pollution from vessels in ice-covered areas within the limits of the exclusive economic zone, where particularly severe climatic conditions and the presence of ice covering such areas for most of the year create obstructions or exceptional hazards to navigation, and pollution of the marine environment could cause major harm to or irreversible disturbance of the ecological balance. Such laws and regulations shall have due regard to navigation and the protection and preservation of the marine environment and be based on the best available scientific evidence.

Article 234 leaves open many questions of interpretation. For example, what is the significance of recognising special coastal state powers specific to the EEZ? One interpretation is that coastal states are given no greater powers than those granted for the territorial sea and thus no unilateral right exists to adopt special ship construction, crewing and equipment standards. What extent of ice coverage is required to invoke this article? The application of Article 234 to straits used for national navigation may also be questioned, although the LOSC does not explicitly exempt straits from application.

3.2.1.2 Flag State Jurisdiction and Control

A flag state, referring to the country granting its nationality to a ship and allowing a ship to fly its flag, has extensive jurisdictional control over its vessels. The flag state's national laws including criminal laws, apply to those aboard its ships. The flag state has exclusive jurisdiction over its vessels on the high seas with limited exceptions, for example, if the state consents to boarding and inspection by officials from other states pursuant to a regional fisheries enforcement agreement. A flag state has a duty to ensure that its ships conform to international standards in relation to safety at sea, pollution control and communications.

Two potential "weak links" in the flag state control approach stand out. First is the "flag of convenience" challenge where some states continue to register ships without having adequate capacity and political will to ensure their vessels live up to international standards and commitments. The International Transport Workers' Federation lists over 30 countries, including Antigua and Barbuda, Bahamas, Belize, the Cayman Islands, Liberia and Panama, that are considered flags of convenience

where vessels are registered for the purposes of reducing operating costs and avoiding strict regulations. Second is the sovereign immunity reality. Article 236 of the LOSC exempts warships and government owned or operated ships used for non-commercial service from the marine and environmental protection provisions of the Convention. States are merely required to ensure such vessels act consistent "as far as is reasonable and practicable" with the Convention's provisions.

3.2.1.3 Port State Jurisdiction and Control

When a vessel is voluntarily within a port or off-shore terminal of a state, the state possesses broad powers of inspection and enforcement. Article 218 of the LOSC recognises the right of a port state to investigate and institute proceedings regarding illegal pollution discharges even if outside its own maritime zones, specifically on the high seas or within the jurisdictional zones of other states (if they request institution of proceedings). Article 219 of the LOSC requires port states to prevent unseaworthy ships from sailing and authorises port states to require a vessel to proceed to the nearest repair yard.

Most marine regions around the globe are covered by memorandums of understanding (MOU) on port state control, including the Paris MOU covering Europe and the North Atlantic and the Tokyo MOU applicable to Asia and the Pacific, whereby maritime administrations agree to cooperate in undertaking inspection of ships visiting their ports to ensure compliance with key international conventions relating to maritime safety and pollution. With the projected increase in Arctic commercial shipping the question arises as to whether the maritime authorities of the Arctic states should develop a new MOU specific to port state control in the Arctic.

3.2.2 Arctic Law of the Sea Challenges

At least four main "law of the sea" challenges can be seen to directly concern Arctic waters. First, two ocean boundary disputes continue to fester in the region. Canada and the United States disagree over the maritime boundary in the Beaufort Sea. Canada and Denmark (Greenland) contest a small area of jurisdiction in the Lincoln Sea. Until such disputes are resolved, ship operators may face uncertainty over which national shipping laws are applicable in a contested zone. While Norway and the Russian Federation had a long-standing ocean boundary dispute in the Barents Sea, they reached a preliminary agreement in April 2010 to finally delineate their maritime border.

Second, the five coastal states of the Arctic Ocean have yet to finally determine the outer limits of their continental shelves. The Russian Federation, made its initial submission for an extended continental shelf to the Commission on the Limits of the Continental Shelf in December 2001, but was requested to submit a revised submission as to a possible

Arctic extension and that submission is expected in 2010 or possibly later. Norway, filing its submission to the Commission in November 2006, received recommendations from the Commission in March 2009 and at the time of writing had yet to formally establish the outer limits. Canada, Denmark (Greenland) and the United States are still in the process of collecting scientific and technical data in order to establish their claims. The United States has not yet acceded to the LOSC and there is increasing pressure on it to become a Party in order to legitimise its potential extended continental shelf through the Commission on the Limits of the Continental Shelf.

Resolving disagreements over the jurisdictional status of some marine waters in the Arctic is a third challenge. For example, the United States and other states have objected to Canada's enclosure of its Arctic Archipelago with straight baselines and the status of those waters as internal. The United States considers the Northwest Passage and parts of the Northern Sea Route off the Russian Federation as straits used for international navigation where the right of transit passage would apply, while Canada and the Russian Federation vehemently contest such status.

The status of maritime zones off Svalbard is also open to contention. While the Treaty of Spitsbergen (Svalbard) adopted in 1920, recognises Norwegian sovereignty over the archipelago subject to equal rights of access, fishing and hunting for other parties, the application of the treaty beyond the territorial sea is disputed. Norway maintains the treaty's application ends at the territorial sea limit and, therefore, Norway is entitled to an EEZ and continental shelf off Svalbard. Tensions over the legal status of waters seaward of the territorial sea have been partly quelled by Norway's restraint in only establishing in 1977 a Fisheries Protection Zone out to 200 n.m., and granting fisheries access to contracting parties to the treaty founded on historical fishing patterns.

A fourth challenge is the need to consider possible future directions for strengthening international cooperation in protecting the marine environment in the large pocket of high seas beyond natural jurisdiction in the central Arctic Ocean. With various freedoms of the sea, including fishing and navigation, a looming challenge is to initiate international discussions on future development and conservation objectives and options for providing further protective measures. Various governance options have been proposed by various authors including the establishment of a regional ocean management organisation (ROMO), the creation of a regional fisheries management organisation (RFMO) and the negotiation of a high seas marine protected area.

Future directions for high seas governance for all the world's oceans, including the Arctic, has become an international cauldron of controversy. The UN General Assembly has established an Ad Hoc Open-ended Working Group to study issues relating to the conservation and sustainable use of marine biological diversity beyond areas of national jurisdic-

tion (ABNJ Working Group). The ABNJ Working Group has met three times, most recently in February 2010, and has not been able to resolve deep divisions of opinion over such issues as whether an Implementation Agreement on High Seas Marine Biodiversity should be forged and whether bio-prospecting for genetic resources on the high seas should be subject to a special access and benefit sharing arrangements supportive of developing countries.

3.2.3 Antarctic Law of the Sea Realities and Challenges

With no generally recognised coastal states in the Antarctic region with national zones of jurisdiction and concomitant control over the activities of foreign vessels, the Antarctic law of the sea reality is the primacy of flag state jurisdiction. Each state authorising ships to fly its flag is responsible for ensuring its vessels operating in the Antarctic comply with international treaty and customary law obligations relating to such areas as shipping, fishing, ocean dumping and marine biodiversity conservation. For example, the Basel Convention on the Trans-boundary Management of Hazardous Wastes and Their Disposal requires parties to prohibit the export of hazardous wastes for disposal within the area south of the 60° South latitude, and it is the flag state that bears prime responsibility for ensuring its flagged vessels do not undertake such shipments. While ocean dumping in most regions would be strictly regulated by coastal states, in the Antarctic control measures for potential dumping from outside the region would fall on the shoulders of flag states.

Two main law of the sea challenges continue to hover over Antarctic waters. First is the potentially frayed regulatory nets opened by reliance on flag state jurisdiction as the prime means of controlling human uses. Flag states may not become party to key multilateral environmental or fisheries agreements aimed at protecting Antarctic waters. For example, the Madrid Protocol on Environmental Protection to the Antarctic Treaty, which sets out environmental impact assessment obligations for contracting parties authorising activities in the Antarctic, has only 34 parties. Thus, the danger exists that states not party might allow their flagged vessels to undertake tourism visits to the region without imposing any environmental impact assessment (EIA) requirements.

A second challenge is ensuring territorial claimant states in the Antarctic do not "rock the boat" in relation to contested offshore jurisdiction. For example, while Australia has passed national legislation prohibiting the taking of whales in its 200 EEZ declared off its claimed Antarctic Territory, it has thus far chosen not to enforce the legislation against foreign vessels. Political pressures continue within Australia for the government to take effective action against Japanese whaling allegedly undertaken for scientific research purposes. Potential extended continental shelf claims by territorial claimant states is a further jurisdictional issue.

For example, Australia in making its extended continental shelf claims to the Commission on the Limits of the Continental Shelf gave notice of its potential claim off Antarctica but requested the Commission not to consider the submission relating to the continental shelf appurtenant to Antarctica.

Numerous issues lurk in the background regarding maritime claims in the Antarctic. They include: how to determine baselines for measuring maritime zones where the normal "low-water line along the coast" may not be possible to determine due to ice-cover; whether ice shelves can be equated with land and be used as base points; and how to treat ice for maritime boundary delimitation purposes if claimant states in Antarctica choose to delimit boundaries between themselves.

The legal status of icebergs, which have potential for commercial exploitation, is a further looming issue. Whether coastal claimant states might eventually exert "ownership" rights over icebergs within 200 n.m. zones remains to be seen. A freedom of the high seas approach is also possible where "harvesting" would be open to anyone, but a common heritage of humankind approach whereby exploitation would be subject to equitable sharing of benefits through an international management scheme might also be considered.

3.3 Governance of Polar Shipping: Similarities and Polarities

3.3.1 Similarities

Shipping standards for the two Polar Regions are common on many fronts. Global conventions relating to maritime safety apply to both the Arctic and Antarctic as do some vessel-source pollution and marine environmental protection provisions. Various guidelines, some specifically tailored to address the special challenges of Polar shipping, have also been forged.

3.3.1.1 Maritime Safety Agreements

The "main sail" agreement setting out international safety standards for shipping in all oceans, including Polar seas, is the (1974) Safety of Life at Sea Convention, (SOLAS) as amended. The Convention casts a broad net of rules and standards in such areas as construction, steering gear requirements, fire detection and extinction, life-saving equipment including lifeboats and life jackets, radio communications, carriage of dangerous goods and maritime security. Chapter V of SOLAS addresses safety of navigation in various ways: by imposing navigational equipment requirements like radar and eco-sounding devices (to display available water depth); by requiring vessels to carry adequate and up-to-date nautical

charts; and by providing for the imposition of mandatory ships routeing systems through application to the IMO.

Four other maritime safety "jib sails" are also particularly important. The (1966) International Convention on Load Lines, is aimed at ensuring ships are not overloaded by requiring adequate freeboard, that is, the distance between the ship's deck and the waterline. The (1972) Convention on the International Regulations for Preventing Collisions at Sea, (COLREGS) sets out various speed, lookout and navigational rules to help avoid collisions and also requires various lighting arrays and sound signals. The (1979) International Convention on Maritime Search and Rescue provides the legal umbrella for countries to cooperate in ensuring that adequate search and rescue capabilities are in place in all marine regions. The (1978) International Convention on Standards of Training, Clarification and Watch-keeping for Seafarers, significantly amended in 1995 and again in June 2010, establishes training and competency requirements for ship officers and crew and covers hours of work and rest.

3.3.1.2 Vessel-source Pollution and Marine Environmental Protection Provisions

The International Convention for the Prevention of Pollution from Ships (MARPOL 73/78), the "main sail" for addressing vessel-source pollution, is applicable to both Polar Regions and establishes detailed marine pollution and protection standards through six annexes. Annexes I (oil) and II (noxious liquid substances) are mandatory for all parties to the Convention while the others Annexes III (harmful substances in packaged form), IV (sewage), V (garbage) and VI (air emissions) are optional.

While substantial differences in vessel discharge standards for the Arctic and Antarctic exist in relation to oil, noxious liquid substances, and garbage as discussed below, two major commonalities stand out. First, Annex VI of the MARPOL 77/78 which seeks to control air emissions such as ozone-depleting substances, nitrogen oxides and sulphur oxides, applies uniformly to ships operating in both Polar Regions. One of the key control mechanisms is to generally limit the sulphur content of ship fuels at 4.5 percent, but special Emission Control Areas can be established where the sulphur content would be capped at 1.5 percent. Amendments to Annex VI in 2008 will gradually decrease the general cap from 4.5 percent to 0.5 percent (effective from 1 January 2020) and the Emission Control Areas standard from 1.5 percent to 0.1 percent (effective from 1 January 2015). The revised Annex VI allows an Emission Control Area to be designated not to just control sulphur oxides but also nitrogen oxides. Neither Polar Region has yet been proposed for special emissions status, thus the general sulphur content standards will apply.

While some differences do exist over how the Antarctic and Arctic regions address sewage discharges from ships, such as which ships are subject to controls, the two regions are also subject to quite similar sew-

age discharge standards. Annex IV to the Protocol on Environmental Protection to the Antarctic Treaty in Article 6 allows untreated sewage from a holding tank to be discharged beyond 12 n.m. from land or ice shelves at a moderate rate while the ship is *en route* at a speed of no less than 4 knots. This is consistent with Regulation 11 of MARPOL's Annex IV which sets a global standard from sewage discharges also applicable to the Arctic so long as coastal states do not adopt stricter standards.

Other global "jib sails" aimed at protecting the marine environment are also applicable to both Polar Regions. The (1972) Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter, permits ocean dumping if authorised pursuant to a national ocean dumping permit but prohibits disposal of wastes listed on a global prohibited list, such as industrial and radioactive wastes. A 1996 Protocol to the Convention adopts a precautionary approach whereby only wastes listed on a global "safe list'; such as dredged materials and organic wastes of natural origin, may be disposed of subject to a waste assessment review and a national permit.

The International Convention on the Control of Harmful Anti-fouling Systems on Ships, which came into force on September 17, 2008, requires ships to either not use organotin compounds on their hulls by January 1, 2008 or to have a protective coating to prevent leaching of organotin compounds. Organotin compounds, such as tibutylin (TBT), act as biocides to prevent marine life such as algae and molluscs from attaching themselves to ship hulls and TBT has been shown to cause sex changes in whelks and deformities in oysters.

The International Convention for the Control and Management of Ships' Ballast Water and Sediments, adopted in 2004 but not yet in force, seeks to avoid transfer of invasive alien species across marine regions through ballast water exchange obligations (whenever possible conducting exchanges at least 200 n.m. from the nearest land in water at least 200 metres in depth) and ballast water management systems. Shifting from ballast water exchange to treatment systems to control the levels of viable organisms is to occur for all ships by 2016.

Two global agreements seek to ensure adequate preparations for preventing and responding to pollution incidents. The (1990) International Convention on Oil Pollution Preparedness, Response and Co-operation, requires contracting parties to require ships flying their flags to have on board a shipboard oil pollution emergency plan, to provide a minimum level of pre-positioned oil combating equipment, and to cooperate upon the request of any party in responding to an oil pollution incident. The (2000) Protocol on Preparedness, Response and Co-operation to Pollution Incidents by Hazardous and Noxious Substances, extends the obligations to cover carriage and spills of hazardous and noxious substances.

3.3.1.3 Shipping Guidelines

Three key sets of guidelines, adopted under the auspices of the IMO, seek to address the special conditions posed by shipping in Polar waters including remoteness and the dangers posed by ice. First, the Maritime Safety Committee in May 2006 adopted a Circular (MSC. 1/Circ. 1184) on Enhanced Contingency Planning Guidance for Passenger Ships Operating in Areas Remote from SAR Facilities. The guidance document urges companies operating passenger ships in areas remote from search and rescue facilities to develop contingency plans in case of emergencies which should consider, among other things, the possibility of voyage "pairing" where other passenger ships operating in the same area might be used as a search and rescue facility.

Guidelines on Voyage Planning for Passenger Ships Operating in Remote Areas, adopted by the IMO Assembly in November 2007, further urge passenger ships to develop detailed voyage and passage plans. Such plans for ships operating in the Arctic or Antarctic waters should address such factors as safe distance from icebergs, safe speeds in the presence of ice, no entry areas and special preparations necessary before entering waters where ice may be present, such as abandoning ship drills.

A third set of guidelines was adopted by the IMO Assembly in December 2009 which revised Guidelines for Ships Operating in Arctic Ice-Covered Waters (2002) and extended coverage to both the Arctic and Antarctic waters (See Figures 1 and 2). The Guidelines for Ships

Operating in Polar Waters provide a four-part overlay to existing international maritime agreements in order to address the special situation of ships operating in Polar waters. The Guidelines are applicable to ships subject to regulations under the SOLAS Convention which generally covers passenger ships and cargo ships of 500 gross tonnage or more when engaged on international voyages but not warships, pleasure yachts or fishing vessels. Part A of the Guidelines provides construction, stability and other technical requirements for new Polar Class Ships. The Guidelines, adopting the seven Polar classes recognised by the International Association of Classification Societies (IACS), seek to ensure ships can withstand flooding

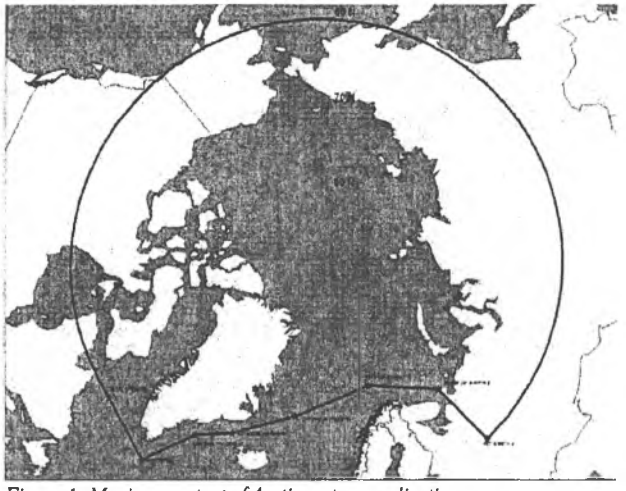

Figure 1: Maximum extent of Arctic waters application

Source: IMO, Guidelines for Ships Operating in Polar Waters, Assembly Res. A. 1024(26) (2009), p. 9

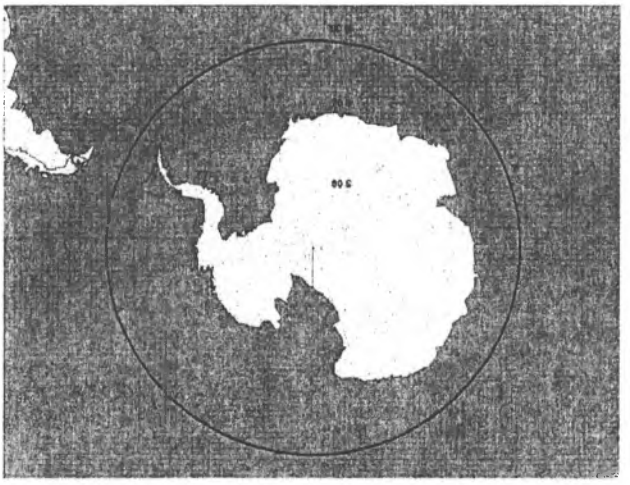

Figure 2: Maximum extent of Antarctic Waters application

Source: IMO, Guidelines for Ships Operating in Polar Waters, Assembly Res. A. 1024(26) (2009), p. 9.

Resulting from hull penetration due to ice impacts, advocate against Polar Class ships carrying any pollutant against the outer shell, urge appropriate anchoring and towing arrangements, and call for all equipment on a ship to not be susceptible to brittle fracture.

Part B, applicable to Polar Class and other ships, sets out various equipment suggestions. These include, among others, the design and location of fire detection and extinguishment systems to avoid freezing temperatures, the provision of personal survival kits capable of protecting against severe weather conditions, the carrying of partially or totally en-

closed lifeboats, and redundancy in key navigational systems such as radar and depth sounding devices.

Part C, also applicable to Polar Class and other ships, sets out various operational suggestions. A checklist of what crew members should consider in an evacuation drill is provided. Carriage of at least one qualified Ice Navigator aboard all ships operating in Polar ice-covered waters is advocated, but with no detail on what would constitute adequate on-the-job training or simulation training. Reserve supplies of fuel and lubricants are urged in light of heavy fuel consumption in heavy ice.

Part D encourages the equipment and preparation for Polar Class and other ships navigating in Polar waters to control damage to the marine environment. Proper equipment and training to ensure minor hull repairs is urged along with the capability to contain and clean up minor deck or over side spills.

A process is currently underway within the IMO to make the voluntary Guidelines for Ships Operating in Polar waters mandatory with 2012 being a target completion date. Various issues are being discussed including the geographic scope of application, appropriate classroom and practical experiences that should be required for ice navigators, possible extension of coverage to barges, fishing vessels and pleasure craft, phase-in requirements for existing ships, and possible expansion to cover ballast water and hull-fouling.

A more general set of IMO guidelines also has potential to be applied to Polar waters. Guidelines for the Identification and Designation of Particularly Sensitive Sea Areas (PSSAs), undergoing substantial revision in 2005, provide for the designation of PSSAs for areas particularly vulnerable from international ship traffic where special associated protective measures may be imposed such as areas to be avoided, traffic routeing, mandatory ship reporting, and discharge restriction. However, to date PSSA designations have not been applied to either Polar Region.

3.3.2 Polarities

With the Antarctic listed as a special area under Annexes I (oil), II (noxious liquid substances) and V (garbage) of MARPOL, stricter than global discharge standards have been established for the marine region south of the 60° South latitude. These stricter standards have been further solidified by inclusion in Annex IV to the Madrid Protocol on Environmental Protection. Article 3 of Annex IV prohibits the discharge into the sea of oil or oily mixtures from ships with limited exceptions such as a discharge relating to accidental damage to the ship or equipment. Article 4 prohibits the discharge of any noxious liquid substance and any other chemical substances in quantities or circumstances harmful to the marine environment. Article 5 prohibits disposal of all plastics into the sea from vessels and most other garbage with the exception of ground up food

wastes if disposed of 12 n.m. or more from the nearest land or ice shelf. The question of whether the Antarctic special area designations should be extended northward from the present area south of the 60° South latitude to the Antarctic convergence is under discussion by Antarctic Treaty Consultative Parties.

The MARPOL Convention provides special reception facility requirements to support Antarctic special area designations in relation to oil and garbage. Parties to MARPOL at whose ports ships depart *en route* to or arrive from the Antarctic area must ensure adequate facilities for the reception of oily residues and garbage from all ships. Each Party to MARPOL is also required to ensure that all ships entitled to fly its flag, before entering the Antarctic area, have sufficient capacity on board for the retention of oily residues and garbage and have concluded arrangements for the discharge of oily residues and garbage at a reception facility after leaving the area.

With no area of the Arctic Ocean having been designated as a special area under MARPOL, the pollutant discharge standards for some areas of the Arctic are less strict than for the Antarctic. Unless coastal states choose to impose stricter than global standards pursuant to the special legislative and enforcement powers granted by Article 234 of the LOSC, global standards will apply. Annex I of MARPOL allows oily ballast water discharges from tankers if they are over 50 n.m. offshore at a rate of 30 litres per nautical mile while *en route*, and the Annex also allows oily bilge waste discharges from oil tankers and other ships with a 15 parts per million (ppm) limitation. Annex II allows some discharge of noxious liquid substance residues based on the level of toxicity. Annex V allows considerable garbage deposits, other than plastics, including packing materials if more than 25 n.m. from the nearest land and glass, metal, paper products, rags and similar refuse if more than 12 n.m. from the nearest land.

Canada and the Russian Federation exemplify how coastal states may choose to impose stricter than global discharge standards. Canada prohibits all oil discharges from ships in Arctic waters with limited exceptions, as well as garbage and other waste deposits. The Russian Federation has prohibited the discharge of oily ballast water from tankers and the deposit of garbage for the Northern Sea Route.

Regional differences have also emerged in relation to the carriage of heavy grade oil and the control of ballast water in Polar Regions. A proposal to prohibit the use of carriage of heavy grade oil in the Antarctic was adopted by the IMO's Marine Environment Protection Committee in March 2010 and the ban on the use and carriage of heavy fuel oil by vessels operating in Antarctic waters will take effect from 1 August 2011 through a regulatory amendment to Annex I of MARPOL. In 2007, non-binding Guidelines for Ballast Water Exchange in the Antarctic Treaty Area were adopted by the IMO with various control measures suggested

including the exchange of ballast water before arrival in Antarctic waters. To date regional approaches to addressing heavy grade oil carriage and ballast water controls have not been developed for the Arctic region.

3.4 Conclusion

As this chapter has sought to highlight the Arctic and Antarctic are in many ways "poles apart" in relation to law of the sea contexts and shipping discharge standards. While the Arctic, being an ocean surrounded by continents, is largely subject to the jurisdiction of five coastal states, the Antarctic, constituting a continent surrounded by an ocean, remains in a law of the sea "twilight zone" with no generally recognised coastal state offshore jurisdiction and thus the primacy of flag state legislative and enforcement controls. While the Antarctic has been designated as a special area under three of MARPOL's annexes where stricter than general international vessel-source discharge standards apply for oil, noxious liquid substances and garbage, the Arctic has not yet been globally designated for special pollution control measures.

However, shared commonalities in the areas of maritime safety, vessel discharge standards and marine environmental protection obligations have emerged. For example, The Guidelines for Ships Operating in Polar Waters (2009) establish a common framework for construction and operational requirements for ships in the Arctic and Antarctic. Consistent air emission and sewage discharge standards for ships have been adopted for the two regions. International agreements relating to ocean dumping, antifouling agents, ballast water management and emergency preparedness are also applicable to both regions.

The quest for effective governance in both Polar regions is thus far from over. The Guidelines for Ships Operating in Polar Waters have yet to be made mandatory and numerous issues remain to be resolved, such as the geographical scope of applications, the types of vessels covered and the strength of regulatory measures. Efforts continue within the IMO to further tighten controls on sewage and garbage from ships. The regulation of greenhouse gas emissions from ships has become a topic of important but unresolved debate. Pressures to better control vessel noise in order to protect marine mammals have also not abated.

Both Polar Regions are currently experiencing increased attention in respect of the inadequacies of existing shipping governance measures and the need to strengthen international and regional rules and standards. The Arctic Council's comprehensive Arctic Marine Shipping Assessment (AMSA), published in April 2009, offered numerous recommendations under three themes. For example, to enhance Arctic marine safety, AMSA urged Arctic states: to work through the IMO to augment global ship safety and pollution prevention conventions with specific mandatory requirements for ship

construction, design, equipment, crewing, training and operations aimed at Arctic shipping safety; to explore harmonisation of national Arctic shipping regulatory regimes; and to develop a multi-national Arctic Search and Rescue (SAR) instrument including aeronautical and maritime SAR. To protect Arctic people and the environment, AMSA recommends that Arctic states: identify areas of heightened ecological and cultural significance and implement protective measures from marine shipping impacts; explore the need for specially designated Arctic marine areas as "special areas" or "particularly sensitive sea areas" through the IMO; enhance cooperation in oil spill prevention; and support reduction of air emissions of greenhouse gases, nitrogen oxides, sulphur oxides and particulate matter. To build Arctic marine infrastructure, the third theme, AMSA urges Arctic states: to improve infrastructure in the areas of ice navigation training, navigational charts, communication systems, port services, reception facilities for ship-generated waste, and icebreaker assistance; develop circumpolar pollution response capabilities; and increase investments in securing adequate hydrographic, meteorological and oceanographic data to support safe navigation. At the Sixth Ministerial Meeting of the Arctic Council in Tromsø, Norway, April 29, 2009, Ministers approved the actual establishment of a task force to negotiate an international SAR instrument for the Arctic by the next Ministerial meeting in 2011.

The Antarctic Treaty Meeting of Experts on Ship-borne Tourism in the Antarctic Treaty Area, hosted by New Zealand in December 2009, also produced a set of recommendations to be forwarded to the next Antarctic Treaty Consultative Meeting. For example, Antarctic Treaty Parties are urged to: consider the development of a specific checklist for inspections of tourist vessels in Antarctica; contribute to hydrographic and charting information in the Antarctic Treaty Area; proactively apply port state control regimes to tourist vessels bound for the Antarctic; exchange information on contingency planning preparedness; and consider mechanisms for enhancing coordination with respect to Antarctic-related matters within the IMO.

The time is ripe for the further strengthening of shipping governance and cooperative arrangements to protect the marine environment in both Polar Regions. However, it remains to be seen how far the vested social and economic interests of states and their constituents will constrain progress. The voyage towards safe and sustainable seas in both regions is thus likely to be a long and arduous.

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Secretariat of the Antarctic Treaty <http://www.ats.aq/index_e.htm>.

Questions:

1. What are the main differences in the Law of the Sea contexts for the Arctic and the Antarctic?
2. What is the main Law of the Sea challenge for each Polar region?
3. Are shipping activities in the Arctic and Antarctic adequately controlled?
4. What governance strengthening, if any, would you recommend for the Arctic? For the Antarctic?

Source: Wikipedia

United Nations Convention on the Law of the Sea (UNCLOS)

Pro-ratification arguments

- *The environment:* Oceans cover over 70% of the Earth. In the U.S., there are laws to keep marine resources available for future generations. UNCLOS sets a legally binding international standard which aims to protect the marine wildlife and environment.

- *National security:* The U.S. military, which relies heavily on its ability to freely navigate on and fly over the sea, has been a strong advocate of UNCLOS. In the absence of treaty law, the US relies on customary law that can change as states' practices change. Also, under this customary law, the Pentagon claims that countries often make unreasonable and irresponsible claims on marine territory that frustrate U.S. military action. The U.S. has tried to work around these claims, but without a legal framework to support them, the Pentagon believes it risks compromising its intelligence and military operations at sea.

- *International diplomacy and peaceful dispute resolution:* The Convention offers a peaceful way to resolve territorial and natural resource disputes through the International Tribunal for the Law of the Sea (ITLOS), based on agreements to which signatory parties have already committed. In contrast, without ratification, the US has no peaceful recourse if another non-signatory party decides to close its straits to navigation except through the Permanent Court of Arbitration which was established in 1902 to allow States to settle disputes in a manner other than war.

- *It helps American businesses:* Each country has exclusive rights to manage the resources in areas near its coast. Under the terms of UNCLOS, which maps out the boundaries of these areas, the American zone is larger than that of any other country in the world. The size of this zone is 3.36 million square miles — bigger than the lower 48 states combined. In addition, under UNCLOS, coastal states can exercise sovereign rights over natural resources within the extended continental shelf area beyond this territory. It would also give US companies an opportunity to apply for licenses with the ISA, which manages claims to resources in the deep seabed, an area over which no country has sovereign rights.

Eight National Security Myths:
United Nations Convention on the Law of the Sea

Myth #1: The United States does not need to join the Convention. We are getting along just fine relying on military might and customary international law.

We are at war. The President, his war cabinet, the Joint Chiefs of Staff, and the Commandant of the Coast Guard urge the Senate to provide its advice and consent to the Law of the Sea Convention because it enhances our national security.

The Convention codifies navigation rights and freedoms essential for the global mobility of our armed forces and the sustainment of our combat troops. Benefits include:

- a 12 nautical mile limit to territorial seas
- innocent passage through territorial seas
- archipelagic sea lanes passage though island nations like Indonesia
- laying and maintaining submarine cables for communication
- warship right of approach and visit
- sovereign immunity of warships and public vessels
- transit passage in international straits (and their approaches)
- high seas freedoms in exclusive economic zones (EEZs)

The last two are the most important. Transit passage gives us freedom of movement above, on, and below the surface in critical chokepoints such as the Straits of Singapore and Malacca, Hormuz, and Gibraltar, and the Bab el Mandeb. Exercising high seas freedoms in foreign EEZs includes conducting military activities.

Our non-party status is hurting us. It denies us a seat at the table when the 155 parties to the Convention interpret (or try to amend) those rights and freedoms; it denies us use of an important enforcement tool against coastal state encroachment (binding dispute resolution); it hinders us in our efforts to recruit more countries to the Proliferation Security Initiative (PSI); it creates a seam between us and our coalition partners; it prevents us from gaining legal certainty for our extended continental shelf in the Arctic (and elsewhere); and it denies U.S. companies access to deep seabed mining sites.

Relying on customary international law as the basis for those rights and freedoms is an unwise and unnecessary risk. Our Soldiers, Sailors, Marines, Airmen, and Coast Guardsmen put their lives on the line, every day, to preserve the rights and freedoms codified in the Convention; they deserve to be on the firmest legal ground possible as they go into harm's way; they deserve the legal certainty that accrues from treaty based rights.

Myth #2: Joining the Convention will surrender U.S. sovereignty by submitting the U.S. Navy to the jurisdiction of international courts or tribunals.

distributed by Rep. Seaton

Military officers serving as members on the United States delegation that negotiated the Convention ensured that it contained a military activities exemption from dispute resolution, which is ironclad. The Convention they helped craft permits a maritime nation, like the United States, to use compulsory dispute resolution as a sword against foreign coastal state encroachment while simultaneously shielding military activities from review.

Given the central importance of this issue, it is important to review the compulsory dispute resolution procedures contained in Part XV, Section 2 of the Convention, and explain, in detail, how Article 298 of the Law of the Sea Convention, under its express terms, will permit the United States to completely exempt its military activities from dispute resolution, and prevent any opposing State or court or tribunal from reviewing our determination that an activity is an exempted military activity.

Part XV, Section 2 of the Convention is titled, "Compulsory Procedures Entailing Binding Decisions." Section 2 is comprised of eleven Articles (286 – 296), which contain the compulsory dispute resolution procedures that some are concerned could be used to effect a review of our military activities.

Section 2 begins with Article 286, which provides that, except as provided in Section 3 of the Part XV, "any dispute concerning the interpretation or application of this Convention shall, where no settlement has been reached by recourse to Section 1, be submitted at the request of any party to the dispute to the court or tribunal having jurisdiction under this section."

Article 287 then provides the choice of procedure election. The President has asked the Senate to reject the first two choices available, the International Court of Justice and the International Tribunal for the Law of the Sea, and instead choose arbitration (what are referred to formally as arbitral tribunals).

Now, let's move on to Section 3, which is titled, "Section 3. Limitations and Exceptions to Applicability of Section 2." In Section 3 we find Article 298; and in Article 298, subparagraph 1, it states in pertinent part:

> 1. When signing, ratifying, or acceding to this Convention or at any time thereafter, a State may…declare in writing that it does not accept any one or more of the procedures provided for in section 2 with respect to one or more of the following categories of disputes…"

There then follows three categories of disputes: Maritime boundary disputes, disputes involving military activities, and disputes involving matters before the United Nations Security Council. The president has asked the Senate to exempt all three categories.

The key language from Article 298.1 is: "A State may declare that it … does not accept any one or more of the procedures provided for in section 2." It is the right of the State, and solely the State, to completely and preemptively reject all of the dispute resolution procedures provided for in Section 2. It is those very procedures that the

opposing State or international court or tribunal would have to rely upon to try to assert authority over us.

It simply does not get any better than that---not in private contract law nor in treaty law. What this Convention makes clear is that a State party can completely reject all the dispute resolution procedures—on its own terms—for disputes involving maritime boundaries, military activities, and matters before the Security Council.

There is simply no process or procedure whereby our determination can be subject to review, because we have already preemptively rejected all the procedures provided for in Section 2, including article 287 (choice of forum), article 288 (the right of a court or tribunal to determine its own jurisdiction), article 290 (provisional measures) and article 292 (prompt release).

All permanent members of the United Nations Security Council (except the United States) and numerous other countries have taken the military activities exemption. They, like us, would never accept a court or tribunal acting *ultra vires*---beyond the limits of the Convention itself.

Myth #3. Our intelligence activities will be constrained because the Convention's provisions on innocent passage prohibit intelligence collection in the territorial sea and require submarines to surface in the territorial sea.

U.S. intelligence collection activities at sea are not constrained by the Convention.

This matter was fully reviewed at closed hearings before the SSCI and SASC in 2004. At the unclassified level we can comment that those Committees concluded, after receiving testimony from DoD, CIA, and DoS, that the Convention does not affect US intelligence collection activities. Those agencies confirmed that testimony in recent correspondence to the SFRC.

With regard to innocent passage, the United States already obligates itself to abide by articles 19 and 20 of the Convention, and we are already formally bound to the same obligations in the 1958 Territorial Sea Convention.

Myth #4. Maritime Interdiction Operations will be constrained because Article 110 of the Convention limits warships to only boarding ships suspected of engaging in Piracy, Slave Trade, or Unauthorized Broadcasting, or being without Nationality.

This is simply not true. Article 110, which codifies the peacetime right of "approach and visit," expressly provides in its opening clause that the interdiction authorities it provides are *in addition to* those interdiction authorities that we already enjoy, because they are "derived from powers conferred by treaty." This language is consistent with the preamble of the Convention, which clearly states, "matters not regulated by the Convention continue to be governed by the rules and principles of international law."

We and our coalition partners routinely conduct interdiction operations under powers derived from treaty, including interdictions conducted pursuant to Flag State consent, Port State control measures, resolutions passed by the United Nations Security Council, the wartime right of Visit and Search, and our inherent right of self-defense as reflected in article 51 of the UN Charter.

Before moving to the next myth, it is worth noting that Article 110 of the Convention contains a key authority for conducting interdictions that was not found in its antecedent provision of the 1958 High Seas Convention. Under Article 110, a warship can conduct a boarding if it suspects that the target vessel is without nationality. We rely on that authority frequently in our maritime interdiction operations.

Myth #5. The Convention's provisions on "peaceful purposes" (Articles 19(2)(a), 39(1)(b), 88, 141, 240) and the prohibition in Article 301 against using force or threatening to use force in any manner inconsistent with the UN Charter or the principles of international law, will be used to constrain military activities.

Those provisions simply reflect the incorporation into the Law of the Sea Convention of the same obligations that we---and the international community as a whole---already have under the UN Charter; obligations that we fully support.

It would make little sense to have the provision in Article 298(1) allowing a State to completely reject dispute resolution for military activities, if military activities were already barred by articles 88 and 301.

The negotiating history on the Convention is clear on this point. In 1976, Ecuador attempted to turn the "peaceful purposes" provisions into an arms control obligation. They got nowhere. In response to the argument by Ecuador in 1976, the U.S. replied:

> "The term 'peaceful purposes' did not, of course, preclude military activities generally. The United States has consistently held that the conduct of military activities for peaceful purposes was in full accord with the Charter of the United Nations and with the principles of international law. Any specific limitation on military activities would require the negotiation of a detailed arms control agreement."

See 66-68th plenary sessions in 1976.

In 1985, the Secretary General of the United Nations reported that, "military activities which are consistent with the principles of international law embodied in the Charter of the United Nations, in particular Article 2, paragraph 4, and Article 52, are not prohibited by the Convention on the Law of the Sea."

It is ironic that Convention opponents would raise today a long-discredited and failed argument raised by Socialist countries in the 1970s.

Myth #6: If the US Navy seizes a terrorist vessel on the high seas or captures a vessel carrying weapons of mass destruction, it will be subject to "prompt release" under Article 292 of the Convention.

There are two things wrong with that argument. First, under Article 298 of the Convention, the United States will reject all the dispute resolution procedures for disputes concerning US military activities, and those procedures include Article 292. (See Myth #2 above.)

Second, Article 292, itself, is quite clear that it only applies to the prompt release of vessels seized for violating fishing or marine pollution regulations in Exclusive Economic Zones.

Specifically, in the very first sentence in Article 292, it states that a tribunal or court may only order the prompt release of vessels when, "it is alleged that the detaining State has not complied with the provisions of this Convention for the prompt release of the vessel or its crew upon the posting of a reasonable bond or other financial surety..."

There are only three provisions in the Convention for prompt release of vessels upon the posting of a reasonable bond or other financial surety: Articles 73, 220, and 226, and those expressly involve fishing cases and marine pollution cases.

In fact, the International Tribunal for the Law of the Sea has ordered the prompt release of vessels seven times in its entire history---all involved the release of fishing vessels in accordance with Articles 292 and 73.

The negotiating history of the treaty is crystal clear on this point. (See pages 67 – 71 of Volume V of the University of Virginia Commentary, which is widely recognized as the definitive commentary on the Convention.)

Myth #7: Article 23 of the Convention, which recognizes the right of innocent passage for nuclear powered ships and ships carrying nuclear or other inherently dangerous substances, will prevent the United States from interdicting a North Korean vessel in U.S. territorial seas (or another Nation's territorial seas) even if the vessel is carrying a nuclear bomb for delivery to Iran.

As noted earlier, the U.S. already is bound to and abides by the provisions on innocent passage; thus, foreign flag ships already have the right to exercise innocent passage through the territorial sea of the United States (and other nations' territorial seas).

Article 23 of the Convention was adopted at the insistence of the U.S. delegation to protect the innocent passage of U.S. warships and to prevent U.S. ships from having to declare their cargo as a condition of entering foreign territorial seas.

Article 23 does not constrain U.S. interdiction activities in any manner whatsoever. As noted earlier, the United States relies on *all of its interdiction authorities* (and those of its friends and allies) to combat the transport of weapons of mass

destruction. Indeed, the founding principles of the Proliferation Security Initiative (PSI) are based on PSI participants using their respective national legal authorities and international law (including the Convention) to interdict weapons of mass destruction and related material.

If a North Korean ship were carrying a nuclear weapon to Iran, it would be interdicted. In fact, vessels carrying North Korean and Libyan material have been interdicted under PSI in accordance with the Law of the Sea Convention.

Myth #8: Had the United States been subject to the Law of the Sea Treaty, President Kennedy could not have quarantined Cuba with the U.S. Navy, President Ford could not have used the Navy to rescue the Mayaguez, and President Reagan could not have sent a Navy carrier force to defy Qaddafi of Libya in the Gulf.

This is completely untrue. All the above operations were conducted in accordance with international law.

- President Kennedy established a quarantine around Cuba under the authorities of the UN Charter (Article 51 on self-defense and Article 52 on regional security arrangements) and the Rio Treaty (which established the Organization of American States (OAS)). On October 23, 1962, OAS voted to approve a U.S.-sponsored quarantine of Cuba.

- President Ford's use of military force to rescue the Mayaguez and its crew was a lawful use of force in self defense under Article 51 of the UN Charter.

- President Reagan deployed an aircraft carrier task force into the Gulf of Sidra to challenge Libya's unlawful claim that the Gulf was Libyan internal waters. During U.S. freedom of navigation operations in the Gulf, United States Navy aircraft engaged Libyan aircraft in self-defense in accordance with Article 51 of the UN Charter.

The Convention does not in any manner whatsoever restrict, condition or infringe upon our inherent right of self-defense as reflected in Article 51 of the UN Charter. Nor does it affect our rights under the law of armed conflict.

The Law of the Sea Convention does not constrain or limit the President's options to defend our country; it *enhances* them by codifying navigation rights and freedoms that are essential for the global mobility of our armed forces and the sustainment of our combat troops.

That is why the President, the Joint Chiefs of Staff, the Commandant of the Coast Guard, and every former living Chief of Naval Operations have all urged the Senate to provide its advice and consent on the Convention.

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Memorandum

TO: Representative Bob Herron

FROM: Chuck Burnham, Susan Haymes, Susan Warner, Tim Spengler, and Roger Withington, Legislative Analysts

DATE: March 11, 2011

RE: United Nations Convention on the Laws of the Sea
LRS Report 11.220

You asked for information regarding the United Nations Convention on the Law of the Sea. Specifically, you asked us to confirm and provide supporting documentation to statements put forth in an updated draft Legislative Resolve concerning the Convention dated March 9, 2011.

We present each of the "Whereas" statements in the draft resolution you provide below. Our findings for each statement immediately follow.

1 WHEREAS the United Nations Convention on the Law of the Sea (UNCLOS) preserves freedom of navigation as a basic right of all countries;

Part VII, Article 87, of UNCLOS guarantees freedom of the high seas as follows:

> 1. The high seas are open to all States, whether coastal or land-locked. Freedom of the high seas is exercised under the conditions laid down by this Convention and by other rules of international law. It comprises, inter alia, both for coastal and land-locked States:
>
> (a) freedom of navigation;
>
> (b) freedom of overflight;
>
> (c) freedom to lay submarine cables and pipelines, subject to Part VI;
>
> (d) freedom to construct artificial islands and other installations permitted under international law, subject to Part VI;
>
> (e) freedom of fishing, subject to the conditions laid down in section 2;
>
> (f) freedom of scientific research, subject to Parts VI and XIII.
>
> 2. These freedoms shall be exercised by all States with due regard for the interests of other States in their exercise of the freedom of the high seas, and also with due regard for the rights under this Convention with respect to activities in the Area.[1]

Free Navigation of the "territorial sea"—the sea area immediately adjacent to a state and extending up to 12 nautical miles seaward—is provided by Part II, Section III, Articles 17-18, under the concept of "innocent passage." That concept means navigation for the purpose of traversing the sea without entering internal waters or calling at port; or proceeding to or from internal waters or a port facility. Such passage must be peaceful as defined in Article 19. Similarly, Part III, Section 3, Article 45, provides the right to innocent passage in straits used for international navigation, while Article 52 provides the same right for passage through archipelagic waters, and Article 58 does so for "exclusive economic zones," which extend 200 nautical miles seaward.

[1] Full text of the Convention is available online at *http://www.un.org/Depts/los/convention_agreements/texts/unclos/unclos_e.pdf*.

2 WHEREAS the United Nations Convention on the Law of the Sea permits member nations to claim an exclusive economic zone out to 200 nautical miles from shore, with an exclusive sovereign right to explore, manage, and develop all living and nonliving resources, including deep sea mining, within that exclusive economic zone;

Part V, Articles 56-57, delineate exclusive economic zones as follows:

> 1. In the exclusive economic zone, the coastal State has:
>
> (a) sovereign rights for the purpose of exploring and exploiting, conserving and managing the natural resources, whether living or non-living, of the waters superjacent to the seabed and of the seabed and its subsoil, and with regard to other activities for the economic exploitation and exploration of the zone, such as the production of energy from the water, currents and winds;
>
> (b) jurisdiction as provided for in the relevant provisions of this Convention with regard to:
>
> (i) the establishment and use of artificial islands, installations and structures;
>
> (ii) marine scientific research;
>
> (iii) the protection and preservation of the marine environment;
>
> (c) other rights and duties provided for in this Convention.
>
> 2. In exercising its rights and performing its duties under this Convention in the exclusive economic zone, the coastal State shall have due regard to the rights and duties of other States and shall act in a manner compatible with the provisions of this Convention.
>
> 3. The rights set out in this article with respect to the seabed and subsoil shall be exercised in accordance with Part VI.

Article 57

Breadth of the exclusive economic zone: The exclusive economic zone shall not extend beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured.

3 WHEREAS the United States Arctic Research Commission estimates that the United Nations Convention on the Law of the Sea would permit the United States to lay claim beyond the present 200-mile exclusive economic zone to an area of the Arctic Ocean seabed north of Alaska that is about the size of California;

In his May 6, 2010, testimony before the U.S. House of Representatives Committee on Natural Resources, Subcommittee on Insular Affairs, Oceans, and Wildlife, John Farrell, Executive Director of the U.S. Arctic Research Commission (USARC), advocated for greater mapping of the Arctic Ocean. Describing the bases for his advocacy, Dr. Farrell made the following statement:

> Should the U.S. accede to the United Nations Convention on the Law of the Sea, as recommended by the Commission and many others, estimates . . . suggest that the U.S. stands to gain sovereign rights over seafloor resources in the Arctic Ocean in an area at least the size of California.[2]

The basis for this claim appear to relate to the Convention's provisions related to the extension of a state's control over the continental shelf adjacent to and beyond its 200 nautical mile exclusive economic zone. Those provisions are in Part VI, Article 76, et seq., which read, in part, as follows:

> 3. The continental margin comprises the submerged prolongation of the land mass of the coastal State, and consists of the seabed and subsoil of the shelf, the slope and the rise. It does not include the deep ocean floor with its oceanic ridges or the subsoil thereof.

[2] Dr. Farrell's full testimony can be accessed online at *http://www.arctic.gov/testimony/farrell-05-06-2010.pdf*.

4. (a) For the purposes of this Convention, the coastal State shall establish the outer edge of the continental margin wherever the margin extends beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured, by either:

(i) a line delineated in accordance with paragraph 7 by reference to the outermost fixed points at each of which the thickness of sedimentary rocks is at least 1 per cent of the shortest distance from such point to the foot of the continental slope; or

(ii) a line delineated in accordance with paragraph 7 by reference to fixed points not more than 60 nautical miles from the foot of the continental slope.

(b) In the absence of evidence to the contrary, the foot of the continental slope shall be determined as the point of maximum change in the gradient at its base.

5. The fixed points comprising the line of the outer limits of the continental shelf on the seabed, drawn in accordance with paragraph 4 (a)(i) and (ii), either shall not exceed 350 nautical miles from the baselines from which the breadth of the territorial sea is measured or shall not exceed 100 nautical miles from the 2,500 metre isobath, which is a line connecting the depth of 2,500 metres.

6. Notwithstanding the provisions of paragraph 5, on submarine ridges, the outer limit of the continental shelf shall not exceed 350 nautical miles from the baselines from which the breadth of the territorial sea is measured. This paragraph does not apply to submarine elevations that are natural components of the continental margin, such as its plateaux, rises, caps, banks and spurs.

7. The coastal State shall delineate the outer limits of its continental shelf, where that shelf extends beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured, by straight lines not exceeding 60 nautical miles in length, connecting fixed points, defined by coordinates of latitude and longitude.[3]

Where a state makes legitimate claim to its continental shelf extending beyond the 200 mile exclusive economic zone, Article 77 provides that "the coastal State exercises over the continental shelf sovereign rights for the purpose of exploring it and exploiting its natural resources." Further, Article 81 states that "[t]he coastal State exercises over the continental shelf sovereign rights for the purpose of exploring it and exploiting its natural resources."

4 WHEREAS, by not joining the Convention, the United States is forfeiting sovereign rights to and international recognition of an expansion of United States resource jurisdiction by as much as 1,000,000 square kilometers of ocean, an area half the size of the Louisiana Purchase;

The U.S. Extended Continental Shelf Task Force—a multi-agency effort chaired by the U.S. Department of State—is currently working to identify the extended continental shelf (ECS) lying more than 200 nautical miles off the shores of the U.S. The Task Force's preliminary estimate puts the entire U.S. ECS at over one-million square kilometers. In order to claim sovereignty over its ECS under Article 76 of the UNCLOS, the U.S. must collect and analyze data sufficient to prove its claims.

It is clear that should the U.S. not become a signatory to the Convention, a number of the rights, responsibilities, privileges, and protections therein will not be available. However, we found nothing in the document that delineates what the specific impact of not becoming a signatory would have on sovereignty rights on the ECS. In the UNCLOS preamble, the signatories affirm that "matters not regulated by this Convention continue to be governed by the rules and principles of general international law." Indeed, among opponents to the U.S. becoming a signatory to the Convention, the impact of current international law is among the primary bases for their resistance. That is, opponents believe that international law already provides the U.S. with desirable sovereignty protections without subjecting the country to the extra-national judicial oversight and other controlling mechanisms in the Convention. A study of the matter prepared for the Council on Foreign Relations strongly disagrees with such claims by Convention opponents as follows:

[3] To see a graphic illustration of the application of the measurement formulae discussed in this section, please see *http://www.state.gov/g/oes/continentalshelf/*.

> Continuing to treat most parts of the convention as customary international law, as the United States does now, literally leaves it without a seat at the table in important decision-making bodies established by the convention, such as the Commission on the Limits of the Continental Shelf (CLCS); weakens the hand the United States can play in negotiations over critical maritime issues, such as rights in the opening of the Arctic Ocean; and directly undercuts U.S. ability to respond to emerging challenges, such as increasing piracy in the Indian Ocean. Joining or not joining the convention is more than an academic debate. There are tangible costs that grow by the day if the United States remains outside the convention.[4]

The impact on U.S. national sovereignty of remaining outside the Convention does not appear to be a settled legal matter. On this point, you may wish to seek an opinion from Legal Services explaining the relationship between the Convention and international maritime law as relates to ECS issues.

5 WHEREAS, with nearly one-third of all the world's hydrocarbons being produced off-shore, the United States would be unwise to ignore the need for access to extended oil and gas resources on the outer continental shelf;

According to the experts with whom we communicated, it appears that the statement that "nearly one-third of all the world's hydrocarbons [are] being produced off-shore," is accurate. G. Allan Petzet, chief editor (explorations) at the Oil and Gas Journal, relates that, while he is not aware if precise published up-to-date figures exist, it is his understanding that around one-third of the world's hydrocarbons are produced off-shore.[5] Additionally, Alex Chakhmakhchev, senior manager, Global Support, IHS Inc., informs us that in 2009, 30 percent of the world's hydrocarbons were produced off-shore.[6] He believes the percentage is roughly the same in today's market.

The Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE)—an agency of the U.S. Department of the Interior—released a comprehensive inventory of outer continental shelf (OCS) resources in 2006 that indicated that significant oil and gas resources exist in the U.S. OCS.[7] The study estimated that the quantity of undiscovered, technically recoverable, resources ranges from 66.6 to 115.3 billion barrels of oil and 326.4 to 565.9 trillion cubic feet of natural gas. The mean or average estimate is 85.9 billion barrels of oil and 419.9 trillion cubic feet of natural gas. Therefore, it may be argued that it could be "unwise" for the U.S. to ignore potential oil and gas resources in the OCS.[8]

6 WHEREAS the United States Geological Survey estimates that the Arctic contains conventional oil and gas resources totaling approximately 90,000,000,000 barrels of oil, 1,669 trillion cubic feet of natural gas, and 44,000,000,000 barrels of natural gas liquids, amounting to more than one-fifth of the world's undiscovered, recoverable oil and natural gas resources;

We found the information in the above "whereas" to be accurate. A 2008 United States Geological Survey (USGS) assessment found that 90 billion barrels of oil, 1,669 trillion cubic feet of natural gas, and 44 billion barrels of natural gas liquids may remain to be found in the Arctic. The USGS estimates that these resources account for about 22 percent (or slightly more than one-fifth) of the undiscovered, technically recoverable resources in the world.[9]

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[4] Scott G. Borgerson, Ph.D., "The National Interest and the Law of the Sea," for the Council on Foreign Relations, Council Special Report No. 46, May 2009, p. 19. This publication is available online at *http://www.cfr.org/global-governance/national-interest-law-sea/p19156*. The Council on Foreign Relations describes itself as an independent, nonpartisan membership organization, think tank, and publisher. More information on the Council is available at *http://www.cfr.org/about/*.

[5] G. Allan Petzet can be reached at (713) 963-6292. The Oil and Gas Journal provides international oil and gas news, analysis of issues and events, practical technology for design, operation and maintenance, and statistics on international markets and activity (*http://www.ogj.com/*).

[6] Alex Chakhmakhchev can be reached at (303) 790-0600. The IHS is a leading source of information in the following areas: energy, economics, geopolitical risk, sustainability and supply chain management (*http://www.ihs.com/*).

[7] The Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE), is the federal entity responsible for overseeing the safe and environmentally responsible development of energy and mineral resources on the outer continental shelf (*http://www.boemre.gov/*).

[8] More information on the BOEMRE assessment is available at *http://www.boemre.gov/revaldiv/RedNatAssessment.htm*.

[9] A USGS document on these finding can be accessed at *http://pubs.usgs.gov/fs/2008/3049/*.

7 WHEREAS American energy and deep-seabed companies are at a disadvantage in making investments in the outer continental shelf because of the legal uncertainty over the outer limit of the federal continental shelf; and

A wide majority of the opinions that we found in our review generally support the above "whereas." For example, Gerald Leape, senior officer (international policy) with the Pew Charitable Trusts, related to us that the ratification of the Convention would benefit U.S. energy and deep-seabed companies.[10] As an example, Mr. Leape, who specializes in international marine issues, relates that when disputes regarding OCS claims arise, countries that have ratified UNCLOS have a place "at the table" to work through the issues. Countries that have not ratified the treaty would not have an official voice in such a forum.

Additionally, Coast Guard Rear Admiral Christopher Colvin, commander of Coast Guard operations in Alaska, said recently in an interview that ratifying UNCLOS was imperative for the county.[11] He relates that there are valuable oil, gas, and mineral resources that the U.S. would have a legitimate claim to if the country signs on to the treaty. Admiral Colvin asserts that China is currently exploring areas north of the United States' exclusive economic zone off Alaska that would otherwise be under sovereign control of the U.S. under terms of the Convention.

Further, according to Citizens for Global Solutions (CGS), joining UNCLOS will benefit American businesses.[12] The CGS affirms that UNCLOS would protect the claims of U.S. firms to resources and give us an opportunity to provide better management of the sensitive Arctic environment adjacent to U.S. boundaries. Under UNCLOS, Arctic states stand to gain tremendously by claiming mineral and oil extraction rights in the Arctic seabed in areas that extend beyond their respective exclusive economic zones. Additionally, joining the Convention, would give U.S. companies an opportunity to apply for licenses with the International Seabed Authority, which manages claims to resources in the deep seabed, an area over which no country has sovereign rights.

8 WHEREAS the United States, as a major maritime power and as the country with the largest exclusive economic zone and one of the largest continental shelves, stands to gain more from the Convention in terms of economic and resource rights than any other country;

Our review found the above "whereas" to be accurate. According to our review, the United States' exclusive economic zone (EEZ) is the largest in the world, spanning over 13,000 miles of coastline and containing 3.4 million square nautical miles of ocean (a square nautical mile is equal to 1.3 square miles). According to preliminary studies, the extended continental shelf—again, that portion of the continental shelf beyond 200 nautical miles off shore—likely totals roughly one million square kilometers, or an area about twice the size of California, according to the U.S. Department of State.

Given the size of the U.S. continental shelf, the potential resources may be worth billions if not trillions of dollars, according to a U.S. Department of State article "Defining the Limits of the U.S. Continental Shelf."[13] Mr. Leape of the Pew Charitable Trusts affirms that it is quite likely that the U.S. has more to gain than any other country from the treaty. He cautions, however, that what resources actually exist in the unexplored depths is uncertain.

9 WHEREAS other Arctic nations have been asserting their sovereignty in the Arctic and making extended continental shelf claims under the United Nations Convention on the Law of the Sea;

Receding sea ice in the Arctic has heightened territorial claims in the area. In 2007, Russian divers planted their nation's flag on the seabed below the North Pole. The Russian Federation claims that the underwater Lomonosov Ridge is a natural

[10] Gerald Leape can be reached at (202) 552-2000. The Pew Charitable Trusts strives to improve public policy, inform the public, and stimulate civic life (*http://www.pewtrusts.org/*).

[11] Rear Admiral Colvin can be reached at (907) 463-2065.

[12] Citizens for Global Solutions is a non-partisan membership organization that envisions a "future in which nations work together to abolish war, protect our rights and freedoms and solve the problems facing humanity that no nation can solve alone." More information on Citizens for Global Solutions' stance on UNCLOS can be accessed at *http://globalsolutions.org/law-justice/law-seatreaty*.

[13] "Defining the Limits of the U.S. Continental Shelf," can be accessed at *http://www.state.gov/g/oes/continentalshelf/index.htm*.

extension of Siberia's continental shelf and, therefore, the nation owns the rights to that vast tract of Arctic seafloor.[14] Denmark responded to Russia's pronouncement with a claim that the 1,200-mile ridge is an extension of Greenland, a Danish possession.[15] Canada's prime minister has vowed to defend "Canada's sovereignty" in the Arctic. While the U.S. considers the Northwest Passage an international strait, Canada asserts that is has sole jurisdiction over the increasingly ice-free waterway.[16]

10 WHEREAS the United States, with 1,000 miles of Arctic coast off of the State of Alaska, remains the only Arctic nation that has not ratified the United Nations Convention on the Law of the Sea;

According to the United Nations, 161 nation-states have ratified the United Nations Convention on the Law of the Sea.[17] Except for the United States, every Arctic nation—Canada, Denmark (Greenland and the Faroe Islands), Finland, Iceland, Norway, the Russian Federation, and Sweden—are parties to the treaty.[18]

11 WHEREAS, until the United States ratifies the United Nations Convention on the Law of the Sea, the United States will not become a full partner in cooperative efforts of Arctic nations to address the manifold problems of the region;

If the United States does not ratify the UNCLOS, it is still highly likely that the United States will continue to partner in various ways with other nations in addressing issues surrounding the Arctic region. According to U.S. Senator Richard Lugar, however, many critical Arctic policy decisions will be made without the input of the U.S. if we do not accede to UNCLOS. Unlike some treaties, such as the Kyoto Agreement, which is inoperable in a practical sense without ratification by the United States, UNCLOS participants will make decisions regardless of whether the U.S. is a party. Senator Lugar maintains that nonparticipation will put the U.S. in a position of "self-imposed weakness," forcing our nation to rely on others to advocate for our interests.[19]

Additionally, the Council on Foreign Relations reports that without accession, the U.S. will give up "a seat at the table" in the important decision-making bodies established by the convention, including the economically critical Commission on the Limits of the Continental Shelf and the International Seabed Authority. The Council also warns that the U.S. could damage efforts to develop cooperative maritime partnerships, such as the Proliferation Security Initiative (PSI), a U.S.-led multilateral effort to interdict shipments of weapons of mass destruction.[20]

12 WHEREAS, until the United States ratifies the United Nations Convention on the Law of the Sea, the United States cannot participate in deliberations to amend provisions of the Convention that relate to the

(1) oil, gas, and mineral resources in the Arctic Ocean and other northern waters;

(2) conduct of essential scientific research in the world's oceans;

(3) right of the United States to the use of the seas;

(4) rules of navigation;

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[14] Fred Weir, "Russian's Putin Says he Wants Peaceful Division of Arctic," *Christian Science Monitor*, September 23, 2010. This article can be viewed at *http://www.csmonitor.com/World/Europe/2010/0923/Russia-s-Putin-says-he-wants-peaceful-division-of-Arctic.*

[15] Adrian Blomfield, "Canada and Denmark Join Rush to Claim Arctic," *The Telegraph*, August 11, 2007. This article can be read at *http://www.telegraph.co.uk/news/worldnews/1560028/Canada-and-Denmark-join-rush-to-claim-Arctic.html.*

[16] John Ibbitson, "Who Owns the Arctic?" *The Globe and Mail*, January 27, 2011. This article can be viewed at *http://byers.typepad.com/arctic/2011/01/dispute-over-hans-island-nears-resolution-now-for-the-beaufort-sea.html.*

[17] The United Nations prepared a table that shows the status of each nation with regard to Law of the Sea participation, *http://www.un.org/Depts/los/reference_files/status2010.pdf.*

[18] The Arctic Council, an intergovernmental forum that provides a means for promoting cooperation, coordination and interaction among the Arctic States, defines the Arctic nations as Canada, Denmark (including Greenland and the Faroe Islands), Finland, Iceland, Norway, Russian Federation, Sweden, and the United States of America. (*http://arctic-council.org*)

[19] Senator Richard Lugar, Opening Statement for the Hearing on the UN Convention on the Law of the Sea, U.S. Senate Committee on Foreign Relations, October 4, 2007, *http://lugar.senate.gov/news/record.cfm?id=284885&&.*

[20] Borgerson, "The National Interest and the Law of the Sea," pp. 19 and 26.

(5) effect of the use of the seas on world economic development; and

(6) environmental concerns related to the use of the seas;

In 1973, the United States participated in the Third United Nations Conference on the Law of the Sea with the objective of dealing with the issues listed above. The U.S. wanted to preserve its freedoms of navigation, diminish threats to fisheries and marine mammals, protect the marine environment, preserve the freedom of scientific research, ensure access to the mineral resources of the deep seabed to U.S. companies, and create a strong, viable organization to arrest the growing claims by northern nations to the Arctic seafloor.[21]

The 1973 UNCLOS agreement addressed these U.S. objectives, and additional U.S. concerns were attended to in a subsequent agreement in 1994; however, according to Scott Borgerson of the Council on Foreign Relations, failure to take the next step through accession will severely weaken the U.S. role in advocating its position on these issues and will undercut its ability to respond to emerging challenges. Mr. Borgerson continues:

> Immediate U.S. accession to the treaty is imperative to advance critical U.S. national interests. These stakes can be grouped into three general "baskets": national security, economic, and environmental. Each day the convention is in force—and each day its various organs make ocean policy and set legal precedent—the United States is in effect marginalizing itself. It is also placing itself at a disadvantage by being unable to mobilize the convention to advance its interests through new initiatives or by means of the credibility that accompanies being a state party.[22]

13 WHEREAS the United States continues to reject a carefully negotiated accord that enjoys overwhelming international consensus, one that has been adjusted specifically to meet the demands set out by President Ronald Reagan two decades ago;

The assertion that the UNCLOS is a "carefully negotiated accord" appears to be accurate. According to a Congressional Research Service Issue Brief entitled, *The Law of the Sea Convention and U.S. Policy*, the treaty "resulted from the third U.N. Conference on the Law of the Sea, which met for a total of 93 weeks between December 1973 and December 1982."[23]

The claim that the UNCLOS "enjoys overwhelming international consensus" appears to be accurate. Currently, 161 nations have ratified the treaty while 32 have not.[24]

The assertion that the UNCLOS was "adjusted specifically to meet the demands put forth by President Reagan" appears to be accurate. On March 10 1983, after months of consideration of the implications of the adoption of the Law of the Sea Conference, and after 119 other nations adopted the Convention on the Law of the Sea, President Ronald Reagan issued his statement on U.S. Oceans policy. In this statement he noted that the U.S. would not join the Convention because of unacceptable provisions related to deep seabed resources beyond national jurisdictions. He also noted, however, that the balance of the Convention was in the interest of, and be observed by, the United States.[25]

Scott G. Borgerson, in "The National Interest and the Law of the Sea," notes that:

> In the end, the Reagan administration declared it could accept Part XI of the Convention only if certain changes were made in six areas relating to matters like technology transfer, and if the United States "preserved a de facto veto power in the governing organs of the new authority so that no financial obligations could be imposed on the United States without its consent." When these changes were not made by 1982, the Reagan administration refused to sign the convention.

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[21] Borgerson, "The National Interest and the Law of the Sea," p. 9.

[22] Borgerson, "The National Interest and the Law of the Sea,"p. 22.

[23] Marjorie Ann Browne, *The Law of the Sea Convention and U.S. Policy*, Congressional Research Issue Brief, February 10, 2005, *http://www.fas.org/sgp/crs/row/IB95010.pdf*.

[24] The status of nations with respect to the Convention can be reviewed at *http://www.un.org/Depts/los/reference_files/status2010.pdf*.

[25] One source for President Reagan's statement is OceanLaw.org, *http://www.oceanlaw.org/index.php*.

> Eventually, all six of the Reagan administration's objections were amended to the satisfaction of the United States in a subsequent supplemental agreement that was negotiated and signed by most countries, including the United States, in 1994.[26]

We note that the text for this "whereas" statement appears to have been extracted from page 38 of Mr. Borgerson's report.

14 WHEREAS the United Nations Convention on the Law of the Sea will have sizable beneficial effects on virtually all states, both coastal and noncoastal, because the United States is heavily dependent on the use, development, and conservation of the world's oceans and their resources;

The statement appears to be accurate. In "The National Interest and the Law of the Sea," Mr. Borgerson spends a great deal of time discussing national interest in the UNCLOS.[27] He notes that:

> The oceans are marine highways, carrying 90 percent of U.S. imports and exports, and most of the world's oil passes through shipping choke points such as the Suez Canal and the Straits of Malacca.

He further notes that:

> ...acceding to the convention would advance a long list of national security, economic, and environmental issues of strategic importance to the United States. Beyond establishing the rules for territorial seas and exclusive economic zones, the convention establishes regimes for managing shipping fleets, fish, and pollutants that do not abide by national boundaries. The Law of the Sea Convention includes specific provisions guaranteeing freedom of navigation for merchant fleets and navies, and sets firm limits on jurisdiction to prevent "creeping sovereignty" by a few aggressive coastal states [nations] eager to unilaterally extend their authority seaward.

15 WHEREAS 161 nations have ratified the United Nations Convention on the Law of the Sea, including almost all of the world's maritime powers; and

According to the United Nations, 161 countries have ratified the United Nations Convention on the Law of the Sea.[28] It is difficult to unequivocally confirm the second portion of the statement as we are unsure of precise definitions of a "maritime power". However, based on our review of the list of the 32 nations that have not ratified the Convention, many of which are landlocked, we consider this statement to be accurate.

16 WHEREAS ratification of the United Nations Convention on the Law of the Sea has been pending before the United States Senate since 1994, and seven hearings on the treaty were held by the United States Senate Committee on Foreign Relations in 2003, 2004, and 2007;

Mr. Borgerson, in his report for the Council on Foreign Relations, notes that:

> On July 29, 1994, President Bill Clinton signed the Agreement on the Implementation of Part XI of the Convention on the Law of the Sea. He sent the agreement, along with the 1982 convention, to the Senate on October 7, 1994. The following month, Republicans won control of the Senate, and in January 1995, Senator Jesse Helms (R-NC) became chairman of the Senate Foreign Relations Committee. Worried that the convention had not been fixed and that it sacrificed U.S. sovereignty, Senator Helms refused to hold committee hearings.[29]

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[26] Borgerson, "The National Interest and the Law of the Sea," p. 11.

[27] Borgerson, "The National Interest and the Law of the Sea," pp. 14 and 20.

[28] *http://www.un.org/Depts/los/reference_files/status2010.pdf*. We note that Israel, long considered to be an ally of the Unites States, also has not ratified the UNCLOS.

[29] Borgerson, "The National Interest and the Law of the Sea," p. 12.

Based on this summary it appears that the Convention on the Law of the Sea has been placed before the U.S. Senate Committee on Foreign Relations since 1994 although no hearings on the issue appear to have occurred until 2003.

We identified seven meetings of the U.S. Senate Committee on Foreign Relations that had the U.N. Convention on the Law of the Sea on the agenda. The dates are: October 14 and 21, 2003; February 24-25, 2004; September 27, 2007; and October 4 and 31, 2007.[30]

17 WHEREAS, despite favorable reports by the United States Senate Committee on Foreign Relations regarding the United Nations Convention on the Law of the Sea in 2004 and 2007, the United States Senate has yet to vote on the ratification of the Convention;

On February 25, 2004, the Senate Foreign Relations Committee voted 19-0 to approve the UNCLOS, sending it to the full Senate for ratification. Subsequently, on October 31, 2007, the Senate Foreign Relations Committee voted 17-4 to approve the treaty. However, the treaty was not brought to the Senate floor for a vote on either occasion, thus the full Senate has never voted on UNCLOS.[31]

18 WHEREAS all six of the United States military leaders making up the Joint Chiefs of Staff support Senate ratification of the United Nations Convention on the Law of the Sea;

A June 26, 2007, letter to Senator Joseph Biden, Chairman of the Senate Foreign Relations Committee, signed by all six members of the Joint Chiefs of Staff supported ratification of the treaty as follows.[32]

> As the world's preeminent maritime power, leader in the War on Terrorism, and Nation with the largest exclusive economic zone, the United States should accede to the Law of the Sea Convention during this session of Congress. No county has a greater interest in public order for the world's oceans. Becoming a party to the Convention will ensure our leadership role in the continuing development of oceans laws and policies.

On September 27, 2007, testifying before the Senate Foreign Relations Committee, Deputy Secretary of Defense Gordon England reiterated the Joint Chiefs of Staff support as follows:[33]

> As Deputy Secretary of Defense, and a prior Deputy Secretary of Homeland Security and prior Secretary of the Navy, I am well acquainted with the Law of the Sea Convention. The legal framework that the Convention establishes is essential to the mission of the Department of Defense, and the Department of Homeland Security concurs that it is also essential for their mission. For that reason, Secretary Gates, the Joint Chiefs of Staff, the Military Department Secretaries, all of the Combatant Commanders, and the Commandant of the Coast Guard join me in asking the Senate to give its swift approval for U.S. Accession to the Law of the Sea Convention and ratification of the 1994 Agreement.

19 WHEREAS ratification of the United Nations Convention on the Law of the Sea has wide bipartisan support;

The Clinton, Bush, and Obama administrations have all asked for ratification of the Convention. In 2007, it was one of only five international agreements that the Bush Administration placed in its "urgent" category of treaty priorities submitted to the Foreign Relations Committee. Current and former representatives from the Department of State, the Office of the Secretary

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[30] *http://foreign.senate.gov/search/?q=law+of+the+sea&as_sitesearch=http%3A%2F%2Fforeign.senate.gov%2Fhearings&x=22&y=17.*

[31] Senate Executive Report 108-10, March 11, 2004, 108th Congress and Senate Executive Report 110-9, December 19, 2007, 110th Congress can be accessed at *http://www.virginia.edu/colp/los.html*. Scott Borgerson, Council on Foreign Relations, pp. 12-13, further discusses Senate action on the treaty. We note that under Senate rules, treaties must be reconsidered by the Senate Foreign Relations Committee in each new Congress. Because the full Senate did not take action on UNCLOS before the end of the Congressional term in 2008, the treaty is still before the Senate Foreign Relations Committee.

[32] The entire letter can be accessed at *http://www.virginia.edu/colp/pdf/Biden-Letter-JointChiefs.pdf*.

[33] Deputy Secretary England's full testimony can be accessed at *http://foreign.senate.gov/imo/media/doc/EnglandTestimony070927.pdf*.

of Defense, the U.S. Navy, the U.S. Coast Guard, and the Commerce Department have testified in support of the Convention at various Congressional hearings. Representatives from six Bush Administration Cabinet departments participated in the interagency group that helped write the resolution of advice and consent accompanying the treaty and the U.S. Commission on Ocean Policy, appointed by President Bush, strongly endorsed U.S. accession to the Law of the Sea.

On May 19, 2007, President George W. Bush urged the Senate to approve the Convention during the then-current session of Congress, stating as follows:[34]

> Joining [the Convention] will serve the national security interests of the United States, including the maritime mobility of our armed forces worldwide. It will secure U.S. sovereign rights over extensive marine areas, including the valuable natural resources they contain. Accession [to the Convention] will promote U.S. interests in the environmental health of the oceans. And it will give the United States a seat at the table when the rights that are vital to our interests are debated and interpreted.

In an October 16, 2009 letter to the U.S. Senate Foreign Relations Committee, Secretary of State Hillary Clinton offered strong support for U.S. accession to the Convention, noting that as the country with the largest Exclusive Economic Zone, and one of the largest continental shelves, the United States stands more to gain from the treaty in terms of economic and resource rights than any other country. Likewise, the Department of Defense 2010 Quadrennial Defense Review "strongly supports accession" to the UNCOLS for national security reasons, as well as economic and environmental benefits.[35]

A September 24, 2007, letter to Senators Harry Reid and Mitch McConnell requesting the Senate approve U.S. accession to the treaty was signed by 101 individuals representing former and current government and military officials, environmental and conservation groups, and major industry groups. The signers included such persons as retired Admiral James D. Watkins, former Secretary of State Madeline Albright, co-founder of the Natural Resources Defense Council, John Adams, president and CEO of the American Petroleum Institute, Red Cavaney, Walter Cronkite, former Secretary of the Interior Bruce Babbitt, former Secretary of State, Alexander Haig, Jr., and former Alaska Governor Tony Knowles. In addition, former Alaska Governor Sarah Palin also supported ratification of the treaty.[36]

20 WHEREAS, in 2009, the Twenty-Sixth Alaska State Legislature passed a similar resolution to this one;

In 2009, the Alaska Legislature approved HJR 22 (Legislative Resolve 14), which urged the United States Senate to ratify the Law of the Sea Treaty. The House voted 34 to 4 and the Senate 15 to 2 to issue the resolution.[37] An identical measure was considered in 2008 (HJR 39), but died in the House Rules Committee.

We hope this is helpful. If you have questions or need additional information, please let us know.

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[34] Senate Executive Report, 110-9, December 19, 2007, 110th Congress.

[35] "Quadrennial Defense Review Report," Department of Defense, February 2010, p. 26. The report can be accessed at *http://www.defense.gov/qdr/images/QDR_as_of_12Feb10_1000.pdf*.

[36] Numerous letters and testimony from individuals supporting the treaty can be accessed at the Center for Oceans Law and Policy at *http://www.virginia.edu/colp/los.html*. Scott Borgerson, Council on Foreign Relations, notes that the Law of the Sea might be the only issue on which all of these individuals and constituencies agree.

[37] Legislative Resolve 14 (2009) can be accessed at *http://www.legis.state.ak.us/PDF/26/Bills/HJR022Z.PDF*. The text and legislative history for HJR 39 (2008) is available at *http://www.legis.state.ak.us/basis/get_bill.asp?bill=HJR%2039&session=25*.

Source: Wikipedia

United Nations Convention on the Law of the Sea (UNCLOS)

Pro-ratification arguments

- *The environment:* Oceans cover over 70% of the Earth. In the U.S., there are laws to keep marine resources available for future generations. UNCLOS sets a legally binding international standard which aims to protect the marine wildlife and environment.

- *National security:* The U.S. military, which relies heavily on its ability to freely navigate on and fly over the sea, has been a strong advocate of UNCLOS. In the absence of treaty law, the US relies on customary law that can change as states' practices change. Also, under this customary law, the Pentagon claims that countries often make unreasonable and irresponsible claims on marine territory that frustrate U.S. military action. The U.S. has tried to work around these claims, but without a legal framework to support them, the Pentagon believes it risks compromising its intelligence and military operations at sea.

- *International diplomacy and peaceful dispute resolution:* The Convention offers a peaceful way to resolve territorial and natural resource disputes through the International Tribunal for the Law of the Sea (ITLOS), based on agreements to which signatory parties have already committed. In contrast, without ratification, the US has no peaceful recourse if another non-signatory party decides to close its straits to navigation except through the Permanent Court of Arbitration which was established in 1902 to allow States to settle disputes in a manner other than war.

- *It helps American businesses:* Each country has exclusive rights to manage the resources in areas near its coast. Under the terms of UNCLOS, which maps out the boundaries of these areas, the American zone is larger than that of any other country in the world. The size of this zone is 3.36 million square miles — bigger than the lower 48 states combined. In addition, under UNCLOS, coastal states can exercise sovereign rights over natural resources within the extended continental shelf area beyond this territory. It would also give US companies an opportunity to apply for licenses with the ISA, which manages claims to resources in the deep seabed, an area over which no country has sovereign rights.

Anti-ratification arguments

- *National sovereignty:* The treaty creates the International Seabed Authority (ISA) with its own dispute resolution tribunal. However, should the U.S. stop its current compliance with the U.S.-negotiated laws of the Convention, the U.S. could not be taken to the Law of the Sea Tribunal since the U.S. has indicated that it would choose binding arbitration rather than availing itself of the International Tribunal on the Law of the Sea.

- *The environment:* Some of the Convention's conservation provisions would provide new avenues for non-U.S. environmental organizations to affect domestic U.S. environmental policies by pursuing legal action in both US and international courts. In addition, requirements that nations either harvest their entire allowable catch in certain areas or give the surplus to other nations could result in mandated overfishing.

- *Taxation:* The license fees and taxes levied on economic activities in the deep seabed area by the ISA would be, in effect, a form of 'taxation without representation'. Citizens would be indirectly taxed through business and governmental activities in the area.

- *Economics:* Businesses can already exploit resources from the international area; ratifying the treaty would force them to buy licenses for that right and pay taxes on the proceeds.

- *Navigation rights not threatened:* One of the treaty's main selling points, legally recognized navigation rights on, over, and under straits, is unnecessary because these rights are not currently threatened by law or by any military capable of opposing the U.S.

- *Harm to de-militarizing operations:* The treaty would require all undersea ocean vessels, including submarines used for mine detection to protect ships exercising the right of innocent passage, to navigate on the surface in territorial waters to be entitled to the right of innocent passage. The operative language is identical to that contained in the 1958 Convention on the Territorial Sea and Contiguous Zone to which the U.S. is already a party.

- *Limited control over funding: The U.S. would have no direct control over how the money is used.*

- *Eminent domain: The treaty applies eminent domain to intellectual property* giving the UN the power to seize technology and share it with potentially enemy states.

- *Lack of need:* The U.S. already honors almost all the provisions of the treaty. For practical purposes, there is no pressing need to ratify it that outweighs the negatives of the remaining provisions.

Chinese Claims

TORONTO SUN, January 17th, 2011

A top Chinese admiral said that because 1/5 of the world's population lives in China, China was entitled to 1/5 of the resources that lie in the Arctic's international waters.

"The Arctic belongs to all the people around the world as no nation has sovereignty over it," Rear Admiral Yin Zhuo said in the spring. "China must play an indispensable role in Arctic exploration as we have one-fifth of the world's population."



TORONTO SUN
torontosun.com

News | G20

Harper deals with new Arctic rival: China

By DAVID AKIN, NATIONAL BUREAU CHIEF

Last Updated: June 23, 2010 4:24am

OTTAWA – When Prime Minister Stephen Harper and Chinese President Hu Jintao meet here in Ottawa Thursday, one of them will be able to talk about the new Arctic icebreaker his country will launch in a couple of years.

It won't be Harper.

Through Harper's Conservative government has made Arctic sovereignty one of its centerpiece priorities over four years in government, Canada still finds itself unable to do much to actually enforce that sovereignty on its own. It won't have its own new polar class icebreaker until 2017 and, until then, Canada simply doesn't have the equipment to operate in the Arctic in the middle of winter at the top of the world.

Meanwhile, Russia has a fleet of year-round icebreakers that it actually wants to use to establish a Murmansk to Churchill, Man. shipping route. The U.S. is refitting one of its ships so it can handle the Arctic ice year-round. And now China — without so much as a mile of Arctic coastline of its own — is also building an icebreaker it will launch in 2013.

"Yeah, that's an interesting development because it's not an Arctic nation, is it," Harper wryly noted in an exclusive interview Tuesday with Sun Media.

Hu arrives in Ottawa for a state visit Thursday ahead of the G8 and G20 summits to be held respectively in Huntsville, Ont. and Toronto. The Hu visit follows Harper's visit to China last fall.

Does China's Arctic aspirations come up between the two leaders?

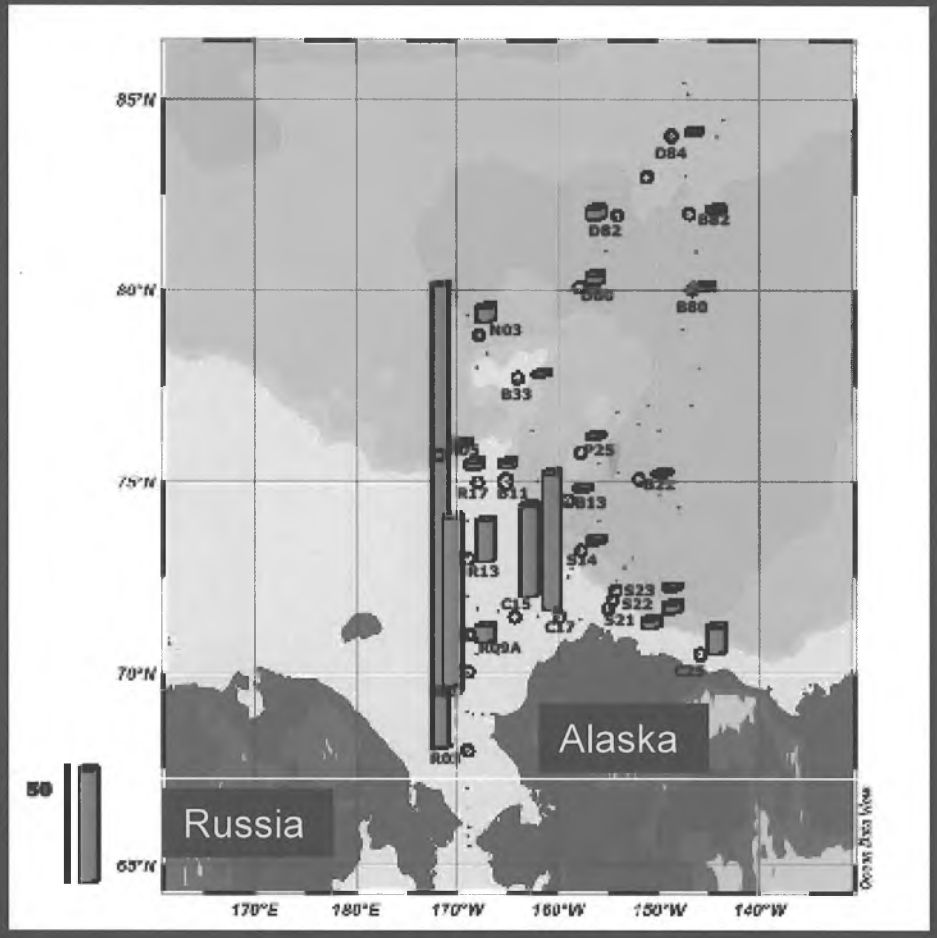
"It certainly comes up between our governments," Harper said. "We're watching these developments very carefully. China is increasingly an important partner of Canada in the economic realm. In other realms, we and other Western countries are still not that close to China so we watch some of these other developments very carefully."

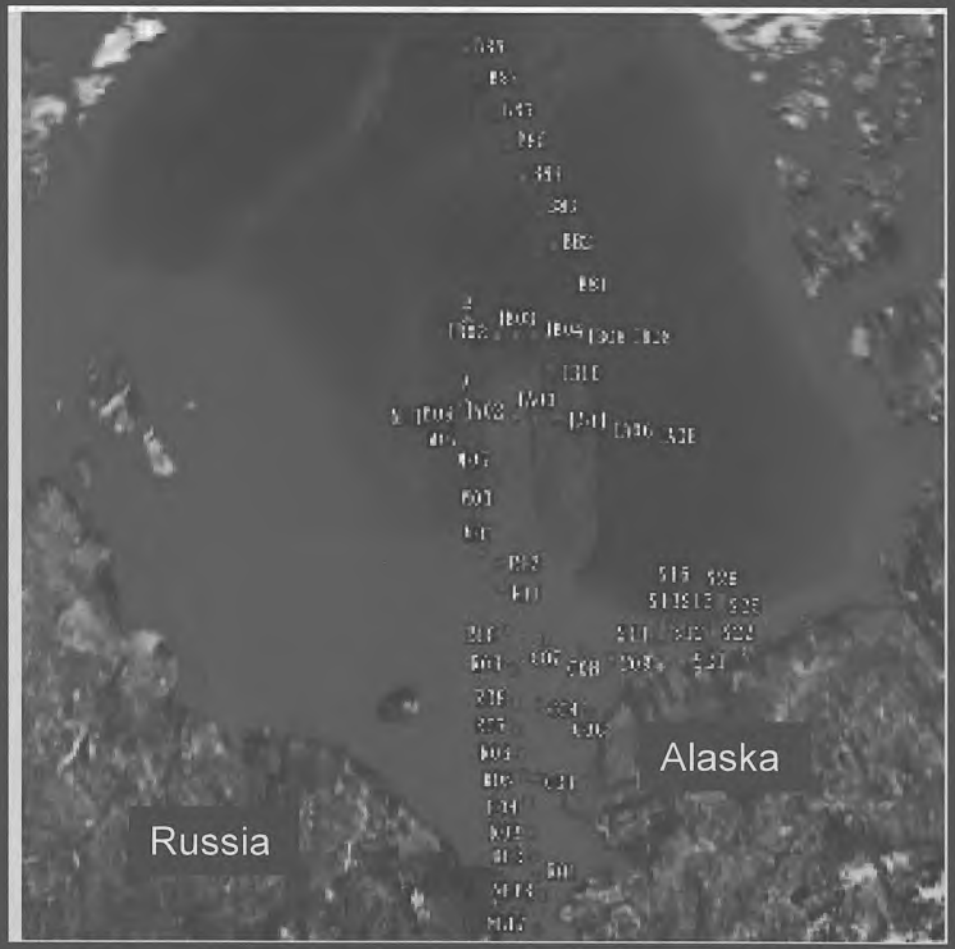
China is playing for keeps when it comes to vast natural resources that lie under the Arctic Ocean. A top Chinese admiral said earlier this year that, by his reasoning, because one-fifth of the world's population lives in China, China was entitled to one-fifth of the resources that lie in the Arctic's international waters.

"The Arctic belongs to all the people around the world as no nation has sovereignty over it," Rear Admiral Yin Zhuo said in the spring. "China must play an indispensable role in Arctic exploration as we have one-fifth of the world's population."

CHINESE IN THE ARCTIC

XUE LONG Arctic Deployment summer 2009 operating in the white space above Alaska

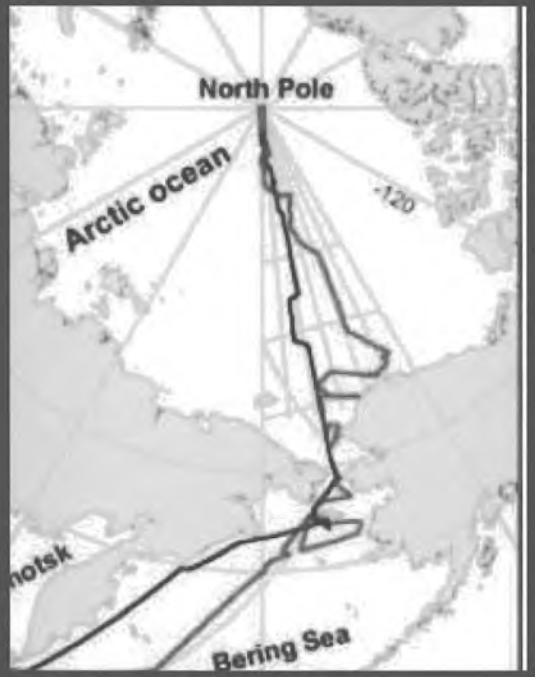




100 stations… 1 mooring system… **1 ice camp on Chukchi Plateau**

CHINESE IN THE ARCTIC

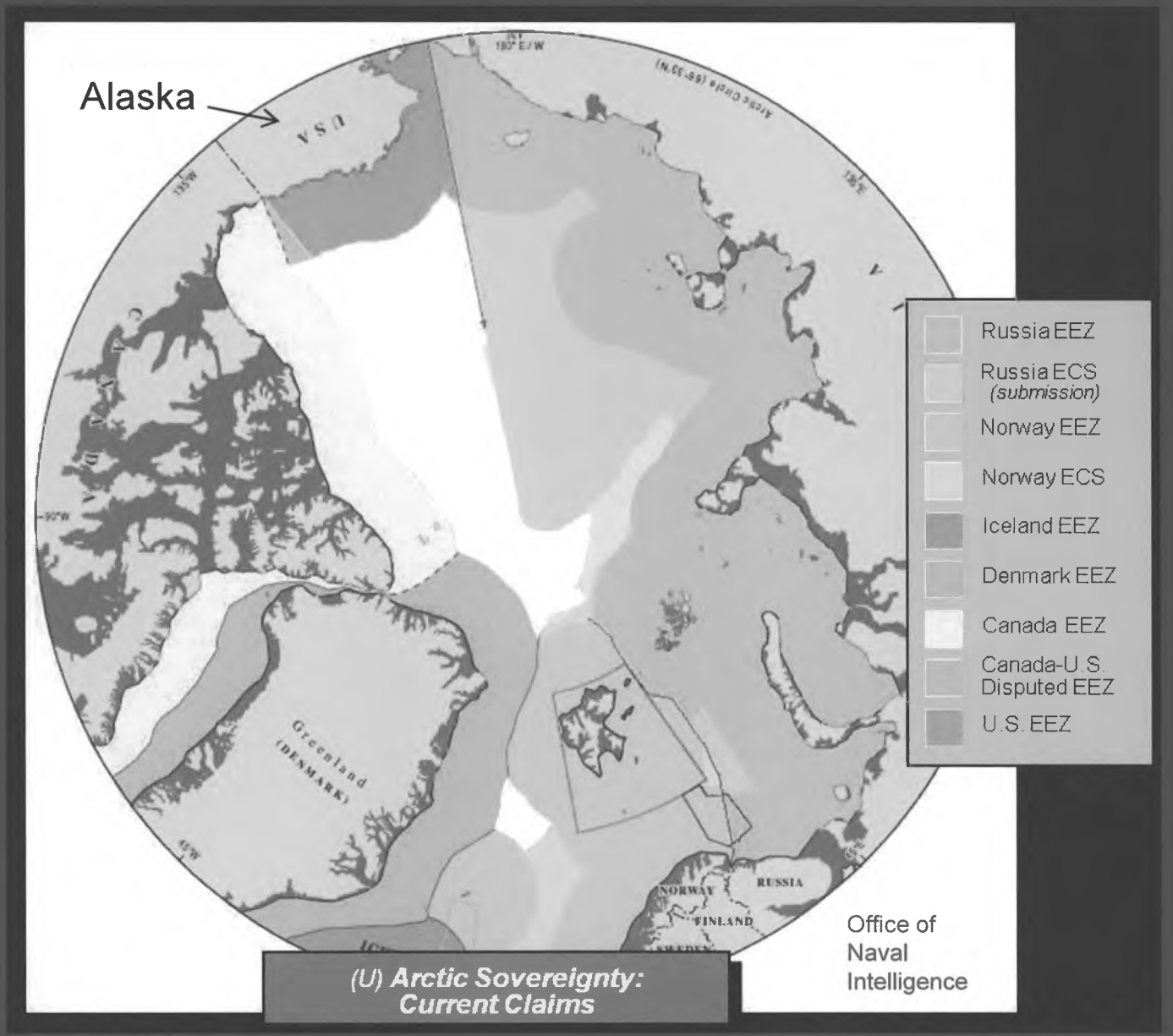
XUE LONG Arctic Deployment summer 2010 operating in the white space above Alaska





Voyage to North Pole… focus on Chukchi Plateau

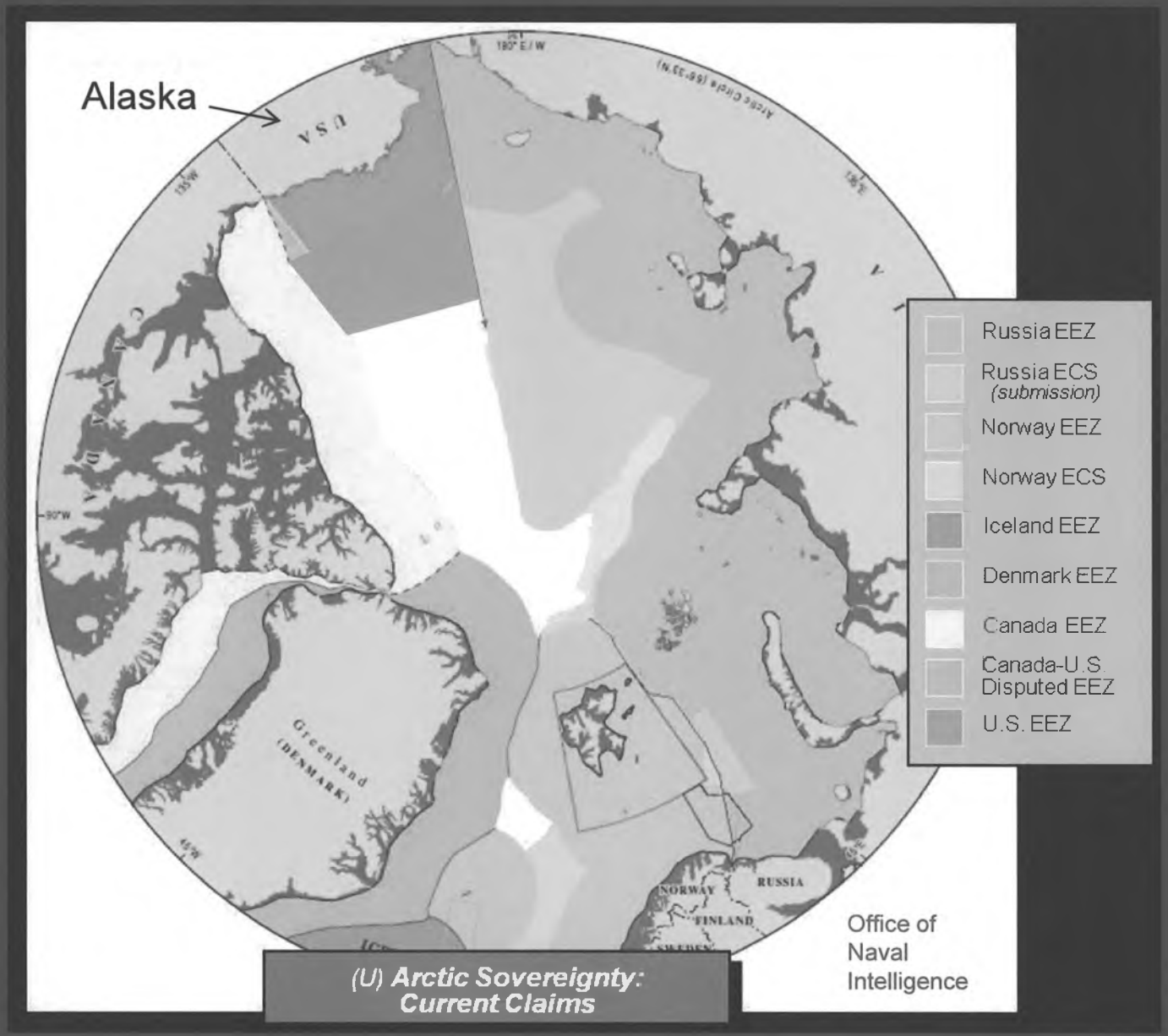
Remaining White Space



(U) **Arctic Sovereignty: Current Claims**

Note: The United States can make an Extended Continental Shelf Claim north of the U.S. EEZ when UNCLOS is ratified by the U.S. Senate.

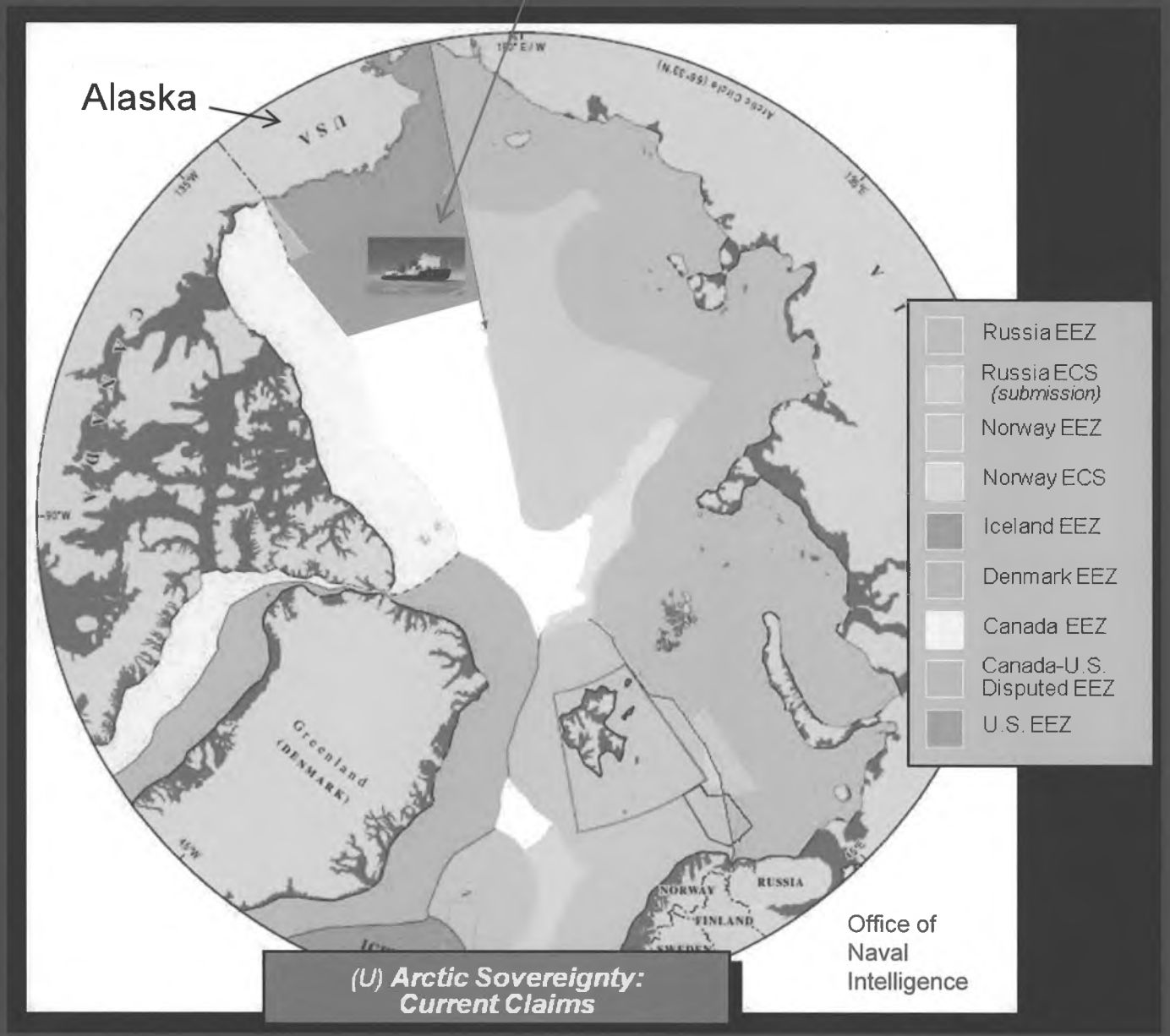
Potential Extended Continental Shelf Claim



(U) ***Arctic Sovereignty: Current Claims***

Note: The United States can make an Extended Continental Shelf Claim north of the U.S. EEZ when UNCLOS is ratified by the U.S. Senate.

Where Chinese have been operating



(U) **Arctic Sovereignty: Current Claims**

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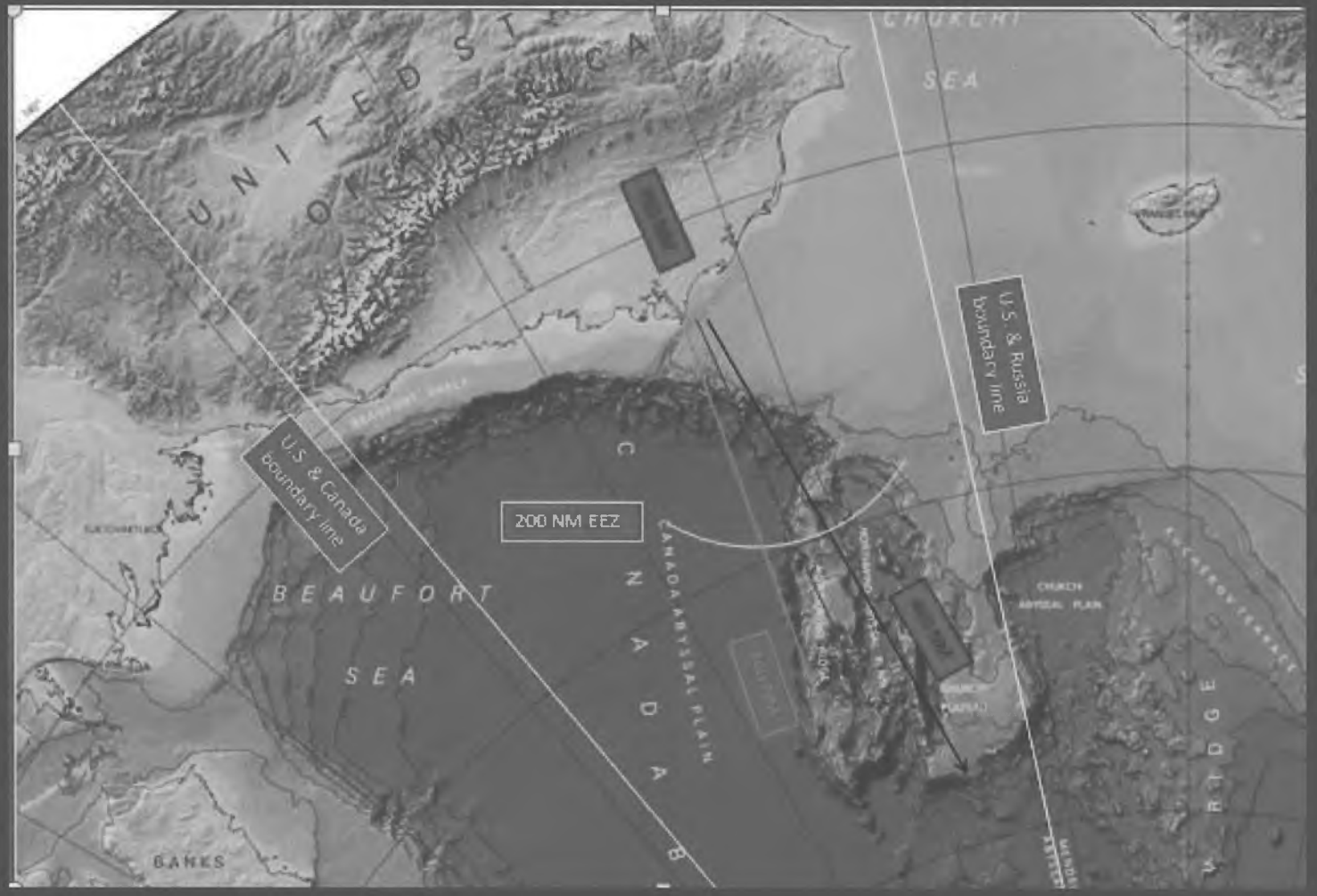
Potential U.S. Extended Continental Shelf Claim



ALASKA MUNICIPAL LEAGUE
Alaska Conference of Mayors

217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

ALASKA MUNICIPAL LEAGUE
RESOLUTION #2011-09

A RESOLUTION BY THE ALASKA MUNICIPAL LEAGUE IN SUPPORT OF RATIFICATION OF THE UNITED NATION'S CONVENTION ON THE LAW OF THE SEA, WHICH, UNTIL RATIFIED, WILL KEEP THE UNITED STATES FROM PARTICIPATING IN DELIBERATIONS WHICH AFFECT NATIONAL SECURITY, ENVIRONMENTAL CONCERNS RELATING TO THE USE OF THE SEAS, AND TO ECONOMIC DEVELOPMENT FOR ALASKA'S COASTAL COMMUNITIES

WHEREAS, the oceans had long been subject to the freedom-of-the-seas doctrine, a principle put forth in the 17th century, essentially limiting national rights and jurisdiction over the oceans to a narrow belt of sea surrounding a nation's coastline; and

WHEREAS, a tangle of claims, spreading pollution, competing demands for lucrative fish stocks in coastal waters, growing tension between coastal nations rights to resources, the increased presence of maritime powers, the pressures of long-distance navigation, and a seemingly outdated, if not inherently conflicting, freedom-of-the-seas doctrine; and

WHEREAS, on November 1, 1967, Malta's Ambassador to the United Nations, Arvid Pardo, asked the nations of the world to update the freedom-of-the-seas doctrine to take into account the technological changes that had altered man's relationship to the oceans; and

WHEREAS, the United Nation's Convention on the Law of the Sea was adopted in 1982 and covered setting limits, navigation, archipelagic status, transit regimes, exclusive economic zones (EEZs), continental shelf jurisdiction, deep seabed mining, exploitation, protection of the environment, scientific research, and settlement disputes; and

WHEREAS, in 1990, consultations were begun between signatories (including the U.S.), over the possibility of modifying the Convention to allow the industrialized countries to join the Convention; and

WHEREAS, the resulting 1994 agreement was adopted, at which time the United States signed the agreement and now recognizes the Convention of general international law, but has not yet ratified it at this time; and

WHEREAS, in April, 2004, the United Nation's Ambassador argued against ratification of the treaty; in May, 2007, President George W. Bush urged the Senate to approve the United Nation's Convention on the Law of the Sea (UNCLOS); in October, 2007, the Senate Foreign Relations Committee voted to send the treaty to the full U.S. Senate for

a vote; in January, 2009, Senator Hilary Clinton said that ratification of the Law of the Sea would be a priority for her; and

WHEREAS, in the United States, there has been vigorous debate over the ratification of the treaty, with criticism coming from those who feel that involvement in some international organizations and treaties are detrimental to U.S. national interests and that it would impinge on sovereignty; and

WHEREAS, the pros for ratification are:

1. The environment: Oceans cover over 70% of the earth, and UNCLOS sets a legally binding international standard which aims to protect the marine wildlife and environment.
2. National Security: The Pentagon claims that countries often make unreasonable and irresponsible claims on marine territory that frustrate military action.
3. International Diplomacy: The Convention offers a peaceful way to resolve territorial and natural resource disputes through the world.
4. Business: The U.S. EEZ zone is 3.36 million square miles under UNCLOS, giving the U.S. the ability to exercise sovereign rights over natural resources within the extended continental shelf area.

NOW, THEREFORE BE IT RESOLVED that the Alaska Municipal League urges Congress to ratify the United Nation's Convention on the Law of the Sea, which, until ratified, will prohibit the U.S. from participating in deliberations which affect the national security; environmental concerns relating to the use of the seas; and to economic development for Alaska's coastal communities.

PASSED AND APPROVED by the Alaska Municipal League on this 19th day of November, 2010.

Signed: Hal Smalley
Hal Smalley, President, Alaska Municipal League

Attest: Kathie Wasserman
Kathie Wasserman, Executive Director, Alaska Municipal League

Marine Exchange of Alaska

www.mxak.org





Marine Exchange of Alaska

UNCLOS Impacts

Paul Fuhs, Chairman of the Board of Directors

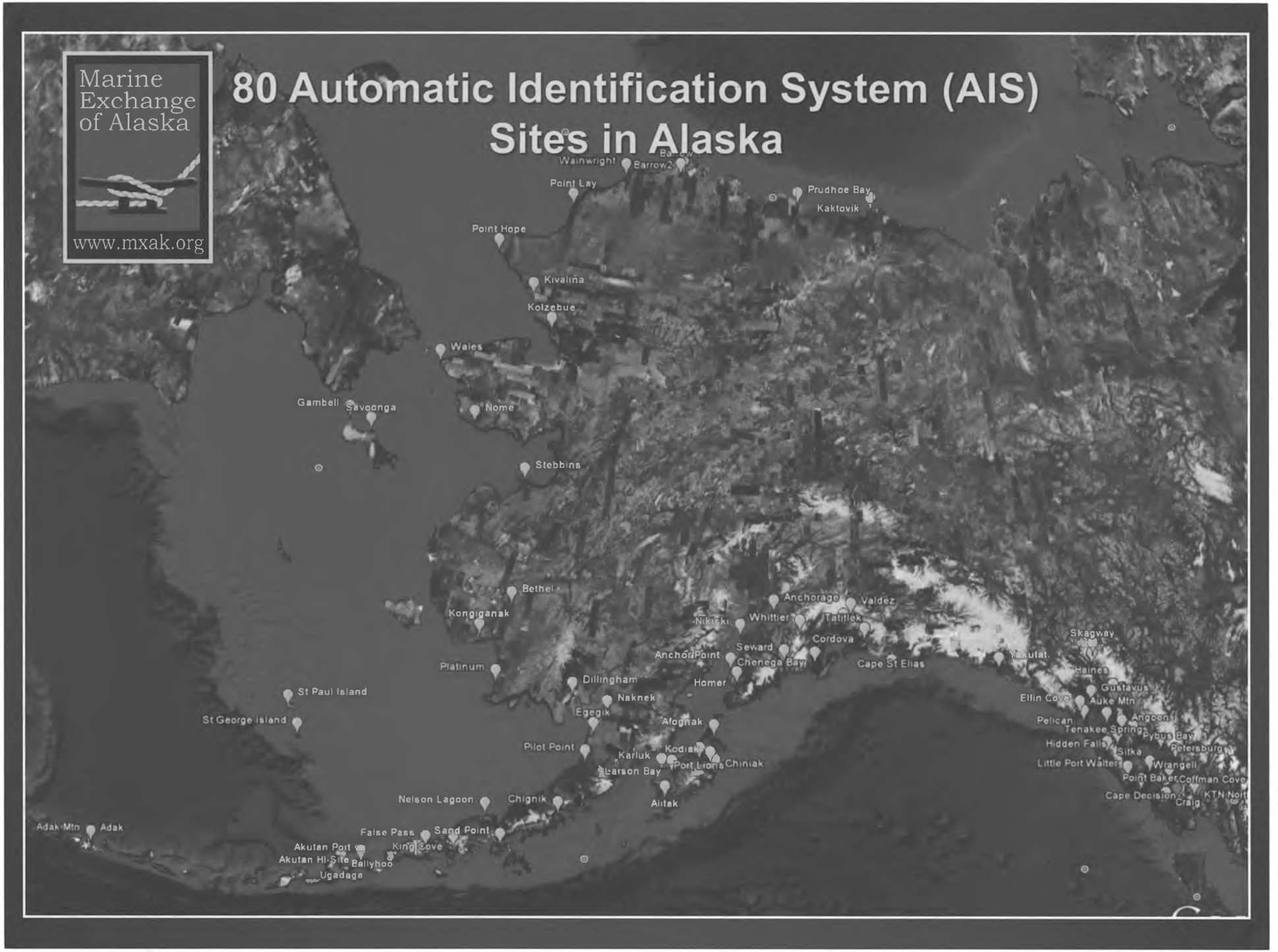
A non-profit maritime organization established to provide the Alaska maritime community information, communications and services to ensure safe, secure, efficient and environmentally responsible maritime operations.



UNCLOS Ratification Impacts on Alaska



1. *Ensures Coast Guard regulatory oversight of operations beyond EEZ*
2. *Reduces Risk by ensuring U.S. oversignt*
3. *Ensures activities conducted in best interests of U.S. interests*
4. *American jobs*


Marine Exchange of Alaska
www.mxak.org
80 Automatic Identification System (AIS) Sites in Alaska
Wainwright
Barrow2
Point Lay
Prudhoe Bay
Kaktovik
Point Hope
Kivalina
Kotzebue
Wales
Gambell
Savoonga
Nome
Stebbins
Bethel
Kongiganak
Anchorage
Valdez
Whittier
Tatitlek
Nikiski
Cordova
Seward
Anchor Point
Chenega Bay
Cape St Elias
Yakutat
Skagway
Haines
Gustavus
Auke Mtn
Elfin Cove
Pelican
Angoon
Tenakee Springs
Pybus Bay
Hidden Falls
Sitka
Petersburg
Little Port Walter
Wrangell
Point Baker
Coffman Cove
Cape Decision
KTN North
Craig
Platinum
Dillingham
Homer
Naknek
Egegik
Afognak
St Paul Island
St George Island
Pilot Point
Kodiak
Karluk
Port Lions
Chiniak
Larson Bay
Nelson Lagoon
Chignik
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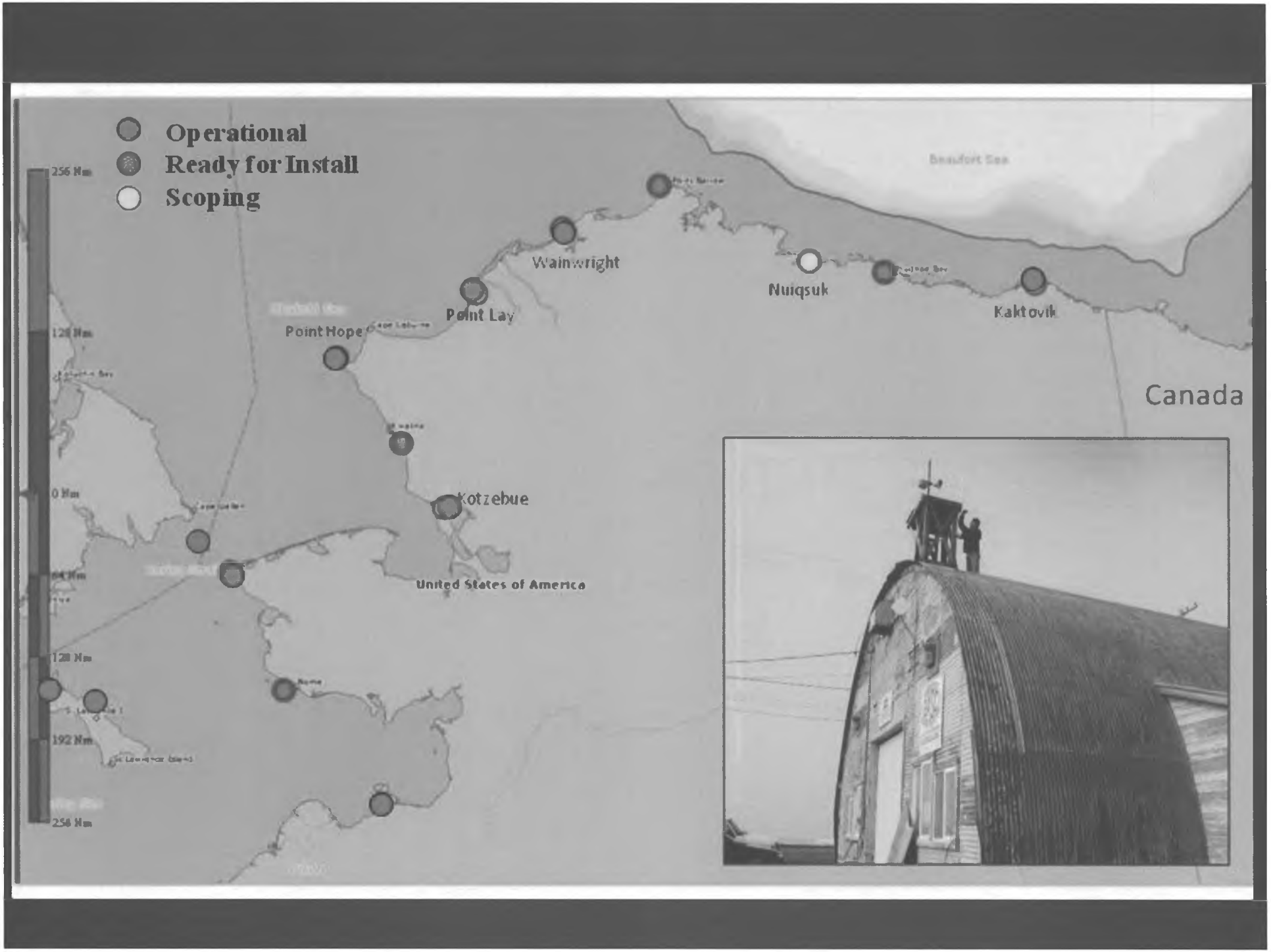
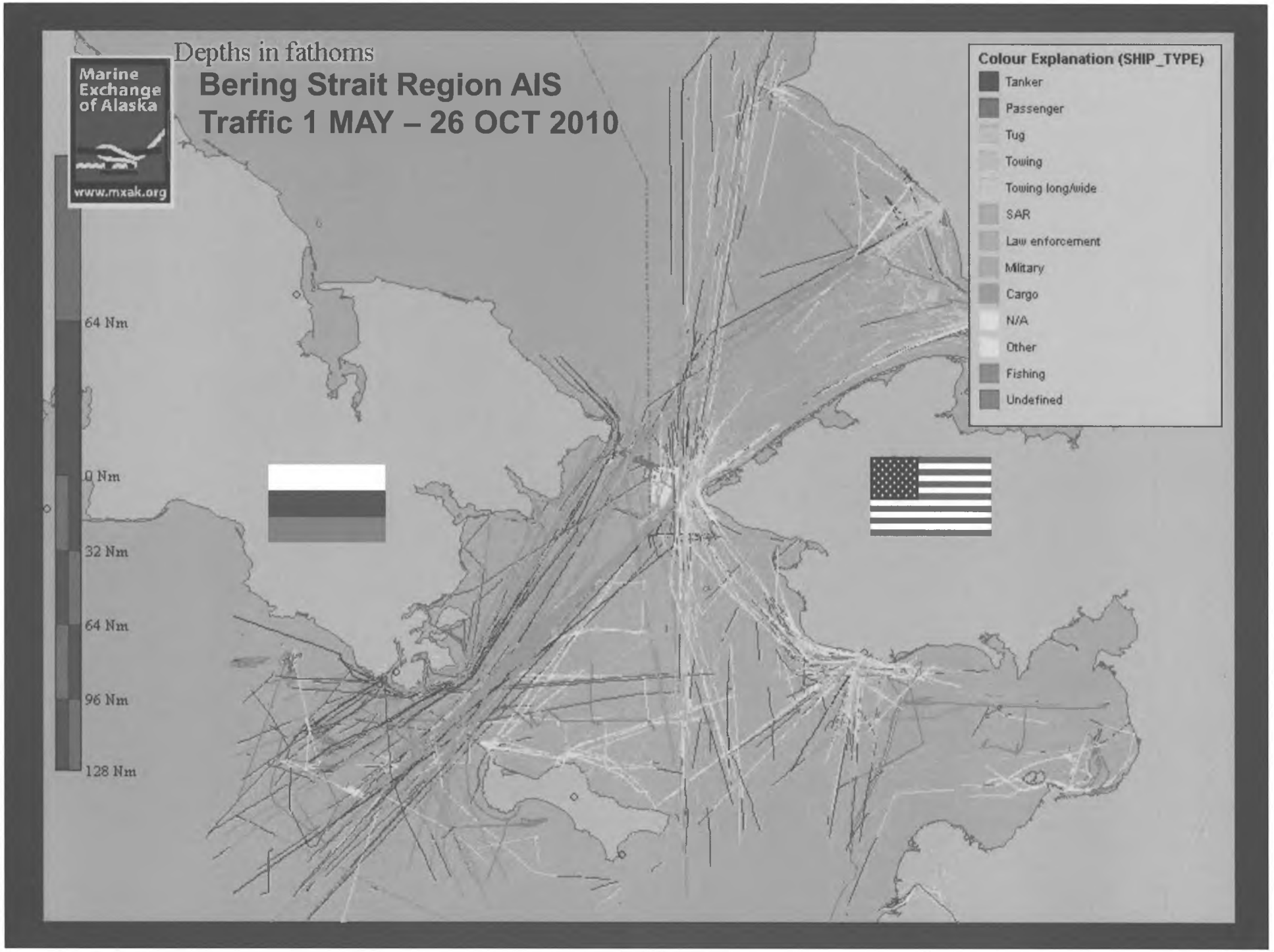
False Pass
Sand Point
King Cove
Akutan Port
Akutan HI-Site
Ballyhoo
Ugadaga


Operational
Ready for Install
Scoping
256 Nm
128 Nm
0 Nm
128 Nm
192 Nm
256 Nm
Beaufort Sea
Wainwright
Point Lay
Point Hope
Nuiqsuk
Kaktovik
Canada
Kotzebue
United States of America


Depths in fathoms
Bering Strait Region AIS
Traffic 1 MAY – 26 OCT 2010
Marine Exchange of Alaska
www.mxak.org
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0 Nm
32 Nm
64 Nm
96 Nm
128 Nm
Colour Explanation (SHIP_TYPE)
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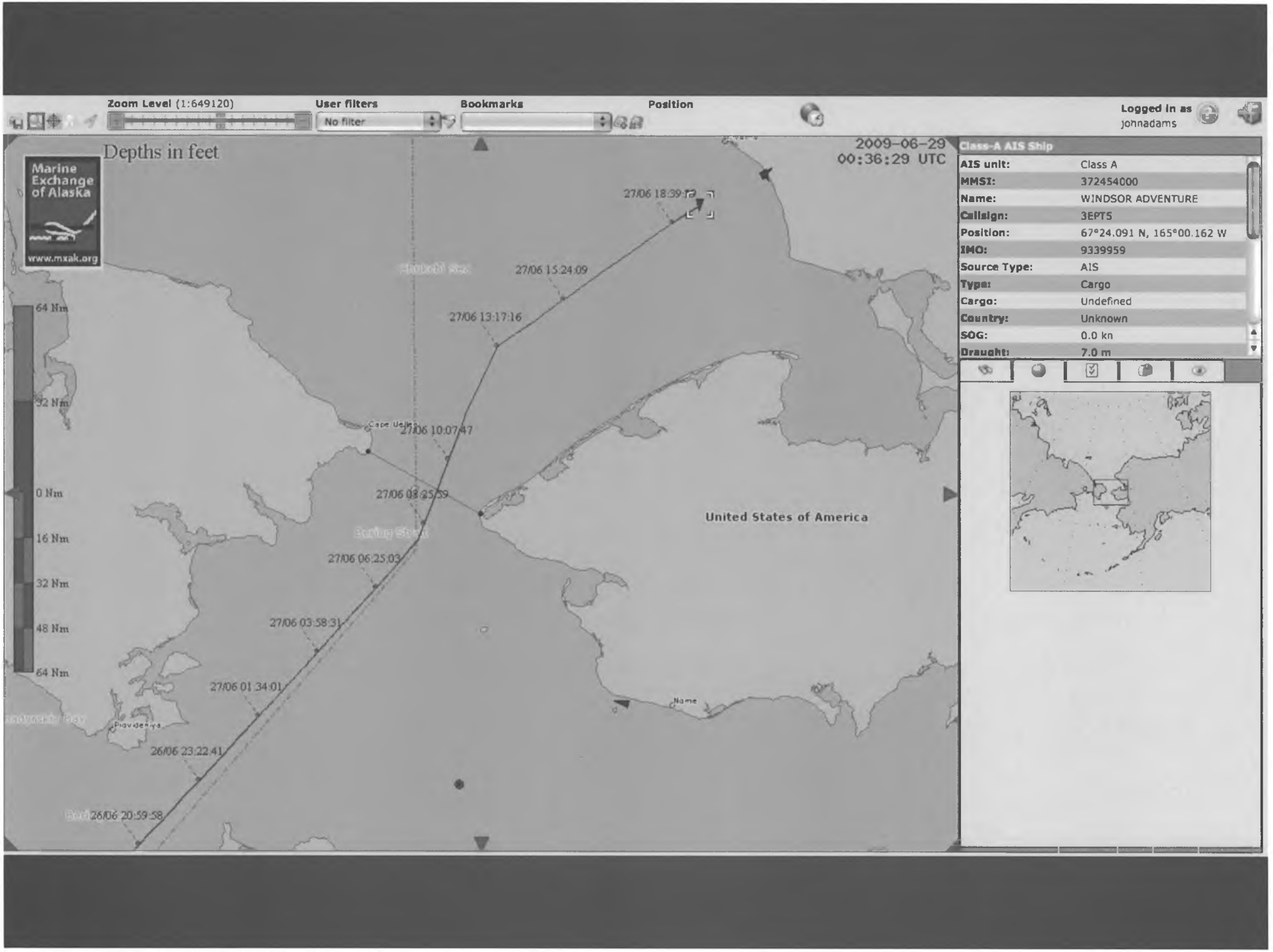
Passenger
Tug
Towing
Towing long/wide
SAR
Law enforcement
Military
Cargo
N/A
Other
Fishing
Undefined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User filters
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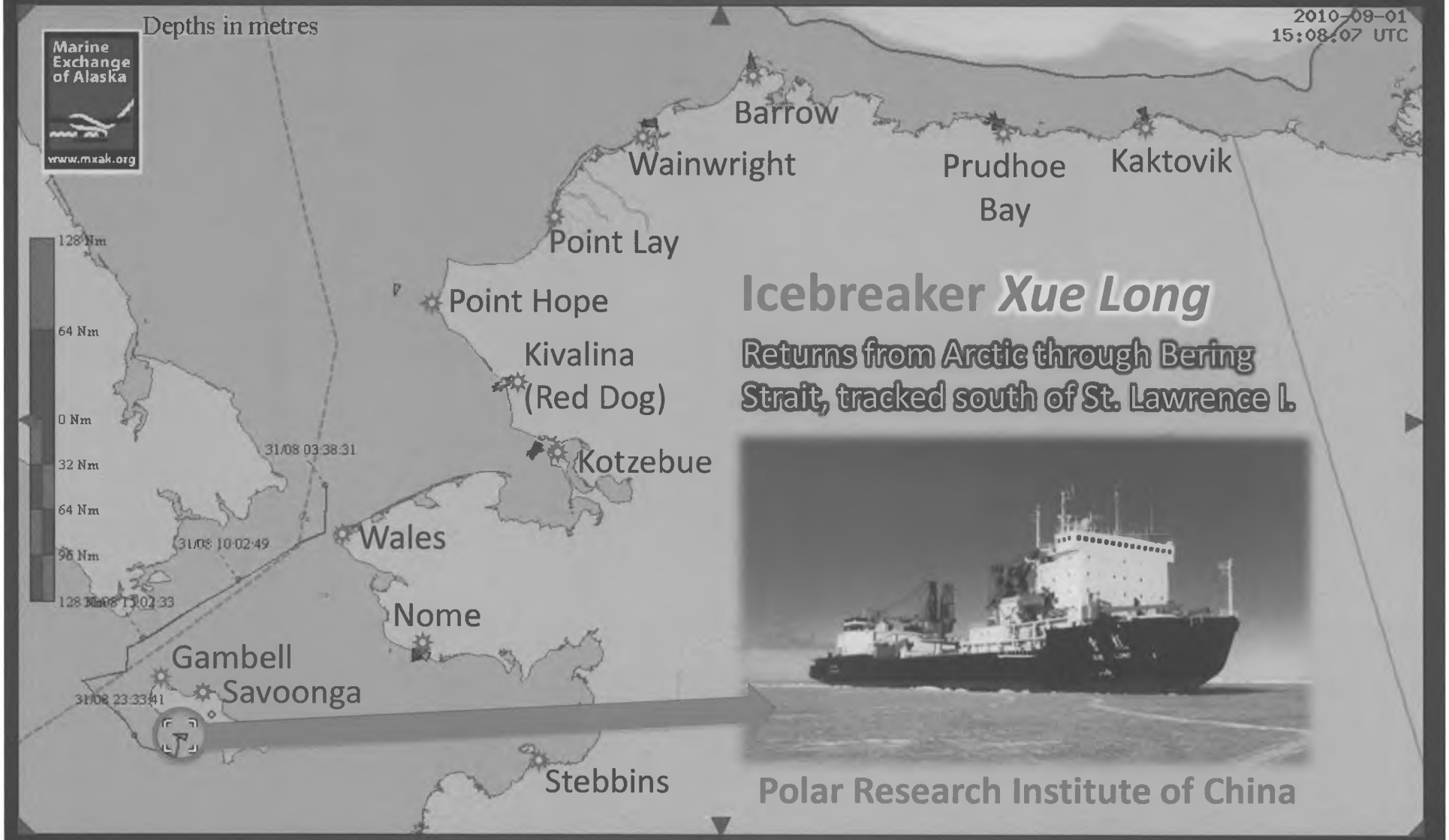
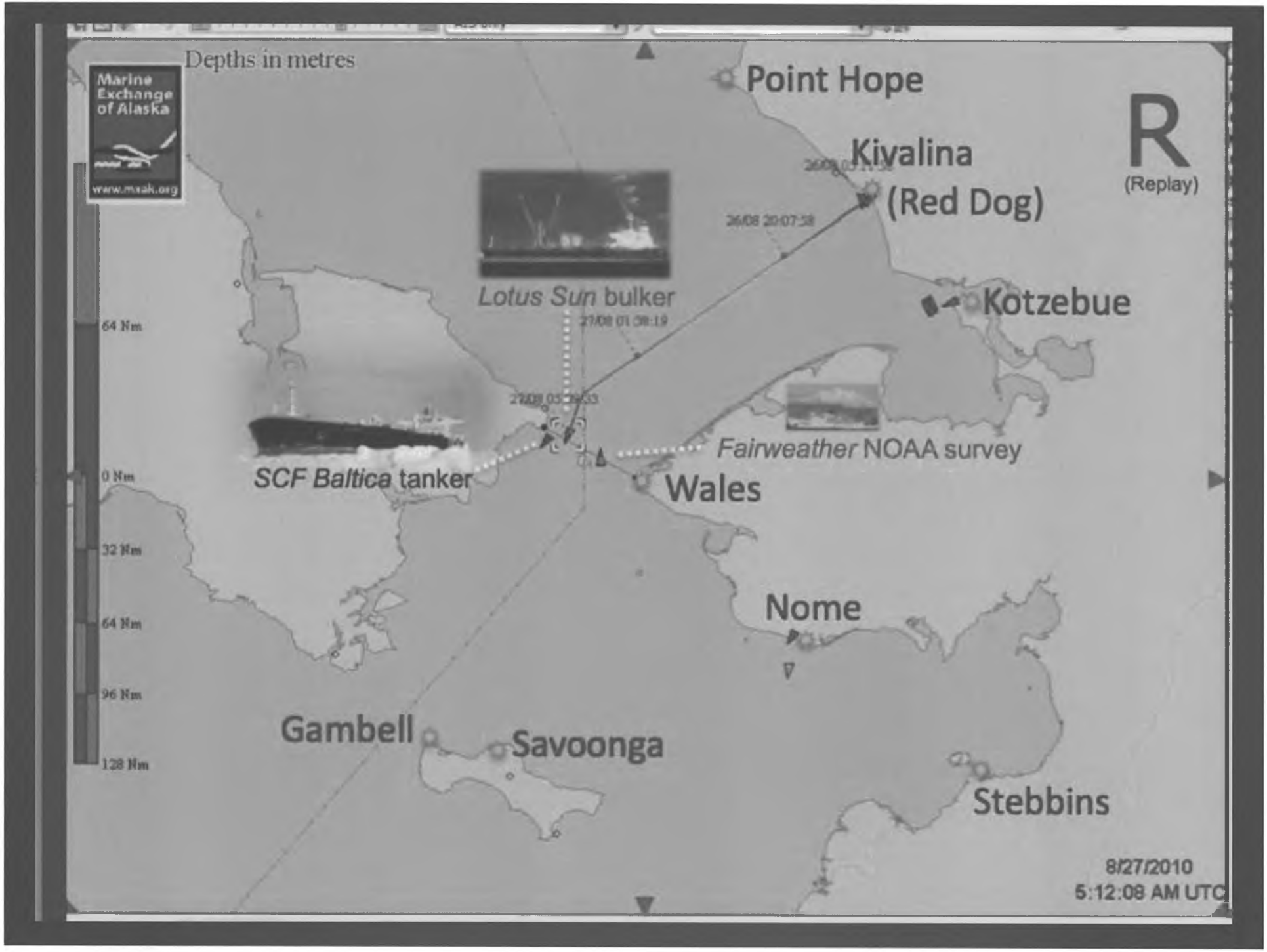
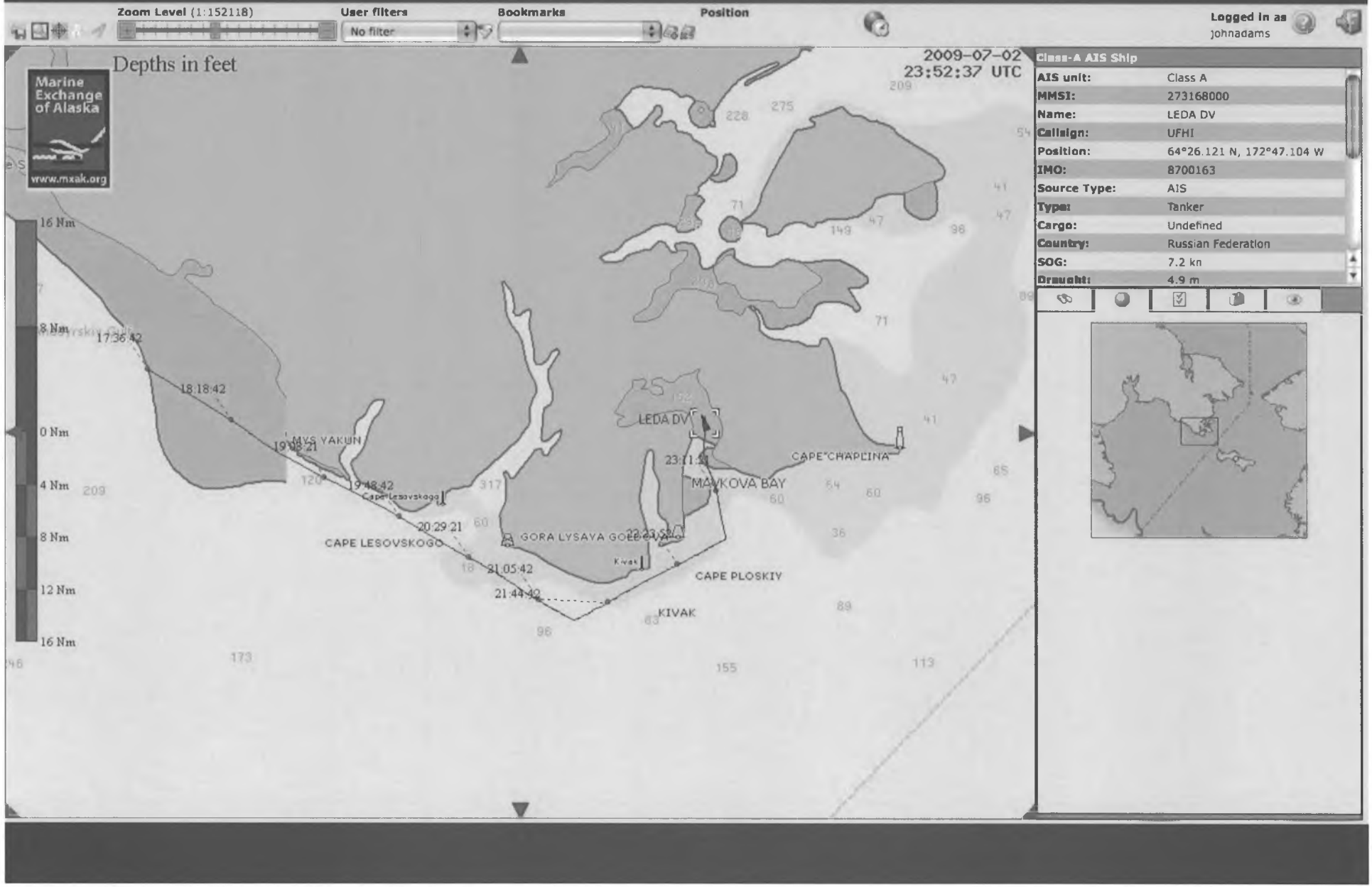
Bookmarks
Position
Logged in as
johnadams
Depths in feet
2009-06-29
00:36:29 UTC
Marine Exchange of Alaska
www.mxak.org
64 Nm
32 Nm
0 Nm
16 Nm
32 Nm
48 Nm
64 Nm
27/06 18:39:12
27/06 15:24:09
27/06 13:17:16
27/06 10:07:47
27/06 06:25:03
27/06 03:58:31
27/06 01:34:01
26/06 23:22:41
26/06 20:59:58
United States of America
Class-A AIS Ship
AIS unit: Class A
MMSI: 372454000
Name: WINDSOR ADVENTURE
Callsign: 3EPT5
Position: 67°24.091 N, 165°00.162 W
IMO: 9339959
Source Type: AIS
Type: Cargo
Cargo: Undefined
Country: Unknown
SOG: 0.0 kn
Draught: 7.0 m

Maritime Domain Awareness –September 2010

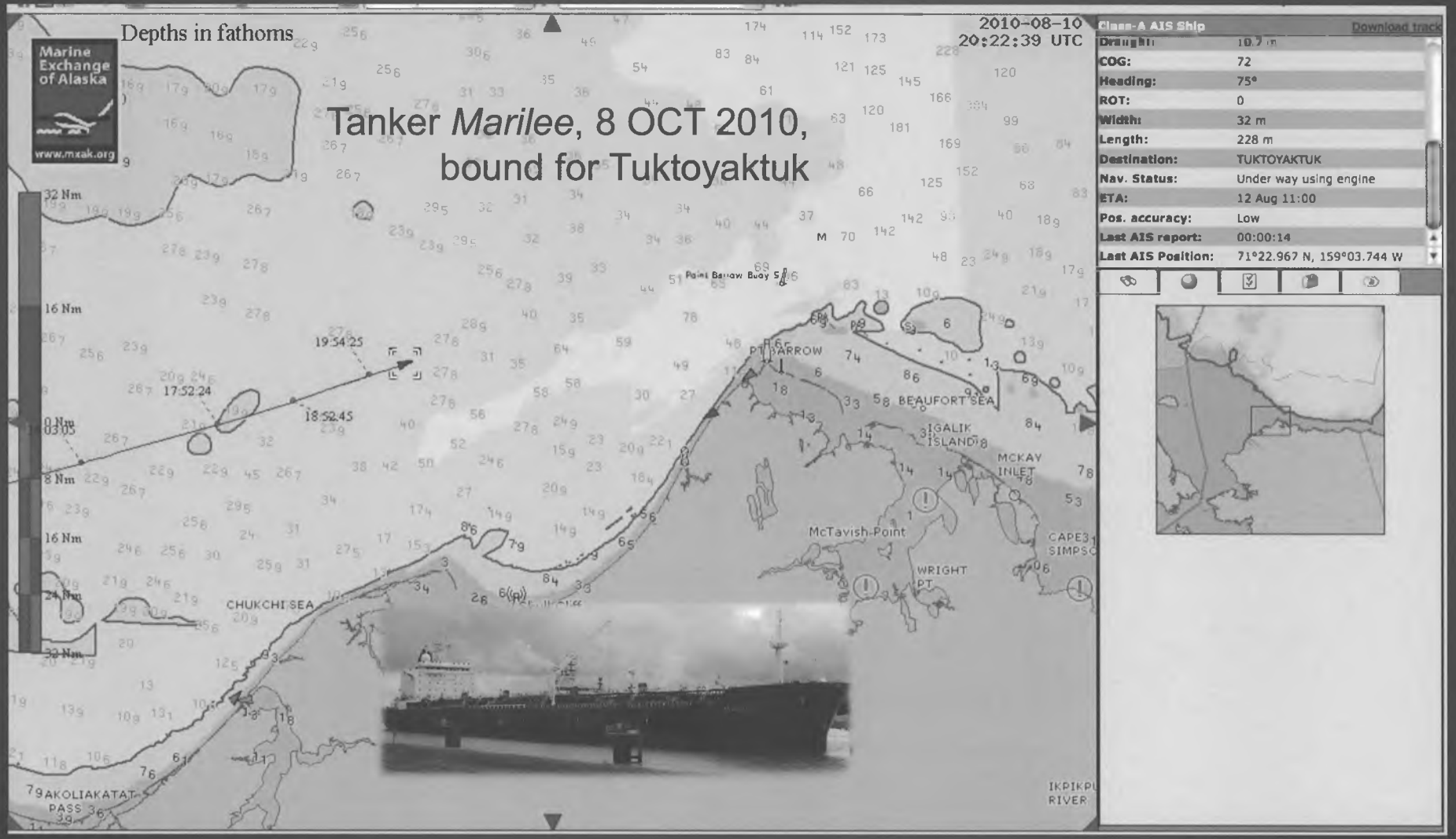


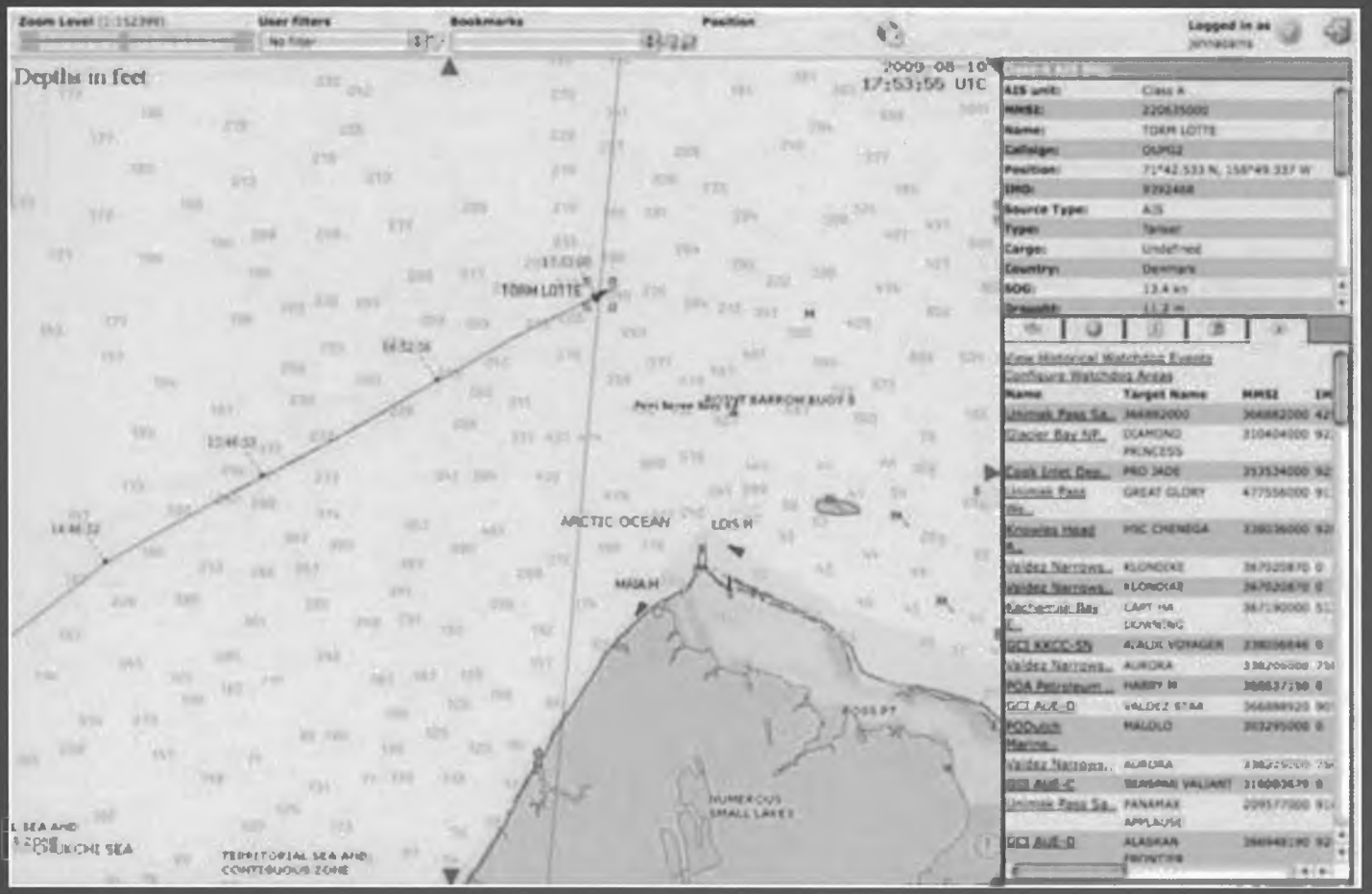

Depths in metres
Marine Exchange of Alaska
www.mxak.org
Point Hope
Kivalina
(Red Dog)
R
(Replay)
Lotus Sun bulker
Kotzebue
64 Nm
0 Nm
32 Nm
64 Nm
96 Nm
128 Nm
SCF Baltica tanker
Fairweather NOAA survey
Wales
Nome
Gambell
Savoonga
Stebbins
8/27/2010
5:12:08 AM UTC

Russian tanker tracked from Gambell AIS site



Foreign Tankers Sailing off Alaska Destined to Foreign Ports



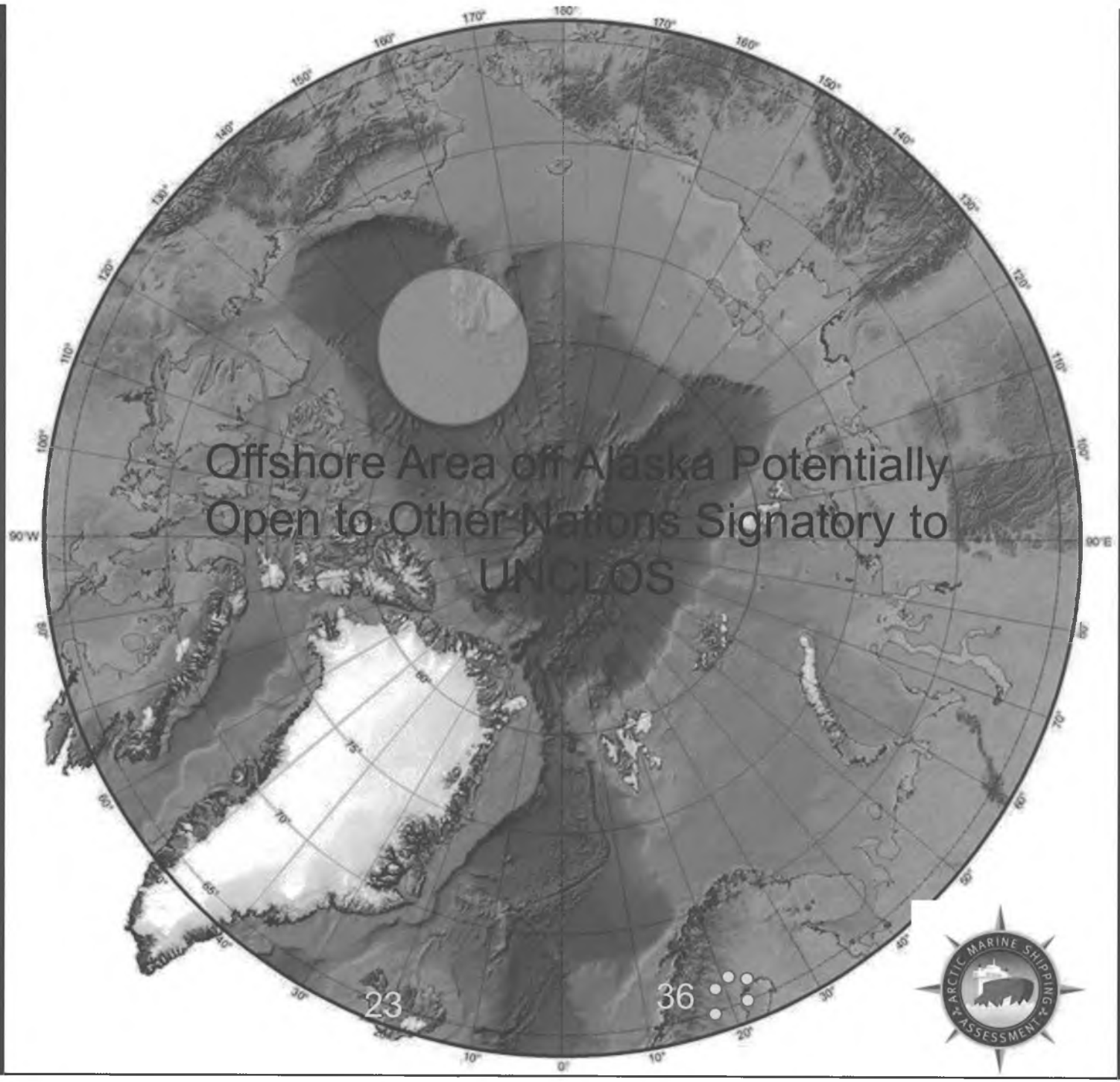


Marine Exchange of Alaska

www.mxak.org



Track of Foreign Tanker
Torm Lotte on voyage from San Francisco to Canadian Arctic


Offshore Area off Alaska Potentially Open to Other Nations Signatory to UNCLOS
23
36
ARCTIC MARINE SHIPPING ASSESSMENT

HJR

20

<TARGET><BILL>HJR 20</BILL><SUBJECT>HJR 20</SUBJECT><COMM>HRES27</COMM></TARGET>

Alaska State Legislature

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Phone: (907) 247-4672
Fax: (907) 225-7157

Session:
State Capitol, Room 114
Juneau, AK 99801-1182
Phone: (907) 465-3424
Fax: (907) 465-3793

Representative Kyle Johansen

House District 1

HJR 20 – "Urging the President of the United States, the United States Congress, and the Secretary of the United States Department of Agriculture not to implement protection of inventoried roadless areas under the "roadless rule" or otherwise restrict the development of necessary hydroelectric projects in the Tongass National Forest and the Chugach National Forest."

The current version of the Roadless Area Conservation Rule, "Roadless Rule", will have an adverse impact on potential hydro-power and renewable energy projects in Southeast Alaska. Construction of access and maintenance roads or transmission tower placement would become exceedingly difficult with the continuation of this policy.

The Obama administration has set a goal of having 25% of the energy generated in the United States come from renewable, "green", resources by 2025. Alaska, through the Energy Policy passed by the legislature in 2010, has a goal of 50% by 2025. The implementation of the Roadless Rule in the Tongass National Forest will create additional hurdles for the permitting and construction of hydro-power projects and their connectivity to electrified grids through interties and will not help the State or Federal Governments towards their goals.

This resolution will send a message to Washington, stating that Alaska is committed to both responsible conservation of our forests and developing renewable energy projects.

HOUSE JOINT RESOLUTION NO. 20

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE JOHANSEN

Introduced: 3/9/11
Referred:

A RESOLUTION

Urging the President of the United States, the United States Congress, and the Secretary of the United States Department of Agriculture not to implement protection of inventoried roadless areas under the "roadless rule" or otherwise restrict the development of necessary hydroelectric projects in the Tongass National Forest and the Chugach National Forest.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS inventoried roadless areas, as defined in 36 C.F.R. 294.11, constitute approximately 57 percent of the acreage in the Tongass National Forest; and

WHEREAS the United States Congress has designated an additional 35 percent of the acreage in the Tongass National Forest as wilderness; and

WHEREAS there is an extensive system of federally protected areas in the state; and

WHEREAS, on May 28, 2010, the Secretary of the United States Department of Agriculture issued Secretary's Memorandum 1042-155 that reserves to the Secretary the authority to approve or disapprove road construction or reconstruction and the cutting, sale, or removal of timber in areas identified in the set of inventoried roadless area maps contained in

volume 2 of the Forest Service Roadless Area Conservation Final Environmental Impact Statement, dated November 2000; and

WHEREAS the Secretary of the United States Department of Agriculture has approved only seven projects under the authority reserved in Secretary's Memorandum 1042-155; and

WHEREAS 14 of the 15 hydroelectric projects in the Tongass National Forest and Chugach National Forest are subject to the protection of inventoried roadless areas under 36 C.F.R. 294.10 - 294.18 ("roadless rule") and will require approval by the Secretary of the United States Department of Agriculture; and

WHEREAS failure of the Secretary of the United States Department of Agriculture to approve the hydroelectric projects in the Tongass National Forest and the Chugach National Forest would jeopardize the approval of necessary preliminary permits by the Federal Energy Regulatory Commission because, without the Secretary of Agriculture's approval, the hydroelectric projects would not be able to proceed with the field studies and planning that are required for a Federal Energy Regulatory Commission preliminary permit; and

WHEREAS the inability to develop hydroelectric projects and construct power lines to bring electricity to communities in the state will result in continued diesel power generation that emits pollutants into the environment; and

WHEREAS the protection of inventoried roadless areas under the "roadless rule" in 36 C.F.R. 294.10 - 294.18 and the inability to produce and distribute hydro-generated electricity will adversely affect communities in the Tongass National Forest and the Chugach National Forest and will thwart the Governor's goal of generating 50 percent of the energy in the state from renewable sources; and

WHEREAS the President of the United States has pledged to embrace and encourage the development of renewable energy sources;

BE IT RESOLVED that the Alaska State Legislature urges the President of the United States, the United States Congress, and the Secretary of the United States Department of Agriculture not to implement protection of inventoried roadless areas under 36 C.F.R. 294.10 - 294.14 or otherwise restrict the development of necessary hydroelectric projects in the Tongass National Forest and the Chugach National Forest.

COPIES of this resolution shall be sent to the Honorable Barack Obama, President of

the United States; the Honorable Joseph R. Biden, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable Tom Vilsack, United States Secretary of Agriculture; the Honorable John Boehner, Speaker of the U.S. House of Representatives; the Honorable Nancy Pelosi, Minority Leader of the U.S. House of Representatives; the Honorable Harry Reid, Majority Leader of the U.S. Senate; the Honorable Mitch McConnell, Minority Leader of the U.S. Senate; the Honorable Jeff Bingaman, Chair of the Energy and Natural Resources Committee of the U.S. Senate; and the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHJR 20(ENE)
(H) Publish Date: 3/23/11

Identifier (file name): HJR20-LEG-COU-3-21-2011
Title: "Roadless Rule & Chugach and Tongass Hydro"
Sponsor: Representative Johansen
Requester: House Special Committee on Energy, Resources

Dept. Affected: Legislature
Appropriation: Legislative Council
Allocation: Session Expenses
OMB Component Number: 782

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Initial Version

Prepared by: Shane Miller, Finance Manager — Phone: 465-6626
Division: Legislative Affairs Agency — Date/Time: 3/21/11 10:02 AM
Approved by: Pamela Varni, Executive Director — Date: 3/21/2011
Legislative Affairs Agency

(Revised 12/29/2010 OMB)

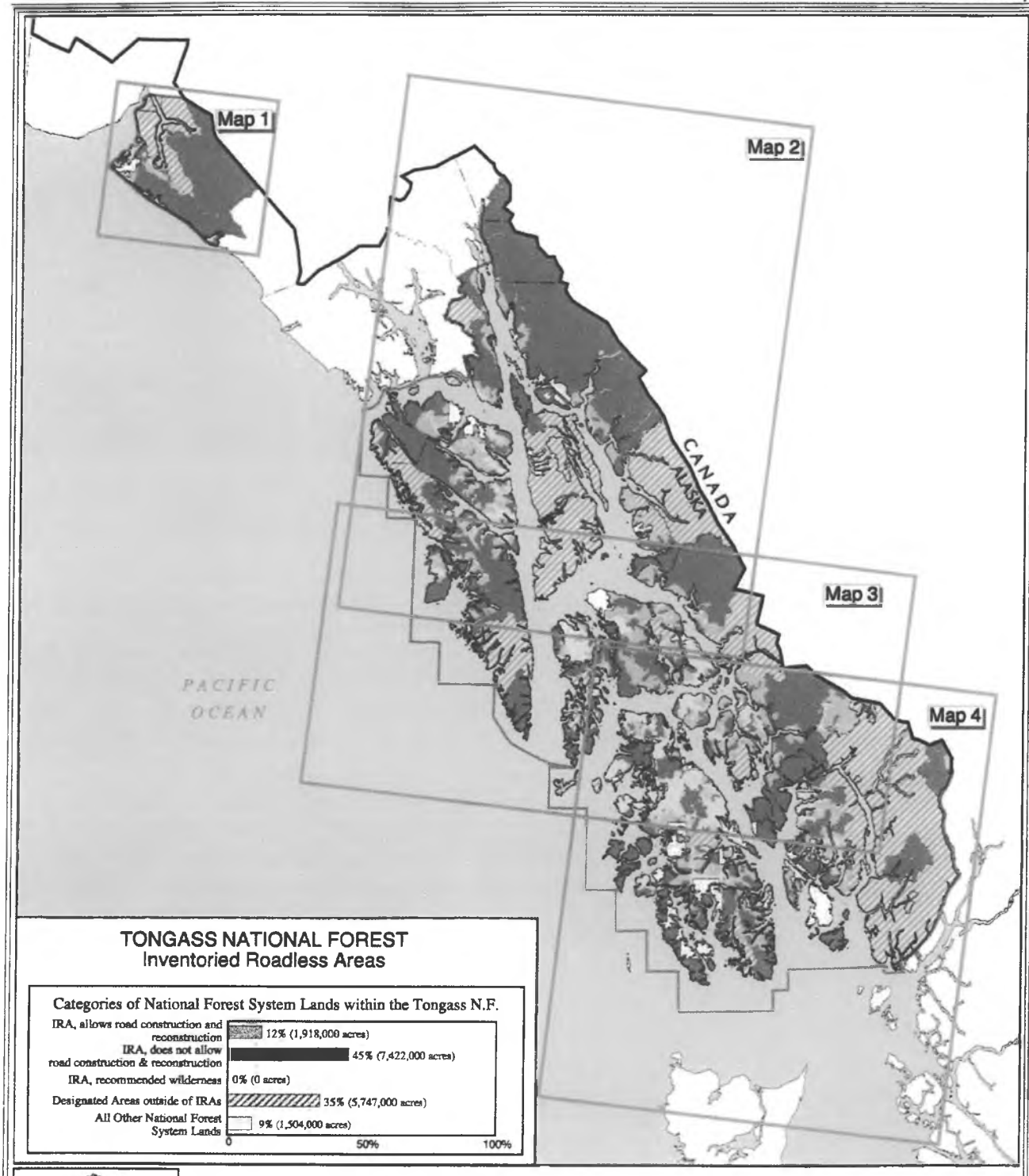
FISCAL NOTE #1

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. CSHJR 20(ENE)

Analysis

This fiscal note has zero impact on the Legislative Affairs Agency.



TONGASS NATIONAL FOREST
Inventoried Roadless Areas

Categories of National Forest System Lands within the Tongass N.F.



The USDA Forest Service uses the most current and complete data available. GIS data and product accuracy may vary. Using GIS products for purposes other than those for which they were intended may yield inaccurate or misleading results. The USDA Forest Service reserves the right to correct, update, modify, or replace GIS products without notification.

September 15, 2000
Data Supplied by Tongass National Forest
Contact: Tongass N.F.
Federal Building
648 Mission Street
Ketchikan, AK 99901
(907) 228-6202

SCALE in MILES
40 0 40

- Inventoried Roadless Area where road construction or reconstruction is allowed
- Inventoried Roadless Area where road construction or reconstruction is not allowed
- Inventoried Roadless Area where road construction or reconstruction is not allowed, and the forest plan recommends as wilderness
- Designated Areas outside of Inventoried Roadless Areas
- National Forest System lands outside of Inventoried Roadless Areas - not all private land is shown on the map

Interstate Highway Other Highways County boundaries

JUNEAU CHAMBER OF COMMERCE

3100 Channel Drive, Suite 300 • Juneau AK 99801• (907) 463-3488 • Fax (907) 463-3489
E-mail: juneauchamber@gci.net • jcc@alaska.com • Web site: http://www.juneauchamber.com

Board Members

Tim McLeod, *President*
AEL&P
Bob Martin, *Past Pres*
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Alaskan Brewing Company
Bartlett Regional Hospital
BP Alaska
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Capital Office Supply
Coeur Alaska, Inc
Coogan Construction
Copy Express
Elgee Rehfeld & Mertz
Exxon Mobil
First National Bank of Alaska
Hecla Greens Creek Mining
Goldbelt, Inc
Huna Totem
Shattuck & Grummett
Taku Oil
True North FCU
UAS
Wells Fargo Bank of Alaska
Westmann and Associates

A RESOLUTION OF THE JUNEAU CHAMBER OF COMMERCE IN OPPOSITION OF "the Obama Administration's new approach to forest management on the Tongass National Forest"

07-10

WHEREAS, the State of Alaska and U.S. Senator Lisa Murkowski oppose "the Obama Administration's new approach to forest management on the Tongass National Forest" as described in USDA Secretary Thomas Vilsack's September 3, 2010 letter to Senator Lisa Murkowski and

WHEREAS, the U.S. Forest Service Alaska Region (USFS) presented an Integrated 5-year Plan for the Tongass National Forest essentially applying a de facto roadless rule on the Tongass NF in contradiction to the USDA Settlement Agreement with the State of Alaska on the roadless rule and

WHEREAS, the new 5-year schedule is not consistent with the 2008 Tongass Land Management Plan (TLMP) and is prematurely transitioning commercial timber harvests to young growth forests generally sixty years of age or less and

WHEREAS, implementation of the new 5-year schedule and de facto application of the roadless rule on the Tongass will reduce ~~future access~~ to the Tongass NF discouraging private investments for mining, timber, hydro-electric inter-ties and other activities which would help improve the economy and ~~quality of life in Southeast Alaska~~'s forest dependent communities.

THEREFORE, BE IT RESOLVED, that the Juneau Chamber of Commerce join the State of Alaska and U.S. Senator Lisa Murkowski's opposition to the Obama Administration and USDA Secretary's new approach to forest management on the Tongass and U.S. Forest Service five year schedule of activities and

BE IT FURTHER RESOLVED, that the Juneau Chamber of Commerce supports the implementation of the 2008 Tongass Land Management Plan and

BE IT FURTHER RESOLVED, to transmit this Resolution to the Alaska Governor, Alaska Congressional Delegation, Southeast Alaska Legislators, The Southeast Conference, and Juneau Mayor and Assembly.

Record of December 28, 2010 Juneau Chamber Board meeting action:

PASSED AND APPROVED by the Juneau Chamber of Commerce Board of Directors on this date: December 28, 2010

Cathie Roemmich, CEO
Juneau Chamber of Commerce
At the direction of the Board of Directors and
Representing nearly 400 Business Members

CITY OF PETERSBURG, ALASKA

RESOLUTION # 1964

A RESOLUTION URGING ALASKA GOVERNOR PARNELL AND ALASKA'S FEDERAL DELEGATION TO ASSURE THAT THE IMPLEMENTATION OF THE ROADLESS RULE ON ALASKA'S NATIONAL FORESTS DOES NOT HINDER OR PROHIBIT THE DEVELOPMENT AND MAINTENANCE OF HYDRO-ELECTRIC PROJECTS AND ASSOCIATED TRANSMISSION LINES

WHEREAS, the 2010 Alaska Legislature passed an Energy Policy that set a goal of having 50% of the energy generated in Alaska come from renewable, "green", resources by 2025; and

WHEREAS, the Chugach and Tongass National Forests appear to be subject to the implementation of the Roadless Rule; and

WHEREAS, US Secretary of Agriculture Tom Vilsack has anounced that he has the sole authority to approve or disapprove permits for projects within the inventoried roadless areas of the Chugach and Tongass National Forests; and

WHEREAS, the inventoried roadless areas within the Chugach and Tongass National Forests make up the majority of remaining Forest Service lands outside of Wilderness or other areas already off limits to development; and

WHEREAS, a vast majority of potential hydroelectric projects that could be developed to supply renewable energy to Alaska's communities are located within inventoried roadless areas; and

WHEREAS, the inability to develop hydroelectric projects or the transmission lines necessary to transmit this power to Alaska's communities will result in continued diesel generation and resultant pollutants emitted into the environment; and

WHEREAS, the current version of the Roadless Rule may adversely impact the communities that reside within Alaska's National Forests and potential hydro-power and renewable energy projects in Southeast Alaska.

THEREFORE BE IT RESOLVED the City Council for the City of Petersburg, Alaska, strongly urges Alaska Governor Parnell and Alaska's Federal Delegation to assure that the implementation of the Roadless Rule on Alaska's National Forests does not hinder or prohibit the development and maintenance of hydro-electric projects and transmission lines.

PASSED and **APPROVED** by the City Council of the City of Petersburg, Alaska on April 4, 2011.

Dan Hickman

Dan Hickman, Acting Mayor

ATTEST:

Kathy O'Rear, City Clerk

Southeast Conference

March 16, 2010

Representative Kyle Johansen
State of Alaska
Capitol Building Room 114
Juneau, Alaska 99811

RE: Support for HJR 20-"Urging the President of the United States, the United States Congress, and the Secretary of the United States Department of Agriculture not to implement protection of the inventoried roadless areas under the "roadless rule" or otherwise restrict the development of necessary hydroelectric projects in the Tongass National Forest and the Chugach National Forest."

Dear Representative Johansen;

Southeast Alaska is an archipelago with more than a thousand rugged, forested islands harboring isolated villages which are scattered across its 500 mile length and are accessible only by boat or small plane. More than 90% of that land is owned and governed by the Federal Government. The people of Southeast Alaska are a hearty bunch of folks and are able to overcome many obstacles; however they must have access to land to survive.

Southeast Conference is a regional, nonprofit corporation that advances the collective interest of the people, communities and businesses in Southeast Alaska. Members include municipalities, native corporations and village councils, regional and local businesses, civic organizations and individuals throughout the region. Our goal is to support policies that promote strong economies, healthy communities, and a quality environment. We are the State-designated Alaska Regional Development Organization (ARDOR), the federally-designated Economic Development District (EDD), and the Governing Board for the Resource Conservation and Development Council (RC&D) for Southeast Alaska. Each of these designations requires Southeast Conference to take an active role in regional resource management and economic development planning. Our relationship with our members gives us the advantage of speaking with a unified voice in support of legislation or policy that will be for the betterment of our region.

In the past 10 years Southeast Conference in partnership with many other agencies and organizations have put an extensive amount of effort into the development of affordable, self sustaining, renewable "green" energy projects in our region. And it is fairly obvious that with the federal government controlling such vast amounts of the region and the energy resources within, that land access is a critical issue. And it is equally obvious that during these past few years, the forest was adequately protected during development of energy resources without the roadless enforcement. We have managed to develop several major hydro projects that are providing affordable renewable "green" energy to a portion of our people. Unfortunately we still have entire communities paying up to ninety cents a kilowatt hour for electricity. Our small businesses are the hardest hit and as you know, that has quite a ripple effect in these communities.

Lack of access to land and the paralyzing permitting process of the federal government are killing our communities. People are not able to heat their homes and turn on their lights much less start or

P.O. Box 21989 612 W. Willoughby Avenue, Suite B, Juneau Alaska 99802
(907) 523-2310 (907) 463-5670 Fax info@seconference.org
www.seconference.org

maintain a business. The financial obligation to heat schools or community buildings is crippling in these communities. Jobs are at a premium and there is no good news in sight.

As the government in Washington DC, environmental groups, and the courts continue to lock us out of our national forest our people in Southeast Alaska are being forced to leave the place they have called home for hundreds of years in order to survive.

The Obama administration has set a goal of having 25% of the energy generated in the US come from renewal, "green", resources by 2025. Alaska, through our Energy Policy passed by the legislature in 2010, has a goal of 50% by 2025. As it stands now 14 out of 15 hydroelectric projects in the Tongass National Forest and Chugach National Forest are subject to the protection of inventoried roadless areas under 36 C.F.R. 294.10-294.18 ("roadless rule") and will require approval by the Secretary of the US Department of Agriculture. Any attempt to develop a biomass infrastructure would be impossible with the current restrictions on the Tongass, thus road blocking any efforts made toward those goals.

The Obama administration has, on many occasions, promised jobs for the people of our country. It is time for this administration to set aside the zealous opinions of outside environmental groups and fulfill that promise. Exempt the Tongass and Chugach National Forest from the roadless rule and open these public lands for responsible resource development and allow the people that live here the opportunity to have affordable, "green" energy and a thriving economy.

Sincerely,

Shelly Wright

Shelly Wright
Executive Director

CC: Senator Lisa Murkowski
Senator Mark Begich
Congressman Don Young

P.O. Box 21989 612 W. Willoughby Avenue, Suite B, Juneau Alaska 99802
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Tongass National Forest Energy Program – 2010 -2014 March 2, 2011

Proposed and Unconstructed Projects

Name - District – Applicant - Power destination	Comments	Forest Plan LUD, Roadless	2010	2011	2012	2013	2014
1. Schubee Lake -- JRD, Alaska Power &Tel, Upper Lynn Canal	FERC issued prelim permit 11/30/2010. AP&T seeking funding from AEA.	Semi-Remote Recreation, **Roadless #302**	FS inv permit, studies	Studies	Studies	Draft LA	Final LA FERC EA
2. Lace River -- JRD, Green Power Development, LLC Kensington Mine	FERC issued prelim permit 09/15/2010	**LUD II Roadless #301**	----	FS inv permit, Studies	Draft LA	Final LA	FERC EA
3. Gastineau Channel Tidal --JRD, Natural Currents Energy Serv, Juneau – SE Intertie	FERC prelim permit 04/30/2010. Will probably not affect NFS lands/resources.	N/A	Studies	Studies	?	?	?
4. Sweetheart Lake -- JRD, Juneau Hydropower Inc. Juneau – SE Intertie	Applicant is developing study plans and Scoping Doc 1.	Semi-Remote Recreation **Roadless #302**	FS inv permit, studies	Studies	Draft LA	Final LA	FERC EA
5. Angoon Hydro/Thayer --ANM, Kootznoowoo Angoon	NEPA completed. (Non-FERC project)	**Wilderness**	Development plans, permits?	Plans, permits?	?	?	?
6. Killisnoo/Angoon Tidal -- ANM, Natural Currents Energy Serv, Angoon	FERC prelim permit app 08/2010. Will probably not affect NFS lands/resources.	N/A	Studies	Studies	?	?	?
7. Icy Passage Tidal -- HRD, Natural Currents Energy Serv, Hoonah	FERC prelim permit 04/30/2010. Will probably not affect NFS lands/resources.	N/A	Studies	Studies	?	?	?
8. Gartina Creek – HRD, Inside Passage Electrical Cooperative, Hoonah	FERC ruled that licensing is required. Project improvements on Sealaska land. Upper reaches of watershed on NFS lands.	N/A	?	?	?	?	?

Name - District – Applicant - Power destination	Comments	Forest Plan LUD, Roadless	2010	2011	2012	2013	2014
9. Port Frederick Tidal – --HRD Alaska Power & Tel Hoonah	Is a hydroelectric project, rather than hydrokinetic. FERC prelim permit 11/18/2009.	**Old-Growth Habitat, Roadless #343**	FS inv permit, studies ?	Studies ?	Studies ?	Draft LA ?	Final LA ?
10. Neka Geothermal – HRD Tongass Energy Company Unknown	Site nomination rec'd 8/30/2010. FS working with BLM. TNF minerals group has the lead. (Non-FERC)	Timber production	?	?	?	?	?
11. Upper Tenakee Geothermal – SRD, Tlingit Haida CC Unknown	No recent activity. TNF minerals group has the lead. (Non-FERC)	Semi-Remote Recreation, **Roadless #311**	?	?	?	?	?
12. Tenakee Sp/Indian River – SRD City of Tenakee Springs Tenakee Springs	Project is on State/City but will impact FS fishpass. Upper reaches of watershed on NFS lands. FERC determined licensing not needed 5/26/2010. (Non-FERC)	N/A	Feasibility, DI to FERC	Studies, Design, Coordination	Construct ?	Construct ?	On-line ?
13. Blue Lake Modification -- SRD City & Borough of Sitka Sitka	Sitka applied to FERC to amend existing license and increase capacity. Would raise dam by 83 feet and inundate additional 362 ac of NFS lands. **FERC expected to request 4(e)s very soon.**	**Municipal Watershed, Roadless #331**	Draft LA Final LA	FERC EA, License	Construct.	Construction	On-line
14. Takatz Lake -- SRD City & Borough of Sitka Sitka and SE Intertie	FERC prelim permit on 09/19/2008.	Semi-Remote Recreation and **Remote Recreation, Roadless #330, 331**	Studies	Draft LA	Final LA	FERC EA	License

March 2011

Name - District – Applicant - Power destination	Comments	Forest Plan LUD, Roadless	2010	2011	2012	2013	2014
15. Baranof Chinook – SRD Hawken LLC Proposed salmon research facility	ADF&G and NSRAA not involved in salmon facility; appears to be private project. FERC determined licensing is required 6/2010.	**Remote Recreation, Roadless #330**	----	?	?	?	?
16. Little Port Walter/Osprey Lake -- SRD NOAA – NMFS Little Port Walter Marine Station	Federally-owned project. Non-FERC.	**Remote Recreation, Roadless # 334**	NEPA	NEPA, FS permit,	Construct.		
17. Cascade Creek -- PRD Cascade Creek LLC SE Intertie, BC, Lower 48	2nd FERC prelim permit expired 1/31/2011. Applicant applied for new prelim permit on 2/1/2011. No decision yet by FERC. Draft license application and draft EA filed and **comments, prelim 4(e)s must be to FERC by May 19, 2011.**	Semi-Remote Recreation, Old Growth Habitat, Scenic Viewshed, Modified Landscape **Roadless #202**	Studies	Studies ? Draft EA	Final EA/LA ?	FERC EA ?	License ?
18. Ruth Lake -- PRD City of Angoon SE Intertie, BC, Lower 48	FERC prelim permit on 11/05/2009.	**Old Growth Habitat, Roadless #202**	Studies ?	FS inv permit ? Studies ?	?	?	?
19. Scenery Lake -- PRD City of Angoon SE Intertie, BC, Lower 48	FERC prelim permit on 10/01/2009	Semi- Remote Recreation, **Roadless #202**	Studies ?	FS inv permit ? Studies ?	?	?	?
20. Sunrise Lake – WRD City of Wrangell Unknown	Project is inactive. No FERC correspondence since 2008. City wishes to keep FS inv permit in effect.	Scenic Viewshed, **Roadless #231**	--	--	--	--	--

Name - District – Applicant - Power destination	Comments	Forest Plan LUD, Roadless	2010	2011	2012	2013	2014
21. Neck Lake – TBRD Alaska Power & Tel Whale Pass	Project is on State land with FS road reservation. FERC determined licensing is required11/04/2010.	N/A	Paperwork	?	?	?	?
22. Reynolds Creek – CRD Haida Corp. and AP&T Prince of Wales Island	Project is on private land and is not expected to affect NFS resources.	N/A	Financing, Plans	Plans, Construction	Construct		
23. Lake Shelokum – KMRD Alaska Power & Tel SE Intertie	FERC prelim permit 05/01/2009.	**Special Interest Area, Roadless #529**	----	FS inv permit, Studies	Studies	Draft LA	Final LA
24. Bell Island Geothermal – KMRD, Starkey Wilson Swan-Tyee Intertie	NEPA in progress. TNF minerals group has lead. (Non-FERC)	Semi-Remote Recreation, **Roadless # 529**	FS consent to BLM lease ?	NEPA to consider roadless.	?	?	?
25. Whitman Lake – KMRD Ketchikan Public Utilities Ketchikan, Swan-Tyee Intertie	Project was licensed in May 2009. Construction funding still pending.	**Old-Growth Habitat, Roadless #524**	Post-licensing required plans	Post-licensing plans, FS sp use permit	Construct	Construction	
26. Mahoney Lake – KMRD Cape Fox Corp. and AP&T Swan-Tyee Intertie	Licensed, unconstructed. Stay of license since 2004. Project is on private land but planned access road might be on NF.	N/A	?	?	?	?	?
27. Soule River – KMRD Alaska Power & Telephone BC and Lower 48	2nd FERC prelim permit 09/22/2009. Draft license application and draft EA filed; **comments, prelim 4(e)s must be to FERC by May 2, 2011.**	**Remote Recreation, Roadless #530**	Studies	Draft LA Final LA ?	?	FERC EA?	License ?

Typical project activities and timeline:

Year 1: Applicant submits application to FERC and is issued a Preliminary Permit. This gives applicant exclusive right to study feasibility of a site and file a license application within 3 years. FS files as intervenor and submits comments. Applicant applies to FS for investigative studies permit. FS issues special use authorization for investigative studies.

Year 1-2: Pre-application document (PAD) is submitted by applicant to initiate public process and describe project thought to be feasible. FS provides comments. Study plans are developed in consultation with stakeholders. Field studies are conducted. FS provides comments.

Year 2-3: More studies. Applicant prepares Scoping Documents 1 and 2. Applicant prepares Draft License Application and submits to FERC. Includes detailed description of project and environmental analysis. FS comments and submits preliminary 4(e) terms and conditions.

Year 3-4: Applicant prepares/submits Final License Application to FERC, including responses and revisions based on DLA comments. FERC issues EA as final step. Applicant may submit application to FS for permit for the licensed project.

Year 4-5: FERC issues license. Applicant completes required plans for construction, monitoring, etc. FS comments. Applicant submits application to FS for permit for the licensed project—if has not already done so. FS issues decision and authorizes project to occupy NFS lands.

Year 5- ??: Construction of project. FS reviews, monitors, inspects.

State of Alaska Employee Directory DOT&PF Home Search DOT&PF find

Alaska's Scenic Byways

DOT&PF > Alaska's Scenic Byways > Prince of Wales Island

Prince of Wales Island Road System

scenic natural historic cultural archaeological recreational

Prince of Wales Island is located 600 miles north of Seattle, Washington in Southeast Alaska near Ketchikan Gateway Borough, and can be reached via the Inter-Island Ferry Authority that runs along another scenic byway, the Alaska Marine Highways All American Road.

The island is 135 miles (215 km) long, 45 miles (72km) wide and has an area of 2,577 sq mi (6,675 km), about 1/10 the size of Ireland and slightly larger than the State of Delaware. Approximately 6,000 people live on the island. Communities include; Point Baker, Labouchere Bay, Port Protection, Wale Pass Coffman Cove, Naukati, Thorne Bay Klawock, Kasaan, Hollis, Craig and Hydaburg . There are four federally-recognized Tribal Governments on Prince of Wales Island: Craig Community Association, Hydaburg Cooperative Association, Organized Village of Kasaan, and Klawock Cooperative Association.

The Island of Prince of Wales is a unique and special place. It is a great place to showcase some of Southeast Alaska's unique qualities such as a temperate rainforest with all its natural beauty and wonder, bountiful wildlife, Native culture and historical artifacts. The byway cover s two hundred sixty miles of mostly paved roads that lead to communities on the island that each present a different Alaskan experience. Prince of Wales has the most extensive road system in the entire Tongass National Forest, the largest forest in the country. The approximately 1,500 miles of roads offer unparallel access to recreational opportunities in the Tongass

Generally Contacted All communities on Prince of Wales Island
Length: 200 miles
Visitor Contact Info



Click here for larger map

Caution: More than 1,500 miles of roads reach into Prince of Wales Island. About 200 miles of paved road girdle the island. More than 50 miles of improved gravel roads extend along shorelines and into the mountains. Logging roads criss-cross the forest. You can drive a standard car that entire distance. To explore logging roads, use a four-wheel drive or sturdy SUV.
Be sure your spare tire is in good shape. Watch the gas gauge and mile markers: fuel is available in Craig, Klawock, Naukati, Thorne Bay, Coffman Cove and Whale Pass. Bring your cell phone's car charger.

Byway Highlights



Haida Long House - Kasaan
Credit: Marcheta Moulton, ADOT&PF
Save the whale house

- Rent one of the numerous Forest Service Cabins on the Island for a back country adventure. Some cabins are on lakes, other on streams. Some are on short trails near the road system.
- Plan a day trip for wildlife viewing, maps available at Fish and Game website.
- Stop at one of the Totem Pole parks in Klawock, Hydaburg and Kasaan. There are also poles in Craig. Here about the artists for thousands of years have used tools of bone, shell and steel to bring legends and stories out of Cedar trees.
- Visit the northern end of the island to see El Capitan Caves and Karst landscapes.
- Rent an ATV for the backcountry experience, route maps are available through the USFS Ranger District.
- Visit the third Alaska hatchery set up to augment natural salmon runs, located in Klawock.
- Map out an adventure on our scenic routes on the island with stops at Streams, Rivers, Estuary's on your way to one of the many small communities on the Island for local flavor and views of peaks, forest scenes and beautiful bays.
- Plan your driving trip around Island events such as the Thorne Bay King Salmon derby, Craig-Klawock Salmon derby, Prince of Wales Island International Marathon, or the famous Skunk Cabbage Festival.



Klawock Cannery - Klawock
Credit: Marcheta Moulton, ADOT&PF

Visitor Contact Information

Prince of Wales Chamber of Commerce
907-755-2626
Fax: 907-755-2627
PO Box 490
Klawock, Alaska 99925-0490
Open Daily: Monday - Friday, 8:00 a.m. to 4:00 p.m.
info@princeofwalescoc.org
The Prince of Wales Chamber of Commerce is a [501 (c) 6] nonprofit corporation

Craig Ranger District
907-826-3271
Fax: 907-826-2972
900 9th Street
PO Box 500
Craig, AK 99921-9998
Greg Killinger, District Ranger

Byways Links

- Traveler Information
  - Alaska Marine Highway - Inside Passage
  - Alaska Marine Highway - Gulf Coast Route
  - Alaska Railroad
  - Copper River Highway
  - Dalton Highway
  - Glenn Highway
  - Haines Highway
  - Parks Highway
  - Prince of Wales Island Road System
  - Richardson Highway - north segment
  - Richardson Highway - south segment
  - Seward Highway
  - Steese Highway
  - Sterling Highway - north segment
  - Sterling Highway - south segment
  - Taylor & Top of the World Highways
- Program Information
- Links of Interest
- Contact Us

Testimony in Support of HJR 20 - April 6, 2011

I am John A. Sandor, a Certified Forester from Juneau, Alaska who first came to Alaska in 1953 to conduct forest surveys in Southeast Alaska. i subsequently served as US Forest Service Regional Forester from 1976-1984 and Commissioner of the Alaska Department of Environmental Conservation from 1990-1994.

Thank you for the opportunity to testify in support of Alaska House Joint Resolution 20 urging the President of the United States , the United States Congress and the U.S. Department of Agriculture not to implement protection of inventoried roadless areas under the "roadless rule" that would restrict access to and resource development projects on the Tongass and Chugach National Forests.

I am a Board Member of the Alaska-Canada Energy Coalition and want to report for your Hearing Record that Coalition President Ernie Christian and Executive Director Paul Southland have approved a Coalition Resolution Opposing Reinstatement of the Roadless Rule on the Tongass National Forest.

In summary, the Alaska-Canada Energy Coalition Resolution determined that the Roadless Rule will limit or preclude resource development projects on Tongass National Forest Roadless areas including development of eighteen of twenty seven U.S. Forest Service Energy Program projects currently under application and review on the Tongass National Forest. A listing of these projects is attached to this testimony.

The Alaska Canada Energy Coalition Resolution supports Alaska's appeal of the March 4, 2011 District Court ruling reinstating the 2001 Clinton Administration's Roadless Rule on the Tongass National Forest. The Coalition Resolution also supports efforts urging USDA Secretary Vilsack finalize the 2003 interim rule exempting the Tongass National Forest from the 2001 Roadless Rule.

Thank you again, for the opportunity to testify. Alaska House of Representatives Joint Resolution No. 20 will help assure Alaska's National Forest-dependent communities have access to the development of resources that can strengthen their economies and quality of life values.

John A. Sandor, CF

4/6/2011

ALASKA MINERS ASSOCIATION, INC.

Resolution Regarding the Roadless Rule

March 29, 2011

WHEREAS, The Clinton Administration changed its mind two times during rulemaking regarding whether or not the nationwide Roadless Rule should apply to the Tongass National Forest before making a third change by extending the Rule to the Tongass National Forest on January 12, 2001; and

WHEREAS, in 2001 the State of Alaska litigated the Final Roadless Rule on the ground, among others, that it violated § 1326 (a), the "no more" clause of the Alaska National Interest Lands Conservation Act (ANILCA); and

WHEREAS, in 2003 the Federal Government settled the State's lawsuit by promulgating an interim rule that exempted the Tongass National Forest from the Roadless Rule; and

WHEREAS, The Tongass remained exempt under the Bush Administration's "State Petition Rule" promulgated in 2005; and

WHEREAS, The Tongass remained exempt under the interim rule even after the Ninth Circuit Court of Appeals struck down the State Petition Rule in 2009; and

WHEREAS, on March 4, 2011 the District Court for the District of Alaska determined that the interim rule exempting the Tongass National Forest from the Roadless Rule had been promulgated in an arbitrary and capricious manner, and thus vacated the exemption and reinstated application of the Clinton Roadless Rule to the Tongass National Forest; and

WHEREAS, the Clinton Roadless Rule states in pertinent part: "(a) A road may not be constructed or reconstructed in inventoried Roadless areas of the National Forest System, except as provided in paragraph (b) of this section; and

WHEREAS, the exceptions in subsection (b) allow a road: 1) in the case of an imminent flood, fire, or other catastrophic event that, without intervention, would cause the loss of life or property; 2) to conduct a response action under CERCLA; 3) because it is needed pursuant to a reserved or outstanding rights, or as provided for by statute or treaty; 4) because realignment is needed to prevent irreparable resource damage; 5) because road reconstruction is needed for safety on a hazardous road; 6) the Secretary determines that a Title 23, Federal Aid Highway project is in the public interest; 7) because it "is needed in conjunction with the continuation, extension, or renewal of a mineral lease on lands that are under lease by the Secretary of Interior as of January 12, 2001 or for a new lease issued immediately upon expiration of an existing lease."; and

WHEREAS, in enjoining application of the Clinton Roadless Rule to all of the United States, except for the States within the Ninth Circuit, Judge Brimmer found: "[U]ses in inventoried Roadless Areas are even more restrictive than those permitted in congressionally designated

wilderness areas. For example, a road could be constructed in a wilderness area to 'control fire, insects, and diseases,' whereas a road could be constructed in a roadless area in the 'case of an imminent flood, fire, or other catastrophic event that, without intervention, would cause the loss of life or property.'"[1] ; and

WHEREAS, the Roadless Rule will adversely impact potential new mining activities on the Tongass National Forest by prohibiting development activities associated with prospecting and mine construction in areas within Roadless Areas; and

WHEREAS, the Roadless Rule will preclude new hydro-electric, geothermal and other renewable energy projects in Roadless Areas on the Tongass; and

WHEREAS, the Roadless Rule will limit achievement of National Security Objectives by limiting potential renewable energy projects on Tongass National Forest Roadless Areas; and

WHEREAS, the Roadless Rule will reduce the suitable timber land base of the Tongass from 676,000 acres and thereby further reduce the allowable timber harvest authorized by the 2008 Amended Tongass Land Management Plan (TLMP) to a timber industry already devastated by the continual erosion of the suitable land base since passage of ANILCA, the Tongass Timber Reform Act of 1990, other land withdrawals, and endless litigation; and

WHEREAS, the Roadless Rule will restrict opportunities for new resource based jobs in the Tongass National Forest.

NOW, THEREFORE BE IT RESOLVED, that the Alaska Miners Association opposes the re-instatement of the 2001 Roadless Rule in the Tongass National Forest; and

BE IT FURTHER RESOLVED, that the Alaska Miners Association supports the development of resources in Southeast Alaska that will enhance our communities and Tribal Governments through the development of jobs, economic activity, and energy security for all Alaska and North America; and

BE IT FURTHER RESOLVED, that the Alaska Miners Association supports the appeal of the District Court's decision to the Ninth Circuit and urges the Parnell Administration to file a new lawsuit against the 2001 Roadless Rule on the ground that its application to the Tongass National Forest was arbitrary and capricious and in violation of ANILCA; and

BE IT FURTHER RESOLVED, that the Alaska Miners Association urges the Congressional Delegation to urge the Obama Administration to finalize the 2003 interim rule exempting the Tongass National Forest from the Clinton Roadless Rule.

March 29, 2011

Bill Brophy, President

[1] *Wyoming v. USDA*, 570 F.Supp.2d 1309 at 1349-1350 (D. Wyo.) This case is on appeal to the Tenth Circuit.

CITY OF ANGOON

PO BOX 189 * ANGOON, ALASKA 99820* (907) 788-3653* (907) 788-3821

Mayor of Angoon Written Testimony in favor of HJR 20 asking the federal government not to restrict hydropower development and transmission lines in the Tongass National Forest under the Roadless Rule.

Dear Chairman and distinguished members of the Resources Committee,

First of all thank you for the opportunity to speak on such an important matter, that impacts the future of the community of Angoon as well as our community's of southeast and the State of Alaska for that matter. I would like to thank my Representative Bill Thomas and all the other representatives that have co-sponsored this important House Joint Resolution.

I am a firm believer in the public process, having said that to me the road less rule is a good example of leaving the public out of the process.

Alaska is a young infrastructure state compared to the rest of our country. The Roadless Rule has a negative impact in so many ways as far as getting much needed projects built that serve for the betterment of our communities and citizens of our state.

I am sure in some ways the Roadless Rule serves a good purpose for some, but as a blanket rule it hurts more then it helps.

I am testifying in favor of and asking this government body to support and pass House Joint Resolution No. 20 as it will send a unified message that this type of Rule does not work for all and that we, as a state, can implement our own rules as needed, thus allowing our state the right to self determination.

Sincerely,

Albert H Howard
Mayor City of Angoon

Juneau Hydropower Inc.

Juneau Hydropower, Inc
PO Box 22775
Juneau, AK 99802
www.juneauhydro.com
Telephone: (907) 789-2775
Fax: (907) 375-2973

April 6, 2011

Co-Chairman Eric Feige
Co-Chairman Paul Seaton
Alaska House of Representatives, Resources Committee

RE: Testimony in support of HJR 20

Dear Chairmen and distinguished members of the Resources Committee,

I am Duff Mitchell, Business Manager for Juneau Hydropower Inc. Our company has the FERC preliminary permit for the Sweetheart Lake Hydroelectric Project which is located about 35 miles south of Juneau. The project is a 30 Megawatt (MW) capacity project that could contribute up to 136,000 Megawatt Hours (MWh) of electricity for Southeast Alaska. We are currently on track to develop this project.

I would like to thank you for the opportunity to speak on favor of passing this resolution. I would personally like to thank Rep. Kyle Johansen for sponsoring this resolution. I would also like to thank Rep. Bill Thomas, Rep. Peggy Wilson and Rep Bill Stoltze for co-sponsoring this important House Joint Resolution that sends a message to federal decision makers that Alaska is serious about responsibly developing our resources in an environmentally sensitive manner.

My testimony is to favor expeditious passage on HJR 20. It has become apparent that if the Tongass National Forest is not exempt from the administrative Roadless Rule, and its subsequent implementation that this rule could have a chilling effect on hydropower development and transmission line infrastructure within Southeast Alaska that encompasses the Tongass National Forest. If not timely resolved, the impact of the Roadless Rule implementation will decelerate current Alaska hydropower investment, hold up our region's economic development, hasten our regional population decline, and block regional energy security by depriving Alaska citizens and developers the opportunity and their federal right under the Federal Power Act to develop renewable hydropower energy in the Tongass and Chugach National Forests.

Ironically, it is our federal government that has investigated over 200 hydropower sites in Alaska. From 1900 to 1950 our federal government has spent millions in today's dollars for hydropower investigations and development in what was then the Alaska Territory for stream gaging, engineering and conducting geological reconnaissance on potential Alaska hydropower sites. Further because we were a territory with vast amounts of public land, Alaska has dozens of federal Public Land Orders, Power Site Classification sites and federal power withdrawals in the existing Tongass and Chugach National Forest signed by the Secretary of Interior with authority delegated from the President of the United States expressly reserving these Tongass and Chugach lands specifically for the hydropower energy benefit of the citizens of the United States. Some of these orders are over 90 years old and are valid Public Land Orders today that predate the Tongass Land Management Plan and the Roadless Rule.

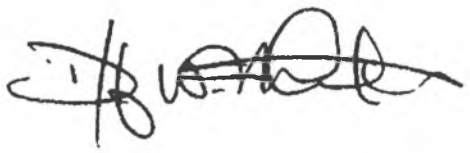
Further, the State of Alaska already has established and recorded rights of way for roads and transmission line corridors within the Tongass for the Southeast Intertie transmission system. We ask that Alaska should assert itself that the Roadless Rule should not pre-empt these and other existing road and transmission and utility corridor rights provided to the State of Alaska.

I would also like to point out that the US Department of Energy, US Department of Interior, and the Department of the Army all signed a 2010 Federal Memorandum of Understanding on the promotion of hydropower development to "help meet the Nation's needs for reliable, affordable, and environmentally sustainable hydropower..." The Secretary of Agriculture was not a signatory of this document. Now that the Roadless Rule exemption for Alaska has been overturned by Judge Sedwick, I would suggest that it is timely that the President and Congress hasten to have the Secretary of Agriculture become a signatory on the 2010 Federal Hydropower Memorandum of Understanding and execute a new Alaska Roadless Rule exempting Alaska hydropower and associated hydropower transmission lines.

HJR 20 provides a means for Alaskans under the leadership of this body to send a clear and unequivocal message to our President and Congress that our federal government should be consistent and unified in renewable hydropower energy development and demonstrate sensitivity to Alaskan needs in this matter. Exempting Alaska from the administratively created Roadless Rule will allow Alaskan citizens, developers and utilities the opportunity to assist our Nation in lessening our Nation's dependence on foreign fuel sources, improve our Nation's energy security, and lessen our Nation's trade deficit imbalance. Exempting Alaska from the Roadless Rule provides the opportunity for Alaskans to develop our Nation's hydropower resources in the Tongass and Chugach National Forests in an environmentally sound manner for the betterment of our Nation which these pre-existing public land orders and power withdrawal sites were originally intended.

I urge the Resources Committee to pass this resolution and request that House and Senate members expeditiously pass HJR 20. Again, I thank the Resources Committee Chairmen and members for the honor and privilege in allowing me to speak on this matter.

Sincerely,



Duff W. Mitchell
Business Manager

Attachments: 2010 Federal Hydropower MOU

MEMORANDUM OF UNDERSTANDING FOR HYDROPOWER
Among
THE DEPARTMENT OF ENERGY, THE DEPARTMENT OF THE INTERIOR
And
THE DEPARTMENT OF THE ARMY

Purpose: To help meet the Nation's needs for reliable, affordable, and environmentally sustainable hydropower by building a long-term working relationship, prioritizing similar goals, and aligning ongoing and future renewable energy development efforts between the U.S. Department of Energy (DOE), the Department of the Interior (DOI), and the Department of the Army (DOA), through the U.S. Army Corps of Engineers (USACE) (collectively the "Agencies"), the Agencies enter into this Memorandum of Understanding (MOU).

I. BACKGROUND

As the largest source of renewable electricity generation in the U.S., hydropower provides a wide range of benefits to the Country. Hydropower is a minimal emission, low-cost source of energy that can be relied upon for long-term, stable production of domestic electricity. Hydropower also provides consistent, reliable generation which can be quickly adjusted and dispatched to meet the various needs of the electric grid.

The Agencies recognize that not every site is appropriate for new or increased hydropower production. New hydropower development must be sustainable and take into account the need to maintain healthy river ecosystems. The Agencies also recognize that historically dams have had impacts that go well beyond project boundaries, including significant impacts on ecosystems and the fish and wildlife that inhabit them. This MOU is intended to represent a new approach to hydropower development that will harmonize the production of clean, renewable power generation with avoidance or reduction of environmental impacts and maintenance or enhancement of the viability of ecosystems.

This MOU will focus both on increasing renewable energy generation from Federal hydropower facilities and reducing the environmental impact sometimes associated with historical hydropower development in the United States by focusing on sustainable, low impact, and small hydropower projects. The Agencies will identify specific Federal facilities and lands owned or controlled by the United States that are well-suited as sites for environmentally sustainable hydropower energy development. This new approach to hydropower development will advance projects that are superior in terms of environmental sensitivity to many other types of energy production and development. The Agencies will take advantage of untapped potential by increasing the generation of hydropower at existing facilities and dams through retrofits or modifications to increase hydropower production in a manner that will pose fewer of the potential environmental concerns that may be associated with the development of new dams and hydropower projects. For example, such efforts would include initiating efficiency and/or capacity upgrades at current generation facilities.

The Agencies will also study adding generation capacity to currently unpowered dams or constructed waterways and will prioritize those projects which can be developed at existing facilities and appropriately balance increased energy generation with consideration of environmental impacts. The MOU will also focus on research and development and will promote new technologies, including fish-friendly and low-head turbines.

II. MISSION

The DOE, the USACE, and DOI will seek to use their respective authorities, programs, and resources synergistically to serve the Nation efficiently and effectively. They will work together to (1) support the maintenance and sustainable optimization of existing Federal and non-Federal hydropower projects, (2) elevate the goal of increased hydropower generation as a priority of each Agency to the extent permitted by their respective statutory authorities, (3) promote energy efficiency, and (4) ensure that new hydropower generation is implemented in a sustainable manner. The DOE, the USACE, and DOI will jointly focus each Agency's respective capabilities and resources to make innovative and sustainable improvements to the Nation's renewable energy portfolio, and promote the goal of energy efficiency through water conservation or improved water management.

III. GOALS

The DOE, DOI, and DOA collaboratively intend to develop solutions and best-practices to increase in a sustainable manner U.S. hydropower generation at Federal facilities and seek solutions to meet the integrated energy and water needs of future generations. DOE, DOI, and the DOA express the following energy partnership goals:

1. Enhance environmentally sustainable hydropower development and operation at federally-owned hydropower generation facilities in order to provide clean, reliable, and affordable energy to American consumers.

2. Focus on a new approach to development of hydropower which increases hydropower generation and improves ecosystem function through environmentally sustainable, low impact or small hydropower projects.

3. Identify specific Federal facilities and lands owned or controlled by the United States that are well-suited as sites for environmentally sustainable hydropower energy development, and collaborate on efforts to implement projects at these locations, including joint studies, demonstration projects, and other mutually supported partnership arrangements with private entities, Indian tribes, and state and Federal agencies.

4. Coordinate efforts to assess the potential additional hydropower capacity available at Federal hydropower facilities that is environmentally sustainable,

including fostering an understanding of the potential effects of climate change on future generation capability.

5. Collaborate with Indian tribes, the environmental community, the owners of non-Federal hydropower facilities, Federal and state agencies, and other stakeholders to identify river basins where integrated basin-scale hydropower opportunity assessments could help facilitate the move to a low-carbon future, including both environmental sustainability and the delivery of renewable energy.

6. Emphasize the critical role that hydropower can play in helping to integrate other renewable energy technologies into the U.S. electric grid.

7. Promote an environmentally responsible approach to enhancing hydropower development that recognizes the need to preserve biological diversity, ecosystem function, our natural and cultural heritage, and recreational opportunities, and also recognizes that some geographic locations are not appropriate for new hydropower development.

8. Conduct research and disseminate results from environmental studies, and encourage development of specific standards for and certification of environmentally sustainable hydropower.

9. Work to integrate energy and water policies at the Federal level not only to address the development of hydropower resources, but also to evaluate the use of non-hydropower renewable resources with water management operations, and promote water conservation as a means to realize species conservation, environmental and energy efficiency goals.

10. Investigate ways to responsibly facilitate the permitting process for Federal and non-Federal hydropower generation and other renewable energy projects at federally-owned and Indian Tribe facilities, by increasing coordination among the Agencies that have jurisdiction and reducing unnecessary delay, while ensuring that environmental impacts are fully considered.

11. Share information on renewable energy research and development (R&D) efforts being conducted by each Agency along with any results obtained. Prevent the duplication of efforts and highlight potential areas of collaboration and/or joint funding.

12. Apply collective knowledge and lessons learned from conventional hydropower development, deployment, and management to the emerging in-river hydrokinetic technologies.

13. Increase levels of both formal and informal communication and coordination between officials and staff at multiple levels of each Agency.

IV. ACTION ITEMS AND TARGET COMPLETION DATES

Cooperative management and technical collaboration efforts can help to: (1) improve resource management and protection; (2) improve public services and to make more efficient use of limited public funds; (3) provide a better understanding of all Agencies' goals, objectives, and programs; (4) minimize conflicts; and (5) leverage each Agency's limited resources. The Agencies have identified seven initial opportunities for collaboration and have identified action items to set forth our initial efforts to implement this MOU. As more is learned, other areas of potential cooperation and mutual interest are likely to develop, and this MOU may be modified to identify further actions to carry out the goals of this MOU. The MOU identifies "Champions" who will lead or co-lead implementation efforts.

A. Federal Facility Energy Resource Assessment
Co-Champions: DOE EERE / DOA USACE / DOI Reclamation

Goal: Focus on opportunities at Federal facilities by assessing the potential of additional hydropower generation available at USACE and Reclamation facilities, and collaborate on joint projects to increase generation at identified facilities. Projects considered or undertaken are intended to complement, and not compete or conflict with any ongoing activities or projects at Federal facilities, and will need to involve all affected stakeholders throughout the planning process. Opportunities for increased generation include efficiency and/or capacity upgrades to existing facilities, improvements in water management practices, powering currently unpowered dams or other constructed waterways, and the addition of new pumped storage capacity. Opportunities for increasing generation while improving ecosystem function, such as hydropower production from bypass flows, will also be assessed. Also, the Agencies will assess the potential effects of climate change on Federal hydropower facilities and generation.

Initiative 1: Coordinate ongoing efforts at all three Agencies to improve resource data and identify specific Federal facilities or sites as good candidates for projects to increase hydropower generation (including in-river hydrokinetic projects). Ongoing efforts include, but are not limited to:

- DOE EERE's National Hydropower Assets Assessment Project (NHAAP) to identify the current state of the hydropower infrastructure in the U.S. (age, type, ownership, etc.), generation patterns from these assets, and effects of varying hydrologic conditions on generation.

- DOI Reclamation's efforts to survey its facilities and update the report on Potential Hydropower Development at Existing Federal Facilities under Section 1834 of the Energy Policy Act of 2005. The Section 1834 Report will identify potential environmental concerns. Future development on any Federal facility identified in the Section 1834 Report will include coordination

with the U.S. Fish and Wildlife Service, the National Park Service, and other entities with jurisdiction.

- DOA USACE's/DOI Reclamation's Hydropower Modernization Initiative (HMI) to survey their facilities, quantify the potential additional generation available, and identify the most suitable locations for upgrades. Actual implementation of the HMI will be in consultation with DOE and the Federal Power Marketing Administrations (PMA) and their power customers.

Action Items:

1. Include USACE and Reclamation representatives as members of the NHAAP Advisory Committee, and hold regular meetings to exchange available data/research from all ongoing efforts.
    a. Product – Hold meetings twice a year
    b. Schedule – Hold first meeting April 2010

2. As a result of ongoing work, produce a list of USACE and Reclamation facilities and sites best suited for upgrades or projects to increase generation in a sustainable manner.
    a. Product – Federal Facilities/Sites List
    b. Schedule – Completed by October 2010

Initiative 2: Explore opportunities for all the Agencies to jointly fund or solicit projects to increase generation at the identified Federal sites and facilities.

Action Items:

1. Develop a proposal with details for how projects identified in the Federal Facilities/Sites List could be funded. Options will include both Federal and non-Federal development at USACE and Reclamation sites and facilities.
    a. Product – Finalized Proposal
    b. Schedule – Completed by October 2010

Initiative 3: Coordinate efforts to complete the Hydropower Power Assessment called for in Section 9505 of the Omnibus Public Lands Act of 2009, P.L. 111-11. Evaluate the effects and risks associated with global climate change to water supplies available for hydropower power generation at Federal water projects, in consultation with each of the Federal PMAs, the United States Geological Survey, and other Federal and state authorities as appropriate.

Action Items:

1. Complete a report on the effects of global climate change on water supplies at Federal hydropower facilities and on power sales of the PMAs, based on best available scientific information. The report will include recommendations from the PMAs on potential changes in operation or contracting practices that could address these effects and risks of climate

change. Potential adaption and mitigation strategies will also be identified.

a. Establish an interagency working group to plan and implement the required assessment and to provide long-term coordination for subsequent reports every 5 years.
b. Product – Report to Congress
c. Schedule – Submit Report to Congress by April 2011

B. Integrated Basin Scale Opportunity Assessments
Co-Champions: DOE EERE / DOI Reclamation / DOA USACE

Goal: A new basin-scale approach to hydropower and related renewable development that emphasizes sustainable, low impact or small hydropower and related renewable energies could identify ecosystems or river basins where hydropower generation could be increased while simultaneously improving biodiversity, and taking into account impacts on stream flows, water quality, fish, and other aquatic resources. The Agencies will collaborate with the environmental community, the owners of Federal and non-Federal hydropower facilities, potentially affected Federal land management agencies, Indian tribes and other stakeholders to identify river basins where renewable power generation and environmental sustainability could both be increased, with appropriate consideration of other values. These basin-scale studies will also evaluate whether there are opportunities in the basin to retrofit existing dams to increase generation while improving environmental conditions. The Agencies will build on the existing basin study programs and other ongoing research activities of all participants to investigate how such opportunities could potentially be developed. Activities within this section are intended to complement current initiatives or existing agreements pertaining to facilities and river-basins by providing additional tools, information and/or research for stakeholders.

Initiative 1: Collaborate with appropriate Agencies and stakeholders to (1) develop methodologies, (2) identify suitable river basins, and (3) select one or more basins for a basin-scale opportunity assessment pilot project. Develop consensus on specific actions that could be taken within that basin to achieve an increase in hydropower and related renewable generation *and* improve environmental sustainability.

Action Items:

1. Plan and hold an expert workshop to identify methodologies, tools, and strategies for conducting basin-scale hydropower opportunity assessments. Workshop participants will (1) identify basins suitable for a basin-scale approach with significant hydropower potential and environmental restoration opportunities, and (2) select and prioritize 1-3 basins for basin-scale assessment pilot projects.

2. Conduct one or more basin-scale assessment pilot studies consistent with the findings of the workshop described above, in partnership with representatives

from appropriate environmental NGOs, Federal and state agencies, tribes, the hydropower industry, and other relevant stakeholders.

3. Draft and disseminate a report on the results of the pilot studies that includes a feasibility analysis for expansion of the basin-scale assessment model to other appropriate river basins.
    a. Product: Hold first workshop May 2010
    b. Schedule: Produce initial report 3 months after first workshop

C. Green Hydropower Certification
Champion: DOE EERE

Goal: Identification of new hydropower development projects that avoid or reduce environmental impacts. Collaborate with private companies, states, tribes, nongovernmental organizations, and other Federal agencies to explore the benefits of the certification of environmentally friendly hydropower projects, and identify types of hydropower projects that could be included under state or national renewable energy portfolio standards, or could be given other credit for clean energy produced.

Initiative 1: Work with multiple stakeholders and other agencies to review potential criteria and/or other evaluation methods for identifying sustainable, environmentally-friendly hydropower projects.

Action Items:

1. Initiate a series of stakeholder meetings with state and tribal governments, and environmental and other interest groups to gather information on concerns regarding environmental impacts of hydropower generation, and possible solutions/mitigation options. Meetings would be led by DOE, with participation and involvement by USACE, Reclamation, the PMAs, the U.S. Fish and Wildlife Service, the National Park Service, and other Federal agencies, and other industry representatives.
    a. Product – Conduct 3-4 meetings
    b. Schedule – Initiate in FY 2010

2. Based on stakeholder meetings, jointly develop a list of recommended criteria or processes that could be used to certify sustainable and environmentally friendly hydropower generation facilities, including conventional or hydrokinetic hydropower developments and/or pumped storage facilities.
    a. Product – Develop a list of recommended hydropower certification standards or criteria
    b. Schedule – Initiate in FY 2010

D. Federal Inland Hydropower Working Group
Co-Champions: DOE EERE / DOI

Goal: Convene and participate in a Federal Inland Hydropower Working Group composed of DOE, USACE, DOI, and all other Federal agencies involved in the regulation, management, or development of hydropower assets (including in-river and other emerging hydrokinetic technologies) in rivers and streams in the U.S.

Initiative 1: Hold quarterly, staff-level meetings via teleconference in order to update Federal agencies on the status of all initiatives, efforts, and projects related to hydropower. Also utilize these meetings to update project leads from the DOE, USACE, and DOI on the status of projects and define ongoing action items necessary to complete individual tasks listed in these Guidelines.

Action Items:

1. Involve other Federal agencies in the Working Group, and schedule first meeting.
    a. Product – Hold teleconference once every 3 months
    b. Schedule – Initiate in FY 2010

E. Technology Development and Deployment:
Co-Champions: DOE EERE / DOA USACE / DOI Reclamation

Goal: Share information on R&D efforts being conducted by each Agency along with any results obtained. Prevent the duplication of efforts and highlight potential areas of collaboration and/or joint funding.

Initiative 1: Conduct yearly renewable energy R&D workshop to highlight current initiatives, results of past efforts, and future goals of each Agency.

Actions Items:

1. Convene a workshop to discuss ongoing federally funded efforts, initiatives, and technology R&D
    a. Product – Hold Workshop
    b. Schedule – Initiate in FY 2010

Initiative 2: Identify potential R&D deployment sites at or near USACE or Reclamation facilities for DOE or jointly funded technology development projects (including in-river and other emerging hydrokinetic technologies).

Actions Items:

1. Initiate a public process to identify facilities
    a. Product – An evolving list of appropriate facilities based on technologies being developed
    b. Schedule – Initiate in FY 2011

2. Initiate demonstration projects
    a. Product – Deploy newly-developed technologies at identified facilities to increase the quantity and/or flexibility of hydropower generation.
    b. Schedule – Initiate in FY 2011

F. Renewable Energy Integration and Energy Storage:
Co-Champions: DOE EERE / DOI Reclamation

Goal: Emphasize the critical role that hydropower can play in working to integrate other renewable energy technologies into the U.S. electric grid.

Initiative 1: Conduct a technical, economic, and environmental feasibility analysis of environmentally sustainable potential pumped storage sites that could be developed at existing USACE and Reclamation facilities (including both powered and unpowered dams). This analysis will compile and incorporate previous research on pumped storage feasibility.

Action Items:

1. Establish scope and statement of work, coordinate roles of each Agency, and establish timeline for specific deliverables.
    a. Product – Collaboration Plan/Report
    b. Schedule – June 2010

Initiative 2: Collaborate with other Federal agencies and various industry stakeholders to assess the amounts and distribution of energy storage needed to effectively integrate other intermittent sources of renewable energy into the U.S. electric transmission grid.

Action Items:

1. Assess and report on all work of this nature occurring in DOE, DOI, and DOA, and coordinate with any similar projects taking place in other Federal agencies or occurring outside the Federal Government.

G. Regulatory Process:
Co-Champions: DOE EERE / DOA USACE / DOI Reclamation

Goal: The Agencies will work together and investigate ways to efficiently and responsibly facilitate the current Federal permitting process for Federal and non-Federal hydropower projects at Federal facilities, within existing authority.

Initiative 1: Collaborate with other Federal agencies to clarify the current permitting processes for projects and development occurring at Federal sites and facilities, and identify the most time-intensive and resource-intensive components of each process. Work with other Federal agencies to identify ways in which processes could be

shortened by reducing unnecessary delay, streamlined or simplified for appropriate projects.

Action Items:

1. Hold a workshop with all Federal agencies involved in the permitting process, including the U.S. Fish and Wildlife Service, the National Park Service, the Bureau of Land Management, and others.
    a. Product – Collaborative Workshop
    b. Schedule – Complete by June 2010

2. Produce a report detailing the results of the workshop, and highlighting current requisite permits, overlapping areas of information required by permits, and lead times associated with each type of Federal permit.
    a. Product – Workshop Report
    b. Schedule – Complete 3 months after conclusion of Workshop

VI. COMMUNICATIONS AND COORDINATION

To foster the sharing of information and to facilitate contact between the Agencies, DOE, USACE and DOI should provide each respective Agency with a list of points of contacts responsible for program areas and other areas of mutual interest. In addition to the quarterly Federal Inland Hydropower Working Group teleconferences, these points of contact should communicate as needed. Early communication should improve public services consistent with the above mission statements for all Agencies through increased efficiency and avoidance of potential conflict. Coordination should occur for planning, programs, research and development, and other management actions of mutual interest. To the extent possible, each Agency should offer the other informal and formal opportunities to review and comment on proposed additions, changes, or updates to Agency guidelines, regulations, procedures, directives and policies that may have impacts on the programs and mission of the other Agency.

Implementation: The Agencies have mutually set performance goals and will foster a spirit of teamwork between the organizations at all levels to achieve the goals. The MOU sets out action items to accomplish these goals and also sets forth deadlines for completion of the action items. The Agencies intend to meet regularly to exchange information and collaborate in a variety of different manners to work toward the achievement of those goals to the extent that funding, resources, and staffing are available. The Agencies also agree to coordinate with and communicate action plans to Federal land management agencies and other interested parties.

Effective Date, Modification and Termination:

- This MOU will become effective upon the date of the last signature and remain in effect for a period of 5 years.

- Modifications to this MOU may be proposed by any signatory Agency (or designated representatives). Proposals for modification will be circulated to the receiving Agencies for a 30 calendar-day period of review. Approval of modifications will be indicated by written acceptance by the signatory agencies. Following acceptance by all Agencies, a revised MOU or amendment to the MOU will be circulated for execution.
- Participation in this MOU may be terminated by any signatory Agency. As a courtesy to the other signatory Agencies, a terminating Agency will endeavor to provide sixty (60) calendar days after providing written notice of such termination to the other signatory Agencies.

Qualifications and Limitations:

- Participation in this process does not imply endorsement of a proposed plan or project. Nothing in this Agreement is intended to diminish, modify, or otherwise affect the statutory or regulatory authorities of the signatory Agencies.
- This MOU is strictly for internal management purposes for each of the parties. It is not legally enforceable and shall not be construed to create any legal obligation on the part of any of the Agencies. This MOU shall not be construed to provide a private right or cause of action for or by any person or entity.
- This MOU is not a fiscal obligation document. Nothing in this Agreement authorizes or is intended to obligate the Agencies to expend, exchange, or reimburse funds, services, or supplies, or transfer or receive anything of value. Each Agency will provide its own resources to meet the outlined objectives in an amount that they deem acceptable.
- When the Agencies agree to undertake joint projects with defined specific projects and goals, they will develop a separate written agreement for each project setting out each party's contribution, deliverables, and responsibilities.
- This MOU in no way restricts any of the Agencies from participating in any activity with other public or private agencies, organizations, or individuals.
- All agreements herein are subject to, and will be carried out in compliance with, all applicable laws, regulations, and other legal requirements.
- As used in this document, the term "collaboration" shall not include any practice prohibited by fiscal statutes including 31 U.S.C. § 1552, 31 U.S.C. § 1301, 31 U.S.C. § 1341, 31 U.S.C. § 1342, nor by any fiscal or ethics regulations specifically applicable to the individual Agencies, and shall not include any preferential treatment of any private organization nor access to any non-public, pre-decisional or procurement sensitive information. Further, all limitations stipulated in the Federal Rules of Acquisition are to be made for any collaboration under this memorandum and any addenda thereof.
- All partnerships and arrangements with private entities will comply with all authorities regulating relationships between the Federal Government and private entities.
- Nothing in this MOU is intended to create a committee subject to the requirements of the Federal Advisory Committee Act (5 U.S.C. App).

Statutory Authorities

DOE enters into this MOU under the authority of Section 646 of the Department of Energy Organization Act (Pub.L.95-91), as amended (42 U.S.C. §7256).
Reclamation enters into this MOU under the authority of the Act of June 17, 1902 (32 Stat. 388) and Acts amendatory thereof and supplementary thereto.
USACE enters into this MOU under Section 212 of the Water Resources Development Act 2000 (33 U.S.C. § 2321a) and the various project authorization for hydropower development.

Ken Salazar
Secretary
Department of the Interior

Steven Chu
Secretary
Department of Energy

Jo-Ellen Darcy
Assistant Secretary of the Army (Civil Works)
Department of the Army

HJR 21

<TARGET><BILL>HJR 21</BILL><SUBJECT>HJR 21</SUBJECT><COMM>HRES27</COMM></TARGET>

REPRESENTATIVE
ERIC FEIGE
House District 12
House Resources Committee Co-Chair
Education Committee
Transportation Committee
Joint Armed Services Committee

Alaska State Legislature



House of Representatives

During Session:
State Capitol Room 126
Juneau, Alaska 99801-1182
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SPONSOR STATEMENT

HJR 21 **"Urging the Secretary of the United States Department of the Interior to withdraw a secretarial order that creates a wild land classification and to administer federal lands in the state in accordance with existing statutes and agency guidelines; and urging the United States Congress to prohibit the use of appropriated funds by the United States Department of the Interior and the Bureau of Land Management to implement, administer, or enforce the secretarial order."**

House Joint Resolution 21 is a response and clear statement of opposition to an attempt by a Federal government department head to ignore Federal Statute and promote an agenda that is detrimental to and could essentially shut down Alaska's economy and unique culture.

On December 22, 2010, the United States Secretary of the Interior, Ken Salazar issued Secretarial Order number 3310 (S.O. 3310) directing the Bureau of Land Management to inventory and designate land with wilderness characteristics as "Wild Lands." This represents a new classification and is currently not legally defined, meaning the designation is based on a whim. S.O. 3310 may go so far as to seek wilderness status for areas of the National Petroleum Reserve, an area critical to the economy of not only Alaska but the entire United States.

S.O. 3310 violates Congressional Law for Alaska relating to land. Both the Alaskan Native Claims Settlement Act (ANSCA) and Alaska National Interest Lands Conservation Act (ANILCA) are in conflict with S.O. 3310 and supersede it since only Congress has the authority to designate wilderness areas.

HJR 21 asks Congress to use its power of appropriations to impress upon the Secretary of the Interior that implementing, administering and enforcing S.O. 3310 will be impossible. Passage of this resolution is critically important to the citizens of Alaska and will serve as a milestone for other states to stand up against this land grab and federal intrusion.

E-Mail: Representative.Eric.Feige@legis.state.ak.us

HOUSE JOINT RESOLUTION NO. 21

"Urging the Secretary of the United States Department of the Interior to withdraw a secretarial order that creates a wild land classification and to administer federal lands in the state in accordance with existing statutes and agency guidelines; and urging the United States Congress to prohibit the use of appropriated funds by the United States Department of the Interior and the Bureau of Land Management to implement, administer, or enforce the secretarial order."

Sectional Analysis (Version M)

1. Cites the December 22, 2010 issuance of Secretarial Order (S.O.) 3310 by Secretary of the Interior Ken Salazar.
2. Summarizes the intent of S.O. 3310.
3. Establishes that "Wild Lands" is a new designation.
4. Highlight's the Alaska Citizen's Advisory Commission's determination that S.O. 3310 was drafted without state input and violates President Obama's pledge towards transparent government.
5. Establishes that Congress is the sole authority for wilderness land designation.
6. States that S.O. 3310 does not recognize Alaska's unique culture nor natural resource development.
7. Cites the Alaska National Interest Lands Conservation Act (ANILCA) as already designating 57 million acres of Alaska land as "wilderness."
8. States that Congress, through ANILCA, has already determined there is sufficient "wilderness lands" in Alaska and prohibited managing subsequent lands for their "wilderness characteristics" without prior Congressional approval.
9. References the inaccurate statement by the Department of the Interior that there has never been a wilderness inventory in Alaska.
10. Highlights S.O. 3310's reversal of 30 years of prior existing Bureau of Land Management (BLM) land review policy in Alaska.
11. References the scope of the "Wild Lands, Inventory, and Planning Guidance Questions and Answers" issued by the Department of the Interior.
12. States that S.O. 3310 violates the Naval Petroleum Reserves Production Act of 1976 and the Federal Land Policy and Management Act of 1976.
13. States that designating "Wild Lands" in the National Petroleum Reserve-Alaska would preclude resource development in this area.
14. States that S.O. 3310 enables the BLM to establish de-facto wilderness areas without required Congressional oversight.
15. States that S.O. 3310 creates a presumption against resource development in designated lands and that this will have a negative impact on Alaska's economic well-being.
16. Requests that the Secretary of the Interior immediately withdraw S.O. 3310.
17. Urges Congress, subject to the refusal of the Interior Secretary to withdraw S.O. 3310, to prohibit the use of federal funds to implement said order.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version: HJR 21
() Publish Date

Identifier (file name): HJR21-LEG-COU-03-15-2011
Title: "Opposing Federal Wild Land Designation"
Sponsor: Representative Feige
Requester: House Resources Committee

Dept. Affected: Legislature
Appropriation: Legislative Council
Allocation: Session Expenses
OMB Component Number: 782

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Initial Version

Prepared by: Shane Miller, Finance Manager — Phone: 465-6626
Division: Administrative Services Division — Date/Time: 3/15/11 12:19 PM
Approved by: Pamela Varni, Executive Director — Date: 3/15/2011
Legislative Affairs Agency

(Revised 12/29/2010 OMB)

Analysis

This fiscal note has zero impact on the Legislative Affairs Agency.

Fact Sheet

Title: Land Ownership In Alaska

Alaska Department of NATURAL RESOURCES
Division of Mining, Land & Water
March 2000

Current land ownership in Alaska can be traced back to three main events in the state's history.

- Russian traders arrived in Alaska in the mid-1700's and established small, scattered trading posts and settlements. Alaska Natives (the Eskimo, Indian, and Aleut peoples) continued as the primary "landowners" during this period of Russian occupation.

  On October 18, 1867, Russia sold Alaska to the United States government. As a result, the federal government owned the Alaska Territory, approximately 375 million acres (about one-fifth the size of the continental U.S.).

- Alaska became a state in 1959. The federal government granted the new state 28% ownership of its total area. Approximately 103,350,000 acres were selected under three types of grants: Community (400,000 acres), National Forest Community (400,000 acres), and General (102,550,000 acres). Additional territorial grants, for schools, university and mental health trust lands, totaling 1.2 million acres were confirmed with statehood. All grants combined gave the State of Alaska approximately 105 million acres.

- In 1971 Congress passed the Alaska Native Claims Settlement Act (ANSCA). This law granted 44 million acres and 1 billion dollars to village and native corporations created under the act. Generally, ANSCA gave Native selections priority over state land selections.

State Land

To date, the state has received patent to approximately 85% (90 million acres) of its total land selections. The state was permitted to select lands, from any federal land not already reserved for other uses, to provide:

1. Land and resources to support the state's economy for road construction, economic development, and building houses, schools, and other public and private facilities.
2. A reduction in federal control over state internal affairs by giving the state ownership and jurisdiction over its own land.

The state chose land to meet three specific needs - settlement, resources and recreation.

Settlement – The State of Alaska selected land to encourage development and settlement. Land for public facilities, road construction and other public needs were included. Once owned, the state transfers large tracts of land to local governments, and leases and disposes of land to the private sector. There are approximately 580,000 acres currently in the state's land disposal bank for eventual lease or sale.

Resources - The Alaskan economy is based on exploration for and the development of natural resources. Lands were selected for agriculture, forestry, commercial fisheries, mining potential, oil and gas development, and wildlife habitat.

Recreation – Lands for wildlife, back-country recreation, and varying degrees and types of developed recreation were chosen and reserved to provide a variety of experiences for Alaskans and the tourist industry.

Once land is selected, land planners develop state land use plans. Planners consider laws and policies set by the Governor and state legislature, the character of the land itself, recommendations made by resource experts and public input to determine the most appropriate management of currently owned or selected state land. Plans are developed for land in selected status in anticipation of its conveyance to the state.

Federal Land

The federal government is still the largest landowner in Alaska with 60% of the total area (222 million acres). This acreage includes national parks, wildlife refuges, national forests, military reservations and the North Slope National Petroleum Reserve. More than a dozen federal agencies manage federal lands in Alaska.

The majority of federally owned lands have been set aside for public use (approximately 80 million acres). These are designated as follows:

> The National Park Service and Fish and Wildlife Service manage about 119.3 acres (48.3 and 71.0 million acres respectively) for primary uses of resource protection and fish and wildlife conservation.
>
> The Forest Service and Bureau of Land Management manage about 97.7 million acres (19.8 and 77.9 million acres respectively) for multiple use purposes including timber production, fish and wildlife, recreation, water and mining. Management of these lands is based on priorities and compatibility among various uses.

The remaining federal land is designated for special purposes, such as military reservations, the National Petroleum Reserve and U.S. Postal Service lands.

Native Lands

Native lands are private lands. The Alaska Native Claims Settlement Act, passed by Congress in 1971, mandated the creation of regional and village Native corporations for the disbursement of the 44 million acres and payment of one billion dollars mandated to Native ownership.

Thirteen regional corporations were created for the distribution of ANSCA land and money. Twelve of those shared in selection of 16 million acres, the thirteenth corporation, based in Seattle, received a cash settlement only. 224 village corporations, of 25 or more residents, shared 26 million acres. The remaining acres, which include historical sites and existing native-owned lands, went into a land pool to provide land to small villages of less than 25 people.

Other Private Land

Land in private ownership (other than Native land) comprises less than one percent of the total land in Alaska. Much of the best land for development around Alaska's communities is, or will be, privately owned. Private land development meets people's needs by providing places to live, work, shop and recreate. It also provides a tax base for cities and communities to help support public services.

6300-2 - CONSIDERATION OF LANDS WITH WILDERNESS CHARACTERISTICS IN THE LAND USE PLANNING PROCESS

U.S. Department of the Interior Bureau of Land Management

BLM

MANUAL

6300-2 - CONSIDERATION OF LANDS WITH WILDERNESS CHARACTERISTICS IN THE LAND USE PLANNING PROCESS

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6300-2-CONSIDERATION OF LANDS WITH WILDERNESS CHARACTERISTICS IN THE LAND USE PLANNING PROCESS

.01 Purpose. This manual contains the Bureau of Land Management's (BLM) policy, direction, general procedures, and guidance for considering Lands with Wilderness Characteristics (LWCs) in the land use planning process under the Federal Land Policy and Management Act of 1976 (FLPMA) and other applicable law. This manual also provides policy direction for designation of Wild Lands. It does not address or affect policy related to Congressionally-designated Wilderness or existing Wilderness Study Areas (WSAs) pending before Congress.

.02 Objective. This guidance establishes the BLM's policy on considering LWCs in Resource Management Plans (land use plans) or land use plan amendments or revisions and management of LWCs as administratively designated Wild Lands. The guidance also establishes the BLM's policy for considering project-level decisions in areas not yet inventoried and analyzed in accordance with Part .1 of this policy.

.03 Authority. Principal authorities affecting the consideration of LWCs in the planning process are:

A. The Federal Land Policy and Management Act of 1976, 43 U.S.C. 1701 *et seq.* (FLPMA), exclusive of 43 U.S.C. 1782.

B. The Wilderness Act of 1964, 16 U.S.C. 1131 *et seq.*

C. National Environmental Policy Act of 1969, 42 U.S.C. 4321 *et seq.* (NEPA)

D. Naval Petroleum Reserves Production Act of 1976, 42 U.S.C. 6501 *et seq.* (NPRPA)

E. Alaska National Interest Lands Conservation Act (ANILCA), Section 1320, 43 U.S.C. 1784

F. Council on Environmental Quality (CEQ) Regulations, 40 CFR 1500-1508

G. BLM Regulations, 43 CFR 1601-1610, 43 CFR 2360.0-1 *et seq.*

H. Secretary's Order 3310

I. Department of the Interior (DOI) NEPA Regulations, 43 CFR Part 46

.04 Responsibilities.

A. During the land use planning process, the BLM Director shall:

1. Implement policy, goals, objectives, and procedures for the consideration and protection of LWCs in land use plans and the preservation of the BLM's discretion to protect wilderness characteristics through subsequent land use planning.

2. Coordinate with BLM State Directors, field offices, other agencies, or entities in considering and protecting LWCs in land use plans.

3. Ensure adherence to proper delegations of authority related to decisions, actions, and policies concerning the consideration and protection of LWCs in land use plans.

4. Ensure compliance with the NEPA, FLPMA, BLM planning regulations, and CEQ and DOI NEPA regulations, and serve as liaison with the DOI's Office of Environmental Policy and Compliance.

B. During the land use planning process, State Directors shall:

1. Implement policy and provide statewide program coordination and guidance for the consideration and protection of LWCs in land use plans and the preservation of the BLM's discretion to protect wilderness characteristics through subsequent land use planning.

2. Provide program development, technical management assistance, and funding support to field offices as appropriate to ensure LWCs are adequately considered and Wild Lands are appropriately designated in land use plans.

3. Ensure compliance with the NEPA, FLPMA, BLM planning regulations, and CEQ and DOI NEPA regulations.

C. During the planning process, District Managers and Field Managers shall:

1. Update and maintain the wilderness inventory for lands within the planning area. Review existing information regarding wilderness characteristics, and gather and evaluate such information submitted by the public or the BLM for consideration and protection of LWCs in land use plans. This evaluation shall include any citizen proposals for designation of LWCs as Wild Lands. Identify all LWCs within the planning area.

2. After consulting with the State Director, determine planning priorities as needed regarding LWCs and designation of Wild Lands.

3. In carrying out any public participation requirements in accordance with applicable law, including 43 CFR 1610.2(c), ensure that the issues identified for consideration in the plan include LWCs when they are present.

4. Ensure that any planning criteria developed in accordance with applicable law, including 43 CFR 1610.4-2, include management of LWCs when they are present.

5. Disclose impacts of each alternative to identified LWCs.

6. As with other management actions, recommend to the State Director management actions for LWCs, including designation as Wild Lands and appropriate measures to protect wilderness characteristics in the plan.

.05 References.

A. FLPMA, 43 U.S.C. 1701 *et seq.*

B. The Wilderness Act of 1964, 16 U.S.C. 1131 *et seq.*

C. NEPA, 42 U.S.C. 4321 *et seq.*

D.NPRPA, 42 U.S.C. 6501 *et seq.*

E. ANILCA Section 1320, 43 U.S.C. 1784.

F. CEQ Regulations, 40 CFR 1500-1508

G. BLM Regulations, 43 CFR 1601-1610

H. BLM Handbook H-1601-1, Land Use Planning Handbook

I. BLM Wilderness Inventory Manual 6300-1

J. Secretary's Order 3310

K. DOI NEPA Regulations, 43 CFR Part 46

.06 Policy. Managing the wilderness resource is part of the BLM's multiple-use mission. Proper management of this resource is a high priority for the BLM, and the natural state of such lands should be protected to the extent possible, consistent with the BLM's planning and management authorities and its multiple-use mission. The BLM shall protect LWCs when undertaking land use planning and when making project-level decisions by avoiding impairment of their wilderness characteristics unless the BLM concludes, as part of its decision-making process, that impairment of wilderness characteristics is appropriate and

consistent with applicable requirements of law and other resource management considerations. Where the BLM concludes that authorization of uses that may impair wilderness characteristics is appropriate, the BLM shall document the reasons for its determination and consider measures to minimize impacts on those wilderness characteristics. Where the BLM concludes that protection of wilderness characteristics is appropriate, the BLM shall designate these lands as "Wild Lands" through land use planning.

The process described in this manual shall be integrated into land use plans in order to—

1. document the rationale for wilderness resource decisions,

2. ensure that wilderness characteristics and protective measures are being adequately evaluated in an environmental analysis, and

3. consider measures to minimize potential impacts on wilderness characteristics and other resource values and uses.

.07 Background.

A. FLPMA specifically states that preserving and protecting certain public lands in their natural condition is part of the BLM's mission. *See* 43 U.S.C. 1701(a)(8).

B. FLPMA provides direction for inventories in Sections 102(a)(2), 201(a), and 202(c)(4) and (9), and land use planning in Section 202. These sections direct the BLM to prepare and maintain an inventory of all public lands and their resources and values. These sections also direct the Bureau to rely, to the extent available, on inventory information in the development of land use plans.

C. Secretary's Order 3310 affirms that the protection of the wilderness characteristics of public lands is a high priority for the BLM, and is an integral component of its multiple use mission.

.1 Procedures for Considering LWCs in Land Use Planning

.11 Introduction. The BLM will evaluate LWCs through the land use planning process, and examine the agency's options for managing these lands. The BLM will determine whether these areas should be designated Wild Lands and managed to protect their wilderness characteristics (and for uses that are compatible with such protection), or managed for other uses that may be incompatible with protection of wilderness characteristics. The BLM will then determine the most appropriate land use allocations for these lands.

.12 Factors for Consideration of LWCs

A. Wilderness Characteristics. Consider and document the wilderness characteristics for each area identified as an LWC area resulting from the inventory described in the Wilderness Inventory Manual 6300-1, including the extent to which each of the

identified wilderness characteristics contributes to the overall value of an LWC for designation as Wild Lands.

B. Manageability. Consider and document whether the LWCs can be effectively managed to protect their wilderness characteristics. Manageability may vary depending on the planning alternative.

1. General. The BLM must determine whether the LWCs may be managed to maintain their wilderness values by protecting identified wilderness characteristics over the life of the plan, based on present knowledge of the resources, ongoing uses, and valid existing rights in the area. If the ongoing uses, including the likely exercise of valid existing rights, are expected to substantially impair the area's wilderness characteristics even after any reclamation is completed, then the BLM may reasonably conclude that the affected portion should not be managed to protect wilderness characteristics as Wild Lands.

2. Documenting Land Status. Document the land status of LWCs. Subsurface rights in an area owned by a party other than the Federal government may limit the BLM's ability to protect wilderness characteristics on the surface.

3. Access to State or Private Inholdings. In addressing manageability, assess the potential impact of providing access to non-Federal inholdings.

4. External Impacts. The fact that incompatible activities or uses can be seen or heard from areas within the LWCs should not be a determining factor when analyzing the manageability of LWCs as Wild Lands unless these impacts are pervasive and omnipresent.

5. Other Statutory Requirements. Some lands managed by the BLM are subject to specific additional statutory requirements. Consider those requirements where appropriate in determining whether wilderness characteristics can be effectively managed to protect those characteristics.

C. Resource Values and Uses. Consider and document both the extent to which other resource values and uses of the LWC would be forgone or adversely affected as well as the benefits that may accrue to other resource values and uses as a result of designating the LWC as Wild Lands. Consider the following:

1. Presence of Other Resources. The degree to which the other resource or use is present in the LWC;

2. Development Potential. The potential for further development of the other resource in the LWC;

3. Resource Availability. The degree to which the other resource or use is present on other public and private lands outside the LWC;

4. Economic Importance. Local or regional economic dependence on the resource in the LWC; and

5. Compatibility with Protection. The degree to which use or development of the resource is compatible with or conflicts with management of the LWC as Wild Lands.

.13. Land Use Planning Process. Additional information is included in the Land Use Planning Handbook H-1601-1.

A. Preparation Plan. The preparation plan provides the foundation for the entire planning process. The preparation plan should also identify the skills, data/meta-data, budget, and interim tasks (such as completing or updating the wilderness inventory) necessary to address the issues through the planning process.

1. Issue Identification. Planning issues are disputes or controversies about existing and potential land and resource allocations, levels of resource use, development, and protection opportunities for consideration in the preparation of the land use plan. Identify whether LWCs are a planning issue to be addressed and any associated management concerns.

2. Planning Criteria. Planning criteria guide development of the plan by helping define the decision space. Identify preliminary planning criteria related to wilderness characteristics and their protection, including plan parameters, constraints, or existing planning decisions—including designated Wild Lands—that will be carried forward.

3. Data Needs. The preparation plan should identify the information or data needed to resolve issues or to perform the requisite analysis. Identify existing LWC-related data sources, such as prior wilderness inventories and citizen-proposed LWCs. Identify data gaps and other information necessary to address LWCs, such as completion of a new wilderness inventory.

4. Budget. Identify labor and operation support costs to obtain skills, inventory information, and other data to address LWCs through the planning process.

B. Scoping. The Notice of Intent for the planning effort should include LWCs as a planning issue and LWC-related preliminary planning criteria. In the Scoping Report, summarize comments related to LWCs received during the formal scoping period and describe any additional LWC-related issues from internal or external scoping meetings.

C. Analysis of the Management Situation (AMS). The AMS provides the basis for formulating reasonable alternatives and can begin as soon as the planning project is approved. Describe current management direction relating to LWCs from existing

planning documents. Prepare an area profile for LWCs that describes their locations and current trends and levels of other resource uses and activities in LWCs. Incorporate the analysis and documentation performed under section .12 of this Manual regarding LWC quality, manageability, and other resource values and uses. Identify management opportunities to respond to identified issues.

D. Formulation of Alternatives. Where LWCs have been identified, the NEPA document for the land use plan (or plan amendment) shall contain a reasonable range of alternatives, including an alternative or a combination of alternatives that protects all LWCs as Wild Lands, as well as ones that provide for other resource management considerations. These alternatives provide a basis for comparing impacts to wilderness characteristics and to other resource values or uses. Additional alternatives may also be developed.

When the wilderness inventory has identified the presence of one or more wilderness characteristic such as naturalness, but the necessary complement of wilderness characteristics needed to identify the area as an LWC area is lacking, consideration should be given to protection of those lands in other non-Wild Lands administrative designations in the land use plan, such as Areas of Critical Environmental Concern or Special Recreation Management Areas, if such area also meets the standards otherwise required for such designations.

During the development of all land use plans and land use plan amendments involving LWCs, the Washington Office (WO) will participate in the State Office review of the preliminary draft alternatives. The WO will review draft planning decisions affecting LWCs and brief the Director. State and Field Office staff shall participate in the Director's briefing as appropriate.

Each alternative should include desired outcomes (goals and objectives) and the management actions and the allowable uses and actions to achieve those outcomes. An alternative that protects and manages LWCs as administratively designated Wild Lands must contain management actions to achieve protection and could consider land use plan decisions including, but not limited to, those that:

1. Recommend withdrawal from mineral entry.

2. Close to leasing or allow leasing only with No Surface Occupancy/No Exceptions.

3. Designate rights-of-way exclusion areas.

4. Close to construction of new temporary or permanent roads.

5. Close OHV use or limit OHV use to designated routes.

6. Close to mineral material sales.

7. Exclude certain commercial permits (e.g., commercial or personal-use wood-cutting permits).

8. Designate as Visual Resource Management (VRM) Class I or II.

9. Close to new structures unrelated to preserving the wilderness characteristics.

10. Retain public lands in Federal ownership.

Management actions and restrictions pertaining to the protection of LWCs, including designation of Wild Lands, should be placed in a "Wild Lands and Lands with Wilderness Characteristics" subheading under the "Special Designations" category in planning documents.

E. Resource Considerations. As stated in Secretary's Order No. 3310, all BLM offices shall place a high priority on the protection of LWCs and designation as Wild Lands when making planning decisions, or when making decisions regarding the potential utilization of resources. The BLM shall designate LWCs as Wild Lands unless the BLM determines that impairment of wilderness characteristics is appropriate and consistent with other applicable requirements of law and other resource management considerations. In making this decision, the following resources and uses should be considered in the context of (a) the quality of the resource or use, (b) the quality of the wilderness characteristics, and (c) the impact of the proposed use on wilderness characteristics.

1. *Commercial uses*: Consider the scarcity of and alternative sites for proposed new commercial uses.

2. *Fire*: Wild land fire management is consistent with protecting wilderness characteristics. However, in rare cases fire management requires significant actions that are incompatible with protecting the wilderness characteristics. In these cases, priority may be given to fire management actions that are needed to protect human life or property.

3. *Grazing*: Grazing management may be consistent with protection of wilderness characteristics. In some cases, however, grazing management practices—including proposals for major new range projects, large vegetation manipulation, or significant needs for motorized access—could conflict with protection of wilderness characteristics.

4. *Minerals - Leasable*: Consider opportunities to protect the wilderness characteristics through the use of stipulations such as closed to leasing, as well as No Surface Occupancy with No Exceptions.

5. *Minerals - Renewable Energy including solar, wind, and geothermal*: Consider the quality and scarcity of the site for production of renewable energy and the value of the wilderness characteristics.

6. *Off-Highway Vehicles*: Consider the quality and scarcity of the site for off-highway vehicle use. Consider LWCs in the development of travel management plans.

7. *Rights-of-Way*: Consider the purpose, need, and significance for the proposed right-of-way, and any impacts to wilderness characteristics.

8. *Scientific Research*: Scientific research is often consistent with protecting wilderness characteristics. Where significant scientific research opportunities exist, consider stipulations on the research to resolve potential conflicts.

F. Affected Environment. In the NEPA document supporting the planning decision, identify LWCs using the 6300-1 Wilderness Inventory Manual and incorporate this inventory by reference. The NEPA document should include a brief description of these lands, including a map and the acreage for each area. Also describe the existing land use allocations, uses, management actions, and/or mitigation measures that are currently in place.

G. Environmental Consequences. In the NEPA document supporting the planning decision, describe the direct, indirect, and cumulative effects of alternatives on wilderness characteristics and the effect of managing to protect wilderness characteristics on other affected resources.

The extent to which managing to protect the wilderness characteristics affects a particular resource or use will vary from area to area, depending on a number of factors, including:

1. The degree to which use or development of the resource is compatible with or conflicts with management of LWCs.

2. The degree to which management for LWCs enhances other multiple use benefits on or near the management area such as protecting watersheds, wildlife habitat, natural plant communities, cultural and archaeological resources, scenic quality, and similar natural values.

H. Final Planning Decision. In making the final planning decision on whether to protect LWCs, consider both the resources that would be forgone or adversely affected, and the resources that would benefit. When the decision is to protect the wilderness characteristics, they are designated as Wild Lands and managed accordingly.

.2. Procedures for Considering Proposed Projects in Areas Not Yet Analyzed Consistent with this Policy. The following procedures apply when a project is proposed in an area not yet analyzed consistent with this policy.

.21 When Wilderness Inventory Is Not Required.

A. If the project is in conformance with the existing land use plan, the BLM manager shall make an initial determination as to whether or not wilderness characteristics, as defined by BLM Manual 6300-1, are clearly lacking in the area affected by the project. If wilderness characteristics are clearly lacking and documented as such, the project can be considered without conducting a wilderness inventory. Lands that clearly lack wilderness characteristics are those that do not meet the naturalness criterion because they have extensive surface disturbance and/or do not meet the size criterion of 5,000 acres or any of the size exceptions. Documentation of a clear lack of wilderness characteristics should not be based on the solitude or primitive and unconfined recreation criteria.

B. When the BLM manager determines that wilderness characteristics are not clearly lacking in the area that would be affected by the proposed project, the manager shall determine whether or not the project could be implemented in a manner that preserves the BLM's discretion to protect wilderness characteristics as Wild Lands through subsequent land use planning. If the project can be so implemented, the project may be considered without conducting a wilderness inventory. Examples of projects that may fit into this category are construction and use of temporary facilities for wild horse and burro gathering activities and maintenance activities for existing range facilities.

.22 When Wilderness Inventory Is Required. All other situations involving proposed projects require that a wilderness inventory be conducted following procedures described in BLM Manual 6300-1. If the wilderness inventory documents that wilderness characteristics are not present, the project may proceed without further consideration under this manual. When the wilderness inventory documents that wilderness characteristics are present, consider this wilderness resource information as described below.

.23 Decision-making Process in Areas Where the BLM Has Identified that LWCs Are Present. If the BLM finds through its NEPA analysis that impacts from a proposed action may impair the wilderness characteristics, the BLM may, subject to applicable program regulations and valid existing rights—(1) deny the action, (2) approve the action, if appropriate and consistent with applicable law and other resource management considerations or necessary for the exercise of valid existing rights, (3) approve the action with measures to minimize impacts on wilderness characteristics, or (4) postpone the decision until wilderness characteristics can be addressed through a land use planning process.

As part of this analysis, the BLM shall consider whether the action would create a temporary impact to wilderness characteristics that could be restored so as not to limit the BLM's discretion to designate the area as Wild Lands in a future land use planning process. As part of the NEPA analysis for the proposed action, the BLM shall also consider alternatives to the proposed action that would mitigate the impacts to wilderness characteristics, such as specific design features.

.24 Authority to Approve Projects that May Impair LWCs. The decision to protect or not protect LWCs is discretionary when considering proposed projects. However, as stated in Secretary's Order No. 3310, all BLM offices shall place a high priority on the protection of LWCs when making decisions regarding the potential utilization of resources. The BLM shall avoid impairing such wilderness characteristics unless, as part of its decision-making process, the BLM concludes that impairment of wilderness characteristics is appropriate and consistent with applicable requirements of law and other resource management considerations.

For proposed projects that fall under Section .2, District and Field Managers may approve projects in LWCs that may impair wilderness characteristics if the decision is necessary for the exercise of valid existing rights, for emergency actions, or under the following limited circumstances:

1. The proposed action is anticipated to create no more than minor surface disturbance or minor impacts to wilderness characteristics, such as maintenance of existing range projects, e.g., water sources, construction of temporary facilities for wild horse and burro gathers, and construction of fences to restrict livestock grazing in sensitive riparian areas.

2. The proposed action is anticipated to involve no more than minor surface disturbance or placement of small structures and would result in a net enhancement of wilderness characteristics. Such activities would include reclamation and restoration of past disturbances and unauthorized disturbances.

3. The proposed action is intended to control expansion of invasive exotic species.

4. There is general support at the local level among project proponents, stakeholders, interested members of the public, and BLM officials for the project and any proposed mitigation. Such support should be documented as part of the decision making process.

The State Director must concur on any decision to approve a project in an LWC that may impair wilderness characteristics to a greater degree than projects described in 1-2 above, if the proposed action would not preclude the BLM from exercising its discretion to designate the LWC as Wild Lands in subsequent land use planning.

All other decisions, not covered by the limited circumstances outlined above, i.e., that may impair wilderness characteristics on a project-level basis that would preclude the BLM from exercising its discretion to designate the LWC as Wild Lands in subsequent land use planning, must be forwarded to the WO National Landscape Conservation System staff for review before proceeding. The WO will review draft decisions affecting LWCs and brief the Director on them. In any event, in order to authorize a project that may impair wilderness characteristics, the authorized officer must determine that the impairment of wilderness characteristics is appropriate and consistent with applicable requirements of law and other resource management considerations.

.25 Management of LWCs Pending Land Use Planning. Where an inventory has identified LWCs, but the BLM has not completed a land use plan process that addresses those lands in a manner consistent with Secretary's Order 3310 and this policy, the BLM shall evaluate whether closures or restrictions of areas and/or routes under 43 CFR Subparts 8341 and 8364 are warranted to implement this policy and preserve the BLM's discretion to protect wilderness characteristics through subsequent land use planning.

.3 Recommendations for Possible Future Congressional Designation. The State Director will determine whether the BLM should develop a recommendation for Congress to designate Wild Lands as units within the National Wilderness Preservation System. This determination may be made for a single land use plan or several land use plans that have designated Wild Lands within a state. If the State Director determines that a recommendation should be developed, the State Director shall submit a proposal to develop recommendations to the Director for consideration. The process for developing recommendations must provide for public involvement.

WILD LANDS MANUAL – DRAFT GLOSSARY

Following are definitions for terms used in this Manual. Also see definitions for terms used in Section 103 of FLPMA, the planning regulations at 43 CFR 1601.0-5, the wilderness regulations at 43 CFR 6301.5, and The Wilderness Act. This glossary does not supersede those definitions or those in other laws or regulations.

Amendment: the process for considering or making changes in the terms, conditions, and decisions of approved land use plans or MFPs using the prescribed provisions for resource management planning appropriate to the proposed action or circumstances. Usually only one or two issues are considered that involve only a portion of the planning area.

Conformance: means that a proposed action shall be specifically provided for in the land use plan or, if not specifically mentioned, shall be clearly consistent with the goals, objectives, or standards of the approved land use plan.

Goal: a broad statement of a desired outcome. Goals are usually not quantifiable and may not have established time frames for achievement.

Land Use Allocation: the identification in a land use plan of the activities and foreseeable development that are allowed, restricted, or excluded for all or part of the planning area, based on desired future conditions.

Land Use Plan: a set of decisions that establish management direction for land within an administrative area, as prescribed under the planning provisions of FLPMA; an assimilation of land-use-plan-level decisions developed through the planning process outlined in 43 CFR 1600, regardless of the scale at which the decisions were developed.

Lands With Wilderness Characteristics (LWC): lands that have been inventoried and found to contain wilderness characteristics as defined in Section 2(c) of the Wilderness Act of 1964.

Objective: a description of a desired condition for a resource. Objectives can be quantified and measured and, where possible, have established time frames for achievement.

Planning Criteria: the standards, rules, and other factors developed by managers and interdisciplinary teams for their use in forming judgments about decision making, analysis, and data collection during planning. Planning criteria streamline and simplify the resource management planning actions.

Project: any action or authorization that requires NEPA review, including a Determination of NEPA Adequacy.

Revision: the process of completely rewriting the land use plan due to changes in the planning area affecting major portions of the plan or the entire plan.

Surface Disturbance: any new disruption of the soil or vegetation, including vegetative trampling, which would necessitate reclamation.

Wild Lands: a designation resulting from a plan decision to protect Lands with Wilderness Characteristics.

Wilderness: An area defined in Section 2(c) of the Wilderness Act of 1964 (78 Stat. 891), and included in the National Wilderness Preservation System.

Wilderness Study Area: designated areas with wilderness characteristics made through the inventory and study processes authorized by Section 603 of FLPMA, and, prior to 2003, through the planning process authorized by Section 202 of FLPMA.

U.S. DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT NEWS RELEASE**
Office of the Secretary of the Interior

Release Date: 12/23/10
Contacts: Kendra Barkoff (DOI), 202-208-6416

Salazar, Abbey Restore Protections for America's Wild Lands

Washington, DC - A secretarial order issued today by Secretary of the Interior Ken Salazar restores balance and clarity to the management of public lands by establishing common-sense policy for the protection of backcountry areas where Americans recreate, find solitude, and enjoy the wild.

Secretarial Order 3310 directs the Bureau of Land Management (BLM), based on the input of the public and local communities through its existing land management planning process, to designate appropriate areas with wilderness characteristics under its jurisdiction as "Wild Lands" and to manage them to protect their wilderness values.

"Americans love the wild places where they hunt, fish, hike, and get away from it all, and they expect these lands to be protected wisely on their behalf," said Salazar. "This policy ensures that the lands of the American public are protected for current and future generations to come."

The BLM, which manages more land than any other federal agency, has not had any comprehensive national wilderness policy since 2003, when the wilderness management guidance in the agency's handbook was revoked as part of a controversial out-of-court settlement between then-Secretary of the Interior Gale Norton, the State of Utah, and other parties.

"The new Wild Lands policy affirms the BLM's authorities under the law - and our responsibility to the American people - to protect the wilderness characteristics of the lands we oversee as part of our multiple use mission," said BLM Director Bob Abbey.

Abbey said that Secretarial Order 3310 fills an important land management need for the public and the agency. "Wild Lands," which will be designated through a public process, will be managed to protect wilderness characteristics unless or until such time as a new public planning process modifies the designation. Because the "Wild Lands" designation can be made and later modified through a public administrative process, it differs from "Wilderness Areas," which are designated by Congress and cannot be modified except by legislation, and "Wilderness Study Areas," which BLM typically must manage to protect wilderness characteristics until Congress determines whether to permanently protect them as Wilderness Areas or modify their management.

Secretarial Order 3310 also directs the BLM to maintain a current inventory of public lands with wilderness characteristics, which will contribute to the agency's ability to make balanced, informed land management decisions, consistent with its multiple-use mission.

"Simple principles guide this common-sense policy," said Salazar. "First: the protection of wild lands is important to the American people and should therefore be a high priority in BLM's management policies. Second: the public should have a say in designating certain public lands as 'Wild Lands' and expanding those areas or modifying their management over time. And third: we should know more about which American lands remain wild, so we can make wise choices, informed by science, for our children, grandchildren and future generations."

"We are charting a new course for balanced land management which allows the BLM to take into account all of the resources for which it is responsible through a transparent, public land use planning process," said Abbey.

The Secretarial Order does not change the management of existing Wilderness Study Areas pending before Congress or congressionally designated units of the National Wilderness Preservation System. BLM may also still develop recommendations, with public involvement, regarding possible Congressional designation of lands into the National Wilderness Preservation System.

The BLM manages 245 million acres in the United States, including iconic American landscapes like Canyons of the Ancients National Monument in Colorado, the Headwaters Forest Reserve's ancient redwood forest in California, and the Iditarod National Historic Trail in Alaska. This land, known as the National System of Public Lands, is primarily located in 11 western states and Alaska. The bureau also administers 700 million acres of sub-surface mineral estate throughout the nation. The BLM's multiple-use mission is to sustain the health and productivity of the public lands for the use and enjoyment of present and future generations. The Bureau accomplishes its mission by managing activities such as outdoor recreation, livestock grazing, mineral development and energy production, and by conserving natural, historical, cultural, and other resources on public lands.

To read Secretarial Order 3310, click here.

To read the BLM's draft guidance to its field managers for implementing the Secretarial Order, click here for an inventory manual and here for a planning manual.

Q and A document can be found click here.

Secretary Salazar and Bob Abbey's remarks as prepared can be found here.

--BLM--

Office of the Secretary of the Interior 1849 C Street N.W. Washington, DC 20240

Last updated: 12-29-2010

BLM Wild Lands Designation Attempts To Bypass Congress

Friday, January 21st, 2011

At a time when America is seeking to reduce its dependence on foreign sources of petroleum and minerals, the Obama administration is throwing up impediments to developing domestic resources. In late December, Secretary of the Interior Ken Salazar issued "Secretarial Order 3310" which establishes the new designation of "Wild Lands" separate from Wilderness Areas (which must be designated by Congress) and Wilderness Study Areas, a precursor to Wilderness designation.

The Order will require local Bureau of Land Management field offices to inventory all land under their jurisdiction for "wilderness characteristics." "Field Offices will determine when it is appropriate to conduct a wilderness inventory... BLM must conduct an inventory before authorizing a proposed project that may impair those apparent wilderness characteristics."

This means that there will be bureaucratic delays when projects such as mineral or petroleum exploration, grazing, or logging are proposed on BLM land. There appears to be no time limit imposed on the field offices to conduct the inventories. The designation will also affect rights-of-way across BLM land.

The definition of "wilderness characteristics" is rather fuzzy.

First, the area must contain at least 5,000 acres of contiguous roadless BLM land, except that it may be smaller if it is adjacent to other federal lands "which have been formally determined to have wilderness or potential wilderness values or ... such lands include designated Wilderness, BLM Wilderness Study Areas, U.S. Fish & Wildlife Service areas Proposed for Wilderness Designation, U.S. Forest Service Wilderness Study Areas or areas of Recommended Wilderness, and National Park Service areas Recommended or Proposed for Designation."

Secondly, the land must contain "naturalness," meaning "It must appear to have been affected primarily by the forces of nature, and any work of human beings must be substantially unnoticeable." That is except for a whole bunch of exceptions.

Significant "human impacts" can occur just outside the area to be designated.

"Wild lands" must contain either "opportunities for solitude..." which seems inconsistent with the sentence above, or "a primitive and unconfined type of recreation." The field offices are instructed: "Do not disqualify an area based on a finding that outstanding opportunities exist in only a portion of the area."

(For more detail, see BLM Inventory instructions to filed offices).

From a related BLM document we have these additional instructions:

"Wild Lands must contain management actions to achieve protection and could consider land use plan decisions including, but not limited to, those that:

1. Recommend withdrawal from mineral entry.

2. Close to leasing or allow leasing only with No Surface Occupancy/No Exceptions.

3. Designate rights-of-way exclusion areas.

4. Close to construction of new temporary or permanent roads.

5. Close OHV (off highway vehicle) use or limit OHV use to designated routes.

6. Close to mineral material sales.

7. Exclude certain commercial permits (e.g., commercial or personal-use wood-cutting permits).

8. Designate as Visual Resource Management Class I or II.

9. Close to new structures unrelated to preserving the wilderness characteristics.

10. Retain public lands in Federal ownership."

This new "Wild Lands" designation will inhibit our ability to explore for and produce vital natural resources at a time when we are becoming more dependent of foreign sources. One of the first targets is the National Petroleum Reserve in Alaska (NPR-A) which is near the Arctic National Wildlife Reserve. NPR-A was established in 1923 and administered by the Defense Department until 1976 when it was transferred to Interior. NPR-A was estimated to contain 900 million barrels of crude oil and 53 trillion cubic feet of natural gas by the U.S. Geological Survey in 2010.

These regulations are very similar to the process for designating Wilderness Areas. But Wilderness Area designation requires an act of Congress. It seems that "Wild Lands" are nothing less than the administration's attempt to bypass Congress and rule by executive decree, the same policy the administration is following by allowing the EPA to regulate greenhouse gases. Wyoming Governor Matthew Mead, in a letter to Interior Secretary Ken Salazar said, "A Wild Lands designation will further drag out (if not permanently halt) the permitting process while local economies suffer. The BLM currently does not have the appropriate resources or track record for approval of plans and projects; and this will only make the problem greater and delays longer."

Putting more land off limits locks up our domestic energy and mineral supplies, kills jobs, and eliminates potential government royalties and taxes that could help decrease the deficit.

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January 26, 2011

The Honorable Kenneth L. Salazar
Secretary
United States Department of the Interior
1849 C Street, NW
Washington, DC 20240

Dear Mr. Secretary,

I have grave concerns about Secretarial Order 3310 and associated policies, which appear to allow the Bureau of Land Management (BLM) to create de facto wilderness in a state without Congressional oversight. My concerns center on how the Order imposes a new "Wild Lands" designation for BLM to administer, and on the Interior's intention to conduct wilderness reviews in the BLM planning process.

The new "Wild Lands" designation places a higher priority on protection of "wilderness characteristics," as defined by the Wilderness Act, which effectively trumps most other land uses. Putting such a sweeping initiative in place overnight, with no Congressional direction and no advance consultation with affected states or the public, is unfathomable. This approach not only runs counter to President Obama's January 21, 2009 Memorandum entitled *Transparency and Open Government* and similar supplemental directives, but federal law as well.

The following outlines my specific concerns with Order 3310 and accompanying planning guidance:

- By designating "Wild Lands," Order 3310 usurps congressional authority where the Interior improperly acted as an administrative surrogate for Congressionally-designated Wilderness;

- In Alaska, where most of BLM's 86 million acres retain their wilderness values, the heavily-weighted default protection of wilderness characteristics could easily render most BLM lands de facto wilderness areas absent BLM's multiple-use direction. This would have a devastating effect on Alaska's people, economy, and land use and access. Thus, the Order directly conflicts with the "no more" clauses in the Alaska National Interest Lands Conservation Act (ANILCA) as well as the Federal Land Policy and Management Act (FLPMA);

- The Order is, for all practical purposes, an end-run around ANILCA, which I predict will lead to egregious social and economic consequences for Alaskans. Without the explicit provisions of ANILCA that apply to conservation system units, BLM Wild Lands will likely

be managed *more restrictively* in Alaska than ANILCA-designated Wilderness managed by the National Park Service, Fish and Wildlife Service, or Forest Service;

- The Order purports to seek "balance" between responsible resource development and protection of wilderness characteristics; yet there is a strong presumption in favor of wilderness-style protection. For that reason, this Order will have a severe chilling effect on future proposals designed to create jobs in resource development once an area is designated Wild Lands. This approach also contradicts BLM's multiple use mandate under FLPMA;

- BLM managers' discretion to determine where and when "impairment" of wilderness characteristics is "appropriate" is subject to undue scrutiny and approval in Washington DC, where decisions tend to be political and knowledge of local conditions, issues, and needs is diluted, at best;

- Last, but certainly not least, BLM has no authority whatsoever to apply this policy to the National Petroleum Reserve-Alaska because it is not subject to FLPMA.

These and other key issues are discussed in more depth in an attachment.

I know other western states are similarly concerned, if not appalled, by this new policy. Our state, and likely many others, would be best served by the former policy regarding wilderness reviews and recommendations that respected the preferences of State and local elected officials. Barring that, any new policy and associated planning direction must first undergo formal State and public review and compliance with the National Environmental Policy Act, and as appropriate, the Administrative Procedure Act.

In addition, no such policy should be applicable to the National Petroleum Reserve-Alaska. I urge you to work with the State Director of BLM in Alaska to ensure Secretarial direction does not run counter to the "balance" already established by ANILCA for Alaska.

Sincerely,

Sean Parnell
Governor

cc: The Honorable Lisa Murkowski, United States Senate
The Honorable Mark Begich, United States Senate
The Honorable Orrin Hatch, United States Senate
The Honorable Don Young, United States House of Representatives
The Honorable Mike Simpson, Chair, Interior Appropriations Committee, United States House of Representatives
The Honorable Rob Bishop, Chair, Natural Resources Subcommittee on National Parks, Forests and Public Lands, United States House of Representatives,

The Honorable Jan Brewer, Governor, State of Arizona
The Honorable Matt Mead, Governor, State of Wyoming
The Honorable Butch Otter, Governor, State of Idaho
The Honorable Brian Sandoval, Governor, State of Nevada
The Honorable Gary R. Herbert, Governor, State of Utah
The Honorable Mark Shurtleff, Attorney General, State of Utah
The Honorable Tom Horne, Attorney General, State of Arizona
The Honorable Bruce Salzburg, Attorney General, State of Wyoming
The Honorable Lawrence Wasden, Attorney General, State of Idaho
Tom Strickland, Assistant Secretary, Fish, Wildlife and Parks, United States Department of the Interior
Kim Elton, Interior Director of Alaska Affairs, United States Department of the Interior
Pat Pourchot, Special Assistant to the Secretary for Alaska Affairs, United States Department of the Interior
Robert Abby, Director, Bureau of Land Management
Bud Cribley, State Director for Alaska, Bureau of Land Management
John W. Katz, Director of State/Federal Relations and Special Counsel, Office of the Governor
Greg Conrad, Interstate Mining Compact Commission
Western Governors Association
Conference of Western Attorney Generals
Alaska Miners Association
Resource Development Council
Association of Fish and Wildlife Agencies
Western Association of Fish and Wildlife Agencies

Attachment to Governor Sean Parnell's Letter Regarding Interior Secretarial Order 3310

The Alaska National Interest Lands Conservation Act (ANILCA)

The Order Inventory and Planning Guidance Questions and Answers (Q&A) relies on several provisions of ANILCA to justify application in Alaska; however, the Order fails to recognize the full context of the law and the many other provisions that contributed to the "proper balance" referred to in Section 101(d) of ANILCA. Specifically, the Q&A document claims that Section 1320 of ANILCA "invites" BLM to designate wilderness in Alaska. We agree ANILCA Section 1320 provides BLM the authority to make wilderness recommendations to Congress; however, contrary to the Order, Section 1320 specifically prohibits the presumptive management of land for its wilderness characteristics without Congressional action. While the Order distinguishes between recommending designated wilderness and administratively designating Wild Lands, there is a very fine line between the two, as the basis for both is the Wilderness Act, and any lands set aside as Wild Lands will be managed to preserve the wilderness characteristics as defined by Section 2(c) of the Wilderness Act. In addition, ANILCA Section 1326(b) states:

> *No further studies of Federal lands in the State of Alaska for the single purpose of considering the establishment of a conservation system unit, national recreation area, national conservation areas or for related or similar purposes shall be conducted unless authorized by this Act or further Act of Congress.* [emphasis added]

The underlined language broadens the scope of the provision beyond defined conservation system units (CSUs). Wild Lands are essentially administrative CSUs. Choosing to preserve wilderness character and administratively designating Wild Lands circumvents both Congress and the statutory intent behind ANILCA Sections 1320, 1326(b), and 101(d). In addition, the on-the-ground effects of a Wild Lands designation will likely resemble the administrative "withdrawal" that Congress prohibits in Section 1326(a), and thus are inappropriate.

The Order also ignores ANILCA's hard-fought provisions that protect access for traditional activities and to resources that are the bedrock of Alaska's economy. In contrast to Congressionally-designated conservation system units (CSUs), including Wilderness and Wilderness Study Areas, many of ANILCA's essential provisions would not apply to designated Wild Lands on general BLM lands. These provisions include, but are not limited to:

- Section 1102 Title XI transportation and utility systems;
- Section 1110(a) motorized access for traditional activities and for travel to and from villages and homesites;
- Section 1110(b) inholder access (vs. Section 1323(b) that currently applies);
- Section 1111 temporary access;
- Section 1310 navigation and communication facilities;
- Section 1314(c) taking of fish and wildlife; or
- Section 1315(c) and (d) new and existing cabins.

The importance of these provisions cannot be over-emphasized. For example, the Title XI process for considering transportation and utility systems is critical in Alaska where there are few roads. Congress assumed general BLM lands would remain available for this purpose. While we understand such corridors are not automatically prohibited in designated Wild Lands, we have little doubt that once wilderness characteristics have been identified as warranting protection, applicants would be forced into an excessively costly process or to utilize alternate routes that could end up precluding a legitimate access need.

In another example, ANILCA purposefully differentiated Section 1110(b) inholder access requirements for CSUs (including Wilderness areas) and Section 1323(b) inholder access provisions that apply to general BLM land. Section 1110(b) gives inholders a stronger right of access in areas designated for more restrictive management (CSUs). The stronger inholder access guarantee would not apply to inholdings within Wild Lands on general BLM lands, which could be highly problematic for individual land owners.

These differences, among others, illustrate that Congress understood the importance of balancing conservation objectives with special accommodations for Alaskans.

In addition, the "proper balance" referenced in Section 101(d) is further predicated on continued multiple use management on BLM lands in Alaska. The Order also speaks of the need to protect "rare opportunities for solitude..." as a basis for the new policy. This objective is apparently reflective of "Lower 48" circumstances where remote and primitive areas are the exception ("rare"), not the norm. As we have seen many times over the last several decades, cookie cutter federal land management policies do not fit in Alaska.

The Q&A (Page 6) claims "*There has never been a statewide wilderness inventory in Alaska.*" This assertion is offensive to those Alaskans who lived through the lengthy studies and deliberations leading up to ANILCA. Contrary to the Q&A claim, numerous reviews, inventories and studies were conducted pursuant to the Section 17(d)(1) and (d)(2) withdrawal processes initiated by the Alaska Native Claims Settlement Act (ANCSA). Virtually all these studies focused on BLM lands, and those deemed by Congress to have the highest national interest for conservation purposes eventually ended up in over 100 million acres of conservation system units, including 57 million acres of designated Wilderness. The BLM Kobuk-Seward Resource Management Plan adopted in 2008 documents this history (Page 14):

> *Alaska lands were inventoried, reviewed, and studied for their wilderness values under the Wilderness Act criteria beginning in 1971 when Congress enacted ANCSA. For eight years thereafter, the Department evaluated national parks, forests, wildlife refuges, wild and scenic rivers, and other lands for potential designation as wilderness.*
>
> *Subsequently, Congress passed ANILCA, which preserved more than 150 million acres in specially protected conservation units. This represents more than 40% of the land area of the State of Alaska, and about 60% of the Federal land in Alaska. Pursuant to ANILCA, more than one-third of the lands preserved in conservation units, or 57 million acres, were formally designated as wilderness.*

Examples of such pre-ANILCA studies include a 28-volume EIS completed in 1974 and another EIS signed by Secretary Cecil Andrus in 1978.

National Petroleum Reserve – Alaska (NPRA)

The State is especially alarmed by the extension of the Order to the National Petroleum Reserve – Alaska (NPRA). The Q&A document does not disclose the authority under which the Department of the Interior believes BLM may designate Wild Lands in NPRA. It simply states the BLM "*must inventory lands in the NPR-A and may designate Wild Lands in the NPR-A as part of its integrated activity planning for the area.*" The State strongly disagrees that BLM has such authority. Federal law prohibits BLM from exercising its land use planning authority under Section 202 of FLPMA in the Reserve, and also prohibits wilderness designation recommendations under Section 603 of FLPMA. In particular, land use planning and management in the Reserve is subject to the requirements of the Naval Petroleum Reserves Production Act of 1976, as amended. The Production Act provides no authority for applying the Wild Lands Order to NPR-A, and BLM is therefore prohibited from doing so.

De Facto Wilderness

Secretarial Order 3310 and the associated polices provide BLM with the ability to create de facto wilderness without Congressional oversight. The Order is largely based on authorities, values, and definitions in the Wilderness Act of 1964. In debates leading up to passage of the Wilderness Act, Congress struggled with how far to extend their new mandate. They considered automatically including "primitive" lands, roughly equivalent to the new "Lands with Wilderness Characteristics;" but in the end developed Section 3(b) of the Act, which established a suitability process that ended with Congressional approval. Below are some relevant remarks by Senator Peter Dominick from the Congressional record (Senate Bill 4) leading up to passage of the Wilderness Act:

> *. . . the difficulty is that we are grouping together and putting into one system, without any particular legislative scrutiny, a vast area of land known as primitive lands, which have not been classified by the executive department or reviewed by Congress, to see whether this is the most useful purpose for that particular group of public lands.*
>
> *. . . Congress, should have the right to determine, after recommendation by the executive department, which of these primitive lands or which group of these primitive lands should be brought into the wilderness system, and that they should not all be blanketed in at the same time.* [Congressional Record 109 (1963) pg. 5890]

Congress clearly rejected the option to delegate the creation of wilderness areas to the Executive branch; yet the creation of a new system of BLM Wild Lands is a thinly veiled effort to do just that. Department officials argued during the press conference that since a Wild Lands designation is not permanent, they are not "locked up." Yet conventional wisdom and experience show that once an area is placed in a formalized protective status through a plan, altering that status or accommodating competing uses becomes much more difficult, especially since plans are only updated every 15-20 years, sometimes less often.

The single-minded approach to wilderness characteristics is explicitly illustrated in the Order (Section 4 Policy): "*Where the BLM concludes that protection of wilderness characteristics is appropriate, the BLM shall designate these lands as "Wild Lands" through the planning process.*" [emphasis added] BLM has additional or alternative tools to maintain opportunities for primitive recreation in combination with other public use and/or reasonable development without applying a Wild Lands designation. Furthermore, the policy provides no standards to determine when BLM shall conclude that "*protection of wilderness characteristics is appropriate.*"

Also, just as Wild Lands are essentially de facto Wilderness areas, they also mimic Wilderness Study Areas – even though the Q&A (Page 3) attempts to dismiss the similarities. The draft planning Chapter 6300-2 (.3) describes a process whereby the State Directors will determine whether they will "*...develop a recommendation for Congress to designate Wild Lands as units within the National Wilderness Preservation System.*"

"Balance" is Not Achieved

The Order and policies purport to seek "balance" between responsible resource development and protection of wilderness characteristics. As stated in the Q&A document: "*Balance will be achieved through a public process where lands with energy potential and lands with wilderness characteristics will be identified, evaluated, and managed in accordance with the new policy and the BLM's multiple use mandate.*" Yet if "balance" is the goal, the planning policy need only require an improved inventory of all resources and values, including wilderness characteristics. Area managers would then retain the discretion to do the local "balancing" within the context of a plan. Instead, the policy imposes a default decision to protect wilderness character, unless the local manager can make a proactive determination that impairment of wilderness characteristics is appropriate. Making wilderness character a higher priority than other land uses is not "balance," nor is it consistent with FLPMA's multiple use mandate.

Parenthetically, we note that the Q&A quote above, while referencing "*lands with energy potential,*" is curiously silent regarding mineral resources. We understand that mining is not necessarily precluded by the presence of wilderness characteristics; but the lack of recognition of mineral potential in this context may be indicative of bias against mining.

To avoid a Wild Lands designation, or authorize a development project, or use that could affect wilderness character, BLM must determine that "*impairment*" of such wilderness characteristics is "*appropriate.*" These terms set a high bar, and force BLM to make determinations in a negative context, rather than weighing all the options and making a positive choice toward a desired condition. This negative context adds built-in bias to the deliberative process.

Furthermore, it appears any attempt to steer away from wilderness protection at the State level must be approved in Washington DC by individuals far removed from local issues and control. This is especially problematic for Alaska where an understanding of Alaska's geography, economy, culture, infrastructure, resource development potential, and laws such as ANILCA seem to be poorly understood in Washington DC.

Unfunded Mandate

The Order also represents an unfunded mandate to BLM. Environmental organizations are poised to provide inventory information about wilderness characteristics. According to an

Anchorage Daily News article published on November 6, 2010, the Washington DC based conservation group, the Wilderness League, opened an office in Fairbanks, Alaska. The article quotes the League's stated purpose as "*...securing wilderness designations in the National Petroleum Reserve-Alaska...and on other BLM lands in eastern Interior.*" We are concerned BLM will have insufficient resources to review and either confirm or invalidate wilderness characteristics "nominated" by pro-wilderness interest groups, leading to excessive protection in areas where wilderness characteristics are already compromised. Also, based on the date of this article, we are disappointed the administration apparently engaged in informal consultation with environmental groups who seemed to be aware of the content of this policy before anyone else.

Affect on State Administrative Activities

The effects of a Wild Lands designation on State fish and wildlife management activities is not clear. For example, the use of motorized or mechanical transport and equipment is restricted in designated Wilderness; however, the new policy does not clarify whether similar restrictions would apply to public use or State management activities in administratively designated Wild Lands. The State of Alaska holds primary authority, jurisdiction, and responsibility to manage, control, or regulate all fish and wildlife within federal lands, including uses thereof, unless specifically preempted by federal law. Nothing in the Wilderness Act, FLPMA, or Order 3310 should be construed as an expansion of federal authority or oversight over this traditional State responsibility.

Policy is Confusing and Contradictory

The Order and accompanying direction to BLM are confusing and potentially contradictory – enabling abuse by those seeking a back door way to pursue wilderness protection at the expense of other legitimate uses. For example, the Q&A issued with Order 3310 indicates that "*BLM will consider wilderness values among the broad range of other potential resource values and uses for the public lands in accordance with its multiple-use mission, and make a decision about whether and to what extent to protect those wilderness characteristics.*" However, the Order directs all BLM offices to "*protect those inventoried wilderness characteristics when undertaking land use planning and when making project-level decisions by avoiding impairment of such wilderness characteristics unless BLM determines that impairment of wilderness characteristics is appropriate and consistent with applicable requirements of law and other resource considerations.*" The Order instructs BLM to place a higher priority on protection of wilderness characteristics than other uses contemplated by FLPMA's multiple use mandate.

BLM cannot manage land based on an inventory alone. Land management decisions may only be made in accordance with an adopted plan. This intent is appropriately represented in the Q&A document, which states "*When the BLM decides to protect LWCs through a land use plan decision, it will designate these areas as "Wild Lands." This determination will be made through a public land use planning process....*" (emphasis added) The Order, however, states "*Where the BLM concludes that protection of wilderness characteristics is appropriate, the BLM shall designate these lands as "Wild Lands" through the planning process,*" which essentially directs BLM to make an either/or choice between "protection" and "impairment" before the formal planning process has even begun. This pre-planning decision process is also mirrored in the policy Section (.06) of the draft BLM Manual 6300-2; however, the section entitled "Procedures for Considering LWCs in Land Use Planning" is more consistent with direction in

the Q&A document. These differences need to be reconciled to ensure that any management decisions concerning LWC's occur within a planning process, following public review.

Many questions also arise from the Order and associated documents, including:

- What flexibility will managers and State Directors have in determining Lands with Wilderness Characteristics and deciding which lands are appropriate for Wild Lands designation?
- How would the presence of inholdings, mining claims, rights-of-way, and other valid existing rights affect the inventory of wilderness characteristics and the likelihood of a Wild Lands designation?
- How will the Order affect the future of outdated ANCSA Section 17(d)(1) withdrawals?
- Will BLM conduct a "minimum requirements analysis" on State or federal administrative activities on Wild Lands?
- Have you considered that ANILCA Section 811 significantly constrains BLM's options to restrict access for subsistence purposes, including off-highway vehicles?
- How will long-standing recreational use of airplanes, snowmachines, and off-highway vehicles be addressed?
- What is the relationship between a Wild Lands designation, Areas of Critical Environmental Concern, the National Landscape Conservation System, and other classifications of land with conservation objectives?

Lack of State Consultation and Public Review

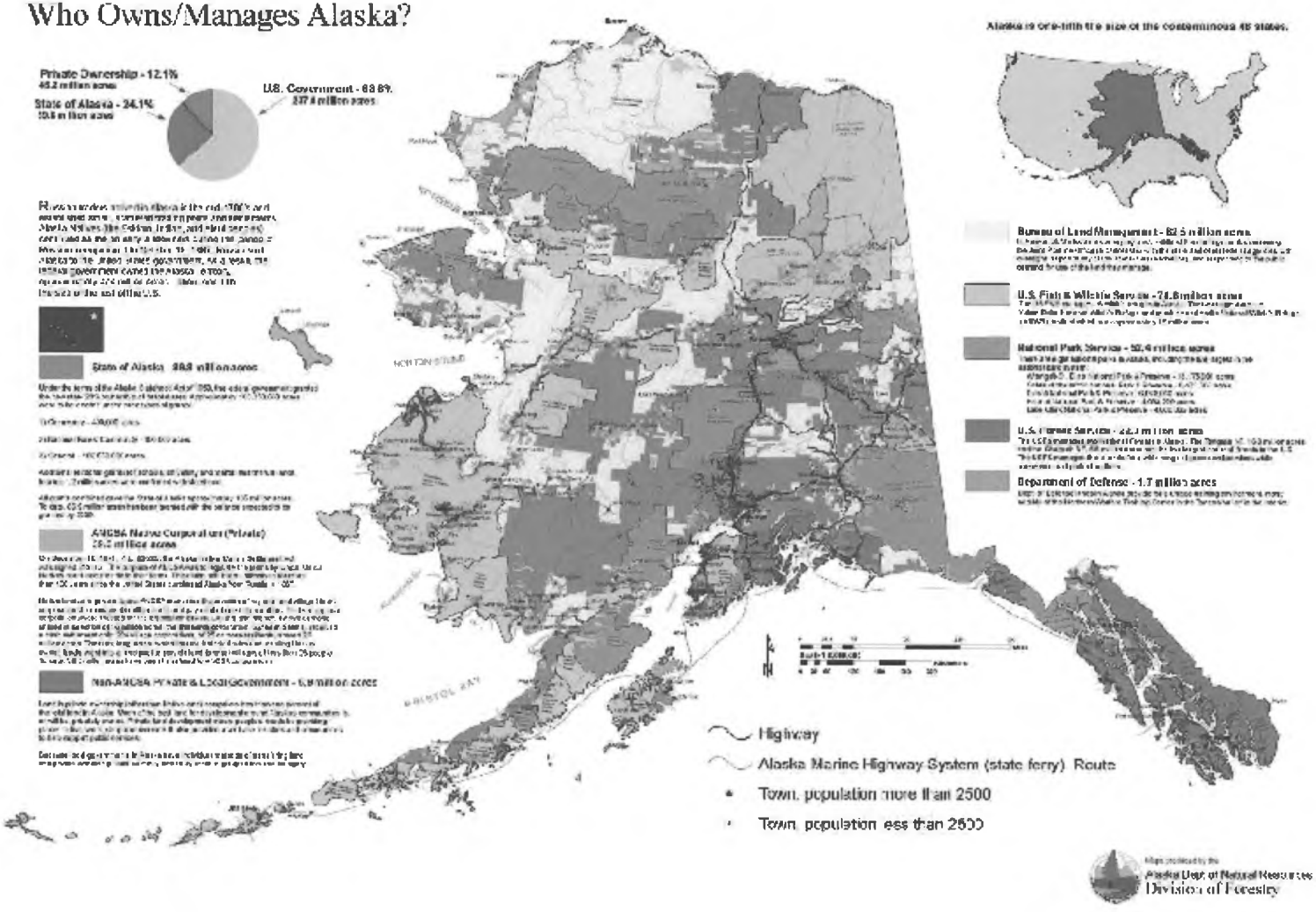
In conclusion, Secretarial Order 3310 is a dramatic departure from all previous approaches to BLM management, especially in Alaska. As these comments illustrate, the Order sets entirely new standards, challenges conventional wisdom regarding management of multiple use lands, and raises legal and policy questions. As such, much more rigorous justification and analysis of consequences and impacts are essential; along with an opportunity for formal State and public review. Compliance with the National Environmental Policy Act is also required – most likely through an environmental impact statement given the potential foreseeable impacts.

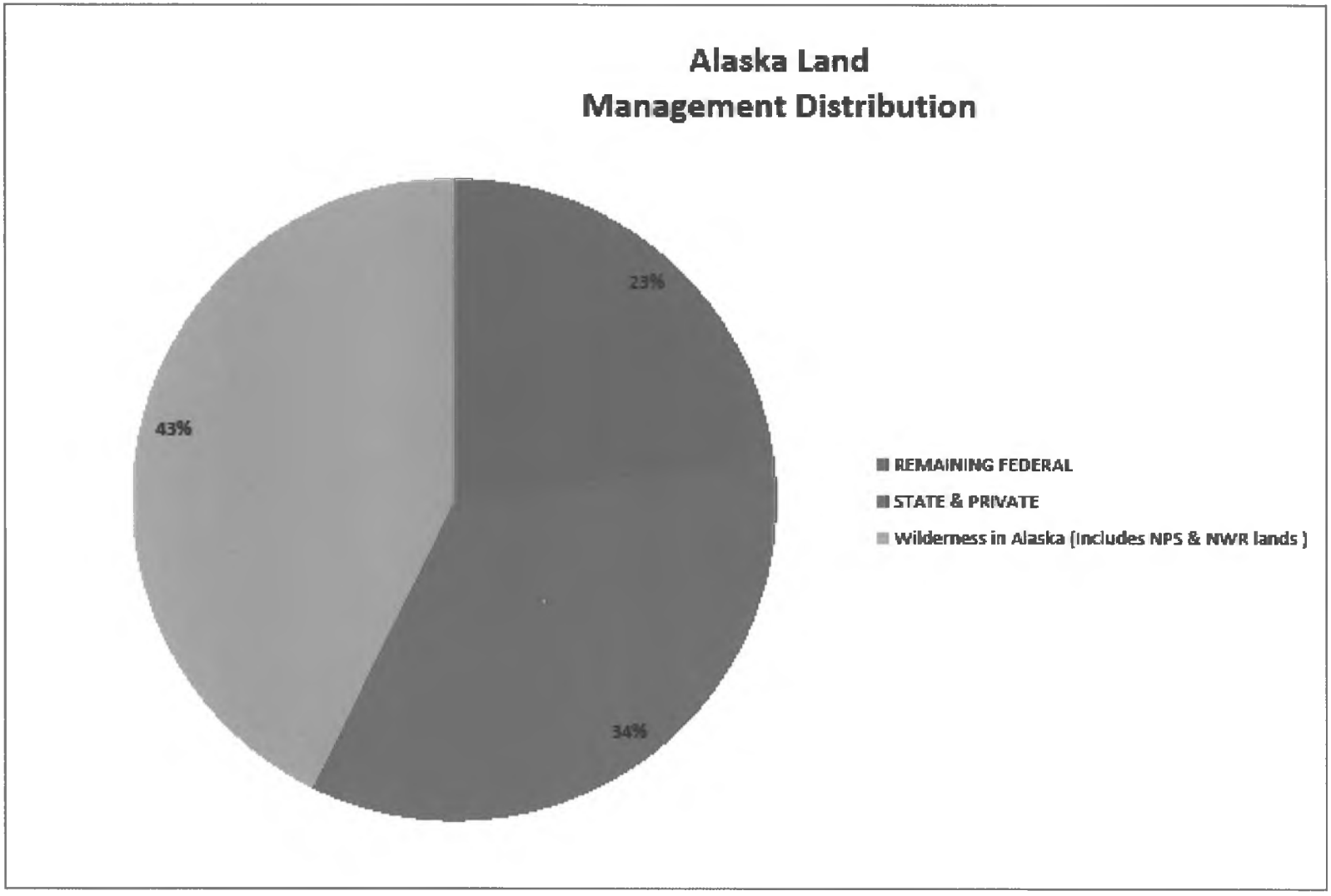
A rigorous public review process is consistent with

- President Obama's January 21, 2009 Memorandum entitled *Transparency and Open Government.*
- Open Government Directive from the Office of Management and Budget directing all executive departments and agencies to take specific actions to implement the principles stated in the President's memorandum.
- The Department of the Interior's own Open Government Plan assembled by a multi-functional team from across the Department.
- The Federal Land Policy and Management Act (FLPMA) and BLM planning regulations regarding State and public involvement.

The above policies, directives, regulations, and laws require rigorous public discourse.

Who Owns/Manages Alaska?

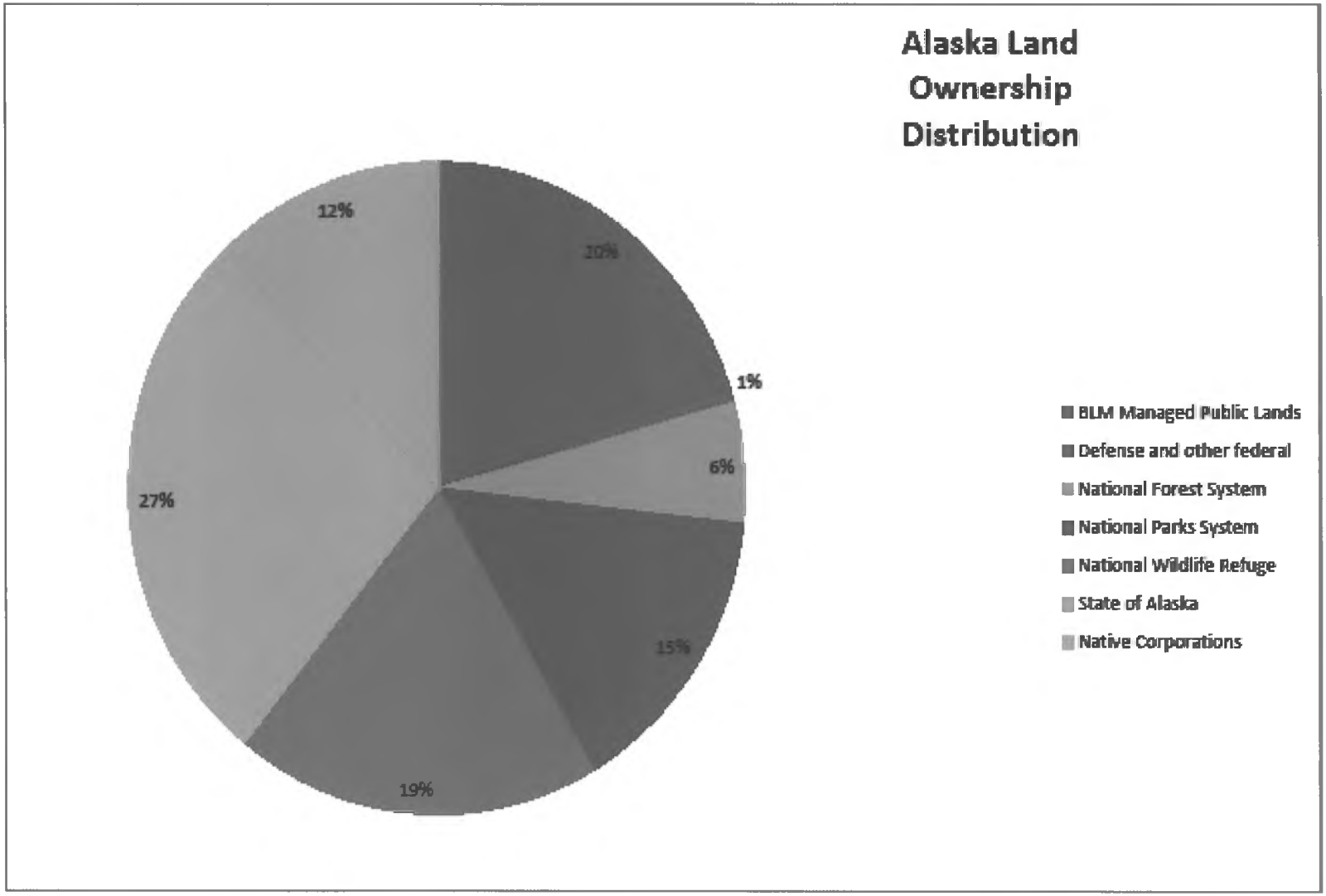


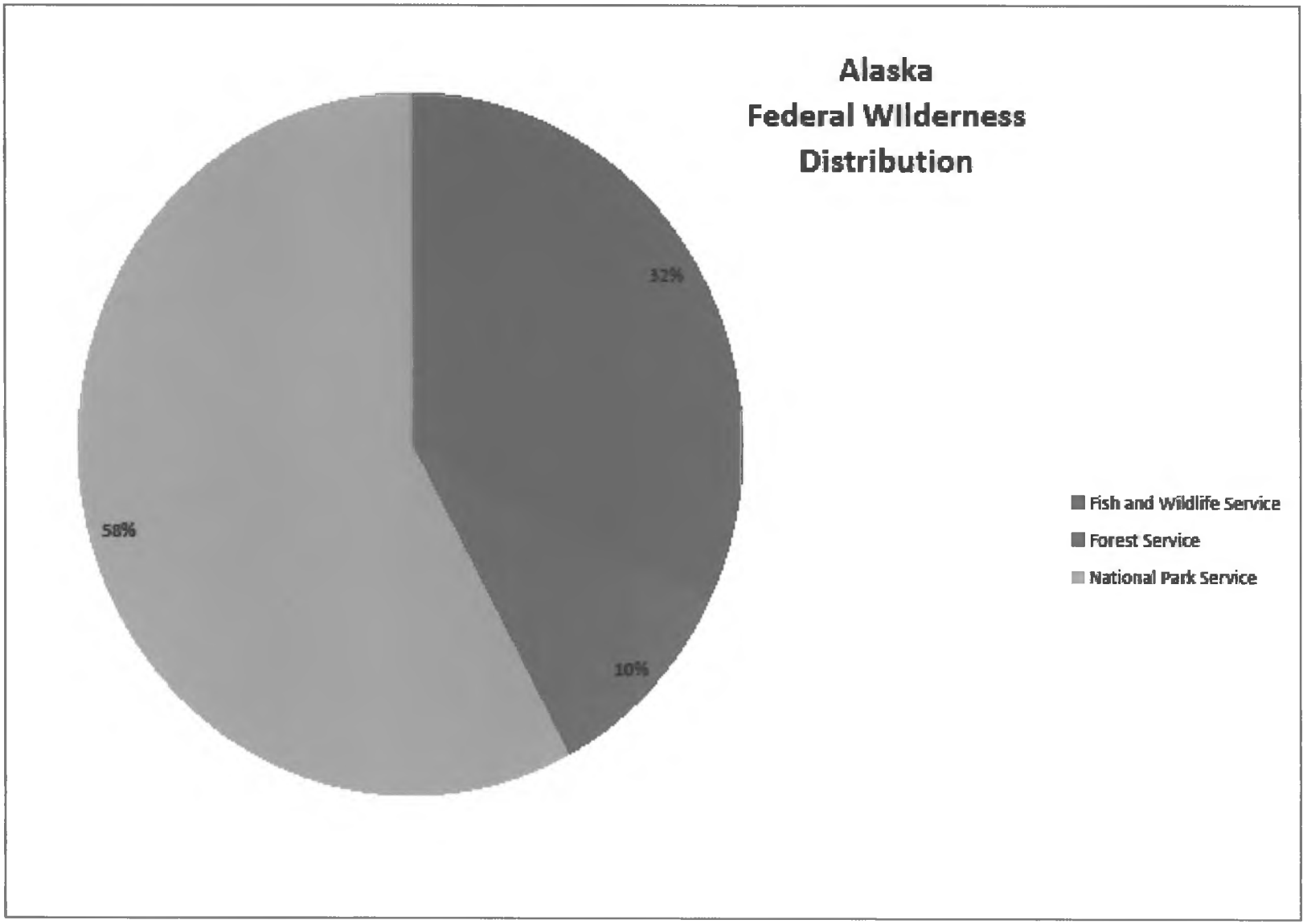

Alaska Land
Management Distribution
23%
43%
34%
REMAINING FEDERAL
STATE & PRIVATE
Wilderness in Alaska (Includes NPS & NWR lands)

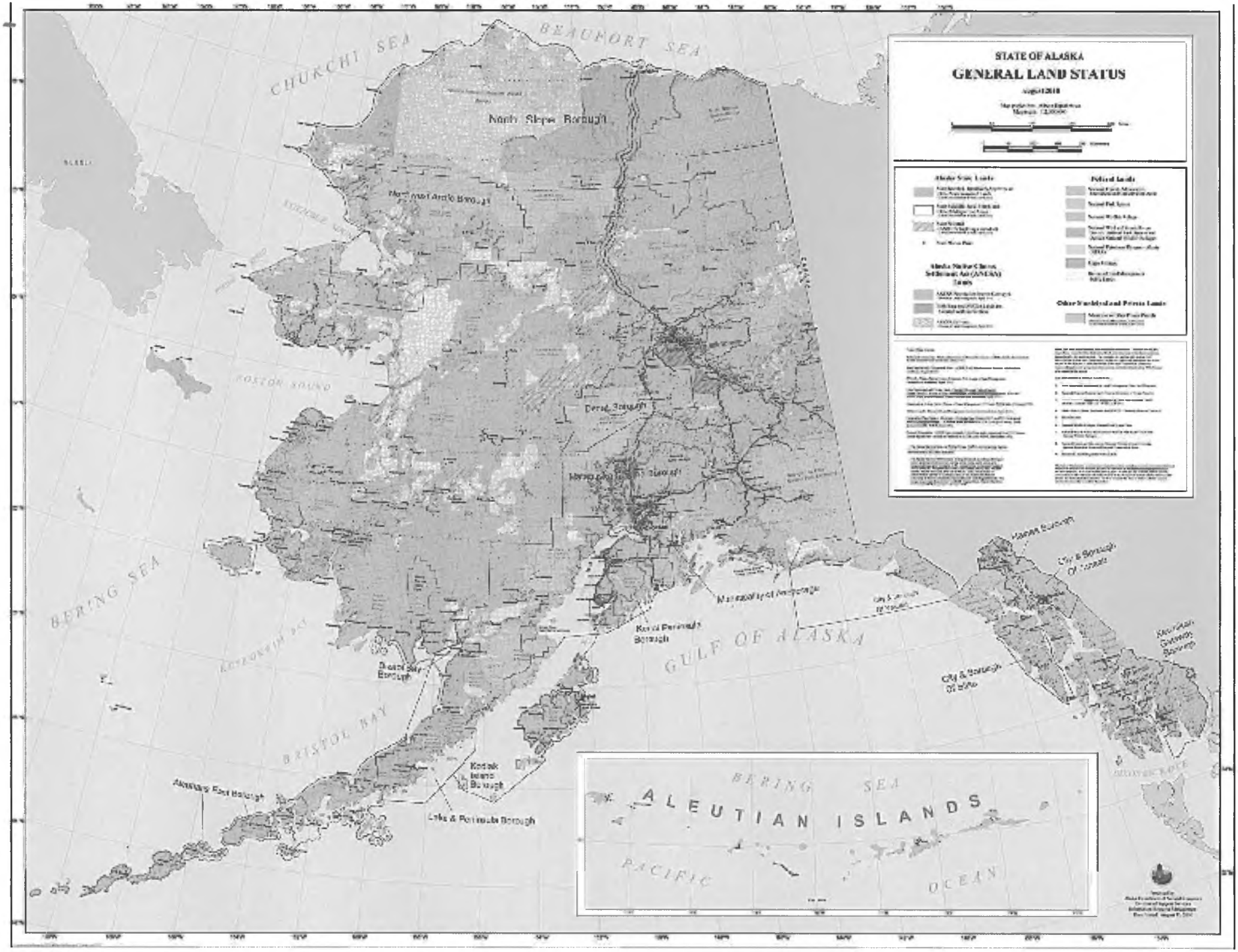
Alaska Land Distribution

9/30/2010

	2005	2006	2007	2008	2009	2010
REMAINING FEDERAL	*(in millions of acres)*					**96.8**
BLM Managed Public Lands	85.4	83.5	80.9	78.4	74.8	**72.9**
Defense and other federal	2.0	2.0	2.0	2.0	2.0	**2.0**
National Forest System	22.0	21.9	21.9	21.9	21.9	**21.9**
National Parks System	54.0	54.0	53.9	53.8	53.8	**53.7**
National Wildlife Refuge	70.6	70.6	70.6	70.2	69.4	**69.4**
STATE CONVEYANCE *						
State of Alaska	91.4	91.7	93.7	95.7	96.7	**98.9**
PRIVATE CONVEYANCE *						
Native Corporations	37.4	38.1	38.4	38.5	40.8	**43.2**
Including Other (Reserves)	*2.7*	*3.9*	*3.9*	*3.9*	*3.9*	***3.9***
**Adjustments made in 2010 due to ALIS audit*						
STATE & PRIVATE						**146.0**
Wilderness in Alaska (Includes NPS & NWR lands)						**181.0**
Fish and Wildlife Service	18,676,320	18,676,320	18,676,320	18,676,320	18,676,320	**19**
Forest Service	5,754,000	5,754,000	5,754,000	5,754,000	5,754,000	**6**
National Park Service	33,492,269	33,492,269	33,492,269	33,492,269	33,492,269	**33**
Wild and Scenic Rivers in Alaska (river miles)						
BLM	968.0	968.0	968.0	968.0	968.0	**968.0**
Fish and Wildlife Service	882.0	882.0	882.0	882.0	882.0	**882.0**
National Parks Service	1,281.0	1,281.0	1,281.0	1,281.0	1,281.0	**1,281.0**


Alaska Land Ownership Distribution
20%
1%
6%
15%
19%
27%
12%
BLM Managed Public Lands
Defense and other federal
National Forest System
National Parks System
National Wildlife Refuge
State of Alaska
Native Corporations


Alaska
Federal Wilderness
Distribution
32%
10%
58%
Fish and Wildlife Service
Forest Service
National Park Service


STATE OF ALASKA
GENERAL LAND STATUS
CHUKCHI SEA
BEAUFORT SEA
North Slope Borough
Northwest Arctic Borough
Denali Borough
Matanuska-Susitna Borough
Kenai Peninsula Borough
Municipality of Anchorage
City & Borough of Yakutat
City & Borough of Juneau
Skagway-Hoonah-Angoon Borough
Bristol Bay Borough
Aleutians East Borough
Kodiak Island Borough
Lake & Peninsula Borough
BERING SEA
BRISTOL BAY
KUSKOKWIM BAY
NORTON SOUND
GULF OF ALASKA
ALEUTIAN ISLANDS
BERING SEA
PACIFIC OCEAN

Alaska Land Distribution

9/30/2010

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STATE & PRIVATE						**146.0**
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Forest Service	5,754,000	5,754,000	5,754,000	5,754,000	5,754,000	**6**
National Park Service	33,492,269	33,492,269	33,492,269	33,492,269	33,492,269	**33**
Wild and Scenic Rivers in Alaska (river miles)						
BLM	968.0	968.0	968.0	968.0	968.0	**968.0**
Fish and Wildlife Service	882.0	882.0	882.0	882.0	882.0	**882.0**
National Parks Service	1,281.0	1,281.0	1,281.0	1,281.0	1,281.0	**1,281.0**

**Adjustments made in 2010 due to ALIS audit*

THE SECRETARY OF THE INTERIOR
Washington

ORDER NO. 3310

SIGNATURE DATE: December 22, 2010

Subject: Protecting Wilderness Characteristics on Lands Managed by the Bureau of Land Management

Sec. 1 **Purpose**. This Secretarial Order (Order) affirms that the protection of the wilderness characteristics of public lands is a high priority for the Bureau of Land Management (BLM), and is an integral component of its multiple use mission. The Order provides direction to the BLM regarding its obligation to maintain wilderness resource inventories on a regular and continuing basis for public lands under its jurisdiction. It further directs the BLM to protect wilderness characteristics through land use planning and project-level decisions unless the BLM determines, in accordance with this Order, that impairment of wilderness characteristics is appropriate and consistent with other applicable requirements of law and other resource management considerations.

Sec. 2 **Authority**. This Order is issued in accordance with the authorities contained in: Reorganization Plan No. 3 of 1950, as amended, 5 U.S.C. § 301, 43 U.S.C. §§ 1451, 1453; Federal Land Policy and Management Act of 1976, 43 U.S.C. § 1701 *et seq*. (FLPMA) (excluding 43 U.S.C. § 1782); Wilderness Act of 1964, 16 U.S.C § 1131 *et seq*.; and National Environmental Policy Act of 1969, 42 U.S.C. § 4321 *et seq*. (NEPA); Section 1320 of the Alaska National Interest Lands Conservation Act (ANILCA), 43 U.S.C. § 1784.

Sec. 3 **Background**. In an increasingly developed world, public lands with wilderness characteristics (as defined in the Wilderness Act, 16 U.S.C. § 1131(c), and BLM policy guidance adopted in accordance with this Order) provide social, cultural, economic, scientific, and ecological benefits for present and future generations. Many of America's most treasured landscapes include public lands with wilderness characteristics that provide visitors with rare opportunities for solitude and personal reflection. In addition, many of these lands have culturally significant and sacred sites important to tribes. Many people and communities value these lands for hunting and fishing, observing wildlife, hiking, and other non-motorized and non-mechanized recreational uses. Lands with wilderness characteristics are also important for their scientific, cultural, and historic objects, which further our understanding of human and natural history, the functions of healthy ecosystems, and how human activities change our world. They also provide a variety of valuable ecosystem services, including carbon sequestration, watershed protection, and air purification, and may contain habitat for numerous threatened and endangered species and other rare biological resources worthy of protection. Managing an area to protect its wilderness characteristics provides unique opportunities and benefits for present and future generations that may otherwise be irreparably lost.

For all these reasons, proper management of public lands with wilderness characteristics is a high priority for the BLM, and the open and productive natural state of such lands should be protected to the extent possible, consistent with the BLM's planning and management authorities.

Sec. 4 **Policy**. In accordance with Section 201 of FLPMA, the BLM shall maintain a current inventory of land under its jurisdiction and identify within that inventory lands with wilderness characteristics that are outside of the areas designated as Wilderness Study Areas and that are pending before Congress or units of the National Wilderness Preservation System. The BLM shall describe such inventoried lands as "Lands With Wilderness Characteristics," share this information with the public, and integrate this information into its land management decisions. All BLM offices shall protect these inventoried wilderness characteristics when undertaking land use planning and when making project-level decisions by avoiding impairment of such wilderness characteristics unless the BLM determines that impairment of wilderness characteristics is appropriate and consistent with applicable requirements of law and other resource management considerations. Where the BLM concludes that authorization of uses that may impair wilderness characteristics is appropriate, the BLM shall document the reasons for its determination and consider measures to minimize impacts on those wilderness characteristics. Where the BLM concludes that protection of wilderness characteristics is appropriate, the BLM shall designate these lands as "Wild Lands" through land use planning.

The BLM should develop recommendations, with public involvement, regarding possible Congressional designation of lands into the National Wilderness Preservation System.

The BLM shall ensure that all lands with wilderness characteristics outside of the areas designated as Wilderness Study Areas and pending before Congress or units of the National Wilderness Preservation System are managed in accordance with this Order and applicable law.

Sec. 5 **Implementation**. Consistent with Section 4, the BLM shall:

a. Develop policy guidance (BLM Manual or Handbook) within 60 days of this Order that defines and clarifies how public lands with wilderness characteristics are to be inventoried, described, and managed in a manner consistent with this Order (hereinafter "BLM policy guidance").

b. Ensure that wilderness characteristics inventories are conducted consistent with this Order and BLM policy guidance.

c. Maintain a national wilderness database that is accessible to the public and updated annually. This database will describe all public lands identified by the BLM as possessing wilderness characteristics and the manner in which the BLM is managing these lands.

d. Ensure that any new project-level decision or land use planning effort takes wilderness characteristics into consideration in accordance with this Order, subject to valid existing rights, as further provided below:

(1) *Land Use Planning Decisions; Protection of Lands with Inventoried and Identified Wilderness Characteristics*. Where lands with wilderness characteristics have been inventoried and identified and the BLM is undertaking a land use planning process subsequent to this Order, the BLM planning decision shall designate these lands as Wild Lands unless the BLM determines, in accordance with this Order and BLM policy guidance, that impairment of wilderness characteristics is appropriate and consistent with applicable requirements of law and other resource management considerations. Wild Lands shall be managed to protect their wilderness characteristics as part of BLM's multiple use mandate.

(2) *Project-Level Decisions for Lands Designated as Wild Lands*. Where a land use plan has designated an area as Wild Lands, decisions regarding projects proposed for the area must include appropriate measures to protect the area's wilderness characteristics.

(3) *Project-Level Management of Lands Not Previously Inventoried and Analyzed in a Land Use Planning Process Conducted in Accordance with this Order*. For project-level decisions in areas where the BLM determines that the land appears to have wilderness characteristics that have not been both inventoried and analyzed in a land use planning process conducted in accordance with this Order, the BLM shall preserve its discretion to protect wilderness characteristics through subsequent land use planning, unless the BLM determines otherwise as set forth below. Where the BLM has determined that the land appears to have wilderness characteristics and the proposed project may impair those apparent wilderness characteristics, the BLM shall conduct an inventory. If the inventory identifies lands with wilderness characteristics, the BLM shall consider the potential effects of the proposed project on the wilderness characteristics and measures to minimize impacts on those characteristics as documented in an appropriate NEPA analysis. Based on this NEPA analysis, the BLM may approve a project that may impair wilderness characteristics if appropriate and consistent with requirements of applicable law and other resource management considerations consistent with this Order or necessary for the exercise of valid existing rights. The BLM shall, in BLM policy guidance developed pursuant to this Order, identify appropriate officials who may approve actions that may impair wilderness characteristics in accordance with this Order.

e. Submit a report to the Secretary of the Interior within six months of the date of this Order that describes the BLM's plan for considering wilderness characteristics in existing land use plans consistent with this Order.

f. This Order does not alter or affect any existing authority of the BLM. This Order does not change the management of existing Wilderness Study Areas pending before Congress or congressionally designated units of the National Wilderness Preservation System.

Sec. 6 **Effective Date**. This Order is effective immediately and will remain in effect until it is amended, superseded, or revoked, whichever occurs first.

/s/ Ken Salazar
Secretary of the Interior

Committee Action
NATURAL RESOURCES COMMITTEE
CHAIRMAN DOC HASTINGS

FOR IMMEDIATE RELEASE
Tuesday, February 22, 2011
PERMALINK

CONTACT: Jill Strait or Spencer Pederson
202-226-9019

MEDIA ADVISORY

Committee to Hold Oversight Hearing on Interior Department's "Wild Lands" Policy

WASHINGTON, D.C. – On Tuesday, March 1st the House Natural Resources Committee will hold a Full Committee oversight hearing on "*The Impact of the Administration's Wild Lands Order on Jobs and Economic Growth.*" The Wild Lands policy, established by Secretarial Order, is an attempt by the Interior Department to establish de facto Wilderness areas without Congressional approval.

"This is a prime example of why Congress must exercise vigorous oversight of the Obama Administration," **said Natural Resources Committee Chairman Doc Hastings.** *"The Wild Lands policy expressly circumvents Congress' statutory authority to establish Wilderness areas. Under this policy, the public's access to public lands can be limited or halted entirely – impacting our economy, jobs, recreation opportunities and American energy production. Millions of acres of multi-use land in the West are at risk of being locked-up if the Administration carries out this policy."*

"There are so many unanswered questions surrounding the creation of the new Wild Lands designation and this Administration's plans to redo many of the recently completed inventories of public lands," **said National Parks, Forests and Public Lands Subcommittee Chairman Rob Bishop.** *"In Utah, for example, the BLM just completed an open, seven-year, twenty million dollar process to create resource management plans. Now, this Administration is saying they want to start over. There are thousands of Americans, especially out West, who question the wisdom of such an action and who will be affected by this unilateral secretarial order. We believe this new policy raises a number of troubling questions and that this hearing will be instrumental in bringing greater clarity to the situation."*

WHAT: Full Committee Hearing on "*The Impact of the Administration's Wild Lands Order on Jobs and Economic Growth*"

Witnesses:
The Honorable Butch Otter, Governor of Idaho
The Honorable Gary Herbert, Governor of Utah

Additional witnesses to be announced

WHEN: Tuesday, March 1, 2011
2:00 PM

WHERE: 1324 Hearing Room in the Longworth House Office Building

Background:

- Two days before Christmas last year, Secretary of the Interior Ken Salazar issued Secretarial Order No. 3310 asserting that the Bureau of Land Management has the authority to "designate appropriate areas with wilderness characteristics under its jurisdiction as 'Wild Lands' and to manage them to protect their wilderness value."

- The Wilderness Act of 1964 gives only Congress the authority to designate public lands as Wilderness areas. The Administration does not have the legal authority to impose policies to create *de facto* Wilderness.

- Designating an area as Wilderness imposes the most restrictive land use policies that can be taken. It places severe limitations on public access, prohibits many popular forms of recreation and severely restricts job-creating, and energy-producing activities.

Visit the Committee Hearings webpage for testimony and additional information, once it is made available. The hearing is open to the public and a live stream will be broadcast at http://naturalresources.house.gov/live.

# # #

http://naturalresources.house.gov/
Facebook | YouTube | Twitter

"What I found out about our oil industry and you should know also"
By
Senator John Coghill

My senate District includes nearly four hundred miles of the Trans Alaska Pipeline System (TAPS), the Valdez shipping terminal, and three of the four refineries operating in Alaska. The communities along the pipeline receive property tax revenue as does the state. We all prosper from having this oil delivery system as well as the value of the oil.

One of these "AHA!" moments happened to me recently when I realized that my constituents have not heard enough about the huge problem of a smaller volume of oil going through the pipe.

The temperature, wax and water complexities, heavier glueyness and the instability in a pipe not designed for this volume creates engineering and economic challenges.

The legacy fields, Prudhoe and Kuparuk, produced about 400 million barrels per day, about two-thirds the daily of flow through the pipeline. The legacy fields have a lot of oil deposits that can be extracted but they are heavier, colder, harder to get and harder to transport which makes them less economical. New technology has helped production some but much is yet to be figured out. While we still supply about 10-12 percent of America's oil, we are declining rapidly; more than six percent each year.

A full gas tank made me feel confident and willing to cruise around when I was a young guy, but when the tank was under one quarter on the gauge, I became more careful and frugal while I figured out how to get more gas. In the same way, we are getting to the low level in our pipeline and must end the decline somehow.

"Just put more oil in the pipe" is the easy solution and I agree. The question on how to do this has several answers: Where can the new oil come from? How long will it take to get it in the pipe? Do we have any new possibilities on state land; federal land (NPR-A) (ANWR), outer continental shelf (OCS)?

I think the Governor has a good proposal and during the process we may uncover a better tax system, better regulation framework, and some incentives for companies to look for and produce more oil.

When TAPS shut down last month it almost became the largest frozen stick of wax. With water wax and oil as thick as molasses going quickly below freezing, the engineers had a real dilemma in trying to restart the pipeline and deliver to the refineries before they had to shut down their facilities.

I hope you will join me in commending the Alaskans that worked for almost six days and nights in freezing temperatures to get the pipeline up and running without any personal injuries.

Imagine if that pipe had frozen beyond being able to get it going: What would be the cost to Alaska? America? The price of heating fuel to your home? The price of fuel to the Army and Air Force? The cost of fuel to the two largest airports in Alaska, plus the schools, public safety, roads, home values, refineries closing down and all the things that require state income will face tough times

How long can Alaska survive with the pipeline shut down? How much oil would we have to import from foreign sources to keep us warm and powered? We already import 25 percent of our crude oil for refining to meet our needs.

The discussion this session is about how our taxes and regulations impact exploration and production in our legacy fields.

We must stand up for Alaska by protecting our economic, environmental and workforce wellbeing while encouraging companies to do business in our state. I have no problem if a company makes a profit as long as we also profit equitably.

The shutdown of TAPS would adversely affect every single person in Alaska. I felt it was important that you be in on some of the things I have learned as we work through the important issues of keeping our state in good shape now and for future generations of Alaskans.

I

HJR

26

<TARGET><BILL>HJR 26</BILL><SUBJECT>HJR 26</SUBJECT><COMM>HRES27</COMM></TARGET>

27-LS0717\I
Bullard
2/6/12

CS FOR HOUSE JOINT RESOLUTION NO. 26( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES PEGGY WILSON, Thomas, Austerman, Dick

A RESOLUTION

Urging federal agencies to work with the Alaska Department of Fish and Game, Southeast Alaska Native leaders, and other interested parties to establish strategies and plans for the sustainable management of the reintroduced sea otter population of Southeast Alaska.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS, in the late 1960s, in the absence of a long-term management plan, the Alaska Department of Fish and Game reintroduced approximately 400 sea otters to nearshore waters in six different locations around Southeast Alaska; and

WHEREAS, without proper management, the sea otter population in southern Southeast Alaska has grown at an alarming rate; and

WHEREAS more than 10,560 sea otters were observed in 2003, and a 2010-2011 aerial survey by the United States Fish and Wildlife Service revealed 20,000 sea otters, for an approximate annual growth rate of 12 percent in southern Southeast Alaska and four percent in northern Southeast Alaska; and

WHEREAS the federal government, which has responsibility for managing sea otter

populations under the Marine Mammal Protection Act of 1972, has not established an effective management plan for protecting the ecosystems affected by sea otters; and

WHEREAS, in 1994, the United States Fish and Wildlife Service issued the "Conservation Plan for the Sea Otter in Alaska," which stated that, while the optimum sustainable population range had not been numerically defined for sea otters in Alaska, the stock was believed to be in the optimum sustainable population range; and

WHEREAS the preface to the 1994 plan states that the plan "will be reviewed annually and revised at least every three to five years"; and

WHEREAS male sea otters in Alaska can weigh up to 100 pounds and average between 60 and 85 pounds, and large females can weigh up to 72 pounds and average between 35 and 60 pounds; and

WHEREAS unmanaged high numbers of reintroduced sea otters consume up to 23 percent of their body weight each day of crab, abalone, sea urchins, sea cucumbers, clams, and other shellfish that the region's human residents rely on for subsistence and commercial uses and appear to be contributing to degradation of the ecological balance in many areas, leading to diminished human harvests of those important subsistence and commercial resources; and

WHEREAS the dramatically increasing and currently high number of reintroduced sea otters has, in some areas, depleted shellfish stocks to a degree that subsistence, personal use, sport, and commercial fishing have been halted because of unsustainable lack of abundance; and

WHEREAS many residents in the state's coastal communities directly or indirectly depend on the fishery resources of the state's coastal waters; and

WHEREAS money derived from the harvest of the state's sustainably managed aquatic resources forms a major component of the economies of the state's coastal communities, causing those communities to be particularly vulnerable to situations that negatively affect yields from local resources; and

WHEREAS Southeast Alaska's municipalities, towns, and villages face substantial challenges in developing broader economic opportunities for their residents; and

WHEREAS Southeast Alaska's indigenous inhabitants have hunted sea otters since time immemorial; and

WHEREAS, under the Marine Mammal Protection Act of 1972 and the regulations adopted under the Act, Alaska Natives are limited to selling only "authentic" and "traditional" Native handicrafts; and

WHEREAS sec. 101 of the Marine Mammal Protection Act of 1972 provides for exemptions for Alaska Natives to harvest marine mammals, as long as the taking is for subsistence purposes and not accomplished in a wasteful manner; and

WHEREAS sec. 101 of the Marine Mammal Protection Act of 1972 allows for the use of marine mammal pelts for authentic Native articles, including handicrafts and clothing; and

WHEREAS, under the Marine Mammal Protection Act of 1972, sale of value-added fur products is allowed in both intrastate and interstate commerce; and

WHEREAS the state serves as a model for the management of harvestable resources for sustained yield and sustainable use; and

WHEREAS implementation of a sustainable harvest management regime for sea otters will serve the dual purposes of maintaining sea otter populations at a level suitable for continued ecological balance and expanding economic opportunity; and

WHEREAS sec. 119 of the Marine Mammal Protection Act of 1972 allows the United States Secretary of the Interior to enter into cooperative agreements with Alaska Native organizations for the conservation of marine mammals and the development of marine mammal cooperative management structures with federal and state agencies, including the creation of local management plans for the harvest of marine mammals for subsistence use;

BE IT RESOLVED that the Alaska State Legislature urges the United States Secretary of the Interior and appropriate federal agencies to work with the Alaska Department of Fish and Game, Southeast Alaska's Native leaders, and other interested parties in the state to establish strategies and plans for sustainable harvest management of the reintroduced sea otter population of Southeast Alaska; and be it

FURTHER RESOLVED that the Alaska State Legislature urges state and federal government authorities, in developing those management plans, actively to consider means of expanding and enhancing small business and broader economic opportunities for residents of Southeast Alaska; and be it

FURTHER RESOLVED that the Alaska State Legislature urges federal authorities

to consider broadening the scope of allowable uses for sea otters taken for subsistence purposes by replacing the references to "authentic" and "traditional" handicrafts in the Marine Mammal Protection Act of 1972 and the regulations adopted under the Act with the phrase "Alaska Native articles of handicraft" and continuing the sale of sea otter pelts consistent with all other provisions of the Marine Mammal Protection Act of 1972.

COPIES of this resolution shall be sent to the Honorable Ken Salazar, United States Secretary of the Interior; and the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

ALASKA STATE LEGISLATURE

Interim:
P.O. Box 109
Wrangell, AK 99929
Phone: (907) 874-3088
Fax: (907) 874-3055

Session:
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REPRESENTATIVE PEGGY WILSON
HOUSE DISTRICT 2

MEMO

From: Arthur Martin, Legislative Intern for Representative Peggy Wilson

To: House Resources Committee

Date: 2/7/12

Subject: CS for HJR 26\B Sea Otter Management

During the initial hearing of HJR 26 in the Resources Committee on Friday February 3, a concern was raised on the ambiguity of language in the resolution involving the "sale of intact sea otter pelts." The CS change clears up this issue. See the following for the exact change (italicized is the new wording):

The CS change for HJR 26\B replaced the whereas clause on page three line one to read: "Whereas, under the Marine Mammal Protection Act of 1972 *and the regulations adopted under the Act, Alaska Natives are limited to selling only 'authentic' and 'traditional' Native handicrafts...*"

The CS also replaced the third resolved clause of the original draft starting on page three line 31 to read: "Further Resolved that the Alaska State Legislature urges federal authorities to *consider broadening the scope of allowable uses for sea otters taken for subsistence purposes by replacing the references to 'authentic' and 'traditional' handicrafts in the Marine Mammal Protection Act of 1972 and the regulations adopted under the Act with the phrase 'Alaska Native articles of handicraft' and continuing the sale of sea otter pelts consistent with all other provisions of the Marine Mammal Protection Act of 1972.*"

27-LS0717\B
Bullard
1/27/12

CS FOR HOUSE JOINT RESOLUTION NO. 26( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES PEGGY WILSON, Thomas, Austerman

A RESOLUTION

Urging federal agencies to work with the Alaska Department of Fish and Game, Southeast Alaska Native leaders, and other interested parties to establish strategies and plans for the sustainable management of the reintroduced sea otter population of Southeast Alaska.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS, in the late 1960s, in the absence of a long-term management plan, the Alaska Department of Fish and Game reintroduced approximately 400 sea otters to nearshore waters in six different locations around Southeast Alaska; and

WHEREAS, without proper management, the sea otter population in southern Southeast Alaska has grown at an alarming rate; and

WHEREAS more than 10,560 sea otters were observed in 2003, and a 2010-2011 aerial survey by the United States Fish and Wildlife Service revealed 20,000 sea otters, for an approximate annual growth rate of 12 percent in southern Southeast Alaska and four percent in northern Southeast Alaska; and

WHEREAS the federal government, which has responsibility for managing sea otter

populations under the Marine Mammal Protection Act of 1972, has not established an effective management plan for protecting the ecosystems affected by sea otters; and

WHEREAS, in 1994, the United States Fish and Wildlife Service issued the "Conservation Plan for the Sea Otter in Alaska," which stated that, while the optimum sustainable population range had not been numerically defined for sea otters in Alaska, the stock was believed to be in the optimum sustainable population range; and

WHEREAS the preface to the 1994 plan states that the plan "will be reviewed annually and revised at least every three to five years"; and

WHEREAS male sea otters in Alaska can weigh up to 100 pounds and average between 60 and 85 pounds, and large females can weigh up to 72 pounds and average between 35 and 60 pounds; and

WHEREAS unmanaged high numbers of reintroduced sea otters consume up to 23 percent of their body weight each day of crab, abalone, sea urchins, sea cucumbers, clams, and other shellfish that the region's human residents rely on for subsistence and commercial uses and appear to be contributing to degradation of the ecological balance in many areas, leading to diminished human harvests of those important subsistence and commercial resources; and

WHEREAS the dramatically increasing and currently high number of reintroduced sea otters has, in some areas, depleted shellfish stocks to a degree that subsistence, personal use, sport, and commercial fishing have been halted because of unsustainable lack of abundance; and

WHEREAS many residents in the state's coastal communities directly or indirectly depend on the fishery resources of the state's coastal waters; and

WHEREAS money derived from the harvest of the state's sustainably managed aquatic resources forms a major component of the economies of the state's coastal communities, causing those communities to be particularly vulnerable to situations that negatively affect yields from local resources; and

WHEREAS Southeast Alaska's municipalities, towns, and villages face substantial challenges in developing broader economic opportunities for their residents; and

WHEREAS Southeast Alaska's indigenous inhabitants have hunted sea otters since time immemorial; and

WHEREAS, under the Marine Mammal Protection Act of 1972, Alaska Natives are denied the customary and traditional ability to sell intact sea otter pelts; and

WHEREAS sec. 101 of the Marine Mammal Protection Act of 1972 provides for exemptions for Alaska Natives to harvest marine mammals, as long as the taking is for subsistence purposes and not accomplished in a wasteful manner; and

WHEREAS sec. 101 of the Marine Mammal Protection Act of 1972 allows for the use of marine mammal pelts for authentic Native articles, including handicrafts and clothing; and

WHEREAS, under the Marine Mammal Protection Act of 1972, sale of value-added fur products is allowed in both intrastate and interstate commerce; and

WHEREAS the state serves as a model for the management of harvestable resources for sustained yield and sustainable use; and

WHEREAS implementation of a sustainable harvest management regime for sea otters will serve the dual purposes of maintaining sea otter populations at a level suitable for continued ecological balance and expanding economic opportunity; and

WHEREAS sec. 119 of the Marine Mammal Protection Act of 1972 allows the United States Secretary of the Interior to enter into cooperative agreements with Alaska Native organizations for the conservation of marine mammals and the development of marine mammal cooperative management structures with federal and state agencies, including the creation of local management plans for the harvest of marine mammals for subsistence use;

BE IT RESOLVED that the Alaska State Legislature urges the United States Secretary of the Interior and appropriate federal agencies to work with the Alaska Department of Fish and Game, Southeast Alaska's Native leaders, and other interested parties in the state to establish strategies and plans for sustainable management of the reintroduced sea otter population of Southeast Alaska; and be it

FURTHER RESOLVED that the Alaska State Legislature urges state and federal government authorities, in developing those management plans, actively to consider means of expanding and enhancing small business and broader economic opportunities for residents of Southeast Alaska; and be it

FURTHER RESOLVED that the Alaska State Legislature urges federal authorities to consider broadening the scope of allowable uses for sea otters taken for subsistence

purposes to include the use, transfer, and sale of intact sea otter pelts in order to restore to the state's Native people the right to make full use of sea otters harvested for subsistence while expanding and enhancing economic opportunities for residents of Southeast Alaska.

COPIES of this resolution shall be sent to the Honorable Ken Salazar, United States Secretary of the Interior; and the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

ALASKA STATE LEGISLATURE

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REPRESENTATIVE PEGGY WILSON
HOUSE DISTRICT 2

SPONSOR STATEMENT
House Joint Resolution 26

"Urging federal agencies to work with the Alaska Department of Fish and Game, Southeast Alaska Native leaders, and other interested parties to establish strategies and plans for the sustainable management of the reintroduced sea otter population of Southeast Alaska."

In 1965-69 sea otters were reintroduced in SE with no management plan for an eventual overabundance.

Since 1972 the federal government who has the sole responsibility for managing the sea otter population has focused on a general harvesting moratorium, with few exceptions. Regulations allow a single group of people to sell sea otter pelts for purposes of authentic native articles of handicrafts and clothing. Even though they have the right to hunt the sea otter, the Alaska Natives have been denied the customary and traditional ability to sell intact sea otter pelts.

The 1994 Conservation Plan for the Sea Otter in Alaska states that although the optimum sustainable population range has not been numerically defined for sea otters in Alaska, the stock is believed to be within that range. That was sixteen years ago. The preface states, this plan will be reviewed annually and revised at least every three to five years.

The Southeast sea otters have flourished, with a growth rate of 13% a year. There is a known population of some 11,000 sea otters in Southeast. These sea otters could eat up to 253,000 lbs of food in a single day. This demonstrates how sea otters have been implicated in the demise of the recreational and commercial crab, geoduck and abalone fisheries. Their preferred foods are also some of our preferred foods, crab, clams, abalone, mollusks and other shellfish.

Good management calls for a new management plan now, not waiting for years more of study, while the sea otter overpopulation continues and the shell fisheries suffer loss. More assessing will not restore to Southeast Alaska tribes the right to make full use of sea otters for subsistence, nor to fishermen the commercial and sport fisheries that are being lost. A plan revision is needed now. There is an urgent need to diminish the sea otter depletion of shell fish and to facilitate the means by which all Southeast Alaska people can share in a more robust sport, subsistence, and economic base.

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REPRESENTATIVE PEGGY WILSON
HOUSE DISTRICT 2

INTEROFFICE MEMO

From: Arthur Martin, Legislative Intern for Representative Peggy Wilson

To: Representative Eric Feige and Representative Paul Seaton

Date: 1/17/12

Message:

The CS change for HJR 26 update the third Whereas clause to read "10,560 sea otters observed in 2003, and a 2010-2011 aerial survey by the United States Fish and Wildlife Service revealed 20,000 sea otters..." instead of the previous numbers of "5,800" and " 11,000" sea otters respectively in the original version.

The CS also changed/added the "approximate annual growth rate of 12 percent in southern Southeast Alaska and four percent in northern Southeast Alaska..."

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version **HJR 26**
Fiscal Note Number
() Publish Date

Identifier (file name) HJR26-LEG-COU-1-26-12
Title "Urging federal agencies to work with the ADFG, etc for sustainable mgmt of the reintroduced sea otter..."
Sponsor Reps Peggy Wilson, Thomas, and Austerman
Requester House Resources

Dept. Affected Legislature
Appropriation Legislative Council
Allocation Council and Subcommittees
OMB Component Number 783

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by Jessica Geary, Finance Manager — Phone 465-6626
Division Legislative Affairs Agency — Date/Time 1/26/12 1:11 PM
Approved by Pamela Varni, Executive Director — Date 1/26/2012
Legislative Affairs Agency

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HJR 26

Analysis

This Legislation has zero fiscal impact on the Legislative Affairs Agency.

Recolonization, prey selection and resource competition by sea otters, *Enhydra lutris*, in southern southeast Alaska.

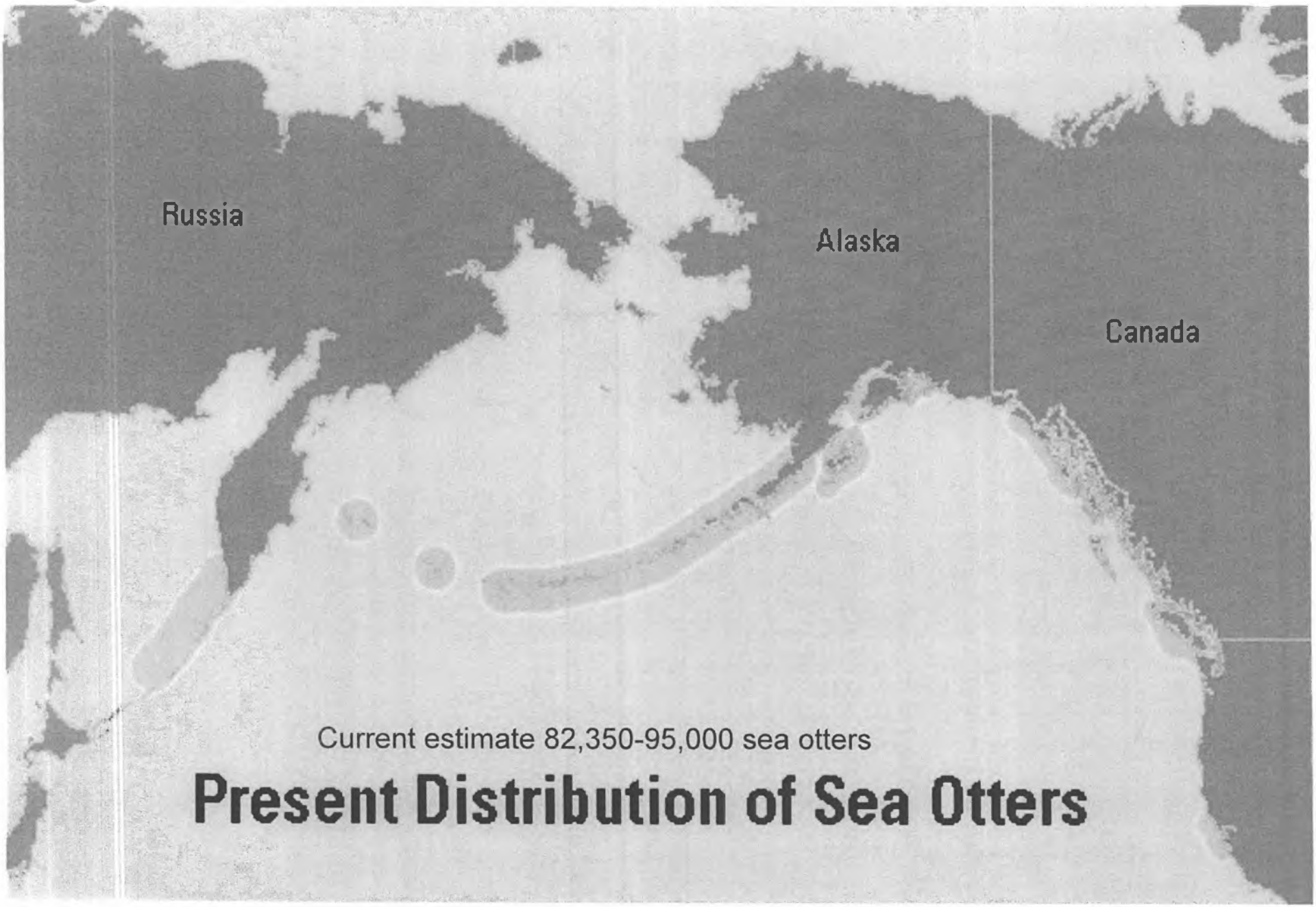


Zac Hoyt, PhD student, UAF

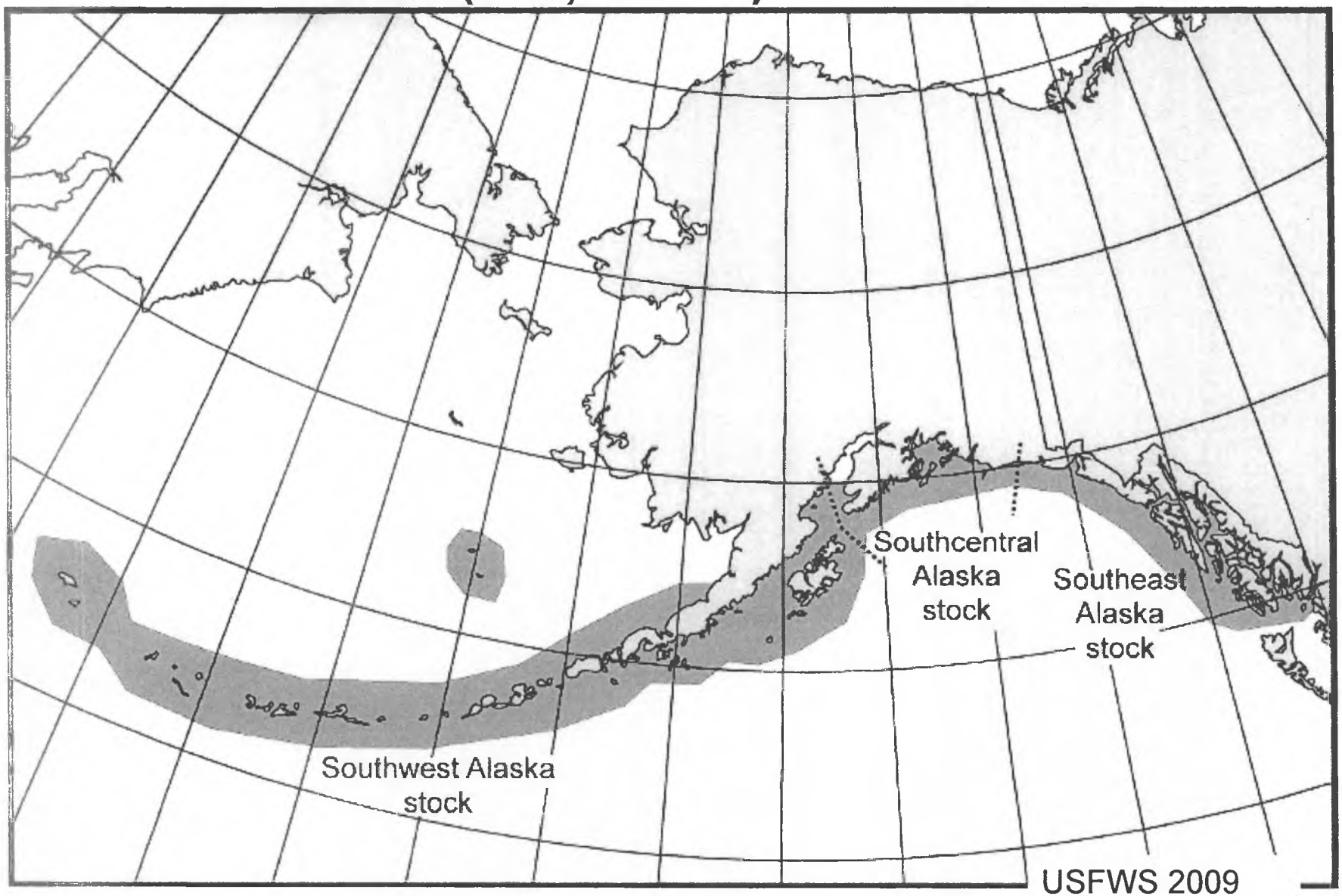
Verena Gill, Wildlife Biologist, USFWS

Ginny Eckert, Professor, UAF

Sunny Rice, Marine Advisory Agent, UAF


Russia
Alaska
Canada
Current estimate 82,350-95,000 sea otters
Present Distribution of Sea Otters

Alaska (73,000+) in 3 stocks



1960's Release

Maurelle Islands

51 otters

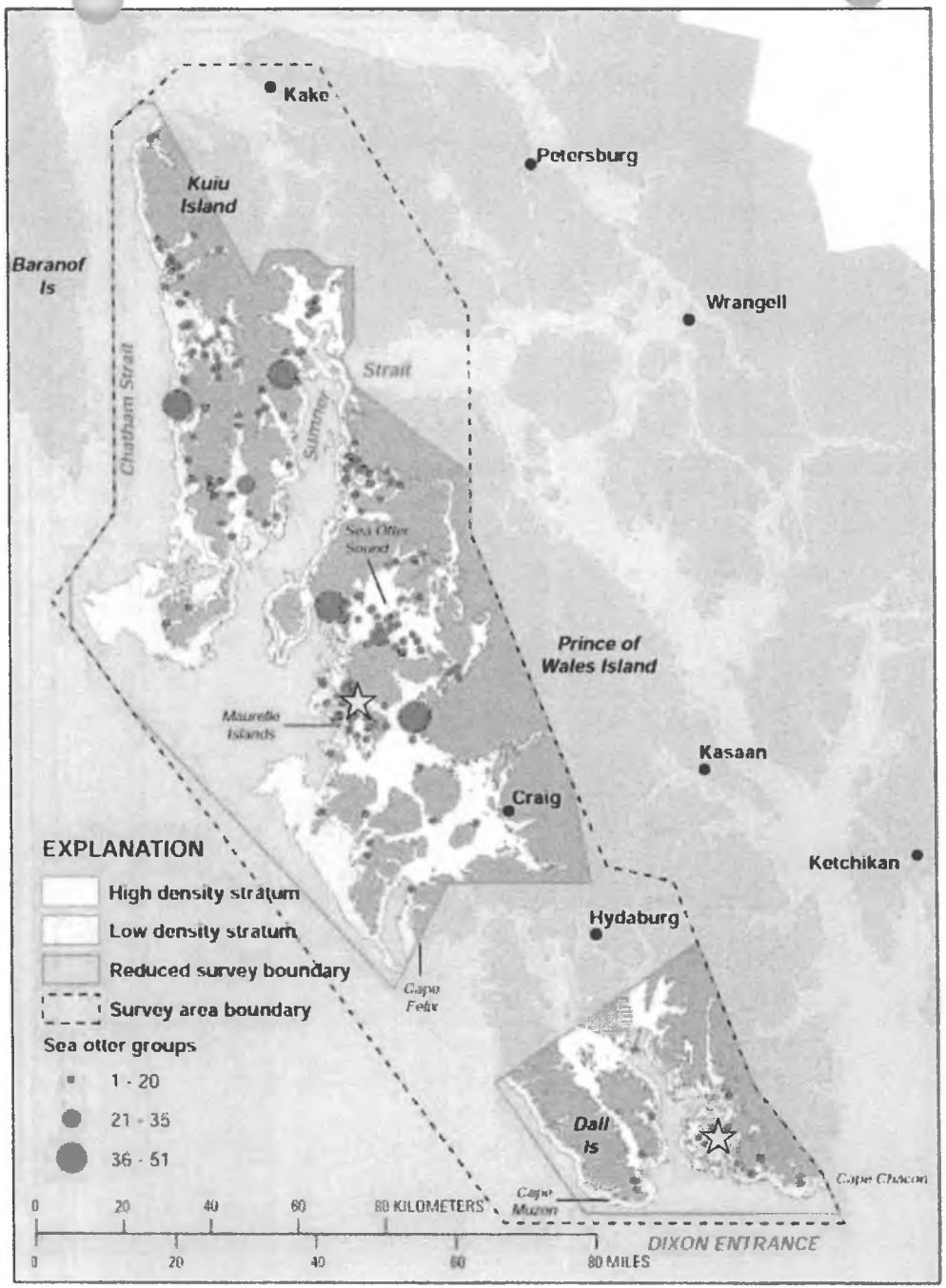
Barrier Islands

55 otters

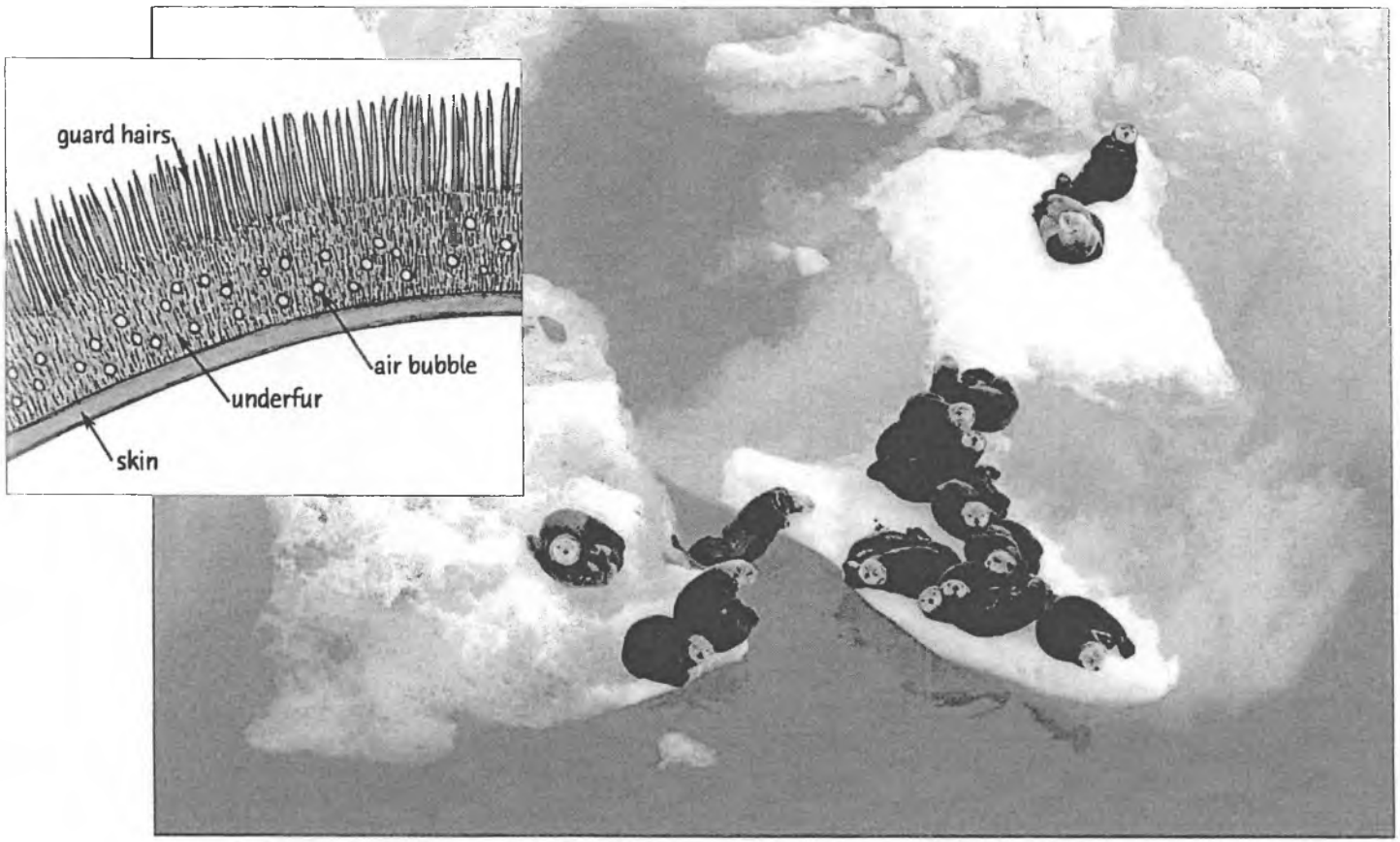
2003 Population

- **Southern portion (2003) estimated at 5,845 otters**
  - **SE = 821**
- **SE AK**

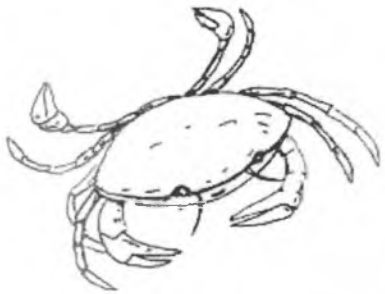
Esslinger and Bodkin 2009



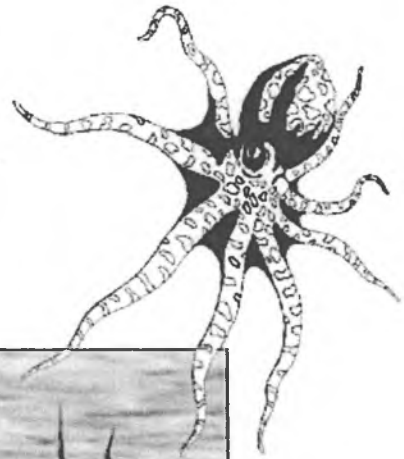
The only marine mammals without blubber

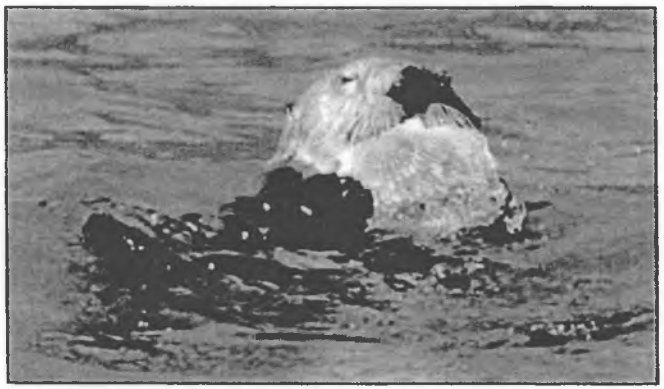


Sea otters have a high metabolism



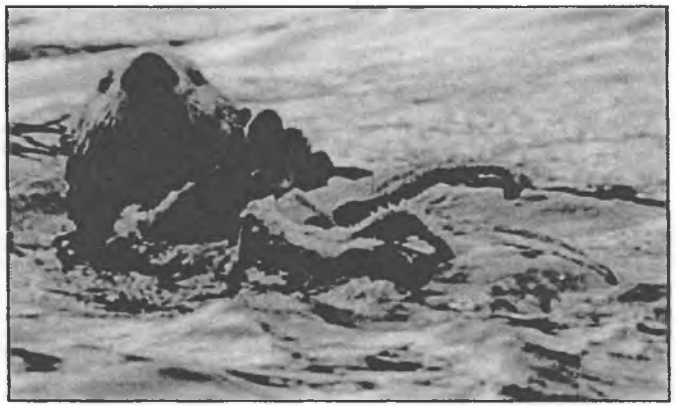
The sea otter diet is extremely diverse







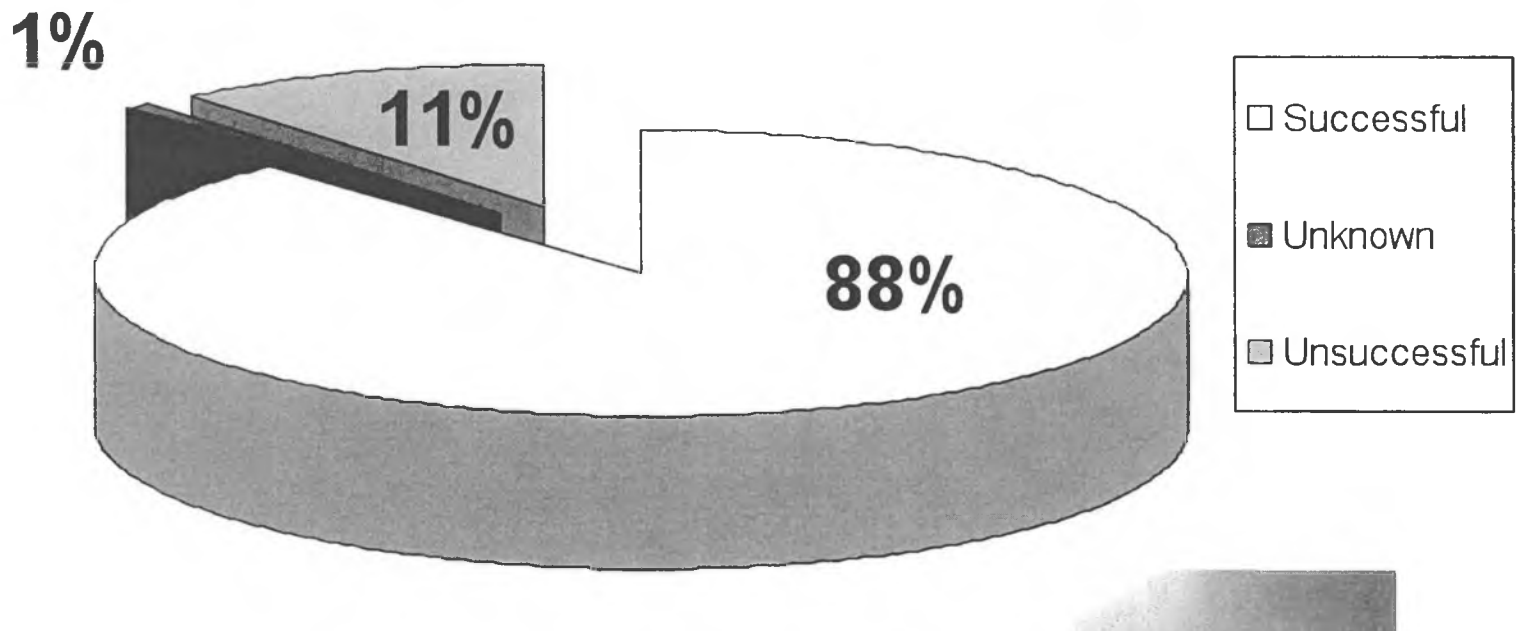




Specialists and generalists. High metabolic rate so can eat up to 23% of body weight

Results

Otter foraging success



116 bouts recorded

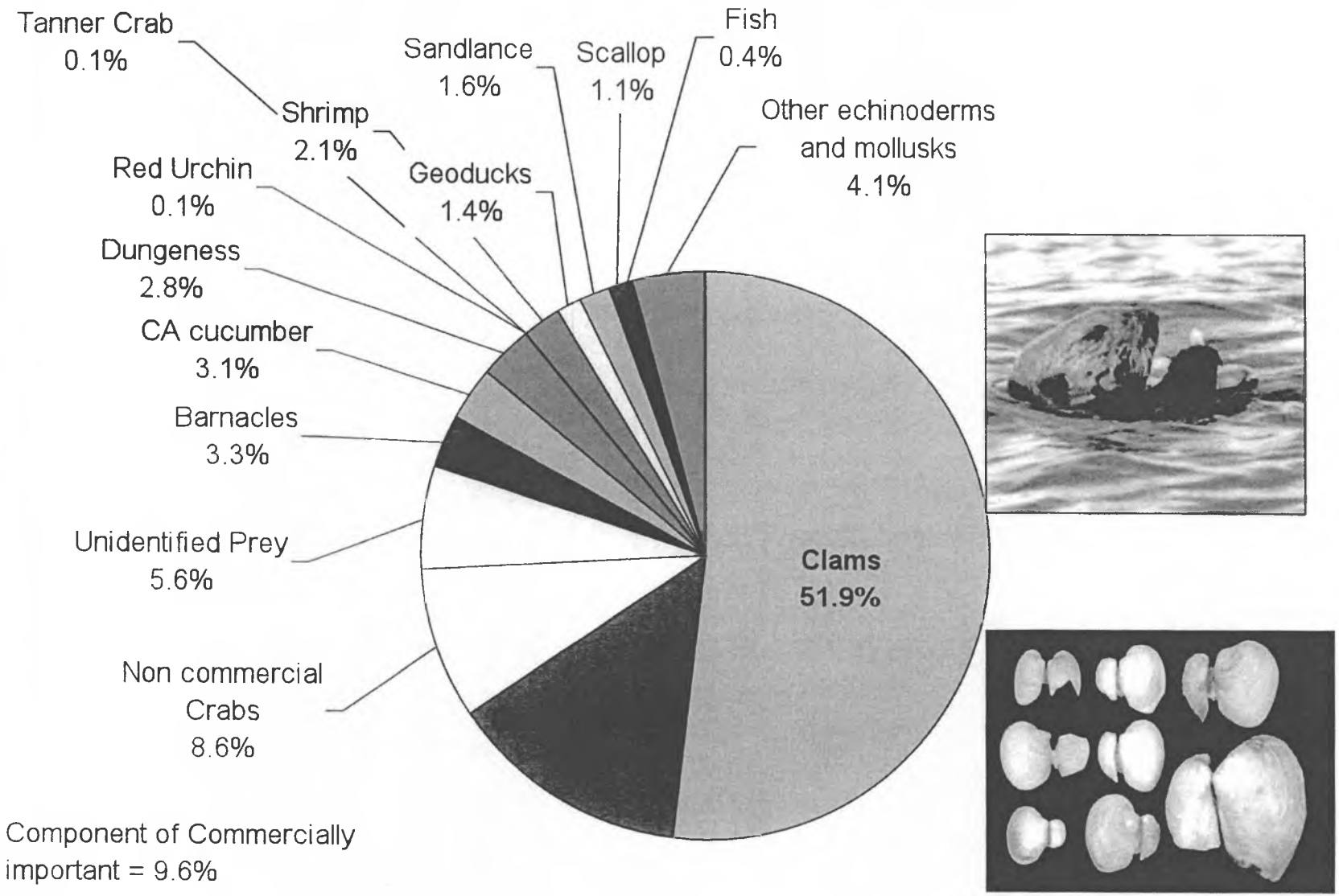
1500 dives recorded

1332 successful





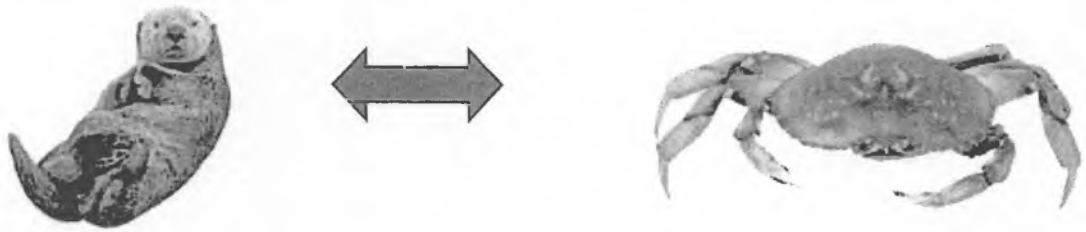
Diet composition by taxonomic group

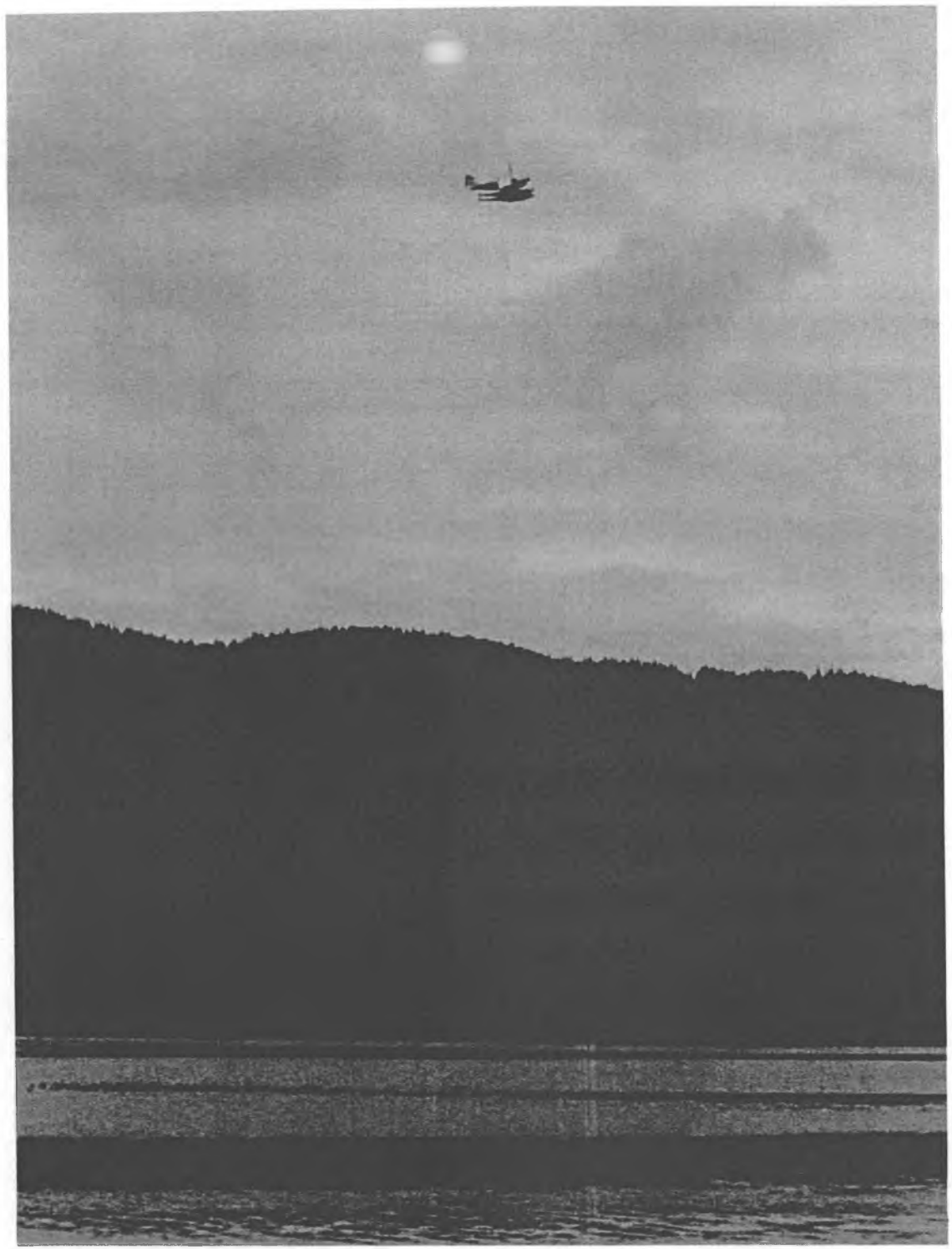


Component of Commercially important = 9.6%

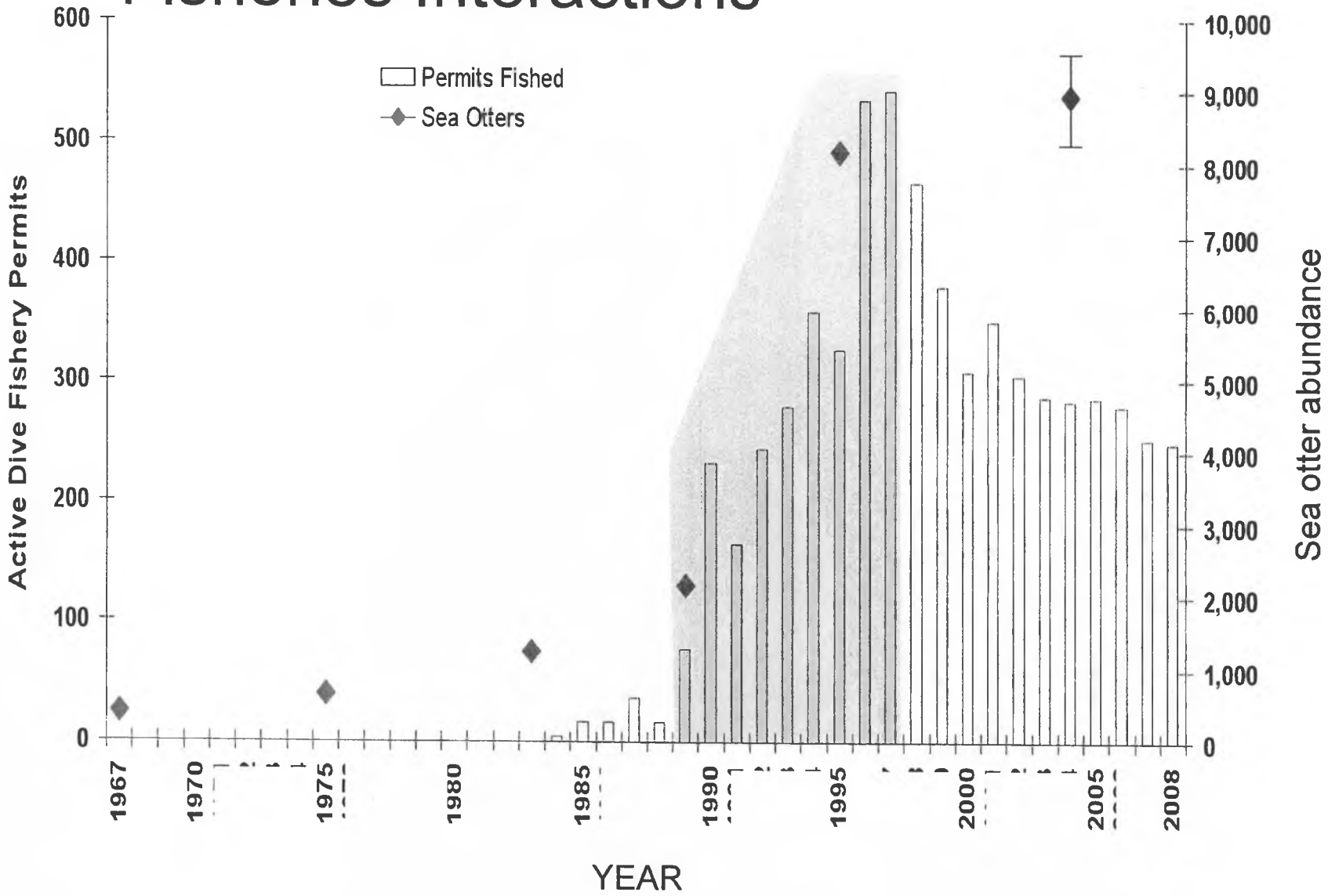
Conclusion

- Results confirm what we have been hearing anecdotally from the commercial fleet.
- Otters are having a significantly greater effect on commercial macro invertebrates on the frontal boundaries of their current distribution especially relating to California Sea Cucumbers and Dungeness Crab.
- More foraging data is needed from the region to address conflict of the other commercially important species.





Fisheries Interactions

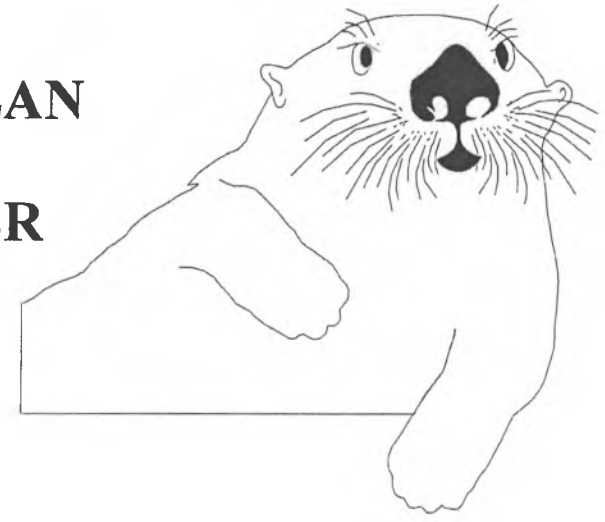



www.alaskaseagrant.org/seaotters
Special Thanks
Icicle Seafood's
Kake Tribal
USFS - Petersburg Ranger District
Bonnie Greenwood
Tory Wilson
Marlene Wagner
Crew of the F/V's:
Kuprenof
Kamalar
Westerly
Deco Bay
PERMITS : MMPA permit #041309
IACUC 164017-1

CONSERVATION PLAN

FOR THE SEA OTTER

IN ALASKA



June 1994

U.S. FISH AND WILDLIFE SERVICE
Marine Mammals Management
Anchorage, Alaska

PREFACE

This conservation plan for sea otters in Alaska has been approved by the U.S. Fish and Wildlife Service. It will be used by the U.S. Fish and Wildlife Service in the ongoing management and conservation of sea otters. It was prepared by staff of the Marine Mammals Management office, U.S. Fish and Wildlife Service, with the assistance of the Marine Mammal Commission and the Sea Otter Management Plan Advisory Team. While many of the contributions and recommendations made by participating individuals and organizations have been incorporated into this plan, it does not necessarily represent the views of these individuals and organizations. Parts of this conservation plan solely represent the views of the U.S. Fish and Wildlife Service.

This plan will be reviewed annually and revised at least every three to five years. It will be modified subject to new findings, changes in species status, completion of tasks, legal interpretations, policy changes or Congressional direction. Completion of most tasks is dependent on obtaining new funds.

Literature Citation should read as follows:

U. S. Fish and Wildlife Service. 1993. Conservation Plan for the Sea Otter in Alaska. Marine Mammals Management, USFWS, Anchorage, AK. 47pp.

Approved:_____ Date:_____
Regional Director

I. INTRODUCTION

Sea otters (*Enhydra lutris*) are conspicuous members of ice-free but cold temperate and sub-arctic nearshore ecosystems of the North Pacific. The Marine Mammal Protection Act (MMPA) of 1972, as amended, transferred management authority for sea otters in Alaska from the State to the U.S. Fish and Wildlife Service (FWS). Since passage of the MMPA, the FWS's management approach has been conservative, allowing populations of sea otters to increase in number and re-occupy most of their historic range. In some regions, populations of sea otters have reached equilibrium densities.

The return of sea otters from near extinction, and the re-occupation of most of their historic range is one of the great wildlife conservation stories of the century. However, the species' recovery has not come without controversy. The conflict between sea otters and humans over shellfish resources is probably the most serious problem that has arisen. With healthy populations of sea otters firmly established in most of their historic range in coastal Alaska, now is an appropriate juncture to examine existing and potential management problems and resource conflicts, and consider potential solutions to those management problems and conflicts.

Preparation of this plan follows a recommendation from Congress in a report accompanying the 1988 amendments to the MMPA which calls upon the Secretary of the Interior to consider whether non-depleted species of marine mammals would benefit from preparation of conservation plans, as well as a 1989 recommendation from the Marine Mammal Commission that the FWS prepare a conservation plan for sea otters in Alaska. This plan is a vehicle for guiding ongoing conservation and management activities for sea otters in Alaska.

This plan was developed with the assistance and input of many individuals and groups. The planning process was initiated in 1991 with the establishment of a Planning Advisory Team. Members of the planning team included representatives from most organizations with a major interest in sea otters, including: Alaska Natives, conservationists, environmentalists, sport hunters, commercial fishermen, scientists, oil and gas industry, Alaska Department of Fish and Game (ADF&G), Minerals Management Service (MMS), and the Marine Mammal Commission (MMC). A Draft Management Plan was completed after input and review by the MMC, Alaska Native representatives and other members of the Planning Team and released for public comment on January 15, 1993, following a Federal Register Notice. The Draft Management Plan also incorporated proposed legislative amendments to the Marine Mammal Protection Act.

The public comment period on the draft sea otter management plan began on January 15, 1993, and ended on February 28, 1993. Comments continued to be received and evaluated until mid-March. Public meetings during the comment period were held in Anchorage, Cordova, Homer, Hoonah, Kodiak, Larsen Bay, Nanwalek, Seward, and Valdez. Public meetings also were held prior to the formal comment period in various Southeast Alaska towns and villages, including: Angoon, Hoonah, Hydaburg, Juneau, Kake, Ketchikan, Sitka, and Yakutat. A draft final plan was published in April 1993. Additional comments were received on that plan and have been considered in the preparation of this document.

During the comment period or after the comment period had closed, 195 written comments were received. These comments were from a variety of sources, including: five organizations representing Alaska Natives, four Federal or State government offices, two tourism/marine recreation organizations, four conservation/environmental organizations, and numerous individuals. Seventy-six of the responses were the tear-off portions of the Executive Summary. Ninety-one of the responses were duplicated letters originally signed by citizens of Kodiak Island. In addition to comments on the plan, three resolutions from Alaska Native organizations were received. With the exceptions of written responses from three conservation organizations and three individuals, all written responses were from Alaska. Appendix B contains a summary of the public comments.

The Sea Otter Conservation Plan is divided into two parts: 1) a conservation plan, prepared with the assistance of the Marine Mammal Commission; and 2) an implementation plan which details how the FWS will implement the conservation plan. This plan is not intended as a primary reference on sea otter natural history and ecology. For more information on these subjects, readers are referred to other sources, including: Kenyon (1969), Estes (1980), VanBlaricom and Estes (1988), Rotterman and Simon-Jackson (1988), Garshelis (1990) and Riedman and Estes (1990).

II. GOALS AND OBJECTIVES OF THE CONSERVATION PLAN

In order to fulfill the requirements of the MMPA and continue to ensure the conservation of sea otters in Alaska, several specific goals and objectives were identified to guide the development and implementation of this plan. Additionally, the April 30, 1994 amendments to the MMPA allow for co-management of subsistence use by Alaska Natives and the FWS which will require participation by both organizations to implement the goals and objectives of this plan. Section V. of this document provides additional detail on each of the objectives presented here.

Goal A. Maintain the Alaska sea otter population within its optimum sustainable population range

In the MMPA, Congress found that marine mammal species and population stocks should not be permitted to diminish beyond the point at which they cease to be a significant functioning element in the ecosystem of which they are a part, and should not be permitted to diminish below their optimum sustainable population (OSP) level. The term OSP is defined in the MMPA as "...the number of animals which will result in the maximum productivity of the population or the species, keeping in mind the carrying capacity of the habitat and the health of the ecosystem of which they form a constituent element." This statutory definition has been interpreted by both the FWS and the National Marine Fisheries Service (NMFS) for application in the management context as follows: "Optimum sustainable population is a population size which falls within a range from the population level of a given species or stock which is the largest supportable within the ecosystem to the population level that results in maximum net productivity. Maximum net productivity is the

SitNews Stories In The News
Ketchikan, Alaska www.sitnews.us

Fish Factor

Danger posed to fisheries in Southeast by sea otters

By LAINE WELCH

August 31, 2009
Monday

Several things pose dangers to various fisheries in Alaska, but there is one big threat in the Panhandle that is seldom mentioned: sea otters.

Sea otters in Southeast Alaska were hunted almost to extinction by Russian fur traders in the 18th and 19th centuries, and estimates peg the population at just 2,000 in 1911. Sea otters were re-introduced to the region by ADF&G in the 1960s; within a decade their numbers reached 160,000 animals, and otter counts have grown exponentially ever since.

Sea otters can grow larger than four feet and weigh up to 90 pounds. They are voracious feeders and eat 25% of their body weight each day. Sea otters are blamed in part for the collapse of the lucrative abalone fishery, which ended in 1995.

"It is clear that abalone cannot co-exist in commercial quantities with sea otters," said a 1999 fishery report to the state Board of Fisheries.

Now, their appetites are starting to take a bite out of other commercially important species.

"We've closed many fisheries now - sea cucumbers, urchins, and just this last year we closed the first geoduck fishery due to presumed sea otter predation," said Zac Hoyt, a diver and research biologist at ADF&G in Petersburg.

"When you're under water in a geoduck bed, it's pretty amazing how efficient otters are at getting these big clams that burrow two or three feet under the substrate," he added. "It's literally like a back hoe has been on the bottom in those sandy areas."

No one knows how many sea otters have set up housekeeping in Southeast or

how much shellfish they're feasting upon. Hoyt and Sunny Rice, the local Sea Grant marine advisor, aim to start finding out.

"The first step of our proposed project is to get an estimate of how many otters are in southern Southeast before we can move forward with anything else," Rice said, adding that concerns by fishermen and subsistence users prompted the study.

More fishermen, especially Dungeness crabbers, are telling her they are being forced out of traditional areas by sea otters, Rice said. Should they be holding on to their dungie permits?

"The reason we're tackling this whole thing is due to a lack of scientific information," Rice said. "It would be nice to verify what we're hearing from commercial fishermen - they'll go into a bay and see evidence of otter predation all along the shore, and at the same time, they're not catching any crab in their pots."

"We want to try and estimate the take of four commercially important species by sea otters - Dungeness crab, geoduck clams, urchins and sea cucumbers," Hoyt added.

The project also aims to learn how far the otters are foraging.

"Is there some reason why they haven't come all the way into the far inside waters of Southeast Alaska, or have they just not gotten here yet? That's an important question for fishing fleets," Rice said.
How fishermen and otters might co-exist remains a big question. Complicating the problem -- sea otters are listed as a protected species by the federal government and cannot be harassed in any way. The U.S. Fish & Wildlife Service will collaborate with the two year project.

UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

February 2, 2012

Representative Paul Seaton, Co-Chair
Representative Eric Feige, Co-Chair
House Resources Committee
Alaska State Legislature
120 4th St, State Capitol, Room 3
Juneau, AK 99801-1182

RE: Support for HJR 26 regarding Re-introduced Sea Otters

Dear Co-Chairmen Seaton & Feige, and Committee Members,

United Fishermen of Alaska (UFA) is the largest statewide commercial fishing trade association, representing 37 commercial fishing organizations participating in fisheries throughout the state and its offshore federal waters. Fishermen in Southeast Alaska and UFA member groups for years have been alarmed by the rapid increase in sea otter populations, and noticeable impacts on shellfish and fishery resources throughout the region.

In 2009, UFA unanimously adopted Resolution 2009-1 (attached) supporting:

-research on sea otter populations and their effects;

- decreasing hurdles to Alaska Natives in their utilization of this resource;

-requesting the Alaska Dept of Fish and Game to become more actively involved with USFWS in the management of sea otters and documenting their effect.

-requesting the Federal and State agencies, Tribal community organizations and other entities affected by sea otters in the area to meet regionally and develop ecosystem-based sea otter management plans benefiting all users of these resources and protecting the fishery resources from depletion by sea otters, and providing for access to resources in areas of sea otter depletion.

This December, the McDowell Group released a report sponsored by UFA member group Southeast Alaska Regional Dive Fisheries Association (SARDFA), titled Sea Otter Impacts on Commercial Fisheries in Southeast Alaska, which can be found online at:
http://www.scribd.com/doc/74857876/MCDOWELL-GROUP-2011-Sea-Otter-Impacts-Report
This report estimates a direct loss of $12.8 million in ex-vessel value, and $22.4 million in first wholesale value to the Southeast Alaska economy attributable to increased sea otter

Alaska Scallop Association
PO Box 8989
Kodiak, AK 99615
(907) 512-7018
Jim@AlaskaScallop.net

January 29, 2012

Representative Paul Seaton, Co-Chairman
Representative Eric Feige, Co-Chairman
House Resources Committee
Alaska State Legislature
State Capitol, 120 Fourth Street
Juneau, AK 99801-1182

RE; House Joint Resolution No. 26

Dear Co-Chairmen Seaton and Feige
I am writing on behalf of the Alaska Scallop Association. The Alaska Scallop Association (ASA) represents the majority of the Scallop boats in the State. We are a member in good standing in the United Fishermen of Alaska (UFA). Our organization is in support of this resolution. We also voted in favor of a similar UFA resolution in 2009.

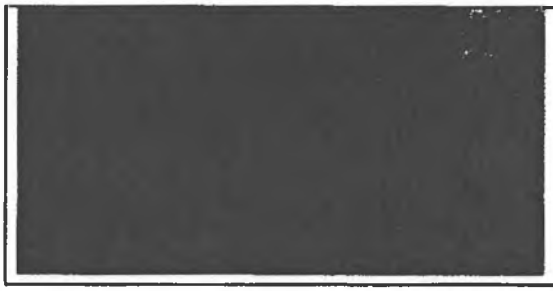
For good sound management purposes ADFG does not allow the Commercial Scallop fishery to be prosecuted in the same areas inhabited by the Sea Otters. The Commercial Scallop beds are offshore in deep waters, out of the otters range. There are however large populations of Scallop in these areas of high Sea Otter densities. The Scallop Statewide population is dependent on a reproductive system involving 30 days and longer free floating larvae and water mixing with the wind and tidal currents. It is the Scallop fishermen's belief that these scallop populations within the Sea Otters reach play an important role in rejuvenating the off shore commercial scallop beds in the rest of the state, as their larvae free floats with the currents. Our concern is that the Sea Otter's unchecked expansion and appetite for all shellfish could have a large negative impact on this important reproductive component of the Scallops in Alaska.

ASA is also concerned about other State shellfish fishermen losing their livelihoods as the Sea Otter populations explode and their voracious appetites are turned loose on South East's shellfish. We have been told these animals eat on average about 15 pounds a day. With population estimates between 11,000 and 20,000 animals, that is 165,000 to 300,000 pounds a day, times 365 days, that's as much as 50 to 100 million pounds out of SE, of mostly Shellfish consumed annually by these Sea Otters. These shellfish stocks cannot take this for long, before all the fisheries, the jobs and the small family businesses collapse.

For the good of the State, her coastal communities and commercial, subsistence and sport fishermen, it seems reasonable to find a way to control the unchecked population boom of the Sea Otter. The high value of Sea Otter pelts creates an added opportunity to assist local communities, while keeping the Sea Otter/Shellfish populations in balance.

A well thought out and well managed sea otter harvesting plan could offer some residents of SE a good income and be done responsibly so as not to endanger the Sea Otter population or the existing shellfish fisheries.

Regards, Jim Stone,
President Alaska Scallop Association.



Southeast Alaska Subsistence Regional Advisory Council

Bertrand Adams Sr., Chair

kaadashan@alaska.net

April 7, 2010

Mr. Geoffrey L. Haskett
Alaska Regional Director
U.S. Fish and Wildlife Service
1011 East Tudor Road
Anchorage, Alaska 99503

Dear Mr. Haskett:

The Council appreciates the effort you and Mr. Burns made to attend the Council meeting in Saxman on March 16, 2010. We are encouraged by your commitment to form a new partnership with the Central Council of Tlingit and Haida Indian Tribes and the Sitka Tribe of Alaska for addressing sea otter concerns. The Alaska Native Sea Otter Co-management Committee (ANSOCC) appears to be well suited to address issues associated with sea otter management in the Southeast Alaska Region. The Council also welcomes the commitment by the U. S. Fish and Wildlife Service (USFWS) to engage in an outreach program to educate users of sea otters, as mentioned in your letter to the Council on January 19, 2010.

In a March 24, 2009 letter, the Council expressed its unanimous support for a proposed study, "Ecological, economic and social changes as a result of sea otter recolonization in southern Southeast Alaska." The Council was pleased to hear the USFWS was supportive and instrumental in obtaining this funding. Thank you; completion of this study will be necessary to determine the true impact of sea otters to the communities and subsistence users we represent.

The Council continues to receive testimony on reasons for the underutilization of sea otters and the devastating affects the expanding sea otter population is having on shellfish stocks important to subsistence users and the economies of local communities. In previous correspondence, we recommended joint management plus an education program to familiarize users with current rules and are encouraged that progress is being made along those lines. The Council has several additional recommendations for consideration by the ANSOCC and the USFWS to further facilitate the subsistence use of sea otters.

Council Recommendations:

1. The Council recommends a thorough review of current regulations. Regulations appropriate to protect a small fragile population are likely too restrictive to encourage harvest of a robust and rapidly increasing population.

2. Regulations need to be amended to encourage harvest when and where there is a significant level of harvest opportunity commonly referred to as potential biological removal. The use of Alaska Department of Fish and Game fishing Districts may be well suited to define area boundaries.

3. The process of tanning sea otter pelts results in a product that is certainly "significantly altered." That concept should be clearly described in regulation by amending Section 18.3 "Definitions" in the code of Federal regulations to include tanned hides as significantly altered.

4. Requiring the use of registered agents inhibits the potential utilization of sea otters. Section 18.23 (b) 1 (i) (ii) and 2 (i) (ii) "Native exemptions" should be amended to remove the requirement to utilize registered agents and allow the direct sale and transportation of sea otters by qualified users. Current language in these paragraphs is exceedingly confusing and unnecessarily restrictive.

5. There is no need for tags to remain affixed to the skin through the tanning process. Section 18.23 (f) 9 (iii) (E) should be deleted in its entirety.

Please address any questions regarding this request either directly to me or through Mr. Robert Larson, Council Coordinator, U. S. Forest Service, Box 1328, Petersburg, AK 99833, 1-907-772-5930, robertlarson@fs.fed.us.

Sincerely,

Bertrand Adams Sr., Chair

cc: Peter J. Probasco, Office of Subsistence Management
Beth Pendleton, Forest Service Regional Forester
Ralph E. Lohse, Chair Southcentral Subsistence Regional Advisory Council
Speridon M. Simeonoff Sr., Chair Kodiak/Aleutians Subsistence Regional Advisory Council
Molly Chythlook, Chair, Bristol Bay Subsistence Regional Advisory Council
Lawrence Widmark, Chairman Sitka Tribe of Alaska
William E. Martin, President Central Council of Tlingit and Haida Indian Tribes

Rebecca Rooney

From: WEATHERS [northerngirl@starband.net]
Sent: Monday, March 09, 2009 8:16 PM
To: Sen. Albert Kookesh; Rep. Bill Thomas
Cc: Rep. Cathy Munoz; Rep. Beth Kerttula; Rep. Kyle Johansen; Rep. Peggy Wilson; Sen. Bert Stedman
Subject: RE: South East Dungeness Fishing v's Sea Otters

Dear Senator Kookesh & Representative Thomas,

I live in Prince William Sound near Cordova but I now fish out of Petersburg, Alaska which is in Representative Peggy Wilson's district #2. My fishing area is located within the Southeastern Alaska Area A which includes all waters between Cape Fairweather & Dixon Entrance which are located in Senate District A, B & C. That is why I have carbon copied this email to all area legislators.

I have been a crab fisherman for over 40 years. I started fishing Crab in the 60's with my father in Prince William Sound. In 1979 or 1980 the Dungeness fishery in Orca inlet (a half a million pound fishery) was wiped out in three months after a heard of sea otter moved in from the Western & Southern portion of Prince William Sound after having devastated the western portion of the sound. Once Orca inlet was closed I started Fishing Dungeness crab in the Copper River district of Area E. Do to over fishing of illegal gear & Sea Otter predation the Copper River District was closed in 1992. With no Dungeness crab fisheries open in Area E I & my son's moved south to Area D (Yakutat district) to fish Dungeness crab. Due to low abundance the Board of Fisheries closed the fishery (against the recommendations of the Fish & Game) in 1999. Leaving it open to Sea Otter predation. Where I use to be able to dig up to a 11, 5 gallon buckets of clams per tide I now cannot find a clam since the Sea Otter have moved through the area. In my 40 years of fishing I have been watching the Sea Otters slowly move South devastating ALL shellfish (i.e. crabs, clams, abalone, sea cucumbers, Sea Urchins, mussels & even barnacles off the piling) as they travel. After the Dungeness crab was closed in Area D I fished King crab in the Bering Sea but at 53 years old I was displaced by the Crab Rationalization program.

So in 2006 I bought a Southeast Dungeness crab permit & started fishing. I immediately noticed the Sea Otter predation. After doing some checking with ADF&G I found that the Sea Otters had been introduced to the area in the 1960's. The State & or federal government trapped live Sea Otters in Prince William Sound & transported them to the Southeast. There is even a report by the ADF&G that states that the Sea Otter would destroy the shellfish in Southeast & the fishermen may need to be compensated over the loss. If we continue to allow the Sea Otter to propagate we will have a total loss of the shellfish eco system for generations to come. In Prince William Sound the Sea Otters have been seen eating halibut, red snapper, salmon, star fish & even a seagull.

During the 2009 Board of Fishery meeting in Petersburg the fishermen brought up the issue of the Sea Otter predation but no proposals were made because the Sea Otters are a federal issue. After talking with Congressman Don Young today he said that we need to ask the State of Alaska to petition the Department of Commerce to transfer control & management of the Sea Otter to the State of Alaska. Could you please tell me how do we proceed from here & how to get the State of Alaska to petition the federal government? Please contact me with any questions. Thank you for your help & time. Your Constituent, ERIC J WEATHERS, c/o P.O. Box 1791, Cordova, Alaska, 907-424-3745 or northerngirl@starband.net

CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION NO. 02-11-1217

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, REQUESTING THAT STATE AND FEDERAL AUTHORITIES BECOME MORE ACTIVELY INVOLVED IN MANAGING THE SEA OTTER POPULATION AND FIND WAYS TO REVIVE LOST ECONOMIES DUE TO THE RELOCATION AND RE-COLONIZATION OF SEA OTTERS IN SOUTHEAST ALASKA

WHEREAS, the City and Borough of Wrangell, Alaska is a small island fishing community located in Southeast Alaska with a population of approximately 2,000 citizens; and

WHEREAS, residents of the Wrangell community are dependent on abundant, sustainable resources from the coastal waters of Southeast Alaska; and

WHEREAS, in the last 1960's the Alaska Department of Fish and Game reintroduced approximately 400 sea otters in six different locations to near shore waters of Southeast Alaska with no management plan; and

WHEREAS, the federal government has jurisdiction under the Marine Mammal Protection Act (MMPA) and has to active management plan protecting the ecosystems affected by sea otters; and

WHEREAS, without proper management, the sea otter population in southern Southeast Alaska is growing at an alarming rate (5,000 observed in 2003 and a 2010 aerial survey by the United States Fish and Wildlife Service revealed an estimate of over 10,000 otters); and

WHEREAS, this drastic increase in sea otters is threatening the population of many shellfish species, such as crab, abalone, urchins, sea cucumbers, geoducks and others, to a point that subsistence, sport and commercial fishing has been stopped in many areas due to the low abundance; and

WHEREAS, a degradation in the ecological balance of a diversity of species has taken place in many areas; and

WHEREAS, residents of Wrangell and many other communities throughout Southeast Alaska rely on shellfish not only for their livelihood, but for survival in a subsistence way of life; and

WHEREAS, the loss of commercial harvests have resulted in negative economic impacts to the seafood industry. Fisherman, processors and seafood dependent communities have experienced a loss in employment wages and associated economic activities.

NOW, THEREFORE, BE IT RESOLVED THAT THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, requests that State and Federal agencies work with tribal leaders in Southeast Alaska to become more actively involved in management of the sea otter population and look to remedy the problems already created.

LET IT BE RESOLVED FURTHER, the State and Federal government managing authorities are requested to find ways to revive the lost economies from the Southeast Alaska region due to the relocation and re-colonization of sea otters in southern Southeast Alaska.

ADOPTED: February 8, 2011.

A copy of this Resolution is to be sent to our Federal Legislators; the Southeast Alaska State Senators and Representatives; State and Federal Wild Life Agencies; and the Coastal Communities of Southeast.

Jeremy Maxand, Mayor

ATTEST: _____
Christie L. Jamieson, Borough Clerk

City & Borough of Wrangell
Incorporated Borough May 30, 2008
Incorporated City June 15, 1903
Alaska

CITY OF PETERSBURG, ALASKA

RESOLUTION # 1958

A RESOLUTION REQUESTING THAT STATE AND FEDERAL AUTHORITIES BECOME MORE ACTIVELY INVOLVED IN MANAGING THE SEA OTTER POPULATION AND FIND WAYS TO REVIVE LOST ECONOMIES DUE TO THE RELOCATION AND RE-COLONIZATION OF SEA OTTERS IN SOUTHEAST ALASKA

WHEREAS, the City of Petersburg, Alaska is a small island fishing community located in Southeast Alaska with a population of approximately 3,000 citizens; and

WHEREAS, residents of the Petersburg community are dependent on abundant, sustainable resources from the coastal waters of Southeast Alaska; and

WHEREAS, in the late 1960's the Alaska Department of Fish and Game reintroduced approximately 400 sea otters in six different locations to near shore waters of Southeast Alaska with no management plan; and

WHEREAS, the federal government has jurisdiction under the Marine Mammal Protection Act (MMPA) and has no active management plan protecting the ecosystems affected by sea otters; and

WHEREAS, without proper management, the sea otter population in southern Southeast Alaska is growing at an alarming rate (5,000 observed in 2003 and a 2010 aerial survey by the United States Fish and Wildlife Service revealed an estimate of over 10,000 otters); and

WHEREAS, this drastic increase in sea otters is threatening the population of many shellfish species, such as crab, abalone, urchins, sea cucumbers, geoducks and others, to a point that subsistence, sport and commercial fishing has been stopped in many areas due to the low abundance; and

WHEREAS, a degradation in the ecological balance of a diversity of species has taken place in many areas; and

WHEREAS, residents of Petersburg and many other communities throughout Southeast Alaska rely on shellfish not only for their livelihood, but for survival in a subsistence way of life; and

WHEREAS, the loss of commercial harvests have resulted in negative economic impacts to the seafood industry. Fisherman, processors and seafood dependent communities have experienced a loss in employment wages and associated economic activities.

THEREFORE BE IT RESOLVED, the Petersburg City Council requests that State and Federal agencies work with tribal leaders in Southeast Alaska to become more actively involved in management of the sea otter population and look to remedy the problems already created.

RESOLVED FURTHER, the State and Federal government managing authorities are requested to find ways to revive the lost economies from the Southeast Alaska region due to the relocation and re-colonization of sea otters in southern Southeast Alaska

PASSED and **APPROVED** by the City Council of the City of Petersburg, Alaska this 18th day of January, 2011.

A copy of this Resolution is to be sent to our Federal Legislators; the Southeast Alaska State Senators and Representatives; State and Federal Wild Life Agencies; and the Coastal Communities of Southeast.

Al Dwyer, Mayor

ATTEST:

Kathy O'Rear, City Clerk

resolved

Grand Camp
Alaska Native Brotherhood

RESOLUTION #29-09

Title: Sea Otter Management

WHEREAS, tribal residents of Southeast Alaska have hunted for sea otters since time immemorial; and

WHEREAS, Section 119 of the US Marine Mammal Protection Act (MMPA) allows for tribally authorized local harvest management plans with US Fish and Wildlife Service; and

WHEREAS, tribal residents of Southeast, Alaska have reported diminished harvest of important traditional foods such abalone, crab, clams and other foods that are consumed by sea otters; and

WHEREAS, due to depressed rural economies, local tribal governments and tribal entities must continue to face the responsibility of developing economic opportunities such as value added fur products in a manner consistent with our uses of marine mammals since time immemorial; and

WHEREAS, with education regarding the traditional hunting practices coupled with the entry into co-management with the Federal government a balance could be achieved between healthy sea otter populations and the availability of healthy traditional foods for residents of Southeast, Alaska; and

WHEREAS, recent Federal enforcement actions have highlighted a need for education and outreach to provide clear and consistent guidance to tribal hunters and artists regarding federal regulations governing the take and use of sea otter; and

WHEREAS, the Sitka Marine Mammal Commission spent many years planning for the establishment of a tannery in Sitka, Alaska which has now been in operation for five years, providing for full-utilization of marine mammals and other animals hunted for food so that artists would be able to use those skins to create handicrafts that could be sold to create additional economic opportunities in our community; and

NOW THEREFORE BE IT RESOLVED, that the Alaska Native Brotherhood's Grand Camp increased education, outreach regarding Federal regulations governing the take and use of sea otter and support in developing local harvest management plans and small business opportunities for tribal residents of Southeast Alaska.

NOW THEREOFRE BE IT FURTHER RESOLVED, the Alaska Native Brotherhood's Grand Camp respectfully requests a region-wide meeting with the US Fish and Wildlife, representation from Southeast tribal communities, USDA Rural Development, and the US Economic Development Administration address the concerns regarding sea otter management as outlined in this resolution.

ANB Grand President

ANS Grand President

ATTEST: I certify that this resolution was adopted by the ANB/ANS Grand Camp in convention at Juneau, Alaska, during the week of October 6-10, 2009.

ANB Grand Secretary

Petersburg Legislative Information Office
St of AK Legislative Affairs Agency
Information & Teleconference Network

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FAX TRANSMISSION

TO: House Resources Pages: 2 (Incl. cover)

FAX: (907)465-3799

PHONE:

DATE: 02/06/12

Please provide a copy of this to all Committee Members and enter this testimony into the file for HJR26: SEA OTTER MANAGMENT

Thank you very much.

2-7-12

House Resource Committee:
Re: House Initiative Resolution 26

House Resource Committee,

First I would like to start by applauding Rep. Peggy Wilson for getting something on the table. My name is Frank W. Neidiffer, my background information begins with logging in S.E. Alaska in the 70's. In the mid 80's I started commericial fishing, trolling, crabbing, and long lining. For the last 25 years I have spent a substantial amount of time in lower Chatam, Sumner, and Fredrick Sound. I would like to testify to the "march of the otter" and their scorched earth policy they adhere to.
It's well past time to take action. I do believe Proposition 26 is a start. I think it's very important to revisit the M.M.P.A., and read our Alaska State Constitution. Please make note that we have a viable resource that is destroying resources along with lifestyles and employment opportunities, which also affects the Alaska State economy. Thank You for your time.

Frank W. Neidiffer
518-0188

Frank Neidiffer
Box 1746
PSG. AK 99833

neidiffer@gci.net

2/13/2012

Derek Knudsen
401 Haugen Dr. #201
Petersburg AK, 99833

House Resource Committee

To the Resource Committee-

My name is Derek Knudson. I am 24 years old and I work as a commercial fishing crew member in Petersburg. I am a native of the village of Kake. I grew up there, and would prefer to live there, but lack of economic opportunity there and a young family to fend for has made me relocate.

I support HJR 26, as originally written, to promote harvest and sales of whole, raw, pelts. As a commercial fisherman, I have long periods throughout the year I do not have a paycheck coming in. Harvesting otters would give me an opportunity to make a few bucks in the months I have nothing else going on, adding stability to my home life. I feel that the artisans opposed to this are watching out for their own pocket books, and are not speaking for all natives. To adjust this resolution to protect such a small part of the native population's business interests, would exclude me and others like me from the resource. I am a very good hunter, but my sewing skills suck.

Rural villages like Kake have very little opportunity for young people, even the young people who wish to live the village lifestyle. This would be a great resource for these villages, bring in much needed cash, and allow young families the opportunity to live in their home towns.

The last few years, many sea otters have moved into the Kake area. Already, we have seen the impact of them on our crab stocks. I think if I moved back, I would have some pretty good hunting.

Thank you,

Derek Knudsen

Jon Randrup
P.O. Box 44
Petersburg, AK
99833
(907) 518-1553

Feb. 13th 2012

House Resource Committee

Dear Resource Committee;

My name is Jon Randrup. I am an Alaska native. I am 26 years old and make my living commercial fishing. I support HJR 26, calling for the federal government, native communities, and the State of Alaska to move forward with a management plan for sea otters. I support the original language that would allow sales of whole pelts.
Sea otter predation is effecting the Dungeness crab fishery, and the dive fisheries. Although I do not participate in these fisheries, many of my friends do, and I have heard the anecdotal evidence of areas being left economically nonviable after the otters move in. I have also seen the rapid population growth of the otters in the fisheries I am involved in, seeing more every year. They are obviously thriving.
Whole pelt sales would allow many more natives to participate in the harvesting of otters. I feel amendments limiting sales of raw pelts is exclusive and this resource should be inclusive, allowing as many natives as possible to benefit from the resource, not just a few with an established business model. It would also have the greatest quickest impact on otter populations in shell fish areas. I am not an artisan, nor do I want to be one. I am a fisherman and a native who would like to augment my fishing income with some off season hunting.
Thank you for the consideration of my opinion.

Sincerely,

Jon Randrup

LEGISLATIVE INFORMATION OFFICE

Email: Ketchikan_LIO@legis.state.ak.us

50 Front St., Suite 203
Ketchikan, Alaska 99901

Phone: (907) 225-9675
Fax: (907) 225-8546

WRITTEN TESTIMONY

NAME: Delores Churchill
ADDRESS: 1048 Woodland Ave
Ketchikan, AK 99901
PHONE: 907-617-1777

House Resources fax
907-465-3472

BILL# or SUBJECT: HJR-26

COMMITTEE: House Resources

Do not change the law pertaining to the harvesting of sea otters.

Delores E Churchill

dichurchill@kictribe.org.

Sea Otter Impacts on Commercial Fisheries in Southeast Alaska

Prepared for:

Southeast Alaska Regional Dive Fisheries Association

McDowell GROUP

Research-Based Consulting

Juneau
Anchorage

November 2011

Sea Otter Impacts on Commercial Fisheries in Southeast Alaska

Prepared for:

Southeast Alaska Regional Dive Fisheries Association

Prepared by:



Juneau • Anchorage

November 2011

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Executive Summary

Purpose

The purpose of this report is to estimate the economic loss to Southeast Alaska commercial fisheries due to growing sea otter predation. The sea cucumber, geoduck, red sea urchin, and Dungeness crab fisheries are examined. This current document is an update of a similar economic loss assessment conducted by McDowell Group at the end of 2005. The 2005 study was, in turn, based on estimated loss of commercial species volume and ex-vessel value calculated by the Alaska Department of Fish and Game (ADFG). This current study uses similar methodology utilizing data collected by ADFG.

Methodology

Economic loss estimates in this report are based on scientific biomass data generated by subdistrict bottom surveys conducted by ADFG biologists and divers. Every dive fishery area is surveyed by ADFG divers on a rotational basis in transects prior to commercial openings in order to calculate biomass and generate Guideline Harvest Limits (GHL) for each fishery. Staff (primarily biologists) then note fishery areas which display physical evidence of sea otter predation and areas where sea otters are active.

McDowell Group has consulted extensively with ADFG staff and employed the same methods to calculate the estimated loss due to sea otter predation in the sea cucumber, geoduck, and red sea urchin fishery. In the Dungeness crab fishery, areas with high otter populations were compared to those with fewer otters to estimate the volume lost due to sea otter predation. Methodology is described in detail in this report body.

Summary of Study Findings

Economic Impacts of Sea Otter Predation on Commercial Species

- Sea otter predation in the red sea cucumber, geoduck clam, red sea urchin, and Dungeness crab fisheries is estimated to have cost the Southeast Alaska economy $28.3 million in direct, indirect, and induced impacts since 1995.

Economic Impacts of Sea Otter Predation on Southeast Alaska Commercial Fisheries

Fishery	Estimated Pounds Lost due to Sea Otter Predation	Estimated Ex-Vessel Value Lost Due to Sea Otter Predation	Estimated Wholesale Value Lost Due to Sea Otter Predation	Time Period
Sea Cucumbers	3,254,000	$5,294,000	$8,951,000	1996-2011
Geoducks	530,500	3,237,000	4,210,000	2005-2011
Red Sea Urchins	3,102,000	1,024,000	3,972,000	1995-2005
Dungeness Crab	2,681,000	3,317,000	5,301,000	2000-2010
Total	**9,567,500**	**$12,872,000**	**$22,434,000**	-

Source: ADFG data and McDowell Group estimates.

- Since 1995, it is estimated $22.4 million in wholesale value has been lost due to sea otter predation. The secondary (multiplier) impact of these losses on the regional economy is estimated to be an additional $5.8 million, for a total of $28.2 million.

- Dive fisheries and Dungeness crab fisheries in Southeast Alaska had a first wholesale value of $25 million in 2010, employing roughly 625 fishermen as well as processing workers and tender operators. The secondary economic activity resulting from these fisheries is estimated to be $6.5 million or equivalent to 59 full-time jobs.

Sea Cucumbers

- Since 1995, the sea cucumber fishery has lost an estimated 3.3 million pounds worth $9.0 million in wholesale terms, and $5.3 million in ex-vessel terms, due to sea otter predation.

- Sea otter impacts were particularly harmful in 2011, as an estimated 235,000 pounds was lost due to predation worth $2.23 million in wholesale value.

- As a result of sea otter predation, the average commercial diver harvesting sea cucumbers in 2011 lost an estimated $7,000 in ex-vessel value.

- Since 1992, ADFG has closed seven areas either specifically due to sea otter predation or presumably due to sea otter predation. Sea otters have been noted to be negatively affecting 12 other harvest areas. See Appendix 2 for a complete list and map of fishery areas affected by sea otter predation.

Geoduck Clams

- Since 2005, the geoduck clam fishery has lost an estimated 530,500 pounds worth $4.2 million in wholesale terms, and $3.2 million in ex-vessel terms, due to sea otter predation.

- Impacts were particularly costly in 2011, as an estimated 140,900 pounds were lost due to predation worth $2.0 million in wholesale value.

- As a result of sea otter predation, the average commercial diver harvesting geoducks in 2011 lost an estimated $20,000 in ex-vessel value.

- No geoduck harvest areas have yet been closed due to sea otter predation, but ADFG has identified 27 fishery areas with evidence of sea otter predation. About 70 percent of the commercial geoduck harvest comes from these 27 fishery areas, where surveys note large craters and shell fragments left over from sea otter predation.

- Although no areas have yet been closed due to sea otter predation, some prospective fishery areas found by commercial divers with sizable geoduck populations were never proposed to ADFG and therefore never opened. Sea otter predation in the area made it likely the fishery would not be worth surveying and managing by the time it could be opened (Doherty 2011, personal communication).

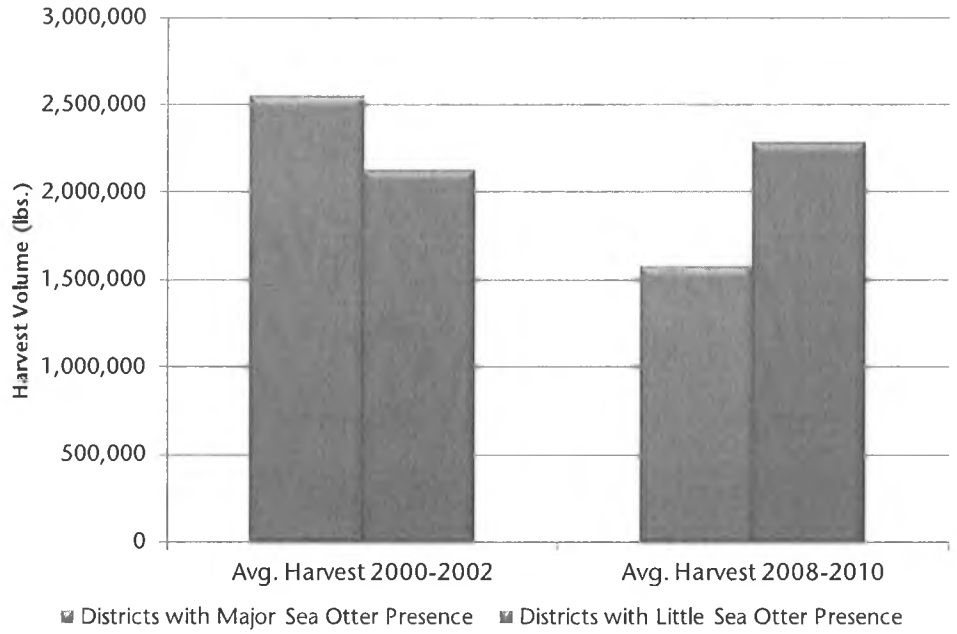
Red Sea Urchin

- The harvest of red sea urchins has declined substantially since 2006. Industry sources indicate only one or two divers are harvesting urchins in 2011, with only one active buyer. Sea otter predation impacts since 2005 have not been compiled, due to the decline of the fishery and the confidential nature of most data associated with it.
- The decline of the red sea urchin fishery in recent years is related to market factors and not due to sea otter predation.
- Prior to 2006, an estimated 3.1 million pounds of sea urchin harvest was lost due to sea otter predation, worth $4.0 million in wholesale value.
- Despite declining effort in the sea urchin fishery, sea otter predation continues to negatively impact stocks. The 2011/12 red sea urchin GHL is 3.28 million pounds, a 40 percent decline from the 2008/09 GHL of 5.44 million pounds. If the market value rebounds and fishery participation increases, the lost GHL due to sea otters will be realized in future years as GHL's are expected to decline.

Dungeness Crab

- Sea otters regularly eat Dungeness crab, which are an attractive food source given their abundance in Southeast Alaska, considerable size, and relative ease of capture.

Comparison of Southeast Alaska Dungeness Crab Harvest in Districts with Major Vs. Minor Sea Otter Presence



Note: Districts with major sea otter presence include districts: 3, 5, 6, 9, 10, and 13.
Source: ADFG harvest data.

- The three-year average harvest from districts with significant sea otter presence was 975,000 pounds less in 2008 through 2010, compared to the 2000-2002 period, a decline of 38 percent. In comparison, districts with less sea otter presence saw average harvests increase 151,000 pounds between the two periods, an increase of 7 percent.

- The Southeast Alaska Dungeness crab fishery has lost an estimated 2.7 million pounds of commercial harvest due to sea otter predation since 2000, worth $3.3 million in ex-vessel terms and $5.3 million in wholesale value.

Sea Otter Population Growth

According to available data, the Southeast Alaska sea otter population has increased significantly, particularly in southern Southeast Alaska where the region's dive fisheries occur. The most recent population survey was completed in 2002 and 2003, indicating a Southeast Alaska population estimate of 8,949 animals. More recent studies suggest annual growth rates are 12 percent in southern Southeast Alaska and 4 percent in northern Southeast Alaska (Hoyt 2011, personal communication). Other authoritative literature suggests sea otter populations can grow at an annual rate of 20 percent per year when expanding into new territory (Paul 2009).

The Southeast Alaska sea otter population is projected to be approximately 19,000 in 2011, increasing from less than 9,000 animals in the most recent published population estimate. By 2015, the Southeast population is expected to approach 28,000 animals. These estimates incorporate the subsistence harvest of sea otters by Alaska Natives.

Estimated Southeast Alaska Sea Otter Population, 2002 - 2015

Season	Last Population Survey (2002/2003)	Projected 2011 Population	Projected 2015 Population	Survey Coefficient of Variation (CV%)
Southern Southeast				
12% Annual Growth Rate	5,845[1]	14,472	22,772	0.14
Northern Southeast (including Glacier Bay)				
4% Annual Growth Rate	3,104[2]	4,418	5,168	0.16
Total Southeast Alaska				
Estimated Population	**8,949**	**18,890**	**27,940**	-

[1]Population estimate is from 2003.
[2]Population estimate is from 2002.
Source: U.S. Fish and Wildlife Service, Hoyt 2011 (personal communication), and McDowell Group calculations.

Given current foraging research, a conservative estimate about body weight (50 lbs.) and daily food intake (20 percent of body weight); a sea otter population of 27,940 would consume just over 10 million pounds of commercial species per year in Southeast Alaska. The entire 2010 Southeast Alaska harvest in the dive and Dungeness crab fisheries was 5.9 million pounds.

Abalone

A commercial fishery for northern abalone (*Haliotis kamtschatkana*) existed in Southeast Alaska from the late 1970s to mid 1990s. Guideline harvest levels where not applied until the 1980/81 season and the fishery slowing declined thereafter. Similar collapses occurred in British Columbia and Washington state.

The fishery collapsed almost certainly because of excessive harvests in the late 1970s and early 1980s. There was not a sufficient stock assessment or research program in place when the Alaska fishery boomed and there was insufficient support to develop a program within the department. Further, there was inadequate understanding among the global research community of the special vulnerabilities of abalone populations to overharvest (ADFG Report to Alaska Board of Fisheries 1999).

The decline of the abalone is probably a long-term condition now that sea otters have expanded to occupy much of their former range. Otter populations have grown exponentially since their reintroduction into outer coastal waters of southeast Alaska in the 1960s, and there are only a few pockets of abalone habitat that have not yet seen a resurgence of otters. The two species share the same environment. Otters are uniquely adapted to prey on abalone and it is clear that abalone cannot co-exist in commercial quantities with sea otters (ADFG Report to Alaska Board of Fisheries 1999).

The decline of the abalone fishery, like the decline of the red sea urchin fishery, was not related to sea otter predation. However, given current otter populations and population growth rates, it is virtually impossible that these species will abound in commercial quantities in the future. By limiting the abalone's population from fully rebuilding - enough to support a commercial fishery - sea otters have diminished the future value of Southeast Alaska's commercial dive fisheries.

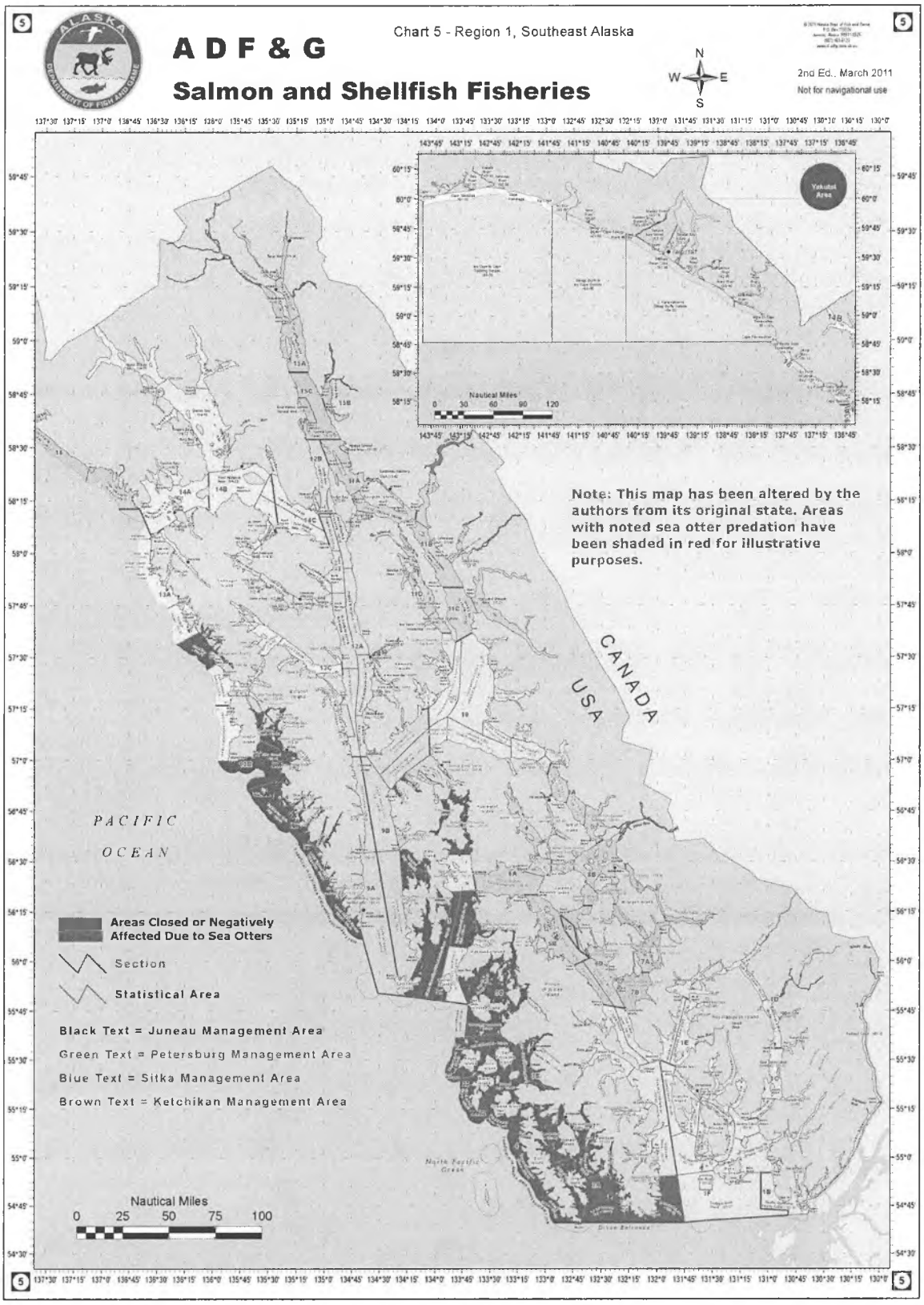
Observations of Sea Otter Predation on Commercial Species

ADFG field research and industry divers support the notion that sea otters are having a significant negative impact on the harvest volumes of geoduck, urchins, crab and other marine species. Growing sea otter populations have led to the depletion of many of these resources within the otters' range, closing some fisheries and leaving others economically unfeasible. In recent years, ADFG has closed 17 dive fishery harvest areas due to sea otter predation.

Given the food source which developed during the last 100 years with little otter predation, it is expected the outer coastline will eventually become continuously populated with sea otters from Dixon Entrance to well north of Cape Spencer (Pritchett and Hoyt, 2008). In addition, many commercial fishermen have noted otter populations in inside waters, expanding their range beyond the coastal areas.

This report contains estimates of financial losses incurred by commercial divers in the past and present, due to sea otter predation. However, large sea otter populations inevitably threaten the future of dive fisheries and crab fisheries; jeopardizing hundreds of jobs and tens of millions of dollars in economic activity for the region.

Map of Fishery Areas Negatively Affected by Sea Otters



Introduction

Purpose of the Research

The commercial harvest closures have resulted in measurable economic impacts on the seafood sector and on communities in Southeast Alaska. Harvesters, processors, and seafood-dependent communities experience lost employment, wages, tax revenue, and related economic activity. The Southeast Alaska Regional Dive Fisheries Association (SARDFA) contracted with McDowell Group to quantify and explain these impacts in 2005. Since the 2005 report, otter populations have continued to grow, further impacting dive fisheries and crab fisheries. This report uses current ADFG data and sea otter research to update the impacts of sea otter predation on Southeast Alaska fisheries and communities.

Methodology

In 2005, the Alaska Department of Fish and Game (ADFG) estimated the lost guideline harvest level (GHL) due to sea otter predation in the red sea urchin and sea cucumber fisheries. These estimates were contained in a November 2005 memorandum. McDowell Group consulted with ADFG biologists who survey the fishery and calculated the original estimates of lost GHL. Using new ADFG biological survey data regarding biomass and sea otter predation, McDowell Group has employed the same methods as those used in 2005 to update the estimates of economic loss.

The Alaska Department of Fish and Game provided McDowell Group with publicly available biomass survey data and professional input (based on survey experiences and institutional knowledge). The scientific survey data and interviews with expert professionals in the department are used in this report. In addition, prior to release of this report, ADFG professionals reviewed the report to ensure data and information provided by ADFG is objectively and accurately represented.

It is important to note, however, ADFG has not conducted controlled experiments to examine the effects of sea otter predation on invertebrate populations. Their estimates are based on regular, direct observations made during dive surveys and the department's expertise as fishery managers.

Estimates of lost harvest volume were combined with average ex-vessel price data from ADFG to estimate the lost value in ex-vessel earnings. Wholesale values are based on data from the ADFG Commercial Operators Annual Report (COAR) database.

Wholesale value impacts are inclusive of impacts reflected by the loss of ex-vessel value. This is because wholesale value of a product, or the revenues a processing company gains through sale of the product, must pay for the expenses incurred in the procurement and processing of that product. This includes the purchase of the raw material from harvesters, which is reflected as the ex-vessel value.

Sea Otters in Southeast Alaska

Species Profile and Diet

Sea otters (*Enhdyra lutris*) are a member of the weasel family and a significant predator in the ecosystems of much of coastal Alaska, from Southeast to the Aleutian Islands. Their average life span is 15 to 20 years. Adult male otters weigh typically weight 70 to 90 pounds and average about 4.5 feet in length, while females average 40 to 60 pounds.

The sea otters' only natural predators are sharks, killer whales (orcas), and bald eagles. Sharks and killer whales are not particularly plentiful in Southeast Alaska, and there is no shortage of other food sources for these predators. There is a very narrow window for bald eagles to hunt sea otter pups. Relatively soon after being born, the pups are able to dive and evade the eagles.

Sea otters are the only marine mammal without blubber. As a result, the animals have a high metabolism and require large amounts of food to survive. Sea otters in captivity will consume up to 25 percent of the body weight per day.[1] One male otter, therefore, can consume up to 7,300 pounds of food in one year.

Instead of blubber, sea otters have a dense, water resistant coat which traps air close to their body insulating them from the frigid waters of the North Pacific. Sea otters have the densest coat of any mammal, with roughly a million hair follicles per square inch. By comparison, the human scalp has only 20,000 hairs in total.

Sea otters typically forage in depths of 9 to 27 feet; however, a dive of 291 feet was recorded by an animal which drowned while attempting to remove bait from a crab pot.

Many studies have been conducted on the foraging habits of sea otters. Aside from the tremendous volume of food needed to sustain otters, researchers found significant differences in foraging habits depending on location and available prey. Antonelis et al. (1981) and Ostfeld (1982) found evidence to confirm the hypothesis that otters choose prey with the highest ratio of caloric-value to energy expended foraging (Barnes 2002).



Other studies tend to support the notion that sea otters are opportunistic generalists which adapt their predation to their environment. Studies from the Aleutian chain to Prince William Sound to Southeast Alaska have found different foraging habits. The most recent study, (Hoyt 2010), is collecting foraging data on sea otters in southern Southeast Alaska. Preliminary data from this study suggests when sea otters move into new areas they

[1] U.S. Fish and Wildlife Service. "Wildlife Biologue – Northern sea otter in Alaska (*Enhydra lutris kenyoni*)." p2.

are more likely to prey on commercials species. Over all, that study suggests commercial species make up 10 percent of the sea otter diet in southern Southeast Alaska.

Historical Population

Sea otters were completely removed from their natural range in Southeast Alaska by intense pressure from fur traders in the 18th and 19th centuries. Prior to the fur trade period sea otter populations in the entire North Pacific Rim – extending from Japan to Alaska to Baja California – ranged from 200,000 to 300,000 (Hoyt 2010). Sea otters were believed to have been eliminated from Southeast before 1900 (Pitcher 1989). In 1911, an international treaty, the North Pacific Fur Seal Convention, passed protecting sea otter populations in the United States, Russia, and Japan from further intensive exploitation.

The reintroduction of the sea otter into the Southeast region occurred from 1965 to 1969. A total of 402 animals were relocated from the Aleutian Islands and from Prince William Sound. Otter relocation sites included Khaz Bay, Yakobi Island, Biorka Island, the Barrier Islands, the Maurelle Islands, and Cape Spencer. The Southeast Alaska sea otter population remained low until 1987 when it began a period of rapid growth (Pitcher and Imamura, 1990).

Since that time, sea otter populations have been increasing, and the range of the animals has expanded and shifted correspondingly. The most recently completed population survey, conducted in 2002 and 2003, estimated the Southeast sea otter population at 8,949 animals. Based on aerial surveys performed in 2010 southern Southeast Alaska sea otter populations are believed to be growing at 12 percent per year. Sea otter populations in northern Southeast and Glacier Bay are believed to be growing at 4 percent (Hoyt 2011, personal communication).

Estimated Southeast Alaska Sea Otter Population, 2002 - 2015

Season	Last Population Survey (2002/2003)	Projected 2011 Population	Projected 2015 Population	Coefficient of Variation (CV%)
Southern Southeast				
12% Annual Growth Rate	5,845[1]	14,472	22,772	0.14
Northern Southeast				
4% Annual Growth Rate	1,838[2]	2,616	3,060	0.17
Glacier Bay				
4% Annual Growth Rate	1,266[2]	1,802	2,108	0.15
Total Southeast Alaska	**8,949**	**18,890**	**27,940**	-

[1]Population estimate is from 2003.
[2]Population estimate is from 2002.
Source: U.S. Fish and Wildlife Service, Hoyt 2011 (personal communication), and McDowell Group calculations.

Based on 2003 survey work, and a 12 percent annual growth rate, the current sea otter population of southern Southeast is believed to contain about 14,500 animals. By 2015, the southern Southeast population is expected to exceed 22,700 animals.

With a large food source available, high population growth rates will likely persist for some time. By 2015, the Southeast Alaska sea otter population is conservatively projected to contain 27,940 sea otters. Given current foraging research and a conservative estimate about body weight (50 lbs.) and daily food intake (20 percent of body weight), a sea otter population of 27,940 would consume just over 10 million pounds of commercial species per year in Southeast Alaska. The entire 2010 Southeast Alaska harvest in the dive fisheries and Dungeness crab fisheries was 5.9 million pounds. Southeast Alaska sea otters consumed an estimated 6.9 million pounds of commercial species in 2011.

Population growth rates may actually increase if otters migrate further outside of their current territory. Sea otter populations can grow by 20 percent per year when colonizing new areas with sufficient food sources and few predators (Watson 2000). From 1975 to 1987, the growth rate of the sea otter population in southeast Alaska was estimated at 17.6 percent per year (Estes 1990).

Population growth rates are limited primarily by three factors: abundance of food, predators, and population size. As a population grows larger, it consumes more resources and mortality rates increase. The fact that sea otter populations are growing three times faster in southern Southeast, despite a population which is three times larger would indicate a substantial food source available to the southern Southeast otters. One of the key differences between northern and southern Southeast, as they relate to sea otters, is the presence of large macroinvertebrate populations in the southern region.

Updated sea otter population figures will be forthcoming. The U.S. Fish and Wildlife Service (USFWS) performed aerial surveys during the summer of 2010 and 2011, but has not yet released their findings.

Recent Sea Otter Research in Southern Southeast Alaska

The most direct observation of sea otter effects on commercial fisheries comes from dive surveys performed by ADFG biologists and an ongoing North Pacific Research Board project headed up by researchers from the USFWS and the University of Alaska – Fairbanks (UAF).

ADFG performs annual dive surveys on areas open to commercial dive fisheries. Divers survey the near-shore seabed in pairs for sea cucumbers, geoducks, and sea urchins covering 2-meter-wide transects. Sea otter presence is noted during these surveys.

Observations made by ADFG divers on the outer coast of Southeast Alaska suggest sea otters select red sea urchins and pinto abalone when foraging on rock habitat and on several species of clams including geoduck clams when foraging on soft sand and mud substrate. Once these species have been depleted it appears they turn to less desirable prey such as sea cucumbers and snails (Walker, Pritchett and Hoyt, 2006).

A collaboration of researchers and specialists from UAF and USFWS embarked on a four-year project beginning in July 2010 to study interactions between sea otters and commercially important prey in southern Southeast Alaska. The project will also survey sea otter populations and study movement, habitat, and diets of otters in Southern Southeast Alaska. Preliminary results from this project have revealed the following:

- Otters can consume up to 23 percent of their body weight in a day, as they have a very high metabolic rate.

- Distribution of sea otter populations have grown and moved further inland from outer coastal areas.
- Preliminary foraging data suggests commercially important species make up 10 percent of sea otters' diet. (However, this data was collected from areas with relatively small populations of commercial dive species, and other studies have noted different foraging behavior in different regions).
- When sea otters initially colonize an area, they consume larger amounts of commercially important species such as sea cucumbers and Dungeness crab.

Potential Consequences for Sea Otters and Commercial Fisheries

The sea otter population will likely continue to expand rapidly in coming years as otters consume the large biomasses of crab and macro invertebrate, species which built up in the absence of sea otters during the past century. When these biomasses have been depleted otters will need to find other food sources and many may die off due to starvation. However, because sea otters are opportunistic generalists, it is likely commercial dive fisheries and Dungeness crab fisheries in Southeast Alaska may never return to biomass levels that allow sustainable commercial harvests.

The natural balance between sea otters and their prey, which existed before fur traders wiped out sea otters in Southeast Alaska, did not allow for an imbalance between sea otters, crabs, and macro invertebrates. The population of one group either limited or fueled growth in the other. In such a situation, large-scale commercial dive fisheries and Dungeness crab fisheries may not be possible because crab and macro invertebrate populations would not be able to reach a size large enough to support a fishery of current proportions (given unabated sea otter predation).

In short, commercial dive fishing and large populations of sea otters cannot coexist in the same waters. In addition, once the commercially viable biomass of crab and macro invertebrates – such as sea cucumbers and geoducks - is gone, it likely will not return given sustained sea otter predation.

Southeast Alaska Dive Fisheries

Southeast Alaska dive fisheries occur primarily during the fall and harvest three species of bottom-dwelling marine invertebrates: geoduck clams (*Panopea generosa*), California sea cucumbers (*Parastichopus californicus*), and red sea urchins (*Strongylocentrotus franciscanus*). All three fisheries occur primarily in southern Southeast Alaska waters. Entry into the fishery is limited, but those who hold permits compete to harvest commercial species within the limits of guideline harvest levels established by ADFG.

Alaska dive fisheries started to develop in the mid-1960s, with a fishery for pinto abalone. In the 1980s commercial dive fisheries developed for sea cucumbers, sea urchins, and geoducks. In 2000, the Alaska Commercial Fisheries Entry Commission (CFEC) limited access to the fishery, restricting further growth in the number of participants.

In 2010, Southeast Alaska dive fisheries produced a first wholesale value of $16.7 million and paid out $9.4 million to divers. Roughly 180 permitted divers participated in the fishery in 2010 for average earnings of $52,100 per diver. This revenue is shared with crew, as the average commercial diver employs 0.8 crew members according to surveys done by the Alaska Department of Labor and Workforce Development.

Impacts to the Southeast dive fisheries extend beyond payments made to divers. The fisheries occur during the fall, after the busy summer season when harvests of salmon, halibut, black cod, and herring are finished (or nearly finished). Dive fishery harvests provide processors with additional revenue and the ability to extend some seasonal processing jobs by allowing some processing staff to handle dive fisheries production. In addition, the fisheries add to the state, local, and federal tax base and create business for local dive shops, transport companies, and other related businesses.

Geoduck Clams

Geoduck clams command the highest price of the three dive species. Virtually all Alaska geoducks are exported to China and in 2010 geoduck clams sold for an average wholesale price of $8.72 per pound. Quality geoducks, in the proper retail market, can command prices upwards of $20 per pound.

Southeast Alaska Geoduck Clam Dive Fishery Snapshot

	2010/11 Season	Pct. Change Since 2005/06
Number of Active Divers	69	-3%
Average Permit Value	$81,600	+93%
Total Harvest (in lbs.)	887,500	+39%
Total Ex-Vessel Value	$5.9 million	+197%
Average Ex-Vessel Price	$6.67	+114%
Total First Wholesale Value	$8.0 million	+186%
Average First Wholesale Price (per processed lb.)	$8.72	+94%
Average Revenue Generated Per Diver	$115,900	+195%

Source: ADFG.

Geoduck fisheries take place throughout southern Southeast Alaska, and in waters surrounding Baranof Island. A total of 69 divers fished in 2010, although there were 91 permits for the fishery. The fishery had an ex-vessel value of $5.9 million in 2010, and a wholesale value of $8.0 million.

The value of the fishery has increased in recent years, as prices and harvest volumes have both risen. Harvest volume has grown in spite of sea otter predation because new harvest areas were discovered and added to the fishery. However the 2011/12 quota is only 557,900 pounds – the lowest since 2003 when there were fewer harvest areas. Further harvest reductions are likely because most of the region has been surveyed and areas with commercial quantities have already been opened. So as established areas lose GHL to otter predation, new areas are not expected to make up for the shortfall as they have in the past.

During the past several years, SARDFA surveyors have found substantial geoduck clam beds but in some instances did not attempt to open these areas because sea otters where active in the vicinity. By the time the areas could be surveyed, studied, and opened (at a cost ultimately borne by the industry) the beds would most likely be depleted below a commercially viable level.

Sea Cucumbers

Sea cucumbers are also sold primarily into Chinese markets. Sea cucumbers are raised in large numbers in China in artificial ponds and man-made tide pools. Wild Alaska sea cucumbers tend to be much larger and have higher nutritional value, therefore command a premium price in the Chinese market.

Southeast Alaska Sea Cucumber Dive Fishery Snapshot

	2010/11 Season	Pct. Change Since 2005/06
Number of Active Divers	180	-9%
Average Permit Value	$11,300	+27%
Total Harvest (in lbs.)	1.27 million	-12%
Total Ex-Vessel Value	$3.4 million	-
Average Ex-Vessel Price	$2.65	+16%
Total First Wholesale Value (per processed lb.)	$8.1 million	+60%
Average First Wholesale Price	$10.88	+45%
Average Revenue Generated Per Diver	$45,000	+75%

Source: ADFG.

A total of 180 divers fished in 2010, although there were 291 permits for the fishery. Alaska sea cucumbers had an ex-vessel value of $3.4 million in 2010, and a wholesale value of $8.1 million.

The fishery's value has increased substantially in recent years due to rising prices. Because areas are only harvested once every three years, the harvest can fluctuate greatly from year to year. Despite the fluctuations due to harvest area rotation, the 2011/12 quota is very low. The 2011/12 quota of 999,000 pounds is the lowest since the late 1990s.

Red Sea Urchins

Red Sea Urchins are harvested for their gonads, which is a delicacy in Japan. Male and female sea urchin gonads, both known as *uni* in Japanese, are served in sashimi or in sushi.

Participation in the urchin fishery has declined since 2000, although 2010 posted the first increase in participation since 2004. Still, only 12 divers fished in 2010, out of 71 permits. The fishery had an ex-vessel value of $148,000 in 2010. The average gross earnings of $12,300 per diver in 2010 is the lowest since access to the fishery was limited in 2000. An industry source reports only "one or two" divers are participating in the 2011/2012 fishery, with only one buyer.

Economic Impacts of Sea Otter Predation

As sea otter populations have recovered in areas of the Pacific Coast, conflict has arisen with commercial and subsistence fisheries. Sea otters prey on sea urchins, Dungeness crab, shrimp, clams, abalone, sea cucumbers, and geoducks, among other animals. There are multiple studies that note sea otter population growth can have a negative effect on commercial stocks of these species, potentially resulting in the closure or drastic reduction of the commercial fishery. In one such example, Watson and Smith, in their 1996 paper examining sea otter/fishery interactions in British Columbia, noted there is "no doubt that sea otters threaten urchin fisheries."

Indeed, as sea otters have reestablished themselves in various areas of Southeast Alaska, formerly abundant stocks of several invertebrate species have been locally depleted below commercially harvestable levels. Since 1993 the Alaska Department of Fish and Game has closed 17 dive fishery harvest areas due to presumed sea otter predation. The Department estimates sea otter predation affects 39 percent of Southeast dive fishery harvest areas.

Summary of Dive Fishery Areas Affected by Sea Otter Predation

Species	Total Harvest Areas	Areas Closed Due to Sea Otters	Areas Closed, Presumably Because of Sea Otters	Areas Affected by Sea Otters but Not Closed	Percentage of Areas Affected or Closed Due to Sea Otters
Geoducks	41	0	0	27	66%
Sea Cucumbers	67	3	4	12	28%
Red Sea Urchins	59	4	6	9	32%
Total	**167**	**7**	**10**	**48**	**39%**

Source: ADFG.

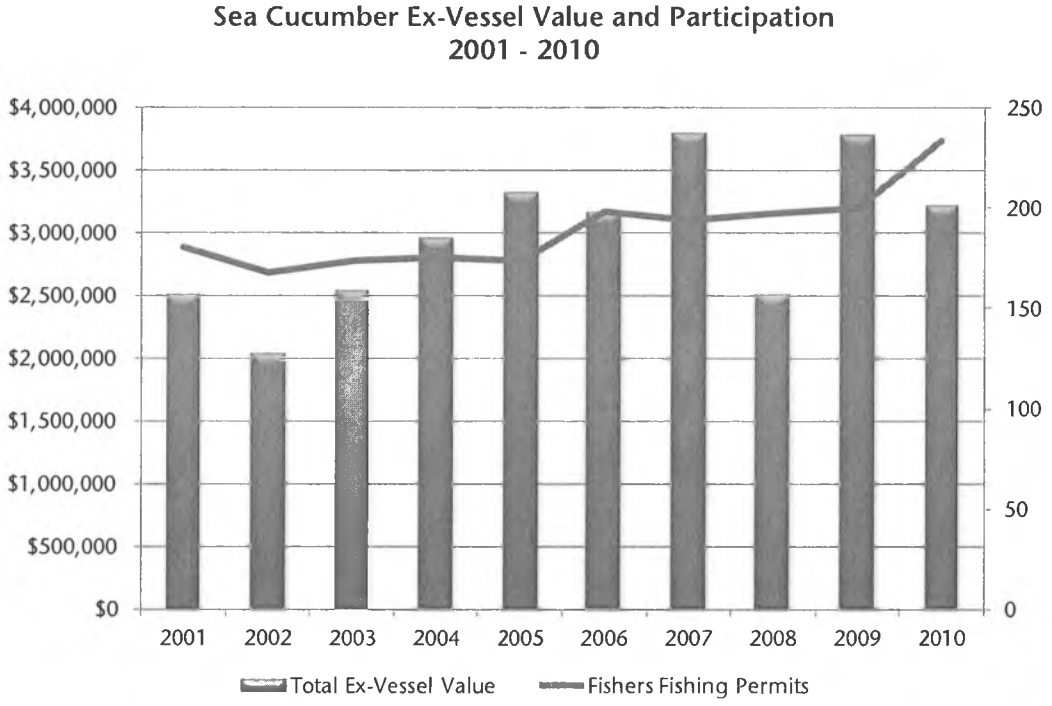
The financial impact of sea otter predation affects commercial divers, processors, dive shop owners, and communities both inside and outside of Alaska. This section focuses on the cost of sea otter predation to divers and processors, who have lost revenue in the form of ex-vessel earnings and wholesale revenues due to sea otters.

Sea otter predation has had obvious and measureable economic impacts on the sea cucumber, red sea urchin, geoduck, and Dungeness crab fisheries of Southeast Alaska. This report quantifies the estimated impacts sea otters have had on these species. In addition, sea otters affect the tanner and king crab fisheries of Southeast Alaska; however, data to quantify these impacts on these fisheries is not yet available.

Sea Cucumbers

Historical Harvest and Value

Sea cucumber fisheries occur throughout much of Southeast Alaska, in waters surrounding Prince of Wales Island, including Clarence Strait, east to the Behm Canal and waters around Revillagigedo, Gravina, and Annette Islands, and south. Fisheries also occur around Sitka, and in Sumner and Chatham Straits. Each subdistrict opens once every three years. Although divers are allowed to harvest sea cucumbers from October through March of the following year, virtually 100 percent of the harvest occurs during October and November. So although the 2011/12 season will run through March 31, 2012, most of the GHL has already been harvested.



Source: CFEC.

In 2000, the Commercial Fisheries Entry Commission limited access to the fishery. Since limited access to the fishery, participation has ranged from a peak of 234 permits fished in 2001 to a low of 168 permits fished in 2009. A total of 180 permits were fished in 2010, and fishermen earned a total of $3.2 million or $17,850 per diver.

From 2007 to 2010, ex-vessel prices ranged from $2.86 to $2.56 per pound, but prices are much higher in 2011. Reports from the grounds indicate divers are being paid $5.50/lb. for sea cucumbers this season. While the price appreciation is certainly a positive for fishermen, total ex-vessel values may not increase as much because the guideline harvest level for the 2011/12 season is down. Fishermen will be allowed to harvest roughly 1 million pounds of sea cucumber this season, a 12 percent decline from the 2008/09 season - the last time these this group of subdistricts was harvested.

Impacts of Sea Otters on Southeast Alaska Sea Cucumber Fishery

Sea otters are opportunistic generalists, consuming a wide variety of near-shore prey. Data collected in 2010 on the foraging habits of sea otters near Kake, Alaska revealed sea cucumbers made up 3.1 percent of the sea otters' diet. Similar foraging observations were made in Southwest Alaska during a 2003 study.

Although sea cucumbers do not represent the majority of sea otters diet, otters do consume large amounts of sea cucumbers each year which has had an adverse of effect on the sea cucumber fishery.

Since 1996, sea otter predation has resulted in an estimated lost GHL of 3.25 million pounds worth $5.3 million in ex-vessel terms and $8.4 million in wholesale markets.

In 2011, sea otter predation led to a loss of roughly $7,000 for every active sea cucumber diver.

Estimated Sea Cucumber GHL and Value Lost Due to Sea Otters, 1996/97 – 2011/12

Season	GHL Lost Due to Sea Otters	Ex-Vessel Price ($)	Estimated Ex-Vessel Value Lost Due to Sea Otters	First Wholesale Value/lb. (round weight basis)	Estimated Wholesale Value Lost Due to Sea Otters
2011/12*	235,000	$5.50	$1,293,000	$9.50	$2,231,000
2010/11	151,000	$2.65	400,000	$6.37	961,000
2009/10	192,000	$2.59	497,000	$3.78	725,000
2008/09	241,000	$2.56	617,000	$3.94	949,000
2007/08	116,000	$2.86	332,000	$4.40	511,000
2006/07	143,000	$1.99	285,000	$3.35	480,000
2005/06	184,000	$2.29	421,000	$3.45	634,000
2004/05	140,000	$2.12	297,000	$3.48	488,000
2003/04	150,000	$1.47	213,000	$3.48	522,000
2002/03	84,000	$1.26	106,000	$2.51	211,000
2001/02	100,000	$1.75	175,000	$2.43	243,000
2000/01	130,000	$2.23	290,000	$2.41	313,000
1999/00	59,000	$1.94	115,000	$2.91	172,000
1998/99	40,000	$1.55	62,000	$3.09	124,000
1997/98	90,000	$1.66	147,000	$3.37	304,000
1996/97	34,000	$1.28	44,000	$2.44	83,000
Total	**3,254,000**	-	**$5,294,000**	-	**$8,951,000**

* 2011/12 data is preliminary and based on prices reported by industry.
Source: ADFG data and McDowell Group estimates.

Sea otter predation has forced closures, been observed, or affected 19 sea cucumber harvest areas out of a total of 67 harvest areas. Since 1993, ADF&G has closed three harvest areas specifically due to sea otter predation and has noted four additional areas were probably closed due to sea otters. Two new harvest areas were closed in 2011, specifically due to sea otters.

Geoducks

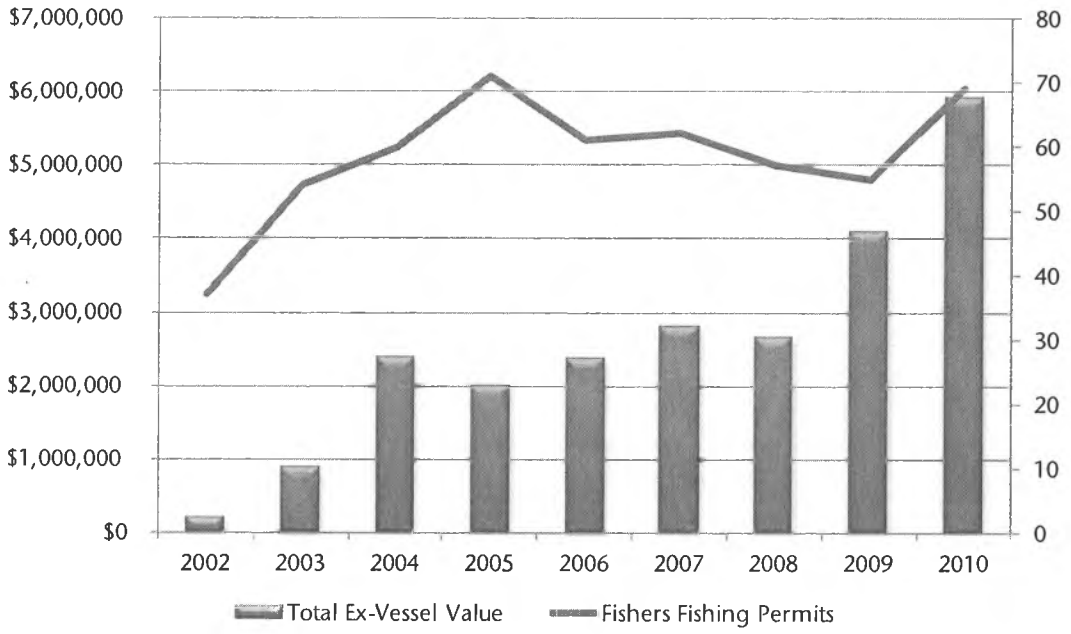
Historical Harvest and Value

Currently there are 39 commercial geoduck clam harvest areas in Southeast Alaska and 2 control areas not open for harvest. All of these areas are located in southern Southeast Alaska, with most of the GHL contained in areas surrounding the communities of Ketchikan, Craig, and Sitka.

Since 2004, and particularly in the last three years, the Southeast Alaska geoduck fishery has become a lucrative fishery. Ex-vessel prices for geoducks have nearly tripled since 2008. Reports indicate geoduck divers are receiving $10.50/lb. from processors this season (2011/12).

Geoduck prices have increased in recent years primarily because coordination between government regulators, fishery managers, and commercial divers has improved. Better communication and coordination has allowed the industry to now sell all geoduck clams as live product. Live geoduck clams command a significantly higher price.

Geoduck Ex-Vessel Value and Participation, 2002 - 2010



Source: CFEC.

Harvest volume has been relatively steady since 2004, ranging from 557,900 to 824,800 pounds. Participation in the fishery has also been steady, with 55 to 71 divers participating in the fishery. In 2010, a total of 69 divers out of 91 permit holders harvested geoducks.

Impacts of Sea Otters on Southeast Alaska Geoduck Clam Fishery

Sea otter predation has become more evident in geoduck clam fisheries since the early 2000s (Walker 2011, personal communication). With geoduck fisheries becoming more commercially important in recent years, these adverse effects have become more costly for commercial divers.

Otter predation in the geoduck fishery is especially evident. Otters dig large holes into the seabed, pull up the geoduck clam, eat the meat and discard the shells – leaving behind a large hole and shell debris which divers note in their surveys. Surveys performed in 2009 on the Portillo Channel (Subdistrict 103-50) area revealed notable otter presence in 70 of 74 transects. Surveys performed on the Lower Cordova Bay (102-10 and 103-11) area showed sea otter presence in over half that district's 60 transects (Rumble and Siddon, 2011).

McDowell Group employed the same methodology used by ADFG to estimate effects on the sea cucumber and sea urchin fisheries from 1996/97 to 2005/06 to estimate geoduck harvest volume and value lost to sea otter predation.

Evidence of sea otter predation has been observed at 27 of the 39 geoduck harvest areas. Biomass has decreased significantly in seven of these 27 areas since 2003. Given the noted sea otter activity in these geoduck fishery areas and lack of other natural predators, it is believed the declining biomass can be attributed to sea otters for these seven harvest areas.

Since 2005, sea otter predation has resulted in an estimated lost GHL of 530,500 pounds worth $3.2 million in ex-vessel terms and $4.2 million in wholesale markets. In 2011, sea otter predation was particularly costly, leading to a loss of roughly $20,000 for every active geoduck diver. This is money which is directly taken out of family budgets and local economies.

Estimated Geoduck GHL and Value Lost Due to Sea Otters
2005/06 – 2011/12

Season	GHL Lost Due to Sea Otters	Ex-Vessel Price ($)	Estimated Ex-Vessel Value Lost Due to Sea Otters	First Wholesale Value/lb. (round weight basis)	Estimated Wholesale Value Lost Due to Sea Otters
2011/12*	140,900	$10.50	$1,479,000	$13.97	$1,969,000
2010/11	43,800	$6.61	289,000	$9.03	77,000
2009/10	142,300	$5.48	780,000	$6.46	919,000
2008/09	18,700	$3.66	69,000	$5.38	101,000
2007/08	95,100	$3.50	333,000	$4.76	452,000
2006/07	10,200	$3.67	37,000	$5.00	51,000
2005/06	79,500	$3.15	251,000	$4.06	323,000
Total	**530,500**	-	**$3,237,000**	-	**$4,210,000**

* 2011/12 ADF&G data is preliminary and values are based on prices reported by industry.
Source: ADFG data and McDowell Group estimates.

Geoducks are in a precarious situation due to sea otters. While prices are high and divers are earning good money harvesting them, that could soon end.

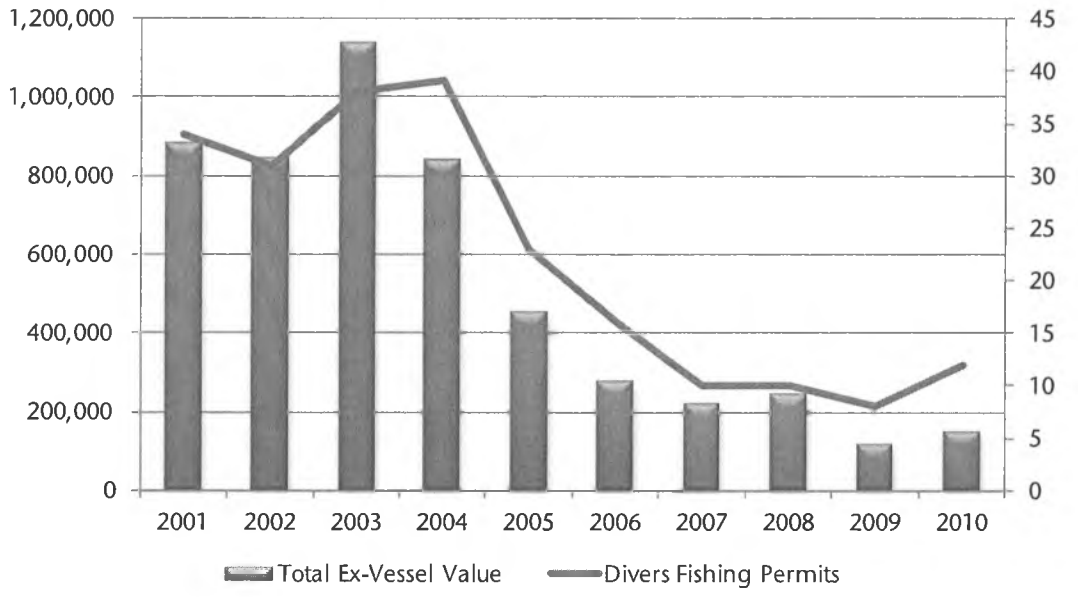
Evidence of sea otter predation has been observed at 27 geoduck fishery areas, but only seven of those areas exhibited significant biomass declines in recent years. However, if those other areas with sea otter activity become harder hit, the impact on the fishery could be devastating because sea otter predation has been noted in harvest areas containing 70 percent of the geoduck biomass. Should otters focus on geoducks as a food source more in the future, it is unlikely the geoduck biomass could reproduce quickly enough to support a commercial fishery which is economically feasible or biologically sustainable.

Red Sea Urchins

Historical Harvest and Value

Participation in the Southeast Alaska red sea urchin fishery has declined rapidly in recent years, approaching zero. During the 2011/12 season, only "one or two" are harvesting urchins with only one buyer, according to an industry source. In 2005, the fishery harvested 1.6 million pounds of red sea urchin worth an ex-vessel value of $453,000. By 2010, production dwindled to 509,000 pounds, harvested by 12 divers who shared $147,700 in total ex-vessel value. The 2010 harvest was just 10 percent of the 4.95 million pound guideline harvest level.

Red Sea Urchin Ex-Vessel Value and Participation, 2001 - 2010



Source: CFEC.

In the red sea urchin fishery, dwindling participation is not being driven by sea otter predation, but rather a falling market value for the product. The gonads of red sea urchins, called *uni* by the Japanese, are a popular sushi item. Virtually all of Alaska's urchin production gets exported to Japan. In general, other urchin fisheries in Russia and the west coast harvest enough supply for the Japanese *uni* market. In addition, there have been market issues with Alaska urchins stemming from inconsistent quality (due to biological factors) and mishandled product by shippers.

In 2000, red sea urchins were fetching $0.45/lb. on the grounds. Ex-vessel prices have steadily declined since then, and in 2010, the 12 divers who participated in the fishery were paid an average price of $0.29/lb. Meanwhile, ex-vessel prices for geoducks and sea cucumbers have risen substantially during this period, along with fuel costs and other operating costs. Low volume and the opportunity cost of harvesting urchins, when a diver could be targeting geoducks or sea cucumbers, has made the fishery uneconomical for most divers and processors.

Impact of Sea Otters on the Southeast Alaska Red Sea Urchin Fishery

In 2008, the average sea urchin diver grossed $24,000, and prior to that time divers generally averaged $20,000 to $30,000 per season. Because sea urchins are a major food source for otters, the financial impact on commercial divers was significant.

Sea otter predation resulted in an estimated harvest shortfall of 3.1 million pounds from 1996 to 2005 worth 1.0 million in ex-vessel terms and 4.0 million in wholesale value.

Estimated Red Sea Urchin GHL, Harvest and Value Lost Due to Sea Otters, 1995/96 – 2005/06

	GHL Lost Due to Sea Otters	Estimated Harvest Lost Due to Sea Otters (adjusted lbs.)	Estimated Ex-Vessel Value Lost Due to Sea Otters	Estimated Wholesale Value Lost Due to Sea Otters
Total	6,285,000	3,102,000	$1,024,000	$3,972,000

Source: ADFG data and McDowell Group estimates.

Participation in the fishery is now so low that many figures on the fishery are confidential, and since only a small portion of the GHL is harvested, the impact of sea otters in recent years is likely very small. For these reasons, sea otter impacts have not been calculated for the 2006/07 through 2011/12 seasons. However, sea otters did have a large impact on the fishery in the past, and will continue to feed on urchins in the future. In an area from the southern shoreline of Sitka Sound to West Crawfish Inlet it was estimated 16 million sea urchins were consumed by sea otters over a 15-month period from December 1992 through February 1993 (Davidson, et al., 2008).

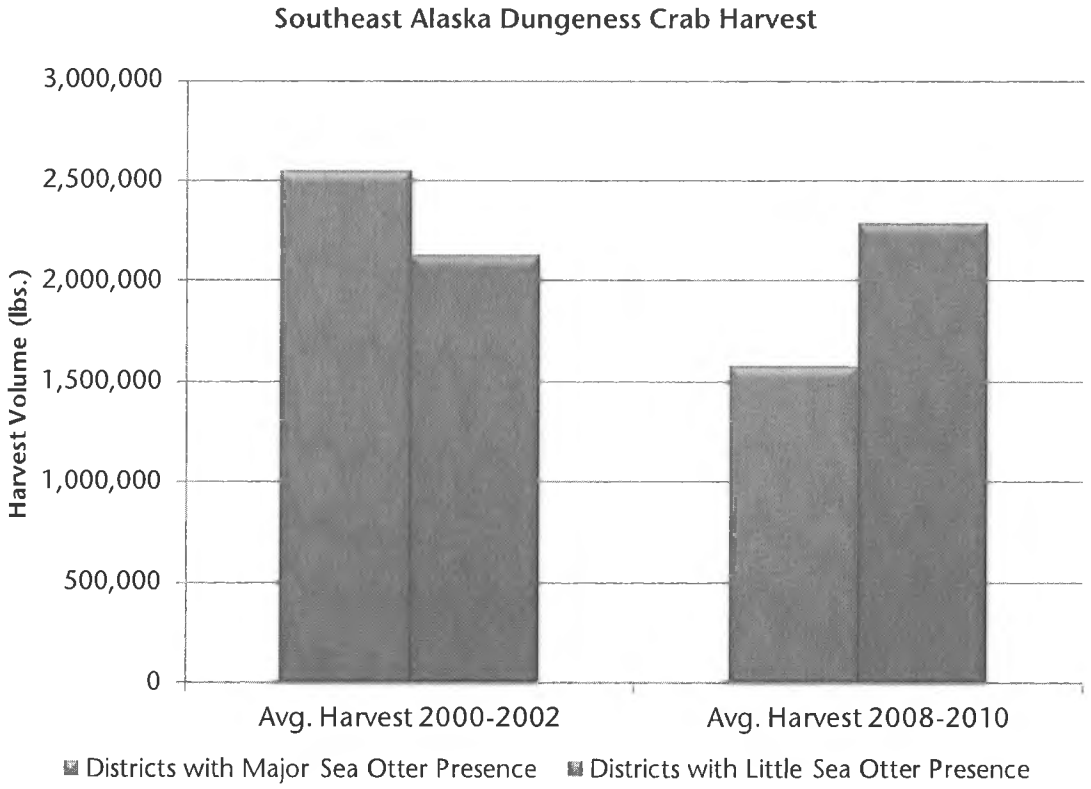
Although the majority of the red sea urchin fishery will go unharvested this season, sea otters are still having a large impact on the biomass. The 2011/12 GHL is 3.3 million pounds; a 42 percent decline from the 2006/07 season (which marks two fishery area rotations). If this trend continues, the fishery may not improve regardless of market price.

Dungeness Crab

Dungeness crab are a substantial food source for otters. Dungeness crab are typically found at depths of 15 to 100 feet, are plentiful in many Southeast Alaska estuaries, and offer a good nutritional return per unit of energy expended.

It is clear areas with a significant sea otter presence have fared much worse in recent years than areas which are not near large sea otter populations. Out of 15 shellfish districts in Southeast Alaska, six have significant sea otter populations or include translocation sites (where sea otters were released in the 1960s).

These six districts have lost nearly 1 million pounds of harvest activity while districts without sea otters have seen harvests increase slightly since the early 2000s. The greatest loss comes from District 9, near Kake, which had a harvest decline of 776,000 pounds from 2007 to 2010 alone.



Note: Districts with major sea otter presence include districts: 3, 5, 6, 9, 10, and 13.
Source: ADF&G harvest data.

It is very likely sea otter predation is the driving force behind the majority of these lost harvest volumes. Fishermen and biologists note the effect of sea otter predation. Not surprisingly, fishermen are leaving the fishery. The Wrangell-Petersburg census area, which includes Kake and the surrounding waters, was home to fishermen who landed crab under 134 Dungeness crab permits in 2005. By 2010, only 111 permits were fished – a loss of 23 permits or roughly 46 jobs (including 1 crew member and the skipper).

According to the Alaska Department of Labor and Workforce Development, the Southeast Alaska crab fisheries employed 638 workers in 2009. The majority of these jobs are in the Dungeness crab fishery. Expanding sea otter populations seriously jeopardize these jobs.

Methodology For Estimating Dungeness Crab Harvest Lost to Sea Otter Predation

Using field research done by ADFG, USFWS, and UAF, several Dungeness crab harvest districts were identified, which included waters known to have significant populations of sea otters. Crab harvests from these areas were compared to harvests in other districts. In effect, districts with fewer sea otters were treated as a control group. If sea otter predation was a serious issue in the areas identified, the harvest of crab should decrease in those districts relative to harvests in other districts (with fewer otters). This is exactly what took place from 2000 to 2010.

Impact of Sea Otter Predation

Districts 3, 5, 6, 9, 10, and 13 – located in southern part of the region and the outside coast line, have lost out on an estimated 2.7 million pounds of Dungeness crab since 2000. It is assumed all or most of this loss is associated with sea otters, as there are no other known factors which affect crab biomass in these districts and not others in Southeast Alaska.

In 2000, these six districts with large sea otter populations, accounted for 61 percent of the Southeast Alaska Dungeness crab harvest. By 2010, they accounted for just 33 percent; after seeing a gradual decline throughout the decade relative to districts without large sea otter populations.

Since 2000, the lost harvest volume attributed to sea otters was worth $5.3 million in wholesale value and $3.3 million in ex-vessel value.

Estimated Dungeness Crab Harvest and Value Lost Due to Sea Otters in Southeast Alaska, 2000/01 – 2010/11

	Estimated Harvest Lost Due to Sea Otters (live wt.)	Estimated Ex-Vessel Value Lost Due to Sea Otters	Estimated Wholesale Value Lost Due to Sea Otters
Total	2,681,000	$3,317,000	$5,301,000

Source: ADFG harvest data and McDowell Group estimates.

Quantifying the Impact of Sea Otter Predation

Dive fisheries in Southeast Alaska are managed by the Alaska Department of Fish and Game. Management is supported by a tax on the ex-vessel value of red sea urchins, sea cucumbers, and geoducks. This tax is used to pay for management staff and perform scientific dive surveys that allow managers to monitor the biomass of commercial species in established subdistricts, or new harvest areas.

Dive surveys are performed by SCUBA divers surveying established, or new, subdistricts along 2-meter wide transects running perpendicular to the shoreline. To complete transects, divers swim along the transect holding a 2-meter rod made of white PVC pipe in a horizontal position. Transect direction is maintained by a compass mounted on the rod.

Every harvest area gets surveyed before a fishery is opened for a given season, in addition to a group of control areas which are surveyed every year. The harvest areas, or subdistricts, open on a rotational basis, depending on the species and results of the dive surveys.

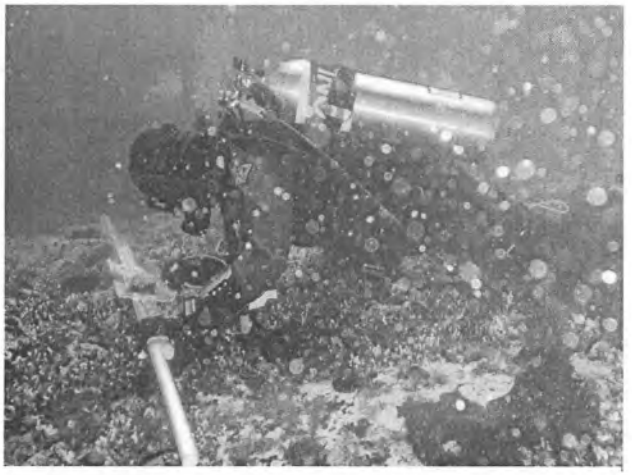


Photo Credit: Alaska Department of Fish and Game.

Dive surveys are expensive, but necessary for sustainable fishery management. In addition to providing data on the biomass, size, and density of commercial species, the dive surveys also allow managers a chance to maintain data on the invertebrates' habitat and eco-system. Divers have noted the presence and evidence of sea otter predation on each transect for each species, in each fishery area. Areas affected by sea otters are often distinguished by large holes with clam shell fragments (from where an otter has dug up a geoduck) or sea urchin carcasses littering the seabed. In the case of sea cucumbers, no physical evidence is left because otters consume the entire animal. However, divers note areas with active sea otter predation and have attributed large biomass declines in various subdistricts to sea otters.

Detailed survey data from thousands of dives recorded by fishery biologists, combined with information on historical biomass and GHL's, allows for a conservative estimate of sea otter predation. The estimated harvest volume lost due to sea otter predation can be translated into dollar terms by applying the ex-vessel price or wholesale price of a particular species in a given year.

Because virtually 100 percent of the GHL is harvested in the geoduck and sea cucumber fisheries, only the lost GHL is calculated and financial impacts are based on GHL. In the red sea urchin fishery, harvests volumes have not historically met the GHL. Therefore, impacts on the red sea urchin fishery were adjusted to reflect dollars and pounds lost are based the assumed harvest, and not on the GHL.

Accurately quantifying the impact of sea otter predation is only possible because ADFG data on sea otter predation, affected areas, commercial harvests, biomass, and market values is very good.

Because of ADFG's rigorous data collection, these estimates are believed to accurately portray the real, direct impact of sea otters on commercial species. Without such data, other studies such as Loomis (2006) have attempted to explain the value of sea otters in terms of existence value or the value of the public's "willingness to pay." These estimates are theoretical and obtained by surveying a sample of the population about what dollar value they place on knowing a certain species, in a certain locale, is flourishing or what dollar value they *would* pay to engage in a suggested recreational activity involving the species. In contrast, the effect of sea otter predation on commercial divers, seafood processors, and Southeast Alaska communities is not hypothetical.

Sea Otter Predation Impacts on Communities

Sea otter predation has led to an estimated loss of $22.4 million in wholesale value for southern Southeast Alaska communities since 1995. Lost sales for fishermen and processors are estimated to have resulted in indirect and induced losses of $5.8 million during that time. These losses reflect lost economic activity in industries outside the seafood industry in southern Southeast Alaska, resulting from lower wages, less household spending by affected families, less spending on indirect business costs, and less taxes collected from fisheries.

In total, sea otter predation is estimated to have cost southern Southeast Alaska communities $28.3 million since 1995. Any revenue derived from eco-tours, expanded subsistence harvests (above what would normally occur), or economic activity associated with scientific studies, stemming from sea otter expansion have likely been negligible, in comparison.

Southern Southeast Alaska Communities Most Affected by Sea Otter Predation

Ketchikan	Sitka	Kake
Petersburg	Craig	Port Alexander
Klawock	Hydaburg	Wrangell

The livelihood of Southeast Alaska commercial divers, crab fishermen, tender operators, and seafood processing workers is currently being jeopardized by expanding sea otter populations. These include hundreds of basic sector jobs which form the foundation of a regional economy.

Residents of the Wrangell-Petersburg census area have seen 23 fewer permits fished in recent years, part of which may be attributed to sea otter predation. Employment has not declined substantially in the sea cucumber and geoduck fisheries, but sea otter predation is estimated to have cost each geoduck diver $20,000 and each sea cucumber divers $7,000 in 2010. Based on the estimated value of product lost in recent years and the amount of economic activity resulting from the typical full-time job in southern Southeast Alaska, the secondary impacts of sea otter predation has been equivalent to a loss of 5 to 10 full-time average-paying jobs (depending on the year).

The wholesale value of Southeast Alaska sea cucumbers, geoducks, red sea urchins, and Dungeness crab was roughly $25 million in 2010. These fisheries employ roughly 625 fishermen and dozens more tender operators and processing workers. Using economic multipliers developed by IMPLAN[2], it is estimated the $25 million in wholesale value associated with these fisheries results in indirect and induced activity worth $6.5 million - equivalent to 53 additional full-time average-paying jobs[3]. Just like commercial divers and crab fishermen, these jobs are at risk of being lost as well. Indirect losses are more often more difficult to see, but they are economically real, as less money circulates in the economy leading to contracting employment.

[2] IMPLAN is an economic modeling software package widely used to perform economic impact analysis.

[3] The estimated number of jobs created is calculated by dividing the value of the secondary impact ($6.5 million) by the average output created per full-time equivalent (FTE) job in Southeast Alaska ($123,992 per FTE job). Therefore, the term "average-paying" refers to a full-time job producing an average amount of economic output, and paid accordingly.

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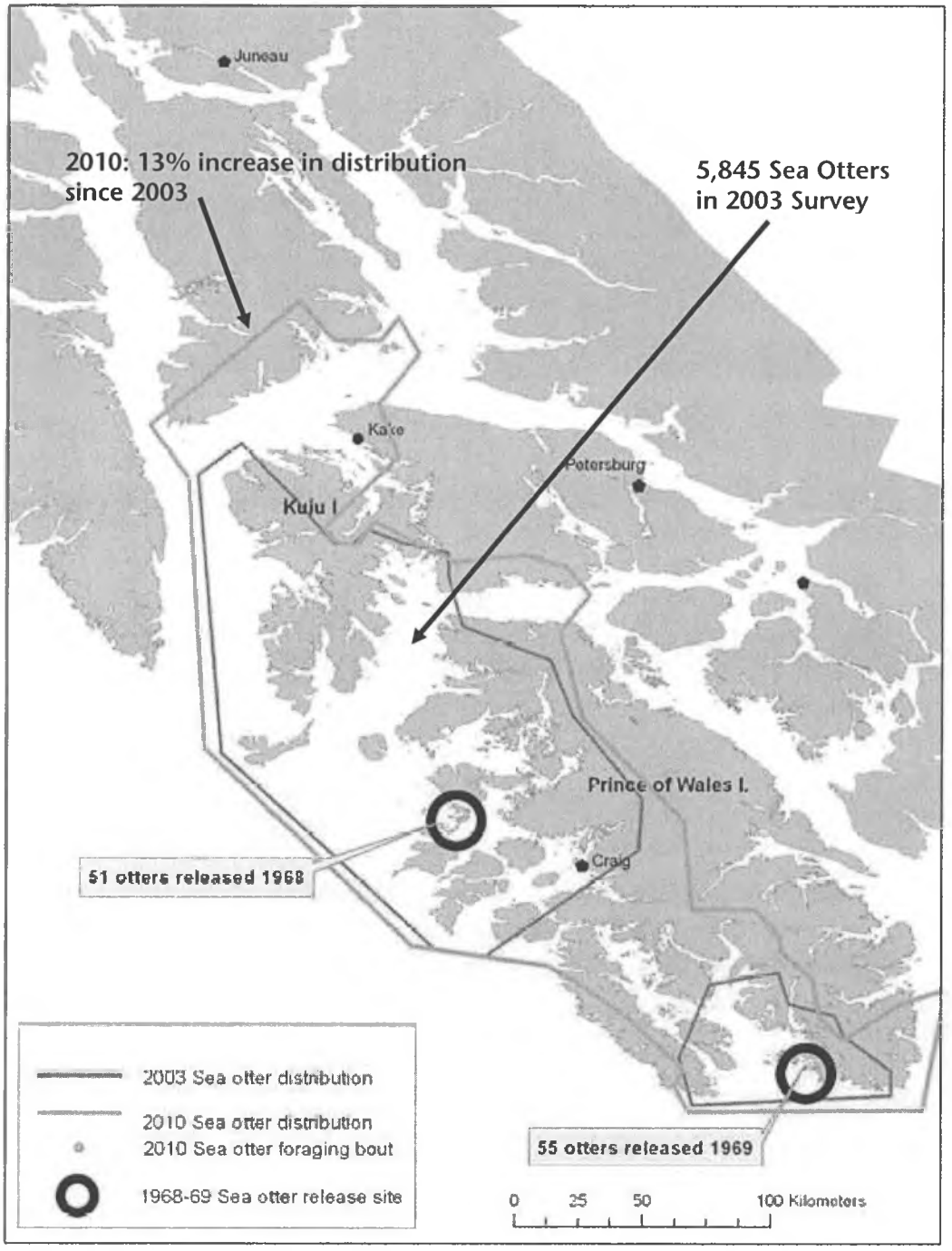
Appendix 1: Map of Otters in Southeast Alaska



Source: Hoyt, Z., Gill, V., Eckert, G., Rice, S., "Recolonization, prey selection and resource competition by sea otters, *Enhydra lutris,* in southern southeast Alaska." November 2010 presentation.

Appendix 2: Impact of Sea Otters on Dive Fishery Areas

Sea Cucumbers

Fishery Areas Negatively Affected by Sea Otter Predation

Fishery Area	Subdistrict(s)
Cape Chacon	102-10
Cordova Bay	103-11, 15
Long Island – Cordova Bay	103-21, 30
Hetta and Nutkwa	103-23, 25
Eastern Shore of Dall Island and Soda Bay	103-40-001, 002, 004
Bucarelli Bay	103-50
St Nicholas Channel	103-60, 70-002
Boca and Tonowek	103-80
West Dall Island	104-10, 20, 30
Port Camdon	109-43, 105-32
Deep Inlet and Sitka Sound South	113-38, 41
Sitka Sound North	113-40, 42, 43

Areas Closed Due to Sea Otter Predation

Fishery Area	Subdistrict(s)
Sea Otter Sound	103-90
Affleck Canal and Port Beauclerc	105-10, 20
Shaken Bay	105-41, 42
Saginaw and Security Bay	109-44, 45
Tebenkof Bay	109-62
Baranof Island	113-31, 32, 33
Khaz Bay	113-71, 72, 73

Geoduck Clams

Fishery Areas Negatively Affected by Sea Otter Predation

Fishery Area	Subdistrict(s)
Kaigani Strait	103-30-001
Tlevak Strait	103-40, 50-009
South Cordova Bay	103-11
Bucareli Bay	103-50-003
Cone Island North	103-50-005, 104-40-005
Cone Island South and Paloma Pass	103-50-006, 104-35-006
Port Rea Marina	103-50-007
Portillo Channel	103-50-008
Port Mayoral (Control Area)	103-50-CON
East San Fernando Island	103-60-001
Maurelle Islands	103-70, 80, 104-40, 50-009
Ulitka Bay	103-70-001
Little Steamboat Bay	103-70-002
Steamboat Bay	103-70-003
Blanquizal Island	103-70-005
Palisades Islands	103-70-006
St. Nicholas Channel and North Lulu Island	103-70-007
Port Alice and Cone Bay	103-90-002
Turn Point	103-90-003
Davidson Inlet	103-90-004
Warren Island and Kosciusko Island	103-90-005, 105-41, 43, 50-005
Northwest Dall Island	104-20, 30-003
Port Santa Cruz	104-30-002
Taigud and Kolosh Islands	113-31, 41-004
Symonds Bay	113-31-002
Biorka and Legma Islands	113-31-003
Elovoi, Golf, and Gornoi Islands	113-31-005

Red Sea Urchins

Fishery Areas Negatively Affected by Sea Otter Predation

Fishery Area	Subdistrict(s)
Lower Clarence Strait	102-20
Tlevak Strait	103-40
Central Dall Island	104-20-001

Areas Closed Due to Sea Otter Predation

Fishery Area	Subdistrict(s)
Cape Chacon	102-10
Dixon Entrance and Kaigani Strait	103-30
Bucareli Bay and Port Real Marina	103-50
St. Nicholas Channel	103-70
Southwest Dall Island	104-10
Meares Passage and Bucareli Bay	104-30
Western Baker Island and Cone Island	104-35
Western Noyes Island and Cone Island	104-40
Whale Bay	113-22
Baranof Island	113-11, 21

HJR

29

<TARGET><BILL>HJR 29</BILL><SUBJECT>HJR 29</SUBJECT><COMM>HRES27</COMM></TARGET>

HOUSE JOINT RESOLUTION NO. 29

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES MILLETT, Gruenberg, Fairclough, Tuck, Thompson

Introduced: 1/17/12
Referred: Resources

A RESOLUTION

Urging the United States Department of the Interior, Bureau of Land Management, to plug legacy wells properly and to reclaim the legacy well sites as soon as possible in order to protect the environment in the Arctic region.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the United States Navy and the United States Geological Survey drilled approximately 137 wells on federal land in northern Alaska between 1944 and 1981, all of which are now abandoned; and

WHEREAS the United States Bureau of Land Management is the current operator of the abandoned wells, now referred to as legacy wells; and

WHEREAS only seven of the legacy wells have been properly plugged and reclaimed; and

WHEREAS the remaining legacy wells are out of compliance with the regulations adopted by the Alaska Oil and Gas Conservation Commission, and 42 of the remaining legacy wells are flagrantly out of compliance; and

WHEREAS three of the legacy wells can no longer be found; and

Barrow RAB
Fairbanks rep.
Nuleksit no more than
3 burbot/year.

WHEREAS the changing geography of the Arctic puts additional legacy wells at risk of being lost before remediation can occur; and

WHEREAS the Alaska Oil and Gas Conservation Commission has repeatedly reminded the federal government of the obligation to plug legacy wells properly and to reclaim legacy well sites; and

WHEREAS the legacy wells that have not been properly plugged and reclaimed pose a significant risk to surface vegetation, groundwater, fish, land mammals, and sea mammals; and

WHEREAS wood and metal debris and deteriorating buildings at the sites of the legacy wells litter the landscape and detract from the natural beauty of the Arctic region; and

WHEREAS the federal government has received $9,480,946,486 from lease sales in the National Petroleum Reserve - Alaska and the outer continental shelf of the state and should use a portion of those funds to plug and reclaim legacy wells in the state; and

WHEREAS the state cannot impose fines on the federal government for violating the regulations of the Alaska Oil and Gas Conservation Commission, but if it could do so, the fines would exceed $8,000,000,000; if the statute of limitations were disregarded, the fines would exceed $40,000,000,000; and

WHEREAS both state and federal regulations require the plugging and reclamation of legacy wells, and the federal government would not allow a private entity to remain in violation of those regulations;

BE IT RESOLVED that the Alaska State Legislature urges the United States Department of the Interior, Bureau of Land Management, to plug legacy wells properly and to reclaim the legacy well sites as soon as possible in order to protect the environment in the Arctic region.

COPIES of this resolution shall be sent to the Honorable Barack Obama, President of the United States; the Honorable Ken Salazar, United States Secretary of the Interior; the Honorable Robert V. Abbey, Director, United States Bureau of the Interior, Bureau of Land Management; and the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress. Amend to all other members of Congress

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **HJR 29**
Fiscal Note Number:
() Publish Date:

Identifier (file name): HJR29-LEG-COU-2-17-12
Title: "Urging the United States Dept of the Interior, Bureau of Land Mgmt to plug legacy wells properly..."
Sponsor: Reps Millett, Gruenberg, Fairclough, Tuck, Thompson...
Requester: Resources

Dept. Affected: Legislature
Appropriation: Legislative Council
Allocation: Council & Subcommittees
OMB Component Number: 783

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by: Jessica Geary, Finance Manager — Phone: 465-6626
Division: Legislative Affairs Agency — Date/Time: 2/17/12 4:42 PM
Approved by: Pamela Varni, Executive Director — Date: 2/17/2012
Legislative Affairs Agency

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HJR 29

Analysis

This Legislation has zero fiscal impact on the Legislative Affairs Agency.

Alaska Legislature
Representative Charisse Millett

Session:
State Capitol Building, Room 13
Juneau, AK 99801
Phone (907) 465-3879
Fax (907) 465-2069
Toll free (888) 269-3879

Interim:
Anchorage LIO
716 W 4th Ave., Room 390
Anchorage, AK 99501
Phone (907) 269-0222
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District 30

Sponsor Statement – House Joint Resolution 29

Version: 27-LS1208\A

"Urging the United States Department of the Interior, Bureau of Land Management, to plug legacy wells properly and to reclaim the legacy well sites as soon as possible in order to protect the environment in the Arctic region"

Starting in 1944 the federal government began an exploratory oil and gas drilling program in the National Petroleum Reserve-Alaska. After drilling stopped in 1981 about 130 wells, now known as legacy wells, were never properly plugged and the sites were not cleaned up.

Today those legacy wells threaten the arctic ecosystem. Potential ground water contamination from the wells could harm vegetation. Scrap metal and wood, deteriorating buildings, rusting barrels and debris litter the sites and ruin the natural beauty of the arctic.

The federal Bureau of Land Management is responsible for the wells but has so far refused to take action and claims it does not have the money. To date, the BLM has taken in more than nine billion dollars from oil and gas lease sales in NPR-A and Alaska's outer continental shelf.

These drill sites have been out of compliance with Alaska Oil and Gas Conservation Commission regulations for decades. Unfortunately, the state cannot fine the federal government but if it could - the fines would run in the billions of dollars.

The BLM has a mission statement that states it will "sustain the health, diversity, and productivity of public lands for the use and enjoyment of present and future generations." HJR 29 simply asks the agency to fulfill its mission and clean up its legacy wells so future generations will have an unspoiled arctic wilderness.

HJR 29 and it has been referred to the House Resources Committee.

Prepared by Jeff Turner on Thursday, January 19, 2012

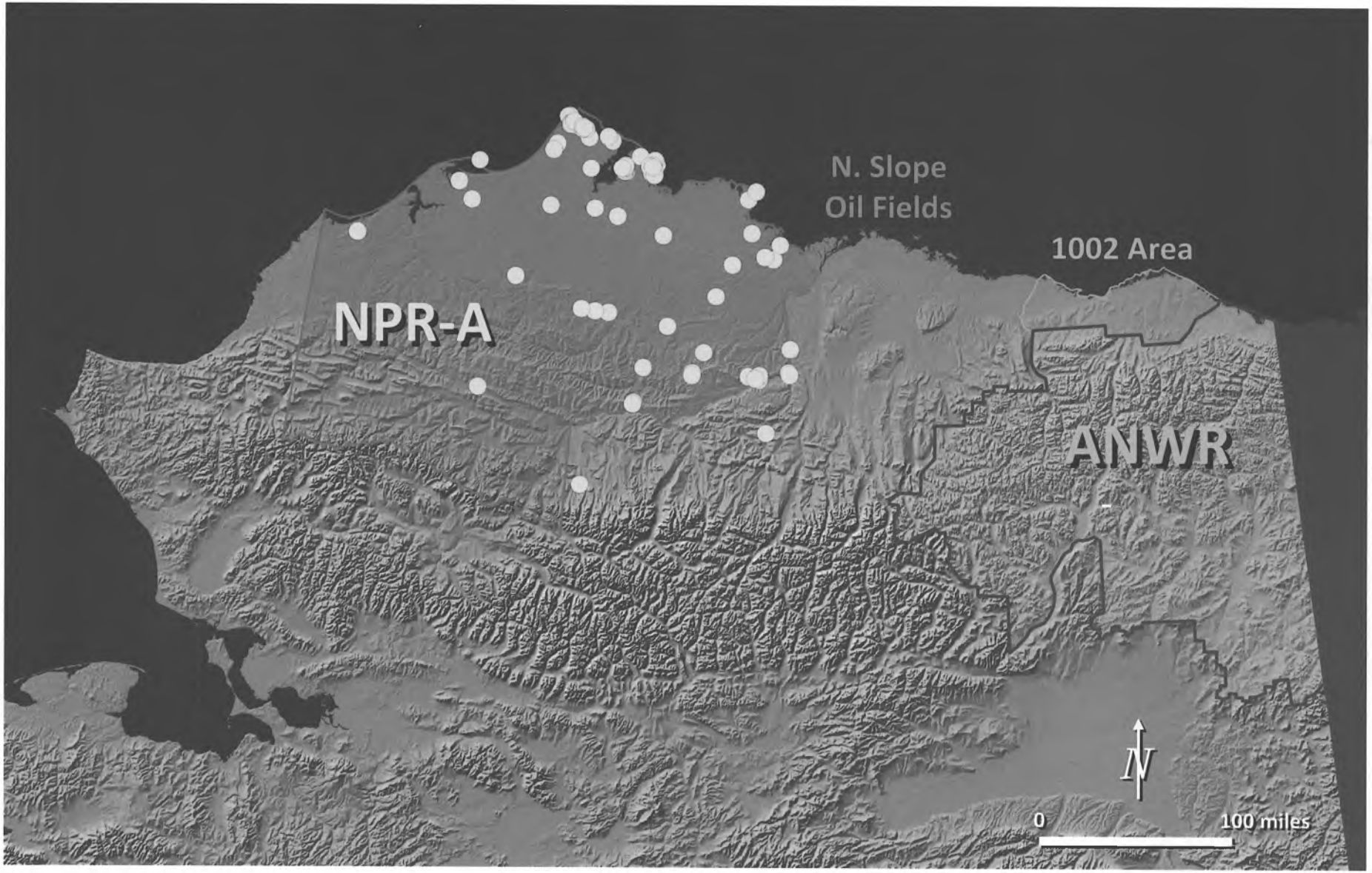
BLM Legacy Wells

Environmental Hazards

&

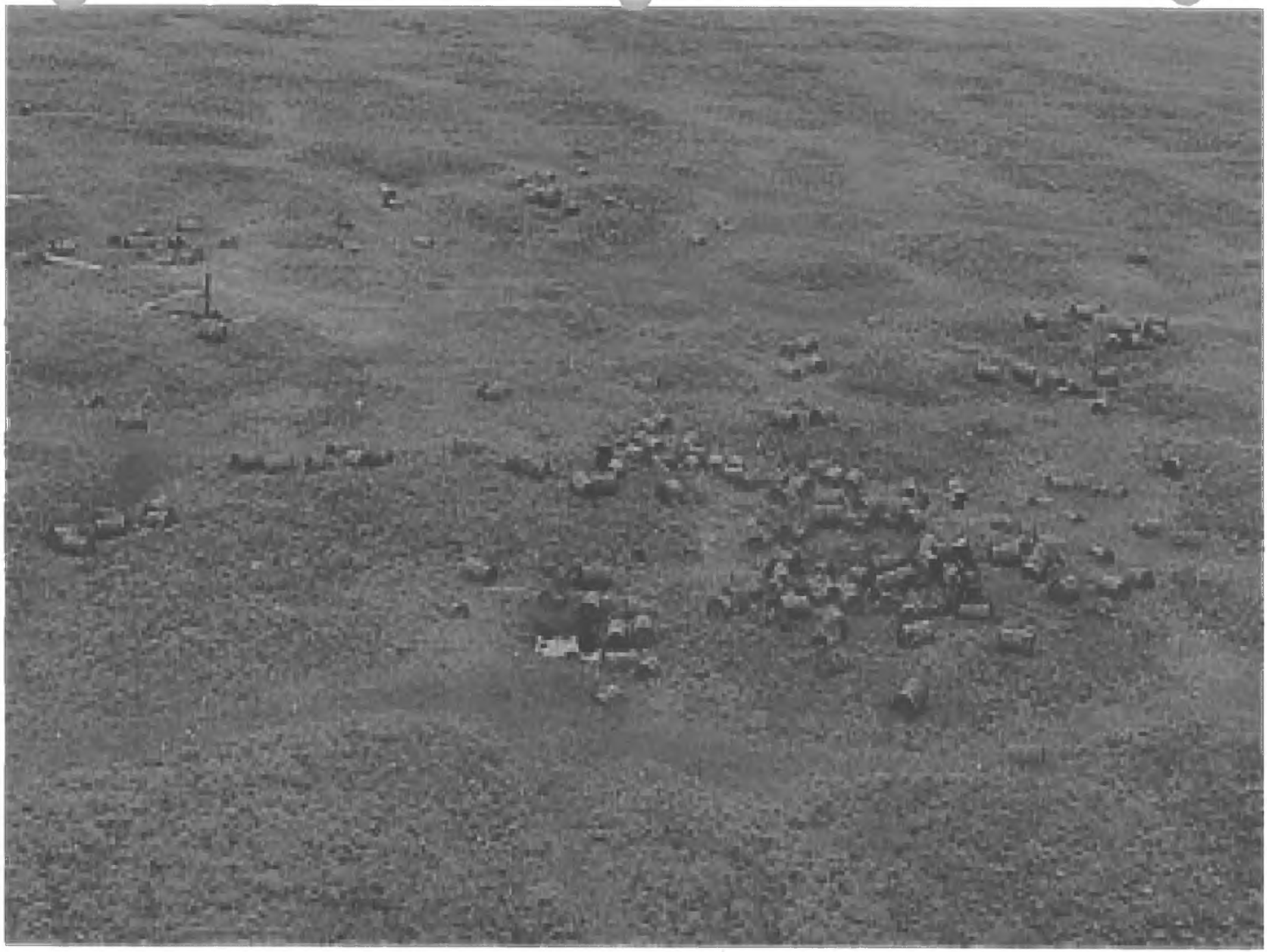
Eyesores

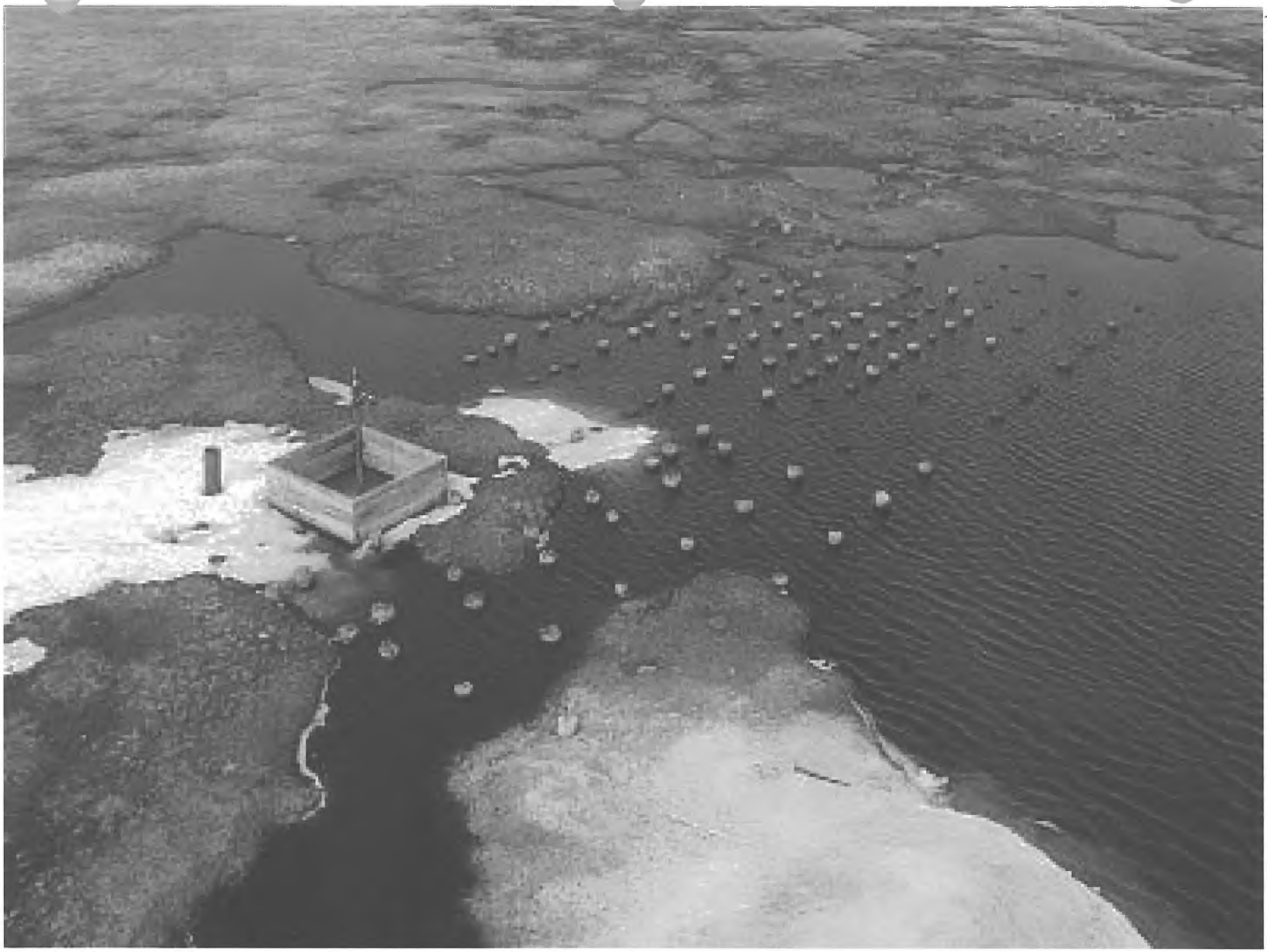
NPR-A Legacy Wells



AOGCC

Jan. 27, 2012









Wellhead along with
wood and metal debris
in a natural oil seep







Natural subsidence and snowmelt have started to obscure this site.



Primitive, rusting wellhead and wood debris



Back-up slides

Status of Legacy Wells

- 7 properly plugged and abandoned
- 5 improperly plugged and abandoned
- 32 not cased – collapsed hole & revegated surface
- 17 claimed to be used for temperature monitoring
- 33 classified as “land swap” wells
- 42 flagrantly out-of-compliance wells

Example problems

- 6 have open casing and no wellhead
- 7 have wood or metal debris on site
- 17 are filled with diesel
- 3 can no longer be found
- Of the 33 “land swap” wells, all but 3 are in need of P&A
- 3 have only a surface plug, but BLM is calling them P&A’d.

Alaska Regulations in which BLM Lacks Compliance

20 AAC 25.070 (3)

20 AAC 25.105(a) and (b)

20 AAC 25.110(a), (b), (d), and (e)

20 AAC 25.112 (b), (c), (d), (e), (f), and (g)

20 AAC 25.507 (a)



Simpson Core #26 drilled in the middle of an oil seep. Depth of the oily-water prohibits access to the wellhead.



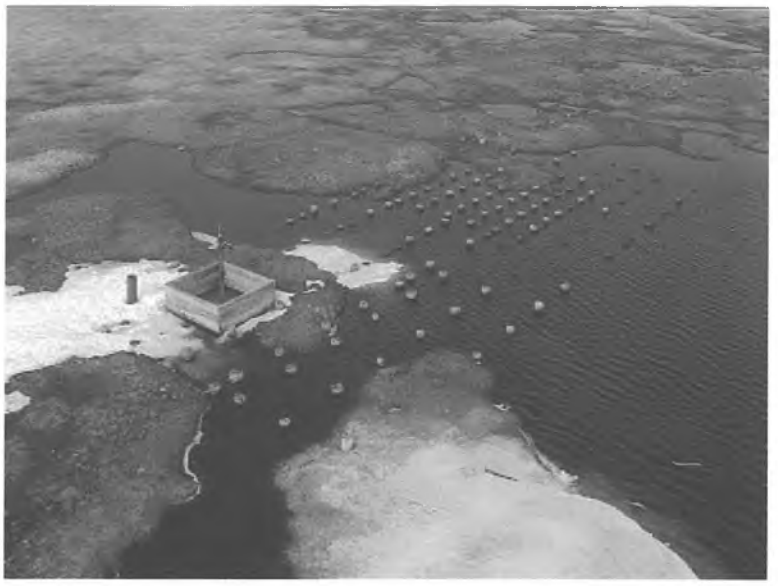
Light trash is present in the seep between Cores #30 and #30A.



Simpson Core #29



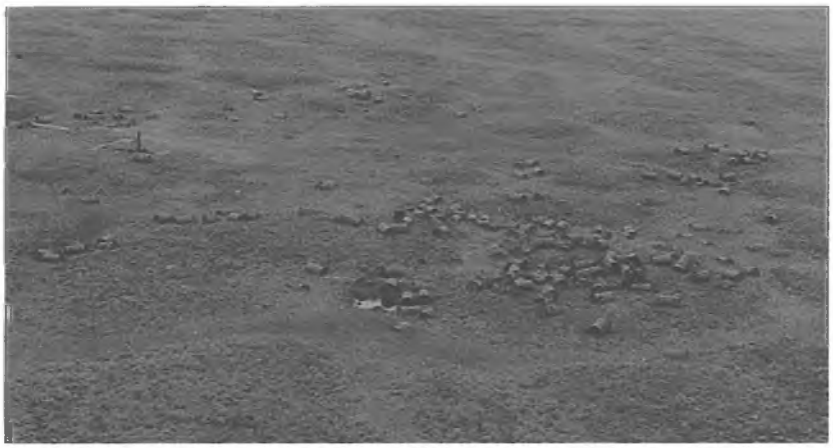
Umiat #1 is located about 5 miles from the Umiat airstrip.



East Simpson #2 is partially submerged during the spring thaw. Photo taken June 2003.



Kaolak #1 with cabin on the drill pad.



Solid waste primarily in the form of empty drums litter the area around Skull Cliff Core Test. The wellhead is in the upper left portion of the photo.



North Simpson #1 is partially submerged in the summer.



Awuna wellhead with exposed wooden pilings and Styrofoam.

Legacy Wells
Non-compliance with AOGCC Regulations

The BLM is the current operator of approximately 137 wells drilled by the Federal Government between 1944 and 1981 in northern Alaska. These wells are routinely referred to as the legacy wells. All of the wells are or have been out of compliance with multiple AOGCC regulations. Additional review would likely reveal that the wells are out of compliance with Federal regulations as well. A summary of the issues of non-compliance with AOGCC regulations follows:

- 20 AAC 25.070 (3) requires that an operator file Form 10-407 within 30 days after completion, abandonment or suspension of a well. Where Form 10-404 is required, the same 30 day time requirement applies. These forms document what work was actually performed.
    - For well operations performed after 2000, all reporting was late. The earliest was received at least 4 months late with most at least two years late and some as much as 4-1/2 years late. In fact, no Form 10-407 has ever been submitted for at least two of the wells.

- 20 AAC 25.105(a) requires that, if the operator is the landowner, all wells on the property must be abandoned within one year following permanent cessation of the operator's oil and gas activity within the field where the wells are located.
    - Because there has been no BLM operated oil and gas activity anywhere in the NPRA since the final legacy well was drilled in February of 1981, all of the legacy wells that are not currently abandoned are out of compliance.
    - Further, because the first two wells to be plugged were plugged in 2002, those wells were out of compliance for at least 21 years.

- 20 AAC 25.105 (b) requires that a well not completed as an oil, gas or service well must be properly suspended or abandoned before removal of the drilling rig.
    - Since with only one exception, none of these wells was ever completed as an oil, gas, or service well, since there has not been a drilling rig on any of these wells in over 30 years, and since none of them was properly suspended per AOGCC regulations, all of the legacy wells are or have been out of compliance including ones that are now properly plugged.

- 20 AAC 25.110(a) allows the AOGCC not to require abandonment of a well but rather to allow that the well be suspended only if the well has future utility or is located on an active pad or platform.
    - All of the legacy wells are or have at one time been out of compliance including ones that are now properly plugged.

- 20 AAC 25.110(b) requires an operator to submit to and receive approval from the AOGCC for an application for suspension of operations prior to performing the work.
    - No such application has been submitted for any of the legacy wells and none of the wells is suspended in a manner consistent with the operational details of this regulation.

- 20 AAC 25.110(d) requires the operator of a suspended well to install certain downhole plugs to ensure that all hydrocarbons and fresh waters are confined to their respective indigenous strata.
    - With few exceptions, none of the legacy wells is in compliance with this regulation.

- 20 AC 25.110(e) requires that the operator of a suspended well maintain the integrity of the location, provide the AOGCC with a status report every five years, and clear the location of all materials and debris.
    - With few exceptions, none of the wells has been left in a configuration that would allow the BLM the ability to demonstrate downhole integrity.
    - Pictures from the BLM's own report on the legacy wells show open wellbores in several cases.
    - As also demonstrated by pictures in the BLM report, rotting lumber, rusting metal, and other debris have not been cleared from many well locations.

- 20 AAC 25.112(a) requires that all uncased portions of a wellbore be plugged in a manner that ensures that all hydrocarbons and freshwater are confined to their respective indigenous strata and are prevented from migrating into other strata or to the surface.
    - Thirty-two of the legacy wells were never cased. No plugging operations have been performed or are planned on any of these wells. Rather, the earth has been allowed to slough in and the surface to revegetate. Although ten of these wells were drilled only to a depth of fifty feet or shallower and do not likely pose any threat of fluid migration, the remaining twenty-two wells were drilled deeper including seven wells drilled to depths beyond 1000 feet.

- 20 AAC 25.112(b), (c), (d), (e), (f), and (g) require specific procedures to ensure proper abandonment of a well.
    - Five of the approximately ten wells that have actually been abandoned do not meet all of the requirements of these regulations.

- 20 AAC 25.112(h) requires an operator to give the AOGCC at least 24 hours notice prior to commencing plugging operations so that a representative of the AOGCC can witness or waive the right to witness the operations.
    - Four wells were plugged in 2004 without any prior notice to the AOGCC.

- 20 AAC 25.507 (a) requires an operator to obtain prior approval when a substantive change in a previously approved activity is needed.
    - In many cases actual wellwork was substantially different from what was proposed and authorized, yet no request was ever made for approval of the change.
    - In many of these cases, the actual work did not result in the well being plugged in compliance with AOGCC regulations.

BLM Legacy Wells
Safety and Environmental Compliance Issues

From 1944 to 1981, the Federal Government drilled numerous wells (called legacy wells) in northern Alaska. The Bureau of Land Management (BLM) in the Department of the Interior has become the operator of these wells.

All legacy wells are or have been out of compliance with multiple Alaska regulations.[1] Although by no means exhaustive, the following summarizes the most troubling issues[2]:

- Proper plugging and abandonment of wells is governed by Article 2 of the AOGCC's regulations, 20 AAC 25.105, et seq. The purposes of properly plugging and abandoning wells include public safety, protection of the environment, and protection of sources of drinking water.

- Proper plugging and abandonment of a well includes sufficient downhole cement and plugs to ensure that underground fluids cannot migrate. With few exceptions, none of the 137 legacy wells complies with this requirement.

- Proper plugging and abandonment of a well requires that all underground pipe be cut off 5 feet below ground level so that it cannot create an excavation hazard or become a problem during subsidence or other normal earth movement. With few exceptions, none of the legacy wells complies with this requirement.

- Proper plugging and abandonment of a well also requires sufficient surface remediation that the site blends in with the natural vegetation. Within a few seasons, there should be no surface indication of a well's location. Many of the legacy well sites are permanent eyesores, littered with rotting wood, rusting metal, and other debris.[3] Because the legacy wells have not been properly plugged and abandoned, those wells that are revegetated have potentially more serious downhole mechanical integrity issues.

- Delaying the plugging and abandonment has already caused several of the wells to be "lost" due to subsidence and other normal earth movement. Two wells are at the bottom of what subsidence and snow melt have now turned into lakes and a third has been buried in a landslide. Additional wells simply can no longer be found, with no explanation for why. Postponing abandonment of the remaining wells puts them at risk of also becoming "lost."

Allowing these unsafe and unsightly wells to litter Alaska's wilderness while threatening both public safety and the environment is unacceptable. Nonetheless, BLM has only plugged and abandoned approximately ten of the 137 wells.

If these wells were operated by an oil company, the AOGCC would force compliance with its regulations and impose fines for any non-compliance. While the AOGCC can find BLM to be in violation of AOGCC regulations, the AOGCC has no legal authority to force the Department of the Interior into compliance.

The Federal Government should provide adequate funding specifically designated for the purpose of bringing the legacy wells into regulatory compliance.

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1 Given the condition of most of these wells, review of the applicable Federal regulations would likely reveal that the wells are out of compliance with those as well.

2 Should greater specificity be desired, a separate paper, "Legacy Wells: Non-compliance with AOGCC Regulations," describes the non-compliance with AOGCC regulations in detail.

3 Pictures of littered wellsites can be found in the BLM's Legacy Well Summary Report, on their website at www.blm.gov/ak/st/en/progenergy/oil_gas/npra/legacywell.html

Alaska Conservation Alliance

"A Strong Economy and Healthy Environment Go Hand in Hand"

2/17/12

Representative Charisse Millett
State Capitol, Rm. 13
Juneau, AK 99801-1182

Dear Rep. Millett,

The Conservation Alliance supports HJR 29, which urges the Bureau of Land Management to properly plug legacy wells and reclaim legacy drill sites in the National Petroleum Reserve-Alaska. The Alaska Conservation Alliance represents over 30 conservation groups with a combined membership of over 38,000 Alaskans.

Unplugged well sites on the North Slope pose a continuing danger to the environment, and it undermines our shared objective of development occurring in a responsible manner. The legacy well sites located in the National Petroleum Reserve are some of many underreported contamination issues in Alaska. Unfortunately, despite the danger, state agencies don't have the authority to enforce penalties. The responsible federal agency, the Bureau of Land Management, lacks budgeted funds to properly plug and reclaim the drill sites. That funding shortfall needs to be addressed. The unplugged and un-reclaimed legacy well sites, like all such sites across Alaska including dozens of sites on state lands, must be properly and responsibly decommissioned.

Passing HJR 29 will send a clear message to the Federal government and the Bureau of Land Management that Alaska is serious about preserving and protecting its environment. It will also send a clear message to private companies that Alaska is consistent with its demand of responsible resource development: that no entity, government or otherwise, will be allowed to harvest the state's resources while tarnishing Alaska for future generations.

The Federal government must make good on the responsibility it undertook when the legacy sites were drilled. Passing HJR 29 will send a clear message to the federal government and private companies that Alaska is serious about preserving and protecting its environment.

For the above reasons, the Alaska Conservation Alliance supports HJR 29. We appreciate the effort to address this important issue.

Sincerely,

Andy Moderow
Executive Director
Alaska Conservation Alliance

810 N Street, Suite 203 | Anchorage, AK 99501 | 907-258-6171 | F: 907-258-6177
www.akvoice.org | www.twitter.com/ACAAlliance
www.facebook.com/AlaskaConservationAlliance

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

Founded 1975
Executive Director
Rick Rogers
2011-2012 Executive Committee
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Phil Cochrane, Sr. Vice President
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James Mery
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Hans Neidig
Judy Patrick
Charlie Powers
Mike Satre
Mary Sattler
Keith Silver
Lorali Simon
John Sturgeon
Dan Sullivan
Peter Taylor
Michael Terminel
Jan Trigg

Ex-Officio Members
Senator Mark Begich
Senator Lisa Murkowski
Congressman Don Young
Governor Sean Parnell

February 3, 2012

Representative Charisse Millett
Alaska State Capitol
Juneau, AK 99801

Re: HJR 29, Urging the federal government to plug legacy wells in the Arctic region

Dear Representative Millett:

The Resource Development Council is writing to encourage the House Resources Committee to pass HJR 29, urging the federal government to plug legacy wells properly and to reclaim the legacy wells sites as soon as possible in order to protect the Arctic.

RDC is an Alaskan business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism, and fisheries industries. Our membership includes all of the Alaska Native regional corporations, local communities, organized labor, and industry support firms. RDC's purpose is to expand the state's economic base through the responsible development of our natural resources.

The Department of the Interior and other federal agencies require that private companies operating in the Arctic explore for and produce domestic energy and mineral resources in an environmentally responsible manner. Through federal laws, regulations, and permitting, federal agencies have set a high bar to mitigate impacts to the environment. As a result, industry has been held to the highest standards – among the most stringent in the world. When violations to federal laws or permitting requirements occur, companies are held responsible, often facing steep fines.

However, in the case of federal lands in the Arctic, the federal government has not held itself to the same standards. The U.S. Navy and the U.S. Geological Survey drilled approximately 137 wells on federal lands in northern Alaska between 1944 and 1981, all of which are now abandoned. Only seven of the legacy wells were properly plugged and reclaimed. The remaining wells are out of compliance with regulations adopted by the Alaska Oil and Gas Conservation Commission (AOGCC), posing a risk to surface vegetation, groundwater, and wildlife. Additionally, debris and deteriorating buildings detract from the landscape.

The AOGCC has repeatedly reminded the federal government of the obligation to plug legacy wells and properly reclaims well sites. The state cannot impose fines on the federal government, but if it could do so, the fines would exceed $8 billion, and much more if the statute of limitations were disregarded.

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035
Phone: 907-276-0700 Fax: 907-276-3887 Email: resources@akrdc.org Website: akrdc.org

HJR 29 points out the double standard and hypocrisy that exists in the federal government's regulation and permitting of resource development activities in Alaska. Clearly, the Department of Interior has not held itself to the same standards it demands industry to meet in the responsible development of Alaska's resources.

The resolution rightfully urges the federal government to comply with the same laws and requirements it demands industry to follow. The federal government should lead by example and set even a higher standard for itself.

RDC commends you for introducing HJR 29 and securing 33 cosponsors to the resolution. We strongly encourage its passage.

Sincerely,

Resource Development Council, Inc.



Rick Rogers
Executive Director

Jeff Turner

From: Esther Hugo <eshugo@cityofakp.org>
Sent: Tuesday, February 07, 2012 10:49 AM
To: Jeff Turner
Subject: HJR NO. 29

I am writing this email in full support of HJR NO. 29. It's about time BLM clean the site because it's been too long. Please feel free to contact me for any questions or concerns regarding the subject.
907-661-3612/3619 or 907-661-0059, fax 907-661-3613, or email eshugo@cityofakp.org

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Alaska State Office
222 West Seventh Avenue, #13
Anchorage, Alaska 99513-7504
http://www.blm.gov/ak

In Reply Refer to:
1400-400 (9100)

The Honorable Eric Feige
The Honorable Paul Seaton
Resources Committee
Alaska House of Representatives
State Capitol, Suite 412
Juneau, Alaska 99801-1182

Dear Representatives Feige and Seaton:

In response to your request of February 6, 2012, co-chairmen of the Alaska House Resources committee, for comments on House Joint Resolution 29 – BLM Legacy Oil Well Clean Up, we provide the following for your consideration.

The US government sponsored exploration programs between 1942 and 1982 within the National Petroleum Reserve Alaska (NPRA) to evaluate the mineral potential of the NPRA. The exploration effort left behind 136 wells and boreholes. In 1976, the Bureau of Land Management began managing the NPRA. Solid waste cleanup, plugging and remediation efforts have been occurring over time and will continue. The most recent pluggings and remediations have focused on locations impacted by coastal erosion as well as locations near Umiat.

We have an inventory describing which wells and boreholes are plugged, partially plugged, uncased, or unplugged, and assessments of the condition of the general area around the well sites. The avenue forward is dependent upon a common understanding and agreement on the status of the wells. The BLM-Alaska will work closely with State of Alaska agencies to develop responsible strategies to identify, fund, and conduct the necessary work of periodic inspection and maintenance, plugging and final abandonment, and surface cleanup.

If you have questions or require additional information, please contact Ted Murphy, Deputy State Director of Resources, at 907-271-4413.

Sincerely,

Bud C. Cribley
State Director

HJR 31

<TARGET><BILL>HJR 31</BILL><SUBJECT>HJR 31</SUBJECT><COMM>HRES27</COMM></TARGET>

HOUSE JOINT RESOLUTION NO. 31

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES JOHANSEN, Fairclough, Olson, Millett, Feige, Chenault

Introduced: 1/23/12
Referred: Resources

A RESOLUTION

Urging the President of the United States and the United States Congress to acquire the area commonly known as Central Park on Manhattan in New York City on behalf of the federal government; urging the United States Congress to declare Central Park to be a wilderness area and to prohibit any further improvement or development of Central Park unless authorized by an Act of Congress.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS, before Henry Hudson's landing on September 12, 1609, Manhattan was a remarkably diverse and natural landscape of hills, valleys, forests, fields, freshwater wetlands, salt marshes, beaches, springs, ponds, and streams and supported a rich and abundant community of wildlife, and sustained people for thousands of years; and

WHEREAS, since the arrival of Henry Hudson, the unrestrained development of buildings, highways, and urban sprawl on Manhattan has destroyed habitat, displaced indigenous peoples, and disrupted what had been the delicate Muir Web; and

WHEREAS at least 1,000 species of plants and vertebrates, including 24 species of mammals, 233 species of birds, 32 species of reptiles and amphibians, 85 species of fish, and

627 species of plants, and an unknown number of species of fungi, lichens, mosses, insects, shellfish, and other invertebrates previously inhabited Manhattan; and

WHEREAS resident mammals previously included the gray wolf, gray fox, beaver, white-tailed deer, elk, short-beaked common dolphin, long-finned pilot whale, bobcat, mountain lion, cottontail rabbit, white-footed mouse, river otter, black bear, and red bat; and

WHEREAS resident bird species previously included the bald eagle, belted kingfisher, wood duck, green heron, cedar waxwing, passenger pigeon, American goldfinch, Baltimore oriole, peregrine falcon, wild turkey, and red-bellied woodpecker; and

WHEREAS resident plants previously included the sugar maple, mountain holly, wild sarsaparilla, American ginseng, purple milkweed, yellow birch, wild cucumber, white oak, red hickory, white ash, red pine, black spruce, mountain ash, and eastern cottonwood; and

WHEREAS resident reptiles previously included the loggerhead sea turtle, brown snake, timber rattlesnake, eastern mud turtle, diamondback terrapin, and redbelly snake; and

WHEREAS, in 1609, Manhattan's biodiversity density for each acre rivaled that of national parks such as Yellowstone, Yosemite, and Great Smoky Mountains; and

WHEREAS Manhattan once had more than 570 hills, 60 miles of streams, 20 ponds, and 300 springs; and

WHEREAS sandy beaches once reached from the tip of Manhattan to a point past 42nd Street on the Hudson River shore; beyond the shore was the vibrant, dynamic tidal estuary with complex currents, sedimentary patterns, and the influence of the Hudson River; and

WHEREAS Manhattan's Upper West Side and Tribeca were once a coastal oak-pine forest with red maple swamps; and

WHEREAS Manhattan once had 55 different ecological communities, including terrestrial communities, wetlands, pond and stream communities, and estuarine communities; and

WHEREAS the Lenape and their ancestors lived in this area for thousands of years before European contact, obtaining all the food, water, and materials they needed from the local forests, wetlands, and waters; and

WHEREAS, in Northeastern Algonquin culture, the Lenape were considered the "Ancient Ones," and their folklore suggests a close connection to the land and appreciation of

their role as a member of the ecosystem that was shared with the plentiful other species; and

WHEREAS Manhattan has an area of approximately 22.7 square miles, and Central Park has an area of approximately 1.3 square miles; and

WHEREAS the Arctic National Wildlife Refuge has an area of approximately 29,687 square miles and Area 1002, the area for development in the refuge, has an area of approximately 2,344 square miles; and

WHEREAS Central Park makes up approximately six percent of Manhattan; and

WHEREAS Area 1002 makes up approximately eight percent of the Arctic National Wildlife Refuge; and

WHEREAS 16 U.S.C. 3143 requires an authorization by an Act of Congress before leasing or other development leading to the production of oil and gas in the Arctic National Wildlife Refuge may proceed;

BE IT RESOLVED that the Alaska State Legislature urges the President of the United States and the United States Congress to acquire the area commonly known as Central Park on behalf of the federal government; and be it

FURTHER RESOLVED that the Alaska State Legislature urges the United States Congress to declare Central Park to be a wilderness area; and be it

FURTHER RESOLVED that the Alaska State Legislature urges the United States Congress to enact a provision similar to 16 U.S.C. 3143 to prohibit any further improvement or development of Central Park unless authorized by an Act of Congress.

COPIES of this resolution shall be sent to the Honorable Barack Obama, President of the United States; the Honorable Joseph R. Biden, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable Ken Salazar, United States Secretary of the Interior; the Honorable John Boehner, Speaker of the U.S. House of Representatives; the Honorable Nancy Pelosi, Minority Leader of the U.S. House of Representatives; the Honorable Harry Reid, Majority Leader of the U.S. Senate; the Honorable Mitch McConnell, Minority Leader of the U.S. Senate; the Honorable Jeff Bingaman, Chair of the Energy and Natural Resources Committee of the U.S. Senate; and the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version **HJR 31**
Fiscal Note Number
() Publish Date

Identifier (file name) HJR31-LEG-COU-1-26-12
Title "Urging the President of the United States and the United States Congress to aquire the area..."
Sponsor Reps Johansen, Fairclough, Olson, Millett, Feige & Chenault
Requester House Resources

Dept. Affected Legislature
Appropriation Legislative Council
Allocation Council and Subcommittees
OMB Component Number 783

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by Jessica Geary, Finance Manager — Phone 465-6626
Division Legislative Affairs Agency — Date/Time 1/26/12 1:11 PM
Approved by Pamela Varni, Executive Director — Date 1/26/2012
Legislative Affairs Agency

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HJR 31

Analysis

This Legislation has zero fiscal impact on the Legislative Affairs Agency.

The New York Times
City Room
Blogging From the Five Boroughs

JANUARY 26, 2012, 6:58 AM

From Alaska, Great Concern for Central Park

By ANDY NEWMAN

Alaska: U.S. Fish and Wildlife Service, via Reuters; Central Park: Chang W. Lee/The New York TimesKnow your native species: the Arctic National Wildlife Refuge in Alaska (left) and Central Park in New York City (right).

Updated, 6:09 p.m. | In the interest of preserving an already-compromised sliver of urban wilderness, state legislators are asking the federal government to take over Central Park.

State legislators in Alaska, that is.

Annoyed with outsiders' meddling with the right to drill in the Arctic National Wildlife Refuge, Representative Kyle Johansen, Republican of Ketchikan, introduced a resolution in Juneau on Monday that gives the states-rights-depriving Eastern elites a taste of their own medicine.

It urges the feds to "declare Central Park to be a wilderness area and to prohibit any further improvement or development of Central Park unless authorized by an act of Congress."

Many of Mr. Johansen's colleagues immediately signed on as co-sponsors, including the speaker of the house.

The resolution, first noted on this coast by West Side Rag, is primarily a piece of political satire, Mr. Johansen said Wednesday, but one with a solid basis in history.

"What I'm trying to accomplish," he said, "is to basically make a point of the hypocrisy of — and don't take offense — those East Coast folks who write a lot of checks to shut down Alaska, while in their own backyard, Manhattan has been turned from a pristine wild island supporting an amazing Muir web of life to having only Central Park left as a green belt. And even Central Park has been radically changed."

The resolution notes that before Henry Hudson arrived in 1609, Manhattan was "a remarkably diverse and natural landscape of hills, valleys, forests, fields," marshes, beaches, ponds and streams that supported populations of gray wolf, elk, black bear and mountain lion.

Since then, the measure says, "the unrestrained development of buildings, highways and urban sprawl on Manhattan has destroyed habitat, displaced indigenous peoples and disrupted" ecosystems.

Central Park makes up 6 percent of Manhattan; the area that pro-drilling lawmakers seek to open to oil exploration makes up 8 percent of the Arctic National Wildlife Refuge. Ergo, if one landscape is worthy of federal protection, why not the other?

Though extractive industries are not allowed to operate in Central Park (unless you count the overpriced organic hot-dog vendor near the skating rink), the landscape has indeed been repeatedly disfigured over the years by zoos and faux Gothic castles and whatnot.

But Parks Commissioner Adrian Benepe said that "the premise that Central Park is not as protected as a federal property in Alaska is not true." Among other things, the park falls under the Public Trust Doctrine, which bars use of parks for any non-recreation purpose without approval from the state legislature.

In New York, not Alaska.

As stranger-than-satire history would have it, though, the federal takeover of Central Park was actually proposed during the city's 1970s fiscal crisis.

A 1978 study rejected the idea. While it would bring in needed money and personnel, the study's authors wrote, federalization would put the park in the hands of federal civil servants "who would not feel compelled to be responsive to local wishes concerning usage."

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HJR

32

<TARGET><BILL>HJR 32</BILL><SUBJECT>HJR 32</SUBJECT><COMM>HRES27</COMM></TARGET>

27-LS1234\E
Bullard
2/24/12

CS FOR HOUSE JOINT RESOLUTION NO. 32( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES DICK, Austerman

A RESOLUTION

Urging the United States Congress to remove wood bison from protection under the Endangered Species Act of 1973 and to grant control of wood bison in Alaska to the state.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the purpose of 16 U.S.C. 1531 - 1544 (Endangered Species Act of 1973) ("the Act") is to protect or restore a species to a condition where continued existence of the species is not threatened or endangered; and

WHEREAS litigation pursued by numerous environmental and conservation groups has significantly affected the Act, and, often, implementation of the current law serves to defeat the original purpose of the Act; and

WHEREAS free-ranging wood bison no longer exist in the United States but still exist in healthy numbers in Canada; and

WHEREAS the State of Alaska would like to reintroduce wood bison in the state to provide alternative hunting opportunities in rural areas, and providing this hunting opportunity would be one of the main purposes for reintroducing wood bison in the state; and

WHEREAS wood bison are an endangered species and cannot be hunted without federally approved exemptions to the Act; and

WHEREAS, if wood bison were reintroduced in the state in their current status, resource development on the land they occupy could be significantly affected; and

WHEREAS, in an effort to avoid the restrictions on hunting and resource development, the Department of Fish and Game negotiated with the United States Fish and Wildlife Service exemptions under 16 U.S.C. 1533(d) and 1539(j) of the Act to allow hunting of wood bison and to allow resource development on land used by wood bison; and

WHEREAS the certainty of the negotiated rules cannot be guaranteed by the United States Fish and Wildlife Service; and

WHEREAS the negotiated rules are likely to be challenged; and

WHEREAS, after 20 years of protecting the gray wolf in other states, during which time all of the original goals were met or exceeded, the United States Fish and Wildlife Service could not remove the gray wolf from the endangered species list and return control to the states because of litigation brought in the federal courts; and

WHEREAS, because numerous lawsuits have been filed in attempts to use the Act for purposes other than to accomplish the stated goal, repeated requests were made to the United States Congress to intervene; and

WHEREAS, in an unprecedented act, the United States Congress recently removed the Montana and Idaho populations of the gray wolf from protection under the Act and returned control to the respective states; and

WHEREAS, under the current situation, if wood bison were released in the state, their habitat and any areas onto which they were to wander could become subject to the restrictive provisions of the Act because of court action; and

WHEREAS significant resources in the state are at stake; and

WHEREAS the Donlin Creek mine is located well within wood bison traveling distance, and, if wood bison were to wander to Donlin Creek, that $70,000,000,000 of resources could easily be locked up, at a cost of $700,000,000 for each of the approximately 100 wood bison released; and

WHEREAS Canada, under the Species at Risk Act, has declared the wood bison proposed to be sent to Alaska a surplus and has acknowledged that the loss of those wood

bison would not have a negative effect on the successful restoration of wood bison in Canada; and

WHEREAS, for more than 70 years, the Department of Fish and Game has successfully managed plains bison, which are genetically similar to wood bison, and wood bison would prosper under similar management; and

WHEREAS, if the wood bison proposed to be reintroduced to the state are to be under the protection of the Act and its accompanying restrictions relating to land development and hunting, the State of Alaska has concerns related to the uncertainty of court intervention; and

WHEREAS these facts serve to demonstrate this point: The wood bison's status on the list of species protected under the Endangered Species Act of 1973 is what most endangers them;

BE IT RESOLVED that the Alaska State Legislature urges the United States Congress to exempt wood bison from protection under the Endangered Species Act of 1973 and to grant control of wood bison in Alaska to the state.

COPIES of this resolution shall be sent to the Honorable Barack Obama, President of the United States; the Honorable Joseph R. Biden, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable Harry Reid, Majority Leader of the U.S. Senate; the Honorable Mitch McConnell, Minority Leader of the U.S. Senate; the Honorable John Boehner, Speaker of the U.S. House of Representatives; the Honorable Nancy Pelosi, Minority Leader of the U.S. House of Representatives; the Honorable Ken Salazar, United States Secretary of the Interior; and the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

Differences Between the HJR 32 Original Resolution and the CSHJR 32 Version E

Prepared by Sponsor's Office

Replaced repeated references to the "Endangered Species Act of 1973" with "The Act"

Clarified that litigation affected implementation of The Act.

Clarified that "free ranging" bison no longer exist in the United States

Replaced some references to the "Department of Fish and Game" with "State of Alaska"

Clarified that "provid[ing] alternative hunting opportunities in rural areas" is a purpose of reintroducing wood bison in the state.

Removed excessive wording

Clarified that the state has concerns regarding the certainty of the negotiated special provisions in the event of a legal challenge

Clarified that USFWS could not remove the gray wolf from the ESA list due to federal court intervention

Clarified that it was the Montana and Idaho populations of gray wolf that were removed from the ESA list.

Clarifies that if the land the wood bison occupy were to become subject to the restrictive provisions of the ESA it would be by court action

Clarifies that the ADF&G has successfully managed plains bison in Alaska for more than 70 years

Clarifies that the State's concerns are related to the uncertainty of court intervention

Clarifies that we are asking for congress to "exempt" not "remove" wood bison from the ESA

Brief Description of Backup Information for HJR 32

1. Committee Substitute for HJR 32
   Wood Bison Resolution – Revision E
2. Quotes from ADF&G's publication *Wood Bison News*
   Brief Overview of Wood Bison Situation
3. Quotes from ADF&G's publication *Wood Bison News*
   More Details of Wood Bison Situation
4. News Article
   Congress Removes Wolves from ESA
5. What's the Cost?
   Private Property versus Public Use
6. An Alternative Perspective on the ESA
   "As a registered Republican in the District of Columbia, I have some experience and a special concern for endangered species".
7. Wolf Recovery
   Old, but comprehensive discourse on Political Ecology and Endangered Species
8. Rebuilding the Ark
   ESA reform - New Perspectives
9. ADF&G *Wood Bison News* - Issue 6

27-LS1234\D
Bullard
2/14/12

CS FOR HOUSE JOINT RESOLUTION NO. 32( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES DICK, Austerman

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WHEREAS Canada, under the Species at Risk Act, has declared the wood bison proposed to be sent to Alaska a surplus and has acknowledged that the loss of those wood

bison would not have a negative effect on the successful restoration of wood bison in Canada; and

WHEREAS, for more than 70 years, the Department of Fish and Game has successfully managed plains bison, which are genetically similar to wood bison, and wood bison would prosper under similar management; and

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WHEREAS these facts serve to demonstrate this point: The wood bison's status on the list of species protected under the Endangered Species Act of 1973 is what most endangers them;

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FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version **HJR32**
Fiscal Note Number
() Publish Date

Identifier (file name) HJR32-LEG-COU-2-23-12
Title "Urging the United States Congress to remove wood bison from protection under the Endangered Species Act..."
Sponsor Representatives Dick, Austerman
Requester House Resources

Dept. Affected Legislature
Appropriation Legislative Council
Allocation Session Expenses
OMB Component Number 782

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by Jessica Geary, Finance Manager
Division Legislative Affairs Agency
Approved by Pamela Varni, Executive Director
Legislative Affairs Agency

Phone 465-6626
Date/Time 2/23/12 4:20pm
Date 2/23/2012

(Revised 1/17/2012 OMB)

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HJR32

Analysis

This Legislation has zero fiscal impact on the Legislative Affairs Agency.

Alaska State Legislature

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Juneau, AK 99801-1182
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Representative Alan Dick

House District 6

Sponsor Statement

HJR 32: Wood Bison

A Resolution urging The United States Congress to remove wood bison from protection under the Endangered Species Act of 1973 and to grant control of wood bison in Alaska to the state.

The Alaska Department of Fish and Game (ADF&G) has been working to re-introduce wood bison into Alaska for many years. Wood bison are listed as an endangered species under the Endangered Species Act. The introduction of an endangered species into the wild brings with it significant restrictions on resource development and felony charges if they are harmed or hunted.

Under certain circumstances waivers of some of these restrictions are available and ADF&G has worked hard to negotiate such waivers. Last year they successfully concluded negotiations with the United States Fish and Wildlife Service (FWS) and were preparing to release them into the wild when FWS notified them that a lawsuit had been filed challenging whether or not a protected species could ever be hunted. FWS notified ADF&G that it was willing to proceed with the rest of the negotiated agreement but not the hunting provision. ADF&G wisely elected not to proceed until such assurances are guaranteed.

In recent years numerous lawsuits, and petitions for injunctive relief, have been filed seeking to overturn already negotiated agreements or prevent new waivers from being approved. An ever increasing number of these petitions or suits have been successful - which removes the assurance that the waivers are intended to offer.

If wood bison are reintroduced into the wild while they remain on the protected list hundreds of thousands of acres (if not more) of interior Alaska could be added to the

over 200 million acres of coastal Alaska that have recently been locked-up by the addition to the list of polar bears and beluga whales alone.

As a result there are only three reasonable responses to the current situation.

1. Work to facilitate their removal from the ESA by asking congress to intervene and remove them from the list as they did recently with the grey wolves in the Lower-48 states.
2. Release them onto an island and allow them to proliferate there until they are removed from protection at which time they could safely be reintroduced onto previously occupied lands.
3. Do not reintroduce wood bison into the wild in Alaska, even with negotiated agreements, as long as they remain on the ESA's threatened or endangered list.

HJR 32 addresses the first response.

Brief Description of Backup Information for HJR 32

1. Committee Substitute for HJR 32
   Wood Bison Resolution – Revision E
2. Quotes from ADF&G's publication *Wood Bison News*
   Brief Overview of Wood Bison Situation
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   More Details of Wood Bison Situation
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   Private Property versus Public Use
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7. Wolf Recovery
   Old, but comprehensive discourse on Political Ecology and Endangered Species
8. Rebuilding the Ark
   ESA reform - New Perspectives
9. ADF&G *Wood Bison News* - Issue 6

Linda Hay

From: Jennie Hafele
Sent: Wednesday, February 29, 2012 11:16 AM
To: Rep. Paul Seaton; Rep. Eric Feige
Cc: Heather Beggs; Mary Jane Shows; Linda Hay; Michael Paschall; Ross Soboleff
Subject: HRES HJR 32 Testimony
Attachments: HJR 32 comments.2.29.12.RRogers.pdf

To: House Resources Committee

2/29/2012 1:00pm Standing Committee Hearing

From: Randall Rogers

Sent: Via Jennie Hafele, Fairbanks LIO

Subject: HJR 32 Remove Wood Bison From Endangered List

Please enter into the record the attached testimony to the HRES Committee on HJR 32 Dated 2/29/2012



Randall R. Rogers
PO Box 82215
Fairbanks, AK 99708-2215
(907) 479-8207
rrrogers@alaska.net



February 29, 2012

Representative Alan Dick and members of the
House Resources committee
Sent via the Fairbanks Legislative Information Office

Re: House Joint Resolution No. 32

Dear Representative Dick and members of the House Resources Committee:

I appreciate the concerns of the members of the House Resources Committee about the potential restrictions on resource development and land use related to wood bison reintroduction in Alaska. I also appreciate that the current version of HJR 32 does not outright oppose wood bison reintroduction but gives support for congressional action to remove wood bison from the Endangered Species Act (ESA). While I do not personally object to this approach to resolving concerns about the status of wood bison under the ESA, I am concerned that there could be many political and legal challenges to overcome in order to achieve a congressional exemption of wood bison from the ESA. This approach could result in an extended delay or make the wood bison reintroduction project impossible.

I believe that completing regulations under section 10(j) of the ESA to designate wood bison I Alaska as a Nonessential Experimental Population (NEP) is a legally sound approach to resolving concerns about wood bison and maintaining opportunities for resource development and other land uses, including future hunting. I urge you to modify HJR 32 to include the option of completing the ESA 10(j) regulations.

Please keep in mind that proposed regulations would be issued first and there would be a minimum 60-day public comment period where the legislature and others could review the proposed regulations to see exactly what the provisions are. Wood bison cannot be released to the wild until the regulations are complete. Since the captive herd of wood bison at the Alaska Wildlife Conservation Center is owned and controlled by the State of Alaska the decisions on adequacy of the 10(j) regulations and moving forward with releasing the bison to the wild will be made by the State.

There are several clauses in the current version of HJR 32 that are inaccurate or outdated. The U.S. Fish and Wildlife Service (USFWS) has resolved some of the issues surrounding hunting of wolves in the Northern Rocky mountains and is ready to move forward with 10(j) regulations for wood bison in Alaska that provide for future hunting. The decision that hunting can be a valid and important tool to help promote wood bison conservation has been reviewed and approved all the way up to the national director level of the USFWS. Further, should litigation on the 10(j) rule occur, the USFWS is confident that the regulation will be upheld and it could help establish good case law that would further reaffirm hunting as a conservation tool. The state and USFWS need to work together and agree on suitable language on future hunting in the draft 10(j) rule so the USFWS can prepare a proposed rule to be published in the Federal Register. The legislature should encourage the Parnell administration to move forward quickly with this effort.

With the 10(j) and accompanying section 4(d) rules the scenario of locking up the Donlin Creek Mine included in HJR 32 would never occur. The 4(d) rules contain provisions to allow hazing of wood bison away from development activities. They also include provisions to allow "incidental take," which could include wood bison mortality, if the take occurred during an otherwise lawful activity. Further the draft ESA rules contain a provision that if the regulations are overturned in court or invalidated for any reason, the State would maintain the authority to remove wood bison from the landscape.

Unfortunately, since the draft regulations have never been published and made available for public review and comment members of the legislature and others who have and interest in wood bison restoration and resource development do not know exactly what the regulations will accomplish. This rule making process needs to move forward, perhaps concurrently with efforts to achieve congressional action, so that all viable options are being pursued to satisfy concerns about wood bison and the ESA and the State can move forward with releasing wood bison to the wild.

Background and Further Information

I am very familiar with the Alaska wood bison reintroduction project and efforts to address the status of wood bison under the Endangered Species Act (ESA) through my former position as Wildlife Planner for the Alaska Department of Fish and Game, Division of Wildlife Conservation in Fairbanks. I participated in years of discussions on wood bison and the ESA with staff from the USFWS and the Alaska Department's of Law and Natural Resources. Since my retirement last summer I have kept in contact with state staff working on the matter and recently met with key staff in the USFWS Alaska Regional Office.

The Alaska Department of Fish and Game has been working to restore wood bison in Interior Alaska for nearly twenty years. Wood bison restoration is a renewable form of resource development that will provide benefits to people for many, many years to come. Wood bison will provide a source of healthy red meat for Alaskans who depend on fish and wildlife. There will be opportunities for economic development based on bison viewing and hunting.

In 2008 ADF&G imported a small herd of wood bison from Canada. These bison and their offspring are receiving quality care at the Alaska Wildlife Conservation Center in Portage and will be used as founding stock for returning wood bison to the wild in Alaska.

While the wood bison are here there are concerns that because wood bison are an endangered species, reintroducing them could result in restrictions on oil and gas or other natural resource development. To address those concerns, ADF&G has been working with the Alaska Department of Law and the U.S. Fish and Wildlife Service to develop regulations to designate wood bison in Alaska as a "Nonessential Experimental Population" under section 10(j) of the Endangered Species Act. This type of regulation has never been applied in Alaska and would cause wood bison to be treated differently than any other endangered species in our state. The regulations will remove virtually all the regulatory requirements that normally apply under the ESA and designate the State to have primary management authority over wood bison herds. The regulations will prohibit designation of critical habitat for wood bison, a designation that is one of the primary concerns about possible restrictions on resource development where endangered species are present.

Congress added section 10(j) to the ESA specifically to address concerns about possible restrictions on land use where species are reintroduced into portions of their historic range where they are no longer present. The Department of Law concluded that wood bison restoration in Alaska fits perfectly with this provision of the ESA. Further, their research has shown that of the nearly 30 times this provision of the ESA has been used for other species in other states, none of the regulations have ever been overturned in the courts.

In the last year the ESA regulations have been delayed due to concerns about provisions regarding future wood bison harvest. Most recently the USFWS has indicated that provisions for future state-managed harvest can be included in the proposed regulations. The State and USFWS need to agree on language on future hunting to include in the proposed regulations so there is no further delay in the regulatory process.

To further respond to concerns about possible restrictions on resource development ADF&G changed the initial release site from the Yuko Flats or Minto Flats where Doyon, Ltd. is exploring for oil and gas to the lower Yukon-Innoko River area. There is little potential for conflicts with other resource development in this area and local residents have strongly supported the proposal. If wood bison roamed to the proposed Donlin Creek Mine the special ESA regulations would allow them to be hazed away or removed if necessary. If a legal challenge were to occur both state and federal attorneys have indicated they are confident the regulations would be upheld in court.

Designating wood bison as a Nonessential Experimental Population is a legally sound way to proceed with wood bison restoration while protecting other resource development activities. Publishing the ESA regulations will allow people and organizations interested in the wood bison project an opportunity to review what is being proposed and provide comments on how the final regulations can be revised and improved.

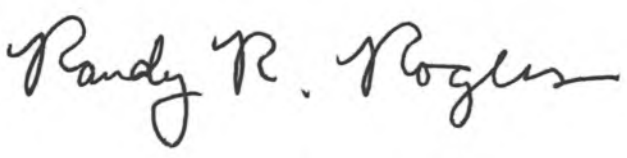
It is very expensive to care for the wood bison herd in captivity and the opportunity to restore wood bison in Alaska cannot be maintained indefinitely. Like a natural gas pipeline the project must be completed when all the factors line up correctly.

The Parnell administration and legislature need to support the efforts to establish special regulations for wood bison under the ESA. Once the regulations are completed they need to support ADF&G's efforts to implement the project as expeditiously as possible while the opportunity is present.

Conclusions

I urge members of the House Resources Committee and the Alaska Legislature as a whole to keep in mind the benefits that wood bison restoration can bring to residents and visitors to our state and support the Alaska wood bison restoration project. If Alaskans work together with a "can-do" attitude, there is no reason that wood bison restoration cannot proceed in harmony with other resource development.

Sincerely,



Randy R. Rogers

Paul Verhagen

From: Fleener, Craig L (DFG) <craig.fleener@alaska.gov>
Sent: Tuesday, February 21, 2012 12:21 PM
To: Paul Verhagen
Subject: RE: HJR 32

Paul,

Yes, we are supportive of this resolution.
One modification to recommend, I missed it last time.
On page 3 Line 14 (change the word "remove" to exempt).
This would be permanent.

Craig L. Fleener
Deputy Commissioner - Game
Alaska Department of Fish and Game
333 Raspberry Road
Anchorage, Alaska 99518
907-267-2228 (W)
907-687-6406 (C)

From: Paul Verhagen [mailto:Paul_Verhagen@legis.state.ak.us]
Sent: Friday, February 17, 2012 8:16 AM
To: Fleener, Craig L (DFG)
Subject: RE: HJR 32

Hi Craig,

Here it is. Thanks for your help!

Paul

From: Fleener, Craig L (DFG) [mailto:craig.fleener@alaska.gov]
Sent: Thursday, February 16, 2012 12:02 PM
To: Paul Verhagen
Subject: HJR 32

Paul,

Would you please e-mail me the cleaned up copy of HJR32 that Rep. Dick intend to send up?
I need to brief our staff on the Resolution so I can get you an answer.

Thanks,

Craig L. Fleener
Deputy Commissioner - Game
Alaska Department of Fish and Game
333 Raspberry Road
Anchorage, Alaska 99518
907-267-2228 (W)
907-687-6406 (C)

United States Department of the Interior

FISH AND WILDLIFE SERVICE
1011 E. Tudor Road
Anchorage, Alaska 99503-6199

IN REPLY REFER TO

FWS/FES

FEB 14 2012

Representative Alan Dick
Alaska State Legislature
State Capitol, Room 104
Juneau, AK 99801-1182

Dear Representative Dick:

I would like to take this opportunity to reaffirm our support for the ongoing cooperative efforts between the U.S. Fish and Wildlife Service (Service) and the Alaska Department of Fish and Game (ADF&G) regarding the State's proposal to reintroduce wood bison to Alaska. For the last several years, the Service has worked closely with ADF&G to find the most effective approach to this issue that will minimize Endangered Species Act (ESA) requirements as well as any potential future effects on proposed development projects and communities in the State. We also have explored how best to transfer management authority of any reintroduced wood bison to the ADF&G, which we agree is the appropriate agency for this responsibility. As a measure of our commitment, the Service provided $200,000 in Federal funds to support the captive wood bison at the Wildlife Conservation Center near Portage from July 2011 to June 2012, while we helped to find a way forward.

We also would like to set the record straight regarding some inaccurate information in the House Joint Resolution No. 32, introduced to the Alaska State Legislature on February 1, 2012. The resolution urged the United States Congress to remove wood bison from protection under the ESA and to grant control of wood bison in Alaska to the State.

The characterization of the ESA in the Resolution, which states that as a result of litigation, implementation of the current law serves to defeat its original purpose, is inaccurate. In fact, for more than 35 years, the ESA has prevented the probable extinction of hundreds of species across the Nation and contributed to the recovery of many others. Three of those species that have recovered are native to Alaska [Aleutian Canada (cackling) goose, American peregrine falcon, and Arctic peregrine falcon]. As a matter of record, the Service's Alaska Region has conducted over 5,500 ESA consultations on proposed projects since 2002, and we have never stopped a single project or required major modifications to a proposed action. We coordinate closely with project proponents to minimize adverse effects to species, while allowing proposed development projects to proceed.

TAKE PRIDE IN AMERICA

The Resolution alleges that new litigation challenging whether endangered species can ever be hunted resulted in the Service being unwilling to proceed with the negotiated exemptions. This statement is incorrect. The Alaska Region has communicated extensively with our Washington Office on this issue. In October 2011, the Service Director reached a decision that supports future hunting of wood bison as an appropriate management tool. Since then, our position has remained constant: the Service supports hunting of wood bison as an appropriate population management tool. In Canada, hunting has been used to effectively manage wood bison populations since 1988.

The statements claiming that if wood bison were released in the State, their habitat could become subject to the "restrictive provisions" of the ESA and result in exorbitant economic costs are unfounded. These exaggerated statements about the ESA are creating a negative and fearful environment that makes it more difficult to achieve common ground. The Service is working with the State to designate the Alaska population of wood bison as a nonessential, experimental population with an associated State management plan. This would provide the State with assurances they have requested, including the ability to remove wood bison from the landscape in the event the State decides that the reintroduction of wood bison is not in the State's best interests. The nonessential, experimental designation minimizes the requirement for consultation under the ESA for federally funded or federally permitted development projects on all State and private lands, and on most Federal lands.

My staff and I would be happy to meet with you and members of your staff to further clarify issues relating to wood bison reintroduction or the ESA in general. Please contact me at (907) 786-3542 if you would like to arrange a meeting.

Sincerely,

Regional Director

cc: Cora Campbell, Commissioner, Alaska Department of Fish and Game

Testimony on HJR 32

Representative Dick heard about the plan to reintroduce wood bison into Alaska many years ago. He thought it was a *great* idea! He remembers being surprised when he heard that Doyon came out in opposition to having them released into the Nenana area. At the time didn't look into the matter. It wasn't until he was elected to office and our office looked into the subject that he paid much attention to the issue.

But once he had researched it and understood the "strings" that are attached to an animal on the threatened or endangered list he wondered why *anyone* would want to proceed with reintroduction as long as they remain under the "protection" of the Endangered Species Act? The risks are enormous. Alaska has only to look at what other states have had to deal with in order to realize the frustration and time and expense that they have been subjected to.

The wisdom of voluntarily subjecting ourselves to those problems by bringing in an animal that is *already* on the threatened or endangered list is certainly worth reconsideration.

With the addition of just one animal to the list (the polar bear) our state has already had more land "locked up" than all the land granted to us by the federal government at the time of statehood.

Last year Representative Dick filed HB186 in an effort to prevent the Alaska Department of Fish and Game (Fish and Game) from introducing wood bison into the state without approval by the legislature.

Between then and now interesting things have happened with regards to the Endangered Species Act. After several states spent years working to get grey wolves removed from the list they found themselves extremely frustrated when one court would rule in their favor and another would rule against them.

Eventually they took their case to congress. In a surprise move, congress intervened and exempted the grey wolf from the Endangered Species Act and made their decision "not subject to review by the courts".

From Representative Dick's perspective a similar action by congress would resolve all of our problems the bison could be released into the wild without the restrictions that come with the act and they could be managed by our State Department of Fish and Game – just as the plains bison have been successfully managed for over 70 years.

In an effort to urge Congress to intervene on our behalf Representative Dick is seeking this House Joint Resolution that encourages congress to exempt wood bison from the act.

Representative Dick recently received a letter from Geoff Haskett, Regional Director of the United States Fish and Wildlife Service (Fish and Wildlife Service).

Regional Director Haskett takes issue with some of the statements Representative Dick has made in the resolution and explains that Fish and Wildlife Service has worked closely with Fish and Game in an effort to release the bison into the wild.

Representative Dick doesn't question that Fish and Wildlife Service has spent years working with Fish and Game on Alaska's effort to reintroduce Wood Bison into Alaska. He doesn't question that Fish and Wildlife Service wants the project to move forward. Nor does he question their diligence in ensuring

that the agreement they reach with Fish and Game complies with the most current interpretation of the Endangered Species Act. In fact, he sympathizes with the Service as they try to keep up with the rulings because the ink is barely dry on the last ruling before the next ruling is out. Fish and Wildlife Service is constantly chasing a moving target and the situation is only getting worse – and THAT is the point he is making.

The Endangered Species Act may have been created with the best of intentions by people with a sincere concern for the environment – but it has been hijacked and has today become a tool used by special interest groups whose goals are not so much to protect endangered species or the environment but rather for business or political purposes. And when group after group brings suit after suit and one after another manages to invalidate agreements that were painstakingly worked out by an agency – it undermines the purpose of the act.

While referring to the wolf issue the Secretary of the Interior, Ken Salazar, said "The fact is, after years of lawsuits, wolf de-listing got stuck in unacceptable gridlock, acrimony and dispute. The debate was consuming Fish and Wildlife Service resources that could be spent recovering other species."

Representative Dick doesn't lay this issue at the feet of Fish and Wildlife Service. They have no choice but to respond to the suits that are filed, but it is becoming increasingly clear that there other special interest groups with a different focus still. On this subject James Thompson from the University of Wyoming is quoted as saying[1]:

> "wolf recovery is [only] a 'stalking horse' for the larger issue of land use change." Even environmentalists have admitted that "on the deepest level the issue of wolf recovery is not about wolves. [Instead] it is about control of the west" (Askins 1993:5). Simply put, environmental-ists are using wolf recovery and the Endangered Species Act to run ranchers out of the country and to thwart multiple use of public lands. It is also a way for animal-rights and antihunting groups to ban all hunting and use of wildlife. Is this what Congress had in mind when it passed the Endangered Species Act? There is no evidence to even remotely suggest that it is".

In the same letter Regional Director Haskett disagreed with Representative Dick's position that – The wood bison's status on the list of species protected under the Endangered Species Act of 1973 is what *most* endangers them;

He offers proof that Representative Dick's assertion is wrong by stating that for over 35 years the Endangered Species Act has prevented the probable extinction of hundreds of species (a position that many disagree with) – but He is *not* disagreeing with what may have happened in the past. He is merely stating that after many years of working towards the goal there are still no wood bison roaming the wilds of Alaska and, as clearly stated by wood bison biologist Bob Stevenson, in the Department's publication *Wood Bison News*, it *was* because of litigation. He says:

> "recent litigation has raised a question about whether the FWS can allow hunting of a species that are protected under the ESA...The result is that the ESA regulations have been delayed".

Regional Director Haskett states that after extensive communications with the Washington office the service *director* reached a decision that supports future hunting of wood bison – but *that* underscores Representative Dick's point that *we are all operating on quicksand* with no solid footing! What if

[1] http://www.independent.org/publications/policy_reports/detail.asp?type=full&id=6

regional director Haskett had *not* gone to bat for us? And nothing guarantees that his successor will be as accommodating as he is, or that even he himself will remain free in the future to be as accommodating as he may have been.

Director Haskett concludes his letter with assurances that the Service is working with the state to designate Alaska's wood bison as a nonessential, experimental population that would provide the state with the assurances that they have requested. But the bottom line is that if wood bison weren't under the "protection" of the Endangered Species Act they would already be wandering the wilds like the plains bison are and there wouldn't be any fear of our lands and resources being locked up. And if there weren't elements working against the assurances that Alaska wants, it would not have taken this many years to get to the point we are at – which is that we're *still* not there.

Although passage of this resolution won't change anything itself it will serve to remind Congress once again that in more than a few instances the act itself has become its own worst enemy. It may also prompt them to step in and resolve our wood bison problem. If they were to exempt <u>all</u> bison we won't need to worry about the lawsuits that seek to include the <u>plains</u> bison under protection of the act.

This concludes my testimony on HJR32 - Wood Bison. Thank You

HJR

40

<TARGET><BILL>HJR 40</BILL><SUBJECT>HJR 40</SUBJECT><COMM>HRES27</COMM></TARGET>

27-LS1407\B
Bullock
3/30/12

CS FOR HOUSE JOINT RESOLUTION NO. 40( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES KELLER, Tammie Wilson, Pruitt, Thompson, Millett, Costello, Johansen, Muñoz, Peggy Wilson

A RESOLUTION

Commending the governor and the administration for aggressively working to protect the interests of the state in rights-of-way under R.S. 2477; urging the governor and the attorney general to develop a working alliance with the governors, attorneys general, and legislatures in other western states to protect and enforce the states' interests in ensuring access using rights-of-way authorized by R.S. 2477; urging the governor and the attorney general to support the interests of the State of Utah and southern counties of Utah in R.S. 2477 rights-of-way by actively seeking confirmation of R.S. 2477 rights-of-way through various means, including initiating litigation in this state; urging the governor and the attorney general to develop a strategy for resolving the dispute over the right to continued access using R.S. 2477 rights-of-way in the state, including the possibility of bringing lawsuits against the federal government to preserve the state's interest in rights-of-way; urging the governor to further strengthen the resources of the state for protecting the state's rights by continuing to focus the efforts of the Department

of Law, the Department of Natural Resources, the Department of Fish and Game, and other departments on defending the state's rights and powers with regard to access and federalism issues; urging the United States Congress to enact legislation requiring federal agencies with land management authority to establish a process to recognize valid R.S. 2477 rights-of-way claims expeditiously after a notice of intent to claim an R.S. 2477 right-of-way has been filed without the need to dispute those claims in court and to participate in good faith in the process.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS, in 1866, R.S. 2477 granted rights-of-way across unappropriated federal land to encourage the development of western land; and

WHEREAS R.S. 2477 rights-of-way were perfected by simple use or development; and

WHEREAS R.S. 2477 rights-of-way were established in the state through use or development until virtually all federal land in the state was withdrawn in 1969; and

WHEREAS, when R.S. 2477 was repealed in 1976 under the Federal Land Policy Management Act (43 U.S.C. 1701), valid existing rights under R.S. 2477 were expressly protected; and

WHEREAS the Alaska State Legislature has recognized 602 rights-of-way in statute, and the Department of Natural Resources has identified at least 67 additional valid R.S. 2477 rights-of-way; and

WHEREAS historic R.S. 2477 rights-of-way represent a key component of the mandate in art. VIII, sec. 1, of the Constitution of the State of Alaska to encourage the settlement of the state's land and the development of the state's land and resources; and

WHEREAS the United States Department of the Interior and the United States Forest Service refuse to recognize an R.S. 2477 right-of-way unless adjudicated and validated in a decision by a court of competent jurisdiction; and

WHEREAS unilateral resistance by the federal government to the existence of the state's rights-of-way causes great harm to the ability of the state to execute its duty to manage

state resources by making them accessible and available for maximum use consistent with the public interest, as required in art. VIII, sec. 1, of the Constitution of the State of Alaska; and

WHEREAS the State of Utah recently filed notices of intent to sue to enforce its interests in more than 18,000 R.S. 2477 rights-of-way in that state; and

WHEREAS the State of Alaska and the State of Utah share similar objections to the large withdrawals of Federal Conservation Units that are managed by the United States Department of the Interior and the United States Forest Service, agencies that both unilaterally deny the existence of valid state easements; and

WHEREAS virtually all of the state's natural resource development projects are unnecessarily burdened by numerous federal laws, including the Endangered Species Act, the Clean Water Act, and myriad arbitrary federal regulators and policies implementing and enforcing those and other federal laws;

BE IT RESOLVED that the Alaska State Legislature commends the governor and the administration for aggressively working to protect the interests of the state in rights-of-way under R.S. 2477 and urges the governor and the attorney general to develop a working alliance with the governors, attorneys general, and legislatures in other western states to protect and enforce the states' interests in ensuring access using rights-of-way authorized by R.S. 2477; and be it

FURTHER RESOLVED that the Alaska State Legislature urges the governor and the attorney general to support the interests of the State of Utah and southern counties of Utah in R.S. 2477 rights-of-way by actively seeking confirmation of R.S. 2477 rights-of-way through various means, including initiating litigation in this state; and be it

FURTHER RESOLVED that the Alaska State Legislature urges the governor and the attorney general to develop a strategy for resolving the dispute over the right to continued access using R.S. 2477 rights-of-way in the state, including the possibility of bringing lawsuits against the federal government to preserve the state's interest in rights-of-way; and be it

FURTHER RESOLVED that the Alaska State Legislature urges the governor further to strengthen the resources of the state for protecting the state's rights by continuing to focus the efforts of the Department of Law, the Department of Natural Resources, the Department of Fish and Game, and other departments on defending the state's rights and powers with

regard to access and federalism issues; and be it

FURTHER RESOLVED that the Alaska State Legislature urges the United States Congress to enact legislation requiring federal agencies with land management authority to establish a process to recognize valid R.S. 2477 rights-of-way claims expeditiously after a notice of intent to claim an R.S. 2477 right-of-way has been filed without the need to dispute those claims in court and to participate in good faith in the process.

COPIES of this resolution shall be sent to the Honorable Barack Obama, President of the United States; the Honorable Joseph R. Biden, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable Ken Salazar, United States Secretary of the Interior; the Honorable John Boehner, Speaker of the U.S. House of Representatives; the Honorable Nancy Pelosi, Minority Leader of the U.S. House of Representatives; the Honorable Harry Reid, Majority Leader of the U.S. Senate; the Honorable Mitch McConnell, Minority Leader of the U.S. Senate; the Honorable Jeff Bingaman, Chair of the Energy and Natural Resources Committee of the U.S. Senate; the Honorable Gary R. Herbert, Governor of Utah; Kathy Davis, Assistant Attorney General, State of Utah, Office of the Attorney General, Division of Public Lands; the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress; and all other members of the 112th United States Congress.

27-LS1407\M
Bullock
3/29/12

CS FOR HOUSE JOINT RESOLUTION NO. 40( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES KELLER, Tammie Wilson, Pruitt, Thompson, Millett, Costello, Johansen, Muñoz

A RESOLUTION

Commending the governor and the administration for aggressively working to protect the interests of the state in rights-of-way under R.S. 2477; urging the governor and the attorney general to develop a working alliance with the governors, attorneys general, and legislatures in other western states to protect and enforce the states' interests in ensuring access using rights-of-way authorized by R.S. 2477; urging the governor and the attorney general to support the State of Utah and southern counties of Utah in a lawsuit to enforce Utah's interests in R.S. 2477 rights-of-way by actively seeking confirmation of R.S. 2477 rights-of-way through various means, including initiating litigation; urging the governor and the attorney general to develop a strategy for resolving the dispute over the right to continued access using R.S. 2477 rights-of-way in the state, including the possibility of bringing lawsuits against the federal government to preserve the state's interest in rights-of-way; urging the governor to further strengthen the resources of the state for protecting the state's rights by continuing to focus the

efforts of the Department of Law, the Department of Natural Resources, the Department of Fish and Game, and other departments on defending the state's rights and powers with regard to access and federalism issues; urging the United States Congress to enact legislation requiring federal agencies with land management authority to establish a process to recognize valid R.S. 2477 rights-of-way claims expeditiously after a notice of intent to claim an R.S. 2477 right-of-way has been filed without the need to dispute those claims in court and to participate in good faith in the process.

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WHEREAS the Alaska State Legislature has recognized 602 rights-of-way in statute, and the Department of Natural Resources has identified at least 67 additional valid R.S. 2477 rights-of-way; and

WHEREAS historic R.S. 2477 rights-of-way represent a key component of the mandate in art. VIII, sec. 1, of the Constitution of the State of Alaska to encourage the settlement of the state's land and the development of the state's land and resources; and

WHEREAS the United States Department of the Interior and the United States Forest Service refuse to recognize an R.S. 2477 right-of-way unless adjudicated and validated in a decision by a court of competent jurisdiction; and

WHEREAS unilateral resistance by the federal government to the existence of the state's rights-of-way causes great harm to the ability of the state to execute its duty to manage

state resources by making them accessible and available for maximum use consistent with the public interest, as required in art. VIII, sec. 1, of the Constitution of the State of Alaska; and

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WHEREAS the State of Alaska and the State of Utah share similar objections to the large withdrawals of Federal Conservation Units that are managed by the United States Department of the Interior and the United States Forest Service, agencies that both unilaterally deny the existence of valid state easements; and

WHEREAS virtually all of the state's natural resource development projects are unnecessarily burdened by numerous federal laws, including the Endangered Species Act, the Clean Water Act, and myriad arbitrary federal regulators and policies implementing and enforcing those and other federal laws;

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FURTHER RESOLVED that the Alaska State Legislature urges the governor and the attorney general to support the State of Utah and southern counties of Utah in a lawsuit to enforce Utah's interests in R.S. 2477 rights-of-way by actively seeking confirmation of R.S. 2477 rights-of-way through various means, including initiating litigation in the State of Alaska; and be it

FURTHER RESOLVED that the Alaska State Legislature urges the governor and the attorney general to develop a strategy for resolving the dispute over the right to continued access using R.S. 2477 rights-of-way in the state, including the possibility of bringing lawsuits against the federal government to preserve the state's interest in rights-of-way; and be it

FURTHER RESOLVED that the Alaska State Legislature urges the governor further to strengthen the resources of the state for protecting the state's rights by continuing to focus the efforts of the Department of Law, the Department of Natural Resources, the Department of Fish and Game, and other departments on defending the state's rights and powers with

regard to access and federalism issues; and be it

FURTHER RESOLVED that the Alaska State Legislature urges the United States Congress to enact legislation requiring federal agencies with land management authority to establish a process to recognize valid R.S. 2477 rights-of-way claims expeditiously after a notice of intent to claim an R.S. 2477 right-of-way has been filed without the need to dispute those claims in court and to participate in good faith in the process.

ALASKA STATE LEGISLATURE

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State Capitol Building
Juneau, Alaska 99801-1182
Phone: (907) 465-2186
Fax: (907) 465-3818

REPRESENTATIVE WES KELLER
DISTRICT 14

SPONSOR STATEMENT
HJR 40
"RS 2477 RIGHTS-OF-WAY"

House Joint Resolution 40 is the next step in moving transportation corridors forward in Alaska. All across the state there are hundreds of traditional trails and routes that have been used for centuries. Theses corridors are a critical part of how we will transport goods and services in the future.

Even Congress recognized that when it enacted and repealed Revised Statute 2477's that these trails have the tradition and need to be continued and even expanded to improve commerce. In several states across the west, including Alaska the repeal included language allowing the identification of existing potential RS 2477's as they have become to be called.

So far Alaska has identified 670 right-of ways that clearly qualify. These are part of the more than 20,000 R.S. 2477s already identified in the West. The problem now is convincing the federal government to release these to the states.

This resistance by Federal departments has resulted in the state's having to take the issue to court. Presently the lead suit is Utah and Alaska needs to join in that effort with a minimum of an amicus brief.

This resolution commends the administration for its efforts so far and also directs it to continue its efforts by supporting Utah's lawsuit. It also raises the current Alaska bar by asking the Governor to provide a request to the next legislature for specific funding to continue the RS 2477 efforts.

Without this effort commerce in Alaska will continue to be expensive and nearly impossible. RS 2477s are a critical key that cannot be ignored.

E-Mail: Representative_Wes_Keller@legis.state.ak.us
Call Juneau Toll free: (800) 468-2186
Website: www.akrepublicans.org/keller/

39TH CONGRESS,
1ST SESSION.

H. R. 365.

IN THE SENATE OF THE UNITED STATES.

JULY 19, 1866.

Ordered to be printed.

AMENDMENT

Reported by Mr. STEWART, from the Committee on Public Lands, to the act (H. R. 365) granting the right of way to ditch and canal owners over the public lands in the States of California, Oregon, and Nevada, viz: Strike out all after the enacting clause, and insert as follows:

That the mineral lands of the public domain, both surveyed and unsurveyed, are hereby declared to be free and open to exploration and occupation by all citizens of the United States, and those who have declared their intention to become citizens, subject to such regulations as may be prescribed by law, and subject also to the local custom or rules of miners in the several mining districts, so far as the same may not be in conflict with the laws of the United States.

SEC. 2. *And be it further enacted,* That whenever any person or association of persons claim a vein or lode of quartz, or other rock in place, bearing gold, silver, cinnabar, or copper, having previously occupied and improved the same

according to the local custom or rules of miners in the district where the same is situated, and having expended in actual labor and improvements thereon an amount of not less than one thousand dollars, and in regard to whose possession there is no controversy or opposing claim, it shall and may be lawful for said claimant or association of claimants to file in the local land office a diagram of the same, so extended laterally or otherwise as to conform to the local laws, customs, and rules of miners, and to enter such tract and receive a patent therefor, granting such mine, together with the right to follow such vein or lode with its dips, angles, and variations, to any depth, although it may enter the land adjoining, which land adjoining shall be sold subject to this condition.

SEC. 3. *And be it further enacted*, That upon the filing of the diagram as provided in the second section of this act, and posting the same in a conspicuous place on the claim, together with a notice of intention to apply for a patent, the register of the land office shall publish a notice of the same in a newspaper published nearest to the location of said claim, and shall also post such notice in his office for the period of ninety days; and after the expiration of said period, if no adverse claim shall have been filed, it shall be the duty of the surveyor general, upon application of the party, to survey the premises and make a plat thereof, indorsed with his approval, designating the number and description of the loca-

tion, the value of the labor and improvements, and the character of the vein exposed; and upon the payment to the proper officer of five dollars per acre, together with the cost of such survey, plat, and notice, and giving satisfactory evidence that said diagram and notice have been posted on the claim during said period of ninety days, the register of the land office shall transmit to the General Land Office said plat, survey, and description; and a patent shall issue for the same thereupon. But said plat, survey, or description shall in no case cover more than one vein or lode, and no patent shall issue for more than one vein or lode, which shall be expressed in the patent issued.

SEC. 4. *And be it further enacted,* That when such location and entry of a mine shall be upon unsurveyed lands, it shall and may be lawful, after the extension thereto of the public surveys, to adjust the surveys to the limits of the premises according to the location and possession and plat aforesaid, and the surveyor general may, in extending the surveys, vary the same from a rectangular form to suit the circumstances of the country and the local rules, laws, and customs of miners: *Provided,* That no location hereafter made shall exceed two hundred feet in length along the vein for each locator, with an additional claim for discovery to the discoverer of the lode, with the right to follow such vein to any depth, with all its dips, variations, and angles, together

with a reasonable quantity of surface for the convenient working of the same as fixed by local rules: *And provided further*, That no person may make more than one location on the same lode, and not more than three thousand feet shall be taken in any one claim by any association of persons.

SEC. 5. *And be it further enacted*, That as a further condition of sale, in the absence of necessary legislation by Congress, the local legislature of any State or Territory may provide rules for working mines involving easements, drainage, and other necessary means to their complete development; and those conditions shall be fully expressed in the patent.

SEC. 6. *And be it further enacted*, That whenever any adverse claimants to any mine located and claimed as aforesaid, shall appear before the approval of the survey, as provided in the third section of this act, all proceedings shall be stayed until a final settlement and adjudication in the courts of competent jurisdiction of the rights of possession to such claim, when a patent may issue as in other cases.

SEC. 7. *And be it further enacted*, That the President of the United States be, and is hereby, authorized to establish additional land districts and to appoint the necessary officers under existing laws, wherever he may deem the same necessary for the public convenience in executing the provisions of this act.

SEC. 8. *And be it further enacted*, That the right of way for the construction of highways over public lands, not reserved for public uses, is hereby granted.

SEC. 9. *And be it further enacted*, That whenever, by priority of possession, rights to the use of water for mining, agricultural, manufacturing, or other purposes, have vested and accrued, and the same are recognized and acknowledged by the local customs, laws, and the decisions of courts, the possessors and owners of such vested rights, shall be maintained and protected in the same; and the right of way for the construction of ditches and canals for the purposes aforesaid is hereby acknowledged and confirmed: *Provided, however*, That whenever, after the passage of this act, any person or persons shall, in the construction of any ditch or canal, injure or damage the possession of any settler on the public domain, the party committing such injury or damage shall be liable to the party injured for such injury or damage.

SEC. 10. *And be it further enacted*, That wherever, prior to the passage of this act, upon the lands heretofore designated as mineral lands, which have been excluded from survey and sale, there have been homesteads made by citizens of the United States, or persons who have declared their intention to become citizens, which homesteads have been made, improved, and used for agricultural purposes, and upon which there have been no valuable mines of gold, silver, cinnabar

or copper discovered, and which are properly agricultural lands, the said settlers or owners of such homesteads shall have a right of pre-emption thereto, and shall be entitled to purchase the same at the price of one dollar and twenty-five cents per acre, and in quantity not to exceed one hundred and sixty-acres; or said parties may avail themselves of the provisions of the act of Congress approved May twenty, eighteen hundred and sixty-two, entitled "An act to secure homesteads to actual settlers on the public domain," and acts amendatory thereof.

SEC. 11. *And be it further enacted*, That upon the survey of the lands aforesaid, the Secretary of the Interior may designate and set apart such portions of the said lands as are clearly agricultural lands, which lands shall thereafter be subject to pre-emption and sale as other public lands of the United States, and subject to all the laws and regulations applicable to the same.

This document is courtesy of the South West Oregon Mining Association
www.miningrights.com

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This document was prepared by Kerby Jackson
www.kerbyjackson.com

Document prepared: December 16th, 2010

Fact Sheet

Title: R.S. 2477 Rights-of-Way

Alaska Department of
NATURAL
RESOURCES
Division of Mining, Land & Water
September 2001

This fact sheet explains the origin of a century-old mining law that has broad implications for Alaska's future. It is intended to illustrate the potential this law has in helping preserve Alaska's public access options for the future.

What is R.S. 2477?

Revised Statute 2477 is found in section 8 of the Mining Law of 1866. It granted states and territories unrestricted rights-of-way over federal lands that had no existing reservations or private entries. The law remained in effect until Congress repealed it in 1976. In Alaska, the opportunity to establish new R.S. 2477 rights-of-way generally ended December 14, 1968, when the federal government issued PLO 4582—the "land freeze"—to prepare for settlement of Alaska Native land claims. Though no new rights-of-way could be established after federal land was reserved or appropriated, or after the law was repealed in 1976, these actions did not extinguish pre-existing rights.

Revised Statute 2477 states: "The right of way for the construction of highways over public lands, not reserved for public uses, is hereby granted."

What did Congress mean by "highways"?

It's important to distinguish the historical meaning of "highways" from the modern. The word "highway" was historically used to refer to foot trails, pack trails, sled dog trails, crudely built wagon roads, and other corridors for transportation. R.S. 2477 was included in the first comprehensive mining law and was used initially by miners and homesteaders on federal land. The broad wording of the law does not limit the type of right-of-way to which it applies.

Alaska Statute 19.45.001(9) defines a highway to include "a highway (whether included in primary or secondary systems), road, street, trail, walk, bridge, tunnel, drainage structure and other similar or related structure or facility, and right-of-way thereof...."

What does this mean for Alaskans?

R.S. 2477 rights-of-way could be established in Alaska from 1884 (the Organic Act, which extended general land laws to the new territory), to 1968 (PLO 4582). From its territorial origins to today, Alaska has consisted mainly of federally owned land. During its 84 years of application in this state, many rural mail routes, mining trails, and other transportation routes became R.S. 2477's through construction and/or use. The State of Alaska, Department of Natural Resources has documented hundreds of historic routes that qualify as R.S. 2477 rights-of-way. Surface transportation between Alaska's hundreds of rural communities and other resource destinations still relies heavily on our cross-country trails, primarily used in the winter by snowmachines, dogsled teams, and four-wheel all-terrain vehicles.

What are some examples of R.S. 2477's?

Some examples include DeBarr Road in Anchorage and Farmer's Loop Road in Fairbanks. Other routes that the State believes to qualify as R.S. 2477's include the Stampede Trail in Denali National Park and Preserve, the Nabesna-Chisana Trail in Wrangell-St. Elias National Park, the Dalton Trail in the vicinity of Haines, the Eureka-Rampart Trail in the Interior, and the Chilkoot Trail near Skagway.

How many R.S. 2477 rights-of-way have been asserted?

While hundreds of R.S. 2477's have been validated within the western states, only a handful of routes have been cooperatively validated in Alaska with BLM. During 1993-1995, the Department of Natural Resources' R.S. 2477 Project researched more than one thousand trails. The project found that some 600 of these qualified as R.S. 2477 rights-of-way under state standards. In 1998 the Legislature listed these trails in AS 19.30.400, stating that they had been accepted as R.S. 2477 rights-of-way. That same legislation requires the department to continue researching trails and to prepare an annual report identifying those found to qualify as R.S. 2477's. Many additional trails have been reported to the Legislature since then.

What if land has been conveyed without specifying that there is a valid R.S. 2477 right-of-way across it?

In Alaska, millions of acres once controlled by the federal government have been transferred to Native corporations or into other private ownership. Land conveyances are always subject to "valid existing rights." Courts have ruled that where an R.S. 2477 right-of-way exists, the new landowner's title is subject

to the right-of-way, which must still be honored. There are many Alaskan land owners who want the assurance that their rights and interests will not be adversely affected in the process of R.S. 2477 identification and platting. The Alaska Legislature instructed in its 1998 law that, while providing for the public's right to use these historic access easements, "every effort should be made to minimize the effect on the affected private property owners."

What is some of the R.S. 2477 case law?

One of the most frequently quoted cases affecting R.S. 2477 is Hamerly v. Denton, decided in 1961. The court clearly explained that R.S. 2477 was one-half of a grant—an offer to dedicate an easement across unreserved, unappropriated federal land. That offer of a right-of-way grant could be accepted by either of two methods:

a) By "some positive act on the part of the appropriate public authorities of the state, clearly manifesting an intention" to accept it; or

b) By "public user for such a period of time and under such conditions as to prove that the grant has been accepted."

Additionally, Girves v. Kenai Peninsula Borough, 1975, established that some section-line easements are R.S. 2477's. Shultz v. Army, 1993, concerning a right-of-way claim across Fort Wainwright, established that the public right-of-way between the origin and termini of the route need not be absolutely fixed, and upheld the broad definition of a highway found in state law. On rehearing, the 9th Circuit Court of Appeals reversed its original ruling in the Shultz case. However, the legal reasoning that produced that original decision has been used to support other cases.

What are the rules for using R.S. 2477 rights-of-way?

Some rights-of-way will likely be improved for access to valuable state resources, communities, and land. Others will be used as they have been in the past. Some might not be used at all, or might be developed only as foot trails. If you are not sure whether a trail you want to use is an R.S. 2477 right-of-way, check public land records and consult with each land owner or managing agency before crossing the property. Typically R.S. 2477 rights-of-way are available for public use under DNR's regulations. DNR's management rules can be found in DNR's recently revised chapter of public easement regulations, 11 AAC 51. However, the Department of Transportation and Public Facilities' regulations apply to R.S. 2477 rights-of-way that are part of the Alaska Highway System or that DNR has otherwise transferred to that department. In some cases, the State might transfer management of an R.S. 2477 right-of-way to a city or borough, but without giving it the right to "vacate" or officially erase the right-of-way. That is because municipalities are prohibited by law from vacating R.S. 2477 rights-of-way.

For additional information:

An *R.S. 2477* Atlas is available for purchase at the DNR Public Information Offices in Anchorage, Fairbanks, and Juneau. The Atlas lists approximately 560 routes, identified and located on map inserts. The department has also made documentation on many qualifying R.S. 2477 routes available at the State and University Archives.

Another source is DNR's website on R.S. 2477 rights-of-way, http://www.dnr.state.ak.us/mlw/trails/rs2477/ From that site you can reach a map of Alaska that links to descriptions of many R.S. 2477 trails. In addition, if you know the official "RST" number of any R.S. 2477 right-of-way, you can find its complete casefile documentation and description in DNR's public land records at https://nutmeg.state.ak.us/ixpress/dnr/case/RequestRpt.dml These two websites provide the most up-to-date R.S. 2477 information available. You can find RST numbers of more than 600 routes, cross-referenced by trail name, in AS 19.30.400. For RST numbers of additional routes that DNR has documented since that law was passed in 1998, check DNR's annual reports to the legislature. All of the sources mentioned here are public documents that everyone has a right to see.

For further information or to buy an Atlas, contact:

Dept. of Natural Resources
Public Information Center
550 W. 7th Ave. # 1260
Anchorage, AK 99501-3557
(907) 269-8400

Public Information Center
3700 Airport Way
Fairbanks, AK 99709-4699
(907) 451-2705

Div. of Mining, Land and Water Public Information Office
400 Willoughby Ave., Suite 400
Juneau, AK 99801
(907) 465-3400

BLM Administrative Determinations on R.S. 2477 Rights-of-Way

Section 8 of the Mining Act of 1866 provided: "and be it further enacted, that the right-of-way for the construction of highways over public lands, not reserved for public uses, is hereby granted." The statute was self enacting; rights being established by "construction" of a "highway" on unreserved public lands, without any form of acknowledgement or action by the Federal government. This section of the statute was later re-codified as Revised Statute 2477. R.S. 2477 was repealed by FLPMA on October 21, 1976, with a savings provision for rights established prior.

The BLM does not have the authority to make binding determinations on the validity of R.S. 2477 right-of-way claims. The BLM may, however, make informal, non-binding, administrative determinations for its own land use planning and management purposes. Such determinations must be based in the particular laws of each state in which a claimed right-of-way is situated. In Utah, applicable State code provided for the acceptance of a right-of-way pursuant to R.S. 2477 across public lands not reserved for public purposes when a right-of-way had been used by the public for a continuous 10 year period.

As of February 2009, the BLM has been directed not to process or review any claims under R.S. 2477 pending further review and direction from the Secretary of the Interior.

Revised Statute 2477 (commonly known as "RS 2477") was enacted by the United States Congress in 1866 to encourage the settlement of the Western United States by the development of a system of highways. Its entire text is one sentence: "the right-of-way for the construction of highways across public lands not otherwise reserved for public purposes is hereby granted."

The original grant did not require being recorded, meaning it was self enacting, and in 1866 constructing a road often meant using a trail many times and perhaps filling low places, moving rocks and placing signs.

It granted to counties and states a right-of-way across federal land when a highway was built.

RS 2477 was repealed in 1976 under the Federal Land Policy and Management Act (FLPMA). The repeal was subject to "valid existing rights." The relevant text (Sec. 701. 43 U.S.C. 1701) reads (a) "Nothing

in this Act, or in any amendment made by this Act, shall be construed as terminating any valid lease, permit, patent, right-of-way, or other land use right or authorization existing on the date of approval of this Act" [1].

Controversy

Shared-access advocates claim that neither the BLM, Forest Service nor other federal agencies, nor even private landowners have the authority to close RS 2477 roads. Their interpretation of the statute has brought them into conflict with wilderness advocates, the federal government and private landowners.

Conflicts on Federal Lands

RS 2477 has become an issue for wilderness advocacy groups because of language in the Wilderness Act of 1964. According to Section 2 (c) 3, any area to be considered for wilderness status must contain "a least five thousand acres of land or is of sufficient size as to make practicable its preservation and use in an unimpaired condition." Section 4 (c) further specifies, "Except as specifically provided for in this Act, and subject to existing private rights, there shall be no commercial enterprise and no permanent road within any wilderness area designated by this Act" [2]. Thus an RS 2477 "highway" which qualifies as a "road" could disqualify the land it traverses from being recognized by the federal government as a "wilderness" if it reduced the area under consideration beneath the 5,000 acre limit.

Access advocates have sometimes organized to reopen or maintain what they consider to be legitimate RS 2477 roads [3]. The Jarbidge Shovel Brigade is the best-known group that was formed for this purpose.

Landowners, environmental organizations, government organizations (federal, state and county) and recreational-use advocates have very different understandings of the law. Conflicts among these groups came to a head when President Bill Clinton declared the Grand Staircase-Escalante, in southern Utah, to be a National Monument. Several Utah counties have been fighting in court to assert RS 2477 claims to roads that cross federal and private property (see SUWA v BLM), including across the Grand Staircase-Escalante National Monument.

Interior Secretary Ken Salazar recently authorized interior representatives to negotiate federal recognition of RS 2477 roads for

which there is a clear historical record [4]. In August 2010, quiet title of the Skutumpah Road, within the Grand Staircase-Escalante National Monument, (see Kane County, Utah v United States) was granted to Kane County, Utah [5].

Conflicts on Private Lands

As western lands become developed into residential subdivisions, motorized recreationists and sportsmen are continuing to claim access rights on privately-constructed, -owned, and -maintained roads that cross private land and gated communities. Because some disputed roads were never recorded by counties, shared-access groups claim that private landowners hold property with an unrecorded public right-of-way. Property rights advocates say that failure to record a right-of-way means that there was no intention to create a public right.

Shared-access groups argue that lack of formal action by counties does not diminish the public's easement/usufruct rights through private lands. hey have engaged in threats, trespassing, and vandalism [6] to vigorously assert those rights.

Private property activists claim that nobody has access rights without a recorded easement. Shared-access activists claim that virtually all private land that used to be public can legally be traversed by the public. There is little common ground between these interpretation, so lawsuits are being fought in the western United States, and it has fallen to the courts to determine which routes are public and which are not.

Courts have applied state laws, federal laws, and federal land court rulings to resolve RS 2477 claims. Recent examples of failed attempts to assert RS 2477 rights on private property are Galli v. Idaho County (Case Number CV 36692, Second Judicial District of Idaho, 2006) and Ramey v. Boslough (Case Number 02-CV-582, Boulder County District Court, 20th Judicial District of Colorado, 2007).

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United States General Accounting Office
Washington, DC 20548

B-300912

February 6, 2004

The Honorable Jeff Bingaman
Ranking Minority Member
Committee on Energy and Natural Resources
United States Senate

Subject: Recognition of R.S. 2477 Rights-of-Way under the Department of the Interior's FLPMA Disclaimer Rules and Its Memorandum of Understanding with the State of Utah

Dear Senator Bingaman:

This responds to your request for our opinion on actions by the Department of the Interior (the Department or DOI) in recognizing rights-of-way across public lands granted by Revised Statute 2477 (R.S. 2477), through use of a Federal Land Policy and Management Act (FLPMA) disclaimer-of-interest process which the Department has incorporated into a Memorandum of Understanding with the State of Utah (Utah MOU). Specifically, this opinion addresses:

> (1) Whether either the Department's January 2003 amendments to its disclaimer-of-interest regulations implementing FLPMA § 315, 43 U.S.C. § 1745 (2003 Disclaimer Rule),[1] or the Utah MOU entered into in April 2003[2] is a "final rule or regulation . . . pertaining to the recognition, management, or validity of a right-of-way pursuant to [R.S. 2477]" prohibited from taking effect by section 108 of the Department of the Interior and Related Agencies Appropriations Act, 1997 (Section 108); and, independent of this Section 108 prohibition,
>
> (2) Whether the Department may use the authority of FLPMA § 315 to disclaim interests in R.S. 2477 rights-of-way.

Your request raises a number of legal issues as to which no court has ruled to date and as to which there are a range of colorable arguments. As summarized below and detailed in the enclosed opinion, we conclude that the 2003 Utah MOU, but not the

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[1] "Conveyances, Disclaimers and Correction Documents," 68 Fed. Reg. 494 (Jan. 6, 2003).

[2] Memorandum of Understanding Between The State of Utah and The Department of the Interior On State and County Road Acknowledgment (Apr. 9, 2003).

2003 Disclaimer Rule, is a final rule or regulation prohibited from taking effect by Section 108. We further conclude, based on applicable rules of statutory construction and administrative law, that on balance, FLPMA § 315 otherwise authorizes the Department to disclaim United States' interests in R.S. 2477 rights-of-way.

In preparing this opinion, we requested the legal views of the Department on the issues raised by your request. We obtained these views through the Department's written responses to our inquiries, an in-person conference, and a number of telephone interviews with the Department's legal staff. We also reviewed the Department's responses to separate inquiries by you and by Senator Lieberman on these matters,[3] as well as the Department's statements in various regulatory and policy documents and reports.

BACKGROUND

In order to promote settlement of the American West in the 1800s and provide access to mining deposits located under federal lands, Congress granted rights-of-way across public lands for the construction of highways by a provision of the Mining Law of 1866, now known as R.S. 2477. Congress repealed R.S. 2477 in 1976 as part of its enactment of FLPMA, along with the repeal of other federal statutory rights-of-way, but it expressly preserved R.S. 2477 rights-of-way that already had been established. In its entirety, R.S. 2477 provided that:

> "the right of way for the construction of highways over public lands, not reserved for public uses, is hereby granted."[4]

R.S. 2477 was self-executing and did not require government approval or public recording of title. As a result, uncertainty arose regarding whether particular rights-of-way had in fact been established. This uncertainty, which continues today, has implications for a wide range of entities, including the Department and other federal agencies, state and local governments who assert title to R.S. 2477 rights-of-way, and those who favor or oppose continued use of these rights-of-way. In an effort to resolve questions regarding the existence of particular R.S. 2477 rights-of-way, the Department has issued a series of policy and other documents over the years discussing how it would administratively recognize or validate specific rights-of-way. By 1993, according to the Department, the agency and the courts together had recognized about 1,453 R.S. 2477 rights-of-way across Bureau of Land Management

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[3] *See* Letter from Assistant Secretary of the Interior for Land and Minerals Management to the Honorable Jeff Bingaman (June 19, 2003), responding to Senator Bingaman's April 21, 2003 Letter to the Secretary of the Interior; Letter from Assistant Secretary of the Interior for Land and Minerals Management to the Honorable Joseph Lieberman (Sept. 22, 2003), responding to Senator Lieberman's July 2, 2003 Letter to the Secretary of the Interior.

[4] "An Act Granting Right of Way To Ditch and Canal Owners Over The Public Land, and for Other Purposes" (Mining Law of 1866), Act of July 26, 1866, ch. 262, § 8, 14 Stat. 251, codified at R.S. 2477, recodified at 43 U.S.C. § 932, repealed by Pub. L. No. 94-579, § 706(a), 90 Stat. 2793 (1976).

(BLM) lands, with about 5,600 claims remaining, primarily in Utah, and an unknown number of unasserted potential claims.[5] After the Department issued a proposed rule in 1994 to establish a formal process for evaluating R.S. 2477 claims, Congress responded by enacting temporary moratoria and, in 1996, a permanent prohibition on certain R.S. 2477-related activity. The permanent prohibition, set forth in Section 108, states that:

> "No final rule or regulation of any agency of the Federal Government pertaining to the recognition, management, or validity of a right-of-way pursuant to [R.S. 2477] shall take effect unless expressly authorized by an Act of Congress subsequent to the date of enactment of this Act."[6]

Mindful of this Section 108 restriction, DOI took two major actions in 2003 relating to R.S. 2477 rights-of-way that have generated considerable attention in Congress and elsewhere and are the focus of your request.[7] First, the Department issued the 2003 Disclaimer Rule on January 6, 2003, amending the Department's existing regulations, promulgated in 1984, implementing FLPMA § 315. FLPMA § 315 authorizes the Department to issue recordable disclaimers of U.S. interests in lands in certain circumstances. As pertinent here, § 315 provides that:

> "After consulting with any affected Federal agency, the [Department] is authorized to issue a document of disclaimer of interest or interests in any lands in any form suitable for recordation, where the disclaimer will help remove a cloud on the title of such lands and where [the Department] determines [that] a record interest of the United States in lands has terminated by operation of law or is otherwise invalid . . .."

FLPMA § 315(a), 43 U.S.C. § 1745(a). DOI's FLPMA § 315 regulations establish a disclaimer application process, *see* 43 C.F.R. subpart 1864, and in the preamble to the 2003 Disclaimer Rule, DOI formally announced for the first time that it might use this process to validate R.S. 2477 rights-of-way, although it stated that FLPMA § 315 has always provided such authority. The Department also stated in the January 2003 preamble that because the 2003 Disclaimer Rule did not contain "specific standards" for evaluating asserted R.S. 2477 rights-of-way, it did not "pertain" to their recognition, management, or validity and thus did not run afoul of Section 108. *See* 68 Fed. Reg. at 496-97.

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[5] U.S. Dep't of the Interior, *Report to Congress on R.S. 2477: The History and Management of R.S. 2477 Right-of-Way Claims on Federal and Other Lands* (June 1993) at 29.

[6] Department of the Interior and Related Agencies Appropriations Act, 1997, § 108, enacted by the Omnibus Consolidated Appropriations Act, 1997, Pub. L. No. 104-208, 110 Stat. 3009 (1996). We have previously determined that Section 108 is permanent law. *See* B-277719, Aug. 20, 1997.

[7] In addition to your request for our legal opinion and your correspondence to the Secretary, at least 88 members of the House of Representatives, as well as Senator Lieberman, have written to the Secretary in 2003 expressing concern about these actions.

The Department's second major R.S. 2477-related action in 2003 was issuance of the Utah MOU on April 9, 2003. The Utah MOU states that DOI will implement a "State and County Road Acknowledgment Process" to "acknowledge the existence of certain R.S. 2477 rights-of-way on [BLM] land within the State of Utah," and the process DOI will use to make these acknowledgments is the FLPMA § 315 disclaimer process. *See* Utah MOU at 2-3. The State of Utah or any Utah county may request initiation of this acknowledgment/disclaimer process for "eligible roads"; such roads must meet specified criteria including "meet[ing] the legal requirements of a right-of-way granted under R.S. 2477." *Id.* at 3. On January 14, 2004, the Governor of Utah submitted the first application under the Utah MOU for acknowledgment and a recordable disclaimer of interest of specific R.S. 2477 rights-of-way.

SUMMARY OF CONCLUSIONS

As detailed in the enclosed opinion, we conclude that the 2003 Utah MOU, but not the 2003 Disclaimer Rule, is a final rule or regulation prohibited from taking effect by Section 108. We further conclude that FLPMA § 315 otherwise authorizes the Department to disclaim United States' interests in R.S. 2477 rights-of-way.

With respect to the first issue, although the 2003 Disclaimer Rule itself is clearly a "final rule or regulation," we do not believe it is a final rule or regulation "pertaining to the recognition, management, or validity" of R.S. 2477 rights-of-way subject to Section 108. Because the terms of the 2003 Disclaimer Rule (as well as the original 1984 regulations) are silent on R.S. 2477 rights-of-way, we do not believe the Rule pertains to R.S. 2477 rights-of-way as contemplated by Section 108. The preamble to the 2003 Disclaimer Rule does discuss recognition and validity of R.S. 2477 rights-of-way, but the preamble does not qualify as a substantive rule under the Administrative Procedure Act (APA), which we believe was Congress' intention in using the term "final rule or regulation" in Section 108. Moreover, because the 2003 Disclaimer Rule preamble does not prescribe procedural or substantive standards by which R.S. 2477 rights-of-way will be evaluated, it does not "pertain" to R.S. 2477 rights-of-way within the meaning of Section 108.

On the other hand, we conclude that the Utah MOU is a final rule or regulation subject to Section 108's prohibition. There is little question that the MOU pertains to the "recognition, management, or validity" of R.S. 2477 rights-of-way; the purpose of the MOU was to resolve years of conflict over these precise issues. We also believe the MOU is an APA substantive rule and thus a "final rule or regulation" under Section 108. It both satisfies the APA's definition of "rule"—"an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy," *see* 5 U.S.C. § 551(4)—and meets the key test by which courts have defined substantive rules—it has a binding effect on the agency and other parties and represents a change in law and policy.

Apart from Section 108's prohibition, on balance, we conclude that FLPMA § 315 authorizes DOI to disclaim interests in R.S. 2477 rights-of-way. This interpretation of FLPMA § 315 represents a novel application of the statute by the Department, but one

which, under applicable principles of statutory construction and administrative law, is entitled to substantial deference. A number of the key terms in FLPMA § 315 are ambiguous—notably, "lands," "interests in lands," and "cloud on title"—and in such instances, we afford considerable weight to the interpretation of the agency charged with implementing the statutes so long as the interpretation is reasonable. We find the Department's interpretations of these terms to be reasonable. The Department reads "lands" to include a partial interest in lands, consistent with its longstanding definition of that term in its FLPMA § 315 disclaimer regulations. Under this interpretation, a particular R.S. 2477 right-of-way—which is an "interest in lands"—suffers a "cloud on title" when there is uncertainty about whether the right-of-way has in fact been established, or whether instead the United States has retained its right to exclusive use of the surface property at issue. The remaining requirement of FLPMA § 315—that a "record interest of the United States in lands has terminated by operation of law"—also is satisfied. When an easement such as an R.S. 2477 right-of-way is granted, it creates two separate property interests: a servient estate (here, owned by the United States) and a dominant estate (here, owned by the holder of the R.S. 2477 right-of-way). At the same time, a record interest of the United States terminates because its interest in exclusive use of the land over which the right-of-way now runs terminates. We recognize that this interpretation of FLPMA § 315 by DOI is a novel one and it is not the only reasonable interpretation. However, under established principles of statutory construction and firmly embedded in administrative law, courts give substantial deference to an implementing agency's interpretation if it is one of several reasonable interpretations, and thus we do so here in opining on how courts would address these issues.

In sum, we conclude that the Utah MOU, but not the 2003 Disclaimer Rule, is a final rule or regulation prohibited from taking effect by Section 108. We conclude further that FLPMA § 315 otherwise authorizes the Department to disclaim the United States' interests in R.S. 2477 rights-of-way.

Please contact Susan D. Sawtelle, Associate General Counsel, at (202) 512-6417, Karen Keegan, Assistant General Counsel, at (202) 512-8240, or Amy Webbink, Senior Attorney, at (202) 512-4764, if there are questions concerning this opinion.

Sincerely yours,

Anthony H. Gamboa
General Counsel

Enclosure

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United States General Accounting Office
Washington, DC 20548

ENCLOSURE

B-300912

RECOGNITION OF R.S. 2477 RIGHTS-OF-WAY UNDER THE DEPARTMENT OF THE INTERIOR'S FLPMA DISCLAIMER RULES AND ITS MEMORANDUM OF UNDERSTANDING WITH THE STATE OF UTAH

In 2003, the Department of the Interior (the Department or DOI) took two major actions relating to so-called R.S. 2477 rights-of-way that have generated considerable attention and are the subject of this opinion. First, on January 6, 2003, the Department issued revisions to its existing regulations, originally promulgated in 1984, implementing section 315 of the Federal Land Policy and Management Act (FLPMA) (2003 Disclaimer Rule). FLPMA § 315, 43 U.S.C. § 1745, authorizes the Department to issue recordable disclaimers of U.S. interests in lands in certain circumstances, and DOI's FLPMA § 315 regulations establish a process by which to apply for such disclaimers. In the preamble to the 2003 Disclaimer Rule, DOI formally announced for the first time that it might use this FLPMA disclaimer process to evaluate the validity of rights-of-way across public lands for the construction of highways, granted by an 1866 mining law now known as Revised Statute 2477 (R.S. 2477). Although R.S. 2477 was repealed by FLPMA in 1976, Congress expressly preserved rights-of-way that already had been established. The self-executing nature of these rights-of-way has led to considerable uncertainty about whether particular rights-of-way have in fact been established, and DOI's 2003 preamble statement announced a new approach to resolving this uncertainty—the use of FLPMA § 315.

Second, following on to this preamble announcement, on April 9, 2003, the Department signed a Memorandum of Understanding with the State of Utah (Utah MOU). The Utah MOU states that DOI will implement a "State and County Road Acknowledgment Process" to "acknowledge the existence of certain R.S. 2477 rights-of-way on Bureau of Land Management [BLM] land within the State of Utah," and the process DOI will use to make these acknowledgments is the FLPMA § 315 disclaimer process. Under the Utah MOU, the State or any Utah county may request initiation of this acknowledgment/disclaimer process for "eligible roads"; such roads must meet certain standards including "meet[ing] the legal requirements of a right-of-way granted under R.S. 2477." On January 14, 2004, the Governor of Utah submitted the first application under the Utah MOU for acknowledgment and a recordable disclaimer of interest for specific R.S. 2477 rights-of-way.

Two principal legal concerns have been raised with respect to these recent actions by the Department. The first is whether either the 2003 Disclaimer Rule or the Utah MOU violates a statutory prohibition contained in section 108 of the Department of the Interior and Related Agencies Appropriations Act, 1997 (Section 108). Section

108 prohibits any final rule or regulation "pertaining to the recognition, management, or validity" of R.S. 2477 rights-of-way from taking effect without express congressional authorization, and the question is whether the 2003 Disclaimer Rule or the Utah MOU constitutes a final rule or regulation covered by Section 108. The second legal concern is whether, apart from this Section 108 prohibition, the Department may use the authority of FLPMA § 315 to disclaim interests in R.S. 2477 rights-of-way.

These concerns raise a number of legal issues as to which no court has ruled to date and as to which there are a range of colorable arguments. As discussed below, we conclude that the 2003 Utah MOU, but not the 2003 Disclaimer Rule, is a final rule or regulation prohibited from taking effect by Section 108. We further conclude, based on applicable rules of statutory construction and administrative law, that on balance, FLPMA § 315 otherwise authorizes the Department to disclaim United States' interests in R.S. 2477 rights-of-way.

FACTUAL AND LEGAL BACKGROUND

In order to promote settlement of the American West in the 1800s and provide access to mining deposits located under federal lands, Congress granted rights-of-way across public lands for the construction of highways by a provision of the Mining Law of 1866, now known as R.S. 2477.[1] In 1976, Congress enacted FLPMA, which reflected a shift from Congress' historic approach of encouraging disposition and settlement of federal public domain lands to an approach favoring retention and management of public lands. As part of this new approach, FLPMA repealed R.S. 2477, along with other federal statutory rights-of-way, but R.S. 2477 rights-of-way that already had been established were expressly preserved. *See* 43 U.S.C. §§ 1701 note, 1769(a). In its entirety, R.S. 2477 provided that:

> the right of way for the construction of highways over public lands, not reserved for public uses, is hereby granted."

In the words of one court, R.S. 2477 made "an open-ended and self-executing grant." *Sierra Club v. Hodel*, 848 F.2d 1068, 1078 (10th Cir. 1988). R.S. 2477 did not require government approval, issuance of an identifying record such as a land patent, or public recording of title. A state or county needed only to satisfy the requirements set forth in R.S. 2477—namely, to engage in some form of "construction" of a "highway" over non-reserved public lands—in order to establish a valid R.S. 2477 right-of-way. *See Southern Utah Wilderness Alliance v. BLM*, 147 F. Supp. 2d 1130, 1140 (D. Utah 2001), *appeal dismissed,* 2003 WL 21480689 (10th Cir. 2003).

As a result of this lack of formal approval and public documentation, uncertainty arose regarding whether particular R.S. 2477 rights-of-way had in fact been established. In an effort to resolve some of this uncertainty, the Department has issued a series of policy and other documents over the years, discussing methods of

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[1] "An Act Granting Right of Way To Ditch and Canal Owners Over The Public Land, and for Other Purposes" (Mining Law of 1866), Act of July 26, 1866, ch. 262, § 8, 14 Stat. 251, codified at R.S. 2477, recodified at 43 U.S.C. § 932, repealed by Pub. L. No. 94-579, § 706(a), 90 Stat. 2793 (1976).

administratively recognizing or validating R.S. 2477 rights-of-way. In 1988, for example, DOI Secretary Hodel issued the so-called Hodel Policy, stating that that although R.S. 2477 did not authorize the Department to "adjudicate" applications for R.S. 2477 rights-of-way, it could "administratively recogniz[e]" and record them on DOI land records.[2] The Hodel Policy directed DOI land management bureaus to develop internal procedures for issuing such administrative recognitions and laid out the criteria by which recognitions should be made. In a 1993 report to Congress on R.S. 2477 issues, DOI stated that its R.S. 2477 administrative decisions were intended to facilitate practical resolutions of R.S. 2477 disputes but were not legally binding. As the Department explained:

> "Administrative recognitions [of R.S. 2477 rights-of-way under the Hodel Policy] are not intended to be binding, or a final agency action. Rather, they are recognitions of 'claims' and are useful only for limited purposes. Courts must ultimately determine the validity of such claims . . . An administrative determination is an agency recognition that an R.S. 2477 right-of-way probably exists. The process used to make an administrative determination has been developed in response to claims filed and provides an administrative alternative to litigating each and every potential right-of-way. [It] is not intended to be binding or final agency action, but simply a 'recognition' of 'claims' for land-use planning purposes."

U.S. Dep't of the Interior, *Report to Congress on R.S. 2477: The History and Management of R.S. 2477 Right-of-Way Claims on Federal and Other Lands* (June 1993) (*DOI Report to Congress*) at 25-26. According to the Department, as of 1993, DOI and the courts together had recognized about 1,453 R.S. 2477 rights-of-way across BLM lands, with about 5,600 claims remaining, primarily in Utah, and an unknown number of unasserted potential claims. *Id.* at 29.

The following year, in 1994, the Department attempted to create a more formal administrative process for adjudicating R.S. 2477 claims. It proposed a regulatory process that it said would result in "binding determinations of [the] existence and validity" of R.S. 2477 rights-of-way. *See* "Revised Statute 2477 Rights-of-Way," 59 Fed. Reg. 39216, 39216 (Aug. 1, 1994). Congress was concerned with this regulatory proposal, however, as it had been with some of the Department's earlier approaches to validating R.S. 2477 rights-of-way, and responded by enacting temporary moratoria[3] and, in 1996, a permanent prohibition on certain R.S. 2477-related activity. The 1996 prohibition provided that:

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[2] Memorandum from the Acting Assistant Secretary for Fish and Wildlife and Parks and the Assistant Secretary for Land and Minerals Management to the Secretary of the Interior, approved by Secretary Hodel, "Departmental Policy on Section 8 of the Act of July 26, 1866, Revised Statute 2477 (Repealed), Grant of Right-of-Way for Public Highways (RS2477)" (Dec. 9, 1988).

[3] *See* National Highway System Designation Act of 1995, Pub. L. No. 104-59, § 349(a)(1)-(2), 109 Stat. 568 (1995); Department of the Interior and Related Agencies Appropriations Act, 1996, § 110, as enacted by the Omnibus Consolidated Appropriations Act of 1996, Pub. L. No. 104-134, 110 Stat. 1321 (1996).

> "No final rule or regulation of any agency of the Federal Government pertaining to the recognition, management, or validity of a right-of-way pursuant to [R.S. 2477] shall take effect unless expressly authorized by an Act of Congress subsequent to the date of enactment of this Act."

Department of the Interior and Related Agencies Appropriations Act, 1997, § 108, enacted by the Omnibus Consolidated Appropriations Act, 1997, Pub. L. No. 104-208, 110 Stat. 3009, 3009-200 (1996) (Section 108).[4]

In response to the Section 108 prohibition, DOI Secretary Babbitt issued the so-called Babbitt Policy in 1997.[5] The Babbitt Policy, revoking the Hodel Policy, states that until any R.S. 2477 rules become effective, and as an alternative to litigation in federal court, the Department will continue to "process" and "give its views" on "assertions" of R.S. 2477 rights-of-way, but only in cases where there is a "demonstrated, compelling, and immediate need" to do so. In such cases, DOI will issue "determinations" that "recognize" those rights-of-way meeting the R.S. 2477 statutory criteria.[6]

Finally, in 2003 and still mindful of the restrictions of Section 108, DOI took the two actions that are the focus of this opinion. First, as noted above, it issued the 2003 Disclaimer Rule on January 6, 2003, revising its existing regulatory process for issuance of recordable disclaimers of U.S. interests in lands under FLPMA § 315. *See* "Conveyances, Disclaimers and Correction Documents," 68 Fed. Reg. 494 (Jan. 6, 2003), amending 43 C.F.R. subpart 1864. As pertinent here, FLPMA § 315 provides that:

> "After consulting with any affected Federal agency, the [Department] is authorized to issue a document of disclaimer of interest or interests in

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[4] We have previously determined that the prohibitions of Section 108 are permanent. *See* B-277719, Aug. 20, 1997. The Department recently suggested that Section 108 might have expired at the end of fiscal year 1997, *see, e.g.*, "Conveyances, Disclaimers and Correction Documents," 68 Fed. Reg. 494, 496 (Jan. 6, 2003), but it has previously acknowledged that Section 108 is, in fact, permanent legislation. *See* "Wilderness Management," 65 Fed. Reg. 78358, 78370 (Dec. 14, 2000) ("BLM is forestalled by a 1997 statute from promulgating regulations on R.S. 2477 rights-of-way without Congressional consent."). Although language in annual appropriations acts generally applies only during the fiscal year to which the statute pertains, appropriations act provisions are considered permanent if the statutory language or the nature of the provision makes it clear that Congress intended the provision to be permanent. One clear indicator of permanency is use of so-called "words of futurity," such as "hereafter" or, as in Section 108, "subsequent to the date of enactment." *See, e.g., United States v. Vulte*, 233 U.S. 509, 512 (1914); *Norcross v. United States*, 142 Ct. Cl. 767, 768 (1958); 70 Comp. Gen. 351, 353 (1991). The permanency of Section 108 also is demonstrated by the fact that it is a substantive provision, rather than merely a restriction on the use of appropriations. *See, e.g., United States v. Vulte*, above, 233 U.S. at 513; *Cella v. United States*, 208 F.2d 778 (7th Cir. 1953).

[5] Memorandum from the Secretary of the Interior to the Assistant Secretaries for Fish and Wildlife and Parks, Land and Minerals Management, and Water and Science, "Interim Departmental Policy on Revised Statute 2477 Right-of-Way for Public Highways; Revocation of December 7, 1988 Policy" (Jan. 22, 1997).

[6] Babbitt Policy at 1-2. DOI had previously articulated these fundamental aspects of the Babbitt Policy in 1993. *See DOI Report to Congress*, above, at 5 and App. II, Ex. A.

> any lands in any form suitable for recordation, where the disclaimer will help remove a cloud on the title of such lands and where [the Department] determines (1) a record interest of the United States in lands has terminated by operation of law or is otherwise invalid; or (2) the lands lying between the meander line shown on a plat of survey approved by [BLM] or its predecessors and the actual shoreline of a body of water are not lands of the United States; or (3) accreted, relicted, or avulsed lands are not lands of the United States."

FLPMA § 315(a), 43 U.S.C. § 1745(a). The 2003 Disclaimer Rule expanded the circumstances under which disclaimer applications could be filed. As amended, the regulations now: (a) allow state and local governments to apply for a disclaimer at any time, removing the deadline applicable to other entities (who must file within 12 years of the time they knew or should have known of a possible U.S. claim); (b) allow "any entity claiming title to lands," not just current owners of record, to apply for a disclaimer; and (c) provide that disclaimers will not be issued if a federal land management agency other than BLM with jurisdiction over the affected lands makes a "valid objection" to issuance of the disclaimer. *See* 68 Fed. Reg. at 502-03.

In addition to issuing the revisions themselves, DOI formally announced for the first time, in the preamble to the 2003 Disclaimer Rule, that the agency might use the FLPMA § 315 disclaimer process to validate R.S. 2477 rights-of-way. According to DOI, FLPMA § 315 and the agency's 1984 implementing regulations had always authorized this approach:

> "Recordable disclaimers may be issued [under FLPMA § 315] where applicants assert title previously created under now expired authorities. For example, after adjudicating [an R.S. 2477] claim, BLM may issue a recordable disclaimer of interest to disclaim the United States' interest in a highway right-of-way under R.S. 2477 . . . BLM may issue recordable disclaimers relating to valid R.S. 2477 rights-of-way under the existing 1984 regulations, and this capability will continue under today's rule."

68 Fed. Reg. at 496-97. The Department also stated in the preamble that because the 2003 Disclaimer Rule did not contain "specific standards" for evaluating asserted R.S. 2477 rights-of-way, it did not "pertain" to their recognition, management, or validity and so did not run afoul of the restrictions of Section 108. *Id.* at 497.

The Department identified such "specific standards" for recognizing R.S. 2477 rights-of-way three months later when it signed the Utah MOU, its second major R.S. 2477-related action of 2003. *See* Memorandum of Understanding Between the State of Utah and the Department of the Interior on State and County Road Acknowledgment (Apr. 9, 2003). As noted above, the Utah MOU states that DOI will implement a "State and County Road Acknowledgment Process" to "acknowledge the existence of certain R.S. 2477 rights-of-way on [BLM] land within the State of Utah," and the process DOI will use to make these acknowledgments is the FLPMA § 315 disclaimer process. Utah MOU at 2-3. The State or any Utah county may request initiation of this process—for which it must reimburse BLM its processing costs—with regard to "eligible roads," the standards for which include the following:

- The road must have existed prior to enactment of FLPMA in 1976 and be in current use;
- The road must be identifiable by centerline description or other appropriate legal description;
- The existence of the road prior to FLPMA must be sufficiently documented to show that the road meets the legal requirements of an R.S. 2477 right-of-way; and
- The road was and must continue to be public and capable of accommodating four-wheel cars or trucks and must have been subject to some type of periodic maintenance.

Id. at 3. The Utah MOU also provides that the State and Utah counties will not assert rights-of-way under the MOU for roads within the National Park System, the National Wildlife Refuge System, or designated Wilderness Areas or Wilderness Study Areas designated before October 1993, or lands administered by agencies other than DOI except by their consent. *Id.* at 2-3. In order to "facilitate" the Utah MOU Acknowledgment Process, the MOU provides that the 1997 Babbitt Policy's requirements for R.S. 2477 determinations will not apply to such requests but will continue to apply to all other requests for R.S. 2477 recognitions. *Id.* at 4.

In June 2003, the Department issued additional guidance (Utah MOU Guidance) regarding how applications will be processed under the Utah MOU.[7] Reflecting DOI's FLPMA § 315 disclaimer application regulations, the Utah MOU Guidance explains that: (1) applicants must pay BLM's administrative costs of processing applications (*see* 43 C.F.R. §§ 1864.1-2 and -3); (2) at least 90 days before BLM makes a decision on an application, it will publish a notice in the *Federal Register* summarizing the application and noting an opportunity for public comment (*see* 43 C.F.R. § 1864.2); and (3) adverse decisions can be appealed by the applicant or any adverse claimant (*see* 43 C.F.R. § 1864.4).

During the summer of 2003, various riders were proposed to the House Department of Interior Appropriations bill for FY 2004 that would have prohibited DOI from using appropriated funds to implement the 2003 Disclaimer Rule under certain circumstances. None of these riders was enacted.

Finally, on January 14, 2004, the Governor of Utah submitted the first application under the Utah MOU for acknowledgment and a recordable disclaimer of interest of specific R.S. 2477 rights-of-way. As of the date of this opinion, BLM has not yet published a *Federal Register* notice regarding this application.

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[7] Memorandum from the BLM Deputy Director to the BLM State Director for Utah, "Processing Applications for Recordable Disclaimers of Interest-Acknowledgment of R.S. 2477 Rights-of-Way Pursuant to the Memorandum of Understanding (MOU) of April 9, 2003" (June 25, 2003).

ANALYSIS

I. Applicability of the Section 108 Prohibition to the 2003 Disclaimer Rule and the Utah MOU

A. Applicability of Section 108 to the 2003 Disclaimer Rule

As discussed above, Section 108 prohibits any "final rule or regulation . . . pertaining to the recognition, management, or validity of a right-of-way pursuant to [R.S. 2477]" from taking effect unless expressly authorized by an Act of Congress, but does not define the phrase "final rule or regulation." For the reasons discussed below, we believe Congress intended Section 108 to apply only to substantive rules under the Administrative Procedure Act (APA), 5 U.S.C. §§ 551-706, the statute generally governing agency rulemaking and adjudications.

The APA defines a "rule" as:

> "the whole or a part of an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the organization, procedure, or practice requirements of an agency . . .."

5 U.S.C. § 551(4). There are different types of APA rules, the principal distinction being "between 'substantive rules' on the one hand and 'interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice' on the other." *Chrysler Corp. v. Brown*, 441 U.S. 281, 315 (1979). Substantive rules, also called legislative rules, affect individual rights and obligations and must be published for notice and comment under 5 U.S.C. § 553(b). They are the only rules that can have a "binding effect" or the "force and effect of law." *Chrysler Corp.*, 441 U.S. at 315. As the D.C. Circuit Court of Appeals explained in *Troy Corp v. Browner*, 120 F.3d 277, 287 (D.C. Cir. 1997)(citation omitted), "[a] legislative rule . . . is one that: (1) 'supplements' a statute; (2) 'effect[s] a change in existing law or policy'; or (3) 'grant[s] rights, impose[s] obligations, or produce[s] other significant effects on private interests.'" By contrast, interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice are not subject to notice and comment requirements and lack enforceable legal effect. *See, e.g., Davidson v. Glickman*, 169 F.3d 996, 998 (5th Cir. 1999) ("Interpretive rules state what the administrative officer thinks the statute or regulation means while legislative rules affect individual rights and obligations and create law.") (internal quotation and citation omitted).[8]

We believe that by using the language "final rule or regulation," Congress intended the restrictions of Section 108 to apply only to APA substantive rules. First, Section

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[8] *See also Syncor v. Shalala*, 127 F.3d 90 (D.C. Cir. 1997) (only legislative rules can create law that binds the agency, courts, and third parties); *Pac. Gas & Elec. Co. v. Fed. Power Comm'n*, 506 F.2d 33, 38 (D.C. Cir. 1974) ("A properly adopted substantive rule establishes a standard of conduct which has the force of law . . . a general statement of policy, on the other hand, does not establish a 'binding norm.'").

108 refers to no final rule or regulation "tak[ing] effect" and only substantive rules have a "binding effect" and the "force and effect of law." Similarly, the legislative history of Section 108 indicates that Congress intended to bar only the implementation of final, substantive regulations, not, as did the earlier temporary moratoria, agency activity preliminary to implementation of final rules.[9] Finally, Congress and courts often equate the terms "final rule" and "regulation" with an agency rule subject to notice and comment, that is, an APA substantive rule. *See, e.g.,* 5 U.S.C. § 604 ("When an agency promulgates a final rule under section 553 of [Title 5, U.S.C.], after being required by that section or any other law to publish a general notice of proposed rulemaking . . . the agency shall prepare a final regulatory flexibility analysis."); *FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 127, 145 (2000) (referring to FDA and FTC substantive rules as FDA and FTC "final rules").[10]

Consistent with the above, in determining whether particular agency statements constitute APA substantive rules, courts have focused on three basic factors: (1) how the agency characterizes its own statement; (2) whether the statement was published for notice and comment; and (3) whether the statement binds private parties or the agency. *See, e.g., Molycorp Inc. v. EPA*, 197 F.3d 543 (D.C. Cir. 1999). Of these factors, the third—a statement's binding effect—is the most critical. As the D.C. Circuit Court of Appeals explained in *Molycorp,* "[t]he first two criteria serve to illuminate the third, for the ultimate focus of the inquiry is whether the agency action partakes of the fundamental characteristic of a regulation, *i.e.,* that it has the force of law." 197 F.3d at 545. *See also Ctr. for Auto Safety v. NHTSA*, 710 F.2d 842, 846 (D.C. Cir. 1983) ("The mere fact that NHTSA did not denominate its withdrawal of the January Notice a 'rule' is not determinative of whether it did, in fact, issue a rule within the meaning of the statute. It is the substance of what the agency has purported to do and has done which is decisive.") (internal quotations and citations omitted).

Applying these three factors, the 2003 Disclaimer Rule is clearly a substantive APA rule and thus potentially—if it pertains to the recognition, management, or validity of a R.S. 2477 right-of-way—subject to Section 108. First, the Department itself has characterized the 2003 Disclaimer Rule as a "final rule" in publishing it in the *Federal Register. See* 68 Fed. Reg. at 494; *see also* Letter from DOI Associate Solicitor, Division of Land and Water Resources, to GAO Associate General Counsel (Jul. 15, 2003) (DOI Response to GAO) at 4 (referring to 2003 Disclaimer Rule as a "rule" and "final rule"). Second, the 2003 Disclaimer Rule is clearly a rule promulgated under APA notice and comment procedures. Third and most critically, it has a binding effect and the force of law. As the preamble to the 2003 Disclaimer Rule states at the

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[9] *See, e.g.*, S. Rep. No. 104-261 (1996) at 1-2 ("Resolution of R.S. 2477 right-of-way claims has been a very complex and contentious process" and the provision that ultimately became Section 108 "will allow the Department to proceed with the development of new regulations, while prohibiting their implementation until expressly approved by an Act of Congress.").

[10] *See also Alaska Airlines, Inc. v. Brock*, 480 U.S. 678, 682-83 (1987) (equating final rules and regulations with substantive rules promulgated after notice and comment); *Franklin Assoc. Fisheries of Maine*, 989 F.2d 54, 59 (1st Cir. 1993) (same); *Alabama Tissue Ctr. v. Sullivan*, 975 F.2d 373, 377 (7th Cir. 1992) (same); *NRDC v. EPA*, 683 F.2d 752 (3d Cir. 1982) (same).

outset, "This rule is effective February 5, 2003. Any application for a recordable disclaimer pending on the effective date of this final rule will be subject to this final rule." 68 Fed. Reg. at 495. The 2003 Disclaimer Rule also, under *Troy Corp. v. Browner,* above, "'effect[s] a change in existing law or policy' . . . and 'grant[s] rights, impose[s] obligations, or produce[s] other significant effects on private interests.'" As noted above, it expanded both the entities that may apply for a FLPMA § 315 disclaimer and the time period in which they may do so.

The remaining issue concerning the applicability of Section 108 to the 2003 Disclaimer Rule is whether it "pertain[s] to the recognition, management, or validity" of R.S. 2477 rights-of-way. In our view, it does not. Nothing in language of the Disclaimer Rule itself discusses or refers in any way to R.S. 2477 rights-of-way. This is consistent with the fact, emphasized by the Department, that the disclaimer regulations are not designed to deal just with R.S. 2477 recognitions but instead are a "'catch-all' provision of [FLPMA] that allows the BLM to 'help remove a cloud on the title' to Federal land . . .."[11] The only mention of R.S. 2477 is in the preamble to the Rule, where DOI discusses how it may use the FLPMA § 315 disclaimer process as a means of recognizing R.S. 2477 rights-of-way. We do not believe the preamble is a Section 108 "final rule or regulation," however. Preambles generally are treated as non-binding agency policy statements, not as substantive rules as required by Section 108,[12] and there is nothing in the 2003 Disclaimer Rule preamble indicating the Department intends to be bound by its pronouncements regarding R.S. 2477. At most, therefore, the preamble might be deemed to be an interpretive rule,[13] which would not fall within Section 108. Moreover, we do not believe the preamble pertains to the recognition, validity, or management of R.S. 2477 rights-of-way in the manner contemplated by Section 108. The plain language and legislative history of Section 108 indicate that it was intended to prevent the Department from creating and applying substantive standards for validating the existence of R.S. 2477 rights-of-way or prescribing how they should be managed, because Congress itself wanted to define the key standards and scope of R.S. 2477 grants or at least maintain the status quo.[14]

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[11] Letter from Assistant Secretary of the Interior for Land and Minerals Management to the Honorable Jeff Bingaman (June 19, 2003) (DOI Response to Sen. Bingaman) at 1.

[12] *See, e.g., Clean Air Implementation Project v. EPA*, 150 F.3d 1200, 1208 (D.C. Cir. 1998) ("It is doubtful that the preamble alone is definite and specific enough to be a binding statement of agency policy. For one thing, the statements concerning the permit shield were not published in the Code of Federal Regulations. For another, EPA has claimed that its statements were no more than "an interpretation" . . . and [the petitioner] has presented no evidence that the preamble has a direct and immediate effect on it.") (internal citations omitted); *City of Seabrook, Tex. v. EPA*, 659 F.2d 1349, 1365 (5th Cir. 1981) (two preamble statements referred to as "policy statements . . . not rules adopted in accordance with administrative rulemaking procedure; they are merely 'interpretive rules' or 'general statements of policy.'").

[13] *See, e.g., Shalala v. Guernsey Mem. Hosp.*, 514 U.S. 87 (1995) (agency manual advising how Medicare statutes and regulations would be applied to particular reimbursement claims was interpretive, not substantive, rule).

[14] *See, e.g., United States v. Garfield County*, 122 F. Supp. 2d 1201, 1236-37 (citing S. Rep. No. 104-261 (1996) at 2, court states that "Congress was concerned with rule-making concerning the process for deciding the validity of R.S. § 2477 claims"); 141 Cong. Rec. S17530-08 (1995) (statement of Sen. Hatch) (discussing DOI's 1994 proposed R.S. 2477 rule, court states that "[t]he Secretary's regulations are evidence that the task of achieving a solution that protects the intent and scope of the original statute

Nothing in the preamble identifies any such standards. In sum, we conclude that neither the 2003 Disclaimer Rule itself nor its preamble is a final rule or regulation subject to the restrictions of Section 108.

B. Applicability of Section 108 to the Utah MOU

We reach a different conclusion regarding the applicability of Section 108 to the Utah MOU. In contrast to our conclusion regarding the 2003 Disclaimer Rule, we believe Section 108 applies to the Utah MOU. As a threshold matter, there can be little doubt that the Utah MOU "pertains" to the "recognition, management, or validity" of R.S. 2477 rights-of-way. The purpose of the MOU was to address years of "unresolved conflicts" over these precise issues, which DOI had "traditionally approached . . . by trying to define the precise legal limits of the original [R.S. 2477] statutory grant," *see* Utah MOU at 1, and as discussed below, the MOU includes substantive provisions pertaining to all three issues. The remaining question is whether the Utah MOU is a "final rule or regulation," meaning, as discussed above, that it is both an APA rule and a substantive rule. We conclude that it is both.

1. The Utah MOU as an APA Rule

The Utah MOU meets the definition of an APA rule, that is, "an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy." 5 U.S.C. § 551(4). Although the Utah MOU does not apply to all R.S. 2477 claimants in the United States, it applies to all claimants for certain locations in Utah; agency MOUs or other statements applicable to just one or a handful of entities, or just one individual, have been held to be APA rules of either "general or particular applicability."[15] In addition, courts sometimes look to whether the agency statement will also affect entities indirectly as well as directly, in determining the scope of its "applicability." In *Hercules Inc. v. EPA*, 598 F.2d 91, 118 (D.C. Cir. 1978), for example, the court noted that "even when only one manufacturer is subject to the standards, that manufacturer is not the only affected entity. The standards affect the multitude who fish, take drinking water, or otherwise, directly or indirectly, come in contact with waters containing the discharged toxic substance, all of whom may appear in proceedings. . . Rulemaking, not adjudication, is the appropriate, flexible procedural mechanism to accommodate the input of all concerned." Likewise, the Utah MOU will affect not only the Utah governmental

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while preserving the infrastructure of rural communities must involve Congress. . . [W]e are beyond a regulatory fix on this subject").

[15] For example, in *West Virginia Mining and Reclamation Ass'n v. Snyder*, 1991 WL 331482 (N.D. W. Va. 1991), involving DOI's Office of Surface Mining Reclamation and Enforcement (OSM), the court held that an MOU between OSM and the West Virginia Division of Energy was an APA rule where it established a policy under which OSM would "provide[] financial and technical assistance to West Virginia in exchange for direct involvement in regulation of the [Surface Mining Control and Reclamation Act]." *See also Mitchell Energy & Devt. Corp. v. Fain*, 311 F.3d 685 (5th Cir. 2002) (statement by Secretary of Labor was APA rule of "particular applicability" where it applied to certified states and implemented "methods of administration" required by the Social Security Act for the federal/state unemployment compensation system); *City of Alexandria v. Helms*, 728 F.2d 643 (4th Cir. 1984) (FAA order to implement scatter plan test at National Airport was APA rule of particular applicability designed to implement agency policy).

entities applying for R.S. 2477 acknowledgments/disclaimers, but also persons using the asserted rights-of-way, those who disfavor continued use, and those owning the underlying land where the federal government is no longer the owner. The Utah MOU thus is an "agency statement of general or particular applicability."

The Utah MOU also is an agency statement of "future effect." Courts have applied this requirement to mean statements having future legal consequences,[16] and the Utah MOU meets this test. It addresses how DOI will evaluate R.S. 2477 claims in the future, not rights-of-way that already have been recognized. Finally, the Utah MOU is "designed to implement, interpret, or prescribe law or policy." It prescribes and implements the law and policy by which Utah government entities will seek recognition of their asserted R.S. 2477 rights-of-way. *See, e.g., Lefevre v. Secretary, Dep't of Veterans Affairs*, 66 F.3d 1191, 1196-97 (Fed. Cir. 1995) ("The determination was a rule because . . . it prescribed the basis on which the Department would adjudicate every claim seeking disability or survivor benefits for specified diseases allegedly caused by exposure to herbicides in Vietnam."); *Hercules Inc.*, above, 598 F.2d at 117 ("The standards are designed to 'implement' and 'prescribe law' pursuant to the authority of the 1972 Act.").

The Department states that the Utah MOU is not a rule issued in violation of Section 108 but rather a voluntary agreement with the State of Utah.[17] The courts have rejected such arguments. Simply because an agency statement sets standards for participation in a "voluntary" program does not mean the standards are not "rules." As the D.C. Circuit held in *Sugar Cane Growers Coop. of Florida v. Veneman*, 289 F.3d 89, 96 n.6 (D.C. Cir. 2002), "[t] he government's suggestion that because participation in the program is 'voluntary' the announcement and accompanying documents should not be considered a rule is not worth a response." Similarly, in *Mitchell Energy & Devt. Corp. v. Fain*, 311 F.3d 685 (5th Cir. 2002), the Fifth Circuit held that a Labor Department statement establishing required methods of administration for a federal/state unemployment compensation system was a rule, even though states had the option of not participating in the system. Under the theory that standards for activities voluntarily entered into are not rules, the court observed, "many things in the Code of Federal Regulations [would not be] rules because the underlying conduct, from operating a nuclear reactor to listing on the New York Stock Exchange, is voluntary." *Id.* at 688.

The Department also asserts that Section 108 is not implicated by its recent actions because R.S. 2477 recognition decisions will result from an informal agency adjudication, not a rulemaking.[18] This may be correct but is beside the point. The

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[16] *See, e.g., Bowen v. Georgetown Univ. Hosp.*, 488 U.S. 204, 216 (1988) (Scalia, J., concurring) ("The only plausible reading of ["future effect"] is that rules have legal consequences only for the future."); *Sinclair Broad. Group, Inc. v. FCC*, 284 F.3d 148, 166 (D.C. Cir. 2002) (FCC local ownership rule dealt with the "future effect, not the past legal consequences of [local marketing agreements]").

[17] *See* DOI Response to GAO, above, at 6 ("The Utah MOU is not a rule. It was developed to avoid litigation threatened by Utah and its counties. It is an agreement concerning how Utah will present its applications for recordable disclaimers for R.S. 2477 rights-of-way for BLM's consideration.").

[18] DOI Response to Sen. Bingaman, above, at 4; *see also* 68 Fed. Reg. at 497 ("Even if BLM were to issue a disclaimer of the United States' interest in a valid right-of-way under R.S. 2477, the recognition of

subject of Congress' concern in Section 108 was DOI's establishment of the overall standards for recognizing, managing, and validating R.S. 2477 rights-of-way, not its decision in a particular case—in other words, it was concerned about the "rules of the game," not a particular game score. The Fifth Circuit rejected a similar argument by the Department in *Shell Offshore Inc. v. Babbitt*, 238 F.3d 622 (5th Cir. 2001). The court in *Babbitt* found that although DOI had issued a decision in a particular adjudication, the decision was governed by a policy change that was a substantive rule. Similarly, in *Hercules Inc. v. EPA*, 598 F.2d 91, 118 (D.C. Cir. 1978), the D.C. Circuit found that certain EPA water pollution standards were rules, not orders, because the "inquiries are the same whether the [toxic] substance is discharged by one manufacturer or one thousand"; the determinations are "categorical, not individual or local. . .." Here, the Utah MOU sets uniform rules for how all R.S. 2477 claims to which the MOU applies will be decided. As the D.C. Circuit has noted, "rule making is not transformed into adjudication merely because the rule adopted may be determinative of specific situations arising in the future." *Logansport Broad. Corp. v. United States*, 210 F.2d 24, 27 (D.C. Cir. 1954).[19] In sum, the Utah MOU is an APA rule.

2. The Utah MOU as a Substantive Rule

We also find that the Utah MOU is a substantive rule. The Utah MOU does not meet two of the factors discussed above that courts apply in determining whether a rule is a substantive rule—characterization as such by the agency and publication for notice and comment in the *Federal Register*. According to DOI, the Utah MOU is not a rule but rather a cooperative agreement under FLPMA § 307(b).[20] Nor was the Utah MOU published for notice and comment. Nevertheless, as noted above, courts look beyond these first two factors to focus on the third: whether the agency statement has a binding effect and the "force and effect of law." In our view, there is little question that the Utah MOU has such an effect.

First, DOI itself acknowledges that "the Utah MOU . . . is binding . . . on the parties to the MOU, namely the Department and the State of Utah." DOI Response to GAO at 4. The fact that the Utah MOU incorporates the FLPMA § 315 disclaimer regulations by reference—which, as DOI also acknowledges, are also "are binding on both the BLM and the applicant"—underscores the binding nature of the Utah MOU. *Id.* Although the Utah MOU contains a standard clause asserting that it does not create a private

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such right-of-way would not be the result of this notice-and-comment rulemaking but, rather, an informal agency adjudication resulting in a final decision. (See 5 U.S.C. 551(7) [of the APA])").

[19] *See also Yesler Terrace Cmty. Council v. Cisneros*, 37 F.3d 442, 448 (9th Cir. 1994) ("[B]ecause adjudications involve concrete disputes, they have an immediate effect on specific individuals (those involved in the dispute). Rulemaking, in contrast, is prospective, and has a definitive effect on individuals only after the rule subsequently is applied."); Richard J. Pierce, Jr., *Administrative Law Treatise* 304 (4th ed. 2002) ("What distinguishes legislation from adjudication is that the former affects the rights of individuals in the abstract and must be applied in a further proceeding before the legal position of any particular individual will be definitively touched by it; while adjudication operates concretely upon individuals in their individual capacity.").

[20] FLPMA § 307(b), 43 U.S.C. § 1737(b), gives the Department general authority to enter into "contracts and cooperative agreements involving the management, protection, development, and sale of public lands."

cause of action in favor of third parties,[21] that provision does not diminish the substantive rights and responsibilities that the MOU imposes on DOI, the State of Utah, and Utah local government entities.

Second, in the words of *Troy Corp. v. Browner*, above, the Utah MOU is a substantive rule because it "'effect[s] a change in existing law or policy' . . . and 'grant[s] rights, impose[s] obligations, or produce[s] other significant effects on private interests.'" The Utah MOU is not like the MOU between the Korean War Veterans Memorial Advisory Board and the American Battle Monuments Commission in *Lucas v. United States Army Corps of Eng'rs*, 1991 WL 229941 at * 4 (D.D.C. 1991), for example, which the court found was "written to establish procedural guidelines rather than to impose limitations on the Board's statutory authority" and thus was not a substantive rule. Nor is the Utah MOU like the MOU in *Bragg v. Robertson*, 72 F. Supp. 2d 642 (S.D. W. Va. 1999), between DOI's Office of Surface Mining, EPA, the U.S. Army Corps of Engineers, and a state environmental agency. That MOU expressed the agencies' interpretation of certain regulations and was challenged as being a substantive rule that "initiate[d] a profound change in the [existing] regulatory program" without compliance with notice and comment requirements. *Id.* at 654. The court ruled that the MOU was an interpretive rule, not a substantive rule, because the MOU itself "disavow[ed] any substantive effect"[22] and because the court, deferring to the interpretation of the MOU agencies charged with administering the relevant statutes, found that the MOU simply codified the agencies' current practice and thus "merely reminds affected parties of existing duties . . .." *Id.* at 655.[23]

The Utah MOU stands in stark contrast to the MOUs in *Lucas* and *Bragg*. Unlike the MOUs in those cases, the Utah MOU does impose binding obligations—on DOI and Utah. And unlike those cases, the Utah MOU also works changes in existing law and policy—pertaining to the recognition, management, and validity of R.S. 2477 rights-of-way. In broadest terms, the Department will now recognize and validate R.S. 2477 rights-of-way by applying the substance and procedures applicable to FLPMA § 315 disclaimers, and R.S. 2477 rights-of-way acknowledged under this process will be given the same effect as lands or interests disclaimed under FLPMA § 315: the United States will be estopped from asserting a claim as to them. *See* 43 C.F.R. § 1864.0-2(b).

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[21] The Utah MOU states that it "shall not be construed as creating any right or benefit, substantive or procedural, enforceable at law or in equity, by a party against the State of Utah, Utah counties, the United States, its agencies, its officers, or any other person. This MOU shall not be construed to create any right to judicial review involving the compliance or noncompliance of the State of Utah, Utah counties, the United States, its agencies, its officers, or any other person with the provisions of this MOU." Utah MOU at 5.

[22] The MOU provided in part that "[t]he policy and procedures contained in this MOU are intended solely as guidance and do not create any rights, either substantive or procedural, enforceable by any party. *This document does not, and is not intended to, impose any legally binding requirements on Federal agencies, States, or the regulated public,* and does not restrict the authority of the employees of the signatory agencies to exercise their discretion in each case to make regulatory decisions based on their judgment about the specific facts and application of relevant statutes and regulations." 72 F.Supp 2d. at 654-55 (emphasis in original).

[23] The practice of judicial deference, in certain circumstances, to the statutory interpretation of an agency charged with administration of the statute is discussed in Part II of this opinion.

As the MOU recognizes, this represents a significant change from the Department's existing policy in recognizing R.S. 2477 rights-of-way—the Babbitt Policy—which will no longer apply to R.S. 2477 rights-of-way covered by the MOU. We identify below examples of some of the specific changes effected by the Utah MOU.

a. Changes in standards for recognition and validation of R.S. 2477 rights-of-way

As discussed above, the Utah MOU identifies the criteria for "roads" that will be considered "eligible" for "acknowledgment" as valid R.S. 2477 rights-of-way. While the Department states that the disclaimers it issues under the Utah MOU will "essentially preserve the status quo," in fact several of these criteria represent a departure from prior case law and/or longstanding Department policy—as the Department seems to recognize by stating that its new approach will only "essentially" preserve the status quo and that "[m]ost" but not all asserted R.S. 2477 claims in the West satisfy the R.S. 2477 "construction" and "highway" requirements under "almost" any statutory interpretation. *See* DOI Response to Sen. Bingaman at 1; Utah MOU at 1. For example, the Utah MOU criterion that a road have been in existence prior to FLPMA's enactment in 1976 and be in current use is equivalent to the "continuous use" standard for R.S. 2477 "construction" urged by Utah counties but rejected in *Southern Utah Wilderness Alliance v. Bureau of Land Management*, 147 F. Supp. 2d 1130 (D. Utah 2001), *appeal dismissed*, 2003 WL 21480689 (10th Cir. 2003) (*SUWA*). As BLM successfully argued in *SUWA*, the term "construction" in R.S. 2477 requires some form of purposeful, physical building or improvement, not simply continuous use. As the court explained, "[a] highway right-of-way cannot be established by haphazard, unintentional, or incomplete actions. . . . [T]he mere passage of vehicles across the land, in the absence of any other evidence, is not sufficient to meet the construction criteria of R.S. 2477 and to establish that a highway right-of-way was granted." *Id.* at 1138-39. *See also United States v. Garfield County*, 122 F. Supp. 2d 1201, 1227 n.5 (D. Utah 2000) (adopting Department's interpretation of "construction" as meaning actual building and more than mere use).

The Utah MOU also changes the meaning of the basic R.S. 2477 term "highway," by equating it with the term "road." Utah MOU at 1. Courts have not always equated the two terms. In *SUWA,* for example, the court disagreed that highways could be established by the mere passage of wagons, horses, or pedestrians and accepted the Department's definition of "highway" as "a road freely open to everyone; a public road." 147 F. Supp. 2d at 1143. The court also agreed with the Department that a road must be a significant one to be an R.S. 2477 highway: "It is unlikely that a route used by a single entity or used only a few times would qualify as a highway . . . a highway connects the public with identifiable destinations or places." *Id.*

Finally, the Utah MOU changes the terms under which R.S. 2477 rights-of-way claims will be processed. In order to obtain recognition of its R.S. 2477 right-of-way, the claimant must agree to reimburse BLM's costs of processing the application. As a neighboring state has objected to the Secretary of the Interior, "[a]n RS-2477 right-of-way arises from a statutory grant and is not a right-of-way permit for which [the

Department] is authorized to charge processing fees."[24] Whether or not such a fee is legally authorized, it represents a new prerequisite to obtaining recognition by the Department of an R.S. 2477 right-of-way and thus does not simply "remind" applicants of an "existing duty" in the way that an interpretive rule does. *Fertilizer Institute v. EPA*, 935 F.2d 1303, 1307-08 (D.C. Cir. 1992); *see Five Flags Pipeline Co. v. United States Dep't of Transp.*, 1992 WL 78773 (D.D.C. 1992) (Department of Transportation fee schedule was legislative rule because it "did not merely 'remind' the pipeline companies of an 'existing duty.' Rather, the schedule created an entirely new obligation to pay fees in precise amounts based on a specific mathematical computation that did not previously exist.").

b. Changes in management standards for valid R.S. 2477 rights-of-way

The Utah MOU also sets standards for management of valid R.S. 2477 rights-of-way different from the standards set by at least some courts. As the Utah MOU explains, road management includes "road width and ongoing maintenance levels . . .." Utah MOU at 3. Courts have found that the appropriate standard for determining what maintenance or improvements an R.S. 2477 holder may undertake to expand the scope of a right-of-way is a "reasonable and necessary" standard. *See, e.g., Sierra Club v. Lujan*, 949 F.2d 362, 364, 369 (10th Cir. 1991); *United States v. Garfield County*, 122 F. Supp. 2d 1201 (D. Utah 2000). By contrast, the Utah MOU adopts a ground-width disturbance standard, *see* Utah MOU at 3, which the *Garfield County* court explicitly rejected, stating that "[t]he law simply demands a more thoughtful standard than that." *Id.* at 1232. Further, courts have measured the extent of an R.S. 2477 right-of-way as of the date of FLPMA's enactment or when the underlying lands were "reserved for public uses," whichever is earlier. *See Garfield County*, 122 F. Supp. 2d at 1228-29; *Sierra Club v. Hodel*, 848 F.2d 1068, 1084 (10th Cir. 1988). The Utah MOU, by contrast, measures as of the date of the MOU—April 9, 2003. Utah MOU at 3; *see also* Utah MOU Guidance at 5.

The Department asserts that the Utah MOU is not a substantive rule subject to the prohibitions in Section 108. It states that use of the FLPMA § 315 disclaimer process in concert with the MOU does nothing more than provide a procedure for acknowledging or denying the validity of R.S. 2477 claims, a procedure in lieu of litigation of quiet title claims or takings claims in court. *See* DOI Response to Sen. Bingaman at 1, 4. The Department appears to be asserting that the Utah MOU is a procedural rule under the APA—"rules of agency organization, procedure, or practice," *see* 5 U.S.C. § 553(b)(3)(A)—that would not be prohibited by Section 108. The Department is correct that procedural rules do not require notice and comment, are not substantive rules, and would not be covered by Section 108. However, as the court noted in *Public Citizen v. Department of State*, 276 F.3d 634, 640-41 (D.C. Cir. 2002), rules that "encode[] a substantive value judgment" are substantive and not procedural. The Utah MOU does considerably more than set procedural guidelines; it prescribes a process and substantive standards for recognizing and determining the

[24] Letter from Executive Director, Colorado Department of Natural Resources, to Secretary of the Interior (May 15, 2003) at 2.

validity of R.S. 2477 rights-of-way. As the Department itself emphasizes in its Utah MOU Guidance, the MOU establishes binding legal requirements by which it will review disclaimer applications and "prepare a draft decision that documents whether the claimed right-of-way *meets the legal requirements under R.S. 2477 and the provisions of the MOU . . .*." *Id.* at 5.

Our conclusion that the Utah MOU is the type of "final rule or regulation" that Congress intended to cover in Section 108 is confirmed by its similarity to the 1994 DOI proposed rule that prompted Congress to enact Section 108 in the first instance. As the court observed in *Garfield County*, in passing Section 108, "Congress was concerned with rule-making concerning the *process* for deciding the validity of R.S. § 2477 claims." 122 F. Supp. 2d at 1237 (emphasis added). Like the Utah MOU, the 1994 proposed rule outlined a process for determining which R.S. 2477 rights-of-way were validly acquired. The rule was to put in place a "formal administrative process by which those who claim R.S. 2477 rights-of-way can have the Department make binding determinations of their existence and validity." *See* 59 Fed. Reg. at 39216. Like the Utah MOU, the proposed rule also defined the R.S. 2477 statutory terms "highway" and "construction," noting that these had "not been defined completely or consistently, resulting in uncertainty about the exact nature and extent of the grant." *Id.* at 39217. Finally, the Department has described the Utah MOU as "an important first step towards resolving decades of conflict over the status of roads in the State of Utah" and "a reasonable approach that will allow us to clarify ownership of some county roads." DOI Response to Sen. Bingaman at 1. These are the same sort of reasons Secretary Babbitt presented in support of the 1994 proposed rule that led to the Section 108 prohibition.[25]

In sum, we conclude that the Utah MOU is a final rule or regulation prohibited from taking effect by Section 108. It is a substantive rule under the APA and pertains to the recognition, management, and validity of R.S. 2477 rights-of-way. The Section 108 prohibition stemmed from congressional intent to prevent implementation of just such processes and standards.

II. Authority to Use FLPMA § 315 to Disclaim Interests in R.S. 2477 Rights-of-Way

The second major legal concern with respect to the Department's recent R.S. 2477 actions is whether, apart from the prohibition of Section 108, the Department may use the authority of FLPMA § 315 to disclaim U.S. interests in R.S. 2477 rights-of-way. No court has ruled on this question to date, and there are colorable arguments on both sides. Based on rules of statutory construction and deference, on balance, we conclude that FLPMA § 315 authorizes disclaimer of U.S. interests in R.S. 2477 rights-of-way.

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[25] *See* 59 Fed. Reg. at 39216-17. The stated purposes of the 1994 proposed rule are also similar to those for the Utah MOU. The proposed rule's purposes were to: "(a) Establish procedures for the orderly and timely processing of claims for rights-of-way pursuant to R.S. 2477 over lands managed by the Bureau of Land Management, National Park Service, and U.S. Fish and Wildlife Service; (b) Define key terms; (c) Establish public notice and appeal processes of claims for rights-of-way pursuant to R.S. 2477; and (d) Provide for the use of rights-of-way validly acquired pursuant to R.S. 2477, consistent with the management of adjacent and underlying Federal lands." 59 Fed. Reg. at 39224. *Cf.* Utah MOU at 1-2; Utah MOU Guidance at 1.

As noted above, FLPMA § 315 authorizes the Department to issue a "disclaimer of interest or interests in any lands . . . where the disclaimer will help remove a cloud on the title of such lands" and one of three other conditions applies. Two of those conditions relate to riparian situations, *see* FLPMA §§ 315 (a)(2), (a)(3), and thus are not relevant to R.S. 2477 highway rights-of-way. The third condition is FLPMA § 315(a)(1), where "a record interest of the United States in lands has terminated by operation of law or is otherwise invalid." This is potentially applicable to creation of highway rights-of-way under R.S. 2477. Thus for the Department to be authorized to employ FLPMA § 315 to disclaim R.S. 2477 rights-of-way: (1) disclaimer must "help remove a cloud on the title of such lands"; and (2) "a record interest of the United States in lands [must have] terminated by operation of law or [be] otherwise invalid." The Department has interpreted these requirements as applying to disclaim R.S. 2477 rights-of-way, and on balance, we conclude this is a reasonable interpretation that must be given considerable deference.

First, the Department asserts that disclaimer by the United States "will help remove a cloud on the title" of an R.S. 2477 right-of-way. Congress did not elaborate on the meaning of the phrase "cloud on the title" either in FLPMA § 315 or its legislative history. Under real property law, a "cloud on title" generally refers to an outstanding claim or encumbrance attached to real property that, if valid, would affect or impair the title of the owner of the property.[26] In this case, the Department posits, the "cloud" on title to a particular R.S. 2477 right-of way results from the uncertainty surrounding whether it was established prior to the repeal of R.S. 2477 in 1976. DOI Response to GAO at 7; 68 Fed. Reg. at 496. As discussed above, R.S. 2477 was self-executing, meaning that no government approvals were necessary and typically no recording was made in public land records when an R.S. 2477 right-of-way was perfected by fulfillment of the statutory elements—"construction" of a "highway" over non-reserved public lands. If an R.S. 2477 right-of-way was not established over public lands, then the U.S. retained its 100 percent fee simple title in the lands—including interests in using and transferring the lands, interests in excluding others from trespassing on the lands, any mineral rights in the lands, and all other property interests. On the other hand, if an R.S. 2477 right-of-way was established, then one of the United States' property interests—the right to exclusive use of the surface property covered by the right-of-way—was terminated by operation of law or became "invalid." The lack of certainty about which of these circumstances exists at a given site can create a cloud that disclaimer of the U.S. interest will "help remove." Although as DOI's FLPMA § 315 regulations make clear, a disclaimer does not literally "grant, convey, transfer, remise, quitclaim, release or renounce any title or interest in lands," it has the effect of a quitclaim deed in the sense that it acts as an estoppel against the United States asserting a competing claim to the property interest being disclaimed. *See* 43 C.F.R. § 1864.0-2(b). Thus issuance of a disclaimer for an R.S. 2477 right-of-way means the United States would no longer assert a competing claim to the right-of-way, removing a "cloud" on its "title."

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[26] *Black's Law Dictionary* 249 (7th ed. 1999).

Second, the Department asserts that the requirement for "a record interest of the United States in lands [to have] terminated by operation of law or [become] otherwise invalid" is satisfied if the conditions of R.S. 2477 were satisfied—that is, if, at some time between 1866 and 1976, there was "construction" of a "highway" over non-reserved public lands. At this point, in the Department's view, the complete fee simple ownership of the United States in the land was altered to that of a holder of the servient estate. DOI Response to GAO at 10. In property law parlance, the land became "burdened" by the right-of-way or easement and the owner of the land—the United States—was required to abstain from acts that impermissibly interfered with or were inconsistent with use of the easement. *See United States v. Garfield County*, 122 F.Supp. 2d 1201, 1243 (D. Utah 2000). Thus the unburdened fee interest of the U.S. was terminated or invalidated by creation of the R.S. 2477 right-of-way. *See Estes Park Toll-Road Co. v. Edwards*, 32 P. 549 (1893)("After entry and appropriation of the right of way granted, and the proper designation of it, the way so appropriated ceased to be a portion of the public domain, was withdrawn from it.").

There are certain objections to this analysis. Some have argued that the holder of an R.S. 2477 right-of-way does not have technical title to the right-of-way, but only a usufruct right in it—the right to use property owned by another party[27]—and therefore FLPMA § 315 cannot be used to remove a cloud on it. However, the Department points out, and we agree, that "title" is a term often used synonymously with various types of ownership. DOI Response to GAO at 8; *see, e.g., Garfield County*, above, 122 F. Supp. 2d at 1241-42 (discussing the county's ownership of an R.S. 2477 right-of-way while clarifying that R.S. 2477 did not grant the county fee simple title); *Dover Veterans Council v. City of Dover,* 407 A. 2d 1195, 1196 (S. Ct. N.H. 1979)("Title" can denote any estate or interest, including a leasehold or merely the right of possession.). Thus we find the view that disclaimer of U.S. interests in an R.S. 2477 right-of-way would remove a cloud on its "title" for purposes of FLPMA § 315 is reasonable.

The Department's interpretation has also been challenged by noting that, by its terms, FLPMA § 315 requires the "cloud " to be on title to "lands," not on an interest in lands such as a right-of-way. According to this argument, Congress referred to "lands" and "interests in lands" as distinct concepts in FLPMA § 315, and under traditional rules of statutory construction, should be viewed as reflecting different meanings. 2A *Sutherland Statutory Construction* § 46:06 at 193-94 (6th ed. 2000).[28] Because, in their view, a disclaimer of an R.S. 2477 right-of-way would not remove a cloud on the title to the land underlying the right-of-way, the Department's interpretation is inconsistent with FLPMA § 315.

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[27] *See Black's Law Dictionary* at 1542.

[28] It is also argued that the terms "lands" and "interests in lands" are used as distinct concepts in other provisions of FLPMA, as well as in other land management statutes. *See, e.g.,* FLPMA § 205, 43 U.S.C. § 1715(c) ("lands and interests in lands"); FLPMA § 206(a), 43 U.S.C. § 1716(a) ("a tract of land or interests therein"); FLPMA § 206(b), 43 U.S.C. § 1716(b) ("title to any non-Federal land or interests therein in exchange for such land, or interest therein"); 43 U.S.C. § 1716(i) ("exchange lands or interests in lands"); 16 U.S.C. § 79c; 16 U.S.C. § 271a; 16 U.S.C. § 396f note (e); 16 U.S.C. § 410hh-1 note (a)(6); 16 U.S.C. § 460uu-46; 16 U.S.C. § 521c.

In our view, the language of FLPMA § 315 does not clearly indicate that Congress used these different references to capture discrete, contrasting concepts. In this regard, FLPMA § 315 authorizes the Department to disclaim an "interest or interests in any lands" where the disclaimer will help remove a cloud on the title of "such lands." Here, the reference to "such lands" potentially refers either just to the land itself or to both the land as well as lesser interests in the land. Since the Department promulgated its original 1984 regulations implementing FLPMA § 315, it has defined the term "lands" to include "lands and interests in lands . . .." 43 C.F.R. § 1864.0-5(e). Given that the terms "lands" and "interests in lands" are closely connected concepts, it is plausible to conclude, as the Department did when it promulgated the 1984 regulations and today, that "lands" in FLPMA § 315 means "lands and interests in lands." We are reluctant to conclude that the Department's statutory interpretation is impermissible.

The legislative history of FLPMA § 315 introduces some doubt on the Department's position. In the final analysis, however, it is inconclusive. The Department first proposed what became FLPMA § 315 in a draft public lands bill submitted to Congress, which Senator Jackson introduced by request on February 28, 1973.[29] Before FLPMA was enacted, the Secretary of the Interior had no express statutory authority to issue recordable documents disclaiming interests in land.[30] The General Land Office, BLM's predecessor, had a need to issue disclaimers as a kind of correction device, which it did even though it had no express authority. The purpose of § 315 was, as the Senate Committee on Interior and Insular Affairs reported to the Senate, to authorize the Secretary "to issue documents of disclaimer when the United States has no interest in certain lands . . .."[31] The Senate report states that the section authorizes the Secretary to issue such documents in "three specified instances where he finds no Federal interest and where there is a cloud on the title."[32] This authority is necessary, the report continues, to eliminate the need for judicial or legislative relief "in those cases where the United States asserts no ownership or interest."[33] The House report is to the same effect.[34] It is not clear from these statements, however, whether the Congress intended disclaimers to be issued when the United States has

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[29] S. 1041, § 308, reprinted in Comm. on Energy and Natural Resources, 95th Cong., Legislative History of the Federal Land Policy and Management Act of 1976, at 1508-1509 (Comm. Print 1978). The language of section 315(a) was substantially the same as what later became law, but did not include the phrase "or is otherwise invalid."

[30] *See* H.R. Rep. No. 94-1163, at 11 (1976); S. Rep. No. 94-583, at 50 (1975); S. Rep. No. 93-873, at 42 (1974) ("[U]nder existing law, the Secretary of the Interior has no authority to issue any kind of document showing that the United States has no interest in certain lands."). *See also Soda Flat v. Hodel*, 670 F. Supp. 879, 887-889 (E.D. Cal. 1987).

[31] S. Rep. No. 94-583, at 25 (1975); S. Rep. No. 93-873, at 24 (1974).

[32] S. Rep. No. 94-583, at 50; S. Rep. No. 93-873, at 41. *See also* Letter from Acting Secretary of the Interior to Spiro Agnew, reprinted in Comm. on Energy and Natural Resources, 95th Cong., Legislative History of the Federal Land Policy and Management Act of 1976, at 1605 ("It would provide authority to issue a document of disclaimer of interest in land to which the United States no longer claims an interest.").

[33] S. Rep. No. 94-583, at 51.

[34] H.R. Rep. No. 94-1163, at 11 (1976).

no remaining interests in the *interest* being disclaimed or whether there must be no remaining interests in the *land* at all. So viewed, the legislative history neither supports nor contradicts the Department's interpretation of § 315[35] as allowing it to disclaim R.S. 2477 rights-of-way even when some federal interest in the property at issue will remain.[36]

A final argument against the Department's interpretation is that no "record interest of the United States has terminated by operation of law," as required by the statutory language. This view asserts that when R.S. 2477 granted rights-of-way or easements over public land, dominant and servient estates were *created,* but no record interests of the U.S. were *terminated.* The Department states, however, and we agree, that the creation of an easement involves the creation of two separate interests in real property: a servient estate, here owned by the United States, and a dominant estate, here owned by the holder of the R.S. 2477 right-of-way. DOI Response to GAO at 10; *see, e.g., C/R TV v. Shannondale*, 27 F.3d 104, 107 (4th Cir. 1994). Under such circumstances, it follows that upon the creation of these two interests, a record interest of the United States terminated: its interest in exclusive use of the surface property over which the right-of-way ran.

We recognize that the Department's interpretation of FLPMA § 315, as potentially applying to R.S. 2477 rights-of-way, is a novel one. That fact alone, however, should not condemn it. It is not uncommon for the scope and application of a grant of remedial administrative authority such as FLPMA § 315 to evolve with changing factual circumstances. Moreover, in analyzing whether FLPMA § 315 authorizes the Department to do what it seeks to do under the Utah MOU, we are mindful of the considerable weight that should be accorded to an executive department's construction of a statutory scheme it is entrusted to administer. *United States v. Mead*, 533 U.S. 218 (2001); *Udall v. Tallman*, 380 U.S. 1 (1965). Indeed, under bedrock principles of statutory construction and judicial deference in cases involving agency action, where Congress has not spoken clearly to the precise question at issue—for example, where a statute is ambiguous or silent—courts defer to the interpretation of an agency charged with implementing the statute if the interpretation is not unreasonable, nor arbitrary or capricious. *Chevron v. Natural Resources Defense Council*, 467 U.S. 837 (1984). This rule applies even where a court believes that there is a more reasonable interpretation, and even where the agency's interpretation is a

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[35] Similarly, the Department's regulations, stating that "[t]he objective of the disclaimer is to eliminate the necessity for court action or private legislation in those instances where the United States asserts *no ownership or record interest*" are not conclusive on this point. 43 C.F.R. § 1864.0-2(a) (emphasis added).

[36] One final legislative history argument has been made in opposition to the Department's interpretation that § 315 authorizes it to disclaim R.S. 2477 rights-of-way. As noted above, Congress repealed R.S. 2477 in FLPMA while preserving already perfected R.S. 2477 rights-of-way. Congress also created Title V of FLPMA to establish a process for granting *new* rights-of-way over public land. It has been argued that in light of the considerable attention Congress focused on rights-of-way in FLPMA, if Congress had meant to allow the Department to disclaim R.S. 2477 rights-of-way through the use of § 315, it would have said so. While this view may have some merit, we find it just as plausible to conclude that Congress did not consider the issue at all, especially because no explicit statutory solution was provided in FLPMA for the resolution of R.S. 2477 claims.

departure from past practice. *See, e.g., American Fed'n of Govt. Employees, Local 3884 v. FLRA*, 930 F.2d 1315, 1324 n. 12 (8th Cir. 1991).

As applied here, principles of statutory construction and deference firmly embedded in administrative law counsel substantial deference to DOI's interpretation of FLPMA § 315. As discussed above, a number of terms in FLPMA § 315 are ambiguous, notably, "lands," "interests in lands," and "cloud on title."[37] Although the Department's interpretation is not necessarily the only reasonable one, DOI is the agency responsible for management of the public lands and for administration of FLPMA. For the reasons discussed above, we find the Department's interpretations of these terms and of FLPMA § 315 as a whole to be reasonable.

CONCLUSION

In sum, we conclude that the 2003 Disclaimer Rule is not a final rule or regulation covered by the prohibition in Section 108, but that the Utah MOU is covered because it is a substantive rule under the APA that "pertain[s] to the recognition, management, and validity" of R.S. 2477 rights-of-way. We also conclude that, independent of this Section 108 prohibition, the Department has authority under FLPMA § 315 to disclaim interests in R.S. 2477 rights-of-way.

February 6, 2004

[37] To the extent that DOI has filled the statutory gaps through notice and comment rulemaking as it has with respect to the definition of "lands," we view such interpretation as conclusive under *Chevron* and *Mead*.

American Land Rights Association
30218 N.E. 82nd Ave, PO Box 400
Battle Ground, WA 98604



RS 2477 RESOURCES

ALRA-AK AGENCIES LAWS REGS and SOURCES ANILCA NAVIGABILITY TRAIL MAINT. FIREWOOD - LOGS FIRE PROTECTION

ACCESS CLOSURE TO PATENTED PRIVATE LAND IN LOWER 48 STATES

Alaska DNR RS 2477

AS 19.30.400. Identification and acceptance of rights-of-way. [includes list of 659 accepted RS2477 routes]
11 AAC 51.055. Identification of R.S. 2477 Rights-of-Way
11 AAC 51.100. Management of Public Easements, Including R.S. 2477 Rights-of-Way
11 AAC 53.110. General survey standards - Class III required for RS 2477, seems excessive!

STATE OF ALASKA COMMENTS ON PROPOSED RULES RS 2477 RIGHTS-OF-WAY

Published at 59 Fed.Reg. 49216 et seq. (August 1, 1994)

ALASKA RS 2477 TRAILS

The State of Alaska has achieved Quiet Title to the Harrison Creek - Portage Creek Trail (RST 8) in the Circle Mining District. Because the original trail has been moved many times to accommodate active mining since 1976, (the deadline for identification of existing rights-of-way), the State has entered into a consent decree accepting a mutually agreeable 60-foot right-of-way to substitute for abandonment of portions of the existing trail. This was one of 11 of the 620 "Qualified" trails that was "Certified" as a test case, and was selected for litigation because it had the broadest potential for setting precedent. The Department of Law and the Division of Mining, Land & Water require funds for this legal effort to file "quiet title" actions in court to determine the validity of the routes.

U.S. v VOGLER

1988 granted permanent injunction prohibiting placer miner from operating off-road vehicles in national preserve without first obtaining access permit and from conducting placer miner operations without submitting and obtaining approval of mining operations plan. Miner appealed. The Court of Appeals, held that: (1) Federal Government had authority to regulate access and mining within Alaska's national parks; (2) regulations did not deprive placer miner of "adequate and feasible" access to his claims and were within power granted under property clause; (3) Federal Government had authority to regulate travel on trail, even assuming it was established right-of-way; and (4) claim alleging unconstitutional taking of property rights was not ripe for judicial resolution.

SHULTZ v DEPARTMENT OF ARMY

Shultz v. Army, 1993, concerning a right-of-way claim across Fort Wainwright, established that the public right-of-way between the origin and termini of the route need not be absolutely fixed, and upheld the broad definition of a highway found in state law. On rehearing, the 9th Circuit Court of Appeals reversed its original ruling in the Shultz case. However, the legal reasoning that produced that original decision has been used to support other cases. Paul G. Shultz appeals the district court's judgment in favor of the government in his quiet title action under 28 U.S.C. S 2409a. Shultz argued that he has a right-of-way across Fort Wainwright to get back and forth between Fairbanks and his property under either R.S. 2477, 43 U.S.C. S 932, or Alaska common law, or both. Because we ultimately agree with the district court that Shultz has not sustained his burden to factually establish a continuous R.S. 2477 route or a right-of-way under Alaska common law, we affirm the district court. We do not reach Shultz's argument that the district court erred by holding that his action was time-barred by 28 U.S.C. S 2409a(g).

Exchange with NPCA on RS 2477 in Wrangell St. Elias News 5/04

2/03 FEDERAL RECORDABLE DISCLAIMER REGULATION

1?/25/03 - Off-road organizations, San Bernardino County, petition to own areas - DON THOMPSON, Associated Press - The county's claim was the nation's first under the new federal regulation adopted by the Interior Department in February.

OTHER RS 2477 RESOURCES

GOOGLE SEARCH: RS2477 AND SALT LAKE TRIBUNE -- A bonanza of information on the unfolding RS 2477 process in Utah

4/9/02 - MOU U.S. Dept of the Interior and State of Utah - http://www.doi.gov/news/mours2477.htm

7/16/03 - Congress likely to kill roads deal, Christopher Smith, Salt Lake Tribune - WASHINGTON -- Congress is poised to kill Utah's landmark agreement with the Department of Interior to transfer rights to old roadbeds across federal lands to counties as the House begins debate on the Interior appropriations bill today, with a vote expected Thursday.

8/17/03 - History essential to understand road rights, Alan D. Gardner, Salt Lake Tribune - In April the Department of Interior announced that it had signed an MOU Utah resolving the road issue (R.S. 2477). Southern Utah Wilderness Alliance and other extreme environmental groups (including some of the groups that want to drain Lake Powell) are very strongly opposed to this decision, stating that these "aren't roads, but ways." It seems as if their goal is to eliminate public access to public land. To make a fair judgment on this issue, some background history is essential. As each new area of this country developed, the federal government owned all of the land. Gradually land was sold or homesteaded, with almost all land transferring to private ownership. However, in the Western states, this transfer from federal to private ownership in many cases was never completed.

5/20/03 - Greedy Socialists - Salt Lake Tribune - Until wilderness advocates and R.S.2477 opponents tell the truth about socioeconomic impacts on rural communities and the tax base of Utah, I and many other rural citizens will remain angry with greedy, socialistic environmental groups striving to take away our rights to "life, liberty and the pursuit of happiness."

7/29/97 - Letter to GAO about RS2477

Utah County Roads (R.S. 2477) Presentation BE PATIENT! LONG TIME TO LOAD (12 MB Adobe PDF Document)

4/20/03 - Finding Common Ground on County Roads - Op-Ed by Governor Mike Leavitt - Imagine the confusion that would result if the county recorder's office burned down and ownership records for the entire community were lost. Utah finds itself in a somewhat similar situation with respect to county roads. Our mostly rural transportation system used by ranchers, miners, hikers, hunters, federal land managers, county officials, tourists and others is caught in a divisive and costly legal battle over rights of way on potentially thousands of roads.

What is "Revised Statute R.S. 2477"? - National Public Lands News

What is "Jarbidge South Canyon Road" ?

R.S. 2477 - BLM is proposing new rules to process "road claims" on public lands. The subject law, a one-sentence, 21-word statutory provision, known as Revised Statute 2477, was passed on July 26, 1866. Twenty six years after its repeal by FLPMA, the process of asserting claims under the statute is far from consistent and has been the subject of litigation between the Federal government, the states and the counties. 43 CFR Part 1860 [WO-350-1864-24 1A] RIN 1?4-AD50 Conveyances, Disclaimers and Correction Documents
AGENCY: Bureau of Land Management, Interior. ACTION: Final rule.

http://www.nplnews.com/fedregister/2003/jan62003-blm-rs2477.htm
SUMMARY: The Bureau of Land Management (BLM) amends its regulations pertaining to recordable disclaimers of interest in land. We are amending the regulation by: removing the 12-year regulatory filing deadline for states; removing the requirement that an applicant be a ``present owner of record'' to be qualified under the Act; allowing any entity claiming title, not just current owners of record, to apply for a disclaimer of interest; defining the term ``state'' as it is used in this rule; clarifying how we will approve disclaimer applications involving another Federal land managing agency.

12/28/02 - Little Wyo interest in old road law - Casper Star Tribune - The state of Wyoming has not taken much interest in an old federal law making it possible for local governments to claim rights-of-way through federal lands.

RS 2477 in California
http://www.death-valley.us/article500.html
http://www.death-valley.us/article499.html
http://www.worldnetdaily.com/news/article.asp?ARTICLE_ID=18049

ACCESS CLOSURE TO PATENTED PRIVATE LAND IN LOWER 48 STATES

9/11 - Catron Co, NM - Forest Service Probes Road Grading - There are 4 parcels of unimproved, uninhabited tracts of land located on the San Francisco River that are surrounded by national forest lands. The road servicing these tracts is an old historic road (RS 2477) connecting Glenwood with Reserve. This 17 mile stretch of road has not been maintained by the county for many years. However travelers and landowners have continually gone up the river anyway. The Gila Forest wishes to purchase this property and has had it appraised. Our county land plan calls for no net loss of private land. Private land is our tax base and provides a nucleus for any future economic benefits. One of the landowners would not consent to sell. This land owner received a letter from Gila Forest Supervisor Kelly M. Russell stating that the area had been designated as the Devils Park Road-less area. He was informed that his only access was by foot or horseback. He could be granted a vehicle permit if he consented to pay the forest service to do a full blown NEPA study. Nobody else, to our knowledge was informed of this road-less designation including Catron County. One of the strongest rights in the U.S. is to have full access to ones private land.

For More Information Contact:
American Land Rights Association
Tel: 360-687-3087
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[_private/navbar.htm]

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STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

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March 28, 2012

The Honorable Paul Seaton
Co-Chairman, House Resources Committee
State Capitol, Room 102
Juneau, Alaska 99801-1182

The Honorable Eric Feige
Co-Chairman, House Resources Committee
State Capitol, Room 126
Juneau, Alaska 99801-1182

Re: HJR 40

Dear Representatives Seaton and Feige:

On Monday the House Resources Committee heard HJR 40, addressing RS 2477 rights-of-way and other matters. Included in the resolution is language encouraging the Governor to re-establish federalism sections within the Departments of Law, Natural Resources, and Fish and Game. I am informed that the Committee would like to know whether the Department of Law supports creation of a federalism sub-section.

While the Department welcomes the Legislature's strong support and encouragement to defend State title to RS 2477 rights-of-way and to pursue other challenges to federal overreach, creation of a federalism section is unnecessary.

The Department established a statehood defense subunit within its Natural Resources Section during the Hickel administration to initiate several state's rights cases against the federal government. Although the functions of this subunit were later integrated into other sections, the focus of the former subunit has continued. The Department emphasizes federalism issues, which pervade many of the areas in which our sections work, including Natural Resources, Environmental, and Oil, Gas & Mining Sections. The attorneys in these sections have the specialized backgrounds necessary to address the issues that arise from state/federal jurisdictional disputes. Maintaining the Department's existing administrative structure gives the flexibility to assign federalism matters to the attorneys with the most expertise in the particular contexts in which they

arise. It is a priority of mine to continually coordinate Law's staff so that each of the issues raised in our cases are addressed by the most capable and experienced attorneys.

Under the Parnell administration, Law and all State agencies are closely monitoring federal actions that could impact the State. Law is working with other agencies to pointedly comment on federal land management plans, environmental impact statements, and regulatory proposals; to assure the State is proactively conducting scientific studies; and to litigate where necessary to enforce the State's right to access and develop natural resources. We also actively team with other Western states to oppose unnecessary federal action. For example, nine other states joined an amicus brief that Alaska drafted for the recent *Sackett v. EPA* case in U.S. Supreme Court, to urge the Court to overturn an EPA action that threatened the property rights of an Idaho couple. We have dedicated an attorney to RS 2477 cases and assigned others to assert the State's navigability claims, challenge the application of the Forest Service 2001 Roadless Area Conservation Rule to the Tongass and Chugach National Forests, resist unwarranted listings under the Endangered Species Act, oppose the EPA's extraordinary assertions of federal jurisdiction under the Clean Water Act, and pursue the development of oil and gas resources on the Outer Continental Shelf.

I assure you that the Department's focus on defending Alaska's statehood rights will continue under my leadership.

Sincerely,

Michael C. Geraghty
Attorney General

Testimony re House Joint Resolution 40
April 2, 2012, LIO Anchorage – 1 pm

My name is Malcolm Roberts. I have a consulting firm called Malcolm B. Roberts & Associates, and I am a Senior Fellow at the Institute of the North. I am representing myself. *My address is 2001 Churchill Drive, Anchorage, AK 99517. My email address is mbroberts@gci.net.*

Co-Chairmen Feige and Seaton and members of the House Resources Committee, thank you for holding this hearing and accepting public testimony.

I commend Rep. Wes Keller, and his co-sponsors for addressing two critical issues in HJR40 – issues that will have significant ramifications for Alaska's resources until the end of this century and probably well beyond.

First, Valid Existing Rights of Access across federal properties in Alaska – which make up two-thirds of our state.

Second, the need to demand that the Federal government lives up to the promises made to the Alaska people in 1958 in our Statehood Compact.

Senator Stevens once commented, "Alaska has more disputes with the Federal government daily than most states have annually. And these disputes are primarily over access."

As members of the Resource Committee, you understand all too well that having vast resources means nothing if you can't get to them.

I am not referring only to resources on federal land – but on state land, Native corporate land and Native allotments, and what is left of other private inholdings.

The good news is that we have <u>legal rights of access</u> that belong to the State of Alaska and thereby its citizens.

These rights are based on proven historic trails and were authorized by federal law Revised Statute 2477, part of the Mining Act of 1866.

These rights should be asserted by the state, and we should back up Utah and other states in their efforts to do the same.

Last Friday, it appeared that the Department of Law was suggesting that you back off the second recommendation regarding defense of our rights agreed to in our Statehood Compact. I strongly disagree.

I respectfully urge this committee to call for a re-establishment of a Division in the Department of Law for this purpose.

Governor Hickel set up such a Division in the early 1990s.

This Division should be a permanent arm of the State's Department of Law, and it should be staffed by the best and brightest attorneys we can attract.

In my 42-year career in Alaska, I have studied debated and written reports on both of the issues addressed in HJR40 - Access and the Compact.

I was recruited in 1985 to head a Task Force to research existing RS2477 rights-of-way throughout Alaska by Senator Jack Coghill, the father of today's Senator John Coghill.

The senior Senator Coghill, as Chair of the Senate Transportation Committee, was determined to preserve the State's rights of access and achieved a great deal in that regard.

RS2477 has been utilized throughout the western states to provide public use for everything from

- **walking trails to remote fishing streams and lakes**
- **to access to the banks of state-owned navigable waters**
- **to highway construction on public lands and what we now call "roads to resources."**

Note: The statutory definition of "highway" in Alaska's unique transportation system includes roads, trails, streets and bridges.

Our first assignment as the RS2477 Task Force was to provide the National Park Service with the information we collected indicating the State's valid existing rights of access, so that it would be included in their federal planning documents.

Many draft federal plans were revised to include our work, including maps of known RS 2477 rights-of-way and trail descriptions in 9 of the 13 National Park general management plans.

(The missing 4 had been completed prior to June 1985 when our Task Force began its work).

Our mission was later expanded to provide data so that these rights-of-way could be recognized in federal planning documents being prepared as part of ANILCA's mandate – including **Refuge Plans by the U.S. Fish and Wildlife, Wild and Scenic Rivers, and conservation areas managed by the Bureau of Land Management, and the U.S. Forest Service.**

With the release of our final report on January 15, 1987 we had identified over 600 valid RS 2477s rights-of-way on federal lands within the State.

However in the ensuing years, the federal government insisted that Alaska must litigate when it wants to assert an RS 2477 right-of-way.

It is patently absurd to require that we have to sue to use something that is already ours.*

It's like saying that in spite of the Bill of Rights, American citizens have to sue the Federal Government to get permission to speak!

The fears that motivated the Federal establishment in Alaska were partly the result of a gaff (which I believe was deliberate) **by opponents to state access within and across federal lands within the Bureau of Land Management.**

They published a report and put a map on the cover that included ALL of the possible or proposed roads, trails and rail lines throughout Alaska.

It became known as the "Spaghetti Map."

And it made the State of Alaska look like downtown Los Angeles.

The backlash was strong…even from many Alaskans who support access and resource development. **It paralyzed the process.** As a result, Alaska has retained its standing as having fewer miles of roads than our smallest state, Rhode Island.

Partly for this reason, when we wrote our final report for the RS2477 study in the 1980s, we took a difference tack.

We recommended that the State focus on only 8 vital Transportation Corridors to be asserted and set aside for future use.

That recommendation is still valid and should be pursued.

If I were to read the names of these corridors, most of you would understand why they are important to the Alaska people both to residents of rural Alaska, and to our economy as a whole.

Here's the list:

1. The Arctic Coastal Plain – east of Prudhoe to the Canadian border
2. Access from Nenana to Kobuk to Ambler – I trust that this committee is aware of the vast copper reserves in Ambler.
3. Along the Upper Cook Inlet (started at Beluga)
4. The Yukon/Kuskokwim portage
5. From the Susitna River to McGrath
6. The Kantishna spur - into Denali National Park
7. From Circle to Eagle
8. And the so-called Aleutian Crossing

Regarding the Statehood Compact, I staffed a committee of Commonwealth North, the bi-partisan Anchorage-based public policy organization, **in the early 1980s that studied Alaska's Compact with the federal government.**

The members of that committee included Anchorage Times publisher Bob Atwood, Governor Wally Hickel, Judge James Singleton, former Natural Resources Commissioner and State Senator Irene Ryan, and planner/environmentalist Dr. David Hickok… to name a few.

Their report was published as a small book by APU Press, called "Going Up In Flames - The Promises of Alaska Statehood under Attack". I commend it to you.

It should be required reading of all those elected or appointed to public office prior to asking them to swear to uphold the Alaska Constitution.

Later as Cabinet Secretary in Governor Hickel's second term from 1990 to 1994, I worked closely with the Governor as he and his legal team launched four major lawsuits against the federal government -- lawsuits that addressed egregious federal violations of Alaska's Statehood Compact.

Unfortunately, these cases were filed late in Governor Hickel's second term, too late for the Hickel Administration to follow through. And those who followed were lukewarm in their support.

A key to most of the issues you must deal with is ANILCA, the Alaska National Interest Lands Conservation Act of 1980.

In 2002 Senators Ted Stevens and Frank Murkowski, through the Department of Interior, commissioned the Institute of the North to prepare a detailed 180-page ANILCA Training Curriculum for land managers, staff, in-holders, and all interested Alaskans.

Since then, the Institute has used that Curriculum to conduct executive training sessions on ANILCA - in fact one was held last month in Fairbanks and another began this morning at the Hotel Captain Cook here in Anchorage.

On page 60 of that Training Curriculum, it quotes Section 1109 of ANILCA that says "nothing in this title (the transportation title, #XI) shall be construed to adversely affect any valid existing right of access."

And Section 1110 (b) state's categorically that "Adequate and feasible access to inholdings is guaranteed."

And yet, these valid existing rights of access have, I dare say almost daily, been ignored or violated since the passage of ANILCA.

It's up to the State of Alaska to require the federal government to obey the law. This will only happen if the State creates a team of top attorneys who are committed to defend our rights and a Governor and an Attorney General who backs them up.

In sum, I support the passage of HJR 40 and respectfully urge this committee and this legislature not to leave it at that. There is much to be done.

Thank you.

* The opposite should be true. The feds should have to go to court if they want to stop us from asserting assert what we believe is ours and see if they prevail. I don't believe they will.

SB

13

<TARGET><BILL>SB 13</BILL><SUBJECT>SB
13</SUBJECT><COMM>HRES27</COMM></TARGET>

Senator Hollis French

Sponsor Statement

CSSB 13 (FIN) – Waive Park Fees for Disabled Veterans

Alaska's veterans served our country with pride. This legislation shows a small token of our appreciation, by providing disabled veterans who are residents of the state with free and discounted access to state park facilities.

Our parks provide all Alaskans with the opportunity to explore and recreate in Alaska's wild places. To provide these opportunities to those with disabilities, many park facilities are compliant with ADA standards. Six cabins have been modified to include features like wheelchair ramps. Two boat launches, 14 campgrounds, 10 historic sites and dozens of day use locations provide handicap accessible facilities. Regardless of disability, the system is truly open to all Alaskans.

In 1991, Alaska passed a law which created a special disabled veteran camping permit, providing disabled veterans with free camping in state park campgrounds. Senate Bill 13 extends this free benefit to boat ramps, RV facilities and day parking, and provides at least a 50 percent discount for public use cabins.

Please join me and support this meaningful piece of legislation.

Senator Hollis French

Capitol Room 417
465-3892
465-6595 fax

February 6, 2012

Explanation of Changes in CS for Senate Bill 13

In the Senate Resources Committee, a new subsection (g) was added to SB 13 in response to concerns raised by the Department of Natural Resources. The Division of Parks testified that for public use cabin reservations, when someone cancels a reservation, they are issued a credit they can use for future reservations. The division expressed concern that with a full fee waiver, there would be no incentive for a veteran to cancel a reservation and this would tie up a cabin that could be used by someone else.

Sec. 41.21.026(g) was added to provide a discounted fee for a disabled veteran for rental of a public use cabin. Under subsection (g), the fee that may be charged or collected from a disabled veteran for rental of a public use cabin may not be more than 50 percent of the fee that would be charged or collected from a person that is not a disabled veteran.

In regard to the addition of subsection (g), conforming amendments were made to Sec. 41.21.026(a) and Sec. 4, subsection (f).

In the Senate Finance Committee, subsection (g) was changed in the committee substitute to make clear the sponsor's intent that the discount on public use cabins applies only to disabled veterans who are residents of the state.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **CSSB 13(FIN)**
Fiscal Note Number: 2
(S) Publish Date: 2/6/12

Identifier (file name): CSSB013-DNR-PM-1-27-12
Title: Waive park fees for disabled vets
Sponsor: Senator French
Requester: Senate Resources Committee

Dept. Affected: Natural Resources
Appropriation: Parks & Recreation Management
Allocation: Parks Management
OMB Component Number: 3001

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services		206.0					
Travel							
Services	6.0		6.0	6.0	6.0	6.0	6.0
Commodities	4.0		4.0	4.0	4.0	4.0	4.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**10.0**	**206.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF	216.0		216.0	216.0	216.0	216.0	216.0
1005	GF/Prgm (DGF)	(206.0)	206.0	(206.0)	(206.0)	(206.0)	(206.0)	(206.0)
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**10.0**	**206.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES 1005	**(206.0)**	**(206.0)**	**(206.0)**	**(206.0)**	**(206.0)**	**(206.0)**	**(206.0)**

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

A previous fiscal note for this proposed legislation was submitted by the department 3/18/2011 and included an estimate of revenue loss of $252.0. This figure included combined revenue loss from day use, boat launch and dump station fees ($160.0) and public use cabin reservation fees ($92.0). An amendment to SB 13 approved by the Senate Resource committee changed the fee exemption for public use cabin reservations from 100% to 50%. The previous fiscal note included a one time $10.0 in services to make programming changes to the online cabin reservation system.

Prepared by: Ben Ellis, Director — Phone: 269-8700
Division: Parks and Outdoor Recreation — Date/Time: 1/27/12 / 9:00 AM
Approved by: Daniel S. Sullivan, Commissioner — Date: 1/27/2012
Department of Natural Resources

(Revised 1/17/2012 OMB)

FISCAL NOTE #2

STATE OF ALASKA **BILL NO.** CSSB 13(FIN)
2012 LEGISLATIVE SESSION

Analysis

Current statute provides that the "department shall issue free of charge to disabled veterans of this country an annual state park developed campsite permit" (AS 41.21.026(d)). The department issued a total of 2,962 DAV camping passes in 2010 and 2011.

The version of SB 13 that advanced from the Senate Resources committee on January 19, 2012 provides for an exemption to disabled veterans for 50% of fees for a public use cabin reservation. In addition, SB 13 would expand the exemption from state park fees for disabled veterans to include the following:
- Use of an RV dump station
- Admission or guided tours to a visitor center or historic site
- Use of an improved boat ramp
- Day use and
- Attendance at educational programs

This proposed legislation will result in an estimated loss of $206.0 in fee revenue. This includes a loss of $160.0 in day use, boat launch and dump station fees and $46.0 in public use cabin reservation fees. This fiscal note includes $206.0 in general funds to replace the anticipated loss in fee revenue and to allow the same level of service to be provided by state park staff. If the loss in fee revenue is not replaced, the division could lose approximately three positions that provide direct service to the public.

The fee exemptions provided for in this proposed legislation will be administered in the same way as the camping passes in order to prevent fraud. That is, disabled veterans will be asked to provide documentation of their status in person at one of the department's public information centers. The $6.0 services cost is for the administration of the fee exemption program. The $4.0 in commodities is an estimate of the cost of making a tag to hang on a vehicle's rear view mirror when the disabled veteran visits a state park facility that is road accessible and charges a fee.

The number of disabled veterans receiving free overnight camping passes has increased an average of 10% over the past four years.

2010 ALASKA STATE PARKS FEES

Fees subject to change.

Alaska Department of NATURAL RESOURCES

Revised March 2010

ANNUAL PASSES	
Alaska Resident Disabled Vet Camping (1 Only)	Free
Daily Parking	$40*
Second Daily Parking (Same household)	$20*
Boat Launch	$75*
Second Boat Launch (Same household)	$40*
Combination (Day Use/Boat Launch) **NOTE: 2nd & subsequent passes $100.**	$100

***Purchase of 3rd and subsequent passes are at full price.**

There is a $10 decal fee to replace unsalvageable decals. Damaged decal must be presented.

CAMPING	Charge	Per
Anchorage Area		
Chugach State Park		
- Bird Creek CG	$15	Site
- Bird Creek Overflow	$15	Vehicle
- Eagle River CG/Executive Site	$15/$30 C*	Site
- Eklutna Lake CG	$10	Site
Mat-Su / Copper Basin Area		
Big Lake North & South SRS	$15 C*	Vehicle
Denali State Park		
- Byers Lake CG	$10	Site
- Denali View North & South CG	$10	Vehicle
- Lower Troublesome CG	$10	Vehicle
Finger Lake SRS	$15 C*	Vehicle
Hatcher Pass Gold Mint/Gov Peak	$10	Vehicle
Kepler-Bradley SRA (**Tents Only**)	$10 C*	Site
King Mountain SRS	$15 C*	Site
Matanuska Glacier SRS ** C*	$15/$10	Site/Vhcle
Montana Creek**	$20	Vehicle
Nancy Lake SRA-South Rolly L.	$10	Site
Nancy Lake SRS	$10	Site
Rocky Lake SRS	$15 C*	Site
Willow Creek SRA	$10	Vehicle
Dry Creek SRS **	$12 C*	Site
Lake Louise SRA / Walk-In	$5	
- Army Point CG	$15 C*	Vehicle
- Lake Louise CG	$15 C*	Vehicle
Liberty Falls SRS** **(CLOSED 5/08)**	$12 C*	Vehicle
Porcupine Creek SRS **	$12 C*	Vehicle
Squirrel Creek SRS **	$12 C*	Site
Northern/Interior Area		
Big Delta SHP	$5	Vehicle
Birch Lake	$10	Vehicle
Chena River SRA		
- Red Squirrel CG	$10	Vehicle
- Rosehip CG	$10	Site
- Tors Trail CG	$10	Site
Chena River SRS		
- Hook-Up Sites (Elec & water)	$28 C*	Site
- No Hook-Up Sites	$17 C*	Site
- Sites W1 – W5 (Walk In Camping)	$10 C*	Site
Clearwater SRS	$10	Site
Delta SRS	$10	Site
Donnelly Creek SRS	$10	Site

C* = Contracted

Northern/Interior Area Con't		
Eagle Trail SRS	$15	Site
Harding Lake CG	$10	Site
- Harding Lake Parking Area	$10	Vehicle
Lower Chatanika River SRA	Passively	Managed
Moon Lake SRS	$15	Site
Quartz Lake SRA		
- Lost Lake CG	$10	Site
- Quartz Lake CG	$10	Site
- Quartz Lake Camping/ Parking Area	$10	Vehicle
Salcha River SRS	$10	Vehicle
Tok River SRS	$15 C*	Site
Upper Chatanika River SRS **	$13 C*	Vehicle
Southeast Area		
Chilkat SP	$10	Site
Chilkoot Lake SRS	$10	Site
Eagle Beach SRS	$10	Site
Mosquito Lake SRS	$10	Site
Portage Cove SRS	$5	Site
Settlers Cove SRS	$10	Site
Kenai Area		
Anchor River SRA		
- Coho CG	$12 C*	Site
- Halibut CG	$12 C*	Site
- Silver King CG	$12 C*	Site
- Slidehole CG	$12 C*	Site
- Steelhead CG	$12 C*	Site
Blueberry Lake SRS **	$14 C*	Site
Captain Cook SRA - Discovery	$12 C*	Site
Clam Gulch SRA	$10	Site
Crooked Creek SRS	$10	Site
Deep Creek SRA		
- Deep Creek Beach CG	$10	Site
- Deep Creek North CG	$10	Site
- Deep Creek South CG	$10	Site
Johnson Lake SRA	$10	Site
Kasilof River SRS	$10	Site
Kenai River SMA		
- Bing's Landing CG	$10	Site
- Funny River CG	$10	Vehicle
- Izaak Walton CG	$10	Site
- Morgan's Landing CG	$10	Site
Ninilchik SRA		
- Ninilchik Beach CG	$10	Vehicle
- Ninilchik River CG	$10	Site
- Ninilchik Scenic CG	$10	Site
- Ninilchik View CG	$10	Site
Stariski SRS	$12 C*	Site
Kodiak Area		
Buskin River SRS**	$10	Site
Fort Abercrombie SHP**	$10	Site

**The fee for self-registration ("iron ranger") for overnight camping at these contract-managed facilities is as listed above. If Park staff or the contract manager's staff has to collect the fee due to non-payment, an additional fee will be charged as follows:
$2 at Montana Creek & Upper Chatanika
$3 at Chena River, Matanuska Glacier, & Porcupine Creek
$5 at Buskin River, Dry Creek, Ft. Abercrombie, Liberty Falls, & Squirrel Creel

DAILY PARKING	Per Vehicle
Anchor River SRA	$5 **C***
Big Lake North / South SRS	$5 **C***
Birch Lake SRS	$5
Chena Rvr SRA (Angel Rocks & Tors)	$5
Chugach State Park-All Access Points	$5 **(C*-Eagle River)**
Captain Cook SRA	$5 **C***
Clam Gulch SRA	$5
Crooked Creek SRS	$5
Deep Creek SRA (North & South)	$5
Dry Creek SRS	$5 **C***
Eagle Beach SRS	$5
Eagle River Nature Center	$5 (Decal not accepted)
Ermine Hill TH/Little Coal Creek (Denali)	$5
Finger Lake SRS	$5 **C***
Harding Lake SRA	$5
Hatcher Pass East Mgmnt Area	$5
Independence Mine SHP	$5
Kasilof River SRS	$5
Kenai River SMA-Bings Landing, Izaak Walton, Cooper & Morgan's Landing, (Slikok Crk/Flats (July)	$5
The Pillars (KRSMA)	$5 (Decal not accepted)
Johnson Lake SRA	$5
Kepler-Bradley Lakes	$5 **C***
King Mountain	$5 **C***
Lake Louise SRA	$5 **C* ($3 w/decal)**
Liberty Falls SRS	$5 **C***
Lowell Point SRS	$5
Matanuska Glacier SRS	$5 **C***
Montana Creek (**see page 1)	$10 **C***
Nancy Lake SRA	$5
Ninilchik Beach & Overlook	$5
Quartz Lake SRA	$5
Rocky Lake SRS	$5 **C***
Scout Lake SRS	No Charge
Squirrel Creek SRS	$5 **C***
Willow Creek SRA	$5

BOAT LAUNCHING	Charge
Big Lake North / South SRS	$10 **C***
Birch Lake SRS	$10
Chena River SRS	$5 **C***
Chilkat	$5
Clearwater SRS	$5
Deep Creek SRA	$5
Deep Creek/Anchor River Tractor	$55 **C*** (Decal not accepted)
Finger Lake SRS	$10 **C***
Harding Lake SRA	$10
Kasilof River SRS	$5
Kenai River SMA	
- Bing's Landing & Izaak Walton	$10
- Cooper Landing	$5
- The Pillars	$10 (Decal not accepted)
Lake Aleknagik SRS	$10
Lake Louise SRA	$10 **C* ($7 w/decal)**
Nancy Lake SRS	$10
Old Sitka SHP	$10
Quartz Lake SRA	$10
Salcha River SRS	$10

SANITARY DUMP STATIONS	Charge
Big Delta SHP	$5
Byers Lake	$5
Chena River SRS	$5 **C***
Chugach SP - Eagle River CG	$5 **C***
Harding Lake SRA	$5
Ninilchik SRA	$5
NOTE: Nightly campers may dump free at Chena River SRS, & Hardling Lake SRA	

PUBLIC USE CABINS	Peak	/ Non-Peak
Anchorage Area		
Chugach State Park		
- Eklutna Lake (1 cabin)	$50	$40
- Serenity Falls Hut (Call PIC 269-8400)		
- Eagle River Nature Center (3 cabin/yurts)	694-2108	
Whittier – Decision Point Cabin	$65	$50
Kenai / PWS Area/Seward/Homer/Valdez		
Caines Head SRA (Seward) (2 cabins)	$65	$50
Thumb Cove SMP (Seward) (2 cabins)	$65	$50
Kachemak Bay SP (Homer)		
- Halibut Cove Lagoon (3 cabins)	$65	$50
- China Poot Lake (1 cabin)	$65	$50
- Mooses Valley (1 cabin)	$35	$25
- Sea Star (Tutka Bay) (1 cabin)	$65	$50
- 6 Yurts (**C*** Nomad Shelter @235-0135)		
Shoup Bay SMP (Valdez) (3 cabins)	$65	$50
Gulf Coast Cabins		
-Midtimber Lake & Vitus Lake	$65	$50
Kodiak Area		
Afognak Island SP (2 cabins)	$35	$25
Shuyak Island SP (4 cabins)	$75	$60
Mat-Su Area		
Denali State Park-Byers Lake (3cabins)	$60	$45
Nancy Lake SRA		
- James Lake – (1 cabin)	$45	$30
- Lynx Lake – (3 cabins)	$35	$25
- Nancy Lake (4 cabins)	$45	$30
- Red Shirt Lake (4 cabins)	$45	$30
- Bald Lake (1 cabin)	$60	$45
Fairbanks Area		
Birch Lake Cabin	$35	$25
Chena River SRA		
-Trail Access: Upper & Lower Angel, Nugget, Colorado, & Stiles Creek Cabins	$25	$20
-Road Access: North Fork/Chena River/Hunt	$50	$40
Salcha River SRS (1 cabin)	$25	$20
Quartz Lake SRA (2 cabins)	$35	$25
Fielding Lake SRA (1 cabin)	$35	$25
Ice Fishing Huts - Day Use Only (7 huts)	$15	
Southeast		
-Pt Bridget (3) Cowee/Blue Mussel/Camping Cove	$45	$35
-St James/Oliver Inlet - Hinman/Seymour	$35	$25
-Tiger Olson (Taku Harbor)	$35	$25
- Rupe Andrews (Shelter Island)	$35	$25
- Grindall Island (1)	$35	$25
Fees, capacity limits, and stay limits for cabins vary. The above fees are the nightly base rate. Contact the local park office for details or see our web site at www.alaskastateparks.org & click on Public Use Cabins.		

GUIDED TOURS OF HISTORICAL SITES	
Ft. Abercrombie	
Adults / Seniors (60+) / Child Under 10	$3 / $2 / Free
Independence Mine SHP	
Adults / Child Under 12	$5 / $3
Park Ranger led tour by arrangement	$30/Person
Totem Bight	$5

COMMERCIAL ACTIVITIES

People conducting commercial activities in state parks must have a current commercial use permit. Permit requirements, stipulations and fees vary. Contact the appropriate local park office for information.

RESERVED USE OF DEVELOPED FACILITIES

The State Park system has numerous picnic shelters, group camping areas, visitor centers, and other facilities that can be reserved for the exclusive use of groups. Contact local park offices for information on available sites, fees and other details.

C* = Contracted

Division of Parks and Outdoor Recreation

Alaska Department of Natural Resources

ADA Facilities

This listing is alphabetized by facility type, such as trails, cabins or campgrounds. The Alaska State Parks Statewide Brochure has facilities listed by town with a notation marking facilities with accessible features. Click here for the statewide brochure.

If a park or cabin is underlined, click on the name for more information on that park or cabin. Click on the town name for park location and other facilities, as shown in the statewide brochure pages.

For more detailed information, visit the State's ADA Coordinator's Office ADA Parks Accessibility Survey 2002.

Disclaimer: Accessibility standards change over time as guidelines are being developed. When a facility is built or remodeled, it meets guidelines current at the time of construction. Although access issues are addressed, some persons with particular disabilities may have difficulty with, for example, the signing, window latches or stoves. It is recommended that the disabled park visitor bring along a fully able companion on his or her first visit to a park facility in case of difficulties or problems. Solo trips can be taken later, knowing the facility and terrain. If anyone using facilities listed here encounters difficulties not mentioned, please contact local park staff or email: dnr.pksweb@alaska.gov Suggestions and comments are welcomed.

Boat Launches
Cabins
Campgrounds
Day Use Areas and Picnic Sites
Drinking Water
Fishing Access
Historic Sites
Picnic Shelters
Restrooms
Trail heads and Trails
Viewpoints
Visitor Centers

ASP Links
Home
Current News
Cabins
Find a State Park
Statewide Brochure
Park Fees
ADA Facilities
Individual Parks
For More Info
Be Safe
Related Sites

Boat Launches

- Kenai River Special Management Area - Cooper Landing Boat Launch, near Sterling
  A 250 foot boardwalk connects parking, toilets and the boat ramp. The boardwalk has a maximum gradient of 5%. There are also viewing areas and interpretive displays. Pressurized water is available.
- Kenai River Special Management Area - The Pillars Boat Launch, near Kenai
  Accessible dock with a less than 5% gradient to it. Dock is only for boat exit/entry - no fishing allowed from dock. There is paved parking with easy access to viewing deck with interpretive displays. Pressurized water is available.

Cabins

- Chena River State Recreation Area - Chena River Cabin, near Fairbanks with road access
  There is a ramp up to the porch and a ramp from the cabin to the latrine. North Fork Cabin, in the same park, also has road access, but is not fully accessible.
- Chena River State Recreation Area - Twin Bears Camp, near Fairbanks with road access
  This facility has 12 rustic cabins, mess hall and recreation hall. It can be rented by an individuals or group. Ramps exist between three cabins, mess hall, recreation hall and main latrine.
- Chugach State Park State Park - Yuditnu Cabin, near Anchorage
  The cabin is accessible, but the latrine is not. Therefore, help may be needed when

using the latrine. The trail to access the cabin is an old road. Motorized access is allowed, by snowmachines in the winter (all week) and ATVs in the summer (Sunday thru Wednesday only). Bicycles are also allowed (all week).

- Kachemak Bay State Park - Halibut Cove Lagoon East Cabin, remote park near Homer

  Cabin and latrine are along a boardwalk with a maximum gradient of 5%. Assistance may be needed on the ramp from the dock to the cabin boardwalk system. At low tide, the ramp is very steep.
- Shoup Bay State Marine Park - Kittiwake Cabin, remote park near Valdez

  Recommend inner lagoon drop off. Assistance may be needed from boat to hard-pack gravel trail. Click on park name above for more information.
- Thumb Cove State Marine Park - Spruce Glacier Cabin, remote park near Seward

  Assistance may be needed from the beach to boardwalk system. Boardwalk extends from fire ring on beach to the cabin and latrine.

Campgrounds

- Anchor River State Recreation Area - Halibut Day Use, near Homer
- Anchor River State Recreation Area - Slidehole Day Use, near Homer
- Birch Lake State Recreation Site, near Fairbanks
- Chena River State Recreation Site, in Fairbanks
- Chugach State Park - Bird Creek Campground Overflow, near Anchorage
- Chugach State Park - Eagle River Campground, near Anchorage
- Crooked Creek State Recreation Site, near Soldotna
- Deep Creek State Recreation Area - Deep Creek North Campground, near Homer
- Denali State Park - Denali Viewpoint North Campground, near Trapper Creek
- Kenai River Special Management Area - Bings Landing Campground, near Sterling
- Kenai River Special Management Area - Izaak Walton Campground, near Sterling
- Kenai River Special Management Area - Morgans Landing Campground, near Sterling
- Lower Chatanika River State Recreation Area, near Fairbanks
- Ninilchik State Recreation Area - Ninilchik Overlook, near Homer

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Day Use Areas and Picnic Sites

- Anchor River State Recreation Area - Halibut Day Use, near Homer
- Anchor River State Recreation Area - Slidehole Day Use, near Homer

  Pressurized water is available.
- Big Delta State Historical Park, near Delta Junction

  Pressurized water is available.
- Big Lake North State Recreation Site, near Wasilla
- Chena River State Recreation Area - Red Squirrel Campground, near Fairbanks
- Chena River State Recreation Area - Tors Trail Campground, near Fairbanks
- Chena River State Recreation Site, in Fairbanks
- Chugach State Park - Eklutna Lake Campground, near Anchorage
- Chugach State Park - McHugh Creek Day Use, near Anchorage

  Paved.
- Crooked Creek State Recreation Site, near Soldotna
- Deep Creek State Recreation Area - Deep Creek South Day Use, near Homer
- Delta State Recreation Site, near Delta Junction

  Pressurized water is available.
- Harding Lake State Recreation Area, near Fairbanks
- Kenai River Special Management Area - Bings Landing Day Use, near Sterling
- Matanuska Lakes State Recreation Area (formerly Kepler-Bradley Lake State Recreation Area) - Matanuska Lake, near Palmer
- Lower Chatanika River State Recreation Area, near Fairbanks
- Ninilchik State Recreation Area - Ninilchik Overlook, near Homer
- Ninilchik State Recreation Area - Ninilchik River, near Homer

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Drinking Water

Most drinking water facilities in state parks are hand pumps with cement pads for access. These are shown in the statewide brochure pages mentioned at the top of the page. A small number of facilities have pressurized water and are listed here. If the facility is listed elsewhere on this page, pressurized water is mentioned there as well.

- Anchor River State Recreation Area - Slidehole Campground and Day Use, near Homer
- Big Delta State Historical Park, near Delta Junction
- Chena River State Recreation Site, in Fairbanks
- Chugach State Park - Eagle River Campground, near Anchorage
- Delta State Recreation Site, near Delta Junction
- Denali State Park - Alaska Veteran's Memorial, near Trapper Creek
- Kenai River Special Management Area - Cooper Landing Boat Launch, near Sterling
- Kenai River Special Management Area - The Pillars Boat Launch, near Kenai

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Fishing Access

- Buskin River State Recreation Site, near Kodiak
  Accessible fishing platform at river's edge. Parking and trail to platform is paved.
- Chugach State Park - Bird Creek, near Anchorage
  Fishing is from a pier over the river. Best to use at high tide. At low tide, the water is beyond the pier. Paved access to the pier.
- Crooked Creek State Recreation Site, near Soldotna
  May need assistance getting to and from the river due to a steep grade.
- Deep Creek State Recreation Area - Deep Creek North Campground, near Homer
  Trail is gravel path to river, may need assistance. Parking and viewing area with interpretive displays is paved.
- Matanuska Lakes State Recreation Area (formerly Kepler-Bradley Lake State Recreation Area) - Matanuska Lake, near Palmer
  Trail to accessible fishing dock is a 500 foot gravel path with a 8.3% maximum gradient and handrails.
- Kenai River Special Management Area - Bings Landing Campground, near Sterling
  Accessible boardwalk along river.
- Quartz Lake State Recreation Area, near Delta Junction
  At Quartz Lake Campground, gravel trail with less then 5% grade to accessible fishing dock. At Lost Lake Campground, gravel trail with less then 5% grade to accessible boat/fishing dock.

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Historic Sites

- Baranof Castle State Historic Site, near Sitka
  An accessible, 700 foot, concrete sidewalk with handrails leads from the street level to interpretive displays and viewpoint at the top of Castle Hill. The maximum gradient is 8.3% and the elevation gain is 40 feet.
- Big Delta State Historical Park, near Delta Junction
  The visitor center, called Rika's Roadhouse, has accessible ramp. Trails are hard-pack gravel with interpretive sites. Pressurized water is available.
- Denali State Park - Alaska Veteran's Memorial, near Trapper Creek
  Parking, trails, picnic sites, interpretive shelter and the memorial are paved with a less than 5 % slope. Pressurized water is available.
- Fort Abercrombie State Historical Park, near Kodiak
  Kodiak Military History Museum are accessible.
- Independence Mine State Historical Park, near Palmer
  Visitor Center is accessible by ramp. Parking, nearby trails and interpretive site with

spotting scopes are paved.

- Old Sitka State Historic Park, near Sitka
  Trails are hard-pack gravel, with sections of boardwalk. Approximately 100 feet of trail has a 14% gradient. The rest of the trail has a gradient of 12% or less. Parking is paved.
- Petroglyph Beach State Historic Site, in Wrangell
  An accessible boardwalk leads to a viewing deck and interpretive displays overlooking Petroglyph Beach. The boardwalk has a maximum gradient of 8.3% and is approximately 220 feet.
- Potter Section House State Historical Site, near Anchorage
  Trails around the house are paved. Nearby viewing deck and boardwalk has a 8% maximum gradient. The house itself is park office space and not open to the public.
- Totem Bight State Historical Park, near Ketchikan
  The trails are hard-pack gravel - may need assistance on steep portions. Buildings are accessible.
- Wickersham State Historic Site, in Juneau
  The Wickersham House Museum is accessible.

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Picnic Shelters

- Anchor River State Recreation Area - Slidehole Campground, near Homer
  Pressurized water.
- Big Lake North State Recreation Site, near Wasilla
  Paved parking, gravel path.
- Captain Cook State Recreation Area - Stormy Lake Day Use, near Kenai
- Chena River State Recreation Area - Red Squirrel Campground, near Fairbanks
  Paved parking, gravel path.
- Chena River State Recreation Site, in Fairbanks
- Chugach State Park - Eklutna Lake Campground, near Anchorage
- Clam Gulch State Recreation Area, near Soldotna
- Delta State Recreation Site, near Delta Junction
  Pressurized water is available.
- Fort Abercrombie State Historical Park, near Kodiak
- Harding Lake State Recreation Area, near Fairbanks
- Johnson Lake State Recreation Area, near Soldotna
- Kenai River Special Management Area - Bings Landing Campground, near Sterling
- Lake Louise State Recreation Area, near Glennallen
- Lower Chatanika River State Recreation Area, near Fairbanks
- Ninilchik State Recreation Area - Ninilchik River Campground, near Homer
- Quartz Lake State Recreation Area - Quartz Lake Campground, near Delta Junction
- Settlers Cove State Recreation Site, near Ketchikan
- Tok River State Recreation Site, near Tok

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Restrooms

Most restrooms facilities in state parks are pit latrines. Those that are accessible are shown in the statewide brochure pages mentioned at the top of the page. A small number of facilities have flush toilets and are listed here. If the facility is listed elsewhere on this page, flush toilets are mentioned there as well.

- Chena River State Recreation Site, in Fairbanks
- Chugach State Park - Eagle River Campground, near Anchorage
  Flush toilets in overflow area only.

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Trailheads and Trails

- Chilkat Bald Eagle Preserve, near Haines
  1.75 mile trail of pavement and boardwalk for viewing eagles along the Chilkat River.
- Chugach State Park - Bird Creek to Indian Bike Trail, near Anchorage
  A paved trail starts at Indian Creek at mile 103.0 of the Seward Highway and goes east along Turnagain Arm to Bird Creek Campground and beyond to mile 99.2 of the Seward Highway. Grade exceeds 5% in the Bird Creek area. The trail is eight feet wide with no shoulder.
- Chugach State Park - Bird Point to Girdwood Bike Path, near Anchorage
  The trail is the Old Seward Highway between Bird Point and Girdwood, and is now a paved, multi use path for pedestrians, bicycles and other non-motorized use. It starts at Mile 96.1 of the Seward Highway (Bird Point) and ends at mile 90.1, near the Girdwood turnoff, with a total length of six miles. The typical width is 10 feet with wide unpaved shoulders for runners. Twice, the path exceeds a 5% gradient with a maximum of 7%: for 800 feet at 0.2 miles east of Bird Point, and for 500 feet at 3 miles, halfway between Bird Point and Girdwood. Where the gradient exceeds 5%, the paved width is 12 feet. Restrooms and picnic shelters are at approximately one mile east of Bird Point, and two miles west of Girdwood.
- Chugach State Park - Bird Ridge Trailhead, near Anchorage
  Lower section of trail is paved, a distance of approximately 0.3 miles. Viewing areas at either end of pavement, with accessible restrooms at the upper end. Average gradient is 4.7% with the entire trail less than 8%. There is no cross slope and the trail width is 4.74 feet/1.4 meters. Elevation gain is 66 feet. Parking is paved. Upper section of trail is steep and unimproved. This trail has a trail guide with Universal Access Information. Request one from the DNR Public Information Center.
- Chugach State Park - Eagle River Nature Center, near Anchorage
  The center itself is accessible. Surrounding area and trails are hard-pack gravel. Beginning section of trail has a long, 8% maximum gradient. Parking is paved
- Chugach State Park - Eklutna Lake, near Anchorage
  The Lakeside Trail is an old, gravel road bed, with some large ruts and rocks. Sections have been rebuilt due to damage from the lake and have a steep gradient. ATVs (Sunday thru Wednesday only) and bicycles (all week) use the trail.
- Chugach State Park - Potter Creek Interpretive Trail, near Anchorage
  Paved parking, with interpretive panels and spotting scope. The first 220 feet of this 0.46 mile trail is paved, with accessible restrooms at the end. The 5.3% is the maximum gradient for this section. The trail continues from there as hard-pack gravel and has a greater than 8% gradient, with 17% maximum gradient. There is no cross slope and the trail width is 5 feet/1.5 meters. Elevation gain is 240 feet. Trail connects to the unimproved Turnagain Arm Trail. This trail has a trail guide with Universal Access Information. Request one from the DNR Public Information Center.
- Denali State Park - Alaska Veteran's Memorial, near Trapper Creek
  Trails are paved throughout the Memorial.
- Denali State Park - Denali View North, near Trapper Creek
  Approximately 1200 feet of paved trail with interpretive panels.
- Independence Mine State Historical Park, near Palmer
  Visitor Center is accessible by ramp. Trails to the center core of the mine compound are paved with less than 5% gradient. Trail to the mine portal is paved with a 15% gradient. Other trails are hard-pack gravel.
- Matanuska Lakes State Recreation Area (formerly Kepler-Bradley Lake State Recreation Area) - Matanuska Lake, near Palmer
  Trails are hard-pack gravel.
- Lake Louise State Recreation Area, near Glennallen
  Trail is hard-pack gravel.
- Old Sitka State Historic Park, near Sitka
  Trails are hard-pack gravel, with sections of boardwalk. Approximately 100 feet of trail has a 14% gradient. The rest of the trail has a gradient of 12% or less. Parking is paved.
- Settlers Cove State Recreation Site, near Ketchikan
  A short portion of the trail is accessible for approximately 200 yards to the Lunch Creek Bridge.
- Totem Bight State Historical Park, near Ketchikan
  The trails are hard-pack gravel - may need assistance on steep portions. Buildings are accessible.

- Willow Creek State Recreation Area - Willow Creek Campground, near Wasilla
  Trail is hard-pack gravel down to the river.

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Viewpoints

- Chugach State Park - Beluga Point, near Anchorage
  At Mile 110.5 of the Seward Highway along Turnagain Arm. Paved parking, spotting scopes, interpretive panels.
- Chugach State Park - Bird Point, near Anchorage
  At Mile 95 of the Seward Highway along Turnagain Arm. Paved parking, spotting scopes, interpretive panels, accessible restrooms.
- Chugach State Park - Glen Alps, near Anchorage
  On the Hillside, off Upper Huffman. Paved and hard-packed gravel trails leads to viewpoint on hill that overlooks Anchorage, Cook Inlet and the Alaska Range. Accessible restrooms.
- Denali State Park - Denali View North, near Trapper Creek
  At Mile 162.7 of the Parks Highway. Paved parking and approximately 1200 feet of paved trail with interpretive panels. Accessible restrooms
- Denali State Park - Denali View South, near Trapper Creek
  At Mile 135.2 of the Parks Highway. Paved parking, interpretive panels, accessible restrooms.

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Visitor Centers

- Big Delta State Historical Park, near Delta Junction
  The visitor center, called Rika's Roadhouse, has a ramp. Trails are hard-pack gravel with interpretive sites. Pressurized water is available.
- Chugach State Park - Eagle River Nature Center, near Anchorage
  The center is accessible. Parking is paved. Surrounding grounds and trails are hard-pack gravel. Beginning section of trail has 8% maximum gradient.
- Independence Mine State Historical Park, near Palmer
  Visitor Center has a ramp. Trails to the center core of the mine compound are paved with less than 5% gradient. Trail to the mine portal is paved with a 15% gradient. Other trails are hard-pack gravel.

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Last updated on Thursday, 16-Dec-2010 09:23:25 AKST.
Site optimized for Netscape 7, IE 6 or above.
Not sure who to contact? Have a question about DNR? Visit the Public Information Center.
Report technical problems with this page to the Webmaster

State of Alaska Natural Resources Parks Home Parks Index Copyright Privacy System Status

Division of Parks and Outdoor Recreation

Alaska Department of Natural Resources

Disabled Veteran's Annual Camping Pass

The legislature granted Disabled Alaskan Veterans (DAV) the right to receive one Alaska State Park Camping Pass free of charge. The DAV Camping Pass, which is valid in all developed Alaska State Park campgrounds, is good for two years. There is no DAV pass for boat launch or day use, nor can the DAV camping pass be used to purchase a boat launch or day use pass as the second pass at the discount rate.

To receive a free DAV camping pass, an eligible disabled veteran must present proof of a **service connected disability and Alaska residency** at either the Anchorage or Fairbanks DNR Public Information Centers (see below). Alaskan resident is defined as a person who is physically present in the state with the intent to remain indefinitely and to make a home in the state, has maintained the person's domicile in the state for the 12 consecutive months prior to requesting the issuance of a Disabled Alaska Veteran (DAV) camping pass, is not claiming residency in another state, territory or country, and is not obtaining benefits under claim of residency in another state, territory or country. Proof of residency can be in the form of an Alaskan Driver's License, Alaska Sport Fishing or hunting License, Alaska Voters Registration Card, or other documentation suitable to the department that proves Alaska residency.



Evidence of service connected disability can be provided by the presentation of a Veteran's Administration Patient Data Card (red, white, and blue) imprinted with "service connected disability" under the photo identification, or a current year letter from the US Department of Veteran's Affairs, which states the person has a service-connected disability and is signed by the Veteran Services Officer. Other types of VA cards exist, but cannot be accepted as proof of disability. Information on obtaining either the card or the letter can be found through the local Veteran's Administration office or calling 1-800-827-1000. Please note: A Veterans Universal Access Identification card with the veteran's social security number and birth date printed on the card will no longer be accepted, in compliance with the Personal Information Protection Act which passed the Alaska Legislature in 2008. .

The Disabled Alaska Veteran camping pass is non-transferable. If the qualified DAV's vehicle is sold, the decal must be removed. Or, if the windshield is broken and must be replaced, the individual is requested to scrape as much of the decal off as possible and return the remains to any area office. In either of these cases, a replacement decal will be issued for $10 upon receipt of the removed decal. If the decal is lost or if no remains of a previous decal can be produced, and the DNR has record of the owner's previous issuance of the DAV decal, a one-time replacement decal may be purchased for $100.

For further information, please contact the Anchorage or Fairbanks Public Information Center.

550 W 7th Ave, Suite 1260
Anchorage, AK 99501-3557
phone: 907-269-8400
TDD: 907269-8411
fax: 907-269-8901

3700 Airport Way
Fairbanks, AK 99709-4699
phone: 907-451-2705
TDD: 907-451-2770
fax: 907-451-2706

Return to Alaska State Parks Fee page.

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Current News
Cabins
Find a State Park
Statewide Brochure
Park Fees
ADA Facilities
Individual Parks
For More Info
Be Safe
Related Sites

SB 13 – Lower Park Fee for Disabled Veterans
Disability Threshold – Background

-- Scheduled for House Resources on April 11, 2012

In 1991, the legislature passed a law creating a special disabled veteran camping permits in Alaska state parks. SB 13 extends the benefits to Alaska resident disabled veterans for boat ramps, RV facilities and day parking. SB 13 also provides a 50 percent discount to resident disabled veterans for public use cabins.

For the benefits extended by SB 13, the Department of Natural Resources (DNR) wants to define a disabled veteran as they are defined under existing statutory definitions that limit the benefits to a veteran who has incurred a 50 percent or greater disability during military service (AS 16.05.341; AS 29.45.030).

As you can see from the attached information, there are a number of different approaches taken by state agencies when it comes to deciding who qualifies and who does not qualify for different state benefits granted to disabled veterans – from no threshold to the 50% requirement.

In regard to the current law that provides for a free camping pass, there is no definition or threshold for the level of disability for a veteran to qualify for the pass. According to DNR, the way the camping pass is administered, if a veteran has a Veteran Affairs issued red, white, and blue card showing a disability or a letter from the VA that states the person has a service-connected disability along with a photo ID, the vet gets a free camping pass. There is no percentage designation on the required documentation.

It is Senator French's preference that DNR apply their current practice for issuing free camping passes to the new benefits, and allow any veteran with any level of disability to qualify for the applicable benefit, but he defers to the committee's wishes.

Prepared by Lisa Weissler
Legislative Aide to Senator French
April 10, 2012

Disabled Veteran Definitions

AS 16.05.341. Free hunting and sport fishing license for disabled veterans. 50% or greater disability.

A person may receive a resident hunting and sport fishing license under AS 16.05.340(a)(5) without charge if the person

(1) has been discharged from military service under honorable conditions, is eligible for a loan under AS 18.56.101, and is certified by the United States Department of Veterans Affairs as having incurred a 50 percent or greater disability during military service.

AS 28.10.181(d). DMV disabled veteran license plates. 50% or greater disability.

A person who is not otherwise qualified under this subsection, but who meets the qualifications of a disabled veteran under AS 29.45.030(i), may register one motor vehicle without charge,

AS 29.45.030(i): [applicable to property tax exemptions]

(1) "disabled veteran" means a disabled person

(A) separated from the military service of the United States under a condition that is not dishonorable who is a resident of the state, whose disability was incurred or aggravated in the line of duty in the military service of the United States, and whose disability has been rated as 50 percent or more by the branch of service in which that person served or by the United States Department of Veterans Affairs; or
(B) who served in the Alaska Territorial Guard, who is a resident of the state, whose disability was incurred or aggravated in the line of duty while serving in the Alaska Territorial Guard, and whose disability has been rated as 50 percent or more.

AS 39.25.159. Employment preference for veterans. Adds extra preference points for a disabled veteran. No percentage threshold.

39.25.159(f)(2) "disabled veteran" means a veteran who is entitled to compensation under laws administered by the United States Department of Veterans Affairs, a person who was honorably discharged or released from active duty because of a service-connected disability, or a person who was disabled in the line of duty while serving in the Alaska Territorial Guard.

AS 41.21.026(d). Free campsite permit to disabled veterans. No definition, no threshold.

The department shall issue free of charge to disabled veterans of this country an annual state park developed campsite permit. The permit shall allow a disabled veteran to use a state park developed campsite for personal recreation use without a charge or fee under (a)(2) of this section. While utilizing a developed campsite without charge under this subsection, the disabled veteran shall comply with all other statutes or regulations pertaining to the use of the developed campsite. The department shall provide a form for use by a disabled veteran when applying for a permit under this section. Not later than February 1 of each year, the department shall prepare a report on the number of permits issued to disabled veterans under this subsection during the previous calendar year and notify the legislature that the report is available.

SB

91

<TARGET><BILL>SB 91</BILL><SUBJECT>SB
91</SUBJECT><COMM>HRES27</COMM></TARGET>

27-LS0550\M
Bullard
3/16/12

CS FOR SENATE BILL NO. 91(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR MCGUIRE

A BILL

FOR AN ACT ENTITLED

"An Act amending the termination date of the licensing of sport fishing operators and sport fishing guides; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** Section 8, ch. 70, SLA 2004, as amended by sec. 3, ch. 61, SLA 2009, sec. 1, ch. 48, SLA 2010, and sec. 1, ch. 13, SLA 2011, is amended to read:

Sec. 8. AS 16.05.340(a)(26); AS 16.40.260, 16.40.270, 16.40.280, 16.40.290, 16.40.299; AS 25.27.244(s)(2)(A)(xviii), and 25.27.244(s)(2)(A)(xix) are repealed January 1, **2017** [2013].

*** Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

ALASKA STATE LEGISLATURE

Session
State Capitol Building, Room 125
Juneau, Alaska 99801-1182
Phone (907) 465-2995
Fax (907) 465-6592

Interim
716 West Fourth Avenue, Suite 430
Anchorage, Alaska 99501
Phone (907) 269-0250
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SENATOR LESIL MCGUIRE

SPONSOR STATEMENT FOR SENATE BILL 91

"An Act amending the termination date of the licensing of sport fishing operators and sport fishing guides; and providing for an effective date."

Senate Bill 91 will ensure the continuation of Alaska's sport fish guide licensing and reporting program. Legislation authorizing the program was passed in 2004 and the program has proven beneficial to both the sport fishing industry and resource managers. With more than 1.8 million clients, 88% of whom are nonresidents, taking more than 460,000 guided fishing trips in Alaska annually; guided sport fishing has become an integral part of Alaska's tourism economy. In fact, a study commissioned by the Alaska Department of Fish and Game estimated that nonresident spending on sport fishing was more than $650 million in 2007.

Since the program's inception, an average of 1,670 sport fishing business licenses and 1,981 sport fishing guide licenses have been sold annually. 90% of license holders are Alaska residents and the professionalization of the sport fishing guide industry has benefitted both the industry and the resource. The data collected through the program provides the information state and federal managers need to sustainably manage sport fish populations. The program also allows Alaska to receive an exemption from the National Saltwater Angler Registry; a federal program that would begin levying fees for registration in 2011.

Recognizing the importance of the program, the Alaska legislature extended the program's termination date for one year in 20010; SB 91 proposes to amend the program's associated termination language in existing statutes in order to allow this valuable program to continue serving Alaskans and their valuable fishery resources.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **CSSB 91(FIN)**
Fiscal Note Number: 3
(S) Publish Date: 4/4/12

Identifier (file name): SB91CS(FIN)-DFG-SFD-03-30-12
Title: SPORT FISHING GUIDING SERVICES
Sponsor: SENATOR MCGUIRE
Requester: Senate Finance Committee

Dept. Affected: Fish and Game
Appropriation: Sport Fisheries
Allocation: Sport Fisheries
OMB Component Number: 464

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services		290.0	290.0	290.0	290.0	290.0	
Travel		10.0	10.0	10.0	10.0	10.0	
Services		90.0	90.0	90.0	90.0	90.0	
Commodities		10.0	10.0	10.0	10.0	10.0	
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**400.0**	**400.0**	**400.0**	**400.0**	**400.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1024	Fish/Game (Other)		400.0	400.0	400.0	400.0	400.0	
TOTAL		**0.0**	**400.0**	**400.0**	**400.0**	**400.0**	**400.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Reflects the change in the sunset date from Jan. 1, 2013 to Jan. 1, 2017.

Prepared by: Charles O. Swanton, Director
Division: Sport Fisheries
Phone: 907-465-6184
Date/Time: 3/30/12 10:24 AM

Approved by: Kevin Brooks, Administrative Services Director
Department of Fish and Game
Date: 3/30/2012

(Revised 8/17/2011 OMB)

FISCAL NOTE #3

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. CSSB 91(FIN)

Analysis

Senate Bill 91 extends the termination date of the licensing program for sport fishing guide and sport fishing operators from January 1, 2013 to January 1, 2017. The division has budgeted $400.0 in the FY13 Governor's budget, and the subsequent fiscal years, to administer the Sport Fish operator/guide/vessel program. The program generates average Fish and Game Fund revenues of $250.0, with the balance of the program expenditures funded with Sport Fishing license sale revenue.

State of Alaska
Department of Fish & Game
Division of Sport Fish

2012 Saltwater Charter Logbook and Vessel Registration

Vessel Name: _____

Vessel AK. #
or
U.S.C.G. #: _____

Federal rules require that the Charter Halibut Permit (CHP) number(s) be recorded on the logbook before the beginning of any trip during which halibut are caught and retained.

CHP #:	CHP HOLDER:

Please follow the INSTRUCTIONS carefully as they have changed

LOGBOOK INSPECTION

This logbook must be presented for inspection, upon request, to any representative of the Department of Fish and Game, peace officer of the state, or law enforcement representative of the National Marine Fisheries Service.

Monday to Sunday Activity During the week of:	Postmarked or Received by ADF&G (Mondays):
January 1 – April 1	April 9
April 2 – April 8	April 16
April 9 – April 15	April 23
April 16 – April 22	April 30
April 23 – April 29	May 7
April 30 – May 6	May 14
May 7 – May 13	May 21
May 14 – May 20	May 28
May 21 – May 27	June 4
May 28 – June 3	June 11
June 4 – June 10	June 18
June 11 – June 17	June 25
June 18 – June 24	July 2
June 25 – July 1	July 9
July 2 – July 8	July 16
July 9 – July 15	July 23
July 16 – July 22	July 30
July 23 – July 29	August 6
July 30 – August 5	August 13
August 6 – August 12	August 20
August 13 – August 19	August 27
August 20 – August 26	September 3
August 27 – September 2	September 10
September 3 – September 9	September 17
September 10 – September 16	September 24
September 17 – September 23	October 1
September 24 – September 30	October 8
October 1 – October 7	October 15
October 8 – October 14	October 22
October 15 – October 21	October 29
October 22 – October 28	November 5
October 29 – November 4	November 12
November 5 – November 11	November 19
November 12 – November 18	November 26
November 19 – November 25	December 3
November 26 – December 2	December 10
December 3 – December 9	December 17
December 10 – December 16	December 24
December 17 – December 23	December 31
December 24 – December 31	January 7, 2013

INSTRUCTIONS FOR ADF&G REPRESENTATIVE:

Please forward the **white** copy of this form to: **Sport Fish RTS, 333 Raspberry Rd., Anchorage, AK 99518-1565.**

DO NOT REMOVE THE PINK COPY. THE PINK COPY MUST STAY IN THE LOGBOOK.

DO NOT ISSUE A LOGBOOK UNLESS THE APPLICANT HAS THE FOLLOWING:

- **2012 ADF&G Sport Fish Business License**
- **Current AK Vessel Number issued by DMV or Current U.S.C.G. Vessel Documentation No.**

NONE OF THE ABOVE CAN BE "PENDING"

2012 ADF&G Sport Fish Business Owner and Guide License applications are available at all ADF&G offices or online at: **http://www.adfg.alaska.gov/index.cfm?adfg=prolicenses.forms**

AK Vessel Registration information is available from Alaska Div. of Motor Vehicles at (907) 269-5551 or online at: **http://www.doa.alaska.gov/dmv/reg/boat.htm**

2012 Saltwater Sport Fish Charter Logbook Sign-Out AND Vessel Registration

Must be completed

SPORT FISH BUSINESS INFORMATION:

Name of Sport Fishing Business: _____

ADF&G Sport Fish Business License Number : 2012- _____

SPORT FISHING CHARTER VESSEL REGISTRATION:

- **DMV issued AK No. or U.S.C.G. Vessel Documentation No.:** _____

  (A logbook WILL NOT be issued without a current AK or U.S.C.G. number)

- **Vessel Name:** _____

  (Vessel name and AK No. or U.S.C.G. # must appear on the cover)

- **Primary Alaska Saltwater port from which this vessel will operate during 2012:**

  _____

DEPARTMENT USE ONLY

- **Did you issue a Stat. Area Map?** **YES** ☐ **NO** ☐ **If No, Explain:**
- **ADF&G Representative:** *(print)* _____
- **Area Office:** _____ **Date of Issue:** _____

INSTRUCTIONS FOR COMPLETING THE 2012 SALTWATER TRIP LOGBOOK PAGES

WHEN TO COMPLETE A LOGBOOK

A Charter Vessel Fishing Trip is Defined as the time period between the first deployment of fishing gear into the water from a vessel with one or more paying charter vessel clients onboard and the offloading of one or more paying charter vessel clients or any harvested fish from that vessel.

A trip that consists of no paying clients, that is, all anglers are "comped", and the guide is NOT receiving any tips or other compensation, would NOT be considered a chartered trip and a logbook data sheet should not be completed and submitted to the Alaska Dept. of Fish and Game. A licensed guide may be present during a private fishing trip but must NOT be compensated by the angler(s) or by any licensed fishing service or any other party.

Before a Trip Begins (see definition above), the Guide must Record:

- The 2012 sport fishing license number, permanent identification number (PID) or disabled veteran (DAV) license number for anyone that will fish during any part of the trip, including paying and non-paying (comped) anglers and crew.
- The first and last name of each angler in the space provided below their license number.
- The word "Youth" in the fishing license space along with the first and last name on the name line for all anglers under the age of 16. Multiple youth anglers on a trip should be recorded as Youth 1, Youth 2 etc.

Complete the logbook through the last charter trip of the season in the following manner:

Returning to a Dock:

- Complete and sign the logbook data page before offloading any fish from the vessel. If no fish were kept, complete the logbook data page before offloading any clients.

No Docking Facilities (e.g., trailered vessels):

- Complete and sign the logbook data page before the vessel or guide departs the launch/landing site AND before offloading any fish from the vessel.
- If no fish were kept, complete the logbook data page before the vessel or guide departs the launch/landing site.

No Vessel Used (aircraft, highway vehicles, walk-in, ATVs, etc.):

- Complete and sign the logbook data page before the guide leaves the fishing site. Fishing site is defined as the location where fishing activity took place.

Multiple Trips per Day:

Use a separate logbook data page for each trip if multiple trips where taken during the same day. Complete the logbook data page at the end of each trip as described above.

Multiple Day Trips:

Complete a logbook page at the end of each day on which sport fishing guide services were provided. Use a separate page for each day of the trip. Record the port or community of offloading at the end of the multiple-day trip, not the port or location where the vessel anchored or moored each night.

For example, for a five-day trip with only three days of guided fishing, three logbook pages should be submitted, all with the same port of offloading.

RETURN THE LOGBOOK DATA PAGES WEEKLY

Fishing activity that occurs prior to April 1, 2012 is due to ADF&G by April 9, 2012; all activity thereafter must be received by ADF&G **EVERY WEEK** as detailed in the schedule provided on the inside of the front cover of this book. Logbook data pages can be submitted to any regional or area ADF&G office or mailed to the address printed on the back of each logbook page.

RESPONSIBILITY OF OWNER & GUIDE

It is the responsibility of the guide to ensure that daily trip activity is accurately recorded as described in these instructions.

It is the responsibility of the business owner (owner of the sport fish business license) to ensure that all data for fishing activities from January 1, 2012 through December 31, 2012 is submitted to ADF&G in the manner previously described.

VESSEL REGISTRATION

All vessels used in sport fishing guide activities must be registered with ADF&G. All vessels must have a current AK registration number issued by the Division of Motor Vehicles (DMV) or a current U.S.C.G. documentation number prior to registering with ADF&G. **If the vessel has an AK number, the AK number must be displayed during guided fishing operations.**

VESSEL DECALS/RENEWAL TAGS

One set of ADF&G decals will be issued per registered vessel. Decals must be applied and visible on both sides of the vessel. Decals do not have to be applied directly to the hull of the vessel. Decals can be adhered to wood, fiberglass or "Plexiglas", which in turn is secured to both sides of the vessel. Decals can be transferred from one vessel to another; as long as the receiving vessel has a current AK registration number from DMV or a current U.S.C.G. documentation number and has been registered with ADF&G. Annual stickers or tags will be issued as vessels are registered and must be adhered directly to the decal in the designated area. Lost decals and tags can be replaced free of charge at any ADF&G office.

TRANSFERRING A LOGBOOK

A logbook is issued to a specific business for a specific vessel. All active vessels must be registered and issued a current year logbook from a local ADF&G office.

Logbooks may not be transferred between businesses. Only the business issued a logbook may use that logbook. If a vessel belonging to a licensed guide business is borrowed by another business, the borrowing business must acquire their own logbook.

If a business substitutes a different vessel for the primary vessel the original logbook can be used on the substitute vessel for up to **seven (7) consecutive days**. A temporary vessel used for a longer period of time must be issued a new logbook. ADF&G must be notified (see contact information on page vii) with the substitute vessel registration information.

All vessels engaged in fishing with clients on board must be registered and display the vessel decals.

WHAT A GUIDE MUST HAVE IN POSSESSION WHILE GUIDING

While providing sport fishing guide services, a sport fishing guide shall have the following readily available for inspection by request of a representative of the Department, a peace officer of the state, or law enforcement representative of the National Marine Fisheries Service:

- Valid sport fishing guide license issued by ADF&G;
- Copy of the current ADF&G sport fishing business license of the guide's employer;
- Valid Alaska sport fishing license, tags, stamps or permits that are required to engage in the sport fishery for which guide services are being provided;
- Identification card issued to the sport fishing guide by a state or federal agency that bears a photo of the sport fishing guide. The identification card MUST match the name on the guide license.

INSTRUCTIONS FOR COMPLETING THE 2012 SALTWATER TRIP LOGBOOK PAGES

TRIP INFORMATION	
Date	Record the month and day for each trip taken. If two or more trips were taken on the same day, that date will appear on all sheets for that day.
Hour Trip Ended	Record the hour in which the trip ended with the offloading of clients and fish. Round to the nearest hour only: trips ending at or after 5:00 pm but before 5:31pm would be logged as 5 pm and trips ending from 5:31pm to 6:00 pm would be logged as 6 pm. Do not indicate minutes. Fill in the circle for AM or PM.
Guide License Number	The 2012 guide license number issued by ADF&G to the guide that led the fishing trip.
Charter Halibut Permit (CHP) Number and multiple Permits	Record the primary Charter Halibut Permit (CHP) number used for the trip on the logbook data page in the space provided. Write the entire number as it appears on the permit followed by the alpha character, **i.e. 1234A**. If more than one CHP is used during a trip, check the box next to the primary CHP number. Complete a separate page for each CHP used during a trip. Unique trip information for each CHP, along with individual angler and catch information must be recorded for each CHP used. Angler license numbers along with kept and released information would be recorded only ONCE per trip. Record all CHP number(s) and CHP Holder(s) names on the front cover of the logbook.
Guided Angler Fish (GAF) Permit Number **(New in 2012 – see page vii for information on the Federal GAF program)**	**DO NOT** record a **GAF** Permit Number until NOAA Fisheries provides notice of the effective date of federal **GAF** halibut regulations. **GAF** halibut will be authorized and available for use ONLY AFTER implementation of federal regulations. IF **GAF** regulations are implemented in 2012, NOAA Fisheries will provide notice to operators on when to begin reporting **GAF** halibut in the logbook. Until such time DO NOT record **GAF** halibut. When GAF regulations go into effect, record the number of GAF halibut kept for each trip on the logbook page and record the number of the GAF permit used on each logbook page.
Port or Community of Off-Loading	The port or community where clients and/or fish were off-loaded at the conclusion of the trip. On a multi-day trip, indicate the community where fish and clients will be off-loaded when the trip is finished.
Primary Stat Area Fished	Report the 6-digit stat area code where most of the fish were caught or targeted. Record the stat area for salmon and/or bottomfish, depending on whether the gear and fishing methods were effectively targeting salmon, bottomfish, or both. Report only stat areas from maps provided with the logbook for this purpose.
No. of Boat Hours Fished	The number of boat hours for which at least one rod/line was fished. Record only the number of hours spent fishing, NOT hours spent running to or from fishing areas. Round to the nearest whole hour.
INDIVIDUAL ANGLER INFORMATION	
Sport Fish License No.	Before a guided sport fishing trip begins (see definition on page iii), record the 2012 Alaska Sport Fishing License number, resident PID (permanent identification number) or DAV (disabled veteran license number) of **each client, comped angler, and crew member** that will be fishing. **See Youth Angler instructions below.**
Residency	Fill in the circle to indicate AK Resident OR Non-Resident for all anglers, including crew and "comped" anglers.
Crew and "Comped" angler status	**If applicable**, next to each angler license number: ➢ fill in the circle if the angler is a **Crew member,** ➢ fill in the circle if the angler is **"Comped"** (the guide service is not compensated for the angler). A **crew member includes** the licensed guide leading the fishing trip as well as any person who, for compensation or the intent to receive compensation, provides assistance to clients on board the vessel.
Angler Name	Angler's first and last name **MUST** be printed **below the angler's license number.**
Youth Anglers	For **anglers** under the age of 16, write the word "**YOUTH"** in the fishing license space AND record the first and last name on the name line. If more than one youth angler is on a trip, record them as Youth 1, Youth 2, etc.
Angler Signatures in 2C	Federal rules require that **all** anglers who harvest (keep) halibut in **IPHC 2C** must sign the logbook to verify that their information and number of halibut reported kept are correct. A signature is also required of youth anglers.
Continuing Trip Information	Complete the Page ☐ of ☐ if more than one page is required for this trip, for example, if two pages are required to list all anglers, they would be numbered Page 1 of 2 and Page 2 of 2.
Guide Signature	The licensed guide who led the trip with clients on board MUST sign at the bottom of each page.

INSTRUCTIONS FOR COMPLETING THE 2012 SALTWATER TRIP LOGBOOK PAGES

RECORDING CATCH INFORMATION	
Recording Catch Information	Indicate the number of fish **Kept** (retained) and **Released** (let go) by species or group. Leave the fields BLANK if no fish were kept or released.
EXAMPLE 1: One target Salmon	If bottomfish were caught while targeting salmon **only**, record the number of bottomfish in the appropriate columns in the bottomfish section. **The stat area and hours fished should be recorded on the salmon target species line under Trip Information.** If salmon were targeted but no salmon were caught, record the stat area and boat hours fished on the salmon target species line under **Trip Information**.
EXAMPLE 2: One target Bottomfish (incl. Halibut)	If salmon were caught while targeting bottomfish **only**, record the number of salmon in the appropriate columns in the salmon section. **The stat area and hours fished should be recorded on the bottomfish target species line under Trip Information.** If bottomfish were targeted but no bottomfish were caught, record the stat area and boat hours fished on the bottomfish target species line under **Trip Information**.
EXAMPLE 3: Two targets Salmon and Bottomfish	Record the maximum number of boat hours spent fishing simultaneously for both salmon AND bottomfish on both the salmon and bottomfish target species lines under **Trip Information.** For example, if mooching or jigging for 7 hours record 7 hours in the salmon effort row, and 7 hours in the bottomfish effort row.

Special Instructions and Definitions	
Charter Halibut Permit (CHP) by Trip and for the Season	Federal regulations require that if one or more anglers are catching and retaining halibut in Area 2C or Area 3A, the guide MUST have a valid charter halibut permit (CHP) for the appropriate regulatory area on board the vessel at all times. Record the **primary** charter halibut permit number used during a **trip** on each page. If more than one CHP is used during a trip, check the box next to the primary CHP number. Complete a separate page for each CHP used during a trip. Unique trip information for each CHP, along with individual angler and catch information must be recorded for each CHP used. Angler License numbers along with kept and released information would be recorded only ONCE per trip. **All** CHP number(s) and CHP Holder(s) used during the fishing season MUST appear on the **front cover** of the logbook with the primary CHP number used during a trip appearing on the individual trip sheet. **A CHP number needs to appear only once on the cover, but recorded on the trip sheet each time it is used.**
(GAF) Guided Angler Fish **(New in 2012 – see page vii for information on the Federal GAF program)**	**DO NOT** record the number of **GAF halibut kept** until NOAA Fisheries provides notice of the effective date of federal **GAF** halibut regulations. Record **GAF halibut kept** ONLY AFTER implementation of federal regulations. IF **GAF** regulations are implemented in 2012, NOAA Fisheries will provide notice to operators on when to begin reporting **GAF** halibut in the logbook. Until such time DO NOT record **GAF** halibut kept. When **GAF** regulations go into effect, record the number of **GAF** halibut kept for each client on each trip within the logbook. If GAF halibut were kept along with Non-GAF halibut, record the number of each within the appropriate category. **NOTE:** record the number of Non-GAF halibut kept AND released.
2C/3A Operators (operators who fish both 2C and 3A for Halibut)	Federal regulations prohibit retention of halibut from Area 2C and Area 3A during the same charter vessel fishing trip. Contact NOAA for additional federal halibut regulations; see page vii for contact information.
Angler Signature	Federal regulations require that every angler (including youth) who keeps halibut caught in IPHC **Area 2C** must sign on the angler signature line directly beneath the angler's first and last name on the front side of each page.
"Shakers"	King salmon under 28" in Southeast Alaska must be released upon capture, unless caught in designated terminal harvest areas, or allowed by emergency order.
Pelagic Rockfish	Includes black, dark and dusky rockfish (commonly called "black bass"), yellowtail, widow and blue rockfish. These species of rockfish are uniformly gray, green, brown, or black (see rockfish ID chart in your regulation booklet).
Yelloweye Rockfish	"Commonly called "red snapper." Adults primarily orange with a pale yellow line running along the lateral line, juveniles with two bold white lateral stripes. Have yellow eyes. Can grow to 36 inches in length.
Other Non-pelagic Rockfish	Includes quillback, copper, silvergray, China, tiger, and other rockfish species.
Sablefish (Black Cod)	Sablefish, commonly known as black cod, have a streamlined, elongated body, black to dark gray above fading to gray or white in the belly, with two dorsal fins and small teeth. Larger fish found in deep water, can grow to 40 inches.
Salmon Shark	This is a single species, *Lamna ditropis*. These sharks are large, firm, dark brown or black on top, with white bellies with dark blotches. **Do not include spiny dogfish ("sand shark") or sleeper sharks ("mud sharks") in this category.**
All Other Fish	DO NOT record any OTHER fish kept that does not fit into any currently listed category of fish.

PROXY FISHING INSTRUCTIONS

If an angler is also proxy fishing for a beneficiary, that angler MUST have the fishing license or PID/DAV of the person for whom he/she is fishing. Write down the license number of the recipient of the fish (beneficiary), the beneficiary's first and last name, followed by the word **"Proxy"** on the signature line.

Halibut my not be taken by proxy fishing.

Use two records on the logbook data sheet, one for the angler's license number and name and the other record for the beneficiary's license number and name. Mark AK Resident in the adjacent column for both. Beneficiaries and those fishing for them **must** both be residents of Alaska.

For **permanent** licenses (residents only), write down the entire license number, including the preceding alpha character, which can be a **P, D, T** or **Z**, e.g. **Z50148.**

2012 FEDERAL GAF PROPOSAL:

On July 22, 2011, NOAA Fisheries proposed regulations to authorize guided angler fish (GAF) for the Charter halibut fisheries. GAF will be available for use ONLY AFTER publication and implementation of final regulation by NOAA Fisheries. NOAA will provide notice to operators as soon as possible if such regulations are implemented during 2012. Information will also be available on the NOAA Fisheries Alaska Region web site at: http://alaskafisheries.noaa.gov/sustainablefisheries/halibut/sport.htm

NOAA CONTACT INFORMATION:

There are numerous differences between State and Federal regulations that govern charter fishing in 2C and 3A, which all operators must be aware of, and operate under. For Additional information on federal charter logbook requirements for halibut, call NOAA Fisheries Office for Law Enforcement (907) 586-7225.

You must comply with the federal halibut regulations described at:

http://alaskafisheries.noaa.gov/regs/summary.htm and http://www.iphc.int

A summary of the charter halibut fishery federal regulations is available at:

http://alaskafisheries.noaa.gov/sustainablefisheries/halibut/sport.htm

LOGPAGE CLARITY: 2012 logbook sheets are designed to be read by an optical scanner. Your cooperation and neatness in reporting minimizes data entry time and cost, and makes the information available sooner.

1. **Use clear and legible handwriting. Print: DO NOT use cursive.**
2. **Use a black ink pen; do NOT use a pencil or other color pen.**
3. **Do not write in the margins.**
4. **Do not write 0's (zero) if a client DID NOT keep or release any fish during a trip, leave the kept and released fields blank.**



NO **NO** **NO**

5. **Contain trip information within the boxes and lines provided. Stay within the "bracketed" space allowed:**



NO **NO** **YES**

Single digits should appear in the right hand column.

6. **Keep data pages and logbook as clean as possible.**

ADF&G Contact Information:

Division of Sport Fish, Guide Licensing and Logbook Program in Anchorage, Alaska at (907) 267-2369, or 267-2390 or email: dfg.dsf.guides@alaska.gov

Alaska Department of Fish & Game

2012 Saltwater Sport Fishing Charter Trip Logbook Page

120000 – 0

LOGBOOK PAG

RETURN TO: 333 RA HORAGE, ALASKA 99518-1565 • QUES

TRIP INFORMATI

Complete this se pages for trips with

additional same trip.

The hour in which the trip ENDED.

Both salmon and bottomfish were targeted. This was a 7 hour trip, 3 hours were spent targeting salmon, 4 hours were spent targeting bottomfish.

DATE FISHED: 7 (Month) / 12 (Day) 2012 — 6 (Hour Trip Ended) ○ AM ● PM

Salmon: 3 Hours Fished

Bottomfish: 112120 (Primary Statistical Area) 4 Hours Fished

2012 GUIDE LICENSE NUMBER: (assigned to you by ADF&G) 12828

CHARTER HALIBUT PERMIT (CHP) NUMBE (assigned to you by NOAA) 1234A

The complete CHP number MUST be provided. This operator is using more than one CHP on this trip.

Check box if more than one CHP is used on this trip: ☑

COMMUNITY OR PORT WHERE TRIP ENDED: (where fish or clients were off-loaded from vessel) JUNEAU

GUIDED ANGLER FISH (GAF) NUMBER: (assigned to you by NOAA)

SEE INSTRUCTIONS ON PAGES V - VII

INDIVIDUAL ANGLER AND CATCH INFORMATION

Complete one row below for each angler who fished this trip.
Record sport fishing license number, printed name AND Alaska residency status for all anglers.
Write "YOUTH" in license number field for anglers under 16.

	AK Resident	Non - Resident	Comped	Crew	Kept / Released	SALMON: King (28" & larger)	SALMON: King (under 28")	SALMON: Coho	SALMON: Sockeye	SALMON: Other Salmon	BOTTOMFISH: Halibut	BOTTOMFISH: GAF Halibut	BOTTOMFISH: Lingcod	BOTTOMFISH: Pelagic Rockfish	BOTTOMFISH: Yelloweye Rockfish	BOTTOMFISH: Nonpelagic Rockfish (excluding Yelloweye)	BOTTOMFISH: Sablefish (Black Cod)	BOTTOMFISH: Salmon Shark
1. License Number 2042845		●			K						1			1			3	
First Name / Last Name LARRY LURE					R						1							
Signature Larry Lure																		
2. License Number 2232255		●			K										1			
First Name / Last Name IGOT HALIBUT					R													
Signature Igot Halibut																		
3. License Number 2359967	●		●		K	2					1					4		
First Name / Last Name DOUG DRIFT					R											1		
Signature Doug Drift																		
4. License Number YOUTH	●				K													1
First Name / Last Name BRYAN BAITER					R						2							
Signature Bryan Baiter																		
5. License Number 2955002	●				K													
First Name / Last Name FRANK FISHER					R	3												
Signature Proxy																		
6. License Number					K													
First Name / Last Name					R													
Signature																		

This angler must provide a signature if halibut were kept in 2C.

Next to **EVERY** fishing license number: Fill in the circle for Nonresident or Resident.

Fill in the circle if the angler is **"Comped"** or nonpaying.
Fill in **"Crew"** if the angler is a crew member.
Doug Drift: is a "comped" resident angler.

Youth angler kept a halibut and must sign on the signature line.

This license holder had another angler proxy fish for him. Record the beneficiary's license number, first and last name, and write "PROXY" on the signature line.

The guide must sign the bottom of every logsheet for each trip he/she was in charge of.

Form 11-540 (01-2012)

CERTIFICATION: I certify that the information provided herein is accurate and true. Falsification or omission of information on this form is punishable under AS 11.56.210(a) and 5 AAC 75.076.

X Gloria DE Guidess

Alaska Department of Fish & Game

2012 Saltwater Sport Fishing Charter Trip Logbook Page

RETURN TO: 333 RASPBERRY ROAD, ANCHORAGE, ALASKA 99518-1565 • QUESTIONS: CALL (907) 267- 2369

120000 – 01
LOGBOOK PAGE

TRIP INFORMATION

Complete this section for every trip. Continue on additional pages for trips with more than six anglers in the same trip.

DATE FISHED: ___ / ___ 2012 ___ ○ AM ○ PM
Month / Day / Hour Trip Ended

2012 GUIDE LICENSE NUMBER:
(assigned to you by ADF&G)

CHARTER HALIBUT PERMIT (CHP) NUMBER:
(assigned to you by NOAA)

Check box if more than one CHP is used on this trip: ☐

FOR OFFICE USE ONLY
Total Anglers

TARGETED SPECIES / LOCATION FISHED:
(where most fish species were caught)

Salmon: Primary Statistical Area ___ Hours Fished ___

Bottomfish: Primary Statistical Area ___ Hours Fished ___

COMMUNITY OR PORT WHERE TRIP ENDED:
(where fish or clients were off-loaded from vessel)

GUIDED ANGLER FISH (GAF) NUMBER:
(assigned to you by NOAA)

INDIVIDUAL ANGLER AND CATCH INFORMATION

Complete one row below for each angler who fished this trip.
Record sport fishing license number, printed name AND Alaska residency status for all anglers.
Write "YOUTH" in license number field for anglers under 16.

	AK Resident	Non - Resident	Comped Crew	Kept / Released	SALMON: King (28" & larger)	SALMON: King (under 28")	SALMON: Coho	SALMON: Sockeye	SALMON: Other Salmon	BOTTOMFISH: Halibut	BOTTOMFISH: GAF Halibut	BOTTOMFISH: Lingcod	BOTTOMFISH: Pelagic Rockfish	BOTTOMFISH: Yelloweye Rockfish	BOTTOMFISH: Nonpelagic Rockfish (excluding Yelloweye)	BOTTOMFISH: Sablefish (Black Cod)	BOTTOMFISH: Salmon Shark
1. License Number ___ First Name / Last Name ___ Signature ___	○	○	○	○	K ▸													
					R ▸													
2. License Number ___ First Name / Last Name ___ Signature ___	○	○	○	○	K ▸													
					R ▸													
3. License Number ___ First Name / Last Name ___ Signature ___	○	○	○	○	K ▸													
					R ▸													
4. License Number ___ First Name / Last Name ___ Signature ___	○	○	○	○	K ▸													
					R ▸													
5. License Number ___ First Name / Last Name ___ Signature ___	○	○	○	○	K ▸													
					R ▸													
6. License Number ___ First Name / Last Name ___ Signature ___	○	○	○	○	K ▸													
					R ▸													

Form 11-540 (01-2012)

CERTIFICATION: I certify that the information provided herein is accurate and true. Falsification or omission of information on this form is punishable under AS 11.56.210(a) and 5 AAC 75.076.

X GUIDE SIGNATURE

PAGE ___ OF ___

----------(Fold here)----------

Fold and Insert into a Business Envelope and mail to the following address:

Alaska Department of Fish and Game
Division of Sport Fish – RTS
Logbook Program

333 Raspberry Road
Anchorage, AK 99518-1599

UP TO 4 PAGES CAN BE MAILED FOR THE COST OF ONE FIRST CLASS STAMP.

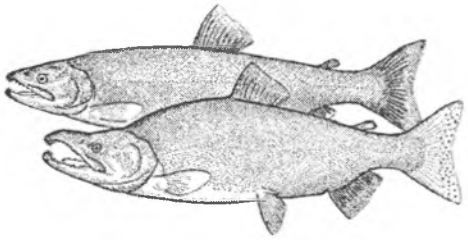
----------(Fold here)----------

2012 Freshwater Sport Fish Guide Logbook and Vessel Registration

LOGBOOK NO.

BUSINESS NAME

ADF&G BUSINESS OWNER'S LICENSE NO.



Please follow the instructions carefully as they have changed.

State of Alaska Department of Fish & Game
Division of Sport Fish

LOGBOOK INSPECTION

Upon request from any representative of the Department or any peace officer of the state, a person is required to present this Alaska Department of Fish and Game Freshwater Sport Fishing Guide Logbook for inspection.

Monday to Sunday Activity During the week of:	Postmarked or Received by ADF&G (Mondays):
January 1 – April 1	April 9
April 2 – April 8	April 16
April 9 – April 15	April 23
April 16 – April 22	April 30
April 23 – April 29	May 7
April 30 – May 6	May 14
May 7 – May 13	May 21
May 14 – May 20	May 28
May 21 – May 27	June 4
May 28 – June 3	June 11
June 4 – June 10	June 18
June 11 – June 17	June 25
June 18 – June 24	July 2
June 25 – July 1	July 9
July 2 – July 8	July 16
July 9 – July 15	July 23
July 16 – July 22	July 30
July 23 – July 29	August 6
July 30 – August 5	August 13
August 6 – August 12	August 20
August 13 – August 19	August 27
August 20 – August 26	September 3
August 27 – September 2	September 10
September 3 – September 9	September 17
September 10 – September 16	September 24
September 17 – September 23	October 1
September 24 – September 30	October 8
October 1 – October 7	October 15
October 8 – October 14	October 22
October 15 – October 21	October 29
October 22 – October 28	November 5
October 29 – November 4	November 12
November 5 – November 11	November 19
November 12 – November 18	November 26
November 19 – November 25	December 3
November 26 – December 2	December 10
December 3 – December 9	December 17
December 10 – December 16	December 24
December 17 – December 23	December 31
December 24 – December 31	January 7, 2013

LOGBOOK NO.

2012 FRESHWATER SPORT FISH
Logbook Sign-Out

SPORT FISH BUSINESS INFORMATION

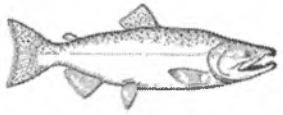
Must have a current ADF&G Business License Number

NAME OF PERSON TO WHOM THIS LOGBOOK WAS ISSUED

SPORT FISHING BUSINESS NAME

ADF&G LICENSE NUMBER OF BUSINESS *(NOT A "GUIDE ONLY" LICENSE)*

CONTACT PHONE NUMBER



Do you plan to use a vessel while providing sport fishing guided services in freshwater?

No ☐ Yes ☐ (If yes, list vessels on pg. iii)

INSTRUCTIONS TO ADF&G REPRESENTATIVE

Please forward the white copy of this form to:

Sport Fish Research & Technical Services
333 Raspberry Rd., Anchorage, AK 99518

ADF&G area offices **will** keep the pink copy on file.

Do **NOT** issue a logbook unless the applicant has the following:

- 2012 ADF&G Business License;
- Current AK Boat Number issued by DMV **OR** current U.S.C.G. Vessel Documentation number, if applicable.

None of the required information can be "pending." This form must be complete and accurate to the best of your knowledge.

Incomplete forms will be returned to you for follow-up and completion, resulting in a processing delay.

DID YOU PROVIDE A SITE CODE LIST ?

ADF&G REPRESENTATIVE (PRINT)

AREA OFFICE DATE OF ISSUE

LOGBOOK NO.

2012 FRESHWATER SPORT FISH GUIDE

Vessel Registration

NOTE TO ADF&G REPRESENTATIVE

Confirm that the vessel information requested on the bottom of this page is complete. Every vessel that this business is intending to operate while providing sport fishing guided services, must be recorded.

Attach the white (top) copy of this page to the sign-out sheet, whether or not there are registered vessels. Mail the sign-out sheet and the vessel registration page to the Anchorage ADF&G RTS office at 333 Raspberry Rd., Anchorage, AK 99518-1565.

REGISTERING YOUR VESSEL(S)

For each vessel you plan to use to conduct sport fishing guided activities, please fill out the information below.

If a vessel is newly purchased, leased or borrowed at anytime during the guiding season, it must have a current AK Boat Number **or** a U.S.C.G. documentation number. If a vessel is added during the season, call the local ADF&G office or (907) 267-2369.

For purposes of vessel registration, vessels are defined as: **rafts, canoes, kayaks, motorized and nonmotorized water vehicles.**

Registration Exemption: Personal Float Tubes.

MULTIPLE LOGBOOKS?

Note logbook number where vessel information has been provided:

AK BOAT NO. OR U.S.C.G. VESSEL DOC. NO.	PRIMARY AK DRAINAGE/COMMUNITY THE VESSEL WILL OPERATE OUT OF IN 2012

Continue on another sheet if you have more vessels. Transfer the business name and logbook number onto that extra sheet.

2012 FRESHWATER SPORT FISH GUIDE

Logbook Instructions

VESSEL REGISTRATION

The following applies to all **powered and non-powered** vessels being used to conduct sport fishing guided activities:

- Must be currently licensed with the Alaska Division of Motor Vehicles (DMV) and hold a current AK Registration number or hold a current U.S.Coast Guard (U.S.C.G.) Vessel Documentation number.
- Must be registered with the Alaska Department of Fish and Game (ADF&G) and display an ADF&G vessel decal with the current year tag.
- Vessels borrowed or purchased in-season must adhere to the above criteria and display ADF&G sport fish guide vessel decals.

Upon registration, each vessel is issued two charter vessel decals and current year tabs.

See page iii for instructions on vessels that are added midseason.

VESSEL DECALS/YEAR TABS

One set of ADF&G decals will be issued per registered vessel. Decals must be displayed and visible on each side of the vessel. Decals do not have to be applied directly to the hull of the vessel. Decals can be adhered to wood, fiberglass or plexiglas® which in turn is secured to each side of the vessel. Decals can be transferred from one vessel to another, as long as the receiving vessel has a current AK registration number from DMV **or** a U.S.C.G. documentation number and has been registered with ADF&G. Decals are designed to withstand several years of use. Annual tabs will be issued as vessels are registered. Annual year tabs are to be adhered directly to the decal in the designated area.

RESPONSIBILITY OF OWNER & GUIDE

It is the responsibility of the **guide** to ensure that daily trip activity is accurately recorded as described on page v - vii.

It is the responsibility of the **business owner** (owner of the sport fish owner/operators license) to ensure that all data for fishing activities from January 1, 2012 through December 31, 2012 is submitted to ADF&G according to the schedule on the inside the front cover.

WHAT A GUIDE MUST HAVE IN POSSESSION WHILE GUIDING

While engaged in providing sport fish guide services, a sport fishing **guide** shall have the following readily available for inspection upon request of a representative of the Department or a peace officer of the state:

- Valid ADF&G sport fishing guide license;
- Copy of the current ADF&G sport fishing operator's (business owner) license of the guide's employer;
- Valid Alaska sport fishing license, tags, stamps or permits that are required to engage in the sport fishery for which guide services are being provided;
- Identification card issued to the sport fishing guide by a state or federal agency that bears a photo of the sport fishing guide (e.g. driver's license);
- Other agencies may have additional requirements (e.g. U.S.C.G.). It is the guides responsibility to determine what those requirements are.

Logbook Instructions

WHEN TO COMPLETE A LOGBOOK

Client Information: The sport fish license number must be recorded for all paying clients, "comped" anglers, and crew that fished during any part of the trip. A **"comped"** angler is an angler who is **not paying** for this trip; it can include family, friends or other acquaintances.

The logbook must be completed at the end of each day of fishing or at the end of each trip within a day as described below through the last trip of the season.

The guide that leads the trip is required to complete this logbook per the schedule described below.

VESSEL USED

Returning to a lodge, camp, dock or mooring location:

Complete the logbook before offloading any fish from the vessel. If no fish were kept, complete the logbook before offloading any clients.

Returning to a boat ramp, launching site, or other client drop off location:

Complete the logbook before the vessel or guide departs the launching /landing site **AND** before offloading any fish from the vessel.

If no fish were kept, complete the logbook before the guide departs the launch/landing site.

NO VESSEL USED

Aircraft, highway vehicles, walk-in, ATVs, etc.

Complete the logbook before the guide leaves the fishing site. Fishing site is defined as the location where the fishing activity took place. Refer to the list of unique freshwater site codes provided with the logbook.

MULTIPLE TRIPS PER DAY

Each trip of multiple trips in a day should be logged on a separate logbook sheet. Complete the logbook at the end of each trip, as described above.

MULTIPLE DAY TRIPS

Complete the logbook at day's end for each day of the trip. Use a separate logbook data sheet for each day of that trip.

MULTIPLE SITES FISHED

If multiple sites were fished on the same day, write down each site fished prior to leaving that fishing site per the instructions above. Each site would have the same date and would require a new logbook page.

RETURN THE LOGBOOK REPORTS WEEKLY

Fishing activity that occurs prior to April 1, 2012 is due to ADF&G by April 9, 2012; all activity, thereafter, must be received by ADF&G offices **EVERY WEEK** as detailed in the schedule provided on the inside of the front cover of this book.

All 2012 logbook data must be received by January 15, 2013.

PINK COPIES ARE TO REMAIN IN THE LOGBOOK.

For fishing activity that occurs in the early winter of 2013, please call the local ADF&G office for logbook instructions if the 2013 logbooks are not yet available.

2012 FRESHWATER SPORT FISH GUIDE

Logbook Instructions

LOGBOOK ASSIGNMENTS/TRANSFERS

Logbooks are issued to individual licensed businesses. Due to the variety of ways that freshwater businesses conduct operations, the number of logbooks issued to a unique business will vary.

The business owner or their representative must determine how many logbooks that business will be required to have in order to comply with the recording requirements outlined in the instructions. For example, an operation that conducts business from a lodge with 6 guides may need more logbooks than a single owner/operator with one vessel that is trailered.

A logbook is assigned by ADF&G to the business; the business owner can distribute individual logbooks to a vessel or to a guide. It is up to the discretion of the business owner to distribute logbooks to employed guides in any manner that facilitates the timely recording of trip information as described previously in the instructions.

Remember: it is the responsibility of the **guide** to complete daily trip activity in the logbook. It is the responsibility of the **business owner** to ensure that all data is submitted to ADF&G in a timely manner.

2012 FRESHWATER SPORT FISH GUIDE

How to Fill Out the Logbook

ADF&G Sport Fish Guide License Number - The current guide license number issued by ADF&G to the guide for a specific year. Only one guide license number should appear on each logsheet page.

Date Fished- The date for each trip taken. If multiple trips to multiple different fishing sites were taken on the same day, that date and unique trip information would appear on as many data sheets as there were unique trips. Although the date would be the same, client information and trip specifics may differ. If there were more than six clients, continue on a separate logsheet with the trip information and individual angler license information carried over to the next page.

River/Stream/Lake (Specify) - The name of the site where fishing activity occurred.

Site Code - Refer to the site code list provided with the logbook for the site code associated with the river, stream or lake where fishing activity occurred. Write the site code down as it appears on this list. If no site code exists for your fishing site, use the code for Other Streams or Other Lakes.

Page Number - On each logsheet, record the page no. if multiple pages were necessary to fit in all the client information. Note the total no. of pages used for that trip.

Other Species Write-In - On the line denoted with an *, write in the name of the "other" species kept or released. Use the last blank column on the right to record this "other" species of fish as long as it does not already have an existing column. If more than one "other" species is kept or released, use an existing column, cross out the existing species of fish not present at this fishing site and write in the name of that second species.

Once a species has been written in, that column becomes dedicated to that species for the remainder of that logsheet.

Examples of Other Species: *pink (or humpy) salmon, chum (or dog) salmon, burbot, and whitefish.*

How to Fill Out the Logbook (cont'd)

Residency - In the columns to the left of each sport fish license number, **circle:**

- **R** for **Resident** or **N** for **Nonresident**.

Sport Fish License Number - Record the current Alaska Sport Fishing License number, resident PID (permanent license number) or DAV (disabled AK veteran license number) of **each client, comped angler, and crew that fished**. A **"comped"** angler is an angler who is **not paying** for this charter; it can include family, friends or other acquaintances.

Record anglers under 16 years of age as **"Youth angler 1 (YA1), Youth angler 2 (YA2)"** etc., uniquely identifying them as 1, 2 or 3 for as many as fished on each trip.

Record the license numbers of those clients that **actively** fished during any part of the trip regardless of whether they caught anything. Use one line per angler, recording the license number and all activity on that line.

Crew Status and "Comped" Anglers should be noted to the right of each angler sport fish license number, if applicable, **circle:**

- **X** if angler is **"Comped"** (nonpaying) or
- **C** if angler is **Crew member**

RECORDING SALMON AND OTHER SPECIES

Fish Kept & Released - Record the total number of fish kept **(K)** in the white row and released **(R)** in the gray row by each angler during that trip. Each angler's license number has a dedicated line assigned on each logbook sheet. If the same angler goes on more than one trip on the same day, that angler's license number will appear on as many logsheets as were used.

PROXY FISHING INSTRUCTIONS

If a paying client is also proxy fishing for a beneficiary, that client **must** have the fishing license of the person for whom he/she is fishing. Write down the license number of the recipient of the fish (beneficiary), followed by a **(P)** to indicate proxy, e.g. **10123456-P**.

Use two lines on the logbook data sheet, one for the angler's license number and one for the beneficiary's license number. Indicate **(R)** for Resident in the adjacent column; beneficiaries and those fishing for them **must** be residents of Alaska.

For permanent licenses (residents only), write down the entire license number, including the preceding alpha character, which can be a **P, D, T or Z**, i.e. **Z50148-P**.

CONTACT INFORMATION

For questions or to register a vessel, please contact:

- Division of Sport Fish, Guide Licensing and Logbook Program in Anchorage, Alaska at (907) 267-2369 or (907) 267-2390.

Alaska Department of Fish & Game

2012 Freshwater Sport Fish Trip Logbook

RETURN TO: 333 RASPBERRY ROAD, ANCHORAGE, AK 99518-1565 • QUESTIONS: (907) 267-2369

LOGBOOK

TRIP INFORMATION

2012 ADF&G GUIDE LICENSE #: _____

DATE FISHED: _____ (Month) _____ (Day), 2012

RIVER / STREAM / LAKE (SPECIFY)

SITE CODE *(REFER TO SITE CODE LIST)*

PAGE NO. _____ OF _____

TOTAL NO. OF PAGES FOR THIS TRIP ↑

WRITE IN OTHER SPECIES HERE

Angler Residency (Circle One) Resident	NonResident	Sport Fish License Number of each Client, Nonpaying angler, and Crew THAT FISHED AND Record all those anglers under 16 as "Youth Angler" (YA1, YA2etc.)	Circle One if applicable Comped	Crew	KEPT / RELEASED	SALMON KING	SALMON COHO	SALMON SOCKEYE	TROUT CUTTHROAT	TROUT RAINBOW	TROUT STEELHEAD	TROUT LAKE TROUT	OTH DOLLY VARDEN/ ARCTIC CHAR	OTH ARCTIC GRAYLING	OTH NORTHE PIKE
R	N		X	C	K					KEPT					
					R					RELEASE					
R	N		X	C	K					KEPT					
					R					RELEASED					
R	N		X	C	K					KEPT					
					R					RELEASED					
R	N		X	C	K					KEPT					
					R					RELEASED					
R	N		X	C	K					KEPT					
					R					RELEASED					
R	N		X	C	K					KEPT					
					R					RELEASED					

CERTIFICATION: I certify that the information provided herein is accurate and true. Falsification or omission of information on this form is punishable under AS 11.56.210(a) and 5 AAC 75.076.

X GUIDE SIGNATURE

CONTINUE ON NEXT PA
THAN 6 ANGLERS.
CHECK IF TRIP INFORI
IS CONTINUED ON NE

Fishery Data Series No. 11-31

Participation, Effort, and Harvest in the Sport Fish Business/Guide Licensing and Logbook Programs, 2010

by

Dora Sigurdsson

and

Bob Powers

July 2011

Alaska Department of Fish and Game

Divisions of Sport Fish and Commercial Fisheries



Symbols and Abbreviations

The following symbols and abbreviations, and others approved for the Système International d'Unités (SI), are used without definition in the following reports by the Divisions of Sport Fish and of Commercial Fisheries: Fishery Manuscripts, Fishery Data Series Reports, Fishery Management Reports, and Special Publications. All others, including deviations from definitions listed below, are noted in the text at first mention, as well as in the titles or footnotes of tables, and in figure or figure captions.

Weights and measures (metric)

centimeter	cm
deciliter	dL
gram	g
hectare	ha
kilogram	kg
kilometer	km
liter	L
meter	m
milliliter	mL
millimeter	mm

Weights and measures (English)

cubic feet per second	ft^3/s
foot	ft
gallon	gal
inch	in
mile	mi
nautical mile	nmi
ounce	oz
pound	lb
quart	qt
yard	yd

Time and temperature

day	d
degrees Celsius	°C
degrees Fahrenheit	°F
degrees kelvin	K
hour	h
minute	min
second	s

Physics and chemistry

all atomic symbols	
alternating current	AC
ampere	A
calorie	cal
direct current	DC
hertz	Hz
horsepower	hp
hydrogen ion activity (negative log of)	pH
parts per million	ppm
parts per thousand	ppt, ‰
volts	V
watts	W

General

Alaska Administrative Code	AAC
all commonly accepted abbreviations	e.g., Mr., Mrs., AM, PM, etc.
all commonly accepted professional titles	e.g., Dr., Ph.D., R.N., etc.
at	@
compass directions:	
east	E
north	N
south	S
west	W
copyright	©
corporate suffixes:	
Company	Co.
Corporation	Corp.
Incorporated	Inc.
Limited	Ltd.
District of Columbia	D.C.
et alii (and others)	et al.
et cetera (and so forth)	etc.
exempli gratia (for example)	e.g.
Federal Information Code	FIC
id est (that is)	i.e.
latitude or longitude	lat. or long.
monetary symbols (U.S.)	$, ¢
months (tables and figures): first three letters	Jan,...,Dec
registered trademark	®
trademark	™
United States (adjective)	U.S.
United States of America (noun)	USA
U.S.C.	United States Code
U.S. state	use two-letter abbreviations (e.g., AK, WA)

Mathematics, statistics

all standard mathematical signs, symbols and abbreviations	
alternate hypothesis	H_A
base of natural logarithm	e
catch per unit effort	CPUE
coefficient of variation	CV
common test statistics	(F, t, χ^2, etc.)
confidence interval	CI
correlation coefficient (multiple)	R
correlation coefficient (simple)	r
covariance	cov
degree (angular)	°
degrees of freedom	df
expected value	E
greater than	>
greater than or equal to	≥
harvest per unit effort	HPUE
less than	<
less than or equal to	≤
logarithm (natural)	ln
logarithm (base 10)	log
logarithm (specify base)	$\log_2$, etc.
minute (angular)	'
not significant	NS
null hypothesis	H_O
percent	%
probability	P
probability of a type I error (rejection of the null hypothesis when true)	α
probability of a type II error (acceptance of the null hypothesis when false)	β
second (angular)	"
standard deviation	SD
standard error	SE
variance	
population	Var
sample	var

FISHERY DATA SERIES NO. 11-31

PARTICIPATION, EFFORT, AND HARVEST IN THE SPORT FISH BUSINESS/GUIDE LICENSING AND LOGBOOK PROGRAMS, 2010

by

Dora Sigurdsson

and

Bob Powers

Division of Sport Fish Research and Technical Services, Anchorage

Alaska Department of Fish and Game
Division of Sport Fish, Research and Technical Services
333 Raspberry Road, Anchorage, Alaska, 99518-1599

July 2011

ADF&G Fishery Data Series was established in 1987 for the publication of Division of Sport Fish technically oriented results for a single project or group of closely related projects, and in 2004 became a joint divisional series with the Division of Commercial Fisheries. Fishery Data Series reports are intended for fishery and other technical professionals and are available through the Alaska State Library and on the Internet: http://www.adfg.alaska.gov/sf/publications/. This publication has undergone editorial and peer review.

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ABSTRACT

In 2010, 1,452 sport fishing businesses and 3,034 guides licensed under the Alaska Department of Fish and Game guide and business licensing program, signifying intent to provide sport fishing services in Alaska. Of the 1,452 sport fishing businesses registered in 2010, 1,323 were combination owner/guide licenses. Based on the 2010 physical addresses of both the businesses and guides, 88% of the businesses were residents of Alaska, and 12% were from other residency strata (defined as nonresidents), 72% of the guides were residents and 28% were nonresidents.

Of the 2,257 saltwater logbooks issued in 2010, 1,848 were activated, and of the 2,299 freshwater logbooks issued in 2010, 1,476 were activated. Of those businesses that submitted logbook information in 2010, 59% offered saltwater services, and 41% offered freshwater guided services. In 2010, logbook records show that 1,172 saltwater vessels were active. Of those active saltwater vessels, 55% were active in Southeast Alaska and 45% were active in Southcentral Alaska.

A total of 48,742 saltwater charter trips and 246,054 saltwater angler days of fishing occurred in 2010. Of the statewide saltwater trips, 81% of the saltwater angler days were nonresidents, 15% were residents and 4% were crew, comped fishing (nonpaying anglers) or unknown residency. In freshwater, 37,791 trips and 113,239 angler days occurred in 2010. Of the statewide freshwater trips, 88% of the angler days were nonresidents, 10% were residents, and 2% were crew, comped fishing or unknown residency.

2010 saltwater salmon harvests show that coho and king salmon made up 65% and 14% of the total salmon harvest respectively statewide. Saltwater bottomfish harvests in 2010 show that Pacific halibut were the predominant species with 58% of the total saltwater bottomfish harvest statewide. In freshwater, coho salmon were the predominant harvested species, followed by sockeye and then king salmon.

Key words: Sport fishing, guide and business registration, freshwater logbook, saltwater logbook, participation, effort, harvest, sport fishing vessel, Pacific halibut, salmon, bottomfish, Southeast Alaska, Southcentral Alaska

BACKGROUND

The Alaska Department of Fish and Game (ADF&G) Division of Sport Fish (DSF) has operated a program since 1998 to register and license both sport fishing guides and sport fishing guide businesses. Saltwater information on sport fishing participation, effort, and harvest has been collected since 1998. Freshwater information on fishing participation, effort and harvest has been collected since 2005. This report briefly summarizes the approach, history, and results of this program for 2010.

GUIDE AND BUSINESS REGISTRATION AND LICENSING

The activities of the guided sport fishing industry in Alaska have significantly increased in recent years with implications to fish allocation and management decisions. Resolution of related issues was hampered by a lack of information regarding the industry and its impact on fishery resources in many parts of Alaska. The sport fishing guide and business registration and licensing programs were designed to provide a comprehensive system to better define this diverse industry throughout Alaska. A brief history of the statewide registration and licensing process follows.

Beginning in May 1995 the owner(s) of any business that engaged in sport fish guiding of anglers anywhere in Alaska were required to register their business information, employees acting as sport fishing guides for the business, and list all vessels used for guiding. In 1997, sport fishing guides were required to register and provide information about the employing business (Dean 2001; Dean and Howe 1999).

In 1998, the Alaska Board of Fisheries (BOF) adopted new statewide sport fishing guide registration regulations and definitions during their February Statewide Finfish meeting in

Girdwood, Alaska (5 AAC 75.075: *Sport Fishing Services and Sport Fishing Guide Services; License Requirements; Regulations of Activities)*. It should be stressed that this was a registration process, not a licensing process. No fees were required and businesses and guides were allowed to provide services in any area of the state, assuming other regulatory requirements were met. In 1998, ADF&G continued to register guide businesses and guides, but stopped registering charter vessels, because the Commercial Fisheries Entry Commission (CFEC) implemented a licensing program for all vessels to be used for guided sport fishing. From 1998 through 2004, ADF&G continued to register sport fishing businesses and sport fishing guides.

On May 11, 2004, the Alaska Legislature adopted House Bill 452 (HB 452), that established licensing requirements for sport fishing guide business owners and sport fishing guides on a statewide basis. This bill was created to establish minimum professional standards required of both freshwater and saltwater sport fish guides and business owners before a license could be obtained. The standards were established to protect consumers and to promote the viability and legitimacy of a professional sport fish guide industry. Businesses providing sport fish guided services were now required to obtain a State of Alaska Occupational Business License and hold liability insurance with a minimum of $300,000 coverage for all incidents in a year (AS 16.40.260). Licensed sport fishing guides were required (1) to be citizens of the United States, Canada, or Mexico, (2) hold a current first aid card, (3) have a current year Alaska sport fishing license and (4) have a valid U.S. Coast Guard operator's license if they were to operate a motorized vessel in navigable waters. License application forms and the information collected have remained consistent in design since 2006 (Sigurdsson and Powers 2009).

LOGBOOKS

In February, 1998 the BOF adopted regulations (5 AAC 75.076) requiring logbooks for saltwater charter vessels statewide. Information on the amounts and locations of charter activity and actual participation and harvest by individual vessels and businesses was needed by the BOF for allocation and management of Chinook salmon *Oncorhynchus tshawytscha*, rockfish *Sebastes* spp., and lingcod *Ophiodon elongatus*, and by the North Pacific Fisheries Management Council (NPFMC) for allocation of Pacific halibut *Hippoglossus stenolepis*. To meet these information needs ADF&G implemented a saltwater sport fishing charter vessel logbook program for DSF Region I, Southeast Alaska (Southeast), and Region II, Southcentral Alaska (Southcentral; Table 1; Figure 1).

In 1999, the NPFMC was considering proposals to limit the guided sport halibut harvest. Their concerns were: (1) that growth in this fishery was reallocating resources away from the individual fishing quota (IFQ) commercial longline fishery, and (2) that in some areas there was overcapitalization and localized depletion of the halibut resource. NPFMC endorsed a two-prong approach to resolve the perceived impact of increased guided charter halibut fishing. The first was establishment of guideline harvest limits (GHL) for International Pacific Halibut Commission (IPHC) Areas 2C and 3A (Figure 2), and the second was a process to establish local area management plans for halibut fisheries in coastal communities.

Since 1998, the logbook design has undergone annual revisions, driven primarily by changes or improvements in the collection of halibut, lingcod and rockfish data through the logbook program, Statewide Harvest Survey (SWHS), and expanded port sampling programs. House Bill 452, adopted in 2004, not only established new licensing requirements, but also established a logbook reporting requirement for all freshwater businesses in addition to the existing saltwater

reporting requirements. For various reasons, both technical and policy-based, information on halibut harvests was not collected from 2002 through 2005. The collection of halibut data was resumed in 2006. In addition, the 2006 logbook was redesigned to require reporting of angler license numbers and the harvest and release numbers by angler in an effort to improve reporting and facilitate evaluation of the quality of logbook data.

The data from logbooks are compiled to show where fishing effort occurs, the extent of participation, and the species and numbers of fish kept and released by individual clients. This information is used for regulation and the development and management of fisheries, for project evaluation, and for formulation of department policies and priorities that reflect angler needs, concerns, and preferences. It also provides ADF&G with a tool to promote management of Alaska's resources for sustained yield.

Table 1.–Division of Sport Fish regions and management areas.

	Regions
SE	Southeast Alaska
SC	Southcentral Alaska
AYK	Arctic-Yukon-Kuskokwim
	Areas
Southeast Alaska	
A	Ketchikan
B	Prince of Wales Island
C	Kake, Petersburg, Wrangell, Stikine
D	Sitka
E	Juneau
F	Haines-Skagway
G	Glacier Bay
H	Yakutat
Southcentral Alaska	
J	North Gulf Coast/Prince William Sound
K	Knik Arm Drainage
L	Anchorage
M	Susitna River Drainage
N	West Side Cook Inlet
P	Kenai Peninsula
Q	Kodiak
R	Naknek River Drainage/Alaska Peninsula Area
S	Kvichak River Drainage
T	Nushagak, Wood River and Togiak
Arctic-Yukon-Kuskokwim	
I	Upper Copper River Drainage
U	Tanana River Drainage
V	Kuskokwim River/Kuskokwim Bay Drainages
W	Norton Sound/Seward Peninsula
X	Northwest Alaska
Y	Yukon River Drainage
Z	North Slope/Brooks Range

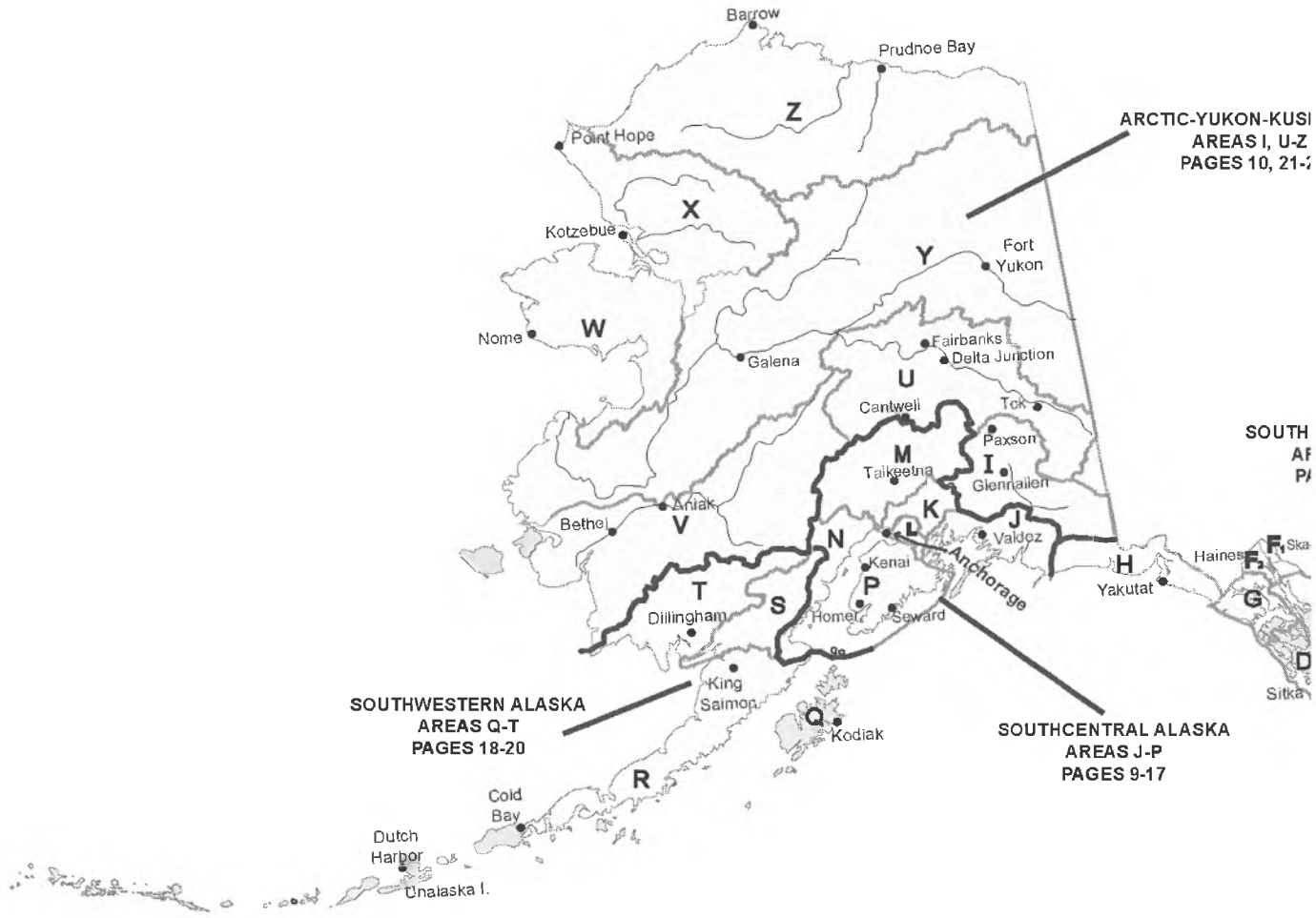

Figure 1.–Map of Alaska and Division of Sport Fish regions and management areas.

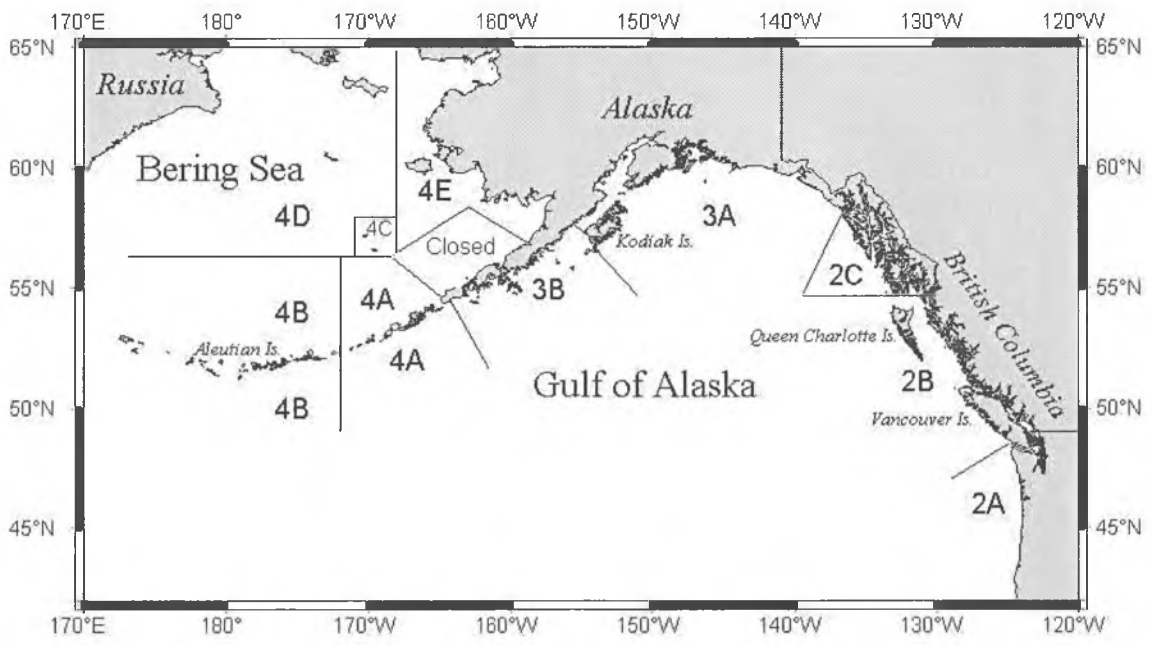

Figure 2.–International Pacific Halibut Commission (IPHC) regulatory areas.

Currently, a logbook record is required for every chartered or guided trip taken with clients, defined as an outing with one group of clients that ends when the clients and their fish (if fish were kept) are offloaded. Each trip is associated with an individual licensed business and guide.

VESSEL REGISTRATION

In addition to establishing a licensing program and statewide freshwater logbook requirement, HB 452 included establishment of a vessel registration program to be conducted by ADF&G as part of the logbook program to monitor the number of vessels used in the guided marine and freshwater fisheries. All boats used in marine or freshwater are referred to as "charter or guide boats" regardless of their size or the manner in which they are used. All vessels used in the charter guide industry were required to be registered with ADF&G.

METHODS

GUIDE AND BUSINESS LICENSING

Businesses and guides can be licensed to provide sport fishing guided services if they meet the minimum qualifications specified in regulation (AS 16.40.260 and AS 16.40.270).

Beginning in 2006, each January the Division of Sport Fish mailed renewal license applications to each sport fishing guide and sport fishing business that was licensed in the previous year. In addition, guides and businesses could obtain a license in person at local ADF&G offices or through the Internet.

The license application could be used in three ways (Appendix A):

- To license a business only,
- To license a guide only,
- To license a combination business and guide (an owner/operator where the owner also conducted the guiding).

The license application collected business owner or guide name, permanent mailing information, permanent and inseason phone number if applicable. Additionally, the name of the business, name of the business owner, occupational business license number, insurance company information and insurance binder or policy number and effective dates were required. A guide is required to be a citizen of the United States, Canada, or Mexico, hold a current first aid card and have a current year Alaska sport fishing license along with any tags or permits required for specific fisheries. If a guide planned to operate a motorized vessel on navigable waters with clients on board, the guide was required to have a current U.S. Coast Guard Operator's License and provide that number and expiration date on the license application.

Unique license numbers were assigned according to how licensing occurred. License numbers did not remain the same in subsequent years. If an operator or guide licensed at an ADF&G office, a pre-numbered application was used and that number became the license number for that year. Renewal or internet license applications are numbered sequentially by the computer database that processed the information

Once the license applications were reviewed for completeness and accuracy, DSF mailed a wallet-sized license to each guide or business. Those applicants who licensed by going to an ADF&G office received a copy of their license, which allowed them to operate immediately. Those who applied on the Internet or with the renewal application, were required to wait until they received their license in the mail prior to operating or providing guiding services.

LOGBOOK DATA COLLECTION

Logbook reporting is a mandatory process governed by regulation (AS 16.40.280). As such, the reporting process was considered to be a census of all charter/guided trips. Logbooks were available and issued from ADF&G area offices located statewide, in addition to a vendor located in Seward.

The statewide logbook has remained consistent in design since 2006, with few annual changes occurring in logbook layout. In 2006, both the freshwater and saltwater logbooks were redesigned to require reporting of angler license numbers and the harvest and release numbers by angler in an effort to improve reporting and facilitate evaluation of the quality of logbook data. Some of the annual design changes in the saltwater logbook were driven primarily by changes or improvements in the collection of halibut and rockfish data, and by requests from the NPFMC for information needed for allocation of halibut. Some changes were made to improve or simplify the use of the forms based on operator input, and to improve the capture of client and crew harvest information. Other than a few minor design changes, both the saltwater and freshwater logbooks collected the same information during all five years.

Saltwater Logbook Forms

A saltwater logbook consisted of the cover page, schedule of reporting deadlines, one logbook check out sheet to show the business to which the logbook was issued and to register the saltwater vessel, a set of instructions for filling out the information on the logbook sheets, and 50 data sheets to record trip information (Appendix B). Data collected on each of the 50 pages consisted of:

- Date that fishing took place;
- Time that trip started;

- ADF&G guide license number for the guide leading the trip;
- Port or community where fishing began;
- Port or community where trip ended,
- Primary statistical area fished while targeting salmon or bottomfish;
- Crew, client, and "comped" angler's current ADF&G sport fishing license or PID (permanent fishing license) number, the word "YOUTH" for anglers under 16;
- First and last name of each client and youth angler;
- Client residency(Alaska resident/nonresident of Alaska);
- Indication if crew fished or if angler was "comped";
- Signature of angler who kept halibut while fishing in 2C only (southeast);
- A breakdown by fish species kept and released by each individual angler.

During a saltwater charter trip, the operator must decide if his/her gear or fishing methods are effectively targeting bottomfish, salmon or both. A 6-digit statistical code where most of the fish were caught or targeted is logged for each trip. Statistical maps were provided to the operator upon logbook issuance.

Saltwater species information collected included kept and released information for "large" Chinook (king salmon) 28" and longer and for "small" Chinook (king salmon) less than 28". Also recorded were coho *O. kisutch*, sockeye *O. nerka*, halibut, lingcod, pelagic rockfish, yelloweye, and other nonpelagic rockfish, salmon shark *Lamna ditropis*, sablefish and a category for the number of all other species not already listed (Appendix B).

To determine the number of businesses and guides that were "active" in the industry, a cross reference of business and guide licenses is made to the logbooks to determine if actual guided trips were provided. If ADF&G received at least one logbook data page that reported targeted effort, the charter operation turning in the form was considered an "active" bottomfish or salmon charter operator with an "active" vessel.

Freshwater Logbook Forms

A freshwater logbook consisted of the cover page, schedule of reporting deadlines, one logbook check out sheet to show the business to which the logbook was issued, a freshwater vessel registration page that collects the unique AK # assigned by the Department of Motor Vehicles (DMV) or a United States Coast Guard (USCG) documentation number and primary drainage, a set of instructions for filling out the information on the logbook sheets, and 50 data sheets to record trip information (Appendix C). Data collected on each of the 50 pages consisted of:

- ADF&G guide license number,
- Date that fishing took place,
- Specific name of river, stream or lake fished,
- Site code of site fished as referenced within a list provided with each logbook,
- Number of logbook pages used for a specific trip,
- Name of any other species kept,
- Crew, client, and "comped" angler's current ADF&G sport fishing license number, and a youth angler designation for anglers under 16 years of age.

- Client residency,
- A breakdown by fish species kept and released by each individual angler.

Upon acquiring a freshwater logbook, the operator registers all vessels that may be used during the course of the fishing season. Freshwater vessel registration requires that the vessel already have a unique AK # assigned by DMV or a USCG documentation number. Freshwater vessels primarily have AK #'s. The operator must provide the AK # and indicate the primary freshwater drainage where the vessel will operate.

The freshwater logbook does not collect targeted species information like the saltwater logbook, it collects information on species kept and released regardless of what was targeted or sought after. A trip is counted if a logbook data page is submitted with effort information regardless of catch. Freshwater trips are assigned a region of the state based on the name of the site fished, each freshwater site is assigned a unique regional alpha code followed by a numeric code within the region in which it is located (Table 1).

Freshwater information collected were: kept and released numbers for king, coho, and sockeye salmon, cutthroat *O. clarkii*, rainbow and steelhead trout *O. mykiss*, lake trout *Salvelinus namaycush*, Dolly Varden *S. malma*, Arctic grayling *Thymallus arcticus*, northern pike *Esox lucius*, sheefish *Stenodus leucichthys* and a category for the number of all other fish not already listed.

Business operators are allowed to and even encouraged to pick up as many logbooks as they anticipated needing during the course of the season. The ability to acquire as many logbooks as are needed prevents them from having to make multiple trips to an ADF&G office. As a result, numerous businesses ended up getting more logbooks than were eventually used. Because of this, ADF&G differentiates between the number of logbooks issued versus the number that are actually used or activated.

Vessel Registration

Vessel registration information was collected when a saltwater or freshwater logbook was issued to a business (Appendix D1 and D2). Registration information included the Department of Motor Vehicles (DMV) number or the U.S. Coast Guard vessel documentation number. Upon completion of vessel registration with ADF&G, each vessel was provided with two decals and year tags to indicate that the vessel is to be used in the guide industry (Appendix D3 and D4). Decals must be applied and visible on both sides of the vessel.

LOGBOOK OUTREACH, VALIDATION AND VERIFICATION

In December 2005, the Commissioner of the ADF&G issued a statement that mandated and detailed strategies for assuring the accuracy of the reporting of Pacific halibut harvest for the saltwater charter logbook through outreach and validation.

Outreach

An outreach program was initiated to reach as many operators as possible to field questions and to ensure compliance with the reporting requirements. The outreach program was conducted on-site (in the field) by ADF&G employees and off-site from the Anchorage ADF&G office.

On-site Logbook Inspections

Logbook outreach occurred in parts of the Southeast and Southcentral regions in conjunction with existing creel survey and port sampling programs. "Courtesy logbook inspections" were

conducted as time allowed by ADF&G creel and port sampling technicians during their regular dockside checks of the primary fisheries from May through September. In addition, management staff continued with periodic checks of charter logbooks while in the field. Logbooks were inspected to make sure that they were filled out correctly, and staff answered any questions about how they should be filled out. These checks were not intended for enforcement or for evaluating the accuracy of data but rather as another opportunity to encourage compliance and completeness and as an indicator of how important logbook data are to ADF&G.

Off-site Logbook Review

The goal of the outreach program was to ensure compliance with all reporting requirements, by emphasizing education early in the season. Off-site outreach was conducted by the Division of Sport Fish, Research and Technical Services (RTS) staff in the Anchorage office. All logbook trip data was subject to a reporting deadline. Logbook data pages were required to be completed and returned to ADF&G on a weekly basis as specified in the instructions of both the saltwater and freshwater logbooks. Timely submission was a requirement to facilitate recall and to allow ADF&G staff to review each data page for completeness and legibility. All logbook data sheets were received by RTS in Anchorage where ADF&G data entry staff date-stamped each data page with the date received, reviewed each page for incomplete, illegible or erroneous information, and conducted phone calls to business owners and guides for follow up and clarification. Calls early in the season were intended to alleviate repeat errors in reporting which were thought to result in fewer calls being necessary later in the fishing season.

As logbook data sheets were received, RTS staff conducted reviews by monitoring all data for completion and legibility prior to data entry. In the event that some of the logbook data sheets required verification from the operator or guide, staff would place phone calls.

Phone calls to the business owners and guides significantly improved the quality of the data, minimized reoccurring mistakes by the guide, increased compliance, and contributed to the outreach portion of this program. Logbook data entry staff contacted charter operators to resolve logbook reporting issues and to improve future reporting. These calls were intended to improve data quality and reinforce the message to the guide industry that logbook data are important and are consistently being reviewed.

Number of follow-up calls to Operators by year.				
2006	2007	2008	2009	2010
3,011	1,415	2,160	780	830

Follow up phone calls have become a valuable outreach tool and will continue to be a standard procedure in the future.

Validation

In-season Saltwater Logbook Editing

Computer routines have been written to check and validate the following saltwater data fields during the fishing season as logbook data pages are returned.

- Validate the guide license is filled in and valid.
- Validate the date is filled in and in 2010.

- Validate the port of landing is entered and is in the valid port site table.
- If hours are listed verify a statistical area is listed for the appropriate effort.
- Verify the statistical area listed is a valid statistical area.
- If there is harvest verify the appropriate statistical area is filled in.
- If a statistical area is filled out verify the appropriate hours field in filled in.
- Verify a statistical area is filled in (both can't be blank).
- Verify hours are filled in (both can't be blank).
- Validate possible incorrect stat areas that appear to be valid;
    - If data entry mistakenly enters the hours info in the statistical area the first statistical area that starts with the same number will be auto populated and accepted as valid.
- Check to see which log pages were turned in more than 7 days after the due date.
- Verify logbooks are checked out to a business and not a guide.
- Check all records with more than 12 hours listed.
- Check for duplicate logbook pages.
- Check trips that don't have paying angler records.
- Verify the date fished is not greater than the date the log page is received by ADF&G.

Post-season Saltwater Logbook Editing

At the end of the fishing season, computer routines check and validate the above listed items in addition to the following saltwater data fields in preparation for developing summaries (Appendix E).

- All of the in-season edits are re-run.
- Check to make sure fish kept are within the limits for the area fished.
- Validate and review excessively large numbers of released fish based on frequency distribution analysis.

In-season Freshwater Logbook Editing

Computer routines have been written to check and validate the following freshwater data fields during the fishing season as logbook data pages are returned.

- Validate the guide license number is filled in and valid.
- Validate the date is filled in and in 2010.
- Validate the site code is entered and is in the valid site code table.
- Check to make sure there are paying clients (not comped or crew) on the trip.
- Check to see which log pages were turned in more than 7 days after the due date.
- Check for duplicate logbook pages.
- Verify the date fished is not greater than the date the log page is received by ADF&G.
- Verify logbooks are checked out to a business and not a guide.
- Verify Kenai River trips weren't taken on Sunday or Monday in May – July.
- Check trip records that don't have angler records.

Post-season Freshwater Logbook Editing

At the end of the fishing season, computer routines check and validate the above listed items in addition to the following freshwater data fields in preparation for developing summaries (Appendix F).

- All of the in-season edits are re-run.
- Check to make sure fish kept are within the limits for the site fished.
- Check to make sure the fish caught are valid species for the site fished.
- Validate excessively large numbers of released fish based on frequency distribution analysis.
- Recode 'Other' site codes to correct values if they exist in the site code table.
- Recode sites with 'System' in the description to a more specific site code if available.
- Check records with 6 clients to verify the next page isn't part of the same trip.

Verification

Logbook data were compared to actual counts of harvested fish (verified) and to reported harvest data (unverified) from onsite interviews. These comparisons are ongoing and are part of a more comprehensive evaluation of logbook data quality (Meyer and Powers *Unpublished*).

Two unique methods will be used to conduct post-season verification of logbook data:

1. A freshwater and saltwater comparison will be made between logbook data and guided trip information collected from the Alaska Statewide Harvest Survey (SWHS; Jennings et al. 2010).
2. The data collected from the logbooks was compared to the data collected in the saltwater creel programs administered through ADF&G. Saltwater creel programs include the *Assessment of Recreational Halibut and Groundfish Harvest in Southcentral Alaska* program in Homer, *Haines Marine Sport Fishery Harvest in Southeast Alaska* (Chapell 2010), and *Harvest estimates for selected marine sport fisheries in Southeast Alaska* (Wendt and Jaenicke *In prep*).

RESULTS

GUIDE AND BUSINESS LICENSING

In 2010, 1,452 sport fishing businesses and 3,034 sport fishing guides were licensed with ADF&G to provide sport fishing services in Alaska. The total number of businesses and guides includes all saltwater and freshwater operators. Of the 1,452 sport fishing businesses licensed in 2010, 1,323 were combination owner/guide licenses. Physical addresses of both the businesses and guides in 2010 indicated that 88% of the businesses reported Alaska residency, and 12% were from other residency strata (defined as nonresidents), 72% of the guides were residents and 28% were nonresidents.

The licensed businesses and guides were subtotaled by region for Southeast, Southcentral, and Other Alaska, including the Arctic-Yukon-Kuskokwim area and nonresident license applicants. In 2010 26% of the licensed businesses had physical addresses in Southeast, 57% in Southcentral, 5% had permanent addresses in other parts of Alaska, and 12% had nonresident addresses based on their license applications. In 2010, 16% of those that licensed as guides only

had permanent addresses in Southeast, 38% in Southcentral, 5% in other parts of Alaska and 41% had nonresident addresses based on their license applications (Table 2).

Based on the submission of logbook data pages with trip information in 2006, 777 businesses provided saltwater services, 503 provided freshwater services and 140 businesses provided both freshwater and saltwater services. In 2007, 786 businesses provided saltwater services, 513 provided freshwater services and 132 businesses provided both freshwater and saltwater services. In 2008, 766 businesses provided saltwater services, 508 provided freshwater services and 122 businesses provided both freshwater and saltwater services (Sigurdsson and Powers 2010). In 2009, 690 businesses provided saltwater services, 474 provided freshwater services and 112 businesses provided both freshwater and saltwater services. In 2010, 660 businesses provided saltwater services, 430 provided freshwater services and 116 businesses provided both freshwater and saltwater services (Table 3 and Table 4).

Table 2.–Number of licensed businesses and guides by region, 2006–2010.

Region[b]	2006	2007	2008	2009	2010
Licensed Businesses[a]					
SE	38	39	43	34	32
SC	62	70	66	65	68
Other Alaska	5	2	2	2	4
Resident Total	105	111	111	101	104
Other U.S.	25	18	23	21	25
Foreign	0	0	0	0	0
Nonresident Total	25	18	23	21	25
Total	130	129	134	122	129
Combination Licenses[c]					
SE	432	422	414	371	351
SC	891	909	887	812	764
Other Alaska	71	74	75	68	62
Resident Total	1,394	1,405	1376	1,251	1,177
Other U.S.	153	160	149	155	146
Foreign	0	0	0	0	0
Nonresident Total	153	160	149	155	146
Total	1,547	1,565	1,525	1,406	1,323
Licensed Guides[d]					
SE	346	334	319	272	269
SC	732	777	765	678	662
Other Alaska	66	75	80	87	78
Resident Total	1144	1,186	1,164	1,037	1,009
Other U.S.	761	780	831	705	702
Foreign	2	0	2	1	0
Nonresident Total	763	780	833	706	702
Total	1,907	1,966	1,997	1,743	1,711

Note: Data are current as of 05/24/2011.

[a] Business only licenses do not include the owner as a guide.

[b] Region assigned based on physical address indicated at time of licensing.

[c] Combination licenses that include the business and the business owner as the guide.

[d] Guide license only, no business license.

Table 3.–Number of active saltwater businesses and guides by region, 2006–2010.

	Active Businesses[a]					Active Guides[b]				
Region[c]	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
SE	439	430	429	387	373	881	872	860	738	730
SC	479	488	459	416	403	772	765	739	661	633
Total[d]	917	918	888	802	776	1,603	1,600	1,561	1,355	1,325

Note: Data are current as of 05/24/2011.

[a] Active Business counts are based on the business number listed on the signout sheet of a logbook (this can be a business only or a combined business/guide license) and the submission of at least one log page from the logbook.

[b] Active Guide counts are based on the guide number written on each log page (this can be a guide only or a combined business/guide license) and the submission of at least one log page showing that guide license number.

[c] Region is based on the port of offloading, salmon and bottomfish statistical area.

[d] Total is not additive because a business or guide could operate in both regions. Includes businesses and guides that offered both saltwater and freshwater services.

Table 4.–Number of active freshwater businesses and guides by region, 2006–2010.

	Active Businesses[a]					Active Guides[b]				
Region[c]	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
SE	69	72	70	63	69	173	176	178	143	151
SC	526	528	512	476	433	1,220	1,270	1,302	1,090	1,051
AYK	71	68	69	67	62	194	224	222	203	200
Total[d]	643	645	630	586	546	1,518	1,579	1,633	1,375	1,348

Note: Data are current as of 05/24/2011

[a] Active Business counts are based on the business number listed on the signout sheet of a logbook (this can be a business only or a combined business/guide license) and the submission of at least one log page from the logbook.

[b] Active Guide counts are based on the guide number written on each log page (this can be a guide only or a combined business/guide license) and the submission of at least one log page showing that guide license number.

[c] Region is based on the site code provided for the site fished on each logbook page.

[d] Total is not additive because a business or guide could operate in multiple regions. Includes businesses and guides that offered both freshwater and saltwater services.

VESSELS

Saltwater

The number of vessels registered to provide saltwater sport fishing charter services was 1,671 in 2006, 1,666 in 2007, 1,601 in 2008, a 1,444 in 2009, and 1,389 in 2010 (Table 5). A vessel, though registered, is not considered "active" unless that vessel was used on one or more guided trip(s) as indicated by the submission of a logbook data page. Of the 1,671 saltwater vessels registered in 2006, 1,368 were active, of the 1,666 vessels registered in 2007, 1,409 were active, in 2007, of the 1,601 registered vessels, 1,353 were active, in 2009, 1,444 saltwater vessels that were registered, 1216 were active, and in 2010, of the 1,389 registered saltwater vessels, 1,172 were actually active. Based on the primary port of operation indicated at registration and port of offloading, 644 saltwater vessels operated in Southeast and 528 operated in Southcentral in 2010, the lowest number recorded in the last five years (Table 5).

Table 5.–Number of registered and active saltwater vessels by region, 2006–2010.

	Registered Vessels[a]					Active Vessels[b]				
Region	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
SE	926	918	905	807	778	747	768	757	670	644
SC	745	748	697	637	611	622	641	596	547	528
Total[c]	1,671	1,666	1,601	1,444	1,389	1,368	1,409	1,353	1,216	1,172

Note: Data are current as of 05/24/11.

[a] Region is based on primary port of operation listed on the sign-out sheet

[b] Region is based on primary port of off loading, salmon and bottomfish statistical area.

[c] Total is not additive because vessels can operate in both regions.

Logbook data indicate that vessels will target all possible species; bottomfish, salmon and both during the course of a fishing season (Table 6).

Table 6.–Number of active saltwater vessels that made at least one trip in each target category, by region, 2006–2010.

		Target[a]			No Statistical
Year	Region[b]	Salmon	Bottomfish	Both	Area Reported
2006	SE	631	495	637	5
	SC	383	551	486	6
	Total	1,014	1,046	1,123	11
2007	SE	637	494	676	49
	SC	377	576	495	32
	Total	1,014	1,070	1,171	81
2008	SE	622	534	648	55
	SC	325	546	441	22
	Total	947	1,080	1,089	77
2009	SE	538	417	586	27
	SC	269	497	402	17
	Total	807	914	988	44
2010	SE	514	401	567	63
	SC	245	476	385	43
	Total	759	877	952	106

Note: Data are current as of 05/24/2011.

[a] Target is based on salmon and bottomfish statistical areas.

[b] Region is based on primary port of off loading, salmon and bottomfish statistical area.

Freshwater

Based on the primary drainage and sites fished, many more freshwater vessels operate in Southcentral than in other regions between 2006 and 2010 (Table 7).

Table 7.–Number of registered freshwater vessels by year and region[a], 2006–2010.

Year	SE	SC	AYK	Unknown[b]	Total[c]
2006	148	1,717	221	2	2,086
2007	131	1,668	240	2	2,040
2008	122	1,743	262	2	2,128
2009	97	1,642	236	2	1,976
2010	96	1,607	206	4	1,912

Note: Data are current as of 05/24/2011.

[a] Region is based on primary drainage listed on the vessel registration sheet. If region could not be determined based on primary drainage, then the area fished was used.

[b] Insufficient information available during registration and on fishing activity.

[c] Total not additive because a vessel could be registered and operate in more than one region.

TRIPS

Saltwater

Logbook data indicate that 65,671 saltwater charter trips were conducted statewide in 2006, 67,152 trips were conducted in 2007, 62,005 trips were conducted in 2008, 48,506 saltwater trips were conducted in 2009, and 48,742 in 2010. During all five years, a majority of the trips that targeted salmon only, occurred in Southeast Alaska, whereas, the majority of trips that targeted bottomfish only, occurred in Southcentral Alaska. During the same five years, operators in Southeast conducted significantly more trips in which both salmon and bottomfish were targeted on the same trip. If a statistical area fished was not provided or indicated, no targeted species was assigned (Table 8).

Table 8.–Number of saltwater trips by targeted species by region, 2006–2010.

		Species Targeted[a]				
Year	Region[b]	Salmon	Bottomfish	Both	No Statistical Area Reported	Total
2006	SE	14,309	6,146	18,628	5	39,088
	SC	3,481	15,555	7,537	10	26,583
	Total	17,790	21,701	26,165	15	65,671
2007	SE	12,759	6,144	20,633	63	39,599
	SC	2,876	16,489	8,145	43	27,553
	Total	15,635	22,633	28,778	106	67,152
2008	SE	11,338	7,368	18,634	108	37,448
	SC	2,135	15,733	6,617	72	24,557
	Total	13,473	23,101	25,251	180	62,005
2009	SE	8,789	4,842	14,498	45	28,174
	SC	2,008	12,604	5,699	21	20,332
	Total	10,797	17,446	20,197	66	48,506
2010	SE	7,613	5,368	14,740	99	27,820
	SC	2,024	13,219	5,591	88	20,922
	Total	9,637	18,587	20,331	187	48,742

Note: Data are current as of 05/24/2011.

[a] Species targeted is based on the provision of salmon and/or bottomfish statistical areas.

[b] Region is based on the port of offloading, salmon and bottomfish statistical area.

Freshwater

In 2006, 46,781 freshwater guided fishing trips were taken, 48,697 were taken in 2007, and 48,501 were taken in 2008, and 37,554 freshwater trips occurred in 2009. In 2010, 37,791 freshwater trips were conducted statewide, 83% of those trips took place in Southcentral, 11% in the Arctic-Yukon-Kuskokwim (AYK) area, and 6% in Southeast (Table 9).

Table 9.–Number of freshwater trips by region, 2006–2010.

Year	SE	SC	AYK	Total
2006	3,040	39,479	4,262	46,781
2007	3,241	40,557	4,899	48,697
2008	3,113	40,587	4,801	48,501
2009	2,400	31,305	3,849	37,554
2010	2,459	31,267	4,065	37,791

Note: Data are current as of 05/24/2011.

[a] Region is based on the area code of the site code listed on each logbook page.

LOGBOOK TRIP EFFORT AND HARVEST

Statewide saltwater charter trips decreased significantly in 2009 after an increase between 2006 and 2007, and a slight decrease in 2008 (Table 10). Saltwater angler days have steadily decreased from 2006 to 2009 with a very slight increase in 2010 (Table 10). For freshwater guided fishing statewide, the number of trips and angler days fished appeared to remain steady from 2006 to 2008 until 2009 and 2010 when a notable decrease in freshwater trips and angler days occurred (Table 10).

SALTWATER

In 2010, 82% of the saltwater logbooks that were issued were activated (effort or catch reported). From 2006 through 2010, the saltwater logbook collected information on client residency. Records show that in 2010, 87% of the angler days of effort in the saltwater charter salmon fishery were conducted by nonresident anglers, compared with 10% by residents and 3% by crew, comped anglers or those of unknown residency. Records also indicate that for 2010, 79% of the angler days of effort in the saltwater charter bottomfish fishery were conducted by nonresident anglers, 16% by residents and 5% by crew fishing, comped anglers or those of unknown residency (Tables 11-12).

In 2010 coho and king salmon made up 65% and 14% respectively of the harvest statewide, with the remaining 21% consisting of a combination of other salmon (Table 11).

Based on the number of angler days fished in 2010, 65% of the salmon participation took place in Southeast, and 35% in Southcentral. Within that same period, 40% of the bottomfish participation took place in Southeast, and 60% occurred in Southcentral (Table 12).

Of the bottomfish harvested in 2010, halibut were the most harvested species at 264,467 fish, consisting of 58% of the total bottomfish harvest statewide. Statewide, 19% of the halibut harvest occurred in Southeast and 81% occurred in Southcentral (Table 12). It should be noted that in Southeast, IPHC area 2C, anglers fishing from a charter vessel were limited to one halibut per day, whereas in Southcentral, IPHC area 3A, guided anglers were allowed two halibut per day in 2010.

FRESHWATER

In 2010, 64% of the freshwater logbooks that were issued were activated. In 2010, 8% of the freshwater participation occurred in Southeast, 84% occurred in Southcentral, and 8% took place in the Alaska-Yukon-Kuskokwim (AYK) or interior Alaska (Table 13).

Angler days of effort in 2010 indicate that 88% of the anglers in the freshwater guided fishery were nonresident anglers, 10% were residents and 2% were crew fishing, comped anglers or those of unknown residency. In Southeast, 94% of the guided/chartered fishing was conducted by nonresident anglers, 88% were nonresidents in Southcentral, and 90% of the anglers in AYK were nonresidents.

In 2010, coho, sockeye and king salmon were the predominant salmon species, making up 50%, 33% and 13% respectively of the harvest statewide, with the remaining 4% consisting of a combination of other fish (Table 13).

Table 10.–Saltwater and freshwater trips and angler days by region, 2006–2010.

		Saltwater[a]		Freshwater[b]	
Year	Region	Trips	Angler Days	Trips	Angler Days
2006	SE	39,088	154,549	3,040	11,470
2006	SC	26,583	175,695	39,479	124,931
	AYK	0	0	4,262	11,006
	Total	65,671	330,244	46,781	147,407
2007	SE	39,599	158,551	3,241	11,610
2007	SC	27,553	163,964	40,557	126,444
	AYK	0	0	4,899	12,266
	Total	67,152	322,515	48,697	150,320
2008	SE	37,448	150,789	3,113	10,730
2008	SC	24,557	146,717	40,587	126,596
	AYK	0	0	4,801	11,833
	Total	62,005	297,506	48,501	149,159
2009	SE	28,174	110,285	2,400	8,066
2009	SC	20,332	119,611	31,305	94,387
	AYK	0	0	3,849	8,909
	Total	48,506	229,896	37,554	111,362
2010	SE	27,820	110,911	2,459	8,913
2010	SC	20,922	135,143	31,267	94,910
	AYK	0	0	4,065	9,416
	Total	48,742	246,054	37,791	113,239

Note: Data are current as of 05/24/2011.

[a] Saltwater region is based on the port of offloading, salmon and bottomfish statistical area.

[b] Freshwater region is based on the area code of the site code listed on each logbook page.

Table 11.–Saltwater salmon effort and harvest by region and angler type, 2010.

Region[a]	Type of Angler	Angler Days[b]	King salmon		Coho	Sockeye	Other Salmon
			Large	Small			
SE	Resident	1,937	936	18	1,544	5	411
	Nonresident	87,025	25,579	767	94,346	729	42,705
	Comped	444	160	6	396	1	164
	Crew	571	39	1	235	0	94
	Unknown	316	44	3	335	2	144
	Total	90,293	26,758	795	96,856	737	43,518
SC	Resident	11,781	911	232	14,145	177	905
	Nonresident	34,035	3,407	833	46,311	968	4,507
	Comped	541	45	12	521	54	22
	Crew	3,028	151	34	1,656	27	98
	Unknown	258	11	6	350	10	22
	Total	49,643	4,525	1,117	62,983	1,236	5,554
Total	Resident	13,718	1,847	250	15,689	182	1,316
	Nonresident	121,060	28,986	1,600	140,657	1,697	47,212
	Comped	985	205	18	917	55	186
	Crew	3,599	190	35	1,891	27	192
	Unknown	574	55	9	685	12	166
	Total	139,936	31,283	1,912	159,839	1,973	49,072

Note: Data are current as of 05/24/2011.

[a] Region is based on the port of offloading, salmon and bottomfish statistical area.

[b] Angler days totals all anglers who fished on a day when a salmon statistical area was entered, plus angler days where an angler harvested a salmon when a bottomfish statistical area was provided.

Table 12.–Saltwater bottomfish effort and harvest by region and angler type, 2010.

Region[a]	Type of Angler	Angler Days[b]	Halibut	LingCod	Rockfish			Sablefish	Shark
					Pelagic	Yelloweye	Non-Pelagic		
SE	Resident	1,900	1,185	276	1,090	308	447	12	0
	Nonresident	81,971	49,396	4,342	57,852	14,473	20,101	3,894	8
	Comped	513	286	53	265	101	117	10	0
	Crew	591	86	8	231	28	36	8	0
	Unknown	244	127	8	102	27	57	3	0
	Total	85,219	51,080	4,687	59,540	14,937	20,758	3,927	8
SC	Resident	31,473	54,170	3,639	11,949	2,829	2,155	21	8
	Nonresident	85,528	143,959	9,902	37,418	6,729	7,025	123	10
	Comped	1,373	2,171	184	703	134	118	5	1
	Crew	8,429	12,361	526	2,005	410	361	4	0
	Unknown	458	726	83	235	53	50	0	0
	Total	127,261	213,387	14,334	52,310	10,155	9,709	153	19
Total	Resident	33,373	55,355	3,915	13,039	3,137	2,602	33	8
	Nonresident	167,499	193,355	14,244	95,270	21,202	27,126	4,017	18
	Comped	1,886	2,457	237	968	235	235	15	1
	Crew	9,020	12,447	534	2,236	438	397	12	0
	Unknown	702	853	91	337	80	107	3	0
	Total	212,480	264,467	19,021	111,850	25,092	30,467	4,080	27

Note: Data are current as of 05/24/2011.

[a] Region is based on the port of offloading, bottomfish and salmon statistical area.

[b] Angler days totals all anglers who fished on a day when a bottomfish statistical area was entered, plus angler days where an angler harvested a bottomfish when a salmon statistical area was provided.

Table 13.–Freshwater effort and harvest by species, region and angler type, 2010.

Region[a]	Type of Angler	Angler Days	King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Lake Trout	Grayling	Dol
SE	Resident	316	0	323	28	0	1	3	0	0	
	Nonresident	8,358	35	6,710	1,143	13	5	1	0	0	
	Comped	41	1	84	3	0	0	0	0	0	
	Crew	126	7	70	69	0	0	0	0	0	
	Unknown	72	0	51	7	0	0	0	0	0	
	Total	8,913	43	7,238	1,250	13	6	4	0	0	
SC	Resident	9,628	1,437	3,286	1,847	0	35	0	3	15	
	Nonresident	83,332	8,950	34,223	26,746	1	316	7	86	193	
	Comped	359	48	110	65	0	0	0	1	0	
	Crew	777	24	293	221	0	2	2	3	4	
	Unknown	814	97	173	267	0	6	0	0	19	
	Total	94,910	10,556	38,085	29,146	1	359	9	93	231	
AYK	Resident	785	308	72	118	0	1	0	0	40	
	Nonresident	8,464	974	2,043	523	0	17	0	1	185	
	Comped	14	2	5	0	0	0	0	0	0	
	Crew	83	0	2	11	0	0	0	0	0	
	Unknown	70	11	30	16	0	0	0	0	1	
	Total	9,416	1,295	2,152	668	0	18	0	1	226	
Total	Resident	10,729	1,745	3,681	1,993	0	37	3	3	55	
	Nonresident	100,154	9,959	42,976	28,412	14	338	8	87	378	
	Comped	414	51	199	68	0	0	0	1	0	
	Crew	986	31	365	301	0	2	2	3	4	
	Unknown	956	108	254	290	0	6	0	0	20	
	Total	113,239	11,894	47,475	31,064	14	383	13	94	457	

Note: Data are current as of 05/24/11.

[a] Region is based on the area code of the site code listed on each logbook page.

DISCUSSION

GUIDE AND BUSINESS LICENSING

The 2006 through 2010 ADF&G guide and business licensing process differed from the registration process prior to 2005 in terms of the approach used, fees, and the information collected on license applications. The current licensing approach reflects changes made in 2005 to initiate the new minimum requirements established by HB 452. Guides and businesses offering guided fishing services are now held to a higher standard of compliance than previous to 2005. Violations of the guide licensing statutes or regulations adopted under HB 452 are either violations or misdemeanors, and courts are authorized to revoke the license of the guide or business under certain conditions, such as repeated convictions within a three-year period.

ADF&G no longer collects the information collected in earlier years on the type (saltwater vs. freshwater) and location (regions/subareas) of services. The 2006-2010 licensing processes have been similar and provide a basis for establishing a long-term database of licensed businesses and guides. Charter/guide business and guide licensing still reflects the intent to operate, while actual activity is confirmed by the submission of logbook trip data.

LOGBOOKS

ADF&G initiated a mandatory saltwater charter logbook program in 1998. The BOF adopted regulations requiring annual registration of sport fishing guides and businesses, and logbook reporting. The logbook and registration/licensing program was intended to provide information on actual participation and harvest by individual vessels and businesses.

Recent emphasis from ADF&G management staff and NPFMC on more timely saltwater data spurred discussions on how to hasten logbook data availability. Up until 2010, logbook data entry involved collecting logbook sheets from the guide, entering the logbook data into a logbook database, and editing the data. This process could take RTS from six to eight weeks. Discussions included the possibility of an electronic submission option that would provide data to ADF&G and NPFMC staff in a more timely manner. Any option for a logbook change would have to include a design that is appealing and easy for the guide industry to use, such that they would perceive it as beneficial to a process that they already consider "burdensome." Electronic reporting options were, at first, appealing to fulfill both management needs and halibut management needs for more timely information. Further discussions concluded that electronic reporting would still necessitate the use of a paper version of the logbook due to enforcement and trip recording requirements. Data would still need to be verified for errors, be entered accurately into a database, and be available for onsite inspection. There are currently no options for going "paperless", and no perceived benefit to managers or the industry that would result from the process. The "paperless" approach would require a change in regulation for reporting requirements along with extensive research into the cost of electronic reporting. The discussion for going "paperless" will continue however.

Upon further discussion and research, an alternative approach was considered. In 2009, ADF&G programmers researched the option of developing a system that would electronically scan the image of a redesigned logbook data page. Scanned images would minimize data entry time but allow for data entry personnel to fix images flagged as unrecognizable, thus maintaining data accuracy and quality. This option is not any more "burdensome" to the industry and would

likely make the weekly reporting requirement more palatable knowing that the data would be more immediately available.

In 2010, the saltwater logbook data page design change incorporated the ability to use the new scanning software. Due to first year design "glitches" and software troubleshooting, the 2010 saltwater data was not available in as timely a manner as originally hoped. A program review with office assistants and discussions with the project analyst programmer resulted in adjustments to the design format and software to be implemented for 2011.

For 2011, ADF&G and National Marine Fisheries Service (NMFS) will be working collaboratively to modify the logbook requirements associated with the federal Charter Halibut Program (CHP), a program that establishes limited access to the guided halibut fishery.

Preliminary results from verification studies comparing the accuracy of logbook harvest data with the statewide harvest survey estimates, and onsite creel programs are favorable. Logbook data will continue to be compared to counts from those two programs. Comparisons are ongoing and are part of a more comprehensive evaluation of logbook data quality. Logbook halibut data has been used extensively. Saltwater and freshwater logbook data have also been used for a variety of regulatory analyses for state managed species.

ACKNOWLEDGEMENTS

Southeast and Southcentral regional and area staff, especially numerous front counter personnel, have been critical to the success of the ADF&G sport fishing guide and business licensing and logbook program. The above staff along with Bob Chadwick and Mike Jaenicke from Southeast, Scott Meyer, Matt Miller and Tom Vania from Southcentral, and Tom Taube from Fairbanks have also provided valuable comments during the process of licensing and logbook form design.

Doug Vincent-Lang continued to provide valuable insight on the history of the program and facilitated numerous discussions with NOAA and IPHC. Bob Clark's thoughtful insight and direction has been very much appreciated. We also acknowledge the expertise and infinite patience exhibited by Joanne MacClellan in preparing this report. Her knowledge and willingness to assist is invaluable.

Kirk Brogdon of the division's Research and Technical Services section deserves considerable credit for designing and implementing efficient information management systems for data capture, cleaning, storage, and reporting.

Kathy Kush should be acknowledged for her incredible skills in streamlining the licensing process and making sure that all license applications are processed in a timely manner that has allowed the guides and businesses to start operation without delay.

Margaret Nussbaum, Diane Novinska, Raili Kedzior, and Andrea Hamby deserve credit for receiving, editing, scanning, entering, and filing the licensing and logbooks forms. With their perseverance, we met reporting deadlines that seemed nearly impossible with available staffing and workloads.

We also acknowledge the cooperation of the thousands of sport fishing guides and sport fishing businesses that licensed and completed their logbooks in a timely and compliant manner.

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APPENDIX A
SPORT FISH BUSINESS OWNER/GUIDE LICENSE APPLICATION

2010 SPORT FISH BUSINESS OWNER/ GUIDE LICENSE APPLICATION

Alaska Department of Fish and Game / Division of Sport Fish - RTS
333 Raspberry Road, Anchorage, Alaska 99518-1565
Telephone: (907) 267-2369 or (907) 267-2390
http://www.sf.adfg.state.ak.us/statewide/Guides/guide.cfm

License #

This TEMPORARY LICENSE is good for 21 business days from date signed by Dept. Representative

FEES CHECK ONE:
All fees are nonrefundable

- ☐ $50.00 Guide Only License
- ☐ $100.00 Business Only License
- ☐ $100.00 Combined Business/Guide License*
  An agent for this business cannot apply as a guide on a combination license
- ☐ $50.00 Guide Only Upgrade to Combination Business/Guide License

METHOD OF PAYMENT:

- ☐ Check # : _____
  Make checks payable to " State of Alaska "
- ☐ Money Order #: _____
- ☐ Cash *(Anchorage, Juneau, Fairbanks offices ONLY)*
- ☐ Credit Card *(Anchorage, Juneau, Fairbanks offices ONLY)*

APPLICATION MUST BE STAMPED BY ADF&G TO BE VALID

INSTRUCTIONS TO COMPLETE FORM ON REVERSE

SECTION A. ALL APPLICANTS COMPLETE THIS SECTION

Name of Business Owner or Guide: _____
Last *First* *MI*

Permanent Mailing Address : _____
PO Box or Street Address *City* *State* *Zip*

Telephone Number: (___) _____ In season Telephone Number: (___) _____

Mail License Here (if different than above): _____
PO Box or Street Address *City* *State* *Zip*

SECTION B. TO BE FILLED OUT BY THE BUSINESS OWNER OR THEIR AGENT

BUSINESS INFORMATION:

Name of Business: _____

Name of Business Owner: _____

Alaska Div. of Occupational Business License Number: _____ Expiration Date: *Mo/Date/Yr*

INSURANCE: ***See detailed insurance requirements on back.***

Name of Insurance Company: _____

Policy/Binder #: _____ Effective Dates: From: _____ To: _____

****Remember to get a logbook for your business at the nearest ADF&G office prior to commencement of guiding activities.****

TEMPORARY LICENSE FOR ONLY

SECTION C. TO BE FILLED OUT BY GUIDE OR THEIR AGENT

Are you a citizen of the United States, Canada, Mexico or resident alien? Yes ☐ No ☐

Basic First Aid Information: Certifying agency: _____ Exp. Date: *Mo / Yr*

2010 Alaska Sport Fishing License # (not your Guide License #): _____ Date of Birth: *Mo/Date/Yr*

U.S. COAST GUARD OPERATOR'S LICENSE: ***(See explanation on back)***

Do you plan to operate a motorized vessel in Navigable Waters? Yes ☐ No ☐ **If yes**, complete the next line.

U.S.C.G. License # or Merchant Mariner Credential Doc #: _____ Exp.Date: *Mo/Date/Yr*

SIGNATURE OF BUSINESS OWNER/AGENT or GUIDE:
I hereby certify that all information is true and correct and that I understand this information is subject to public disclosure. (NOTE: Making a false statement or omitting a material fact, is subject to a maximum penalty of $10,000 or 1 year imprisonment, or both, per AS 11.56.210.)

X _____ **Circle one:** Applicant or Agent **Date:** _____

This temporary license must be signed and stamped by an ADF&G employee and in your possession before guiding activities begin.

Name of ADF&G Representative *(print)*: _____ **Place of Issue:** _____

Signature: _____ **Date:** _____

COPY TO APPLICANT

Appendix A1.–Sport fish business owner/guide license application, 2010.

-continued-

INSTRUCTIONS FOR THE 2010 SPORT FISH BUSINESS OWNER/ GUIDE LICENSE APPLICATION

Attention: ***The following will apply without exception:***

1. **All applicable sections of the license application must be complete and legible prior to ADF&G validation. No "pending", "unknowns," or blanks will be accepted.**
2. **Incomplete license applications will be returned resulting in a processing delay.**
3. **A signature is required.**
4. **This is a license application only. A *permanent* license will be mailed within 21 business days.**
5. **There may be requirements by other state and federal agencies to operate as a guide in Alaska.**

INSTRUCTIONS:

SECTION A: ALL applicants must complete this section.

SECTION B: BUSINESS OWNER OR THEIR AGENT: Complete this section if you are the owner/agent of the sport fishing business. This section should be filled out even if the owner does not intend to personally guide clients. An agent for this business **CANNOT** apply as a guide on the same application. A separate license application must be submitted.

LIABILITY INSURANCE REQUIREMENT: General liability or marine protection that covers at least $100,000 for each incident and $300,000 for all incidents in a year. Insurance must cover **ALL** periods of time when the owner or owner's employees are providing sport fishing services to clients. Insurance must be current, **NOT** pending.

IMPORTANT NOTICE TO BUSINESS OWNERS

State regulation (5 AAC 75.075) requires that all operators providing sport fishing guide services in Alaska must apply annually for a license with the Department of Fish and Game **before** guiding services begin. Business owners are required to register all charter vessels with ADF&G and acquire a logbook prior to commencement of guiding activities. ***Guides hired by an operator must keep a copy of the ADF&G business license in their possession while guiding.***

SECTION C: GUIDES: Complete this section if you intend to guide for a sport fish operation owned by someone other than you or if you are the business owner who also intends to guide (owner/operator).

U.S. COAST GUARD OPERATOR'S LICENSE: A licensed sport fish guide **must** have, at minimum, a Limited OUPV for Western Waters in Alaska or 6-pak U.S.C.G. operator's license in their possession while operating a motorized vessel with clients or transporting clients in a motorized vessel on navigable waters. Navigable waters are determined by the U.S. Coast Guard (907) 271-6736.

Note: Effective April 20, 2009 the U.S.C.G. began issuing the Merchant Mariner Credentials (MMC). Applicants must provide the U.S.C.G. license number, expiration date and date of birth (DOB).

IMPORTANT NOTICE TO GUIDES

State regulation (5 AAC 75.075) requires that all licensed guides providing sport fishing guide services in Alaska must apply annually for a license with the Department of Fish and Game ***before*** guiding activities begin.

WHAT A GUIDE MUST HAVE IN POSSESSION WHILE GUIDING

A sport fish business owner or guide should be able to present all documents required for licensing upon request by a representative of the department of fish and game, or any peace officer of the state. While engaged in providing sport fishing guide services, a sport fishing guide shall have the following readily available for inspection:

- A current sport fishing guide license;
- A copy of the current ADF&G sport fishing business license of the guide's employer;
- A current Alaska sport fishing license, tags, stamps or permits that are required to engage in the sport fishery for which the guide services are providing;
- An identification card issued to the sport fishing guide by a state or federal agency that bears a photo of the sport fishing guide.

APPENDIX B
SALTWATER LOGBOOK FORM

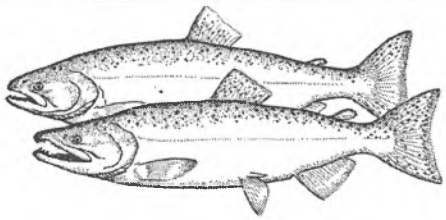
State of Alaska
Department of Fish & Game
Division of Sport Fish

2010 Saltwater Charter Logbook and Vessel Registration

Vessel Name: _____

Vessel AK. #
or
U.S.C.G. # : _____

THIS LOGBOOK MUST REMAIN WITH THIS VESSEL



Please follow the INSTRUCTIONS carefully as they have changed

LOGBOOK INSPECTION

Upon request from any representative of the Department or any peace officer of the state, a person is required to present this *Alaska Department of Fish and Game Saltwater Sportfishing Charter Vessel Logbook* for inspection.

Appendix B1.–Saltwater charter logbook form, 2010.

-continued-

Alaska Department of Fish & Game

2010 Saltwater Sport Fishing Charter Trip Logbook Page

RETURN TO: 333 RASPBERRY ROAD, ANCHORAGE, ALASKA 99518-1565 • QUESTIONS: CALL (907) 267-2369

100001 – LOGBOOK PAGE

TRIP INFORMATION

Complete this section for every trip. Continue on additional pages for trips with more than six anglers in the same trip.

DATE FISHED: ___ (Month) / ___ (Day) / 2010 ___ (Hour Started) ○ AM ○ PM

2010 GUIDE LICENSE #: (assigned to you by ADF&G)

COMMUNITY OR PORT WHERE TRIP BEGAN: (where clients boarded the vessel)

COMMUNITY OR PORT WHERE TRIP ENDED: (where fish or clients were off-loaded from vessel)

Targeted Species	Primary Stat. Area (Where most fish were caught)	Boat Hours Fished
Salmon:		
Bottomfish:		

INDIVIDUAL ANGLER AND CATCH INFORMATION

Complete one row below for each angler who fished this trip.
Record sport fishing license number, printed name AND Alaska residency status for all anglers.
Write "YOUTH" in license number field for anglers under 16.

	AK Resident	Non-Resident	Crewed	Crew	Kept / Released	SALMON: King (28" & larger)	SALMON: King (under 28")	SALMON: Coho	SALMON: Sockeye	SALMON: Other Salmon	BOTTOMFISH: Halibut	BOTTOMFISH: Lingcod	BOTTOMFISH: Pelagic Rockfish	BOTTOMFISH: Yelloweye Rockfish	BOTTOMFISH: Nonpelagic Rockfish (excluding Yelloweye)	BOTTOMFISH: Sablefish (Black Cod)	BOTTOMFISH: Salmon Shark	BOTTOMFISH: All Other Fish
1. License Number / First / Last Name / Signature	○	○	○	○	K▸													
					R▸													
2. License Number / First / Last Name / Signature	○	○	○	○	K▸													
					R▸													
3. License Number / First / Last Name / Signature	○	○	○	○	K▸													
					R▸													
4. License Number / First / Last Name / Signature	○	○	○	○	K▸													
					R▸													
5. License Number / First / Last Name / Signature	○	○	○	○	K▸													
					R▸													
6. License Number / First / Last Name / Signature	○	○	○	○	K▸													
					R▸													

Certification: I certify that the information provided herein is accurate and true. Falsification or omission of information on this form is punishable under AS 11.56.210(a) and 5 AAC 75.075

X GUIDE SIGNATURE

PAGE ___ OF ___

Form 11-540 (01-2010)

Appendix B1.–Page 2 of 2.

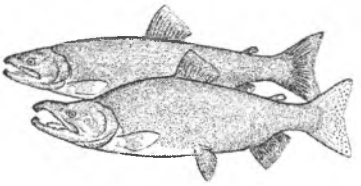
APPENDIX C
FRESHWATER LOGBOOK FORMS

2010 Freshwater Sport Fish Guide Logbook and Vessel Registration

LOGBOOK NO.

BUSINESS NAME

ADF&G BUSINESS OWNER'S LICENSE NO.



Please follow the instructions carefully as they have changed.

State of Alaska Department of Fish & Game
Division of Sport Fish

LOGBOOK INSPECTION

Upon request from any representative of the Department or any peace officer of the state, a person is required to present this Alaska Department of Fish and Game Freshwater Sport Fishing Guide Logbook for inspection.

Appendix C1.–Freshwater guide logbook from, 2010.

-continued-

Alaska Department of Fish & Game

2010 Freshwater Sport Fish Trip Logbook

RETURN TO: 333 RASPBERRY ROAD, ANCHORAGE, AK 99518-1565 • QUESTIONS: (907) 267-2369

TRIP INFORMATION

2010 ADF&G GUIDE LICENSE #: _____

DATE FISHED: _____ _____ 2010
(Month) (Day)

_____
RIVER / STREAM / LAKE (SPECIFY)

_____
SITE CODE *(REFER TO SITE CODE LIST)*

PAGE NO. _____ OF _____
TOTAL NO. OF PAGES FOR THIS TRIP ↑

_____
* WRITE IN OTHER SPECIES HERE

Angler Residency (Circle One)		Sport Fish License Number of each Client, Nonpaying angler, and Crew THAT FISHED AND Record all those anglers under 16 as "Youth Angler" (YA1, YA2etc.)	(Circle One if applicable)		KEPT / RELEASED	SALMON			TROUT			
Resident	NonResident		Comped	Crew		KING	COHO	SOCKEYE	CUTTHROAT	RAINBOW	STEELHEAD	LAKE TR
R	N		X	C	K					KEPT		
					R					RELEASED		
R	N		X	C	K					KEPT		
					R					RELEASED		
R	N		X	C	K					KEPT		
					R					RELEASED		
R	N		X	C	K					KEPT		
					R					RELEASED		
R	N		X	C	K					KEPT		
					R					RELEASED		
R	N		X	C	K					KEPT		
					R					RELEASED		

CERTIFICATION: I certify that the information provided herein is accurate and true. Falsification or omission of information on this form is punishable under AS 11.56.210(a) and 5 AAC 75.076.

X GUIDE SIGNATURE

Appendix C1.–Page 2 of 2.

APPENDIX D
VESSEL REGISTRATION FORMS, DECALS AND TAGS

INSTRUCTIONS FOR ADF&G REPRESENTATIVE:

Please forward the **white** copy of this form to: **Sport Fish RTS, 333 Raspberry Rd., Anchorage, AK 99518-1565.**

DO NOT REMOVE THE PINK COPY. THE PINK COPY MUST STAY IN THE LOGBOOK.

DO NOT ISSUE A LOGBOOK UNLESS THE APPLICANT HAS THE FOLLOWING:

- **2010 ADF&G Sport Fish Business License**
- **Current AK Vessel Number issued by DMV or Current U.S.C.G. Vessel Documentation No.**

NONE OF THE ABOVE CAN BE "PENDING"

2010 ADF&G Sport Fish Business Owner and Guide License applications are available at all ADF&G offices or online at: http://www.admin.adfg.state.ak.us/license/

AK Vessel Registration information is available from Alaska Div. of Motor Vehicles at (907) 269-5551 or online at: http://www.doa.alaska.gov/dmv/reg/boat.htm

2010 Saltwater Sport Fish Charter Logbook Sign-Out AND Vessel Registration

Must be completed

SPORT FISH BUSINESS INFORMATION:

Name of Sport Fishing Business: _____

Sport Fish Business Owner License Number (ADF&G #): 2010- _____

SPORT FISHING CHARTER VESSEL REGISTRATION:

- **DMV issued AK No. or Vessel U.S.C.G. Documentation No.:**
  No. : _____ *(A logbook WILL NOT be issued without a current AK or U.S.C.G. number)*
- **Vessel Name:** _____
  (Vessel name and AK No. or U.S.C.G. # must appear on the cover)
- **Primary Alaska Saltwater port from which this vessel will operate during 2010:**
  _____
- **Will you be fishing both 2C and 3A?** (See map on pg. vii) **YES** ☐ **NO** ☐
  If YES, you must complete a logbook page for each IPHC area fished during a trip. See instructions on page vi.

DEPARTMENT USE ONLY

- **Did you issue a Stat. Area Map?** **YES** ☐ **NO** ☐ **If No, Explain:**
- **ADF&G Representative:** *(print)* _____
- **Area Office:** _____ **Date of Issue:** _____

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Appendix D1.–Saltwater sport fish charter logbook sign-out and vessel registration form, 2010.

LOGBOOK NO.

2010 FRESHWATER SPORT FISH

Logbook Sign-Out

SPORT FISH BUSINESS INFORMATION

Must have a current ADF&G Business License Number

NAME OF PERSON TO WHOM THIS LOGBOOK WAS ISSUED

SPORT FISHING BUSINESS NAME

ADF&G LICENSE NUMBER OF BUSINESS *(NOT A "GUIDE ONLY" LICENSE)*

CONTACT PHONE NUMBER



Do you plan to fish from a vessel while providing sport fishing guided services in freshwater?

No ☐ Yes ☐ (If yes, list vessels on pg. iii)

INSTRUCTIONS TO ADF&G REPRESENTATIVE

Please forward the white copy of this form to:

Sport Fish Research & Technical Services
333 Raspberry Rd., Anchorage, AK 99518

ADF&G area offices **will** keep the pink copy on file.

Do **NOT** issue a logbook unless the applicant has the following:

- 2010 ADF&G Business License;
- Current AK Boat Number issued by DMV **OR** current U.S.C.G. Vessel Documentation number, if applicable.

None of the required information can be "pending." This form must be complete and accurate to the best of your knowledge. Incomplete forms will be returned to you for follow-up and completion, resulting in a processing delay.

REMEMBER TO PROVIDE A SITE CODE LIST

ADF&G REPRESENTATIVE (PRINT)

AREA OFFICE DATE OF ISSUE

ii

FW_Cover_Instr10.pmd 2 11/12/2009, 7:19 AM

Appendix D2.–Freshwater sport fish guide vessel registration form, 2010



Appendix D3.–Vessel decal, 2010.



Appendix D4.–Vessel tab, 2010.

APPENDIX E
SALTWATER EDITING RESULTS

Appendix E1.–Saltwater editing results, 2010.

Edit	Number Occurrences
No guide license number	0
Invalid guide license number	1
Missing date	0
Invalid date (not in correct year)	0
Invalid port of offloading	0
Invalid port of origin	1
Missing salmon statistical area	42
Missing bottomfish statistical area	78
Invalid salmon statistical area	5
Invalid bottomfish statistical area	5
Salmon harvest no salmon statistical area	1,152
Bottomfish harvest no bottomfish statistical area	2,010
Salmon statistical area listed, no hours listed	354
Bottomfish statistical area listed, no hours listed	446
No statistical area listed	201
No hours listed	128
Possible invalid salmon statistical area	0
Possible invalid bottomfish statistical area	0
Log pages turned in late[a]	3,364
Log book wasn't checked out to a business	0
Salmon or bottomfish hours are greater than 12	40
Duplicate log pages	0
Trip records without angler records	0
Date fished greater than date received by ADF&G	4
Trips	48,742

[a] Allows a 7 day grace period

APPENDIX F
FRESHWATER EDITING RESULTS

Appendix F1.–Freshwater editing results, 2010.

Edit	Number Occurrences
No guide license number	3
Invalid guide license number	22
Missing date	0
Invalid date (not in correct year)	0
Missing site code	6
Invalid site code	0
No paying clients	0
Log pages turned in late[a]	7,648
Duplicate log pages	0
Date fished greater than date received by ADF&G	46
Log book wasn't checked out to a business	0
Kenai River trips on Sunday or Monday	134
Trip records without angler records	0
Trips	37,791

[a] Allows a 7 day grace period

APPENDIX G
FRESHWATER LOGBOOK SUMMARIES BY AREA AND PORT OF OFFLOADING

Appendix G2.–Freshwater logbook participation by area and site, Southeast Alaska, 2010.

Area	Site	Trips	Businesses[a]	Guides[a]	Angler D		
					Resident	Non-Res	Comped
A	Lakes	19	4	5	0	63	0
A	Streams	169	7	13	1	563	0
B	Other Lakes	14	4	4	0	30	0
B	Other Streams	64	8	11	2	136	0
B	Thorne River and Lake	15	5	7	1	41	0
C	Streams	53	7	8	3	196	0
D	Baranof Island Lakes and Streams	214	10	28	13	742	0
D	Chichagof Island Lakes and Streams	43	7	13	8	148	1
D	Nakwasina Sound Streams (Baranof Island)	25	6	9	2	84	0
D	Other Lakes and Streams	22	9	13	3	78	1
D	Politofski Creek (Baranof Island)	8	4	4	0	21	1
D	Salmon Creek (Baranof Island)	9	4	6	0	23	0
D	Sitkoh Creek and Lake (Chichagof Island)	12	5	8	3	39	0
E	Admiralty Island Streams (Admiralty Island)	139	6	27	6	560	3
E	Other Streams	208	5	12	5	914	1
G	Mud Bay Creek (Chichagof Island)	12	5	5	1	49	0
G	Other Streams	65	6	11	13	311	0
G	Trail River (Chichagof Island)	17	6	6	0	91	0
H	East Alsek River	95	4	7	2	401	0
H	Other Lakes and Streams	326	10	20	61	1,090	29
H	Situk River (above weir)	373	6	14	98	812	1
H	Situk River (below weir)	55	7	12	11	108	0
H	Tsiu River	427	5	20	81	1,538	4
	Other Lakes and Streams in Southeast	75	4	6	2	320	0
	Total Southeast	2,459	69	151	316	8,358	41

Note: Responses with less than 4 businesses are not reported separately, to protect confidentiality of respondents. Data are current a

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and

Appendix G3.–Freshwater logbook participation by area and site, Southcentral Alaska, 2010.

Area	Site	Trips	Businesses[a]	Guides[a]	Angl Resident	Non-Res	Comp
J	Delight Lake	11	5	5	1	51	0
J	Eyak River	50	4	6	15	161	0
J	Other Lakes and Streams	36	7	9	15	147	0
K	Lakes and Streams	359	11	17	467	823	16
M	Alexander Lake	11	5	5	2	26	0
M	Chulitna River	39	4	7	0	102	0
M	Chunilna Creek (Clear Creek)	58	5	8	12	236	1
M	Deshka River (Kroto Creek)	298	10	12	408	706	11
M	Fish Lake Creek and Fish Lakes (Yentna Drainage)	33	6	12	2	98	0
M	Indian Creek (into Yentna near Fish Lakes)	136	6	20	9	416	3
M	Lake Creek	1,374	18	52	271	3,545	19
M	Little Willow Creek	27	6	7	22	69	0
M	Montana Creek	10	4	4	7	12	0
M	Other Lakes - Chulitna/East Susitna Drainage	13	4	4	9	32	0
M	Other Streams - Chulitna / East Susitna Drainage	58	10	12	76	157	4
M	Other Lakes and Streams - West Susitna Drainage	69	8	14	52	196	0
M	Talachulitna Creek	44	5	8	2	100	0
M	Talachulitna River	501	10	29	60	1,368	0
M	Talkeetna River	153	7	11	93	513	0
M	Willow Creek	47	6	6	28	70	0
M	Yentna River	86	6	15	30	182	5
M	Yentna River Drainage (Remainder)	957	18	48	46	2,735	0
N	Big River	74	8	8	17	263	0
N	Big River Lakes	674	28	35	122	2,463	4
N	Chuitna River	31	7	10	2	122	0
N	Coal Creek (into Beluga Lake)	15	6	8	0	51	0
N	Crescent Lake	110	11	18	24	342	0
N	Kamishak River	72	6	17	6	212	0
N	Kustatan River	215	24	32	96	815	0
N	Other Sites (South of North Forelands)	102	12	19	7	392	1
N	Other Sites between North Forelands and Susitna Drainage	5	4	4	0	20	0
N	Wolverine Creek mouth (by Big River Lakes)	526	21	30	118	1,824	0

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Area	Site	Trips	Businesses[a]	Guides[a]	Angler I Resident	Non-Res	Comped	U
P	Anchor River	56	8	11	7	106	0	
P	Deep Creek	44	4	5	13	162	2	
P	Kasilof River reach not specified	19	10	11	4	59	0	
P	Kasilof River above Highway	54	11	14	20	126	1	
P	Kasilof River below Highway	1,784	85	134	904	4,831	39	
P	Kenai River - Cook Inlet to Soldotna Bridge	5,886	173	260	3,340	16,836	100	
P	Kenai River - reach not specified	117	31	34	40	332	0	
P	Kenai River - Moose River to Skilak outlet	1,231	82	118	682	3,134	14	
P	Kenai River - Skilak Inlet to Kenai Lake	2,258	41	87	960	5,773	29	
P	Kenai River - Soldotna Bridge to Moose River	865	67	90	288	2,578	16	
P	Ninilchik River	39	4	5	11	135	0	
P	Other Lakes	30	9	10	10	85	0	
P	Other Streams	64	15	19	22	244	0	
P	Quartz Creek	41	8	13	1	71	0	
P	Russian River	83	10	17	10	167	0	
Q	Afognak River (Litnik Stream)	31	5	6	3	102	0	
Q	American River	24	4	4	1	54	0	
Q	Ayakulik River (sometimes called Red River)	125	4	10	7	352	0	
Q	Dog Salmon Creek (Frazer River)	114	8	15	12	414	4	
Q	Karluk Lagoon and River below Weir (to .5 m above lagoon)	36	4	10	2	159	0	
Q	Karluk Lake and River above Weir	31	6	9	1	167	0	
Q	Olds River	25	8	8	3	53	0	
Q	Other Remote Streams	226	17	25	36	729	7	
Q	Roadside Lakes	35	4	6	0	121	0	
Q	Roadside Streams	77	7	8	13	223	0	
Q	Saltery River	407	8	18	61	1,213	2	
Q	Uganik River	78	4	7	12	230	0	
Q	Zachar Bay Streams	18	4	5	5	56	0	
R	American Creek	460	21	52	38	1,168	22	
R	Becharof System	61	10	22	7	151	0	
R	Brooks Lake	14	7	10	0	35	0	

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Area	Site	Trips	Businesses[a]	Guides[a]	Angler I Resident	Non-Res	Comped	U
R	Brooks River	282	21	74	20	726	1	
R	Contact Creek	48	11	22	9	109	4	
R	Egegik River (Becharof System)	113	6	23	1	421	0	
R	Naknek River (dwnstream frm Rapids Camp incl trib)	183	8	20	29	412	0	
R	Naknek River (Rapids Camp upstream to Naknek Lk,incl trib)	542	12	42	93	1,250	0	
R	Naknek River and Tributaries	486	21	64	99	1,245	4	
R	Other Lakes	62	11	21	11	186	0	
R	Other Streams	1,001	24	61	42	2,445	0	
R	Swikshak River	18	4	8	0	65	0	
R	Ugashik System	109	13	34	4	284	0	
S	Alagnak (Branch) River	1,337	19	84	44	2,778	6	
S	Alexey Lake	6	4	4	3	16	0	
S	Battle River	76	10	21	10	227	0	
S	Copper River (Lake Iliamna Area)	366	10	34	38	928	1	
S	Funnel Creek	39	9	21	2	103	0	
S	Gibraltar River	71	6	15	3	165	0	
S	Kijik Lake	9	6	8	2	30	3	
S	Kukaklek River (Big Ku) (into Alagnak)	98	8	22	3	223	0	
S	Kulik River	406	13	43	65	1,016	1	
S	Kvichak River	1,081	23	88	87	2,546	8	
S	Lake Clark	49	8	14	10	135	7	
S	Lake Iliamna	133	6	15	18	307	0	
S	Little Kulik (into Nanuktuk Creek)	18	7	11	0	47	0	
S	Lower Talarik Creek	46	7	19	2	127	0	
S	Moraine Creek	370	19	65	22	860	0	
S	Nanuktuk Creek	59	10	22	2	135	1	
S	Newhalen River	62	6	16	1	230	0	
S	Nonvianuk Lake	20	4	8	5	39	0	
S	Nonvianuk River (into Alagnak)	63	7	15	6	136	0	
S	Other Lakes and Streams	19	5	7	0	46	0	
S	Tazimina Lakes	13	5	7	1	30	0	

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Area	Site	Trips	Businesses[a]	Guides[a]	Angler		
					Resident	Non-Res	Comped
S	Tazimina River	78	4	13	4	182	2
T	Agulowak River	442	8	33	77	749	0
T	Agulukpak River	210	7	33	5	395	0
T	Aleknagik Lake	43	4	9	1	80	0
T	Mulchatna River	40	6	7	19	79	0
T	Nushagak River - Black Point upstream to Sonar Site	578	22	66	97	1,610	6
T	Nushagak River - sonar site to outlet of Mulchatna	662	26	84	190	1,869	10
T	Nushagak River - upstream from mouth of Mulchatna River	342	7	24	6	623	0
T	Nushagak River System (incl. Harris Creek, King Salmon R.)	73	11	16	0	186	0
T	Nuyakuk River (Tikchik-Nuyakuk Lake System)	140	5	17	1	268	4
T	Other Lakes and Streams	311	5	26	7	596	0
T	Togiak River System	397	7	45	28	768	1
T	Wood River	62	4	12	4	113	0
T	Wood River Lakes System	137	7	24	6	309	0
	Other Lakes and Streams in Southcentral	40	4	4	19	123	0
	Total Southcentral	31,267	433	1,051	9,628	83,332	359

Note: Responses with less than 4 businesses are not reported separately, to protect confidentiality of respondents. Data are current a

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and

Appendix G4.–Freshwater logbook participation by area and site, AYK Alaska, 2010.

Area	Site	Trips	Businesses[a]	Guides[a]	Angl Resident	Non-Res	Comp
I	Copper River	29	5	6	77	28	0
I	Gulkana River (Highway to Copper River)	44	5	6	23	122	0
I	Gulkana River (West Fork to Highway)	81	7	12	62	189	0
I	Klutina River	407	13	25	360	890	7
I	Other Streams	21	6	8	16	52	0
U	Other Lakes	25	4	5	31	39	0
U	Other Streams	369	7	16	69	932	2
V	Aniak River	348	6	22	2	615	2
V	Goodnews River	446	6	18	24	817	1
V	Holitna River	179	4	23	5	393	0
V	Kanektok River (Quinhagak, Chosen)	952	6	44	16	1,808	1
V	Kuskokwim River drainages below Aniak R; incl. Aniak R. drainages	213	10	23	26	611	0
V	Other Lakes and Streams	63	7	16	2	127	0
V	Other streams - Kuskokwim drainages above Aniak	22	6	9	1	49	0
W	Streams	273	6	14	20	525	1
Y	Lakes and Streams	567	5	19	40	1,060	0
	Other Lakes and Streams in AYK	26	4	4	11	207	0
	Total AYK	4,065	62	200	785	8,464	14

Note: Responses with less than 4 businesses are not reported separately, to protect confidentiality of respondents. Data are current a

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and

Appendix G5.–Freshwater logbook participation by region, statewide, 2010.

Region	Trips	Businesses[a]	Guides[a]	Angler Days			
				Resident	Non-Res	Comped	U
Southeast	2,459	69	151	316	8,358	41	
Southcentral	31,267	433	1,051	9,628	83,332	359	
Arctic-Yukon-Kuskokwim	4,065	62	200	785	8,464	14	
Total	37,791	546	1,348	10,729	100,154	414	

Note: Data are current as of 05/26/2011.

[a] Regional and statewide business and guide totals aren't additive because a business and/or guide can operate in multiple sites and

Appendix G6.–Freshwater logbook angler days and species kept by area and site, Southeast Alaska, 2010.

Area	Site	Angler Days	Salmon			Trout				Dolly Varden
			King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Lake	
A	Lakes	63	0	0	0	0	0	0	0	0
A	Streams	568	0	86	0	0	0	0	0	11
B	Other Lakes	30	0	54	0	0	0	0	0	0
B	Other Streams	139	0	37	8	0	0	0	0	15
B	Thorne River and Lake	42	0	13	0	0	0	0	0	10
C	Streams	201	0	13	2	0	0	0	0	1
D	Baranof Island Lakes and Streams	762	0	57	4	2	5	0	0	13
D	Chichagof Island Lakes and Streams	159	0	0	0	0	0	0	0	0
D	Nakwasina Sound Streams (Baranof Island)	86	0	0	0	0	0	0	0	0
D	Other Lakes and Streams	83	0	19	0	0	0	0	0	0
D	Politofski Creek (Baranof Island)	23	0	0	0	0	0	1	0	0
D	Salmon Creek (Baranof Island)	23	0	0	0	0	0	0	0	0
D	Sitkoh Creek and Lake (Chichagof Island)	42	0	0	0	0	0	0	0	0
E	Admiralty Island Streams (Admiralty Island)	583	0	0	0	0	0	0	0	6
E	Other Streams	926	0	26	0	0	0	0	0	57
G	Mud Bay Creek (Chichagof Island)	54	0	0	0	0	0	0	0	30
G	Other Streams	336	0	6	0	0	0	0	0	12
G	Trail River (Chichagof Island)	108	0	0	0	0	0	0	0	0
H	East Alsek River	409	0	557	202	0	0	0	0	0
H	Other Lakes and Streams	1,218	34	1,930	21	10	1	0	0	28
H	Situk River (above weir)	946	9	449	847	0	0	3	0	35
H	Situk River (below weir)	140	0	45	164	1	0	0	0	3
H	Tsiu River	1,646	0	3,931	0	0	0	0	0	0
	Other Lakes and Streams in Southeast	326	0	15	2	0	0	0	0	4
	Total Southeast	8,913	43	7,238	1,250	13	6	4	0	225

Note: Responses with less than 4 businesses are not reported separately, to protect confidentiality of respondents. Data are current a

Appendix G7.–Freshwater logbook angler days and species kept by area and site, Southcentral Alaska, 2010.

Area	Site	Angler Days	Salmon			Trout				Dolly Varden
			King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Lake	
J	Delight Lake	52	0	134	0	0	0	0	0	2
J	Eyak River	192	0	345	72	0	0	0	0	1
J	Other Lakes and Streams	162	0	211	0	1	0	0	0	5
K	Lakes and Streams	1,366	146	1,143	5	0	8	0	0	0
M	Alexander Lake	28	0	0	0	0	0	0	0	0
M	Chulitna River	102	3	0	0	0	0	0	0	0
M	Chunilna Creek (Clear Creek)	249	7	65	2	0	1	0	0	0
M	Deshka River (Kroto Creek)	1,149	450	608	0	0	15	0	0	0
M	Fish Lake Creek and Fish Lakes (Yentna Drainage)	100	5	40	16	0	0	0	0	0
M	Indian Creek (into Yentna near Fish Lakes)	434	17	808	12	0	1	0	0	0
M	Lake Creek	3,863	524	1,930	174	0	27	0	0	0
M	Little Willow Creek	97	0	85	0	0	6	0	0	0
M	Montana Creek	19	0	1	0	0	0	0	0	0
M	Other Lakes - Chulitna/East Susitna Drainage	41	0	3	20	0	0	0	1	0
M	Other Streams - Chulitna / East Susitna Drainage	237	92	38	0	0	6	0	0	0
M	Other Lakes and Streams - West Susitna Drainage	256	33	188	2	0	1	0	0	0
M	Talachulitna Creek	103	4	24	61	0	0	0	0	2
M	Talachulitna River	1,476	227	541	190	0	0	0	0	14
M	Talkeetna River	644	121	141	376	0	0	0	0	0
M	Willow Creek	98	0	0	0	0	0	0	0	0
M	Yentna River	219	43	121	1	0	0	0	0	0
M	Yentna River Drainage (Remainder)	2,817	160	1,389	199	0	4	0	2	1
N	Big River	280	0	462	284	0	0	0	0	0
N	Big River Lakes	2,616	0	4,726	2,112	0	0	0	0	10
N	Chuitna River	125	2	165	1	0	0	0	0	1
N	Coal Creek (into Beluga Lake)	52	9	45	20	0	0	0	0	5
N	Crescent Lake	372	0	120	564	0	0	0	2	55
N	Kamishak River	223	0	333	0	0	0	0	0	12
N	Kustatan River	914	6	2,421	57	0	0	0	0	13
N	Other Sites (South of N Forelands)	400	0	565	16	0	0	0	0	44
N	Other Sites between N Forelands and Susitna Drainage	20	0	6	0	0	0	0	0	0

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Area	Site	Angler Days	Salmon King	Salmon Coho	Salmon Sockeye	Trout Cutthroat	Trout Rainbow	Trout Steelhead	Trout Lake	Dol Vard
N	Wolverine Creek mouth (by Big River Lakes)	1,953	0	887	3,481	0	0	0	0	2
P	Anchor River	120	3	7	0	0	0	0	0	4
P	Deep Creek	179	1	81	0	0	0	0	0	59
P	Kasilof River reach not specified	63	18	3	0	0	0	0	0	1
P	Kasilof River above Highway	154	12	67	20	0	1	0	0	3
P	Kasilof River below Highway	5,836	1,920	763	119	0	35	0	0	65
P	Kenai River - Cook Inlet to Soldotna Bridge	20,470	2,697	7,273	1,210	0	34	0	0	68
P	Kenai River - reach not specified	373	34	65	100	0	5	0	0	6
P	Kenai River - Moose River to Skilak outlet	3,882	133	1,793	2,842	0	39	0	1	47
P	Kenai River - Skilak Inlet to Kenai Lake	6,932	0	228	2,784	0	42	0	0	56
P	Kenai River - Soldotna Bridge to Moose River	2,912	675	480	985	0	16	0	0	10
P	Ninilchik River	149	17	30	0	0	0	0	0	0
P	Other Lakes	102	0	0	0	0	2	0	3	0
P	Other Streams	267	2	152	9	0	0	0	0	2
P	Quartz Creek	76	0	0	0	0	0	0	0	1
P	Russian River	182	0	4	133	0	0	0	0	0
Q	Afognak River (Litnik Stream)	112	0	210	80	0	0	0	0	0
Q	American River	55	4	3	0	0	0	0	0	12
Q	Ayakulik River (sometimes called Red River)	359	0	199	44	0	0	0	0	25
Q	Dog Salmon Creek (Frazer River)	435	0	306	782	0	1	0	0	64
Q	Karluk Lagoon and River below weir[a]	161	0	96	57	0	0	0	0	75
Q	Karluk Lake and River above weir	175	0	4	7	0	0	2	0	31
Q	Olds River	58	1	12	0	0	0	0	0	5
Q	Other remote Streams	785	2	659	552	0	0	7	0	66
Q	Roadside lakes	122	0	15	0	0	0	0	0	29
Q	Roadside streams	241	0	50	4	0	0	0	0	26
Q	Saltery River	1,362	0	227	1,305	0	0	0	0	168
Q	Uganik River	270	0	31	7	0	1	0	0	2
Q	Zachar Bay streams	62	0	82	0	0	0	0	0	7
R	American Creek	1,273	0	0	0	0	1	0	1	48
R	Becharof System	165	2	27	10	0	0	0	0	9

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Area	Site	Angler Days	Salmon			Trout				Dolly Varde
			King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Lake	
R	Brooks Lake	35	0	0	0	0	0	0	0	0
R	Brooks River	751	1	0	8	0	5	0	0	0
R	Contact Creek	123	0	0	0	0	1	0	0	36
R	Egegik River (Becharof System)	427	0	1,071	120	0	0	0	1	8
R	Naknek River[b]	448	155	213	120	0	0	0	0	0
R	Naknek River[c]	1,350	46	358	1,603	0	9	0	0	2
R	Naknek River and Tributaries	1,362	234	389	400	0	6	0	0	26
R	Other Lakes	197	15	137	164	0	0	0	29	27
R	Other Streams	2,493	443	1,357	772	0	0	0	0	42
R	Swikshak River	65	0	169	0	0	0	0	0	0
R	Ugashik System	302	4	58	3	0	0	0	0	14
S	Alagnak (Branch) River	2,868	246	609	2,522	0	14	0	31	7
S	Alexey Lake	19	0	0	0	0	0	0	0	0
S	Battle River	277	0	0	0	0	0	0	0	0
S	Copper River (Lake Iliamna Area)	975	0	9	79	0	0	0	0	0
S	Funnel Creek	105	0	0	0	0	0	0	0	0
S	Gibraltar River	168	0	0	10	0	0	0	0	0
S	Kijik Lake	35	0	0	0	0	0	0	1	0
S	Kukaklek River (Big Ku) (into Alagnak)	226	0	0	44	0	0	0	0	0
S	Kulik River	1,084	0	0	0	0	2	0	4	0
S	Kvichak River	2,658	3	599	2,363	0	39	0	0	11
S	Lake Clark	155	0	0	25	0	0	0	0	0
S	Lake Iliamna	339	0	9	163	0	0	0	0	0
S	Little Kulik (into Nanuktuk Creek)	47	0	0	16	0	0	0	0	0
S	Lower Talarik Creek	129	0	32	6	0	0	0	0	0
S	Moraine Creek	884	0	0	0	0	9	0	0	0
S	Nanuktuk Creek	139	0	0	0	0	0	0	0	0
S	Newhalen River	231	0	10	533	0	0	0	5	0
S	Nonvianuk Lake	44	0	0	0	0	0	0	1	0
S	Nonvianuk River (into Alagnak)	147	0	0	6	0	2	0	4	0
S	Other Lakes and Streams	50	0	0	1	0	0	0	0	0

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Area	Site	Angler Days	Salmon King	Salmon Coho	Salmon Sockeye	Trout Cutthroat	Trout Rainbow	Trout Steelhead	Trout Lake	Dolly Varde
S	Tazimina Lakes	32	0	0	0	0	0	0	0	0
S	Tazimina River	188	0	0	14	0	0	0	3	0
T	Agulowak River	858	0	5	1,127	0	5	0	0	3
T	Agulukpak River	411	0	0	3	0	0	0	0	0
T	Aleknagik Lake	88	0	2	54	0	0	0	0	4
T	Mulchatna River	104	0	55	1	0	5	0	0	2
T	Nushagak River - Black Point upstream to sonar site	1,817	605	243	18	0	8	0	0	3
T	Nushagak River - sonar site to outlet of Mulchatna	2,103	883	1,226	11	0	2	0	0	13
T	Nushagak River - upstream from mouth of Mulchatna R.	630	19	166	0	0	2	0	0	31
T	Nushagak River System[d]	192	15	0	20	0	2	0	0	17
T	Nuyakuk River (Tikchik-Nuyakuk Lake System)	285	0	33	23	0	0	0	1	1
T	Other Lakes and Streams	607	38	183	31	0	0	0	3	2
T	Togiak River System	873	477	597	2	0	1	0	0	16
T	Wood River	135	0	34	154	0	1	0	0	6
T	Wood River Lakes System	321	0	12	10	0	0	0	0	0
	Other Lakes and Streams in Southcentral	142	2	97	5	0	0	0	0	15
	Total Southcentral	94,910	10,556	38,085	29,146	1	359	9	93	1,342

Note: Responses with less than 4 businesses are not reported separately, to protect confidentiality of respondents. Data are current as of 05/26/201

[a] Karluk Lagoon and River below weir (to .5 mile above lagoon).

[b] Naknek River (downstream from Rapids Camp, including tributaries).

[c] Naknek River (Rapids Camp upstream to Naknek Lake, including tributaries).

[d] Nushagak River System (including Harris Creek and King Salmon River).

Appendix G8.–Freshwater logbook angler days and species kept by area and site, AYK Alaska, 2010.

Area	Site	Angler Days	Salmon			Trout				Dolly Varden
			King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Lake	
I	Copper River	108	82	1	21	0	0	0	0	0
I	Gulkana River (Highway to Copper River)	151	60	0	7	0	0	0	0	0
I	Gulkana River (West Fork to Highway)	257	125	0	7	0	0	0	0	0
I	Klutina River	1,286	563	0	356	0	1	0	0	184
I	Other Streams	68	18	0	0	0	0	0	0	0
U	Other Lakes	70	0	0	0	0	10	0	0	1
U	Other Streams	1,031	6	95	0	0	0	0	0	0
V	Aniak River	630	10	47	3	0	0	0	0	24
V	Goodnews River	862	76	552	63	0	6	0	0	39
V	Holitna River	400	76	33	0	0	0	0	0	50
V	Kanektok River (Quinhagak, Chosen)	1,830	163	598	210	0	1	0	0	42
V	Kuskokwim River drainages below Aniak R[a]	645	6	14	0	0	0	0	0	10
V	Other Lakes and Streams	134	0	1	1	0	0	0	0	1
V	Other Streams - Kuskokwim drainages above Aniak R.	57	0	14	0	0	0	0	1	0
W	Streams	549	36	559	0	0	0	0	0	151
Y	Lakes and Streams	1,119	74	238	0	0	0	0	0	20
	Other Lakes and Streams in AYK	219	0	0	0	0	0	0	0	202
	Total AYK	9,416	1,295	2,152	668	0	18	0	1	724

Note: Responses with less than 4 businesses are not reported separately, to protect confidentiality of respondents. Data are current as of 05/26/201

[a] Kuskokwim River drainages below Aniak River; includes drainages of the Aniak River.

Appendix G9.–Freshwater logbook angler days and species kept by region, Statewide, 2010.

Region	Angler Days	Salmon			Trout				Dolly Varden
		King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Lake	
Southeast	8,913	43	7,238	1,250	13	6	4	0	225
Southcentral	94,910	10,556	38,085	29,146	1	359	9	93	1,342
Arctic-Yukon-Kuskokwim	9,416	1,295	2,152	668	0	18	0	1	724
Total	113,239	11,894	47,475	31,064	14	383	13	94	2,291

Note: Data are current as of 05/26/2011.

Appendix G10.–Freshwater logbook angler days and species released by area and site, Southeast Alaska, 2010.

Area	Site	Angler Days	Salmon			Trout				Dolly Varden
			King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Lake	
A	Lakes	63	0	0	0	550	1	0	0	0
A	Streams	568	0	58	1	102	297	4	0	120
B	Other Lakes	30	0	26	38	5	1	0	0	60
B	Other Streams	139	2	11	37	10	4	2	0	306
B	Thorne River and Lake	42	0	1	0	13	4	1	0	49
C	Streams	201	39	103	33	94	14	59	0	171
D	Baranof Island Lakes and Streams	762	0	11	1	263	130	7	0	2,011
D	Chichagof Island Lakes and Streams	159	0	15	0	41	0	12	0	944
D	Nakwasina Sound Streams (Baranof Island)	86	0	0	0	0	0	0	0	312
D	Other Lakes and Streams	83	0	10	0	5	121	11	0	205
D	Politofski Creek (Baranof Island)	23	0	0	0	0	9	11	0	4
D	Salmon Creek (Baranof Island)	23	0	0	0	19	64	4	0	63
D	Sitkoh Creek and Lake (Chichagof Island)	42	0	0	0	246	127	0	0	79
E	Admiralty Island Streams (Admiralty Island)	583	0	4	0	11	0	1	0	2,832
E	Other Streams	926	1	49	0	20	0	11	0	3,714
G	Mud Bay Creek (Chichagof Island)	54	0	2	0	1	0	0	0	674
G	Other Streams	336	0	34	3	98	0	0	0	1,476
G	Trail River (Chichagof Island)	108	0	39	0	1	0	0	0	93
H	East Alsek River	409	0	2,890	220	0	0	0	0	0
H	Other Lakes and Streams	1,218	5	5,957	8	88	0	251	0	131
H	Situk River (above weir)	946	0	481	832	0	2	1,378	0	71
H	Situk River (below weir)	140	0	28	59	0	0	46	0	19
H	Tsiu River	1,646	0	26,626	0	0	0	1	0	14
	Other Lakes and Streams in SE	326	0	0	80	0	0	0	0	158
	SE Total	8,913	47	36,345	1,312	1,567	774	1,799	0	13,506

Note: Responses with less than 4 businesses are not reported separately, to protect confidentiality of respondents. Data are current a

Appendix G11.–Freshwater logbook angler days and species released by area and site, Southcentral Alaska, 2010.

Area	Site	Angler Days	Salmon			Trout				Dolly Varder
			King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Lake	
J	Delight Lake	52	0	4	0	0	0	0	0	2
J	Eyak River	192	0	269	18	2	0	0	0	326
J	Other Lakes and Streams	162	0	185	0	64	0	0	0	38
K	Lakes and Streams	1,366	14	43	3	0	63	0	0	3
M	Alexander Lake	28	0	0	0	0	0	0	0	0
M	Chulitna River	102	0	0	21	0	371	0	0	0
M	Chunilna Creek (Clear Creek)	249	13	192	5	0	24	0	0	17
M	Deshka River (Kroto Creek)	1,149	83	87	0	0	62	0	0	0
M	Fish Lake Creek and Fish Lakes (Yentna Drainage)	100	1	11	8	0	0	0	0	1
M	Indian Creek (into Yentna near Fish Lakes)	434	49	79	0	0	7	0	0	0
M	Lake Creek	3,863	748	1,215	232	0	4,321	0	0	8
M	Little Willow Creek	97	0	7	0	0	35	0	0	1
M	Montana Creek	19	0	1	0	0	30	0	0	0
M	Other Lakes - Chulitna/East Susitna Drainage	41	0	0	11	0	11	0	3	3
M	Other Streams - Chulitna / East Susitna Drainage	237	39	117	0	0	46	0	0	1
M	Other Lakes and Streams - West Susitna Drainage	256	61	356	2	0	36	0	0	19
M	Talachulitna Creek	103	10	126	163	0	99	0	0	50
M	Talachulitna River	1,476	567	710	96	0	767	0	0	365
M	Talkeetna River	644	88	132	254	0	37	0	0	22
M	Willow Creek	98	0	1	0	0	1,019	0	0	4
M	Yentna River	219	35	75	1	0	8	0	0	1
M	Yentna River Drainage (Remainder)	2,817	598	2,444	279	0	3,429	0	16	1,113
N	Big River	280	0	56	433	0	0	0	0	2
N	Big River Lakes	2,616	0	936	2,690	0	1	0	0	41
N	Chuitna River	125	16	189	0	0	115	0	0	11
N	Coal Creek (into Beluga Lake)	52	2	34	6	0	8	0	0	16
N	Crescent Lake	372	7	18	151	0	10	0	25	834
N	Kamishak River	223	0	473	14	0	2	4	0	780
N	Kustatan River	914	0	506	81	0	0	0	0	209
N	Other Sites (South of North Forelands)	400	1	729	6	0	0	0	16	664
N	Other Sites between N. Forelands and Susitna Drainage	20	0	0	0	0	19	0	5	30

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Area	Site	Angler Days	Salmon			Trout				Dolly Varder
			King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Lake	
N	Wolverine Creek mouth (by Big River Lakes)	1,953	0	252	2,862	0	0	0	0	0
P	Anchor River	120	11	14	0	0	2	36	0	332
P	Deep Creek	179	21	7	0	0	3	22	0	165
P	Kasilof River reach not specified	63	11	0	0	0	0	4	0	7
P	Kasilof River above Highway	154	7	5	0	0	10	1	0	68
P	Kasilof River below Highway	5,836	1,143	40	8	0	48	116	1	717
P	Kenai River - Cook Inlet to Soldotna Bridge	20,470	1,008	323	231	0	4,392	0	0	3,035
P	Kenai River - reach not specified	373	5	0	30	0	613	0	0	466
P	Kenai River - Moose River to Skilak outlet	3,882	62	267	1,181	0	15,638	0	0	10,674
P	Kenai River - Skilak Inlet to Kenai Lake	6,932	6	151	2,367	0	22,673	0	58	21,218
P	Kenai River - Soldotna Bridge to Moose River	2,912	309	40	156	0	3,089	0	0	654
P	Ninilchik River	149	144	2	0	0	1	2	0	32
P	Other Lakes	102	0	0	0	0	354	0	0	6
P	Other Streams	267	0	819	0	0	254	5	0	313
P	Quartz Creek	76	0	0	10	0	64	0	0	791
P	Russian River	182	0	1	105	0	325	0	0	87
Q	Afognak River (Litnik Stream)	112	0	26	9	0	9	2	0	6
Q	American River	55	5	0	0	0	0	0	0	89
Q	Ayakulik River (sometimes called Red River)	359	161	1,401	351	0	0	62	0	687
Q	Dog Salmon Creek (Frazer River)	435	1	149	701	0	11	2	0	248
Q	Karluk Lagoon and River [a]	161	12	51	62	0	0	4	0	291
Q	Karluk Lake and River above Weir	175	0	145	65	0	0	661	0	1,803
Q	Olds River	58	4	13	0	0	0	0	0	16
Q	Other Remote Streams	785	27	562	820	0	63	51	0	438
Q	Roadside Lakes	122	0	26	7	0	2	0	0	485
Q	Roadside Streams	241	0	64	12	0	1	0	0	139
Q	Saltery River	1,362	1	82	919	6	25	0	0	4,470
Q	Uganik River	270	1	197	3	0	172	4	0	2,483
Q	Zachar Bay Streams	62	0	26	0	0	0	0	0	76
R	American Creek	1,273	0	0	76	0	5,154	0	3	15,610
R	Becharof System	165	5	34	85	0	150	0	0	1,508

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Area	Site	Angler Days	Salmon			Trout				Dolly Varden
			King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Lake	
R	Brooks Lake	35	0	0	1	0	185	0	12	0
R	Brooks River	751	0	5	929	0	4,071	11	2	47
R	Contact Creek	123	29	1	6	0	128	0	0	886
R	Egegik River (Becharof System)	427	1	1,384	80	0	1	0	0	21
R	Naknek River[b]	448	220	197	74	0	144	0	0	33
R	Naknek River[c]	1,350	303	365	1,557	0	4,592	0	1	913
R	Naknek River and Tributaries	1,362	270	173	223	0	2,539	0	752	3,503
R	Other Lakes	197	0	159	110	0	213	0	7	188
R	Other Streams	2,493	1,655	6,033	1,168	0	514	26	0	3,671
R	Swikshak River	65	0	248	0	0	0	0	0	0
R	Ugashik System	302	74	339	137	0	0	0	10	2,215
S	Alagnak (Branch) River	2,868	1,424	1,065	2,841	0	2,461	0	242	199
S	Alexey Lake	19	0	0	0	0	9	0	0	0
S	Battle River	277	0	0	253	0	1,102	0	2	4
S	Copper River (Lake Iliamna Area)	975	0	2	576	0	6,904	0	0	19
S	Funnel Creek	105	0	0	31	0	827	0	1	22
S	Gibraltar River	168	1	0	72	0	1,040	0	0	5
S	Kijik Lake	35	0	0	0	0	0	0	35	36
S	Kukaklek River (Big Ku) (into Alagnak)	226	0	0	21	0	1,346	0	13	5
S	Kulik River	1,084	0	0	253	0	11,932	0	423	10
S	Kvichak River	2,658	22	636	5,437	0	6,342	0	0	134
S	Lake Clark	155	0	0	14	0	4	0	88	67
S	Lake Iliamna	339	0	20	401	0	1,266	0	0	2,018
S	Little Kulik (into Nanuktuk Creek)	47	0	0	27	0	272	0	0	44
S	Lower Talarik Creek	129	0	32	85	0	665	0	0	0
S	Moraine Creek	884	0	0	403	0	7,449	0	8	21
S	Nanuktuk Creek	139	0	0	76	0	1,372	0	0	234
S	Newhalen River	231	0	2	265	0	203	0	89	8
S	Nonvianuk Lake	44	0	0	1	0	111	0	206	0
S	Nonvianuk River (into Alagnak)	147	8	0	33	1	980	0	252	2
S	Other Lakes and Streams	50	0	0	13	0	470	0	0	93

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Area	Site	Angler Days	Salmon			Trout				Dolly Varde
			King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Lake	
S	Tazimina Lakes	32	0	0	0	0	77	0	0	5
S	Tazimina River	188	0	1	37	0	705	0	2	48
T	Agulowak River	858	0	32	1,079	0	2,505	0	0	902
T	Agulukpak River	411	0	0	54	0	1,479	0	0	56
T	Aleknagik Lake	88	0	5	8	0	7	0	0	212
T	Mulchatna River	104	12	630	7	0	147	0	1	186
T	Nushagak River - Black Point upstream to Sonar Site	1,817	3,139	423	22	0	63	0	0	0
T	Nushagak River - sonar site to outlet of Mulchatna	2,103	2,322	2,291	3	0	12	0	0	8
T	Nushagak River - upstream from mouth of Mulchatna R.	630	42	178	11	0	2,344	0	0	2,391
T	Nushagak River System[d]	192	10	0	59	0	398	0	0	727
T	Nuyakuk River (Tikchik-Nuyakuk Lake System)	285	8	356	94	0	384	0	18	110
T	Other Lakes and Streams	607	323	1,233	125	0	339	0	669	176
T	Togiak River System	873	2,028	1,408	31	0	441	0	8	562
T	Wood River	135	0	8	65	0	17	0	0	190
T	Wood River Lakes System	321	0	1	326	0	313	0	0	319
	Other Lakes and Streams in SC	142	1	17	1	0	14	0	0	99
	SC Total	94,910	17,168	30,936	31,543	73	129,960	1,013	2,968	91,864

Note: Responses with less than 4 businesses are not reported separately, to protect confidentiality of respondents. Data are current as of 05/26/201

[a] Karluk Lagoon and River below weir (to .5 mile above lagoon).

[b] Naknek River (downstream from Rapids Camp, including tributaries).

[c] Naknek River (Rapids Camp upstream to Naknek Lake, including tributaries).

[d] Nushagak River System (including Harris Creek and King Salmon River).

Appendix G12.–Freshwater logbook angler days and species released by area and site, AYK Alaska, 2010.

Area	Site	Angler Days	Salmon			Trout				Dolly Varden
			King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Lake	
I	Copper River	108	247	0	5	0	0	0	0	0
I	Gulkana River (Highway to Copper River)	151	66	0	34	0	15	0	0	0
I	Gulkana River (West Fork to Highway)	257	139	0	14	0	35	0	0	0
I	Klutina River	1,286	924	0	117	0	25	0	0	91
I	Other Streams	68	30	0	0	0	57	0	0	1
U	Other Lakes	70	0	0	0	0	12	0	3	0
U	Other Streams	1,031	31	54	0	0	0	0	0	0
V	Aniak River	630	443	492	30	0	2,388	0	0	4,947
V	Goodnews River	862	339	3,937	93	0	649	0	2	3,017
V	Holitna River	400	173	32	66	0	0	0	0	622
V	Kanektok River (Quinhagak, Chosen)	1,830	612	1,600	767	0	2,606	0	1	5,282
V	Kuskokwim R. drainages below Aniak River[a]	645	35	295	14	0	2,309	0	0	2,722
V	Other Lakes and Streams	134	4	217	13	0	528	0	30	223
V	Other streams - Kuskokwim drainages above Aniak River	57	46	39	11	0	8	0	44	51
W	Streams	549	185	1,515	0	0	0	0	0	1,472
Y	Lakes and Streams	1,119	287	1,888	121	0	0	0	0	961
	Other Lakes and Streams in AYK	219	0	0	0	0	0	0	0	158
	AYK Total	9,416	3,561	10,069	1,285	0	8,632	0	80	19,547

Note: Responses with less than 4 businesses are not reported separately, to protect confidentiality of respondents. Data are current as of 05/26/201

[a] Kuskokwim River drainages below Aniak River; includes drainages of the Aniak River.

Appendix G13.–Freshwater logbook angler days and species released by region, Statewide, 2010.

Region	Angler Days	Salmon			Trout				Dolly Varden
		King	Coho	Sockeye	Cutthroat	Rainbow	Steelhead	Lake	
Southeast	8,913	47	36,345	1,312	1,567	774	1,799	0	13,506
Southcentral	94,910	17,168	30,936	31,543	73	129,960	1,013	2,968	91,864
Arctic-Yukon-Kuskokwim	9,416	3,561	10,069	1,285	0	8,632	0	80	19,547
Total	113,239	20,776	77,350	34,140	1,640	139,366	2,812	3,048	124,917

Note: Data are current as of 05/26/2011.

APPENDIX H
SALTWATER LOGBOOK SUMMARIES BY AREA

Appendix H1.–Saltwater logbook salmon participation, effort, kept and released by area and port of offloading, Soutl

Area	Port of Offloading	Businesses[a]	Vessels[a]	Trips	Angler Days	King Large Kept	King Large Released	King Small Kept	King Small Released	Coho Kept
A	Clover Pass	5	6	116	481	65	1	0	21	1,132
A	Ketchikan	71	91	4,143	16,444	1,533	154	325	1,703	8,578
A	Knudson Cove	18	19	865	3,731	219	34	24	556	1,589
A	Salmon Falls	5	13	205	663	130	54	2	120	1,132
A	Other	11	23	664	1,464	213	31	34	301	1,650
B	Coffman Cove	6	7	156	645	30	5	4	37	656
B	Craig	30	56	1,330	4,457	1,655	199	58	74	7,660
B	Klawock	9	18	435	1,352	349	23	21	47	2,193
B	Thorne Bay	8	11	293	1,039	52	17	2	111	1,044
B	Whale Pass	4	6	37	141	0	0	0	0	21
B	Other	24	67	3,081	12,528	3,426	342	52	776	15,218
C	Kake	4	4	27	128	0	0	0	0	22
C	Petersburg	29	36	686	2,503	172	17	9	23	598
C	Wrangell	11	11	189	748	88	8	2	41	143
D	Port Alexander	7	8	133	462	90	25	3	4	250
D	Sitka	95	156	7,296	29,721	16,044	3,757	147	1,157	35,862
D	Other	9	20	411	1,311	235	44	2	98	1,753
E	Angoon	5	11	245	935	119	11	3	28	1,768
E	Auke Bay	30	39	1,844	7,849	337	39	46	188	2,469
E	Juneau	21	34	389	1,333	41	6	3	34	373
E	Other	10	22	766	3,108	104	21	13	75	1,473
F1	Skagway	5	5	359	1,325	157	60	5	822	1
G	Bartlett Cove	9	12	67	266	14	6	0	1	31
G	Elfin Cove	16	29	1,122	4,306	823	148	6	89	3,695
G	Gustavus	15	27	1,326	5,372	322	61	7	74	1,914
G	Hoonah	17	19	346	1,612	11	8	8	7	115
G	Pelican	5	9	210	716	231	47	12	27	686
G	Other	7	8	180	2,708	134	49	3	45	2,260
H	Yakutat	7	11	646	2,643	111	14	4	6	2,361
	Other Southeast	5	8	253	920	53	8	0	248	209
	Total Southeast	373	644	27,820	110,911	26,758	5,189	795	6,713	96,856

Note: Participation (number of businesses, vessels, trips and angler days) was determined by number of trips, not targeted species. Responses w reported separately, to protect confidentiality of respondents. Data are current as of 05/25/2011.

[a] Business and vessel regional and total counts are not additive as they can offload at multiple ports.

Appendix H2.–Saltwater logbook salmon participation, effort, kept, and released by area and port of offloading, Sou

Area	Port of Offloading	Businesses[a]	Vessels[a]	Trips	Angler Days	King Large Kept	King Large Released	King Small Kept	King Small Released	Coho Kept
J	Chenega Bay	5	5	46	224	1	0	1	0	155
J	Cordova	5	5	84	363	2	0	1	0	66
J	Port Ashton	5	5	17	101	4	0	2	0	142
J	Valdez	38	42	1,232	6,618	30	10	13	3	8,139
J	Whittier	25	27	684	3,819	0	0	4	1	1,428
N	Other	4	5	46	185	0	0	0	0	0
P	Anchor Point	38	41	1,502	8,443	132	11	27	10	171
P	Deep Creek	69	93	3,197	18,663	200	11	25	11	53
P	Homer	118	134	5,637	43,252	1,855	75	442	46	2,927
P	Ninilchik	20	24	443	2,369	49	1	11	13	9
P	Seldovia	7	7	110	489	13	1	4	1	20
P	Other	11	23	372	1,230	112	3	3	1	231
P	Seward	73	110	4,423	36,167	601	51	140	48	40,323
Q	Anton Larsen Bay	4	4	8	30	9	0	0	0	8
Q	Kodiak	34	36	1,041	5,185	859	18	158	7	1,759
Q	Larsen Bay	8	15	461	1,725	155	85	76	32	2,747
Q	Port Lions	9	12	213	855	146	3	23	0	742
Q	Raspberry Island	5	5	79	307	69	4	37	4	142
Q	Ugak Bay	4	5	69	287	3	0	5	0	148
Q	Other	29	43	867	3,092	282	16	142	149	3,011
R	Other	11	15	178	604	2	0	0	0	97
	Other Southcentral	4	8	213	1,135	1	0	3	0	665
	Total Southcentral	403	528	20,922	135,143	4,525	289	1,117	326	62,983

Note: Participation (number of businesses, vessels, trips and angler days) was determined by number of trips, not targeted species. Responses w reported separately, to protect confidentiality of respondents. Data are current as of 05/25/2011.

[a] Business and vessel regional and total counts are not additive as they can offload at multiple ports.

Appendix H3.–Saltwater logbook salmon participation, effort, kept and released by region, statewide, 2010.

Region	Businesses[a]	Vessels[a]	Trips	Angler Days	King Large Kept	King Large Released	King Small Kept	King Small Released	Coho Kept
SE	373	644	27,820	110,911	26,758	5,189	795	6,713	96,856
SC	403	528	20,922	135,143	4,525	289	1,117	326	62,983
Total	776	1,172	48,742	246,054	31,283	5,478	1,912	7,039	159,839

Note: Participation (number of businesses, vessels, trips and angler days) was determined by number of trips, not targeted species. Responses w reported separately, to protect confidentiality of respondents. Data are current as of 05/25/2011.

[a] Business and vessel regional and total counts are not additive as they can offload at multiple ports.

Appendix H4.–Saltwater logbook bottomfish participation, effort, kept and released by area and port of offloading, S

Area	Port of Offloading	Businesses[a]	Vessels[a]	Trips	Angler Days	Halibut		Lingcod		Rockfish				
										Pelagic		Yelloweye		
						Kept	Released	Kept	Released	Kept	Released	Kept	Released	K
A	Clover Pass	5	6	116	481	399	59	11	3	184	2	56	0	
A	Ketchikan	71	91	4,143	16,444	3,001	1,269	100	259	1,046	284	1,163	92	
A	Knudson Cove	18	19	865	3,731	210	35	4	9	23	36	20	1	
A	Salmon Falls	5	13	205	663	336	89	8	20	50	1	50	2	
A	Other	11	23	664	1,464	374	49	19	9	233	11	114	1	
B	Coffman Cove	6	7	156	645	523	305	11	7	21	0	48	0	
B	Craig	30	56	1,330	4,457	2,905	1,094	490	411	3,545	218	1,287	27	
B	Klawock	9	18	435	1,352	1,110	580	188	288	1,816	125	212	37	
B	Thorne Bay	8	11	293	1,039	435	202	65	71	273	11	150	7	
B	Whale Pass	4	6	37	141	91	81	0	0	6	0	1	0	
B	Other	24	67	3,081	12,528	7,360	1,446	1,117	1,181	9,207	986	2,452	154	
C	Kake	4	4	27	128	96	3	3	3	110	1	31	0	
C	Petersburg	29	36	686	2,503	1,563	3,362	6	44	397	61	68	13	
C	Wrangell	11	11	189	748	232	82	5	5	19	0	13	0	
D	Port Alexander	7	8	133	462	219	142	26	79	195	33	88	2	
D	Sitka	95	156	7,296	29,721	13,143	5,176	1,230	6,051	31,437	1,555	7,281	685	
D	Other	9	20	411	1,311	650	459	7	54	236	441	116	11	
E	Angoon	5	11	245	935	582	232	3	5	240	16	64	0	
E	Auke Bay	30	39	1,844	7,849	2,069	1,678	7	18	648	8	58	5	
E	Juneau	21	34	389	1,333	276	334	2	8	146	44	31	6	
E	Other	10	22	766	3,108	1,997	940	57	112	2,887	21	366	17	
F1	Skagway	5	5	359	1,325	5	1	0	0	1	0	0	0	
G	Bartlett Cove	9	12	67	266	142	328	3	19	23	13	1	1	
G	Elfin Cove	16	29	1,122	4,306	2,240	2,513	181	1,592	3,620	570	719	119	
G	Gustavus	15	27	1,326	5,372	3,849	6,193	153	373	699	81	253	12	
G	Hoonah	17	19	346	1,612	634	2,297	1	3	14	9	11	2	
G	Pelican	5	9	210	716	314	223	18	22	191	22	113	7	
G	Other	7	8	180	2,708	2,581	3,390	37	47	60	56	17	19	
H	Yakutat	7	11	646	2,643	3,359	885	922	366	1,895	94	97	0	
	Other Southeast	5	8	253	920	385	375	13	54	318	46	57	11	
	Total Southeast	373	644	27,820	110,911	51,080	33,822	4,687	11,113	59,540	4,745	14,937	1,231	2

Note: Participation (number of businesses, vessels, trips and angler days) was determined by number of trips, not targeted species. Responses w reported separately, to protect confidentiality of respondents. Data are current as of 05/25/2011.

[a] Business and vessel regional and total counts are not additive as they can offload at multiple ports.

Appendix H5.–Saltwater logbook bottomfish participation, effort, kept, and released by area and port of offloading, S

Area	Port of Offloading	Businesses[a]	Vessels[a]	Trips	Angler Days	Halibut		Lingcod		Rockfish				
										Pelagic		Yelloweye		N
						Kept	Released	Kept	Released	Kept	Released	Kept	Released	Ke
J	Chenega Bay	5	5	46	224	367	0	23	4	407	14	15	0	
J	Cordova	5	5	84	363	304	86	47	19	255	166	93	1	
J	Port Ashton	5	5	17	101	144	73	31	9	104	0	12	0	
J	Valdez	38	42	1,232	6,618	6,920	5,448	1,999	1,347	2,339	139	1,763	229	
J	Whittier	25	27	684	3,819	4,497	3,269	571	307	689	191	568	13	
N	Other	4	5	46	185	321	119	1	4	0	0	0	0	
P	Anchor Point	38	41	1,502	8,443	16,035	18,442	316	209	218	15	111	3	
P	Deep Creek	69	93	3,197	18,663	35,551	44,491	33	48	75	2	26	5	
P	Homer	118	134	5,637	43,252	79,070	106,842	3,355	1,549	9,907	910	1,228	43	1,8
P	Ninilchik	20	24	443	2,369	4,389	5,475	61	35	14	8	37	2	
P	Seldovia	7	7	110	489	877	1,073	34	8	11	9	33	2	
P	Other	11	23	372	1,230	1,945	4,671	1	8	12	0	3	1	
P	Seward	73	110	4,423	36,167	47,274	22,000	5,489	2,216	25,644	1,523	4,722	83	3,(
Q	Anton Larsen Bay	4	4	8	30	49	19	2	0	40	19	0	0	
Q	Kodiak	34	36	1,041	5,185	7,133	3,902	1,423	160	8,518	952	435	7	2,4
Q	Larsen Bay	8	15	461	1,725	2,391	6,102	57	90	695	145	268	18	
Q	Port Lions	9	12	213	855	989	272	43	12	357	36	11	0	
Q	Raspberry Island	5	5	79	307	392	410	10	3	88	47	2	0	
Q	Ugak Bay	4	5	69	287	165	85	6	6	321	786	3	0	
Q	Other	29	43	867	3,092	2,760	3,220	714	433	1,332	1,666	279	14	
R	Other	11	15	178	604	849	831	26	1	101	61	8	1	
	Other Southcentral	4	8	213	1,135	965	257	92	43	1,183	19	538	38	
	Total Southcentral	403	528	20,922	135,143	213,387	227,087	14,334	6,511	52,310	6,708	10,155	460	9,7

Note: Participation (number of businesses, vessels, trips and angler days) was determined by number of trips, not targeted species. Responses w reported separately, to protect confidentiality of respondents. Data are current as of 05/25/2011.

[a] Business and vessel regional and total counts are not additive as they can offload at multiple ports.

Appendix H6.–Saltwater logbook bottomfish participation, effort, kept, and released by region, statewide, 2010.

											Rockfish		
				Angler	Halibut		Lingcod		Pelagic		Yelloweye		
Region	Businesses[a]	Vessels[a]	Trips	Days	Kept	Released	Kept	Released	Kept	Released	Kept	Released	K
SE	373	644	27,820	110,911	51,080	33,822	4,687	11,113	59,540	4,745	14,937	1,231	2
SC	403	528	20,922	135,143	213,387	227,087	14,334	6,511	52,310	6,708	10,155	460	
Total	776	1,172	48,742	246,054	264,467	260,909	19,021	17,624	111,850	11,453	25,092	1,691	3

Note: Participation (number of businesses, vessels, trips and angler days) was determined by number of trips, not targeted species. Responses w reported separately, to protect confidentiality of respondents. Data are current as of 05/25/2011.

[a] Business and vessel regional and total counts are not additive as they can offload at multiple ports.

SJR

2

<TARGET><BILL>SJR 2</BILL><SUBJECT>SJR
2</SUBJECT><COMM>HRES27</COMM></TARGET>

ALASKA STATE LEGISLATURE

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Senator Fred Dyson

Senate District I

For Immediate Release: April 4, 2011

Senate Passes Sen. Dyson's SJR 2 – Supporting the Governor's Fight to Protect Alaska From Federal Incursion in Management of the State's Natural Resources

(Juneau) – The Alaska State Senate today unanimously passed a resolution expressing the Legislature's support for the efforts of Gov. Sean Parnell to protect the state from federal incursion and to manage the state's resources. The resolution, SJR 2, sponsored by Sen. Fred Dyson, R-Eagle River, also urges Congress and the President to limit federal overreach into the management of the state's resources.

"I am pleased that the full Senate has affirmed its support for the Governor to continue to stand up for Alaska's sovereign rights," Dyson said. "At statehood, the debate over how Alaska would support itself focused on stewardship of the state's natural resources, and the state being able to develop those resources. The success of this fundamental is borne out in the management of our fisheries, for example, if you consider we have substantially higher returns of salmon now than we had when the federal government managed the fisheries before statehood.

"Unfortunately, we find ourselves in an unprecedented dangerous time, when national environmental groups and their allies within federal bureaucracies are making every effort to finally lock up as much of Alaska's land and resources as they can. The recent order by the Secretary of the Interior creating a new category of 'wild land' for the BLM is a clear case in point.

"In these critical times, it is imperative that we have a Governor and attorney general who are proactive in standing up to these federal efforts, and it is equally necessary that we the people, speaking through our elected representatives in the Legislature, affirm our strong support for the Governor and AG. For the Senate showing that support, I am grateful."

SJR 2 will now be sent to the House of Representatives for its consideration.

# # #

Senator_Fred_Dyson@legis.state.ak.us



SENATOR FRED DYSON

SPONSOR STATEMENT

Senate Joint Resolution No. 2

Alaska has entered a period of extraordinary efforts by certain federal agencies and environmental groups to lock up Alaska's resources. SJR 2 affirms the broad support of Alaskans and their elected leadership for the governor and attorney general's strategy to vigorously defend the State's ability to develop and manage its resources, protect its sovereignty, foster economic opportunity for our citizens and urge Congress and the President of the United States to limit the unprecedented federal government overreach that threatens our economic future.

Contact: Chuck Kopp, Staff to Senator Dyson (907)465-6580

During Session (January - May): Alaska State Capitol • Juneau, Alaska 99801 • (800) 342-2199 • (907) 465-2199 • (907) 465-4587 (fax)
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senator.fred.dyson@legis.state.ak.us • www.akrepublicans.org

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSJR 2(RES)
(S) Publish Date: 3/28/11

Identifier (file name)
Title: SJR 2-LIMIT FEDERAL INTERVENTION IN STATE
Sponsor: SENATORS DYSON, Wagoner, Giessel, Meyer
Requester: SENATE RESOURCES COMMITTEE

Dept. Affected
Appropriation
Allocation
OMB Component Number

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2012**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by
Division: Senate Resources Committee
Approved by: /s/ Senator Paskvan, Cochair

Phone 465-3709
Date/Time 3/25/11 3:00 PM
Date

(Revised 1/27/2011 OMB)

FISCAL NOTE #1

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. CSSJR 2(RES)

Analysis

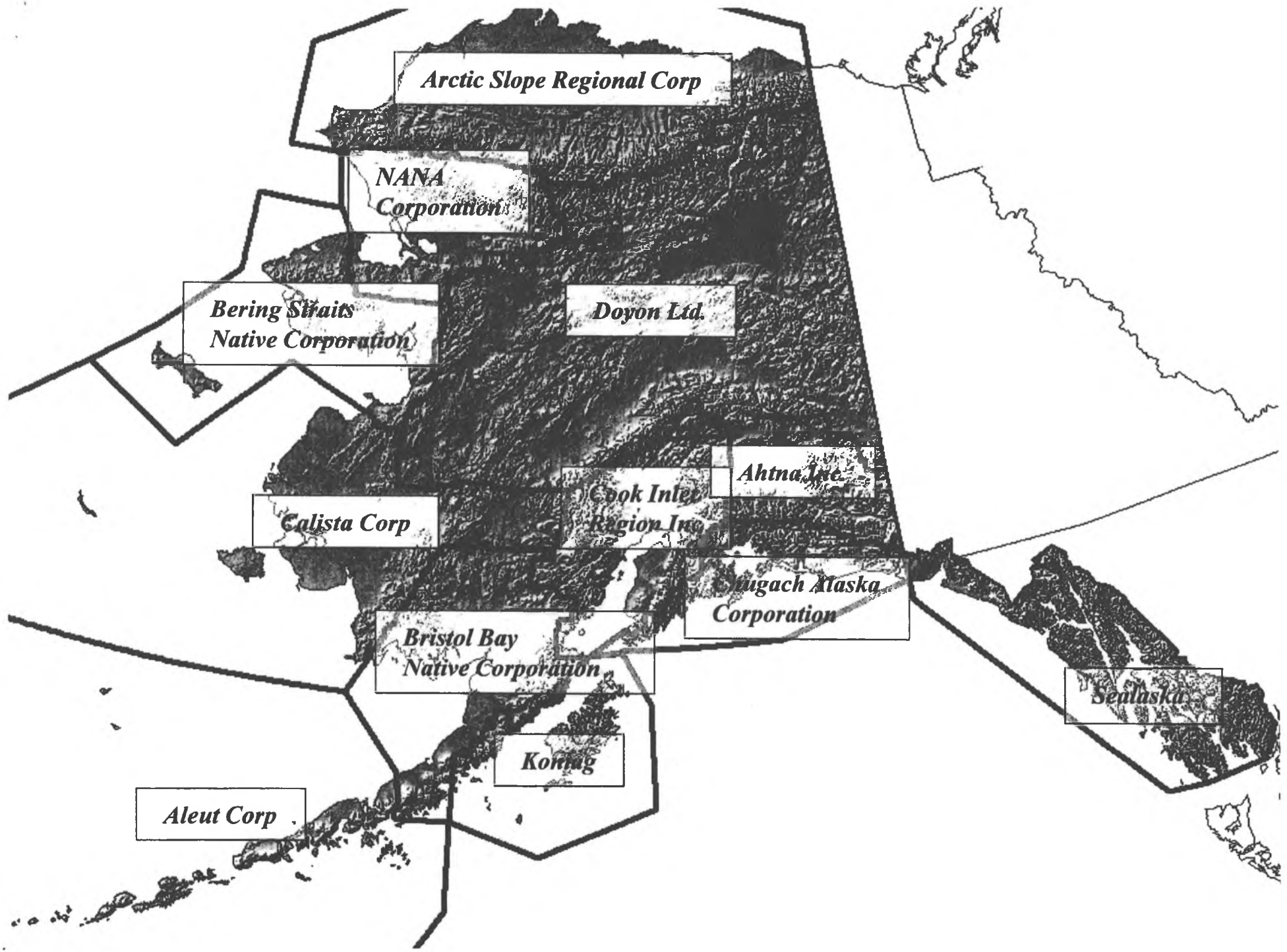
No Fiscal Impact

Alaska Native Corporation's Resource Development

Alaska House Resource Committee

Juneau, Alaska

March 24, 2011


Arctic Slope Regional Corp
NANA Corporation
Bering Straits Native Corporation
Doyon Ltd.
Ahtna Inc.
Cook Inlet Region Inc.
Calista Corp
Chugach Alaska Corporation
Bristol Bay Native Corporation
Sealaska
Koniag
Aleut Corp

Alaska Native Claims Settlement Act

- Settled Alaska Native claims in 1971
- Provided for corporate structure for Alaska Native groups along with a land entitlement.
- Created a powerful economic engine for Alaska through the growth of some of the largest state-owned corporations.
- 44 million acres of private land ownership creating a strong resource development platform for rural Alaska.
- ANCSA also provides for revenue sharing between corporation though Section 7(i) and 7(j) providing for benefits to all Alaska Natives.

AHTNA

INCORPORATED

- Owns approximately 1,528,000 acres in east-central Alaska
- Has more than 1,500 shareholders
- Headquartered in Glennallen
- Ten operating subsidiaries that are involved in:
  - government contracting, civil and vertical construction, pipeline maintenance, environmental remediation, surveying, facilities maintenance, administrative and janitorial services, and food service contractors
- Focus is on growth and diversification of its land and mineral resources through:
  - mineral exploration,
  - gas exploration,
  - energy renewable projects.
- While protecting our customary and traditional rights and land protection from trespassers.

Aleut CORPORATION

- Entitled to 70,789 acres of surface lands and 1.572 million acres subsurface estate on the Alaska Peninsula
- Currently manages and sells sand, gravel, minerals and rock aggregates within the region
- Primary areas of business are real estate, government operations and maintenance contracting, aggregate sales, and investments in oil and gas producing properties and marketable securities

arctic slope regional corp.

- Headquartered in Barrow.
- Title to five million acres of land on the North Slope that are abundant in natural resources, including oil and gas and one of the world's largest bituminous coal deposits
- Companies include professional fields of engineering, venture capital and financial management, oil and gas support services, petroleum refining and distribution, aerospace engineering, consulting, civil construction, and communications
- Major Resource Projects are:
  - Subsurface owner in the Colville River Unit – hosts the Alpine oilfield and potential CD5 development,
  - Owner of the Western Arctic Coal fields
  - Owner of subsurface lands in ANWR
  - Small explorer/producer on the North Slope

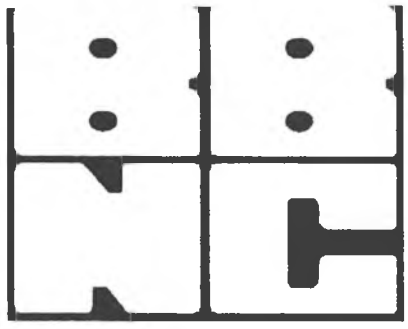


BERING STRAITS NATIVE CORPORATION

- BSNA holds the subsurface estate of highly mineralized land containing prospects of **Strategic metals** including Rare Earth reserves **(REE)**, and known deposits of **tin, platinum, thorium and uranium**. BSNC encourages private/public partnerships for the exploration, characterization, and development of these reserves.

- The region also faces significant growth in trans-Arctic shipping and exploration of the marine waters for oil and gas. Infrastructure and services will need to be developed to insure that support and safety needs are met. Public/private partnerships will be necessary to support this growing sector.

- Ground transportation improvements are critical and BSNC fully supports the preferred alternative for the **road to Nome** and will work cooperatively with the state during the planning and construction phases of this project.



Bristol Bay Native Corporation

- BBNC has approximately 8,700 shareholders who are Eskimo, Indian and Aleut.
- The company owns nearly 3 million acres of sub-surface land in the Bristol Bay region
- The corporation is a diversified company with investment and business holdings in oilfield services, construction services, government contracting and petroleum distribution.
- Commercial fishing is the region's main industry where tourism and the government sector are also part of the local economy.
- Potential for mineral deposits and natural gas.

Calista Corporation

- 13,000 shareholders
- Owns 6.5 million acres of subsurface land, about 300,000 acres of surface
- Investment portfolio includes oil well work-over drilling, royalties from gold and construction material mining, government and military contracting, newspaper publishing, commercial printing and advertising, property management, catering and camp services, telecommunications, heavy equipment sales and construction.
- Major Resource Projects include:
  - Donlin Creek LLC, hard rock gold and platinum prospects
  - Marshall Port and Quarry Road Project
- Mineral Resource development is critical to Calista's future

Chugach Alaska
CORPORATION

- Headquartered in Anchorage
- Investments include maintenance, business services in the areas of General Construction & Construction Management, Civil Engineering, Educational Services, Environmental/Oil Spill Response Services, Information Technology, Telecommunications, Employment Services, Manufacturing Services.

CIRI

- Southcentral Alaska's largest private landowner with 1.3 million acres of subsurface for oil and gas, mineral, and other responsible resource development leasing
- Active participation in Alaska energy and resource development including wind energy and underground coal gasification
- A portfolio of gold, chromium and other mineral prospects including some with significant prior exploration and resource analysis
- Significant participation in oilfield services, heavy civil construction with a specialty in remote resource development projects, environmental remediation services, and renewable energy
- A broad portfolio of other business interests and investments in commercial real estate development and management, tourism and hospitality, telecommunications, aerospace defense, private equity, venture capital and marketable securities

DOYON
Limited

- Land entitlement of 12.5 million acres, largest private landowner in Alaska
- Headquartered in Fairbank
- Company investments include catering, facility maintenance, security, tourism and support for oil, gas and mining construction across Alaska, and real estate assets and operations in the tourism industry

Hard Minerals Exploration Projects

- Zinc, silver, lead
  - Little White Man
  - Reef Ridge
- Gold and gold/copper
  - Mystery Mtns.
  - Vinasale Mountain
  - Seventymile River
  - East Wiseman
  - Sawtooth Mountain

Notes: studies and field programs this year all areas, including drilling. Some areas explored solely by Doyon, others in venture with mining companies.

Oil and Gas Exploration Projects

- Yukon Flats basin
  - Stevens Village sub-basin
  - Birch Creek sub-basin
- Nenana basin

Notes: studies and field programs all areas this year with seismic in 2012 at Nenana. Yukon Flats exploration conducted solely by Doyon; Nenana in venture with other companies

KONIAG
DEVELOPMENT CORPORATION

- Headquartered in Kodiak representing the Alutiiq people
- Title to 160,000 acres of surface estate in the Kodiak Archipelago including logging and tourism operations
- Title to 800,000 acres of subsurface on Kodiak and the Alaska Peninsula including deposits in industrial rock, energy commodities , precious-metals, and base-metals
- Subsidiary Operating Companies across the US engaged in construction and environmental services; manufacturing; industrial services; technology solutions; business services; and real estate holdings
- Resource Development Projects
  - A granite deposit known as Shakmanof Cove Quarry to supply large competent armor stone for coastal marine applications.
  - A research, education and tourism development known as the Kodiak Brown Bear Center located on the Karluk Lake envisioned to be the authority on Kodiak bear habitat.
  - Opportunities on subsurface interests just recently conveyed by BLM

NANA

- **As an Iñupiat corporation, NANA values subsistence as the highest and best use of our traditional lands.** All development projects must be in concert with this perspective. The connection we have to our land is crucial and irreplaceable. Yet resource development is critical to our base economy.
- Has surface and subsurface rights to more than 2.2 million acres of mineral-rich land in northwest Alaska
- Red Dog Mine, one of the world's largest zinc and lead mines; 58% shareholder hire; major source of revenues for the NWAB
- Active in new resource development in minerals and Oil & Gas
  - Onshore Oil and Gas potential in the Kotzebue Basin
  - Base and Precious metal exploration in the Ambler Mining District
- Pursuing alternative energy projects in the region (wind, hydro, biomass, geothermal)
- Investment includes resource development, facilities management and logistics, engineering and construction, information technology and government contracting, facilities management and logistics, real estate and hotel development, and IT and telecommunications

A NATIVE CORPORATION
SEALASKA

- Headquartered in Juneau
- 20,000 Tlingit, Haida, Tsimshian shareholders
- 290,000 acres in Southeast
- 300,000 acres subsurface beneath 10 Village & 2 Urban Corporations in Southeast region
- Timber primary source of jobs and revenue for Southeast
- Diversified from forest investments into:

Financial investments	Plastics injection molding
Information technology	Construction aggregates
Environmental remediation	Logistics
Construction	Security services

Common Issues and Concerns

- Federal Overreach
  - Wild Lands designations
  - ESA and Critical Habitat designations on ANC lands
  - DOI management plans in Parks and Refuges
  - EPA regulations and programs
  - Barriers to accessing our lands
  - Overreach of Federal Agencies encroaching and sometimes conflicting with State Agency oversight
- State Issues
  - ACES inhibiting continued oil and gas investment
    - Potential to spill over into over resource sectors
  - High Cost of rural energy
  - Lack of infrastructure
  - Permit backlogs in State agencies impacting ANC project development
  - Need to support accelerated anti degradation rulemaking in AKDEC
  - A disconnect between the project review times at the USACE (United States Army Corps of Engineers) and the DCOM (Division of Coast and Ocean Management)
  - Tideland lease fees for dormant projects

SJR 17

<TARGET><BILL>SJR 17</BILL><SUBJECT>SJR 17</SUBJECT><COMM>HRES27</COMM></TARGET>

ALASKA STATE LEGISLATURE

Session
State Capitol Building, Room 125
Juneau, Alaska 99801-1182
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SENATOR LESIL MCGUIRE

Welcoming the Arctic Council Task Force for Arctic Marine Oil Pollution Preparedness and Response to the state for its March 2012 meeting and urging the task force to use its time in the state to inform and inspire the work of the task force.

The Arctic Council consists of eight Arctic Nations: Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden, and the United States as well as six international organizations representing Arctic Indigenous Peoples. The Arctic Council was established in 1996 as a high level intergovernmental forum to provide a means for promoting cooperation, coordination and interaction among the Arctic States, with the involvement of the Arctic Indigenous communities and other Arctic inhabitants on common Arctic issues, in particular issues of sustainable development and environmental protection in the Arctic.

On May 12 of 2011, the Arctic Council signed the Nuuk declaration which established an agreement on cooperation in aeronautical and maritime search and rescue in the arctic. In the Nuuk declaration, the Ministers of the Arctic Council member states decided to "establish a Task Force, reporting to the senior Arctic Officials, to develop an international instrument on Arctic marine oil pollution preparedness and response, and called for the Emergency Prevention, Preparedness and Response (EPPR) and other relevant working groups to develop recommendations and/or best practices in the prevention of marine oil pollution.

The purpose of Senate Joint Resolution (SJR) 17 is to welcome the Arctic Council Task Force for Arctic Marine Pollution Preparedness and Response to Alaska. The task force will be in Alaska in March of 2012 to exchange information and experiences regarding marine pollution preparedness and response. The task force is currently developing a framework for international cooperation between the eight arctic states to combat oil spill pollution.

As the only arctic state in the nation, Alaska has an important role to play in protecting the arctic. As host for the March task force meeting, it is important that the State welcome the international delegates to Alaska and highlight the issues that are important to Alaskans. The timely passage of SJR 17 will accomplish both of these objectives and I encourage your support.

February 7, 2012

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **SJR 17**
Fiscal Note Number: 1
(S) Publish Date: 2/29/12

Identifier (file name): SJR 17 Arctic Council Task Force
Title:
Sponsor: Senator McGuire
Requester: (S) State Affairs

Dept. Affected:
Appropriation:
Allocation:
OMB Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by: (S) State Affairs — Phone: 465-2435
Division: — Date/Time: 2/27/12 12:00 AM
Approved by: /s/ Senator Wielechowski, Chair — Date: 2/27/2012

(Revised 1/17/2012 OMB)

Pressing Issues in the Arctic

September 7, 2011
Anchorage, Alaska

Julia L. Gourley
U.S. Senior Arctic Official
Office of Ocean and Polar Affairs
U.S. Department of State

TRB TRANSPORTATION RESEARCH BOARD
OF THE NATIONAL ACADEMIES
MARINE BOARD

Key International Issues in the Arctic



- Search and Rescue Capability
- Oil Spill Prevention, Preparedness and Response
- Regulation of Arctic Shipping
- Managing the Environmental and Societal Impacts of Increased Arctic Shipping

Arctic Marine Shipping Assessment (AMSA)



- U.S. co-led with Canada and Finland development of the AMSA in the Arctic Council from 2004 – 2009
- AMSA remains the seminal work on the future of Arctic shipping
- Contains a number of recommendations in three categories:
  - Enhancing Arctic Marine Safety
  - Protecting Arctic People and the Environment
  - Building the Arctic Marine Infrastructure
- The Arctic Council, through its working groups, is following up on a number of the recommendations



Arctic Search & Rescue (SAR) Agreement





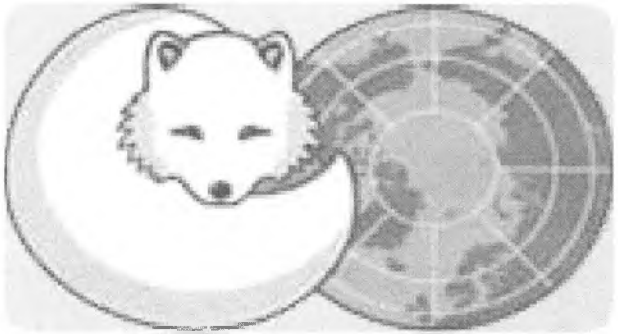


- Arctic states recently concluded a binding agreement on maritime and aeronautical SAR (first ever among the Arctic states)
- Expecting all Arctic states to soon notify the Canadian depositary that they are ready to implement domestically (only U.S. and Russia have so far)
- What the Agreement Does:
    - Defines Areas of Arctic In Which Each Party Has Responsibility for SAR Response
    - Parties Committed to Provide Mutual Assistance In Response To Incidents
- Main means of implementation will be exercises – both tabletop and actual
- Canada holding the first tabletop exercise in Whitehorse in October
- First Effort To Maximize Effect of Limited SAR Capacity in Remote Arctic Region

Arctic Council: Oil Spill Task Force



- **Arctic Council established Oil Spill Task Force in May 2011**
- **Task Force charged with developing instrument for arctic oil spill preparedness and response**
- **Task Force chaired by U.S./Russia/Norway**
  - **AMB Dave Balton: co-chair**
  - **U.S. Delegation led by USCG Admiral**
- **First Meeting: 17-18 October in Oslo**
  - **U.S. interagency coordinating proposal**
  - **Possible U.S. lead on drafting effort for final instrument**



The Polar Code

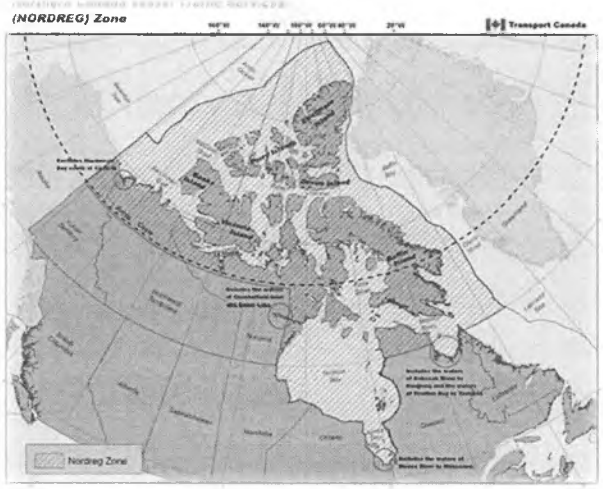


- Based on MSC and MEPC's 2002 non-binding guidelines for ships operating in ice-covered waters (MSC/Circ.1056-MEPC/Cir.399)
- 86th Session of MSC (2009) approved development of mandatory Polar Code
- Ship Design & Equipment (DE) sub-committee has lead for development effort
- Correspondence Group working on draft for DE
    - Current structure includes both mandatory provisions and non-binding recommendations
    - Applicable to Arctic & Antarctic
    - Based on functional requirements (ship design & operational) unique to polar areas
    - Likely limited SOLAS/MARPOL regulated vessels in first instance
- Aggressive timeline for development

Northern Canada Vessel Traffic Services (NORDREG) Zone





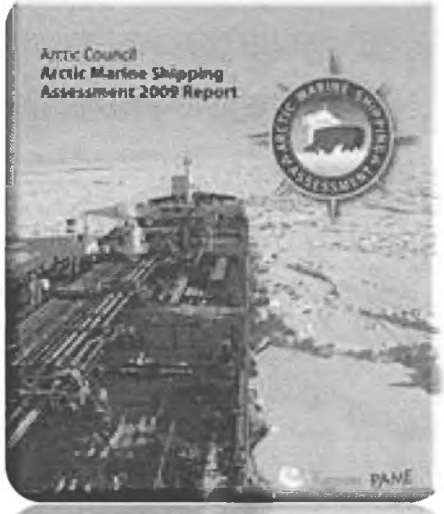


- Effective July 1, 2010, all ships in Canada's claimed Arctic waters must register/report
- Canada claims authority to deny entry to EEZ, straits, territorial sea
- US supports safety/environmental protection objectives, BUT
- Concerned that NORDREGs are inconsistent with important law of the sea principles related to navigation rights and freedoms
- US and others urging Canada to submit NORDREGs to IMO to provide solid legal foundation and broad international acceptance

CMTS: Arctic IAT



CMTS
U.S. Committee on the Marine Transportation System



- **Committee on Marine Transportation formed Arctic Interagency Action Team (IAT) in January 2010.**
- **CMTS Arctic IAT is developing a U.S. Arctic Maritime Transportation System: Overview & Policy Recommendations report. All CMTS agencies are participating in this effort.**
- **The report will:**
  - **identify gaps in the U.S. Arctic MTS and risks associated with various alternative actions & mitigation plans**
  - **provide recommendations for safe, secure & environmentally sound utilization of the U.S. Arctic for maritime transportation**
  - **build upon the Arctic Council's Arctic Marine Shipping Assessment 2009 Report**

Environmental Issues: Back Carbon



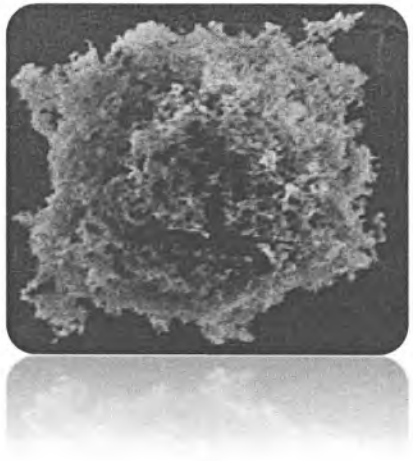
- **AMSA recommended: Arctic states "decide to support the development of improved practices and innovative technologies for ships in port and at sea to help reduce current and future emissions of greenhouse gases (GHGs), Nitrogen Oxides (NOx), Sulfur Oxides (SOx) and Particulate Matter (PM), taking into account the relevant IMO regulations."**
- **Black Carbon (BC), a component of PM, has particularly negative effects in the Arctic and is of prime importance to most members of the Arctic Council**
- **Although scientific uncertainty remains about BC's warming effects, there is far less uncertainty about its negative effects on albedo (i.e. surface reflectivity)**



Environmental Issues: Back Carbon



- **AC Task Force on Short-lived Climate Forcers (SLCFs) recommended that the Arctic states take action domestically to mitigate BC emissions as soon as practicable**
- **Norway recently proposed action on BC at the IMO Marine Environment Protection Committee (MEPC), but a number of countries opposed the proposal, including Russia (which also generally opposes action in the Arctic Council on BC)**
- **The general policy view is that if the Arctic states can significantly reduce BC emissions – which is relatively easy and cost-effective – we may be able to slow cryospheric melting and thawing, buying precious time while the global debate on carbon dioxide continues**





Environmental Issues: Invasive Species & Ballast Water



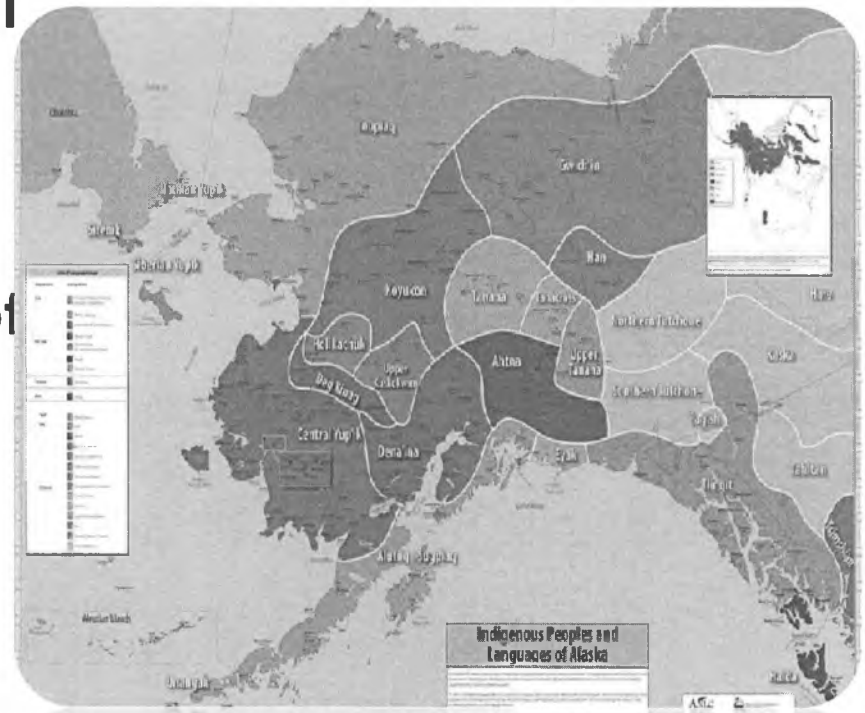


- **Little is known about whether and how invasive species may enter the Arctic marine environment and what effects they may have**
- **Increased shipping could lead to the introduction of invasive species through ballast water, as has happened in other oceans**
- **This is an area the Arctic Council may want focus on, beyond the AMSA recommendation that the Arctic states ratify the IMO Ballast Water Convention**

Impacts on Indigenous Peoples



- **Increased shipping in the Arctic will inevitably affect the livelihoods of Arctic indigenous peoples**
- **The AMSA recommends:**
  - **Arctic states conduct surveys of indigenous maritime uses;**
  - **engage with Arctic communities;**
  - **the Arctic Council undertaking some of these activities now**



Questions



Julia Gourley

Senior Arctic Official

Office of Oceans & Polar Affairs

U.S. Department of State

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ARCTIC COUNCIL

"The Arctic Council is a high-level intergovernmental forum to promote cooperation, coordination and interaction among the Arctic States." Read more>>

Task Force on Oil Spill Preparedness and Response

Category: Task Forces Published on 29 December 2011 Written By Linnea Nordstrom

In the Nuuk Declaration dated 12 May 2011, the Ministers of the Arctic Council member states decided "to establish a Task Force, reporting to the Senior Arctic Officials, to develop an international instrument on Arctic marine oil pollution preparedness and response, and called for the Emergency Prevention, Preparedness and Response (EPPR) and other relevant working groups to develop recommendations and/or best practices in the prevention of marine oil pollution; the preliminary or final results of both to be presented jointly at the next Ministerial meeting in 2013".

In the Senior Arctic Officials' Report to Ministers in May 2011 in Nuuk, Greenland, the Senior Arctic Officials stated the following:

"The Arctic is likely to see increased shipping and efforts to exploit the natural resources of the region in the coming decades. This, in turn, increases the potential for harm to both human life and the Arctic environment. Arctic Council working groups have developed various oil-related and emergency response-related products, but there is no marine oil pollution response instrument specific to the Arctic. The International Convention on Oil Pollution Preparedness, Response and Co-operation (OPRC) is a framework for international cooperation in combating incidents or threats of marine oil pollution, to which all eight Arctic States are parties. Article 10 of the OPRC promotes the development of bilateral and multilateral agreements for oil pollution preparedness and response, such as on a regional basis."

The Senior Arctic Officials recommended that the Ministers "mandate a task force to develop an international instrument on Arctic marine oil pollution preparedness and response" and further recommended that "the EPPR working group in close collaboration with other relevant working groups develop recommendations and/or best practices in the prevention of marine oil pollution. The preliminary or final results of both should be presented at the next Ministerial meeting in 2013".

The Task Force is co-chaired by Norway, Russia and the United States. The first two meetings of the Task Force were held in Oslo in October 2011, and in St.Petersburg in December 2011.

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Task Force Events

15.02.2012 - 17.02.2012
TFII Meeting

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STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION
OFFICE OF THE COMMISSIONER

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February 29, 2012

The Honorable Lesil McGuire
State Senate
Alaska State Capitol, Room 125
Juneau, Alaska 99801-1182

Dear Senator McGuire:

The Alaska Department of Environmental Conservation supports Senate Joint Resolution No. 17 welcoming the Arctic Council Task Force for Arctic Marine Oil Pollution Preparedness and Response to Alaska. This will be the Third meeting of the Task Force since it was established at the Arctic Council Ministerial meeting held in Nuuk, Greenland on May 12, 2011. The Arctic Council, recognizing there is no marine oil pollution response instrument specific to the Arctic, established the Task Force to develop an Instrument on Cooperation on Marine Oil Pollution Preparedness and Response to which the eight Arctic nations are party.

The instrument will establish a process for providing mutual aide between the eight Arctic nations in the event of an Arctic marine oil spill and will also address broader ongoing cooperation and collaboration to identify, promote and resolve spill preparedness and response issues. The first meeting of the Task Force was held in Oslo, Norway and the second meeting was held in Saint Petersburg, Russia. The Task Force is co-chaired by the United, States, Russia and Norway. A final draft of the instrument is scheduled for completion by December, 2012.

Alaska is the Arctic of the United States and is also the gateway to Arctic shipping and resource development. Development of this instrument is an important milestone in preparing for development and use of Arctic resources.

Senate Joint Resolution No. 17 appropriately recognizes the Task Force and the opportunity to showcase the interest, dedication and care Alaskans have for responsible stewardship of Arctic resources. We appreciate the efforts of the Alaska Legislature to endorse international cooperation which will serve the best interests of all Arctic countries while acknowledging the significant role played by Alaska.

Sincerely,

Larry Hartig
Commissioner

Aleutian Islands RISK ASSESSMENT PROJECT

Phase A Summary Report

August 2011



PUBLICATION INFORMATION

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Executive Summary

The Aleutian Islands is a region of Alaska that supports rich and diverse marine resources, including some of the nation's most productive commercial fisheries. A major marine shipping route, known as the Great Circle route, which is used by international commercial shipping vessels, intersects the region. Domestic shipping occurs within the region to support the local communities and economic infrastructure. Past vessel accidents in the Aleutian Islands that have resulted in loss of cargo, oil spills and loss of life established the need to initiate a multi-phased study to assess the risks posed from maritime transportation in the Bering Sea and the Aleutian Archipelago. This report is a summary of Phase A of the Aleutian Islands Risk Assessment and includes the recommendations of the Advisory Panel assembled for the project.

This report documents the process, analysis, and outcomes of Phase A of the Aleutian Islands Risk Assessment. Phase A began in May 2009 with the establishment of an organizational structure made up of four groups: a Management Team, an Advisory Panel, a Risk Analysis Team, and a Technical Peer Review Panel. Over a two-year period, the Advisory Panel met in person or by web-conference fourteen times. The major work conducted and discussed under Phase A included:

- The development of a risk report analyzing the likelihood of spills based on vessel traffic through the Aleutians,
- The creation of a risk matrix to analyze the potential consequences of vessel-source spills, and
- A qualitative assessment and prioritization of risk reduction options.

The Risk Analysis Team developed the following six studies:

- Semi-quantitative vessel traffic study,
- Marine spill frequency and size study,
- Baseline spill study,
- Consequence analysis study,
- Accident scenario and causality study, and
- Evaluation and prioritization of risk reduction options study.

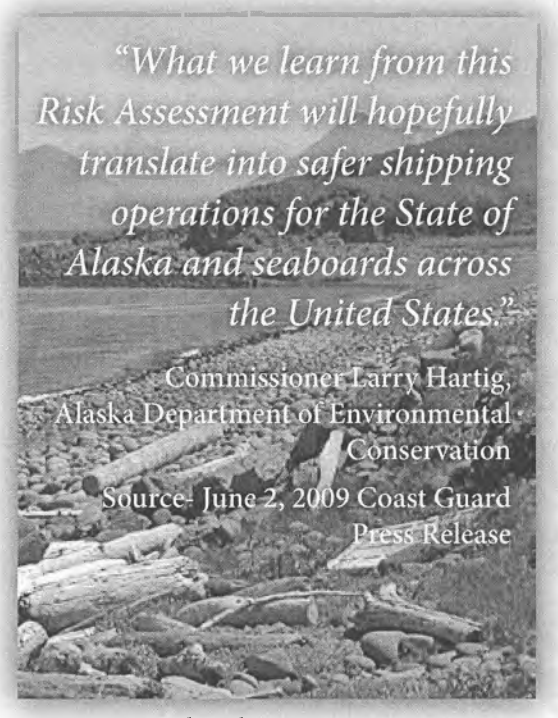
Accompanying reports were developed for each study and are summarized in this synthesis report. Each study and report built upon each other and was reviewed by the Project Team. All reports were developed with opportunities for public input and review.

Based on discussion and the analysis of Risk Reduction Options (RRO), the Advisory Panel developed recommendations that characterize all RRO's considered into three categories:

- RRO recommended for immediate implementation

- RRO recommended for Phase B Study, and
- RRO considered but set aside.

Two key principles were applied to the RRO analyses: (1) prevention measures take priority over response measures, and (2) all measures should be realistic and practical, and should support the basis for the Advisory Panele's recommendations.



The recommendations of risk reduction measures present a consensus of the Advisory Panel. The RRO's found to be sufficiently effective and practical for immediate implementation include:

- Develop an enhanced vessel monitoring and reporting program,
- Enhance towing capabilities on U.S. Coast Guard cutters and increase cutter presence in the Aleutians,
- Stage additional Emergency Towing Systems (ETS) in the Aleutians,
- Initiate the process to establish International Maritime Organization (IMO) Particularly Sensitive Sea Areas,
- Strengthen the Aleutians Subarea Contingency Plan, and
- Increase salvage and spill response capability in the Aleutians.

In some cases, the recommendations for immediate implementation have elements that require further study. The four Risk Reduction Options that require additional work or study as Phase B of the Aleutian Islands Risk Assessment prior to full implementation are:

- Increase rescue tug capability in the Aleutians,
- Increase salvage and spill response capability in the Aleutians,
- Determine the boundaries of the IMO Particularly Sensitive Sea Areas, and develop recommendations for associated protective measures, and
- Strengthen the Aleutians Subarea Contingency Plan.

All of the risk reduction option recommendations considered are described in this report, with additional background and detailed descriptions in Appendix A of this report.

The Advisory Panel's recommendations are presented in this report to the decision makers in the U.S. Coast Guard, State of Alaska, and local governments. The decision as to which measures will be adopted ultimately rests with the decision makers.

The Management Team has deemed Phase A of the Risk Assessment complete and will initiate Phase B in late 2011.

Project Background

1. Project Background

1.1 Need for the Study

The Aleutian Islands is a region that supports rich and diverse marine resources, including some of the nation's most productive commercial fisheries. While the Aleutian region is remote and sparsely populated, it is intersected by a major marine shipping route utilized by international commercial shipping vessels carrying various cargoes from the west coast of North America to Asia along the North Pacific Great Circle route (Figure 1).

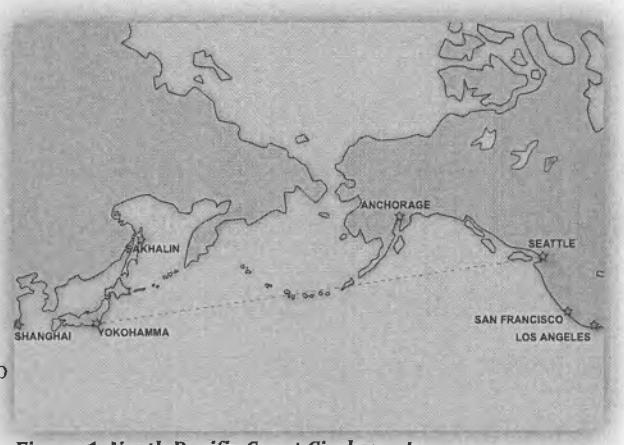


Figure 1. North Pacific Great Circle route.

While a majority of the vessel traffic along the Great Circle Route passes through the region without making any port calls, accidents involving these vessels have the potential to significantly and adversely impact coastal and marine ecosystems, economies, and human activities in the Aleutian region. The frequency of storms, high winds, and severe sea conditions in this region increase the potential for accidents to occur. Limited infrastructure, coupled with these challenging operating conditions, often limit the potential to mitigate or respond to incidents in this remote region.

Vessel accidents have caused past oil spills in the Aleutian Islands, including the 2004 M/V Selendang Ayu incident (Figure 2). This incident, which involved loss of life of the ships' crew and resulted in a significant fuel oil spill, spurred a court settlement that established funding for a comprehensive risk assessment (United States of America v. IMC Shipping Co. PTE.).

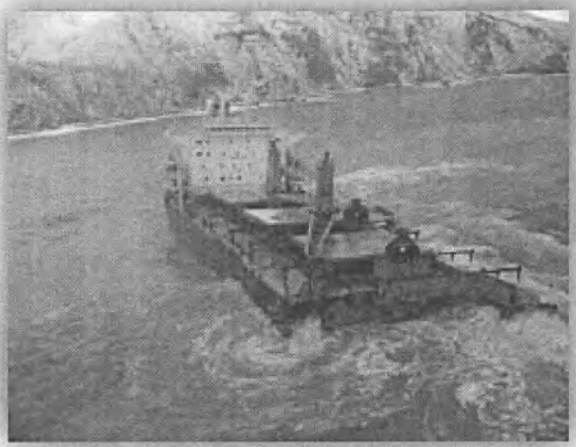


Figure 2. M/V Selendang Ayu. Photo credit: Magone Marine

In response to the directive for an Aleutian Islands Risk Assessment, the National Fish & Wildlife Foundation (NFWF), US Coast Guard (USCG) and State of Alaska Department of Environmental Conservation (ADEC) initiated a multi-phase study assessing the risks from maritime transportation in the Bering Sea and the Aleutian Archipelago (Figure 3).

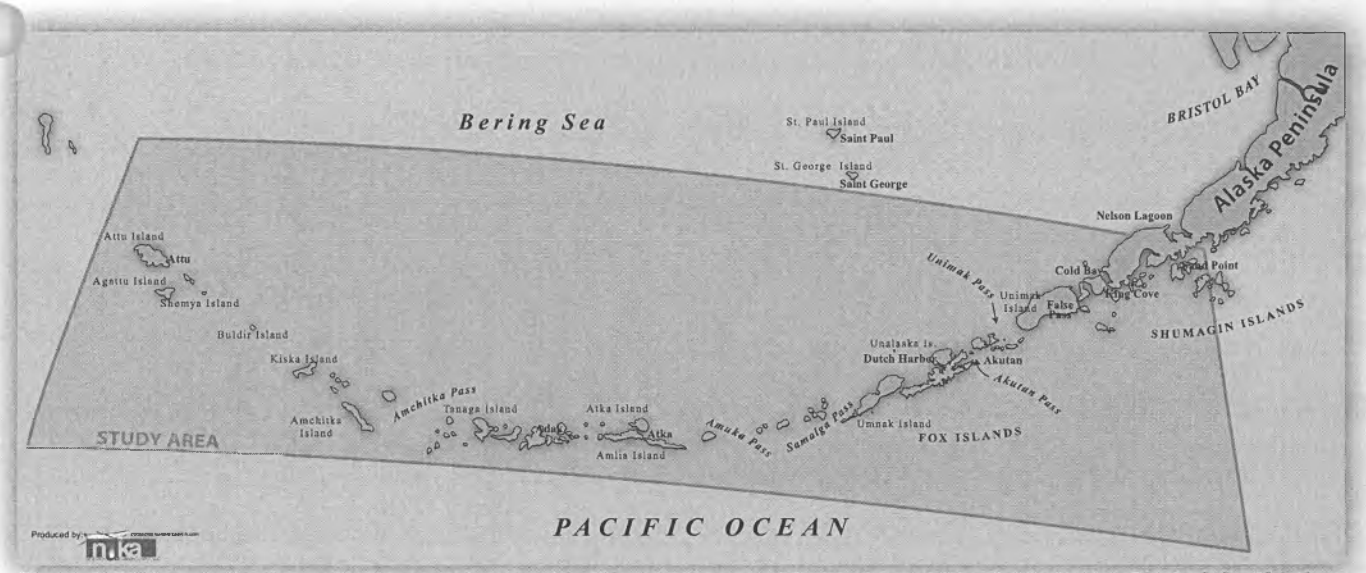


Figure 3. Study area for the multi-phase study assessing the risks from maritime transportation in the Bering Sea and the Aleutian Archipelago.

1.2 Previous Work and Related Studies

In support of a safety improvement activity, a formal Ports and Waterways Safety Assessment (PAWSA) for the Aleutian Islands was conducted in Anchorage, Alaska on July 24-25, 2006 and sponsored by the U.S. Coast Guard and the Alaska Department of Environmental Conservation. Twenty participants representing waterway users, regulatory authorities, and stakeholders attended the workshop. A Waterway Risk Model, incorporating 24 risk factors associated with both the causes and the effects of waterway casualties, was used throughout the workshop to guide discussions and numerical assessments. Based on extensive discussions during the workshop, concentrations of risks were noted by the participants in three locations: Unimak Pass, Dutch Harbor and North of Akun Island. The PAWSA participants judged that additional risk reduction actions were needed with respect to 14 or the 24 risk factors in the Waterway Risk Models. (PAWSA Workshop Report for Aleutian Islands, July 2006).

In 2007, the State of Alaska and the US Coast Guard determined that the Aleutian Islands Risk Assessment must follow a well-designed process to ensure a meaningful outcome. Consequently, they asked the Transportation Research Board (TRB), part of the National Academies, to examine the available data and develop a framework for the most appropriate and scientifically rigorous approach possible to complete the comprehensive risk assessment in a series of discrete phases.

To conduct this study, the TRB empanelled the Committee for Risk of Vessel Accidents and Spills in the Aleutian Islands: A Study to Design a Comprehensive Assessment. The committee included individuals with expertise in risk assessment methods and practices; risk assessment data and analyses; risk analyses, with emphasis on evaluation and prevention of ship accidents; commercial shipping, with emphasis on North Pacific operations; navigation safety and voyage planning; US Coast Guard missions and

operations related to waterway management and accident response; environmental protection; and regulatory approaches to ship safety and accident prevention.

The committee met three times. During a multiday meeting (October 29–November 2, 2007) in Alaska with a site visit to Dutch Harbor, the committee heard from stakeholders and reviewed available data pertinent to its charge. Stakeholders discussed specific hazards presented by Aleutian shipping operations and a range of possible mitigation measures they believed should be considered for implementation.

At its second meeting, held in Washington D.C. on January 7–8, 2008, the committee reviewed presentations on related maritime risk assessments conducted in Puget Sound, San Francisco, and Europe as well as spill response and environmental impact.

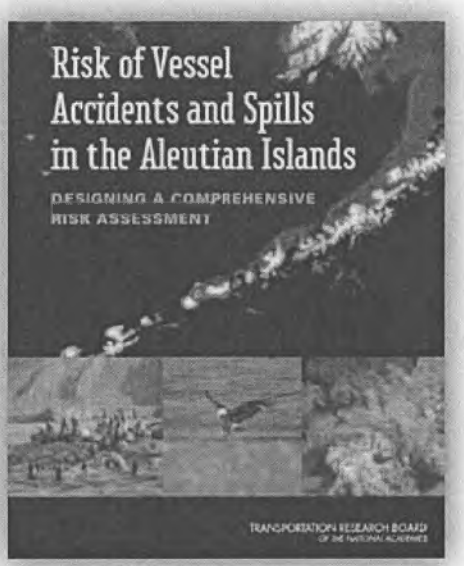


Figure 4. Risk of Vessel Accidents and Spills in the Aleutian Islands.

The efforts of this committee culminated with the completion of their report titled: Risk of Vessel Accidents and Spills in the Aleutian Islands (TRB, 2008). This report included recommendations for a methodology and approach for the Aleutian Islands Risk Assessment (Figure 4).

1.3 Phase A Methodology

The TRB recommended a two-phase approach to the Aleutian Islands Risk Assessment: a Preliminary Risk Assessment (Phase A) followed by a Focused Risk Assessment (Phase B). Phase A involved the establishment of a management structure, made up of four groups: a Management Team, an Advisory Panel, a Risk Analysis Team, and a Peer Review Panel. The major work under Phase A included the development of a risk report analyzing the likelihood of spills based on vessel traffic through the Aleutians, then creating a risk matrix to analyze the potential consequences of vessel-source spills, and finally conducting a qualitative assessment and prioritization of risk reduction options. Phase A was complete in 2011.

Phase B will further evaluate and also implement the risk reduction options recommended during Phase A and will report on the implementation process and findings.

The Preliminary Risk Assessment (Phase A) was conducted through a series of technical studies, which were refined as the project progressed (Section 3 of this report describes each Study). Six studies, each with accompanying reports, were conducted:

- Semi-quantitative vessel traffic study
- Marine spill frequency and size study
- Baseline spill study
- Consequence analysis
- Accident Scenario and Causality Study
- Evaluation and Prioritization of Risk Reduction Options

"The Panel is focused on recommendations that can be implemented with little or no red tape."

Gary Folley, Management Team member -
Alaska Department of Environmental Conservation



2. Aleutian Islands Risk Assessment Organizational Structure

The TRB methodology for Phase A recommended a management structure consisting of four groups: a Management Team, an Advisory Panel, a Risk Analysis Team, and a Peer Review Panel. A fifth group, the Facilitation Team was also formed to coordinate the activities of the other four groups.

2.1 Management Team

The Management Team was comprised of those agencies responsible for allocating the funds for the risk assessment, as well as for ensuring the work is carried out in an effective and useful way. The Management Team members were the US Coast Guard, the State of Alaska Department of Environmental Conservation, and the National Fish and Wildlife Foundation, which was responsible for allocation of the project funding. The Management Team's first priority was to establish an Advisory Panel consisting of stakeholders and recognized experts with knowledge and expertise on all issues pertinent to maritime transportation risks in the Aleutian Islands region.

2.2 Advisory Panel

The Advisory Panel provided a structured stakeholder/participatory approach intended to build trust, clarify project values and goals, and incorporate local knowledge into the risk assessment. The Advisory Panel operates as an independent entity from the Management Team and managed their affairs using a charter and followed an established set of protocols. (Charter and Protocols online at http://www.aleutiansriskassessment.com/documents.htm).



Figure 5. The Management Team and Advisory Panel in Dutch Harbor.

The Advisory Panel consisted of stakeholders and authorities with local knowledge and expertise on issues pertinent to the assessment, such as local infrastructure, relevant industries, waterways and their navigation, weather, and habitats. The Advisory Panel included members and alternates representing the

following interests: fisheries, local government, mariners, environmental organizations, local non-governmental organizations, resource managers, and subsistence users. Advisory Panel members were selected to represent stakeholder interests, rather than specific organizations. For example, the Advisory Panel representative for fisheries was intended to represent fisheries interests at a broad and inclusive level rather than a specific fishery. Advisory Panel members were encouraged to reach out to other organizations and individuals within their stakeholder interest group.

Table 1 lists the Advisory Panel membership.

Table 1. Advisory Panel make-up.

Panel Member	Organization	Area of Expertise
Tom Gemmell	Marine Conservation Alliance	Fishing
Brent Paine*	United Catcher Boats Association	Fishing
Shirley Marquardt	Mayor of Unalaska (current)	Local government
David Arzt	Alaska Marine Pilots	Mariner, Pilot
Peter Garay*	Alaska Marine Pilots	Mariner, Pilot
Bob Umbdenstock	Resolve Marine Group	Mariner, Salvor
Mike Ruiz*	American Marine Corporation	Mariner, Salvor
Eugene Makarin	American President Lines, Ltd.	Mariner, Containerships
Simon Lisiecki	BP Shipping (retired)	Mariner, Innocent Passage
Mayak Mishra*	Fleet Management Limited	Mariner, Innocent Passage
Louis Audette	K Sea Transportation	Mariner in Local Trade, Oil Barges/Tankers
Mike Baker*	Aleut Enterprise, LLC	Mariner in Local Trade, Oil Barges/Tankers
Marc Smith	Hudson Marine Management	Mariner, Trampers
Ed Page	Marine Exchange of Alaska	Mariner, General
Tom Rueter*	Alaska Maritime Agencies	Mariner, General
Whit Sheard	Oceana	NGO - Environmental
Layla Hughes*	WWF	NGO – Environmental
Karol Kolehmainen	Aleutians West Coastal Resource Service Area	NGO – Local
Frank Kelty*	Aleutians West Coastal Resource Service Area	NGO – Local
Jeff Williams	Alaska Maritime Natural Wildlife Refuge	Resource Manager
Catherine Berg*	US Fish and Wildlife Service	Resource Manager
Reid Brewer	University of Alaska	Subsistence User
David Gregory*	Ounalashka Corporation	Subsistence User

* Indicates alternate

2.3 Risk Analysis Team

The Risk Analysis Team for the Phase A Preliminary Risk Assessment performed the risk analysis technical studies under the direction of the Management Team. The Risk Analysis Team was comprised of experienced marine traffic experts, spill modeling and risk assessment scientists from Environmental Resources Management (ERM)

and Det Norske Veritas (DNV), selected through a competitive bid process. The Risk Analysis Team authored all of the Technical Studies summarized in Section 3 of this report.

2.4 Technical Peer Review Panel

The Management Team, in consultation with the National Academy of Science, TRB, established the Technical Peer Review Panel. Collectively, Technical Peer Review Panel members have expertise in all aspects of marine risk assessment. Its role was to perform peer review of the approaches, methodologies, models, and algorithms used by the Risk Analysis Team to ensure that assumptions were based on the best available data, that uncertainties had been properly described, that analyses had the appropriate level of rigor for the level of assessment, that the work was of consistently high quality, and that findings were properly justified.

The Aleutian Islands Risk Assessment (AIRA) Technical Peer Review Panel consists of the seven members listed in Table 2.

Table 2. Peer Review Panel make-up.

Panel Member	Affiliation
Dr. CJ Beegle-Krause	President, Environmental Research for Decision, Inc.
Dr. Paul S. Fischbeck	Director, Center for the Study & Improvement of Regulation, Department of Social & Decision Sciences – Carnegie Mellon University
Dr. John D. Lee	Professor, Department of Industrial and Systems Engineering, College of Engineering, University of Wisconsin
Dr. Thomas M. Leschine	Director, University of Washington School of Marine Affairs
R. Keith Michel	Chairman of the Board, Herbert Engineering Corporation
Dr. Ali Mosleh	Professor of Mechanical Engineering, University of Maryland
Dr. Beverly Huey (TRB Staff)	Senior Program Officer, Transportation Research Board of the National Academies

2.5 Facilitation Team

The Facilitation Team supported the Management Team and had the key role of assembling, facilitating, and documenting Advisory Panel activities and project process. The Facilitation Team developed and maintained a website throughout the life of the project, summarizing the process and timeline and serving as a central repository for project reports and related documents (www.aleutiansriskassessment.com). The website was used along with e-mail lists and public notices to communicate the project status, meeting announcements, and opportunities for public comments or input. The Facilitation Team also created private, password-protected websites for use by the Management Team and Advisory Panel in sharing and reviewing draft documents and interim work products.

The Facilitation Team was comprised of project management, facilitation, and risk assessment professionals from Nuka Research and Planning Group, LLC and Pearson Consulting, LLC.

Emergencies such as the Golden Seas event again illustrate the crucial need for better response mechanisms, such as larger tugs in the Aleutian Island area."

Whit Sheard, Advisory Panel member/NGO Environmental

(Source: Towline.com, December 7, 2010)



3. Technical Studies

3.1 Overview

Phase A (Preliminary Assessment) of the Aleutian Islands Risk Assessment was conceived to include eight separate tasks. The Risk Assessment Team was responsible for conducting and reporting on these tasks, resulting in a set of six Technical Study reports (http://www.aleutiansriskassessment.com/documents.htm). This section summarizes the key findings from the six technical reports completed for Phase A:

- Semi-quantitative Traffic Study Report (DNV and ERM, 2010a)
- Marine Spill Frequency and Size Report (DNV and ERM, 2010b)
- Baseline Spill Study Report (DNV and ERM, 2010c)
- Consequence Analysis Report (DNV and ERM, 2011a)
- Accident Scenario and Causality Study Report (DNV and ERM, 2011b)
- Risk Reduction Options Evaluation Report (DNV and ERM, 2011c)

Phase A started with an analysis of the vessel traffic patterns in the Aleutians for both the present (2008/2009) and in the future year of 2034 (DNV and ERM, 2010a). Next, the Risk Analysis Team used modeling to predict the most likely accidents, spills, and spill sizes (DNV and ERM, 2010b), and then applied these predictions to develop six general spill scenarios (DNV and ERM, 2010). The next step was to analyze the potential consequences of various spill scenarios, which led the Risk Analysis Team to focus on 16 accident scenarios resulting in high spill risk, and the anticipated impacts of these scenarios on environmental and socio-economic resources (DNV and ERM, 2011a).



Figure 6. Vessel in the Aleutian Islands.

The 16 high risk spill scenarios were further analyzed to consider the causes of each incident (DNV and ERM, 2011b). Based on these identified causes, the final technical study under Phase A ranked each of the 16 scenarios based on their likelihood and consequences, and then considered potential

risk reduction options that related back to the causes of the spills (DNV and ERM, 2011c). The risk reduction options were evaluated based on cost, practicality, ease of implementation, and effectiveness for mitigating risks associated with the highest-ranking scenarios. Semi-qualitative approaches were used throughout, with a greater emphasis on modeling for the spill scenarios and a greater reliance on the Advisory Panel's professional judgment in ranking risks and weighing potential risk reduction options.

3.2 Semi-quantitative Traffic Study

The semi-quantitative traffic study included three elements: (1) summarization of vessel traffic patterns in the study area during the base year (2008/2009), including the types of vessels, frequency of transit, routes, and cargo; (2) prediction of anticipated changes in the vessel traffic patterns based on changes in trade, vessel characteristics, and regulations; and (3) forecast of changes in the fleet expected over a 25-year period (2009 – 2034). The final report, completed in September 2010, incorporates comments from the Management Team, Advisory Panel, and Peer Review Panel (DNV and ERM, 2010a).

The report established a baseline of vessel traffic in the study area based on Automated Information System (AIS) data from the Marine Exchange of Alaska (MXAK). MXAK data did not cover the entire study area, nor did it include the small commercial fishing vessels and barges that do not carry AIS onboard. However, it is believed that the areas for which there is no AIS data do not represent a significant portion of vessel activity. Where possible, the authors of the report collected data from shore-based facilities (ports, harbors, and ferry terminals) and the US Coast Guard's database of Vessel Response Plans to enhance MXAK data.

Analysis of the AIS data from MXAK showed that 2,219 vessels transited the study area from August 1, 2008 – July 31, 2009. Many of these were deep-draft vessels transiting through the area along the North Pacific Great Circle Route. Other vessel traffic was from domestic operations, including fishing vessels, tugs and barges, and government vessels. The AIS data was used to estimate main traffic routes for the study area (Figure 7).

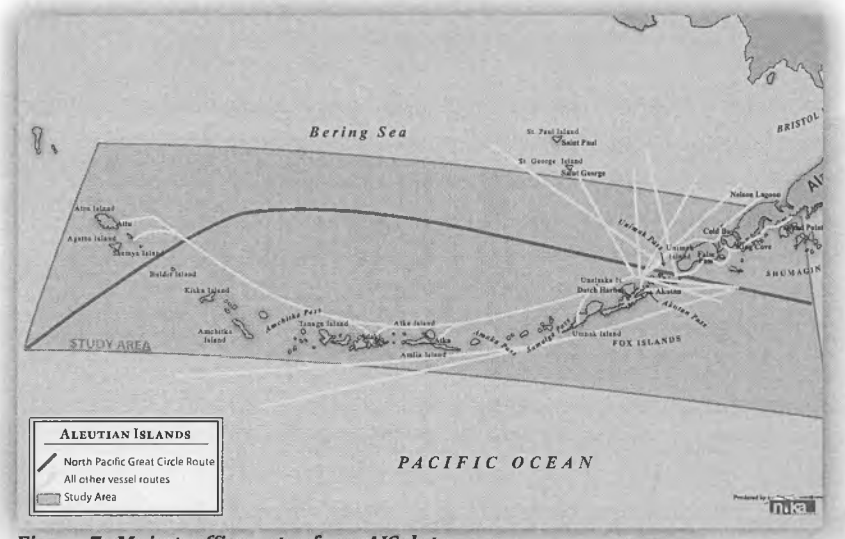


Figure 7. Main traffic routes from AIS data.

The North Pacific Great Circle Route is the primary route for vessels trading between ports on the Pacific coasts of the United States and Canada and the Pacific ports in East Asia. Common commodities transiting this route include commercial goods, machinery,

wood, coal, and agricultural products. Vessels operating in the study area are not expected to change significantly, with the exception of a continued increase in the use of double hulled oil tankers, as mandated by the Oil Pollution Act of 1990 and the 2006 Amendment to the Revised MARPOL Annex 1.

The study found that the following factors *are likely to* impact vessel traffic patterns in the Aleutian Islands over the next 25 years:

- **Transit of chemical carriers & container ships:** Chemical carriers and container ships are expected to transit the study area more than twice as often in the next 25 years due to the anticipated growth in trade between East Asia and North America. Increased trade from East Asia to North America will be driven by four main categories of goods: machinery (including vehicles), chemicals, mixed freight, and base metals. Chemicals and cereal grains are expected to represent the increase in goods traveling from North America to East Asia.
- **Barge delivery of diesel fuel and home heating oil:** Barge activity of this type is expected to increase as the population of the area grows. An increase in barge trips delivering oil to mining operations is possible, but the extent of this potential increase is unlikely to be significant. The increase in barge activity for this purpose will be even smaller if the Donlin Creek mine proceeds with its current plan to supply the operation with diesel via pipeline instead of barge shipments.

The study also considered the following factors for their potential to impact vessel traffic through the study area, but found these *unlikely to* impact vessel traffic patterns in the Aleutian Islands over the next 25 years:

- **Changes in vessel size:** As ships have generally reached their size potential relative to waterway and port depths, it is not expected that the size of ships transiting the study area will increase significantly over the next 25 years.
- **Vessel activity associated with fisheries:** Conservative management of the Aleutians' fisheries means that the number of fishing vessels is not likely to change significantly, though vessel types may be upgraded.
- **Shipping through Arctic regions due to ice melt:** Though shipping via the Northern Sea Route and the Northwest Passage is expected to increase significantly in the next 25 years as sea ice melts in the Arctic region, this is not expected to have a significant impact on vessel traffic in the study area. Instead, an increase in shipping through the Arctic region is expected to represent an increase in the movement of commodities between Russia and Europe (which does not require transiting the study area).
- **Vessel activity associated with oil and gas developments:** Based on a 2009 study commissioned by Shell Exploration and Production, the report concludes that while vessel activity associated with oil and gas activity may increase for short periods of time, it is unlikely to result in long-term changes in vessel types, frequency of transit, or cargo.

3.3 Marine Spill Frequency and Size Study

The second study completed by the Risk Analysis Team estimated the frequency of marine accidents and provided marine spill scenarios for both a baseline year (2008/2009) and future year (2034). The final report, completed in September 2010, incorporates comments from the Management Team, Advisory Panel, and Peer Review Panel. (DNV and ERM, 2010b)

The report used the Marine Accident Risk Calculation System (MARCS), which provides probabilities about spill frequency, size, location, and vessel type. These probabilities laid the groundwork for the development of baseline spill scenarios, and the Risk Analysis team applied the MARCS output to develop six example scenarios involving potential vessel accidents resulting in spills within the study area.

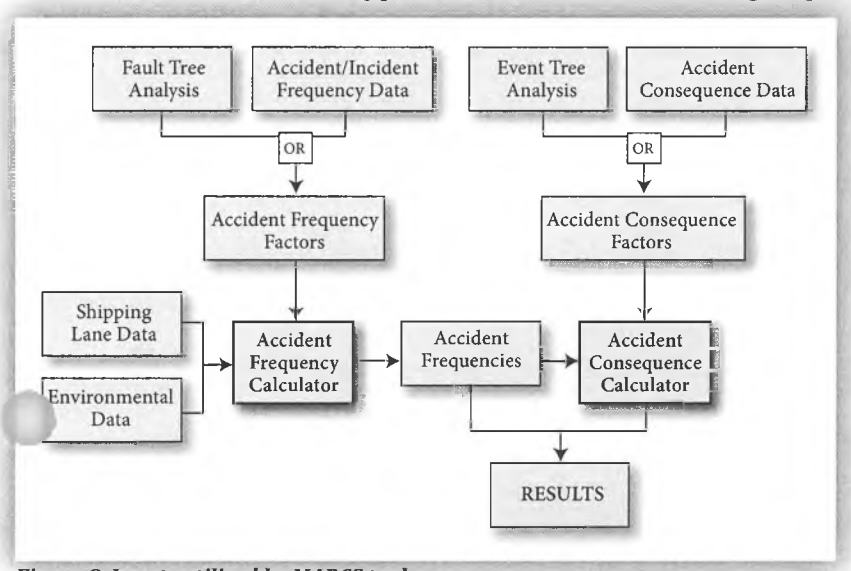


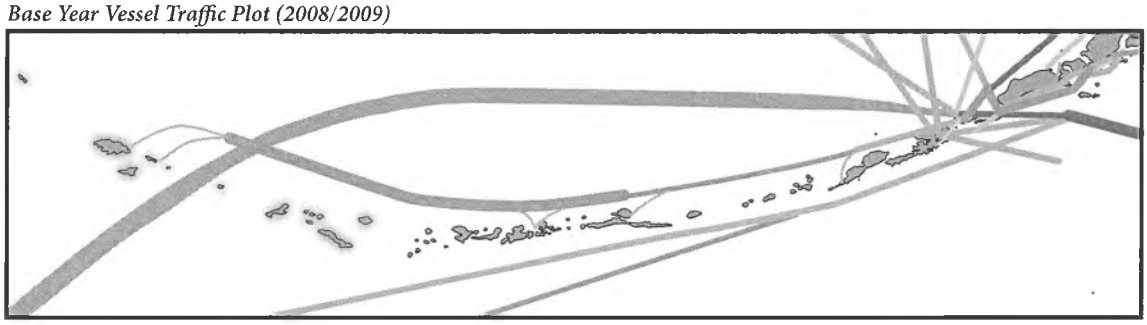
Figure 8. Inputs utilized by MARCS tool.

MARCS relies on data inputs from the following categories: vessel traffic, environment, on-board operations, and external operations (Figure 8). The predicted accidents and spills derived from MARCS modeling for the baseline year were generally similar to actual historical data as collected by the US Coast Guard, with the exclusion of the M/V Selendang Ayu spill in 2004. However, as the report notes, use of MARCS (or any other) modeling requires numerous assumptions and is subject to uncertainties.

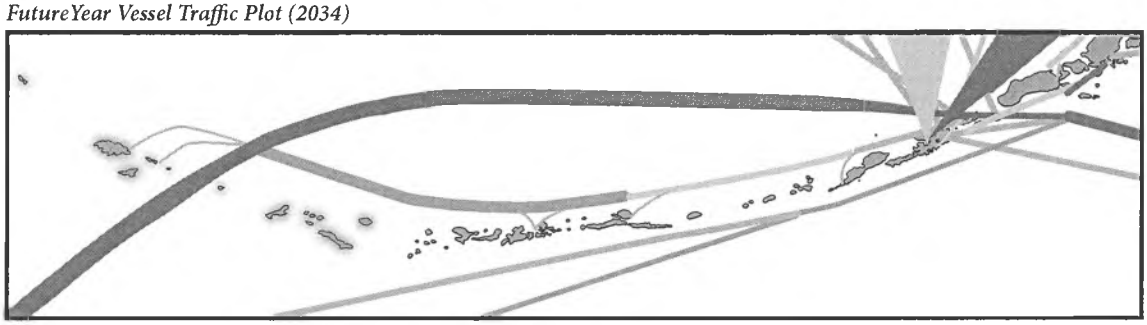
The MARCS model was used to develop vessel transit plots that display the traffic input data based on the frequency of all vessel transits per traffic lane. Figure 9 shows that during the base year (2008/2009) the heaviest amount of traffic (illustrated in red) occurred in Unimak Pass, the traffic lane to the Southeast of Unimak Pass, and the traffic lane to the Northwest from the Unalaska area. During the future year (2034) the heaviest amount of traffic (illustrated in red) is forecasted to occur along the Great Circle Route and the traffic lane to the Northwest from the Unalaska area.

Table 3 summarizes the predicted accidents for the 2008/2009 baseline year and future year of 2034. Overall, the number of accidents was predicted to increase by 11%, from 8.67 accidents per year in the baseline year to 9.61 in the future year. Groundings remain the primary type of accident, changing slightly from 96% in the baseline year to 91% in the future year. However, there was a significant change in the types of vessels associated with these accidents. Fishing vessels were the most common vessel type associated with predicted accidents in the baseline year (72%). By 2034, container ships

Base Year Vessel Traffic Plot (2008/2009)



FutureYear Vessel Traffic Plot (2034)



Key

Color	Transit Frequency (ship movements per day within each calculation location)
	0.0 to 0.1
	0.1 to 0.5
	0.5 to 1
	1 to 5
	5 to 10
	> 10

Figure 9. Vessel traffic plots.

are predicted to be the most common vessel type associated with predicted accidents (65%). This built on the prediction in the Vessel Traffic Study (DNV and ERM, 2010a), which estimated that container vessels are expected to transit the area with increasing frequency as trade between North America and East Asia grows.

Most accidents were predicted to take place in Unimak Pass, Akutan Pass, and the approach to Dutch Harbor. For this reason, these areas were also the most likely to experience a spill.

Overall, both bunker and cargo spills were predicted to increase slightly in the future, largely due to the increasing transit of container ships. However, the increase was expected to be limited by the fact that double-hulled vessels will become more prevalent by 2034, reducing the estimated spill size and outflow per accident.

Table 3. Comparison of predicted accidents and spill risk for base year and future year.

Accidents/Spill Risks	Predicted for Base Year: 2008/2009	Predicted for Future Year: 2034
Total predicted accidents	8.67	9.61
Groundings as % of total accidents (both drift and powered groundings)	96%	91%
Top vessel category associated with accidents	Fishing vessels (72%)	Container ships (65%)
% of accidents resulting in bunker spill	8	8
Total bunker spill risk per year	1,584 bbl (240 tons)	2,904 bbl (440 tons)
Types of vessel most likely to be associated with bunker spill	Container ships (48%)	Container ships (64%)
Types of accidents most likely to be associated with bunker spill	Drift grounding (42%)	Drift grounding (38%)
Total cargo spill risk per year	4,045 bbl (613 tons)	6,006 bbl (910 tons)
Types of vessel most likely to be associated with cargo spill	Tank barges (72%)	Tank barges (39%)
Types of accidents most likely to be associated with cargo spill	Powered grounding (45%)	Drift grounding (40%)

3.4 Baseline Spill Study

The baseline spill study characterizes six example spills resulting from vessel accidents in the Aleutians study area. The final report, completed in September 2010, incorporated comments from the Management Team, Advisory Panel, and Peer Review Panel (DNV and ERM, 2010c).

The six spill scenarios were initially described in the Spill Frequency and Size Study report (DNV and ERM, 2010b). The purpose of modeling potential spill scenarios and their impacts on shoreline and marine ecology was to understand and identify priority hazards.

The spill scenarios and impacts were modeled using the GEMSS® - Chemical and Oil Spill Impact Module (COSIM) models. COSIM used the results from MARCS, which predicted spill sizes and frequencies (Section 3.3). As with all models, numerous assumptions were used which added uncertainty to the outputs. Extensive inputs to COSIM were required, including the information obtained from the vessel traffic study (DNV and ERM, 2010a) and MARCS analysis (DNV and ERM, 2010b), as well as data on winds, currents, salinity, temperature, weather, bathymetry, shoreline and sediment characteristics, and biologically sensitive areas. To test the application of COSIM to the study area, an additional scenario of the actual M/V Selendang Ayu spill was completed and the results compared with observations and reports from the 2004 spill. The comparison was favorable. The spill scenarios were all run for seven days.

3.5 Consequence Analysis

In order to anticipate spill consequences, MARCS data generated during the Spill Frequency and Size Study (DNV and ERM, 2010b) were used to develop 16 scenarios

believed to represent the high risk spills, either in terms of their potential frequency, potential size, or a combination of the two. A Consequence Analysis report presents spill scenarios that were modeled based on locations and vessel types that were considered to pose the highest risk of a spill with the greatest possible consequences (DNV and ERM, 2011a). Scenarios at six locations were developed, all of which were located along the typical transit route for large vessels (Figure 10). Three locations (North Unimak Pass, Sanak Island, and Attu Island) were chosen because they represent areas where spills were most likely to occur, due to vessel traffic and conditions.

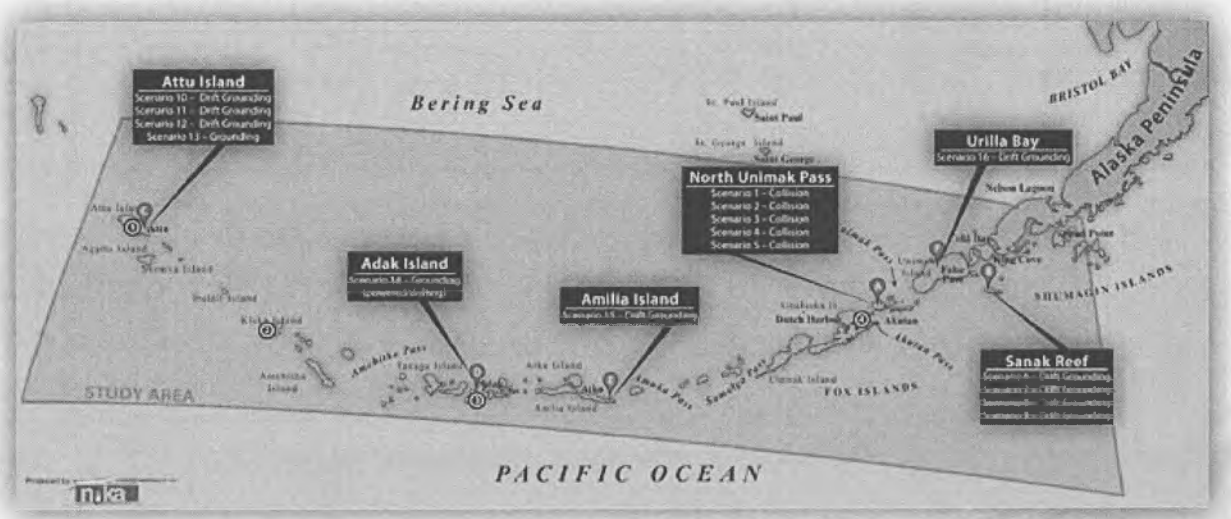


Figure 10. Scenario location map.

Three other locations (Adak Island, Amlia Island, and Urilia Bay) were chosen due to their proximity to environmentally sensitive areas or areas of economic importance – the worst areas for a spill in terms of potential environmental or socio-economic consequences. Multiple scenarios were run for North Unimak Pass, Sanak and Attu; one scenario each was run for Adak, Amlia, and Urilia. Table 4 summarizes all scenarios run for the six locations (16 scenarios total).

The heavily traveled North Pacific Great Circle Route, which intersects the Aleutian Islands study area, passes near critical environmental habitat as well as fisheries of significant economic importance. The consequence analysis report describes the following aspects of the study area: physical conditions, habitat, fish, seabirds, mammals, invasive species (rats), and socio-economic resources including commercial and recreational fisheries, subsistence resources, historic sites, recreation and tourism, and coastal development. There are multiple protected areas, including the Alaska Maritime National Wildlife Refuge, which covers 19,820 sq. km, or almost all of the Aleutian Islands area.

The likelihood of environmental and socioeconomic resources being impacted by the 16 spill scenarios was analyzed along with the nature and extent of the predicted impacts. The analysis focused on impacts related to the release of hydrocarbons or other

chemicals from vessel fuel or cargo, but also included a discussion of the potential for rat infestations and the associated impacts on seabird populations and plants.

Table 4. Summary of spill scenarios and includes resources most likely impacted.

Scenario	Location	Vessel Type & Incident	Volume & Type of Oil	Season	Resources Most Likely to be Impacted Significantly
1	North Unimak Pass	Container Ship Collision	3,050 bbl Bunker C	Summer	Shoreline Benthos Bird habitat Fish (including shellfish and larvae)
2	North Unimak Pass	Bulk Carrier Collision	18,244 bbl Bunker C	Summer	Shoreline Benthos Bird habitat Fish (including shellfish and larvae)
3	North Unimak Pass	Crude Oil Tanker Collision	428,080 bbl Crude oil	Summer	Shoreline Benthos Bird habitat Fish (including shellfish and larvae)
4	North Unimak Pass	Product Tanker Collision	26,754 bbl Diesel	Winter	Marine mammal habitat
5	North Unimak Pass	Tank Barge Collision	40,677 bbl Diesel	Summer	Fish (including shellfish and larvae)
6	Sanak Island	Container Ship Drift Grounding	3,050 bbl Bunker C	Summer	Marine mammal habitat
7	Sanak Island	Bulk Carrier Drift Grounding	18,244 bbl Bunker C	Summer	Marine mammal habitat
8	Sanak Island	Crude Oil Tanker Drift Grounding	428,080 bbl Crude Oil	Summer	Marine mammal habitat Shoreline Benthos Fish (including shellfish and larvae)
9	Sanak Island	Tank Barge Drift Grounding	40,677 bbl Diesel	Summer	Marine mammal habitat
10	Holtz Bay Attu Island	Container Ship Drift Grounding	25,420 bbl Bunker C	Winter	Marine mammal habitat Nesting birds (early spring – late summer only)
11	Holtz Bay Attu Island	Bulk Carrier Drift Grounding	18,244 bbl Bunker C	Summer	Marine mammal habitat Nesting birds (early spring – late summer only)
12	Holtz Bay Attu Island	Crude Oil Tanker Drift Grounding	428,080 bbl Crude Oil	Spring	Fish (including shellfish and larvae)
13	Holtz Bay Attu Island	Product Tanker Grounding	54,561 bbl Diesel	Spring	Marine mammal habitat Nesting birds (early spring – late summer only)
14	Adak Island	Tank Barge Grounding (powered/drifting)	40,677 bbl Diesel	Summer	Marine mammal habitat Nesting birds (early spring – late summer only)
15	Amlia Island	Container Ship Drift Grounding	40,677 bbl Bunker C	Summer	Marine mammal habitat Nesting birds (early spring – late summer only)
16	Urilia Bay	Bulk Carrier Drift Grounding	18,244 bbl Bunker C	Spring	Marine mammals

** It is unclear whether any VTS would provide coverage as far as Sanak Island.*

Table 5 identifies the resources most likely to be impacted by the 16 spill scenarios. Other impacts may occur, but the resources listed in the table are the ones identified by the Risk Analysis Team as being the most likely to suffer significant impacts.

Table 5. Description of RROs as recorded at the workshop (Risk Team summary).

RRO	Description of RRO as Recorded at the Workshop
Enhance Vessel Monitoring Program	
Satellite tracking plus AIS	Increase area coverage, increase number of vessels covered, implement an alarm system; integration of all monitors
Long-range ID and tracking (LRIT)	Enhance ability to identify and monitor vessel movements and communicate with vessels engaged in questionable situation and provide alarm notification to USCG and State and response vessels
Establish Vessel Tracking System (VTS) in Unimak and Akutan Passes	
Manned VTS/Direct Communication with Vessels	Meets IMO procedures and standards; new equipment, personnel, integration of systems
Traffic Separation Scheme in Unimak Pass	Voluntary; mark lanes on nautical chart to control traffic direction
Speed Restrictions	Dropped because low benefits, high unintended consequences, difficult to implement
Increase Rescue Tug Capability	
Dedicated rescue tug(s)	Open sea capability, always available
Non-dedicated rescue tug	Open sea capability, similar capability to dedicated tug but with cost-sharing, variable availability
Seasonal, dedicated tug	Open sea capability, similar capability to dedicated tug but only available seasonally (Oct 1 thru May 30)
Tugs of opportunity program	Tug regardless of size but available to respond; implement a program
Increase Emergency Towing System (ETS) Capabilities	
Expand shore-based ETS	There is an ETS system in Dutch Harbor; expanding system in Dutch Harbor to other locations (e.g., add one in Adak and one in location to be determined); provide greater coverage
Require emergency towing arrangements on deep draft vessels	For vessels not in innocent passage
Enhanced USCG Capabilities	
Enhance towing capabilities on cutters	See tug of opportunity
Increase number of cutters	Self-explanatory
Increase inspections	Not evaluated because there is no practical way to reduce risk further from the current inspection program
Split Captain of the Port (COTP) zones	Currently 3 zones - change or add Unalaska as COTP city to theoretically reduce response time; RRO is very high up in causal chain and within institutional organization/management, which is difficult to evaluate
Establish Restricted Areas	
Identify certain areas (to be defined) that should be avoided to reduce environmental or socioeconomic consequences/impacts	
IMO PSSA/ATB/SA	Measure does not reduce spill severity once it occurs but there is a benefit to reduce severity by preventing the accident from happening
Seasonal Routing	No formal mechanism for implementation; further consideration deferred
Increase Spill Response Capability	
Ocean-rated OSRO/PRAC - Open	No response capability except an Oil Spill Response Organization (OSRO) with only inland capability; this Ocean measure assumes Open Ocean

RRO	Description of RRO as Recorded at the Workshop
Near-shore rated OSRO/PRAC	See Ocean-rated OSRO/PRAC
Increase Salvage and Firefighting Capability via Regulations	New regulations go into effect in Feb 2011 for tank vessels; includes tugs, marine salvagers available, increase capability of lightering; ensure the regulations adequately address and are tailored for the Aleutian Islands. Salvage and marine firefighting regulations (subpart I) would apply
Local Community Response Agreements	Not considered further because part of the existing baseline; no delta in risk reduction effectiveness
Phase Out OPA90 Alternative Compliance	The OPA90 Alternative Compliance should NOT be phased out at this time; therefore, not an option.
Bolster Area Contingency Plans	
Establish requirements for vessels in innocent passage	Not likely to be implementable; therefore not evaluated further
Set area standards for vessels with VRP calling at US ports	Use local contingency plans to set standards; is a mechanism thus not evaluated further
Develop more geographic response strategies	Tail end of causal chain; enables a minimizing of impacts with prompt and proper response
Potential places of refuge planning	Already exists; baseline condition, no need to evaluate
Storm and severe weather rules	Stay the course; part of existing baseline condition; not evaluated further
High-Frequency radar surface current monitoring	Way of tracking oil and where it might go/trajectory; shore-based; assume transportable units set up as needed to monitor currents to help understand where spill might go; a tool in the toolbox; not enough information/knowledge of system to evaluate further
Require more training and drills	New Vessel Response Plan (VRP) regulations require additional training; part of baseline condition and not evaluated further at this time
Raise Liability Limits and Civil Penalties	
Increase liability and civil penalties	Cost of penalties is relatively low compared to response; but need limits within reason to obtain insurance; if raised too high insurance companies won't insure and may increase number of uninsured vessels; the General Accounting Office report states that OPA requires review of insurance
Increase State civil penalties	Intent to encourage better operations of vessel and vessel company

3.6 Accident Scenario and Causality Study

An Accident Scenario and Causality Study report provided additional information and analysis about the 16 scenarios developed in the Consequence Analysis Report, including identifying the potential causes of accidents such as those described in the scenarios (DNV and ERM, 2011b).

The Accident Scenario and Causality Study considered the Accident Fault Trees that underlie the MARCS model estimates of accident frequencies. In MARCS, the accident frequencies are calculated as the frequency of a critical situation, which is accident dependent, multiplied by the probability that an accident will occur given that the critical situation has occurred. Fault trees were developed for the Drift Grounding and Powered Grounding accident types, as shown in Figures 11 and 12.

The causality analysis found that, in general, the collisions (Scenarios 1-5) and powered grounding (Scenario 14) were attributed to human error, while the drift groundings

(Scenarios 6 - 13 and 15 – 16) were attributed to technical failures.

Further analysis of the scenarios as compared to historical data from 15 actual spills showed that the spill volumes used in the scenarios were likely over-estimated, which is consistent with the project's intent to examine high risk scenarios.

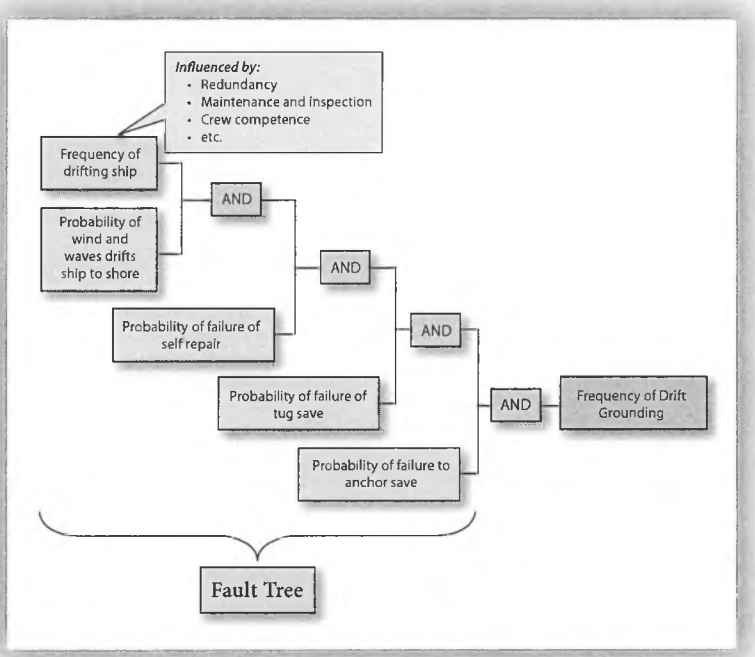


Figure 11. Fault tree for drift grounding accidents.

3.7 Risk Reduction Options Evaluation

The Risk Reduction Options Evaluation report summarized the outcomes of two workshops held in the fall of 2010, during which the Advisory Team, Management Team, Risk Analysis Team and Facilitation Team reviewed the worst case scenarios and their probable impacts developed during the previous technical studies during Phase A (DNV and ERM, 2011c).

The process used to evaluate risk reduction options as they related back to spill causes identified for the 16 worst case scenarios is summarized in Figure 13.

Seventeen potential risk reduction options were considered, each within the context of the 16 scenarios. Table 5 lists the Risk Reduction Options (RRO) considered as recorded at the workshop. An additional 13 RRO were considered but set aside during the workshop. These RROs are discussed in Section 6 of this report.

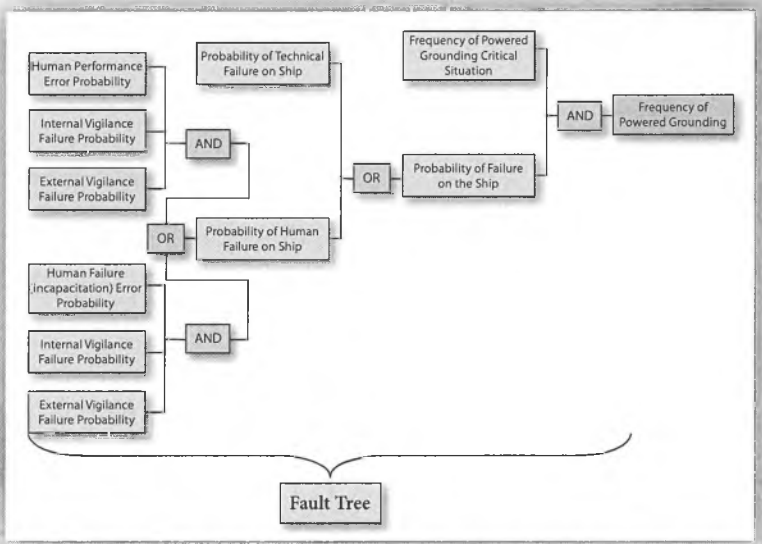


Figure 12. Fault tree for powered grounding accidents.

First, the scenarios were ranked according to their associated consequences (including the area impacted, probability of impact, and sensitivity of affected resources). The five scenarios that ranked the highest in terms

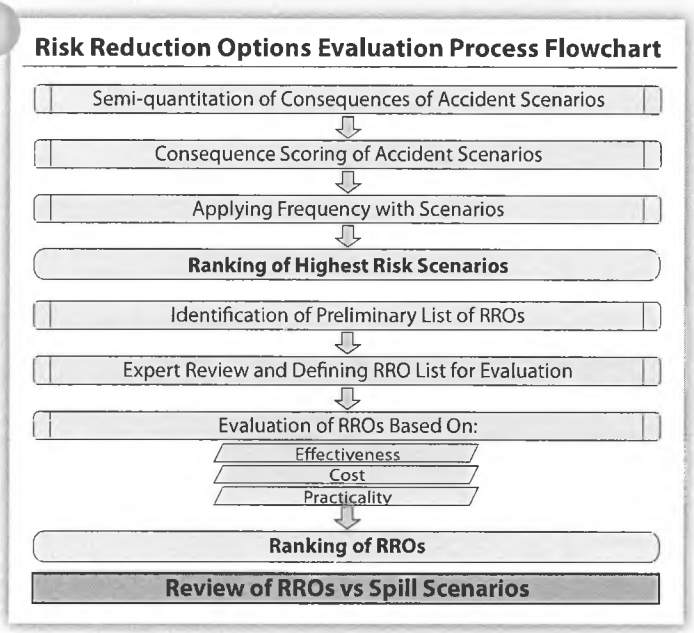


Figure 13. Risk Reduction Options evaluation process.

of their potential consequences were, in order: 2, 16, 3, 8, and 12 (Table 5). Next, the scenarios were ranked according to their estimated frequency, or likelihood of occurring anywhere in the study area. When frequency and consequence were combined, Scenarios 2, 8, and 16 were identified, through this semi-quantitative process, as posing the greatest risk.

Risk reduction options were evaluated based on the three main criteria of effectiveness, costs, and practicability. The factors considered in determining whether an RRO might be effective at reducing risk were:

- RRO might reduce the frequency of a specific accident type (e.g., a tug might prevent a drifting ship from grounding).
- RRO might reduce the frequency of several accident types (e.g., options aimed at improving crew competence should reduce most or all accident types).
- RRO might prevent a spill from occurring if an accident happens (e.g., double-hulled tank barges will prevent the spill of cargo in some accidents).
- RRO might reduce the severity of the consequence of a spill (e.g., by ensuring that ships are routed away from certain areas at certain times of the year to protect migratory species).

The factors considered regarding the cost of an RRO were:

- The capital cost of the RRO.
- The annual operating cost of the RRO.
- Who bears the capital and operating cost directly, and who ultimately pays the cost after cost recovery. Typical cost bearers are the shipping industry, one or more ports, the State of Alaska and/ or the federal government.

The factors considered regarding the practicability of an RRO were:

- Which party can implement the RRO? Some RROs can be implemented by local decision; others require international agreement. Typical implementers are similar to typical cost-bearers, namely the shipping industry, one or more ports, the State of Alaska, the federal government and/ or the IMO.
- How long will it take to implement the RRO (what is the lead time during which the system operates without the full risk-reducing benefit of the RRO)?
- How easy is it to implement or enforce the RRO?

The 9 risk reduction options were evaluated first for effectiveness for all 16 scenarios. The results are summarized in Table 6.

Table 6. Overview of risk reduction options and extent to which they reduce accident frequency and spill severity.

RRO	Extent to which Accident Frequency and Severity are reduced when the accident type is Collisions	Extent to which Accident Frequency and Severity are reduced when the accident type is Drift Groundings	Extent to which Accident Frequency and Severity are reduced when the accident type is Power Groundings
Satellite tracking + AIS	***Frequency***: No change ***Severity***: Moderate (responsible parties can identify accident location quickly)	***Frequency***: Strong (early identification of drifting ship) ***Severity***: Moderate (responsible parties can identify accident location quickly)	***Frequency***: Strong (early identification of drifting ship) ***Severity***: Moderate (responsible parties can identify accident location quickly)
Manned VTS/Direct Communications with Vessels	***Frequency***: Strong (external vigilance applied) ***Severity***: Moderate (responsible parties can identify accident location quickly)	***Frequency***: Weak (early identification of drifting ship) ***Severity***: Moderate (responsible parties can identify accident location quickly)*	***Frequency***: Strong (early identification of drifting ship) ***Severity***: Moderate (responsible parties can identify accident location quickly)
Traffic Separation Scheme in Unimak Pass	***Frequency***: Strong (traffic separated) ***Severity***: No change	***Frequency***: No change ***Severity***: No change	***Frequency***: No change ***Severity***: No change
Dedicated rescue tug(s)	***Frequency***: No change ***Severity***: Moderate (prompt response by tug)	***Frequency***: Strong (tug can take control of drifting ship) ***Severity***: Moderate (prompt response by tug)	***Frequency***: No change ***Severity***: Weak
Non-dedicated rescue tug	***Frequency***: No change ***Severity***: No change (tug is assumed to be absent in summer)	***Frequency***: Strong (tug can take control of drifting ship) ***Severity***: Moderate (prompt response by tug)	***Frequency***: No change ***Severity***: Weak
Seasonal, dedicated tug	***Frequency***: No change ***Severity***: No change (tug is assumed to be absent in summer)	***Frequency***: No change ***Severity***: No change (tug is assumed to be absent in summer)	***Frequency***: No change ***Severity***: Weak
Tugs of opportunity program	***Frequency***: No change ***Severity***: Weak (due to prompt response by tug; though less effective than dedicated tug)	***Frequency***: Weak (partial coverage) ***Severity***: Weak (due to prompt response by tug; though less effective than dedicated tug)	***Frequency***: No change ***Severity***: Weak
Expand shore-based ETS (one exists in Dutch Harbor already)	***Frequency***: No change ***Severity***: Moderate (can take control of ship that starts to drift due to collision)	***Frequency***: Moderate (can take control of ship that starts to drift due to collision) ***Severity***: Weak (can take control of ship that starts to drift due to collision)	***Frequency***: No change ***Severity***: Weak
Require emergency towing arrangements on deep draft vessels	***Frequency***: No change ***Severity***: Moderate (can take control of ship that starts to drift due to collision)	***Frequency***: Strong (can take control of drifting ship; appropriate tow package) ***Severity***: Weak (can take control of ship that starts to drift due to collision)	***Frequency***: No change ***Severity***: Weak
Enhance towing cap on cutters	***Frequency***: No change ***Severity***: Weak (can take control of ship that starts to drift due to collision)	***Frequency***: Weak (enhanced availability of tow-equipped vessels) ***Severity***: Weak (can take control of ship that starts to drift due to collision)	***Frequency***: No change ***Severity***: Weak
Increase number of cutters	***Frequency***: No change ***Severity***: Weak (can take control of ship that starts to drift due to collision)	***Frequency***: Weak (enhanced availability of tow-equipped vessels) ***Severity***: Weak (can take control of ship that starts to drift due to collision)	***Frequency***: No change ***Severity***: Weak
IMO PSSA and associated measures (e.g., ATBA)	***Frequency***: No change ***Severity***: Moderate (route vessels away from sensitive areas)	***Frequency***: Moderate (route vessels away from shore) ***Severity***: Moderate (route vessels away from sensitive areas)	***Frequency***: Moderate (route vessels away from shore) ***Severity***: Moderate (route vessels away from sensitive areas)

RRO	Extent to which Accident Frequency and Severity are reduced when the accident type is Collisions	Extent to which Accident Frequency and Severity are reduced when the accident type is Drift Groundings	Extent to which Accident Frequency and Severity are reduced when the accident type is Power Groundings
Ocean rated OSRO/PRAC – Open Ocean	***Frequency***: No change ***Severity***: Weak (open-ocean response capability)	***Frequency***: No change ***Severity***: No change	***Frequency***: No change ***Severity***: No change
Near shore rated OSRO/PRAC	***Frequency***: No change ***Severity***: Moderate (near-shore response capability)	***Frequency***: No change ***Severity***: Moderate (near-shore response capability)	***Frequency***: No change ***Severity***: Moderate (near-shore response capability)
Increase salvage and firefighting cap through regs	***Frequency***: No change ***Severity***: Strong (state-of-the-art response capability)	***Frequency***: Weak ***Severity***: Strong (state-of-the-art response capability)	***Frequency***: No change ***Severity***: Strong (state-of-the-art response capability)
Develop more geographic response strategies	***Frequency***: No change ***Severity***: Weak (some enhancement of response capability)	***Frequency***: No change ***Severity***: Weak (some enhancement of response capability)	***Frequency***: No change ***Severity***: Weak (some enhancement of response capability)
Increase State civil penalties	***Frequency***: Weak (potential for extra vigilance among crew/vessel owners) ***Severity***: No change	***Frequency***: Weak (potential for extra vigilance among crew/vessel owners) ***Severity***: No change	***Frequency***: Weak (potential for extra vigilance among crew/vessel owners) ***Severity***: No change

The nine risk reduction options targeting Scenarios 2, 8 and 16 were evaluated during the second of the two fall 2010 workshops. Table 7 shows the risk reduction options that ranked highest in one or more categories.

Table 7. Risk reduction options that ranked highest in one or more categories.

Risk Reduction Options	Most Effective	Least Cost	Most Practical	Most Cost Effective	Cheapest & Easiest
Satellite Tracking & AIS (1a)	X		X	X	
Increased state civil penalties (9b)		X	X		X
Traffic separation scheme in Unimak Pass (2b)		X			
Tugs of opportunity program (3d)			X		
Expand shore-based ETS			X		

None of the risk reduction measures under consideration ranked highest across all categories. Taking into consideration the best professional judgment shared at the workshop, the following risk reduction measures were identified as being the most effective at reducing risk for the following worst-case scenarios:

- **Scenarios 1-5 (collisions):** Frequency was reduced by the manned Vessel Traffic System (VTS)/direct communications with vessels and the traffic separation scheme in Unimak Pass. Severity was reduced most by increasing salvage and firefighting capabilities through regulations.
- **Scenarios 6-13, 15, and 16 (drift groundings):** Frequency was reduced by satellite tracking and AIS; dedicated rescue tugs; non-dedicated rescue tug; seasonal, dedicated tug; and requiring emergency towing arrangements on

deep draft vessels. Again, severity was reduced most by increasing salvage and firefighting capabilities through regulations.

- **Scenario 14 (powered grounding):** Frequency was reduced by satellite tracking and AIS and the manned VTS/direct communications with vessels. Again, severity was reduced most by increasing salvage and firefighting capabilities through regulations.

Risks from the highest ranking scenarios, 2 and 16, were most effectively mitigated by: enhancing the vessel monitoring program, establishing VTS in Unimak and Akutan Pass, increasing rescue tug capability, and increasing spill response capability.

Based on the analysis of Risk Reduction Options (RRO) completed during the 2010 workshop, the Advisory Panel has developed recommendations that characterize all RROs considered into three broad categories:

- RRO Recommended for Immediate Implementation
- RRO Recommended for Phase B Study
- RRO Considered but set aside

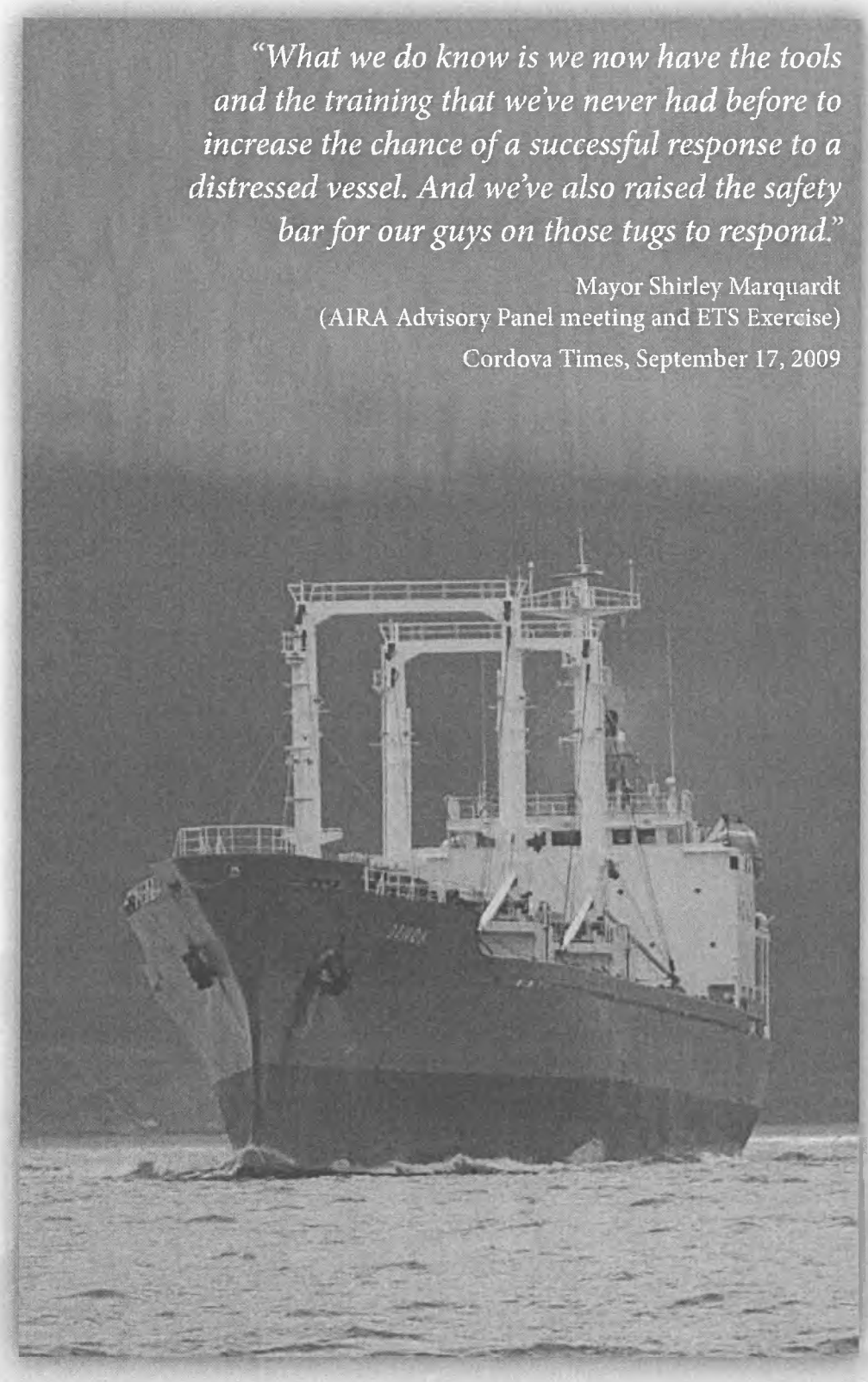
In formulating these recommendations, the Advisory Panel focused on two key principles:

- Prevention measures take priority over response measures.
- All measures should be realistic and practical.

Sections 4, 5, and 6 of this report present the RRO recommendations from the Advisory Panel.

"What we do know is we now have the tools and the training that we've never had before to increase the chance of a successful response to a distressed vessel. And we've also raised the safety bar for our guys on those tugs to respond."

Mayor Shirley Marquardt
(AIRA Advisory Panel meeting and ETS Exercise)
Cordova Times, September 17, 2009



Recommended Options

4. Risk Reduction Options Recommended for Immediate or Future Implementation

The recommendations of risk reduction measures represent a consensus of the Advisory Panel and are presented to the decision makers in the U.S. Coast Guard, State of Alaska, and local governments. The decision as to which measures will be adopted ultimately rests with the decision makers.

Several of the Risk Reduction Options (RRO) considered were found to be sufficiently effective and practicable to warrant immediate implementation. These RROs include:

- Develop an Enhanced Vessel Monitoring and Reporting Program
- Enhance towing capabilities on U. S. Coast Guard cutters and increase cutter presence in the Aleutians
- Stage additional Emergency Towing Systems in the Aleutians
- Initiate the process to establish IMO Particularly Sensitive Sea Areas
- Strengthen the Aleutians Subarea Contingency Plan
- Increase Salvage and Spill Response Capability in the Aleutians

Several of the Risk Reduction Options (RRO) considered were found to show promise but to require additional work or study prior to full implementation. In some cases, the recommendations include immediate implementation of some elements, with further study required for others. These RROs include:

- Increase Rescue Tug Capability in the Aleutians
- Increase Salvage and Spill Response Capability in the Aleutians
- Determine the boundaries of the Particularly Sensitive Sea Area (PSSA) and develop recommendations for associated protective measures
- Strengthen the Aleutians Subarea Contingency Plan

The recommendations are presented here as they were developed by the Advisory Panel. Additional background on each RRO is included in Appendix A.



4.1 Enhanced Vessel Monitoring and Reporting Program

The Aleutian Islands Risk Assessment Advisory Panel recommended that a robust vessel monitoring program be established for the Aleutians Subarea.

The Panel envisioned a program whereby any vessel operating in the area would be monitored by an automated system with alarms in place to report any anomalies in the behavior of the vessel, given a set of assumptions for each vessel type. The system operator would review anomalies flagged by the software, and if appropriate the situation would be reported to US Coast Guard for consideration.

Enhanced vessel monitoring and reporting would have three primary objectives:

- Detect anomalous vessel activity (i.e. identify vessels that are adrift) so a timely and effective response can be undertaken
- Immediately locate vessels that may be able to render assistance such as, tugs, fish processing vessels, etc.



- Validate vessels compliance with Reduced Risk Vessel Routing measures, safety fairways and Areas To Be Avoided (ATBA)

The Advisory Panel anticipated that an enhanced vessel monitoring program would directly reduce the risk of drift groundings by increasing situational awareness for vessel operators and the appropriate agents and agencies. This program would also indirectly reduce the risks of collisions and power grounding by gathering data on vessel movements that can be analyzed in future risk assessments.

The Advisory Panel determined that this risk reduction option is practical, technologically feasible, readily available, and should be implemented without further delay. Identifying the appropriate funding sources for additional build out of the AIS receivers in the Aleutian Island region is a priority.

Implementation options included the addition of AIS receivers at key locations, to expand coverage of the region. Two AIS receivers are scheduled to be added during 2011, at locations in Nikolski (low elevation) and Atka Island. Several other locations were identified by the Advisory Panel as critical to expanding AIS coverage: Unimak Island at Scotch Cap; Shemya, Adak mountaintop (abandoned White Alice site); Akutan mountaintop; and Nikolski mountaintop (abandoned White Alice site).

Other vessel tracking technologies were also identified as having the potential to supplement available information and enhance vessel monitoring and reporting. The Long Range Identification and Tracking (LRIT) System, which operates off secure satellite networks rather than over non-secure VHF radio (as does AIS), may have some limited applicability, although LRIT data is more difficult to access and more limited in detail with position reports sent every six hours. Voluntary vessel monitoring systems, where vessels are equipped with satellite transponders outside of AIS coverage areas, may also provide additional vessel monitoring capability. The Advisory Panel also noted

that maritime insurance clauses covering vessels transiting Unimak Pass specify that the vessels carry navigational equipment that may also be utilized to enhance vessel monitoring.

4.2 Enhance Towing Capabilities on US Coast Guard Cutters and Increase Cutter Presence in the Aleutians

The Aleutian Islands Risk Assessment Advisory Panel recommended increased US Coast Guard (USCG) patrol coverage and emergency towing capability in the Aleutian Island region. USCG vessels often reach the scene of a disabled vessel ahead of rescue tugs, and are the first line of defense against a grounding or oil spill. They recommended that the USCG take two key actions:

- Replace the Acushnet (decommissioned in 2011) with a vessel that has towing capability and maximize cutter patrol time in the Bering Sea/Aleutian Island region. Consider a vessel similar in capability to an ATF 166 Powhatan class tug with a 75- ton bollard pull.
- Evaluate the current towing packages onboard all cutters operating in Alaska and upgrade to best available Emergency Towing System technology such as lightweight floating lines. (Available at http://dec.alaska.gov/spar/perp/aiets/home.htm)

The Advisory Panel determined that increasing the USCG presence in the region is practical, technologically feasible, readily available, and should be implemented without further delay. They concluded that maintaining and improving US Coast Guard towing capabilities in the Bering Sea is imperative for mitigating the risks of drift groundings.



4.3 Stage Additional Emergency Towing Systems in the Aleutians

Not every vessel transiting in or through the Aleutian Island region is required by regulations to have onboard emergency towing equipment or deployment procedures and training for crew. Recognizing these deficiencies, the Aleutian Islands Risk Assessment Advisory Panel recommended that the US Coast Guard, State of Alaska, local governments, and the maritime industry procure and stage one or more additional Emergency Towing Systems (ETS) at suitable locations in the Aleutians. The ETS is a relatively inexpensive risk reduction option and the existing systems have proven, through deployment, to be a successful measure for preventing drift groundings. The Panel and Team also recommended that training and exercises with the ETS be continued on at least an annual basis.



This risk reduction measure would reduce the risks of drift groundings. The Advisory Panel determined that this risk reduction option is practical, technologically feasible, readily available, and should be implemented without further delay.

4.4 Increase Rescue Tug Capability in the Aleutians

Increased rescue tug capability was identified as an obvious option to reduce the number of drift groundings in the Aleutian Islands, based on several recent incidents in the region. The Aleutian Islands Risk Assessment Advisory Panel recommended that additional rescue tug capability be developed for the Aleutians. Further analysis is necessary to determine:



- What management/funding model would most likely be successful in establishing and maintaining a rescue tug capability?
- What capability is required of the rescue tug?
- Where should the rescue tug(s) be stationed?

A rescue tug can reduce risks of drift groundings by preventing the ship from drifting into shoal waters. The Advisory Panel recommended that the maritime industry, US Coast Guard, the State of Alaska, and local governments work together to find a way to develop and deploy rescue tug capability in the Aleutians.

Five options were considered for increasing rescue tug capability:

1. **Dedicated Tug(s):** A vessel with open water capability, stationed at a fixed point until it is summoned for use (100% available for rescue).
2. **Non-Dedicated Tug(s):** A vessel with open water and similar capabilities to the dedicated tug that can be engaged in other activities in addition to emergency response. The vessel may be financially supported by other activities with expected variable availability.
3. **Seasonal Dedicated Tug(s):** A vessel with open water capability, stationed at a fixed point but only available seasonally (October 1-June 1).

4. **Tug/Vessel of Opportunity Program:** A tug or vessel transiting or located in the study area, regardless of size, that's available to assist during an emergency.
5. **Combination** of the four above or stepped approaches.

Each of these options should be considered in further studies recommended for Phase B of the project. This recommendation complements the recommendation to Increase Salvage and Response Capability in the Aleutians, and the Panel recognized that there may be one solution to both recommendations.

They suggested that Phase B studies should include at a minimum:

Management/Funding Study – This study will consider management and funding schemes to operate a rescue tug program for the Aleutians.

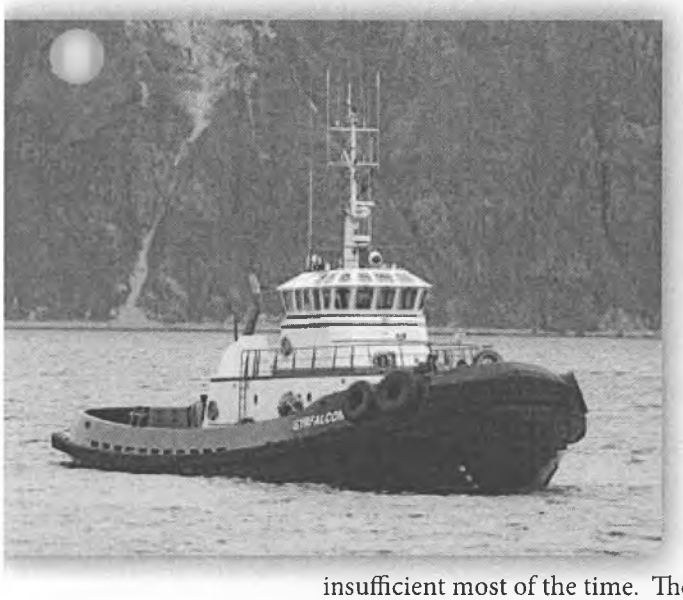
Tug Capability Study – This study will determine the desirable and suitable capabilities of a rescue tug for the Aleutians. The study should define the range of tug specifications (size, bollard pull, horsepower, propulsion) suitable for the weather conditions and vessels transiting the Great Circle Route (DNV and ERM, 2010a). It should illustrate the options for suitable tugs by posing three alternatives of vessel specification that would meet a range of rescue capabilities. Capital and operating costs estimates should be provided for each of these options. The study should also describe the current capabilities (year-round and seasonal) that exist in the study area.

Tug Location Study – This study will consider the site options for rescue tug(s), including vessel transit routes, response time, and alternative rescue resources.

4.5 Increase Salvage and Spill Response Capability in the Aleutians

The Advisory Panel recognized the need to increase salvage and spill response capability in the Aleutians. They recommended that the US Coast Guard immediately publish the Nontank Vessel Response Plan (NTVRP) rule (Docket No. USCG-2008-1070) that has been under development since Congress passed the Coast Guard and Maritime Transportation Act of 2004. This rule would require vessel response plans for nontank vessels calling in US ports. This nontank vessel rule, in combination with the tank vessel rule already in place, would place the burden of providing sufficient salvage, firefighting, and response capabilities on all vessels passing through the Aleutians that call on US ports. (Note that vessels engaged in innocent passage – foreign flagged-vessels not calling on US ports or transferring or lightering oil in US waters – are exempted from VRP requirements). The requirement to comply with these rules would provide the necessary incentives for vessel owners/operators to fund increased salvage and spill response capabilities in the Aleutians.





Determining exactly what salvage and spill response capabilities would be necessary and appropriate for the extreme operating environment in the Aleutians requires further study during Phase B of this project. Currently, there are no significant on-water oil spill response resources in the Aleutian Subarea. Federal law requires both tank and nontank vessels calling in US ports, to have contracts with an oil spill removal organization to provide substantial salvage and response resources in the nearshore, offshore, and open ocean operating areas. Yet, the Advisory Panel recognized that the ocean environment in the Aleutian Islands, northern Gulf of Alaska, and Bering Sea present tremendous challenges to oil spill response, and may render existing spill cleanup technologies insufficient most of the time. The Panel recommended that investing in an extensive regulatory driven capability that will not be effective is imprudent. However, increasing response capabilities in the nearshore area, which can reasonably be expected to be effective to remove oil and protect sensitive areas should be pursued.

The Advisory Panel recommended conducting a gap analysis that considers two components:

Capability Gap Analysis – Identify any gap in the existing capabilities in the Subarea Plan and the capabilities required for salvage (including emergency towing) and oil spill response for the largest vessels transiting the subarea in innocent passage.

Response Gap Analysis – Identify the percentage of time that an oil spill response system would be precluded from operations due to environmental conditions, such as wind, sea state, visibility, currents, or ice. A response gap analysis should be conducted for both nearshore and open ocean operating areas.

The results of these analyses should be used to determine the appropriate prevention and response resources necessary for the Aleutian Subarea.

This recommendation will reduce the risks of impacts from all vessel casualty types by increasing the capability to respond to future incidents. Based on these analyses, to be completed in Phase B, a recommendation can be developed regarding the most effective response resources for the extreme operating conditions found in the Aleutians.

4.6 Establish IMO Particularly Sensitive Sea Areas and Associated Protective Measures

The Aleutian Islands and surrounding waters clearly meet the criteria established by the International Maritime Organization (IMO) for designation as a Particularly Sensitive Sea Area (PSSA), in that the Aleutians are ecologically sensitive and vulnerable to impacts from international shipping. Therefore, the Aleutian Islands Risk Assessment Advisory Panel recommended that the US Government petition the IMO Marine and

Environmental Protection Committee to designate the Aleutian Island region, or a portion therein, as a PSSA. A collaborative effort should be undertaken to delineate the boundaries of the PSSA and the associated protective measures concurrent with this international effort to establish the PSSA designation. At a minimum the following protective measures should be considered:

- areas to be avoided (ATBA)
- ship routing
- ship reporting
- recommended tracks for vessels in innocent passage, and
- a traffic separation scheme in Unimak Pass.

The effort to determine the boundaries of the PSSA and establish the associated protective measures should begin with the US Coast Guard, State of Alaska, and members of the Advisory Panel working with the IMO Subcommittee on Safety of Navigation during Phase B of this project.

This risk reduction measure would reduce the risks of drift groundings, power groundings, and collisions; and could lessen the impacts of any spills that do occur.

4.7 Strengthen Aleutians Subarea Contingency Plan

The Aleutian Islands Risk Assessment Advisory Panel recommended that the Aleutians Subarea Committee strengthen the Aleutians Subarea Contingency Plan for Oil and Hazardous Substance Releases (Subarea Plan) to ensure that it is adequate to remove a worst case discharge and to mitigate or prevent a substantial threat of such a discharge from vessels transiting the Aleutian Islands, particularly vessels in innocent passage. The Panel and Team further recommended that the US Coast Guard ensure that vessels transiting the Aleutians Subarea that are required to have an approved Vessel Response Plan have sufficient resources to implement the protection measures specified in the Subarea Plan.

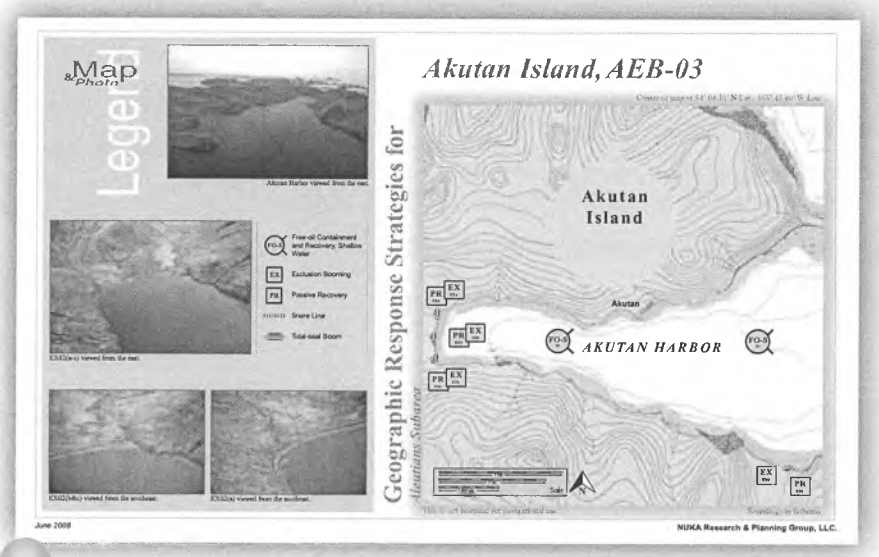
Specific recommendations include:

1. Revise the Subarea Plan to emphasize prevention measures and systems. The current version of the plan is focused on response and does not contain enough planning for measures to prevent the threat of a discharge.
2. The gap analysis recommended in the Increase Salvage and Spill Response Capability in the Aleutians section above will provide the information necessary to determine the appropriate salvage and response resources that should be available in the Aleutian



Subarea for use under both the Subarea Plan and Vessel Response Plans. These resources should be listed in the Subarea Plan.

3. Develop additional Geographic Response Strategies for high priority sites. Geographic Response Strategies (GRS) are site-specific plans to protect high priority sites and have the potential to mitigate damages after a vessel casualty that results in a spill. While some GRS are listed in the current subarea plan, additional GRS should be developed throughout the Aleutians. The Subarea Plan should specify the minimum amount of response equipment necessary to implement GRS likely to be deployed during a worse case discharge.



4. Conduct additional planning for Potential Places of Refuge (PPOR). PPOR planning identifies potential places where a vessel may be moved to either prevent a casualty or minimize damage after a casualty. While some PPOR planning has been done and is listed within the current Subarea plan, additional PPOR planning (such as pre-positioned mooring buoys) should be developed.

5. Once the Subarea Plan has been modified to incorporate these recommendations, the US Coast Guard should ensure that vessels that are required to have Vessel Response Plans to maintain sufficient capability to implement the protection measures described in the Subarea Plan.

Although tasked to plan and respond to a worst case discharge, the Aleutian Subarea Committee is not funded or staffed adequately to do so, plus the equipment caches owned by the federal and state responders are inadequate to respond to a worst case discharge. The Advisory Panel recommended that funding for these measures should come from the Oil Spill Liability Trust Fund to support planning and preventive measures associated with strengthening the Aleutians Subarea Plan.

These recommendations are congruent with existing law and will reduce the risks from all vessel casualty types by increasing prevention and response capabilities in the Aleutians Subarea. The gap analysis should be conducted as part of Phase B of this project. The other recommendations require no further study and should be implemented without further delay. The Subarea Committee should address these recommendations and submit budget requests to pursue implementation.

5. Risk Reduction Options Considered but Not Recommended for Implementation

During the September and October 2010, and March 2011 Aleutian Islands Risk Assessment meetings, the Advisory Panel discussed and evaluated twenty-seven risk reduction options. Of these risk reduction options, thirteen were recommended for immediate or future implementations (Section 4), and fourteen were considered and set aside. Table 8 summarizes the rationale for setting aside these RROs at this point.

Table 8. Consensus Decision and Discussion for RRO considered but not recommended for implementation.

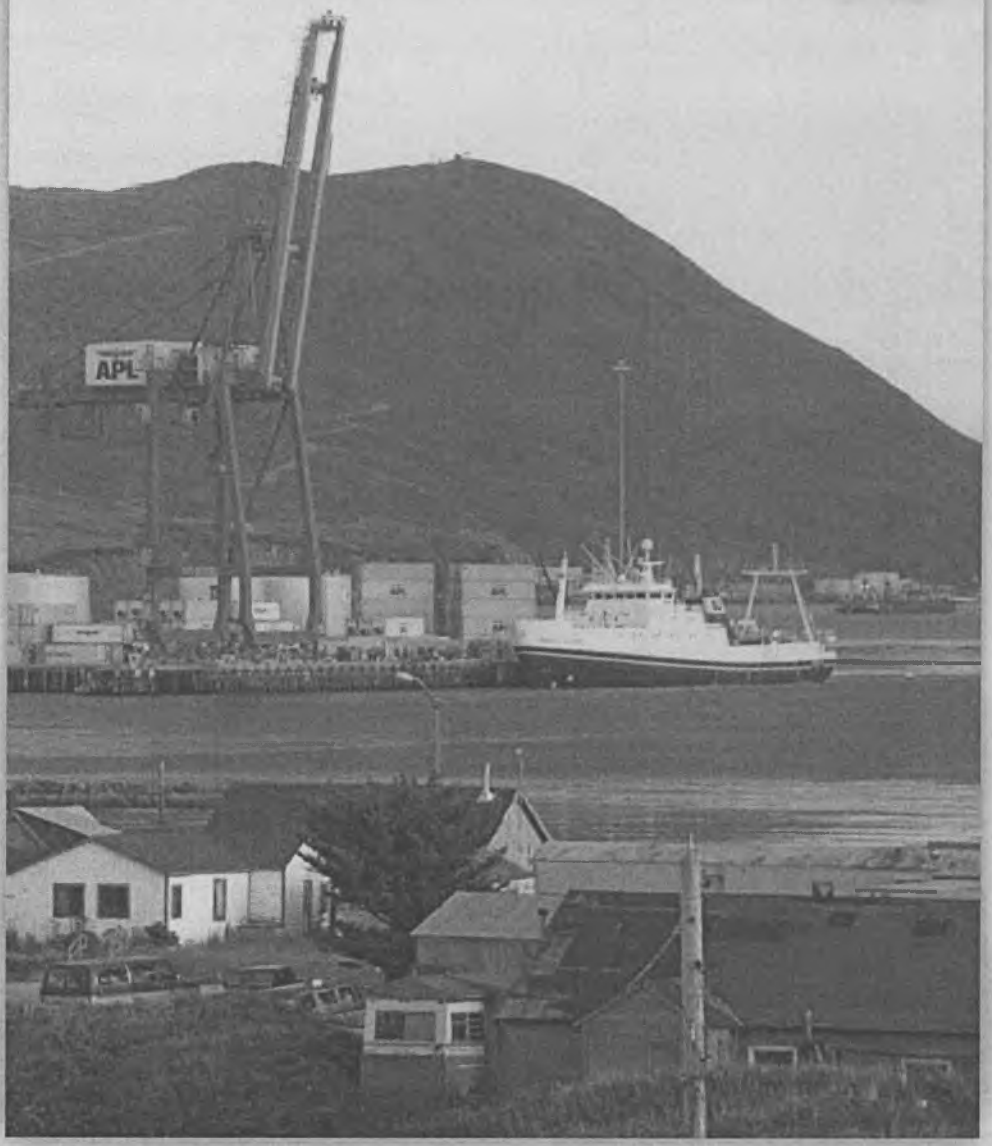
RRO	Discussion & Consensus Decision
Speed Restrictions	The Advisory Panel determined that this risk reduction option would be difficult to implement and enforce considering the amount and various types of vessels transiting through the region. The Panel concluded there was a low benefit and would result in a high-unintended consequence if pursued.
Seasonal Routing	The Advisory Panel concluded that there is no formal mechanism for implementing seasonal routing throughout the study area and further consideration was deferred.
Increase Coast Guard Vessel Inspections	The Coast Guard currently has a vessel inspection program that has been implemented in Alaska and the United States. The Advisory Panel decided not to evaluate this risk reduction option because there is no practical way to reduce risk further based on the current inspection program.
Split Western Alaska Captain-of-the-Port (COTP) Zone	Currently three COTP zones exist in Alaska. The three zones are: Southeast Alaska, Western Alaska and Prince William Sound. The Captain of the Port and their representatives enforce, within their respective areas, port safety and security and marine environmental protection regulations. The Western COTP zone is the largest of the three and includes Cook Inlet, Kodiak, Aleutian Islands, Bristol Bay, the Northwest Arctic and North Slope. There are three Marine Safety Detachment offices within the Western Alaska COTP zone which are located in Kenai, Kodiak and Unalaska. The Advisory Panel discussed the need to create an additional COTP within the Western Alaska zone, thus reducing the area of responsibility for one Captain. It was suggested to change and/or add Unalaska as a COTP city with the intent of decreasing or reducing the response times currently stipulated in the federal Marine Firefighting, Salvage and Emergency Lightering rules. The Advisory Panel concluded that this risk reduction option was very high on the causal chain within the institutional organization/management (USCG) and would be difficult to implement or evaluate.
State of Alaska Local Response Agreements	The Community Spill Response Program administered by the ADEC Prevention and Emergency Response Program began in the early 1990s. The state recognized the importance of local involvement and has worked with communities to provide coordinated and effective responses, and to expand the network of resources available to protect human health and the environment from the risks associated with oil and hazardous substance spills. The Advisory Panel did not consider this risk reduction option primarily because it is an existing program. They encourage local communities without Community Response Agreements to contact the ADEC and work towards establishing agreements with the goal of expanding local capabilities and increasing response coordination.

RRO	Discussion & Consensus Decision
Phase out OPA 90 Alternate Compliance	This risk reduction option was added during the September meeting based on public input. Oil spill prevention programs, contingency planning and preparedness have undergone significant enhancements and changes since the passage of the Oil Pollution Act of 1990 (OPA 90). Due to these changes, the Alaska Petroleum Distributors and Transporters, an ad-hoc group of non-persistent Alaska fuel barge operators have worked with the state and federal regulatory agencies to implement prevention measures and achieve a level of spill prevention and response agreeable to all parties. This agreement is referred to as an "alternate compliance agreement" and was originally established in 1998 after a series of workshops. The agreement was modified in 2002. An Alaska non-persistent tank barge operator may voluntarily elect to subscribe to the alternate compliance agreement as opposed to meeting full compliance with OPA 90 in Alaska. The Advisory Panel concluded that the alternate compliance agreement should not be eliminated due to the unintended consequences placed on commercial operators. Eliminating this option would result in a decrease of operators and a significant increase in the cost of fuel distributed in rural Alaska because of the cost of full compliance with OPA 90.
Establish Requirements for Vessels in Innocent Passage	The Advisory Panel was keen on the concept of establishing requirements for vessels transiting through the Aleutian Island region on innocent passage but after numerous discussions concluded that because of the international maritime rules governing the right of innocent passage it would be difficult to promulgate rules acceptable to the IMO.
Set Area Standards for Vessels with Vessel Response Plans calling at US Ports	The Advisory Panel recommended that rather than attempting to set area standards for vessels required to have a federal vessel response plan, examine the use of local or area contingency plan as a means of establishing standards.
Increase Training and Drills	Training and drills are required under OPA90 and state law and will be expanded and required under the salvage and firefighting rules. Part of the baseline for every new requirement or regulation is a training requirement and component for compliance. Therefore, the Advisory Panel did not consider examining this risk reduction measure further.
Storm and Severe Weather rules	Since the mid-1990s the City of Unalaska, Alaska Marine Pilots, U.S. Coast Guard and local maritime industry have negotiated and established storm and weather rules for the Port of Dutch Harbor. These rules are reviewed annually and adjusted accordingly based on incidents or observations. The Advisory Panel concluded that the existing process is working well and no further evaluation of this risk reduction option was necessary.
High-Frequency (HF) Radar Surface Monitoring Currents	This risk reduction option was added during the September meeting at the recommendation of an Advisory Panel member. Ocean researchers use this technology to measure surface current velocity fields near the coastline. A HF radar system can measure surface currents averaged over 15 minutes as far offshore as 50 miles. The Advisory Panel concluded that HF radar is not a risk reduction measure but a tool that could be used during or after a spill to track and map oil transported by nearshore currents. HF radar is certainly a tool in the oil spill response kit but not considered by the Panel to be a risk reduction option.
Increase Federal Liability and Civil Penalties	The Advisory Panel concluded that the cost of penalties is relatively low compared to the cost of response. The liability limits need to be reasonable in order for operators to obtain insurance. If limits are too high then insurance companies won't insure and this may increase the number of uninsured vessels. The Government Accounting Office GAO report states that OPA requires review of the insurance limits every three years but has not been done since 1990. Essentially, the federal government needs to comply with OPA 90 by reviewing insurance limits every three years and implementing the necessary adjustments.

RRO	Discussion & Consensus Decision
Manned Vessel Tracking System	Due to the volume of traffic passing through Unimak and Akutan Pass there was initial interest from some of the Aleutian Island Risk Assessment Advisory Panel members to consider establishing a manned Vessel Tracking Service (VTS). Based on subsequent discussions, the Advisory Panel recommends reserving this risk reduction option from further consideration for the following reasons: • Under current federal law, the USCG is the only entity authorized to establish a VTS. The VTS would need to meet IMO procedures and standards. • An in-depth study would be required to determine whether the USCG VTS is the best choice over an expanded and upgraded Automatic Identification System (AIS) or a Vessel Traffic Monitoring System (VTMS). • Regulatory changes would be needed to establish the control zone and to mandate who must participate, possibly involving submittal to the International Maritime Organization for review, approval and adoption. • The cost to purchase VTS equipment and increase the number of personnel to implement a VTS in Dutch Harbor would be substantially higher than the USCG's other twelve VTSs. • Establishing and maintaining radar and communications equipment in a remote and hostile environment will not be easy or inexpensive. All mountaintop access is by helicopter only. • There is little technical support in Dutch Harbor for such an enterprise and it would have to be developed. • There is currently no public notice by the USCG to establish a formal, manned VTS for Unimak Pass.
Evaluate and Determine Whether to Increase State Civil Penalties	The original intent of the state civil penalty scheme and law focused on the oil industry and not the entire maritime industry transiting through Alaska waters. Alaska's civil penalties approach is based upon the following premise and intent: • All oil discharges will cause environmental and natural resource harm • For that portion of the damage which is readily identifiable and quantifiable, existing legal remedies provide an adequate means of recovery • A substantial portion of the damage caused by oil pollution cannot be determined with certainty • The public should be compensated for those damages which are not readily identifiable and quantifiable • The scheme is intended to pre-determine the loss from oil pollution which is not readily identifiable and/or quantifiable, through the use of civil penalties based on objective criteria of the characteristics of the oil and the sensitivity of the receiving environment • Provide a meaningful incentive to safe operations by setting out the consequences of the unlawful act in advance in an effort to prevent the discharge of oil before it occurs • It is intended to both compensate the public for damages and to provide an incentive for safe operations. During the March 2011 meeting, the Advisory Panel reached the conclusion that increasing state civil penalties was not a risk reduction option and agreed to set this option aside as a recommendation.

"There is no silver lining once oil hits the water. Loss of human life, damage to resources, and oil spill cleanup costs all underscore the importance of preventing spills in the first place."

Ed Page, Advisory Panel member/General-Mariner
(March 2011 AP meeting)



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7. Acronyms and Abbreviations

AAC	Alaska Administrative Code
ACP	Area Contingency Plan
ADEC	Alaska Department of Environmental Conservation
AIRA	Aleutian Islands Risk Assessment
AIS	Automated Information System
AMNWR	Arctic Maritime National Wildlife Refuge
AMSA	Arctic Marine Shipping Assessment
APL	American President Lines
ARRT	Alaska Regional Response Team
ATBA	Area to be avoided
AVTEC	Alaska's Institute of Technology
AWCRSA	Aleutians West Coastal Resources Service Area
C/C	Cargo carrier
CFR	Code of Federal Regulations
CMP	Coastal Management Plan
COSIM	Chemical oil spill impact model
COTP	Captain of the Port
DNV	Det Norske Veritas
DWT	Deadweight ton
ERM	Environmental Resources Management
ETS	Emergency Towing System
FEMA	Federal Emergency Management Agency
FM	Frequency modulation
GRS	Geographic response strategy
HF	High frequency
IMO	International Maritime Organization
LA	Louisiana
LLC	Limited Liability Company

LRIT	Long-range identification and tracking system
MARCS	Marine accident risk calculation system
MARPOL	International Convention for the Prevention of Pollution from Ships
MKD	Miniature keyboard display
M/V	Motorized vessel
MXAK	Marine Exchange of Alaska
NCP	National Contingency Plan
NFWF	National Fish and Wildlife Foundation
NGO	Non-governmental organization
NTV	Non-tank vessel
NTVRP	Non-tank vessel response plan
ODPCP	Oil Discharge Prevention and Contingency Plan
OPA	Oil Pollution Act
OSRO	Oil spill removal organization
PPOR	Potential places of refuge
PRAC	Primary response action contractor
PSSA	Particularly Sensitive Sea Area
PWS	Prince William Sound
RRO	Risk reduction option
SCP	Subarea Contingency Plan
SEAL	Sea, air, and land special forces
SOPEP	Shipboard Oil Pollution Emergency Plan
TRB	Transportation Research Board
UK	United Kingdom
US	United States
USCG	United States Coast Guard
USS	United States Ship
VHF	Very high frequency
VMS	Vessel monitoring system
VRP	Vessel response plan
VTS	Vessel Traffic System
WWF	World Wildlife Fund

Appendices

8. Appendices

Appendix A. Background on Risk Reduction Options

This section provides background information about the RROs discussed in Sections 4, 5, and 6 of this report.

A.1 Enhanced Vessel Monitoring and Reporting

The RRO for enhanced vessel monitoring and reporting was recommended for immediate implementation, as summarized in Section 4.1.

Robust vessel monitoring and reporting is a high national priority for the U.S. Coast Guard and Department of Homeland Security. Vessel tracking is a vital component of the U.S. Coast Guard's national plan to increase maritime domain awareness, and the development of National Automatic Identification System (NAIS) is a key initiative to enable the Coast Guard to identify, track, and communicate with marine vessels using the Automatic Identification System (AIS). The genesis of the NAIS mission need comes from the Maritime Transportation Security Act, which directs the Coast Guard to implement a system to collect, integrate, and analyze information concerning vessels operating on or bound for waters subject to the jurisdiction of the United States. The Coast Guards latest projection for building NAIS in Alaska is 2018. Other Coast Guard initiatives proposed and subsequently eliminated for Alaska is Rescue 21, an advanced command, control, and direction finding communication system.

Automatic Identification System (AIS)

On December 31, 2004 the International Maritime Organization (IMO) required that all ships above 300 gross tons engaged on International voyages and cargo ships of 500 gross tonnage and upwards not engaged on international voyages and all passenger ships irrespective of size to be equipped with Automatic Identification System (AIS) equipment. This technology is akin to aircraft transponders and comprised of a VHF/FM based transponder that transmits the vessels GPS acquired position to other vessels and to terrestrial receiving stations where they exist. The regulation requires a ship's name, position, course, speed, destination and other data, based on the nature of the cargo and the voyage, be transmitted continuously in real time. This allows all vessels within the range of the transponder to see the progress and course of other AIS equipped vessels to aid collision avoidance. The information can be displayed onboard on a minimum keyboard display (MKD) or a vessel's navigation plotter. Each AIS equipped vessel in the area is displayed as a character on the screen along with the other information noted above. Currently the Marine Exchange of Alaska has a contract to provide U.S. Coast Guard AIS capability in Alaska.

The AIS shore receiver network operated by the Marine Exchange of Alaska receives vessel data transmitted by nearby vessels (up to 200 miles away) and disseminates it to authorized users. The US Coast Guard and State of Alaska have access to the AIS information through contract with the Marine Exchange as does the maritime industry.

The Marine Exchange of Alaska has installed and operates most AIS receivers in Alaska. The Marine Exchange currently has six AIS receivers along the Aleutian chain from Unimak Island to Adak.

- Adak – two receivers
- Unalaska – two receivers
- Akutan – two receivers

It is unlikely that the entire study area can be covered by AIS in the near future, but additional sites are needed to increase the current coverage. The following locations are considered critical to the success of the system and could be in operation within a year if funding is secured:

- Nikolski low elevation – scheduled for 2011,
- Atka Island – scheduled for 2011,
- Unimak Island at Scotch Cap,
- Shemya,
- Adak mountaintop (an abandoned White Alice site),
- Attu Island,
- Akutan mountaintop and
- Nikolski mountaintop (also an abandoned White Alice site).

Long Range Identification and Tracking System (LRIT)

In addition to IMO requiring the tracking of vessels via AIS, in 2007 IMO implemented the Long Range Identification and Tracking System initiative intended to provide port and coastal states information on vessels operating in or near their coasts in light of emerging security concerns. Unlike AIS which broadcasts across unsecured channels substantial amounts of information on a vessel several times a minute via VHF communications, LRIT is a satellite based system that simply sends a vessel's serial number and location 4 times a day over a secure network. The information may be acquired by authorized coastal and flag states for a fee. As a 20 knot vessel would cover 120 nautical miles between position reports (6 hours polling interval), LRIT does not provide the granularity of data needed to address safety and environmental concerns. LRIT information is not available to the general public and would be inappropriate for a search and rescue vessel tracking option.

Voluntary Vessel Monitoring

In addition to LRIT, many vessels are tracked by other satellite systems to aid safety and efficiency as per company policy (Alaska Marine Highway System, Alaska Marine Lines, Northland Services, etc.) or to satisfy fishing regulations, i.e. VMS (Vessel Monitoring System). The types of satellite transponders and their polling/reporting rates vary from

every 30 minutes to a few times a day. In most cases vessels automatically send reports every three hours with the operating cost of such systems averaging $1-$3 dollars a day with the equipment ranging from $500 to $2,500. In addition to AIS, the Marine Exchange of Alaska also installs and disseminates satellite transponders and its vessel tracking system receives and processes satellite position reports along with AIS reports. Thus vessels, such as the Alaska Marine Highway System ferries, operating outside the range of AIS receiving sites are still tracked when also equipped with a satellite transponder.

Maritime Insurance Clause associated with Vessel Tracking in the Bering Sea

In addition to international and federal vessel monitoring and tracking requirements, insurers for maritime commerce worldwide, such as Lloyds of London, have specific requirements for vessels passing through Unimak Pass. The Bering Sea Transit Clause (b) of their standards reads:

> "Notwithstanding anything contained in this insurance to the contrary, it is hereby agreed that when on through voyage to or from the Far East, the insured vessel may navigate the Bering Sea provided that:
>
> > The vessel has onboard the appropriate Hydrographic Charts corrected up to date Entry is made through the Unimak Pass and exit west of Buldir Island or vice versa and The vessel is equipped and properly fitted with marine radar, a satellite navigator, a sonic depth sounding apparatus, radio direction finder and gyro compass, all fully operational and manned by qualified personnel. (Alternatively the vessel may enter or leave through the Amchitka, Amukta or Attu passes, but only when equipped and properly fitted with marine radar, a satellite navigator, sonic depth sounding apparatus, radio direction finder, gyro compass and a weather facsimile recorder, all fully operational and manned by qualified personnel).
>
> Insurance hereunder permits the insured vessel to use the Bering Sea, entering through Unimak Pass and leaving west of Buldir Island or vice versa, on through voyages to the Far East, provided the vessel is equipped with the marine radar and GPS and also sonic depth sounding apparatus and GMDSS/radio direction finder."

A.2 Increase USCG Presence in the Bering Sea and Aleutian Islands

The RRO for increased USCG presence and towing capability was recommended for immediate implementation, as summarized in Section 4.2.

USCG vessels have rendered assistance by arresting the drift or providing emergency towing to numerous fishing vessels and freighters in the ?Bering Sea and Pacific Ocean. USCG vessels often reach the scene of a disabled vessel ahead of rescue tugs, and are the first line of defense against a grounding or oil spill. USCG vessels operating in Alaska waters include buoy tenders, patrol boats, medium and high endurance cutters, and ice breakers.

There are only two USCG cutters home ported in Alaska, the Alex Haley and the Munro, both stationed in Kodiak. These cutters primarily perform law enforcement and

search and rescue in the Bering Sea/Aleutians region. The recently decommissioned cutter Acushnet was home ported in Ketchikan, but is not scheduled to be replaced. USCG cutters from other Pacific homeports also patrol Alaska waters.

Each USCG cutter has towing capability, equipment and a trained crew. The cutters carry a hawser, messenger line, and line-throwing gun. The crews train for towing at least twice per year and when on patrol respond to vessels in distress, including towing situations. Refresher training is conducted with the US Navy every two years.

The important presence and towing capability of Coast Guard vessels has proven to be valuable during incidents by arresting the drift of a vessel until larger commercial assets can reach the scene. In 2004, the Alex Haley performed a 41-hour tow of a 593-foot, 46,000-ton bulk freighter; and while in service the USS Edenton towed the 58,000-ton battleship USS Wisconsin. During the Selendang Ayu incident the Alex Haley attempted a tow but the messenger line parted. Later the tug Sidney Foss arrived on-scene and the Alex Haley was stood down while the Sidney Foss (3,000 horsepower) prepared a tow; the Sidney Foss' towline eventually parted. The Alex Haley remained on scene to provide assistance (http://www.ntsb.gov/publictn/2006/MAB0601.htm). (Marine Accident Brief, 12/8/2004).

On February 8, 2011 the USCG cutter Morgenthau (home ported in California but on temporary assignment in Alaska) attempted to establish a tow with the 58-foot fishing vessel F/V Terrigail near Unalaska Island, but establishing the tow failed because the tow line became tangled in the Morgenthau's propeller. This incident points to the need to evaluate the towing systems onboard the cutters operating in the region to ensure that the best available technology is utilized. The new Emergency Towing Systems (http://dec.alaska.gov/spar/perp/aiets/home.htm) (ADEC, 2008) utilize lightweight floating lines that are less likely to become entangled in propellers.

Maintaining and improving US Coast Guard towing capabilities in the Bering Sea is imperative for mitigating the risks of drift groundings.

A.3 Stage Additional Emergency Towing Systems in Alaska

The RRO for additional emergency towing systems was recommended for immediate implementation, as summarized in Section 4.3.

A proposed mitigation measure to reduce risk is to enhance the shore-based Emergency Towing System project initially implemented by the City of Unalaska and Alaska Department of Environmental Conservation. Following the near grounding of the M/V Salica Frigo on March 9, 2007, the Mayor of Unalaska convened a Disabled Vessel Workgroup to address the possibility of future groundings and to discuss local emergency response solutions. This initial meeting led to the formation of the ETS workgroup, whose goal was to develop emergency towing capabilities for disabled vessels in the Aleutian Subarea using locally available tugboats in conjunction with ETS equipment stationed in Unalaska (ADEC, 2008). Based on the Aleutian Subarea vessel traffic, the ETS workgroup implemented two ETS in order to serve a wider range of vessels. The City of Unalaska purchased a system suitable for vessels up to 50,000

DWT and the ADEC purchased a system capable of towing vessels greater than 50,000 DWT; both systems are stored in Unalaska. The ETS consists of a lightweight towline, a messenger line to assist in deploying the towline, a line-launcher, a lighted buoy, and chaffing gear. These components may be configured to deploy to a disabled ship from the stern of a tugboat or airdropped to the ship's deck via helicopter.

Since 2007, the project continues to expand and annual exercises/training have been held in Unalaska. An ETS manual was updated in 2008 and the ADEC has purchased and stored a 10-inch (> 50,000 DWT) ETS at the USCG Air Station Kodiak. In 2010, ADEC received additional funds, which will allow them to purchase two more 10-inch ETS packages. Tentative plans are to stage one system at USCG Air Station Sitka and the other at US Navy Supervisor of Salvage warehouse at Fort Richardson, Alaska for deployment to a potential vessel in distress.

A.4 Increase Rescue Tug Capability in the Aleutians

The RRO for enhanced rescue tug capability was recommended for addition study as part of Phase B of the Aleutian Islands Risk Assessment, as summarized in Section 4.4.

In 2004, there were four resident tugs in the study area, all located at Dutch Harbor (Nuka Research & Planning Group and Cape International, Inc, 2006). These four tugs had limited horsepower and sea-keeping ability to potentially respond as a rescue/assist tug for a ship in distress. Additionally, there are about 200 voyages through the region each year by tugs in trade and these transient tugs range from 1,200 to 7,000 horsepower (Nuka Research & Planning Group and Cape International, Inc., 2006). Tugs in trade typically have a barge in tow, which hampers their ability to respond to calls for emergency assistance. There has not been a study conducted that specifically examines tug capabilities and operational/response expectations based on weather conditions typically experienced in the Bering Sea and Gulf of Alaska. Recognizing this limitation, additional information is needed to determine what type of program could or should be implemented for the Aleutian Island region.

Securing funding for a Rescue Tug is expected to be the greatest challenge. Some associated issues that should be considered are:

Requiring funding by shippers through vessel response plan regulations or alternative compliance to those regulations. The Neah Bay rescue tug in the State of Washington is paid for by the Washington State Maritime Cooperative (Washington State Maritime Cooperative, 1995) and was driven by contingency plan regulations.

The Merchant Marine Act of 1920, Section 27, referred to as the Jones Act, deals with cabotage (coastal shipping), and requires that all shipments (including salvage) between US ports be carried in US flagged ships, built in, owned by and crewed by US citizens. Therefore, vessels being considered for use must be compliant with this act. This may reduce the number of available vessels for consideration.

Salvage Laws. Maritime law distinguishes between contract salvage and true salvage. A vessel contractually obligated to respond cannot expect a salvage award other than as

specified under the payment terms agreed in advance (contract salvage). Traditionally, a vessel that voluntarily responds and succeeds in removing another vessel from "maritime peril" (true salvage) can expect remuneration for those services. Depending on the risk involved, the successful volunteer may realize an award equal to a significant percentage of the residual value of the rescued vessel, its bunker, and its cargo. This was given as one of the reasons the captain of the M/V Selendang Ayu delayed allowing rescue operations until it was too late.

In the USA, OPA 90 requires that every vessel's response plan include provisions to activate the services of a tug if needed or so directed by the Federal On-Scene Coordinator (USCG). The UK system includes a statutory requirement that the casualty vessel accept and pay for services from a dedicated tug kept in position by public funding and called out by the government overseer. Wherever transiting vessels pay an annual or per trip fee to keep a dedicated tug on standby contract, that tug cannot respond on commercial terms other than those incorporated in the agreement.

A.5 Increase Salvage and Spill Response Capabilities in the Aleutians

The RRO for increased salvage and spill response capabilities was recommended for additional study as part of Phase B of the Aleutian Islands Risk Assessment, with immediate implementation of the final rule for non-tank vessel contingency plans, as summarized in Section 4.5.

The amount and type of salvage and oil spill response equipment required in the region is under the jurisdiction of two agencies, the USCG and ADEC. In State waters, which extend three miles from shore, ADEC requires tank vessels, tank barges, and nontank vessels to have an approved oil discharge prevention and contingency plan (Cplan) that meets state planning standards for discharge removal (18 AAC 75.400). In State and Federal waters tank vessels (includes barges) and nontank vessels must have an approved vessel response plan (VRP) (33 CFR Part 155). Vessels in innocent passage do not require a vessel response plan, but will likely have a Shipboard Oil Pollution Emergency Plan (SOPEP). The Area Contingency Plan covers spill response for vessels in innocent passage.

It is not known how many vessels are required to carry these plans, but with the exception of the vessels carrying only SOPEP plans, each vessel must have access to equipment and personnel necessary to execute the Cplan and/or VRP for their vessel. In general terms this means contracting with a State Primary Response action Contractor (PRAC) or a Federal Oil Spill Removal Organization (OSRO) to meet the oil spill planning standards for the vessel (USCG, 2008). OSROs are approved for specific operating environments: River/Canal, Inland, Offshore, Nearshore, and Great Lakes based on their response capability. Planning standards differ between vessels and state/federal regulations, but generally the planholder must be able to stop the discharge, lighter unspilled oil from damaged tanks, observe and monitor the oil slick, contain and skim the oil from the water, and prevent oil from reaching wildlife and sensitive areas. The biggest response planning standards that apply to vessels trading in the Aleutians

are for oil tankers carrying persistent oil (1 trip per month with a maximum of 26.8 million gallons cargo) but the planning standards for tank barges (5 trips per month with a maximum of 6.3 million gallons cargo) and large container ships (160 trips per month with a maximum of 2.2 million gallons of fuel) are also substantial (DNV and ERM, 2010a).

The actual oil spill response capability in the Aleutians is a small fraction of the spill response capability in other areas with similar vessel traffic. For example, there is not a single dedicated spill response vessel in the entire subarea nor is there an OSRO that is classified to respond in the Open Ocean, Offshore, or Nearshore operating environments. Outside of ports and harbors, there is no resident oil spill response capability in the Aleutians to respond to the 185 transits per month reported from the Vessel Traffic Study. The reasons for this apparent inequity in response capability are not clear but mostly seem to be due to exceptions being granted to the regulatory requirements through the alternative planning criteria process.

Recently the USCG implemented new Salvage and Marine Firefighting requirements for tank vessels that are required to carry VRP (33 CFR Part 155.4030). Similar requirements will be extended to nontank vessels when the nontank Vessel Response Plan rule is published. These regulations establish specific planning requirements for vessels operating within fifty miles of the nearest COTP city. Vessels operating in the Aleutians would not have to meet the timeframes published in these requirements because the entire Aleutian subarea is more than fifty miles from Anchorage, Alaska, which is the COTP for this area.

Another consideration is the response gap in the Aleutians. A response gap is the percentage of time that the environmental conditions (wind, sea state, visibility, currents, etc.) exceed the limitation of the response system. No response gap analysis has been conducted for the Aleutians but experience has shown that there are substantial periods of time when a marine spill response would not be possible no matter what the oil spill response capability.

A.6 Establish IMO Particularly Sensitive Areas and Associated Protection Measures

The RRO for establishment of IMO particularly sensitive areas was recommended for additional study as part of Phase B of the Aleutian Islands Risk Assessment, as summarized in Section 4.6.

A PSSA is an area that is afforded special protection through action by the International Maritime Organization (IMO) because of its significance for recognized ecological, socio-economic, or scientific attributes where such attributes may be vulnerable to damage by international shipping activities. Although a separate and distinct process from PSSA's is a Ports Access Route Study [1], which the Coast Guard uses to designate fairways and traffic separation schemes to provide safe access routes for vessels proceeding to and from ports. In 1985, the Coast Guard conducted a Ports Access Route

1 Ports and Waterway Safety Act, 33 U.S.C. 1223

Study for Unimak Pass and on December 2, 1986, a safety fairway was established.[2] A PSSA includes one or more associated protective measure appropriate to the particular circumstances of the area. These protective measures can include Areas to Be Avoided: an area within defined limits in which either navigation is particularly hazardous or it is exceptionally important to avoid casualties and which should be avoided by all ships, or by certain classes of ships. Other potential protective measures are ship routing systems, ship reporting systems, or vessel traffic schemes.

An application for PSSA designation should contain a proposal for an associated protective measure or measures aimed at preventing, reducing or eliminating the threat or identified vulnerability. IMO guidelines provide advice to IMO Member Governments in the formulation and submission of applications for the designation of PSSAs to ensure that in the process, all interests - those of the coastal State, flag State, and the environmental and shipping communities - are thoroughly considered on the basis of relevant scientific, technical, economic, and environmental information regarding the area at risk of damage from international shipping activities. The guidelines update resolution A.927 (22) Guidelines for the Designation of Special Areas under MARPOL 73/78 and Guidelines for the Identification and Designation of Particularly Sensitive Sea Areas.

Two PSSAs have been established in the United States—the Northwestern Hawaiian Islands Marine National Monument and the Florida Keys. The IMO has adopted certain areas to be avoided (ATBA) and mandatory Ship Reporting System for the Northern Hawaiian Islands PSSA. Likewise, the Florida Keys' PSSA includes Areas to be Avoided and established three non-anchoring areas within the 3,000 square nautical mile zone.

Areas within the Aleutian Island region have been identified by the Federal government (Marine Protection Areas, Alaska Maritime Refuge and Stellar Sea Lion Critical Habitat), State of Alaska (Most Environmentally Sensitive Areas), Aleutians West Coastal Resource Service Area and East Aleutian Borough as having designations for special significance including subsistence use, areas suitable for study and understanding history and pre-history, important habitat areas, areas suitable for commercial fishing and seafood processing facilities, and natural hazards.

In considering how and where to establish a PSSA in the Aleutian Island region, the unintended consequences and potential impacts to vessel routing will need to be considered. Non-government organizations or state governments through the US Coast Guard, the US Representative to the IMO who makes the final decision, can initiate a PSSA. The application and approval process for obtaining a PSSA designation can take up to a year or more.

A.7 Strengthen the Area Contingency Plan

The National Oil and Hazardous Substances Pollution Contingency Plan (National Contingency Plan or NCP) (40 CFR Part 300), which is part of the Clean Water Act, establishes the organizational structure and procedures for preparing for and

2 Federal Register, 1985. Ports Access Study, Unimak Pass, Alaska. Federal Register 50(52):10.877. U.S Department of Transportation. U.S. Coast Guard, CGD 83-068

responding to discharges of oil and releases of hazardous substances, pollutants, and contaminants. Under the NCP, there are three levels of contingency planning: the NCP which establishes the national response organization; Regional Contingency Plans (RCP) which establish regional response organization; and Area Contingency Plans which establish response organizations and set contingency planning standards for defined Areas within each Region (40 CFR Part 300 Sec. 210). Area Committees (AC) are responsible for development of Area Contingency Plans (ACP) (40 CFR Part 300 Sec. 205).

Alaska is somewhat unique in that the State is both a Region and an Area. The Alaska Federal/State Preparedness Plan for Response to Oil & Hazardous Substance Discharges/Releases (Unified Plan) serves as the Regional Contingency Plan for the Alaska Region. The Unified Plan, supplemented by 10 Subarea Plans, also serves as the ACP for the Alaska Area. In Alaska the Alaska Regional Response Team (ARRT) is responsible for the development of the Unified Plan. Federal regulations direct that the Area Contingency Plans must address both spill prevention and response such that they "shall be adequate to remove a worst case discharge under Sec. 300.324, and to mitigate or prevent a substantial threat of such a discharge, from a vessel, offshore facility, or onshore facility operating in or near the area." (40 CFR Part 300 Sec. 210(c)). Currently, the Aleutians Subarea Plan has very little planning for prevention of spills and there is very little capability to implement the measures necessary to respond to a discharge in the subarea.

Federal regulations require that ACPs describe in detail the responsibilities for preventing or mitigating the threat of a discharge and cleaning up a discharge for owners and operators of vessels and facilities as well as federal, state and local agencies. The ACPs are also required to describe how contingency plans prepared by owners and operators of vessels and facilities operating in the Area must integrate into the spill prevention and response planning system established in the ACP (40 CFR Part 300 Sec. 210(c)(3)).

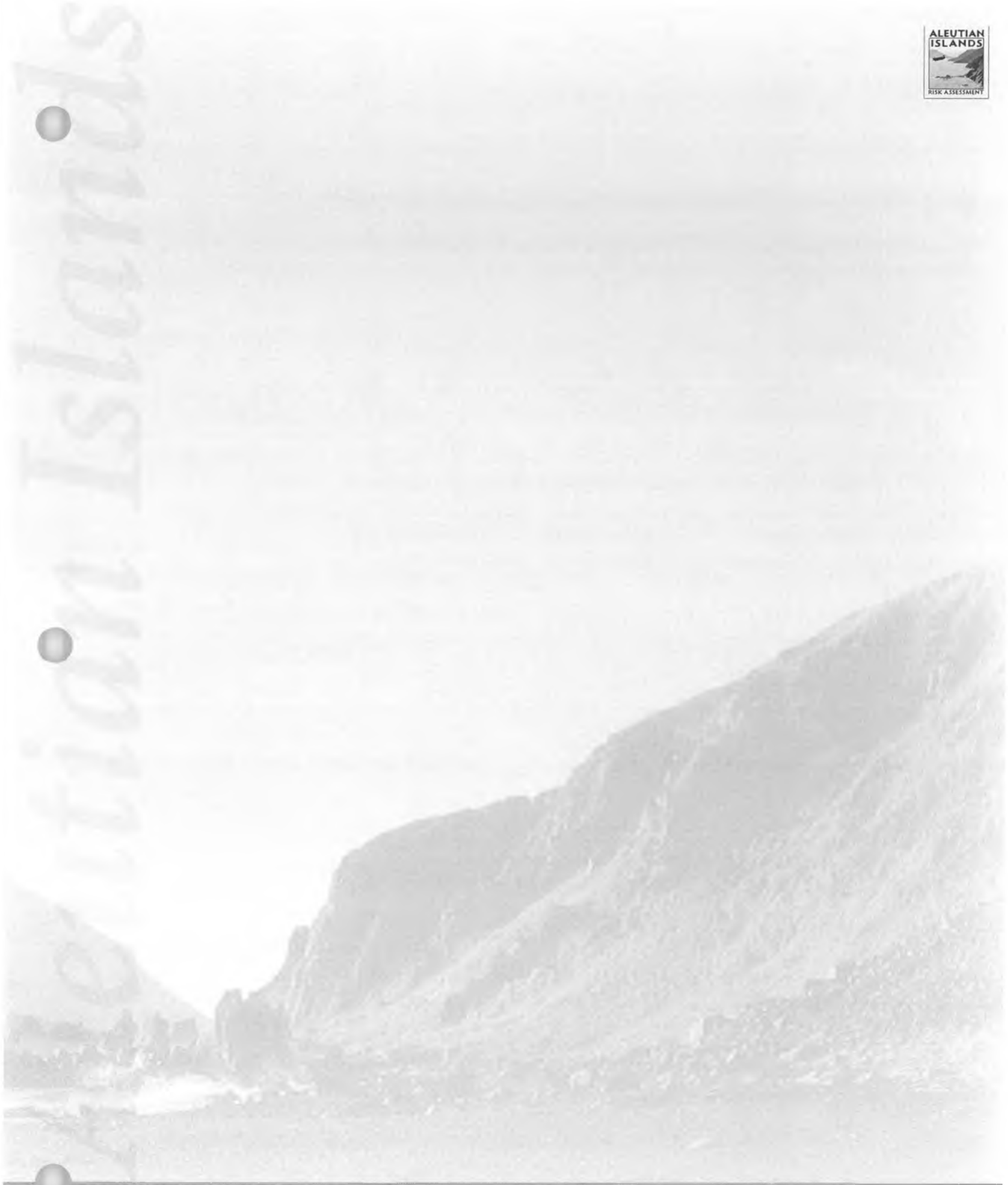
Owners and operators of tank vessels carrying oil as cargo and nontank vessels over 400 gross tons carrying fuel oil for propulsion are required to develop a US Coast Guard-approved Vessel Response Plan (VRP) for their operations in US waters (33 CFR Part 155). The VRP must include a geographic-specific appendix for each Captain of the Port (COTP) zone through which the vessel will transit. VRPs are required by federal regulation to be consistent with the ACPs in effect six months prior to the submission date for the VRP (33 CFR Part 155 Sec. 1030(h)). The evaluation criteria for VRP state that response resources identified in the plan must meet limitations stated in the applicable ACP (33 CFR Part 155 Sec. 1050(a)(2)).

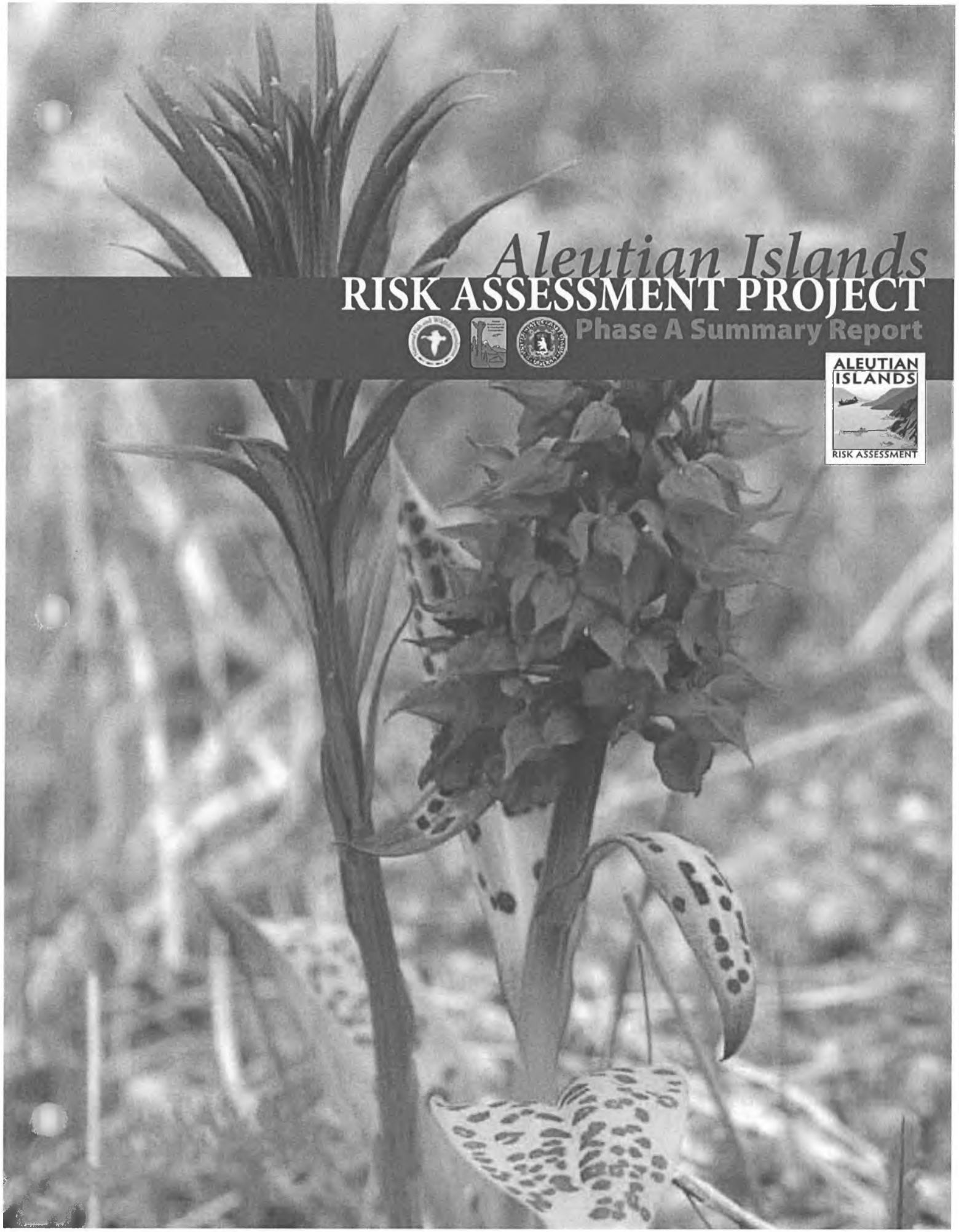
Foreign-flagged vessels engaged in innocent passage are exempted from the VRP requirements (33 CFR Part 155 Sec. 1015); however, the ACP regulations require that the Area Contingency Plan identify sufficient equipment, resources, and planning to respond to spill risks from any operations in the Area (40 CFR Part 300 Sec. 210). Since vessels engaged in innocent passage may be operating without a VRP, the ACP becomes the default response plan for spills from vessels not subject to US oil spill planning

regulations. Currently, the ACP does not contain sufficient resources to respond to a worst case discharge from a vessel in innocent passage. Phase A of the Aleutian Islands Risk Assessment identified vessels engaged in innocent passage as a significant oil spill risk for the region; therefore, it is important that the ACP include adequate planning and resources to manage a spill from an innocent passage vessel.

The Aleutian Islands are part of the Aleutians Subarea and part of the Western Alaska Captain of the Port Zone. Therefore, vessels operating in the Aleutian Islands that are required under federal regulation to develop VRPs must ensure that the VRPs are consistent with the Unified Plan and Subarea Plan for the Aleutians, as well as with any operating measures put in place by the Captain of the Port of Western Alaska. (Note that vessels engaged in innocent passage – foreign flagged-vessels not calling on U.S. ports or transferring or lightering oil in U.S. waters – are exempted from VRP requirements). ODPCPs prepared by vessel owners and operators under State statutes and regulations must also be consistent with the Unified Plan and Subarea Plans. Currently there is no evaluation of the ability of the VRP holder to meet the requirements established in the ACP during the USCG VRP review process.

Operators of tank vessels and nontank vessels that operate or transfer oil in state waters are required by the State of Alaska to prepare Oil Discharge Prevention and Contingency Plans (ODPCP) or equivalent plans for nontank vessels (AS 46.04.030.). These plans are submitted to the Alaska Department of Environmental Conservation (ADEC) for review and approval under relevant state regulations (18 AAC 75.425, 445 and 455). Alaska Statutes require that ODPCPs are consistent with the state regional and master plans, which include the Unified Plan and applicable Subarea Contingency Plans (AS 46.04.200 and AS 46.04.210). State planning requirements do not apply to vessels operating outside State waters, which extend three miles from shore, so these regulations do not apply to most vessels on the Northern Great Circle route passing through the Aleutians.





Aleutian Islands
RISK ASSESSMENT PROJECT
Phase A Summary Report

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